



# VIRGINIA ISRAEL ADVISORY BOARD

COMMONWEALTH OF VIRGINIA  
OFFICE OF THE GENERAL ASSEMBLY

## **Virginia Israel Advisory Board**

*Office of the General Assembly*

Minutes of the Board of Directors' Meeting

November 19, 2020 10:00 AM, Vanguard Research, Springfield, Virginia

**Attended in Person:** Mel Chaskin, Dov Hoch

**Attended Via Zoom:** Irv Blank, Jeffery Brooke, Bob Budoff, Don Ferguson, Sam Kaufman, Allison Lawrence, Bill Nusbaum, Tom Riesenber, Nathan Shor, David Tenzer

1. Mel Chaskin, Chairman, called the meeting to order at 10:04 AM.
2. Mel welcomed new board member Tom Riesenber appointed by the Speaker of the House.
3. Mel began by presenting the following: Due to the Governor's Declared State of Emergency due to COVID-19, it is impracticable and unsafe for the Virginia-Israel Advisory Board to assemble in a single location, so this meeting is being held electronically, pursuant to 2020 Amendments to the 2019 Appropriation Act. The purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the VIAB and the discharge of its lawful purposes, duties, and responsibilities. The public is welcome to use the number (702) 721-5565, access code: 182346 to attend the meeting electronically. The VIAB will make available a recording or transcript of the meeting on its website in accordance with the timeframes established in Sections 2.2-3707 and 2.2-3701.1 of the Code of Virginia.
4. Motion made to review the July 21st 2020 BOD Meeting Minutes.

5. Mel invited Dov Hoch to update the Board on events that occurred since the previous meeting.
6. VIAB has enhanced the partnership platform to overcome the constraint of not meeting in person. The partnership platform allows Virginia and Israeli companies to present their offerings, partnership interests, and interact to advanced business all through a secured and vetted platform. It has enhanced our abilities to continue aiding companies in partnering with each other while following the strict COVID 19 guidelines. VIAB attended the largest Israel partnering event in Tel Aviv in February. We were able to meet with around 35 companies who expressed interests in partnering with companies in Virginia. We have been able to capture these companies on our website which allows them to seek out Virginia companies to partner with. We spent a lot of time in Israel building a pipeline of Israeli companies to bring to Virginia. The Virginia Manufacturers Association also helps find Virginia partners.
7. We inaugurated a Thomas Jefferson certificate of appreciation this year to recognize people and organizations who partner with VIAB in an on-going manner. The certificate speaks to our establishment in Virginia. The award is ceremonially cited as: Thomas Jefferson's "Commerce with all Nations" and awarded to those who collaborated and supported VIAB. We've been very successful in leveraging our small budget by partnering and operating with scores of state-wide bodies on our events. This acknowledges that what we do is valuable and important to them. In exchange, we presented this award. Brett Vassey is just one recipient of the Thomas Jefferson award this year. He is the President and CEO of the Virginia Manufacturers Association who helps VIAB find manufacturers that Israeli companies may want to partner with. VIAB also gave awards to Bill Donohue, CEO at GENEDGE, Rita McKenney with Virginia Tourism Corporation, as well as many of the EDAs throughout the Commonwealth. The award represents a non-financial measurement. VIAB collaboration with scores of public and private concerns indicate VIAB's value as well as our alignment with public policy goals of the Commonwealth.
8. VIAB has spent an extensive amount of time working with ODU's Professor Robert McNab with the Dragas Center to determine economic impact on the Commonwealth. VIAB looked at individual Israeli companies who have been in Virginia, some for as

many as two decades, to determine economic impact. The time frame the study considered was a 10-year period. Professor McNab is a third party who used commonly accepted practices as well as the most conservative numbers. VIAB looked at 2009-2019, where Energix, a renewable energy company, is completely aligned with the goals and public policies of Virginia. Energix invested \$130 million in the past two years and their economic impact was \$33 million. For perspective, that is 75 times VIAB's budget over the last two years. Their cumulative impact over the past two years is greater than VIAB's budget since the inception of the Board.

9. Dov handed the meeting over to board member David Tenzer who will speak about the Roanoke exhibition of 34 Israeli artists at The Taubman Museum of Art in Roanoke. David Tenzer is very involved with the event. Dov thanked him for making the Board aware of this show. Dov hopes VIAB can participate both promoting and developing events surrounding the show.
  
10. David has been a board member with VIAB since 2004. Additionally, he is an attorney and business partner in Roanoke. He is involved with many boards, activities, and events. One of the organizations has been a charitable donor to The Taubman Museum of Art. The Museum is a significant one in Roanoke serving around 80,000 patrons a year, 16,000 of which are students. Exposure from not only all 50 states, but also 20 countries draws patrons to the museum. The Taubman Museum of Art contacted David to bring a contemporary Israeli art collection to the museum. It is a curated collection called "Visions of Place." It was put together to encompass a broad swath of different Israeli culture, religions, ethnic groups etc. It is represented by internationally exhibited Israeli artists. Included is prize winning arts journalists, mixed media, sculptures, and more of 34 different artists of 50 different works. This collection will be exhibited in Roanoke from March 6<sup>th</sup>-June 27<sup>th</sup>. There is a large amount of related programming, subject to how COVID-19 is progressing, where The Taubman is working to tie in various universities who align with their mission. Although VIAB focuses greatly on business, cultural exchange is an equally significant part of what we are supposed to be doing with VIAB. David reached out to Dov when he learned of the event and he has been incredibly supportive. Dov has been connected with the leadership at Taubman. David, Dov, and the Taubman are working on tying in discussion activities like

educational, political, and artistic with universities during the exhibition in Roanoke. David let everyone know that if they wanted to get involved to reach out to him directly.

11. Dov thanked David and stated that he organized a screening of a National Geographic movie called Jerusalem which is an IMAX movie. VIAB will hold an event at the movie. Dov asked that anyone who wanted to help or get involved in any way reach out to himself, David, Tom McCracken, or Larry Davidson as they are all in Roanoke.
12. Dov stated: During the last meeting, Oran Safety Glass presented their offering and what they've contributed \$400m in more than the past 10 years to the economy (in terms of GDP) of the Commonwealth. . Dov thanked Bill Nusbaum, whom referred VIAB to the Dragas Center for Economic Analysis and Policy in the Strome College at ODU and Prof. McNab its Director. Board member Eitan Stern, participated in meetings at the Center at ODU in Norfolk. Dov also thanked Professor McNabb and his team for their hard work on the Economic Impact Analysis Case Studies.
13. Dov handed the floor to Professor McNab to explain his analysis methodologies.
14. Professor McNab introduced himself to the Board. He is a professor of economics at ODU and the Director of the Dragas Center for Economic Analysis and Policy in the Strome College. Also, in attendance to the meeting was Dr. Barbara Blake Gonzalez, Chief Administrator at the Dragas Center, Nikki Johnson, Research Associate at the Dragas Center, and Addi Gregory, Graduate Research Assistant.
15. Professor McNabb continued with the following statement "Our forecasts and commentary do not constitute official viewpoints of Old Dominion University, its President, John R. Broderick, the Board of Visitors, the Strome College of Business, or the generous donors who support the activities of the Dragas Center for Economic Analysis and Policy." To estimate the impact of a company, we quantify the direct, indirect, and induced economic impacts. The way to think about how the study was conducted is that first data is collected from the companies on their spending output, earnings, and employment. These are the direct effects. These factors are not assumed. Sometimes we are not given all of the data to clearly demonstrate it in the report. The indirect impact is the spending of the firm through firms closely tied to the original firm. If a firm outsources to another firm, they are increase product and work for the other firm

which contributed to the indirect effect. The indirect is modeled which comes from statistics from the Bureau of Labor Statistics. The induced effect is the increasing of economic activity on the overall level in the economy. It creates overall economic impact.

16. Economic multipliers summarize the total economic impact of a change in economic activity. For example, if a firm invests \$1,000,000 (direct) that generates \$300,000 in indirect economic impacts and \$200,000 in induced economic impacts, then the economic impact multiplier is  $(\$1,000,000 + \$300,000 + \$200,000) / \$1,000,000 = 1.5$ . In other words, for every \$1 of direct expenditure, economic activity increases by \$1.5. The multiplier of 1.5 includes direct, indirect, and induced impacts that are modeled in the overall economy.
  
17. Input-output models are used to estimate the economic impact of each firm. It is important to determine if you are looking at retrospective or prospective data when doing an analysis. Energix was proposing most of its investment, therefore we projected the economic impact of Energix over the next five years with respect to the Virginia economy. Whereas, for OSG we were figuring out what the incremental impact of their historical expenditures on the economy. This created two different models. The Bureau of Labor Statistics creates the input-output models. The BLS input-output gives the study credit because it is widely recognized.
  
18. At the time of modeling, Energix was planning \$130 million investments. We used that and estimates of employment to determine their overall economic impact. After the inputs were put in the models, the economic impact of Energix was found to be \$9.6 million, \$22.5 million, \$3.7 million, \$3.6 million, \$3 million, \$2.6 million, and \$2.4 million for respective years of 2019-2025. The reason economic impact doesn't increase by the \$130 million invested is Energix does not do all of their sourcing in Virginia. We can not assume zero leakages when conducting an analysis. We had conversations with Energix about where they were source panels, labor, and construction materials to determine what percentage of sourcing was actually coming from Virginia. In conservative estimates, the most economic impact came in 2020 which was the construction phase of the investment process. The operation phases leveled out because as employment increases the level of economic impact increases for the construction period. Cumulative economic impact showed that Energix would increase the Virginia economy by \$45 million by 2024. Real domestic product increases, as well as resulted in 15 new

permanent jobs. Energix's management operations in Northern Virginia will increase real GDP by \$2.1 million. This model is likely a lower bound given Energix's continued expansion of activities in the Commonwealth.

19. OSG differs from Energix as it is looking at historical data rather than projecting into the future. OSG manufactures glass in Emporia that recently expanded. Inputs for this analysis included their recent investment of \$2.5 million in their Emporia facility, plans to add additional equipment and machinery over the next two years, and average employment data. OSG has a significantly higher employment rate than Energix, so as it increases its employment the economic impact increases. In 2017, there was a boost from \$31.6 million to \$39.4 million because of the expansion of the Emporia facility. Construction provides an initial boost, but it is important to determine the number of permanent jobs after the construction period. To put everything together, the accumulation of OSG's impact shows a positive relationship and puts it conservatively at \$400 million in 2019. OSG has a job multiplier attached to it also. For every job created at OSG, about a third of a job is created in the Virginia economy. Results of the study determined the estimated incremental impact of Oran Safety Glass on the Virginia economy increases from approximately \$21.9 million in 2009 to \$58.4 million in 2019 and an overall impact of \$400 million.

20. In summary, the previous investment by Oran Safety Glass and ongoing investment by Energix has increased Virginia's overall employment and GDP. Given the size of VIAB's appropriated budget, these estimates suggest a significant return on investment to funds appropriated by the Commonwealth of Virginia, even under relatively conservative assumptions.

21. Dov added that since the study on Energix was conducted, the company actually did invest the forecasted \$130m before the end of 2020 and hired 15 workers in their Arlington HQ. Which accounts for actual economic impact in 2019-2020 (Two Years) of more than \$33m - that is more than 100 times VIAB's budget for the period. i.e. everything that has been forecasted has come to fruition. Energix is a public company that is listed on the Tel Aviv stock exchange, as well as, the parent company, there is total transparency of the figures.

22. Tom Riesenbergr asked the reasoning for obtaining the studies and how the study was funded.

23. Dov stated the VIAB sought to measure its long term impact on the Virginia economy. They are long term measurements in most cases 10 years. This also allows the VIAB to compare our budget over time with our economic impact. The result are we found individual companies like Energix and Oran Safety Glass have contributed multiples of 100 times our budget to the economy. The studies were funded from VIAB's budget.
24. Bill Nusbaum stated that VIAB gets a modest annual budget from the General Assembly that funds our operations and pays Dov and Kaitlyn's salaries. It provides support for business prospecting. These studies can show General Assembly members the importance of protecting and preserving VIAB's annual budget.
25. Dov thanked Professor McNab, Nikki, and his team for their tireless efforts. Also, he wanted to thank his predecessor, Ralph Robbins, for creating the tsunami effect that VIAB has today.
26. The next board meetings are scheduled for Tuesday, March 23, 2021 and Thursday, July 22, 2021.
27. Mel thanked Professor McNab and his team as well.
28. Meeting was adjourned at 11:09 AM.