TRANSFORMING VA INTO A NATIONAL GROWTH LEADER

January 20, 2022
TRANSFORMATIONAL GOALS: PROGRESS
Robust State Growth
Position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.

Every Region Wins
Ensure that every region participates in the growth of the Commonwealth

Best State for Business
Restore Virginia to its previous leadership position near the top of the national business climate rankings

Top State EDO
Reestablish VEDP as one of America’s most effective state economic development organizations

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

<table>
<thead>
<tr>
<th>Transformational Goal</th>
<th>Progress to date</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Robust state job growth</td>
<td>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.</td>
<td>✓</td>
</tr>
<tr>
<td>2. Every region wins</td>
<td>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</td>
<td>✓</td>
</tr>
<tr>
<td>3. Best state for business</td>
<td>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.</td>
<td>✓</td>
</tr>
<tr>
<td>4. Top state EDO</td>
<td>VEDP was named most competitive state EDO in America by <em>Site Selection</em> 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, <em>Virginia Economic Review</em>, and best-in-class incentives administrations.</td>
<td>✓</td>
</tr>
<tr>
<td>5. Super collaborator</td>
<td>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.</td>
<td>✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On track to achieve long-term goals with no major concerns</th>
<th>Will likely not meet goal (typically due to lack of funding)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will make progress against long-term goals but concerns (typically due to funding challenges)</td>
<td>Not started</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Enhance VA's economic competitiveness</th>
<th>Enhance VEDP's capabilities</th>
<th>Cultivate target industry growth clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>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.</td>
<td>By improving VEDP’s capabilities and enhancing Virginia’s economic competitiveness, Virginia will be better positioned to compete and win projects in target clusters.</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Impact</th>
<th>Additional investment ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Expand Virginia Business Ready Sites Program</strong></td>
<td>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)</td>
<td>150.0</td>
</tr>
<tr>
<td><strong>B. Final Ramp of the Virginia Talent Accelerator Program to support statewide coverage</strong></td>
<td>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</td>
<td>2.3 2.3</td>
</tr>
<tr>
<td><strong>C. Fund initiatives outlined in the Virginia International Trade Plan</strong></td>
<td>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</td>
<td>3.5 7.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>150.0 5.8 9.3</strong></td>
</tr>
</tbody>
</table>
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 jobs
- **344-446M+** est. annual state revenue

### Projects lost FY21 & FY22 (illustrative)

<table>
<thead>
<tr>
<th>Project</th>
<th>Direct Jobs</th>
<th>CAPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Everest</td>
<td>1,900</td>
<td>$17B</td>
</tr>
<tr>
<td>Semiconductor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Darwin</td>
<td>5,200</td>
<td>$3.5B</td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project K2</td>
<td>3,500</td>
<td>$20B</td>
</tr>
<tr>
<td>Semiconductor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Settlement</td>
<td>5,600</td>
<td>$40B</td>
</tr>
<tr>
<td>Semiconductor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project P2</td>
<td>3,500</td>
<td>$21.4B</td>
</tr>
<tr>
<td>Semiconductor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Aurora</td>
<td>6,500</td>
<td>$5B</td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other recent projects lost due to sites (illustrative)

<table>
<thead>
<tr>
<th>Project</th>
<th>Direct Jobs</th>
<th>CAPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mazda Toyota</td>
<td>4,000</td>
<td>$1.6B</td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Pony Express</td>
<td>3,000</td>
<td>$600M</td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Source: VEDP project data
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

Site Development Facts

Over 85% of Virginia’s 100+ acre sites are not project ready

Every year, the lack of prepared sites is a top reason why Virginia loses projects

Peer states are investing more than Virginia¹

- North Carolina: $338M
- Georgia: $66M
- Ohio: $50M
- South Carolina: $43M
CURRENT MEGASITE CANDIDATES MAY BE READY FOR STANDARD PROJECTS; MEGA-PROJECTS REQUIRE ADDITIONAL INVESTMENT

Tier 3, 4, and 5: Inadequate infrastructure for megaprojects
Tier 1 and 2: Due diligence incomplete - greenfield sites

Largest Contiguous Acreage
- 250 to 499
- 500 to 999
- 1,000 and above
THE VIRGINIA TALENT ACCELERATOR PROGRAM IS SUPPORTING JOB CREATION PROJECTS ACROSS THE COMMONWEALTH

Virginia Talent Accelerator Program Projects
Projects underway featured

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

Source: VEDP Data from 12/13/2021
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”

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

[Map of Virginia showing VALET graduates and current participants]

- VALET Graduate
- Current VALET Company
### 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.

**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.

**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:

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

### 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

### 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
GLIMPSES OF THE FUTURE
Growing commercial space sector on the Eastern Shore
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
Leading America in container port capabilities

Virginia International Gateway, Portsmouth
Leading America in export-oriented manufacturing wins
Leading America in unmanned systems
Leading America in rural and small metro tech centers
Leading America in computer science:

$2 billion Tech Talent Investment Program
Leading America in data science
Leading America in human capital development
THANK YOU

Jason El Koubi
Interim President and CEO
804.219.6232
jelkoubi@vedp.org