

Minutes
Board of Directors of the Virginia Economic Development Partnership Authority
September 14, 2023
9:00 a.m.

901 East Cary Street
One James Center, Board Room, 9th Floor
Richmond, VA 23219

Welcome and Call to Order

The meeting was called to order at 9:01 a.m. by Acting Chair John Hewa, who noted that a quorum was present.

In-Person Board Members: Carrie Chenery, Mimi Coles, Secretary Stephen Cummings, Rick Harrell, 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, Stephen Edwards, and Bill Hayter

In-Person VEDP Staff Members: Stephanie Agee, Lindsay Akers, Greg Burkart, Nicole David, David Devan, Emily Eller, Jason El Koubi, Stef Florie, Katherine Goodwin, Stephen Hartka, Chris Hughes, Heather McKay, Todd Oldham, Nicole Riley, Vickie Tilkey Lisa Wallmeyer, and Landon Webber

Virtual VEDP Staff Members: Vince Barnett and Carrie Vuori

In-Person Guests: Chris Kalafatis, Kim McKay, Eric Moeller, Kendra Shifflett, Anthony Reedy, and Secretary Bryan Slater

Public Comment Period

Acting Chair Hewa solicited public comments. There were none.

Approval of Minutes for 06/08/2023 Meeting

Acting Chair Hewa asked for approval of the minutes from the June 8, 2023, meeting. A motion was made by Mr. Rush and seconded by Ms. Radcliff and the minutes were unanimously approved as presented.

Acting Chair's Report

Acting Chair Hewa thanked everyone who was able to participate in Board Committee meetings the previous day and the Board dinner the previous evening.

Acting Chair Hewa welcomed Eric Jehu and Greg Burkart for their first official Board meeting.

Acting Chair Hewa welcomed Chief Transformation Officer Eric Moeller to the meeting and thanked him for the work is doing to support economic development.

Acting Chair Hewa informed the members that Dan Clemente resigned from the Board earlier in the summer after nine years of service. Acting Chair Hewa spoke about how Mr. Clemente served during various Administrations and significant times of opportunity and change for VEDP. Acting Chair Hewa expressed his appreciation for Mr. Clemente and all he has done to support VEDP's mission over the years. Acting Chair Hewa said that Mr. Clemente wishes the entire staff and Board great success going forward. Acting Chair Hewa explained that the VEDP team will recognize Mr. Clemente with a parting gift for his service and the team is working with Joint Rules on a new appointment to the Board.

Chair Hewa spoke about the Governor's signing ceremony with respect to the budget, expected to take place later in the day today. He expressed his excitement about the significance of this budget that has been accepted by the General Assembly. He thanked the General Assembly for their confidence and investment in VEDP.

Acting Chair Hewa reviewed the proposed schedule for quarterly Board meetings in 2024. These dates are: Q1: March 6-7, 2024; Q2: June 12-13, 2024; Q3: September 18-19, 2024; and Q4: December 11-12, 2024

Acting Chair Hewa concluded his remarks by reviewing the meeting agenda, including topics that would be discussed during closed session.

President's Report

Acting Chair Hewa introduced Mr. El Koubi to deliver his report.

Mr. El Koubi said it is an exciting time at VEDP. One of implementing new initiatives as well as aligning some of VEDP's traditional activities with the new direction set forth in the Innovative Framework for Economic Growth.

Mr. El Koubi reviewed top line numbers to date, including progress toward VEDP's capital investment and job creation goals.

Mr. El Koubi spoke about the International Trade team's engagement with companies and how they have expanded their goals. He said that Ms. Agee would be sharing results of the International Trade Annual Survey later in the meeting.

Mr. El Koubi reviewed VEDP's FY24 Major Initiatives and progress to date on each.

Mr. El Koubi shared notable developments since the last Board meeting in June. He emphasized what a tremendous partner Mr. Burkart has been to him since he officially joined VEDP and how his efforts and leadership are enabling much of this work to proceed.

Mr. El Koubi spoke about "no regrets" initiatives and VEDP's work with Chief Transformation Officer Eric Moeller, Secretary Cummings, and others on the Innovative Framework Steering Committee.

Mr. El Koubi shared that Virginia has secured notable improvements in key business climate rankings, including *CNBC Top States for Business* (No.2) and *Business Facilities – Customized Workforce Training* (No.1).

Mr. El Koubi spoke about the historic investment in site development as part of the budget that was recently passed by the General Assembly and will soon be signed by the Governor. Mr. El Koubi emphasized that Virginia needs to be investing at least \$100M every year to be competitive.

Mr. El Koubi explained that VEDP is in the process of revamping its performance management system, moving toward a more holistic approach with the goal of appreciating how all of the different parts of VEDP contribute to its overall goals. He added that the new system will include clear performance metrics for all employees.

Mr. El Koubi spoke about the favorable Joint Legislative Audit and Review Commission (JLARC) report on how VEDP has managed its location and expansion incentive programs.

Mr. El Koubi highlighted the great work of VEDP's Marketing & Communications team, including the recent issue of *Virginia Economic Review* and their progress on VEDP's Annual Report. Mr. El Koubi reviewed his top priorities for the next few months. He highlighted work on aligning sector teams with the overall business model; ensuring sites funding is used effectively; increased site consultant cultivation activity; VEDP's Strategic Plan revamp; the rural task force; presenting progress on the Innovative Framework and other key priorities at key partner meetings; and securing strong hires for open leadership positions.

Mr. El Koubi offered his personal thanks to the entire VEDP team. Acting Chair Hewa said there is phenomenal work going on across the organization and recognized the pace, intensity, and high expectations on VEDP and its relationship to the whole of government. Acting Chair Hewa emphasized to Mr. El Koubi the need to take good care of himself and the team.

Acting Chair Hewa thanked Mr. El Koubi for his report.

FY23 International Trade Annual Survey Results

Acting Chair Hewa introduced Stephanie Agee to share the FY23 International Trade Annual Survey results.

Ms. Agee explained the purpose of the survey and reported that VEDP's International Trade team exceeded all of its top-line metrics.

Ms. Agee said for international sales that clients attributed to working with VEDP, the team is at 180% of goal, which translates to 13,123 trade-supported jobs. Ms. Agee added that enrolled companies attributed \$1.5B in export sales to VEDP programs in 2023.

Ms. Agee shared that International Trade received exceptionally high scores for the quality of its programs and services. She said that 99% of respondents said they were "extremely likely" or "likely" to recommend VEDP's Trade programs.

Ms. Agee spoke about the substantial new funding VEDP received this year to implement the International Trade Plan with a mandate to expand the number of companies served and programs. She said that it is particularly affirming for the team to see that they were able to provide the same high-quality and high-value services in a growth year.

Ms. Agee said that the survey also reveals that international sales remain an important component of company strategy for the companies surveyed.

Acting Chair Hewa congratulated Ms. Agee and the International Trade team for the terrific survey response and results.

Legislation and Policy Committee Report

Legislation and Policy Committee Chair Marianne Radcliff provided an updated on the topics discussed during the Committee meeting on September 13, 2023.

Ms. Radcliff explained that the Committee reviewed outcomes from the recently amended and approved budget, which included significant increases for site development. She said the Committee also discussed the recent special election of Delegate Jed Arnold, who will have an advantage of seniority ahead of his November re-election with the incoming freshmen legislators.

Ms. Radcliff shared that during closed session, the Committee discussed VEDP's proposed budget and legislative requests. She said that given the unprecedented number of new legislators, the Committee also reviewed materials and discussed planned educational outreach to potential new legislative members.

Ms. Radcliff said that the Committee will meet again in December before the Governor announces his budget to the joint meeting of the House Appropriations, House Finance, and Senate Finance and Appropriations Committees.

Ms. Radcliff thanked Lindsay Akers for her service to VEDP and congratulated her on her new position with the Office of the Attorney General's office.

Acting Chair Hewa thanked Ms. Radcliff for her report.

Guest Presentation: Secretary of Labor, Bryan Slater

Mr. El Koubi introduced Secretary Bryan Slater, stating that the Secretary is one of VEDP's closest partners. Mr. El Koubi spoke about Secretary Slater's experience as a leader in the public, private, and non-profit sectors. Mr. El Koubi explained that the Secretary is the architect of one of the great achievements in Virginia over the past couple of years, the consolidation of fragmented workforce programs into one agency, which will position Virginia for a lot of good things to come. Mr. El Koubi also introduced Deputy Secretary Anthony Reedy who was in attendance.

Secretary Slater provided an update on Virginia's labor market. He shared the good news that the Commonwealth has added 220K jobs; that the labor participation rate is up to 66.7%; the unemployment rate is down to 2.5%; Virginia has the largest number of people working today , approximately 4.5 – 4.6 M; and that the Commonwealth has seen job growth in 16 of the last 19 months

Secretary Slater said that unfortunately, businesses are still struggling to find workers. There are two people for every five available jobs, which is hamstringing growth.

Secretary Slater spoke about his approach to workforce development and establishment of the Virginia Department of Workforce Development and Advancement, which moves 14 key components of workforce development in the Commonwealth into one agency. The agency will aim to take a comprehensive and cohesive approach to evaluate what is working and what isn't working.

Secretary Slater spoke about his goals for getting the agency up and running in the next year and the timeline for achieving this goal.

Secretary Slater called this a "spiritual transition" because the budget does not exist yet. He said the budget should be created after the upcoming General Assembly session. He hopes to announce new agency leadership by September 22, 2023 and hopes to have workspace for employees to move into by next summer.

Secretary Slater spoke about the importance of the Virginia Office of Education Economics (VOEE) and working to fill the top in demand jobs and those projected to be the top jobs in he

future. He believes everyone should use the same top jobs list. He said he greatly appreciates the work VOEE does.

Secretary Slater shared his thoughts on progress with the Innovative Framework for Economic Growth. He spoke about all of the things needed for a healthy economic development ecosystem.

Board members asked several questions related to the top jobs list and how far in advance the top jobs will be projected. Mr. Oldham provided information on the sources and analysis the team is using to develop the list.

Mr. Sessoms asked if there is a focus on people coming out of the military. Secretary Slater answered that the military is part of the attraction strategy.

Secretary Slater concluded his presentation by speaking about universal licensing, the work his team is doing on that front, and their plans for the future.

Acting Chair Hewa thanked Secretary Slater for all he is doing and for his presentation.

Finance and Audit Committee Report

Finance and Audit Committee Chair Rick Harrell provided an update on the topics discussed during the Committee meeting on September 13, 2023.

Mr. Harrell said that Bob Grenell presented VEDP's financial results for the twelve-month period ended June 30, 2023, which showed that all finished the fiscal year close to or below budget, with accelerated spending in the fourth quarter.

Mr. Harrell stated that the Committee received an update from Chris Kalafatis and team with FORVIS on VEDP's audit function on the status of open audit issues since the June Committee meeting. Mr. Harrell shared that all audit findings have been addressed and will be validated by FORVIS prior to the December Committee meeting.

Mr. Harrell said that Mr. Grenell presented an overview of VEDP's compliance with the Agency Risk Management and Internal Control Standards (ARMICS) state Comptroller directive, as well as an update on the proposed legislative change to not require audited financial statements as part of VEDP's annual report.

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, annual COF progress reports, semi-annual report on incentive performance, and incentives administration policy and procedural guidelines updates.

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 twelve months ended June 30, 2023

- Approve: 2 Extension Requests
 - Teal-Jones – Henry County – Sawmill and dry kiln operation – 1st extension for \$200,000 COF and \$53,600 VJIP grants
 - Total Fiber Recovery – City of Chesapeake – Recycling facility converting paper and cardboard to pulp – 1st extension for \$200,000 COF grant
- Accept: Clawback Update
 - No new items referred to the Office of Attorney General
 - No past due clawbacks
 - Four COF clawbacks requested but not yet past due
 - Eight COF clawbacks closed out since the June Board meeting
 - Four COF closeouts in process
 - No VJIP clawbacks requested
 - One data center clawback closeout in process
- Accept: Annual COF Progress Reports
 - 100% of COF progress reports expected in FY23 were received
- Accept: Semi-annual Report on Incentive Performance
- Approve: Incentives Administration Policy and Procedural Guidelines Updates
 - Update to the staff composition of the Project Review and Credit Committee (PRACC) based on organizational structure changes
 - Update to position titles throughout the document based on organizational structure changes
 - Update COF Extension Fee language to state that the 5% fee only applies to the outstanding portion of the grant that would be subject to repayment (as approved by the VEDP Board at its June 2023 meeting)
 - Update “New Teleworking Jobs” definition to reflect hybrid schedule requirements and verification thereof (as approved by the VEDP Board at its June 2023 meeting)
 - Update to include Virginia Offshore Wind Supplier Development Grant

Mr. Harrell thanked the VEDP staff for the great work reflected in the items discussed and recognized how much work has been done over the past several years to get the organization to this point.

Mr. Harrell moved to approve the consent agenda. Mr. Rush seconded the motion, and the motion was approved.

Acting Chair Hewa thanked Mr. Harrell and the staff for their care and commitment to VEDP’s financial health.

Rural Virginia Action Committee Report

Rural Virginia Action Committee Chair Nick Rush provided an update on the topics discussed during the Committee meeting on September 13, 2023.

Mr. Rush explained that VEDP is working on reinstating a rural-focused group, the Taskforce for Rural Virginia Economic Growth. He said that the group will soon have a kickoff meeting and he will report on that during the next VEDP Board meeting.

Mr. Rush said that the Committee received an update from the Virginia Tobacco Region Revitalization Commission. He shared that the Commission is working several initiatives, including creating a foundation as well as funding for energy and agribusiness projects for their localities.

Mr. Rush also spoke about a presentation the Committee received from the Evolve Central Appalachia Project on their rare earth study. Mr. Rush explained that while VEDP is not involved in this project, its findings could have tremendous opportunities for Southwest Virginia and the Committee looks forward to future status updates on the project.

Acting Chair Hewa thanked Mr. Rush for his report.

The Board took a 10-minute break prior to closed session.

New Employee Introduction

Ms. Wallmeyer introduced Vickie Tilkey who has joined VEDP as Executive Assistant to the Executive Vice President and the Legal division. The Board welcomed Ms. Tilkey.

Closed Meeting

A motion was made by Mr. Rush and seconded by Mr. Sessoms 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 to discuss:

- Specific marketing strategies pursuant to Subdivision A 50 of §2.2-3711 of the Code Virginia, which allows for the discussion of activities related to the strategic plan that would reveal to the Commonwealth's competitors for economic development projects the strategies intended to be deployed by the Commonwealth; and
- Personnel issues pursuant to Subdivision A 1 of §2.2-3711 of the Code Virginia, which allows for the discussion of the assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific employees of the Board.

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 Acting Chair Hewa agreed.

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

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

Vote on Closed Session Items

Acting Chair Hewa made a motion that the Board accept the FY24 performance goals for VEDP's President and CEO, as discussed in closed session, pending final refinement with the Personnel Committee Chair. The motion was seconded by Mr. Rush and was unanimously approved.

Anticipated topics for the December 2023 Board meeting

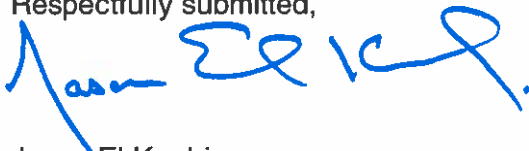
Acting Chair Hewa shared anticipated topics for the next Board meeting and asked for additional suggestions.

Ms. Coles asked if presenter's names can be included on VEDP staff presentations. Mr. El Koubi agreed.

Adjournment

There being no further business, Acting Chair Hewa adjourned the meeting at 1:01 p.m.

Respectfully submitted,



Jason El Koubi
Secretary