

# ***VIRGINIA*** **Is For Business**

FISCAL YEAR 2007

## *ANNUAL REPORT*



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

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Audited Basic Financial Statements of the Virginia  
Economic Development Partnership for the Year Ended  
June 30, 2007

## Chairman's Letter

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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, 2007. This report is required by the *Code of Virginia* and by Chapter 3 of the 2007 Appropriations Act.

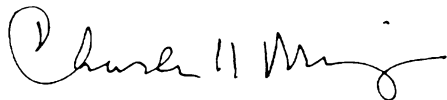
We are extremely proud of our accomplishments over the past year, and we look forward to continuing the work of creating new jobs and investment in the Commonwealth and increasing the sale of Virginia products and services overseas. Our results represent the work of many people from across Virginia. The interest, participation, and support from Governor Kaine, his Administration, 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 (including especially our rural communities and inner cities) and across all fields of commerce. We must embrace all technologies and work to implement the potential of international trade. We can achieve this through the development and marketing of quality business locations, cooperation with our allies across the state, and constant attention to workforce development.

Our 2007 Financial Statements Report for the year ended June 30, 2007, 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 26, 2007, 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

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## **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.

### **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

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### **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  
Avenue Louise 479, Box 55  
B1050 Brussels  
Belgium  
Telephone: 32-2-647-7433  
Fax: 32-2-647-1463

#### **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

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### **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

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

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

Stephen R. Adkins  
Charles City, Virginia  
Term Expires 12/31/11

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

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

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

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

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

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

John F. Malbon  
Virginia Beach, Virginia  
Term Expires 12/31/07  
L. C. (Sonny) Martin  
Jonesville, Virginia  
Term Expires 12/31/09

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

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

A. Carole Pratt, DDS  
Pulaski, Virginia  
Term Expires 12/31/09

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

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

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

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

Ex-Officio:

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

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

## 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 2007 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 2007 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 2007 (FY 2007) is attached to this report.

This Annual Report documents the efforts of VEDP in fulfilling its mission during FY 2007. 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 2007 accomplishments.

**Virginia's low business costs, regulatory climate, workforce quality, and economic growth received top honors by *Forbes.com* and Pollina Corporate Real Estate, 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 which 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, 2006, and June 30, 2007. VEDP recorded the announcement of 78 new and 290 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 18,863 new jobs will be created. In addition, these facilities will result in investments totaling \$2.61 billion. Nearly one-third of the announcements were for employers located in economically distressed areas.

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



## Executive Summary

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Economic Development Partnership's public and private sector contacts at state, regional, and local levels, as well as from published sources and Partnership staff.

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 of 2006 to discuss how the goals for this plan would be implemented. On September 29, 2006, Governor Kaine presented his strategy, *Virginia Leading the Way*. A report on the status of the implementation of Governor Kaine's strategic plan can be found beginning on page 16 of this report. The entire strategic plan can be accessed at <http://www.commerce.virginia.gov/EconomicDevelopment/index.cfm>.

## Business Recruitment

The principal function of VEDP's business recruitment effort is to aggressively deliver our message of Virginia's value proposition into business sectors that align with the Commonwealth's diverse array of assets and regions. The result of this outreach strategy is affirmed by new and expanding basic sector companies locating or expanding operations in Virginia. VEDP markets Virginia to companies in-state, domestically, and worldwide as the location for their investment and employment. VEDP takes a targeted industry marketing approach, focusing on industries appropriate to regional and local strengths and needs, with a special emphasis on distressed areas.

Consistent with its mission statement, VEDP takes a collaborative approach, aligning its outreach efforts with regional and local strategies and industry targets, to maximize use of limited marketing resources. Further, as VEDP seeks to broaden its international investment activity, VEDP's overseas offices are assuming a more aggressive role in generating new project opportunities. VEDP leads team and industry marketing missions, participates in industry conferences, leverages business associations, conducts target sector marketing campaigns, promotes consultant marketing, and holds special events. 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, special events, and customized site studies and proposals, as well as ongoing website development to increase internet marketing.

In addition to positioning Virginia with target clients and sectors, 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 assets, and coordinating allies' efforts. VEDP also develops economic development financing alternatives for projects and works directly with companies in structuring financing transactions to meet corporate capital goals. VirginiaScan (VEDP's 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. An enhanced version of the VirginiaScan Online Update Center, known as "iVS," was launched on February 5, 2007. In addition to the ability to update properties and community profiles online, iVS also provides new reporting and search capabilities, and the ability to upload supporting documents and images directly into the property record. 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 and adequately present its product. 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 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 2007 Accomplishments

Over half of the announced job creation in Virginia in FY 2007 is attributed to headquarters, customer service centers, data centers, and professional, scientific, and technical or information technology-related companies. These businesses will also add over \$897 million in announced capital investments to the Commonwealth. The flagship research institution, SRI International, Inc., announced a new facility in Rockingham County, bringing 100 new jobs and \$12.5 million

## Business Recruitment

investment to the Shenandoah Valley, with strong support from James Madison University and the General Assembly.

Swedwood opens advanced manufacturing facility in Southside. This company is creating more than 740 jobs and investing more than \$281 million in Pittsylvania and Danville – both distressed communities.

Federal contractors generated 68 announcements for Virginia. Companies that do work for the government, particularly in the defense and homeland security industry, made 68 announcements to create over 4,450 jobs and invest more than \$337 million to relocate or expand operations in the Commonwealth.

VEDP Incentives Produce Results. Virginia awarded 23 Governor's Opportunity Fund (GOF) grants for a total of \$8,310,000. The 23 recipient companies will be making \$880.3 million in capital investments and creating 3,306 new jobs. Seventy-four percent of these grants were awarded to economically distressed localities, while 48% of this year's GOF grants went to existing Virginia companies to encourage them to expand in the state.

During FY 2007, two Tier One Virginia Investment Partnership (VIP) grants were awarded totaling \$2.5 million. The projects will create 341 new jobs and bring in \$335 million in new capital investment.

Company	New Jobs	\$ Capital Investment (in millions)
Swedwood*	740	281.10
Terremark Worldwide	250	270.00
Merck & Co., Inc.	70	250.20
Power Loft, LLC	-	120.00
Criticon Corp.	25	115.00
Philip Morris USA	180	97.00
NYK Logistics Inc.*	100	26.00
Hershey Chocolate	150	25.00
Smorgon Steel Group, Ltd.	55	24.40
GEICO Corp.	790	-
Bostwick Laboratories	600	4.58
Matrix Technologies*	500	20.00
AVID Medical Inc.	303	7.90
Southampton Terminal, LLC*	300	3.40
The Results Companies*	255	0.50
K2M, LLC	249	8.40
Science Systems and Applications, Inc.*	230	1.00
Gates Corp.*	172	8.79
Gildan Activewear, Inc.*	160	6.60
Conservation International	320	1.00
American Funds Service Corp.*	250	12.00
Canon Virginia, Inc.*	200	8.00
Massimo Zanetti Beverage USA*	160	3.20
Tessy Plastics LLC*	120	2.50
SRI International	100	12.53
Virginia Cobia Farms LLC*	60	31.33
Nestle Refrigerated Foods*	50	20.00

\*GOF definition of distressed locality; unemployment rate higher than the state average of 3.5% (calendar year 2006).

Aggressive Implementation of Distressed Area Strategy Yields Results. VEDP's Business Development division has engaged each of its project managers to proactively promote the product and the workforce in Virginia's distressed regions to business prospects. As a result, more than half of all prospect visits in FY 2007 have been to these target communities. The announcement list on this page includes distressed region locations which are identified by an asterisk (\*).

## Trade Development

VEDP's innovative trade development programs and services are designed to increase the export of Virginia manufactured products and services. VEDP also assists Virginia companies with increasing their sales in the international marketplace.

### FY 2007 Accomplishments

#### Program Participation

##### Virginia Leaders in Export Trade (VALET) Program.

The VALET program selects 15 Virginia companies annually into a two-year intensive international sales 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 sixth year in operation graduating 16 new companies in FY 2007. The VALET program's enrollment capacity is capped at 30 companies with total participation for FY 2007 at 27 companies.

##### 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 20 companies in FY 2007. The AIM Program provides Virginia companies support to develop an export strategy and the resources to enter a new market overseas.

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 conducted 19 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.

#### **INTERNATIONAL TRADE HIGHLIGHTS**

- ◆ VEDP led the largest ever Trade Mission to India with 17 Virginia companies.
- ◆ VEDP established its European Network, a consortium of pay-as-you-go consultants in 13 countries, in order to provide a broader coverage and more effective service to Virginia exporters.
- ◆ The VALET Program served 27 companies, and graduated 16 companies in FY 2007.
- ◆ The six Trade Offices located in foreign countries received 78 visits by Virginia companies in FY 2007, an increase of 70%.
- ◆ For the fifth year in a row, VEDP saw an increase in the number of companies participating in international trade events, with a total of 103.

## Trade Development

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### Counseling and Event Participation

- 94 Virginia companies recorded international marketing results, attributed to counseling from the Trade Division.
- 90 Virginia companies participated in Trade Missions.
- 13 Virginia companies participated in Trade Shows.
- 78 Virginia companies visited VEDP overseas trade offices.

"I recently had the honor of representing our company, Base-X of Fairfield, VA, on a trade mission to Mexico City, Mexico that was arranged by the Virginia Economic Development Partnership (VEDP). Allow me to preface my comments by stating that throughout my fifteen year career as a defense contractor I have had the opportunity to work with numerous economic development entities in a number of states and that I am a resident of the state of New York.

Far and away the program that the Commonwealth of Virginia offers with regard to international trade development is the best that I have had the pleasure of working with. The Mexico Trade Mission is the second time that I have traveled with the VEDP and once again the trip was a success for our company.

In a day and age when all too often people complain about what is wrong with government I thought that it was appropriate to relay to you something that is undoubtedly right with government, that being the VEDP and the dedicated individuals working for the citizens of the Commonwealth."

**Eric Jenkusky**  
**Base-X, Inc.**

## Promoting Virginia

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In August 2006, Virginia was designated “The Best State for Business” by Forbes.com, the official Internet site of the Forbes family of business publications. Pollina Corporate Real Estate, Inc. also gave Virginia a #1 ranking as the most Pro-Business state in America. This validation by an independent and highly-respected business media outlet led to “Best State for Business” marketing and advertising campaign that included the creation of a new VEDP logo. The marketing campaign uses a comprehensive and aggressive strategy to communicate around the world that Virginia is a best-practices state. 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 2007 Accomplishments**

*FORTUNE Special Section:* VEDP successfully completed the largest economic development special advertising feature in the history of *FORTUNE* magazine. The section, titled “*Virginia: Leading the Way,*” ran in the September 18, 2006, issue and totaled 29 pages. Virginia was joined by 17 corporate partners and economic development agencies in spreading Virginia’s pro-business story.

*Advertising Campaign:* VEDP conducted its first advertising campaign in more than three years. The campaign, designed to support VEDP’s Distributed Services/Corporate Headquarters, Global Logistics, Modeling & Simulation and Plastics marketing initiatives, included print and Web-based advertisements in the following media: *FORBES, FORTUNE, The Wall Street Journal, CNN Executive Airport Network, Logistics Management, Inbound Logistics, Global Logistics & Supply Chain Strategies, DC Velocity, Training & Simulation Journal, MS&T, High Performance Composites, Plastics News Weekly, and Modern Plastics.* In addition, VEDP targeted site selection professionals by placing ads in *Area Development, Business Facilities, and Site Selection* magazines.

*Virginia Invitational:* VEDP hosted the Virginia Invitational in May in Williamsburg. Twenty-four executive-level guests and their spouses or guests attended. This event provided an opportunity to attract key corporate executives and business location decision makers to Virginia. The 2007 Invitational coincided with the LPGA’s Michelob ULTRA Open with all guests staying at the Kingsmill Resort – the site of the tournament. During the weekend, guests enjoyed many of the area attractions, including America’s 400th Anniversary Celebration at Jamestown, fine dining, golf, Busch Gardens, Yorktown, and Colonial Williamsburg, giving them a chance to see and experience Virginia first-hand. The Hampton Roads Economic Development Alliance joined VEDP as a host for this event.

## Promoting Virginia

**Virginia Executive Reception:** In collaboration with the Virginia Chamber of Commerce, VEDP hosted 80 executives at the 2007 Virginia Executive Reception. The Reception was held June 5 at the Four Seasons Atlanta. VEDP continues to play a major role in organizing this annual event, from venue selection to purchasing prospect data lists to call center support. The purpose of this event is to extend the marketing reach of Virginia's economic development community and demonstrate the strong and mutually supportive relationship between the business community and the Commonwealth of Virginia's economic development program. A Virginia delegation, led by Governor Kaine, joined the Chamber and VEDP in hosting the Atlanta area guests. The Virginia hosts included business leaders, government officials, and economic developers from around the state. The evening concluded with remarks by Governor Kaine touting Virginia as a prime business location.

**VEDP/Ally Meetings:** VEDP coordinated two Ally meetings. The winter 2007 meeting was held at the John Paul Jones Arena at the University of Virginia, attracting more than 100 Virginia economic development allies. The spring 2007 meeting, held at the Jepson Alumni Center at the University of Richmond, was also attended by more than 100 allies from across the Commonwealth.

**Virginia Nippon Classic:** VEDP, in collaboration with the Japan-Virginia Society, coordinated the logistics for the 17th Annual Virginia Nippon Classic (VNC) business conference and golf tournament on June 4, 2007, at the James River Country Club in Newport News. 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, 27 Japanese executives from across Virginia participated.

**Trade Show Highlights:** VEDP exhibited at 14 industry tradeshows: International Woodworking and Furniture Supply Fair, Data Center World Congress, Mid-Atlantic Bio, Graph Expo, Serious Games Summit, FABTECH, Medical Automation Conference, I/ITSEC, Performance Racing Industry, Automotive News World Congress, Plastic News Executive Forum, International Warehousing Logistics Association, ITEC, and BIO 2007. In addition, VEDP exhibited at the annual conferences of the Virginia Municipal League and the Virginia Association of Counties.

**Marketing Brochures:** VEDP developed a new marketing brochure to support the Modeling & Simulation initiative. VEDP also completed revisions to its general marketing brochures: Facts for Business Decisions, Fast Facts, and Profile of Services. In addition, the following guides were revised: *Guide to Establishing a Business* and *Guide to Business Incentives*.

**Website Highlights:** VEDP completed a Web site optimization project on YesVirginia.org, which also included a paid search engine advertising campaign on Google, MSN, and Yahoo. Due to the reestablished advertising campaign directing readers to the Web site and the search engine optimization project, YesVirginia.org

**www.YesVirginia.org**

### **FY 2007 Usage Statistics**

<b>Page Views</b>	<b>1,506,960</b>
<b>Avg. per Day</b>	<b>4,129</b>
<b>Visits</b>	<b>511,344</b>
<b>Avg. per Day</b>	<b>1,402</b>
<b>Unique Visitors</b>	<b>184,173</b>

## Promoting Virginia

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experienced an increase in page views of more than seven percent during the final three months in FY 2007 compared to the same time period in FY 2006.

*Governor's Missions:* The Communications & Promotions Division managed logistics for Virginia's largest trade delegation to India (more than 100 participants), which followed a series of confidential business meetings in Japan and Hong Kong. The visit was initially led by Governor Kaine, but the tragic news at Virginia Tech required his immediate return to Virginia.

*Media Tours:* VEDP conducted two media tours that traveled across Virginia. The Virginia Plastics and Packaging Media Tour was held in fall 2006, and hosted writers from *Pulp & Paper Report*, *Modern Plastics Worldwide*, *Pulp & Paper Canada*, *PaperAsia*, *Tecnologia del Plastico*, *Paper*, *Film & Foil Converter*, *Plastics News* and *Food & Drug Packaging*. Tour stops included the Institute for Advanced Learning & Research's Advanced & Applied Polymer Processing Institute, Intertape Polymer Group and Essel Propack in Danville, Arkay Packaging in Botetourt, Greif Riverville Mill in Amherst, MeadWestvaco's Converting & Service Facility in Lowmoor, and Dabney Lancaster Community College's Virginia Packaging Applications Center in Clifton Forge. McAiraid's officials also presented to the group in Roanoke. The spring media tour focused on promoting Virginia's food and beverage industries. Nine trade publications participated, including *Wellness Foods* and *Food Processing* magazines, *American Vineyard*, *Pastry Art & Design*, *Food Production/Management*, *Flavor & The Menu*, *Modern Brewery Age*, *Stagnito's New Products*, and *Gourmet News*. Companies that participated on the tour included New World Pasta and National Fruit Product Company in Winchester, Coors Brewing Company in Elkton, Rockbridge Vineyard in Raphine, Maple Leaf Bakery in Roanoke, and Gatorade in Wytheville. Staunton hosted a mini farmers' market.

*Marketing Missions:* VEDP conducted eight team marketing missions to U.S. cities, resulting in 202 appointments, 6 active projects, 24 longer-term leads, and 122 companies to remain in contact with for future project consideration. VEDP conducted four project manager call trips, including three trips as part of the Modeling and Simulation Initiative. Nineteen companies with future project potential (company contacts) were discovered.

VEDP set appointments at seven trade shows resulting in 88 appointments, two projects, four future leads, and 95 company contacts. VEDP also conducted calling projects in the Distributed Services, Global Logistics, and Energy Initiatives, including the launching of the Web-CRM follow-up program which has processed over 100 internal records and identified four future leads to date.



## 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 2007 Legislative Actions

During the 2007 General Assembly session, VEDP supported efforts to strengthen and improve Virginia's competitive posture in attracting investment and job growth. VEDP worked closely with legislators throughout the legislative session to achieve these goals.

Virginia Economic Development Investment Grant (VEDIG). The VEDIG Program was created in 2005 to give Virginia a new economic development incentive designed to attract new high-paying employment opportunities in locating or expanding significant headquarters, finance, administrative, or service sector operations in Virginia. VEDIG has been an extraordinarily successful program for Virginia with the announcement of more than 2,300 jobs, and a 20-year net-present value (NPV) payback to Virginia exceeding \$288 million. However, Virginia was limited in recruiting headquarters and financial services companies because of the limit of three grants per biennium and a maximum of \$3 million of grant awards per year. Because of VEDIG's success, Virginia was unable to award any more grants. Further, these limitations prevented Virginia from landing projects that could have been significant contributors to the Commonwealth's general fund revenue stream.

The General Assembly worked to fix this problem in the 2006 legislative session. SB 1281 was enacted and reduced the waiting period for VEDIG payments from four to three years, raised the limit on the aggregate amount of grants payable in any fiscal year from \$3 million to \$6 million, raised the limit on aggregate grant amounts outstanding from \$15 million to \$30 million, and removed the limit on the number of incentive grants that may be awarded in any single biennium. With these changes in place, Virginia now has a more useful incentive designed to target the types of high-paying jobs Virginia wants to attract.

Virginia Investment Partnership (VIP). The VIP Program was created in 1998 to encourage capital investment by existing Virginia manufacturers. VIP complements VEDIG by tying performance to investment targets instead of job creation targets, as is the case with VEDIG. Though VIP has been a very successful incentive program, many companies to which VEDP markets Virginia are disappointed that VIP grant payments may not begin until seven or eight years in the future, extending into the twelfth year. This effectively reduces the present value of the future grant payments and creates a less competitive incentive as compared to those provided by other states. SB 1209 changed the allowable grant payment schedule for VIP grants to three years, and two years in distressed communities. The performance-based aspects of the VIP program did not change at all—no payment will be made to a company unless and until the company has performed as promised.<sup>1</sup>

<sup>1</sup> It should be noted that the all incentives including VIP and VEDIG incentives are not included in VEDP's operating budget.

## Policy and Legislative Initiatives

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VEDP works to develop budget initiatives that support our programs, incentives and initiatives. VEDP worked with legislators to reduce the jobs and investment thresholds that must be met for Governor's Opportunity Fund awards in distressed communities, giving the opportunity to encourage greater economic development in disadvantaged parts of Virginia. VEDP's Executive Director has 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. Thus far, visits have taken place with more than half of all 140 General Assembly members.

# 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 2007 Key Performance Measures</b>		
<b>Performance Measure</b>	<b>FY2007 Results</b>	<b>% of Measure</b>
\$2.5 billion investment by new or existing companies	\$2.6 billion	104%
24,000 new jobs created	18,863	79%
250 companies actively counseled or participating in trade event	275	110%

## 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>	\$12	\$22
<b>Direct</b>	\$8	\$14
<b>Indirect</b>	\$4	\$8

\*Totals are rounded to the nearest dollar.

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*Code of Virginia* § 2.2-2239 directs the Virginia Economic Development Partnership (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/EconomicDevelopment/index.cfm>. This is an update of *Virginia Leading the Way*.<sup>2</sup>

**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.

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<sup>2</sup> This update of the Governor's Economic Development Strategic Plan includes actions from Calendar Year 2007.

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

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### Goals and Strategies

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

In August 2007, Virginia placed first among the 50 states in *Forbes.com's* ranking of the "Best States for Business" for a second year. CNBC also ranked Virginia #1. 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.). *During the 2007 General Assembly session, the legislature approved and the Governor signed HB3202 – legislation to address the long-term transportation needs of Virginia. This package provides over \$3 billion in new revenues for highway and transit projects as well as reform measures to increase the accountability of the Virginia Department of Transportation and improve the coordination between transportation and land-use planning. This legislation will help the Commonwealth expand its already world-class transportation infrastructure and continue economic growth.*
- Ensure that every business in the Commonwealth has access to broadband services anywhere and anytime by 2010. *Governor Kaine formed a Broadband Roundtable, chaired by former Governor Mark Warner and Secretary of Technology Aneesh Chopra, in June 2007 to expand broadband coverage in Virginia. Projects and investments led by the*

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*Tobacco Indemnification Commission (TIC) and the Department of Housing and Community Development (DHCD) are making broadband access more widely available across Virginia.*

- Decrease government administration transaction time for businesses by 30% for processes such as licenses. *The Department of Business Assistance (DBA) is launching "Business One Stop," a guided online clearinghouse which will help eliminate duplication and ease the permitting process for new businesses.*
- 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.
  - *Governor Kaine formed an Advisory Committee to develop policy recommendations to make Virginia more competitive in attracting Mega Projects – large scale economic development projects that can generate significant tax revenue and employ hundreds of Virginians.*
  - *VEDP's joint effort with VCCS to conduct cluster analysis will help Virginia identify how to position communities to best compete for specific industry sectors. Cluster analysis helps to plan for complex issues such as workforce development and education needs.*
- 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. *Governor Kaine works to support legislation that will encourage new capital investment in Virginia's communities such as targeted sales tax exemptions for high tech industries.*
- Implement the Governor's Energy Plan to promote energy availability and reliability at acceptable costs, and focus on renewable energy sources. *The Governor's Energy Plan was released in September 2007 and contains key recommendations which can create great economic opportunity in developing energy sectors by supporting emerging energy production, conservation, and renewable energy technologies.*
- 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. *The Virginia Early Childhood Foundation has awarded its first series of grants totaling \$2.5 million to assist local early childhood learning groups. The Governor held his first Summit on Early Childhood in June 2007 with more than 300 attendees. The Governor has*

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*developed an early childhood strategic plan that has won broad-based support from Virginians.*

- 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. *Governor Kaine formed a Broadband Roundtable, chaired by former Governor Mark Warner and Secretary of Technology Aneesh Chopra in June 2007 to expand broadband coverage in Virginia. DHCD continues to implement and plan rural broadband expansion programs, including the Appalachian Regional Commission's efforts to bring broadband to an additional 100,000 homes, create or retain 5,000 jobs, and bring increased information technology capacity to 1,000 businesses, government, and education facilities. TIC has funded more than \$90 million in broadband project funding since its initiative began in FY 2001.*
- Adopt a diversified approach to economic development through entrepreneurship, artisanship, small business development, tourism and emerging technologies. *The Governor secured a \$2 million additional appropriation for the Workforce Services Jobs Investment Program.*
- Create incentives for the development and preservation of workforce housing to ensure that workers can live in the communities in which they work. *In 2007, DHCD's programs provided 366 families with down payment assistance to allow them to become first time homeowners with an expenditure of \$6.4 million. DHCD continues to partner with the Virginia Housing and Development Authority to provide gap financing for affordable housing development programs through the use of federal HOME funds. DHCD is exploring options to create a state housing trust fund to support the further development of new, affordable workforce housing.*

### **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 five 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 establishes 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
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staff who can appropriately follow up on any needs that are identified and deemed to be within the purview of government to address. *VEDP is in the process of implementing Executive Pulse software on a statewide basis which will help localities and existing businesses retain jobs.*

- 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. *VEDP is implementing Executive Pulse software so it can provide a valuable resource to local economic developers. Executive Pulse will help local economic developers build relationships with businesses and identify and address their needs.*
- 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). *The Governor has held procurement summits for the Financial Services, Construction, and Professional Services sectors. The State Technical Assistance Resource and Support program (STAR\$) administered by the Department of Business Assistance (DBA) helps to meet the requirements of Executive Order 33 by developing a mentor/protégé relationship with Small, Woman, and Minority-Owned (SWAM) businesses to help them navigate the state procurement process. The Department of Minority Business Enterprise (DMBE) implemented a SWAM Dashboard utility to provide greater transparency in state spending patterns and to help encourage contracting opportunities for SWAM companies.*
- 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. *The Advisory Council has already held two dinner meetings at the Executive Mansion, beginning in October 2006, to help inform the Governor about issues impacting business in Virginia.*
- 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.
  - Promote the development of high value, value-added or specialty agribusiness firms and products, and attract in-state processing industries. *Virginia Department of Agriculture and Consumer Services Agribusiness Development Services (VDACS ADS) business development and recruitment efforts during FY 2007 contributed to the capital investment of \$12.78M and the creation and retention of 141 full-time, part-time and seasonal jobs in Virginia's agricultural sector.*
  - Develop higher value, niche and direct market opportunities for agricultural and forestry products.



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- 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. *VDACS ADS staff managed the Specialty Agriculture University Research Grant Program, facilitating the completion of five projects awarded in FY 2006 and making awards for seven grants totaling \$100,000 to university researchers for FY 2007. The funded research projects support the development, production, and marketing of viable specialty agricultural products, and are intended to boost farm net income.*
  - Establish, as an integral component of statewide preservation efforts, aggressive goals for the conservation of viable farm and forest lands. *In FY 2007, the Office of Farmland Preservation was established and staffed underneath the Virginia Department of Agriculture and Consumer Services. The Office has initiated outreach activities to promote and provide technical resources to address farmland preservation goals. The criteria for awarding matching purchase of development rights funds to qualifying localities are under development.*
  - Provide additional assistance to farmers and localities to support successful farm transitions.
  - *The Virginia Department of Forestry secured a Federal grant to research the feasibility of establishing a market-based economic program designed to compensate forest landowners for the many benefits their lands provide to the Commonwealth. The Virginia Wine Distribution Board was established in legislation this year in order to help small vineyards distribute their product. Additionally, the Virginia Energy Plan calls for biomass and biodiesel initiatives which can revitalize the agriculture industry and preserve farmland.*
- Build the physical infrastructure and human capital to ensure Virginia's first place standing as the advanced manufacturing location of choice. *The Manufacturing Advisory Council's work continues to focus on skilled trades certification and the image of manufacturing careers. The Governor's 2007 Summit on Manufacturing was held on July 23-24, 2007, in Danville with a legislative focus on how to improve Virginia manufacturers' positions in the marketplace. Virginia received a \$5 million Workforce Innovation In Regional Economic Development (WIRED) grant to train workforce in transportation warehouse distribution and modeling and simulation sectors, a \$5 million Base Realignment and Closure (BRAC) grant in Northern Virginia to retain displaced workers, and numerous Workforce Investment Act (WIA) grants to localities to upgrade workforce skills.*

### **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

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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. *The first step in aligning the education system is the ability to appropriately track students' progress in the K-12 and post-secondary system. The P-16 council supports using the National Data Quality Campaign, which will provide longitudinal data from K-12 in efforts to better align the education system. The State Council on Higher Education for Virginia (SCHEV) has already made great progress in linking students K-12 information with higher education information by beginning to include the unique test identifier, which the Department of Education (DOE) uses to track students, on a student's high school transcript.*
- Reform the local Workforce Investment Boards (WIB) 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, educational attainment data, job projection data, existing higher education infrastructure and other strategic economic demands. *The Virginia Community College System (VCCS) and UVA have partnered to increase the availability of engineers to support the AREVA project in Lynchburg. The Governor's Office for Workforce Development recently presented options for consolidating WIB areas in alignment with these strategies.*
- 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. *The Department of Labor and Industry continues to expand its apprenticeship program to expand workforce training opportunities. Also, Virginia won a federal grant to help fund the Governor's Science, Technology, Engineering, and Math Academies.*
- 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. *The Commonwealth Scholars program encourages students to go beyond the basic diploma. This year, 12 high schools in the 11 pilot school divisions awarded 878 Commonwealth Scholars medallions to high school seniors. The Commonwealth Scholars program also addresses language, Algebra II, and physics curriculum gaps, with new attention being paid to K-12 science, math and engineering. Virginia received a \$500,000 grant from the National Governors Association Center for Best Practices (NGA Center) to improve science, technology, engineering and mathematics (STEM) education. Last, Virginia proposes to develop Career and Technology (CTE) centers at the high school and postsecondary levels in order to reinforce and increase Virginia's workforce.*

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- Increase the proportion of 18- to 24-year olds enrolled in college from 34% (2002-2004 average) to 39% by 2010. *The Commonwealth Scholars program is increasing the academic rigor of the standard diploma by requiring additional classes which increases the likelihood of acceptance into a four-year institution. Virginia continues to benchmark against other states and countries.*
- 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. *Virginia continues to benchmark against other states and countries on this metric.*
- 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. *Virginia has a Teacher Scholarship Loan Program that provides a loan of up to \$3,720 that may be forgiven if the student subsequently teaches in Virginia in one of the designated critical shortage areas. Virginia currently has an appropriation of \$558,000 each year for this program, which provides scholarships to about 150 students each year.*
- Align workforce development and training activities with state, local and regional economic development goals and objectives. *The Governor's Senior Workforce Advisor, VEDP, and DBA are collaborating to successfully implement this strategy. The WIRED and BRAC grants that Virginia was awarded will help Virginia implement targeted workforce development programs with regions across Virginia.*
- Promote parity in skills development in areas of the state where individual skill levels do not meet economic demand. *Virginia won a federal grant to help fund the Governor's Science, Technology, Engineering and Math Academies which will help develop specialized skills in Virginia's students across the Commonwealth.*
- Build collaboration across secretariats, regions, and agencies to ensure a coordinated approach and eliminate overlap and duplication of effort. *The BRAC and WIRED grants awarded to Virginia helped to establish a coordinated response to economic dislocation. The response to Ford demonstrated that Virginia can be highly successful in bringing together WIBs, community colleges, the economic development community, and public and non-profit associations for a coordinated 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

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of traditional industries such as agriculture and manufacturing, limited access to the infrastructure necessary to support 21<sup>st</sup> century 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. *The Governor's Opportunity Fund (GOF) criteria were changed to allow distressed communities to more effectively compete for smaller projects. To date, Governor Kaine has approved 40 GOF awards; 27 (67.5 %) to distressed localities. VEDP has also initiated a Regional Liaison Program which assigns a staff member to serve as a communications channel between VEDP and the regional economic development organizations throughout Virginia. This Program allows an open dialogue between the state and regions to communicate strategies, assets, and marketing plans to improve collaboration.*
- Increase the number of companies in strategic business sectors visiting Virginia's distressed communities by 5% per year. *In FY 2007, there was a 9.8% increase in the number of prospect visits to distressed communities versus FY 2006. In FY 2007, more than 66% of the prospects that considered Virginia sites were shown sites in distressed communities, representing an increase of more than 8% over FY 2006. The increase in prospect visits illustrates that Virginia's distressed communities are becoming more marketable and attractive to companies because of their ready workforce and favorable locations.*
- Support infrastructure development in distressed areas and cluster state investments in roads, water, sewer and telecommunications in areas identified for development. *In 2007, the Governor signed legislation that expanded the Virginia Resources Authority's (VRA) eligible project areas to include wireless broadband services. VRA is now able to provide financial support to localities and regional authorities for any equipment, facilities, and technology infrastructure designed to deploy wireless broadband service.*
- 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. *The Enterprise Zone program has been very successful in targeting resources to distressed areas including central cities. State resources are complemented by local incentives which offer additional benefits, such as machinery and tool tax grants and workforce training incentives that specifically address the needs of the target businesses in the area.*

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- Develop regionally tailored workforce development plans that are based on an assessment of existing workforce deficiencies and on projected future industry needs. *There are ongoing efforts by the Governor's Senior Advisor for Workforce Development to meet this goal. The Secretary of Commerce and Trade's office has been participating in all task forces and focus groups established for this effort.*

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

Political boundaries and economic boundaries do not always match up. States, cities, and counties are not true economic units. Regions are the economic units in a global economy. By targeting efforts toward building regional strengths, the state's economic development dollars will create the most jobs.

#### **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. *Full implementation will require legislative action. However, Virginia has made significant inroads with a WIRED grant in Hampton Roads and ongoing efforts to establish the Bluestone Technology Park in Tazewell County, Virginia. The BRAC grant obtained to serve Northern Virginia is an example of sharing resources among localities to jointly develop regional infrastructure.*
- Provide meaningful incentives to areas that address economic development needs and issues on a regional, rather than local, basis. *Swedwood North America (Pittsylvania County/Danville) and Gates Corporation (Washington/Smyth Counties) represent projects for which communities came together with regional industrial parks to provide a site solution for these companies. A wide array of state and local incentives was leveraged in both cases to positively influence the decisions for Virginia. The Governor's Mega Projects Advisory Committee studied the ways the state can become more competitive for projects of major state and regional significance and has developed key recommendations to develop comprehensive mega projects policies.*
- Restore funding for regional partnerships for tourism marketing and development to encourage regional efforts.

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- Encourage Local Planning District Commissions, 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. *VEDP has created a new tool called REsolution which is an online, web-based regional employment solution for use by economic development and workforce professionals. Located on VEDP's Allies Information Exchange website, this interactive application allows workforce and economic development professionals to explore the connection between industries and occupations within the Commonwealth, as well as nationally.*

### **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. Virginia 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.
  - Coordinate state, federal, and local partners to respond appropriately to transportation challenges created by the BRAC process, most notably at Fort Belvoir in Fairfax County. *In November 2007, the Virginia National Defense Industrial Authority (VNDIA) convened a roundtable discussion of all local and regional BRAC coordinators in the state to discuss short- and long-term issues regarding installations. In addition to liaison work, media monitoring, research projects and an information website ([www.VNDIA.org](http://www.VNDIA.org)), the authority is site-visiting 24 of Virginia's military installations by December 2007. These visits provide a face-to-face exchange between the state-sponsored authority and installation leadership, and offer invaluable insight for issue identification, ongoing communication and strategic planning for the Commonwealth.*
  - Ensure adequate funding to help affected communities address other key issues resulting from the BRAC decisions (housing, schools, day care centers, office space, etc.). *VNDIA is administering the Military Strategic Response Fund, a \$25 million grant program created by the General Assembly to address the needs of BRAC-impacted communities. In the FY2007/2008 biennium, 19 grants were approved by the Governor, and two rounds awarded the full \$25 million, leveraging \$50 million in local and other contributions for projects totaling more than \$75 million. These include a variety of projects, including transportation, encroachment, operations, infrastructure, workforce development and classroom and library space.*
  - Develop and implement a marketing and retention strategy for federal and military installations. *VNDIA has engaged a nationally proven consultant to build a base document on Virginia's military installations and related tenant activity to better*

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*analyze potential vulnerabilities and opportunities. This analysis will support a strategic plan to optimally position Virginia for today's Department of Defense growth and tomorrow's BRAC.*

- Capture a higher percentage of federal spending.
  - 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. *VNDIA is administering a \$25 million grant program to address the needs of BRAC-impacted communities. VNDIA has initiated meetings between the commands of the affected bases and community leaders to encourage cooperation and understanding. Virginia secured a \$5 million WIRED Grant secured for Hampton Roads and Petersburg BRAC. Fort Monroe planning is proceeding apace – a committee has been established and is working diligently to address important issues to Fort Monroe.. Virginia also secured a \$4.9 million National Emergency Grant for the Northern Virginia BRAC.*

### **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. There are significant gaps in business infrastructure, however, that must be addressed if Virginia is to facilitate emerging business sectors as a major portion 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

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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. *The Virginia Research and Technology Advisory Committee (VRTAC) is working to address technology issues in Virginia and improve Virginia's ability to appeal to high-tech sectors. The Joint Committee on Technology and Science convened new Deployment of Wireless Broadband and Nanotechnology Authority advisory committees to offer recommendations. The WIRED grant that Virginia obtained for the Hampton Roads area supports talent development in modeling and simulation.*
- 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 and development assets around collaborative outcomes. *A new Modeling and Simulation Council was formed pursuant to §2.2-2698 to advise the Governor on policy and funding priorities to promote the modeling and simulation industry in the Commonwealth and bring new opportunities to Virginia. Virginia has also implemented programs to speed up business licensing processes to make a more conducive environment for startup companies.*
- 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. *SRI International, Inc. and other academic and federal laboratory alliances are generating new research momentum in Virginia, with their research helping new markets emerge.*
  - Produce a set of goals, deliverables and appropriate measures for determining success. *VRTAC is making significant strides to design a research and design scorecard which will help measure the success of investments.*
  - 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.
  - VEDP and VCCS are engaged in statewide cluster analysis. *VEDP has created a new tool called REsolution which provides powerful market and workforce data so*



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*economic developers can align companies' needs with appropriate regions to ensure a good match.*

- 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. *Governor Kaine's Broadband Roundtable will work to improve broadband coverage throughout Virginia and improve Virginia's ability to appeal to and meet the needs of research universities which can ultimately lead to greater private sector investment and employment in 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. *Governor Kaine's Broadband Roundtable will work to improve broadband coverage throughout Virginia and improve Virginia's ability to appeal to and meet the needs of high-tech sectors, federally funded research units, corporate research operations, and Virginia's research universities. Through the VRTAC forum, there has been fresh discussion and encouragement of the Virginia based research universities to seek out and explore opportunities to collaborate with the private sector on research and design.*
- Initiate necessary incentives, financing tools, and resources to support the financial growth cycle of companies in these emerging markets. *The Virginia Small Business Financing Authority (VSBFA) stands ready to assist businesses and non-profit organizations looking to grow in Virginia, local economic development authorities and municipalities needing debt financing to attract businesses into their jurisdictions, and bankers seeking to find creative ways to make loans to a small business. In FY 2007, VSBFA cash and investments increased 54%. Also, the Center for Innovative Technology (CIT) administers a GAP Fund to invest in emerging technologies such as biotechnology and nanomanufacturing.*
- Promote early stage/venture capital financing in Virginia and establish a significant fund that focuses on investing in Virginia-based venture companies in seed/early stage life science and other emerging technology sectors. *The Commonwealth Technology Research Fund (CRTF) guidelines were revised with initial funding to emerging companies expected in December 2007. The CIT Entrepreneur program invests in high-potential seed stage technology companies through the GAP Fund. CIT's GAP Fund closes the funding gap between "friends and family" and early-stage equity investment for Virginia-based technology companies. Since its inception, the Fund has invested \$1.4 million in 15 companies, leveraging an additional \$8.1 million in private equity.*
- 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. *A new Modeling and Simulation Council was formed pursuant to §2.2-2698 to advise the Governor on policy and funding priorities to promote the modeling and simulation industry in the Commonwealth and bring new opportunities to Virginia. Virginia secured a \$5 million*

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*WIRED grant targeted to the modeling and simulation sector. The sector is currently expanding beyond military applications to health care and transportation and logistics.*

- 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. *Virginia Tourism Corporation (VTC) unveiled a new "Live passionately" advertising campaign. The new campaign supports the state's beloved 37-year-old slogan and logo, Virginia is for Lovers. VTC's advertising and integrated marketing campaigns have been recognized by the Travel Industry Association of America as the best in the nation for the past four years. Virginia invests about \$2.5 million a year promoting tourism, leveraging those funds into more than \$11 million in advertising campaigns that have brought in more than \$177 million in visitor spending.*
- 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. *VCCS has worked with VTC to develop and expand its Career Readiness Certificate program to include a unique Hospitality component so Virginia can deliver a workforce that is ready and able to improve Virginia's strong tourism industry.*
- Increase focus upon community tourism development, tourism planning and capital access. *The Virginia Tourism Corporation (VTC) is working to identify at least \$3 million in potential funding for tourism development projects through grants and loan assistance, develop at least four theme trails and outdoor recreation programs, and provide \$2.5 million in micro grants to assist localities in product development initiatives.*
- Increase the economic impact of tourism in Virginia from \$16.5 billion per year (2005) to \$18.5 billion by 2010. *Virginia's economy benefitted from more than \$17.7 billion worth of tourism dollars in 2006. Virginia is well on its way to achieve this goal.*
- Enhance state marketing resources and continue to develop mechanisms for sustaining and leveraging those resources with private sector and tourism industry partners. *VTC leveraged partnerships for FY 2007 domestic meetings, conventions and group tour trade*

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*marketing to showcase Virginia as a premier meeting, conventions and group tour destination and to increase economic impact to Virginia sites and communities. VTC strategically sponsors events to showcase Virginia as a premier group tour destination and increase group tour business.*

- Increase the sustainability of Virginia's tourism economy through stewardship of Virginia's natural resources and unique cultural character. *VTC promotes local and regional tourist attractions that capitalize on local culture such as the Crooked Road and the Eastern Shore destinations. VTC works with local destinations to promote local culture to leisure tourists.*
- Ensure that the Virginia Film Office (VFO) remains competitive in recruiting national film industry productions through continued incentive funding and the pursuit of creative marketing opportunities. *VFO continues to promote Virginia's natural assets and superior infrastructure to recruit new projects to come to Virginia.*
- 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. *VTC earns some revenues from advertising displays at Welcome Centers and is exploring the expansion of increased advertising sales and privatization opportunities.*

### **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. *A trade mission to India, Japan, and Hong Kong was conducted in April 2007. Virginia International Trade Alliance's (VITAL) "China" and "Emerging Markets" task forces will review strategies and present recommendations to expand Virginia's ability to export its goods and services to lucrative foreign markets.*
- Increase Virginia exports by 7% (\$855 million) by 2010. *Virginia exported more than \$15.11 billion worth of goods during the last four fiscal quarters for which data is available (2006 Q3 – 2007 Q2), an increase of more than 11%. The Virginia Leaders in Export Trade program (VALET) graduated 12 companies in FY 2007. These companies have increased their*

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*international sales by 43%. For the most recent available year, exports in Virginia increased by 15.4%, more than doubling the goal of 7%.*

- Increase foreign direct investment in Virginia from an average 2,300 jobs and \$270 million annually to 3,000 jobs and \$300 million annually. *In FY 2007, foreign-affiliated companies announced 2,921 new jobs and capital investment of more than \$480 million.*
- Assist foreign companies establishing Virginia and U.S. markets (import assistance) in exchange for similar assistance for Virginia companies in the other country. *The VITAL program has 60 businesses and groups to meet and discuss international trade issues. The Sales Office group of VITAL has published a report offering important recommendations to improve Virginia's ability to appeal to foreign companies interested in opening sales offices in Virginia.*
- Implement economies in international recruitment by coordinating and leveraging assets of local and regional economic development organizations currently engaged overseas for optimal results. *Through the VITAL program, Governor Kaine has coordinated the efforts of state agencies, local and regional economic development organizations, and the Virginia Port Authority to leverage local and regional assets and increase international recruitment. These economic development organizations have participated in international trade missions to promote Virginia abroad.*
- 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. *The Port of Virginia is still among the top ports in the U.S in terms of volume. VITAL has initiated two new task forces to strengthen marketing efforts to promote branding of Virginia products and services, and Virginia's superior infrastructure and logistics maintain ongoing marketing efforts such as the "Brand Virginia" and "Global Logistics" performed by VITAL.*
- Increase educational focus on foreign language and international skills in pre-K-12 education. *Virginia continues to benchmark against other states and countries on foreign language education performance metrics.*
- Encourage intellectual exchange through international students and scholars. *Virginia's education institutions have successful international exchange programs. The Virginia Department of Education partnered with the Education Department of Korolev, Russia and participated in the 2007 Russian International Space Olympics. Virginia's colleges and universities have been successful in attracting international students and the number of these students has been steadily increasing. In 2006, 3,300 international students were attending Virginia colleges and universities.*
- 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. *VEDP acquired co-ownership of this conference for 2006-07 and will own it entirely in 2008.*

## Appendix 1: High Unemployment Areas Report and Strategy

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During FY 2007, 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 continuation of 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 implementation of a Regional Liaison Network, specific market initiatives, and four broad vertical markets.

### FY 2007 Accomplishments

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

Virginia Opportunity Regions (VOR) and the Regional Liaison Network: The final phase of the VOR program was implemented and the program was expanded into the Regional Liaison Network. VOR was originally designed to market the regional assets of Virginia's economically distressed areas. Program goals focused on improvements to web-based marketing strategies, proactive positioning toward targeted business sectors, and region-specific marketing activities. Part of the VOR included a matching grant program that was designed to fund regional outreach strategies that were not addressed by the statewide marketing program. In FY 2006, 15 communities participated in the VOR grant program, and projects funded by the grants were completed in FY 2007. 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.

The program has evolved into the Virginia Regional Liaison Network. The network is intended to serve as a formal communication channel between VEDP and the independent regional economic development marketing organizations, and should ultimately result in stronger leveraging of regional assets in positioning the regions to selected business clients. In southern and southwestern Virginia, two full-time staff are based in the regions and serve as the regional liaisons. In Eastern Virginia, a Business Development Manager based in Richmond is assigned part-time to work with the Middle Peninsula, Northern Neck and Eastern Shore areas. The Research Division staff are assigned to Southeastern Virginia, Greater Richmond, Lynchburg, and Charlottesville regions.

Decisions for Virginia/distressed regions: Two major successes in FY 2007 were the announcements of Swedwood, N.A. (an IKEA supplier) in Pittsylvania County/Danville and Oran Safety Glass in Greensville County. With total combined employment projected at nearly 800, these anchor projects represent an opportunity for transformation of southern Virginia's regional economy. Both companies are internationally headquartered (Swedwood in Poland and Oran Safety Glass in Israel), which brings further diversification to the communities. VEDP played a role in the decisions by assisting the community with development of the financial incentive package, as well as providing data and information on the labor force of the communities. Swedwood selected a site in the Pittsylvania/Danville Cave Creek Regional Industrial Park. Virginia's location was successful in winning over North Carolina due to the site's fully-prepared and permitted status. Oran

## Appendix 1: High Unemployment Areas Report and Strategy

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Safety Glass selected the Greensville County Shell Building, providing an end-user to a publicly-funded and prepared facility. Both projects validate the importance of having prepared sites and buildings available for clients. VEDP continues to work with both companies on the implementation of their projects.

Distressed Communities Visits Increase: While total prospect visits decreased from FY 2006 to FY 2007 due to the slowing economy, the number of companies that visited distressed communities (as a percentage of total visits) increased by 21%. Business Development staff assisted with 176 prospect visits, representing 100 companies, to 63 distressed communities across Virginia. These 115 companies represent 60% of all companies visiting Virginia, with nearly 69% of the total prospect visits occurring in distressed communities.

Rural Economic Development Strategic Plan: VEDP has worked with the Center for Rural Virginia, the Department of Housing and Community Development, the Department of Agriculture and Consumer Services, the Virginia Resources Authority, the Department of Mines, Minerals, and Energy, and numerous other state agencies to help devise the Rural Economic Development Strategic Plan. This Plan serves as a roadmap to highlight initiatives implemented by the Commonwealth to spur economic development in rural Virginia and makes recommendations about additional measures that would contribute to rural economic development. VEDP has maintained lead authorship of this report that provides valuable information for both rural and distressed regions.

### FY 2007 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 step continued in FY 2007, identifying 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.

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.

## Appendix 1: High Unemployment Areas Report and Strategy

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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 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** (DSI), in which prototype communities work 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. Four communities are involved in this Initiative and VEDP also participated in a formal analysis of "Farmshoring" (similar concept to DSI) that was conducted by Virginia Tech's Office of Economic Development.

The **Modeling & Simulation Initiative**, initially launched in the Hampton Roads Region based on the strong military and related simulation cluster in this region, was expanded to include Fairfax County and the City of Bristol. A full M&S value proposition and collaborative materials campaign has been implemented, and VEDP continues to partner with strategic allies such as Old Dominion University and the Virginia Modeling Analysis and Simulation Center (VMASC).

The **Global Logistics Initiative**, which began in FY 2007, is focused around leveraging the growth of the Port of Virginia, including significant private sector activity with the new APM/Maersk Terminal, and 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. An initial evaluation of pilot communities was completed near the end of the fiscal year and is expected to move into full implementation in FY 2008.

The **Wood Products Initiative** pre-positions Virginia's rural communities, particularly those in southern and southwestern Virginia, for opportunities in the fabricated wood products sector. The Initiative also markets areas that continue to show strong growth; there are multiple regions in Virginia that have great potential for success. In FY 2007, two benchmarking evaluations were conducted in concert with a retired wood products executive. Communities were evaluated based on their business case, presentation, and product and feedback was provided. Additional work with communities will continue in FY 2008.

Alternative Energy and Plastics/Polymers/Composites initiatives are launching in FY 2008.

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.

## **Appendix 1: High Unemployment Areas Report and Strategy**

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VEDP will continue its efforts to encourage all Virginia localities to establish a Business Retention 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. VEDP is in the process of implementing Executive Pulse software on a statewide basis which will help localities and existing businesses retain jobs. 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 2007

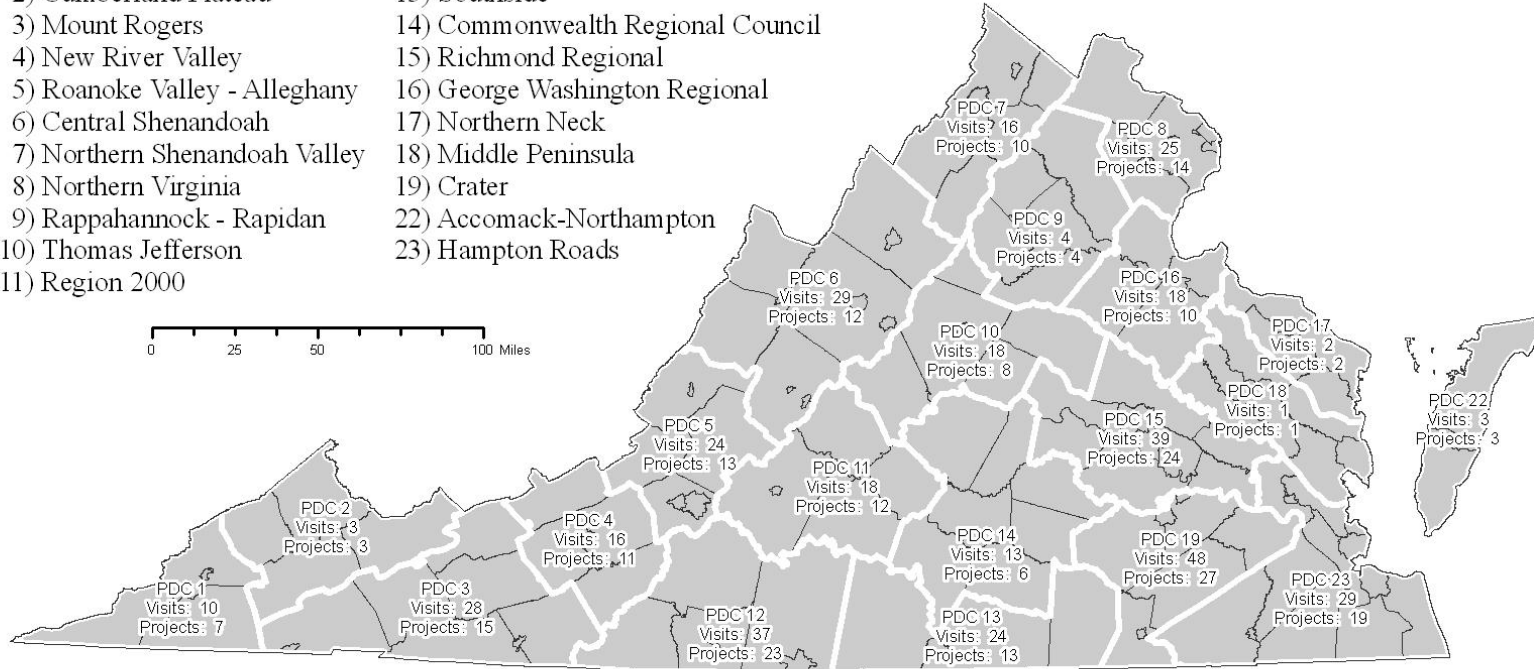
Accomack-Northampton	3	Visits	3	Projects
Central Shenandoah	29	Visits	12	Projects
Crater	48	Visits	27	Projects
Cumberland Plateau	3	Visits	3	Projects
Hampton Roads	29	Visits	19	Projects
Lenowisco	10	Visits	7	Projects
Middle Peninsula	1	Visits	1	Projects
Mount Rogers	28	Visits	15	Projects
New River Valley	16	Visits	11	Projects
Northern Neck	2	Visits	2	Projects
Northern Shenandoah Valley Regional Commission	16	Visits	10	Projects
Northern Virginia	25	Visits	14	Projects
Piedmont	13	Visits	6	Projects
RADCO	18	Visits	10	Projects
Rappahannock-Rapidan Regional Commission	4	Visits	4	Projects
Region 2000 Regional Commission	18	Visits	12	Projects
Richmond Regional	39	Visits	24	Projects
Roanoke Valley-Alleghany Regional Commission	24	Visits	13	Projects
Southside	24	Visits	13	Projects
Thomas Jefferson	18	Visits	8	Projects
West Piedmont	37	Visits	23	Projects
Total	405	Visits		
Total Projects Involved in Visits:	148			
# of Localities Visited	97			

## Appendix 2: Prospect Visit Data for FY 2007

### Prospect Visits by Planning District Fiscal Year 2007

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

- |                               |                                   |
|-------------------------------|-----------------------------------|
| 1) Lenowisco                  | 12) West Piedmont                 |
| 2) Cumberland Plateau         | 13) Southside                     |
| 3) Mount Rogers               | 14) Commonwealth Regional Council |
| 4) New River Valley           | 15) Richmond Regional             |
| 5) Roanoke Valley - Alleghany | 16) George Washington Regional    |
| 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 2007

## Appendix 3: Site and Building Data for FY 2007

Planning District	Location	Sites	Buildings	Sites & Buildings	Location Studies <sup>1</sup>	Companies
<b>1- Lenowisco</b>	Lee Co.	2	14	16	5	8
	1 Norton	0	0	0	0	0
	1 Scott Co.	1	8	9	6	6
	1 Wise Co.	4	4	8	3	7
	<b>PDC 1 Total</b>		<b>7</b>	<b>26</b>	<b>33</b>	<b>7</b>
<b>2 -Cumberland Plateau</b>	Buchanan Co.	0	1	1	1	1
	2 Dickenson Co.	1	4	5	5	5
	2 Russell Co.	0	0	0	0	0
	2 Tazewell Co.	0	2	2	2	1
	<b>PDC 2 Total</b>		<b>1</b>	<b>7</b>	<b>8</b>	<b>7</b>
<b>3-Mount Rogers</b>	Bland Co.	0	0	0	0	0
	3 Bristol	2	2	4	0	3
	3 Carroll Co.	0	9	9	3	9
	3 Galax	1	19	20	5	11
	3 Grayson Co.	0	7	7	2	5
	3 Smyth Co.	0	4	9	2	4
	3 Washington Co.	16	13	29	15	23
	3 Wythe Co.	14	5	19	10	17
	<b>PDC 3 Total</b>		<b>33</b>	<b>59</b>	<b>92</b>	<b>22</b>
<b>4 - New River Valley</b>	Floyd Co.	2	1	3	0	3
	4 Giles Co.	0	0	0	0	0
	4 Montgomery Co.	10	6	16	4	12
	4 Pulaski Co.	18	10	28	8	18
	4 Radford	0	7	7	1	7
<b>PDC 4 Total</b>		<b>30</b>	<b>24</b>	<b>54</b>	<b>11</b>	<b>26</b>
<b>5 -Roanoke Valley-Alleghany</b>	Alleghany Co.	2	12	14	10	13
	5 Botetourt Co.	4	2	6	2	6
	5 Covington	0	9	9	2	8
	5 Craig Co.	0	0	0	0	0
	5 Franklin Co.	2	0	2	0	2
	5 Roanoke Co.	8	6	14	2	13
	5 Roanoke	6	20	26	9	20
	5 Salem	0	2	2	0	2
	<b>PDC 5 Total</b>		<b>22</b>	<b>51</b>	<b>73</b>	<b>18</b>
<b>6 - Central Shenandoah</b>	Augusta Co.	12	1	13	6	11
	6 Bath Co.	1	0	1	0	1
	6 Buena Vista	1	4	5	2	5
	6 Harrisonburg	3	6	9	3	7
	6 Highland Co.	0	0	0	0	0
	6 Lexington	0	0	0	0	0
	6 Rockbridge Co.	4	0	4	0	2
	6 Rockingham Co.	9	20	29	4	20
	6 Staunton	7	4	11	4	10
	6 Waynesboro	0	1	1	1	1
<b>PDC 6 Total</b>		<b>37</b>	<b>36</b>	<b>73</b>	<b>13</b>	<b>37</b>

## Appendix 3: Site and Building Data for FY 2007

<b>7 - Northern Shenandoah Valley</b>						
	Clarke Co.	0	0	0	0	0
7	Frederick Co.	31	7	38	9	18
7	Page Co.	3	3	6	0	4
	Shenandoah Co.	26	2	28	6	16
7	Warren Co.	22	0	22	7	14
7	Winchester	0	7	7	2	7
	<b>PDC 7 Total</b>	<b>82</b>	<b>19</b>	<b>101</b>	<b>11</b>	<b>29</b>
<b>8 - Northern Virginia</b>						
	Alexandria	0	0	0	0	0
8	Arlington Co.	0	0	0	0	0
8	Fairfax Co.	0	0	0	0	0
8	Fairfax	0	0	0	0	0
8	Falls Church	0	0	0	0	0
8	Loudoun Co.	0	0	0	0	0
8	Manassas	0	0	0	0	0
8	Manassas Park	0	0	0	0	0
	Prince William Co.	11	6	17	7	9
	<b>PDC 8 Total<sup>2</sup></b>	<b>11</b>	<b>6</b>	<b>17</b>	<b>7</b>	<b>9</b>
<b>9 - Rappahannock-Rapidan</b>						
	Culpeper Co.	2	0	2	1	2
9	Fauquier Co.	1	1	2	0	2
9	Madison Co.	0	3	3	2	3
9	Orange Co.	0	2	2	2	2
	Rappahannock Co.	0	1	1	0	1
	<b>PDC 9 Total</b>	<b>3</b>	<b>7</b>	<b>10</b>	<b>4</b>	<b>9</b>
<b>10 - Thomas Jefferson</b>						
	Albemarle Co.	4	2	6	3	5
10	Fluvanna Co.	0	0	0	0	0
10	Greene Co.	0	2	2	0	2
10	Louisa Co.	9	0	9	6	9
10	Nelson Co.	0	0	0	0	0
10	Charlottesville	0	0	0	0	0
	<b>PDC 10 Total</b>	<b>13</b>	<b>4</b>	<b>17</b>	<b>7</b>	<b>13</b>
<b>11 - Region 2000</b>						
	Amherst Co.	6	3	9	1	8
11	Appomattox Co.	2	0	2	2	2
11	Bedford Co.	6	2	8	3	7
11	Bedford	3	1	4	4	4
11	Campbell Co.	2	11	13	5	10
11	Lynchburg	9	8	17	10	13
	<b>PDC 11 Total</b>	<b>28</b>	<b>25</b>	<b>53</b>	<b>17</b>	<b>32</b>
<b>12 - West Piedmont</b>						
	Danville	13	25	38	14	24
12	Franklin Co.	2	0	2	0	2
12	Henry Co.	13	13	26	12	17
12	Martinsville	5	8	13	6	12
12	Patrick Co.	2	3	5	2	5
12	Pittsylvania Co.	9	24	33	18	24
	<b>PDC 12 Total</b>	<b>44</b>	<b>73</b>	<b>117</b>	<b>35</b>	<b>58</b>
<b>13 - Southside</b>						
	Brunswick Co.	7	2	9	5	5

## Appendix 3: Site and Building Data for FY 2007

	13	Halifax Co.	15	31	46	18	30
		Mecklenburg					
	13	Co.	20	16	36	14	26
	<b>PDC 13 Total</b>		<b>42</b>	<b>49</b>	<b>91</b>	<b>25</b>	<b>45</b>
<b>14 - Commonwealth Regional</b>		Amelia Co.	0	0	0	0	0
	14	Buckingham Co.	2	2	4	1	3
	14	Charlotte Co.	5	7	12	6	11
	14	Cumberland Co.	0	0	0	0	0
	14	Lunenburg Co.	1	5	6	3	5
	14	Nottoway Co.	3	0	3	2	3
	14	Prince Edward					
	14	Co.	0	2	2	1	2
	<b>PDC 14 Total</b>		<b>11</b>	<b>16</b>	<b>27</b>	<b>9</b>	<b>17</b>
<b>15 - Richmond Regional</b>		Charles City Co.	4	2	6	3	6
	15	Chesterfield Co.	28	37	65	26	45
	15	Goochland Co.	0	0	0	0	0
	15	Hanover Co.	7	23	30	14	22
	15	Henrico Co.	16	33	49	14	30
	15	New Kent Co.	2	1	3	2	3
	15	Powhatan Co.	0	0	0	0	0
	15	Richmond	0	21	21	9	16
	<b>PDC 15 Total</b>		<b>57</b>	<b>117</b>	<b>174</b>	<b>37</b>	<b>65</b>
<b>16 - George Washington</b>		Caroline Co.	8	3	11	2	9
	16	Fredericksburg	0	5	5	3	5
	16	King George Co.	6	2	8	1	7
	16	Spotsylvania					
	16	Co.	10	11	21	4	11
	16	Stafford Co.	5	1	6	2	6
	<b>PDC 16 Total</b>		<b>29</b>	<b>22</b>	<b>51</b>	<b>7</b>	<b>21</b>
<b>17 - Northern Neck</b>		Lancaster Co.	0	0	0	0	0
		Northumberland					
	17	Co.	0	0	0	0	0
	17	Richmond Co.	0	2	2	0	1
	17	Westmoreland					
	17	Co.	2	6	8	4	7
	<b>PDC 17 Total</b>		<b>2</b>	<b>8</b>	<b>10</b>	<b>4</b>	<b>8</b>
<b>18 - Middle Peninsula</b>		Essex Co.	0	1	1	0	1
	18	Gloucester Co.	0	0	0	0	0
	18	King and Queen					
	18	Co.	0	0	0	0	0
	18	King William Co.	2	3	5	4	5
	18	Mathews Co.	0	0	0	0	0
	18	Middlesex Co.	0	0	0	0	0
	<b>PDC 18 Total</b>		<b>2</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>6</b>
<b>19 - Crater</b>		Chesterfield Co.	28	37	65	26	45
	19	Colonial Heights	1	0	1	0	1
	19	Dinwiddie Co.	9	7	16	9	15
	19	Emporia	2	5	7	3	5
	19	Greensville Co.	3	9	12	6	12

## Appendix 3: Site and Building Data for FY 2007

	19	Hopewell	4	3	7	2	6
	19	Petersburg	8	7	15	9	15
	19	Prince George Co.	15	20	35	14	24
	19	Surry Co.	1	0	1	0	1
	19	Sussex Co.	2	0	2	0	2
		<b>PDC 19 Total</b>	<b>73</b>	<b>88</b>	<b>161</b>	<b>39</b>	<b>69</b>
<b>22 - Accomack-Northampton</b>		Accomack Co.	0	1	1	0	1
	22	Northampton Co.	0	2	2	1	2
		<b>PDC 22 Total</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>3</b>
<b>23 - Hampton Roads</b>		Chesapeake	11	17	28	12	18
	23	Franklin	4	2	6	2	5
	18	Gloucester Co.	0	0	0	0	0
	23	Hampton	0	19	19	9	14
	23	Isle of Wight Co.	16	5	21	7	17
	23	James City Co.	15	6	21	12	17
	23	Newport News	3	4	7	6	7
	23	Norfolk	0	7	7	3	6
	23	Poquoson	0	0	0	0	0
	23	Portsmouth	1	4	5	5	5
	23	Southampton	5	4	9	4	8
	23	Suffolk	7	27	34	19	23
	19	Surry Co.	1	0	1	0	1
	23	Virginia Beach	3	4	7	4	4
	23	Williamsburg	0	0	0	0	0
	23	York Co.	2	3	5	3	4
		<b>PDC 23 Total</b>	<b>68</b>	<b>102</b>	<b>170</b>	<b>34</b>	<b>52</b>
		<b>State Total<sup>3</sup></b>	<b>561</b>	<b>712</b>	<b>1273</b>	<b>102</b>	<b>177</b>

<sup>1</sup>Does not include multiple proposals or RFIs 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.

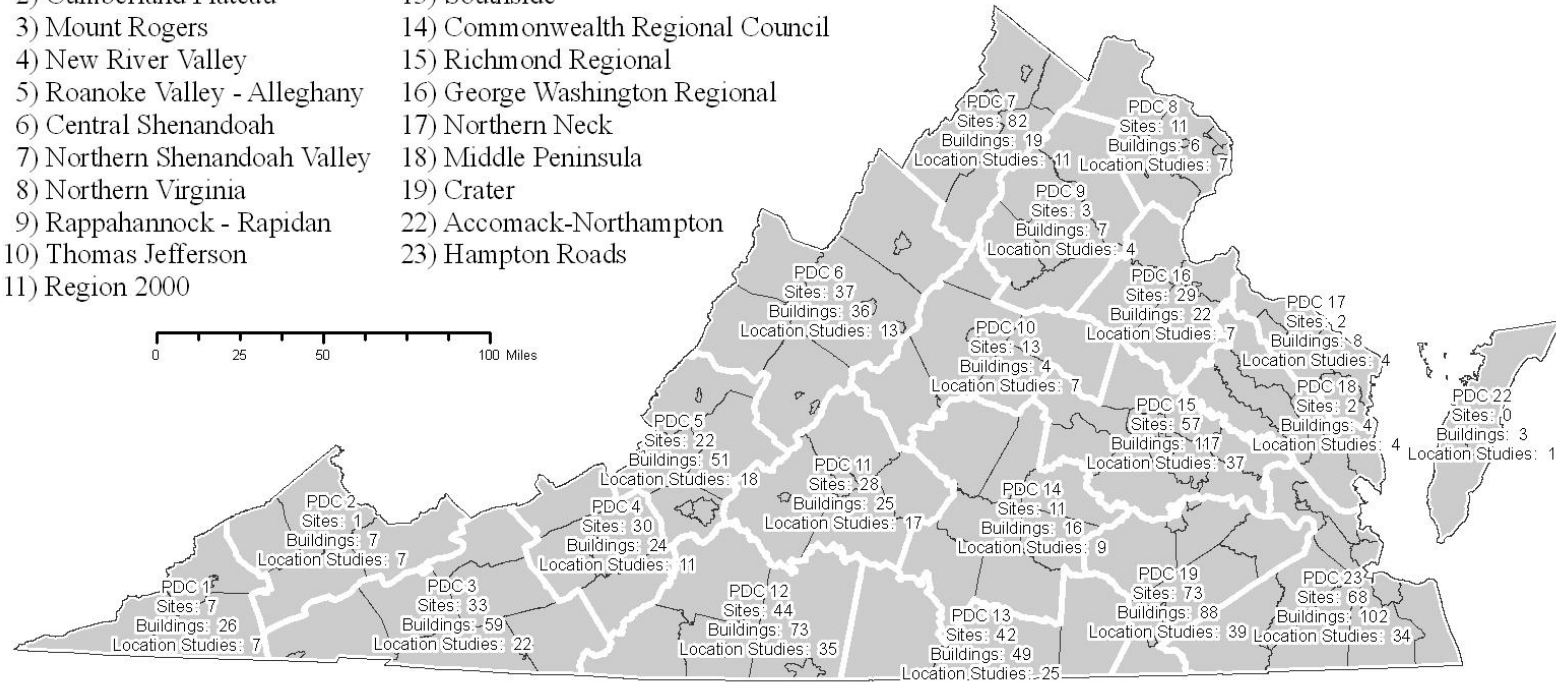
<sup>3</sup>State total does not include duplicate entries for Franklin, Chesterfield, Surry, and Gloucester Counties, each located in two PDCs.

## Appendix 3: Site and Building Data for FY 2007

### Community Location Studies, Sites and Buildings Meeting Prospect Requirements by Planning District Fiscal Year 2007

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

- |                               |                                   |
|-------------------------------|-----------------------------------|
| 1) Lenowisco                  | 12) West Piedmont                 |
| 2) Cumberland Plateau         | 13) Southside                     |
| 3) Mount Rogers               | 14) Commonwealth Regional Council |
| 4) New River Valley           | 15) Richmond Regional             |
| 5) Roanoke Valley - Alleghany | 16) George Washington Regional    |
| 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               |                                   |



\* Location Studies data do not include multiple proposals or RFIs for the same project and properties; existing industry proposals; or other project-related assistance not including site or building recommendations.

\*\* PDC 8 totals do not reflect additional recommendations of office/flex space not included in VEDP's sites & buildings database.

\*\*\* State total does not include duplicate entries for Franklin, Chesterfield, Surry, and Gloucester Counties, each located in two PDCs.

Map created by Virginia Economic Development Partnership, October 2007

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Carroll Engineering Group, Inc.	1	Wise Co.	N	N	541611	Back office & customer service operations; mining equipment	8	\$0.15
Holston Medical Group	1	Scott Co.	N	N	518210	Medical records data center	40	\$3.00
					<i>New Total</i>	<i>2 announcements</i>	<i>48</i>	<i>\$3.15</i>
Buchanan Pump Service & Supply Co.	1	Wise Co.	M	E	332710	Pumps; machine shop, fabrication shop, testing center	15	\$0.00
KCG Call Centers, LLC	1	Lee Co.	N	E	561422	Customer service center for a major satellite radio firm	50	\$0.00
Tempur Production USA Inc.	1	Scott Co.	M	E	337910	Foam mattresses and pillows	20	\$3.50
The Results Companies	1	Scott Co.	N	E	561422	Customer service center; life and health insurance	75	\$0.25
					<i>Expansion Total</i>	<i>4 announcements</i>	<i>160</i>	<i>\$3.75</i>
	<b>PDC 1 Total</b>					<b>6 announcements</b>	<b>208</b>	<b>\$6.90</b>
Jennmar Corporation of Virginia, Inc.	2	Tazewell Co.	M	N	332322	Corrugated metal products, steel-related roof control products	70	\$6.00
					<i>New Total</i>	<i>1 announcement</i>	<i>70</i>	<i>\$6.00</i>
Equitable Resources	2	Dickenson Co.	N	E	213112	Natural gas exploration and well operations	30	\$203.50
					<i>Expansion Total</i>	<i>1 announcement</i>	<i>30</i>	<i>\$203.50</i>
	<b>PDC 2 Total</b>					<b>2 announcements</b>	<b>100</b>	<b>\$209.50</b>
Gates Corporation	3	Washington Co.	M	N	336399	Hydraulic systems for industrial equipment and vehicles	172	\$8.79
Iberia Agencia de Maderas S.L.*	3	Galax	N	N	423310	Processing and distribution center; lumber	20	\$0.30
United Salt Corporation	3	Smyth Co.	M	N	311942	Manufacture table salt	18	\$8.50
Virginia Cobia Farms LLC	3	Smyth Co.	N	N	541710	Aquaculture technology and research	60	\$31.33
Virginia Premier Health Plan	3	Bristol	N	N	524114	Back office; health management services	25	\$0.30
Wellborn Cabinet, Inc.	3	Smyth Co.	M	N	337110	Manufacture wood cabinets	100	\$3.00
					<i>New Total</i>	<i>6 announcements</i>	<i>395</i>	<i>\$52.22</i>
American Wood Fibers	3	Smyth Co.	M	E	321113	Manufacture wood chips for bedding	30	\$9.00
Brewer Automotive Components Inc.	3	Wythe Co.	M	E	336330	Manufacture automotive steering components	50	\$15.00
Coalfield Services, Inc.	3	Wythe Co.	M	E	333131	Manufacture, install & service mining equipment	25	\$2.00
eTechSecurityPro	3	Washington Co.	N	E	541512	IT security consulting and enterprise security auditing	20	\$0.20
Klöckner Pentaplast of America Inc.	3	Wythe Co.	M	E	326113	Rigid plastic films	17	\$3.00



## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
Magnetic Technologies Corporation	3	Wythe Co.	M	E	335311	Manufacture dry-type power transformers	29	\$0.10	
Mid-Atlantic Manufacturing & Hydraulics, Inc.	3	Wythe Co.	M	E	332710	Machining for the fluid power, mining, and construction industries	50	\$6.00	
Mid-Atlantic Manufacturing & Hydraulics, Inc.	3	Wythe Co.	M	E	332710	Machining for the fluid power, mining, and construction industries	0	\$1.00	
Musser Lumber Sales Inc.	3	Wythe Co.	M	E	321912	HQ, dimension lumber, molding and flooring	34	\$0.50	
Pepsi Bottling Group, Inc.	3	Wythe Co.	M	E	312111	Manufacture soft drinks and bottled water	20	\$17.00	
PepsiCo., Inc.	3	Wythe Co.	M	E	312111	Manufacture beverages; Gatorade®	40	\$0.00	
Strongwell Corporation	3	Bristol	M	E	326199	Manufacture fiberglass and plastic combination awnings	50	\$1.00	
The Results Companies	3	Galax	N	E	561422	Customer service center for XM Satellite Radio	255	\$0.50	
U.S. Solutions Group, Inc.	3	Smyth Co.	N	E	561422	Customer service call center	90	\$1.30	
				<i>Expansion Total</i>		<i>14 announcements</i>	710	\$56.60	
<b>PDC 3 Total</b>							<b>20 announcements</b>	<b>1,105</b>	<b>\$108.82</b>
Bluestone Industries, Inc.	4	Montgomery Co.	N	N	551114	Corporate HQ; bituminous coal & lignite-surface mining	8	\$0.50	
Dex*	4	Floyd Co.	M	N	336399	Disassemble used trucks, recondition/distribute the parts	25	\$1.25	
Micron Technology, Inc.	4	Montgomery Co.	N	N	541330	Semiconductor processing laboratory; microelectronic engineering	0	\$0.75	
				<i>New Total</i>		<i>3 announcements</i>	33	\$2.50	
Envirosealed, Inc.	4	Montgomery Co.	M	E	334119	Manufacture computer and printer enclosures	20	\$0.25	
Federal-Mogul Corporation	4	Montgomery Co.	M	E	333613	Manufacture antifriction engine and replacement bearings	71	\$12.73	
MapTech, Inc.	4	Montgomery Co.	N	E	541511	GIS software integration	0	\$0.50	
New River Pharmaceuticals Inc.	4	Montgomery Co.	N	E	541710	Pharmaceutical research and development	10	\$1.60	
				<i>Expansion Total</i>		<i>4 announcements</i>	101	\$15.08	
<b>PDC 4 Total</b>							<b>7 announcements</b>	<b>134</b>	<b>\$17.58</b>
Smorgon Steel Group Ltd.*	5	Botetourt Co.	M	N	331111	Manufacture LiteSteel beam	55	\$24.40	
				<i>New Total</i>		<i>1 announcement</i>	55	\$24.40	
Altec Industries, Inc.	5	Botetourt Co.	M	E	333120	Manufacture truck-mounted mobile equipment	100	\$3.00	
Atlantic Credit and Finance Inc.	5	Roanoke City	N	E	561440	HQ; credit collection services	93	\$1.70	
Bacova Guild, LTD.	5	Alleghany Co.	M	E	314110	Printed accent rugs, printed floor mats, bathroom ensembles	45	\$2.30	
Double Envelope	5	Roanoke Co.	M	E	322232	Manufacture envelopes	25	\$0.75	

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Frank Chervan, Inc.	5	Roanoke City	M	E	337122	Manufacture furniture frames	33	\$2.40
FreightCar America, Inc.	5	Roanoke City	M	E	336510	Manufacture railroad freight cars	100	\$0.00
Maple Leaf Bakery USA *	5	Roanoke City	M	E	311812	Commercial bakery	3	\$10.00
Steel Dynamics Roanoke Bar Division	5	Roanoke City	M	E	311111	Fabricate structural steel for metal building construction	0	\$20.30
Wachovia	5	Roanoke Co.	N	E	561422	Customer service center; credit card, mortgage & lending services	150	\$0.00
					<i>Expansion Total</i>	<i>9 announcements</i>	<i>549</i>	<i>\$40.45</i>
	<b>PDC 5 Total</b>					<b>10 announcements</b>	<b>604</b>	<b>\$64.85</b>
Criticon Corporation	6	Harrisonburg	N	N	518210	Data processing and preparation	25	\$115.00
SRI International	6	Rockingham Co.	N	N	541710	Center for Advanced Drug Research	100	\$12.53
					<i>New Total</i>	<i>2 announcements</i>	<i>125</i>	<i>\$127.53</i>
Ariake USA, Inc.*	6	Harrisonburg	M	E	311422	Manufacture soup and sauce base	25	\$18.00
Atlantic Research Group, Inc.	6	Staunton	N	E	541511	Clinical software; clinical monitoring, project management	15	\$0.00
Graham Packaging Company, L.P.	6	Harrisonburg	M	E	326160	Manufacture HDPE extrusion blow molded bottles	50	\$2.40
Hershey Chocolate of Virginia, Inc.	6	Augusta Co.	M	E	311320	Manufacture chocolate and confectionery	150	\$25.00
Kawneer Company, Inc.	6	Harrisonburg	N	E	541330	Engineering services; special projects division	15	\$0.00
Merck & Co., Inc.	6	Rockingham Co.	M	E	325412	Pharmaceuticals; manufacture vaccines	70	\$193.00
Merck & Co., Inc.	6	Rockingham Co.	M	E	325412	Pharmaceuticals; manufacture vaccines	0	\$57.20
Shenandoah Growers, Inc.	6	Rockingham Co.	N	E	111419	HQ; herb growing and herb brokerage	20	\$3.20
SI International, Inc.	6	Harrisonburg	N	E	541512	Information technology and network solutions	150	\$0.00
Tenneco Inc., Walker Mfg.	6	Harrisonburg	M	E	336399	Automotive exhaust systems	0	\$3.40
Tyson Foods Inc.	6	Harrisonburg	M	E	311645	Poultry processing	110	\$2.50
Virginia Poultry Growers Cooperative, Inc.	6	Rockingham Co.	N	E	424910	Grain storage and distribution facility	5	\$9.50
					<i>Expansion Total</i>	<i>12 announcements</i>	<i>610</i>	<i>\$314.20</i>
	<b>PDC 6 Total</b>					<b>14 announcements</b>	<b>735</b>	<b>\$441.73</b>
ProVenture Commercial Real Estate	7	Frederick Co.	N	N	493190	Distribute retail products	18	\$12.00
					<i>New Total</i>	<i>1 announcement</i>	<i>18</i>	<i>\$12.00</i>
Creative Urethanes, Inc.	7	Frederick Co.	M	E	326150	Manufacture urethane products	0	\$0.70

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
EMCO Enterprises, Inc.	7	Page Co.	M	E	321911	Manufacture wood windows and patio doors	0	\$1.50
O'Sullivan Films Inc.*	7	Winchester	M	E	326113	Vinyl, polymer, alloy sheets and films	50	\$1.20
Trex Company Inc.	7	Frederick Co.	M	E	321219	Wood/plastic composite lumber	140	\$18.00
					<i>Expansion Total</i>	<i>4 announcements</i>	<i>190</i>	<i>\$21.40</i>
	<b>PDC 7 Total</b>					<b>5 announcements</b>	<b>208</b>	<b>\$33.40</b>
ABF Freight	8	Prince William Co.	N	N	484122	Long-distance freight hauling	30	\$1.50
Chocolaterie Wanders	8	Prince William Co.	M	N	311320	Chocolate manufacturing; production facility	2	\$0.20
Conservation International	8	Arlington Co.	N	N	813312	HQ; environmental advocacy organization	320	\$1.00
FeedeliX Wireless	8	Fairfax Co.	N	N	551114	Corporate HQ; text-message software	30	\$0.00
HCA Capital Division	8	Fairfax Co.	N	N	551114	Divisional HQ; healthcare services provider	100	\$0.00
Hexago*	8	Arlington Co.	N	N	541511	IPv6 deployment solutions	25	\$0.00
i2S, Inc.	8	Fairfax Co.	N	N	541512	IT, engineering, and analysis services	65	\$0.00
Ironworks Consulting	8	Fairfax Co.	N	N	541512	Technology consulting	20	\$0.00
McCollister's Transportation Group, Inc.	8	Prince William Co.	N	N	484121	Specialized storage, transportation, and logistics services	60	\$9.00
Qmobile	8	Fairfax Co.	N	N	551114	Corporate HQ; digital media services	35	\$0.00
R2i.ntegrated	8	Fairfax Co.	N	N	541613	Digital marketing communications and technology	12	\$0.00
SunRocket, Inc.	8	Fairfax Co.	N	N	561422	Customer service center: Internet phone service	500	\$0.00
Tosoh America, Inc.*	8	Manassas	M	N	325199	Industrial and specialty chemicals	27	\$4.00
Trinity Telecom	8	Prince William Co.	N	N	541330	Telecommunications engineering, furnish and installation services	8	\$0.10
Vanguard Services	8	Fairfax Co.	N	N	541511	Software integration	10	\$0.00
					<i>New Total</i>	<i>15 announcements</i>	<i>1,244</i>	<i>\$15.80</i>
A.T. Kearney, Inc.	8	Fairfax Co.	N	E	541611	Management consulting firm	25	\$0.00
ABC Supply Company	8	Prince William Co.	N	E	423330	Distribution of roofing and siding materials, tools, and supplies	0	\$3.00
Acumen Solutions, Inc.	8	Fairfax Co.	N	E	541512	Business and technology consulting	118	\$0.00
Advanced Systems Development, Inc.	8	Arlington Co.	N	E	541512	Enterprise IT solutions provider	87	\$0.00
Alteritech	8	Fairfax Co.	N	E	541512	IT infrastructure consulting	34	\$0.00
AMERICAN SYSTEMS Corporation	8	Fairfax Co.	N	E	541330	Systems engineering services	215	\$0.00

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Apogen Technologies, Inc.*	8	Fairfax Co.	N	E	541512	Provide technology solutions, subsidiary HQ	266	\$0.00
Automotive Resources, Inc.	8	Prince William Co.	M	E	333999	Manufacture/distribute ARI-HETRA heavy duty mobile lifting system	19	\$6.00
Blue Collar Objects	8	Fairfax City	N	E	541512	Information technology integration services	171	\$0.90
Bogart Associates, Inc.	8	Fairfax Co.	N	E	541512	Provide IT services to the federal government	50	\$0.00
CAM Communications, Inc.	8	Fairfax Co.	N	E	541330	Telecommunications engineering, furnish and installation services	80	\$0.00
Capital Logistics Services	8	Prince William Co.	N	E	423860	Distribute aircraft parts	12	\$0.75
Software Engineering Institute	8	Arlington Co.	N	E	541710	Software engineering services, R&D center	50	\$0.50
Cloakware Inc.	8	Fairfax Co.	N	E	541511	Corporate HQ; integrated software protection solutions	70	\$0.00
CommuniClique	8	Arlington Co.	N	E	541511	Web-based software services	45	\$0.00
Compumatics Group, Inc.	8	Fairfax Co.	N	E	541512	Information technology solutions	20	\$0.00
Compumatics Group, Inc.	8	Fairfax Co.	N	E	541512	Information technology solutions	120	\$0.20
COmputing TechnologIeS, Inc.	8	Prince William Co.	N	E	541512	Regional office, federal government services contractor	10	\$0.72
ConceptSolutions, LLC	8	Fairfax Co.	N	E	541512	Information management and technology consulting	25	\$0.00
Cox Communications Inc.	8	Fairfax Co.	N	E	517510	VA HQ; cable television & Internet services provider	100	\$0.00
Cuisine Solutions	8	Alexandria	M	E	311412	Manufacture fully cooked, frozen entrees and sauces	0	\$1.72
Digital Realty Trust, Inc.	8	Loudoun Co.	N	E	518210	Manages technology and data center-related real estate	0	\$62.50
DRS Technologies	8	Arlington Co.	M	E	334511	Defense electronic systems; search & navigation equipment	100	\$0.50
DynCorp International	8	Fairfax Co.	N	E	541512	Specialized technical services; project management; division HQ	50	\$0.00
Electronic Consulting Services, Inc. (ECS)	8	Fairfax Co.	N	E	541511	Mission-critical system and software development	131	\$0.00
Endeavor Systems Inc.	8	Fairfax Co.	N	E	541512	Information security solutions for Federal agencies	8	\$1.50
Engineering, Management, & Integration Inc.	8	Fairfax Co.	N	E	541330	Engineering and management consulting	20	\$0.00
Enterra Solutions, LLC	8	Fairfax Co.	N	E	541511	Enterprise Resilience Management Solution software	87	\$0.00
Equinix, Inc.	8	Loudoun Co.	N	E	518210	Data center & Internet exchange services	0	\$70.00
Evolver, Inc.	8	Fairfax Co.	N	E	541512	Information technology solutions provider	84	\$0.00
G&B Solutions, Inc.	8	Fairfax Co.	N	E	541512	Management consulting services and IT solutions	25	\$0.00
Green Front Furniture	8	Prince William Co.	N	E	423210	Furniture warehouse and distribution	12	\$3.10
Gudent Technologies, Inc.	8	Fairfax Co.	N	E	541512	IT services; business intelligence & Oracle solutions	23	\$0.00

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
H2Gen Innovations, Inc.	8	Alexandria	M	E	333132	On-site hydrogen generators & gas purification plants	120	\$0.35
Harris Technical Services Corp.	8	Fairfax Co.	N	E	541512	Secure enterprise networks, HQ Technical Services Division	42	\$0.00
Hitachi Data Systems Corporation*	8	Fairfax Co.	N	E	541512	Optimized data storage technology solutions	20	\$0.00
Infinitive	8	Fairfax Co.	N	E	541611	Corporate HQ; management consulting	33	\$0.00
Innocoll, Inc.	8	Loudoun Co.	M	E	339112	Surgical and dermatological products	19	\$0.00
Irving Burton Associates	8	Fairfax Co.	N	E	541611	Technical and management consulting	23	\$0.00
ITT Advanced Engineering & Sciences	8	Fairfax Co.	N	E	541512	IT services, telecom systems, homeland defense; subsidiary HQ	115	\$0.00
Javien Digital Payment Solutions, Inc.	8	Fairfax Co.	N	E	541512	Micropayment processing technology, e-commerce solutions	16	\$0.10
K2M, LLC	8	Loudoun Co.	M	E	339112	Manufacture spinal medical devices	249	\$8.40
Kettler	8	Fairfax Co.	N	E	551114	HQ; commercial and residential developers	39	\$0.00
Kingfisher Systems, Inc.	8	Arlington Co.	N	E	541512	Information technology for national security	78	\$1.23
LCC International Inc.	8	Fairfax Co.	N	E	551114	Corporate HQ; wireless telecommunications service provider	35	\$0.00
Lore Internet Systems, Inc.	8	Fairfax Co.	N	E	518111	Internet access and Web hosting	33	\$0.10
Marine Toys for Tots Foundation	8	Prince William Co.	N	E	551114	National HQ; fund raising	0	\$5.60
mPortal Inc.	8	Fairfax Co.	N	E	541511	Mobile content and applications	17	\$0.70
NCS Technologies	8	Prince William Co.	M	E	331444	Manufacture turn-key computer systems	65	\$9.00
NETCOM Group	8	Fairfax Co.	N	E	541512	IT consulting services	30	\$0.00
Not publicly announced	8	Prince William Co.	N	E	541512	Defense systems engineering	4	\$1.00
Phoenix Consulting Group, Inc.	8	Fairfax Co.	N	E	541690	Training and various consulting services to the federal government	50	\$0.00
Platinum Solutions, Inc.	8	Fairfax Co.	N	E	541511	Software development	125	\$0.10
PLP Digital Systems, Inc.	8	Arlington Co.	N	E	541511	Production workflow management software/decision support tools	85	\$0.20
Portal Dynamics	8	Fairfax Co.	N	E	541512	Information technology and systems integration	81	\$1.70
PositiveEdge Technologies, Inc.*	8	Fairfax Co.	N	E	541512	Software development, Web solutions, IT consulting, E-learning	15	\$0.00
Power Loft LLC	8	Prince William Co.	N	E	518210	Data center campus	0	\$120.00
RAM Consulting Corporation	8	Loudoun Co.	N	E	541512	Computer systems design services	19	\$0.11
Rosetta Stone Technologies	8	Arlington Co.	N	E	541511	HQ; foreign language teaching software	60	\$0.00
SAIC	8	Prince William Co.	N	E	541512	IT consulting, research & engineering, defense contractor	10	\$0.30

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
SecureInfo	8	Fairfax Co.	N	E	541512	HQ; provider of information assurance solutions	20	\$0.00
Shared Spectrum Company	8	Fairfax Co.	N	E	541330	Dynamic spectrum access and spectrum measurement technologies	18	\$0.00
SI International, Inc.	8	Fairfax Co.	N	E	541512	HQ; Information technology and network solutions	100	\$0.00
Siteworx, Inc.	8	Fairfax Co.	N	E	541512	Technology consulting	57	\$0.00
Smiths Detection*	8	Arlington Co.	N	E	541512	Develop technologies that detect/identify chemical & biological threats	50	\$0.30
SNAP, Inc.	8	Fairfax Co.	N	E	541512	IT and mission-critical on-site support services	42	\$0.00
Spatial Data Analytics Corporation (SPADAC)	8	Fairfax Co.	N	E	541370	Geospatial technologies and services	210	\$0.20
Squire, Sanders & Dempsey L.L.P.	8	Fairfax Co.	N	E	541110	Business law	17	\$0.00
StackSafe	8	Fairfax Co.	N	E	541511	Software development	30	\$0.35
Stanley Associates, Inc.	8	Prince William Co.	N	E	541512	Information technology consultants, defense contractor	98	\$5.00
Tandberg, Inc.*	8	Fairfax Co.	N	E	561499	Teleconferencing applications provider	90	\$0.00
Triumph Technologies, Inc.	8	Fairfax Co.	N	E	541611	Program management, IT & security operations services	201	\$0.15
TriVision Studios, Inc.*	8	Fairfax Co.	N	E	512110	Global media, advertising, and entertainment; TV production studio	25	\$2.00
U.S. Investigations Services (USIS)	8	Fairfax Co.	N	E	551114	HQ; information and security services; background investigations	206	\$0.00
United States Postal Service	8	Prince William Co.	N	E	491110	Regional hub/distribution center	0	\$2.00
Verizon Communications Inc.	8	Fairfax Co.	N	E	517110	Fiber optic cable Internet and television services	69	\$0.00
Whitney, Bradley & Brown, Inc.	8	Fairfax Co.	N	E	541611	Technical and management consulting	50	\$0.00
					<i>Expansion Total</i>	<i>77 announcements</i>	<i>4,723</i>	<i>\$310.28</i>
	<b>PDC 8 Total</b>					<b>92 announcements</b>	<b>5,967</b>	<b>\$326.08</b>
American Biodiesel Corporation	9	Orange Co.	M	N	324110	Manufacture diesel fuel from processed soybeans	5	\$2.00
Terremark Worldwide, Inc.	9	Culpeper Co.	N	N	518210	Managed IT infrastructure solutions; data center campus	250	\$270.00
					<i>New Total</i>	<i>2 announcements</i>	<i>255</i>	<i>\$272.00</i>
Federal Aviation Administration	9	Fauquier Co.	N	E	926120	System Command Center; tactical & strategic activities	0	\$50.00
Greenberry's Coffee Roasters, Inc.	9	Orange Co.	M	E	311920	Coffee roasting, packaging, and distribution	8	\$1.60
Lohmann Specialty Coatings LLC *	9	Orange Co.	M	E	325520	Adhesive coatings and specialty tapes	4	\$2.00
					<i>Expansion Total</i>	<i>3 announcements</i>	<i>12</i>	<i>\$53.60</i>
	<b>PDC 9 Total</b>					<b>5 announcements</b>	<b>267</b>	<b>\$325.60</b>

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Hairfield Lumber Corporation	10	Louisa Co.	N	E	423310	Lumber wholesale and distribution	5	\$0.55
Video Gaming Technologies Inc.	10	Greene Co.	N	E	541511	Electronic bingo, poker and blackjack casino game developer	200	\$0.00
Wal-Mart Stores Inc.	10	Louisa Co.	N	E	424990	Distribution center, consumer goods	100	\$0.00
					<i>Expansion Total</i>	<i>3 announcements</i>	<i>305</i>	<i>\$0.55</i>
	<b>PDC 10 Total</b>					<b>3 announcements</b>	<b>305</b>	<b>\$0.55</b>
The Matrixx Group	11	Bedford City	M	N	325211	Manufacture thermoplastic compounds	40	\$9.85
					<i>New Total</i>	<i>1 announcement</i>	<i>40</i>	<i>\$9.85</i>
Auto-Owners Insurance Company	11	Bedford Co.	N	E	524126	Regional Insurance office	21	\$6.00
Barr Laboratories Inc.	11	Bedford Co.	M	E	325412	Pharmaceuticals	100	\$0.00
Blue Ridge Optics, LLC	11	Bedford City	M	E	333314	Manufacture precision optical components and coatings	15	\$0.20
Brown Machine Works, Inc.	11	Campbell Co.	M	E	332710	Machining, fabricating, and welding	10	\$0.11
C.A. Tooling	11	Lynchburg	M	E	332997	Plastic injection tooling, foundry patterns and core boxes	10	\$0.50
Dinner Bell Meats	11	Lynchburg	M	E	311611	Manufacture meat products	50	\$0.50
IMI Enterprises	11	Lynchburg	M	E	332999	Design/manufacture/distribute nuclear metal components	30	\$2.50
Prototype Advertising	11	Lynchburg	N	E	541810	Advertising agency	25	\$1.80
RMJ Machine Technologies, Inc.	11	Lynchburg	M	E	332710	Precision machining & component manufacturing	5	\$0.16
S & S Machine Shop	11	Amherst Co.	M	E	332999	Design and manufacture metal fabricated parts	20	\$0.50
Smyth Companies, Inc.	11	Bedford City	M	E	322221	Manufacture flat and pressure sensitive labels	16	\$4.00
Tessy Plastics LLC	11	Lynchburg	M	E	326199	Plastic injection molding	120	\$2.50
Weldex Sales Corporation	11	Bedford Co.	M	E	335911	Manufacture industrial batteries and related items	5	\$0.10
					<i>Expansion Total</i>	<i>13 announcements</i>	<i>427</i>	<i>\$18.87</i>
	<b>PDC 11 Total</b>					<b>14 announcements</b>	<b>467</b>	<b>\$28.72</b>
Armet Armored Vehicles, Inc.*	12	Danville	M	N	336992	Manufacture armored vehicles	60	\$0.85
Blue Ridge Aquaculture	12	Henry Co.	N	N	541710	Research of shrimp production	0	\$2.40
Gildan Activewear, Inc.*	12	Henry Co.	N	N	424320	Distribution center, apparel	160	\$6.60
Horizontech, Inc.	12	Danville	N	N	518210	Data archiving services, scanning and data entry	100	\$1.10
Matrix Technologies, Inc.	12	Pittsylvania Co.	N	N	221119	Convert waste to energy/manufacture concrete replacement	500	\$20.00

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Medical Data Systems, Inc.	12	Martinsville	N	N	541219	Back-office operations; accounts receivables	80	\$0.40
Swedwood North America*	12	Pittsylvania Co.	M	N	337122	Manufacture wood furniture for IKEA	740	\$281.10
					<i>New Total</i>	<i>7 announcements</i>	<i>1,640</i>	<i>\$312.45</i>
Corning, Inc.	12	Danville	M	E	333314	Polarized glass product used in laser telecommunications	50	\$12.05
Essel Propack America LLC*	12	Danville	M	E	326199	Toothpaste tubes; printing center	35	\$14.00
GS Industries of Bassett, Inc.	12	Henry Co.	M	E	326199	Plastic injection molded parts	30	\$0.75
L and D Industries, Inc.	12	Pittsylvania Co.	M	E	332722	Manufacture industrial and commercial screw machined products	15	\$0.00
LifePoint Hospitals, Inc.	12	Martinsville	N	E	541219	Back-office operations; healthcare accounts receivables	20	\$0.00
Nestlé Refrigerated Foods*	12	Danville	M	E	311991	Manufacture cookie dough	50	\$20.00
Shorewood Packaging Corp.	12	Danville	M	E	322212	Printed paperboard cartons	0	\$15.00
Smart Machine Technologies, Inc.	12	Martinsville	M	E	332710	Design, manufacture and install production equipment	15	\$0.30
The Results Companies	12	Patrick Co.	N	E	561422	Customer service center; life and health insurance	60	\$0.00
The Results Companies	12	Patrick Co.	N	E	561422	Customer service center; life and health insurance	65	\$1.20
The Results Companies	12	Patrick Co.	N	E	561422	Customer service center; life and health insurance	50	\$0.00
U.S. Components, LLC	12	Danville	M	E	321214	Manufacture wood roof, floor, and wall trusses	55	\$1.50
					<i>Expansion Total</i>	<i>12 announcements</i>	<i>445</i>	<i>\$64.80</i>
	<b>PDC 12 Total</b>					<b>19 announcements</b>	<b>2,085</b>	<b>\$377.25</b>
Galaxy Plastic Industries, Inc.	13	Mecklenburg Co.	M	N	326130	Acrylic sheets and plastic fabricator accessories	15	\$0.51
					<i>New Total</i>	<i>1 announcement</i>	<i>15</i>	<i>\$0.51</i>
Gloster Furniture, Inc.*	13	Halifax Co.	N	E	423210	Import and distribute outdoor furniture	23	\$0.40
					<i>Expansion Total</i>	<i>1 announcement</i>	<i>23</i>	<i>\$0.40</i>
	<b>PDC 13 Total</b>					<b>2 announcements</b>	<b>38</b>	<b>\$0.91</b>
Alderman Rail Car Services	14	Charlotte Co.	M	N	336510	Railcar repair and fabrication	110	\$3.50
Ferguson Enterprises Inc. *	14	Prince Edward Co.	N	N	423720	Warehouse/distribution of plumbing supplies	6	\$0.50
					<i>New Total</i>	<i>2 announcements</i>	<i>116</i>	<i>\$4.00</i>
CMC Rebar Virginia	14	Prince Edward Co.	M	E	332312	Rebar, reinforced steel; training center	60	\$1.00
					<i>Expansion Total</i>	<i>1 announcement</i>	<i>60</i>	<i>\$1.00</i>



## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
		<b>PDC 14 Total</b>					<b>3 announcements</b>	<b>176</b>	<b>\$5.00</b>
Allied International Credit Corp.*	15	Henrico Co.	N	N	551114	U.S. HQ: debt collection/accounts receivable management programs	250	\$2.50	
American Red Cross	15	Henrico Co.	N	N	424990	East Coast disaster supply distribution center	30	\$6.00	
Biagi Brothers	15	Henrico Co.	N	N	424810	Mexican beverage distributor	45	\$1.70	
Equustock, LLC	15	Chesterfield Co.	M	N	321113	Manufacture horse bedding pellet	14	\$1.40	
Kenco Group, Inc.	15	Henrico Co.	N	N	493110	Logistics solutions provider	15	\$0.45	
Konica Minolta Business Solutions, Inc.*	15	Henrico Co.	N	N	541611	District office; document management/workflow solutions products	10	\$0.30	
MDS Pharma*	15	Richmond	N	N	541710	Drug research and development solutions	80	\$2.00	
MeadWestvaco Corporation	15	Richmond	N	N	551114	Corporate HQ; packaging solutions & products	0	\$55.00	
Office Furniture Solutions	15	Henrico Co.	N	N	423210	Distribution center, office furniture	20	\$0.75	
Rheingold USA*	15	Henrico Co.	M	N	321918	Manufacture wood staircase pieces	3	\$0.32	
Virginia Polymer Services	15	Richmond	M	N	325211	Recycle plastic	35	\$1.20	
					<b>New Total</b>		<b>11 announcements</b>	<b>502</b>	<b>\$71.62</b>
Atlantic Corporate Packaging	15	Henrico Co.	M	E	322211	Supply packaging equipment & custom converted products	17	\$2.67	
Bergman Group	15	Henrico Co.	N	E	541613	Marketing consulting services	0	\$0.40	
Bostwick Laboratories	15	Henrico Co.	N	E	551114	Corporate HQ; pathology reference laboratory	600	\$4.58	
Capital One Financial Corp.	15	Henrico Co.	N	E	522210	Financial services	0	\$5.28	
Creative Office Environments	15	Hanover Co.	N	E	551114	Corporate HQ; office planning, furnishing, workspace consulting	0	\$6.46	
Dominion Fiber Technologies	15	Henrico Co.	M	E	313112	Convert nylon and polyester fibers	15	\$1.50	
Dynamex, Inc.	15	Henrico Co.	N	E	484122	Same-day transportation and distribution services	5	\$0.80	
Dynamic Packaging	15	Chesterfield Co.	M	E	326112	Manufacture plastic protective packaging	0	\$0.20	
Environmental Solutions Inc.	15	Chesterfield Co.	M	E	325314	Manufacture compost	0	\$3.50	
Hanson Brick & Tile*	15	Hanover Co.	M	E	327331	Simulated rock-face concrete wall brick	0	\$14.80	
Hunton & Williams	15	Henrico Co.	N	E	541110	Business law	5	\$0.61	
Isis, Inc.	15	Henrico Co.	N	E	541512	Business technology solution provider	5	\$0.00	
Jewett Automation	15	Richmond	N	E	541330	Engineering services; design/manufacture custom equipment	0	\$0.30	
Jungheinrich Lift Truck Corp.*	15	Henrico Co.	N	E	423830	U.S. HQ; supplier of materials handling equipment	16	\$0.00	

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Lewis Creative Technologies	15	Henrico Co.	M	E	323115	Commercial printing, variable information printing, mailing/fulfillment	40	\$0.65
Luck Stone Corporation	15	Goochland Co.	N	E	551114	Corporate HQ; crushed stone, sand and gravel	0	\$25.00
Metal Building Components, L.P.	15	Chesterfield Co.	M	E	332311	Manufacture prefabricated metal buildings and components	30	\$5.00
Packet360	15	Henrico Co.	N	E	541512	IT integration services	40	\$1.20
Pearson Government Solutions	15	Chesterfield Co.	N	E	561422	Call center; government services	160	\$0.00
Precision Engineering	15	Chesterfield Co.	M	E	332710	Manufacture precision gear and machine parts	0	\$1.90
PSI Group, Inc.	15	Hanover Co.	N	E	561499	Presort mail operating center	55	\$3.00
Resort Hotel Association	15	Richmond	N	E	813910	Trade association; insurance industry	15	\$0.00
Sonoco	15	Chesterfield Co.	M	E	323122	Pre-press graphics and Keating Rotogravure cylinder manufacturing	0	\$8.00
Velocity Micro, Inc.	15	Chesterfield Co.	M	E	334111	Manufacture custom-made, high-end computers	46	\$0.30
Verizon Communications Inc.	15	Henrico Co.	N	E	517110	Telecommunications	6	\$0.12
World Access, Inc.	15	Henrico Co.	N	E	524210	Travel insurance, international healthcare, and assistance products	100	\$1.00
					<i>Expansion Total</i>	<i>26 announcements</i>	<i>1,155</i>	<i>\$87.27</i>
	<b>PDC 15 Total</b>					<b>37 announcements</b>	<b>1,657</b>	<b>\$158.89</b>
Precision Concrete	16	Caroline Co.	M	N	327390	Manufacture tile and decorative blocks	12	\$0.50
					<i>New Total</i>	<i>1 announcement</i>	<i>12</i>	<i>\$0.50</i>
Dominion Virginia Power	16	Caroline Co.	N	E	221111	Electric power generation	1	\$135.00
GEICO Corp.	16	Stafford Co.	N	E	524126	Insurance; regional office	790	\$0.00
M.C. Dean, Inc.	16	Caroline Co.	M	E	335999	Military security electronics fabrication & distribution	100	\$8.30
Mid-Atlantic Foam	16	Spotsylvania Co.	M	E	326140	Manufacture polystyrene foam	25	\$3.30
VSE Corp.	16	Caroline Co.	M	E	336992	Manufacture & install parts to modify military vehicles	100	\$6.00
VSE Corp.	16	Caroline Co.	M	E	336992	Manufacture & install parts to modify military vehicles	30	\$2.00
					<i>Expansion Total</i>	<i>6 announcements</i>	<i>1,046</i>	<i>\$154.60</i>
	<b>PDC 16 Total</b>					<b>7 announcements</b>	<b>1,058</b>	<b>\$155.10</b>
U.S. Components, LLC	18	King William Co.	M	N	321214	Manufacture wood roof, floor, and wall trusses	104	\$5.10
					<i>New Total</i>	<i>1 announcement</i>	<i>104</i>	<i>\$5.10</i>
AES Consulting Engineers	18	Gloucester Co.	N	E	541330	Engineering services	10	\$2.00

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
Industrial Resource Technologies	18	Gloucester Co.	M	E	325992	Rebuilt computer printer cartridges	10	\$6.00	
				<i>Expansion Total</i>		<i>2 announcements</i>	20	\$8.00	
<b>PDC 18 Total</b>							<b>3 announcements</b>	<b>124</b>	<b>\$13.10</b>
BleachTech LLC	19	Petersburg	M	N	325188	Manufacture bleach	20	\$15.00	
Carolina Container	19	Prince George Co.	M	N	322211	Manufacture corrugated container boxes	38	\$0.00	
Oran Safety Glass*	19	Greensville Co.	M	N	327211	Manufacture bullet-proof glass	50	\$4.10	
Quality Culvert Inc.	19	Greensville Co.	M	N	326122	Manufacture plastic and concrete pipe	50	\$6.80	
				<i>New Total</i>		<i>4 announcements</i>	158	\$25.90	
Brenco, Inc.	19	Petersburg	M	E	332991	Tapered roller bearings	50	\$5.80	
				<i>Expansion Total</i>		<i>1 announcement</i>	50	\$5.80	
<b>PDC 19 Total</b>							<b>5 announcements</b>	<b>208</b>	<b>\$31.70</b>
Analytical Solutions, Inc.	23	Chesapeake	N	N	541512	Defense technologies	0	\$0.36	
Applied Technology Systems	23	Suffolk	N	N	541614	Logistics and operations management	6	\$0.15	
Earthcore Industries LLC*	23	Chesapeake	M	N	327310	Manufacture masonry fireplace and chimney systems	30	\$8.00	
Hankins and Anderson, Inc.	23	Virginia Beach	N	N	541330	Engineering services	16	\$0.10	
Lillian Vernon Corp.	23	Virginia Beach	N	N	551114	Subsidiary HQ; catalog & online retailer; distribution center	49	\$1.24	
Medic888 LLC	23	Virginia Beach	N	N	424210	Distribution of medical supplies	10	\$0.40	
Mirrus Systems	23	Virginia Beach	N	N	541611	Management services to the healthcare industry	14	\$0.20	
Mission Foods Corporation*	23	Chesapeake	N	N	424490	Distribution; food products	8	\$3.30	
PAX Industries, Inc.	23	Suffolk	N	N	424610	Plastic polymer distribution	2	\$0.50	
Philip Morris USA	23	York Co.	M	N	312229	Manufacture smokeless tobacco products	180	\$97.00	
RS Information Systems, Inc.	23	Chesapeake	N	N	541512	Federal systems integration	25	\$0.80	
Science Systems and Applications, Inc.	23	Hampton	N	N	541512	Modeling and simulation; support services for NASA	230	\$1.00	
Senture	23	Chesapeake	N	N	541690	Security solutions, secure credentialing, IT services	0	\$0.58	
Soluble Systems, LLC	23	Hampton	M	N	339113	Gel-based bandages	40	\$0.50	
TKC Technology Solutions, LLC.	23	Suffolk	N	N	541512	IT solutions and program management services	23	\$0.30	

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
					<i>New Total</i>	<i>15 announcements</i>	633	\$114.43
AETNA Insulated Wire Co.	23	Virginia Beach	M	E	335929	Insulated wire	3	\$0.28
Alcoa Howmet Castings	23	Hampton	M	E	331528	Complex investment cast turbine airfoils	40	\$0.00
Alpak Container Corporation	23	Chesapeake	M	E	322211	Manufacture shipping cartons	11	\$1.40
Altrius Technologies	23	Virginia Beach	N	E	541512	IT services administration and network management	5	\$0.18
American Funds Service Company	23	Chesapeake	N	E	561422	Customer service center; investment management services	250	\$12.00
Anteon Corporation	23	Chesapeake	N	E	541330	IT and engineering services, government contractor	0	\$1.20
Applied EM Inc.	23	Hampton	N	E	541511	Software tools for antenna and scattering analysis	10	\$0.09
Applied Research Associates, Inc.	23	Suffolk	N	E	541512	Computer modeling and simulation	0	\$0.25
Associated Distributors Inc.	23	Chesapeake	N	E	424810	Distribution center, beer and wine	12	\$0.92
Avis Budget Group, Inc.	23	Virginia Beach	N	E	532111	National processing center	85	\$0.50
B & J Allen Warehousing	23	Chesapeake	N	E	493110	Logistics services, warehouse & distribution	0	\$0.60
Blackhawk Industries	23	Norfolk	M	E	314911	HQ, tactical gear for military and law enforcement	0	\$12.00
Bridgeborn, LLC	23	Virginia Beach	N	E	541512	Information technology solutions	20	\$0.28
Buzz Crown Enterprises	23	Virginia Beach	N	E	424490	Distribution center, food service; corporate HQ	2	\$0.35
Canon ITS *	23	Chesapeake	N	E	561422	Technical support center	15	\$0.00
Centex Homes	23	Suffolk	N	E	551114	Regional office; home builder	45	\$1.60
Chesapeake Yachts Inc.	23	Chesapeake	M	E	336612	Yacht building and repair	0	\$2.80
Chesbay Distributing, Inc.	23	Chesapeake	N	E	484810	Distribution center, beer	10	\$0.00
Ciba Specialty Chemicals*	23	Suffolk	M	E	325998	Manufacture polyacrylamides used in water treatment applications	0	\$7.00
Compass Technology Management Inc.	23	Chesapeake	N	E	541511	Electronic commerce software	10	\$0.00
Computerized Imaging Reference Systems	23	Norfolk	M	E	339112	Manufacture surgical and medical instruments	18	\$0.50
Copeland Trucking	23	Chesapeake	N	E	484110	Container hauling and distribution	0	\$0.30
Dendrite International, Inc.*	23	Chesapeake	N	E	561422	Technical services center; pharmaceutical industry solutions	20	\$0.94
Dollar Tree Stores, Inc.	23	Chesapeake	N	E	551114	Corporate HQ; single-price point dollar stores; data center	100	\$16.60
Earl Industries, LLC	23	Chesapeake	M	E	336611	HQ; ship repair	215	\$1.00
East Coast Fire Protection, Inc.	23	Chesapeake	M	E	334290	Fire detection systems	20	\$0.00

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Echostorm Worldwide, LLC	23	Suffolk	N	E	541511	Media distribution technologies	100	\$4.00
Ecology and Environment, Inc.	23	Virginia Beach	N	E	541620	Environmental consulting, testing, engineering	5	\$0.10
ECS Mid Atlantic	23	Virginia Beach	N	E	541330	Engineering and management services	0	\$0.25
Electronic Systems, Inc.	23	Virginia Beach	N	E	541512	Customized technology solutions	25	\$2.00
Ethan Allen, Inc.	23	Virginia Beach	N	E	426210	Furniture distribution	0	\$0.75
Evans Distribution Systems	23	Suffolk	N	E	423120	Automotive parts distribution	25	\$2.00
FDA Registrar Corp.	23	Hampton	N	E	561990	Registration/compliance assistance for companies	20	\$0.28
Ferguson Enterprises, Inc.*	23	Virginia Beach	N	E	423720	Warehouse/distribution of plumbing supplies	10	\$0.50
FERIDIES	23	Southampton Co.	M	E	311911	Virginia peanuts	25	\$3.20
Fibrex Group Inc.	23	Suffolk	M	E	326199	Manufacture containers using recycled materials	0	\$0.10
Framing Success	23	Virginia Beach	N	E	423220	Distribution of custom-made frames	5	\$3.40
Froehling & Robertson, Inc.	23	James City Co.	N	E	541330	Engineering, environmental and construction testing services	10	\$0.00
G.E.T. Solutions Inc.	23	Virginia Beach	N	E	541330	Geotechnical engineering consultation	7	\$0.20
General Dynamics Information Technology	23	Suffolk	N	E	541512	Computer modeling and simulation	5	\$0.20
GEOQuip Manufacturing, Inc.	23	Chesapeake	M	E	332999	Precision metal fabrication	12	\$0.00
George G. Sharp, Inc.	23	Virginia Beach	N	E	541330	Marine systems analysis and design	6	\$0.13
Goodman & Company, LLP	23	Virginia Beach	N	E	541611	Various business consulting services	120	\$0.75
Greystone, Inc.	23	James City Co.	M	E	332813	Metal plating of components	40	\$0.40
GSTEK Inc.	23	Chesapeake	N	E	517110	Telecommunications systems design	0	\$0.11
GTI Systems, Inc.	23	Portsmouth	N	E	541512	Integrated technologies provider; government contractor	0	\$0.30
Health Thru Nutrition	23	Hampton	N	E	454111	Distribution center; Internet retailer	0	\$0.50
Heritage Woodworks Inc.	23	Suffolk	M	E	337110	Manufacture wood cabinets	9	\$0.65
Hoffman Beverage Company	23	Chesapeake	N	E	424810	Distribution center; beer	0	\$1.40
Hudd Distribution Services Inc. *	23	Chesapeake	N	E	424990	Distribution center; consumer goods	10	\$0.00
IBS of America Corp./JUD Corp.*	23	Chesapeake	M	E	333291	Machinery for the paper and pulp industry	0	\$0.00
Icelandic USA, Inc.*	23	Newport News	M	E	311712	Seafood processing; U.S. HQ	182	\$1.00
INIT Innovations in Transportation, Inc.*	23	Chesapeake	N	E	541512	U.S. HQ; software solutions for transport companies	13	\$0.50

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
IntraNexus Inc.	23	Virginia Beach	N	E	541512	Healthcare information system solutions	4	\$0.13
Jones Printing Service Inc.	23	Chesapeake	M	E	323119	Commercial printing	0	\$3.00
Kimley-Horn & Associates	23	Chesapeake	N	E	541330	Engineering services	15	\$0.00
Laufen Ceramics, Inc *	23	Suffolk	N	E	423990	Distribution center; ceramic tile	5	\$3.10
Lawrenceville Brick	23	James City Co.	N	E	423320	Warehousing/distribution; brick and masonry products	10	\$1.50
LeClair Ryan	23	Virginia Beach	N	E	541110	Business law	17	\$0.25
Lion-Vallen Industries*	23	Suffolk	N	E	424320	Distribution center; military uniforms	6	\$0.23
Lipton*	23	Suffolk	M	E	311920	Tea, bagged and instant	12	\$7.20
Main Industries, Inc.	23	Hampton	M	E	332813	Blasting coating services, Navy contractor	107	\$0.00
Marva Maid Dairy	23	Newport News	M	E	311615	Dairy products	10	\$7.00
Marva Marble Company, Inc.	23	Portsmouth	M	E	327991	Marble and stone products	0	\$10.00
Massimo Zanetti Beverage USA*	23	Portsmouth	N	E	424490	Distribute coffee and tea products; U.S. HQ	160	\$3.20
McKim & Creed	23	Virginia Beach	N	E	541330	Engineering and management services	5	\$0.20
Measurement Specialties, Inc.	23	Hampton	M	E	334513	HQ; manufacture measuring and pressure sensor technologies	15	\$0.00
MSA, P.C.	23	Virginia Beach	N	E	541330	Engineering and management services	12	\$2.85
Multi-Textile	23	Portsmouth	N	E	424990	Warehouse/distribution; textiles for hospitals	10	\$1.10
New River Casual Furniture Co.*	23	Virginia Beach	N	E	423210	Furniture distribution, U.S. corporate office	0	\$1.25
NYK Logistics Inc.*	23	Chesapeake	N	E	424990	Distribution of retail goods	100	\$26.00
Open Roads Consulting, Inc.	23	Chesapeake	N	E	541512	Technology integration; application development	0	\$1.00
Panasonic Corp. *	23	Chesapeake	N	E	561422	Technical support center	60	\$0.00
PEMCCO, Inc.	23	Virginia Beach	N	E	541512	IT, engineering, management support, systems installation services	24	\$0.10
Pepsi Bottling Group, Inc.	23	Isle of Wight Co.	N	E	424490	Regional distribution center; soft drinks	0	\$0.35
Plasser American *	23	Chesapeake	M	E	336510	Railroad equipment	0	\$1.50
Progressive Window Company	23	Virginia Beach	N	E	423310	Window and door distribution and installation	3	\$0.18
Riggins Company	23	Hampton	M	E	332410	Fabrication and installation of pressure vessels, heat exchangers	8	\$1.00
RP55, Inc.	23	Virginia Beach	M	E	315223	Manufacture men's & boys' clothing; sportswear	5	\$1.50
Ryson International Inc.	23	York Co.	M	E	333921	Manufacture material handling equipment	25	\$2.30

## Appendix 4: Announcement Data for FY 2007

Company Name	PDC	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Skanska*	23	Virginia Beach	N	E	541330	Civil engineering services	20	\$2.00
Stroud, Pence & Associates, Ltd.	23	Virginia Beach	N	E	541330	Engineering and management services	6	\$0.18
TeleTech Holdings Inc.	23	Hampton	N	E	561422	Call center, customer management services	200	\$0.00
The Givens Group	23	Chesapeake	N	E	551114	Corporate HQ; logistics services, warehouse & distribution	0	\$8.00
Titan Virginia Ready-Mix, LLC	23	James City Co.	M	E	327390	Concrete, ready-mixed	10	\$3.00
Usui International Corp. *	23	Chesapeake	M	E	336399	Diesel fuel line parts	15	\$1.50
Verizon Fiber Optics Center	23	Hampton	N	E	561422	Fiber optic solutions technical customer service center	70	\$0.00
Virginia Air Distributors	23	Chesapeake	N	E	423730	Distribution center, HVAC equipment & supplies	11	\$0.00
VA Modeling, Analysis & Simulation Center	23	Suffolk	N	E	541512	Computer modeling and simulation	40	\$12.00
W.L. Black and Associates	23	Chesapeake	N	E	541620	HQ; environmental consulting services	4	\$0.35
Wartsila Lips Inc.*	23	Chesapeake	M	E	332993	High-powered reversible water jet propulsion systems	11	\$0.30
West Corp.	23	Hampton	N	E	561422	Call center; inbound sales	140	\$0.00
WIWA LP*	23	Chesapeake	M	E	333912	U.S. HQ; high pressure, industrial coating systems	4	\$1.00
					<i>Expansion Total</i>	<i>93 announcements</i>	<i>2,664</i>	<i>\$186.75</i>
	<b>PDC 23 Total</b>					<b>108 announcements</b>	<b>3,297</b>	<b>\$301.18</b>
<b>Not publicly announced</b>	<b>Confidential</b>					<b>6 announcements</b>	<b>120</b>	<b>\$3.15</b>
<b>Grand Total</b>						<b>368 announcements</b>	<b>18,863</b>	<b>\$2,610.00</b>

\*Indicates foreign affiliation

Type: New or Expansion

MFG: Manufacturing or Nonmanufacturing

2007 announcements are preliminary

All announcements are subject to revision

## Appendix 4: Announcement Data for FY 2007

	Announcements	Employment	Investment (millions)		Announcements	Employment	Investment (millions)
<i>New Total</i>	2	48	\$3.15	<i>New Total</i>	2	255	\$272.00
<i>Expansion Total</i>	4	160	\$3.75	<i>Expansion Total</i>	3	12	\$53.60
<b>PDC 1 Total</b>	<b>6</b>	<b>208</b>	<b>\$6.90</b>	<b>PDC 9 Total</b>	<b>5</b>	<b>267</b>	<b>\$325.60</b>
<i>New Total</i>	1	70	\$6.00	<i>New Total</i>	0	0	\$0.00
<i>Expansion Total</i>	1	30	\$203.50	<i>Expansion Total</i>	3	305	\$0.55
<b>PDC 2 Total</b>	<b>2</b>	<b>100</b>	<b>\$209.50</b>	<b>PDC 10 Total</b>	<b>3</b>	<b>305</b>	<b>\$0.55</b>
<i>New Total</i>	6	395	\$52.22	<i>New Total</i>	1	40	\$9.85
<i>Expansion Total</i>	14	710	\$56.60	<i>Expansion Total</i>	13	427	\$18.87
<b>PDC 3 Total</b>	<b>20</b>	<b>1,105</b>	<b>\$108.82</b>	<b>PDC 11 Total</b>	<b>14</b>	<b>467</b>	<b>\$28.72</b>
<i>New Total</i>	3	33	\$2.50	<i>New Total</i>	7	1,640	\$312.45
<i>Expansion Total</i>	4	101	\$15.08	<i>Expansion Total</i>	12	445	\$64.80
<b>PDC 4 Total</b>	<b>7</b>	<b>134</b>	<b>\$17.58</b>	<b>PDC 12 Total</b>	<b>19</b>	<b>2,085</b>	<b>\$377.25</b>
<i>New Total</i>	1	55	\$24.40	<i>New Total</i>	1	15	\$0.51
<i>Expansion Total</i>	9	549	\$40.45	<i>Expansion Total</i>	1	23	\$0.40
<b>PDC 5 Total</b>	<b>10</b>	<b>604</b>	<b>\$64.85</b>	<b>PDC 13 Total</b>	<b>2</b>	<b>38</b>	<b>\$0.91</b>
<i>New Total</i>	2	125	\$127.53	<i>New Total</i>	2	116	\$4.00
<i>Expansion Total</i>	12	610	\$314.20	<i>Expansion Total</i>	1	60	\$1.00
<b>PDC 6 Total</b>	<b>14</b>	<b>735</b>	<b>\$441.73</b>	<b>PDC 14 Total</b>	<b>3</b>	<b>176</b>	<b>\$5.00</b>
<i>New Total</i>	1	18	\$12.00	<i>New Total</i>	11	502	\$71.62
<i>Expansion Total</i>	4	190	\$21.40	<i>Expansion Total</i>	26	1,155	\$87.27
<b>PDC 7 Total</b>	<b>5</b>	<b>208</b>	<b>\$33.40</b>	<b>PDC 15 Total</b>	<b>37</b>	<b>1,657</b>	<b>\$158.89</b>
<i>New Total</i>	15	1,244	\$15.80	<i>New Total</i>	1	12	\$0.50
<i>Expansion Total</i>	77	4,723	\$310.28	<i>Expansion Total</i>	6	1,046	\$154.60
<b>PDC 8 Total</b>	<b>92</b>	<b>5,967</b>	<b>\$326.08</b>	<b>PDC 16 Total</b>	<b>7</b>	<b>1,058</b>	<b>\$155.10</b>



## Appendix 4: Announcement Data for FY 2007

	Announcements	Employment	Investment (millions)
<i>New Total</i>	0	0	\$0.00
<i>Expansion Total</i>	0	0	\$0.00
<b>PDC 17 Total</b>	<b>0</b>	<b>0</b>	<b>\$0.00</b>
<i>New Total</i>	1	104	\$5.10
<i>Expansion Total</i>	2	20	\$8.00
<b>PDC 18 Total</b>	<b>3</b>	<b>124</b>	<b>\$13.10</b>
<i>New Total</i>	4	158	\$25.90
<i>Expansion Total</i>	1	50	\$5.80
<b>PDC 19 Total</b>	<b>5</b>	<b>208</b>	<b>\$31.70</b>
<i>New Total</i>	0	0	\$0.00
<i>Expansion Total</i>	0	0	\$0.00
<b>PDC 22 Total</b>	<b>0</b>	<b>0</b>	<b>\$0.00</b>
<i>New Total</i>	15	633	\$114.43
<i>Expansion Total</i>	93	2,664	\$186.75
<b>PDC 23 Total</b>	<b>108</b>	<b>3,297</b>	<b>\$301.18</b>
<b>New Total</b>	<b>76</b>	<b>5,463</b>	<b>\$1,059.95</b>
<b>Expansion Total</b>	<b>286</b>	<b>13,280</b>	<b>\$1,546.90</b>
<b>Confidential</b>	<b>6</b>	<b>120</b>	<b>\$3.15</b>
<b>Grand Total</b>	<b>368</b>	<b>18,863</b>	<b>\$2,610.00</b>

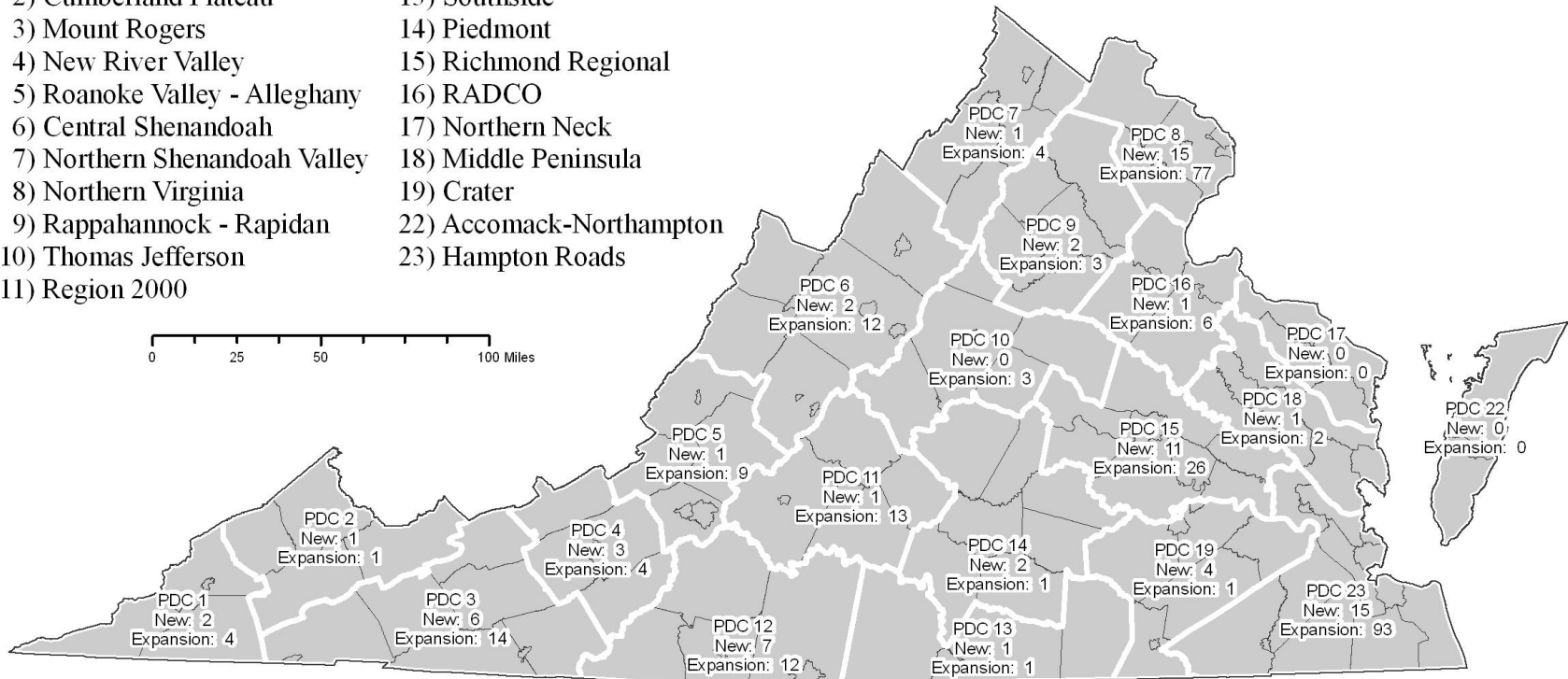
# Appendix 4: Announcement Data for FY 2007

## New and Expansion Announcements by Planning District Fiscal Year 2007

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

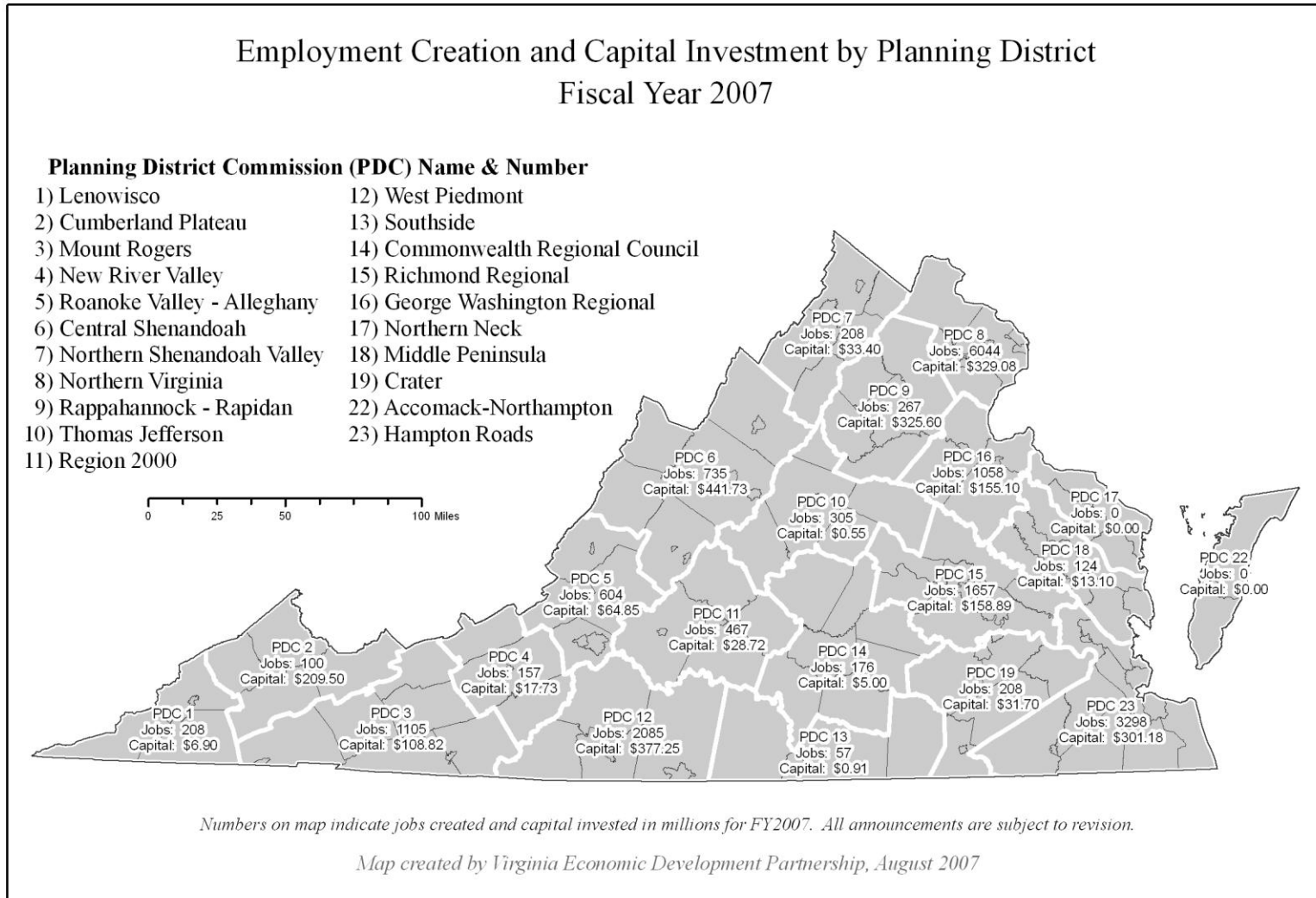
- |                               |                          |
|-------------------------------|--------------------------|
| 1) Lenowisco                  | 12) West Piedmont        |
| 2) Cumberland Plateau         | 13) Southside            |
| 3) Mount Rogers               | 14) Piedmont             |
| 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               |                          |

0 25 50 100 Miles

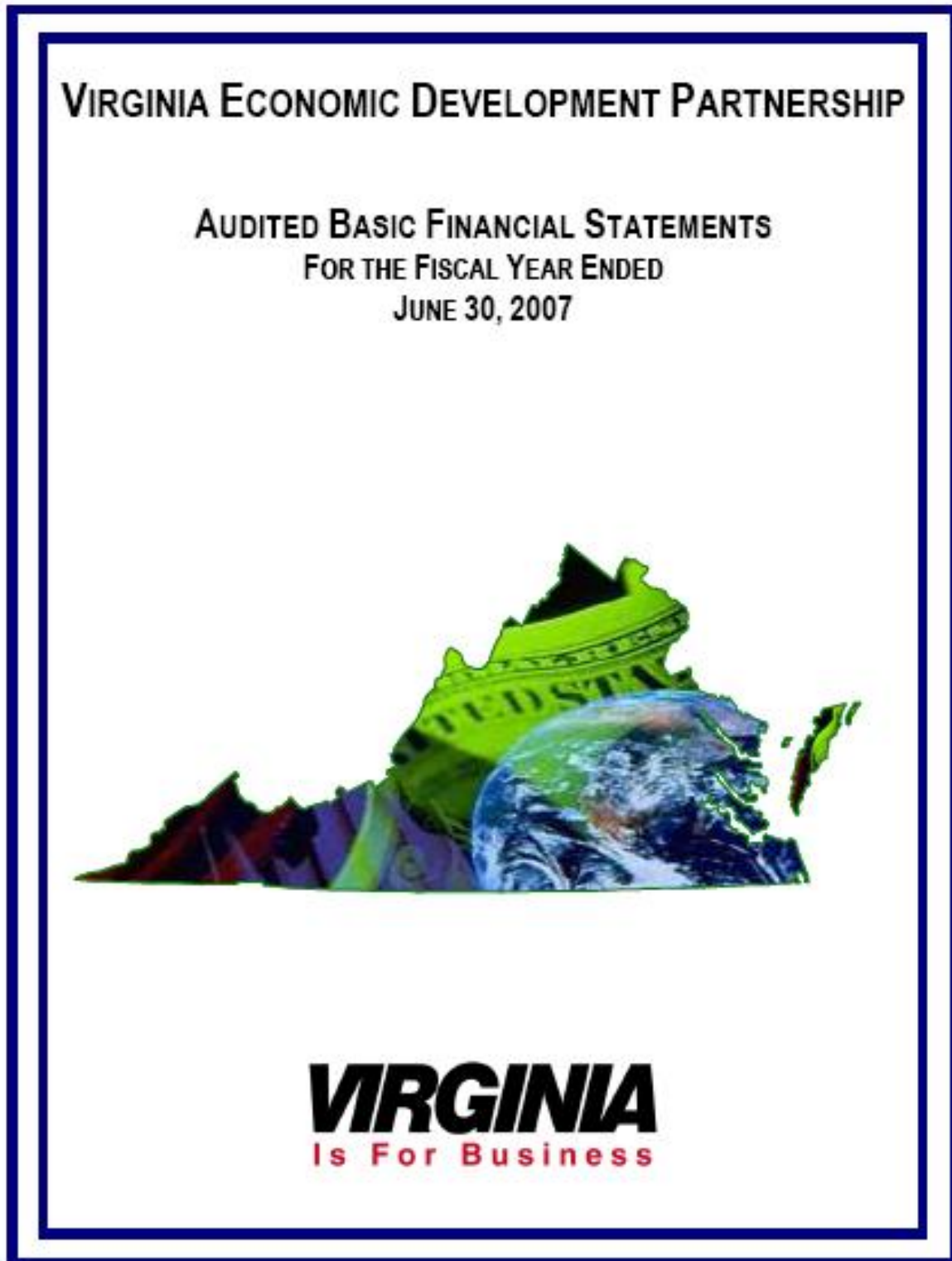


Map created by Virginia Economic Development Partnership, October 2007

## Appendix 5: Employment Creation and Capital Investment by PDC for FY 2007



## Appendix 6: Audited Financial Report



Virginia Economic Development Partnership  
Audited Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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## INTRODUCTORY SECTION

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
Richmond, Virginia

APPOINTED OFFICIALS  
As of June 30, 2007

Board of Directors

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

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

## FINANCIAL SECTION



## VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

AS OF JUNE 30, 2007

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, 2007. 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.

## 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 \$1,935,979 and \$749,476 at the close of the fiscal years ended June 30, 2007, and 2006, respectively.

	Net Assets		
	<u>2007</u>	<u>2006</u>	<u>Variance</u>
Current and other assets	\$ 4,343,589	\$ 2,699,622	\$ 1,643,967
Capital assets, net of depreciation	<u>609,263</u>	<u>643,253</u>	<u>(33,990)</u>
 Total assets	 <u>4,952,852</u>	 <u>3,342,875</u>	 <u>1,609,977</u>
Non-current liabilities	2,408,712	2,324,066	84,646
Other liabilities	<u>608,161</u>	<u>269,333</u>	<u>338,828</u>
 Total liabilities	 <u>3,016,873</u>	 <u>2,593,399</u>	 <u>423,474</u>
Net assets:			
Invested in capital assets, net of related debt	609,263	643,253	(33,990)
Restricted	1,000,000	-	1,000,000
Unrestricted	<u>326,716</u>	<u>106,223</u>	<u>220,493</u>
 Total net assets	 <u>\$ 1,935,979</u>	 <u>\$ 749,476</u>	 <u>\$ 1,186,503</u>

*Total assets* increased this fiscal year by \$1,609,977 when compared to last year due primarily to an increase in cash balances amounting to approximately \$1,631,000. This increase in cash was due to cash revenues exceeding cash expenditures by approximately \$1,345,000; \$175,608 received on behalf of the Virginia National Defense Industrial Authority (VNDIA); and the reduction of lease hold deposits and petty cash account funding totaling \$90,000. Additionally, the sum of the balances for Prepaid expenses and Other receivables increased by approximately \$102,000. *Total liabilities* increased by \$423,474. This increase was due to an increase in accrued expenses of approximately \$163,000; \$175,608 in funding from the Commonwealth of Virginia (COV) that is due to VNDIA; and an \$84,646 increase in the Partnership's net pension obligation and compensated absences liability.

As discussed in Note 9, the restricted portion of the Partnership's *Net assets* are funds received from the Commonwealth pursuant to the 2007 Virginias Acts of Assembly (Act), Chapter 847, that the Partnership is obligated to disburse to the Industrial Development Authority of Pulaski County for the

development of the New River Valley Center of Excellence. The Partnership expects to disburse these funds before December 2007. Net assets invested in *capital assets, net of related debt* consist primarily of computers and peripheral technology equipment that are used by the organization to deliver program services to its clients. 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*, \$326,716, is classified as *unrestricted*.

Changes in Net Assets			
	<u>2007</u>	<u>2006</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Charges for services	\$ 329,746	\$ 214,623	\$ 115,123
General revenues:			
General Fund appropriations	18,803,038	16,580,956	2,222,082
Other	<u>312,905</u>	<u>214,763</u>	<u>98,142</u>
Total revenues	<u>19,445,689</u>	<u>17,010,342</u>	<u>2,435,347</u>
Expenses:			
Business Development	3,500,498	5,239,371	(1,738,873)
International Investment	1,868,186	-	1,868,186
International Trade	3,448,113	3,043,122	404,991
Research	2,114,030	1,806,478	307,552
Communications and Promotions	2,598,450	1,508,564	1,089,886
Information Technology	1,808,042	1,719,096	88,946
Administration	2,521,867	3,014,377	(492,510)
Pass-through Payments	<u>400,000</u>	<u>200,000</u>	<u>200,000</u>
Total expenses	<u>18,259,186</u>	<u>16,531,008</u>	<u>1,728,178</u>
Increase in net assets	1,186,503	479,334	707,169
Beginning net assets	<u>749,476</u>	<u>270,142</u>	<u>479,334</u>
Ending net assets	<u>\$ 1,935,979</u>	<u>\$ 749,476</u>	<u>\$ 1,186,503</u>

*Net assets* for the Partnership increased by \$1,186,503 during the current fiscal year compared to a \$479,334 increase in net assets in the prior fiscal year. The increase in funding provided by General Fund appropriations from the COV was comprised of an additional \$1,200,000 to fund legislated pass through payments, \$500,000 for increased advertising and promotional efforts and approximately \$450,000 for increases in personnel service cost. The increase in Expenses was the result of increases of approximately \$1,310,000 in the Partnership's advertising and promotional activities; \$220,000 in personnel service cost; and \$110,000 increase in rental and equipment cost. In 2007, the Partnership reorganized its Business Development division, creating the new division, International Investment, causing the decrease in expenses for Business Development and a corresponding increase in International Investment.

## **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. The net increase in budgeted Revenue provided by the General Fund of Commonwealth for the fiscal year ended June 30, 2007, included \$300,000 in additional funding for legislated pass through payments, \$450,000 funding for increases in personnel service cost and a decrease of \$510,000 for funding provided for and belonging to VNDIA. The budgeted expenditures exceeded the actual expenditures by approximately \$2.0 million, \$1.0 million of which is obligated to be paid to the Industrial Development Authority of Pulaski County for the development of the New River Valley Center of Excellence. The remainder was the result of lower than budgeted expenditures for compensation due to vacancies, lower advertising costs, which were deferred to FY 2008, and lower than anticipated hardware and software expenditures.

## **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.

## Basic Financial Statements

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
STATEMENT OF NET ASSETS  
As of June 30, 2007

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 3,819,728
Petty cash	93,443
Employee travel advances	10,220
Prepaid expenses	300,585
Lease deposits (Note 5)	119,613
Capital assets, net of accumulated depreciation (Note 6)	
Leasehold improvements, furniture, and equipment	<u>609,263</u>
Total assets	<u>4,952,852</u>
<b>Liabilities</b>	
Accounts payable	256,507
Accrued payroll	176,046
Due to Virginia National Defense Industrial Authority	175,608
Noncurrent liabilities due within one year	
Compensated absences (Note 8)	472,911
Noncurrent liabilities due in more than one year	
Compensated absences (Note 8)	349,104
Net pension obligation (Note 10)	<u>1,586,697</u>
Total liabilities	<u>3,016,873</u>
<b>Net assets</b>	
Investment in capital assets, net of related debt	609,263
Restricted (Note 9)	1,000,000
Unrestricted	<u>326,716</u>
Total net assets	<u>\$ 1,935,979</u>

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2007

	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental Activities</b>			
Business Development	\$ 3,500,498	-	\$ (3,500,498)
International Investment	1,868,186	-	(1,868,186)
International Trade	3,448,113	169,352	(3,278,761)
Research	2,114,030	3,000	(2,111,030)
Communications and Promotions	2,598,450	157,394	(2,441,056)
Information Technology	1,808,042	-	(1,808,042)
Administration	2,521,867	-	(2,521,867)
Pass-through Payments	400,000	-	(400,000)
Total governmental activities	<u>18,259,186</u>	<u>329,746</u>	<u>(17,929,440)</u>
<b>General Revenues</b>			
Revenue provided by the General Fund of the Commonwealth (Note 4)			18,803,038
Interest revenue			260,831
Gain on sale of fixed assets			6,936
Other revenue			<u>45,138</u>
Total general revenues			<u>19,115,943</u>
Increase in net assets			1,186,503
Net assets, July 1, 2006			<u>749,476</u>
Net assets, June 30, 2007			<u><u>\$ 1,935,979</u></u>

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
BALANCE SHEET  
GOVERNMENTAL FUND  
As of June 30, 2007

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	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 3,819,728
Petty cash	93,443
Employee travel advances	10,220
Prepaid expenses	300,585
Lease deposits (Note 5)	<u>119,613</u>
Total assets	<u>\$ 4,343,589</u>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 256,507
Accrued payroll	176,046
Due to Virginia National Defense Industrial Authority	<u>175,608</u>
Total liabilities	<u>608,161</u>
Fund Balances:	
Reserved	1,000,000
Unreserved	<u>2,735,428</u>
Total fund balances (Note 3)	<u>3,735,428</u>
Total liabilities and fund balances	<u>\$ 4,343,589</u>
Amounts reported for governmental activities in the statement of net assets are different	
Fund balances, Governmental Fund	\$ 3,735,428
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	609,263
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>(2,408,712)</u>
Total net assets of governmental activities	<u>\$ 1,935,979</u>

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



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
For the Fiscal Year Ended June 30, 2007

	General Fund
<b>Revenues</b>	
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 18,803,038
Participation fees	225,778
Mission reimbursements	103,968
Interest revenue	260,831
Other revenue	45,138
Total revenues	<u>19,438,753</u>
<b>Expenditures</b>	
Business Development	3,450,002
International Investment	1,884,455
International Trade	3,428,298
Research	2,084,230
Communications and Promotions	2,580,006
Information Technology	1,829,240
Administration	2,469,094
Pass-through Payments	400,000
Total expenditures	<u>18,125,325</u>
Revenues in excess of expenditures	<u>1,313,428</u>
<b>Other Financing Sources</b>	
Proceeds from sale of fixed assets	<u>20,919</u>
Total other financing sources	<u>20,919</u>
<b>Total Increase in Fund Balance</b>	1,334,347
Fund balance, July 1, 2006	<u>2,401,081</u>
Fund balance, June 30, 2007	<u>\$ 3,735,428</u>

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

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, 2007

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

Net increase in fund balance of the general fund	\$ 1,334,347
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 depreciation expense, net of gains recognized on the sale of assets, exceeded capital outlays in the current period.	(33,990)
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>(113,854)</u>
Change in net assets of governmental activities	<u><u>\$ 1,186,503</u></u>

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

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, 2007

	<u>Budgeted Amounts</u>			Variances with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 18,562,701	\$ 18,803,038	\$ 18,803,038	\$ -
Participation fees	163,000	163,000	225,778	62,778
Mission reimbursements	44,000	44,000	103,968	59,968
Interest revenue	100,000	100,000	260,831	160,831
Other revenue	-	-	45,138	45,138
<b>Total revenues</b>	<b>18,869,701</b>	<b>19,110,038</b>	<b>19,438,753</b>	<b>328,715</b>
<b>Expenditures</b>				
Business Development	3,652,403	3,527,403	3,454,778	72,625
International Investment	1,769,853	1,916,192	1,863,493	52,699
International Trade	3,475,141	3,475,141	3,372,831	102,310
Research	2,158,744	2,158,744	2,087,755	70,989
Communications and Promotions	2,153,240	3,106,901	2,619,673	487,228
Information Technology	2,050,114	2,050,114	1,837,141	212,973
Administration	2,471,559	2,471,559	2,457,750	13,809
Pass-through Payments	1,200,000	1,400,000	400,000	1,000,000
<b>Total expenditures</b>	<b>18,931,054</b>	<b>20,106,054</b>	<b>18,093,421</b>	<b>2,012,633</b>
Revenues over (under) expenditures	(61,353)	(996,016)	1,345,332	2,341,348
<b>Other Financing Sources</b>				
Proceeds from sale of fixed assets	-	-	20,919	20,919
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>20,919</b>	<b>20,919</b>
<b>Total Increase in Fund Balance</b>	<b>(61,353)</b>	<b>(996,016)</b>	<b>1,366,251</b>	<b>2,362,267</b>
Fund balance, July 1, 2006	61,353	996,016	2,501,145	1,505,129
Fund balance, June 30, 2007 (Note 3)	\$ -	\$ -	\$ 3,867,396	\$ 3,867,396

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

## Notes to Financial Statements

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2007

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. 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, 2007.

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 three to twenty years.

E. Due to Virginia National Defense Industrial Authority

The Virginia National Defense Industrial Authority (VNDIA) is an independent authority of the Commonwealth of Virginia. VNDIA's budget is appropriated to the Partnership and is held in the cash and cash equivalents accounts of the Partnership until disbursed for VNDIA's expenditures. Funding received in excess of expenditures paid creates an obligation to VNDIA.

F. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 2007. 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.

G. Reserved Fund Balance

Reserved fund balance indicates that portion of fund balance that is not available to fund operations or is legally segregated for specific future use.

H. 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, 2007, which is the first year of the biennium ended June 30, 2008. 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.

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, 2007	\$ 3,867,396
Add: Prepaid expenses	300,585
Deduct: Accrued expenses	<u>(432,553)</u>
Fund balance, GAAP basis, June 30, 2007	<u>\$ 3,735,428</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, Chapter 847	\$ 18,562,701
Add: Central Appropriations Adjustments	450,337
Transfer of Emergency Management Training, Analysis, and Simulation Center funding	300,000
Deduct: Appropriation for VNDIA	<u>(510,000)</u>
Revenue provided by the General Fund of the Commonwealth	<u>\$ 18,803,038</u>

5. LEASE DEPOSITS

The Partnership maintains an office in Tokyo, Japan. The landlord requires a lease deposit as part of the lease agreement in the amount of 14,702,868 Japanese yen and the deposit does not accrue interest. The yen deposit decreased in value by \$2,251 during the fiscal year ended June 30, 2007, due to an unfavorable change in the currency exchange rate. The Tokyo lease deposit is valued at \$119,613 at June 30, 2007.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

<u>Capital Assets Being Depreciated</u>	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Leasehold improvements, furniture and equipment	\$ 1,961,325	\$ 115,486	\$ (207,972)	\$ 1,868,839
Less: accumulated depreciation	<u>1,318,072</u>	<u>135,493</u>	<u>(193,989)</u>	<u>1,259,576</u>
Leasehold improvements, furniture and equipment, net of accumulated depreciation	<u>\$ 643,253</u>	<u>\$ (20,007)</u>	<u>\$ (13,983)</u>	<u>\$ 609,263</u>

7. COMMITMENTS

The Partnership is committed under various operating leases for office facilities and equipment through December 2015. Rental expense under operating lease agreements for the fiscal year ended June 30, 2007, amounted to \$1,362,340. A summary of minimum future obligations under these lease agreements as of June 30, 2007, follows:

<u>Year Ending June, 30</u>	<u>Operating Lease Obligations</u>
2008	\$ 1,438,456
2009	1,302,796
2010	1,327,604
2011	1,357,187
2012	1,388,448
2013-2016	<u>5,063,771</u>
Total future minimum rental payments	<u>\$ 11,878,262</u>

The Partnership has contracted for three years of maintenance on its Microsoft products. As of June 30, 2007, the amount payable under this agreement is \$86,500.



8. COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2007, was as follows:

<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
\$ 795,614	\$ 543,593	\$ 517,192	\$ 822,015
	Due Within One Year		<u>(472,911)</u>
	Due in More Than One Year		<u>\$ 349,104</u>

9. RESTRICTED NET ASSETS

Pursuant to the 2007 Virginia Acts of Assembly (Act), Chapter 847, the Partnership is obligated to disburse \$1,000,000 to the Industrial Development Authority of Pulaski County for the development of the New River Valley Center of Excellence. As of June 30, 2007, all requirements set out in the Act have not been met.

10. 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, 2007, the Partnership's net pension obligation was \$1,586,697.

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 \$363,292 (5 percent of total creditable compensation of \$7,265,848). 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, 2007, was 5.74%, which resulted in a contribution of \$417,060 for the fiscal year.

### 11. 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 \$34,905 for the fiscal year 2007.

### 12. 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 and 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.



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

October 26, 2007

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, 2007, 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, 2007, 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.

The Management's Discussion and Analysis on pages 3 through 6 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 26, 2007, 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 effectiveness of 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.

A handwritten signature in black ink, appearing to read "Walter J. Kucharski". The signature is fluid and cursive, with a prominent initial "W".

AUDITOR OF PUBLIC ACCOUNTS

SAH:clj