

# **VIRGINIA**

**Is For Business**

FISCAL YEAR 2006

## *ANNUAL REPORT*



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

# Table of Contents

---

Chairman’s Letter .....	1
Partnership Profile.....	2
Board of Directors .....	5
Executive Summary .....	6
Business Recruitment .....	7
Trade Development.....	9
Promoting Virginia.....	11
Policy and Legislative Initiatives.....	14
Performance Management.....	16
<i>Virginia Leading the Way</i> , Governor Kaine’s Economic Strategic Plan Update .....	17
Appendix 1: High Unemployment Areas Report and Strategy.....	30
Appendix 2: Prospect Visit Data for FY 2006 .....	34
Appendix 3: Site and Building Data for FY 2006 .....	36
Appendix 4: Announcement Data for FY 2006.....	41
Appendix 5: Audited Financial Report .....	62

Audited Basic Financial Statements of the Virginia  
Economic Development Partnership for the Year Ended  
June 30, 2006

## Chairman's Letter

---

It is with great pleasure that I present to you the Annual Report of the Virginia Economic Development Partnership (VEDP) for the fiscal year ending June 30, 2006. This report is required by §§ 2.2-2238(B), 2.2-2239(2), and 2.2-2242 of the *Code of Virginia* and by Chapter 3 of the 2006 Appropriations Act.

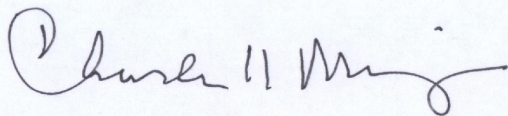
We are extremely proud of our accomplishments over the past year, and we look forward to continuing the work of creating new jobs and investment in the Commonwealth and increasing the sale of Virginia products and services overseas. Our results represent the work of many people from across Virginia. The interest, participation, and support from Governors Kaine and Warner, their Administrations, the General Assembly, and local and regional economic development organizations were essential to our success. I am especially proud of the entire organization's focus on marketing those rural areas and urban cores which have not enjoyed the accelerated growth achieved in many other parts of the Commonwealth.

We must continue our efforts in every part of the state, in our rural communities and inner cities, across all fields of commerce, embracing all technologies and helping to implement the potential of international trade. We can achieve this through the development and marketing of quality business locations and constant attention to workforce development.

Our 2006 Financial Statements Report for the year ended June 30, 2006, includes an unqualified audit opinion from the Auditor of Public Accounts. The Auditor also issued a separate report on the Partnership's internal controls and compliance dated October 24, 2006, with no findings identified in this report.

Thank you for your continued support of our mission to create a higher standard of living for all Virginians by attracting new jobs and investment to Virginia's localities.

Sincerely,



**Charles H. Majors**  
Chairman

# Partnership Profile

---

## The Virginia Economic Development Partnership

In 1995, the General Assembly created the Virginia Economic Development Partnership (VEDP) to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 21-member Board comprised of businesspersons from around Virginia: 15 appointed by the Governor, four by the Speaker of the House, and two by the Senate Rules Committee. The six citizens appointed by the General Assembly must reside in regions of the Commonwealth that have a higher unemployment rate than the statewide average. The Executive Director is employed by the Board to oversee the fulfillment of VEDP's mission. On October 1, 2005, the Board hired Jeffrey M. Anderson of Charlottesville as Executive Director. Mr. Anderson had been employed for more than twenty years by Bearing Point and its predecessors.

### Mission

To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby building the tax base and creating higher income employment opportunities.

### Functions

As a business development and marketing organization, VEDP encompasses the following aspects of economic development: business recruitment and expansion, international trade, research, and promotion.

## Partnership Profile

---

### **Central Office**

#### **Richmond Office – Headquarters**

Virginia Economic Development  
Partnership  
P.O. Box 798  
Richmond, Virginia 23218  
Telephone: (804) 545-5600  
Fax: (804) 545-5611

### **Virginia Offices**

#### **Abingdon**

16325 Taylor Place, Suite 300  
Abingdon, Virginia 24211  
Telephone: (276) 623-1536  
Fax: (276) 623-1542

#### **Harrisonburg**

800 Country Club Road  
Harrisonburg, Virginia 22802  
Telephone: (540) 438-1525  
Fax: (540) 438-0926

#### **Lynchburg**

20353-B Timberlake Road  
Lynchburg, Virginia 24502  
Telephone: (434) 582-5182  
Fax: (434) 582-5184

#### **Norfolk**

500 East Main Street  
Suite 1220  
Norfolk, Virginia 23510  
Telephone: (757) 314-2358  
Fax: (757) 314-2360

#### **Northern Virginia**

8300 Boone Boulevard  
Suite 450  
Vienna, Virginia 22182  
Telephone: (703) 506-1030  
Fax: (703) 506-1033

### **UVA Wise**

Resource Center  
1 College Avenue  
Wise, Virginia 24293  
Telephone: (276) 376-1078  
Fax: (276) 376-1079

### **International Offices**

#### **Europe**

State of Virginia  
Untermainanlage 5  
D-60329 Frankfurt am Main  
Germany  
Telephone: 49-69-273-9900  
Fax: 49-69-273-99020

#### **Hong Kong**

State of Virginia  
Room 2209, 22/F  
3 Lockhart Road  
Wan Chai, Hong Kong, PRC  
Telephone: 852-2862-8078  
Fax: 852-2862-8034

#### **Korea**

State of Virginia  
1512 Kyobo Building, 1  
Jongro-1 ga, Jongro-gu  
Seoul, South Korea 110-714  
Telephone: 82-2-739-6251  
Fax: 82-2-739-6538

#### **Mexico City**

State of Virginia  
German Centre  
Ave. Santa Fe #170, Suite 645  
Col. Lomas de Santa Fe  
01210 Mexico, D.F.  
Telephone: 52-555-020-5033  
Fax: 52-555-020-5034

## Partnership Profile

---

### **Sao Paulo**

State of Virginia

Rua Dr. Gabriel dos Santos

168/121 A

01231-010 Sao Paulo, Brazil

Telephone: 5511-3666-2762

Fax: 5511-3825-1818

### **Tokyo**

State of Virginia

8<sup>th</sup> Floor, Imperial Tower,

Suite B3

1-1-1, Uchisaiwai-cho,

Chiyoda-ku

Tokyo 100-0011, Japan

Telephone: 81-3-3539-3661

Fax: 81-3-3539-3669

## Board of Directors

---

Charles H. Majors, Chair  
Danville, Virginia  
Term Expires 12/31/09

Roger F. Naill  
Arlington, Virginia  
Term Expires 12/31/11

George Cartledge, Vice Chair  
Roanoke, Virginia  
Term Expires 12/31/07

David Oliver  
Covington, Virginia  
Term Expires 12/31/09

Mary Rae Carter  
Penhook, Virginia  
Term Expires 12/31/07

McKinley L. Price, DDS  
Newport News, Virginia  
Term Expires 12/31/11

W. Clay Campbell  
Martinsville, Virginia  
Term Expires 12/31/11

Ike Prillaman  
Virginia Beach, Virginia  
Term Expires 12/31/09

Russell B. Clark  
Charlotte, Virginia  
Term Expires 12/31/10

Samuel A. Schreiber  
McLean, Virginia  
Term Expires 12/31/11

J. Thomas Fowlkes  
Bristol, Virginia  
Term Expires 12/31/09

James E. Ukrop  
Richmond, Virginia  
Term Expires 12/31/09

Jake Gosa  
Winchester, Virginia  
Term Expires 12/31/07

John F. Ware  
Sandston, Virginia  
Term Expires 12/31/11

F. Randolph Jones  
South Hill, Virginia  
Term Expires 12/31/10

Ex-Officio:

The Honorable Patrick O. Gottschalk  
Secretary of Commerce and Trade  
Richmond, Virginia

John A. Mahone  
Richmond, Virginia  
Term Expires 12/31/07

The Honorable Jody M. Wagner  
Secretary of Finance  
Richmond, Virginia

John F. Malbon  
Virginia Beach, Virginia  
Term Expires 12/31/07

L. C. (Sonny) Martin  
Jonesville, Virginia  
Term Expires 12/31/09

## Executive Summary

This annual report of the Virginia Economic Development Partnership (VEDP) is submitted pursuant to the requirements of §§ 2.2-2242 and 2.2-2239 of the *Code of Virginia* and Chapter 3, Item 119 D.1 of the 2006 Appropriations Act. The Code requires VEDP to report on the status of the Commonwealth's comprehensive economic development strategy, and specifically on the number of business prospect site visits per region of the Commonwealth. In addition, § 2.2-2238 B requires VEDP to prepare and report on the plan to market to high unemployment areas of the state, and Chapter 3, Item 119 D.2 of the 2006 Appropriations Act requires target industries be identified for southwest and southside Virginia. This report responds to all those requirements. In addition, the Authority's audited financial statement by the Auditor of Public Accounts for fiscal year 2006 (FY 2006) is attached to this report.

This Annual Report documents the efforts of VEDP in fulfilling its mission during FY 2006. The body of the report is organized by the major components of the Partnership's mission statement. For each element of the mission statement, a summary of VEDP activities and division responsibilities is included as well as a listing of FY 2006 accomplishments.

**Virginia's low business costs, regulatory climate, workforce quality and economic growth received top honors by *Forbes.com*, which ranked Virginia as "Best State for Business."**

VEDP's report and plan to market to high unemployment regions of the state are included in Appendix 1. This satisfies the requirement for VEDP to prepare and report on the plan to market to high unemployment areas of Virginia.

The data on business prospect site visits per planning district is contained in the tables and maps of Appendix 2. Appendix 3 shows the number of sites and buildings recommended to prospects and provides the number of companies assisted with site and building

recommendations.

VEDP monitors economic development activity in Virginia through its economic development announcements database. The database tracks direct investments and new jobs created in Virginia as a result of the announced plans of new and expanding companies. This information has been maintained, with modifications, since 1960. The figures used throughout this report and summarized in Appendix 4 cover announcements made between July 1, 2005, and June 30, 2006. VEDP participated in the announcement of 78 new and 383 expanding facilities during the year. Appendix 4 sets out the number of announcements by Planning District Commission (PDC), both in terms of new facilities and expansions. Appendix 4 also sets out the number of new jobs and amount of new investment by PDC. It is anticipated that from those announcements, a total of 28,489 new jobs will be created. In addition, these facilities will result in investments totaling \$3.49 billion. Nearly one-third of the announcements were for employers located in economically distressed areas.

As noted above, VEDP is required by statute to report on the status of the Governor's comprehensive economic development plan. Upon taking office, each governor must develop a comprehensive economic development strategy. Governor Kaine's administration held several public meetings across Virginia during the summer to discuss how the goals for this plan would be implemented. On September 29, 2006, Governor Kaine presented his strategy, *Virginia Leading the Way*, which can be found beginning on page 16 of this report (goals and strategies only). The entire strategy can be accessed at <http://www.commerce.virginia.gov/EconPlan/index.cfm>.

This report is based on announcements of *planned* manufacturing and non-manufacturing capital expenditures and associated employment; many of the new facilities announced are not yet in operation. While the information indicates the kind of new economic activity occurring in the state, it does *not* measure total employment growth. Information for this report is obtained from the Virginia Economic Development Partnership's public and private sector contacts at state, regional, and local levels, as well as from published sources and Partnership staff.



## Business Recruitment

---

The principal function of VEDP's business recruitment effort is to convince new and expanding basic sector companies to locate or expand operations in Virginia. VEDP markets Virginia to companies in-state and worldwide as the location for their new or expanded investment and employment. VEDP takes a targeted industry marketing approach, focusing on new and expanding industries appropriate to regional and local strengths and needs, with a special emphasis on distressed areas.

VEDP markets Virginia by leading team and industry marketing missions, participating in industry conferences and trade shows, networking with business associations, conducting target sector marketing campaigns, promoting consultant marketing, and holding special events. Virginia's marketing strategy also includes overseas offices in Frankfurt, Germany; Tokyo, Japan; and Seoul, Korea to provide direct client contact in Europe and Asia. Many marketing activities are conducted with the participation of local and regional allies. Successfully implementing VEDP's marketing efforts involves the coordination of advertising campaigns, marketing missions, trade shows, special events, and customized site studies and proposals, as well as ongoing website development to increase internet marketing.

**VEDP's strategy of targeting corporate headquarters, financial and insurance services, and the defense industry generated more than 13,700 jobs and \$1.5 billion in capital investments.**

In addition to marketing and selling, VEDP plays a key role in managing projects to successful site location decisions for Virginia. This is accomplished by responding to client needs, gathering market intelligence, conducting community site visits to evaluate Virginia's "product," and coordinating allies' efforts to "close the deal." VEDP also develops economic development financing alternatives for projects and works directly with companies in structuring financing transactions to meet corporate capital goals. VirginiaScan (our customized sites and buildings inventory and workforce tool), sophisticated GIS data, and our client presentation center all provide 21<sup>st</sup> century services and data to businesses considering Virginia to facilitate location decisions. VEDP also works to address specific community needs, provide economic development expertise as requested, and develop policies and new programs aimed at particular regions and industries.

Any economic development marketing effort must fully understand the product that is marketed. VEDP thus maintains a comprehensive site and building inventory and detailed labor force data and customizes information for prospects to evaluate a location decision for Virginia. VEDP research determines prospective target business sectors and companies that appear to be a good match for the various regions throughout Virginia. VEDP economists track trade data, capital investment, employment, and competitive information on other states. VEDP also provides data used for producing various marketing materials and annual economic development publications.

### FY 2006 Accomplishments

*Over half of the announced job creation in Virginia in FY2006 is attributed to headquarters, call centers, data centers, and professional, technical, and information technology-related companies.* These businesses will also add over \$515 million in announced capital investments to the Commonwealth. Among these companies are CGI-AMS Inc. and Northrop Grumman Corporation that announced plans to bring hundreds of high-tech jobs to some of Virginia's most economically distressed areas, principally in Southwestern Virginia.

# Business Recruitment

Federal contractors generated 115 announcements for Virginia.

Companies that do work for the government, particularly in the defense and homeland security industry, made 115 announcements to create over 7,330 jobs and invest more than \$230 million to relocate or expand their operations in the Commonwealth.

VEDP Incentives Produce Results.

Virginia awarded 37 Governor's Opportunity Fund (GOF) grants for a total of \$14,707,500. The 37 recipient companies will be making \$1.3 billion in capital investments and creating 5,850 new jobs. Fifty-nine percent of these grants were awarded to economically distressed localities, while 65 percent of this year's GOF grants went to existing Virginia companies to encourage them to expand in state.

During FY 2006, four Tier One Virginia Investment Partnership (VIP) grants were awarded totaling \$1.1 million. The projects will create 79 new jobs, and bring in \$133.1 million in new capital investment.

During FY 2006, three Virginia Economic Development Incentive Grants (VEDIG) were awarded totaling \$15,000,000. The projects will create 2,100 jobs at a weighted average salary of \$64,000 per year and an investment of \$51 million.

Aggressive Implementation of Distressed Area Strategy Yields Results.

VEDP's Business Development division has engaged each of its project managers to proactively expose sites and buildings in Virginia's distressed regions to business prospects. As a result, more than half of all prospect visits in FY 2006 have been to these target communities. The above announcement list includes distressed region locations which are identified by an asterisk (\*).

## Major Announcements of FY 2006

Company	New Jobs	\$ Capital Investment (in millions)
Micron Technology, Inc.	860	\$1,200.00
Lockheed Martin Integrated Systems & Solutions	600	\$10.00
Northrop Grumman Corporation-Russell Co.*	433	\$22.80
Northrop Grumman Corporation-Chesterfield Co.	631	\$125.00
StarTek, Inc.	500	\$5.00
Wolseley plc*	420	\$32.20
MeadWestvaco Corporation	400	\$25.00
CGI-AMS Inc.*	300	\$6.00
Southampton Terminal, LLC*	300	\$3.40
ITT Industries Night Vision	250	\$51.80
UnitedHealth Group*	250	\$5.00
Dynamic Aviation	206	\$4.10
LandAmerica Financial Group	200	\$18.00
USJFCOM-Joint Technology Exploration Center*	200	\$9.00
Diversified Information Technology	200	\$10.16
Internet Corp.*	175	\$14.30
McAirlaid's GmbH & Co. KG.	160	\$85.00
STIHL Incorporated	150	\$78.40
Merillat Industries, Inc.	150	\$16.00
Arista Tubes*	145	\$24.00
Amcor PET Packaging*	144	\$105.00
Framatome ANP, Inc.*	130	\$5.00
ABB Inc.*	127	\$25.30
Union Bankshares Corp.	122	\$12.30
Princeton BioMeditech Corp.	115	\$7.00
K-VA-T Food Stores, Inc.*	110	\$19.35

\* GOF definition of distressed locality; unemployment rate higher than the state average of 3.5% (calendar year 2005).

## Trade Development

VEDP's innovative trade development programs and services are designed to increase the export of Virginia manufactured products and services. VEDP's International Trade Managers provide Virginia businesses a wealth of knowledge obtained through years of hands-on experience in the international marketplace. That experience coupled with the in-country knowledge of our overseas offices, provides Virginia businesses an advantage in the global economy.

### FY 2006 Accomplishments

VEDP designed its cutting edge innovative programs and services to meet the needs of Virginia companies.

#### Program Participation

Virginia Leaders in Export Trade (VALET) Program. The VALET program selects 15 Virginia companies annually into a two-year intensive export training program. State resources are leveraged with private-sector contributions to take Virginia companies from being export-ready to active international sales. This innovative program offers a powerful combination of capital resources from the state, and professional services from private-sector partners, to enhance the international efforts of Virginia companies. The VALET Program has now entered its fifth year in operation enrolling 15 new companies in FY 2006. The VALET program's enrollment capacity is capped at 30 companies with total participation for FY 2006 at 29 companies. During FY 2006 the fourth and fifth classes of VALET participants completed the program.

Accessing International Markets (AIM) Program. The AIM Program was launched in December 2005. Designed to accept five (5) companies per quarter, the AIM Program accepted a total of 15 companies in FY 2006. The AIM Program provides Virginia companies support to develop an export strategy, to target a potential market and to take the first steps of entering a new market overseas. AIM provides specialized assistance to support these companies in their efforts to create and implement an export program. Participants explore the basics of exporting "one step at a time" in one market at a time. AIM helps companies identify their best target market; one with the greatest potential that is also easy to "access".

One-on-One Export Counseling. VEDP's eight International Trade Managers, located in six offices across Virginia, with extensive private sector experience, provide international marketing assistance to Virginia businesses.

Trade Missions. VEDP conducts trade missions around the world to promote Virginia products and services in foreign markets. By visiting foreign companies in their own country, Virginia businesses obtain pre-screened, tailored introductions to potential clients and commercial representatives.

Trade Shows. VEDP coordinates Virginia firms' participation in foreign trade shows. By participating in these marketing opportunities, Virginia companies are introduced to potential commercial representatives and often obtain direct sales.

#### INTERNATIONAL TRADE HIGHLIGHTS

- ◆ VEDP led Trade Missions to the emerging markets of Russia, Ireland, Australia, and Singapore, new destinations for the VEDP and Virginia companies.
- ◆ The VEDP established its European Network, a consortium of pay-as-you-go consultants in 10 countries, in order to provide a broader coverage and more effective service to Virginia exporters.
- ◆ The VALET Program accepted 30 companies, and graduated 13 companies in FY 2006.
- ◆ The six Trade Offices located in foreign countries received 41 visits by Virginia companies in FY 2006.
- ◆ For the 4th year in a row, the VEDP saw an increase in the number of companies participating in trade missions, with a total of 98.

## Trade Development

---

### Counseling and Event Participation

- 79 Virginia companies recorded international marketing results, attributed to counseling from the Trade Division.
- 83 Virginia companies participated in Trade Missions.
- 15 Virginia companies participated in Trade Shows.
- 41 Virginia companies visited VEDP overseas trade offices.

“Hawkeye Manufacturing has been very pleased with the service and quality of work received from the VEDP. Our experiences with VALET and other areas of the program have been both pleasant and beneficial to our business. We’ve developed very good relationships with VEDP associates who have lent assistance in all areas of our company.”

**Ryan Ganley**  
**Hawkeye Manufacturing**

## Promoting Virginia

---

VEDP uses a comprehensive and aggressive marketing strategy to communicate that "Virginia Is For Business" around the world. VEDP plans, executes, and manages various marketing outreach initiatives. VEDP has implemented a public relations plan to heighten awareness of VEDP and its statewide economic development efforts and ensure placement of favorable articles in major business and trade publications. VEDP also coordinates economic development announcement events. VEDP staff maintains, updates, and promotes an Internet presence; produces marketing brochures and collateral materials; develops and executes strategic marketing initiatives toward targeted industry sectors; and manages special marketing events and industry tradeshow participation. In addition, VEDP staff organizes domestic and international pro-active marketing missions and develops additional direct marketing programs to promote lead generation.

### FY 2006 Events

*The Presidents Cup:* VEDP hosted 17 prospects and spouses at The Presidents Cup in Lake Manassas, Virginia, September 21-25, 2005. The guests were comprised of both senior corporate business prospects and site-selection consultants. The international team match-play competition was the foremost professional golf event of the year. VEDP arranged exclusive accommodations for the guests at the Westfields Marriott, host hotel to the United States and International teams. The guests enjoyed the golf action in a private suite located in the corporate hospitality village. Other activities included a welcoming reception hosted by then-Secretary of Commerce and Trade Michael J. Schewel, golf at area courses, and a formal dinner at the Hermitage Inn, Clifton, Virginia, with a special appearance from a costumed interpreter of General George Washington.

*"Virginia Is For Business" Exhibit Booth:* VEDP completed the production of a new exhibit booth. The booth, which is modular in design and can be constructed as a 20' x 20', 10' x 20' or 10' x 10' display, was used to promote Virginia at six industry tradeshows in FY 2006.

*Virginia Brownfields Redevelopment Conference:* VEDP, in collaboration with the Virginia Department of Environmental Quality, managed the logistics of the 2006 Virginia Brownfields Redevelopment Conference. The conference, held at the Richmond Omni March 14 and 15, 2006, brought together more than 200 industry professionals for an overview of Virginia's opportunities through brownfields redevelopment. VEDP developed an exciting new format this year's program. The event began Tuesday evening with a networking reception and trade show. The conference day agenda was comprised of substantive programming concluding with a deal-making reception.

*Virginia Invitational:* VEDP hosted 26 prospects and spouses for a weekend of activities at the Williamsburg Inn from May 11-14, 2006. The guests were comprised of both senior corporate business prospects and site-selection consultants. The event included a welcoming reception hosted by then-Secretary Schewel, a golf tournament for the participants, tickets to the LPGA Michelob Ultra, formal dinner at Kingsmill Resort and Spa where LPGA player Kelly Kuehne addressed the group, and concluded with a formal dinner with traditionally-dressed colonial characters and a fife and drum corps.

## Promoting Virginia

**Virginia Executive Reception:** VEDP worked with the Virginia Chamber of Commerce to coordinate the logistics of the Virginia Executive Reception, a high profile event that showcased Virginia's exceptional business advantages. On June 6, 2006, VEDP hosted more than 70 key prospects from the New York market. In addition to the key prospects, a strong attendance from Virginia's private sector effectively demonstrated the healthy partnership between the business community and the state's economic development program.

**VEDP/Ally Meetings:** VEDP coordinated two Ally meetings. The fall 2005 meeting was held at the Great Wolf Lodge in York County, attracting more than 100 Virginia economic development allies. The spring 2006 meeting, held at Lewis Ginter Botanical Gardens in Richmond, involved 129 allies from across the Commonwealth.

**Virginia Nippon Classic:** VEDP, in collaboration with the Japan-Virginia Society, coordinated the logistics for the 16th Annual Virginia Nippon Classic (VNC) business conference and golf tournament on June 16, 2006, at Mattaponi Springs Golf Club in Ruther Glen, Virginia. The VNC is the Commonwealth's way of expressing appreciation and continued support to the more than 80 Japanese-affiliated firms that have investments in Virginia. With over \$1 billion in investment and more than 7,400 jobs created, Japan continues to be one of the Commonwealth's top sources of foreign investment. In addition to numerous sponsors, 31 Japanese executives from across Virginia attended, as well as the Japan Consul General in Atlanta, Shoji Ogawa.

**Consultant Advisory Council Meeting:** VEDP held the second Council session in September 2005. This initiative served as a key driver of multiple VEDP efforts to reach and enhance Virginia's visibility with the professional consultant community. The mission of the Council is to provide VEDP and its ally network with advice and counsel on our economic development product and its delivery. Through the use of this Council, it is expected that VEDP will have a continuous sounding board to stay in touch with the market, benchmark versus competitors, achieve "Best Practice" positioning, and raise "Share of Mind" in the consultant community.

**Trade Show Highlights:** VEDP exhibited at 12 industry tradeshows: Association of Woodworking & Furnishings Suppliers Fair, Print '05, Mid-Atlantic Bio, Fabtech International, MEDICA, Performance Racing Industry, Automotive News World Congress, Plastics News Executive Forum, National Manufacturing Week, BIO Annual International Convention, Hannover Fair, and National Plastics Expo. In addition, VEDP exhibited at the five Modeling and Simulation tradeshows and conferences: Serious Games Summit, ITEC, ITSEC, Game Developers Conference and Medicine Meets Virtual Realty.

**Marketing Brochures:** VEDP completed revisions to the following targeted industry brochures: Plastics, Food Processing, Motorsports, Microelectronics/Electronics and Modeling and Simulation. In addition, the following Guides were revised: *Guide to Establishing a Business* and *Guide to Business Incentives*.

**Website Highlights:** The World Bank Group's Multilateral Investment Guarantee Agency (MIGA) has identified VEDP's YesVirginia.org as a "Best Practice Organization" that exhibits world-class expertise in the area of Web-based investment promotion. VEDP is working with MIGA to produce a mini case study on YesVirginia.org intended to be used as a learning tool for other investment promotion organizations around the world. The case study will be displayed on the FDI Promotion Center ([www.fdicenter.com](http://www.fdicenter.com)) as a MIGA branded learning tool.

Recognizing the importance and heightened sensitivity of prospect companies to education, workforce skills and research from universities, VEDP also improved the information provided on elementary, secondary, and postsecondary education. The

<b>www.YesVirginia.org</b>	
<b>FY 2006 Usage Statistics</b>	
<b>Page Views</b>	<b>1,463,812</b>
<b>Avg. per Day</b>	<b>4,010</b>
<b>Visits</b>	<b>428,270</b>
<b>Avg. per Day</b>	<b>1,173</b>
<b>Unique Visitors</b>	<b>133,802</b>

## Promoting Virginia

---

“Education System” link under the Virginia Advantages section provides the site visitor with a general overview of Virginia’s elementary, secondary and higher education resources, as well as statistics, lists of the state’s public and private higher education institutions and links to educational establishments such as the Virginia Department of Education and the Virginia Community College System. Furthermore, the reader is introduced to the “University Based Economic Development Group.” The joint efforts of this group’s university members and VEDP resulted in the addition of the “Higher Education Business Resources” link which provides site visitors with valuable information on the Commonwealth’s 23 community colleges and on the member universities of the UBED group. Each institution has its own site. The community colleges list their workforce development contact, feature information on their educational and workforce development efforts and provide examples of industries served. The four-year institutions also provide a contact person, list the university’s superlatives and selected degrees offered, and the major universities briefly describe their research activities.

Governor’s Missions: VEDP assisted Governor Kaine by planning and staffing an International Governor’s Mission to Toronto and Montreal, Canada in May 2006. In addition, VEDP assisted Governor Warner by planning and staffing two domestic Governor’s missions to Detroit, Michigan in February 2006 and New York City in June, 2006.

Media Tours: VEDP conducted two media tours that traveled across Virginia. The Virginia Modeling & Simulation Media Tour, held in fall 2005, highlighted the Commonwealth’s growing M&S cluster and included visits to Herndon, Ashburn, Norfolk and Suffolk. Five publications participated in the media tour, which has received coverage in *Virginia Business*, *Training & Simulation Journal* and *MS&T* magazines.

The spring 2006 media tour highlighted Virginia’s motorsports industry, with visits to Halifax County, Martinsville and Hampton. Four journalists participated from publications in the United Kingdom, including *Racecar Engineering*, *Professional Motorsports World*, *Racecar Graphic Ltd.* and *Race Tech*. Three U.S. publications were represented: *Performance Racing Industry* magazine, *Automotive Engineering International* and *Performance Business* magazine. The tour already has resulted in a placement in *Performance Racing Industry* magazine.

Marketing Missions: VEDP conducted ten Team Marketing Missions to U.S. cities and two Team Marketing Missions to non-U.S. cities, resulting in 320 appointments, 13 projects, 29 future leads and 201 companies to remain in contact with for future project consideration.

VEDP conducted three various types of call trips including two trips in the new Modeling and Simulation initiative designed to introduce Virginia within this market segment. One future lead and 22 company contacts were derived from the three call trips.

VEDP set appointments at five trade shows resulting in 44 appointments, two projects, 14 future leads and 60 company contacts.

## Policy and Legislative Initiatives

VEDP seeks to maintain and improve Virginia's positive business climate through targeted policy and legislative initiatives based on best practices from Virginia and across the nation. VEDP has successfully advanced an economic development legislative agenda through the following important initiatives, among others, directed at making Virginia a more desirable location for business location or expansion.

### FY 2006 Legislative Actions

During the 2006 General Assembly Session, VEDP supported efforts to strengthen or improve the following business climate initiatives:

*Taxation of Semiconductor Manufacturing Equipment:* Under the direction of first Governor Warner and subsequently Governor Kaine, the VEDP, the Secretaries of Commerce and Trade and Finance and the Virginia Department of Taxation worked with Virginia's two semiconductor manufacturers throughout the year to arrive at a solution to a thorny tax issue acceptable to the manufacturers and the Commonwealth. Semiconductor manufacturing did not exist in Virginia before 1995, and the analysis and definitions had not entirely kept pace with technological innovations. Virginia's two semiconductor manufacturers, Qimonda (formerly Infineon) in Henrico County and Micron Technologies in the City of Manassas, were facing costly uncertainty in this area. For example, the test wafers used in the manufacturing process had not been conclusively defined as exempt from taxation as part of that process.

For that reason the industry, in consultation with the administration and the General Assembly, developed two distinct bills to address this issue. The first, a narrower bill, expressly exempted the test wafers used in the manufacturing process (Senate Bill 601). The second bill (Senate Bill 475 and its identical companion, House Bill 530) specified a broader exemption by defining all "semiconductor cleanrooms" and "semiconductor equipment", as well as fuel, power, supplies and all other tangible personal property, used anywhere from design to testing, as part of the "integrated process" of semiconductor manufacturing. The bills, sponsored by Senators Stosch and Colgan and the late Delegate Parrish, representing Micron in Manassas and Infineon (now Qimonda) in Henrico, all passed the General Assembly and were signed by Governor Kaine.

*Governor's Opportunity Fund* -- This bill originated with General Assembly staff in order to codify current GOF practices and avoid certain specific pitfalls perceived in some previous projects. Aside from codifying existing practice, the bill changed a few practices:

1. Codified that all loans and repayments are now directed back to the GOF instead of to the General Fund.
2. At least one-third of all GOF dollars appropriated shall be awarded to localities with an unemployment rate higher than the state average. The awards are calculated on a five-year average. In practice, at least two-thirds of all GOF grants have been awarded in areas outside the Urban Crescent.
3. Funds are still to be dedicated to infrastructure (now explicitly including broadband pursuant to HB 400 by Delegate Robert Wittman) and training.
4. The policy that GOF shall not be used for intrastate moves, previously contained in the Appropriations Act, has been restated in this bill. The exceptions allowed historically (which the Secretary of Commerce and Trade must report to the money committees) involve situations where a company has decided to leave its current location and could relocate either in Virginia or elsewhere.
5. The major policy change is that the jobs created pursuant to a GOF project must pay at least the prevailing average wage for that locality. For projects in localities with unemployment higher than the state average, however, jobs must pay at least 85% of the prevailing average wage. If the jobs pay less than that, the Secretary of Commerce and Trade must demonstrate in writing to the money committees sufficient local fiscal stress (unemployment and negative economic forecasts) to justify the grant notwithstanding the lower wage rates.



## Policy and Legislative Initiatives

---

6. With regard to the performance agreements, SB 109 sets forth items for the contract that have been in practice since 1996. These will be set out in detail in the revised GOF guidelines to be published after July 1. One significant change requires that all such agreements must now be reviewed by the Office of the Attorney General for proper legal form.

In addition, VEDP works to develop budget initiatives that support our programs, incentives and initiatives. Further, VEDP's Executive Director and General Counsel/Legislative Director have embarked on an ambitious program of visiting personally with every member of the General Assembly to provide an update on VEDP strategies and seek input and comments from the members on these items.

## Performance Management

VEDP is committed to increasing the prosperity of all Virginians by providing new and better job opportunities and expanding the tax base through new investment. Mindful that public resources are used to help fulfill its mission, VEDP seeks to ensure this money is spent wisely and that the public receives a reasonable return on its investment. The following performance measures are an indication of VEDP's stewardship.

<b>FY 2006 Key Performance Measures</b>		
<b>Performance Measure</b>	<b>FY2006 Results</b>	<b>% of Measure</b>
\$2.75 billion investment by new or existing companies	\$3.49 billion	127%
28,000 new jobs created	28,489	102%
250 companies actively counseled or participating in trade event	273	109%
30 companies participating in VALET program	30	100%
10 companies participating in the AIM Program.	15	150%

### Return on Investment from VEDP Activities

Each year, VEDP calculates the public sector's return on investment in the Partnership's programs and activities. VEDP prepares a return on investment (ROI) analysis quarterly and reports this to the board of directors.

The ROI compares money spent on economic development (including VEDP operating costs and incentives such as GOF and Workforce Services) with the projected revenue stream generated by the new jobs announced in Virginia, using an appropriate multiplier.

#### Return per Dollar of VEDP Budget (Present Value)

	<b>10 Years</b>	<b>20 Years</b>
<b>Total*</b>	\$18	\$31
<b>Direct</b>	\$12	\$21
<b>Indirect</b>	\$6	\$10

\*Totals are rounded to the nearest dollar.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

*Code of Virginia* § 2.2-2239 directs VEDP to report annually on the status of the implementation of the comprehensive economic development strategy (strategic plan). *Code* § 2.2-205 requires every governor to update the Commonwealth's economic development strategic plan during the first year of the administration. On September 29, 2006, in Roanoke, Governor Kaine presented his strategy, *Virginia Leading the Way*, from which the goals and strategies are reprinted here. The entire strategy can be accessed at <http://www.commerce.virginia.gov/EconPlan/index.cfm>. Subsequent versions of this Annual Report will update *Virginia Leading the Way*.

**VIRGINIA LEADING THE WAY  
GOVERNOR KAINE'S ECONOMIC DEVELOPMENT STRATEGIC PLAN**

Goal One: Enhance Virginia's strong business climate to expand economic opportunities and job growth.

Goal Two: Establish state and local programs that identify and meet the needs of existing businesses and facilitate their expansion in Virginia.

Goal Three: Provide a world-class workforce system that is responsive to employer and worker needs and creates a well-trained, well-educated and globally competitive workforce.

Goal Four: Enhance economic development efforts in Virginia's distressed areas to help reduce economic disparity and to promote opportunity for all Virginia's regions.

Goal Five: Emphasize regional cooperation in economic, workforce, and tourism development.

Goal Six: Use Virginia's proximity to the national capital and the strong military presence in the state as a base for further economic growth.

Goal Seven: Support technology, research and development, and other emerging sectors to diversify Virginia's economy and maintain its competitive advantage.

Goal Eight: Strengthen Virginia's competitive position in national and international travel and tourism markets.

Goal Nine: Develop a coordinated international marketing strategy for Virginia including both foreign direct investment and export/import features.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

**Goals and Strategies**

**Goal One: Enhance Virginia's strong business climate to expand economic opportunities and job growth.**

In August 2006, Virginia placed first among the 50 states in *Forbes.com's* ranking of the "Best States for Business". Factors considered included the cost of doing business, taxes, regulatory climate, workforce skills and availability, and recent economic growth. Several other recent assessments by organizations and publications as diverse as the U.S. Chamber of Commerce, *Newsweek*, the Council on State Taxation, Pollina Real Estate, and the Tax Foundation ranked Virginia among the top states in terms of the quality of public high schools, low tax burden, and fair regulatory and legal environment. Virginia is clearly a leader in terms of its strong business climate.

However, the Commonwealth cannot afford to be complacent. Fierce interstate and international economic competition demands that we actively build upon our successes if we are to maintain our leadership. Virginia must continually improve its economic development efforts to maintain its competitive advantage.

Virginians have long recognized that economic development cannot progress without an efficient and effective transportation system, and education from pre-K through higher education, as well as workforce training and re-training. Those issues must feature prominently in any discussion of business climate, alongside taxes, incentives, products liability and corporate responsibility laws, zoning policies, land use planning, and other related areas.

**Strategies**

- Initiate a long-term transportation finance plan that includes a reliable long-term funding stream, extends beyond maintenance of existing assets and considers alternative modes of transportation. This would include mass transit, improvements to major interstate and freight routes, commuter rail, airports, bicycle and pedestrian, port expansion and all forms of intermodal transport. The transportation finance plan must address both individual concerns (e.g., quality of life, commuting time imposing on family time, difficulty of movement, etc.) and business concerns (e.g., efficient transport of goods and people, attracting employees with a high quality of life, etc.).
- Ensure that every business in the Commonwealth has access to broadband services anywhere and anytime by 2010.
- Decrease government administration transaction time for businesses by 30% for processes such as licenses.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

- Evaluate and realign Virginia's incentives to fit the current requirements of growth industries crucial to our economy.
  - Maintain incentives meaningful to high-tech manufacturers.
  - Craft incentives that bring value to the burgeoning service sector, especially vertical growth industries such as biosciences, information technology, global logistics, and homeland security related fields.
  - Focus incentives by regions and industries likely to be attracted there.
  - Honor existing incentive commitments to Virginia companies, particularly those offered as inducement for a location or expansion.
  - Implement a stable long-term funding mechanism for increased incentives through marginal revenues from new projects receiving discretionary funding.
  
- Encourage and retain capital investment, venture capital and angel investment in order to attract and retain growth industries in financial services, insurance, and companies investing heavily in machinery and equipment such as industrial machinery or information technology.
  
- Implement the Governor's Energy Plan to promote energy availability and reliability at acceptable costs, and focus on renewable energy sources.
  
- Improve the educational attainment and skills of Virginia's workforce by expanding access to quality early childhood education to promote school readiness, enhance early reading and literacy education, increase the rigor of middle and high school curricula, and support programs to raise high school graduation and post-secondary participation rates.
  
- Foster available and affordable telecommunications infrastructure, particularly broadband access, to attract new business and accommodate growth by existing businesses. This effort should also promote cellular phone signal access in rural areas of Virginia. This could be accomplished through public-private partnerships for underserved areas of the Commonwealth. Providing broadband access to underserved areas would also benefit schools and colleges in those areas.
  
- Adopt a diversified approach to economic development through entrepreneurship, artisanship, small business development, tourism and emerging technologies.
  
- Create incentives for the development and preservation of workforce housing to ensure that workers can live in the communities in which they work.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

**Goal Two: Establish state and local programs that identify and meet the needs of existing businesses and facilitate their expansion in Virginia.**

Virginia's public sector must pay close attention to the needs and demands on our business community, as these firms provide the jobs and payroll that support Virginia's robust economy. Over 60% of Virginia's annual revenues are generated through personal and corporate state income taxes. Investments made by the private sector in real and personal property are the basis for significant tax revenues to Virginia's localities as well. Additionally, during the last 5 years, 76% of the jobs and 69% of the investment announced in Virginia have come from our existing business base. It is imperative in today's competitive, ever-changing global economy that Virginia establish outreach and assistance programs that address the needs of our existing businesses.

**Strategies**

- Work with all Virginia localities and regional groups to establish a Business Retention Program through which all major employers are called on at least annually by professional staff who can appropriately follow up on any needs that are identified and deemed to be within the purview of government to address.
- Establish a statewide system or technology platform that collects consistent strategic information on business trends and needs from business retention calls made by local and regional organizations. This information can then be shared statewide to guide the development of goals, policies, and action plans of economic development organizations at all levels.
- Increase procurement from small businesses to 40% of state purchases and develop capital financing options for small businesses and women- and minority women-owned businesses pursuant to Governor Kaine's Executive Orders 10 and 33 (2006).
- Establish a "Virginia CEO Advisory Council" that would meet twice annually with the Governor and key legislative leaders to offer advice on policy issues important to business. This Council would be created under the umbrella of the Virginia Economic Development Partnership which would ensure that the membership of the Council would be balanced from a geographic and business sector perspective. Members of the Council would be drawn from Virginia's largest private sector employers.
- Enhance the economic value and long-term viability of Virginia's agricultural and forestry industries by promoting beneficial diversification, expanding market opportunities for both traditional and new value-added products, and focusing additional resources on farmland preservation efforts.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

- Promote the development of high value, value-added or specialty agribusiness firms and products, and attract in-state processing industries.
  - Develop higher value, niche and direct market opportunities for agricultural and forestry products.
  - Expand domestic and international market opportunities for Virginia's agricultural and forestry products, including encouraging state procurement of Virginia grown products.
  - Foster and support the production, promotion, marketing and research of agricultural and forestry based renewable energy.
  - Establish, as an integral component of statewide preservation efforts, aggressive goals for the conservation of viable farm and forest lands.
  - Provide additional assistance to farmers and localities to support successful farm transitions.
- Build the physical infrastructure and human capital to ensure Virginia's first place standing as the advanced manufacturing location of choice.

**Goal Three: Provide a world-class workforce system that is responsive to employer and worker needs and creates a well-trained, well-educated and globally competitive workforce.**

Economic development prospects focus on states and regions that can provide the workforce that they need. Virginia must strive to provide the quantity and quality of workforce that modern employers now require. Moreover, as lower skilled occupations continue to decline, Virginians will increasingly find that they cannot become self-sufficient without post-secondary education or training. Virginia employers need skilled workers with the capacity to adapt to the demands of a changing global economy. In addition to specific job-related skills, workforce development efforts need to focus on developing "soft skills" such as customer service, self-direction, problem-solving, and cooperative work habits.

The following recommendations are strategic approaches that will be addressed in more detail in the Governor's Workforce Development Strategic Plan.

**Strategies**

- Champion a quality statewide education system from pre-Kindergarten through post-graduate programs, including affordable access to post-secondary education for all Virginians.
  - Reform the local Workforce Investment Boards (WIBs) and local infrastructure to improve the efficiency and effectiveness of the Virginia Workforce Network, sustain business involvement and ensure that workforce development and training are responsive to labor markets, commuting patterns, economic cluster data,
-

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

educational attainment data, job projection data, existing higher education infrastructure and other strategic economic demands.

- Focus the use of more corporate incentives on workforce training, retraining, and education, including increasing opportunities for apprenticeship, co-operative education, and internships to develop skills required by businesses now and in the future.
- Increase the proportion of 18- to 24-year olds with a high school diploma or equivalent from 87% (2002-2004 average) to 92% by 2010.
- Increase the proportion of 18- to 24-year olds enrolled in college from 34% (2002-2004 average) to 39% by 2010.
- Increase the proportion of the population aged 25 to 65 with a bachelor's degree or higher from 35% (2002-2004 average) to 37% by 2010.
- Establish tuition reimbursement or loan forgiveness for students in science, technology, engineering, mathematics, nursing, education, and other critical fields, provided the student agrees to work in an area in Virginia in need of those skills for a required period.
- Align workforce development and training activities with state, local and regional economic development goals and objectives.
- Promote parity in skills development in areas of the state where individual skill levels do not meet economic demand.
- Build collaboration across secretariats, regions, and agencies to ensure a coordinated approach and eliminate overlap and duplication of effort.

**Goal Four: Enhance economic development efforts in Virginia's distressed areas to help reduce economic disparity and to promote opportunity for all Virginia's regions.**

Despite Virginia's generally high level of economic prosperity, the regional diversity that makes Virginia so culturally rich also manifests itself in wide economic disparities across the Commonwealth. While some regions may be facing workforce shortages, other areas continue to struggle with high unemployment. In 2004, Virginia's overall personal income was ranked the ninth highest in the nation but many rural areas and older cities have poverty levels more than twice the state rate. These variations are not recent phenomena. Changes in the global economy, the decline of traditional industries such as agriculture and manufacturing, limited access to the infrastructure necessary to support 21<sup>st</sup> century



*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

business demands, and the need for rapidly changing workforce skills, are all reasons that some regions do not share equally in Virginia's economic success.

Economic disparities also impact the quality of life in regions across the state. Areas that are medically underserved, have limited affordable housing stock for incoming workforce and lower educational attainment levels do not fare well in the highly competitive process of attracting new businesses. Addressing the conditions that consign parts of the state to continued economic distress will take more than economic development as usual. Solutions are needed that go beyond recruitment and incentive packages and address the underlying issues that limit the economic opportunities for too many Virginians.

### **Strategies**

- Focus state economic development activities and incentives on regions with the greatest need, including urban centers and rural areas, to help reduce the competitive disadvantage that such areas face in attracting new jobs and investment.
- Increase the number of companies in strategic business sectors visiting Virginia's distressed communities by 5% per year.
- Support infrastructure development in distressed areas and cluster state investments in roads, water, sewer and telecommunications in areas identified for development.
- Support the redevelopment of central cities and older suburbs in accordance with the Governor's Urban Development Strategy. Land use initiatives, transportation resources and redevelopment incentives can help restore economic vitality and promote efficient reuse of such areas.
- Develop regionally tailored workforce development plans that are based on an assessment of existing workforce deficiencies and on projected future industry needs.

### **Goal Five: Emphasize regional cooperation in economic, workforce, and tourism development.**

Political boundaries and economic boundaries don't always match up. States, cities, and counties are not true economic units. Regions are the economic units in a global economy. By targeting our efforts toward building regional strengths, we can help create the most jobs for the state's economic development dollar.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

**Strategies**

- Formulate specific regional economic growth goals based on the Council on Virginia's Future's regional data by January 1, 2008.
- Restore funding to the Regional Competitiveness Program to foster economic problem-solving across political boundaries.
- Institute incentives in state funding formulas, as the state currently does in regional jail construction, for local governments to collaborate meaningfully on providing services.
- Remove statutory barriers to revenue sharing among localities to encourage the joint regional development of infrastructure, sites, and the sharing of resulting increased revenues across political boundaries.
- Provide meaningful incentives to areas that address economic development needs and issues on a regional, rather than local, basis.
- Restore funding for regional partnerships for tourism marketing and development to encourage regional efforts.
- Encourage Local Planning District Commissions, the VEDP and Community Colleges to perform regional gap analyses to assess Virginia's regional strengths and weaknesses and to construct effective business growth strategies that align with the state's focus areas.

**Goal Six: Use Virginia's proximity to the national capital and the strong military presence in the state as a base for further economic growth.**

The Department of Defense contributes approximately \$40 billion in direct investment to Virginia's economy each year. Only California, with her enormous size and population, attracts more investment from the military and other defense-related federal agencies. We must ensure that the federal funding that supports our military bases and personnel and the federal contracts that drive private sector employment and investment are not treated only as assets to be maintained. They also provide tremendous opportunities for economic growth throughout the Commonwealth.

**Strategies**

- Prepare communities affected by the Base Realignment And Closure Commission (BRAC) to leverage and respond to the Commission's decisions

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

- Coordinate state, federal, and local partners to respond appropriately to transportation challenges created by the BRAC process, most notably at Ft. Belvoir in Fairfax County.
- Ensure adequate funding to help affected communities address other key issues resulting from the BRAC decisions (housing, schools, day care centers, office space, etc.).
- Develop and implement a marketing and retention strategy for federal and military installations.
- Capture a higher percentage of federal spending
  - Improve the annual funding available to the Center for Innovative Technology (CIT) to accommodate growth in the Growth Acceleration Program (GAP). Use CIT more effectively to better match Virginia companies to federal opportunities.
  - Increase the total amount of Department of Defense related contracts by 5%, or \$1.15 billion, by 2010.
  - Lead collaboration between economic development authorities, the private sector, and Virginia's colleges and universities to increase research and development funding and to enhance the growth of businesses evolving from such research.
- Foster a close working relationship between the Virginia Economic Development Partnership and the Virginia National Defense Industrial Authority to maintain and expand the Department of Defense assets and employment in Virginia.

**Goal Seven: Support technology, research and development, and other emerging sectors to diversify Virginia's economy and maintain its competitive advantage.**

Virginia is in the midst of a transition from a manufacturing economy into a services and knowledge-based economy, and has captured a dominant market share in the information technology sector. This transition has not been distributed equally across Virginia's regions, as legacy manufacturing operations have remained in rural locations in Virginia, and the technology sector growth has disproportionately occurred in Virginia's Golden Crescent. As this transition continues, Virginia will need to exploit opportunities for innovation and research-based commercial activity in key emerging markets. These markets will drive the economy of the future to a large extent, providing future employment opportunities for all regions across the Commonwealth.

Virginia has developed some strength in a variety of areas that encompass life sciences, nanotechnology and advanced materials science, pharmaceuticals and other technologically advanced business sectors (emerging sectors). Virginia has some inherent advantages owing to a significant presence in some sectors, advanced materials and pharmaceuticals for example. But there are significant gaps in business infrastructure that must be addressed if Virginia is to facilitate emerging business sectors as a major portion

---

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

of our economy. These areas, and others, need to be critically reviewed in a national context to examine the most fertile areas for public and private sector focus.

Virginia has taken a cautious approach to developing grant programs and other economic development incentives. Current state incentive programs focus on worker training, performance-based grants, site infrastructure improvements, job creation, and encouraging investment in economically distressed areas. The Commonwealth has not focused as much on programs that help companies access capital at critical business development stages or programs that attract private capital.

While continuing to build on our current competitive strengths, Virginia needs to dedicate a continuing resource stream to advance and support an array of emerging market areas that align with our unique corporate, state, and federal assets.

**Strategies**

- Focus on the need to improve Virginia's competitive posture in emerging markets (technology, research and development, etc.) and build a sustained commitment through supportive legislation and funding.
- By 2009, establish an entrepreneurial culture and infrastructure which results in Virginia ranking first in new technology startup companies and knowledge jobs created, supported by specific programs that incent major new equity investment at the seed and early stages; attract new individual, corporate and institutional investors into Virginia's emerging technologies; and focus Virginia's research & development assets around collaborative outcomes.
- Commission a comprehensive, independent assessment of Virginia's private sector, state, and federal assets to determine which of these provide unique competitive advantages that serve as a foundation for growth.
  - Concentrate on potential emerging market opportunities that seem to align well with Virginia's assets, and which form a platform for continued investment, employment, and coordination among institutions in order to achieve prominence in those identified markets.
  - Produce a set of goals, deliverables and appropriate measures for determining success.
  - Identify other states that have competitive standing in these same market areas, and assess their programs and initiatives that have a bearing on our potential for success.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

- Identify opportunities to more fully connect complementary research programs and initiatives among and between our research universities to ultimately advance private sector investment and employment within Virginia.
- Design and implement a measurable outreach program to identify and nurture synergy opportunities for R&D alliances between Virginia's federally funded research units, Virginia-based corporate research operations, and Virginia's research universities.
- Initiate necessary incentives, financing tools, and resources to support the financial growth cycle of companies in these emerging markets.
- Promote early stage/venture capital financing in Virginia and the establish a significant fund that focuses on investing in Virginia-based venture companies in seed/early stage life science and other emerging technology sectors.
- Launch a statewide benchmarking registry of qualified Angel investors, a prototype educational training program for new Angel investors across the Commonwealth, and formation assistance programs to launch new regional Angel Investors groups.
- Expand the burgeoning modeling and simulation sector in Hampton Roads.
- Support development of facilities for advanced technology start-ups, including wet-lab space for the biotechnology industry.

**Goal Eight: Strengthen Virginia's competitive position in national and international travel and tourism markets.**

Virginia has long been a top travel destination, thanks to the Commonwealth's diverse offering of attractions and amenities that stretch from the mountains to the sea. As the Commonwealth – as well as America – commemorates its 400<sup>th</sup> anniversary in Jamestown in 2007, we must provide the infrastructure and educated workforce that will enable Virginia to increase market share and elevate our position as an international travel destination.

**Strategies**

- Build upon the well-recognized "Virginia is for Lovers" campaign with special focus on emerging and niche markets, including international markets.
- Create a greater public awareness on the importance of tourism investment to assure support for the tourism industry, particularly in the areas of tourism funding and workforce preparedness.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

- Increase focus upon community tourism development, tourism planning and capital access.
- Increase the economic impact of tourism in Virginia from \$16.5 billion per year (2005) to \$18.5 billion by 2010.
- Enhance state marketing resources and continue to develop mechanisms for sustaining and leveraging those resources with private sector and tourism industry partners.
- Increase the sustainability of Virginia's tourism economy through stewardship of Virginia's natural resources and unique cultural character.
- Ensure that the Virginia Film Office remains competitive in recruiting national film industry productions through continued incentive funding and the pursuit of creative marketing opportunities.
- Reassess the funding mechanism for state and locally owned Virginia Welcome Centers and Rest Areas, and develop alternative funding sources if necessary. Improve the condition and cleanliness of these facilities.

**Goal Nine: Develop a coordinated international marketing strategy for Virginia including both foreign direct investment and export/import features.**

In addition to encouraging increased exports of Virginia goods and services, Virginia needs to foster increased foreign investment in facilities in the Commonwealth. The three state entities that deal with international business – the Virginia Economic Development Partnership, the Virginia Department of Agriculture and Consumer Services, and the Virginia Port Authority – should coordinate efforts in international marketing to achieve greater economies and results. Virginia must also create a coordinated international marketing message that communicates Virginia's distinct advantages as a place to establish operations. This will lead to more efficient and effective overseas representation, presence, marketing, and promotion.

**Strategies**

- Develop and implement a comprehensive strategy to recruit foreign investment from emerging markets, including China and India.
- Increase Virginia exports by 7% (\$855 million), by 2010.
- Increase foreign direct investment in Virginia from an average 2,300 jobs and \$270 million annually to 3,000 jobs and \$300 million annually.

*Virginia Leading the Way, Governor Kaine's Economic Strategic Plan Update*

---

- Assist foreign companies establishing Virginia and US markets (import assistance) in exchange for similar assistance for Virginia companies in the other country.
- Implement economies in international recruitment by coordinating and leveraging assets of local and regional economic development organizations currently engaged overseas for optimal results.
- Make Virginia the port of choice on the east coast of the United States through enhanced and coordinated marketing in conjunction with private investment and expansion at the Port of Virginia.
- Increase educational focus on foreign language and international skills in pre-K-12 education.
- Encourage intellectual exchange through international students and scholars.
- Acquire the Virginia Conference on World Trade from the Virginia Chamber of Commerce to increase its impact and effectiveness. Create an awards program at the Virginia Conference on World Trade that recognizes excellence and growth among Virginia exporters.

## Appendix 1: High Unemployment Areas Report and Strategy

---

During FY 2006, VEDP expanded its ongoing efforts to improve the opportunities for economic growth for Virginia's economically distressed areas through technical assistance, new investment, job creation, and improved regional cooperation. While some areas continue to see declines in traditional natural resource-based and manufacturing industries, significant progress has been made in preparing these areas for the increasingly services-based economy. Additionally, VEDP has continued actively recruiting economic development prospects with plans tailored to existing skills, sites, and buildings.

In response to the 2006 Appropriations Act requiring target industries be identified for Southwestern and Southside Virginia, VEDP has initiated several program activities as outlined below including the establishment of a Regional Liaison Network, specific market initiatives and four broad vertical markets. In addition to these outreach activities the 2005 and 2006 General Assembly enacted legislation requesting the development of a Rural Economic Development Strategic Plan and a Manufacturing Diversification Plan. VEDP is taking the lead role in the development of these plans which also address issues related to Southwestern and Southside Virginia.

### **FY 2006 Accomplishments**

Assistance offered to communities from VEDP resources or in combination with other public and private organizations include the following:

Virginia Opportunity Regions: The VEDP continued the second year of the Virginia Opportunity Regions (VOR) to focus on marketing Virginia's economically distressed areas with the help of funding allocated by the General Assembly. Program goals focused on improvements to web-based marketing strategies, proactive positioning toward targeted business sectors, and region-specific marketing activities. Business Development had a full-time manager dedicated to the VOR program. His role was to develop strong working relationships with distressed regions and localities, become the "face of the region" at the Business Development table to represent the VOR communities' perspective, increase the number of prospect visits to these areas, and manage transition of prospects to project managers and localities. He also manages the \$150,000 VOR Marketing Grant Program to fund local and regional needs that may not be addressed by the statewide marketing program. In FY 2006, 15 communities participated in the VOR grant program, and are in the process of completing the work for which the funds were allocated. The majority of the grant awards were used to support improvements to web-based marketing, development of professional collateral materials, or sponsorship of direct marketing campaigns.

Decisions for Virginia/distressed region: Two major successes in FY 2006 were the announcements of the CGI and Northrop Grumman technology projects in southwest Virginia. With total combined employment projected at nearly 700, these anchor projects represent an opportunity for transformation of that region's economy. VEDP played a role in the decisions by assisting the community with development of the financial incentive



## Appendix 1: High Unemployment Areas Report and Strategy

---

package, as well as providing data and information on the labor force of the region, which will be a critical element to the project's success. On the advice of VEDP, the discretionary funds were tied to workforce recruitment and training, and DBA assigned a full-time manager to both companies to oversee the workforce recruitment process. VEDP continues to work with both companies on the implementation of their projects.

Distressed Communities Visits Increase: Distressed communities visits increase: Business Development staff assisted with 284 prospect visits, representing 115 companies, to distressed communities across Virginia. These 115 companies represent 62.5% of all companies visiting Virginia, with nearly 54% of the total prospect visits occurring in distressed communities.

Right Now Sites Program: This program is designed to assure business prospects and consultants that business properties designated as "Right Now" Sites have all the essential elements in place for rapid business location. The "Right Now" Sites program establishes minimum infrastructure requirements for eight industry groups (light manufacturing, general manufacturing, heavy manufacturing, mega sites, business/industrial parks, office parks, warehouse/distribution, and research and development). In addition to these industry-specific standards, separate "readiness standards" have been established to ensure that the sites are truly "ready to go". Since the inception of this program, VEDP has certified 45 sites that meet readiness standards.

Virtual Buildings Program: This program expands the "ready to go" concept to include preliminary architectural design, cost estimates, and time frames for construction and site plan permit approval for proposed buildings. Local industrial properties meeting these standards are featured prominently on the VEDP website. There are currently 11 virtual building designs.

### **FY 2006 Initiatives**

VEDP is making a concerted effort to focus available recruitment and outreach resources towards growth markets that are expected to produce, over time, strong results in terms of employment gains with higher value wages and new capital investment for Virginia and its collective regions. A key initial step in FY 2006, was for the organization to conduct a critical assessment of those market areas that exhibited potential for growth and for which Virginia and its various regions had the prerequisite assets and attributes that would allow for the Commonwealth to capture significant future market share. As a result, VEDP has established four broad vertical markets against which it is deploying its marketing resources, and engaging in close collaboration with respective regions of Virginia to build a strong business case and a coherent message for companies in those markets. The approach is to have a strong "go to market" strategy for each of the chosen areas of concentration.

## Appendix 1: High Unemployment Areas Report and Strategy

---

VEDP's key vertical markets include:

- **Advanced Manufacturing**, including plastics and polymers, advanced materials, food processing, chemicals, and fibers.
- **Security & Services**, including the Federal security agencies and providers, information technology, professional and business services, and corporate headquarters and management.
- **Science & Research**, including biotechnology, nanotechnology, other emerging technologies, the health care arena, and alternative energy.
- **Transportation**, including the automotive industry, aerospace, and global logistics providers.

Complementing this market focus, VEDP is developing a series of Market Initiatives which are intended to provide a catalyst to success in a variety of different market areas. The purpose behind these initiatives is to test out methods and techniques with selected prototype communities over a relatively defined period (18-24 months) and make refinements as required in advance of broadening the initiative to a more inclusive statewide coverage, as appropriate. This approach allows the targeted communities and regions an opportunity to fully understand the key industry location factors, develop their business case and distinctive advantages for these markets, and to gain experience in working closely with VEDP and client companies.

VEDP's Market Initiatives include:

The **Distributed Services Initiative**, in which prototype communities are working to generate a value case for locating segments of the information technology industry from high cost locations, to areas of lower operating cost, while simultaneously working towards meeting local workforce development goals and skills development in areas needing economic diversification.

The **Modeling & Simulation Initiative**, initially launched in the Hampton Roads Region based on the strong military and related simulation cluster in this region, has an opportunity to broaden the work into other regions of the state and to incorporate other universities beyond ODU, which has taken a lead in this area.

The **Global Logistics Initiative**, will begin in FY 2007 and strive to leverage the growth of the Port of Virginia, including significant private sector activity with the new Maersk Terminal, as well as linking with Dulles Airport, the major rail carriers, and other key transportation and logistics providers to make Virginia the Eastern U.S. gateway of choice for the movement of goods. The initiative holds great promise for rural Southside and Southwest Virginia in particular as inbound goods need to reach inland markets and key intermodal and distribution centers need to be established in areas beyond the port region.

## Appendix 1: High Unemployment Areas Report and Strategy

---

The **Wood Products Initiative** will seek to pre-position Virginia's rural communities for opportunities in the fabricated wood products sector, and market areas that continue to show strong growth and which Virginia has multiple regions that have potential for success.

On the schedule, but not launching until late FY 2007 or FY 2008, are initiatives for Alternative Energy and Plastics/Polymers/Chemicals.

Site Selection Consultants will be targeted by VEDP, and to the extent possible, aligned with our key target markets, to result in increased active project volume in Virginia.

VEDP will implement a Regional Liaison Network, to result in opportunities for regional economic development organizations to partner among themselves and with VEDP to enhance marketing to identified business sectors that match up well with regional attributes. Over time, it is expected that the regions will have an improved understanding of the needs of the targeted businesses, and will have a more mature "pitch" to companies stressing key regional assets, such as workforce, transportation, operating costs, and quality of life. Ultimately, an improved and sustained volume of new projects should materialize. Other outcomes from this initiative should include:

- Improved identification and coordination of resources to support the capacity-building of distressed regions to market into appropriate target business sectors.
- Participation in the VEDP response to areas with immediate economic distress, such as plant closings.
- Presentations by distressed communities at VEDP's Business Development Division staff meetings.

VEDP will continue its efforts to encourage all Virginia localities to establish a Business Assistance Program in which all major employers are called upon at least annually by professional staff who can appropriately follow-up on needs that are identified. Further, efforts will continue towards developing a statewide system to collect strategic information on business trends and needs from these existing business calls made by local and regional organizations. This collected data can then be shared on a statewide basis to help guide the development of goals, policies, and actions by economic development organizations at all levels. The local involvement with existing businesses is even more critical in distressed regions of the state, as the existing business base is typically smaller in scope and more vulnerable to economic volatility than in more diversified regions of the state.

## Appendix 2: Prospect Visit Data for FY 2006

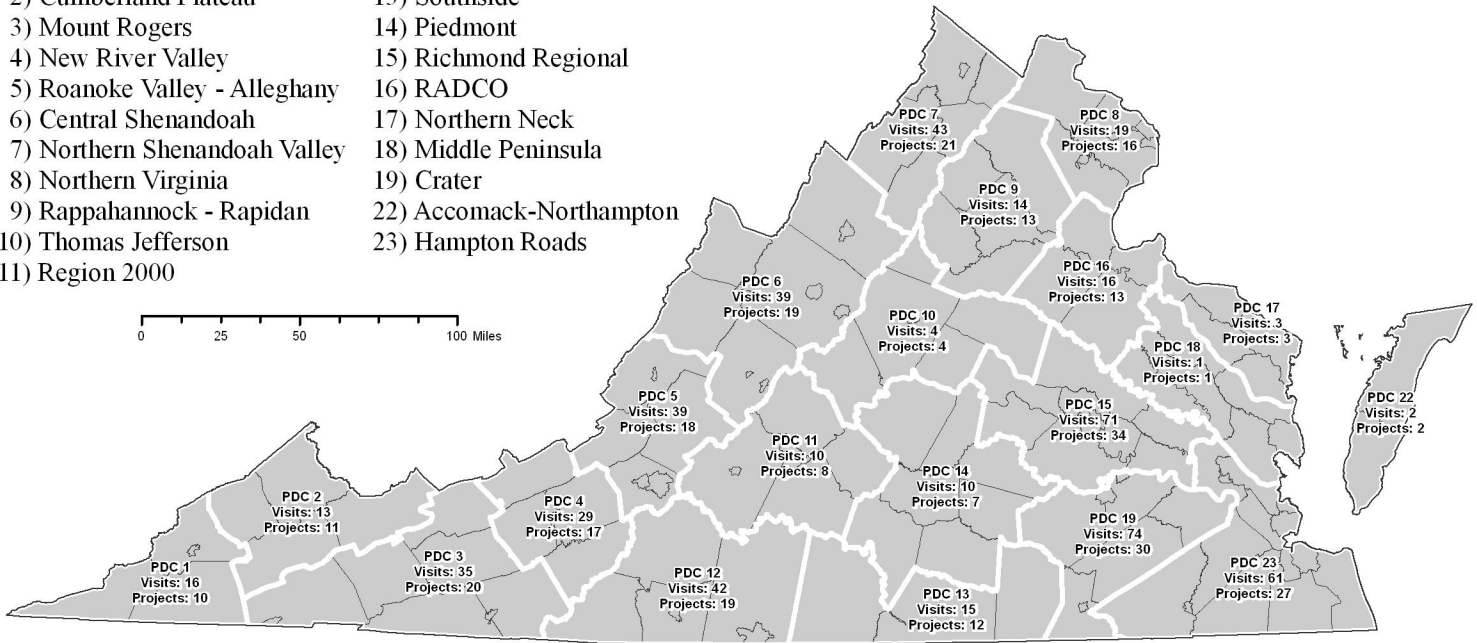
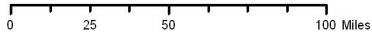
Accomack-Northampton	2	Visits	2	Projects
Central Shenandoah	39	Visits	19	Projects
Crater	74	Visits	30	Projects
Cumberland Plateau	13	Visits	11	Projects
Hampton Roads	61	Visits	27	Projects
Lenowisco	16	Visits	10	Projects
Middle Peninsula	1	Visits	1	Projects
Mount Rogers	35	Visits	20	Projects
New River Valley	29	Visits	17	Projects
Northern Neck	3	Visits	3	Projects
Northern Shenandoah Valley Regional Commission	43	Visits	21	Projects
Northern Virginia	19	Visits	16	Projects
Piedmont	10	Visits	7	Projects
RADCO	16	Visits	13	Projects
Rappahannock-Rapidan Regional Commission	14	Visits	13	Projects
Region 2000 Regional Commission	10	Visits	8	Projects
Richmond Regional	71	Visits	34	Projects
Roanoke Valley-Alleghany Regional Commission	39	Visits	18	Projects
Southside	15	Visits	12	Projects
Thomas Jefferson	4	Visits	4	Projects
West Piedmont	42	Visits	19	Projects
<b>TOTAL:</b>	<b>556</b>	Visits		
<b>Total Projects Involved in Visits:</b>	<b>184</b>			
<b># of Localities visited</b>	<b>99</b>			

Appendix 2: Prospect Visit Data for FY 2006

Prospect Visits by Planning District  
Fiscal Year 2006

**Planning District Commission (PDC) Name & Number**

- |                               |                          |
|-------------------------------|--------------------------|
| 1) Lenowisco                  | 12) West Piedmont        |
| 2) Cumberland Plateau         | 13) Southside            |
| 3) Mount Rogers               | 14) Piedmont             |
| 4) New River Valley           | 15) Richmond Regional    |
| 5) Roanoke Valley - Alleghany | 16) RADCO                |
| 6) Central Shenandoah         | 17) Northern Neck        |
| 7) Northern Shenandoah Valley | 18) Middle Peninsula     |
| 8) Northern Virginia          | 19) Crater               |
| 9) Rappahannock - Rapidan     | 22) Accomack-Northampton |
| 10) Thomas Jefferson          | 23) Hampton Roads        |
| 11) Region 2000               |                          |



Map created by Virginia Economic Development Partnership, October 2006

## Appendix 3: Site and Building Data for FY 2006

Planning District	Location	Sites	Buildings	Sites & Buildings	Location Studies <sup>1</sup>	Companies
<b>1- Lenowisco</b>	Lee Co.	6	0	6	7	6
1	Norton	0	1	1	1	1
1	Scott Co.	0	3	3	3	3
1	Wise Co.	0	12	12	12	12
<b>PDC 1 Total</b>		<b>6</b>	<b>16</b>	<b>22</b>	<b>19</b>	<b>18</b>
<b>2 -Cumberland Plateau</b>	Buchanan Co.	0	3	3	3	3
2	Dickenson Co.	0	7	7	7	7
2	Russell Co.	1	1	2	2	2
2	Tazewell Co.	0	0	0	0	0
<b>PDC 2 Total</b>		<b>1</b>	<b>11</b>	<b>12</b>	<b>11</b>	<b>11</b>
<b>3-Mount Rogers</b>	Bland Co.	0	0	0	0	0
3	Bristol	1	5	6	6	6
3	Carroll Co.	1	7	8	8	7
3	Galax	0	2	2	2	2
3	Grayson Co.	0	0	0	0	0
3	Smyth Co.	0	9	9	7	7
3	Washington Co.	11	10	21	21	20
3	Wythe Co.	13	7	20	18	18
<b>PDC 3 Total</b>		<b>26</b>	<b>40</b>	<b>66</b>	<b>34</b>	<b>32</b>
<b>4 - New River Valley</b>	Floyd Co.	2	7	9	8	8
4	Giles Co.	2	2	4	4	4
4	Montgomery Co.	9	6	15	12	12
4	Pulaski Co.	24	16	40	23	23
4	Radford	0	5	5	5	5
<b>PDC 4 Total</b>		<b>37</b>	<b>36</b>	<b>73</b>	<b>36</b>	<b>33</b>
<b>5 -Roanoke Valley-Alleghany</b>	Alleghany Co.	3	10	13	13	13
5	Botetourt Co.	6	4	10	11	10
5	Covington	0	1	1	1	1
5	Craig Co.	0	0	0	0	0
5	Roanoke Co.	9	5	14	11	11
5	Roanoke	2	13	15	11	11
5	Salem	0	5	5	4	4
<b>PDC 5 Total</b>		<b>20</b>	<b>38</b>	<b>58</b>	<b>28</b>	<b>28</b>
<b>6 - Central Shenandoah</b>	Augusta Co.	12	10	22	20	19
6	Bath Co.	0	0	0	0	0
6	Buena Vista	5	0	5	5	5
6	Harrisonburg	3	4	7	6	6
6	Highland Co.	0	0	0	0	0
6	Lexington	0	0	0	0	0
6	Rockbridge Co.	1	0	1	1	1
6	Rockingham Co.	6	12	18	14	13
6	Staunton	6	4	10	10	10
6	Waynesboro	2	7	9	7	7
<b>PDC 6 Total</b>		<b>35</b>	<b>37</b>	<b>72</b>	<b>33</b>	<b>32</b>

Appendix 3: Site and Building Data for FY 2006

<b>7 - Lord Fairfax</b>	Clarke Co.	0	0	0	0	0
	7 Frederick Co.	24	10	34	22	20
	7 Page Co.	4	3	7	5	5
	7 Shenandoah Co.	11	9	20	14	14
	7 Warren Co.	10	0	10	10	10
	7 Winchester	0	1	1	1	1
	<b>PDC 7 Total</b>	<b>49</b>	<b>23</b>	<b>72</b>	<b>28</b>	<b>26</b>
<b>8 - Northern Virginia</b>	Alexandria	0	0	0	0	0
	8 Arlington Co.	0	0	0	0	0
	8 Fairfax Co.	3	1	4	3	3
	8 Fairfax	0	0	0	0	0
	8 Falls Church	0	0	0	0	0
	8 Loudoun Co.	4	0	4	2	2
	8 Manassas	0	1	1	1	1
	8 Manassas Park	0	0	0	0	0
	8 Prince William Co.	18	1	19	7	7
	<b>PDC 8 Total<sup>2</sup></b>	<b>25</b>	<b>3</b>	<b>28</b>	<b>9</b>	<b>9</b>
<b>9 - Rappahannock-Rapidan</b>	Culpeper Co.	3	2	5	4	4
	9 Fauquier Co.	0	0	0	0	0
	9 Madison Co.	0	3	3	3	3
	9 Orange Co.	1	7	8	8	8
	9 Rappahannock Co.	0	1	1	1	1
	<b>PDC 9 Total</b>	<b>4</b>	<b>13</b>	<b>17</b>	<b>11</b>	<b>11</b>
<b>10 - Thomas Jefferson</b>	Albemarle Co.	1	1	2	2	2
	10 Fluvanna Co.	0	0	0	0	0
	10 Greene Co.	0	0	0	0	0
	10 Louisa Co.	8	0	8	8	7
	10 Nelson Co.	2	0	2	2	2
	10 Charlottesville	0	1	1	1	1
	<b>PDC 10 Total</b>	<b>11</b>	<b>2</b>	<b>13</b>	<b>12</b>	<b>12</b>
<b>11 - Region 2000 Regional Commission</b>	Amherst Co.	5	0	5	4	4
	Appomattox Co.	3	0	3	3	3
	11 Bedford Co.	2	2	4	4	4
	11 Bedford	2	0	2	2	2
	11 Campbell Co.	1	3	4	4	4
	11 Lynchburg	7	7	14	11	11
	<b>PDC 11 Total</b>	<b>20</b>	<b>12</b>	<b>32</b>	<b>18</b>	<b>18</b>
<b>12 - West Piedmont</b>	Danville	13	24	37	21	21
	12 Franklin Co.	7	2	9	9	7
	12 Henry Co.	10	13	23	18	15
	12 Martinsville	5	6	11	10	9
	12 Patrick Co.	1	4	5	5	5
	12 Pittsylvania Co.	18	15	33	28	24
	<b>PDC 12 Total</b>	<b>54</b>	<b>64</b>	<b>118</b>	<b>56</b>	<b>50</b>
<b>13 - Southside</b>	Brunswick Co.	11	1	12	13	12
	13 Halifax Co.	14	16	30	21	19
	13 Mecklenburg Co.	23	15	38	30	25
	<b>PDC 13 Total</b>	<b>48</b>	<b>32</b>	<b>80</b>	<b>37</b>	<b>35</b>

Appendix 3: Site and Building Data for FY 2006

<b>14 - Piedmont</b>	Amelia Co.	0	0	0	0	0
14	Buckingham Co.	1	2	3	3	3
14	Charlotte Co.	9	9	18	18	17
14	Cumberland Co.	0	0	0	0	0
14	Lunenburg Co.	3	5	8	6	6
14	Nottoway Co.	7	0	7	5	4
14	Prince Edward Co.	1	3	4	3	3
<b>PDC 14 Total</b>		<b>21</b>	<b>19</b>	<b>40</b>	<b>24</b>	<b>23</b>
<b>15 - Richmond Regional</b>	Charles City Co.	1	0	1	1	1
15	Chesterfield Co.	30	47	77	50	46
15	Goochland Co.	0	0	0	0	0
15	Hanover Co.	11	21	32	29	23
15	Henrico Co.	21	35	56	34	33
15	New Kent Co.	8	1	9	3	3
15	Powhatan Co.	0	0	0	0	0
15	Richmond	0	10	10	8	8
<b>PDC 15 Total</b>		<b>71</b>	<b>114</b>	<b>185</b>	<b>68</b>	<b>63</b>
<b>16 - RADCO</b>	Caroline Co.	13	3	16	12	12
16	Fredericksburg	1	0	1	1	1
16	King George Co.	6	1	7	8	6
16	Spotsylvania Co.	14	3	17	11	11
16	Stafford Co.	10	0	10	7	7
<b>PDC 16 Total</b>		<b>44</b>	<b>7</b>	<b>51</b>	<b>20</b>	<b>20</b>
<b>17 - Northern Neck</b>	Lancaster Co.	0	0	0	0	0
17	Northumberland Co.	0	0	0	0	0
17	Richmond Co.	1	2	3	2	2
17	Westmoreland Co.	2	7	9	8	8
<b>PDC 17 Total</b>		<b>3</b>	<b>9</b>	<b>12</b>	<b>9</b>	<b>9</b>
<b>18 - Middle Peninsula</b>	Essex Co.	0	1	1	1	1
18	Gloucester Co.	0	0	0	0	0
18	King and Queen Co.	0	0	0	0	0
18	King William Co.	4	2	6	4	4
18	Mathews Co.	0	0	0	0	0
18	Middlesex Co.	0	0	0	0	0
<b>PDC 18 Total</b>		<b>4</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>5</b>
<b>19 - Crater</b>	Chesterfield Co.	30	47	77	50	46
19	Colonial Heights	0	1	1	1	1
19	Dinwiddie Co.	12	16	28	23	21
19	Emporia	0	4	4	4	4
19	Greensville Co.	9	17	26	22	19
19	Hopewell	3	3	6	6	4
19	Petersburg	14	6	20	20	20
19	Prince George Co.	15	12	27	23	19
19	Surry Co.	1	0	1	1	1
19	Sussex Co.	6	0	6	6	5
<b>PDC 19 Total</b>		<b>90</b>	<b>106</b>	<b>196</b>	<b>87</b>	<b>73</b>
<b>22 - Accomack-Northampton</b>	Accomack Co.	0	0	0	0	0



Appendix 3: Site and Building Data for FY 2006

22	Northampton Co.	0	1	1	1	1
<b>PDC 22 Total</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>23 - Hampton Roads</b>						
	Chesapeake	10	7	17	15	12
23	Franklin	2	0	2	3	2
18	Gloucester Co.	0	0	0	0	0
23	Hampton	4	8	12	14	12
23	Isle of Wight Co.	15	5	20	19	17
23	James City Co.	9	2	11	10	9
23	Newport News	4	6	10	11	9
23	Norfolk	0	0	0	0	0
23	Poquoson	0	0	0	0	0
23	Portsmouth	2	11	13	13	13
23	Southampton	8	4	12	14	11
23	Suffolk	7	7	14	12	11
19	Surry Co.	1	0	1	1	1
23	Virginia Beach	2	3	5	5	4
23	Williamsburg	0	0	0	0	0
23	York Co.	3	8	11	11	10
<b>PDC 23 Total</b>		<b>67</b>	<b>61</b>	<b>128</b>	<b>57</b>	<b>48</b>
<b>State Total<sup>3</sup></b>		<b>605</b>	<b>598</b>	<b>1203</b>	<b>164</b>	<b>133</b>

<sup>1</sup>Does not include multiple proposals for the same project and properties; existing industry proposals; or other project-related assistance not including site or building recommendations.

<sup>2</sup>PDC 8 totals do not reflect additional recommendations of office/flex space not included in VEDP's sites & buildings database.

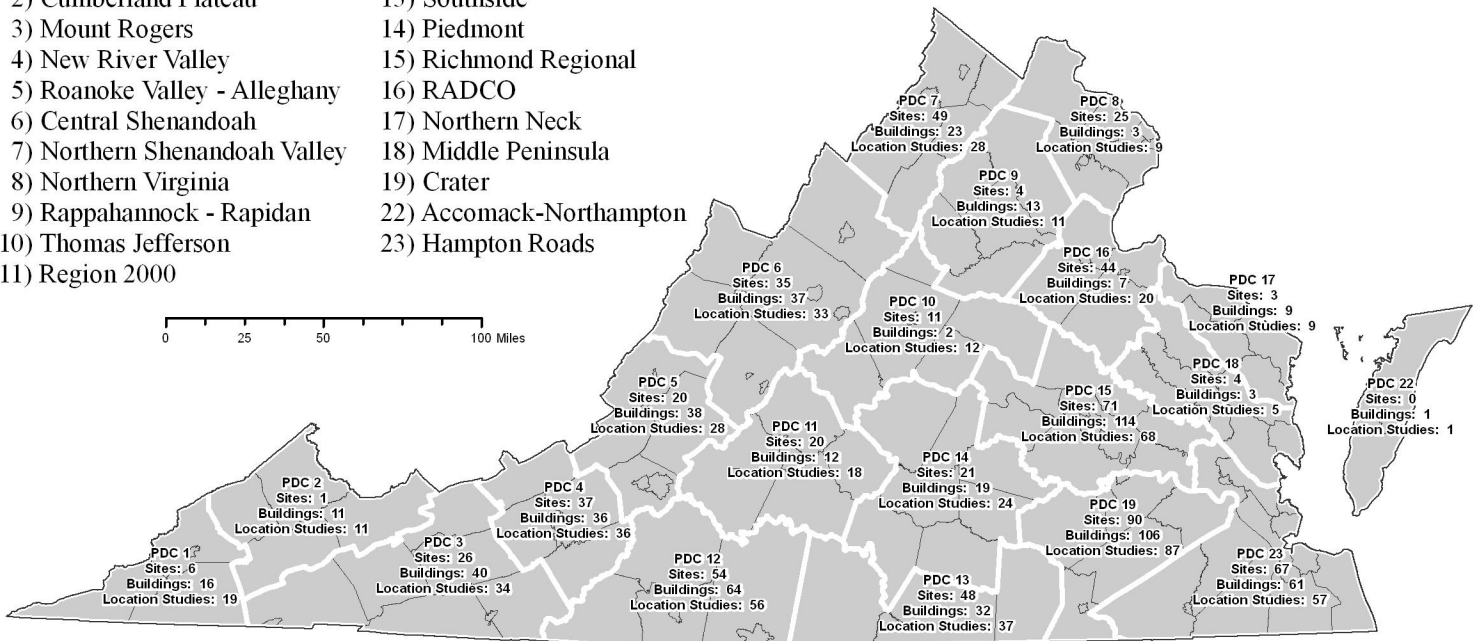
<sup>3</sup>State total does not include duplicate entries for Chesterfield, Surry, and Gloucester Counties, each located in two PDCs.

Appendix 3: Site and Building Data for FY 2006

Community Location Studies, Sites, and Buildings Meeting Prospect Requirements by Planning District  
Fiscal Year 2006

**Planning District Commission (PDC) Name & Number**

- |                               |                          |
|-------------------------------|--------------------------|
| 1) Lenowisco                  | 12) West Piedmont        |
| 2) Cumberland Plateau         | 13) Southside            |
| 3) Mount Rogers               | 14) Piedmont             |
| 4) New River Valley           | 15) Richmond Regional    |
| 5) Roanoke Valley - Alleghany | 16) RADCO                |
| 6) Central Shenandoah         | 17) Northern Neck        |
| 7) Northern Shenandoah Valley | 18) Middle Peninsula     |
| 8) Northern Virginia          | 19) Crater               |
| 9) Rappahannock - Rapidan     | 22) Accomack-Northampton |
| 10) Thomas Jefferson          | 23) Hampton Roads        |
| 11) Region 2000               |                          |



Map created by Virginia Economic Development Partnership, October 2006

# Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Call Evolution Company	1	Scott County	N	N	561422	Customer service center	200	\$1.00
<i>New Total</i>						<i>1 announcement</i>	<i>200</i>	<i>\$1.00</i>
Sykes Enterprises	1	Wise County	N	E	561422	Customer technical support call center	50	\$0.00
The Results Companies	1	Lee County	N	E	561422	Technical assistance center	50	\$0.05
Visador Co., LLC	1	Wise County	M	E	326199	Manufacture vinyl windows	100	\$1.10
<i>Expansion Total</i>						<i>3 announcements</i>	<i>200</i>	<i>\$1.15</i>
<b>PDC 1 Total</b>						<b>4 announcements</b>	<b>400</b>	<b>\$2.15</b>
CGI-AMS Inc.*	2	Russell County	N	N	541512	Information technology consulting, government contractor	300	\$6.00
Clinch River Forest Products, Inc.	2	Tazewell County	M	N	321113	Lumber mill	102	\$4.35
Northrop Grumman Corporation	2	Russell County	N	N	518210	Help desk & back-up data center; IT systems	214	\$6.10
<i>New Total</i>						<i>3 announcements</i>	<i>616</i>	<i>\$16.45</i>
Cingular Wireless	2	Russell County	N	E	561422	Customer service center; cellular phone company	135	\$0.00
Clinch Mountain Finishing & Logistics	2	Russell County	M	E	321918	Manufacture pre-finished hardwood floors	220	\$6.00
Northrop Grumman Corporation	2	Russell County	N	E	518210	Help desk & back-up data center; IT systems	219	\$16.70
Pyott-Boone Electronics	2	Tazewell County	M	E	334290	Electronic subassemblies	50	\$0.50
Superior Fabrication Group	2	Dickenson County	M	E	332999	Fabricate metal assemblies & components	30	\$0.60
T&N Electric	2	Tazewell County	M	E	335312	Manufacture electric motors	53	\$1.50
<i>Expansion Total</i>						<i>6 announcements</i>	<i>707</i>	<i>\$25.30</i>
<b>PDC 2 Total</b>						<b>9 announcements</b>	<b>1,323</b>	<b>\$41.75</b>
Amcors PET Packaging*	3	Wythe County	M	N	326160	Manufacture plastic bottles	144	\$105.00
Reline America	3	Smyth County	M	N	325222	HQ; pipe liners made of resin-impregnated material	25	\$4.91
<i>New Total</i>						<i>2 announcements</i>	<i>169</i>	<i>\$109.91</i>
ABB Inc.*	3	Bland County	M	E	335313	Manufacture dry & vacuum cast transformers	30	\$3.00
Camrett Logistics	3	Wythe County	N	E	493190	Logistics services, warehouse & distribution center	43	\$0.10
Coalfield Services, Inc.	3	Wythe County	M	E	333131	Manufactures, installs & services mining equipment	10	\$0.65
Coffman Stairs, LLC	3	Smyth County	M	E	321918	Manufacture stairs and columns	50	\$1.40
Coperion Corporation*	3	Wythe County	M	E	333220	Segmented screw elements for extruders	18	\$4.00
General Dynamics Armament & Technical Products	3	Smyth County	M	E	336413	Composite structures, RTM products, mobile shelters	83	\$2.10
Hutchinson Rubber Mixing*	3	Wythe County	M	E	325212	Rubber mixing	0	\$0.40
Klöckner Pentaplast of America Inc. *	3	Wythe County	M	E	326113	Plastic film & shrink wrap	54	\$17.00

# Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
K-VA-T Food Stores, Inc.	3	Washington County	N	E	424990	Distribution of food products	110	\$19.35	
Longwood Elastomers	3	Wythe County	M	E	325212	Manufacture synthetic rubber	40	\$1.20	
Mount Rogers Industrial & Developmental Center	3	Wythe County	M	E	315999	Combat helmets, handkerchiefs, personal effects bags	25	\$0.25	
Prime Choice Foods, Inc.	3	Bristol	M	E	311919	Manufacture organic corn products	35	\$4.50	
Turman Hardwood Flooring	3	Galax	M	E	321918	Hardwood flooring and wood pellets	40	\$2.70	
Turman Log Homes	3	Carroll County	M	E	321992	Manufacture log homes	27	\$1.00	
Universal Fiber Systems LLC	3	Washington County	M	E	325222	Manufacture fibers and yarn	82	\$8.00	
<i>Expansion Total</i>							<i>15 announcements</i>	<i>647</i>	<i>\$65.65</i>
<b>PDC 3 Total</b>							<b>17 announcements</b>	<b>816</b>	<b>\$175.56</b>
Generic Systems, Inc.	4	Montgomery County	M	N	333319	Design/manufacture/install robotic finishing/coating systems	15	\$2.00	
Lumbee Enterprises	4	Pulaski County	N	N	561990	Post-manufacturing modifications for commercial trucks	30	\$2.60	
NextGen Aeronautics	4	Montgomery County	N	N	541710	Aerospace research and development	100	\$50.00	
<i>New Total</i>							<i>3 announcements</i>	<i>145</i>	<i>\$54.60</i>
Advanced Logic Industries	4	Montgomery County	N	E	541512	Corporate HQ; technology consulting & integration	10	\$1.00	
Conrock Group, Inc.	4	Pulaski County	M	E	327320	Ready-mix concrete	10	\$0.03	
DBT America *	4	Giles County	N	E	561422	Customer service center for mining equipment manufacturer	30	\$2.10	
Fontaine Modification	4	Pulaski County	M	E	336120	Truck assembly	83	\$2.25	
Internet Corp.	4	Radford	M	E	334511	Cast-metal automotive components	175	\$14.30	
James Hardie*	4	Pulaski County	M	E	321219	Manufacture fiber-cement siding	25	\$12.50	
Luna Innovations Inc.	4	Montgomery County	N	E	541710	R&D; molecular technology & sensing solutions	20	\$1.00	
Polymer Solutions Inc.	4	Montgomery County	N	E	541380	Corporate HQ; testing laboratories	6	\$2.20	
ProChem Analytical, Inc.	4	Montgomery County	N	E	541380	Environmental analysis, R&D	31	\$0.90	
ProChem Inc.	4	Montgomery County	M	E	325998	Wastewater treatment chemicals & equipment	20	\$1.90	
Sweetwater Market LLC	4	Floyd County	M	E	311911	All-natural, certified organic foods	20	\$0.20	
Tetra	4	Montgomery County	M	E	327215	Aquarium supplies and fish food	76	\$1.00	
<i>Expansion Total</i>							<i>12 announcements</i>	<i>506</i>	<i>\$39.38</i>
<b>PDC 4 Total</b>							<b>15 announcements</b>	<b>651</b>	<b>\$93.98</b>
QualiChem, Inc.	5	Salem	M	N	325998	Water treatment, metalworking & specialty chemical products	9	\$1.00	
TransCore	5	Alleghany County	N	N	561422	Customer service/data center; electronic tolling operations	60	\$1.40	
<i>New Total</i>							<i>2 announcements</i>	<i>69</i>	<i>\$2.40</i>
Allstate Insurance Co.	5	Roanoke County	N	E	524126	Regional insurance operations center	144	\$1.20	

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Carilion Biomedical Institute	5	Roanoke City	N	E	541710	Biotechnology research	0	\$8.00
Conwed Plastics, Inc.	5	Roanoke City	M	E	326199	Manufacture diamond mesh	24	\$3.50
Dynax America Corporation *	5	Botetourt County	M	E	336350	Automobile transmission parts	52	\$11.70
FreightCar America, Inc.	5	Roanoke City	M	E	336510	Manufacture railroad freight cars	0	\$6.00
ITT Industries Night Vision	5	Roanoke County	M	E	333314	Manufacture night-vision enhancing equipment	250	\$51.80
Luna Innovations Inc.	5	Roanoke City	N	E	541710	HQ; R&D; molecular technology, sensing solutions	50	\$0.00
Mennel Milling Company	5	Roanoke County	M	E	311211	Flour mill & distribution	3	\$30.80
O'Neal Steel, Inc.	5	Botetourt County	M	E	332313	Steel work	75	\$3.00
OneBeacon Insurance Group	5	Salem	N	E	524126	National service facility; property-casualty/specialty insurance	0	\$1.75
Pitzer Transfer & Storage Corp.	5	Salem	N	E	482111	Transfer freight railcars	5	\$2.79
R.R. Donnelley & Sons Co.	5	Roanoke County	M	E	323117	Book printing	83	\$38.38
Synchrony, Inc.	5	Roanoke County	M	E	332991	HQ; development and production of magnetic bearings	11	\$0.00
UnitedHealth Group	5	Roanoke City	N	E	561422	Customer support center, health insurance provider	250	\$5.00
Virginia Forge Co.	5	Botetourt County	M	E	332111	Automotive wheel bearing braces	6	\$12.25
Vista Corporation of Virginia	5	Roanoke City	M	E	336510	Rebuild locomotive components	35	\$1.50

*Expansion Total*

*16 announcements*

*988*

*\$177.67*

**PDC 5 Total**

**18 announcements**

**1,057**

**\$180.07**

Alcoa Home Exteriors	6	Augusta County	M	E	326199	Vinyl siding	60	\$1.44
Coors Brewing Company	6	Rockingham County	M	E	312120	Beer brewery	8	\$24.00
Dynamic Aviation	6	Rockingham County	N	E	488190	Aircraft maintenance and modification	206	\$4.10
Lees Commercial Carpet	6	Rockbridge County	M	E	314110	Manufacture & market modular & broadwoven carpet	25	\$26.60
McKee Foods Corporation	6	Augusta County	M	E	311812	Snack cakes	3	\$6.50
Modine Manufacturing Company	6	Buena Vista	M	E	333414	Space & unit heaters	35	\$1.50
Pell Paper Co.	6	Staunton	M	E	322212	Manufacture packaging products; commercial printing	10	\$0.00
R.R. Donnelley & Sons Co.	6	Rockingham County	M	E	323117	Book printing and binding	18	\$17.55
SI International Inc.	6	Harrisonburg	N	E	541512	IT services	0	\$0.35
Specialty Blades, Inc.	6	Staunton	M	E	332212	Micro-scale precision-cutting tools for medical & industrial use	25	\$6.00
Tenneco Automotive	6	Harrisonburg	M	E	336399	Automotive exhaust systems	0	\$3.80
White Wave Foods Company	6	Rockingham County	M	E	311511	Manufacture and distribution of dairy products	30	\$12.00

*Expansion Total*

*12 announcements*

*420*

*\$103.84*

**PDC 6 Total**

**12 announcements**

**420**

**\$103.84**

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
InteliTarget, Inc.	7	Winchester	N	N	541512	Information technology consultants	40	\$0.00
<i>New Total</i>						<i>1 announcement</i>	40	\$0.00
84 Lumber Company	7	Frederick County	M	E	321113	Manufacture dimension lumber	18	\$4.30
Alliance Material Handling, Inc.	7	Frederick County	N	E	423830	Material handling equipment distribution	55	\$1.50
Bowman Apple Products Inc.	7	Shenandoah County	M	E	312111	Gatorade® bottler	30	\$0.00
Ferguson Enterprises Inc. *	7	Frederick County	N	E	423720	Warehouse/distribution of plumbing supplies	10	\$0.04
Fortessa Inc.	7	Frederick County	N	E	423220	Distribution of tableware products	10	\$0.00
Melnor, Inc.*	7	Winchester	M	E	333112	Lawn & garden equipment	30	\$6.00
Merillat Industries, Inc.	7	Shenandoah County	M	E	337110	Wood cabinets	150	\$16.00
Quebecor World*	7	Frederick County	M	E	323110	Commercial printing	27	\$5.50
Route 11 Potato Chips	7	Shenandoah County	M	E	311919	Potato chips	15	\$3.50
Valley Ice	7	Shenandoah County	M	E	312113	Manufacture & distribute ice	0	\$0.31
<i>Expansion Total</i>						<i>10 announcements</i>	345	\$37.15
<b>PDC 7 Total</b>						<b>11 announcements</b>	<b>385</b>	<b>\$37.15</b>
Acronis, Inc.	8	Fairfax County	N	N	541511	Storage management software support services	16	\$0.00
Bantu, Inc.	8	Fairfax County	N	N	541511	HQ; secure Enterprise Instant Messaging software	73	\$0.23
Cloakware Inc.	8	Fairfax County	N	N	541511	Corporate HQ; integrated software protection solutions	15	\$0.00
Emerging Technologies Group Inc.	8	Fairfax County	N	N	541512	HQ; network security/computer forensics services	15	\$0.00
Information Management Resources	8	Alexandria	N	N	541512	Technology integration, enterprise solutions	13	\$0.10
Intelligenxia	8	Fairfax County	N	N	541511	Software solutions; unstructured information decision support	16	\$0.00
Moozatech, Inc.*	8	Fairfax County	N	N	541511	Software development; US HQ	40	\$0.30
National Institutes of Health	8	Prince William County	N	N	541710	R&D; biodefense & infectious diseases biocontainment lab	30	\$42.50
OPTIMUS Corporation	8	Fairfax County	N	N	551114	Corporate HQ; IT services provider to government	234	\$1.15
ProSight, Inc.	8	Arlington County	N	N	541511	Spending-analysis software	37	\$0.00
RCN Corporation	8	Fairfax County	N	N	551114	HQ; telecommunications services provider	130	\$4.50
Reznick Group	8	Fairfax County	N	N	541211	Business advisory & accounting services	35	\$0.00
Technology Integration Group	8	Fairfax County	N	N	541512	Computer services integration, IT consulting	20	\$0.00
Triple Canopy, Inc.	8	Fairfax County	N	N	551114	HQ; provider of security personnel to U.S. officials	100	\$1.30
Voxant	8	Fairfax County	N	N	519110	Aggregate & syndicate news	13	\$0.00
WebEx Communications Inc.	8	Fairfax County	N	N	541511	Software; on-demand applications	50	\$0.00
<i>New Total</i>						<i>16 announcements</i>	837	\$50.08

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Access National Corp.	8	Fairfax County	N	E	551114	Corporate HQ; banking services	17	\$0.00
Alarm.com	8	Fairfax County	N	E	551114	HQ; wireless security & monitoring services	15	\$0.00
American Systems Corporation	8	Fairfax County	N	E	541330	Systems engineering services	176	\$0.00
American Type Culture Collection	8	Prince William County	N	E	541710	Biotechnology research	0	\$0.60
Angel.com	8	Fairfax County	N	E	541512	Voice response & call center technology	25	\$0.00
Apogen Technologies, Inc.*	8	Fairfax County	N	E	541512	Provide technology solutions; subsidiary HQ	40	\$0.00
Aptela, Inc.	8	Fairfax County	N	E	518111	Voice-over-internet communications	70	\$0.00
Assisted Living Federation of America	8	Alexandria	N	E	541611	National assisted living facilities association	10	\$1.40
Association Management Group, Inc.	8	Fairfax County	N	E	541611	Management solutions	10	\$0.00
Aurora Flight Services Corp.	8	Manassas	M	E	336411	Develop robotic aircraft; corporate HQ	101	\$4.15
Avecra, Inc.	8	Fairfax County	N	E	541511	Association management software	60	\$0.00
Blue Ridge Networks	8	Fairfax County	N	E	541512	Wireless Network Security & VPN Security Solutions	10	\$0.00
C <sup>2</sup> Technologies, Inc.	8	Fairfax County	N	E	541511	HQ; interactive, Web-based instructional software for the Army	25	\$0.00
CAM Communications, Inc.	8	Fairfax County	N	E	541330	Telecommunications engineering, furnish and installation	60	\$0.00
Cascades Technologies, inc.	8	Fairfax County	N	E	541512	Federal government IT services	120	\$0.30
CC Pace	8	Fairfax City	N	E	541512	Technology services consulting	40	\$0.00
Centurum, Inc.	8	Fairfax County	N	E	541512	HQ; IT solutions	20	\$0.00
Cernium, Inc.	8	Fairfax County	N	E	541511	HQ; behavior recognition & video security software	33	\$0.15
Chainbridge Technologies	8	Fairfax County	N	E	541511	Software development	11	\$0.00
Christopher Consultants, Ltd.	8	Prince William County	N	E	541330	Civil engineering, land surveying/planning	55	\$1.09
Clarabridge	8	Fairfax County	N	E	541511	Text mining software	50	\$0.46
Command Information, Inc.	8	Fairfax County	N	E	541511	Internet protocol standards (IPv6) training software	386	\$0.00
Command Information, Inc.	8	Fairfax County	N	E	541511	Internet protocol standards (IPv6) training software	112	\$0.00
Comstock Homebuilding Companies, Inc.	8	Fairfax County	N	E	551114	Corporate HQ; home construction	88	\$0.00
COMTek	8	Fairfax County	N	E	541512	HQ, telecommunications and information systems technology	150	\$0.00
Consul Risk Management, Inc.	8	Fairfax County	N	E	541511	HQ; security audit and compliance software	25	\$0.00
CorasWorks Software	8	Fairfax County	N	E	541511	Modular software components, pre-built business solutions	15	\$0.00
Creating Results, LLC	8	Prince William County	N	E	541613	Strategic marketing, PR, and advertising services	16	\$1.10
Cuisine Solutions	8	Alexandria	M	E	311412	Manufacture fully cooked, frozen entrees and sauces	0	\$9.50
Datatel Inc.	8	Fairfax County	N	E	541511	Software development	30	\$0.00
Davis-Paige Management Systems, LLC	8	Fairfax County	N	E	541690	Counter-terrorism and disaster preparedness solutions	125	\$0.00
Digicon Corporation	8	Fairfax County	N	E	541512	HQ; network application & systems integration services	89	\$2.30

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Digital Focus Inc.	8	Fairfax County	N	E	541512	Software development, IT consulting	11	\$0.00
Engineering Consulting Services	8	Prince William County	N	E	541330	Geotechnical engineering services	40	\$0.48
EnviroSolutions, Inc.	8	Prince William County	N	E	551114	Corporate HQ; waste management & recycling services	0	\$1.30
Equinix	8	Loudoun County	N	E	518111	Data center & Internet exchange services	50	\$55.00
Evolent Technologies, Inc.	8	Fairfax County	N	E	541512	Cyber security and business intelligence solutions	25	\$0.00
FedBid Inc.	8	Fairfax County	N	E	454112	Online marketplace; government reverse auction services	30	\$0.00
FGM Inc.	8	Fairfax County	N	E	541511	Customized software	14	\$0.00
FMS Professional Solutions Group	8	Fairfax County	N	E	541511	Software development, consulting	15	\$0.00
Fortessa Inc.	8	Loudoun County	N	E	423220	Distribution of tableware products; HQ	14	\$0.35
Future-Visions	8	Manassas	N	E	541513	Technology equipment support for semiconductor industry	17	\$0.16
Gate Gourmet, Inc.*	8	Fairfax County	N	E	551114	US HQ; airline catering services	89	\$0.00
Genesys Conferencing*	8	Prince William County	N	E	561422	Call center, global multimedia conferencing	30	\$2.00
Germane Systems	8	Fairfax County	M	E	334111	HQ; manufacture & assemble computer servers	15	\$0.00
Goldstone Technologies*	8	Fairfax County	N	E	541512	Software development and consulting, U.S. HQ	25	\$0.00
Government Contract Solutions, Inc.	8	Fairfax County	N	E	541611	Acquisition & contract support to government contractors	77	\$0.37
Government Initiatives, Inc. (GI2)	8	Fairfax County	N	E	541611	Consulting and training services to government contractors	25	\$0.00
Government Sales Force, LLC	8	Fairfax County	N	E	541611	Management consulting to government contractors	12	\$0.00
GS Engineering	8	Prince William County	N	E	541330	Engineering services	5	\$0.45
GSA	8	Prince William County	N	E	541611	Acquisition services; solutions provider to federal agencies	60	\$6.75
Guident Technologies, Inc.	8	Fairfax County	N	E	541512	IT services; business intelligence & Oracle solutions	241	\$0.94
Hardwood Artisans	8	Prince William County	M	E	337122	Manufacture wood furniture	16	\$1.00
Hensel Phelps Construction Co.	8	Fairfax County	N	E	551114	Mid Atlantic district office; contracting/construction consulting	44	\$0.00
Hopmann Audio Visual	8	Fairfax County	N	E	561499	Audiovisual and video conferencing solutions	20	\$0.00
InDefense Investigations, Inc.	8	Loudoun County	N	E	561611	Investigations & surveillance services	16	\$0.10
Information Innovators Inc.	8	Fairfax County	N	E	541512	IT consulting	226	\$0.32
Innovectra	8	Fairfax County	N	E	541511	Search engine software	25	\$0.00
Insero	8	Fairfax County	N	E	541512	Application development services	21	\$0.60
InteliTarget, Inc.	8	Fairfax County	N	E	541512	Information technology consultants	20	\$0.00
IPIX Corporation	8	Fairfax County	N	E	541512	HQ; visual intelligence technologies	22	\$0.00
IT Cadre	8	Loudoun County	N	E	541618	Business process engineering; government proposal support	10	\$0.00
Jacobs-Sverdrup Technology ASG	8	Prince William County	N	E	541330	Engineering and technical services, defense contractor	0	\$5.00
Johnston McLamb	8	Fairfax County	N	E	541511	Web-enabled application solutions, software development	50	\$0.00



## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Johnston McLamb	8	Fairfax County	N	E	541511	Web-enabled application solutions, software development	170	\$0.30
Juniper Networks Inc.	8	Fairfax County	N	E	541512	IT & Internet infrastructure solutions	15	\$0.00
Knowledge Consulting Group	8	Fairfax County	N	E	541512	IT & strategic business consulting services	40	\$0.00
Knowledge Link, Inc.	8	Fairfax County	N	E	541512	Government IT contractor	30	\$0.00
Krasnow Institute for Advanced Learning	8	Fairfax County	N	E	541710	R&D; brain & mind research	80	\$12.00
KSI Services, Inc.	8	Fairfax County	N	E	551114	HQ; commercial and residential developers	132	\$0.00
KTA Group, Inc.	8	Fairfax County	N	E	541310	Engineering design services	15	\$0.00
L-3 Government Services, Inc.	8	Fairfax County	N	E	541512	Secure IT & communications systems	75	\$0.00
Lockheed Martin	8	Loudoun County	N	E	541690	Flight service station; flight plan/weather conditions consulting	200	\$7.00
Lockheed Martin Integrated Systems & Solutions	8	Fairfax County	N	E	541512	Systems engineering/analysis, modeling & simulation	600	\$10.00
Log.Sec Corporation	8	Prince William County	N	E	541512	HQ; Logistics engineering & IT services	22	\$1.40
Management Concepts Inc.	8	Fairfax County	N	E	541611	Business management consulting	20	\$0.00
McLane Food Service	8	Prince William County	N	E	424990	Distribution center; food products	68	\$30.00
MDA Technologies	8	Prince William County	N	E	541511	Website & internet design services	3	\$1.00
Metters Industries	8	Fairfax County	N	E	541512	HQ, systems integration, government contractor	50	\$0.10
Micron Technology, Inc.	8	Manassas	M	E	334413	Semiconductors	860	\$1200.00
MobileAccess Networks	8	Fairfax County	N	E	517212	In-building wireless solutions	19	\$0.00
MorganFranklin Corp.	8	Fairfax County	N	E	541611	HQ; technology solutions, management consulting	100	\$0.00
Mutual Telecom Services	8	Arlington County	N	E	541512	Telecommunications integrated systems	30	\$2.10
National Confectioners Association	8	Fairfax County	N	E	813910	HQ, trade association	12	\$0.00
nexVortex	8	Fairfax County	N	E	541512	Voice-over-Internet software	55	\$0.00
Not publicly announced	8	Prince William County	N	E	541512	Defense systems engineering	0	\$2.00
Not publicly announced	8	Prince William County	N	E	541512	Defense systems engineering	35	\$1.03
Not publicly announced	8	Prince William County	N	E	424990	Military goods distribution	95	\$16.00
Not publicly announced	8	Prince William County	N	E	541512	Defense systems engineering	15	\$2.00
NYTOR Technologies, Inc.	8	Fairfax County	M	E	334113	Computer terminal manufacturing & integration	53	\$1.00
Odin Technologies	8	Loudoun County	N	E	551114	Corporate HQ; radio frequency identification systems	53	\$0.00
Pinnacle CSI	8	Fairfax County	N	E	541512	Information technology security solutions	38	\$0.00
PlatinumSolutions	8	Fairfax County	N	E	541512	Systems integration	25	\$0.00
PlatinumSolutions	8	Fairfax County	N	E	541512	Systems integration	10	\$0.00
Plexus Scientific Corporation	8	Alexandria	N	E	541611	Consulting services to advance federal business processes	35	\$1.50
Potomac Disposal Services of VA, LLC	8	Prince William County	N	E	561110	Disposal services operations center	0	\$6.00

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Pragmatic Solutions, Inc.	8	Fairfax County	N	E	541611	Consulting services and business solutions	124	\$0.17
Primary Integration, LLC	8	Fairfax County	N	E	541330	Technology, engineering and energy services	80	\$0.00
ProChain Solutions, Inc.	8	Prince William County	N	E	541611	Business management consulting	2	\$0.75
Professional Landcare Network	8	Fairfax County	N	E	813910	International trade association; lawn care professionals	10	\$0.00
Project Performance Corporation	8	Fairfax County	N	E	541611	Management & technology consulting services	94	\$18.00
Prototype Productions, Inc.	8	Loudoun County	M	E	332710	Product development & machining, defense contractor	24	\$0.75
Pulte Homes Corporation	8	Prince William County	M	E	327390	Wall panels and concrete form building systems	0	\$0.25
RealOps	8	Fairfax County	N	E	541512	IT service management	30	\$0.30
Reed Technology & Information Services Inc.*	8	Alexandria	N	E	518210	Data capture, conversion & management	240	\$0.00
Resolvit Resources	8	Fairfax County	N	E	541512	IT consulting services	60	\$0.00
Rivermine Software	8	Fairfax County	N	E	541511	Telecommunications assets & spending tracking software	35	\$0.00
SAIC	8	Prince William County	N	E	541512	IT consulting, research & engineering, defense contractor	58	\$1.24
SAIC	8	Prince William County	N	E	541512	IT consulting, research & engineering, defense contractor	15	\$0.50
Singer Associates	8	Prince William County	N	E	551114	Corporate HQ; emergency vehicles, equipment	20	\$11.70
Source Maintenance/Greener Pastures	8	Fairfax County	N	E	811310	Machinery maintenance & repair	270	\$0.75
Spatial Data Analytics Corporation (SPADAC)	8	Fairfax County	N	E	541370	Geospatial technologies and services	50	\$0.00
Spectrum Systems, Inc.	8	Fairfax County	N	E	541512	Systems and application lifecycle solutions	12	\$0.00
SquareLoop	8	Fairfax County	N	E	541511	Location-Based Services (LBS) software	15	\$0.00
Stanley Associates, Inc.	8	Prince William County	N	E	541512	Information technology consultants, defense contractor	135	\$3.00
Subsystem Technologies	8	Arlington County	N	E	541512	IT government contracting	15	\$0.00
Sunrise Senior Living	8	Fairfax County	N	E	551114	HQ; senior living services	114	\$0.00
Superlative Technologies, Inc. (SuprTek)	8	Fairfax County	N	E	541512	IT engineering services	20	\$0.00
Superlative Technologies, Inc. (SuprTek)	8	Loudoun County	N	E	551114	Corporate HQ; IT engineering services	0	\$5.20
SURVICE Engineering Company	8	Prince William County	N	E	541330	Engineering & computer science services	20	\$1.25
Systems Engineering Inc.	8	Alexandria	N	E	541512	IT services	54	\$0.20
T.A.C. Ceramic Tile Co. Inc.	8	Prince William County	N	E	551114	Corporate HQ; ceramic tile & marble	0	\$8.00
TCAssociates	8	Fairfax County	N	E	541512	Technology consulting; healthcare/ telecommunications	20	\$0.00
TCAssociates	8	Fairfax County	N	E	541512	Technology consulting; healthcare/ telecommunications	60	\$0.00
Technology Advancement Group	8	Loudoun County	N	E	541512	HQ; defense security services design & manufacturing	35	\$0.00
Technology Solution Providers	8	Fairfax County	N	E	541614	Technology and transportation integration	85	\$0.00
Technology Ventures	8	Fairfax County	N	E	541512	IT solutions	110	\$1.00
Telarix	8	Fairfax County	N	E	541511	Interconnect business optimization (IBO) software	20	\$0.00

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
Telemet America	8	Alexandria	N	E	518210	Provider of real-time and historic market data	10	\$0.00	
Telos Corporation	8	Loudoun County	N	E	541512	IT solutions provider, government contractor	90	\$0.00	
The Metamorphosis Group, Inc.	8	Fairfax County	N	E	541611	Management and information technology solutions	50	\$0.00	
Triumph Technologies, Inc.	8	Fairfax County	N	E	541611	Program management, IT and security operations services	125	\$0.00	
Trust Digital	8	Fairfax County	N	E	541511	Security software for mobile devices	12	\$0.00	
U.S. Foodservice	8	Prince William County	N	E	424410	Distribution center, food service	60	\$7.50	
Upper Quadrant	8	Fairfax County	N	E	541613	Marketing consulting services	25	\$0.00	
Verizon Business	8	Prince William County	N	E	517110	Data center, telecommunications	10	\$30.00	
VisPerNET, Inc.	8	Loudoun County	N	E	518111	Applications, Internet, and Wireless Internet service provider	100	\$0.90	
WiderThan Americas, Inc.*	8	Fairfax County	N	E	541512	Integrated mobile entertainment solutions for wireless carriers	25	\$0.00	
Wise Online Services	8	Fairfax County	N	E	541511	HQ; software development	27	\$0.00	
XVionics, Inc.	8	Fairfax County	N	E	541511	Asset-management software	20	\$0.00	
YRCI	8	Fairfax City	N	E	541611	Management and administrative consulting services	80	\$0.50	
Zestron*	8	Prince William County	M	E	325612	Cleaning chemicals for semiconductor industry	20	\$6.00	
<i>Expansion Total</i>							<i>142 announcements</i>	<i>8,685</i>	<i>\$1487.26</i>
<b>PDC 8 Total</b>							<b>158 announcements</b>	<b>9,522</b>	<b>\$1537.34</b>
Diversified Information Technologies	9	Orange County	N	N	541611	Business process & records management services	200	\$10.16	
Moerings USA*	9	Culpeper County	N	N	111422	Perennial greenhouse	14	\$3.59	
<i>New Total</i>							<i>2 announcements</i>	<i>214</i>	<i>\$13.75</i>
Athena Technologies Inc.	9	Fauquier County	N	E	541330	Aerospace/controls engineering	15	\$0.00	
Copper Fox Distillery	9	Rappahannock County	M	E	312130	Manufacture apple wood aged whiskey	5	\$0.37	
EURO-COMPOSITES Corporation*	9	Culpeper County	M	E	336413	Light-weight panel structures for aerospace industry	12	\$5.20	
Fast Fabricators, Inc.	9	Fauquier County	M	E	332996	Fabricated pipe	40	\$0.60	
Fresh Tulips USA, LLC	9	Culpeper County	N	E	424930	Grow & distribute hydroponic tulips	65	\$0.40	
R & G Reloading (Whiting Road LLC)	9	Fauquier County	N	E	423310	Distribute lumber products	6	\$4.33	
<i>Expansion Total</i>							<i>6 announcements</i>	<i>143</i>	<i>\$10.90</i>
<b>PDC 9 Total</b>							<b>8 announcements</b>	<b>357</b>	<b>\$24.65</b>
Princeton BioMeditech Corp.	10	Albemarle County	M	N	325413	Manufacture rapid diagnostic tests	115	\$7.00	
<i>New Total</i>							<i>1 announcement</i>	<i>115</i>	<i>\$7.00</i>
Athena Innovative Solutions Inc.	10	Albemarle County	N	E	541512	Database & IT services; defense contractor	50	\$0.00	

# Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Humagen Fertility Diagnostics	10	Albemarle County	M	E	339112	Manufacture micropipets for In Vitro Fertilization	9	\$0.20
<i>Expansion Total</i>						<i>2 announcements</i>	59	\$0.20
<b>PDC 10 Total</b>						<b>3 announcements</b>	<b>174</b>	<b>\$7.20</b>
Fostek, Inc.	11	Bedford City	M	N	326140	Manufacture foam products	60	\$1.50
<i>New Total</i>						<i>1 announcement</i>	60	\$1.50
Applied Synergistics	11	Lynchburg	M	E	333298	Cleaning equipment for boiler systems	30	\$0.30
Banker Steel Company, LLC	11	Campbell County	M	E	332312	Fabricate structural steel	110	\$1.00
Barr Laboratories Inc.	11	Bedford County	M	E	325412	Pharmaceuticals	70	\$15.00
Belvac Production Machinery	11	Lynchburg	M	E	333993	High speed packaging equipment	22	\$4.00
Best Mailing Services	11	Lynchburg	N	E	541860	Direct mailing services	25	\$0.50
England's Stove Works, Inc.	11	Amherst County	M	E	333414	Wood burning stoves	100	\$2.50
Framatome ANP, Inc.*	11	Lynchburg	M	E	332410	U.S. HQ, nuclear power products & services	130	\$5.00
Hi-Tech Machining LLC	11	Bedford County	M	E	332322	Sheet metal fabrication	25	\$0.60
Innerspec Technologies, Inc.	11	Lynchburg	M	E	334519	Design/manufacture of ultrasonic measurement devices	20	\$0.20
Innovative Computer Solutions	11	Bedford County	N	E	541512	Software development	30	\$1.00
L&R Precision Tooling	11	Campbell County	M	E	332212	Manufacture precision balancing machines	15	\$1.00
M4 Manufacturing, Inc.	11	Bedford County	M	E	332322	Sheet metal fabrication	20	\$0.00
Master Engineers and Designers, Inc.	11	Lynchburg	N	E	541330	Engineering services	5	\$0.10
MillerBuilt, Inc.	11	Lynchburg	M	E	336312	Manufacture small engine & motorcycle parts	10	\$0.12
Moore & Giles, Inc.	11	Bedford County	N	E	424990	Distribution of natural leathers; HQ	20	\$0.10
New Dominion Packaging	11	Amherst County	M	E	322212	Manufacture folding cartons	100	\$0.50
Old Dominion Box	11	Amherst County	M	E	331221	Manufacture steel parts for automated machines	15	\$0.20
R.R. Donnelley & Sons Co.	11	Lynchburg	M	E	323111	Rotogravure printing and binding	38	\$29.30
RiversEdge Furniture Co. Inc.	11	Lynchburg	N	E	423210	HQ; furniture design & distribution	0	\$3.50
Simplimatic Automation	11	Lynchburg	M	E	333922	Manufacture conveyors for electronic industry	35	\$0.20
Sterling Blower Company	11	Bedford County	M	E	333922	Pneumatic conveying equipment	20	\$3.50
Systems Engineering & Manufacturing, Inc.	11	Bedford County	M	E	333922	Manufacture conveying & palletizing equipment	45	\$2.00
Thomas A. Johnson Furniture Co.	11	Lynchburg	M	E	337122	Manufacture hand made furniture	25	\$0.25
Timken Co.	11	Campbell County	M	E	332991	Automotive wheel bearings	50	\$10.27
TRAX	11	Lynchburg	N	E	541511	Software development	15	\$1.00
Tri Tech Laboratories	11	Lynchburg	M	E	325620	Manufacture personal care products	75	\$10.00

# Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
VALTIM Marketing Services	11	Bedford County	N	E	518210	Data management/processing; direct marketing services	30	\$0.20
<i>Expansion Total</i>						<i>27 announcements</i>	<i>1,080</i>	<i>\$92.34</i>
<b>PDC 11 Total</b>						<b>28 announcements</b>	<b>1,140</b>	<b>\$93.84</b>
Arista Tubes*	12	Danville	M	N	326199	Manufacture plastic tubes	145	\$24.00
Armet Armored Vehicles, Inc.*	12	Danville	M	N	336992	Manufacturer of armored vehicles	60	\$0.00
Best Wood Products Inc.	12	Martinsville	M	N	337110	Wood cabinets	25	\$0.45
McAirmaid's GmbH & Co. KG.*	12	Franklin County	M	N	313230	Air laid nonwoven fabrics manufacturing; U.S. HQ	160	\$85.00
Tier Technologies	12	Martinsville	N	N	561440	Child support enforcement customer service call center	77	\$3.10
Unarco Industries Inc.	12	Danville	M	N	332618	Manufacture shopping carts	194	\$9.00
<i>New Total</i>						<i>6 announcements</i>	<i>661</i>	<i>\$121.55</i>
Amthor International Inc.	12	Pittsylvania County	M	E	336211	Truck bodies	100	\$0.35
Bassett Furniture Industries, Inc.	12	Henry County	M	E	337122	Manufacture custom furniture	77	\$7.15
Blue Ridge Mountain Cabinets	12	Martinsville	M	E	337110	Wood cabinets	25	\$0.75
Commonwealth Laminating & Coating Inc.	12	Martinsville	M	E	326130	Polyester films	0	\$0.35
Essel Propack America LLC*	12	Danville	M	E	326199	Toothpaste tubes	40	\$15.00
GS Industries of Bassett, Inc.	12	Henry County	M	E	326199	Plastic injection molded parts	20	\$0.00
Hooker Furniture Corp.	12	Martinsville	M	E	337122	Manufacture furniture	0	\$8.50
Intertape Polymer Group Inc.*	12	Pittsylvania County	M	E	322222	Adhesive tapes, stretch & shrink film manufacturing	10	\$7.10
Mod-U-Kraf Homes, LLC	12	Franklin County	M	E	321992	Modular housing	50	\$2.80
MW Manufacturers Inc.	12	Franklin County	M	E	321911	HQ, windows and doors	175	\$23.00
Piedmont Precision Machine Co.	12	Danville	M	E	332710	Precision machining & component manufacturing	50	\$2.50
Precision Electronic Services, Inc.	12	Pittsylvania County	N	E	811219	Repair AC & DC drives & industrial electronic controls	15	\$0.50
Telvista Inc.	12	Danville	N	E	561422	Call center, customer services	250	\$1.10
<i>Expansion Total</i>						<i>13 announcements</i>	<i>812</i>	<i>\$69.10</i>
<b>PDC 12 Total</b>						<b>19 announcements</b>	<b>1,473</b>	<b>\$190.65</b>
American Industrial Heat Transfer, Inc.	13	Mecklenburg County	M	N	332410	Manufacture heat transfer products	85	\$11.00
Pacific Headwear	13	Halifax County	M	N	314999	Embroider baseball caps	25	\$1.21
<i>New Total</i>						<i>2 announcements</i>	<i>110</i>	<i>\$12.21</i>
ABB Inc.*	13	Halifax County	M	E	335311	Manufacture liquid-cooled transformers	127	\$25.30

# Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
ADi Motorsports	13	Halifax County	M	E	336999	Fabricate race cars	32	\$2.05
<i>Expansion Total</i>						<i>2 announcements</i>	159	\$27.35
<b>PDC 13 Total</b>						<b>4 announcements</b>	<b>269</b>	<b>\$39.56</b>
Paris Ceramics USA, Inc.*	14	Prince Edward County	M	N	327991	Stone flooring & stone-related products	35	\$3.00
<i>New Total</i>						<i>1 announcement</i>	35	\$3.00
Central Redi-Mix Concrete, Inc.	14	Nottoway County	M	E	327320	Ready-mix concrete	20	\$0.40
Old River Cabinets	14	Amelia County	M	E	337110	Wood kitchen cabinets & countertops	200	\$10.50
<i>Expansion Total</i>						<i>2 announcements</i>	220	\$10.90
<b>PDC 14 Total</b>						<b>3 announcements</b>	<b>255</b>	<b>\$13.90</b>
Dynamic Brands	15	Henrico County	N	N	551114	HQ; distribution of golf bags & jog strollers	25	\$1.10
HD Business, Inc.	15	Henrico County	N	N	541860	Printing and direct mail services	10	\$0.40
HyperV Technologies Corp.	15	Hanover County	N	N	541710	Research & plasma jets for alternative energy use	20	\$0.72
MeadWestvaco Corporation	15	Undecided-Richmond Area	N	N	551114	Corporate HQ; packaging solutions & products	400	\$25.00
Northrop Grumman Corporation	15	Chesterfield County	N	N	541512	Operations center; IT services	531	\$118.00
Processing Piping & Welding	15	Henrico County	M	N	332996	High purity piping	10	\$0.30
Redemtech	15	Chesterfield County	N	N	541519	Electronic equipment asset management & recycling	80	\$1.20
Sanitec Industries	15	Hanover County	N	N	562211	Biohazardous waste disposal services	12	\$0.00
Sealand Food Inc.	15	Henrico County	N	N	424990	Food distribution center	25	\$3.80
Win-Par Group, LLC	15	Henrico County	N	N	531210	Real estate investment services	45	\$4.00
<i>New Total</i>						<i>10 announcements</i>	1,158	\$154.52
Alcan Packaging*	15	Chesterfield County	M	E	322221	Manufacture packaging	25	\$14.00
Allied Concrete Products	15	Chesterfield County	M	E	327390	Concrete	20	\$18.00
Analytics Corporation	15	Hanover County	N	E	541380	Analysis of air, water, bulk materials, soil, & waste	35	\$6.00
Antioch Co.	15	Chesterfield County	M	E	323118	Photo albums, distribution center	0	\$0.50
Bank of America	15	Henrico County	N	E	522110	Banking operations center	252	\$10.00
BMG Metals	15	Henrico County	N	E	423510	Metals service center	15	\$2.35
Bryce D. Jewett Machine Manufacturing	15	Richmond	M	E	332710	Machine shop	15	\$0.50
Cadmus Communications	15	Henrico County	M	E	323110	Commercial printing	0	\$37.40
CapTech Ventures, Inc.	15	Richmond	N	E	541512	Manage, design and build information systems	72	\$0.11
CTI Consultants	15	Hanover County	N	E	541330	Engineering consulting services	170	\$0.30

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
DairyPak	15	Richmond	M	E	322221	Flexographic gable top cartons for liquid & dry packaging	60	\$2.50	
Dominion Generation	15	Chesterfield County	N	E	221112	Electric power generation	14	\$2.00	
DuPont	15	Chesterfield County	M	E	325222	Tyvek® HomeWrap®, high-density polyethylene fibers	50	\$25.50	
LandAmerica Financial Group	15	Henrico County	N	E	551114	HQ; title insurance	200	\$18.00	
Merit Medical Systems Inc.	15	Chesterfield County	N	E	561910	Medical packaging; division HQ	200	\$5.00	
Metro Productions	15	Henrico County	N	E	512110	Multimedia & production services; government contractor	10	\$1.60	
Mid-Atlantic Coca-Cola Bottling Co.	15	Henrico County	M	E	312111	Manufacture consumer beverages	240	\$11.00	
Newmarket Trading Group, Ltd.	15	Hanover County	N	E	541519	Electronic equipment asset management & recycling	25	\$0.60	
Northrop Grumman Corporation	15	Chesterfield County	N	E	541512	Operations center; IT services	100	\$7.00	
Original Mattress Factory	15	Chesterfield County	M	E	337910	Mattresses	15	\$0.00	
Panthereast Roofing	15	Henrico County	N	E	423330	Distribution of roofing tools & equipment	5	\$0.26	
Philip Morris USA	15	Henrico County	N	E	551114	Division HQ, cigarettes	0	\$10.00	
Plastex Fabricators Inc.	15	Richmond	M	E	326199	Manufacture plastic & painted signs; plastic fabricating	40	\$0.46	
PoshTots LLC	15	Henrico County	N	E	551114	HQ; children's furnishings	40	\$0.80	
Sauder Wood Products, Inc.	15	Hanover County	M	E	321911	Manufacture wood molding	42	\$2.00	
Seaboard Bag Corp.	15	Richmond	M	E	322224	Manufacture multi-wall paper sacks	20	\$0.10	
Smith-Thompson, Inc.	15	Henrico County	N	E	423920	Toy distribution center	30	\$2.90	
Sound Structures of VA	15	Hanover County	M	E	321214	Manufacture housing trusses	55	\$4.00	
Spec Ops, Inc.	15	Hanover County	N	E	541330	Engineering/manufacturing for U.S. Military/Defense	30	\$3.00	
Star International Furniture	15	Henrico County	N	E	423210	Import/distribution of furniture	10	\$2.25	
Stephens and Co., LLC	15	Henrico County	M	E	325998	Instant-light charcoal products (CharCones)	10	\$1.36	
Surface Technologies	15	Henrico County	M	E	327991	Manufacture stone countertops	6	\$2.85	
Target Corporation	15	Henrico County	N	E	551114	Regional office; retailer of consumer goods	150	\$11.80	
Thompson Siegal Walmsley*	15	Henrico County	N	E	523930	Investment advising services; division HQ	40	\$2.70	
Tredegar Industries, Inc.	15	Henrico County	N	E	541710	R&D/technical center; film products	40	\$4.00	
United Network for Organ Sharing	15	Richmond	N	E	551114	HQ; organ donation coordination	25	\$0.00	
Venture Investment Properties (VIP)	15	Henrico County	N	E	551114	HQ; real estate investment services	100	\$1.00	
Wyeth	15	Henrico County	M	E	325412	Pharmaceuticals	0	\$30.00	
Xymid, LLC	15	Chesterfield County	M	E	333293	Fabric & plastic sleeves for printing machinery	12	\$5.00	
Zeller & Gmelin Corp.*	15	Richmond	M	E	325910	Printing inks, division HQ	0	\$0.13	
<i>Expansion Total</i>							<i>40 announcements</i>	<i>2,173</i>	<i>\$246.97</i>
<b>PDC 15 Total</b>							<b>50 announcements</b>	<b>3,331</b>	<b>\$401.49</b>

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Free State Steel, Inc.	16	Spotsylvania County	M	N	332312	Rebar & structural steel fabricating	40	\$2.00
LHS Molding & Millwork	16	Caroline County	M	N	321911	Wood molding	20	\$0.60
Mid Atlantic Precast Company, L.L.C.	16	King George County	M	N	327390	Architectural & structural concrete	100	\$6.00
Sisson's Excavating, Inc.	16	Caroline County	N	N	423930	Recycle industrial & construction materials	12	\$3.00
<i>New Total</i>						<i>4 announcements</i>	172	\$11.60
84 Lumber Company	16	Stafford County	M	E	321113	Manufacture dimension lumber	18	\$5.50
Clark's Lumber & Millwork	16	Caroline County	M	E	337110	Manufacture architectural & furniture wood products	10	\$0.75
FedEx Corp.	16	Stafford County	N	E	492110	Distribution center; parcel shipping	0	\$6.00
Free Lance-Star Publishing Co.	16	Fredericksburg	M	E	511110	Newspaper publishing	20	\$50.00
Hawkins Glass Wholesalers, LLC	16	Stafford County	M	E	327211	Flat glass and glass products; HQ	0	\$1.50
Indiana Floor, Inc.	16	Caroline County	M	E	321918	Manufacture wood flooring	20	\$3.00
Quarles Petroleum	16	Caroline County	N	E	424710	Distribute petroleum products	4	\$4.00
Top Line Concrete	16	Caroline County	M	E	327390	Precast concrete items	19	\$0.75
Union Bankshares Corp.	16	Caroline County	N	E	551114	Banking operations center; Corporate HQ	122	\$12.30
<i>Expansion Total</i>						<i>9 announcements</i>	213	\$83.80
<b>PDC 16 Total</b>						<b>13 announcements</b>	<b>385</b>	<b>\$95.40</b>
Townsend Racing	18	King William County	N	E	711219	Motorsports team and shop	7	\$0.50
<i>Expansion Total</i>						<i>1 announcement</i>	7	\$0.50
<b>PDC 18 Total</b>						<b>1 announcement</b>	<b>7</b>	<b>\$0.50</b>
Norfolk Southern Corp.	19	Prince George County	N	N	482111	Intermodal transfer facility & warehouse	40	\$11.00
Northrop Grumman Corporation	19	Dinwiddie County	N	N	541512	IT systems; project support	34	\$0.00
StarTek, Inc.	19	Petersburg	N	N	561422	Call center, customer services	500	\$5.00
<i>New Total</i>						<i>3 announcements</i>	574	\$16.00
Brenco Inc.	19	Petersburg	M	E	332991	Tapered roller bearings	60	\$0.00
Goya Foods, Inc.	19	Prince George County	N	E	424990	Distribution of canned and frozen foods	60	\$5.10
Maverick Transportation	19	Greensville County	N	E	484230	Logistics & transportation services	0	\$0.25
Rehrig Penn Logistics	19	Dinwiddie County	M	E	321920	Manufacture and repair wood and plastic pallets	4	\$0.75
Waverly Particleboard LLC	19	Sussex County	M	E	321219	Manufacture particle board	150	\$0.45
<i>Expansion Total</i>						<i>5 announcements</i>	274	\$6.55



# Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
<b>PDC 19 Total</b>						<b>8 announcements</b>	<b>848</b>	<b>\$22.55</b>	
KmX USA*	22	Accomack County	M	E	325998	Recycle chemicals	21	\$2.50	
						<i>Expansion Total</i>	<i>1 announcement</i>	<i>21</i>	<i>\$2.50</i>
<b>PDC 22 Total</b>						<b>1 announcement</b>	<b>21</b>	<b>\$2.50</b>	
Air Wisconsin Airlines Corporation	23	Norfolk	N	N	488190	Aircraft maintenance & flight crew hub	131	\$34.00	
BCF Designs Inc.*	23	Suffolk	M	N	334511	Design & production of aviation test equipment	6	\$0.25	
C² Technologies, Inc.	23	Newport News	N	N	541511	Interactive, Web-based instructional software for the Army	100	\$0.00	
Chesapeake Bay Cabinets	23	Portsmouth	M	N	337110	Kitchen and bath cabinets	30	\$1.50	
Claymore Sieck Wholesale Florist	23	Portsmouth	N	N	424930	Nationwide distribution of flowers, supplies & plants	45	\$0.80	
Dana Corp.	23	Suffolk	N	N	423120	Auto parts distribution	20	\$3.00	
Invento GmbH*	23	Chesapeake	M	N	339932	Manufacture kites	7	\$0.20	
Lillian Vernon Corp.	23	Virginia Beach	N	N	551114	HQ; catalog & online retailer	50	\$0.00	
MacGREGOR Group*	23	Chesapeake	N	N	493190	Logistics engineering and service solutions	15	\$0.00	
Montague Farms	23	Isle of Wight County	N	N	111110	Soybeans for export to Asia	6	\$2.50	
NYK Logistics*	23	Hampton	N	N	424990	Distribution of retail goods	300	\$0.60	
Pugh Lubricants	23	Suffolk	N	N	424720	Warehouse/distribution of petroleum products	20	\$2.50	
Sherwood Lumber	23	Suffolk	N	N	423310	Distribution of lumber and panel products	12	\$0.27	
Southampton Terminal, LLC	23	Southampton County	N	N	493190	Warehouse/distribution/sorting of imported goods	300	\$3.40	
Surface Preparations & Coatings Inc.	23	Virginia Beach	M	N	325510	Industrial coatings	6	\$0.20	
Touchroad International Holdings (USA)*	23	Chesapeake	N	N	551114	US HQ, manufacture textiles & jewelry	6	\$0.50	
UNITECH	23	Newport News	N	N	541511	Computer-based learning software for the Army	30	\$0.00	
Wolseley plc*	23	Newport News	N	N	551114	North American HQ; plumbing & heating products	420	\$32.20	
<b>New Total</b>						<b>18 announcements</b>	<b>1,504</b>	<b>\$81.92</b>	
Aconcagua Timber Corp.*	23	Isle of Wight County	M	E	321219	Manufacture particle board	0	\$1.00	
Acoustical Sheetmetal Inc.	23	Virginia Beach	M	E	332322	HQ; acoustical sheet metal generator enclosures	30	\$4.33	
Action Town Sports	23	Isle of Wight County	N	E	423910	Distribution, sporting & paintball goods	20	\$1.20	
ADS, Inc.	23	Virginia Beach	N	E	551114	Corporate HQ; distribution center, military tactical equipment	50	\$1.72	
Alion Science & Technology	23	Newport News	N	E	541512	Modeling and simulation: IT	50	\$0.00	
American Funds Service Company	23	Chesapeake	N	E	561422	Customer service center, investment management services	250	\$13.70	
AVID Medical Inc.	23	James City County	M	E	339112	Custom procedure trays for the healthcare industry	303	\$7.90	

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
BAE Systems North America*	23	Chesapeake	N	E	541512	Defense contractor, systems engineering	70	\$0.00
Battelle Corp.	23	Hampton	N	E	541710	R&D; government contractor	0	\$0.11
Bayshore Concrete Products	23	Chesapeake	M	E	327390	Concrete	30	\$0.00
BearingPoint, Inc.	23	Virginia Beach	N	E	541611	Management & technology consulting	10	\$0.15
Branscome, Inc.	23	Chesapeake	M	E	324121	Asphalt	50	\$0.00
Burris Refrigerated Services	23	Chesapeake	N	E	424420	Warehouse/distribution of frozen foods	0	\$0.30
Capital Industrial Supply, Inc.	23	Portsmouth	N	E	423830	Distribution and supplier of industrial equipment	0	\$0.30
Capital Lighting & Supply Inc.	23	Suffolk	N	E	423610	Electrical & lighting products distribution	9	\$1.00
CDI Marine Company	23	Virginia Beach	M	E	336611	Boat repair for the U.S. military	5	\$0.25
Centurum, Inc.	23	Chesapeake	N	E	541330	System engineering integration & testing	50	\$0.00
Channel Blade Technologies	23	Virginia Beach	N	E	518111	Web solutions	0	\$0.45
DACS Inc.	23	Portsmouth	M	E	332322	Metal roofing and flooring systems	10	\$2.00
DirectHoldings	23	Virginia Beach	N	E	454113	Mail order distribution center	25	\$1.50
Eagle Aviation Technologies Inc.	23	Hampton	M	E	336411	Design prototypes for unmanned helicopters; R&D	40	\$3.30
East Coast Auto Transport	23	Portsmouth	N	E	484121	Automobile hauling	20	\$3.80
EIMSKIP USA, Inc.*	23	Virginia Beach	N	E	483111	Maritime transportation services; warehouse/distribution	48	\$0.25
FCI Towers	23	Virginia Beach	N	E	517910	Telecommunications/radio development services	4	\$0.15
FLEXA Furniture Inc. USA *	23	Suffolk	M	E	337122	U.S. HQ; manufacture & distribution of children's furniture	30	\$6.00
Global Support Software Corporation	23	Virginia Beach	N	E	541511	Custom software development	23	\$0.50
Grand Furniture Discount Stores	23	Virginia Beach	N	E	423210	Furniture distribution center	15	\$0.25
Greenbrier Lighting	23	Chesapeake	N	E	423610	Distribution center, lighting fixtures and supplies	11	\$0.00
Gwaltney of Smithfield Ltd.	23	Isle of Wight County	M	E	311612	Meat products	25	\$15.10
Hapag-Lloyd*	23	Virginia Beach	N	E	483111	Containerized shipping & distribution	42	\$0.85
Hassell & Folkes P.C.	23	Chesapeake	N	E	541330	Civil engineering services	11	\$0.00
Hayes, Seay, Mattern & Mattern, Inc.	23	Virginia Beach	N	E	541330	Architectural & engineering consulting services	2	\$0.10
IBS Paper Performance Group*	23	Chesapeake	M	E	333291	Ceramics for paper industry	0	\$1.90
Icelandic USA, Inc.*	23	Newport News	M	E	311712	Seafood processing; U.S. HQ	166	\$2.10
Integrated Logistics 2000	23	Virginia Beach	N	E	541614	HQ; customized logistical solutions	0	\$0.13
Intelligent Decision Systems Inc.	23	Hampton	N	E	541512	Modeling, simulation; computer-based education systems	20	\$0.00
Interstate Warehousing	23	Newport News	N	E	493120	Distribution center, frozen foods	50	\$6.20
JB&E	23	Portsmouth	N	E	484121	Transportation and logistics services; HQ	0	\$2.90
MITRE Group	23	Suffolk	N	E	541512	Computer modeling, simulation services	0	\$1.00

# Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
NEXCOM	23	Chesapeake	N	E	424320	Southeast Navy uniform distribution center	177	\$0.00	
Norfolk Marine Terminal	23	Portsmouth	N	E	488320	Transloading/warehousing at ports	0	\$0.50	
Northrop Grumman Newport News	23	Newport News	M	E	336611	Shipbuilding and repair	0	\$4.00	
Phoenix Industries	23	Norfolk	M	E	336611	Underwater ship & marine structure repairs	25	\$0.13	
Pre-Mix Industries	23	Chesapeake	M	E	327320	Concrete	11	\$0.00	
Pressure Systems Inc.	23	Hampton	M	E	334513	Pressure measurement instruments	15	\$0.00	
Printpack, Inc.	23	Newport News	M	E	326199	Plastics products; thermoform containers	18	\$27.00	
Raytheon Company	23	Suffolk	N	E	541512	Computer modeling, simulation, & imaging services	15	\$2.50	
Raytheon Company	23	Virginia Beach	N	E	541511	Software development & engineering	0	\$0.25	
Reading Equipment & Distribution	23	Suffolk	M	E	336211	Fabrication & distribution of truck body components	10	\$0.60	
Rock Bottom Golf	23	Suffolk	N	E	423910	Golf products distribution	0	\$0.50	
Rock Bottom Golf	23	Virginia Beach	N	E	423910	HQ; golf products distribution	15	\$0.45	
RPM Warehousing LLC	23	Portsmouth	N	E	493110	Logistics services, warehouse & distribution	19	\$0.00	
Schwan's Home Service, Inc.	23	Suffolk	N	E	493120	Frozen food packaging & distribution	9	\$0.20	
Siemens Building Technologies*	23	Virginia Beach	N	E	541330	Building engineering services	0	\$0.25	
Sihl Imaging, Inc.*	23	Chesapeake	M	E	325992	Digital imaging products, films, specialty substrates	0	\$1.00	
Smorgon Steel Recycling*	23	Chesapeake	M	E	331492	Metal recycling	20	\$24.00	
Source One Mobility	23	Virginia Beach	N	E	423450	Distributor and supplier of medical/hospital products	2	\$0.15	
Southern States Cooperative Inc.	23	Chesapeake	M	E	325310	Fertilizer	3	\$0.80	
STIHL Incorporated*	23	Virginia Beach	M	E	333991	U.S. HQ; handheld power tools	5	\$0.25	
STIHL Incorporated*	23	Virginia Beach	M	E	333991	US HQ; handheld power tools	150	\$78.40	
Studio Center Worldwide Audio	23	Virginia Beach	N	E	551114	HQ; radio & commercial recording studio	0	\$0.50	
Sumitomo Machinery Corp. of America *	23	Chesapeake	M	E	332111	Industrial gears & reducers	33	\$0.00	
Supreme Foods Inc.	23	Suffolk	N	E	424490	Distribution center, food products	0	\$2.40	
Tesoro Corporation	23	Virginia Beach	N	E	551114	HQ; construction, project management, environmental services	10	\$0.18	
Tidewater Coffee	23	Portsmouth	N	E	424490	Coffee distribution	0	\$0.41	
USJFCOM- Joint Technology Exploration Center	23	Suffolk	N	E	541512	Computer modeling & simulation; R&D	200	\$9.00	
W.R. Vanderschoot of Virginia *	23	Chesapeake	N	E	424910	Distribution center; flower bulbs	10	\$0.00	
Whitney, Bradley & Brown, Inc.	23	Virginia Beach	N	E	541611	Technical & management consulting	35	\$0.30	
Yupo Corporation*	23	Chesapeake	M	E	326113	Synthetic plastic paper	25	\$0.00	
<i>Expansion Total</i>							69 announcements	2,276	\$234.19
<b>PDC 23 Total</b>							<b>87 announcements</b>	<b>4,180</b>	<b>\$341.11</b>

## Announcement Data for FY 2006

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
<i>Not publicly announced</i>								
	<i>Confidential</i>							
						<i>12 announcements</i>	<i>1,875</i>	<i>\$105.15</i>
						<b>Grand Total</b>	<b>481 announcements</b>	<b>28,489</b>
								<b>\$3485.32</b>

*\*Indicates foreign affiliation*

*Type: New or Expansion*

*Mfg: Manufacturing or Nonmanufacturing*

*Calendar year 2006 announcements are preliminary*

*All announcements are subject to revision*

Appendix 4: Announcement Data for FY 2006

	Announcements	Employment	Investment (millions)		Announcements	Employment	Investment (millions)
<i>New Total</i>	1	200	\$1.00	<i>New Total</i>	1	115	\$7.00
<i>Expansion Total</i>	3	200	\$1.15	<i>Expansion Total</i>	2	59	\$0.20
<b>PDC 1 Total</b>	<b>4</b>	<b>400</b>	<b>\$2.15</b>	<b>PDC 10 Total</b>	<b>3</b>	<b>174</b>	<b>\$7.20</b>
<i>New Total</i>	3	616	\$16.45	<i>New Total</i>	1	60	\$1.50
<i>Expansion Total</i>	6	707	\$25.30	<i>Expansion Total</i>	27	1,080	\$92.34
<b>PDC 2 Total</b>	<b>9</b>	<b>1,323</b>	<b>\$41.75</b>	<b>PDC 11 Total</b>	<b>28</b>	<b>1,140</b>	<b>\$93.84</b>
<i>New Total</i>	2	169	\$109.91	<i>New Total</i>	6	661	\$121.55
<i>Expansion Total</i>	15	647	\$65.65	<i>Expansion Total</i>	13	812	\$69.10
<b>PDC 3 Total</b>	<b>17</b>	<b>816</b>	<b>\$175.56</b>	<b>PDC 12 Total</b>	<b>19</b>	<b>1,473</b>	<b>\$190.65</b>
<i>New Total</i>	3	145	\$54.60	<i>New Total</i>	2	110	\$12.21
<i>Expansion Total</i>	12	506	\$39.38	<i>Expansion Total</i>	2	159	\$27.35
<b>PDC 4 Total</b>	<b>15</b>	<b>651</b>	<b>\$93.98</b>	<b>PDC 13 Total</b>	<b>4</b>	<b>269</b>	<b>\$39.56</b>
<i>New Total</i>	2	69	\$2.40	<i>New Total</i>	1	35	\$3.00
<i>Expansion Total</i>	16	988	\$177.67	<i>Expansion Total</i>	2	220	\$10.90
<b>PDC 5 Total</b>	<b>18</b>	<b>1,057</b>	<b>\$180.07</b>	<b>PDC 14 Total</b>	<b>3</b>	<b>255</b>	<b>\$13.90</b>
<i>New Total</i>	0	0	\$0.00	<i>New Total</i>	10	1,158	\$154.52
<i>Expansion Total</i>	12	420	\$103.84	<i>Expansion Total</i>	40	2,173	\$246.97
<b>PDC 6 Total</b>	<b>12</b>	<b>420</b>	<b>\$103.84</b>	<b>PDC 15 Total</b>	<b>50</b>	<b>3,331</b>	<b>\$401.49</b>
<i>New Total</i>	1	40	\$0.00	<i>New Total</i>	4	172	\$11.60
<i>Expansion Total</i>	10	345	\$37.15	<i>Expansion Total</i>	9	213	\$83.80
<b>PDC 7 Total</b>	<b>11</b>	<b>385</b>	<b>\$37.15</b>	<b>PDC 16 Total</b>	<b>13</b>	<b>385</b>	<b>\$95.40</b>
<i>New Total</i>	16	837	\$50.08	<i>New Total</i>	0	0	\$0.00
<i>Expansion Total</i>	142	8,685	\$1,487.26	<i>Expansion Total</i>	1	7	\$0.50
<b>PDC 8 Total</b>	<b>158</b>	<b>9,522</b>	<b>\$1,537.34</b>	<b>PDC 18 Total</b>	<b>1</b>	<b>7</b>	<b>\$0.50</b>
<i>New Total</i>	2	214	\$13.75	<i>New Total</i>	3	574	\$16.00
<i>Expansion Total</i>	6	143	\$10.90	<i>Expansion Total</i>	5	274	\$6.55
<b>PDC 9 Total</b>	<b>8</b>	<b>357</b>	<b>\$24.65</b>	<b>PDC 19 Total</b>	<b>8</b>	<b>848</b>	<b>\$22.55</b>

Appendix 4: Announcement Data for FY 2006

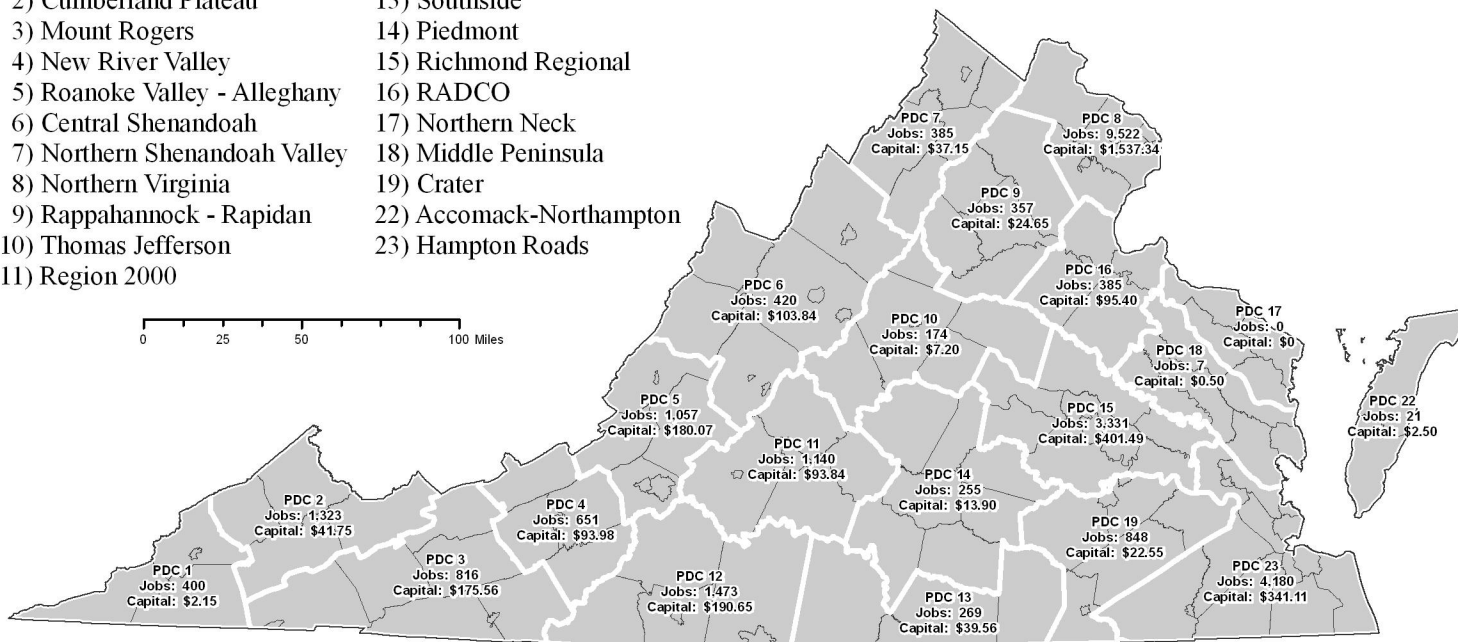
	<b>Announcements</b>	<b>Employment</b>	<b>Investment (millions)</b>
<i>New Total</i>	0	0	\$0.00
<i>Expansion Total</i>	1	21	\$2.50
<b>PDC 22 Total</b>	<b>1</b>	<b>21</b>	<b>\$2.50</b>
<i>New Total</i>	18	1,504	\$81.92
<i>Expansion Total</i>	69	2,276	\$234.19
<b>PDC 23 Total</b>	<b>87</b>	<b>3,780</b>	<b>\$316.11</b>
<i>New Total</i>	76	6,679	\$657.48
<i>Expansion Total</i>	393	19,935	\$2,722.69
<i>Confidential Total</i>	12	1,875	\$105.15
<b>Grand Total</b>	<b>481</b>	<b>28,489</b>	<b>\$3,485.32</b>

Appendix 4: Announcement Data for FY 2006

### Employment Creation and Capital Investment by Planning District Fiscal Year 2006

**Planning District Commission (PDC) Name & Number**

- |                               |                          |
|-------------------------------|--------------------------|
| 1) Lenowisco                  | 12) West Piedmont        |
| 2) Cumberland Plateau         | 13) Southside            |
| 3) Mount Rogers               | 14) Piedmont             |
| 4) New River Valley           | 15) Richmond Regional    |
| 5) Roanoke Valley - Alleghany | 16) RADCO                |
| 6) Central Shenandoah         | 17) Northern Neck        |
| 7) Northern Shenandoah Valley | 18) Middle Peninsula     |
| 8) Northern Virginia          | 19) Crater               |
| 9) Rappahannock - Rapidan     | 22) Accomack-Northampton |
| 10) Thomas Jefferson          | 23) Hampton Roads        |
| 11) Region 2000               |                          |

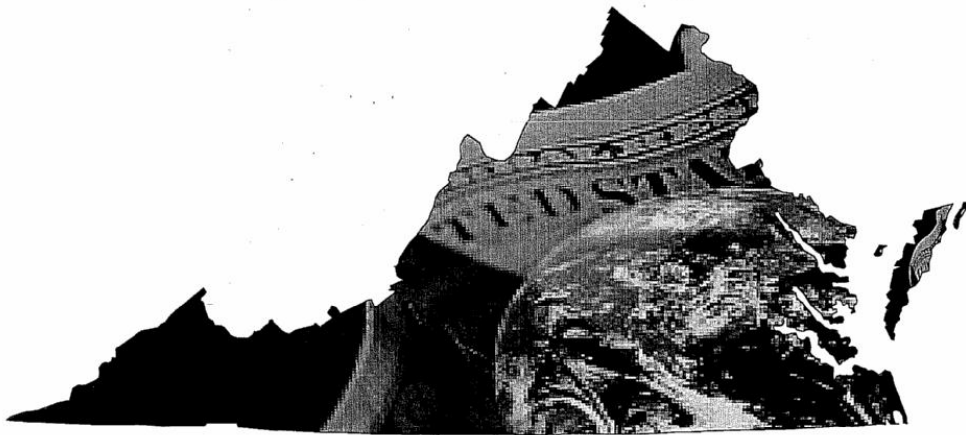


*Numbers on map indicate jobs created and capital invested in millions for FY2006.*

*Map created by Virginia Economic Development Partnership, October 2006*

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP**

**AUDITED BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006**



***VIRGINIA***  
Is For Business



Appendix 5: Audited Financial Report

---

Virginia Economic Development Partnership  
Audited Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

- TABLE OF CONTENTS -

	<u>Pages</u>
INTRODUCTORY SECTION	
Appointed Officials	2
FINANCIAL SECTION	
Independent Auditor's Report on Financial Statements	3-4
Management's Discussion and Analysis	5-8
Basic Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet-Governmental Fund	11
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual-Cash Basis-General Fund	14
Notes to Financial Statements	15-20

Fiscal Year 2006 Annual Report

Appendix 5: Audited Financial Report

---

INTRODUCTORY SECTION

Appendix 5: Audited Financial Report

---

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
Richmond, Virginia

APPOINTED OFFICIALS  
As of June 30, 2006

Board of Directors

Charles H. Majors, Chair  
George B. Cartledge, III, Vice-Chair

Stephen R. Adkins	John F. Malbon
Mary Rae Carter	L. C. Martin
W. Clay Campbell	Roger F. Naill
Russell B. Clark	David Oliver
J. Thomas Fowlkes	McKinley L. Price
Jake Gosa	Ike Prillaman
F. Randolph Jones	Samuel A. Schreiber
John A. Mahone	James E. Ukrop

John F. Ware

The Honorable Patrick O. Gottschalk, Ex-Officio  
The Honorable Jody M. Wagner, Ex-Officio

Executive Director  
Jeffrey M. Anderson

Appendix 5: Audited Financial Report



Walter J. Kucharski, Auditor

Commonwealth of Virginia

Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

October 24, 2006

The Honorable Timothy M. Kaine  
Governor of Virginia

The Honorable Thomas K. Norment, Jr.  
Chairman, Joint Legislative Audit  
And Review Commission

Board of Directors  
Virginia Economic Development Partnership

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and the General Fund, a major fund, of the Virginia Economic Development Partnership, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2006, which collectively comprise the Partnership's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund, a major fund, of the Virginia Economic Development Partnership, as of June 30, 2006, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## Appendix 5: Audited Financial Report

---

The Management's Discussion and Analysis on pages five through eight is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2006, on our consideration of the Virginia Economic Development Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



AUDITOR OF PUBLIC ACCOUNTS

SAH:jab

Fiscal Year 2006 Annual Report

Appendix 5: Audited Financial Report

---

FINANCIAL SECTION

## Appendix 5: Audited Financial Report

---

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
AS OF JUNE 30, 2006

The management of the Virginia Economic Development Partnership (Partnership) offers the readers of the Partnership's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2006. We encourage the reader to consider this information presented here in conjunction with the financial statements and accompanying notes.

### **Overview of the Financial Statements**

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Virginia Economic Development Partnership (Partnership) in a manner similar to a private sector business.

The Statement of Net Assets presents information on all of the Partnership's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Partnership is improving or deteriorating.

The Statement of Activities presents information showing how the Partnership's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, accrued interest earned but not yet collected (revenue) or earned but unused vacation leave (expense).

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Partnership, like other political subdivisions of the Commonwealth of Virginia, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial activities of the Partnership are reported in *governmental funds*.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Partnership's near-term financing requirements.

Appendix 5: Audited Financial Report

**Reconciliations between Government-Wide and Fund Financial Statements**

There are two reconciliations between the government-wide and the fund financial statements. The first is found on the Balance Sheet and explains the difference between the *fund balance* on the Balance Sheet and *net assets* on the Statement of Net Assets. The second is found on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities, which reconciles the difference between the *net change in fund balances* on the fund-based statement and the *change in net assets* on the government-wide based statement. Both statements describe in sufficient detail the amounts and the reasons for those differences.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of an organization's financial position. In the case of the Partnership, assets exceeded liabilities by \$749,476 and \$270,142 at the close of the fiscal years ended June 30, 2006, and 2005, respectively.

	Net Assets		
	<u>2006</u>	<u>2005</u>	<u>Variance</u>
Current and other assets	\$ 2,699,622	\$ 2,187,281	\$ 512,341
Capital assets, net of depreciation	<u>643,253</u>	<u>563,757</u>	<u>79,496</u>
Total assets	<u>3,342,875</u>	<u>2,751,038</u>	<u>591,837</u>
Non-current liabilities	2,324,066	2,183,729	140,337
Other liabilities	<u>269,333</u>	<u>297,167</u>	<u>(27,834)</u>
Total liabilities	<u>2,593,399</u>	<u>2,480,896</u>	<u>112,503</u>
Net assets:			
Invested in capital assets, net of related debt	643,253	563,757	79,496
Unrestricted	<u>106,223</u>	<u>(293,615)</u>	<u>399,838</u>
Total net assets	<u>\$ 749,476</u>	<u>\$ 270,142</u>	<u>\$ 479,334</u>

*Total assets* increased this fiscal year by \$591,837 when compared to last year due primarily to an increase in cash balances amounting to approximately \$394,000. This increase in cash was due to cash revenues exceeding cash expenditures by approximately \$360,000 and the reduction of employee advances, lease hold deposits and petty cash account funding totaling \$33,400. Additionally, the sum of the balances for Prepaid expenses and Other receivables increased by approximately \$150,000. *Total liabilities* increased by \$112,503 primarily due the Partnership's increased net pension obligation. This liability is expected to continue to increase in the coming years.

The largest component of the Partnership's *Net assets* is comprised of its *Capital assets, net of related debt*, which amounts to \$643,253. These assets are used by the organization to deliver program services to its clients and consist primarily of computers and peripheral technology equipment. The Partnership considers technology a vital asset in its efforts to market Virginia and has made and will continue to make technology investments to ensure that its equipment and software are updated to take advantage of greater data handling capabilities and processing speeds.

The remainder of *Net assets*, \$106,223, is classified as *unrestricted*.



## Appendix 5: Audited Financial Report

Changes in Net Assets			
	<u>2006</u>	<u>2005</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Charges for services	\$ 214,623	\$ 253,267	\$ (38,644)
General revenues:			
General Fund appropriations	16,580,956	16,334,376	246,580
Other	<u>214,763</u>	<u>367,774</u>	<u>(153,011)</u>
Total revenues	<u>17,010,342</u>	<u>16,955,417</u>	<u>54,925</u>
Expenses:			
Business Development	5,239,371	5,508,628	(269,257)
International Trade	3,043,122	2,891,970	151,152
Research	1,806,478	1,614,965	191,513
Communications and Promotions	1,508,564	2,288,130	(779,566)
Information Technology	1,719,096	1,667,392	51,704
Administration	3,014,377	2,802,705	211,672
Pass-through Payments	<u>200,000</u>	<u>100,000</u>	<u>100,000</u>
Total expenses	<u>16,531,008</u>	<u>16,873,790</u>	<u>(342,782)</u>
Increase in net assets	479,334	81,627	397,707
Beginning net assets	<u>270,142</u>	<u>188,515</u>	<u>81,627</u>
Ending net assets	<u>\$ 749,476</u>	<u>\$ 270,142</u>	<u>\$ 479,334</u>

*Net assets* for the Partnership increased by \$479,334 during the current fiscal year compared to a \$81,627 increase in net assets in the prior fiscal year. There was little overall increase in Revenues for 2006. A modest increase in funding provided by General Fund appropriations from the COV was partially offset by a reduction in Other income. The net decrease in Expenses was the result of reductions in; the Partnership's advertising activities, promotional tour activities associated with Governor's trade missions, extended vacancies in international positions, and research expenses associated with the Virginia Commission on Military Bases. These reductions were offset by an increase of \$100,000 in Pass-through payments and other increases in; Trade promotion activities, other economic research cost, Richmond offices rent and transition cost associated with the retirement of the Partnership's former Executive Director.

#### **General Fund Budgetary Highlights**

The *Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual-Cash Basis* is presented to provide information on the budget as originally prepared and the final budget on which the Partnership operated for the fiscal year. Also, the final budget is compared to the cash basis actual results by revenue source and expenditure activity.

## Appendix 5: Audited Financial Report

---

The increase in budgeted Revenue provided by the General Fund of Commonwealth for the fiscal year ended June 30, 2006, included additional funding for a new program, Modeling and Simulation, a continuation of funding for Motorsports, and funding for increases in compensation and employer paid benefits. The budgeted expenditures exceeded the actual expenditures by approximately \$1.5 million due to personnel vacancies in both domestic and the international positions mentioned above, and a general savings in marketing and research activities associated with new programs introduced by the Partnership.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes describe the nature of the Partnership's reporting entity and the relationship to the Commonwealth of Virginia as a whole; the basis on which the financial statements were prepared; and the methods used for presentation. Further, the notes provide explanations of specific accounts with significant balances.

### **Requests for Information**

This financial report is designed to provide a general overview of the Partnership's finances for all those with an interest in the Partnership's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Virginia Economic Development Partnership, P.O. Box 798, Richmond, Virginia, 23218-0798.

Appendix 5: Audited Financial Report

---

Basic Financial Statements

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
 STATEMENT OF NET ASSETS  
 As of June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 2,189,167
Petty cash	160,872
Employee travel advances	9,242
Prepaid expenses	196,468
Other receivables	2,009
Lease deposits (Note 5)	141,864
Capital assets, net of accumulated depreciation:	
Leasehold improvements, furniture, and equipment (Note 6)	<u>643,253</u>
<b>Total assets</b>	<u>3,342,875</u>
<b>Liabilities</b>	
Accounts payable	115,352
Accrued payroll	153,981
Noncurrent liabilities due within one year	
Compensated absences (Note 8)	536,321
Noncurrent liabilities due in more than one year	
Compensated absences (Note 8)	259,293
Net pension obligation (Note 9)	<u>1,528,452</u>
<b>Total liabilities</b>	<u>2,593,399</u>
<b>Net assets</b>	
Investment in capital assets, net of related debt	643,253
Unrestricted	<u>106,223</u>
<b>Total net assets</b>	<u>\$ 749,476</u>

The accompanying notes are an integral part of the financial statements.

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
 STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended June 30, 2006

	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental Activities</b>			
Business Development	\$ 5,239,371		\$ (5,239,371)
International Trade	3,043,122	128,140	(2,914,982)
Research	1,806,478		(1,806,478)
Communications and Promotions	1,508,564	86,483	(1,422,081)
Information Technology	1,719,096		(1,719,096)
Administration	3,014,377		(3,014,377)
Pass-through Payments	200,000		(200,000)
Total governmental activities	<u>16,531,008</u>	<u>214,623</u>	<u>(16,316,385)</u>
<b>General Revenues</b>			
Revenue provided by the General Fund of the Commonwealth (Note 4)			16,580,956
Interest revenue			127,386
Other revenue			<u>87,377</u>
Total general revenues			<u>16,795,719</u>
Increase in net assets			479,334
Net assets, July 1, 2005			<u>270,142</u>
Net assets, June 30, 2006			<u>\$ 749,476</u>

The accompanying notes are an integral part of the financial statements.

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
BALANCE SHEET  
GOVERNMENTAL FUND  
As of June 30, 2006

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 2,189,167
Petty cash	160,872
Employee travel advances	9,242
Prepaid expenses	196,468
Other receivables	2,009
Lease deposits (Note 5)	<u>141,864</u>
Total assets	<u>\$ 2,699,622</u>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 115,352
Accrued payroll	153,981
Compensated absences	<u>29,208</u>
Total liabilities	<u>298,541</u>
Fund Balances:	
Unreserved (Note 3)	2,401,081
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	643,253
Noncurrent liabilities (compensated absences and net pension obligation) are not due and payable with current financial resources and, therefore, are not reported in the funds.	<u>(2,294,858)</u>
Net assets of governmental activities	<u>\$ 749,476</u>

The accompanying notes are an integral part of the financial statements.

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUND  
 For the Fiscal Year Ended June 30, 2006

	General Fund
<b>Revenues</b>	
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 16,580,956
Participation fees	214,623
Interest revenue	127,386
Other revenue	87,377
<b>Total revenues</b>	<u>17,010,342</u>
<b>Expenditures</b>	
Business Development	5,208,812
International Trade	3,013,968
Research	1,749,943
Communications and Promotions	1,510,063
Information Technology	1,834,868
Administration	2,981,721
Pass-through Payments	200,000
<b>Total expenditures</b>	<u>16,499,375</u>
Revenues in excess of expenditures	510,967
Fund balance, July 1, 2005	<u>1,890,114</u>
Fund balance, June 30, 2006	<u>\$ 2,401,081</u>

The accompanying notes are an integral part of the financial statements.

Appendix 5: Audited Financial Report

---

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2006

---

Amounts reported for governmental activities in the statement of activities are different because:

Net increase in fund balance of the general fund	\$	510,967
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the effect of capital outlay decreases in the current period.		79,496
Some expenses reported in the statement of activities (compensated absences and net pension obligation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(111,129)</u>
Change in net assets of governmental activities	\$	<u>479,334</u>

The accompanying notes are an integral part of the financial statements.



Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - CASH BASIS  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 15,616,939	\$ 16,580,956	\$ 16,580,956	\$ -
Participation fees	194,750	194,750	214,623	19,873
Interest revenue	50,000	50,000	127,386	77,386
Other revenue	-	-	87,269	87,269
<b>Total revenues</b>	<b>15,861,689</b>	<b>16,825,706</b>	<b>17,010,234</b>	<b>184,528</b>
<b>Expenditures</b>				
Business Development	5,290,518	5,680,628	5,228,859	451,769
International Trade	3,235,040	3,235,040	3,035,927	199,113
Research	1,895,990	1,910,990	1,746,242	164,748
Communications and Promotions	1,932,635	1,932,635	1,653,321	279,314
Information Technology	1,790,966	1,979,966	1,836,586	143,380
Administration	2,933,540	3,120,557	2,948,921	171,636
Pass-through Payments	100,000	200,000	200,000	-
<b>Total expenditures</b>	<b>17,178,689</b>	<b>18,059,816</b>	<b>16,649,856</b>	<b>1,409,960</b>
<b>Revenues over (under) expenditures</b>	<b>(1,317,000)</b>	<b>(1,234,110)</b>	<b>360,378</b>	<b>1,594,488</b>
<b>Fund balances, July 1, 2005</b>	<b>1,317,000</b>	<b>1,234,110</b>	<b>2,140,767</b>	<b>906,657</b>
<b>Fund balances, June 30, 2006 (Note 3)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,501,145</b>	<b>\$ 2,501,145</b>

The accompanying notes are an integral part of the financial statements.

Fiscal Year 2006 Annual Report

Appendix 5: Audited Financial Report

---

Notes to Financial Statements

Appendix 5: Audited Financial Report

---

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Virginia Economic Development Partnership (the Partnership) was established on July 1, 1996, by Chapter 638 of the 1995 Acts of Assembly and operates as an authority in accordance with the provisions of Chapter 22 of Title 2.2 of the Code of Virginia. The Partnership's major activities are to encourage, stimulate, and support the development and expansion of the economy of the Commonwealth.

The Partnership is a component unit of the Commonwealth of Virginia. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Partnership is an integral part of the reporting entity of the Commonwealth of Virginia; accordingly, the Partnership's financial statements are included in the financial statements of the Commonwealth as a discretely presented component unit.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with general accepted accounting principles. The Statement of Net Assets and the Statement of Activities are referred to as "government-wide" financial statements and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Program revenues include charges for services consisting of participation fees and shared mission reimbursements.

The Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balances are referred to as "governmental fund" financial statements and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Partnership considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as in accrual accounting. However, debt service payments and expenditures related to compensated absences are only recorded when payment is due.

## Appendix 5: Audited Financial Report

---

The Partnership reports its activities in governmental funds. The general fund is used for its primary operating fund and accounts for all Partnership financial resources.

C. Prepaid Expenses

The Partnership's prepaid expenses included amounts paid for promotional activities; advertising and other services; and portions of insurance premiums for which the economic benefits had not been received as of June 30, 2006.

D. Capital Assets

Capital assets are defined by the Partnership as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at estimated market value at the date of donation. Capital assets are comprised of leasehold improvements, furniture, and equipment. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over useful lives of two to twenty years.

E. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 2006. Compensated absences were calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences." This statement requires the accrual of Social Security and Medicare taxes to be paid by the Partnership on all accrued compensated absences.

F. Budgets and Budgetary Accounting

The Partnership's budget was primarily established by the Appropriation Act as enacted by the General Assembly of Virginia for the fiscal year ended June 30, 2006, which is the second year of the biennium ended June 30, 2006. No payments were made to the Partnership out of the state treasury except in pursuance of appropriations made by law. Payments from the state treasury were deposited into Partnership bank accounts in accordance with the provisions of Chapter 22 of Title 2.2 of the Code of Virginia and expended for purposes as stated in those provisions. The budget is prepared on the cash basis.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent deposits not with the Treasurer of Virginia and cash in the Local Government Investment Pool (LGIP) with the Treasurer of Virginia. Cash on deposit is held in demand deposit accounts maintained for operating and payroll costs and is covered by federal depository insurance and carry no significant risk. The LGIP funds are held in pooled accounts, are considered cash equivalents and, accordingly, also carry no significant risk as defined by Statement 40 of the Governmental Accounting Standards Board. VEDP deposits are secured in accordance with the provisions of the Virginia Security for Public Deposit Act § 2.2-4400 of the Code of Virginia.

Appendix 5: Audited Financial Report

3. RECONCILIATION OF BUDGETARY FUND BALANCE TO GAAP FUND BALANCE

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Cash Basis - General Fund presents comparisons of the legally adopted budget prepared on the cash basis with actual data prepared on the cash basis. To enhance this comparison, actual data on the cash basis is reconciled to actual data on the GAAP basis as follows:

	<u>General Fund</u>
Fund balance, cash basis, June 30, 2006	\$ 2,501,145
Add: Prepaid expenses	196,468
Other receivables	2,009
Deduct: Accrued expenses	(269,333)
Compensated absences	<u>(29,208)</u>
Fund balance, GAAP basis, June 30, 2006	<u>\$ 2,401,081</u>

4. REVENUE PROVIDED BY THE GENERAL FUND OF THE COMMONWEALTH

The original appropriation from the General Fund of the Commonwealth has been adjusted as follows:

Original appropriation	\$ 15,616,939
Add: Central Appropriations Adjustments	489,017
Motorsports Marketing Funding	250,000
Modeling and Simulation Funding	<u>225,000</u>
Revenue provided by the General Fund of the Commonwealth	<u>\$ 16,580,956</u>

5. LEASE DEPOSITS

The Partnership maintains offices in Frankfurt, Germany and Tokyo, Japan. Each landlord requires a lease deposit as part of the lease agreement for those locations. The Frankfurt lease deposit is held in U.S. dollars in an interest bearing account and is valued at \$20,000. The interest earned on the deposit is used to offset monthly bank charges. The Tokyo lease deposit is held in Japanese yen and does not accrue interest. The yen deposit increased in value during the fiscal year ended June 30, 2006, due to a favorable currency exchange rate, however, that increase is not a recognizable gain. The Tokyo lease deposit remained \$121,864. The total value of lease deposits for the Partnership for the fiscal year ended June 30, 2006, is \$141,864.

Appendix 5: Audited Financial Report

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

<u>Capital Assets Being Depreciated</u>	<u>Balance July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
Leasehold improvements, furniture and equipment	\$ 2,083,269	\$ 268,538	\$ (390,482)	\$ 1,961,325
Less: accumulated depreciation	<u>1,519,512</u>	<u>184,470</u>	<u>(385,910)</u>	<u>1,318,072</u>
Leasehold improvements, furniture and equipment, net of accumulated depreciation	<u>\$ 563,757</u>	<u>\$ 84,068</u>	<u>\$ (4,572)</u>	<u>\$ 643,253</u>

7. COMMITMENTS

The Partnership is committed under various operating leases for office facilities and equipment. Rental expense under operating lease agreements for the fiscal year ended June 30, 2006, amounted to \$1,355,230. A summary of minimum future obligations under these lease agreements as of June 30, 2006, follows:

<u>Year Ending June 30</u>	<u>Operating Lease Obligations</u>
2007	\$ 1,316,754
2008	1,279,529
2009	1,194,180
2010	1,214,321
2011	1,238,353
2012 and later	<u>5,854,644</u>
Total future minimum rental payments	<u>\$ 12,097,781</u>

8. COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2006, was as follows:

<u>Balance July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
<u>\$ 767,152</u>	<u>\$ 546,457</u>	<u>\$ 517,995</u>	\$ 795,614
	Due Within One Year		<u>(536,321)</u>
	Due in More Than One Year		<u>\$ 259,293</u>

## Appendix 5: Audited Financial Report

---

### 9. PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS

The Partnership is a participating employer in a defined benefit plan administered by the Virginia Retirement System. As of June 30, 2006, the Partnership's net pension obligation was \$1,528,452.

#### Plan Description

All full-time and part-time salaried employees of the Partnership participate in the defined benefit retirement plan administered by the Virginia Retirement System (VRS). The VRS is an agent and a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agency for the Commonwealth of Virginia and its political subdivisions.

All full-time and part-time salaried employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees who retire with a reduced benefit at age 55 (age 50 for participating law enforcement officers and firefighters) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount based on 1.7 percent of their average final compensation (AFC). An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the system at P.O. Box 2500, Richmond, Virginia 23218-2500.

#### Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. The employer may assume this 5 percent member contribution. The Partnership does pay the member contribution, which amounted to \$362,942 (5 percent of total creditable compensation of \$7,258,831). In addition, the Partnership is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Partnership contribution rate for the fiscal year ended June 30, 2006, was 3.91%, which resulted in a contribution of \$283,820 for the fiscal year.

### 10. DEFERRED COMPENSATION PLAN

Employees of the Partnership may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Partnership matching up to \$20 per pay period. The dollar amount of the match can change depending on the funding available in the Partnership's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were \$34,415 for the fiscal year 2006.

## Appendix 5: Audited Financial Report

---

### 11. RISK MANAGEMENT

The Virginia Economic Development Partnership is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Partnership is insured for these risks through commercial insurance policies. Further, the Partnership is insured for workers compensation and from loss from employee actions by an insurance policy issued by the Chubb Group, the Federal Insurance Company. Policy coverage from loss from employee actions is \$50,000 per year with a \$1,000 deductible for each loss.

The Partnership participates in the state health care insurance plan maintained by the Commonwealth of Virginia, which is administered by the Department of Human Resource Management (DHRM). The Partnership pays premiums to DHRM for health insurance coverage. Information relating to the Commonwealth's insurance plan is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.