

Minutes of the April 18, 2017, Meeting of the NCMAC Economic Development Committee
iCenter, W. Jones Street, Raleigh NC 27603

Attendees

Joy Thrash, Acting Committee Chair
Rep. George Cleveland, Commissioner
Gary McKissock, Commissioner (by phone)
John Broome, Office of Rep. John Bell
Jason Cain, DMVA Assistant Sec. for MA
Scott Dorney, NC Military Business Center (NCMBC)
Brad Helton, Economic Development Partnership of NC
Willie Casey, DMVA
Kelly Barretto, DMVA
Madeline Hurley, ACT
Frank Bottorff, Commissioner (by phone)
Gary McKissock, Commissioner (by phone)

Acting Committee Chair Joy Thrash called the meeting to order at 2:02pm and asked all present to introduce themselves.

Mr. Dorney provided background on NCMBC.

Asst. Secretary Cain provided staff updates for DMVA that will now allow the Department to work in conjunction with the Commission and work closely to get advice and use “your eyes and ears” to assist the Department with decision-making processes and other projects, moving forward.

Ms. Thrash is pleased that a Cabinet-level position has been created, and she and Mr. Dorney have been proponents of this for many years. She has a passion for the military and an economic background and is pleased to serve as acting Chair.

OLD BUSINESS

OEA Grant: Asst. Secretary Cain gave an update. Last month the DoD OEA awarded a grant to NC State in partnership with DMVA. This is a part of their defense industry adjustment arm of the program. JLUS and Defense Industry Adjustment are within this DoD office. NC is late in the game to apply for the grant, having been a winner in the past BRAC process. NC State is lead grantee, using their engineering department and industry expansion services, useful resources. There are 3 components to this grant:

1. Supply chain mapping study (\$1million sub-award) – Purpose is to capture the companies that are doing business with DoD to begin to work with them. The \$66billion figure may go up when that data is identified, and mostly focuses on prime contractors. We’ll be asking NBMBC and NCDDBA to help the contractor that is selected to locate these companies and gather data on defense sector in NC;

2. Pilot project – 10 companies will be selected that are wholly dependent on one or a couple of defense contracts, the purpose being to help them diversify and help them find private sector uses for their products; and,
3. Plan for NC's defense sector to become more diversified, resilient in the event of impacts from any potential future BRAC process. In partnership with NC State, we will apply for follow-on monies to continue to implement the plan that results from this grant. We will know how the funds are accessed over the next budget cycles.

From the grant DMVA receives an 85%-funded position; our office will run communications for the grant while NC State will run project management. We will hire someone soon to cover the reporting, working with a contractor in the media, public outreach. The subcontract award for supply chain mapping study is due to close tomorrow for proposals. We will review those and select a grantee. The Secretary will be at Saab Barracuda to do a press conference to announce the award. We will develop a communications plan to connect with all the companies. The next step is to get a contractor in place to start the supply chain mapping study, get our communications person on board and develop a communication plan to identify these companies. Mr. Dorney is on the advisory board, and says the ultimate goals are sustainability, diversification and helping contractors find new markets, improve certain areas, which could result in sales, training and marketing, strategic planning, etc. A goal is to provide training to become stronger businesses. This will also help defense contractors get better in the commercial and government markets. It is also important not to minimize the value of the federal market. Also, many state agencies will benefit from good data to government resources.

Ms. Thrash asked if this study digs deeper into data that has been collected, how much DoD funding we get and where it goes, which Mr. Dorney confirmed. Mr. Dorney sees from the Federal Procurement Data System, the official repository of government contracting data, the government knows to whom they sent a check, but what happens down the supply chain is invisible. He used F-35 suppliers as an example. The goal is to get to the second- and third-tier suppliers that are invisible. The challenge is the identifying the industry focus for the study.

Ms. Thrash noted that she derived the agenda items from previous minutes.

DEFTECH: Mr. Dorney updated this topic noting that the fiscal year closes September 30 but it takes long to get data updated in the Federal Data Procurement System. 2016 data is close to final but growing.

- DoD prime contracting: \$2.48 billion down from \$2.571 in 2015 but same as 2014; \$4billion in 2008, 2009.
- Have a breakdown by counties available; track DoD and all federal dollars. \$4.6billion in all federal dollars. The top county is Durham (mostly RTP).

Operational: Denny Lewis is working hard on DefTech. He is part-time. We are advancing his salary pending receipt of funding from the MAC. He provided updates on Mr. Lewis' efforts.

- Since 1 March 11 opportunities
- Sent out notices and specific assistance required

- Working with UNC System, specifically UNC-Charlotte to respond to Army Cooperative Research Agreement for Internet Battlefield of Things; looked for a university system with industry existence for support.
- Arranged visit for Army SECOM command scientist at VIII AB Corp
- NC Advanced Hydrogen – working on white paper for submission to Army Research labs; will be at Aberdeen Proving Ground at the end of the month.
- Not a contract pay-off state, yet.
- Rapid Capabilities office – trend that is accelerating federal procurement, advanced technologies, outreach to businesses.

Ms. Thrash asked if companies are still being added to the list. Mr. Dorney replied “yes, and what is driving it is DoD puts out areas of interest about technology in a particular sector. The biggest challenge is getting identified businesses that can do the work, and getting them engaged in the market. This is harder than finding the opportunities.” He noted the challenges of intellectual property, the federal government arena, etc.

Asst. Secretary Cain will follow up with the check to be issued to NCMBC. Mr. Dorney discussed the impact of waiting for this funding.

Gen. McKissock added that this is a 6-month old request.

There is an MOU in place between Fayetteville Tech to accept the money and DMVA. May need help from the Department with the URL (domain name), and are trying to work with the CIO of DIT to get an @nc.gov website. Mr. Dorney will meet with Billy Hylton of Department of Information Technology, tomorrow. When you have a .gov designation, it is easier to work with DoD and federal agencies. Mr. Dorney hopes to update this effort at the upcoming full Commission meeting.

EDPNC (Economic Development Partnership of NC): Mr. Brad Helton gave an update. He gave his background military background (retired Army Lieutenant Colonel), and his past project management role. He is on the business development team at EDPNC. They locate companies that are interested in investing in NC, and cultivate their interests, working with them until their project plans reach a certain level of maturity. After that point, the project is handed to the business recruitment team to go from a lead to a qualified lead. Mr. Helton’s core function is to generate qualified leads. He recently attended the Sea, Air, Space Expo in Maryland. He is on pace to meet his key performance metrics. We recently placed a full-page ad in the Aerospace Industry magazine, and are also considering NDIAA magazine to raise our profile to companies that we have an optimal business climate in NC. NCMBC has an aerospace summit in August.

There was discussion about foreign military sales, an official state department program using foreign aid money given to countries to buy our equipment; sales to foreign military is a different commercial activity.

Mr. Helton mentioned upcoming conferences and air shows that they will attend.

Commissioner McKissock suggested an update on funding for Brad’s position from DMVA and funding within the Partnership for the future. There is a pending request for 2 years for his position. Asst.

Secretary Cain understands that the Commission will fund the position for a year, and that the Partnership will fund it going forward. Mr. Helton will discuss with Mr. Chung.

Asst. Secretary Cain requested a copy of the ad that was published. Mr. Helton gave him a handout that he uses.

Workforce Initiative: Per Chair Thrash, this is to get a follow-on discussion on this initiative. There is still a disconnect between exiting military and companies that want to hire them. We need to consider the market price for exiting military; the percentage who stay are about 19% of exiting military. What training do they need to have to build on what they've learned to take on a specific job? In discussions Ms. Thrash has had with the Military, there is still a need for education about the number of exiting service members. Mr. Dorney noted that the employer must be educated as to soft and hard skills of the exiting military, educate the military about the opportunities, and finally educate the educators. The Skill Bridge initiative is a great opportunity for us to start basic skill programs. The construction and solar industries have said they have a skilled-trades crisis. The Community College should be a part of the answer. We need to look more systemically at the solutions.

Commissioner McKissock highlighted the NC4ME upcoming leadership conference on the 26th at which many will be present that can answer some of these questions.

Mr. Dorney added the TAPS office is not oriented to what we are trying to do; we must educate those people about the opportunities in North Carolina.

Committee Moving Forward: Ms. Thrash understands that all will remain status quo on the Commission at least through May. Asst. Secretary Cain commented he believes the Governor's office has reviewed several appointments, but Secretary Hall has decided that whomever is chosen, Pat Walker should remain interim Chair and is doing well in communicating with the Department. Kirk Warner will chair Quality of Life for now.

Ms. Thrash requested suggestions and comments. Mr. Dorney said great efforts with workforce, existing industries and recruitment are taking place every day, there have been successes such as the Solar Ready Vets program. We need a coordinated, interagency approach to grow the military economy in North Carolina. Maybe that could be a focus of this Committee, per Mr. Dorney. He discussed Project Longbow coming to Hickory, NC. When we had the opportunity to tell them about the highlights of NC, they chose North Carolina.

Asst. Secretary Cain asked if there were other states to look to for best practices. Mr. Dorney is not seeing it done better elsewhere. He said getting together periodically with other stakeholders on a regular basis has proven valuable, keeping away from a formal process with a "boss."

Mr. Helton said services are allowing their soldiers to get some training before they exit the military and mentioning Microsoft Service Academy, a veterans' job program. Mr. Helton also discussed a recent meeting between a Microsoft executive, NCMF, EDPNC and Secretary Hall about the training academy. They train them in IT based on market needs. The veteran puts in \$5k, Microsoft puts in \$35k and after training Microsoft hires 25% of those that complete the program. Amazon and Google have come aboard with hiring. 96% are being hired at \$70k-\$90k. Fort Bragg and Camp Lejeune have interest.

Chairman McKissock added he thought the role of the Cabinet position was to pull these groups together. He has a vital role in working with the Executive and Legislative branches.

NEW BUSINESS:

Mr. Dorney: At the last NCMAC meeting, he said they'd been contacted by a state senator who asked about the funding needs of the NCMBC, which resulted in S130 to Increase Funding for the Military Business Center for \$250k. Half of it is restoration of funding that used to exist. We are trying to serve underserved areas of the state. We have no one in Western North Carolina, and other areas in 10 or 15 counties. If that validates, some of the funding would go to DefTech, salary increases – thankfully the General Assembly appropriates for Community Colleges regularly, but most staff is not employed by the State.

Request: That the Committee and Commission would support budget increase of \$250,000 to NCMBC (S130)

Acting Chair Thrash asked for closing comments:

- Mr. John Broome thanked Ms. Thrash for the opportunity to be there on behalf of Rep. John Bell.
- Mr. Dorney discussed with Gen. McKissock whether an NC Impact Academy would make sense that would educate members of the NCGA when out of session, Governor's Administration, congressional staffers and other Agencies about the impact of military to North Carolina. He proposed a classroom day where the relevant issues are discussed, i.e., workforce, existing industry, etc. and then a second day visit to leadership at Fort Bragg, e.g.
- Representative Cleveland thanked Chair Thrash for the opportunity to listen. When asked how the process of educating the General Assembly over the past years about military impact to the State and how issues have gone, he pointed out that it is a constant battle to garner interest from some members of the General Assembly in that they concentrate on what impacts their districts. Several have dropped out of the invitation to visit Camp Lejeune. He would not expect a great response to a classroom day.
- Asst. Secretary Cain agreed with the idea of a classroom day followed by a leadership visit to bases.

Acting Chair Thrash adjourned the meeting at 3:34pm and will advise of upcoming Committee meetings.