



Terence R. McAuliffe
Governor

Todd P. Haymore
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

William C. Shelton
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

December 1, 2016

Dear Governor McAuliffe and Members of the General Assembly:

In accordance with Section 2.2-2486.A.11 of the Code of Virginia which states that, "The chairman shall submit to the Governor and the General Assembly an annual executive summary of the interim activity and work of the Board no later than December 1," I am pleased to submit the enclosed report detailing the activities of the Virginia Growth and Opportunity Board since its inception.

The Growth and Opportunity Board, in cooperation with the Department of Housing and Community Development is committed to assisting communities collaborate to grow their economies and workforces to compete in the new economy of the 21st century.

Please let us know if you would like further information or require additional copies of this report.

Sincerely,

Bill Shelton

Enclosure

Cc: Meghan Hobbs, Manager, Communications and External Affairs, Office of the Secretary of
Commerce and Trade
The Honorable Susan Clarke Schaar, Clerk, Senate of Virginia



The Honorable G. Paul Nardo, Clerk, Virginia House of Delegates



Terence R. McAuliffe
Governor

Todd P. Haymore
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

William C. Shelton
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Background: Virginia Growth and Opportunity Act, Board, and Fund

Chapters 778 and 779 of the 2016 Virginia Acts of Assembly amend Title 2.2 of the Code of Virginia adding Chapter 24 to create the Virginia Growth and Opportunity Board and the Virginia Growth and Opportunity Fund (VGOF) within the Virginia Growth and Opportunity Act. Subsection 11 of §2.2-2486 of the Code requires the Board to submit an Executive Summary by December 1 of each year reporting on the interim activity of the Board. The information provided here summarizes the activities of the Board from July 1, 2016, through December 1, 2016. Due to this being the initial year, the Virginia Growth and Opportunity Board was focused on organizational issues and processes; however, we expect significant activities to take place in the next year.

The Virginia Growth and Opportunity Act, also known as GO Virginia, created a twenty-four-member policy board composed of gubernatorial appointees, legislative appointees, legislators, and three ex-officio members from different Executive Branch secretariats. (Appendix A provides a list of members.) Appointed members will serve four-year terms, and legislative and ex-officio members will serve terms coincident with their terms in office. Key duties of the Board include certifying regions and Regional Councils, assisting councils in becoming operational if needed, making funding decisions in the three grant programs created by the legislation, and establishing a vision for implementation of this Act.

The Virginia Growth and Opportunity Fund as created in §2.2-2487 has three grant categories; (1) funding for planning grants to assist regions in conducting a skills gap analysis and preparing an Economic Growth and Diversification plan; (2) project grants allocated to each region on a per capita basis, and (3) competitive grants awarded to projects with the greatest expected economic impact for a region. The 2016-2018 Biennial Budget allocated \$35.5 million for the Fund with \$5.5 million allocated to planning grants in the first year, \$3.5 million

allocated to planning grants in the second year, and \$450,000 to DHCD for staff support. The Fund allocates \$12.2 and \$14.3 million in the second year to the per capita and competitive grants, respectively. Working in collaboration with the Virginia Growth and Opportunity Act are the Collaborative Economic Development Act and the Virginia Research Investment Committee (VRIC). As enacted per §2.2-5105 of the Code, the Collaborative Economic Development Act, administered by the GO Virginia Board, provides the opportunity for localities to pursue revenue sharing opportunities as result of participating in collaborative economic development projects which meet certain job creation and capital investment benchmarks. An additional complementary program, the Virginia Research Investment Fund, is designed to leverage state resources to encourage collaboration in research that can be commercialized and used as a driver for economic development. The VRIC is closely tied to the GO Virginia Board as four non-legislative citizen members of the GO Virginia Board also sit on the VRIC. These three programs aim to foster collaboration and innovation, heralding the growth of a new economy in Virginia.

Stakeholder Workgroup Activity

The third enactment clause of the Virginia Growth and Opportunity Act enabled the creation of a Stakeholder Workgroup. The 26 appointed members of the Workgroup were convened by the House Appropriations and Senate Finance committees of the General Assembly. The workgroup membership includes a broad spectrum of stakeholders (Appendix B provides a list of members) from sectors that include but are not limited to business, economic development, government, and education. It is important to note that the Workgroup was designed to represent the diverse sectors relevant to GO Virginia, not necessarily each region in the state. The Workgroup held meetings in August, September, October, and November of 2016. The major charge of the Workgroup is to provide guidance to the Board regarding the operations and structure of activities supported by the Board and the Fund. The Workgroup has provided recommendations to the Board regarding the following: Regional Boundaries, Regional Council Guidelines, Letters of Intent, and Economic Growth and Diversification Plans. Regional Boundaries will form the basis for Regional Councils and the per capita funding allocations. Regional Councils will be composed of business, education, government, and other

representatives from each region who will determine which projects will provide the greatest economic benefit to the region in accordance with their Economic Growth and Diversification Plan. The plan will identify gaps and opportunities in each region and guide which projects apply for funding. The Workgroup expects to continue meeting through 2017 to provide recommendations on the process to be used by the Board and the Regional Councils to solicit applications for review and approve projects that meet the intent of the Act. The Workgroup will remain available to the Board at their request.

Department of Housing and Community Development Activity

The Growth and Opportunity Act states that, “Staff support and technical assistance to the Board and the Governor in carrying out the provisions of this article shall be provided by the agencies of the Secretariats of Commerce and Trade, Education, and Finance.” As such, the 2016-2018 Biennial Budget directed appropriations from the Virginia Growth and Opportunity Fund to be included in the budget for the Department of Housing and Community Development (DHCD), an Executive Branch Agency within the Secretariat of Commerce and Trade. DHCD has over three decades of experience working on a broad spectrum of economic development projects with stakeholders across the Commonwealth. Since July 1, 2016, DHCD has created a website for the Virginia Growth and Opportunity Act housed within its agency website ([GO Virginia Website](#)), provided staff support to the Stakeholder Workgroup created through enactment clause number three of the Growth and Opportunity Act, and provided staff support to the Board. Currently, staff support for the Board is provided through existing staff within the Policy Office at DHCD; however, DHCD is actively seeking to fill two full time positions which will provide staff support to the Board. These positions are expected to be filled in the early part of 2017. DHCD has also been responding to inquiries from interested parties around the state, and providing information to a variety of groups through speaking engagements. DHCD staff have also worked with the State Workforce Board Director as well as other Agencies to facilitate alignment with state initiatives that complement GO Virginia.

Board Activity and Future Considerations

The Virginia Growth and Opportunity Board received its initial gubernatorial and legislative appointees in July and August of 2016. The remainder of the Board consists of legislators identified in the legislation as well as ex-officio members from the Governor's Cabinet. At its initial meeting on October 12, 2016, the Board elected John O. "Dubby" Wynne as Chairman and Benjamin J. Davenport as Vice-Chairman. The Board will likely form committees and/or advisory groups, though none have been formed at this time.

At the October meeting of the Board, a presentation from Dr. Stephen Fuller of George Mason University, described the economic conditions which led to the passage of the GO Virginia legislation: a Virginia economy in need of collaboration, less dependence on federal spending, and the necessity of new, high wage jobs. Chairman Wynne outlined the involvement of Virginia's senior business leadership in supporting the Virginia Growth and Opportunity Act as well as the vision for the Board and the impact GO VA will have on Virginia's economy. The business leaders are also in the process of forming the GO Virginia Foundation, a not for profit organization, which will assist in determining best practices and provide thought leadership for the Regional Councils once formed. At the October meeting, the Board took action approving for public comment the draft map of the nine GO Virginia regions ([Draft Map](#)). This map will serve as the basis for determining where each Regional Council will draw its membership and for allocating per capita grants. The Board also discussed a number of administrative and logistical items and will hold its second meeting on December 5, 2016. It is anticipated that the Board will hear any remaining public comment and take final action on the regional boundaries at its next meeting. As tentatively scheduled, Regional Councils could begin to submit letters of intent to the Board after the December 2016 meeting, receive certification from the Board in Spring of 2017, and start to receive initial funding allocations by Spring/Summer of 2017 to begin work on Economic Growth and Diversification plans.

Leading into the 2017 General Assembly Session there are two items in the existing legislation that warrant further consideration. First, enactment clause number five of the original legislation requires reenactment by the General Assembly prior to the Board being able to authorize the allocation of either the per capita or competitive grants. Additionally, there has

been some concern among stakeholders and Board members regarding the equal match requirements for the planning grants (§2.2-2489.K). While the Board does have some discretion allowing the level of matching funds to be reduced, the match requirement may provide a significant obstacle for some regions.

The Board has scheduled five meetings for 2017; March, April, June, September, and December. It is envisioned that the Board will certify Regional Councils at the March meeting, which will enable Councils to begin work on a budget and work plan to be approved at the April 2017 Board meeting. This budget request and work plan will lead to a planning grant request from the VGOF to begin development of the Economic Growth and Diversification plan. This plan will be the basis for regional projects and activities that, if implemented in a coordinated and sustained manner, will lead to new high paying jobs for the region, new investments, a more competitive region, and diversification of the economy of the region, which leads to the growth of the Commonwealth's economy.

Appendix A: Virginia Growth and Opportunity Board Members

Gubernatorial Appointees	Affiliation
Nancy Howell Agee	President and CEO, Carilion Clinic
The Honorable Richard D. "Ric" Brown	Secretary of Finance
The Honorable Jim Dyke	Senior Advisor, McGuireWoods Consulting
Thomas F. Farrell II	Chairman, President & CEO, Dominion Resources, Inc.
The Honorable Todd Haymore	Secretary of Commerce & Trade
Charles W. Moorman	Retired, Chief Executive Officer, Norfolk Southern Corporation
Matthew J. Mulherin	President, Newport News Shipbuilding
Bruce Smith	President, Bruce Smith Enterprise
Todd A. Stottlemeyer	CEO, Inova Health System
The Honorable Dietra Y. Trent, PhD	Secretary of Education
Lucia Anna "Pia" Trigiani	Attorney at Law, MercerTrigiani
Marilyn H. West	Chairman/CEO, M. H. West & Co., Inc.
John O. "Dubby" Wynne	Retired, President & CEO, Landmark Communications, Inc.
Virginia Senate Appointees	
Benjamin J. Davenport Jr.	Chairman, First Piedmont Corporation
Heywood W. Fralin	President and CEO, Medical Facilities of America
Virginia House of Delegates Appointees	
Steven C. Smith	President and CEO, Food City
Joe Wilson	CEO, PermaTreat
Virginia Senate Members	
Janet D. Howell	32nd District
Thomas K. Norment	3rd District
Frank M. Ruff	15th District
Virginia House of Delegates Members	
M. Kirkland "Kirk" Cox	66th District
S. Chris Jones	76th District
Terry G. Kilgore	1st District
R. Steven Landes	25th District

Appendix B: Stakeholder Workgroup Members

Peter Blake	Executive Director, State Council for Higher Education in Virginia	101 North 14 th Street Richmond, VA 23219 PETERBLAKE@SCHEV.EDU	
Ric Brown	Office of the Governor Secretary of Finance	Ric.Brown@governor.virginia.gov 804-786-1148	
Billy Cannaday	President, Board of Education	Bkc2p@virginia.edu Cell: 804-922-7224	
Carrie Chenery	Executive Director, Shenandoah Valley Partnership	P.O. Box 2241 Harrisonburg, VA 22801 chenerch@jmu.edu 540-460-3904	
Betsey Daley	Staff Director, Senate Finance Committee	900 East Capitol Street General Assembly Building, 10 th Floor Richmond, VA 23219 bdaley@sfc.virginia.gov 804-698-7486	Charles Kennington ckennington@sfc.virginia.gov
Sara Dunnigan	Executive Director, Virginia Workforce Development Board	300 Arboretum Place, Suite 200 Richmond, VA 23236 SARA.DUNNIGAN@GOVERNOR.VIRGINIA.GOV	
Phyllis Errico	Virginia Association of Counties	1207 East Main Street Suite 300 Richmond, VA 23219 perrico@vaco.org 804-343-2509	
Deborah Flippo	President, Virginia Economic Developers Association	2206 South Main Street Blacksburg, VA 24060 dflippo@daa.com 540-529-7748	Connie Long VEDA@associationbuilders.com 757-617-2993 (M) 757-412-2664 (O)
Laura Fornash	University of Virginia, Office of the President	PO Box 400224 Charlottesville, VA 22904 lwf8a@eservices.virginia.edu	

Katie Frazier	President, Virginia Agribusiness Council	katie@va-agribusiness.org 804-643-3555 1025 Boulders Parkway Suite 111 North Chesterfield, VA 23225	
Craig Herndon	Virginia Community College System	300 Arboretum Place Suite 200 Richmond, VA 23236 CHERNDON@VCCS.EDU 804-819-4782	
Jane Kusiak	Council on Virginia's Future	1001 East Broad Street Suite 430 Richmond, VA 23219 JaneKusiak@virginia.edu	Kim McKay Research and Policy Analyst klm9y@virginia.edu (804) 371-2346
Jay Langston	Virginia Tourism Corporation/VEDP	901 East Cary Street Richmond, VA 23219 jlangston@yesvirginia.org 804-545-5792	
Chris Lloyd	Representing the Virginia Business Higher Education Council (VBHEC)	800 East Canal Street Richmond, VA 23219 clloyd@mwcllc.com 804-775-1902	
Keith Martin	Virginia Chamber of Commerce	909 East Main Street Richmond, VA 23219 k.martin@vachamber.com 804-237-1456	
Neal Menkes	Virginia Municipal League	13 East Franklin Street Richmond, VA 23219 nmenkes@vml.org 804-523-8523	
Christy Morton	Executive Director, Center for Rural Virginia	600 East Main Street Richmond, VA 23219 Christy.morton@cfrv.org	
Liz Rafferty	Virginia Department of Housing and Community Development	600 East Main Street Richmond, VA 23219 elizabeth.rafferty@dhcd.virginia.gov	

Nicole Riley	National Federation of Independent Business, Virginia Chapter	919 East Main Street, Suite 1160 Richmond, VA 23219 Nicole.riley@nfib.org 804-377-3661	
Bill Shelton	Virginia Department of Housing and Community Development	600 East Main Street Richmond, VA 23219 bill.shelton@dhcd.virginia.gov	
Karl Stauber	Danville Regional Foundation	512 Bridge Street Suite 100 Danville, VA 24541 kstauber@drfonline.org	
Bob Stolle	Center for Innovative Technology	2214 Rock Hill Road Suite 600, Herndon, VA 20017 Robert.Stolle@cit.org 804-240-0273	
My Lan Tran	Executive Director, Virginia Asian Chamber of Commerce	PO Box 2640 Glen Allen, VA 23058 aabac@aabac.org	
Brett Vassey	Virginia Manufacturers Association	2108 W Laburnum Ave #230 Richmond, VA 23227 bvassey@vamanufacturers.com	
Robert Vaughn	Staff Director, House Appropriations Committee	900 East Capitol Street General Assembly Building, 9 th Floor Richmond, VA 23219 rvaughn@hac.virginia.gov	
Tim Ware	Virginia Association of Planning District Commissions	406 Princess Anne Street Fredericksburg, VA 22401 540-373-2890 ware@gwregion.org	
Sharon Dabney-Woolridge	Metropolitan Business League	P.O. Box 26751 Richmond, VA 23261 sharon@thembl.com	
Michel Zajur	Chief Executive Officer, Virginia Hispanic Chamber of Commerce	10700 Midlothian Turnpike Richmond, VA 23235 zajur@vahcc.com	