



## **NORTH CAROLINA MILITARY AFFAIRS COMMISSION**

**Minutes of the 4<sup>th</sup> Quarter, October 19, 2018, Economic Development Committee meeting  
Department of Military and Veterans Affairs, 413 N. Salisbury Street, Raleigh, NC 27603**

### **MEMBERS IN ATTENDANCE:**

Chair Cresswell Elmore  
Frank Bottorff (by phone)  
David Hayden  
David "Crockett" Long (by-phone)

### **MEMEBERS ABSENT:**

Tony Stimatz  
Tim McClain  
Jeremiah Daniels

### **ADDITIONAL ATTENDEES:**

Brad Helton, EDPNC (by phone)  
Scott Dorney, NCMBC  
Will Best, Department of Commerce  
Paul Friday, MIC East (by-phone)  
Jamie Norment, ACT (phone)  
Tom Bowlin, NC National Guard (by phone)  
COL Miriam Martinez, NCNG (by phone)  
Monty Edge, Active Threat Solutions LLC  
Amy Edge, Active Threat Solutions LLC  
Larry Hall, Secretary DMVA  
Kelly Jackson, DMVA

### **WELCOME/INTRODUCTORY REMARKS: CHAIRMAN CRESSWELL ELMORE**

Chairman Elmore called the meeting to order at 10:01 am. He welcomed everyone to the meeting. He talked about Hurricane Florence and how devastating the hurricane was for so many people in NC.

### **OLD BUSINESS: CHAIRMAN CRESSWELL ELMORE**

Chairman Elmore asked if there was any old business that needed to be discussed by the committee. There was no old business to discuss.

### **CONSENT MINUTES: CHAIRMAN CRESSWELL ELMORE**

Chairman Elmore requested a motion to approve the minutes from the 3<sup>rd</sup> quarter meeting of the committee on July 31, 2018. David Hayden made a motion to approve the minutes, which was seconded by Crockett Long and passed by unanimous vote.

### **BUDGET UPDATE: FRANK BOTTORFF**

Frank Bottorff said that there had been no changes since that North Carolina Military Affairs Commission (NCMAC) meeting last quarter. The only invoice that is being processed is the Economic Development Partnership for North Carolina (EDPNC) invoice. He asked Secretary Hall if it was time for the NCMAC to submit their budget to the Department of Military and Veterans Affairs (DMVA)? Secretary Hall said that he would have Kelly Jackson check with Kim Mitchell, DMVA Accounting Manager and that information would be given to Frank Bottorff. The NCMAC would completed their budget information and then Kelly Jackson will give that information to Kim Mitchell for submittal. No further discussion on the budget.

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### **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS (DMVA) UPDATE: SECRETARY LARRY HALL**

Secretary Hall said that he appreciated the Commission members, especially Frank Bottorff and Mayor Chuck Allen and all that they have had to during to Hurricane Florence. The legislature will be addressing the damage to our installations and the surrounding communities. At this time, we are not sure of the complete pictures of how this will affect the State and economic development picture for the future. No further comments.

### **NORTH CAROLINA MILITARY BUSINESS CENTER (NCMBC): SCOTT DORNEY**

Scott Dorney presented for North Carolina Military Business Center (NCMBC) and had a couple of handouts for the committee. (NCMBC Fact Sheet and NCMBC FY2020 Budget Increase and Priorities).

The NCMBC is a statewide component of the North Carolina Community College System. It is the single State entity charged with growing the military economy by increasing revenues for existing businesses. We in NC have a tremendous infrastructure to start businesses and help businesses grow and to leverage new markets. That is all important to the development of the military economy and to recruiting new defense contractors to our state. If we are going to move the needle in defense contracting in NC which I know is a goal of this Commission and the DMVA, there are 2 agencies in the state that are specifically charged with that goal. That is the NCMBC and Economic Development Partnership for North Carolina (EDPNC). That is the official State infrastructure in NC, but we have a tremendous infrastructure that includes the Community College System, University System and many others. We also have an unofficial private sector. We are fortunate to have both a state and private infrastructure focused on growing that economy.

We have brought this fact to the attention of this committee and the North Carolina Military Affairs Commission (NCMAC), that if we are going to grow the military economy in NC we must resource those entities that are charged with doing that job. This committee was influential in getting EDPNC resourced to recruit defense contractors to NC. We seek your support in being equally effective in supporting the funding of the NCMBC to execute the mission of helping existing business win contracts. We are not coming to this committee or the NCMAC for funding. We are requesting your support. We are funded by the General Assembly through the Community College System. We have 12 locations across the state and provide services statewide to help business win more contracts and grow the military economy. Our ability is impacted by the fact that our resources are extremely limited. We have 12 offices statewide and opened in 2005 and have 6% less budget now than we did in 2005. Our results have been impressive and have helped NC business to win over 2,800 contracts that exceed \$8 billion. We have a proven concept. In 2004 when we presented this concept to the Governor, LT Governor and General Assembly we only got 1 question. Are you sure that is all the money that you want? We knew immediately that we had made a mistake. I have provided to you a fact sheet, NCMBC FY 2020 Budget Increase and Priorities. Despite tremendous success, the NCMBC's current force structure is insufficient to maximize the opportunity to help businesses compete for, win, grow jobs and expand our economy through federal contracts. With additional resources, executed in accordance with the budget priorities, the NCMBC will expand operations sufficiently to help achieve the strategic goal of \$10 billion in federal contracts executed annually in North Carolina by 2025. My recommendation is that the NCMAC in correspondence to the Governor and the General Assembly, recommend that the State increase funding

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to the NCMBC by up to \$1 million annually. I was asked by Vice Chairman Bottorff to develop a detailed report on how the NCMBC would utilize additional funds provided by the General Assembly and I have done that in this document. I am asking for the support of the NCMAC through the Economic Development Committee and the Executive Steering Group (ESG). To support additional funding for the NCMBC both in the Governor's budget and the General Assembly budget for Fiscal Year (FY) 2020 and beyond. I have given you a breakdown of a \$1 million budget and in 3 priorities. We would fund priorities efforts 1 first and then priority 2 and then priority 3 based on how much funding we would receive. We request your support for up to \$1 million. I request that this committee make and pass a motion to recommend to the ESG and the Full NCMAC that they pass a similar motion to support additional funding for the NCMBC for up to \$1 million. That concludes my presentations unless there are questions. Frank Bottorff commented that he has looked at this request and it is what we have been looking for. Also, that this is an increase of \$1 million from their current budget. David Hayden said that we went through a process when we supported the Army Future's Command (AFC). Would this additional funding strengthen your position in supporting that effort to bring that command to NC? Scott Dorney said yes it would have. David Hayden said he supported this effort. Cresswell Elmore said that with this effort and the Re-fresh of the Cluster Analysis these are both positive efforts. The NCMBC has been able to hire a couple new employees that Industry specialist but that is only for a few hours a week. Those new hires are Randy Chandler, Subsistence; Mary Beth Fennell, Aerospace; Greg Bean, Infrastructure; and Sue Kranes, Business Development. If we don't provide them enough resources to be able to spend an appropriate number of hours build those strategic industries in the state, we are not going to fully leverage those great resources that we have. We have developed a blended budget. Frank Bottorff said that this expansion for the NCMBC as reinforcing, expanding and strengthening our foundational elements within the state. This will make us more competitive. Scott Dorney said that completed his presentation. Frank Bottorff made motion to support this recommendation as submitted and forwarded to the ESG. David Hayden seconded the motion. The motion was passed by a unanimous vote and no further discussion.

### **MARINE CORPS AIR STATION (MCAS) CHERRY POINT: JAMIE NORMENT**

Jamie Norment presented MCAS, Cherry Point. Cherry Point was impacted by Hurricane Florence. The official damage information has not been released. I have spoke to the Commander and Civilian leadership for FRC East and MCAS to get an idea of the what they faced during and after the storm. Cherry Point did not experience any damaging flooding to their facilities. They did experience wind damage to buildings and homes. Also, tree damage to homes and structures. They also received damage to operational facilities at MCAS including one building on the flight line and an administrative building. They are still assessing that damage. Allies for Cherry Point's Tomorrow (ACT) is working with Senator Tillis' office, Senator Burr's office and Representative Jones' office to try to make sure that the Air Station gets more than just a path repair. The Installation personnel are going through every building to check for damages. We need to remember that many of these buildings are 50-60 years old. One of the positives that came out of this was that the Air Station hosted approximately 100 Duke Energy linemen at their installation. That was a great relationship builder for the Air Station and Duke Energy. The President of the United States, Secretary Nielsen from Homeland Security, Brock Long Director of FEMA, 3 US Senators, Governor Cooper, LT Governor Forest and local officials meet at the Air Station after Hurricane Florence. The meeting with the President and his team went well. Governor

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Cooper had the opportunity to talk to the President about Cherry Point and the community. The Leadership for MCAS and Camp Lejeune also had the opportunity to speak to the President.

The Economic Development side for Cherry Point is on a good trajectory. The Friday prior to the hurricane the President signed the appropriations bill that included military construction dollars for Cherry Point. That included \$150 M, first phase of a \$240 M F35 Maintenance Hangar and infrastructure. There is tremendous commitment from the federal government to the future of Cherry Point. FRC East is looking good. They are at maximum capacity when it comes to space. They could hire more people if they had more space. They are gone out into the community to lease office space. They need new facilities for the F35. On a positive note the Navy has officially acknowledged and accepted the first phase of the state grant that goes for the Lift Fan facility. The leadership for FRC East which includes the Marine Corps, Civilian and Navy are exploring different synergy with the Global Transpark (GTP) and Spirit Air. This could be very positive. You will see very soon an official statement from the Air Station on its economic impact for 2017. What you will hear is that Cherry Point continues to have a very positive economic impact on the region beyond the military. The salaries for the military and civilian (includes retired benefits) annually \$1.1 billion. Procurement which includes purchases of goods and services, construction work, utilities, health care is \$800 million. So, the total is approximately \$2 billion for economic impact from Cherry Point. We are going to see in December the Marine Corps aviation plan. We will see a continued commitment to Cherry Point by the Marine Corps for that F35 program which will expand and grow. We need to leverage everything that is going on at Cherry Point inside the gate to help industry outside the gate. No further discussion.

### **ACTIVE THREAT SOLUTIONS (ATS): MONTY AND AMY EDGE**

Will Best, Department of Commerce introduced Monty and Amy Edge from Active Threat Solutions (ATS). They thanked Will Best for asking them to present at this committee meeting.

Active Threat Solutions, LLC is a risk management company that empowers clients to prepare and train, so they can better respond to active threats. We proudly fill a growing need to give organizations a path to protect themselves from active threats and to respond with proper emergency medical techniques that will save lives. Active Threat Solutions, LLC is headquartered in the Raleigh-Durham area of NC. We travel to client locations assessing their risk and delivering the highest possible level of products and training to help them prepare for an active threat situation. Motto - Prepare. Train. Respond.

Mission – To empower our clients to prepare and to train so they can better respond to active threats.

Vision – To be our clients' first choice in providing solutions to protect from or respond to active threats while ensuring that ATS is considered an employer of choice by emergency response professionals, a vendor of preference by our clients, a sound investment vehicle for our investors, and considered a valued resource by the communities we serve. Values – Integrity, unparalleled customer service, collaboration, dedication and commitment to the industries we serve. The website for ATS:

<https://www.activethreatgear.com/>. The company had many products that include medical gear, body armor, soft gear, training supplies and more. The bulk of their work is with the trauma medical line.

They provide trauma medical kits and training that is tailored to the end user. They also provide training aids so that an organization can train their staff. They also assist with crisis response. They are partnered with the Trauma Medical Center at Virginia and they are providing training to nurses in the school systems. They are the first responders during an active threat. Cresswell Elmore asked them if

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they had any connection to the military. They said that this was the first exposure to the military, but they feel that they have a lot to offer to the military and the installations. Scott Dorney asked them how they would describe their company or your focus. Monty said that they are a solutions provider. We may manufacture items, sell items, training and planning. We put things together to suit the clients needs. Scott Dorney said that they needed to look at the federal environment and the NCMBC could assist them. Will Best said them to show the committee some of them products and how they planned to hire Veterans. Monty showed and demonstrated some of their products to the committees. They have hired veterans in their company and they will work strategically with other companies to hire veterans. Monty said that they plan to have mobile training teams that can train all over the country and would like to staff those team with military veterans. Cresswell Elmore thanked Monty and Amy Edge for their presentation and said that he would bring this item to the Executive Steering Group for presentation to the NCMAC. No further discussion or comments.

### **ECONOMIC DEVELOPMENT FOR NORTH CAROLINA (EDPNC): BRAD HELTON**

4<sup>th</sup> Quarter (Jul 1-Sep 30):

July: I was the lead for organizing the state's efforts at the Farnborough Air Show the week of July 16<sup>th</sup>. Farnborough is one of our biggest shows of year in terms of time and resources. The show was attended by Secretary of Commerce Tony Copeland, Assistant Secretary Beth Gargan, EDPNC CEO Chris Chung, representatives from EDPNC's European FDI office, and regional/local partners from GTP, PTP, Asheville, and Monroe-Union Counties. I planned two days of strategic meetings for Secretary of Commerce Tony Copeland aimed at either generating new opportunities or nurturing existing relationships/projects. I also participated in these meetings and coordinated all the follow up in conjunction with the Department of Commerce and our partners. I also organized meetings for myself after the Secretary departed. As a "Cooperative Marketing" event specifically requested by our regional/local aerospace partners, the state hosted a cost-shared booth and a reception as well.

August: Much of Farnborough Air Show follow up took into August to complete. I attended the NCDOT Drone Summit hosted by NCDOT Aviation in Greensboro, which attracted dozens of companies. NCDOT Aviation did a tremendous job of organizing the summit. I was able to generate a both new leads and projects from the companies that participated. I also took vacation in August.

September: AUSA prep was the primary focus for this month. I worked closely with Stuart Ruffin from the NC Military Foundation to organize company meetings for the Secretary of Commerce at AUSA focused on recruitment. I also attended the Defense Studies Institute Cyber Operations for National Defense Symposium in DC the week of September 24<sup>th</sup>. The symposium was an opportunity to research DoD opportunities relevant to one of the state's largest industry clusters, and to meet the heads of DoD cyber accounts from most of the prominent defense cybersecurity companies.

October: AUSA (Week of October 8): Stuart Ruffin and I partnered to organize the state's engagements at AUSA. We organized a day of very successful meetings for Secretary of Commerce Tony Copeland aimed at either generating new opportunities or nurturing existing relationships/projects. We are in the process of coordinating all follow up in conjunction with the Department of Commerce. NCMBC Southeast Region Cybersecurity and Technology Symposium in Chapel Hill (October 11): This is truly a superb event hosted by the NCMBC. It generated some useful IT/cybersecurity leads and raises the

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profile of the state in the eyes of industry that can be leveraged for business recruitment. National Business Aviation Association (NBAA): This week I led the state's efforts at NBAA in Orlando. Throughout the show I met with several companies aimed at either generating new opportunities or nurturing existing relationships/projects. As a "Cooperative Marketing Event" the state hosted a cost-shared booth. Regional/local partners attended from Greensboro, Sanford, and Burlington. I am in the process of coordinating the follow up.

Future: Textron told us at AUSA that they want to host a UAS demo near Fort Bragg in the month of November—yes, it is a quick turn—and asked us to help. They have since published an initial advertisement through the Global SOF Foundation. This event should bring dozens of foreign and domestic UAS companies to NC, which will be an excellent venue for me to leverage for business recruitment purposes. They are briefing the appropriate people at Fort Bragg next week. I just received additional details today, but I am of course going to work with them to make this event a success.

EDPNC Memorandum of Understanding (MOU). Kelly Jackson said that the MOU needed to be updated and she was working with Department of Commerce (DOC) Beth Friedrich, Deputy Legal Counsel. The Economic Development Committee needs to determine if they want to make any changes to the MOU dated 27 September 2016. Secretary Hall commented on the MOU dated 27 September 2016 and the key performance metrics. He had not seen any documentation on the data for the key performance metrics in the MOU. Cresswell Elmore said that that information had been discussed when the oversight committee met with Chris Chung. He said that Chris Chung had some ideas on how to improve the metrics and deliverables. David Hayden said that he shared Secretary Hall's concerns about the metrics and the deliverables. Cresswell Elmore asked the oversight team to review their notes from that meeting. Brad Helton said that EDPNC is a metrics driven organization and he has goals that he needs to achieve. Cresswell Elmore said that the issue is that the Economic Development committee has not seen the deliverables for the MOU. That if you have metrics that you need to achieve and are achieving, this committee needs to see those deliverables also. Frank Bottorff said that Chris Chung was going to give feed back on how to re-write the MOU. Also, that this committee need an update on the metrics. That is an administrative item that we can work on. Cresswell Elmore asked when we need this information and Kelly Jackson said that we need this information as soon as we can get it to send to DOC. Secretary Hall said that what he is talking about are the deliverables under the key performance metrics. Also, that the NCMAC works on a quarterly basis then everything is a 90-day cycle. The NCMAC is talking about supporting additional funding for efforts in this recruitment area of the NCMBC and there are efforts for EDPNC. I am not sure how all of this is being done but that will go through the finance section. There are things that we need to be aware of as we move forward to make sure that we don't get hiccups later. That is from the stand point of responsibility and the internal audit. I am just reminding everyone and recommend that you think about having a presentation about the financial guidelines that need to be followed. Cresswell Elmore said that he would reach out to Chris Chung about the MOU. Secretary Hall asked Frank Bottorff if he thought a presentation about state budget guidelines, policies and procedures would be helpful and Frank Bottorff agreed. David Hayden asked if Chris Chung could email Cresswell Elmore his recommended changes for the MOU. Cresswell Elmore said that would be helpful. Secretary Hall commented again that this commission has a quasi-special status that sometimes bleeds over into the state contracting requirements and bid solicitation. I want you to just be aware of that. Kelly Jackson said that she reaches out to Meredith Swartz, Purchasing

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Officer, Department of Administration (DOA) for guidance on purchasing matters. She has been a valuable resource. Kelly Jackson has been working with Ms. Beth Friedrich, Legal Counsel, Department of Commerce (DOC) for the EDPNC MOU and DeWitt Hardee, Department of Agriculture for the Sentinel Landscape MOU. The MOU's do not go through Meredith Swartz's office. They have requested copies of the MOU's for their records. We have developed many good contacts since that last NCMAC meeting.

### **OPEN DISCUSSION:**

Cresswell Elmore asked if there was any other business that needed to be discussed. Scott Dorney asked to clarify one item and that was that his request was to get support from the Economic Development Committee to take to the ESG and then the NCMAC to support the funding initiative from the General Assembly. Secretary Hall said that if you use the term grant versus MOU, that is 2 buckets that you can control. If it is a grant, then it doesn't need to go out for bid. If it is a MOU or a related activity you should have a proposal. If Meredith Swartz could come to the NCMAC meeting and make a presentation, then everyone will be aware of the procedures. This is a unique Commission. David Hayden said that you could have a MOU and pursuant to the MOU, you could have a grant. Or you could do solicitation, sole source or limited competition. Kelly Jackson said that the 2 MOU's are with State agencies. Department of Agriculture for the Sentinel Landscape and Department of Commerce for EDPNC. EDPNC has a relationship with Department of Commerce and we have legislation that states that we can support EDPNC. David Hayden said that the EDPNC was a grant since there was no bidding process. Kelly Jackson said there was no bid process for EDPNC. David Hayden said that he would like to hear more about the Grant process. There are more things that this Commission could do or recommend with the funding that we have to make improvements in this state. Scott Dorney said that his sounds like a Military Interdepartmental Purchase Request (MIPR) of funds. You are working with another state agency. When you funded DefTech it was through the Community College System. I am not an expert on this matter but EDPNC is a Contractor to a State agency. Secretary Hall said that we also have NC4ME. Kelly Jackson said that was done under the sole source process.

Scott Dorney said that Brad mention the Cyber Symposium. I want to thank Secretary Hall for attending that symposium and giving the welcome remarks. It was a successful event. To Secretary Hall's comment or question earlier about the feedback from Army Futures Command (AFC). Those kinds of events are good, and we need to promote them but one thing we are going to look at in the future is teaming with national organizations to get us more exposure nationally in Department of Defense (DoD) and the Army. When other AFC things come up in the future we will be doing some as a state in conjunction with a nationally recognized organization such as Armed Forces Communications and Electronic Association (AFCEA) and National Defense Industrial Association (NDIA). We need to raise our visibility on these things and look for opportunities to do that. Next week in Wilmington is the Federal Construction Symposium. This is an important summit to host in NC. The last thing I want to mention is that as part of the Community College system we do defense contractor academies twice a year. This is intermediate level training for defense contractors. The next one is in Charlotte, NC at Central Piedmont Community College, 11-13 November 2018. This is a 3-day academy. Please share this with your business contacts.

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Secretary Hall said that there has been a lot of discussion about the AFC. There has been 2 de-briefing so far. One for the Congregational delegation and one that we had this week. It would be good for us to hear and I am not sure of the source for us to hear because there is a lot of chatter about what people perceive the reasons why we are taking on face value. A lot of the information that they had and utilized was not sourced from the State of NC but from National surveys and ratings. The concern that we have about how much benefit we are going to get from internal information, we want to put that into context. So, people know that we did not look at that or we did look at that, or by doing that it gets registered into the National configuration for other people. Three of the primary things that were looked at the put us in second place was the transportation system, education (student to teacher ratio) and reputation (misconception or perception) that we were a medical (pharmaceutical). I will say this again, that education is important to those young military families. Also, it has been mentioned before about the transportation systems. They look at a snapshot of what is now and not what is the plan for the future. The last thing that I wanted to say that I did not know was that there was a caveat to the AFC that said we have a 10-year shelf life. There plan is to be ready to move somewhere else in 10-years. So, we plan to re-evaluate and move in 10-years to start that creative process in another region. Those are some key things about the AFC. David Hayden said that our focus should not just be AFC but Cyber Command or any National Center of Excellence. Secretary Hall said that we were the second-place winner and first place loser, but it was a great process for us to go through. As David Hayden said that these items are looked at across the board whether it is any other governmental agency. It was instructive for us to see the process for evaluation. It might be helpful to have someone come to the Economic Development Committee and then to the Full NCMAC . That one item about the 10-year and looking at the snapshot today and not your future plans. That information is dynamic. David Hayden said that so much will change in the next 10-years.

Kelly Jackson said that she had sent the Commission members and email about declining the stipend. Please let me know if you want to decline your stipend by email. No further discussion.

**ADJOURNMENT:**

Chairman Elmore requested a motion to adjourn the meeting. David Hayden made a motion to adjourn the meeting, seconded by Crockett Long and passed by unanimous vote at 11:54.