



NORTH CAROLINA MILITARY AFFAIRS COMMISSION

Minutes of the 1st Quarter January 21, 2021 Economic Development Committee meeting
Microsoft Teams/Conference Call #: 984-204-1487 Conference ID: 573 368 119#

MEMBERS IN ATTENDANCE:

David Hayden, Chairman
Frank Bottorff
Mayor Will Lewis
Arnold Gordon-Bray
Rodney Anderson
Tim McClain

MEMBERS ABSENT:

David "Crockett" Long

OTHER COMMISSION MEMBERS:

Representative George Cleveland

ADDITIONAL ATTENDEES:

Will Best, Department of Commerce
Jamie Norment, ACT
Courtney Smedick, NCMBC
Ron Massey, City of Jacksonville (by phone)
Bryan Ayers, MCI-East/NCCC
Larry Coleman, NC National Guard Association
Denny Lewis, EDPNC
Mike Scalise, Camp Lejeune/MCI-East
Sean Cox, NC4ME
Sheila Knight, EDPNC
Joe Melvin, South
Chad Sydnor, Cassidy & Associates
Kelly Jackson, DMVA

WELCOME/INTRODUCTORY REMARKS: CHAIRMAN DAVID HAYDEN

Chairman David Hayden called the meeting to order at 10:02 am. This is the first Economic Development Committee meeting for 2021. What a month this has been. The COVID numbers are going through the roof, we had an attack on the Capital and we have a new Administration. It is all about adjustments and reset. Everyone please take a deep breath, let it out and welcome to this meeting. He wanted to welcome everyone to the meeting, and he introduced himself to the group. . He asked everyone to mute their lines if they are not speaking and ask questions as you have them. He said that Kelly Jackson will read the Ethic statement today. Kelly Jackson said that if any Committee member has a conflict or potential conflict of interest with any business coming before this meeting today, please make the committee aware of the conflict or potential conflict of interest. Also, during the meeting if you feel that you have a conflict or potential conflict of interest bring that forward to the committee. Chairman Hayden did a roll call of attendees to the committee meeting and had a quorum.

CONSENT MINUTES: CHAIRMAN DAVID HAYDEN

Chairman Hayden requested a motion to approve the minutes from the 4th Quarter meeting of the committee on October 13, 2020. Frank Bottorff made a motion to approve the minutes, which was seconded by Arnold Gordon-Bray and passed by unanimous vote.

OLD BUSINESS: CHAIRMAN DAVID HAYDEN

Chairman Hayden said that he had two items to touch on. Last month the NC Military Affairs

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Commission Strategic Plan was updated and published. It was distributed to the General Assembly which is important as there was a lot of work that was done to update this document. The document shows how we are going to continue to serve the citizens of North Carolina. The second item is an update to our committee regarding the Military Retiree State Tax Exemption. We thought this was low hanging fruit and would be easy to accomplish as part of what we do to support our mission. There are some who are grandfathered in due to the court decision back in the mid-eighties, but the ones who came on Active Duty after that time, their military retirement pay is taxed by the State. There will be two initiatives/bills submitted by the Legislature when the session kicks off this year. Senator Jim Burgin spoke to the NC Military Affairs Commission at our 4th Quarter meeting about that. He will be introducing a bill to not only grant a military retiree state tax exemption but also in a phased approach to allow a state tax exemption for other non-military retirees such as State and Federal employees whose retirement is taxed by the State. This will not all happen at once if it is passed but will be phased approach due to revenue requirements for the State of North Carolina. We all know that North Carolina's revenue took a big hit due to COVID. But now it is moving in the right direction and a strong path. Once we reach a certain revenue then they could grant the military retiree state tax exemption first and then once they reach the next revenue goal, then they will exercise the second and third phases of that legislation. In the State House, Representative John Szoka is also going to introduce a similar bill working together to hopefully have a State Tax Exemption for Retirees starting with military retirees. This is moving in the right direction. The one thing that was brought to his attention by Senator Burgin is that Veterans Groups are aware of this proposed legislation and if you have any conversations with members of the Senate or the House of Representatives, please advocate for this legislation. Please try to get the word out on this legislation. He thinks this does have universal support and the one big obstacle has been addressed in this proposed legislation.

BUDGET UPDATE: FRANK BOTTORFF

FY 2020-2021 Expenditures:

<u>Item:</u>	<u>Spent:</u>
Cassidy and Associates (Lobbying Service)	\$ 153,000
EDPNC	\$ 60,000
Temporary Solutions (Stipend)	\$ 381.10
Strategic Plan (Employee)	\$ 5,330.26
Strategic Plan (Printing)	\$ 1,334.00
Travel	\$ 101.64
ADC Fees	\$ 1,200.00
TOTAL	\$ 221,347.00

The projected expenses for the rest of the year are additional \$609,056 which will leave us with \$369,597 from this fiscal year. We still have a fund balance prior to starting the year with over \$800,000. All of the expenditure are in accordance with the plan. Chairman Hayden asked if the projected expenses included the three Memorandums of Understanding (MOU) that we have working on? Frank Bottorff said that Community Grants (\$146,056), NC4ME (\$40,000), Sentinel Landscapes (\$150,000), NGAUS Conference (\$10,000), Defense Alliance of NC (\$50,000), Economic Development for NC for the second half of the year and Cassidy & Associate for the second half of the year which makes up the \$609,056. Chairman Hayden thanked Frank for his hard work on the budget and finances.

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. He said that Washington, DC had some dramatic events for them in December and January. He is talking about the National Defense Authorization Act (NDAA) and the Appropriations Bill. He said that Chad Sydnor was very helpful with working through these issues as well. The President vetoed the NDAA which pertained several provisions that were very important to Cherry Point including military construction. There are at least three policy provisions that directly impact FRC-East, Cherry Point and Marine Corps aviation. While the veto was outstanding, or waiting to be vetoed, the House and Senate went ahead and did their FY21 Appropriations Omnibus Bill and the COVID Relief funding got most of the press on that, but it also funded the rest of the government. Unfortunately, most of the Military Construction (MILCON) projects that were in the NDAA but had not yet been signed, these first time authorizations but were not appropriated. That was true for Cherry Point. They had a new training center and was a \$51M building that was not appropriated even though it had been authorized by the House and the Senate but not signed by the President. The President vetoed it, the House and Senate overrode the NDAA, but it was too late for the Appropriations Bill which they had already passed, and the President did sign that one. We have learned and has been stated publicly that we are in the running to get the Fitness Center and Slocomb Gate improvements funded by some savings at MCI-East from their MILCON projects related to the Hurricane Recovery funding. That is all good news. It is incredible what they have done at Cherry Point along the flight lines. They have torn down all of the old structures and rebuilt new structures and it is amazing. On the FRC-East side, the State of NC funding for the Lift Fan Facility is going to pay for an Intake Building for the Lift Fan Testing Cell. That hopefully will begin construction later this year. The Lift Fan Testing Cell is still delayed because of cost overruns but we are working with Senator Tillis' office to try to address those issues. He will also mention that there is one private sector opportunity that is related to FRC-East. He cannot go into detail about this, but he wants the committee to know that there are some private sector military contractors and large military contractors that are interested in doing something at FRC-East that is industrial related. That would bring new capabilities and hopefully new jobs both contractor and civilian Navy jobs. Something to keep on the radar is the Marine Corps Transformation. The Commandant indicated that he wants a smaller Marine Corps and more focused on supporting the Navy. This could be a problem for the Marine Corps Aviation on the East Coast or even Camp Lejeune. We are seeing some of that already with the retirement of the Tank Battalions, Artillery and Bridging. Possibly a smaller Vibe of F-35's. That is not official yet, but the Commandant has hinted that he may want fewer F-35's than what prior Commandants wanted. That is a threat, and we will be focused on that in 2020-21.

FORT BRAGG UPDATES: RODNEY ANDERSON

Rodney Anderson gave an update for Fort Bragg. He does not have the official report back from the Garrison Commander but will share that with the committee once he receives it. He did participate in a Community update and did get a couple of points to share with the group. In the area of readiness, despite COVID, the Army at Fort Bragg continues to operate with several major units deployed to the Joint Readiness Training Center and that will continue over the next several months (May). The units have figured out how to keep themselves safe and still deploy to the Joint Readiness Center and maintain their readiness. The second topic he wants to talk about is COVID 19. Womack Army Medical Center continues to serve the Soldiers and families and there are opportunities for those who have

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symptoms to go by the emergency room and get a diagnostic test. That is working well. There are two vaccines that Womack has available for distribution which are the Pfizer and Moderna. They do not have large quantities, so for the Soldiers and families it is strictly volunteering at this point. Fort Bragg is participating in a Nova vaccination trial of a third vaccine. It is one of over one hundred locations across the United States that is part of this Phase 3 trail. It began about a month ago and over the next three months they will be recruiting volunteers to participate in this trial. The last point that he wanted to make was in the area of Transition. He has talked to a couple of people and it appears that in 2020 that was a reduction of about 2,000 transiting veterans. So, in 2019, there were 7,400 individuals that processed through the transition assistance center to process out. In 2020 only 5,400. So, that is about 2,000 less that left the military in 2020. He suspects that there will be an increase in 2021 but he is not sure if it will be a 2,000 person increase. That goes to one of our projects that we have approved that is the Survey of Transitioning service members to determine what their thoughts are and what we can do as a State to attract and keep them employed in North Carolina. That will be an important piece of work that will inform this Committee and provide information for decision makers across the State. He also said that the Deputy Garrison Commander, Justin Mitchell has departed and gone to another assignment and his replacement has not arrived yet. That position is in transition with a temporary person in that position at this time. The new Garrison Commander is COL Scott Pence. Chairman Hayden said that is all the more reason to get that legislation passed about the retiree tax exemption.

NORTH CAROLINA MILITARY BUSINESS CENTER (NCMBC): COURTNEY SMEDICK

Courtney Smedick gave an update to the committee from NCMBC.

Key Points

- Federal prime contracting in NC: FY2020 (data as of 31 DEC 2020)
 - **DoD Prime Contracts: \$6.10 billion (\$1.5 billion increase over 2019, \$4.6 billion)**
 - **Federal Prime Contracts: \$9.52 billion (\$2.4 billion increase over 2019, \$7.2 billion)**
- NCMBC operations
 - COVID continued impact on NCMBC ops:
 - Opportunity distribution and counseling: doubled over 2019 (see below)
 - Events virtual, including Summit, Cyber series, Medical series (see below)
 - Operational expansion (staffing) continued per plan presented to General Assembly. New:
 - Barbara Bowles (Strategic Industry Professional, Contract Vehicles and Supply Chain)
 - Donna Walton (Business Development Professional, Jacksonville)
 - Interviewing (Strategic Industry Professional, AI/Machine Learning, Automation, Robotics)
 - Interviewing (Strategic Industry Professional, Textiles and Soldier Systems)
- Strategic Focus: ***sustain and expand the defense industrial base in NC***, through:
 - Focused strategic and tactical business development operations
 - expanding BD 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 (Barbara Bowles)

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- leveraging HFR/MILCON to maximize opportunity for subs and suppliers (sub-week in MAR)
- Technology transition (DEFTECH operations: Denny)
- Cybersecurity:
 - developed I3C and tools to accelerate CMMC certification – see www.cybernc.us
 - concerns: DFARS Interim rule/NIST standards, pace of CMMC implementation uncertain, primes flowing CUI/CMMC requirements to subs, impact on DIB in NC
 - CyberChat series ongoing - build compliance program, CMMC Level 1
 - need to embed CMMC/contractor program into comprehensive State cyber strategy

Current Operations

- CY2020 Summary:
 - Contract assistance wins:
 - CY2020: 252, minimum value \$1.536 billion
 - CY05-20: 3,702, minimum value \$14.812 billion
 - BD Team: nearly doubled distribution of the most lucrative opportunities over CY2019
 - 2019: 2,425 opps, 4.849 million business notifications
 - 2020: 5,502 opps, 9.295 million business notifications
 - Relevance, value: more (analyzed) opps, more connections, more wins
 - MatchForce.org: a
 - CY2020: minimum 173 contract wins, minimum value \$327.7 million
 - CY05-20: minimum 921 contract wins, minimum value \$5.513 billion
 - DEFTECH: distributed 348 opportunities, making over 52k connections to NC tech ecosystem
- WEBCONS:
 - CY2020: Conducted **83** WEBCONS to directly connect agencies to NC businesses and to distribute the agencies' FY20/21 requirements; 4,427 participants in events requiring registration
 - 4Q, CY2020:
 - SE Region Federal Construction, Infrastructure and Environmental Summit
 - Six-part cybersecurity WEBCON series for federal and commercial businesses
 - Two-part medical WEBCON series (Womack AMC, DLA Medical Supply Chain)
- Cybersecurity Maturity Model Certification
 - Fully operationalized **Interagency Cybersecurity Coordinating Committee (I3C)** with State agencies and NGOs to identify CMMC requirements and resources for contractors in NC
 - Developed CMMC decision tree, resource matrix and "Level 1 in a Box" product and training
 - Presented DFARS Interim Rule/CMMC requirements during Cybersecurity series session 6
 - Fully operationalized www.cybernc.us
- Training/counseling
 - Conducted two **three-day proposal development workshops**
 - Conducted counseling and solicitation/proposal assistance by Zoom to federal contractors

Future Operations

- **WEBCONS:**
 - CyberChat weekly series, started 13 JAN 2021
 - Cyber training with NC Tech Association, 26 JAN 2021
 - DLA Aviation, FY2021 Forecast, 4 FEB 2021
- **Events:**
 - NC Installation Construction Prime-Subcontractor Teaming Outreach, 2-4 MAR 2021
 - Defense Contractor Academy (Virtual), 9 MAR-1 APR 2021
 - Federal Textile and Soldier Systems Summit (Hybrid), TBD MAY 2021
 - Medical, Biomedical and Biodefense Symposium (in-person), AUG 2021
 - NC Defense Trade Show and Fort Bragg Small Business Outreach Event (in-person), AUG 2021
 - MCI-East/NAVFAC Small Business Outreach Event (in-person), AUG 2021
 - SE Region Federal Construction, Infrastructure and Environmental Summit, OCT 2021

DEPARTMENT OF COMMERCE (DOC): WILL BEST

Will Best said that he did not have any significant update this quarter outside of that they are anticipating a new Secretary to be nominated and appointed to run the agency. The only other item that he has they had a discussion during the Base Sustainability and Community Affairs committee meeting is the economic development opportunity regarding wind energy and supply chain in NC. He would like to bring to this committee and to the full Commission that while we do not want to limit any economic development opportunity with wind, he would ask that this committee and the full Commission remain vigilant on monitoring on any encroachment issues.

CASSIDY & ASSOCIATES: CHAD SYDNOR

Chad Sydnor gave an update to the committee members. He said that Jamie Norment hit on some of this information. The NDAA was vetoed by the President but that was overridden. With Appropriations there were 12 of 12 Bills that did pass. There was some concern that Homeland Security and Legislative Branch would be Continuing Resolution (CR) but went along with the current virus stimulus. That bill was 5,600 pages and a beast to digest. North Carolina did well but did not get everything that they asked for. Goldsboro/Seymour Johnson Air Force Base: the Bryant Center that sits on federal land and leased to Wayne County. The authorization to renew that lease at no cost to the County was included in the NDAA. The Air Force still has to execute that and the lawyers to work out the details. The legal authority to do that is contained in the NDAA. The Elizabeth City Coast Guard got a big win. They got \$25M pulled forward to help fix their inoperable runway. It is a big win for the Coast Guard and Elizabeth City State University. The University folks did great work on this. He should say thank you to Congressman David Price and Senator Tillis for their efforts on this and got this done. That runway has been inoperable for about a decade or so. Fort Bragg got one project pulled forward off of the Unfunded Requirements (UFR) list which was an energy project for a Special Operations Training facility, a chilled water upgrade. For Cherry Point, Jamie Norment talked about them. With the NDAA being vetoed and appropriations going the way that they did, we got half of the equation right. We got the authorization for the Fitness Center Pool, which is another one of projects that has been hanging out

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there for about a decade. We got it authorized but now we need to get the money. We need to get everything we asked for. Overall, we did very well.

General Austin has gone in front of the Senate Armed Services Committee. He like General Maddox has to get a waiver. The National Security Act from 1947 says that uniformed members of the military have to be out of the uniform for seven years before they are eligible to be the Secretary of Defense. It has been waived in the past for people like General Marshall, then General Maddox and now General Austin. Jack Reed, who will now be the Chairman of the Senate Armed Services Committee, Democrat from Rhode Island, reversed himself and said that he did support the waiver. He expects both the House and Senate to do the waiver and then the House plays no roll in confirming him. That will be up to the Senate. Some of the Senators have raised issues about the waiver but in the end he sees General Austin getting over the hump and is confirmed. The Senate is not 50/50 and this is not new. This has happened before and in 2000. This happened when George Bush was President and Dick Chaney was the Vice President. Trent Lott was the Majority Leader since Dick Chaney was a Republican. Now with Kamala Harris as the Vice President, The Majority Leader will be a democrat. The way that it worked in 2020 with the 50/50 split was that the committees and staff are all shared. Hopefully, this will make for bi-partisanship moving forward. He had a conversation with a friend, whose boss is in the Senate and the senior appropriator over there. After a conversation he thinks that earmarks are going to come back. Some of the Senator's that have been around for a long time view earmarks as legislative grease to get things through. It stands a good chance that it gets done. We still need to have this Organizing Resolution get done which is the governing document on how the Senate will function. We will know more going forward. Now Congressman Butterfield has Seymour Johnson Air Force Base in his district. He has already addressed this with his staff, that if we do any earmarking they need a small arms range there, so they do not need to continue to bus the Airmen to Fort Bragg. Looking at the Military Departments going forward, we do not have anything firm yet, but the rumors are that there are two names being talked about for the Secretary of the Army. They are Patrick Murphy, former Congressman from Pennsylvania and a Judge Advocate General (JAG) Officer. Also, Rep Anthony Brown, an Army Officer retired Colonel and JAG officer as well. He is also a Democrat Congressman from Maryland. He is a very impressive guy, Harvard undergraduate and Harvard Law. He started his career in the Army as an aviation officer and then went to law school and branch transferred to JAG and retired as a Colonel. He was the Lieutenant Governor of Maryland and now a Congressman. He is in the mix for the Secretary of the Army. Admiral Retired Michell Howard, she was the Vice Chief of Naval Operations (CNO). She is in the mix for the Secretary of the Navy. So is Mr. Juan Garcia who is a former civilian in the Department of the Navy. A name that he is hearing for the Secretary of Air Force is Christine Wormuth, who was the Under Secretary of Defense for Policy under the Obama Administration. There are a lot of Obama Administration people coming back into this Administration.

Going forward with the NDAA process and the appropriations process for 2022. It will be the first time in ten years that we have not been under the budget control act. That means that Congress can set their own funding levels if they are not constrained by a top line number in Statue. He thinks that a lot of the muscle memory has been lost on how to do that. It may be a little painful going forward. The transition process from the Trump Administration to the Biden Administration has not been smooth. The Biden Administration is a little behind the eight ball on the budget process since budgets are normally due the second Monday in February. He does not expect to see a budget come out of the

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Office of Management and Budget (OMB) and transmitted to the Hill until Mid to late March. So that is the State of Play. North Carolina did get some things on the Industry side. Draken International bedded down at the Global TransPark in Kinston for Adversary Air which is helpful to our North Carolina units both at Seymour Johnson and Cherry Point fighter units. We have more work to do and are knocking some of these long aggravating projects off of the list like the runway at Elizabeth City.

Arnold Gordon-Bray asked if the Air Force is asking for a range and what does that range look like? Chad Sydnor said that there had been a Department of Defense (DD) Form 1391 done for a small arms range. They are looking for a range up to about 762, because they are not shooting anything bigger than that. It would probably only be M9's or M4's. The Engineers have done an DD Form 1391 and the cost estimate is around \$35M. When he has visited Seymour Johnson under different Commanders this has been an issue. This is an issue during Pre-Deployment times and having to bus then to Fort Bragg or other locations to qualify. In terms of things going on in the Air Force, a Small Arms Range is not significant to make its way on an UFR list, but they will work this to the maximum extent possible. Arnold Gordon-Bray asked how many Airmen are on Seymour Johnson? Chad Sydnor said over 3,000 Airmen. Arnold Gordon-Bray said that if they do a cost analysis they could make a case to turn that into a cost avoidance. Chad Sydnor said that the number is actually 4,300 Airmen at the Base. This has been their MILCON number 1 item for a number of years for the Base. David Hayden said that he appreciated the updates that Chad Sydnor has been providing the Commission members. The information is very helpful and informative. Chad Sydnor said that with the Austin Confirmation and the questions for the record process where the Senators submit written questions to the Nominee. We did get some questions in there and one of them was about Fort Bragg and specifically Pope Army Airfield and Green Ramp. We did also ask about the Marine Corps Aviation Enterprise. That was reference the F-35 numbers. We hit on that and the last issue he asked about was that the Marine Corps is the only service that does not have a Special Aviation capability. Then with Marine Corps Forces Special Operations Command (MARSOCC) all being brought around the flagpole at Stone Bay near Camp Lejeune. If they were to standup a Special Operations Aviation capability it would go there. The aviation plan that General Burger has put out would divest the Marine Corps of one squadron of F-53's and one squadron of Ospreys and one squadron of UH-1 Iroquois. He thinks that could be a good foundation for standing up a Special Operations Aviation capability. There was a question for General Austin to take a look at that as well. Arnold Gordon-Bray said that he thought that the Navy used the Army's aviation Special Operations air capability? Char Sydnor said that they primarily do but the Navy has one or two squadrons of Seahawks that are dedicated to the Seal Teams and there is one on each coast. The 160th is the primary mover and then we have other movers. There is not enough Special Operations aviation assets, especially rotary wing side.

ECONOMIC DEVELOPMENT FOR NORTH CAROLINA (EDPNC): DENNY LEWIS

Denny Lewis said that he wanted to let the committee know about what was going on with the Campaign to advertise North Carolina to the defense industry. We have come up with a couple of tag lines which North Carolina, the Front Line of the Future, with three sub tag lines which are Top-notch tech Innovation ecosystem, Deep Department of Defense (DoD), industry and academic partnerships and State-wide commitment to national defense. This will be explained on their website. The advertisement will hopefully start in February 2021 and run through April 2021. They plan for it to reach 275,000 viewers. It will be on LinkedIn National Defense Magazine, Defense Watch, The Weekly Insider

and the National Defense Policy Weekly. That is the campaign plan. He will have a presentation for the committee next quarter that will show the campaign. This will be on the website and then when you open up a magazine, you will see a rectangle and if you are interested you can click on it, it will take you to a Home page. Currently EDPNC has a webpage called Aerospace and Defense. We are creating a special page that is called Defense. That is being put together and in the final draft stage. We also found out that the new director of Defense Advance Research Project Agency (DARPA) is thinking about opening up an outreach office or offices through the United States. He has coordinated with Kathy Sidner from the UNC system and Melissa at Duke University. He has drafted a letter and that letter is working its way through the channels to the Governor's office to see if he will sign the letter. If he does not sign the letter they will look for someone else to sign the letter and get that information to the DARPA Director. It will not be a big office, but we want to be on their radar. Chairman Hayden said that he had two questions. This committee meets quarterly so if he has information on the advertising campaign before the next meeting in April please share it with Kelly Jackson and she will send it to the committee members. His second question is this campaign focused on North Carolina or outside of North Carolina? Denny Lewis said that campaign nationwide as well as inside North Carolina. So, when they go to the landing page it will talk about all of the things that we have in North Carolina. So, we can leverage all of the things we have in North Carolina. Chairman Hayden said that the EDPNC at Denny Lewis' recommendation that the money that the NC Military Affairs Commission provides EDPNC for this position was not going to be efficiently used last year due to COVID. So, we have redirected these funds in a positive direction. We are using the funding more efficiently. Denny Lewis said that also part of the advertising campaign is to work this through different systems. They are working to set up a time to brief the Legislative committees or Congressional Delegations in DC about all of the things we have in North Carolina from an industry perspectives. We want to put everybody to include all of the people on this call on the same messaging. We want to have three points that we want everyone to know when they are talking about North Carolina, so we are all talking the same things. Right now, we do not have a consolidated message. The Congressional delegation that we have contacted so far have been very interested.

NORTH CAROLINA'S SOUTHEAST: JOE MELVIN

NC Military Affairs Commission, Economic Development Committee Aero/Def Activity, and Initiatives

North Carolina's Southeast (NCSE) Region

NCSE MILITARY ASSETS:

NCSE Military Installations:

- Fort Bragg (Army)
- Marine Corps Air Station Cherry Point
- Marine Corps Air Station New River
- Marine Corps Base Camp Lejeune
- Military Ocean Terminal at Sunny Point
- Pope Army Airfield
- Seymour Johnson Air Force Base

NCSE WORKFORCE

Beyond the civilian workforce, NCSE has a military labor force of more than 81,000. These men and women in uniform receive highly specialized training during their years of service, which sets them up for success once their commitment ends. Every year more than 18,000 service members exit our 7 military installations and look to join the workforce in their field of training.

- 15,000 – 18,000 exiting military annually
- 10.7% unemployment rate
- 35% of workforce has an associate degree or higher
- Aerospace Maintenance, Repair and Overhaul
- Aviation and Aerospace-Related Degree Programs

NC AEROSPACE COORIDOR

AEROSPACE PRESENCE:

Existing Aerospace Companies:

US Cargo Systems	Parker Aerospace
Lockheed Martin	Sikorsky
Northrup Grunman	SIS
Rolls-Royce	SPOLogistics
Honeywell	Tidewater Air
Schenker	Spirit
Carolina GSE	Boeing
ASI	UTS Aerospace Systems
AAR	CRATECH
Bell	Pratt & Whitney
LTM INC	GE Aviation
MOOG	North Carolina Manufacturing Inc

UNMANNED AERIAL SYSTEMS

North Carolina has positioned itself at the forefront of efforts to expand public and private use of unmanned aircraft systems (UAS or drones), implementing a robust program of public education and outreach, university and industry partnerships, agile response to public needs and advanced technology development and utilization.

Unmanned Aerial System
Urban Air Mobility

Chairman Hayden thanked Joe Melvin for his presentation. He is glad to know that we have a group in the Southeastern part of the State that is focused on economic development in the defense sector. We are always open to hear from groups across the State about economic development in the defense sector that supports the State of North Carolina and hopes they will continue to attend the committee meetings. Chairman Hayden said for the record that we have a tremendous number of the Active Duty Forces, and the Reserves and National Guard Forces in the military, yet we are getting around 3% of the

defense dollars here. He keeps beating this drum that the proportion is out whack, and we should be getting a bigger part of the pie.

ECONOMIC DEVELOPMENT REPORT: CHAIRMAN DAVID HAYDEN

Chairman David Hayden said that in 2013 there was a report generated and a combined effort of the Department of Commerce and the NC Military Affairs Commission that describes the impact of the military on the North Carolina economy which is outdated and needs to be updated. A couple of weeks ago he received reports from Scott Dorney about the economic impact of the Marine Bases in Eastern North Carolina and it had some statistics. The reports were very informative and that is how we get the word out about our military presence in North Carolina. He has reached out to Will Best to see if there has been any thought to get that report updated since it is seven years old, and a lot has changed. Will Best said that the key things to get this updated is money. The topic has been talked about a couple of times and at some point there has been legislation proposed to update this document, but it gets drowned out by the words Base Realignment and Closure (BRAC). The most recent legislation involves the Department of Military Affairs and the Department of Commerce with the labor and economic analysis division. He knows that this is on their radar and the supply chain study has peaked their interest. Chairman Hayden asked how much would it cost? Will Best said that he thought the last study costs was over \$15,000. Chairman Hayden said that it did not sound too costly compared to other things the NC Military Affairs Commission is funding and this could be a joint effort. This document is certainly of value to our economic developer, legislatures, and our Governor to know and have a hard copy of a document that talks about the actual impact that the military has on the economy of North Carolina.

He is hoping that we can generate enough interest to move that ball forward and have some action taken to update it. That is something he will raise at the NC Military Affairs Commission meeting. Hopefully, we can have more discussions about this prior to the NC Military Affairs Commission meeting. Frank Bottorff said that he was not there for the first one but was there for the second version in 2015. He thinks that Commerce did that on their own. So, between now and a date that we pick, to grease the skids to get an official discussion. To figure out who are the discussion makers to see if us and other potential funders can get together and agree on something. Will Best said that he would recommend taking that approach and take this to the Deputy Secretary for Commerce, Liz Crabill. She would be the one to approach and discuss this with. Chairman Hayden asked Will Best to reach out to her. Will Best said that he would do that. Chairman Hayden said that there is more to follow on this, and the report needs to be updated if possible. Frank Bottorff said that after the makes the initial contact, maybe they can have a teleconference with a couple members of the committee and the appropriate Secretaries or Assistant Secretaries to move this forward. Chairman Hayden said he would take that as an action item.

OPEN DISCUSSION:

Chairman Hayden asked if there was any further questions or comments from the group? Sheila Knight said that she serves on the Board of Directors for the Economic Development Partnership for North Carolina (EDPNC). She wanted to give the committee a short report on the end of the year statistics and this is not focusing directly on the defense industry, but it does share with you a little bit about how the recruiting efforts are going. Also, to remind those that EDPNC is contracted by the Department of Commerce to facilitate recruiting new industry and business to North Carolina as well as helping those to expand that are already here. Also, a note regarding the report that you were talking about, having

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spent all of her life under the protection of Camp Lejeune and being brought there by the military, she is very vocal about supporting the defense industry. No affect to anyone on the call but she takes it personally to try to ensure that most people West of I-95 in the State of North Carolina understand the significance of defense industry to the State of North Carolina. So, having that report and its updated version to constantly remind people how valuable that is to the economy of the State of North Carolina and being second only to Agriculture. That is very important in talking about and selling the State of North Carolina. Anything that they can do to help with this, and the Southeast Partnership would step up and help.

The year wrapped up last year as a pretty good year for recruiting businesses. If you monitor that you can see that there have been a lot of press releases on the big companies but there are a lot of small companies too. As a lot of projects rushed to close out the year we still were carrying forward with 157 new total recruitment and expansion projects into 2021. These are true bonified projects. It is important to note how the year ended up. In November of 2020, we put 24 new projects on the books versus 14 November in 2019. In December of 2020, we put 21 new projects on the books versus 12 in December of 2019. We saw an incredible ramping up in a year that had a lot of obstacles for economic development. We are coming into 2021 with some great projects in the pipeline and that accounts for about 35,000 new jobs and over \$9M in capital investments. The capital investments in 2020 exceeded our goal by 150%. We think 2021 will be even a better year. North Carolina continues to be a great place to have your business and also work from remotely. In addition to the promotion that Denny Lewis was talking about, last year the legislature gave EDPNC a onetime funding of \$1M and part of that was used to do some research on who we might need to be marketing to as a State in lieu of the changing world after COVID. We are going to be asking for some funding to target that marketing. We have created a commercial to target that market. She thinks that 2021 has the promise of a good year. Chairman Hayden said that she mentions work remotely and the State needs to continue to improve the broadband in the metropolitan and rural areas of North Carolina. Sheila Knight said that he was correct and in the other world that she works in, that is on the legislative agenda for both the Economic Development Association and the North Carolina Realtors.

Kelly Jackson said that Secretary Larry Hall had moved to the Industrial Commission and LtGen (R) Walter E. Gaskin was the new Secretary for the Department of Military and Veterans Affairs. He retired from the Marine Corps and has an impressive resume. He has started work today and will be attending the meetings as his schedule allows.

ADJOURNMENT:

Chairman David Hayden asked for a motion to adjourn the meeting. Rodney Anderson made a motion to adjourn the meeting and seconded by Arnold Gordon-Bray. The meeting was adjourned at 11:32