



VEDP UPDATE

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PRESIDENT & CEO

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**VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP**

YESVIRGINIA.ORG



PRESENTATION TOPICS



- 1. Incentives Update & Results**
- 2. International Marketing Results**
- 3. International Trade Initiative**
- 4. Unified Virginia Messaging**

STEWARDSHIP OF STATE RESOURCES



- **Discretionary incentives use underpinned by Return-on-Investment Analysis**
- **ROI model captures all state grants in addition to VEDP-administered programs**
- **Measures Benefits vs. Costs (State only; not Local)**
 - Key inputs are number of employees, capital investment, wages, hiring schedule
 - Estimates project benefits (personal income tax, sales tax) for direct employees, construction related employment, and indirect employment
- **Payback – Strive for 2-3 years**

REVENUE GENERATOR AND GOOD STEWARD: VIRGINIA'S RETURN ON INVESTMENT



State Benefit-to-Cost Ratio: \$9.7 to \$1

Based on:

- 11 years of actual project data
- 266 projects receiving GOF or approved for VIP, MEE, VEDIG or CEMIG in FY02-FY11.

Results to Date (since FY2002)

- Gross Revenue – \$2,722,800,000
- Net Revenue – \$2,400,500,000



Projected 10-Year Returns on Existing Companies

- Gross Revenue – \$4,227,300,000
- Net Revenue – \$3,791,300,000

GOVERNOR'S OPPORTUNITY FUND SUMMARY



Overall Balance as of 01/10/13	Including Clawbacks	\$35,323,339
Preapprovals	33 Projects Outstanding	\$21,170,000
Balance Available		\$14,153,339
Investment Rate Average		\$1 M/month

ECONOMIC DEVELOPMENT RESULTS



- **Cumulative results from July 1, 2010 through June 30, 2012**
- **In FY 2011 and 2012, 53 projects were approved for GOF for a total of \$26.3 million, resulting in 8,150 new direct jobs and \$1.7 billion in new private capital investment.**
- **A few of the notable GOF-assisted projects in FY11 and 12 included Microsoft, Northrop-Grumman's Headquarters, Trinity Packaging, Micron Technology, Bechtel, Green Mountain Coffee Roasters and Amazon.com.**
- **VEDP's Decision Rate, measuring the number of "Decisions for Virginia" as a percentage of all closed projects, was 63%, up from 60% for the period spanning July 2009 to June 2011; over the same period:**
 - **The number of projects won for Virginia increased by 9% from 326 to 356**
 - **The average number of jobs associated with the won projects increased by over 3,000 (up 11%)**
 - **The amount of capital investment increased by more than \$1 billion (up of 24%)**

INTERNATIONAL MARKETING RESULTS

INTERNATIONAL MARKETING MISSIONS



- VEDP has organized 13 Governor-led international and domestic marketing mission trips since July 2010, resulting in:
 - 19 Decisions for Virginia
 - 1,397 Jobs
 - \$557,360,000 in Capital Investment
- In addition and as a result, there are 40 active projects from these missions that hold potential for the creation of 7,938 jobs and more than \$5.9 billion in capital investment

INTERNATIONAL MARKETING FUNDS



- Virginia's presence in international markets is essential for closing deals in an increasingly competitive global market.
- Under the leadership of Governor McDonnell and your approval, VEDP opened three new international offices in India, China and the UK over the past two years
- We are now using these offices to:
 - Encourage supply chain companies and customers to locate near their business partners and invest in Virginia
 - Enhance our profile in those international markets currently producing the most opportunities for Virginia

INTERNATIONAL MARKETING FUNDS IN NEW OFFICES



	Opening Date	Current Active Projects	Capital Investment	Jobs
United Kingdom	March 2011	16	\$241 M	1,562
China	May 2011	5	\$191 M	555
India	November 2011	6	\$40 M	1,135

NEW INTERNATIONAL MARKETING FUNDS

Additional FY13 allocation of \$500,000 is being deployed among our international offices to support enhanced marketing efforts in our new and existing offices, including the following specific activities:

– CHINA - \$130,000

- December 2012: Conducted investment seminars in Ningbo and Shanghai along with our partners
- November 2012: Sponsored major advertorial insert in Chinese magazine “Lens”
- October 2012: Hosted Chinese delegation at the Automotive Aftermarket Products Expo
- Ongoing: Hosting and establishing formal relationship with Ningbo and the Virginia Port Authority
- Ongoing: Establishing a Chinese language website

– INDIA - \$80,000 – all ongoing

- Sponsoring PAN IT exhibit
- Conducting three investment seminars
- Hosting Indian prospects emanating from Governor’s 2011 mission to India

NEW INTERNATIONAL MARKETING FUNDS

- **UK - \$90,000**
 - July 2012: Supported expenses at the Farnborough Air Show
 - Spring 2013: Hosting of prospects at key marketing events
- **EUROPE - \$120,000**
 - Currently negotiating a contract to engage a lead generation firm for Germany to assist lean staff in that market with prospects and outreach
- **JAPAN - \$80,000 – all ongoing**
 - Participation in INCHEM Tokyo
 - Food Expo and Automotive Industry Expo
 - Establishment of a Japanese language website

INTERNATIONAL TRADE INITIATIVE

ACCELERATED TRADE ASSISTANCE

- Focused on expanding the VALET program to defense contractors that may be impacted by federal budget cuts
- FY14 Budget Amendment of \$481,500 to:
 - Host trade missions to international and domestic defense conferences
 - Host foreign military delegations
 - Assist Virginia defense companies with Foreign Military Sales and export compliance laws
 - Build on the success of VEDP's annual Global Defense and Security Opportunities Seminars
 - Support the National Export Reform Initiative

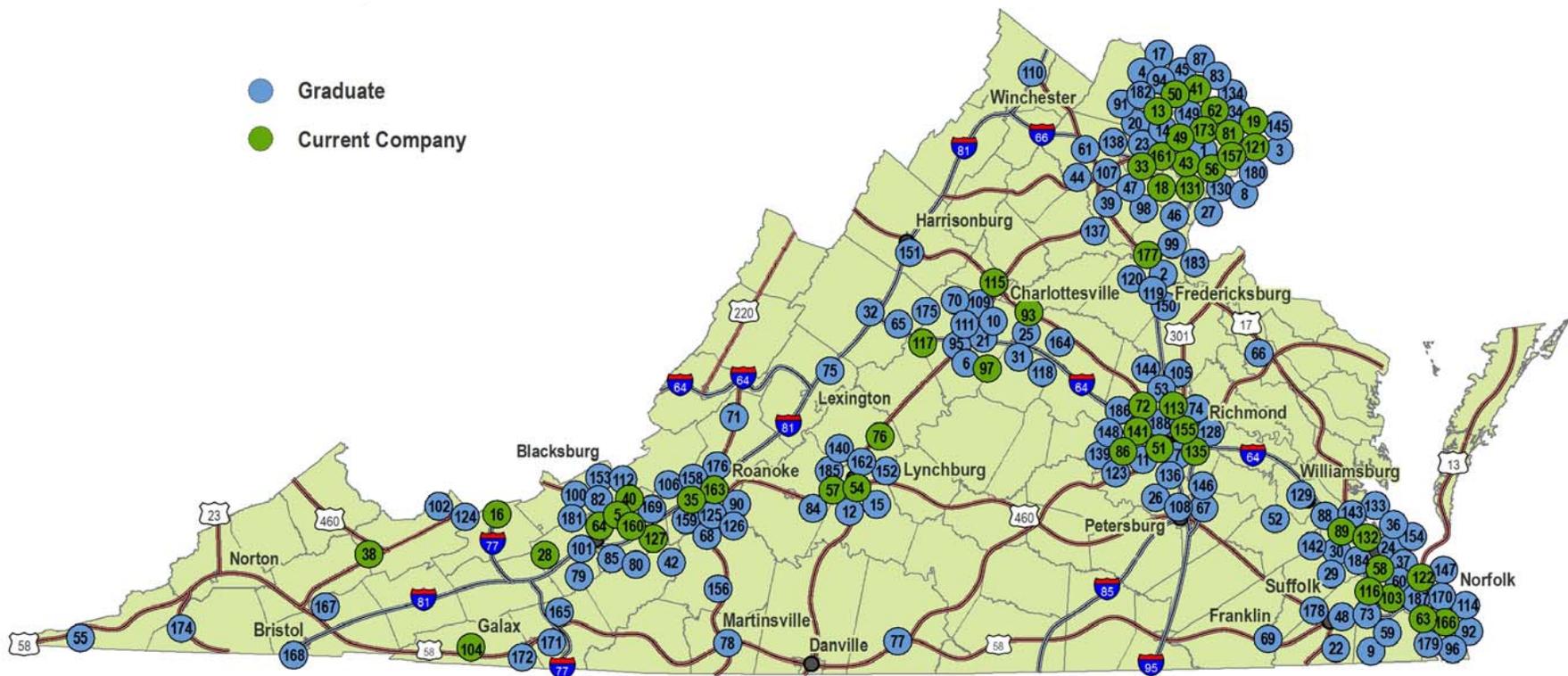
VALET PROGRAM



- Virginia Leaders in Export Trade (VALET)
 - Nationally-recognized, competitive two-year export promotion program launched in 2002 to accelerate Virginia companies' international sales
 - More than 150 Virginia companies have graduated from or are currently participating in the program
 - On average, companies experience an 88% increase in international sales
- VEDP Provides:
 - \$15,000 toward export related expenses
 - 25 program partners offering pro bono services
 - Executive training
 - International sales plan development
 - Networking and educational events

VALET COMPANIES

VALET Program Companies January 2013



THANK YOU

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