



REGION ONE COUNCIL MEETING

December 4, 2018

Minutes

The GO Virginia Region One Council Meeting was held on December 4, 2018 at the Wayne C. Henderson School of Appalachian Arts in Marion, Virginia. Members present were Moir Beamer, Kyra Bishop, Sam Cassell, Mark Eschle, Donna Henry, Ron McCall, Duane Miller, Keith Perrigan, Mike Quillen, Beth Rhinehart, Dean Sprinkle, Travis Staton, and Joe Street.

Welcome and Opening Remarks:

Mike Quillen, Chair of the Region One Council, assisted by Donna Henry, presided over the meeting. Becki O'Quinn, Andrew Barnes, and Martha Necessary recorded the meeting minutes. Confirming a quorum, Chairmen Quillen called the meeting to order and thanked the Council members for their attendance. To accommodate council members who could not stay for the entire meeting, Chairman Quillen requested the meeting agenda be amended to discuss the Action Items first, followed by the presentation from Virginia Community Capital. Donna Henry moved to approve the amended agenda and the minutes from the October 2, 2018 Council meeting. Joe Street seconded the motion, followed by unanimous approval of the council members.

Chairman Quillen informed the Council that he would be stepping out of the meeting early for travel following the Action Items on the agenda. He stated that Donna Henry would be presiding over the meeting following his departure.

Action Items:

Robyn Lee provided an update to the Council on the status of two project applications submitted for funding consideration at the October 2, 2018 meeting:

- *Coal to Graphene Market Study* - \$25,000 - Administrative Approval application submitted by Virginia Tech. The Virginia Department of Housing and Community (DHCD) reported that they are planning to administratively approve this project and will submit to the GO Virginia State Board for final approval at the December 11, 2018 meeting.
- *Advanced Technology and Workforce Development Center* - \$200,000 - Per Capita application submitted by Virginia Highlands Community College (VHCC). This proposal is still under review at DHCD. Chairman Quillen, Stan Barringer, and Robyn Lee participated in a workgroup call with DHCD and State Board members to address questions and concerns regarding the proposal. Robyn stated that staff should know within the next week if DHCD will recommend the project for funding to the State Board.

Robyn Lee provided an overview of the funding availability for Region One, reporting that if the VT and VHCC projects are funded, Region One will have \$1,324,444.69 available for Per Capita projects.

Robyn Lee reported one Per Capita project application was received for GO Virginia Region One funding consideration at the November 5, 2018 application deadline. If the project is recommended by the Region One Council, the timeline for approval notification will be at the State Board's March 2019 meeting.

Mountain Empire Community College - Smart Farming at the Center for Workforce and Innovation of Appalachia (CWIA) – Per Capita - \$310,371.84

Located in the Town of Appalachia in the former Appalachia Elementary School, the CWIA will be a satellite training facility to enable Mountain Empire Community College (MECC) to expand many of its existing programs, as well as launch several new programs. The GO Virginia funding request will support MECC and its partners to establish the Smart Farming program, focused on using drone technology for agricultural purposes, which will allow the College to expand their Unmanned Systems program. The concept of "Smart Farming" involves the use of technology to improve farming techniques, increase yields, and maximize profits. The program will involve a two-step process of data collection using drone technology and data analysis using the new Agricultural Science Laboratory. The addition of the Smart Farming courses will enable MECC to develop the first Unmanned Aerial Systems Associate Degree program in the Virginia Community College System and the only such program in Region One.

MECC projects that the establishment of the program will create 80 new jobs in the agriculture industry and increase production and profits for existing farmers in the region.

The Smart Farming at the Center for Workforce and Innovation of Appalachia proposal meets all of the criteria set forth for GO Virginia Per Capita projects. MECC has engaged four localities to participate in the project and has met the 1:1 match from non-state sources, as well as the local match required.

Staff recommends funding for this project totaling \$310,371.84

Council Discussion:

Moir Beamer stated that he sees the value for the region and supports the project. He also offered the comment that food safety education and certifications need to be made available to farmers. Duane Miller commented on the former Appalachia Elementary School facility and its re-use. With many of the vacant buildings in the region, the repurposing of the school building itself creates a win-win situation. Chairman Quillen noted that to his knowledge, the State Board has not funded a project of this nature. He expressed concern with the ROI based on previous conversations regarding other projects, such as VHCC. Dr. Kris Westover acknowledged there are risks involved, but there are real opportunities in Smart Farming for the region. Mark Eschle proposed a question inquiring what employment opportunities will be available in the region for those that obtain certification. Dr. Westover responded that the positions could be filled in the technology or agricultural fields, through entrepreneurial ventures or connections between mentors and future business owners. Dr. Westover continued that they are working with local farmers and employers to build partnerships to support the program. Mark suggested that Dr. Westover and MECC obtain letters of support from companies that would be willing to hire graduates to strengthen the application.

Dean Sprinkle made a motion to approve the project application, which was seconded by Moir Beamer. The Council unanimously approved.

Virginia Community Capital Presentation – Opportunity Zones:

Adam Northrup, Senior Vice President & Financial Strategist, LOCUS Impact Investing presented [“Opportunity Zones – Straight Forward – Tax Program”](#) – 2017 Federal Tax Reform and Jobs Act.

Highlights:

- Encourages investors to invest in projects in rural communities by offering a capital gains tax break.
- Currently 212 state-designated Opportunity Zones in Virginia - a mix of urban and rural locations. The zones are geographically established locations based on qualifying census tracts. Localities established for the next 10 years.
- Opportunity Zone funds established as a separate legal entity and self-certification process. Reinvestment of capital gains taxes for investors.
- Funds should be invested into designated Opportunity Zone properties, and real estate projects must “substantially improve” the property. This improvement must be demonstrated within 30 months.
- There is likely to be a supply/demand mismatch (more capital, less projects). Recognition that these projects have to be developed quickly is important to their success. Currently, large urban-centered deals are the ones most commonly seen. Smaller market activity is lesser known, but needs to be realized more in the future. There is a need for leadership in Opportunity Zone areas, or via a consortium, to connect localities to these assets, investors and plans.
- Opportunity Zone market places will bring investors and businesses together.

Council Discussion:

Kyra Bishop questioned how Opportunity Zones will work in education. Mr. Northrup replied that ultimately, it will not, as this is a for-profit arrangement. There may be private/public partnership avenues for Opportunity Funds, but it is currently a challenge. Travis Staton posed a question concerning Virginia Community Capital’s (VCC) role in Opportunity Zones. Mr. Northrup responded that VCC is working to establish Opportunity Zone market places to create incentives, develop a project pipeline, and fund impact on communities. Donna Henry commented that there are several opportunities in Region One to leverage projects going forward. Duane Miller inquired if there is a potential to create a position or find a way to educate the region and promote the program. Mr. Northrup recommended that VCC do some work to look at Opportunity Zones in Region One, and find ways that projects could be created. Duane also proposed the creation of a database for all of the localities in Region One, as well as an excel document to look at projects that are appropriate for consideration. PDC directors could also be included in this process and could play a vital role in its formation.

Report Items:

Contracts:

Robyn Lee reported on the status of the following contracts:

- The FY18 Per Capita contract for regional Per Capita project funding has been fully executed.

- Addendum 1, United Way of SWVA: Ignite Internships, has been executed between DHCD, UVa-Wise, Region One Council, and United Way. UVa-Wise staff and United Way have been working on remittance requests and reporting processes.
- The Southwest Virginia Technology Council addendum has been partially executed and is awaiting UVA and DHCD signatures at this time.
- The FY19 Building Capacity contract between DHCD, Region One Council and UVa-Wise for administrative funding for the Region One Council has been executed.

FY 2019 Budget:

Donna Henry directed the Council to the FY19 Building Capacity budget in the Council packets, noting that it includes FY19 budget expenditures through November 30, 2018. Donna informed the Council that Region One is hosting a free grant writing workshop for regional organizations to build capacity for submitting competitive grant proposals for various types of grant opportunities. The workshop is not limited to GO Virginia and will include processes, practices, and tools that might apply to a full range of funding opportunities. Catherine Van Noy of Mill Creek Creative will deliver the workshop, which will be held on December 6, 2018 from 1:00 p.m. at the Southwest Virginia Higher Education Center. Currently 88 people from around the region are registered for the workshop.

Reports from Sub-committees:

Chambers of Commerce: Beth Rhinehart reported the next sub-committee meeting will be held in January. She also mentioned that the chambers have discussed creating a MOU between the regional chambers as a gesture of good will and strengthening of partnerships.

Education: Dean Sprinkle reported that the Education Sub-committee held a meeting prior to the Council meeting. The United Way of Southwest Virginia Credentials/Gap Study is now complete and a report will be released soon. A survey was also distributed in which they received a 22% response rate. Overall, the report showed that soft skills were a challenge. Major Clarity software has been rolled out to high schools and middle schools.

Economic Development: Duane Miller reported on behalf of the Economic Development meeting, which occurred prior to the Council meeting, and noted that there were open and candid conversations taking place among participants. A major topic of conversation was the desire to get more applications into the project pipeline. One possible option to consider is to identify existing regional projects and determine in what ways GO Virginia can support or expand them. The sub-committee also discussed involving localities on a deeper level and the possibility of the PDCs working together to break up funding in the region. Another topic of conversation centered on the \$50,000 or 20% local match requirement in the GO Virginia guidelines. Many acknowledged that this match requirement was difficult for localities to meet and may be a hurdle to receiving a larger number of project proposals. Lastly, Duane posed a question on behalf of the Economic Development Sub-committee to inquire if the right people are participating in the working group meetings and if the localities are well represented.

Non-Profits: Travis Staton reported that the ALICE (Asset Limited, Income Constrained, Employed) report will be updated on a bi-annual basis. He stated that 50% of the workforce is not making an earnable living and higher paying jobs are needed to reduce that percentage.

Discussion Items:

Council Priorities:

Shannon Blevins reported that the GO Virginia Foundation has been in discussions with each region and will be developing priorities concerning the types of projects the State Board is interested in funding. In order to set clear guidelines centered on these priorities, DHCD will be releasing a parallel document. The State Board meets Tuesday, December 11, 2018, at which point they will discuss the priorities and guidelines proposed by the GO Virginia Foundation and DHCD. A final document is expected to be available in early 2019.

Shannon Blevins provided an update to the Council on the three working groups that are currently meeting across the region; Advanced Manufacturing, Agriculture and Food/Beverage Manufacturing and Information and Emerging Technologies. She informed the Council of the effort to procure an agricultural consultant to develop an Agricultural Action Plan that will be a key element for unlocking a number of regional projects in the agriculture sector.

Shannon facilitated a discussion with council members concerning their priorities for projects in Region One for 2019. Beth Rhinehart expressed the desire for a better understanding between the regional councils and the State Board, noting that the State Board's trust of the leadership at the regional level is vital for the continuation of project pipeline development. She hopes that the State Board will recognize the expertise at the local level and trust their recommendation of applications. Moir Beamer mentioned that a priority focus should be projects that benefit the entire region and have a large area of impact. Travis Staton indicated that not all Northern Virginia citizens were thrilled about Amazon's announcement, especially private sector companies with workforce concerns. This posed the question, "Can SWVA look ahead to the meet the workforce challenges that may be created as a result of the Amazon location in Crystal City?" In response to the workforce question, Mark Eschle inquired about the region's ability to move quickly enough to address this workforce problem. This problem could also be seen as an opportunity and could open the door for state-level investments in workforce development programs. There are over 30k jobs in cybersecurity that are unfilled; demand is there. Mark also noted the potential of the regional council to leverage assets to meet the workforce needs. Sam Cassell stated the need to demonstrate the current and future reasons for investment in the region based upon current and future workforce numbers. This information needs to be made easily accessible to the public. Joe Street discussed a workforce instance in Buchanan County, which confirmed the need for economic developers to build relationships with businesses.

Public Comment:

Referencing Sam Cassell's comment on the need for readily-available workforce data, Marty Holiday stated that Virginia LMI currently has much of this information.

Beth Rhinehart made a request that the Council consider a letter of support for Washington County and the City of Bristol's attraction effort to relocate the United States Department of Agriculture (USDA) offices to Bristol. The relocation of these offices to the region could invigorate the economy, creating as many as 600 new jobs in total. Since a quorum was not present at this time due to several council members stepping out, Duane Miller suggested that the Executive Committee convene to consider the

letter of support in the next few weeks. The council members present agreed to recommend the letter of support to the Executive Committee. Travis Staton commented that should a similar request for letters of support be made in the future, he would like to see the request ahead of time to have an opportunity to review prior to the Council meeting. Shannon Blevins agreed that it would be helpful for the council members to have in advance. She mentioned that staff was notified prior to the meeting by Washington County that a request would not be made at this time, however, Beth Rhinehart and City of Bristol officials felt the request was urgent to bring forth to the Council this morning.

Adjournment:

Donna Henry adjourned the meeting, noting that the next Region One Council meeting will be held on February 5, 2019 at the Crooked Road Tech Center in Duffield VA. Donna thanked the Wayne C. Henderson School of Appalachian Arts, Town of Marion, and Wytheville Community College (Summit Center) for use of the facility for the meetings.