

PRESIDENT'S REPORT

March 2021

TOPICS FOR TODAY

FY21 BI performance metrics to date

FY21 operational plan – progress dashboard

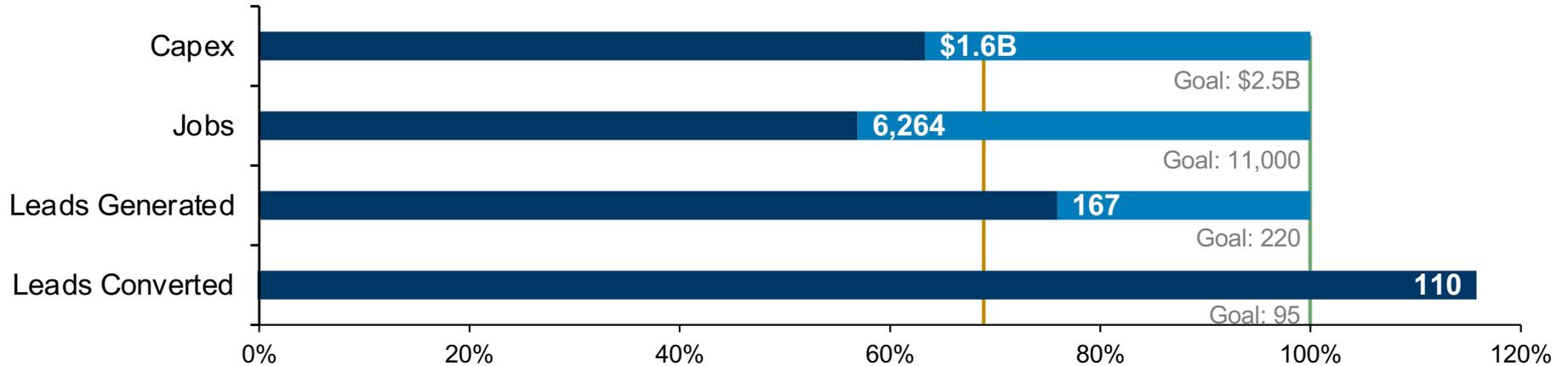
Notable developments since last meeting

Top priorities for the next few months

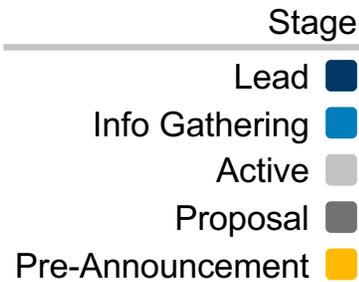
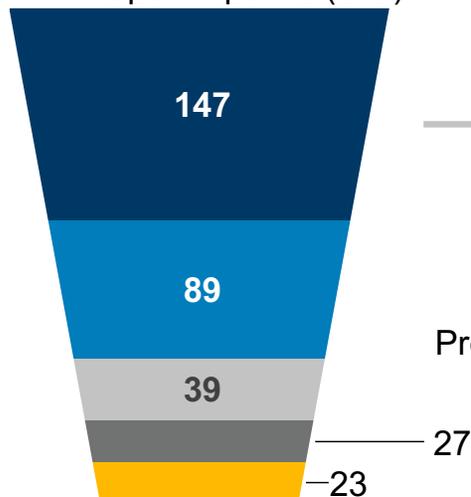
Economic recovery: update and outlook

PROGRESS AND PIPELINE FOR VEDP-ASSISTED PROJECT DECISIONS TO-DATE JULY 1, 2020 – MARCH 9, 2021 (68% THROUGH FY21)

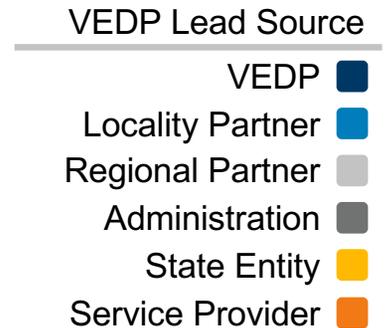
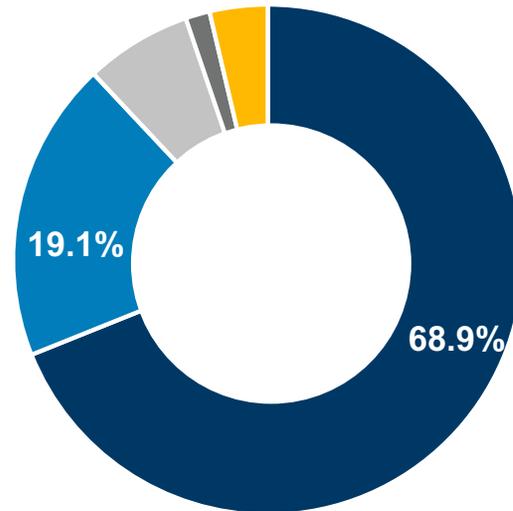
VEDP-Assisted Project Decisions N = 62



VEDP Open Pipeline (325)



% of VEDP Leads for Open Pipeline



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	David Devan	 99%	Completed development process and content	Finalize performance metrics and public summary version
2. Finalize and execute strategies to capture post-COVID economic recovery and growth opportunities	David Devan	 50%	Confirmed EDA grant request is in final stages of approval (legal review); completed national survey of remote workers	Awaiting EDA approval of grant to kick off development of regional “playbooks” for broader strategy; determine strategy and next steps for potential telework strategy
3. Implement lead generation Initiatives targeting post-COVID growth industries	Vince Barnett	 65%	Identified and contacted more than 4,000 companies; developing proposals with REDOs	In collaboration with REDOs, complete proactive proposals/ incentive framework; initiate corporate outreach
4. Embed continuously-refined value proposition in VEDP messaging and marketing materials	Lori Melançon + Nathalie Molliet-Ribet	 55%*	Completed first industry (F&B); Tech and HQ sectors nearly complete; currently in narrative phase for Supply Chain and Advanced Materials industries	Continue work on Supply Chain and Advanced Materials industries
5. Leverage the Virginia Talent Accelerator Program to win post-COVID reshoring projects and refine program operations	Mike Grundmann	 60%	Considered 56 opportunities; prepared 30 proposals YTD; actively interviewing for open positions to scale up capacity to support eligible opportunities during remainder of FY21	Add capacity (hire) to support new projects (now 17 pre/announced); finalize Client Satisfaction Survey; complete design of workflow system; complete plan for project metric/cost tracking system

* Tracker incorporates Board-endorsed timeline adjustment discussed at its January 2021 meeting

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

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	 35%	Secured positive outcome from VA GA session (full funding for new office); preparing for official launch on July 1, 2021	Select best-fit consulting firm to support implementation planning process; develop position profile for exec. director
7. Develop and execute an outreach strategy to assess local & regional competitiveness	Adam Watkins	 95%	Delivered report to LEDOs and REDOs; conducting webinars and initial engagement on the report	Plan and execute post roll-out engagement strategy
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	Phase I company in decision-making stage
9. In partnership with the VA Chamber, complete launch of Team Virginia, an executive-to-executive 501(c)3 marketing organization	Lori Melançon	 25%	Picking up on recruitment conversations and planning for first meeting (was on hold due to COVID-19)	Schedule kickoff meeting (Chamber Foundation taking lead)
10. Implement a comprehensive talent management program	Sharon Grant	 10%	Onboarding Sharon Grant as VP of HR with focus on bolstering VEDP's HR strategy	Meet one-on-one with key staff and review background materials; update project plan
11. Support Virginia businesses through the international trade plan	Stephanie Agee	 70%	Implementing no-cost ITP initiatives w/ existing resources; other initiatives on hold due to lack of funding in FY21	Compile resources for importers; prepare for new / expanded programs with new funding in FY22

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

NOTABLE DEVELOPMENTS SINCE OUR LAST BOARD MEETING

- Several economic development priorities included in the General Assembly's approved FY22 budget (pending final approval by Governor Northam)
 - \$5M partial reallocation of funding for the Virginia Business Ready Sites Program
 - \$2.4M partial reallocation of funding for the Virginia Talent Accelerator Program
 - \$2M for partial restoration of funding for the Virginia Jobs Investment Program (VJIP)
 - \$1.1M to begin implementation of Governor's International Trade Plan initiatives that require new funding
 - \$0.5M for launch and operations of a new office of education and workforce alignment
 - Funding of several key priorities outside of VEDP's budget, e.g., Tech Talent Investment Program, broadband expansion, G3 community college initiative
- Continued acceleration of business development activity, with Virginia on the shortlist for several major projects, including multiple mega projects considering regions across Va.
- U.S. News ranking of best states for citizens: no. 1 in the South (no. 7 in the U.S.)
- Continued progress on Team Virginia launch
- Completed two key executive team appointments: promotion of Bob Grenell to permanent controller, and appointment of Sharon Grant as VP of Human Resources

TOP PRIORITIES FOR THE NEXT FEW MONTHS

- Aggressive cultivation of several high-impact economic development projects
- Identification of potential economic recovery opportunities associated with \$1.9-trillion COVID relief package
- Implementation of new/expanded budget initiatives, e.g., launch of new office of education and labor market alignment and expansion of VBRSP
- Development of FY22 Operational Plan and FY22 Marketing Plan
- Q1 2021 issue of *Virginia Economic Review* (America's Corporate Hometown) mailing in early April
- Continued focus on industry sector value proposition project – big push continuing through late CY2021
- Expansion of talent management program at VEDP
- Expansion of Virginia Talent Accelerator Program to complete rapidly growing set of projects across the Commonwealth

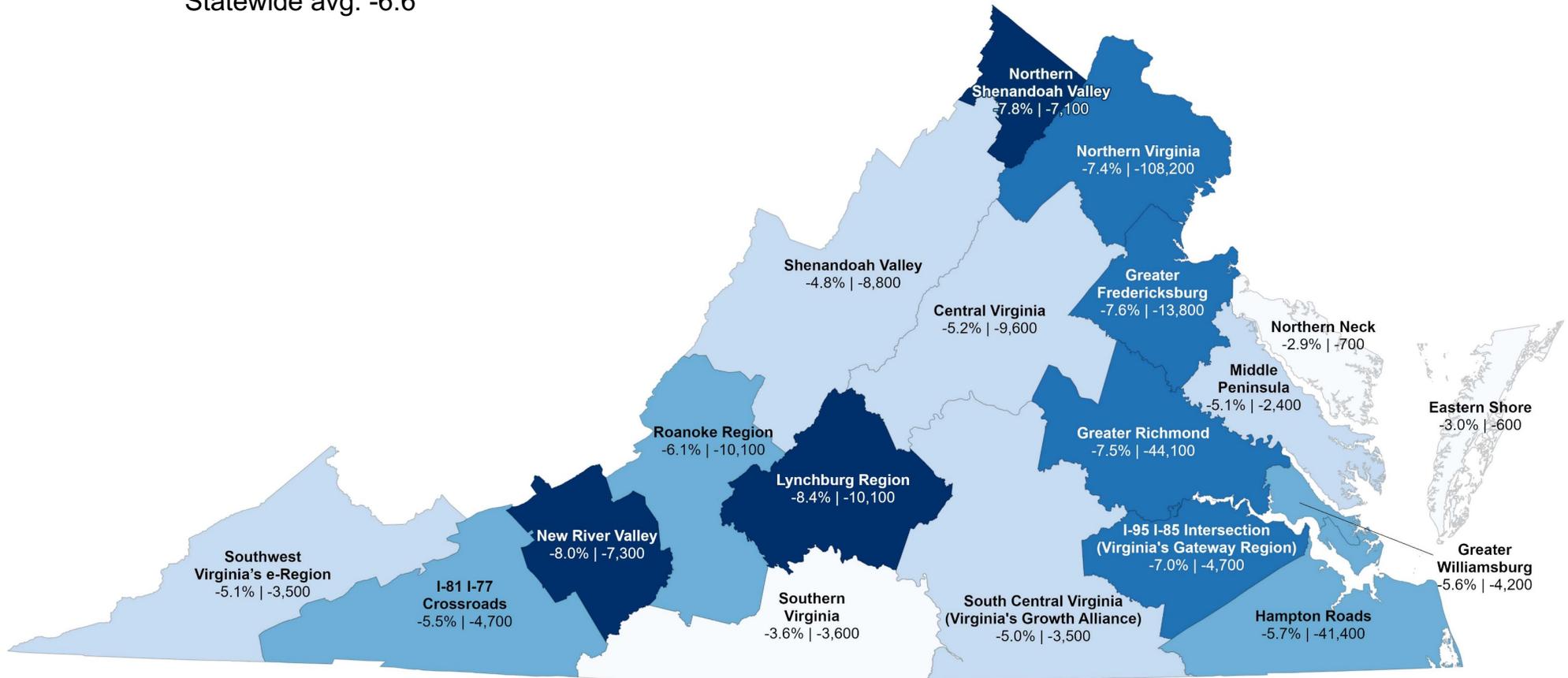


ECONOMIC RECOVERY: UPDATE AND OUTLOOK

Micron, Manassas

VIRGINIA HAS BEEN PROGRESSIVELY RECOVERING JOBS LOST, BUT NOT ALL REGIONS HAVE RECOVERED TO THE SAME EXTENT

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

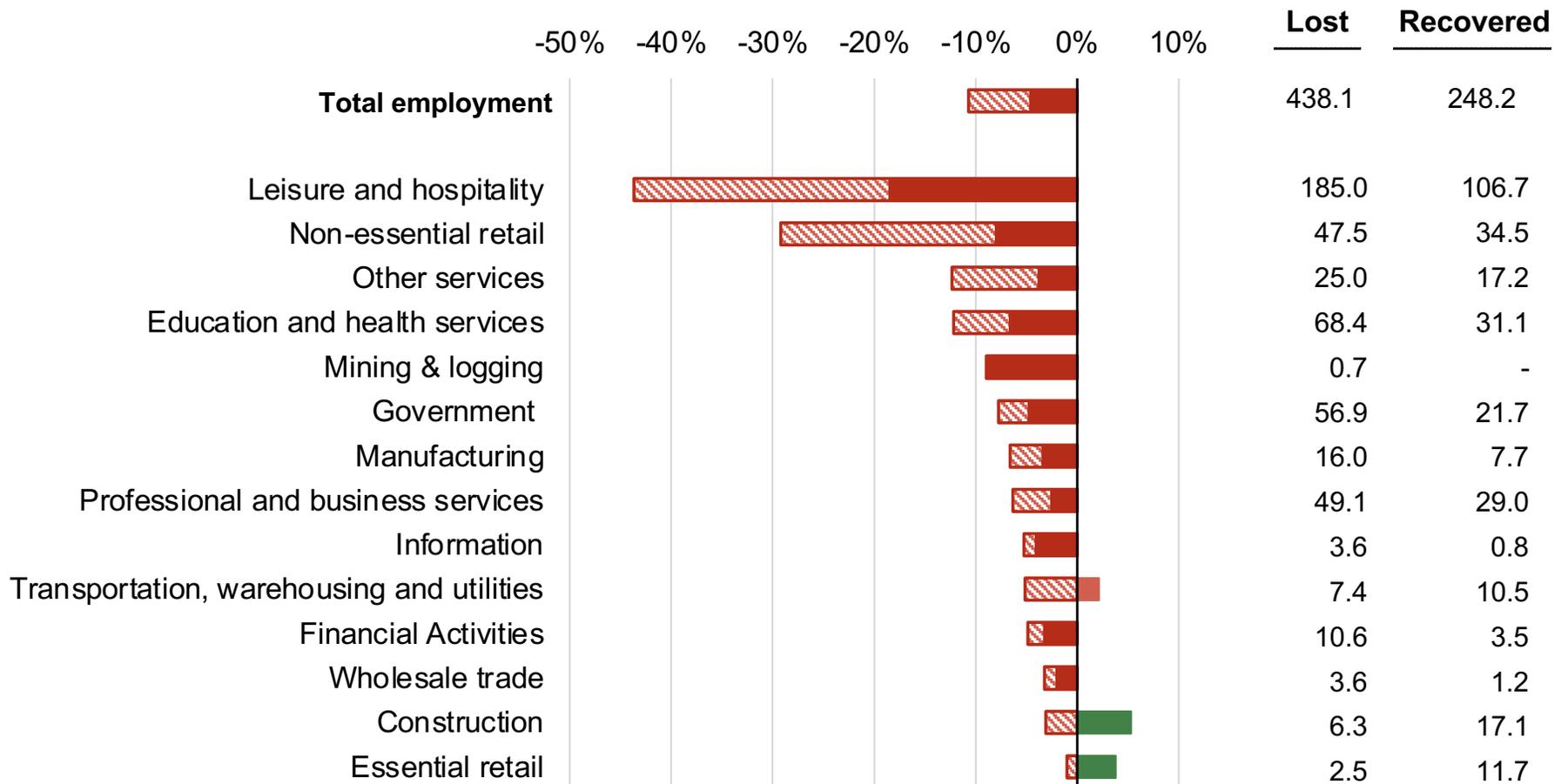


DESPITE IMPROVEMENTS SINCE APRIL, VA EMPLOYMENT REMAINED BELOW FEB 2020 LEVELS IN MOST MAJOR SECTORS AT YEAR'S END

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

Change in # jobs since Feb.
 Thousands of jobs

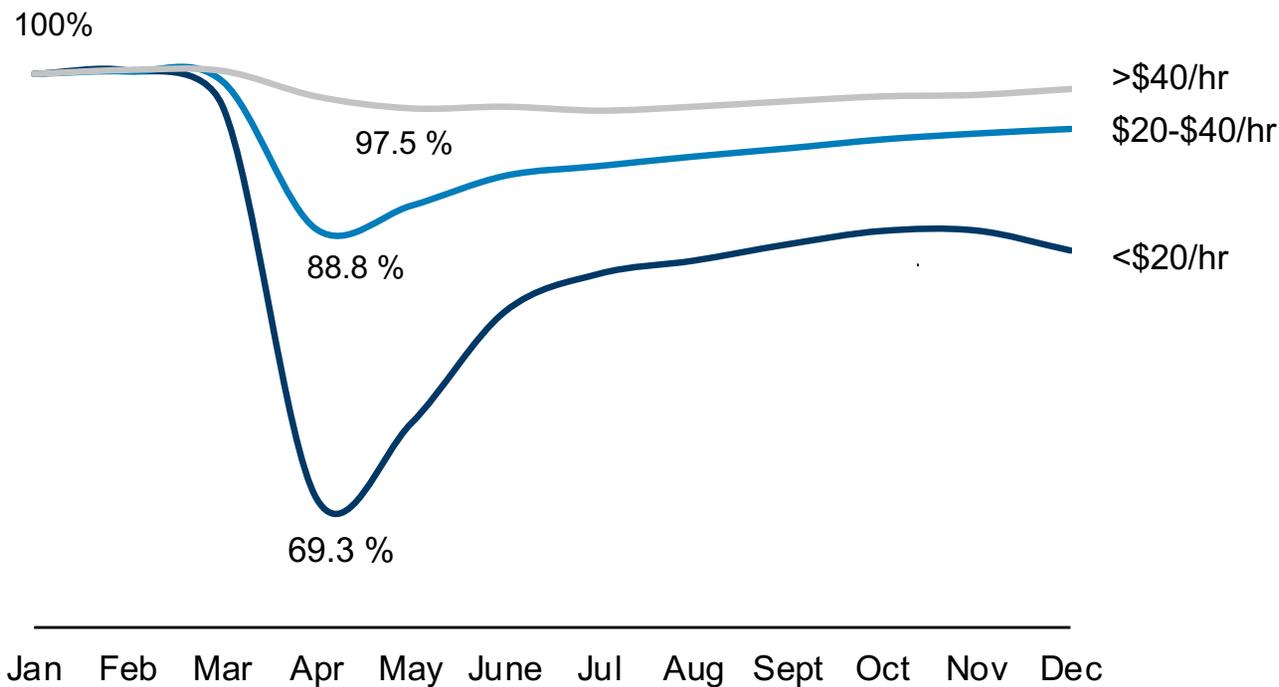
▨ Lowest employment level ■ Current employment level



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

COVID-19 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.-Dec. '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)

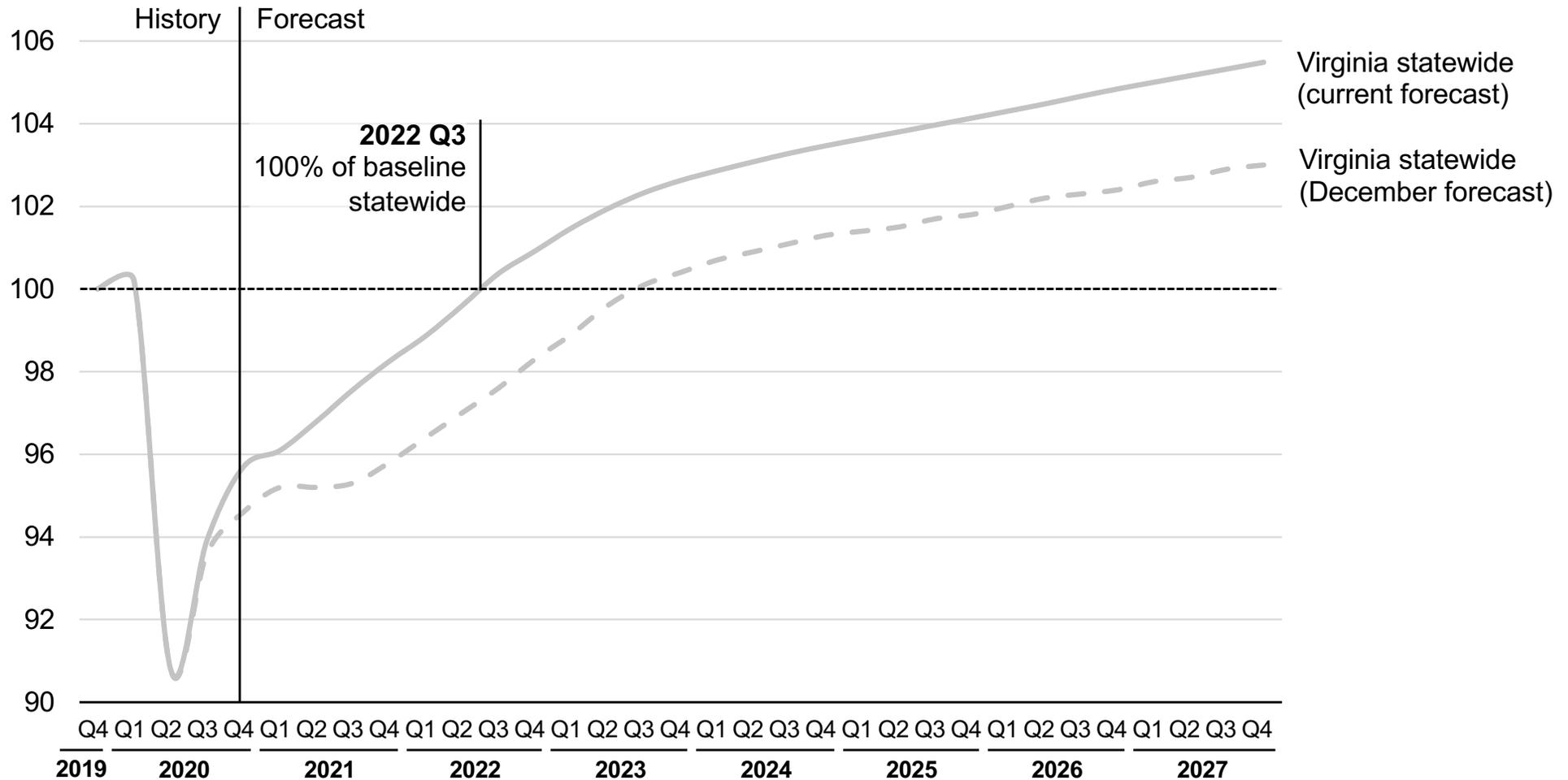
55%

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

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

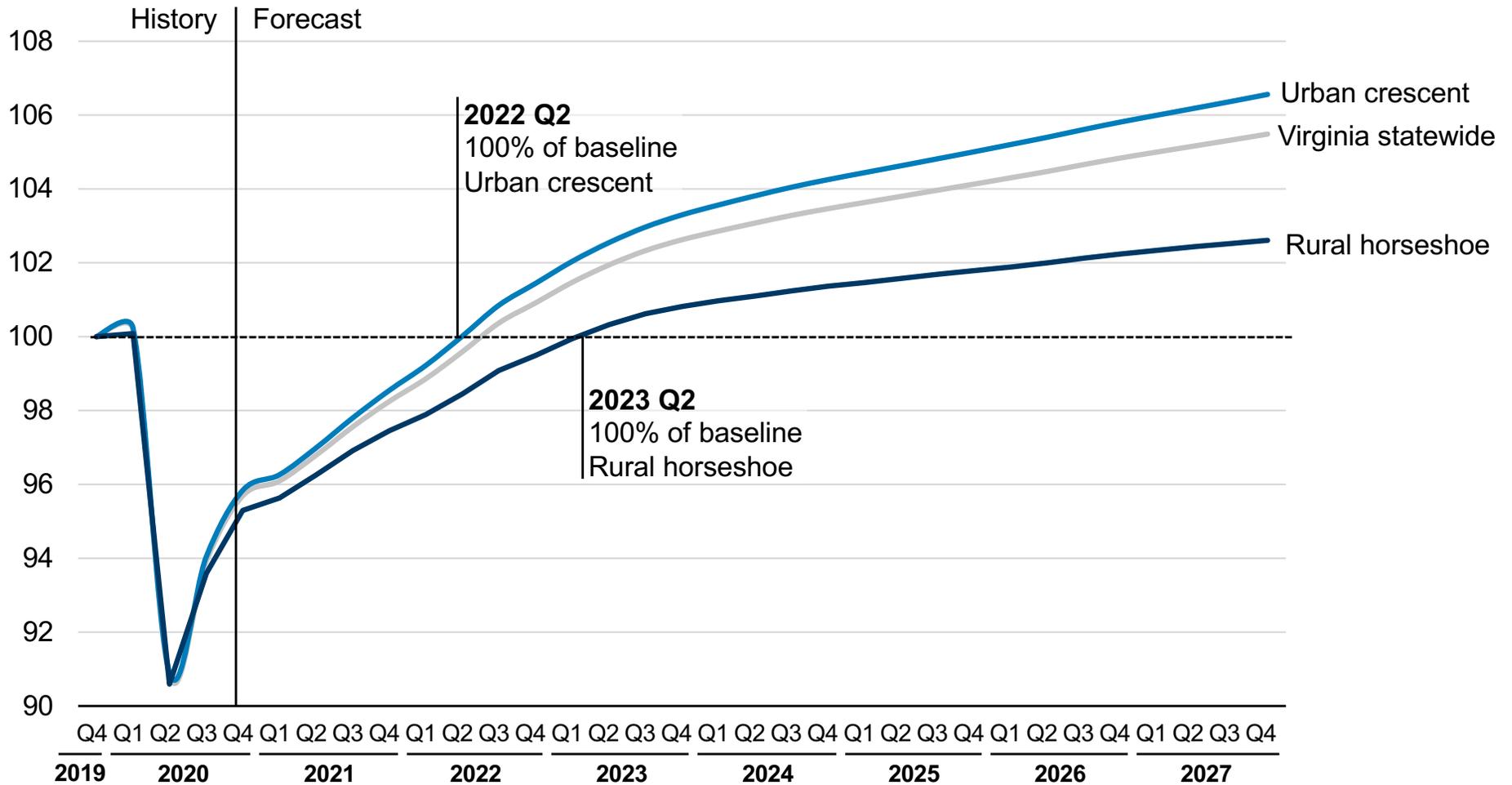
STATEWIDE, EMPLOYMENT IS CURRENTLY PROJECTED TO REACH PRE-COVID-19 LEVELS BY MID-2022

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



OUTSIDE URBAN CRESCENT, RECOVERY CURRENTLY EXPECTED TO LAG 1 YEAR, BUT GAP LIKELY MUCH LARGER IF GROWTH SLOWS

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

Source: Moody's Analytics (February baseline forecast); Census Bureau; VEDP analysis

THANK YOU