



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

**ANNUAL REPORT
FISCAL YEAR 2014**



**VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP**

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Audited Basic Financial Statements of the Virginia Economic Development Partnership
for the Year Ended June 30, 2014

Partnership Profile

As Chairman, I am very pleased to present to you the Annual Report of the Virginia Economic Development Partnership Authority (VEDP) for the fiscal year ending June 30, 2014. I think you will find this report, which is required by the *Code of Virginia* and by Chapter 2 of the 2014 Special Session I Acts of Assembly, well worth your review, reference and continued support.

All of us associated with VEDP are extremely proud of our accomplishments over the past year. The high level of interest, participation, and support from Governor McDonnell and his Administration and Governor McAuliffe and his Administration, the important work of the General Assembly, and the many efforts by local and regional economic development organizations were all critical to our success. Equally important, I wish to highlight the vital work of the VEDP staff and their strong focus and dedication to achieving our mission and vision. Their hard work consistently makes all the difference.

Despite current challenges in the structure and composition of our economy in the Commonwealth, all of us see reason for optimism ahead as we pursue growing opportunities in the global economy by cultivating new business investment and the expansion of existing businesses throughout Virginia. We are fully committed to continuing that work and in turn creating new jobs and meaningful investment in the Commonwealth. Closely related, we also remain focused on increasing the sales of Virginia's goods and services in international markets around the globe.

Our 2014 Financial Statements Report for the year ended June 30, 2014, 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 10, 2014, with no findings identified in this report.

Thank you for your continued support of our efforts. Our central mission at VEDP is to enhance the quality of life and raise the standard of living for all Virginians. I know that my fellow Board members join me along with the entire VEDP team in stating that the best is ahead for business expansion in the Commonwealth.

Sincerely,



Don Seale
Chairman

Partnership Profile

The Virginia Economic Development Partnership

In 1995, the General Assembly created the Virginia Economic Development Partnership (VEDP) to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 24-member Board comprised of businesspersons from around Virginia: 18 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 President and Chief Executive Officer is employed by the Board to oversee the fulfillment of VEDP's mission.

Mission

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

Functions

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

Partnership Profile

Central Office

Richmond Office – Headquarters

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Richmond, Virginia 23218
Telephone: (804) 545-5600
Fax: (804) 545-5611

Virginia Offices

Eastern Region

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Norfolk, Virginia 23510
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Northern Region

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

Northwest Region

30 Ladd Road
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Fax: (540) 213-0268

South Central Region

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Fax: (540) 772-3906

Southwest Region

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International Offices

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United Kingdom

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Pembury Road
Tonbridge, Kent, TN9 2HZ
Telephone: 01732 375411

Board of Directors

Donald W. Seale, Chair
Norfolk, Virginia
Term Expires 12/31/15

Stephen R. Adkins
Charles City, Virginia
Term Expires 6/30/17

Robert G. Beck
Williamsburg, Virginia
Term Expires 12/31/17

Michael E. Bennett
Alexandria, Virginia
Term Expires 12/31/17

Edie M. Bowles
Tappahannock, Virginia
Term Expires 6/30/17

Russell B. Clark
Charlotte, Virginia
Term Expires 6/30/16

C. Daniel Clemente
Vienna, Virginia
Term Expires 12/31/19

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

David Hudgins
Glen Allen, Virginia
Term Expires 12/31/17

Chris A. Lumsden
South Boston, Virginia
Term Expires 6/30/16

Ned W. Massee
Richmond, Virginia
Term Expires 12/31/19

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

Dan M. Pleasant
Danville, Virginia
Term Expires 12/31/15

John G. Rocovich, Jr.
Roanoke, Virginia
Term Expires 12/31/19

Samuel A. Schreiber
McLean, Virginia
Term Expires 12/31/17

James E. Ukrop
Richmond, Virginia
Term Expires 12/31/15

Ex-Officio:

The Honorable Ralph S. Northam
Lieutenant Governor

The Honorable Richard D. Brown
Secretary of Finance

The Honorable Maurice A. Jones
Secretary of Commerce and Trade

Glenn DuBois
Chancellor
Virginia Community College System

The Honorable Todd Haymore
Secretary of Agriculture and Forestry

The Honorable Karen Jackson
Secretary of Technology

Executive Summary

This annual report of the Virginia Economic Development Partnership Authority (VEDP) is submitted pursuant to the requirements of § 2.2-2242, § 2.2-2238, and § 2.2-2239 of the Code of Virginia and Chapter 2, Item 120 D.1 of the 2014 Special Session I Acts of Assembly. The Code requires VEDP to report on the status of the Commonwealth's comprehensive economic development strategy, and to prepare and report on the plan to market to high unemployment areas of the state. Chapter 2, Items 120 D.1 and D.2 of the 2014 Special Session I Acts of Assembly further require that the report include the number of business prospect site visits per region of the Commonwealth and direct VEDP to identify target industries for southwest and southside Virginia. This report responds to all of those requirements. In addition, the Authority's financial statements audited by the Auditor of Public Accounts for the fiscal year ended June 30, 2014 (FY 2014) are attached to this report.

This Annual Report documents the efforts of VEDP in fulfilling its mission during FY 2014. The body of the report is organized by the major components of the Partnership's mission statement, beginning with an overview of VEDP's business development strategies. For each element of the mission statement, a summary of VEDP activities and division responsibilities is included, as well as a listing of FY 2014 accomplishments.

"Clearly a national leader...no other state comes close to Virginia when it comes to being a consistent pro-business state."

-Brent Pollina, vice president of Pollina Corporate Real Estate, Inc.



VEDP's report and plan to market to high unemployment regions of the state are included in Appendix 1, which meets the requirement articulated in § 2.2-2238 B of the Code of Virginia.

The next two appendices address Chapter 2, Item 120 D.1 of the 2014 Special Session I Acts of Assembly. 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, 2013, and June 30, 2014. VEDP recorded the announcement of new and expanding facilities during the year. Appendix 5 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 18,672 new jobs will be created, with a total of \$5.5 billion in new capital investment. Forty-one percent of the announcements were of employers locating in economically distressed areas. These announcements are expected to create 7,441 new jobs and make capital investments exceeding \$1.3 billion.

The announcements and performance measures documented in this report represent all successful economic development decisions for Virginia. Not every decision, however, is a direct VEDP-assisted

Executive Summary

announcement. For FY 2014, the 183 VEDP-assisted decisions resulted in 15,029 new jobs and \$5.19 billion in new capital investment. Further, these 183 VEDP-assisted decisions will generate an estimated \$1.2 billion in new local and state tax revenue to the Commonwealth over the next 10 years.

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. On August 27, 2014, Governor McAuliffe signed Executive Order Number Twenty-Six, establishing The New Virginia Economy Strategic Plan and Steering Committee. The Steering Committee is tasked with presenting a comprehensive report to the Governor on December 1, 2014, which will serve as the Commonwealth's four-year economic development strategic plan. The Committee will report annually on the Commonwealth's progress towards achieving the goals outlined in the strategic plan. Executive Order Number Twenty-Six is accessible at <https://governor.virginia.gov/executive-actions/executive-orders/eo-26-establishing-the-new-virginia-economy-strategic-plan-and-steering-committee/>.

Overarching Business Development Strategies

VEDP's primary roles are to position Virginia's regions aggressively in the global market, to reinforce Virginia's support for businesses with a footprint in the Commonwealth, to assist Virginia businesses with the unique challenges of marketing their goods and services around the world, and to 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, with the jobs, capital investment, and tax revenue that brings; results are also measured by increasing the pipeline of leads. Further, VEDP measures results from activity that leverages Virginia's higher education assets, and results from its collaboration with other economic development allies at the local, regional and state level. VEDP markets Virginia to companies with an existing presence in the Commonwealth through its Gold Account and Referred Account strategies; and across the U.S. and world through its regional marketing approach, focusing on active geographic markets, internationally and domestically. Within these geographies, VEDP focuses on sectors in which the Commonwealth's assets match sector needs, including Advanced Manufacturing (Advanced Materials, Aerospace, Agribusiness & Food Processing, and Transportation Equipment); Information Technology (CyberSecurity, Data Centers, Modeling & Simulation, Systems Integration & Design); Corporate Headquarters & Operations Centers; Life Sciences & Medical Technologies (BioTechnology, Medical Devices, Personalized Medicine/Health IT, and Pharmaceuticals); Professional & Business Services (Federal Contracting, Financial Services, and Process Management); Transportation, Distribution & Logistics (Logistics Supply Chain Management & Support, Maritime & Port-Related, Trucking & Warehousing); and special focus on the areas of Energy and Federal Operations.

Consistent with its mission statement, and focused on lead generation, VEDP approaches its markets collaboratively, aligning its outreach efforts with regional and local partner strategies, to maximize the use of available marketing resources and create a stronger Virginia message in the marketplace. VEDP also partners with universities, institutes, business associations and other state agencies to leverage their connectivity in the target markets. VEDP reaches its clients through a variety of tactics, including a lead-generation campaign, geographic marketing missions, industry conferences, business associations and related events, existing business roundtables, and special events. Successfully implementing VEDP's marketing efforts involves the coordination of electronic and social media strategies, CEO target campaigns, trade journal advertising, in-state business publication advertising, media tours, customer call center support, and customized presentation materials including site studies and proposals. In FY 2014, VEDP continued to leverage the Office of the Governor, Lieutenant Governor and Cabinet Secretaries to reach out to corporate prospects and to key Virginia-based companies.

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 team members as a concierge service to engage strategic partners, coordinate site visits for clients to evaluate Virginia's product and assets and prepare customized responses for these project opportunities. In addition, VEDP 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 resources developed by VEDP's sophisticated Geographic Information System (GIS) team are the technology platforms used to facilitate location decisions.

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

Overarching Business Development Strategies

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 to produce various marketing materials and annual economic development publications. To support partners at the local level, VEDP offers two software tools: one is a return on investment tool for localities to use in evaluating the economic impact of projects in their communities; the second is ExecutivePulse, a contact management system that supports local and regional business retention and expansion programs. VEDP is also home of the Virginia Jobs Investment Program (beginning near the end of the 2014 fiscal year) which provides an economic development incentive, as well as a primary point of contact, to support our client's workforce training needs.

Business Expansion

VEDP’s Business Expansion Department focuses its efforts on identifying and cultivating economic development opportunities with existing Virginia companies through a unique outreach program designed to proactively communicate with these businesses. Included below are selected FY 2014 accomplishments that represent the breadth of strategies used by the Business Expansion Department.

FY 2014 Accomplishments

Information Technology announcements continue to be an important growth sector of Virginia’s announcements: While significant announcements were geographically concentrated in Northern Virginia, Mecklenburg County in Southern Virginia is a notable exception. Data Center announcements included Rackspace in Montgomery County (\$5.5 million and 110 jobs); Digital Realty in Loudoun County (\$200 million and 50 jobs); with the largest being an expansion of Microsoft in Mecklenburg County (\$346 million and 90 jobs).

Selected FY 2014 Project Announcements		
Company	New Jobs	\$ Capital Investment (in millions)
Bayshore*	135	4.00
CustomInk	582	45.00
Coresite	50	153.00
Evonik	50	15.00
Hollingsworth & Vose*	17	6.10
Lumber Liquidators (2 projects)	250	60.00
Microsoft Data Center*	90	346.00
Dominion Packaging	113	45.00
Corsi*	110	5.00
Eastman Chemical*	25	40.00
Rackspace*	110	5.50
Cvent	400	7.00

*high unemployment community locations

Existing industry retention and growth: Expansions of existing companies in Virginia represented a significant percentage of Virginia’s active projects and decisions this year, Virginia this year, with over 61% of net new jobs and over 66% of total decisions. In addition to the information technology projects noted above, companies such as Rock-Tenn, Greif Industries, Oceaneering, Alcoa Howmet, Bayshore, and Steel Fab all continued to reinvest. Greif announced a \$45 million expansion in Amherst County creating 22 new jobs, its first major reinvestment in over 30

years, stabilizing the facility for future growth. Oceaneering, in Chesapeake, announced a nearly \$33 million expansion with creation of 67 new jobs. Alcoa Howmet, in Hampton, grew with 75 announced new jobs and a \$25 million investment. Bayshore Concrete in Northampton County announced the creation of 135 new jobs and a \$4 million investment, critically important to Virginia’s support for the maritime industry and to this unique region. In far southwestern Virginia, a collaborative effort between Russell and Washington Counties resulted in the retention of 240 jobs and the creation of 50 new jobs by Steel Fab.

Gold Account companies continue to invest: Gold Accounts, certain strategic companies with a presence in Virginia, announced a combined \$1.2 billion in new capital investment and over 1,700 new jobs. These companies are exceptionally well-positioned and capitalized to continue their expansions as well as bring new business units to Virginia. Companies such as Eastman Chemical (Henry County, \$40 million and 25 new jobs); Philip Morris (\$50 million and 30 new jobs); and Areva

Business Expansion

\$26 million and 12 new jobs) are important customers and influencers for VEDP and our local/regional partners. With their continued reinvestment, Virginia is able to leverage excellent business-to-business testimonials and linkages that reinforce the Commonwealth as a great place for business.

Aggressive Implementation of Distressed Area Strategy Yields Results: VEDP places special emphasis on technical support for positioning the Commonwealth's emerging communities and regions for market visibility. The Business Expansion Department traveled to and presented market information to more than 54 rural localities during the fiscal year, including the Eastern Shore, Northern Neck, Middle Peninsula, the Shenandoah Valley and southern and southwestern Virginia. Nearly 71% of all 304 community visits were in distressed localities. In addition, the Business Expansion Department implements a regional outreach program that affiliates individual Business Expansion managers with a region of the Commonwealth, to serve as that region's liaison to services and products within VEDP, and to be an advocate for the region within VEDP and other state agencies. Two of the Business Expansion positions are field-based in rural areas of southern and southwestern Virginia. The Virginia Jobs Investment Program (housed within the Business Expansion Department) also maintains two field staff in distressed areas (southwestern Virginia and the Shenandoah Valley area).

To further underscore VEDP's commitment to distressed areas, 63% of company prospect visits to localities in FY 2014 were to high unemployment communities. The select announcement list on the previous page also denotes distressed region locations with an asterisk (*).

Virginia Incentives Produce Results: In FY 2014, Virginia awarded 34 Governor's Opportunity Fund (GOF) grants for a total of \$19.205 million. The 34 recipient companies are expected to make \$2.88 billion in capital investments and create 5,702 new jobs. Seventy percent of these grant funds were awarded to economically-distressed localities.

During FY 2014, seven Virginia Investment Partnership (VIP) grants were awarded totaling \$4.3 million. The projects are expected to create 514 new jobs, and bring \$257.5 million in new capital investments. Forty-three percent of these grant funds were awarded to economically-distressed localities.

Virginia also awarded one Virginia Economic Development Incentive Grant (VEDIG) totaling \$5.0 million. This project is expected to create 800 jobs and bring \$149.7 million in new capital investment.

International 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, the Going Global Defense Initiative, Global Network and trade missions for Virginia companies to increase their sales in the international marketplace.

FY 2014 Accomplishments

Program Participation

Virginia Leaders in Export Trade (VALET) Program: The VALET program selects 25 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 actively selling internationally. The VALET program has now entered its 12th year in operation, graduating 23 companies in FY 2014. Graduates of the program experience, on average, a 57% increase in export sales over their two-year participation.

Going Global Defense Initiative (GGDI): The purpose of this program is to mitigate the negative impact of domestic defense spending cuts on Virginia's economy by helping Virginia companies diversify their customer base into international markets. VEDP's GGDI is the Commonwealth's only program that replaces Department of Defense revenue streams for Virginia's defense companies, which, in turn, preserves jobs and replaces declining state tax revenues. In its first year, VEDP's GGDI enrolled 160 defense companies, of which 100 travelled to an international market in pursuit of new business. Seventy-three companies project an average increase in their international sales of 130%.

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

Trade Missions: International Trade arranges trips for several companies to travel together to meet face-to-face with prospects. These potential buyers or distributors are pre-qualified, based on information provided by the Virginia business to meet their individual export market objectives. Language assistance, meeting facilitation, in-country transportation and networking receptions are other benefits. In FY 2014, VEDP conducted 18 trade missions internationally to promote Virginia products and services, with 140 companies participating.

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 2014, VEDP completed 450 market research projects for Virginia companies through the Global Network program. Approximately half of all Global Network projects resulted in a sale or a signed partner or distributor.

INTERNATIONAL TRADE HIGHLIGHTS

- ◆ 23 Companies graduated from VALET.
- ◆ VEDP's GGDI enrolled 160 defense companies in its inaugural year.
- ◆ International Trade's Research Team completed 174 company research projects.
- ◆ VEDP completed 450 market research projects for Virginia companies through the Global Network.
- ◆ International Trade led 18 Trade Missions with 140 companies participating.

International Trade Development

Internal Research: VEDP's Trade Research team delivered 174 projects to Virginia companies to help them enter a market, find a local partner and manage shipping, legal and payment issues.

Virginia Conference on World Trade: Each fall, International Trade hosts the Virginia Conference on World Trade. In FY 2014, the conference theme was *Sixty-five Years of Global Business Success*, highlighted business opportunities for Virginia companies abroad, and attracted more than 215 attendees from over 140 Virginia companies.

“The service we received from the VEDP team was well above our expectations. The contacts developed and the briefings delivered prior to our visit made the trip very productive. The selected contacts were well prepared for the meetings, each with keen understandings of our needs. The careful prep work of VEDP staff was invaluable and allowed us to consolidate what would have been multiple trips into one event. Alpha Industries will definitely use this valuable service again in the future.”

*Terry Naughton,
VP, International Sales, Alpha Industries
Chantilly, Virginia*

Business Attraction

With a singular focus on recruitment of companies new to Virginia, the Business Attraction Department increased outreach activity in target markets during FY 2014 and achieved higher levels of foreign and domestic investment as compared to the previous year.

FY 2014 National Accomplishments

Marketing calendar highlights for FY 2014 include the following events:

In September 2013, VEDP, the Virginia Port Authority and the Hampton Roads Economic Development Alliance successfully hosted the first annual Site Selection Consultants Port of Virginia Familiarization Tour.

In April 2014, VEDP and 10 regional and local allies hosted a Virginia dinner featuring Virginia wines for approximately two dozen corporate real estate managers and site selection consultants during the Industrial Asset Management Council (IAMC) Spring Forum at Pinehurst.

VEDP also supported two very successful Governor's missions – one to Chicago in May 2014 and another to San Diego in June 2014, in conjunction with Bio International. These missions, led by Governor McAuliffe, included several meetings with companies and site selection consultants based in each region. The meetings provided unique opportunities to initiate high level relationships, raise awareness of Virginia's pro-business climate, positively impact existing projects and discuss potential opportunities for additional private sector investment and job creation for the Commonwealth of Virginia.

The following announcements represent several important U.S.-based investment successes for the Business Attraction team during FY 2014:

Ardagh Group, a global manufacturer of containers for the food and beverage industry, will invest \$93.5 million to establish a metal packaging manufacturing operation in a 525,000-square-foot facility in Roanoke County to add capacity in the eastern United States. Ardagh Group is a Luxembourg-based global leader in metal and glass packaging solutions for the world's leading food, beverage and consumer brands. The company has more than 100 facilities and 18,000 employees in 25 countries producing 26.6 billion containers a year.

Falls Stamping & Welding Company, a Cuyahoga Falls, Ohio, based metal stamping company serving the automotive, trucking, and non-automotive markets, will invest \$5.7 million to establish an operation in the Town of Pulaski in Pulaski County. The company will supply metal sub-assemblies to the Volvo Trucks plant in Dublin, Virginia, through a major contract.

Green Applications LLC, a division of Green Distribution, one of the largest printers and distributors of textile merchandise and heat applied graphics on the East Coast, will invest \$9.75 million to establish its first Virginia operation in the Town of Gordonsville in Orange County. The company will

NATIONAL HIGHLIGHTS

Fiscal Year 2014

- ◆ 1,352 jobs announced by U.S. – based companies
- ◆ \$ 768 million in capital investment
- ◆ 36 companies
- ◆ 17 different states

Business Attraction

design, screen print, produce and distribute graphic art on heat transfers and apparel, creating 323 new jobs. Founded in 2009 and headquartered in Secaucus, New Jersey, Green has grown to over 450 employees delivering creative and manufacturing artistry to the screen printing industry and provides strategic print solutions to a varied customer base.

Hampton Farms, the leading roaster of in-shell peanuts in the United States, will invest \$5.5 million to establish a peanut butter production plant in Southampton County. Hampton Farms has become the #1 brand of In-Shell peanuts in the country and operates four strategically located roasting and production facilities. The company remains family-owned and committed to producing the finest peanut snacks available.

The Corsi Group, a leading manufacturer of custom and semi-custom cabinetry, will invest approximately \$5 million to establish its first Virginia manufacturing operation with 100 employees in Charlotte County. Headquartered in Indianapolis, The Corsi Group was founded in 1973 as a designer and manufacturer of custom cabinetry.

FY 2014 International Accomplishments

Execution of the international marketing calendar for Business Attraction includes the efforts of four Richmond-based managers, as well as marketing representatives in offices in five major cities overseas - Tokyo, Shanghai, Mumbai, London and Berlin. The highlight for international outreach efforts in FY 2014 occurred in October 2013, when most of the international team members participated in the first annual SelectUSA Summit in Washington, DC and attended pre-set appointments with several interested companies from all over the world.

The following announcements represent several important foreign direct investment successes for the Business Attraction team during FY 2014:

INTERNATIONAL HIGHLIGHTS

Fiscal Year 2014

- ◆ 4,949 jobs announced by International companies
- ◆ \$2.59 billion in capital investment
- ◆ 52 companies
- ◆ 24 different countries

Shandong Tranlin Paper Co., Ltd., a leading Chinese pulp and paper company, will invest \$2 billion over five years to establish its first U.S. advanced manufacturing operation in Chesterfield County. The project, which will also create 2,000 new jobs by 2020, is an environmental-friendly and renewable business model, leveraging proprietary technologies to produce non-bleached, all-natural straw pulp, organic paper products and organic fertilizers.

The Virginia agricultural community will greatly benefit in two ways from this company operation. The production processes will utilize corn, wheat, soybean and barley crop stalks as “straw” feedstock in the manufacturing process. In addition, the manufactured by-product, organic liquid fertilizer, will significantly improve crop yields and reduce water consumption, pesticide use and nutrient runoff.

Business Attraction

This investment represents the largest Chinese investment and job creation project in Virginia history and is the largest Chinese greenfield economic development project in the United States.

Korona S.A., one of the largest producers of candles in the world, is investing \$18.3 million to locate its first U.S. candle production facility in Pulaski County. The company, based in Poland, will create 170 new jobs. It is also a supplier of private label products for global companies and a major producer of scented candles in Europe. The company's core activity is development, design, production and sale of candle products: tea lights, pillar candles and candles in glass jars in a wide range of sizes, colors and fragrances.

Liaoyang Ningfeng Woodenware Co., Ltd., a Chinese furniture manufacturer, is investing \$2.1 million to establish its first U.S. subsidiary, New Ridge, LLC, in Smyth County. The company will manufacture furniture components for the Chinese market, supply its European customers with finished products from the U.S., manufacture and sell products for the U.S. market, and expand into lumber production and export to China. The company, which will also create 125 new jobs, is one of the global strategic suppliers to IKEA in Asia Pacific and manufactures solid wood bathroom furniture that is shipped to IKEA stores worldwide.

Kilgour Industries, a United Kingdom-based supplier of aircraft airframe and engine machined products, will invest \$27.3 million in its first U.S. operation in Henry County and create 155 new jobs. Kilgour specializes in computerized numerical control (CNC) machining, wet chemical surface treatments and sub-assemblies of aircraft airframe and engine products in aluminum, steel and titanium to the major aerospace original equipment manufacturers.

Promoting Virginia

VEDP plans, executes and manages various marketing outreach initiatives that are critical to ensuring Virginia’s pro-business message is visible in the marketplace. In FY 2014, VEDP, through its Communications and Promotions Department, implemented a major brand building advertising program, targeting domestic and international corporate decision-makers. VEDP employed a public relations plan to ensure placement of favorable articles in major business and trade publications, as well as coordinated all economic development press announcements. VEDP staff maintained an electronic marketing presence at YesVirginia.org and through the YesVA mobile application. Further, staff executed a comprehensive web-based marketing program to increase prospect traffic on YesVirginia.org and ensure priority rankings in major Internet search engines. In addition, VEDP utilized social media to target individuals seeking information specifically related to economic development topics, thereby increasing dialogue with prospects and delivering value-driven communications. VEDP produces requisite marketing brochures and collateral materials, develops and executes strategic marketing campaigns that support the Partnership’s strategic marketing initiatives, as well as manages special marketing events and industry trade show participation. VEDP performed telemarketing outreach to support lead generation efforts through appointment setting services and executed Governor-led marketing missions as a strategic component to Virginia’s aggressive and pro-active approach to economic development.

FY 2014 Accomplishments

Advertising Campaign: The Communications and Promotions Department developed and executed a digital advertising strategy, targeting key VEDP national and international markets with digital and pay-per-click media placements. The media strategy included Forbes, the Wall Street Journal, and the New York Times, as well as advertising networks to target U.S. CEOs. International CEO targeting was accomplished in China and the United Kingdom with digital placements in CNN Money, Financial Times, Reuters, the Wall Street Journal and the Guardian. The campaign delivered more than 83 million impressions and greatly outperformed the industry standard click-through-rate by more than four times. VEDP continues to see a direct correlation between website activity and geographic markets supported with advertising. The most impressive example of the correlation is a more than 1,200 percent increase in year-over-year website traffic originating from China between 2012 and 2013.

www.YesVirginia.org Redesign: In October 2013, the Communications and Promotions Department launched a redesigned website at www.YesVirginia.org to reflect a more modern presence, streamline navigation and provide easier linkage to our social media outlets and site selection tools. The launch was followed with the release of a redesigned VirginiaScan site and building search tool with improved filters, maps and more comprehensive search features. The website was recognized in the Southern Economic Development Council’s (SEDC) 2014 Communications Awards with a Special Judges Award for Online Content and Mobile Access.

Governor-led Marketing Missions: VEDP coordinated two trade and economic development marketing missions with Governor McAuliffe in his first months in office, including trips to Chicago and San Diego centered on the BIO International Convention.

www.YesVirginia.org	
FY 2014 Usage Statistics	
Sessions	265,210
16.4% increase from FY 2013	
Users	200,196
18.5% increase from FY 2013	
<small>Source: Google Analytics</small>	

Promoting Virginia

Event and Tradeshow Collaboration: VEDP continues to collaborate with its economic development and higher education partners on events and tradeshow. The Port of Virginia site selection consultant tour, Fall Richmond International Raceway NASCAR race client event, I/ITSEC Dinner event, BIO International Virginia Pavilion, CoreNet Global Summit, Retail Industry Leaders Association (RILA), Virginia Nippon Classic, Industrial Asset Management Council (IAMC) events, Virginia Celebrates Women in Leadership Forum and SelectUSA Investment Summit were all examples of showcasing a united Virginia presence, enhancing the Commonwealth's story in the global marketplace. VEDP also partnered with local and regional allies in hosting site selection consultants and clients at special events in Boston, Chicago, Atlanta and Minneapolis.

Social Media Highlights: VEDP continued an aggressive social media marketing strategy, publishing content from the YesVirginia blog and sharing relevant news articles to increase the number of overall posts and discussion threads. The strategy worked as VEDP saw increased engagement across platforms and membership once again showed significant growth, increasing by 27% on Facebook, 26% on LinkedIn and 125% on Twitter. In addition, VEDP blog articles were reused by allies in both digital and print media, illustrating the quality of our content.

Promotional Video: VEDP, in collaboration with economic development and corporate partners, produced a new Virginia promotional video using existing video and new footage filmed for this project. "Business Legacies Begin in Virginia" is the title of this upbeat and informative marketing tool. The video touches briefly on Virginia's historic contributions and provides an in-depth overview of Virginia's business advantages. The video won a Bronze Telly Award in the category of Recruitment, part of the larger Film/Video category. Since its founding in 1979, the Telly Awards has been honoring outstanding TV commercials and programs, video and film productions, and online commercials, videos and films. The video is available on YesVirginia.org, as well as VEDP's YouTube and Facebook pages.

Public Relations and Communications: VEDP drafted and executed 41 Governor's press releases and coordinated 24 announcement or grand opening events with the Governor or a Governor's representative. In addition, staff launched a PR effort to promote VEDP's Going Global Defense Initiative. The Communications and Promotions Department produced four issues of VEDP's Commerce Quarterly newsletter and YesVirginia Insider e-newsletter to communicate VEDP and Virginia news to stakeholders and clients.

Telemarketing Outreach Campaigns: VEDP fully launched a new lead generation program that supports our business attraction marketing efforts with appointment setting services. The program replaces VEDP's traditional marketing mission program with a more responsive and flexible model. The primary objective of the call center lead generation campaign is to set telephone meetings between senior corporate prospects and VEDP business attraction managers. VEDP's active direct outreach program implemented more than 15 telemarketing campaigns, including five lead generation campaigns, one call trip, two trade shows, four event support campaigns, and four special project campaigns, as well as direct mail initiatives, and ongoing prospect database cleansing. VEDP's call center placed more than 66,000 calls resulting in 30 active opportunities, 257 appointments, 10 direct inquiries, and more than 110 event acceptances.

Policy and Legislative Initiatives

VEDP looks to find creative ways to improve Virginia's business climate and remain competitive in the global market through targeted policy, legislative, and budgetary initiatives. VEDP has successfully advanced Virginia's economic development legislative agenda through the following items, some of which are critical components to encourage existing and new companies to do business in the Commonwealth.

FY 2014 Legislative Review

VEDP worked with legislators and the Administration during the 2014 General Assembly session to enhance existing programs, fulfill commitments to existing companies, and bolster the climate for major economic development opportunities. Several noteworthy items are highlighted below.

Advocated for Legislative Initiatives that Promote Economic Development and Government Efficiencies

- VEDP supported legislation to move the Virginia Jobs Investment Program (VJIP) from the Department of Small Business and Supplier Diversity (SBSD) to VEDP to streamline state incentive offerings, bolster our workforce development efforts, and increase government efficiencies. This effort was successful in the 2014 General Assembly session.
- The General Assembly passed and the Governor signed HB1191, which assigns to VEDP enhanced reporting requirements on economic development incentives offered by state entities, including VEDP. While the intent of this legislation is consistent with VEDP's practice of transparency and openness, there are a number of technical enhancements that could be made to improve the final report's effectiveness. VEDP will continue to work with the legislature and Administration to look for ways to improve the legislation so that the provided information is both meaningful and relevant to the reader.
- VEDP monitored over one hundred legislative proposals during the 2014 General Assembly session that would have impacted VEDP's operations, as well as Virginia's business climate and general economic development conditions across the Commonwealth. It is VEDP's practice to work with legislators and Administration officials to provide the most accurate and complete information to be used in assessing these proposals.

Secured Budget Items and Language for New and Continued Economic Development Efforts

- Continued funding of nearly \$500,000 is provided in FY 2015 for the Going Global Defense Initiative for VEDP, which will allow the VEDP International Trade Division to provide targeted export assistance to defense contractors and subcontractors in Virginia. This new program has already provided much needed assistance to defense contractors as they face federal defense spending cuts, and therefore a loss of their existing customer base.
 - An appropriation of over \$500,000 was provided in both FY 2015 and FY 2016 for operating and administration expenses of the Virginia Jobs Investment Program, which was transferred to VEDP from SBSD during the 2014 General Assembly session. VEDP is using these assets to administer and strengthen VJIP.
-

Performance Management

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

FY 2014 Key Performance Measures			
Performance Measure	FY 2014 Goal	FY 2014 Results	% of Measure
Investment by new or existing companies	\$3.5 billion	\$5.5 billion	157%
New jobs created by new or existing companies	17,200	18,672	109%
Companies actively counseled or participating in trade events	250	270	108%

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 the Virginia Jobs Investment Program) with the projected revenue stream generated by the new jobs announced in Virginia, using an appropriate multiplier.

Return per Dollar of Money Spent on Economic Development (Present Value)*

	10 Years	20 Years
Total	\$19	\$37
Direct	\$11	\$20
Indirect	\$9	\$17

*Figures are rounded to the nearest dollar, numbers may not sum due to rounding.

Appendix 1: High Unemployment Areas Report and Strategy

During FY 2014, despite the economic crisis that impacted virtually every sector of the businesses which VEDP targets, the organization continued to build on its efforts to improve the opportunities for economic growth for Virginia's economically distressed areas – Virginia's "emerging communities" - 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, progress continues to prepare these areas for the increasingly services-based and advanced manufacturing economy. VEDP has continued actively recruiting economic development prospects with plans tailored to existing workforce skills, infrastructure, and sites and buildings.

In response to a legislative mandate that requires target industries be identified for Southwestern and Southern Virginia, VEDP continued several program activities as outlined below. VEDP continues to maintain field-based representatives in Southern Virginia and Southwestern Virginia through the Business Expansion and International Trade Departments.

FY 2014 Accomplishments

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

VEDP continues to maintain full-time professional staff in Southern and Southwestern Virginia. Two full-time Business Expansion managers were field-based in southern and southwestern Virginia. These managers focused on business expansion strategies, ally communication strategies, and higher education partnership strategies. Near the end of the fiscal year, VEDP added the Virginia Jobs Investment Program to the Business Expansion Department, which increased its regional field staff presence by two (one in southwestern Virginia and one in the Valley). In addition to these professionals, VEDP international trade staff is also field-based.

Decisions for Virginia/High Unemployment Regions: A major success in FY 2014 was the announcement that Microsoft would invest significantly in its Mecklenburg County facility, creating an additional 90 jobs and an investment of over \$346 million. To its west, Henry County successfully announced the expansion of one of its major employers, Eastman Chemical, which will invest \$40 million and create an additional 25 jobs. The Corsi Group announced an investment of \$2.5 million and 110 jobs, after a long courtship.

In FY 2014, rural localities also saw growth in smaller, and existing, businesses. Shearer Foods in Bristol announced additional lines and an investment of \$4.75 million with 22 new jobs. ABB in Halifax, a very significant employer that manufactures industrial transformers, announced it would create 25 new jobs with a \$2.5 million investment. Bassett Furniture worked closely with Henry county representatives, as well as a variety of state agencies, to retain its workforce and create an additional 25 jobs with a \$1.5 million investment. Steel Fab, which operated a facility in Washington County, announced it would expand in a facility in neighboring Russell County, with 50 new jobs and retaining its existing 240 jobs, a real win for the region. On the Eastern Shore, Bayshore announced it would expand with a \$4 million investment and create 135 new jobs. These continued investments and job creation bode well for Virginia's rural localities, which have the workforce capacity to continue to supply quality talent to sustain these companies' growth.

Appendix 1: High Unemployment Areas Report and Strategy

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, the Virginia Community College System, the Virginia Small Business Finance Authority, the Virginia Department of Housing & Community Development, and the Virginia Tourism Corporation. 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 communities which leveraged their assets – workforce, prepared sites and buildings, and excellent transportation – to successfully create a business case that made sense to the companies involved

Distressed Communities Visits: VEDP showed 140 projects to 85 localities, for a total of 224 distinct prospect visits. Over 63% of the prospects were introduced to localities considered distressed. Of the visits themselves, 64% occurred in distressed localities.

FY 2014 Initiatives

Organizational Optimization: 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. VEDP now has three primary market-facing departments, the Business Attraction Department, the Business Expansion Department and the International Trade Department.

Business Attraction: The Business Attraction Department implements its outreach strategies geographically, both domestically and internationally, concentrating on selected markets against which Virginia has an advantageous business climate. The domestic regions include Mid-Atlantic, Northeast, Southeast, Midwest and West regions; international regions include Europe, China, India, Japan and Canada. Managers are fully deployed on a routine basis to these markets, focusing on tailoring Virginia's message to value propositions that demonstrate the benefits of appropriate existing assets. Within these markets, Business Attraction managers strategically target companies in the primary sectors for which Virginia is best positioned. Business Attraction also has a focus on federal agencies.

Business Expansion: The Business Expansion Department is responsible for implementing strategies that generate new pipeline leads and decisions for Virginia from companies that have an existing presence in the Commonwealth. The Business Expansion team has three primary audiences it is expected to leverage to accomplish this outcome: companies with a presence in Virginia, Virginia's local and regional economic development allies, and Virginia's higher education, logistics and utilities partners. To accomplish this lead-generation objective, Business Expansion staff professionals each have a portfolio of significant companies (called Gold Accounts) and a portfolio of a Virginia region (a Regional Marketing Organization) for which they are responsible to communicate and partner with throughout the year, building proactive messaging with the Gold Accounts and leveraging local partners' capabilities. By aligning staff with the regions, VEDP's market-facing team members have immediate access to the assets and strengths of each region, and can more effectively position these regions in the geographic marketing strategies that are implemented by the Business Attraction Department. Business Expansion also houses the Virginia Jobs Investment Program (new to VEDP at the end of the fiscal year) and is integrating their pipeline strategies into both the Business Expansion and Business Attraction efforts.

Appendix 1: High Unemployment Areas Report and Strategy

Department, which has seven managers in five offices across the Commonwealth, is well-poised to continue providing exceptional services to companies, particularly in high unemployment areas, through these programs.

Technical Support for High Unemployment Areas: The Business Expansion Department supported several rural activities in FY 2014, including Virginia's Gateway Region annual investors meeting, at which VEDP's sponsored table was filled with higher education partners who could be introduced to existing businesses in the region, thus effectively linking their capabilities with the target audience. Business Expansion facilitated marketing strategy conversations with emerging localities including Charles City County, Halifax County, Virginia's Growth Alliance Region, Washington County, the Northern Neck region, and the Eastern Shore. Each of these, and other, strategy conversations was intended to help the regions better position themselves for private-sector investment and jobs.

The Business Expansion Department continued to develop its Third Wednesday Webinar series, which is part of the new "Virginia Learning CoLABorative" that was launched as a partnership of the Virginia Economic Developers Association, Virginia Tech, and VEDP. For rural and distressed communities in particular, this no-fee, no travel tactic is a way to improve their knowledge about best practices and tools in economic development, thus giving them more effective ways to support their own recruitment and retention strategies.

The Business Expansion Department also participates as speakers in the Virginia Municipal League and Virginia Association of Counties annual meetings, providing an opportunity for rural elected leadership to interact with VEDP and gain an understanding of how the organization communicates with and leverages local economic development programs, in addition to providing resources for local programs to align with state outreach opportunities.

Business Expansion leadership in southern Virginia coordinated another visit for regional and local economic developers to the Port of Virginia, to give them insight into the capabilities of the Port as well as help them understand the value of that asset to their own region.

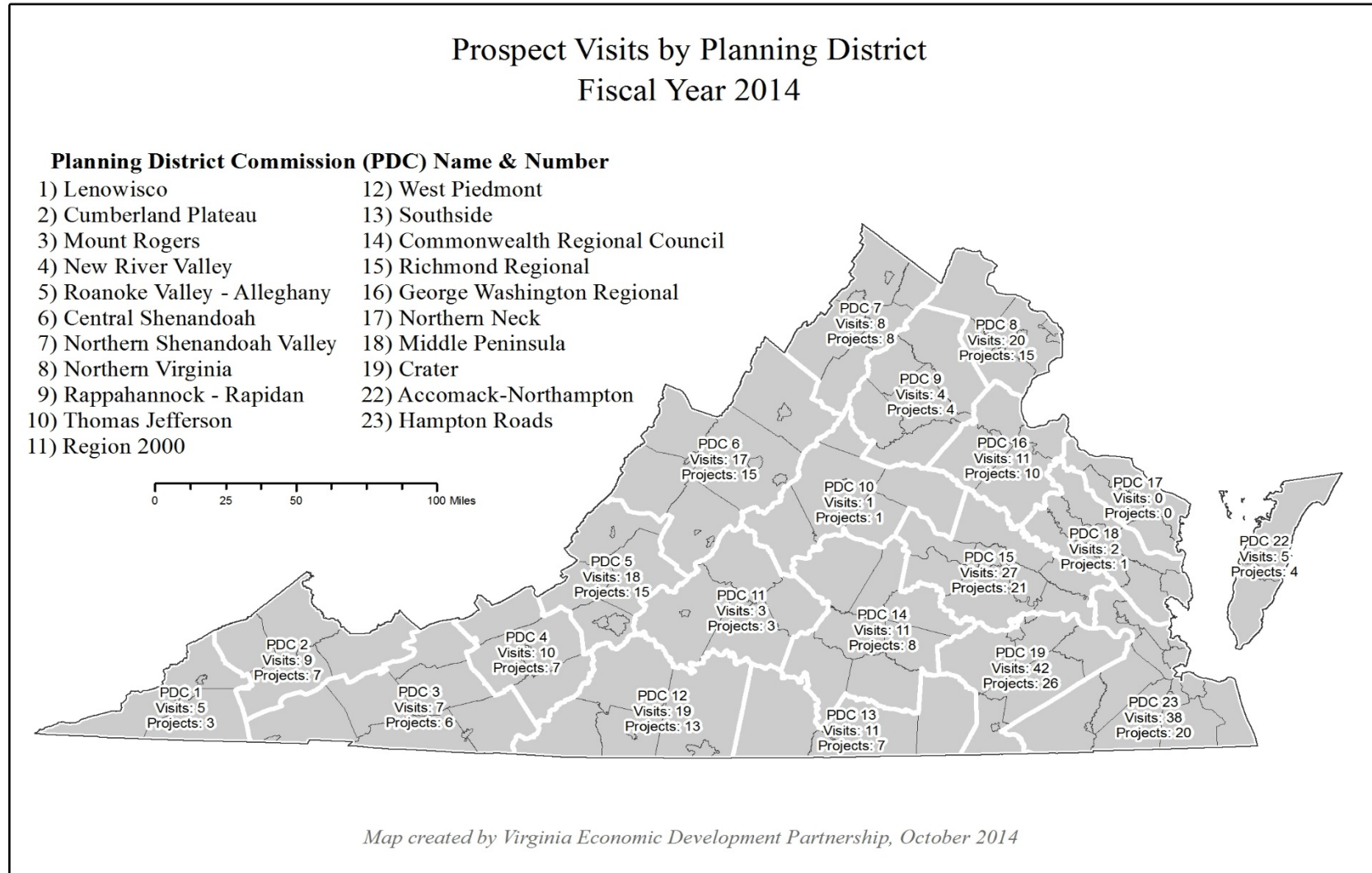
For Virginia's high unemployment communities, this system of direct connectivity with VEDP business expansion managers establishes a more consistent partnership that should lead to stronger results from business retention/expansion strategies, and should ultimately create a larger prospect pipeline from business recruitment strategies.

Appendix 2: Prospect Visit Data for FY 2014

PDC #	Planning District Commission	Visits	Projects
1	Lenowisco	5	3
2	Cumberland Plateau	9	7
3	Mount Rogers	7	6
4	New River Valley	10	7
5	Roanoke Valley-Alleghany Regional Commission	18	15
6	Central Shenandoah	17	15
7	Northern Shenandoah Valley Regional Commission	8	8
8	Northern Virginia Regional Commission	20	15
9	Rappahannock-Rapidan Regional Commission	4	4
10	Thomas Jefferson	1	1
11	Region 2000 Regional Commission	3	3
12	West Piedmont	19	13
13	Southside	11	7
14	Commonwealth Regional Council	11	8
15	Richmond Regional	27	21
16	George Washington Regional Commission	11	10
17	Northern Neck	0	0
18	Middle Peninsula	2	1
19	Crater	42	26
22	Accomack-Northampton	5	4
23	Hampton Roads	38	20
	Total	224	140
	# of Localities visited	85	

**Companies often visit sites in localities that fall into two planning district commission areas. The number of visits can lead to double-counting, and therefore these column totals are representative of individual site visits and projects, whereas each planning district commission total is reflective of all visits to that area.*

Appendix 2: Prospect Visit Data for FY 2014



Appendix 3: Site and Building Data for FY 2014

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

Planning District	Location	Sites	Buildings	Sites & Buildings	Companies
1- Lenowisco	Lee Co.	2	9	11	2
1	Norton	0	1	1	0
1	Scott Co.	1	7	8	3
1	Wise Co.	4	4	8	2
PDC 1 Total		7	21	28	7
2 -Cumberland Plateau	Buchanan Co.	1	0	1	0
2	Dickenson Co.	0	6	6	1
2	Russell Co.	0	7	7	3
2	Tazewell Co.	0	0	0	0
PDC 2 Total		1	13	14	4
3-Mount Rogers	Bland Co.	0	0	0	0
3	Bristol	1	5	6	2
3	Carroll Co.	5	2	7	1
3	Galax	1	2	3	0
3	Grayson Co.	1	0	1	0
3	Smyth Co.	5	18	23	7
3	Washington Co.	19	4	23	5
3	Wythe Co.	17	3	20	8
PDC 3 Total		49	34	83	23
4 - New River Valley	Floyd Co.	2	3	5	0
4	Giles Co.	0	0	0	0
4	Montgomery Co.	6	8	14	5
4	Pulaski Co.	21	20	41	10
4	Radford	0	0	0	0
PDC 4 Total		29	31	60	15
5 -Roanoke Valley-Alleghany	Alleghany Co.	0	1	1	1
5	Botetourt Co.	13	28	41	10
5	Covington	2	0	2	1
5	Craig Co.	0	0	0	0
5	Franklin Co.	2	5	7	2
5	Roanoke Co.	13	2	15	7
5	Roanoke	8	25	33	7

Appendix 3: Site and Building Data for FY 2014

5	Salem	0	13	13	1
PDC 5 Total		38	74	112	29
6 - Central Shenandoah					
	Augusta Co.	7	0	7	6
6	Bath Co.	0	0	0	0
6	Buena Vista	0	0	0	0
6	Harrisonburg	1	2	3	2
6	Highland Co.	0	0	0	0
6	Lexington	0	0	0	0
6	Rockbridge Co.	2	3	5	1
6	Rockingham Co.	7	0	7	4
6	Staunton	5	1	6	4
6	Waynesboro	1	4	5	0
PDC 6 Total		23	10	33	17
7 - Northern Shenandoah Valley					
	Clarke Co.	0	1	1	1
7	Frederick Co.	19	10	29	10
7	Page Co.	0	0	0	0
7	Shenandoah Co.	5	1	6	3
7	Warren Co.	5	0	5	2
7	Winchester	0	4	4	0
PDC 7 Total		29	16	45	16
8 - Northern Virginia					
	Alexandria	0	5	5	1
8	Arlington Co.	0	5	5	1
8	Fairfax Co.	0	10	10	5
8	Fairfax	0	2	2	1
8	Falls Church	0	0	0	0
8	Loudoun Co.	16	15	31	8
8	Manassas	0	0	0	0
8	Manassas Park	1	0	1	1
8	Prince William Co.	28	20	48	6
PDC 8 Total		45	57	102	23
9 - Rappahannock-Rapidan					
	Culpeper Co.	3	3	6	2
9	Fauquier Co.	2	0	2	1
9	Madison Co.	0	0	0	0
9	Orange Co.	0	0	0	0
9	Rappahannock Co.	0	0	0	0
PDC 9 Total		5	3	8	3

Appendix 3: Site and Building Data for FY 2014

10 - Thomas Jefferson	Albemarle Co.	0	3	3	1
	10 Fluvanna Co.	0	1	1	0
	10 Greene Co.	1	9	10	1
	10 Louisa Co.	1	0	1	1
	10 Nelson Co.	0	0	0	0
	10 Charlottesville	0	1	1	1
	PDC 10 Total	2	14	16	4
11 - Region 2000	Amherst Co.	0	1	1	0
	11 Appomattox Co.	0	3	3	2
	11 Bedford Co.	0	3	3	1
	11 Campbell Co.	0	0	0	0
	11 Franklin Co.	2	5	7	2
	11 Lynchburg	0	2	2	0
	PDC 11 Total	2	14	16	5
12 - West Piedmont	Danville	0	12	12	5
	12 Franklin Co.	2	5	7	2
	12 Henry Co.	3	40	43	11
	12 Martinsville	0	10	10	3
	12 Patrick Co.	0	0	0	0
	12 Pittsylvania Co.	7	17	24	9
	PDC 12 Total	12	84	96	30
13 - Southside	Brunswick Co.	1	0	1	0
	13 Halifax Co.	5	5	10	5
	13 Mecklenburg Co.	20	9	29	9
	PDC 13 Total	26	14	40	14
14 - Commonwealth Regional	Amelia Co.	0	1	1	1
	14 Buckingham Co.	0	0	0	0
	14 Charlotte Co.	4	6	10	4
	14 Cumberland Co.	0	0	0	0
	14 Lunenburg Co.	0	1	1	0
	14 Nottoway Co.	3	0	3	1
	14 Prince Edward Co.	0	1	1	1
	PDC 14 Total	7	9	16	7
15 - Richmond Regional	Charles City Co.	0	2	2	2
	15 Chesterfield Co.	43	28	71	16
	15 Goochland Co.	0	1	1	0

Appendix 3: Site and Building Data for FY 2014

	15	Hanover Co.	10	19	29	6
	15	Henrico Co.	27	53	80	15
	15	New Kent Co.	6	4	10	1
	15	Powhatan Co.	0	0	0	0
	15	Richmond	5	13	18	7
		PDC 15 Total	91	120	211	47
16 - George Washington		Caroline Co.	6	0	6	0
	16	Fredericksburg	2	3	5	3
	16	King George Co.	4	5	9	1
	16	Spotsylvania Co.	0	14	14	3
	16	Stafford Co.	3	4	7	3
		PDC 16 Total	15	26	41	10
17 - Northern Neck		Lancaster Co.	0	0	0	0
	17	Northumberland Co.	0	0	0	0
	17	Richmond Co.	0	0	0	0
	17	Westmoreland Co.	0	0	0	0
		PDC 17 Total	0	0	0	0
18 - Middle Peninsula		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	0	0	0
	18	Mathews Co.	0	0	0	0
	18	Middlesex Co.	0	0	0	0
		PDC 18 Total	0	0	0	0
19 - Crater		Charles City Co.	0	2	2	2
	19	Chesterfield Co.	43	28	71	16
	19	Colonial Heights	0	0	0	0
	19	Dinwiddie Co.	15	2	17	7
	19	Emporia	0	6	6	0
	19	Greensville Co.	24	39	63	15
	19	Hopewell	0	3	3	0
	19	Petersburg	6	6	12	2
	19	Prince George Co.	9	7	16	4
	19	Surry Co.	2	0	2	0
	19	Sussex Co.	6	0	6	1
		PDC 19 Total	105	93	198	47

Appendix 3: Site and Building Data for FY 2014

22 - Accomack-Northampton	Accomack Co.	1	4	5	1
	22 Northampton Co.	3	3	6	1
	PDC 22 Total	4	7	11	2
23 - Hampton Roads	Chesapeake	10	9	19	4
	23 Franklin	6	14	20	2
	18 Gloucester Co.	0	0	0	0
	23 Hampton	1	19	20	5
	23 Isle of Wight Co.	12	4	16	6
	23 James City Co.	11	4	15	2
	23 Newport News	2	7	9	2
	23 Norfolk	3	11	14	2
	23 Poquoson	0	0	0	0
	23 Portsmouth	0	5	5	2
	23 Southampton	15	0	15	8
	23 Suffolk	13	23	36	11
	19 Surry Co.	2	0	2	0
	23 Virginia Beach	1	21	22	7
	23 Williamsburg	1	1	2	2
	23 York Co.	3	6	9	4
	PDC 23 Total	80	124	204	57
	State Total¹	521	728	1249	68

¹State totals do not include duplicate entries for Charles City, Chesterfield, Franklin, Gloucester, and Surry Counties, each located in two PDCs.

Franklin Co-Roanoke & West Piedmont

Chesterfield Co - Richmond Regional & Crater

Charles City-Richmond Regional & Crater

Surry - Crater & Hampton Roads

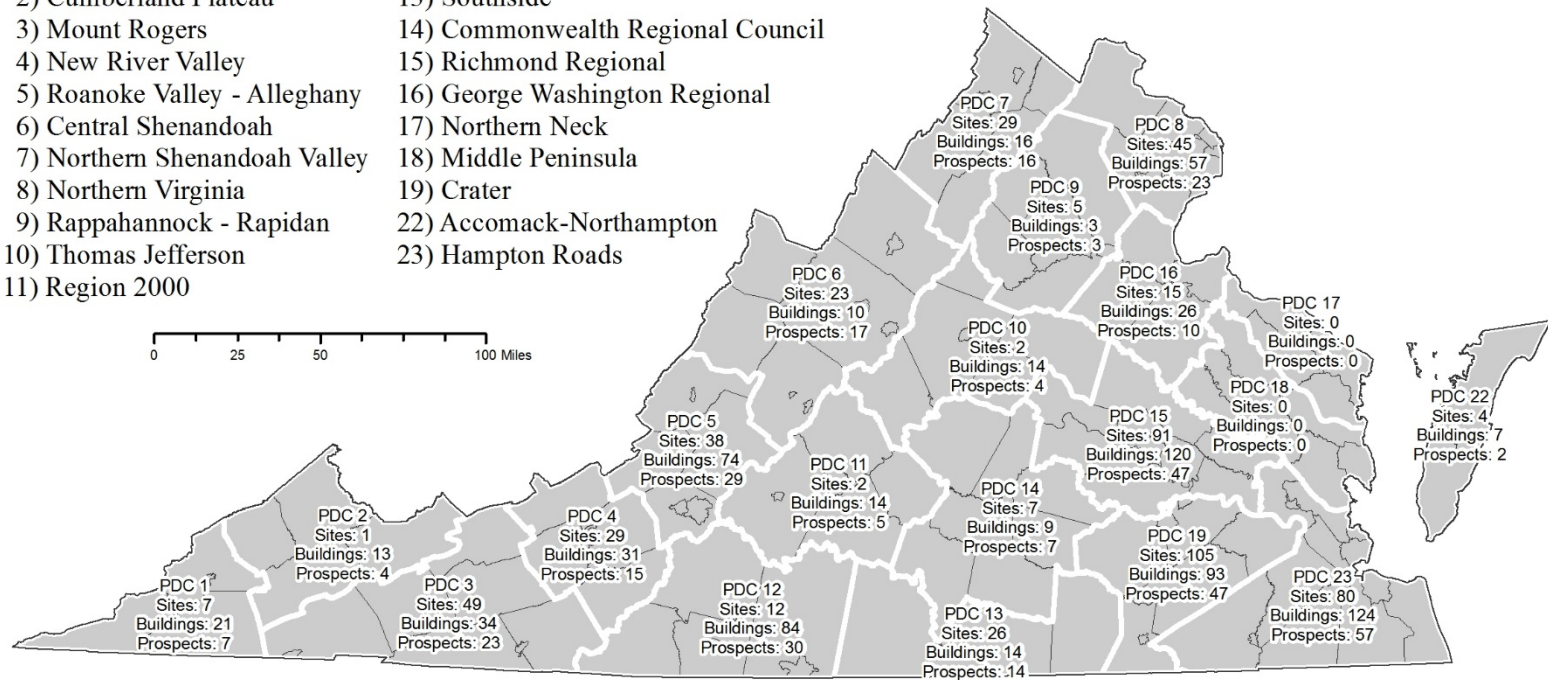
Gloucester-Middle Peninsula & Hampton Roads

Appendix 3: Site and Building Data for FY 2014

Community Location Studies, Sites and Buildings Meeting Prospect Requirements by Planning District 2014

Planning District Commission (PDC) Name & Number

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



* Location Studies data do not include multiple proposals or RFIs for the same project and properties; existing industry proposals; or other project-related assistance not including site or building recommendations.
 ** PDC 8 totals do not reflect additional recommendations of office/flex space not included in VEDP's sites & buildings database.
 *** State total does not include duplicate entries for Franklin, Chesterfield, Surry, and Gloucester Counties, each located in two PDCs.

Map created by Virginia Economic Development Partnership, October 2014

Appendix 4: Announcement Data for FY 2014

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)
Tempur Sealy International, Inc.	1	Scott Co.	M	E	Foam mattresses and pillows	42	\$13.30
VFP Inc.	1	Scott Co.	M	E	Build concrete buildings for cell tower sites	50	\$3.50
<i>Expansion Total</i>					<i>2 announcements</i>	92	\$16.80
PDC 1 Total					2 announcements	92	\$16.80
Steel Fab*	2	Russell Co.	M	E	Manufactures pressure vessels and line tanks	50	\$1.50
<i>Expansion Total</i>					<i>1 announcement</i>	50	\$1.50
PDC 2 Total					1 announcement	50	\$1.50
Classic Creations, LLC	3	Carroll Co.	M	N	High-tech screen printing, packaging, warehousing services to the apparel market	55	\$1.43
Liaoyang Ningfeng Woodenware Co., Ltd. (New Ridge, LLC)*	3	Smyth Co.	M	N	Manufacture furniture components	125	\$2.10
W&B Fabricators, Inc.	3	Bland Co.	M	N	Manufactures mining machinery and equipment	50	\$3.10
<i>New Total</i>					<i>3 announcements</i>	230	\$6.63
Appalachian Cast Products	3	Wythe Co.	M	E	Precision machining operations	16	\$1.60
Shearer's Foods, Inc.	3	Bristol	M	E	Manufactures snack foods	22	\$4.75
Virginia Produce Company	3	Carroll Co.	N	E	Agricultural produce wholesale	75	\$2.54
<i>Expansion Total</i>					<i>3 announcements</i>	113	\$8.89
PDC 3 Total					6 announcements	343	\$15.52
Falls Stamping & Welding, Inc.	4	Pulaski Co.	M	N	Metal stamping for the automotive, trucking, and non-automotive markets	112	\$5.70
Korona S.A.*	4	Pulaski Co.	M	N	Candles	170	\$18.30
RICK USA Stamping Corporation*	4	Pulaski Co.	M	N	Manufactures candle making supplies	10	\$1.00
<i>New Total</i>					<i>3 announcements</i>	292	\$25.00
Alexander Industries, Inc.	4	Pulaski Co.	M	E	Manufactures firearms and accessories	64	\$2.88
Hollingsworth & Vose Company	4	Floyd Co.	M	E	Non-woven fabrics for the window covering industry	17	\$6.10
MTM, Inc.	4	Pulaski Co.	N	E	Medical and transportation management company; call center	66	\$1.00
Polymer Solutions Incorporated	4	Montgomery Co.	N	E	Laboratory, chemical analysis, physical testing, research and development and litigation services	5	\$2.90

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Rackspace Hosting	4	Montgomery Co.	N	E	Open cloud services; IT hosting operation	110	\$5.50	
TORC Robotics LLC	4	Montgomery Co.	N	E	Teleoperated control and navigation solutions for unmanned vehicles and robotics	8	\$2.50	
Volvo Trucks North America*	4	Pulaski Co.	M	E	Heavy trucks	200	\$69.00	
	<i>Expansion Total</i>					<i>7 announcements</i>	470	\$89.88
	PDC 4 Total					10 announcements	762	\$114.88
Ardagh Group*	5	Roanoke Co.	M	N	Metal packaging manufacturing for the food and beverage industry	96	\$93.50	
CANLINE-Systems*	5	Roanoke Co.	M	N	Manufactures automated conveyor systems using magnetic and vacuum technologies	22	\$1.00	
	<i>New Total</i>					<i>2 announcements</i>	118	\$94.50
Altec Industries, Inc.	5	Botetourt Co.	M	E	Manufactures truck-mounted mobile equipment	203	\$3.90	
Capco Machinery Systems, Inc.	5	Botetourt Co.	M	E	Manufactures roll grinders that are used in steel	30	\$4.20	
R&K Solutions, Inc.	5	Roanoke City	N	E	Facilities and real property management software	21	\$0.30	
RCS Industrial	5	Salem	M	E	Manufactures conveyor equipment	30	\$1.50	
Schalow Manufacturing	5	Botetourt Co.	M	E	Manufactures white boards	10	\$0.00	
Virginia Transformer Corp.	5	Roanoke City	M	E	Power transformers	150	\$1.00	
	<i>Expansion Total</i>					<i>6 announcements</i>	444	\$10.90
	PDC 5 Total					8 announcements	562	\$105.40
DASCOM Americas*	6	Augusta Co.	M	N	Industrial LED lighting, and printing company	20	\$0.00	
Seven Arrows Brewing Co.	6	Augusta Co.	M	N	Micro-brewery	10	\$0.80	
Shenandoah Processing LLC	6	Harrisonburg	M	N	Organic poultry processing	102	\$2.20	
Symi International	6	Harrisonburg	N	N	Bottled water distribution	18	\$0.00	
	<i>New Total</i>					<i>4 announcements</i>	150	\$3.00
Approved Colleges LLC	6	Harrisonburg	N	E	Marketing services focused in online education	40	\$1.50	
Bloomaker USA Inc.	6	Augusta Co.	N	E	Greenhouse for long lasting flowers	8	\$2.00	
DBT-Data	6	Harrisonburg	N	E	Data processing and preparation; data center	35	\$38.00	
Houff's Feed & Fertilizer Co, Inc.	6	Augusta Co.	M	E	Manufacturing fertilizer to be distributed	2	\$1.50	
Modine Manufacturing Company	6	Buena Vista	M	E	Space and unit heaters	15	\$0.00	
NIBCO of Virginia Inc.	6	Augusta Co.	M	E	Provider of metal fittings and flow control products	58	\$4.06	

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Polymer Group, Inc.	6	Waynesboro	M	E	Nonwoven fabrics	20	\$7.40	
SRI International	6	Rockingham Co.	N	E	Center for Advanced Drug Research	0	\$2.80	
SYSCO Corp.	6	Rockingham Co.	N	E	Distribution center, food services	6	\$24.00	
	<i>Expansion Total</i>					<i>9 announcements</i>		
	PDC 6 Total					13 announcements	334	\$84.26
Dormeo Octaspring*	7	Frederick Co.	M	N	Manufactures and distributes mattresses	20	\$1.00	
MODA Hardwood Flooring	7	Clarke Co.	M	N	Wood flooring	17	\$0.25	
	<i>New Total</i>					<i>2 announcements</i>		
Barrett Machine Inc.	7	Frederick Co.	M	E	Metal fabrication	27	\$1.00	
Creative Urethanes, Inc.	7	Frederick Co.	M	E	Manufacture custom molded urethane products	54	\$2.83	
Henkel-Harris Co. Inc.	7	Winchester	M	E	Household furniture manufacturing	18	\$4.00	
International Automotive Components Group*	7	Shenandoah Co.	M	E	Automotive interior systems	297	\$5.70	
Miller Milling Company	7	Frederick Co.	M	E	Grain mill and storage	0	\$15.40	
Pactiv Corporation*	7	Frederick Co.	M	E	Corrugated containers	25	\$5.00	
Trelleborg Marine Systems USA*	7	Clarke Co.	M	E	N.A. HQ; Manufacture and testing for marine systems	6	\$1.50	
White House Foods	7	Winchester	M	E	Apple products processing	31	\$1.00	
	<i>Expansion Total</i>					<i>8 announcements</i>		
	PDC 7 Total					10 announcements	495	\$37.68
Albert Tire	8	Prince William Co.	N	N	Vehicle tire wholesale distribution center	14	\$1.79	
American Public Power Association	8	Arlington Co.	N	N	Nonprofit that supports the efforts of public power utilities	70	\$1.88	
Belmora LLC	8	Fairfax Co.	M	N	Manufactures nonprescription drugs	30	\$1.00	
Cochrane International*	8	Fairfax Co.	M	N	Manufactures physical barrier protection products	20	\$5.00	
Command Security Corporation	8	Fairfax Co.	N	N	HQ; uniformed security services	30	\$0.00	
CyrusOne, LLC	8	Loudoun Co.	N	N	Data center	50	\$150.00	
First Responder Network Authority (FirstNet)	8	Fairfax Co.	N	N	HQ; operate and maintain the first high-speed broadband network dedicated to public safety	58	\$0.00	
Govplace	8	Fairfax City	N	N	Delivres enterprise IT solutions exclusively to the public sector	50	\$0.20	
Graham Holdings Company	8	Arlington Co.	N	N	HQ; Education and media company	100	\$1.00	

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IQ Business Group	8	Fairfax Co.	N	N	Cloud-based solutions	28	\$0.00
ISOTHrive LLC	8	Prince William Co.	N	N	Research and Development of Nutritional Supplements (Prebiotics)	1	\$0.14
KoDe Software*	8	Loudoun Co.	N	N	Computer database management	5	\$0.10
Lookingglass Cyber Solutions, Inc.	8	Arlington Co.	N	N	Cyber threat intelligence monitoring and management platform	30	\$1.00
Management Systems International (MSI)*	8	Arlington Co.	N	N	HQ; provide project consulting services and technical assistance	225	\$7.00
Potomac eScrap LLC	8	Prince William Co.	N	N	Secure destruction and recycling of computer and electronics	20	\$0.64
QuarkSoft USA, LLC*	8	Fairfax Co.	N	N	Provides software solutions	232	\$0.16
TechShop Inc.	8	Arlington Co.	N	N	Fabrication and prototyping studio	15	\$1.00
ThreatTrack	8	Fairfax Co.	N	N	Anti-malware software firm; cybersecurity	30	\$1.00
United Airlines	8	Loudoun Co.	N	N	Aircraft maintenance hangar	0	\$45.00
			<i>New Total</i>		<i>19 announcements</i>	1,008	\$216.91
Altruista Health	8	Fairfax Co.	N	E	Management solutions for health plans and providers	12	\$0.00
Appian Corporation	8	Fairfax Co.	N	E	HQ; Business Process Management software	208	\$2.75
Arrowpoint Corporation	8	Alexandria	N	E	Provides IT and program management services	95	\$0.65
ARTEL LLC.	8	Fairfax Co.	N	E	HQ; IT and managed network services	20	\$0.00
Ascom Network Testing*	8	Fairfax Co.	N	E	Provides on-site wireless communication	15	\$0.00
Avizia Inc.	8	Fairfax Co.	N	E	Develops video conferencing technology	8	\$0.11
Buchanan & Edwards	8	Arlington Co.	N	E	Information technology consulting and professional services provider	300	\$4.00
Buller Group, LLC	8	Fairfax Co.	N	E	Provides recruiting, subcontracting, and human resource-related advisory services	250	\$0.25
Bulletin Intelligence, LLC	8	Fairfax Co.	N	E	Provides customized news and open-source intelligence	13	\$0.00
Capgemini U.S. LLC*	8	Fairfax Co.	N	E	Government consulting	20	\$0.00
Carahsoft Technology Corp.	8	Fairfax Co.	N	E	Government IT solutions provider	115	\$0.00
Carney, Inc.	8	Alexandria	N	E	Software developer; software that tracks and accelerates work performance	45	\$0.30
Clarabridge	8	Fairfax Co.	N	E	Sentiment and text analytics software	88	\$0.00
Collete Management Inc.	8	Loudoun Co.	N	E	Data Center	33	\$0.11

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comScore, Inc.	8	Fairfax Co.	N	E	Marketing analysis services on Internet buying	75	\$0.00
CroppMetcalfe	8	Fairfax Co.	N	E	HQ	249	\$7.00
Cvent	8	Fairfax Co.	N	E	HQ; cloud-based event management platform	400	\$7.00
Delex Systems, Inc.	8	Fairfax Co.	N	E	IT consulting	61	\$0.00
Digicon Corporation	8	Fairfax Co.	N	E	HQ; Network application and systems integration services	84	\$0.00
Digital Realty Trust, Inc.	8	Loudoun Co.	N	E	Data center	50	\$150.00
eKuber Ventures, Inc.	8	Fairfax Co.	N	E	IT consulting	25	\$0.00
Exostar	8	Fairfax Co.	N	E	Systems integration	25	\$0.00
Fishbowl Inc.	8	Alexandria	N	E	Direct mail advertising	679	\$4.00
G2SF, Inc.	8	Fairfax Co.	N	E	IT service management professional services and consulting	15	\$0.00
iDirect Government Technologies (IGT)*	8	Fairfax Co.	N	E	Government vendor of satellite communications	15	\$0.10
LGS Innovations	8	Fairfax Co.	N	E	Networking solutions to U.S. Federal Government	15	\$0.00
MAXIMUS, Inc.	8	Fairfax Co.	N	E	Provides administrative solutions to improve government-sponsored benefit programs	50	\$0.00
Mellanox Federal Systems*	8	Fairfax Co.	N	E	Government IT networking solutions	10	\$0.00
Micron Technology, Inc.	8	Manassas	M	E	Semiconductor components; memory chip production	216	\$49.74
Morgan Borszcz Consulting, LLC	8	Arlington Co.	N	E	Information technology and management consulting	62	\$0.77
National Science Foundation (NSF)	8	Alexandria	N	E	HQ; Supports and promotes fundamental scientific research	0	\$200.00
Onyx Government Services, Inc.	8	Fairfax Co.	N	E	Information technology, database and COTS integration, custom software development	274	\$0.35
Pleasant Valley Business Solutions, LLC.	8	Fairfax Co.	N	E	Enterprise resource planning	16	\$0.23
Premium Rx National	8	Loudoun Co.	N	E	Wholesaler of pharmaceuticals and medical supplies	26	\$0.32
RagingWire Enterprise Solutions, Inc.*	8	Loudoun Co.	N	E	Data center; managed IT services provider	5	\$145.00
Resonate Networks Inc.	8	Fairfax Co.	N	E	HQ; Online advertising and media, audience management platform	48	\$0.00
Resonate Networks Inc.	8	Fairfax Co.	N	E	HQ; Online advertising and media, audience management platform	39	\$1.50
RJB Telecom Consultants	8	Fairfax Co.	N	E	Provides telecom consulting services to commercial and government entities	17	\$0.00

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Sevatec, Inc.	8	Fairfax Co.	N	E	Management and technology consulting services	86	\$0.00	
Sevatec, Inc.	8	Fairfax Co.	N	E	Management and technology consulting services	650	\$2.00	
SICPA Securink Corp.*	8	Fairfax Co.	M	E	North American HQ; Manufactures printing ink	15	\$18.60	
Symplicity Corporation	8	Arlington Co.	N	E	Software for government and higher education	173	\$1.75	
Tatum U.S.*	8	Fairfax Co.	N	E	Management and advisory services	25	\$0.00	
Team Velocity Marketing, LLC	8	Fairfax Co.	N	E	Provides data research and marketing services to the automotive industry	65	\$2.00	
Telos Corporation	8	Loudoun Co.	N	E	Provides IT solutions and services to the federal government with a focus on cybersecurity	160	\$5.00	
The Common Application, Inc.	8	Arlington Co.	N	E	Common application process for colleges and universities	50	\$4.75	
TriVision Studios, Inc.*	8	Fairfax Co.	N	E	Global media, advertising, and entertainment studio	10	\$0.00	
U.S. Fish and Wildlife Service	8	Fairfax Co.	N	E	Headquarters	0	\$16.00	
Unissant, Inc.	8	Fairfax Co.	N	E	Information management	20	\$0.00	
URS Corporation	8	Fairfax Co.	N	E	Provides engineering, construction and technical services	11	\$0.00	
Zantech IT Services, Inc.	8	Fairfax Co.	N	E	Software engineering, application development, IT service management	249	\$0.00	
Zeiders Enterprises, Inc.	8	Prince William Co.	N	E	HQ; social services management provider	64	\$6.60	
		<i>Expansion Total</i>				<i>52 announcements</i>	5,256	\$630.87
		<i>PDC 8 Total</i>				<i>71 announcements</i>	6,264	\$847.78
EcoFarms Collective, Inc.	9	Culpeper Co.	N	N	Organic produce distribution	25	\$5.00	
Green Applications LLC	9	Orange Co.	M	N	Design, produce, and distribute heat applied graphics	323	\$9.75	
Homestead Building Systems, Inc. (HBS)	9	Orange Co.	M	N	Engineered wood products, lumber, sheathing	40	\$4.50	
Tanom Motors LLC	9	Culpeper Co.	M	N	Autocycle assembly line and distributor; 3-wheel motorcycle	300	\$0.00	
		<i>New Total</i>				<i>4 announcements</i>	688	\$19.25
Hardwood Artisans	9	Culpeper Co.	M	E	Manufactures hand-crafted wood furniture	30	\$0.31	
Ross Industries, Inc.	9	Fauquier Co.	M	E	Design and manufacturer of commercial food processing and packaging equipment	16	\$1.00	
TE Connectivity*	9	Culpeper Co.	M	E	Manufactures communication cables and wire for harsh environments, including undersea	30	\$15.40	
		<i>Expansion Total</i>				<i>3 announcements</i>	76	\$16.71

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	PDC 9 Total				7 announcements	764	\$35.96
Relay Foods	10	Charlottesville	N	N	Distribution of home groceries delivery service	207	\$1.40
Trae-Fuels LLC	10	Louisa Co.	M	N	Wood pellet mill	30	\$2.30
	<i>New Total</i>				<i>2 announcements</i>	237	\$3.70
Bold Rock Hard Cider	10	Nelson Co.	M	E	Hard apple cider	0	\$4.00
CustomInk	10	Albemarle Co.	M	E	Silk screen printing; custom apparel	582	\$45.00
Frontline Test Equipment, Inc.	10	Albemarle Co.	N	E	Bluetooth protocol analysis test tools and packet sniffers	58	\$0.15
James River Brewing Co.	10	Albemarle Co.	M	E	Craft beer brewery	0	\$0.70
Lumi Juices, LLC	10	Albemarle Co.	M	E	Manufactures cold-pressed juices	36	\$1.00
The Rimm-Kaufman Group, LLC	10	Charlottesville	N	E	Data-Driven online marketing solutions	161	\$1.20
	<i>Expansion Total</i>				<i>6 announcements</i>	837	\$52.05
	PDC 10 Total				8 announcements	1,074	\$55.75
Valley Processing	11	Bedford Co.	M	N	Custom rubber mixing solutions	62	\$2.00
	<i>New Total</i>				<i>1 announcement</i>	62	\$2.00
AREVA NP, Inc.*	11	Lynchburg/Campbell Co.	M	E	Nuclear power products and services	12	\$26.30
Greif	11	Amherst Co.	M	E	Corrugating medium and recycled linerboards	0	\$45.00
Hanwha Azdel, Inc.*	11	Lynchburg	M	E	NA HQ; Thermoplastic materials	33	\$21.30
LiteSheet Solutions	11	Bedford Co.	M	E	Manufactures LED lighting solutions	40	\$2.00
Simplimatic Automation, LLC	11	Bedford Co.	M	E	Manufactures conveyors and automation equipment for the assembly/packaging industries	10	\$4.00
StarTek, Inc.	11	Campbell Co.	N	E	Call center, customer services	300	\$3.40
	<i>Expansion Total</i>				<i>6 announcements</i>	395	\$102.00
	PDC 11 Total				7 announcements	457	\$104.00
Kilgour Industries Ltd.*	12	Henry Co.	M	N	Aerospace component manufacturing	155	\$27.30
North American Mold Technology (NAMT)	12	Danville	M	N	Produces and refurbishes molds used in the manufacture of tires	120	\$4.35
Zeyuan Flooring International Corp.*	12	Danville	M	N	Wood flooring	100	\$15.00
	<i>New Total</i>				<i>3 announcements</i>	375	\$46.65
Arrington Performance Products LLC	12	Martinsville	M	E	Builds HEMI engines and custom performance parts	8	\$1.50

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Bassett Furniture Industries, Inc.	12	Henry Co.	M	E	Manufactures custom furniture	25	\$1.50	
Chaos Mountain Brewing	12	Franklin Co.	M	E	Craft beer brewery	20	\$1.20	
Columbia Flooring	12	Danville	M	E	Manufactures hardwood and laminate flooring	40	\$3.00	
Dan River Plants, LLC (DRP)	12	Pittsylvania Co.	N	E	Creates, clones, and grows ornamental plants and biorenewable feedstock	27	\$1.30	
Eastman Chemical Company	12	Henry Co.	M	E	Manufactures window films for the automotive and architectural markets	25	\$40.00	
Nestlé Refrigerated Foods*	12	Danville	M	E	Manufactures refrigerated cookie dough, pasta, and sauce	50	\$2.70	
Solid Stone Fabrics	12	Martinsville	M	E	Manufactures and distributes fabrics	16	\$1.00	
Stone Dynamics	12	Henry Co.	M	E	Fabricates marble and granite into various shapes, sizes and thicknesses and edge design	44	\$1.00	
The Results Companies	12	Patrick Co.	N	E	Customer service center; life and health insurance	80	\$0.00	
	<i>Expansion Total</i>					<i>10 announcements</i>	335	\$53.20
	PDC 12 Total					13 announcements	710	\$99.85
ABB Inc.*	13	Halifax Co.	M	E	Manufactures liquid-cooled transformers	25	\$2.00	
Comfort Systems USA (MidAtlantic), Inc.	13	Halifax Co.	N	E	Provider of commercial, industrial and institutional HVAC services	5	\$0.56	
Microsoft Corp.	13	Mecklenburg Co.	N	E	Data center	90	\$346.76	
	<i>Expansion Total</i>					<i>3 announcements</i>	120	\$349.32
	PDC 13 Total					3 announcements	120	\$349.32
American Bluesky Lumber	14	Nottoway Co.	M	N	Hardwood lumber	15	\$1.08	
Blue Ridge Railcar Repair LLC	14	Charlotte Co.	N	N	Railcar repair and cleaning service	0	\$1.85	
Coast 2 Coast Trucking	14	Lunenburg Co.	N	N	Trucking company to support ABC recycling	21	\$3.70	
The Corsi Group	14	Charlotte Co.	M	N	Manufacturer of custom cabinetry	110	\$5.00	
Trout River Dry Kiln, LLC	14	Nottoway Co.	M	N	Kiln drying lumber	40	\$5.50	
	<i>New Total</i>					<i>5 announcements</i>	186	\$17.13
Global Refining Group	14	Lunenburg Co.	M	E	Catalytic convertor recycling	30	\$4.20	
Nexus Finishing LLC	14	Nottoway Co.	M	E	Floor finishing manufacturers	30	\$0.75	
	<i>Expansion Total</i>					<i>2 announcements</i>	60	\$4.95
	PDC 14 Total					7 announcements	246	\$22.08

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Ampa Entertainment, Inc	15	Henrico Co.	N	N	Events services	18	\$0.58
Anord Critical Power Inc.*	15	Henrico Co.	M	N	N.A. HQ; Provider of power infrastructure to data centers	70	\$0.95
Avail Vapor, LLC	15	Chesterfield Co.	N	N	HQ; E-cigarette distribution center	60	\$3.00
Ippon Technologies USA*	15	Richmond City	N	N	Java consulting company	14	\$0.00
Medline Industries, Inc.	15	Chesterfield Co.	N	N	Medical supply distribution	27	\$26.00
Michael & Son Services Inc	15	Richmond City	N	N	Call center	100	\$0.25
Pixel Factory Data Center	15	Hanover Co.	N	N	Data center	1	\$4.00
Shandong Tranlin Paper Co., Ltd*	15	Chesterfield Co.	M	N	U.S. HQ; Puper and paper manufacturer	2,000	\$2000.00
Stalwart Films*	15	Henrico Co.	N	N	Film production company	15	\$0.59
			<i>New Total</i>			<i>9 announcements</i>	
						2,305	\$2035.37
Abilene Motor Express, Inc.	15	Chesterfield Co.	N	E	Freight brokerage services	75	\$14.00
CapTech Ventures, Inc.	15	Henrico Co.	N	E	Technology consulting provider	100	\$0.00
CarMax Inc.	15	Goochland Co.	N	E	HQ; National car dealership chain	40	\$0.00
CarMax Inc.	15	Goochland Co.	N	E	HQ; National car dealership chain	50	\$0.00
Delta Pure Filtration	15	Hanover Co.	M	E	Manufactures cartridge filtration solutions; standard and custom filters	15	\$1.00
Dominion Packaging	15	Henrico Co.	M	E	Manufactures printed paper products	113	\$45.00
Dominion Virginia Power	15	Henrico Co.	N	E	Operations center	0	\$80.00
ept Automotive Division*	15	Chesterfield Co.	M	E	Manufactures electrical connectors for the automotive industry	8	\$3.00
Evonik Industries*	15	Chesterfield Co.	M	E	Business and innovation center for chemical manufacturing	50	\$15.00
Health Diagnostic Laboratories, Inc.	15	Henrico Co.	N	E	Warehouse and shipping department for biorelated products	0	\$0.20
Integrated Global Services, Inc.	15	Chesterfield Co.	M	E	HQ; metallurgical R&D, ceramic coatings and automated weld overlay systems	20	\$3.60
Lumber Liquidators	15	Henrico Co.	N	E	Distributes hardwood flooring	0	\$54.98
Mason Manufacturing	15	Henrico Co.	M	E	Food industry manufacturing	40	\$2.00
Metl-Span LLC	15	Chesterfield Co.	M	E	Manufactures metal insulated building panels	60	\$16.10
MGC Advanced Polymers, Inc.*	15	Chesterfield Co.	M	E	Manufactures resins and plastic materials	8	\$3.60
Mondelēz Global LLC	15	Henrico Co.	M	E	Manufactures cookies and crackers	35	\$40.75

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Motley's Asset Disposition Group	15	Richmond City	N	E	Auction and real estate firm serving Virginia, Tennessee, and the Carolinas	0	\$4.00	
Philip Morris USA	15	Chesterfield Co.	N	E	Tobacco leaf storage warehouse	30	\$50.00	
Republic National Distributing Co.	15	Hanover Co.	N	E	Distribution of wine and spirits	0	\$15.10	
Republic National Distributing Co.	15	Hanover Co.	N	E	Distribution of wine and spirits	0	\$1.90	
Schnabel Engineering	15	Henrico Co.	N	E	Engineering services	0	\$2.80	
Steves & Sons Inc	15	Henrico Co.	M	E	Interior door manufacturer	22	\$8.40	
Teleperformance USA*	15	Henrico Co.	N	E	Outsourced multichannel customer experience management	500	\$3.50	
Universal Health Services, Inc.	15	Henrico Co.	N	E	Hospital patient accounting services	0	\$1.30	
UNOS (United Network for Organ Sharing)	15	Richmond City	N	E	HQ; Organ donation coordination	47	\$5.00	
WorldStrides	15	Henrico Co.	N	E	Educational travel company	25	\$1.00	
	<i>Expansion Total</i>					<i>26 announcements</i>	1,238	\$372.23
	<i>PDC 15 Total</i>					<i>35 announcements</i>	3,543	\$2407.60
Concept Foods	16	Spotsylvania Co.	N	N	Distributor of foods to restaurants	0	\$2.38	
	<i>New Total</i>					<i>1 announcement</i>	0	\$2.38
A-T Solutions Inc.	16	Spotsylvania Co.	N	E	Anti-terrorism technology/training provider to government and contractors	4	\$0.35	
McKesson Corporation	16	Caroline Co.	N	E	Pharmaceutical and health care products distribution	40	\$0.00	
Print Mail Communications	16	Spotsylvania Co.	N	E	HQ; High-volume printing and mailing	0	\$0.40	
Value City Furniture	16	Caroline Co.	N	E	Distribution center, furniture	50	\$0.00	
Washington Square Associates, Inc.	16	Stafford Co.	N	E	Integrates and manages technology solutions	12	\$0.10	
	<i>Expansion Total</i>					<i>5 announcements</i>	106	\$0.85
	<i>PDC 16 Total</i>					<i>6 announcements</i>	106	\$3.23
Innovative Anglers	17	Northumberland Co.	M	E	Manufactures fishing reels	13	\$0.30	
	<i>Expansion Total</i>					<i>1 announcement</i>	13	\$0.30
	<i>PDC 17 Total</i>					<i>1 announcement</i>	13	\$0.30
Agri-Nutrients Associates, LLC	19	Dinwiddie Co.	M	N	Granulated fertilizer manufacturing plant	25	\$6.00	
G.A. & F.C. Wagman, Inc.	19	Dinwiddie Co.	N	N	General contracting warehousing	65	\$5.13	

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Vireol Bio Energy LLC*	19	Hopewell	M	N	Bio-energy ethanol plant	70	\$41.00
			<i>New Total</i>		<i>3 announcements</i>	160	\$52.13
Perdue Foods	19	Prince George Co.	N	E	Mid-Atlantic chicken distribution plant	190	\$3.00
Rock-Tenn Company	19	Hopewell	M	E	Paperboard	0	\$109.00
Service Center Metals	19	Prince George Co.	M	E	Compact remelt plant	30	\$17.00
			<i>Expansion Total</i>		<i>3 announcements</i>	220	\$129.00
			<i>PDC 19 Total</i>		<i>6 announcements</i>	380	\$181.13
Bayshore Concrete Products	22	Northampton Co.	M	E	Producer of quality precast concrete products	100	\$0.00
Bayshore Concrete Products	22	Northampton Co.	M	E	Producer of quality precast concrete products	135	\$4.00
			<i>Expansion Total</i>		<i>2 announcements</i>	235	\$4.00
			<i>PDC 22 Total</i>		<i>2 announcements</i>	235	\$4.00
Advanced Engineering Consultants	23	Virginia Beach	N	N	Technology engineering design services	13	\$0.00
Atlas North America (Atlas NA)*	23	Virginia Beach	M	N	Manufactures underwater defense vehicles	5	\$0.51
Atomized Products Group, Inc.	23	Chesapeake	M	N	Manufactures metal powders and battery expanders	26	\$4.30
Carson Helicopters	23	Hampton	M	N	Manufacture aircraft parts	20	\$0.50
Franklin Johnson Group	23	Virginia Beach	N	N	Corporate HQ; East Coast multifamily development group	30	\$0.10
Hampton Farms/Severn Peanut Company	23	Southampton Co.	M	N	Peanut butter production	60	\$5.50
KCK Enterprises	23	Virginia Beach	N	N	Import and distribution of absorbent medical supplies	10	\$0.10
Lindab Building Products*	23	Virginia Beach	N	N	NA HQ; Building productions division	5	\$0.15
Marine Corps Security Force Regiment	23	Norfolk	N	N	National security marines	95	\$0.10
PRUFREX Innovative Power Products GmbH*	23	Virginia Beach	M	N	US HQ; Digital ignition systems and electronic control units for the automotive and electric and cordless power industries	60	\$7.33
Target Flavors	23	Newport News	M	N	Manufactures flavors for the food, drink and pharmaceutical industries	19	\$1.78
			<i>New Total</i>		<i>11 announcements</i>	343	\$20.36
Alcoa Howmet	23	Hampton	M	E	Complex investment cast turbine airfoils for the industrial gas turbine industry; aerospace structural components	75	\$25.00
Anheuser-Busch InBev*	23	James City Co.	M	E	Beer brewery	0	\$10.00

Appendix 4: Announcement Data for FY 2014

Applied Technical Systems (ATS)	23	Suffolk	N	E	Data analysis and software development	20	\$0.00	
Bay Disposal and Recycling	23	Hampton	N	E	Materials recovery facility	32	\$1.50	
Continental Terminals Inc.	23	Suffolk	N	E	Coffee roasting, sorting, storage, blending and distribution	20	\$5.00	
Cox Communications Inc.	23	Chesapeake	N	E	Call center operations, focused on technical support	75	\$0.00	
DESMI*	23	Chesapeake	M	E	Pumps and pumping systems for the marine industry	34	\$1.90	
Faneuil Inc.	23	Hampton	N	E	Customer service center	400	\$2.00	
IMAGINIT Technologies	23	Virginia Beach	N	E	Technology consulting, provider of engineering enterprise solutions	5	\$0.10	
J.M. Smucker Company	23	Suffolk	M	E	Liquid coffee processing	0	\$4.00	
KBH Business Management Systems	23	Virginia Beach	N	E	Online operating system for the construction industry	33	\$4.00	
Liberty Tax Services	23	Virginia Beach	N	E	Corporate headquarters; financial services, call center operations	47	\$0.67	
Liberty Tax Services	23	Virginia Beach	N	E	Corporate headquarters; financial services	26	\$0.00	
Lumber Liquidators	23	James City Co.	M	E	Manufactures hardwood flooring	172	\$5.00	
Marine Specialty Painting	23	Portsmouth	M	E	Ship repair	15	\$0.30	
Massimo Zanetti Beverage USA*	23	Suffolk	M	E	Coffee roasting	10	\$4.00	
Montague Farms, Inc.	23	Isle of Wight Co.	M	E	Soybean processing	3	\$0.60	
Oceaneering International Inc.	23	Chesapeake	M	E	Oilfield provider of engineered services and products	67	\$32.90	
Plains All American Pipeline	23	York Co.	M	E	Refinery	60	\$130.00	
Swift Air Logistics	23	Virginia Beach	N	E	Air freight and line haul trucking	0	\$0.10	
Swisslog Logistics Inc.*	23	Newport News	M	E	Industrial truck, trailer, and stacker machinery manufacturing.	30	\$0.00	
Threat Tec, LLC	23	Hampton	N	E	Military consulting services	12	\$0.00	
Urology of Virginia	23	Virginia Beach	N	E	Chemotherapeutic treatment and medical device R&D	66	\$17.80	
		<i>Expansion Total</i>				<i>23 announcements</i>	1,202	\$244.87
		<i>PDC 23 Total</i>				<i>34 announcements</i>	1,545	\$265.24
Not Publicly Announced		<i>Confidential Total</i>				<i>36 announcements</i>	577	\$787.71
	Grand Total					<i>286 announcements</i>	18,672	\$5539.99

Notes:

Appendix 4: Announcement Data for FY 2014

*Indicates foreign affiliation

Type: New or Expansion

Mfg: Manufacturing or Nonmanufacturing

2014 announcements are preliminary

All announcements are subject to revision

Appendix 5: Employment Creation and Capital Investment by PDC for 2014

	Announcements	Employment	Investment (millions)
New Total	0	0	\$0.00
Expansion Total	2	92	\$16.80
PDC 1 Total	2	92	\$16.80
New Total	0	0	\$0.00
Expansion Total	1	50	\$1.50
PDC 2 Total	1	50	\$1.50
New Total	3	230	\$6.63
Expansion Total	3	113	\$8.89
PDC 3 Total	6	343	\$15.52
New Total	3	292	\$25.00
Expansion Total	7	470	\$89.88
PDC 4 Total	10	762	\$114.88
New Total	2	118	\$94.50
Expansion Total	6	444	\$10.90
PDC 5 Total	8	562	\$105.40
New Total	4	150	\$3.00
Expansion Total	9	184	\$81.26
PDC 6 Total	13	334	\$84.26
New Total	2	37	\$1.25
Expansion Total	8	458	\$36.43
PDC 7 Total	10	495	\$37.68

Appendix 5: Employment Creation and Capital Investment by PDC for 2014

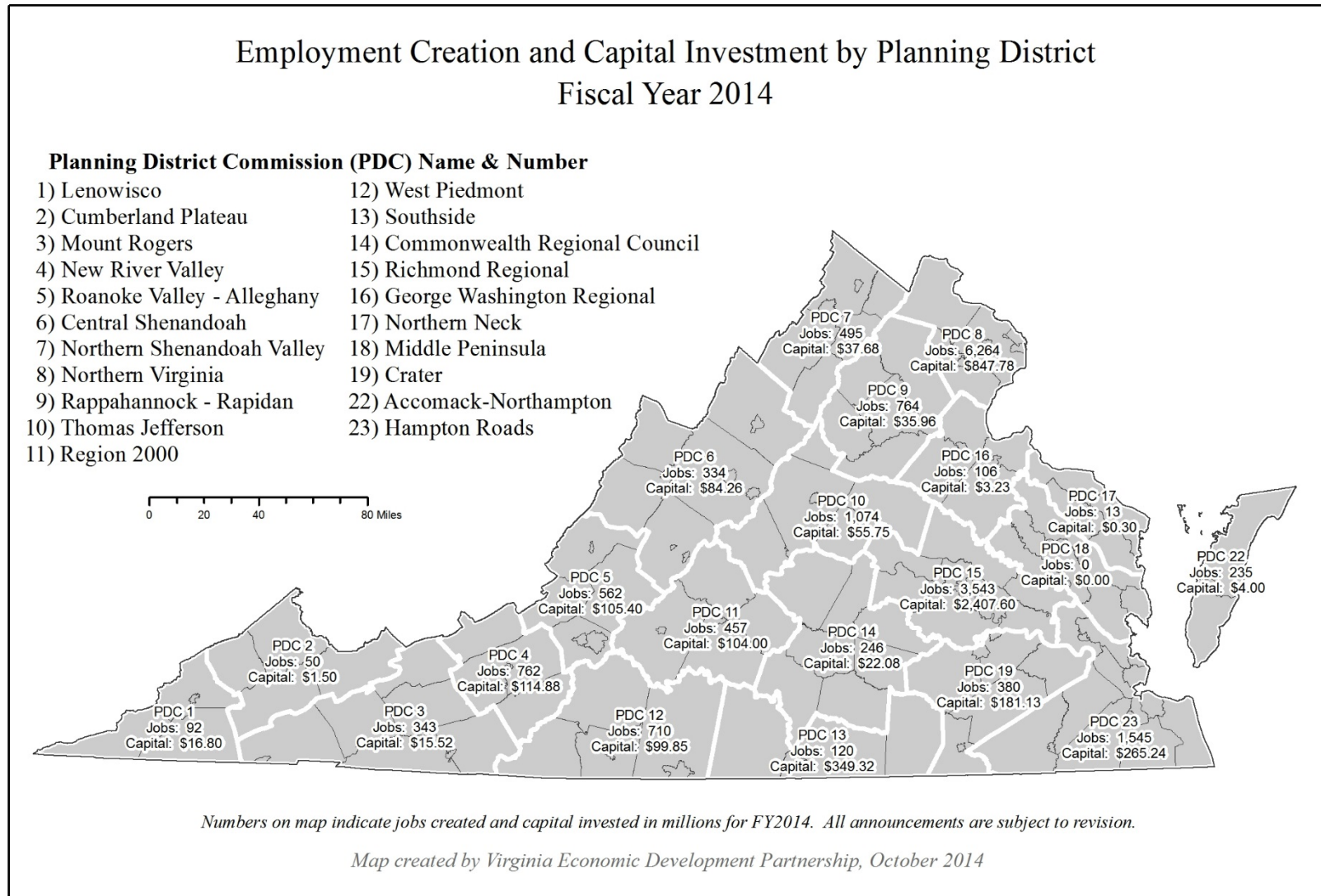
New Total	19	1,008	\$216.91
Expansion Total	52	5,256	\$630.87
PDC 8 Total	71	6,264	\$847.78
New Total	4	688	\$19.25
Expansion Total	3	76	\$16.71
PDC 9 Total	7	764	\$35.96
New Total	2	237	\$3.70
Expansion Total	6	837	\$52.05
PDC 10 Total	8	1,074	\$55.75
New Total	1	62	\$2.00
Expansion Total	6	395	\$102.00
PDC 11 Total	7	457	\$104.00
New Total	3	375	\$46.65
Expansion Total	10	335	\$53.20
PDC 12 Total	13	710	\$99.85
New Total	0	0	\$0.00
Expansion Total	3	120	\$349.32
PDC 13 Total	3	120	\$349.32
New Total	5	186	\$17.13
Expansion Total	2	60	\$4.95
PDC 14 Total	7	246	\$22.08
New Total	9	2,305	\$2,035.37
Expansion Total	26	1,238	\$372.23

Appendix 5: Employment Creation and Capital Investment by PDC for 2014

PDC 15 Total	35	3,543	\$2,407.60
New Total	1	0	\$2.38
Expansion Total	5	106	\$0.85
PDC 16 Total	6	106	\$3.23
New Total	0	0	\$0.00
Expansion Total	1	13	\$0.30
PDC 17 Total	1	13	\$0.30
New Total	0	0	\$0.00
Expansion Total	0	0	\$0.00
PDC 18 Total	0	0	\$0.00
New Total	3	160	\$52.13
Expansion Total	3	220	\$129.00
PDC 19 Total	6	380	\$181.13
New Total	0	0	\$0.00
Expansion Total	2	235	\$4.00
PDC 22 Total	2	235	\$4.00
New Total	11	343	\$20.36
Expansion Total	23	1,202	\$244.87
PDC 23 Total	34	1,545	\$265.24
Confidential	36	577	\$787.71
Grand Total	286	18,672	\$5,539.98

Notes: 2014 announcements are preliminary; all announcements are subject to revision

Appendix 5: Employment Creation and Capital Investment by PDC for 2014



Appendix 6: Audited Financial Report

Virginia Economic Development Partnership
Audited Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
Richmond, Virginia

APPOINTED OFFICIALS

As of June 30, 2014

Board of Directors

Donald W. Seale, Chair
Chris A. Lumsden, Vice Chair

Stephen R. Adkins	David Hudgins
Robert G. Beck	Ned W. Masee
Michael E. Bennett	David Oliver
Edie M. Bowles	Dan M. Pleasant
Russell B. Clark	John G. Rocovich, Jr.
C. Daniel Clemente	Samuel A. Schreiber
Mark D. Heath	James E. Ukrop

The Honorable Ralph S. Northam, Ex-Officio
The Honorable Richard D. Brown, Ex-Officio
The Honorable Maurice Jones, Ex-Officio
The Honorable Todd P. Haymore, Ex-Officio
The Honorable Karen Jackson, Ex-Officio
Dr. Glenn DuBois, Ex-Officio

President and Chief Executive Officer

Martin J. Briley

FINANCIAL SECTION

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

AS OF JUNE 30, 2014

The Virginia Economic Development Partnership (Partnership) management 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, 2014. 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 Partnership in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Partnership's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, expenses that are accrued for the net pension obligation in the current period are expected to be paid with future funding appropriations from the Commonwealth of Virginia.

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 position* on the Statement of Net Position. The second is found on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances 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 position* 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 position may serve over time as a useful indicator of an organization's financial position. At the close of the fiscal year ended June 30, 2014, the Partnership had a net position of (\$3,623,081) compared to a net position of (\$2,498,051) as of June 30, 2013. Following is an analysis of the changes in the net position of the Partnership.

	Net Position		
	2014	2013	Increase (Decrease)
Current and other assets	\$ 3,124,822	\$ 3,624,998	\$ (500,176)
Capital assets, net of depreciation	<u>785,919</u>	<u>777,835</u>	<u>8,084</u>
Total assets	<u>3,910,741</u>	<u>4,402,833</u>	<u>(492,092)</u>
Non-current liabilities	7,016,486	6,431,660	584,826
Other liabilities	<u>517,336</u>	<u>469,224</u>	<u>48,112</u>
Total liabilities	<u>7,533,822</u>	<u>6,900,884</u>	<u>632,938</u>
Net position:			
Net investment in capital assets	785,919	777,835	8,084
Unrestricted	<u>(4,409,000)</u>	<u>(3,275,886)</u>	<u>(1,133,114)</u>
Total net position	<u>\$ (3,623,081)</u>	<u>\$ (2,498,051)</u>	<u>\$ (1,125,030)</u>

Total assets decreased this fiscal year by \$492,092 when compared to last year. The principal causes of this decrease were a decrease in the Current asset, cash of \$1,719,903 offset by an increase in the Current asset, operating grants receivable of \$899,079 which was due from the federal government, and an increase in the Current asset, due from primary government of \$300,000.

Total liabilities increased by \$632,938. The principal causes of this increase were increases in the Non-current liabilities of the Partnership's net pension obligation and net other post-employment obligation totaling \$524,865, and an increase in compensated absences liability of \$59,961. Other liabilities increased by \$48,112 primarily due to an increase in deferred revenue of \$62,345 offset by a reduction in other current liabilities of \$14,233.

Net investment in capital assets consists primarily of leasehold improvements, 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 position* balance of (\$4,409,000) is classified as *unrestricted*. The Partnership has recorded \$6,092,547 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 Current and other assets exceed its Other liabilities by \$2,607,486.

Changes in Net Position			
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 420,075	\$ 601,626	\$ (181,551)
Operating grants	1,942,888	611,496	1,331,392
General revenues:			
General Fund appropriations	18,385,023	18,193,822	191,201
Other	<u>114,634</u>	<u>92,370</u>	<u>22,264</u>
Total revenues	<u>20,862,620</u>	<u>19,499,314</u>	<u>1,363,306</u>
Expenses:			
Business Expansion	2,134,788	2,367,158	(232,370)
Business Attraction	3,169,551	3,283,440	(113,889)
International Trade	6,305,797	4,637,418	1,668,379
Research	2,234,496	2,294,216	(59,720)
Communications and Promotions	3,236,661	2,947,714	288,947
Information Technology	1,533,536	1,543,900	(10,364)
Administration	3,327,834	2,788,145	539,689
Pass-Through Payments	<u>44,987</u>	<u>655,014</u>	<u>(610,027)</u>
Total expenses	<u>21,987,650</u>	<u>20,517,005</u>	<u>1,470,645</u>
Increase (Decrease) in net position	(1,125,030)	(1,017,691)	(107,339)
Beginning net position	<u>(2,498,051)</u>	<u>(1,480,360)</u>	<u>(1,017,691)</u>
Ending net position	<u>\$ (3,623,081)</u>	<u>\$ (2,498,051)</u>	<u>\$ (1,125,030)</u>

Net position for the Partnership decreased by \$1,125,030 during the current fiscal year. The total revenues increase of \$1,363,306 is due to additional federal operating grants revenue for a Defense Initiative program along with an increase in general fund appropriations provided by the COV, offset by a reduction in shared mission expense reimbursements related to FY2013 Governor's Missions to Asia and California.

Total expenses for the Partnership increased by \$1,470,645. The overall increase in expenses is due primarily to increased federal operating grant spending in International Trade for a Defense Initiative program, increased Communications and Promotions advertising campaign expenses, and Administration office space refurbishment costs and human resources consulting services, offset by a \$500,000 reduction in a pass-through payment to the Virginia Resources Authority.

General and Special Revenue 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 COV of approximately \$18.8 million. This amount was adjusted by a \$195,000 reduction in a pass-through payment and \$190,011 in reductions related to the Governor's FY2014 Introduced Budget. Operating grants revenues were below budget due to the timing of reimbursement payments for two federal grant programs received after June 30, 2014. Participation and sponsorship fees exceeded the final budget due to increased trade shows, events and International Trade missions. Actual expenditures were below the final budget by approximately \$1.3 million for the fiscal year. This underspending was primarily in the Business Expansion and Business Attraction divisions.

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 President and Chief Executive Officer, Virginia Economic Development Partnership, P.O. Box 798, Richmond, Virginia, 23218-0798.

Basic Financial Statements

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF NET POSITION
 As of June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 1,301,006
Travel advances	4,147
Operating grants receivable	1,053,910
Due from Primary Government	300,000
Prepaid expenses	447,872
Lease deposits (Note 5)	17,887
Capital assets, net of accumulated depreciation (Note 6)	
Leasehold improvements, furniture, and equipment	<u>785,919</u>
Total assets	<u>3,910,741</u>
Liabilities	
Accounts payable	197,606
Accrued payroll	157,466
Unearned revenue	82,445
Due to Virginia National Defense Industrial Authority	79,819
Noncurrent liabilities due within one year	
Compensated absences (Note 8)	502,291
Noncurrent liabilities due in more than one year	
Compensated absences (Note 8)	421,648
Net pension obligation (Note 9)	4,443,180
Net other post-employment obligation (Note 10)	<u>1,649,367</u>
Total liabilities	<u>7,533,822</u>
Net position	
Net investment in capital assets	785,919
Unrestricted	<u>(4,409,000)</u>
Total net position	<u><u>\$ (3,623,081)</u></u>

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Business Expansion	\$ 2,134,788	\$ 10,000	\$	\$ (2,124,788)
Business Attraction	3,169,551	32,265		(3,137,286)
International Trade	6,305,797	233,073	1,942,888	(4,129,836)
Research	2,234,496	-		(2,234,496)
Communications and Promotions	3,236,661	140,737		(3,095,924)
Information Technology	1,533,536	-		(1,533,536)
Administration	3,327,834	4,000		(3,323,834)
Pass-through Payments	44,987	-		(44,987)
Total governmental activities	21,987,650	420,075	1,942,888	(19,624,687)
General Revenues				
Revenue provided by the General Fund of the Commonwealth (Note 4)				18,385,023
Interest revenue				4,686
Other revenue				113,229
Loss on disposal of capital assets				(3,281)
Total general revenues				18,499,657
Decrease in net position				(1,125,030)
Net position, July 1, 2013				(2,498,051)
Net position, June 30, 2014				\$ (3,623,081)

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

Fiscal Year 2014 Annual Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2014

	General Fund	Special Revenue Funds	Total Governmental Funds
Assets			
Cash and cash equivalents (Note 2)	\$ 1,301,006	\$	\$ 1,301,006
Travel advances	4,147		4,147
Due from the special revenue funds	1,053,910		
Operating grants receivable		1,053,910	1,053,910
Due from Primary Government	300,000		300,000
Prepaid expenses	447,872		447,872
Lease deposits (Note 5)	17,887		17,887
Total assets	\$ 3,124,822	\$ 1,053,910	\$ 3,124,822
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 197,606		\$ 197,606
Accrued payroll	157,466		157,466
Due to the general fund		1,053,910	
Unearned revenue	82,445		82,445
Due to Virginia National Defense Industrial Authority	79,819		79,819
Total liabilities	517,336	1,053,910	517,336
Fund Balances:			
Nonspendable	465,759	-	465,759
Committed	-	-	-
Unassigned fund balance	2,141,727	-	2,141,727
Total fund balances	2,607,486	-	2,607,486
Total liabilities and fund balances	\$ 3,124,822	\$ 1,053,910	\$ 3,124,822

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

Fund balances, Governmental Funds	\$ 2,607,486
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	785,919
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.	(7,016,486)
Total net position of governmental activities	\$ (3,623,081)

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2014

	General Fund	Special Revenue Funds	Total Governmental Funds
Revenues			
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 18,385,023	\$	\$ 18,385,023
Participation fees	223,405	35,500	258,905
Sponsorship fees	129,049		129,049
Operating grants		1,942,888	1,942,888
Interest revenue	4,686		4,686
Other revenue	145,350		145,350
Total revenues	18,887,513	1,978,388	20,865,901
Expenditures			
Business Expansion	2,040,868		2,040,868
Business Attraction	3,109,951		3,109,951
International Trade	4,194,614	1,978,388	6,173,002
Research	2,117,578		2,117,578
Communications and Promotions	3,203,167		3,203,167
Information Technology	1,399,025		1,399,025
Administration	3,325,611		3,325,611
Pass-through Payments	44,987		44,987
Total expenditures	19,435,801	1,978,388	21,414,189
Revenues over expenditures	(548,288)	-	(548,288)
Fund balance, July 1, 2013	3,155,774	-	3,155,774
Fund balance, June 30, 2014	\$ 2,607,486	\$ -	\$ 2,607,486

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 FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2014

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

Net increase (decrease) in fund balance of the governmental funds	\$ (548,288)
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.	8,084
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>(584,826)</u>
Decrease in net position of governmental activities	<u><u>\$ (1,125,030)</u></u>

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - CASH BASIS
 GENERAL AND SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		General Fund Actual	Special Revenue Funds Actual	Variances with Final Budget- Positive (Negative)
	Original	Final			
Revenues					
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 18,766,124	\$ 18,385,023	\$ 18,085,023	\$ -	\$ (300,000)
Participation fees	120,000	185,500	223,405	35,500	73,405
Sponsorship fees	25,000	25,000	129,049		104,049
Operating grants	214,917	1,942,888		1,043,809	(899,079)
Interest revenue	5,000	5,000	4,686		(314)
Other revenue	102,000	117,500	145,350		27,850
Total revenues	19,233,041	20,660,911	18,587,513	1,079,309	(994,089)
Expenditures					
Business Expansion	2,525,724	2,525,724	2,050,749		474,975
Business Attraction	3,574,887	3,574,887	3,161,206		413,681
International Trade	4,382,058	6,175,529	4,166,929	1,981,341	27,259
Research	2,313,812	2,313,812	2,121,246		192,566
Communications and Promotions	2,860,287	3,310,287	3,292,538		17,749
Information Technology	1,469,081	1,484,581	1,382,142		102,439
Administration	2,807,490	3,360,400	3,325,347		35,053
Pass-through Payments	240,000	45,000	44,987		13
Total expenditures	20,173,339	22,790,220	19,545,144	1,981,341	1,263,735
Revenues over (under) expenditures	(940,298)	(2,129,309)	(957,631)	(902,032)	269,646
Fund balance, July 1, 2013	940,298	2,129,309	3,020,607	-	891,298
Fund balance, June 30, 2014 (Note 3)	\$ -	\$ -	\$ 2,062,976	\$ (902,032)	\$ 1,160,944

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, 2014

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 generally accepted accounting principles. The Statement of Net Position 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 and operating grants. Charges for services are comprised primarily of participation fees and shared mission reimbursements. Operating grants are grants awarded to the Partnership from the federal government.

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 financial transactions not accounted for in the special revenue funds. The special revenue funds are used to account for federal grant revenues and related expenditures for operating grants awarded to the Partnership by the federal government. Both the General Fund and Special Revenue Fund are considered major governmental funds.

Fund balances for the Partnership's governmental funds financial statements are classified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Fund balances are classified as restricted, committed or assigned if the related resources reported in governmental funds have either externally or internally imposed restrictions on their usage. Nonspendable fund balances represent assets such as prepaid expenses and lease deposits that are unavailable to be spent on future operations. The unassigned fund balances represents the remainder of the fund balances funds.

C. Operating Grants Receivable

Operating grants receivable include amounts due from the federal government for two grants that are funded based on reimbursement of expenses paid by the Partnership.

D. Prepaid Expenses

The Partnership's prepaid expenses include 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, 2014.

E. 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 asset lives are not capitalized.

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

F. Due to Virginia National Defense Industrial Authority

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

G. Unearned Revenue

Unearned revenue includes amounts received for sponsorship and participation fees at June 30, 2014, for various events to be held in the next fiscal period, as well as a \$50,000 balance related to the Virginia Jobs Investment Program for expenditures to be incurred in the next fiscal period.

H. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 2014. Compensated absences were calculated in accordance with 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.

I. 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, 2014, which is the second year of the biennium ended June 30, 2014. 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. The budget is prepared collectively to include both the General Fund and Special Revenue Fund.

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. Cash on deposit includes deposits in Japanese Yen and Chinese RMB which are used to pay the Partnership’s international vendors and are valued in U.S. dollars at cost. As of June 30, 2014, the Partnership’s holdings in these currencies were valued at \$13,819. 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 and Special Revenue Funds 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>Total all Funds</u>
Fund balance, cash basis, June 30, 2014	\$ 1,160,944
Add: Prepaid expenses and other accrued receivables	1,801,782
Deduct: Accrued expenses and unearned revenues	<u>(355,240)</u>
Fund balance, GAAP basis, June 30, 2014	<u>\$ 2,607,486</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 806	\$ 17,824,746
Add: Funding for Rolls Royce Project Management	300,000
Central Appropriations adjustments	645,288
Deduct: Shenandoah Valley Pass Through	(195,000)
FY2014 Governor's Introduced Budget reductions	<u>(190,011)</u>
Revenue provided by the General Fund of the Commonwealth	<u><u>\$ 18,385,023</u></u>

5. LEASE DEPOSITS

The Partnership maintains offices in Tokyo, Japan and Shanghai, China. Each landlord requires a lease deposit as part of the lease agreement for those locations. The Tokyo lease deposit is held in a non-interest bearing account in the amount of 880,000 Japanese Yen and was valued at \$8,400 at June 30, 2014. The Shanghai lease deposit is held in a non-interest bearing account in the amount of 56,000 Chinese RMB and was valued at \$8,987 at June 30, 2014. In addition, the Partnership is due a deposit refund of \$500 from a lease in Roanoke, Virginia that was terminated in 2014.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

<u>Capital Assets Being Depreciated</u>	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Leasehold improvements, furniture and equipment	\$ 1,973,347	\$ 303,061	\$ (85,498)	\$ 2,190,910
Less: accumulated depreciation	<u>1,195,512</u>	<u>291,696</u>	<u>(82,217)</u>	<u>1,404,991</u>
Leasehold improvements, furniture and equipment, net of accumulated depreciation	<u>\$ 777,835</u>	<u>\$ 11,365</u>	<u>\$ (3,281)</u>	<u>\$ 785,919</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, 2014, amounted to \$1,561,966. A summary of minimum future obligations under these agreements as of June 30, 2014, follows:

Year Ending <u>June 30</u>	<u>Obligations</u>
2015	\$ 1,512,089
2016	<u>692,649</u>
Total future minimum rental payments	<u>\$ 2,204,738</u>

8. COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2014, was as follows:

<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
<u>\$ 863,978</u>	<u>\$ 617,884</u>	<u>\$ 557,923</u>	\$ 923,939
	Due Within One Year		<u>(502,291)</u>
	Due in More Than One Year		<u>\$ 421,648</u>

9. PENSION PLAN

The Partnership is a participating employer in a defined benefit pension 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. Salaried employees of the Partnership are members in one of three retirement plans administered by the VRS. As of June 30, 2014, the Partnership's net pension obligation was \$4,443,180.

Plan Descriptions

Plan 1 – Employees with pre-July 1, 2010 service credit.

Benefits vest after five years of service. Employees may retire with an unreduced benefit at age 65 with at least 5 years of service credit or at age 50 with at least 30 years of service credit. Retirement benefits are payable monthly for life in an amount based on 1.7 percent of an employee's average final compensation (AFC) multiplied by the employee's total years of service. AFC is defined as the average of the employee's 36 highest consecutive months of creditable compensation. Reduced retirement benefits are available to

employees at age 55 with at least 5 years of service credit or at age 50 with at least 10 years of service credit. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

Plan 2 – Employees hired or rehired on or after July 1, 2010 with no service credit.

Benefits vest after five years of service. Employees may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when the employee's age plus service years equal 90. Retirement benefits are payable monthly for life in an amount based on 1.7 percent of an employee's AFC multiplied by the employee's years of service prior to January 1, 2013 and 1.65 percent of an employee's AFC multiplied by the employee's years of service after January 1, 2013. AFC is defined as the average of the employee's 60 highest consecutive months of creditable compensation. Reduced retirement benefits are available to employees at age 60 with at least 5 years of service credit. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

Hybrid Plan – Employees hired or rehired on or after January 1, 2014 with no service credit.

Benefits vest after five years of service. Employees may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when the employee's age plus service years equal 90. Retirement benefits are payable monthly for life in an amount based on 1.0 percent of an employee's average final compensation (AFC) multiplied by the employee's total years of service. AFC is defined as the average of the employee's 60 highest consecutive months of creditable compensation. Reduced retirement benefits are available to employees at age 60 with at least 5 years of service credit. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. The Hybrid Plan also has a defined contribution component with the retirement benefit determined by the amount of contributions and net investment earnings on contributions. 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, or online at <http://www.varetire.org/Publications/Index.asp?ftype=annualreport>.

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. 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's contribution rate for the current year was 8.76% of creditable compensation of \$7,349,371 resulting in a contribution of \$643,805.

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, 2014, the Partnership's combined net other post-employment benefit obligation for these plans was \$1,649,367.

GROUP LIFE INSURANCE

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

Post-employment life insurance benefits are advance funded on an actuarially determined basis using the aggregate cost actuarial method with the same actuarial assumptions used for determining pension plan contribution rates. All contributions to the plan are made by the Partnership. The Partnership's actuarially determined rate for the current year was 1.19% of creditable compensation of \$7,349,371 resulting in a contribution of \$87,458. This contribution covers premiums for active employees and actual death claims for retirees. As of June 30, 2014, 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 1.00% of creditable compensation of \$7,349,371 resulting in a contribution of \$73,494. As of June 30, 2014, the Partnership's net post-employment benefit obligation for this plan was \$198,619.

VIRGINIA SICKNESS AND DISABILITY PROGRAM

The 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 0.47% of creditable compensation of \$7,015,051 resulting in a contribution of \$32,971. As of June 30, 2014, the Partnership's net post-employment benefit obligation for this plan was \$344,230.

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, 2014, the Partnership's net post-employment benefit obligation for this plan was \$1,106,518.

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 \$33,470 for the fiscal year 2014.

12. RISK MANAGEMENT

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



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 10, 2014

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
And Review Commission

Board of Directors
Virginia Economic Development Partnership

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the General Fund, a major fund, and the Special Revenue 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, 2014, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the General Fund, a major fund, and the Special Revenue Fund, a major fund, of the Virginia Economic Development Partnership as of June 30, 2014, and the respective changes in its financial position thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages three through six be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2014, 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 in considering the Partnership's internal control over financial reporting and compliance.



AUDITOR OF PUBLIC ACCOUNTS

MSM/clj