

Minutes
Finance and Audit Committee Meeting
Board of Directors of the Virginia Economic Development Partnership Authority
December 7, 2016
901 East Cary Street
One James Center, 9th Floor – Board Room
Richmond, Virginia

Call to Order

The meeting was called to order at 1:00 p.m. by Chairman Sam Schreiber, who noted that a quorum was present.

Members present: Sam Schreiber, Ric Brown, Dan Clemente, Sissy Crowther, Mark Heath

Members absent: Todd Haymore, Michael Ligon

VEDP Staff Present: Kim Ellett, Carolyn Elliott, Katherine Goodwin, Dan Gundersen, Sandi McNinch, Jack Nelson, Alex Thorup

Guests Present: Bill Euille, Ned Masee, Martha Mavredes, Jacob Mair, Gary Walker

Public Comment Period

Chairman Schreiber solicited public comments. There were no public comments given.

Approval of Minutes

Chairman Schreiber asked for approval of the minutes from the September 8, 2016, meeting. A motion was made by Ric Brown and seconded by Dan Clemente and the minutes were unanimously approved.

Financial and Audit Update

Mr. Nelson stated that the financial condition of VEDP for this fiscal year is strong. He then introduced Martha Mavredes, the Virginia Auditor of Public Accounts, to provide the Board with a summary of the findings of their audit for the 2016 Fiscal Year. Ms. Mavredes stated that the audit found no instances of material noncompliance with applicable accounting standards. Verbally discussed was the need for improving the monitoring of state incentive grants with management. Mr. Nelson stated that VEDP had complied by setting up a new Incentives Unit to track and monitor all incentive grants.

JLARC Recommendation for Internal Audit Function

The Committee discussed the JLARC recommendation to consider an internal audit function. The pros and cons of having a full-time vs. a contract arrangement were discussed. One of the challenges noted was that VEDP is a relatively small organization with a limited number of transactions per year. Martha Mavredes and Jack Nelson will speak with the Inspector General's office to get their input and the Committee agreed that it will have a recommendation for the March Board Meeting.

Lindenburg Project Update

Ms. McNinch provided an update on Lindenburg. State police and FBI are looking at a possible criminal fraud case against Lindenburg. The judge in the civil matter will be having a hearing in late January to determine whether to extend the temporary injunction or proceed with further litigation. Mr. Clemente contacted Robin Wood, a lawyer in Lynchburg, VA, in regard to representing VEDP in an attempt to recover the funding. It was discussed to hire this new law firm in lieu of Troutman Sanders LLP, for a fresh eye on possible outcomes, a local presence and reduced fees. A motion was made to approve the hiring of Robin Wood, an attorney based in Lynchburg with Woods Rogers PLC, to represent VEDP in this matter.

BE IT MOVED BY DAN CLEMENTE THAT VEDP RETAIN WOOD ROGERS TO REPRESENT VEDP IN THE LINDENBURG MATTER. THE MOTION WAS SECONDED BY SISSY CROWTHER. DISCUSSION: NONE. VOTE: ALL YEAS; NO NAYS. MOTION CARRIED.

Due Diligence

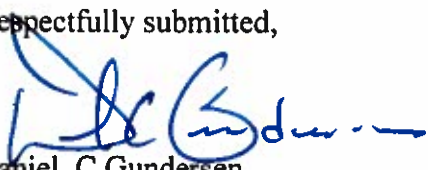
Mr. Gundersen stated that the recommendation made by the Committee in September to have each member of the Project Review and Credit Committee (PRACC) sign-off on their votes through Salesforce has been implemented. Chairman Schreiber suggested members be able to dial-in to PRACC meetings to learn about the process. Ms. Goodwin provided a summary of PRACC, stating that PRACC had met three out of four times per month since the last Board Meeting. In regard to the COF and other incentive processes, Mr. Heath stated that if there is anything that could be done to compress the time required for this process, it should be done. Mr. Gundersen stated that COFs are discretionary and VEDP's role is to recommend, i.e., VEDP does not approve these packages. Time will always be required to engage the Secretary and the Governor.

Next Meeting and Adjournment

Chairman Schreiber stated that the Committee will work on the Bylaws in 2017. The next meeting of the Committee will be held in conjunction with the March 2017 Board meeting.

There being no further business, Chairman Schreiber adjourned the meeting at 2:00 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daniel C. Gundersen". The signature is stylized and written over the printed name below it.

Daniel. C Gundersen
Secretary