



REGION ONE COUNCIL MEETING

October 2, 2018

Minutes

The GO Virginia Region One Council meeting was held on October 2, 2018 at the Appalachian School of Law, Grundy, Virginia. Members present were Moir Beamer, Lois Clarke, Mark Eschle, Donna Henry, David Leonard, Ron McCall, Duane Miller, David Olive, Keith Perrigan, Mike Quillen, Beth Rhinehart, Dean Sprinkle, Cathy St. Clair, Travis Staton, Mike Stollings, and Joe Street.

Welcome and Opening Remarks:

Mike Quillen, Chair of the Region One Council presided over the meeting. Becki O'Quinn and Martha Necessary recorded the meeting minutes. Confirming a quorum, Chairman Quillen called the meeting to order. Chairman Quillen thanked the Appalachian School of Law for hosting the meeting as well as the council members for their attendance. Donna Henry made the motion to approve the meeting agenda and the minutes from the June 5 council meeting. Joe Street seconded the motion, followed by unanimous approval of the council members.

Presentation from Virginia Economic Development Partnership (VEDP):

Christy Morton, Vice President of External Affairs for VEDP presented an "OVERVIEW OF VEDP'S STRATEGIC PLAN AND BROADER ECONOMIC DEVELOPMENT EFFORTS AFFECTING REGION 1".

Topics of Discussion Included:

- *Declining Economic Growth in the Commonwealth*
- *Findings from McKinsey-IBM – Economic Growth Strategy*
- *Overview of Economic Development in Southwest Virginia*
- *Challenges, Opportunities for Economic Growth Across Virginia*
- *What VEDP Can Do to Help Each Region Grow*
- *Special Update on the Collaborative Jobs Act and Opportunities for Region 1*

Conversations after the presentation focused on the following:

- Chairman Quillen recommended creating workforce development programs with a strong preference for an accelerated certificate program. The existing workforce has 2 to 3 decades of work performance, but no certification. A lot of talent goes unrecognized.
- Keith Perrigan and Travis Staton inquired as to how the marketing plan would be developed as it relates to the 9 regions and if there is a formula that states specifically where funding will be allocated in rural areas. Ms. Morton stated VEDP will market on a region-by-region basis and that there are many assets and good stories to tell in each region.
- Joe Street commented that West River has utilized VEDP for the last 6 years and is now selling in various provinces in Canada. He also recommended that businesses utilize their services and offerings.

- Ms. Morton stated that partnerships with regional and local economic developers will be a strong focus and that economic development is a team sport. VEDP is willing to be a resource and welcomes the opportunity to partner.

Prior to the Council meeting, Ms. Morton also attended the Economic Development Subcommittee meeting and provided a detailed presentation of the Collaborative Economic Development Act.

Chairman Quillen Recognized Congressman Morgan Griffith

Congressman Griffith stated he is very thankful to see the Region One Council working together and recognized their time and effort on behalf of the Ninth District, noting, “Economic development is a team sport and while we have yet to land a big fish, there is one on the hook”. He told of an opportunity he had to help a County in competition with the City of Atlanta to secure a large project. In meeting with the principals, he assisted in working to obtain VISA’s to allow trainers into the United States. VEDP was also involved in this process. He stated that he told the principals he could be their “squeaky wheel” in Washington and that they would benefit by being the only large project in the County versus being 1 out of 100 in Atlanta. Congressman Griffith emphasized that the Region One Council could count on him for economic development support and encouraged the Council to utilize him, whether it be via a phone call or a personal meeting. He will do all that he can to present a better face as part of the team for Southwest Virginia. In closing, he expressed again his appreciation for the time and effort of each council member in support of GO Virginia. Chairman Quillen agreed with Congressman Griffith that the Region One Council is a great group of citizens and meeting attendance most often exceeds the quorum requirement.

Report Items:

Contracts

Chairman Quillen reported the status on the following contracts:

- FY2019 Building Capacity contract between DHCD, Region One Council, and UVa-Wise is awaiting signatures.
- FY2018 Per Capita contract is awaiting signature by DHCD.
- United Way of Southwest Virginia Ignite Internships contract is negotiated and is awaiting signatures.
- Negotiations will be executed in the near future for the SWVA Tech Council – SWVA Hub Link project.

FY 2018/FY 2019 Building Capacity Budget

Robyn Lee presented the final fiscal year 2018 budget report and the revised fiscal year 2019 budget report as approved by DHCD.

- **FY 2018:** FY 2018 expenditures will total \$537,900.12. This includes \$114,400 allocated to procure an Information Technology consultant to work with the IT Working Group and an Agriculture consultant to develop a regional agriculture action plan. This amount also includes the \$211,770 that was recently moved to Per Capita for regional projects. Unexpended funding from FY 2018 for \$112,099.88 will carryforward to the FY 2018 Per Capita funds. David Olive made the motion to move the FY 2018 Building Capacity carryforward funds to FY 2018 Per Capita and Beth Rhinehart seconded the motion.

- **FY 2019:** The FY 2019 Building Capacity budget for each region was approved at \$361,111. Region One made amendments to the FY 2019 budget to include correct FY 2019 percentage rates for the Fiscal & Administrative fee (F&A) and Fringe Benefits. In addition, the budget was reformatted to move or consolidate several line items per DHCD's request to better align all of the GO Virginia regional budgets.

2019 Meeting Dates

Proposed 2019 meeting dates were presented to the Council. These dates were approved at the August 7 Executive Committee meeting. Chairman Quillen noted the October 2019 meeting date has been changed to October 29, 2019 in order to align with DHCD's November application deadline.

Reports from Committees

- **Economic Development:** Duane Miller noted the great turnout of attendees at the subcommittee meeting and thanked Christy Morton from VEDP for her presentation to the group. The subcommittee recommended VEDP provide a document with all available opportunities, particularly new Opportunity Zones. Committee members requested "how to" instructions as it relates merging these opportunities into one collaborative document. There also is a need to cultivate individuals or groups to demonstrate how to best use all of the available incentives. Ms. Morton replied that she would present this request to VEDP and stated that they would work together with Region 1. Chairman Quillen requested an overview of RIFA's, focusing on where they exist and identifying potential gaps, at an upcoming Council meeting.
- **Education:** Dean Sprinkle reported the education committee met and discussed the challenges of internships liability and investigating the possibility of school insurance that would cover the liability. Keith Perrigan stated that he would provide information about NACOR as a possible solution for liability coverage. United Way presented an update to the group on the Ignite Internships project. Tommy Wright, President of Southwest Community College, is working with the VCC Chancellor concerning tuition-free education training. Marty Holiday discussed Work Ready designation pursuing SWVA localities. The committee also discussed the generational differences in the workplace, referencing a presentation and book by Jessica Stollings. An additional article was discussed that noted that college students are not who we think they are; they are in fact non-traditional students. With the many needed jobs there will not be enough high school students to fill all of the open positions, leading to the utilization of the liberal arts/soft skills of non-traditional students to fill the gaps.
- **Chamber of Commerce:** Beth Rhinehart reported that the Chamber of Commerce committee meeting was held in Coeburn and hosted by Rick Colley, Executive Vice President, and CEO of the Wise County Chamber of Commerce. Robyn Lee presented an official overview of GO Virginia to the group. Chamber updates were given, followed by a presentation by Mr. Martin Kent from the Bristol Resort and Casino. Mr. Kent also offered to be available to attend meetings within the Region One footprint to provide information on the progress and status of the proposed project. Chairman Quillen also mentioned that Robyn is available to meet with the various economic entities and groups in the region to discuss GO Virginia. Mr. Quillen reported he was approached by a group representing the Bristol Resort and Casino, seeking his input on the economic impact within the region and was given a tour of the building. Robyn Lee has a copy of the full economic report for the project for Council's review. As an economic

development project, Mr. Quillen advised the Council to review the economic study. Keith Perrigan offered comments in support of the casino as a means to utilize tax revenue to support new and existing businesses and provide much needed renovations to aging school facilities. Mr. Perrigan noted that Bristol City teachers are paid the lowest in Virginia as well as nationwide and hopes to allocate tax revenue collections to support education. In closing the discussion, Ms. Rhinehart noted that less than 20 percent of the entire project is attributed to the casino; however, the casino will be the “money driver”. The casino or the resort are not capable of being stand-alone projects and must be packaged to be sustainable. No public funds are being used to fund this project. The facility will offer several amenities such a convention center and an indoor amusement center that will be separate from the casino. This project is critical in addressing the financial challenges facing the City of Bristol. Mr. Perrigan made a motion that the Region One Council formally support the Bristol Resort and Casino, which was seconded by Beth Rhinehart. The Council voted to approve the motion, with Lois Clarke abstaining.

- **Non-Profit:** Travis Staton presented the non-profit report. The Operation Tomorrow’s Workforce initiative was held during the last week of September and was a complete success. Four thousand, six hundred seventh graders attended the event. Mr. Staton noted that businesses returning for their second year stepped up their game to provide an exciting competition for the seventh graders. This was a great second annual expo, receiving visitors from across the Commonwealth, Roanoke, Richmond, as well as the Governor’s Chief Workforce Development Advisor. The Ignite software platform is moving forward. As a member of the Virginia Board of Workforce Development, Mr. Staton stated the Ignite project is highlighted as a model for work-based learning. He is also encouraging school systems to become more involved with the project. United Way of SWVA has expanded to Pulaski County prompting students from Pulaski to attend the Expo this year expanding to the Pulaski/Radford region. Joe Street remarked that two employees from his company attended the Expo and provided a wonderful report on the number of students from across the region in attendance. Mr. Street complimented Mr. Staton’s team for a job well done.

Action Items:

Per Capita Grant Projects

Robyn Lee reported two project applications were received for GO Virginia Region One funding consideration. Ms. Lee noted the available Per Capita funding is \$1,437,344.81. If projects are recommended by the Region One Council, the timeline for approval notification will be at the State Board’s December meeting.

1. **Virginia Tech – Coal to Graphene Market Study - Enhanced Capacity Building- \$25,000**
This project will be eligible for administrative approval through DHCD. Virginia Tech seeks to conduct a market study and an initial assessment of the environmental benefits and costs of the development of a Coal to Graphene industry. Virginia Tech’s Institute of Critical Technology and Applied Science has developed and completed an initial invention disclosure on a method for manufacturing graphene from coal. Virginia Tech seeks to transition this technology to EnviraCarbon, as the initial producer. The participating localities will work with EnviraCarbon and Virginia Tech to determine optimal locations for production facilities and research and development operations as the project matures. Understanding the current and future market for graphene is a critical risk reduction measure. Moreover, this knowledge will arm the partners

with the knowledge required to make key business decisions about siting, production and research and development facility size. The project aligns with the Region One Growth & Diversification Plan and has met the 1:1 non-state match. Although the applicant is not obligated to meet the local match requirement, as this proposal is an enhanced capacity building project requesting less than \$100,000, the full 1:1 match is local dollars provided by the Wise County Industrial Development Authority. Virginia Tech has engaged six localities in Region One in the project.

Staff recommends funding this project in the full amount of \$25,000.

Council Discussion

Joe Street questioned why Buchanan County was not involved in the study considering that Buchanan County produces approximately 67 percent of all coal in SWVA. Dickenson County is 2nd and Wise County is 3rd. He requested that project application be sent to Buchanan County, as he was sure the county would support the project. More localities would most likely lend their support if made aware of this effort. Chairman Quillen noted that staff would follow up with the applicant concerning support from other localities including Buchanan County. Travis Station asked if VT was aware that the application was subject to the Freedom of Information Act (FOIA), considering the statement made in the staff recommendation document noting that if funded by GO Virginia funds, the study would be made public. Chairman Quillen stated that he had discussed this with VT and they are aware. The motion to approve the project application was made by Joe Street and seconded by Lois Clarke. The Council approved the motion; Chairman Quillen abstained, as he was previously a member of the Virginia Tech Board of Visitors. Mr. Quillen also emphasized that the project should remain focused on Region One.

2. Virginia Highlands Community College – Advanced Technology and Workforce Development Center - Per Capita - \$400,000

Virginia Highlands Community College proposes a multi-locality partnership to construct a new 25,000 square-foot Advanced Technology and Workforce Development Center adjacent to VHCC's campus in Abingdon, VA to provide technical training and industry credentials in a number of fields currently in critical demand among employers in SWVA. The facility will be constructed on a parcel of land owned by the VHCC Foundation and will include state of the art classroom and laboratory space for the following technical programs: Electrical Technology; Diesel Mechanic Technology; Welding; Air Conditioning; Refrigeration; and Heating Technology. Short term credentialing training programs will also be offered. The project would increase credentials awarded in the first year by 36, creating 16 new jobs. Currently, at least 32 students are turned away from the Welding and Diesel Mechanic Technician programs each year. Staff has asked VHCC to pull together additional turn away numbers for the other programs that would be offered in this facility. VHCC has engaged Washington County, Smyth County and the City of Bristol in the project. A total of \$4.3M has been invested in the project through private investment, Tobacco Regional Revitalization Commission, and a local match commitment from Washington County. Leanna Blevins, Executive Director of the New College Institute, served as the Subject Matter Expert (SME) for the project and recommended that VHCC work closely with the Centers of Excellence (COE) to ensure alignment of programs between the two. In addition, staff recommended that VHCC provide a detailed marketing plan demonstrating how the college plans to build a strong pipeline of students to these programs.

Staff recommends funding for this project totaling \$200,000.

Council Discussion

Mike Stollings commented that Electro Mechanical employees have worked with VHCC and view projects such as this as an outstanding opportunity to prepare workers just coming into the workforce or for workforce development. The ability to have these programs centralized, consolidated and communicated is important. It could make a positive difference in their organization. Duane Miller stated there are many pots of workforce development funding and there needs to be some clarity. There is a need for a communication plan to better align with Southwest Virginia Alliance for Manufacturing. The VHCC programs should be a pipeline to the COE as they have a higher level of credentialing. Mr. Miller asked if this was currently the case. Shannon Blevins answered that in some cases it is and in others, it is not. Mr. Miller asked if \$200,000 in GO Virginia funding will get the project to where it needs to be. Shannon Blevins confirmed that this amount will allow VHCC to reach their minimum build cost of \$4.5M. VHCC will continue to seek additional funding from other sources to reach their \$6M build out. Donna Henry made the motion to fund the project at \$200,000 and Mike Stollings seconded the motion. The motion was approved with Beth Rhinehart abstaining.

Discussion Items:

Chairman Quillen stated there is a push for higher education to step up and take a stronger leadership role. UVA Wise, UVA and VT are committed to this goal. Donna Henry expanded on this reporting that at the Council of Presidents meeting in Richmond, former Governor of Virginia, Gerald Baliles urged all higher education institutions, including community colleges, to step up and take a leadership role in rural Virginia education. He stated that Tobacco Commission funds should be appropriated to education. More information concerning his statements were reported in The Roanoke Times. Virginia Tech, Virginia State, University of Virginia and UVA-Wise submitted a white paper looking at what state institutions can do to support rural Virginia. The paper includes economic development strategies with a strong education component. The white paper will be shared with the University Based Economic Development group and Offices of Economic Development who will have the opportunity to weigh in on the content of the paper. Chairman Quillen encouraged universities to help create feasibility studies, business models and financial plans to endorse rural businesses. Graduate students can be of valuable help to accomplish these tasks.

Project Pipeline:

Shannon Blevins briefly reviewed the Project Pipeline Development Strategies document and asked the Council to review at their convenience. The document outlines strategies to consider in order to develop a strong pipeline of projects, eligible for GO Virginia funding. Support staff is meeting with many of the regional funders on a quarterly basis to look at developing impactful projects and aligning projects across all funding opportunities. Ms. Blevins asked the Council to provide ideas for projects and what levers we can pull to incentivize and be a catalyst for these projects. She mentioned that GO Virginia would be a good use for feasibility studies and requested the Council consider potential project ideas.

Public Comment:

Jim Baldwin from the Cumberland Plateau Planning District Commission commented on the broadband pipeline initiative of Virginia Coalfield Coalition (VCC), an application focusing on cellular service from Richlands to Grundy, which was submitted in the first round of GO Virginia Region One proposals. He shared an example provided by Jonathan Belcher who lost a prospect while visiting one of the largest industrial development sites in the region due to losing cell service while traveling to the site. Mr. Baldwin stated the need and urgency of funds to help with broadband projects such as this. He understands that the state is working on a statewide deployment strategy and informed the Council that when GO Virginia is ready to consider broadband proposals, the VCC stands ready to submit their application. Chairman Quillen commented that Region One is ready as well and is looking forward to the outcomes of the Broadband Advisory Taskforce.

Stan Barringer from Virginia Highlands Community College thanked the Council and support organization for the confidence to move forward with the Advanced Technology and Workforce Development Center.

David Leonard stated that several counties were working together on the meat processing plant and agriculture industrial park, meeting with Virginia Tech and many funding agencies. Mr. Leonard sensed the agriculture project is starting to take some root and all agencies seem interested in making it happen. A grant writer in Russell County has been secured to work on the project. Moir Beamer said he is seeing quite a bit of movement in the direction they have been trying to go for a while, as Russell and Carroll counties are collaborating and are now looking at a distribution center. He was pleased to see momentum moving in the right direction.

Adjournment:

Chairman Quillen adjourned the meeting and noted that the Executive Committee Meeting scheduled for 12:00 p.m. was cancelled due to remaining within the proposed meeting timeframe and accomplishing all action items.