



# VEDP Board of Directors Meeting - December 8, 2022

VEDP Richmond Office - 9th Floor



## Meeting Book - VEDP Board of Directors Meeting - December 8, 2022

### Table of Contents

#### FULL BOARD MEETING MATERIALS - December 8, 2022

VEDP Notable News	4
Agenda - VEDP Board Meeting December 8, 2022	5
DRAFT Board Meeting Minutes - September 2022	7
President's Report - December 2022	15
International Trade FY22 Survey Results	24
2022 VEDP Staff Survey Results	35
Review of Virginia Economic Performance	45
Incentives Overview	85
Virginia Office of Education Economics (VOEE) Update	90

#### CLOSED SESSION MATERIALS (Full Board Meeting)

Virginia Economic Development Strategy	104
Site Development Update	124
Quarterly Marketing/Lead Generation Effectiveness Report	158
GA Studies Update	172

#### EXECUTIVE COMMITTEE MEETING MATERIALS

Agenda - Executive Committee Meeting December 7, 2022	200
DRAFT Executive Committee Meeting Minutes - September 2022	201
President's Report - December 2022	205
Site Development Update	214

#### FINANCE & AUDIT COMMITTEE MEETING MATERIALS

Agenda - Finance & Audit Committee Meeting December 7, 2022	248
DRAFT Finance & Audit Committee Meeting Minutes - September 2022	249
Controller's Report to FAC	254
Extension Requests & Clawback Updates	257

#### CLOSED SESSION MATERIALS (Finance & Audit Committee)

Data Center Impact Study	275
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#### LEGISLATIVE & POLICY COMMITTEE MEETING MATERIALS

Agenda Legislative & Policy Committee Meeting - December 7, 2022	284
DRAFT Legislation & Policy Committee Meeting Minutes - September 2022	285

Legislative & Policy Committee Update 289

CLOSED SESSION MATERIALS (Legislation & Policy Committee)

Budget and Legislative Initiatives 294

RURAL VIRGINIA ACTION COMMITTEE MEETING MATERIALS

Agenda - Rural Virginia Action Committee Meeting - December 7, 2022 315

DRAFT Rural Virginia Action Committee Meeting Minutes - September 2022 316

# NOTABLE NEWS

September 21, 2022 – November 18, 2022

**#1**  **Top State  
Business  
Climate**

**1,760**   
Jobs From VEDP-Assisted  
Project Announcements

**\$528.98M**   
Capital Investment From VEDP-  
Assisted Project Announcements

**41**   
New VEDP-Generated  
Leads



**Enabled Intelligence**  
Fairfax County  
117 new jobs  
\$1.4M capital investment  
Northern Virginia



City of Suffolk  
100 new jobs  
\$75M capital investment  
Hampton Roads



Fairfax County  
201 new jobs  
\$3.1M capital investment  
Northern Virginia



Mecklenburg County  
45 new jobs  
\$17.5M capital investment  
Virginia's Growth Alliance



City of Manassas  
119 new jobs  
\$5.5M capital investment  
Northern Virginia



Tazewell County  
29 new jobs  
\$13.5M capital investment  
Southwest Virginia (e-Region)



**EVERMADE  
FOODS**  
Fauquier County  
46 new jobs  
\$110K capital investment  
Northern Virginia

**NAKANO WAREHOUSE  
& TRANSPORTATION CORP.**

City of Chesapeake  
25 new jobs  
\$14M capital investment  
Hampton Roads



Halifax County  
108 new jobs  
\$82.1M capital investment  
Southern Virginia

**WORLD CLASS  
DISTRIBUTION, INC.**

Caroline County  
745 new jobs  
\$275M capital investment  
Greater Fredericksburg



Halifax County  
165 new jobs  
\$37M capital investment  
Southern Virginia



City of Norfolk  
15 new jobs  
\$2.4M capital investment  
Hampton Roads

## AGENDA

### VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY MEETING OF THE BOARD OF DIRECTORS

December 8, 2022  
9:00 A.M. TO 1:00 P.M.

901 East Cary Street  
James Center One, Board Room  
Richmond, VA 23219

- 9:00 a.m. – 9:02 a.m.**      **Welcome/Call to Order** — Sec. Caren Merrick, Vice Chair
- 9:02 a.m. – 9:05 a.m.**      **Public Comment Period**
- 9:05 a.m. – 9:07 a.m.**      **Approval of Minutes for 9/29/2022 Meeting**
- 9:07 a.m. – 9:15 a.m.**      **Vice Chair’s Report** — Sec. Merrick
- 9:15 a.m. – 9:25 a.m.**      **President’s Report** — Jason El Koubi
- 9:25 a.m. – 9:35 a.m.**      **Nominating Committee Report** – Carrie Chenery
- Vote on the Committee’s Board Chair recommendation
- 9:35 a.m. – 9:50 a.m.**      **Update from Ex Officio Board Members**
- Youngkin Administration – Secretaries Cummings and Merrick
  - General Assembly – April Kees and Anne Oman
  - Port of Virginia – Stephen Edwards
- 9:50 a.m. – 10:00 a.m.**      **International Trade FY22 Results** — Stephanie Agee
- 10:00 a.m. – 10:10 a.m.**      **VEDP 2022 Staff Survey Results** — Stephen Hartka
- 10:10 a.m. – 10:25 a.m.**      **Review of Virginia Economic Performance** — Stephen Hartka
- 10:25 a.m. – 10:35 a.m.**      **Report: Legislation and Policy Committee** — Marianne Radcliff
- 10:35 a.m. – 10:45 a.m.**      **Report: Finance and Audit Committee** — Rick Harrell
- Vote on Consent Agenda:
    - Quarterly Financial Results
    - Extension Request(s)
    - Clawback Update (incl. OAG referrals)
- 10:45 a.m. – 10:55 a.m.**      **Report: Rural Virginia Action Committee** — Rick Harrell
- 10:55 a.m. – 11:10 a.m.**      **Incentives Overview** – John Michael Haynes
- 11:10 a.m. – 11:25 a.m.**      **Virginia Office of Education Economics (VOEE) update** — Heather McKay and Pam Harder

- 11:25 a.m. – 12:40 p.m.      CLOSED SESSION: Strategic Planning; Governor’s Comprehensive Economic Development Policy; Quarterly Marketing/Lead Generation Effectiveness Report; Site Development Update; Key General Assembly Studies Update**
- 12:40 p.m. – 12:45 p.m.      Anticipated Topics for March 2023 Board Meeting**
- 12:45 p.m. – 1:00 p.m.      Open Discussion (Board roundtable)**
- 1:00 p.m.                      ADJOURNMENT**

Proposed 2023 VEDP Board Meeting dates:

- Q1: March 8-9
- Q2: June 7-8
- Q3: September 13-14 (*possibly offsite – location TBD*)
- Q4: December 13-14 (*may move to December 6-7 due to a potential conflict for several members*)

***Note: For each date range above, the first day will entail committee meetings in the afternoon, starting no earlier than noon. The full Board meeting will be held on the second day from 9:00am to 1pm.***

**Minutes**  
**Board of Directors of the Virginia Economic Development Partnership Authority**  
**September 29, 2022**  
**9:00 a.m.**

**901 East Cary Street**  
**One James Center, Katherine Johnson Room**  
**Richmond, VA 23219**

**Welcome and Call to Order**

The meeting was called to order at 9:05 a.m. by Acting Chair Caren Merrick, who noted that a quorum was present.

Board Members present: Carrie Chenery, Mimi Coles, Secretary Stephen Cummings, Rick Harrell, John Hewa, April Kees, Pace Lochte, Secretary Caren Merrick, Nick Rush, and Will Sessoms

Board Members absent: Nancy Agee, Dan Clemente, Stephen Edwards, Bill Hayter, Anne Oman, Marianne Radcliff, and Steven Stone

VEDP in person Staff Members: Vince Barnett, Nicole David, Jason El Koubi, Stephanie Florie, Jennifer Garrett, Katherine Goodwin, Stephen Hartka, Lori Melancon, and Lisa Wallmeyer

VEDP Virtual Staff Members: Christy Morton and Carrie Vuori

Guests: Cody Anderson, Joe Hines, Kim McKay, Jason Powell, David Ress, Randy Sherrod, and Wyatt Toehlke

**Welcome and Announcements**

Acting Chair Merrick welcomed guests to the meeting and noted that a quorum of members was present.

**Public Comment Period**

Acting Chair Merrick solicited public comments. There were none.

## **Approval of Minutes**

Acting Chair Merrick asked for approval of the minutes from the June 23, 2022 meeting. A motion was made by Ms. Kees and Mr. Harrell and the minutes were unanimously approved as presented.

## **Vice Chair's Report**

Acting Chair Merrick spoke about plans for appointing members to the Nominating Committee to discuss selection of VEDP's next Board Chair.

Acting Chair Merrick welcomed the newly appointed Board members in attendance. The new members introduced themselves to the group.

Acting Chair Merrick spoke about the various initiatives she and the Administration are partnering with VEDP on, in addition to ushering economic development projects over the finish line and filling the prospect pipeline.

Acting Chair Merrick spoke about Governor Youngkin's calls to CEOs who are looking to relocate to Virginia and how essential this personal and proactive approach is to the process.

Acting Chair Merrick expressed her desire to seek input from the Board as these initiatives progress.

## **President's Report**

Mr. El Koubi began his report by reviewing VEDP's FY23 Business Investment goals, noting that they represent the largest capital investment and job creation goals that VEDP has ever set. He shared progress toward these goals.

Mr. El Koubi noted that it can be a rather lumpy progress where a few large projects can make up a large portion of the totals for the year. Mr. El Koubi explained that data centers tend to have a very disproportionate impact on the capital investment number. He said that though VEDP is a little behind on its capital investment and job creation goals, large projects can change this picture.

Mr. El Koubi spoke about the project pipeline, which includes several mega projects.

Mr. El Koubi noted a slow start in lead generation activity due to this team not being fully staffed until recently. He said that activity will accelerate now that the full team is in place.

Mr. El Koubi shared that International Trade is tracking toward its goals for FY23. He added that preliminary results from a survey of clients who participated in International Trade's FY22

activities are very positive. He said that the Board will receive an update on these results at the December meeting.

Mr. El Koubi reviewed VEDP's FY2023 Major Initiatives, stating that all are currently on track. Mr. El Koubi explained, for the benefit of the Board's new members, that the Operational Plan is essentially an annual business plan. He said this document represents VEDP's big goals for the year but does not include everything VEDP is doing.

Mr. El Koubi shared notable developments since the last Board meeting. He highlighted recent project wins; Virginia's strong presence at recent site selection consultant cultivation events; the launch of VEDP's new Regional Talent Solutions and Business Outreach team; strong response to the Virginia Business Ready Sites Program funding opportunity; kick off of a site-related task force; the Q2 2022 issue of *Virginia Economic Review*; The Talent Connection; meetings of regional and local economic development partners at the VEDA Fall Conference; and recent market-facing new hires.

Mr. El Koubi spoke about his top priorities for the next few months. He highlighted project opportunities; using the resources the General Assembly (GA) has provided very effectively in executing newly funded activities; providing solid deliverables for GA-mandated studies; developing high-impact legislative and budget priorities for the 2023 GA session; delivering strong support to Secretary Merrick and team in developing the Governor's Comprehensive Economic Development Policy; securing strong hires for open leadership positions; and finalizing VEDP's FY22 Annual Report.

Acting Chair Merrick thanked Mr. El Koubi for his report.

### **Review of Virginia Economic Performance**

Mr. El Koubi introduced the topic and offered a big picture summary of why VEDP has conducted this analysis. He explained that the Board expressed great interest in receiving an updated version of the data and discussing it at each Board meeting. He said that the complete updated information, called the Economic Data Book, for today's meeting was provided to the Board electronically, to review at their own pace.

Mr. El Koubi introduced Mr. Hartka to share a few of the most important insights that VEDP has gleaned from the updated information.

Mr. Hartka shared an Executive Summary of the information. He highlighted details of Virginia regional employment pre-pandemic to present day, including how it breaks down by supersector. The Board discussed the industries where employment has fully recovered and those that are still lagging.

Mr. Hartka said that even with the very strong growth Virginia has seen in 2022, the Commonwealth still ranks below almost all benchmark states in terms of percent of recovered jobs.

Mr. Hartka spoke about the establishment survey and the household survey and how VEDP uses this data.

Mr. Hartka concluded his remarks by expressing concern about the deceleration some data is showing, as Virginia wants to maintain its strong growth. He said that hopefully this is just a small dip, which is what the establishment survey shows. He noted that at the national level, the labor market has not shown signs of slowing down.

The Board engaged in a robust discussion on many points from the report and on the economy in general.

Acting Chair Merrick thanked Mr. Hartka for his presentation.

### **Proposed Update to Electronic Meeting Policy**

Ms. Wallmeyer reminded the Board that they previously adopted an electronic meeting policy. She explained that since that time, substantial changes to the Freedom of Information Act (FOIA) require the Board to adopt a new policy.

Ms. Wallmeyer reviewed the proposed changes to the policy. She explained that the changes would also apply to each of the Board's committees.

A motion was made by Mr. Hewa to accept the updated electronic meeting policy. The motion was seconded by Mr. Harrell and unanimously approved as presented.

### **Finance and Audit Committee Report**

Mr. Harrell provided an update on the topics that were discussed during the Finance and Audit Committee (FAC) meeting on September 28, 2022.

Mr. Harrell reviewed the following consent agenda items, which were brought to the Board for a vote.

- VEDP FY22 Quarterly Financial Results (thru 06/30/2022)
- Semiannual Report on Incentives FY22
- COF Progress Report for FY22
- Internal Audit Risk Assessment and Audit Plan

- Proposed Updates to Incentives-Related Policies and Procedures
- Extension Requests (total of 3)
  - **McAirlaid’s – Franklin County** has requested a first extension of 15 months to provide more time for the company to reach its employment target.
  - **Compass Datacenters IAD I, LLC – Loudoun County** has requested a first extension of 18 months to provide more time for the company to reach its employment target.
  - **Pointone Holdings, Inc. – Fauquier County** has requested a first extension of 18 months to provide more time for the company to reach its capital investment and job targets.

Mr. Harrell stated that the Committee recommends approval of all three extension requests.

- Clawback Update which showed no new items have been referred to the Office of the Attorney General. One clawback is past due for Koinonia in Pulaski County.

Ms. Kees made a motion to approve the consent agenda. Ms. Coles seconded the motion, and the motion was unanimously approved.

### **Rural Virginia Action Committee Report**

Rural Virginia Action Committee Chair Rick Harrell gave an update on the topics that were discussed during the Committee meeting on September 28, 2022.

Mr. Harrell explained that the Committee received a presentation from Renee Haltom, Vice President and Regional Executive with the Federal Reserve Bank of Richmond.

Mr. Harrell provided key takeaways from the presentation including the Fed’s definition of “rural;” the top reasons rural areas are likely to have shrinking employment; why some rural areas are doing better than others; and the major impediments, such as childcare deserts.

Mr. Harrell highlighted the ideas Ms. Haltom shared for how rural communities can thrive, including increasing regional collaboration; utilizing community assets; telling their positive story; taking a long-term view; and building on small wins.

Acting Chair Merrick thanked Mr. Harrell for his reports.

### **Update on GA-related studies and reports**

Ms. Morton provided information on General Assembly (GA) required studies and reports where VEDP is the primary owner or partnering with others on the work.

Ms. Morton explained that there are a total of 16 studies. She added that many of the studies have 2022 deadlines. Ms. Morton said VEDP has been given funding to engage experts and consultants to assist on some of the studies. She thanked GA partners for this funding.

Ms. Morton reviewed each of the studies, highlighting those where VEDP is the primary owner.

Ms. Morton explained that the Virginia Office of Education Economics (VOEE) at VEDP, specifically, is participating in many of the studies.

The Board engaged in a discussion on how the outcome of these studies will be applied, specifically around workforce development. The Board also expressed its expectation that information gleaned from these studies will be useful and actionable.

### **Closed Meeting**

#### **Guest Site Consultant Presentation; Quarterly Marketing/Lead Generation Effectiveness Report; Business Investment Strategy; Site Development Update; Budget and Legislative Proposals; Team Virginia Update**

A motion was made by Ms. Coles and seconded by Mr. Rush to move into a closed meeting. The motion shown below was unanimously approved by the members.

I MOVE THAT THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY CONVENE A CLOSED MEETING PURSUANT TO VIRGINIA CODE §2.2-3711(A)(50) TO ENGAGE IN A DISCUSSION OR CONSIDERATION OF THOSE PORTIONS OF VEDP'S STRATEGIC PLAN, MARKETING PLAN OR OPERATIONAL PLAN, THAT MAY RELATE TO TARGET COMPANIES, SPECIFIC ALLOCATION OF RESOURCES AND STAFF FOR MARKETING ACTIVITIES, AND SPECIFIC MARKETING ACTIVITIES THAT WOULD REVEAL TO THE COMMONWEALTH'S COMPETITORS FOR ECONOMIC DEVELOPMENT PROJECTS THE STRATEGIES INTENDED TO BE DEPLOYED BY THE COMMONWEALTH, THEREBY ADVERSELY AFFECTING THE FINANCIAL INTEREST OF THE COMMONWEALTH.

Mr. El Koubi asked that VEDP staff be allowed to stay for the closed meeting for all matters and Acting Chair Merrick agreed.

**Back in Open Meeting, Certification of Closed Meeting – Followed by a Roll Call vote:**  
 WHEREAS, THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENED A CLOSED MEETING ON THIS DATE PURSUANT TO AN AFFIRMATIVE RECORDED VOTE AND IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT; AND WHEREAS, THE ACT REQUIRES A CERTIFICATION BY THIS BOARD THAT SUCH CLOSED MEETING WAS CONDUCTED IN CONFORMITY WITH THE ACT; NOW, THEREFORE, BE IT RESOLVED, THAT THE BOARD CERTIFIES THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, (I) ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE ACT WERE DISCUSSED IN THE CLOSED MEETING TO WHICH THIS CERTIFICATION RESOLUTION APPLIES, AND (II) ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING BY THE BOARD.

Upon the vote:	Acting Chair Merrick	Aye
	Ms. Chenery	Aye
	Ms. Coles	Aye
	Secretary Cummings	Aye
	Mr. Harrell	Aye
	Mr. Hewa	Aye
	Ms. Kees	Absent for the vote
	Ms. Lochte	Aye
	Mr. Rush	Aye
	Mr. Sessoms	Absent for the vote

Following the closed meeting, the Board discussed the possibility of offering a presentation on sites to the money committee. The Board also discussed the idea of scheduling a site selection consultant presentation for Virginia’s Major Employment and Investment Project Approval Commission (MEI).

Mr. Hewa shared that he serves on the Fredericksburg Regional Alliance Board of Directors, for the Board’s awareness.

**Anticipated topics for the December 2022 Board meeting**

Acting Chair Merrick shared anticipated topics for the next Board meeting.

**Adjournment**

There being no further business, Acting Chair Merrick adjourned the meeting at 1:10 p.m.

Respectfully submitted,

Jason El Koubi  
Secretary

DRAFT

# PRESIDENT'S REPORT

December 2022

# TOPICS FOR TODAY

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FY23 performance metrics to date: BI and Trade

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FY23 operational plan – progress dashboard

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Notable developments since last meeting

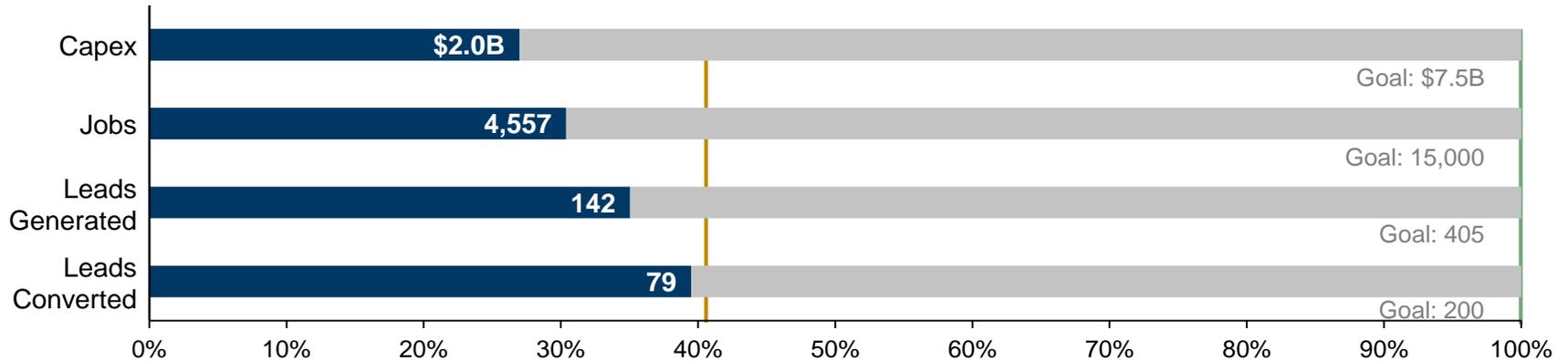
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Top priorities for the next few months

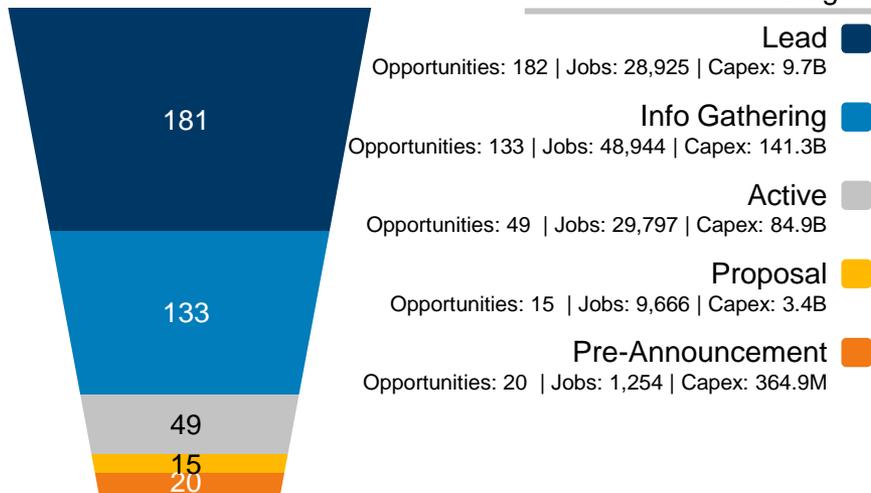
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# PROGRESS AND PIPELINE FOR VEDP-ASSISTED PROJECTS FY23 TO-DATE JULY 1, 2022 – NOVEMBER 29, 2022 (41.8% THROUGH FY23)

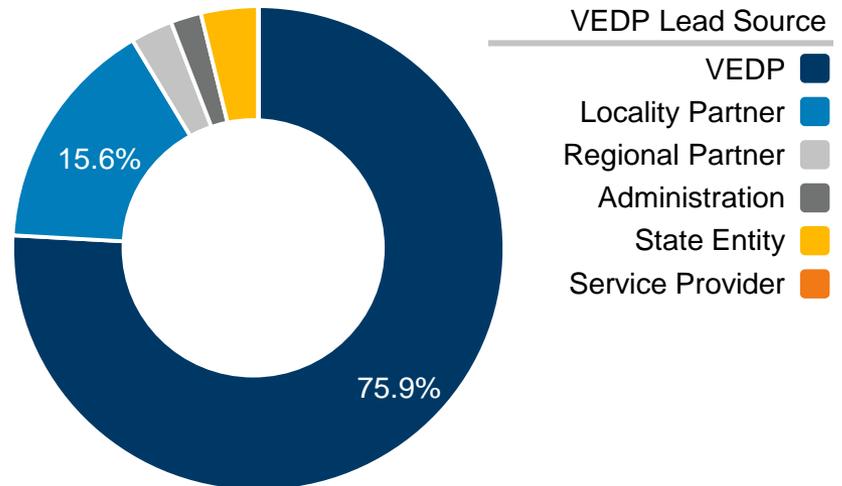
## VEDP-Assisted Project Decisions N= 33



## VEDP Open Pipeline (398)



## % of VEDP Leads for Open Pipeline



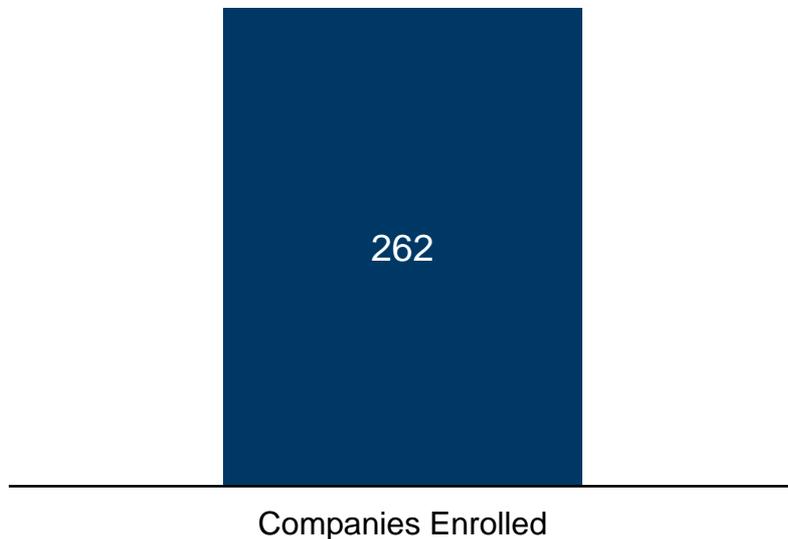
# VEDP'S INTERNATIONAL TRADE DIVISION IS ON TRACK TOWARD ITS GOAL OF ENROLLING 450 COMPANIES IN FY23

**Companies enrolled in trade programs**  
July 1, 2022 to November 30, 2022

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Goal: 450 

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## FY22 Summary

- In FY22, a total of 377 companies enrolled in international trade programs (105% of goal).
- These companies attributed \$813M in international sales and 7,319 trade-supported jobs to VEDP's international trade programs.

## Next Steps

- International Trade is utilizing new funding to expand existing programs and provide new services, increasing the number of companies served each year.
- The team is currently on track to meet its goal of enrolling 450 companies in FY23.

# FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (1 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
1.	Build out the best customized workforce recruitment and training incentive program in the U.S.	Grundmann	 40%	Engaged in 29 project opportunities YTD, incl. 12 proposals & 15 presentations; kicked-off 2 new projects.	Onboard new video producer and instructional designer.
2.	Develop long-term Real Estate Solutions strategy that includes execution of expanded VBRSP program and a regional ecosystem approach to site development	Dreiling	 40%	Performed virtual site tours for 35 VBRSP applicants; initiated validation of site information; selected firms for "Blue Sky" project.	Perform in-person VBRSP site tours on 24 sites; execute market demand assessment and "Blue Sky" project; finalize site development roadmap per market demand assessment results.
3.	Expand Virginia exports and strengthen supply chains through implementation of high-priority elements of the International Trade Plan	Agee	 40%	Onboarding new manager in Hampton Roads to expand capacity of existing programs; positioning to hire Internship Program Manager; finalizing engagements for Supply Chain Optimization Program.	Determine needs of high-volume/high-value exporters; continue best-practices training series and develop curriculum for Spring 2023; launch Supply Chain Optimization Program in Jan. 2023; finalize recruitment for Spring 2023 trade missions and trade shows.
4.	Accelerate efforts towards achieving national leadership in tech sector growth across Virginia	Barnett (Welch)	 40%	Working with Research / EC to develop new target lists for quarterly outreach.	Work with M&C to launch website.
5.	Align and integrate VEDP's business outreach activities to achieve increased coverage and impact	Stuller	 40%	254 VJIP projects managed YTD; most Salesforce enhancements deployed; engaged with Forvis on audit of VJIP.	Hire and onboard new mgrs. in Hampton Roads and NOVA; continue business outreach efforts; implement additional Salesforce enhancements; finalize plan for business outreach benchmarking study.
6.	Support development of Governor's Comprehensive Economic Development Policy to include analyzing the economic context	Devan (Hartka)	 85%	Engaged with all secretariats and agencies to gather input on initiatives; submitted first full draft for review by GOV.	Update draft policy with GOV feedback, gather input from external partners (VMA, VEDA, etc), finalize wording and layout for release on December 15.

# FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (2 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
7.	Build out VOEE's operating structure and execute on priority deliverables	McKay	 50%	Launched implementation of technology structure, including contracting with vendors and compiling data sources.	Integrate all technology tools and make necessary changes to the dashboard structure.
8.	Strengthen VEDP's lead generation, project management capabilities, and related support functions (pending additional funding)	Barnett (Goodwin, Hartka)	 50%	Completed hiring & onboarding for MD of lead gen and lead gen manager; initiated process for hiring additional lead gen managers & international contractor; completed hiring for two Research Analysts, and initiated process for two others.	Complete hiring process for lead generation managers and special projects MD; complete hiring process for remaining open positions in Research division (Business Presentation Specialist and Salesforce Analyst).
9.	Enhance industry strategies by fully leveraging existing assets and developing new capabilities (pending additional funding)	Barnett (Devan, Hartka, Dreiling, Melançon, Stuller)	 50%	Semiconductor strategy is largely complete; initiated high-level outreach to companies on target list using tailored talking points.	Continue conducting direct outreach to leadership of target companies in coordination with Gov. Youngkin and Sen. Warner; follow up outreach with tailored sites and incentive pitches.
10.	Launch an Offshore Wind Supply Chain Grant Program to establish an end-to-end supply chain of small businesses within the Commonwealth	Goodwin	 20%	Developed draft program requirements and guidelines for internal review.	Finalize internal review and convene a meeting with external stakeholders for review and comment.
11.	Finalize comprehensive HR talent management strategy and launch priority components	Cox	 25%	Held first meeting of recruitment process focus group; continue preparing for summer internship program.	Reach out to recent new hires for VEDP recruitment process experience; begin planning process to develop career paths.

## NOTABLE DEVELOPMENTS SINCE OUR LAST BOARD MEETING

- Continued engagement in business development activity, including several project announcements and cultivation of major opportunities in the pipeline
- Completion of several GA-mandated studies, with others close to completion
- Finalized high-impact legislative / budget priorities for the 2023 GA session
- Made substantial progress in Virginia Business Ready Sites Program grant application review process (\$300M+ in applications for \$90M funding pool)
- Engaged third-party real estate/engineering team to conduct statewide search for additional, high-potential megasite properties (500+ acres)
- Kicked off major strategy project with McKinsey to align on "go-to-market" sector priorities and whole-of-government road map with Administration leadership
- Providing strong support to Secretary Merrick and team in developing the Governor's Comprehensive Economic Development Policy
- Finalized VEDP's FY22 Annual Report
- Q3 2022 issue of *Virginia Economic Review*: Trails

## TOP PRIORITIES FOR THE NEXT FEW MONTHS

- Aggressive cultivation of several high-impact economic development projects as well as focused lead generation in high-potential sectors
- Finalize review and decisions on Virginia Business Ready Sites Program grant awards in collaboration with Investment Committee (VEDP CEO and Administration leadership)
- Complete statewide search for additional, high-potential megasite properties (500+ acres) with identification of prioritized site development opportunities
- Active engagement in the 2023 General Assembly Session
- Completion/initial implementation of Comprehensive Economic Development Policy as well as "go-to-market" sector priorities / whole-of-government road map w/ Admin leaders
- Strong execution of other newly funded activities including implementing International Trade Plan; accelerating the ramp up of the Virginia Talent Accelerator Program; and additional Virginia Office of Education Economics (VOEE) initiatives
- Q4 2022 issue of *Virginia Economic Review: State of Success* will mail in January 2023
- Securing strong hires for open leadership positions

**THANK YOU**



# INTERNATIONAL TRADE ANNUAL SURVEY RESULTS

Virginia International Gateway  
Portsmouth

December 8, 2022

**VEDP** | International  
Trade  
ExportVirginia.org

# **VEDP'S INTERNATIONAL TRADE DIVISION SENDS A SURVEY TO EACH COMPANY ENROLLED IN ITS PROGRAMS AND SERVICES**

**At the end of each fiscal year, a survey is sent to each company enrolled in International Trade's programs and services. This data is used to calculate the division's annual performance metrics.**

## **FY2022 Survey Statistics**

- Surveys sent: 360<sup>1</sup>
- Responses received: 239
- Response rate: 66%
- Companies that provided qualitative comments: 87%

<sup>1</sup>Companies that received supply chain assistance were sent a survey after engaging with VEDP. Those companies are excluded from this number because they did not receive an annual survey.

## COMPANIES ENROLLED (105% OF GOAL) ATTRIBUTED \$813 MILLION IN EXPORT SALES TO VEDP TRADE PROGRAMS IN 2022

Performance Metric	Description	Goal	Actual
Companies enrolled in programs	Number of companies enrolled in VEDP Trade programs	360	377
International sales <sup>1</sup>	<u>Existing</u> international sales attributed to VEDP Trade programs	n/a	\$470M
	<u>New or increased</u> international sales attributed to VEDP Trade programs	n/a	\$343M
	<u>Total</u> international sales attributed to VEDP Trade programs	\$635M	\$813M
Trade-supported jobs	Trade-supported jobs from companies enrolled in VEDP Trade programs	5,700	7,319

<sup>1</sup>See Appendix for details on the international sales calculations.

# COMPANIES ATTRIBUTED \$470 MILLION IN EXISTING INTERNATIONAL SALES TO VEDP TRADE PROGRAMS IN 2022

**\$470M**

Existing international sales supported by Virginia's trade programs and services

**\$5.9M**

Average estimated international sales per company

**\$1.3B**

Total estimated international sales



The PBE Group, North Tazewell

# COMPANIES ATTRIBUTED A \$343 MILLION INCREASE IN INTERNATIONAL SALES TO VEDP TRADE PROGRAMS IN 2022

## \$343M

Companies attributed \$343M in new or increased international sales due to the support of VEDP's International Trade programs and services<sup>1</sup>

## \$1.5M

Average increase in international sales per company attributed to VEDP's International Trade programs and services<sup>1</sup>

<sup>1</sup>These figures exclude one outlier company with sales above \$400M.



Fulcrum Concepts, Mattaponi

# INTERNATIONAL TRADE ACHIEVED EXCEPTIONALLY HIGH SCORES FOR THE QUALITY OF ITS PROGRAMS AND SERVICES

**99%**

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

**96%**

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

**99%**

Companies that were “extremely likely” or “likely” to use VEDP-International Trade for export assistance in the future

**97%**

Companies that say VEDP-International Trade helped their company work toward achieving its strategic international goals

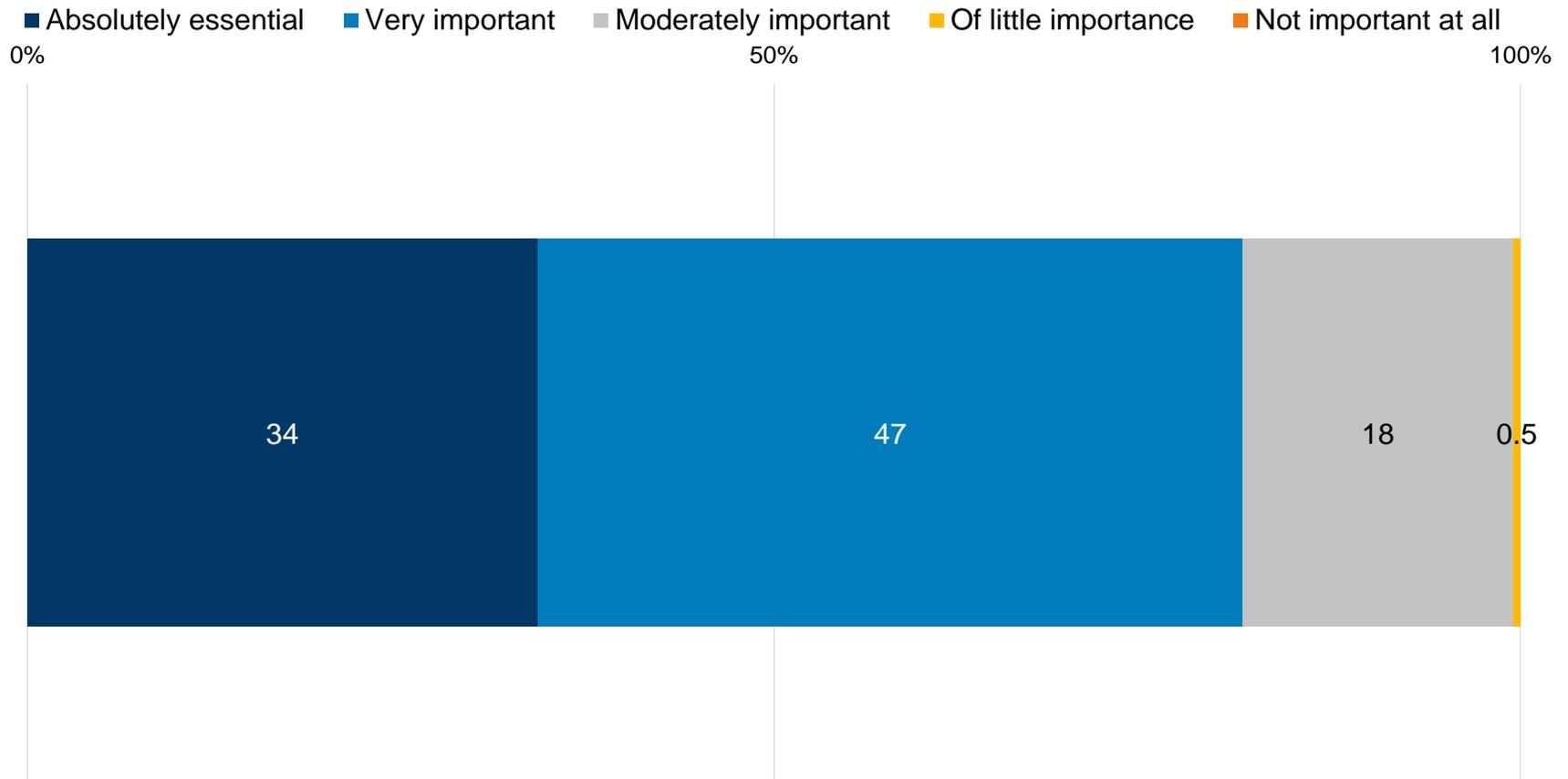


Strongwell Corporation, Bristol

# INTERNATIONAL SALES REMAIN AN IMPORTANT COMPONENT OF COMPANY STRATEGIES

How important are international sales to your company?

%, N=228



# THE MOST REQUESTED TYPES OF ASSISTANCE WERE REIMBURSEMENT FUNDS, MARKET RESEARCH, AND CONNECTIONS

Which types of assistance would be most valuable to your company in the next year?

Number of responses



## APPENDIX: INTERNATIONAL SALES CALCULATIONS

Performance metric	Percentage of sales attributed to VEDP (%)	Number of responses	Average international sales per company (\$)	Total (\$)²
<u>Existing</u> international sales attributed to VEDP International Trade programs	75 - 100	27	5,899,320	139,371,444
	50 - 75	34	5,899,320	125,360,558
	25 - 50	56	5,899,320	123,885,728
	0 - 25	111	5,899,320	81,853,070
	<b>Total</b>			<b>470,470,799</b>
<u>New or increased</u> international sales attributed to VEDP Trade programs¹	100	228	1,503,226	342,735,594

¹The average international sales excludes one outlier company with international sales over \$400M.

²Totals are obtained by multiplying the percentage of sales attributed to VEDP, the number of responses, and the average sales per company. When a percentage range is listed, the calculation uses the midpoint between both percentages. For example, the calculation for 75 - 100% is 87.5% x 27 x 5,899,320.

# 99% OF COMPANIES WOULD RECOMMEND VEDP'S EXPORT ASSISTANCE PROGRAMS TO OTHER VIRGINIA COMPANIES<sup>1</sup>

“As a business owner in a technology company, there's technology to mature, a stakeholder community to build around that new technology, employees to recruit, and finances to manage. It's really nice to have VEDP with so many resources to just step in and help guide and ensure success in expanding internationally.

NANCI HARDWICK  
CEO, Aeroprobe Corporation  
& MELD Manufacturing Corporation | 2022



<sup>1</sup>VEDP survey of businesses enrolled in VEDP's international trade programs in FY2022.

# 99% OF COMPANIES WOULD RECOMMEND VEDP'S EXPORT ASSISTANCE PROGRAMS TO OTHER VIRGINIA COMPANIES<sup>1</sup>



<sup>1</sup>VEDP survey of businesses enrolled in VEDP's international trade programs in FY2022.

# 2022 VEDP STAFF SURVEY: RECAP OF RESULTS



VEDP Staff

November 2022

## 2022 VEDP STAFF SURVEY: NOTABLE TAKEAWAYS

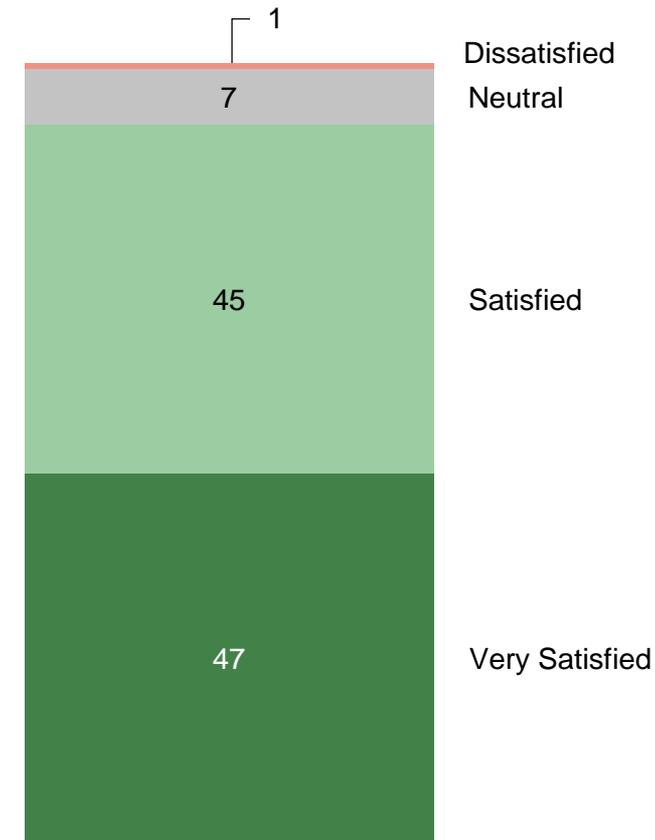
- Overall staff satisfaction ticked up from 84% to 92%. It is up from 79% in 2017.
  - Satisfaction with work-life balance has improved, but remains a major concern for some staff (cropping up across all areas of survey)
- Staff cited cross-division collaboration as area most in need of attention, provided areas for improvement including respecting opinions, better knowledge of other teams' work, integrated processes, etc.
- Communication across teams / divisions also in particular need of attention
- Decline in satisfaction with organizational structure in wake of leadership reorganization, highlighting need for continued communication and dialogue
- Improvement in satisfaction with access to training, but opportunities to improve processes and further strengthen training offering
- Continued (long-standing) concerns with perceived lack of clarity on career advancement pathways, performance feedback process
- Continued positive momentum on D&I, but need to 'stay the course'
- High level of satisfaction with the hybrid work pilot program

## 2022 VEDP STAFF SURVEY METHODOLOGY

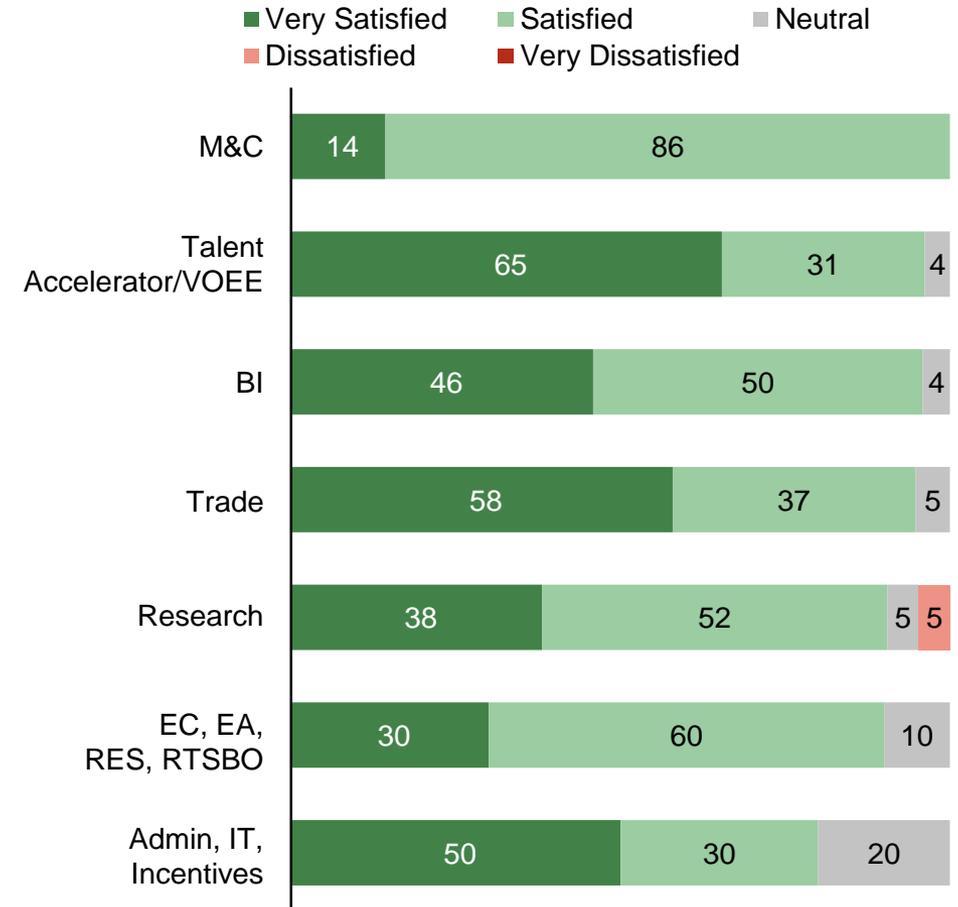
- A total of 153 VEDP employees participated in the survey, representing a 91% response rate (80% of staff completed the entire survey)
- Results shown for each question do not include the responses of those who selected “Not Applicable” as an answer or did not respond to the question
- Some divisions are grouped due to the small number of responses from those divisions:
  - Economic Competitiveness, External Affairs, Real Estate Solutions, and Regional Talent Solutions and Business Outreach (RTSBO)
  - Admin, Information Technology, and Incentives. “Admin” includes Executive Office, External Affairs, Fiscal and Support Services, Human Resources, Incentives, and Legal
  - Talent Accelerator and Virginia Office of Education Economics (VOEE)
- The survey was administered September 6-20, 2022, and was sent to both salaried and wage employees

# OVERALL SATISFACTION WITH EMPLOYMENT AT VEDP IS HIGH, WITH SOME VARIATION ACROSS DIVISIONS

**Overall satisfaction with employment at VEDP**  
Question 39, % respondents, N=140



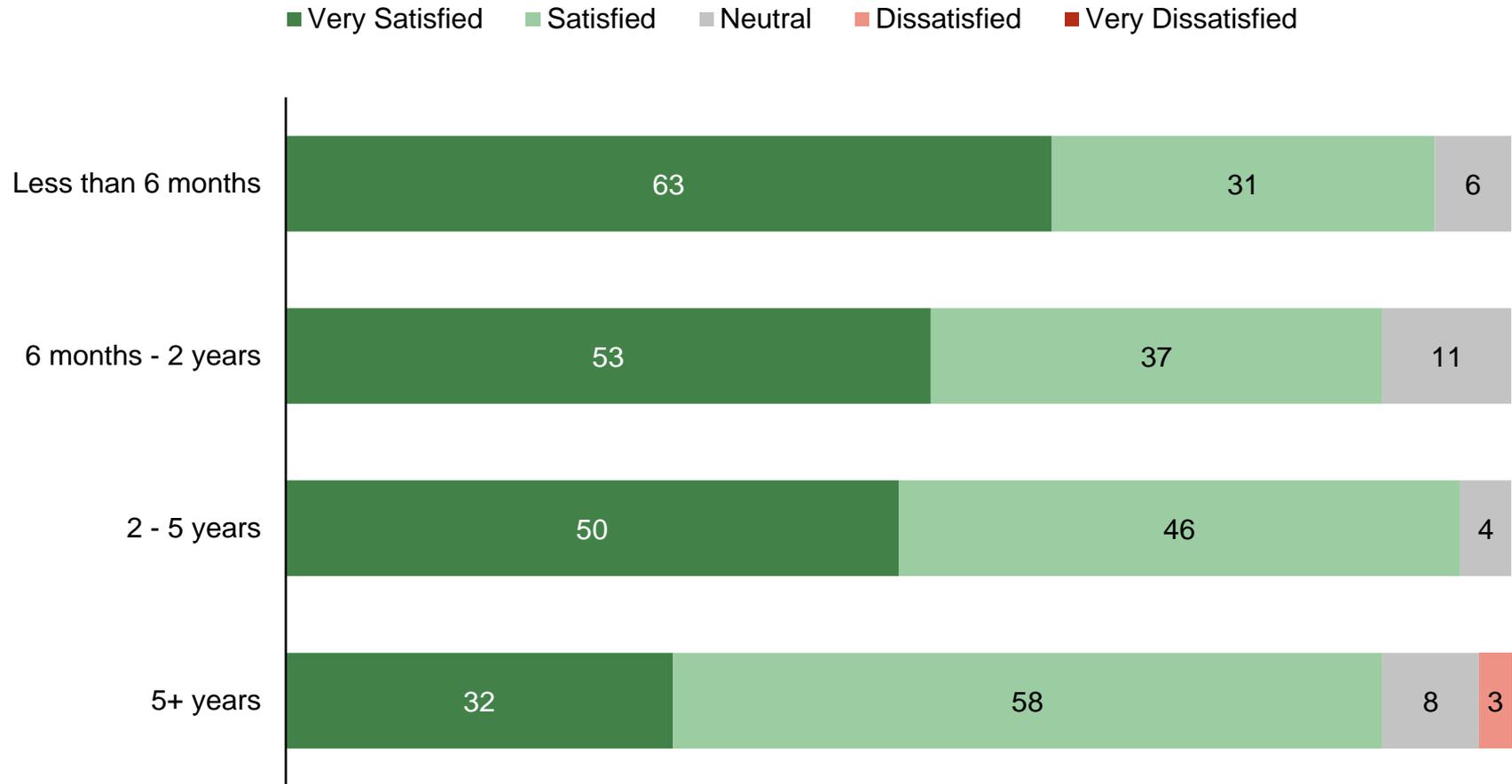
**Overall satisfaction with employment at VEDP, by division**  
Satisfaction by division, % respondents



# EMPLOYMENT SATISFACTION FLUCTUATES SOMEWHAT BASED ON TENURE

## Satisfaction with employment at VEDP

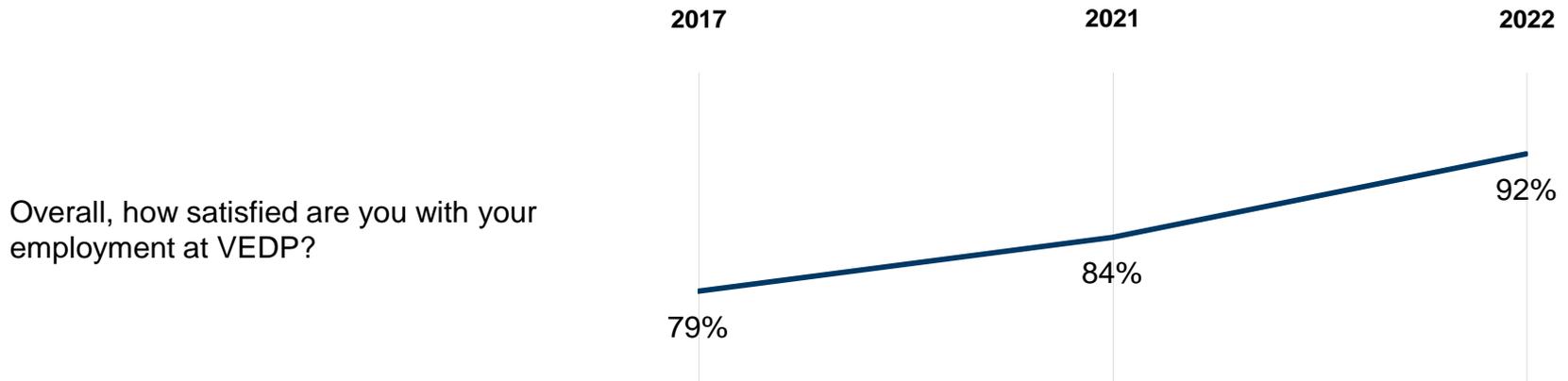
Satisfaction by tenure, % respondents



# OVERALL SATISFACTION WITH EMPLOYMENT AT VEDP INCREASED FROM PREVIOUS YEARS TO OVER 90%

**Trends in satisfaction with employment at VEDP**  
2017-2022 agreement<sup>1</sup> levels, % respondents

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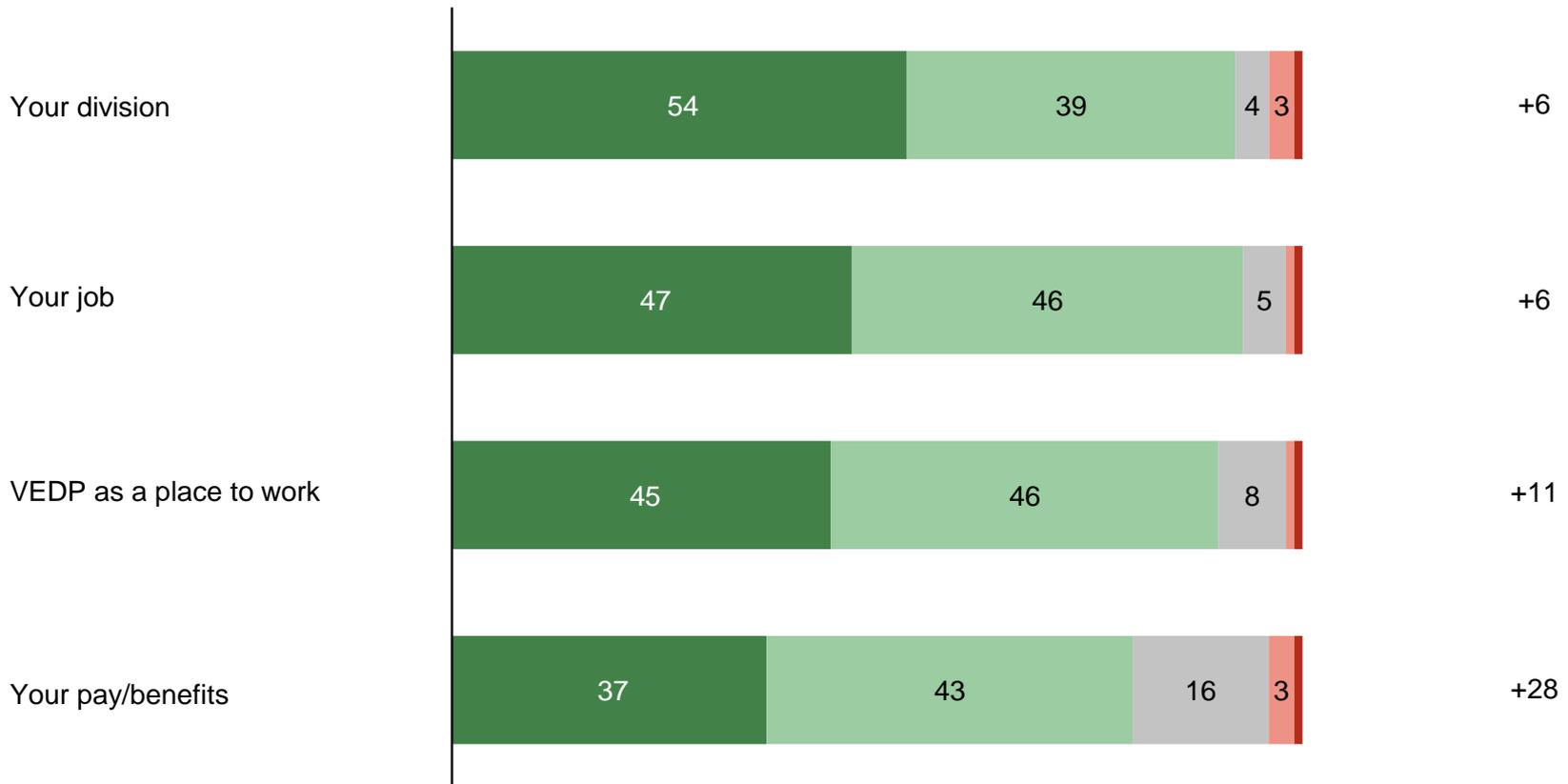
<sup>1</sup>Combines “satisfied” and “very satisfied” responses  
Source: 2022, 2021, and 2017 VEDP staff surveys

# ASPECTS OF SATISFACTION WITH EMPLOYMENT AT VEDP

**Satisfaction with specific aspects of employment at VEDP**  
 Question 35, % respondents, N=141

**Change in satisfaction<sup>1</sup> vs. 2021**

■ Very satisfied ■ Satisfied ■ Neutral ■ Dissatisfied ■ Very dissatisfied

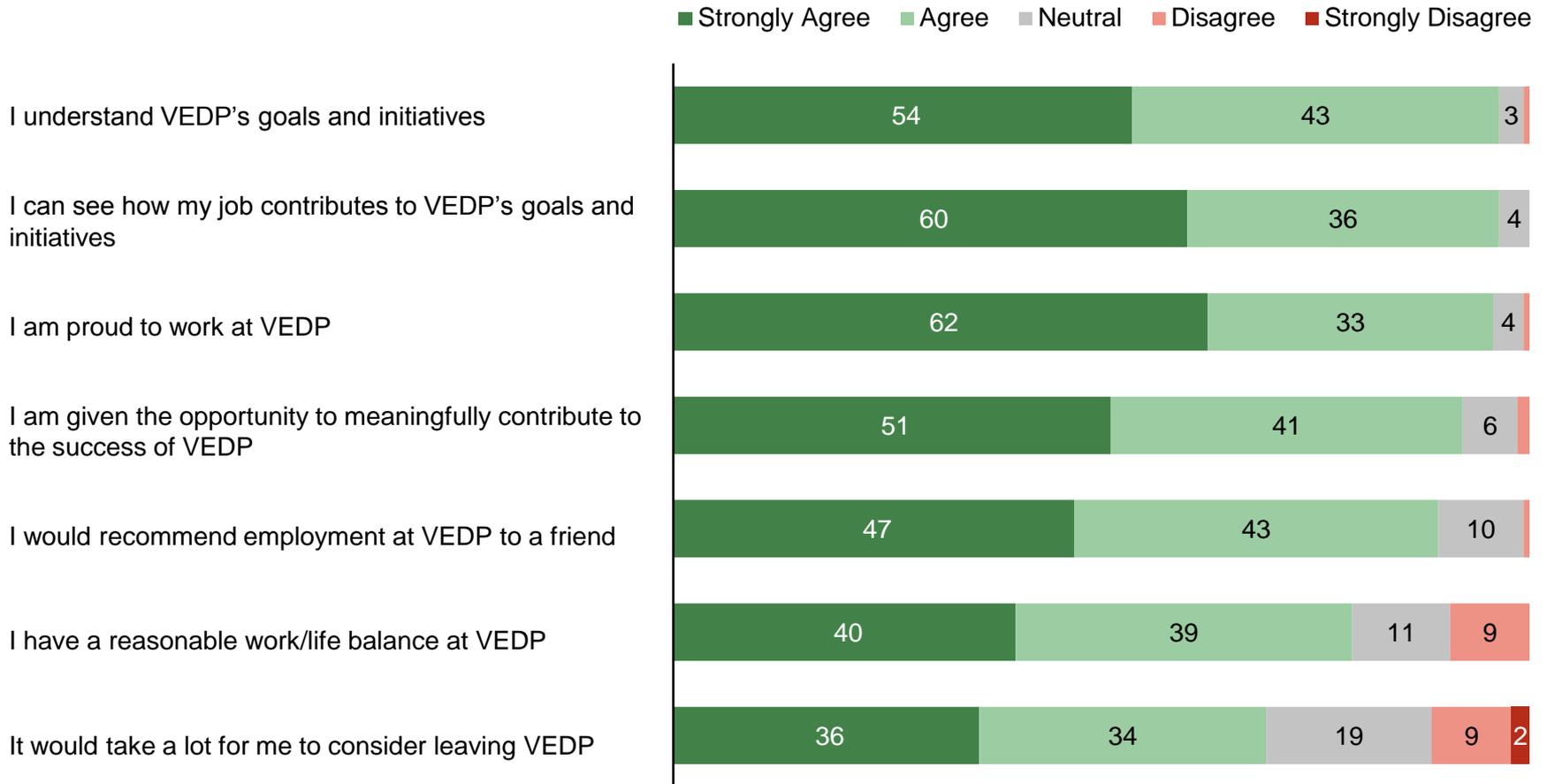


<sup>1</sup>Combines “satisfied” and “very satisfied” responses  
 Source: 2022 VEDP staff survey

# OTHER ASPECTS OF EMPLOYEE SATISFACTION

## Specific aspects of employee satisfaction

Question 32, % respondents, N=141



# THEMES FROM OPEN-ENDED RESPONSES ABOUT HELPING VEDP BECOME A TOP STATE EDO

Frequency of major themes regarding suggestions for VEDP to become one of the most attractive EDOs in the country

Question 36, N=49 responses containing 55 comments

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- Increased and/or continued work-from-home days/hybrid flexibility (12)
- Increased attention to make sure pay and/or benefits are competitive (10)
- Need for a greater work/life balance than what currently exists (8)
- Increase career development opportunities for staff (7)
- Other (18)

Note: Themes are listed only if three (3) or more respondents made a similar comment. Some responses contained comments pertaining to more than one theme.

Source: 2022 VEDP staff survey

# CRITICAL ITEMS NEEDING TO BE ADDRESSED AT VEDP AND ADDITIONAL COMMENTS

## Frequency of major themes regarding critical areas and how to improve VEDP

Question 41, N=26 containing 32 comments

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- Heavy workload/limited capacity (6)
- Career development pathways/support (4)
- Communication needs to be improved (3)
- Compensation/benefits equity or competitiveness (3)
- Positive comment about current direction overall (general) (3)
- Other (8)

## Frequency of major themes regarding additional comments and suggestions

Question 42, N=13 containing 14 comments

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- General positive comment (3)
- Other (8)

Note: Themes are listed only if three (3) or more respondents made a similar comment. Some responses contained comments pertaining to more than one theme.

Source: 2022 VEDP staff survey

# ECONOMIC DATA BOOK

November 2022

## EXECUTIVE SUMMARY – NOVEMBER 2022

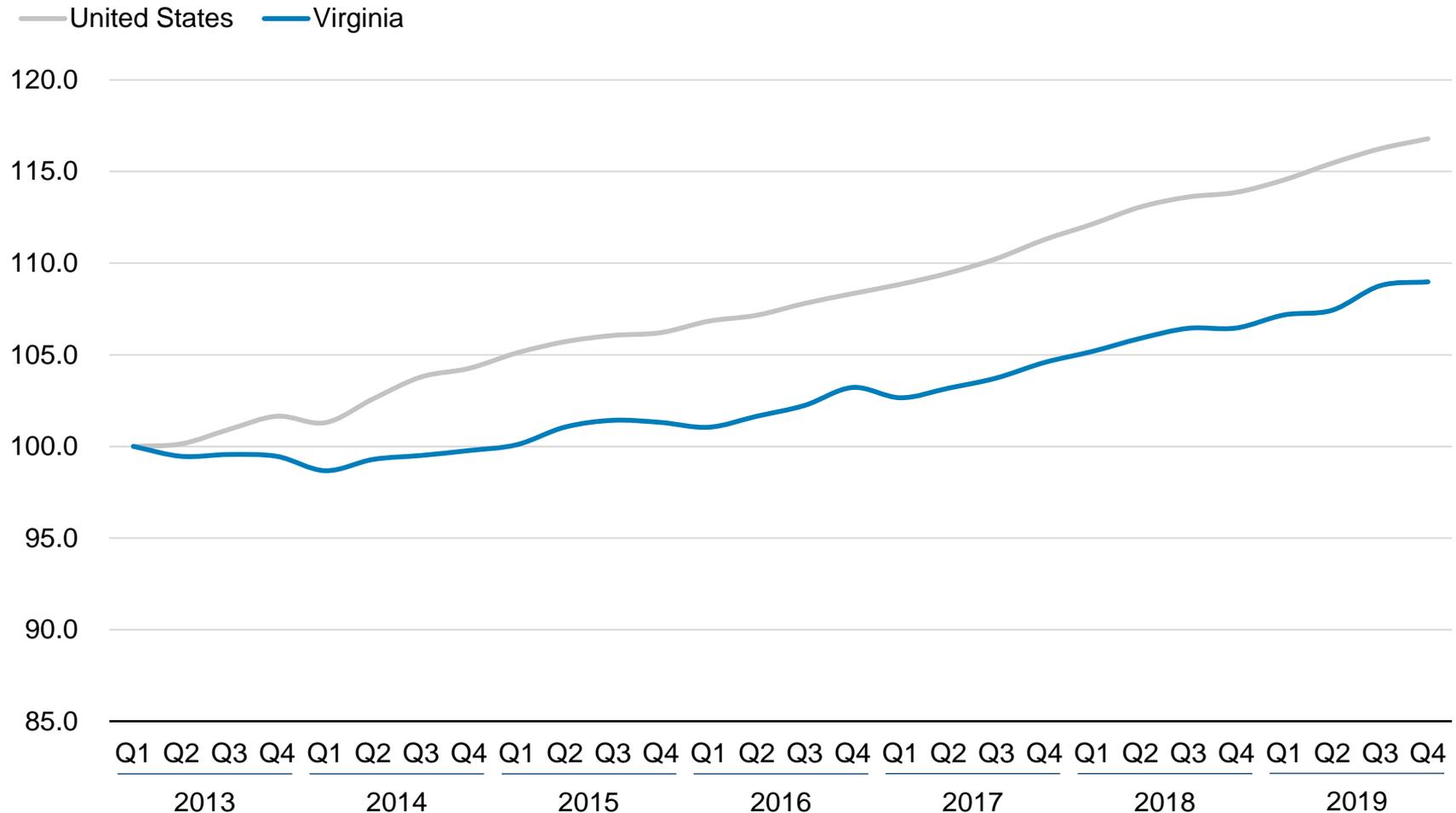
	<b>-0.9%</b>	Quarterly GDP growth, annualized (2022Q2)
	<b>4.2M</b>	Statewide employment level (Oct '22)
	<b>72%</b>	Percent employment lost recovered (Oct '22)
	<b>No. 45</b>	National employment recovery rank (Oct '22)
	<b>93K</b>	Employment gain since Jan '22 (Oct '22)
	<b>No. 18</b>	National employment recovery rank since Jan '22 (Oct '22)
	<b>2.7%</b>	Unemployment rate (Oct '22)
	<b>63.6%</b>	Labor force participation rate (Oct '22)
	<b>7</b>	# industries reaching pre-covid employment levels (Oct '22)
	<b>10,290</b>	Monthly business applications (Oct '22)
	<b>357K</b>	Statewide job openings (Sept '22)
	<b>0.1%</b>	Year-on-year population growth (2021)
	<b>-8,995</b>	Domestic net migration (2021)



# IN YEARS PRIOR TO THE PANDEMIC, VIRGINIA CONSISTENTLY UNDERPERFORMED NATIONAL ECONOMIC GROWTH

## Virginia and U.S. Gross Domestic Product

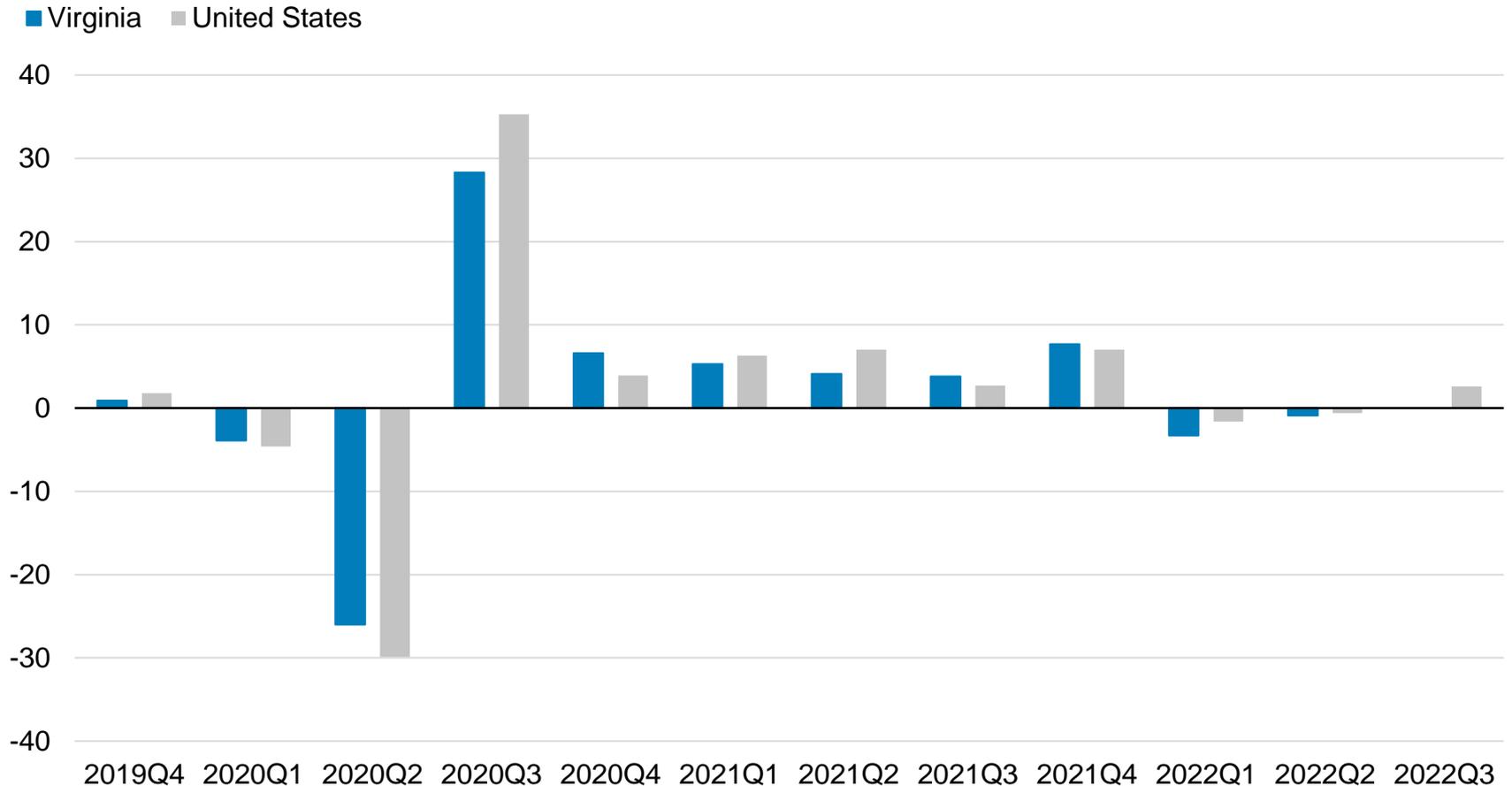
Gross Domestic Product (level), chained 2012 dollars, 2013 – 2019



# VIRGINIA ECONOMIC OUTPUT WAS LESS IMPACTED AT OUTSET OF PANDEMIC, BUT HAS OFTEN LAGGED U.S. DURING RECOVERY

## Virginia and U.S. economic growth since COVID-19

% change from preceding period (annualized), chained 2012 dollars, 2019Q4 – 2022Q2 (VA) 2022Q3 (US)



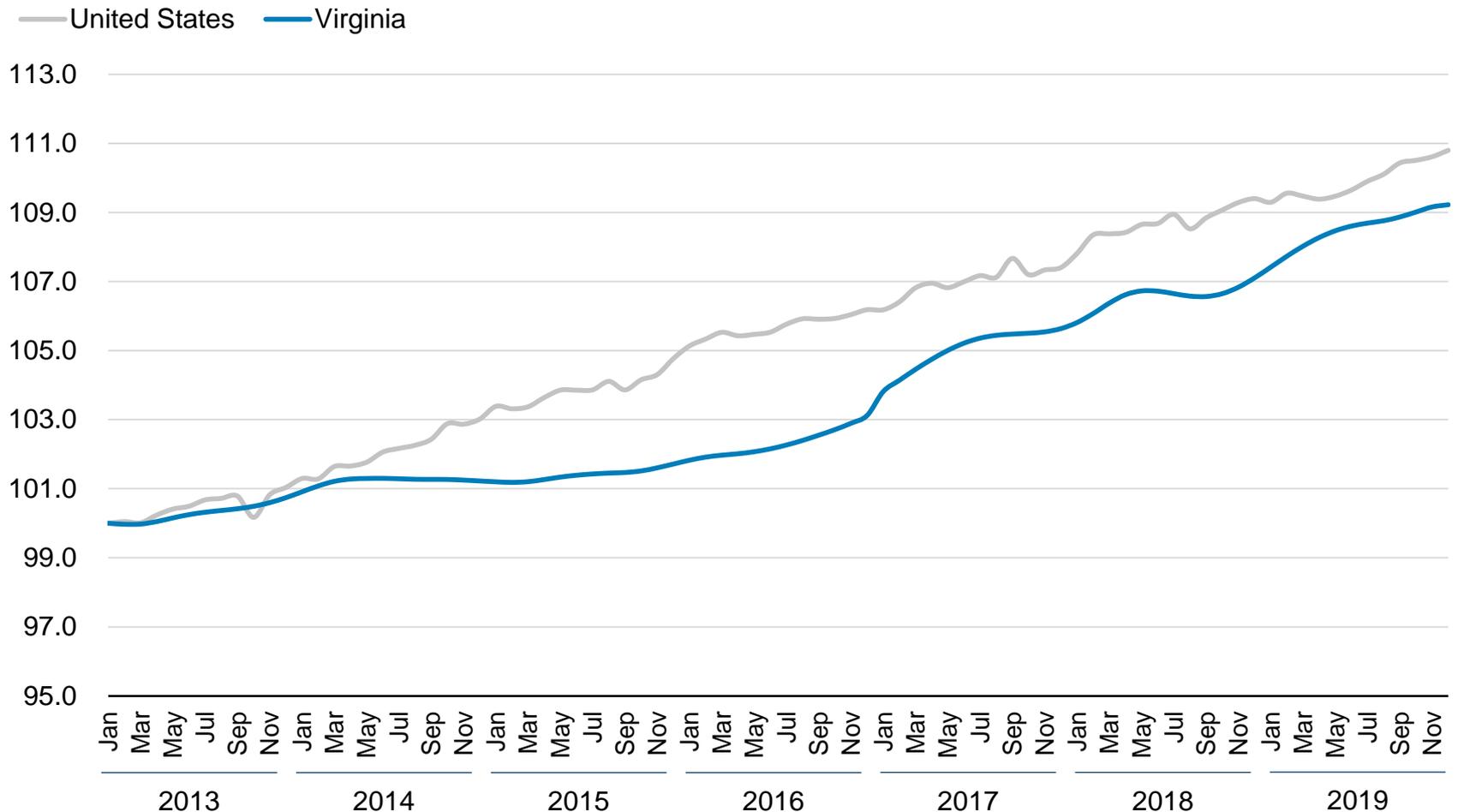
## VIRGINIA ECONOMIC OUTPUT HAS LAGGED U.S., ASPIRATIONAL GROWTH STATES, EVEN SOME HIGH-COST STATES

State	2013 – 2019 CAGR (%)	State rank	2019Q4 – 2022Q2 % change	State rank
Tennessee	2.2	14	9.7	2
Florida	3.3	8	9.1	4
North Carolina	2.1	15	7.2	6
Georgia	3.4	6	4.6	14
South Carolina	2.8	12	4.3	16
Massachusetts	2.4	13	4.3	17
New York	2.0	18	3.4	22
<b>Virginia</b>	<b>1.4</b>	<b>33</b>	<b>3.4</b>	<b>23</b>
New Jersey	1.1	36	2.8	28
Illinois	1.1	35	2.5	31
Texas	3.1	10	2.3	34
Pennsylvania	1.4	31	0.3	40
Maryland	1.6	25	-0.6	43
<b>United States</b>	<b>2.4</b>	<b>-</b>	<b>3.5</b>	<b>-</b>

# EMPLOYMENT GROWTH IN VIRGINIA LAGGED NATIONAL GROWTH 2014 – 2016, STRUGGLING TO CLOSE GAP BEFORE PANDEMIC

## Virginia and U.S. employment levels

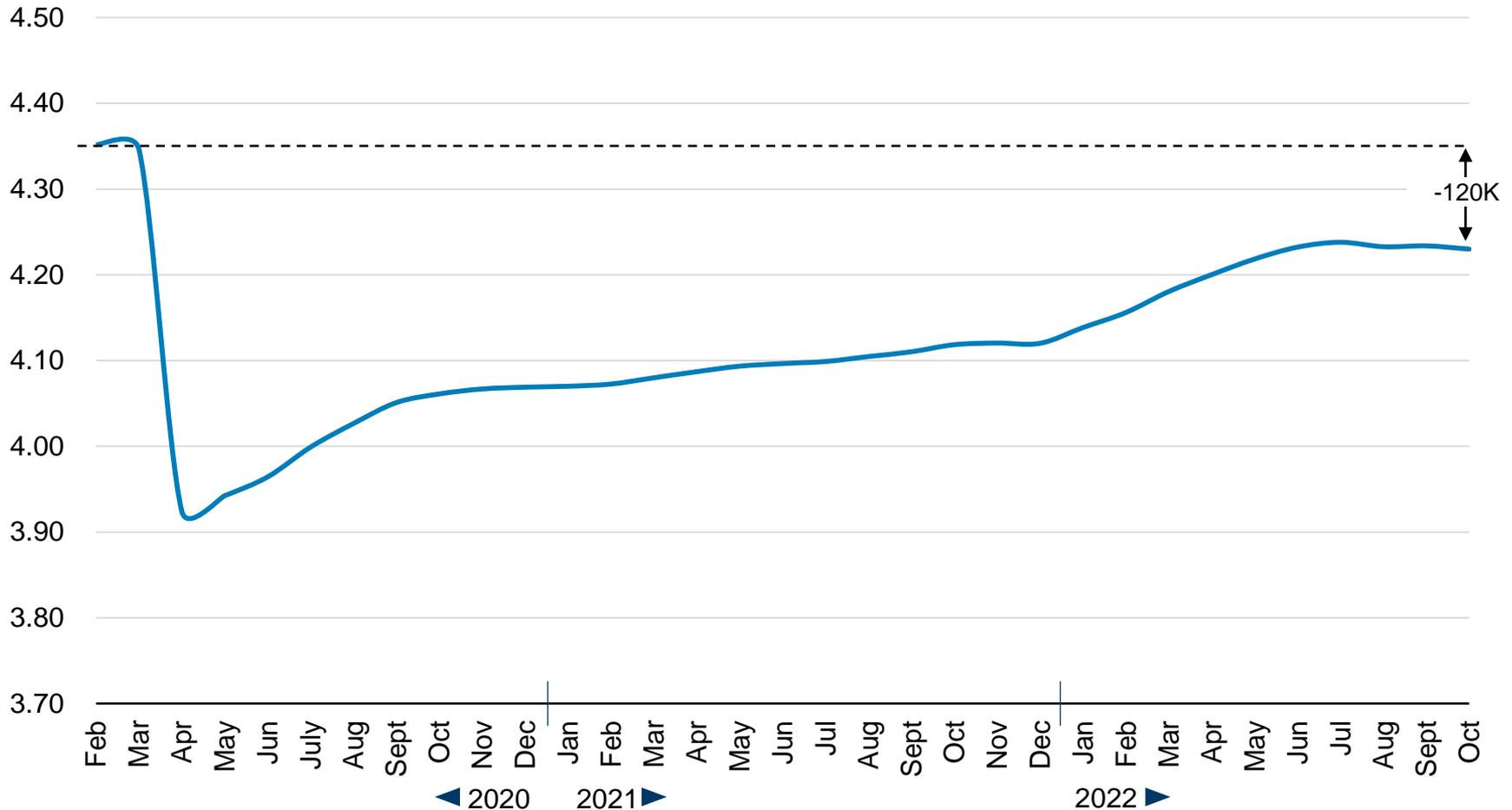
Employed persons, 2013 – 2019, seasonally adjusted, indexed to January 2013 levels



# VIRGINIA EMPLOYMENT REMAINED 120K BELOW PRE-COVID-19 LEVELS IN OCTOBER 2022

## Virginia employment

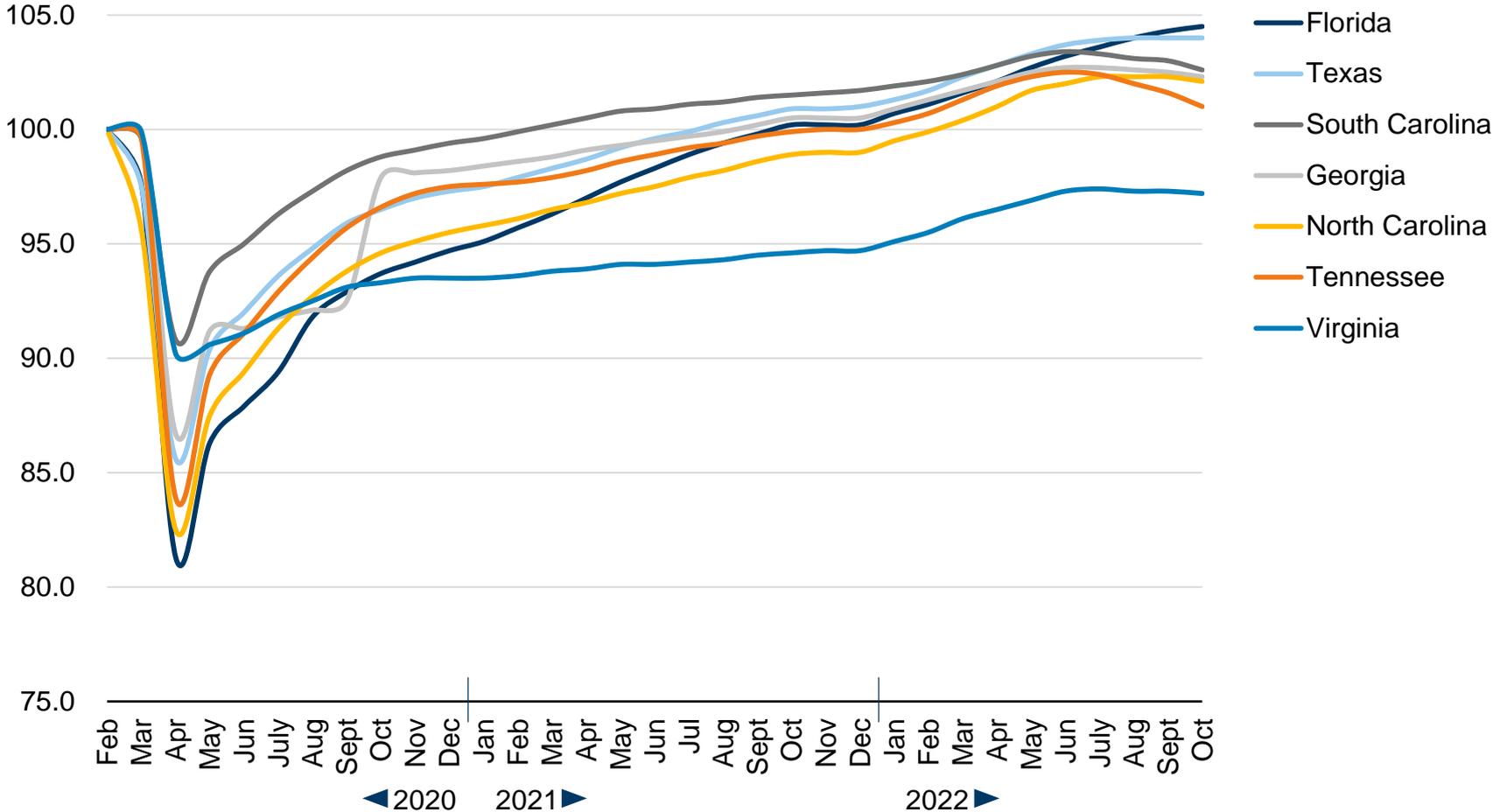
Millions of employed persons, Feb '20 – Oct '22, seasonally adjusted



# DESPITE RECENT PROGRESS, VIRGINIA HAS UNDERPERFORMED DURING RECOVERY COMPARED WITH ASPIRATIONAL GROWTH STATES

## Virginia employment compared to aspirational growth states

Employment level, Feb '20 – Oct '22, seasonally adjusted, indexed to Feb '20 levels

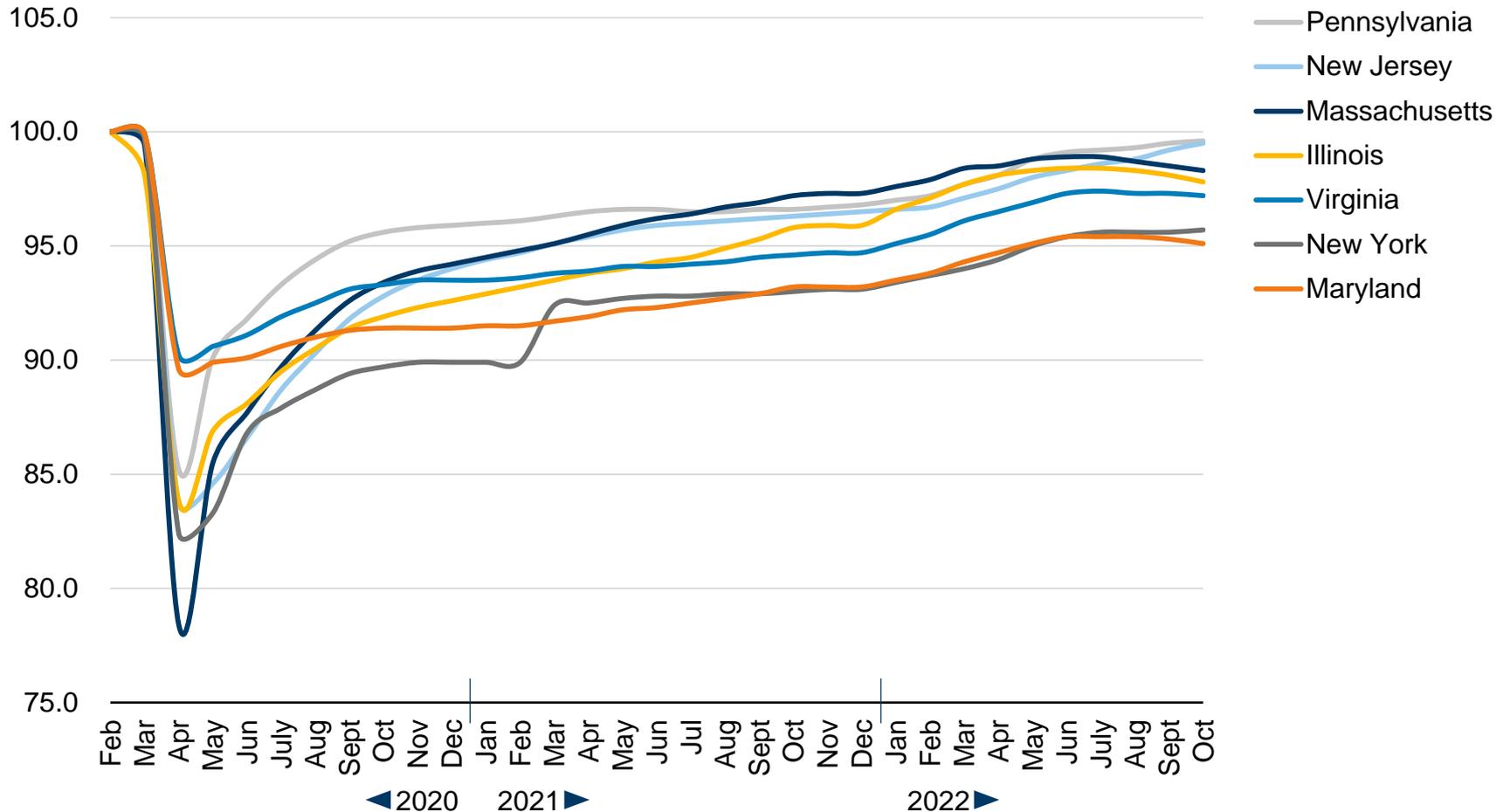


Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

# VIRGINIA'S RECOVERY HAS BEEN MORE ALIGNED WITH HIGH-COST STATES LIKE ILLINOIS OR NEW YORK

## Virginia employment compared to high-cost states

Employment level, Feb '20 – Oct '22, seasonally adjusted, indexed to Feb '20 levels



## VIRGINIA RANKS BELOW ALMOST ALL BENCHMARK STATES IN TERMS OF PERCENT OF RECOVERED JOBS

State	Employment lost (Feb – Apr / May '20)	Employment recovered (by Oct '22)	Recovered %	Recovery rank
South Carolina	207,321	265,806	128%	11
Texas	1,943,450	2,480,337	128%	12
Florida	1,868,820	2,321,044	124%	13
Georgia	667,621	783,419	117%	15
North Carolina	843,777	944,686	112%	17
Tennessee	517,770	550,647	106%	22
Pennsylvania	919,678	894,962	97%	29
New Jersey	740,915	719,245	97%	30
Massachusetts	794,612	733,816	92%	35
Illinois	1,015,011	879,072	87%	39
New York	1,674,458	1,265,223	76%	43
<b>Virginia</b>	<b>427,490</b>	<b>307,195</b>	<b>72%</b>	<b>45</b>
Maryland	335,184	175,427	52%	49

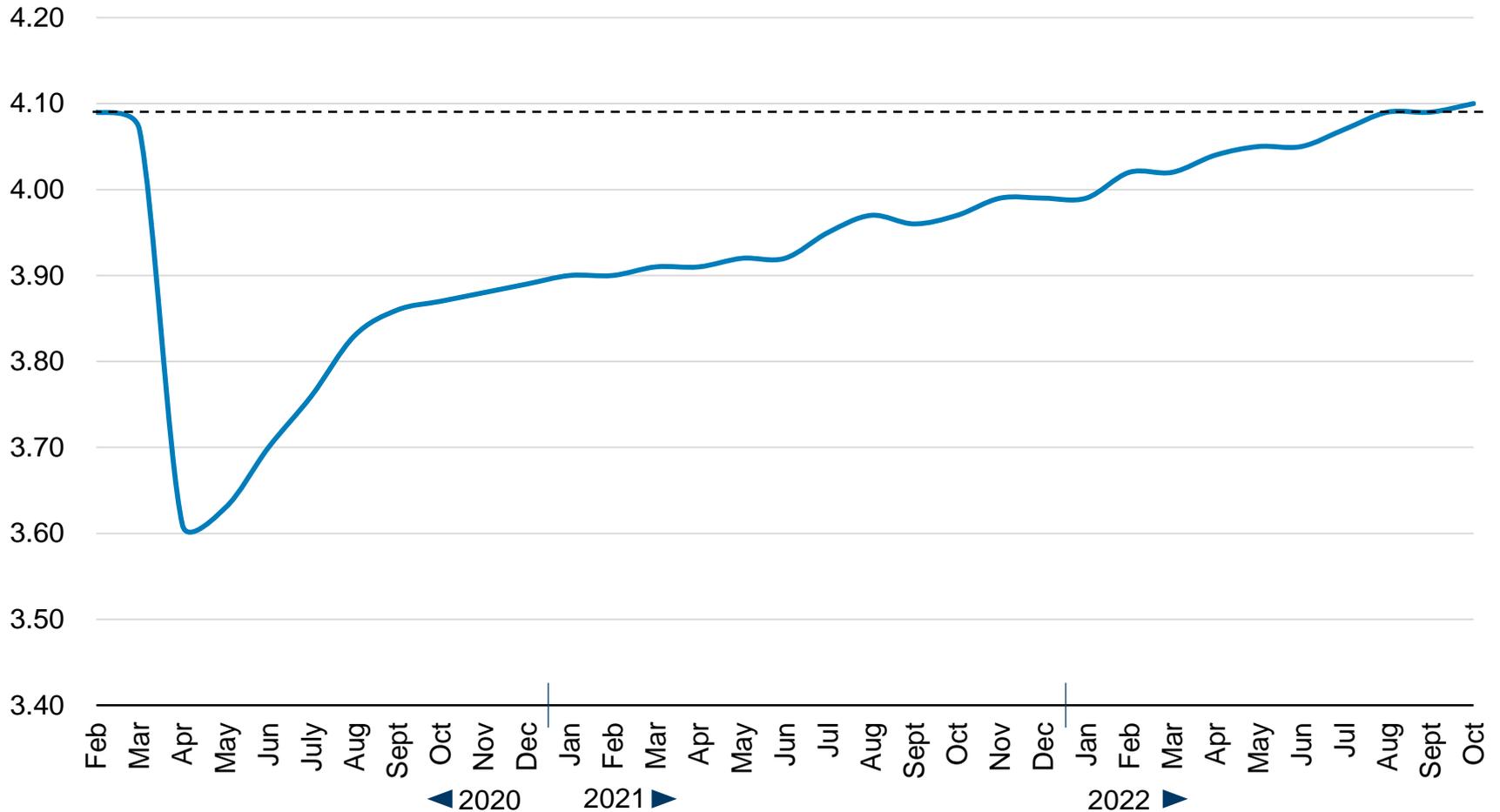
## VIRGINIA HAS SEEN AN UPTICK IN EMPLOYMENT GROWTH SINCE JANUARY 2022, RANKING NO. 18 NATIONALLY FOR THIS PERIOD

State	Jan '22 – Oct '22 employment change	Jan '22 – Oct '22 % change	State rank
Florida	379,571	3.8%	3
New Jersey	133,459	3.0%	5
Pennsylvania	162,453	2.7%	12
Texas	357,363	2.6%	13
North Carolina	123,920	2.6%	14
New York	216,661	2.4%	15
<b>Virginia</b>	<b>92,673</b>	<b>2.2%</b>	<b>18</b>
Maryland	50,314	1.7%	28
Georgia	69,507	1.4%	31
Illinois	77,410	1.3%	33
Massachusetts	27,850	0.8%	39
Tennessee	22,004	0.7%	40
South Carolina	15,538	0.7%	41

# WHILE EMPLOYMENT REMAINS BELOW PRE-C19 LEVELS, NON-FARM PAYROLL JOBS MARKED AN IMPORTANT MILESTONE IN SEPTEMBER

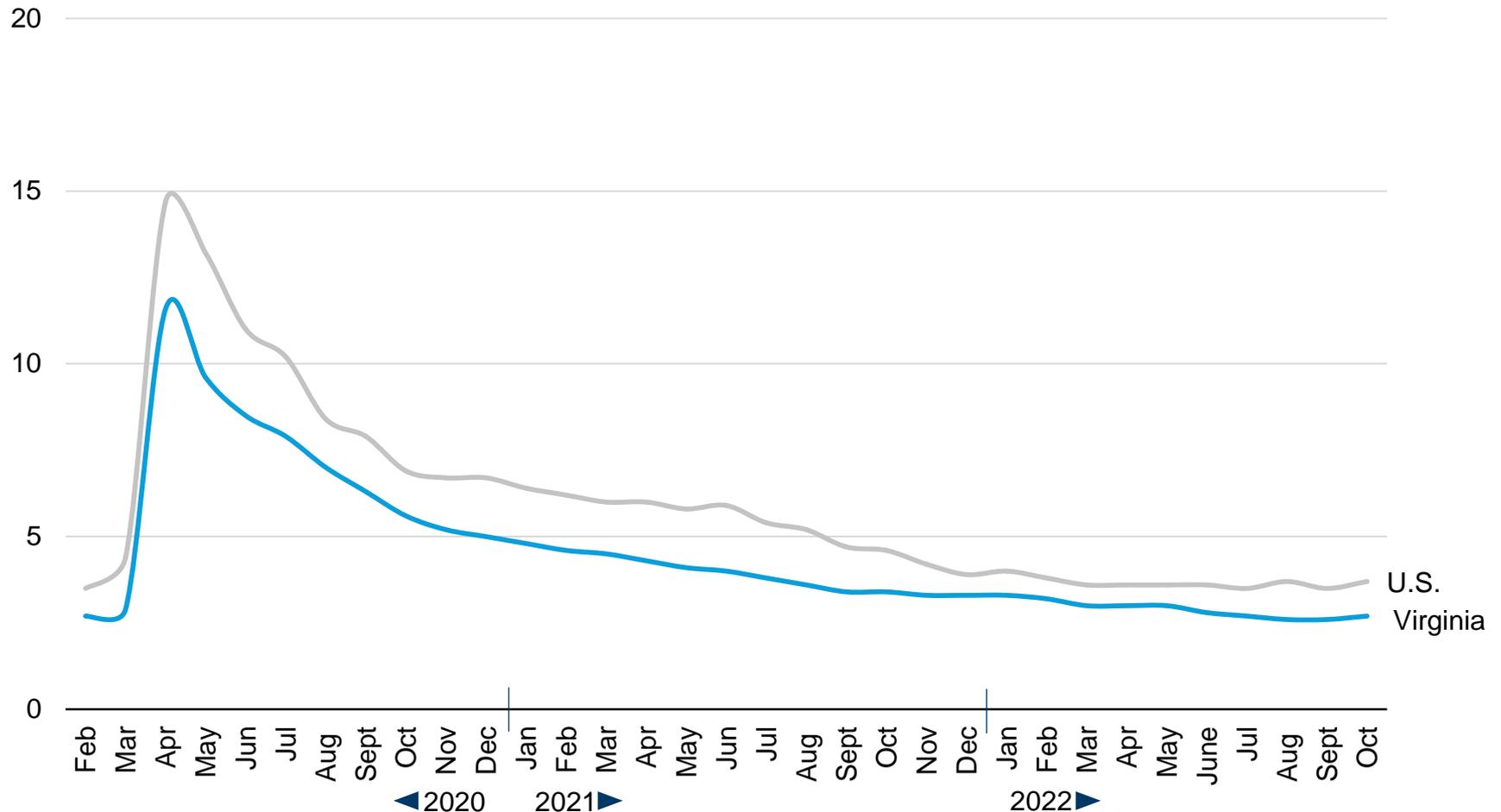
## Virginia non-farm payroll employment

Millions of non-farm payroll jobs, Feb '20 – Oct '22, seasonally adjusted



# VIRGINIA UNEMPLOYMENT RATE HAS REMAINED AT HISTORICALLY LOW LEVELS IN RECENT MONTHS

**Monthly unemployment rate for the U.S. and Virginia**  
 % labor force unemployed, Feb '20 – Oct '22, seasonally adjusted



Source: Current Population Survey (U.S. rate); Local Area Unemployment Statistics (state data)

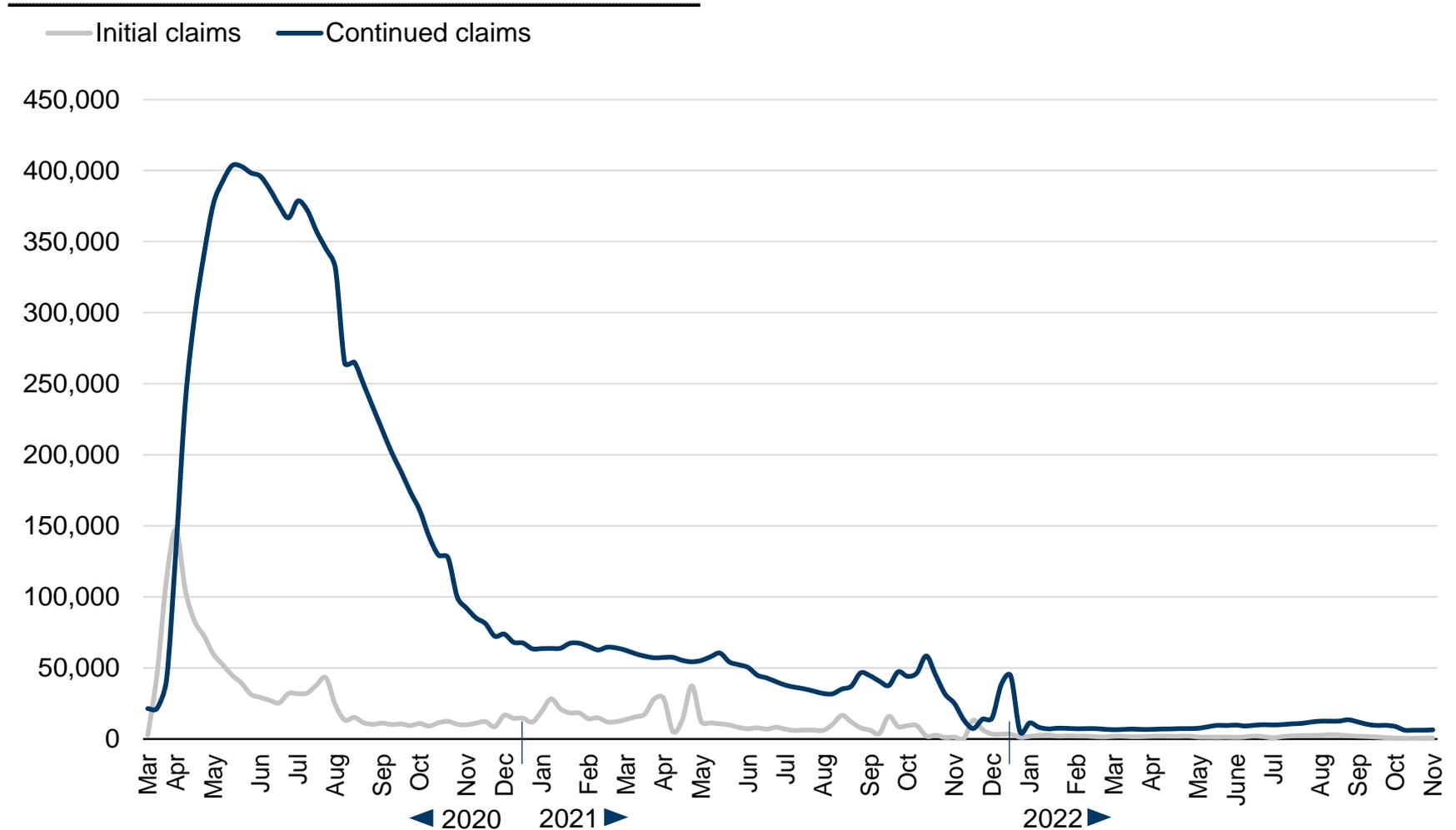
# VIRGINIA UNEMPLOYMENT RATE HAS CONSISTENTLY BEEN LOWER THAN MOST BENCHMARK STATES

State	April 2020 unemployment (%)	State rank	October 2022 unemployment (%)	State rank
<b>Virginia</b>	<b>11.6</b>	<b>15</b>	<b>2.7</b>	<b>9</b>
Florida	13.2	26	2.7	9
Georgia	12.3	22	2.9	13
South Carolina	11.6	15	3.3	18
New Jersey	15.5	35	3.5	24
Tennessee	15.9	37	3.5	24
Massachusetts	17.1	46	3.5	24
North Carolina	14.2	32	3.8	31
Texas	12.6	23	4.0	36
Pennsylvania	16.5	42	4.0	36
New York	16.2	39	4.4	46
Maryland	9.5	8	4.5	47
Illinois	17.4	47	4.6	49

# WEEKLY INITIAL AND CONTINUED UI CLAIMS PROGRESSIVELY RETURNED TO PRE-PANDEMIC LEVELS BY 2022

## Unemployment Insurance (UI) claims

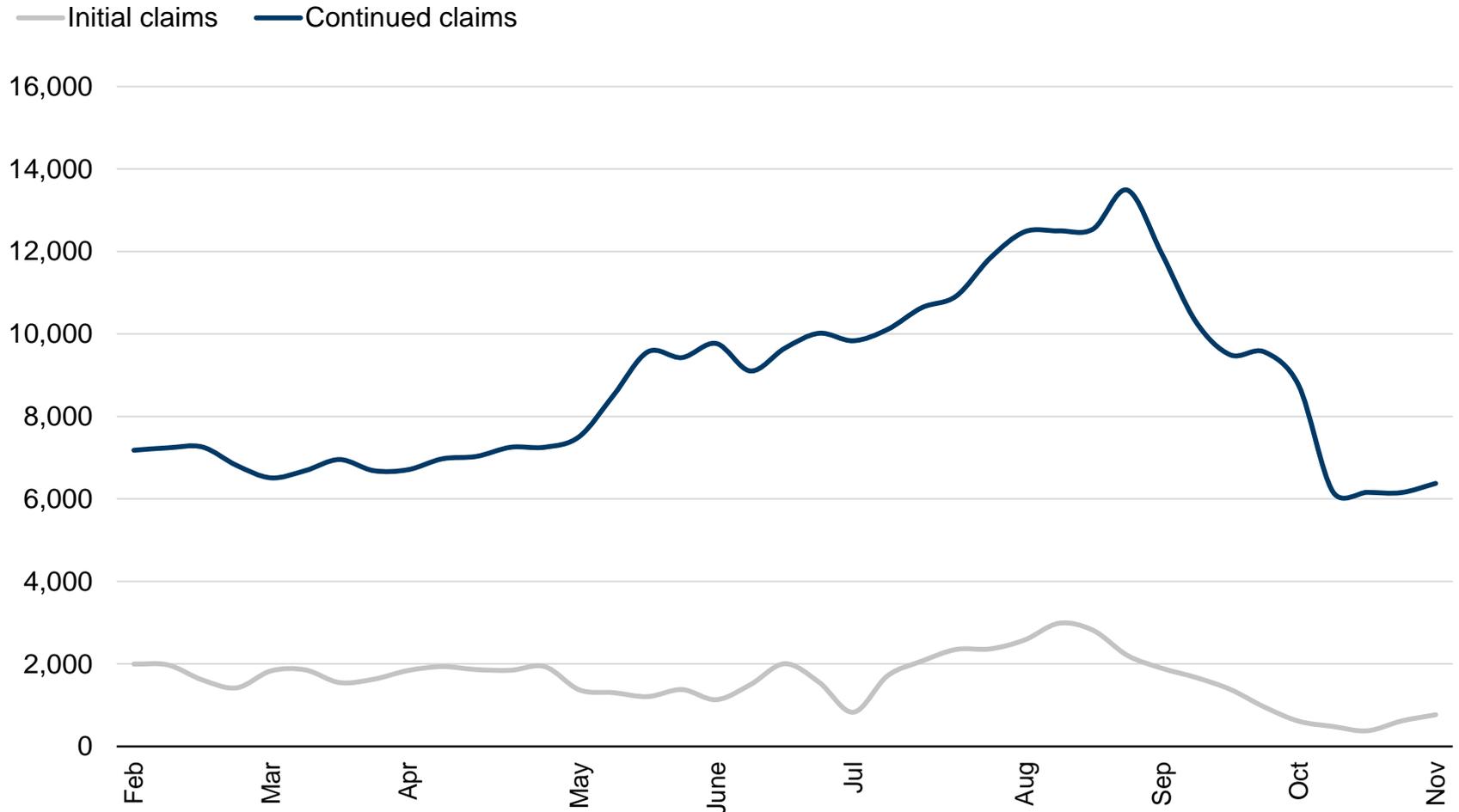
Weekly claims, Mar '20 – Oct '22, not seasonally adjusted



# CONTINUED CLAIMS SPIKED OVER SUMMER IN WORRYING TREND, BUT HAVE RETURNED TO 'NORMAL' LEVELS

## Unemployment Insurance (UI) claims in Virginia

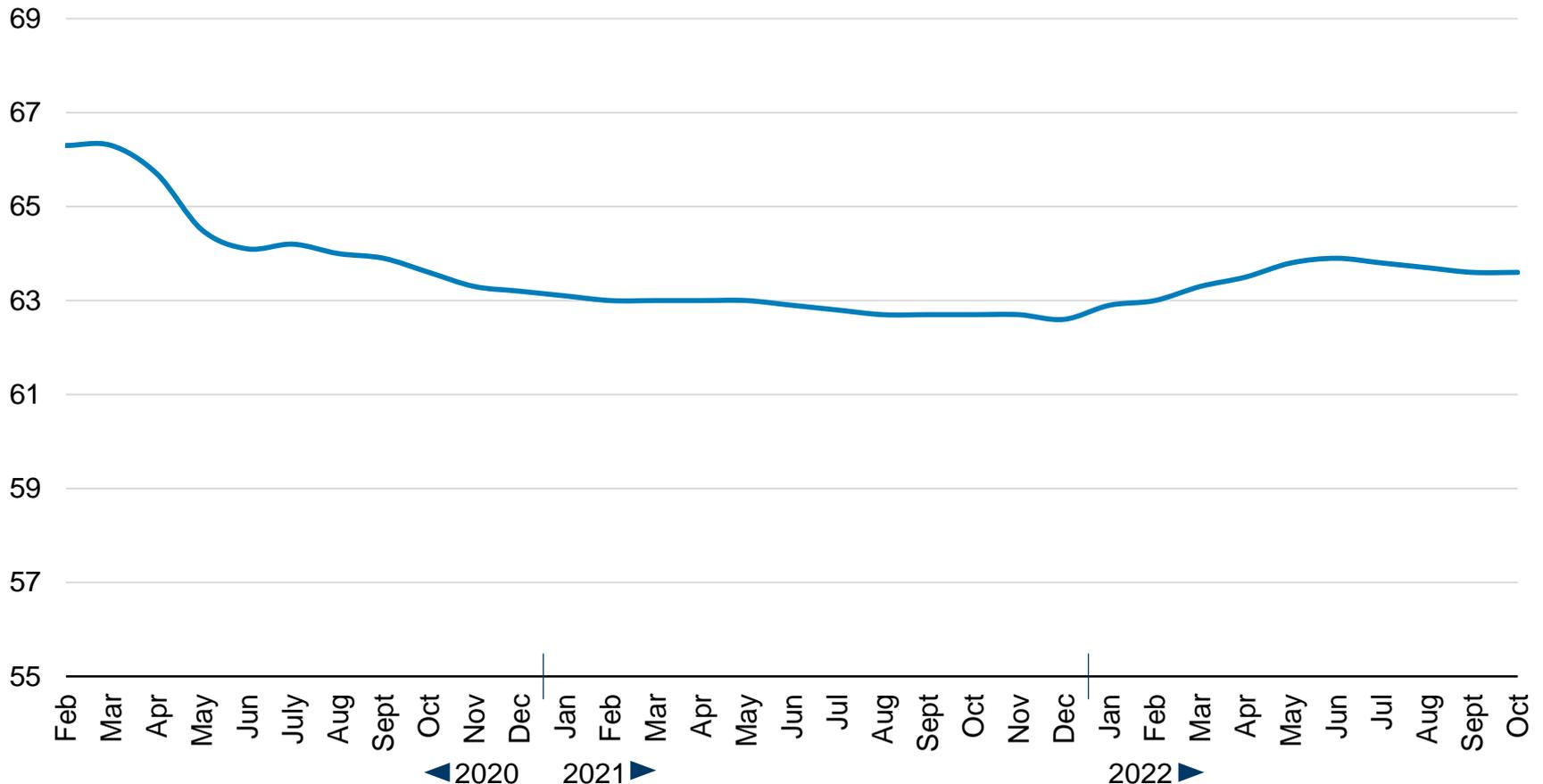
Weekly claims, Feb '22 – Oct '22, not seasonally adjusted



# VIRGINIA'S LABOR FORCE PARTICIPATION RATE HAS TRENDED UP IN FIRST HALF OF 2022, BUT BEGUN TO STALL IN RECENT MONTHS

## Virginia labor force participation rate

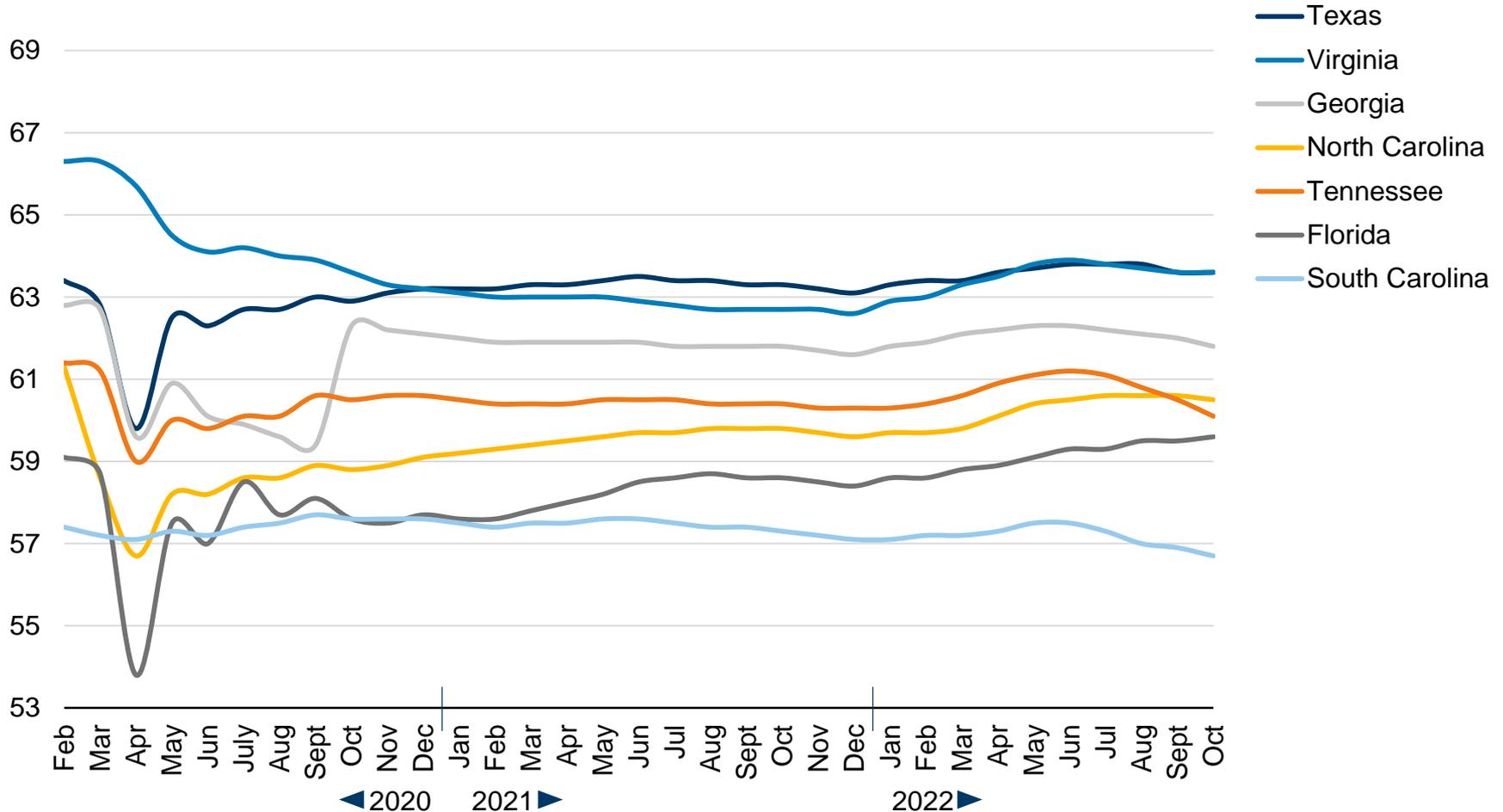
%, employed & unemployed as a % of the civilian population, Feb '20 – Oct '22, seasonally adjusted



# WHILE HAVING HISTORICALLY LOWER PARTICIPATION RATES, ASPIRATIONAL GROWTH STATES HAVE SEEN QUICKER RECOVERY

## Virginia labor force participation rate compared to aspirational growth states

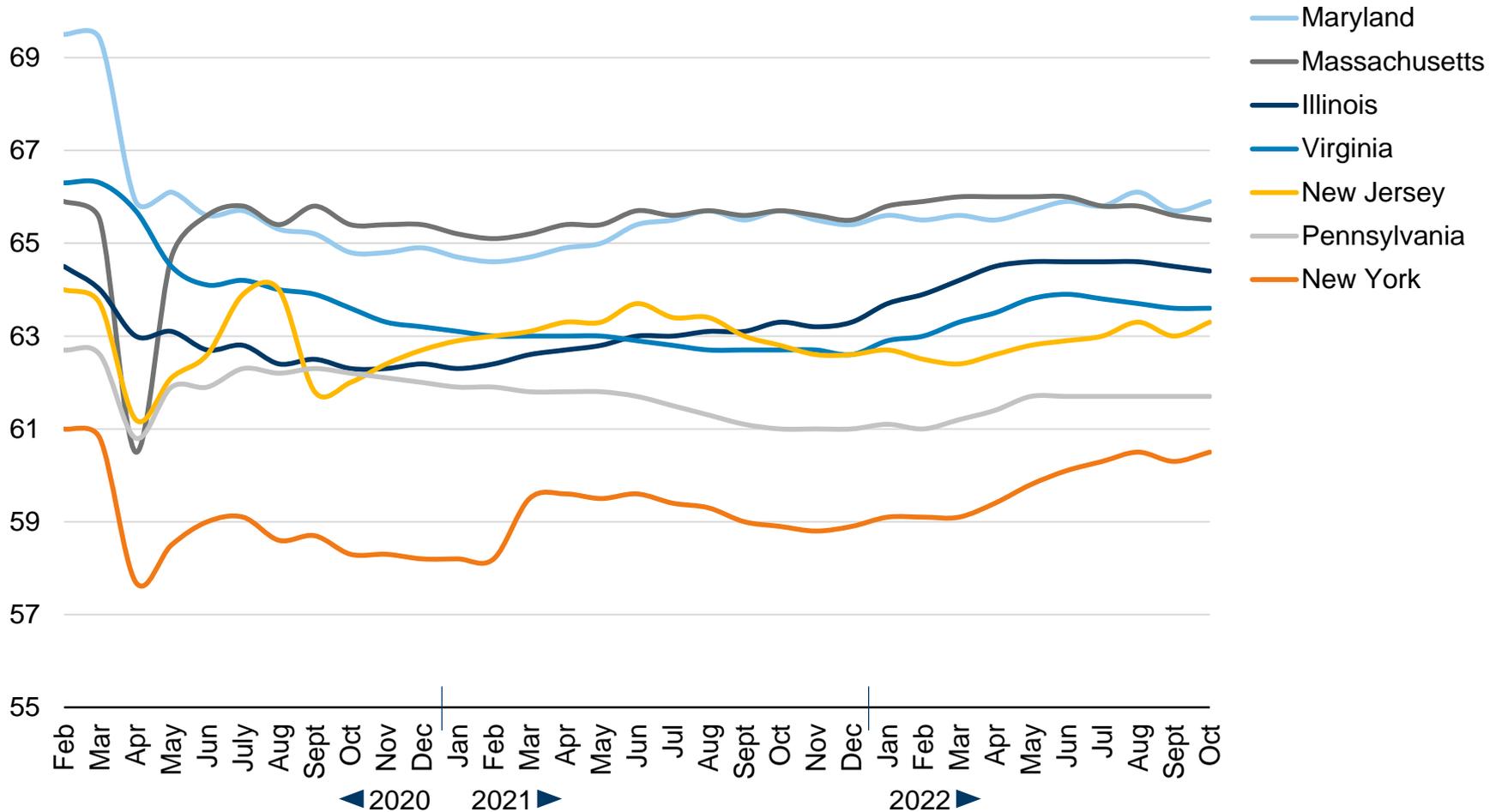
% , employed & unemployed as a % of the civilian population, Feb '20 – Oct '22, seasonally adjusted



# EVEN MOST HIGH-COST STATES – WITH THE EXCEPTION OF MD – HAVE SEEN STRONGER RECOVERY OF PARTICIPATION RATES

## Virginia labor force participation rate compared to high-cost states

% of employed & unemployed as a % of the civilian population, Feb '20 – Oct '22, seasonally adjusted



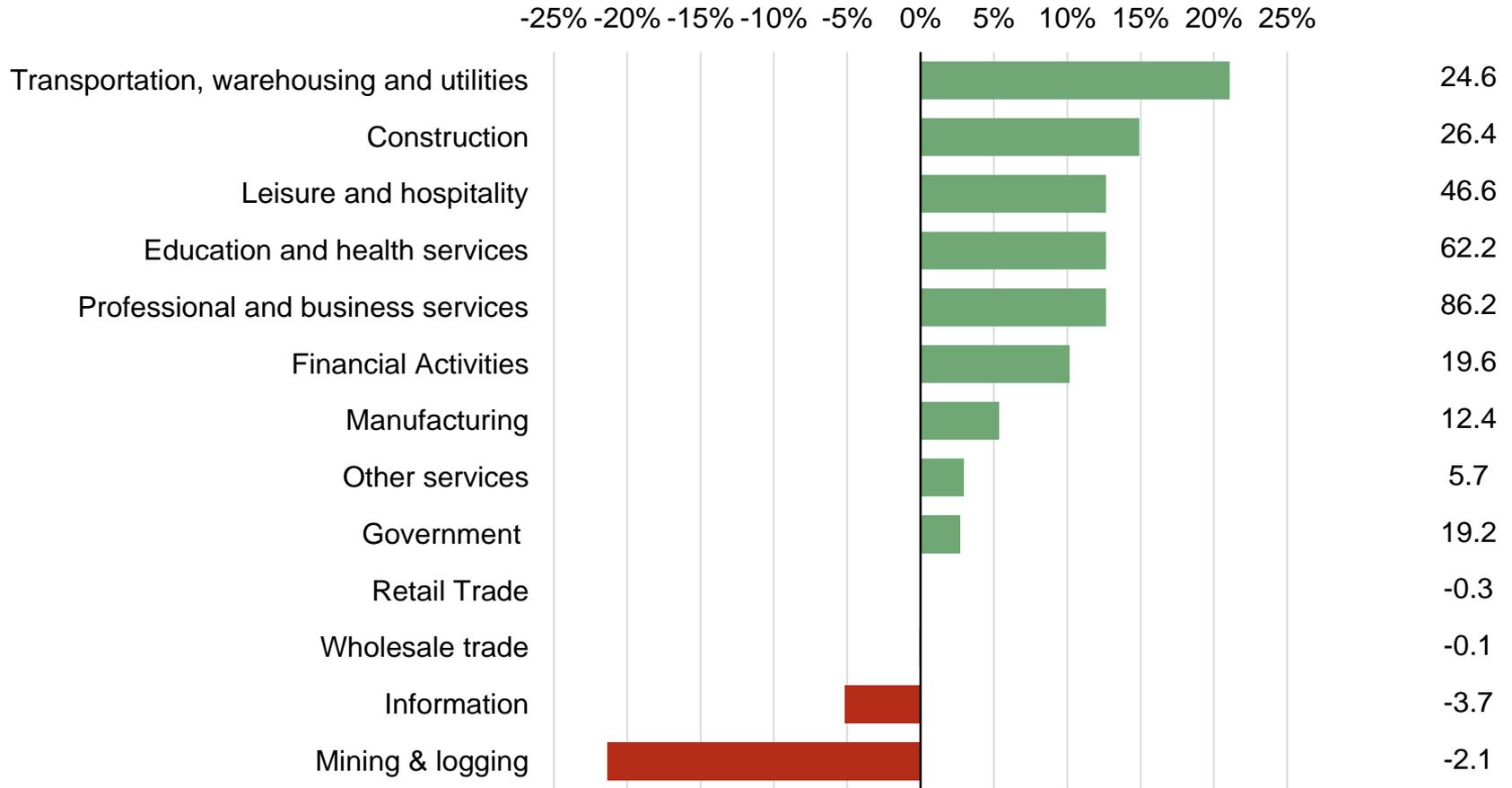
## WHILE VIRGINIA LABOR FORCE PARTICIPATION RATE HAS DROPPED SIGNIFICANTLY, IT RANKS HIGHER THAN MOST BENCHMARK STATES

State	Pre-pandemic (2019 avg.) (%)	State rank	October 2022 (%)	State rank
Maryland	68.6	8	65.9	10
Massachusetts	66.9	12	65.5	13
Illinois	64.9	19	64.4	17
<b>Virginia</b>	<b>66.3</b>	<b>16</b>	<b>63.6</b>	<b>19</b>
Texas	63.7	27	63.6	19
New Jersey	63.8	26	63.3	21
Georgia	62.8	31	61.8	29
Pennsylvania	63.0	30	61.7	30
North Carolina	61.5	39	60.5	38
New York	60.9	42	60.5	38
Tennessee	61.9	36	60.1	40
Florida	59.4	43	59.6	42
South Carolina	58.0	48	56.7	47

# A MAJORITY OF SUPERSECTORS IN VIRGINIA SAW GROWTH FROM 2013 TO 2019, JUST BEFORE THE ONSET OF THE PANDEMIC

**Virginia employment change 2013 – 2019 by supersector**  
 % non-farm payroll employment change from 2013 – 2019, seasonally adjusted

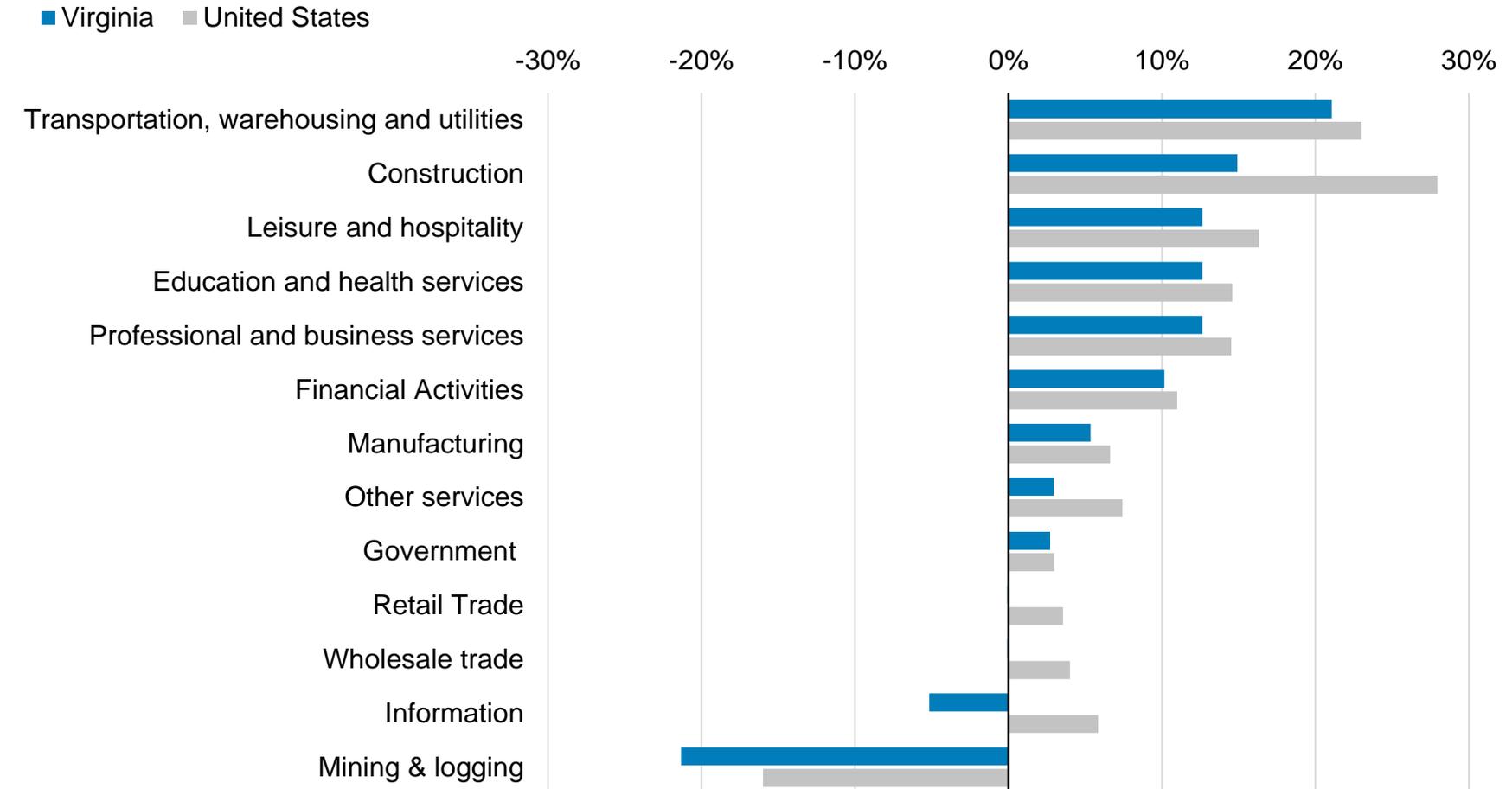
**Change in # jobs**  
 Thousands of jobs



# HOWEVER, VIRGINIA UNDERPERFORMED U.S. GROWTH LEVELS IN EVERY SUPERSECTOR DURING THIS PERIOD

## Virginia & U.S. employment change 2013 – 2019 by supersector

% non-farm payroll employment change from 2013 – 2019, seasonally adjusted

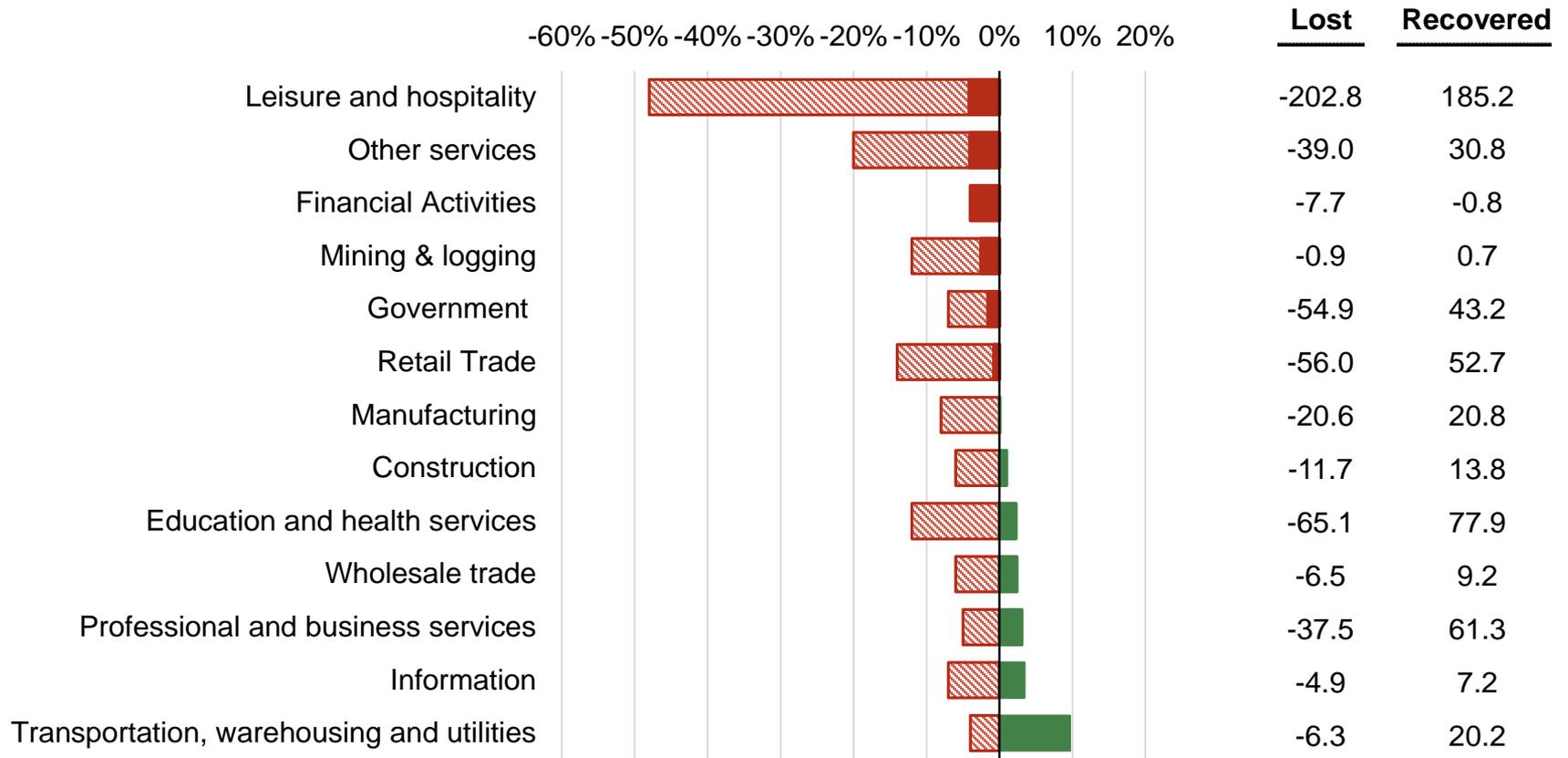


# EMPLOYMENT HAS FULLY RECOVERED IN SEVEN INDUSTRIES, BUT REMAINS BELOW PRE-COVID LEVELS IN SIX OTHERS

**Virginia employment change since Feb '20 by supersector**  
 % non-farm payroll employment change from Feb '20 – Oct '22, seasonally adjusted

**Change in # jobs since Feb<sup>1</sup>**  
 Thousands of jobs

▨ Lowest employment level   ■ Current employment level

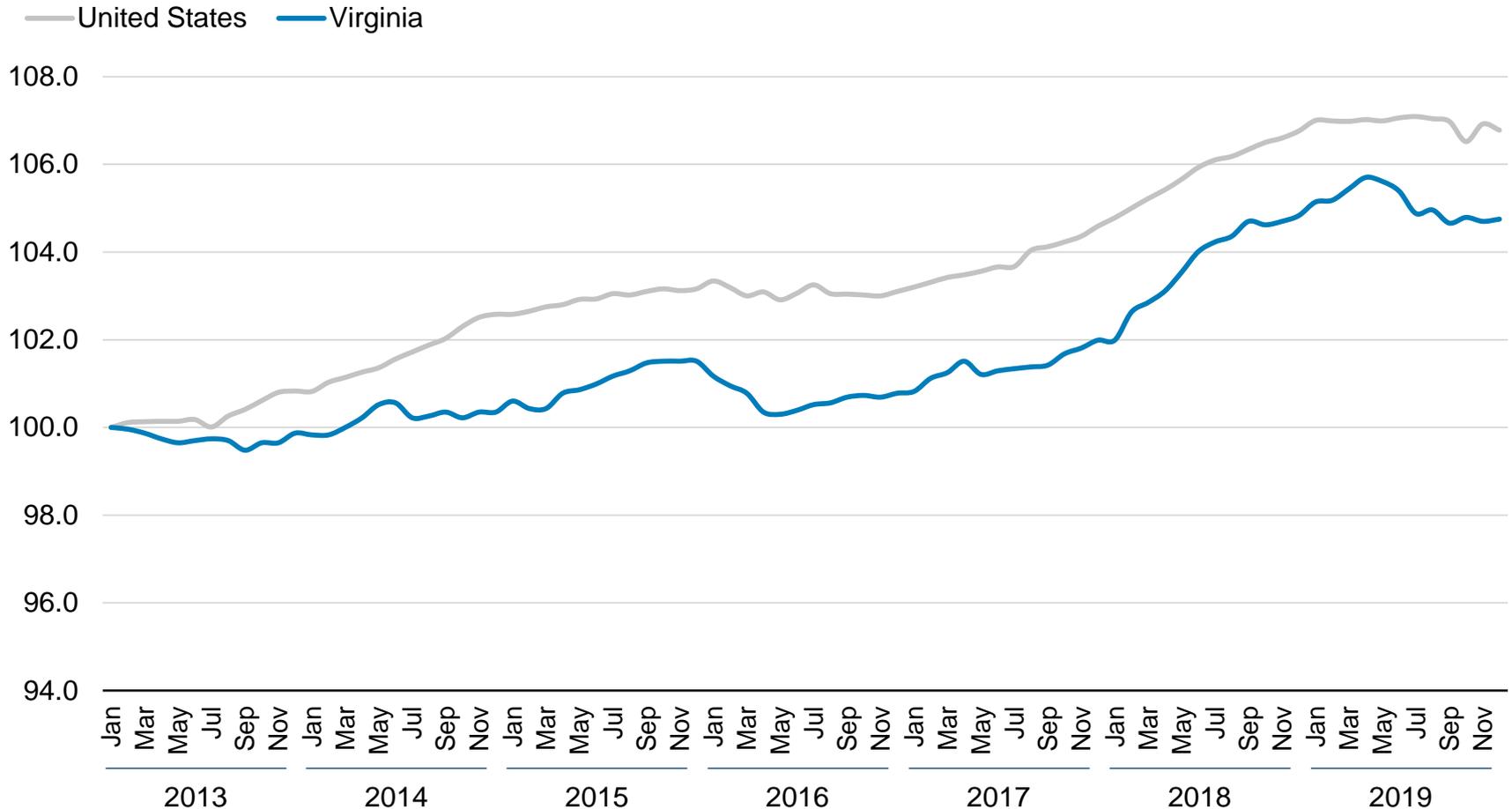


<sup>1</sup>Jobs lost at / recovered since lowest employment level for industry. Industry sub-totals do not equal state total due to differing time frames

# GROWTH IN VIRGINIA MANUFACTURING EMPLOYMENT LAGGED NATIONAL LEVEL IN YEARS BEFORE THE PANDEMIC

## Virginia and U.S. manufacturing employment

Employed persons in manufacturing, 2013 – 2019, seasonally adjusted, indexed to January 2013 levels

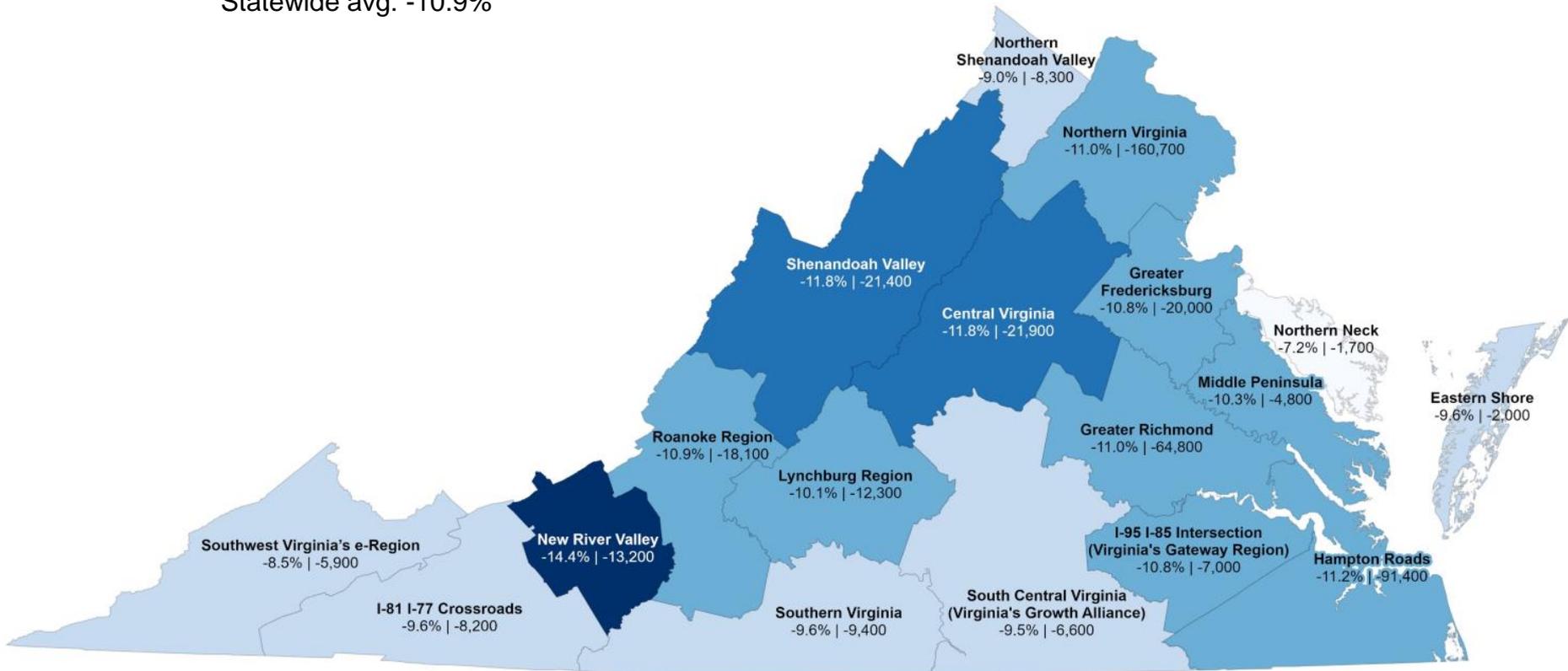


## GROWTH OF VIRGINIA'S MANUFACTURING WORKFORCE LAGGED PRIOR TO PANDEMIC, AND HAS NOT FARED WELL DURING COVID-19

State	CAGR % (2013 – 2019)	State rank	Pandemic % change (Feb '20 – Oct '22)	State rank
Florida	3.0	3	8.4	4
Tennessee	2.0	13	2.8	9
Georgia	2.2	9	2.2	15
Texas	0.6	36	2.1	16
South Carolina	2.4	5	1.6	20
Maryland	0.6	35	1.1	22
North Carolina	1.2	21	0.6	24
<b>Virginia</b>	<b>0.9</b>	<b>30</b>	<b>0.1</b>	<b>27</b>
Illinois	0.2	41	-0.2	31
Massachusetts	-0.2	45	-0.3	32
Pennsylvania	0.3	40	-0.4	33
New Jersey	0.7	34	-2.1	41
New York	-0.6	48	-3.4	45
<b>United States</b>	<b>1.1</b>	<b>-</b>	<b>1.1</b>	<b>-</b>

# EMPLOYMENT LOSSES PEAKED IN APRIL / MAY 2020, IMPACTING REGIONS TO DIFFERENT DEGREES

**Employment change from February to April / May<sup>1</sup> 2020**  
 % | absolute employment change, not seasonally adjusted

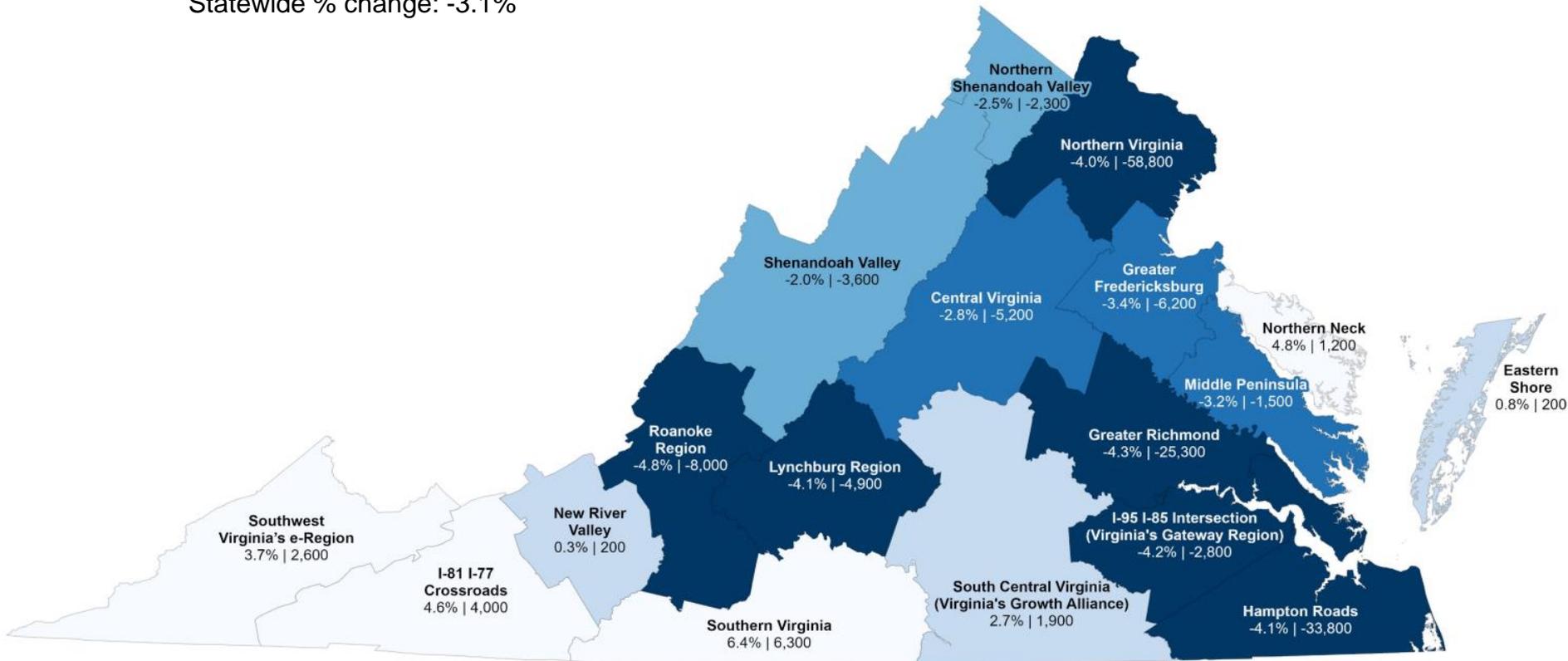


<sup>1</sup>Employment losses peaked in May for all regions except Northern Neck, where it peaked the preceding month

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

# VIRGINIA HAS SEEN PROGRESSIVE RECOVERY OF JOBS LOST, BUT NOT ALL REGIONS HAVE RECOVERED TO THE SAME EXTENT

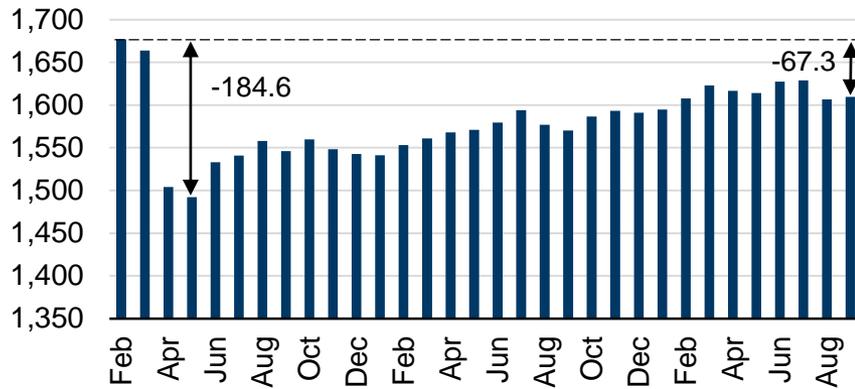
**Employment change from Feb '20 - Sept '22**  
 % | absolute employment change, not seasonally adjusted



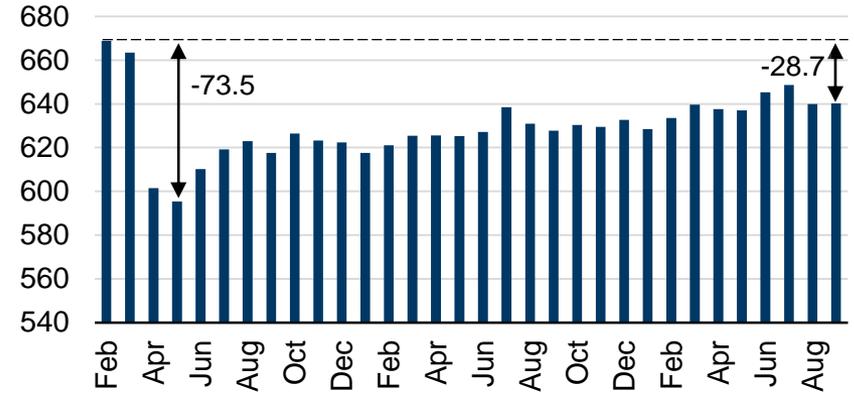
Note: Data through September 2022 due to data lags  
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

# VIRGINIA REGIONAL EMPLOYMENT FEBRUARY 2020 – SEPTEMBER 2022: MAJOR METRO AREAS LAGGING

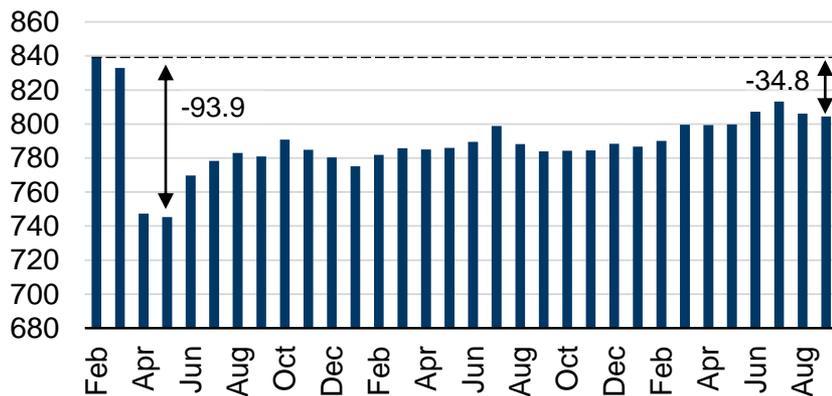
## Northern Virginia



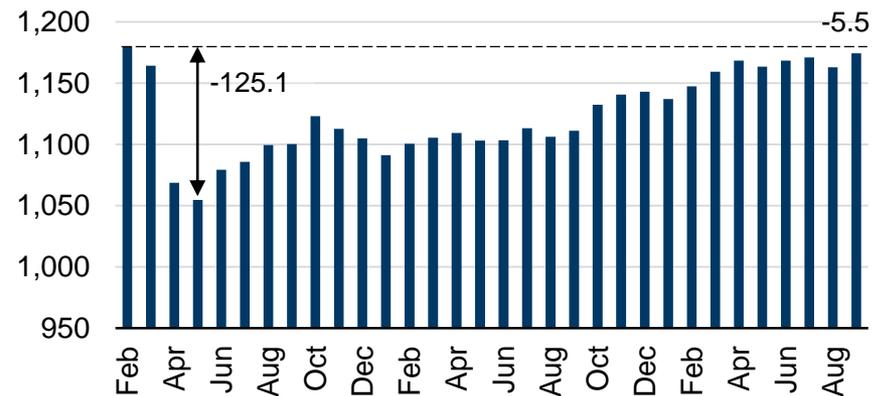
## Richmond



## Hampton Roads



## Balance of state



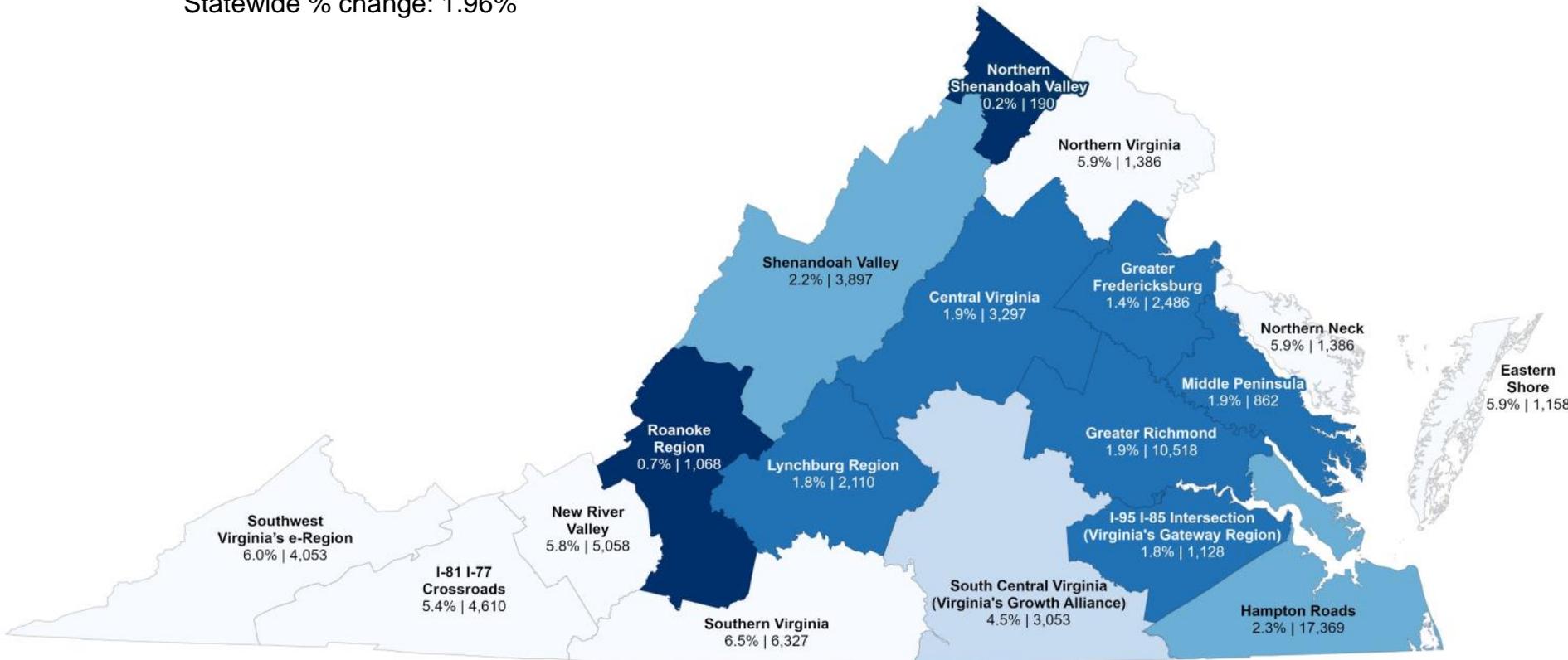
Note: Data through September 2022 due to data lags

Note: regions based on Metropolitan Statistical Areas – differ slightly from regions used on previous slides

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

# RURAL VIRGINIA HAS LED EMPLOYMENT GROWTH SINCE JANUARY 2022

**Year-to-date employment change (Jan '22 - Sept '22)**  
 % | absolute employment change, not seasonally adjusted

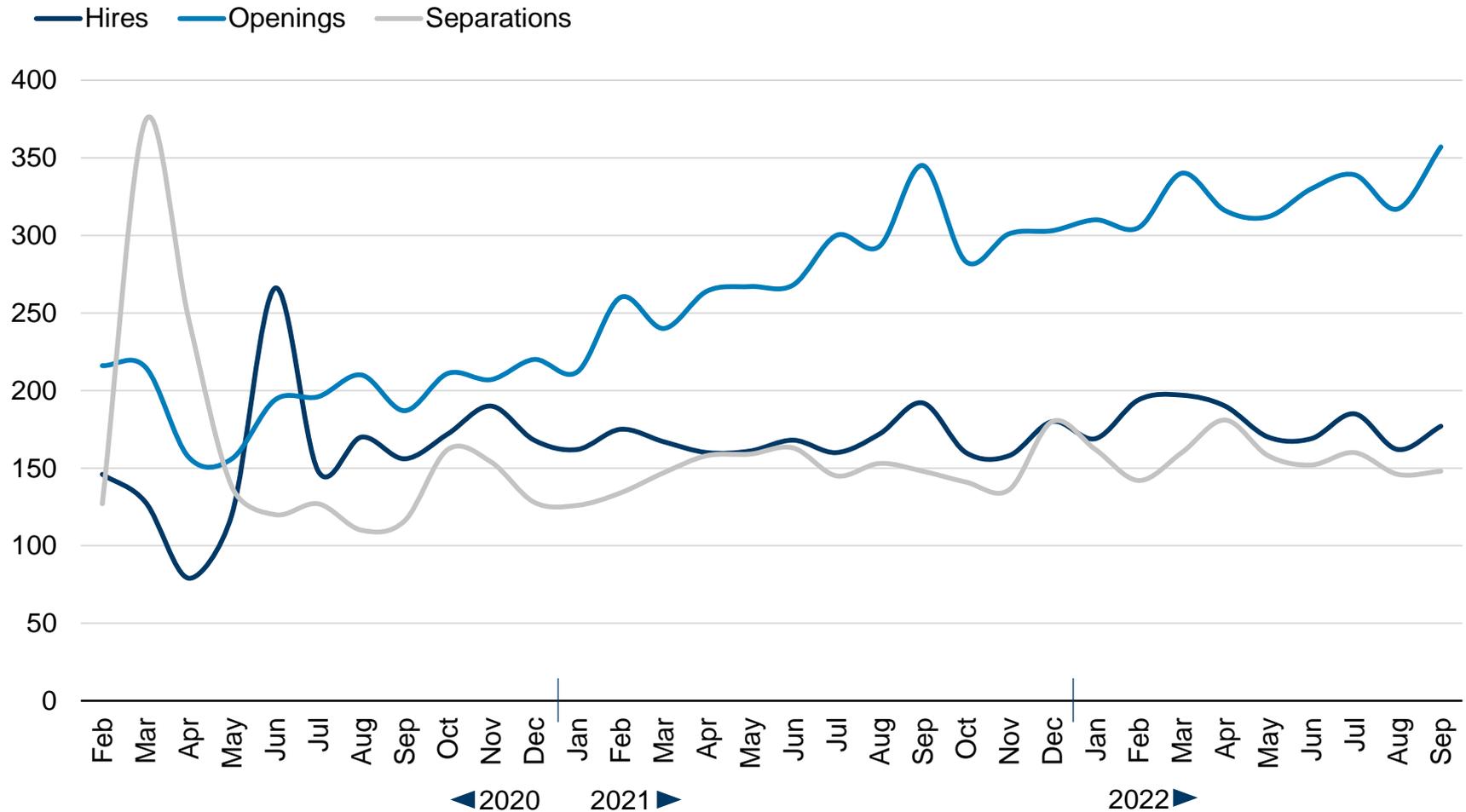


Note: Data through September 2022 due to data lags  
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

# JOB OPENINGS HAVE CONTINUED TO RISE OVER THE COURSE OF 2021 AND 2022, REACHING HISTORIC HEIGHTS

## Monthly hires, openings, and separations in Virginia

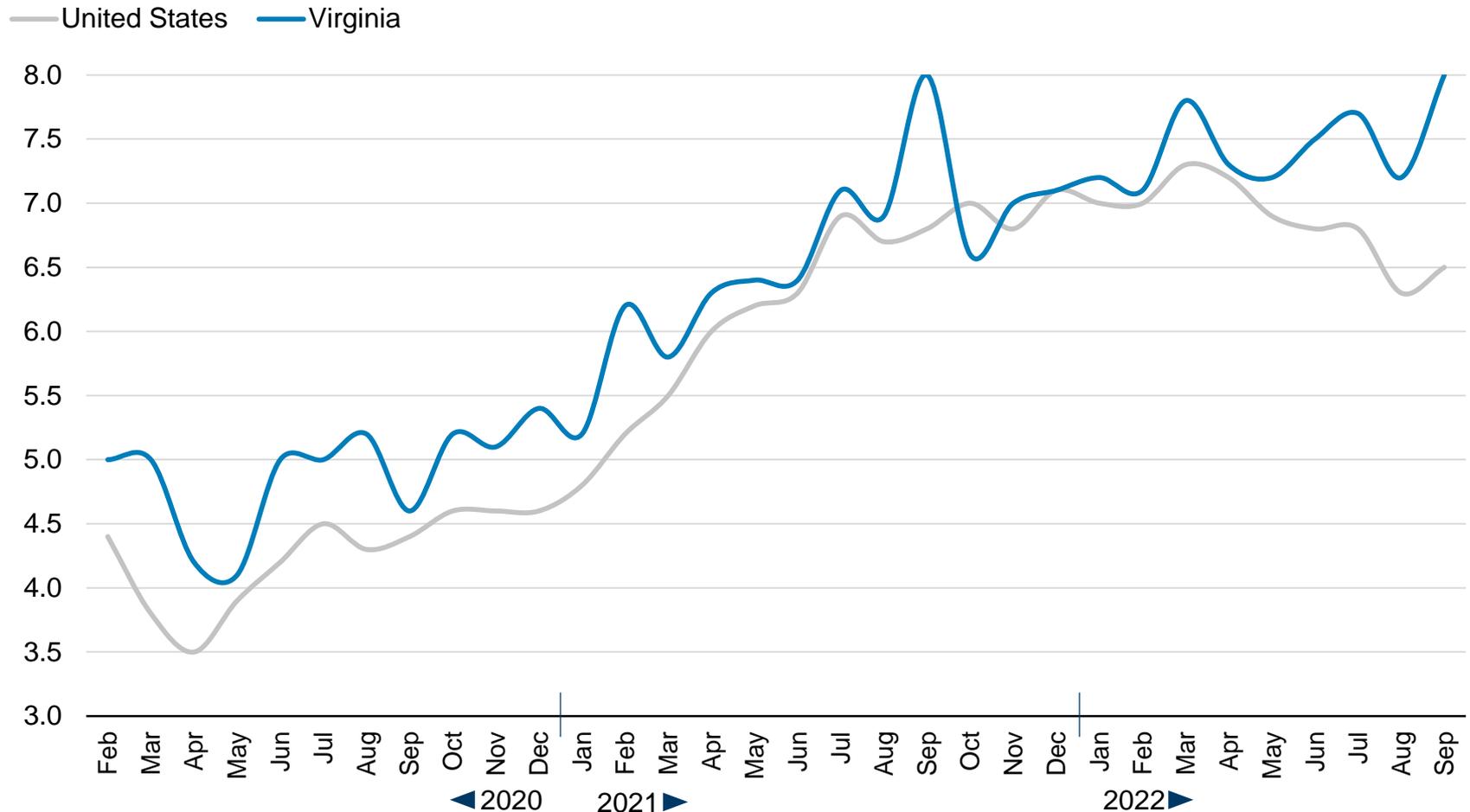
Thousands of hires, openings, and separations, Feb '20 – Sept '22, seasonally adjusted



# VIRGINIA HAS SEEN A HIGHER OPENINGS RATE THAN AT NATIONAL LEVEL, INDICATING RELATIVELY DIFFICULT HIRING CONDITIONS

## Monthly openings rate in Virginia and the U.S.

Number of openings as a percent of total employment, Feb '20 – Sept '22, seasonally adjusted



# TECH, HEALTHCARE AND RETAIL OCCUPATIONS ARE AMONG THE MOST IN DEMAND IN VIRGINIA AT PRESENT

## Active job postings in Virginia (September/October 2022)

Occupation group (2-digit SOC)	Unique active postings	Postings per 100 existing workers	Companies competing
Computer and Mathematical Occupations	60,403	27	4,762
Healthcare Practitioners and Technical Occupations	49,235	22	3,270
Management Occupations	48,092	24	7,492
Sales and Related Occupations	38,295	10	4,304
Office and Administrative Support Occupations	34,191	7	7,122
Business and Financial Operations Occupations	31,334	10	4,749
Food Preparation and Serving Related Occupations	22,961	8	2,144
Transportation and Material Moving Occupations	19,447	6	2,815
Installation, Maintenance, and Repair Occupations	15,832	10	2,545
Healthcare Support Occupations	13,018	9	1,949
Architecture and Engineering Occupations	12,352	16	1,835
Educational Instruction and Library Occupations	11,823	5	1,313

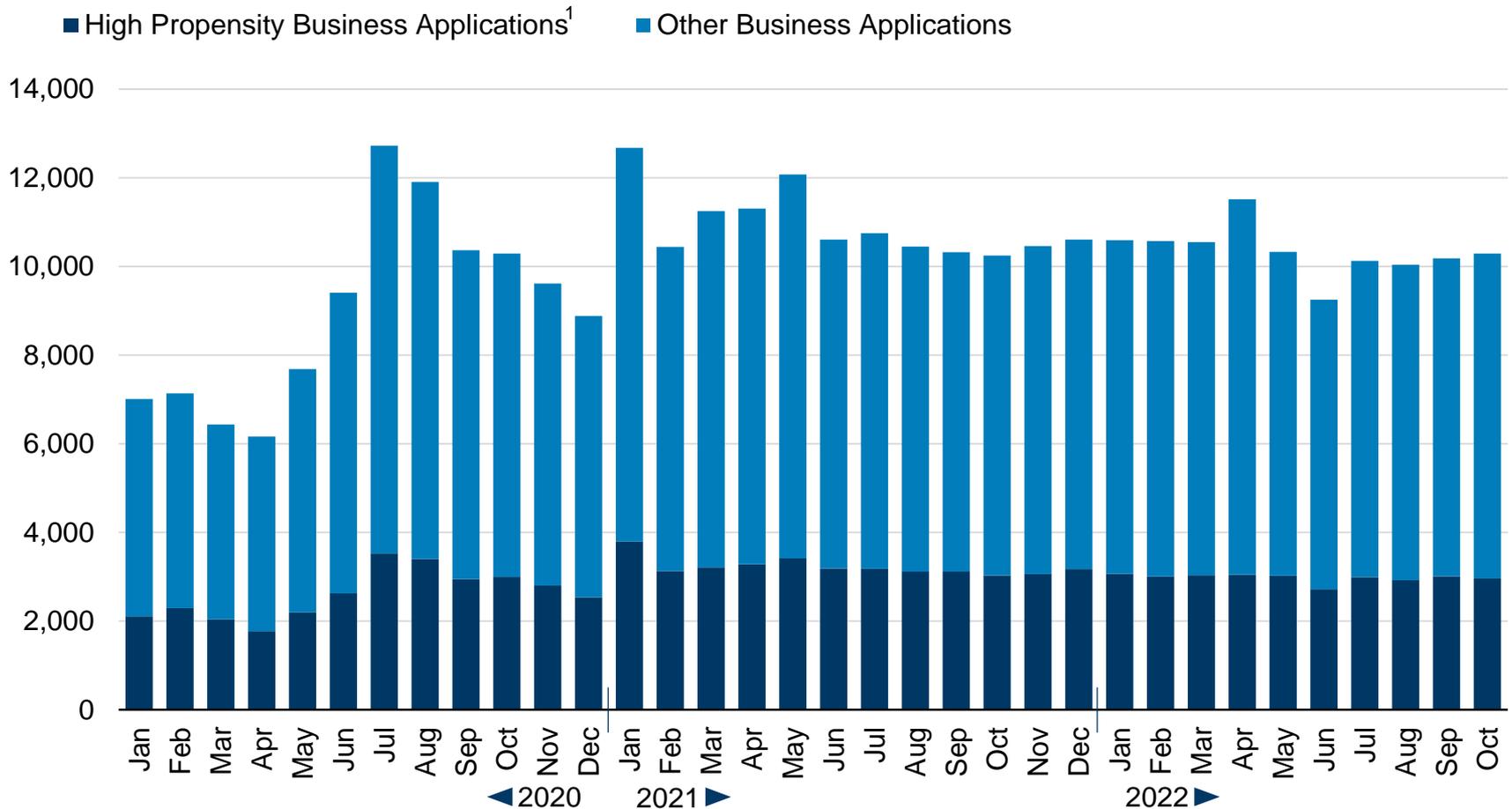
## JOB OPENINGS RATE RELATIVE TO BENCHMARK STATES

State	Feb 2020 openings rate (%)	State rank	Sept 2022 openings rate (%)	State rank
New York	3.9	1	5.3	1
New Jersey	4.4	15	5.6	2
Pennsylvania	4.1	7	5.8	4
Florida	4.4	15	6.0	8
North Carolina	4.8	36	6.6	17
Illinois	4.1	7	6.7	24
Maryland	5.2	46	6.8	28
South Carolina	4.5	23	6.9	31
Texas	3.9	1	7.0	34
Tennessee	4.9	39	7.3	42
Massachusetts	4.7	31	7.3	42
Georgia	4.6	30	7.7	47
<b>Virginia</b>	<b>5.0</b>	<b>40</b>	<b>8.0</b>	<b>49</b>

# MONTHLY BUSINESS APPLICATIONS IN VIRGINIA REMAIN AT HISTORICALLY ELEVATED LEVELS

## Virginia business applications

Monthly business applications, Jan '20 – Oct '22, seasonally adjusted

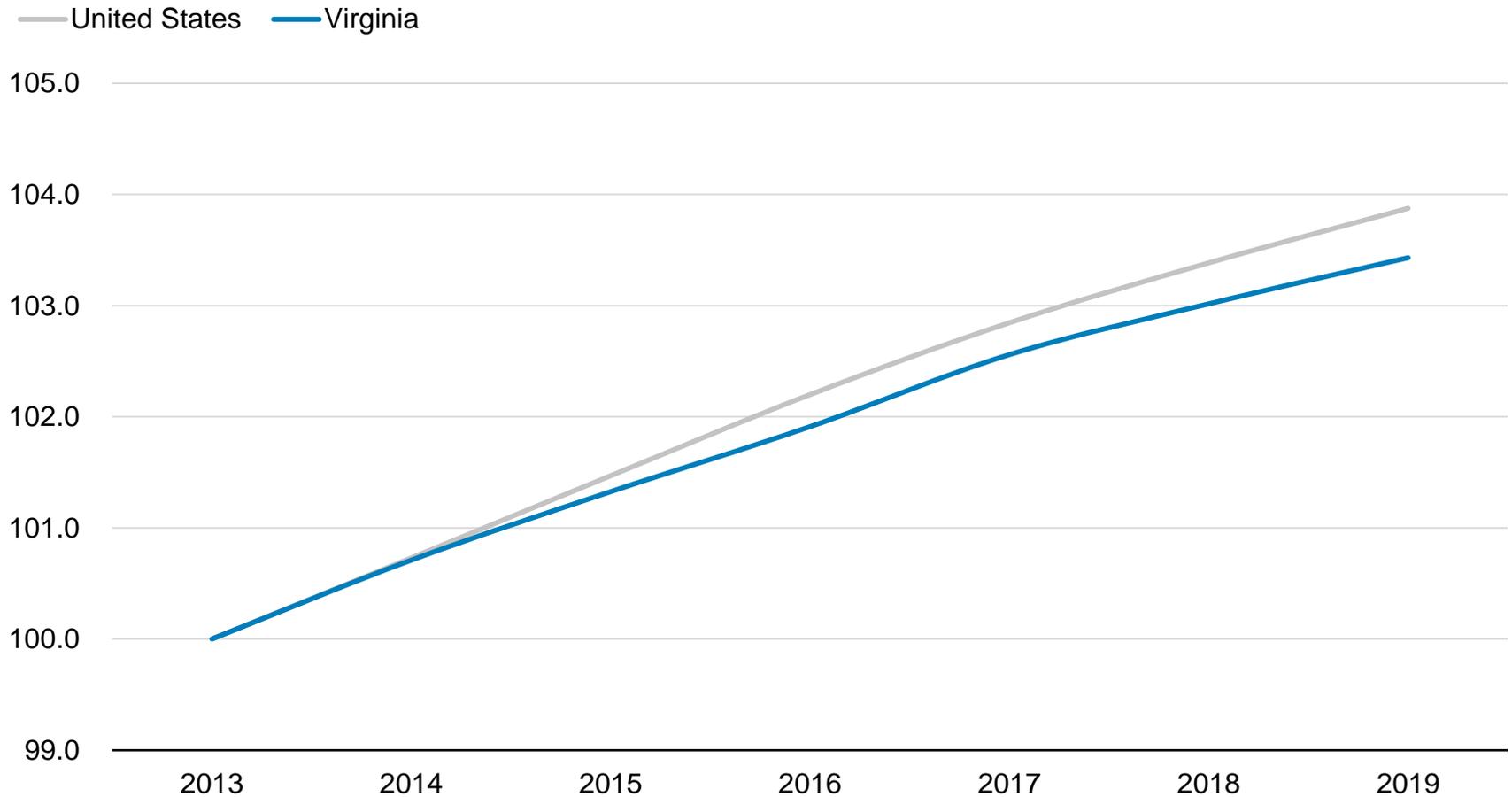


<sup>1</sup>Business applications that have a high-propensity of turning into businesses with payroll.

Source: Census Bureau, Business Formation Statistics

# IN YEARS LEADING UP TO PANDEMIC, VIRGINIA SAW POPULATION GROWTH GAP WITH U.S. WIDEN

**Virginia and United States population growth**  
Population, 2013 – 2019, indexed to 2013 levels

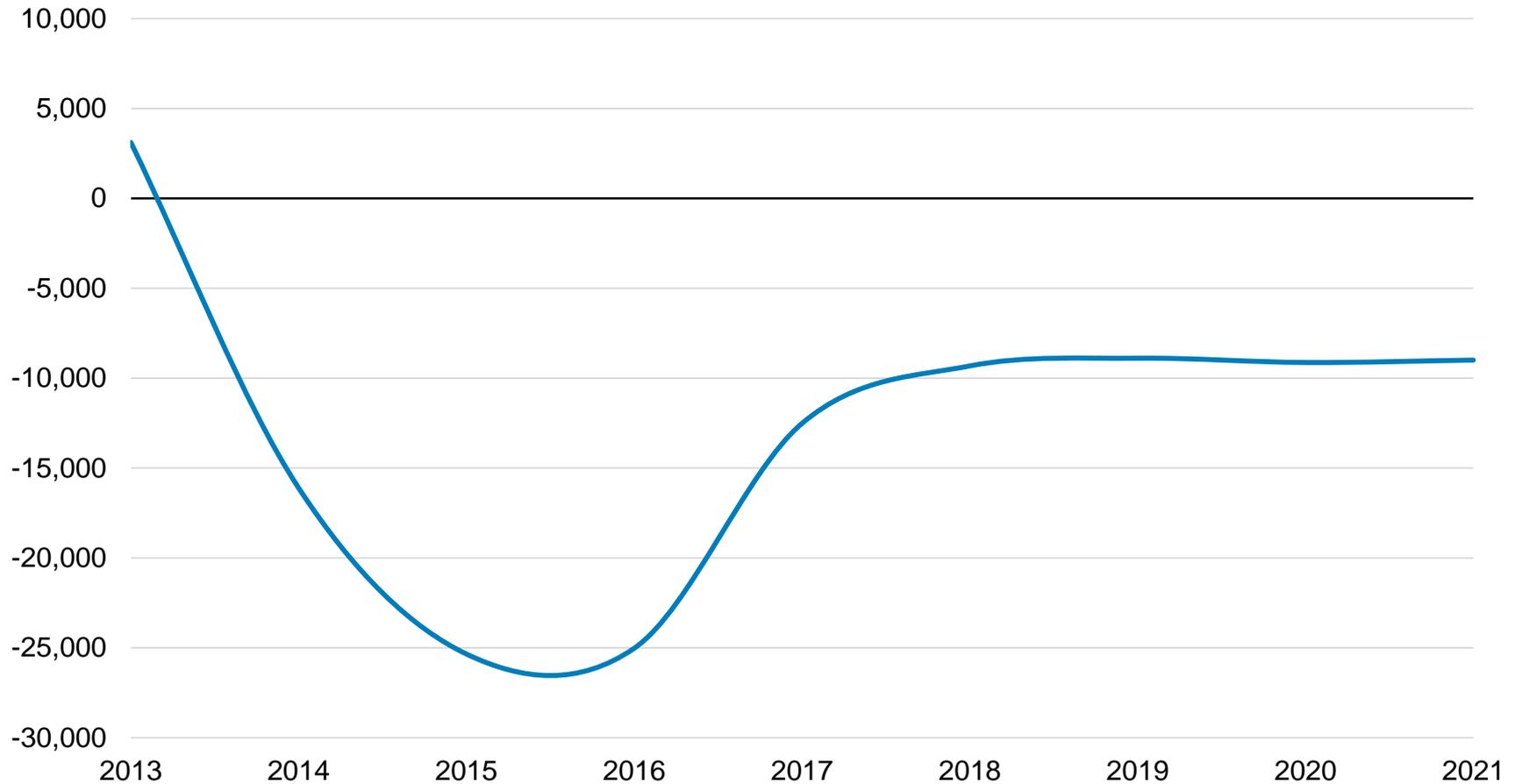


# VIRGINIA'S POPULATION GROWTH HAS LAGGED THAT OF MANY HIGH GROWTH COMPETITORS ACROSS THE SUNBELT

State	2013 – 2019 % change	State rank	2020 – 2021 % change	State rank
South Carolina	8.1	10	1.4	5
Texas	9.5	6	1.3	7
Florida	9.9	4	1.1	9
North Carolina	6.6	12	1.1	10
Tennessee	5.2	17	0.9	12
Georgia	6.5	13	0.8	14
<b>Virginia</b>	<b>3.4</b>	<b>21</b>	<b>0.1</b>	<b>26</b>
Maryland	2.1	27	-0.2	38
New Jersey	0.3	41	-0.2	39
Pennsylvania	0.2	43	-0.3	41
Massachusetts	2.7	24	-0.6	45
Illinois	-1.7	50	-1.1	49
New York	-0.9	49	-1.8	50
<b>United States</b>	<b>3.9</b>	<b>-</b>	<b>0.1</b>	<b>-</b>

# SINCE 2014, VIRGINIA HAS SEEN NEGATIVE NET DOMESTIC IN-MIGRATION, MEANING MORE PEOPLE LEAVE THAN MOVE TO STATE

**Virginia net domestic in-migration**  
Net domestic in-migration, 2013 – 2021



# VIRGINIA HAS ATTRACTED FEWER MOVERS THAN ASPIRATIONAL GROWTH STATES, BUT LOST FEWER THAN HIGH-COST STATES

State	2013 – 2019 net in-migration	State rank <sup>1</sup>	2021 net in-migration	State rank <sup>1</sup>
South Carolina	322,738	2	64,833	4
Florida	1,105,078	5	220,890	7
Tennessee	215,540	12	61,390	10
North Carolina	396,496	10	88,673	11
Texas	851,463	13	170,307	16
Georgia	221,793	16	50,632	18
Pennsylvania	-234,190	35	-3,194	32
<b>Virginia</b>	<b>-94,093</b>	<b>31</b>	<b>-8,995</b>	<b>36</b>
New Jersey	-393,732	46	-27,766	41
Maryland	-154,498	41	-19,871	42
Massachusetts	-148,409	37	-46,187	45
Illinois	-716,486	49	-122,460	49
New York	-1,170,214	50	-352,185	50

<sup>1</sup>State rank based on domestic net migration as percent of total state population  
Source: Census Bureau, Population Estimates Program

# CONTACTS

## **Jason El Koubi**

President & CEO

Email: [JEIKoubi@VEDP.org](mailto:JEIKoubi@VEDP.org)

Tel: 804.219.6232

## **Stephen Hartka**

Vice President, Research

Email: [SHartka@VEDP.org](mailto:SHartka@VEDP.org)

Tel: 804.543.7438

# INCENTIVES OVERVIEW

December 8, 2022



Roanoke

# VEDP'S PORTFOLIO OF PROGRAMS: COMPANY INCENTIVES (1 OF 2)



## Commonwealth's Development Opportunity Fund (COF)

- Deal closing fund
- Designed to secure a company location or expansion
- Cash grant (typically paid post-performance)
- Must meet minimum threshold based on local distress (50 jobs at PAW and \$5 M capital investment)<sup>1</sup>, \$1:1 local match, and out-of-state competition



## Virginia Investment Performance (VIP)

- Designed to encourage continued investment by Virginia manufacturers or R&D firms supporting manufacturers
- Cash grant (paid in five installments beginning two to three years post-performance)
- Must meet minimum threshold (\$25 M capital investment), no net reduction in employment, local match for 50% of VIP value, out-of-state competition, and 3(+) years of operations in Virginia



## Virginia Economic Development Incentive Grant (VEDIG)

- Designed to encourage firms to create high-paying jobs by locating HQs or service-sector operations in Virginia
- Cash grant (paid in five installments beginning three years post-performance)
- Must meet minimum threshold based on MSA size (400 jobs at 150% PAW or 300 jobs at 200% PAW and \$5 M in capital investment)<sup>2</sup>

<sup>1</sup> Reduced to 25 jobs and \$2.5 M, or 15 jobs and \$1.5 M based on locality distress

<sup>2</sup> Reduced to 200 jobs at 150% PAW and a capital investment of at least \$6,500 per job for localities not in an MSA of 300,000 people

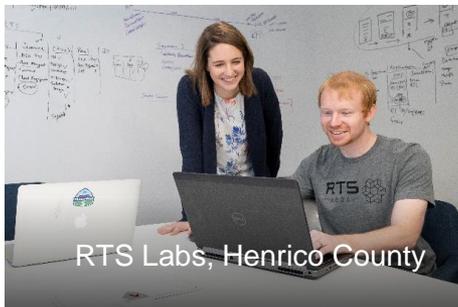
Note: Only traded sector companies are eligible for COF, VIP, and VEDIG

# VEDP'S PORTFOLIO OF PROGRAMS: COMPANY INCENTIVES (2 OF 2)



## Virginia Talent Accelerator Program

- Customized, comprehensive talent recruitment/training solution
- Reduces training costs of new and expanding firms
- Services provided by VEDP; no cash grant
- Must be a competitive project and meet minimum threshold [25 jobs (mfg.) or 50 jobs (services)] and have wages at least 1.2 times the Virginia minimum wage



## Virginia Jobs Investment Program (VJIP)

- Reduces training costs of new and expanding firms
- Cash grant (post-performance) and consultative services
- Must meet minimum threshold based on company size (25 jobs at 1.2 times the Virginia minimum wage, and \$1 M capital investment for companies with 250+ employees nationwide)<sup>1</sup>
- No match requirement



## Data Center Retail Sales & Use Tax Exemption

- Designed to attract and grow Virginia's data center industry
- By-right exemption from sales and use taxes for qualifying equipment and software for use in a Virginia data center
- Must meet minimum threshold (50 jobs at 150% PAW and \$150 M)<sup>2</sup> and execute MOU with VEDP

<sup>1</sup> Reduced to 5 jobs and \$100,000 for companies with fewer than 250 employees nationwide

<sup>2</sup> Reduced to 10 jobs at 150% PAW and \$70 M based on locality distress

Note: Only traded sector companies are eligible for Virginia Talent Accelerator Program and VJIP

# VIRGINIA'S PORTFOLIO OF PROGRAMS: NON-VEDP INCENTIVE PROGRAMS (1 OF 2)

	<b>Admin. Entity</b>	<b>Purpose &amp; benefit</b>	<b>Eligibility</b>
<b>Ag. &amp; Forestry Industrial Development Fund (AFID)</b>	VDACS	<ul style="list-style-type: none"> <li>▪ Designed to assist businesses adding value to Virginia-grown ag. and forestry products</li> <li>▪ Cash grant up to \$500,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Local match required</li> <li>▪ At least 30% of the ag and forestry products are grown in Virginia</li> </ul>
<b>Port of Virginia Economic &amp; Infrastructure Development Grant (POV)</b>	Port	<ul style="list-style-type: none"> <li>▪ Designed to incentivize firms to locate new or expand existing maritime-related operations</li> <li>▪ Focus on maritime or logistics-related companies</li> <li>▪ Cash grant</li> </ul>	<ul style="list-style-type: none"> <li>▪ Businesses engaged in maritime commerce, or exporting/importing manufactured goods through the Port of Virginia</li> </ul>
<b>Enterprise Zone Job Creation Grant (EZ JCG)</b>	DHCD	<ul style="list-style-type: none"> <li>▪ Encourages job creation in targeted areas of distress</li> <li>▪ Cash grant (\$500-800 per job per year for five years)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Up to \$280,000 per year for up to five years</li> <li>▪ Minimum four net new permanent full-time jobs</li> <li>▪ Up to 350 jobs</li> <li>▪ Traded sector only</li> </ul>
<b>Enterprise Zone Real Property Investment Grant (EZ RPIG)</b>	DHCD	<ul style="list-style-type: none"> <li>▪ Encourages real estate development. in targeted areas of distress</li> <li>▪ Cash grant up to \$200,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Up to \$200,000 for investments in commercial, industrial, or mixed-use buildings or facilities</li> <li>▪ Subject to proration</li> </ul>

# VIRGINIA'S PORTFOLIO OF PROGRAMS: NON-VEDP INCENTIVE PROGRAMS (2 OF 2)

	<b>Admin. Entity</b>	<b>Purpose &amp; benefit</b>	<b>Eligibility</b>
<b>Rail Industrial Access Program (RIA)</b>	DRPT	<ul style="list-style-type: none"> <li>▪ To offset cost of extending or repairing track to plant site (private or public property)</li> <li>▪ Cash grant up to \$450,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Localities apply</li> <li>▪ Match required</li> </ul>
<b>Transportation Partnership Opportunity Fund (TPOF)</b>	VDOT	<ul style="list-style-type: none"> <li>▪ To offset cost of public transportation-related infrastructure projects</li> <li>▪ Cash grant up to \$5 M</li> </ul>	<ul style="list-style-type: none"> <li>▪ Localities or state agencies apply</li> <li>▪ Match required</li> </ul>
<b>Economic Development Access Fund (EDA)</b>	VDOT	<ul style="list-style-type: none"> <li>▪ Designed to assist localities in providing adequate road access</li> <li>▪ Focus on manufacturers, corp. HQs, R&amp;D, distribution centers</li> <li>▪ Cash grant to locality up to \$700,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Localities apply</li> <li>▪ Some local match required</li> </ul>



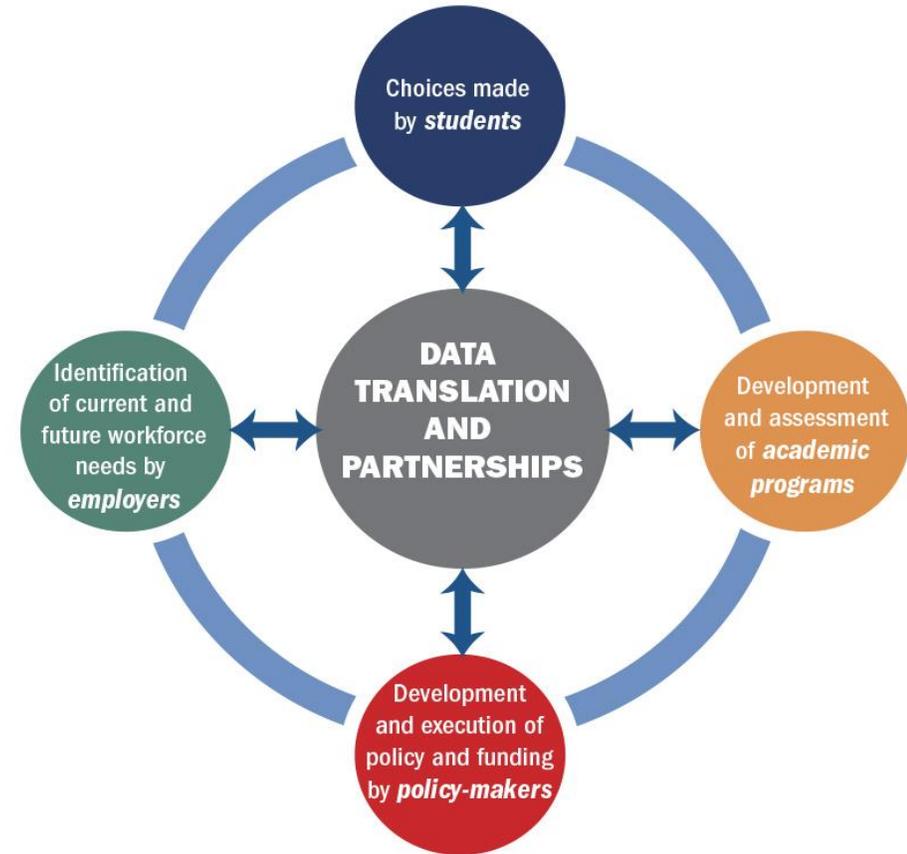
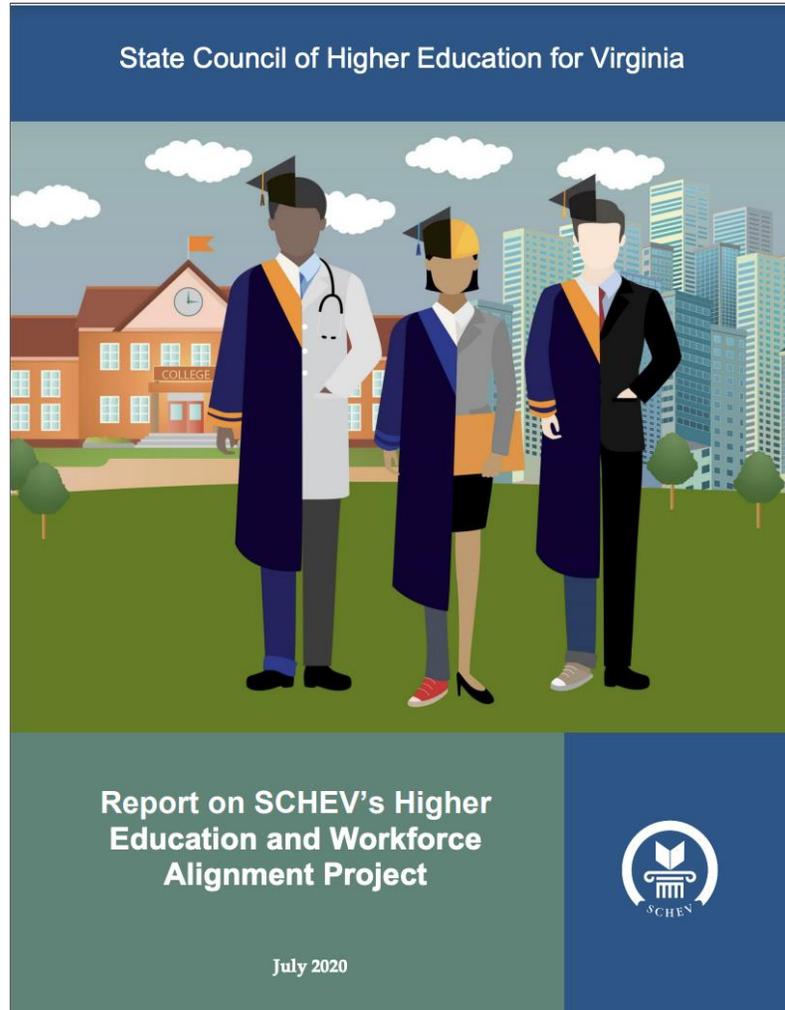
# VIRGINIA OFFICE OF EDUCATION ECONOMICS (VOEE) BOARD UPDATE

Radford University

December 8, 2022



# VOEE IS A FIRST-OF-ITS-KIND-NATIONALLY LABOR MARKET DATA AND ANALYTICS ENTITY SERVING THE ENTIRE COMMONWEALTH



## WHAT WE DO

In January 2021, SB1314 created the new office of education and labor market alignment at VEDP, with two complementary functions:

1. Provide a unified, consistent source of analysis for policy development and implementation related to talent development
2. Offer resources and expertise related to education and labor market alignment

We work closely with key partners to accomplish our mandate. VOEE's key partners include the Virginia Dept of Labor, the Virginia Secretariat of Commerce & Trade, SCHEV, VCCS, Higher education institutions, Virginia Dept of Education, Virginia Employment Commission, GO Virginia, Virginia Board of Workforce Development, and other workforce partners.



# VOEE'S LABOR MARKET SUPPLY DEMAND DASHBOARD IS GOING TO BE A CORE RESOURCE FOR MANY STAKEHOLDERS ACROSS VIRGINIA

## Virginia Office of Education Economics

### Supply & Demand by Occupation Group

Select Filters

① OCCUPATION GROUP

Computer Science

② GEOGRAPHIC GROUP

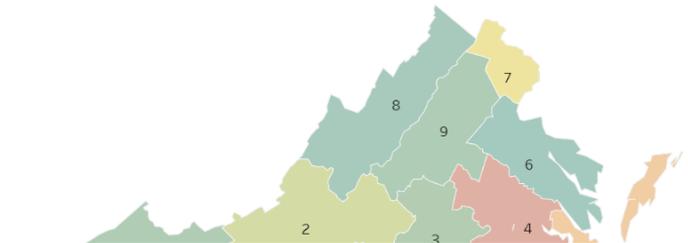
Go VA Region

③ REGION

(All)

Go VA Region Profile: [ALL](#)

Occupation Group: **Computer Science**  
Go VA Region: **ALL**



**Programs & Occupations**

Top SOC codes that make up this occupation group and the top CIP codes related to these SOC codes according to the National Center for Education Statistics (NCES)

**Top Educational Programs by Aligned Degrees**

- 11.0101 : Computer and Information Sciences, General.
- 11.0701 : Computer Science.
- 52.1201 : Management Information Systems, General.
- 27.0101 : Mathematics, General.
- 30.0801 : Mathematics and Computer Science.
- 11.1003 : Computer and Information Systems Security/Auditing/Information Assurance.

**Top Occupations by Avg. Annual Openings**

- 15-1211 : Computer Systems Analysts
- 15-1232 : Computer User Support Specialists
- 15-1244 : Network and Computer Systems Administrators
- 15-1231 : Computer Network Support Specialists
- 15-1299 : Computer Occupations, All Other
- 15-1212 : Information Security Analysts
- 15-1251 : Computer Programmers
- 15-1241 : Computer Network Architects
- 17-2061 : Computer Hardware Engineers
- 15-2041 : Statisticians

**Regional Institutions with Most Aligned Degrees Completed** (Most Recent Year)

*Hover over square to see more detail*

Mountain Empire Community College	20	20
University of Virginia's College at Wise	11	6
Virginia Highlands Community College	19	3
Wytheville Community College	7	7
Emory & Henry College	3	2
Southwest Virginia Community College	4	5
	4	4

### Graduate Supply vs Workforce Demand

Occupational Supply & Demand looks at current Degree & Non-degree Completions (Supply measure). % of Aligned Annual Demand = Supply / Demand

SUPPLY

77 Degree Awards

6 Non-degree Credentials

**83 Total Graduate Supply**

DEMAND

**188 Average Projected Annual Openings**

**45%** of Aligned Annual Demand  
(% of Adequacy)

Select Map Measure

2021-2030 Job Growth %

**Programs & Occupations**

Occupation Group Profile: **Computer Science**

Occupation Group: **Computer Science**  
Go VA Region: **Region 1**

**HIDE**

[See the full list](#)

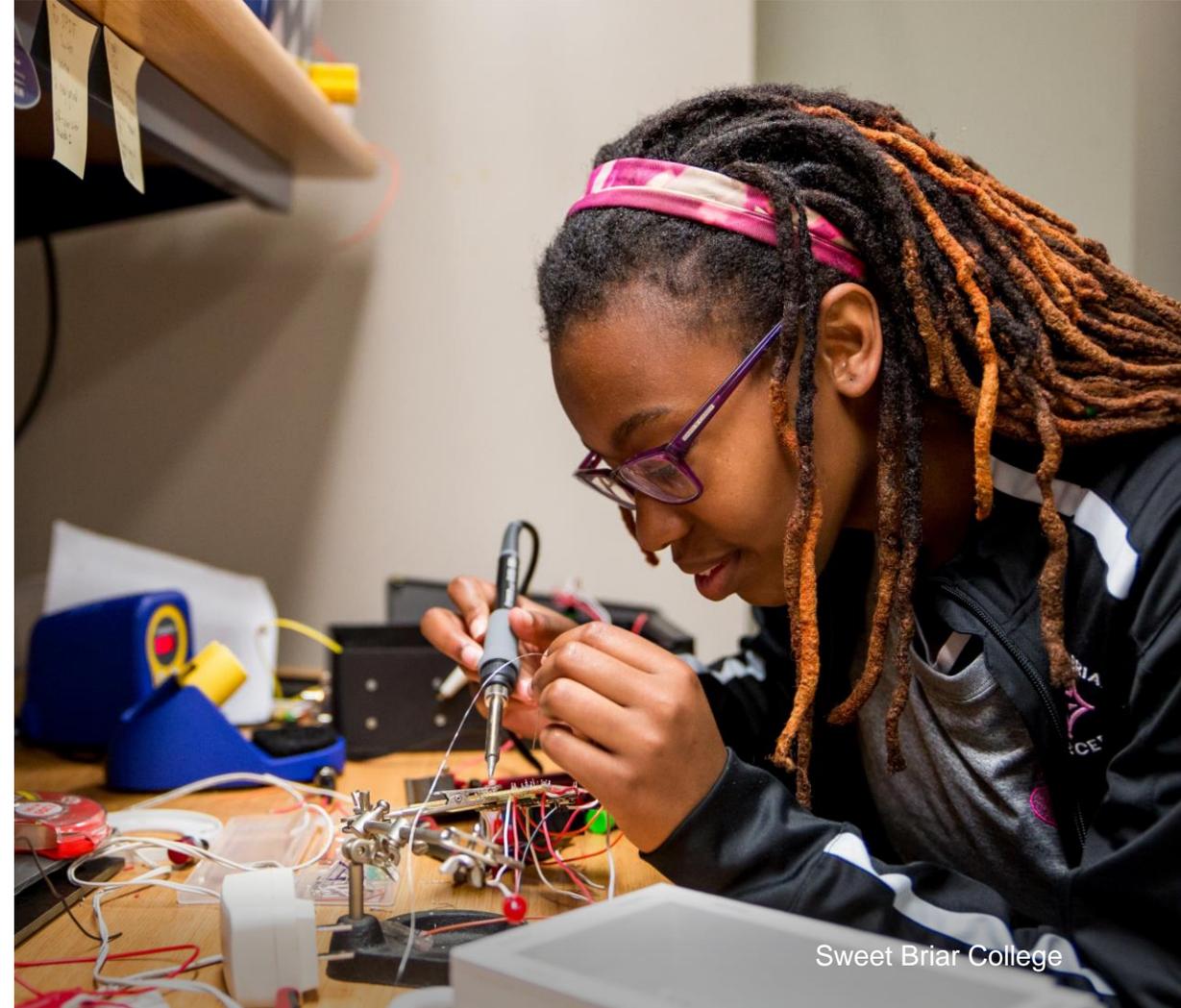
**Launch**

## VIRGINIA SKILLS INITIATIVE

**VOEE is taking a close look at the role skills play in the labor market. To do this we are developing two unique data sets:**

- Alumni Tracking data set will track up to 8 years of graduates from Virginia higher education institutions through social media profiles to collect data on:
  - Occupation/s
  - Location
  - Skills
  - Non-degree credentials
- Skills data set will focus on skills and competencies taught in credit and non-credit programs throughout Virginia

**VOEE will then use these data sets in the Supply Demand Dashboard and other analyses. These data may also contribute to policy and practice innovations.**



Sweet Briar College

## OTHER ONGOING INITIATIVES

### **New STEM Workforce Profile**

VOEE recommended the expansion of the STEM Workforce Profile in Virginia from 72 to 342 occupations, including STEM-related occupations and the Skilled Technical Workforce

### **G3 Program Labor Market Alignment Review**

VOEE is finalizing recommendations around potential G3 eligible field refinement based on analysis of aligned occupations in the labor market

### **Review of Registered Apprenticeship in Virginia**

VOEE is creating a baseline report and metrics to capture the current status of the Commonwealth's registered apprenticeship programs

### **Career Navigation in Virginia's K-12 System**

VOEE is partnering with the OECD to examine career navigation in K-12

### **Tech Talent Investment Program**

Just wrapped up third year performance analysis and award determination for participating institutions

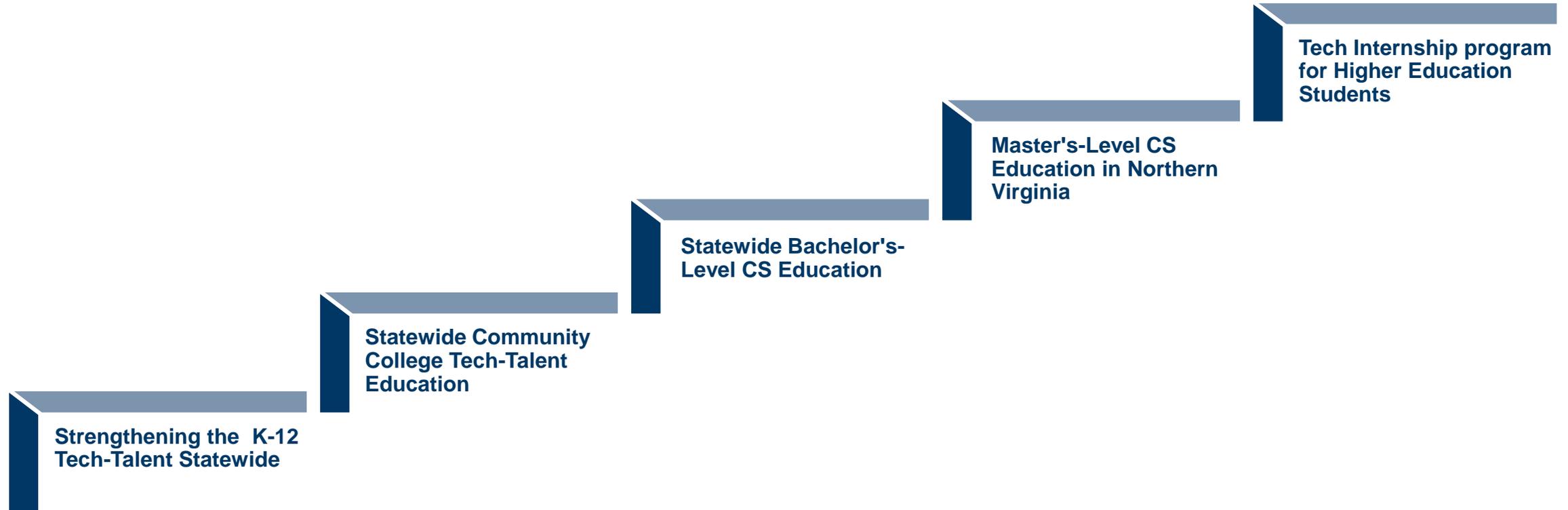


Virginia Highlands Community College

# VIRGINIA'S \$1.1B TECH TALENT INVESTMENT PROGRAM (TTIP) BOARD UPDATE



# THE COMMONWEALTH OF VIRGINIA HAS COMMITTED ~\$1.1B OVER 20 YEARS IN INVESTMENTS TO ADD ~32K BS / MS GRADS IN TECH TALENT



## Investments to add ~32K BS / MS grads in CS and related fields over 20 years:

- ~\$675M in undergrad education, incl. 250-300 new faculty lines, startup packages, capital projects (new buildings and labs), and operational support
- ~\$375M in graduate education, incl. 50-75 new faculty lines, startup packages, capital projects (a new tech campus plus new buildings), and operational support
- \$25M in tech internships/apprenticeships in higher education
- \$25M in K-12 computer science education (e.g., professional development, online curricula)

# VIRGINIA IS INVESTING OVER ~\$1.1B IN A PERFORMANCE-BASED TECH-TALENT INITIATIVE TO DOUBLE ANNUAL CS GRADS (BS+MS)



# TTIP IS FUELING A LARGE AND DIVERSE TECH ECOSYSTEM, NOT JUST AMAZON

Illustrative Examples of Tech Headquarters and Centers in Virginia



**WE ARE CURRENTLY THREE YEARS IN TO THE 20-YEAR LIFESPAN OF TTIP, SEEING OVERALL STRONG PERFORMANCE TO DATE**

**148%**

of plan in net new eligible degree production as of Year 3 of TTIP program



# NOW 3 YEARS INTO 20-YEAR PROGRAM, DESPITE OVERALL STRONG PERFORMANCE WE ARE SEEING A SPECTRUM

LOWER PERFORMERS TO DATE

HIGHER PERFORMERS TO DATE



# OVERALL, WE ARE THRILLED WITH THE SUCCESSES OF THIS INCREDIBLY UNIQUE TALENT INVESTMENT PROGRAM

## Virginia's Tech Talent Investment Program

Through its historic, innovative Tech Talent Investment Program, the Commonwealth of Virginia, donors, and corporate partners are investing more than \$2 billion to expand Virginia's tech talent pipeline, doubling the number of graduates each year in computer science and closely related fields.

Additionally, Virginia higher education institutions already produce roughly 12,000 tech-related degrees and certificates annually in areas ranging from computer science to modeling and simulation.

**32,000**

additional graduates in excess of current levels in Computer Science and related fields over the next 20 years due to Virginia's new education investments in tech talent

## Virginia's Tech Talent Investment Program



# Questions? Get in touch

**Heather McKay**  
Executive Director  
[hmckay@vedp.org](mailto:hmckay@vedp.org)

**Pam Harder**  
Director, Strategy & Operations  
[pharder@vedp.org](mailto:pharder@vedp.org)

**Todd Oldham**  
Director, Research  
[toldham@vedp.org](mailto:toldham@vedp.org)

[www.voee.org](http://www.voee.org)  
[www.voee.org/data](http://www.voee.org/data)



**A G E N D A**

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY  
EXECUTIVE COMMITTEE MEETING  
DECEMBER 7, 2022  
3:30 P.M. - 5:00 P.M.**

**901 East Cary Street  
James Center One, Board Room  
Richmond, VA 23219**

- |                              |                                                               |
|------------------------------|---------------------------------------------------------------|
| <b>3:30 p.m. – 3:33 p.m.</b> | <b>Welcome/Call to Order — Sec. Caren Merrick, Vice Chair</b> |
| <b>3:33 p.m. – 3:35 p.m.</b> | <b>Public Comment Period</b>                                  |
| <b>3:35 p.m. – 3:40 p.m.</b> | <b>Approval of Minutes for 9/28/22 Meeting</b>                |
| <b>3:40 p.m. – 3:50 p.m.</b> | <b>President’s Report — Jason El Koubi</b>                    |
| <b>3:50 p.m. – 4:50 p.m.</b> | <b>CLOSED SESSION: Site Development</b>                       |
| <b>4:50 p.m. – 4:55 p.m.</b> | <b>Topics for Next Meeting</b>                                |
| <b>5:00 p.m.</b>             | <b>ADJOURNMENT</b>                                            |

**Minutes  
Executive Committee Meeting  
Board of Directors of the Virginia Economic Development Partnership Authority  
September 28, 2022  
3:30 p.m.**

**901 East Cary Street  
One James Center, Katherine Johnson Room  
Richmond, VA 23219**

**Welcome and Call to Order**

The meeting was called to order at 3:40 p.m. by Acting Chair Caren Merrick, who noted that a quorum was present.

In person Committee Members: Carrie Chenery, Rick Harrell, and Secretary Caren Merrick,

Committee Members Absent: Secretary Stephen Cummings and Marianne Radcliff

Other Board Members: Mimi Coles, Stephen Edwards, John Hewa, Pace Lochte, Nick Rush, Will Sessoms

In person VEDP Staff Members: Vince Barnett, Nicole David, Michael Dreiling, Jason El Koubi, Stephanie Florie, Jennifer Garrett, Stephen Hartka, Lori Melancon, Lisa Wallmeyer

Virtual VEDP Staff Members: Christy Morton and Carrie Vuori

Guests: Jason Powell and Wyatt Toehlke

**Public Comment Period**

Acting Chair Merrick solicited public comments. There were none.

**Approval of Minutes for June 22, 2022 Meeting**

Acting Chair Merrick asked for approval of the minutes from the June 22, 2022 Committee meeting. A motion was made by Mr. Harrell and seconded by Ms. Chenery and the motion was unanimously approved.

**President's Report**

Acting Chair Merrick introduced Mr. El Koubi to deliver the President's Report.

Mr. El Koubi explained that he would provide a brief overview of his report today and would deliver the full report during the Board meeting on September 29, 2022.

Mr. El Koubi said that VEDP set aggressive goals for this fiscal year. He provided an overview of progress to date in meeting those goals. He noted that VEDP is a little behind on leads generated, as the team started this fiscal year not fully staffed. Now that the full team is in place, he anticipates they will catch up soon.

Mr. El Koubi expressed concern about the power transmission issue in Northern Virginia for data center development. He explained that VEDP will need significant data center investment to meet its capital investment goals this year. He said VEDP is monitoring the situation.

Mr. El Koubi said that Virginia needs to be ready to deliver a clear message about lessons learned and how this type of situation will be prevented in the future.

Acting Chair Merrick provided additional context on the data center issue. She emphasized that Virginia is a leader in the world for data centers and that the localities where these data centers are operating depend on this revenue.

Mr. El Koubi spoke about the robust project pipeline. He said VEDP is on track to meet its goals for the year.

Mr. El Koubi shared information on VEDP's Major Initiatives and said that all are on track.

Mr. El Koubi spoke about the great collaboration that VEDP is enjoying with the Administration and other partners.

Mr. El Koubi shared that there has been steady improvement in site selection consultant perceptions. He noted that Virginia has moved up in the *Area Development* ranking.

Mr. El Koubi spoke about VEDP's efforts in standing up new activities and expanding others. He mentioned General Assembly studies, VEDP's Regional Talent Solutions and Business Outreach, and site development.

Mr. El Koubi shared his top priorities for the next few months. He highlighted finalizing and submitting legislative and budget priorities for the coming year; supporting Secretary Merrick and team in developing the Governor's comprehensive Economic Development Policy for the Commonwealth; and increasing VEDP's focus on lead generation in several high potential sectors, a few of which he noted will be discussed during the Board's closed session its meeting on September 29, 2022.

Acting Chair Merrick suggested adding a presentation at a future meeting on moving projects through the pipeline, including VEDP's most effective and successful methodologies for securing project wins. The Committee supported this idea and VEDP staff committed to adding this topic to a future meeting agenda.

Acting Chair Merrick thanked Mr. El Koubi for his report.

**Closed Meeting:**

**Personnel**

A motion was made by Ms. Chenery and seconded by Mr. Harrell to move into a closed meeting. The motion shown below was unanimously approved by the members.

I MOVE THAT THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY CONVENE A CLOSED MEETING PURSUANT TO VIRGINIA CODE §2.2-3711(A)(1) TO ENGAGE IN A DISCUSSION OR CONSIDERATION REGARDING THE ASSIGNMENT, APPOINTMENT, PROMOTION, PERFORMANCE, DEMOTION, SALARIES, DISCIPLINING, OR RESIGNATION OF VEDP'S EMPLOYEES, INCLUDING PERFORMANCE METRICS AND SUCCESSION PLANNING FOR EXECUTIVE LEADERSHIP.

Acting Chair Merrick requested that Mr. El Koubi be allowed to stay for the discussion. The Committee members agreed.

**Back in Open Meeting, Certification of Closed Meeting – Followed by a Roll Call vote:**

WHEREAS, THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENEED A CLOSED MEETING ON THIS DATE PURSUANT TO AN AFFIRMATIVE RECORDED VOTE AND IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT; AND

WHEREAS, THE ACT REQUIRES A CERTIFICATION BY THIS COMMITTEE THAT SUCH CLOSED MEETING WAS CONDUCTED IN CONFORMITY WITH THE ACT;

NOW, THEREFORE, BE IT RESOLVED, THAT THE COMMITTEE CERTIFIES THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, (I) ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE ACT WERE DISCUSSED IN THE CLOSED MEETING TO WHICH THIS CERTIFICATION RESOLUTION APPLIES, AND (II) ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENEED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING BY THE COMMITTEE.

Upon the vote:	Acting Chair Merrick	Aye
	Carrie Chenery	Aye
	Mr. Harrell	Aye

**Next Meeting and Adjournment**

The next meeting of the Executive Committee will be held in December, exact date and time TBD. There being no further business, the meeting was adjourned at 4:35 p.m.

Respectfully submitted,

Nicole David  
Acting Recording Secretary

DRAFT

# PRESIDENT'S REPORT

December 2022

# TOPICS FOR TODAY

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FY23 performance metrics to date: BI and Trade

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FY23 operational plan – progress dashboard

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Notable developments since last meeting

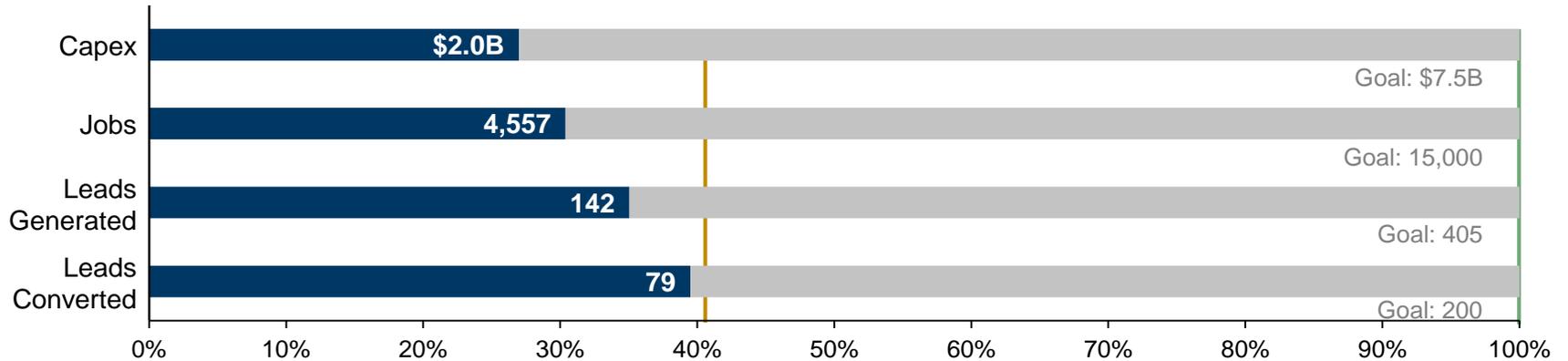
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Top priorities for the next few months

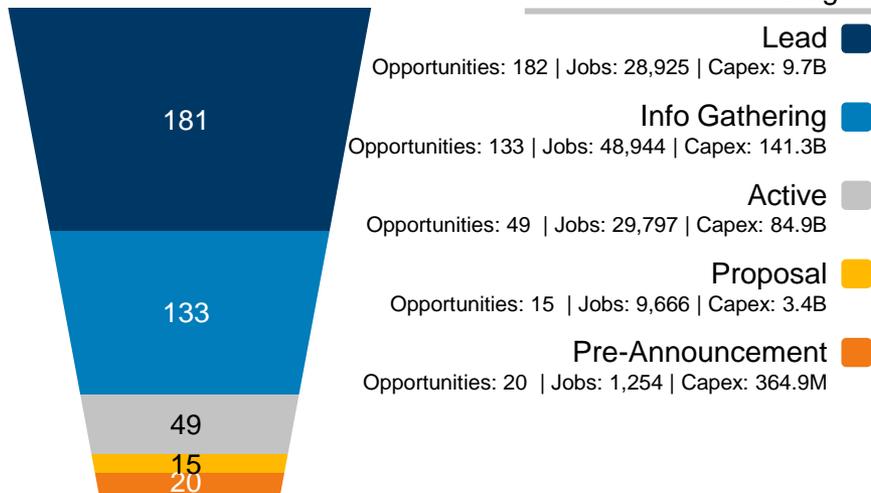
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# PROGRESS AND PIPELINE FOR VEDP-ASSISTED PROJECTS FY23 TO-DATE JULY 1, 2022 – NOVEMBER 29, 2022 (41.8% THROUGH FY23)

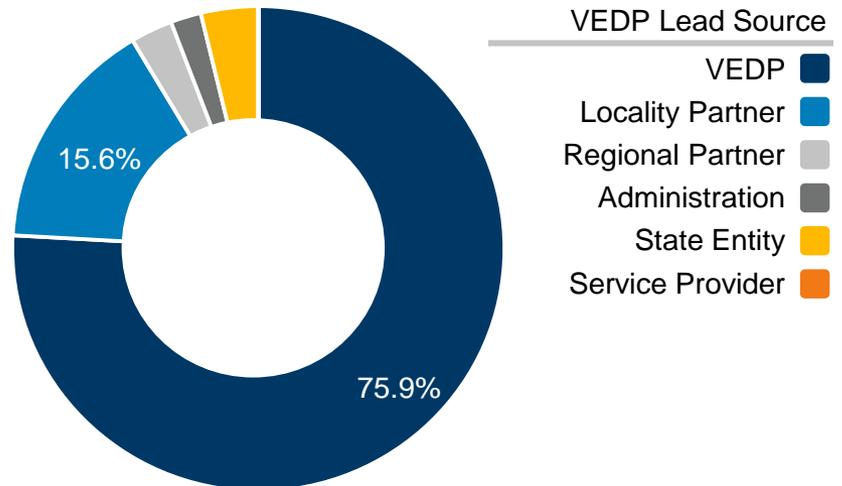
## VEDP-Assisted Project Decisions N= 33



## VEDP Open Pipeline (398)



## % of VEDP Leads for Open Pipeline



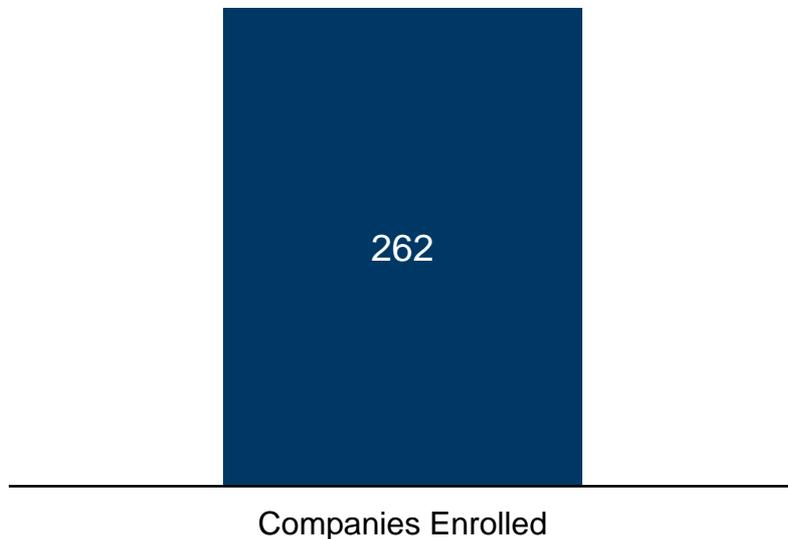
# VEDP'S INTERNATIONAL TRADE DIVISION IS ON TRACK TOWARD ITS GOAL OF ENROLLING 450 COMPANIES IN FY23

**Companies enrolled in trade programs**  
July 1, 2022 to November 30, 2022

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Goal: 450 

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## FY22 Summary

- In FY22, a total of 377 companies enrolled in international trade programs (105% of goal).
- These companies attributed \$813M in international sales and 7,319 trade-supported jobs to VEDP's international trade programs.

## Next Steps

- International Trade is utilizing new funding to expand existing programs and provide new services, increasing the number of companies served each year.
- The team is currently on track to meet its goal of enrolling 450 companies in FY23.

# FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (1 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
1.	Build out the best customized workforce recruitment and training incentive program in the U.S.	Grundmann	 40%	Engaged in 29 project opportunities YTD, incl. 12 proposals & 15 presentations; kicked-off 2 new projects.	Onboard new video producer and instructional designer.
2.	Develop long-term Real Estate Solutions strategy that includes execution of expanded VBRSP program and a regional ecosystem approach to site development	Dreiling	 40%	Performed virtual site tours for 35 VBRSP applicants; initiated validation of site information; selected firms for "Blue Sky" project.	Perform in-person VBRSP site tours on 24 sites; execute market demand assessment and "Blue Sky" project; finalize site development roadmap per market demand assessment results.
3.	Expand Virginia exports and strengthen supply chains through implementation of high-priority elements of the International Trade Plan	Agee	 40%	Onboarding new manager in Hampton Roads to expand capacity of existing programs; positioning to hire Internship Program Manager; finalizing engagements for Supply Chain Optimization Program.	Determine needs of high-volume/high-value exporters; continue best-practices training series and develop curriculum for Spring 2023; launch Supply Chain Optimization Program in Jan. 2023; finalize recruitment for Spring 2023 trade missions and trade shows.
4.	Accelerate efforts towards achieving national leadership in tech sector growth across Virginia	Barnett (Welch)	 40%	Working with Research / EC to develop new target lists for quarterly outreach.	Work with M&C to launch website.
5.	Align and integrate VEDP's business outreach activities to achieve increased coverage and impact	Stuller	 40%	254 VJIP projects managed YTD; most Salesforce enhancements deployed; engaged with Forvis on audit of VJIP.	Hire and onboard new mgrs. in Hampton Roads and NOVA; continue business outreach efforts; implement additional Salesforce enhancements; finalize plan for business outreach benchmarking study.
6.	Support development of Governor's Comprehensive Economic Development Policy to include analyzing the economic context	Devan (Hartka)	 85%	Engaged with all secretariats and agencies to gather input on initiatives; submitted first full draft for review by GOV.	Update draft policy with GOV feedback, gather input from external partners (VMA, VEDA, etc), finalize wording and layout for release on December 15.

# FY23 OPERATIONAL PLAN TRACKER: MAJOR INITIATIVES (2 OF 2)

	Major initiative	Primary owner	Status (% complete)	Comments	Next steps
7.	Build out VOEE's operating structure and execute on priority deliverables	McKay	 50%	Launched implementation of technology structure, including contracting with vendors and compiling data sources.	Integrate all technology tools and make necessary changes to the dashboard structure.
8.	Strengthen VEDP's lead generation, project management capabilities, and related support functions (pending additional funding)	Barnett (Goodwin, Hartka)	 50%	Completed hiring & onboarding for MD of lead gen and lead gen manager; initiated process for hiring additional lead gen managers & international contractor; completed hiring for two Research Analysts, and initiated process for two others.	Complete hiring process for lead generation managers and special projects MD; complete hiring process for remaining open positions in Research division (Business Presentation Specialist and Salesforce Analyst).
9.	Enhance industry strategies by fully leveraging existing assets and developing new capabilities (pending additional funding)	Barnett (Devan, Hartka, Dreiling, Melançon, Stuller)	 50%	Semiconductor strategy is largely complete; initiated high-level outreach to companies on target list using tailored talking points.	Continue conducting direct outreach to leadership of target companies in coordination with Gov. Youngkin and Sen. Warner; follow up outreach with tailored sites and incentive pitches.
10.	Launch an Offshore Wind Supply Chain Grant Program to establish an end-to-end supply chain of small businesses within the Commonwealth	Goodwin	 20%	Developed draft program requirements and guidelines for internal review.	Finalize internal review and convene a meeting with external stakeholders for review and comment.
11.	Finalize comprehensive HR talent management strategy and launch priority components	Cox	 25%	Held first meeting of recruitment process focus group; continue preparing for summer internship program.	Reach out to recent new hires for VEDP recruitment process experience; begin planning process to develop career paths.

## NOTABLE DEVELOPMENTS SINCE OUR LAST BOARD MEETING

- Continued engagement in business development activity, including several project announcements and cultivation of major opportunities in the pipeline
- Completion of several GA-mandated studies, with others close to completion
- Finalized high-impact legislative / budget priorities for the 2023 GA session
- Made substantial progress in Virginia Business Ready Sites Program grant application review process (\$300M+ in applications for \$90M funding pool)
- Engaged third-party real estate/engineering team to conduct statewide search for additional, high-potential megasite properties (500+ acres)
- Kicked off major strategy project with McKinsey to align on "go-to-market" sector priorities and whole-of-government road map with Administration leadership
- Providing strong support to Secretary Merrick and team in developing the Governor's Comprehensive Economic Development Policy
- Finalized VEDP's FY22 Annual Report
- Q3 2022 issue of *Virginia Economic Review: Trails*

## TOP PRIORITIES FOR THE NEXT FEW MONTHS

- Aggressive cultivation of several high-impact economic development projects as well as focused lead generation in high-potential sectors
- Finalize review and decisions on Virginia Business Ready Sites Program grant awards in collaboration with Investment Committee (VEDP CEO and Administration leadership)
- Complete statewide search for additional, high-potential megasite properties (500+ acres) with identification of prioritized site development opportunities
- Active engagement in the 2023 General Assembly Session
- Completion/initial implementation of Comprehensive Economic Development Policy as well as "go-to-market" sector priorities / whole-of-government road map w/ Admin leaders
- Strong execution of other newly funded activities including implementing International Trade Plan; accelerating the ramp up of the Virginia Talent Accelerator Program; and additional Virginia Office of Education Economics (VOEE) initiatives
- Q4 2022 issue of *Virginia Economic Review: State of Success* will mail in January 2023
- Securing strong hires for open leadership positions

**THANK YOU**

CONFIDENTIAL - WORKING PAPERS

# EXEC COMMITTEE: SITE DEVELOPMENT BRIEFING

Summit View, Franklin County

December 8, 2022

## **EXECUTIVE SUMMARY**

- Lack of project-ready sites remains a key reason why Virginia loses economic development projects
- VEDP is currently pursuing three efforts to improve the Commonwealth's site portfolio: the Virginia Business Ready Sites Program (VBRSP), a New Site Identification Initiative, and the Sites Taskforce
- VBRSP is a competitive grant program that seeks to improve Virginia's project-ready site portfolio, maximizing the impact of investments through holistic evaluations of each site
- VBRSP is heavily oversubscribed with over \$335M in requests for a funding pool of \$90M
- VEDP and KPMG staff are concluding physical site tours this week and will present funding recommendations to the administration this month
- Funding recommendations will promote a balance of near-term wins, strategic investments, and due diligence in future sites
- VEDP has engaged JLL and Timmons Group to identify new megasites that could fill critical gaps in Virginia's portfolio
- VEDP, in collaboration with the Secretary of Commerce and Trade, has convened an interagency taskforce to identify and resolve development challenges on priority sites

# THE LACK OF PROJECT-READY SITES AND BUILDINGS HAS COST VIRGINIA OVER 55K JOBS AND OVER \$124B IN CAPEX SINCE 2016

Since 2016, Virginia has lost:

**55K+**

DIRECT JOBS

**\$124B+**

CAPEX

**110K+**

EST. INDIRECT  
AND INDUCED JOBS<sup>1</sup>

**434-561M+**

EST. ANNUAL  
STATE REVENUE

## Projects lost FY21, FY22, F23 (illustrative)

<b>Project Aurora</b> Automotive	6,500 direct jobs	\$5B
<b>Project Settlement</b> Semiconductor	5,600 direct jobs	\$40B
<b>Project Darwin</b> Automotive	5,200 direct jobs	\$3.5B
<b>Project P2</b> Semiconductor	3,500 direct jobs	\$21.4B
<b>Project Everest</b> Semiconductor	1,900 direct jobs	\$17B
<b>Project Sirius</b> Semiconductor	1,800 direct jobs	\$2B

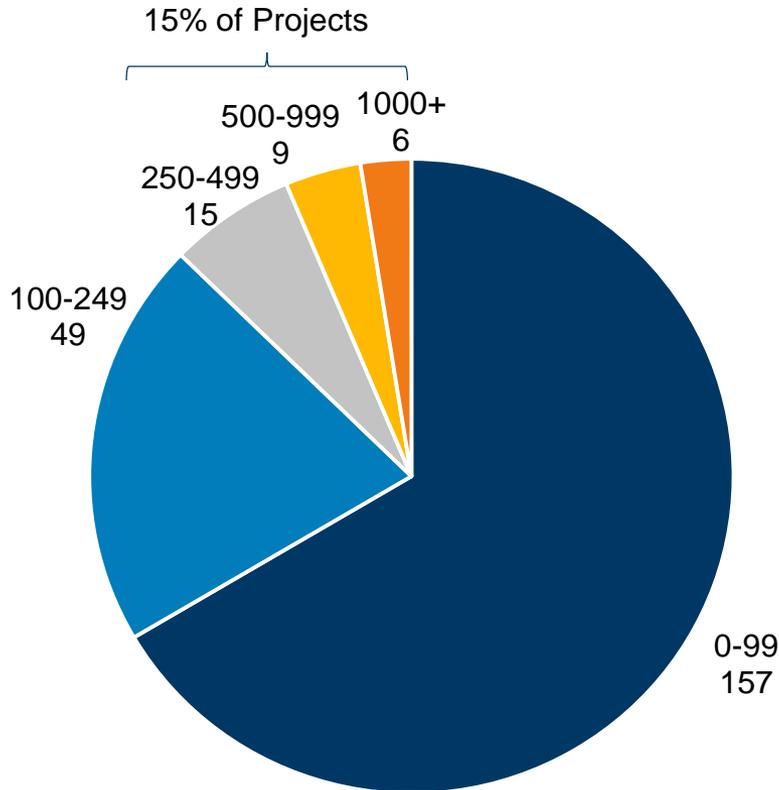
## Other recent projects lost due to sites (illustrative)

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

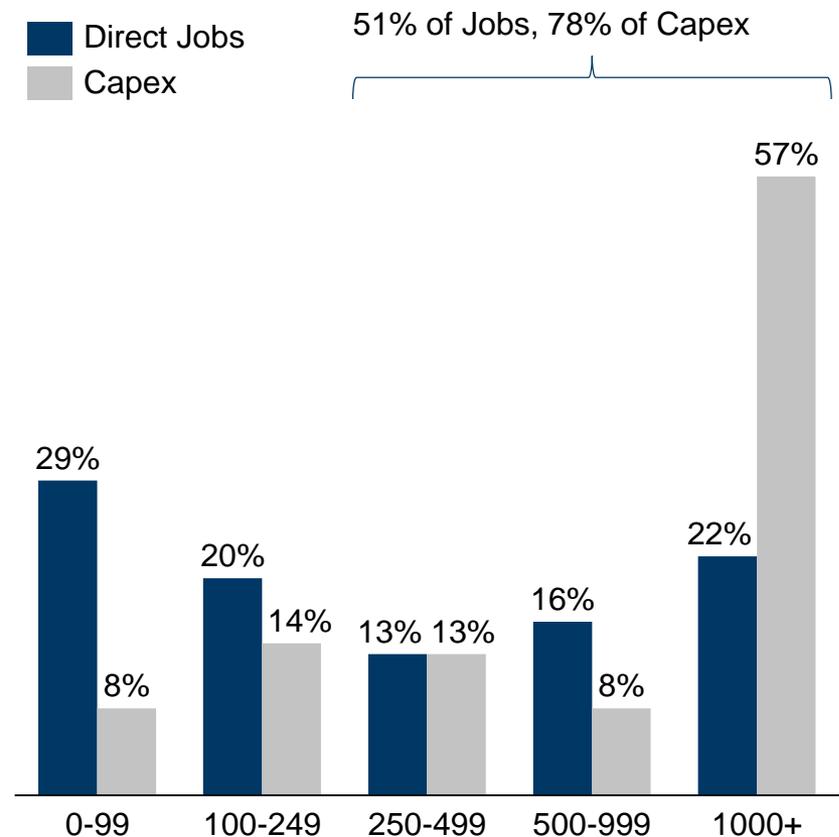
<sup>1</sup>Indirect and induced jobs estimated using project NAICS codes for projects in which detailed ROI estimates were not available

# LARGE PROJECTS ARE MUST-WIN: THE FEW OPPORTUNITIES REPRESENT THE MAJORITY OF POTENTIAL JOBS AND CAPEX

2018-21 VEDP site search requests by project acreage



Potential jobs and capex by est. project acreage<sup>1</sup>

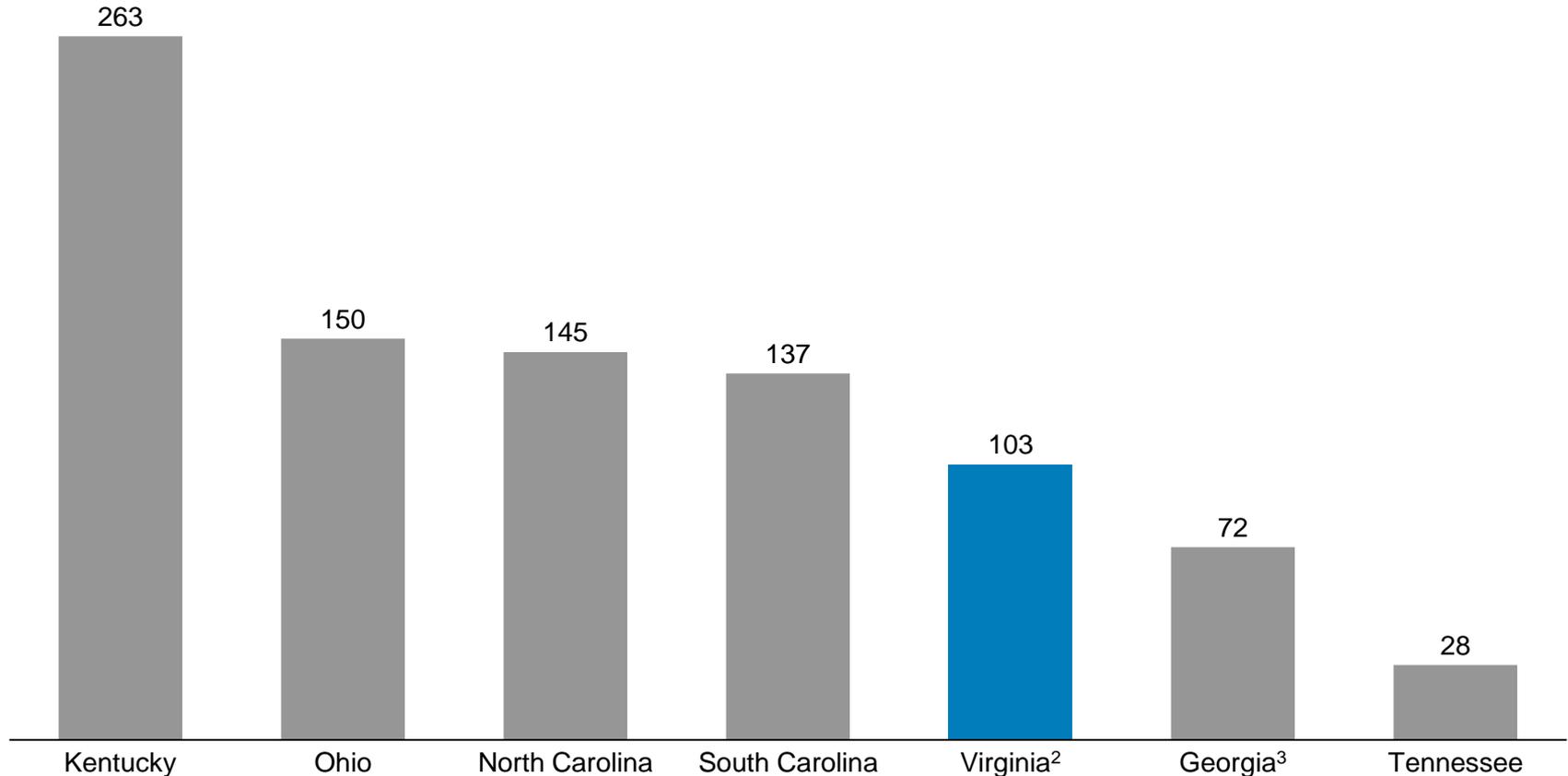


<sup>1</sup>Based on minimum acreage requests and analysis of 18 recent projects, which indicated that selected site acreage is on average two times as large as the minimum acreage request

Source: VEDP site search request data, VEDP analysis

# VIRGINIA IS INVESTING MORE HEAVILY IN ITS SITE PORTFOLIO, BUT STILL LAGS BEHIND PEERS

**Comparison of Peer State Site Development Funding (\$M)<sup>1</sup>**



<sup>1</sup>Three-year, pre-prospect site development investment totals (19-21 for most states) by state, based on most recent available data

<sup>2</sup>Virginia funding may rise as GOVA may invest additional funding in site development for FY23

<sup>3</sup>Georgia does not fully disclose funding amounts; Georgia Power provides significant site funding; acquired \$61M Bryan County site

Source: [KY State Budget](#); [OH Site Inventory Program](#); VA State Budget ([20-22](#) & [22-24](#)); [GO Virginia Annual Reports](#); NC State Budget ([21-23](#) & [19-21](#); [Golden Leaf](#); SC Dept. of Commerce reports ([19](#), [20](#), & [21](#)); Savannah Now; [OneGeorgia Authority Annual Reports](#); [TN Dept. of Community and Economic Development](#)

## VEDP'S OVERALL SITE DEVELOPMENT STRATEGY INCLUDES THREE PARALLEL EFFORTS



### **Virginia Business Ready Sites Program**

Awards grants to applicant localities to further site development



### **New Site Identification**

Search for a new site for state-led development



### **Site Development Taskforce**

State-level technical experts work to accelerate development at high-potential sites

## VBRSP PROVIDES GRANTS TO LOCALITIES TO IMPROVE VIRGINIA'S SITES AND INCREASE COMPETITIVENESS FOR PROJECTS

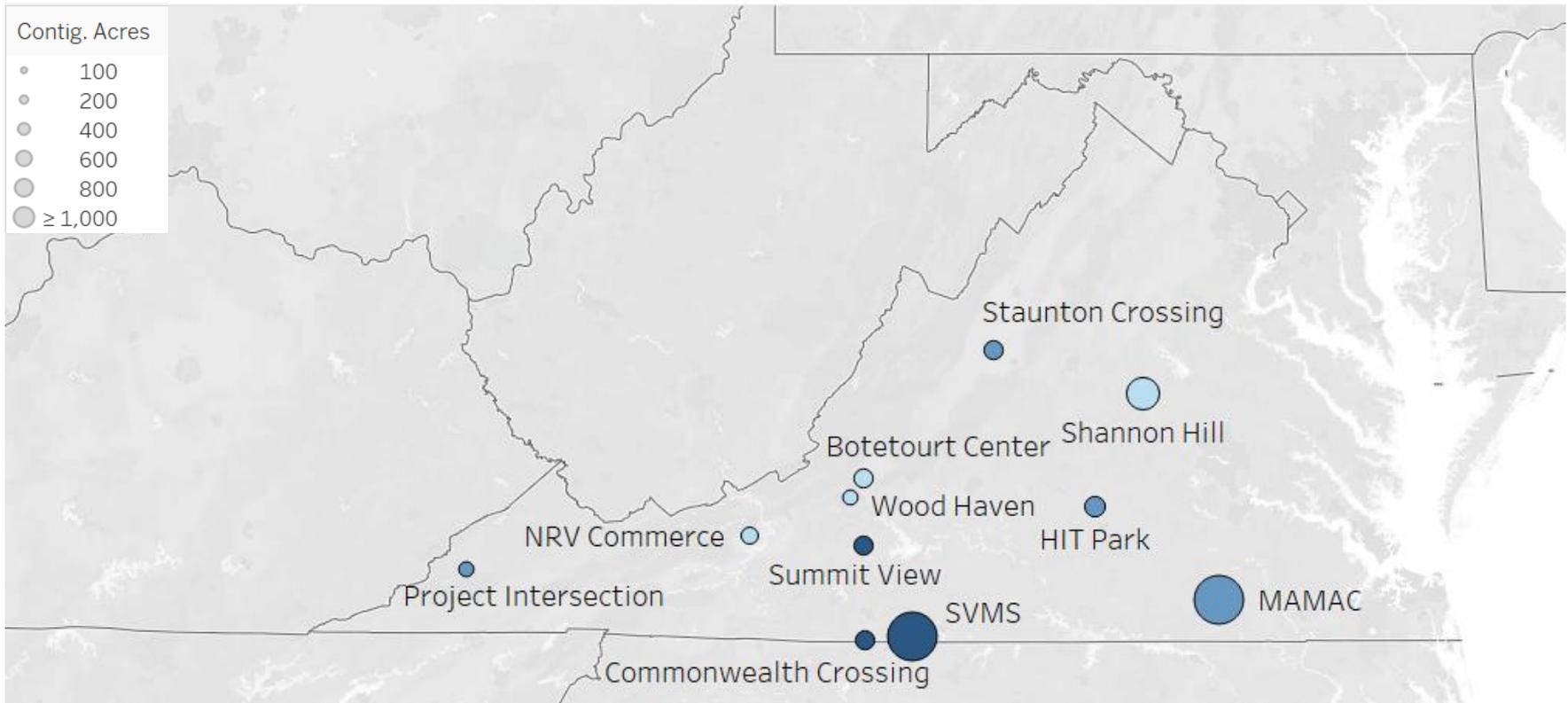
- **The mission of the VBRSP Site Development Program** is to further business attraction in the Commonwealth of Virginia through site development
  - By preparing more competitive project-ready sites, industrial end-users will be more likely to select Virginia for investment
  
- The Virginia Business Ready Sites Program (VBRSP) has two grant programs:
  - Characterization grants
    - Matching grants up to \$5,000 per site to characterize sites over 25 acres
  
  - Site Development Grants
    - Matching grants to localities fund due diligence and development at sites over 25 acres in GOVA regions 1 and 2 (due to topographic challenges) and over 100 acres in all other regions
  
- To accomplish this mission, VEDP awards available funds to site development projects to assist with the costs necessary to advance sites from their current Tier Level to higher Tier Levels
  
- VBRSP plans to award \$90M in grants in FY23, and anticipates an additional \$50M in FY24

# VBRSP INVESTMENTS ARE MADE TO ADVANCE SITES THROUGH THE TIER SYSTEM TO PROJECT-READY STATUS (TIER 4 OR 5)

Tier	Description	
1	<ul style="list-style-type: none"> <li>▪ Raw land with interested seller</li> <li>▪ No established sales price</li> <li>▪ Not zoned for economic development use (i.e. no industrial or commercial zoning)</li> </ul>	
2	<ul style="list-style-type: none"> <li>▪ Site controlled and marketed for development</li> <li>▪ Option agreement with commitment to a competitive sales price</li> <li>▪ Comprehensive Plan reflects industrial or commercial land use, but might not yet be rezoned</li> </ul>	
3	<ul style="list-style-type: none"> <li>▪ Property zoned for industrial or commercial land use, due diligence completed                             <ul style="list-style-type: none"> <li>– Wetlands delineation with ACOE approval within last 5 years</li> <li>– Geotechnical borings and preliminary evaluation</li> <li>– Boundary survey with easements and encumbrances identified (ALTA preferred) and 1' topographical survey</li> <li>– Cultural resources review</li> <li>– Threatened and endangered species review</li> <li>– Phase I ESA within last 5 years</li> <li>– Floodplain Study or Geological / Karst Evaluation (if necessary)</li> </ul> </li> <li>▪ Preliminary engineering work completed with associated reports</li> <li>▪ Estimated costs and timelines for development have been quantified</li> </ul>	"Soft" Costs
4	<ul style="list-style-type: none"> <li>▪ All infrastructure permit issues identified and quantified (wetlands, E&amp;S, T&amp;E, etc.)</li> <li>▪ Plans for necessary infrastructure improvements have been completed and approved</li> <li>▪ Any infrastructure needed to reduce timeline to 12-18 months is in place</li> </ul>	
5	<ul style="list-style-type: none"> <li>▪ "Shovel Ready" – site cleared and rough graded</li> <li>▪ All site permits in place or identified (E&amp;S, stormwater mgmt., etc.) such that building construction can begin as soon as necessary land disturbance permits can be obtained by prospective industry</li> </ul>	"Hard" Costs

# THE FY22 VBRSP FUNDING ROUND ADVANCED THE READINESS OF 11 SITES ACROSS THE COMMONWEALTH

## CY22 VBRSP Grants



# THE VBRSP PROCESS IS STRUCTURED TO GATHER, VERIFY, AND EVALUATE SITE INFORMATION

## VBRSP grant opportunity incentivizes localities to assemble detailed information on sites

- Locals coordinate with boards of supervisors, utilities, private developers, landowners, engineers, regional bodies, and other officials to verify and update site information
- VBRSP team reviews applications and sends key questions to applicants; these questions are discussed during Virtual Site Tours, and further follow-up questions are submitted

## In-person site visits allow VEDP to verify and augment site information

- Visits highlight any additional site needs or assets omitted from the local application, or any discrepancies between the application and reality
- Intangibles such as site optics, local commitment, and capabilities are critical to winning projects; site visits provide significant insight into these potential issues
- Reviewing discrepancies and intangibles allows risk factors to be eliminated throughout the application process and cost and timeline margins narrow

## ROI calculations refined based on more detailed information

- Local, state, and site selector input gathered through applications and site visits make target industry and project specifications more specific and accurate
- As the industry and project scope become more narrowly defined, industry-specific development costs, and the range of potential jobs and capital investment can be estimated



# THE CURRENT VBRSP REVIEW PROCESS IS UNDERWAY, SITE TOURS ARE WRAPPING UP

 Current stage

Process	Description	Date
<b>Application review</b>	<ul style="list-style-type: none"> <li>Applications will be reviewed by the Project Review Committee and competitively ranked</li> <li>Completed applications will receive a virtual site tour</li> </ul>	September 2022
<b>Virtual Site Tours</b>	<ul style="list-style-type: none"> <li>A virtual site tour will be used for the Project Review Committee to learn more about the proposed project, business case, and return on investment</li> <li>The call will be 15-20 minutes in length and will require a prepared slide deck</li> </ul>	October 18-28, 2022
<b>Recommended in-person tours</b>	<ul style="list-style-type: none"> <li>After virtual site tours, the Project Review Committee will recommend projects to the Investment Committee for advancement</li> </ul>	November 2022
<b>Site Tours</b>	<ul style="list-style-type: none"> <li>Site tours are conducted to better understand the potential of the site prior to making final funding recommendations to Investment Committee</li> </ul>	November 28 - December 9, 2022
<b>Recommended Awards</b>	<ul style="list-style-type: none"> <li>Project Review Committee will present and discuss funding recommendations to the Approval Committee</li> </ul>	December 2022 - January 2023
<b>Announcement</b>		January 2023

# VEDP'S FY23 RECOMMENDATIONS BALANCE NEAR-TERM WINS, STRATEGIC INVESTMENTS, AND DUE-DILIGENCE IN FUTURE SITES

## Near-term Wins

- These sites have attributes aligned with market demand and can likely be ready in 1-2 years
- These sites are limited in number, so investments must be made in the other two categories to advance sites into this category

## Strategic Investments (Longer-term)

- Investments in 1000+ acre sites, or sites that fill other gaps in Virginia's site portfolio, to move them up the readiness tiers to position them for potential project wins in 3-5 years or more

## Due-diligence

- Early-stage sites that show significant promise based on their proximity to workforce, proximity to industry clusters, significant utility capacities, or other attributes, but more information must be gathered to understand their development potential
- Total funding for due-diligence on all recommended sites will likely be less than \$2B

**Limited near-term opportunities, particularly at large sites, reinforce the importance of identifying a new site for state development**

VEDP has contracted with leading national site selection consultants and engineers to identify and evaluate new real estate opportunities for state-led development

# VEDP'S OVERALL SITE DEVELOPMENT STRATEGY INCLUDES THREE PARALLEL EFFORTS



## Virginia Business Ready Sites Program

Awards grants to applicant localities to further site development



## New Site Identification

Search for a new site for state-led development



## Site Development Taskforce

State-level technical experts work to accelerate development at high-potential sites

# **VEDP HAS ENGAGED JLL AND TIMMONS GROUP TO IDENTIFY NEW MEGASITES IN VIRGINIA FOR STATE-LED DEVELOPMENT**

## **Lack of project-ready megasites has impeded Virginia's ability to compete for transformational projects**

- While improving the readiness of existing megasites can address some portfolio gaps, add'l sites will be needed to compete for select priority industries and to replace current sites as they are taken by projects
- In particular, Virginia requires additional 500+ acre sites near major metro areas

## **In September, VEDP released an RFP for:**

- Analysis of forecast site demand for manufacturing projects
- Evaluation of Virginia's current site inventory relative to forecast demand
- Identification of three to five high potential sites that fill critical portfolio gaps
- ROI estimates, to include rough costs of development and expected project impact

## **JLL and Timmons Group were selected to support the initiative**

- JLL brings knowledge of international site selection and industry trends
- Timmons Group provides detailed knowledge of Virginia's real estate and community assets and the technical acumen and tools that have led to multiple successful site identifications in the Commonwealth
  - Timmons' proprietary GIS tools and skills will allow thorough review of parcels, infrastructure, wetlands and other key site attributes to quickly identify high-potential sites for further review

## VEDP'S OVERALL SITE DEVELOPMENT STRATEGY INCLUDES THREE PARALLEL EFFORTS



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# SITE DEVELOPMENT NEEDS TO BE A COLLABORATION BETWEEN STATE AGENCIES IF VIRGINIA IS TO COMPETE

## Issues and Opportunities

1. Virginia trails competitor states in the number of developed, project-ready sites, thus having lost out on an estimated \$434-561M annual state revenue and 55,000 direct jobs since 2016
2. Currently 91% of the properties in Virginia's real estate portfolio are below Tier 4 (project ready) and more than 50% of our sites are Tier 1 or 2
3. Site development requires input and approval from numerous stakeholders. One element can stall development for years - communication between stakeholders is crucial to ensure sites advance
4. Many of Virginia's megasites lack the infrastructure to support a mega project—partners should build the minimum infrastructure necessary to compete for target sectors
5. Virginia must act quickly with an “All of Virginia” approach to close the site readiness gap and rebalance its industrial real estate portfolio to match project needs
6. Virginia must establish new, bold, and creative economic development accelerators which leverage real estate and infrastructure to catalyze exponential growth
  - Existing examples include: West Creek, Meadowville Technology Park, and Data Center Alley

## Mission

The Site Development Task Force (SDTF) is a confidential working group that will identify strategic properties, establish development plans, and accelerate the delivery of business-ready sites to win projects in the Commonwealth

# THE TASK FORCE USES A SITE-SPECIFIC DEVELOPMENT PROCESS FLOW TO RAISE HIGH-IMPACT SITES TO PROJECT-READINESS



## 1. Initiation - Site Identification

- VEDP identifies potential high-impact economic development sites based on demand assessment and future trends
- Members narrow list of top sites based on preliminary risk profile and ROI
- Stakeholders advise members on the preliminary site list and further quantify risk and ROI

## 2. Conceptual Planning

- Members and Stakeholders establish site-specific development plans to achieve project readiness
- Reassess risk profile and ROI based on preliminary development plans and reconfirm sites

## 3. Site Development Plan Execution

- Work through Critical Development Tasks to create Tier 4 project-ready sites

# SITE DEVELOPMENT TASK FORCE MEMBERS ARE CRITICAL TO MOVING SITES FORWARD

## Members



## Responsibilities:

- Provide subject matter expertise on high potential sites selection
- Involve key decision makers in monthly membership meetings
- Establish Critical Development Tasks with resolution steps and timelines
- Champion the resolution of Critical Development Tasks within organization and with partners

# STAKEHOLDERS PROVIDE NECESSARY SUPPORT TO ADVANCE CERTAIN HIGH-PRIORITY SITES

## Stakeholders



## Responsibilities:

- Attend quarterly meetings
- Provide subject matter expertise on high potential site selection
- Help establish critical development tasks with resolution steps and timelines
- Meet with designated member regarding Critical Development Tasks
- Champion the resolution of Critical Development Tasks with partners and within own organization

# Questions?

# APPENDIX

## VBRSP FY23 APPLICATION SUMMARY (1/4)

<b>Site Name</b>	<b>Locality</b>	<b>GOVA region</b>	<b>Cont. Acres</b>	<b>Requested Funding (\$M)</b>	<b>Brief description</b>
Lonesome Pine Regional Business & Tech Park	Wise	1	204	3	Earthwork, stormwater management, clearing and grading
Wildwood Commerce Park	Carroll	1	105	13.5	Due diligence, design and construction of graded pad
Progress Park Lot 1	Wythe	1	75	8.4	Grading
Bluestone Regional Business & Technology Center	Tazewell	1	180	11.3	Power upgrade
Riverside Development	Scott	1	99	1	Site expansion/acquisition [Withdrew application]
New River Valley Commerce Park	Pulaski	2	120	1	Road access, grading and due diligence
Wood Haven Technology Park	Roanoke	2	94	5.7	Expand the pad, complete stormwater facilities and site acquisition
Ivy Creek Sites	Lynchburg	2	51	0.2	Due diligence
Summit View – North Site	Franklin	2	105	1.8	Access road and utility extensions

## VBRSP FY23 APPLICATION SUMMARY (2/4)

Site Name	Locality	GOVA region	Cont. Acres	Requested Funding (\$M)	Brief description
Summit View - Dogwood Site	Franklin	2	118	2.5	Grading
Dearing Ford Industrial Park	Altavista	2	75	0.2	Due diligence
RCIT Tract 8	Roanoke	2	60	<0.1	Due diligence
New London Phase 2	Bedford	2	168	<0.1	Due diligence
Alleghany Regional Commerce Center	Alleghany	2	104	5	Grading
Dillard Tract	Amherst	2	105	0.3	Due diligence
Wheatland Eco Park	Giles	2	109	3.1	Due diligence, grading
Southern Virginia Megasite	Pittsylvania	3	2,102	43	Road Expansion
Commonwealth Crossing Business Centre	Henry	3	150	22.7	Grading
Stonewall	Brunswick	3	110	1.4	Utility Extension

## VBRSP FY23 APPLICATION SUMMARY (3/4)

Site Name	Locality	GOVA region	Cont. Acres	Requested Funding (\$M)	Brief description
Richardson Road Site	Amelia	3	128	0.8	Due diligence [Withdrew application]
Heartland Innovative Technology Park	Prince Edward	3	164	10.8	Water line extension and elevated water tank
Mid-Atlantic Advanced Mfg. Center	Greensville	4	1,000	11.5	Utility extensions
Upper Magnolia Green	Chesterfield	4	1,000	25	Utility extensions
Sussex Megasite/Route 602 Industrial Park	Sussex	4	595	3.2	Master plan and water line extension
Coastal Virginia Commerce Park	Chesapeake	5	3,801	65	Utility and rail extensions
Camp Parkway Commerce Center	Southampton	5	262	1	Utility extension engineering
Hazelwood Farms	James City	5	238	3.3	Due diligence, wet utility extensions
Stafford East	Stafford	6	227	5.9	Due diligence, water line extension, grading, gas extension

## VBRSP FY23 APPLICATION SUMMARY (4/4)

Site Name	Locality	GOVA region	Cont. Acres	Requested Funding (\$M)	Brief description
Tappahannock Industrial Park	Tappahannock	6	111	0.3	Due diligence
Thornburg Towne Centre	Spotsylvania	6	101	5.6	Clearing/grading, infrastructure and access road
Spotsylvania Technology Campus	Spotsylvania	6	221	5.8	Clearing/grading, infrastructure and access road
Nature's Crossing Technology Center	Waynesboro	8	105	7.9	Wet utility extension
Staunton Crossing	Staunton	8	160	12.3	Wet utility extension
Innovation Village at Rockingham	Rockingham	8	85	3.8	Grading
Valley Logistics	Frederick	8	147	7.2	Utility extensions
Shannon Hill Regional Business Park	Louisa	9	700	16.5	Wet utilities
North Fork, A UVA Discovery Park	Albemarle	9	253	6.5	Grading and due diligence

# SITES ARE EVALUATED ALONG TWO DIMENSIONS TO DETERMINE TOP CANDIDATES FOR INVESTMENT

## Site factors

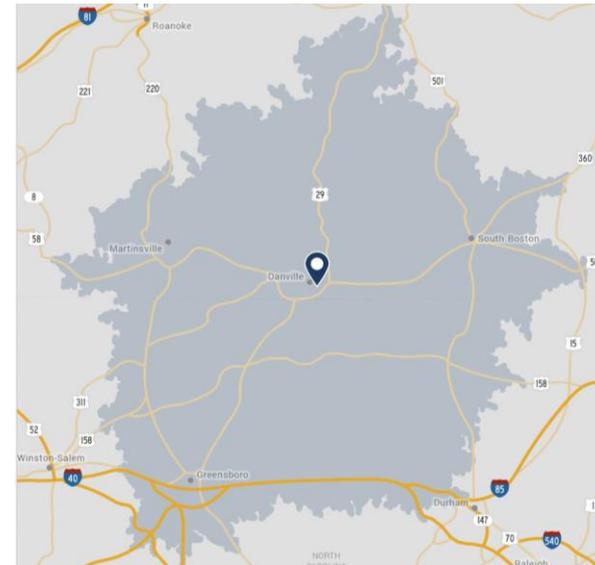
Including but not limited to:

- Acreage
- Power
- Natural gas
- Water / sewer
- Topography

## Location factors

Including but not limited to:

- Talent availability
- Labor quality
- Labor cost
- Quality of life
- Taxes

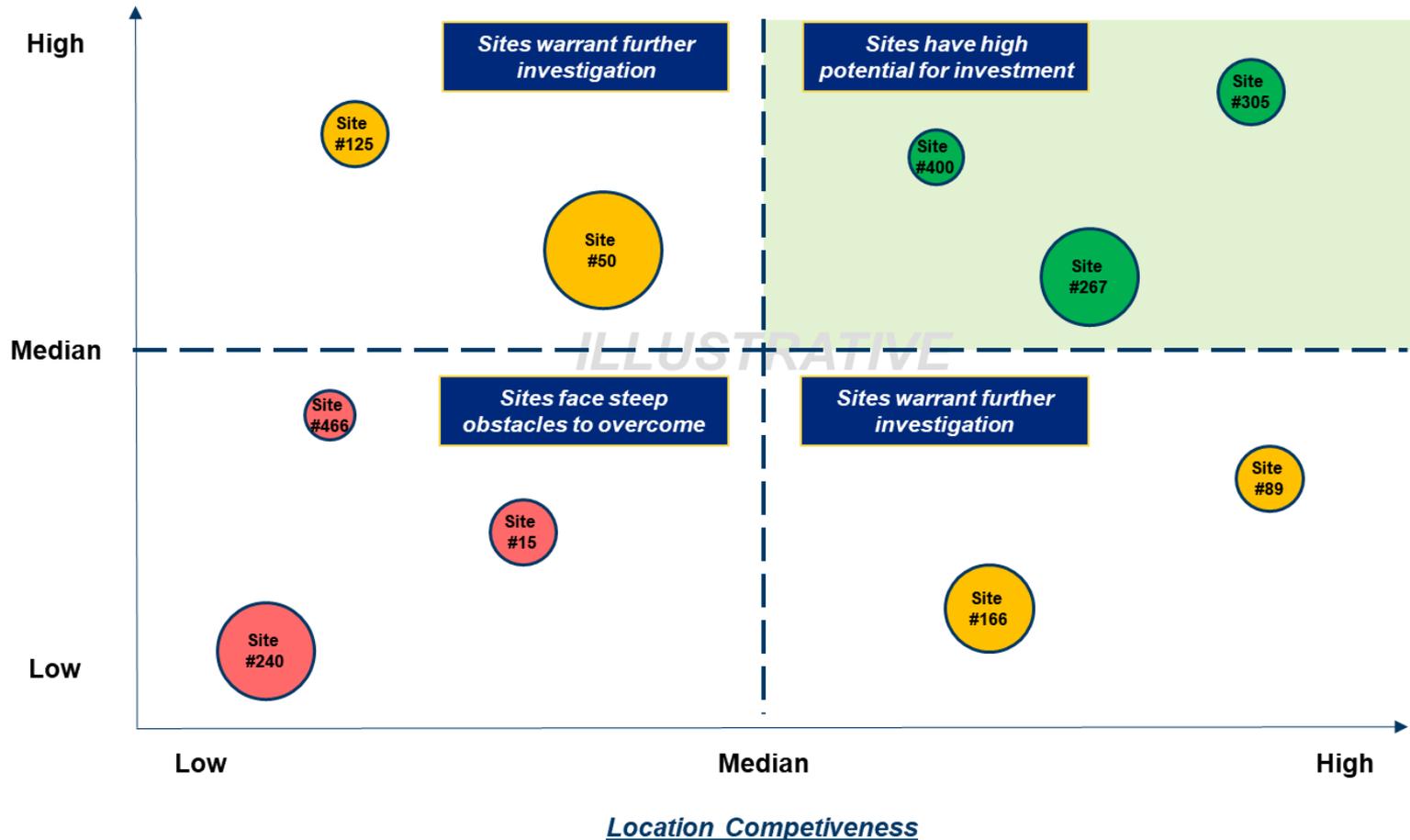


# USING THESE TWO DIMENSIONS, WE CAN DETERMINE THE TOP SITES FOR ADDITIONAL INVESTMENT BY PROJECT AND GEOGRAPHY

**Industry:** Advanced Manufacturing (Small Scale)  
**Geography:** GOVA Region 9

○ Size of circle based on site acreage

Site Developability



# **ADDITIONAL COMPONENTS ARE USED TO ESTABLISH A FULLER UNDERSTANDING OF THE INVESTMENT POTENTIAL OF EACH SITE**

## **In-person site visits**

- Establish how prepared the community is to develop the site
- Support understanding the optics of the site and surrounding area
- Evaluates the community's target industries and fit for the site

## **Community commitment**

- The most important element of successful site development and project wins is local commitment
- Community commitment, often in the form of matching funding (dependent on community resources), should be strongly considered when evaluating investments

## **Industry cluster concentration**

- A strong presence of the target industry in the area will be a major attractor to companies, something that KPMG's analysis does not capture

## **Recent project wins in target industry**

- Even if the industry is not highly concentrated in a location, recent project wins reflect an attractive value proposition and may serve to attract additional companies

## **Regional impact**

- Localities / Regions are the best source of detailed information on the transformational potential of a site – they provide this information via their funding applications
- High impact projects may warrant above average development costs

## **VBRSP ELIGIBLE FUNDING USES - NOT EXHAUSTIVE**

**For uses other than those listed, applicants must contact VBRSP staff prior to applying**

### **Potential Uses of VBRSP Funding**

#### **Due Diligence Studies**

*ALTA survey, phase I environmental, phase I archaeological/cultural resource study, topographic study, floodplain study, wetlands delineation/determination, geotechnical engineering, soil boring, ERT, mitigation study, traffic impact study, rail study*

#### **Site Improvements**

*Clearing, grading, pad, mitigation*

#### **Optical Improvements**

*Marketing signage, landscaping*

#### **Site Optioning/Acquisition/Control**

*Site purchase, site option, site expansion*

#### **Engineering Reports**

*Preliminary/final site engineering and design, grading plan*

#### **Road Access**

*Construction/expansion/upgrade, turn lanes, stop lights*

#### **Rail Access**

*Construction/expansion/upgrade, crossings, spurs, switches*

#### **Utility Extensions**

*Extend utilities on site, utility extension engineering and design*

#### **Right-of-way/Easement Acquisition**

*Secure right-of-way/easements*

**VBRSP is not to be used as the sole source of project funding if other targeted funding sources are available**

- Ex. Economic Development Access Program funding should be used for access road projects, VBRSP could be used only if EDAP funding for the site is unavailable or exhausted

## **VBRSP ELIGIBLE APPLICANTS AND SITES**

### **Eligible applicants include:**

- Counties, cities, and towns of the Commonwealth, and local industrial or economic development authorities created under the laws of the Commonwealth;
- Regional industrial or economic development authorities created under the laws of the Commonwealth;

### **Eligible sites must meet all of the following criteria:**

- Listed in Virginia Scan
- Pre-prospect
- Completed site characterization report
- Meets or will be able to meet the following minimum criteria for a site suitable for marketing for industrial or commercial economic development purposes:
  - At least 100 contiguous, developable acres
    - GOVA regions 1 and 2 sites must be at least 50 contiguous developable acres
  - Appropriately zoned for industrial and/or commercial use
- Note: preference will be given to publicly owned sites, but privately owned sites are eligible. See private site requirements

## **VBRSP: PRIVATE SITE ELIGIBILITY AND CLAWBACKS**

**Site development projects on privately owned properties require a performance agreement between the applicant, VEDP, and the property owner. The following conditions must be met:**

- Outline the commitment of all parties in marketing and developing the site
- Grant access to the property for evaluation and study purposes
- State the intended commercial or industrial use
- Define the maximum per-acre price the landowner will charge an interested buyer
- Any other commitments between the owner and the locality clearly outlined and agreed to

**VBRSP grant funding will be subject to claw back, if:**

- The property's zoning is changed to be unsuited for commercial or industrial use
- The property is sold for a use other than commercial or industrial
- The property is sold at a price exceeding the agreed-upon maximum price
- The recipient does not comply with other terms of the Performance Agreement

# VEDP HAS ENGAGED KPMG'S GLOBAL LOCATION STRATEGIES TEAM TO SUPPORT THE BUSINESS READY SITES PROGRAM

**KPMG has significant site selection experience, both in Virginia and nationally, and provides programmatic and analytical support to VBRSP**

- In FY22 and FY23, KPMG has partnered with VEDP staff and leadership to administer the VBRSP program
- In addition to their site selection experience, KPMG manages the Tennessee Valley Authority's (TVA) site development program, and has a proven track-record of recommending high-impact investments in sites that went on to win projects
- KPMG supported application review, participated in virtual and in-person site tours, and will provide feedback to applicants on how to improve their sites and chances for funding



**Ulrich Schmidt**  
KPMG LLP  
Principal



**Robert Boehringer**  
KPMG LLP  
Managing Director



**David MacNamara**  
KPMG LLP  
Senior Manager



**Leah Scott**  
KPMG LLP  
Manager

# VIRGINIA IS INVESTING MORE HEAVILY IN ITS SITE PORTFOLIO, BUT STILL LAGS BEHIND PEERS

State	Key Site Development Funding Programs	Primary Funding Method	Funding Amount (\$M) <sup>1</sup>
<a href="#">Kentucky</a>	<ul style="list-style-type: none"> <li>▪ <a href="#">Kentucky Product Development Initiative</a></li> <li>▪ Miscellaneous site investments</li> </ul>	Grants to local government or economic development authorities	263
<a href="#">Ohio</a>	<ul style="list-style-type: none"> <li>▪ <a href="#">Ohio Site Inventory Program</a></li> </ul>	Grants and low-interest loans to businesses, developers, non-profits, port authorities, or local governments	150
<a href="#">North Carolina</a>	<ul style="list-style-type: none"> <li>▪ <a href="#">Rural Infrastructure Grants</a></li> <li>▪ <a href="#">Industrial Development Fund Utility Account</a></li> <li>▪ <a href="#">Golden Leaf SITE Program</a></li> </ul>	Grants to localities	145
<a href="#">South Carolina</a>	<ul style="list-style-type: none"> <li>▪ <a href="#">Rural Infrastructure Fund</a></li> <li>▪ <a href="#">Economic Development 'Set Aside' Fund</a></li> </ul>	Grants to localities	137
<a href="#">Virginia</a>	<ul style="list-style-type: none"> <li>▪ <a href="#">Virginia Business Ready Sites Program</a></li> <li>▪ <a href="#">GO Virginia Program</a></li> </ul>	<b>Grants to localities</b>	<b>103<sup>2</sup></b>
Georgia	<ul style="list-style-type: none"> <li>▪ <a href="#">Georgia Equity Fund</a></li> <li>▪ Miscellaneous site investments</li> </ul>	Grants/loans to localities; GA has made direct investments for megasite acquisition	72 <sup>3</sup>
<a href="#">Tennessee</a>	<ul style="list-style-type: none"> <li>▪ <a href="#">Site Development Grant</a></li> <li>▪ <a href="#">FastTrack Infrastructure Program</a></li> </ul>	Grants to localities	28

<sup>1</sup>Three-year, pre-prospect site development investment totals (19-21 for most states) by state, based on most recent available data

<sup>2</sup>Virginia funding may rise as GOVA may invest additional funding in site development for FY23

<sup>3</sup>Georgia does not fully disclose funding amounts; Georgia Power provides significant site funding; acquired \$61M Bryan County site  
 Source: [KY State Budget](#); [OH Site Inventory Program](#); VA State Budget ([20-22](#) & [22-24](#)); [GO Virginia Annual Reports](#); NC State Budget ([21-23](#) & [19-21](#); [Golden Leaf](#); SC Dept. of Commerce reports ([19](#), [20](#), & [21](#)); Savannah Now; [OneGeorgia Authority Annual Reports](#); TN Dept. of Community and Economic Development

## FY22 VBRSP FUNDING ROUND SITE GRANTS

<b>Name</b>	<b>Locality</b>	<b>Contig. Acreage</b>	<b>Funding (\$K)</b>
Botetourt Center	Botetourt	159	363
Summit View	Franklin	150	1,018
MAMAC	Greensville	1000	605
Cwealth Crossing	Henry	150	1,036
Shannon Hill	Louisa	448	300
Project Intrsection	Norton	88	500
SVMS	Pittsylvania	2102	1,312
HIT Park	Prince Edward	175	640
NRV Commerce	Pulaski	120	300
Wood Haven	Roanoke	94	75
Staunton Crossing	Staunton	161	851
<b>Total</b>			<b>7,000</b>

## A G E N D A

### VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY MEETING OF THE FINANCE AND AUDIT COMMITTEE (FAC)

December 7, 2022  
1:30 P.M. to 2:30 P.M.

901 East Cary Street  
James Center One, 9<sup>th</sup> Floor VEDP Board Room  
Richmond, VA 23219

- |                       |                                                                                                                                                  |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 1:30 p.m. – 1:31 p.m. | <b>Welcome/Call to Order</b> – Rick Harrell, Acting FAC Chair                                                                                    |
| 1:31 p.m. – 1:33 p.m. | <b>Public Comment Period</b> – Rick Harrell                                                                                                      |
| 1:33 p.m. – 1:35 p.m. | <b>Approval of Minutes of 9/28/22 FAC Meeting</b> – Rick Harrell <ul style="list-style-type: none"><li>▪ Action Item - Vote to Accept</li></ul>  |
| 1:35 p.m. – 1:40 p.m. | <b>FY22 Financial Audit Update</b> – Linda Wade, Auditor of Public Accounts                                                                      |
| 1:40 p.m. – 1:45 p.m. | <b>VEDP FY23 Financial Results (thru 9/30/2022)</b> – Bob Grenell <ul style="list-style-type: none"><li>▪ Action Item - Vote to Accept</li></ul> |
| 1:45 p.m. – 1:50 p.m. | <b>Internal Audit Update</b> – FORVIS                                                                                                            |
| 1:50 p.m. – 2:00 p.m. | <b>Extension Requests</b> – Kim Ellett <ul style="list-style-type: none"><li>▪ Action Item - Vote to Recommend</li></ul>                         |
| 2:00 p.m. – 2:05 p.m. | <b>Clawback Updates</b> – Kim Ellett <ul style="list-style-type: none"><li>▪ Action Item - Vote to Recommend</li></ul>                           |
| 2:05 p.m. – 2:25 p.m. | <b>CLOSED SESSION:</b> Update on APA audit and datacenter economic impact report                                                                 |
| 2:25 p.m. – 2:30 p.m. | <b>Topics for Next Meeting</b>                                                                                                                   |
| 2:30 p.m.             | <b>Adjournment</b>                                                                                                                               |

**Minutes**  
**Finance and Audit Committee Meeting**  
**Board of Directors of the Virginia Economic Development Partnership**  
**September 28, 2022**  
**1:30 p.m.**

**901 East Cary Street**  
**One James Center, Katherine Johnson Room**  
**Richmond, VA 23219**

**Call to Order**

The meeting was called to order at 1:30 p.m. by Acting Chair Rick Harrell.

Committee Members Present: Acting Chair Rick Harrell, April Kees, and Secretary Caren Merrick

Committee Members Absent: Secretary Stephen Cummings and Steve Stone

Other Board Members: Carrie Chenery, Mimi Coles, John Hewa, Pace Lochte, Nick Rush, and Will Sessoms

VEDP staff present: Nicole David, Jason El Koubi, Kim Ellett, Stephanie Florie, Jennifer Garrett, Katherine Goodwin, Bob Grenell, Lori Melancon, and Lisa Wallmeyer

Guests present: Chris Kalafatis, Kim McKay, Jason Powell, and Randy Sherrod

**Welcome and Introductions**

Mr. El Koubi welcomed everyone, introduced several new Board members, and mentioned the return of Mr. Clemente and Mr. Hayter to the Board. Mr. El Koubi asked all attendees to introduce themselves.

**Public Comment Period**

Acting Chair Harrell asked for public comments. There were none.

**Approval of Minutes for June 22, 2022 Meeting**

Acting Chair Harrell asked for approval of the minutes from the June 22, 2022 Committee meeting. A motion was made by Ms. Kees and seconded by Secretary Merrick and the minutes were unanimously approved as presented.

## **VEDP FY22 Financial Results (thru 6/30/2022)**

Mr. Grenell shared the FY22 Operations Budget to actual for the twelve months ended June 30, 2022. He highlighted that Talent Solutions is underspent and will carry forward to future years and that Real Estate Solutions is also underspent, as the division did not get started until January.

Mr. Grenell reviewed Projects, Pass Thru's and Grants, which are all under budget for the fiscal year. He stated that the FY22 budget balance remaining is for the Virginia Business Ready Sites Development and Characterization programs will be spent in future years.

Mr. Grenell said that overall it was a good fiscal year with a few carry forward items that will be spent in future years.

Mr. Rush asked if the carry forward funds are automatic. Mr. Grenell answered that they do automatically carry forward to future years.

Ms. Kees made a motion to approve the Q4 FY22 financial results. The motion was seconded by Secretary Merrick and the motion was unanimously approved.

## **Extension Requests**

Acting Chair Harrell introduced Ms. Goodwin to share her report.

Secretary Merrick asked Ms. Goodwin to explain and provide background on extensions and the Commonwealth's Development Opportunity Fund (COF). Ms. Goodwin offered an explanation and shared that VEDP is seeing more extension requests lately due to impacts from Covid.

Ms. Goodwin explained Virginia's Major Employment and Investment Project Approval Commission (MEI) process and how it works.

Ms. Goodwin presented two extension requests for the Committee's consideration. She stated that the localities where these companies are located are supportive of the extension requests.

**McAirlaid's -Franklin County** has requested a first extension of 15 months to provide more time for the company to reach its employment target. The company has already exceeded its investment target. The company is actively recruiting but is in tough competition with others for labor.

Ms. Goodwin provided a data center extension request overview.

**Compass Datacenters IAD I, LLC – Loudoun County** has requested a first extension of 18 months to provide more time for the company to reach its employment target. The company has exceeded their investment target. To date, the company has not created any jobs. The company cites the delay in construction of their facility, due to supply chain issues, for the delay in hiring. They have just completed construction and are now actively recruiting.

Mr. Sessoms asked if there is any flexibility when a company is exceeding their investment targets, but falling short on job creation, since the added investment is beneficial to the Commonwealth. The Committee engaged in a discussion on this topic and how VEDP staff evaluates whether to recommend granting an extension request.

Ms. Kees asked to hear more information on Compass Datacenters' plan for reaching its employment target. Ms. Goodwin offered more details and said that the company feels very confident that they will meet their target.

**Pointone Holdings, Inc. – Fauquier County** has requested a first extension of 18 months to reach their capital investment and job targets. The company is currently at only 9% of their capital investment and they have not created any jobs. Fauquier is poised to realize future data center projects. VEDP and the county want to be supportive of growth in this sector, so offering the company additional time to meet its metrics is in line with this goal.

The Committee members engaged in a discussion on data centers.

Ms. Kees made a motion to recommend approval of all three extension requests that were presented. Secretary Merrick seconded the motion, and the recommendation was unanimously approved.

### **Clawback Updates and OAG Referrals**

Ms. Goodwin stated that there have been no new referrals to the Office of the Attorney General (OAG) since the last Committee meeting.

Ms. Goodwin shared the clawback report and explained that one clawback is past due for Koinonia in Pulaski County. She stated that the clawback has been requested and the company has been very responsive. The company plans to repay the money by September 30.

Ms. Goodwin reviewed the clawbacks that have been requested but are not yet past due.

Ms. Goodwin shared a progress report on COF projects that are subject to clawbacks. She said that five clawbacks have been closed out since the Committee's last meeting in June of 2022 and that one clawback is still being processed.

Ms. Goodwin said there are no VJIP clawbacks from this period.

Ms. Goodwin stated that there is one data center project, OVH, currently subject to clawback, the amount of which is currently being determined.

### **Semiannual Report on Incentives FY22**

Ms. Goodwin shared the semiannual report on VEDP-administered incentives. She noted that the reports shows 7 years' worth of data.

### **Report on COF Progress Reports for FY22**

Ms. Goodwin provided an update on the number of COF annual progress reports that were received for FY22. She said that the number of reports expected was 80 and all 80 reports were received.

Secretary Merrick made a motion to recommend approval of the semiannual report on VEDP-administered incentives and the COF Progress Report. Ms. Kees seconded the motion, and the recommendation was unanimously approved.

### **Proposed Updates to Incentive-Related Policies and Procedures**

Ms. Goodwin explained that in 2021, the VEDP Board of Directors approved updates to the VEDP Incentives Administration Policy and Procedural Guidelines. She added that these Guidelines must be reviewed on an annual basis and any changes set forth shared with the full Board.

Ms. Goodwin noted that there were no legislative impacts on VEDP-administered incentives during the 2022 General Assembly session, but that VEDP does suggest several changes to the Guidelines. Ms. Goodwin reviewed the proposed changes in detail.

Secretary Merrick made a motion to recommend approval of the proposed updates to VEDP's Incentives Administration Policy and Procedural Guidelines. Ms. Kees seconded the motion, and the recommendation was unanimously approved.

### **Internal Audit Update**

Acting Chair Harrell introduced Mr. Sherrod with FORVIS (formerly Dixon, Hughes, Goodman, LLC) to provide a progress update on VEDP's internal audit function.

Mr. Sherrod said that he and his team are getting ready to kick off their audits of VJIP and Economic Competitiveness. He said that these audits should be completed by the end of the calendar year.

Mr. Sherrod said that starting in the first quarter of 2023, audits of the Research and Information Technology divisions will take place. Mr. Kalafatis explained that this will be the second time these divisions have been audited, so this next round will also include follow-up on any findings from past audits.

Acting Chair Harrell thanked Mr. Sherrod for his report.

### **Other Topics, Adjournment, and Next Meeting**

The Committee asked for a high-level overview of the various incentive programs that VEDP manages at the next meeting. Secretary Merrick suggested also discussing other incentive programs that are managed by others but intersect with VEDP.

The Committee engaged in discussion about how it can be confusing for the localities to figure out how to navigate all of the various incentives. Some members noted that the same issue exists with workforce-related programs and that there is a need to have both of these areas centralized.

Ms. Coles asked if there is a comprehensive list of all of the available incentives. Mr. El Koubi suggested the incentives page of VEDP's website as a resource.

The next meeting of the Finance and Audit Committee will be held in December, exact date and time TBD. The meeting was adjourned at 2:34 p.m.

Respectfully submitted,

Nicole David  
Acting Recording Secretary

# CONTROLLER'S REPORT TO THE FINANCE AND AUDIT COMMITTEE

December 7, 2022

## FY2023: OPERATIONS BUDGET TO ACTUAL FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

<u>Division</u>	<u>2023 Budget</u>	<u>2023 YTD Actual</u>	<u>% Spent 25%</u>
Talent Solutions (Note)	17,332,268	1,898,628	11%
International Trade	11,756,814	1,691,535	14%
Business Investment	6,976,701	1,609,535	23%
Research	3,291,507	715,866	22%
Marketing and Communications	4,559,844	821,743	18%
Economic Competitiveness	1,075,198	271,225	25%
Real Estate Solutions	1,518,000	224,706	15%
Information Technology	1,210,227	347,558	29%
Incentives	1,158,969	211,349	18%
Administration	4,983,064	1,188,492	24%
<b>Total VEDP Operations</b>	<b>53,862,592</b>	<b>8,980,637</b>	<b>17%</b>
Projects, Pass Thru's, and Grants	11,302,166	521,802	5%
<b>Total VEDP</b>	<b>65,164,758</b>	<b>9,502,439</b>	<b>15%</b>

Note: Talent Solutions FY23 budget includes \$14,860,00 for the Talent Accelerator Program, \$1,641,768 for Regional Talent Solutions and Business Outreach, and \$830,500 for VOOE.

## **FY2023: OPERATIONS BUDGET TO ACTUAL FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022**

- All divisions are close to or below budget through the first three months of the fiscal year.
- The market-facing divisions (Talent Solutions, International Trade, Business Investment, and Marketing and Communications) are under budget (15% combined). This spending rate is expected to increase as we move into the remaining quarters of FY23.
- Projects, Pass Thru's and Grants are under budget through the first three months of the fiscal year. The FY23 budget includes \$8.4 million for the Virginia Business Ready Sites Development and Characterization programs, \$2.3 million for the Brownfields Restoration and Redevelopment Fund, and \$.6 million for the Inland Port Feasibility Study, the Eastern Shore Natural Gas Pipeline Extension Study, and the Hampton Roads Maritime Workforce Study. Spending for these items is expected to increase later in the fiscal year.



# FINANCE & AUDIT COMMITTEE

December 7, 2022

# FINANCE & AUDIT COMMITTEE

## Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Bethel Beach,  
Mathews County

## 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.

# POLYCAP – RUSSELL COUNTY – 1<sup>ST</sup> EXTENSION

## Summary:

- Manufacturer of specialty caps and closures
- \$130,000 COF grant
- Governor approved: 3/27/2019
- Initial performance date: 9/30/2022
- Extension request date: 9/30/2023
- Extension request received: 3/7/2022

## Targets per the Performance Agreement:

- 48 new jobs @ \$30,670 over baseline of 0
- \$11,800,000 capital investment

## Actual as of 3/31/2022:

- 39 new jobs @ \$35,666 (81%, verified)
- \$11,907,533 capital investment (101%, verified)

## Request:

- Extend performance date by 12 months from 9/30/2022 to 9/30/2023

## Rationale:

- COVID-19 has delayed Polycap's progress in meeting its employment target. While the company continues to receive large orders from its customers, it is limited in its ability to fulfill these orders due to a lack of available workers.
- Polycap has exceeded its investment target.
- Polycap has increased its wages on a regular basis to attract employees: 8% in 2020, 10% in 2021, and another 6% in early 2022.
- The company is aggressively recruiting for the outstanding positions to meet its employment target.
- Polycap anticipates that a 12-month extension will allow time for the labor market to improve and enable the company to reach its employment metric.
- Russell County is supportive of an extension for Polycap to reach its employment target.

# NAVY FEDERAL CREDIT UNION – FREDERICK COUNTY – 1<sup>ST</sup> EXTENSION

## Summary:

- Support and service operations for credit union
- \$2,000,000 COF grant, \$4,000,000 VEDIG grant, and \$700,000 VJIP grant
- Governor approved: 1/10/2017
- Initial performance date: 12/31/2022
- Extension request date: 3/31/2024
- Extension request received: 7/11/2022

## Targets per the Performance Agreement:

- 1,400 new jobs @ \$60,314 over baseline of 1,408
- \$100,000,000 capital investment

## Actual as of 6/30/2022:

- 504 new jobs @ \$60,328 (36%, verified); company reports another 221 jobs created as of 9/30/2022 (not verified due to VEC reporting deadlines)
- \$136,421,496 capital investment (136%, verified)

## Request:

- Extend performance date by 15 months from 12/31/2022 to 3/31/2024

## Rationale:

- The aftereffects of the COVID-19 pandemic, changes in the hiring landscape, and the looming recession have all delayed Navy Federal's progress in reaching its job target.
- Navy Federal has greatly exceeded its investment target.
- To assist with hiring, Navy Federal began offering a hybrid working schedule. They are also utilizing hiring engines and LinkedIn and have increased their advertising.
- Recruitment is underway for 267 open positions. While they will still be short of their job target if these are filled, the addition of these jobs will enable them to retain a greater portion of the COF grant and reduce the amount of the required clawback.
- For VEDIG, 250 jobs at an average salary of \$94,600 must be created (currently at 140). There is no risk to extending this performance date since these funds are paid post performance.
- For VJIP, the company has been reimbursed \$500 per job for 618 jobs.
- Frederick County is supportive of an extension for Navy Federal to reach its employment target.

# VOLVO/MACK TRUCKS – ROANOKE COUNTY – 1<sup>ST</sup> EXTENSION

## Summary:

- Manufacturer of medium-duty trucks
- \$150,000 VJIP grant
- Approved: 10/21/2018
- Performance date: 10/7/2022
- Extension request date: 1/7/2024
- Extension requested received: 10/7/2022

## Targets per the Performance Agreement:

- 250 new jobs @ \$23.61 per hour over baseline of 0
- \$13,000,000 capital investment

## Actual as of 3/31/2022:

- 227 new jobs @ required wage (91%, verified)
- \$16,616,904 capital investment (128%, verified)

## Request:

- Extend performance date by 15 months from 10/7/2022 to 1/7/2024

## Rationale:

- Mack Trucks' hiring has been impacted by continuing supply chain challenges; however, improvements in the supply chain are anticipated over the next 15 months.
- The business continues to grow, and there is a strong demand for the medium-duty trucks assembled at this facility.
- Plans are underway to add a second shift in the near term, which will enable the company to fully reach its employment target.
- To date, the company has been reimbursed \$600 per job for 188 jobs.
- Mack Trucks believes an extension will allow the company to fully reach its employment target and take advantage of the remaining VJIP funding available to the company.

# 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.

# CYXTERA COMMUNICATIONS – LOUDOUN COUNTY – 1<sup>ST</sup> EXTENSION

## Summary:

- Data Center Retail Sales & Use Tax Exemption (DCRSUTE)
- MOU executed: 2/1/2019
- Performance date: 2/1/2023
- Extension request date: 8/1/2024
- Extension request received: 10/24/2022

## Targets per the MOU:

- 50 new jobs @ \$96,867 (150% PAW)
- \$150,000,000 capital investment

## Company Reported as of 6/30/2022<sup>1</sup>:

- 30 new jobs (60%)
- \$234,400,000 capital investment (156%)

## Request:

- Extend performance date by 18 months from 2/1/2023 to 8/1/2024

## Rationale:

- Cyxtera Communications has met the statutory minimum for capital investment. The company must create the statutory minimum of 50 jobs earning at least 150% of the Prevailing Average Wage (PAW) by the performance date to qualify for the exemption.
- The company noted supply chain issues from the Covid pandemic significantly impacted the timeline of the project, resulting in fewer employees hired in earlier years.
- The company also noted hiring difficulties, as the 'on-site' nature of the work makes it harder to recruit employees seeking a more flexible hybrid or remote environment.
- Should Cyxtera not create the statutory minimum job creation, the data center and its tenants must cease using the DCRSUTE and repay the value of the collective tax benefits received.

<sup>1</sup>Cyxtera Communications is nearing the end of its performance period. The company has reported only hiring 30 of the 50 qualifying jobs required to qualify for the benefit. The reported job creation and investment have not yet been verified by VEDP through VEC data and County Assessor records, respectively.

# STACK INFRASTRUCTURE (FORMERLY INFOMART.ASHBURN) – LOUDOUN COUNTY – 2<sup>ND</sup> EXTENSION

## Summary:

- Data Center Retail Sales & Use Tax Exemption (DCRSUTE)
- MOU executed: 3/1/2017
- Performance date: 3/1/2021
- Extended performance date: 3/1/2023
- Extension request date: 9/1/2024
- Extension request received: 11/9/2022

## Targets per the MOU:

- 50 new jobs @ \$91,950 (150% PAW)
- \$150,000,000 capital investment

## Company Reported as of 6/30/2022<sup>1</sup>:

- 22 qualifying new jobs (44%)
- \$191,700,000 capital investment (128%)

## Request:

- Extend performance date by 18 months from 3/1/2023 to 9/1/2024

## Rationale:

- Stack Infrastructure has met the statutory minimum for capital investment. The company must create the statutory minimum of 50 jobs earning at least 150% of the Prevailing Average Wage (PAW) by the performance date to qualify for the exemption.
- Stack has requested an extension primarily due to Dominion's regional transmission capacity issue in the Loudoun area, which has caused the company to operate below capacity resulting in fewer permanent workers employed at this time. The company also cited supply chain disruptions and the pandemic shutdown as contributing factors.
- Stack reported a high confidence that it will meet its job creation target with an 18-month extension, allowing additional time for both direct job creation (commenced as of 9/12/2022) and tenant job creation.
- Should Stack not create the statutory minimum job creation, the data center and its tenants must cease using the DCRSUTE and repay the value of the collective tax benefits received.

<sup>1</sup>Stack Infrastructure is nearing the end of its performance period. The company has reported only hiring 22 of the 50 qualifying jobs required to qualify for the benefit. The reported job creation and investment have not yet been verified by VEDP through VEC data and County Assessor records, respectively.

# FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Beaver Creek Lake,  
Albemarle 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 clawbacks referred to Office of the Attorney General as of November 18, 2022

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

## Clawbacks past due as of November 18, 2022

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
None						
<b>TOTAL</b>		<b>0</b>				

## Clawbacks requested but not past due as of November 18, 2022

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Blue Wolf	Tazewell	45,000	Statutory minimum requirements not met; full repayment of \$45,000 grant requested 3/7/2022; will be repaid in quarterly installments of \$11,250 due 3/31/2022 (received 7/1/2022), 6/30/2022 (received 7/1/2022), 9/30/2022 (received 10/25/22), and 12/31/2022.	Yes	10/15/2015	11/1/2021
Solid Stone	Henry	50,000	Statutory minimum requirements not met; full repayment of \$50,000 grant requested 3/2/2022; will be repaid in quarterly installments of \$12,500 due 3/31/2022 (received 3/31/2022), 6/30/2022 (received 6/29/2022), 9/30/2022 (received 10/1/2022), and 12/31/2022.	Yes	7/20/2016	4/1/2022
Midland	Roanoke City	250,000	Statutory minimum requirements not met; full repayment of \$250,000 grant requested 8/30/2022; due 11/30/2022.	Yes	1/4/2018	6/1/2022
Stone Brewing	Richmond City	818,125	Performance metrics not fully achieved; prorated repayment of \$818,125 of \$5,000,000 grant requested 9/12/2022; due 12/12/2022.	No	10/9/2014	12/31/2021
Novatech	Henry	57,500	Performance metrics not fully achieved; prorated repayment of \$57,500 of \$100,000 grant requested 9/12/2022; due 12/12/2022.	No	12/13/2016	6/30/2022
Standard Calibrations	Chesapeake	250,000	Performance metrics not met; full repayment of \$250,000 grant requested 9/27/2022; due 12/27/2022.	No	12/18/2018	6/30/2022
College Board	Fairfax County	750,000	Statutory minimum requirements not met; full repayment of \$750,000 grant requested 9/30/2022; due 12/31/2022.	No	5/22/2018	9/30/2022
Essel Propack	Danville	150,000	Statutory minimum requirements not met; full repayment of \$150,000 grant requested 10/25/2022; due 1/25/2023.	No	12/17/2018	6/30/2022
<b>TOTAL</b>		<b>2,370,625</b>				

# PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

## Projects subject to clawback closed out since September 29, 2022

Company	Locality	Clawback amount received (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
U.S. Foods	Prince William	350,000	Statutory minimum requirements not met; full repayment of \$350,000 grant received 10/1/2022.	Yes	8/1/2017	3/31/2022
Koinonia	Pulaski	100,000	Company unable to reach its performance metrics; full repayment of \$100,000 grant received 10/31/2022.	Yes	9/8/2017	12/31/2021
<b>TOTAL</b>		<b>450,000</b>				

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

Company	Locality	Amount of grant (\$)	Status	Previously Reported?	Announcement Date	Performance Date
Phoenix Packaging	Pulaski	600,000	Awaiting current FC-20 from company, after which prorated repayment will be calculated.	No	4/12/2017	6/1/3022

# FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

**Repayments Initiated: VJIP**

Repayments Initiated: Data Centers

Rosslyn,  
Arlington County

# PROGRESS REPORT ON VJIP PROJECTS SUBJECT TO CLAWBACK

Past due clawbacks referred to Office of the Attorney General as of November 18, 2022 – NONE

Clawbacks past due as of November 18, 2022 – NONE

Clawbacks requested but not past due as of November 18, 2022

Company	Locality	Clawback amount due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
CareerBuilder	Frederick	93,000	Statutory minimum investment threshold not met; repayment of \$93,000 grant requested 9/12/2022; due 12/12/2022.	No	1/24/2019	12/3/2021
<b>TOTAL</b>		<b>93,000</b>				

Projects subject to clawback closed out since September 29, 2022 - NONE

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

# FINANCE & AUDIT COMMITTEE

Extension Requests

Repayments Initiated: COF

Repayments Initiated: VJIP

Repayments Initiated: Data Centers

Rosslyn,  
Arlington County

# PROGRESS REPORT ON DATA CENTER PROJECTS SUBJECT TO CLAWBACK

Past due clawbacks referred to Office of the Attorney General as of November 18, 2022 - NONE

Clawbacks past due as of November 18, 2022 - NONE

Clawbacks requested but not past due as of November 18, 2022 - NONE

Projects subject to clawback closed out since September 29, 2022 - NONE

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
OVH	Fauquier	TBD	Company indicated that statutory minimum capital investment of \$150 million has not been met and cannot be met with an extension of the MOU; TAX will conduct an audit of expenditures to determine the tax payment due.	Yes	10/6/2016	6/30/2021
<b>TOTAL</b>		<b>TBD</b>				

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# DATA CENTER IMPACT STUDY

December 2022

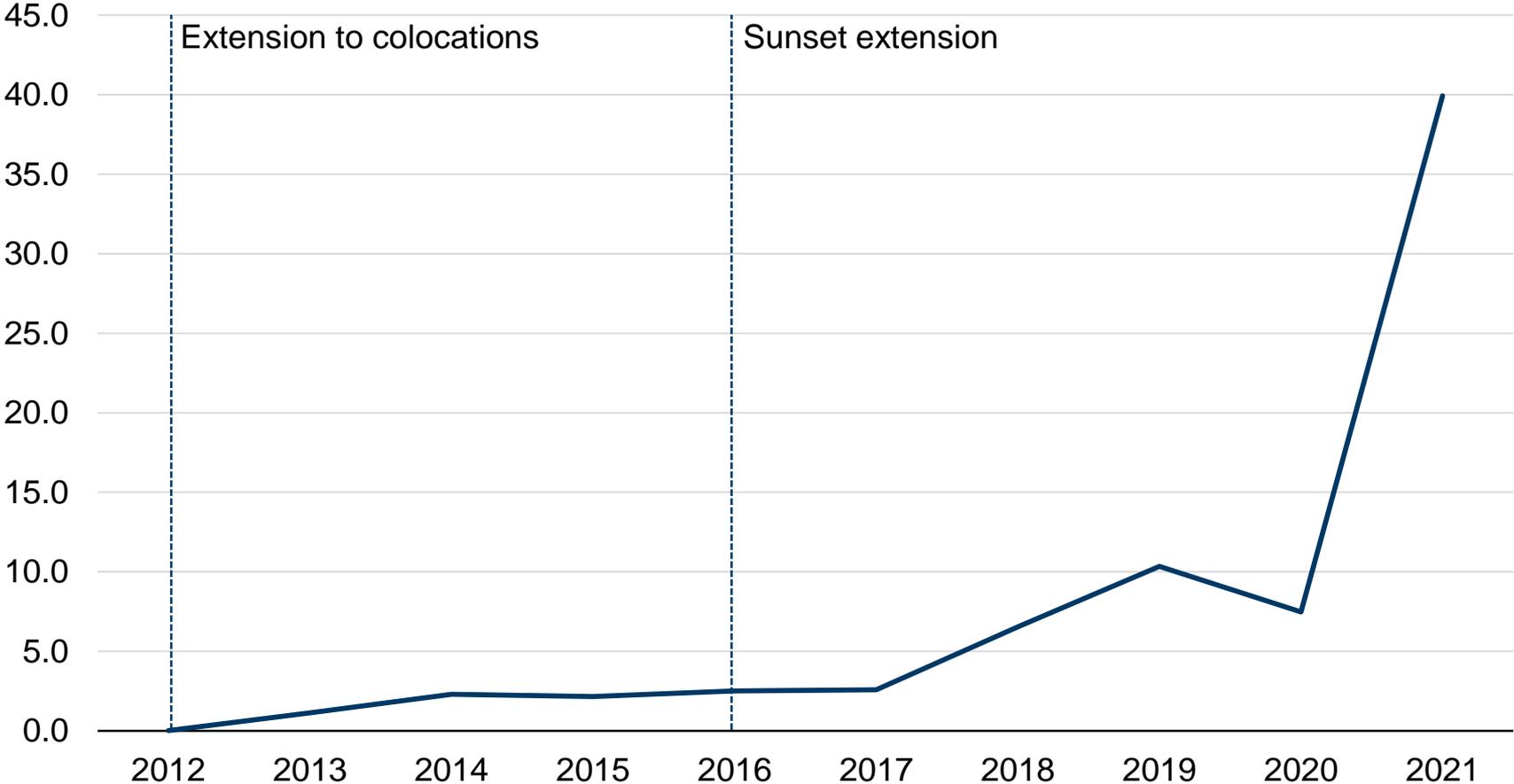
## CONTEXT OF THE STUDY

- The Data Center Sales & Use Tax (DCSUT) Exemption was first established in 2008 – then expanded in 2010, 2012 and 2016.
- JLARC conducted major review of the DCSUT exemption in 2019. The report concluded that the program “appears relatively effective” and “has a sizable influence on data center decisions.”
- JLARC’s analysis was impacted by the limited availability of data stemming from program reporting requirements. It recommended extending reporting requirements.
- During the 2021 Special Session, the General Assembly amended § 58.1-609.3 of the Code of Virginia to enhance reporting requirements and require VEDP and TAX to report on a biennial basis.



# VIRGINIA HAS SEEN SIGNIFICANT GROWTH IN DATA CENTER INVESTMENT ACTIVITY IN RECENT YEARS

**Announced data center capital investment**  
\$ billions, 2012 - 2021



Source: VEDP Announcements Database

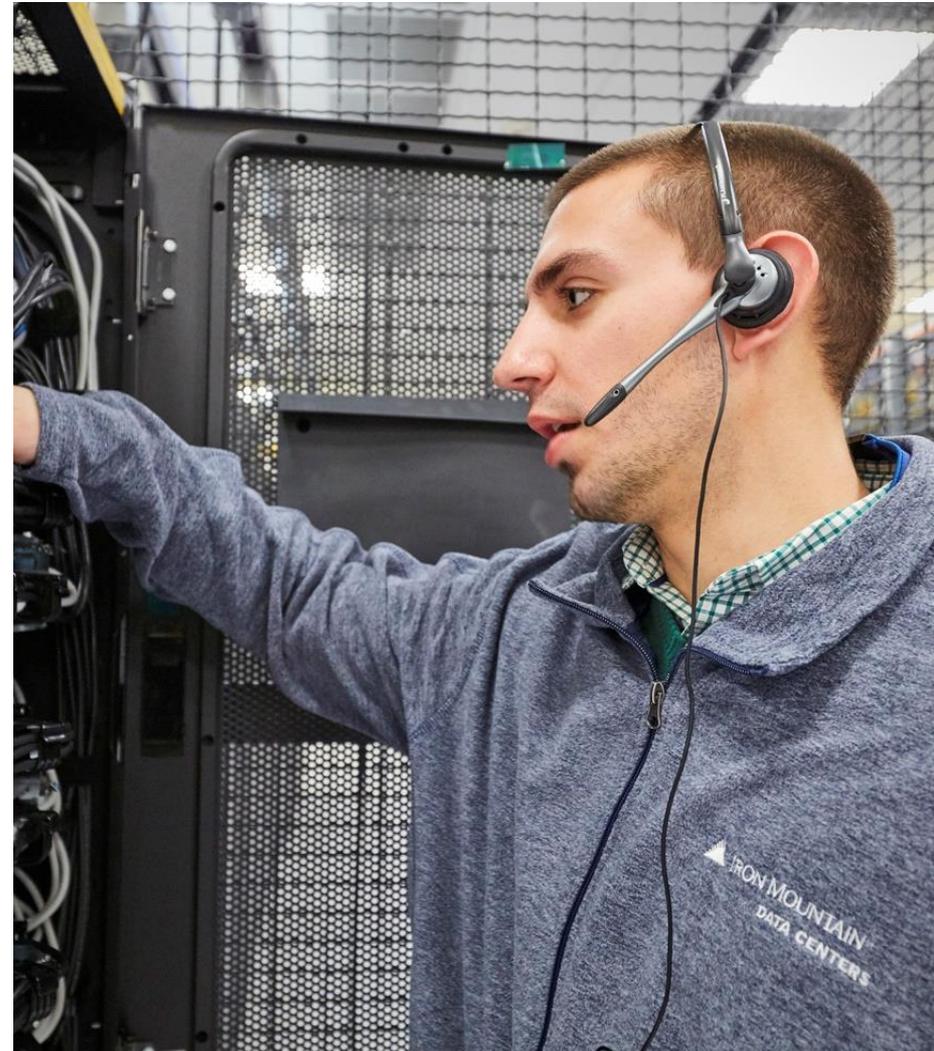
## OBJECTIVES OF THE STUDY AND APPROACH

Per Virginia Code (§ 58.1-609.3) the study should provide:

- Aggregate information on qualifying expenses and the total value of tax benefit
- A return-on-investment analysis that includes direct and indirect jobs created by data center investment, state and local tax revenues generated
- Any other information to demonstrate the costs and benefits of the exemption

VEDP adopted a two-pronged approach to produce this inaugural study:

- The aggregation of data center reporting and ROI analysis was conducted internally, with the ROI modeled reviewed by an independent academic expert
- A consortium of Virginia universities (GMU, VT and ODU) are focusing on analyzing impact of industry, location decision factors and Virginia's competitive landscape.



# DCSUT PROGRAM IMPACT<sup>1</sup>: ~\$15B PER YEAR INVESTMENT, 6,000+ DIRECT JOBS, ~15,000 ADDITIONAL JOBS SUPPORTED

	FY 2021	FY 2022	Total
Eligible companies	27	30	32
Participating companies <sup>2</sup>	24	28	30
Total data center investment	\$16,618,259,000	\$13,320,022,000	\$29,938,280,000
Qualifying data center expenses	\$13,019,898,000	\$10,024,021,000	\$23,043,920,000
Data center retail sales and use tax exemptions reported	\$788,189,000	\$594,160,000	\$1,382,349,000
Direct jobs created by data center investment	273	1,349	1,622
Direct jobs maintained by data center investment <sup>3</sup>	3,435	4,606	4,606
Additional jobs supported by data center investment <sup>3</sup>	9,334	14,969	14,969

<sup>1</sup> Numbers are preliminary until the report is transmitted to the General Assembly on December 15, 2022

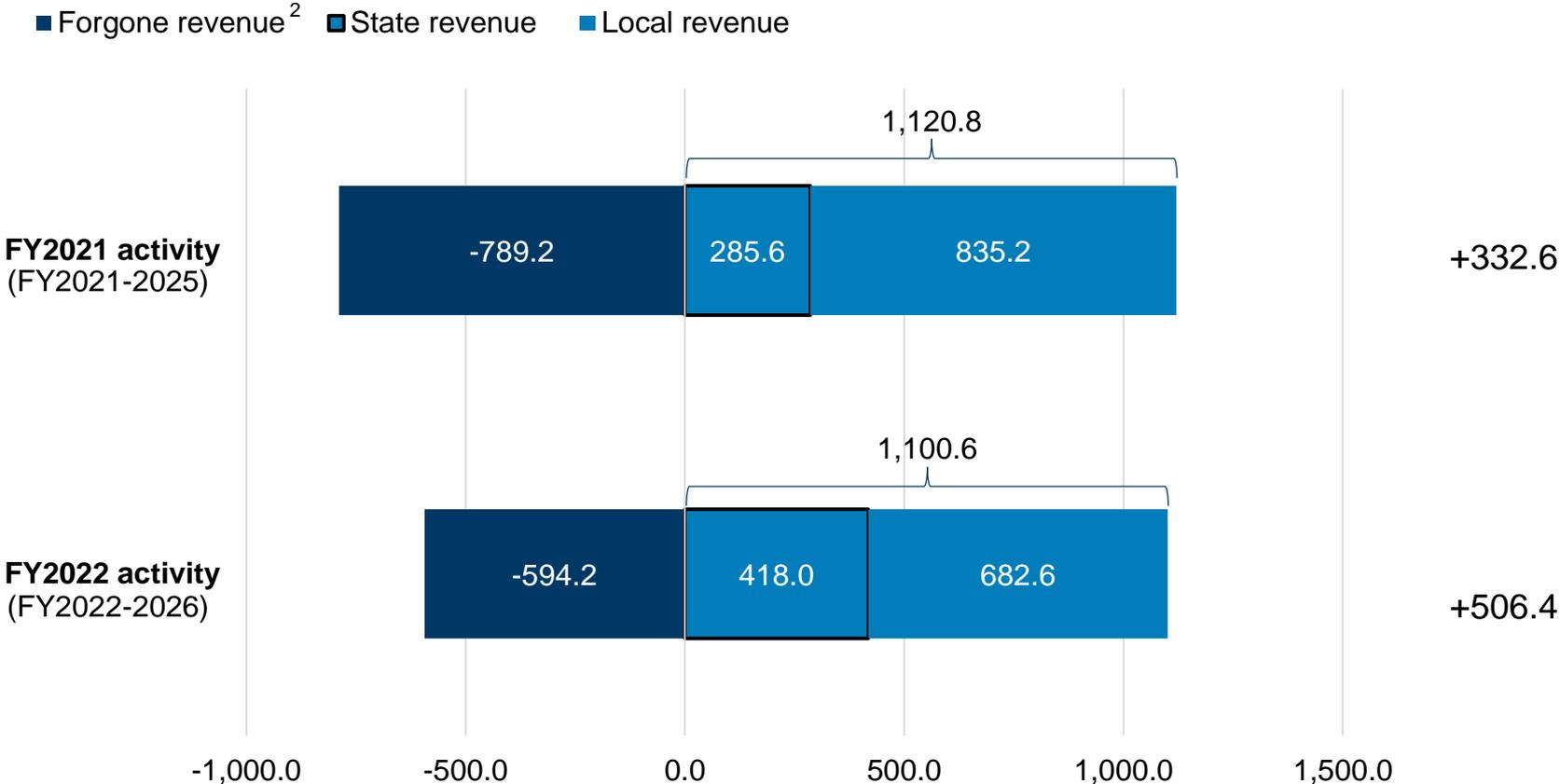
<sup>2</sup> Not all eligible companies with an agreement reported exempt purchases in 2021 or 2022.

<sup>3</sup> Jobs data for maintained and supported jobs do not sum up because FY 2021's jobs become FY 2022's maintained jobs, some data centers reported maintained jobs in one year but not the other, and other data centers reported lower employment levels in FY 2022.

# DCSUT GENERATES SIGNIFICANT REVENUES FOR THE COMMONWEALTH, WITH REVENUES EXCEEDING “COSTS”<sup>1</sup>

DCRSUT 5-year ROI analysis based on FY2021 – FY2022 reporting  
\$, cumulative five-year total

Revenue net of notional “cost”<sup>2</sup>



<sup>1</sup> Numbers are preliminary until the report is transmitted to the General Assembly on December 15, 2022

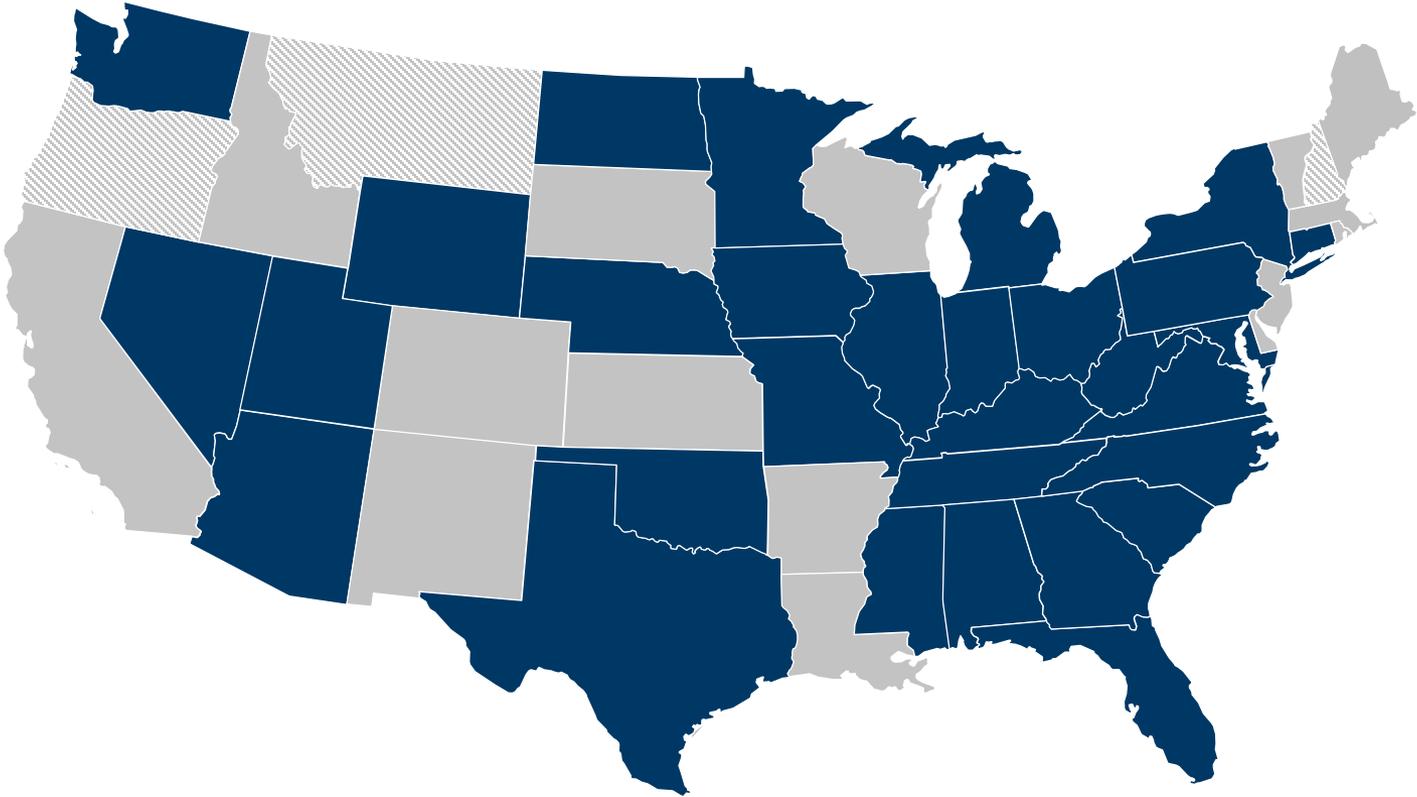
<sup>2</sup> The true effective cost of the program would exclude forgone revenue from data centers which would not have located in Virginia “but for” the exemption. While there is strong evidence that a significant portion of the investment would not have materialized but for the incentive, it is inherently difficult to quantify. To provide the most conservative possible estimates, the undiscounted cost is used for purposes of this analysis.

## OTHER EMERGING FINDINGS FROM THE ACADEMIC TEAM

- The data center industry employs 13,000+ people in the Commonwealth, but the economic impact ripples far beyond direct employment and investment. The industry directly and indirectly supports over **45,000 jobs** across the Commonwealth and contributes **\$15.3 billion** to Virginia's economic output (2021).
  - Suppliers benefiting significantly from data center industry include construction, data center equipment, and accommodation and food services, among others.
- Data center incentives are a top decision factor for the industry, along with infrastructure, utility costs, talent, etc. Both academic models and industry feedback make clear that **the majority of investment would not materialize without the exemption**.
  - Given the increasing scale of investment in this industry, “foregone revenue” under the DCSUT is significant and growing. However, **the true “cost” of the program – lost tax revenues on investment that would have taken place without the incentive – is only a fraction of the notional foregone revenue.**
- **Since the late 2000s, states have increased efforts to attract data centers. Preferable sales tax treatment is now offered by most states,** and almost all states with a significant data center market. Virginia's incentive program is becoming relatively less attractive due to the looming sunset date and has relatively high job creation targets.
- **Data center market in the historic core of “data center alley” is becoming saturated,** pushing development down the I-95 corridor and towards the rural fringe of Northern Virginia. Some niche opportunities exist for other regions of the state.

# THE MAJORITY OF STATES OFFER FAVORABLE SALES TAX TREATMENT TO DATA CENTERS (OR HAVE NO SALES TAX)

States with favorable sales tax treatment for qualifying data centers    No sales tax



# INCENTIVE PROGRAM CHARACTERISTICS IN SELECTION OF KEY DATA CENTER MARKETS

State	Maximum length of benefits for qualifying projects	Program sunset date	Source
Virginia	In perpetuity assuming renewal of the statute (12 years)	2035	<a href="#">Legislation</a>
Arizona	10 years (20 years if qualified as a Sustainable Redevelopment Project)	No new applicants after 2033	<a href="#">Legislation</a>
California	No sales tax incentive	N/A	N/A
Connecticut	20 – 30 years depending on the level of investment and job creation	N/A	<a href="#">Legislation</a>
Georgia	In perpetuity assuming renewal of the statute (9 years)	2031	<a href="#">Legislation</a>
Illinois	Up to 20 years contingent on job creation and investment targets, with renewable exemption certifications issued every five years.	No new applicants after 2029	<a href="#">Legislation</a>
Maryland	10 – 20 years depending on the level of investment and job creation and the region	N/A	<a href="#">Legislation</a>
New Jersey	No sales tax incentive	N/A	N/A
New York	In perpetuity	N/A	<a href="#">Legislation</a>
North Carolina	In perpetuity	N/A	<a href="#">Legislation</a>
Ohio	Legislation does not identify a maximum benefit length, but recent projects were granted a 15-year exemption. The longest exemption period to date is 40 years for Facebook's data center in New Albany.	N/A	<a href="#">Legislation</a>
Texas	10 – 20 years depending on the level of investment and job creation	N/A	<a href="#">Legislation</a>
West Virginia	In perpetuity	N/A	<a href="#">Legislation</a>

**A G E N D A**

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY  
LEGISLATION AND POLICY COMMITTEE MEETING**

**December 7, 2022  
12:30 P.M. – 1:30 P.M.**

**One James Center, 9th Floor – VEDP Board Room  
Richmond, Virginia**

- |                                |                                                                                                             |
|--------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>12:30 p.m. – 12:33 p.m.</b> | <b>Welcome/Call to Order – Marianne Radcliff, Chair</b>                                                     |
| <b>12:33 p.m. – 12:35 p.m.</b> | <b>Public Comment Period</b>                                                                                |
| <b>12:35 p.m. – 12:40 p.m.</b> | <b>Approval of Minutes for 6/22/2022 Meeting</b>                                                            |
| <b>12:40 p.m. – 12:50 p.m.</b> | <b>Election Update – Angie Jenkins</b>                                                                      |
| <b>12:50 p.m. – 1:30 p.m.</b>  | <b>Closed Session:</b> <ul style="list-style-type: none"><li>▪ Budget and Legislative Initiatives</li></ul> |
| <b>1:30 p.m.</b>               | <b>Adjournment</b>                                                                                          |

**Minutes**  
**Legislation and Policy Committee Meeting**  
**Board of Directors of the Virginia Economic Development Partnership**  
**June 22, 2022**  
**12:30 p.m. – 1:30 p.m.**

One James Center, 7<sup>th</sup> Floor – Katherine Johnson Room  
Richmond, Virginia

**Welcome and Call to Order**

The meeting was called to order at 12:32 p.m. by Chair Marianne Radcliff, who noted that a quorum was present.

Members present: Chair Marianne Radcliff, Carrie Chenery, Ned Masee, Vince Mastracco, and Dan Pleasant, *ex officio*

Members absent: Nancy Agee, Dan Clemente, and Deborah Flippo

Other Board Members: Rick Harrell and Secretary Caren Merrick

VEDP staff present: Lindsay Barker, Star Cranston, Nicole David, Jason El Koubi, Stephanie Florie, Sandi McNinch, and Christy Morton

Guests present: Kim McKay, Jason Powell, and Nicole Riley

**Public Comment Period**

Chair Radcliff solicited public comments. There were none.

**Approval of Minutes for March 16, 2022 Meeting**

Chair Radcliff asked for approval of the minutes from the March 16, 2022 meeting. A motion was made by Mr. Masee and seconded by Mr. Mastracco, and the minutes were unanimously approved as presented.

**Special Session I Outcomes**

Ms. Morton delivered a presentation on the outcomes of the recent General Assembly session.

Ms. Morton provided an overview of VEDP's operational funding. She highlighted the additional funding received, including \$1.1 million to administer the Virginia Business Ready Sites Program (VBRSP), an additional \$2 million for the Virginia Talent Accelerator Program, in addition to the supplemental funds for the Blue Star Project, \$3.5 million for International Trade programs, and an additional \$700,000 to fund the internal audit function and Incentives division, which has been underfunded since the JLARC recommendations were implemented. The Governor also included an additional \$1.5 million for new and expanding programs at VEDP that required authorization by the Secretary of Finance.

Ms. Morton explained that there was also additional funding allocated to launch a new grant program for the offshore wind industry, to complete a study on attracting talent to fill the jobs available in Hampton Roads for the maritime and offshore wind industry, an inland port feasibility study, and an impact study on extending a natural gas line on the Eastern Shore.

The Board engaged in a discussion on the specifics of how these new projects will be supported by VEDP and additional details on the purpose of each. In addition to operational funding, Ms. Morton reviewed the details on funding that has been provided for incentives to include a large increase for the Virginia Business Ready Sites Program (\$54.5 million annually) and for numerous previously announced MEI projects, including CoStar, Rocket Lab, Blue Star, CMA CGM, and Amazon.

Ms. Morton also covered several additional budget items impacting VEDP and VOEE. These include Talent Pathways through GO Virginia, a study on the impact of the forest economy with the Department of Forestry, and launching the Advanced Manufacturing Talent Investment Program and Fund pilot at VEDP modeled after the Tech Talent Investment Program.

Ms. Morton concluded her remarks by stating that it was a great budget year and that VEDP is very excited about the additional funding and support it received. Ms. Morton thanked VEDP's partners in the General Assembly and the Administration for their assistance throughout the process.

Mr. El Koubi thanked Ms. Morton and the entire External Affairs team for their excellent work. He explained that VEDP has been dealing with several long-standing budget challenges, including some core capacity issues. He said that this funding goes a long way toward helping VEDP build capacity around core functions and back-office operations. He thanked Ms. McKay and Mr. Powell for their support.

Mr. Harrell spoke about Virginia's competition for economic development projects. He suggested that VEDP continue to build support by educating legislators on the Commonwealth's strengths and challenges. He said that it is important to build awareness among the General Assembly members that we are still not meeting the competitive level of our peer states.

Mr. El Koubi said that he feels there is a willingness from legislators to do more, and VEDP will continue to make the case around the value proposition for increased funding for economic

development. He said he anticipates that Virginia will continue to take an incremental approach to the level of investment. He added that the exception is sites where there has been a breakthrough and step change in the level of investment.

Ms. Radcliff spoke about how wins and losses help VEDP communicate what it takes to win projects.

Mr. Mastracco shared a specific example where Mr. El Koubi and Mr. Dreiling's remarks at a recent city council meeting in Chesapeake made a difference in getting an application for zoning for a site. He said this type of engagement demonstrates VEDP's commitment and determination in promoting sites across the Commonwealth.

Ms. Morton reviewed other items of interest from the budget that impact VEDP, including many studies that the Virginia Office of Education Economics (VOEE) and VEDP will support.

### **Closed Meeting:**

#### **Budget and Legislative Development**

A motion was made by Mr. Massee and seconded by Ms. Chenery to move into a closed meeting. The motion shown below was unanimously approved by the members.

I MOVE THAT THE LEGISLATION AND POLICY COMMITTEE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY CONVENE A CLOSED MEETING PURSUANT TO VIRGINIA CODE §2.2-3711(A)(50) TO ENGAGE IN A DISCUSSION OR CONSIDERATION OF THOSE PORTIONS OF VEDP'S STRATEGIC PLAN, MARKETING PLAN OR OPERATIONAL PLAN, THAT MAY RELATE TO TARGET COMPANIES, SPECIFIC ALLOCATION OF RESOURCES AND STAFF FOR MARKETING ACTIVITIES, AND SPECIFIC MARKETING ACTIVITIES THAT WOULD REVEAL TO THE COMMONWEALTH'S COMPETITORS FOR ECONOMIC DEVELOPMENT PROJECTS THE STRATEGIES INTENDED TO BE DEPLOYED BY THE COMMONWEALTH, THEREBY ADVERSELY AFFECTING THE FINANCIAL INTEREST OF THE COMMONWEALTH.

#### **Back in Open Meeting, Certification of Closed Meeting – Followed by a Roll Call vote:**

WHEREAS, THE LEGISLATION AND POLICY COMMITTEE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENEED A CLOSED MEETING ON THIS DATE PURSUANT TO AN AFFIRMATIVE RECORDED VOTE AND IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT; AND  
WHEREAS, THE ACT REQUIRES A CERTIFICATION BY THIS COMMITTEE THAT SUCH CLOSED MEETING WAS CONDUCTED IN CONFORMITY WITH THE ACT;  
NOW, THEREFORE, BE IT RESOLVED, THAT THE COMMITTEE CERTIFIES THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, (I) ONLY PUBLIC BUSINESS MATTERS

LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE ACT WERE DISCUSSED IN THE CLOSED MEETING TO WHICH THIS CERTIFICATION RESOLUTION APPLIES, AND (II) ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING BY THE COMMITTEE.

Upon the vote:	Ms. Radcliff	Aye
	Ms. Chenery	Aye
	Mr. Massee	Aye
	Mr. Mastracco	Aye

### **Adjournment**

There being no further business, Chair Radcliff adjourned the meeting at 1:41 p.m.

Respectfully submitted,

Nicole David  
Acting Recording Secretary



# LEGISLATION AND POLICY COMMITTEE

Virginia State Capitol

December 7, 2022

**VEDP** | Virginia  
Economic  
Development  
Partnership  
VEDP.org

# AGENDA

## Election Update



State Flag

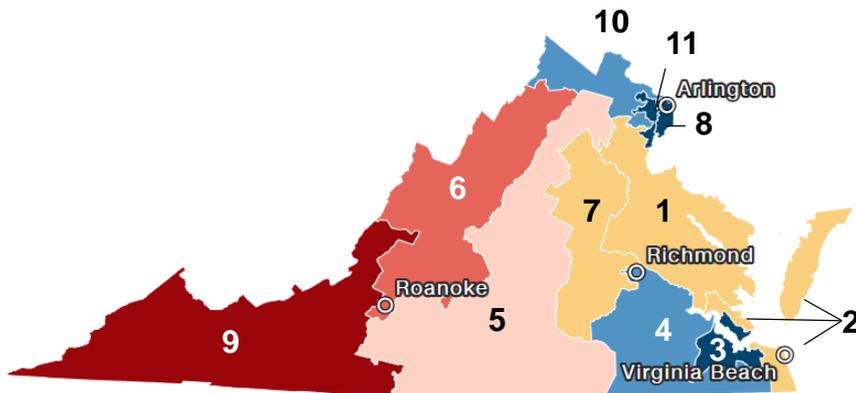
# THE NOVEMBER ELECTION WAS THE FIRST ELECTION SINCE THE NEWLY DRAWN DISTRICTS BASED ON THE 2020 CENSUS

How the district voted in 2020, by presidential vote margin in percentage points



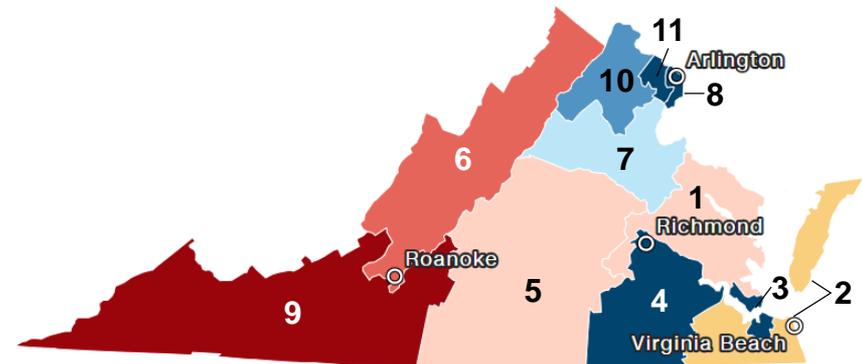
**Old Map**

Drawn by: Courts



**New Map**

Drawn by: Courts



# KIGGANS FLIPS VIRGINIA'S 2<sup>ND</sup> DISTRICT SEAT IN CONGRESSIONAL DELEGATION RESULTING IN A CLOSE CHAMBER SPLIT

District	Democrat	%	Republican	%
1	Herb Jones	42.91	Rob Wittman*	56.01
2	Elaine Luria*	48.22	Jennifer Kiggans	51.63
3	Bobby Scott*	67.19	Terry Namkung	32.56
4	Donald McEachin*	64.92	Leon Benjamin	34.89
5	Joshua Throneburg	42.23	Bob Good*	57.57
6	Jennifer Lewis	35.44	Ben Cline*	64.38
7	Abigail Spanberger*	52.21	Yesli Vega	47.56
8	Don Beyer*	73.53	Karina Lipsman	24.76
9	Taysha DeVaughan	26.54	Morgan Griffith*	73.23
10	Jennifer Wexton*	53.15	Hung Cao	46.65
11	Gerry Connolly*	66.69	Jim Myles	33.01

\* Incumbent

# ON NOVEMBER 17, 2022, GOVERNOR YOUNGKIN AND SENATOR LOUISE LUCAS DECLARED A SPECIAL ELECTION

**On January 10, 2023, a special election will be held to fill Senator Kiggans vacant seat in the Senate**

- Senator Kiggans (R) resigned from her seat in the 7th District on November 15, 2022, due to winning the 2nd congressional district election
  - Virginia Beach Councilman Aaron Rouse (D) and U.S. Navy veteran Kevin Adams (R) are the current candidates running for the seat
- Del. Mark Keam (D) resigned from his seat in the 35th District on September 6, 2022, to take a job with the Biden Administration
  - Educator Holly Seibold (D) and IT professional Monique Baroudi (R) are the current candidates running for the seat

**AGENDA**

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY  
MEETING OF THE RURAL VIRGINIA ACTION COMMITTEE  
December 7, 2022  
2:30 P.M. – 3:30 P.M.**

**One James Center, 9th Floor – VEDP Board Room  
Richmond, Virginia**

- |                              |                                                                                                               |
|------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>2:30 p.m. – 2:33 p.m.</b> | <b>Welcome/Call to Order – Rick Harrell, Chairman</b>                                                         |
| <b>2:33 p.m. – 2:35 p.m.</b> | <b>Public Comment Period</b>                                                                                  |
| <b>2:35 p.m. – 2:40 p.m.</b> | <b>Approval of Minutes for 9/28/2022 Meetings</b>                                                             |
| <b>2:40 p.m. – 3:25 p.m.</b> | <b>Briefing on Governor Youngkin’s Energy Plan – Nicole Riley,<br/>Deputy Secretary of Commerce and Trade</b> |
| <b>3:25 p.m. – 3:30 p.m.</b> | <b>Topics of Discussion for Next Meeting</b>                                                                  |
| <b>3:30 p.m.</b>             | <b>Adjournment</b>                                                                                            |

**Minutes**  
**Rural Virginia Action Committee Meeting**  
**Board of Directors of the Virginia Economic Development Partnership**  
**September 28, 2022**  
**2:30 p.m. – 3:30 p.m.**

**Welcome and Call to Order**

The meeting was called to order at 2:35 p.m. by Chair Rick Harrell, who noted that a quorum was present.

Members present: Chair Rick Harrell, Carrie Chenery, Stephen Edwards, and Secretary Caren Merrick

Members absent: Nancy Agee

Other Board Members: Mimi Coles, John Hewa, Pace Lochte, Nick Rush, and Will Sessoms

VEDP staff present: Lindsay Barker, Vince Barnett, Star Cranston, Nicole David, David Devan, Jason El Koubi, Stephanie Florie, Jennifer Garrett, Stephen Hartka, Lori Melancon, and Lisa Wallmeyer

VEDP staff (virtual): Christy Morton

Guests present: Renee Haltom, Jason Powell, and Wyatt Toehlke

**Public Comment Period**

Chair Harrell asked if there were any members of the public who wished to make a comment. There were none.

**Approval of Minutes for June 22, 2022**

Chair Harrell asked for approval of the minutes from the June 22, 2022 Committee meeting. A motion was made by Ms. Chenery and seconded by Mr. Edwards; the minutes were unanimously approved as presented.

## **Opportunities for Improving Rural Outcomes**

Chair Harrell introduced Renee Haltom, Vice President and Regional Executive with the Federal Reserve Bank of Richmond

Ms. Haltom provided details about her background and her work. She shared that the Federal Reserve thinks a lot about rural Virginia. She said their work is informed with data and boots on the ground. She explained that they view things through a different lens by exploring the intersection of economic development and community development.

Ms. Haltom spoke about the issue of rural communities losing population. She explained that there was somewhat of a reversal in 2020-2021 as people were leaving the metro areas during the pandemic and relocating to rural areas. She stated that cultures have shifted, and the labor market, in part, will determine if this change sticks.

Ms. Haltom shared information about employment to population ratio, labor force participation, and what keeps workers on the sidelines.

Ms. Haltom spoke about childcare deserts, defined as areas where there are three or more kids under the age of five for every one licensed childcare spot. She said this reality could be keeping parents, particularly mothers, from working, and Covid only made it worse.

Ms. Haltom highlighted other issues impacting workers in rural areas, including housing costs and transportation expenses.

Ms. Haltom explained the deep correlation between health and labor force participation. She stated that the disability rates are higher in rural areas, which keeps people out of work. She added that the shortage of healthcare workers contributes to the closure of rural hospitals.

Ms. Haltom spoke about broadband and said it is encouraging that money is now available to address the issue.

Ms. Haltom said that these problems facing the rural areas would only be solved when there is more coordination of resources.

Ms. Haltom highlighted rural assets, including community colleges, 4-year universities, anchor institutions/development hubs, and engaged leaders who want to get things done.

Ms. Haltom spoke about “success story” communities and how outsiders can help. She said the best way to offer support is to help coordinate resources and create scale.

Ms. Haltom spoke about the Richmond Fed’s “Rural Spotlights” project and how communities are finding traction.

Ms. Haltom said her organization is bringing data and analysis where it is hard to find. She expressed interest and willingness to partner with VEDP on this important work.

The Committee engaged in a discussion on opportunities for rural Virginia.

Chair Harrell thanked Ms. Haltom for her presentation and the Committee offered a round of applause.

**Other Topics, Adjournment, and Next Meeting**

The next meeting of the Rural Virginia Action Committee will be held in December, but the exact date and time are to be determined. The meeting adjourned at 3:39 p.m.

Respectfully submitted,

Nicole David  
Acting Recording Secretary