

Minutes
Finance and Audit Committee Meeting
Board of Directors of the Virginia Economic Development Partnership
April 28, 2021 2:00 p.m.
Electronic (Zoom) Meeting

Call to Order

The meeting was called to order at 2:02 p.m. by Acting Chair Dan Pleasant.

Mr. Pleasant noted that a quorum was present.

Committee Members Present: Secretary Brian Ball, Greg Fairchild, Rick Harrell, April Kees, Secretary Aubrey Layne, and Dan Pleasant

Committee Members Absent: Bill Hayter

Ex-Officio Committee Member Present: Ned Masee

VEDP staff present: Lindsay Barker, Jamie Canup, Melissa Cox, Nicole David, Jason El Koubi, Kim Ellett, Stephanie Florie, Sharon Grant, Bob Grenell, Sandi McNinch, Stephen Moret, Christy Morton, Jordan Snelling, Tim Stuller, and Carrie Vuori

Guests present: Carrie Chenery, Dan Clemente, Chris Kalafatis, Charles Kennington, Vince Mastracco, Kim McKay, Marianne Radcliff, Xavier Richardson, Randy Sherrod, Toni Walker, and Turner Widgen

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

Mr. Pleasant added, the Committee is meeting in a Zoom environment that is open to the public. Should anyone from the public get disconnected from the public Zoom environment and be unable to re-engage, he or she was invited to call 804.385.3517 and speak to Stephanie Florie. The Committee will halt the public portion of the meeting until the connection can be re-established.

Mr. Pleasant shared a few reminders of things that would be different than past meetings:

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

Public Comment Period

Mr. Pleasant asked for public comments. There were none.

Approval of Minutes

Mr. Pleasant asked for approval of the minutes from the March 17, 2021, meeting. A motion was made by Mr. Harrell and seconded by Secretary Layne and the minutes were unanimously approved as presented by roll call vote:

Upon the vote:	Secretary Ball	Absent for the vote
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Secretary Layne	Aye
	Mr. Pleasant	Aye

Internal Audit Update

Mr. Pleasant introduced Mr. Kalafatis with Dixon Hughes Goodman LLP (DHG) to provide an update on recent VEDP internal audits.

Mr. Kalafatis reported that DHG recently wrapped up the audit of VEDP's Marketing & Communications (M&C) division. He said that the audit shows superb results with only one low-level finding. He said that Ms. Melancon and team were really engaged on the audit and fulfilled requests in a timely fashion. He said the DHG team had a great time working with Ms. Melancon and team, adding that they showed a lot of passion for their work at VEDP throughout the process.

Mr. Kalafatis asked Mr. Sherrod to review details of the audit. Mr. Sherrod echoed Mr. Kalafatis' remarks about how enjoyable it was to work with the M&C team and to learn about the division's work. Mr. Sherrod explained that the one low-level finding in the audit report was related to how projects were being tracked using a software tool, Asana. M&C has determined that Asana is

not an ideal tool for tracking the division's projects, so they have discontinued use. Mr. Sherrod said that DHG recommends that VEDP determine the best process for tracking M&C related projects and have a system in place to use the process consistently across the division by June 30, 2021. VEDP concurs with this recommendation and DHG will follow up to ensure this action item has been completed by the due date.

A motion was made by Mr. Fairchild to recommend approval of the audit report to the full Board. The motion was seconded by Secretary Layne and unanimously approved by a roll call vote.

Upon the vote:	Secretary Ball	Absent for the vote
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Secretary Layne	Aye
	Mr. Pleasant	Aye

Extension Requests

Mr. Pleasant introduced Ms. Snelling to share her report.

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

Cascades in Hanover County has requested a first extension of 15 months to meet its employment and investment targets. The company cited issues with securing environmental permits for their site for the delay in meeting their goals. Ms. Snelling said the company is confident that with the extra time they will be able to hit their jobs target and exceed their investment target.

Midland Credit Management, Inc. in the City of Roanoke has requested a first extension of 15 months to meet its employment and investment targets. The company cited COVID-19 impacts as the reason they were unable to ramp up hiring at their call center. Ms. Snelling said the company feels confident that they will be able to meet their targets if an extension is granted.

Mr. Harrell made a motion to recommend approval of the two extension requests, as a package, to the full Board. Secretary Layne seconded the motion and the motion was unanimously approved by roll call vote.

Upon the vote:	Secretary Ball	Absent for the vote
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Secretary Layne	Aye
	Mr. Pleasant	Aye

Clawback Updates and OAG Referrals

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

Ms. Snelling shared the clawback report and explained that one clawback is past due because of a technical issue, but the payment is expected soon.

Ms. Snelling reviewed the clawbacks that have been requested but are not yet past due.

Ms. Snelling shared that three clawbacks have been closed out since March 18, 2021, representing more than \$260K.

Ms. Snelling concluded her report by sharing the Virginia Jobs Investment Program (VJIP) only clawback report. The report included one clawback which has been requested.

Secretary Layne made a motion to recommend approval of the clawback report to the full Board. Ms. Kees seconded the motion and the motion was unanimously approved by roll call vote.

Upon the vote:	Secretary Ball	Absent for the vote
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Secretary Layne	Aye
	Mr. Pleasant	Aye

Quarterly Financial Results

Mr. Pleasant introduced Mr. Grenell to share his report.

Mr. Grenell shared that all VEDP divisions are below budget through the first nine months of the fiscal year, largely due to the previous hiring freeze and other efforts to reduce expenditures during state budget uncertainty.

Mr. Grenell noted that Talent Solutions includes both the Virginia Talent Accelerator Program and VJIP Program operations spending. He shared that new recurring costs for the Virginia Talent Accelerator Program were avoided earlier in the fiscal year with the anticipation of potential funding reductions, but program expenditures are now ramping up to meet project demand and support economic recovery.

Mr. Grenell explained that the spending rate for the market-facing divisions (International Trade, Business Investment, and Marketing and Communications) increased during the third quarter and accelerated spending is expected in the fourth quarter of FY21.

Mr. Grenell said that Projects, Pass Throughs, and Grants are under budget through the first nine months of the fiscal year. He reminded the Committee that the FY21 budget includes \$3.1 million for Virginia Business Ready Sites Development and Characterization programs, and \$2.3 million for the Brownfields Restoration and Redevelopment Fund.

Mr. Grenell said that the process is underway to develop next year's budget. He explained that the budget will include some additional spending, because VEDP received an additional \$9M in funding, including \$5M for the Virginia Business Ready Sites Program (VBRSP), \$2M for the Virginia Talent Accelerator Program, \$1.1M for the International Trade Plan, and \$500K for the Virginia Office of Education Economics (VOEE). The budget will also include a 5% raise for VEDP staff, part of a raise for most state employees which was approved by the General Assembly.

Mr. Grenell said the draft FY22 budget should be wrapped up by the end of May and will be presented to the Finance and Audit Committee and full Board during their June 2021 meetings.

Other Topics, Adjournment, and Next Meeting

The next meeting of the Finance and Audit Committee will be held on June 16, 2021, and will be an electronic Zoom meeting, exact time to be determined.

There being no further business, Secretary Layne made a motion to adjourn. Ms. Kees seconded the motion and the motion was unanimously approved by roll call vote.

Upon the vote:	Secretary Ball	Aye
	Mr. Fairchild	Aye
	Mr. Harrell	Aye
	Ms. Kees	Aye
	Secretary Layne	Aye
	Mr. Pleasant	Aye

The meeting was adjourned at 2:27 p.m.

Respectfully submitted,

Nicole David

Acting Recording Secretary