



VIRGINIA ISRAEL ADVISORY BOARD

COMMONWEALTH OF VIRGINIA
OFFICE OF THE GENERAL ASSEMBLY

Virginia Israel Advisory Board

Office of the General Assembly

Minutes of Board of Directors' Meeting

July 24, 2018 10:00 AM, House Room 1, Richmond, Virginia

Attended in Person: Mel Chaskin, Chuck Lessin, Dov Hoch, Bob Budoff, Aviva Frye, Tom McCracken, Sam Kaufman, Steven Skaist, Eitan Stern, Irv Blank, Leslie Shinbaum (representing Sec Commerce and Trade), Steve Valdez

Attended Via Conference Call: Jeff Brooke, Jerome Chapman, Michael Gillette, Darcy Hirsh, Robin Mancoll, Dave Tenzer

1. Mel Chaskin, Chairman, called the meeting to order at 10:08. There was no quorum.
2. The Board Minutes of our last meeting were presented and reviewed. The minutes were accepted as written and will be posted to the website.
3. Mel announced that the office in Vienna, VA has been closed and Julie Krachman is no longer working for VIAB. He thanked Julie for her help and service over the years and shared that she is willing to help on an as needed basis. The office is now in Richmond in the Pocahontas Building, Suite E325. Our new phone number is 804-698-1943.
4. VIAB charter remains almost exactly the same except that the members are now 5 from the Governor's office, House has 10, and Senate has 10. Anyone who had a term that ends in 2019 will stay on until then unless reappointed. The Governor has no new appointments until 2020. The House & Senate is now a 4 year appointment. The appointment of the Executive Director is now made by the General Rules committee. Informally, the understanding is that the Board makes the recommendation and the Rules committee approves it. Dov Hoch was appointed unanimously as of July 1. The VIAB still does report to the Governor's office in addition to the General Assembly. The Governor will meet with us at least once a year for updates, and the VIAB will still arrange the business portion of the Governor's trip to Israel and the VEDP will handle the logistics, as always. The Legislative offices have been extremely welcoming and cooperative; Mark Vucci and Jessica Kilgo have made it seamless. And the

House have given us an office which we have never had in Richmond before. We have access to a conference room next to our office and the Speaker has generously offered his conference room on the 6th floor should we need it. We have great support and have seen no complications with the changes.

5. Chuck added that most of us feel this change to the Legislative Branch is a positive one. We have the chance to make relationships with new people while also keeping our relationship with the Governor. We have more exposure and when we have companies coming in to check out VA we have office space near members of the Government that we have not had before. Mel and I are happy to answer any questions relating to the changes, if any.

6. Mel asked that the board members notify us of any changes to personal information on the board roster. Mel introduced new board members. Mel then introduced Dov and mentioned that he's been consulting for the past several months and has been working with Ralph Robbins closely.

7. Dov spoke a bit about his business background. University of Penn and Columbia education. Non- profit boards and business Israel-America. He spent 5 years in Ethiopia bringing 60K Jews from Ethiopia to Israel. In the years of the peace agreement with the Palestinians, he worked for 5 years with the PLO and built high-tech ventures in Ramallah. Over the last 20 years he ran ECI Telecom, served on the Board of America/Israel Chamber of Commerce, was a founding member of 3 non-profit NGOs; lobbyist organization for Israel in China, business plan for an educational institution in Rwanda.

8. By way of introduction: Israel is totally unique globally in terms of high tech, innovation, and R&D. Graphs showing Israel is a leader in R&D per capita. This leads to Israel's position as second or third in the world for innovation. Global value in innovation shown by venture capital investment. Massachusetts measures the number of joint R&D (rather than jobs created) and can assess percentage of all businesses working with Israel. This is a good model.

9. There is a new memorandum that will limit US dollars to Israel for military support as of 2028. Those goods will be manufactured in the US instead of dollars being sent to Israel so we are working to have Israeli companies working on these items in partnership with the US. It's already starting, but by 2023 we will really see the end of US money to Israel for military support.

10. Agrotech- we have some strong relationships already and R&D going.

11. Tax reform. Israel shekel is strong which is actually hurting manufacturers in Israel. Israel is at full employment so that is also forcing manufacturers out to find employees.

12. Areas we are working to capitalize on VA opportunities:

- One quarter of money spent on military support is actually spent in Israel. That is being phased out by 2028 (Iron Dome money is still being sent to Israel, and technology to locate the terror tunnels remains). \$800 million dollars now needs to be spent outside of Israel, perhaps through Israeli entities in the US.
- Buy-backs. We are working to find companies in Virginia that are committed to buying back Israeli products (Lockheed Martin).
- Kibbutz Industry- 250 of these companies that have developed an innovation (like drip irrigation company, Netafim); mature and market-ready, saturated market in Israel, looking to the US.

13. We are working with a few companies now that are in the final stages of selection.

- Project Tire: Company that works with rubber tire. They've found and invested in property in Danville. They are already applying for loans through Virginia. This will produce 100 jobs. We are hoping that this will be final by the end of the calendar year.
- Project Hunter: fish farming in a zero-waste/emission environment. Intellectual property was developed at Hebrew U, joint R&D done with Virginia Tech, the CEO has a residence in Virginia. VEDP / State incentives offer was significantly below other states; the project committed to another state. Leslie commented that the VEDP has not yet signed an offer because the company financials are not quite where they need to be to guarantee success. Dov added that this is something we need to work on with the Israeli prospects to insure in advance; they are financially viable and meet minimum thresholds / criteria for state support.
- OSG came here many years ago when most of their sales were military. After 10 years, much more residential sales. Shows real growth and niche expansion to the US market. We are using them to leverage other companies.

14. Working with the VEDP: Dov is working with 5 senior members of the VEDP on real actionable items. A few reasons why Israel is actually a different ballgame in terms of business: One of the leading countries in the world with direct foreign investment. Also one of the fastest growing with foreign investment. We've developed a clear process that functions as high-touch marketing, getting them to focus on Virginia, at the beginning of their search and at the end. We know the Israeli mindset and are able to also advise the VEDP when not to do a deal.

15. Partnership models to shorten the project life cycle: outsourcing- there is a company that already sells in the US and wants to expand but they don't want to invest right away so they are looking to have an existing manufacturer produce their product on a rental basis. We have a safe company that wants to expand their product line but not to buy a site right now. They are only looking in VA, and need a partner. Ecowave technology- harnessing sea waves and generating electricity.

16. Dov spoke about areas where the board can get involved. Mel shared that whenever we have a board member in a locale that requires help we ask the board member in that area to help. We also get invited to many events and when there's something in your area we may ask you to attend especially when there are different functions happening in 2 places at once. If you hear of something in your county that you think should be attended by a VIAB member, let us know if you think Dov should be there or if you can attend. Our board members cover the entire state. Chuck added that one of the best ways to get involved is to get to know Dov, invite him for lunch or dinner so he can get to know your skill set.

17. Dov shared his calendar for the next few months. A few delegations will be coming to Israel between now and December.

18. Leslie Shinbaum thanked Dov and welcomed him to the board. Offered help from the Secretary's office. Irv Blank welcomed Dov and mentioned there are a lot of members who are happy to help if he runs into any roadblocks; they all know key people who can likely help.

19. Next board meetings are scheduled for November 27, 2018 and March 26, 2019.

Meeting was adjourned at 11:13 am.