



VIRginia International Raceway, Halifax

# FINANCE AND AUDIT COMMITTEE

## **VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY FINANCE AND AUDIT COMMITTEE (FAC) MEETING**

**DECEMBER 10, 2025 | 2:00 PM TO 3:00 PM**

**JAMES CENTER ONE, BOARD ROOM, 9<sup>TH</sup> FLOOR  
901 EAST CARY STREET, RICHMOND, VA 23219**

<b>2:00 – 2:01 PM</b>	<b>Welcome and Call to Order</b> – Rick Harrell, FAC Chair
<b>2:01 – 2:03 PM</b>	<b>Public Comment Period</b> – Rick Harrell
<b>2:03 – 2:05 PM</b>	<b>Approval of Minutes for August 18, 2025 Meeting</b> – Rick Harrell <ul style="list-style-type: none"><li>▪ Vote to Accept</li></ul>
<b>2:05 – 2:10 PM</b>	<b>VEDP FY26 Financial Results (thru 9/30/2025)</b> – Bob Grenell <ul style="list-style-type: none"><li>▪ Vote to Accept</li></ul>
<b>2:10 – 2:20 PM</b>	<b>Audit Update and Open Audit Issues Status</b> – Forvis Mazars
<b>2:20 – 2:25 PM</b>	<b>Office of State Inspector General International Trade Audit Response</b> – Stephanie Agee
<b>2:25 – 2:35 PM</b>	<b>IT Security Update</b> – Chris Hughes
<b>2:35 – 2:45 PM</b>	<b>Extension Requests</b> – Katherine Goodwin <ul style="list-style-type: none"><li>▪ Vote to Recommend</li></ul>
<b>2:45 – 2:55 PM</b>	<b>Clawback Updates</b> – Katherine Goodwin <ul style="list-style-type: none"><li>▪ Vote to Accept</li></ul>
<b>2:55 – 3:00 PM</b>	<b>Topics for Next Meeting</b>
<b>3:00 PM</b>	<b>Adjournment</b>

**Minutes**  
**Finance and Audit Committee Meeting**  
**Board of Directors of the Virginia Economic Development Partnership**  
**August 18, 2025**  
**3:00 p.m.**

**Virtual Meeting**

**Welcome and Call to Order**

The meeting was called to order at 3:01 p.m. by Chair Rick Harrell. A quorum was present.

In-person Committee members: Secretary Stephen Cummings, Rick Harrell, April Kees, Pace Lochte Will Sessoms, Steven Stone

Absent Committee members: Secretary Segura

Other Board members present: John Hewa, Connie Loughhead

**Public Comment Period**

Chair Harrell solicited public comments. There were none.

**Approval of Minutes for June 11, 2025, Meeting**

Chair Harrell asked for approval of the minutes from the June 11, 2025, Committee meeting. Upon motion by Mr. Sessoms, seconded by Mr. Stone, the minutes were unanimously approved.

**Electronic Meeting Policy**

Upon approval by Ms. Kees, seconded by Mr. Stone, the Finance and Audit Committee unanimously approved continuation of its current electronics meeting policy, which allows for the use of electronic meetings to the full extent authorized by the Virginia Freedom of Information Act (FOIA). Subsection D of Section 2.2-3708.3 of the Code of Virginia requires any public body that wishes to meet electronically to annually adopt an electronic meetings policy.

**VEDP FY25 Financial Results**

Bob Grenell, VEDP Controller, presented the financial results thru June 30, 2025. All divisions are at or below budget for the fiscal year. Overall, VEDP has spent 88% of its budget. Details of Mr. Grenell's report are available in the meeting materials.

Chair Harrell asked for acceptance of the VEDP FY25 Financial Results through June 30, 2025. Upon motion by Ms. Kees, seconded by Mr. Stone, the financial results were unanimously accepted.

### **Audit Update**

Diana Munoz Scaggs with Forvis Mazars, the company serving as VEDP's internal auditor, presented the results of the Marketing and Communications (M&C) and Virginia Office of Education Economics (VOEE) audits completed in May 2025. M&C received a satisfactory rating, with one best practice recommendation. VOEE received an improvement required rating, with one finding and one best practice recommendation. A copy of each audit report is available in the meeting materials.

Upon motion by Mr. Sessoms, seconded by Mr. Stone, the audit reports were accepted.

### **FY26 Audit Plan**

Following up the discussion and vote at the Finance and Audit Committee's June meeting, the Committee recommended approval of a lead generation audit during FY26. The Committee, and subsequently the Board, had previously recommended and approved the annual internal risk assessment and a governance audit. Upon motion by Mr. Stone, seconded by Ms. Kees, the Committee unanimously voted to adopt the recommendation.

### **OSIG Report**

Stephanie Agee, VEDP Senior Vice President of Trade, presented the Performance Audit from the Virginia Office of the State Inspector General. The State Inspector General had three findings and two recommendations. Details of OSIG's report are available in the meeting materials.

### **IT Security Update**

Chris Hughes, VEDP VP of Information Technology, provided a security update. The Auditor of Public Accounts has completed the audit of the IT Department's security systems. Upcoming IT audits include a review of Microsoft 365 systems, public websites, and Virginia Office of Education Economics databases and dashboards.

### **Extension Requests**

Katherine Goodwin, VEDP Senior Vice President of Business Investment and Incentives, presented one request for an extension to the Committee. Unilock, a manufacturer of concrete blocks and bricks located in Hanover County, was awarded a \$340,000 Commonwealth Development Opportunity Fund grant in 2022, with an original performance date of September 30, 2025. As of March 31, 2025, it had only met 12% of its job creation metrics and 32% of its capital investment target, largely due to significant project delays related to regulatory challenges from the U.S. Army Corps of Engineers and the Department of Historic Resources requiring additional studies and due diligence on the property. The company is also facing

additional challenges due to the recently established tariffs. The company is requesting a 15-month performance date extension to December 31, 2026, to allow it to move closer to its performance metrics.

Upon motion by Mr. Sessoms, seconded by Mr. Stone, the extension request was approved.

### **Clawback Updates**

Katherine Goodwin, Senior VP of Business Investment and Incentives, reported on clawback activity. A full copy of the report, summarized below, is available in the meeting materials:

- One COF clawback is past due as of July 31, 2025
- No COF clawbacks have been requested but are not yet past due as of July, 2025
- One COF clawback has been closed out since June 12, 2025
- Two COF closeouts are in process
- One past due COF clawback (Polycap) referred to the Office of the Attorney General for collection as of July 31, 2025
- One past due VJIP clawback (Ison Furniture) referred to the Office of the Attorney General for collection as of July 31, 2025
- One data center closeout is in process

Chair Harrell asked for a motion to accept the clawback report. Upon motion by Ms. Kees, seconded by Mr. Sessoms, the motion passed unanimously.

### **Other Topics, Next Meeting, and Adjournment**

The next meeting has not yet been set. The meeting was adjourned at 3:48 p.m.

# CONTROLLER'S REPORT TO THE FINANCE AND AUDIT COMMITTEE

December 10, 2025

## FY2026: OPERATIONS BUDGET TO ACTUAL FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025

<u>Category</u>	<u>Budget</u>	<u>YTD Actual</u>	<u>25%</u>
Talent Accelerator Program	14,871,048	1,992,199	13%
VOEE	2,261,527	262,156	12%
RTSBO	1,747,450	389,595	22%
InternshipsVA	6,000,000	187,887	3%
International Trade	12,051,264	2,922,908	24%
BI Project Management	3,312,878	713,418	22%
Strategic Projects & Lead Generation	3,444,183	796,210	23%
Innovative Framework Sector Teams	3,912,871	975,536	25%
Research	3,544,919	867,529	24%
Marketing and Communications	4,703,966	1,159,010	25%
Economic Competitiveness	1,472,676	342,005	23%
Real Estate Solutions	1,614,788	336,965	21%
Information Technology	1,500,082	375,308	25%
Incentives	1,230,877	264,312	21%
Administration	5,966,062	1,521,156	25%
<b>Total VEDP Operations</b>	<b>67,634,591</b>	<b>13,106,194</b>	<b>19%</b>
Projects, Pass Thru's, and Grants	6,748,242	111,250	2%
<b>Total VEDP</b>	<b>74,382,833</b>	<b>13,217,444</b>	<b>18%</b>

## **FY2026: OPERATIONS BUDGET TO ACTUAL FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025**

- All divisions are at or below budget through the first three months of the fiscal year.
- The Talent Accelerator Program budget includes \$5,182,500 in carryforward funds dedicated to projects that will be served over multiple years. The Total VEDP Operations percent spent compared to budget excluding the Talent Accelerator Program for the three months ended September 30<sup>th</sup> is 21%.
- The market-facing divisions excluding the Talent Accelerator Program (International Trade, BI Project Management, Strategic Projects and Lead Generation, Innovative Framework Sector Teams, and Marketing and Communications) are under budget (24% combined). This spending rate is expected to increase as we move further into FY26 consistent with prior years.
- The Projects, Pass Thru's and Grants budget includes \$2.2 million for the Virginia Business Ready Sites Development and Characterization programs, \$2.3 million for the Brownfields Restoration and Redevelopment Fund, and \$2.2 million for the Offshore Wind Supply Chain Development Program.



# **Virginia Economic Development Partnership**

## **Audit Report – Governance Assessment**

**December 2, 2025**

## Table of Contents

Executive Summary .....	2
Audit Report Rating.....	2
Assessment Overview .....	3
Objective .....	4
Scope.....	4
Approach.....	4
Results.....	5
Findings, Recommendations, and Management Responses .....	7

**Confidential:** This document is intended for management only and it should not be distributed to third parties or used for any other purpose.

## Executive Summary

We have completed an assessment of the controls over the organizational governance structure at the Virginia Economic Development Partnership (VEDP). Our procedures identified one internal control design deficiency and one recommendation related to policies and procedures.

## Audit Report Rating

A “Satisfactory with Exceptions” rating was assigned to this report based on the results of our work. The table below explains the possible ratings and the related rating definitions.<sup>1</sup>

Ratings	Rating Definitions
<b>Satisfactory</b>	Strong internal controls exist, and they are generally working as intended. No findings rated Critical, High, or Medium were noted.
<b>Satisfactory with Exceptions</b>	Audit area does not contain any findings rated Critical or High. However, some Medium-rated findings were noted that do require a commitment to correct by Management.
<b>Improvement Required</b>	Audit area contains findings rated High or Medium that, alone or when aggregated, result in an elevated level of risk that requires timely attention and correction by management.
<b>Unsatisfactory</b>	Significant internal control weaknesses exist. The overall number / extent of control weaknesses represents unacceptable exposure and risk.

This report is intended VEDP and its board only and should not be distributed to be relied on by any other party.

<sup>1</sup> The audit report rating was discussed with and agreed to by VEDP Leadership.

## Assessment Overview

A governance assessment is a systematic evaluation of how an organization is directed and controlled, focusing on decision-making processes, oversight mechanisms, and accountability structures. This process identifies strengths, weaknesses, risks, and opportunities by analyzing organization composition, practices, and effectiveness, to align with best practices and strategic objectives. Organizations, including corporations, non-profits, and government entities, use these assessments to enhance performance, maintain compliance, and strengthen stakeholder trust.

## Finding Classifications

Our procedures identified one internal control design deficiency and one recommendation related to a code of ethics policy. The table below explains the possible findings classifications and quantities. See the Findings, Recommendations, and Management's Responses section for a detailed explanation of the recommendation.<sup>2</sup>

Finding Classifications	Quantity
<b>Critical</b> —Matter is urgent and requires immediate action by the Board of Directors and Executive Management.	0
<b>High</b> —Matter is a high priority that requires Executive Management's immediate attention and correction.	0
<b>Medium</b> —Matter is a priority that requires Executive Management's attention and a commitment to correct in a reasonable timeframe.	1
<b>Low</b> —Corrective action is necessary. These items represent infrequent errors or opportunities to improve internal controls or processes.	0
<b>Best Practice</b> —These items represent observations where there may not be an error, but controls or processes could be improved to better align with best practices.	1

<sup>2</sup> The finding classifications assigned to this report were discussed with and agreed to by VEDP Leadership.

## Objective

To assess the design and operating effectiveness of internal controls over the governance structure at VEDP, identify control gaps, and provide recommendations for improvement.

## Scope

Our scope included the current state of controls over the following activities:

- Delegation of Authority
- Code of Ethics
- Reporting Channels
- Internal and External Communication
- Internal and External Assessments (Risk Assessments and Philosophy)
- Organizational Structure Review
- Strategic Planning
- Succession Planning
- Board Member Onboarding Process
- Compliance with State of Economic Interest Certification

Our samples were drawn from the population within each scope area that had activity during the most recent fiscal year ending June 30, 2025.

## Approach

Our approach to the engagement included the following steps:

- Obtained and read applicable policies, procedures, or narratives
- Conducted interviews with VEDP leadership
- Defined key focus areas for review
- Identified controls for each activity in scope
- Assessed the design of controls
- Obtained a population of transactions for the in-scope period
- Selected a sample
- Gathered the necessary documentation
- Tested the operating effectiveness of controls and compliance with policies and procedures
- Documented findings in a final report

## Results

N/A indicates that no exceptions were identified for the respective activity.

Activities	Description	Finding Classification
Delegation of Authority	The Delegation of Duties and Responsibilities is reviewed and updated annually by the President and CEO. This document outlines the individuals authorized to commit the agency to financial or contractual obligations, make hiring and termination decisions, and carry out other key responsibilities.	Medium (See page 7 for details)
Code of Ethics	The Code of Business Ethics and Conduct is incorporated into the organization's comprehensive HR policy framework and is formally communicated to all employees. New hires are required to review and acknowledge these policies during orientation, ensuring documented confirmation of their understanding and commitment to ethical standards.	Best Practice (See page 7 for details)
Reporting Channels	The organization has implemented a formal mechanism for employees to confidentially report any instances of fraud, waste, or abuse. This reporting channel is regularly communicated and reinforced across the workforce to ensure all employees understand its purpose and know how to access it. Additionally, the organization maintains a whistleblower policy as part of the employee's handbook aligned with Virginia law, ensuring protection against retaliation and clear reporting channels.	N/A
Internal and External Communications	The organization leverages established internal communication channels to share critical information with employees. Regular management team meetings are conducted to address operational needs, emerging risks, and required changes. Additionally, organization-wide meetings are held annually to communicate strategic objectives and other key priorities. External stakeholders receive timely updates through scheduled communications, and the organization ensures prompt and appropriate responses to stakeholder inquiries. Furthermore, the organization has a Board of Directors that meets regularly, and meeting minutes are documented.	N/A

Activities	Description	Finding Classification
Internal and External Assessments	Internal and external auditors conduct regular audits that include recommendations for strengthening internal controls. Management promptly addresses any identified control deficiencies and implements corrective actions. Additionally, management has formalized its risk management philosophy and approach, which is documented and reviewed annually to ensure alignment with organizational objectives and regulatory requirements.	N/A
Organizational Structure Review	Management conducts an annual review of the organizational structure for each division to ensure alignment with the agency's mission and strategic objectives. Structural adjustments are implemented as necessary to maintain operational effectiveness and support evolving goals.	N/A
Strategic Plan	Management identifies and documents key risks within the agency's Strategic Plan, ensuring alignment with organizational objectives. The plan is reviewed and updated periodically to reflect changes in risk exposure, strategic direction, and evolving operational priorities.	N/A
Succession Planning	The organization has implemented a formal succession planning process to ensure continuity in key leadership positions and other critical roles. This process is designed to proactively identify, develop, and prepare potential successors, supporting organizational stability and alignment with strategic objectives.	N/A
Board Member On-Boarding Process	The organization has established a structured orientation program to familiarize new board members with its operations and clearly define expectations for their roles and responsibilities.	N/A
Statement of Economic Interest	Per Executive Order #33, Officers are required to complete the Statement of Economic Interest annually.	N/A

## Findings, Recommendations, and Management Responses

FINDING			
Classification and Number	FINDING	RECOMMENDATION	MANAGEMENT'S RESPONSE
Medium (M-01)	VEDP has a Purchasing Policy and Procedures Manual that specifies the purchasing thresholds, the individuals authorized to approve those purchases, and the acceptable payment methods (e.g., Corporate Purchasing Card, Purchase Order). The manual also details bid requirements corresponding to each purchase level. However, based on the policy provided, it was originally issued in July 1996, revised in January 2021, and has not been updated since, based on the revision date indicated on the document.	VEDP should conduct and document an annual review of its delegation of authority to confirm that approval levels remain appropriate, considering organizational changes and evolving economic conditions.	VEDP agrees with this recommendation and will establish an annual review of the Purchasing Policy and Procedures Manual, and will document this review.
BEST PRACTICE			
NUMBER	FINDING	RECOMMENDATION	MANAGEMENT'S RESPONSE
Best Practice (BP-01)	VEDP has its operating principles or operating philosophy as part of each position, which outlines the culture and expectations of employees who work within the organization. However, VEDP does not have a separate document that outlines the code of business ethics and conduct for the organization.	VEDP should establish a separate, standalone Code of Ethics policy to provide a clear framework for ethical behavior, strengthen trust, and safeguard the organization's reputation. A dedicated policy will help standardize core values, guide employee decision-making, ensure legal compliance, and foster a positive workplace culture.	VEDP agrees with this recommendation and will establish and issue a Code of Ethics for the organization.

# VEDP MANAGEMENT ACTION PLAN TRACKER – UPDATES FOR THE December 10, 2025, FAC MEETING

AUDIT & FINDING NUMBER	FINDING	RECOMMENDATION	MANAGEMENT'S RESPONSES	DUE DATE	CURRENT STATUS
<b>VOEE – H-01 (Recommendation)</b>	VOEE does not have any formal policies and procedures in place.	VOEE should develop clear, concise, and consistent policies and procedures using plain language to ensure ease of understanding and adherence. Policies should establish rules and standards, while procedures should provide step-by-step guidance. Both should be regularly reviewed and updated to reflect any changes. Additionally, VOEE should set a timeline for completion that aligns with the office's strategic goals.	VOEE agrees with this finding and has already begun defining and formalizing internal processes. VOEE will develop policies and procedures in line with other VEDP teams' documents. Once in place, VOEE will review them on an annual basis. The expected remediation date is August 2025.	8/31/2025	Completed
<b>VOEE – BP-01 (Best Practice Recommendation)</b>	VOEE collaborates with its Research Advisory Group to develop and report an annual research agenda to the governor and General Assembly on or before June 30th of each year.  Meeting minutes or notes, identifying who attended the Research Advisory Group meetings, topics discussed, and conclusions reached were not created and maintained.	VOEE should create and maintain meeting minutes or notes. The minutes or notes should identify who attended the Research Advisory Group meeting, topics discussed, and conclusions reached. This will allow action items to be documented and progress tracked.	VOEE appreciates this recommendation and will implement it beginning with the upcoming May 2025 Research Advisory Group meeting. Expected remediation date is May 2025.	5/31/2025	Completed

# VEDP IS ON TRACK TO COMPLETE ALL CORRECTIVE ACTIONS FOR THE RECENT AUDIT BY THE OFFICE OF THE STATE INSPECTOR GENERAL (OSIG)

Corrective Action	Due Date	Status	Progress to Date
Include report disclaimers to note that sales figures are based on participant estimates; Share methodology details	10/1/2025	<div></div>	Added disclaimers to reports and publications; Added methodology to VEDP website; <b>OSIG confirmed this item is resolved</b>
Consult with legal counsel to determine if survey completion affects funding eligibility	12/31/2025	<div></div>	Consulted with VEDP’s General Counsel; Compiling findings for audit response
Review the feasibility of verifying participant self-reported sales figures	12/31/2025	<div></div>	Reviewed feasibility of verifying sales figures; Compiling findings for audit response
Work with an external consultant to review calculation methodology	3/31/2026	<div></div>	Identified potential consultants and determined scope; Engaging consultant
Review trade performance measure methodology at least every five years	6/30/2026	<div></div>	Collaborating with VEDP Research team to review and update methodology
Consolidate calculation methodology into a single document	6/30/2026	<div></div>	<i>Will begin after other items are completed</i>
Add supplemental guidance to International Trade’s annual survey	6/30/2026	<div></div>	<i>Will begin after other items are completed</i>
Implement a formal, documented process to review performance measures	6/30/2026	<div></div>	<i>Will begin after other items are completed</i>

Background

The audit of the International Trade team covered the VALET Program, reimbursement funds, and performance measures, and was completed in July 2025.

**No findings** were identified related to VALET and reimbursement funds.

**Three findings and two improvement opportunities** were identified related to limitations in the collection, calculation, and public reporting of outcome data.

# INFORMATION TECHNOLOGY QUARTERLY BOARD REPORT

December 10, 2025

# PRESENTER



**Chris Hughes**

VP, Information Technology

[chughes@vedp.org](mailto:chughes@vedp.org)




804.370.0543

# VEDP IT AUDIT PLAN (5 CALENDAR YEAR OUTLOOK)

Audit Name	Auditor	Expected Completion Date (FY)				
		2025	2026	2027	2028	2029
Annual Audits						
APA Information System Security (ISS)	APA	✓	Q4	Q4	Q4	Q4
Information Technology Assessment	Forvis Mazars	✓	Q2	Q2	Q2	Q2
Sensitive System Audits		✓				
Salesforce	Forvis Mazars	✓	-	-	Q2	-
IVS and VirginiaScan (Sites & Buildings)	Forvis Mazars		-	-	Q2	-
Microsoft 365 and File Shares	Forvis Mazars	-	Q2	-	-	Q2
Public websites and subsites	Forvis Mazars	-	Q2	-	-	Q2
VOEE: Databases and dashboards	Forvis Mazars	-	Q2	-	-	Q2
Talent Accelerator	Forvis Mazars	-	-	Q2	-	-

Page 219 of 220

# VEDP IT AUDIT FINDING STATUS

Finding	Description	Audit	Status (% complete)		Comments & Next steps
MP 1: FY2022	Improve Information Security Program and IT Governance	APA		80%	VEDP expects to resolve this MP alongside the FY2025 audit, expected to kick-off in January 2026.
MP 2: FY2022	Improve Service Provider Insight	APA		80%	VEDP expects to resolve this MP alongside the FY2025 audit, expected to kick-off in January 2026.
MP 3: FY2024	Improve Virtual Private Network Security	APA		80%	VEDP expects to resolve this MP alongside the FY2025 audit, expected to kick-off in January 2026.



# INCENTIVE-RELATED FAC MATERIALS

December 10, 2025

# PRESENTER



**Katherine Goodwin**  
**Senior VP, Business Investment**  
**[kgoodwin@vedp.org](mailto:kgoodwin@vedp.org)**  
**804.545.5794**



# FINANCE & AUDIT COMMITTEE

---

## Extension Requests

---

Repayments Initiated: COF

---

Repayments Initiated: VJIP

---

Repayments Initiated: Data Centers

---

---

---

---

---

---

---

---

## EXTENSION REQUEST OVERVIEW

- The Code of Virginia § 2.2-115. (Commonwealth's Development Opportunity Fund, or COF) provides an option for the locality and Commonwealth to grant up to a 15-month extension of the performance date.
- Further, the Code of Virginia § 2.2-2237.3. (VEDP Division of Incentives) provides that an extension of the performance date may only be granted with the approval of the VEDP Board of Directors (VEDP Board); further, approval of both the VEDP Board and the MEI Project Approval Commission is required to grant any additional extensions.
- There is no fee associated with first extensions.
- VEDP's incentives policy provides that all subsequent extension requests submitted on or after October 25, 2018, require the company to pay a fee equal to five percent (5%) of the Commonwealth's part of the grant. This policy was revised in June 2023 to require the five percent (5%) fee to only be assessed on the outstanding portion of the COF grant that would be subject to repayment/proration as opposed to the entire grant amount. This fee will be waived in the event of force majeure and may be waived in other circumstances with the approval of the VEDP Board and the MEI Project Approval Commission.
- All extension requests require the support of the local government.

# CIVICA – CHESTERFIELD COUNTY – 1<sup>ST</sup> EXTENSION

## Summary:

- Laboratory testing facility
- \$400,000 COF
- Governor approved: 9/7/2022
- Performance date: 12/31/2025
- New extension date requested: 3/31/2027
- Extension request received: 6/13/2025

## Targets per the Performance Agreement:

- 51 new jobs @ \$100,000 over baseline of 0
- \$27,800,000 capital investment

## Actual as of 3/31/2025:

- 0 new jobs
- \$4,000,000 capital investment (14%) (verified)

## Request:

- Extend performance date by 15 months from 12/31/2025 to 3/31/2027

## Rationale:

- Civica experienced a two-year construction delay due to construction contract negotiations and design requirements. This has now been resolved, and the project is moving forward.
- Construction began in August 2025, and it is anticipated that construction will be completed by August 2026.
- A 15-month extension will allow the company additional time to complete construction and hire the required workers.
- Civica expects to employ at least 50 workers with a 15-month extension and is aware that it must create the statutory minimum of 50 jobs to receive the grant funds.
- The Commonwealth holds the entire \$400,000 COF grant, so there is no risk to the funds.
- No additional extensions will be offered.
- Chesterfield County is fully supportive of a 15-month extension.
- The organization had a cash and equivalents position of \$41.6 million (\$15.5 million restricted) and total liabilities of \$314.5 million, including \$247.7 million in term debt (leases and notes and loans payable), for the period ended December 31, 2024. In FY 2024, the organization realized a net loss of \$86.1 million from \$115.7 million in revenue, for a profit margin of -77.4%.
- Civica is deemed a high-risk company because of negative net worth and net income in FY 2024 with high term debt. This is a change from the original project risk rating of moderate.

# LUTRON – HANOVER COUNTY – 1<sup>ST</sup> EXTENSION

## Summary:

- Manufacturer of blinds and shades
- \$250,000 COF
- Governor approved: 10/13/2022
- Performance date: 3/31/2026
- New extension date requested: 6/30/2027
- Extension request received: 7/28/2025

## Targets per the Performance Agreement:

- 200 new jobs @ \$50,754 over baseline of 153
- \$28,300,000 capital investment

## Actual as of 6/30/2025:

- 51 new jobs (26%) @ \$63,118 (verified)
- \$14,516,709 (51%) (verified)

## Request:

- Extend performance date by 15 months from 3/31/2026 to 6/30/2027

## Rationale:

- Construction of the new building is complete, and one manufacturing line has been installed.
- The demand for products has been slower than projected; thus, hiring has been delayed. Additionally, materials used to manufacture the roller shades come from outside the U.S. and are being impacted by the tariff situation.
- The manufacturing line is currently operating with one shift and will increase to two shifts later this year if sales continue to grow, increasing both employment and capital investment.
- A 15-month extension will allow the company additional time to hire the required workers and meet the capital investment target.
- Lutron is aware that it must maintain at least the statutory minimum of 50 new jobs over the employment baseline to receive any portion of the grant funds.
- The Commonwealth holds the entire \$250,000 COF grant, so there is no risk to the funds.
- No additional extensions will be offered.
- Hanover County is fully supportive of a 15-month extension.
- The company had a cash and equivalents position of \$347.0 million, with an additional \$3.5 million in short-term investments and total liabilities of \$523.2 million, including \$193.0 million in leases, for the period ended December 31, 2024. The company does not have any notes or loans payable on its balance sheet. In FY 2024, the company realized a net profit of \$78.3 million from \$1.4 billion in revenue, for a profit margin of 5.8%.
- Lutron is deemed a low-risk company because of a strong cash position with low leverage. The company was also noted to be net income positive for the past two years.

# MSI – CITY OF SUFFOLK – 1<sup>ST</sup> EXTENSION

## Summary:

- Distribution center for flooring, wall, and countertop surfaces
- \$225,000 COF
- Governor approved: 12/13/2022
- Performance date: 12/31/2025
- New extension date requested: 3/31/2027
- Extension request received: 9/16/2025

## Targets per the Performance Agreement:

- 80 new jobs @ \$57,166 over baseline of 53
- \$61,550,000 capital investment

## Actual as of 6/30/2025:

- 51 new jobs (64%) @ \$76,458 (verified)
- \$59,353,410 (96%) (verified)

## Request:

- Extend performance date by 15 months from 12/31/2025 to 3/31/2027

## Rationale:

- MSI did not receive the final certificate of occupancy until November 2024. Since that time, it has been steadily hiring warehouse workers. An additional seven workers have been hired since June 30, 2025, taking current employment to 58 (not yet verified via VEC data).
- A 15-month extension will allow the company additional time to hire the required workers and meet the capital investment target. With this extension, the company fully anticipates it will meet both targets.
- The Commonwealth holds the entire \$225,000 COF grant, so there is no risk to the funds.
- No additional extensions will be offered.
- The City of Suffolk is fully supportive of a 15-month extension.
- MSI earned \$2.4 billion in revenue in FY 2024, a 5% increase from FY 2023, and had double digit operating margins. The company has a \$700.0 million line of credit and under the terms of the agreement, the company's debt may not be more than three times its earnings before interest depreciation and amortization (EBITDA). The company has provided a letter from its banking partner, Wells Fargo, affirming that MSI is in compliance with this covenant, and the company has stated that its policy is to keep its debt below 1.5 times EBITDA.
- MSI is deemed a low-risk company because of its strong operating margins and low leverage.



Old Town Alexandria

# FINANCE & AUDIT COMMITTEE

---

Extension Requests

---

**Repayments Initiated: COF**

---

Repayments Initiated: VJIP

---

Repayments Initiated: Data Centers

---

---

---

---

---

---

---

---

## REPAYMENT REQUIREMENTS FOR COF UNDERPERFORMANCE

Per the Code of Virginia § 2.2-115. (Commonwealth's Development Opportunity Fund, or COF), all COF performance agreements “shall provide that if the private investment and new job contractual requirements are not met by the expiration of the date stipulated in the contract, including any extension granted by the political subdivision and the Commonwealth, the business beneficiary shall be liable to the political subdivision and the Commonwealth for repayment of a portion of the funds provided by the political subdivision under the contract and liable to the Commonwealth for repayment of a portion of the funds provided from the Commonwealth's Development Opportunity Fund.”

JLARC Recommendation No. 24: "The Virginia Economic Development Partnership (VEDP) board of directors should require VEDP to develop and use standard policies and procedures that clearly explain when and how staff should enforce clawback provisions. Enforcement should be consistent and effective for all companies that do not meet their contractual obligations, including wage requirements. The board should require VEDP staff to report regularly to the full board on each project that is subject to a clawback and the repayment status for each project that is subject to a clawback."

# PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

## Clawbacks past due as of November 14, 2025

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
None						
<b>TOTAL</b>		<b>0</b>				

## Clawbacks requested but not past due as of November 14, 2025

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
KPMG	Fairfax	251,970	Employment threshold not fully met; prorated repayment of \$251,970 of \$681,000 grant requested 10/7/2025; due 1/7/2026.	No	10/24/2018	3/31/2025
Harlow	Danville	72,765	Thresholds not fully met; prorated repayment of \$72,765 of \$147,000 grant requested 10/16/2025; due 1/16/2026.	No	11/1/2018	3/31/2025
<b>TOTAL</b>		<b>324,735</b>				

# PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

## Projects subject to clawback closed out since September 18, 2025

Company	Locality	Clawback amount received (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Eastman Chemicals	Henry	25,000	Employment not maintained at the Subsequent Performance Date; prorated repayment of \$25,000 of \$50,000 grant received 9/12/2025.	Yes	5/31/2017	11/1/2024
TOTAL		25,000				

## VEDP still processing closeout with performance dates at least 90 days prior

Company	Locality	Amount of grant (\$)	Status	Previously Reported?	Announcement Date	Performance Date
ASGN	Henrico	900,000	Working with company to verify jobs created pay the required average wage.	Yes	6/15/2020	12/31/2023
TOTAL		900,000				



College of William and Mary  
City of Williamsburg

# FINANCE & AUDIT COMMITTEE

---

Extension Requests

---

Repayments Initiated: COF

---

Repayments Initiated: VJIP

---

Repayments Initiated: Data Centers

---

---

---

---

---

---

---

---

# PROGRESS REPORT ON VJIP PROJECTS SUBJECT TO CLAWBACK

Clawbacks past due as of November 14, 2025 – NONE

Clawbacks requested but not past due as of November 14, 2025 – NONE

Projects subject to clawback closed out since September 18, 2025

Company	Locality	Clawback amount received (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
EAB	Henrico	9,100	Statutory minimum employment not maintained; repayment of \$9,100 received 11/6/2025.	No	6/28/2022	6/6/2025
TOTAL		9,100				

VEDP still processing closeout with performance dates at least 90 days prior – NONE



Buckingham Branch Railroad  
Hanover County

# FINANCE & AUDIT COMMITTEE

---

Extension Requests

---

Repayments Initiated: COF

---

Repayments Initiated: VJIP

---

Repayments Initiated: Data Centers

---

---

---

---

---

---

---

---

# PROGRESS REPORT ON DATA CENTER PROJECTS SUBJECT TO CLAWBACK

## Clawbacks past due as of November 14, 2025

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
PointOne IX USA, Inc.	Virginia Beach	362,248	Company indicated that the statutory minimum capital investment of \$150 million and creation of 50 new jobs was not met even with an extension of the MOU; the client was notified of the clawback on the foregone sales tax on purchases made between May 1, 2019, and September 30, 2024. In its assessment dated September 3, 2025, TAX determined that the company owes \$362,248.37 in sales tax. On October 1, 2025, VEDP notified the company of the full amount due and that interest would accrue if full payment was not made by November 2, 2025. Full payment has not yet been made and interest is accruing.	Yes	12/12/2019	9/30/2024
<b>TOTAL</b>		<b>362,248</b>				

## Clawbacks requested but not past due as of November 14, 2025 – NONE

## Projects subject to clawback closed out since September 18, 2025 – NONE

## VEDP still processing closeout with performance dates at least 90 days prior

Company	Locality	Clawback Amount Due (\$)	Status	Previously Reported?	Announcement Date	Performance Date
Digital Realty Trust, LP	Prince William	TBD	Company indicated that it had not met the statutory minimum capital investment of \$150 million and creation of 50 new jobs and would not be requesting an extension; the client was notified of the clawback on the foregone sales tax on purchases made between June 1, 2022, and June 30, 2025. In its final report dated October 27, 2025, the company estimated that it received a benefit of \$7,644,672. TAX will conduct an audit of the company to determine the clawback amount due.	No	6/1/2022	6/30/2025
<b>TOTAL</b>		<b>TBD</b>				