

REGIONAL COUNCIL 9 – EXECUTIVE COMMITTEE

JUNE 9, 2020

2:00 PM to 3:00 PM

Due to the declared COVID-19 State of Emergency this meeting will be held via Zoom Link or call-in.

Submit Public Comments by completing the attached form to sholland@centralvirginia.org by 7:00 am on Thursday, April 23, 2020. Those received will be read into the record.

AGENDA

- | | |
|--|--|
| 1. Welcome | Jim Cheng, Chair |
| 2. Public Comment | Jim Cheng |
| 3. Roll Call | Shannon Holland, Director |
| 4. Approve Minutes | Jim Cheng |
| 5. Approve Financials | Jim Cheng |
| 6. Nominating Committee Update | Jim Cheng |
| 7. Strike Force Status | Ed Scott |
| 8. Pipeline and Funding | Shannon Holland |
| 9. Council Meeting Calendar | Jim Cheng |
| 10. Letter of Support for Competitive Project:
<i>Retooling Virginia Manufacturers for Strategic Industries</i> | <i>Shannon Blevins,
UVA Wise, Reg. 1;
Bill Donohue or Dean
Young, GENEDGE</i> |
| 11. Annual Meeting Agenda | Jim Cheng |
| 12. Other Business - Limited to Emergency and Time Sensitive Items | Jim Cheng |
| 13. Adjourn | Jim Cheng |

Topic: Reg. 9 Executive Committee Meeting

Time: Jun 9, 2020 02:00 PM to 3pm

Join Zoom Meeting

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Region 9 Council PUBLIC COMMENT FORM



Provide your public comments below. These comments will be read during the June 9, 2020, Region 9 Executive Committee Meeting. Please email as an attachment to sholland@centralvirginia.org with the subject line "GO Virginia Comments". Submissions will be accepted until NOON on the day of the meeting.

Name: _____

Organization: _____

Email: _____

Comments in the area below:

REGIONAL COUNCIL 9 – EXECUTIVE COMMITTEE

APRIL 23, 2020

9:00 am to 10:00 am

Due to the declared COVID-19 State of Emergency this meeting was held via ZOOM link or call-in.

MINUTES DRAFT

Attendees

Members: Jim Cheng (Chair), Ed Scott (Vice Chair); Andy Wade (Treasurer), Tom Click, Pace Lochte, David Pettit

Absent: Felix Sarfo-Kantanka

Staff: Shannon Holland, Helen Cauthen

1. Welcome

Jim Cheng called the meeting to order at 9:01 am.

2. Public Comment

There were no members of the public present on the call. Public comment forms were available with Public Meeting Notices and the Agenda. Public Comments were to be provided by email by 7:00 am the morning of April 23, 2020. No public comments were received.

3. Meeting Minutes from December 12, 2019

Meeting Minutes were provided for information purposes only as action was not critical for addressing the current state of emergency.

4. Financials through February 29, 2020

Financial statements were provided for information purposes only as action was not critical for addressing the current state of emergency.

5. Review FY 2021 Capacity Building Budget due to DHCD by 5/29

Jim Cheng shared that the Region 9 Council must provide a Capacity Building Budget for FY2021 to DHCD by May 29 adding that the draft budget was provided for the committee to review and consider for a recommendation to the Council for approval at the April 30 Council Meeting.

David Pettit made a motion to recommend the FY2021 Capacity Building Budget as presented to the Council for approval at the April 30 Council Meeting. Ed Scott seconded the motion. The motion carried.

6. GO Virginia Economic Resilience and Recovery Grants

Jim Cheng advised that on April 17 the GO Virginia Board voted to create the GO Virginia Economic Resilience and Recovery (ERR) Grants program, as well as temporarily eased match requirements on remaining FY 20 Per Capita grants. He asked Shannon Holland to review the DHCD grant rollout presentation. Then he asked the committee to discuss ways that the Council could be responsive to regional economic COVID needs and drive ERR projects and prepare recommendations for the April 30 Council Meeting. Some of the questions discussed included:

- How can we accelerate Council's review and approval process?
- Should a special Task Force be appointed or should existing Task Forces be activated?
- Should we use the DHCD application for this program, as requested?
- How can review and approval process be compressed to be responsive to needs?
- Other questions?

After discussion, the following directions were established for staff and further discussion at the April 30 Council Meeting:

- Task Force – A separate task force should be set up to respond to the state of emergency and drive ERR related projects. Such a task force should focus on nimbleness and responsiveness to ensure the region is going in one direction quickly.
- Partners – The council can rely on these resources and activities currently existing:
 - Regional Economic Development Partners
 - Project Rebound – A new initiative led by the Charlottesville Regional Chamber in partnership with Economic Development leadership at Albemarle County, UVA and the City of Charlottesville is just underway to create workgroups on specific industries and topics affected by this emergency. Helen Cauthen is coordinating regional representation on these workgroups. Their report is due June 10, at this point.
- Suggested ERR priorities
 - Drive e-commerce, support ability to work remotely, and grow capacity in digital marketing resources to not only respond to current market but the shape of the markets in the future
 - Support initiatives that drive exponential growth in testing, PPE availability, sanitizing, etc., that will help industry get back to work safely and quickly.
 - Explore opportunities to support locally traded sectors
- ERR projects might include:
 - Talent Development Project from Central Virginia Partnership
 - Support for expanding Project Rebound or supporting recommendations from report
 - Projects supporting capacity and impact of existing activities such as networks of programs that are currently serving industry (i.e. through localities, SBDC's, CIC, etc.)
 - Opportunities from recommendations in Venture Hub/Rural E-shop reports

7. Other Business - Limited to Emergency Items Only

No other business was presented.

8. Adjourn

Tom Click made a motion to adjourn the meeting at 9:59 am. The motion carried.

REGIONAL COUNCIL 9 – EXECUTIVE COMMITTEE
DECEMBER 12, 2019
3:00 pm to 4:30 pm
UVA Research Park, 1001 Research Park Boulevard, Suite #301 Conference Room
Charlottesville

MINUTES

Attendees

Members: Jim Cheng (Chair), Ed Scott (Vice Chair); Andy Wade, Pace Lochte

Absent: David Pettit, Felix Sarfo-Kantanka, Tom Click

Staff: Shannon Holland, Helen Cauthen

1. Welcome

Jim Cheng called the meeting to order at 3:03 pm.

2. Public Comment

There were no members of the public present.

3. Approve Meeting Minutes July 22, 2019 Meeting

Ed Scott made a motion to approve the Meeting Minutes, as presented. Pace Lochte seconded the motion. The motion carried.

4. Financials

Andy Wade reminded the members that the Council budgets the Capacity Building dollars on a fiscal year basis but must spend the full amount down to zero before the Partnership can access the next year of funding. As a result, each year of the program thus far, Capacity Building dollars carry forward to the next fiscal year. He added that this year to close FY 2019 Capacity Building dollars in November.

Referring to the Statement of Income and Expense, Andy Wade noted that expenses are shown as running at 45.25% of budget which is ahead of an expected 33% but that these expenses are still drawing from FY 2019 Capacity Building funding. He noted that though employee expenses are shown a little over 40% of budget the number is misleading because there was a payroll correction of about \$6,000 in July for salaries from previous fiscal year. Excluding that number payroll is running at 31.4%. He also noted that Venture Hub planning grant was paid in this reporting period but is from FY2019 budget. Without that \$48,893 expense, he noted, the reporting period is closer to 26% of budget instead of 45.25%.

Referring to the Balance Sheet, Andy Wade pointed out that the Council owes the Partnership over \$140,000. Shannon Holland clarified that this number indicates that expenses have been paid by the Partnership as the support organization, however, because the accountant has been behind the internal transaction needed to reimburse the Partnership have not been done. Helen Cauthen indicated that she was aware of this situation and it is expected to be addressed soon.

Referring to the project budgets, Andy Wade noted that only projects that have requested reimbursements are presented.

Referring to the proposed budget recast, Andy Wade explained that the FY 19 Capacity Building funding will be fully expended in November and in order to gain access to the FY20 Capacity Building dollars, the Executive Committee needs to approve a budget revision in the DHCD CAMS system. Andy Wade referred to page 11 in

the packet and noted that it was provided by accounting as a recommended close out budget. The second column represents the CAMS budget revision to close out FY18 dollars and the column on the right represents the recast of budget items to close the FY 19 Capacity Building budget to zero in order to access the FY 2020 Capacity Building dollars.

Pace Lochte made a motion to approve the Financials as presented. Ed Scott seconded the motion. The motion carried.

5. Camoin 310 Contract Extension – Rural Entrepreneurship

Jim Cheng shared that contract extension letter dated November 4 was signed with Camoin 310 and the project is being overseen by himself and Ed Scott and that Tom Click, Kurt Krueger, Miles Friedman, and Patrick Mauney were serving on the Task Force. He added that there was a kick-off call on November 26 and stakeholder sessions have been scheduled in rural localities on January 9, 15, and 16 of 2020. Jim Cheng added that Shannon Holland collaborated with rural economic development partners to develop a rural entrepreneurship inventory asset list and provided to Camoin in order to accelerate a gap analysis.

Pace Lochte added that she and the Friends of Venture Central team were socializing the “Venture Hub” business plan with constituents. She expects that there will be more to report soon as they are working with a potential funder to support sustainability for the project.

6. Project Updates

Shannon Holland offered updates on Region 9 project activities. She noted that GWC PTEC and the Crafting Higher Paying jobs projects had specific issues for which input was needed. She gave specific summaries as follows:

- CV Site Readiness (ECB): Although the project is completed, the budget is not expected to be closed until reporting obligations are complete.
- Catalyst: The applicant has hosted two pitch sessions where local Founders help select participants. At this point, the first cohort has been chosen. Local economic developers attend and observe so that applicants can also be connected to services, as needed.
- Regional Business Park: Timmons group and Louisa County hosted an interactive workshop for the industrial park stakeholders that was very well received.
- Cybersecurity (ECB): The project has advised that it won't be completed until after February because the CA2EY application process has changed and PVCC cannot apply until February. Germanna has already achieved it. The project contract expires June 2020 and the team doesn't have definitive plans yet for a follow-up grant.
- GWC
 - The project contract expires in April 2020 and there are several issues requiring guidance.
 - Metrics: As noted in the applicant's presentation at a previous Council meeting, registrations for both the machinists and welding programs are less than expected. The school leadership has taken several approaches to address the situation. To date, they have reported 5 trained versus a goal of 30; and, 33 NIMS certifications versus a goal of 100. A recent budget revision was approved to get the project some marketing dollars to do outreach with businesses hiring machinists to drive a solution. A meeting is planned for January 2020.
 - Welding School: In late October, the grant contact advised us that the County Attorney advised her that the welding school tenant had not been paying rent. The attorney is following protocol to address. It was noted that it was unclear if all the purchased equipment was in the inventory. The County has temporarily stopped renovation work to address the situation. The County is working diligently to identify solutions to continue running the welding school, check equipment inventory and take appropriate action, and complete the project by the contract end date. At this time, they are discussing the possibility of Germanna CC taking over the school.

- Crafting Higher Paying Jobs: Although reported metrics are strong many milestones have been delayed for several reasons. It is possible, the project may need a contract extension to address. The main issues right now are that the drainage at the winery/cidery location will have to be overseen by VCCS and the timeframe for them accomplishing the project is unknown. The brewery location was at a business partner location but the business now needs their space for expansion. An alternate site is under evaluation. The distilling location is under review, as well.

After much discussion, the following action items were discussed:

- Prepare project statements
- Discuss concerns with Culpeper County Administrator
- Request an inventory be taken of the equipment, as soon as possible
- Clarify with applicant what has or will be taken
- Set up a site visit with all stakeholders on-site at GWC PTEC, including Council Members
- Request revised Milestones for the Crafting project and assess further

7. Chair Update

Jim Cheng shared that both he and Ed Scott attended the December 9 GO Virginia Board Meeting in Richmond as well as the Board and Council Leadership Summit that followed. Jan Gullickson was also in attendance along with leadership from all regional councils. He noted that Region 9's Biotech Innovation Cluster Growth project was approved. Ten other projects were discussed, of which, nine were approved. He added that the Board also approved a revised broadband policy and a Site Investment Policy. Jim Cheng also noted that Stephen Moret, during his presentation, said that VEDP would be asking for 15 million dollars in the new budget for Site Development and that during a VRIC report it was reported that new legislation creating a Tech and Innovation Authority would reorganize CIT, VRIC, etc. Jim Cheng added that Chris Lloyd, McGuireWoods Consulting, shared that the expectation is that GO Virginia will be in the Governor's budget for a flat 65 million in funding.

Finally, Jim Cheng shared that as of November 4, all Council Members have reported completing the required COIA training.

8. Director Update

Shannon Holland reported that she is working to develop a possible middle mile broadband project with a regional electric cooperative. She is working with Patrick Mauney and Chip Boyles to help manage the conversation. She added that four regions met the previous Tuesday to discuss collaborating on hemp projects. Pace Lochte suggested a discussion around Talent Development as she and her team have done some preliminary thinking on what a project might look like. In general, the project could be an ECB with private sector providing the match for a region wide gap assessment.

Shannon Holland also advised the committee that the Partnership accounting staff person would be leaving the organization effective January 24, 2020.

9. Other Business

No other business was presented.

10. Adjourn

Andy Wade made a motion to adjourn the meeting at 3:39 pm. Ed Scott seconded the motion. The motion carried.

GO Virginia
Statement of Financial Position
As of April 30, 2020

	June 8, 2020
ASSETS	
Current Assets	
Checking/Savings	
11200 · GO VA Operating Account - Union	75.41
Total Checking/Savings	75.41
Accounts Receivable	
11000 · Accounts Receivable	93,163.79
Total Accounts Receivable	93,163.79
Other Current Assets	
11100 · Accrued Receivable	4,243.49
Total Other Current Assets	4,243.49
Total Current Assets	97,482.69
TOTAL ASSETS	97,482.69
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20002 · Accounts Payable	23,642.51
20004 · Due to CVPED	71,519.45
Total Accounts Payable	95,161.96
Other Current Liabilities	
25060 · Accrued Expenses - Other	4,243.49
Total Other Current Liabilities	4,243.49
Total Current Liabilities	99,405.45
Total Liabilities	99,405.45
Equity	
32000 · Unrestricted Net Assets	-2,183.44
Net Income	260.68
Total Equity	-1,922.76
TOTAL LIABILITIES & EQUITY	97,482.69

GO Virginia
Capacity Building - Statement of Income and Expense
 July 2019 through April 2020

	Capacity Building		
	Jul '19 - Apr 20	Budget	% of Budget
Income			
41520 · State Grants	141,235.98	250,000.00	56.49%
Total Income	141,235.98	250,000.00	56.49%
Gross Profit	141,235.98	250,000.00	56.49%
Expense			
01250 · General Administration	1,336.09	15,000.00	8.91%
51000 · Employee Expenses			
51100 · Salaries and Wages	46,697.54		
51300 · Fringe benefits	28,366.95		
51500 · Employee Recruitment Exp	13.00		
52160 · Temporary Employees	1,370.55		
51000 · Employee Expenses - Other	0.00	150,000.00	0.0%
Total 51000 · Employee Expenses	76,448.04	150,000.00	50.97%
52100 · Contract services			
52120 · Auditing Services	4,509.09	6,000.00	75.15%
52130 · Legal services	0.00	1,500.00	0.0%
52140 · Benefits administration	94.35		
52150 · Technical support services (IT)	466.89		
52100 · Contract services - Other	0.00	500.00	0.0%
Total 52100 · Contract services	5,070.33	8,000.00	63.38%
53000 · Non-personnel Exp	6.07		
53100 · Supplies & Equipment	1,174.48	1,500.00	78.3%
53211 · Rent	4,000.51	10,000.00	40.01%
53300 · Travel	1,203.56	2,500.00	48.14%
53700 · Meetings & Workshops	3,011.10	6,000.00	50.19%
53800 · Marketing, Outreach, & Website	384.31	7,000.00	5.49%
54000 · Program expenses	48,601.49	50,000.00	97.2%
Total Expense	141,235.98	250,000.00	56.49%
Net Income	0.00	0.00	0.0%

GO Virginia
Projects - Statement of Income and Expense
From Beginning of All Projects through April 2020

	Biotech Innovation Cluster			Adult Beverage		
	(Projects)			(Projects)		
	Jan '16 - Apr 20	Budget	% of Budget	Jan '16 - Apr 20	Budget	% of Budget
Income						
41520 · State Grants	41,258.36	548,000.00	7.53%	21,680.12	249,472.00	8.69%
Total Income	41,258.36	548,000.00	7.53%	21,680.12	249,472.00	8.69%
Gross Profit	41,258.36	548,000.00	7.53%	21,680.12	249,472.00	8.69%
Expense						
01250 · General Administration	0.00	36,000.00	0.0%	2,021.10	11,779.00	17.16%
51000 · Employee Expenses	1,000.43			12,772.03	26,913.00	47.46%
52100 · Contract services	13.04			16.19		
53000 · Non-personnel Exp	0.08			0.23		
53100 · Supplies & Equipment	30.93			33.90	60,450.00	0.06%
53211 · Rent	82.74			121.01		
53300 · Travel	0.00			0.00	375.00	0.0%
53700 · Meetings & Workshops	0.00			0.00		
53800 · Marketing, Outreach, & Website	0.17			0.00		
54000 · Program expenses	40,130.97	512,000.00	7.84%	6,715.66	149,955.00	4.48%
Total Expense	41,258.36	548,000.00	7.53%	21,680.12	249,472.00	8.69%
Net Income	0.00	0.00	0.0%	0.00	0.00	0.0%

GO Virginia
Projects - Statement of Income and Expense
From Beginning of All Projects through April 2020

	CvilleBioHub (Projects)			Cybersecurity (Projects)		
	Jan '16 - Apr 20	Budget	% of Budget	Jan '16 - Apr 20	Budget	% of Budget
Income						
41520 · State Grants	83,214.66	83,540.00	99.61%	36,604.10	100,000.00	36.6%
Total Income	83,214.66	83,540.00	99.61%	36,604.10	100,000.00	36.6%
Gross Profit	83,214.66	83,540.00	99.61%	36,604.10	100,000.00	36.6%
Expense						
01250 · General Administration	2,425.34	6,000.00	40.42%	1,308.25	8,000.00	16.35%
51000 · Employee Expenses	40,460.40	48,715.00	83.06%	31,511.76	64,350.00	48.97%
52100 · Contract services	10.03	0.00	100.0%	2.18		
53000 · Non-personnel Exp	0.03			0.03		
53100 · Supplies & Equipment	34.00			6.18	6,325.00	0.1%
53211 · Rent	16,934.27	4,400.00	384.87%	20.66		
53300 · Travel	1,357.73	8,000.00	16.97%	0.00		
53700 · Meetings & Workshops	0.00			0.00		
53800 · Marketing, Outreach, & Website	0.78	5,000.00	0.02%	0.00		
54000 · Program expenses	21,992.08	11,425.00	192.49%	3,755.04	21,325.00	17.61%
Total Expense	83,214.66	83,540.00	99.61%	36,604.10	100,000.00	36.6%
Net Income	0.00	0.00	0.0%	0.00	0.00	0.0%

GO Virginia
Projects - Statement of Income and Expense
From Beginning of All Projects through April 2020

	Site Readiness (Projects)			GWC PTEC (Projects)		
	Jan '16 - Apr 20	Budget	% of Budget	Jan '16 - Apr 20	Budget	% of Budget
Income						
41520 · State Grants	55,775.52	58,675.00	95.06%	174,884.65	244,300.00	71.59%
Total Income	<u>55,775.52</u>	<u>58,675.00</u>	<u>95.06%</u>	<u>174,884.65</u>	<u>244,300.00</u>	<u>71.59%</u>
Gross Profit	55,775.52	58,675.00	95.06%	174,884.65	244,300.00	71.59%
Expense						
01250 · General Administration	448.81	800.00	56.1%	1,301.84	9,559.59	13.62%
51000 · Employee Expenses	259.94			2,109.87		
52100 · Contract services	0.68	0.00	100.0%	22.44	0.00	100.0%
53000 · Non-personnel Exp	0.00			0.36		
53100 · Supplies & Equipment	3.49			44.09		
53211 · Rent	11.15			377.15		
53300 · Travel	0.00			24.15		
53700 · Meetings & Workshops	0.00			0.00		
53800 · Marketing, Outreach, & Website	0.00			0.00	5,000.00	0.0%
54000 · Program expenses	56,975.00	57,875.00	98.45%	171,004.75	229,740.41	74.43%
Total Expense	<u>57,699.07</u>	<u>58,675.00</u>	<u>98.34%</u>	<u>174,884.65</u>	<u>244,300.00</u>	<u>71.59%</u>
Net Income	<u><u>-1,923.55</u></u>	<u><u>0.00</u></u>	<u><u>100.0%</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.0%</u></u>

GO Virginia
Projects - Statement of Income and Expense
From Beginning of All Projects through April 2020

	Catalyst (Projects)			Regional Business Park (Projects)		
	Jan '16 - Apr 20	Budget	% of Budget	Jan '16 - Apr 20	Budget	% of Budget
Income						
41520 · State Grants	1,924.41	475,200.00	0.41%	99,719.43	600,850.00	16.6%
Total Income	1,924.41	475,200.00	0.41%	99,719.43	600,850.00	16.6%
Gross Profit	1,924.41	475,200.00	0.41%	99,719.43	600,850.00	16.6%
Expense						
01250 · General Administration	1,145.49	35,200.00	3.25%	569.40	2,500.00	22.78%
51000 · Employee Expenses	685.98	250,000.00	0.27%	715.44		
52100 · Contract services	4.47			6.61		
53000 · Non-personnel Exp	0.09			0.19		
53100 · Supplies & Equipment	16.84			14.30		
53211 · Rent	47.69			51.63		
53300 · Travel	23.85	20,000.00	0.12%	36.73		
53700 · Meetings & Workshops	0.00			0.00		
53800 · Marketing, Outreach, & Website	0.00			0.13		
54000 · Program expenses	0.00	170,000.00	0.0%	98,325.00	598,350.00	16.43%
Total Expense	1,924.41	475,200.00	0.41%	99,719.43	600,850.00	16.6%
Net Income	0.00	0.00	0.0%	0.00	0.00	0.0%

GO Virginia
Projects - Statement of Income and Expense
From Beginning of All Projects through April 2020

	Young Entrepreneurs			Total Projects		
	(Projects)					
	Jan '16 - Apr 20	Budget	% of Budget	Jan '16 - Apr 20	Budget	% of Budget
Income						
41520 · State Grants	36,001.26	83,500.00	43.12%	551,062.51	2,443,537.00	22.55%
Total Income	36,001.26	83,500.00	43.12%	551,062.51	2,443,537.00	22.55%
Gross Profit	36,001.26	83,500.00	43.12%	551,062.51	2,443,537.00	22.55%
Expense						
01250 · General Administration	906.23	5,000.00	18.13%	10,126.46	114,838.59	8.82%
51000 · Employee Expenses	924.34			90,440.19	389,978.00	23.19%
52100 · Contract services	11.05			86.69	0.00	100.0%
53000 · Non-personnel Exp	0.05			1.06		
53100 · Supplies & Equipment	26.61	15,000.00	0.18%	210.34	81,775.00	0.26%
53211 · Rent	76.53			17,722.83	4,400.00	402.79%
53300 · Travel	182.67	1,000.00	18.27%	1,625.13	29,375.00	5.53%
53700 · Meetings & Workshops	0.00	12,500.00	0.0%	0.00	12,500.00	0.0%
53800 · Marketing, Outreach, & Website	0.04			1.12	10,000.00	0.01%
54000 · Program expenses	33,872.93	50,000.00	67.75%	432,771.43	1,800,670.41	24.03%
Total Expense	36,000.45	83,500.00	43.11%	552,985.25	2,443,537.00	22.63%
Net Income	0.81	0.00	100.0%	-1,922.74	0.00	100.0%

**SLATE of NOMINEES
GO VIRGINIA REGIONAL COUNCIL 9
JUNE 19, 2020**

VOTE FOR ACCEPTANCE

PUBLIC SECTOR APPOINTMENTS

Seat	Name	Term
Educational Institutions – University of Virginia	Pace Lochte	3 Years
Educational Institutions – Community Colleges	<i>Pending</i>	3 Years

PRIVATE SECTOR NOMINATIONS

Nomination	Name	Term
Central Virginia Partnership	<i>Pending</i>	3 Years

NOMINATING COMMITTEE

Name
Jim Cheng
Brian Cole
Tom Click
Jan Gullickson
Patrick Mauney, TJPDC

**SLATE of NOMINEES
GO VIRGINIA REGIONAL COUNCIL 9
JUNE 19, 2020**

VOTE FOR APPROVAL

**PRIVATE SECTOR MEMBER SLATE
Chamber of Commerce & At-Large**

Nominations	Name	Term
Chamber of Commerce	Ed Dalrymple	3 Years
Chamber of Commerce	Ray Knott	3 Years
At-Large	Ed Scott	3 Years
At-Large	Yolunda Harrell	3 Years

OFFICERS AND EXECUTIVE COMMITTEE SLATE

Role*	Name
Chair	Ed Scott
Vice Chair	Ed Dalrymple
Treasurer/Secretary	Chip Boyles
At-Large	Felix Sarfo-Kantanka
At-Large	Jim Cheng
At-Large	Tom Click
At-Large	Jan Gullickson

***Service:** Chair and Vice-Chair serve from immediately after the Annual Meeting until immediately after the following Annual Meeting or until their successors are subsequently elected. Annual Meetings are held yearly in June. All other Executive Committee Members serve annually.

GO Virginia Region 9 Strike Force Update for Executive Committee Meeting, June 9, 2020

ERR + ECB Project Activity as of June 6, 2020

Project Title	Applicant Org.	Frame	Industry	Type	Request \$	Award \$	Status/Note
Business Gateway	Fauquier County	GE	All	ERR	98,280	0	Not awarded
Crafting a New Normal	TJPDC	G/E	Food/Bev	ERR	100,000	44,000	Pending DHCD review
CV Workforce Recovery Initiative	Central Virginia Partnership	TD	All	ECB	99,500	99,500	Approved
Project Rebound	Charlottesville Regional Chamber of Commerce	G/E	All	ERR	80,000	80,000	Approved
Project Reconnect	VCW-Piedmont (CVPED admin)	TD	all	ERR	99,500	99,500	Approved

	Total \$ Awarded	Funding Still Available
ECB	99,500	150,500
ERR	223,500	76,500

PER CAPITA FUNDING

FY	Per Capita/ECB Allocation*	Added from Capacity Building	Rollover from prior year	Total Available for Projects	YTD Total Awarded	Funds Remaining (if not used carried forward at FY end)
FY2018	546,301	250,000		796,301	727,447	68,854
FY2019	1,000,000	0	68,854	1,168,204	1,159,550	8,654
FY2020	1,000,000	0	8,654	1,008,654	647,500**	361,154***

* Up to 250k total may be awarded each year from Per Capita Allocations

** Biotech Innovation Cluster for \$548,000/CV Workforce Recovery Initiative for \$99,500 (ECB)

*** \$150,500 remaining in FY20 for ECB

ECONOMIC RESILIENCY AND RECOVERY (ERR) FUNDING

FY	ERR Allocation*	Rollover from prior year	Total Available for Projects	YTD Total Awarded**	Funds Remaining***
FY2020	1,000,000,	0	1,000,000	223,500	776,500

* Up to \$300,000 total may be awarded for FAST ACCESS <100k proposals

** FAST ACCESS: Project Rebound, \$80,000; Project Reconnect, \$99,500; Crafting a New Normal \$44,000 (pending w/ DHCD)

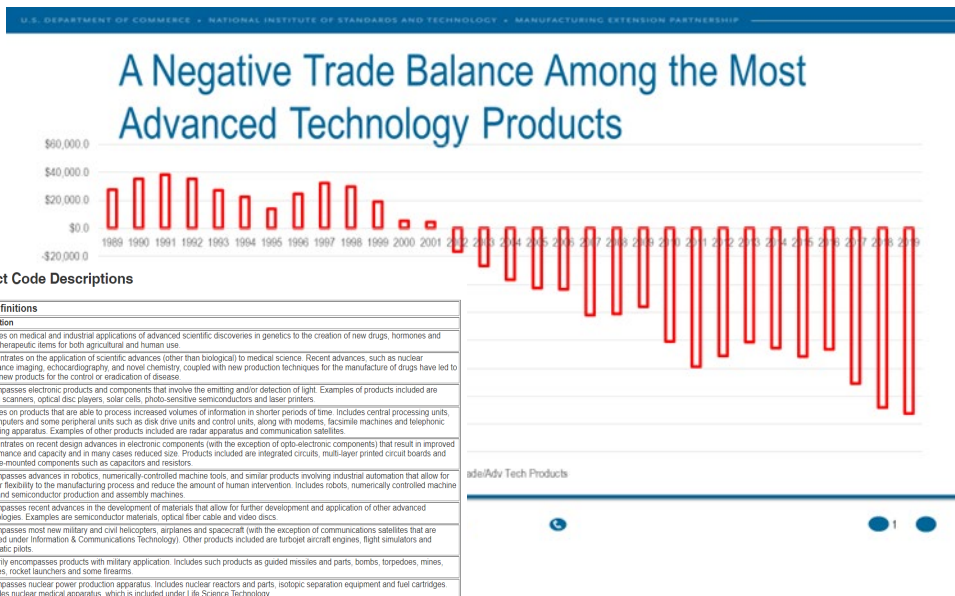
*** \$76,500 remaining available for FAST ACCESS

1) Current situation

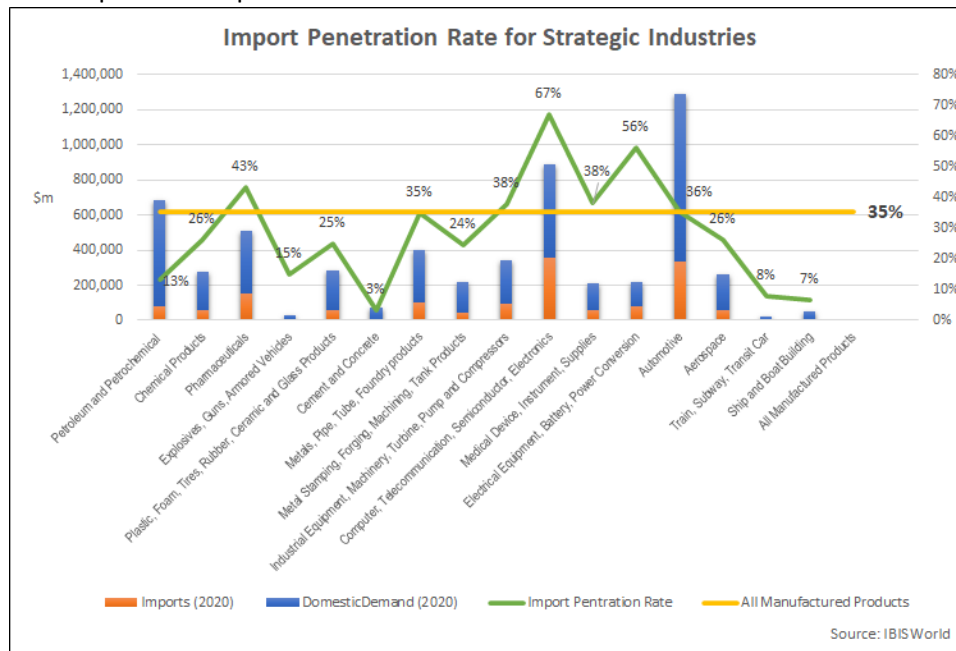
The current shortages of critical Personal Protective Equipment (PPE) and other medical supplies such as ventilators should not be unexpected given the current state of the supply chain for these items. Prior to the outbreak of the novel corona virus, a large percentage of these items were manufactured overseas, particularly in China. For example, it is reported that over 50% of masks were manufactured in China prior to the outbreak in Wuhan. As the outbreak became more serious, the Chinese government closed export for masks and other PPE products to capture that supply for their own domestic needs. China also began procurements from overseas vendors and stockpiles to build their own bank. Given this supply chain is extended, global, and focused on cost for these commodities, the introduction of a sudden reduction in Chinese capacity had a devastating effect on the ability to supply these products in the US.

This risk has been highlighted in previous planning exercises with the potential shortage of PPE showing up as a recurring problem in similar types of pandemic scenarios. A sudden surge in requirements based on increased usage would normally stress a supply chain enough. The over-reliance on imported supply in this scenario only increases the level up disruption and increases the difficulty of responding quickly to the need. According to IBIS World, 37-38% of the total medical device, medical instrument and medical supply markets in the US are served by imported product. The effects of this disruption on the nation and the economy are now well known but not unexpected given the structural imbalances present in the current supply chain.

This latest crisis serves as an object lesson in the importance of not only planning for cost and delivery, but for having robust supply chain risk planning in place to minimize the impact of and respond to disruptions for key infrastructure sectors of the economy. Medical supply chain is only one of many critical strategic supply chains that have the same issues and share this risk profile. The increase in global trade has created imbalances that have provided for lower cost products but has at the same time increased strategic risks for the nation.



The over-reliance on foreign supply driven by primarily commercial goals, , including advanced technology products has reduced the capacity of American suppliers to easily produce critical materials in a time of need. As critical industries have increasingly moved overseas for production, the ability to scale up domestic production has become more difficult.



As we can see from the level of imports in critical product categories, there are several that have at least the same, and in some cases far greater, exposure to the potential disruption of foreign supply. To use a phrase popular in some areas of Virginia, ***“the current challenges in procuring PPE and medical supplies are only the canary in the coalmine signaling a greater risk that will require a dedicated national planning effort to address”***. The issues are systemic and will require focus and investment in order to manage the risk to our nation appropriately. Without structural changes to these critical industries, we remain vulnerable to similar disruption in the future.

2) Challenges

The challenges we are experiencing in Virginia in response to the current crisis as a result of the disrupted supply chain are similar but different in the near term vs. the mid-to-long term. In both cases, they require an understanding of demand, identification of gaps in supply to meet that demand and focused procurement and allocation of available inventory to balance supply to demand. Near term acute needs for products create stresses that must be responded to in a reactive manner due to the lack of preparation at all levels. While we are focusing in the short term on the medical PPE response, the other strategically critical supply chains would experience similar challenges if there was the same kind of significant disruption as happened with regards to medical PPE. The Coronavirus outbreak in China resulted in supply chains for automotive and other transportation products to also be disrupted. As of May 3, 2020, no domestic automotive facilities are operating, including tier 1 and most tier 2 suppliers. Tesla, with the largest domestic supply chain is the only major that was not significantly affected. It remains closed due to California’s stay at home executive order. The challenges and approaches identified for the current crisis illustrate the kinds of issues and solutions that would apply to other vulnerable industries and we propose using

the medical PPE response as the first phase of work that can serve as a model for reshoring other critical supply chains in response to the current level of risk.

a) Near Term Demand and Supply Issues

At the state level, there was an initial reliance on the Federal Strategic Stockpile to provide the needed surge capacity. It has been estimated that prior to the outbreak in the US, the inventories in the stockpile were a very small percentage of the overall need for a pandemic response, possibly as little as 1% of the total need. Complicating this problem is the difficulty in predicting the usage and need for the response. Models employed are providing a constantly moving target (driven by “the peak”) for the understanding and projecting demand. These short-term demand increases are driving spot and contract market pricing up for what are essentially commodities, further straining traditional procurement mechanisms.

The lack of understanding of demand requirements over time has an impact on identifying existing supply that can be procured to fill these gaps. The Commonwealth is competing with other states, the federal government and other entities to procure existing supplies. The initial focus has been on identifying distribution partners that can access larger quantities of product and competing for procurement. In addition, the state has many companies that have expressed interest in providing products. Due to lack of understanding requirements, the procurement criteria, and access to purchasers, many of these opportunities are not being utilized. Most suppliers require some re-tooling of existing capacity to shift production to needed products. They also require raw materials, from tier 2, 3 and 4 suppliers, which in many cases are “sold out”. The lack of clear procurement and supply channels creates additional risk and limits willingness for new suppliers to engage.

Given the projected shortfalls in supply, end users have in some cases worked to figure out how to reduce the demand by changing clinical protocols or making process changes. These changes, largely out of necessity, have helped mitigate some of the short-term demand but are largely implemented ad hoc. The adoption of these seems to be largely at an individual facility level. There is a lot of information available about the potential for either different strategies (i.e. reuse of PPE using decontamination) or using product alternatives or substitutes that help address the same needs but the impact of these changes on the demand is unknown.

The use of Emergency Use Authorizations (EUAs) by the FDA has allowed for introduction of new sources of supply on a temporary basis. These policies reduce near term barriers to utilize materials and facilities that in normal times would be considered inferior for the applications. This results in additional confusion for companies that are considering re-tooling to address Commonwealth shortfalls, both in the short and longer term.

By necessity, these challenges will continue to drive most of the state’s effort in the near term to address the needs for Virginia’s providers and first responders.

b) Mid-to-Long Term- Demand and Supply Challenges

The primary challenge in the longer term is to understand, characterize and fulfill demand with the expectation of similar disruptions to foreign supply chains without accepting the risk of a repeat by default. The danger is that once things return to “normal” in terms of usage, supply is managed

primarily by large distributors, and their access to cheaper imported products will result in a return to the same practices of prioritizing lower costs over mitigating risks for the next disruption. In Virginia, we must step up to the challenge to understand the vulnerabilities and develop strategies to mitigate them by developing supply that is at least domestic, and preferably Virginia based.

While there may be suppliers currently producing products that can help fill some of the needs, the effort will surely require re-tooling suppliers from other industries to produce PPE or medical equipment. There are several types of costs that provide an obstacle to bringing these suppliers online to fill needs.

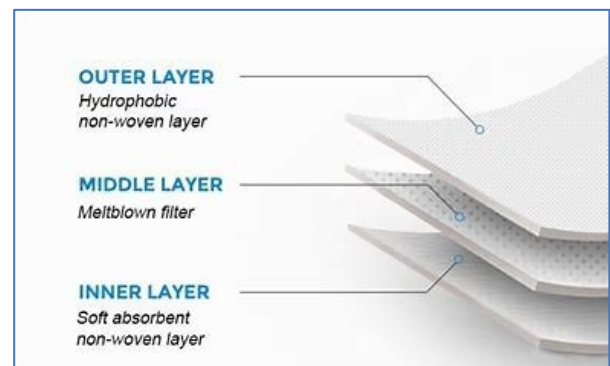
First, there are costs associated with becoming a registered supplier of FDA PPE or other medical devices. In the near term, some of these facilities are operating under Emergency Use Authorizations. As we build capacity in VA to meet both ongoing supply needs and surge, companies will need to establish themselves as an FDA registered supplier. The total hard cost to establish business as an FDA Supplier may range from as low as \$70,000 to \$100,000. Some of the typical costs associated with accomplishing this may be:

- Site assessment: \$4 K
- 510 K preparation: Not needed for class I devices, for Class II approximately \$20 K with testing and support
- Certification Testing: Varies from \$10 K to \$20 K depending on whether a predicate device has been produced.
- General training and other requirements specific to the PPE: \$6 K
- Supplier Scouting: To assist in building the companies supply chain for raw materials: \$10 K to \$20 K depending on complexity
- ISO 13485 preparation and registration: If converting from ISO 9001: \$20,000. Developing a new Quality Management System: \$30,000.

While this will get them qualified as a supplier, establishing efficient and competitive production processes will require some additional capital investment. For example, some Virginia companies are producing N95 masks using their current cut and sew processes. However, to make an ongoing and sustainable business would require implementing a modern manufacturing line that can cost from \$100 K to \$250 K

(<https://www.eworldtrade.com/pd/ew55001026/n-automatic-cup-mask/264566/>).

Building a vertically integrated supply chain within Virginia will also require that we address the materials required to produce products. To follow the above example, the primary material used for making N95, surgical type 2 masks and gowns is a three-layer composite called polypropylene SMS. Spun-bond polypropylene makes up the inner and outer layers, and the core is a non-woven, melt blown material that captures the virus.



In Virginia, we have one supplier plant in Floyd, VA owned by Hollingsworth and Vose making PP SMS (<https://www.hollingsworth-vose.com/Company/COVID-19-Response/>). As an existing supplier for this market they are sold out globally. Replicating their capacity with an additional laminating line

would cost on the order of \$2 to \$4 million installed. A polypropylene melt blown line costs about the same.

There are suppliers who are looking at providing functionally comparable products that can be certified for medical PPE use. For example, we are working with another Virginia polypropylene supplier that can produce staple fiber to produce carded non-woven fabrics that can potentially replace the SMS layer. Developing these capacities will require product development, testing and regulatory compliance work to make the transition from current markets to the production of PPE. It is important to note that these lines must operate in GMP environments, with positive pressure, HEPA filtered and conditioned air so developing a vertically integrated capacity in Virginia is a significant undertaking.

These businesses will need assistance to understand:

- *the market potential,*
- *where they need to be positioned competitively and*
- *how they can realize an adequate return on investment*

in order to make a good business case to enter or expand the business. Facilitating this will most likely require a focused effort at the state level to not only lead the development of a Virginia supply chain, but to potentially help fund some of these out of pocket costs.

The goal is to ensure that available capacity meets future needs, both in a steady state and in a crisis response mode. The lack of a planned capacity response to sudden needs will continue to have significant impacts on the state unless we can shift business to domestic, and ideally Virginia, suppliers, pre-position products or materials to respond to surge demands, and develop plans for rapid deployment of production capacity to support crisis response.

These challenges are specifically related to the need for medical supplies and PPE. As noted in the situation analysis above, there are also other industries that have similar needs. They may have different regulatory requirements or need different equipment for efficient production, but they have similar needs in understanding the competitive space and developing a business case to pursue those markets. The approach proposed to address the PPE shortages can serve as a pilot and should be directly transferable to other strategic industries as well.

3) Proposed approach

As noted in the challenges above, the medical PPE supply chain serves to illustrate the risks inherent in critical supply chains with a significant reliance on imports. As we have experienced, a significant disruption in the supply of imported products exposes the lack of capacity and the ability to respond to critical needs. The following approach is designed to address short term critical needs in medical PPE supply, but more importantly to focus on developing resources to provide capacity to meet demand if there are further disruptions to supply. The approach is illustrated using medical PPE, but the same actions would be taken to develop domestic, and ideally Virginia-based, capacity in any strategic industry. The approach can also accommodate addressing industries in Virginia that have been inordinately affected by the COVID-19 crisis. The proposed approach would be to initially focus on medical PPE as the first phase of work with the expectation that in follow on phases additional strategic industries will be targeted for reshoring or to provide for diversification of those businesses with permanent impacts from the economic downturn expected as we move forward.

a) Near Term Phase 1

In the near term, the focus should be on identifying and acquiring products needed to address critical shortages. The general steps are the same as the mid-to-long term approach but must be done very responsively with the emphasis on speed to supply rather than building sustainability and resilience into the supply chain.

- i) This starts with the effort to consolidate demand and understand the current supply gaps and we must continue to make progress in developing near term procurement targets based upon anticipated short-term need.
- ii) If possible, the state should create the ability to provide the potential suppliers with their demand profiles at the product level, including information such as the quantity needed over time, the desired and maximum price points, and the detailed requirements so that companies can match their current capabilities to the opportunity to provide product.
- iii) There should be a focused effort to identify suppliers who can currently meet procurement criteria. The GENEDGE team currently is working to identify suppliers who express interest in providing PPE and helping them evaluate their level of readiness to provide products. We will provide a portal that allows companies to express their capabilities and capacities and provides potential buyers or partners the ability to search the data to make connections.
- iv) As suppliers are identified, the state should track the available capacity for production by categories to understand the actual capacity to produce and buy products today, the potential capacity from re-tooling companies to provide products, and additional capacity for either donation or long-term development.
- v) As the capacities are understood, the state should then track utilization of this capacity through comparing purchasing activity to the available capacity with the goal of ensuring that there is enough supply for expected demand.
- vi) Where there are near term shortfalls or where the ability to provide supply will require time to develop, there should be dedicated efforts to provide alternatives to the existing supply. A good example of this would be developing decontamination capacity to allow for safe reuse of items in short supply such as N95 masks. Utilizing processes like those developed by Battelle, which uses concentrated hydrogen peroxide vapor to decontaminate N95 masks, could provide significant capacity for reuse of the masks to extend the potential life to mitigate the shortfalls in supply.

GENEDGE will continue to support these efforts. This includes developing the ability to identify and capture the population of Virginia company prospects, help them provide products where possible and pursue re-tooling to address future needs as well. There is no funding requested to provide this support as we will address that as part of our core MEP mission, assuming continuing support from the General Assembly to match our cooperative agreement MEP Federal investment.

From the outreach activities that have been conducted over the first few months of the crisis, there is significant interest by Virginia companies both in providing PPE in the short term and re-tooling to produce PPE for the longer term. GENEDGE has created a web-based supply chain portal where we are able to capture interested companies from Virginia and beyond. We are currently combining our data with that from a similar survey conducted by VDEM to identify potential suppliers interested in moving into PPE production. This data shows strong interest in each region of the Commonwealth and is shown in **Appendix 1**.

b) Mid-to-Long Term, Phase 1

While the near term plays out, now is the time to also focus on developing a Virginia-based supply network that can provide sustainable impact to the Commonwealth, and potentially the nation, by building a planned capacity and response to the expected recurrence of the corona virus. While there will be a sense of relief when the current “peak” passes, there is a significant probability that there will be another round of demand as the current social distancing and isolation policies are relaxed and we re-enter the fall season. While there is great hope in finding an effective immunization, recall that no such immunization was ever developed for the last large viral outbreak, HIV. We should be preparing now so that we are better equipped to handle the expected second and perhaps additional wave(s) of infection.

- i) Identify strategic critical products and their materials
 - (1) Apply learnings from the near-term response to engage end users, develop and update a list of products and the materials that are needed to produce them.
 - (2) This analysis should include identification of items most at risk of supply interruption due to disruptions in imported supply, as well as understanding current supply chain capacity.
 - (3) Work with end users to understand the requirements for these products to develop a competitive profile that would describe both technical and commercial requirements by product and material.
- ii) Identify and prioritize capacity needs at the product and/or material level
 - (1) Understand demand requirements over time and under stress (steady state, seasonal, surge, etc.)
 - (2) Evaluate existing vs. potential capacity relative to demand
 - (3) Understand current utilization of existing capacity (purchases/capacity at a product level)
 - (4) Explore potential process improvement to reduce capacity gaps (i.e. decontamination)
- iii) Complete an analysis of workforce requirements to support new capacity development and inform training needs within each region to support business expansion.
- iv) Identify and engage suppliers to develop capacity (see full service offering in **Appendix 2**)
 - (1) Capability analysis relative to opportunity
 - (2) Re-tooling/commercialization planning
 - (3) Business case validation
 - (a) Where current competitive situation makes the business unprofitable, look for innovation to make supply viable
 - (i) Product innovation
 - (ii) Process improvement
 - (iii) Technology application
 - (4) Support prototyping development to qualify products for supply
 - (5) Assist with regulatory compliance needs to ensure product is ready for medical market
 - (6) Achieve production readiness so that re-tooled suppliers can be utilized
- v) Match suppliers to demand to utilize capacity created
 - (1) Support suppliers positioned for ongoing supply to replace higher risk imports
 - (2) Support strategic stockpile procurement of products and/or raw materials
 - (3) Implement supply agreements for surge capacity where applicable

c) **Phase 2 and beyond**

The Commonwealth, given the Port of Virginia, an excellent interstate highway system which traverses all compass points well, and an educated, flexible and diverse workforce is well positioned to take advantage of opportunities to expand industrial capability for other strategic and critical industries.

Long Term View Required

To do so requires playing for the long term. Use of advanced manufacturing technologies allows for higher value-added output per employee in greenfield or re-tooled operations. Much of our industrial capacity has not taken advantage of hard and soft automation and suffers from under capitalization. This has placed our industrial base at disadvantage versus emerging economies that have emphasized greenfield facilities.

Market Demand Profiles

Demand for these opportunities will come from Federal initiatives that support re-shoring, critical and strategic sectors intentionally reducing sourcing risks, and initiatives to bolster our Department of Defense supply chains, which are increasingly vulnerable to offshore supply disruption. GENEDGE will support initiatives that are driven by Commonwealth and regional priorities where a shared vision supports expansion and re-tooling efforts.

Adaptation of Phase 1 Methodology

GENEDGE will adapt its approach as demonstrated in the medical PPE and equipment markets to assist willing and capable manufacturers to pivot their resources to start up and / or diversify their market and product offerings. Similar requirements exist for critical and strategic industrial segments to PPE. GENEDGE has demonstrated its capability to adjust our services to meet those demands in a rapid and effective manner.

Agility to Drive Results

GENEDGE, as a part of the NIST Manufacturing Extension Program National Network [™], can reach across borders without competitive economic development barriers to create sustainable supply chain and technology solutions. This is an inherent advantage that GENEDGE will leverage for the good of the Commonwealth and the Nation.

GENEDGE proposes to manage a program over two years to implement the mid-to-long term approach. The focus for the first year would be on addressing the needs for medical supplies and PPE with the expectation that additional opportunities will be identified at the state or federal level. The processes and tools developed in the first year can easily be redirected to additional critical strategic supply chains as they are identified. Given the expected focus on additional re-shoring efforts for strategic supply chains, we can follow the guidance to prioritize activities in the second year of the program. **Appendix 3** provides some initial detail on potential target industry sectors for consideration.

4) Milestones and Deliverables

Milestones	Deliverables	Anticipated Completion Date
1) Develop and publish guidance for companies as they re-open	<ul style="list-style-type: none"> • Playbook addressing concerns for re-opening • Webinar series to prepare businesses to reopen • On-site or remotely delivered client support services 	<p>June 2020</p> <p>As required.</p>
Phase 1, Medical PPE - July 1, 2020 – June 30, 2021		
1) Identify strategic critical products and raw material and technology requirements	<ul style="list-style-type: none"> • List of products and the materials that are needed to produce them • Identification of items most at risk of supply interruption in imported supply, • Documented understanding of current supply chain capacity. • Competitive profile describing both technical and commercial requirements by product and material. 	<p>Initial completion: October 2020</p> <p>Updates: Ongoing</p>
2) Identify and prioritize capacity needs at the product and/or material level	<ul style="list-style-type: none"> • Demand requirements over time and under stress (steady state, seasonal, surge, etc.) • Evaluation of existing vs. potential capacity relative to demand • System in place to measure current utilization of existing capacity (purchases/capacity at a product level). • Identified process improvements to reduce capacity gaps (i.e. decontamination) 	<p>Initial completion: October 2020</p> <p>Updates: Ongoing</p>
3) Complete an analysis of workforce requirements	<ul style="list-style-type: none"> • Documented training needs within each region to support business expansion. • Integration with Regional workforce development efforts through CC partners 	October 2020
4) Identify and engage suppliers to develop capacity	<p>For each supplier engaged:</p> <ul style="list-style-type: none"> • Capability analysis relative to opportunity • Re-tooling/commercialization plan • Business case validation • Support prototyping development to qualify products for supply • Complete regulatory compliance certification to ensure product is ready for medical market • Achieve production readiness so that re-tooled suppliers can be utilized 	Ongoing: July 2020 to June 2021
5) Match suppliers to demand to utilize capacity created	<ul style="list-style-type: none"> • Documented supplier capacity developed to replace higher risk imports • Strategic stockpile procurement of products and/or raw materials • Implement supply agreements for surge capacity where applicable 	Ongoing: August 2020 – July 2021

Milestones	Deliverables	Anticipated Completion Date
6) Identify target(s) for Phase 2 effort	<ul style="list-style-type: none"> Target industry agreed upon by Region and State Go Virginia boards 	March 2021
7) Interim Report	<ul style="list-style-type: none"> Report detailing progress and metrics 	June 2021
Phase 2, Target TBD - April, 2021 – June 30, 2022		
8) Identify strategic critical products and respective raw material and technology requirements	<ul style="list-style-type: none"> List of products and the materials that are needed to produce them Identification of items most at risk of supply interruption in imported supply, Documented understanding of current supply chain capacity. Competitive profile describing both technical and commercial requirements by product and material. 	<p>Initial completion: June 2021</p> <p>Updates: Ongoing</p>
9) Identify and prioritize capacity needs at the product and/or material level	<ul style="list-style-type: none"> Demand requirements over time and under stress (steady state, seasonal, surge, etc.) Evaluation of existing vs. potential capacity relative to demand System in place to measure current utilization of existing capacity (purchases/capacity at a product level). Identified process improvements to reduce capacity gaps (i.e. decontamination) 	<p>Initial completion: June 2021</p> <p>Updates: Ongoing</p>
10) Complete an analysis of workforce requirements	<ul style="list-style-type: none"> Documented training needs within each region to support business expansion. Integration with Regional workforce development efforts through CC partners 	June 2021
11) Identify and engage suppliers to develop capacity	<p>For each supplier engaged:</p> <ul style="list-style-type: none"> Capability analysis relative to opportunity Re-tooling/commercialization plan Business case validation Support prototyping development to qualify products for supply Complete regulatory compliance certification to ensure product is ready for medical market Achieve production readiness so that re-tooled suppliers can be utilized 	Ongoing: April 2021 to June 2022
12) Match suppliers to demand to utilize capacity created	<ul style="list-style-type: none"> Documented supplier capacity developed to replace higher risk imports Engagement with strategic distributors to buy “Made in VA” production Strategic stockpile procurement of products and/or raw materials Implement supply agreements for surge capacity where applicable 	Ongoing: May 2021 – July 2022
13) Final Report	Report detailing progress and metrics	June 2022

Additional Phases may be added as needed.

5) Partnerships

- a) VHASS/VHEMP/VDEM/VDH for understanding demand, needs and opportunities for process improvement at the clinical level for medical PPE and select equipment, and supplier prospect referrals for technical assistance.
- b) UVA-Wise, VA Tech, VCU, ODU, Longwood (participating GoVA region examples) and VCCS as regionally deployed - For workforce needs & innovation support.
- c) Manufacturing Technology Center (MTC) to provide delivery and project management
- d) Third Party integrators (for example CART) to drive innovative solutions where needed
- e) NIST-MEP for technology transfer and national sourcing support
- f) Local & Regional Economic Development to provide local engagement, referrals, and focus through our network of Regional Growth Managers
- g) VEDP for outreach, candidate referrals to GENEDGE and business expansion support
- h) VMA for awareness, support for Federal policy initiatives

6) Potential funding request

Source	Amount	Share
GENEDGE/NIST-MEP Cares Federal Funds	\$ 1,075,000	24%
GoVA – Regions 1,2,3,4,5	\$ 2,950,000	67%
Client fees – Private Funds	\$ 400,000	9%
Total	\$ 4,425,000	100%

	Total Cost	GENEDGE Share		Client Share		GO Virginia Share	
Program Management	\$200,000	15%	\$30,000	0%	0	85%	\$170,000
Supply Chain Tools*	\$75,000	100%	\$75,000	0%	0	0%	0
Research	\$100,000	33%	\$33,000	0%	0	77%	\$77,000
Market Research	\$75,000	47%	\$35,000	0%	0	53%	\$40,000
Company Services	\$3,975,000	23%	\$902,000	10%	\$400,000	67%	\$2,663,000
Total	\$4,425,000	24%	\$1,075,000	9%	\$400,000	67%	\$2,950,000

*provided as In-Kind Match

7) Expected Outcomes

- a) Visibility of supply chain for critical products
- b) Understanding of capacity required
- c) Potential savings in product usage/demand from process improvement
- d) Capacity expansion through re-tooled Virginia suppliers
- e) Increased utilization of capacity
- f) Increased/retained revenue and jobs for re-tooled suppliers
 - i) Target: 25 suppliers per year with first year focused on PPE supply chain development and second year focused on strategic industry to be determined.

	Year 1	Year 2	Total
Suppliers Served	25	25	50
New/Retained Revenue	\$40,625,000	\$40,625,000	\$81,250,000
Other Investments	\$5,000,000	\$5,000,000	\$10,000,000
New/Retained Jobs	250	250	500

g) Reduced Risk of shortages to End Users

8) Performance Metrics

Metric	Goal	Anticipated Completion Date
# of businesses served	50 companies	25 by June 2021, 25 by June 2022
# of jobs created or retained	500 jobs	250 by June 2022, 250 by June 2023
New or retained revenues from new product capacity	\$81,250,000	\$40.625,000 – June 2022 \$40.625,000 – June 2023
Other Investments in machinery, tooling, workforce and working capital	\$10,000,000	\$5,000,000 – June 2022 \$5,000,000 – June 2023
Amount of PPE production capacity developed	TBD	June 2021 June 2022
Reduction in supply chain risk for PPE	TBD	June 2021 June, 2022
New/innovative products completed/released to production	TBD	June 2021 June 2022
PPE Supply Chain Capacity Utilization	TBD	June 2022 June 2023

Additional rows may be added as needed.

For further information:

Dean Young, VP, Industrial Development

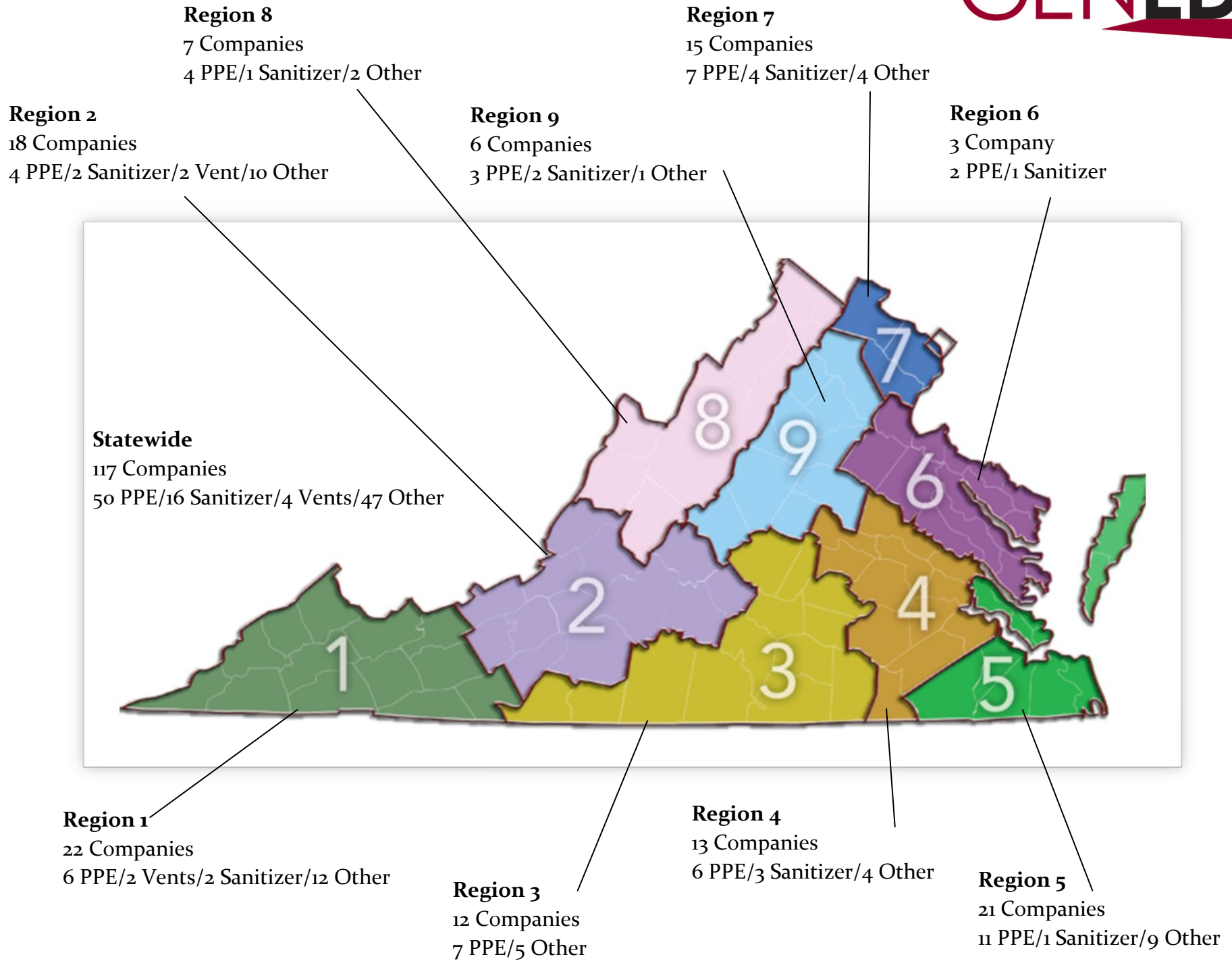
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GENEDGE ALLIANCE will focus our efforts with companies on the following program offerings:

- Business Growth Acceleration
- Innovation Services
- New Product Development
- Competitive Analysis
- Technology Driven Market Intelligence
- Adjacent Market Development
- Marketing Collateral Development
- Total Cost of Ownership for focused DOD markets
- Value Chain Optimization
- Lean and Six Sigma Services
- Supplier Scouting Services
- Risk Management
- ISO Management System Implementation
- ISO System Certification
- Prototype Development
- Third Party Proof of Concept
- Capital Access for Growth

PROGRAM OFFERINGS:

Below summarizes how and what we will offer organizations.

Service Delivery Offerings: A la Carte Menu Company Services may include:

Business Growth Acceleration

Deliverables: This focused effort will validate the business case to include reviewing the targeted customer attributes, the offer definition and financial business case. It also includes completion of a deliverables roadmap and market brief to fully describe the opportunity and develop the funding plan for execution.

Innovation and New Product Development

> Innovation Services:

Deliverables: Provide leading edge services to help the company develop new, meaningfully unique product and service ideas that are dramatically different from existing offerings. We help focusing the enterprise to create, develop and commercialize new ideas rapidly to profitably build a substantial share of target DOD markets, and to achieve a sustainable business model for growth, today and tomorrow.

> New Product Development Services:

Deliverables: This service introduces concepts, process and tools to help make informed decisions about features and benefits within new product design. Various decision points in the process with specific deliverables accelerate the product development. Tailored approaches using tools from Lean Product Development and Design for Lean Six Sigma are introduced depending upon the needs of the company.

Market Research and Execution:

> Competitive Analysis:

Deliverables: A custom market research program to assist companies in evaluating their competitive position relative to new target DOD markets for commercial potential utilizing existing or parallel competencies.

> Technology Driven Market Intelligence SM (via RTI):

Deliverables: This service allows companies to evaluate existing technologies and there probability of success in diverse markets, resulting in a narrowing of probable opportunities for deep dive analysis and exploration.

> Adjacent Market Analysis:

Deliverables: A custom market research program to assist companies in evaluating new or adjacent DOD markets for commercial potential utilizing existing or parallel competencies.

> Collateral Creation:

Deliverables: This service includes development of media and marketing collateral to communicate the value proposition effectively to target DOD customers. Services may include video, social media, web design and search engine optimization, development of marketing materials, etc. as required.

Supply and Value Chain Optimization Services:

> Total Cost of Ownership:

Deliverables: Companies today lack systematic methods to determine true cost of ownership, beyond just piece prices. Using a NIST – MEP developed EXCEL based model that will be given to the company, the business is taught to evaluate true costs, allowing for better sourcing decisions given multiple choices. Freight, cost of quality, expediting, among other factors are included in the model and rely on public domain sources for updates to factors.

> Value Chain Optimization:

Deliverables: This service allows a company to optimize the value chain in conjunction with the order to delivery cycle. It provides the platform to work with top tier and lower suppliers to address system constraints and eliminate bottlenecks that hinder on time, on quality delivery of finished products.

> Lean and Six Sigma Services:

Deliverables: These services provide a very comprehensive and structured approach for continuous process improvement, creating quality, cost, delivery and cycle time benefits that will differentiate your company from your competition. We will tailor and deploy improvements to assure the company has the flexibility, tools and skills required to achieve and sustain continuous process improvement to provide a competitive edge in the targeted DOD market(s).

> Supplier Scouting Services (via RTI),

Deliverables: As companies ramp up new technologies, gaps in supply chains will occur for critical technologies. This service develops a group of pre-qualified suppliers that can be brought on stream quickly to allow the company to ramp up development work and production for commercial launch.

> Risk Management:

Deliverables: The customer will be assisted in developing a risk management plan for the supply chain that is used to support product / service creation and delivery.

Mitigation plans will be developed where issues are determined to minimize exposure.

ISO Management System Implementation:

Deliverables: Most DOD companies rely on MIL specs and standards to guide their quality system. This service assists a company to develop an enhanced quality management system that can be certified to the international standards organization systems such as ISO9001, TS 16949, and AS 9100.

Product Commercialization Services:

> Product Commercialization: Services will be acquired and managed on behalf of participating companies to achieve product and company certifications, as well as prototype services for the development of new offerings.

> Product and/or Management Certification: High growth technology markets such as Modeling and Simulation, Cyber Security, Unmanned Aerial Systems and Advanced Manufacturing may require companies to obtain product and / or management certifications they do not have, from organizations such as ISO, ASTM, NSF, FCC, FDA, etc.

> Prototype Services: Prototypes may need to be sourced where a rapid entry into the market requires the use of service shops that specialize in rapid tool and / or product development.

> Capital Access for Growth: Services to support growth and restructuring, including the use of strategic partnerships, joint ventures, and public - private partnerships (P3's) to achieve market entry and market expansion.

Industrial Demand Signals – Re-shoring – other than PPE

The United States is quickly realizing that security requires developing and managing supply chains which reduce risk of business interruption. The Department of Defense has led Federal advocacy to expand domestic supply. GENEDGE operates a current project – Rural DoD Supply Chain Development, which is serving the following companies that are either entering the DoD space or are expanding services.

The COVID-19 pandemic has exacerbated problems for a broad set of manufacturing businesses. In latter March 2020, Thomas.Net, the world's leading industrial sourcing and marketing platform surveyed executives and decision makers from 1073 small and mid-sized companies regarding their interest / need in re-shoring supply. Following are excerpts from that study, titled **Corona Virus Impacts on North American Manufacturing**.

- **1 in 2 U.S. Manufacturers Now Seeking Domestic Sources of Supply:** We saw a reduced desire in sourcing internationally (from 43% to 34%), and an increased number of respondents (47% from 43%) are now looking to source in North America.
- **Creative Coping Strategies Starting to Emerge:** From increasing capacity to support customers impacted by degraded supply chains to using live feed cameras to deliver machinery acceptance tests, we see American ingenuity at its best.

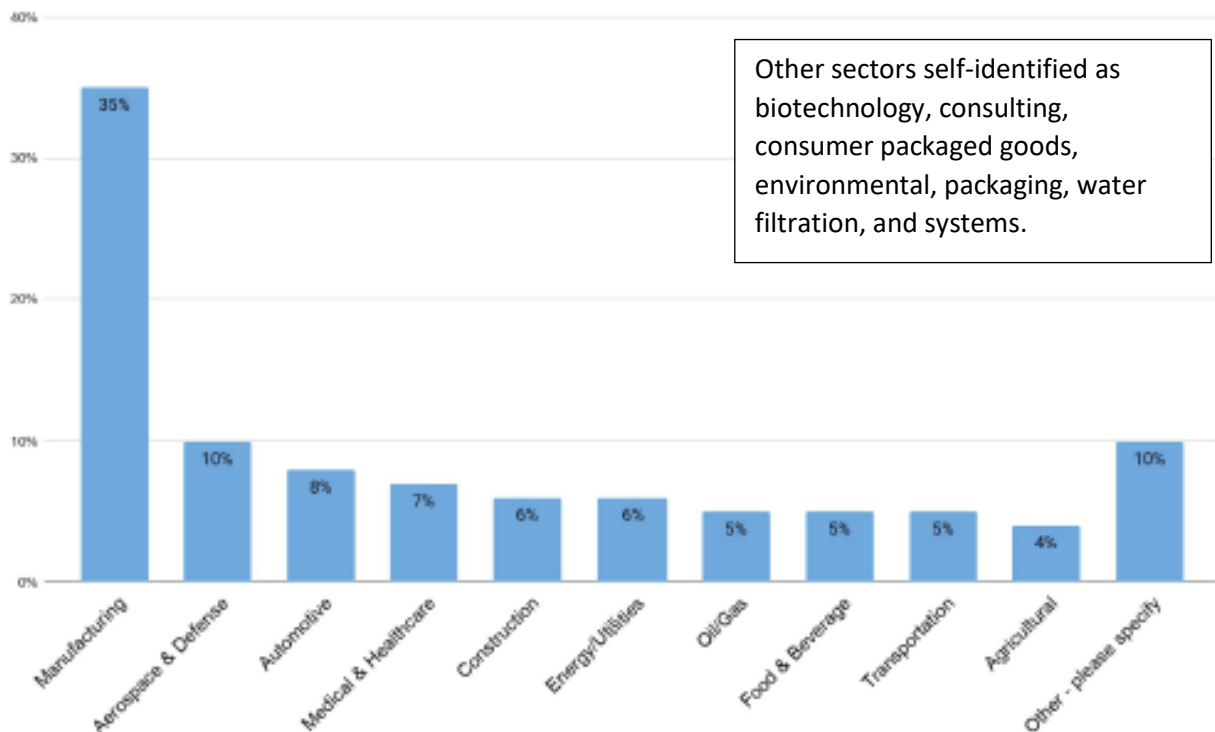


Figure 1 - Sectors Surveyed

The sectors are a very representative sample of demand sources for manufactured goods. The pain encountered can be characterized as follows.

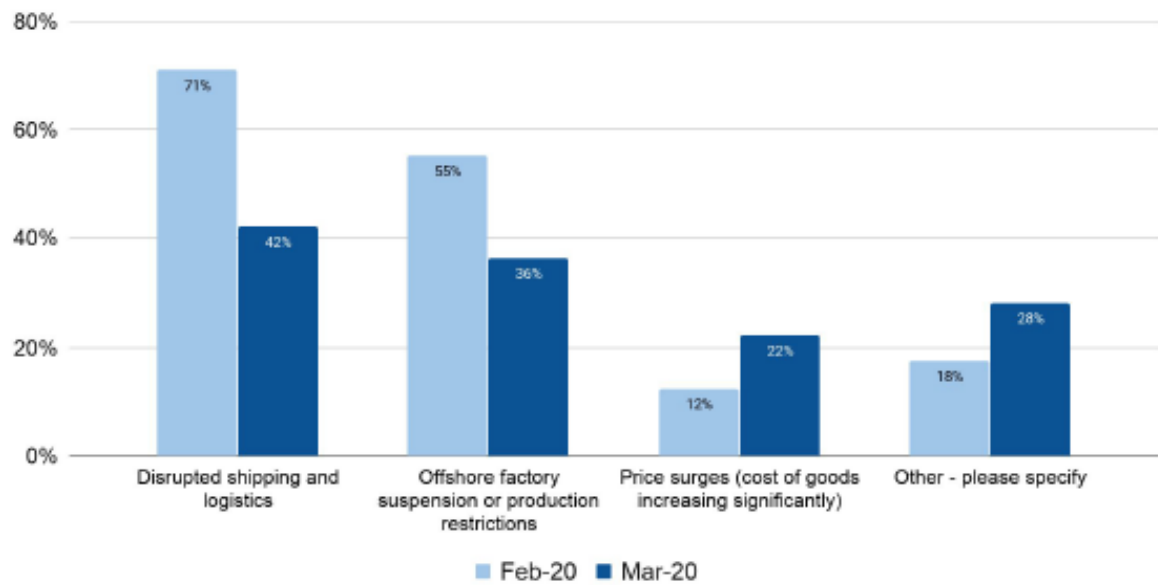


Figure 2 - Supply Chain Disruptions

The types of manufactured goods and raw materials causing disruptions is as follows:

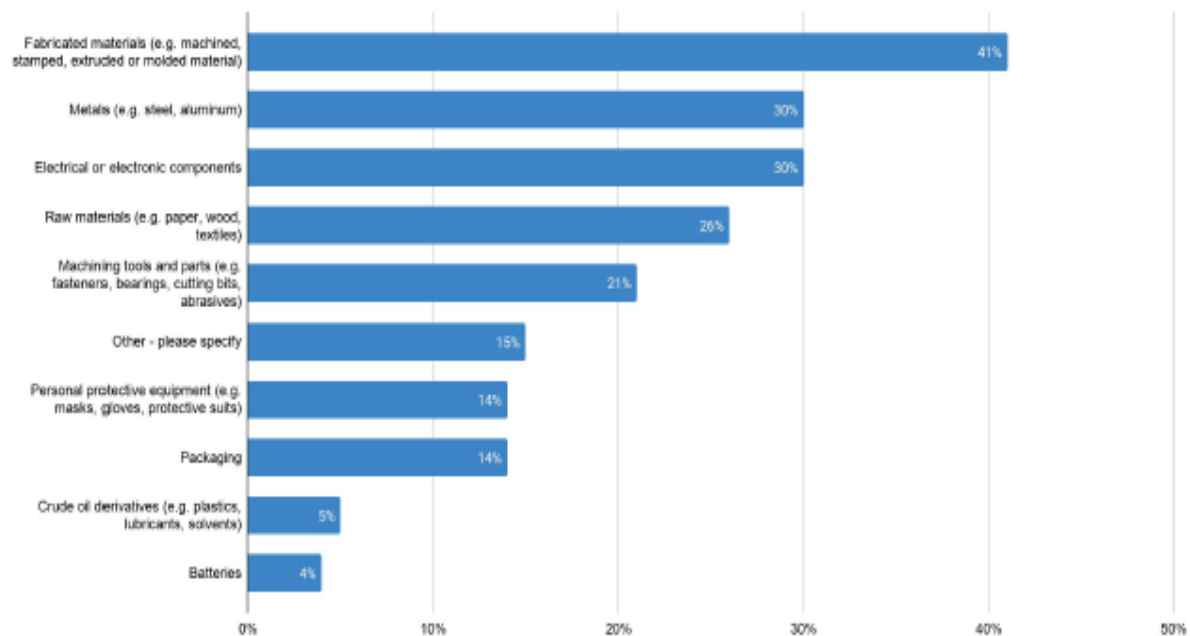


Figure 3 – Supply Chain Re-shoring Opportunities

The areas of supply chain gaps, except for PPE are representative of a very significant portion of manufacturing establishments in Virginia.

For technology businesses, sourcing from China is a large vulnerability which is portrayed in the following graphic.

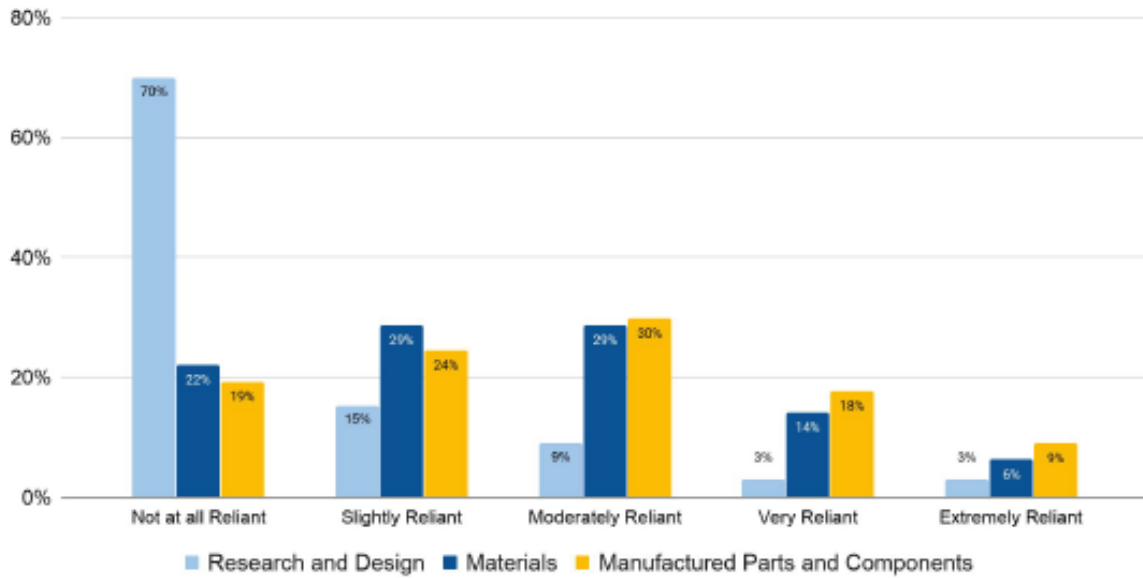


Figure 4 - Tech business Reliance on China for Product Development

The rate of re-shoring activity is growing significantly. Nearly 1 out of 2 companies is now re-shoring as a risk reduction strategy. Sadly, the other leading strategy is turning down orders.

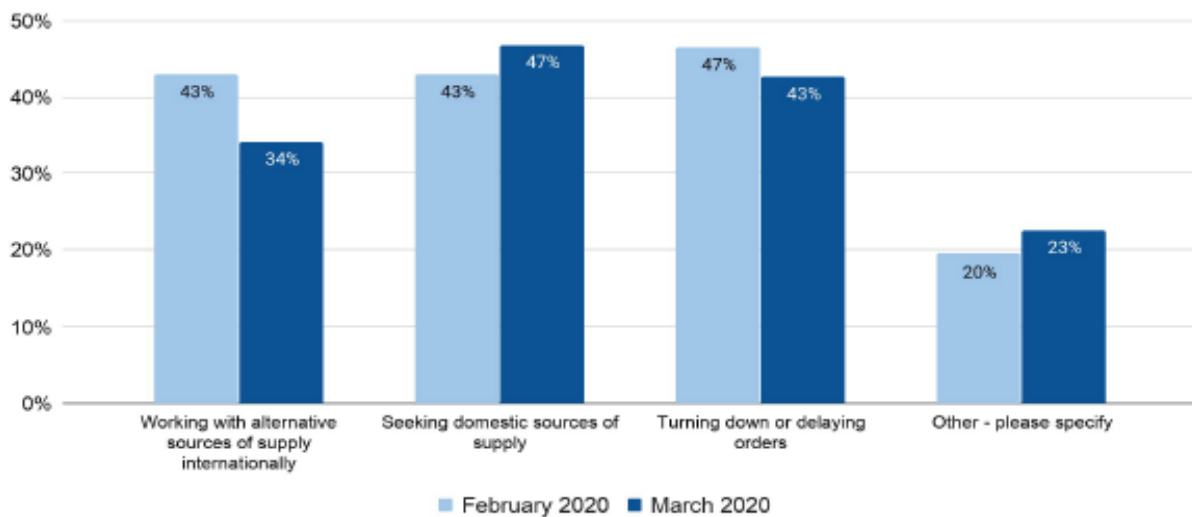


Figure 5 - Re-shoring Activities, Now

The likelihood of re-shoring continues to grow

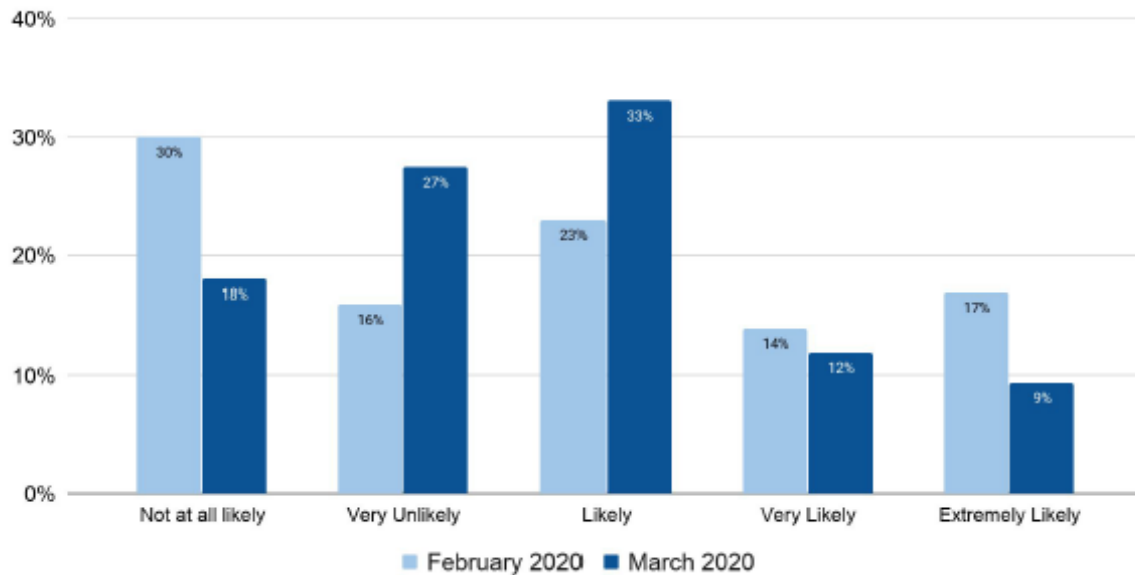


Figure 6 - Likelihood of Reshoring due to Covid-19

The concentration of companies in manufacturing, engineering and technology businesses in Virginia is as follows:

NAICS	Description	Virginia Totals		Under 15 empl.		15 to 49 empl		over 50 empl	
		Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.
311	Food Manufacturing	558	31,440	380	1,546	99	2,568	79	27,326
312	Beverage and Tobacco Product Manufacturing	382	10,077	257	1,315	92	2,331	33	6,431
313	Textile Mills	50	3,528	22	56	10	329	18	3,143
314	Textile Product Mills	159	2,977	128	397	18	466	13	2,114
315	Apparel Manufacturing	85	1,276	70	254	8	232	7	790
316	Leather and Allied Product Manufacturing	16	192	14	50	1	32	1	110
321	Wood Product Manufacturing	458	13,907	260	1,208	132	3,742	66	8,957
322	Paper Manufacturing	122	8,464	59	214	23	656	40	7,594
323	Printing and Related Support Activities	579	9,692	476	1,988	66	1,750	37	5,954
324	Petroleum and Coal Products Manufacturing	32	902	20	57	4	135	8	710
325	Chemical Manufacturing	362	15,122	264	851	52	1,417	46	12,854
326	Plastics and Rubber Products Manufacturing	220	15,687	128	316	35	949	57	14,422
327	Nonmetallic Mineral Product Manufacturing	397	8,611	260	1,253	92	2,546	45	4,812
331	Primary Metal Manufacturing	72	3,896	39	113	15	426	18	3,357
332	Fabricated Metal Product Manufacturing	806	17,778	566	2,488	166	4,449	74	10,841
333	Machinery Manufacturing	437	14,046	315	958	63	1,864	59	11,224
334	Computer and Electronic Product Manufacturing	488	12,542	397	970	52	1,443	39	10,129
335	Electrical Equipment, Appliance, and Componen	170	7,867	109	295	28	755	33	6,817
336	Transportation Equipment Manufacturing	266	56,942	163	498	33	900	70	55,544
337	Furniture and Related Product Manufacturing	402	9,408	296	1,240	68	1,848	38	6,320
339	Miscellaneous Manufacturing	724	8,355	628	1,823	60	1,582	36	4,950
	Metal Service Centers and Other Metal Merchant								
423510	Wholesalers	77	972	56	216	17	483	4	273
488991	Packing and Crating	29	281	23	93	5	118	1	70
541330	Engineering Services	2,770	52,284	2,115	6,863	427	11,117	228	34,304
541380	Testing Laboratories	192	2,633	140	535	43	1,247	9	851
541715	Research and Development	451	17,789	335	1,018	63	1,833	53	14,938
561910	Packaging and Labeling Services	37	626	30	118	4	111	3	397
	Commercial and Industrial Machinery and Equipment								
811310		640	3,735	572	1,851	61	1,451	7	433
		10,981	331,029	8,122	28,584	1,737	46,780	1,122	255,665

*Source: Virginia Employment Commission, Labor Market Information, Q1 2019

In conclusion, there is a 50% probability of opportunities to re-shore being considered seriously across the major industrial sectors in the United States. Virginia companies that can create a strong value proposition, goods of high quality that are competitively priced, with strong response and turn around capabilities can win new business for the long term. Projected demand sectors are portrayed in Figure 1, and supply sectors are provided in Figure 2.

This projection is based on very limited secondary sources of market information. GENEDGE proposes to address this comprehensively in the first phase of the proposed project, while we address the medium and long term critical needs for alternate sources of PPE production in Virginia.

Thomas Survey Details:

Respondent's Firmographics:

- **Revenue:** Business revenues span from less than \$4.9 million to over \$500 million
- **Employees:** Company size spans from less than 100 to over 1,500 employees
- **Business Descriptor:** 74% of the respondents identify as OEMs and custom manufacturers
- **Headquarters Location:** Identified by state/province

Questions? Contact

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**REGIONAL COUNCIL 9
JUNE 19, 2019
ANNUAL MEETING
9:30 AM to 11:30 AM
Zoom Link or Call-In**

Due to the COVID crisis this meeting was held via electronic means details included with this agenda.

*Public Comments are welcome. To submit a public comment form, enclosed, complete the attached form and email to sholland@centralvirginia.org

AGENDA

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|---|----------------------------------|
| I. Welcome | Jim Cheng, Chair |
| II. Public Comment* | Jim Cheng |
| III. Roll Call | Shannon Holland, Director |
| IV. Approve Meeting Minutes | Jim Cheng |
| V. Approve Financials | Andy Wade, Treasurer |
| VI. Council Calendar | |
| VII. Vote to Accept Public Sector Appointments | Jim Cheng |
| VIII. Vote on Private Sector Slate
Members, Officers & Executive Committee | Jim Cheng |
| IX. Strike Force Update | Ed Scott |
| X. Vote on Strike Force Status | Jim Cheng |
| XI. Project Review: CV Propel | Jim Cheng |
| XII. Inter-Regional Project Presentations | TBD, if any |
| 1. Retooling | |
| 2. VA Bio Connect | |
| XIII. Vote on Letter of Support | Jim Cheng |
| XIV. Chair Update | Jim Cheng |
| XV. Director Update | Shannon Holland |
| XVI. Other Business | Jim Cheng |
| XVII. Adjourn | Jim Cheng |