

PRESIDENT'S REPORT

January 2021

TOPICS FOR TODAY

FY21 BI performance metrics to date

FY21 operational plan – progress dashboard

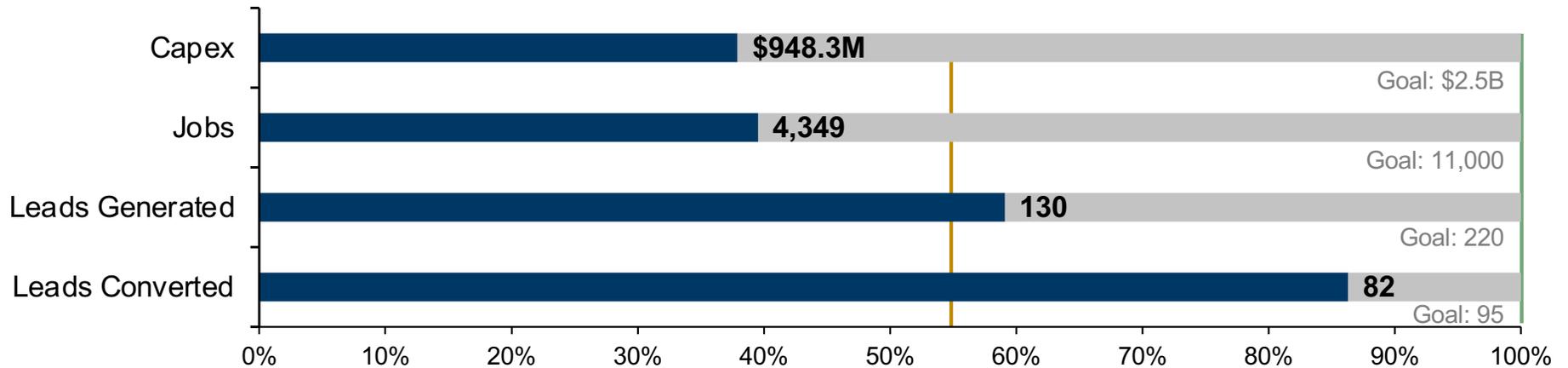
Notable developments since last meeting

Top priorities for the next few months

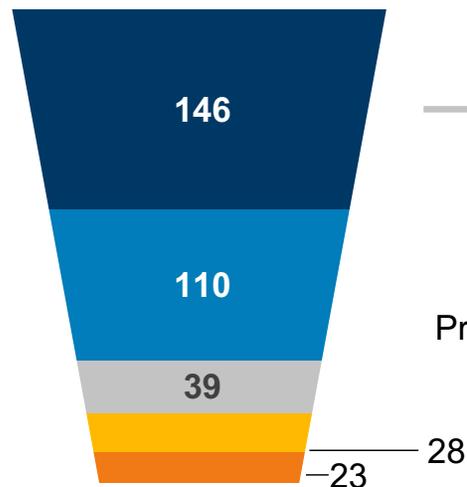
Economic recovery: update and outlook

PROGRESS AND PIPELINE FOR VEDP-ASSISTED PROJECT DECISIONS TO-DATE JULY 1, 2020 – JANUARY 19, 2021 (55% THROUGH FY21)

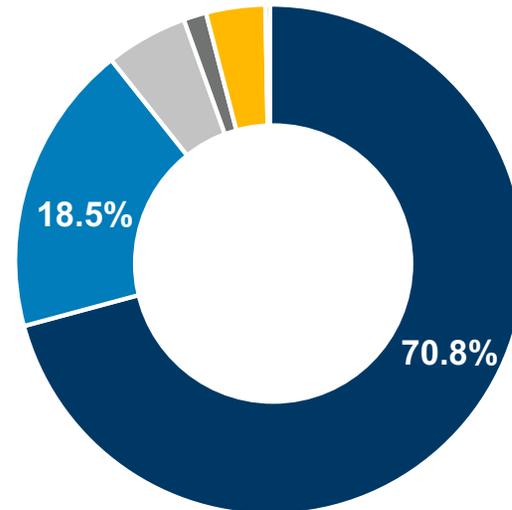
VEDP-Assisted Project Decisions N = 37



VEDP Open Pipeline (346)



% of VEDP Leads for Open Pipeline



VEDP Lead Source

- VEDP
- Locality Partner
- Regional Partner
- Administration
- State Entity
- Service Provider

FY21 OPERATIONAL PLAN PROGRESS TRACKER: MAJOR INITIATIVES (1 OF 2)

Major initiative	Primary owner	Status (% complete)	Comments	Next steps
1. Refresh FY19-23 Strategic Plan, including addressing post-COVID challenges and opportunities	Sean Brazier	 98%	Completed development process and content; syndicated key points with GA leadership	Review with Board and formally recommend adoption
2. Finalize and execute strategies to capture post-COVID economic recovery and growth opportunities	Sean Brazier	 50%	Responded to ad-hoc requests from other agencies	Continue supporting recovery efforts as needs arise
3. Implement lead generation Initiatives targeting post-COVID growth industries	Vince Barnett	 45%	Identified and contacted more than 4,000 companies; scheduling kick-off meetings with Phase 2 REDOs	Work with community partners to develop proactive proposals/ incentive framework
4. Embed continuously-refined value proposition in VEDP messaging and marketing materials	Lori Melançon & Nathalie Molliet-Ribet	 25%	Completed first industry (F&B); Tech industry in collateral phase; HQ and Supply Chain industries in narrative phase; completion extended into FY22	Continue work on Tech, HQ, and Supply Chain industries
5. Leverage the Virginia Talent Accelerator Program to win post-COVID reshoring projects and refine program operations	Mike Grundmann	 50%	Considered 27 opportunities and prepared 18 proposals YTD; interviewing for open positions to scale up capacity to support all eligible opportunities for remainder of FY21	Complete 7th floor Experience Center displays; complete and deploy applicant tracking system (ATS) for first two clients

FY21 OPERATIONAL PLAN PROGRESS TRACKER: MAJOR INITIATIVES (2 OF 2)

Major initiative	Primary owner	Status (% complete)	Comments	Next steps
6. Identify and invest in key talent shortages across high-demand occupations	Pam Harder	 33%	Secured proposal for dedicated funding included in Governor's budget for an office of education and workforce alignment	Work with administration and GA partners on funding proposal for new office; continue Strada planning grant implementation
7. Develop and execute an outreach strategy to assess local & regional competitiveness	Adam Watkins	 85%	Conducting final reviews and edits	Release report to REDOs and LEDOs
8. Cultivate rural and small metro tech centers across Virginia	Laura Rodriguez	 65%	Active project for Phase I; completed Phase II outreach; Phase III on standby for survey	Update incentives approach for Phase I company; conduct Phase II second outreach
9. In partnership with the VA Chamber, complete launch of Team Virginia, an executive-to-executive 501(c)3 marketing organization	Lori Melançon	 15%	Picking up on recruitment conversations and planning for first meeting (was on hold due to COVID-19)	Chamber Foundation to finalize initial round of invoices and schedule kick-off board meeting
10. Implement a comprehensive talent management program	Jason El Koubi	 5%	Re-started search for VP of HR due to hiring freeze (lost high-potential finalist candidate)	Review new slate of candidates and identify finalists for in-depth interviews
11. Support Virginia businesses through the international trade plan	Stephanie Agee	 60%	Implementing no-cost ITP initiatives w/ existing resources (most ITP initiatives on hold due to lack of funding)	Compile resources for importers; host regular meetings of the ITP working group; engage Virginia's congressional delegation

 On schedule to meet goals  Behind and/or facing challenge  May not meet goals

NOTABLE DEVELOPMENTS SINCE OUR LAST BOARD MEETING

- Positive feedback from top General Assembly leaders on the transformational goals in our Strategic Plan, as well as VEDP's work and direction generally
- Several economic development priorities included in Governor's proposed FY22 budget
 - \$5M partial reallocation of funding for the Virginia Business Ready Sites Program
 - \$2M for partial restoration of funding of the Virginia Jobs Investment Program (VJIP)
 - \$0.5M for launch and operations of a new office of education and workforce alignment
 - *Admin support for amendment to reallocate \$4.7M to the Virginia Talent Accelerator Program*
 - Funding of several key priorities outside of VEDP's budget, e.g., Tech Talent Investment Program, broadband expansion, G3 community college initiative
- Progress on perception-based state business climate rankings
 - DCI Most Favorable Business Climate: no. 12 (up two spots from no. 14 in 2017)
 - Site Selection Executive Survey: no. 8 (up two spots from no. 10 last year)
- Acceleration of business development activity, with Virginia proceeding to the shortlist stage for several major projects – plus many announcements in the queue
- Completion and release of VEDP's FY20 Annual Report
- Mailing of Q4 2020 issue of *Virginia Economic Review*, which highlights many reasons why Virginia is the best state for quality of life in America (according to Forbes)
- Release of Local and Regional Competitiveness Initiative (LRCI) reports to partners

TOP PRIORITIES FOR THE NEXT FEW MONTHS

- Continued active engagement with the Administration and General Assembly to encourage focus on economic recovery during the ongoing Regular Legislative Session
- Pandemic relief and recovery planning in support of the Administration, with emphasis on four new/expanded growth opportunities
 - Reshoring of manufacturing and supply chains
 - Digital Virginia (e.g., data centers, software development, cloud computing)
 - Remote work
 - Reskilling
- Aggressive cultivation of several high-impact economic development projects
- Completing searches for key VEDP leadership roles
- Development of launch plan for new office of education and workforce alignment
- Team Virginia – wrapping up fundraising; Board launch; planning for activities
- Q1 2021 issue of *Virginia Economic Review* (America's Corporate Hometown)
- Continued focus on industry sector value proposition project – big push continuing through late CY2021

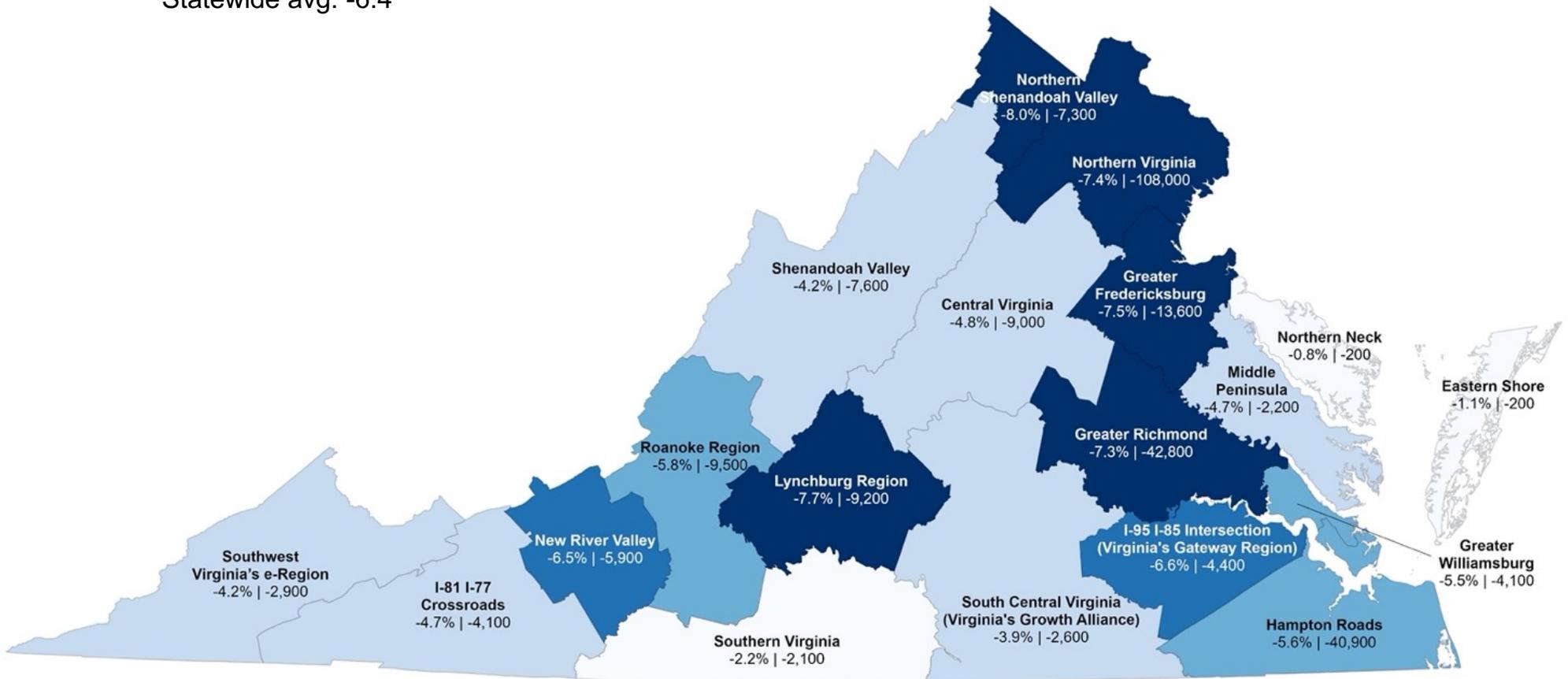


ECONOMIC RECOVERY: UPDATE AND OUTLOOK

Micron, Manassas

PANDEMIC-ERA EMPLOYMENT LOSSES HAVE VARIED SIGNIFICANTLY ACROSS REGIONS OF THE COMMONWEALTH

Employment change from February to November 2020
% | absolute employment change, not seasonally adjusted

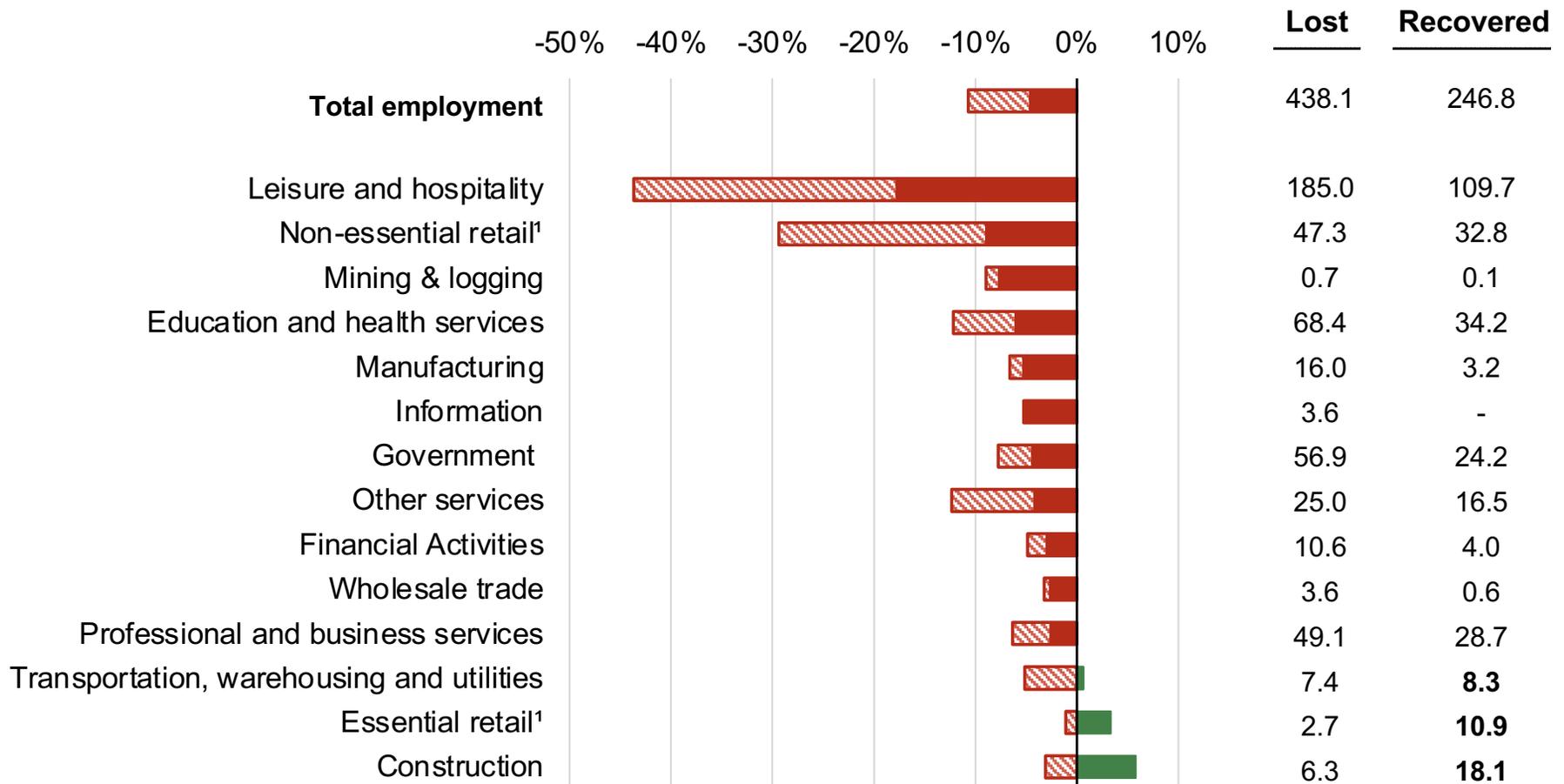


DESPITE IMPROVEMENTS SINCE APRIL, VA EMPLOYMENT REMAINS BELOW FEBRUARY 2020 LEVELS IN ALMOST ALL MAJOR SECTORS

Virginia employment change since February 2020 by major sector
 % non-farm payroll employment change from Feb.-Nov. '20, seasonally adjusted

Change in # jobs since Feb.
 Thousands of jobs

▨ Lowest employment level ■ Current employment level



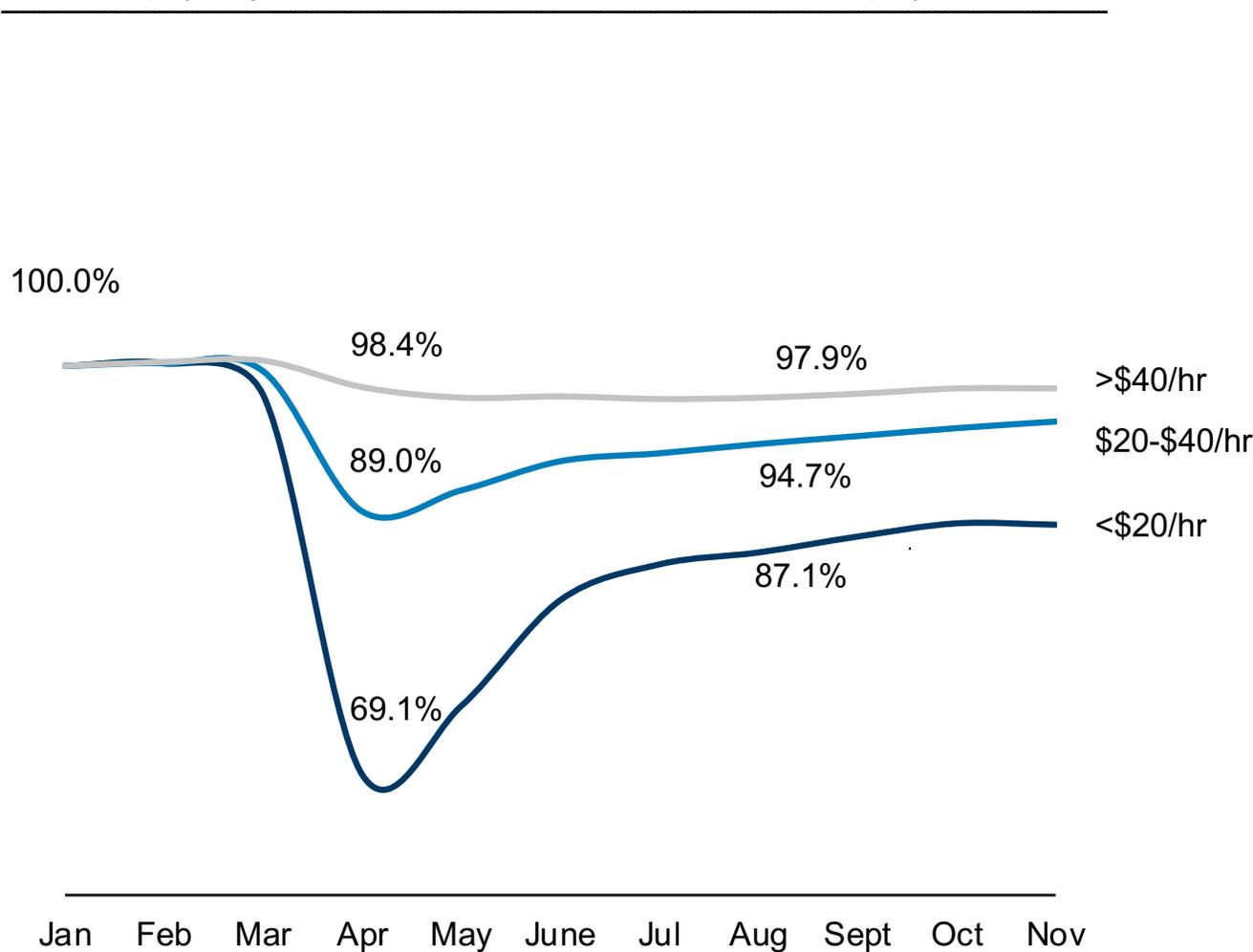
¹Essential / non-essential retail employment change based on assumptions from national trends due to lack of data at state level

COVID-19 EMPLOYMENT STRESS IN VIRGINIA GOES WELL BEYOND THE UNEMPLOYED POPULATION

Impacted populations	Jan-Nov change	Jan-Nov % change
Lost primary job – actively looking	89,840	76%
Lost secondary job	99,095	30%
Involuntary reduction of hours	120,712	179%
Not actively looking, but want a job	12,200	11%
Total impacted population	321,847	108%

COVID-19 ECONOMIC SHOCK HAS DISPROPORTIONATELY IMPACTED LESS EDUCATED, MINORITIES, WOMEN, AND LOWER WAGE EARNERS

Change in U.S. employment by average industry earnings
 Non-farm payroll jobs, Jan.-Nov. '20, indexed to Jan. '20 employment levels



Virginia workers earning less than \$20/hour¹

22%

Have a Bachelor's degree or higher
 (vs. 77% of workers earning >\$40/hr)

45%

Are non-white / Hispanic
 (vs. 30% of workers earning >\$40/hr)

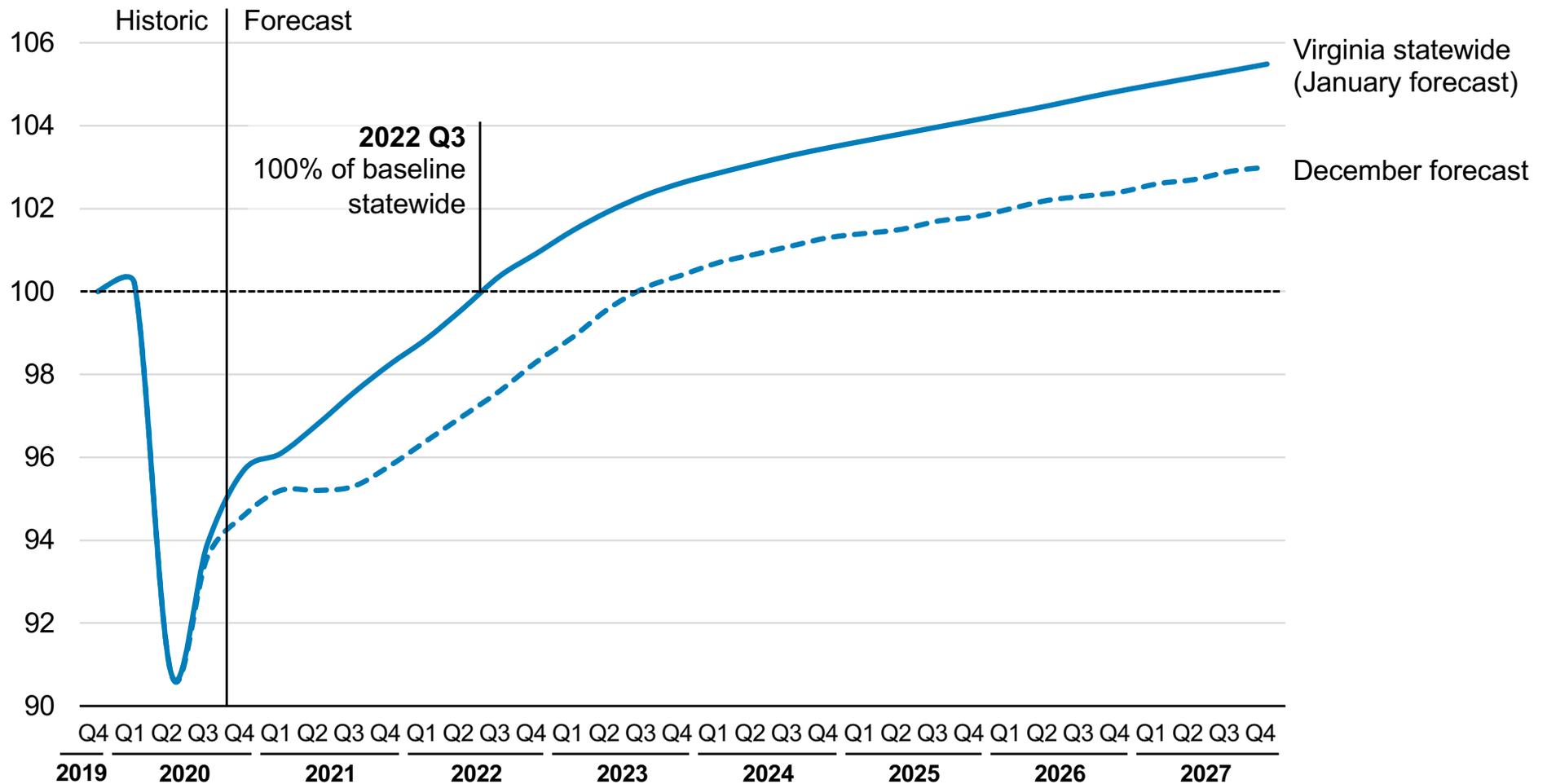
55%

Are women
 (vs. 35% of workers earning >\$40/hr)

¹Employed persons in 2019, based on wages income earned in previous 12 months

EMPLOYMENT IS NOW PROJECTED TO REACH PRE-C19 LEVELS BY MID-2022, A MARKED IMPROVEMENT FROM THE LAST MOODY'S FORECAST¹

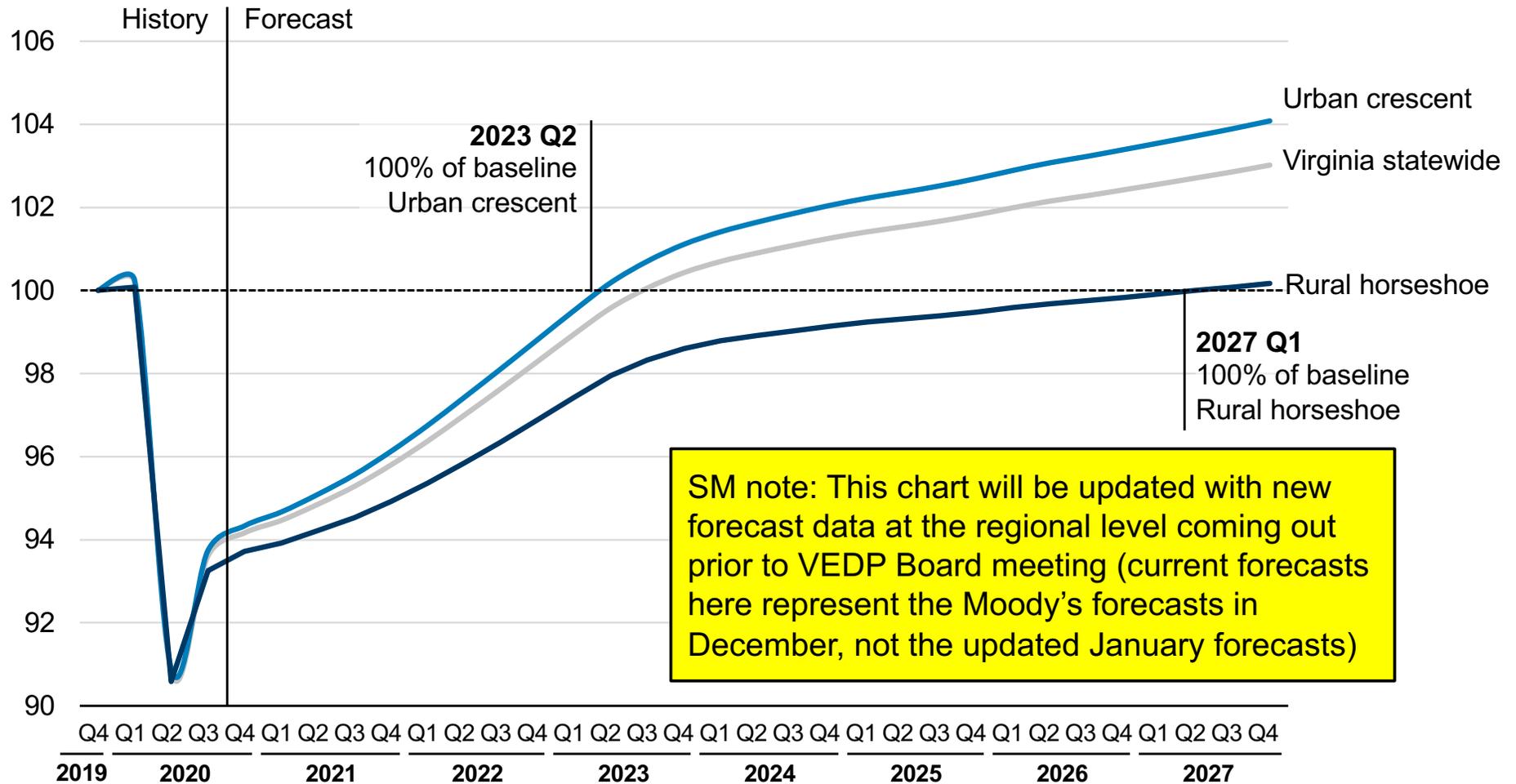
Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment



¹ Improvement in forecast between December and January forecasts was largely driven by updated assumptions on the level of expected fiscal support following announcements by the incoming Biden administration
 Source: Moody's Analytics (January / December baseline forecast); VEDP analysis

OUTSIDE VIRGINIA'S URBAN CRESCENT, THE RECOVERY IS EXPECTED TO LAG BY ALMOST FOUR YEARS

Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment



¹Locality forecast data have been corrected to match statewide employment forecasts; data differs slightly due to methodological differences in Moody's state and sub-state models

THANK YOU