



# Virginia Economic Development Partnership Annual Report Fiscal Year 2009

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Audited Basic Financial Statements of the Virginia  
Economic Development Partnership for the Year Ended  
June 30, 2009

## Chairman's Letter

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It is with great pleasure that I present to you the Annual Report of the Virginia Economic Development Partnership (VEDP) for the fiscal year ending June 30, 2009. This report is required by the *Code of Virginia* and by Chapter 781 of the 2009 Acts of Assembly.

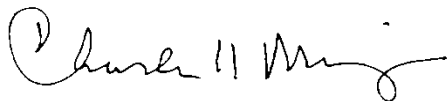
We are extremely proud of our accomplishments over the past year, and we look forward to continuing the work of creating new jobs and investment in the Commonwealth and increasing the sale of Virginia products and services overseas. Our results represent the work of many people from across Virginia. 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 2009 Financial Statements Report for the year ended June 30, 2009, 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 21, 2009, with no findings identified in this report.

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

Sincerely,



**Charles H. Majors**  
Chairman

# Partnership Profile

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## **The Virginia Economic Development Partnership**

In 1995, the General Assembly created the Virginia Economic Development Partnership (VEDP) to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 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

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### **Central Office**

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

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

### **Virginia Offices**

#### **Abingdon**

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

#### **Lynchburg**

22776-H Timberlake Road  
Lynchburg, Virginia 24502  
Telephone: (434) 582-5182  
Fax: (434) 582-5184

#### **Norfolk**

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

#### **Northern Virginia**

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

#### **UVA Wise**

Resource Center  
1 College Avenue  
Wise, Virginia 24293  
Telephone: (276) 730-4709  
Fax: (276) 889-4288

### **International Offices**

#### **Japan**

State of Virginia  
14<sup>th</sup> Floor, Kamiyacho Building  
4-3-20, Toranomon  
Minato, Tokyo 105-0001, Japan  
Telephone: 81-3-5404-3424  
Fax: 81-3-5404-3401

#### **Europe**

State of Virginia  
Avenue Louise 479, Box 25  
B1050 Brussels  
Belgium  
Telephone: 32-2-647-7433  
Fax: 32-2-647-1463

#### **Hong Kong**

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

#### **Mexico City**

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

## Board of Directors

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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

Mark Heath  
Martinsville, Virginia  
Term Expires 6/30/15

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

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

Stuart S. Malawer  
Arlington, Virginia  
Term Expires 12/31/13

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

David Oliver  
Covington, Virginia  
Term Expires 6/30/15

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

Ruth A. Sandoval  
Arlington, Virginia  
Term Expires 12/31/11

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 Richard D. Brown  
Secretary of Finance  
Richmond, Virginia

Glenn DuBois  
Chancellor  
Virginia Community College System  
Richmond, Virginia

The Honorable Patrick O. Gottschalk  
Secretary of Commerce and Trade  
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 781, Item 124 D.1 of the 2009 Appropriation 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 781, Item 124 D.2 of the 2009 Appropriation 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 the fiscal year ended June 30, 2009 (FY 2009) are attached to this report.

This Annual Report documents the efforts of VEDP in fulfilling its mission during FY 2009. 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 2009 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 2009 Appropriation 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, 2008 and June 30, 2009. 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 18,200 new jobs will be created. In addition, these facilities will result in investments totaling \$4.7 billion. Thirty-four percent of the announcements were of employers locating in economically distressed areas. These announcements are expected to create more than 6,000 new jobs and make capital investments exceeding \$3.4 billion.

## Executive Summary

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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**

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VEDP's primary role is to position Virginia's regions aggressively and deliver the Virginia message effectively into business sectors that align with the Commonwealth's diverse array of assets. Results are measured by basic sector companies locating or expanding operations in Virginia; results are also measured by increasing the pipeline of transactions in targeted 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 business sectors appropriate to regional and local strengths and assets, including a special emphasis on distressed areas. Target sectors include Advanced Manufacturing, Transportation, Science and Research, and Security and Services. In more focused communication, VEDP connects with site selection consultants in the target sectors, and also implements a "Gold Accounts" strategy focused on key long-term corporate accounts.

Consistent with its mission statement, VEDP approaches its markets collaboratively, aligning its outreach efforts with regional and local strategies, to maximize the use of limited marketing resources. VEDP also partners with universities, institutes, business associations and other state agencies to leverage their connectivity in the target markets. VEDP's internationally-based staff 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 presentation materials including site studies and proposals and web and social media strategies.

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 primary portal to state, regional and local resources by using its staff as a concierge service to identify strategic partners, coordinate site visits for clients to evaluate Virginia's product and assets and prepare 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) and a sophisticated GIS data system are the technology platforms used to facilitate location decisions.

VEDP also engages local and regional allies through its Regional Liaison Network (RLN). The RLN works to address specific community needs, provide economic development expertise as requested, and develop policies and new programs aimed at particular regions and business sectors. The RLN 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.

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 2009 Accomplishments

Significant announced job creation in FY 2009 included the trend of globally-headquartered advanced manufacturing. The sector added over \$2.8 billion in total announced capital investments and over 10,000 jobs in the Commonwealth. The flagship announcement, Areva Newport News, announced the first U.S.-based nuclear component manufacturing facility, to be constructed in Newport News. A joint venture of France-based Areva and U.S.-based Northrop Grumman, the partnership is expected to create at least 540 jobs and invest over \$363 million.

Existing industry retention and growth: In southern and southwestern Virginia, companies such as Preston Products (Halifax), Vaughan-Bassett (Galax), Nautilus (Carroll), Owens-Brockway Glass (Pittsylvania), and KGC Call Centers (Lee County) continued growth trends, emphasizing the need for strong existing business programs at the local level.

Corporate headquarters attracted to northern Virginia: Hilton Hotels announced the location of its corporate headquarters in Fairfax County, creating over 325 jobs and investing over \$17 million. The location was reinforced by Raytheon's decision to consolidate its corporate headquarters operations in Loudoun County and CSC's decision to for Fairfax.

Logistics advantages produce results: Harris Teeter selected King George County for its first footprint into the mid-Atlantic. It will create over 335 jobs and invest more than \$101 million in a state-of-the art distribution center.

Virginia Incentives Produce Results:

Virginia awarded 16 Governor's Opportunity Fund (GOF) grants for a total of \$10,540,000. The 16 recipient companies will be making \$920 million in capital investments and creating 2,765 new jobs. Sixty-eight percent of these grants were awarded to economically distressed localities, while 33% of this year's GOF grant funds went to existing Virginia companies to encourage them to expand in the state.

Company	New Jobs	\$ Capital Investment (in millions)
Areva Newport News	540	363.0
Osage Bioenergy	50	165.0
Harris Teeter	335	101.0
Steel Dynamics	0	38.0
Raytheon	102	37.5
Hilton Hotels	325	17.0
O'Gara Group*	20	15.0
Sparta	198	13.0
Moog Components	50	8.0
AGC Flat Glass*	9	7.5
Ashbury International	15	6.0
Dynamic Aviation	102	5.6
Ameripumps*	125	4.6
Presto Products*	12	2.6
Sabra Dipping	260	59.3
KGC Call Centers*	200	.4
UK West*	188	2.5
Metal Manufacturing*	171	3.2
Fasta*	150	7.9
Munters Corporation*	125	1.8
Vaughan-Bassett*	100	2.2
Nautilus Inc.*	60	1.7

\*GOF definition of distressed locality; unemployment rate higher than the state average of 4.0% (calendar year 2008).

## Business Recruitment

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During FY 2009, seven Virginia Investment Partnership (VIP) grants were awarded totaling \$29 million. The projects will create 1,081 new jobs, save 150 jobs and bring in \$697 million in new capital investments.

*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 2009 have been to these high unemployment communities. The announcement list on the previous page includes distressed region locations which are identified by an asterisk (\*).

## Trade Development

VEDP's international trade programs and services are designed to increase the international sales of Virginia manufactured products and services.

VEDP offers numerous programs including VALET, AIM, Export 3.0, Global Network and market visits to Virginia companies to increase their sales in the international marketplace.

### FY 2009 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 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 eighth year in operation graduating 16 new companies in FY 2009. The VALET program's enrollment capacity is capped at 30 companies with total participation for FY 2009 at 29 companies. During FY 2009, a comprehensive review of the VALET Program was completed. The study revealed that on average VALET companies increase their international business by 44% during their participation and another 44% thereafter.

Accessing International Markets (AIM) Program: The AIM Program accepts 20 companies each year into a year-long export program. AIM provides Virginia companies support to develop an export strategy along with the resources required to enter an export market successfully. AIM accepted 20 new companies into semi-annual classes of ten and honored 19 new graduates in FY 2009. This marked the completion of AIM's fourth year in operation, the acceptance of AIM's 75th participant and the recognition of AIM's 49<sup>th</sup> graduate. To date AIM graduates report on average a 92% increase in target market sales and a 44% increase in total export sales.

One-on-One Export Counseling: VEDP's seven International Trade Managers, located in six offices across Virginia, provide extensive international marketing assistance to Virginia businesses.

Trade Missions: VEDP conducted 16 trade missions around the world to promote Virginia products and services in foreign markets, with 64 companies participating. By visiting foreign companies in their own country, Virginia businesses obtain pre-screened, tailored introductions to potential clients and commercial representatives.

Global Network: The Global Network is a group of in-country consultants contracted by VEDP in a number of foreign markets to conduct market research for Virginia companies, including searches for partners or customers and due diligence on potential foreign partners. In FY 2009, VEDP

#### **INTERNATIONAL TRADE HIGHLIGHTS**

- ◆ VEDP expanded its Global Network, a consortium of pay-as-you-go consultants, to 31 countries, in order to provide broader coverage and more effective service to Virginia exporters.
- ◆ VEDP closed two of its five Trade Offices located in foreign countries and reduced the number of trade missions during FY 2009 due to budgetary reductions.
- ◆ Overall, 274 Virginia companies participated in programs and services offered by VEDP – International Trade in FY 2009.

## Trade Development

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completed 120 market research projects for 91 Virginia companies through the Global Network Program.

International Investors Forum: VEDP inaugurated this new event in FY 2009, established exclusively for Virginia's internationally owned companies, to convene for an informative program to exchange information with key industry and government leaders. This initial event was held in Richmond, Virginia at the Westin Hotel on May 5, 2009. VEDP received significant private sector sponsorship support in order to host the event.

### Trade Division Participation

210 Virginia companies participated in programs offered by VEDP - International Trade.

64 Virginia companies participated in Trade Missions.

"I did not know where to start to get my products into Japan. The VEDP put me in touch with the appropriate people in Japan and within a few months I had a business relationship and an initial order. We just shipped our first order to the distributor in Japan this week.

I have always heard how difficult it is to navigate the retail market in Japan. I heard it was a very slow process with lots of middle-men and obstacles at every turn. I was afraid to even try. I have to say that the VEDP made the process a piece of cake. I could not believe how smooth and easy it turned out to be. I wish all business relationships could be this productive and easy."

**Don Chernoff**  
**President, Skyroll**  
**Vienna, Virginia**

## Promoting Virginia

For the third year in a row, Virginia was designated in July 2008 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 using the accolade in marketing materials and presentations. In June 2009, Virginia also was the recipient of a No. 1 national ranking by Pollina Corporate Real Estate Inc., a top U.S. corporate site relocation expert, and a second-place ranking in *Directorship* magazine’s first annual *Boardroom Guide to the Best States for Business*. 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. VEDP staff also assists local economic developers with their marketing strategies. In addition, VEDP staff organizes domestic and international proactive marketing missions and develops additional direct marketing programs to promote lead generation.

### FY 2009 Accomplishments

Advertising Campaign: VEDP’s advertising program was halted due to budget constraints.

Virginia Executive Reception: In collaboration with the Virginia Chamber of Commerce, VEDP hosted approximately 50 executives at the 2009 Virginia Executive Reception. The Reception was held June 2 at the St. Regis Hotel in New York City. VEDP continues to play a major role in organizing this annual event, from venue selection to purchasing prospect data lists to call center support. The purpose of this event is to extend the marketing reach of Virginia’s economic development community and demonstrate the strong and mutually supportive relationship between the business community and the Commonwealth of Virginia’s economic development program. A Virginia delegation, led by Governor Kaine, joined the Chamber and VEDP in hosting the New York 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 William Gilbert, Vice President and General Manager, Human Resources, Canon USA.

VEDP/Ally Meetings: VEDP coordinated one Ally meeting. The spring 2009 meeting was held at the Cultural Arts Center of Glen Allen, attracting more than 100 Virginia economic development allies from across the Commonwealth.

Virginia Nippon Classic: VEDP, in collaboration with the Japan-Virginia Society, coordinated the logistics for the 19th Annual Virginia Nippon Classic (VNC) business conference and golf tournament June 1, at The Dominion Club in Henrico County. 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

<b>www.YesVirginia.org</b>	
<b>FY 2009 Usage Statistics</b>	
<b>Page Views</b>	<b>1,662,501</b>
<b>Avg. per Day</b>	<b>4,555</b>
<b>Visits</b>	<b>449,506</b>
<b>Avg. per Day</b>	<b>1,232</b>
<b>Unique Visitors</b>	<b>12,991</b>

## Promoting Virginia

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created, Japan continues to be one of the Commonwealth's top sources of foreign investment. In addition to numerous sponsors, 34 Japanese executives from across Virginia participated.

Trade Show Highlights: VEDP exhibited at and/or sponsored 13 industry trade shows or conferences: International Woodworking Machinery & Supply Fair (AWFS), Mid-Atlantic Bio, International Society of Pharmaceutical Engineers, CoreNet Fall Global Summit, 7x24 Exchange, Power-Gen International, ProMat 2009, Automotive News World Congress, Plastics News Executive Forum, Data Center World Expo, CoreNet Spring Global Summit, Kitchen Cabinet Manufacturers' Association, and National Plastics Expo (NPE).

Marketing Brochures: VEDP developed a new marketing brochure highlighting Virginia's business success. VEDP updated its marketing piece touting the Forbes.com and CNBC rankings. The Partnership also produced a brochure supporting Governor Kaine's Renew Virginia energy initiative. In addition, the following guides were revised: *Guide to Establishing a Business* and *Guide to Business Incentives*.

Website Highlights: VEDP completed its fifth major revision to YesVirginia.org. The new Web site includes a new graphic design, enhanced business sector and international content, as well as interactive mapping.

Media Tours: VEDP conducted two media tours: one focused on Virginia's growing energy sector and another that highlighted the Commonwealth's advanced manufacturing industry. In October, VEDP invited five journalists specializing in the energy sector to tour some of Virginia's unique energy assets and understand the Commonwealth's growing industry leadership. The group visited the Virginia BioDiesel Refinery in New Kent County, Ingenco's landfill gas recovery generator facility in King and Queen County, Dominion North Anna Nuclear Power Station, AREVA's Technical Training Center in Lynchburg, and Dominion Bath County Pumped Storage Station. In addition, the writers were briefed by Virginia Tech renewable energy researchers on *The Future of Energy in Virginia*. The energy writers represented *Canadian Nuclear Society Bulletin*, *North American Clean Energy*, *Energy Intelligence Briefing*, *Virginia Business*, and *World Energy Magazine*. Coverage of the media tour includes articles in the November 2008 *Energy Intelligence Briefing* and December 2008 *World Energy Monthly Review*.

In June, VEDP hosted five writers who report on advanced manufacturing. The group discussed best practices at Northrop Grumman Shipbuilding in Newport News, and toured Canon Virginia in Newport News, Bauer Compressors in Norfolk, GE Energy in Salem, LiteSteel Technologies in Troutville and Optical Cable Corporation in Roanoke. Publications represented were *American Machinist*, *IndustryWeek*, *Magazine MCI (Magazine Circuit Industriel)*, *Fabricating & Metalworking* and *Business Facilities* magazines. Already, Virginia's advanced manufacturing industry has been highlighted in *IndustryWeek* and *Business Facilities*.

Marketing Missions: VEDP conducted eight team marketing missions to U.S. cities, resulting in 221 appointments, four active projects, 17 longer-term leads and 170 companies to remain in contact with for future project consideration. VEDP conducted one project manager call trip to the United Kingdom, identifying one longer-term lead and nine companies with future project potential (company contacts). Calls were also placed to companies for the plastics and global logistics initiatives.

## Promoting Virginia

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VEDP set appointments at seven trade shows resulting in 97 appointments, 97 drop-bys, two active projects, four future leads and 103 company contacts. VEDP also conducted several special calling projects, including calls for the Governor's Manufacturing Summit and the Virginia Chamber of Commerce's Governor's events. Additional calling projects involve ally assistance, updating of International Trade data and SEUS Japan calls.



## Policy and Legislative Initiatives

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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. All of the following pieces of legislation were overwhelmingly supported by the full General Assembly and signed by the Governor.

### FY 2009 Legislative Actions

VEDP worked with legislators during the 2009 legislative session to create new programs, enhance existing programs, and secure deal-closing legislation for several projects. The projects directly associated with these initiatives are expected to bring to Virginia capital investment exceeding \$380 million and more than 840 new jobs.

*Major Employment and Investment Act (HB 2550, SB 1119):* VEDP worked with the Kaine Administration and legislative leaders to craft a new set of tools for Virginia to compete for major employment and investment projects, or "mega projects", that are expected to create more than \$250 million in new capital investment and 400 new jobs. This new set of policies gives local and regional entities a new way to finance site acquisition and development for the benefit of a mega project, and gives the Commonwealth the ability to finance land, buildings, infrastructure, and improvements for the benefit of a mega project.

*Virginia Investment Partnership Act Increases (HB 2442, SB 1089; HB 2673, SB 1548):* The Virginia Investment Partnership Act is a family of three performance based economic development incentives. One of them, Virginia Investment Partnership (VIP) grants, is designed for expansions of existing Virginia manufacturers and had been a very successful program. Because of this success, the VIP program was nearing its statutory limits. This problem, coupled with a new commitment to AREVA Newport News to provide for an enhanced grant award, required legislation to increase the statutory caps on the program. This legislation doubled the annual caps on the program—now, up to \$6 million of VIP grants may be awarded in any fiscal year and the maximum amount of outstanding grants may not exceed \$30 million. Further, the maximum grant to a particular recipient was doubled to \$3 million, with an exception for extraordinary projects that may be awarded \$5 million grants.

In addition to modifications to the VIP program under the Virginia Investment Partnership Act, the General Assembly also modified the Virginia Economic Development Incentive Grant (VEDIG) program to respond to the Hilton Hotels Corporation project in Fairfax County. This legislation created an alternative qualification threshold—instead of requiring companies to create 400 jobs that pay wages at least 150% of the local prevailing average wage, participating companies may create 300 new jobs that pay wages at least 200% of the local prevailing average wage.

*Major Business Facilities Jobs Tax Credit Extension and Enhancement (HB 2575):* The major business facilities jobs tax credit (MBFJTC) is a valuable economic development incentive available to certain companies that create new jobs over a threshold number. This tax credit was set to expire at the end of 2009 and several companies both opening new facilities and expanding existing facilities were interested in participating in this program. This legislation extended this successful

## Policy and Legislative Initiatives

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program until 2020 and, to provide a short-term stimulative effect, allows the credit to be used over two years instead of three during 2009 and 2010.

*Retaliatory Tax Credit Extension (SB 1246)*: In 1995, Virginia recruited what is now Genworth Financial to relocate its headquarters to Henrico County. Virginia committed to provide a solution for the enhanced retaliatory tax exposure Genworth would face in Virginia. While this legislation did not provide for an enhanced retaliatory tax credit, it did extend the period of time during which the company may carry forward its unused credits until a more permanent solution is found.

*Enhanced Freedom of Information Act (FOIA) Exemption for Economic Development and Business Retention (SB 1344)*: VEDP has been working with local and regional economic developers to expand participation in a statewide business retention program, but the existing FOIA exemption for economic development was unclear as to whether sensitive information relating to business retention efforts could be exempted from disclosure. This legislation expanded the FOIA exemption to specifically include business retention and it extended the same exemption to all public bodies, not just select economic development and related entities.

*VEDP Statutory Changes (HB 2240, SB 1279)*: VEDP's International Trade division works with Virginia companies to help them maximize their international sales. One service this division provides is the issuance of certain export documentation, or Certificates of Free Sale (COFS), to companies conducting business in certain foreign countries. This legislation clarified VEDP's ability to provide COFS to its clients. This legislation also made one technical change to clarify that VEDP's ex officio board members' designees may attend VEDP board meetings and have full voting privileges.

# Performance Management

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

<b>FY 2009 Key Performance Measures</b>			
<b>Performance Measure</b>	<b>Goal</b>	<b>FY2009 Results</b>	<b>% of Measure</b>
Investment by new or existing companies	\$3.3 billion	\$4.7 billion	142%
New jobs created	17,000	18,200	107%
Companies actively counseled or participating in trade event	225	274	122%

## 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)

	<b>10 Years</b>	<b>20 Years</b>
<b>Total*</b>	\$13	\$25
<b>Direct</b>	\$7	\$14
<b>Indirect</b>	\$6	\$11

\*Totals are rounded to the nearest dollar.

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*Code of Virginia* § 2.2-2239 directs the Virginia Economic Development Partnership (VEDP) to report annually on the status of the implementation of the comprehensive economic development strategy (strategic plan). *Code* § 2.2-205 requires every governor to update the Commonwealth's economic development strategic plan during the first year of the administration. On September 29, 2006, in Roanoke, Governor Kaine presented his strategy, *Virginia Leading the Way*, from which the goals and strategies are reprinted here. The entire strategy can be accessed at <http://www.commerce.virginia.gov/EconomicDevelopment/index.cfm>. This is an update of *Virginia Leading the Way*.<sup>1</sup>

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

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

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

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

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

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

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

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

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

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

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<sup>1</sup> This FY 2009 update of the Governor's Economic Development Strategic Plan includes actions from Calendar Year 2009. For accomplishments in FY 2006, 2007, and 2008 see the VEDP annual report for those years.

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

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### **Goals and Strategies**

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

In September 2009, Virginia placed first among the 50 states in *Forbes.com's* ranking of the "Best States for Business" for a fourth 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 by former Governor Mark Warner and former Secretary of Technology Aneesh Chopra, in June 2007 to expand broadband coverage in Virginia. Projects and investments led by the*

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*Tobacco Indemnification Commission (TIC) and the Department of Housing and Community Development (DHCD) are making broadband access more widely available across Virginia. 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. TIC has funded \$40.4 million of broadband projects in challenged regions of the Commonwealth from January 2006 to date. The TIC grand total of broadband funding is more than \$116 million since the first awards in FY 2001. TIC has earmarked an additional \$10 million for matching American Recovery and Reinvestment Act (ARRA or "Recovery Act") grant applications.*

- *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. Since the inception of Business One Stop, more than 12,638 new accounts have been opened and 7,158 users completed the process and received customized lists of forms and business formation requirements. Phase One currently offers prefilled entity registration forms for the State Corporation Commission's most popular entity types, as well as a customized list of other formation requirements (such as tax registrations, various state licenses and business licensing). The Business One Stop weblink and/or banner advertisement has been added to various state agency and allies' websites and the program has seen a marked increase in usage. Phase Two of the program will integrate data collection functions for several state agencies including the Department of Taxation, the Virginia Employment Commission, the Department of General Services and its eVA procurement portal, and the Department of Minority Business Enterprise.*
- 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

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- competitive advantage in the marketplace. The General Assembly passed and Governor Kaine signed this landmark legislation.*

  - *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.*
  - *The 2009 General Assembly overwhelmingly supported and Governor Kaine signed into law important economic development legislation including doubling the caps on the successful Virginia Investment Partnership program, modifications to the Virginia Economic Development Incentive Grant program, a new sales tax exemption for data centers, an extension of the Major Business Facilities Jobs Tax Credit, and a comprehensive mega projects policy.*
- *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. 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. An Interagency Task Force on Renewable Energy Project Recruitment was formed in 2008 under the leadership of Secretary of Commerce and Trade Patrick Gottschalk.*

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- 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 Appropriation 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 Proceeds 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. The Virginia Early Childhood Foundation awarded over \$1.3 million of grants during FY 2009. During the 2008-2009 school year, 150 early learning programs participated in the Virginia Star Quality Initiative, a Quality Rating and Improvement System (QRIS) that assesses public and private child care centers and preschools on a scale of one to five stars of increasing quality. In over 30 communities across the Commonwealth, 280 toddler and preschool classrooms were observed as part of the Star Quality Initiative. The 2008 Appropriation Act set aside \$59.9 million in FY 2009 and \$68.1 million in FY 2010 for the Virginia Preschool Initiative Program. The funding is derived from the Virginia Lottery Proceeds Fund. The 2008 Appropriation Act also sets aside \$17 million in each FY 2009 and FY 2010 for the Early Reading Intervention Program.
- Foster available and affordable telecommunications infrastructure, particularly broadband access, to attract new business and accommodate growth by existing businesses. This effort should also promote cellular phone signal access in rural areas of Virginia. This could be accomplished through public-private partnerships for underserved areas of the Commonwealth. Providing broadband access to underserved areas would also benefit schools and colleges in those areas. Governor Kaine formed a Broadband Roundtable, chaired by former Governor Mark Warner and former 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 \$116 million since the first awards were made in FY 2001. There are now more than 1,666 miles of open access fiber operational in the Southside/Southwest broadband deployment regional projects to date. Funding for the deployments have come from the Tobacco Commission and the US Department of



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*Commerce Economic Development Administration (EDA), 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. The Virginia Department of Business Assistance through the business information services unit provides workshops and seminars designed to develop and promote entrepreneurship. The Entrepreneur Plan addresses the Commonwealth's goal through programs, financing options, and training. The Virginia Department of Business Assistance Initiated the Entrepreneur Advisory Team to coordinate tactical service delivery and to drive strategic direction. The Virginia Department of Business Assistance organized 66 Entrepreneur Express programs to assist business formation services. The Department initiated a business sales growth program to assist existing business with sales opportunities for federal, state, and local government procurement. The Department supports 70 other business-related activities across the Commonwealth. The Virginia Tourism Corporation and DHCD continue to support activities such as the Crooked Road, the Artisan Center and the upcoming Heartwood Center providing funding for 2009-2010.*
- *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 administered by DHCD. 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. The Secretary of Commerce and Trade headed the Governor Urban Policy Task force formed to examine urban issues with a special emphasis on affordable housing. DHCD also manages the Neighborhood Stabilization Program to assist localities to acquire and rehabilitate foreclosed properties. VHDA recommended a reallocation of the Governor's Private Activity bonds to increase the construction of affordable multifamily housing.*

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

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

#### **Strategies**

- Work with all Virginia localities and regional groups to establish a Business Retention Program through which all major employers are called on at least annually by professional 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. VDBA joined with VEDP to expand the reach of the Executive Pulse program. VDBA provides useful data from its statewide call program to the Executive Pulse providing real time information to localities. This effort assists the localities with their calling programs. VDBA hosts the Existing Business Retention and Expansion Forum to support programming at the local level. Local economic developers statewide attend the forum to exchange ideas, provide useful information on efforts at the local level, and develop joint strategies. VDBA uses technology based existing business services Virginia Business Information Center (VBIC) to assist business by providing information via live chats and emails. Over 15,000 calls were handled so far this year.*
- 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. VDBA in partnership with VEDP continues to enhance the Executive Pulse program to provide critical data and information to local businesses and economic development partners.*
- 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\$)*

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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. The Commerce and Trade and Administration Secretariats joined forces to develop and hold regional procurement summits for construction services, financial services, and business and professional services. These forums allowed SWAM businesses to meet first hand with procurement officials representing the three focus areas. Participants learn about the procurement process, possible contracting opportunities and participation requirements. The Office of the Secretary of Commerce and Trade developed the SWAM dashboard. This provides real time data on progress to meet the SWAM goal. The system provides information by business type on their access to procurement opportunity and how much is spent by the Commonwealth by business category. During the Kaine administration, government exceeded its 40% SWAM goal/focus shift to minority and women owned businesses. VDBA hosts the Existing Business Retention and Expansion Forum to support programming at the local level. VDBA completed 479 one-on-one counseling sessions in 35 markets to help businesses sell to the state. VDBA organized 12 Growing Sales Seminars to help businesses sell to the state and delivered 36 Selling to the Commonwealth presentations.

- Establish a “Virginia CEO Advisory Council” that would meet twice annually with the Governor and key legislative leaders to offer advice on policy issues important to business. This Council would be created under the umbrella of the Virginia Economic Development Partnership which would ensure that the membership of the Council would be balanced from a geographic and business sector perspective. Members of the Council would be drawn from Virginia’s largest private sector employers. *Governor Kaine has held three successful CEO dinners, with the last 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. Currently, almost 80 wineries, or approximately 56%*

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- of the 142 wineries in Virginia, are participating in the Virginia Wine Distribution Corporation.
- 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. VDACS is working to promote the development of new energy crop opportunities for Virginia farmers through its efforts on the Chesapeake Cellulosic Biofuels Advisory Committee and through projects such as Osage Bio Energy (Hopewell) and Red Birch Energy (Bassett) that are using barley and canola, respectively, to produce liquid biofuels and high-protein feed. The ADS team worked with new and/or existing agricultural producers and agribusinesses that have made \$12.4 million (combined) in new capital investments and created or retained 83 new full-time, part-time, and seasonal jobs in FY 08-09.*
- 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 VDACS. 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. VDACS' Office of Farmland Preservation has allocated \$4.75 million in state matching funds since February 2008 to 15 local Purchase of Development Rights programs that protect working farms and forest land.*
- 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 (VDOP) 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 biodiesel initiatives which can revitalize the agriculture industry and preserve farmland.*
- *VDOT set up an Ecosystem Services Workgroup to explore ecosystem services opportunities through educational outreach, conferences, and a public awareness campaign.*
- 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.*

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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. For May 2008, exports via Virginia of manufactured goods (not including agricultural goods, coal, or tobacco) were valued at \$6.15 billion, a 15.9% increase from the same time period in 2007. In 2008, TIC made \$15 million in grants through the Tobacco Region Opportunity Fund (TROF) to attract 44 new companies, create 4,408 new jobs, and provide \$508 million in capital investment to the region. In addition, the Commission issued \$19.1 million in grant funding to help finance technology infrastructure projects that will provide access to high speed internet and broadband connectivities as well as \$14 million for educational projects, including \$3.9 million to regional community colleges and \$3.8 million in grants and loans for residents attending four-year degree granting institutions. In 2008, TIC issued \$20.7 million in economic development grants for Southside and \$15.9 million for Southwest. In 2008, over 90 Career Coaches were located in 130 high schools, providing coaching to almost 70,000 students, career plan development for nearly 15,000 students and college admissions and financial aid assistance to over 12,000 students.

### **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*

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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 through the 2008 Appropriations Act (\$59.9 million in FY 2009 and \$68.1 million in FY 2010). The Kaine Administration has worked to champion a quality statewide education system from pre-Kindergarten through post-graduate programs, including affordable access to post-secondary education for all Virginians. In fall 2008, the graduation rates for the Commonwealth, school divisions and high schools were calculated for the first time by tracking individual students from year to year using the Commonwealth's longitudinal student data system (EIMS). This new, more accurate statistic is known as the Virginia On-Time Graduation Rate. More than 82 percent of the students in the class of 2008 graduated on time with a diploma. High schools in the Commonwealth now have accurate data that can be used to develop strategies to identify any students who may not graduate on time and address their needs. In spring 2009, the Virginia Department of Education (VDOE) released state-level, division-level and school-level cohort reports that complement the Virginia On-Time Graduation Rate reports published last October with data on dropouts, students still in school, students on long-term leave and students in the cohort whose records were properly reported to the state but whose status is unconfirmed. The Board of Education has taken regulatory actions to revise the Commonwealth's accreditation standards to require high schools to meet an annual benchmark for graduation. The new accountability requirement — and others approved as part of a revision of the Standards of Accreditation (SOA) — will be phased in, beginning with accreditation ratings for the 2011-2012 school year.

- 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 \$200 million into its Danville plant. Virginia was awarded a USDOL "WIRED" grant for modeling, simulation, warehousing, and distribution in the part of the state stretching from Hampton Roads to Petersburg. Over the course of the past three years, two comprehensive workforce centers have opened (Charlottesville and Roanoke), three are scheduled to open in December of 2009 (South Boston, Danville, and Prince William), and seven more will open in 2010. These centers represent the culmination of significant commitment and hard work across the Commonwealth.
- Focus the use of more corporate incentives on workforce training, retraining, and education, including increasing opportunities for apprenticeship, co-operative education, and

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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 Program 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. Although the General Assembly significantly reduced funding for the apprenticeship program for FY 2009, the administration was able to realign WIA funding to continue apprenticeship and to extend new opportunities to deployed members of the military to help translate military duties to private sector experience.*

- 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. VCCS's Middle College program continues to produce strong program outcomes, particularly for enrollment. Enrollments increased 21 percent, from 594 students in FY 2007 to 717 in FY 2008. The number of individuals that attained a GED grew 13 percent, from 408 to 461. In addition, 74 percent of continuing education students received a GED. Individuals receiving the Career Readiness Certificate credential rose from 211 to 232, a 10 percent increase over the prior year. The number of students enrolled in postsecondary education programs grew slightly, from 239 to 254. In FY 2010 federal stimulus funding will enhance the established six programs and expand Middle College program services to Thomas Nelson Community College in Hampton and Patrick Henry Community College in Danville.*
- 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. According to U.S. Census Data, in 2007 the number of Virginians enrolled in college between the ages of 18 to 24 was 35 percent. The State Council on Higher Education in Virginia (SCHEV) believes that an increase to 36 to 37 percent is attainable by 2010. Along these same lines SCHEV also suggests that it would take a sustained effort at funding both to enroll more students and to increase retention of current students to achieve a 39 percent enrollment level by 2010. In 2007, five community colleges offered the Middle College program, serving over 500 students. Over 70 percent of active students have received a GED, and over 50 percent of students completing the GED have enrolled in a post-secondary education program.*

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- Increase the proportion of the population aged 25 to 65 with a bachelor's degree or higher from 35% (2002-2004 average) to 37% by 2010. *Virginia continues to benchmark against other states and countries on this metric. For the 2006-07 academic year, 40,433 Virginians were attending four-year college programs. According to the American Community Survey, 35.9 percent of Virginian adults ages 25 to 65 possessed a bachelors degree or higher. This percentage compares unfavorably to Maryland (37.4) but favorably to North Carolina (27.3).*
- 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. An ongoing cooperative relationship has been built between the Secretary of Commerce and Trade and the office of the Governor's Senior Workforce Advisor to strengthen the linkages between workforce development and economic development. This Economic Development Strategic Plan was developed concurrently with the Workforce Development Strategic Plan. VEDP's business calling program can also be helpful in this effort as the economic development community reaches out to businesses to assess their needs.*
- 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. In response to the CGI-AMS and Northrop Grumman projects in Southwest Virginia, local schools, the community college system, workforce development, and public and private postsecondary schools in the area have significantly altered their curricula to build the skill levels needed to compete for these new high-paying jobs. Additionally, the arrival of new energy jobs in Southwest Virginia has spurred curriculum development to build skills among displaced workers to allow them to compete for the jobs. Virginia received a \$500,000 grant from the National Governor's Association to improve education in science, technology, engineering and math (STEM). The Governor established STEM Academies at the high school and postsecondary levels to reinforce and increase critical skills among Virginia's workforce. The Academies, coupled with other policy and programmatic implications (new diplomas, increased graduation*



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*requirements, dual enrollment and AP opportunities, etc.) will develop skills that prepare students for high-demand, high-wage fields in the Virginia work force.*

- *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. Governor Kaine's 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. 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. In February 2009, the Governor called together the state's "Economic Crisis Strike Force" in response to significant statewide increases in unemployment. The strike force, comprised of state agency directors and cabinet members, is working across secretariats, regions, and agencies to respond to this economic dislocation. Strike force actions include: championing legislation during the 2009 reconvened session to extend unemployment benefits and to allow employees of small businesses to receive extended health insurance coverage using a federal premium subsidy. The strike force is also working to streamline the state's unemployment insurance and job exchange computer systems to simplify unemployment insurance application and to improve job prospects for recently deployed members of the military. Also, the ongoing cooperative relationship between the Secretary of Commerce and Trade and the office of the Governor's Senior Workforce Advisor to strengthen the linkages between workforce development and economic development has been important to the success of this strategy. Last, this Economic Development Strategic Plan was developed concurrently with the Workforce Development Strategic Plan. In March 2008, a state MOU was signed by Cabinet members and agency heads responsible for major workforce development programs in Virginia. This will help to maximize state and local resources, realize new efficiencies, and leverage the funds received by the Commonwealth.*

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

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

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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. Through FY 2007, Governor Kaine has approved 70 GOF awards; 51 (73%) to distressed localities. During the 2008 General Assembly session, legislation was passed that created 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 \$200 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. The first ever Urban Policy Report was issued by Governor Kaine to address issues in urban cores.*
- 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. In FY 2009, 168, or 58%, of the prospects that visited Virginia communities were shown sites in distressed communities.*
- 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, TIC and DHCD are all working to enhance broadband and conventional infrastructure in Virginia's rural areas. DHCD has awarded water improvement grants along with TIC's targeted investments. Also, the Community Investment Subcabinet was created to assess community needs and ensure various state resources are used complementarily.*
- 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

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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 Subcabinet on Community Investment to bring additional ideas to making targeted investment decisions that are economically and environmentally sustainable. DHCD provides grants to local planning districts. They also provide grants for Main Street redevelopment and workforce development.*

- 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 and 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 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.*
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- 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. Also, the 2009 General Assembly passed and Governor Kaine signed legislation that expands the Regional Industrial Facilities Authority statute to include all localities, so more communities may use creative tools such as revenue sharing agreements.*
- 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. A Hampton Roads WIRED grant was funded and a planning grant was awarded for a Southside regional economic development project. The CGI/Northrop Grumman project in Southwest Virginia has continued to make progress, including the successful initiation of "return to roots" project expanding throughout the region. In 2009, Return to Roots expanded to include Southside Virginia.*
- Restore funding for regional partnerships for tourism marketing and development to encourage regional efforts. *The Virginia Tourism Corporation (VTC) has administered more than \$425,000 for grants to regional and local tourism authorities. VTC provides grants to regional and local tourism authorities allowing regions to promote their local tourism product, however, budget concerns limit opportunities for grant funding.*
- 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.**

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

### **Strategies**

- Prepare communities affected by the Base Realignment and Closure Commission (BRAC) to leverage and respond to the Commission's decisions.
  - Coordinate state, federal, and local partners to respond appropriately to transportation challenges created by the BRAC process, most notably at Fort Belvoir in Fairfax County. *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. Oceana is to receive \$15 million over two years in General Fund dollars to acquire property to limit encroachment.*
  - 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*

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*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. Department of Defense data shows Virginia Contract Spending for Federal Fiscal Year 2009 at \$39.4 billion or 46.9% higher than Federal Fiscal Year 2005 reflecting continual growth in contract spending. FY2007 contract spending was \$34.0 billion and FY 2006 contract spending was \$29.3 billion. FY 2005 contract spending was \$26.8 billion.*

- *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,

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need to be critically reviewed in a national context to examine the most fertile areas for public and private sector focus.

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

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

### **Strategies**

- Focus on the need to improve Virginia's competitive posture in emerging markets (technology, research and development, etc.) and build a sustained commitment through supportive legislation and funding. *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. VRTAC and the Commonwealth Technology Research Fund were restructured in the 2009 legislative session to place a further emphasis on university and private sector collaboration. Modeling and Simulation at Old Dominion University and VMASC received continued funding including \$2 million in FY 2009 and \$2 million in FY 2010.*
- 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*

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*implemented programs to speed up business licensing processes to make a more conducive environment for startup companies. SRI International 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. VRTAC and the Commonwealth Technology Research Fund were restructured in the 2009 legislative session to place a further emphasis on university and private sector collaboration. Virginia's Research Universities have embraced a goal to collaborate and pursue a goal of producing 25% renewable energy by 2025 (25 x 25 ).*

- Commission a comprehensive, independent assessment of Virginia's private sector, state, and federal assets to determine which of these provide unique competitive advantages that serve as a foundation for growth.
  - Concentrate on potential emerging market opportunities that seem to align well with Virginia's assets, and which form a platform for continued investment, employment, and coordination among institutions in order to achieve prominence in those identified markets. *SRI International, Inc. and other academic and federal laboratory alliances are generating new research momentum in Virginia, with their research helping new markets emerge. The recently released SRI study (Virginia's Technology Industry Potential: Catalyzing Innovation in the Commonwealth) will offer guidance on this topic. This study has been released and its recommendations are changing approaches to R&D and economic development efforts.*
  - 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. Collaboration on aerospace research among between Virginia Tech, UVA, and other institutions was a key element of Rolls-Royce selecting the Commonwealth of Virginia for its Prince George County advanced manufacturing facility. Virginia's Research Universities have embraced a goal to collaborate and pursue a goal of producing 25% renewable energy by 2025 (25 x 25 ). Virginia Coastal Energy Consortium presented a significant wind study. Virginia Tech continues research that focuses on Carbon sequestration. Virginia Tech's invested \$12 million in a bonded facility in Hampton Roads that will focus on biofuels and aerospace. VEDP and the Virginia Commercial*



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*Space Flight Authority and others were able to successfully negotiate with Orbital Sciences Corporation on facility improvements for future launches of vehicles from NASA Wallops, for which \$26 million in bond funding was provided.*

- *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. Other significant developments include the Commonwealth Center for Advanced Manufacturing and the reform of the Commonwealth Technology Research Fund.*
- *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. VDBA, through its Financing Authority, and VJIP provide financing and workforce incentives to existing Virginia businesses. The Virginia Small Business Financing Authority administered \$3 million in financing resulting in \$16 million in additional financing and the creation/retention of 1,230 jobs. Every dollar invested by the financing authority returns \$5.89 in tax revenue in the first year. The VSBFA continues to support entrepreneurs and existing small businesses. Since FY 2006, the VSBFA has assisted 481 businesses in gaining an access to capital they would not have received otherwise. These 481 loans totaled \$350 million in private and public financing creating 7,215 jobs. The VJIP provides incentives for business location and expansion supporting state and local economic development marketing efforts. In FY 2009, the program assisted 458 companies creating or retaining 14,587 jobs. Virginia receives a 100% return. VJIP also provides support to SWAM business through its Small Business New Jobs Program. In FY 2009, the program worked with 266 business to assist the creation of 2,598 jobs.*
- *Promote early stage/venture capital financing in Virginia and establish a significant fund that focuses on investing in Virginia-based venture companies in seed/early stage life science and other emerging technology sectors. The Commonwealth Technology Research Fund (CRTF) guidelines were revised with initial funding to emerging companies expected in December 2007. The CIT Entrepreneur program invests in high-potential seed stage technology companies through the GAP Fund. CIT's GAP Fund closes the funding gap between "friends and family" and early-stage equity investment for Virginia-based technology companies. DBA is continuing its work to develop a venture capital network. Venture capital financing ideas have been proposed by the VSBFA and strategies to fund and implement the most cost-effective are under discussion. The VSBFA maintains a list of*

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*angel networks and venture capital firms for constituents who inquire. During the Kaine Administration the VSBFA has participated in 22 bond transaction totaling \$978,465,000.*

- 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. VDBA works with CIT to maintain a comprehensive list of Angel Investors on its website.*
- 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 an 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. The SRI International facility in Rockingham County also has lab space available for tenants.*

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

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

#### **Strategies**

- Build upon the well-recognized "Virginia is for Lovers" campaign with special focus on emerging and niche markets, including international markets. *The Virginia Tourism Corporation (VTC) unveiled a new "Live Passionately" advertising campaign, which supports the state's beloved 40-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*

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spending. Overseas arrivals to the Capital Region of the USA (CRUSA) grew 20% in 2008 to 1.75 million visitors (just shy of 2000 record) and total direct spending in CRUSA grew by 21% to \$1.3 billion (just shy of 2000 record). Ten of the top 15 markets registered gains in 2008. CRUSA increased market share from the UK, Germany, France, Nordic countries, Benelux and Italy. China registered an increase in arrivals, however, market share contracted slightly. Latin American markets registered a decline in both market share and arrivals - chiefly due to a sharp decrease in business travel to the region. Leisure travel grew for all key markets. VFR declined overall. Business travel was flat overall; the UK, Germany, and Benelux registered an increase. In contrast, business travel from France, the Nordic countries, China, and especially Latin America contracted. More travelers entered the U.S. via Washington, DC as their first port of entry in 2008. The region also attracted more first-time travelers to the U.S. in 2008, indicating that the region is being recognized as a leisure destination. At the same time a smaller share of the travelers sought out a city/country experience. The good news is that more visitors did both, however, in 2008 a larger percentage enjoyed city-to-city travel. CRUSA visitors have a strong interest in combining their CRUSA trip with time in New York City. The connection with New York City continued to grow for all of the key markets. This contributed to an increase in rail and city-to-city travel. More travelers visited historical places, small towns and toured the countryside during their trip. This contributed to a growth in rental car travel." Virginia is For Lovers was named one the top marketing campaigns of all time.

- 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. The Kaine Administration has supported tourism's "\$2.5 = \$12.5" campaign. VTC provides statewide customer service training and a monthly VTC Help desk is held in localities across the state. VTC also created an instate public education campaign to educate lawmakers, media and consumers about the economic importance of tourism.
- 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. VTC provides monthly Help Desk assistance to local communities. The VTC also provides regular marketing workshops to local tourism groups.
- Increase the economic impact of tourism in Virginia from \$16.5 billion per year (2005) to \$18.5 billion by 2010. Virginia accomplished this goal with a \$19.2 billion annual economic impact in 2008.
- 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

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*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. Due to budget restraints the VTC has been unable to meet this goal, but it continues to leverage its limited resources.*

- 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. VTC also worked statewide to promote the Virginia Green initiative. There are now over 600 "Green Destination" locations in the Commonwealth.*
- 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. The Virginia Film Office (VFO) promotes the state's superior locations and production assets to companies worldwide. In an effort to remain competitive in the marketplace where financial incentives are a part of doing business, the office recruits theatrical, episodic and commercial broadcast projects. Some of the unique assets in the promotional arsenal are the 18th century back-lot, historic homes of U.S. presidents and state-owned properties.*
- 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. Due to budget concerns the state Department of Transportation closed several rest stops as a cost cutting measure. The Secretary of Commerce and Trade and the Secretary of Transportation are studying the possibility of some privatization rest stop proposals. A legislative proposal to make this feasible came before Congress but failed in committee.*

### **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.

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### 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 2006, 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. For the administration year end figures comparing 2006 year end data to the 2008 year end data, exports realized a 33.9 % increase in tangible commodity exports. 2007 exports were \$2.78 billion higher than in 2006, a 19% annual increase over 2006 figures. For year end 2008, export figures were \$2.08 billion higher than in 2007, an annual increase over 2007 by 12.32%. Through June 30, 2009, Virginia has experienced a 21.49% decrease in exports YTD, largely attributable to the current global economic conditions.*
- 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%. Even in the midst of a recession, these goals were met. In calendar year 2008, Virginia received \$1.6 billion in new capital investment from internationally owned companies and announced the creation of 6,501 new jobs from those announcements.*
- Assist foreign companies establishing Virginia and U.S. markets (import assistance) in exchange for similar assistance for Virginia companies in the other country. *The VITAL program has 60 businesses and groups to meet and discuss international trade issues. The Sales Office group of VITAL has published a report offering important recommendations to improve Virginia's ability to appeal to foreign companies interested in opening sales offices in Virginia. VEDP's VALET program supports 30 companies annually to enter foreign*

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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. VITAL, staffed by both the Virginia Economic Development Partnership (VEDP) and the Virginia Port Authority (VPA), is an alliance of companies from across Virginia dedicated to the advancement of international trade and investment. VITAL is a first for the Commonwealth as the private sector joins together to address pressing international economic challenges. 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 LinguaFolio Virginia program enables foreign language students to measure their own proficiency while also offering teachers the chance to document their students' language acquisition. Between 2004 and 2008, about 40 Virginia middle/high school teachers and over 500 students participated in the LinguaFolio Virginia pilot,*

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*sometimes for multiple years. Others have also used LinguaFolio, but did not sign up for the official pilot program. Virginia Beach City Public Schools, the second largest division in the state, continues to use LinguaFolio widely. 2009 marks the 24th anniversary of the pilot French Academy. By the end of the summer, nearly 7,000 students will have completed the overall program in one of six languages (French, German, Japanese, Latin, Russian, Spanish). The foreign language academies also offer opportunities to Virginia teachers to observe and earn relicensure points.*

- *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. The conference acquired for a 2006 / 2007 co-ownership (VEDP/VCC). VEDP and the Virginia Port Authority own the conference starting with the 2008 conference. The conference experienced its highest attendance in years. The caliber of the conference was taken to great heights by establishing exclusive sponsorship levels and securing MeadWestvaco and The Tata Group of India as Presidential Sponsors. The theme was "Virginia - India: Face to Face." Indian Ambassador to the United States, Ronen Sen, was present and delivered the opening session along with Governor Kaine.*

## Appendix 1: High Unemployment Areas Report and Strategy

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During FY 2009, despite the economic crisis that impacted virtually every sector of the businesses which VEDP targets, the agency continued to build on its 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 workforce skills, infrastructure, and sites and buildings.

In response to the 2008 Appropriations Act requiring target industries be identified for Southwestern and Southside Virginia, VEDP continued several program activities as outlined below including the implementation of a Regional Liaison Network, specific market initiatives and four broad vertical markets.

### FY 2009 Accomplishments

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

The Regional Liaison Network (RLN): The Regional Liaison Network continued into its second year of implementing this Network. The RLN is primarily 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 RLN. 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. Additional 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 2009 were the announcements of the O'Gara Group, which is investing \$15 million and will create 20 jobs in Westmoreland County. The company will utilize the existing shell building and additional acreage, to provide technical training for defense and military operations; Ameripumps, which will invest over \$4.6 million and create over 125 jobs in Carroll County, chose the location because of proximity to one of its key partners (Sykes Pumps) and because of an existing building that could be retrofitted to the company's needs; Nautilus, a global leader in the fitness products sector, announced its decision to expand its facility in Grayson County, by adding over 60 jobs and investing over \$1.7 million in equipment for new products lines; Jennmar Corporation, a leading supplier of roof supports to the mining and tunneling industry, will create 50 jobs and invest over \$2.6 million; and Lasco Bathware, the largest manufacturer of bathing fixtures in the United States – with nearly 25% of the fixtures sold – will continue to invest in its Halifax County facility by adding over \$1.7 million and 50 new jobs. 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, often including partnerships with the Virginia Tobacco Commission. These companies represent a broad variety of the business sectors, and also represent the opportunities presented by strong existing business retention and growth strategies. The common element in all these decisions for Virginia is prepared



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communities which leveraged their assets – workforce, buildings, fiber – to successfully create a business case that made sense to the companies involved.

Distressed Communities Visits: The total number of prospect visits made by companies to all Virginia localities decreased slightly (<5%) from 2008 to 2009. In total, 289 visits were made by 128 companies in 2009. Of these 289 visits, 168 (58%) were to distressed communities. Business Development staff assisted with 168 prospect visits, representing 85 companies (66% of all companies that visited) to 48 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 2009 Initiatives

VEDP makes 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 2009, 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 and Services**, including the Federal security agencies and providers, information technology, professional and business services and corporate headquarters and management.
- **Science and Research**, including biotechnology, nanotechnology, other emerging technologies, health care services and alternative energy.
- **Transportation**, including the aerospace industry, global logistics and automotive.

Complementing this market focus, VEDP executed a series of strategic initiatives which are intended to provide a catalyst to success in a variety of different market areas. The purpose behind these initiatives is to focus resources against markets that are strategic. This approach allows the targeted communities and regions an opportunity to fully understand the key industry location

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factors, develop their business case and distinctive advantages for these markets, and to gain experience in working closely with VEDP and client companies. VEDP's market initiatives include:

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

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. The Initiative continued its anchor event, the Global Logistics Forum, with many of our partners from distressed communities participating.

The **Energy Initiative** became fully action-oriented in FY 2009, with the implementation of the Governor's "Renew Virginia" initiative. Founded in that effort, VEDP developed and is staffing the Commonwealth's "Interagency Task Force for Energy Recruitment", whose goal is to align state agency partners toward the energy sector, and create a leadership team of stakeholders who understand Virginia's business case for energy-related projects, identify and refer potential business prospects, and continue to expand the Virginia message. The Task Force met twice during FY 2009 and includes representatives of agencies such as DMME, DHCD, and VCCS, all of which have an awareness of the assets of rural Virginia for these types of companies.

**Tobacco Commission Research Centers:** The Virginia Tobacco Commission, which represents a significant footprint in southern and southwestern Virginia, and whose communities are often in the "distressed" category, initiated a regional network of five "R&D centers". Through a strategic partnership, VEDP played a key role in connecting this initiative with Virginia's key research institutions, the University of Virginia and Virginia Tech. The TICRE formally engaged VEDP staff to lead this team and frame up the technical review process for evaluating applications that are expected to come as the TICRE's R&D funds become available. VEDP's Business Development Science and Research team leader was the principal in developing the vetting process, which was collaboratively developed by VEDP, UVA, VT, and independent third-party engineering sources. The outcome of their work resulted in a framework accepted by the full Tobacco Commission, and will be used as the implementation of this program begins in full in FY 2010. Benefits of this program will directly impact a significant number of distressed communities in southern and southwestern Virginia, and the program is a relevant example of how leveraging state stakeholders' strengths can add significant value to target communities such as those that are distressed.

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Site selection consultants continue to be 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.

**Supply Chain Strategy:** In FY 2009, VEDP's efforts to leverage the supply chain of key businesses began to emerge more significantly. Companies such as BAE, Northrop Grumman, Areva, Orbital Sciences and Rolls-Royce are strategic companies with significant supply chains. As VEDP begins to understand the suppliers and the key strategies that the large companies use to qualify suppliers, the agency expects to be able to work with many distressed localities and help them identify their strengths, position their assets, and work toward closing their gaps, to be communities of interest for suppliers in these sectors.

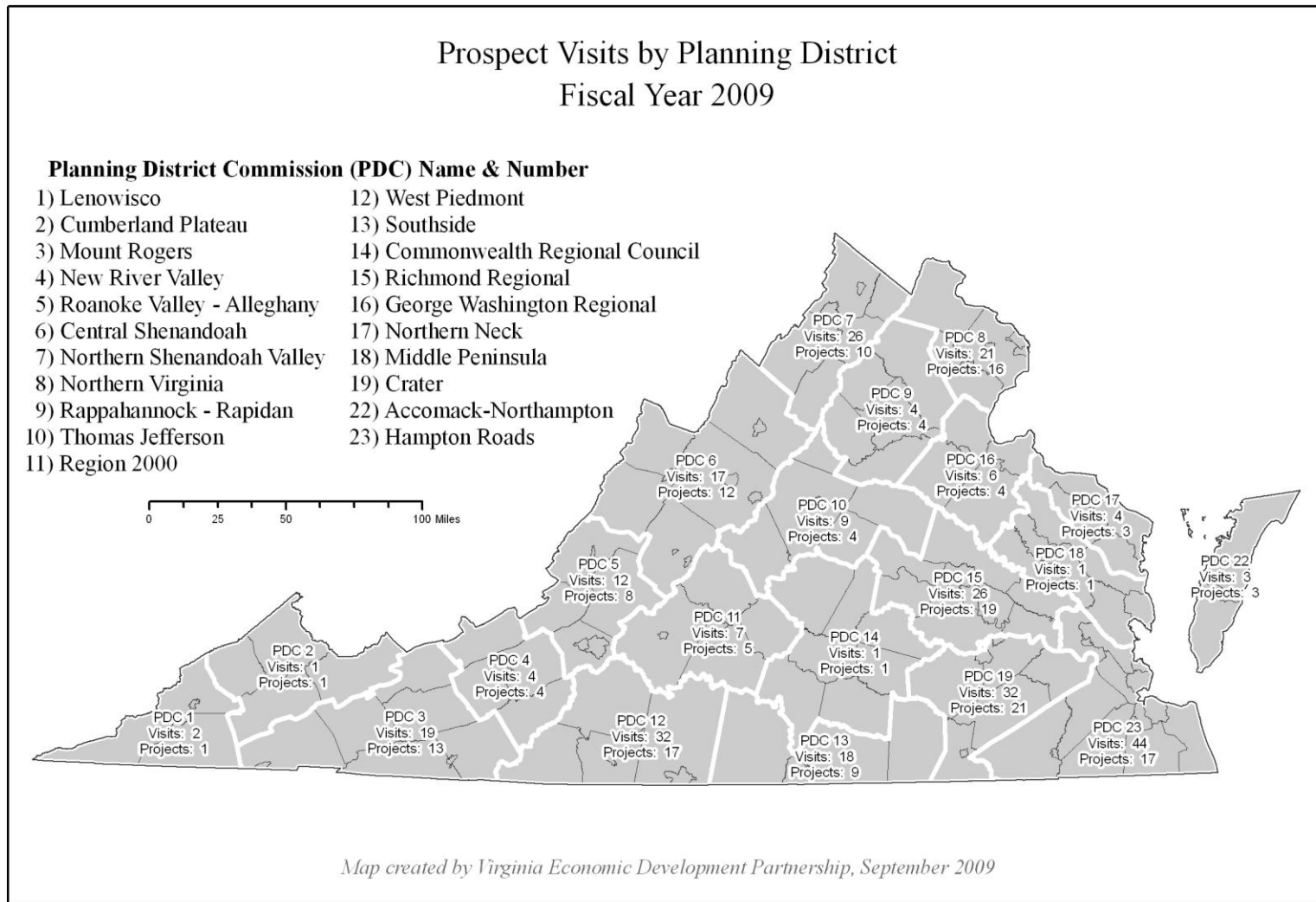
In FY 2009, VEDP focused its strategic efforts around the work that **SRI International** conducted in 2008, which was an in-depth analysis of the emerging markets and benchmarks Virginia's status in those markets. The study examined previously-produced works from organizations such as VRTAC. It was led by a team composed of internal staff from the Business Development and Research Divisions and included external stakeholders. The study was successfully completed by the end of FY 2008 and is the basis for much of the agency's target sector focus in 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 will then be shared on a statewide basis to help guide the development of goals, policies and actions by economic development organizations at all levels. Due to a change in staff, the program was slower to develop than anticipated. A goal in FY 2010 is to effectively roll out the pilot program with at least 25 local partners and 5-6 key state agency partners, to demonstrate the value of the system. VEDP expects to successfully implement the pilot in FY 2010. 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 2009

Accomack - Northampton	3	Visits	3	Projects
Central Shenandoah	17	Visits	12	Projects
Commonwealth Regional Council	1	Visits	1	Projects
Crater	32	Visits	21	Projects
Cumberland Plateau	1	Visits	1	Projects
George Washington Regional Commission	6	Visits	4	Projects
Hampton Roads	44	Visits	17	Projects
Lenowisco	2	Visits	1	Projects
Middle Peninsula	1	Visits	1	Projects
Mount Rogers	19	Visits	13	Projects
New River Valley	4	Visits	4	Projects
Northern Neck	4	Visits	3	Projects
Northern Shenandoah Valley Regional Commission	26	Visits	10	Projects
Northern Virginia Regional Commission	21	Visits	16	Projects
Rappahannock-Rapidan Regional Commission	4	Visits	4	Projects
Region 2000 Regional Commission	7	Visits	5	Projects
Richmond Regional	26	Visits	19	Projects
Roanoke Valley-Alleghany Regional Commission	12	Visits	8	Projects
Southside	18	Visits	9	Projects
Thomas Jefferson	9	Visits	4	Projects
West Piedmont	32	Visits	17	Projects
<b>Total</b>	<b>289</b>	<b>Visits</b>	<b>128</b>	<b>Projects</b>

## Appendix 2: Prospect Visit Data for FY 2009



## Appendix 3: Site and Building Data for FY 2009

Planning District	Location	Sites	Buildings	Sites & Buildings	Companies
<b>1- Lenowisco</b>	Lee Co.	1	1	2	2
1	Norton	0	0	0	0
1	Scott Co.	1	0	1	1
1	Wise Co.	1	1	2	2
<b>PDC 1 Total</b>		<b>3</b>	<b>2</b>	<b>5</b>	<b>5</b>
<b>2 -Cumberland Plateau</b>	Buchanan Co.	0	0	0	0
2	Dickenson Co.	0	0	0	0
2	Russell Co.	2	0	2	1
2	Tazewell Co.	0	0	0	0
<b>PDC 2 Total</b>		<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>
<b>3-Mount Rogers</b>	Bland Co.	0	0	0	0
3	Bristol	2	3	5	5
3	Carroll Co.	0	4	4	4
3	Galax	0	1	1	1
3	Grayson Co.	0	1	1	1
3	Smyth Co.	1	3	4	4
3	Washington Co.	8	2	10	9
3	Wythe Co.	7	1	8	8
<b>PDC 3 Total</b>		<b>18</b>	<b>15</b>	<b>33</b>	<b>17</b>
<b>4 - New River Valley</b>	Floyd Co.	0	0	0	0
4	Giles Co.	1	0	1	1
4	Montgomery Co.	1	2	3	3
4	Pulaski Co.	6	25	31	20
4	Radford	1	5	6	5
<b>PDC 4 Total</b>		<b>9</b>	<b>32</b>	<b>41</b>	<b>26</b>
<b>5 -Roanoke Valley-Alleghany</b>	Alleghany Co.	3	6	9	6
5	Botetourt Co.	1	0	1	1
5	Covington	0	6	6	4
5	Craig Co.	0	0	0	0
5	Franklin Co.	4	2	6	5
5	Roanoke Co.	6	8	14	11
5	Roanoke	2	18	20	17
5	Salem	1	1	2	2
<b>PDC 5 Total</b>		<b>17</b>	<b>41</b>	<b>58</b>	<b>25</b>
<b>6 - Central Shenandoah</b>	Augusta Co.	6	0	6	6
6	Bath Co.	1	0	1	1
6	Buena Vista	2	5	7	5
6	Harrisonburg	0	2	2	2
6	Highland Co.	0	0	0	0
6	Lexington	0	0	0	0
6	Rockbridge Co.	1	0	1	1
6	Rockingham Co.	5	11	16	7
6	Staunton	1	5	6	5
6	Waynesboro	0	0	0	0
<b>PDC 6 Total</b>		<b>16</b>	<b>23</b>	<b>39</b>	<b>19</b>

## Appendix 3: Site and Building Data for FY 2009

<b>7 - Northern Shenandoah Valley</b>		Clarke Co.	1	1	2	2
7		Frederick Co.	14	40	54	17
7		Page Co.	1	2	3	3
7		Shenandoah Co.	7	9	16	11
7		Warren Co.	4	1	5	3
7		Winchester	0	2	2	2
<b>PDC 7 Total</b>			<b>27</b>	<b>55</b>	<b>82</b>	<b>25</b>
<b>8 - Northern Virginia</b>		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	0	0	0	0
8		Manassas Park	0	0	0	0
8		Prince William Co.	8	23	31	9
<b>PDC 8 Total<sup>2</sup></b>			<b>8</b>	<b>23</b>	<b>31</b>	<b>9</b>
<b>9 - Rappahannock-Rapidan</b>		Culpeper Co.	2	2	4	3
9		Fauquier Co.	0	0	0	0
9		Madison Co.	0	0	0	0
9		Orange Co.	0	1	1	1
9		Rappahannock Co.	0	0	0	0
<b>PDC 9 Total</b>			<b>2</b>	<b>3</b>	<b>5</b>	<b>4</b>
<b>10 - Thomas Jefferson</b>		Albemarle Co.	0	2	2	1
10		Fluvanna Co.	0	0	0	0
10		Greene Co.	0	1	1	1
10		Louisa Co.	0	0	0	0
10		Nelson Co.	0	0	0	0
10		Charlottesville	0	1	1	1
<b>PDC 10 Total</b>			<b>0</b>	<b>4</b>	<b>4</b>	<b>1</b>
<b>11 - Region 2000</b>		Amherst Co.	1	2	3	3
11		Appomattox Co.	1	0	1	1
11		Bedford Co.	1	0	1	1
11		Bedford	1	2	3	2
11		Campbell Co.	0	4	4	4
11		Lynchburg	2	5	7	6
<b>PDC 11 Total</b>			<b>6</b>	<b>13</b>	<b>19</b>	<b>12</b>
<b>12 - West Piedmont</b>		Danville	5	16	21	13
12		Franklin Co.	4	2	6	5
12		Henry Co.	11	15	26	21
12		Martinsville	1	6	7	4
12		Patrick Co.	0	0	0	0
12		Pittsylvania Co.	6	7	13	9
<b>PDC 12 Total</b>			<b>27</b>	<b>46</b>	<b>73</b>	<b>35</b>
<b>13 - Southside</b>		Brunswick Co.	1	0	1	1
13		Halifax Co.	7	5	12	7
13		Mecklenburg Co.	8	12	20	12
<b>PDC 13 Total</b>			<b>16</b>	<b>17</b>	<b>33</b>	<b>16</b>

## Appendix 3: Site and Building Data for FY 2009

<b>14 - Commonwealth Regional</b>	Amelia Co.	0	0	0	0
14	Buckingham Co.	0	0	0	0
14	Charlotte Co.	0	0	0	0
14	Cumberland Co.	0	0	0	0
14	Lunenburg Co.	0	2	2	2
14	Nottoway Co.	1	0	1	1
14	Prince Edward Co.	0	2	2	1
<b>PDC 14 Total</b>		<b>1</b>	<b>4</b>	<b>5</b>	<b>4</b>
<b>15 - Richmond Regional</b>	Charles City Co.	0	4	4	3
15	Chesterfield Co.	26	38	64	34
15	Goochland Co.	0	1	1	1
15	Hanover Co.	4	27	31	19
15	Henrico Co.	11	35	46	25
15	New Kent Co.	1	0	1	1
15	Powhatan Co.	0	0	0	0
15	Richmond	0	11	11	7
<b>PDC 15 Total</b>		<b>42</b>	<b>116</b>	<b>158</b>	<b>47</b>
<b>16 - George Washington</b>	Caroline Co.	2	2	4	4
16	Fredericksburg	0	3	3	3
16	King George Co.	2	3	5	4
16	Spotsylvania Co.	2	14	16	10
16	Stafford Co.	1	2	3	3
<b>PDC 16 Total</b>		<b>7</b>	<b>24</b>	<b>31</b>	<b>17</b>
<b>17 - Northern Neck</b>	Lancaster Co.	0	0	0	0
17	Northumberland Co.	0	0	0	0
17	Richmond Co.	0	0	0	0
17	Westmoreland Co.	0	2	2	2
<b>PDC 17 Total</b>		<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>18 - Middle Peninsula</b>	Essex Co.	0	0	0	0
18	Gloucester Co.	0	0	0	0
18	King and Queen Co.	0	0	0	0
18	King William Co.	0	1	1	1
18	Mathews Co.	0	0	0	0
18	Middlesex Co.	0	0	0	0
<b>PDC 18 Total</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>19 - Crater1</b>	Chesterfield Co.	26	38	64	34
19	Colonial Heights	0	1	1	1
19	Dinwiddie Co.	9	5	14	9
19	Emporia	0	2	2	2
19	Greensville Co.	0	5	5	4
19	Hopewell	2	1	3	3
19	Petersburg	2	0	2	2
19	Prince George Co.	6	10	16	13
19	Surry Co.	0	0	0	0
19	Sussex Co.	2	0	2	2
<b>PDC 19 Total</b>		<b>47</b>	<b>62</b>	<b>109</b>	<b>45</b>
<b>22 - Accomack-Northampton</b>	Accomack Co.	0	0	0	0



## Appendix 3: Site and Building Data for FY 2009

22	Northampton Co.	1	0	1	1
<b>PDC 22 Total</b>		<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>23 - Hampton Roads</b>	Chesapeake	2	5	7	6
23	Franklin	3	2	5	4
18	Gloucester Co.	0	0	0	0
23	Hampton	2	15	17	12
23	Isle of Wight Co.	12	9	21	18
23	James City Co.	7	5	12	10
23	Newport News	4	7	11	8
23	Norfolk	0	5	5	3
23	Poquoson	0	0	0	0
23	Portsmouth	0	0	0	0
23	Southampton	0	6	6	6
23	Suffolk	21	23	44	23
19	Surry Co.	0	0	0	0
23	Virginia Beach	2	8	10	8
23	Williamsburg	0	0	0	0
23	York Co.	2	1	3	3
<b>PDC 23 Total</b>		<b>55</b>	<b>86</b>	<b>141</b>	<b>38</b>
	<b>State Total<sup>3</sup></b>	<b>274</b>	<b>529</b>	<b>803</b>	<b>105</b>

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

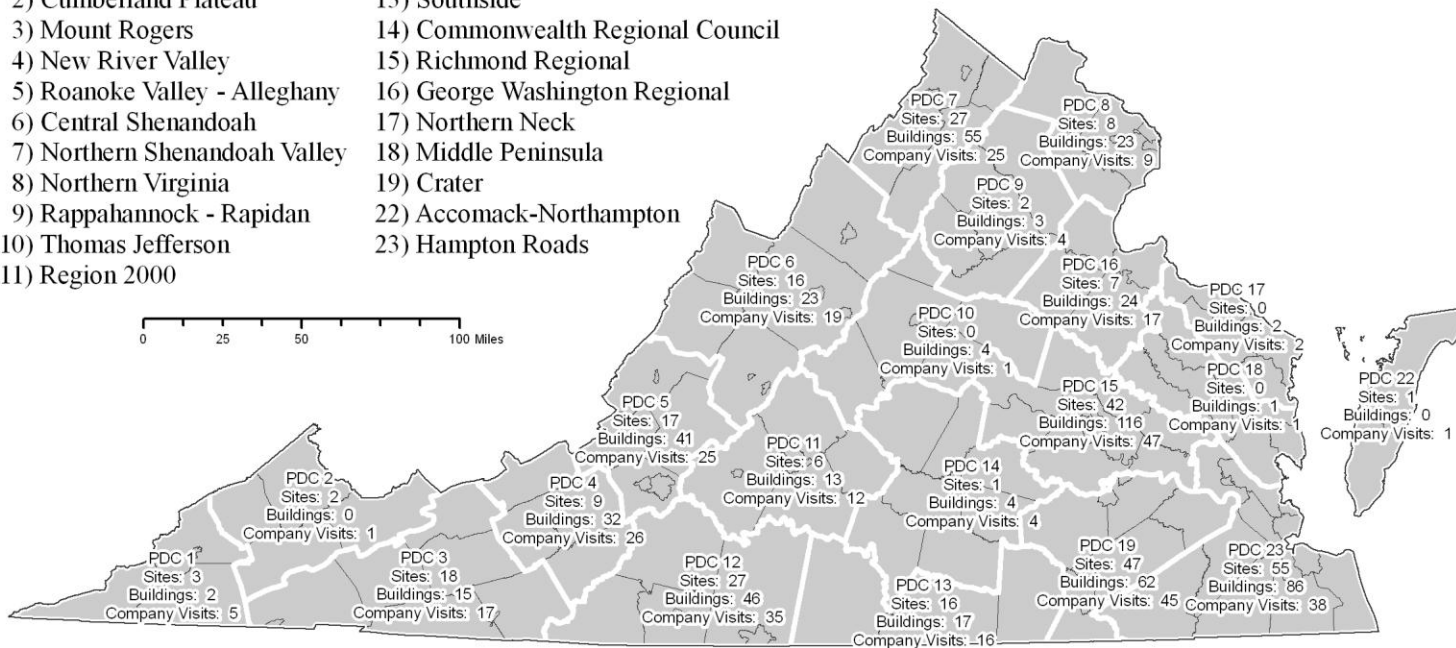
<sup>3</sup>State totals do not include duplicate entries for Franklin, Chesterfield, Surry, and Gloucester Counties, each located in two PDCs.

## Appendix 3: Site and Building Data for FY 2009

### Community Location Studies, Sites and Buildings Meeting Prospect Requirements by Planning District Fiscal Year 2009

#### 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, September 2009

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
Bryant Electric, LLC	1	Wise Co.	M	N	Custom-builds electric motors and equipment	26	\$1.03
Dominion Virginia Power	1	Wise Co.	N	N	Clean-coal power station	75	\$1,800.00
		<i>New Total</i>			<i>2 announcements</i>	<i>101</i>	<i>\$1,801.03</i>
KCG Call Centers, LLC	1	Lee Co.	N	E	Customer service call center	200	\$0.31
		<i>Expansion Total</i>			<i>1 announcement</i>	<i>200</i>	<i>\$0.31</i>
		<b><i>PDC 1 Total</i></b>			<b><i>3 announcements</i></b>	<b><i>301</i></b>	<b><i>\$1,801.34</i></b>
Metal Manufacturing and Processing	2	Tazewell Co.	M	E	Metal fabrication and truck parts remanufacturing	171	\$3.20
Pemco Corporation	2	Tazewell Co.	M	E	Transformers and switchgear	29	\$0.71
		<i>Expansion Total</i>			<i>2 announcements</i>	<i>200</i>	<i>\$3.91</i>
		<b><i>PDC 2 Total</i></b>			<b><i>2 announcements</i></b>	<b><i>200</i></b>	<b><i>\$3.91</i></b>
Ameripumps, LLC	3	Carroll Co.	M	N	Manufactures and assemble water pump units	125	\$4.64
		<i>New Total</i>			<i>1 announcement</i>	<i>125</i>	<i>\$4.64</i>
AGC Flat Glass North America, Inc.*	3	Washington Co.	M	E	Manufactures flat glass	9	\$7.50
American Chestnut Foundation	3	Washington Co.	N	E	Research laboratory - chestnut trees	0	\$0.50
Jensen Activewear Inc.	3	Smyth Co.	M	E	Berets for the U.S. Army and Air Force	10	\$0.00
Nautilus, Inc.	3	Grayson Co.	M	E	Manufactures exercise equipment	60	\$1.70
PepsiCo., Inc.	3	Wythe Co.	M	E	Manufactures beverages; Gatorade®	8	\$20.00
Vaughan-Bassett Furniture Company	3	Galax	M	E	Wood furniture	100	\$2.15
		<i>Expansion Total</i>			<i>6 announcements</i>	<i>187</i>	<i>\$31.85</i>
		<b><i>PDC 3 Total</i></b>			<b><i>7 announcements</i></b>	<b><i>312</i></b>	<b><i>\$36.49</i></b>
East Penn Manufacturing Co., Inc.	4	Pulaski Co.	M	N	Lead-acid batteries/accessories for automotive, telecom, marine, etc. markets	10	\$0.25
		<i>New Total</i>			<i>1 announcement</i>	<i>10</i>	<i>\$0.25</i>
Bucyrus International, Inc.	4	Giles Co.	M	E	Manufactures belt systems and components for mining equipment	50	\$0.00
FedEx Corporation	4	Pulaski Co.	N	E	Distribution center, parcel shipping	60	\$4.00
Harmonia, Inc.	4	Montgomery Co.	N	E	Software development	82	\$0.40
Jennmar Corporation	4	Giles Co.	M	E	Steel-related roof control products	50	\$2.65

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
Mar-Bal, Inc.	4	Pulaski Co.	M	E	Custom molded parts and molding compounds	0	\$0.50
Moog Components Group	4	Montgomery Co.	M	E	Motion/fiber optic components for medical, industrial, aerospace, and defense	50	\$8.00
NanoSonic Inc.	4	Giles Co.	N	E	R&D: nanomaterials; electrostatic self-assembly processing and use	0	\$1.00
TORC Technologies LLC	4	Montgomery Co.	N	E	Teleoperated control and navigation solutions for unmanned vehicles	19	\$0.20
		<i>Expansion Total</i>			<i>8 announcements</i>	<i>311</i>	<i>\$16.75</i>
		<b>PDC 4 Total</b>			<b>9 announcements</b>	<b>321</b>	<b>\$17.00</b>
Southeastern Freight Lines Inc.	5	Botetourt Co.	N	N	Trucking company terminal	22	\$4.00
		<i>New Total</i>			<i>1 announcement</i>	<i>22</i>	<i>\$4.00</i>
Foot Levelers, Inc.	5	Roanoke City	M	E	Custom-made orthotics and other similar products	129	\$0.50
Steel Dynamics Roanoke Bar Division	5	Roanoke City	M	E	Steel	0	\$38.00
Tread Corporation	5	Roanoke Co.	M	E	Manufactures explosives-handling equipment	72	\$2.20
		<i>Expansion Total</i>			<i>3 announcements</i>	<i>201</i>	<i>\$40.70</i>
		<b>PDC 5 Total</b>			<b>4 announcements</b>	<b>223</b>	<b>\$44.70</b>
Atlantic Systems Group	6	Harrisonburg	M	E	Steel storage tanks for the petroleum industry	10	\$0.00
Auto Recyclers LLC	6	Buena Vista	N	E	Automotive salvage and recycling company	25	\$1.00
Dynamic Aviation	6	Rockingham Co.	N	E	Aircraft maintenance and modification	102	\$5.90
Hershey Chocolate of Virginia, Inc.	6	Augusta Co.	M	E	Manufactures chocolate and confectionery	50	\$5.73
Montebello Packaging Inc.*	6	Harrisonburg	M	E	Manufactures laminate tubes	10	\$4.00
Munters Corporation*	6	Buena Vista	M	E	Industrial HVAC equipment	125	\$1.75
PowerSystems International, Inc.	6	Rockbridge Co.	M	E	HQ; Mobile power generating systems for military	50	\$0.15
Preferred Credit Repair	6	Buena Vista	N	E	Receives inbound calls from industries needing to correct customer's credit	20	\$0.50
Rosetta Stone	6	Harrisonburg	N	E	Foreign language teaching software	100	\$0.50
Tyson Foods Inc.	6	Harrisonburg	M	E	Poultry processing	130	\$3.50
WhiteWave Foods Company	6	Rockingham Co.	M	E	Juice beverages	43	\$34.10
		<i>Expansion Total</i>			<i>11 announcements</i>	<i>665</i>	<i>\$57.13</i>
		<b>PDC 6 Total</b>			<b>11 announcements</b>	<b>665</b>	<b>\$57.13</b>
A&S Marble Granite Inc.	7	Frederick Co.	M	E	Ceramic, granite, and marble; countertops , kitchen cabinets	10	\$0.00

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
Ashworth Bros., Inc.	7	Winchester	M	E	Manufactures conveyor belts	0	\$1.00
Blane-Chase Industrial Construction & Maintenance	7	Frederick Co.	N	E	Industrial construction and maintenance	28	\$1.26
Equipment Lock Company	7	Winchester	M	E	Manufactures anti-theft and crime prevention locks for the equipment industry	10	\$0.00
National Fruit Product Co.	7	Winchester	M	E	Apple sauce processing	0	\$10.00
O'Sullivan Films Inc.	7	Winchester	M	E	Vinyl, polymer, alloy sheets and films	0	\$0.75
Quebecor World Inc.*	7	Frederick Co.	M	E	Commercial printing	30	\$35.20
		<i>Expansion Total</i>			<i>7 announcements</i>	<i>78</i>	<i>\$48.21</i>
		<b><i>PDC 7 Total</i></b>			<b><i>7 announcements</i></b>	<b><i>78</i></b>	<b><i>\$48.21</i></b>
Best Foods, Inc.*	8	Fairfax Co.	N	N	Provides wholesale food and supplies to restaurant and grocery chains	20	\$0.00
Goodman Manufacturing Company, L.P.	8	Prince William Co.	M	N	Manufactures residential AC and heating products	3	\$1.25
Google, Inc.	8	Fairfax Co.	N	N	Headquarters of federal enterprise sales	30	\$0.00
Hilton Hotels Corporation	8	Fairfax Co.	N	N	Corporate HQ; Hotels	325	\$17.00
Luciad*	8	Fairfax Co.	N	N	High performance visualization software	20	\$0.03
Packet360, Inc.	8	Fairfax Co.	N	N	Integrator of mission-critical systems	15	\$0.00
Quartus Engineering	8	Loudoun Co.	N	N	Engineering/design for aerospace industry	5	\$0.10
Society of Former Special Agents of the FBI	8	Prince William Co.	N	N	HQ; Professional association	1	\$1.00
Soudal Inc.*	8	Prince William Co.	M	N	Manufactures sealants, foams and adhesives	4	\$2.20
Speakeasy, Inc.	8	Fairfax Co.	N	N	Broadband voice (VoIP), data and IT service provider	50	\$0.00
Tata Communications*	8	Fairfax Co.	N	N	Videoconferencing services	10	\$0.00
Tech Solutions, Inc.	8	Prince William Co.	N	N	IT integration and consulting	20	\$0.05
Technical Communities, Inc.	8	Fairfax Co.	N	N	Provides contracting expertise and IT solutions to government contractors	10	\$0.00
Viscon Technology Applications	8	Prince William Co.	M	N	Fuel additive consisting of a high-molecular weight, pure hydrocarbon polymer	2	\$0.12
Zollner Elektronik AG*	8	Loudoun Co.	M	N	Electronic parts and components manufacturing	5	\$0.50
		<i>New Total</i>			<i>15 announcements</i>	<i>520</i>	<i>\$22.24</i>
AHC, Inc.	8	Prince William Co.	N	E	HQ; Health care receivables management	0	\$3.30
Altum, Inc.	8	Fairfax Co.	N	E	Grants management and performance management software	13	\$0.00
ARTEL, Inc.	8	Fairfax Co.	N	E	HQ; IT and managed network services	50	\$0.00

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
AT&T Government Solutions	8	Fairfax Co.	N	E	Network-enabled solutions integrator for the federal government	177	\$0.00
Beltway Supply, Inc.	8	Fairfax Co.	N	E	Provides facility maintenance products to all levels of government	15	\$0.10
Binary Fountain Inc.	8	Fairfax Co.	N	E	Data integration and delivery solutions	15	\$0.00
Binary Group	8	Arlington Co.	N	E	Provides information technology, advisory, and consulting services	165	\$0.40
Brandon Technology Consulting, Inc.	8	Fairfax Co.	N	E	IT services and solutions provider	55	\$0.20
Calvert-Jones Company, Inc.	8	Alexandria	N	E	HQ; Mechanical contracting	90	\$0.10
Canusa Hershman Recycling Company	8	Prince William Co.	N	E	Recycles, distributes, processes secondary fiber, plastics and other materials	30	\$17.50
Carahsoft Technology Corp.	8	Fairfax Co.	N	E	Government IT solutions provider	25	\$0.00
Centauri Solutions	8	Alexandria	N	E	Analytical consulting in the areas of security, defense, science, and IT	100	\$0.10
Centurum, Inc.	8	Fairfax Co.	N	E	HQ; IT services	15	\$1.00
Cherry, Bekaert & Holland, L.L.P.	8	Fairfax Co.	N	E	Financial and management services	20	\$0.00
China Telecom USA*	8	Fairfax Co.	N	E	Telecom services to multinational companies with requirements in China	12	\$1.50
Cogent Systems, Inc.	8	Fairfax Co.	N	E	Biometric Id solutions, fingerprint/palm print ID technology	14	\$0.00
COMTek	8	Fairfax Co.	N	E	Telecommunications and information systems technology	12	\$0.00
Core180, Inc.	8	Fairfax Co.	N	E	Telecommunications network integrator	20	\$0.00
Coveros, Inc.	8	Fairfax Co.	N	E	Provides IT and software consulting services	30	\$0.21
CSC	8	Fairfax Co.	N	E	HQ; Information technology consulting	200	\$0.00
Customer Value Partners	8	Fairfax Co.	N	E	HQ; Customer Lifecycle Management (CLM) consulting firm	20	\$0.00
CustomInk.com	8	Prince William Co.	N	E	Distribution center; Internet retailer; customized t-shirts	15	\$1.50
Cvent.com	8	Fairfax Co.	N	E	Event software development	225	\$1.20
CVG, Incorporated	8	Fairfax Co.	N	E	Provides secure, satellite-based communication solutions	87	\$1.20
CVG, Incorporated	8	Fairfax Co.	N	E	Provides secure, satellite-based communication solutions	31	\$0.00
Davis-Paige Management Systems, LLC	8	Fairfax Co.	N	E	Counter-terrorism and disaster-preparedness solutions	130	\$0.00
DCS Corporation	8	Fairfax Co.	N	E	Mission-critical engineering systems	126	\$0.00
Deloitte LLP*	8	Arlington Co.	N	E	Provides audits, financial advisory, risk management, and tax services	0	\$1.00
Digital Realty Trust, Inc.	8	Loudoun Co.	N	E	Manages technology and data center-related real estate	10	\$100.00
Digital Realty Trust, Inc.	8	Loudoun Co.	N	E	Manages technology and data center-related real estate	50	\$350.00

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
Electronic Consulting Services, Inc. (ECS)	8	Fairfax Co.	N	E	Mission-critical system and software development	20	\$0.00
Endeavor Systems Inc.	8	Fairfax Co.	N	E	Information security solutions for Federal agencies	25	\$1.50
Envision EMI, LLC	8	Fairfax Co.	N	E	Provide consulting services for educational nonprofit clients	45	\$1.00
Evolve Technologies	8	Fairfax Co.	N	E	Provides computer networking and IT solutions	15	\$0.10
FlexPoint Technology, LLC	8	Fairfax Co.	N	E	Secure collaboration solutions	17	\$0.00
GAP Solutions Inc.	8	Fairfax Co.	N	E	Training, business consulting, info management, operations support services	356	\$1.20
GeneSiC Semiconductor Inc.	8	Loudoun Co.	M	E	Develop Silicon Carbide (SiC)-based semiconductor devices	30	\$0.20
Global Telecom and Technology, Inc.	8	Fairfax Co.	N	E	HQ; Global network integrator; Network/wireless mobility services	16	\$0.00
Integral Systems, Inc.	8	Fairfax Co.	N	E	Provides integrated technology solutions for SATCOM-interfaced networks	12	\$0.00
Integrate Financials Corporation	8	Fairfax Co.	N	E	Financial management/reporting and business intelligence consulting	20	\$0.20
INTEGRITYOne Partners, Inc.	8	Fairfax Co.	N	E	Consulting and technology solutions customized to the U.S. Government	35	\$0.00
InterImage, Inc.	8	Arlington Co.	N	E	IT services; custom database and software applications	87	\$1.80
Jacobs Technology	8	Prince William Co.	N	E	Engineering services	20	\$0.35
Juniper Networks, Inc.	8	Fairfax Co.	N	E	Deployment of services and applications over a single network	50	\$0.00
Knowledge Link, Inc.	8	Fairfax Co.	N	E	Government IT contractor	100	\$0.50
KnowledgeBank	8	Fairfax Co.	N	E	Human resource management and consulting services	80	\$0.50
L-3 Global Security & Engineering Solutions	8	Fairfax Co.	N	E	Security solutions/services, engineering and technical solutions/services	93	\$0.00
L-3 Intelligence Solutions	8	Fairfax Co.	N	E	Source intelligence support, information management, operations and security	129	\$0.00
Latista Technologies Inc.	8	Fairfax Co.	N	E	Web-based field management software and services	10	\$0.00
Logis-Tech, Inc.	8	Prince William Co.	N	E	HQ; Logistics engineering	0	\$0.16
ManTech International Corporation	8	Fairfax Co.	N	E	IT solutions and technical services	250	\$0.00
Metaformers Inc.	8	Fairfax Co.	N	E	Enterprise solutions for government, education, and commercial clients	35	\$0.00
MicroTech, LLC	8	Fairfax Co.	N	E	Information technology services	16	\$0.00
Motion Industries	8	Prince William Co.	N	E	Distributes industrial parts and equipment	6	\$3.53
Near Infinity Corporation	8	Fairfax Co.	N	E	Software development and design	10	\$0.00
NetApp	8	Fairfax Co.	N	E	Storage and data management solutions	25	\$5.00
Network Solutions	8	Fairfax Co.	N	E	Subsidiary HQ; Internet domain name registration	30	\$0.00

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
NorthStar Express Freight, Inc.	8	Falls Church	N	E	Tradeshow shipping provider	47	\$0.20
Pragmatics, Inc.	8	Fairfax Co.	N	E	Systems engineering, custom application software programming/consulting	737	\$1.50
Pritchett Controls	8	Prince William Co.	N	E	Services for temperature, electronic and related controls products	7	\$0.10
QuadraMed	8	Fairfax Co.	N	E	Develops health care information technology systems	201	\$3.00
Raytheon Company	8	Loudoun Co.	N	E	Technical services and intelligence and information systems	102	\$37.50
RightStar Systems	8	Fairfax Co.	N	E	Technology consulting and services	10	\$0.00
Rivermine, Inc.	8	Fairfax Co.	N	E	Telecom expense management software	12	\$0.00
ScienceLogic, LLC	8	Fairfax Co.	N	E	IT operations management solutions	20	\$0.00
SecureInfo	8	Fairfax Co.	N	E	HQ; Provider of information assurance solutions	38	\$0.15
Sedna Logistics	8	Prince William Co.	N	E	Engineering and computer science services	28	\$2.50
SENSA Solutions	8	Fairfax Co.	N	E	Management consulting; organizational development services	12	\$0.00
Serco Inc.*	8	Fairfax Co.	N	E	North American HQ; Provides services to the federal government	400	\$10.00
Serco Inc.*	8	Prince William Co.	N	E	Engineering and computer science services	35	\$1.60
Shared Spectrum Company	8	Fairfax Co.	M	E	Spectrum-sensing cognitive radio technologies and products	20	\$0.00
Silverback7	8	Prince William Co.	N	E	Intelligence, analysis and consultation services for government and contractors	0	\$0.35
Soft Tech Consulting, Inc.	8	Fairfax City	N	E	Provides information technology services	22	\$0.25
Stanley Associates, Inc.	8	Fairfax Co.	N	E	Information technology consultants, defense contractor	194	\$0.00
TARGUSinfo	8	Fairfax Co.	N	E	HQ; Solutions to help with verification, unique identifications	15	\$0.00
TechTeam Government Solutions, Inc.	8	Fairfax Co.	N	E	IT-based services	42	\$0.00
The Analysis Corporation (TAC)	8	Fairfax Co.	N	E	Provides mission critical intelligence support and technical solutions	25	\$0.00
The Tauri Group	8	Alexandria	N	E	Analytical consulting in the areas of security, defense, science, and IT	100	\$0.10
The Tauri Group	8	Fairfax Co.	N	E	Analytical consulting in the areas of security, defense, science, and IT	83	\$0.00
Three Pillar Software, Inc.	8	Fairfax Co.	N	E	Software development and systems integration provider	26	\$0.00
Time Warner Cable	8	Fairfax Co.	N	E	Cable television provider	30	\$0.00
Trusted Mission Solutions Inc.	8	Fairfax Co.	N	E	IT and management consulting services provider	25	\$0.00
UTRON, Inc.	8	Prince William Co.	N	E	R&D of propellant guns, powder metal compact presses, fine metal powders	4	\$3.45
VisualCV	8	Fairfax Co.	N	E	Internet-based resume enhancement technology	16	\$0.00



## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
VSE Corporation	8	Fairfax Co.	N	E	Engineering, IT and consulting services, systems integration	100	\$0.00
Zillion Technologies	8	Fairfax Co.	N	E	IT consulting services	25	\$0.00
		<i>Expansion Total</i>			<i>86 announcements</i>	<i>5,660</i>	<i>\$556.04</i>
		<b>PDC 8 Total</b>			<b>101 announcements</b>	<b>6,180</b>	<b>\$578.29</b>
C3RS	10	Louisa Co.	M	N	Recycler of waste tires	35	\$4.00
NIITEK	10	Albemarle Co.	M	N	Adaptive landmine detection systems	69	\$1.30
		<i>New Total</i>			<i>2 announcements</i>	<i>104</i>	<i>\$5.30</i>
Ashbury International Group, Inc.	10	Greene Co.	M	E	Develops/builds laser range finders, night vision devices, optical products	15	\$6.00
Booz Allen Hamilton	10	Albemarle Co.	N	E	Consulting services to the U.S. government	20	\$0.00
Cadmus Communications	10	Charlottesville	M	E	Commercial lithographic printing of law books and the Code of Virginia	18	\$1.00
Musictoday, LLC	10	Albemarle Co.	N	E	Provides e-commerce services to the entertainment industry	47	\$1.03
State Farm Insurance	10	Albemarle Co.	N	E	Insurance agency; operations center	103	\$0.00
Video Gaming Technologies Inc.	10	Greene Co.	N	E	Electronic bingo, poker and blackjack casino game developer	60	\$0.00
		<i>Expansion Total</i>			<i>6 announcements</i>	<i>263</i>	<i>\$8.03</i>
		<b>PDC 10 Total</b>			<b>8 announcements</b>	<b>367</b>	<b>\$13.33</b>
Chancellor University	11	Campbell Co.	N	N	National Online Enrollment Center; inbound call center	100	\$0.10
Key Parts, Inc.	11	Campbell Co.	N	N	Auto body panel wholesale distribution	8	\$0.10
		<i>New Total</i>			<i>2 announcements</i>	<i>108</i>	<i>\$0.20</i>
American Plastic Fabricators	11	Campbell Co.	M	E	Plastic machining and fabrication	15	\$0.35
Evington Ironworks	11	Campbell Co.	M	E	Manufactures metal rails, spiral stairways, gates, and fences	5	\$0.10
Graham Packaging Company, L.P.	11	Campbell Co.	M	E	Manufactures custom blow-molded plastic containers	10	\$12.07
Quality Archery Designs/Lasermarx	11	Amherst Co.	M	E	Manufactures archery accessories/engraves metals	15	\$2.00
Wexco Corporation	11	Lynchburg	M	E	Manufactures bimetallic cylinders for plastic extrusion	15	\$0.50
		<i>Expansion Total</i>			<i>5 announcements</i>	<i>60</i>	<i>\$15.02</i>
		<b>PDC 11 Total</b>			<b>7 announcements</b>	<b>168</b>	<b>\$15.22</b>
Donnachaidh Associates LLC	12	Danville	N	N	HQ; Researches/grows/harvests hybrid poplar, uses wood as a biofuel	25	\$7.00
KCK Fibers, Inc.	12	Pittsylvania Co.	M	N	Recycle fiberglass yarns	32	\$0.80

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
NextGen Aeronautics	12	Danville	M	N	Design, develop and build unmanned aircraft vehicles	20	\$0.00
Premier Racing LLC	12	Pittsylvania Co.	M	N	Truck-building factory for NASCAR and racing team	20	\$0.00
SPARTA Inc.	12	Martinsville	N	N	Defense contractor, open source support center	25	\$1.00
UK West, Inc.	12	Martinsville	M	N	Wood cabinet components for the kitchen and furniture industry	188	\$2.50
		<i>New Total</i>			<i>6 announcements</i>	<i>310</i>	<i>\$11.30</i>
Aerial Machine and Tool Co.	12	Patrick Co.	M	E	Sew and assemble harnesses and parachutes	50	\$1.00
American of Martinsville	12	Henry Co.	M	E	Wood furniture	94	\$1.40
Owens-Brockway Glass Container Inc.	12	Pittsylvania Co.	M	E	Glass containers	0	\$12.00
Riverside Roof Truss, LLC	12	Danville	M	E	Roof and floor trusses, laminated veneer lumber	35	\$1.50
Solid Stone Fabrics	12	Martinsville	M	E	Manufactures and distributes fabrics	24	\$0.25
StarTek, Inc.	12	Henry Co.	N	E	Call center, customer services	75	\$0.00
TSG/Empire Foods	12	Franklin Co.	M	E	Decorated bakery items, cakes, and cookies	50	\$3.50
Virginia Transformer Corp.	12	Patrick Co.	M	E	Power transformers	40	\$0.00
		<i>Expansion Total</i>			<i>8 announcements</i>	<i>368</i>	<i>\$19.65</i>
		<b><i>PDC 12 Total</i></b>			<b><i>14 announcements</i></b>	<b><i>678</i></b>	<b><i>\$30.95</i></b>
LASCO Bathware	13	Halifax Co.	M	E	Manufactures fiberglass and acrylic bathtubs	50	\$1.70
Presto Products Company	13	Halifax Co.	M	E	Manufactures plastic bags and wraps	12	\$2.60
		<i>Expansion Total</i>			<i>2 announcements</i>	<i>62</i>	<i>\$4.30</i>
		<b><i>PDC 13 Total</i></b>			<b><i>2 announcements</i></b>	<b><i>62</i></b>	<b><i>\$4.30</i></b>
Caddis Pet Products	14	Lunenburg Co.	M	E	Manufactures pet products and supplies	23	\$0.00
Dominion Energy	14	Buckingham Co.	N	E	Electric power generation	0	\$214.00
Luck Stone Corporation	14	Prince Edward Co.	N	E	Mines and distributes crushed and broken stone	25	\$20.00
Showbest Fixture Corp.	14	Nottoway Co.	M	E	Manufactures store fixtures	0	\$0.50
Tri-Boro Shelving & Partition Corp.	14	Prince Edward Co.	M	E	Metal shelving, stock carts, work benches, and other storage products	25	\$1.50
		<i>Expansion Total</i>			<i>5 announcements</i>	<i>73</i>	<i>\$236.00</i>
		<b><i>PDC 14 Total</i></b>			<b><i>5 announcements</i></b>	<b><i>73</i></b>	<b><i>\$236.00</i></b>
Admiral America*	15	Henrico Co.	N	N	U.S. HQ; Direct-to-consumer auto insurance operations center	318	\$2.90

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
Brazilian Best Granite Inc.*	15	Henrico Co.	M	N	Custom granite products including countertops and flooring	5	\$0.40
Cheong Ming Limited*	15	Henrico Co.	M	N	Designs and manufactures packaging	3	\$0.50
ept automotive*	15	Chesterfield Co.	M	N	Manufactures electrical connectors for the automotive industry	52	\$7.50
Health Diagnostic Laboratory	15	Richmond	N	N	Clinical laboratory for diagnostics and treatment of chronic illnesses	44	\$2.40
Sabra Dipping Company, LLC*	15	Chesterfield Co.	M	N	Manufactures hummus and vegetable dips	260	\$59.30
T-Mobile USA*	15	Henrico Co.	N	N	Call center; wireless telecommunications	250	\$13.00
			<i>New Total</i>		<i>7 announcements</i>	932	\$86.00
ACP, Inc.	15	Hanover Co.	N	E	Management services, contract consulting, commercial construction services	10	\$0.15
Altria UST	15	Henrico Co.	N	E	Subsidiary HQ; Smokeless tobacco	70	\$0.00
Barber Martin Agency	15	Chesterfield Co.	N	E	Advertising agency	47	\$0.00
Capital One Financial Corp.	15	Chesterfield Co.	N	E	Call centers; collections and loan work out efforts	250	\$1.00
Capital One Financial Corp.	15	Henrico Co.	N	E	Call center; collections and loan work out efforts	250	\$1.00
Central Virginia Health Network	15	Henrico Co.	N	E	Inbound call center	105	\$0.20
Colonial Marble Products, Ltd.	15	Chesterfield Co.	M	E	Manufactures surfaces using a combination of polymers	0	\$4.80
DAI Technologies	15	Henrico Co.	N	E	HQ; Professional services and IT consulting	30	\$0.10
Delta Pure Filtration	15	Hanover Co.	M	E	Manufactures cartridge filtration solutions; standard and custom filters	10	\$0.10
Dominion Fiber Technologies	15	Henrico Co.	M	E	Convert nylon and polyester fibers	15	\$2.00
GPM Investments, LLC	15	Henrico Co.	N	E	HQ; operator of convenience stores on the East Coast	15	\$2.90
HandCraft Services	15	Richmond	N	E	Corporate HQ; Dry cleaning and linen services	0	\$10.00
Monument Consulting	15	Henrico Co.	N	E	Management and human resources consulting	55	\$0.14
Osage Bio Energy, LLC	15	Henrico Co.	N	E	Headquarters, alternative energy production	40	\$0.40
Phoenix Metals Co.	15	Henrico Co.	M	E	Custom metal work	20	\$3.00
Precision Recycling of Virginia	15	Chesterfield Co.	N	E	Glass recycling	6	\$1.00
Premier Woodworking	15	Henrico Co.	M	E	Manufactures wood store fixtures	60	\$6.50
The Country Vintner	15	Hanover Co.	N	E	Distribution of fine wine	0	\$12.50
Tyson Foods Inc.	15	Hanover Co.	M	E	Poultry processing	225	\$6.00
Verizon Communications Inc.	15	Henrico Co.	N	E	Customer service call center; telecommunications services	60	\$0.00

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
		<i>Expansion Total</i>			<i>20 announcements</i>	<i>1,268</i>	<i>\$51.79</i>
		<b>PDC 15 Total</b>			<b>27 announcements</b>	<b>2,200</b>	<b>\$137.79</b>
Harris Teeter, Inc.	16	King George Co.	N	N	Distribution center, food products	335	\$101.00
Mid-Atlantic Precast Company, LLC	16	King George Co.	M	N	Manufactures structural precast concrete products	35	\$12.50
		<i>New Total</i>			<i>2 announcements</i>	<i>370</i>	<i>\$113.50</i>
A-T Solutions Inc.	16	Spotsylvania Co.	N	E	Provides anti-terrorism technology/training to government and contractors	59	\$0.37
Blue & Gray Brewing Company, Inc.	16	Spotsylvania Co.	M	E	Brewery	8	\$0.10
Gerdau Ameristeel	16	King George Co.	M	E	Manufactures reinforcing steel	75	\$0.00
Shockey Precast Group	16	Spotsylvania Co.	M	E	Manufactures, distributes, and installs concrete architectural panels	0	\$1.00
SRA International Inc.	16	Stafford Co.	N	E	IT consulting, defense contractor	20	\$0.00
Union First Market Bankshares Corp.	16	Caroline Co.	N	E	Corporate HQ; Banking operations center	40	\$0.00
		<i>Expansion Total</i>			<i>6 announcements</i>	<i>202</i>	<i>\$1.47</i>
		<b>PDC 16 Total</b>			<b>8 announcements</b>	<b>572</b>	<b>\$114.97</b>
A&A Machine Company	17	Westmoreland Co.	M	N	Manufactures precision machined parts for the aerospace industry	15	\$0.68
O'Gara Group Inc.	17	Westmoreland Co.	N	N	Tactical training center to teach combat, marksmanship and driving	20	\$15.00
		<i>New Total</i>			<i>2 announcements</i>	<i>35</i>	<i>\$15.68</i>
		<b>PDC 17 Total</b>			<b>2 announcements</b>	<b>35</b>	<b>\$15.68</b>
Egypt Farms, Inc.	18	King & Queen Co.	M	N	Custom soil mixes and hardwood mulch	5	\$1.00
		<i>New Total</i>			<i>1 announcement</i>	<i>5</i>	<i>\$1.00</i>
Helena Chemical Company	18	King & Queen Co.	N	E	Distributor of crop protection and crop production inputs	5	\$0.37
O'Malley Lumber Company	18	Essex Co.	M	E	Manufactures industrial wood pallets and packaging	60	\$3.00
		<i>Expansion Total</i>			<i>2 announcements</i>	<i>65</i>	<i>\$3.37</i>
		<b>PDC 18 Total</b>			<b>3 announcements</b>	<b>70</b>	<b>\$4.37</b>
BandyWorks LLC	19	Petersburg	N	N	Business process, system integration, internet design/development	25	\$0.00
BPR Plastics	19	Greensville Co.	M	N	Recycling warehouse operations	5	\$0.30
Earle M. Jorgensen Company (EMJ)	19	Dinwiddie Co.	N	N	Metal products distribution facility	16	\$6.07
FASTA, Inc.	19	Greensville Co.	M	N	Energy-efficient building components and affordable housing solutions	150	\$7.90

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
International Fiberglass	19	Emporia	M	N	Manufactures fiberglass pools	28	\$2.21
Osage Bio Energy, LLC	19	Hopewell	M	N	Manufactures ethanol	50	\$165.00
		<i>New Total</i>			<i>6 announcements</i>	<b>274</b>	<b>\$181.48</b>
Tindall Corporation	19	Dinwiddie Co.	M	E	Precast concrete	75	\$12.80
Virginia Sealing Products	19	Prince George Co.	M	E	Supplier and fabricator of fluid sealing products	0	\$3.50
		<i>Expansion Total</i>			<i>2 announcements</i>	<b>75</b>	<b>\$16.30</b>
		<b>PDC 19 Total</b>			<b>8 announcements</b>	<b>349</b>	<b>\$197.78</b>
Northrop Grumman Mission Systems	22	Accomack Co.	N	E	Research and development facility to serve Wallops Island	5	\$1.70
		<i>Expansion Total</i>			<i>1 announcement</i>	<b>5</b>	<b>\$1.70</b>
		<b>PDC 22 Total</b>			<b>1 announcement</b>	<b>5</b>	<b>\$1.70</b>
A&R Logistics, Inc.	23	Chesapeake	N	N	Bulk transportation, packaging, distribution and logistics	70	\$8.50
APM Terminals*	23	Portsmouth	N	N	HQ; America's region, international liner shipping company	30	\$0.00
AREVA Newport News LLC*	23	Newport News	M	N	Manufactures equipment and pressure vessels for the nuclear industry	540	\$363.49
Berkley Machine	23	Suffolk	M	N	Machine shop	20	\$0.50
Boeing	23	Suffolk	N	N	Computer modeling and simulation	10	\$5.00
Cryomax Cooling System Corp.*	23	Chesapeake	N	N	Distributes automotive cooling products	8	\$1.00
Gateway Financial Holdings, Inc.	23	Virginia Beach	N	N	Financial services; headquarters	67	\$6.30
J.T. Russell & Sons Inc.	23	Southampton Co.	N	N	Asphalt storage and distribution facility	10	\$2.20
Luck Stone Corporation	23	Chesapeake	M	N	Construction aggregates	12	\$4.00
LW Aerospace Solutions, LLC*	23	Chesapeake	N	N	Aviation-related engineering services	5	\$1.00
MASA Group Inc.*	23	Norfolk	N	N	Modeling and simulation	20	\$0.75
River Bend Transport	23	Chesapeake	N	N	Logistics solutions in transportation services of bulk/break bulk products	20	\$1.10
Safco Products Company	23	Isle of Wight Co.	N	N	Distributes organization- and comfort-enhancing products	40	\$17.90
Shandong Zhangqiu Blower Co., Ltd.*	23	Suffolk	N	N	U.S. HQ; Distribution of positive displacement blowers	3	\$0.10
SPARTA Composite Products*	23	Suffolk	M	N	Manufactures composite products for aerospace and defense industries	198	\$13.20
UNSA America*	23	Virginia Beach	N	N	Nationwide distribution of its FIBC bulk bags	6	\$0.25
Virginia Provisions	23	Virginia Beach	N	N	Distribution center, food products	45	\$1.80

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)	
		<i>New Total</i>			<i>17 announcements</i>		<i>1,104</i>	<i>\$427.09</i>
ADS, Inc.	23	Virginia Beach	N	E	Corporate HQ; Distribution center, military tactical equipment	10	\$0.00	
ADS, Inc.	23	Virginia Beach	N	E	Corporate HQ; Distribution center, military tactical equipment	97	\$18.10	
AIN Plastics*	23	Virginia Beach	M	E	Manufactures and distribute plastic shapes	15	\$0.25	
Alcoa Howmet Castings	23	Hampton	M	E	Complex investment cast turbine airfoils	25	\$25.00	
Applied Technical Services, Inc.	23	Chesapeake	N	E	Engineering consulting; testing and inspections	10	\$0.00	
ARAI Americas, Inc.*	23	Virginia Beach	M	E	Sealing solutions, elastomer products, and subassemblies	0	\$1.75	
Arcet Equipment Company	23	Hampton	N	E	Welding products and industrial gases; warehouse	0	\$0.39	
Architectural Graphics Inc.	23	Virginia Beach	N	E	Architectural quality interior and exterior sign systems	15	\$0.50	
AVID, LLC	23	York Co.	N	E	R&D, design, and software tools for the aircraft industry	20	\$2.12	
Avis Budget Group, Inc.	23	Virginia Beach	N	E	National processing center	70	\$0.60	
BAE Systems North America*	23	Hampton	M	E	Designs/manufactures electronic systems for military and commercial uses	12	\$0.62	
Busch Manufacturing Company*	23	Virginia Beach	M	E	Manufactures vacuum pumps, blowers and compressors	0	\$0.85	
Capital Group	23	Norfolk	N	E	Financial consultation services	50	\$18.80	
Carraro Group*	23	Virginia Beach	M	E	N.A. HQ; Manufactures gears and axles for earth-moving equipment	35	\$8.00	
CDI, Inc.	23	Virginia Beach	N	E	Information technology services, Department of Defense contractor	15	\$0.58	
Chugach Government Services Inc.	23	Chesapeake	N	E	Engineering services for military and aerospace equipment and military weapons	115	\$0.90	
Chugach Industries, Inc.	23	Chesapeake	N	E	Base operations support, logistics, IT services	0	\$0.80	
Colonna's Shipyard Inc.	23	Norfolk	M	E	Ship repair	68	\$14.00	
Continental AG*	23	Newport News	M	E	Diesel and gasoline fuel injectors	318	\$194.00	
CRD, LLC	23	Chesapeake	N	E	Real estate title search	0	\$0.87	
Defense Contract Management Agency	23	Hampton	N	E	Contract administration services to the DoD's Acquisition Enterprise	0	\$0.20	
DOMA Technologies LLC	23	Virginia Beach	N	E	Document management applications and services	30	\$0.28	
Dr. Lucy's	23	Norfolk	M	E	Manufactures allergen-free cookies	8	\$5.00	
Elizabeth River Terminals, LLC	23	Chesapeake	N	E	Port facility	8	\$6.00	
Esterline Pressure Systems Inc.	23	Hampton	M	E	Pressure measurement instruments	15	\$1.00	
FedEx Corporation	23	Chesapeake	N	E	Distribution center, parcel shipping	0	\$1.88	

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
General Dynamics Information Technology	23	Chesapeake	N	E	IT and engineering services, government contractor	100	\$0.00
H2O To Go	23	Virginia Beach	M	E	Purifies and bottles water	5	\$0.25
Hancock, Daniel, Johnson & Nagle, P.C.	23	Virginia Beach	N	E	Regional corporate law services to healthcare providers	0	\$0.15
Headgear, Inc.	23	Virginia Beach	N	E	Distributes licensed apparel	20	\$0.50
Hermes Abrasives, Ltd.*	23	Virginia Beach	M	E	Manufactures industrial coating abrasives	19	\$0.55
JRS Worldwide, Inc.	23	Virginia Beach	N	E	Consulting services to government contractors to maximize sales	6	\$0.35
Kogok Corporation	23	Chesapeake	M	E	Manufactures spiral duct	40	\$5.30
Liberty Tax Service	23	Virginia Beach	N	E	Corporate HQ; Tax accounting services	144	\$6.40
LifeNet	23	Virginia Beach	N	E	HQ; Tissue and organ bank	6	\$0.50
Lillian Vernon Corp.	23	Virginia Beach	N	E	Subsidiary HQ; Catalog and online retailer; distribution center	0	\$1.50
M2 Pictures	23	Hampton	N	E	Video, film and multi-media productions	30	\$0.25
Massimo Zanetti Beverage USA*	23	Suffolk	M	E	Coffee flavoring	4	\$1.50
NCO Financial Systems, Inc.	23	Virginia Beach	N	E	Provide customer service/collections services	150	\$0.55
Nicewood Enterprises	23	James City Co.	M	E	Designs, manufactures and installs custom display cabinetry	5	\$1.78
NOAA	23	Chesapeake	N	E	Space and weather alerting systems	0	\$5.00
Northrop Grumman Corporation	23	Suffolk	N	E	Modeling and simulation; communications laboratory	25	\$0.00
Northrop Grumman Newport News	23	Newport News	M	E	Shipbuilding and repair; manufactures/launches Virginia class submarine	1,000	\$230.00
Owens-Illinois, Inc.	23	James City Co.	M	E	Manufactures glass bottles	0	\$20.00
Pepsi Bottling Group, Inc.	23	Newport News	M	E	Soft drink bottling, manufactures soft drink bottles	8	\$16.00
Perdue Farms Inc.	23	Chesapeake	N	E	Grain drying and distribution	0	\$0.48
Phaze II Products	23	Virginia Beach	M	E	Power-related transformers, magnetic coils, electronic subcomponents	25	\$1.68
Precise Machine & Fabrication, Inc.	23	Chesapeake	M	E	Precision machine shop services, sheet metal fabrication	0	\$0.50
Premier Millwork & Lumber Co., Inc.	23	Virginia Beach	M	E	Custom millwork	8	\$0.85
Professional Printing	23	Chesapeake	M	E	Commercial offset printing	10	\$0.13
PROSOFT	23	Virginia Beach	N	E	IT, systems engineering, modeling and simulation	0	\$0.48
Southampton Terminal, LLC	23	Southampton Co.	N	E	Warehouse/distribution/sorting of imported goods	35	\$3.20
Spain Commercial, Inc.	23	York Co.	N	E	HQ; General contracting, design/build services, project management	20	\$3.70

## Appendix 4: Announcement Data for FY 2009

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)	
Spiegel	23	Hampton	N	E	Call center	19	\$0.50	
Sprint Nextel	23	Hampton	N	E	Customer support center, telecommunications	150	\$0.00	
Stanley Associates, Inc.	23	Chesapeake	N	E	Provides systems integration/professional services to the federal government	0	\$1.30	
STIHL Inc.*	23	Virginia Beach	M	E	U.S. HQ; Hand-held power tools	0	\$55.00	
Thompson Consulting Engineers	23	Hampton	N	E	Engineering consulting services	2	\$0.15	
Triton Industries	23	Newport News	M	E	Tool and die mold making	20	\$0.56	
Unisys Corporation	23	Virginia Beach	N	E	IT consulting, systems integration, government contractor	25	\$0.25	
Ursa Navigation Solutions, Inc.	23	Chesapeake	N	E	IT solutions, engineering/technical services, radio/radar systems solutions	0	\$0.60	
Usui International Corp.*	23	Chesapeake	M	E	Manufactures fuel lines	0	\$12.00	
Vogel Lubrication, Inc.*	23	Hampton	M	E	Lubrication systems	20	\$0.00	
VT Milcom*	23	Virginia Beach	N	E	Telecommunications contractor for the Department of Defense	1,000	\$1.00	
Wartsila Defense Inc.*	23	Chesapeake	M	E	High-powered reversible water jet propulsion systems	0	\$1.80	
Willard Marine, Inc.	23	Chesapeake	M	E	Manufactures aluminum and fiberglass boats	40	\$0.50	
		<i>Expansion Total</i>				<i>66 announcements</i>	<i>3,872</i>	<i>\$677.74</i>
		<b>PDC 23 Total</b>				<b>83 announcements</b>	<b>4,976</b>	<b>\$1,104.82</b>
<b>Not publicly announced</b>		<b>Confidential</b>				<b>5 announcements</b>	<b>365</b>	<b>\$260.00</b>
		<b>Grand Total</b>				<b>317 announcements</b>	<b>18,200</b>	<b>\$4,723.96</b>

Notes:

\*Indicates foreign affiliation

Type: New or Expansion

Mfg: Manufacturing or Nonmanufacturing

2009 announcements are preliminary

All announcements are subject to revision



## Appendix 4: Announcement Data for FY 2009

	Announcements	Employment	Investment (millions)		Announcements	Employment	Investment (millions)
New Total	2	101	\$1,801.03	New Total	0	0	\$0.00
Expansion Total	1	200	\$0.31	Expansion Total	0	0	\$0.00
<b>PDC 1 Total</b>	<b>3</b>	<b>301</b>	<b>\$1,801.34</b>	<b>PDC 9 Total</b>	<b>0</b>	<b>0</b>	<b>\$0.00</b>
New Total	0	0	\$0.00	New Total	2	104	\$5.30
Expansion Total	2	200	\$3.91	Expansion Total	6	263	\$8.03
<b>PDC 2 Total</b>	<b>2</b>	<b>200</b>	<b>\$3.91</b>	<b>PDC 10 Total</b>	<b>8</b>	<b>367</b>	<b>\$13.33</b>
New Total	1	125	\$4.64	New Total	2	108	\$0.20
Expansion Total	6	187	\$31.85	Expansion Total	5	60	\$15.02
<b>PDC 3 Total</b>	<b>7</b>	<b>312</b>	<b>\$36.49</b>	<b>PDC 11 Total</b>	<b>7</b>	<b>168</b>	<b>\$15.22</b>
New Total	1	10	\$0.25	New Total	6	310	\$11.30
Expansion Total	8	311	\$16.75	Expansion Total	8	368	\$19.65
<b>PDC 4 Total</b>	<b>9</b>	<b>321</b>	<b>\$17.00</b>	<b>PDC 12 Total</b>	<b>14</b>	<b>678</b>	<b>\$30.95</b>
New Total	1	22	\$4.00	New Total	0	0	\$0.00
Expansion Total	3	201	\$40.70	Expansion Total	2	62	\$4.30
<b>PDC 5 Total</b>	<b>4</b>	<b>223</b>	<b>\$44.70</b>	<b>PDC 13 Total</b>	<b>2</b>	<b>62</b>	<b>\$4.30</b>
New Total	0	0	\$0.00	New Total	0	0	\$0.00
Expansion Total	11	665	\$57.13	Expansion Total	5	73	\$236.00
<b>PDC 6 Total</b>	<b>11</b>	<b>665</b>	<b>\$57.13</b>	<b>PDC 14 Total</b>	<b>5</b>	<b>73</b>	<b>\$236.00</b>
New Total	0	0	\$0.00	New Total	7	932	\$86.00
Expansion Total	7	78	\$48.21	Expansion Total	20	1,268	\$51.79
<b>PDC 7 Total</b>	<b>7</b>	<b>78</b>	<b>\$48.21</b>	<b>PDC 15 Total</b>	<b>27</b>	<b>2,200</b>	<b>\$137.79</b>
New Total	15	520	\$22.24	New Total	2	370	\$113.50
Expansion Total	86	5,660	\$556.04	Expansion Total	6	202	\$1.47
<b>PDC 8 Total</b>	<b>101</b>	<b>6,180</b>	<b>\$578.29</b>	<b>PDC 16 Total</b>	<b>8</b>	<b>572</b>	<b>\$114.97</b>

## Appendix 4: Announcement Data for FY 2009

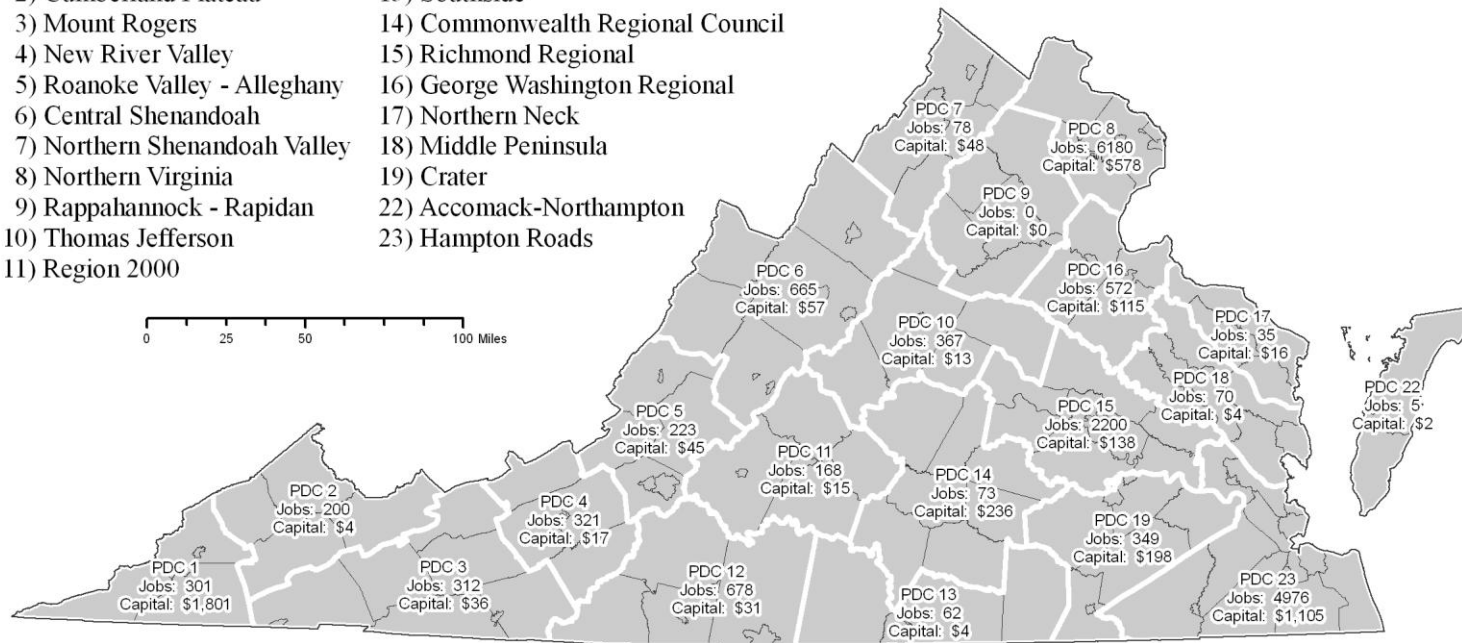
	Announcements	Employment	Investment (millions)
New Total	2	35	\$15.68
Expansion Total	0	0	\$0.00
<b>PDC 17 Total</b>	<b>2</b>	<b>35</b>	<b>\$15.68</b>
New Total	1	5	\$1.00
Expansion Total	2	65	\$3.37
<b>PDC 18 Total</b>	<b>3</b>	<b>70</b>	<b>\$4.37</b>
New Total	6	274	\$181.48
Expansion Total	2	75	\$16.30
<b>PDC 19 Total</b>	<b>8</b>	<b>349</b>	<b>\$197.78</b>
New Total	0	0	\$0.00
Expansion Total	1	5	\$1.70
<b>PDC 22 Total</b>	<b>1</b>	<b>5</b>	<b>\$1.70</b>
New Total	17	1,104	\$427.09
Expansion Total	66	3,872	\$677.74
<b>PDC 23 Total</b>	<b>83</b>	<b>4,976</b>	<b>\$1,104.82</b>
<b>Confidential Total</b>	<b>5</b>	<b>365</b>	<b>\$260.00</b>
<b>Grand Total</b>	<b>317</b>	<b>18,200</b>	<b>\$4,723.96</b>
Notes:			
<i>2009 announcements are preliminary All announcements are subject to revision</i>			

## Appendix 5: Employment Creation and Capital Investment by PDC for FY 2009

### Employment Creation and Capital Investment by Planning District Fiscal Year 2009

**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 FY2009. All announcements are subject to revision.

Map created by Virginia Economic Development Partnership, September 2009

# Appendix 6: Audited Financial Report



**Virginia Economic Development Partnership**  
Audited Basic Financial Statements  
For the Fiscal Year Ended  
June 30, 2009

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Virginia Economic Development Partnership  
Audited Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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## INTRODUCTORY SECTION

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
Richmond, Virginia

APPOINTED OFFICIALS  
As of June 30, 2009

Board of Directors

Charles H. Majors, Chair  
Julien G. Patterson, Vice Chair

Stephen R. Adkins	David Oliver
G. William Beale	A. Carole Pratt
W. Clay Campbell	McKinley L. Price
Russell B. Clark	Ike Prillaman
Mark D. Heath	Ruth A. Sandoval
Hugh D. Keogh	Samuel A. Schreiber
Chris A. Lumsden	James E. Ukrop
Stuart S. Malawer	Neil D. Wilkin, Jr.
John F. Malbon	

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

Executive Director  
Jeffrey M. Anderson

## FINANCIAL SECTION



## VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

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

AS OF JUNE 30, 2009

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, 2009. 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 \$298,395 and \$270,745 at the close of the fiscal years ended June 30, 2009, and 2008, respectively.

	Net Assets		
	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Current and other assets	\$ 3,057,107	\$ 2,965,908	\$ 91,199
Capital assets, net of depreciation	<u>715,565</u>	<u>523,129</u>	<u>192,436</u>
Total assets	<u>3,772,672</u>	<u>3,489,037</u>	<u>283,635</u>
Non-current liabilities	3,060,525	2,701,198	359,327
Other liabilities	<u>413,752</u>	<u>517,094</u>	<u>(103,342)</u>
Total liabilities	<u>3,474,277</u>	<u>3,218,292</u>	<u>255,985</u>
Net assets:			
Invested in capital assets, net of related debt	715,565	523,129	192,436
Unrestricted	<u>(417,170)</u>	<u>(252,384)</u>	<u>(164,786)</u>
Total net assets	<u>\$ 298,395</u>	<u>\$ 270,745</u>	<u>\$ 27,650</u>

*Total assets* increased this fiscal year by \$283,635 when compared to last year due primarily to an increase in cash balances of approximately \$203,000 as a result of cash revenues exceeding cash expenditures, as well as an increase of approximately \$192,000 related to computer equipment purchases. These increases were offset by a decrease of approximately \$111,000 primarily in prepaid expenses and other receivables. *Total liabilities* increased by \$255,985 due to increases in the Partnership's net pension obligation and net other post employment obligations totaling approximately \$355,000 offset by decreases in accrued expenses, primarily accounts payable and deferred revenue, totaling approximately \$103,000.

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 and 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 \$417,170 is classified as *unrestricted*. The Partnership has recorded approximately \$2,300,000 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 \$2,200,000.

Changes in Net Assets			
	<u>2009</u>	<u>2008</u>	<u>Variance</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 579,470	\$ 730,345	\$ (150,875)
General revenues:			
General Fund appropriations	15,612,518	16,850,694	(1,238,176)
Other	<u>86,811</u>	<u>246,631</u>	<u>(159,820)</u>
Total revenues	<u>16,278,799</u>	<u>17,827,670</u>	<u>(1,548,871)</u>
<b>Expenses:</b>			
Business Development	3,099,749	3,535,432	(435,683)
International Investment	1,814,716	1,750,866	63,850
International Trade	3,074,785	3,258,598	(183,813)
Research	1,769,333	2,302,792	(533,459)
Communications and Promotions	1,597,210	2,892,101	(1,294,891)
Information Technology	1,984,724	1,871,474	113,250
Administration	2,768,482	2,486,641	281,841
Pass-through Payments	<u>142,150</u>	<u>1,395,000</u>	<u>(1,252,850)</u>
Total expenses	<u>16,251,149</u>	<u>19,492,904</u>	<u>(3,241,755)</u>
Increase (Decrease) in net assets	27,650	(1,665,234)	1,692,884
Beginning net assets	<u>270,745</u>	<u>1,935,979</u>	<u>(1,665,234)</u>
Ending net assets	<u>\$ 298,395</u>	<u>\$ 270,745</u>	<u>\$ 27,650</u>

*Net assets* for the Partnership increased by \$27,650 during the current fiscal year compared to a \$1,665,234 decrease in net assets in the prior fiscal year. The revenues decrease of \$1,548,871 is due to a \$1,238,176 decrease in general fund appropriations brought about by shortfalls in State revenue collections. Program revenues decreased by approximately \$150,000 primarily due to the loss of co-op advertising revenues related to a CEO Advertising Program that was eliminated in FY2009. Other revenues decrease of almost \$160,000 was due primarily to decreased interest income on cash deposits.

The expenses decrease of \$3,241,755 is due to a \$1.3 million reduction related to the CEO Advertising Program eliminated in FY2009, a \$1.0 million commitment to Pulaski County fulfilled in FY2008 that did not recur in FY2009, and additional reductions in expenditures that were spread throughout the remaining Partnership operations due to the decrease in funding from the COV.

## **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 Partnership's budget, as originally prepared, included revenue provided by the Commonwealth of almost \$16.6 million. This amount was reduced by approximately \$980,000 to just over \$15.6 million by the net of reductions of \$1.2 million imposed by the Governor to offset revenue shortfalls, reductions of almost \$80,000 for employee benefits and other state provided services and an increase in funding of \$306,800 for Rolls Royce project management. Additionally, just over \$200,000 was added to the participation and sponsorship fees budgets to support planned expenditures. Actual revenues exceeded the final budgeted amounts for participation and sponsorship fees by almost \$188,000 due to the successful efforts to raise funds from participants and sponsors to help offset the reduction in revenue provided by the Commonwealth. 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 year ending in 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, 2009

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 2,694,016
Petty cash and travel advances	2,400
Prepaid expenses	345,098
Lease deposits (Note 5)	15,593
Capital assets, net of accumulated depreciation (Note 6)	
Leasehold improvements, furniture, and equipment	<u>715,565</u>
Total assets	<u>3,772,672</u>
<b>Liabilities</b>	
Accounts payable	84,459
Accrued payroll	135,327
Due to Virginia National Defense Industrial Authority	186,466
Unearned revenue	7,500
Noncurrent liabilities due within one year	
Compensated absences (Note 8)	482,553
Noncurrent liabilities due in more than one year	
Compensated absences (Note 8)	324,440
Net pension obligation (Note 9)	1,937,734
Net other post-employment obligation (Note 10)	<u>315,798</u>
Total liabilities	<u>3,474,277</u>
<b>Net assets</b>	
Investment in capital assets, net of related debt	715,565
Unrestricted	<u>(417,170)</u>
Total net assets	<u>\$ 298,395</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, 2009

	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental Activities</b>			
Business Development	\$ 3,099,749	-	\$ (3,099,749)
International Investment	1,814,716	98,961	(1,715,755)
International Trade	3,074,785	342,062	(2,732,723)
Research	1,818,634	-	(1,818,634)
Communications and Promotions	1,597,210	138,057	(1,459,153)
Information Technology	1,984,724	390	(1,984,334)
Administration	2,719,181	-	(2,719,181)
Pass-through Payments	142,150	-	(142,150)
Total governmental activities	16,251,149	579,470	(15,671,679)
<b>General Revenues</b>			
Revenue provided by the General Fund of the Commonwealth (Note 4)			15,612,518
Interest revenue			69,400
Other revenue			28,785
Loss on Disposal of Fixed Assets			(11,374)
Total general revenues			15,699,329
Increase in net assets			27,650
Net assets, July 1, 2008			270,745
Net assets, June 30, 2009			\$ 298,395

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
BALANCE SHEET  
GOVERNMENTAL FUND  
As of June 30, 2009

---

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$ 2,694,016
Petty cash and travel advances	2,400
Prepaid expenses	345,098
Lease deposits (Note 5)	<u>15,593</u>
Total assets	<u>\$ 3,057,107</u>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 84,459
Accrued payroll	135,327
Unearned revenue	7,500
Due to Virginia National Defense Industrial Authority	<u>186,466</u>
Total liabilities	<u>413,752</u>
Fund Balances:	
Unreserved	<u>2,643,355</u>
Total fund balances (Note 3)	<u>2,643,355</u>
Total liabilities and fund balances	<u>\$ 3,057,107</u>

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

Fund balances, Governmental Fund	\$ 2,643,355
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	715,565
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>(3,060,525)</u>
Total net assets of governmental activities	<u>\$ 298,395</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, 2009

---

	General Fund
<b>Revenues</b>	
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 15,612,518
Participation fees	396,890
Sponsorship fees	178,698
Interest revenue	69,400
Other revenue	31,388
Total revenues	<u>16,288,894</u>
<b>Expenditures</b>	
Business Development	3,033,787
International Investment	1,783,139
International Trade	2,998,160
Research	1,798,921
Communications and Promotions	1,578,973
Information Technology	2,129,838
Administration	2,630,664
Pass-through Payments	142,150
Total expenditures	<u>16,095,632</u>
Revenues over expenditures	<u>193,262</u>
<b>Other Financing Sources</b>	
Proceeds from sale of fixed assets	<u>1,280</u>
Total other financing sources	<u>1,280</u>
<b>Total Increase in Fund Balance</b>	194,542
Fund balance, July 1, 2008	<u>2,448,814</u>
Fund balance, June 30, 2009	<u><u>\$ 2,643,356</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, 2009

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

Net increase in fund balance of the general fund	\$	194,542
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		192,435
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.		<u>(359,327)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>27,650</u>

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CASH BASIS  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variances with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 16,591,510	\$ 15,612,518	\$ 15,612,518	\$ -
Participation fees	152,000	290,818	396,890	106,072
Sponsorship fees	-	62,190	143,698	81,508
Interest revenue	100,000	70,000	69,400	(600)
Other revenue	25,000	50,000	56,388	6,388
<b>Total revenues</b>	<b>16,868,510</b>	<b>16,085,526</b>	<b>16,278,894</b>	<b>193,368</b>
<b>Expenditures</b>				
Business Development	3,235,749	3,095,724	3,046,246	49,478
International Investment	2,081,015	1,792,270	1,817,831	(25,561)
International Trade	2,882,494	3,208,642	3,004,186	204,456
Research	2,097,574	1,934,601	1,822,596	112,005
Communications and Promotions	1,663,447	1,488,227	1,518,069	(29,842)
Information Technology	1,905,068	2,134,447	2,128,948	5,499
Administration	2,660,998	2,854,574	2,622,443	232,131
Pass-through Payments	143,575	142,150	142,150	-
<b>Total expenditures</b>	<b>16,669,920</b>	<b>16,650,635</b>	<b>16,102,469</b>	<b>548,166</b>
Revenues over (under) expenditures	198,590	(565,109)	176,425	741,534
<b>Other Financing Sources</b>				
Proceeds from the sale of fixed assets	-	-	1,280	1,280
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>1,280</b>	<b>1,280</b>
<b>Total Increase in Fund Balance</b>	<b>198,590</b>	<b>(565,109)</b>	<b>177,705</b>	<b>742,814</b>
Fund balance, July 1, 2008	(198,590)	565,109	2,347,839	1,782,730
Fund balance, June 30, 2009 (Note 3)	\$ -	\$ -	\$ 2,525,544	\$ 2,525,544

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, 2009

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, other services and portions of insurance premiums for which the economic benefits had not been received as of June 30, 2009.

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, 2009, 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, 2009. 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, 2009, which is the first year of the biennium ended June 30, 2010. 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, 2009	\$ 2,525,544
Add: Prepaid expenses	345,098
Deduct: Accrued expenses and unearned revenues	<u>(227,286)</u>
Fund balance, GAAP basis, June 30, 2009	<u>\$ 2,643,356</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 879	\$ 17,076,010
Add: Funding for Rolls Royce Project Management	306,800
Deduct: Governor's budget reductions	(1,206,170)
Appropriation for VNDIA	(484,500)
Central Appropriations adjustments	<u>(79,622)</u>
Revenue provided by the General Fund of the Commonwealth	<u>\$ 15,612,518</u>

5. LEASE DEPOSITS

The Partnership maintains offices in Lynchburg, Virginia, and Tokyo, Japan. Each landlord requires a lease deposit as part of the lease agreement for those locations. The Lynchburg lease deposit is held in U.S. dollars in a non-interest bearing account and is valued at \$400. The Tokyo lease deposit is held in Japanese yen in a non-interest bearing account in the amount of 1,600,000 Japanese yen. The Tokyo lease deposit is valued at \$15,193 at June 30, 2009.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

<u>Capital Assets Being Depreciated</u>	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Leasehold improvements, furniture and equipment	\$ 1,788,228	\$ 336,518	\$ (653,619)	\$ 1,471,127
Less: accumulated depreciation	<u>1,265,099</u>	<u>132,708</u>	<u>(642,245)</u>	<u>755,562</u>
Leasehold improvements, furniture and equipment, net of accumulated depreciation	<u>\$ 523,129</u>	<u>\$ 203,810</u>	<u>\$ (11,374)</u>	<u>\$ 715,565</u>

7. COMMITMENTS

The Partnership is committed under various operating leases and office use agreements for office facilities and equipment through December 2015. Expense under these agreements for the fiscal year ended June 30, 2009, amounted to \$1,539,045. A summary of minimum future obligations under these-agreements as of June 30, 2009, follows:

<u>Year Ending June, 30</u>	<u>Obligations</u>
2010	\$ 1,535,895
2011	1,401,722
2012	1,329,876
2013	1,355,782
2014	1,388,292
2015-2016	<u>2,100,490</u>
Total future minimum rental payments	<u>\$ 9,112,057</u>

In July of 2009, the Partnership entered an agreement with the Virginia Ports Authority to co-sponsor the annual "Virginia Conferences on World Trade ". Under this agreement, the entities are to share equally



in any profits and losses resulting from each year's conference activities. If either party terminates their participation, or the event was to be cancelled, funds would be divided in accordance with the terms of the agreement. The results of transactions related to the conference are reflected in the Partnership's financial statements. As of June 30, 2009, \$89,433 is included in the Partnership's cash and cash equivalents accounts to provide for the 61st Virginia Conference on World Trade to be held in October 2009.

8. COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2009, was as follows:

<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
\$ 802,614	\$ 482,553	\$ 478,174	\$ 806,993
	Due Within One Year		<u>(482,553)</u>
	Due in More Than One Year		<u>\$ 324,440</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, 2009, the Partnership's net pension obligation was \$1,937,734.

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 \$366,124 (5 percent of total creditable compensation of \$7,322,483). 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, 2009, was 6.23%, which resulted in a contribution of \$456,191 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, 2009, the Partnership's combined net other post-employment benefit obligation for these plans was \$315,798.

### 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 0.82% of creditable compensation resulting in a contribution of \$60,420. This contribution covers premiums for active employees and actual death claims for retirees. As of June 30, 2009, 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 1.18% of creditable compensation resulting in a contribution of \$86,405. As of June 30, 2009, the Partnership's net post-employment benefit obligation for this plan was \$2,929.

#### 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 1.79% of creditable compensation resulting in a contribution of \$131,530. As of June 30, 2009, the Partnership's net post-employment benefit obligation for this plan was \$51,264.

#### 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, 2009, the Partnership's net post-employment benefit obligation for this plan was \$261,605.

#### 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 \$35,680 for the fiscal year 2009.

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 Great Northern Insurance Company. Policy coverage from loss from employee actions is \$50,000 per year with a \$1,000 deductible for each loss.

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



# Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

October 21, 2009

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, 2009, 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, 2009, the respective changes in financial position, 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 are not a required part of the basic financial statements, but are 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 21, 2009, 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

JPS/alh