

VRIC

**VIRGINIA RESEARCH INVESTMENT COMMITTEE
MEETING
DECEMBER 11, 2018
DRAFT MINUTES**

Mr. Blake (chair) called the meeting to order at 10:05 a.m. in the SCHEV Main Conference Room, 9th Floor, James Monroe Building, Richmond, Virginia.

Committee members present: Brian Ball, Peter Blake, Jim Dyke, Heywood Fralin, Doug Juanarena, April Kees, Aubrey Layne, Jason Powell, Robert Vaughn, John O. “Dubby” Wynne

Committee members absent: None

SCHEV Council members present: Henry Light, Tom Slater

ACTION ON MEETING MINUTES

Upon a motion by Mr. Wynne, seconded by Secretary Layne, the minutes from the October 9, 2018, meeting were approved unanimously.

CHAIR’S REMARKS

Mr. Blake stated for the record that, due to the inclement weather and the resultant delayed opening of the building, the meeting start had been postponed by one hour, and the meeting agenda was being amended to remove the update on the Global Genomics and Bioinformatics Research Institute (Item 6), which would be postponed until the March 2019 meeting.

Mr. Blake provided an update on the Call for Concept Papers for a grant competition for Research Center Capacity Building, approved by VRIC members at the October meeting. He reported receipt of seven concept papers by the December 3 deadline and that staff concluded all were responsive to the findings of the TEconomy report and the recommendations of the Implementation Advisory Team (IAT). He stated that two concept papers were related to healthcare, one to big data, one to autonomous systems, one to space/small satellites, and two to emergent “significant, differentiated, new opportunities unfolding in Virginia.” He stated that invitations for full proposals will be issued by January 11, 2019. Mr. Blake expects that in advance of the June 2019 meeting he will provide members with the proposals that have been favorably evaluated by peer reviewers and that members will vote at that meeting whether to award one or more grants from the Virginia Research Investment Fund.

He provided an update on the innovative internship pilot program that was included as a new initiative in last year’s budget. He said that SCHEV recently issued a Call for Proposals for the Internship Partners Program and received five applications. Mr. Blake reported that a small review panel that included experts from the Chamber and the small business administration, as well as from the Governor’s workforce team, reached consensus on a single award, which will be announced by December 17.

Mr. Blake stated that Secretary Layne would be with the Governor on Tuesday, December 18, to present the budget and suggested that members follow that event to find out what aspects might impact VRIC.

Finally, he listed the dates of 2019 meetings: March 12, June 11, August 13, October 8 and December 10.

COMMONWEALTH CYBER INITIATIVE (CCI) – BLUEPRINT

Mr. Blake introduced the presenter from Virginia Tech, Tim Sands, President, and also recognized Theresa Mayer, Vice President for Research and Innovation, and Laurel Miner, Chief of Staff to Dr. Mayer, who were in the audience.

Dr. Sands stated that he appreciated the opportunity to present the CCI Blueprint and thanked everyone for their support and feedback.

Dr. Sands presented a deck of PowerPoint slides.

At the end of the presentation, Mr. Blake asked for questions and comments from VRIC members.

Mr. Wynne stated that Virginia Tech, the advisory council and the working groups had done a sensational job in a short period of time. He said that work remains to be done and that he hopes this type of effort and result will occur for each of the growth opportunity areas identified by TEconomy Partners and the Implementation Advisory Team (IAT).

Secretary Layne noted the quantitative goals in the Blueprint, such as degrees awarded, and asked how Virginia stacks up qualitatively in terms of the quality of the degree programs and the graduates produced.

Dr. Sands said that more data would need to be collected to learn where graduates who earn cyber-related degrees are working and whether they are meeting the needs of their employers. He said that an economic impact study conducted in a few years could inform the state regarding whether the investment is paying off.

Mr. Juanarena commended the CCI team for moving at the speed of business and producing a comprehensive report involving input from many people. He stated that CCI and Amazon will tap the same educational pipeline. He asked how the Amazon demand on that pipeline will impact the degree production plans in the CCI. He asked whether the CCI team has had a chance to digest that issue.

Dr. Sands said that the team had thought about it, but not fully digested it. For the Amazon project, Dr. Sands said that they had used LinkedIn to determine the types of degrees current Amazon employees have. However, such a process looks backward, he said, and new types of degree programs exist now that were not available when those employees were in college. Dr. Sands noted a need to now look forward to ascertain what type of graduates Amazon is interested in recruiting.

Mr. Dyke also commended the team and the participants. He said the report was terrific and represented a great opportunity for the Commonwealth. He said he appreciated that the CCI team picked up on questions VRIC members posed early on, such as inclusion of non-profit and business sector organizations. He said that, through his experience on the executive committee, he saw the issues that arose and the way the team reached a resolution.

Mr. Vaughn also congratulated the CCI team on a great job. He said that perhaps today not everyone was completely happy, but that over the next few months as additional work is completed perhaps satisfaction will increase. He said that he was pleased that the final result was more focused on research than indicated by conversations at earlier VRIC meetings, because the research is key. He asked whether, during faculty recruitment, an assessment would be done of what type of research is best for a particular institution or regional node. He asked whether faculty would have dual appointments or otherwise be formally identified as part of the CCI network.

Dr. Sands said that, if faculty are hired with funding from the CCI appropriation, then an expectation would exist that they are part of the network and part of the collaborative team. He said that areas of

expertise for recruited faculty would be determined by regional nodes; he also pointed out that the best researchers are fluid, always looking for gaps, and that their research evolves as they go after the opportunities.

Secretary Ball asked whether other institutions who express an interest in participating would be able to join, in particular the College of William and Mary.

Dr. Sands asked Theresa Mayer to respond.

Dr. Mayer said that the CCI team had been in discussions with William and Mary, which has a strong computer science program. She stated that she expected the College's participation and engagement through the regional node. She said that the CCI framework presented today is a structure that can evolve to meet emerging needs and bring in new partners.

Mr. Wynne said that the CCI could have a similar impact as Amazon and asked Dr. Sands what he thought needed to happen in order for the impact to reach that magnitude.

Dr. Sands said that more work was needed because the tech talent aspect of Amazon came late in CCI deliberations. He said it was a more complex problem because the pace and changing focus of research over the next five years will change the nature of job openings and demand for skills. He said that cyber is creeping into curricula in the early years, high school and earlier. He said that both students and employers are demanding new educational opportunities, and two critical issues are experiential learning and security clearances.

Mr. Wynne said that the effort needs to be purposeful, with full-time people doing nothing but figuring out the talent pipeline issue. He said that he believes the Amazon project will result in 60,000 jobs when multipliers and supply chain jobs are included. He said that CCI can be just as impactful and not as expensive as Amazon. He said that he worried about whether knowledgeable people will get moving full time on this issue.

Mr. Powell said he found it beneficial to see the catalog of researchers across institutions that was included in the Blueprint. He asked how the list will be maintained and how those researchers will be assisted to partner with industry.

Dr. Sands asked Dr. Mayer to respond. She said those responsibilities fall to the Hub network coordination function. She said that the Hub will maintain a website and employ business development professionals who will work on behalf of the whole network. She said that regional nodes also will be expected to foster robust coordination between industry and researchers in the regions.

Mr. Blake called members' attention to the letters of support that had been included in the meeting materials.

Mr. Dyke offered the following resolution:

WHEREAS, Item 252 B.7. of Chapter 2 of 2018 Special Session 1 assigns responsibility to the Virginia Polytechnic Institute and State University (Virginia Tech) to provide to the Virginia Research Investment Committee (VRIC) by December 1, 2018, a blueprint for the development and operation of the Commonwealth Cyber Initiative (CCI); and

WHEREAS, Virginia Tech collaborated broadly, deeply and successfully with other institutions of higher education and corporate, governmental and non-profit stakeholders over many months; and

WHEREAS, Virginia Tech submitted the CCI blueprint to VRIC on December 1, 2018;

NOW, THEREFORE, BE IT RESOLVED, that the Virginia Research Investment Committee hereby acknowledges receipt of the blueprint for the Commonwealth Cyber Initiative and concludes that Virginia Tech has satisfied the requirements for the blueprint specified in Item 252 B.7.; and

BE IT FURTHER RESOLVED, that VRIC hereby acknowledges that Item 252 B.7.'s requirement that the CCI blueprint include "a vision for both the short-term and long-term development of the initiative" along with "the amount for the Virginia Research Investment Fund (VRIF) to scale the initiative" has yielded a comprehensive vision extending to Fiscal Year 2026 and beyond, and that the full realization of this vision will require significant future investment by the Commonwealth; and

FINALLY, BE IT RESOLVED, that the Virginia Research Investment Committee extends sincere appreciation to the stakeholders and constituents who assisted in the process to develop the CCI blueprint and pledges to forward the resultant blueprint promptly to the Governor, the chair of the House Appropriations Committee and the co-chairs of the Senate Finance Committee.

Upon a motion by Mr. Dyke, seconded by Mr. Vaughn, the resolution was approved 7-0, with Ms. Kees and Mr. Powell (representing one vote as co-directors of the Senate Finance Committee) abstaining, and Mr. Fralin not voting because of his relationship to Virginia Tech.

Mr. Blake directed members' attention to the handout related to Virginia Tech's request for release of a portion of the appropriated bond funding.

Mr. Dyke offered the following resolution:

BE IT RESOLVED that the Virginia Research Investment Committee approves the release of \$1 million in bond funds authorized in Item C-52.10, Chapter 836, 2017 Session, and made available to the CCI Hub for renovations, space enhancements, and equipment by Item 252 B.6., Chapter 2, 2018 Special Session 1.

Upon a motion by Mr. Dyke, seconded by Sec. Ball, the resolution was approved 8-0, with Mr. Fralin not voting because of his relationship to Virginia Tech.

Mr. Blake then reminded members of VRIC's responsibility to develop a process for certification of the regional nodes. He suggested the creation of a small work group and offered two options for proceeding: That the criteria and process for applying for certification be completed before March, such that regional nodes might apply and be certified at the March meeting. He said the second option was that the work group bring forward at the March meeting its recommendations regarding the criteria, process and documentation to be required for node certification, such that regional nodes could apply for certification by VRIC at its June meeting. In the ensuing discussion, members reached consensus on the second option. Mr. Blake asked Mr. Juanarena and Mr. Dyke to lead the work group, which they agreed to do.

Sec. Ball and Sec. Layne left the meeting at 11:05 a.m.

GLOBAL GENOMICS AND BIOINFORMATICS RESEARCH INSTITUTE – UPDATE

This agenda item was deferred to a future meeting.

RE-ENVISIONED VIRGINIA PARTNERSHIP FOR INNOVATION AND ENTREPRENEURIAL DEVELOPMENT – PROPOSED BUDGET – BRIEFING AND DISCUSSION

Mr. Blake invited Mr. Wynne to introduce the topic.

Mr. Wynne invited Mitch Horowitz, Principal and Managing Partner of TEconomy Partners, and his colleague, Deborah Cummings, Principal and Senior Director, to join members at the table.

Mr. Wynne said that the work represented by the presentation was the culmination of more than a year of effort and that the opportunity before members was a big one. He stated that over a year prior members of the General Assembly had asked for a plan that would coordinate and prioritize all the requests for research funding that the General Assembly receives, because they find it difficult during legislative sessions to delve deeply into proposals and thoughtfully consider all opportunities.

Mr. Wynne then invited Mr. Horowitz and Ms. Cummings to begin.

Mr. Horowitz presented a deck of PowerPoint slides.

Mr. Vaughn questioned the strategy of supporting the creation of high-growth companies, when Virginia has the lowest unemployment, the highest number of job openings, and the highest quit rates. He said that these factors will limit growth of new companies.

Mr. Horowitz said that the Commonwealth needs to increase the in-migration rate of talent, because Virginia currently is losing talent through out-migration. He said the creation of exciting companies that invent new commercial products will excite and incite more people to move here and/or stay here.

Mr. Wynne stated a belief that new companies will have no trouble attracting small numbers of talented employees in their early years, and the trajectory of start-ups is a strong predictor of future success for the economy.

Mr. Juanarena said that angel investment groups need people to do due diligence before investments are made and, without that, those groups fall apart. He said that providing knowledgeable people at the state level to help angel investors vet opportunities would be a benefit.

Mr. Wynne said that everything being proposed has been proven to work in other states and is regarded as best practice all across the country.

In discussing the slide related to the proposed governance structure of the new organization, Mr. Wynne stated that the Center for Innovative Technology had approached him a year earlier to inform him of their similar statutory structure. Mr. Horowitz said that the structure provides existing programs that are efficient and successful a framework in which to operate.

Ms. Kees said that she understands Mr. Wynne has spoken to leaders in the House of Delegates, and she asked whether he had reached out to members of the Senate.

Mr. Wynne said that he had reached out, but had not yet connected to any Senators.

Ms. Kees said that Senate leadership may have other ideas for the best way to move forward.

Members discussed options related to the coordination of various organizations involved in research and job creation. The conversation focused on issues such as governance, coordination and collaboration.

Mr. Blake asked for public comment and no one came forward.

Mr. Juanarena offered the following resolution:

BE IT RESOLVED, that the Virginia Research Investment Committee acknowledges receipt of the plan for a re-envisioned Virginia Partnership for Innovation and Entrepreneurial Development; and

BE IT FURTHER RESOLVED, that Committee reiterates its appreciation to Dubby Wynne for chairing the Implementation Advisory Team and to the 13 other members of the team who contributed their time and expertise to developing these ideas; and

FINALLY, BE IT RESOLVED, that the Virginia Research Investment Committee extends its sincerest gratitude and deepest appreciation to TEconomy Partners, LLC for its assistance in developing the proposed strategies and budget for implementing the recommendations of its 2017 asset-assessment study, and especially to Mitch Horowitz and Deborah Cummings for their tireless dedication and personal attention to this important project.

Upon a motion by Mr. Juanarena, seconded by Mr. Vaughn, the resolution was passed unanimously.

PUBLIC COMMENT

Mr. Blake reported that staff had not received any requests for public comment in advance of the meeting, in accordance with the process published in the public meeting notice.

ADJOURNMENT

Mr. Blake stated that he was sure that everyone had heard the recent news that Heywood Fralin's non-profit foundation had made a substantial gift to Virginia Tech. All in attendance applauded Mr. Fralin's donation.

Mr. Blake adjourned the meeting at 12:00 p.m.

Peter Blake
Chair, Virginia Research Investment Committee

Lynn Seuffert
Associate for Research Investment