

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

Annual Report
Fiscal Year 2015



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Audited Basic Financial Statements of the Virginia Economic Development Partnership
for the Year Ended June 30, 2015

Partnership Profile

As Chairman, I am very pleased to present to you the Annual Report of the Virginia Economic Development Partnership (VEDP) for the fiscal year ending June 30, 2015. I trust that you will find this report, which is required by the *Code of Virginia* and by Chapter 665 of the 2015 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 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 2015 Financial Statements Report for the year ended June 30, 2015, 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 29, 2015, 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,



Chris A. Lumsden
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

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

Virginia Offices

Eastern Region

101 West Main Street, Suite 600
Norfolk, Virginia 23510
Telephone: (757) 314-2129

Northern Region

8500 Leesburg Pike, Suite 411
Tysons, Virginia 22182
Telephone: (703) 506-1032

Northwest Region

30 Ladd Road
Fishersville, Virginia 22939
Telephone: (540) 213-0267

South Central Region

220 Roanoke Boulevard
Salem, Virginia 24153
Telephone: (540) 387-2562

Southwest Region

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

International Offices

China and Southeast Asia

Room 3012, 3/F, Silver Court Tower
No. 85 Tao Yuan Road
Huangpu District, Shanghai
P.R. China 200021
Telephone: 86-21-6157-7305

Europe

Franzosische Strasse 14
10117 Berlin
Germany
Telephone: 49-30-25565009

India

Crystal Plaza, 607, B-Wing
opposite Infinity Mall, Link Road
Andheri West, Mumbai
400053 Maharashtra, India
Telephone: 91-773-873-0009

Japan

14th Floor, Kamiyacho Building
4-3-20, Toranomom
Minato, Tokyo 105-0001
Japan
Telephone: 81-3-5404-3424

United Kingdom and Ireland

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

Board of Directors

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

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

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

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

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

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

Lee Coburn
Glade Spring, Virginia
Term Expires 12/31/15

Mark D. Heath
Martinsville, Virginia
Term Expires 6/30/21

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

Ned W. Masee
Midlothian, Virginia
Term Expires 12/31/19

Vincent J. Mastracco
Virginia Beach, 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 B, and § 2.2-2239 of the *Code of Virginia* and Chapter 665, Item 120 D.1 of the 2015 Virginia 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 665, Items 120 D.1 and D.2 of the 2015 Virginia 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, 2015 (FY 2015) are attached to this report.

This Annual Report documents the efforts of VEDP in fulfilling its mission during FY 2015. 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 2015 accomplishments.

"Key to Virginia's success is its ability to balance low taxes, a good labor force, and a strong economic development program."

- AEDI / Pollina Corporate Top 10 Pro-Business States for 2014 Report



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 665, Item 120 D.1 of the 2015 Virginia Acts of Assembly. The data on business prospect site visits per planning district is contained in the tables and map 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, 2014, and June 30, 2015. 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 18,756 new jobs will be created, with a total of \$2.9 billion in new capital investment. Thirty-two percent of the announcements were of employers locating in economically distressed areas. These announcements are expected to create 7,049 new jobs and make capital investments exceeding \$863 million.

The announcements and performance measures documented in this report represent VEDP-assisted successful economic development decisions for Virginia. For FY 2015, the 201 VEDP-assisted decisions resulted in 18,756 new jobs and \$2.9 billion in new capital investment. Further, these 201

Executive Summary

VEDP-assisted decisions will generate an estimated \$1.5 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 published The New Virginia Economy Strategic Plan in late 2014, which will serve as the Commonwealth's four-year economic development strategic plan. The Plan identifies five key focus areas for economic growth and prosperity: "Project Ready" Infrastructure; Diversified High-Growth Industries; Preeminent Business Climate; Innovation and Entrepreneurs; and "Credentials to Careers" Workforce. VEDP has worked closely with the Governor and his Administration to advance the priorities of this strategic plan, specifically in the areas of infrastructure and site development and targeting high-growth industries. The Steering Committee is required to report annually on the Commonwealth's progress towards achieving the goals outlined in the strategic plan.

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 2015, VEDP continued to leverage the Office of the 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

Overarching Business Development Strategies

force data and customizes information for prospects to evaluate a location decision for Virginia. VEDP economists track trade data, capital investment, employment and competitive information on other states. VEDP also provides data 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, which provides an economic development incentive, as well as a primary point of contact, to support our client's workforce training needs.

Virginia Incentives Produce Results: Virginia awarded 35 Commonwealth Opportunity Fund (COF) grants for a total of \$21.09 million. The recipient companies are expected to make \$1.05 billion in capital investments and create 5,713 new jobs. During FY 2015, 12 Virginia Investment Partnership (VIP) grants were awarded totaling \$13.8 million. The projects are expected to create 1,171 new jobs, and bring \$1.07 billion in new capital investments. Virginia also awarded two Virginia Economic Development Incentive Grants (VEDIG) totaling \$6 million. These projects are expected to create 1,200 jobs and bring \$87 million in new capital investment.

Business Expansion

FY 2015 Accomplishments

Information Technology continues to be a major growth sector for Virginia in terms of the number of announcements. However, the biggest sector in terms of total jobs created is Warehousing and Storage. The majority of these jobs were in Central Virginia with two announcements from **Amazon.com, Inc.** in Dinwiddie (527 jobs) and Chesterfield (1,423); and a significant announcement from **Relay Foods** in Richmond (\$710,000 and 75 jobs). Henry County in Southern Virginia also saw significant growth in this sector with announcements from **Monogram Food Solutions** (\$7.2 million and 101 jobs) and **EBay Enterprises** (\$5.8 million and 101 jobs).

Selected FY 2015 Expansion Announcements			
Company		New Jobs	Capital Investment (in millions)
Corporate Board	Executive	800	\$149
*Core Health & Fitness		200	\$2
Continental Teves		250	\$150
McKee Foods		54	\$34
*Mersen		50	\$5.7
*Monogram Foods		200	\$36
*Coperion		22	\$3
*Blue Ridge Rail Car		37	\$2.4
Canon		0	\$100
SanJ		18	\$38
Bechtel		700	\$10
Navy Union	Federal Credit	600	\$114
*Ashland		17	\$89
<i>*high unemployment community locations</i>			

Existing industry retention and growth: Expansions of existing companies in Virginia represented a significant pipeline in Virginia’s active projects and decisions for Virginia this year, representing over 70% of net new jobs and over 62% of total decisions. In addition to the information-technology shown in the previous paragraph, companies such as McKee Foods, Continental Teves, and Monogram Foods continued to reinvest. McKee Foods, following its consistent growth in the Shenandoah Valley of Virginia, announced

a \$34 million expansion that will ultimately create 54 new jobs. In the Hampton Roads region, Continental Teves, an automotive supplier, announced that it will invest \$150 million and create 250 new jobs, an expansion which will allow the company to continue its competitive positioning through introduction of new technologies and products; an exceptional success story for the Hampton Roads region which is focused on continued growth of private-sector partners. In Southern Virginia, long-established Monogram Foods made a decision to reinvest in new technologies and lines to the tune of \$36 million, adding another 200 jobs in this food processing segment of the Southern Virginia economy. Retaining and growing strong companies like these will continue to be a focus of VEDP and its allies as the economy continues its challenge to rebound. VEDP’s Business Expansion Department focuses solely on Virginia’s existing businesses through a unique outreach program designed with our local and regional partners, to proactively communicate with these businesses.

Gold Account companies continue to invest: Gold Accounts, those companies with a significant presence in Virginia, announced a combined \$794 million in new capital investment and over 6,500 new jobs. These companies, which through their existing presence in the Commonwealth have established relationships and already understand the value of Virginia’s business climate,

Business Expansion

are exceptionally well-positioned and capitalized to continue their expansions as well as bring new business units to Virginia. Companies such as The Corporate Executive Board (Arlington County, \$149.7 million and 800 new jobs); Amazon (Chesterfield and Dinwiddie, 1,950 new jobs); Continental (\$152 million and 525 new jobs); and Telvista (Danville, \$1 million, 300 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. VEDP representatives from Business Expansion, Business Attraction, Research and the Administration travelled across the state meeting with and supporting local and regional economic developers, learning about the needs of Virginia's existing businesses, implementing VEDP's Gold Account strategy, and interacting with other stakeholders including other state agencies, Federal agencies, workforce interests, higher education institutions, and industry associations. In total, over 940 visits were made to 120 Virginia localities, including over 675 (71%) visits to 83 (69%) distressed localities.

In addition, the Business Expansion Division 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 southwestern Virginia and one additional Business Expansion position (Virginia Jobs Investment Manager) is field-based in the Valley region of Virginia which includes localities considered distressed.

To further reiterate VEDP's distressed area strategy, 73% of company prospect visits to localities in FY 2015 have been to high unemployment communities. The select announcement list on the previous page also denotes distressed region locations with an asterisk (*).

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 Virginia companies numerous programs including VALET, the Going Global Defense Initiative, Global Network and trade missions to increase their sales in the international marketplace.

FY 2015 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 13th year in operation, graduating 25 companies in FY 2015. Graduates of the program experience, on average, a 92% increase in export sales over their two-year participation.

Going Global Defense Initiative (GGDI)

The purpose of this international program is to mitigate the negative impact of defense spending cuts on Virginia's economy. VEDP's GGDI is the Commonwealth's only program that replaces DOD revenue streams for Virginia's defense companies, which, in turn, preserves jobs and replaces declining state tax revenues. In its second year, VEDP's GGDI enrolled 251 defense companies in pursuit of new international business. 127 of these companies project an average increase in their international sales of 96%.

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

Trade Missions: VEDP 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 2015, VEDP conducted 20 trade missions internationally to promote Virginia products and services, with 176 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 2015,

INTERNATIONAL TRADE HIGHLIGHTS

- ◆ 25 Companies graduated from VALET.
- ◆ VEDP's GGDI enrolled 251 defense companies in its second year.
- ◆ International Trade's Research Team completed 123 company research projects.
- ◆ VEDP completed 489 market research projects for Virginia companies through the Global Network.
- ◆ VEDP led 20 Trade Missions with 176 companies participating.

International Trade Development

VEDP completed 489 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.

Internal Research: VEDP's Trade Research team delivered 123 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, VEDP hosts the Virginia Conference on World Trade. In FY 2015, the conference theme was *Putting Global Trade to Work for Your Business*, highlighted business opportunities for Virginia companies abroad, and attracted more than 277 attendees from 160+ Virginia companies.

"The VEDP team was a huge help in researching, qualifying, planning, and coordinating my recent trip to China. I met with several new customers, some of which already placed orders. We also have a potential new Distributor."

Lonnie Lemco
VP, Sales & Marketing, World Art Group
Richmond, Virginia

"The benefit of working with the VEDP has been enormous. I feel like our company is much better positioned for our International expansion because of their assistance. Our company recognizes that the ability to diversify into international markets will be our number one priority going forward. The VEDP Team did an excellent job!"

Peter Furness
COO, ACI Solutions, Inc.
Arlington, Virginia

Business Attraction

With a singular focus on recruitment of companies new to Virginia, the Business Attraction team increased outreach activity in target markets during Fiscal Year 2015 and achieved strong levels of foreign and domestic investment as compared to the previous year.

FY 2015 National Accomplishments

Marketing calendar highlights for FY 2015 include the following events:

In September 2014, Governor McAuliffe spoke to corporate tax and incentives professionals and site section consultants at the fourth annual IPT Credits and Incentives Symposium in Arlington, Virginia. VEDP participated in a government panel discussion.

In October 2014, VEDP, the Virginia Port Authority (VPA) and Hampton Roads Economic Development Alliance successfully hosted the second annual Site Selection Consultants Port of Virginia Familiarization Tour. Later that month VEDP hosted a reception for 150 invited guests at Mount Vernon during the CoreNet Global Summit.

In February 2015, VEDP, VPA, CSX and 6 regional and local allies hosted 21 Chicago-based site selection consultants at a Blackhawks NHL hockey game.

In April 2015, the Secretary of Commerce and Trade and the Secretary of Agriculture and Forestry attended the BrewExpo America in Portland Oregon, where VEDP partnered with VDACS, VTC and other Virginia allies for a booth space and a Virginia reception featuring local craft beers from the Commonwealth.

VEDP also supported four successful Governor's missions – one to China and the Farnborough Air Show in July 2014, a trip to New York, an Asian mission to China, Japan and Korea in October 2014, and a European mission in June 2015 that included client meetings in five countries and the Paris Air Show. The meetings provided unique opportunities to initiate or reinforce high level relationships, raise awareness of Virginia's pro-business climate, positively impact active 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 2015:

Stone Brewing Co., the 10th largest craft brewer in the United States, chose the City of Richmond over a multitude of other locations in 20 states for its second brewery operation. Based in San Diego and one of the fastest growing breweries in America, Stone will invest \$74 million to construct a production brewery, packaging hall, destination restaurant, gardens, retail store and administrative offices and will create 288 full-time jobs. Stone has earned a reputation for brewing outstanding, unique beers while maintaining an unwavering commitment to sustainability, business ethics, philanthropy and the art of brewing.

NATIONAL HIGHLIGHTS

Year End Numbers

- ◆ 2,908 jobs announced by U.S. – based companies
- ◆ \$1.2 billion in capital investment
- ◆ 51 companies
- ◆ 14 different states

Business Attraction

Friant and Associates, a manufacturer of custom office furniture, will invest \$17.4 million to establish its first Virginia operation at the CenterPoint Intermodal Center in the City of Suffolk. Virginia successfully competed against Maryland for the project, which will create 166 new jobs. Headquartered in Oakland, California and founded in 1990, Friant and Associates designs and manufactures innovative and customizable high-end office systems, at prices unmatched in the industry.

Qore Systems, LLC will invest \$12.8 million to relocate from Arizona and establish its first Virginia operation in Highlands Business Park, owned and operated by Smyth County and Washington County. The company is a developer, manufacturer and distributor of Qore-24, the world's only antimicrobial hand purifier that effectively kills germs for up to 24 hours. Virginia successfully competed against North Carolina for the project, which will create 140 new jobs. Qore Systems is a research and development company dedicated to the discovery and production of products created with Amosil-Q: a patented antimicrobial barrier that safely kills germs by tearing them apart on contact.

The U.S. Department of State will invest \$461 million to establish its Foreign Affairs Security Training Center, known as FASTC, on 1,500 acres at Fort Pickett in Virginia's Nottoway County. After a multi-year search, Fort Pickett was selected as the best site over 70 other properties because it met DOS' operational requirements and offered close proximity to D.C. agencies and the intelligence community. FASTC will employ over 570 full-time staff and train approximately 8,000 – 10,000 U.S. ambassadors and diplomats who will be sent to foreign countries. This project is expected to be transformative for the central Virginia region.

FY 2015 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 the past fiscal year occurred in March 2015, when all of the international team members participated in the second SelectUSA Summit in National Harbor, MD and attended pre-set appointments with several interested companies from all over the world. In May 2015, VEDP co-sponsored and participated on a panel at the Shanghai Investing Summit that was organized by the UVA Darden School of Business and had 250 attendees.

INTERNATIONAL HIGHLIGHTS

Year End Numbers

- ◆ 1,925 jobs announced by International companies
- ◆ \$372.5 million in capital investment
- ◆ 19 companies
- ◆ 11 different countries

The following announcements represent several important foreign direct investment successes for the Business Attraction team during FY 2015:

Business Attraction

Lidl, one of the fastest growing retailers in Europe, will invest \$202 million to establish operations in Virginia. The investment will include \$77 million for its U.S. corporate headquarters in Arlington County, creating 500 new jobs. The company will also invest \$125 million in a regional headquarters and distribution center facility in Spotsylvania County, creating an additional 200 jobs. Lidl currently operates nearly 10,000 stores in 26 countries throughout Europe. It is part of the Schwarz Group, which is the largest retailer in Europe and one of the largest in the world. Lidl has a simple philosophy - focusing on offering customers top quality fresh goods and grocery products at the most competitive pricing in convenient locations. While customers receive amazing savings by choosing Lidl's own great quality brands, they can still shop for their favorite branded goods, available at competitive prices.

Provides Metalmeccanica Srl, an Italian leader in the heat exchanger sector, will invest \$6.1 million and create 45 new jobs to establish its first U.S. manufacturing operation in Augusta County. Provides manufactures evaporators and condensers for major HVAC companies worldwide. The new location in the United States will enable the company to increase business and reduce product delivery time to North and South American customers. Provides was established in 1968 as a company that specialized in the production of metallic office furniture. Between 1973 and 1980, it also began specializing in the construction of racks, aluminum telephone booths, step ladders and pressurized gas tanks, both for LPG automotive and domestic use. In 1991, Provides started working in the air conditioning sector and designed and manufactured the first series of heat exchangers in 1996. Since then, Provides has become a leader in the heat exchanger industry sector.

Mavalério, a Brazilian manufacturer of candy and other confectionary products, will invest \$5 million and create 55 new jobs to establish its first U.S. production operation in Hanover County. Mavalério, founded in 1969 and based in Sao Paulo, Brazil, is the largest producer of decorative confectionary in Latin America, currently exporting to more than 20 countries. Over the years, the company has become the largest manufacturer of the decorative confectionery industry in Latin America.

Promoting Virginia

VEDP plans, executes and manages various marketing outreach initiatives. VEDP implemented a major brand building and lead generation 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 economic development press announcements. VEDP staff maintained an electronic marketing presence at YesVirginia.org, ExportVirginia.org and through the YesVA mobile application. 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. VEDP executed Governor-led marketing missions as a strategic component to Virginia's aggressive and pro-active approach to economic development.

FY 2015 Accomplishments

Advertising Campaign: VEDP 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*, *Wall Street Journal*, the *New York Times*, and *Entrepreneur*, as well as advertising networks to target US CEOs. International CEO targeting was accomplished in China, United Kingdom and Germany with digital placements in *Wall Street Journal* and *Reuters*, as well as through advertising networks. The campaign delivered more than 75 million impressions and greatly outperformed the industry standard click-through-rate by more than four times. VEDP continues to see a direct correlation in increased website activity during active advertising periods.

VEDP supported an 18-page special advertising section in the October 20, 2014, edition of *Forbes*. The section was celebrated with a special launch event at the Forbes Galleries in New York City and featured Steve Forbes and Governor McAuliffe.

YesVA App: VEDP released version 2.0 for the iOS (Apple) version of its custom mobile app. The redesign brought the app up-to-date for design and user interface as well as added some additional features which included: the ability to filter properties by region; better property grouping and functionality in map view; and, better search functionality which matches the search function of the VirginiaScan desktop version. Since its release in 2012, the YesVA app has been downloaded nearly 1,500 times.

www.ExportVirginia.org Redesign: In November 2014, VEDP launched a redesigned website at www.ExportVirginia.org to reflect a more modern presence, streamline navigation and provide easier access to export assistance services and social media.

www.YesVirginia.org	
FY 2015 Usage Statistics	
Sessions	359,644
35.6% increase from FY14	
Users	268,605
34.1% increase from FY14	
Source: Google Analytics	

Promoting Virginia

Governor-led Marketing Missions: VEDP coordinated four economic development marketing missions with Governor McAuliffe in FY2015, including domestic trips to New York and the Southeastern region of the US and international trips to Japan, South Korea, China, and Europe.

Event and Tradeshow Collaboration: VEDP continues to collaborate with its economic development allies on events and tradeshows. The Port of Virginia site selection consultant tour, Fall Richmond International Raceway NASCAR race client event, Farnborough Air Show, CoreNet Global Summit & Reception at Mount Vernon, Retail Industry Leaders Association conference, Industrial Asset Management Council (IAMC) events, the Craft Brewers Conference and Virginia Craft beer reception and SelectUSA Investment Summit were all examples of showcasing a united Virginia presence, enhancing the Commonwealth's story in the global marketplace.

Virginia Conference on World Trade: Each fall, VEDP hosts the Virginia Conference on World Trade. In FY 2015, the conference theme was Putting Global Trade to Work for Your Business, which highlighted business opportunities for Virginia companies abroad and attracted more than 277 attendees from 160+ Virginia companies.

Social Media Highlights: VEDP continued an aggressive social media marketing strategy, publishing content for the YesVirginia blog and sharing relevant news articles to increase the number of overall posts and discussion threads. VEDP successfully modified its strategy in FY 2015 and has experienced increased audience engagement across all platforms. Membership in VEDP's social media networks continued to show significant growth, increasing by 33% on Facebook, 20% on LinkedIn and 112% on Twitter.

Public Relations and Communications: VEDP drafted and executed more than 50 Governor's press releases; drafted six articles for publication in leading economic development and trade magazines; implemented a proactive media relations campaign in support of VEDP's Going Global Defense Initiative; and planned and coordinated professional media training for nearly 30 VEDP staff in support of VEDP's new media initiative.

Telemarketing Outreach Campaigns: VEDP continued its lead generation program that supports its business attraction marketing efforts with appointment setting services. 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 engaged in quarterly lead generation campaigns as well as event support, special project support, direct mail initiatives, and ongoing prospect database cleansing. VEDP's call center placed more than 69,000 calls, resulting in a 5% increase in positive outcomes including an increase in the number of identified opportunities from 205 call center qualified leads.

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 2015 Legislative Review

VEDP worked with legislators and the Administration during the 2015 Virginia General Assembly session to enhance existing programs, fulfill commitments to existing companies, and bolster the climate for major economic development opportunities. A few major items are highlighted below.

Advocated for Legislative Initiatives that Promote Economic Development and Government Efficiencies

- VEDP supported legislation to create an additional tranche of payouts of the Virginia Investment Partnership Grant (VIP) program. VIP is a discretionary economic development performance incentive targeted at manufacturers and research and development services supporting manufacturing. VIP is the Commonwealth's primary economic development incentive program for growing large-scale manufacturing and R&D companies. This legislation was successful.
- The General Assembly passed and the Governor signed HB1898, which codified a \$20 million custom performance grant for Shandong Tranlin Company Limited ("Tranlin") and its affiliates, including Tranlin, Inc., for an economic development project involving an advanced manufacturing facility in the paper, pulp, and fertilizer sectors. Tranlin has committed to hiring 2,000 full-time employees and investing \$2 billion by the end of 2019. This legislation was a result of a recommendation of the Major Employment and Investment Project Approval Commission.
- VEDP monitored over 100 legislative proposals during the 2015 General Assembly Session that would have impacted Virginia's business climate and economic development efforts. 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 Economic Development Efforts

- VEDP advocated strongly for increased funding for the Commonwealth's Opportunity Fund. The Commonwealth's Opportunity Fund was nearly depleted due to unpredictable and insufficient funding over the past several years. The Governor included this increase in his proposed budget amendments, which the General Assembly approved.
- VEDP advocated for and protected matching-grant funding for its Going Global Defense Initiative, a successful economic development program that assists Virginia defense contractors identify and enter new markets.

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 2015 Key Performance Measures			
Performance Measure	FY 2015 Goal	FY 2015 Results	% of Measure
Investment by new or existing companies	\$3.0 billion	\$2.9 billion	98%
New jobs created by new or existing companies	13,000	18,756	144%
Companies actively counseled or participating in trade events	375	438	117%

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 COF 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	\$10	\$20
Direct	\$6	\$11
Indirect	\$5	\$9

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

Appendix One: High Unemployment Areas Report and Strategy

Despite the continuing impact of the economic crisis that impacted virtually every sector of the businesses which VEDP targets, the organization continued to build on its efforts in FY 2015 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 2015 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. Three full-time Business Expansion managers were field-based in Southern and Southwestern Virginia and the Valley of Virginia. These managers focused on business expansion strategies, ally communication strategies, higher education partnership strategies, and delivery of the Virginia Jobs Investment Program services. In addition to these professionals, VEDP international trade staff is also field-based.

Decisions for Virginia/High Unemployment Regions: VEDP continued to support regions with high unemployment and high poverty levels. Ninety of the projects announced for Virginia in 2015 chose one of these localities, bringing nearly 8,700 new job opportunities and over \$1.52 billion in new capital investment. Examples include Continental Automotive Systems in Newport News (525 jobs and \$152 million in investment); Target Corp. in Suffolk (168 jobs and \$50 million in investment); Lidl Dienstleistung GmbH in Spotsylvania County (200 jobs and \$125 million in investment); and Stone Brewing in the City of Richmond (288 jobs and \$74 million in investment). Southwest Virginia also saw project activity including Oak Hall Cap & Gown in Grayson (100 jobs and \$1.2 million) and Qore Solutions in Washington County (140 new jobs and \$12.8 million in investment). Southside Virginia had success with Telvista in Danville announcing an expansion (300 new jobs, 280 saved jobs and \$1 million in investment) and Monogram Foods expansion in Henry (200 new jobs and \$36.48 million in investment).

In FY 2015, other rural localities also continued to see existing businesses grow. Coastline Chemical added 16 new jobs and \$2.7 million in investment in Accomack County; Patriot Rail added 37 new jobs and \$2.4 million in investment in Charlotte County; Consolidated Glass added 30 new jobs and \$1.6 million in investment in Galax; and James Hardie added 69 new jobs and \$25 million in Pulaski County. 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 One: 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: In FY 2015, VEDP showed 187 projects to 87 localities, for a total of 430 distinct prospect visits. Over 73% of the prospects were introduced to localities considered distressed. Of the visits themselves, 65% occurred in distressed localities.

FY 2015 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 divisions, the Business Attraction Division, the Business Expansion Division and the International Trade Division.

Business Attraction: The Business Attraction Division 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 Division 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 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 Development 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 Division. Business Expansion also houses the Virginia Jobs Investment Program, integrating their pipeline strategies into both the Business Expansion and Business Attraction efforts.

Appendix One: High Unemployment Areas Report and Strategy

International Trade: The International Trade Division focuses its efforts on assisting Virginia companies increase their international sales through targeted and strategic programs, such as VALET, Going Global Defense Initiative, and Export Counseling. The International Trade 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 Division supported several rural activities in FY 2015, 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 Halifax County, Virginia's Growth Alliance Region, the Southern Virginia Regional Alliance footprint, 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 Division continued to develop its Third Wednesday Webinar series, which is part of the new "Virginia Learning CoLLABorative" 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 Division 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 also serves as a sponsor of the Governor's Rural Summit, and sends several designees to that event, which connects the organization to policy leaders and practitioners in rural areas.

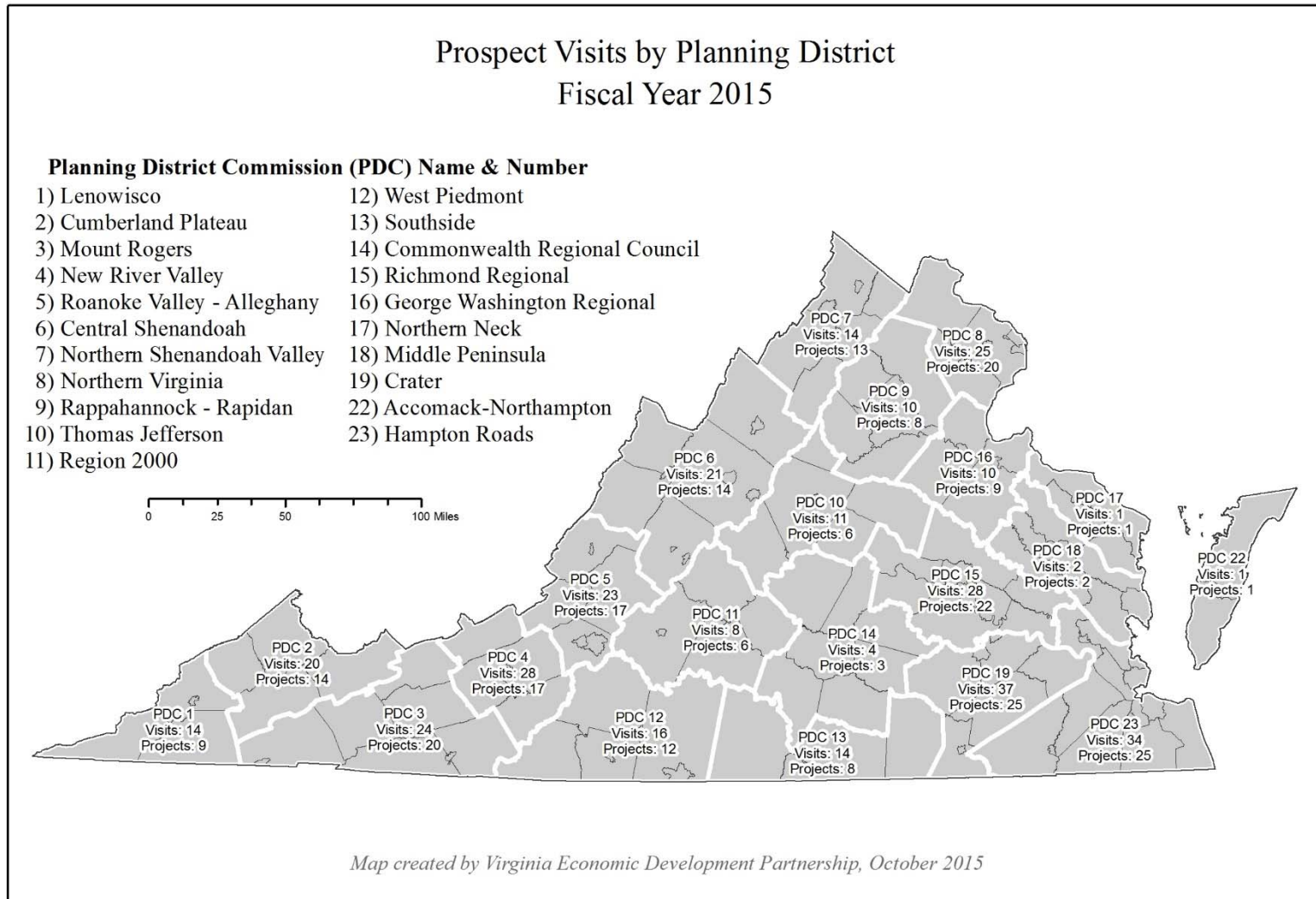
For Virginia's high unemployment communities, this system of direct connectivity with VEDP business expansion managers establishes a more consistent partnership that should lead to stronger results from business retention/expansion strategies, and should ultimately create a larger prospect pipeline from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

Appendix Two: Prospect Visit Data for FY 2015

Prospect visits FY 15			
PDC #	Planning District Commission	Visits	Projects
1	Lenowisco	14	9
2	Cumberland Plateau	20	14
3	Mount Rogers	24	20
4	New River Valley	28	17
5	Roanoke Valley-Alleghany Regional Commission	23	17
6	Central Shenandoah	21	14
7	Northern Shenandoah Valley Regional Commission	14	13
8	Northern Virginia Regional Commission	25	20
9	Rappahannock-Rapidan Regional Commission	10	8
10	Thomas Jefferson	11	6
11	Region 2000 Regional Commission	8	6
12	West Piedmont	16	12
13	Southside	14	8
14	Commonwealth Regional Council	4	3
15	Richmond Regional	28	22
16	George Washington Regional Commission	10	9
17	Northern Neck	1	1
18	Middle Peninsula	2	2
19	Crater	37	25
22	Accomack-Northampton	1	1
23	Hampton Roads	34	25
	Total	299	187
	# of Localities Visited	88	

**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 Two: Prospect Visit Data for FY 2015



Appendix Three: Site and Building Data for FY 2015

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

Planning District	Location	Sites	Buildings	Sites & Buildings	Companies
1- Lenowisco	Lee Co.	15	5	20	20
1	Norton	0	1	1	1
1	Scott Co.	6	8	14	12
1	Wise Co.	6	6	12	8
PDC 1 Total		27	20	47	41
2 -Cumberland Plateau	Buchanan Co.	2	1	3	3
2	Dickenson Co.	0	2	2	2
2	Russell Co.	2	23	25	20
2	Tazewell Co.	5	1	6	4
PDC 2 Total		9	27	36	29
3-Mount Rogers	Bland Co.	0	0	0	0
3	Bristol	0	28	28	25
3	Carroll Co.	20	4	24	22
3	Galax	0	3	3	2
3	Grayson Co.	0	4	4	2
3	Smyth Co.	14	18	32	28
3	Washington Co.	44	15	59	49
3	Wythe Co.	43	10	53	43
PDC 3 Total		121	82	203	171
4 - New River Valley	Floyd Co.	3	7	10	7
4	Giles Co.	1	0	1	1
4	Montgomery Co.	10	34	44	31
4	Pulaski Co.	20	58	78	49
4	Radford	1	8	9	9
PDC 4 Total		35	107	142	97
5 -Roanoke Valley-Alleghany	Alleghany Co.	1	5	6	6
5	Botetourt Co.	15	46	61	55
5	Covington	4	14	18	12
5	Craig Co.	0	0	0	0
5	Franklin Co.	16	10	26	19
5	Roanoke Co.	14	12	26	18

Appendix Three: Site and Building Data for FY 2015

	5	Roanoke	18	64	82	56
	5	Salem	0	19	19	11
	PDC 5 Total		68	170	238	177
6 - Central Shenandoah		Augusta Co.	35	18	53	47
	6	Bath Co.	0	0	0	0
	6	Buena Vista	0	4	4	4
	6	Harrisonburg	17	1	18	13
	6	Highland Co.	0	0	0	0
	6	Lexington	0	0	0	0
	6	Rockbridge Co.	6	17	23	20
	6	Rockingham Co.	28	13	41	34
	6	Staunton	11	6	17	17
	6	Waynesboro	0	18	18	17
	PDC 6 Total		97	77	174	152
7 - Northern Shenandoah Valley		Clarke Co.	0	13	13	11
	7	Frederick Co.	57	45	102	52
	7	Page Co.	0	4	4	4
	7	Shenandoah Co.	17	27	44	38
	7	Warren Co.	16	3	19	16
	7	Winchester	2	4	6	6
	PDC 7 Total		92	96	188	127
8 - Northern Virginia		Alexandria	0	3	3	2
	8	Arlington Co.	0	10	10	3
	8	Fairfax Co.	0	2	2	1
	8	Fairfax	1	23	24	10
	8	Falls Church	0	0	0	0
	8	Loudoun Co.	8	28	36	23
	8	Manassas	0	0	0	0
	8	Manassas Park	0	0	0	0
	8	Prince William Co.	5	46	51	39
	PDC 8 Total		14	112	126	78
9 - Rappahannock-Rapidan		Culpeper Co.	4	18	22	20
	9	Fauquier Co.	2	2	4	2
	9	Madison Co.	0	0	0	0
	9	Orange Co.	3	15	18	16
	9	Rappahannock Co.	0	0	0	0

Appendix Three: Site and Building Data for FY 2015

PDC 9 Total		9	35	44	38
10 - Thomas Jefferson	Albemarle Co.	0	12	12	11
	10 Fluvanna Co.	0	0	0	0
	10 Greene Co.	0	27	27	21
	10 Louisa Co.	17	1	18	11
	10 Nelson Co.	0	0	0	0
	10 Charlottesville	0	1	1	1
PDC 10 Total		17	41	58	44
11 - Region 2000	Amherst Co.	0	9	9	9
	11 Appomattox Co.	3	0	3	3
	11 Bedford Co.	8	23	31	30
	11 Campbell Co.	5	13	18	17
	11 Lynchburg	2	7	9	9
PDC 11 Total		18	52	70	68
12 - West Piedmont	Danville	19	27	46	33
	12 Franklin Co.	16	10	26	19
	12 Henry Co.	39	121	160	96
	12 Martinsville	5	36	41	24
	12 Patrick Co.	5	5	10	10
	12 Pittsylvania Co.	51	26	77	55
PDC 12 Total		135	225	360	237
13 - Southside	Brunswick Co.	8	0	8	0
	13 Halifax Co.	24	50	74	51
	13 Mecklenburg Co.	5	36	41	59
PDC 13 Total		37	86	123	110
14 - Commonwealth Regional	Amelia Co.	4	11	15	15
	14 Buckingham Co.	0	1	1	1
	14 Charlotte Co.	0	5	5	5
	14 Cumberland Co.	0	0	0	0
	14 Lunenburg Co.	0	0	0	0
	14 Nottoway Co.	3	0	3	3
	14 Prince Edward Co.	4	9	13	11
PDC 14 Total		11	26	37	35
15 - Richmond Regional	Charles City Co.	14	11	25	18

Appendix Three: Site and Building Data for FY 2015

	15	Chesterfield Co.	107	112	219	111
	15	Goochland Co.	2	1	3	3
	15	Hanover Co.	60	94	154	82
	15	Henrico Co.	119	174	293	122
	15	New Kent Co.	37	2	39	28
	15	Powhatan Co.	0	0	0	0
	15	Richmond	16	112	128	53
		PDC 15 Total	355	506	861	417
16 - George Washington		Caroline Co.	29	9	38	22
	16	Fredericksburg	3	19	22	13
	16	King George Co.	20	21	41	35
	16	Spotsylvania Co.	22	69	91	52
	16	Stafford Co.	28	76	104	46
		PDC 16 Total	102	194	296	168
17 - Northern Neck		Lancaster Co.	0	3	0	3
	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	3	0	3
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.	2	4	6	5
	18	Mathews Co.	0	0	0	0
	18	Middlesex Co.	0	0	0	0
		PDC 18 Total	2	4	6	5
19 - Crater		Charles City Co.	14	11	25	18
	19	Chesterfield Co.	107	112	219	111
	19	Colonial Heights	0	2	2	2
	19	Dinwiddie Co.	45	8	53	39
	19	Emporia	1	48	49	31
	19	Greensville Co.	32	80	112	87
	19	Hopewell	0	15	15	15
	19	Petersburg	8	11	19	15
	19	Prince George Co.	45	30	75	60
	19	Surry Co.	6	5	11	11

Appendix Three: Site and Building Data for FY 2015

19	Sussex Co.	32	6	38	34
PDC 19 Total		290	328	618	423
22 - Accomack-Northampton					
	Accomack Co.	28	12	40	15
22	Northampton Co.	14	2	16	8
PDC 22 Total		42	14	56	23
23 - Hampton Roads					
	Chesapeake	28	45	73	30
23	Franklin	7	42	49	43
18	Gloucester Co.	0	0	0	0
23	Hampton	3	69	72	39
23	Isle of Wight Co.	31	4	35	33
23	James City Co.	26	33	59	46
23	Newport News	11	37	48	40
23	Norfolk	9	17	26	21
23	Poquoson	0	0	0	0
23	Portsmouth	5	32	37	29
23	Southampton	15	8	23	23
23	Suffolk	66	74	140	79
19	Surry Co.	6	5	11	11
23	Virginia Beach	8	79	87	62
23	Williamsburg	0	0	0	0
23	York Co.	13	15	28	28
PDC 23 Total		228	460	688	484
State Total¹		1598	2536	4134	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

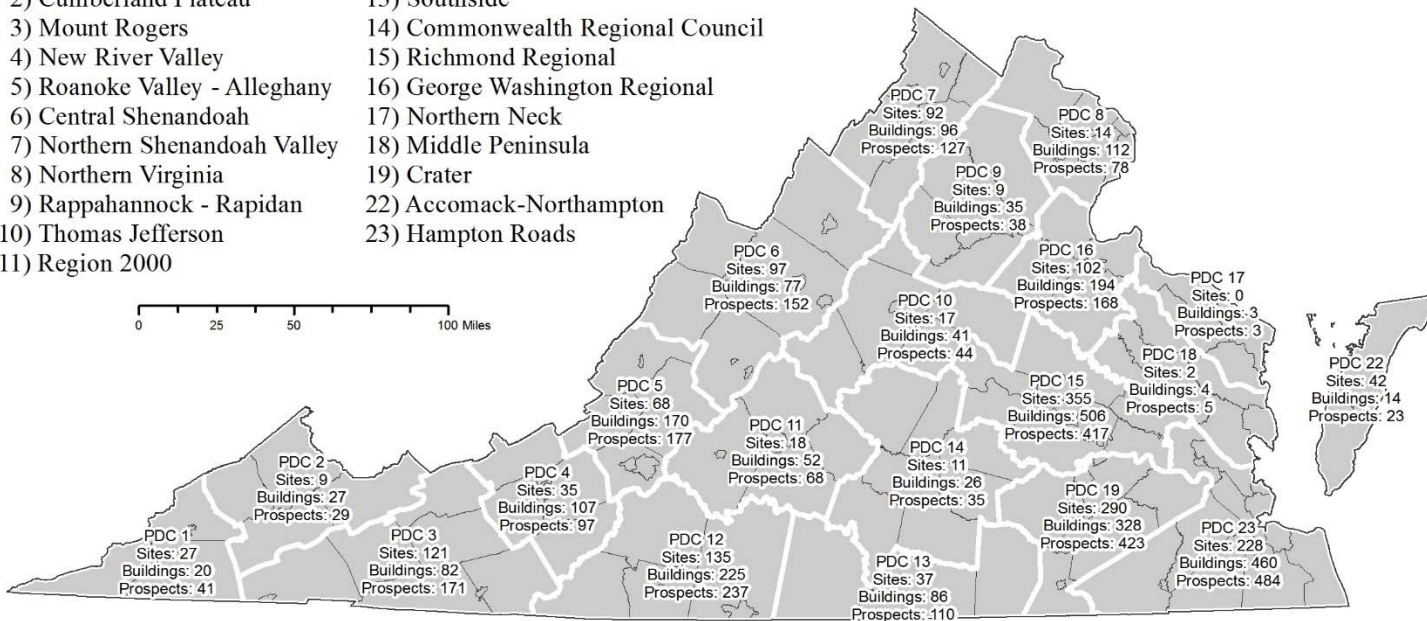
Gloucester-Middle Peninsula & Hampton Roads

Appendix Three: Site and Building Data for FY 2015

Community Location Studies, Sites and Buildings Meeting Prospect Requirements by Planning District 2015

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 2015

Appendix Four: Announcement Data for FY 2015

Company Name	PDC	Location	MFG	Type	Business	Employment	Investment (millions)	
Micronic Technologies	1	Wise Co.	M	E	Water treatment technology research	12	\$2.00	
Optafuel US Inc*	1	Wise Co.	M	E	Bio-refinery	40	\$4.00	
Southern Coal Corporation	1	Wise Co.	N	E	Coal mining	50	\$0.00	
<i>Expansion Total</i>					<i>3 announcements</i>		102	\$6.00
PDC 1 Total					3 announcements		102	\$6.00
Appalachian BioFuels	2	Russell Co.	M	N	Enzymatic biodiesel production	40	\$3.50	
Tri-State Energy	2	Russell Co.	M	N	Converting motors to natural gas	20	\$1.00	
<i>New Total</i>					<i>2 announcements</i>		60	\$4.50
AT&T Wireless	2	Russell Co.	N	E	Call center	60	\$0.00	
Mountain Forest Products	2	Dickenson Co.	M	E	Lumber and wood chipping	6	\$0.40	
Simmons Equipment Company	2	Tazewell Co.	M	E	Mining equipment manufacturing	30	\$1.00	
Tadano Mantis Crane	2	Tazewell Co.	M	E	Mobile crane manufacturing	25	\$2.50	
<i>Expansion Total</i>					<i>4 announcements</i>		121	\$3.90
PDC 2 Total					6 announcements		181	\$8.40
Core Health & Fitness LLC	3	Grayson Co.	M	N	Manufactures and distributes exercise and fitness equipment	250	\$2.00	
Nulife Glass, Ltd.*	3	Bristol	M	N	Cathode ray tube recycling	46	\$5.90	
Qore Systems	3	Washington Co.	M	N	Develop and manufacture hand sanitizers	140	\$12.80	
Vanguard Furniture	3	Carroll Co.	M	N	Household furniture upholstery production	200	\$0.55	
<i>New Total</i>					<i>4 announcements</i>		636	\$21.25
Andrews Farming Co.	3	Carroll Co.	M	E	Production, warehousing, and distribution of agricultural products.	51	\$5.61	
Bristol Compressors International	3	Washington Co.	M	E	Compressors; air conditioning, heating	110	\$1.00	
Consolidated Glass & Mirror	3	Galax	M	E	Float and fabricated glass products	30	\$1.57	
Coperion Corporation	3	Wythe Co.	M	E	Compounding bulk material systems components and services	22	\$3.00	

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CWW Conveyor Systems	3	Carroll Co.	M	E	Manufacture conveyor equipment	20	\$2.00	
Hansen Turbine Assemblies	3	Grayson Co.	M	E	Manufactures coating spray applications for aircrafts and turbine parts	25	\$2.50	
Independence Lumber, Inc	3	Grayson Co.	M	E	Manufactures all grades of lumber, including furniture grade and flooring oaks	25	\$5.05	
Mayville Engineering Company, Inc.	3	Smyth Co.	M	E	Metal fabrication, tube forming and coatings	160	\$10.00	
McAllister Mills Inc	3	Grayson Co.	M	E	Heat resistant materials and textiles, R&D	16	\$1.05	
Oak Hall Industries, Inc.	3	Grayson Co.	M	E	Manufactures graduation caps and gowns	100	\$1.20	
Thomas Automation Management, LLC	3	Carroll Co.	M	E	IT automation solutions	15	\$1.00	
	<i>Expansion Total</i>					<i>11 announcements</i>	<i>574</i>	<i>\$33.98</i>
	PDC 3 Total					15 announcements	1,210	\$55.23
Hubbell Lighting, Inc.	4	Montgomery Co.	M	E	Manufactures and distributes lighting fixtures	100	\$6.02	
InMotion US*	4	Montgomery Co.	M	E	Motors and drives for electric and hybrid vehicles	10	\$5.00	
James Hardie Building Products Inc.*	4	Pulaski Co.	M	E	Manufactures fiber-cement siding	69	\$25.00	
Luna Innovations	4	Montgomery Co.	N	E	Research and engineering services	0	\$0.50	
Wolverine Advanced Materials	4	Montgomery Co.	M	E	Rubber coated material manufacturing	93	\$10.63	
	<i>Expansion Total</i>					<i>5 announcements</i>	<i>272</i>	<i>\$47.14</i>
	PDC 4 Total					5 announcements	272	\$47.14
AppTech Solutions	5	Roanoke Co.	M	E	Water storage and harvesting systems	104	\$0.21	
Clark Brothers Welding	5	Roanoke City	M	E	Welding and fabrication	26	\$0.28	
Dynax America Corporation*	5	Botetourt Co.	M	E	Automobile Transmission Parts	75	\$32.63	
FreightCar America, Inc.	5	Roanoke City	M	E	Railroad car manufacturing	40	\$3.00	
Mersen USA*	5	Salem	M	E	Manufacture graphite and carbide skid systems	50	\$5.70	
Tread Corporation	5	Botetourt Co.	M	E	Mining equipment	0	\$0.40	
Virginia Forge Company	5	Botetourt Co.	M	E	Steel forgings, automotive	38	\$4.60	
Virginia Transformer Corp.	5	Roanoke City	M	E	Custom power electric transformers	0	\$2.40	
Wells Fargo	5	Roanoke Co.	N	E	Customer support and operations center	500	\$0.00	
Yokohama Tire Corp.*	5	Salem	M	E	Tire manufacturing	0	\$15.00	

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	<i>Expansion Total</i>				<i>10 announcements</i>	833	\$64.21
	PDC 5 Total				10 announcements	833	\$64.21
FedEx Corporation	6	Staunton	N	N	Distribution center, parcel shipping	0	\$30.00
InterChange Group Inc	6	Augusta Co.	N	N	Refrigerated warehousing and storage.	5	\$4.75
Provides US Inc*	6	Augusta Co.	M	N	Manufactures HVAC components	45	\$6.10
	<i>New Total</i>				<i>3 announcements</i>	50	\$40.85
Anthem, Inc.	6	Harrisonburg	N	E	Data center	0	\$0.84
Axon Ghost Sentinel, Inc.	6	Harrisonburg	N	E	Cyber security services and solutions	29	\$1.50
Blue Ridge Machine Works	6	Augusta Co.	M	E	Manufactures custom machine components	10	\$1.35
Carded Graphics, LLC	6	Staunton	M	E	HQ; Manufactures printed packaging products	10	\$2.00
Cerro Fabricated Products, Inc.	6	Augusta Co.	M	E	Metal fabrication	55	\$5.10
Countryside Natural Products, Inc.	6	Waynesboro	M	E	Customized organic and non-gmo livestock feed	15	\$0.20
Devil's Backbone (Mountain View Brewery)	6	Rockbridge Co.	M	E	Brewery and distribution of craft beers	25	\$6.00
McKee Foods Corp.	6	Augusta Co.	M	E	Snack cakes	54	\$34.00
Neuman Aluminum USA*	6	Waynesboro	M	E	Aluminum impact extrusion and machining	26	\$2.80
Nexus Services Inc	6	Augusta Co.	N	E	GPS tracking devices and court services for immigration	250	\$22.00
Penny Plate of Virginia	6	Augusta Co.	M	E	Aluminum pan manufacturing	0	\$3.00
Serco Inc.*	6	Harrisonburg	N	E	Records management and patent processing	40	\$0.00
Shenandoah Growers, Inc.	6	Rockingham Co.	M	E	HQ; Herb growing and herb brokerage	15	\$8.70
Special Fleet Service	6	Harrisonburg	M	E	Commercial truck body fabrication	45	\$1.20
	<i>Expansion Total</i>				<i>14 announcements</i>	574	\$88.69
	PDC 6 Total				17 announcements	624	\$129.54
Nature's Touch Frozen Foods Inc.*	7	Warren Co.	N	N	Repackaging imported frozen foods and distributing in the US	25	\$1.80
TalentWise	7	Frederick Co.	N	N	HR technology services	141	\$1.00
	<i>New Total</i>				<i>2 announcements</i>	166	\$2.80
Andros Foods North America*	7	Shenandoah Co.	M	E	Fruit processing	160	\$73.00

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Interbake Foods LLC*	7	Warren Co.	M	E	Manufactures cookies and crackers	31	\$11.10	
M & H Plastics*	7	Frederick Co.	M	E	Plastic bottles and containers	45	\$5.50	
O'Sullivan Films*	7	Winchester	M	E	Vinyl, polymer, alloy sheets and films.	96	\$6.00	
Route 11 Potato Chips	7	Shenandoah Co.	M	E	Potato chips	13	\$1.20	
Threshold Enterprises	7	Frederick Co.	N	E	Distributor of dietary and health supplements	125	\$3.00	
		<i>Expansion Total</i>				<i>6 announcements</i>	<i>470</i>	<i>\$99.80</i>
		PDC 7 Total				8 announcements	636	\$102.60
American Association of Physicists in Medicine	8	Alexandria	N	N	HQ; professional association	25	\$7.70	
Ball Aerospace & Technologies Corp.	8	Fairfax Co.	N	N	Operation support for aerospace and federal customers	60	\$1.50	
BIS Global	8	Fairfax Co.	N	N	HQ; Provider of web based information technology solutions	50	\$1.00	
Constellation West	8	Fairfax Co.	N	N	Mission critical technology solutions for US government	142	\$0.00	
Diaz Wholesale & Manufacturing Co. Inc.	8	Prince William Co.	N	N	International food distribution	44	\$10.00	
Intelligize, Inc.	8	Fairfax Co.	N	N	Web based services development	13	\$0.00	
K2M Inc.	8	Loudoun Co.	M	N	Manufactures spinal medical devices, R&D	97	\$28.40	
Lidl Dienstleistung GmbH*	8	Arlington Co.	N	N	HQ; Grocery store chain	500	\$77.00	
Optimo IT	8	Prince William Co.	N	N	IT solutions	20	\$0.60	
Saab Defense and Security USA*	8	Loudoun Co.	N	N	HQ; Technology solutions for defense and homeland security	10	\$0.10	
Supply Source DC	8	Alexandria	N	N	HQ; Corporate real estate consulting	10	\$0.02	
Virtual Workgroup Technologies Corporation	8	Fairfax Co.	N	N	Data center sublet	3	\$0.10	
Washington Free Press	8	Arlington Co.	N	N	News website	25	\$0.10	
Zendesk	8	Loudoun Co.	N	N	Cloud-based customer service software	0	\$25.00	
		<i>New Total</i>				<i>14 announcements</i>	<i>999</i>	<i>\$151.52</i>
Adequare*	8	Fairfax Co.	N	E	Software production	15	\$0.00	
Airbus Americas, Inc*	8	Loudoun Co.	M	E	Production and warehousing of aircraft parts	0	\$2.15	
Amaran Technology Corp.	8	Fairfax Co.	N	E	IT consulting and contractor	15	\$0.00	

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AMERICAN SYSTEMS Corporation	8	Fairfax Co.	N	E	Systems engineering services	35	\$0.00
Apex Systems, Inc.	8	Fairfax Co.	N	E	IT staffing and services	50	\$1.00
Bechtel Corporation	8	Fairfax Co.	N	E	HQ; Engineering, construction, and project management.	700	\$10.00
Black Hops Farm	8	Loudoun Co.	M	E	Hops production, drying, and pelletizing	11	\$1.00
BlueAlly, LLC	8	Fairfax Co.	N	E	Information technology services	15	\$0.00
Bode Technology Group Inc	8	Fairfax Co.	N	E	DNA testing laboratory	175	\$1.20
CACI International, Inc.	8	Fairfax Co.	N	E	Information technology consulting	155	\$0.00
Capital One Financial Corp.	8	Fairfax Co.	N	E	Corporate HQ; financial services	500	\$10.00
Carahsoft Technology Corp.	8	Fairfax Co.	N	E	Government IT solutions provider	180	\$0.00
Clarabridge	8	Fairfax Co.	N	E	Sentiment and text analytics software	58	\$0.00
Corporate Executive Board	8	Arlington Co.	N	E	HQ; Business research and analysis; membership association	800	\$149.70
Covenant Security Solutions	8	Fairfax Co.	N	E	IT information security	30	\$0.00
Cvent, Inc.	8	Fairfax Co.	N	E	Event software development	100	\$0.00
Datastrong, LLC.	8	Fairfax Co.	N	E	Business management software and services	12	\$0.00
Design & Production Incorporated	8	Fairfax Co.	N	E	Museum exhibit design	15	\$0.00
Digilent Consulting	8	Fairfax Co.	N	E	Technology and business consulting	15	\$0.00
Discover Technologies	8	Fairfax Co.	N	E	IT consulting and development	92	\$0.11
Discover Technologies	8	Fairfax Co.	N	E	IT consulting and development	40	\$0.00
eKuber Ventures, Inc.	8	Fairfax Co.	N	E	IT consulting	70	\$0.00
Exostar	8	Fairfax Co.	N	E	Systems integration	29	\$0.00
FoundationDB	8	Fairfax Co.	N	E	Database IT development	25	\$0.00
Fulcrum Corporation	8	Fairfax Co.	N	E	Technology solutions, systems integration, program management	15	\$0.00
Go Canvas	8	Fairfax Co.	N	E	Designs custom mobile apps	157	\$0.55
Harmony Information Systems, Inc.	8	Fairfax Co.	N	E	Human services software solutions	10	\$0.00
InfinityQS International, Inc.	8	Fairfax Co.	N	E	Management software and services	14	\$0.00
Intelsat*	8	Fairfax Co.	N	E	Provides satellite services.	190	\$0.00

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Kaspersky Government Security Solutions Inc.*	8	Fairfax Co.	N	E	Cybersecurity software development	15	\$0.20	
LGS Innovations	8	Fairfax Co.	N	E	Networking solutions for US Federal Government	40	\$0.00	
Management Concepts, Inc.	8	Fairfax Co.	N	E	Business management consulting	20	\$0.00	
Marketing Design Group	8	Fairfax Co.	N	E	Event and association marketing	18	\$0.00	
Metters Incorporated	8	Fairfax Co.	N	E	Systems integration and logistics; contractor	14	\$0.00	
Mhelpdesk, Inc.	8	Fairfax Co.	N	E	Business management software and services	50	\$0.00	
Navy Federal Credit Union	8	Fairfax Co.	N	E	HQ; credit union, financial services	600	\$114.60	
NeoSystems Corp.	8	Fairfax Co.	N	E	Tailored IT, software, and back office solutions	25		
Newgen Software*	8	Fairfax Co.	N	E	Business process management solutions and software	10	\$0.00	
NexVortex	8	Fairfax Co.	N	E	telecommunication services	32	\$0.26	
Ntiva, Inc.	8	Fairfax Co.	N	E	IT Consulting Services	32	\$0.00	
OpenWhere, Inc.	8	Fairfax Co.	N	E	Cloud based information technology services	10	\$0.00	
Opus Group, LLC	8	Fairfax Co.	N	E	IT consulting	58	\$0.10	
Quality Business Engineering LLC	8	Prince William Co.	N	E	Management and technology consulting services	30	\$1.20	
SC&A Inc.	8	Fairfax Co.	N	E	Environmental and energy consulting, HQ	67	\$1.00	
Securits Security Services USA, Inc.*	8	Fairfax Co.	N	E	Corporate security services	40	\$0.00	
TechAmerica	8	Fairfax Co.	N	E	Advocacy and representation for tech companies	75	\$0.20	
Technology Management Associates	8	Fairfax Co.	N	E	Cyber security services	95	\$1.33	
Veris Group, LLC	8	Fairfax Co.	N	E	IT and cyber security services	25	\$0.51	
XO Communication	8	Fairfax Co.	N	E	IP Communications, network, and IT infrastructure	56	\$0.00	
Zoomdata	8	Fairfax Co.	N	e	Data visualization and analytics developer	15	\$0.00	
		<i>Expansion Total</i>				<i>50 announcements</i>	<i>4,850</i>	<i>\$295.10</i>
		PDC 8 Total				64 announcements	5,849	\$446.62
Gaithersburg Cabinetry & Millwork Co.	9	Fauquier Co.	M	E	Furniture and wood products manufacturer	25	\$5.00	
Old House Distillery	9	Culpeper Co.	M	E	Craft distillery	3	\$0.23	
VivaTerra	9	Madison Co.	N	E	HQ, Home décor and garden products	25	\$4.50	

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	<i>Expansion Total</i>				<i>3 announcements</i>	53	\$9.73
	PDC 9 Total				3 announcements	53	\$9.73
Kelly Turkeys USA*	10	Albemarle Co.	M	N	Heritage breed turkeys	30	\$1.40
Twenty Paces	10	Albemarle Co.	M	N	Artisanal farmstead cheeses	7	\$0.32
Zenith Quest International	10	Nelson Co.	M	N	Handheld firearm assembly, ammunition storage and distribution	30	\$0.00
	<i>New Total</i>				<i>3 announcements</i>	67	\$1.72
Afton Scientific	10	Albemarle Co.	M	E	Sterile vials and aseptic filling	17	\$1.00
Apex Clean Energy, Inc.	10	Charlottesville	M	E	Wind farm and turbine manufacturing	31	\$1.12
Champion Brewing Company, LLC	10	Charlottesville	M	E	Brewery	22	\$1.00
Co-Construct	10	Albemarle Co.	N	E	Project management software design	48	\$0.14
Indoor Biotechnologies, Inc.	10	Charlottesville	M	E	Products and services for indoor air quality	8	\$2.48
Lighthouse Instruments	10	Albemarle Co.	M	E	Oxygen monitoring equipment	8	\$0.19
Psi Kick, Inc.	10	Charlottesville	M	E	Wireless sensing devices	40	\$3.50
Savvy Rest, Inc.	10	Albemarle Co.	M	E	Organic mattress manufacturing	10	\$0.10
Scitent	10	Charlottesville	N	E	Develops learning systems	15	\$0.10
Tech Dynamism LLC	10	Charlottesville	N	E	Database development and optimization	30	\$0.10
Timbrio LLC	10	Charlottesville	N	E	Computer services and systems integration	29	\$0.10
VividCortex Inc	10	Albemarle Co.	N	E	Technical intelligence software	53	\$0.15
Willow Tree Apps, Inc.	10	Charlottesville	N	E	Mobile applications	94	\$0.60
	<i>Expansion Total</i>				<i>13 announcements</i>	405	\$10.58
	PDC 10 Total				16 announcements	472	\$12.30
Lindenburg Industry*	11	Appomattox Co.	M	N	Manufactures emissions filters	349	\$113.00
Seven Hills Food	11	Lynchburg	M	N	Meat processing	61	\$3.00
	<i>New Total</i>				<i>2 announcements</i>	410	\$116.00

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Hermle Uhren GmbH & Co. K.G.*	11	Amherst Co.	M	E	Clock cabinet manufacturing	10	\$0.75
	<i>Expansion Total</i>				<i>1 announcement</i>	10	\$0.75
	PDC 11 Total				3 announcements	420	\$116.75
Hardide Coatings, Inc.*	12	Henry Co.	M	N	Advanced surface coatings for aerospace and other industries	29	\$7.25
Sky Valley Foods	12	Danville	M	N	N.A. HQ; Manufactures organic sauces and condiments	60	\$0.00
	<i>New Total</i>				<i>2 announcements</i>	89	\$7.25
Amthor International Inc.	12	Pittsylvania Co.	M	E	Truck bodies and tanks	30	\$0.00
Ebay Enterprises	12	Henry Co.	N	E	Fulfillment center	191	\$5.80
Edelmann Technology*	12	Franklin Co.	N	E	Warehouse and service for manufactured winders and slitters	10	\$0.15
Essel Propack America LLC*	12	Danville	M	E	Manufactures aluminum tubes	0	\$2.10
Monogram Food Solutions	12	Henry Co.	N	E	Distribution center	101	\$7.24
Monogram Food Solutions	12	Henry Co.	M	E	Manufacturers processed beef products	200	\$36.48
Telvista Inc.	12	Danville	N	E	Call center; customer service	300	\$1.00
The Results Companies	12	Patrick Co.	N	E	Customer service center	300	\$0.00
Trinity Packaging Corp.	12	Franklin Co.	M	E	Food service and industrial plastic bag products	25	\$9.50
	<i>Expansion Total</i>				<i>9 announcements</i>	1,157	\$62.27
	PDC 12 Total				11 announcements	1,246	\$69.52
Grand Springs, Inc.	13	Halifax Co.	M	E	Spring water packaging	18	\$0.00
	<i>Expansion Total</i>				<i>1 announcement</i>	18	\$0.00
	PDC 13 Total				1 announcement	18	\$0.00
Foreign Affairs Security Training Center FASTC	14	Nottoway Co.	N	N	Training and office services to the US Department of State	574	\$461.00
	<i>New Total</i>				<i>1 announcement</i>	574	\$461.00
Blue Ridge Railcar Repair LLC	14	Charlotte Co.	M	E	Railcar repair and cleaning service	37	\$2.41
	<i>Expansion Total</i>				<i>1 announcement</i>	37	\$2.41
	PDC 14 Total				2 announcements	611	\$463.41
Alton Lane	15	Richmond City	M	N	Custom menswear; HQ	10	\$0.02

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Blue Bell Creameries	15	Hanover Co.	N	N	Warehouse and distribution of ice cream products	0	\$0.31
Detactamet*	15	Henrico Co.	M	N	High density detectable plastics manufacturing	30	\$1.00
Ho-Ho-Kus, Inc.	15	Chesterfield Co.	M	N	Design and manufacture aircraft parts	40	\$3.35
Kels USA*	15	Henrico Co.	M	N	Electrical contact materials	100	\$7.00
Mavalério Ltd.*	15	Hanover Co.	M	N	Candy and confectionary products	65	\$5.00
Stone Brewing Co.	15	Richmond City	M	N	Craft beer brewery	288	\$74.30
Total Quality Logistics, Inc.	15	Chesterfield Co.	N	N	Logistics broker	60	\$0.10
		<i>New Total</i>			<i>8 announcements</i>	<i>593</i>	<i>\$91.08</i>
Amazon.com, Inc.	15	Chesterfield Co.	N	E	Fulfillment center	1,423	\$0.00
Amazon.com, Inc.	15	Chesterfield Co.	N	E	Fulfillment center	365	\$0.00
Cuore	15	Chesterfield Co.	N	E	Sales and customer service call center	200	\$0.00
Elephant Insurance*	15	Henrico Co.	N	E	Auto insurance	1,173	\$2.00
Enclos Corp	15	Chesterfield Co.	M	E	Manufactures and applies advanced exterior wall technologies to commercial buildings.	200	\$3.00
IPPON Technologies USA*	15	Richmond City	N	E	Web development and design	44	\$0.11
Live Well Financial Inc.	15	Chesterfield Co.	N	E	Mortgage lender and servicer; call center	100	\$0.00
Live Well Financial Inc.	15	Chesterfield Co.	N	E	Mortgage lender and servicer	120	\$0.00
McKesson Medical-Surgical Inc	15	Henrico Co.	N	E	HQ, medical supplies	225	\$10.00
NICHE Logistics	15	Chesterfield Co.	N	E	Logistics solutions for specialty market business	5	\$0.10
Relay Foods	15	Richmond City	N	E	Distribution of home groceries delivery service	75	\$0.71
Republic National Distributing Co.	15	Hanover Co.	N	E	Distribution of wine and spirits	0	\$17.00
San-J International, Inc.*	15	Henrico Co.	M	E	Soy sauce manufacturing	18	\$38.00
		<i>Expansion Total</i>			<i>13 announcements</i>	<i>3,948</i>	<i>\$70.92</i>
		<i>PDC 15 Total</i>			<i>21 announcements</i>	<i>4,541</i>	<i>\$162.00</i>
Lidl Dienstleistung GmbH	16	Spotsylvania Co.	N	N	Grocery chain, distribution center	200	\$125.00
		<i>New Total</i>			<i>1 announcement</i>	<i>200</i>	<i>\$125.00</i>
Bowen Group	16	Stafford Co.	N	E	Consulting for military community support	30	\$0.00
CCE Specialties	16	King George Co.	M	E	Framing, drywall, and acoustical ceiling contractor	60	\$3.70

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Commercial Metals Company	16	King George Co.	M	E	Metal fabrication reinforcing products	20	\$12.00	
Corps Solutions	16	Stafford Co.	N	E	National security training services and support	129	\$5.00	
Davis Defense	16	Stafford Co.	N	E	Defense contractor; acquisition, logistics, finance	118	\$0.00	
GEICO Corporation	16	Stafford Co.	N	E	Provider of insurance services.	350	\$24.35	
Hoover Treated Wood Products, Inc.	16	Caroline Co.	M	E	Preservative treated lumber and plywood	10	\$0.75	
IPKeys Technologies, LLC	16	Stafford Co.	N	E	Internet protocol technology and communication systems	15	\$0.00	
Marstel Day	16	Fredericksburg	N	E	Environment and planning consulting	40	\$0.10	
McKesson Corporation	16	Caroline Co.	N	E	Pharmaceutical and health care products distribution	25	\$0.00	
MLT Systems	16	Stafford Co.	N	E	Defense contractor; logistics and acquisition	28	\$0.00	
SimVention	16	Stafford Co.	N	E	Systems, software, and security engineering, modeling and simulation	50	\$0.00	
		<i>Expansion Total</i>				<i>12 announcements</i>	<i>875</i>	<i>\$45.90</i>
		PDC 16 Total				13 announcements	1,075	\$170.90
510Nano	19	Greensville Co.	M	N	Renewable energy products and technologies	113	\$11.00	
CIMC Intermodal Equipment	19	Greensville Co.	M	N	Chassis production	40	\$0.60	
Independence Construction Materials	19	Petersburg	M	N	Asphalt plant	37	\$7.30	
UniTao Pharmaceuticals*	19	Petersburg	M	N	Pharmaceutical manufacturing	376	\$22.50	
		<i>New Total</i>				<i>4 announcements</i>	<i>566</i>	<i>\$41.40</i>
Amazon.com, Inc.	19	Dinwiddie Co.	N	E	Fulfillment center	135	\$0.00	
Amazon.com, Inc.	19	Dinwiddie Co.	N	E	Fulfillment center	527	\$0.00	
Ashland Inc.	19	Hopewell	M	E	Specialty chemicals	17	\$89.25	
Big Trouble Malting and Spirits	19	Petersburg	M	E	Distillery and malt manufacturing	6	\$0.81	
SteelFab, Inc.	19	Emporia	M	E	Steel fabrication	6	\$0.65	
		<i>Expansion Total</i>				<i>5 announcements</i>	<i>691</i>	<i>\$90.71</i>
		PDC 19 Total				9 announcements	1,257	\$132.11
Amazon Web Services	22	Accomack Co.	N	N	Solar farm	4	\$125.00	
		<i>New Total</i>				<i>1 announcement</i>	<i>4</i>	<i>\$125.00</i>

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Coastline Chemical	22	Accomack Co.	M	E	Industrial chemicals and antifreeze	16	\$2.70
		<i>Expansion Total</i>			<i>1 announcement</i>	16	\$2.70
		PDC 22 Total			2 announcements	20	\$127.70
Canada Metal Pacific*	23	Virginia Beach	M	N	Global supplier of non-ferrous metal products	70	\$3.50
Friant and Associates	23	Suffolk	M	N	Institutional and office furniture manufacturing	166	\$17.42
Frontier Technology Inc.	23	Chesapeake	N	N	IT services, software, and engineering	12	\$0.15
Haulotte North America*	23	Virginia Beach	M	N	Aerial work platforms	67	\$0.60
Information Dominance Forces Command	23	Suffolk	N	N	Cyber expertise for Navy	0	\$0.10
Ironclad Distillery	23	Newport News	M	N	Bourbon micro distillery	9	\$0.10
Liberty-Source, PBC	23	Hampton	N	N	Business process outsourcing	596	\$1.57
Maola Milk and Ice Cream	23	Newport News	M	N	Produce and distribute full line of dairy products	42	\$0.00
Pacorini Global Services*	23	Suffolk	N	N	Logistics for coffee market	10	\$0.50
UST Global	23	Norfolk	N	N	IT maintenance and software development	100	\$0.00
VersAbility	23	Virginia Beach	N	N	Electronics recycling	53	\$2.25
		<i>New Total</i>			<i>11 announcements</i>	1,125	\$26.19
Acoustical Sheetmetal Inc	23	Virginia Beach	M	E	Manufacture sound attenuated enclosures and fuel tanks	48	\$0.00
AETNA Insulated Wire Co.	23	Virginia Beach	M	E	Insulated Wire	25	\$6.30
Apac Customer Services, Inc.	23	Virginia Beach	N	E	Customer care services	175	\$0.00
Blue Bell Creameries	23	Suffolk	N	E	Warehouse and distribution of ice cream products	6	\$5.80
Canon Virginia, Inc.*	23	Newport News	M	E	Printer cartridge and toner manufacturing	0	\$100.00
Cape Henry Associates	23	Virginia Beach	N	E	Personnel training and human resources consulting	36	\$0.15
Chesapeake Bay Distillery	23	Virginia Beach	M	E	Specialty spirits distillery	0	\$1.22
Ciba Specialty Chemicals*	23	Suffolk	M	E	Polyacrylamides used in water treatment applications	0	\$4.50
Coastal Precast Systems	23	Chesapeake	M	E	Precast concrete manufacturing	75	\$2.50
Consentino S.A.*	23	Hampton	N	E	Distributes stone and materials for countertops	10	\$0.00
Continental Automotive Systems*	23	Newport News	M	E	Automotive parts production	525	\$152.00

Appendix Four: Announcement Data for FY 2015

Copper Fox Distillery	23	Williamsburg	M	E	Producer of distilled spirits	28	\$2.00
DOMA Technologies LLC	23	Virginia Beach	N	E	Cloud based data and document management	150	\$1.00
Dreamlight, Inc.	23	Virginia Beach	M	E	Gymnastics athletic ware	45	\$1.10
Expert Global Solutions, Inc.	23	Virginia Beach	N	E	Global business customer care services	175	\$0.60
Ferguson Enterprises, Inc.*	23	Hampton	N	E	Provides customer service for incoming calls	171	\$0.00
GEICO Corporation	23	Virginia Beach	N	E	Provider of insurance services	100	\$0.00
GEICO Corporation	23	Virginia Beach	N	E	Call center; insurance	120	\$0.00
Global Supply Solutions (GSS Gear)	23	Virginia Beach	N	E	Supplier of tactical and outdoor gear	0	\$2.20
govSolutions, Inc.	23	Virginia Beach	N	E	Office furniture supply and design	10	\$0.83
LifeNet Health	23	Virginia Beach	N	E	Regenerative organ and tissue R&D	160	\$0.00
M2 Pictures	23	Hampton	N	E	Video, film, and multi-media productions	0	\$1.10
Marathon Consulting	23	Virginia Beach	N	E	Software development and engineering	34	\$0.20
Military Sealift Command	23	Norfolk	N	E	HQ for Navy's Sealift Command	507	\$31.00
Naval Facilities Engineering Command Mid-Atlantic	23	Virginia Beach	N	E	Base operations and facilities maintenance services	200	\$0.00
Naval Facilities Engineering Command Mid-Atlantic	23	Norfolk	N	E	Base operations and facilities maintenance services	200	\$0.00
Naval Facilities Engineering Command Mid-Atlantic	23	York Co.	N	E	Base operations and facilities maintenance services	30	\$0.00
Operation Smile	23	Virginia Beach	N	E	HQ; Charitable organization	23	\$0.00
Powertrain Industries	23	Virginia Beach	M	E	Automotive power train parts	8	\$1.25
Providence Agriculture	23	Franklin City	M	E	Manufactures agricultural chemicals and seeds	0	\$1.50
S&S Precision	23	Virginia Beach	N	E	Law enforcement and military surplus	6	\$2.00
Seva Technical Services	23	Newport News	N	E	Maintenance, Repair and Operations supplies to Federal government	0	\$0.60
StarChase	23	Virginia Beach	M	E	Police GPS tracking devices	35	\$0.00
Target Corp.	23	Suffolk	N	E	East coast import warehouse	168	\$50.00
Tidewater Tactical	23	Virginia Beach	N	E	Military and law enforcement tactical equipment	5	\$1.15

Appendix Four: Announcement Data for FY 2015

Tidewater Valve and Fitting, Inc.	23	Virginia Beach	N	E	HQ; industrial and government piping and fitting supplies	7	\$1.12	
Valkyrie Enterprises, LLC	23	Virginia Beach	N	E	System engineering and acquisition support, readiness, modernization	100	\$0.00	
VT Milicom	23	Virginia Beach	N	E	Design and service of electronics and communications systems	64	\$6.50	
W&O Supply	23	Virginia Beach	N	E	Engineering and automation products for marine and energy industry	35	\$0.50	
Zero Point Inc.	23	Virginia Beach	N	E	Counterterrorism contracting	89	\$0.00	
		<i>Expansion Total</i>				<i>40 announcements</i>	<i>3,370</i>	<i>\$377.12</i>
		PDC 23 Total				51 announcements	4,495	\$403.30
Not Publicly Announced		<i>Confidential Total</i>				51 announcements	925	\$1,094.79
Grand Total						311 announcements	24,840	\$3,622.26

Notes:

*Indicates foreign affiliation

Type: New or Expansion

Mfg: Manufacturing or Nonmanufacturing

2015 announcements are preliminary

All announcements are subject to revision

Appendix 5: Employment Creation and Capital Investment by PDC for FY 2015

	Announcements	Employment	Investment (millions)
New Total	0	0	\$0.00
Expansion Total	2	52	\$6.00
PDC 1 Total	2	52	\$6.00
New Total	2	60	\$4.50
Expansion Total	4	121	\$3.90
PDC 2 Total	6	181	\$8.40
New Total	4	636	\$21.25
Expansion Total	11	574	\$33.98
PDC 3 Total	15	1,210	\$55.23
New Total	0	0	\$0.00
Expansion Total	5	272	\$47.14
PDC 4 Total	5	272	\$47.14
New Total	0	0	\$0.00
Expansion Total	8	333	\$61.81
PDC 5 Total	8	333	\$61.81
New Total	1	45	\$6.10
Expansion Total	11	489	\$86.65
PDC 6 Total	12	534	\$92.75
New Total	2	166	\$2.80
Expansion Total	6	470	\$99.80
PDC 7 Total	8	636	\$102.60

Appendix 5: Employment Creation and Capital Investment by PDC for FY 2015

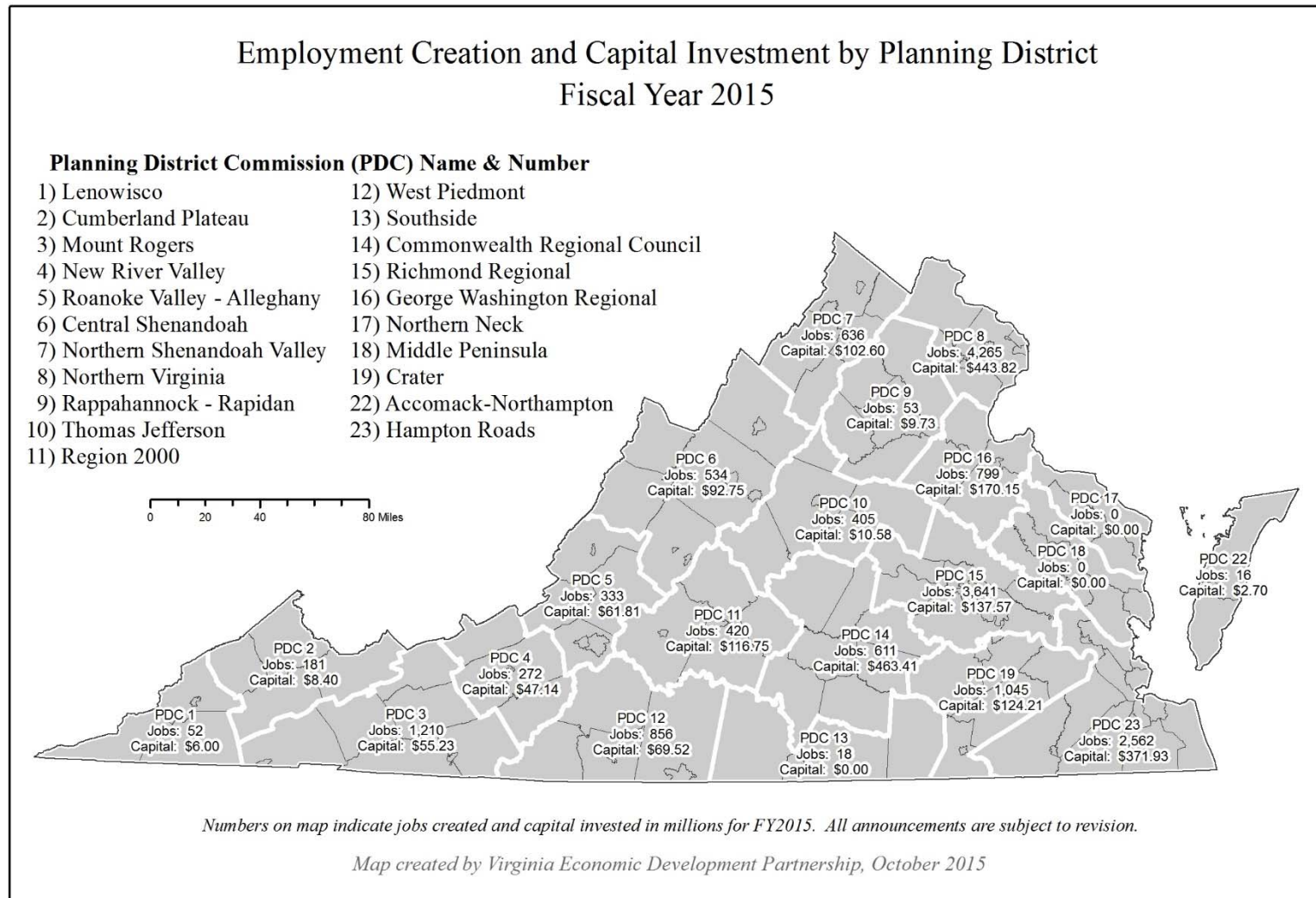
New Total	11	824	\$150.92
Expansion Total	16	3,441	\$292.90
PDC 8 Total	27	4,265	\$443.82
New Total	0	0	\$0.00
Expansion Total	3	53	\$9.73
PDC 9 Total	3	53	\$9.73
New Total	0	0	\$0.00
Expansion Total	13	405	\$10.58
PDC 10 Total	13	405	\$10.58
New Total	2	410	\$116.00
Expansion Total	1	10	\$0.75
PDC 11 Total	3	420	\$116.75
New Total	1	29	\$7.25
Expansion Total	7	827	\$62.27
PDC 12 Total	8	856	\$69.52
New Total	0	0	\$0.00
Expansion Total	1	18	\$0.00
PDC 13 Total	1	18	\$0.00
New Total	1	574	\$461.00
Expansion Total	1	37	\$2.41
PDC 14 Total	2	611	\$463.41
New Total	5	483	\$83.75

Appendix 5: Employment Creation and Capital Investment by PDC for FY 2015

Expansion Total	7	3,158	\$53.82
PDC 15 Total	12	3,641	\$137.57
New Total	1	200	\$125.00
Expansion Total	5	599	\$45.15
PDC 16 Total	6	799	\$170.15
New Total	0	0	\$0.00
Expansion Total	0	0	\$0.00
PDC 17 Total	0	0	\$0.00
New Total	0	0	\$0.00
Expansion Total	0	0	\$0.00
PDC 18 Total	0	0	\$0.00
New Total	2	489	\$33.50
Expansion Total	4	556	\$90.71
PDC 19 Total	6	1,045	\$124.21
New Total	0	0	\$0.00
Expansion Total	1	16	\$2.70
PDC 22 Total	1	16	\$2.70
New Total	6	911	\$23.34
Expansion Total	11	1,651	\$348.60
PDC 23 Total	17	2,562	\$371.93
Confidential	46	847	\$648.79
Grand Total	201	18,756	\$2,943.10

Note: FY 2015 announcements are preliminary; all announcements are subject to revision

Appendix 5: Employment Creation and Capital Investment by PDC for FY 2015



Appendix 6: Audited Financial Report

Virginia Economic Development Partnership
Audited Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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INTRODUCTORY SECTION

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
Richmond, Virginia

APPOINTED OFFICIALS

As of June 30, 2015

Board of Directors

Chris A. Lumsden, Chair
C. Daniel Clemente, Vice Chair

Stephen R. Adkins	Vincent J. Mastracco
Edie M. Bowles	David Oliver
Russell B. Clark	Dan M. Pleasant
The Honorable Lee Coburn	John G. Rocovich, Jr.
Mark D. Heath	Samuel A. Schreiber
David Hudgins	Donald W. Seale
Ned W. Masee	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, 2015

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, 2015. 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 liability in the current period are expected to be paid with future funding appropriations from the Commonwealth of Virginia (COV).

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 COV, 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, 2015, the Partnership had a net position of (\$11,061,822) compared to a net position of (\$3,623,081) as of June 30, 2014. Following is an analysis of the changes in the net position of the Partnership.

	Net Position		
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 3,696,305	\$ 3,124,822	\$ 571,483
Capital assets, net of depreciation	<u>616,235</u>	<u>785,919</u>	<u>(169,684)</u>
Total assets	4,312,540	3,910,741	401,799
Deferred outflows of resources	<u>955,080</u>	<u>-</u>	<u>955,080</u>
Total assets and deferred outflows	<u>5,267,620</u>	<u>3,910,741</u>	<u>1,356,879</u>
Non-current liabilities	13,549,642	7,016,486	6,533,156
Other liabilities	<u>360,800</u>	<u>517,336</u>	<u>(156,536)</u>
Total liabilities	13,910,442	7,533,822	6,376,620
Deferred inflows of resources	<u>2,419,000</u>	<u>-</u>	<u>2,419,000</u>
Total liabilities and deferred inflows	<u>16,329,442</u>	<u>7,533,822</u>	<u>8,795,620</u>
Net position:			
Net investment in capital assets	616,235	785,919	(169,684)
Unrestricted	<u>(11,678,057)</u>	<u>(4,409,000)</u>	<u>(7,269,057)</u>
Total net position	<u>\$(11,061,822)</u>	<u>\$(3,623,081)</u>	<u>\$(7,438,741)</u>

Total assets increased this fiscal year by \$401,799 when compared to last year. The principal causes of this increase were an increase in the Current asset, cash of \$1,267,288 due primarily to \$1,000,000 received from the COV related to the Virtual World Trade Center program carried over to FY2016, offset by a decrease of \$300,000 in the Current asset, due from primary government, a decrease of \$336,561 in the Current asset, operating grants receivable due to the timing of reimbursements from the federal government, and a decrease in other current assets of \$59,244. Capital assets, net of depreciation decreased \$169,684.

Fiscal Year 2015 Annual Report

Deferred outflows of resources increased by \$955,080. This amount represents employer pension contributions for the fiscal year ended June 30, 2015 recorded due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Total liabilities increased by \$6,376,620 due to an increase in the Non-current liabilities of the Partnership's net pension liability of \$6,202,820 as a result of the implementation of GASB 68, as well as an increase in net other post-employment obligation of \$333,993, offset by a decrease in compensated absences liability of \$3,657. Other liabilities decreased by \$156,356 primarily due to a decrease in deferred revenue of \$30,695 related to the timing of participation fees collected for events in the subsequent fiscal year, as well as a reduction in other current liabilities of \$125,841 due to the timing of accounts payable transactions and a reduction in the amount due to the Virginia National Defense Industrial Authority.

Deferred inflows of resources increased by \$2,419,000. This amount represents the net difference between projected and actual earnings on pension plan investments, as well as changes in proportion and differences between employer pension contributions and proportionate share of pension plan contributions recorded due to the implementation of GASB 68.

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 (\$11,678,057) is classified as *unrestricted*. The Partnership has recorded \$12,629,360 of net pension and other post retirement obligations which are expected to be paid with future appropriations from the COV. The Partnership's Current and other assets exceed its Other liabilities by \$3,335,505.

	Changes in Net Position		Increase (Decrease)
	<u>2015</u>	<u>2014</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 462,636	\$ 420,075	\$ 42,561
Operating grants	1,824,666	1,942,888	(118,222)
General revenues:			
General Fund appropriations	21,504,351	18,385,023	3,119,328
Other	191,154	114,634	76,520
	<hr/>	<hr/>	
Total revenues	<u>23,982,807</u>	<u>20,862,620</u>	<u>3,120,187</u>
Expenses:			
Business Expansion	2,570,890	2,134,788	436,102
Business Attraction	3,174,080	3,169,551	4,529
International Trade	5,660,438	6,305,797	(645,359)
Research	2,316,166	2,234,496	81,670
Communications and Promotions	3,092,559	3,236,661	(144,102)
Information Technology	1,425,711	1,533,536	(107,825)
Administration	3,591,884	3,327,834	264,050
Pass-Through Payments	1,500,000	44,987	1,455,013
	<hr/>	<hr/>	
Total expenses	<u>23,331,728</u>	<u>21,987,650</u>	<u>1,344,078</u>

Fiscal Year 2015 Annual Report

Increase (Decrease) in net position	651,079	(1,125,030)	1,776,109
Beginning net position	<u>(11,712,901)</u>	<u>(2,498,051)</u>	<u>(9,214,850)</u>
Ending net position	<u><u>\$(11,061,822)</u></u>	<u><u>\$(3,623,081)</u></u>	<u><u>\$ (7,438,741)</u></u>

Net position for the Partnership increased by \$651,079 during the current fiscal year. The total revenues increase of \$3,120,187 is due primarily to an increase in general fund appropriations provided by the COV related to the Virtual World Trade Center program, Marketing and Branding Campaign and a pass-through payment to the CCAM Apprentice Academy.

Total expenses for the Partnership increased by \$1,344,078. The overall increase in expenses is due primarily to increased spending in Business Expansion for the Virginia Jobs Investment Program, increased Administration spending for the newly created Chief Operating Officer position, and a \$1,500,000 pass-through payment to the CCAM Apprentice Academy, offset by reduced spending in International Trade for marketing expenses and Federal grant programs.

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 \$18.9 million. This amount was adjusted by a \$3.8 million increase related to the CCAM Apprentice Academy pass-through payment (\$1.5 million), Virtual World Trade Center (\$1.0 million), Marketing and Branding Campaign (\$1.0 million) and Employee Benefits Adjustments (\$.3 million) offset by decreases in Marketing and other budget reductions of approximately \$1.2 million. Actual COV revenue received exceeded the final budget by \$.3 million due to the timing of an FY2014 payment received in FY2015 related to Rolls Royce Project Management. Operating grants revenues exceeded budget due to the timing of reimbursement payments for a federal grant program received after June 30, 2014. Actual expenditures were below the final budget by approximately \$1.8 million for the fiscal year. This included \$1.0 million in the International Trade division carried over to FY2016 for the Virtual World Trade Center program, as well as underspending in the Business Attraction, Communications and Promotions and Administration 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 COV 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

Fiscal Year 2015 Annual Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF NET POSITION
 As of June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 2,568,294
Operating grants receivable	717,349
Prepaid expenses	391,773
Lease deposits (Note 6)	18,889
Capital assets, net of accumulated depreciation (Note 7)	
Leasehold improvements, furniture, and equipment	<u>616,235</u>
Total assets	4,312,540
Deferred outflows of resources (Note 10)	<u>955,080</u>
Total assets and deferred outflows of resources	<u>5,267,620</u>
Liabilities	
Accounts payable	135,000
Accrued payroll	174,050
Unearned revenue	51,750
Noncurrent liabilities due within one year	
Compensated absences (Note 9)	584,585
Noncurrent liabilities due in more than one year	
Compensated absences (Note 9)	335,697
Net pension liability (Note 10)	10,646,000
Net other post-employment obligation (Note 11)	<u>1,983,360</u>
Total liabilities	13,910,442
Deferred inflows of resources (Note 10)	<u>2,419,000</u>
Total liabilities and deferred inflows of resources	<u>16,329,442</u>
Net position	
Net investment in capital assets	616,235
Unrestricted	<u>(11,678,057)</u>
Total net position	<u><u>\$ (11,061,822)</u></u>

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

Fiscal Year 2015 Annual Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Business Expansion	\$ 2,570,890	\$ 72,613	\$	\$ (2,498,277)
Business Attraction	3,174,080	60,605		(3,113,475)
International Trade	5,660,438	192,953	1,824,666	(3,642,819)
Research	2,316,166	140		(2,316,026)
Communications and Promotions	3,092,559	132,325		(2,960,234)
Information Technology	1,425,711	-		(1,425,711)
Administration	3,591,884	4,000		(3,587,884)
Pass-through Payments	1,500,000	-		(1,500,000)
Total governmental activities	23,331,728	462,636	1,824,666	(21,044,426)
General Revenues				
Revenue provided by the General Fund of the Commonwealth (Note 5)				21,504,351
Interest revenue				4,549
Other revenue				197,791
Loss on disposal of capital assets				(11,186)
Total general revenues				21,695,505
Increase in net position				651,079
Net position, July 1, 2014 as restated (Note 2)				(11,712,901)
Net position, June 30, 2015				\$ (11,061,822)

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

Fiscal Year 2015 Annual Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents (Note 3)	\$ 2,568,294	\$	\$ 2,568,294
Due from the special revenue funds	717,349		
Operating grants receivable		717,349	717,349
Prepaid expenses	391,773		391,773
Lease deposits (Note 6)	18,889		18,889
Total assets	\$ 3,696,305	\$ 717,349	\$ 3,696,305
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 135,000		\$ 135,000
Accrued payroll	174,050		174,050
Compensated absences	10,994		10,994
Due to the general fund		717,349	
Unearned revenue	51,750		51,750
Total liabilities	371,794	717,349	371,794
Fund Balances:			
Nonspendable	410,662	-	410,662
Committed	-	-	-
Unassigned fund balance	2,913,849	-	2,913,849
Total fund balances	3,324,511	-	3,324,511
Total liabilities and fund balances	\$ 3,696,305	\$ 717,349	\$ 3,696,305

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

Fund balances, Governmental Funds	\$ 3,324,511
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	616,235
Noncurrent liabilities (compensated absences, net pension liability and net other post employment obligation) are not due and payable with current financial resources and, therefore, are not reported in the funds.	<u>(15,002,568)</u>
Total net position of governmental activities	<u>\$ (11,061,822)</u>

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

Fiscal Year 2015 Annual Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Revenue provided by the General Fund of the Commonwealth (Note 5)	\$ 21,504,351	\$	\$ 21,504,351
Participation fees	205,841		205,841
Sponsorship fees	173,362		173,362
Operating grants		1,824,666	1,824,666
Interest revenue	4,549		4,549
Other revenue	281,225		281,225
Total revenues	22,169,328	1,824,666	23,993,994
Expenditures			
Business Expansion	2,579,482		2,579,482
Business Attraction	3,180,318		3,180,318
International Trade	3,892,914	1,824,666	5,717,580
Research	2,313,309		2,313,309
Communications and Promotions	3,083,863		3,083,863
Information Technology	1,574,901		1,574,901
Administration	3,327,516		3,327,516
Pass-through Payments	1,500,000		1,500,000
Total expenditures	21,452,303	1,824,666	23,276,969
Revenues over expenditures	717,025	-	717,025
Fund balance, July 1, 2014	2,607,486	-	2,607,486
Fund balance, June 30, 2015	\$ 3,324,511	\$ -	\$ 3,324,511

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

Fiscal Year 2015 Annual Report

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, 2015

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

Net increase (decrease) in fund balance of the governmental funds	\$	717,025
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.		(169,684)
Some expenses reported in the statement of activities (compensated absences, net pension liability 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>103,738</u>
Increase in net position of governmental activities	\$	<u><u>651,079</u></u>

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

Fiscal Year 2015 Annual Report

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, 2015

	Budgeted Amounts		General Fund Actual	Special Revenue Fund Actual	Variances with Final Budget- Positive (Negative)
	Original	Final			
Revenues					
Revenue provided by the General Fund of the Commonwealth (Note 5)	\$ 18,590,173	\$ 21,504,351	\$ 21,804,351	\$ -	\$ 300,000
Participation fees	150,000	223,587	205,841		(17,746)
Sponsorship fees	25,000	191,550	173,362		(18,188)
Operating grants	1,500,000	1,865,000		2,161,227	296,227
Interest revenue	5,000	5,000	4,549		(451)
Other revenue	108,000	259,319	281,225		21,906
Total revenues	20,378,173	24,048,807	22,469,328	2,161,227	581,748
Expenditures					
Business Expansion	2,767,018	2,585,729	2,577,330		8,399
Business Attraction	3,299,622	3,448,645	3,155,825		292,820
International Trade	5,545,142	6,820,786	3,968,107	1,824,666	1,028,013
Research	2,246,557	2,398,821	2,306,194		92,627
Communications and Promotions	2,512,659	3,213,070	3,017,094		195,976
Information Technology	1,508,642	1,623,967	1,600,344		23,623
Administration	3,178,610	3,478,999	3,306,594		172,405
Pass-through Payments	-	1,500,000	1,500,000		-
Total expenditures	21,058,250	25,070,017	21,431,488	1,824,666	1,813,863
Revenues over (under) expenditures	(680,077)	(1,021,210)	1,037,840	336,561	2,395,611
Fund balance, July 1, 2014	680,077	1,021,210	1,160,944	-	139,734
Fund balance, June 30, 2015 (Note 3)	\$ -	\$ -	\$ 2,198,784	\$ 336,561	\$ 2,535,345

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, 2015

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 represents the amount due from the federal government for a grant that is 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, 2015.

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. Unearned Revenue

Unearned revenue includes amounts received for sponsorship and participation fees at June 30, 2015, for various events to be held in the next fiscal period.

G. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 2015. 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.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the

fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the additions to/deductions from the VRS State Employee Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

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, 2015, which is the first year of the biennium ended June 30, 2016. 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. CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2014 has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date:

Net Position as previously reported at June 30, 2014	\$ (3,623,081)
Net Position restatement:	
Net Pension Liability – June 30, 2013 measurement date	(13,185,000)
Less: Deferred outflows – fiscal year 2014 contributions	652,000
Less: Net Pension Obligation reported at June 30, 2014	4,443,180
Total Net Position restatement	<u>(8,089,820)</u>
Net Position as restated, July 1, 2014	<u>\$(11,712,901)</u>

3. 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 a deposit in Chinese RMB used to pay the Partnership's international vendors and is valued in U.S. dollars at cost. As of June 30, 2015, the Partnership's holding in this currency was valued at \$4,392. 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.

4. 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, 2015	\$ 2,535,345
Add: Prepaid expenses and other accrued receivables	1,109,122
Deduct: Accrued expenses and unearned revenues	<u>(319,956)</u>
Fund balance, GAAP basis, June 30, 2015	<u><u>\$ 3,324,511</u></u>

5. 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 3	\$ 18,887,705
Add: CCAM Apprentice Academy	1,500,000
Virtual World Trade Center	1,000,000
Marketing and Branding Campaign	1,000,000
Central Appropriations Adjustments	304,508
Deduct: Marketing Budget Reductions	(929,509)
FY2015 Other Budget Reductions	<u>(258,353)</u>
Revenue provided by the General Fund of the Commonwealth	<u><u>\$ 21,504,351</u></u>

6. 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 991,800 Japanese Yen and was valued at \$9,450 at June 30, 2015. The Shanghai lease deposit is held in a non-interest bearing account in the amount of 58,776 Chinese RMB and was valued at \$9,439 at June 30, 2015.

Fiscal Year 2015 Annual Report

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

<u>Capital Assets Being Depreciated</u>	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Leasehold improvements, furniture and equipment	\$ 2,190,910	\$ 246,268	\$ (330,331)	\$ 2,106,847
Less: accumulated depreciation	<u>1,404,991</u>	<u>404,766</u>	<u>(319,145)</u>	<u>1,490,612</u>
Leasehold improvements, furniture and equipment, net of accumulated depreciation	<u>\$ 785,919</u>	<u>\$ (158,498)</u>	<u>\$ (11,186)</u>	<u>\$ 616,235</u>

8. COMMITMENTS

The Partnership is committed under various operating leases and office use agreements for office facilities and equipment through August 2016. Expense under these agreements for the fiscal year ended June 30, 2015, amounted to \$1,553,221. A summary of minimum future obligations under these agreements as of June 30, 2015, follows:

<u>Year Ending June 30</u>	<u>Obligations</u>
2016	\$ 812,153
2017	<u>4,134</u>
Total future minimum rental payments	<u>\$ 816,287</u>

9. COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2015, was as follows:

<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
\$ 923,939	\$ 620,723	\$ 624,380	\$ 920,282
	Due Within One Year		<u>(584,585)</u>
	Due in More Than One Year		<u>\$ 335,697</u>

10. PENSION PLAN

General Information about the Pension Plan

Plan Description

All Partnership full-time, salaried permanent employees are automatically covered by the VRS State Employee Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The State Employee Retirement Plan is a single employer plan treated as a cost-sharing employer plan for financial reporting purposes. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN

<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”) <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. </p>
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> • State employees* • Members in Plan 1 or Plan 2 </p>

<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</p> <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan.</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer</p>	<p>Retirement Contributions State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined</p>

<p>contributions to provide funding for the future benefit payment.</p>		<p>contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit.</p>

<p>five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
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<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>

		<p><u>Defined Contribution Component:</u> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable</p>

		<p>service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

<p>circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p>	<p>Disability Coverage State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting</p>

<p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit</u> Component: Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that on-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution</u> Component: Not applicable.</p>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to the Partnership by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Beginning July 1, 2012 Partnership employees were required to pay the 5.00% member contribution and the Partnership was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The Partnership’s contractually required contribution rate for the year ended June 30, 2015 was 12.33% of covered employee compensation for employees in the VRS State Employee Retirement Plan.

This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the VRS State Employee Retirement Plan was 15.80%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions for the VRS State Employee Retirement Plan were funded at 78.02% of the actuarial rate for the year ended June 30, 2015. Contributions from the Partnership to the VRS State Employee Retirement Plan were \$955,080 and \$643,805 for the years ended June 30, 2015 and June 30, 2014, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Partnership reported a liability of \$10,646,000 for its proportionate share of the VRS State Employee Retirement Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Partnership's proportion of the Net Pension Liability was based on the Partnership's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014 the Partnership's proportion of the VRS State Employee Retirement Plan was 0.19015% as compared to 0.20080% at June 30, 2013.

For the year ended June 30, 2015, the Partnership recognized pension expense of \$532,000 for the VRS State Employee Retirement Plan. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015 the Partnership reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,900,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	519,000
Employer contributions subsequent to the measurement date	<u>955,080</u>	<u>-</u>
Total	<u>\$ 955,080</u>	<u>\$ 2,419,000</u>

\$955,080 reported as deferred outflows of resources related to pensions resulting from the Partnership's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension

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Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30

2016	\$ (655,000)
2017	\$ (655,000)
2018	\$ (634,000)
2019	\$ (475,000)

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females were set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2014, NPL for the VRS State Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>State Employee Retirement Plan</u>
Total Pension Liability	\$ 21,766,933
Plan Fiduciary Net Position	<u>16,168,535</u>
Employers’ Net Pension Liability (Asset)	<u><u>\$ 5,598,398</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.28%

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the Partnership for the VRS State Employee Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Partnership’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Partnership’s proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the Partnership’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1.00% Increase <u>(8.00%)</u>
Partnership’s proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 15,594,000	\$ 10,646,000	\$ 6,495,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at: <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

11. 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, 2015, the Partnership’s combined net other post-employment benefit obligation for these plans was \$1,983,360.

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 \$7,745,983 resulting in a contribution of \$92,177. This contribution covers premiums for active employees and actual death claims for retirees. As of June 30, 2015, 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 1.05% of creditable compensation of \$7,745,983 resulting in a contribution of \$81,333. As of June 30, 2015, the Partnership's net post-employment benefit obligation for this plan was \$229,901.

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 normal retirement age, 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 0.66% of creditable compensation of \$7,410,796 resulting in a contribution of \$48,911. As of June 30, 2015, the Partnership's net post-employment benefit obligation for this plan was \$388,892.

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, 2015, the Partnership's net post-employment benefit obligation for this plan was \$1,364,567.

12. DEFERRED COMPENSATION PLAN

Employees of the Partnership may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Partnership matching up to \$20 per pay period. The dollar amount of the match can change depending on the funding available in the Partnership's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were \$34,010 for the fiscal year 2015.

13. RISK MANAGEMENT

The 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.

Required Supplementary Information

Required Supplementary Information

**Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Year Ended June 30, 2015 ***

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.19015%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$10,646,000
Employer's Covered-Employee Payroll	\$7,349,371
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	144.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.28%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Required Supplementary Information

**Schedule of Employer Contributions
For The Year Ended June 30, 2015**

Plan	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
State Employee	\$955,080	\$955,080	\$ -	\$7,745,983	12.33%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Notes to Required Supplemental Information For The Year Ended June 30, 2015

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made for the VRS - State Employee Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 29, 2015

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 and each 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, 2015, 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 and each major fund of the Virginia Economic Development Partnership as of June 30, 2015, and the respective changes in 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.

Emphasis of Matter

As discussed in Notes 2 and 10 to the financial statements, the net position as of July 1, 2014, has been restated to implement Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71, related to pension accounting and financial reporting for employers. Our opinion is not modified with respect to these matters.

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, the Schedule of Employer's Share of Net Pension Liability - VRS State Employee Retirement Plan on page 35, the Schedule of Employer Contributions on page 36, and the Notes to Required Supplementary Information on page 36 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 29, 2015, 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