



FISCAL YEAR 2008

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, 2008

Chairman's Letter

It is with great pleasure that I present to you the Annual Report of the Virginia Economic Development Partnership (VEDP) for the fiscal year ending June 30, 2008. This report is required by the *Code of Virginia* and by Chapter 879 of the 2008 Acts of Assembly.

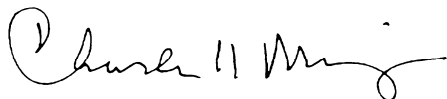
We are extremely proud of our accomplishments over the past year, and we look forward to continuing the work of creating new jobs and investment in the Commonwealth and increasing the sale of Virginia products and services overseas. Our results represent the work of many people from across Virginia. 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. In addition, marketing on the international level will become more important as we compete in the global economy.

Our 2008 Financial Statements Report for the year ended June 30, 2008, 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 27, 2008, with no findings identified in this report.

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

Sincerely,



Charles H. Majors
Chairman

Partnership Profile

The Virginia Economic Development Partnership

In 1995, the General Assembly created the Virginia Economic Development Partnership (VEDP) to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 22-member Board comprised of businesspersons from around Virginia: 16 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

Central Office

Richmond Office – Headquarters

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UVA Wise

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International Offices

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Fax: 32-2-647-1463

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Sao Paulo

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Partnership Profile

Tokyo

State of Virginia

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Tokyo 105-0001, Japan

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Fax: 81-3-5404-3401

Board of Directors

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

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

G. William Beale
Bowling Green, Virginia
Term Expires 12/31/11

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 12/31/13

Hugh D. Keogh
Richmond, Virginia
Term Expires 12/31/13

Chris A. Lumsden
South Boston, Virginia
Term Expires 6/30/10

John F. Malbon
Virginia Beach, Virginia
Term Expires 12/31/13

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

Julien G. Patterson
Chantilly, Virginia
Term Expires 12/31/13

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

Neil D. Wilkin, Jr.
Roanoke, Virginia
Term Expires 12/31/13

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 849, Item 124 D.1 of the 2008 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 849, Item 124 D.2 of the 2008 Appropriations Act requires target industries be identified for southwest and southside Virginia. This report responds to all those requirements. In addition, the Authority's financial statements audited by the Auditor of Public Accounts for fiscal year ended June 30, 2008 (FY 2008) are attached to this report.

This Annual Report documents the efforts of VEDP in fulfilling its mission during FY 2008. 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 2008 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 articulated in §2.2-2238 B of the *Code of Virginia* for VEDP to prepare and report on the plan to market to high unemployment areas of Virginia.

The next two appendices satisfy Item 124 D.2 of the 2008 Appropriations Act. 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 data used throughout this report and summarized in Appendix 4 cover announcements made between July 1, 2007 and June 30, 2008. VEDP recorded the announcement of new and 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. This appendix 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 19,725 new jobs will be created. In addition, these facilities will result in investments totaling \$3.4 billion. Forty percent of the announcements were of employers locating in economically distressed areas. These announcements are expected to create 8,945 new jobs and make capital investments exceeding \$2.26 billion.

Executive Summary

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

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 presented his strategic plan titled *Virginia Leading the Way* in 2006. A report on the status of the implementation of Governor Kaine's strategic plan can be found beginning on page 18 of this report. The entire strategic plan can be accessed at <http://www.commerce.virginia.gov/EconomicDevelopment/index.cfm>.

Business Recruitment

VEDP's primary role is to aggressively deliver the Virginia message effectively into business sectors that align with the Commonwealth's diverse array of assets and regions. The result of our outreach strategies is ultimately measured by basic sector companies locating or expanding operations in Virginia; another measure of success is increasing the pipeline of transactions in selected sectors. VEDP markets Virginia to companies within the Commonwealth, in the U.S. and across the world by using a targeted business marketing approach, focusing on industries appropriate to regional and local strengths and needs, including a special emphasis on distressed areas. Target sectors include Advanced Manufacturing, Transportation, Science & Research and Security & Services. VEDP also targets site selection consultants in all four sectors. Within the sectors, VEDP also targets over 90 companies as "Gold Accounts" for long-term strategic relations.

Consistent with its mission statement, VEDP approaches its markets collaboratively, aligning its outreach efforts with regional and local strategies, to maximize use of limited marketing resources. VEDP also partners with universities, institutes, business associations and other state agencies to leverage their connectivity in the target market. VEDP's overseas offices utilize their in-country expertise and geographic position to generate new project opportunities. VEDP reaches its clients through team and industry marketing missions, industry conferences, business associations, target sector marketing campaigns and special events. Successfully implementing VEDP's marketing efforts involves the coordination of limited trade journal advertising, media tours, use of a customer call center, marketing missions, special events, customized collateral materials including site studies and proposals and 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. VEDP serves as the key portal to state, regional and local resources by identifying strategic partners, coordinating community site visits for clients to evaluate Virginia's product and assets and preparing customized responses for these transactions. In addition, VEDP 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 21st century services and data to businesses considering Virginia to facilitate location decisions. VirginiaScan's Online Update Center, known as "iVS," was launched in 2007 and provides reporting and search capabilities, and the ability to upload supporting documents and images directly into property records. Through its Regional Liaison Network, VEDP works to address specific community needs, provide economic development expertise as requested, and develop policies and new programs aimed at particular regions and industries. The Liaison Network consists of VEDP staff who spend part of their time building relationships with regional marketing organizations in seven major regions of the Commonwealth, helping VEDP to more effectively align marketing and business development strategies. The Liaison Network also serves as a conduit to regional assets outside the economic development network.

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.

Business Recruitment

FY 2008 Accomplishments

Significant announced job creation in FY 2008 included the trend of globally-headquartered advanced manufacturing. The sector added over \$1.5 billion in announced capital investments and almost 5,000 jobs in the Commonwealth. The flagship announcement, Rolls-Royce North America announced its new aero-engine facility in Prince George County, bringing 542 new jobs and \$501 million investment to Virginia's Gateway Region, with strong support from the University of Virginia, Virginia Tech, the Virginia Community College System and the Virginia General Assembly.

Goodyear announced advanced manufacturing investment in Southside. This existing company will invest more than \$200 million to retain its 2,200+ jobs in Danville, a distressed community.

Advanced manufacturing growth in Hampton Roads: Canon Virginia announced a \$623 million expansion that will add over 1,000 net new jobs to its Newport News and Gloucester facilities. The competitive project will particularly leverage the strong relationship with the Virginia Community College System.

Life sciences grows in northern Virginia. Through the advantage of a partially-prepared site in Prince William County, Covance announced its planned expansion to create 100 net new jobs and make a capital investment of \$175 million.

Virginia Incentives Produce Results. Virginia awarded 24 Governor's Opportunity Fund (GOF) grants for a total of \$18,158,168. The 24 recipient companies will be making \$1.73 billion in capital investments and creating 4,881 new jobs. Seventy percent of these grants were awarded to economically distressed localities, while 42% of this year's GOF grants went to existing Virginia companies to encourage them to expand in the state.

Company	New Jobs	\$ Capital Investment (in millions)
Rolls-Royce, N.A.	542	501.0
Canon Virginia, Inc.	1,000	623.0
Goodyear*	0	200.0
Covance	100	175.0
Volkswagen of America	401	118.0
RTI International*	200	100.0
Barr Labs	220	62.0
Dupont Advanced Fibers	0	50.0
Solaris Paper, Inc.	130	44.5
Mother Parker's Tea & Coffee	85	40.0
Com.40 Ltd.*	813	36.3
Home Depot	400	32.2
Areva N.P.	500	25.0
ProJet Aviation	5	23.8
Orbital Sciences*	50	16.7
Premier Technologies	96	16.5
Aspen Products*	190	12.0
Premier Wood	150	11.0
IWT	50	5.6
GridPoint	250	5.0
DeltaT	331	4.0
CACI	200	3.5
Inorganic Ventures	46	3.0
Pinnacle Wood*	220	1.5
Rogers Foam*	50	1.4
Synergy BioFuels*	30	1.2
Toshiba America Nuclear Energy Corp.	30	0.0

*GOF definition of distressed locality; unemployment rate higher than the state average of 3.0% (calendar year 2007).

Business Recruitment

During FY 2008, seven Virginia Investment Partnership (VIP) grants were awarded totaling \$29 million. The projects will create 1,835 new jobs, save 2,250 jobs and bring in \$1.3 billion in new capital investment.

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 2008 have been to these target communities. The announcement list on the previous 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 2008 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 seventh year in operation graduating 11 new companies in FY 2008. The VALET program's enrollment capacity is capped at 30 companies with total participation for FY 2008 at 29 companies.

Accessing International Markets (AIM) Program. The AIM Program was launched in December 2005. Designed to accept five companies per quarter, the AIM Program accepted a total of 20 companies in FY 2008. 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 seven International Trade Managers, located in six offices across Virginia, have extensive private sector experience and provide international marketing assistance to Virginia businesses.

Trade Missions. VEDP conducted 14 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 received the nation's highest export honor, the President's "E-Star" Award for Export Service.
- ◆ VEDP received the NASBITE Program Excellence Award for its VALET program.
- ◆ VEDP expanded its Global Network, a consortium of pay-as-you-go consultants, to 26 countries, in order to provide broader coverage and more effective service to Virginia exporters.
- ◆ The five Trade Offices located in foreign countries received 42 visits by Virginia companies in FY 2008.
- ◆ For the seventh year in a row, VEDP saw an increase in the number of companies participating in international trade events, with a total of 130, a 27% increase over last year.

Trade Development

Trade Division Participation

- 213 Virginia companies participated in research services offered by the Division of International Trade.
- 55 Virginia companies participated in Trade Missions.
- 42 Virginia companies visited VEDP overseas trade offices.

“I would like to thank the staff at the VEDP for the assistance, direction and advice provided during my trip to China, Korea and Japan. I would also like you to know that our company would very much like to participate in your other VEDP mission trips.

We have found the support from VEDP to be most effective for two primary reasons. The first reason is the obvious benefit of having all of the travel arrangements planned out and taken care of. This is a tremendous convenience for me in letting VEDP lead in this regard. However, the second reason was less expected, but perhaps even more valued, and that is having VEDP on my team as a consultant, counselor and negotiator in my international business dealings. Having VEDP as a resource of very qualified and experienced business leaders in their own right, and being with me every step of the way on my travels and in my meetings, has proven to be a learning experience for me as I develop my international business skills.

The VEDP’s help was instrumental in arranging translators, attending meetings with me, providing strategic advice, scheduling appointments, planning out the itinerary, making travel plans between appointments and selecting hotels. Every step of the way, VEDP “paved a path” so that I could concentrate on our company’s strategic plan in expanding our markets into China, Korea and Japan. This allowed me to give the best presentations possible and allowed me to stay focused on our goals of attaining distributors, and believe that the market is more than ready for HyperSizer software to be used on a large scale.

I sincerely appreciate the personal attention given before and during the trips by the staff at VEDP.”

Craig Collier, P.E.
President, Collier Research Corporation

Promoting Virginia

For the second year in a row, Virginia was designated in July as “The Best State for Business” by Forbes.com, the official Internet site of the Forbes family of business publications. This repeat validation by an independent and highly-respected business media outlet allowed VEDP to continue its “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 2008 Accomplishments

Advertising Campaign: VEDP’s general advertising program was halted due to budget constraints. However, due to the direct support and fundraising efforts of Governor Kaine and significant private sector financial contributions by Dominion Resources, MeadWestvaco and Norfolk Southern, VEDP was able to coordinate a limited advertising campaign targeting key corporate decision-makers and promoting Virginia’s positive business rankings by CNBC and Forbes.com. The commercial, which aired from March through May on CNBC, NBC’s Meet the Press, The Golf Channel and Forbes.com, featured the CEOs of these leading corporate partners and Governor Kaine.

Virginia Invitational: In May, VEDP hosted the Virginia Invitational in Williamsburg. Twenty-six executive-level guests and their spouses and guests attended. This event provided an opportunity to attract key corporate executives and business location decision makers to Virginia. The 2008 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 attended a presentation highlighting Virginia’s business sectors, advantages and recent success. Guests also enjoyed many of the area attractions, including fine dining, golf, Busch Gardens, Yorktown, Jamestown 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.

www.YesVirginia.org	
FY 2008 Usage Statistics	
Page Views	1,909,497
Avg. per Day	5,228
Visits	571,506
Avg. per Day	1,564
Unique Visitors	223,558

Virginia Executive Reception: In collaboration with the Virginia Chamber of Commerce, VEDP hosted approximately 40 executives at the 2008 Virginia Executive Reception. The Reception was held June 17 at the Computer History Museum in Silicon Valley. 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

Promoting Virginia

Virginia delegation, led by Governor Kaine, joined the Chamber and VEDP in hosting the Silicon Valley area guests. The Virginia hosts included business leaders, government officials and economic developers from around the state. The evening included remarks by Governor Kaine and Dr. Curtis R. Carlson, President and Chief Executive Officer of SRI International.

VEDP/Ally Meetings: VEDP coordinated two Ally meetings. The winter 2008 meeting was held at the Dominion Technical Center in Glen Allen, attracting more than 100 Virginia economic development allies. The spring 2008 meeting, held at Lewis Ginter Botanical Gardens in 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 18th Annual Virginia Nippon Classic (VNC) business conference and golf tournament on May 16, at Ashley Plantation in the Roanoke Valley region. 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 more than \$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, 32 Japanese executives from across Virginia participated. This year's event included an evening reception, hosted by the Roanoke Valley Economic Development Partnership, for the Japanese executives.

Trade Show Highlights: VEDP exhibited at and/or sponsored 12 industry trade shows or conferences: American Woodworking & Furniture Show, Data Center World Congress, Mid-Atlantic Bio, International Society of Pharmaceutical Engineers, IITSEC, Performance Racing Industry, Automotive News World Congress, Retail Industry Leaders Association, Kitchen Cabinet Manufacturer's Association, Plastic News Executive Forum, WIREC and ITEC. In addition, VEDP exhibited at the annual conferences of the Virginia Municipal League and the Virginia Association of Counties.

Marketing Brochures: VEDP developed new marketing brochures to support the life science industry, consultants initiative and international markets. VEDP's new international investment brochures are translated in six languages: Chinese, Japanese, Korean, Spanish, German and French. VEDP produced a new marketing piece touting the Forbes.com and CNBC rankings. VEDP conducted a direct mail campaign, which included a new collateral piece and special gift to support its Global Logistics initiative. The package was mailed to more than 175 Global Logistics executives. VEDP also conducted a direct mail campaign targeting *Fortune* magazine subscribers. The piece featured Governor Kaine and the citizens of Virginia. In addition, the following guides were revised: *Guide to Establishing a Business* and *Guide to Business Incentives*.

Website Highlights: Despite a limited advertising campaign directing readers to the Web site, YesVirginia.org experienced an increase in page views of more than 14 percent during the final four months in FY 2008 compared to the same time period in FY 2007.

Media Tours: VEDP conducted two media tours that traveled across Virginia. In November, 11 writers participated in the Global Logistics Media Tour. Virginia's media guests began their three-day tour of the Commonwealth with visits to Fortessa, a Virginia-based company that imports and exports tableware from Sterling, and the Virginia Inland Port in Front Royal. The group traveled by air to Hampton Roads where it saw a seaside glimpse of the Norfolk Harbor in a Branch Pilot Boat, compliments of the Virginia Pilot Association and toured Norfolk International Terminal (Dollar

Promoting Virginia

Tree's regional distribution center in Chesapeake), Target's Suffolk Import Warehouse, NYK Logistics in Chesapeake and Virginia's newest logistics partner, APM Terminals in Portsmouth. Publications represented were *Logistics Quarterly*, *Transport Topics*, *Virginia Maritimer*, *Pacific Maritime and Fishermen's News*, *German-American Trade*, *Maritime Magazine*, *TradeWeek*, *Virginia Business*, *Quick Frozen Foods International*, *American Journal of Transportation*, *Gestion & Logistique* and the *Virginian-Pilot*.

Seven trade writers covering the wood products industry converged on the Commonwealth in April to participate in the Virginia Wood Products Media Tour. The tour showcased wood products companies from Southwest to Southside Virginia, including Sure-Wood Forest Products in Chilhowie, Merillat in Atkins, Turman Hardwood Flooring in Galax, MW Windows & Doors and Blackwater Door and Millwork, Inc. in Rocky Mount and Yorktowne Cabinetry and Swedwood in Danville. The writers also learned about Virginia Tech's WoodLinks program and toured the Regional Center for Advanced Technology and Training.

Writers who participated on the tour represented *Modern Woodworking*, *Canadian Wood Products*, *Canadian Forest Industries*, *Wood Digest and Finishing*, *Forest Products Equipment*, *Logging and Sawmilling Journal*, *TimberWest*, *Wood & Wood Products*, *Wood Industry* and *FDM* magazines.

Marketing Missions: VEDP conducted seven team marketing missions to U.S. cities, resulting in 154 appointments, 1 active project, 13 longer-term leads and 113 companies to remain in contact with for future project consideration. VEDP conducted one project manager call trip as part of the Modeling and Simulation Initiative. Two companies with future project potential (company contacts) were discovered. Calls were also placed on companies for the plastics initiative and the global logistics initiative.

VEDP set appointments at four trade shows resulting in 9 appointments, 19 drop bys, 2 future leads and 18 company contacts. VEDP also conducted several special calling projects including calls for the Governor's Manufacturing Summit and the Virginia Business Excellence Consortium. Web-CRM follow-up was also a continued initiative resulting in the updating of 2,393 records with 71 of these being leads for Business Development. The Web-CRM updating resulted in one active project and one Decision for Virginia in FY 2008.

Policy and Legislative Initiatives

VEDP looks to find creative ways to improve Virginia's #1 business climate and remain competitive in the global market through targeted policy and legislative initiatives. VEDP has successfully advanced Virginia's economic development legislative agenda through the following items, many of which were critical components of announced projects.

FY 2008 Legislative Actions

VEDP worked with legislators during the 2008 legislative session to secure deal-closing legislation for several projects. The projects associated with these initiatives are expected to bring to Virginia capital investment exceeding \$1 billion and more than 1,400 new jobs.

Volkswagen Tax Employee Vehicle Benefit Exemption: Volkswagen North America announced in September 2007 that it would be relocating its headquarters from Detroit to Herndon. VW made this decision because of Virginia's pro-business climate and quality of life. As part of an incentive package, VW was promised that it would be able to offer its employees the same benefits in Virginia as it could in Michigan. Among these benefits is an employee vehicle lease program, the vehicles used in which are not subject to taxation until they are sold as used cars. Senate Bill 291 and House Bill 833 accomplished this and contributed to a statutory climate in Virginia that is friendlier to the automotive industry.

Rolls-Royce Performance-Based Incentives: Rolls-Royce selected Prince George County as a site for its new aerospace assembly and testing facility in November 2007. This victory for Virginia brings almost 1,000 jobs between new Rolls-Royce employees and suppliers that will support them. The project required legislation to create new performance-based incentive programs that would prepare Virginia for the next generation of economic development projects. The legislation encompasses three unique incentive grants: a base performance grant, a workforce training grant and a supplier cluster bonus grant. Legislators were excited about this opportunity and supported Senate Bill 651 and House Bill 1330 overwhelmingly.

Data Center Sales and Use Tax Exemption: In 2007, a major data services company selected a site in Virginia for a new data processing facility. Because national trends indicate that the most competitive states to win data center projects exempt computer equipment from their sales and use tax, Virginia knew it had to offer a similar exemption in order to compete. Senate Bill 668 and House Bill 1388 created this new sales and use tax exemption to apply to companies that locate in high unemployment areas and meet certain investment and job creation thresholds.

Workforce and VEDP: Workforce development was a key issue during the 2008 legislative session. With economic development projects and new jobs becoming more complex and global competition pitting regions with highly-skilled workers against one another, it has become increasingly important for Virginia's higher education institutions to have a seat at the table during economic development discussions. In order to better link workforce and economic development activities in Virginia, the Chancellor of the Virginia Community College System (VCCS) will join the VEDP board. House Bill 731 made this addition in a year when most workforce development functions were moved under VCCS.

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.

FY 2008 Key Performance Measures			
Performance Measure	Goal	FY2008 Results	% of Measure
Investment by new or existing companies	\$2.2 billion	\$3.4 billion	155%
New jobs created	19,500	19,725	101%
Companies actively counseled or participating in trade event	250	282	113%

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 Money Spent on Economic Development (Present Value)

	10 Years	20 Years
Total*	\$9	\$12
Direct	\$6	\$8
Indirect	\$3	\$4

*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*.¹

**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.

¹ This FY 2008 update of the Governor's Economic Development Strategic Plan includes actions from Calendar Year 2008. For accomplishments in FY 2006 and 2007, see the VEDP annual report for those years.

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Goals and Strategies

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

In August 2008, Virginia placed first among the 50 states in *Forbes.com's* ranking of the "Best States for Business" for a third 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 effective transportation system, quality 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.). *Governor Kaine's focus on transportation includes efforts made during the 2006 regular and special, 2007 special, and 2008 regular and special sessions of the General Assembly. From January of 2006, Governor Kaine and his administration have worked closely with the General Assembly and other parties to improve the coordination of transportation and land use, provide needed funding and transportation spending reforms, and improve accountability and efficiency at the Virginia Department of Transportation (VDOT) and other transportation agencies.*
- Ensure that every business in the Commonwealth has access to broadband services anywhere and anytime by 2010. *Governor Kaine formed a Broadband Roundtable, chaired*

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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 Tobacco Indemnification Commission (TIC) and the Department of Housing and Community Development (DHCD) are making broadband access more widely available across Virginia. During the 2008 General Assembly session, the Virginia Resources Authority was granted the power to finance broadband projects for localities, providing another tool to expand broadband in Virginia. Also, the DigitalBridge WiMAX service pilot debuted in Appomattox with strategic investments from the TIC and DHCD. DHCD's Virginia Rural Broadband Planning initiative is a comprehensive planning effort to allow communities to plan for how to develop successful community broadband networks.

- Decrease government administration transaction time for businesses by 30% for processes such as licenses. *The Department of Business Assistance (DBA) has launched "Business One Stop," a guided online clearinghouse which will help eliminate duplication and ease the permitting process for new businesses. Business One Stop assists more than 100 businesses per week, providing valuable information on how to navigate the many challenges facing businesses today.*
 - 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. This Advisory Committee has recommended legislation for the 2009 General Assembly session that will give Virginia a competitive advantage in the marketplace.*
 - *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.*
 - *The 2008 General Assembly overwhelmingly supported and Governor Kaine signed into law new legislation creating special incentive funds for Rolls-Royce North America. These innovative incentives allow Virginia to partner with Rolls-Royce to make strategic investments in workforce development, higher education partnerships and attract lucrative supply chains.*
 - 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.
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During the 2008 General Assembly session, Governor Kaine supported legislation to encourage new capital investment in Virginia's communities such as targeted sales tax exemptions for high tech and automotive industries. The Department of Business Assistance is working to identify active regional venture capital and angel investment groups. The Center for Innovative Technology (CIT) continues to serve as a magnet for venture capital investment through its GAP funding program. CIT has awarded seed funding to numerous Virginia startup companies that has resulted in attracting additional venture capital from investors.

- 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. The Department of Mines, Minerals and Energy (DMME) secured funding during the 2008 legislative session for the Virginia Energy Management Program (VEMP) at Governor Kaine's request. This funding included \$340,000 in 2009 and \$472,000 in 2010 and three full-time employees to establish this new program. VEMP is to serve as the central coordinator for all statewide energy efficiency efforts and energy related initiatives. This program is part of the Energy Plan goal to reduce non-renewable energy purchases by at least 20% of 2006 expenditures by 2010. In 2007, the Commission on Climate Change and the Governor's Energy Policy Advisory Council were formed to deliver reports recommending next steps in the fall of 2008. House Bill 171 was passed during the 2008 session and authorized the Virginia Resources Authority to finance energy conservation and energy efficiency projects, providing another tool to address these important projects in Virginia.*
- 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. *On July 1, 2008, the Early Childhood Foundation announced a new round of grants that will help fund local activities related to and aligned with the Getting Ready framework and Smart Beginnings goals. Also, the Quality Ratings Improvement System (QRIS) was piloted in approximately 180 3- and 4-year old classrooms in public and private settings in 16 communities from October 2007 through May 2008. These grants are being leveraged to continue piloting the QRIS for a second year. The 2008 Appropriations Act set aside \$60 million in FY 2009 and \$68 million in FY 2010 for Governor Kaine's landmark Virginia Preschool Initiative Program. This funding is derived from the Virginia Lottery Proceed Fund. To further assist with early education performance in Virginia, Governor Kaine secured funding via the 2008 Appropriations Act for the Early Reading Intervention Program—more than \$17 million in each FY 2009 and FY 2010.*
- 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,*

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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. From June 2006, TIC has approved a total of \$27.1 million for broadband awards including \$23.6 million for fiber optic build-out, including engineering, backbone construction, connections to commercial and industrial customers, last mile demonstration communities and the UVA-Wise campus network. TIC has also provided \$3.5 million for operating improvements support (including VECTEC e-commerce programs, UVA telemedicine and Mid-Atlantic Broadband Cooperative start-up operations), bringing the funding to approximately \$98 million since the first awards were made in FY 2001. There are now more than 1,666 miles of operational open access fiber in the southside and southwest broadband deployment regional projects to date. Funding for the deployments have come from the TIC and U.S. Economic Development Administration, which provided more than \$12 million for rural broadband expansion.

- *Adopt a diversified approach to economic development through entrepreneurship, artisanship, small business development, tourism and emerging technologies. A study committee has been convened to evaluate service gaps between the Department of Business Assistance (DBA) and the Virginia Economic Development Partnership (VEDP). This committee will develop proposals to improve service delivery to the business community. DBA is implementing its new "Start, Support and Grow" businesses initiative and is working to fully implement Business One Stop, its online clearinghouse to service businesses.*
- *Create incentives for the development and preservation of workforce housing to ensure that workers can live in the communities in which they work. DHCD continues to partner with the Virginia Housing 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. In December 2007, Governor Kaine established the Foreclosure Prevention Task Force to address homeownership issues confronting Virginians. The Task Force made recommendations to the 2008 Session of the General Assembly for legislation to provide homeowners with the opportunity to engage in foreclosure prevention activities before a foreclosure, and provided one-on-one counseling sessions for those at risk of foreclosure. Through the 2008 Appropriations Act, Governor Kaine has secured funding to support indoor plumbing and affordable housing programs. Governor Kaine also supported legislation to fund the Housing Trust Fund and recommended a reallocation of the Governor's Private Activity Bonds to increase the availability of affordable housing. During the challenging times the housing market and Virginia residents face, Governor Kaine continues to monitor recommendations from the Foreclosure Task Force.*

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

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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 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 through a comprehensive business retention and expansion program. VEDP is actively recruiting communities to participate in the Executive Pulse program. Also, DBA uses technology based existing business services.*
- 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 to 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. VEDP is currently recruiting communities to participate in the Executive Pulse program.*
- 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, Women, 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. Through the concerted efforts of all these agencies, the Commonwealth has achieved its 40% SWAM procurement goal.*
- 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

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a geographic and business sector perspective. Members of the Council would be drawn from Virginia's largest private sector employers. *Governor Kaine has held three successful CEO dinners, with the next scheduled for May 2009. Governor Kaine is working to continue a dialogue about Virginia's business climate with these business leaders.*

- 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. *The 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. *VDACS launched the Virginia Wine Distribution Corporation (VWDC) to provide Virginia wineries and farm wineries an alternative to using independent wine wholesalers.*
 - 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. The ADS team has worked with businesses that have made almost \$41 million in new capital investments and created or retained 107 jobs. VDACS is also working with other state agencies on the Chesapeake Cellulosic Biofuels Project to promote the development of new agricultural crops.*
 - 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. *In FY 2008, TIC paid more than 46,000 claims to farmers affected by tobacco region transitions. These claims amounted to almost \$19.2 million.*
 - *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. Additionally, the Virginia Energy Plan calls for biomass and*

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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 to promote manufacturing careers. The Governor's 2008 Summit on Manufacturing was held on July 29 and 30 in Richmond, with more than 80 participants discussing issues of importance to the manufacturing community. There have been numerous investments made in workforce development: TIC issued \$3.8 million in funding for its Education Scholarship Program; TIC also awarded \$7.9 million for competitive education grant programs including GED, advanced manufacturing, allied health, community college programs and financial aid; VRA has provided more than \$19 million in funds for workforce development projects.*

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

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

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

Strategies

- Champion a quality statewide education system from pre-Kindergarten through post-graduate programs, including affordable access to post-secondary education for all Virginians. *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. The DOE is continuing to build its array of data tracking tools including the Educational Information Management System that will help monitor the individual student performance. Also, the Achieve Alignment Institute team has made several recommendations for the DOE in preparation for the 2009 revisions of the Standards of Learning including strategies for increasing math skills. Perhaps most significantly, Governor Kaine worked to secure funding for the Virginia Preschool Initiative Program*

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through the 2008 Appropriations Act (\$59.9 million in FY 2009 and \$68.1 million in FY 2010).

- 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 General Assembly passed legislation during the 2008 General Assembly session to consolidate the Commonwealth's workforce training functions under the Virginia Community College System. The first truly comprehensive One-Stop workforce office opened in Charlottesville in December 2007. Strong efforts to align workforce development and economic development in the Danville/Henry/Pittsylvania region resulted in a \$250,000 planning grant and were successful in driving Goodyear's decision to invest an additional \$215 million into its Danville plant.*
- 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. The General Assembly has consistently supported investments in workforce development. Via the 2008 Appropriations Act, there will be \$8.5 million made available to the Virginia Jobs Investment Partnership program for each FY 2009 and 2010. Also, the Rolls-Royce incentive package included a landmark workforce development investment to meet the company's needs and prepare Virginians for the next generation of advanced manufacturing jobs.*
- 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. The program also addresses language, Algebra II, and physics curriculum gaps, with new attention being paid to K-12 science, math and engineering. The new proposed standard diploma would require algebra I, geometry, the new algebra functions and data analysis course or algebra II and above. Virginia is currently proposing to develop Career and Technology centers at the high school and post-secondary levels in order to reinforce and improve Virginia's workforce.*
- 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. During FY 2008, the Rappahannock Community College became Virginia's sixth college to offer a Middle College program.*
- 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*

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other states and countries on this metric. For the 2006-07 academic year, 40,433 Virginians were attending four-year college programs.

- *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. There is currently a \$558,000 annual appropriation that 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. Strong regional initiatives continue with CGI/Northrop Grumman in Southwest Virginia, the Southside Workforce Development Project and the Hampton Roads WIRED region. In March 2008, a state memorandum of understanding (MOU) was signed by Cabinet members and agency heads responsible for major workforce development programs in Virginia. This MOU will help to maximize state and local resources, realize new efficiencies, and leverage the funds received by the Commonwealth.*
- *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. Governor Kaine's response to the Ford layoffs is a great example of this principle in action. By coordinating the state and local response to the layoffs, we have improved responsiveness and have offered the same level of services to workers regardless of which company employed them or where they reside. The Governor's workforce sub-cabinet is another example of cross cabinet collaboration, as is continued work with the Secretary of Natural Resources on Virginia's Energy Plan and the Fort Monroe redevelopment plan.*

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

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struggle with high unemployment. In 2004, Virginia's overall personal income was ranked the ninth highest in the nation, but many rural areas and older cities have poverty levels more than twice the state rate. These variations are not recent phenomena. Changes in the global economy, the decline of traditional industries such as agriculture and manufacturing, limited access to the infrastructure necessary to support 21st 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 70 GOF awards; 51 (73%) to distressed localities. During the 2008 General Assembly session, legislation creating a targeted sales tax exemption for data centers that locate in high unemployment areas, many of which tend to be rural. VEDP continues to market rural areas for the enhanced security and lower operating costs they can offer. The Southside Regional Initiative received grant funding and is demonstrating success, highlighted by Goodyear's recent decision to invest \$215 million into its Danville plant. Other significant announcements of importance to rural areas include Swedwood and Com40 in Danville, RTI International Metals in Henry, OSG Inc. in Greensville, Orbital Sciences on the Eastern Shore and Rolls-Royce in Prince George. Governors Manchin and Kaine held a summit in the Bluefield area to address regional economic disparities and development issues.*
- Increase the number of companies in strategic business sectors visiting Virginia's distressed communities by 5% per year. *In FY 2008, more than 167, or 56%, of the prospects that visited Virginia communities were shown sites in distressed communities. 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. In 2008, VRA's eligible project areas were further expanded to include broadband service in general. VRA, the Tobacco Commission (TIC) and the Department of Housing and Community Development (DHCD)*

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are all working to enhance broadband and conventional infrastructure in Virginia's rural areas.

- 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. DHCD has administered grants to local planning districts to enhance revitalization efforts. Governor Kaine formed the sub-cabinet on Community Investment to bring additional ideas to making targeted investment decisions that are economically and environmentally sustainable.*
- Develop regionally tailored workforce development plans that are based on an assessment of existing workforce deficiencies and on projected future industry needs. *VEDP and the Virginia Community College System (VCCS) are engaged in asset mapping, and ultimately gap analysis will commence to identify additional needs.*

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. *The Hampton Roads Partnership has developed "Hampton Roads Performs," a performance management metric based upon Virginia Performs designed to measure three categories: education, transportation and the economy. The Greater Richmond Partnership has targeted eight industry clusters for expansion including corporate and division headquarters, finance/securities/ insurance, advanced manufacturing, information technology, life sciences, logistics and supply chain and has established a five-year goal to bring 37,000 new jobs to the region along with \$1.75 billion in new capital investment. The Roanoke Regional Partnership has created a development effectiveness metric by measuring the increase in annual compounded regional population growth rate. The Partnership established a goal of having an annual rate of 1% growth by 2012 and 1.2% by 2018.*
- Restore funding to the Regional Competitiveness Program to foster economic problem-solving across political boundaries. *The Governor and the cabinet have been engaged in a number of regional efforts, including the Ford layoffs response, a WIRED grant, the*

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Southside Workforce Development Project, the Bluestone Project in Virginia and West Virginia, and BRAC response efforts.

- Institute incentives in state funding formulas, as the state currently does in regional jail construction, for local governments to collaborate meaningfully on providing services. *VRA has developed a joint funding plan for localities' natural gas purchases.*
- 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. The BRAC grant obtained to serve Northern Virginia is an example of sharing resources among localities to jointly develop regional infrastructure. The 2007 General Assembly approved legislation to accomplish this purpose among the localities participating in the Appalachian Regional Commission.*
- 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. Also, the Rolls-Royce incentive package included a unique incentive designed to draw the company's extended supply chain to the region surrounding Prince George County.*
- Restore funding for regional partnerships for tourism marketing and development to encourage regional efforts. *The Virginia Tourism Corporation has administered more than \$425,000 for grants to regional and local tourism authorities.*
- 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

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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. *The Virginia National Defense Industrial Authority (VNDIA) has 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), the authority has visited 24 of Virginia's military installations. 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. The Fort Monroe Federal Area Development Authority draft reuse plan was adopted on June 20, 2008.*
 - 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. The funding has assisted a variety of projects, including transportation, encroachment, operations, infrastructure, workforce development and classroom and library space. Virginia received \$13.5 million in federal grant funding to respond to BRAC challenges.*
 - 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 analyze potential vulnerabilities and opportunities. This analysis will support a strategic plan to optimally position Virginia for today's Department of Defense (DoD) growth and tomorrow's BRAC. The administration of the VNDIA grant program has been successful. Governor Kaine secured \$10 million in funding for Arlington County to retain DARPA. The Office of the Secretary of Commerce and Trade is currently the point of contact for all BRAC-related issues and is working to secure a grant to support a staff position to support BRAC activities.*
- 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. DoD spending information is lagged, but *current data shows Virginia Contract Spending for Federal Fiscal Year 2006 at \$29.25 billion, compared with \$26.809 billion for the previous year. The Federal Government Printing Office identifies Virginia capturing 1.65% of federal spending in FY 2009, compared to 1.58% in FY 2008, and 1.57% in FY 2007. Efforts are currently underway to focus on Unmanned Aerial Vehicles and Space as target areas of significant DoD funding.*

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- 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.
- *The Virginia Liaison Office approached members of the Congressional delegation to ask for a bill to remedy the insufficient unemployment insurance funding directed to the VEC as mandated by the Federal Unemployment Tax Act. This vehicle is H.R. 2233, the Unemployment Modernization Act of 2007 with S. 1871 as the senate companion bill, cosponsored by Senator John Warner.*
- 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. VEDP has presented at VNDIA board meetings with positive results. There is a committee within VNDIA to focus on the economic impact of the military in Virginia. The Office of the Secretary of Commerce and Trade has maintained representation at every VNDIA board meeting to date.*

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 help companies access capital at critical business development stages or programs that attract private capital.

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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. After capturing the investment of the international research firm, SRI International, the Commonwealth commissioned SRI to conduct a study of research areas Virginia should target that can leverage its existing assets. SRI has identified several focus areas that will serve as a roadmap for science and research activity in Virginia. In 2008, the TIC has made a strategic investment of \$36.6 million in infrastructure for Energy Center of Excellence facilities across the Commonwealth. Also, the Chesapeake Crescent Initiative was announced in January 2008 as a regional collaboration. Many of Virginia's major universities joined the Chesapeake Crescent Innovation Alliance in June 2008. VEDP, the Virginia Commercial Space Flight Authority and the Virginia Public Building Authority collaborated on new facility improvements at Wallops Island to recruit Orbital Sciences to conduct more of its test and launch activity in Virginia.*
- 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. SRI International has established its Center for Advanced Drug Research in the Shenandoah Valley in December 2007 along with the Virginia University Research Partnership, the 501(c)(3) supporting SRI. SRI recently released a study offering guidance on how to catalyze innovation in Virginia.*
- 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*

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- helping new markets emerge. The recently released SRI study will offer guidance on this topic.*

 - 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 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. VRTAC continually seeks to connect research programs at Virginia's colleges and universities. The SRI International study was publicly released in the fall of 2008.*
- 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. The recently released SRI International study has outlined opportunities to coordinate research programs.*
- 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. 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*

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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. DBA is continuing its work to develop a venture capital network.

- 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. *DBA is currently conducting a study to identify ways to engage Angel Investors in Virginia.*
- 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 WIRED grant targeted to the modeling and simulation sector. The sector is currently expanding beyond military applications to health care and transportation and logistics. The Virginia Modeling, Analysis and Simulation Center received continued funding from the Commonwealth at a rate of \$2 million for each FY 2009 and 2010. TIC has made a targeting Riverstone investment in addition to the \$2 million special projects additional funding for the Halifax Education Foundation's partnership with the Virginia Tech Modeling and Simulation Center to support a Renewable Energy Incubator Center.*
- Support development of facilities for advanced technology start-ups, including wet-lab space for the biotechnology industry. *The Virginia Institute for Marine Science at the College of William and Mary has recently built new wet lab space. Also, the Virginia-Israel Advisory Board has developed a partnership with the biotechnology and biosciences community in Virginia.*

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 400th 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. *The Virginia Tourism Corporation (VTC) unveiled a new "Live Passionately" advertising campaign, which supports the state's beloved 39-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.*
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- 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. VTC has leveraged regional partnerships such as the Appalachian Trail and Crooked Road.*
- Increase the economic impact of tourism in Virginia from \$16.5 billion per year (2005) to \$18.5 billion by 2010. *Virginia has already reached made significant progress toward its goal and is currently at \$17 billion.*
- 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 2008 domestic meetings, conventions and group tour trade 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. VTC secured a \$225,000 grant for the See Virginia First marketing campaign.*
- 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. VTC worked with the National Geographic Campaign to promote the Appalachian Trail. The Coalfields Campaign has brought attention to the Crooked Road Artisans Center.*
- 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 Virginia. VFO secured \$200,000 through the 2008 Appropriations Act for film incentives.*
- 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. The Administration is currently considering a revenue generating partnership.*

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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. *The Governor's Office conducted a trade mission to India, Japan, and Hong Kong in April 2007. VITAL has presented recommendations from its China, India and Emerging Markets task forces. Secretary Gottschalk visited China twice in the past year, meeting for two days in Beijing with leaders of commerce-related government agencies and private industry executives. These meetings were successful in promoting Virginia as the best state for business. Secretary Gottschalk also traveled to Shanghai and Hangzhou in the fall of 2007 to meet with influential leaders from departments of commerce and industry executives. To support Virginia's growing relationship with China, Virginia signed a memorandum of understanding with the Investment Promotion Agency Ministry of Commerce, People's Republic of China in May 2007. This event included a meeting among Governor Kaine, Secretary Gottschalk and Chinese Secretary of Commerce Mme. Ma Xiu Hong and strengthened the working platform between Virginia and China.*
- 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 international sales by 43%. For the most recent available year, exports in Virginia increased by 15.4%, more than doubling the goal of 7%. This goal has been exceeded yet again. FY 2007 exports were \$2.78 billion higher than in 2006, representing an almost 20% increase over the previous year.*
- 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. In calendar year 2007, Virginia received \$759.3 million in new capital investment from internationally owned companies and announced the creation of 2,139 new jobs associated with this investment. Thus, Virginia exceeded its capital investment goals by \$459 million, or 153%.*
- 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*

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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. VEDP's VALET program supports 30 companies annually to enter foreign markets and has more than 60 graduates in all areas of the state. Foreign affiliated project representation has increased from 13% in FY 2006, to 20% in FY 2007, and to 35% in FY 2008, representing a three-year total of 8,405 jobs and \$2.3 billion in capital investment. VEDP's Access to International Markets (AIM) program now has 30 graduates and 10 new enrolled companies as of the first half of FY 2008.

- 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 (VPA) to leverage local and regional assets and increase international recruitment. These economic development organizations have participated in international trade missions to promote Virginia abroad. VEDP and the Virginia Port Authority staffs continue to work together and share office resources. Other coordinating regional organizations include the Greater Richmond Partnership, the Hampton Roads Economic Development Alliance and the Fairfax County Economic Development Authority. VEDP has conducted 18 marketing events during this Administration with one or more allies including joint marketing events in Australia, Canada, China, Germany, India and the United Kingdom. Virginia has also jointly hosted two large international delegations. In May 2008, VEDP's Division of International Trade and Investment received the President's E-Star award, the nation's highest honor for export promotion, based on three consecutive years of documented growth and excellence.*
- 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. *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. The Port of Virginia is currently ranked #3 behind New York/New Jersey and Savannah. Craney Island continues to provide Virginia's port expansion potential.*
- Increase educational focus on foreign language and international skills in pre-K-12 education. *Virginia is a member of the Discover Language Program, a national public awareness program that promotes the importance of cultural and language acquisition. The Virginia Board of Education revised its Foreign Language Standards of Learning in February 2007 to include specific curriculum definition within levels I-IV in French, German, Spanish, Latin, Arabic, Chinese, Japanese, Russian and Italian. The Governor's Foreign Language Academies offer students the opportunity to pursue cultural and language development through immersion programs. A new Chinese summer language academy was added for the summer of 2008. The LiguaFolio Virginia program enables foreign language students to measure their own proficiency while also offering teachers the chance to document their students' language acquisition.*

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- Encourage intellectual exchange through international students and scholars. *Virginia's education institutions have successful international exchange programs. Virginia's colleges and universities have been successful in attracting an increasing number of international students. In 2006, 3,300 international students were attending Virginia colleges and universities. The Department of Education signed a memorandum of understanding with the Spanish Ministry of Education and Science to discuss potential exchange programs for expanded dialogue and interaction.*
- 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. *The awards program was successfully created with the Governor's award initially presented in 2006 at the October 17-18 conference in Williamsburg.*

Appendix 1: High Unemployment Areas Report and Strategy

During FY 2008, 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 2008 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 2008 Accomplishments

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

The Regional Liaison Network: The Regional Liaison Network was fully implemented during FY 2008. The Liaison Network is a communication strategy designed to more strategically connect VEDP with the diverse regions of Virginia, ultimately creating more cohesive stakeholder communities that are prepared to go to market and deliver focused solutions for business clients. In southern and southwestern Virginia, two full-time staff are based in the regions and wear the title of Regional Liaison, and two additional staff serve in supporting roles in the Regional Liaison Network. 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. Additionally, Business Development and Research staff are assigned to Southeastern Virginia, Greater Richmond, Lynchburg/Charlottesville, the I-81 Corridor and the Northern Virginia regions.

Decisions for Virginia/distressed regions: Major successes in FY 2008 were the announcements of RTI, Inc. (a titanium manufacturer that supplies the aerospace industry) which took an existing public shell building owned by Martinsville/Henry County. With total projected employment of 150 and a capital investment of \$100 million, this announcement is another indication of the importance of preparation at the local level. Com.40, Ltd., a supplier to IKEA, announced for Danville with 813 projected jobs and over \$36 million capital investment. In Accomack County, Orbital Sciences announced a \$16.7 million investment and the creation of 50+ jobs at Wallops Island. Pepsi Bottling, Inc. announced an expansion of \$14 million with an additional 15 jobs in Wythe County, Pinnacle Wood Products announced 220 new jobs and \$1.5 million in capital investment, and Rogers Foam announced 50 new jobs and \$1.4 million capital investment in Scott County. VEDP played various roles in these decisions, from generating some of the leads to providing support to the communities with development of the financial incentive packages. These companies represent a broad variety of the business sectors that VEDP targets and demonstrate the alignment of these rural regions' assets to those business sectors. From aerospace to wood products to information technology, and from food and beverage to polymers, the common element in all these decisions for Virginia is prepared communities which leveraged their assets – workforce, buildings, fiber – to successfully create a business case that made sense to the companies involved.

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Distressed Communities Visits Increase: The total number of prospect visits made by companies to all Virginia localities increased slightly (10%) from 2007 to 2008. In total, 298 visits were made by 128 companies in 2008. Of these 298 visits, 167 (56%) were to distressed communities. Business Development staff assisted with 167 prospect visits, representing 88 companies (69% of all companies that visited) to 54 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, but it is expected that the Center for Rural Virginia will take the lead role in future years.

FY 2008 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 2008, identifying broad vertical markets against which VEDP 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, health care services and alternative energy.
- **Transportation**, including the automotive industry, aerospace and global logistics providers.

Complementing this market focus, VEDP is implementing a series of 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,

Appendix 1: High Unemployment Areas Report and Strategy

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 pilot communities remain involved in this Initiative and an additional two communities are in place to begin participation.

The **Modeling & Simulation Initiative**, initially launched in the Hampton Roads Region based on the strong military and related simulation cluster in this region, also includes Fairfax County and the City of Bristol. A full modeling and simulation 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. Strategic partners in the private and public sector were identified in FY 2008, and the Initiative continued its anchor event, the Global Logistics Forum. Over 300 attended the FY 2008 forum.

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 2008, one benchmarking evaluation was conducted in concert with a retired wood products executive. Communities were evaluated based on their business case and presentation. The executive provided feedback and critique on communities' product. A unique collateral piece was developed with input from various stakeholders.

The **Energy and Plastics/Polymers** Initiatives are in various stages of implementation.

Site selection consultants are also targeted by VEDP, and to the extent possible, aligned with our key target markets, to result in increased active project volume in Virginia. In distressed communities, site selection consultants represent an opportunity for repeat business, once these professionals are familiar with the assets of the regions.

In FY 2008, VEDP engaged **SRI International** to conduct an in-depth analysis of the emerging markets and benchmark Virginia's status in those markets. In particular, VEDP is seeking to look over the horizon by identifying those business sectors in which the Commonwealth has strength in its research functions, its workforce and/or its business clusters. The study examined previously-produced works from organizations such as VRTAC. It was led by a team composed of internal staff from the Business Development and Research Divisions and included external stakeholders.

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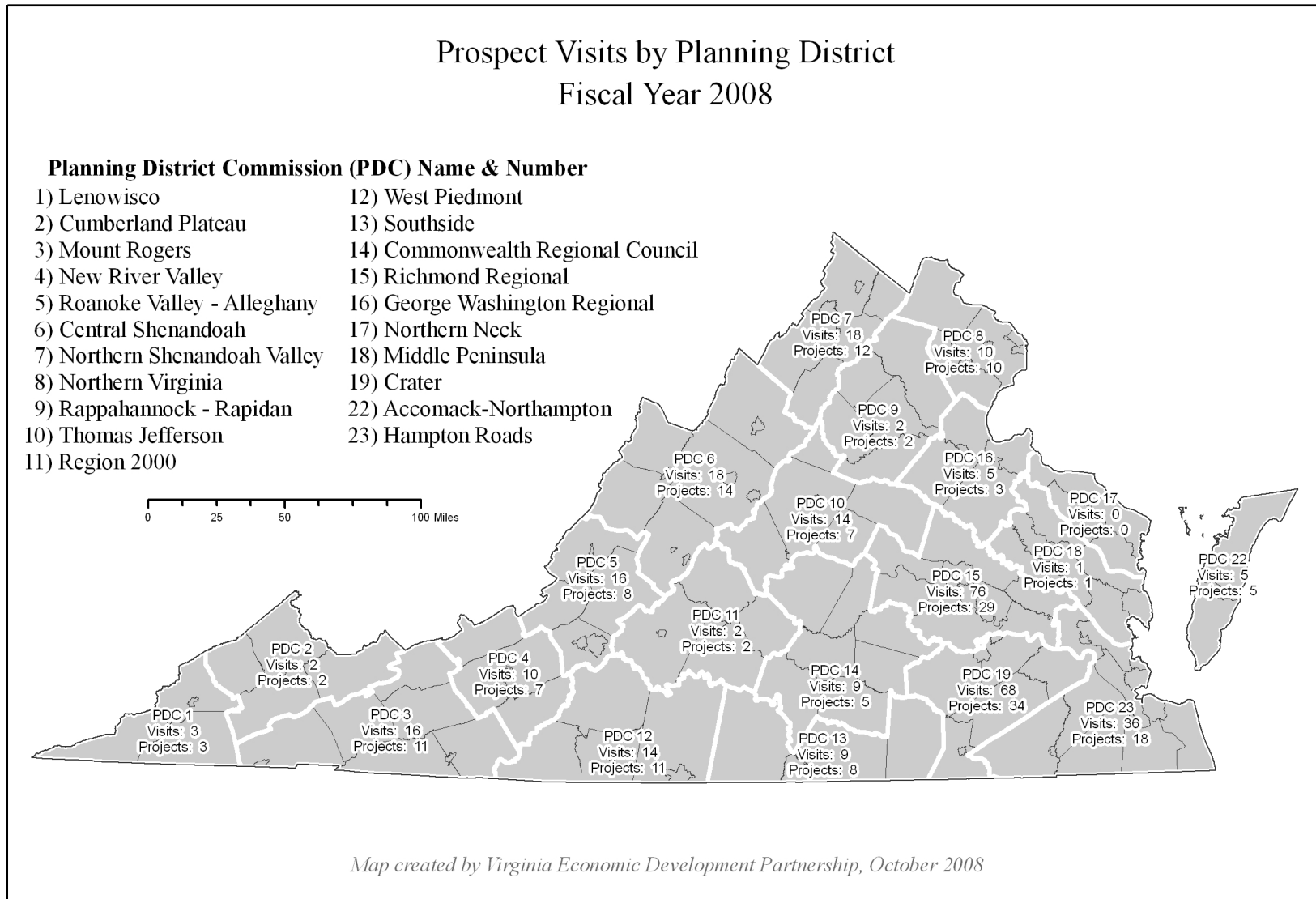
The study was successfully completed by the end of FY 2008 and is in the process of roll-out in early FY 2009. The implications for distressed areas are significant as some of the clusters identified (energy, information technology) can be matched with assets in these regions.

VEDP continued 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 continued 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 2008

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	148	Projects
# of Localities Visited	97			

Appendix 2: Prospect Visit Data for FY 2008



Appendix 3: Site and Building Data for FY 2008

Planning District	Location	Sites	Buildings	Sites & Buildings	Companies ¹
1- Lenowisco	Lee Co.	0	5	5	5
1	Norton	0	0	0	0
1	Scott Co.	1	4	5	5
1	Wise Co.	6	5	11	10
PDC 1 Total		7	14	21	16
2 -Cumberland Plateau	Buchanan Co.	0	0	0	0
2	Dickenson Co.	0	0	0	0
2	Russell Co.	0	0	0	0
2	Tazewell Co.	0	1	1	1
PDC 2 Total		0	1	1	1
3-Mount Rogers	Bland Co.	0	0	0	0
3	Bristol	3	6	9	8
3	Carroll Co.	1	5	6	6
3	Galax	0	3	3	3
3	Grayson Co.	0	0	0	0
3	Smyth Co.	0	1	1	1
3	Washington Co.	3	5	8	6
3	Wythe Co.	5	0	5	5
PDC 3 Total		12	20	32	18
4 - New River Valley	Floyd Co.	3	0	3	3
4	Giles Co.	0	0	0	0
4	Montgomery Co.	7	1	8	8
4	Pulaski Co.	13	14	27	19
4	Radford	0	8	8	8
PDC 4 Total		23	23	46	27
5 -Roanoke Valley-Alleghany	Alleghany Co.	5	14	19	13
5	Botetourt Co.	2	0	2	2
5	Covington	0	6	6	5
5	Craig Co.	0	0	0	0
5	Franklin Co.	3	0	3	3
5	Roanoke Co.	7	7	14	12
5	Roanoke	3	16	19	16
5	Salem	0	8	8	7
PDC 5 Total		20	51	71	34
6 - Central Shenandoah	Augusta Co.	5	0	5	5
6	Bath Co.	0	0	0	0
6	Buena Vista	0	5	5	5
6	Harrisonburg	1	6	7	5
6	Highland Co.	0	0	0	0
6	Lexington	0	0	0	0
6	Rockbridge Co.	0	0	0	0

Appendix 3: Site and Building Data for FY 2008

6	Rockingham Co.	3	5	8	7
6	Staunton	2	2	4	3
6	Waynesboro	0	2	2	2
PDC 6 Total		11	20	31	21
7 - Northern Shenandoah Valley					
	Clarke Co.	0	0	0	0
7	Frederick Co.	6	15	21	11
7	Page Co.	0	2	2	2
7	Shenandoah Co.	3	5	8	6
7	Warren Co.	7	0	7	6
7	Winchester	0	2	2	2
PDC 7 Total		16	24	40	19
8 - Northern Virginia					
	Alexandria	0	0	0	0
8	Arlington Co.	0	0	0	0
8	Fairfax Co.	0	0	0	0
8	Fairfax	0	0	0	0
8	Falls Church	0	0	0	0
8	Loudoun Co.	0	0	0	0
8	Manassas	1	0	1	1
8	Manassas Park	0	0	0	0
8	Prince William Co.	9	17	26	11
PDC 8 Total²		10	17	27	11
9 - Rappahannock-Rapidan					
	Culpeper Co.	1	0	1	1
9	Fauquier Co.	0	1	1	1
9	Madison Co.	0	0	0	0
9	Orange Co.	0	2	2	2
9	Rappahannock Co.	0	0	0	0
PDC 9 Total		1	3	4	4
10 - Thomas Jefferson					
	Albemarle Co.	0	0	0	0
10	Fluvanna Co.	0	0	0	0
10	Greene Co.	0	0	0	0
10	Louisa Co.	6	0	6	5
10	Nelson Co.	0	0	0	0
10	Charlottesville	0	0	0	0
PDC 10 Total		6	0	6	5
11 - Region 2000					
	Amherst Co.	3	3	6	6
11	Appomattox Co.	1	4	5	3
11	Bedford Co.	3	0	3	3
11	Bedford	0	1	1	1
11	Campbell Co.	1	9	10	7
11	Lynchburg	2	4	6	6
PDC 11 Total		10	21	31	17

Appendix 3: Site and Building Data for FY 2008

12 - West Piedmont	Danville	2	6	8	8
12	Franklin Co.	3	0	3	3
12	Henry Co.	5	12	17	15
12	Martinsville	2	7	9	7
12	Patrick Co.	0	1	1	1
12	Pittsylvania Co.	5	11	16	11
PDC 12 Total		17	37	54	30
13 - Southside	Brunswick Co.	4	0	4	3
13	Halifax Co.	6	11	17	12
13	Mecklenburg Co.	7	9	16	11
PDC 13 Total		17	20	37	22
14 - Commonwealth Regional	Amelia Co.	0	0	0	0
14	Buckingham Co.	2	2	4	4
14	Charlotte Co.	3	2	5	5
14	Cumberland Co.	1	0	1	1
14	Lunenburg Co.	1	2	3	3
14	Nottoway Co.	6	1	7	5
14	Prince Edward Co.	1	2	3	2
PDC 14 Total		14	9	23	13
15 - Richmond Regional	Charles City Co.	0	0	0	0
15	Chesterfield Co.	20	36	56	35
15	Goochland Co.	0	0	0	0
15	Hanover Co.	2	31	33	22
15	Henrico Co.	12	35	47	28
15	New Kent Co.	2	0	2	2
15	Powhatan Co.	0	0	0	0
15	Richmond	0	21	21	9
PDC 15 Total		36	123	159	42
16 - George Washington	Caroline Co.	2	4	6	6
16	Fredericksburg	0	1	1	1
16	King George Co.	1	1	2	2
16	Spotsylvania Co.	3	12	15	9
16	Stafford Co.	1	4	5	4
PDC 16 Total		7	22	29	16
17 - Northern Neck	Lancaster Co.	0	0	0	0
	Northumberland Co.	0	0	0	0
17	Richmond Co.	0	0	0	0
	Westmoreland Co.	0	2	2	2
PDC 17 Total		0	2	2	2
18 - Middle	Essex Co.	0	0	0	0

Appendix 3: Site and Building Data for FY 2008

Peninsula					
18	Gloucester Co.	0	0	0	0
	King and Queen Co.				
18	Co.	0	0	0	0
18	King William Co.	0	2	2	1
18	Mathews Co.	0	0	0	0
18	Middlesex Co.	0	0	0	0
PDC 18 Total		0	2	2	1
19 - Crater					
19	Chesterfield Co.	20	36	56	35
19	Colonial Heights	0	0	0	0
19	Dinwiddie Co.	5	5	10	9
19	Emporia	1	3	4	4
19	Greensville Co.	3	9	12	10
19	Hopewell	1	1	2	2
19	Petersburg	3	5	8	7
	Prince George Co.				
19	Co.	13	15	28	17
19	Surry Co.	0	0	0	0
19	Sussex Co.	1	3	4	4
PDC 19 Total		47	77	124	53
22 - Accomack-Northampton					
	Accomack Co.	1	0	1	1
22	Northampton Co.	2	1	3	2
PDC 22 Total		3	1	4	3
23 - Hampton Roads					
23	Chesapeake	11	7	18	13
23	Franklin	0	0	0	0
18	Gloucester Co.	0	0	0	0
23	Hampton	4	10	14	10
23	Isle of Wight Co.	7	3	10	6
23	James City Co.	6	4	10	8
23	Newport News	3	4	7	7
23	Norfolk	0	1	1	1
23	Poquoson	0	0	0	0
23	Portsmouth	3	1	4	4
23	Southampton	5	0	5	3
23	Suffolk	3	20	23	16
19	Surry Co.	0	0	0	0
23	Virginia Beach	2	7	9	8
23	Williamsburg	0	0	0	0
23	York Co.	2	1	3	3
PDC 23 Total		46	58	104	35
State Total³		280	509	789	123

¹The totals in this column represent the number of companies to which recommendations were made, with the number of recommendations itemized by county. The totals may not correlate to the number of recommendations as multiple recommendations may have been made to a particular company.

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

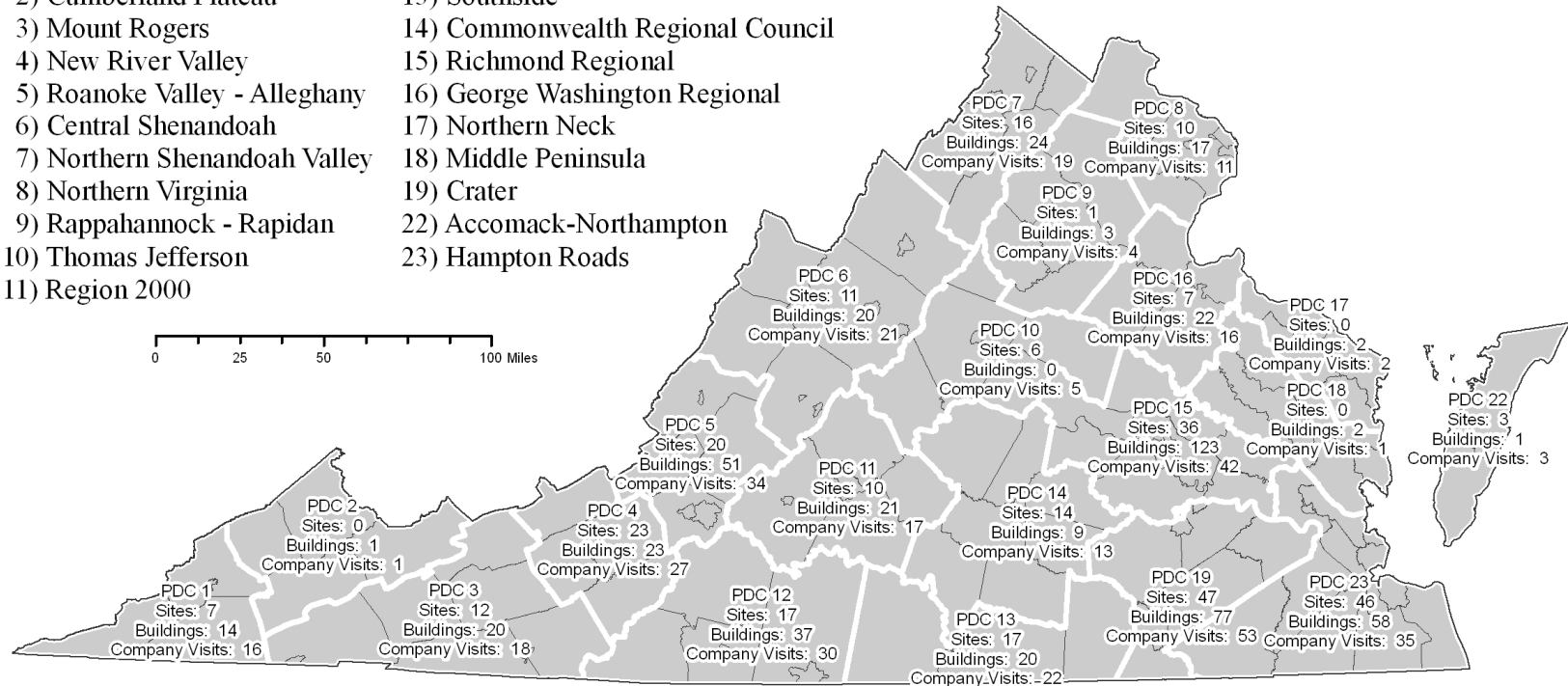
³State totals do not include duplicate entries for Franklin, Chesterfield, Surry and Gloucester Counties, each locating in two PDCs.

Appendix 3: Site and Building Data for FY 2008

Community Location Studies, Sites and Buildings Meeting Prospect Requirements by Planning District Fiscal Year 2008

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 2008

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Alleghany Construction Company, Inc.	1	Scott Co.	M	N	327410	High-calcium limestone	10	\$8.00
Pinnacle Wood Products	1	Wise Co.	M	N	337110	Manufacture wood cabinets and doors	220	\$1.50
Rogers Foam Corporation	1	Scott Co.	M	N	326150	Manufacture engineered foam products	50	\$1.40
Synergy Biofuels, LLC	1	Lee Co.	M	N	324110	Process used vegetable oil into biodiesel fuel	30	\$1.20
					<i>New Total</i>	<i>4 announcements</i>	<i>310</i>	<i>\$12.10</i>
Buchanan Pump Service & Supply Co.	1	Wise Co.	M	E	332710	Pumps; machine shop, fabrication shop, testing center	15	\$0.78
KCG Call Centers, LLC	1	Lee Co.	N	E	561422	Customer service center for a major satellite radio firm	260	\$3.00
Rogers Foam Corporation	1	Scott Co.	M	E	326150	Manufacture engineered foam products	0	\$1.95
					<i>Expansion Total</i>	<i>3 announcements</i>	<i>275</i>	<i>\$5.73</i>
					<i>PDC 1 Total</i>	<i>7 announcements</i>	<i>585</i>	<i>\$17.83</i>
Haysi Heating & Cooling, Inc.	2	Dickenson Co.	M	E	332322	Duct manufacturing	20	\$0.50
International Automotive Components Group	2	Russell Co.	M	E	336360	Automotive interior systems	26	\$1.00
Sykes Enterprises, Inc.	2	Buchanan Co.	N	E	561422	Technical support; customer service center	400	\$10.00
					<i>Expansion Total</i>	<i>3 announcements</i>	<i>446</i>	<i>\$11.50</i>
					<i>PDC 2 Total</i>	<i>3 announcements</i>	<i>446</i>	<i>\$11.50</i>
First Fruits Beverage Company LLC	3	Smyth Co.	M	N	312111	Manufacture beverages	40	\$3.30
					<i>New Total</i>	<i>1 announcement</i>	<i>40</i>	<i>\$3.30</i>
Crowley Foods	3	Bristol	M	E	311511	Dairy products manufacturer	10	\$0.00
Hapco Aluminum Pole Products	3	Washington Co.	M	E	331316	Pole manufacturing	45	\$4.10
Pepsi Bottling Group, Inc.	3	Wythe Co.	M	E	312111	Manufacture soft drinks and bottled water	15	\$14.00
Virginia Steel & Fabrication, Inc.	3	Bland Co.	M	E	332312	Steel fabrication	15	\$2.50
					<i>Expansion Total</i>	<i>4 announcements</i>	<i>85</i>	<i>\$20.60</i>
					<i>PDC 3 Total</i>	<i>5 announcements</i>	<i>125</i>	<i>\$23.90</i>
Inorganic Ventures, Inc.	4	Montgomery Co.	M	N	325188	Manufacture custom inorganic chemical blends	46	\$3.03
LacTec USA*	4	Montgomery Co.	M	N	333912	Design/build computerized paint delivery systems	4	\$0.10
					<i>New Total</i>	<i>2 announcements</i>	<i>50</i>	<i>\$3.13</i>

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Jefferson Yarns Inc.	4	Pulaski Co.	M	E	313112	Manufacture yarn	20	\$0.10
NanoChemonics, Inc.	4	Pulaski Co.	M	E	325131	Nanoparticle iron oxide	3	\$3.00
Schultz-Creehan Holdings, Inc.	4	Montgomery Co.	N	E	541710	High-tech engineering; R&D of innovative solutions for industry	17	\$0.16
Tetra	4	Montgomery Co.	M	E	327215	Aquarium supplies and fish food	33	\$1.59
					<i>Expansion Total</i>	<i>4 announcements</i>	73	\$4.85
		PDC 4 Total				6 announcements	123	\$7.97
Westport Corp.*	5	Roanoke City	M	N	336350	Assembles axles for Volvo's Heavy Trucks	60	\$3.00
					<i>New Total</i>	<i>1 announcement</i>	60	\$3.00
ADMMicro, Inc.	5	Roanoke City	N	E	541330	Intelligent energy management systems	9	\$0.10
Arkey Packaging Corp.	5	Botetourt Co.	M	E	322212	Consumer products packaging	30	\$4.50
Atlantic Credit and Finance Inc.	5	Roanoke City	N	E	561440	HQ: medical debt acquisition and recovery	80	\$1.15
Central Valley Rubber Services Co.	5	Roanoke City	N	E	423840	Industrial supplier of manufactured rubber, plastic hose, and belting	5	\$1.60
Dynax America Corporation *	5	Botetourt Co.	M	E	336350	Automobile transmission parts	100	\$0.00
Maple Leaf Bakery USA *	5	Roanoke City	M	E	311812	Commercial bakery	40	\$9.50
Rowe Furniture Corp.	5	Salem	M	E	321999	Kiln drying, grading, trimming, ripping and packaging of lumber	0	\$0.50
Stage Sound, Inc.	5	Roanoke City	M	E	334310	Design and installation of commercial sound systems	5	\$0.50
Synchrony, Inc.	5	Roanoke Co.	M	E	334513	Magnetic bearings and integrated control systems	28	\$1.20
TMEIC-GE	5	Roanoke Co.	M	E	335314	North American HQ; design/manufacture drive automation systems	17	\$2.00
					<i>Expansion Total</i>	<i>10 announcements</i>	314	\$21.05
		PDC 5 Total				11 announcements	374	\$24.05
Pandit Distributors	6	Buena Vista	N	N	424120	Warehouse and distribute books	50	\$0.50
Universal Impact, Inc.	6	Staunton	M	N	331316	Manufacture aluminum extruded tools and parts	50	\$2.50
					<i>New Total</i>	<i>2 announcements</i>	100	\$3.00
Alcoa Home Exteriors, Inc.	6	Augusta Co.	M	E	326199	Vinyl siding	90	\$1.30
Ariake USA, Inc.*	6	Harrisonburg	M	E	311422	Manufacture soup and sauce base	0	\$4.00
Carded Graphics, LLC	6	Staunton	M	E	322212	Manufacture printed packaging products	35	\$6.50
Criticon Corporation	6	Harrisonburg	N	E	518210	Data processing and preparation	0	\$20.00

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
MeadWestvaco Corp.	6	Augusta Co.	N	E	493110	Consolidated warehouse	65	\$38.00
R.R. Donnelley & Sons Co.	6	Rockingham Co.	M	E	323110	Process digital files for trade book industry	0	\$0.92
Tactical & Survival Specialties, Inc.	6	Harrisonburg	M	E	339999	Manufacture and assemble law enforcement and military products	21	\$0.10
Valley Industrial Piping, Inc.	6	Waynesboro	M	E	332996	Pipe installation and fabrication	21	\$0.10
Wellness Concepts	6	Rockingham Co.	N	E	424210	Pharmaceutical distribution and training provider	35	\$1.00
					<i>Expansion Total</i>	<i>9 announcements</i>	267	\$71.92
	PDC 6 Total					11 announcements	367	\$74.92
Home Depot Retail Distribution Center	7	Frederick Co.	N	N	493110	Retail distribution center	400	\$32.20
ProJet Aviation, LLC	7	Winchester	N	N	488119	Aviation consulting and management services	5	\$23.80
Solaris Paper, Inc.	7	Shenandoah Co.	M	N	322211	Converted paper product manufacturing	130	\$44.50
					<i>New Total</i>	<i>3 announcements</i>	535	\$100.50
International Automotive Components Group	7	Shenandoah Co.	M	E	336360	Automotive interior systems	121	\$3.00
Navy Federal Credit Union	7	Frederick Co.	N	E	561422	Call center	360	\$7.40
Premier Reticles, LLC	7	Winchester	M	E	333314	Manufacture and assemble precision optical systems	20	\$2.00
Premier Technical Services Corp.	7	Page Co.	N	E	518210	Continuity-of-operations and data center facility	96	\$16.50
Shenandoah Waste Services, LLC	7	Page Co.	N	E	562111	Recycle materials to make an alternative fuel source for energy production	60	\$4.00
VF Jeanswear	7	Page Co.	M	E	315224	Jeans	0	\$2.00
Winchester Tool, LLC	7	Winchester	M	E	332999	Fabricate metal parts	15	\$2.00
					<i>Expansion Total</i>	<i>7 announcements</i>	672	\$36.90
	PDC 7 Total					10 announcements	1,207	\$137.40
Advion BioSciences, Inc.	8	Prince William Co.	N	N	541710	Bioanalytical immunochemistry services	10	\$1.00
Association of Public Television Stations	8	Arlington Co.	N	N	813910	Trade association	20	\$0.00
AT4 Wireless*	8	Fairfax Co.	N	N	541512	Testing solutions for mobile communications and wireless technologies	25	\$2.50
Avail Media, Inc.	8	Fairfax Co.	N	N	541512	Corporate HQ; provides managed content aggregation services	12	\$0.00
Bell ID*	8	Fairfax Co.	N	N	541511	Develop secure ID chip technology	10	\$0.00
Broad Run Construction Waste Recycling	8	Prince William Co.	N	N	562920	Multi-state materials recovery and recycling services	18	\$4.20
CARIS USA*	8	Alexandria	N	N	541511	Specialized mapping and geospatial software	6	\$0.15

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
CRG West	8	Fairfax Co.	N	N	518210	Data center	0	\$20.00
DeticaDFI	8	Arlington Co.	N	N	541512	IT and knowledge management services	250	\$0.00
FortiusOne, Inc.	8	Arlington Co.	N	N	541370	Intelligent mapping technologies	15	\$0.00
GridPoint, Inc.	8	Arlington Co.	N	N	551114	Corporate HQ; clean technology	250	\$5.00
H.C. Park and Associates, PLC	8	Fairfax Co.	N	N	541110	Business, corporate and IP law	12	\$0.00
Orbital Sciences Corporation	8	Loudoun Co.	M	N	336414	Assemble/test/launch the Taurus II space launch vehicle in Accomack Co.	75	\$28.30
Suffolk Construction Co. Inc.	8	Fairfax Co.	N	N	551114	Mid-Atlantic regional office; construction management	40	\$0.00
Toshiba America Nuclear Energy Corp.*	8	Alexandria	N	N	541690	Nuclear power plant support and promotion	30	\$0.00
U.S. Saudi Arabian Business Council, Inc.*	8	Fairfax Co.	N	N	813910	Business association; U.S. HQ	15	\$0.00
UHY Advisors, Inc.	8	Arlington Co.	N	N	541611	Business consulting, IT assurance, accounting services	60	\$0.00
Volkswagen of America, Inc.*	8	Fairfax Co.	N	N	551114	U.S. HQ; automobile manufacturer	401	\$118.00
					<i>New Total</i>	<i>18 announcements</i>	<i>1,249</i>	<i>\$179.15</i>
Accelligence LLC	8	Fairfax Co.	N	E	541512	Information technology services	65	\$0.20
According to Plan, LLC	8	Fairfax Co.	N	E	541850	Provide marketing and branding promotional products	15	\$0.18
ADNET Systems, Inc.	8	Fairfax Co.	N	E	541512	Provide science, engineering, and IT services	40	\$0.00
Agent Logic Inc.	8	Fairfax Co.	N	E	541511	Complex Event Processing software	50	\$0.00
AmCad	8	Fairfax Co.	N	E	541512	Technology and solutions provider	19	\$0.00
American Public University System	8	Prince William Co.	N	E	551114	Administrative HQ of the American Military University division	50	\$4.00
American Technology Services, Inc.	8	Fairfax Co.	N	E	541512	IT consulting	45	\$0.30
Argy, Wiltse & Robinson, PC	8	Fairfax Co.	N	E	541211	Business advisory and accounting services	60	\$0.00
Bamboo Solutions	8	Fairfax Co.	N	E	541512	Web Parts, Solution Accelerators and customized products for SharePoint	22	\$0.00
Battelle Memorial Institute	8	Arlington Co.	N	E	541712	Research and development	370	\$0.00
Beers & Cutler PLLC	8	Fairfax Co.	N	E	541211	Business advisory and accounting services	100	\$0.00
Bowman Consulting Group	8	Fairfax Co.	N	E	541330	Engineering services, HQ	20	\$0.00
CACI International, Inc.	8	Fairfax Co.	N	E	541512	Information technology consulting	286	\$0.00
Cedarpark Computers, Inc.	8	Fairfax Co.	N	E	541512	Computer hardware and software services	40	\$1.00
Cernium Corporation	8	Fairfax Co.	N	E	541511	Developer of video analytics-enabled products	10	\$0.00

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
CGI Group Inc.*	8	Fairfax Co.	N	E	551114	Information technology consulting; U.S. HQ	210	\$1.00
Cheshil Consultants Inc. (CCI)	8	Fairfax Co.	N	E	541512	Info systems technology, systems engineering, management consulting	10	\$0.00
Columbia Group	8	Prince William Co.	N	E	541512	Provides technical services support to the U.S. Military	25	\$0.40
Comcast Corporation	8	Prince William Co.	N	E	561422	Inbound call center	211	\$0.59
Counterpart International	8	Arlington Co.	N	E	551114	Non-profit, charitable organization headquarters	65	\$0.00
Covance Inc.	8	Prince William Co.	N	E	541710	Pharmaceutical research and development laboratory	100	\$175.00
Davis-Paige Management Systems, LLC	8	Fairfax Co.	N	E	541690	Counter-terrorism and disaster preparedness solutions	10	\$0.00
Definitive Business Solutions, Inc.	8	Fairfax Co.	N	E	541611	Provide risk management and consulting services	35	\$0.25
DigiLink, Inc.	8	Alexandria	M	E	323122	HQ; prepress services, commercial printers	10	\$7.60
DLT Solutions, Inc.	8	Fairfax Co.	N	E	541512	IT services & solutions, government contractor	40	\$0.00
DNS Electronics, LLC	8	Prince William Co.	N	E	423690	Semiconductor parts supplier	0	\$0.40
DRS Technologies*	8	Fairfax Co.	N	E	541512	Technical Services business unit; defense technologies	185	\$0.00
DynLink	8	Arlington Co.	N	E	541512	Information technology consulting	25	\$0.00
ECS Mid-Atlantic, LLC	8	Prince William Co.	N	E	541330	Geotechnical engineering services	10	\$0.30
eKohs, Inc.	8	Fairfax Co.	N	E	541512	Business and technology solutions provider	15	\$0.91
Emerging Technologies Group, Inc.	8	Fairfax Co.	N	E	541512	Network security/computer forensics services	15	\$0.30
Ennstone, Inc.*	8	Fairfax Co.	M	E	327320	Manufacture small load ready-mixed concrete	17	\$0.00
Enterra Solutions, LLC	8	Fairfax Co.	N	E	541511	Enterprise Resilience Management Solution software	175	\$1.80
G&B Solutions, Inc.	8	Fairfax Co.	N	E	541512	Management consulting services and IT solutions	166	\$0.45
General Dynamics Amphibious Systems	8	Prince William Co.	N	E	541330	Engineering services	48	\$0.90
General Information Technology, Inc.	8	Fairfax Co.	N	E	541512	Information technology services	20	\$1.00
Harmony Information Systems, Inc.	8	Fairfax Co.	N	E	541511	Human services software solutions	45	\$0.40
ICI Services, LLC	8	Prince William Co.	N	E	541330	Engineering services	25	\$2.50
Indigo Technology Inc.	8	Fairfax Co.	N	E	541512	Information technology services	12	\$0.00
Infopro	8	Fairfax Co.	N	E	541511	Computer programming services	127	\$0.32
Innovations Group, Inc.	8	Fairfax Co.	N	E	541512	Business and IT consulting	52	\$0.20
International Building Systems Corp.	8	Prince William Co.	N	E	551114	HQ; custom architectural mill work	0	\$7.00

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Ironworks Consulting	8	Fairfax Co.	N	E	541512	Technology consulting	20	\$0.00
LeapFrog Solutions Inc.	8	Fairfax Co.	N	E	541613	Marketing communications	13	\$0.00
LogiXML, Inc.	8	Fairfax Co.	N	E	541511	Interactive, Web-based business intelligence software	18	\$0.00
M & M Technical Services, Inc.	8	Prince William Co.	N	E	541512	Information technology services provider	48	\$0.10
Marine Corps Heritage Foundation	8	Prince William Co.	N	E	813410	HQ; national organization	15	\$0.80
Martin Brower Company	8	Prince William Co.	N	E	424490	Distribute products to McDonald's	65	\$22.00
MBO Partners, Inc.	8	Prince William Co.	N	E	541611	Business management consulting	300	\$0.00
MCL Systems	8	Prince William Co.	N	E	541512	IT consulting, research, and engineering	4	\$0.29
Metris*	8	Fairfax Co.	N	E	541511	Develop 3D hardware and software inspection systems	15	\$1.00
Metris*	8	Prince William Co.	M	E	334519	Measurement and controlling device manufacturing	0	\$3.00
MicroTech, LLC	8	Fairfax Co.	N	E	541512	Information technology services	50	\$0.00
National Capitol Contracting	8	Arlington Co.	N	E	541512	Provides media, communications, and technology services	12	\$0.00
OMNIPLEX World Services Corp.	8	Fairfax Co.	N	E	551114	HQ; personal security investigations services	75	\$0.00
Orbital Sciences Corporation	8	Loudoun Co.	M	E	336414	Rocket and space technology manufacturing; HQ	600	\$0.00
Orbital Sciences Corporation	8	Loudoun Co.	M	E	336414	HQ; rocket and space technology manufacturing	100	\$0.00
P&J Arcomet LLC*	8	Prince William Co.	N	E	551114	U.S. HQ; crane provider to a multi-state region	0	\$6.52
Professional Services Council	8	Arlington Co.	N	E	813910	Trade association	17	\$0.00
QSACK & Associates, Inc.	8	Arlington Co.	N	E	541512	Professional and technical services provider	41	\$0.40
Rapiscan Systems	8	Arlington Co.	N	E	541690	Security inspection and criminal and terrorist acts prevention solutions	20	\$0.00
Reznick Group PC	8	Fairfax Co.	N	E	541211	Business advisory & accounting services	30	\$0.00
Rolls-Royce*	8	Fairfax Co.	N	E	551114	North American headquarters	100	\$1.00
SC&H Group, LLC	8	Fairfax Co.	N	E	541611	Management consulting services	30	\$0.00
SGIS	8	Fairfax Co.	N	E	541512	Develops and applies advanced technical solutions	59	\$0.00
Siteworx, Inc.	8	Fairfax Co.	N	E	541512	Technology consulting	90	\$0.25
SNVC	8	Fairfax Co.	N	E	541512	IT and network solutions	23	\$0.50
SSB, Inc.	8	Fairfax Co.	N	E	541511	Computer programming services	50	\$0.25
Stanley Associates, Inc.	8	Prince William Co.	N	E	541512	Information technology consultants, defense contractor	60	\$4.30

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Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Stargates, Inc.	8	Arlington Co.	N	E	541330	Engineering/program management services for the Federal government	35	\$0.00
Strategic Thought	8	Fairfax Co.	N	E	541511	Risk management software	25	\$0.38
SURVICE Engineering Company	8	Prince William Co.	N	E	541330	Engineering and computer science services	15	\$0.27
Tandberg, Inc.*	8	Fairfax Co.	N	E	561499	Teleconferencing applications provider	107	\$5.00
Technology Solutions Providers	8	Fairfax Co.	N	E	541512	Information technology services	10	\$0.00
The Engineering Groupe, Inc.	8	Prince William Co.	N	E	541330	HQ; engineering and planning services	15	\$20.00
The Washington Post	8	Prince William Co.	N	E	511110	Newspaper publishing distribution	5	\$0.80
The Washington Post	8	Prince William Co.	N	E	511110	Newspaper publishing warehouse	5	\$1.70
Trinity Technology Group	8	Fairfax Co.	N	E	541512	Information systems, management & support services	24	\$0.00
TWM Associates, Inc.	8	Fairfax Co.	N	E	541512	Systems engineering, process improvement and security analysis	17	\$0.30
Valador, Inc.	8	Fairfax Co.	N	E	541512	Information assurance, modeling and simulation, software engineering	24	\$0.00
VeriSolv Technologies, Inc.	8	Fairfax Co.	N	E	541511	Information technology consulting; software solutions	10	\$0.10
Webster Data Communication, Inc.	8	Fairfax Co.	N	E	541512	Provide customized information technology solutions	30	\$0.10
Whitney, Bradley & Brown, Inc.	8	Fairfax Co.	N	E	541611	Technical and management consulting	71	\$0.00
SecureIT	8	Fairfax Co.	N	E	541690	Enterprise-wide security and privacy programs	25	\$0.81
Technology Solution Providers	8	Fairfax Co.	N	E	541512	Technology integration serving the needs of government agencies	30	\$0.10
					<i>Expansion Total</i>	<i>85 announcements</i>	<i>5,148</i>	<i>\$276.97</i>
		PDC 8 Total				103 announcements	6,397	\$456.12
Fresh Tulips USA, LLC	9	Culpeper Co.	N	E	424930	Grow and distribute hydroponic tulips	140	\$0.00
Zamma Corporation	9	Orange Co.	M	E	321918	Custom pre-finished moulding	23	\$7.00
					<i>Expansion Total</i>	<i>2 announcements</i>	<i>163</i>	<i>\$7.00</i>
		PDC 9 Total				2 announcements	163	\$7.00
Argonaut BioFuels*	10	Louisa Co.	M	N	321113	Manufacture wood pellets	65	\$16.00
CACI International, Inc.	10	Albemarle Co.	N	N	541512	Information technology consulting	200	\$3.50
Virginia Distillery Company	10	Nelson Co.	M	N	312140	Distillery	19	\$5.00
					<i>New Total</i>	<i>3 announcements</i>	<i>284</i>	<i>\$24.50</i>

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
MeadWestvaco Corp.	10	Louisa Co.	M	E	326199	Manufacture plastic packaging	80	\$3.50
					<i>Expansion Total</i>	<i>1 announcement</i>	80	\$3.50
		PDC 10 Total				4 announcements	364	\$28.00
AREVA NP Inc.*	11	Lynchburg	M	E	332410	U.S. HQ, nuclear power products & services	500	\$25.00
Banker Steel Company, LLC	11	Campbell Co.	M	E	332312	Fabricate structural steel	60	\$0.00
Barr Laboratories Inc.*	11	Bedford Co.	M	E	325412	Pharmaceuticals	220	\$62.00
Commercial Metals Company	11	Amherst Co.	M	E	332312	Rebar, reinforced steel	50	\$0.00
Foster Fuels	11	Campbell Co.	N	E	424720	National distributor of propane, heating oil, gasoline, etc.	10	\$5.50
Hi-Tech Machining LLC	11	Campbell Co.	M	E	332322	Sheet metal fabrication	15	\$1.20
Innovative Wireless Technologies	11	Bedford Co.	M	E	334220	Wireless antenna design operations	50	\$5.66
JetBroadband	11	Campbell Co.	N	E	517110	Telecommunications services	25	\$1.25
New River Packaging, LLC	11	Campbell Co.	M	E	322212	Corrugated cardboard packaging	20	\$1.20
Progress Printing Company	11	Campbell Co.	M	E	323110	Commercial printing, B2B catalog products	25	\$15.80
Thomas A. Johnson Furniture Company	11	Lynchburg	M	E	337122	Custom high-end cabinetry, furniture and architectural products	50	\$0.00
Uber Precision Manufacturing	11	Lynchburg	M	E	332999	Fabricated metal products	30	\$7.00
					<i>Expansion Total</i>	<i>12 announcements</i>	1,055	\$124.61
		PDC 11 Total				12 announcements	1,055	\$124.61
Advanced Vehicle Research Center	12	Danville	N	N	541712	Research off-road and alternative vehicles and fuels; HQ	30	\$3.50
Canadian Bank Note Company, Ltd.*	12	Danville	N	N	323115	High-tech printing, security safeguards for Virginia driver's licenses	15	\$5.50
Com.40 Ltd.*	12	Danville	M	N	337121	Manufacture mattresses and upholstered furniture	813	\$36.30
RTI International Metals, Inc.	12	Henry Co.	M	N	331491	Manufacture titanium for the aerospace industry	150	\$100.00
SIPS of America	12	Pittsylvania Co.	M	N	321992	Insulated panel manufacturing	15	\$2.50
					<i>New Total</i>	<i>5 announcements</i>	1,023	\$147.80
Accretive Commerce	12	Henry Co.	N	E	454113	Outsourced operations solutions for one-to-one direct commerce	45	\$2.50
Aerial Machine and Tool Co.	12	Patrick Co.	M	E	314999	Sew and assemble harnesses and parachutes	77	\$0.45
Bobby Hamilton Racing	12	Henry Co.	N	E	711219	Racing team	30	\$2.00

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Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
D&D Furniture	12	Martinsville	M	E	337121	Manufacture chairs, sofas, sofa beds and recliners	10	\$0.90
EMI Imaging	12	Henry Co.	N	E	518210	Scan, store, and retrieve documents	40	\$1.60
EMI Imaging	12	Patrick Co.	N	E	518210	Document management solutions	24	\$0.60
Goodyear Tire & Rubber Co.	12	Danville	M	E	326211	Aircraft tire and medium radial truck tire manufacturing	0	\$200.00
Infinity Global Packaging	12	Danville	M	E	322212	Provider of branded packaging and packaging solutions	86	\$1.80
LifePoint Hospitals, Inc.	12	Martinsville	N	E	541219	Back-office operations; healthcare accounts receivables	23	\$0.00
Mehler Engineered Products*	12	Henry Co.	M	E	314992	Textile reinforcements for automobile belts	10	\$0.00
The Results Companies	12	Patrick Co.	N	E	561422	Customer service center	40	\$0.00
Worley Machine Enterprises, Inc.	12	Patrick Co.	M	E	332710	Manufacture transformer replacement parts used in aircraft carriers	15	\$0.50
					<i>Expansion Total</i>	<i>12 announcements</i>	<i>400</i>	<i>\$210.35</i>
		PDC 12 Total				17 announcements	1,423	\$358.15
Filtration Specialties, Inc.	13	Mecklenburg Co.	M	N	313210	Manufacture fiberglass felts for the filtration industry	10	\$1.50
Trak Motorsports Inc.*	13	Halifax Co.	M	N	336111	Manufacture high-end sports cars	16	\$1.54
					<i>New Total</i>	<i>2 announcements</i>	<i>26</i>	<i>\$3.04</i>
		PDC 13 Total				2 announcements	26	\$3.04
Lignetics, Inc.	14	Lunenburg Co.	M	N	321113	Manufacture wood pellets	35	\$5.35
					<i>New Total</i>	<i>1 announcement</i>	<i>35</i>	<i>\$5.35</i>
Showbest Fixture Corp.	14	Nottoway Co.	M	E	337215	Manufacture store fixtures	104	\$2.55
					<i>Expansion Total</i>	<i>1 announcement</i>	<i>104</i>	<i>\$2.55</i>
		PDC 14 Total				2 announcements	139	\$7.90
Ace Recycling	15	Chesterfield Co.	N	N	562920	Materials recovery facility	30	\$6.00
Altria Group, Inc.	15	Henrico Co.	N	N	551114	Corporate HQ; cigarette manufacturing	30	\$0.00
Aspen Products, Inc.	15	Richmond	M	N	322215	Paper goods manufacturing; paper plates, paper cups, lunch bags	190	\$12.00
backaldrin of America LLC*	15	Hanover Co.	M	N	311822	Manufacture bread mixes and dough improvers	25	\$0.00
Eastern Aluminum Supply, Inc.	15	Chesterfield Co.	N	N	423310	Aluminum siding & building materials distribution	10	\$2.00
Edelman Financial Corporation	15	Henrico Co.	N	N	522110	Operations center; financial services	60	\$0.60
GlaxoSmithKline*	15	Chesterfield Co.	N	N	424210	Distribute pharmaceuticals	70	\$7.00

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Interline Brands, Inc.	15	Henrico Co.	N	N	493110	Distribution center; maintenance, repair and operations products	50	\$9.00
Jim's Formal Wear	15	Chesterfield Co.	N	N	424320	Multi-state distribution/logistics of formal wear	40	\$4.50
Knight Transportation, Inc.	15	Chesterfield Co.	N	N	484122	Long-distance freight hauling, terminal operation	22	\$2.40
Mazda Motor Corp.*	15	Chesterfield Co.	N	N	423120	Automotive parts distribution and engine repair	50	\$1.60
Mother Parkers Tea & Coffee Inc.*	15	Hanover Co.	M	N	311920	Roast and package coffee	85	\$40.10
Premier Woodworking	15	Henrico Co.	M	N	337215	Manufacture wood store fixtures	150	\$11.00
Regus Group*	15	Henrico Co.	N	N	541618	Secretarial, telecommunications, videoconferencing services	10	\$0.90
Virginia Distribution	15	Henrico Co.	N	N	424820	Distribution center for wine	15	\$1.30
					<i>New Total</i>	<i>15 announcements</i>	<i>837</i>	<i>\$98.40</i>
Alstom Power Inc.*	15	Chesterfield Co.	M	E	333611	Re-manufacture turbine blades	20	\$14.00
BluePrint Automation*	15	Chesterfield Co.	M	E	333993	Automatic case packaging machines	13	\$2.00
CCA - WESCO	15	Chesterfield Co.	N	E	423610	Distribution of automation, controls and industrial products	50	\$0.60
Cephas Industries, Inc.	15	Richmond	M	E	321999	Recycles wood products into firewood, mulch and boiler fuel	7	\$0.18
DuPont, Advanced Fibers Division	15	Chesterfield Co.	M	E	325211	Synthetic fibers, Kevlar	0	\$50.00
Duro Bag Manufacturing Co.	15	Richmond	M	E	322224	Manufacture paper bags	46	\$1.00
Electro-LuminX Lighting Corp.	15	Chesterfield Co.	M	E	335129	Manufacture electroluminescent lamps	49	\$0.20
Fiorucci Foods Inc.	15	Chesterfield Co.	M	E	311612	Italian specialty meat products	25	\$3.10
HCA Health Services of Virginia Inc.	15	Chesterfield Co.	N	E	541611	Hospital back-office functions, administrative and accounting support	120	\$1.20
Honeywell International, Inc.	15	Chesterfield Co.	M	E	325222	Manufacture Spectra fibers	0	\$2.50
Kimley-Horn & Associates	15	Henrico Co.	N	E	541330	Engineering services	120	\$7.30
MGC Advanced Polymers, Inc.*	15	Chesterfield Co.	M	E	325211	Manufacture of MX-Nylon, resins, chemicals	0	\$1.00
Mid-Atlantic Coca-Cola Bottling Co.	15	Henrico Co.	M	E	312111	Manufacture soft drinks	7	\$1.44
Norandex Building Materials Distribution	15	Chesterfield Co.	N	E	423330	Distribution of exterior building products	14	\$4.00
Planit Technology Group	15	Henrico Co.	N	E	541512	IT consulting	8	\$1.10
PrintSouth Corporation	15	Henrico Co.	M	E	323119	Manufacture printed business communications products	10	\$9.60
Pro-Motions, Inc.	15	Henrico Co.	N	E	541613	Marketing and communications consulting	2	\$0.48
Richmond Cold Storage	15	Henrico Co.	N	E	493120	Refrigerated warehousing and storage	10	\$5.50

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Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Richmond Steel	15	Chesterfield Co.	M	E	332312	Steel fabrication	17	\$2.00
S.P. Recycling	15	Henrico Co.	N	E	423930	Paper recycling	5	\$1.80
Sealpac USA, LLC*	15	Henrico Co.	N	E	423830	U.S. HQ, distributes tray sealing machinery	15	\$1.60
Stanley Stephens Co.	15	Henrico Co.	N	E	423310	Regional distributor of fine commercial floor coverings	20	\$2.90
SunTrust Mortgage, Inc.	15	Richmond	N	E	551114	HQ; mortgage services	40	\$0.00
The Martin Agency	15	Richmond	N	E	541810	Advertising agency for national and international clients	100	\$0.00
Trainor Glass Company	15	Chesterfield Co.	M	E	327211	Manufacture glass products & aluminum framing systems	0	\$5.34
U.S. Department of Agriculture	15	Henrico Co.	N	E	926104	Federal agricultural services	5	\$3.46
Viking Supply Net	15	Henrico Co.	M	E	339999	Fabrication/distribution of fire protection equipment	15	\$0.80
Virginia Air Distributors	15	Chesterfield Co.	N	E	423730	Distribution center, HVAC equipment & supplies	41	\$5.50
WellPoint, Inc.	15	Henrico Co.	N	E	551114	Subsidiary HQ; health insurance provider	20	\$4.97
WellPoint, Inc.	15	Henrico Co.	N	E	561422	Customer service center; health insurer	300	\$1.80
Xymid, LLC	15	Chesterfield Co.	M	E	333293	Fabric & plastic sleeves for printing machinery	50	\$2.00
					<i>Expansion Total</i>	<i>31 announcements</i>	<i>1,129</i>	<i>\$137.37</i>
		PDC 15 Total				46 announcements	1,966	\$235.77
Dominion Virginia Power	16	Caroline Co.	N	E	221111	Electric power generation	1	\$79.00
GEICO Corporation	16	Stafford Co.	N	E	518210	Data center; automobile insurer	0	\$30.00
Virginia Natural Gas	16	Caroline Co.	N	E	221210	Electric pump station	1	\$21.25
Zenith Aviation	16	Fredericksburg	N	E	423860	Distribute aircraft equipment	30	\$1.60
					<i>Expansion Total</i>	<i>4 announcements</i>	<i>32</i>	<i>\$131.85</i>
		PDC 16 Total				4 announcements	32	\$131.85
Industrial Resource Technologies, Inc.*	18	Gloucester Co.	M	E	325992	Recycle and reclaim toner cartridges	30	\$41.00
					<i>Expansion Total</i>	<i>1 announcement</i>	<i>30</i>	<i>\$41.00</i>
		PDC 18 Total				1 announcement	30	\$41.00
Moss Motors, Ltd.	19	Dinwiddie Co.	N	N	423120	Distribution of specialized automotive parts	90	\$5.15
Rolls-Royce*	19	Prince George Co.	M	N	336412	Assemble aircraft engines	542	\$501.40
					<i>New Total</i>	<i>2 announcements</i>	<i>632</i>	<i>\$506.55</i>

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Computer Express	19	Colonial Heights	N	E	541512	Information technology services	5	\$0.10
Joint Logistics Managers, Inc.	19	Prince George Co.	N	E	541614	Design and development of automated logistics systems	40	\$0.10
Oran Safety Glass*	19	Greensville Co.	M	E	327211	Manufacture bullet-proof glass	30	\$0.00
Oran Safety Glass*	19	Greensville Co.	M	E	327211	Manufacture bullet-proof glass	25	\$2.65
Tindall Corporation	19	Dinwiddie Co.	M	E	327331	Precast, prestressed concrete building system components	80	\$0.00
					<i>Expansion Total</i>	<i>5 announcements</i>	<i>180</i>	<i>\$2.85</i>
	PDC 19 Total					7 announcements	812	\$509.40
Orbital Sciences Corporation	22	Accomack Co.	M	N	336414	Assemble/test/launch the Taurus II space launch vehicle	50	\$16.70
					<i>New Total</i>	<i>1 announcement</i>	<i>50</i>	<i>\$16.70</i>
	PDC 22 Total					1 announcement	50	\$16.70
Astute Electronics*	23	Suffolk	N	N	423690	Electronic component distribution	4	\$0.25
CHEP USA*	23	Suffolk	N	N	423830	Regional container and pallet repair/recycling facility	5	\$0.50
Earthcore Industries LLC*	23	Chesapeake	M	N	327123	Ceramic chimney and flue gas systems	35	\$10.00
Evans Delivery Company	23	Chesapeake	N	N	488490	Trucking terminal; logistics services	35	\$1.50
Hazen and Sawyer	23	Chesapeake	N	N	541330	Environmental engineering	6	\$0.50
Preferred Freezer Services	23	Chesapeake	N	N	493120	Temperature-controlled warehousing/storage	0	\$19.00
Solutionz Inc.	23	Williamsburg	N	N	561499	Videoconferencing solutions	15	\$1.19
The Dixie Group	23	Suffolk	N	N	541614	Global shipping of oversized equipment	20	\$2.60
Total Immersion Software	23	Hampton	N	N	541511	Software and game development	4	\$0.18
					<i>New Total</i>	<i>9 announcements</i>	<i>124</i>	<i>\$35.72</i>
Alion Science & Technology	23	Portsmouth	N	E	541512	Technology solutions; defense contractor	20	\$0.00
Atlantic Container Line	23	Virginia Beach	N	E	488320	Marine cargo handling	10	\$1.50
Atmospheric and Environmental Research	23	Suffolk	N	E	541512	Computer modeling and simulation	3	\$0.10
AvalonBay Communities, Inc.	23	Virginia Beach	N	E	525930	Customer care center, real estate investment trust	145	\$1.25
Bay Bridge Enterprises*	23	Chesapeake	N	E	423930	Ship dismantling	10	\$1.00
Canon ITS *	23	Chesapeake	N	E	561422	Customer support center	60	\$0.00
Canon Virginia Inc.*	23	Newport News	M	E	334119	Repair and refurbishing operations for select Canon products	1,035	\$623.50

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Canon Virginia, Inc.*	23	Newport News	M	E	334119	Re-manufacture cameras	200	\$8.00
CH2M HILL	23	Virginia Beach	N	E	541330	Engineering services	10	\$0.35
Circle M Contracting Inc.	23	Portsmouth	M	E	332312	Metal and structural steel fabrication	0	\$0.20
Coastal Forms and Data	23	Newport News	M	E	323116	Manufacture printing forms, brochures, etc.	18	\$1.10
Computerized Imaging Reference Systems	23	Norfolk	M	E	339112	Manufacture surgical and medical instruments	12	\$0.00
Continental Terminals Inc.	23	Chesapeake	N	E	493190	Distribution center	10	\$0.05
Continental Terminals Inc.	23	Suffolk	N	E	493190	Distribution center	1	\$0.20
Coresix Precision Glass, Inc.	23	James City Co.	M	E	327211	Precision glass components	53	\$1.00
CSX Corp.	23	Suffolk	N	E	482111	Railroad	0	\$6.10
Custom Vinyl Products	23	Newport News	M	E	326199	Manufacture vinyl windows and doors	5	\$2.00
Delta-T Corporation	23	York Co.	N	E	541330	Ethanol plant design and engineering services	331	\$4.00
DLBA Robotics, Ltd.	23	Suffolk	M	E	333511	Molds/patterns for marine, rail, aerospace, and wind generation equipment	50	\$3.00
E&E Enterprises	23	Hampton	N	E	517110	Communications and communications equipment	121	\$0.12
Earl Industries, LLC	23	Portsmouth	M	E	336611	HQ; ship repair	0	\$0.90
Earl Industries, LLC	23	Portsmouth	M	E	336611	HQ; ship repair	0	\$4.45
Echostorm Worldwide, LLC	23	Suffolk	N	E	541511	Media distribution technologies	100	\$2.00
Electric Motor and Contracting Co. Inc.	23	Chesapeake	M	E	335312	Repairs and remanufactures electric motors	20	\$0.70
FedEx Corporation	23	Chesapeake	N	E	492110	Distribution center; parcel shipping	0	\$1.75
GeoQuip Manufacturing, Inc.	23	Chesapeake	M	E	332999	Precision metal fabrication	5	\$1.00
Givens Transportation Inc.	23	Chesapeake	N	E	484121	Warehousing, trucking, logistics	0	\$10.00
Hanson Pipe and Precast	23	Chesapeake	M	E	327390	Concrete, precast concrete structures	0	\$16.90
Icelandic USA, Inc.*	23	Newport News	M	E	311712	Seafood processing; U.S. HQ	125	\$0.00
Intelligent Software Solutions	23	Hampton	N	E	541512	Software and IT solutions provider	9	\$0.40
Kerma Medical Products, Inc.	23	Portsmouth	M	E	339113	Manufacture of soft goods medical products	15	\$0.57
Kinder Morgan Storage	23	Chesapeake	N	E	488310	Container handling & terminal operation	10	\$6.00
Kraft Foods Inc./Planters Peanuts	23	Suffolk	N	E	311911	Processed nuts	7	\$3.26
LifeNet	23	Virginia Beach	N	E	551114	HQ; tissue and organ bank	100	\$2.00

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Lipton*	23	Suffolk	M	E	311920	Tea, bagged and instant	0	\$6.00
Lipton*	23	Suffolk	M	E	311920	Tea, bagged and instant	8	\$3.10
Lockheed Martin - Air Operational Center Weapons System Integration	23	Hampton	N	E	541710	Weapons system research and development	90	\$2.40
Massimo Zanetti Beverage USA*	23	Suffolk	M	E	311920	Coffee roasting	10	\$1.00
Mohawk Marketing Corporation	23	Virginia Beach	N	E	423990	Distribution of consumer products and IT services	7	\$2.25
Money Mailer, LLC	23	Franklin City	N	E	541860	Direct mail advertising services	0	\$3.60
Muhlbauer Inc. *	23	Newport News	M	E	334413	Manufacture automated equipment for the ID, RFID, Smart Card industries	5	\$7.50
NCO Financial Systems, Inc.	23	Hampton	N	E	561440	Provide customer service/collections services	571	\$1.20
Northrop Grumman Newport News	23	Hampton	N	E	493190	Defense contractor; Main Distribution Center; warehouse	131	\$44.80
Operation Smile	23	Virginia Beach	N	E	551114	Corporate HQ; charitable organization	0	\$26.00
PenSoft	23	Newport News	N	E	541511	Payroll software	5	\$1.70
Perfect Commerce	23	Hampton	N	E	541511	E-commerce solutions and software	105	\$5.00
Preferred Freezer Services	23	Chesapeake	N	E	493120	Temperature-controlled distribution	45	\$30.00
STIHL Inc.*	23	Virginia Beach	M	E	332312	U.S. HQ, guide bar manufacturing	10	\$25.00
USJFCOM- Joint Intelligence Laboratory	23	Suffolk	N	E	541512	Computer modeling & simulation	0	\$8.00
Usui International Corp.*	23	Chesapeake	M	E	336399	Manufacture fuel lines	65	\$14.00
Vitex Packaging Group	23	Suffolk	M	E	323111	Specialty packaging	20	\$3.50
Volvo Penta of the Americas *	23	Portsmouth	M	E	333618	Marine engine development & testing	0	\$1.70
West Corporation	23	Hampton	N	E	561422	Call center; inbound sales	250	\$0.00
					<i>Expansion Total</i>	<i>53 announcements</i>	<i>3,807</i>	<i>\$890.15</i>
		PDC 23 Total				62 announcements	3,931	\$925.87
Not publicly announced		Confidential				1 announcement	110	\$255.00
		Grand Total				317 announcements	19,725	\$3,397.97

*Indicates foreign affiliation

Type: New or Expansion

MFG: Manufacturing or Nonmanufacturing

2008 announcements are preliminary

Appendix 4: Announcement Data for FY 2008

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
	Announcements	Employment	Investment (millions)			Announcements	Employment	Investment (millions)
<i>New Total</i>	4	310	\$12.10			<i>New Total</i>	0	\$0.00
<i>Expansion Total</i>	3	275	\$5.73			<i>Expansion Total</i>	2	\$7.00
PDC 1 Total	7	585	\$17.83			PDC 9 Total	2	\$7.00
<i>New Total</i>	0	0	\$0.00			<i>New Total</i>	3	\$24.50
<i>Expansion Total</i>	3	446	\$11.50			<i>Expansion Total</i>	1	\$3.50
PDC 2 Total	3	446	\$11.50			PDC 10 Total	4	\$28.00
<i>New Total</i>	1	40	\$3.30			<i>New Total</i>	0	\$0.00
<i>Expansion Total</i>	4	85	\$20.60			<i>Expansion Total</i>	12	\$124.61
PDC 3 Total	5	125	\$23.90			PDC 11 Total	12	\$124.61
<i>New Total</i>	2	50	\$3.13			<i>New Total</i>	5	\$147.80
<i>Expansion Total</i>	4	73	\$4.85			<i>Expansion Total</i>	12	\$210.35
PDC 4 Total	6	123	\$7.97			PDC 12 Total	17	\$358.15
<i>New Total</i>	1	60	\$3.00			<i>New Total</i>	2	\$3.04
<i>Expansion Total</i>	10	314	\$21.05			<i>Expansion Total</i>	0	\$0.00
PDC 5 Total	11	374	\$24.05			PDC 13 Total	2	\$3.04
<i>New Total</i>	2	100	\$3.00			<i>New Total</i>	1	\$5.35
<i>Expansion Total</i>	9	267	\$71.92			<i>Expansion Total</i>	1	\$2.55
PDC 6 Total	11	367	\$74.92			PDC 14 Total	2	\$7.90
<i>New Total</i>	3	535	\$100.50			<i>New Total</i>	15	\$98.40
<i>Expansion Total</i>	7	672	\$36.90			<i>Expansion Total</i>	31	\$137.37
PDC 7 Total	10	1,207	\$137.40			PDC 15 Total	46	\$235.77
<i>New Total</i>	18	1,249	\$179.15			<i>New Total</i>	0	\$0.00
<i>Expansion Total</i>	85	5,148	\$276.97			<i>Expansion Total</i>	4	\$131.85
PDC 8 Total	103	6,397	\$456.12			PDC 16 Total	4	\$131.85

Appendix 4: Announcement Data for FY 2008

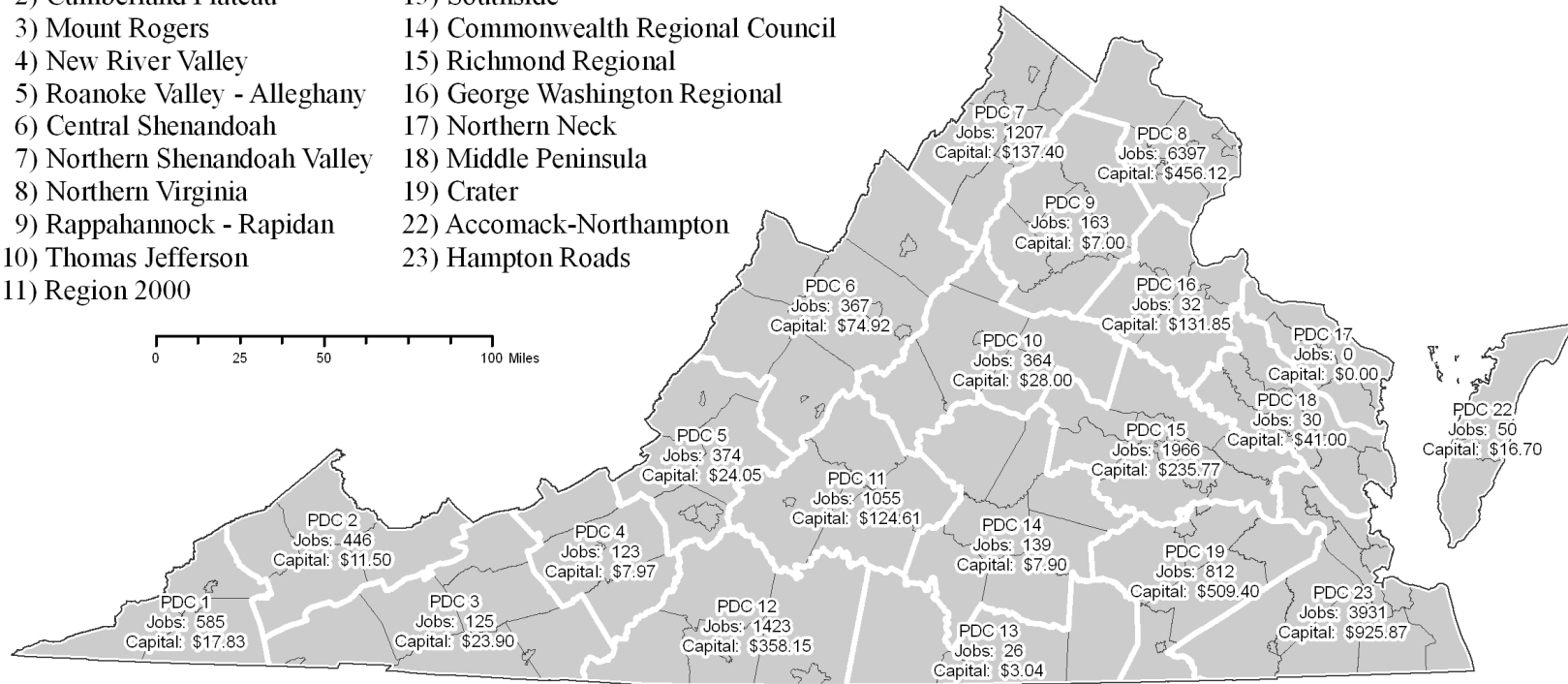
	Announcements	Employment	Investment (millions)
<i>New Total</i>	0	0	\$0.00
<i>Expansion Total</i>	0	0	\$0.00
PDC 17 Total	0	0	\$0.00
<i>New Total</i>	0	0	\$0.00
<i>Expansion Total</i>	1	30	\$41.00
PDC 18 Total	1	30	\$41.00
<i>New Total</i>	2	632	\$506.55
<i>Expansion Total</i>	5	180	\$2.85
PDC 19 Total	7	812	\$509.40
<i>New Total</i>	1	50	\$16.70
<i>Expansion Total</i>	0	0	\$0.00
PDC 22 Total	1	50	\$16.70
<i>New Total</i>	9	124	\$35.72
<i>Expansion Total</i>	53	3,807	\$890.15
PDC 23 Total	62	3,931	\$925.87
New Total	68	5,355	\$1,142.23
Expansion Total	247	14,260	\$2,000.75
Confidential Total	1	110	\$255.00
Grand Total	317	19,725	\$3,397.97

Appendix 5: Employment Creation and Capital Investment by PDC for FY 2008

Employment Creation and Capital Investment by Planning District Fiscal Year 2008

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 | |



Numbers on map indicate jobs created and capital invested in millions for FY2008. All announcements are subject to revision.

Map created by Virginia Economic Development Partnership, August 2008

Appendix 6: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

AUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008



VIRGINIA
Is For Business

Virginia Economic Development Partnership
Audited Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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INTRODUCTORY SECTION

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
Richmond, Virginia

APPOINTED OFFICIALS
As of June 30, 2008

Board of Directors

Charles H. Majors, Chair

Stephen R. Adkins
G. William Beale
W. Clay Campbell
Russell B. Clark
Jake Gosa
Hugh D. Keogh
Chris A. Lumsden
John F. Malbon

David Oliver
Julien G. Patterson
A. Carole Pratt
McKinley L. Price
Ike Prillaman
Samuel A. Schreiber
James E. Ukrop
Neil D. Wilkin, Jr.

The Honorable Patrick O. Gottschalk, Ex-Officio
The Honorable Richard D. Brown, Ex-Officio

Executive Director
Jeffrey M. Anderson

FINANCIAL SECTION

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

AS OF JUNE 30, 2008

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, 2008. 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 \$270,745 and \$1,935,979 at the close of the fiscal years ended June 30, 2008, and 2007, respectively.

	Net Assets		
	<u>2008</u>	<u>2007</u>	<u>Variance</u>
Current and other assets	\$ 2,965,908	\$ 4,343,589	\$ (1,377,681)
Capital assets, net of depreciation	<u>523,129</u>	<u>609,263</u>	<u>(86,134)</u>
Total assets	<u>3,489,037</u>	<u>4,952,852</u>	<u>(1,463,815)</u>
Non-current liabilities	2,701,198	2,408,712	292,486
Other liabilities	<u>517,094</u>	<u>608,161</u>	<u>(91,067)</u>
Total liabilities	<u>3,218,292</u>	<u>3,016,873</u>	<u>201,419</u>
Net assets:			
Invested in capital assets, net of related debt	523,129	609,263	(86,134)
Restricted	-	1,000,000	(1,000,000)
Unrestricted	<u>(252,384)</u>	<u>326,716</u>	<u>(579,100)</u>
Total net assets	<u>\$ 270,745</u>	<u>\$ 1,935,979</u>	<u>\$ (1,665,234)</u>

Total assets decreased this fiscal year by \$1,463,815 when compared to last year due primarily to a decrease in cash balances of approximately \$1,329,000. This decrease was due to cash expenditures exceeding cash revenues by approximately \$1,520,000 which was partially offset by the reduction of leasehold deposits and petty cash account funding totaling \$197,000. Prepaid expenses and other receivables increased by approximately \$143,000. *Total liabilities* increased by \$201,419 due to increases in the Partnership's net pension obligation and other post employment obligations totaling \$312,000 and an increase in unearned revenue of \$42,500. Total increases were offset by decreases in accrued expenses of approximately \$133,000 and compensated absences of \$19,000.

In the fiscal year ended June 30, 2008, the Partnership fulfilled its obligation to disburse \$1,000,000 to the Industrial Development Authority of Pulaski County for the development of the New River Valley Center of Excellence which eliminated the restricted portion of the Partnership's Net assets as of June 30, 2007. Net assets invested in *capital assets, net of related debt* consist primarily of computers and peripheral technology equipment used by the organization to deliver program services to its clients. The Partnership considers technology a vital asset in its efforts to market Virginia will continue to invest in

technology to ensure that its equipment and software are updated to take advantage of greater data handling capabilities and increased processing speeds.

The remaining *Net assets* deficit balance of \$252,384 is classified as *unrestricted*. The Partnership has recorded approximately \$1,900,000 of net pension and other post retirement obligations which are expected to be paid with future appropriations from the Commonwealth of Virginia (COV). The partnership's cash and other current assets exceeds its obligations due within the next fiscal year by approximately \$1,900,000

Changes in Net Assets			
	<u>2008</u>	<u>2007</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Charges for services	\$ 730,345	\$ 329,746	\$ 400,599
General revenues:			
General Fund appropriations	16,850,694	18,803,038	(1,952,344)
Other	<u>246,631</u>	<u>312,905</u>	<u>(66,274)</u>
Total revenues	<u>17,827,670</u>	<u>19,445,689</u>	<u>(1,618,019)</u>
Expenses:			
Business Development	3,535,432	3,500,498	34,934
International Investment	1,750,866	1,868,186	(117,320)
International Trade	3,258,598	3,448,113	(189,515)
Research	2,302,792	2,114,030	188,762
Communications and Promotions	2,892,101	2,598,450	293,651
Information Technology	1,871,474	1,808,042	63,432
Administration	2,486,641	2,521,867	(35,226)
Pass-through Payments	<u>1,395,000</u>	<u>400,000</u>	<u>995,000</u>
Total expenses	<u>19,492,904</u>	<u>18,259,186</u>	<u>1,233,718</u>
Increase (Decrease) in net assets	(1,665,234)	1,186,503	(2,851,737)
Beginning net assets	<u>1,935,979</u>	<u>749,476</u>	<u>1,186,503</u>
Ending net assets	<u>\$ 270,745</u>	<u>\$ 1,935,979</u>	<u>\$ (1,665,234)</u>

Net assets for the Partnership decreased by \$1,665,234 during the current fiscal year compared to a \$1,186,503 increase in net assets in the prior fiscal year. The decrease in funding provided by General Fund appropriations from the COV of approximately \$1,952,000 was the result of reductions in funding for legislated pass through payments, marketing programs including India and China activities, advertising, and a 5% "across the board" cut totaling \$2,437,000. This was offset by increased funding of approximately \$485,000 for pay raises. *Charges for services* increase of approximately \$400,000 was primarily the result of collecting \$450,000 for cooperative advertising from private sector partners. The increase in *Expenses* of \$1,234,000 was the result of increases of \$995,000 in the Partnership's legislated pass through payments and \$450,000 in advertising costs that were offset by various reductions spread throughout the organization. The funds to support the increase in pass through payments were received in fiscal year 2007, but were not disbursed until the current year.

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 the Commonwealth for the fiscal year ended June 30, 2008, when compared to the Appropriations Act included \$300,000 in additional funding for legislated pass-through payments, \$935,689 funding for increases in personnel service costs, a decrease of \$510,000 for funding provided for and belonging to Virginia National Defense Industrial Authority (VNDIA), and decreases totaling \$837,696 imposed by the Governor to offset shortfalls in State revenue collections. Actual expenditures were less than the final budget by approximately \$550,000 due to savings from unfilled vacancies and reductions in advertising and other marketing activities. The Partnership is anticipating further COV appropriations reductions for the fiscal years ending in 2009 and 2010, which will result in further reductions in most expenditure categories.

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, 2008

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 2,490,937
Petty cash and travel advances	16,336
Prepaid expenses	418,442
Other receivables	25,000
Lease deposits (Note 5)	15,193
Capital assets, net of accumulated depreciation (Note 6)	
Leasehold improvements, furniture, and equipment	<u>523,129</u>
Total assets	<u>3,489,037</u>
Liabilities	
Accounts payable	157,488
Accrued payroll	142,479
Due to Virginia National Defense Industrial Authority	174,627
Deferred revenue	42,500
Noncurrent liabilities due within one year	
Compensated absences (Note 8)	527,340
Noncurrent liabilities due in more than one year	
Compensated absences (Note 8)	275,274
Net pension obligation (Note 9)	1,729,649
Net other post-employment obligation (Note 10)	<u>168,935</u>
Total liabilities	<u>3,218,292</u>
Net assets	
Investment in capital assets, net of related debt	523,129
Unrestricted	<u>(252,384)</u>
Total net assets	<u><u>\$ 270,745</u></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, 2008

	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities			
Business Development	\$ 3,535,432	-	\$ (3,535,432)
International Investment	1,750,866	40,000	(1,710,866)
International Trade	3,258,598	194,418	(3,064,180)
Research	2,302,792	13	(2,302,779)
Communications and Promotions	2,892,101	466,301	(2,425,800)
Information Technology	1,871,474	29,613	(1,841,861)
Administration	2,486,641	-	(2,486,641)
Pass-through Payments	1,395,000	-	(1,395,000)
Total governmental activities	19,492,904	730,345	(18,762,559)
General Revenues			
Revenue provided by the General Fund of the Commonwealth (Note 4)			16,850,694
Interest revenue			204,956
Gain on foreign exchange			16,625
Other revenue			25,050
Total general revenues			17,097,325
Decrease in net assets			(1,665,234)
Net assets, July 1, 2007			1,935,979
Net assets, June 30, 2008			\$ 270,745

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
BALANCE SHEET
GOVERNMENTAL FUND
As of June 30, 2008

	<u>General Fund</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 2,490,937
Petty cash and travel advances	16,336
Prepaid expenses	418,442
Other receivables	25,000
Lease deposits (Note 5)	<u>15,193</u>
Total assets	<u>\$ 2,965,908</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 157,488
Accrued payroll	142,479
Deferred revenue	42,500
Due to Virginia National Defense Industrial Authority	<u>174,627</u>
Total liabilities	<u>517,094</u>
Fund Balances:	
Unreserved	<u>2,448,814</u>
Total fund balances (Note 3)	<u>2,448,814</u>
Total liabilities and fund balances	<u>\$ 2,965,908</u>

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

Fund balances, Governmental Fund	\$ 2,448,814
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	523,129
Noncurrent liabilities (compensated absences, net pension obligation and net other post employment obligation) are not due and payable with current financial resources and, therefore, are not reported in the funds.	<u>(2,701,198)</u>
Total net assets of governmental activities	<u>\$ 270,745</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, 2008

	General Fund
Revenues	
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 16,850,694
Participation fees	250,719
Co-op advertising revenue	450,000
Interest revenue	204,956
Other revenue	54,676
Total revenues	<u>17,811,045</u>
Expenditures	
Business Development	3,444,038
International Investment	1,730,492
International Trade	3,231,053
Research	2,219,869
Communications and Promotions	2,865,258
Information Technology	1,819,429
Administration	2,409,145
Pass-through Payments	1,395,000
Total expenditures	<u>19,114,284</u>
Expenditures in excess of revenues	<u>(1,303,239)</u>
Other Financing Sources	
Foreign currency exchange gain	<u>16,625</u>
Total other financing sources	<u>16,625</u>
Total Decrease in Fund Balance	(1,286,614)
Fund balance, July 1, 2007	<u>3,735,428</u>
Fund balance, June 30, 2008	<u><u>\$ 2,448,814</u></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, 2008

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

Net decrease in fund balance of the general fund \$ (1,286,614)

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 exceeded capital outlays in the current period. (86,134)

Some expenses reported in the statement of activities (compensated absences, net pension obligation and net other post employment obligation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (292,486)

Change in net assets of governmental activities \$ (1,665,234)

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, 2008

	Budgeted Amounts			Variances with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues				
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 16,962,701	\$ 16,850,694	\$ 16,850,694	\$ -
Participation fees	145,000	204,600	250,719	46,119
Co-op advertising revenue and sponsorship fees	-	450,000	492,500	42,500
Interest revenue	200,000	200,000	204,956	4,956
Other revenue	-	29,613	54,676	25,063
Total revenues	17,307,701	17,734,907	17,853,545	118,638
Expenditures				
Business Development	3,617,043	3,479,043	3,461,164	17,879
International Investment	1,795,097	1,854,597	1,801,115	53,482
International Trade	3,450,243	3,331,343	3,311,818	19,525
Research	2,188,753	2,309,918	2,225,333	84,585
Communications and Promotions	2,949,474	2,915,190	2,835,536	79,654
Information Technology	2,137,065	1,955,678	1,913,333	42,345
Administration	2,757,103	2,696,303	2,446,428	249,875
Pass-through Payments	1,400,000	1,395,000	1,395,000	-
Total expenditures	20,294,778	19,937,072	19,389,727	547,345
Revenues over (under) expenditures	(2,987,077)	(2,202,165)	(1,536,182)	665,983
Other Financing Sources				
Foreign currency exchange gain	-	-	16,625	16,625
Total other financing sources	-	-	16,625	16,625
Total Decrease in Fund Balance	(2,987,077)	(2,202,165)	(1,519,557)	682,608
Fund balance, July 1, 2007	2,987,077	2,202,165	3,867,396	1,665,231
Fund balance, June 30, 2008 (Note 3)	\$ -	\$ -	\$ 2,347,839	\$ 2,347,839

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, 2008

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, 2008.

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. Unearned Revenue

Unearned revenue included amounts received for sponsorship fees at June 30, 2008, for an event to be held in next fiscal period.

G. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 2008. 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.

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, 2008, which is the second 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, 2008	\$ 2,347,839
Add: Prepaid expenses and other receivables	443,442
Deduct: Accrued expenses and unearned revenues	<u>(342,467)</u>
Fund balance, GAAP basis, June 30, 2008	<u>\$ 2,448,814</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	\$ 16,962,701
Add: Central Appropriations adjustments	935,689
Transfer of Emergency Management Training, Analysis, and Simulation Center funding	300,000
Deduct: Appropriation for VNDIA	(510,000)
Governor's budget reductions	<u>(837,696)</u>
Revenue provided by the General Fund of the Commonwealth	<u>\$ 16,850,694</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 1,600,000 Japanese yen and the deposit does not accrue interest. The Tokyo lease deposit is valued at \$15,193 at June 30, 2008.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

<u>Capital Assets Being Depreciated</u>	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Leasehold improvements, furniture and equipment	\$ 1,868,839	\$ 48,764	\$ (129,375)	\$ 1,788,228
Less: accumulated depreciation	<u>1,259,576</u>	<u>134,898</u>	<u>(129,375)</u>	<u>1,265,099</u>
Leasehold improvements, furniture and equipment, net of accumulated depreciation	<u>\$ 609,263</u>	<u>\$ (86,134)</u>	<u>\$ -</u>	<u>\$ 523,129</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, 2008, amounted to \$1,343,799. A summary of minimum future obligations under these lease agreements as of June 30, 2008, follows:

<u>Year Ending June, 30</u>	<u>Operating Lease Obligations</u>
2009	\$ 1,447,491
2010	1,403,416
2011	1,345,327
2012	1,374,026
2013	1,403,349
2014-2016	<u>3,599,320</u>
Total future minimum rental payments	<u>\$ 10,572,929</u>

In May 2007, the Partnership contracted for three years of maintenance on its Microsoft products. As of June 30, 2008, the amount payable under this agreement is \$43,250 and is due in the year ending June 30, 2009.

8. COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2008, was as follows:

<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
\$ 822,015	\$ 530,640	\$ 550,041	\$ 802,614
	Due Within One Year		<u>(527,340)</u>
	Due in More Than One Year		<u>\$ 275,274</u>

9. PENSION PLAN

The Partnership is a participating employer in a defined benefit pension plan administered by the Virginia Retirement System. As of June 30, 2008, the Partnership's net pension obligation was \$1,729,649.

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 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. 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 VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. 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 \$370,454 (5 percent of total creditable compensation of \$7,409,075). 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, 2008, was 6.15%, which resulted in a contribution of \$455,658 for the fiscal year.

10. OTHER EMPLOYMENT AND OTHER POST-EMPLOYMENT BENEFITS

The Partnership is a participating employer in other employment and post-employment benefit plans. The Group Life Insurance plan, Virginia Sickness and Disability Program (VSDP) and the Retiree Health Insurance Credit fund are administered by the VRS. The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for these plans. A copy of that report may be obtained by writing to the system at P.O. Box 2500, Richmond, Virginia 23218-2500. The Partnership is also a participating employer in the Health Benefits Program for Retirees, Survivors and Long Term Disability (LTD) Participants administered by the Commonwealth's Department of Human Resource Management (DHRM). The Commonwealth issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for this plan and a copy of that report may be obtained by writing Financial Reporting, 101 N. 14th Street, Richmond, VA 23219. As of June 30, 2008, the Partnership's combined net other post-employment benefit obligation for these plans was \$168,935.

GROUP LIFE INSURANCE

The Group Life Insurance plan provides life insurance benefits to full time employees of the Partnership. As a part of the plan, life insurance benefits are provided to retired employees in accordance with Title 51.1 of the Code of Virginia (1950), as amended. To be eligible for the retired employee portion of the plan, the employee must have retired or terminated employment after age 50 and have had at least 10 years of service (including 5 years of continuous service) or at age 55 and have had 5 years of continuous service or retired because of disability. At retirement or termination, natural death coverage starts to reduce by 25 percent each year until coverage reaches 25 percent of its value at retirement or termination.

Post-employment life insurance benefits are advance funded on an actuarially determined basis using the aggregate cost actuarial method with the same actuarial assumptions used for determining pension plan contribution rates. All contributions to the plan are made by the Partnership. The Partnership's actuarially determined rate for the current year was 1.00% of creditable compensation resulting in a contribution of \$74,765. This contribution covers premiums for active employees and actual death claims for retirees. As of June 30, 2008, the Partnership had no net post-employment benefit obligation for this plan.

HEALTH INSURANCE CREDIT PROGRAM

The Retiree Health Insurance Credit fund was established on January 1, 1990, and provides benefits to employees with at least 15 years of service credit under the VRS retirement plan. The program provides a maximum credit reimbursement of \$4 per month per year of service credit against the monthly health insurance premiums of eligible retirees.

The amount required to fund all credits is financed on a current disbursement basis by the employers participating in the plan and is based on contribution rates determined by the VRS actuary. The Partnership's actuarially determined rate for the current year was 1.20% of creditable compensation resulting in a contribution of \$88,909. As of June 30, 2008, the Partnership had no net post-employment benefit obligation for this plan.

VIRGINIA SICKNESS AND DISABILITY PROGRAM

The Virginia Sickness and Disability Program (VSDP) was established on January 1, 1999, and covers salaried employees who work at least 20 hours per week. The VSDP provides income protection to employees for absences due to sickness or disability from the first day on the job. After a 7 calendar-day waiting period following the first incident of disability, eligible employees receive short-term benefits ranging from 60 to 100 percent of compensation up to a maximum of 125 working days, based upon months of qualified service. If the disability continues after the short-term disability period, the employee becomes eligible to receive long-term disability benefits equal to 60 percent of compensation until they return to work, reach age 65, or death, whichever is sooner.

The Partnership is required to make contributions to the VRS for the cost of providing long-term disability under the VSDP. The Partnership's actuarially determined rate for the current year was 2.00% of creditable compensation resulting in a contribution of \$149,176. As of June 30, 2008, the Partnership's net post-employment benefit obligation for this plan was \$37,294.

HEALTH BENEFITS PROGRAM FOR RETIREES, SURVIVORS AND LTD PARTICIPANTS

The Health Benefits Program for Retirees, Survivors and LTD Participants was established to allow eligible employees who retire before age 65 to continue healthcare coverage under the same healthcare plans offered to active employees. This continuation is also available to LTD participants and the spouses of retired employees and LTD participants.

The Partnership's actuarially determined liability under this program arises from the implicit rate subsidies that occur when retirees, LTD participants, and surviving spouses are insured in a group with current employees. The liability is determined by computing expected future benefit pay out cost, less expected future participant contributions. All participants are required to pay the total subsidized contributions for benefits coverage. As of June 30, 2008, the Partnership's net post-employment benefit obligation for this plan was \$131,641.

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 \$35,860 for the fiscal year 2008.

12. PENDING EMPLOYEE CLAIM

The Partnership has been notified of a charge filed by a former employee with the Equal Employment Opportunity Commission. The final outcome of this claim cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the Partnership may be exposed will not have a material effect upon the entity's financial position.

13. 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.



Walter J. Kucharski, Auditor

Commonwealth of Virginia

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

October 27, 2008

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable M. Kirkland Cox
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, 2008, 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, 2008, 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 27, 2008, on our consideration of the Virginia Economic Development Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



AUDITOR OF PUBLIC ACCOUNTS

SAH:alh