

Minutes
Board of Directors of the Virginia Economic Development Partnership Authority
June 7, 2018
VEDP Office – 901 East Cary Street, 9th Floor
Richmond, Virginia

Call to Order/Approval of Minutes

The meeting was called to order at 9:00 a.m. by Chairman Vincent Mastracco, who noted that a quorum was present.

Members present: Secretary Brian Ball, Carrie Chenery, Heather Engel, Bill Hayter, *April Kees, Secretary Aubrey Layne, Chris Lumsden, Ned Masee, Vincent Mastracco, Dan Pleasant, *Jason Powell, and Xavier Richardson

(*) Ms. Kees and Mr. Powell share a seat on the Board.

Members absent: Dan Clemente, Greg Fairchild, John Reinhart, Carlos Tapias, Robert Vaughn, and Dubby Wynne

VEDP staff present: Vince Barnett, Sean Brazier, Melissa Cox, Nicole David, Jason El Koubi, Stephanie Florie, Jennifer Garrett, Katherine Goodwin, Paul Grossman, Kara Hart, Sandi McNinch, John Mehfoud, Kevin Miller, Nathalie Molliet-Ribet, Stephen Moret, Christy Morton, Jack Nelson, Scott Parsons, Jaime Preusche, Tim Stuller, and Chris Ulrich

Guests present: Baxter Carter, Rima Chavda, Hampton Dowling, Robert Drewry, Chris Kalafatis, Samantha Martin, Skip Maupai, Ben Sady, and Karen Vallejos

Public Comment Period

Chairman Mastracco solicited public comments.

Mr. Dowling, Chairman of the VEDP Advisory Committee on International Trade, addressed the Board to share challenges the Advisory Committee is experiencing and their ideas for possible solutions.

Mr. Dowling said that he has extended observations and recommendations on behalf of the Advisory Committee on VEDP's International Trade Development Initiative in a letter to Mr. Mastracco dated June 7, 2018. Mr. Dowling noted that the Advisory Committee members voted to provide feedback as a whole, instead of individually as originally requested by VEDP.

Mr. Dowling recommended that the Board take a pause and suspend the VEDP International Trade Development Initiative. He feels it is at odds with what is going on in the Commonwealth and would cause concerns in the business community.

Mr. Dowling said that in the Advisory Committee's opinion, trade is the number one priority in terms of economic growth and should be on the agenda at every VEDP Board meeting.

Mr. Dowling shared that he has canceled the Advisory Committee's June meeting because he feels he has no direction from the Board, even though he has asked for it. He also expressed concern about maintaining the Advisory Committee's volunteer membership for reasons cited in his letter to Mr. Mastracco.

Mr. Dowling said Virginia has no plan for trade and encouraged the Board members to make trade a part of the agenda.

Mr. Dowling provided copies of his letter to Mr. Mastracco for the Board members.

Chairman Mastracco thanked Mr. Dowling for his comments.

There were no additional public comments.

Approval of Minutes

Chairman Mastracco asked for approval of the minutes from the April 26, 2018 meeting. A motion was made by Mr. Masee and seconded by Secretary Layne and the minutes were unanimously approved as presented.

Chairman's Report

Chairman Mastracco began his report by calling for a moment of silence for Patty Thorne, noting that VEDP had lost one of its best staff members.

Chairman Mastracco praised the VEDP staff for their great accomplishments this fiscal year. He noted that VEDP is on track to complete all the major initiatives included in the FY18 Operational Plan.

Chairman Mastracco shared that VEDP is considering hosting the July Board meeting at the Port of Virginia in Norfolk and the October Board meeting in Danville. He said there would be more details to come.

Mr. Fairchild was recognized during the meeting for being named the first Director of Northern Virginia Operations for UVA.

Ms. Engel was recognized for her recent speaking engagement at New York State University.

President's Report

Mr. Moret reviewed the FY18 performance metrics to date. He stated that VEDP is expecting several project announcements between now and the end of June. The jobs number is expected to end up at 11,500, but a couple of big projects could announce before the end of June, which would help VEDP reach the jobs target of 14,500.

The number of leads generated will end up lower than expected, but the leads converted target is much better than anticipated. Mr. Moret noted that the project pipeline is about 25% stronger than it was last year.

Mr. Moret reviewed the FY18 Operational Plan Progress Tracker in detail. He said that all of the major initiatives will be completed by the end of FY18.

Mr. Moret shared notable developments since the last Board meeting, highlighting the General Assembly budget outcome for VEDP, the statewide tour he is participating in with Secretary Ball and others, and the progress that has been made on staffing the BI team.

Mr. Moret reviewed VEDP's top priorities for the next few months, including the launch of the new VEDP website and VirginiaScan in the next two weeks, the launch of the expanded Rural Think Tank group to collaborate with the administration on a rural development agenda for the 2019 legislative session, expansion of VEDP's partner outreach program, and a national search for the leader of VEDP's new custom workforce program, and continuation of the national search for a Managing Director of Lead Generation.

Mr. Moret mentioned that VEDP has hired someone for the Director of Corporate Intelligence who will be a part of the Economic Competitiveness team, but said that he cannot announce the person's name yet.

Mr. Lumsden asked how the community college system and other stakeholders will be involved in the search for the workforce leader.

Mr. Moret indicated that input was being sought from a variety of sources.

Secretary Layne asked if Megan Healy, Chief Workforce Development Advisor to Governor Northam has been involved with the search. Mr. Moret said yes and added that there is a great deal of alignment in priorities between Ms. Healy's office and VEDP.

Secretary Ball offered comments on the state tour sharing that the tour participants are a great group of people to be with and that they have made a lot of friends around the state. He recognized Vince Barnett and thanked Mr. Barnett for reminding him about the importance of follow up after this type of tour and remaining engaged with companies after the visits are completed.

Closed Meeting: Strategic/Operational Planning, Incentive Strategy, and Personnel

A motion was made by Secretary Layne and seconded by Ms. Engel to move into a closed meeting. Mr. Moret asked that VEDP staff and legislative guests be allowed to stay for the closed meeting.

I MOVE THAT THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY CONVENE A CLOSED MEETING PURSUANT TO VIRGINIA CODE §2.2-3711(A)(1) TO ENGAGE IN A DISCUSSION REGARDING THE ASSIGNMENT, APPOINTMENT, PROMOTION, PERFORMANCE, DEMOTION, SALARIES, DISCIPLINING, OR RESIGNATION OF VEDP'S EMPLOYEES, INCLUDING PERFORMANCE STANDARDS AND REVIEWS AND COMPENSATION ADJUSTMENTS FOR VEDP'S EXECUTIVE TEAM; AND PURSUANT TO VIRGINIA CODE §2.2-3711(A)(50) TO ENGAGE IN A DISCUSSION OR CONSIDERATION OF THOSE PORTIONS OF VEDP'S STRATEGIC PLAN, MARKETING PLAN OR OPERATIONAL PLAN, THAT MAY RELATE TO TARGET COMPANIES, SPECIFIC ALLOCATION OF RESOURCES AND STAFF FOR MARKETING ACTIVITIES, AND SPECIFIC MARKETING ACTIVITIES THAT WOULD REVEAL TO THE COMMONWEALTH'S COMPETITORS FOR ECONOMIC DEVELOPMENT PROJECTS THE STRATEGIES INTENDED TO BE DEPLOYED BY THE COMMONWEALTH, THEREBY ADVERSELY AFFECTING THE FINANCIAL INTEREST OF THE COMMONWEALTH.

Back in Open Meeting, Certification of Closed Meeting – Followed by a Roll Call vote:

WHEREAS, THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENEED A CLOSED MEETING ON THIS DATE PURSUANT TO AN AFFIRMATIVE RECORDED VOTE AND IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT; AND

WHEREAS, THE VIRGINIA FREEDOM OF INFORMATION ACT REQUIRES A CERTIFICATION BY THIS BOARD OF DIRECTORS THAT SUCH CLOSED MEETING WAS CONDUCTED IN CONFORMITY WITH THE ACT;

NOW, THEREFORE, BE IT RESOLVED, THAT THE BOARD OF DIRECTORS CERTIFIES THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, (I) ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE ACT WERE DISCUSSED IN THE CLOSED MEETING TO WHICH THIS CERTIFICATION RESOLUTION APPLIES, AND (II) ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENEED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING BY THE BOARD OF DIRECTORS.

Upon the vote:	Secretary Ball	Aye
	Ms. Chenery	Aye
	Ms. Engel	Aye
	Mr. Hayter	Aye
	(*) Ms. Kees	Aye
	Secretary Layne	Aye

Mr. Lumsden	Aye
Mr. Masee	Aye
Mr. Mastracco	Aye
Mr. Pleasant	Aye
(*) Mr. Powell	Aye
Mr. Richardson	Aye

(*) Since both Ms. Kees and Mr. Powell were present for the closed meeting, both were asked to provide their certifications.

A motion was made by Mr. Hayter to approve the proposed FY19 Operational Plan and Metrics as presented. The motion was seconded by Ms. Engel and the motion was unanimously approved.

A motion was made by Mr. Lumsden to approve VEDP's proposed plan to invest \$1.7 million to restart marketing efforts and \$0.5 million to restore funding to the business-ready sites program. The motion was seconded by Ms. Kees and the motion carried.

A motion was made by Mr. Masee to approve the proposed FY19 Marketing Plan as presented. The motion was seconded by Secretary Layne and the motion was unanimously approved.

A motion was made by Mr. Hayter to approve the proposed FY19 Budget. The motion was seconded by Mr. Lumsden and the motion carried.

A motion was made by Secretary Layne to delegate CEO compensation matters to the Board Chair. Mr. Pleasant seconded the motion and the motion was unanimously approved.

Finance and Audit Committee Report

Mr. Lumsden provided an update on the recent meeting of the Finance and Audit Committee.

Mr. Lumsden stated that there is good representation of Board members and staff attending the Committee meetings.

Mr. Lumsden noted that Chris Kalafatis and Ben Sady with Dixon Hughes Goodman (DHG) were present for the Committee meeting and reviewed the internal audit findings, the timeframe for addressing the findings from VEDP management, and the proposal for the FY19 internal audit. Mr. Lumsden said there was a lot of discussion on the two completed internal audit reports for the Information Technology (IT) and Research Divisions.

Mr. Lumsden asked Mr. Kalafatis and Mr. Sady with DHG to briefly review the two completed internal audit reports.

Mr. Kalafatis shared that there was one high rated finding in the Research audit related to workflow and how assignments are sometimes given directly to Research staff from other VEDP staff members instead of through Research managers/supervisors and then assigned out. The one medium finding in the Research audit was related to staff members not using Salesforce in a consistent manner. VEDP plans to evaluate if Salesforce is the right tool for the organization or if they need something else to manage workflow.

Mr. Sady shared that there was one medium rated finding in the IT audit related to the lack of an Incident Response Plan or incident response procedures document for responding to, managing, and resolving IT Security incidents. DHG suggests gearing the incident response plan more toward IT Security related incidents (e.g., Security Breaches, Data Loss or Theft, etc.)

Mr. Kalafatis and Mr. Sady thanked the IT and Research Divisions for their timely responses and transparency during the audits, stating that the staff was great to work with.

Mr. Lumsden made a motion to accept the audit findings for the IT and Research Divisions audits and management's response and timeline for addressing the findings. Secretary Layne seconded the motion and the motion was unanimously approved.

Mr. Lumsden outlined the audit plan for FY19, which includes audits for the International Trade and Economic Competitiveness Divisions.

Mr. El Koubi shared how VEDP and DHG arrived at selecting International Trade and Economic Competitiveness for the next round of internal audits. He said that the internal audit function is mandated by the Code of Virginia and VEDP has received no new funding to pay for this function. The plan VEDP has in place is to take it in small steps, auditing only two or so divisions each year, while also pinching pennies to make it all happen.

Mr. Lumsden made a motion to accept the FY19 proposal from DHG for VEDP's internal audit function at a cost not to exceed \$140K. The motion was seconded by Mr. Pleasant. Upon the vote being taken: all ayes.

Mr. Lumsden asked Mr. Parsons to review the VEDP Policies and Procedures that the Board has approved and the ones that still need to be approved.

Mr. Parsons shared that the policies and procedures focusing on the due diligence process for discretionary incentives and the verification of capital investment, employment, and wage-level reporting and verification were previously approved by the Board at the meeting on April 26, 2018.

Mr. Parsons reviewed that the outstanding policies and procedures that still need Board approval are regarding clawbacks, COF, VIP, VEDIG, MEE, and VJIP programs.

Mr. Parsons stated that copies of the suggested policies and procedures had previously been provided to the Board and copies of each were available in the Board materials for this meeting.

Mr. Lumsden made a motion to approve the outstanding policies and procedures. Ms. Kees seconded the motion and the motion was unanimously approved.

Mr. Parsons reviewed an extension request for Cvent for a second extension, which will require MEI Commission approval. Mr. Parsons shared that the Finance and Audit Committee and PRACC recommend approval of the request.

Mr. Lumsden made a motion to approve the Cvent extension request. Mr. Hayter seconded the motion and the motion carried. Mr. Powell and Ms. Kees abstained.

Mr. Lumsden asked Mr. El Koubi when the final implementation letter to JLARC would be sent. Mr. El Koubi answered that the letter will be sent at the end of June after VEDP staff training sessions have been conducted. Mr. Lumsden suggested that the VEDP Board Chair and Vice-Chair be copied on the letter.

Mr. Lumsden made a motion to send the implementation letter, including any edits on the letter from the Board, to JLARC at the end of June. Mr. Hayter seconded the motion and the motion was unanimously approved.

Mr. Lumsden asked Mr. El Koubi to review the Incentives Performance Dashboard. Mr. El Koubi shared that the dashboard is a tool that is meant to summarize the information and give the Board an idea of where the risks are. On the current dashboard, there are no red flags. He noted that most of the attention to detail is on COF grants. Mr. Moret pointed out the risk rating area that has been added at the suggestion of the Board. Mr. El Koubi said that all of the spreadsheets, which offer much more detail on the dashboard contents, will be available on the VEDP website.

Consideration of Amendments to the Bylaws

Ms. McNinch presented several possible amendments to the VEDP Board Bylaws.

The first was an amendment to update three officer titles; Chairman to Chair, Vice-Chairman to Vice Chair, and Chairman-Elect to Chair-Elect .

The second was an amendment to change the terms of the Chair and Chair-Elect to two-year terms, commencing on July 1 after their election through the second June 30.

The third amendment relates to reorganizing some of the information in the Bylaws. Ms. McNinch noted that Article II of the Bylaws, in the copy provided in the Board materials, shows red line changes.

The red lines indicate that the information is being rearranged in the Article and not changed in the Article. The information is reorganized so that everything related to an office is in one section.

The fourth was an amendment to change the VEDP annual meeting date to spring/early summer, just in advance of the beginning of the fiscal year.

The fifth amendment was suggested to clarify the role of the VEDP Board Chair serving on committees. The Chair will continue to be an *ex officio* member of the committees, but will not be able to vote nor count toward a quorum.

The last amendment suggested updating the section of the Bylaws on Advisory Committees to match the changes in the 2018 VEDP reform legislation.

Mr. Masee made a motion to approve the amended Bylaws. Secretary Layne seconded the motion and the motion carried.

China Representative Resolution

Ms. McNinch presented a Board Resolution for approval that would remove Kenneth James Hurst as the Chief Representative of the USA Virginia Economic Development Partnership Shanghai Representative Office and appoint Jason Robert El Koubi in the post of the Chief Representative of the China RO.

Secretary Layne made a motion to appoint Mr. El Koubi as the post of the Chief Representative of the China RO. Mr. Masee seconded the motion and the motion carried.

Vote to Ratify 2-Year Officer Appointments

Secretary Ball made a motion to ratify 2-year officer appointments, which has been recommended by the Nominating Committee. Mr. Mastracco will serve as VEDP Board Chair for one more year and for Mr. Lumsden will serve as Chair-Elect for the next two years. Mr. Masee seconded the motion and the motion was unanimously approved.

Legislation and Policy Committee Report

Ms. Chenery provided an update on the recent meeting of the Legislation and Policy Committee. She mentioned the committee members who were present at the meeting. She recognized Ms. Morton and the VEDP team for their efforts during the recent legislative session.

Ms. Chenery highlighted the increase in funding for VEDP, which she explained works out to a 26% increase over today's funding in the first year and a 35% increase in the second year. Ms. Chenery expressed her appreciation for the funding that VEDP received from the General Assembly, but noted that not enough money was received to fund all of the initiatives the organization hopes to pursue.

Ms. Chenery reviewed the plans for Board outreach efforts. She hopes that Board members can be an open door for VEDP's partners in their respective regions around the state and open the lines of communication.

Ms. Chenery concluded her remarks by providing an outlook for the 2019 General Assembly session, including VEDP's legislative issues that are being considered, which will be finalized in the coming months.

Adjournment and Next Meeting

The next Board meeting is scheduled for July 26, 2018 and will be held in Richmond. More details will follow.

There being no further business, the meeting was adjourned at 12:05 p.m.

Respectfully submitted,



Stephen Moret
Secretary