

Minutes
Finance and Audit Committee Meeting
Board of Directors of the Virginia Economic Development Partnership
December 6, 2023
1:30 p.m.

901 East Cary Street
James Center One, Katherine Johnson Room, 7th Floor
Richmond, VA 23219

Welcome and Call to Order

The meeting was called to order at 1:40 p.m. by Chair Rick Harrell, who noted that a quorum was present.

In-Person Committee Members: Chair Rick Harrell, Pace Lochte, Secretary Caren Merrick, and Steven Stone

Committee Members Absent: Secretary Stephen Cummings, April Kees, and Will Sessoms

In-Person Other Board Members: Carrie Chenery and Nick Rush

In-Person VEDP Staff Members: Stephanie Agee, Nicole David, Michael Dreiling, Jason El Koubi, Kim Ellett, Stef Florie, Katherine Goodwin, Bob Grenell, Stephen Hartka, Chris Hughes, Tim Stuller, and Lisa Wallmeyer

Virtual VEDP Staff Members: Carrie Vuori

In-Person Guests: Anita Begnaud, Bryan Carnahan, Chris Kalafatis, Kay Powers, Randy Sherrod, and Kendra Shifflett

Public Comment Period

Chair Harrell asked for public comments. There were none.

Approval of Minutes for 09/13/23 Meeting

Chair Harrell asked for approval of the minutes from the September 13, 2023, Committee meeting.

A motion was made by Ms. Lochte and seconded by Mr. Stone and the minutes were unanimously approved as presented.

VEDP FY24 Financial Results (thru 09/30/2023)

Bob Grenell presented the quarterly financial results. Mr. Grenell said that VEDP is tracking spending against 25%, currently at 17% spending for operations and 16% overall.

Mr. Grenell summarized that all VEDP divisions are at or below budget for the first three months of the fiscal year. He highlighted that administration of the Innovative Framework for Economic Growth and the International Trade Plan are both ramping up, so spending is expected to increase in these areas, as well as in all of the market-facing divisions in the coming months.

Mr. Grenell explained that the Projects, Pass Thru's, and Grants budget includes \$8.0 million for the Virginia Business Ready Sites Development and Characterization programs, \$2.3 million for the Brownfields restoration and Redevelopment Fund, and \$2.5 million for the Offshore Wind Supply Chain Development Program. He said that first quarter spending includes \$1.1 million related to Virginia Business Ready Sites Program payments. He added that other items will be paid later in the fiscal year.

Secretary Merrick made a motion to accept the financial results report. Mr. Stone seconded the motion, and the report was unanimously approved.

Audit Update

Chair Harrell introduced Chris Kalafatis with FORVIS to provide a progress update on VEDP's audit function.

Mr. Kalafatis reviewed the VEDP Management Action Plan Tracker. He explained that one outstanding action item for the Research division and one outstanding action item for the IT division are expected to be closed out in the first quarter of 2024.

Mr. Kalafatis shared that audits of the Real Estate Solutions and International Trade divisions are in progress and should be wrapped up in January of 2024. He said that the final audit reports will be presented at the Committee meeting in March of 2024.

Chair Harrell thanked Mr. Kalafatis for his report.

IT Security Update

Chris Hughes shared VEDP's IT Audit Plan Five-Year Outlook, including routine audits, and numerous sensitive systems audits.

Mr. Hughes shared open audit findings and the status of each, stating that VEDP is in good shape overall.

Mr. Hughes shared VEDP's Nucleus vulnerability dashboard which displays vulnerability data since June 2023 across all sources. He explained that the dashboard provides intelligence on credible threats. He said that the Nucleus program was effective in managing a busy last quarter and working through a backlog.

Mr. Hughes introduced Brian Carnahan and Kay Powers from VEDP's security partner, Asura. Mr. Hughes explained that he and his team have been working with Asura to monitor progress on making VEDP's network more secure.

Mr. Carnahan provided an overview and update of VEDP and Assura's security partnership. He shared information on Assura's information security services. He spoke about a Compliance Assessment Summary that was recently conducted for VEDP. He said that VEDP is making great progress. He shared next steps on moving VEDP to full compliance, adding that the VEDP team and Assura are currently working on policies and procedures, which should be complete in the next 12-14 months.

Mr. El Koubi asked Mr. Carnahan if he could offer any advice for VEDP's leadership team and Board of Directors in terms of good governance on IT security matters. Mr. Carnahan answered that VEDP has done a great job of dedicating resources to IT security and ensuring that its IT staff is well-trained. He said that additional focus on continuity planning and increasing the resiliency of the organization as a whole may also be helpful.

Mr. El Koubi recognized Mr. Hughes for everything he has done to improve VEDP's IT operations. Mr. El Koubi said that it is also great to have Assura on the team. Chair Harrell echoed Mr. El Koubi's comments.

Mr. Harrell thanked Mr. Hughes for his report and Assura for their presentation and partnership.

Clawback Updates and OAG Referrals

Katherine Goodwin shared several updates. Ms. Goodwin stated that there have been no new referrals to the Office of the Attorney General (OAG) since the last Committee meeting.

Ms. Goodwin shared the clawback report and explained that no clawbacks are past due as of November 10, 2023.

Ms. Goodwin shared that four clawbacks have been paid and closed out since September 14, 2023.

Ms. Goodwin reviewed the progress report on VJIP projects subject to clawback. She stated that there have been no VJIP clawbacks referred to the OAG and no clawbacks are currently in process or past due.

Ms. Goodwin said that there is one data center project, OVH, currently subject to clawback, the amount of which is currently being determined by an auditor from Tax. Ms. Goodwin stated that VEDP has not received any new updates since the September Committee meeting but hopes to have a status update to share at the next Committee meeting.

Ms. Lochte made a motion to recommend approval of the clawback report. Mr. Stone seconded the motion, and the recommendation was unanimously approved.

Other Topics, Next Meeting, and Adjournment

The next meeting of the Finance and Audit Committee will be held on March 6, 2024, exact time TBD. The meeting was adjourned at 1:59 p.m.

Respectfully submitted,



Nicole David
Acting Recording Secretary