



SITE DEVELOPMENT

Progress Park, Wythe County

November 14, 2022

TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH

1

Robust State Growth

Position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.

2

Every Region Wins

Ensure that every region participates in the growth of the Commonwealth

3

Best State for Business

Restore Virginia to its previous leadership position near the top of the national business climate rankings

4

Top State EDO

Reestablish VEDP as one of America's most effective state economic development organizations

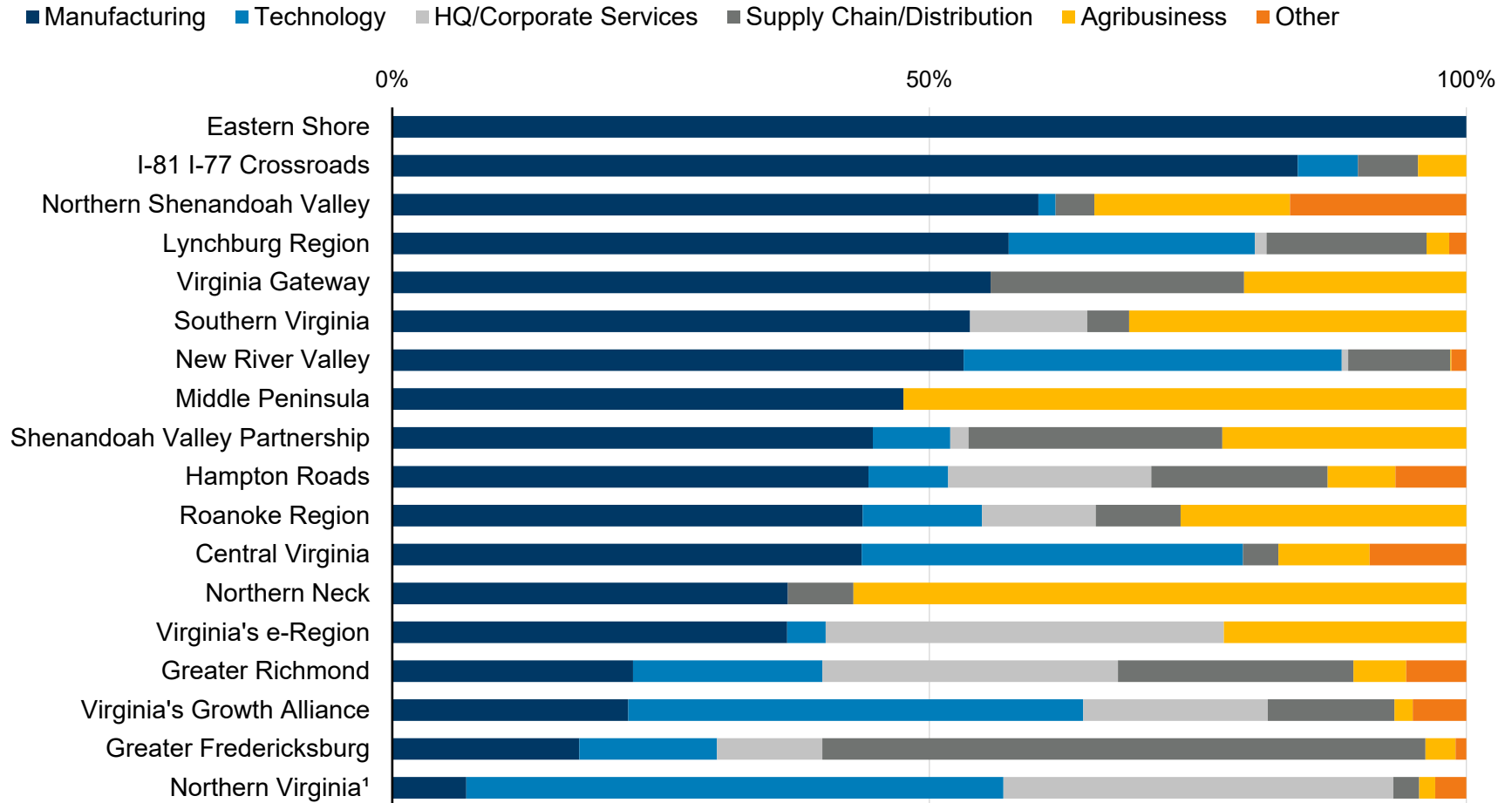
5

Super Collaborator

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

REGIONAL PROJECT ANNOUNCEMENTS REFLECT SIGNIFICANT DIFFERENCES IN REGIONAL ECONOMIC DIVERSITY

Total new regional employment, including expansions
VEDP Marketing Region, New jobs announced FY18 – FY22



¹Excluding Amazon HQ2

PRIMARY AND SECONDARY SELECTION FACTORS FOR SITE-SELECTION COMPETITIONS (NOT EXHAUSTIVE)

Primary selection factors*

- Quality, availability, and cost of target workforce
- Proximity to key customers and suppliers
- **Availability of target real-estate solution (size, cost, control, water/sewer/rail connectivity, etc.)**
- Tax and regulatory climate
- Transportation infrastructure
- Operating costs (electricity, insurance, workers comp, etc.)
- Quality-of-life factors (public K-12 options, regional amenities, crime rate, etc.)
- Accurate and thorough RFI, RFP, and proposal requests

Secondary selection factors**

- Availability and quality of customized recruitment and training solutions
- Customized (discretionary) incentives
- By-right financial incentives
- Level of state-and-community support (e.g., fast-track permitting)
- Personal preferences of executives involved in decision process (e.g., affinity for a particular place)
- Strong business retention program to assist with corporate intelligence and after care
- Creative and innovative solutions to key project decision factors

*Priority of selection factors varies from project to project; however, quality and availability of workforce almost always is one of the top three considerations

**Typically these factors come into play when multiple locations offer relatively comparable characteristics relative to primary site-selection criteria; however, a large incentive package can represent a primary selection factor

Source: VEDP experience with thousands of site-selection projects; *Site Selection* (January 2018); VEDP analysis

THE LACK OF PROJECT-READY SITES AND BUILDINGS HAS COST VIRGINIA OVER 52K JOBS AND OVER \$120B IN CAPEX SINCE 2016

Since 2016, Virginia has lost:

52K+

DIRECT JOBS

\$120B+

CAPEX

102K+

EST. INDIRECT AND
INDUCED JOBS¹

\$381-493M+

EST. ANNUAL
STATE REVENUE

Projects lost FY21 & FY22 (illustrative)

Project Aurora - Ford Automotive	6,500 direct jobs	\$5B
Project Settlement Semiconductor	5,600 direct jobs	\$40B
Project Darwin - Toyota Automotive	5,200 direct jobs	\$3.5B
Project P2 Semiconductor	3,500 direct jobs	\$21.4B
Project K2 - Intel Semiconductor	3,500 direct jobs	\$20B
Project Everest - Samsung Semiconductor	1,900 direct jobs	\$17B

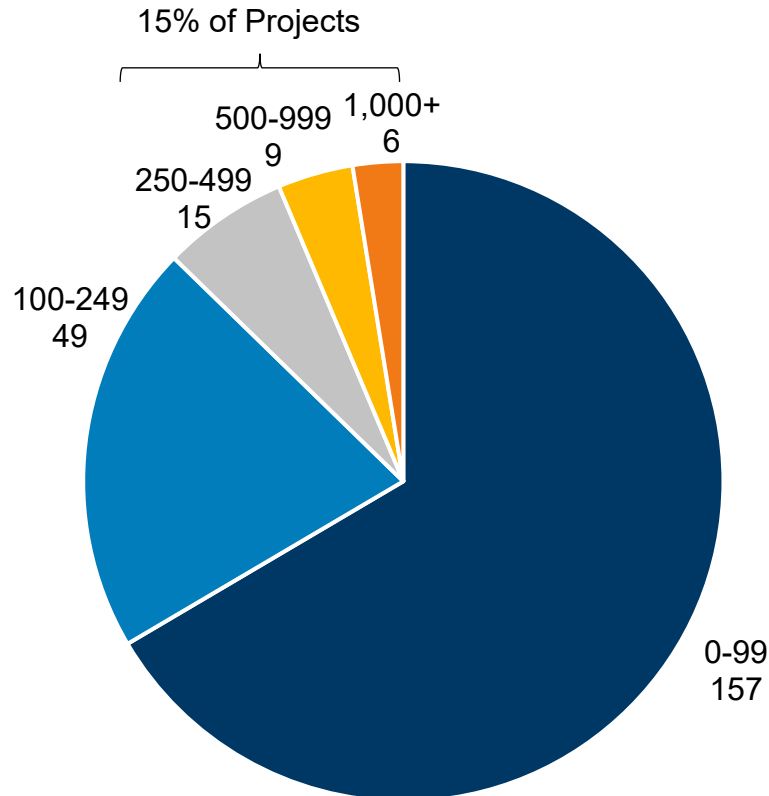
Other recent projects lost due to sites (illustrative)

Mazda Toyota Automotive	4,000 direct jobs	\$1.6B
Project Pony Express Automotive	3,000 direct jobs	\$600M

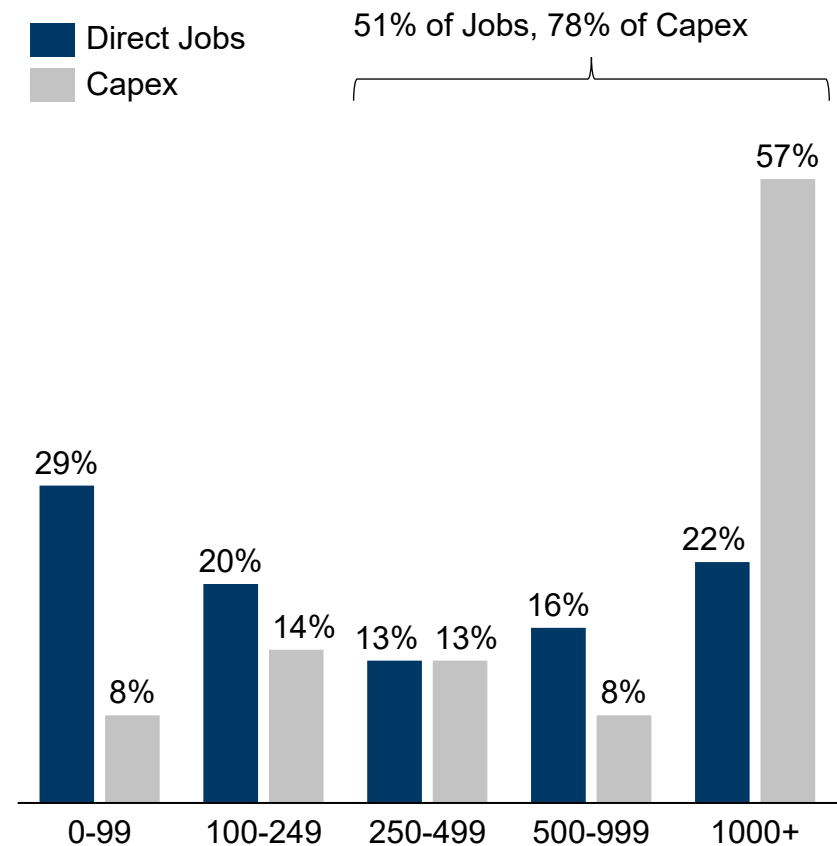
¹Estimated indirect and induced jobs calculated using project NAICS codes for projects in which detailed ROI estimates were unavailable

LARGE PROJECTS ARE MUST-WIN: THE FEW OPPORTUNITIES REPRESENT THE MAJORITY OF POTENTIAL JOBS AND CAPEX

2018-21 VEDP site search requests by project acreage



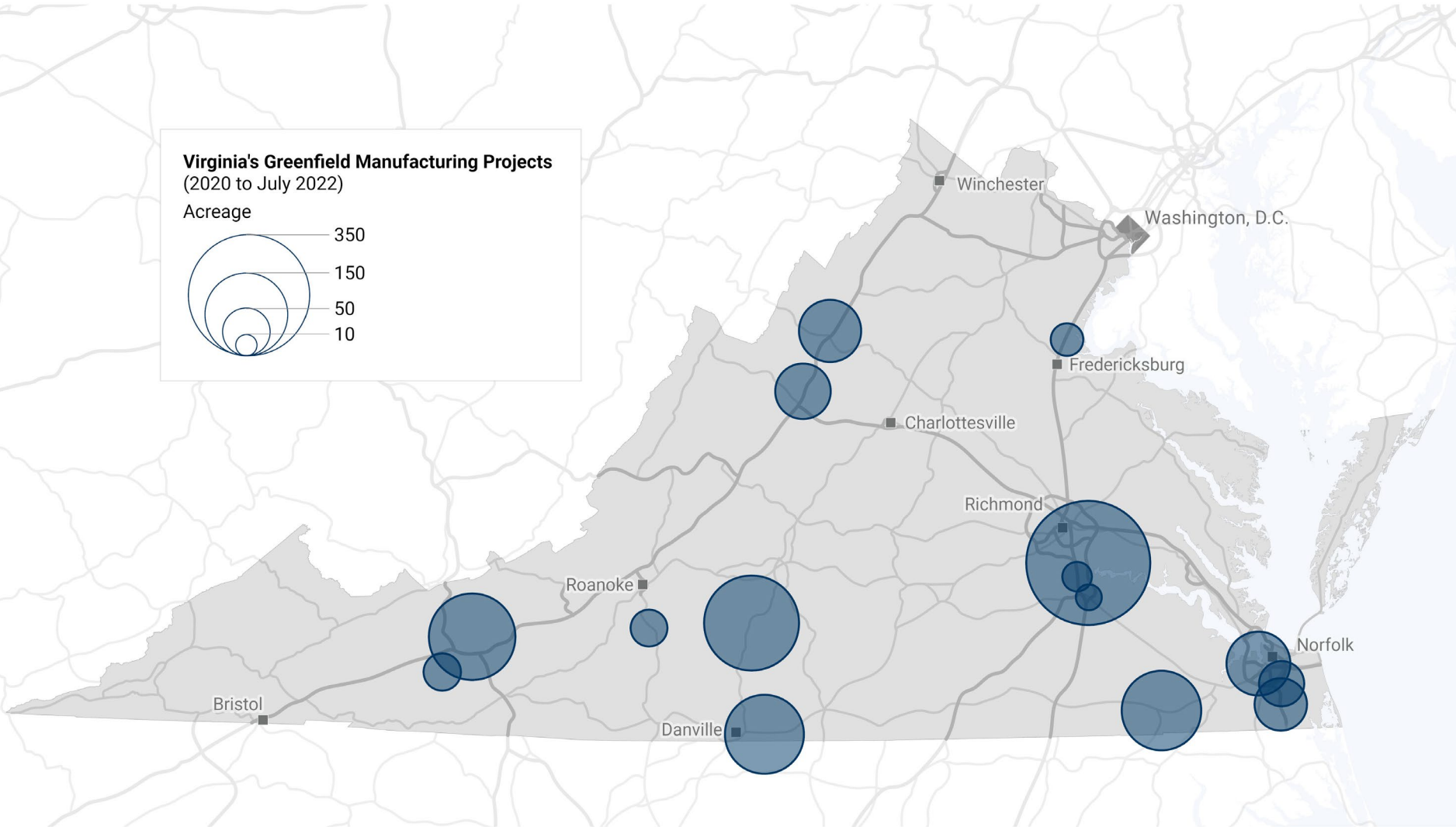
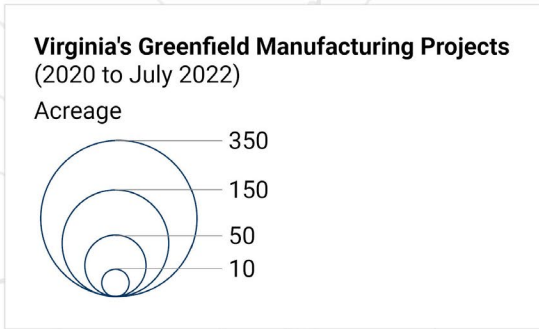
Potential jobs and capex by est. project acreage¹



¹Based on minimum acreage requests and analysis of 18 recent projects, which indicated that selected site acreage is on average two times as large as the minimum acreage request

Source: VEDP site search request data; VEDP analysis

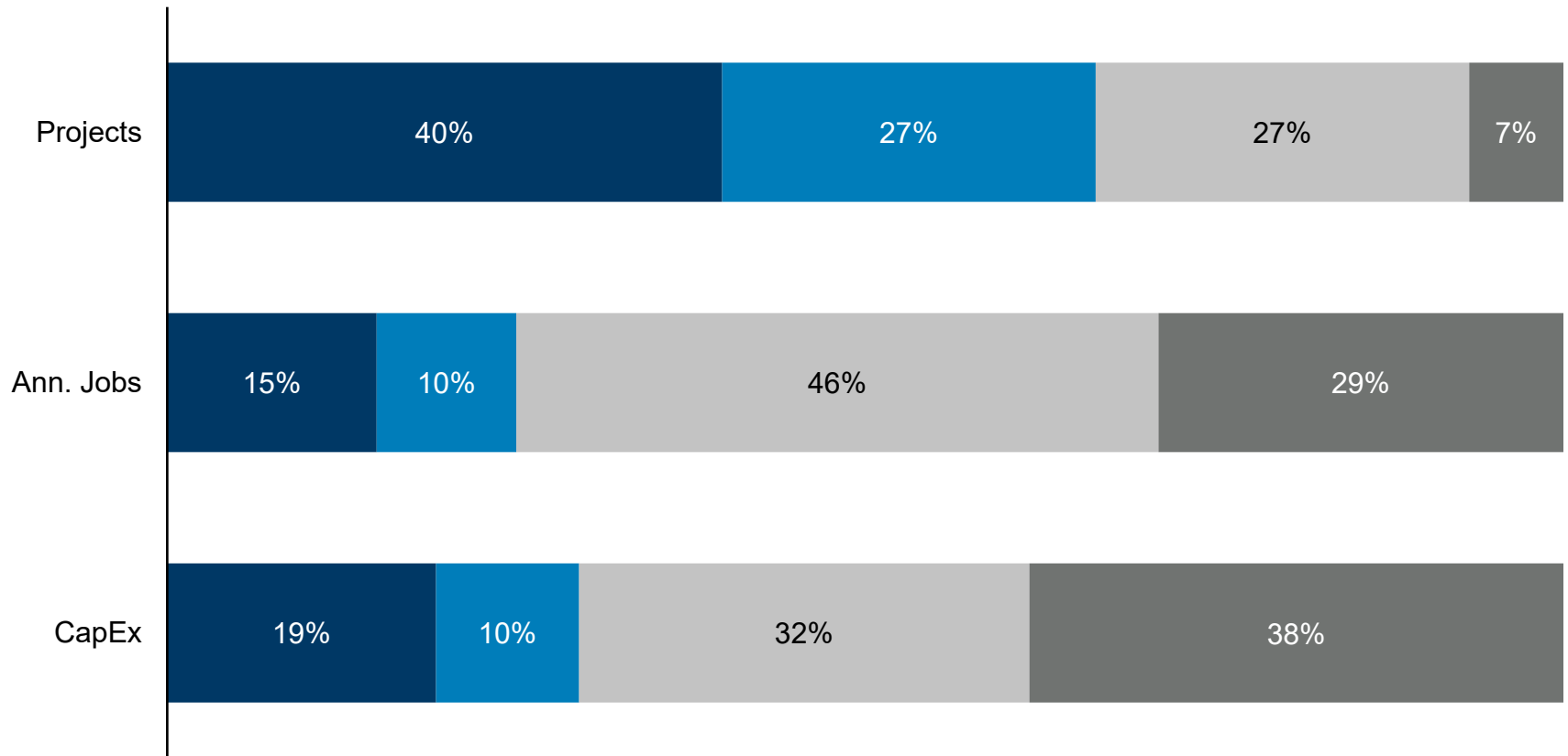
RECENT GREENFIELD WINS: HIGH ROI DEVELOPMENT OPPORTUNITIES EXIST ACROSS GEOGRAPHIES AND SITE SIZES



100+ ACRE GREENFIELD SITES ARE RESPONSIBLE FOR OVER TWO-THIRDS OF VA NEW MANUFACTURING PROJECT JOBS AND CAPEX

2020-July 2022 Virginia Greenfield Development Projects by Acreage
 Projects, N=151; Ann. Jobs, N=5,986; CapEx, N=2,720

■ <50 acres ■ 50-99 acres ■ 100-249 acres ■ 250+ acres



KEY MILESTONES OF VIRGINIA'S SITE DEVELOPMENT EFFORTS

2015

- SB 809 (Stanley) authorizes VEDP to develop a site and building assessment program and the Virginia Business Ready Sites Program (VBRSP) is established

2018

- The 2018-2020 biennium budget provides site development funding to VEDP for the first time, with approximately \$500,000 annually

2019

- With one-time funding provided in FY19, VEDP launches large scale effort to characterize and determine Tier Levels for all sites in VirginiaScan that are 25+ acres
- The characterization effort provides key intelligence on what is needed on each site to secure projects

2021

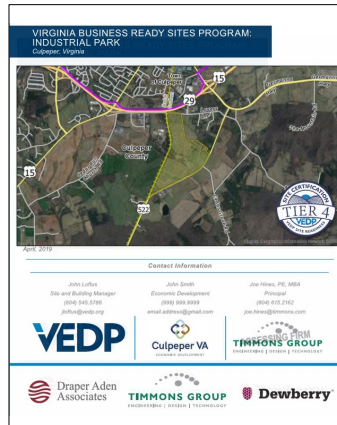
- VBRSP funding is increased to \$5M for FY22

2022

- VBRSP funding is increased to \$159M (two-year total) in 2022-2024 biennium budget

2019 ANALYSIS INCLUDED FOUR DISTINCT REPORTS FOR 466 SITES OVER 25 ACRES

Individual site characterization reports



Informs

Site developability score

Category	Raw Score Details	Weight (%)	Points
1 Percent Developable Acreage	75% (140 ac / 185 Available Acres)	10	7.5
2 Transportation Access		15	10
2.1 - Distance to Four Lane Highway / Interstate	6 - 3.4 mi / U.S. Highway 13		5
2.2 - Access to the site (VDDOT Functional Classification)	6 - Major or Minor Collector		5
2.3 - Industrial Access Quality / Expected Improvements	8 - City Entr. Improv. Req'd		5
3 Electrical Capacity / Availability		10	7
3.1 - Power Availability	10 - Bridging & Long-Term Power Available		7
3.2 - Power Capacity	Requires Additional Study		3
4 Wet Utility Capacity	6 - On-Site / Adjacent w/ Minor System Upgrades Anticipated	10	6
5 Natural Gas Availability	- Not Provided -	5	0
6 Fiber / Telecom Availability	10 - One Fiber Provider Servicing Today	5	5
7 Environmental, Geographic and Geological		15	14
7.1 - Wetlands / Streams (Waters of the US)	8 - <10% Wetlands Coverage (Dev. Area)		5
7.2 - Geology	10 - No Karst or Bedrock Concerns		5
7.3 - Floodplains	10 - Zone X (No Floodplain Study / Impacts Anticipated)		5
8 Topography	8 - 10-20% of Dev. Area Contains Challenging Slope	10	8
9 Site Build-out Potential / Yield	4.411 SF / AC	10	4
10 Additional Considerations	8 - Slightly Enhanced Potential	10	8
Total Points	This site		70.0
	Statewide	Minimum: 15.6 Median: 72.6 Maximum: 95.4	
	Statewide	Minimum: 48.3 Median: 75.4 Maximum: 95.4	

Notes:
 Located adjacent to NASA Wallops facility with access via railway to the NASA Runway. Power provider did not submit requested information for this study, therefore the electrical scores could change if this is supplied at a later date.

Study ID: 001-241061

Location competitiveness data

Details		Advanced Manufacturing (Small)			
	Category	Units	Weight	Data	KPMG Score
Talent Availability	Total Laborforce	# of People	3.0%	215521	40
	Targeted Workforce Percentage	% of Workforce	6.0%	8.1%	20
	Targeted Workforce Size	# of Workers	4.0%	15920	50
	5-Year Projected Workforce Growth	% of Workforce	2.0%	1.5%	40
	Enrollment Graduate School	# of Students	2.0%	6814	40
	Enrollment Undergraduate	# of Students	2.0%	27691	40
	Enrollment Grade 9-12	# of Students	1.0%	20034	40



Informs

Sector suitability

At-a-glance		
Property ID	Site Name	
	Suitability score	Score (0-100)
Mega Projects	Not Considered	-
Super Projects	Not Considered	-
Advanced Manufacturing (Large)	Not Considered	-
Advanced Manufacturing (Small)	Highly Suitable	52
Light Manufacturing (Large)	Not Considered	-
Light Manufacturing (Small)	Suitable	55
Distribution, Logistics (Large)	Highly Suitable	65
Distribution, Logistics (Small)	Suitable	67

*Minimum, Median, and Maximum of subset of sites considered for each sector by KPMG analysis

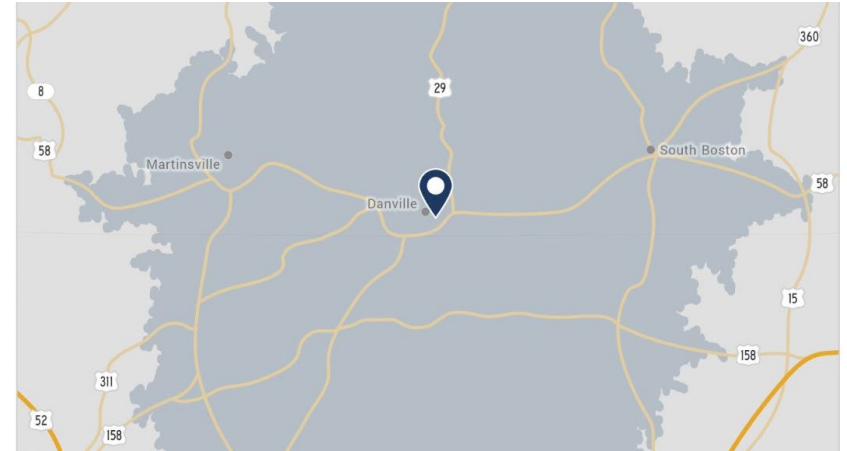
VEDP EVALUATES SITES ALONG TWO DIMENSIONS TO DETERMINE TOP CANDIDATES FOR INVESTMENT



Site factors

Including but not limited to:

- Acreage
- Power
- Natural gas
- Water/sewer
- Topography

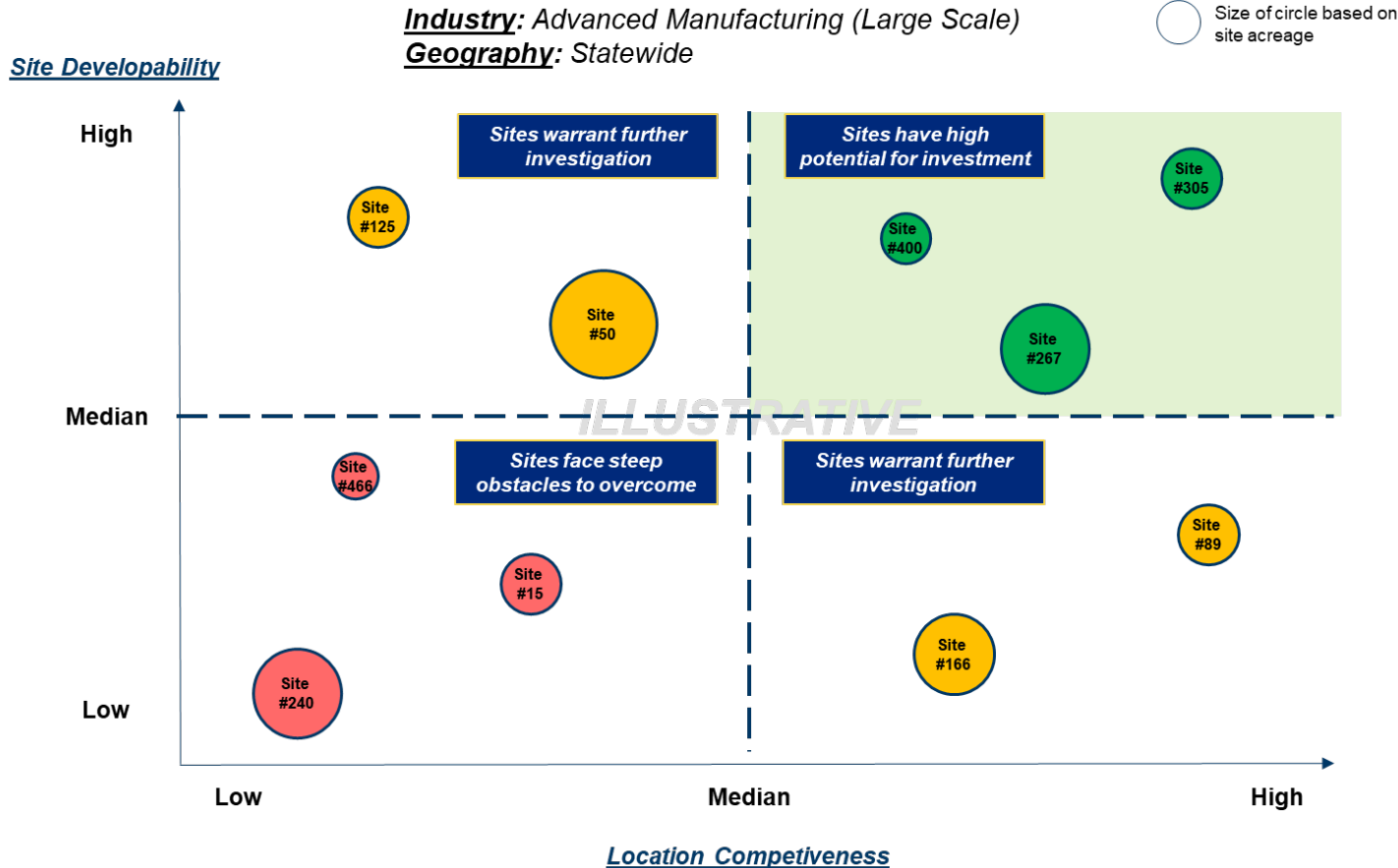


Location factors

Including but not limited to:

- Talent availability
- Labor quality
- Labor cost
- Quality of life
- Taxes

2019 CHARACTERIZATION IDENTIFIED SET OF TOP DEVELOPMENT OPPORTUNITIES; DEEPER DIVE NEEDED PRIOR TO INVESTMENT



Additional due diligence is required to fully understand the investment potential of each site

- High-level approach with only preliminary due diligence was needed to evaluate 450+ sites
- Additional diligence and site planning must be done at local level to fully understand site potential

VIRGINIA BUSINESS READY SITES PROGRAM OVERVIEW

- The Virginia Business Ready Sites Program (VBRSP) has two grant programs:
 - Characterization grants (matching grants up to \$5,000 to characterize 25+ acre sites)
 - Site Development Grants

- **The mission of VBRSP:** establish a portfolio of sites across Virginia that are well-prepared and positioned for selection/development by economic development projects

- VEDP awards available funds to site development projects to assist with the costs necessary to advance sites from their current Tier Level to higher Tier Levels

- VBRSP funds are awarded to site development projects based on VBRSP Program Priorities and the merits of the project

- Grants must be made to counties, cities, towns, local/regional industrial authorities, or economic development authorities

VEDP, IN PARTNERSHIP WITH STAKEHOLDERS, DEVELOPED A TIERING SYSTEM TO DESCRIBE EACH SITE'S READINESS

Tier	Description		
1	<ul style="list-style-type: none"> ▪ Raw land with interested seller ▪ No established sales price ▪ Not zoned for economic development use (i.e., industrial or commercial) 		
2	<ul style="list-style-type: none"> ▪ Site controlled and marketed for development ▪ Option agreement with commitment to a competitive sales price ▪ Comprehensive Plan reflects industrial or commercial land use 		
3	<ul style="list-style-type: none"> ▪ Property zoned for industrial or commercial land use, due diligence completed <ul style="list-style-type: none"> – Wetlands delineation with ACOE approval within last 5 years – Geotechnical borings & preliminary evaluation – Boundary survey w/ easements & encumbrances identified (ALTA preferred) and 1' topographical survey – Cultural resources review – Threatened & endangered species review – Phase I ESA within last 5 years – Floodplain Study or Geological/Karst Evaluation (if necessary) ▪ Preliminary engineering work completed with associated reports ▪ Estimated costs and timelines for development have been quantified 	"Soft" Costs	
4	<ul style="list-style-type: none"> ▪ All infrastructure permit issues identified and quantified (wetlands, E&S, T&E, etc.) ▪ Plans for necessary infrastructure improvements have been completed and approved ▪ Any infrastructure needed to reduce timeline to 12-18 months is in place 		
5	<ul style="list-style-type: none"> ▪ "Shovel Ready" – site cleared and rough graded ▪ All site permits in place or identified (E&S, stormwater mgmt., etc.) such that building construction can begin as soon as necessary land disturbance permits can be obtained by prospective industry 		"Hard" Costs

VIRGINIA BUSINESS READY SITES PROGRAM PRIORITIES

Investment decisions will be made according to the following program priorities, based on a thorough analysis of each site and surrounding location

- Improve market-ready site inventory
- Create “high-win potential sites”
- Advance sites from lower tiers
- Focus on sites with potential for regional and state-wide impact
- Ensure geographic diversity
- Practice fiduciary stewardship

VBRSP PROCESS IS STRUCTURED TO GATHER, VERIFY, AND EVALUATE SITE INFORMATION

Grant opportunity incentivizes localities to assemble detailed information on sites

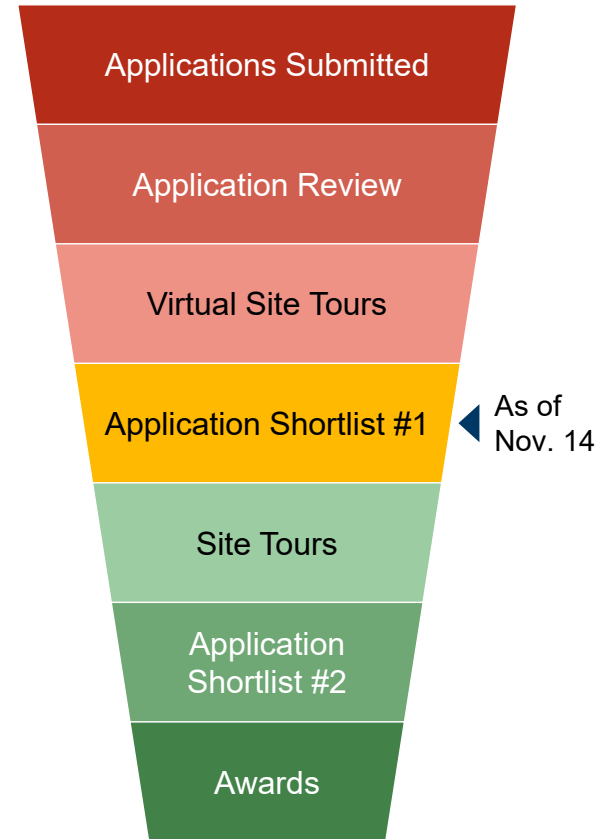
- Locals coordinate with boards of supervisors, utilities, private developers, landowners, engineers, regional bodies, and other officials to verify and update site information
- Process mirrors the effort that locals would need to perform to compete for an economic development project

In-person site visits allow VEDP to verify and augment site information

- Visits highlight any discrepancies and additional site needs or assets omitted by the local application
- Intangibles such as site optics, local commitment, and capabilities are critical to winning projects; site visits provide significant insight into those potential issues
- Reviewing discrepancies and intangibles allows risk factors to be eliminated throughout the process; helps narrow the ranges for cost and timeline

ROI calculations refined based on more detailed information

- Input gathered through applications and site visits make target industry and project specifications more specific and accurate
- As the industry and project scope become more narrowly defined, industry-specific costs and the range of potential jobs and capital investment can be better estimated



Risk Level



Q&A



APPENDIX

New River Valley Commerce Park,
Pulaski County

WHAT MAKES A STRONG SITE (PHYSICAL SITE FACTORS)?

The following site characteristics and elements will be evaluated throughout the VBRSP application process. These elements are consistently considered in a site selection project and are critical in successfully securing an end-user at a prospective site.

- Flat topography
- Rectangular configuration
- Clear property boundaries
- Strong optics
- On-site and off-site access
- Proximity to the highway
- Utility capacities and proximity
- Rail (if applicable)
- Full suite of due diligence
- Appropriate zoning
- No wetlands, floodplains, or geotechnical concerns

VIRGINIA BUSINESS READY SITES PROGRAM PRIORITIES

Investment decisions will be made according to the following program priorities, based on a thorough analysis of each site and surrounding location

- Improve market-ready site inventory
 - The leading priority of VBRSP is to increase the market-ready product portfolio across the Commonwealth of Virginia. With the ever-changing landscape of product demands and supply chain considerations, market-ready sites are in high demand, driving the need for a strong site product inventory
- Create “high-win potential sites”
 - High-win potential sites are those which support demonstrated market demand. These sites are expected to locate a project within 18 months of VBRSP project completion
- Advance sites from lower tiers
 - The program recognizes the need to develop a robust inventory of sites across the Commonwealth, which at current state, may vary in the development spectrum. Therefore, projects that advance sites from Tiers 1 through 3 to Tiers 4 or 5 will be a priority
- Focus on sites with potential for regional and state-wide impact
 - VBRSP will fund sites that are at least 100 contiguous developable acres¹, however it aims to fund larger sites given the potential for regional and state-level impact of project wins at these sites
- Ensure geographic diversity
 - Geographic diversity will ensure that site demands of any investor across a wide spectrum of project parameters can be met across Virginia (proximity to supplier, industry cluster, etc.), and that all regions participate in Virginia’s economic growth
- Practice fiduciary stewardship
 - The program will carefully consider the total investment required for each site and the anticipated return on investment for each potential project to ensure the grant funds are responsibly invested

¹GOVA Regions 1 and 2 will be eligible if the site is at least 50 contiguous developable acres.

THE VBRSP PROCESS DEEPENS UNDERSTANDING OF THE INVESTMENT POTENTIAL OF EACH SITE

In-person and virtual site visits:

- Establishes how prepared and committed the community is to develop the site
- Supports understanding the optics of the site and surrounding area
- Enables evaluation of the community's target industries and fit for the site

Community commitment

- The most important element of successful site development and project wins is local commitment
- Community commitment, often in the form of matching funding (dependent on community resources), should be strongly considered when evaluating investments

Site optics

- Ability to visualize company operations on-site offers significant advantage during site selection process
- Touring site and surrounding area enables VEDP to proactively identify any potential prospect concerns such as external and internal access challenges, inadequate buffering, and proximity to sensitive areas

Target industry analysis

- A strong presence of the target industry in the area will be a major attractor to companies
- Even if the industry is not highly concentrated in a location, recent project wins reflect an attractive value proposition and may serve to attract additional companies
- Communities' ability to develop and deliver a strong business case for their target industries is essential to securing projects

PROGRAM TIMELINE (PAGE 1 OF 2)

The timeline has been developed to ensure expeditious award announcements and is subject to approval by the Governor's Administration.

Process	Description	Date
Pre-launch overview	An overview of the program, application process, and ability for local stakeholders to ask questions	June 6, 2022
Application launch	A brief pre-application will be made available on the website. Qualified applicants will be sent the full application packet	July 1, 2022
Program launch webinars	Overview of guidelines, application process, and selection process, plus examples of strong applications and the importance of site development	July 12, 19, 2022
Pre-application due	Pre-applications will be available on VEDP's website. Pre-applications will be screened for eligibility prior to sharing a full application with the applicant	Aug 1, 2022
Applications issued	Pre-applications that qualified were issued a full application	Aug 15, 2022
Application due date	Applications must be submitted via the VBRSP FileShare site by September 13, 2022, to be considered for funding. No late submissions will be accepted	Sept 13, 2022

PROGRAM TIMELINE (PAGE 2 OF 2)

Process	Description	Date
Application review	<ul style="list-style-type: none"> ▪ Applications will be reviewed by the Project Review Committee and competitively ranked against all projects ▪ Completed applications will receive a virtual site tour 	Sept 2022
Virtual site tours	<ul style="list-style-type: none"> ▪ A virtual site tour will be used for the Project Review Committee to learn more about the proposed project, business case, and return on investment ▪ The call will be 15-20 minutes in length and will require a prepared slide deck 	Oct 24 - 28, 2022
Virtual site tour review	<ul style="list-style-type: none"> ▪ After virtual site tours, the Review Committee will recommend projects to the Approval Committee for advancement 	Nov 2022
Site tours	<ul style="list-style-type: none"> ▪ Site tours are conducted to better understand the potential of the site prior to making final funding recommendations to Approval Committee 	Nov 28 - Dec 9, 2022
Recommended awards	<ul style="list-style-type: none"> ▪ Review Committee will present and discuss funding recommendations to the Approval Committee 	Dec 2022 - Jan 2023
Announcement		