

AGENDA
GROWTH AND OPPORTUNITY BOARD
Tuesday, October 9, 2018
2:00 PM
House Room 1, Capitol

- | | | |
|-------|---|--|
| I. | OPENING | Chairman
Jordan Snelling
Chairman |
| | a. Call to order | |
| | b. Roll Call | |
| | c. Public Comment | |
| II. | Action Item: CONSENT AGENDA | Chairman |
| | a. August 14, 2018 Minutes | |
| | b. Regional Council Membership Changes | |
| | c. Electronic Participation Policy Update | |
| III. | DIRECTOR'S REPORT | Erik Johnston |
| | a. Action Item: Region 2 FY19 Capacity Building Budget | |
| | b. DHCD Approved Enhanced Capacity Building Projects | |
| | c. Action Item: Approval of Per Capita Application | |
| | d. Update on Existing Projects and Pipeline Development | |
| | e. Action Item: 2019 Board Meeting Schedule | |
| IV. | UNFINISHED BUSINESS | Stephen Moret
Mitch Horowitz |
| | a. VEDP Update | |
| | b. Teconomy Update | |
| V. | NEW BUSINESS | Chairman |
| VI. | REPORTS | Jim Dyke
Todd Stottlemeyer
Vice-Chairman |
| | a. VRIC | |
| | b. GO Virginia Foundation | |
| | c. Broadband Task Force | |
| VII. | FUTURE BOARD MEETING DATES | Chairman |
| | 2018 Tuesday, December 11 | |
| | House Room 1, Capitol | |
| | 1:00 PM | |
| VIII. | ADJOURNMENT | Chairman |

VIRGINIA GROWTH AND OPPORTUNITY BOARD MEETING
August 14, 2018
1:00 PM
Richmond, Virginia

Members Present

The Honorable Brian Ball
Delegate M. Kirkland “Kirk” Cox
Ben J. Davenport, Jr.
The Honorable Jim Dyke
Thomas F. Farrell II
W. Heywood Fralin
Senator Janet D. Howell
Doug Juanarena
Delegate R. Steven Landes
The Honorable Aubrey Layne
Senator Thomas K. Norment
The Honorable Atif Qarni
Senator Frank M. Ruff
Bruce Smith
Steven C. Smith
Todd A. Stottlemeyer
Lucia Anna “Pia” Trigiani
John O. “Dubby” Wynne
Joe Wilson

Members Absent

Nancy Howell Agee
Jennifer Boykin
Delegate Chris Jones
Delegate Terry G. Kilgore
Marilyn H. West

Call to Order	Mr. John “Dubby” Wynne, Chairman of the Virginia Growth and Opportunity (GO Virginia) Board, called the meeting to order.
Roll Call	Ms. Jordan Snelling, GO Virginia Administrator for the Department of Housing and Community Development (DHCD), called the roll and stated that a quorum was present.
Public Comment	No comments were made by the public; the public comment period was then closed.
Approval of Minutes	A motion was made to approve the minutes of the June 12, 2018, meeting of the Board. The motion was properly seconded and passed unanimously.
Funding Requests	As part of the Administrative Approval Process, Mr. Johnston presented three projects that were approved by staff: Southwest Virginia Technology Council HubLink from Region 1, Campus RVA from Region 4, and CvilleBioHub from Region 9.

Mr. Johnston then provided an overview of the per capita applications received; stating, that three of the nine regions submitted applications with three proposals for consideration by the Board. There were two applications regarding credentialing and talent development: Tech Talent Pipeline Apprenticeship Initiative from Region 7 and the Shihadeh Innovation Center for Career and Technical Education from Region 8. Mr. Johnston presented the Tech Talent Pipeline Apprenticeship Initiative and stated that staff recommended the project for approval. After discussion, a motion was made and properly seconded, the project was approved. Mr. Johnston presented the Shihadeh Innovation Center for Career and Technical Education project and stated that staff recommend that the applicant reapply in the next round of per capita funding, or that the application is approved contingent upon demonstrating how the funding for the Innovation Center will expand the existing Work-Based Learning program to prioritize internships at employers in traded sectors targeted in Region 8's Growth and Diversification Plan. If approved with contingencies, staff would recommend requiring those contingencies be resolved prior to the October 9, 2018 Board meeting. After discussion, there was a motion to have the applicant reapply once the project was more aligned with the mission of GO Virginia; the motion was properly seconded and approved. Delegate Landes abstained from this vote. There was one application regarding commercialization: Lighthouse U from Region 4. Mr. Johnston then presented the Lighthouse U project and stated that staff recommend this application for approval as a pilot initiative that should lead to a replicable model for other universities and accelerators. Upon a motion duly made and seconded, the project was approved.

Mr. Johnston stated that the Board received the first statewide competitive application for a site development project in Greensville County. The Mid-Atlantic Advanced Manufacturing Center (MAMaC) Mega-Site project was submitted by Region 4. Mr. Johnston provided an overview of the project and stated that staff recommended the project for approval. After discussion, a motion was made and properly seconded; the project was approved.

Mr. Wynne stated that staff would bring back to the Board policies and best practices to consider regarding whether the competitive grant requests should have limits per each type of funding request. Staff will also update the Board on best practices for evaluating local match.

Unfinished Business

Mr. Johnston then presented regional budgets from eight of the nine regions, noting that Region 2 will be submitting their budget at the following meeting. He stated that based on the Board's action at the June meeting, these budget's reflect a total of \$361,111 per region; of that amount \$250,000 will not require a match, but the remainder \$111,111 will require a \$2:1 match. A motion was made and properly seconded to approve the submitted budgets; the motion passed.

Mr. Johnston also provided an update to the work being done on entrepreneurial ecosystems and site development work. DHCD and the Virginia Economic Development Partnership (VEDP) will continue to collaborate on analyzing the site needs of the Commonwealth as a whole and those of each GO Virginia Region.

Mitch Horowitz from TEconomy Partners provided a brief update on the next steps in expanding the analysis of entrepreneurial ecosystems completed by the Virginia Research Investment Committee (VRIC) across all of the GO Virginia regions.

New Business

Mr. Wynne stated that this year's budget legislation charged the GO Virginia Board with convening a telecommunications advisory workgroup to provide guidance on improving access to and utilization of broadband to support economic development goals. Vice Chairman, Ben Davenport, will be leading this taskforce in conjunction with Secretary of Commerce and Trade and the Commonwealth Chief Broadband Advisor. Members of the task force will include representatives for the General Assembly and the Administration, internet service providers, broadband authorities and cooperatives, as well as private sector businesses. The workgroup will have its first meeting in September.

Board Matters

Mr. Johnston introduced Matt Weaver to the Board and stated that he will be serving as the new Policy and Legislative Director to the Policy Office for DHCD.

Mr. Johnston presented an amendment from Region 8 for their Economic Growth and Diversification Plan. Region 8 submitted this amendment which included the addition of Value-Added Food Related Manufacturing and Biomedical/Biotechnology sectors to their targeted industries. A motion to approve the amendment to the plan was made and properly seconded; motion passed.

Mr. Johnston also presented the Regional Council changes in leadership for Regions 5, 6, 7, and 9. A motion to approve the changes were made and properly seconded; motion passed.

Mr. Johnston provided an update to the Board on the status of projects funded to date. GO Virginia has funded a total of 29 projects. Of these, 25 have been executed or are currently being executed, and 4 projects are still in contract negotiations, with an average of eight weeks to get projects under contract.

Reports & Information

Mr. Jim Dyke provided an update on VRIC, stating that they had met this morning and that they have approximately \$25 million available in general funds and \$24 million in bonds. Mr. Dyke also provided an update to the Commonwealth Cyber Initiative.

Todd Stottlemeyer provided the Board with an update on the activities of the GO Virginia Foundation. Mr. Stottlemeyer discussed how the Foundation recently established a strategic workforce development initiative that has begun its work to research workforce development best practices from across the United States and the world. The Foundation is also positioned to launch a second taskforce that is focused on building Virginia's entrepreneurial ecosystem through the commercialization of public and private research. However, this taskforce is awaiting guidance from the VRIC's Implementation Advisory Team that is currently working on a framework to encourage regional innovation ecosystems and university-based research commercialization before formally beginning its work.

Based on a request by Delegate Landes at the June Board meeting, Rachel Riley, from Enterprise Community Partners, and Kristen

Dahlman, from DHCD, presented on Opportunity Zones. Ms. Riley informed the Board how the Opportunity Zones program was established through tax reform and how it provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones. Ms. Dahlman then provided an overview how Virginia selected 212 zones out of 901 low income census tracts, and where those zones are in the Commonwealth.

Future Board Meetings

Mr. Wynne advised Board members that the next meeting would be held on Tuesday October 9, 2018.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned.



Memorandum

TO: Virginia Growth and Opportunity Board Members

FROM: Erik Johnston, DHCD Director

RE: Regional Council Changes

DATE: October 9, 2018

As outlined in the guidelines, the State Board is tasked with approving the membership of the Regional Councils. Below represents the changes in leadership within the Regions since the last meeting of the Board:

Region 2:

- Georgeann Snead of EDM Inc. joined the Council
- Patrick Collignon left the Council

Region 4:

- Richard Cullen left the Council
- Gary Rhodes left the Council

Region 6:

- Ann Lewis of Rappahannock Electric Cooperative replaced Kent Farmer
- Val Foulds joined the Council

Region 7:

- Aneesh Chopra of CareJourney replaced Michele Kang
- Anup Ghosh of Accenture replaced Tim O'Brien
- Tom Gibson of Stratford Capital Group replaced Jack Potter
- Rick Pearson of Neustar joined the Council
- Nick Jordan of Capitol Bridge Holdings joined the Council



Board Policy #2

TITLE: Electronic Participation in Virginia Growth and Opportunity Board Meetings

EFFECTIVE DATE: 10/09/2018

AUTHORITY: § 2.2-3708.2 of the Code of Virginia

POLICY STATEMENT: It is the policy of the Virginia Growth and Opportunity Board that individual Board members may participate in meetings of the Board by electronic communication means as permitted by Virginia Code § 2.2-3708.2. This policy shall apply to the entire membership and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

Before the day of a meeting, a member of the Board shall notify the Chair of the Board that:

- a. Such member is unable to attend the meeting due to a temporary or permanent disability or other medical condition that prevents the member's physical attendance; or
- b. Such member is unable to attend the meeting due to a personal matter and identifies with specificity the nature of the personal matter. Participation by a member pursuant to this subdivision is limited each calendar year to two meetings.

If participation by a member through electronic communication means is approved, the minutes will record the remote location from which the member participated; however, the remote location need not be open to the public. However, if three or more members are gathered at the same remote location, then such remote location shall be open to the public.

If participation is approved pursuant to subdivision a, the minutes will also include the fact that the member participated through electronic communication means due to a temporary or permanent disability or other medical condition that prevented the member's physical attendance. If participation is approved pursuant to subdivision b, the minutes will also include the specific nature of the personal matter cited by the member. If a member's participation from a remote location pursuant to subdivision b is disapproved because such participation would violate the policy adopted by the Board, such disapproval shall be recorded in the minutes with specificity.

Whenever an individual member is to participate from a remote location that is open to the public, the following conditions must be met:

1. A quorum of the Board must be physically assembled at the primary or central meeting location.



2. Notice of the central and remote location(s) must be given three working days in advance of the meeting, to include a telephone number that may be used to notify the primary or central meeting location of any interruption in the telephonic or video broadcast of the meeting.
3. There must be arrangements for the voice of the remote participant to be heard by all persons at the primary or central meeting location. All persons attending the meeting in the remote location shall be afforded the same opportunity to address the public body as persons attending the primary or central location. Any interruption in the telephonic or video broadcast of the meeting shall result in the suspension of action at the meeting until repairs are made and public access restored.
4. All materials that will be distributed to members of the public body shall be made available to all remote locations at the time of the meeting.
5. Any vote taken shall be recorded by name in roll-call fashion and included in the minutes.

In the event a board member participates electronically, the Board shall hold at least one meeting annually where members in attendance at the meeting are physically assembled at one location and where no members participate by electronic communication means.

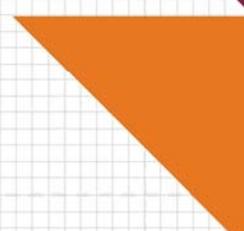
Automatic approval; vote required if challenged

Individual participation from a remote location shall be approved unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act. If a member's participation from a remote location is challenged, then the Board shall vote whether to allow such participation and the results of such vote shall be recorded in the minutes with specificity.

SUPERSESSION: This Board policy replaces Board Policy #2 effective June 13, 2017.

DHCD DIRECTOR: Erik Johnston

FY 19 GO Virginia Regional Capacity Building Budgets									
	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8	Region 9
Admin (General)	\$400	\$10,000	\$3,000	\$1,200	\$5,526		\$9,265		\$14,851
Audit			\$1,500	\$5,000	\$1,600		\$5,000	\$1,000	\$6,000
Contract Services						\$8,000	\$10,000		
Fiscal /Accounting Services	\$13,889	\$91,060		\$31,800	\$3,250		\$5,700		
Legal Expenses	\$5,000		\$1,800			\$4,000	\$5,000	\$1,000	
Marketing, Outreach, and Websites	\$12,500	\$11,040	\$2,600	\$4,600			\$1,555	\$10,000	\$11,310
Meetings and Workshops	\$25,450	\$4,840	\$12,000	\$1,200	\$1,000	\$1,073	\$1,500	\$5,000	\$6,475
Rent	\$1,200			\$14,400					\$9,460
Salaries (Fringe if applicable)	\$186,955	\$111,086	\$201,425	\$227,100	\$189,788	\$49,873	\$57,680	\$205,000	\$144,160
Supplies & Equipment	\$6,400	\$3,000		\$1,190	\$2,488		\$500	\$1,000	\$3,250
Taxes and Insurance				\$5,000			\$3,000		
Travel	\$12,500	\$5,000		\$1,800		\$536	\$3,000	\$2,500	\$2,790
Program Support Total	\$264,294	\$236,026	\$222,325	\$293,290	\$203,652	\$63,482	\$102,200	\$225,500	\$198,296
Contract Services	\$22,735		\$22,675	\$5,000	\$10,000	\$150,000	\$100,000	\$24,500	\$750
Technical Assistance			\$55,000				\$7,800		
Growth and Diversification Plan Development		\$41,270	\$61,111			\$36,518	\$40,000		
Planning Grants									\$50,954
Planning Total	\$22,735	\$41,270	\$138,786	\$5,000	\$10,000	\$186,518	\$147,800	\$24,500	\$51,704
Project Reserves	\$74,082	\$83,815	\$0	\$62,821	\$147,459	\$111,111	\$111,111	\$111,111	\$111,111
TOTAL	\$361,111								



GO Virginia Region 2 Council: Support Organization Services

August 24, 2018



OUTREACH & INTERNATIONAL AFFAIRS
VIRGINIA TECH.

OFFICE OF ECONOMIC DEVELOPMENT

FOR ANY QUESTIONS REGARDING THIS PROPOSAL,
OR FOR MORE INFORMATION PLEASE CONTACT:

John Provo, Director

Virginia Tech Office of Economic Development

540-231-4004 jprovo@vt.edu

Introduction

The Virginia Tech Offices of Economic Development (OED) and Continuing and Professional Education (CPE) are providing assistance to the GO Virginia Region 2 Council. This Council is one of nine bodies organized around the state in response to a new program administered by the Virginia Department of Housing and Community Development (DHCD). The Council is charged with advancing economic growth and diversification in the New River Valley, Roanoke-Alleghany and Lynchburg regions.

OED will provide planning, research, marketing, and other administrative staff services to the Council as described in the narrative budget estimate below. The office has a breadth of planning, research, and evaluation expertise across the state, serving as a contractor to many federal, state, and local agencies and a partner for the private sector. Recent experience highly relevant to GO Virginia includes labor market demand and skills mapping projects, targeted industry studies, facilitation of the commercialization of university technology, and coordination of access to university technical expertise. OED will provide a designated project lead and support staff, while also drawing on a team of specialists with expertise in regional planning, economic development research, and program evaluation.

CPE will serve as the fiscal agent for all funds. CPE manages a multi-million dollar portfolio of contracts for federal, state, and local agencies, as well as the private sector. CPE will provide a designated project manager and accountant to provide services that attend to the specialized needs for the funds received by Virginia Tech. This will include logistical support, contractual services, technical assistance, and financial services. A full-cost accounting summary will be provided as needed along with all other reporting required by the state.

Narrative Budget Estimate FY 19

Administration

1. Council Meetings

\$4,840

Support Council meetings and committees reporting to the Council. This includes staff time for agenda development, meeting facilitation, and assistance to Council in undertaking its required functions. This includes Council engagement in decision-making on selection of projects for submission to the state for funding.

Staff leads: John Provo, Scott Tate

Staff Support: Jennifer Morgan, Doris Waddell

2. Contracts Administration (including legal, financial, audit) \$91,060
Serve as the fiscal agent for all funds. Staff time to establish and ensure all financial management procedures are in accordance with state regulations. Facilitate legal review of all contracts and agreements, as well as remittances for applicants.

Staff leads: Shelly Jobst, Meghan Gaskill

Staff support: University Legal and Audit, Engagement Finance

3. Individual Project Reporting and Evaluation \$23,023
Monitor project progress, ensure accurate and complete reporting of outcomes and financial data from projects to the Council. Staff hours to provide evaluation of outcomes data analyzing return on investment from projects. Complete all required state reporting on project activities.

Staff leads: Meghan Gaskill, Elli Travis

Staff support: Jennifer Morgan, Student Research Assistants

4. Marketing and Outreach \$11,040
Staff to solicit participation in and provide notice on Council and committee meetings. Provide minutes and manage Council website with archived program materials. Design and circulate project solicitations. Respond to information requests and conduct outreach to potential applicants. Develop and support targeted outreach efforts identified by Council following discussion of gap analysis.

Staff Leads: John Provo, Scott Tate

Staff support; Jennifer Morgan, Student Research Assistants

5. Technical Assistance to Applicants \$5,522
Staff time to support project applicants in developing appropriate responses to Council solicitations. Launch and manage an application process.

Staff leads: John Provo, Scott Tate

Staff support: Jennifer Morgan, Student Research Assistants

Planning Services

1. Strategic project pipeline development \$41,271
Staff to assist applicants in identifying opportunities and developing appropriate responses for Council solicitations and state competitive funds (i.e. multi-regional). Conduct analysis of gaps between Growth and Diversification Plan goals versus projects funded. Identify issues with Council and regional stakeholders to shape

Staff leads: John Provo, Scott Tate

Staff support: Elli Travis, Sarah Lyon-Hill, Albert Alwang, Jennifer Morgan, Student Research Assistants

2. GO Virginia Region 2 program impact evaluation \$41,270
Staff time to synthesize data from project reporting and collect additional data required to assess broader regional metrics. Develop and produce an impact evaluation report for assessing performance of the region, impact of the program, and progress on goals and

objectives articulated in the Growth and Diversification Plan. Build a base for a larger regional databank project.

Staff leads: Elli Travis, Sarah Lyon-Hill

Staff support: John Provo, Scott Tate, Alwang, Jennifer Morgan, Student Research Assistants

3. Growth and Diversification plan update FY 20 **\$41,270**

In line with future instruction following state Growth and Diversification plan guidelines, staff time to conduct original research on economic development, collecting data from primary and secondary sources. Staff will develop plan goals and objectives along with appropriate project and regional metrics for reporting and evaluation. Synthesize data and input from other plans, work groups, and Council members. Write and edit final plan submitted to state.

Staff leads: John Provo, Scott Tate

Staff support: Elli Travis, Sarah Lyon-Hill, Albert Alwang, Jennifer Morgan, Student Research Assistants

Other costs \$101,815

- | | |
|-------------------------------|----------|
| 1. Travel (Council and staff) | \$5,000 |
| 2. Materials and supply | \$3,000 |
| 3. Council contingency fund | \$10,000 |
| 4. Strategic reserves | \$83,815 |

(Requires \$55,555 match from per capita projects)

Total costs **\$361,111**

Memorandum

This memo was approved by the Region 2 Council at its meeting on August 24, 2018. Per administrative rules of the GO Virginia program, Virginia Tech will be appended this document to a support contract between the university and DHCD in order to receive funds to implement the scope of work described above during a performance period extending from July 2018-June 2020. FY 20 budget will be negotiated between the parties following completion of the state budget.

Dr. Ray Smoot, Chair
GO Virginia Region 2 Council

Ab Boxley, Vice Chair
GO Virginia Region 2 Council

Administrative Approvals: Enhanced Capacity Building

Southern Virginia (SOVA) Innovation Hub

Region: 3

Strategy: Startup Ecosystem

Type of Project: Enhanced Capacity Building

Sub-grantee(s): Mid-Atlantic Broadband Communities Corporation (MBC)

Project Description: MBC will utilize the enhanced capacity building grant to explore the concept of a Southern Virginia Innovation Hub that will enhance the Microsoft TechSpark program through a modern multi-use facility with technology outreach programs in the region, located in downtown South Boston. This feasibility study will establish site plans for the SOVA Innovation Hub, as well as an implementation plan with projected outcomes and metrics for benchmarking success, while validating these plans with partners, stakeholders, businesses, educators, and students. Region 3 hopes to secure Microsoft’s continued investment through the TechSpark program by demonstrating the potential for this facility to become a signature project for the program. GO Virginia funds will be used for 1) programming review and impact assessment and 2) economic impact assessment and planning for existing and prospective businesses. Brunswick, Charlotte, Halifax, Lunenburg, and Mecklenburg Counties are participating in this project.

Type of Funds	Totals	
GO Virginia Request	\$	80,000
Matching Funds	\$	110,000
Total Project Budget	\$	190,000

Staff Feedback:

DHCD has administratively approved this application. There was consensus that the SOVA Innovation Hub represents a crucial opportunity to leverage the presence of Microsoft and its corporate resources, in a manner that will be collaborative with existing stakeholders and regional assets. The Staff feedback included:

- Aligns with multiple strategies from the Region 3 Growth & Diversification Plan
- Diverse partnerships with industry, higher education, K-12, non-profits, and localities
- Long-term impact on Region 3’s startup ecosystem could be significant

Requirements			
\$1:1 Match Requirement	YES	Grant Management Capacity	YES
Local Participation Requirement	YES	Line of Sight to Future GOVA Project	YES
Alignment with GOVA Strategies	YES	Healthcare?	NO
Alignment with G&D Plan	YES	Scholarships?	NO
High-Wage Job Creation Potential	YES		

Per Capita Application: Workforce

Germanna Apprenticeship Network

Region: 6

Strategy: Workforce Development

Type of Project: Implementation

Sub-grantee(s): Germanna Community College (GCC)

Project Description: The proposed project will establish an Apprenticeship Network through Germanna Community College (GCC) to fill the talent pipeline within the region’s priority clusters, specifically manufacturing. The new Apprenticeship Network will feature an apprenticeship career pathway, beginning with pre-apprenticeship programming through the Virginia Youth Registered Apprenticeships (YRA), followed by direct apprentice placement at partner businesses in the priority clusters. GO Virginia funds will be used to fund a new position for the Apprenticeship Director and an administrative assistant, and GCC has committed to absorbing the costs of these positions as part of a long-term commitment to the apprenticeship model. The City of Fredericksburg, and the Counties of Caroline, Spotsylvania, and Stafford provided the local match for this project.

Type of Funds		Totals
GO Virginia Request	\$	289,200
Matching Funds	\$	316,666
Local Match	\$	198,438
Total Project Budget	\$	605,866

Outcomes:

- Creation of new Department of Apprenticeship
- New apprenticeship models for targeted clusters jobs
- 2 annual apprenticeship advisory committee meetings
- At least 24 regional businesses offering apprenticeships in target industries
- 35 additional apprentices trained in target industries in Region 6 over two years
- 4 open houses over two years
- 20 Partnership site visits

Metrics:

- Increase in # of employers offering apprenticeships in target industries in Region 6
- Increase in # of apprenticeships target industries in Region 6
- Increase in # of overall apprenticeships through GCC
- Increase in # of certifications awarded
- % of apprentices meeting training milestones
- % of apprentices converting to full-time employees

Germanna Apprenticeship Network

Workgroup Discussion:

There was consensus from the workgroup that creating a Department of Apprenticeships was commendable, and that GCC's focus on work-based learning would help to build a strong pipeline of skilled workers in Region 6's targeted industries. However, the workgroup wanted to ensure that the applicant would build a sustainable model that could be replicated at other institutions.

Workgroup feedback included:

- Strong local match committed by participating localities
- Builds a talent pipeline in all of the region's targeted industries
- ROI demonstrated over 5-years, due to length of apprenticeships for some industries
- Hiring new positions is not a scalable model and could set a precedent
- If salaries will be sustained through tuition, GCC should use tuition instead of GOVA
- Application meets existing GO Virginia guidelines

Staff Recommendations:

DHCD staff recommend this application for approval, contingent upon GCC committing to create a toolkit of apprenticeship resources and best practices that can be deployed across VCCS and the school systems, including a plan for sustainability through non-state funds.

Requirements	
\$1:1 Match Requirement	YES
Local Match Requirement	YES
Local Participation Requirement	YES
Out of State Revenue	YES
High-wage Job Creation Potential	YES
Alignment with G&D Plan	YES
Grant Management Capacity	YES
Sustainable After GOVA Funds	YES
Feasibility Study?	NO
Healthcare?	NO
Scholarships?	NO



Memorandum

TO: Virginia Growth and Opportunity Board Members

FROM: Erik Johnston, DHCD Director

RE: Per Capita Project Withdrawal

DATE: October 9, 2018

DHCD has been notified of the withdrawal of 2 per capita projects. Descriptions of these projects are included below, and the withdrawal letters for each project are attached. No GO Virginia funds were disbursed for either project.

VCU Pharmaceutical Accelerator Project: Region 4: \$500,000

The proposed project would create an advanced manufacturing cluster by commercializing advanced pharmaceutical manufacturing processes and equipment developed through the Medicines for All (M4ALL) program at Virginia Commonwealth University. The project was proposed in partnership with two private entities: Bright Path and AMPAC. Since the project was approved in February, the circumstances around these partnership have changed significantly, and VCU has indicated that they will no longer be able to achieve the outcomes approved by the board, or meet the agreed-upon milestones in their grant contract. As such, Barbara Boyan, Dean of VCU College of Engineering, respectfully requested to terminate the contract. It is expected that VCU will work to reconstitute the project with firmer commitments from private industry partners, and may reapply in the future.

Project Hollyleaf Site Development: Region 2: \$150,000

The proposed project would improve a 20-acre industrial parcel in the New River Valley Commerce Park in order to upgrade the site from Tier 4 to Tier 5, and to secure an international prospect. Since the project was approved in February, there have been delays with the prospect that may impact the subgrantee's ability to move forward with the project's scope of work at this time. As such, Danny Wilson, Executive Director of Virginia's First Regional Industrial Facility Authority (VFRIFA), respectfully requested to withdraw their funding request, prior to executing the grant contract. It is expected that VFRIFA may re-apply once they are able to move forward, or they will consider alternative funding opportunities available from the state.



VCU

**Virginia Commonwealth University
College of Engineering
Office of the Dean**

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TDD: 1-800-828-1120
egr.vcu.edu

William H. Goodwin, Jr.
Chairman, Region 4 GROW Capital Jobs Council
800 E. Canal Street, Suite 1900
Richmond, Virginia. 23219

Re: VCU Pharmaceutical Commercialization Project (Project)

Dear Bill:

There have been a number of developments that have occurred since our Project was approved and the Grant Contract (#17-GOVA-04) executed. We believe these developments materially impact our ability to perform the milestones for Go Virginia funding as established in the terms of the Grant Contract.

As you will recall, Bright Path Pharmaceuticals, LLC ("Bright Path") was identified as a critical partner in the Project proposal, working with VCU Engineering to establish the framework for intellectual property and operating protocols to facilitate the commercialization of innovations arising from the VCU Medicines for All Institute. The first two milestones expressed in the Grant Contract (Addendum B) required Bright Path to establish a development and manufacturing shop in the greater Richmond area, in addition to the execution of certain other licensing agreements associated with the reactor technology and process technology. Subsequent to the execution of the contract, Bright Path decided to pursue a modified business strategy and has elected to pursue plans that will not have the local economic benefit originally projected. Although VCU Engineering continues to work with Bright Path, as of this writing Bright Path has not secured adequate funding to honor the commitment to lease a building in the Richmond area to pursue the commercialization of specific drug targets.

In July AMPAC Fine Chemicals announced the sale of its entire business, including the Petersburg site and other pharmaceutical manufacturing plants, to SK Holdings (based in South Korea). Although VCU Engineering, as well as other State agencies, are continuing their activities to support workforce development plans to help get the facility up and running on a commercial basis, it is uncertain what impact the change in ownership will have on AMPAC's role in the Project.

Given these unexpected changes with our two industry partners, both of whom are key drivers in the execution of this Project as proposed and approved, we believe the right course of action is to withdraw our request for GO Virginia funding for the VCU Pharmaceutical Commercialization Project as represented in Grant Contract No. 17-GOVA-4. We continue to work with other commercial entities associated with the Bill and Melinda Gates Foundation and are optimistic that a Pharmaceutical Commercialization project will emerge that will have a positive impact in our Region. Likewise, we believe the change in ownership of the AMPAC operations in Petersburg will generate new opportunities for a Pharmaceutical Commercialization project and are hopeful that we will be in a position to submit a revised proposal for the "Medicines for All Institute" in the near future.

It should be noted that no GO Virginia funds or match funds have been disbursed on the Project.

Finally, the VCU College of Engineering Foundation wishes to recognize the wonderful support provided by the entire Region as we tried to bring our project to reality. The cities of Petersburg and Richmond, together with the Counties represented by the Richmond Regional Planning District Commission, have demonstrated strong support for our efforts. We hope to earn their continued support as we work toward a modified project proposal.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Barbara D. Boyan". The signature is fluid and cursive, with a large loop at the end.

Barbara D. Boyan, Ph.D.
Dean, College of Engineering

Cc: John O. "Dubby" Wynn, Chairman, GO Virginia Board
Erik C. Johnston, Director, DHCD
Mark J. Hourigan, Chairman, GROW Capital Jobs Foundation
Wilson H. Flohr, President and CEO GROW Capital Jobs
Michael Rao, Ph.D., President, VCU
B. Frank Gupton, Ph.D., Floyd Gottwald Chair, Chemical and Life Science Engineering, VCU, and
Director, Medicines for All Institute



Virginia's First Regional Industrial Facility Authority

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Phone (540) 639-1524 FAX (540) 831-6093

Dr. John Provo
Director, Office of Economic Development
Virginia Tech
702 University City Blvd.
Blacksburg, VA 24061

August 6, 2018

Re: GO Virginia Grant Return- Project Hollyleaf Grading

Dear Dr. Provo,

As you are aware, the GO Virginia grant awarded to Virginia's First Regional Industrial Facility Authority (VFRIFA) is for grading a site to accommodate an international company to locate and invest \$15,000,000 in the New River Valley Commerce Park and create 100 jobs; however, Project Hollyleaf has experienced a delay in getting started.

Due to this delay and my understanding that the GO Virginia grant needs to be spent faster than VFRIFA can with this delay, please accept this letter as an official request to return the \$150,000 grant, so that it can be reallocated to another project that is moving forward faster than Project Hollyleaf. VFRIFA understands the importance of spending GO Virginia funding quickly and does not want to tie up these funds for an extended period of time before being able to spend them.

VFRIFA plans to reapply for a GO Virginia grant once Project Hollyleaf is able to move forward again, which we anticipate being in March 2019.

VFRIFA appreciates the Council's consideration and understanding that VFRIFA is unable to move forward with beginning the site grading until 2019 and hopes that a future application for grant funding will be looked upon favorably by the Council.

Please let me know if you have any questions or would like any additional information.

Sincerely,

Danny Wilson, AICP, ISA
Executive Director

CC VFRIFA Board of Directors