



July 14, 2017

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee
Senate of Virginia
P.O. Box 396, Room 326
Richmond, Virginia 23218

Dear Chairman Hanger:

Enclosed please find the Operating Plan for FY2018 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B (includes reporting requirements of Item 428.D.1 of the 2017 Appropriations Act).

Please feel free to call me at 703-689-3021 if you have any questions.

Sincerely,

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Ms. Betsey Daley, Staff Director, Senate Finance Committee



July 14, 2017

The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee
Senate of Virginia
P.O. Box 396, Room 626
Richmond, Virginia 23218

Dear Chairman Norment:

Enclosed please find the Operating Plan for FY2018 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.1 (includes reporting requirements of Item 428.D.1 of the 2017 Appropriations Act).

Please feel free to call me at 703-689-3021 if you have any questions.

Sincerely,

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Ms. Betsey Daley, Staff Director, Senate Finance Committee



July 14, 2017

The Honorable S. Chris Jones
Chairman, House Appropriations Committee
General Assembly Building
P.O. Box 406, Room 948
Richmond, Virginia 23218

Dear Chairman Jones:

Enclosed please find the Operating Plan for FY2018 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B (includes reporting requirements of Item 428.D.1 of the 2017 Appropriations Act).

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Sincerely,

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Mr. Robert P. Vaughn, Staff Director, House Appropriations Committee



July 14, 2017

Mr. Daniel Timberlake
Director
Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, Virginia 23219-3418

Dear Mr. Timberlake:

Enclosed please find the Operating Plan for FY2018 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B (includes reporting requirements of Item 428.D.1 of the 2017 Appropriations Act).

Please feel free to call me at 703-689-3021 if you have any questions.

Sincerely,

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Mr. Brian Logwood, Associate Director, Department of Planning and Budget
Mr. Jason Saunders, Budget and Policy Analyst, Department of Planning and Budget



July 14, 2017

The Honorable Karen R. Jackson
Secretary of Technology
Patrick Henry Building
1111 East Broad Street, 4th Floor
Richmond, Virginia 23219

Dear Secretary Jackson:

Enclosed please find the Operating Plan for FY2018 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B (includes reporting requirements of Item 428.D.1 of the 2017 Appropriations Act).

Please feel free to call me at 703-689-3021 if you have any questions.

Sincerely,

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Mr. Michael Steed, CIT Chairman of the Board
Mr. Bernard Mustafa, CIT BOB Finance Committee Chair



**Innovation & Entrepreneurship
Investment Authority
&
Center for Innovative Technology**

Reporting Requirements

Due:

July 15, 2017

Item 428.D.1

Operating Plan



Accelerating Innovation

Center for Innovative Technology
Fiscal Year 2018
Operating Plan

Approved by CIT Board of Directors
May 25, 2017

Center for Innovative Technology
Fiscal Year 2018
Operating Plan

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Center for Innovative Technology

Accelerating Innovation

CIT OPERATING PLAN

Fiscal Year 2018

I. Overview

Since 1985, the Center for Innovative Technology (CIT), a not-for-profit corporation, has been the Commonwealth's primary agent for accelerating innovation, technology company formation, and entrepreneurship. Our FY17 Operating Plan represented the start of a transformation period for CIT that enhances our role as that agent for innovation-based economic growth for the benefit of Virginia. We achieved much in FY17 and will continue the transformation in FY18, positioning CIT for a more impactful role in spurring Virginia's economic growth and diversification in FY19 and FY20.

In FY18, CIT will

- Accelerate our pace of joint venture partnership formation in new technology and entrepreneurship areas critical to Virginia, e.g., Smart Communities, Autonomous Systems and enhance our reputation as an innovation commercialization leader.
- Expand our engagement with every region of the Commonwealth, with underserved populations and expand the outreach of our core programs such as Growth Accelerator Program (GAP) Funds to accelerate new company formation and job growth.
- Operate our internationally recognized MACH37 Cyber Accelerator on private funds, fulfilling our commitment to the Commonwealth.
- Increase CIT's outreach to universities, incubators, and accelerators to create a collaborative network to better identify and fund innovators and entrepreneurs
- Engage deeply with other components of Virginia economic development including the Virginia Research Investment Committee (VRIC), Virginia Economic Development Partnership (VEDP), GO Virginia, etc. to craft complementary and consistent strategies, policies and programs.
- Complete the transition to Strategic Initiatives with a focus on federal and private innovation funding and projects that provide a leadership, reputational and/or financial benefit to Virginia.
- Continue to closely manage our funding and position the company for additional funding in the future in order to increase our impact for Virginia.
- Recast our branding to highlight our mission for the benefit of all Virginia.

FY18 promises new opportunities to help grow and diversify Virginia's economy. It builds on the progress we made as an organization in FY17.

With this operating model CIT has provided substantial return on investment for the Commonwealth. For example, CIT's research commercialization, investments, acceleration and innovation assimilation initiatives have:

- Attracted more than \$100M in follow on investment over 2 years (CRCF).
- Scaled 177 startups in all regions of the Commonwealth since 2004 (GAP Funds).
- Since 2004, leveraged one-half billion dollars of private funding – largely from sources outside of Virginia – into CIT GAP Funds portfolio companies.
- Created 46 new cyber companies over the last 3 years (MACH37).
- Helped secure \$127 million in Small Business Innovative Research and Small Business Technology Transfer (SBIR/STTR) federal research in a single year for researchers, innovators and entrepreneurs in the Commonwealth.
- Completed the first ever, state-wide broadband demand campaign which collected responses from residents and businesses from 129 Virginia localities.
- Launched the Smart City Works Actuator program, the world's first business accelerator focused exclusively on infrastructure and the built environment.

Finally, CIT's strong performance and that of the companies and innovators it propelled is producing excellent economic results and new innovations today, and **projects the creation of up to 9,000 new high technology jobs over the next five years.**

CIT remains focused in FY18 on accelerating new economic opportunities, adding to the projection of new high technology company and job creation, enhancing its reputation as a thought leader and partner in innovation and entrepreneurship, strengthening our financial asset base, and attracting and retaining passionate people to the CIT mission. Achieving these objectives will create benefits all across the Commonwealth and plant even more seeds to grow the Virginia economy and strengthen the CIT brand.

II. Updated Mission and Vision

Clarity of mission and vision is a key aspect of any organization with a desire to best serve its stakeholders. Our company's transformation includes clarifying, updating and simplifying its mission and vision. To refresh our mission and vision, we "walk our talk", using principles from our MACH37 accelerator program curriculum to better communicate what CIT stands for and the value we provide.

1. Mission

CIT grows and diversifies Virginia's economy by investing in and accelerating innovation commercialization, entrepreneurship and broadband availability.

First and foremost, CIT exists for the benefit of Virginia and its citizens. Economic growth and diversification in Virginia increasingly relies on innovation as the engine of growth and diversification. Our Board and staff work to grow and diversify Virginia's economy and provide economic opportunity for its citizens by accelerating the commercialization of innovation with high economic growth potential, building the ecosystems to grow and support entrepreneurs and by working to make broadband access, a vital requirement for today's innovators and entrepreneurs, available to underserved regions of Virginia.

2. Vision

Virginia's leading resource for innovation-based economic growth strategies and programs.

Our vision lays out the long term aspirations of the organization and its service to Virginia. CIT has long been known as a source of ideas, programs and capital for Virginia's innovation ecosystem. We desire to build on that foundation and become an integral part of economic development policy formation and execution with public and private stakeholders across the Commonwealth that include the Commonwealth government, Virginia universities and community colleges, businesses and investors.

In realizing this vision, we plan to go the extra mile to engage those regions and populations considered underserved from an economic growth opportunity perspective. The hard hit coal industry communities of Virginia and minorities and veterans are examples underserved communities.

Collaboration and partnership will propel us towards this vision of service. We will work closely with other Virginia institutions such as Virginia Economic Development Partnership (VEDP), GO Virginia, Virginia Biosciences Health Research Corporation (VBHRC), the Tobacco Commission, Virginia Research Investment Committee (VRIC), Department of Housing and Community Development (DHCD), the emerging Virginia Innovation Ecosystem and others to share our expertise, craft strategies and design complementary programs to fulfill our mission of economic growth and diversity across Virginia and to make the best use of public and private funds entrusted to our organizations.

III. Strategic Planks and Corporate Initiatives

The Policy Committee of CIT's Board of Directors and CIT's management developed a set of strategic planks and initiatives to guide the company for the next 3 years. These planks form the foundation for fulfilling our mission and drive our annual operating plan. Below are CIT's strategic planks and corporate initiatives for the coming year:

1. Expand regional and underserved community engagement

We will continue to expand our physical, financial and digital engagement with all regions of Virginia and with underserved communities such as veterans, minorities and "coal" communities. We will base our regional engagement on the GO Virginia regional breakdown and the various GO Virginia Councils. We will leverage our relationships with

our stakeholders across the Commonwealth to increase our engagement with underserved populations. In FY18 we will use our staff in place to expand our engagement. Our goal is to increase staff in the future to better serve regional and underserved community needs.

Initiatives for this strategic plank include:

- a. Participate in regional GO Virginia Councils – Regional GO Virginia Councils will play a critical role in defining economic development strategies and plans and obtaining funding for programs. CIT’s goal is to work with all 9 regional councils and proactively support their programs geared toward innovation, entrepreneurship and broadband availability.
- b. Collaborate with regional technology councils, local accelerators and incubators and grass roots efforts such as the Virginia Innovation Ecosystem to build a network for sharing expertise, deal flow, funding and attracting more entrepreneurial activity and investment in Virginia.
- c. Continue to support localities and the Secretary of Technology with the planning, design and acquisition of broadband capabilities.
- d. Improve collaboration with Virginia’s DHCD in order to expand support for broadband programs across Virginia.
- e. Support the Secretary of Technology in the oversight of the regional cyber security Information Sharing and Analysis Organization.

2. Identify and fund innovators and entrepreneurs at a greater rate

Our goal is to identify more potential investment opportunities across Virginia and provide greater levels of financial support to more innovators and entrepreneurs. Financial support could come in the form of funding from the GAP Funds, the Commonwealth Research and Commercialization Fund (CRCF), funds from our network of private investors, e.g., the VTIN or from federal and state sources, such as the SBA SBIR program or Tobacco Commission funds.

FY18 will set our benchmark for this program given the approved amounts of GAP and CRCF funding from the Commonwealth government. Our Smart Communities and UAS Center of Excellence initiatives will also provide opportunities to identify and fund entrepreneurs in Virginia.

Initiatives related to this plank include:

- a. Identify, process and fund Virginia start-ups through the GAP Funds and maintain the financial and economic development performance of the funds.
- b. Solicit, process, award and administer a robust pipeline of CRCF projects.

- c. Identify, process and launch new cyber security product companies through MACH37.
- d. Structure and ramp up initiatives related to Smart Communities, including our partnership with Smart City Works Actuator and incorporating CIT's broadband program as a necessary component of the Smart Communities strategy and development.
- e. Meet critical program milestones of the EMERGE Accelerator program managed by CIT on behalf of the US Department of Homeland Security.
- f. Continue our support for Virginia companies' pursuit of SBIR/STTR funding as a means of commercializing innovations and intellectual property.
- g. Roll out Virginia's Autonomous Systems Center of Excellence.

3. Create strategies with universities to boost commercialization success

CIT's roots are with Virginia's universities. Universities' applied research is a vital source of innovations to grow and diversify Virginia's economy. In FY17, CIT leadership undertook a "listening tour" for meeting with many of the Presidents of Virginia's universities. The purpose of the tour was to gather information on possible strategies and activities of high value to universities in accelerating innovation commercialization and startups from universities.

During FY18, we will work with universities to define high value programs, with a goal of piloting one such program in FY18. In addition, we will continue to work with the universities to identify potential GAP investment opportunities and fund appropriate CRCF proposals.

Initiatives under this plank include:

- a. Using data from CIT's "listening tour", work with universities to define and pilot a high value initiative to boost innovation commercialization and startup activity.
- b. Participate on University Based Economic Development Council to enhance our engagement with universities on their economic development policies and programs.
- c. Continue the "listening tour" to encompass more universities and start discussions with community colleges.

4. Enhance role in VA Economic Development policy formulation

Economic development policies and programs emanating from the Commonwealth government are evolving at a significant pace. For instance, FY17 saw the introduction of the Virginia Research Investment Fund (VRIF), the Virginia Research Investment Committee,

and GO Virginia. Spurring economic growth via innovation is a central part of these entities and new economic development policies.

Our staff and Board members have extensive expertise and experience in all elements of innovation-based economic growth, entrepreneurship and funding. We should provide policy leadership, collaboration and guidance on innovation-based economic development and work closely with organizations such as VRIC, VEDP, SCHEV, and the Administration on policy.

Initiatives under this plank include:

- a. Build a closer working relationship with the VEDP, leveraging our expertise and capabilities in innovation led economic development with VEDP's expertise and capabilities to attract and retain large high technology companies to build a vibrant ecosystem.
- b. Continue our support and advice to the VRIC and the State Council of Higher Education for Virginia (SCHEV) in development of the VRIF and the Commonwealth Research and Technology Strategic Roadmap (Roadmap).
- c. Increase our exposure and collaboration with federal, state and private organizations responsible for innovation-based economic development as a means of providing ideas and options for Virginia economic development policy.
- d. Collaborate with SCHEV and update the Roadmap and Innovation and Entrepreneurship Measurement Systems (IEMS).

5. Rebrand CIT and fortify operating base

CIT will rebrand the company from one that is perceived by some stakeholders as primarily benefitting Northern Virginia to one that benefits all regions of the Commonwealth. Work in this area includes updating and clarifying our mission and vision to accentuate a state-wide economic development core. It also includes a change to the logo that will eliminate our building as a focal point of CIT's image and better communicate our mission.

We must also provide management's view of the financial resources required to effectively carry out the mission of CIT and fairly compensate the employees of the organization. CIT has not had an increase to its operating base for 8 years. Over the past 2 years, management has taken significant measures, including a significant percent reduction in staff, to maintain the financial integrity of CIT. The organization faces significant risk in maintaining its high quality programs and staff and pursuing strategic initiatives that benefit Virginia, such as Smart Communities, without additional financial support for its operating base.

Initiatives under this plank include:

- a. Clarification and final approval of CIT's mission and vision.

- b. Remake CIT's logo and branding information.
- c. Model an operating base financial plan that ensures CIT's financial integrity and gain Administration and General Assembly support for the operating base plan.

6. Attract and retain high performing, passionate talent

Success in our mission requires high performance from our leaders and staff. Given our financial base for FY18, we will focus on retaining our employees through a connection with our impactful mission. We will take affordable steps to maintain the morale and performance of our valuable employees.

Initiatives under this plank include:

- 1. Maintain skills and leadership necessary to successfully meet CIT's mission and vision.
- 2. Ensure recruiting practices provide a diverse set of candidates for open positions.

Achieving these initiatives will 1) highlight and benefit the Commonwealth; 2) strengthen our connection and support to all regions of Virginia and the state's universities; 3) revitalize and re-energize our brand; 4) make CIT a great place to work for people with passion for creating Virginia economic opportunities for others.

IV. Service Lines and Executive Initiatives Overview

Our initiatives will be met through the work of CIT's Service Lines. Each of CIT's organizational units drive programs unique to that organization. However, the FY18 plan recognizes the synergistic benefit to our mission in cross collaboration among the units. The following is a description of each of CIT's Service Lines and our key Executive Initiatives.

1. CIT Entrepreneur: Access to Capital

Because the availability of early-stage capital is critical for many emerging technology companies, CIT offers CIT GAP Funds and Federal Funding Assistance Program. CIT GAP Funds makes seed-stage equity investments in Virginia-based technology, cleantech and life science companies with a high growth potential. CIT GAP Funds is overseen by CIT and private sector experts – the Investment Advisory Board – who conduct thorough due diligence on the companies before making investments. CIT's Federal Funding Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR, STTR and other government contracts.

Major objectives for this line in the coming fiscal year include continuation of our GAP investments in Virginia startups, support for MACH37 investments and the development of private, regional investment funds to invest along with CIT GAP Funds.

2. CIT R&D: Strategic Investments in Research Commercialization

The CIT R&D team facilitates commercialization of research by public and private sector teams that develop and deploy marketable solutions. They manage the Commonwealth Research

Commercialization Fund (CRCF), which invests in research and commercialization at Virginia colleges and universities, companies, federal labs and other research institutions in their efforts to advance technology and drive economic growth in the Commonwealth. Aligned with the CRCF is the Roadmap, a strategic planning tool that identifies key industry sectors with commercial promise that are worthy of economic development for Virginia.

Major objectives for this line in the coming fiscal year include continuation of our CRCF investments in Virginia innovators, evolution of the IEMS to a tool of high value to Commonwealth institutions, and an update to the Roadmap.

3. MACH37 Cyber Accelerator: Launching New Cyber Startups

MACH37 is America's premier market-centric cybersecurity accelerator. The Accelerator is designed to facilitate the creation of the next generation of cybersecurity product companies. MACH37's unique program design places heavy emphasis on the validation of product ideas, building entrepreneurs' ability to grow viable companies and the development of relationships that produce an initial customer base and investment capital.

Major objectives for this line in the coming fiscal year include the privatization of MACH37 such that its operating funds and investments come from private entities. During this privatization process, MACH37 needs to maintain a suitable level of continued operations and support for emerging cyber security companies.

4. CIT Strategic Initiatives

CIT Strategic Initiatives focus on identifying and advancing solutions and providing initial leadership for the Commonwealth around important emerging areas that impact future economic development. Key initiatives for FY18 are Smart Communities and Autonomous Systems, with additional activities in conjunction with the VITA Innovation Center of Excellence (ICE) and the Commonwealth cybersecurity-focused Information Sharing and Analysis Organization (ISAO).

Smart Communities

Smart Communities can be defined as jurisdictions that use information and communication technologies to enhance the livability, workability and sustainability of the community. Fast, extensible, and reliable broadband communications are central to such efforts. The Smart Communities initiative integrates ongoing CIT efforts to expand Broadband connectivity throughout the Commonwealth with new activities built around the Smart City Works Actuator and the development of Gramercy District and other community development efforts.

By integrating these efforts in a single conceptual framework CIT will have the capability to address the needs of widely varying communities throughout the Commonwealth and provide a focal point for maturing both commercial and university-developed technologies that are relevant to these communities. A major key to success in this area is the continued evolution of partnerships at the state and national level, and with communities and local governments, universities and private entities through out the Commonwealth.

Within this framework, the CIT Broadband team works to establish and expand broadband infrastructure, accelerating the socio-economic growth of Virginia. Major objectives for these efforts include support for underserved regions and localities in Virginia. The support aids regions and localities in establishing partnerships with broadband providers for implementation of services for their areas. Our broadband team will continue to support localities in the design and procurement of broadband services. New wireless technologies coming to market may provide opportunities for underserved communities to finally realize the benefits of reliable, high speed broadband services. Another key objective includes assisting the Secretary of Technology with strategic and action plans for broadband deployment within the Commonwealth.

The Smart Cities Actuator, led by our partner, Smart City Works, Inc. (SCW), will ramp up accelerator operations and investments. We are working with SCW to garner private and federal funding for accelerator operations, deliver significant value-add to early stage ventures involved in the program, and build a Smart Community ecosystem and market. The actuator uses an operating model similar to our MACH37 accelerator, with six companies in each three-month program cohort, and two cohorts per year. The actuator will seek operational synergies with MACH37 where feasible. We will also support the structuring of a fund to invest in companies in the cohorts of the actuator, and review the companies for possible GAP investment.

At the national level, our EMERGE Program with the Department of Homeland Security will focus on smart community and UAS technologies and the potential of the technologies to increase the effectiveness and safety of our nation's first responders. The program will make use of organizations and assets within the Commonwealth and include responder organizations such as Fairfax County Fire and Rescue as one of our key partners.

Unmanned Systems Center of Excellence

CIT will be the home for the Commonwealth's Autonomous Systems Center of Excellence (Center). The Center will champion the expansion of this important industry in the Commonwealth as one of the cornerstones of the Virginia economy. Virginia is home to a vast array of autonomy related assets located across the Commonwealth, as well as an FAA test site (Mid-Atlantic Aviation Partnership) established in 2013. Virginia is also a leader in autonomous systems with industry estimates consistently placing the Commonwealth among the top 10 states positioned to reap the largest economic benefit from the industry's \$82 billion forecasted economic impact through 2025.

The newly established Center will serve as the ombudsman and advocate for this industry in the Commonwealth and will act as a champion for the development and deployment of all aspects of the autonomous systems industry. In addition to advocacy, the Center will also serve as a clearinghouse and coordination point for related information, assets, and programs throughout Virginia. One key goal is to create an epicenter that drives collaboration and facilitates information sharing, and provides streamlined access to all of our world-class assets.

As one of our strategic initiatives, CIT will become a proponent for autonomous systems, vehicles and technologies in Virginia and will promote collaboration with businesses, investors,

universities, entrepreneurs and government organizations to build a world class ecosystem that will create opportunities for every region of the Commonwealth.

Other Strategic Initiative Efforts

VITA Innovation Center of Excellence – As a charter member of the VITA ICE under an MOU signed in 2016, CIT will continue to look for opportunities to introduce innovative IT and cybersecurity companies and technologies to the Commonwealth, and use the ICE mechanism as a way to pilot initial engagements that could lead to later procurements or other more extensive joint efforts. One example of the potential for collaboration is the introduction of MACH37 and broadband companies and technologies to help the City of Petersburg significantly expand access and functionality in the operation and delivery of city services.

5. CIT Regional and Policy Initiatives

CIT programs and priorities focus on the growth of innovation and entrepreneurship in every region of the Commonwealth. In order to address the needs of our diverse regional economies, CIT develops and leverages regional relationships with the technology councils, economic developers, GO Virginia, VRIC, academic institutions, the Virginia Chamber, and other stakeholders throughout the Commonwealth. CIT’s regional initiatives include partnerships with key regional programs, including; Launch Place in Danville, RAMP in Roanoke, Lighthouse Labs in Richmond, the Peninsula Technology Incubator in Hampton, i.Lab in Charlottesville, the Advanced Manufacturing Blueprint in Abingdon, and many others. In FY18, close coordination with each GO Virginia Regional Council will be important to the success of related programs and CIT objectives.

In partnership with the regional stakeholders, CIT develops and advocates for legislative and budget proposals that advance innovation and entrepreneurship in Virginia. CIT works to establish policies and specific programs that maximize intellectual property commercialization, entrepreneurship, and new company formation. We must clearly articulate that Virginia will compete to be the top state for entrepreneurs and a preferred location for those looking to engage in translational research, commercialize intellectual property, launch cutting-edge businesses, and attract early stage investment funding.

V. CEO Office

1. Chief Technology Officer – The Chief Technology Officer (CTO) provides leadership of CIT Strategic Initiatives, as well as information technology services. The CTO is responsible for forward-looking technology and market vision around strategic initiative efforts such as the development of Smart Communities, expansion of broadband, and a follow-on partnership with the Department of Homeland Security to expand EMERGE. The goal of the CTO is to take a lead role in defining, promoting, and implementing forward-looking technology policies and processes that advance entrepreneurial activity and the assimilation of technology. Additionally, the CTO plays a key role in establishing and maintaining CIT thought leadership across strategic initiatives and other areas of CIT interest.

2. Chief Financial Officer – The primary role of CIT’s Chief Financial Officer is to promote the financial well-being of CIT and rebuilding its financial stability. The daily responsibility of the CFO is to oversee the Finance & Administration group, and is responsible for all financial, legal, and administrative functions of the corporation including the design and operation of a federal and state compliant financial management system. A key role for this CFO organization is to independently evaluate the quantitative and qualitative return on investment of the programs in CIT and ensure that programs operate within the financial envelope agreed upon at the start of a program. Another key objective of this group is to improve our relationship with the financial oversight organizations of the Commonwealth.
3. Marketing and Communications – CIT Marketing and Communications provides the corporate communications and government relations functions for CIT. This organization will be primarily responsible for increasing CIT’s visibility and image in all media and coordinate with our stakeholders to bring visibility to their efforts in building Virginia’s new economy.

VI. Corporate Scorecard

The following Corporate Scorecard aligns the major activities of CIT with the six Strategic Planks and Corporate Initiatives. The principle purposes of the scorecard are to:

- Ensure that our actions and expenditure of resources support the achievement of the corporate objectives.
- Define concrete measures of performance that demonstrate success and serve as the basis for corporate performance evaluation.
- Provide a high level of transparency to stakeholders regarding the programs, operations and value of the company.

The scorecard is organized according to strategic planks of the organization.

Corporate Scorecard FY18

Strategic Plank 1: Expand regional and underserved community engagement

Objectives	Success Metric	FY18 Measure	Primary Accountability
Provide support for regional initiatives with key stakeholders, including; GO Virginia, tech councils, accelerators, and regional funds	# of active initiatives	9	SVP, Policy and Regional Initiatives
	Replicate UVA Wise model with 1 other VA University	1 University	
Engage with local entities in regions to build collaboration network for identifying and funding new companies and innovators	Pilot info sharing network in place	MOU with at least 3 regional entities by YE 2018	Leadership Team
Support the Secretary of Technology in the oversight of the regional cyber security Information Sharing and Analysis Organization			
Continue support to Sec of Technology by providing technical assistance to localities, facilitating the creation of a strategic plan to expand access in underserved areas	# of localities/regions assisted with broadband	<ul style="list-style-type: none"> • 5 comprehensive assessments or partnerships • Technical assistance to 20-25 entities including agencies, associations, localities and regions 	CTO
	Broadband MOU signed with DHCD	MOU signed, target date 12/31/17	

Strategic Plank 2: Identify and fund innovators and entrepreneurs at a greater rate

Objectives	Success Metric	FY18 Measure	Primary Accountability
GAP Fund – Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of investments placed	22 (including MACH37 investments)	VP, Entrepreneur
	Amount of initial and follow on investment from non-Commonwealth sources	At least \$20M	
	Run rate of return on investment capital	1.1 Return on Capital	
CRCF – Solicit, process, award and administer a robust pipeline of high-potential CRCF projects	# and \$ of applications received	90 applications for \$5.5 – \$6.5M	VP, Research & Development
	\$ of awards announced	\$2.4M in awards	
	Amount of match	Minimum 1:1 match	
	Effectively track outcomes in CRCF Annual Report	October 1, 2017 submission, per legislation	
MACH37 – Identify, process and launch a robust pipeline of seed stage cybersecurity companies	# of companies launched	12	Managing Partner, MACH37
	Initial and follow on investment from non-Commonwealth sources	60%	
Smart Communities – Ramp up initiatives related to smart communities, including: EMERGE Accelerator, Smart City Works Actuator	# of companies accelerated	12	CTO
	Initial and follow on investment for accelerated companies	6	
Federal Funding – Run SBIR/STTR education programs to support companies seeking to raise funds through federal grants and contracts	# companies receiving mentoring and training support	200	
Collaborate with the Secretary of Technology in the roll out of the Autonomous Systems Center of Excellence	Center Established	FY19/20 Funding	CEO, SVP, Policy and Regional Initiatives
Support the Secretary of Technology in the roll out of the Autonomous Systems Center of Excellence	MOU signed with Secretary of Technology	MOU signed, target date 11/17/17	CTO

Strategic Plank 3: Create strategies with universities to boost commercialization success

Objectives	Success Metric	FY18 Measure	Primary Accountability
Identify multi-institution strategies and programs to boost start-up and commercialization success	# of new programs identified	1	CEO
	Obtain initial funding	FY20 COV budget or private sources	
Continued Leadership on university based economic development board as a means to identify future strategies/programs	# of meetings per year	8	SVP, Policy and Regional Initiatives
	# of new initiatives	3	
Continue the “listening tour” to encompass more universities and start discussions with community colleges.		6	CEO

Strategic Plank 4: Enhance role in Virginia economic development policy formulation

Objectives	Success Metric	FY18 Measure	Primary Accountability
Build deep model of collaboration and support with GO Virginia and Virginia Research Investment Fund/Committee	Establish process for collaboration and support for GO Virginia and VRIF / VRIC	Defined role with each regional council	SVP, Policy and Regional Initiatives VP, R&D
		Coordinate CRCF with VRIC priorities	
Commonwealth Research and Technology Strategic Roadmap – Update Research & Technology Strategic Roadmap	Meet legislative requirements for update	January 1, 2018 submission	VP, Research & Development
Innovation and Entrepreneurship Measurement System – Refresh IEMS and validate significance in policy decisions	Metrics refreshed and/or revised	June 30, 2018 update	VP, Research & Development
	Future direction determined	Legislative changes for CY19 session	CEO, SVP, VP R&D
Commonwealth exposure – increase face to face interactions of CIT management and CIT program beneficiaries with public officials across the Commonwealth	# of regions (based on Go VA regions) for hosted or participating events	5	Leadership Team
	Total number of hosted or participating regional events	10	
Establish working partnership with VEDP President and staff that clearly identifies roles and responsibilities of each organization.	Develop MOU	Signed MOU	Leadership Team

Strategic Plank 5: Rebrand CIT and fortify operating base

Objectives	Success Metric	FY18 Measure	Primary Accountability
Financially sound operations – Continue to operate CIT to achieve a positive Operating fund net asset position	Positive Operating fund net asset position	\$25k - \$50k	CFO
Model new base funding needed to effectively run organization and work with COV to gain support for new funding	Funding obtained	Amount TBD July 2017	CEO, CFO
Update and remake the mission, vision and logo for CIT	Final approval by Board	Sept Board meeting	CEO
Social media exposure – Raise CIT’s exposure and interaction across social media platforms	# of followers on Facebook	300	CEO
	# of followers on Twitter	3000	
	# of followers on LinkedIn	1000	

Strategic Plank 6: Attract and retain high performing, passionate talent

Objectives	Success Metric	FY18 Measure	Primary Accountability
Maintain critical skills and leadership necessary to successfully meet CIT mission and vision	High performer attrition rate	<10%	Leadership Team
	Succession plans updated	1/30/2018	Leadership Team
Ensure recruiting practices provide a diverse set of candidates for open positions	Diverse pool of candidates for positions relative to population of recruiting area	FY18 YE	Leadership Team

VII. Financial Performance

The FY18 Financial Plan of our Operating Plan presents a continuation of the direction set in FY17 to restore the financial integrity of CIT. However, reductions in appropriations from the Commonwealth government as well as the end of the Connect business line require reductions in our G&A for the coming fiscal year. Even with these changes, we remain committed to sound financial management. These changes include:

- Continuing to operate with a positive position in the company's Operating Fund
- A low financial risk profile with financial buffer and staffing options to mitigate the risk of a year-end financial deficit
- A lower overall cost structure profile for FY18 while maintaining a competitive benefits structure

Our financial plan reflects a risk adverse approach to company operations. This goal of this approach is to continue to build confidence in management's ability to steward CIT's financial resources and build resources to invest in future opportunities.

Financial Statements

- FY18 budget (Page 19)

Summary of FY2018 Operating Budget

	Operating Funds		Designated Funds											Total		
	COV	Other	COV						Federal		Other					
	Discretionary	Grants & Contracts	BB Fund	IEMS Fund	Comm Fund	CRCF Fund	ISAO Fund	UAS and COE Fund	GAP Fund	SSBCI Fund	DMME Fund	MACH37 Operations	MACH37 LLC		M37 Equity Pool	M37 Carried Interest
(In Thousands)																
Beginning Balance at 7/1/2017	\$ 53	\$ 32	\$ 112	\$ 23	\$ 319	\$ -	\$ -	\$ 388	\$ 3,473	\$ -	\$ 177	\$ -	\$ 255	\$ 1,277	\$ 495	\$ 6,604
REVENUE																
Appropriation	\$ 2,748		\$ 500	\$ 50	\$ 400	\$ 2,757	\$ 500	\$ 1,000	\$ 3,100							\$ 11,055
Interest, Sponsorship, Return on Investment	\$ 40											\$ 475				\$ 515
Transfer M37 Equity Pool Proceeds									\$ (29)			\$ 29				\$ -
Sale of MACH37 Portfolio Equity												\$ 1,772		\$ (1,277)	\$ (495)	\$ -
Contracts & Grants		\$ 91														\$ 91
Total Revenue and Transfers	\$ 2,788	\$ 91	\$ 500	\$ 50	\$ 400	\$ 2,757	\$ 500	\$ 1,000	\$ 3,071	\$ -	\$ -	\$ 2,276		\$ (1,277)	\$ (495)	\$ 11,661
EXPENSES AND TRANSFERS																
Operating Programs Net of Over-applied Indirects	\$ 974															\$ 974
Designated Programs	\$ 1,806		\$ 607	\$ 42	\$ 450	\$ 2,757		\$ 125	\$ 3,864			\$ 846				\$ 10,497
Contracts & Grants		\$ 75														\$ 75
Total Expenses and Transfers	\$ 2,780	\$ 75	\$ 607	\$ 42	\$ 450	\$ 2,757	\$ -	\$ 125	\$ 3,864	\$ -	\$ -	\$ 846	\$ -	\$ -	\$ -	\$ 11,546
Net Change	\$ 8	\$ 16	\$ (107)	\$ 8	\$ (50)		\$ 500	\$ 875	\$ (793)			\$ 1,430		\$ (1,277)	\$ (495)	\$ 115
Ending Balance at 6/30/2018	\$ 61	\$ 48	\$ 5	\$ 31	\$ 269	\$ -	\$ 500	\$ 1,263	\$ 2,680	\$ -	\$ 177	\$ 1,430	\$ 255	\$ -	\$ -	\$ 6,719

Legend:

- BB Fund = Broadband Program Fund
- IEMS Fund = Innovation and Entrepreneurship Measurement System Fund
- Comm Fund = Cyber Security Commission Fund
- CRCF = Commonwealth Research Commercialization Fund
- ISAO Fund = Information Sharing and Analysis Organization
- UAS and COE Fund = Unmanned Systems and Unmanned Center of Excellence Fund
- GAP Fund = Growth Accelerator Program Fund
- SSBCI Fund = State Small Business Credit Initiative Fund
- DMME Fund = Department of Mines Minerals & Energy Program Fund
- MACH37 Operations = MACH37 Cyber Accelerator Fund

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act, or, in the case of the DMME Fund, advances and investment return proceeds received on a federal grant.

Fiscal Year 2018 Operating Budget by Funding Source	
Commonwealth Projects Funded By Appropriation & Other Revenue	
Revenue	
Commonwealth Appropriation - General Fund	\$ 11,055
Interest, Sponsorship, Return on Investment & Miscellaneous Income	\$ 515
Total Revenue	\$ 11,570
Program Expenses	
R&D - Commonwealth Research and Technology Strategic Roadmap	\$ 50
R&D - Innovation & Entrepreneurship Management System	\$ 55
R&D - Commonwealth Research Commercialization Fund (CRCF)	\$ 3,359
Entrepreneur - Federal Proposal Assistance	\$ 279
Entrepreneur - Growth Acceleration Program	\$ 4,745
Broadband - Office of Telework Promotion	\$ 12
Broadband - Broadband Planning & Assistance	\$ 784
Commonwealth - Cyber Accelerator - MACH37	\$ 846
Commonwealth - Regional Growth	\$ 224
Commonwealth - Cyber Commission	\$ 545
Commonwealth - Unmanned Systems	\$ 151
Commonwealth - Building Management	\$ 17
Program Expenses	\$ 11,067
Other Expenses	
Marketing, Advocacy, Fundraising and Miscellaneous	\$ 300
Under-applied (over-applied) indirects	\$ 104
Other Expenses	\$ 404
Total Expenses	\$ 11,471
Net	\$ 99
Strategic Initiatives Funded by Contracts & Grants	
Entrepreneur	
Program Revenue - SBA FAST V	\$ 28
Program Expense	\$ 28
Profit/(Loss)	\$ -
Strategic Initiatives	
Program Revenue - Smart City Works Support	\$ 63
Program Expense	\$ 47
Profit/(Loss)	\$ 16
Program Revenue	\$ 91
Program Expenses	\$ 75
Net	\$ 16
Consolidated Revenue & Expenses & Changes in Net Position	
Total Revenue	\$ 11,661
Total Expenses	\$ 11,546
Change in Net Position	\$ 115
Beginning Net Position	\$ 6,604
Ending Net Position	\$ 6,719

VIII. Major Operating Plan Risks and Mitigations

All corporate transformations come with significant areas of risk during the transformation period. Below are the major areas of risk in this operating plan and mitigations to those risks.

- MACH37 Privately Funded Operations – FY18 represents the year of fulfilling the original plan for MACH37 to migrate its operation to private funding sources. CIT will streamline the operations of MACH37 to match the anticipated level of non-Commonwealth funding for MACH37. If not properly implemented, the streamlining could diminish the value of MACH37.
 - Mitigation – CIT engaged MACH37 and CIT leadership to start the streamlining process in FY17 in order to incrementally reduce costs. Management will continue the effort and engage with stakeholders to gather feedback in order to maintain the integrity of the program.
- Key Personnel Departures – CIT experienced a reduction in staff in FY16 and FY17. In addition, the Commonwealth placed controls on changes in compensation for all employees in FY17 and FY18. Finally, employees are aware that the Commonwealth has placed the IEIA properties including the building in the process for sale. Our level of uncertainty on operations and location may result in departures of key staff in the coming fiscal year.
 - Mitigation – Management has undertaken a consistent program of communications to employees to address uncertainty regarding the company as best as possible. Management also prepared succession plans for key personnel.
- Operational and Reputational Disruption from Building Sale and Relocation – The FY17 Commonwealth budget declared the IEIA property and building as Surplus, triggering the process to place the property and building on the market for sale. This action placed a high level of uncertainty on CIT and the private tenants of the building on the final disposition and timing of disposition of the building. This uncertainty places IEIA and CIT at risk of losing tenants and absorbing the effects of lost tenant revenue. In addition, it is uncertain as to where CIT will be relocated. Adverse locations could damage the reputation and operation of the company. Additionally, CIT has no funds set aside for relocation and build out of facilities. If such funds are needed, this could require a reallocation of monies away from non-core programs and business development. Finally, as noted above, the uncertainty on location raises the risk of loss of employees in a transformational year.
 - Mitigation – Management entered discussions with the Commonwealth’s Department of General Services (DGS) on processes and communications of the sale. Management will work with DGS on detailed plans and communications regarding the sale of the property and the relocation of CIT. While little is known at this time on the potential outcomes of this change, management will keep the Board up to date on progress.

- Operational, financial and reputational risks from lack of increase in Operating Base – Lack of operating base increases in the next biennium budget threatens the ability to maintain the integrity of our programs and the caliber of staff necessary to make our programs successful. CIT has not had an increase in operating base funding in over 8 years. Escalating costs of benefits, salary increases and other components of CIT’s compensation program without a base increase threatens our ability to maintain compensation programs in line with industry benchmarks and our policies. The recent benchmarks on our compensation program show that our programs are in line with industry and state norms.
 - Mitigation – The Board and management will work with the Commonwealth government on appropriate increases in the operating base for CIT for the FY19/FY20 biennium budget.

Item 428.D.1.a

All planned and actual
revenue and expenditures
along with funding sources

**Center for Innovative Technology
Fiscal Year 2018 Summary of Operating Budget**

	Operating Funds		Designated Funds											Total		
	COV	Other	COV					Federal		Other						
	Discretionary	Grants & Contracts	BB Fund	IEMS Fund	Comm Fund	CRCF Fund	ISAO Fund	UAS and COE Fund	GAP Fund	SSBCI Fund	DMME Fund	MACH37 Operations	MACH37 LLC		M37 Equity Pool	M37 Carried Interest
	(In Thousands)															
Beginning Balance at 7/1/2017	\$ 53	\$ 32	\$ 112	\$ 23	\$ 319	\$ -	\$ -	\$ 388	\$ 3,473	\$ -	\$ 177	\$ -	\$ 255	\$ 1,277	\$ 495	\$ 6,604
REVENUE																
Appropriation	\$ 2,748		\$ 500	\$ 50	\$ 400	\$ 2,757	\$ 500	\$ 1,000	\$ 3,100							\$ 11,055
Interest, Sponsorship, Return on Investment	\$ 40											\$ 475				\$ 515
Transfer M37 Equity Pool Proceeds									\$ (29)			\$ 29				\$ -
Sale of MACH37 Portfolio Equity												\$ 1,772		\$ (1,277)	\$ (495)	\$ -
Contracts & Grants		\$ 91														\$ 91
Total Revenue and Transfers	\$ 2,788	\$ 91	\$ 500	\$ 50	\$ 400	\$ 2,757	\$ 500	\$ 1,000	\$ 3,071	\$ -	\$ -	\$ 2,276	\$ (1,277)	\$ (495)	\$	\$ 11,661
EXPENSES AND TRANSFERS																
Operating Programs Net of Over-applied Indirects	\$ 974															\$ 974
Designated Programs	\$ 1,806		\$ 607	\$ 42	\$ 450	\$ 2,757		\$ 125	\$ 3,864			\$ 846				\$ 10,497
Contracts & Grants		\$ 75														\$ 75
Total Expenses and Transfers	\$ 2,780	\$ 75	\$ 607	\$ 42	\$ 450	\$ 2,757	\$ -	\$ 125	\$ 3,864	\$ -	\$ -	\$ 846	\$ -	\$ -	\$ -	\$ 11,546
Net Change	\$ 8	\$ 16	\$ (107)	\$ 8	\$ (50)	\$	\$ 500	\$ 875	\$ (793)	\$	\$ 1,430	\$	\$ (1,277)	\$ (495)	\$	\$ 115
Ending Balance at 6/30/2018	\$ 61	\$ 48	\$ 5	\$ 31	\$ 269	\$ -	\$ 500	\$ 1,263	\$ 2,680	\$ -	\$ 177	\$ 1,430	\$ 255	\$ -	\$ -	\$ 6,719

Legend:

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- IEMS Fund = Innovation and Entrepreneurship Measurement System Fund
- Comm Fund = Cyber Security Commission Fund
- CRCF = Commonwealth Research Commercialization Fund
- ISAO Fund = Information Sharing and Analysis Organization
- UAS and COE Fund = Unmanned Systems and Unmanned Center of Excellence Fund
- GAP Fund = Growth Accelerator Program Fund
- SSBCI Fund = State Small Business Credit Initiative Fund
- DMME Fund = Department of Mines Minerals & Energy Program Fund
- MACH37 Operations = MACH37 Cyber Accelerator Fund

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act, or, in the case of the DMME Fund, advances and investment return proceeds received on a federal grant.

Center For Innovative Technology
Fiscal Year 2018 Operating Budget by Funding Source

Commonwealth Projects Funded By Appropriation & Other Revenue

(In Thousands)

Revenue			
Commonwealth Appropriation - General Fund	\$	11,055	
Interest, Sponsorship, Return on Investment & Miscellaneous Income	\$	515	
Total Revenue	\$	11,570	
Program Expenses			
R&D - Commonwealth Research and Technology Strategic Roadmap	\$	50	
R&D - Innovation & Entrepreneurship Management System	\$	55	
R&D - Commonwealth Research Commercialization Fund (CRCF)	\$	3,359	
Entrepreneur - Federal Proposal Assistance	\$	279	
Entrepreneur - Growth Acceleration Program	\$	4,745	
Broadband - Office of Telework Promotion	\$	12	
Broadband - Broadband Planning & Assistance	\$	784	
Commonwealth - Cyber Accelerator - MACH37	\$	846	
Commonwealth - Regional Growth	\$	224	
Commonwealth - Cyber Commission	\$	545	
Commonwealth - Unmanned Systems	\$	151	
Commonwealth - Building Management	\$	17	
Program Expenses	\$	11,067	
Other Expenses			
Marketing, Advocacy, Fundraising and Miscellaneous	\$	300	
Under-applied (over-applied) indirects	\$	104	
Other Expenses	\$	404	
Total Expenses	\$	11,471	
Net	\$	99	

Strategic Initiatives Funded by Contracts & Grants

Entrepreneur			
Program Revenue - SBA FAST V	\$	28	
Program Expense	\$	28	
Profit/(Loss)	\$	-	
Strategic Initiatives			
Program Revenue - Smart City Works Support	\$	63	
Program Expense	\$	47	
Profit/(Loss)	\$	16	
Program Revenue	\$	91	
Program Expenses	\$	75	
Net	\$	16	

Consolidated Revenue & Expenses & Changes in Net Position

Total Revenue	\$	11,661	
Total Expenses	\$	11,546	
Change in Net Position	\$	115	
Beginning Net Position	\$	6,604	
Ending Net Position	\$	6,719	

Innovation and Entrepreneurship Investment Authority
Fiscal Year 2018 Budget - Building Only

(In Thousands)

Revenue

Rental Income - lease revenue

\$ 1,556

Total Revenue \$ 1,556

Building Expenses

Payroll

\$ 285

Utilities

\$ 408

Administrative

\$ 145

Operating & Maintenance

\$ 138

Contracts

\$ 420

Insurance

\$ 100

Food Service Subsidy

\$ 42

Leasing Commission and Miscellaneous

\$ 18

Total Expenses \$ 1,556

Net Income \$ -

Item 428.D.1.b

Listing of
Salaries, bonuses,
and benefits

Innovation and Entrepreneurship Investment Authority including Center for Innovative Technology

Item 428 D.1.b

Listing of the salaries, bonuses, and benefits of all employees of the Innovation and Entrepreneurship Investment Authority and the
Center for Innovative Technology

Fiscal Year 2018 Budget

Note - CIT benefits include: health, life, and disability insurance, retirement, payroll taxes, and cell phone allowance

Title	Base Salary	Benefits	Total
Administrator 1	\$ 53,760	\$ 31,345	\$ 85,105
Administrator 2	\$ 63,880	\$ 38,235	\$ 102,115
Assistant 1	\$ 70,495	\$ 41,670	\$ 112,165
Assistant 2	\$ 59,701	\$ 37,402	\$ 97,103
Director 1	\$ 102,481	\$ 46,078	\$ 148,559
Director 2	\$ 121,721	\$ 34,545	\$ 156,266
Director 3	\$ 128,316	\$ 50,859	\$ 179,175
Director 4	\$ 53,235	\$ 28,355	\$ 81,590
Director 5	\$ 102,829	\$ 30,784	\$ 133,613
Director 6	\$ 153,750	\$ 54,397	\$ 208,147
Director 7	\$ 103,008	\$ 46,360	\$ 149,368
Director 8	\$ 127,932	\$ 56,554	\$ 184,486
Manager 1	\$ 117,875	\$ 49,423	\$ 167,298
Manager 2	\$ 76,876	\$ 25,531	\$ 102,407
Manager 3	\$ 117,875	\$ 33,851	\$ 151,726
Manager 4	\$ 76,000	\$ 40,724	\$ 116,724
Manager 5	\$ 112,033	\$ 32,673	\$ 144,706
Officer 1	\$ 164,000	\$ 55,618	\$ 219,618
Officer 2	\$ 307,501	\$ 74,658	\$ 382,159
Specialist 1	\$ 55,761	\$ 21,168	\$ 76,929
Specialist 2	\$ 48,934	\$ 35,180	\$ 84,114
Vice President 1	\$ 206,788	\$ 61,313	\$ 268,101
Vice President 2	\$ 192,609	\$ 51,726	\$ 244,335
Vice President 3	\$ 162,543	\$ 47,714	\$ 210,257
Vice President 4	\$ 231,418	\$ 64,577	\$ 295,995
	\$ 3,011,321	\$ 1,090,740	\$ 4,102,061

Item 428.D.1.c

By program,
Total grants and
Investments,
Including CRCF

Item 428.D.1.c

As illustrated in item 428.D.1 FY2018 Operating Plan, the following excerpt has been modified to include total budgeted grants and investments planned for each grant and investment program at a total budgeted amount of \$4.670M.

Strategic Plank 2: Identify and fund innovators and entrepreneurs at a greater rate

Objectives	Success Metric	FY18 Measure	Budgeted Amount
GAP Fund – Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of investments placed	22 (including MACH37 investments)	\$2.270M
	Amount of initial and follow on investment from non-Commonwealth sources	At least \$20M	
	Run rate of return on investment capital	1.1 Return on Capital	
CRCF – Solicit, process , award and administer a robust pipeline of high-potential CRCF projects	# and \$ of applications received	90 applications for \$5.5 – \$6.5M	\$2.4M
	\$ of awards announced	\$2.4M in awards	
	Amount of match	Minimum 1:1 match	
	Effectively track outcomes in CRCF Annual Report	October 1, 2017 submission, per legislation	

Total \$4.670M

Item 428.D.1.d

By program,
Projected economic
Impact on COV
and recoveries of
previous grants or
investments and
sales of equity positions

Item 428.D.1.d

As illustrated in item 428.D.1 FY2018 Operating Plan, the following excerpt reflects projected economic impact on the Commonwealth. Details can be found in Item 428.D.1 FY2018 Operating Plan, under the Corporate Scorecard FY18, Metrics and Measures, which begins on page 14. Recoveries of previous grants, investments and sales of equity positions are unpredictable and, therefore, not budgeted.

In FY2018, CIT will

- Accelerate our pace of joint venture partnership formation in new technology and entrepreneurship areas critical to Virginia, e.g., Smart Communities, Autonomous Systems and enhance our reputation as an innovation commercialization leader.
- Expand our engagement with every region of the Commonwealth, with underserved populations and expand the outreach of our core programs such as Growth Accelerator Program (GAP) Funds to accelerate new company formation and job growth.
- Operate our internationally recognized MACH37 Cyber Accelerator on private funds, fulfilling our commitment to the Commonwealth.
- Increase CIT's outreach to universities, incubators, and accelerators to create a collaborative network to better identify and fund innovators and entrepreneurs
- Engage deeply with other components of Virginia economic development including the Virginia Research Investment Committee (VRIC), Virginia Economic Development Partnership (VEDP), GO Virginia, etc. to craft complementary and consistent strategies, policies and programs.
- Complete the transition to Strategic Initiatives with a focus on federal and private innovation funding and projects that provide a leadership, reputational and/or financial benefit to Virginia.
- Continue to closely manage our funding and position the company for additional funding in the future in order to increase our impact for Virginia.
- Recast our branding to highlight our mission for the benefit of all Virginia.

FY18 promises new opportunities to help grow and diversify Virginia's economy. It builds on the progress we made as an organization in FY17.

With this operating model CIT has provided substantial return on investment for the Commonwealth. For example, CIT's research commercialization, investments, acceleration and innovation assimilation initiatives have:

- Attracted more than \$100M in follow on investment over 2 years (CRCF).
- Scaled 177 startups in all regions of the Commonwealth since 2004 (GAP Funds).
- Since 2004, leveraged one-half billion dollars of private funding – largely from sources outside of Virginia – into CIT GAP Funds portfolio companies.
- Created 46 new cyber companies over the last 3 years (MACH37).
- Helped secure \$127 million in Small Business Innovative Research and Small Business Technology Transfer (SBIR/STTR) federal research in a single year for researchers, innovators and entrepreneurs in the Commonwealth.
- Completed the first ever, state-wide broadband demand campaign which collected responses from residents and businesses from 129 Virginia localities.

- Launched the Smart City Works Actuator program, the world's first business accelerator focused exclusively on infrastructure and the built environment.

Finally, CIT's strong performance and that of the companies and innovators it propelled is producing excellent economic results and new innovations today, and **projects the creation of up to 9,000 new high technology jobs over the next five years.**

CIT remains focused in FY18 on accelerating new economic opportunities, adding to the projection of new high technology company and job creation, enhancing its reputation as a thought leader and partner in innovation and entrepreneurship, strengthening our financial asset base, and attracting and retaining passionate people to the CIT mission. Achieving these objectives will create benefits all across the Commonwealth and plant even more seeds to grow the Virginia economy and strengthen the CIT brand.

Item 428.D.1.e

Cash Balances
By funding source
And
Available, Committed,
& Projected Funds

**Innovation and Entrepreneurship Investment Authority and Center for Innovative Technology
FY2018 Budgeted Cash Balance by Fund**

	Center for Innovative Technology															Innovation and Entrepreneurship Investment Authority		
	Operating Funds		Designated Funds												Total	Operating Fund	Building Reserve Fund	IEIA Total
	COV	Other	COV						Federal	Other								
Discretionary	Grants & Contracts	BB Fund	IEMS Fund	Comm Fund	CRCF Fund	ISAO Fund	UAS and COE Fund (In Thousands)	GAP Fund	DMME Fund	MACH37 Operations	MACH37 LLC	M37 Equity Pool	M37 Carried Interest					
Budgeted Cash Balance at 6/30/2017	\$ 191	\$ (172)	\$ 122	\$ 41	\$ 654	\$ (79)	\$ -	\$ 688	\$ 4,809	\$ 309	\$ 117	\$ 3	\$ -	\$ 3	\$ 6,686	\$ 125	\$ 2,868	\$ 2,993
RECEIPTS																		
Appropriation	\$ 2,748		\$ 500	\$ 50	\$ 400	\$ 2,836	\$ 500	\$ 1,000	\$ 3,100					\$ 11,134				\$ -
Interest, Sponsorship, Return on Investment	\$ 40													\$ 515				\$ -
Transfer M37 Equity Pool proceeds									\$ (29)					\$ -				\$ -
Sale of MACH37 portfolio equity													\$ 1,277	\$ 495	\$ 1,772			\$ -
Transfer MACH37 portfolio equity proceeds												\$ 1,772	\$ (1,277)	\$ (495)	\$ -			\$ -
Contracts & Grants		\$ 369												\$ 369				\$ 1,556
Total Receipts and Transfers	\$ 2,788	\$ 369	\$ 500	\$ 50	\$ 400	\$ 2,836	\$ 500	\$ 1,000	\$ 3,071	\$ -	\$ 2,276	\$ -	\$ -	\$ -	\$ 13,790	\$ -	\$ 1,556	\$ 1,556
DISBURSEMENTS																		
Operating Programs Net of Overapplied Indirects	\$ 974													\$ 974				\$ -
Designated Programs	\$ 1,806		\$ 607	\$ 42	\$ 450	\$ 2,757	\$ -	\$ 125	\$ 3,864		\$ 963			\$ 10,614				\$ -
Contracts & Grants		\$ 197												\$ 197				\$ 1,556
Total Disbursements and Transfers	\$ 2,780	\$ 197	\$ 607	\$ 42	\$ 450	\$ 2,757	\$ -	\$ 125	\$ 3,864	\$ -	\$ 963	\$ -	\$ -	\$ -	\$ 11,785	\$ -	\$ 1,556	\$ 1,556
Budgeted Cash Balance at 6/30/2018	\$ 199	\$ -	\$ 15	\$ 49	\$ 604	\$ -	\$ 500	\$ 1,563	\$ 4,016	\$ 309	\$ 1,430	\$ 3	\$ -	\$ 3	\$ 8,691	\$ 125	\$ 2,868	\$ 2,993

Legend:

- BB Fund = Broadband Program Fund
- IEMS Fund = Innovation and Entrepreneurship Measurement System Fund
- Comm Fund = Cyber Security Commission Fund
- CRCF = Commonwealth Research Commercialization Fund
- ISAO Fund = Information Sharing and Analysis Organization
- UAS and COE Fund = Unmanned Systems and Unmanned Center of Excellence Fund
- GAP Fund = Growth Accelerator Program Fund
- DMME Fund = Department of Mines Minerals & Energy Program Fund
- MACH37 Operations = MACH37 Cyber Accelerator Fund

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act, or, in the case of the DMME Fund, advances and investment return proceeds received on a federal grant.