



NORTH CAROLINA MILITARY AFFAIRS COMMISSION

Minutes of the 1st Quarter January 14, 2020 Economic Development Committee meeting Wells Fargo Building (Smith-Anderson), Floor 23, 150 Fayetteville Street, Raleigh, NC

MEMBERS IN ATTENDANCE:

David Hayden, Chairman
Frank Bottorff
David "Crockett" Long (by phone)
Arnold Gordon-Bray
Timothy McClain (by phone)
Rodney Anderson

ADDITIONAL ATTENDEES:

Will Best, Department of Commerce
Denny Lewis, EDPNC
Scott Dorney, NCMBC
Ron Massey, City of Jacksonville (by phone)
Larry Coleman, NC National Guard Association
Evan Thompson, Veterans Council
Jamie Norment, ACT (by phone)
Kelly Jackson, DMVA

MEMBERS ABSENT:

Mayor Will Lewis

NCMAC MEMBERS:

Rep George Cleveland

WELCOME/INTRODUCTORY REMARKS: CHAIRMAN DAVID HAYDEN

Chairman David Hayden called the meeting to order at 10:02 am. He welcomed everyone and had all the attendees introduce themselves. There were 7 committee members in attendance for a quorum.

CONSENT MINUTES: CHAIRMAN DAVID HAYDEN

Chairman Hayden requested a motion to approve the minutes from the 4th Quarter meeting of the committee on October 8, 2019. Frank Bottorff made a motion to approve the minutes, which was seconded by Rodney Anderson and passed by unanimous vote.

OLD BUSINESS: CHAIRMAN DAVID HAYDEN

Chairman Hayden asked if there was any old business to discuss? Chairman Hayden said that we had a guest with us today, Evan Thompson, Chairman of the Veterans Council of North Carolina. He spoke at the last NCMAC meeting in November. He would like to get Evan Thompson's perspective on the Military Tax Exemption issue. He said he thought that this is still low hanging fruit for the Legislature to approach, but they also have other challenges. Evan Thompson said that the Veterans Council had meet on Monday, January 13, 2020 and had a great meeting. They had gotten some information yesterday that they were not aware of. Their original intent was to move forward with some extension to the Bailey settlement, to cover military retirees. However, they found out yesterday that there is a Senate Bill 188 which is specifically for military tax exemption for military retirees. It has been introduced to them by Larry Coleman, NC National Guard Association Executive Director. We have now changed

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course. We think that this will benefit the Veterans only and we don't have to worry about the Federal and State employees like we would have with the Bailey Settlement. The entire Council voted on this yesterday. We also have some members from other organizations that are not specifically oriented to Veterans, but Veterans are a part of their organization. They are concerned that we are leaving out State employees and others. We told them that our concern is military retirees and that is what we want to focus on. We ultimately agreed that that would be our focus. We think Larry Coleman will be speaking on this matter also. Evan Thompson is going to visit with Senator Burgin and he also knows the Speaker of the House, Tim Moore as he is from the same area. We want to get some personnel interaction from our Commission as well as all of these Veteran organizations around the State. We want them to make personnel contact with their Senators and Representatives. We want to get this passed this time during the Short Session. We plan to put a lot of effort into this and someone is going to draft a letter and Evan Thompson will sign the letter and send to all of the Veterans Service organizations. We want this letter to be passed down to all of the Posts and other organizations throughout the State. We want Statewide coverage on this issue. We think that this issue is very important and at the Commission meeting he hardly had to say anything about this issue. Everything had already been said before he got up to discuss this issue. We appreciate all of the support on this issue and I know that the National Guard Association is also pushing this issue hard. Chairman Hayden said that it is significant that in the past 2 weeks we have had a large number of military deployed from NC and drives home again the risks and sacrifices that we ask of our servicemembers and their families. He apologized for not being at the last NCMAC meeting but heard a lot of good things about Evan Thompson's comments. He thinks there is a lot of support for this issue by the NCMAC members. There is also support for other Federal retiree, but we need to focus on the ones that sign that blank check when they raise their right hand and come on Active Duty, Reserves or National Guard.

Larry Coleman said that the NC National Guard Association does support the positions of House Bill 650 and Senate Bill 188 which do fall short of House Bill 213 which is a more expansive Bill. As a military service organization, we think it is the right thing to do for a couple of reasons. It gives back to Veterans and fulfilling the promises that were stated. There have also been some studies but not in NC and that the Legislative Finance folks have taking a look at this information. There is belief that capturing retirees and getting them to stay in NC will help to drive our economy in the military industry sector, which is the second largest one. He has put together numbers from SC and Clemson did a study, but it is not apples to apples. If we capture a 2% increase in the retiree population, that will pay off itself and drive the economy within 3 years. There has been discussion that we will lose \$22-23 million in tax revenue in the first year, but he thinks that will be outweighed in the out years. He knows that some of us are military retirees and he has recently retired in the past year. Many of his peers are not covered by the Bailey Act and he has spoken with many of them that will not be staying in NC. So, drawing some of them back into the State could be helpful. There are 2 Bills that are parked in committee which are House Bill 650 by Rep Grange and Senate Bill 188 by Sen Burgin. He had an opportunity to meet with Senator Burgin last week and he reaffirmed his commitment to that Senate Bill. Evan Thompson said that there are other Senators that are co-sponsors of that bill. Chairman Hayden said that the important thing is the communication that is happening on this issues. He welcomes anyone comments on this issue. He said that he knew that Rep Cleveland has a lot of insight from the Legislature.

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BUDGET UPDATE: FRANK BOTTORFF

Frank Bottorff gave an update on the budget and expenditures to date

<u>Item:</u>	<u>Spent:</u>
Cassidy and Associates (Lobbying Service)	\$ 178,500 (July – January)
Dr. Kathy Sturgis (Facilitator Svc)	\$ 4,640 (August – September)
EDPNC	\$ 90,000 (July- January)
NC Military Foundation (Cluster Analysis)	\$ 120,149 (July- January)

<u>Item:</u>	<u>Spent:</u>
Temporary Solutions (Stipend)	\$ 217.80 (September- January)
Office Supplies	\$ 182.10 (September)
Travel	\$ 4,708.29 (July – January)
ADC Fees	\$ 2,096.50
Misc.	\$ 441.25
TOTAL	\$ 400,934.94

**MARINE CORPS AIR STATION (MCAS) CHERRY POINT AND FLEET READINESS CENTER-EAST (FRC-EAST)
UPDATES: JAMIE NORMENT**

Jamie Norment gave an update from MCAS and FRC-East. He said that he includes military construction (MILCON) dollars as economic development because the MILCON that is coming to Cherry Point is going to rebuild the flight line in preparation for the F-35- which will be the future for the base in terms of the 2nd Marine Air Wing. In addition to that, we are improving access to Cherry Point, both on the State and the Department of Defense (DoD) side. Congress approved and appropriated \$240 million for construction for this current fiscal year. That will bring a new air traffic control tower, hanger, and utility upgrades for the F-35 along the flight line. The Slocomb fly over entrance which is paid for by the State of NC opened last week. That will provide a better and safer access to one of the two gates into Cherry Point. On the DoD side we are working and advocating to upgrade the road inside the fence to allow for additional traffic and improved access to the base. This is all done to make the base more valuable to the community and the DoD inventory. That is all good and the \$240 million in the pipeline right now that has been approved and in addition to that there is \$200 million from last year. We also have the road upgrades for a total of a little over \$500 million in play. Our new Congressman, Dr. Greg Murphy has joined the Military Depot Caucus which is a volunteer organization on the Hill. The members of this Caucus are House and Senate members that are interested in Depot issues and usually members that have Depots in their districts. We are happy that he has joined that group. Walter Jones was the Co-Chair of that Caucus. That will give Dr. Murphy an opportunity to get more engaged on Depot issues in support of Fleet Readiness Center-East. With the illness of Mr. Jones, the Caucus did not meet much. One of our goals is to help Dr. Murphy, re-energize that organization. He will be a great leader for that group. It is a great group to interact with industry. This is an opportunity for us to maximize private industry development outside the gate and throughout the state. Just as a foot note for what is going on in Washington. We have been working with the transitioning in Senate Tillis' office of his military legislative assistant Ann Hall Brashier. She has gone to work for the new Governor of Mississippi Tim Reaves. She will be on his Senior staff in Jacksonville. Her replacement just started last week, and her name is Lauren Canfield. She has great experience on military issues. She most recently handled

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military issues for the Senate budget committee. Senator Tillis also has a new military fellow, who is an active duty Marine, MSG Lou Bottomean. We look forward to getting to know all of them. He also sent this committee a copy of the Winter and January update report. In the report there is information on a couple of briefing.

FORT BRAGG UPDATES: RODNEY ANDERSON/ARNOLD GORDON-BRAY

Rodney Anderson said that he did not have an update, but he looked forward to working with this committee. He did mention that there was a heightened concern about what we might do to take care of those families of the soldiers that have been deployed on what was the first no notice deployment in quite some time. It is one thing to train up for 6-8 months for a known deployment and do all of the things you do with the Family Readiness Groups (FRG). It is very different when you get that call and 6-8 hours later you are deployed. The Garrison and Installation Commanders are looking at things to do to address the families concerns and take care of them. The Governor of NC is also doing that as his office has put out a document of State agencies that can help families during this deployment. At the end of the month, there will be an open house of some type to help the families with any changes that they may encounter. Kelly Jackson said that on January 30, 2020 the DMVA, USO for NC, and the Fort Bragg Morale, Welfare and Recreation (MWR) would be having a Military Family Expo at the Soldier Support Center. This event will be to share information with families of deployed soldiers. The main players will be the MWR and state agencies.

Arnold Gordon-Bray said that are 2 economic concerns that there will show themselves as a result of this deployment. One is that they have already been arguing for routes into and around due to deployability. Now that you have a true no notice, some of that is going to come back up. The second is on the family support systems that are going to be needed. Right now, the deployment is a Brigade which is 1/10 of what is on Fort Bragg. Chairman Hayden said that we have been getting good reports and maybe between the 3 of you, you can give us some bullet list at these meetings. That could be very helpful for this group. You can let us know what the priorities of that region are. Something like the update that Jamie Norment does for Cherry Point. Scott Dorney said that with the deployment, the security posture at the Base had increased significantly and without notice.

ECONOMIC DEVELOPMENT FOR NORTH CAROLINA (EDPNC): DENNY LEWIS

Denny Lewis gave an update for EDPNC and the presentation is below for Oct – Dec 2019. The big event was the Association of the United State Army (AUSA) meeting and it is in the report. He thanked Paul Friday, Stuart Ruffin and Scott Dorney for all of their help for AUSA.

AUSA Execution and Results

- Acknowledgement and appreciation to Paul Friday and Stuart Ruffin (DANC) and to Scott Dorney (NCMBC) for their help and teamwork in planning and executing our AUSA strategy.
- On Monday, 14 Oct, Secretary Copeland met with Accenture, Booz Allen Hamilton, and Telephonics. Secretary Hall then met with Systems Sunlight, and Textron, and then attended the President's reception where he met several General Officers including the US Army SOF

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- commander and the Army Futures Command Long Range Fires Cross Functional Team commander, Medal of Honor Recipient, BAE executives and others.
- On Tuesday, Sec Hall met with the NC Congressional Staffers, BAE systems, PAE, Army xTechSearch (Weds), made remarks at the Braxton Bragg/EDPNC Reception and talked with the FORSCOM Cdr and others.
- On Weds, Sec Hall spent time with NC companies exhibiting at AUSA learning more about their products/services and needs. Companies included IBM, Quantico Tactical, Meritor, SAAB Barracuda, Corvid, ZARGES, and the Army xTechSearch program. Sec Hall, Dr Price, MG Justice, and Denny Lewis attended the VIP reception prior to the Marshall Dinner and talked with: Sec Army, Army Chief of Staff, Army Acquisition Executive, former Army Chiefs of Staff, Medal of Honor recipients, General Dempsey and his family, and others. The Marshall dinner was a very enjoyable affair and General Dempsey acknowledged the “North Carolina Table” in his remarks.
 1. Sec of Military and Veterans Affairs, Larry. D. Hall
 2. Assistant Sec Military & Veteran Affairs, Mr. Arial Aponte
 3. President Duke University, Dr. Vincent E. Price
 4. North Carolina State University Innovation Center, MG Nick Justice (USA, Ret)
 5. Economic Development Partnership of NC, Col Denny Lewis (USA, Ret)
 6. Director Washington Office, Mr. Jim McCleskey
 7. Military Affairs Commission, Col David Hayden, (USA, Ret)
 8. Military Affairs Commission, Mr. David “Crockett” Long
 9. VP Army Account, Booze Allen Hamilton, Mr. Jay Dodd
 10. Exec Dir, Defense Alliance of NC, Mr. Paul Friday
- Our objectives at AUSA were to:
 1. Develop “leads” for expansion of defense industry into North Carolina
 2. Expand North Carolina’s branding among executives in the defense market
 3. Reinforce North Carolina’s commitment to its military in the eyes of the Army Leadership
 4. Gain insight on emerging opportunities to better position the state going forward
 5. Connect with NC firms who had reserved booths and provide support for their efforts
 6. Meet with the NC Congressional Delegation (hosted by Jim McCleskey) while on site at AUSA
- These objectives were accomplished.

Initial Leads Developed at AUSA and key Govt Marketing: Telephonics, BAH, BAE, PAE, Sunlight, AECOM, EWA, xTechSearch (Corvid), CERL, AUSA, BraxtonBragg Chapter

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- In support of the above:
 - Conducted scores of calls, emails, telecons, and discussions were conducted to initiate contact with prospective industry and government candidates, collaborate meeting purpose and attendees, and to coordinate times.
 - Researched and prepared briefing booklets for the Secretaries and provided read-ahead for all NC Marshall Dinner Attendees.
 - Developed and distributed a pocket tri-fold NC marketing document focused on the Army priorities and NC relevant capabilities.
 - Collaborated with the Ft Bragg AUSA Chapter. EDPNC co-sponsored its reception at AUSA and coordinated for Sec Hall to provide comments. EDPNC also drafted and printed invitations to this event that we passed out to those with whom we met. The reception was well attended including: FORSCOM Cdr, Director of the Army Research Office, several retired general officers and several business and government executives.
 - Conducted an after action review and documented all actions for reference for next year.

Outreach: Learn, Educate, Inform

- In October, met with the command team at the USCG Air Logistics Center, Elizabeth City and then with Dyncorp to introduce EDPNC and discuss their needs and business requirements.
- Met with Dave Goss, Economic Development, Perquimans County to discuss Dominion Off Shore Wind Farms and opps for support from NC.
- Met with Mary Lilly to learn more about Perquimans Marine Industrial Park and how it may be of value to defense contractors.
- AUSA
- Attended the SE Region Federal Construction Summit in Wilmington. Arranged and moderated the cyber security panel, had an EDPNC table, and made a few solid contacts, one of which is pending approval as a qualified lead.
- Attended the Power Up Energy Expo for Tyndall AFB to learn more about Defense Critical Infrastructure plans (relevance to Bragg, LeJeune, Seymour) and recruit for NC.
- Traveled to Ft Belvoir VA to meet with PEO Soldier. Objective is to get them to establish a presence in NC beyond the small team they have at Ft Bragg. Discussions on-going. I am invited to meet with them again at Soldier Day at Ft Benning on 23 Jan.
- Represented EDPNC at the Def Alliance of NC Board meeting on 5 Nov
- Participated in a Govt Contracting Industry event on 6 Nov

Strategic Pursuit

- In brief, NC needs a DoD Program Office or Outreach Office in NC to attract large DoD businesses. NC possesses thought leadership in Human Performance and Internet of Things & 5G.

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- The Army is now looking at individual soldier equipment as a system. So, before “hanging” something else on the soldier, the Army wants to understand how it will affect the overall soldier system and the soldier’s effectiveness: human centered design, both physically and cognitively.
- I’m “marketing” NC’s capabilities with PEO Soldier and the NC military S&T advisors with lots of interest but have not reached the decision makers.
- *Recommend:*
 - *Expanding actions to include asking for support of NC congressional delegation, perhaps in a letter to the Army or SecDef*
 - *Help and funding for developing a professional coherent marketing/advertising campaign to promote NC’s capabilities in Human Performance and IoT/5G to attract DoD and military industry interest.*

Performance Metrics & Status (based on calendar year)

KPI	2019 Goal	Achieved (Lewis)	Notes
# of prospective leads	30	15	Exceeded with Brads leads
# of Qualified leads	8	2	Another pending
# of wins	2	-	pending

Additional efforts beyond my KPIs

- Assisted EDPNC project managers with the following:
 - Sunlight Systems Capture and potential expansion
 - Travel to a Defense Aerospace company (NDA restricted) in Tx to support early capture efforts
 - Discussion with a French Company looking to locate in Cary that could have defense application (NDA)
 - Early talks with a defense ship builder (NDA)

Calendar Year 2020 Key Events

- Continue discussions and meetings with PEO Soldier...Ft Benning, 23 Jan
- Meet and understand The Military Ocean Terminal Sunny Point (MOTSU and its contractor needs. MOTSU is the only facility in the Department of Defense network that is equipped for and authorized to handle containerized ammunition. The Military Ocean Terminal Sunny Point is the largest **military** terminal anywhere in the world and can handle up to six ships simultaneously in its docks. It serves as a transfer point between rail, trucks, and ships for the

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- import and export of weapons, ammunition, explosives and military equipment for the US Army. The 596th Transportation Brigade, operates the terminal.

Month	Dates	Event	Location
Feb	17-21	International Defence Exhibition & Conference (IDEX)	International - Abu Dhabi
March	16-19	AERODEF Manufacturing	Domestic - Ft Worth, TX
	17-19	AUSA Global Force 2020	Domestic - Huntsville, AL
	24-25	NCEDA Spring Conference	Domestic - Pinehurst
April	6-8	Sea Air Space Maritime Exposition	Domestic - Nat'l Harbor, MD
	21-22	NCMBC Textile Conference	Domestic- Charlotte
	TBD	Federal Innovation Outreach Symposium	Domestic - RTP
May	11-14	Special Operations Forces Industry Conference (SOFIC)	Domestic - Tampa
June	2-4	TechNet & Defensive Cyber Ops Symposium	Domestic-Baltimore, MD
	17-18	Medical, Biomed & BioDefense Symposium	Domestic - Chapel Hill
July	20-24	Farnborough Air Show	International - UK
Aug	4	Defense Trade Show	Domestic- Fayetteville
Sep	TBD	SE Region Federal Cyber Symposium	Domestic-Durham
	16-18	Air, Space, Cyber Conference	Domestic - Nat'l Harbor, MD
October	11-13	Association of the US Army (AUSA)	Domestic - DC
	21-22	SE Region Federal Construction Summit	Domestic - Wilmington

Some talking points that may be helpful in recruiting business and govt to NC

US Army Top Priorities

1. **Long-Range Precision Fires (LRPF)**, the top priority — essentially artillery, including missiles shooting more than 1,000 miles — gets **\$5.7 billion** over 2020-2024. That starts with about \$1.3 billion in the 2020, up 190 percent from 2019.
 1. NC’s plastics and chemical industry employes over 97,000 across 2,358 establishments
 2. NC is the regional hub for this materials cluster
2. **AEROSPACE**, computing, communications, information technology capabilities, all of whfastedich contribute to a SYSTEM of long-range precision fires.

Next-Generation Combat Vehicles (NGCV) — i.e. armor, both manned and robotic — gets **\$13.2 billion** over '20-24. \$2 billion of it comes in '20, up 55 percent from '19.

1. 33 of top 100 global OEM suppliers in North American have operatins in NC
2. Over 27,000 work directly in NC’s automotive cluster
3. NASCAR

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4. GF Linamar, Eaton, Daimler, Caterpillar, Richard Childress Racing
3. **Future Vertical Lift (FVL)** — high-speed aircraft to replace existing helicopters — gets **\$4.7 billion** over '20-24. \$800 million of it is in '20, up 400 percent from '19.
 1. North Carolina's AEROSPACE Sector
 2. 2d fastest growth in US since 2012
 3. GE Avn makes Army Helicopter engines
 4. US Coast Guard Air Logistics Center and USMC Fleet Readiness Center East
 5. GE Avn, HondaJet, HAECO, SpiritAeroSystems, Lord (over 400 in aerospace supply chain)
4. The **network** — which commands and coordinates everything else — gets **\$12.5 billion** over '20-24. \$2.3 billion is in '20, up 15 percent from '19.
 1. Cyber/Artificial Intel/Autonomy/Machine Learning/Big Data/Quantum Computing
 2. National Security Agency NCSU partnership Laboratory for Analytical Sciences
 3. Regional Internet of Things (5G Smart Cities Initiative)
 4. Over 22,500 STEM graduates each year
 5. Quantum computer at NCSU
 6. NSF award of \$24M to NCSU led partnership to develop 5G platform
 7. IBM, CISCO, ABB, SAS, RedHat
5. **Air & Missile Defense (AMD)** — which protects the rest — gets **\$8.8 billion** over '20-24. \$1.4 billion of it is in '20, up 90 percent from '19.
 1. **See above (4)**
 2. Dukes center for Metamaterials and Integrated Plasmonics
6. **Soldier Lethality (SL)** — primarily infantry gear — gets **\$6.7 billion** over '20-24. \$845 million of it in '20, also up 90 percent.
 1. Human Performance Cluster
 2. NCSU's composite metal foam for ballistic protection
 3. UNC CH's Institute for Defense & Business "Dense Urban Studies"
 4. Duke Univ counterterrorism & Public Policy Fellowship
 5. Textiles...Non-woven Institute (uniforms and parachutes from NC companies)
 6. Warfighter Needs: Ft Bragg, Camp Lejeune, Cherry Point, New River, Seymour Johnson, USCG
 7. Life sciences
 8. Pfizer, LabCorp, BASF, DuPont,

Chairman Hayden said that the NCMAC contracts out with folks to provide additional assistant in support of our mission. Similar to our lobbying company. So, Denny Lewis' position with EDPNC is funded by the Commission. He is a great resource for them and us. He does give a focus to the Economic Development Partnership of NC that they would not have otherwise. A focus that supports our mission. He is a great resource that you can tap into. He is a retired Army Colonel, West Point, 1974. He is also an Artillery Officer.

NORTH CAROLINA MILITARY BUSINESS CENTER (NCMBC): SCOTT DORNEY

Scott Dorney said the NCMBC is a statewide business development component of the NC Community College system. The mission is to leverage military and other federal business opportunities to grow business and grow the economy. Raise the tax base and improve the quality of life for everyone in NC, whether you live outside a military installation or anywhere in the state of NC. We have been assigned 3 goals from the General Assembly and have one additional goal. Those are to increase federal revenue for businesses in NC. We are the organization that wakes up everyone morning tasked with the mission to help existing businesses to grow their businesses through defense contracting and that is the NCMBC. That is our primary goal. The other goals are very important, but we do that with a business development approach. Like training businesses and developing businesses, but our job is really to identify contract opportunities and connect those businesses and help them compete and win government contracts to expand their business in NC. We are also tasked with supporting the recruitment of additional defense contractors to NC. We do this through our support and work with EDPNC. Also, with local and regional economic developers across the State. We are also given the task to support the transitioning military people in NC. Our focus there is not to replace NC Works but work with them. We work mostly with defense contractors that have an interest in hiring Veterans in NC. Our 4th goal is to support the technology transition from small businesses and other businesses into DoD and other federal agencies. We do that through the defense technology transition office which the NCMAC funded in 2016. We have been funding that out of hid since them. It is a great initiative to help businesses to leverage those opportunities. Our operations from the last calendar year of 2019 and into 2020 has been a focus on training and federal construction. We do a defense contractor academy twice a year. The last one was in November in Spring Lake, NC. We will have the next one in Wilmington, NC in April of 2020. Then in Charlotte, NC in November of 2020. We also conducted the Federal Construction, Infrastructure and Environmental Summit in Wilmington, NC. We had 850 contractors and 100 government officials there to discuss MILCON programs throughout the Southeast. The major topic of discussion was the Florence Relief program. He has been working with Jacksonville and appreciates the leadership of the City of Jacksonville as well as Onslow County in leveraging the Hurricane Florence Relief program for economic development. The Hurricane Florence recovery really consists of 2 aspects. That is \$1.2 billion in repair work to existing facilities and about \$1.7 billion in replacement construction for facilities at both Camp Lejeune, New River and Cherry Point. We supported Naval Facility Engineering Command (NAVFAC) industry day that they wanted to conduct. We followed that up with an Onslow forum with information for local contractors. That consisted of 7 different packages and 31 different projects. Those packages are being competed during this federal fiscal year. All of 2 packages have been released and are out for initial submission. There will be a 2 phase selection process. What we will be doing with other organizations is training and teaming forums. We have a teaming forum scheduled for January 29. Operationally, it has been a very busy time.

The main focus for the headquarters has been implementation of the funding for the Military Business Center. He wanted to thank the Governors of NC and the General Assembly of NC for their support of the NC Military Business Center since 2005. We have reported to the General Assembly and then a funding review with them. They validated a concept for the Military Business Center, and it continues to be effective. We brought to the attention of the General Assembly some severally underserved areas in the State and needed to rectify that if possible. We presented a plan to the General Assembly and also to the NCMAC. He is thankful for the support from the NCMAC. At the request of the NCMAC and the

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NCMBC the request was for \$1 million. There was \$900K included in the conference budget which was passed by the General Assembly but vetoed by the Governor. We are very thankful that that \$900K was included in Senate Bill 761 and passed by the General Assembly and signed by the Governor in November 2019. Since November his priority has been to operationalize this plan. With this funding we are able to implement the majority of the plan.

CLUSTER ANALYSIS UPDATE: STUART RUFFIN

Chairman Hayden gave an update on the Cluster Analysis. They have completed phase 3 of the 4 phases. Phase 3 was to target opportunities and business development. The NC Defense Asset Inventory and Target Industry Cluster Analysis Study was conducted by the NC Military Foundation who subcontracted with Research Triangle Institute (RTI). The NC Military Foundation has now merged with the NC Business Association to create the Defense Alliance of NC. Paul Friday a member of the Commission is also the Executive Director for the Defense Alliance of NC. We are waiting on the completion of this study and the findings for this study. Kelly Jackson said that Chairman Hayden receives a report at the completion of each phase.

ECONOMIC DEVELOPMENT COMMITTEE PRIORITIES: DAVID HAYDEN

Chairman Hayden talked to the committee about the 3 priorities for the Economic Development Committee. The 3 priorities are Defense Industry Growth, Workforce Development and Economic, Technological and Higher Education. You know that we had the Retreat last year to develop the goals for each of the committees. We consolidate our goals into 3 priorities.

Goals:

1. Defense Industry Growth: Recruit, cultivate, capture and expand the Defense and Homeland security related economic development (e.g. manufacturing, logistics and supply chain support for military and aviation equipment) with a focus toward the Military Host Communities.
2. Workforce Development: Retain, train and integrate transitioning military members, veterans, Guard and Reserve, spouses and military dependents into the North Carolina workforce (i.e., emphasize transition education, ease of licensure and certification, ensure job opportunity pipeline for transitioning warriors in partnership with NC4ME; and attract/retain military retirees – evaluate the impact of state income tax elimination for military retirees).
3. Economic, Technological and Higher Education Partnership Expansion: Understand and advocate for our defense and homeland security industrial base while promoting new avenues for expanding our military missions; leverage our state's quality higher education, trade curriculum initiatives and partnerships aligned with the military defense industry.

Chairman Hayden said that he was giving the committee homework. We have been asked to determine 1-3 intermediate steps under each of these goals towards accomplishing them. Please review the priorities and send him 1-3 things we can focus on this year. An example is the military retirement tax exemption. He would like each committee member to review the priorities and send him and Kelly Jackson 1-3 things that can be done. He would like this information by the end of January. You can make it as short or long as you want. Chairman Hayden will send out an email on what he wants from

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each member. Chairman Hayden said that he would like input from anyone who attends this meeting to share their insight on these priorities. He said that once he gets all of the information, he will consolidate that information and send back out for everyone's review and discussion.

OPEN DISCUSSION:

Chairman Hayden asked if there were any other items for the group.

Larry Coleman said that the National Guard has a Brigade deployed at this time with 2500-3500 members. They are currently in the Mideast. This is the 5th deployment for this Brigade in 20 years which is unheard of in the National Guard. This means a lot to citizen soldiers, employers and economic development in NC and all of the second and third order effect. He does not think that the story doesn't always get told, so when he has the change he tells that story. The 145th Air Wing stationed in Charlotte, NC has done some upgrades and that continues at this time. They went from C130's to C17's and over the continuum of that development has been over \$250 million converting to that and we are midway through the process. They have all of the aircraft but there is also construction going on along with that. They will be doing Space A eventually down there.

The National Guard State Association will be hosting a National Conference similar to AUSA. This is the National Guard Association of the United States (NGAUS) in September 9-12, 2021. This event rotates from State to State each year. It was in Denver last year and they said it brought in \$7 million. The important thing to remember is that there will be 300 military vendors that will be coming to NC. Denny Lewis said that when he worked in DC for some big defense contractors, the NGAUS was the best conference to go to. He said that he would like to talk to Larry Coleman about this event. Larry Coleman informed the committee that the National Guard had new leadership. MG Greg Lusk has retired, and he will be helping with the NGAUS. The new Adjutant General is Todd Hunt. He will be promoted to MG in the future. He is an aviator. Denny Lewis said that the NGAUS being in NC is a big event and something the NCMAC should look at. All of The Adjutant General's (TAG) from each state attend this conference. Maybe the NCMAC should look at hosting a reception for the TAG's and invite certain industries. This could be a great marketing event for your 2021 budget. Larry Coleman said that there are definitely opportunities as he moves forward with the planning for NGAUS.

Kelly Jackson reminded the members to that they must completed the Statement of Economic Interest (SEI) 2020 form between January 15 – January 21. Frank Bottorff said that he would like to get all of the Association of Defense Communities (ADC) attendees together at the conference. He will be sending out an email with that information.

ADJOURNMENT:

Chairman David Hayden adjourn the meeting at 11:37 am.