



COMMONWEALTH of VIRGINIA

Office of the Governor
Virginia Israel Advisory Board

MEMORANDUM

TO: Governor Terry McAuliffe

FROM: Mel Chaskin – Chairman, Virginia Israel Advisory Board
Ralph Robbins – Executive Director

DATE: November 9, 2015

RE: 2015 Annual Review of the Virginia Israel Advisory Board

CC: Distribution List (Attached)

The VIAB contributed to the growth of 144 new jobs in FY 2015. These jobs generated approximately \$8.35 million in revenue and in state tax revenue of \$480,240.00. The board continues to be an effective means of enhancing the relationship between Virginia and Israel. Based on direct and indirect job creation from projects developed by the VIAB (FY 2000-2015) the Commonwealth has historically received 534% return on investment.



Mel Chaskin
Chairman, Virginia Israel Advisory Board

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FY 2015

VIRGINIA ISRAEL ADVISORY BOARD



Tazewell County Officials discovering new economic development opportunities in Israel

Annual Review

Virginia Israel Advisory Board
Office of the Governor

Mel Chaskin, Chairman
Chuck Lessin, Vice Chairman
Ralph Robbins, Executive Director

November 2015

www.viab.org



Agency Code 330

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Virginia Israel Advisory Board

Summary of Current & Future Activities

Executive Summary: FY 2015 Results

1. The Sabra factory in Chesterfield County continues to be a major economic success for the Commonwealth despite the challenging economy. The Sabra facility opened its Center of Excellence in April 2013 and subsequently doubled its manufacturing capacity. The recent expansion added 70 new jobs in FY2015.
2. The VIAB initiative that led to the establishment of the “Virginia Israel Bio Sciences Commercialization Center” has morphed into **Virginia Life Science Investments (VLSI)**. A total of nine Israeli companies are now part of the initiative. An \$18 million fund has been raised to support the growth of these companies. The VIAB was responsible for securing the fund’s first Israeli investor who has invested \$500,000 of direct investment into Virginia via the fund. Significantly, EOS of Tidewater expanded its manufacturing facility in FY2013 to produce countertops based on Cupron technology and Cupron continues to expand its licensing agreements. Expanded studies are now taking place with the Sentara health organization. ImmunArray received approval to market its first product in the area of Lupus diagnostics. Total new jobs created in FY15 for VLSI and related companies is 10 and expansion is expected to accelerate in FY2016 and FY2017.
3. The VIAB initiated program, **VIAC** (Virginia-Israel Agro Technology Commercialization Center) is expanding. The VIAB has teamed with Virginia Tech to evaluate and facilitate Israeli agro tech projects/investment in the Southwestern part of Virginia. The VIAB is initiating/facilitating/monitoring several projects: Project Jonah (aquaculture), a “smart turnkey greenhouse” project, Project Milk and EPC (on site solid waste treatment). The VIAB is exploring other ways to augment this initiative including special funding opportunities. Progress is being made including the purchase of land (105 acres) for Project Jonah, location for first EPC site, and an agreement with Virginia Tech to host Project Milk as a demonstration site location. These projects could lead to additional new jobs in Southwest Virginia totaling between 450 and 525 jobs over the next 12 – 24 months. Jobs attributed to all of these projects in FY15 total 7 as most of these projects are in the early “ramp up” stage.
4. A total of 144 new jobs were created in FY2015 from VIAB efforts representing additional tax revenue to the Commonwealth of \$480,240 on a tax base of \$8.35 million.
5. From FY2000 – 2015, the VIAB has been involved with activities adding approximately 1954 net new jobs to Virginia’s workforce. These jobs have generated approximately \$ 60.8 million in state tax revenues. If we discount this amount by a conservative 78% for multiple parties involved in the facilitation process, the amount of tax revenue generated by the VIAB is \$ 13.38 million which represents a 534% return on Virginia’s investment in the VIAB over the past 15 years.
6. The VIAB projects that the current pipeline of activities will increase jobs in Virginia by 925 jobs over the next one to three years. This would translate to additional state tax revenue of \$3.1 million based on a tax base of \$53.7 million.
7. The State Auditor of Public Accounts completed the VIAB Audit for FY2015 and reported no issues.

VIAB Objectives

The primary mandate of the Virginia Israel Advisory Board continues to be economic development in Virginia. Our goals and strategies are:

1. Facilitating new Israeli company entry into Virginia.
2. Working with the Israeli companies already located in Virginia via networks to help facilitate internal growth and expansion.
3. Leveraging each company’s strength to create a multiplier effect for job creation.
4. Devoting from 10% - 15% of our energies to special educational and cultural projects.

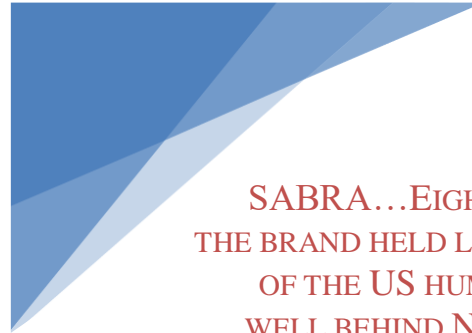
Review: Achievements, Updates and New Initiatives for FY 2015 2016

1. Sabra Manufacturing Expansion: 70 new Jobs in FY2015

In FY15, Sabra Dipping Company opened an 118,000 square foot expansion and created 70 new jobs.

Sabra history in Virginia

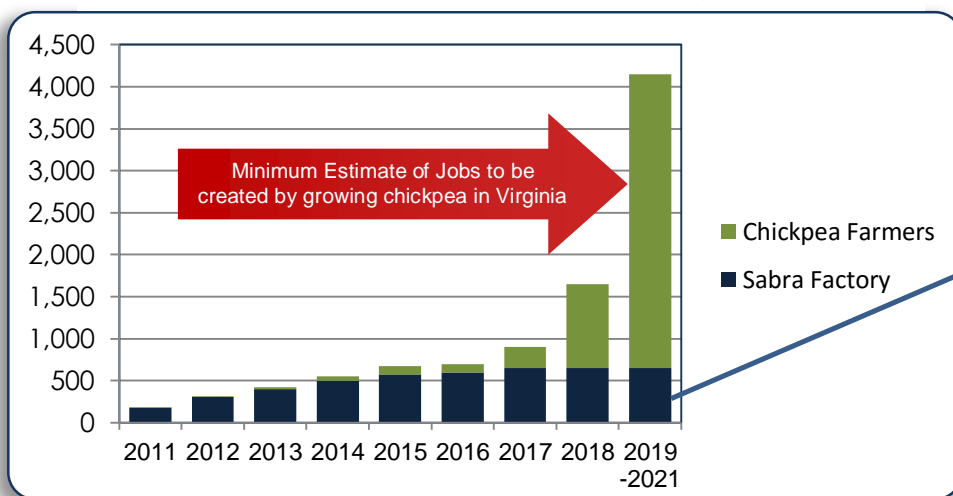
- **2010:** Sabra opened manufacturing in Chesterfield County, Virginia
- **2010:** VIAB facilitated the R&D to grow the “Virginia-Sabra” Chickpea
- **2013: Center of Excellence** opened: Sabra’s international food R&D center
- **2014:** Expansion doubles manufacturing capacity
- **2015:** Facility grows to approximately 575 employees, an increase of 70 from 2014 as a result of the new plant opening
- **2015:** Over 350 test beds of the Virginia-Sabra chickpea have been planted in various parts of the State.
- **2015:** Virginia Tech Delegation visits Israel and meets with experts in chickpea breeding
- **2015:** VIAB works with VSU and Virginia Tech to analyze chick pea development progress to determine if the program can be broken into Phase I and Phase II with the possibility of Virginia Tech experts accelerating the scope of the research to include world class experts from Israel into the Phase II process.



SABRA...EIGHT YEARS AGO, THE BRAND HELD LESS THAN 10% OF THE US HUMMUS MARKET WELL BEHIND NESTLE'S TRIBE AND KRAFT'S ATHENOS. AT THE START OF 2015, THE BRAND WHICH IS CO-OWNED BY PEPSICO AND STRAUSS FOODS, HAD OVERCOME THE COMPETITION DWARFING THEM WITH A WHOPPING 60% OF THE US HUMMUS MARKET

Source: Fast Company

VIAB Leverages Sabra to facilitate Virginia Chickpea Development: a new crop for Virginia



With the recent expansion of the Sabra plant in Chesterfield, the growth will level off as the facility reaches maximum capacity with no room on its property for expansion.

2. Update: The Virginia Chickpea Development Project

In 2010, the VIAB facilitated discussions with Sabra and the Secretary of Agriculture about introducing the chickpea crop to Virginia. Until this time, it was assumed that Virginia's soil was too moist for the chickpea crop.

A chickpea expert from Virginia State University, Professor Harbans L. Bhardwaj, Ph. D., was confident that a quality chickpea could be developed.

A six year program was initiated with funding provided by both the Virginia State University and the Commonwealth of Virginia.

Current Status – Potential Virginia Tech Co-Involvement

A delegation of Virginia Tech Experts accompanied Ralph Robbins, the Executive Director of the VIAB, to Israel in April 2015 to build and strengthen the “Agro technology” connection between Virginia and Israel. The VIAB organized meetings between VT experts and four groups of Israeli experts that work with advanced breeding technologies that can be used to accelerate and enhance breeding programs for the “Virginia-Sabra Chickpea.”



Professor Harbans L. Bhardwaj, Ph. D. Virginia State University

FY2016 Plans

The VIAB will work with both the Israeli teams and Virginia Tech experts to evaluate the potential to enhance the chickpea program that was started at Virginia State University under Professor Harbans. Accordingly, the VIAB will explore the possibility of formalizing Phase II of the Chickpea R&D program to complete its work within 2 – 3 years and produce a robust chickpea that is fungus resistant and that can grow in the damper Virginia climate.

We anticipate a rollout to include work for 8,000 – 10,000 farmers over a six year period following the successful completion of the R&D program.



L to R: Jerzy Nowak, Ph.D., Thomas Thompson, Ph.D., Joseph Marcy, Ph.D. Virginia Tech Delegation to Israel

Virginia-Israel Agro Technology Commercialization Center



Virginia Israel Agrotech
Commercialization Center

The VIAB continues to build the Agro Technology relationship between Israeli companies and Virginia. Several VIAB projects fall into this category. Our success is based on the VIAB developed “Ecosystem for success”

Ralph Robbins, Executive Director, VIAB



Virginia Tech Delegation: Joseph Marcy, PhD, Tom Thompson PhD, Jerzy Nowak, PhD

Virginia-Israel Agrotech Commercialization Center

<div style="background-color: #800000; color: white; padding: 10px;"> <p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin: 0;">Professional support</p> <ul style="list-style-type: none"> World class Technical and business analysis Staff/students as needed Lab at VT/commercialization at Tazewell IP assistance R&D support Grant writing Partnership with commitment... not just loose collaboration Must collaborate with other universities both in Virginia & the world </div>	<div style="background-color: #006400; color: white; padding: 10px;"> <p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin: 0;">Funding opportunities</p> <ul style="list-style-type: none"> Tobacco Fund dedicated to new business development VCEDA – Coal Fund for economic development Other State funding Federal Grants Venture Capital Banks with emphasis on regional banks specializing in agriculture Private Other unique funding sources such as MATIMOP in Israel BIRD Grants </div>	<div style="background-color: #000080; color: white; padding: 10px;"> <p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin: 0;">Access to market</p> <ul style="list-style-type: none"> Food City – 106 store regional supermarket chain (\$2.5 billion in sales per year) Topco – 1/3 of all grocery store sales in the US VDACS intros to chains <u>Pepsico</u> Sabra Strauss Group Monsanto or similar Other corporate giants – contacts through partners, VT and the Commonwealth International Institutions </div>
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3. Update: Project Sunshine...Smart Turnkey Greenhouse Projects

Israeli innovation and experience are the basis for developing turnkey greenhouse projects that are cost effective and based on professional micro cost analysis. Each project is a complete business that will produce commercial quantities of “foods” (primarily vegetables) in an entirely controlled environment that works 24/7, 365 days per year.

A leading Israeli expert in greenhouse project development is heading the initiative. While most projects to date have taken place in the Far East and Eastern Europe, the VIAB, Virginia Tech and the Israeli expert have conducted feasibility studies that support the concept in the United States.



The unique aspect of these projects is the size: each unit is 2.5 acres, a size that traditionally has not proven to be cost efficient. This enables the “family” or “farmer unit” to undertake these projects, enabling a conversion from traditional agriculture to high tech “agro technology”.

I'm a firm believer that agriculture is going to be a great investment and entrepreneurial opportunity for the next generation. Farming is headed for a sea-change: farmers are getting old, we're depleting the fertility of our topsoil, creating highly susceptible GMO monocultures, and we don't fully appreciate the implications of water—just to name a few.

Mark Spitznagel founder of Universa Investments

The business concept is to develop from 6 – 15 projects in Virginia over the next 3 years with each project owned by a farmer/investor. The business is a closed circle that addresses all of the critical issues of a successful business:

- Feasibility analysis
- Contracts with supply chain
- Planning and construction of facility
- Hands on teaching
- Ongoing support
- Financial support
- Future flow of products



Potential Job Creation:

There will be several potential job creators within this initiative:

- The company working demonstration site consisting of 3 units over 7.5 acres: **25 jobs (2016)**
- Estimated 10 farmer owned projects by year 3: **80 jobs (3 years)**
- An Israeli steel company establishing presence in region to support the project: **30 jobs**

The greenhouse company plans to expand throughout the US via controlled expansion one state at a time, with Virginia remaining as the company's US headquarters and R&D facility.

4. Update: Aquaculture – Project Jonah

The VIAB initiated a major aquaculture initiative in 2013. This involves a vertically integrated Aquaculture industry to be deployed in the Southwest region of Virginia. This \$120 - \$150 million project will create **426 direct jobs** and 750 – 1,250 indirect jobs in Southwest Virginia. This project is considered a “transformational project” for Southwest Virginia because it brings a totally vertically integrated aquaculture business to the community.

The following achievements have been accomplished during the past two years:

- The company hired a CEO with extensive background in fundraising. This is important as the company is in the process of raising significant private equity to complement the significant commitments from public funding sources.
- A due diligence trip by leadership of the Tobacco Commission was made to a similar facility of the company in Poland. Ralph Robbins participated in the visit and it successfully demonstrated the capabilities of the company.
- Federal grants in conjunction with Virginia Tech were awarded totaling approximately \$500,000. The grants complement the company’s R&D effort for new product development using their main product - fresh Tilapia.

Grants were applied for and secured by David Kuhn, PhD. who is a Research Assistant Professor, Department of Food Science and Technology at Virginia Tech. Dr. Kuhn is also a VIAB Expert Advisor at Virginia Tech, assisting the VIAB to navigate the overwhelming landscape of experts at Virginia Tech.

- By mid-2015, the VIAB completed various milestones:
 - a. Identified and developed the project
 - b. Consulted with the CEO in its Israeli HQ resulting in the hiring of an accomplished business developer and fundraiser as the US CEO.
 - c. Initiated and concluded a successful business and technical analysis in cooperation with VT.
 - d. Accompanied Virginia State/local officials on due diligence trips.
 - e. Advised localities about the project.
 - f. Helped secure conditional grants from special funds in Southwest Virginia that should be the catalyst for raising the necessary private equity.
 - g. At the appropriate moment, the VIAB transferred primary responsibility for the project to the VEDP which has significant complimentary resources important to secure the project.
- The CEO successfully concluded the purchase of a 105 acre tract of land and reported securing significant amounts of “soft investment” that would become co-investment when a required anchor investment is secured.
- In mid-2015, the US company underwent major management changes, which concern the VIAB and are being monitored.



Tobacco Commission leadership performing due diligence with company



Tazewell Officials view site in Israel



Tazewell Officials conduct due diligence in Israel

5. Micro Dairy – Project Milkman

The VIAB introduced Project Milkman to the Virginia Tech Delegation that participated in the Agrotech 2015 Conference in Israel in April 2015. The company producing this equipment has succeeded in “miniaturizing” the entire dairy product development process into models that begin from a “table top” dairy to a mid-size dairy.

This system is unique. To the best of my knowledge, nothing like this exists in the United States. It fits perfectly with my new, state-of-the-art Food Science and Technology Building at Virginia Tech.

Joseph Marcy PhD
Department Head, Dept. of Food Science and Technology, VT

The VIAB has been working with the company to complete an agreement where Virginia Tech will become the demonstration site for the company. We expect the company to expand its business from Virginia Tech and build a manufacturing/assembly plant in Southwest Virginia. Jobs: **Year 1: 4 jobs; by Year 3: 40 jobs**



Discussions with Virginia Tech Experts

6. Sensilize sees Virginia as special opportunity for growth in the United States

The VIAB identified a new growth potential for Virginia: technology of miniaturized remote sensing platforms for UAVs. Working with several stakeholders including Wise County, Virginia Tech’s MAAP program, VCEDA and relevant private companies, the VIAB worked with Israeli company **Sensilize** to develop a market entry strategy to the US.

Sensilize’s technology offers value added payloads that has eluded the emerging UAV (Unmanned Ariel Vehicle) business. Led by CEO Dr. Robi Stark, Sensilize is in the forefront of this game-changing application for UAVS.



The VIAB has identified three value added applications for this platform:

- h. Verification of compliance for coal mine reclamation
- i. Mapping and analysis of Vegetation near utility power lines
- j. Precision agriculture

A study made by the CIT and released in August, 2015, concludes: **“The business opportunities in the development of application software... are potentially much richer than in the manufacture of the vehicle (UAV) platforms.”**

The VIAB will continue to facilitate and guide the company to a successful US entry through the strong business ecosystem found in Virginia.

7. EPC On-Site Waste Treatment Facilities – A lesson in Persistence

The VIAB has been working with the CEO of EPC, Jeremy Weisman, for 14 years. False starts and unfriendly Virginia regulations prevented movement forward.

Based on the importance of EPC's solution for rural America and the quality of the company's management, the VIAB continued to present new alternative proposals to the company.

EPC has developed a cost effective, simple to operate onsite waste treatment system that can replace septic systems prevalent in Rural America.

A larger unit, which uses an ecologically friendly bio system, can address challenges of rural communities where connecting to the municipal line is cost prohibitive. The Bio-Disk unit is designed for multiple residential clusters of individual homes in residential, subdivisions, apartment complexes, condominiums, and commercial applications such as hotels, shopping malls, convenience and entertainment and recreation centers and parks.

Current Status and Future Opportunities

Changes in Virginia Department of Health regulations has enabled the company to successfully compete in a County RFP. As part of the RFP, the company has committed to establish manufacturing / assembly in the County within three years.

The company has also committed to working with a local contractor for installation of the facility for the current location and future locations. The company expects that Tazewell will remain the center for the company's activities as they grow throughout the US.

Leveraging this opportunity, the VIAB is in discussions with the manufacturer of the system's outer body to establish manufacturing in the US. **Job creation in FY2016: 5 FY2016 – 2017: 30**



Jeremy Weisman, CEO of EPC



A delegation from Tazewell County visited Israel in January 2015 and performed due diligence on various potential Israeli projects being considered for the County.

8. Project Leaf

VIAB has begun looking at a project with a company that focuses on advancing regenerative medicine by utilizing its proprietary processing technologies for human collagen and other recombinant proteins. The company is developing a substantial range of biomaterials-based products applicable in multiple medical markets, including orthopedics, wound management, cardiology and general surgery.

The **tobacco plant** is the basis of this platform. The resulting product can be a disruptive technology in this field as the alternative is relatively “impure” extraction of collagen from dead animals and other sources.



The company plans both a post plant extraction processing plant and a clean room facility that will convert the extracted material into their finished product which will then be transported to their large pharmaceutical partner located in North Carolina. This will be a longer term project that will ramp up over the next 4 – 5 years as they must start with field trials. **Potential jobs: 40 – 100 over the next 5 years which including farming, extraction facility and clean room processing.**

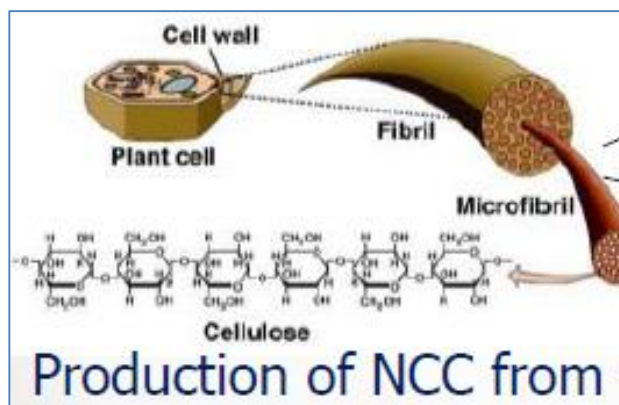
Other Non Agrotech / Agrotech Related Projects

9. Project Paper

This is nother potential technology that can lead to the development of economically viable industrial process for the extraction of Nano Crystalline Cellulose (known as NCC or CNC) from pulp and the sludge of the paper industry.

The basis for this project in Virginia is the recent announcement by the Shandong Tranlin Paper Company to establish a \$2 billion manufacturing company in Chesterfield, Virginia.

The VIAB is facilitating a potential symbiotic relationship that would result in a production facility in the area of Tranlin’s facility. **Jobs: 30 in 24 – 36 months**



10. Project Q

This company has developed a breakthrough patented technology enabling the conversion of the unsorted organic domestic waste (MSW) into a novel thermos-plastic composite which can be utilized as a raw material for the production of commercially valuable materials and products in the plastic, rubber, polymeric concrete and potentially other industries.

The VIAB is facilitating meetings in Richmond with relevant stakeholders in MSW treatment. The goal is for the company to establish their first full production demonstration site in Virginia and to create their headquarters in Virginia. **Jobs: 30 in 8 – 18 months**



11. Project Heat

The VIAB is working with a world leader in the energy recovery power plant sector. The Company has nearly five decades of experience in the development of state-of-the-art, environmentally sound power solutions.

Vertically-integrated, the Company has primarily been engaged in geothermal energy production. The company wants to expand its REG (Recovered Energy Generation) business in the East Coast, where there are very little if any current opportunities for geothermal energy production.

The VIAB continues to work with the Company to develop a strategy for East Coast development of their REG business. If successful, we expect Virginia to be the Company's East Coast HQ. **Jobs: 5 – 60 from 12 – 36 months**



12. Virginia Bioscience Commercialization Center Continues to Expand

The Virginia Israel Commercialization, an initiative of the VIAB, evolved into **Virginia Life Science Investments (VLSI)** a private, “for profit company.” Nine Israeli companies are associated with the center. The primary purpose of this initiative is economic development:

- Guide the commercialization process of Israeli Life Science companies into the US market through the assets of the center and within Virginia.
- Provide access to distribution channels including Owens & Minor and McKesson, the two largest distributors for medical devices and pharmaceuticals respectively, who have partnered with the Park and the Center.
- Provide gap funding, if needed, to provide a bridge until additional funding is obtained if/when needed.
- Provide hands on management teams to lead each business. This model has established a new paradigm –not only is money raised to help with gap funding, but VLSI also serves as the hands-on business development arm for the company.
- Provide an infrastructure of support including VCU and other assets throughout the State.



Key Updates:

ImmunArray

The company recently received approval to market its blood test that can successfully rule out Lupus, a diagnostic challenge that until now was misdiagnosed approximately 50% of the time. This is leading to an expansion in the Richmond Bio Park as the first phase of expansion. An additional \$10 million is being raised. When the round is closed, there will be an additional round of hiring in the US HQ in Richmond, Virginia, according to CEO, Donna Edmonds. **Current job growth: 9 Anticipated; next round of jobs: 15 in 12 – 24 months**

Cupron

Sentara Healthcare, Cupron, EOS Surfaces, and Encompass Group have expanded their activities in FY2015 to evaluate the clinical and economic effectiveness of deploying antimicrobial copper-based hard surfaces and textiles in a range of healthcare environments. The finds are expected to be published by the end of 2015. Additional licensing agreement have been achieved and major agreements are expected.

Other Economic Development Activities

13. VIAB Teaming Program

The VIAB has identified and addressed an opportunity that leverages the strength of both Virginia & Israel: New technologies in the defense, cyber security and aligned industries originating in Israel & Virginia's unique position to commercialize these technologies.

It is understood in Virginia that 3% of every Agency's budget is "set aside" to provide easier access for certain category of companies including but not limited to: 8(a) Small Disadvantaged Business; Women Owned Small Business(WOSB); Veteran Owned Small Business (VOSP), etc. Companies certified in any of these categories receive certain benefits that level the playing field when competing for Federal contracts.

The VIAB has developed a program where we match and facilitate Teaming agreements between Israeli companies and Certified Virginia companies that are looking for value added products that can fulfill Federal Contract requirements. Both Virginia and Israeli companies in the program tend to be smaller companies by US standards, but will be significant for achieving the VIAB mandate of economic development in Virginia. Once a foothold is achieved, the Israeli company will need a presence in the US and eventually manufacturing and/or assembly capabilities to satisfy other issues such as Federal "Buy America" requirements just to name one.

While the program began in FY2015, we are already working with several companies both in Israel and Virginia. We expect the number to grow in the coming year(s) and for the program to become a significant economic development tool for Virginia. **Jobs created: 3 Jobs in 12 – 36 months: 100**



Companies VIAB is working with



14. Direct Flight between Dulles and Tel Aviv

The VIAB, Metropolitan Washington Airports Authority and Fairfax County have worked together for years to secure a direct flight between Tel Aviv and Dulles. Clusters of Israeli companies tend to grow wherever there is a city connecting it to Israel via a direct route.

We believe that Dulles offers a unique opportunity with its distinct, and strong markets:

- Business travelers
- Tourists
- Government related travel
- Military related travel

VIAB initiated Petition →



Recent events in the airline industry with regard to Israel and the US suggest there is a new window of opportunity to secure such a flight. The MWAA and the VIAB will meet with management of EL AL at their HQ in Israel to present supporting statistics and facts and to press for serious consideration of a direct route.

15. BIRD Foundation Grant

The VIAB continues to represent the BIRD Foundation in the DC/VA area. The Foundation provides up to \$1 million in grants for joint R&D projects between an Israeli company and a US company.

During FY2015, Dynamic Aviation (Virginia Company) and Senecio (Israeli company) won a BIRD Grant to build a patent-pending technology for the "Automated Aerial Release of Fragile Insects." The technology will revolutionize the fight against sometimes deadly diseases carried by mosquitos via a sophisticated system that will release sterile mosquitos from an aircraft enabling an eco-friendly, cost effective counter-measure against disease carrying mosquitos.



The first test of the system took place during the week of September 21 and it was a complete success.

16. Teaming and Leveraging with Fairfax County

The VIAB leverages our contacts throughout the Commonwealth with the Fairfax County Economic Development Authority both in Northern Virginia and Israel. We hold several joint programs in the Defense, Homeland Security and Cyber Security areas. We team and collaborate with each other at different times and different intensities. Companies we have collaborated with over the years:



17. Retention Activities – Zim Integrated Shipping

Zim Integrated Shipping Service. The company turned to the VIAB to resolve two issues over the past two years. One included retention which involved 400 jobs. The other involved an outreach for assistance that related to a problem in the Oakland Port in California. The VIAB guided the CEO to resources within our network. The retention issue has been resolved while the other issue is being addressed.



A new President for the US operations will be hired in the fall of 2015. The VIAB believes that a meeting with the Governor in Richmond is important as part of our retention activities. The VIAB will work with Secretary Jones to arrange such a meeting.

18. Disappointments

Disappointments are an unavoidable aspect of economic development. The VIAB carefully analyzes every disappointment to avoid making the same mistake twice. We hope that our analysis reveals that we did nothing wrong, have done everything possible to make the situation work and would do everything the same way if we had the chance to do it over.

Aran Packaging

We expected to have **40 new jobs** from this company that produces a “bag in box” for food and medical applications. The company decided they wanted to be within 20 miles of a gamma irradiation service company. There aren’t any in Virginia and the company has decided to go near Steris in South Carolina. We could not overcome this objection.

Bram

This plastic injection molding company is a public (and thus transparent) company on the Tel Aviv stock exchange, has three factories including one in France and boasts a list of triple A clients in the US. We focused on one locality for three reasons: 1) logistical needs of the company, 2) the fact that another Israeli company was located in the County, which could lead to a growing Israeli company cluster, 3) and the presentation by the County to the client was very encouraging.

When the company reviewed the details of the deal including the incentive package comprised of loans and grants, the company’s management felt the County was being unreasonable with the demands for guarantees. After negotiating in good faith for six months, the company decided to open their manufacturing facility in Savannah. **Virginia lost 60 jobs** in this deal. In the future, I would try to keep other County options open for a longer time.

It is rare that the VIAB has to report two projects that were either lost or delayed amounting to 100 jobs.

“The size of your success is measured by the strength of your desire; the size of your dream; and how you handle disappointment along the way.” - Robert Kiyosaki

Education and Cultural Programs

19. Minds in Motion Program Reaching Larger Goals

Minds in Motion is a year-long program that teaches fourth-grade students discipline, dedication and self-awareness by leading them through a series of choreographic movements which must be memorized and expanded upon in each class session. This is not a dance class, but a way to teach students the benefits of applying themselves to a task involving both mental and physical challenges. The program is an outreach program of the Richmond Ballet. The program is now in its sixth year.



Israel is the first location for the program outside of Virginia and the United States. The program in Israel is unique in that it brought two diverse communities together: the Jewish community of Emek Hefer and the Arab Israeli community of Qalansawe. This provided both an educational and a cultural experience for the children as they participated together with the MIM program as the common denominator.

After talking with the teachers, parents and children, we believe the program is a significant educational tool to teach tolerance.



Taking the program to the next level: R&D Project on Tolerance

With the assistance of the Sandler Family in Tidewater, Virginia, the VIAB was introduced to the “Myers-JDC-Brookdale Institute” located in Jerusalem, Israel.



The VIAB will coordinate an R&D program that is intended to validate that the Minds in Motion program is an effective tool to teach tolerance among the children in diverse communities.

THE MYERS-JDC-BROOKDALE INSTITUTE IS ISRAEL'S LEADING CENTER FOR APPLIED RESEARCH ON SOCIAL POLICY AND SERVICES, SERVING ISRAEL, THE JEWISH WORLD, AND THE INTERNATIONAL COMMUNITY. THEIR MISSION IS TO INCREASE THE EFFECTIVENESS WITH WHICH SOCIETY ADDRESSES CRITICAL CHALLENGES.



Left picture: L to R: Ralph Robbins, Gad Alcabaz PhD (Brookdale Institute), Jeremy Weismann (Emek Hefer)

20. High School Exchange Program Continues after 13 years

After 13 years, the high school exchange program that the VIAB initiated between Cape Henry Collegiate in Virginia Beach and various Israeli high schools continues despite the challenges of coordinating live video conference lessons/exchanges when there is a 7 hour time difference.

While Israeli schools have been hosted by the Cape Henry community in the past, the Cape Henry students will be hosted by the Emek Hefer community for the first time in March 2016.

*Picture taken several years ago when the program first started:
L to R: Willy Fluharty (Cape Henry Collegiate), President Shimon Peres,
Ralph Robbins (VIAB)*



21. Economic Development Trip by Governor to Israel

Virginia Governor Terry McAuliffe has rescheduled his visit to Israel from October 2015 until July 2016. The VIAB will work closely with the VEDP to prepare the content for the trip. The trip will involve meetings with various companies that have demonstrated a significant interest in establishing a US presence in Virginia. While a state always enjoys attracting the larger Israeli companies such as Teva, Elbit, Zim and Sabra (Strauss), we also believe in working closely with medium size Israeli companies where Virginia's advantages can help them significantly grow their business.

Both Secretary of Trade & Commerce and Secretary of Agriculture & Forestry will join the Governor and his staff on the visit. The delegation will be a very small group with targeted objectives.



Goals for FY 2016

1. To continue to support the growth of the **Virginia Israel Bio Science Commercialization Center** in Richmond. We expect growth in Virginia jobs to be 10 in FY2016.
2. To facilitate the establishment of two Israeli agro tech companies in Southwestern Virginia. The largest project, Project Jonah, is taking longer than originally planned. We expect a “go/no go” decision in FY2016. However, we want to close deals on at least two other Agro tech or Agro tech related companies in FY2016 in addition to Project Jonah. The VIAB is targeting three projects to be launched in FY2016: EPC, Project Milk and Project Sunshine. All of the projects including Project Jonah amount to over 500 jobs and over \$150 million in investment. We anticipate that from 45 – 72 jobs will be created in FY2016 with the remaining jobs over the next 12 – 36 months.
3. To establish a manufacturing facility of an Israeli company with a projected investment of \$10 - \$15 million and job creation of 50 - 100 people.
4. To add three new Israeli companies to Northern Virginia’s high tech corridor adding 10-20 jobs and an investment of \$2 - \$5 million.
5. Generate 25 qualified leads, which the VIAB will develop in cooperation with the other State Agencies such as the VEDP and the County EDPs. Based on experience, we know that we have to screen 7 companies on average to get one qualified lead with above average potential for growth in Virginia. This requires detailed follow up, screening interviews and analysis.
6. To expand the “Teaming Program” with certified status (8A, VOSB, Women owned, etc) companies that will offer Israeli and Virginia companies the ability to compete for Federal Contracts based on innovative solutions and access to the complex Federal contracting process. We expect that several if not all of these companies will have to establish marketing and manufacturing/assembly in the US to compete for these contracts. The VIAB will aggressively facilitate these expansion efforts. This could lead to 50 – 200 new jobs in Virginia over the next 12 – 36 months.
7. Mentoring four young Israeli companies in Virginia that will result in an increase of 20 jobs and additional investment of \$2.0 million.
8. The Virginia Israel Advisory Board expects to impact the Virginia economy in FY 2016 by adding from 124 – 265 new jobs via new direct investment totaling more than \$20.0 million that will generate from \$413,545 - \$883,775 in tax revenues to the Commonwealth.

