



VEDP Board of Directors Meeting - June 8, 2023 @ 9 a.m.

VEDP Richmond Office - 9th Floor



Meeting Book - VEDP Board of Directors Meeting - June 8, 2023 @ 9 a.m.

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NOTABLE NEWS

February 28, 2023–May 25, 2023

#1  **Top Region for Workforce Development – South Atlantic**

#1  **Best State for Military Retirees**

#2  **Most Innovative State – Highest Share of Technology Companies**

2,493 
Jobs From VEDP-Assisted Project Announcements

\$2.1B 
Capital Investment From VEDP-Assisted Project Announcements

106 
New VEDP-Generated Leads

MAGAZINE JUKEBOX


City of Norfolk
20 new jobs
\$1M capital investment
Hampton Roads


Bland County
55 new jobs
I81-I77 Crossroads


City of Salem
119 new jobs
\$32M capital investment
Roanoke Region


Hanover County
~1000 new jobs
\$50M capital investment
Greater Richmond


City of Norfolk
76 new jobs
\$500K capital investment
Hampton Roads


City of Danville
80 new jobs
\$14M capital investment
Southern Virginia


Loudoun County
20 new jobs
\$4M capital investment
Northern Virginia


Shenandoah County
\$40M capital investment
Shenandoah Valley


Chesterfield County
100+ new jobs
\$16.4M capital investment
Greater Richmond


Chesterfield County
53 new jobs
\$27M capital investment
Greater Richmond


Henrico County
100+ new jobs
\$350K capital investment
Greater Richmond


City of Lynchburg
149 new jobs
\$30.2M capital investment
Lynchburg Region


Albemarle County
50 new jobs
\$25M capital investment
Central Virginia


City of Salem
42 new jobs
\$6.8M capital investment
Roanoke Region


Fairfax County
90 new jobs
\$366K capital investment
Northern Virginia


City of Norfolk
47 new jobs
\$7.4M capital investment
Hampton Roads


Botetourt County
150 new jobs
\$1.4M capital investment
Roanoke Region


Greensville County
21 new jobs
\$5.4M capital investment
South Central Virginia

DRAFT A G E N D A

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY
MEETING OF THE BOARD OF DIRECTORS**

**June 8, 2023
9:00 A.M. TO 1:00 P.M.**

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

- 9:00 a.m. – 9:02 a.m. Welcome/Call to Order — Bill Hayter**
- 9:02 a.m. – 9:05 a.m. Public Comment Period**
- 9:05 a.m. – 9:07 a.m. Approval of Minutes for 03/09/2022 Meeting**
- 9:07 a.m. – 9:37 a.m. Conflict of Interest Training – Virginia Conflict of Interest and Ethics Advisory Council**
- 9:37 a.m. – 9:45 a.m. Chair’s Report — Bill Hayter**
- 9:45 a.m. – 9:55 a.m. President’s Report — Jason El Koubi**
- 9:55 a.m. – 10:05 a.m. Report: Nominating Committee – Carrie Chenery**
- 10:05 a.m. – 10:15 a.m. Report: Personnel Committee – John Hewa**
- 10:15 a.m. – 10:25 a.m. Report: Legislation and Policy Committee — Marianne Radcliff**
- 10:25 a.m. – 10:35 a.m. Report: Finance and Audit Committee — Rick Harrell**
- **Vote on Consent Agenda:**
 - Quarterly Financial Results
 - FY24 VEDP Operational Budget
 - Audit Reports (IT and Research), FY24 Risk Assessment & Audit Plan, and Third-Party Audit Contract
 - Extension Request(s)
 - Clawback Update (incl. OAG referrals)
 - Policy change - 5% fee on unearned COF
 - Policy update - teleworking approach
 - Proposed changes to the Finance and Audit Committee Charter
- 10:35 a.m. – 12:40 p.m. CLOSED SESSION: Innovative Framework for Economic Growth; Anatomy of a Deal; FY24 Operational Plan; FY24 Marketing Plan; Update on Virginia-Taiwan Trade Office; 2023 Partner Survey Results; Personnel**
- 12:40 p.m. – 12:45 p.m. Vote on Closed Session Items**
- 12:45 p.m. – 12:50 p.m. Anticipated Topics for September 2023 Board Meeting**

12:50 p.m. – 1:00 p.m. Open Discussion (Board roundtable)

1:00 p.m. ADJOURNMENT

VEDP Board meeting dates for the remainder of 2023:

- Q3: September 13-14
- Q4: December 6-7

Note: For each date range above, the first day will entail committee meetings in the afternoon, starting no earlier than noon. The full Board meeting will be held on the second day from 9:00am to 1pm.

**Minutes
Board of Directors of the Virginia Economic Development Partnership Authority
March 9, 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, Mimi Coles, Secretary Stephen Cummings, Stephen Edwards, Rick Harrell, Bill Hayter, John Hewa, April Kees, Pace Lochte, Secretary Caren Merrick, Marianne Radcliff, Nick Rush, Will Sessoms, and Steven Stone

Board Members absent: Nancy Agee, Dan Clemente, and Anne Oman

VEDP in person Staff Members: Stephanie Agee, Lindsay Akers, Melissa Cox, Nicole David, David Devan, Michael Dreiling, Jason El Koubi, Stephanie Florie, Katherine Goodwin, Stephen Hartka, Jennifer Garrett, Katherine Goodwin, Chris Hughes, Heather McKay, Lori Melancon, Angie Jenkins, and Lisa Wallmeyer

VEDP Virtual Staff Members: Vince Barnett and Carrie Vuori

Guests: Sara Dunnigan, Don Ferguson, Chris Kalafatis, David Manley, Rita McClenny, Kim McKay, Nicole Riley, and Kendra Shifflett

Public Comment Period

Chair Hayter solicited public comments. David Manley, Executive Director of the Wythe County Joint Industrial Development Authority recognized the VEDP team and offered his appreciation for the team's hard work for his region.

Approval of Minutes for 12/08/2002 Meeting

Chair Hayter asked for approval of the minutes from the December 8, 2022, meeting. A motion was made by Mr. Rush and seconded by Mr. Harrell and the minutes were unanimously approved as presented.

Chair's Report

Chair Hayter thanked everyone who was able to attend the Board dinner the previous evening.

Chair Hayter said he is pleased to have finalized Committee assignments and expressed his gratitude to all Committee Chairs and members for their active participation in Committee work.

Chair Hayter spoke about the 2023 General Assembly session. He thanked VEDP's External Affairs team, the Legal division, Mr. El Koubi, and others at VEDP for their hard work during session. Mr. Hayter also recognized the many partners who helped to advance economic development priorities during session as well as the VEDP Board for their involvement and support of VEDP's priorities.

Chair Hayter welcomed Nicole Riley who will soon be joining the VEDP team as Senior Vice President of Policy and Strategic Partnerships. Meeting participants offered a round of applause for Ms. Riley.

Chair Hayter spoke about Governor Youngkin's announcement on January 20 that Amazon Web Services (AWS) plans to invest \$35 billion and create at least 1,000 direct jobs by 2040 to establish multiple data center campuses across Virginia. He added that VEDP believes this is the largest business investment announcement in Virginia history and one of the single largest business investment projects in U.S. history.

Chair Hayter recognized Vince Barnett for leading the bid for the AWS project over several years and Armon Smith who was instrumental in getting the project across the finish line, with the support of several other VEDP team members. Chair Hayter also thanked Governor Youngkin, Secretary Merrick, and the Major Employment and Investment Project Approval Commission (MEI) for their efforts to secure the project.

Chair Hayter shared that during their meeting on March 8, the Board's Executive Committee received a detailed briefing on how VEDP has been empowered by Governor Youngkin to develop, plan, and lead implementation for a whole-of-government transformation in Virginia's economic development enterprise. He said the Board would receive a briefing on this topic during the closed meeting portion of today's meeting.

Chair Hayter concluded his remarks by reviewing the meeting agenda.

Supervisory Board Training

Mr. El Koubi introduced Don Ferguson with the Office of the Attorney General and thanked him for all of the support he has provided to VEDP over the years.

Mr. Ferguson explained that he was joining the meeting to provide training required by a 2017 amendment to the enabling statutes for VEDP that requires the Attorney General or his designee provide instructions to the Board on its responsibilities and obligations as a supervisory board.

Mr. Ferguson shared his presentation with the Board, which included general directives for a supervisory board and general board responsibilities.

Chair Hayter thanked Mr. Ferguson for his presentation.

President's Report

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

Mr. El Koubi reviewed VEDP's FY23 Performance Metrics. He mentioned the AWS announcement and how the project dramatically increased capital investment performance for the year.

Mr. El Koubi directed the Board's attention to the VEDP Open Pipeline graphic in his presentation, and how many project opportunities are currently in the proposal or preannouncement phase. He said that several of these opportunities will need to announce in the coming months in order for VEDP to reach its jobs goal for FY23.

Mr. El Koubi said that VEDP is beginning to catch up on leads generated and leads converted, but VEDP is seeing increased headwinds in this area.

Secretary Cummings suggested that it would be helpful to see the project pipeline in timeline format, so the Board will have a better idea of how the pipeline changes over time. Mr. El Koubi agreed.

Mr. El Koubi shared that VEDP is on track to meet its goal of serving 450 companies in VEDP's International Trade programs in FY23, with 381 companies enrolled to date. He added that VEDP expects this activity will support on the order of \$1 billion in international sales for these companies, which translates to approximately ten thousand trade supported jobs.

Mr. El Koubi said that as VEDP implements new elements of the International Trade Plan, not only are the numbers improving, but the quality of the services the team provides remain consistently high based on feedback from participating companies.

Mr. El Koubi reviewed VEDP's FY23 Major Initiatives, stating that all are currently on track. He explained that a number of the initiatives will be folded into the whole of government strategy and shaped by that approach going forward.

Mr. El Koubi mentioned that VEDP has been able to internally leverage the capabilities of the Virginia Talent Accelerator Program and its leader of Organizational Development, Laura Boone, for talent development for the VEDP team. He said this approach has been very well-received by the staff.

Mr. El Koubi shared notable developments since the last Board meeting. He highlighted engagement in a wide variety of business development activity including recent work with Secretary Merrick, her team, and others in the Administration on the Governor's Comprehensive Economic Development Policy, "Compete to Win," and achieving a key milestone in the Virginia Business Ready Sites Program (VBRSP) with Governor Youngkin's announcement of \$90 million in VBRSP grants to develop sites across the Commonwealth.

Mr. El Koubi echoed Chair Hayter's remarks about the great work of VEDP's External Affairs team and Legal division during this year's General Assembly session. He also expressed his gratitude for the support the VEDP team received from April Kees, Anne Oman, Kim McKay, Kendra Shifflett, and others during session.

Mr. El Koubi spoke about the recently completed major strategy project that VEDP worked on with McKinsey & Company to align on "go-to-market" sector priorities and a whole-of-government approach. He said the Board would hear more about this work during closed session.

Mr. El Koubi spoke about his top priorities for the next few months. He highlighted that he, VEDP's Executive Leadership Team, and others in the organization will be committing a lot of time and focus to the initial implementation and detailed design of the sector-based, whole-of-government economic development approach.

Mr. El Koubi highlighted additional priorities including pushing hard to make sure VEDP finishes strong on its goals for FY23; developing VEDP's FY24 Operational Plan and Marketing Plan; successful implementation of the new activities that have been funded by the General Assembly over the past few years; and filling important leadership roles at VEDP.

Mr. El Koubi said he was proud of the VEDP team for performing so well during a big year of change and transitions and thanked the Board for their continued support.

Chair Hayter thanked Mr. El Koubi for his report.

Update from Ex Officio Board Members

Chair Hayter invited VEDP's ex-officio members to offer key updates to the Board.

Secretary Merrick spoke about Governor Youngkin's meeting with the General Services Administration to promote Virginia as the best place for the new FBI Headquarters, a 7,500 job project. She commended Mr. El Koubi and VEDP, as well as Ms. Riley for their efforts on the project.

Secretary Merrick said the Administration is working hard on "Compete to Win." She spoke about the 11 agencies in her secretariat and their over 1,200 employees. She said that there is a lot of activity going on, but much of it is siloed. She is working on increasing collaboration between her agencies, through initiatives such as the Site Development Task Force. She expressed her excitement and eagerness to work with everyone on the whole-of-government approach.

Secretary Cummings said his focus is on the budget and revenues. He said he feels good about the forecast but said he does believe Virginia will see a downturn in the first half of FY24.

Secretary Cummings said the budget is in limbo right now and the uncertainty is largely around tax cuts. He explained that Governor Youngkin believes Virginia needs to reduce tax rates. He said that Virginia has superior assets, and we need to convince companies that we have a friendly tax environment.

Ms. Kees spoke about the ongoing budget discussions. She said the Virginia Senate has a preference for one-time actions for cuts and spending. Ms. Kees spoke about the debt ceiling and how it will impact Virginia, adding that Virginia is often hard hit when things turn negative at the Federal level. She said she and her team will be watching that closely in the coming months.

Mr. Edwards spoke about supply chain logistics and how the Port is seeking to land businesses coming out of California as opposed to Georgia or South Carolina.

Mr. Edwards shared his thoughts on the current trends in exports and how activity is still strong in the market. He said the Port's imports are down by 10%, but exports are up 22%. He said the increase in exports is being driven by agriculture.

Mr. Edwards said things are on course to develop the offshore wind hub, but there will be at least a two-year period to get it up and running. He said that keeping projects on budget is currently a difficult task, due in large part to inflation and how it is impacting the construction industry.

Chair Hayter thanked the Ex Officio members for sharing their updates.

Chair Hayter recognized guest Sara Dunnigan, Deputy Director of GO Virginia and Economic Development at Virginia Department of Housing and Community Development (DHCD), and asked if she would like to give an update on GO Virginia on behalf of ex-officio Board member Nancy Agee.

Ms. Dunnigan expressed her excitement about the “Compete to Win” agenda. She said she and her team have worked to take a look at the industry targets that have been identified by the regions and tested alignment with the sectors that were named in the plan. She said she sees a lot of opportunities for collaboration.

Ms. Dunnigan said the GO Virginia Board of Directors will be meeting next week and will be considering 10 applications. She reviewed examples of the types of projects they are seeing across regions of the Commonwealth.

Ms. Dunnigan spoke about the induced housing demand model that DHCD has partnered on with VEDP. She added that David Manley and his project were the inspiration for this model.

Secretary Merrick spoke about the need for greater assessment of housing needs.

Mr. Manley spoke about an upcoming housing summit that his organization is coordinating.

Chair Hayter thanked Ms. Dunnigan for her remarks.

Legislation and Policy Committee Report

Legislation and Policy Committee Chair Marianne Radcliff provided an updated on the topics discussed during the Committee meeting on March 8, 2023.

Ms. Radcliff spoke about the number of bills VEDP tracked during this year’s General Assembly session. She said the number is growing every year and the bills are related to a wide range of topics.

Ms. Radcliff said it was an interesting session for economic development opportunities and that it is nice to see things moving in a positive direction.

Ms. Radcliff mentioned that the Committee discussed the election schedule. She said the filing deadline is April 6. She emphasized that there will be a lot of new legislators joining the General Assembly and it will be important to bring them up to speed on the work of VEDP and educate them on economic development related issues. She said VEDP will need the Board’s involvement in this process and offered that the Committee will share more details soon on how members may get involved.

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 March 8, 2023.

Mr. Harrell said that Linda Wade with the office of the Auditor of Public Accounts (APA) shared her office's report from their recent financial audit of VEDP, which resulted in a clean audit opinion. She said the APA will issue their final report later in the week.

Mr. Harrell said the Committee also received an update from Chris Kalafatis with FORVIS on VEDP's audit function and reports from recently completed audits of the Regional Talent Solutions and Business Outreach (RTSBO) and Economic Competitiveness divisions. Mr. Kalafatis also proposed minor changes to VEDP's audit charter and policies and procedures, which were adopted by the Committee during the meeting.

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

- VEDP FY23 Quarterly Financial Results (thru 12/31/2022)
- Extension Requests (total of 2), including one data center sales and use tax extension request
 - **Eldor – Botetourt County** has requested a second extension of 15 months to provide more time for the company to reach its employment target. This second extension will require MEI approval.
 - **Qualitytech, LP – Prince William County** has requested a second extension of 18 months to provide more time for the company to reach its employment target.

Mr. Harrell stated that the Committee recommends approval of both extension requests.

- Clawback Update, which showed that no new items have been referred to the Office of the Attorney General
- Revised VEDP audit charter and policies and procedures
- Semi-annual Report on Incentive Performance

Mr. Harrell moved to approve the consent agenda. Mr. Rush seconded the motion, and the motion was approved. Ms. Kees abstained from voting on the second extension request for Eldor.

Chair Hayter thanked Mr. Harrell for his report.

Rural Virginia Action Committee Report

Rural Virginia Action Committee Chair Nick Rush gave an update on the topics discussed during the Committee meeting on March 8, 2023.

Mr. Rush explained that the Committee received presentations from Adam Watkins, Assistant Vice President of VEDP's Economic Competitiveness division on two studies that were recently completed including the Inland Port Study and the Southside – Southwest Economic Study. Mr. Rush added that Senator Todd Pillion and Delegate Israel O'Quinn joined the Committee for the Inland Port presentation and the discussion that followed.

Mr. Rush said that the Committee also discussed topic ideas to explore for future meetings.

Ms. Chenery noted that it was a nice touch to have the legislators who were patrons for the Inland Port Study as part of the meeting.

Chair Hayter thanked Mr. Rush for his report.

Personnel Committee Report

Personnel Committee Chair John Hewa gave an update on the topics discussed during the Committee meeting on March 9, 2023.

Mr. Hewa thanked the members of the Committee for their participation in the process.

Mr. Hewa emphasized the importance of having and retaining a high-performing team at VEDP. He said the Committee is excited about the work ahead and expressed great appreciation for VEDP's leadership team and Mr. El Koubi and their efforts on the whole-of-government approach.

Mr. Hewa reviewed the Committee's duties and responsibilities.

Mr. Hewa explained that the Committee entered into closed session for a portion of the meeting to discuss employment matters and the annual performance review for VEDP's President & CEO. Mr. Hewa said that the annual performance review process will be very thorough and inclusive. He reviewed the partners who will participate in the process.

Chair Hayter thanked Mr. Hewa for his report.

Closed Meeting

Strategy; Operational Planning Process; Marketing Planning Process; Quarterly Marketing/Lead Generation Effectiveness Report; Site Development Update; Personnel

A motion was made by Ms. Coles and seconded by Mr. Rush 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
	Ms. Coles	Aye
	Secretary Cummings	Aye
	Mr. Edwards	Aye
	Mr. Harrell	Aye
	Mr. Hewa	Aye
	Ms. Kees	Aye
	Ms. Lochte	Aye
	Secretary Merrick	Absent for the vote
	Ms. Radcliff	Aye
	Mr. Rush	Aye
	Mr. Sessoms	Absent for the vote
	Mr. Stone	Aye

Mr. El Koubi and Ms. David recognized Jennifer Garrett who has been an integral part of the Executive Office team at VEDP for the past six years. They explained that Ms. Garrett will be leaving VEDP for a position with the Virginia Department of Transportation at a location closer to her home in Fredericksburg. Mr. El Koubi and Ms. David spoke about Ms. Garrett's contributions over the years in supporting VEDP's Board of Directors meetings and associated activities and how she will be greatly missed. Ms. Garrett thanked the VEDP team and Board and shared how much she has enjoyed working with everyone at VEDP. The meeting participants offered Ms. Garrett a round of applause.

Anticipated topics for the June 2023 Board meeting

Chair Hayter shared anticipated topics for the next Board meeting and asked for additional suggestions. Secretary Cummings suggested that VEDP spend most of the June Board meeting on the transformation.

Open Discussion

Board members shared comments during an informal roundtable discussion.

Adjournment

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

Respectfully submitted,

Jason El Koubi
Secretary

PRESIDENT'S REPORT

June 2023

TOPICS FOR TODAY

FY23 performance metrics to date

FY23 operational plan – progress dashboard

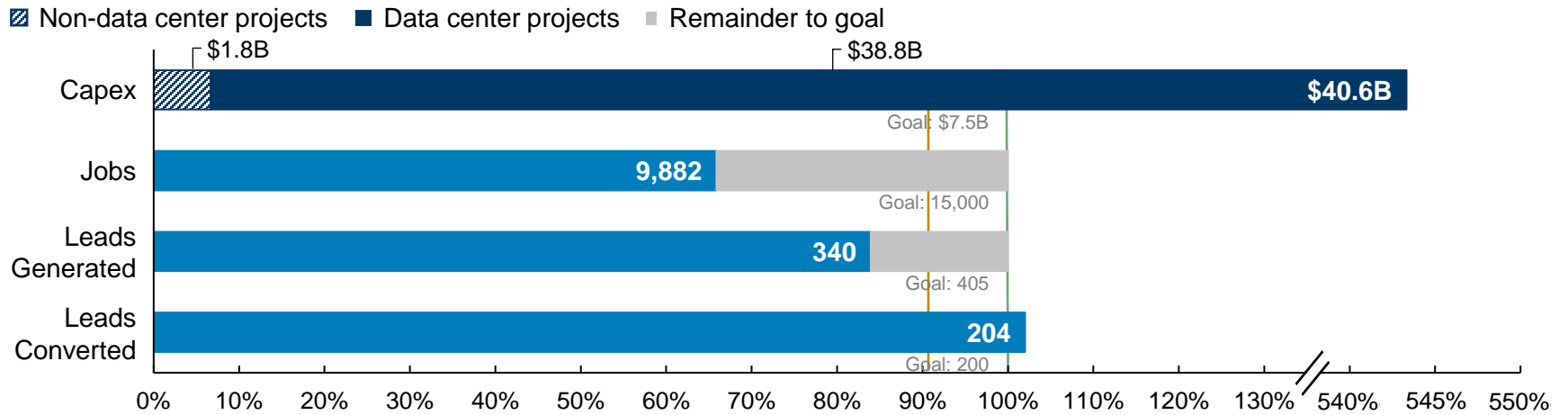
Notable developments since last meeting

Top priorities for the next few months

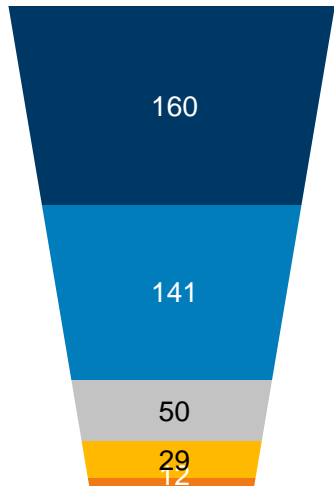
PROGRESS AND PIPELINE FOR VEDP-ASSISTED PROJECTS FY23 TO-DATE JULY 1, 2022 – MAY 30, 2023 (91.2% THROUGH FY23)

VEDP-Assisted Project Decisions

N = 80

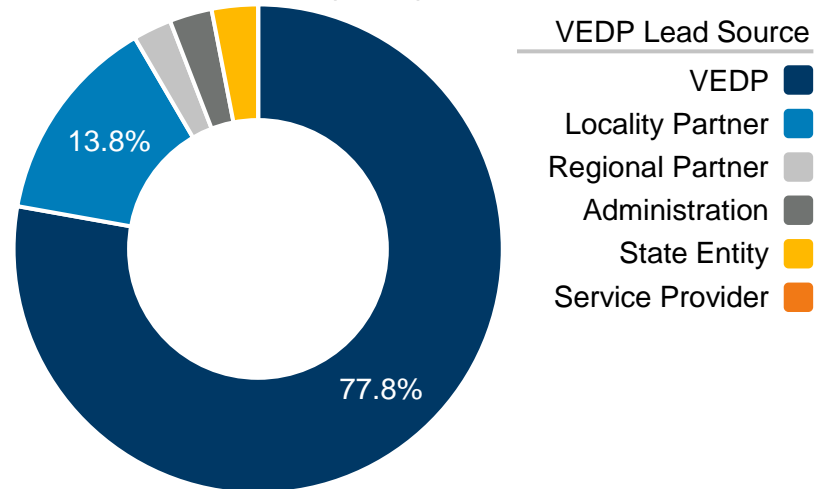


VEDP Open Pipeline (392)



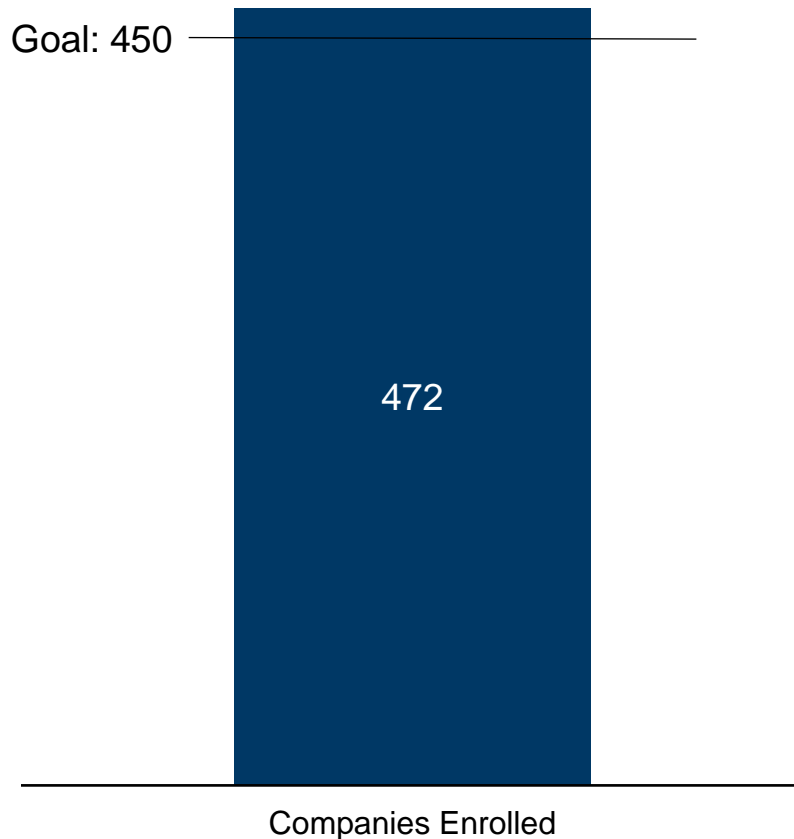
Stage	Opportunities	Jobs	Capex
Lead	160	26,663	10B
Info Gathering	141	49,053	129B
Active	50	23,443	26.9B
Proposal	29	11,121	5.5B
Pre-Announcement	12	1,013	204.7M

% of VEDP Leads for Open Pipeline



VEDP'S INTERNATIONAL TRADE DIVISION HAS EXCEEDED ITS FY23 GOAL BY SERVING 472 COMPANIES

Companies enrolled in trade programs
July 1, 2022 to May 30, 2023








FY22 Summary

- In FY22, a total of 377 companies enrolled in international trade programs (105% of goal).
- These companies attributed \$813M in international sales and 7,319 trade-supported jobs to VEDP's international trade programs.







Next Steps

- International Trade is utilizing new funding to expand existing programs and provide new services, increasing the number of companies served each year.
- The team has exceeded its goal of enrolling 450 companies in FY23, reaching 472 companies with one month left in the fiscal year.

FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (1 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
1.	Build the best customized workforce recruitment and training incentive program in the U.S.	Grundmann	 90%	Engaged in 70 project opportunities YTD, incl 39 proposals, 31 presentations; kicked off 7 new projects.	Continue to support BI efforts to secure project locations; hire Talent Acquisition Specialist, OD Director, Videographer, Instructional Designer.
2.	Develop long-term Real Estate Solutions strategy that includes execution of expanded VBRSP program and a regional ecosystem approach to site development	Dreiling	 90%	Initiated performance agreements process; identified top ten sites and launched planning efforts for site acquisition pilot.	Update VBRSP guidelines, complete performance agreements; develop guidelines, procedures and objective criteria for new site acquisition pilot; continue discussions with SIC on high-potential new sites; confirm funding for new site pilot and VBRSP.
3.	Expand Virginia exports and strengthen supply chains through implementation of high-priority elements of the International Trade Plan	Agee	 90%	Engaged and enrolled new Hampton Roads clients into Trade programs and services; developed Internship program structure and guidelines and recruited companies and students for Summer 2023 pilot; promoted Spring 2023 training curriculum.	Determine needs of high-volume/high-value exporters; prepare for VALET orientation/graduation in July; host supply chain program training on best practices in international logistics and compliance; execute final trade missions and trade shows of FY23; recruit for FY24 trade missions and trade shows; develop Fall 2023 training curriculum.
4.	Accelerate efforts towards achieving national leadership in tech sector growth across Virginia	Barnett (Welch)	 70%	Completed initial outreach for Unicorn campaign; reached out to 154 companies; set 3 meetings and generated 1 lead.	Rural Tech campaign on hold while Innovative Framework design is in progress; IT strategy refinement and partner engagement will transition to the new Knowledge Sector Team.
5.	Align and integrate VEDP's business outreach activities to achieve increased coverage and impact	Stuller	 90%	Managed 291 VJIP-supported projects YTD; 40 new projects supported by VJIP YTD; completed 325 business outreach visits.	Continue evaluating existing business feedback trends with EC; collaborate with Incentives and M&C to finalize content for relaunch of VJIP Retraining program on July 1.

FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (2 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
6.	Support development of Governor's Comprehensive Economic Development Policy to include analyzing the economic context	Devan (Hartka)	 100%	Published final Governor's Economic Development Policy on December 22, 2022.	Continue to support Administration engagement with stakeholders to market the plan and generate GA support.
7.	Build out VOOE's operating structure and execute on priority deliverables	McKay	 95%	Completed High Demand Occupations Dashboard; initiated stakeholder feedback process.	Continue collecting feedback from stakeholders on the Dashboard through Fall 2023; fully launch Dashboard for public use by July.
8.	Strengthen VEDP's lead generation, project management capabilities, and related support functions (pending additional funding)	Barnett (Goodwin, Hartka)	 70%	Hired international contractor and completed hiring for new Research positions.	Hiring for additional lead generation and special projects personnel has been on hold while the Innovative Framework design has been in process.
9.	Enhance industry strategies by fully leveraging existing assets and developing new capabilities (pending additional funding)	Barnett (Devan, Hartka, Dreiling, Melançon, Stuller)	 90%	Completed semiconductor strategy; initiated high-level outreach to companies on target list using tailored talking points.	Continue conducting direct outreach to leadership of target companies in coordination with Gov. Youngkin and Sen. Warner; follow up outreach with tailored sites and incentive pitches.
10.	Launch an Offshore Wind Supply Chain Grant Program to establish an end-to-end supply chain of small businesses within the Commonwealth	Goodwin	 90%	Drafted program application and grant approval process; developed list of external reviewers to serve on grant committee.	Work with M&C on finalizing format for grant application and website content for July 1 launch.
11.	Finalize comprehensive HR talent management strategy and launch priority components	Cox	 50%	Reviewed RFP for LMS & PMS; finalized plan for intern program; developed recommendations from comprehensive employee focus groups.	Select LMS and PMS systems; begin internship program on June 5; update recruitment procedures based on focus group recommendations.

NOTABLE DEVELOPMENTS SINCE OUR LAST BOARD MEETING

- Continued engagement in business development activity, including several project announcements and cultivation of major opportunities in the pipeline
- Completed the detailed design phase of the Innovative Framework for Economic Growth and whole-of-government effort
- Launched recruitment process for hiring all positions for sector teams
- Finalized drafts of VEDP's FY24 Operational Plan and FY24 Marketing Plan
- In partnership with Team Virginia, sponsored, coordinated, and hosted the Virginia Consultants Forum
- Planned and executed the first international Governor's Mission of the Youngkin Administration
- Released the Q1 2023 issue of *Virginia Economic Review: Virginia A to Z*
- Named Greg Burkart as VEDP's next Executive Vice President following a national search

TOP PRIORITIES FOR THE NEXT FEW MONTHS

- Aggressive cultivation of several high-impact economic development projects as well as focused lead generation in high-potential sectors
- Accelerating implementation of the Innovative Framework for Economic Growth and whole-of-government efforts, including recruitment and hiring of sector team positions
- Designing and implementing a more holistic performance management approach in collaboration with VEDP's executive leadership team
- Preparing budget requests and identifying legislative priorities for the 2024 General Assembly session
- Continued execution of newly funded activities including implementing International Trade Plan; accelerating the ramp up of the Virginia Talent Accelerator Program; and additional Virginia Office of Education Economics (VOEE) initiatives

THANK YOU

A G E N D A

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY
LEGISLATION AND POLICY COMMITTEE MEETING**

**June 7, 2023
12:30 P.M. – 1:30 P.M.**

**One James Center, 9th Floor – VEDP Board Room
Richmond, Virginia**

- | | |
|--------------------------------|--|
| 12:30 p.m. – 12:33 p.m. | Welcome/Call to Order – Marianne Radcliff, Chair |
| 12:33 p.m. – 12:35 p.m. | Public Comment Period |
| 12:35 p.m. – 12:40 p.m. | Approval of Minutes for 3/8/2023 Meeting |
| 12:40 p.m. – 12:45 p.m. | Reconvened Session Update – Angie Jenkins |
| 12:45 p.m. – 12:50 p.m. | Election Update – Angie Jenkins |
| 12:50 p.m. – 1:30 p.m. | Closed Session <ul style="list-style-type: none">- Policy Discussion- Budget and Legislative Proposals |
| 1:30 p.m. | Adjournment |

Minutes
Legislation and Policy Committee Meeting
Board of Directors of the Virginia Economic Development Partnership
March 8, 2023
2:45 p.m. – 3:45 p.m.

One James Center, 9th Floor – Board Room
Richmond, Virginia

Welcome and Call to Order

The meeting was called to order at 2:55 p.m. by Chair Radcliff, who noted that a quorum was present.

Members present: Chair Marianne Radcliff, Carrie Chenery, John Hewa, Anne Oman, Nick Rush, and Steven Stone

Members absent: Nancy Agee and Dan Clemente

Other Board Members: Bill Hayter, Pace Lochte, Secretary Caren Merrick, Will Sessoms, Secretary Stephen Cummings, Mimi Coles, and Rick Harrell

VEDP staff present: Stephanie Agee, Lindsay Akers, Lesley Brown, Star Cranston, Nicole David, David Devan, Jason El Koubi, Stephanie Florie, Jennifer Garrett, Stephen Hartka, Chris Hughes, Angie Jenkins, Heather McKay, Lori Melancon, Lisa Wallmeyer, and Abigail Wescott

Guests present: Kim McKay, Evan Price, Nicole Riley, and Kendra Shifflett

Public Comment Period

Chair Radcliff asked if any members of the public wished to comment. There were none.

Approval of Minutes for December 7, 2022

Chair Radcliff requested approval of the minutes from the December 7, 2022, meeting. A motion was made by Ms. Chenery and seconded by Ms. Oman, and the minutes were unanimously approved as presented.

Chair Radcliff briefly discussed events related to the General Assembly that occurred since the last meeting. She also introduced Angie Jenkins and stated that Ms. Jenkins would present updates regarding recent special elections and outcomes related to the session to the Committee.

Special Election Update

Ms. Jenkins gave an update on the recent special elections. This included a special election on January 10 for three seats in the General Assembly, where Delegates Ellen Campbell (R) and Holly Seibold (D) and Senator Aaron Rouse (D) won their respective seats. Ms. Jenkins also noted that another special election was held on February 21 to fill the vacant seat left by the late Rep. Donald McEachin. State Senator McClellan won the special election for the congressional seat, which will require another special election in late March. Ms. Jenkins advised the Committee that in addition to the special elections, all 140 seats in the General Assembly would be up for election in November with all new districts. Ms. Jenkins emphasized how important it will be to engage with the many expected new faces of the General Assembly.

Session Update

Ms. Jenkins provided an overview and highlights of the 2023 session. She noted the General Assembly regular session started on January 11, 2023, and ended on time on February 25, 2023, with the passing of what is being described as a "Skinny Budget." Ms. Jenkins described the four major components of the Skinny Budget. Ms. Jenkins added that over 2,800 bills and resolutions were introduced, with 170 tracked by VEDP, including four agency bills. Governor Youngkin is expected to act on all bills by March 27. The legislature is expected to return on April 12 for a scheduled reconvened session to consider any amendments or vetoes from Governor Youngkin. Ms. Jenkins added that since the Skinny Budget provides amendments to the existing biennial budget, there would not be a shutdown if the General Assembly did not return to consider additional amendments. She mentioned that there is an approximately \$3 billion surplus that the General Assembly may want to appropriate. Ms. Jenkins noted that if the budget conferees are able to reach an agreement on additional amendments to the biennium budget, they will ask the Governor to call them into a Special Session so the full legislature can take up the amendments. Among the many potential items under consideration is funding for an inland port and up to \$300 million in additional funding for the Virginia Business Ready Sites Program (VBRSP).

VEDP Legislative Items

Ms. Jenkins mentioned that there were four agency bills related to recent Major Employment Investment (MEI) Project Approval Commission projects that successfully passed and are awaiting approval by the Governor. These bills include HB2238 (Cherry) and SB1134 (Ruff) regarding the Precision Plastic Manufacturing Grant fund that establishes a fund for the custom grant for LEGO, which anticipates investing at least \$1 billion and creating at least 1,760 new jobs. HB2479 (Knight) and SB1522 (Barker) were two bills related to the Amazon Web Services (AWS) announcement, with a planned investment of \$35 billion and the creation of at least 1,500 jobs. The bills extend the data center sales and use tax exemption and create the Cloud Computing Cluster Infrastructure Grant fund.

Legislation Impacting Economic Development

Ms. Jenkins then provided an overview of several other bills of interest or impacting VEDP from the 2023 General Assembly session. Following Ms. Jenkin's presentation, committee members discussed bills regarding workforce consolidation and site acquisition.

Closed Session

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

I move that the Legislative and Policy Committee 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 specific marketing activities that would reveal to the Commonwealth's competitors for economic development projects the strategies intended to be deployed by the Commonwealth.

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

Ms. Wallmeyer read the following certification and then conducted a role call vote:

Do you certify, that to the best of your knowledge, (i) only public business matters lawfully exempted from the open meeting requirements of FOIA were discussed in the closed meeting, and (ii) only such matters as were identified in the motion to go into the closed meeting were heard, discussed, or considered during the closed meeting?

Upon the vote:	Ms. Radcliff	Aye
	Ms. Chenery	Aye
	Mr. Hewa	Aye
	Ms. Oman	Aye
	Mr. Rush	Aye
	Mr. Stone	Aye

Adjournment

There being no further business, Chair Radcliff adjourned the meeting at 3:55 pm.

Respectfully submitted,

Lesley Brown
Acting Recording Secretary



LEGISLATION AND POLICY COMMITTEE

Virginia State Capitol

June 7, 2023

VEDP | Virginia
Economic
Development
Partnership
VEDP.org

AGENDA

Reconvened Session Update

Election Update

Closed Session



State Flag

GENERAL ASSEMBLY RETURNED TO RICHMOND ON APRIL 12, 2023, FOR RECONVENED SESSION TO CONSIDER AMENDMENTS & VETOES

The General Assembly met to consider the Governor’s amendments to 77 bills, as well as amendments to the “skinny budget,” along with 3 initial vetoes

- Approved amendments to 60 bills
 - HB1842 (Knight) – Virginia Business Ready Sites Acquisition Fund and Program; created
- Rejected amendments (in whole or in part) to 17 bills
 - HB2332 (E. Campbell)/SB1308 (Deeds) – Virginia Economic Development Partnership Authority; eligible site for site development grant
 - HB2444 (Bloxom)/SB1441 (Locke) – Offshore wind capacity; development, cost recovery
- Upheld 3 gubernatorial vetoes

Following the Reconvened Session, the Governor took final action on 17 pieces of legislation, signing 12 bills into law and vetoing 5 additional bills

- Vetoes
 - HB2332 (E. Campbell)/SB1308 (Deeds) – Virginia Economic Development Partnership Authority; eligible site for site development grant

AGENDA

Reconvened Session Update

Election Update

Closed Session



State Flag

UPCOMING PRIMARIES AND ELECTIONS WILL LEAD TO MAJOR CHANGES TO THE 2024 GENERAL ASSEMBLY

The November election will be the first election of the General Assembly that reflects the redrawn districts approved by the Virginia Supreme Court in 2021

Based on previous elections, the Virginia Public Access Project (VPAP) provides district leanings for each new district:

House

<u>Leaning</u>	<u># of Seats</u>
Strong Democratic	34
Leans Democratic	11
Competitive	8
Leans Republican	18
Strong Republican	29
Total	100

Senate

<u>Leaning</u>	<u># of Seats</u>
Strong Democratic	12
Leans Democratic	7
Competitive	3
Leans Republican	5
Strong Republican	13
Total	40

Nearly a third of the 140 seats do not have an incumbent running

- ~1 in 3 members* of the House of Delegates will be a freshman
- ~1 in 4 members* of the Senate will be a freshmen

*Assumes that incumbents will retain their seats, will increase if incumbents lose in the primaries

WITH MANY NEW FACES, THERE WILL BE MAJOR SHIFTS IN MAKEUP TO KEY COMMITTEES

House Appropriations

Knight (Chair), Austin (Vice Chair), Morefield, Fariss, Davis, Bloxom, Brewer, Marshall, Hodges, Coyner, Wyatt, Wampler, Torian, Sickles, Plum, Bulova, Carr, McQuinn, Krizek, Hayes, Reid, Rasoul

- **Sub-Committee: Commerce Agriculture & Natural Resources**

- Marshall (Chair), Fariss, Bloxom, Wyatt, Wampler, Plum, Bulova, Reid, Knight

House Commerce and Energy

Byron (Chair), Kilgore (Vice Chair), Ware, Marshall, O'Quinn, Ransone, Webert, Wilt, Head, Adams, L.R., McNamara, Batten, Ward, Kory, Mullin, Lopez, Sullivan, Guzman, Gooditis, Scott, D.L., Hayes

Senate Finance and Appropriations

Howell (Co-Chair), Barker (Co-Chair), Saslaw, Norment, Hanger, Lucas, Newman, Ruff, Vogel, Edwards, Deeds, Locke, Petersen, Marsden, Ebbin, McClellan

- **Subcommittee on Economic Development & Natural Resources**

- Marsden (Chair), Ruff, Howell, Saslaw, Hanger, Barker

Senate Commerce and Labor

Saslaw (Chair), Norment, Newman, Obenshain, Lucas, Spruill, Edwards, Deeds, Barker, Marsden, Ebbin, Lewis, Surovell, Mason, Bell

Note: Names in red reflect retirements, resignations, or seeking a different seat. This does not include current members who have a primary opponent and/or a contested race in November.

AGENDA

Reconvened Session Update

Election Update

Closed Session



State Flag

APPENDIX

House Races

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (1 OF 9)

District	Democrat	Republican
HD1	Patrick Hope*	
HD2**	Adele McClure Kevin Saucedo-Broach	
HD3	Alfonso Lopez*	
HD4	Charniele Herring*	
HD5	Elizabeth Bennet-Parker*	
HD6	Rip Sullivan*	Kristin Hoffman
HD7**	Mary Barthelson Paul Berry Shyamali Hauth Karen Keys-Gamarra	
HD8	Irene Shin*	Max Fisher
HD9	Karrie Delaney*	
HD10	Dan Helmer*	James Thomas
HD11	David Bulova*	Almira Mohammed

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (2 OF 9)

District	Democrat	Republican	Other
HD12	Holly Seibold*		
HD13	Marcus Simon*		Dave Crance (Libertarian)
HD14	Vivian Watts*		
HD15**	Laura Cohen Eric Schmidt Henri' Thompson	Marcus Evans	
HD16	Paul Krizek*		
HD17	Mark Sickles*		
HD18	Kathy Tran*	Ed McGovern	
HD19**	Rozia Henson Makya Little Natalie Shorter		
HD20	Michelle Maldonado*		
HD21**	Joshua Thomas	Joshua Quill John Stirrup	
HD22	Travis Nembhard	Ian Lovejoy	

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (3 OF 9)

District	Democrat	Republican	Independent
HD23	Candi Mundon-King*		
HD24	Luke Torian*		
HD25	Briana Sewell*		
HD26**	Sirisha Kompalli Kannan Srinivasan	Rafi Khaja	
HD27	Atoosa Reaser	Chris Harnisch	
HD28	David Reid*	Paul Lott	
HD29	Marty Martinez	Jonathan Rogers	
HD30	Rob Banse	Geary Higgins	
HD31	Steven Foreman	Delores Oates	Grace Morrison
HD32	Mady Rodriguez	Bill Wiley*	
HD33	Robert Smith	Todd Gilbert*	
HD34	Esther Nizer	Tony Wilt*	

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (4 OF 9)

District	Democrat	Republican
HD35		Chris Runion*
HD36	Randall Wolf	Ellen Campbell*
HD37		Terry Austin*
HD38	Sam Rasoul*	
HD39**		Will Davis Ron Jefferson
HD40	Misty Vickers	Joe McNamara*
HD41	Lily Franklin	Chris Obenshain
HD42		Jason Ballard* Jody Pyles
HD43		Will Morefield*
HD44		Israel O'Quinn*
HD45		Terry Kilgore*
HD46		Jed Arnold

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (5 OF 9)

District	Democrat	Republican
HD47	Patty Quesenberry	Marie March* Wren Williams*
HD48	Chance Trevillian	Les Adams*
HD49	Jasmine Lipscomb	Danny Marshall*
HD50**		John Marsden Tommy Wright*
HD51	Kimberly Moran	Eric Zehr
HD52		Wendell Walker*
HD53	Sam Soghor	Tim Griffin
HD54**	Bellamy Brown Katrina Callsen Dave Norris	
HD55**	Amy Laufer Kellen Squire	Reid Wernig
HD56		Tom Garrett
HD57**	Susanna Gibson Bob Shippee	David Owen

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (6 OF 9)

District	Democrat	Republican
HD58	Rodney Willett*	Riley Shaia
HD59**	Rachel Levy	Graven Craig Buddy Fowler* Philip Strother
HD60	Keith Braxton	Scott Wyatt*
HD61	Larry Jackson	Michael Webert*
HD62	Sara Ratcliffe	Nick Freitas*
HD63		Phillip Scott*
HD64	Leonard Lacey	Paul Milde
HD65**	Josh Cole	Michael Kasey Lee Peters
HD66	Mark Lux	Bobby Orrock*
HD67	John Smith	Hillary Kent
HD68		Keith Hodges*

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (7 OF 9)

District	Democrat	Republican	Independent
HD69	Lindsay Fogarty	Chad Green	
HD70	Shelly Simonds*		
HD71	Jessica Anderson	Amanda Batten*	
HD72	Bilal Raychouni	Lee Ware*	
HD73**	Herb Walke	Mark Earley Yan Gleyzer Ryan Harter	
HD74	Jessica Rowland	Mike Cherry*	
HD75	Stephen MillerPitts	Carrie Coyner*	
HD76	Debra Gardner		
HD77	Michael Jones		
HD78	Betsy Carr*		
HD79**	Rae Cousins Ann Lambert Richard Walker		Eric Sundberg

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (8 OF 9)

District	Democrat	Republican	Independent
HD80**	Destiny Bolling John Dantzer		Michael Harned
HD81**	Delores McQuinn* Terrence Walker		
HD82**	Kimberly Adams Victor McKenzie	Kim Taylor*	
HD83	Mary Person	Otto Wachsmann*	
HD84**	Nadarius Clark Michele Joyce	Michael Dillender Rod Thompson	
HD85	Cia Price*		
HD86	Jarris Taylor	A.C. Cordoza*	
HD87	Jeion Ward*		
HD88	Don Scott*		
HD89	Karen Jenkins	Baxter Ennis	
HD90	Jeremy Rodden	Jay Leftwich*	

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

HOUSE OF DELEGATES CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (9 OF 9)

District	Democrat	Republican
HD91	Cliff Hayes*	
HD92**	Bonita Anthony Kim Sudderth	
HD93	Jackie Glass*	John Sitka
HD94**	Phil Hernandez	Amy Chudzinski Kenneth O'Brien Andrew Pittman
HD95**	Alex Askew* Rick James	
HD96**	Kelly Convirs-Fowler* Susan Hippen Brandon Hutchins Sean Monteiro	
HD97	Michael Feggans	Karen Greenhalgh*
HD98	Zach Coltrain	Barry Knight*
HD99	Cat Poterfield	Anne Tata*
HD100	Charlena Jones	Rob Bloxom*

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

Senate Races

VIRGINIA SENATE CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (1 OF 4)

District	Democrat	Republican
SD1**	Emily Scott	Lance Allen James Bergida Blaine Dunn Timmy French Dave LaRock John Massoud Brandon Monk Brad Pollack
SD2	Kathy Beery	Mark Obenshain*
SD3	Jade Harris	Chris Head
SD4**	DA Pierce Luke Priddy White-Boyd	David Suetterlein*
SD5		Travis Hackworth*
SD6		Todd Pillion*
SD7	Deborah Gates	Bill Stanley*
SD8	Donna StClair	Mark Peake*

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

VIRGINIA SENATE CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (2 OF 4)

District	Democrat	Republican	Independent
SD9	Trudy Berry	Frank Ruff*	
SD10	Dan Tomlinson	John McGuire	
SD11**	Creigh Deeds* Sally Hudson	Philip Hamilton	J'riah Guerrero
SD12**	Natan McKenzie	Amanda Chase* Tina Ramirez Glen Sturtevant	
SD13**	Lashrecse Aird Joe Morrisey*	Eric Ditri	
SD14**	Lamont Bagby* Katie Gooch		
SD15	Ghazala Hashmi*	Elmer Diaz	
SD16	Schuyler VanValkenburg	Siobhan Dunnivant*	
SD17**	Clint Jenkins	Emily Brewer Hermie Sadler	
SD18**†	Louise Lucas* Lionell Spruill*	Tony Goodwin Merle Rutledge	

*Incumbent

**6.20.23 Primary

†6.10.23 Republican Firehouse Primary

Source: Virginia Public Access Project

VIRGINIA SENATE CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (3 OF 4)

District	Democrat	Republican	Independent
SD19**	Myra Payne	Tim Anderson Jeff Bruzzesi Christie Craig	
SD20	Victoria Luevanos	Bill DeSteph*	
SD21**	Andria McCLellan Angelia Williams Graves		Giovanni Dolmo
SD22	Aaron Rouse*	Kevin Adams	
SD23	Mamie Locke*		
SD24	Monty Mason*	Danny Diggs	
SD25	Jolicia Ward	Richard Stuart*	
SD26	Pam Garner	Ryan McDougle*	
SD27**	Joel Griffin Ben Litchfield	Tara Durant Matt Strickland	Monica Gary
SD28	Jason Ford	Bryce Reeves*	Tawana Campbell Elizabeth Melson
SD29**	Elizabeth Guzman Jeremy McPike*	Nikki Baldwin Maria Martin	

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

VIRGINIA SENATE CANDIDATES – DISTRICTS HIGHLIGHTED WHERE A SPECIFIC PARTY IS SLATED TO WIN THE SEAT (4 OF 4)

District	Democrat	Republican
SD30**	Danica Roem	Robert Ruffolo William Woolf
SD31**	Zach Cummings Russet Perry	Juan Pablo Segura
SD32**	Ibraheem Samirah Suhas Subramanyam	Greg Moulthrop
SD33**	Hala Ayala Jennifer Carroll Foy	Michael Van Meter
SD34	Scott Surovell*	
SD35**	Heidi Drauschak Dave Marsden*	Mark Vafiades
SD36**	George Barker* Stella Pekarsky	Julie Perry
SD37**	Chap Petersen* Saddam Salim	Ken Reid
SD38**	Jennifer Boysko*	Matthew Lang
SD39	Adam Ebbin*	
SD40**	James DeVita Barbara Favola*	

*Incumbent

**6.20.23 Primary

Source: Virginia Public Access Project

A G E N D A

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY MEETING OF THE FINANCE AND AUDIT COMMITTEE (FAC)

June 7, 2023

1:30 P.M. to 2:45 P.M.

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

- | | |
|-----------------------|--|
| 1:30 p.m. – 1:31 p.m. | Welcome/Call to Order – Rick Harrell, FAC Chair |
| 1:31 p.m. – 1:33 p.m. | Public Comment Period – Rick Harrell |
| 1:33 p.m. – 1:35 p.m. | Approval of Minutes of 3/8/23 FAC Meeting – Rick Harrell <ul style="list-style-type: none">▪ Action Item - Vote to Accept |
| 1:35 p.m. – 1:40 p.m. | VEDP FY23 Financial Results (thru 3/31/2023) – Bob Grenell <ul style="list-style-type: none">▪ Action Item - Vote to Accept |
| 1:40 p.m. – 1:55 p.m. | Proposed VEDP FY24 Operating Budget – Bob Grenell <ul style="list-style-type: none">▪ Action Item - Vote to Accept |
| 1:55 p.m. – 2:10 p.m. | Audit Update - Reports on Information Technology and Research, FY24 Risk Assessment and Audit Plan, and FY24 Audit Contracts
– FORVIS <ul style="list-style-type: none">▪ Action Item - Vote to Accept |
| 2:10 p.m. – 2:15 p.m. | Finance and Audit Committee Charter Update – Bob Grenell <ul style="list-style-type: none">▪ Action Item - Vote to Accept |
| 2:15 p.m. – 2:20 p.m. | IT Security Update – Chris Hughes |
| 2:20 p.m. – 2:25 p.m. | Extension Requests – Katherine Goodwin <ul style="list-style-type: none">▪ Action Item - Vote to Recommend |
| 2:25 p.m. – 2:30 p.m. | Clawback Updates – Katherine Goodwin <ul style="list-style-type: none">▪ Action Item - Vote to Recommend |
| 2:30 p.m. – 2:35 p.m. | 5% Fee Assessment on Unearned COF – Katherine Goodwin <ul style="list-style-type: none">▪ Action Item - Vote to Recommend |
| 2:35 p.m. – 2:40 p.m. | Qualifying Telework Positions for Incentive Qualification –
Katherine Goodwin <ul style="list-style-type: none">▪ Action Item - Vote to Recommend |
| 2:40 p.m. – 2:45 p.m. | Topics for Next Meeting |
| 2:45 p.m. | Adjournment |

Minutes
Finance and Audit Committee Meeting
Board of Directors of the Virginia Economic Development Partnership
March 8, 2023
1:30 p.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 1:37 p.m. by Chair Rick Harrell, who noted that a quorum was present.

Committee Members Present: Chair Rick Harrell, Secretary Stephen Cummings, April Kees, Pace Lochte, Secretary Caren Merrick, Will Sessoms, and Steven Stone

Committee Members Absent: None

Other Board Members: Carrie Chenery, Mimi Coles, Bill Hayter, John Hewa, and Nick Rush

VEDP staff present: Stephanie Agee, Jamie Canup, Star Cranston, Nicole David, Jason El Koubi, Kim Ellett, Stephanie Florie, Jennifer Garrett, Katherine Goodwin, Bob Grenell, Stephen Hartka, Chris Hughes, Angie Jenkins, Lori Melancon, Tim Stuller, and Lisa Wallmeyer

Guests present: Chris Kalafatis, Kim McKay, Nicole Riley, Denise Seaborn, Kendra Shifflett, and Linda Wade

Public Comment Period

Chair Harrell asked for public comments. There were none.

Approval of Minutes for December 7, 2022 Meeting

Chair Harrell asked for approval of the minutes from the December 7, 2022 Committee meeting.

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

FY22 Financial Audit Report

Mr. El Koubi introduced Linda Wade with the office of the Auditor of Public Accounts. Ms. Wade delivered the results of VEDP's FY22 financial audit. She reviewed a summary document of the audit, which showed a clean, unmodified opinion. Ms. Wade reminded the Committee of the scope of the APA audit. Ms. Wade expressed her appreciation for the cooperation of VEDP staff during the audit process.

Chair Harrell thanked Ms. Wade for her report.

Mr. El Koubi reminded the Committee that Mr. Grenell was promoted to controller about 2 years ago and that it has taken time to find a capable number two to serve on the Fiscal team. Mr. El Koubi shared that Jason Alexander has recently been added to the team and is off to a great start. Mr. El Koubi explained that, as a result of the extended search for the number two position, the Fiscal team was not fully staffed during the period the audit took place. Mr. El Koubi recognized Mr. Grenell's leadership during the audit process and expressed his gratitude for Mr. Grenell and his team carrying VEDP through another clean audit.

A motion was made by Mr. Sessoms to approve the FY22 Financial Audit. Secretary Cummings seconded the motion, and the motion was unanimously approved as presented.

Closed Meeting

IT Security and Governance Update

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

I move that the Finance and Audit Committee convene a closed meeting to discuss IT security and governance issues pursuant to Subdivision A 19 of §2.2-3711, which allows for a discussion of information that could jeopardize the safety or security of VEDP's IT systems and software if made public.

Mr. El Koubi asked that VEDP staff be allowed to stay for the closed meeting for all matters and Chair Harrell agreed.

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

Upon the vote:	Chair Harrell	Aye
	Secretary Cummings	Aye
	Ms. Kees	Aye
	Ms. Lochte	Aye
	Secretary Merrick	Aye
	Mr. Sessoms	Aye
	Mr. Stone	Aye

VEDP FY23 Financial Results (thru 12/31/2022)

Mr. Grenell presented the FY23 Operations Budget to actual for the six months ended December 31, 2022. Mr. Grenell shared that all VEDP divisions are below budget through the first six months of the fiscal year.

Mr. Grenell explained that the market-facing divisions, which include Talent Solutions, International Trade, Business Investment, and Marketing & Communications are under budget.

Mr. Grenell noted that International Trade and the Virginia Talent Accelerator program have been ramping up spending recently. He said spending rates for the market-facing divisions are expected to increase in the remaining quarters of FY23.

Mr. Grenell reviewed Projects, Pass Thru's and Grants, which are all under budget for the fiscal year. He reviewed the FY23 budget details for the items included in this part of the budget, adding that spending will significantly increase in this area beginning in the third quarter of the fiscal year.

Chair Harrell thanked Mr. Grenell for his report.

Secretary Merrick made a motion to approve the Q2 FY23 financial results. The motion was seconded by Ms. Kees and the motion was unanimously approved.

Audit Update

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

Mr. Kalafatis reviewed suggested edits to the audit charter and policies and procedures and presented a revised version for approval.

Mr. Kalafatis reviewed the status of Management Action Plans. He explained that two of four outstanding items have been closed since the last Committee meeting. He said that two remain open from the audit of the Virginia Talent Accelerator Program. Mr. Kalafatis said FORVIS and VEDP have agreed to extend the timeline for completion of these open items to the end of June.

Mr. Kalafatis shared that he and his team recently completed audits of the Regional Talent Solutions and Business Outreach (RTSBO) and Economic Competitiveness (EC) divisions. He reported that RTSBO had a clean audit with no finding and the EC audit resulted in one low-rated finding. He explained that the EC team has already completed the action related to the finding.

Mr. Kalafatis said that an audit of the Research division and a small scope audit of the Information Technology division are in progress.

Mr. Kalafatis explained that work is also underway on VEDP's annual Risk Assessment. He said that this assessment will inform the audit plan for FY24, which will be provided to the Committee and Board of Directors in June.

Chair Harrell thanked Mr. Kalafatis for his report.

Extension Requests

Chair Harrell introduced Ms. Goodwin to share her report.

Ms. Goodwin presented two extension requests for the Committee's consideration, including one data center sales and use tax extension request. She stated that the localities where these companies are located are supportive of the extension requests.

Eldor – Botetourt County has requested a second extension of 15 months to provide more time for the company to reach its employment target. The company has already exceeded its investment target. Eldor has hired a manufacturing consulting service to help with their talent attraction efforts. VEDP recommends waiving the 5% administrative fee associated with the extension request.

Ms. Goodwin reminded the Committee that second extension requests require Major Employment and Investment Project Approval Commission (MEI) review and approval.

Qualitytech, LP – Prince William County has requested a second extension of 18 months to provide more time for the company to reach its employment target. The company has exceeded their investment target. Ms. Goodwin reviewed the various tactics Qualitytech is implementing to ramp up hiring and said they feel confident that they will meet their jobs goal.

Mr. Sessoms made a motion to recommend approval of both extension requests that were presented. Mr. Stone seconded the motion, and the recommendation was approved. Ms. Kees abstained from the vote on Eldor.

Clawback Updates and OAG Referrals

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 February 17, 2023.

Ms. Goodwin shared that nine clawbacks have been paid and closed out since December 8, 2022.

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

past due. Ms. Goodwin said that one VJIP clawback has been closed out since December 8, 2022.

Secretary Merrick made a motion to recommend approval of the clawback report. Mr. Sessoms seconded the motion, and the recommendation was unanimously approved.

Ms. Goodwin stated that there is one data center project, OVH, currently subject to clawback, the amount of which is currently being determined.

Semi-annual Report on Incentive Performance (as of 12/31/2022)

Ms. Goodwin shared the VEDP-Administered Incentives Dashboard. She explained that the dashboard covers seven years of information. She covered the COF clawback history in detail.

Mr. Sessoms made a motion to recommend approval of the Semi-annual Report on Incentive Performance. Ms. Lochte seconded the motion, and the recommendation was unanimously approved.

Ms. Chenery thanked Ms. Goodwin for serving as Interim Vice President of the Incentives division while VEDP works to identify a permanent leader.

Other Topics, Adjournment, and Next Meeting

The next meeting of the Finance and Audit Committee will be held on June 7, 2023, exact time TBD. The meeting was adjourned at 2:46 p.m.

Respectfully submitted,

Nicole David
Acting Recording Secretary

CONTROLLER'S REPORT TO THE FINANCE AND AUDIT COMMITTEE

June 7, 2023

FY2023: OPERATIONS BUDGET TO ACTUAL FOR THE NINE MONTHS ENDED MARCH 31, 2023

<u>Division</u>	<u>2023 Budget</u>	<u>2023 YTD Actual</u>	<u>% Spent 75%</u>
Talent Solutions (Note)	17,332,268	6,805,600	39%
International Trade	11,756,814	6,242,766	53%
Business Investment	6,976,701	4,422,710	63%
Research	3,291,507	2,441,122	74%
Marketing and Communications	4,559,844	2,933,193	64%
Economic Competitiveness	1,075,198	796,531	74%
Real Estate Solutions	1,518,000	1,209,836	80%
Information Technology	1,210,227	907,639	75%
Incentives	1,158,969	718,245	62%
Administration	4,983,064	3,733,365	75%
Total VEDP Operations	53,862,592	30,211,007	56%
Projects, Pass Thru's, and Grants	11,302,166	4,401,037	39%
Total VEDP	65,164,758	34,612,044	53%

Note: Talent Solutions FY23 budget includes \$14,860,00 for the Talent Accelerator Program, \$1,641,768 for Regional Talent Solutions and Business Outreach, and \$830,500 for VOOE.

FY2023: OPERATIONS BUDGET TO ACTUAL FOR THE NINE MONTHS ENDED MARCH 31, 2023

- All divisions are close to or below budget through the first nine months of the fiscal year.
- The market-facing divisions (Talent Solutions, International Trade, Business Investment, and Marketing and Communications) are under budget (50% combined). This spending rate is expected to increase as we move into the final quarter of FY23.
- Projects, Pass Thru's and Grants are under budget through the first nine months of the fiscal year. The FY23 budget includes \$8.4 million for the Virginia Business Ready Sites Development and Characterization programs, \$2.3 million for the Brownfields Restoration and Redevelopment Fund (Brownfields), and \$.6 million for the Inland Port Feasibility Study, the Eastern Shore Natural Gas Pipeline Extension Study, and the Hampton Roads Maritime Workforce Study. Third quarter spending includes the \$2.3 million Brownfields payment.



Virginia Economic Development Partnership

Audit Report – Information Technology Division

May 25, 2023

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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 of the Information Technology (IT) Division. Below is an explanation of the Finding Classifications associated with each of the findings / observations identified during our assessment. See detailed summary of Findings, Recommendations, and Management’s Responses starting on page 5 of this report.

Our recommendations include:

- Enhancing VEDP’s controls around access management and password management to comply with Virginia Information Technologies Agency (VITA) SEC501 IT Security Standard requirements,
- Implementing a centralized IT system change management process through the agency’s ticketing system,
- Establishing signed user agreements for internally issued mobile devices,
- Establishing a formalized process to test the agency’s ability to successfully restore data backups on at least an annual basis, and
- Enhancing some of the agency’s physical and environmental controls around the data center (e.g., implementation of surveillance cameras and annual testing of fire extinguishers)

Finding Classifications	Quantity
Critical —Matter is urgent and requires immediate action by the Board of Directors and Executive Management.	0
High —Matter is a high priority that requires Executive Management’s immediate attention and correction.	0
Medium —Matter is a priority that requires Executive Management’s attention and a commitment to correct in a reasonable timeframe.	2
Low —Corrective action is necessary. These items represent infrequent errors or opportunities to improve internal controls or processes.	3
Best Practice —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

Rating: Satisfactory with Exceptions

A “Satisfactory with Exceptions” rating, as defined below, was assigned based on the results of this assessment.

Satisfactory	Strong internal controls exist, and they are generally working as intended. No findings rated Critical, High, or Medium were noted.
Satisfactory with Exceptions	No findings rated Critical or High. However, some Medium rated findings were noted that do require a commitment to correct by Management.
Improvement Required	Contains findings rated High or Medium that, when aggregated, result in an elevated level of risk that require timely attention and correction by management.
Unsatisfactory	Significant internal control weaknesses exist. The overall number / extent of control weaknesses represents unacceptable exposure and risk.

Overview of the Information Technology Division

The Information Technology (IT) Division provides support to both VEDP and the Virginia Tourism Corporation (VTC). IT is responsible for the planning, security and operation of all network infrastructure components and cloud applications. IT is also responsible for supporting VEDP’s three public websites (VEDP.org, ExportVirginia.org, VOEE.org) and other applications that are critical to the economic development marketing process. Other key functions the IT Division is responsible for include:

- Providing IT communications to Executive Management and VEDP / VTC personnel, as needed.
- Maintaining the operations and information infrastructure to support and fulfill the VEDP mission.
- Maintaining data exchange operations with VEDP’s partners.
- Providing technical support and connectivity to the network and conference rooms for VEDP employees.
- Maintaining information security program and provide security awareness training.

Objective and Scope

The objective of this assessment was to assist VEDP in evaluating processes and controls for IT, and to provide any recommendations for improvement. As part of the audit plan for FY 2023, we performed testing of select internal controls over the IT controls in place during the period of February 1, 2022 - January 31, 2023. We conducted meetings with management and process owners to understand the current processes and control activities in place. The following functional areas and activities were included within the scope of our testing procedures:

- Follow-up on Auditor of Public Accounts (APA) IT Audit Report Recommendations
- User Access Management
- User Identification and Authentication (e.g., Password Configurations)
- Remote Access
- Contractor/Third-Party Employee Access
- Wireless Networks
- Mobile Devices
- Change Management
- Business Resiliency
- IT Operations (e.g., Data Backup and Restore Procedures, Network Monitoring, IT Support, Security Patch Updates, Anti-Virus and Malicious Software Protection)

We cannot guarantee that a third party would agree with our analysis or that this internal audit identified all issues that may exist or become apparent in the future.

Findings, Recommendations, and Management’s Responses

MEDIUM RATED FINDINGS				
NUMBER	FINDING	RECOMMENDATION	MANAGEMENT'S RESPONSE	EXPECTED REMEDIATION DATE
M-01	<p>Based on our testing of user access management controls, we determined that:</p> <ul style="list-style-type: none"> • VEDP has not fully implemented an comprehensive agency-wide user access review process for all employees and contractors with access to the agency's network and IT systems. Note: Through our walkthrough with the VP of IT, we determined that the agency is in the early stages of building out quarterly access reviews for VEDP User Group Profiles, Tourism Group Profiles and Contractor VPN Access to be performed within Azure Active Directory. • While the agency has established an access request form process for all general users, VEDP does not currently have an access request form process in place for employees requiring admin or privileged level access. • One (1) out of ten (10) employees tested in our new hire access request test sample did not have evidence of a completed New Hire Checklist on file. • Three (3) out of six (6) employees tested in our terminated employees access request test sample did not have 	<ul style="list-style-type: none"> • Implement and execute a comprehensive agency-wide user access review process that at least annually evaluates employee and contractor access to the VEDP network and IT systems. The reviews at a minimum should determine whether each employee or contractor: <ul style="list-style-type: none"> ○ Still requires access to the system. ○ Has the appropriate privileges required to perform their assigned job role. ○ Group and system profile is appropriately configured. ○ Assigned role presents any separation of duties conflicts (e.g., general, and admin/privileged users). • Develop and implement an access request form designed for employees requiring admin or privileged level access to the VEDP network or IT systems. • Complete the appropriate required access request documentation (e.g., New Hire Checklist, Logoff Request 	<p>VEDP concurs and has already addressed most of these findings.</p> <p>We started using Azure Access Reviews in February 2023, and will continue to use Azure Access Reviews quarterly for access reviews. We are building additional procedures to ensure all items in the recommendation are addressed.</p> <p>VEDP will prioritize review of user request forms and make improvements where needed. VEDP IT and HR met with administrative staff April 19th and reminded them of the importance of Logon and Logoff requests, and that we will be policing those closely. Additional meetings were held May 22nd and May 23rd to discuss potential improvements to the checklist process.</p> <p>We are working to include 30-day follow-ups on user permissions for job title changes, as there is frequently a transition period.</p> <p>VEDP is adding additional request forms related to admin and privileged level access. Users requiring additional access will be required to</p>	8/1/2023

	<p>evidence of a completed Logoff Request Form on file.</p> <ul style="list-style-type: none"> • One (1) out of three (3) employees tested in our job title change test sample still had access to some of the old user group profiles associated with their previous job role, which were no longer required. • We identified a contractor who had been granted a user access upgrade. However, a documented user access upgrade request form was not generated to support the access change. 	<p>Form, Job Title Change Checklist, etc.) for all new hire, contractor, terminated, and job title change employees with access to the VEDP network or information systems.</p> <ul style="list-style-type: none"> • Promptly remove access to any systems or directories no longer required by the employee, resulting from a job title change. 	<p>fill out these forms and prove they meet the training and access requirements.</p> <p>VEDP has implemented a Contractor Logon/Logoff request form. It was utilized May 10th to onboard an accounting contractor and will be utilized for future contractors.</p>	
M-02	<p>VEDP does not currently have a formal centralized change request ticketing process in place to monitor and track change request tickets submitted by agency personnel. To date most change tickets have been managed via email. Note: The agency purchased the Fresh Service ticket tracking system during the audit period, and VEDP plans to implement its change request ticket management process.</p> <p>In addition, the agency as part of its APA audit finding remediation efforts, is in the process of building out a Change Management Plan, which will help provide further governance around the agency's change management process being built into Fresh Service.</p>	<p>Develop and implement a change management plan and associated change request process that allows for centralized submission, tracking, testing, and approval of all change request tickets within the Fresh Service system.</p>	<p>VEDP concurs. We are working with Assura to formalize a Configuration Management Plan and will map that into the Fresh Service ticketing system upon completion.</p>	8/1/2023

LOW RATED FINDINGS

NUMBER	FINDING	RECOMMENDATION	MANAGEMENT'S RESPONSE	EXPECTED REMEDIATION DATE
L-01	<p>Per inspection of the VEDP Active Directory/Network password configurations, we determined that the following configurations were not in compliance with VITA IT Security Standard SEC-501:</p> <ul style="list-style-type: none"> • Password History is set to 5 (SEC-501 requires 24) • Max Password Age is set to 180-days (SEC-501 requires 90-days for general users, and 42-days for admin users). 	<p>Implement the following password configurations to comply with SEC-501 requirements:</p> <ul style="list-style-type: none"> • Password History should be set to 24. • Max Password Age should be set to 90-days for general users and 42-days for Admin users. 	<p>VEDP concurs. The Password History has been updated from 5 to 24.</p> <p>VEDP is choosing to pursue the latest recommendations from NIST to require good non-expiring passwords when utilized with Multi-Factor Authentication and Risk-Based conditional access. Revision 12 of SEC-501 from 8/25/22 allows for this, but we will be sure to enforce the Max Password Age when a password is the only authenticator.</p>	6/30/2023
L-02	<p>VEDP requires employees to complete mobile device agreement forms if using their own personal mobile devices. However, there is currently no mobile device agreement form in place for mobile devices issued for business use by VEDP management to authorized employees.</p>	<p>Develop and implement a mobile device agreement form required to be completed and signed by authorized employees who are issued an internally managed mobile device for business use.</p>	<p>VEDP agrees and has started to review the VITA policies and will prioritize creating and implementing this policy with assistance from Assura.</p>	8/1/2023
L-03	<p>While VEDP has on occasion performed data restore testing procedures, the agency does not have a formal process in place to perform data restore testing procedures at least annually.</p>	<p>Develop and implement a formal process for testing data restores on at least an annual basis, to validate the agency's ability to successfully restore business operations from data backups.</p>	<p>VEDP agrees. VEDP's network services team has created monthly assigned tasks to restore backups and document the results to prove successful restores.</p>	6/30/2023

BEST PRACTICE FINDINGS				
NUMBER	FINDING	RECOMMENDATION	MANAGEMENT'S RESPONSE	EXPECTED REMEDIATION DATE
BP-01	<p>Per inspection of the VEDP Data Center we determined the following:</p> <ul style="list-style-type: none"> • There were no video surveillance cameras located outside of the two entry points for the VEDP Data Center. • While the agency had fire extinguishers located outside of the Data Center, they were expired. 	<ul style="list-style-type: none"> • Implement video surveillance cameras outside of both Data Center entry points, to provide 24/7 monitoring capability for the agency outside of normal business hours. • Ensure that fire extinguishers are inspected at least annually to ensure they are current. 	<p>VEDP agrees and is currently working to install cameras in the Data Center area.</p> <p>VEDP has ordered two new fire extinguishers and routine inspections via Summit Fire & Security</p>	8/1/2023



Virginia Economic Development Partnership

Audit Risk Assessment for FY24

May 25, 2023

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Confidential: The use of this document is intended solely for internal purposes by the management of **VEDP** and should not be distributed to third parties or used for any other purposes unless specified by law.

Objective, Scope, and Procedures

Our objective was to complete the annual Virginia Economic Development Partnership (VEDP) Audit risk assessment and develop the FY24 Audit Plan. It is important to note that the potential risks identified in this report don't necessarily point to known control weaknesses, since testing would have to be performed to determine the controls that exist and how these risks are managed. We collaborated with VEDP to perform the following tasks, which are further outlined in the Scope and Procedures section below.

- Information Gathering
- Perform Risk Assessment and Identify the Audit Universe
- Develop the FY24 Audit Plan
- Scope and Procedures

This section provides a detailed outline of the key steps we performed:

Information Gathering

1. We obtained and reviewed:
 - VEDP's Organization Chart
 - VEDP's Operational Plan
 - Various VEDP Policy and Procedures
 - Recent external audits of VEDP performed by the Auditor of Public Accounts (APA)
 - Other documentation specific to individual VEDP functional areas
2. We performed approximately 20 interviews or surveys, which included the following:
 - The Chairman of VEDP's Board of Directors
 - The Chairman of the Finance and Audit Committee (FAC) of VEDP's Board of Directors
 - The VEDP Executive President and CEO
 - The leaders from each VEDP functional area

Perform Risk Assessment and Identify the Audit Universe

For each functional area, we identified key processes and evaluated their associated risks based on the information we gathered. We then assessed the potential likelihood of risks not being mitigated and the significance of its impact to VEDP based on the following table:

RISK LEVEL	EXAMPLES
High	<ul style="list-style-type: none"> * Events may result in significant non-compliance with legal / regulatory requirements * Events may result in significant concerns with the accuracy of financial reporting * Events may result in sustained or serious loss of earnings, cash flow or credit * Events may create significant opportunity for fraud, such as misappropriation of assets or fraudulent financial reporting * Significant reliance on technology exists, and sufficient automation does not exist * Key operational processes are not mature or properly monitored / controlled * Significant issues remain unresolved from previous audits * Key personnel resources do not exist or are not competent * An issue materializing is probable and requires Board attention and Senior Management action * Volume of transactions is significant * Dollar amount of transactions is significant * Events may result in significant adverse publicity or serious loss in brand value * Events may have significant negative impact on the accomplishment of the Operating / Strategic Plan
Medium	<ul style="list-style-type: none"> * Events may result in a moderate level of non-compliance with legal / regulatory requirements * Events may result in some concerns with the accuracy of financial reporting * Events may result in some loss of earnings, cash flow or credit * Events may create some opportunity for fraud, such as misappropriation of assets or fraudulent financial reporting * Moderate amount of reliance on technology exists, and automation needs improvement * Some operational processes are not mature or properly monitored / controlled * Issues that remain unresolved from previous audits are not significant but need attention * Some personnel resources may not exist or are not competent * An issue materializing is possible and requires Senior Management attention and Middle Management action * Volume of transactions is moderate * Dollar amount of transactions is moderate * Events may result in moderate adverse publicity or moderate loss in brand value * Events may have moderate negative impact on the accomplishment of the Operating / Strategic Plan

RISK LEVEL	EXAMPLES
Low	<ul style="list-style-type: none"> * Events are unlikely to result in non-compliance with legal / regulatory requirements * Events are unlikely to impact the accuracy of financial reporting * Events may result in minimal or no loss of earnings, cash flow or credit * Events are unlikely to create opportunities for fraud, such as misappropriation of assets or fraudulent financial reporting * Minimal reliance on technology exists, and sufficient automation exists * Operational processes are sufficient and properly monitored / controlled * Issues from previous audits are resolved or are minor * Personnel resources are sufficient in number and are competent * An issue materializing is unlikely and can be resolved by Middle Management * Volume of transactions is minor * Dollar amount of transactions is minor * Events may result in minimal impact on publicity or brand value * Events may have minimal negative impact on the accomplishment of the Operating / Strategic Plan

We also rated the audit risk for each of the functional areas, which was judgmentally assigned from “High” to “Low” based on the type and number of findings identified during prior audits by FORVIS or the APA. Since the Virginia Office of Education Economics and Real Estate Solutions are fairly new functional areas and have not been audited, we rated them as medium.

We compiled the results of the risk assessment and classified the risk in each functional area as “High”, “Medium” or “Low” for each of the following eight risk categories, which were considered when developing the descriptions in the table above:

- Audit
- Compliance
- Financial
- Fraud
- Operational
- Reputation
- Strategic
- Technology

We then assigned an overall composite risk rating of “High”, “Medium” or “Low” to the functional area based on the individual risk ratings of the eight risk categories (see Summary Risk Ratings section). These overall composite risk ratings were then used as the basis for identifying key risk priorities that would be most important to VEDP. However, VEDP management is responsible for making final risk determinations and reporting results to the Board.

Also included for each functional area is a list of potential risks (see Appendix A: Functional Area Potential Risks section) we identified during our information gathering and communications with VEDP management and the Board. In total, we identified over 200 potential risks across all the functional areas. However, these listings are not intended to be all-inclusive.

Develop the FY24 Audit Plan

After performing the risk assessment, identifying potential risks in the audit universe, and consulting with VEDP we drafted the FY24 Audit Plan and tentative FY25-28 Plan. Our Plan is a tool to help VEDP make business risk decisions. However, VEDP management, in consultation with the Board, is responsible for determining the timing and extent of audit coverage based on their risk appetite and the amount of resources they want to devote to the audit process.

Audit Plan

The table on page 7 depicts the tentative FY24 thru FY28 Audit Plan (Plan) for VEDP. We included in the Plan the completion of the annual risk assessment and follow-up on management action plans from findings issued during these audits. These are routine tasks that exist for any audit function.

The table below depicts our summary risk rating for each functional area, which are based on the risk rating of the eight risk categories. These individual risk categories are assigned 3 points if rated “High”, 2 points if rated “Medium”, and 1 point if rated “Low”. The points for each of the eight risk categories were totaled to determine the composite rating for each functional area, in accordance with the composite rating point scale below.

High (20 - 24points)
Medium (15 - 19 points)
Low (8 - 14 points)

Functional Area	Compliance	Financial	Fraud	Technology	Operational	Reputation	Strategic	Audit	Composite Rating
Information Technology	High	Medium	Medium	High	High	High	High	High	22
Business Investment	Medium	High	Medium	High	High	High	High	Medium	21
Virginia Talent Accelerator Program	High	High	Medium	Medium	High	High	High	Medium	21
Real Estate Solutions*	Medium	High	Medium	Medium	High	High	High	Medium	20
Human Resources	High	Medium	Medium	High	High	Medium	Medium	High	20
Incentives	High	High	Medium	Medium	High	High	High	Low	20
Regional Talent Solutions and Business Outreach	High	High	Medium	Medium	High	High	High	Low	20
Research	Medium	Medium	Medium	High	High	Medium	Medium	Medium	18
International Trade	Medium	Medium	Medium	Medium	High	Medium	Medium	Medium	17
Marketing and Communications	Low	Medium	Medium	Medium	High	High	High	Low	17
Virginia Office of Education Economics*	High	Medium	Low	High	Medium	Medium	Medium	Medium	17
External Affairs	High	Medium	Low	Low	Low	High	Medium	Low	14
Economic Competitiveness	Low	Low	Low	Medium	High	Medium	Medium	Low	13
Fiscal & Support Services	Medium	High	Medium	Low	Low	Low	Low	Low	12
General Counsel	High	Low	Low	Low	Low	High	Low	Low	12

* Audit risk for Real Estate Solutions and Virginia Office of Education Economics was rated “Medium” since these functions are new.

We have included the following FY24 thru FY28 Internal Audit Plan for VEDP Management and the Board. The extent of audit coverage for FY24 thru FY28 will be determined by VEDP Management and the Board based on how many resources they want to leverage for the internal audit function.

High (20 – 24 points)
Medium (15 - 19 points)
Low (8 - 14 points)

Functional Area	Composite Rating	Last Audit Date & Results		5 Year Plan				
		Report Date	# of Findings	FY24	FY25	FY26	FY27	FY28
Information Technology	22	5/25/23	2-M, 3-L	X		X		
Business Investment	21	1/5/2021	3-L		X			X
Virginia Talent Accelerator Program	21	4/1/2022	1-M, 1-L		X			X
Human Resources	20	1/23/2020	2-H, 6-M	X			X	
Incentives	20	4/16/2020	1-L		X			
Real Estate Solutions	20	New	-	X			X	
Regional Talent Solutions and Business Outreach	20	12/13/2022	0			X		
Research	18	4/26/2023	3-L				X	
International Trade	17	4/10/2019	2-M, 1-L	X				
Marketing and Communications	17	4/15/2021	1-L			X		
Virginia Office of Education Economics	17	New	-		X			
External Affairs	14	12/17/2021	0			X		
Economic Competitiveness	13	1/19/2023	1-L					X
Fiscal & Support Services	12	4/1/2022	1-L				X	
General Counsel	12	12/13/2021	1-L					X
Annual - Risk Assessment	N/A	N/A	N/A	X	X	X	X	X
Annual - Action Plan Follow-up	N/A	N/A	N/A	X	X	X	X	X

Appendix A: Functional Area Potential Risks

This section includes potential risks for each functional area that were identified during our information gathering and communications with VEDP management and the Board. These potential risks don't necessarily point to known control weaknesses since testing would have to be performed to determine the controls that exist and how these risks are managed. These risks will be evaluated in our audits.

Functional Area – Information Technology (High Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Automation of business processes
- Impact of technology on successful implementation of the Operating / Strategic Plan
- IT vendor risk management (SOC reports)
- Cybersecurity strategy and practices
- Overall IT governance strategy
- Disaster recovery / business continuity / incident response
- Granting and terminating access to systems / applications /periodic user access review
- System and application oversight / support
- Software licensing reviews
- Change control process for new technology or enhancements to current technology
- SharePoint and other internal communication mechanisms
- Data usage / storage space capacity
- System integrity controls over data entry and reporting
- Segregation of duties and principle of least privilege controls within IT systems
- Classification and identification of sensitive data within IT systems
- Risk assessments for IT systems
- Employee IT training (security, data privacy, etc.)
- Compliance with VITA technology policies
- Virginia Tourism Corporation assistance
- Succession planning

Functional Area – Business Investment (High Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- System integrity controls over data entry and reporting in Salesforce
- Lead Generation strategy / plan for targeting companies/ campaigns, Business Retention and Expansion (high yield, impact, etc.)
- Project documentation (timely, accurate, complete, etc.)
- Project management
- Lead Generation / industry teams (domestic and international)
- International contractor management
- Collaboration with external stakeholders
- Confidentiality of company information and conflict of interest management
- External stakeholder feedback mechanisms
- Outbound call center (scripting, metrics, lead generation, etc.)
- Type and location of customers targeted
- Administration of business ready laws
- Cross divisional discussion about trade show success/issues

Functional Area – Virginia Talent Accelerator Program (High Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Client needs and training analysis (consulting services)
- Client eligibility
- Project budgeting / approval
- Marketing presentations
- Client assistance (communication, frequency, etc.)
- Program funding
- Client letters (incentives, commitment, retraining, etc.)
- Salesforce data entry
- Project management / documentation
- Press releases
- Data collection / documentation standards
- Custom workforce program development
- Confidentiality of client information

Functional Area – Human Resources (High Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Employee feedback mechanisms (engagement survey, etc.)
- Number of and skill sets of resources across all functional areas
- Diversity program
- Performance evaluation process and calibration
- Rewards and recognition program
- Job descriptions / employee work profiles
- New hire orientation programs / onboarding
- Recruiting / hiring practices
- Termination processing
- Fiscal related payroll assistance
- Background checks
- Benefits administration
- Overtime
- Career pathing
- Teleworking
- Human resource information / management system
- Virginia Tourism Corporation assistance

Functional Area – Incentives (High Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Due diligence on companies
- Incentives structuring (ROI analysis, etc.)
- Project Review and Credit Committee assistance
- Incentive management and program compliance – reporting / monitoring of job creation, wages paid, capital expenditures, etc. (during and after performance period)
- Project Review and Credit Committee approval
- Clawback provisions
- Certification of companies eligible to decrease income taxed
- Adherence to performance extensions
- Salesforce data entry / documentation / reporting
- Business ready sites program

Functional Area – Real Estate Solutions (High Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Review of Brownfields Assistance Fund applications
- Maintenance of the VA Real Estate database tool
- Use of grant funds and compliance with requirements
- Real Estate subject matter expertise consulting
- Support of business ready sites
- Management of the Real Estate Development strategic plan
- Stakeholder reporting and presentations
- Managing Regional and Local Real Estate Familiarization Tours
- Train local and regional partners on the Real Estate database tool

Functional Area – Regional Talent Solutions and Business Outreach (High Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Client needs and training analysis (consulting services)
- Client eligibility
- Project budgeting / approval
- Marketing presentations
- Client reimbursement requests (data validation / reconciliation with VA Employment Commission, duplicate payments, sufficiency of documentation, legitimacy of business, etc.)
- Grant reimbursement (timeliness, accuracy, etc.)
- Client assistance (communication, frequency, etc.)
- Workforce Development Reports
- Program funding
- Client letters (incentives, commitment, retraining, etc.)
- Salesforce data entry
- Project management / documentation
- Incentive compliance
- Press releases
- Data collection / documentation standards
- Custom workforce program development
- Confidentiality of client information

Functional Area – Research (Medium Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Client communications
- Executive presentation support
- Data analytics (workforce data, tax data, benchmarking, etc.)
- Economic trend analysis
- Lead generation support
- Maintain value proposition and content creation
- Maintenance of the VA Real Estate database tool
- Data management
- GIS
- Salesforce administration

Functional Area – International Trade (Medium Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Screening process for selecting clients / partners
- Advice / consulting on international business
- Contract development / review / approval
- Survey data analysis
- Market research services / Global networking
- Program expense reimbursements
- Salesforce data integrity / documentation
- Trade mission / show collaboration / alignment
- Certificates of Free Sale
- Monitoring changes in federal grants and legal / regulatory requirements
- Program / grant management and communication (VALET, GDP, STEP, etc.)
- Education events
- Foreign travel insurance
- External partner communication

Functional Area – Marketing and Communications (Medium Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Overall marketing plan and strategy
- Brand standards (graphics, logos, tag lines, etc.)
- Media communications (protocols, message crafting, etc.)
- Brand awareness
- Contractual agreements
- ROI (discretionary spend, volume, cost, etc.)
- Social media efforts
- Trade shows / missions / event management
- Data integrity and recordkeeping

Functional Area – Virginia Office of Education Economics (Medium Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Annual research plan
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Project budgeting / approval
- Grant management
- Research presentations
- Data collection
- Data storage
- Data integrity
- Grant reporting (public, grantor, General Assembly, etc.)
- External collaboration (State and Federal Agencies, Educational institutions, etc.)

Functional Area – External Affairs (Low Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Tracking of new legislation, budget amendments, etc.
- Reporting to external stakeholders such as the legislature and external partners (accuracy, timeliness, etc.)
- Rural development strategy and performance tracking
- Partner relations and outreach (includes congressional / legislature relationships)
- Identifying federal opportunities
- Salesforce documentation
- Budget preparation and development
- Preparation of the VEDP Legislative agenda
- MEI Commission interaction
- Community engagement

Functional Area – Economic Competitiveness (Low Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Internal organizational assistance (onboarding, best practices, training, etc.)
- GO Virginia collaboration / alignment
- Statewide economic strategy collaboration / alignment
- National Ranking initiative
- Performance measure development
- Benchmarking other states
- Handling of confidential information
- Business ready sites

Functional Area – Fiscal & Support Services (Low Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Payroll processing (approvals, leave, overtime, etc.)
- Budget development / amendments / monitoring / reallocation of funds
- Segregation of duties
- Travel / entertainment expense reimbursement
- Wire transfer verification
- Approval thresholds for certain transactions
- Financial reporting
- Facilities management
- Account reconciliations
- Cash management / accounts receivable
- Disbursements / accounts payable
- Lease management (Domestic and international)
- Split purchase monitoring
- Competitive bidding
- Bulk purchases / economies of scale with purchasing
- Purchase Card purchases / review / approval
- Vendor and contract database
- Vendor and contract management (due diligence, contract language, ongoing monitoring, etc.)
- Fleet management
- Virginia Tourism Corporation assistance
- Insurance (property, travel, auto, workers compensation)

Functional Area – General Counsel (Low Risk)

Risk of the following not existing or occurring...

- Written operational policies / procedures
- Management reporting and key performance measures
- Cross functional processes / relationships / communication with other VEDP functions
- Employee training / development
- Compliance with local, state, federal and international laws and regulations
- Protection of confidential information
- Non-disclosure agreements
- Outsourcing of litigation
- Performance agreements for incentives
- FOIA requests
- Compliance with statutory requirements and qualifications for incentive packages
- Verify existence of business licensing (domestic and/or international)
- Transparency of communications

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FINANCE AND AUDIT COMMITTEE CHARTER

I. OVERVIEW AND PURPOSE

~~The mission statement of the Virginia Economic Development Partnership (VEDP) Board of Directors states, in part, that the Board is "...to review activities and operating results....(and to) ensure that VEDP management sets ambitious strategic and performance objectives."~~ The Virginia Economic Development Partnership (VEDP) Board of Directors is empowered and charged by the Code of Virginia to encourage, stimulate and support the development and expansion of the economy of the Commonwealth through economic development. To help fulfill that mission, the Finance and Audit Committee concentrates upon fiscal planning and execution, financial reporting, internal control, and auditing. The Committee is charged with providing broad guidance and recommendations on financial and auditing concerns to the full Board. In doing so, the primary purpose of the Finance and Audit Committee is to assist the Board in fulfilling its responsibilities related to oversight of:

- Financial planning and operations;
- The integrity of the Partnership's financial accounting and reporting practices;
- The Partnership's compliance with legal and regulatory requirements;
- The maintenance of an effective system of internal controls; and
- The Partnership's relationship with the independent auditor.

The function of the Committee is oversight. VEDP management is responsible for the preparation, presentation, and integrity of the Partnership's financial records, fiscal plans, and other financial reporting. VEDP management is also responsible for maintaining appropriate financial accounting and reporting policies, procedures, and controls designed to assure compliance with generally accepted accounting principles and applicable laws and regulations. The Partnership's external auditor, the state Auditor of Public Accounts, is responsible for planning and conducting the financial audit in accordance with generally accepted auditing standards.

The Committee is authorized to request, gather, and consider whatever information it deems relevant to the matters brought before it and to report its findings and/or recommendations to the full Board. The Committee is not empowered to take any further or independent action unless specifically authorized by action of the Board.

The Committee is charged with separating its responsibilities for Finance and Audit, respectively, and with maintenance of separate agenda items to cover both audit and finance topics for each meeting.

In addition to the powers and responsibilities expressly delegated to the Finance and Audit Committee in this charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time not otherwise prohibited by law and consistent with the Board's authority.

II. COMPOSITION, INDEPENDENCE, AND ORGANIZATION

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
FINANCE AND AUDIT COMMITTEE
CHARTER**

The Finance and Audit Committee will be comprised of five or more directors. The VEDP Board chairperson shall serve on the committee as an “ex-officio” member. Each committee member will be knowledgeable in financial matters and shall fully comply with the State and Local Governments Conflict of Interests Act, Section 2.2-3100 of the *Code of Virginia*, as amended.

The VEDP Board chairperson shall appoint the chairperson and other members of the Finance and Audit Committee, subject to approval by the full Board. The Committee chairperson is appointed for a two-year term and may be re-appointed for one additional two-year term. No member may serve as chairperson for more than four consecutive years.

The chairperson is charged with ensuring the integrity of the Committee’s process, facilitating the operation of the Committee meetings, motivating the Committee to be as effective as possible, and reporting to the Board on the matters considered by the Committee. In the event of the absence of the Committee chairperson, the chairperson shall designate a member to preside and assume those responsibilities as may be necessary.

The Finance and Audit Committee will meet at least four times annually. Additional meetings may occur more frequently as circumstances warrant. Members may participate in meetings electronically only in accordance with the guidelines adopted by the full Board in conformance with the provisions of the Virginia Freedom of Information Act.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any of its responsibilities to a subcommittee of the Committee.

A majority of members of the Committee present and voting shall constitute a quorum. Unless otherwise specified by the full Board, voting by proxy is not allowed. Approval of an action or recommendation shall be by majority vote of Committee members present and voting at a Committee meeting.

All directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not be entitled to vote.

III. RESPONSIBILITIES

In performing its oversight responsibilities, the Finance and Audit Committee shall:

A. General

1. Adopt a formal written charter that specifies the Committee’s responsibilities and practices. The charter should be reviewed periodically and updated as necessary, subject to approval by the full Board.
2. Maintain minutes of meetings.

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
FINANCE AND AUDIT COMMITTEE
CHARTER**

3. Report Committee actions to the full Board with such recommendations as the Committee may deem appropriate.
4. Meet in closed session, consistent with state law (without members of senior management present, when appropriate), with the internal and external auditors to discuss matters that the Committee or the auditors believe should be discussed privately.

B. Financial Planning and Operations

1. Review the annual operational plan prepared by VEDP management, including performance objectives, prior to review by the full Board.
2. Periodically review operating results of the Partnership, including major budget variances and changes, and performance metrics compared to planned benchmarks.
3. Examine, as needed, with VEDP management, existing activities of VEDP operations in order to identify opportunities for improvement.
4. Review proposed budget requests (appropriation, language, and legislation) for consideration by the Secretary of Commerce and Trade, the Governor, and the General Assembly.

C. Internal Controls, Risk Assessment, Audit and Financial Reporting

1. Review the Partnership's processes for assessing significant business risk exposures and the steps management has taken to monitor and control such exposures, including the Partnership's risk assessment and risk management policies.
2. Be the primary contact on behalf of the Board with the auditor. Work with the auditor to establish, maintain, and review the audit program. Receive audit reports and report to the Board significant audit findings. Work with VEDP management to implement audit recommendations.
3. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct the identified weaknesses.

D. External Auditors

1. Make inquiries of management and the independent auditors regarding the scope of the external audit for the current year.
2. As necessary, discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.
3. Meet with the external auditors at the completion of the audit to receive and discuss the audit report(s).
4. Meet at least annually with the external auditors, without VEDP management present

Commented [A51]: Same as first comment - does this need to be updated if full financial statements are not going to be reviewed annually?

Commented [GB2R1]: Yes I would remove item 3 since we are not going to prepare financial statements.

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
FINANCE AND AUDIT COMMITTEE
CHARTER**

if needed, to discuss matters that the Committee or the auditors believe should be discussed privately.

5. Report to the full Board on the findings and recommendations of the external auditors.

E. Compliance, Ethics and Business Conduct

1. Require VEDP management to periodically report on procedures that provide assurance that the Partnership's mission, values, and codes of conduct are properly communicated to all employees.
2. Periodically review the programs and policies of the Partnership designed by management to assure compliance with applicable laws and regulations and monitor the results of the compliance efforts.
3. Monitor the Partnership's conflict of interest policies and related procedures, and ensure these policies and procedures are explained to the members of the Board and staff as required.

IV. EVALUATION

At least annually, the Committee shall review and reassess this charter and submit any recommended changes to the full Board for its consideration. In addition, the Committee shall annually evaluate its own performance, including its compliance with this charter, and provide the Board with its findings and recommendations for changes in procedures or policies.

IT SECURITY UPDATE

June 7, 2023

VEDP HAS MADE SUBSTANTIAL PROGRESS TO IMPROVE SECURITY AND IS ON TRACK TO ADDRESS IDENTIFIED ISSUES BY NOVEMBER

VEDP is addressing the APA management points from the March 2023 report

- MP1: Improve Information Security Program and IT Governance
 - Information Security Officer (ISO) and VP of IT (CIO) roles separated, as per VITA standards
 - Onboarded into Assura's security services
 - Assessing and updating existing policies and procedures, updating to align with VITA standards
 - On-pace to implement formal vulnerability management program
- MP2: Improve Service Provider Insight
 - Developed roadmap with Assura to include additional procurement and security policies for vendors
 - Developed risk assessment plan, including routine audits of sensitive systems
 - Beginning risk analysis for vendors and sub-vendors of all information systems
- APA will return in August for the annual financial audit
 - Information system security audits expected through FY2027

VEDP worked with Forvis to audit IT and develop an official audit plan for sensitive systems

- Completed IT audit and process consulting with Forvis from January to April 2023
 - On-pace to address all findings by August 2023
 - Reviewed processes and practices alongside audit and offered suggestions for best compliance
- Developed an official audit plan for VEDP's sensitive systems
 - New contract with Forvis to assess 2-3 sensitive systems each year on a rotating basis
 - Each system will be audited by Forvis every 3 years
- Planning a follow-up IT audit for January 2024 to gauge progress on implementing the changes recommended by the APA and Forvis



INCENTIVE-RELATED FAC MATERIALS

Roanoke

June 7, 2023

FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Administrative Fee for Second COF Extensions

Teleworking Positions

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 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.

ACOUSTICAL SHEETMETAL – CITY OF VIRGINIA BEACH – 1ST EXTENSION

Summary:

- Manufacturer of sound and weather proofing for industrial generators
- \$750,000 COF grant
- \$150,000 VJIP grant
- Governor approved: 7/10/2020
- Initial performance date: 6/30/2023
- Extension request date: 9/30/2024
- Extension request received: 4/17/2023

Targets per the Performance Agreement:

- 200 new jobs @ \$46,781 over baseline of 182
- \$15,800,000 capital investment

Actual as of 3/31/2023:

- 148 new jobs (74%) @ \$47,908 (verified)
- \$20,702,328 capital investment (105%, verified)

Request:

- Extend performance date by 15 months from 6/30/2023 to 9/30/2024

Rationale:

- Acoustical Sheetmetal is experiencing significant turnover issues, causing the company to fall behind on its employment ramp-up.
- Acoustical Sheetmetal has exceeded its capital investment target.
- The company has more than doubled its manufacturing capacity but is unable to operate at full production due to challenges in the labor market.
- The company has enhanced its recruitment efforts by partnering with the Hampton Roads Workforce Council and the Virginia Beach Department of Economic Development.
- The company believes a 15-month extension will allow time for the labor market to improve, enabling it to reach its full employment metric.
- Virginia Beach is supportive of a first extension for Acoustical Sheetmetal.

DATA CENTER EXTENSION REQUEST OVERVIEW

- The Code of Virginia § 58.1-609.3. (Commercial and industrial exemptions.) provides an exemption from state and local sales tax for computer equipment or enabling software purchased or leased for the processing, storage, retrieval, or communication of data, including but not limited to servers, routers, connections, and other enabling hardware, including chillers and backup generators used or to be used in the operation of the equipment.
- The statutory minimum qualification for the exemption is a capital investment of at least \$150 million and the creation of at least 50 new jobs, each earning at least 150% of the prevailing average wage. For distressed communities, the statutory minimums are lowered to \$70 million and ten new jobs, each earning at least 150% of the prevailing average wage.
- Per the DCRSUT Exemption Guidelines, the data center holding the MOU is responsible for collecting repayment from tenants or identifying to TAX when repayments will be made by their tenants. Should the tenants be unable to pay, the data center is responsible for the repayment of the collective tax benefit.
- There is no fee associated with extensions.

POINT ONE – CITY OF VIRGINIA BEACH – 1ST EXTENSION

Summary:

- Data Center Retail Sales & Use Tax Exemption (DCRSUTE)
- MOU executed: 12/12/2019
- Performance date: 3/31/2023
- Extension request date: 9/30/2024
- Extension request received: 5/10/2023

Targets per the MOU:

- 50 new jobs @ \$64,719 (150% PAW)
- \$150,000,000 capital investment

Company Reported as of 6/30/2022¹:

- 2 new jobs (4%)
- \$17,730,914 capital investment (12%)
- Cumulative tax benefit to date: \$263,400

Request:

- Extend performance date by 18 months from 3/31/2023 to 9/30/2024

Rationale:

- Point One began construction of a tenant data center facility in Virginia Beach in 2019 to take advantage of the new subsea cable.
- COVID-19 greatly impacted the company's target customers, which focused on expanding existing facilities rather than leasing new data center space.
- The company paused the project until it was certain there would be sufficient customer demand for the new facility.
- The company is now able to move forward due to a \$100.0 million investment from Sculptor Real Estate, which will enable the company to perform final buildout of the facility.
- On-site mobilization and construction are expected to resume this summer, with final construction completed in 2024.

¹PointOne has passed the end of its performance period. The company has reported hiring 2 of the 50 qualifying jobs required to qualify for the benefit. The reported job creation and investment have not yet been verified by VEDP through VEC data and County Assessor records, respectively.

FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Administrative Fee for Second COF Extensions

Teleworking Positions

Beaver Creek Lake,
Albemarle County

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

Past due clawbacks referred to Office of the Attorney General as of May 19, 2023

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Home Care Industries	Mecklenburg	150,000	Full repayment of \$150,000 grant due 5/1/2013; company closed in January 2013; hard asset created (site preparation) through use of COF grant. The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	10/5/2010	3/31/2014
Lindenburg	Appomattox	1,400,000	Project not proceeding as planned; repayment of \$1,400,000 grant due 3/7/2016; VEDP has been pursuing an injunction to attach foreclosure proceeds by alleging misconduct by the project consultant; VEDP has a pending lawsuit against Lindenburg. The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	11/4/2014	4/30/2018
Tranlin	Chesterfield	4,811,726	Project not proceeding as planned; full repayment of \$5,000,000 grant to be repaid. \$150,000 repaid 10/24/2017; remainder to be repaid in six monthly installments of \$833,561 beginning 12/1/2017, secured by deed of trust on land. Additional \$38,274 repaid 9/19/2019. The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	6/18/2014	12/31/2019
Evatran	Wythe	100,000	Full repayment of \$150,000 to be paid in three installments of \$50,000 each due 12/31/2016, 12/31/2017, and 12/31/2018; 2016 payment received; \$50,000 installments due 12/31/2017 and 12/31/2018. The VEDP Board, at its April 26, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	6/29/2010	12/31/2013
Axon Ghost Sentinel	Harrisonburg	75,000	Statutory minimum requirements not met; full repayment of \$75,000 grant due 7/25/2019. The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	6/29/2015	10/1/2018
Basket Savings	Arlington	40,000	Statutory minimum requirements not met; full repayment of \$125,000 grant due 9/30/19; \$85,000 held by Arlington received 9/5/19; \$40,000 balance due from Basket by 9/30/19. The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	2/29/2016	6/30/2019
TOTAL		6,576,726				

PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

Clawbacks past due as of May 19, 2023

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

Clawbacks requested but not past due as of May 19, 2023

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
YakAttack	Prince Edward	100,000	Statutory minimum requirements not met; full repayment of \$100,000 grant requested 2/28/2023; due 5/31/2023.	No	12/19/2018	7/31/2022
Flow Beverages	Augusta	250,000	Statutory minimum employment requirement not met; full repayment of \$250,000 grant requested 4/3/2023; due 7/3/2023.	No	4/30/2019	12/31/2022
Bullish	Arlington	600,000	Statutory minimum employment requirement not met; full repayment of \$600,000 grant requested 4/7/2023; due 7/7/2023.	No	9/23/2019	12/31/2022
Amthor	Pittsylvania	150,000	Statutory minimum employment requirement not met; full repayment of \$150,000 grant requested 4/26/2023; due 7/26/2023.	No	1/10/2018	12/31/2022
Ferguson	Newport News	1,500,000	Statutory minimum employment requirement not met; company previously repaid \$500,000 of \$2,000,000 grant when extension was granted; remaining balance of \$1,500,000 requested 5/10/2023; due 8/10/2023.	No	6/5/2017	4/1/2023
Lineage Logistics	Portsmouth	22,500	Thresholds not fully met; prorated repayment of \$22,500 of \$180,000 grant requested 5/12/2023; due 8/12/2023.	No	4/5/2019	12/31/2022
TOTAL		2,622,500				

PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

Projects subject to clawback closed out since March 9, 2023

Company	Locality	Clawback amount received (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Applied Predictive Technologies	Arlington	253,750	Thresholds not fully met; prorated repayment of \$253,750 of \$1,750,000 grant received 3/3/2023.	Yes	8/10/2016	9/30/2022
idX	Spotsylvania	75,000	Statutory minimum requirements not met; full repayment of \$75,000 grant received 4/12/2023.	Yes	11/29/2017	9/30/2022
Overfinch	Danville	125,000	Statutory minimum requirements not met; full repayment of \$125,000 grant received 5/1/2023.	Yes	7/12/2016	9/1/2022
TOTAL		453,750				

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

Company	Locality	Amount of grant (\$)	Status	Previously Reported?	Announcement Date	Performance Date
Phoenix Packaging	Pulaski	600,000	Meeting to be scheduled with company to discuss potential second extension request following final budget approval.	Yes	4/12/2017	6/30/2022
GSK	Richmond City	675,000	Awaiting additional supporting documentation for capital investment verification, after which the company is expected to be eligible to receive a prorated portion of the grant.	No	10/31/2019	12/31/2022
PRA	Danville	780,000	Awaiting capital investment verification and response from Danville related to final reported employment.	No	12/20/2018	12/31/2022

FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Administrative Fee for Second COF Extensions

Teleworking Positions

Rosslyn,
Arlington County

PROGRESS REPORT ON VJIP PROJECTS SUBJECT TO CLAWBACK

Past due clawbacks referred to Office of the Attorney General as of May 19, 2023 – NONE

Clawbacks past due as of May 19, 2023 – NONE

Clawbacks requested but not past due as of May 19, 2023 – NONE

Projects subject to clawback closed out since March 9, 2023 – NONE

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

FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Administrative Fee for Second COF Extensions

Teleworking Positions

Rosslyn,
Arlington County

PROGRESS REPORT ON DATA CENTER PROJECTS SUBJECT TO CLAWBACK

Past due clawbacks referred to Office of the Attorney General as of May 19, 2023 – NONE

Clawbacks past due as of May 19, 2023 – NONE

Clawbacks requested but not past due as of May 19, 2023 – NONE

Projects subject to clawback closed out since March 9, 2023 – NONE

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

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
OVH	Fauquier	TBD	Company indicated that statutory minimum capital investment of \$150 million has not been met and cannot be met with an extension of the MOU; the client has been notified of the clawback and assigned an auditor from TAX to assist in determining the tax repayment due.	Yes	10/6/2016	6/30/2021
TOTAL		TBD				

FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Administrative Fee for Second COF Extensions

Teleworking Positions

Bethel Beach,
Mathews County

ADMINISTRATIVE FEE FOR SECOND COF EXTENSIONS

- VEDP's incentives policies and procedures currently assess a 5% administrative fee of the entire COF grant amount when a second extension is requested.
- This fee is generally assessed and due once the MEI Project Approval Commission approves a second COF extension.
- An MEI Committee member requested consideration to assess the 5% administrative fee on the outstanding portion of the COF grant that would be subject to repayment as opposed to the entire grant amount.
- VEDP staff recommends making this change.
- This fee may be waived in the event of force majeure or in other circumstances with the approval of the VEDP Board and the MEI Project Approval Commission.

FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Administrative Fee for Second COF Extensions

Teleworking Positions

ADOPTION OF TELEWORKING DEFINITION AND VERIFICATION PROCESS

- There is language in the *Code of Virginia* enabling VEDP to count teleworking/hybrid and fully remote workers who are Virginia residents toward companies' pledged metrics to qualify for certain incentive programs.
- 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 per 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; a reasonable commute is 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.
- VEDP staff recommends making this change.

FY24 OPERATIONAL PLAN APPENDIX

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY

Revenue Sources

	<u>FY2024</u>	<u>FY2023</u>	<u>Change</u>
Revenue			
COV General Fund Budgeted	\$ 52,855,577	\$ 50,011,992	\$ 2,843,585
Obligated Carry Forward Funds	16,908,266	14,329,666	2,578,600
Participation and Mission Fees	500,000	475,000	25,000
Other Revenue	1,000,000	348,100	651,900
Total Revenue	<u>\$ 71,263,843</u>	<u>\$ 65,164,758</u>	<u>\$ 6,099,085</u>

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

General Fund Budget Detail

	<u>Amount</u>
FY2024 General Fund Base Budget	\$ 48,504,192
Offshore Wind Supply Chain Development Program	2,500,000
Central Appropriations Compensation	1,776,385
Governor's Domestic and International Trade Missions	500,000
Talent Accelerator Program	175,000
Economic Development Studies	(600,000)
FY2024 Operational Plan General Fund Budgeted	<u><u>\$ 52,855,577</u></u>

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

General Fund Budget Detail

	<u>Amount</u>
FY2023 General Fund Base Budget	\$ 44,514,579
Virginia Business Ready Sites	(4,500,000)
Talent Accelerator Program	2,189,613
International Trade Plan	3,500,000
New and Expanding Programs Administration	1,500,000
Central Appropriations Compensation	1,007,800
Economic Development Studies	600,000
Incentives and Internal Audit	700,000
Governor's Domestic and International Trade Missions	500,000
FY2023 Operational Plan General Fund Budgeted	<u>\$ 50,011,992</u>

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

Carry Forward Budget Detail

FY2024 Budgeted Carry Forward deployed for:

Programmatic Commitments

FY23 Talent Accelerator Funds Deployed in FY24	\$ 7,300,000
Virginia Business Ready Sites Program	<u>8,008,266</u>

Total Programmatic Commitments	<u>\$15,308,266</u>
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Operational Commitments

FY23 Division Operational Funds Deployed in FY24 Operations	<u>\$ 1,600,000</u>
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Total Operational Commitments	<u>\$ 1,600,000</u>
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Total FY2024 Carry Forward Funds Deployed	<u><u>\$16,908,266</u></u>
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VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

Budgeted Expenditure Summary

	FY24		FY23		\$	%
	Dollars	Staff	Dollars	Staff	Change	Change
Division Budgets						
Talent Solutions (Note A)	\$19,698,482	49	\$17,332,268	46	2,366,214	14%
International Trade	12,123,610	30	11,756,814	30	366,796	3%
BI and Sector Teams (Note B)	8,547,541	48	6,976,701	40	1,570,840	23%
Research	3,375,513	25	3,291,507	25	84,006	3%
Marketing & Communications	4,606,390	14	4,559,844	14	46,546	1%
Economic Competitiveness	1,106,251	9	1,075,198	9	31,053	3%
Real Estate Solutions	1,537,477	6	1,518,000	6	19,477	1%
Information Technology	1,239,553	9	1,210,227	9	29,326	2%
Incentives	1,187,018	8	1,158,969	8	28,049	2%
Administration	5,083,742	24	4,983,064	24	100,678	2%
Total Division Budgets	✓ \$58,505,577	✓ 222	✓ \$53,862,592	✓ 211	4,642,985	9%
Pass Throughs, Grants and Projects	12,758,266	-	11,302,166	-	1,456,100	13%
Total VEDP Budget	✓ \$71,263,843	✓ 222	✓ \$65,164,758	✓ 211	✓ 6,099,085	9%

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

- A. Talent Solutions FY24 budget includes \$17,166,658 for the Talent Accelerator Program, \$1,675,646 for Regional Talent Solutions and Business Outreach, and \$856,178 for VOEE.
- B. In FY24, Business Investment (BI) will evolve into separate divisions for Project Management, and Strategic Projects and Lead Generation. Additionally, the FY24 budget reflects the addition of 15 staff for the Innovative Framework for Economic Growth, funded partially with 7 current BI positions, for a net staff increase of 8.

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

Budgeted Expenditure Detail

Pass Throughs, Grants, and Projects	<u>FY2024</u>	<u>FY2023</u>
Virginia Business Ready Sites Development and Characterization	\$ 8,008,266	\$ 8,452,166
Brownfields Restoration and Redevelopment Fund	2,250,000	2,250,000
Offshore Wind Supply Chain Development Program	2,500,000	-
Inland Port Feasibility Study	-	200,000
Eastern Shore Natural Gas Pipeline Extension Study	-	200,000
Hampton Roads Maritime Workforce Study	-	200,000
Total Pass Throughs, Grants, and Projects	<u>\$ 12,758,266</u>	<u>\$ 11,302,166</u>

A G E N D A

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY
EXECUTIVE COMMITTEE MEETING**

**June 7, 2023
3:00 P.M. - 4:30 P.M.**

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

- | | |
|------------------------------|---|
| 3:00 p.m. – 3:03 p.m. | Welcome/Call to Order — Bill Hayter, Chair |
| 3:03 p.m. – 3:05 p.m. | Public Comment Period |
| 3:05 p.m. – 3:07 p.m. | Approval of Minutes for 03/08/23 Meeting |
| 3:07 p.m. – 3:17 p.m. | President’s Report — Jason El Koubi |
| 3:17 p.m. – 3:27 p.m. | Audit Risk Assessment and Audit Plan – FORVIS
Action Item: Vote to Accept |
| 3:27 p.m. – 4:25 p.m. | CLOSED SESSION: FY24 Performance Metrics; Strategy |
| 4:25 p.m. – 4:30 p.m. | Topics for Next Meeting |
| 4:30 p.m. | ADJOURNMENT |

**Minutes
Executive Committee Meeting
Board of Directors of the Virginia Economic Development Partnership Authority
March 8, 2023
3:45 p.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 4:05 p.m. by Chair Bill Hayter, who noted that a quorum was present.

In person Committee Members: Carrie Chenery, Secretary Stephen Cummings, Rick Harrell, Bill Hayter, John Hewa, Secretary Caren Merrick, Marianne Radcliff, and Nick Rush

Committee Members Absent: None

Other Board Members: Mimi Coles, Stephen Edwards, April Kees, Pace Lochte, Anne Oman, Will Sessoms, and Steven Stone

In person VEDP Staff Members: Stephanie Agee, Nicole David, David Devan, Jason El Koubi, Stephanie Florie, Jennifer Garrett, Chris Hughes, Stephen Hartka, Lori Melancon, Tim Stuller, Lisa Wallmeyer, and Landon Webber

Guests: Kim McKay, Nicole Riley, and Kendra Shifflett

Public Comment Period

Chair Hayter solicited public comments. There were none.

Approval of Minutes for December 7, 2022 Meeting

Chair Hayter asked for approval of the minutes from the December 7, 2022 Committee meeting. A motion was made by Mr. Harrell and seconded by Ms. Radcliff and the motion was unanimously approved.

President's Report

Chair Hayter introduced Mr. El Koubi to deliver the President's Report.

Mr. El Koubi explained that he would provide a brief overview of his report today and would deliver the full report during the Board meeting on March 9.

Mr. El Koubi provided an overview of progress to date in meeting VEDP's Performance Metrics. He noted that VEDP is way ahead of its goals in some areas and a little behind in others, including the jobs target.

Mr. El Koubi shared information on VEDP's Major Initiatives, stating that all are currently on track.

Mr. El Koubi provided a summary of developments since the last Board meeting and his top priorities for the next few months. He stated that he would review the information in more detail during the full Board meeting on March 9.

Chair Hayter thanked Mr. El Koubi for his report.

Closed Meeting:

Strategy; Personnel

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

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

1. To discuss elements of VEDP's 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.

Chair Hayter allowed VEDP staff and legislative guests to stay for the closed meeting, with the exception of the portion of the closed meeting related to the personnel discussion, which only Mr. El Koubi was permitted to join.

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

Upon the vote:	Mr. Hayter	Aye
	Ms. Chenery	Aye
	Secretary Cummings	Aye
	Mr. Harrell	Aye
	Mr. Hewa	Aye
	Secretary Merrick	Aye

Ms. Radcliff
Mr. Rush

Aye
Aye

Next Meeting and Adjournment

The next meeting of the Executive Committee will be held on June 7, 2023, exact time TBD. There being no further business, the meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Nicole David
Acting Recording Secretary

DRAFT

PRESIDENT'S REPORT

June 2023

TOPICS FOR TODAY

FY23 performance metrics to date

FY23 operational plan – progress dashboard

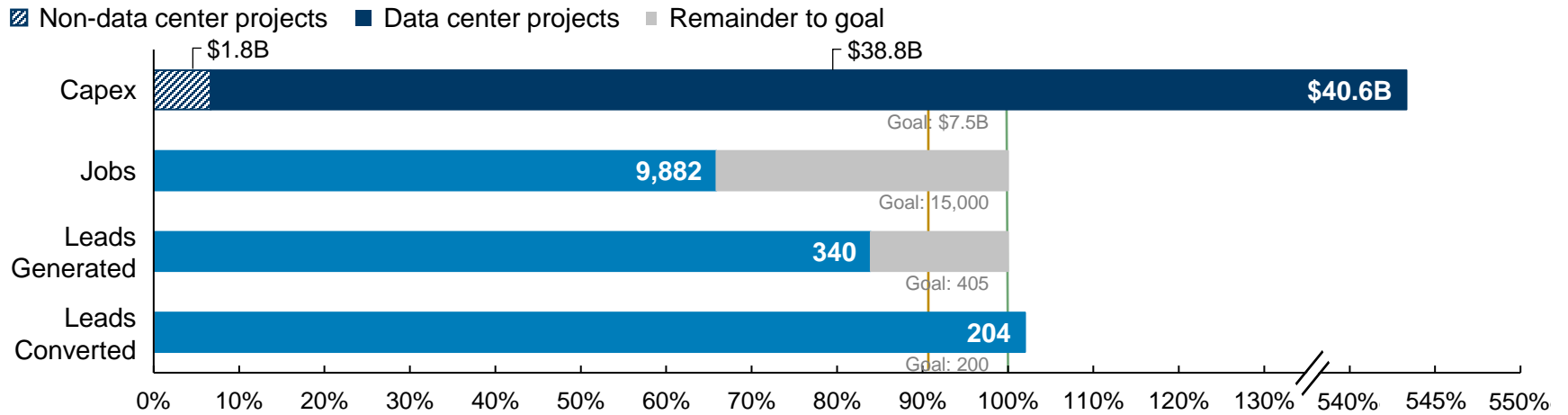
Notable developments since last meeting

Top priorities for the next few months

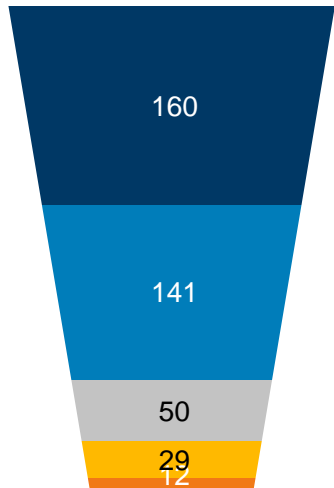
PROGRESS AND PIPELINE FOR VEDP-ASSISTED PROJECTS FY23 TO-DATE JULY 1, 2022 – MAY 30, 2023 (91.2% THROUGH FY23)

VEDP-Assisted Project Decisions

N = 80

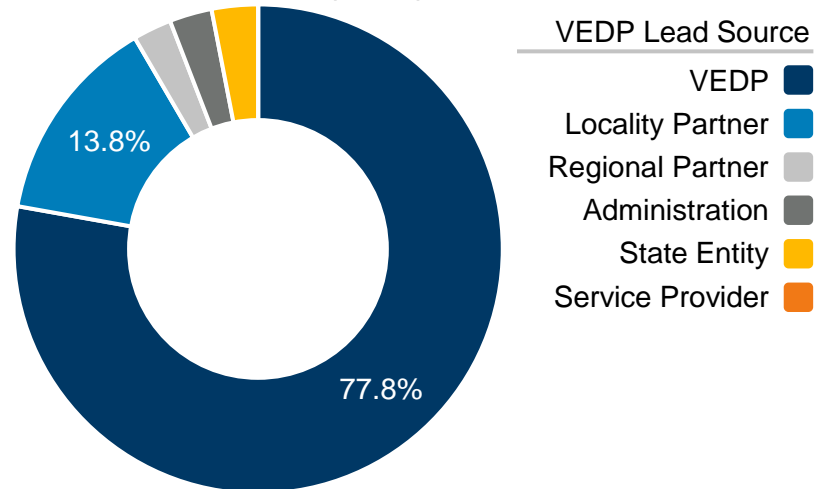


VEDP Open Pipeline (392)



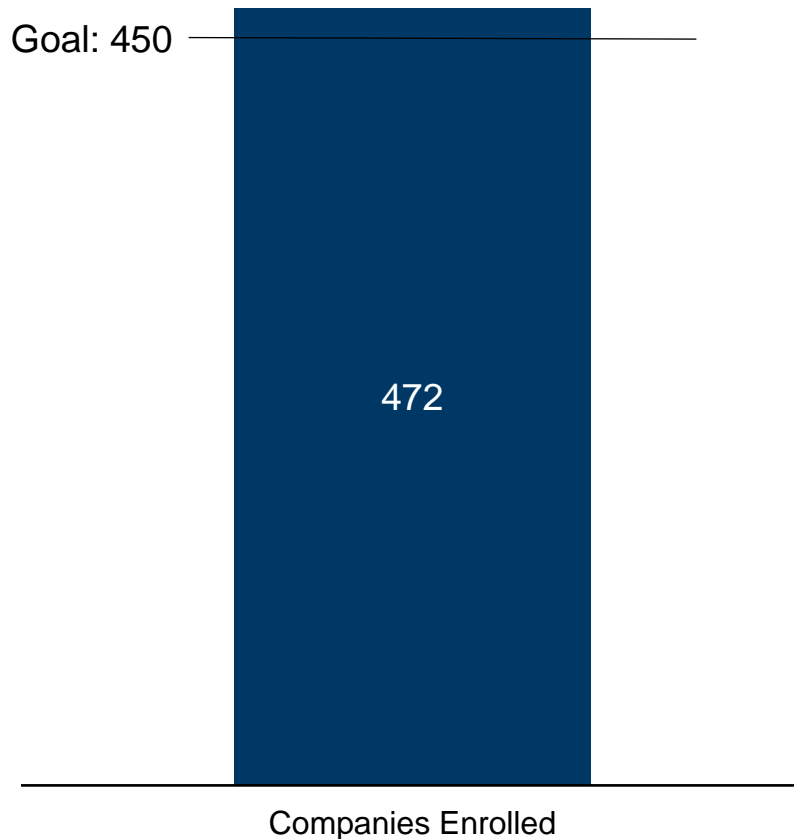
Stage	Opportunities	Jobs	Capex
Lead	160	26,663	10B
Info Gathering	141	49,053	129B
Active	50	23,443	26.9B
Proposal	29	11,121	5.5B
Pre-Announcement	12	1,013	204.7M

% of VEDP Leads for Open Pipeline



VEDP'S INTERNATIONAL TRADE DIVISION HAS EXCEEDED ITS FY23 GOAL BY SERVING 472 COMPANIES

Companies enrolled in trade programs
July 1, 2022 to May 30, 2023








FY22 Summary

- In FY22, a total of 377 companies enrolled in international trade programs (105% of goal).
- These companies attributed \$813M in international sales and 7,319 trade-supported jobs to VEDP's international trade programs.







Next Steps

- International Trade is utilizing new funding to expand existing programs and provide new services, increasing the number of companies served each year.
- The team has exceeded its goal of enrolling 450 companies in FY23, reaching 472 companies with one month left in the fiscal year.

FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (1 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
1.	Build the best customized workforce recruitment and training incentive program in the U.S.	Grundmann	 90%	Engaged in 70 project opportunities YTD, incl 39 proposals, 31 presentations; kicked off 7 new projects.	Continue to support BI efforts to secure project locations; hire Talent Acquisition Specialist, OD Director, Videographer, Instructional Designer.
2.	Develop long-term Real Estate Solutions strategy that includes execution of expanded VBRSP program and a regional ecosystem approach to site development	Dreiling	 90%	Initiated performance agreements process; identified top ten sites and launched planning efforts for site acquisition pilot.	Update VBRSP guidelines, complete performance agreements; develop guidelines, procedures and objective criteria for new site acquisition pilot; continue discussions with SIC on high-potential new sites; confirm funding for new site pilot and VBRSP.
3.	Expand Virginia exports and strengthen supply chains through implementation of high-priority elements of the International Trade Plan	Agee	 90%	Engaged and enrolled new Hampton Roads clients into Trade programs and services; developed Internship program structure and guidelines and recruited companies and students for Summer 2023 pilot; promoted Spring 2023 training curriculum.	Determine needs of high-volume/high-value exporters; prepare for VALET orientation/graduation in July; host supply chain program training on best practices in international logistics and compliance; execute final trade missions and trade shows of FY23; recruit for FY24 trade missions and trade shows; develop Fall 2023 training curriculum.
4.	Accelerate efforts towards achieving national leadership in tech sector growth across Virginia	Barnett (Welch)	 70%	Completed initial outreach for Unicorn campaign; reached out to 154 companies; set 3 meetings and generated 1 lead.	Rural Tech campaign on hold while Innovative Framework design is in progress; IT strategy refinement and partner engagement will transition to the new Knowledge Sector Team.
5.	Align and integrate VEDP's business outreach activities to achieve increased coverage and impact	Stuller	 90%	Managed 291 VJIP-supported projects YTD; 40 new projects supported by VJIP YTD; completed 325 business outreach visits.	Continue evaluating existing business feedback trends with EC; collaborate with Incentives and M&C to finalize content for relaunch of VJIP Retraining program on July 1.

FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (2 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
6.	Support development of Governor's Comprehensive Economic Development Policy to include analyzing the economic context	Devan (Hartka)	 100%	Published final Governor's Economic Development Policy on December 22, 2022.	Continue to support Administration engagement with stakeholders to market the plan and generate GA support.
7.	Build out VOOE's operating structure and execute on priority deliverables	McKay	 95%	Completed High Demand Occupations Dashboard; initiated stakeholder feedback process.	Continue collecting feedback from stakeholders on the Dashboard through Fall 2023; fully launch Dashboard for public use by July.
8.	Strengthen VEDP's lead generation, project management capabilities, and related support functions (pending additional funding)	Barnett (Goodwin, Hartka)	 70%	Hired international contractor and completed hiring for new Research positions.	Hiring for additional lead generation and special projects personnel has been on hold while the Innovative Framework design has been in process.
9.	Enhance industry strategies by fully leveraging existing assets and developing new capabilities (pending additional funding)	Barnett (Devan, Hartka, Dreiling, Melançon, Stuller)	 90%	Completed semiconductor strategy; initiated high-level outreach to companies on target list using tailored talking points.	Continue conducting direct outreach to leadership of target companies in coordination with Gov. Youngkin and Sen. Warner; follow up outreach with tailored sites and incentive pitches.
10.	Launch an Offshore Wind Supply Chain Grant Program to establish an end-to-end supply chain of small businesses within the Commonwealth	Goodwin	 90%	Drafted program application and grant approval process; developed list of external reviewers to serve on grant committee.	Work with M&C on finalizing format for grant application and website content for July 1 launch.
11.	Finalize comprehensive HR talent management strategy and launch priority components	Cox	 50%	Reviewed RFP for LMS & PMS; finalized plan for intern program; developed recommendations from comprehensive employee focus groups.	Select LMS and PMS systems; begin internship program on June 5; update recruitment procedures based on focus group recommendations.

NOTABLE DEVELOPMENTS SINCE OUR LAST BOARD MEETING

- Continued engagement in business development activity, including several project announcements and cultivation of major opportunities in the pipeline
- Completed the detailed design phase of the Innovative Framework for Economic Growth and whole-of-government effort
- Launched recruitment process for hiring all positions for sector teams
- Finalized drafts of VEDP's FY24 Operational Plan and FY24 Marketing Plan
- In partnership with Team Virginia, sponsored, coordinated, and hosted the Virginia Consultants Forum
- Planned and executed the first international Governor's Mission of the Youngkin Administration
- Released the Q1 2023 issue of *Virginia Economic Review: Virginia A to Z*
- Named Greg Burkart as VEDP's next Executive Vice President following a national search

TOP PRIORITIES FOR THE NEXT FEW MONTHS

- Aggressive cultivation of several high-impact economic development projects as well as focused lead generation in high-potential sectors
- Accelerating implementation of the Innovative Framework for Economic Growth and whole-of-government efforts, including recruitment and hiring of sector team positions
- Designing and implementing a more holistic performance management approach in collaboration with VEDP's executive leadership team
- Preparing budget requests and identifying legislative priorities for the 2024 General Assembly session
- Continued execution of newly funded activities including implementing International Trade Plan; accelerating the ramp up of the Virginia Talent Accelerator Program; and additional Virginia Office of Education Economics (VOEE) initiatives

THANK YOU