

Minutes
Board of Directors of the Virginia Economic Development Partnership Authority
January 30, 2020
901 East Cary Street
One James Center, 9th Floor – Board Room
Richmond, Virginia

Call to Order/Approval of Minutes

The meeting was called to order at 9:00 a.m. by Chair, Ned Masee, who noted that a quorum was present.

Members present: Carrie Chenery, Dan Clemente, Deborah Flippo, Rick Harrell, Bill Hayter, Secretary Aubrey Layne, Ned Masee, Vincent Mastracco, John Reinhart, and Xavier Richardson

Members absent: Secretary Brian Ball, Heather Engel, Greg Fairchild, Tom Farrell, April Kees, Anne Oman, and Dan Pleasant

VEDP staff present: Stephanie Agee, Vince Barnett, Lindsay Barker, Christine Bell, Sean Brazier, Rima Chavda, Melissa Cox, Nicole David, David Devan, Jason El Koubi, Emily Fay, Stephanie Florie, Jennifer Garrett, Bob Grenell, Mike Grundmann, Sandi McNinch, John Mehfoud, Stephen Moret, Christy Morton, Cole Pearce, Johan Salén, Tim Stuller, Carrie Vuori, and Adam Watkins

Guests present: Ryan Carter, Don Ferguson, Joe Hines, Chris Kalafatis, Mike Ligon, Martha Mavredes, Liz Povar, Cassidy Rasnick, Randy Sherrod, and Lisa Sturtevant

Public Comment Period

Chair Masee solicited public comments. There were none.

Chairman's Report

Chair Masee kicked off the meeting by welcoming everyone to the first Board meeting of the new decade, the 2020s.

Chair Masee welcomed Stephanie Agee back to VEDP as Vice President of International Trade and said that he was looking forward to her presentation later in the meeting.

Chair Masee reviewed important developments that have taken place since the last Board meeting in October, including the results of the General Assembly elections and the release of Governor Northam's budget, which includes funding for several economic development priorities. He stated that the group would be learning more about both in today's meeting.

Chair Masee congratulated Mr. Moret for being named Virginia Business Person of the Year, a testament to the important work he and the VEDP team have done over the past three years.

Chair Masee reviewed the meeting agenda and the topics that would be covered during closed session.

Chair Masee pointed out the VEDP Board meeting schedule for 2020, which was listed at the bottom of the meeting agenda, and noted that two meetings are scheduled to take place outside of Richmond this year.

Approval of Minutes

Chair Masee asked for approval of the minutes from the October 24, 2019. A motion was made by Mr. Reinhart and seconded by Ms. Flippo and the minutes were unanimously approved as presented.

President's Report

Mr. Moret reviewed the VEDP Business Investment FY20 performance metrics. He said that overall VEDP is on track, but one exception is on the jobs target. He shared that a few big projects are ready to announce, but have not yet. He said that hitting the jobs target will be close, but he is optimistic, stating that the outcome of a few big projects will make the difference.

Mr. Moret reported that most of VEDP's major initiatives for the year are on track. A few are taking a little more time due to staff transitions and temporary focus on other priority initiatives (e.g. sites, local/regional competitiveness).

Mr. Moret said that the TEAMVirginia launch is going really well. He said that almost every company that has been approached as a potential investor has committed. He explained that the goal is to have twenty companies on board by June of 2020, with each contributing \$50K per year.

Mr. Moret gave an update on VEDP priorities that were included in Governor Northam's proposed biennium budget, with support from Secretary Layne, Secretary Ball, and others.

Mr. Moret spoke about the recent meetings that he and Ms. Morton have had with the new General Assembly leaders. He said the meetings have been very positive and that nearly all of the new members are aware of VEDP's mission and are very complimentary and supportive of the work.

Mr. Moret shared VEDP's top priorities through March of 2020.

Mr. Moret introduced Carrie Vuori, who has been selected as his new Executive Assistant. Ms. Vuori will replace Nicole David who was recently promoted to the role of Chief of Staff.

Updates from Select EDO Partners

Lisa Sturtevant, Chief Economist at Virginia REALTORS

Ms. Sturtevant gave a presentation on the link between housing and economic growth in Virginia. She spoke about how housing shortages can translate into instability in the economy and that capacity to deliver sufficient housing is essential to the economic health of cities and regions. She reviewed points on domestic migration and how research shows that more young workers are moving out of Virginia than are moving in. Much of the out migration is from the

higher cost parts of the state. She shared data that confirms that housing costs are on the rise. She highlighted that housing availability and affordability is a constraint on Virginia's economy.

Following Ms. Sturtevant's presentation, the Board had a robust discussion on the topic, including the importance of broadband access in the rural areas for telework and the idea of public investment to spur the housing market.

Mr. Moret said that VEDP's local and regional partners from across the state have said they would like the refresh of VEDP's strategic plan that is currently underway to include tracking the health of the housing market.

Update on Advisory Committee on International Trade

Chair Masee introduced Mike Ligon, Chair of the Advisory Committee on International Trade and Co-Chair of the search committee for VEDP's Vice President of International Trade.

Mr. Ligon thanked Mr. Moret, Mr. El Koubi, Mr. Brazier, the Board, Mr. Masee, Secretary Ball, Secretary Ring, and others for their work on the Strategic Plan for International Trade. He said that the Strategic Plan for International Trade is the foundation that was needed for future progress. He said that he hopes that the 3-5 year plan leads to a twenty year plan that can support trade activity in the Commonwealth for years to come.

Mr. Ligon explained that he feels the Committee is engaged collectively and personally and that their work is moving along in a very productive way. He said the Committee hopes to develop stronger relationships with VEDP staff and the Board to create an even more collaborative relationship.

Mr. Ligon introduced Stephanie Agee, who was recently selected as VEDP's Vice President of International Trade after a nationwide search. He spoke of Ms. Agee's passion for Virginia, her deep knowledge of the Commonwealth's role in trade, the well established relationships she has built across the Commonwealth during her career, and her understating of the legislative process as some of the things that impressed the search committee and will contribute to her success at VEDP.

Update from Board Liaison to Advisory Committee on Business Development and Marketing

Chair Masee introduced Ms. Chenery to provide an update.

Ms. Chenery provided an overview of the Committee membership, stating that there is a great cross-section of members on the Committee. She noted that there are currently two open spots on the Committee that they hope will be filled soon. She said that the Committee is working to formalize their charge and are appreciative of the staff support they receive from Mr. Barnett, Ms. Goodwin, Ms. Melancon, and others at VEDP.

Ms. Chenery spoke about the Committee's hope to work with VEDP staff to create a new tool, possibly an animation/video, that will explain how an economic development project works start to finish. They feel that this tool will be beneficial for multiple audiences.

Ms. Chenery said that the Committee's next meeting is on February 12, 2020.

Presentation of FY19 Fiscal Audit

Chair Masseur introduced Martha Mavredes, Auditor of Public Accounts, to review her report.

Ms. Mavredes said that the auditors have issued an unmodified opinion on VEDP's financial statements for the year ended June 30, 2019 and that there were no findings that needed to be brought to the Board's attention. Ms. Mavredes reported that there were no difficulties during the audit or disagreements with management and that the fiscal team was very forthcoming and cooperative.

Mr. Hayter made a motion to accept the audit report. Mr. Reinhart seconded the motion and the motion carried.

Finance and Audit Committee Report

Finance and Audit Committee (FAC) Chair Bill Hayter gave an update on the topics that were discussed during the FAC meeting on January 29, 2020.

Mr. Hayter reported the financial results for the six months ended December 31, 2019. He highlighted that all VEDP divisions were under budget. He said that the market-facing divisions will be increasing their spending rate in the second half of the year, which is their typical spending pattern.

Mr. Hayter shared that Dixon Hughes Goodman LLP (DHG) presented the findings from their audit of the HR division to the FAC. He said they reported that VEDP has done a great job overall on addressing the Joint Legislative Audit and Review Commission (JLARC) recommendations. He explained that there were eight findings that are included in the report. He said that the root cause for the majority of the findings is the lack of sufficient staffing in the division.

Mr. Hayter said that DHG will be conducting their annual risk assessment in the coming months.

Mr. Hayter stated that Mr. Salén presented the semi-annual reports on incentive performance and that the Committee voted to accept all.

Mr. Hayter explained that the Committee was brought four first extension requests for review and one second extension request that will require MEI approval. He said the Committee recommends approval of all to the Board.

Mr. Hayter reviewed a proposal that was presented to the Committee by Mr. Salén to consolidate VEDP's incentive-related policies and procedural guidelines. He explained that VEDP would like to consolidate 10 documents into one single document with a table of contents and an opening section that includes the purpose of the document and guiding principles. This consolidated document would be 62 pages, instead of over 90, and would provide less duplication. The Committee voted to recommend approval on consolidating these documents to the Board. Mr. Hayter added that DHG will audit these policies and procedures in the future.

Mr. Hayter said that VEDP has received clawbacks from four projects since October.

Mr. Hayter offered that the items in his report come to the Board in the form of a consent agenda for approval. Mr. Harrell made a motion to approve the consent agenda. Mr. Reinhart seconded the motion and the motion was approved.

Legislation and Policy Committee Report

Chair Masee asked Ms. Chenery to give the report in Ms. Engel's absence.

Ms. Chenery said that the Committee met on January 29, 2020 and had a great discussion on the recent changes in the General Assembly.

Ms. Chenery explained that VEDP's External Affairs team provided packets of information to Committee members during the meeting to inform and enhance their communication during outreach efforts with General Assembly members. Ms. Chenery encouraged Committee members and other Board members who would like to participate in outreach to talk with Ms. Morton on the best way to connect with legislators.

Ms. Morton gave a presentation which provided details on the new General Assembly make up and leadership; an update on the Major Employment Investment (MEI) Commission; a review of VEDP's legislative proposals; and information on the Governor's proposed budget

Ms. Morton also provided a recap of the meetings she and Mr. Moret have recently had with General Assembly leadership, which started in November of 2019. She stated that feedback from the meetings has been positive and VEDP is excited to continue to develop these relationships with the members.

Ms. Morton also provided suggested legislative meetings for Board members, based on their GO Virginia region. Ms. Chenery added that Ms. Morton has offered for her team to help set up these meetings for Board members.

Mr. Masee said he has a real concern about right-to-work and asked if Ms. Morton and/or Mr. Moret could share what they can on what they anticipate a repeal of right-to-work would mean for economic development in the Commonwealth.

Mr. Moret said that VEDP has looked at this quite a bit and said that right-to-work is a cornerstone of Virginia's competitiveness, so repeal would be a really big deal, especially for rural Virginia. He said that the impact would be most acute for the manufacturing sector.

Mr. Moret shared that, looking just at the manufacturing sector over the last few years, right-to-work states have more than double the project announcements, capital investment, and new jobs than states without right-to-work laws. He said that there is also more growth in wages in manufacturing in right-to-work states.

Mr. Moret said that right-to-work is considered in the major business climate rankings and influences these rankings. He said that VEDP has already been contacted by active prospects, top site consultants, and existing companies with questions and comments on a possible repeal of right-to-work in Virginia. Mr. Moret said that a repeal would profoundly impact future projects, especially in manufacturing.

Rural Virginia Action Committee Report

Chair Masee introduced Mr. Harrell, Chair of the Committee, to give his report.

Mr. Harrell said that the Committee met on January 29, 2020 and received and discussed a presentation on positioning rural Virginia to buck national trends, which was also included in the Board materials for all members to review.

Mr. Harrell said that the task of positioning every region in Virginia to win is not insurmountable, but will require things like additional investment from the General Assembly to help the rural areas. He added that more progress on initiatives identified by the Rural Think Tank group, such as a rural marketing initiative, expanded site inventory, broadband, etc., in addition to the vision and goals for developing rural and small metro tech centers, can help to get us there.

Tech Talent Investment Program

Mr. Moret provided a briefing on Virginia's Tech Talent Investment Program (TTIP).

Mr. Moret reminded the group that Amazon HQ2 was the catalyst to get this done, though even before HQ2 the tech sector has been identified by VEDP and others as Virginia's largest traded-sector employment growth opportunity.

Mr. Moret shared that through the TTIP proposal to Amazon for HQ2, the team envisioned launching a performance-based initiative to add approximately 25,000-35,000 new degrees in key fields (above baseline levels) over the next two decades. He said that even when the project was split between two locations, administration and General Assembly leaders decided not to cut back on the \$1.1 billion investment because many other companies need these grads, too.

Mr. Moret reviewed the TTIP allocation approach and shared details of the award allocations. He reported that 11 higher education institutions from across the Commonwealth are participating, with 3 more to be announced in the future. He said that each school executed an MOU that is exactly the same for everyone, except for the details of their specific allocation.

Mr. Moret shared next steps on the project. He stated that this has been a strong partnership with the State Council of Higher Education for Virginia (SCHEV) and others. He said that this is great team effort on a big and complex idea and that he is proud of the contribution VEDP was able to make. He added that Pam Harder deserves a lot of the credit for this work, too. He said to the team's knowledge, this is a very unique approach and no other state has done anything similar.

Ms. Chenery asked why the Virginia Military Institute does not want to participate. Secretary Layne offered that they see their mission as different and that it has nothing to do with the quality of the TTIP.

Closed Meeting: Strategic Planning; International Trade Plan; Local and Regional Competitiveness Initiative; Site Characterization and Development; Virginia Talent Accelerator Program; Quarterly Marketing Effectiveness Report; Legal

Upon the following motion made by Chair Masee, seconded by Mr. Harrell, and unanimously approved by the Board, the Board moved into a closed meeting.

I MOVE THAT THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY CONVENE A CLOSED MEETING PURSUANT TO VIRGINIA CODE SECTION 2.2-3711(A)(8) TO ENGAGE IN A CONSULTATION WITH LEGAL COUNSEL EMPLOYED OR RETAINED BY VEDP REGARDING SPECIFIC LEGAL MATTERS REQUIRING THE PROVISION OF LEGAL ADVICE BY SUCH COUNSEL, INCLUDING VEDP HIRING PRACTICES; AND PURSUANT TO VIRGINIA CODE §2.2-3711(A)(50) TO ENGAGE IN A DISCUSSION OR CONSIDERATION OF THOSE PORTIONS OF VEDP'S STRATEGIC PLAN, MARKETING PLAN OR OPERATIONAL PLAN, THAT MAY RELATE TO TARGET COMPANIES, SPECIFIC ALLOCATION OF RESOURCES AND STAFF FOR MARKETING ACTIVITIES, AND SPECIFIC MARKETING ACTIVITIES THAT WOULD REVEAL TO THE COMMONWEALTH'S COMPETITORS FOR ECONOMIC DEVELOPMENT PROJECTS THE STRATEGIES INTENDED TO BE DEPLOYED BY THE COMMONWEALTH, THEREBY ADVERSELY AFFECTING THE FINANCIAL INTEREST OF THE COMMONWEALTH.

Mr. Moret asked that VEDP staff and legislative guests be allowed to stay for the closed meeting for all matters, with the exception of the legal discussion, and Chair Masee agreed.

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

WHEREAS, THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENEED A CLOSED MEETING ON THIS DATE PURSUANT TO AN AFFIRMATIVE RECORDED VOTE AND IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT; AND

WHEREAS, THE ACT REQUIRES A CERTIFICATION BY THIS BOARD OF DIRECTORS THAT SUCH CLOSED MEETING WAS CONDUCTED IN CONFORMITY WITH THE ACT;

NOW, THEREFORE, BE IT RESOLVED, THAT THE BOARD OF DIRECTORS CERTIFIES THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, (I) ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE ACT WERE DISCUSSED IN THE CLOSED MEETING TO WHICH THIS CERTIFICATION RESOLUTION APPLIES, AND (II) ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENEED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING BY THE BOARD OF DIRECTORS.

Upon the vote:	Ms. Chenery	Aye
	Mr. Clemente	Aye
	Ms. Flippo	Aye
	Mr. Harrell	Aye
	Mr. Hayter	Aye
	Secretary Layne	Absent for the vote

Mr. Masee	Aye
Mr. Mastracco	Absent for the vote
Mr. Reinhart	Aye
Mr. Richardson	Aye

Anticipated topics for the next meeting

Mr. Moret shared anticipated topics for the next meeting, noting that the major focus of the meeting would be on the VEDP Strategic Plan refresh.

Mr. El Koubi reminded the Board that on the morning of March 18, 2020, the day of the next scheduled VEDP Committee meetings, there will be a joint meeting between the VEDP and Commonwealth Transportation Board (CTB) Boards of Directors. More details to follow.

Open Discussion

Ms. Flippo shared that the response she has gotten to outreach to her stakeholders has been great. She encouraged her fellow Board members to do their outreach, adding that she thinks they will find it very rewarding.

Adjournment

There being no further business, Chairman Masee adjourned the meeting at 1:20 p.m.

Respectfully submitted,

Stephen Moret
Secretary