

Minutes
Board of Directors of the Virginia Economic Development Partnership Authority
June 8, 2023
9:00 a.m.

901 East Cary Street
One James Center, Board Room
Richmond, VA 23219

Welcome and Call to Order

The meeting was called to order at 9:03 a.m. by Chair Bill Hayter, who noted that a quorum was present.

Board Members present: Carrie Chenery, Secretary Stephen Cummings, Stephen Edwards, Rick Harrell, Bill Hayter, John Hewa, April Kees, Pace Lochte, Secretary Caren Merrick, Anne Oman, Marianne Radcliff, Nick Rush, Will Sessoms, and Steven Stone

Board Members absent: Nancy Agee, Dan Clemente, and Mimi Coles

VEDP in person Staff Members: Stephanie Agee, Anne-Valerie Clitus, Melissa Cox, Nicole David, David Devan, Jason El Koubi, Stephanie Florie, Katherine Goodwin, Stephen Hartka, Chris Hughes, Lori Melancon, Nicole Riley, Joe Thompson, and Lisa Wallmeyer

VEDP Virtual Staff Members: Carrie Vuori

Guests: Gadsoni Abel, Johnathan Arnold, Henry Atkinson, Greg Burkart, Sara Dunnigan, Don Ferguson, Chris Kalafatis, Kim McKay, Stewart Petoe, Sydnee Pottebaum, Mike Ruiz, and Kendra Shifflett

Public Comment Period

Chair Hayter solicited public comments. There were none.

Approval of Minutes for 03/09/2023 Meeting

Chair Hayter asked for approval of the minutes from the March 9, 2023 meeting. A motion was made by Mr. Rush and seconded by Mr. Sessoms and the minutes were unanimously approved as presented.

Conflict of Interest Training

Mr. El Koubi introduced Stewart Petoe, Executive Director, of the Virginia Conflict of Interest and Ethics Advisory Council to conduct training for the members of VEDP's Board of Directors.

Mr. Petoe provided a handout to the Board members, which explained the purpose and duties of the Council.

Mr. Petoe highlighted how to obtain an advisory opinion, financial disclosure filing requirements, and additional required topics. He also shared common scenarios presented to the Council for guidance, frequently asked questions of the Council, and answers to those questions.

Mr. Petoe concluded his remarks by stating that the training the VEDP Board received satisfies the training requirement for the next two years and that the training covers members' service on any other state boards, as well.

Chair Hayter thanked Mr. Petoe for providing the training.

Chair's Report

Chair Hayter thanked everyone who was able to attend the Board dinner the previous evening. He also thanked the VEDP team for planning such an enjoyable event.

Chair Hayter recognized Ms. Melancon and Ms. Jenkins who will soon be departing VEDP for new professional opportunities. He thanked them for their leadership, dedication, and for the countless contributions they have made to VEDP and The Commonwealth. Meeting participants offered a round of applause for Ms. Melancon and Ms. Jenkins.

Chair Hayter welcomed Greg Burkart, noting that Mr. Burkart will soon be joining VEDP as Executive Vice President. Chair Hayter spoke about how the Innovative Framework for Economic Growth will be a major focus of Mr. Burkart's position. Meeting participants offered a round of applause for Mr. Burkart.

Chair Hayter recognized several summer interns from VEDP and other areas of state government who were in attendance. He spoke about the importance of VEDP's summer internship program in raising awareness about careers in economic development. He thanked

VEDP's Human Resources and Talent Accelerator teams for their excellent work on this year's program and all of the VEDP divisions that are participating in hosting interns.

Chair Hayter recognized Mr. Rush and Ms. Chenery for their active engagement in planning and participating in the VEDP team's recent visits to Southwest and The Shenandoah Valley.

Chair Hayter spoke about the Innovative Framework for Economic Growth and recognized the Transition Working Team which has been driving this work at VEDP.

Chair Hayter concluded his remarks by reviewing the meeting agenda.

President's Report

Chair Hayter introduced Mr. El Koubi to deliver his report.

Mr. El Koubi provided context for the current fiscal year and then reviewed VEDP's FY23 Performance Metrics. He said the team is very busy and engaged in driving the organization of today while also planning and building the organization of the future.

Mr. El Koubi shared information on where VEDP has landed on its top-line metrics for the year. He stated that VEDP has dramatically exceeded its capital investment goal. He explained that VEDP and the Board knew they were setting ambitious goals for FY23 in a deteriorating macro-economic context and VEDP has certainly seen marked changes in the macro-economic situation over the course of the year. Mr. El Koubi explained that one of the primary effects of this environment is that many of the largest projects VEDP had in its pipeline have completely disengaged or postponed decision timelines.

Mr. El Koubi said VEDP expects to achieve about 75% of its jobs goal for FY23. He added that VEDP has surpassed its Leads Converted goal, while taking some of the energy off of Leads Generated in exchange for a more targeted approach with the Innovative Framework.

Mr. El Koubi shared that VEDP will significantly exceed its goal of serving 450 companies in VEDP's International Trade programs in FY23, with 472 companies enrolled to date.

Mr. El Koubi reviewed VEDP's FY23 Major Initiatives, stating that VEDP is currently on track to substantially complete the majority of these initiatives. He explained that a few of the initiatives will be folded into the Innovative Framework and shaped by that approach going forward.

Mr. El Koubi shared notable developments since the last Board meeting in March. He highlighted engagement in a wide variety of project activity, completion of the detailed design phase of the Innovative Framework and whole-of-government effort, launching the recruitment process for all sector team positions, and operational and marketing planning for FY24.

Mr. El Koubi congratulated Ms. Melancon and the Marketing & Communications team on the Virginia Consultants Forum that recently took place in Virginia Beach. He added that the team did a wonderful job designing and implementing the event and that VEDP has received great feedback.

Mr. El Koubi also recognized Mr. Barnett and his team for supporting the Governor and his Administration on the recent international trade mission.

Mr. El Koubi shared that there is a lot of excitement about Mr. Burkart joining VEDP, both internally and with external partners.

Mr. El Koubi spoke about his top priorities for the next few months. He highlighted the time that he, VEDP's Executive Leadership Team, and others in the organization will be spending on implementing the Innovative Framework; the holistic performance management approach that is being developed to support the Innovative Framework; development of VEDP's budget and legislative priorities in preparation for the next General Assembly session; and continuation of the ramp up of functions that have received new funding from the GA over the past couple of years.

Ms. Chenery echoed Mr. El Koubi's comments and praise for Ms. Melancon and team for their work on the Virginia Consultants Forum. She said there has been widespread partner feedback on how awesome the event was for the attendees. Ms. Chenery also mentioned VEDP's engaging rollout of the Innovative Framework at the recent Virginia Economic Developers Association (VEDA) meeting, which she added has received positive feedback from partners across the Commonwealth.

Mr. El Koubi offered his personal thanks to the entire VEDP team, who have been working extremely hard to both drive the initiatives that were priorities when the fiscal year began, while also embracing the opportunity to take things to the next level around the strategic planning process of the Innovative Framework. Chair Hayter began a round of applause for the VEDP staff.

Chair Hayter thanked Mr. El Koubi for his report.

Nominating Committee Report

Nominating Committee chair Carrie Chenery gave an update on topics discussed during the Committee meeting on June 7, 2023.

Ms. Chenery explained that the Committee met to consider nominations for the position of Board Chair, which is a two-year term. Ms. Chenery reminded the members that Mr. Hayter had been appointed in June of 2022 to fill an unexpired term.

Ms. Chenery shared that the Committee unanimously recommends Bill Hayter to serve for the next two years, through June 30, 2026.

Ms. Chenery spoke about Mr. Hayter's excellent leadership, vision, and outreach during his time on the Board.

Ms. Chenery reminded the Board of the provision for a Chair-Elect position, which is encouraged in VEDP's bylaws. Ms. Chenery said that the Committee unanimously nominates John Hewa as Chair-Elect. Ms. Chenery spoke about how Mr. Hewa, who is fairly new to the Board, has jumped in quickly and provided unique perspective and leadership on the Board and in his role as Personnel Committee Chair.

Ms. Chenery stated that Ms. Coles who serves on the Nominating Committee was unable to attend the recent Committee meeting but wanted to express her support of both nominations.

Mr. Sessoms made a motion to approve the Committee's recommendations for the positions of Board Chair and Chair-Elect. Mr. Harrell seconded the motion, and the motion was unanimously approved.

Mr. Hayter and Mr. Hewa thanked the Board for the opportunity to serve. The meeting participants offered a round of applause for Mr. Hayter and Mr. Hewa.

Legislation and Policy Committee Report

Legislation and Policy Committee Chair Marianne Radcliff provided an updated on the topics discussed during the Committee meeting on June 7, 2023.

Ms. Radcliff said that Nicole Riley covered outcomes from the Reconvened Session, including amendments and vetoes to bills impacting VEDP. She said that Ms. Riley also provided an election update on what to expect following the upcoming primaries.

Ms. Radcliff reminded the Board that this year is an important year for elections in Virginia, with all 140 seats of the General Assembly on the ballot in November. She added that many of these seats will be determined this summer and encouraged staff and the Board to begin engaging potential General Assembly incoming members on the impact and importance of economic development and VEDP's critical role.

Ms. Radcliff said that in closed session, the Committee discussed VEDP's proposed budget and legislative requests.

Ms. Radcliff shared that the Committee will plan to meet again in September to review final legislative and budget proposals for the 2024 General Assembly session as well as an update for the November general election.

Secretary Merrick suggested that VEDP and the Legislation and Policy Committee develop a plan for how staff and Board members are going to educate the General Assembly members. The VEDP staff and Board support this idea.

Chair Hayter thanked Ms. Radcliff for her report.

Finance and Audit Committee Report

Finance and Audit Committee Chair Rick Harrell provided an update on the topics discussed during the Committee meeting on June 7, 2023.

Mr. Harrell said that Mr. Grenell presented VEDP's financial results for the nine-month period ended March 31, 2023, which showed that all divisions are close to or below budget, and spending is expected to increase in the fourth quarter to close out the fiscal year.

Mr. Harrell said that VEDP's proposed FY24 Operational Plan budget was also reviewed, including new funding received, expenditure detail by division, and carryforward revenue items.

Mr. Harrell stated that the Committee received an update from Chris Kalafatis and team with FORVIS on VEDP's audit function and reports from recently completed audits of the Information Technology (IT) and Research divisions. Mr. Harrell reviewed that the IT audit had 2 medium-level findings and 3 low-level findings, and the Research audit had 3 low-level findings.

Mr. Harrell shared that Mr. Kalafatis also reviewed the Annual Risk Assessment and proposed five-year Audit Plan, which shows that each VEDP division will be audited at least once with some divisions receiving two audits during the five-year period.

Mr. Harrell explained that the FY24 FORVIS audit contracts were also presented. These contracts include the normal services provided as part of the five-year audit cycle, as well as an IT sensitive systems audit.

Mr. Harrell said that Mr. Grenell presented an overview of the Finance and Audit Committee Charter document, including a proposed change to remove wording related to the review of VEDP's annual audited financial statements.

Mr. Harrell said that Chris Hughes provided an IT security update in closed session and Katherine Goodwin presented updates on incentive-related extension requests, clawback activity, 5% fee assessment on unearned COF grants, and qualifying telework positions for incentive qualification.

Mr. Harrell reviewed the following consent agenda items, which were brought to the Board for a vote:

- Accept: VEDP FY23 quarterly financial results for the nine months ended March 31, 2023
- Accept: VEDP FY24 Operational Plan budget
- Accept: FORVIS Information Technology and Research audit reports, FY24 Risk Assessment and Audit Plan, and FY24 audit contracts
- Accept: Finance and Audit Committee Charter update
- Approve: 2 Extension Requests
 - Acoustical Sheetmetal – City of Virginia Beach – Manufacturer of sound and weather proofing for industrial generators – 1st extension for \$750,000 COF and \$150,000 VJIP grants
 - Point One – City of Virginia Beach – Data center – 1st extension for Data Center Retail Sales and Use Tax Exemption
- Accept: Clawback Update
 - No new items referred to the Office of Attorney General
 - No past due clawbacks
 - Six COF clawbacks requested but not past due yet
 - Three COF clawbacks closed out since the March VEDP Board meeting
 - Three COF closeouts in process
 - No VJIP clawbacks requested
 - One data center clawback closeout in process
- Approve: Change to Assessment of COF 5% Administrative Fee for Second Extensions
 - The 5% administrative fee for second COF extensions is currently based on the entire COF grant award.
 - This change will only assess the 5% administrative fee on the outstanding portion of the grant.
- Approve: Teleworking Definition and Verification Process Update to Incentives Policies and Procedures
 - Residents of other states may have hybrid schedules but must physically report to the company's Virginia facility on a regular basis, which is defined as three or more days a week.
 - VEDP will use residential zip codes of non-resident employees to verify those qualifying workers reside within a reasonable commute of the company's facility, typically defined as one hour or less drive time.
 - Fully remote workers with a residence outside of Virginia will not be considered toward meeting pledged metrics.

- Mr. Harrell moved to approve the consent agenda. Ms. Oman seconded the motion, and the motion was approved. Ms. Kees noted that she abstained from voting on the Teleworking Definition and Verification Process Update to Incentives Policies and Procedures during the Committee meeting.

Chair Hayter thanked Mr. Harrell for his report.

Closed Meeting

A motion was made by Mr. Stone and seconded by Ms. Chenery to move into a closed meeting. The motion shown below was unanimously approved by the members.

I move that the Board convene a closed meeting for two purposes:

1. To discuss elements of and updates to VEDPs Strategic Plan, Marketing Plan, and Operational Plan pursuant to Subdivision A 50 of §2.2-3711, which allows for the discussion of such activities that would reveal to VEDP’s competitors for economic development projects the strategies intended to be deployed, thus adversely affecting the financial interests of the Commonwealth; and
2. To discuss a personnel matter pursuant to Subdivision A 1 of §2.2-3711 related to the assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific VEDP employees.

Mr. El Koubi asked that VEDP staff be allowed to stay for the closed meeting for all matters, with the exception of the Personnel discussion, and Chair Hayter agreed.

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

Upon the vote:	Chair Hayter	Aye
	Ms. Chenery	Aye
	Secretary Cummings	Aye
	Mr. Edwards	Aye
	Mr. Harrell	Aye
	Mr. Hewa	Aye
	Ms. Kees	Aye
	Ms. Lochte	Aye
	Secretary Merrick	Aye
	Ms. Oman	Aye
	Ms. Radcliff	Absent for the vote
	Mr. Rush	Aye
	Mr. Sessoms	Aye
	Mr. Stone	Aye

Vote on Closed Session Items

Chair Hayter made a motion for approval of the Operational Plan for Fiscal Year 2024 in accordance with the discussion of the Board. The motion was seconded by Mr. Harrell and was unanimously approved.

Ms. Chenery made a motion for approval of the Marketing Plan for Fiscal Year 2024, in accordance with the discussion of the Board. The motion was seconded by Mr. Rush and was unanimously approved.

Personnel Committee Update

Mr. Hewa stated that the Personnel Committee met several times and conducted substantial outreach to stakeholders as part of the annual performance evaluation for VEDP's President and CEO, including surveys to partners, discussions with General Assembly members, and other solicitations for feedback on Mr. El Koubi's performance.

Mr. Hewa said the Committee commends Mr. El Koubi's excellent performance over the past year, and the role that he has played in leading VEDP. Mr. Hewa shared that the Committee also discussed performance goals and metrics for the President and CEO in the coming year. He said the Committee's recommendations were unanimous.

Mr. Hewa made a motion that the Chair of VEDP's Board of Directors be authorized to complete the President and CEO's performance evaluation and finalize the performance metrics for the President and CEO for Fiscal Year 2024, in accordance with the discussion of the Board.

He further moved that the Chairman of the Board be authorized to make any necessary compensation adjustments for Fiscal Years 2023 and 2024, in accordance with the discussion of the Board.

Mr. Harrell seconded the motion, and the motion was unanimously approved.

Mr. El Koubi thanked Mr. Hewa and other members of the Personnel Committee for the care they took with the process.

Anticipated topics for the September 2023 Board meeting

Chair Hayter shared anticipated topics for the next Board meeting and asked for additional suggestions.

Adjournment

There being no further business, Chair Hayter adjourned the meeting at 12:44 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jason El Koubi", with a period at the end. The signature is written in a cursive style.

Jason El Koubi
Secretary