

# INCENTIVES REPORTS



Ferguson Enterprises -  
Newport News

October 20, 2021

# TOPICS FOR DISCUSSION

## Extension Requests

Repayment Report: COF

Repayment Report: VJIP

COF Progress Reports for FY21

Semiannual Report on Incentive Performance

Incentive Transparency Efforts



Monogram Snacks -  
Martinsville

VEDP |

## EXTENSION REQUEST OVERVIEW

- The Code of Virginia § 2.2-115. (Commonwealth's Development Opportunity Fund, or COF) provides an option for the locality and Commonwealth to grant up to a 15-month extension of the performance date.
- Further, the Code of Virginia § 2.2-2237.3. (VEDP Division of Incentives) provides that an extension of the performance date may only be granted with the approval of the VEDP Board of Directors (VEDP Board); further, approval of both the VEDP Board and the MEI Project Approval Commission is required to grant any additional extensions.
- There is no fee associated with first extensions.
- VEDP's incentives policy provides that all subsequent extension requests submitted on or after October 25, 2018, require the company to pay a fee equal to five percent (5%) of the Commonwealth's part of the grant. This fee will be waived in the event of force majeure and may be waived in other circumstances with the approval of the VEDP Board and the MEI Project Approval Commission.
- All extension requests require the support of the local government.

# FERGUSON ENTERPRISES, LLC – CITY OF NEWPORT NEWS

## Summary:

- Distributor of plumbing supplies
- \$2,000,000 COF Grant
- Governor approved: 06/22/2017
- Initial performance date: 01/01/2022
- Extension request date: 04/26/2021

## Targets per the Performance Agreement:

- 434 new jobs @ \$45,000 over baseline of 2,011
- \$82,800,000 capital investment

## Actual as of 3/31/2021:

- 1,800 jobs (below baseline) (verified)
- \$80,677,552 capital investment (97%) (verified)

## Request:

- Extend performance date by 15 months from 01/01/2022 to 04/01/2023

## Rationale:

- Due to halt of the construction industry at the onset of the COVID-19 pandemic in 2020, Ferguson underwent a combination of furloughs, layoffs, and workforce reductions at the HQ to preserve long-term business viability.
- As a result, Ferguson's current employment is below its baseline. While the company does not anticipate reaching the target 434 new jobs, they do anticipate exceeding the statutory minimum of 15 new jobs above the baseline.
- Ferguson has met the statutory minimum for capital investment. The company must create the statutory minimum 15 jobs by the extended performance date to retain any portion of the COF grant.<sup>1</sup>
- As a gesture of goodwill, Ferguson has returned \$500,000 of the COF grant, and is holding the remainder in a reserve for repayment if needed.
- The City of Newport News is supportive of a first extension for Ferguson to reach its employment target.<sup>2</sup>

<sup>1</sup>This grant was made prior to the inception of performance milestones; thus, the company has already received the funds. The company returned \$500,000 (funds received 07/19/2021) and holds the remaining \$1,500,000.

<sup>2</sup> VEDP has verified that Ferguson is within 90% of their capital investment target, which is considered full performance per the COF Performance Agreement.

# MONOGRAM FOODS – HENRY COUNTY

## Summary:

- Manufacturer of meat snacks
- \$350,000 COF Grant
- \$300,000 VIP Grant
- Governor approved: 08/22/2018
- Initial performance date: 12/31/2021
- Subsequent performance date: 12/31/2023
- Extension request date: 04/01/2021

## Targets per the Performance Agreement:

- 300 new jobs @ \$29,370 over baseline of 632
- \$30,000,000 capital investment

## Actual as of 06/30/2021:

- 622 jobs (below baseline) (verified)
- \$21,605,128 capital investment (72%) (verified)

## Request:

- Extend performance dates by 15 months, moving the initial performance date from 12/31/2021 to 3/31/2023, and subsequent performance date from 12/31/2023 to 3/31/2025

## Rationale:

- Monogram manufactures portable jerky, meat, and pickled protein snacks. During the COVID-19 pandemic, demand dropped significantly with fewer families on-the-go, carrying pre-packaged snacks to school/work.
- The company has seen demand rebound, but cited difficulty filling open positions due to expanded unemployment benefits.
- Monogram reported high confidence that it can reach its performance targets with the 15-month extension. The company expects to invest at least \$10 million to build 6-14 new smokehouses at the facility, which will lead to a significant increase in their headcount.
- Monogram has met the statutory minimum for capital investment. The company must create and maintain the statutory minimum 15 jobs through the extended performance date to receive any portion of the COF.<sup>1</sup>
- Henry County is supportive of a first extension for Monogram to reach its employment and investment targets.

<sup>1</sup> The company has not yet met the payment milestones as outlined in the performance agreement; thus, Henry County holds the entire COF grant.

# PHOENIX PACKAGING – PULASKI COUNTY

## Summary:

- Manufacturer of plastic packaging
- \$600,000 COF Grant
- Governor approved: 04/11/2017
- Initial performance date: 3/31/2021
- Extension request date: 06/15/2021

## Targets per the Performance Agreement:

- 145 new jobs @ \$40,978 over baseline of 400
- \$48,705,264 capital investment

## Actual as of 03/31/2021:

- 33 new jobs (23%) at \$43,629 (verified)
- \$60,530,183 capital investment (124%) (verified)

## Request:

- Extend performance date by 15 months from 3/31/2021 to 6/30/2022

## Rationale:

- The facility manufactures single-use plastic food and beverage packaging. Due to the COVID-19 pandemic, many customers reduced production and demand for packaging dropped. As such, the company was unable to expand as quickly as originally anticipated.
- Phoenix has 37 open positions but cited difficulty hiring due to expanded unemployment benefits.
- Phoenix was recently acquired by Tekni-Plex and will diversify into consumer home and health products resulting in additional jobs.
- While unlikely to hit their target, Phoenix expects to fill at least the 37 positions above during the 15-month extension period to earn a larger portion of the COF.
- The company has met the statutory minimums for job creation and capital investment and must maintain the statutory minimum 15 jobs through the extended performance date to retain any portion of the COF.<sup>1</sup>
- Pulaski County is supportive of a first extension for Phoenix to reach its employment target.

<sup>1</sup> The company has met a portion of the payment milestones as outlined in the performance agreement; however, Pulaski County continues to hold the entire COF grant.

# PREMIER TECH – KING AND QUEEN COUNTY

## Summary:

- Manufacturer of mulch and fertilizers
- \$75,000 COF Grant
- Governor approved: 09/19/2018
- Initial performance date: 12/31/2021
- Subsequent performance date: 12/31/2023
- Extension request date: 08/19/2021

## Targets per the Performance Agreement:

- 20 new jobs @ \$34,000 over baseline of 17
- \$1,840,000 capital investment

## Actual as of 06/30/2021:

- 3 new jobs (15%) at \$50,320 (verified) plus 2 additional jobs created this quarter
- \$1,494,128 capital investment (81%) (verified)

## Request:

- Extend performance dates by 15 months, moving the initial performance date from 12/31/2021 to 3/31/2023, and subsequent performance date from 12/31/2023 to 3/31/2025

## Rationale:

- While the demand for mulch and fertilizers rose during the pandemic, Premier Tech struggled to source pine bark and residuals at a reasonable price with sawmills operating at max capacity and burning residuals for kiln drying.
- Premier Tech also cited difficulties sourcing labor during the pandemic as a compounding factor for their inability to hit their job targets.
- The Department of Forestry will work with the company to identify additional local sources for residuals. Premier Tech is using automation to increase production capacity resulting in higher wage operator and maintenance jobs.
- Premier Tech reported high confidence that it can reach its performance targets with the 15-month extension.
- Premier Tech must achieve the statutory minimum 15 jobs and \$1.5 million capital investment by the extended performance date to receive any portion of the COF grant.
- King and Queen County is supportive of a first extension for Premier Tech to reach its employment and investment targets.

<sup>1</sup> The company has not yet met the payment milestones as outlined in the performance agreement; thus, King and Queen County holds the entire COF grant.

# TESSY PLASTICS, LLC – CITY OF LYNCHBURG

## Summary:

- Manufacturer of custom injection molded plastic components
- \$200,000 COF Grant
- Governor approved: 03/14/2018
- Initial performance date: 09/30/2021
- Extension request date: 04/07/2021

## Targets per the Performance Agreement:

- 34 new jobs @ \$43,000 over baseline of 210
- \$9,214,000 capital investment

## Actual as of 06/30/2021:

- 5 new jobs (15%) at \$37,670 (verified)
- \$8,788,291 capital investment (95%) (verified)

## Request:

- Extend performance date by 15 months from 09/30/2021 to 12/31/2022

## Rationale:

- Due to the COVID-19 pandemic, Tessa Plastics experienced a sharp decline in customer orders due to nationwide manufacturing plant closures.
- The company currently has 26 vacant positions and recently increased starting pay to be more competitive. Once these positions have been filled, Tessa will be at 91% of the employment target.
- Tessa reported moderate confidence that it will meet its job creation target and high confidence that it will meet its capital investment target with the 15-month extension.
- Tessa has met the statutory minimum for capital investment. The company must create and maintain the statutory minimum 15 jobs by the extended performance date to retain any portion of the COF grant.<sup>1</sup>
- The City of Lynchburg is supportive of a first extension for Tessa to reach its employment target.

<sup>1</sup>This grant was made prior to the inception of performance milestones; thus, the company has already received the funds.

# KYOCERA SGS TECH HUB – CITY OF DANVILLE – SECOND EXTENSION

## Summary:

- Manufacturer of custom tools
- \$200,000 COF Grant
- Governor approved: 09/07/2016
- Extended performance date: 10/17/2021
- Subsequent performance date: 10/17/2023
- Extension request date: 07/11/2021

## Targets per the Performance Agreement:

- 35 new jobs @ \$62,000 over baseline of 0
- \$9,500,000 capital investment

## Actual as of 06/30/2021:

- 10 new jobs (29%) at \$65,131(verified)
- \$8,183,209 capital investment (86%) (verified)

## Request:

- Extend performance dates by 15 months, moving the extended performance date from 10/17/2021 to 01/17/2023, and subsequent performance date from 10/17/2023 to 1/17/2025
- It is recommended that the 5% fee (\$10,000) for second extensions be waived due to COVID-19.

## Rationale:

- In 2020, Kyocera's largest customer, Rolls Royce in Prince George County, announced the closure of its facility. As a result, Kyocera experienced a 50% reduction in its workforce.
- With global constriction of the aerospace industry, Kyocera has been slow to recruit new customers to backfill the demand. The company has brought in new production lines to create alternative revenue streams and plans to hire 24 additional jobs by early 2023.
- Kyocera reported high confidence that it can reach its performance targets with the 15-month extension.
- Kyocera has met the statutory minimum for capital investment. The company must create and maintain the statutory minimum 15 jobs by the extended performance date to retain any portion of the COF grant.<sup>1</sup>
- The City of Danville is supportive of a second extension for Kyocera to reach its employment and investment targets.
- This second extension will require approval by the MEI Commission.

<sup>1</sup> The COF grant funds were to be used by the Danville Industrial Development Authority on behalf of the company for construction and buildout of the facility. The City is covered by an irrevocable letter of credit from the company, if a clawback would be required.

## DATA CENTER EXTENSION REQUEST OVERVIEW

- The Code of Virginia § 58.1-609.3. (Commercial and industrial exemptions.) provides an exemption from state and local sales tax for computer equipment or enabling software purchased or leased for the processing, storage, retrieval, or communication of data, including but not limited to servers, routers, connections, and other enabling hardware, including chillers and backup generators used or to be used in the operation of the equipment.
- The statutory minimum qualification for the exemption is a capital investment of at least \$150 million and the creation of at least 50 new jobs, each earning at least 150% of the prevailing average wage.
- Per the DCRSUT Exemption Guidelines, the data center holding the MOU is responsible for collecting repayment from tenants or identifying to TAX when repayments will be made by their tenants. Should the tenants be unable to pay, the data center is responsible for the repayment of the collective tax benefit.
- There is no fee associated with extensions.

# IRON MOUNTAIN INFORMATION MANAGEMENT, LLC – PRINCE WILLIAM COUNTY

## Summary:

- Data Center Retail Sales & Use Tax Exemption
- MOU executed: 05/10/2017
- Initial performance date: 12/31/2021
- Extension request date: 09/29/2021

## Targets per the MOU:

- 50 new jobs @ \$70,611(150% PAW)
- \$250,000,000 capital investment

## Company Reported as of 09/27/2021<sup>1</sup>:

- 26 new jobs @ \$116,274 (52%)
  - 25 additional jobs @ \$44,031 (below 150% PAW)
- \$324,000,000 capital investment (130%)

## Request:

- Extend performance date by 18 months from 12/31/2021 to 06/30/2023

## Rationale:

- Iron Mountain has met the statutory minimum for capital investment. The company must create the statutory minimum 50 jobs each earning at least 150% of the Prevailing Average Wage (PAW) by the extended performance date to qualify for the Exemption.
- Iron Mountain has requested an extension after discovering that wage threshold is an individual job requirement, not an average for all jobs.
- Iron Mountain reported high confidence that it will meet its job creation target with the 18-month extension, allowing additional time for direct job creation as well as verification of tenant job creation.
- Should Iron Mountain not create the statutory minimum job creation, the data center and its tenants must cease using the DCRSUT Exemption and repay the value of the collective tax benefits received.

<sup>1</sup> Iron Mountain has not yet reached the end of their performance period. As such, these figures have not yet been verified by VEDP through VEC Data and County Assessor records.

# TOPICS FOR DISCUSSION

Extension Requests

Repayment Report: COF

Repayment Report: VJIP

COF Progress Reports for FY21

Semiannual Report on Incentive Performance

Incentive Transparency Efforts

Colonial Beach –  
Westmoreland County

## REPAYMENT REQUIREMENTS FOR COF UNDERPERFORMANCE

- Per the Code of Virginia § 2.2-115. (Commonwealth's Development Opportunity Fund, or COF), all COF performance agreements “shall provide that if the private investment and new job contractual requirements are not met by the expiration of the date stipulated in the contract, including any extension granted by the political subdivision and the Commonwealth, **the business beneficiary shall be liable** to the political subdivision and the Commonwealth **for repayment of a portion of the funds provided** by the political subdivision under the contract and liable to the Commonwealth for repayment of a portion of the funds provided from the Commonwealth's Development Opportunity Fund.”
- JLARC Recommendation No. 24: "The Virginia Economic Development Partnership (VEDP) board of directors should require VEDP to develop and use standard policies and procedures that clearly explain when and how staff should enforce clawback provisions. Enforcement should be consistent and effective for all companies that do not meet their contractual obligations, including wage requirements. The board should require VEDP staff to **report regularly to the full board on each project that is subject to a clawback and the repayment status for each project that is subject to a clawback.**"

# PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

## Past due clawback referred to Office of the Attorney General as of September 30, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Home Care Industries	Mecklenburg	150,000	Full repayment of \$150,000 grant due 5/1/2013; company closed in January 2013; hard asset created (site preparation) through use of COF grant. <b>The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b>	Yes	10/5/2010	3/31/2014
Lindenburg	Appomattox	1,400,000	Project not proceeding as planned; repayment of \$1,400,000 grant due 3/7/2016; VEDP has been pursuing an injunction to attach foreclosure proceeds by alleging misconduct by the project consultant; VEDP has a pending lawsuit against Lindenburg. <b>The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b>	Yes	11/4/2014	4/30/2018
Tranlin	Chesterfield	4,811,726	Project not proceeding as planned; full repayment of \$5,000,000 grant to be repaid. \$150,000 repaid 10/24/2017; remainder to be repaid in six monthly installments of \$833,561 beginning 12/1/2017, secured by deed of trust on land. Additional \$38,274 repaid 9/19/2019. <b>The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b>	Yes	6/18/2014	12/31/2019
Evatran	Wythe	100,000	Full repayment of \$150,000 to be paid in three installments of \$50,000 each due 12/31/2016, 12/31/2017, and 12/31/2018; 2016 payment received; \$50,000 installments due 12/31/2017 and 12/31/2018. <b>The VEDP Board, at its April 26, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b>	Yes	6/29/2010	12/31/2013
Axon Ghost Sentinel	Harrisonburg	75,000	Statutory minimum requirements not met; full repayment of \$75,000 grant due 7/25/2019. <b>The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b>	Yes	6/29/2015	10/1/2018
Basket Savings	Arlington	40,000	Statutory minimum requirements not met; full repayment of \$125,000 grant due 9/30/19; \$85,000 held by Arlington received 9/5/19; \$40,000 balance due from Basket by 9/30/19. <b>The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b>	Yes	2/29/2016	6/30/2019
Telos	Loudoun	65,000	Job threshold not fully met; prorated repayment of \$65,000 of \$500,000 grant due 7/9/2019. <b>The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b>	Yes	1/7/2014	3/31/2018
<b>Total</b>		<b>6,641,726</b>				

# PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

## Clawback past due as of September 30, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
None						
<b>Total</b>		<b>0</b>				

## Clawback requested but not past due as of September 30, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Universal Companies	Washington	90,000	Statutory minimum requirements will not be met; locality holds funds; full repayment of \$90,000 requested 7/2/2021; due 10/2/2021.	No	04/28/2017	06/01/2022
Harris Teeter	Caroline	650,000	Statutory minimum requirements will not be met; full repayment of \$650,000 requested 8/30/2021; due 11/30/2021.	No	12/23/2015	12/31/2021
Constellation Brands	Botetourt	1,400,000	Thresholds not fully met; locality holds funds; prorated repayment of \$1,400,000 requested 9/2/2021; due 12/2/2021.	No	05/24/2016	03/31/2021
<b>Total</b>		<b>2,140,000</b>				

\* Payment of \$217,000 from Virginia Beach received as of 6/11/2021.

# PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

## Projects subject to clawback closed out since June 1, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
LifeNet Health	Virginia Beach	217,000	Job threshold not fully met; company portion (\$24,500) received 4/22/2021; balance of clawback held by Virginia Beach (\$217,000) received 6/11/2021.	Yes	08/14/2017	12/31/2020
Hardide	Henry	75,000	Statutory minimum requirements not met; initial repayment of \$75,000 received 3/22/2021; balance of \$75,000 received 6/28/2021.	Yes	01/21/2015	12/31/2020
MicroStrategy	Fairfax	1,000,000	Statutory minimum requirements not met; full repayment of \$1,000,000 grant received 7/1/2021.	Yes	03/12/2018	03/01/2021
Qore	Washington	45,242	Company filed for bankruptcy; full repayment of \$500,000 grant was due 5/14/2017. Qore subsequently purchased by NanoGlobal. <b>The VEDP Board, at its October 25, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.</b> A repayment of \$45,242 was received through bankruptcy proceedings; no further repayments are anticipated.	Yes	06/24/2015	12/31/2018
Ferguson Enterprises	Newport News	500,000	Job threshold not fully met; prorated repayment of \$500,000 of \$2,000,000 grant received 7/21/2021 as a good will gesture; VEDP Board to consider extension at its October 2021 meeting to allow company to near its employment target.	No	06/05/2017	01/01/2022
Thomson Reuters	Richmond City	6,250	Job threshold not fully met; prorated repayment of \$6,250 of \$50,000 grant received 9/22/2021.	No	09/06/2017	12/31/2020
<b>Total</b>		<b>1,843,492</b>				

## VEDP still processing closeout with performance dates at least 90 days prior

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Euro-Composites	Culpeper	150,000	Full clawback to be requested following locality communication with company regarding repayment.	No	02/03/2016	07/01/2021
<b>Total</b>		<b>150,000</b>				

# TOPICS FOR DISCUSSION

Extension Requests

Repayment Report: COF

**Repayment Report: VJIP**

COF Progress Reports for FY21

Semiannual Report on Incentive Performance

Incentive Transparency Efforts

Fireworks over Mount  
Vernon – Fairfax County

# **PROGRESS REPORT ON VJIP PROJECTS SUBJECT TO CLAWBACK**

**Past due clawback referred to Office of the Attorney General as of September 30, 2021 - NONE**

**Clawback past due as of September 30, 2021 - NONE**

**Clawback requested but not past due as of September 30, 2021 - NONE**

**Projects subject to clawback closed out since June 1, 2021 - NONE**

**VEDP still processing closeout with performance dates at least 90 days prior - NONE**

# TOPICS FOR DISCUSSION

Extension Requests

Repayment Report: COF

Repayment Report: VJIP

**COF Progress Reports for FY21**

Semiannual Report on Incentive Performance

Incentive Transparency Efforts

Back of the Dragon –  
Tazewell County

# ANNUAL COF PROGRESS REPORTS RECEIVED FOR FY 2021 (SLIDE 1 OF 4)

Project Number	Opportunity Name	FY 2021 Report Received?	Locality	Notes
2016-133755	ADP	Yes	Norfolk	
2020-141123	AeroFarms	Yes	Pittsylvania	
2017-137703	Altec	Yes	Botetourt	
2018-139970	Amthor	Yes	Pittsylvania	
2020-141460	Apex	Yes	Henrico	
2018-138602	Appian	Yes	Fairfax	
2020-141626	Applied Felts	Yes	Henry	
2015-131887	Applied Predictive Technologies	Yes	Arlington	
2016-137025	Aurora Flight Sciences	Yes	Manassas	
2020-141268	Bausch & Lomb	Yes	Lynchburg	
2019-141046	Block.one	Yes	Arlington	
2017-138143	Carry On Trailer Company	Yes	Westmoreland	
2018-140024	Cascades	Yes	Hanover	
2020-141712	Civica	Yes	Petersburg	
2018-139948	College Board	Yes	Fairfax	
2017-137040	CoStar Group	Yes	Richmond City	
2016-137003	Dollar Tree	Yes	Chesapeake	
2020-141516	Drake Extrusion	Yes	Henry	
2018-140031	DuPont	Yes	Chesterfield	
2019-140771	East Coast Repair & Fabrication	Yes	Newport News	
2015-130761	Eldor Corporation	Yes	Botetourt	
2018-140345	Empire Bakery	Yes	Franklin	

# ANNUAL COF PROGRESS REPORTS RECEIVED FOR FY 2021 (SLIDE 2 OF 4)

Project Number	Opportunity Name	FY 2021 Report Received?	Locality	Notes
2019-140684	Essel Propack	Yes	Danville	
2015-126988	Ferguson Enterprises	Yes	Newport News	
2019-140730	Flow	Yes	Augusta	
2018-138496	Global Technical Systems	Yes	Virginia Beach	
2013-84146	Hardide	Yes	Henry	
2015-131308	Hardywood	Yes	Goochland	
2018-138535	Harlow	Yes	Danville	
2011-21859	Harris Teeter	Yes	Caroline	
2019-140789	Hershey	Yes	Augusta	
2019-140878	Hitachi ABB	Yes	Bland	
2019-140619	Howell Metal	Yes	Shenandoah	
2018-138578	idX	Yes	Spotsylvania	
2017-137679	Koinonia	Yes	Pulaski	
2018-140324	KPMG	Yes	Fairfax	
2019-140987	Litehouse Foods	Yes	Danville	
2018-140198	M. C. Dean	Yes	Caroline	
2019-140497	McAirlaid's	Yes	Franklin	
2017-138145	Merchant House	Yes	Bristol	
2020-141457	Metalworx	Yes	Grayson	
2018-140262	Microsoft	Yes	Mecklenburg	
2018-140401	Monogram Snacks	Yes	Henry	
2014-108540	Navy Federal Credit Union	Yes	Fairfax	

# ANNUAL COF PROGRESS REPORTS RECEIVED FOR FY 2021 (SLIDE 3 OF 4)

Project Number	Opportunity Name	FY 2021 Report Received?	Locality	Notes
2017-138126	Nestle	Yes	Arlington	
2015-128619	OSG	Yes	Greensville	
2016-134852	Overfinch	Yes	Danville	
2015-131897	OVH	Yes	Fauquier	
2016-136892	Panacea BioMatx	Yes	Pittsylvania	
2018-140222	Plasticap	Yes	Russell	
2018-140357	PPD	Yes	Henrico	
2019-141073	PRA	Yes	Danville	
2019-140675	Pratt Industries	Yes	Botetourt	
2019-140853	Preferred Freezer Services	Yes	Portsmouth	
2018-139978	Premier Tech	Yes	King & Queen	
2018-140032	Press Glass	Yes	Henry	
2014-108775	Pure Salmon	Yes	Tazewell	
2020-141403	Rage Corporation	Yes	Pittsylvania	
2016-134861	SGS Carbide Tool	Yes	Danville	
2020-141665	Silent Falcon	Yes	Warren	
2019-140511	Smyth County Machine and Fabrication	Yes	Smyth	
2018-140204	Speyside	Yes	Smyth	
2019-140614	Standard Calibrations	Yes	Chesapeake	
2016-134268	Starsprings	Yes	Henry	
2014-108657	Stone Brewing	Yes	Richmond City	
2018-138386	Sumitomo	Yes	Chesapeake	

# ANNUAL COF PROGRESS REPORTS RECEIVED FOR FY 2021 (SLIDE 4 OF 4)

Project Number	Opportunity Name	FY 2021 Report Received?	Locality	Notes
2019-140581	Teal-Jones	Yes	Henry	
2019-140582	Teal-Jones	Yes	Westmoreland	
2018-140029	Tessy Plastics	Yes	Lynchburg	
2018-140319	Traditional Medicinals	Yes	Franklin	
2017-138114	U.S. Foods	Yes	Prince William	
2016-137019	Universal Companies	Yes	Washington	
2018-140229	Volvo	Yes	Roanoke	
2017-137198	Wegmans	Yes	Hanover	
2017-137719	WillowTree	Yes	Albemarle	
2019-140586	Yak Attack	Yes	Prince Edward	
<b>Number of COF Annual Progress Reports Expected:</b>		<b>76</b>		
<b>Number of COF Annual Progress Reports Received:</b>		<b>76</b>	<b>Percentage of Total: 100%</b>	

JLARC Recommendation No. 20: "The Virginia Economic Development Partnership (VEDP) board of directors should require VEDP to report to them annually on the percentage of companies that fulfilled their contractual requirement to report their progress towards meeting performance targets.

# TOPICS FOR DISCUSSION

Extension Requests

Repayment Report: COF

Repayment Report: VJIP

COF Progress Reports for FY21

**Semiannual Report on Incentive Performance**

Incentive Transparency Efforts

# VEDP-ADMINISTERED INCENTIVES DASHBOARD (AS OF JUNE 30, 2021)

## COF Within Performance Period (or Post-Performance Follow-up Stage)<sup>1</sup>

Fiscal Year	Total Number of Projects	Total Approved (\$) <sup>6</sup>	Total Number of Projects by Estimated Risk <sup>2</sup>				Moderate/High Risk Projects By...			Job Creation			Capital Investment		
			Low	Moderate	High	To Be Determined <sup>3</sup>	Jobs	Capital Investment	Average Wages	Future Target	Actual as of Most Recent Report <sup>4</sup>	% of Future Target Met	Future Target (\$M)	Actual as of Most Recent Report <sup>4</sup>	% of Future Target Met
2015	2	\$6,000,000	0	2	0	0	2	0	1	690	497	72%	188.3	203.7	108%
2016	10	\$12,345,000	1	6	3	0	8	4	6	3,032	1,612	53%	333.5	242.6	73%
2017	14	\$17,125,000	5	7	2	0	8	3	0	4,214	3,365	80%	455.7	568.6	125%
2018	15	\$9,842,500	5	7	3	0	9	4	4	3,143	945	30%	238.2	234.8	99%
2019	27	\$11,594,931	14	8	5	0	11	5	2	2,977	1,246	42%	1,880.3	1,243.2	66%
2020	30	\$14,575,350	11	5	1	13	5	4	3	5,526	825	15%	1,095.3	285.5	26%
2021	33	\$19,628,482	3	0	0	30	0	0	0	4,623	5	0%	1,061.1	37.8	4%

## COF Post Performance Period<sup>5</sup>

Fiscal Year	Total Number of Projects	Total Approved (\$) <sup>6</sup>	Total Number of Projects by Closeout Status				Total Number of Projects			Job Creation			Capital Investment		
			Metrics Achieved or Full Clawback Received	Clawback in Process (not yet due)	Clawback Unsuccessful to Date	Closed out without strictly meeting standards <sup>7</sup>	Met Both Targets for Jobs and Capital Investment	Met Target for Either Jobs or Capital Investment	Missed Targets for Jobs and Capital Investment	Target	Actual as of Final Report <sup>8</sup>	% of Target Met	Target (\$M)	Actual as of Final Report (\$M) <sup>8</sup>	% of Target Met
2015	30	\$15,500,000	27	0	3	0	6	9	15	5,137	2,276	44%	837.1	621.1	74%
2016	23	\$11,240,000	21	0	1	1	8	4	11	2,791	2,335	84%	687.9	1,061.0	154%
2017	14	\$11,617,500	13	1	0	0	8	1	5	1,841	1,534	83%	623.5	1,014.7	163%
2018	13	\$4,303,000	12	1	0	0	1	3	9	1,558	562	36%	150.9	62.2	41%
2019	1	\$275,000	1	0	0	0	0	0	1	65	0	0%	7.0	0.0	0%
2020	0	\$0	0	0	0	0	0	0	0	0	0	0%	0.0	0.0	0%
2021	0	\$0	0	0	0	0	0	0	0	0	0	0%	0.0	0.0	0%

# VEDP-ADMINISTERED INCENTIVES DASHBOARD (AS OF JUNE 30, 2021)

## COF Clawback History

Fiscal Year of Governor's Approval	Projects Within Perf. or Post-Perf. Follow-up	Post-Performance Projects (.ie. Closed-Out)	Clawback Summary By Number of Projects			Clawback Summary By \$			Companies with Unpaid Clawbacks
			Clawback Requested	Clawback Received	% of total received	Total Clawback Requested (\$)	Total Clawback Received (\$)	% of total received	
2015	2	30	20	17	85%	\$5,678,250	\$3,703,215	65%	Lindenburg (Referred to OAG), Axon Ghost (Referred to OAG), Qore Solutions (Referred to OAG) <sup>1</sup>
2016	10	23	14	12	86%	\$6,610,000	\$6,455,000	98%	Chris Renee (Closed; Public Asset Created); Basket Savings (Referred to OAG)
2017	14	14	6	5	83%	\$2,375,313	\$2,285,313	96%	Universal Companies (Not Yet Due)
2018	15	13	9	8	89%	\$3,025,750	\$3,025,750	100%	N/A
2019	27	1	1	1	100%	\$275,000	\$275,000	100%	N/A
2020	30	0	0	0	0%	\$0	\$0	0%	N/A
2021	33	0	0	0	0%	\$0	\$0	0%	N/A

<sup>1</sup>The VEDP Board, at its October 25, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C. against Qore, which had previously filed for bankruptcy in 2017. A repayment of \$45,242 was received on 07/14/2021 through bankruptcy proceedings; no further repayments are anticipated and the project was closed out.

# VEDP-ADMINISTERED INCENTIVES DASHBOARD (AS OF JUNE 30, 2021)

## Other VEDP-Administered Incentives Within Performance Period (including DCRSUTE within Verification Process)<sup>1</sup>

Incentive Program	Total Projects	Total \$ Approved	Jobs			Capital Investment		
			Future Target	Actual as of Most Recent Report <sup>2</sup>	% of Future Target Met	Future Target (\$M)	Actual as of Most Recent Report (\$M) <sup>2</sup>	% of Future Target Met <sup>2</sup>
DCRSUT Exemption <sup>3</sup>	20	N/A	1,000	TBD	TBD	\$3,000.0	TBD	TBD
MEE <sup>4</sup>	0	-	-	-	-	-	-	-
VEDIG	4	\$14,300,000	2,550	TBD	TBD	\$230.8	TBD	TBD
VIP	24	\$20,200,000	3,507	TBD	TBD	\$1,699.0	TBD	TBD
VJIP New Jobs Programs <sup>5</sup>	152	\$13,828,875	21,371	2,415	11%	\$3,286.5	N/A	N/A
VJIP Retraining Programs <sup>4</sup>	0	-	-	-	-	-	-	-
Custom Grants <sup>6</sup>	8	\$730,000,000	31,858	3,175	10%	\$7,832.8	\$3,157.7	40%

## Post Performance Period (including VIP/VEDIG Projects within Company Notification Period)<sup>7</sup>

Incentive Program	Number of Projects			Total \$ Approved	Jobs			Capital Investment		
	Total	Target Metrics Achieved	Post-Perf. Follow Up		Target	Actual as of Final Report <sup>2</sup>	% of Target Met	Target (\$M)	Actual as of Final Report (\$M) <sup>2</sup>	% of Target Met
DCRSUT Exemption <sup>8</sup>	18	18	0	N/A	900	900	100%	\$2,700.0	\$2,700.0	100%
MEE	2	2	0	\$33,000,000	4,150	5,544	134%	\$433.0	\$597.4	138%
VEDIG	7	5	2	\$32,000,000	3,299	3,906	118%	\$320.3	\$470.5	147%
VIP	68	55	13	\$53,900,000	6,194	6,483	105%	\$4,894.4	\$5,804.5	119%
VJIP New Jobs Programs <sup>5, 9</sup>	304	74	0	\$34,609,451	42,411	22,943	54%	\$2,964.2	N/A	N/A
VJIP Retraining Programs <sup>5, 10</sup>	49	28	0	\$4,349,081	10,036	9,476	94%	\$885.8	N/A	N/A
Custom Grants	1	0	0	\$35,000,000	642	391	61%	\$501.4	\$273.0	54%

# TOPICS FOR DISCUSSION

Extension Requests

Repayment Report: COF

Repayment Report: VJIP

COF Progress Reports for FY21

Semiannual Report on Incentive Performance

**Incentive Transparency Efforts**

Beaver Creek Lake -  
Albemarle County

# BACKGROUND ON REPORTING AND TRANSPARENCY EFFORTS AT VEDP

## 2014

- HB1191 required that all state agencies administering economic development incentives report and track project performance and economic impact
- From 2014-2019, VEDP coordinated the interagency response to HB1191, collecting data and generating an annual report of Effectiveness of Economic Development Incentive Grant Programs
- Good Jobs First released their 'Show Us the Subsidized Jobs' report, an evaluation of state disclosure of economic development subsidy awards and outcomes Virginia ranked 18th with an average transparency score of 28/100 for that evaluation period<sup>1</sup>

## 2016

- JLARC issued their report on 'Management and Accountability of the Virginia Economic Development Partnership', which outlined concerns about the monitoring and accountability of VEDP's incentives administration
- VEDP utilized the data reported for HB1191 to set up a public website that reported incentives by company/project, and any available performance metrics

## 2020

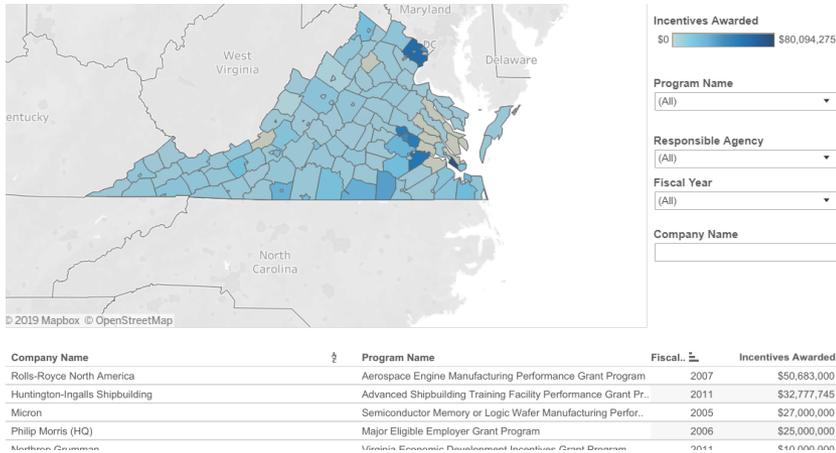
- Beginning with FY2019, HB1191 reporting was transferred to JLARC, with Weldon Cooper supporting the economic impact analysis

## 2021

- VEDP published an updated website for incentive reporting utilizing data reported to JLARC, which includes individual project-level data and performance metrics where available. The website was reviewed by JLARC, Weldon Cooper, and the agencies involved with HB1191, and it will be a national best practice for incentive transparency

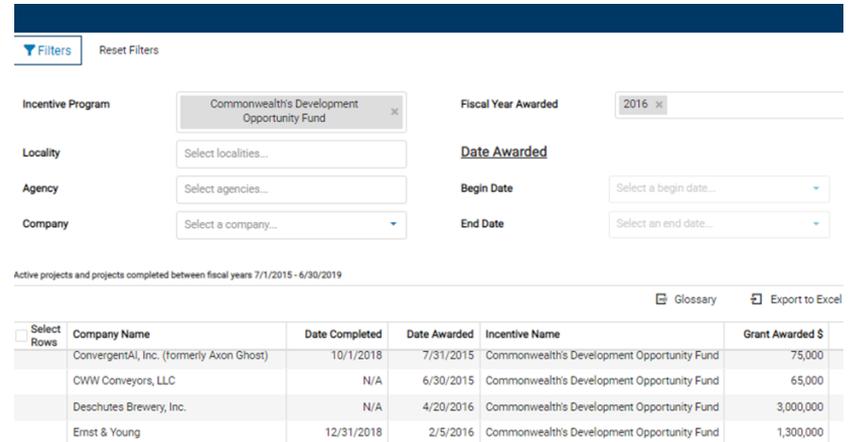
<sup>1</sup>The transparency score of 28/100 was calculated by taking the average of the scores for each of the five programs tested for Virginia. Virginia's total transparency score was 140/500, for an average score of 28/100.

# VEDP LAUNCHED A NEW VIRGINIA INCENTIVES.ORG TO IMPROVE INCENTIVE TRANSPARENCY IN THE COMMONWEALTH



## FORMER WEBSITE

- Visually appealing
- Lacked incentive-specific performance data so full range of data points not presented
- Confusion around applicability of data points across programs
- Raw data not filterable and reports not extractable
- Platform not user friendly



## NEW WEBSITE

- Maintained website aesthetics
- Incentive-specific performance data included
- Glossary is added to provide clarity and context for certain datapoints
- Data can be sorted and filtered data points, and reports or raw data can be exported
- Streamlined and upgraded platform for desktop, mobile, and tablet access

# ANTICIPATED IMPROVEMENTS TO RANKING BASED ON INFORMATION PROVIDED IN NEW LAUNCH

Transparency Criteria		Maximum Points Available	Past Performance					2021 Goal/Future Stretch Goal					
			COF	VIP, MEE	SPG	RPIG	MBFJTC	COF <sup>1</sup>	VIP, MEE <sup>2</sup>	SPG <sup>3</sup>	RPIG <sup>4</sup>	MBFJTC <sup>5</sup>	
<b>Subsidy Value</b>	BOTH amount approved AND actual amount disbursed/claimed (15)	15	15	15	10	0	0	15	15	15	10	0	
	Either amount approved OR actual amount disbursed/claimed (10)							15	15	15	10	0	
	Performance-based with actual amount disbursed/claimed (15)							15	15	15	10	0	
<b>Status of Award</b>	Indication or whether award is completed, active, terminated (5)	15	15	5	0	0	0	15	15	15	15	0	
	Disclosure of whether enforcement action taken (5)							15	15	15	15	0	
	Disclosure of amount clawed back/recalibrated (5)							15	15	15	15	0	
<b>Jobs Reporting</b>	Number of jobs or training slots promised/projected ONLY (5)	20	20	0	5	0	0	20	20	20	15	0	
	Actual number of jobs created/retained or trainings ONLY (15)							20	20	20	15	0	
	Both promised/projected and actual (20)							20	20	20	15	0	
<b>Wages Reporting</b>	Wage rates/payroll promised/projected only (10)	20	10	10	0	0	0	18	18	18	0	0	
	Actual wage rates/payroll only (15)							18	18	18	0	0	
	Both promised and actual (18)							18	18	18	0	0	
<b>Project Information</b>	Either promised and actual with wage disaggregation (20)	15	0	0	0	0	0	10	10	10	10	0	
	Location with street addresses (10)							13	13	13	13	0	
	Indication whether the project is a relocation (3) Project documents OR total subsidy package data (2)							13	13	13	13	0	
<b>Company Information</b>	DUNS or FEIN (2)	5	0	0	0	0	0	3	3	3	1	0	
	NAICS (1)							3	3	3	1	0	
	Parent Company (2)							3	3	3	1	0	
<b>User Features</b>	Ease of access (3)	10	0	0	0	0	0	8	8	8	5	0	
	Multiple years of data (3)							8	8	8	5	0	
	Downloadable (2) Part of/linked to a wider government transparency site (2)							8	8	8	5	0	
		100	60	60	15	5	0	89.00	89.00	89.00	56.00	0.00	64.60
							28.00	92.00	92.00	92.00	62.00	0.00	67.60

- Virginia’s goal is to be ranked among the top 5-10 most transparent states for incentive monitoring and reporting, with VEDP’s Incentives Division recognized as one of the top performers in America.
- It is anticipated that a score of 64.6 – 67.6 would place Virginia in the top three. During the 2014 study, Illinois received the top score of 65, followed by Michigan at 58, and North Carolina at 48.

# Questions



Premier Tech – King  
and Queen County