

TRANSFORMING VA INTO A NATIONAL GROWTH LEADER

January 20, 2022



Virginia
Economic
Development
Partnership
VEDP.org

TRANSFORMATIONAL GOALS: PROGRESS

WITH INPUT FROM GA LEADERS, ADMIN., AND STAKEHOLDERS, WE CRAFTED FIVE TRANSFORMATIONAL GOALS FOR VIRGINIA, VEDP

1

Robust State Growth

Position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.

2

Every Region Wins

Ensure that every region participates in the growth of the Commonwealth

3

Best State for Business

Restore Virginia to its previous leadership position near the top of the national business climate rankings

4

Top State EDO

Reestablish VEDP as one of America's most effective state economic development organizations

5

Super Collaborator

Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP)

PROGRESS HAS BEEN MADE ON ALL FIVE GOALS, BUT MUCH WORK REMAINS TO FULLY ACHIEVE THEM

Transformational Goal	Progress to date	Outlook
1. Robust state job growth	Virginia's baseline 10-year job forecast growth rank improved from #28 to #14 between 2017 and 2020. Updated forecasts that include impacts of the pandemic show Virginia returning to #20. Bold action is required to create jobs over and above forecast growth.	✓
2. Every region wins	The number of VEDP marketing regions projected for net job growth increased from 4 out of 19 regions in 2017 to 12 regions in 2020. Updated forecasts indicate that 12 regions are expected to grow jobs relative to pre-pandemic levels by 2026. ¹	✓
3. Best state for business	Virginia was ranked best state for business by CNBC in 2019 and 2021; however, Virginia's average rank for major national business climate rankings continues to trail key competitors such as North Carolina.	✓
4. Top state EDO	VEDP was named most competitive state EDO in America by <i>Site Selection</i> in 2019. Additionally, VEDP has developed several distinct capabilities including the Virginia Talent Accelerator Program, VEDP International Trade Plan, Virginia Office of Education Economics (VOEE), the best site intelligence in the country, <i>Virginia Economic Review</i> , and best-in-class incentives administrations.	✓
5. Super collaborator	VEDP has dramatically improved communication, transparency, and collaboration, including the creation of a Quarterly Partner Report, prospect protocols, and post-project surveys, among other initiatives.	✓

- On track to achieve long-term goals with no major concerns
- Will make progress against long-term goals but concerns (typically due to funding challenges)

- Will likely not meet goal (typically due to lack of funding)
- Not started

¹December 2019 used as baseline to account for impacts of the pandemic

VEDP FOCUSES MOST OF ITS BUSINESS DEVELOPMENT EFFORTS ON A SET OF TARGET INDUSTRIES FOR WHICH VA IS COMPETITIVE



Automotive



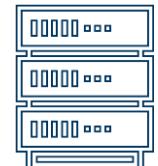
Software



Headquarters



Aerospace



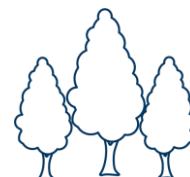
Cybersecurity



Life Sciences



Unmanned Systems



Wood Products



Data Centers



Business Process Services



Supply Chain Management



Food & Beverage Processing



Advanced Materials



Offshore Wind

VIRGINIA'S STRENGTHS AND WEAKNESSES (EXAMPLES – NOT COMPREHENSIVE)

Strengths

- America's top state for talent (e.g., Top 10 for ed attainment, higher ed, and K-12 schools)
- Competitive, stable business climate
- Advanced logistics infrastructure (e.g., The Port of Virginia, spaceport on Eastern Shore)
- Mid-Atlantic location contiguous to Washington, D.C.
- Attractive small sites (<25 acres) in some regions
- Below-average state/local tax burdens for existing firms
- Diverse range of high-quality employers and HQs
- Compelling workforce incentives: world-class custom workforce program (Virginia Talent Accelerator Program) and VJIP
- Impressive range of relevant higher ed research
- Robust trade development services

Weaknesses

- Meager inventory of market-ready large sites (especially those of 250+ acres)
- Site development timeline/cost challenges due to lack of investment and topography
- Much smaller incentive offerings than most competing states (e.g., NC, SC, GA)
- Insufficient access to industrial-scale water and/or natural gas in some areas
- Heavy M&T local tax burdens in some areas
- Lack of available mid-size and larger buildings
- Limited awareness of our assets and sites among execs and site consultants (largely tied to limited marketing investments)
- Regulatory system not optimized for predictability and speed
- Limited commercialization of intellectual property relative to our assets

STRATEGIES TO ACHIEVE GOALS

THE STRATEGIC PLAN IDENTIFIES 14 STRATEGIES TO BE IMPLEMENTED OVER A 5-10 YEAR PERIOD, SUBJECT TO FUNDING

Enhance VA's economic competitiveness

By improving Virginia's "product" – its human and physical capital – Virginia will continue to be the top state for business and a top place to call home

Specific strategies:

1. Strengthen Virginia's human capital development engine
2. Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia
3. Rigorously assess and steadily improve Virginia's state, regional, and local economic competitiveness
4. Leverage public-private partnerships to strengthen Virginia's digital infrastructure (i.e., broadband)
5. Place a special focus on achieving growth in Virginia's rural regions and small metros

Enhance VEDP's capabilities

By improving VEDP's abilities to develop and execute economic development strategies and programs, Virginia will be well-positioned to compete now and in the future

Specific strategies:

6. Cultivate world-class execution at VEDP
7. Implement robust marketing/branding, lead generation, and site consultant cultivation programs
8. Strengthen and expand business and international trade development programs
9. Become a national leader in incentives administration

Cultivate target industry growth clusters

By improving VEDP's capabilities and enhancing Virginia's economic competitiveness, Virginia will be better positioned to compete and win projects in target clusters

Specific strategies:

10. Push new boundaries as a U.S. leader in information technology
11. Assemble a world-class transportation and logistics hub
12. Position Virginia's manufacturing base to be future-ready
13. Create business services and operations centers of excellence (e.g., HQs)
14. Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies

VEDP BUDGET PROPOSALS TO INCREASE JOB GROWTH AND IMPROVE RANKINGS INCLUDED IN GOVERNOR NORTHAM'S BUDGET

Initiative	Impact	Additional investment (\$M)		
		FY22	FY23	FY24
A. Expand Virginia Business Ready Sites Program	Addresses one of the most common reasons Virginia loses manufacturing and supply chain projects by preparing a handful of mega sites and 10-20 midsize sites across the Commonwealth, securing roughly 20,000 direct new jobs (roughly 50,000 new jobs altogether, including indirect and induced jobs)	150.0		
B. Final Ramp of the Virginia Talent Accelerator Program to support statewide coverage	Supports statewide coverage of the program to address the single most important site selection factor: workforce quality and availability. Program currently ranked in the top 2 of its kind. VA will secure projects with 3,000-6,250 additional rural/small metro jobs per year by 2022		2.3	2.3
C. Fund initiatives outlined in the Virginia International Trade Plan	Provides timely support to an additional 300 Virginia businesses each year (for a total of 635 per year), generating an additional approximately 5,000 trade-related jobs and diversifying Virginia's economy		3.5	7.0
Total		150.0	5.8	9.3

THE LACK OF PROJECT-READY SITES AND BUILDINGS HAS COST VIRGINIA OVER 47K JOBS AND OVER \$115B IN CAPEX SINCE 2016

Since 2016, Virginia has lost:

47K+

DIRECT JOBS

\$115B+

CAPEX

97K+

EST. INDIRECT
AND INDUCED JOBS¹

344-446M+

EST. ANNUAL
STATE REVENUE

Projects lost FY21 & FY22 (illustrative)

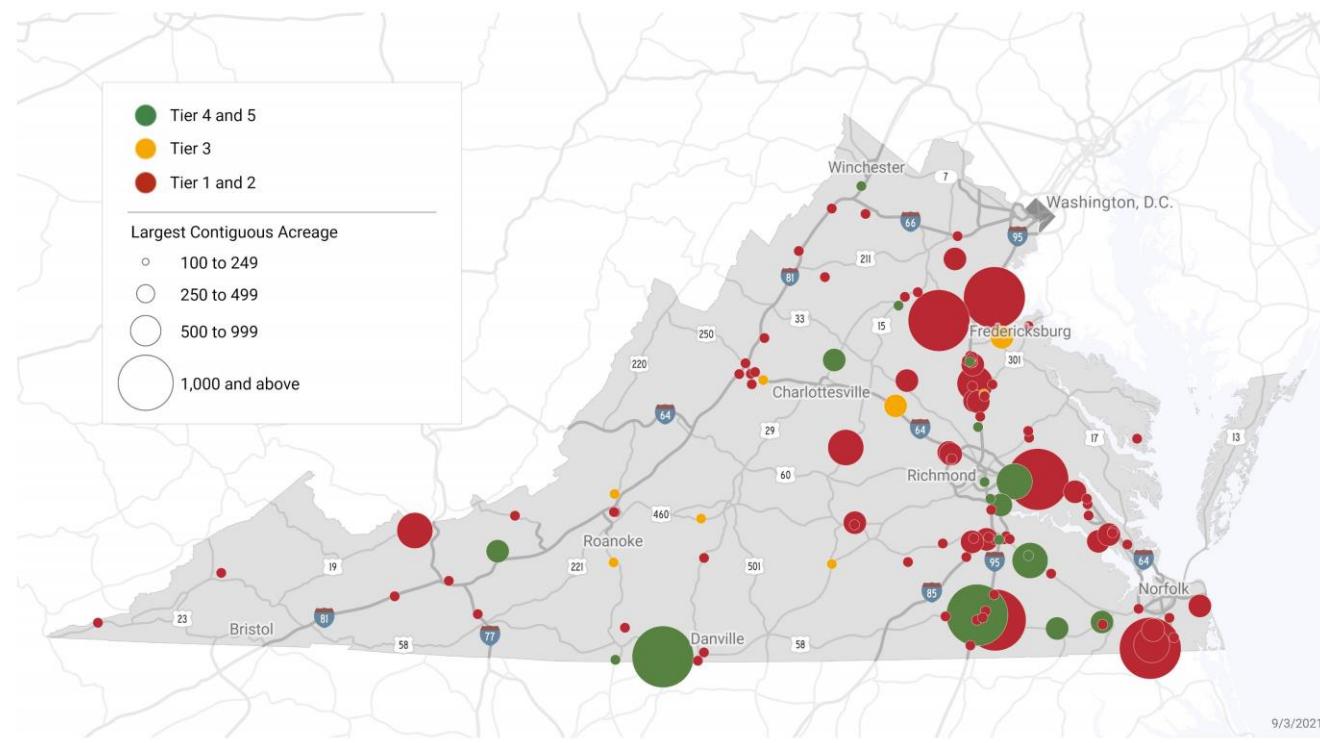
Project Everest Semiconductor	1,900 direct jobs	\$17B
Project Darwin Automotive	5,200 direct jobs	\$3.5B
Project K2 Semiconductor	3,500 direct jobs	\$20B
Project Settlement Semiconductor	5,600 direct jobs	\$40B
Project P2 Semiconductor	3,500 direct jobs	\$21.4B
Project Aurora Automotive	6,500 direct jobs	\$5B

Other recent projects lost due to sites (illustrative)

Mazda Toyota Automotive	4,000 direct jobs	\$1.6B
Project Pony Express Automotive	3,000 direct jobs	\$600M

¹Estimated indirect and induced jobs calculated using project NAICS codes for projects in which detailed ROI estimates were unavailable

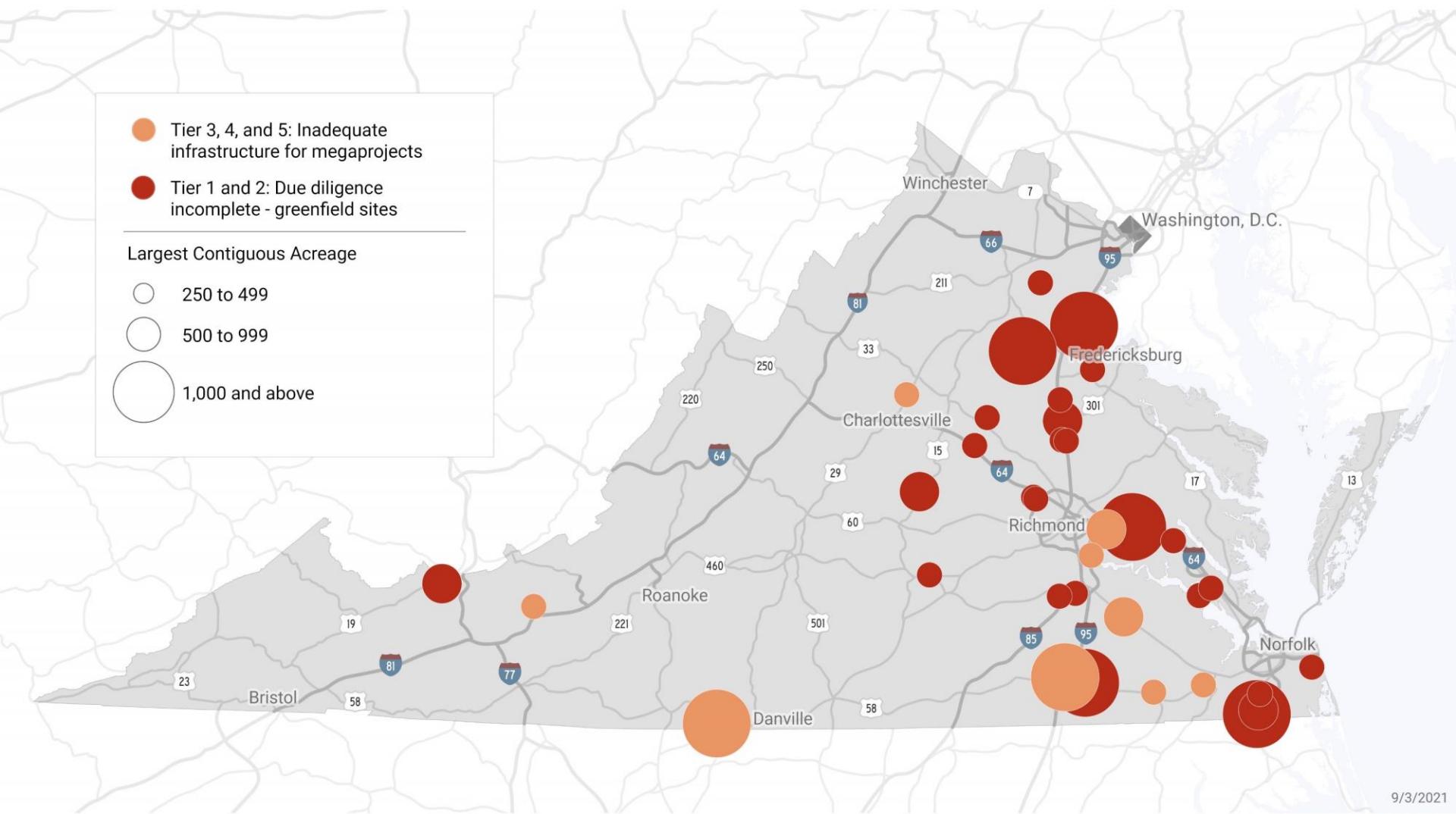
A LACK OF PREPARED SITES HAS COST VIRGINIA BILLIONS IN CAPITAL INVESTMENT AND OVER 40,000 DIRECT JOBS SINCE 2016



Note: VEDP's Sites & Buildings database includes an additional 543 sites with no tier ranking

¹Based on latest available peer state budget information, North Carolina figure reflects large post-prospect investment into Randolph Greensboro Megasite

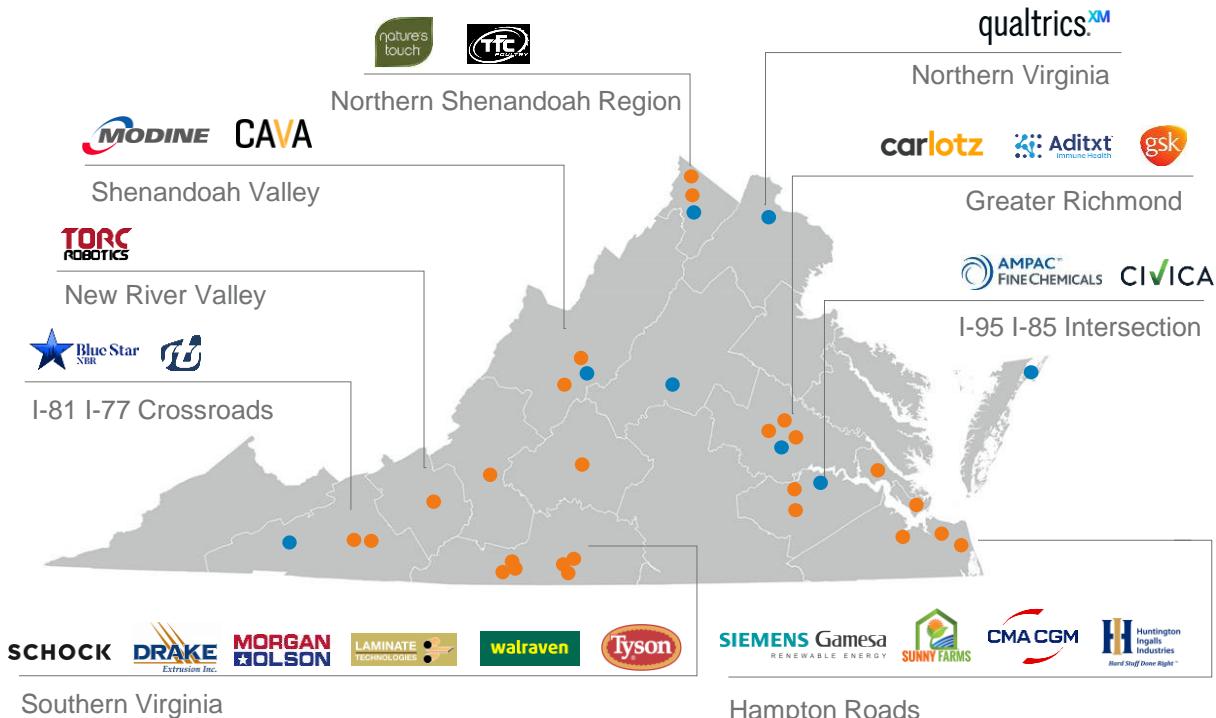
CURRENT MEGASITE CANDIDATES MAY BE READY FOR STANDARD PROJECTS; MEGA-PROJECTS REQUIRE ADDITIONAL INVESTMENT



THE VIRGINIA TALENT ACCELERATOR PROGRAM IS SUPPORTING JOB CREATION PROJECTS ACROSS THE COMMONWEALTH

Virginia Talent Accelerator Program Projects

Projects underway featured



■ Projects Announced or Underway ■ Projects in Pipeline

Source: VEDP Data from 12/13/2021

Virginia Talent Accelerator Program Project Jobs

7,861 jobs

Will be created by projects underway or announced

3,275 additional jobs

Could be created by the most promising pipeline projects considering several regions across Virginia, not including mega-projects

VEDP INTERNATIONAL TRADE PROGRAMS HAVE SIGNIFICANT IMPACT AND ARE HIGHLY VALUED BY PARTICIPATING COMPANIES

\$670M

International sales supported by Virginia's trade programs and services¹

6,030

Trade-supported jobs from companies enrolled in VEDP Trade programs

98%

Companies that were “extremely likely” or “likely” to recommend VEDP’s export assistance programs to other Virginia companies

97%

Companies that rated the quality of VEDP-International Trade’s export assistance as “excellent” or “above average”

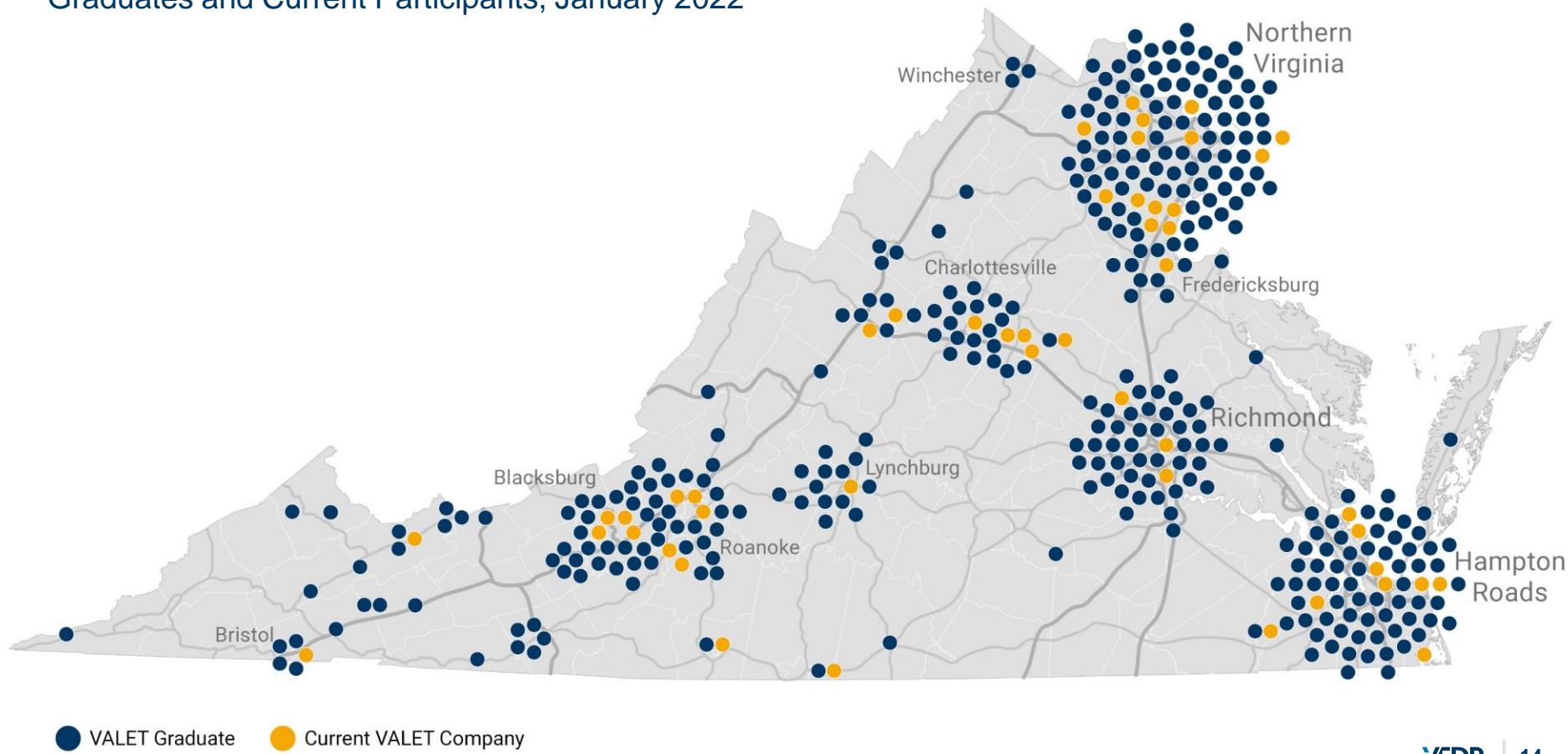


The PBE Group, North Tazewell

¹These figures exclude two outlier companies with international sales over \$600M.

VEDP INTERNATIONAL TRADE PROGRAMS REACH COMPANIES IN ALL CORNERS OF THE COMMONWEALTH

Virginia Leaders in Export Trade (VALET) Program Graduates and Current Participants, January 2022



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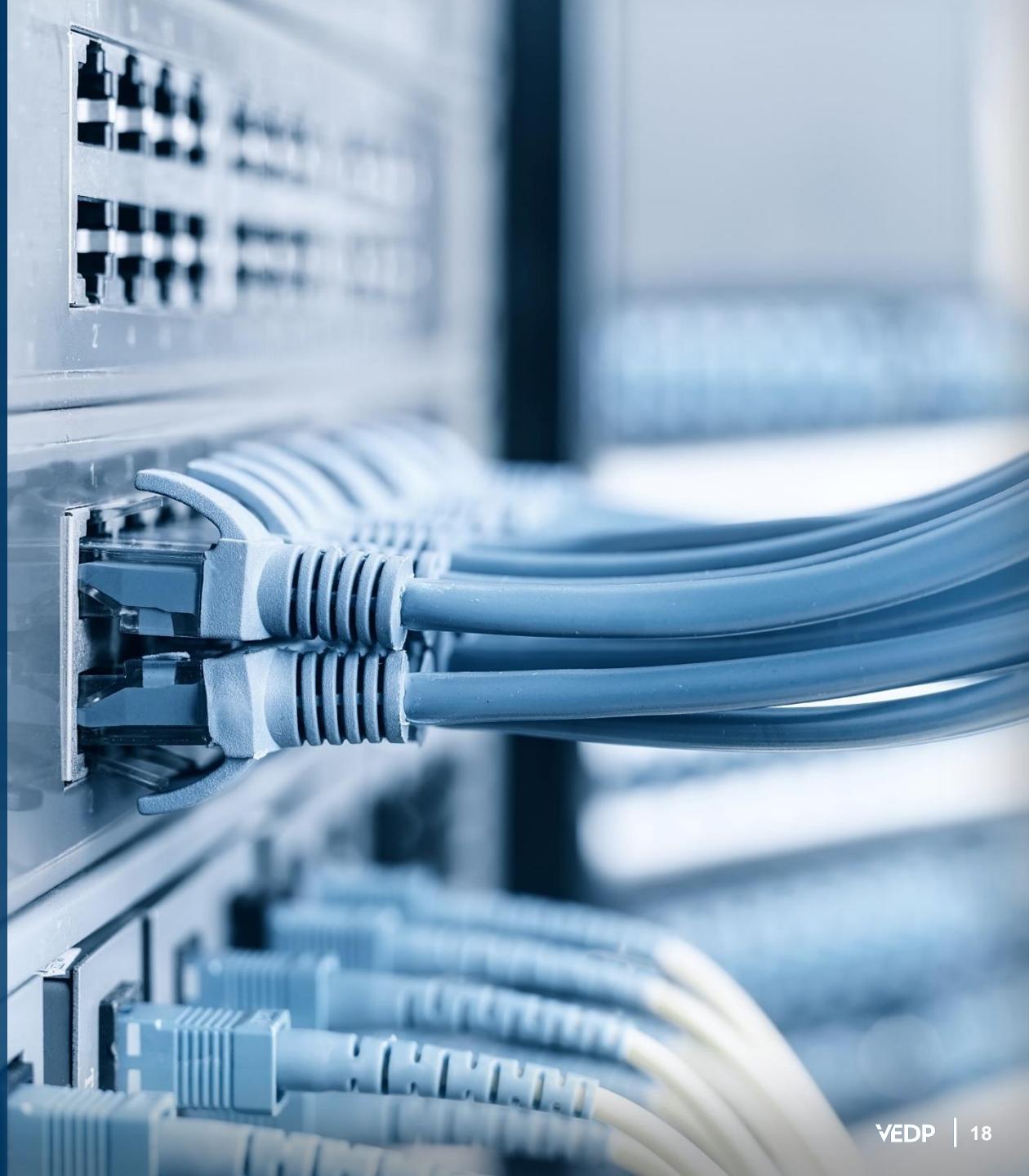
GLIMPSES OF THE FUTURE

Growing commercial space sector on the Eastern Shore



Mid-Atlantic Regional Spaceport (MARS),
Accomack County

**Nearly
ubiquitous
broadband**



Bucking America's rural decline trend



University of Virginia's College at Wise

Gigawatts of offshore wind



Ørsted and Dominion Energy,
Portsmouth Marine Terminal

> \$10 billion
per year in data
center
investment



Rackspace, Montgomery County

Leading America in container port capabilities



Virginia International Gateway, Portsmouth

**Leading
America in
export-oriented
manufacturing
wins**



WestRock, Richmond

Leading
America in
unmanned
systems



Perrone Robotics, Albemarle County

**Leading
America in
rural and small
metro tech
centers**



1901 Group, Montgomery County

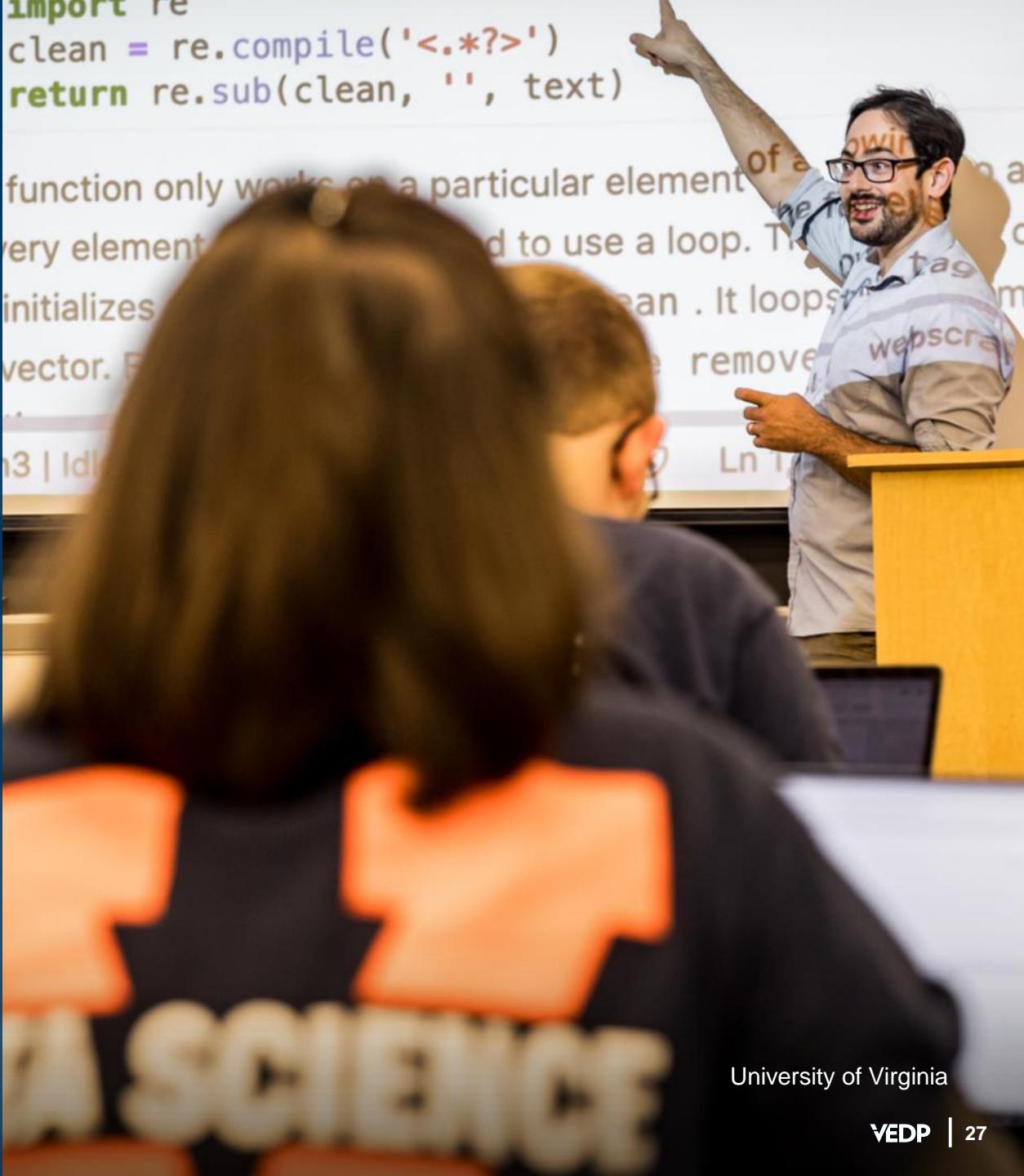
**Leading
America in
computer
science:**

**\$2 billion Tech
Talent
Investment
Program**



Virginia Tech Innovation Campus
Rendering, Alexandria

Leading America in data science



University of Virginia



Leading
America in
human capital
development



Wytheville Community College

THANK YOU

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