

Minutes
Finance and Audit Committee Meeting
Board of Directors of the Virginia Economic Development Partnership
June 16, 2021
2:00 p.m.
Electronic (Zoom) Meeting

Call to Order

The meeting was called to order at 2:04 p.m. by Chair Bill Hayter.

Committee Members Present: Greg Fairchild, Rick Harrell, Bill Hayter, April Kees, and Dan Pleasant

Committee Members Absent: Secretary Brian Ball and Secretary Aubrey Layne

Ex-Officio Committee Member Present: Ned Masee

VEDP staff present: Lindsay Barker, Vince Barnett, Jamie Canup, Nicole David, Ryan Dunn, Jason El Koubi, Kim Ellett, Stephanie Florie, Jennifer Garrett, Sharon Grant, Bob Grenell, Sandi McNinch, Lori Melancon, Stephen Moret, Christy Morton, Jordan Snelling, Tim Stuller, Karin Sun, and Carrie Vuori

Guests present: Mallory Butler, Carrie Chenery, Dan Clemente, Deborah Flippo, Chris Kalafatis, Vince Mastracco, Marianne Radcliff, Cassidy Rasnick, Xavier Richardson, Randy Sherrod, and Toni Walker

Chair Hayter welcomed guests to the electronic meeting of VEDP's Finance and Audit Committee. Chair Hayter noted that the Governor had declared a state of emergency in March of 2020 due to the potential spread of COVID-19, a communicable disease threatening public health. The nature of the emergency makes it unsafe for this Committee to assemble in a single location. Because an in-person meeting is unsafe and the Committee wishes to discharge its lawful purposes, duties and responsibilities, the Committee is permitted by the Virginia Freedom of Information Act, as amended by the State Budget, to meet by electronic means without a quorum of members being physically assembled at one location.

Chair Hayter added, the Committee is meeting in a Zoom environment that is open to the public. Should anyone from the public get disconnected from the public Zoom environment and be unable to re-engage, he or she was invited to call 804.278.7702 and speak to Jennifer Garrett. The Committee will halt the public portion of the meeting until the connection can be re-established.

Chair Hayter shared a few reminders of things that would be different than past meetings:

- Everything on the public Zoom environment will be recorded and the recording will be posted on VEDP’s website.
- All votes will be taken by roll call.
- Members should use the mute function, unless speaking—and remember to unmute at the appropriate time.
- During the public comment period, any member of the public wishing to make a comment may simply unmute and speak at that time or use the Chat function and ask to be given an opportunity to speak.
- Likewise, during the meeting, Committee members may simply unmute themselves to speak or use the Chat function.

Public Comment Period

Chair Hayter asked for public comments. There were none.

Approval of Minutes

Chair Hayter asked for approval of the minutes from the April 28, 2021 meeting. A motion was made by Mr. Harrell and seconded by Mr. Pleasant and the minutes were unanimously approved as presented by roll call vote:

Upon the vote:	Mr. Hayter	Aye
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Mr. Pleasant	Aye

Proposed VEDP Budget for FY22

Chair Hayter introduced Mr. Grenell to share the proposed budget.

Mr. Grenell reviewed VEDP’s four revenue sources and provided an explanation and details of each. Mr. Grenell also reviewed VEDP’s budget expenditure detail by division. Mr. Grenell highlighted the overall funding increase, which will allow VEDP to move forward with some of its new initiatives.

Mr. Grenell reviewed VEDP’s carry forward budget detail, which was broken down into programmatic commitments, operational commitment, and unfunded budget commitments. Finally, Mr. Grenell reviewed VEDP’s projects, pass throughs, and grants.

Mr. Fairchild asked about the carry forward funds and if this was typical. Mr. Grenell answered that it is typical to have some carry forward funds, adding that this year it is a little higher due to COVID-19-related delays in spending.

Mr. Pleasant made a motion to recommend approval of the proposed FY22 budget to the full Board. Mr. Harrell seconded the motion, and the motion was unanimously approved by roll call vote.

Upon the vote:	Mr. Hayter	Aye
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Mr. Pleasant	Aye

Extension Requests

Chair Hayter introduced Ms. Snelling to share her report.

Ms. Snelling provided a quick overview of the extension request process.

Ms. Snelling presented two extension requests for the Committee's consideration. She stated that the localities where these companies are located are supportive of the extension requests.

Applied Predictive Technologies (APT) has requested a first extension of 15 months to meet its employment target. The company has exceeded its capital investment target. The company has cited COVID-19 impacts for the hiring delays.

APT projects that they be at approximately 244 jobs by the end of the 15-month performance period, which would require a repayment of just under \$300K, depending on where they end up at the end of that time. If the extension request is not approved, APT will be required to repay about 69% of the COF grant that was allocated to their employment, approximately \$600K.

Chair Hayter asked if APT is financially stable enough to be able to pay the penalty. Ms. Snelling answered that they are and that they are willing to pay it back if the extension is not granted.

Novatech has requested a second extension request of 15 months to meet its employment and investment targets. This second extension request will require MEI approval. Their first extension request was granted in June of 2020. The company has cited COVID-19 impacts and executive turnover as the reasons they are under on jobs and capital expenditures. Ms. Snelling explained that the new executive team has been very engaged and open, they just needed a little time to understand what the company was committed to in the agreement. She said they have a clear plan for achieving their goals and have recently acquired a new company which will increase sales and support adding additional staff.

Mr. Harrell made a motion to recommend approval of both extension requests to the full Board. The motion was seconded by Mr. Pleasant, and the motion was unanimously approved by roll call vote.

Upon the vote:	Mr. Hayter	Aye
	Mr. Fairchild	Aye

Mr. Harrell	Aye
Ms. Kees	Aye
Mr. Pleasant	Aye

Clawback Updates and OAG Referrals

Ms. Snelling reviewed the Progress Report on COF Projects Subject to Clawbacks.

Ms. Snelling stated that there have been no new referrals to the Office of the Attorney General (OAG) since the last Committee meeting.

Ms. Snelling shared the clawback report and explained that no new clawbacks are past due.

Ms. Snelling reviewed the clawbacks that have been requested but are not yet past due. She shared that the MicroStrategy clawback has been requested but is not past due as of June 1, 2021.

Ms. Snelling concluded her report by sharing the Virginia Jobs Investment Program (VJIP) only clawback report, which showed that there are no clawbacks or other items to address at this time.

Mr. Pleasant made a motion to recommend approval of the clawback report to the full Board. Mr. Harrell seconded the motion, and the motion was unanimously approved by roll call vote.

Upon the vote:	Mr. Hayter	Aye
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Mr. Pleasant	Aye

Proposed Updates to Incentive-related Policies and Procedural Guidelines

Ms. Snelling provided background on recent changes to VEDP's incentive-related policies and procedural guidelines approved by the Board earlier in early 2021. She also reviewed legislation that was passed during the 2021 General Assembly regular session, which will impact VEDP-administered incentives.

Ms. Snelling reviewed key proposed changes including, incorporating policies for the consideration and verification of telework jobs and updating guidelines to reflect the shift from Federal minimum wage to Virginia minimum wage.

Ms. Snelling also explained a few other proposed changes, which will incorporate existing policies that are currently not included in the document. These include referencing the Virginia Talent Accelerator Program as part of VEDP's Project Review And Credit Committee (PRACC) process; outlining the MEI approval process and when MEI approval is required; and clarifying program requirement for the recently implemented New Company Incentive Program, specifically outlining the requirement to distribute funds to employees.

Ms. Snelling reviewed the details of how the shift from Federal minimum wage to Virginia minimum wage will impact Virginia Jobs Investment Program (VJIP) grant recipients. These changes will be for future projects and when the jobs are created. VJIP pays out 90 days after the employees are hired.

Ms. Rasnick acknowledged Ms. Snelling, Ms. Morton, and others for their hard work on these changes. Ms. Rasnick added that this was a group effort to interpret the changes and explain them in an easy-to-understand format to the various audiences who need to be informed of and understand the changes.

Mr. Harrell made a motion to recommend approval of the proposed updates to the incentive-related policies and procedural guidelines to the full Board. Mr. Pleasant seconded the motion, and the motion was unanimously approved by roll call vote.

Upon the vote:	Mr. Hayter	Aye
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Mr. Pleasant	Aye

Other Topics, Adjournment, and Next Meeting

Mr. Masee shared that Mr. Hayter would soon be rolling off of the Board. Mr. Masee thanked Mr. Hayter for his leadership, adding that he brought so much experience and professionalism to the role with his banking background. Mr. Masee said that it has been important to have a representative from Southwest Virginia in this important role and that Mr. Hayter will be missed.

Mr. Hayter said that it has been a pleasure to serve on the Board and that he was so proud he could be a part of it. He stated that he hopes he crosses paths with everyone in the future.

The meeting attendees gave Mr. Hayter a round of applause.

The next meeting of the Finance and Audit Committee will be held on August 4, 2021, exact time to be determined.

The meeting was adjourned at 2:51 p.m.

Respectfully submitted,

Nicole David

Acting Recording Secretary