UPDATE ON THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP (VEDP)

House Appropriations Committee
October 16, 2017

Stephen Moret
President & CEO
TOPICS FOR TODAY’S BRIEFING

• VEDP’s top priorities for 2017
• Update on VEDP’s strategic planning process
• Aspirational goals for Virginia and VEDP
• Strategies to accomplish those goals
• Priority GA proposals
• JLARC implementation update
• Launch of Division of Incentives
• Next steps
• Q&A
I began the year by visiting every region of Virginia, and have since returned to most at least once more.
VEDP’S TOP PRIORITIES IN CALENDAR-YEAR 2017

• Implement substantially all of the JLARC recommendations as well as all of the new VEDP requirements in the Code of Virginia, for example (not comprehensive):
  – Develop a comprehensive VEDP strategic plan, with ample stakeholder engagement
  – Stand up a dedicated Division of Incentives to strengthen incentives administration (e.g., due diligence, performance monitoring/reporting, and clawbacks)
  – Create an internal audit function that reports directly to the VEDP Board
  – Stand up two new advisory committees (the Committee on Business Development and Marketing, as well as the Committee on International Trade)

• Develop an economic growth strategy to position the Commonwealth to once again be a growth leader (in jobs, earnings), as well as for each region to participate in that growth

• Building on the existing base of high-quality employees at VEDP, fill existing and new openings in the organization with experienced, energetic, collaborative professionals

• Build strong relationships with other key economic development leaders, organizations (e.g., local and regional EDOs, executive branch and GA leaders, GO Virginia, Virginia Rural Center, Port of Virginia, Tobacco Commission, SCHEV, Virginia Business Council, Virginia Chamber of Commerce, and Virginia Manufacturers Association)
THREE LONG-TERM PLANNING EFFORTS UNDERWAY WILL DRIVE VEDP’S FUTURE ANNUAL PLANS

- **Economic growth strategy (McKinsey/IBM)**
- **National Rankings Initiative**

All plans will include input from multiple groups:

- Outside Consultants
- In-State Partners
- VEDP Staff
OUR STRATEGIC PLAN IS BEING CRAFTED WITH EXTENSIVE STAKEHOLDER ENGAGEMENT

Economic development community (surveys of ~1800 VEDA members and contacts)

VEDP Board

Steering Committee

National Rankings Initiative (partnership of VEDP, Virginia Chamber, and Va. Tech Pamplin)

Expert Panel

Committee on Business Dev. and Marketing

Committee on International Trade

REDO CEOs (group meetings)

Selected McAuliffe administration leaders (e.g., SCT) (interviews)

General Assembly leadership (interviews)

Economic development strategy and action plan (McKinsey/IBM Project guided by regional EDO CEOs)

Feedback-gathering efforts

Draft concepts and ideas

Engaged

Not engaged

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
WE ASSEMBLED A STRONG STEERING COMMITTEE TO GUIDE OUR STRATEGIC PLANNING EFFORTS

- Peter Blake, Director, State Council of Higher Education for Virginia (SCHEV)
- Shannon Blevins, Associate Vice Chancellor for Economic Development & Engagement, UVa-Wise
- Beth Doughty, Executive Director, Roanoke Regional Partnership
- Barry DuVal, President & CEO, Virginia Chamber of Commerce
- Evan Feinman, Executive Director, Tobacco Region Revitalization Commission
- Amanda Glover, Director of Economic Development & Tourism, Augusta County
- Victor Hoskins, Director, Arlington Economic Development
- Joshua Lewis, Executive Director, Virginia's Industrial Advancement Alliance
- Christopher Lloyd, Senior Vice President and Director, Infrastructure and Economic Development, McGuireWoods Consulting
- Barry Matherly, President and CEO, Greater Richmond Partnership
- Ken McFadyen, Director of Economic Development, Botetourt County
- Stephen Moret, President and CEO, VEDP
- Christy Morton, Executive Director, Center for Rural Virginia and Council for Rural Virginia
- Arthur Moye, Jr., Executive Vice President, Virginia Maritime Association
- Catherine Riley, VP of Marketing, Fairfax County Economic Development Authority
- Curry Roberts, President, Fredericksburg Regional Alliance
- Robin Sullenberger, Board Member, VCCS
- Telly Tucker, Director, Danville Economic Development
- Cathie Vick, Chief Public Affairs Officer, Port of Virginia
- Rick Weddle, President & CEO, Hampton Roads Economic Development Alliance
- Chair (TBD), VEDP Committee on Business Development and Marketing
- Chair (TBD), VEDP Committee on International Trade
WE ASSEMBLED AN EXPERT PANEL TO ADVISE US DURING OUR STRATEGIC PLANNING PROCESS

• Jeff Finkle, President/CEO, International Economic Development Council (IEDC)
• Amy Liu, VP and Director of the Metropolitan Policy Program, Brookings
• Dennis Meseroll, Executive Director, Tractus Asia Limited
• Enrico Moretti, Professor of Economics, UC-Berkeley
• Ken Poole, CEO/President, Center for Regional Econ. Competitiveness (CREC)
• Mark Sweeney, Senior Principal, McCallum Sweeney Consulting
• Chip Filer, Associate Professor of Economics, Old Dominion University
• Steve Fuller, Director, Stephen S. Fuller Institute (at George Mason University)
TO DATE, WE HAVE ENGAGED EXPERTS, THE BOARD, STAFF, AND MANY STAKEHOLDERS IN A VARIETY OF WAYS

**Workshops**
- **Twelve regional workshops** across 16 regional EDOs, the four largest Northern Virginia counties, and the Eastern Shore, **engaging 250+ participants** (July-September)
- **Three thematic workshops on priority topics** (e.g., Innovation, Human Capital, Site Development) to engage subject experts and stakeholders to review and refine initiatives (September)
- **VEDP staff division meetings** discussing **assessments of VEDP’s functions** and **draft strategies and initiatives** (September-October)

**Expert Panel**
- **First round of interviews with the eight members of the expert panel** advising the strategic planning process, shaping the aspirational goals, initial draft of initiatives, and performance metrics (July)

**Webinars**
- **Initial strategic planning webinar** laying out aspirational goals, process, and draft concepts for the economic development community (July)
- **Follow-up webinars** soliciting reactions to the **economic growth strategy by region and overall strategies and initiatives** (October)

**Survey**
- **Major stakeholder strategic planning survey** released to the VEDA contacts/members list (>1,000 people) on aspirational goals as well as potential strategies/initiatives (July)
WITH INPUT FROM GA LEADERS, ADMIN., AND STAKEHOLDERS, WE DRAFTED FIVE ASPIRATIONAL GOALS FOR VIRGINIA AND VEDP

1. Over the next several years, position Virginia to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the US.

2. Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers).

3. Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states).

4. Reestablish VEDP as one of America’s premier state economic development organizations (principally to better enable accomplishment of the top three aspirational goals).

5. Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the “P” in VEDP).

IMPORTANT NOTE: A top priority for 2017 is completing implementation of the JLARC recommendations.
1. Over the next several years, position Virginia to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the US

2. Ensure that every region participates in the growth of the Commonwealth (i.e., all regions with positive growth in employment and median earned income of workers)

3. Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states)

4. Reestablish VEDP as one of America’s premier state economic development organizations

5. Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the “P” in VEDP)

Source: Survey item completed by 200 external economic development stakeholders in July 2017 (excludes board and staff)
WE HAVE LAUNCHED SEVERAL INITIATIVES TO HELP ACCOMPLISH THESE ASPIRATIONAL GOALS

1. Robust state job growth
2. Every region wins
3. Best state for business
4. Top state EDO
5. Super collaborator

- McKinsey/IBM economic growth strategy
- Rural growth strategy
- National rankings initiative
- VEDP functional assessments
- Protocols with regional, local partners
- Robust partner communications plan and broader collaboration strategy
VA NEEDS TO AT LEAST DOUBLE BASELINE EMPLOYMENT GROWTH EXPECTATIONS TO BE AMONG THE TOP 10 STATES

2016-2025 state employment growth for Virginia to meet job growth aspiration

- VA in top 10: 75,000 new jobs per year
- VA forecast: 30,000 new jobs per year (ranked #28)

Thousands of jobs

1 Historical trends based on CAGR 1990-2015; forecast trends based on CAGR 2015-2025
2 Top 10 represents the average forecasted growth rate of the top 10 US States from 2015-2025
Source: BLS, Moody’s Analytics, McKinsey analysis
WHEN VA’S ECONOMY WAS GROWING RAPIDLY, MOST REGIONS ACTUALLY WERE LOSING EMPLOYMENT; WITH SEQUESTRATION, GROWTH HAS SLOWED BUT IS MORE BROADLY SHARED

<table>
<thead>
<tr>
<th>Region</th>
<th>Employment CAGR, 2006-2011, %</th>
<th>New jobs, k</th>
<th>New jobs, %</th>
<th>Employment CAGR, 2011-2016, %</th>
<th>New jobs, k</th>
<th>New jobs, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Virginia</td>
<td>1.3%</td>
<td>81.5</td>
<td>104%</td>
<td>0.9%</td>
<td>60.4</td>
<td>44%</td>
</tr>
<tr>
<td>Rest of Virginia</td>
<td>0%</td>
<td>-2.8</td>
<td>-4%</td>
<td>0.6%</td>
<td>75.6</td>
<td>56%</td>
</tr>
<tr>
<td>Greater Williamsburg Partnership</td>
<td>0.6%</td>
<td>2.3</td>
<td>3%</td>
<td>0.8%</td>
<td>3.1</td>
<td>2%</td>
</tr>
<tr>
<td>Central Virginia Partnership for Economic Development</td>
<td>0.6%</td>
<td>4.5</td>
<td>6%</td>
<td>1.0%</td>
<td>8.0</td>
<td>6%</td>
</tr>
<tr>
<td>New River Valley Economic Development Alliance</td>
<td>0.5%</td>
<td>2.1</td>
<td>3%</td>
<td>0.7%</td>
<td>3.1</td>
<td>2%</td>
</tr>
<tr>
<td>Greater Richmond Partnership</td>
<td>0.4%</td>
<td>9.0</td>
<td>11%</td>
<td>1.6%</td>
<td>41.8</td>
<td>31%</td>
</tr>
<tr>
<td>The Lynchburg Regional Business Alliance</td>
<td>0.2%</td>
<td>1.2</td>
<td>2%</td>
<td>-0.1%</td>
<td>-0.6</td>
<td>0%</td>
</tr>
<tr>
<td>Hampton Roads Economic Development Alliance</td>
<td>0.1%</td>
<td>3.8</td>
<td>5%</td>
<td>0.4%</td>
<td>14.1</td>
<td>10%</td>
</tr>
<tr>
<td>Roanoke Regional Partnership</td>
<td>0.1%</td>
<td>0.6</td>
<td>1%</td>
<td>0.2%</td>
<td>1.2</td>
<td>1%</td>
</tr>
<tr>
<td>Virginia’s Growth Alliance</td>
<td>-0.1%</td>
<td>-0.3</td>
<td>0%</td>
<td>-0.2%</td>
<td>-0.6</td>
<td>0%</td>
</tr>
<tr>
<td>Fredericksburg Regional Alliance</td>
<td>-0.1%</td>
<td>-1.0</td>
<td>-1%</td>
<td>1.0%</td>
<td>8.4</td>
<td>6%</td>
</tr>
<tr>
<td>Shenandoah Valley Partnership</td>
<td>-0.2%</td>
<td>-2.8</td>
<td>-4%</td>
<td>0.5%</td>
<td>6.4</td>
<td>5%</td>
</tr>
<tr>
<td>Northern Neck Chesapeake Bay Region Partnership</td>
<td>-0.5%</td>
<td>-1.1</td>
<td>-1%</td>
<td>-0.6%</td>
<td>-1.4</td>
<td>-1%</td>
</tr>
<tr>
<td>Virginia Coalfield Economic Development Authority</td>
<td>-0.7%</td>
<td>-2.9</td>
<td>-4%</td>
<td>-3.1%</td>
<td>-11.2</td>
<td>-8%</td>
</tr>
<tr>
<td>Middle Peninsula Economic Development Resource Organization</td>
<td>-0.8%</td>
<td>-1.7</td>
<td>-2%</td>
<td>0.2%</td>
<td>0.4</td>
<td>0%</td>
</tr>
<tr>
<td>Virginia’s Industrial Advancement Alliance</td>
<td>-1.1%</td>
<td>-4.8</td>
<td>-6%</td>
<td>0%</td>
<td>0.1</td>
<td>0%</td>
</tr>
<tr>
<td>Virginia’s Gateway Region</td>
<td>-1.3%</td>
<td>-4.3</td>
<td>-5%</td>
<td>0.7%</td>
<td>2.2</td>
<td>2%</td>
</tr>
<tr>
<td>Southern Virginia Regional Alliance</td>
<td>-1.5%</td>
<td>-7.3</td>
<td>-9%</td>
<td>0.1%</td>
<td>0.5</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>0.5%</td>
<td>78.7</td>
<td>100%</td>
<td>0.6%</td>
<td>135.9</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: BLS, Moody’s Analytics, McKinsey analysis
VIRGINIA CAN PRIORITIZE POTENTIAL INDUSTRIES AND STRENGTHEN ENABLERS TO ACHIEVE ITS GOALS

Over time, position Virginia to rank in the top 10 states in the US for both employment growth and growth in median earned income of workers, ensuring no region is subject to economic decline.

1. Push new boundaries as a U.S. leader in IT (e.g., cyber and data center)
2. Assemble a world class transportation and logistics hub
3. Shift the State’s manufacturing base to be high growth and future ready
4. Create business services and operations centers of excellence
5. Capitalize on Virginia’s unique assets to become a leader in promising disruptive technologies (e.g., Unmanned Systems, genomics)
6. Human capital: Create a dynamic workforce ecosystem that aligns talent supply and market demand
7. Site readiness: Remove investment constraints by enhancing the pipeline of sites
8. Building digital infrastructure: Enhance broadband access statewide
9. Cross-cutting, multi-sector efforts: Increase support for high value cross-sector areas
GO Virginia themes Economic growth strategies

<table>
<thead>
<tr>
<th>Sector-driven</th>
<th>Enabler driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT / Cyber</td>
<td>IT / Cyber</td>
</tr>
<tr>
<td>Logistics</td>
<td>Logistics</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Innovation</td>
<td>Innovation</td>
</tr>
<tr>
<td>Human capital</td>
<td>Human capital</td>
</tr>
<tr>
<td>Site readiness</td>
<td>Site readiness</td>
</tr>
<tr>
<td>Broadband</td>
<td>Broadband</td>
</tr>
</tbody>
</table>

Takeaways
1. Significant alignment in themes and strategies across regions highlight high potential for collaboration
2. Areas highlighted in regional plans unique to the GOVA process where VEDP can be a good partner:
   - Tourism and quality of life
   - Transportation infrastructure
3. VEDP Strategic plan focuses on several areas with limited presence in regional plans

While some regional growth and diversification plans identified these areas, they are not expected to be funded by Go Virginia.
### Virginia Ranking and Top Competitor States

**Despite Recent Improvements, Site Consultants Rank Top Competitor States to Virginia Higher in Every Category**

<table>
<thead>
<tr>
<th>Category</th>
<th>Top Competitor States</th>
<th>Virginia Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall cost of doing business</td>
<td>TX, SC, GA, MS, NC, IN</td>
<td>VA</td>
</tr>
<tr>
<td>Corporate tax environment</td>
<td>TX, FL, GA, NV, SD, NC</td>
<td>VA</td>
</tr>
<tr>
<td>Business incentive programs</td>
<td>SC, GA, MS, LA, TX, OH</td>
<td>VA</td>
</tr>
<tr>
<td>Access to capital and project funding</td>
<td>NY, CA, TX, GA, TN, MI</td>
<td>VA</td>
</tr>
<tr>
<td>Cooperative and responsive state government</td>
<td>GA, SC, TN, LA, VA, TX</td>
<td>VA</td>
</tr>
<tr>
<td>Favorable regulatory environment</td>
<td>TX, SC, GA, LA, MS, AL</td>
<td>VA</td>
</tr>
<tr>
<td>Speed of permitting</td>
<td>LA, GA, SC, TX, AL, MS</td>
<td>VA</td>
</tr>
<tr>
<td>Shovel-ready sites program</td>
<td>TN, GA, SC, AL, IN, NC</td>
<td>VA</td>
</tr>
<tr>
<td>Favorable utility rates</td>
<td>WA, TN, GA, SC, OR, LA</td>
<td>VA</td>
</tr>
<tr>
<td>Competitive labor environment</td>
<td>TX, GA, SC, NC, IN, TN</td>
<td>VA</td>
</tr>
<tr>
<td>Leading workforce development programs</td>
<td>GA, LA, AL, SC, TN, NC, VA</td>
<td>VA</td>
</tr>
<tr>
<td>Most improved economic development policies</td>
<td>OH, MI, AL, NC, IN, WI, GA</td>
<td>VA</td>
</tr>
</tbody>
</table>

*Only the top 10 states in each category are published.*

**Source:** Area Development magazine, 2017 “Top States for Doing Business” survey results.
SINCE 2009, VA’S AVERAGE RANK IN NATIONAL BUSINESS CLIMATE RANKINGS HAS DROPPED ABOUT SEVEN SPOTS

Source: Chief Executive magazine, CNBC, Forbes, Pollina Corporate Real Estate, Site Selection magazine
VIRGINIA’S DROP IN MAJOR RANKINGS CAN BE TIED TO THREE MAIN FACTORS

- **Business Costs**
  - New rankings of some business costs (e.g., tax burdens on new investment) place Virginia in a relatively negative light.

- **Economic Climate & Growth**
  - With federal sequestration and Virginia’s reliance on federal spending, Virginia experienced a slowdown in growth.

- **Perceptions of CEOs**
  - CEO perceptions of Virginia’s business climate declined modestly after 2009.

Source: Published rankings methodologies and VEDP analysis
THREE BROAD APPROACHES CAN BE UTILIZED IN COMBINATION TO GET VIRGINIA BACK ON TOP

Policy Improvements

Example: Lower the effective tax burden for new, capital-intensive manufacturers

Programmatic Initiatives

Example: Create a world-class, turnkey, customized workforce recruitment and training incentive

Marketing/Branding Programs

Example: Position VA as the leading state brand for target industry sectors, place a national spotlight on the rural VA opportunity, and highlight VA’s alluring business climate

These broad approaches also will enable faster employment growth, further bolstering Virginia’s rankings
THE VEDP STRATEGIC PLAN WILL INCLUDE THREE BROAD TYPES OF STRATEGIES

Strategies to Enhance VEDP’s Capabilities

- Strengthen alignment and coordination with core economic development partners and stakeholders
- Adopt a robust talent management focus at VEDP, including professional training, career pathways
- Implement robust marketing/branding, lead generation, and site consultant cultivation programs
- Establish best-in-class business- and trade-development programs
- Become a national leader in incentives structuring, administration, and transparency

Strategies to Cultivate Virginia’s Target Industry Growth Clusters

- Push new boundaries as a U.S. leader in IT
- Assemble a world-class transportation and logistics hub
- Shift the Commonwealth’s manufacturing base to be future ready
- Create business services and operations centers of excellence
- Capitalize on Virginia’s unique assets to become a leader in promising disruptive technologies

Strategies to Improve Virginia’s Economic Competitiveness

- Strengthen Virginia’s human capital development engine
- Assemble an ample, strategic portfolio of project-ready sites and buildings across VA
- Rigorously assess and steadily improve our state, regional, and local economic competitiveness
- Leverage public-private partnerships to strengthen Virginia’s digital infrastructure
- Place a special focus on achieving growth in small metros and rural regions
1. Create a world-class, turnkey, customized workforce recruitment and training incentive program (via VEDP/VCCS partnership)
   - Top 5 workforce dev. program rank within three years; top 1-2 rank within five years
   - Improved perception-based business climate rankings (e.g., Chief Executive)
   - More big project wins, especially in smaller metros and rural regions

2. Implement a robust marketing, branding, and site-consultant cultivation program for VA, matching investments of other major states
   - Dramatic rise in Virginia’s business-climate rankings
   - Hundreds more VEDP-generated leads per year (400+)

3. Craft a site-and-building development fund attracting private capital to make patient investments in a portfolio of strategic, attractive locations for high-impact business investments (target: dozens of strategic sites/bldgs.)
   - Many more big wins (thousands more jobs and billions more capital investment)
   - First step is to complete an assessment of our existing site inventory

4. Expand VEDP’s oversubscribed trade development programs

5. Provide funding to implement VEDP reform legislation (e.g., internal audit function, division of incentives) without cutting core programs
TARGETED INVESTMENTS WOULD BE REQUIRED TO CLOSE THE GAP BETWEEN VA’S BASELINE FORECAST AND ASPIRATIONAL GROWTH

**2016-2025 state employment growth for Virginia to meet job growth aspiration**

- **VA in top 10:** 75,000 new jobs per year
- **VA forecast:** 30,000 new jobs per year (ranked #28)

**Est. impact of full implementation** (with additional resources)

**Est. impact of partial implementation** (with existing resources)

- Aspiration represents doubling the average annual job growth from last 15 years

1 Historical trends based on CAGR 1990-2015; forecast trends based on CAGR 2015-2025
2 Top 10 represents the average forecasted growth rate of the top 10 US States from 2015-2025

Source: BLS, Moody’s Analytics, McKinsey analysis
VEDP IS ON TRACK TO IMPLEMENT SUBSTANTIALLY ALL JLARC RECOMMENDATIONS BY YEAR-END 2017

<table>
<thead>
<tr>
<th>No.</th>
<th>JLARC Recommendation* Brief Description</th>
<th>New Funding Required</th>
<th>Percent Complete (estimate)</th>
<th>VEDP Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Create a robust strategic plan for VEDP, with stakeholder engagement</td>
<td>no</td>
<td>70%</td>
<td>Robust process underway; key elements developed; drafting full plan</td>
</tr>
<tr>
<td>2</td>
<td>Create staff onboarding program; regularly assess staff training needs</td>
<td>TBD</td>
<td>50%</td>
<td>Documenting processes across VEDP; share best practices (BI pilot)</td>
</tr>
<tr>
<td>3</td>
<td>Develop and implement formal, written policies/procedures for marketing staff</td>
<td>no</td>
<td>75%</td>
<td>Updated all PDs; need refined procedures and final protocols</td>
</tr>
<tr>
<td>4</td>
<td>Ensure supervisors provide timely staff expectations; report % to Board</td>
<td>no</td>
<td>90%</td>
<td>Completed PDs for all staff; report % to Board in Nov.</td>
</tr>
<tr>
<td>5</td>
<td>Revise VEDP performance metrics to reflect activities, quality, impact</td>
<td>no</td>
<td>75%</td>
<td>Initial metrics adopted in FY18 Ops Plan; refine via strategic plan</td>
</tr>
<tr>
<td>6</td>
<td>Clarify CRM data fields and provide training to ensure data integrity</td>
<td>no</td>
<td>75%</td>
<td>Updated Salesforce fields; developed user’s manual and training</td>
</tr>
<tr>
<td>7</td>
<td>Ensure that staff conform to VEDP policies on working hours</td>
<td>no</td>
<td>n/a</td>
<td>Established regular work hours; using/sharing Outlook calendars</td>
</tr>
<tr>
<td>8</td>
<td>Track staff time/allocation; use data to improve efficiency/effectiveness</td>
<td>no</td>
<td>n/a</td>
<td>Significantly addressed via using/sharing staff calendars</td>
</tr>
<tr>
<td>9</td>
<td>Request IEDC review of staff performance metrics; report results to Board</td>
<td>no</td>
<td>50%</td>
<td>Updated BI PDs; requesting IEDC review of proposed metrics</td>
</tr>
<tr>
<td>10</td>
<td>Include adherence to policies in staff reviews, with penalties for variances</td>
<td>no</td>
<td>90%</td>
<td>Added provision to all PDs, plus annual training for supervisors</td>
</tr>
<tr>
<td>11</td>
<td>Survey partners to ID improved coordination/service opps.; report to Board</td>
<td>no</td>
<td>90%</td>
<td>Strat. plan survey results presented to BOD, planning annual survey</td>
</tr>
<tr>
<td>12</td>
<td>Create and adhere to a detailed annual marketing plan with metrics</td>
<td>no</td>
<td>90%</td>
<td>FY18 marketing plan with metrics in place; refine w/ Strategic Plan</td>
</tr>
<tr>
<td>13</td>
<td>Annually deliver training to marketing staff to ensure consistent alignment</td>
<td>TBD</td>
<td>50%</td>
<td>Some initial materials developed; planning training session in Oct.</td>
</tr>
<tr>
<td>14</td>
<td>Regularly evaluate effectiveness of mkrg. efforts; quarterly report to Board</td>
<td>no</td>
<td>50%</td>
<td>Marketing plan campaigns have ROI metrics; evaluate via committee</td>
</tr>
<tr>
<td>15</td>
<td>Update sites/bldgs. database to conform to IEDC standards; report to Board</td>
<td>TBD</td>
<td>n/a</td>
<td>Thoroughly reviewed data elements; rec’d additional IEDC guidance</td>
</tr>
<tr>
<td>16</td>
<td>Improve transparency of project-related reporting to Board</td>
<td>no</td>
<td>75%</td>
<td>Updated Salesforce; creating user’s manual &amp; reporting protocols</td>
</tr>
<tr>
<td>17</td>
<td>Clarify mecns. and measure success of mkrg.-trade coord.; report to Board</td>
<td>no</td>
<td>25%</td>
<td>Assessed opportunities; need to establish mechanisms/metrics</td>
</tr>
<tr>
<td>18</td>
<td>Expand data collection on companies utilizing trade programs; report to Board</td>
<td>no</td>
<td>90%</td>
<td>Collected add’l data for client companies; report to Board in Nov.</td>
</tr>
<tr>
<td>19</td>
<td>Develop written policies/procedures for evaluating projects for incentives</td>
<td>no</td>
<td>n/a</td>
<td>Basic policies/procedures in place; concerns re: “gaming” risk</td>
</tr>
<tr>
<td>20</td>
<td>Require annual report to Board on % of firms meeting reporting requirements</td>
<td>no</td>
<td>50%</td>
<td>Drafted report for COF; Ops. Plan calls for Board report in Dec.</td>
</tr>
<tr>
<td>21</td>
<td>Work with TAX and VEC to verify company performance</td>
<td>no</td>
<td>75%</td>
<td>Drafting updated procedures for VEC-based verification</td>
</tr>
<tr>
<td>22</td>
<td>Adopt formal standards (by Board) to ensure adequate incentive monitoring</td>
<td>no</td>
<td>75%</td>
<td>Policies recently updated but need additional refinement</td>
</tr>
<tr>
<td>24</td>
<td>Ensure (via Board) standards for consistently enforcing/reporting clawbacks</td>
<td>no</td>
<td>30%</td>
<td>Drafted approach; need board approval with first report by Dec.</td>
</tr>
<tr>
<td>25</td>
<td>Ensure (via Board) perform. extensions are justified, documented, reported</td>
<td>no</td>
<td>100%</td>
<td>Extensions going forward will conform with new code requirements</td>
</tr>
<tr>
<td>26</td>
<td>Create dedicated incentives administration division w/ at least 3 employees</td>
<td>YES</td>
<td>100%</td>
<td>Basic structure developed and fully staffed</td>
</tr>
<tr>
<td>27</td>
<td>Develop a website to report on status/performance of incentives recipients</td>
<td>YES</td>
<td>25%</td>
<td>Held meetings re: scope; developing incentives website v1.0</td>
</tr>
<tr>
<td>34</td>
<td>Create an internal audit division reporting directly to VEDP Board</td>
<td>YES</td>
<td>100%</td>
<td>Engaged DHG as internal auditor following risk assessment</td>
</tr>
</tbody>
</table>

* Excluded JLARC recommendations were associated with items for General Assembly consideration (e.g., creating a board of economic development)
VEDP IS ADDRESSING THESE NEW, INCENTIVE-RELATED MANDATES AND RECOMMENDATIONS

1. Create dedicated incentives administration division within VEDP
2. Develop written policies/procedures for evaluating/prioritizing projects for incentives
3. Complete due diligence (plus SCT certification) on incentive offers before Gov. approval
4. Ensure clawback standards are consistently enforced and reported
5. Ensure performance extensions are justified, documented, and approved/reported
6. Work w/ VDT/VEC* on policies/procedures to verify company performance
7. Adopt formal procedures (via Board) to ensure adequate performance verification
8. Establish Board subcommittee to receive/review VEC verification data
9. Provide semiannual updates on status of all projects awarded incentives to Board
10. Provide annual Board report on % of firms meeting reporting requirements
11. Develop website to report on status/performance of incentive recipients
12. Develop strategy for coordinating w/ state agencies that administer incentives

* VEDP also will include local Commissioners of Revenue in relevant policies/procedures (e.g., capital investment)
NEXT STEPS

• Incorporate local/regional partner feedback on draft protocol document to improve alignment and coordination on prospect cultivation

• Complete implementation of substantially all JLARC recommendations, publishing a formal progress report to JLARC, GA, and public by year end

• Complete remaining interviews with General Assembly leaders and incorporate feedback

• Complete next round of engagement with national expert panel

• Hold meetings with advisory committees on trade and marketing/biz development; incorporate their feedback

• Complete and release new VEDP strategic plan following incorporation of final feedback from board and local/regional stakeholders

• Engage with the General Assembly and next administration to determine which aspects of new economic growth strategy can be implemented
Q&A