



NORTH CAROLINA MILITARY AFFAIRS COMMISSION

Minutes of the 4th Quarter October 13, 2020 Economic Development Committee meeting
Microsoft Teams/Conference Call #: 984-204-1487 Conference ID: 171-097-336#

MEMBERS IN ATTENDANCE:

David Hayden, Chairman
Frank Bottorff
David "Crockett" Long
Arnold Gordon-Bray
Rodney Anderson
Tim McClain

MEMBERS ABSENT:

Mayor Will Lewis

ADDITIONAL ATTENDEES:

Will Best, Department of Commerce
Jamie Norment, ACT
Scott Dorney, NCMBC
Ron Massey, City of Jacksonville (by phone)
Bryan Ayers, MCI-East/NCCC
Larry Coleman, NC National Guard Association
Denny Lewis, EDPNC
Dr. Stephen Lee, Army Research Office
Paul Berry, DMVA
Kelly Jackson, DMVA

WELCOME/INTRODUCTORY REMARKS: CHAIRMAN DAVID HAYDEN

Chairman David Hayden called the meeting to order at 10:02 am. He welcomed everyone and had all the attendees introduce themselves. There were 6 of the 7 committee members in attendance for a quorum. Please keep your devices on mute unless you need to speak or have a question. Kelly Jackson read this statement into the recorded. This statement will be read at the beginning of each meeting for the NC Military Affairs Commission. If any member has a conflict or a potential conflict with any business coming before us today, please make us aware of it. The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). Kelly Jackson asked if any member had a conflict or potential conflict to make that known to the committee now. David Hayden said that this statement is very important. A couple of our members serve on the boards of other Non-profit organizations. He has an association with the Defense Alliance of North Carolina (DANC) and has had to recuse himself from decisions or discussions related to DANC. This is not unusual for members to be associated with Non-profit organizations. He had to get a legal opinion from the Ethics Commission about his role as the President of the Veterans Life Center (VLC). The VLC received funding from the State. They determined it was not an issue with his role as a Commission member for the NC Military Affairs Commission. But if the NC Military Affairs Commission had any business come before them reference the VLC, he would recuse himself. That is what needs to be done to ensure that all parties are aware and that will avoid any actual conflict of interest and the appearance of a conflict of interest. Both of those are equally serious issues to be avoided if possible. Does anyone have any questions about that? David Hayden said that this was a good reminder for everyone and that we are custodians

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of other people's money, the citizens of North Carolina and we need to ensure that we are prudent on how we make decisions on how we use those funds. Arnold Gordon-Bray said that he is working with a group called Smarter Life in an advisory capacity. They are attempting to do work with both the National Guard and other facilities in NC. So, if that name comes up he would need to recuse himself from any discussion.

CONSENT MINUTES: CHAIRMAN DAVID HAYDEN

Chairman Hayden requested a motion to approve the minutes from the 3rd Quarter meeting of the committee on July 14, 2020. Frank Bottorff made a motion to approve the minutes, which was seconded by Crockett Long and passed by unanimous vote. The committee had a Non-Regular meeting on August 14, 2020 to talk about the work that Economic Development Partnership for North Carolina (EDPNC) was doing for the NC Military Affairs Commission. There was not a quorum for that meeting

OLD BUSINESS: CHAIRMAN DAVID HAYDEN

Chairman Hayden said that he would talk about the military tax exemption later in the meeting. We will move on to the budget update. the committee had been talking about the strategic plan and that would be talked about later in the meeting.

BUDGET UPDATE: FRANK BOTTORFF

Frank Bottorff gave an update on the budget and expenditures for the 2020-2021 year. He said that there was not much to report at this time. The expenditures for this year have been for Cassidy & Associates, Economic Development for NC (EDPNC), travel and Association for Defense Communities (ADC) fee. Pending expenses for the Cassidy & Associates, EDPNC, Strategic Plan (Publisher and Printing), David Hayden said that the Strategic Plan had great input from many people and groups and has been looked at for a long time. HE thinks we have a quality document that we can base future actions on. He said that he appreciated all the support from those who help with the strategic plan.

FY 2020-2021 Expenditures:

<u>Item:</u>	<u>Spent:</u>
Cassidy and Associates (Lobbying Service)	\$ 76,500
EDPNC	\$ 30,000
Travel	\$ 101.64
ADC Fees	\$ <u>750,00</u>
TOTAL	\$ 107,351.64

Pending Items for October

Cassidy & Associates	\$25,500 (Oct)
Strategic Plan publisher	\$ 5,400
Strategic Plan printing	\$ 1,335 (500 copies)
EDPNC	<u>\$30,000 (Oct)</u>
Total:	\$61,735

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

Jamie Norment gave an update from MCAS and FRC-East. Economic Development that is related to Cherry Point includes a couple of things. Mostly military construction dollars. He will begin with FRC-East getting reimbursed for Hurricane Florence Repair funds. FRC-East is just now becoming whole from the money that they had to spend to repair fairly significant damage to its facilities after Hurricane Florence to the tune of about \$40M. It took quite a bit of effort by us, Senator Tillis, and the Marine Corps to remind the Navy to reimburse FRC-East for those expenses. That really helps FRC-East to protect their jobs because it balances out their overhead rates. The reimbursement is not included in what they had to use for their regular operations and maintenance budget funds. That was good news.

On the Marine Corps Air Station side, the new hanger for the F-35 is under construction and hopefully completed in the next year and a half. The new projects that are being considered for Cherry Point for the current fiscal year FY2021 are the new fitness center and training pool. Those are much needed for the Marines at Cherry Point. That is a \$50M project. Then a new Slocumb gate entrance for Cherry Point which is a \$50-\$60 M project. Cherry Point only has 2 gates and one of them is a two lane road. The Slocumb gate is the two lane road and maximizing that to four lanes or more will be tremendous. The State of NC through the Department of Transportation (DOT) has already spent about \$30M on highway 70 and building a ramp into the Air Station which ends at a two lane road. This is definitely a big deal. We had the Lieutenant General for the Marine Corps, Deputy Commandant for Installations and the Deputy Assistant Secretary for the Navy, Jim Balocki come to Cherry Point. He inspected and reviewed their needs. He thinks that this is going to be the good news in terms of the Air Station.

He also mentioned that there is a private company that recently relocated some of its aircraft to the Global Trans Park. The company is called Draken International and a Florida based company. They have received a contract from the Air Force to provide aggressor training for the Air Force worldwide but specifically for Seymour Johnson Air Force base. They are basing eight A-4's which have been re-built to provide training for the F-15's at Seymour Johnson Air Force Base. That will actually bring about 30 new jobs to NC that were not here before. That is directly related to the military and directly related to Seymour Johnson and its private sector. It also helps the Global Trans Park (GTP) because they are using an existing hanger at the Park. We have some fairly good plans to try to recruit Draken to bring their aircraft to the GTP if their contracts expand and he thinks the GTP is in a good place. North Carolina is in a great place compared to Florida for their access to training up and down the East Coast. That is good news during COVID. The Navy has leased a hangar at the GRP that will allow FRC-East to relieve some of the pressure they have on their space. By moving some of their Huey work from Cherry Point to the GTP. On a year to year basis, up to five years total but not sure how long that will be. The idea is that it allows them to have more space for the F-35 work which needs to be done at Cherry Point as well as V-22 work that needs to be done at Cherry Point. The Huey work is legacy work and most of the Huey's are owned by the Air Force. That is about 40 jobs that will be done at the GTP. They will have FRC-East civilians working at the GTP. That is the first time this has been done. They are watching this closely to see how it is being done and balancing everything. We want to do the best things to grow FRC-East.

He wanted to mention that Hugh Overholt, who is a retired Judge Advocate General in the Army has been re-appointed to the Board of Transportation by Speaker Tim Moore. Hugh Overholt has been

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instrumental in the rebuild of highway 70 improvements that benefit Cherry Point. He has been a steadfast supporter for other installations such as Camp Lejeune and Fort Bragg. He is a great advocate for the military community when it comes to transportation and economic development. He is also a law partner of Jamie Norment. They also have a new partner at Ward and Smith, who is Mike McIntyre who was Jamie Norment's old boss. Mike McIntyre was a former Congressman for 18 years and served on the House Armed Services committee at the Senior level. He was the ranking Democrat when he retired. He has taken on economic development issues with Jamie Norment and he will hopefully become more involved with the Military Affairs Commission and Defense Alliance. This is all good news.

FORT BRAGG UPDATES: ARNOLD GORDON-BRAY

Arnold Gordon-Bray said that they had done some work with Scotland County and that area. They talked about the Fort Bragg expansion and initiatives in the Southern side of that area. They also had Secretary Larry Hall and Assistant Secretary Ariel Aponte who facilitated that discussion. Also, at Fort Bragg they are talking about Solar work. One of the reasons he mentioned Smart Life is that they were a competitor in that discussion. There are other initiatives happening at Fort Bragg, but he will provide that information in writing. There is a Brigade size force deployed at this time. Scott Dorney said that one of the important developments that he mentioned is maybe the largest floating solar facility is going to be created at Camp Mackall. They are trying to develop a micro-grid and make Camp Mackall self-sustaining from an energy perspective. That is an important development. The other thing that he would mentioned at the last meeting is the Department of Transportation (DOT) assumption of maintenance responsibility for the roads on Fort Bragg. There are two different agreements. The first agreement is for the range roads outside of the cantonment area and a different agreement for inside the cantonment area. They will have DOT and Fort Bragg talking about that at the Summit. That is a groundbreaking agreement. Arnold Gordon-Bray said that was a twofer. It is a cost avoidance for Fort Bragg in many ways and allows them to divert funds provided for base installation maintenance. David Hayden said that this is all good news, but they need to remember that when you turn something over to the state, they answer to different people and not to the Commander or the military. That is the devil in the details.

The following issues are provided as significant updates for the NCMAC Economic Development Committee by BG (R) Arnold N Gordon-Bray and MG (R) Rodney Anderson, as provided by the Ft Bragg Garrison Office.

The US Army has been playing its renewable energy efforts rather close to the vest these past few years, but here and there some activity has been bubbling up under from under the surface. The latest development involves the hot new trend of floating solar panels, in what could be a first-of-its-kind installation at Fort Bragg's remote training facility Camp Mackall, in North Carolina.

Located on the Big Muddy Lake at the remote Special Forces training site Camp Mackall, the 1.1-megawatt system is designed to provide emergency backup power in addition to supplementing grid-supplied electricity.

Fort Bragg reviewed the project in accordance with the National Environmental Policy Act (NEPA) but has entered into an agreement without any additional state agencies involved in project development.

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Number of jobs this project created, and the dollar value of the project are unknown, the majority of the work will be accomplished by Power Secure Energy Services based in Wake Forest, NC. The overall Utility Energy Services Contracting (UESC) is valued at \$36M. The solar and battery project is approximately \$7M to be accomplished by D3 Energy out of Florida.

The projected cost savings and other benefits to the Installation Energy Resilience Plan are estimated at \$53M over the term of the contract. The overall UESC helps to conserve resources and lower the overall load for facilities. The solar and battery project provides much needed energy security for Camp Mackall and helps ensure it is mission ready

Ft Bragg Garrison finished the year well and received renovation approval for 6 barracks. The total Annual Budget of \$423M. was executed without giveback.

While NCDOT and Ft Bragg are in a partnership, Ft Bragg was disappointed to find out NCDOT did not receive the Build Grant and will seek to find another source to fund the \$24m repair to our outer training loop roads to allow NCDOT before they take full responsibility for sustainment.

Justin Mitchell, the Deputy Garrison CDR is planning to provide the next Ft Bragg Update as both an introduction of the new Commander and to allow a deeper Q and A for the NCMAC into North Carolina and the Nation's most populace military Installation.

NORTH CAROLINA MILITARY BUSINESS CENTER (NCMBC): SCOTT DORNEY

Scott Dorney gave an update to the committee from NCMBC.

NCMBC Operations Progress and Service:

Key Points

- NCMBC operations
 - COVID continued impact on NCMBC ops: opportunities/remote training & counseling vs. on site
 - Virtual event focus: Agency/prime WEBCONS, training, Fed Construction Summit (OCT 21-22)
 - BD Team/DEFTECH doubled output (identify, analyze, distribute opps) over same period in 2019
- Federal prime contracting in NC: FY2020 through 31 AUG 2020
 - is \$456M **higher** than same time FY2019
 - Does not include Hurricane Florence Recovery (HFR) program awards (\$1.7 billion)
 - Expect FY2020 to exceed FY2019 (which was \$1billion increase over FY2018); FY21 challenges
- Strategic Focus: ***sustain and expand the defense industrial base in NC***, through:
 - Focused strategic and tactical business development operations
 - expanding operations in select industries (Textile/Soldier Systems, Subsistence, Medical)
 - leveraging Cluster Study, Supply Chain Study and FY18-20 FPDS data – target BD operations
 - leveraging major IDIQs, GWACs, MACCs and relations with major primes
 - leveraging HFR/MILCON program for maximum opportunity for subs and suppliers
 - Technology transition (DEFTECH operations: Denny)
 - Cybersecurity:
 - develop I3C and tools to accelerate CMMC certification
 - concern: pace of DoD CMMC implementation; NIST incorporation into DFARS
 - need to embed CMMC/contractor program into comprehensive State cyber strategy

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Current Operations

- CY2020 YTD:
 - BD Team: doubled distribution of the most lucrative opportunities over same period in CY2019
 - 2019: 2,102 opps (avg 233/mo), 4.14 million notifications (avg 460k/mo)
 - 2020: 4,251 opps (avg 472/mo), 7.185 million notifications (avg 798k/mo)
 - Relevance, value: more (analyzed) opps, more connections, more wins
 - MatchForce.org: automatically matched and distributed **148,764 federal contract opportunities** to 22,955 registered businesses (+155 businesses registered since JUL)
 - DEFTECH: distributed 277 federal opportunities, making 37k connections to NC tech ecosystem
- WEBCON Series:
 - Conducted **16 federal agency** WEBCONs (CY2020 YTD) to directly connect agencies to NC businesses and to distribute the agencies' FY20 3Q/4Q requirements, including in JUL-SEP:
 - 3-part WEBCON series on Subsistence, co-hosted with NC Department of Agriculture
 - 4-part WEBCON series with DLA Aviation, co-hosted with SC Aerospace
 - Initiated 6-part **Cybersecurity** WEBCON series for federal and commercial businesses (completed first two of six)
- Cybersecurity Maturity Model Certification (CMMC)
 - Operationalized **Interagency Cybersecurity Coordinating Committee (I3C)** with State agencies and Non-Governmental Organizations (NGOs) to identify CMMC requirements and resources for contractors in NC (**CyberNC.us**)
 - Developing CMMC decision tree, resource matrix and "Level 1 in a Box" product and training
- Training/counseling
 - Conducted 3x monthly training: Introduction to Federal Contracting; video on website 24/7
 - Conducted first of two **three-day proposal development workshops** (next DEC 2020)
 - Conducted counseling and solicitation/proposal assistance by Zoom to federal contractors

Future Operations

- WEBCONs: coordinate/execute six-part Cybersecurity Series; plan FY21 program
- Events:
 - execute SE Region Federal Construction, Infrastructure and Environmental Summit, 21-22 OCT (4 tracks, 60+ speakers, includes FY21 program, technical, energy/environmental & HFR tracks)
 - plan FY21 program of in-person and hybrid events (FEDTEX, MBB, SOARS, DTS, Summit)
- Cyber/CMMC (w/I3C): develop and deliver materials and training, integrate into State cyber strategy

Discussion: David Hayden asked if there were any questions. He said that he would reiterate the changing landscape regarding cybersecurity and where companies need to be when this gets kicked off here very shortly. There is a lot of discussion about where you get certified. Just the basic certification, there is a change in the rules, and he will be talking about that next week during the virtual summit that he is participating in. There are a lot of things that companies need to pay attention to.

DEPARTMENT OF COMMERCE (DOC): WILL BEST

Will Best briefed for the Department of Commerce and gave an update. He said that he met with

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David Hayden and invited him to speak at with NC State University Industry Expansion Solutions Teams on their Office of Economic Adjustment (OEA) grant. They were not selected on the initial effort, but they have been working with Economic Development Partnership for North Carolina (EDPNC) and others to try to build that application up. The next step will be to reach out to Paul Friday and have him sit down with them to see what they can do and gather information. The second items that we have is the Veterans Life Center (VLC) in Butner, NC. The Department of Commerce has been the project management team for that project since it began. The just received a notice from State Construction that they have full operational capabilities and they have accepted individuals to attend that program. They are moving forward, and they should have that grant closed out with the Community Development Block (CDB) Program. That is a huge step. That was approximately an \$8M grant from the State CBG program to provide services for homeless veterans. There should be a directive to create jobs and job training opportunities. Those will be numbers that the Department of Commerce can include. The third item that he has is that the Department of Military and Veterans Affairs (DMVA) reached out to a number of other agencies regarding the Installation Criteria Assessment Report (ICAR) as it relates to Base Realignment and Closure (BRAC). He said that he knows that BRAC was not directly authorized recently however he thinks this is a development of gathering information for an economic Impact assessment for the state to be prepared. Their lead, their labor economic analysis division. will be working with other agencies including the DMVA to produce that information and a report. David Hayden thanked Will Best for all of his good work they have done for the VLC.

He also asked if that economic assessment was a red flag for them? Will Best said that he did not think so. Considering that BRAC has not been authorized and there is no history for it to be authorized. Also, the fact that we had absorbed the whole component from California to Camp Lejeune, that was a show and tell that we have the capabilities to absorb additional personnel both active and civilian. That speaks the same for Fort Bragg. From an economic standpoint he has not heard anything, and he works with the Office of Economic Adjustment (OEA) and he has been working with them the since 2013. He has not seen or heard of anything. David Hayden asked if Seymour Johnson Air Force Base (SJAFB) just moved a wing there for tankers or increased the size of the forces there? Ron Massey said that SJAFB is replacing their old KC-135's with the 46 models. That is a good thing and helps to preserve the mission. That is what is happening at SJAFB. Will Best said that they reduced the number of aircraft by improving the actual platform and that is moving forward and that is with the 916th Refueling Reserve team.

ECONOMIC DEVELOPMENT FOR NORTH CAROLINA (EDPNC): DENNY LEWIS

Denny Lewis

EDPNC Defense Industry Support Campaign

Project Objectives:

- Establish and execute a research-based horizontal marketing and media plan that successfully:
 - Attracts more defense companies to open or expand within NC
 - Encourage existing NC defense companies to expand and utilize supporting industries and companies within the state.
- Commit budget before end of fiscal year

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Scope of Services:

- Discovery
- Marketing plan development
- Media planning, buying & trafficking
- Creative design, including copywriting & editing
- Project & media management

Initial Analysis & Discussion:

- General defense trends
- Competitive analysis and best practices
- Target contractors
- NC key industries
- EDPNC analysis
- Takeaways & Next Steps

Trends & Key Competitors:

AI & ML	1. California
UAV	2. Virginia
Cyber	3. Texas
Space Defense	4. Maryland
	5. Florida
	6. Alabama

Messaging	California (innovates, produces, creates, builds)	What does a great business partner look like? Looks like Virginia	America's best state for business	Visionaries belong here
	California	Virginia	Texas	Maryland
Industries:	- Aerospace - Space - Missile Systems - Drone - Cybersecurity	- Aerospace - Space - Cybersecurity - AI and Drone	- Aerospace - Space - Cyber and Intelligence	- Aerospace - Drone and AI - Space - Cyber - Chemical and Bio Research -Shipbuilding
Rank in total Defense	- #1 in total defense spending	- #2 in total defense spending	- #3 in total defense spending	- #4 in total defense spending

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Differentiators	History of testing in California, geological Location near pacific and training areas	Separates how each individual industry relates to defense. Lots of distinct	Primary focus aviation, Secondary focus on space. Johnson Space Center and space development Programs.	Focus on R&D over manufacturing. links to sources of news and support Resources for Companies who want More contracts.
Messaging	Consistently a top Recipient of department of defense contract awards.	Technology is not just our future, it's our today	Mastered in Tennessee	A state that works
	Florida	Alabama	Tennessee	Indiana
Industries:	- Aerospace - Space - Missile Systems - Cyber - Command and Intelligence - Defense Logistics	- Aerospace - Space - Parts and Maintenance - Missile Defense	- Aerospace - Gun Manufacturing - Ammunition - Weapon Testing	- Aerospace - Manufacturing Vehicle Parts - Command and Control - Supply - IT and Communications
Rank in total Defense	- #5 in total defense spending	- #10 in total defense spending	- #34 in total defense spending	- #27 in total defense spending
Differentiators	Emphasizes how all Industries can tie back Into defense. Highlights Controlled land for testing	Identifies success stories and what exactly it is that makes up their contracts.	Highlights how contractors work with major U.S. military testing site.	Identifies how each region of the state plays a part in Defense contracts.

Messaging themes:

- Disconnected in defense: When messaging about defense opportunities, states fragment the category rather keeping is all together. For example, many states will have a separate page talking about IT and cybersecurity and how it relates to defense rather than including the information on the defense page.

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- Aerospace first: Aerospace dominates the defense category, and most states spend the majority of their websites and resources talking about aerospace in defense and other separate aviation and aerospace from defense as a key industry.
- Human performance: All states highlight the education and skill sets of their workforce as a reason to believe. They also call out how their education system prepares future professionals for jobs in the category.
- Keeping up with trends: All states are recognizing how the category is changing and trying to capture new industries based on those changes (i.e. cyber, space, drones, etc.)
- Military relationships: All states highlight the military presence they have. This includes military installations, veterans, and active military personnel. However, many competitors do not explain how defense contractors work with their military presence.
- Success stories: If there are successful contractors in the state, they are highlighted. Any presence of defense contractors are called out.
- Same idea difference channel: Generally speaking, states all have very similar reasons to believe based on the aforementioned themes; the big changes are how they message these things across the digital channels. Only one state (Maryland) used digital retargeting and others have downloadable fact sheets or online interactive brochures.

Takeaways:

- The defense industry is more than just aerospace: Many states – and NC included – focus on aerospace as the primary part of their defense industry, but there are many more opportunities for defense companies. These other established industries (i.e. textiles, manufacturing, information technology) and emerging defense industries (AI, cyber, biotechnology) need to be included within the messaging of the defense category.
- NC is well equipped now and in the future: The NC education pipeline is continuously training more STEM professionals to one day join these research and tech companies that are drawing attention to the state. NC already has the largest manufacturing force in the Southeast with the skills to make plastics, chemicals, automotive parts, aerospace parts and other advanced materials. Our current industries, talent and pipeline coupled with our resources, programs and success stories reinforce the idea that NC already has a foundation to stand out and support defense contractors.
- The problem lies in getting the word out: This information as it stands is fragmented. EDPNC needs to streamline the approach, putting all relevant defense information across industries together. Letting defense contractors know how textiles or IT can plan into their priorities and making it easy to find that information in one spot.

Where we go from here:

- Mythic to develop a list of Reasons to Believe (RTB) for messaging purposes
- Development of a horizontal marketing plan, followed by a media plan.
- Creative development and creative execution, aligned with approved media buy.
- Campaign in-market (January 2021)

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Discussion:

David Hayden said that one of the things that all those states do not have and we do have is Defense Alliance of North Carolina (DANC). He did not see that in the presentation that was given. Denny Lewis said that right now they are just looking at what the other states are doing. We are not looking at what we are doing yet. We have done the competitive analysis and then we will look at what we have in NC. David Hayden asked if they had seen a DANC in other states. Denny Lewis said that there is something similar in Texas. He has not seen a similar company in other states that they looked at. David Hayden said that right now they are dealing with the Cluster Analysis to focus on taking advantage of all the work that was done last year by RTI. Is that being coordinated with the marketing efforts inside the state. Denny Lewis said that right now the Cluster Analysis to include the list has all been provided to Mythic and that is part of the evaluation process that they will go through. They started looking externally first and they will look internally. David Hayden said that his concern is, and they are thinking about it is that we have a distinct advantage in NC because we have a professional association for the Defense industry, and they have been involved with the Defense Cluster Analysis. He thinks that coordination with them on a marketing plan would be useful. He just wants to put that marker out there,

ARMY RESEARCH OFFICE (ARO) DR. STEPHEN J. LEE

Dr. Stephen Lee gave the committee a presentation from the Army Research Office (ARO).

Army Research Office (ARO) Charter - History:

ARO Established in 1951 with 4 principal objectives:

- Plan and direct the research program of the Army to insure a dynamic program responsive to the future requirements of the Army.
- Foster within the laboratories of the Army the best possible atmosphere for the prosecution of research.
- Provide the scientific community with a point of contact/entry into the Army research community.
- To encourage and promote scientific training and education and to further civilian scientific activity in areas of interest to the Army.
- Symbolism in the ARO coat of arms represents the search for knowledge, such as the lightning bolt symbolizing "human attainment of new ideas...and their subsequent successful practical implementation (ARO Coat of Arms 1963).

Army Science and Technology (S&T) Enterprise:

- U.S. Army Futures Command (AFC)
- Combat Capabilities Research Development Command (CCDC)
- Army Research Laboratory (ARL)
- Army Research Office (ARO)

Army Research Office Spans the Basic Research Continuum:

- Generates the New Knowledge Required to Maintain Technological Superiority
 - Discovers and creates new science that produces revolutionary new capabilities

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- Applies innovative scientific advances to improvements in critical existing capabilities

ARO Mission and Strategy:

ARO Mission

- Build the Future: Create and direct scientific discoveries for revolutionary new Army capabilities
- Solve Existing Problems: Drive science to develop solutions to existing Army technology needs.
- Accelerate: Accelerate transition of basic research
- Educate: Educate and train future Army S&E workforce.
- Prepare: Create and prevent technological surprises.

ARO Research Activities

- 256+ Institutes of Higher Learning in the Continental United States (CONUS) and Outside the Continental United States (OCONUS)
- 1121 Individual Investigator
- 46 States and 15 Countries

ARO Strategy

- Scientific Discovery
 - Diversity & Inclusion throughout the portfolio
 - Multiple mechanisms for funding research advances
- Build Capacity
 - Recruit and train talented personnel
 - Attract and engage future research ecosystem with compelling Army challenges
 - Outreach – Early Career Opportunities - University Infrastructure Investment – Historically Black Colleges & Universities/Minority Serving Institutions (HBCU/MSI) - Education and Research Partnerships
- Asynchronous Adaptation
 - Continuously shaping the future of science
 - Needs and opportunities reassessed triennially
- Leverage Stakeholders
 - Army: United States Army Special Operations Command (USASOC) – Medical Research & Development Command (MRDC) – United States Army Corps of Engineers (USACE)
 - DoD office of Naval Research (DNR)
 - Air Force Office of Scientific Research (AFCSR)
 - Defense Advanced Research Projects Agency (DARPA)
 - Defense Threat Reduction Agency (DTRA)

FY2020 6.1 University Basic Research instruments

- \$93.6M Single Investigator Program
- \$63.2M University Research Initiative
- \$36.8M Small Business Innovation Research and Small Business Technology Transfer
- \$19.4M University Affiliated Research Centers

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- \$1.2M Historically Black Colleges & Universities/Minority Serving Institutions ARO Core Grants
- \$25.4M DoD Research & Educational Program

ARO Metrics:

- >7000 peer-review journal articles (2017-2019)
- 137 Patents (2019)
- 2 Nobel Prizes (Frances H. Arnold 2018, Gerard A. Mourou 2018)
- 155 Funded National Academy of Engineering (NAE) and National Academy of Sciences (NAS) Members (2017-2019)
- 10 (of 34 total) Vannevar Bush Faculty Fellowship (VBFF) Awardees (2017-2018)
- 8 Presidential Early Career Awards for Scientists and Engineers (PECASE) Awardees (2017-2018)
- 33 Tenure Promotions (2017-2019)
- 134 High School Apprenticeships (2017-2019)
- 183 Undergrad Apprenticeships (2017-2019)
- >350 Undergrad Apprenticeships (2017-2019)
- 5 (ARO) Society Fellows (as of 2019)
- 5 (ARO) Authored Book Chapters (2017-2019)

Army Concept Framework:

Army Concepts Define

- How the force functions
- The timeframe and conditions in which the force must operate
- What the force must be able to do (i.e. "required capabilities").

The Army Functional Concepts Are:

- Fires
- Intelligence
- Maneuver
- Protection
- Sustainment
- Command and Control
- Information

Army Modernization Priorities:

- Long-Range Precision Fires: They provide the Army with long-range and deep-strike capability. They are the Army's number one modernization priority and critical to winning in a fight against a peer adversary.
- Next Generation of Combat Vehicles: Manned, unmanned, and optionally -manned vehicles will ensure our combat formations can fight and win against any mobility, and power generation capabilities.
- Future Vertical Lift Platforms: The Army is leading a multi-serve initiative focused on enhancing vertical lift dominance with manned, unmanned, and optionally manned variants that can survive the modern and future battlefield.

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- Army Network: The Army is building with hardware, software, and infrastructure – sufficiently mobile and expeditionary – that can be used to fight cohesively in any environment where the electromagnetic spectrum is denied or degraded.
- Air and Missile Defense Capabilities: These systems will defeat missile threats against the U.S. and ensure our future combat formations are protected from advanced air and missile delivered fires, including drones. They are critical to winning a fight against a near-peer adversary.
- Soldier Lethality: Soldier lethality spans all fundamentals – shooting, moving, communicating, protecting, and sustaining. The Army will field individual and combat weapons, as well as improved body armor, sensors, radios, and load-bearing exoskeletons.
- Eight Cross-Functional Teams were created to address the six modernization priorities.
 - Long-Range Precision Fires
 - Future Vertical Lift
 - Assured Positioning, Navigation, and Timing
 - Next Generation Combat Vehicles
 - Army Network
 - Air and Missile Defense Capabilities
 - Soldier Lethality
 - Synthetic Training Environment

Discussion:

David Hayden asked about the use of Other Transactional Authority (OTA) for contracting which takes it outside of the federal acquisition regulations. Do you do much with OTA? Dr. Lee said that he did not personally believe in using them. In his 22 years he has seen them used and then the DC auditing firms come in and say that they should not have been used. They use the Indefinite Delivery, Indefinite Quality (IDIQ) process.

MILITARY RETIREE PAY TAX EXEMPTION: DAVID HAYDEN

David Hayden said that he wanted to give the committee an update on this topic. As you recall this committee was charged with was to look into the Military Retiree Pay Tax Exemption. We thought this might be low hanging fruit and make a positive difference for our military retirees. We have run up against a couple of obstacles. We had looked at doing some potential research with two different Universities. They thought they could help to shine the light on legislation that was going through the State legislature. In the last Session we had legislation in both the House and the Senate. They did not go very far. COVID-19 has had an impact on many things, and this could take a hit on the state's revenue. There are other retirees in NC that have their retirement pay taxed as well and they were abdicating for a similar exemption. If they were to put everyone together this could be a significant financial hit to the resources for NC. We all recognize that revenue is an issue in COVID and how that impacted the economy.

After the last NCMAC meeting, it was suggested that he get with Sally-Ann Gupta who is Senator Harry Brown's senior staff representative to see what they would be interested in, in the State legislature in terms of research. Using that information to formulate a generic Request for Proposal (RFP) and then go back to East Carolina University (ECU) and Fayetteville State University (FSU) for a final proposal They two universities have been very patient on this process. He did get with Sally-Ann Gupta and she has

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meet with Senator Jim Burgin and Representative John Szoka. They were both planning on introducing legislation in the next session. He did not get much guidance for what needs to go into an RFP, but the ball is in his court to come up with a proposal. He will share that proposal with the committee for review. If we can get this RFP completed, the information could be helpful for future legislation. Sally-Ann Gupta did say that there was a fiscal legal department in the General Assembly that once the bills are introduced in the next session, they can create a memorandum addressing the legal issues that we have been talking about. That could carry a lot of weight with the legislators.

So, where we are now is David Hayden will draft up a paragraph of what he thinks the proposal should address and he will share that with the committee to get everyone's input. He would like to get this moving in the next couple of weeks. He can then discuss this at the NCMAC for their blessing. That is the update on this topic.

OPEN DISCUSSION:

Chairman Hayden asked if there was any further questions or comments from the group?

ADJOURNMENT:

Chairman David Hayden asked for a motion to adjourn the meeting. Rodney Anderson made a motion to adjourn the meeting and seconded by Crockett Long. The meeting was adjourned at 11:50