



POSITIONING VIRGINIA FOR A HEALTHY ECONOMIC RECOVERY

January 14, 2021

The image features a photograph of the Virginia State Capitol building, a neoclassical structure with a prominent portico supported by tall white columns. In the foreground, a lush garden of tulips in various colors, including red, purple, and white, is in full bloom. A large, semi-transparent blue triangle is overlaid on the left side of the image, containing the title text.

ECONOMIC DEVELOPMENT IN THE COMMONWEALTH

Virginia State Capitol

ECONOMIC DEVELOPMENT: POLICIES AND PROGRAMS DESIGNED TO ENCOURAGE GROWTH IN JOBS, WAGES, AND INVESTMENT

VEDP accomplishes this through:



Marketing Virginia to raise awareness of the Commonwealth's advantages for business and cultivate new leads



Recruiting out-of-state firms to select Virginia for new job-creating projects



Encouraging and assisting the **retention and expansion** of existing Virginia firms



Assisting Virginia companies to establish and/or expand international sales (i.e., **trade development**)



Encouraging **coordination** of economic development efforts among local, regional, and state partners



Developing recommended **economic development policies and strategies** to position Virginia and its regions for growth



Conducting **research** to understand and effectively present Virginia's competitive advantages



Administering **performance-based incentives** that encourage job creation and capital investment



Providing **grants or custom workforce solutions** to address talent recruitment and training needs of expanding firms



Collaborating with localities to develop **project-ready sites** for manufacturing and supply chain projects

VEDP DOES ITS WORK IN COLLABORATION WITH HUNDREDS OF ECONOMIC DEVELOPMENT PARTNERS ACROSS VIRGINIA

Core VEDP partners include the Governor's Administration, Virginia General Assembly, other state agencies, 18 regional economic development organizations, over 100 local economic development partners, utilities, railroads, and trade associations



LIKE ALL OTHER STATES, VIRGINIA'S ECONOMY IS COMPRISED OF TRADED AND NON-TRADED INDUSTRY SECTORS

Traded sector: Businesses that generate most of their sales from out-of-state customers, resulting in new jobs, wages, and tax revenues for the Commonwealth



Corporate HQs



Manufacturing



Technology¹



Business Process Outsourcing



Supply Chain

Non-traded sector: Businesses that primarily serve local (i.e., in-state) customers, typically competing with other non-traded sector businesses for in-state sales



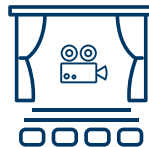
Retail



Restaurant



Hospital



Entertainment



Local Services

Job breakdown by sector

1/3

of Virginia employment is in **traded sector** jobs

2/3

of Virginia employment is in **non-traded sector** jobs

¹For example: Data Centers, Software Development, Cloud Computing, Cybersecurity

TRADED SECTORS DRIVE JOB CREATION WITH HIGH EMPLOYMENT MULTIPLIERS AND GENERATE NEW REVENUE



Employment multiplier

Additional jobs created for every 1 direct job

| Direct jobs | Indirect jobs | Induced jobs | Total jobs |
|----------------------------|----------------------|-----------------------------|------------|
| Plastic resin manufacturer | Suppliers to company | Where employees spend money | |

1.0 + 1.2 + 2.2 = 4.4

Example: Plastic resin manufacturer

25 + 30 + 55 = 110

NON-TRADED SECTORS GENERALLY DO NOT GENERATE NET JOB GAINS OR CREATE NEW REVENUE IN A COMMUNITY



Employment multiplier

Additional jobs created for every 1 direct job

| | | | | | | |
|---|--|--|--|--|--|-------------------|
| Direct jobs Full-service restaurant | | Indirect jobs Suppliers to company | | Induced jobs Where employees spend money | | Total jobs |
|---|--|--|--|--|--|-------------------|

$$1.0 + 0.1 + 0.2 = 1.3$$

Example: Full-service restaurant

$$25 + 2.5 + 5 = 32.5$$

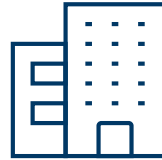
VEDP FOCUSES MOST OF ITS BUSINESS DEVELOPMENT EFFORTS ON A SET OF TARGET INDUSTRIES FOR WHICH VA IS COMPETITIVE



Automotive



Software



Headquarters



Aerospace



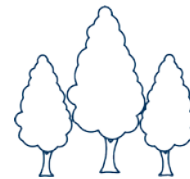
Cybersecurity



Life Sciences



Unmanned Systems



Wood Products



Data Centers



Business Process Outsourcing



Supply Chain Management



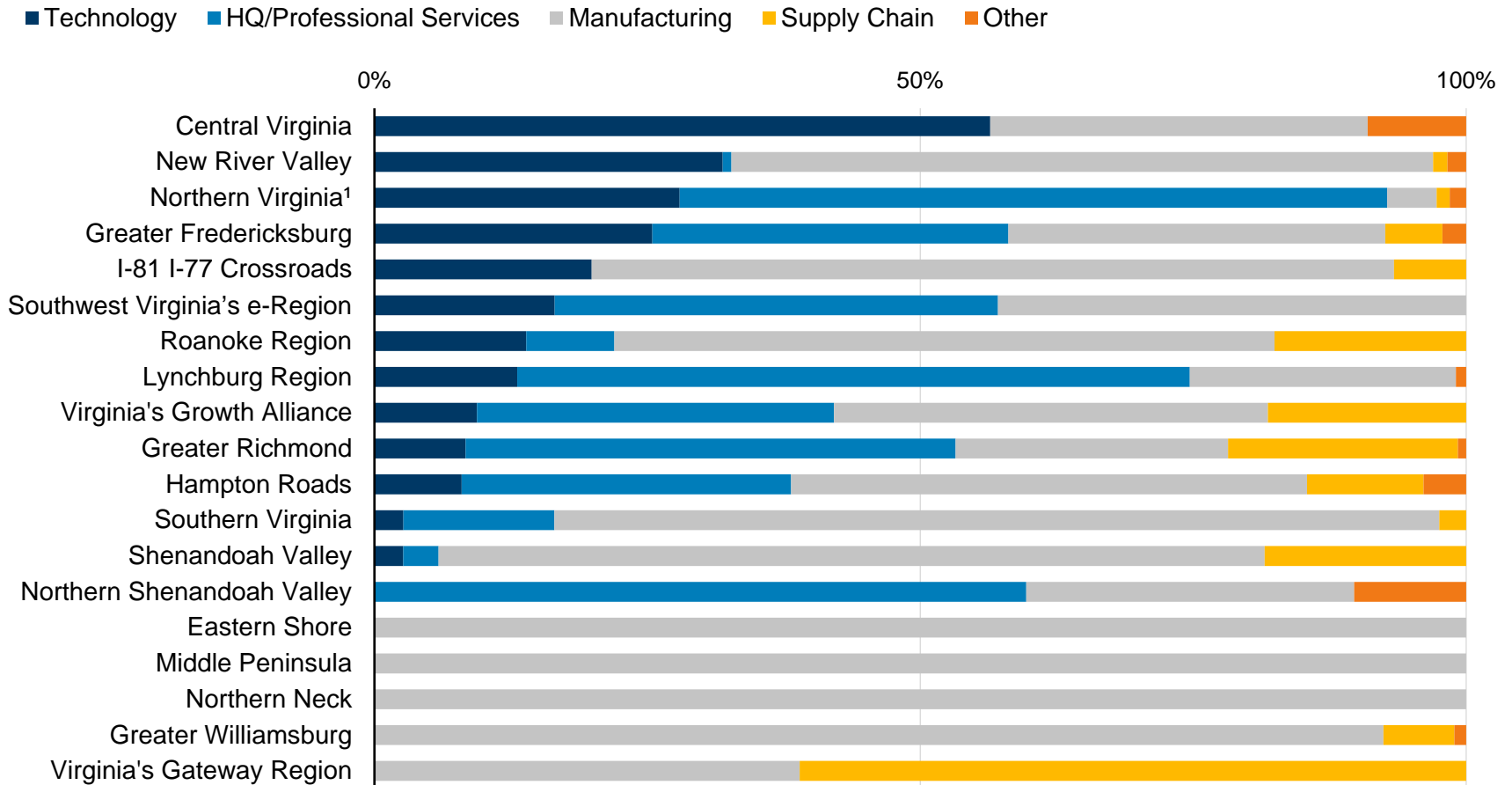
Food & Beverage Processing



Advanced Materials

REGIONAL PROJECT ANNOUNCEMENTS REFLECT SIGNIFICANT DIFFERENCES IN REGIONAL ECONOMIC DIVERSITY

Total new regional employment, including expansions
VEDP Marketing Region, New jobs announced FY17 – FY20



¹Excluding Amazon HQ2

WHILE RARELY APPARENT IN MEDIA COVERAGE, ROUGHLY 2/3 OF VEDP-ASSISTED PROJECTS ARE EXPANSIONS OF EXISTING FIRMS

VIRGINIA'S NEWS LEADER

Richmond Times-Dispatch

\$3.00 • SUNDAY, NOVEMBER 18, 2018 • NEWS 24/7 AT RICHMOND.COM • FINAL

PURSUING A TECH GIANT



Gov. Ralph Northam talked with Brian Huseman, Amazon's vice president of public policy, after Tuesday's news conference in Crystal City.

How Virginia sealed the deal with Amazon

For state officials, splitting HQ2 made the project more palatable

BY MICHAEL MARTZ
Richmond Times-Dispatch

As autumn began, Virginia lawmakers were not completely sold on the deal they had been putting together for a year to land Amazon's second headquarters in the Northern Virginia suburbs.

The lure of a \$5 billion investment and 20,000 high-paying jobs was powerful, but so was the fear of having to justify \$1 billion in direct state incentives to a company valued at \$1 trillion.

Members of the Major Employment and Investment Project Approval Commission also were concerned about the ability of any community in Northern Virginia's already reeling and traffic-clogged suburbs to handle the massive influx of people.

That's when Amazon made a pivotal decision to divide the project in half, ultimately awarding 25,000 new jobs and up to \$2.5 billion in investment each to Virginia and New York about six weeks later.

"That's when I knew I could support it," said House Appropriations Chairman Chris Jones, R-Suffolk, who acknowledged last week that until the decision, it "wasn't there yet."

AMAZON, Page A10

New aviation firm prevails in Chesterfield

Proposal for airport became political in character after years of discussions

BY C. SUAREZ ROMAS
Richmond Times-Dispatch

A second fixed-base operator is coming to the Chesterfield County Airport after years of underlying discourse regarding the county's oversight of a public partner that has been in charge of most operations there since 1991.

In the weeks leading up to the approval of a new 30-year operations agreement and 40-year lease with the named Executive Aviation, pilots weary of Dominion Aviation welcomed the idea of having a second company that could work on their aircraft and expand options for flight instruction at the county's general aviation airport.

While some pilots supported the new aircraft management and flight school company, Dominion Aviation, its supporters and two county supervisors had numerous concerns about alleged safety risks and unanswered questions about REA's business plan, assets and prospective clients.

Nonetheless, Supervisors Steve Elswick, Jim Holland and Chris Winslow approved the agreements on the belief that REA, as an unproven newcomer, should be allowed to compete against the airport's only operator.

Speaking at Wednesday's meeting, Elswick said the 3-2 decision ultimately came down to a difference in philosophy, but several pilots said the county's history with the airport.

AIRPORT, Page A12

As Genworth nears final merger, report questions viability of the \$2.7B deal

BY JOHN REID BLACKWELL
Richmond Times-Dispatch

More than two years after the deal was announced, the proposed acquisition of Henrico County-based insurance giant Genworth Financial Inc. by a China-based financial conglomerate finally may be nearing completion.

Genworth, a seller of mortgage and long-term care insurance with thousands of employees in Virginia, has said it hopes to clear the final regulatory hurdles by the end of the year for its long-delayed acquisition by China Overseas Holdings Group Co. Ltd. As part of the proposed merger, a key public hearing, however, reported by one investor has raised questions about the viability of the deal and prompted an online debate.

The report, published on Nov. 1 by Lindenburg Research, based in Genworth, Page A13

LOCAL

Sunday, June 24, 2020 • A3

Applied Felts' subsidiary buys building

FerraTex invest about \$1.95M to renovate the facility.

STAFF REPORT
FerraTex Solutions, LLC, a provider of cured-in-place-pipe, will purchase the former Compton Wood Products facility in the Bowles Industrial Park in Henry County, the governor's office announced late Thursday.

FerraTex will invest approximately \$1.95 million to renovate and expand the facility and add 15 jobs, the release said.

The company is a subsidiary of Applied Felts Inc., which has been in Martinsville since 1997 and employs 150 and has increasing demand for its products. The two facilities will be adjacent to one another.

"As we work to rebound from the economic impacts of this pandemic, our existing companies will play an important role in new hiring and investment," Gov. Ralph Northam said in the release. "We look forward to the new FerraTex operations in Henry County and remain committed to providing the infrastructure and skilled workforce to help businesses of all sizes grow and succeed in our Commonwealth."

FerraTex provides pipe globally using a special curing process and, in addition to Martinsville, manufactures its products in the United Kingdom and India.

Applied Felts also has facilities in New Jersey, Tennessee, Florida, Nevada and Texas.

"We are excited to expand our presence in Henry County and add our sixth FerraTex facility in the United States, two of the nation's busiest underground infrastructure repair markets."

FerraTex Vice President Jerry Gaines said this will be a "state-of-the-art, flag-



LOCAL
This facility, formerly site of Compton Wood Products in Henry County, is being purchased and expanded by FerraTex Solutions, a subsidiary of Applied Felts, a longtime presence in the county.

ship location" and praised officials from the state and

Henry County in helping make the deal happen.

The Virginia Development Partnership worked with the Martinsville-Henry County Economic Development Corporation on the project, and Northam approved a \$65,000 grant from the Commonwealth Opportunity fund to assist Henry County with the project.

Funding and services to support the company's employee training activities will be provided through the Virginia Jobs Investment Program, administered by VEDP. Henry County's local investment is \$118,701 and includes local Enterprise Zone grants and cash from the Martinsville-Henry County EDC.

"Applied Felts is an old and trusted friend, and we are certain that FerraTex will be as impactful on our community as its partner," Henry County Board of Supervisors Chair Jim Adams said in the release.

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Big, new-to-Virginia projects often get front-page coverage

Smaller expansions of existing firms rarely make the front page

FIVE TRANSFORMATIONAL GOALS FOR VEDP AND VA



Virginia State Flag

TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH

1 **Robust State Growth**
Over the next several years, position VA 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 a one of America's most effective state EDOs

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

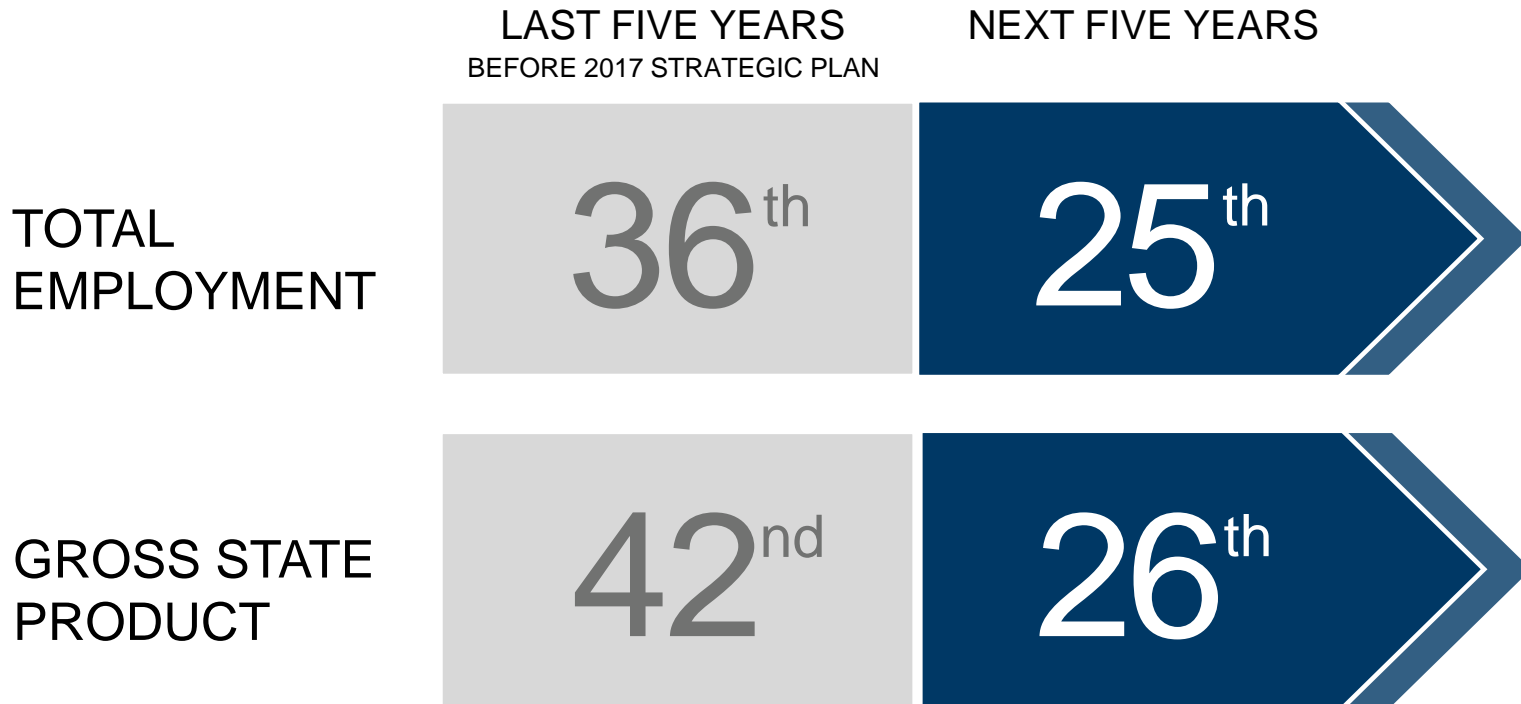
1.

Over the next several years, position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.



STIHL Inc., Virginia Beach City

VIRGINIA'S 5-YEAR GROWTH RANKINGS HAVE IMPROVED SINCE 2017



2.

Ensure that every region participates in the growth of the Commonwealth

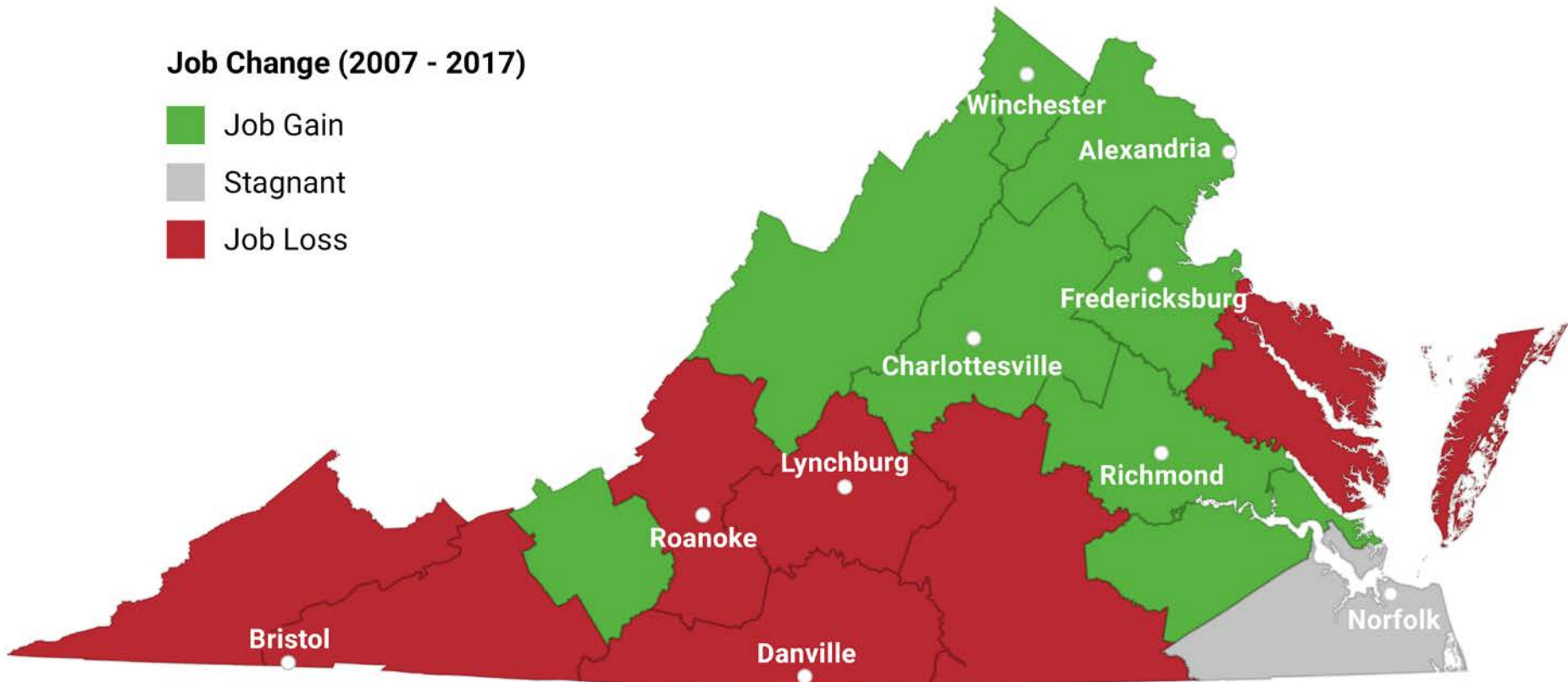


Samuel Pressure Vessel Group, Russell County

MANY RURAL VIRGINIA REGIONS AND SMALL METRO AREAS WERE EXPERIENCING JOB LOSSES PRIOR TO VEDP'S RELAUNCH IN 2017

Job Change (2007 - 2017)

- Job Gain
- Stagnant
- Job Loss

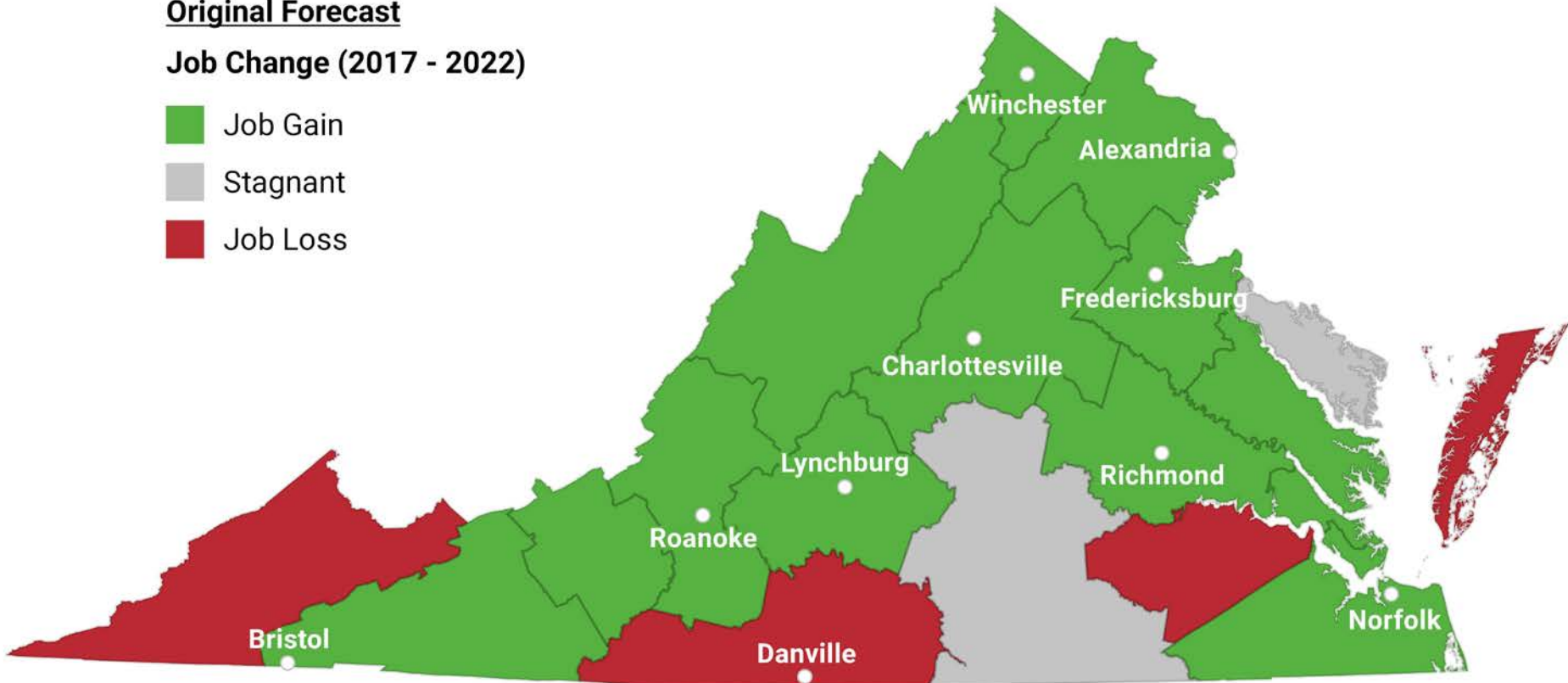


PRE-COVID FORECASTS SHOWED IMPROVEMENTS BUT SUGGESTED MORE WORK NEEDED TO ENSURE SHARED GROWTH ACROSS VA

Original Forecast

Job Change (2017 - 2022)

- Job Gain
- Stagnant
- Job Loss

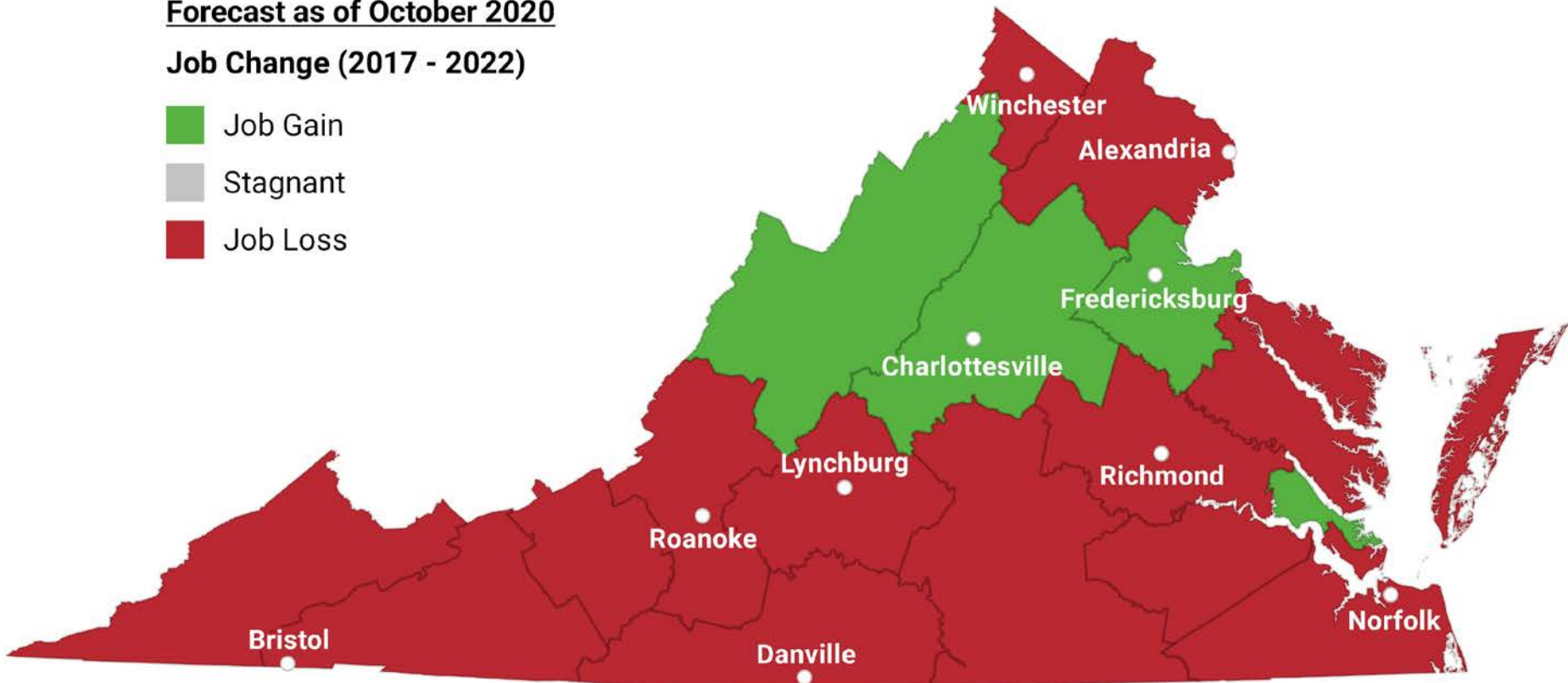


POST-COVID FORECAST INDICATES WIDESPREAD JOB LOSSES THAT WILL REQUIRE EXECUTION OF STRATEGIC PRIORITIES

Forecast as of October 2020

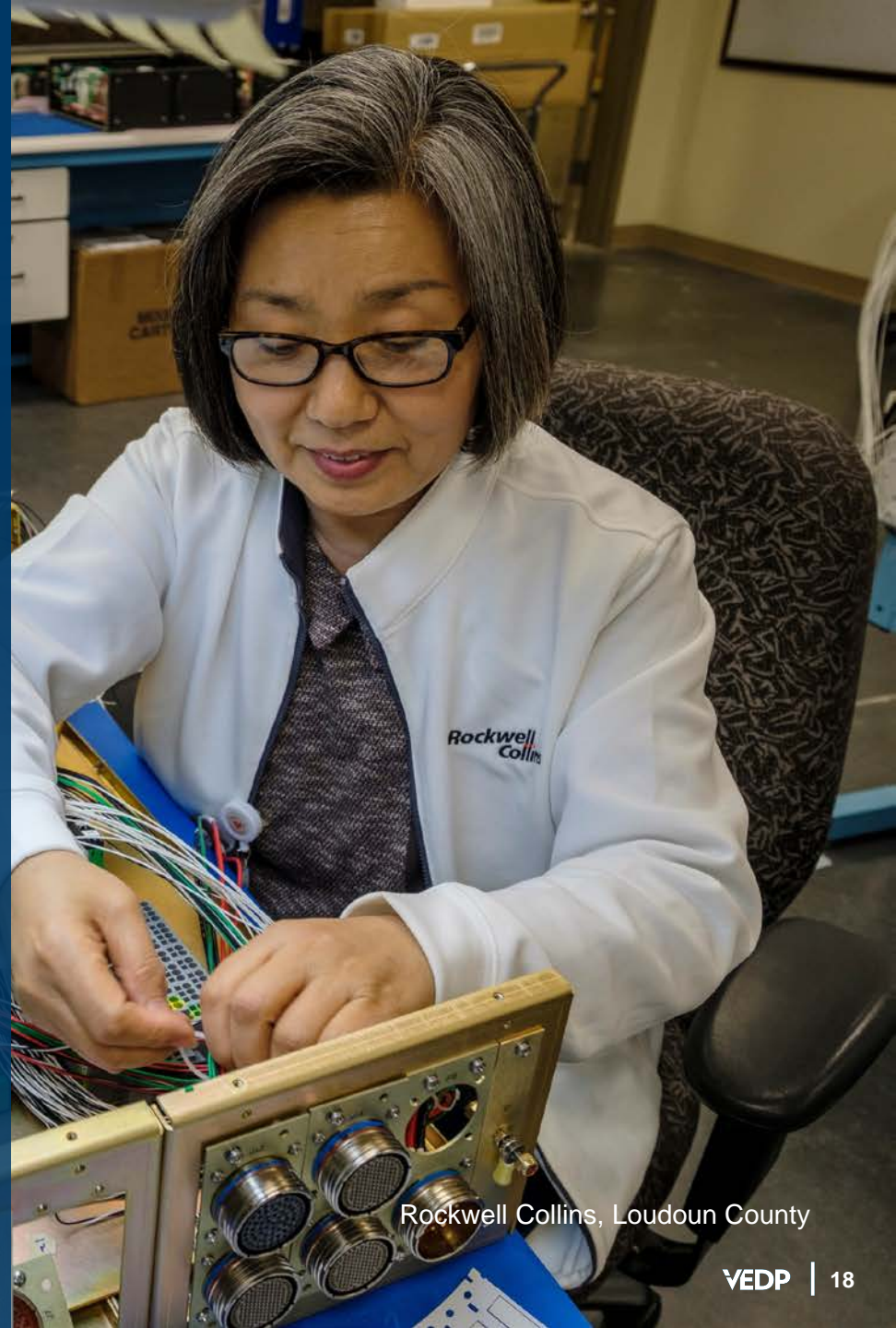
Job Change (2017 - 2022)

- Job Gain
- Stagnant
- Job Loss



3.

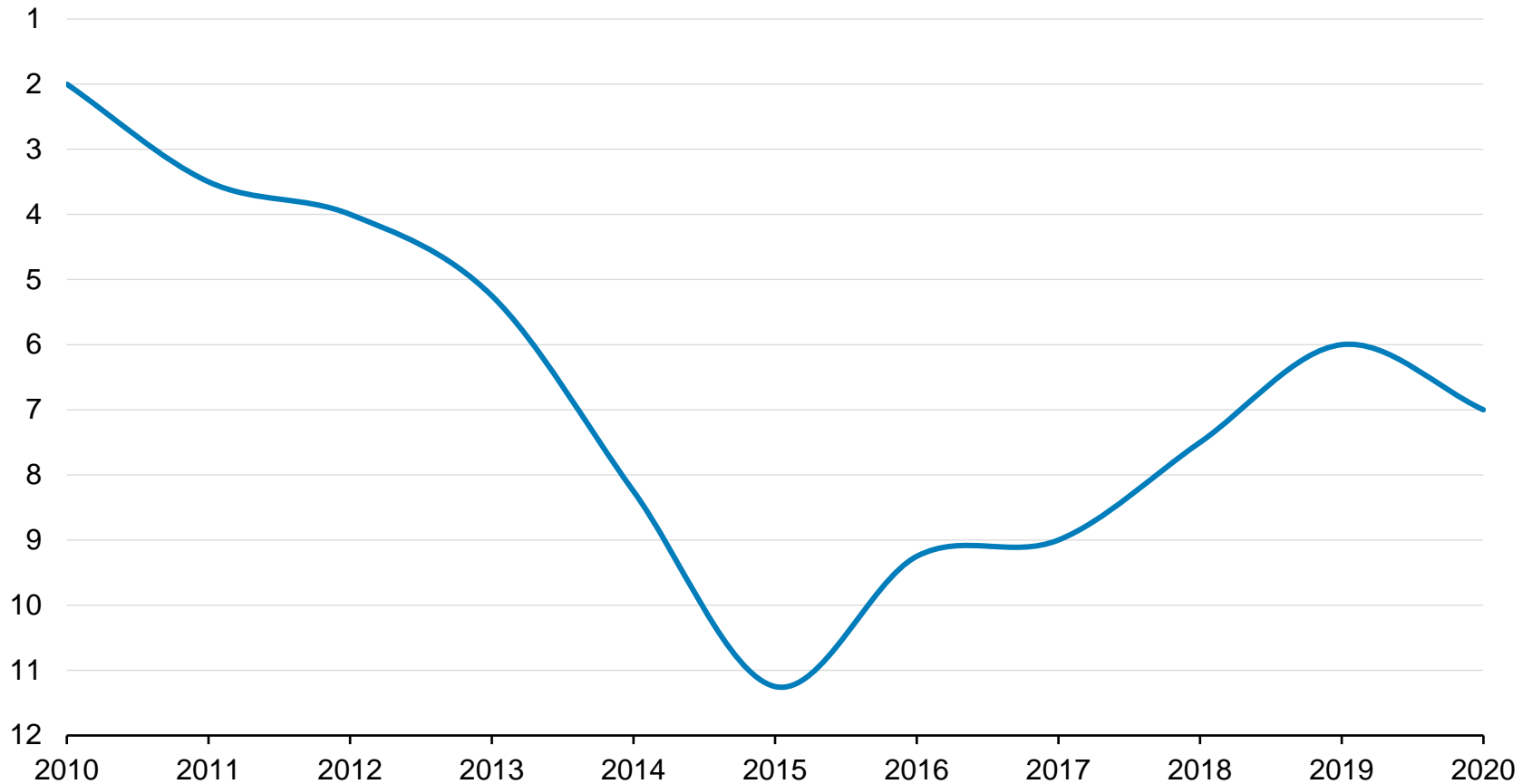
Restore Virginia to its previous leadership position near the top of the national business climate rankings



Rockwell Collins, Loudoun County

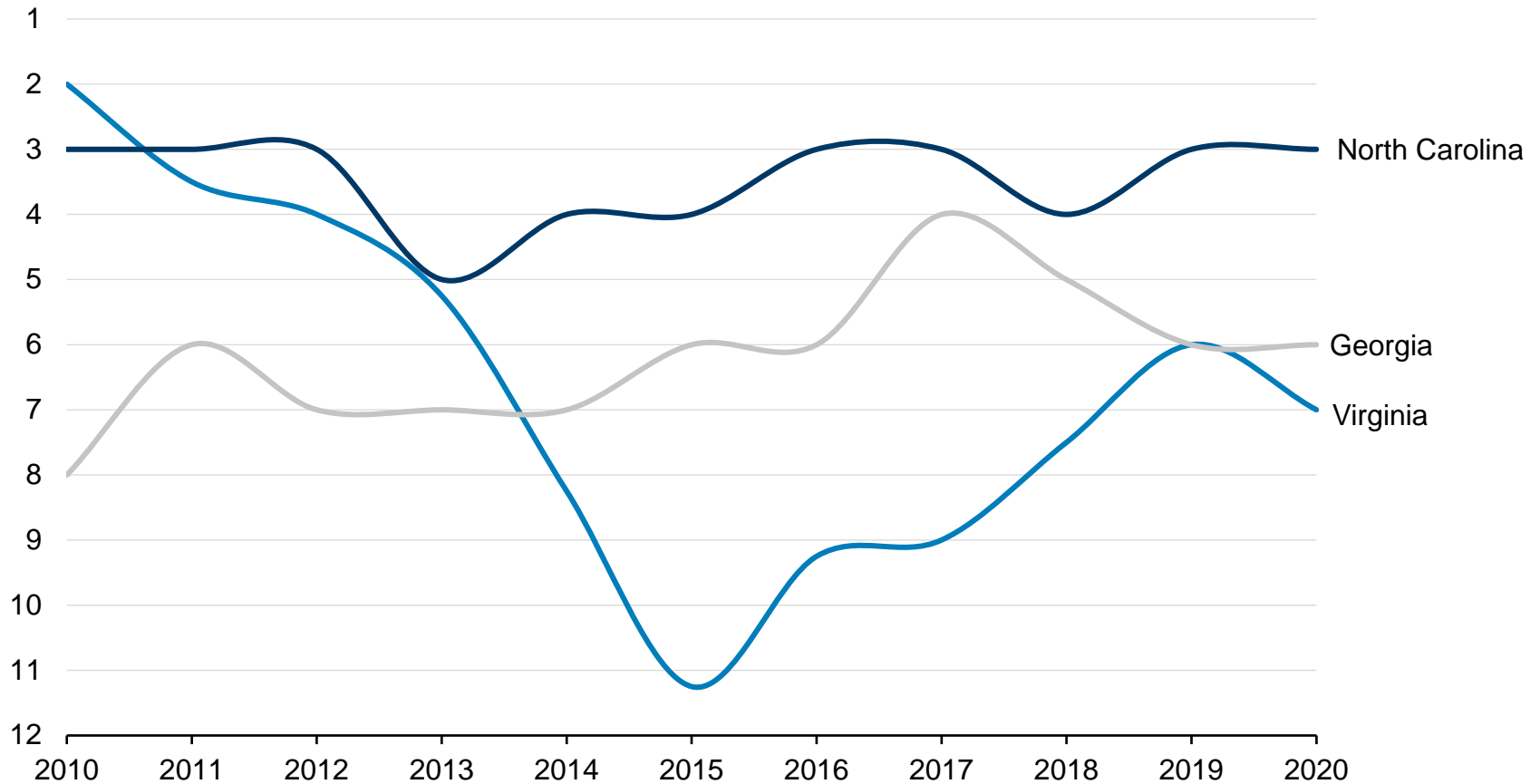
THE COMMONWEALTH'S BUSINESS CLIMATE RANKINGS FELL AFTER 2010 AND VIRGINIA'S STANDING SINCE HAS SOMEWHAT IMPROVED

Virginia's average state rank in selected national business climate rankings



VIRGINIA HAS BEEN CLOSING THE GAP WITH TOP COMPETITORS BUT COULD STAGNATE WITHOUT BOLD ACTION

Average state rank in selected national business climate rankings

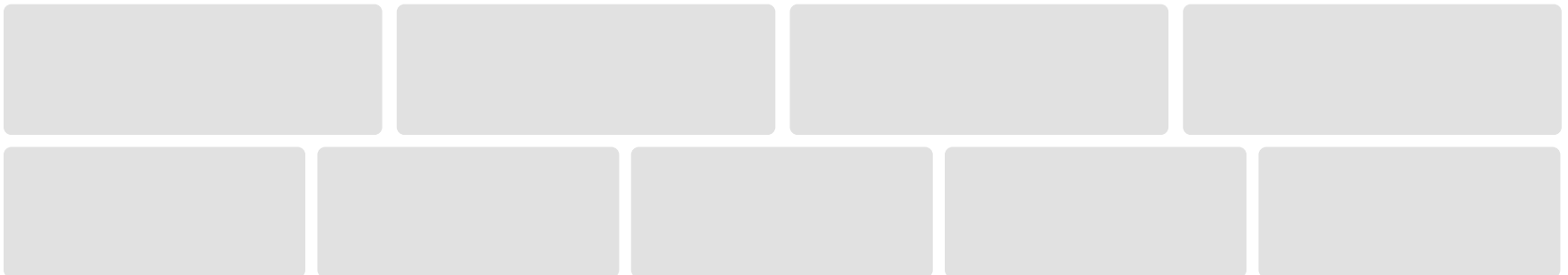


WHAT DRIVES VIRGINIA'S STANDING IN ECONOMIC DEVELOPMENT?

TOP OPPORTUNITIES TO IMPROVE (SOME UNDERWAY)



RECENT ADVANCES



LONGSTANDING STRENGTHS

| | | | |
|----------------------------|-----------------------|-------------------------------------|-----------------------|
| EDUCATION | WORKFORCE | QUALITY OF LIFE | MID-ATLANTIC LOCATION |
| PRUDENT FISCAL STEWARDSHIP | DIVERSE ECONOMIC BASE | STABLE, ATTRACTIVE BUSINESS CLIMATE | STABLE TAX STRUCTURE |

WHAT DRIVES VIRGINIA'S STANDING IN ECONOMIC DEVELOPMENT?

TOP OPPORTUNITIES TO IMPROVE (SOME UNDERWAY)



RECENT ADVANCES



LONGSTANDING STRENGTHS



WHAT DRIVES VIRGINIA'S STANDING IN ECONOMIC DEVELOPMENT?

TOP OPPORTUNITIES TO IMPROVE (SOME UNDERWAY)



RECENT ADVANCES



LONGSTANDING STRENGTHS



4.

Reestablish VEDP as a one of America's most effective state EDOs (principally to enable achievement of the top three big goals)



VEDP HAS MADE SWEEPING CHANGES TO IMPROVE ITS PERFORMANCE AND BETTER MANAGE STATE RESOURCES

Notable examples:



Successfully completed implementation of JLARC recommendations



92% increase in leads generated by VEDP since FY17



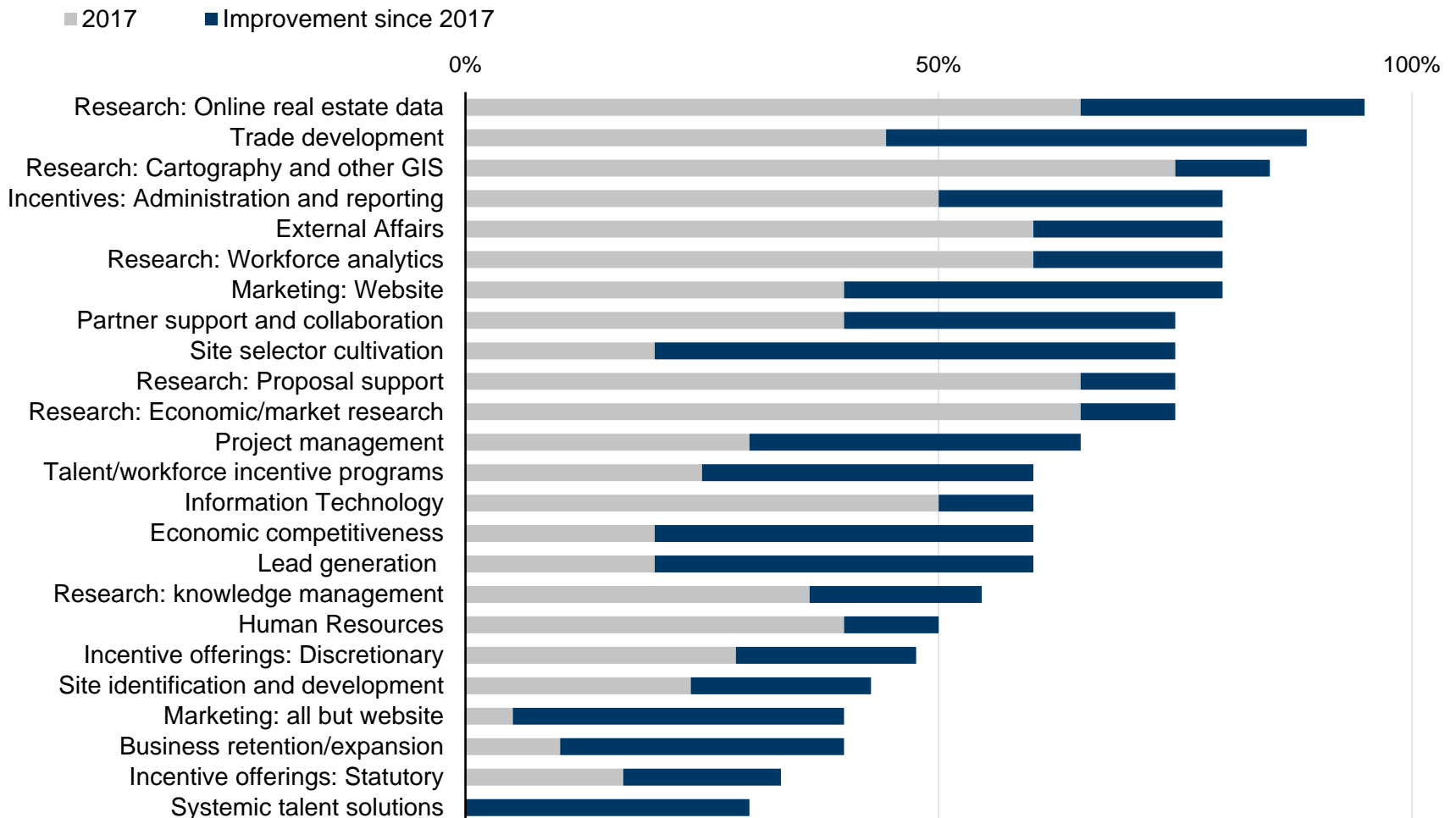
Leading European Business Investment office for a state EDO



Named most competitive state EDO in America in 2019 by Site Selection

VEDP LEADS IN SOME AREAS, BUT HAS SUBSTANTIAL ROOM FOR IMPROVEMENT IN OTHERS

VEDP functional capabilities, estimated performance relative to peers

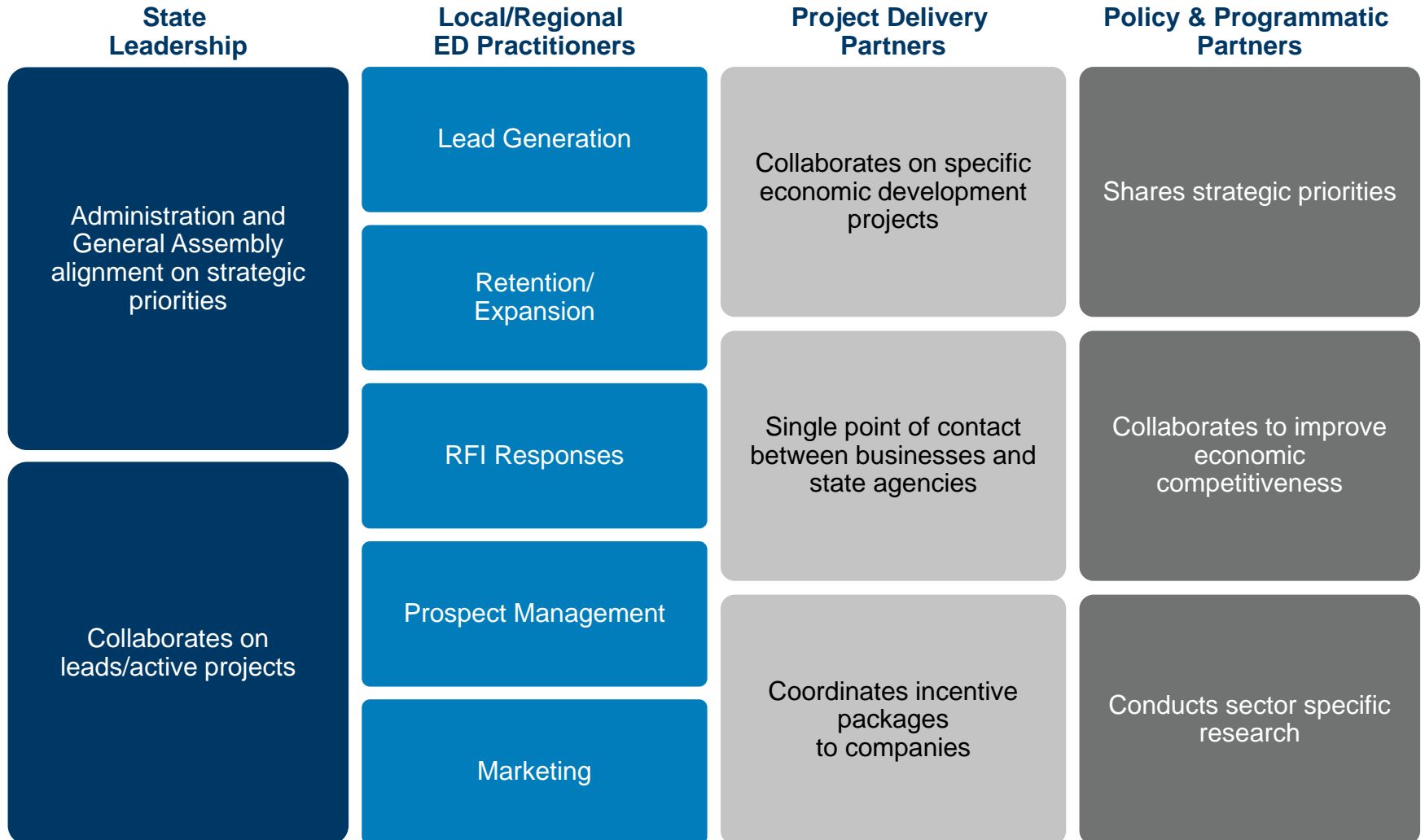


5.

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



VEDP CONDUCTS ITS WORK IN CLOSE PARTNERSHIP WITH OTHERS



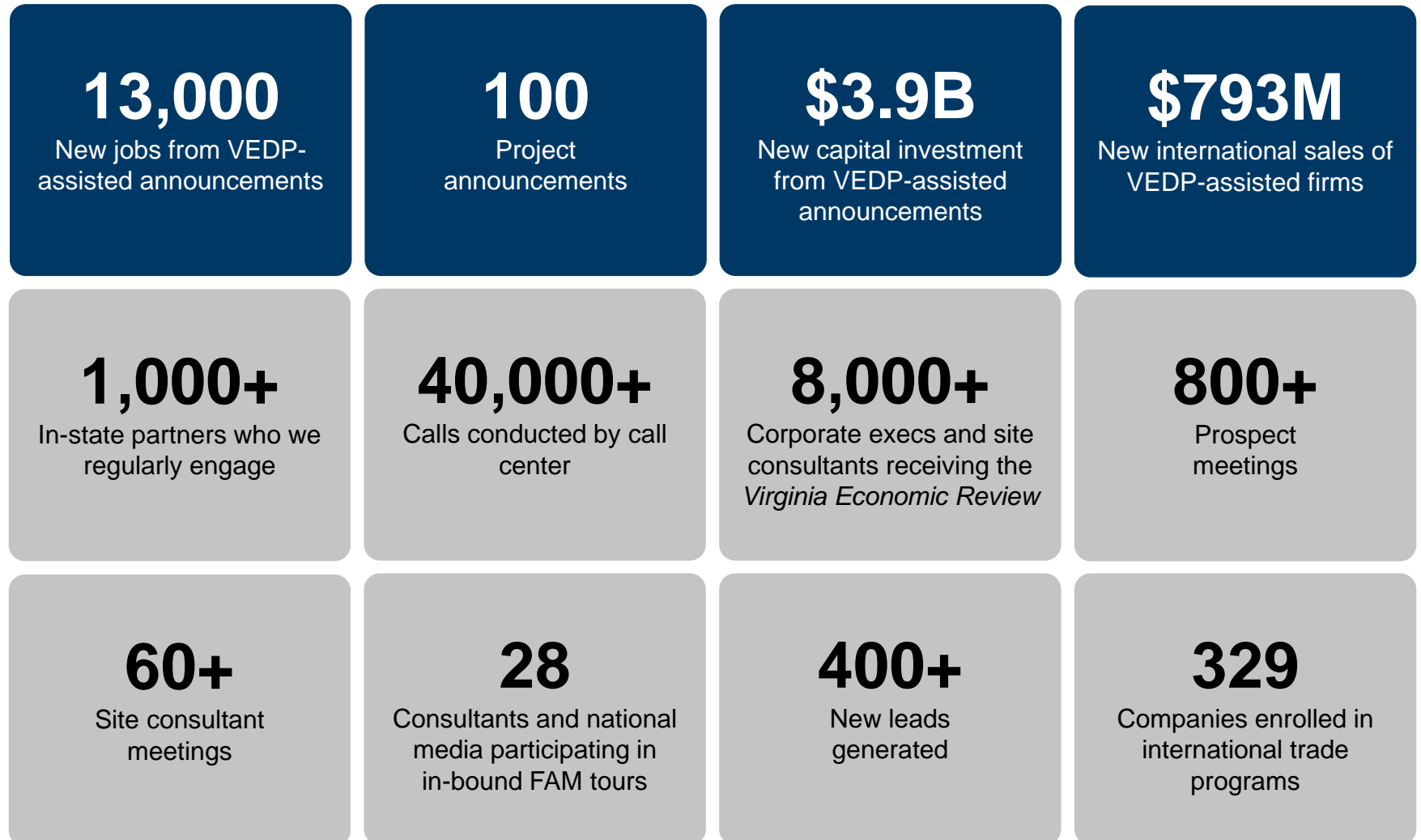
Possibly use this section if using the condensed Five Goals

ILLUSTRATIVE VEDP ACTIVITIES



Micron Technology Inc., Manassas City

VEDP BY THE NUMBERS: A TYPICAL YEAR



VEDP'S PROJECT ACTIVITY SPANS ALL REGIONS OF THE COMMONWEALTH

VEDP Business Investment activities by VEDP marketing region

Unique VEDP-sourced opportunities referred to a region & project announcement information, FY17 to FY20

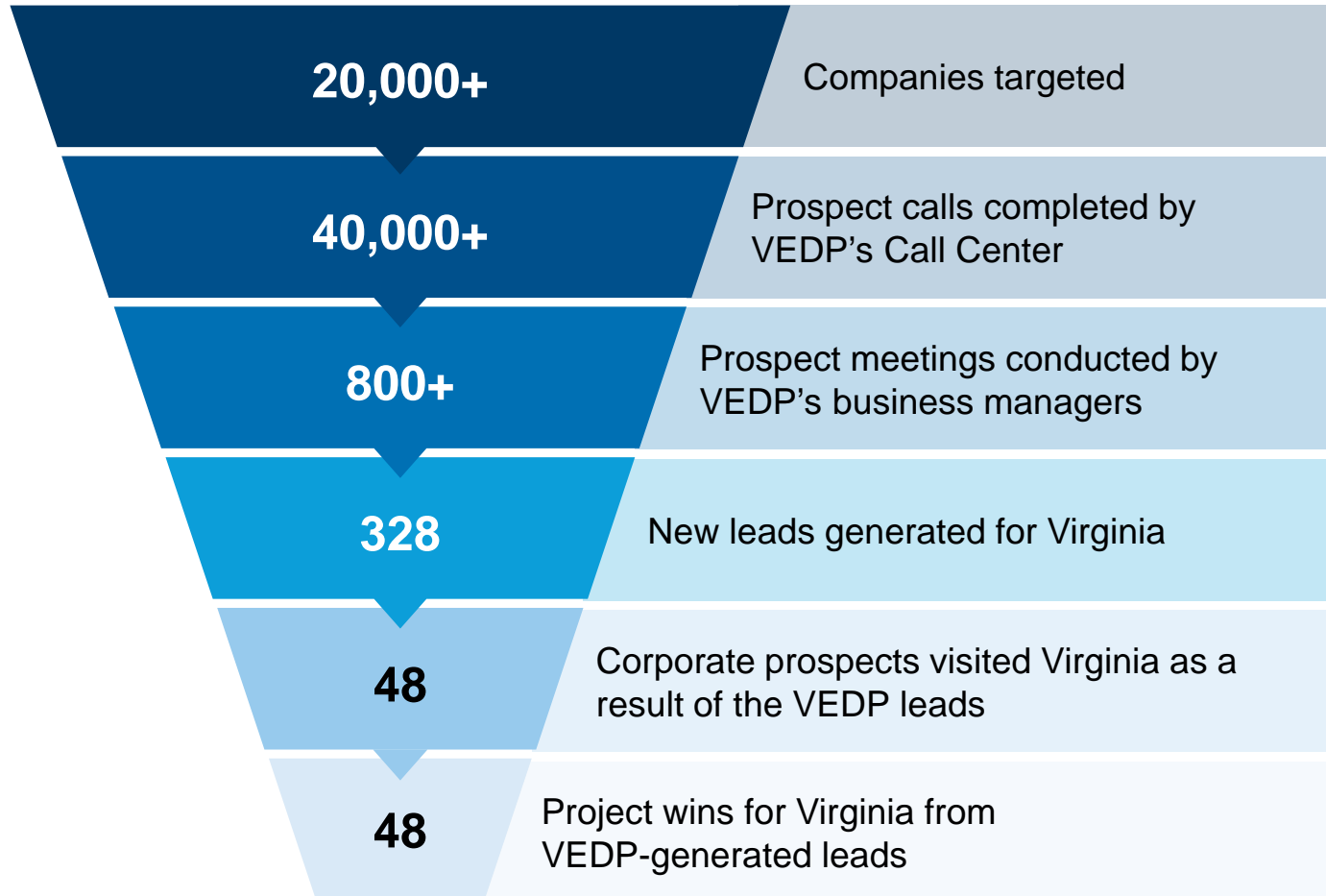
| Region | Regional share of VA employment | Leads | DVA | CapEx (\$M) | Jobs |
|----------------------------|---------------------------------|------------|------------|---------------|---------------|
| Eastern Shore | 1% | 21 | 2 | 2 | 46 |
| Northern Neck | 1% | 9 | 3 | 14 | 107 |
| Middle Peninsula | 1% | 15 | 3 | 5 | 42 |
| Virginia's Gateway Region | 2% | 179 | 7 | 180 | 525 |
| Southwest Virginia | 2% | 88 | 13 | 93 | 585 |
| Virginia's Growth Alliance | 2% | 147 | 10 | 309 | 458 |
| Greater Williamsburg | 2% | 82 | 2 | 95 | 221 |
| I-81 I-77 Crossroads | 2% | 137 | 20 | 106 | 1,269 |
| N. Shenandoah Valley | 2% | 98 | 16 | 238 | 2,160 |
| New River Valley | 2% | 93 | 19 | 497 | 1,989 |
| Southern Virginia | 2% | 150 | 33 | 435 | 2,775 |
| Lynchburg Region | 3% | 68 | 17 | 93 | 1,156 |
| Roanoke Region | 4% | 141 | 25 | 486 | 1,441 |
| Greater Fredericksburg | 4% | 95 | 10 | 56 | 477 |
| Shenandoah Valley | 4% | 141 | 30 | 1,650 | 1,496 |
| Central Virginia | 4% | 75 | 14 | 38 | 852 |
| Greater Richmond | 13% | 282 | 55 | 2,120 | 7,401 |
| Hampton Roads | 17% | 238 | 58 | 825 | 8,615 |
| Northern Virginia | 33% | 131 | 96 | 6,629 | 42,326 |
| Statewide Total | | 580 | 433 | 13,870 | 73,941 |

Note: DVA refers to Decisions for Virginia. For Leads, one opportunity can be counted multiple times across regions. However, multiple properties referred to the same opportunity in the same region are only counted once for that region. Statewide total may not equal sum of regional totals

Source: BLS Local Area Unemployment Statistics, Aug. 2020 (Prelim.); VEDP Salesforce data; VEDP Announcements data

VEDP'S LEAD GENERATION PROGRAM PRODUCES A STRONG PROJECT PIPELINE FOR VIRGINIA

FY20 Lead Generation program by the numbers



PROJECT LEADS COME TO VEDP FROM A VARIETY OF SOURCES

Most common lead sources



Site Selection
Consultants



Local and Regional
Partners



VEDP Lead Gen
Program



Company

Additional lead sources



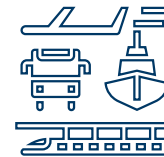
Legislators



Administration



Other State
Agencies



Service Providers

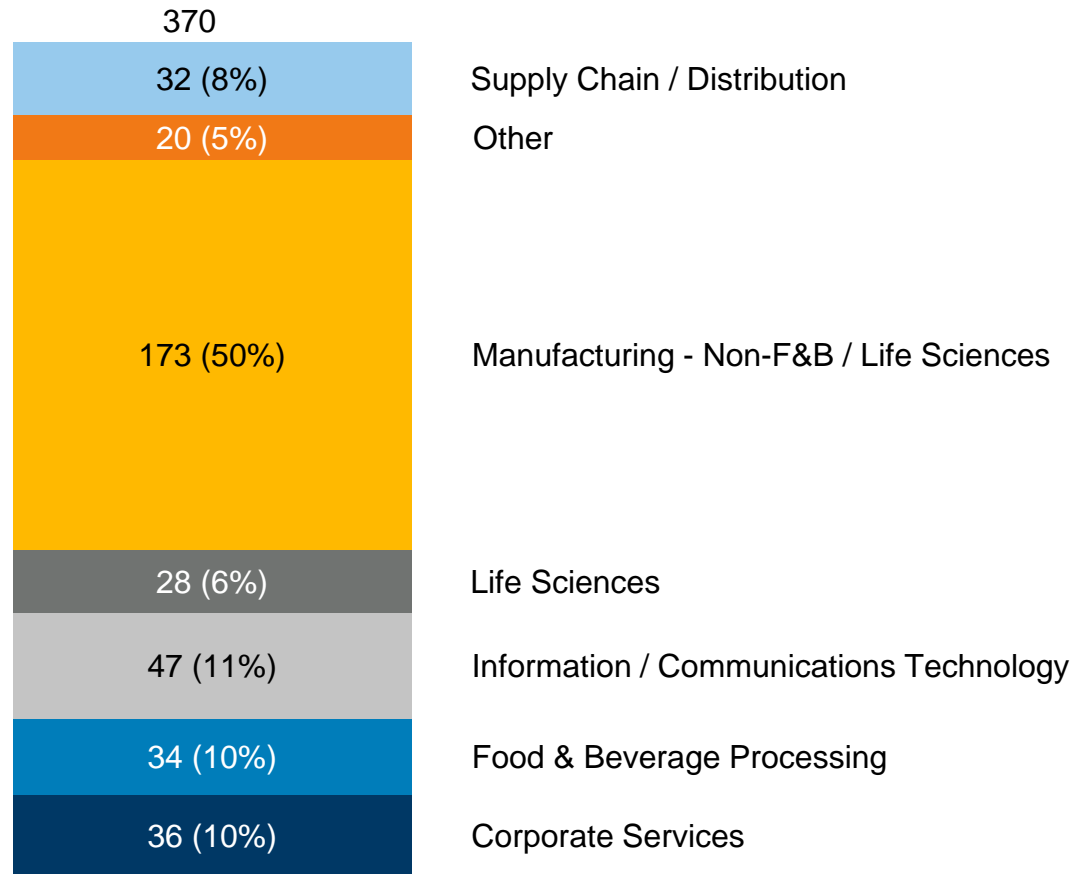


Universities

VEDP Project Funnel

HALF OF VEDP'S CURRENT PIPELINE IS REPRESENTED BY MANUFACTURING PROJECTS

VEDP project pipeline by industry sector¹



¹As of November 23, 2020

PRIMARY AND SECONDARY SELECTION FACTORS FOR SITE-SELECTION COMPETITIONS

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 CEO experience with hundreds of site-selection projects; Site Selection (January 2018); VEDP analysis

TOP REASONS VIRGINIA IS NOT CONSIDERED OR LOSES PROJECTS

| | |
|--|---|
| <p>If Virginia not considered</p> | <ul style="list-style-type: none"> ▪ Company executives unaware of Virginia’s advantages for their industry* ▪ Company only considers states with substantial incentive offerings ▪ Company and/or site consultant screen out states based on high state/local tax burdens on new investment** ▪ Concern over potential shift in public policy environment |
| <p>Virginia considered but not selected</p> | <ul style="list-style-type: none"> ▪ Lack of suitable site or building option (e.g., not pad-ready, insufficient infrastructure, incomplete due diligence) ▪ Availability of skilled workforce (typically in smaller regions) ▪ Much smaller incentive packages compared to competitors (e.g., Georgia, North Carolina, South Carolina, Alabama, etc.) ▪ Operating costs and regulatory burden (e.g., machinery and tools taxes, market-based sourcing versus cost of performance for service based/HQ projects, zoning, permitting, licensing, reporting requirements) ▪ Inadequate utility/transportation infrastructure |

*Largely due to a lack of awareness of Virginia’s advantages for business, the Commonwealth typically ranks well below most of its leading competitors in surveys of corporate execs (e.g., in the latest Chief Executive survey, Virginia ranks no. 16, while Texas, Florida, Tennessee, and North Carolina rank nos. 1, 2, 4, and 6, respectively, i.e., all at least 10 spots ahead of Virginia)

**While Virginia is a relatively low-tax-burden state for existing businesses, it is a relatively high-tax state for most types of new business investment due to its lack of statutory tax credits/incentives for new business investment and job creation

Source: Tax Foundation; interviews with site consultants; Salesforce records; VEDP analysis

BEFORE THE PANDEMIC...



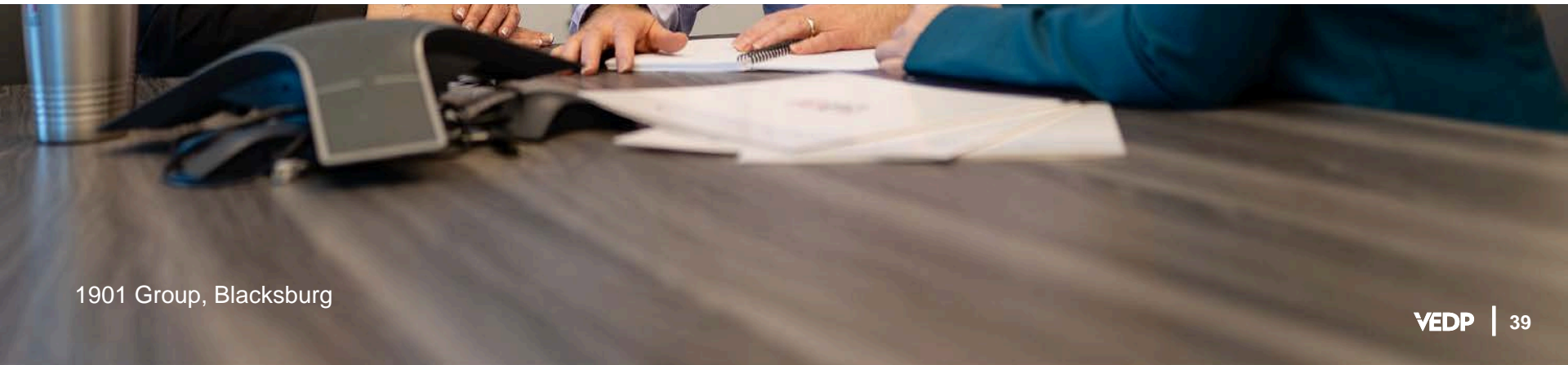
 **CNBC** 2019
#1 Top State
for Business

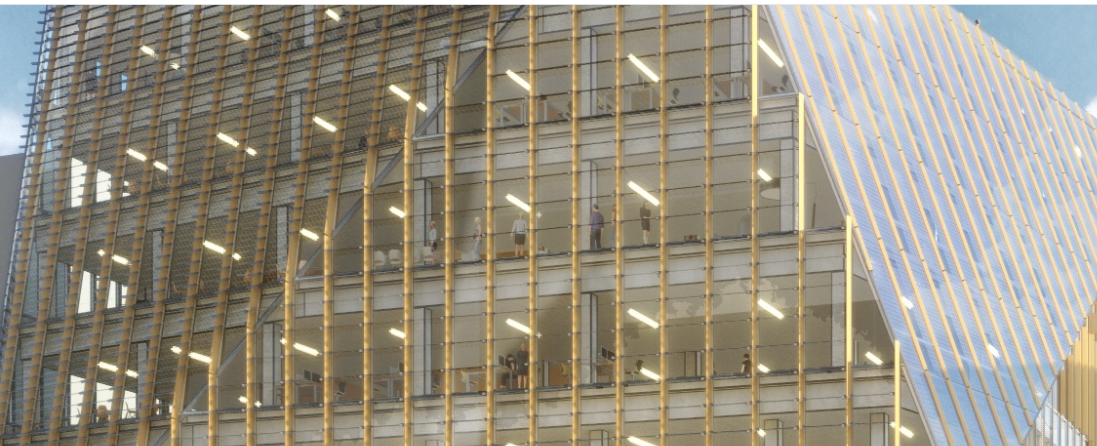




2.4%

Lowest unemployment rate more than a decade





Strong Liftoff for Historic Tech Talent Investment Program



Virginia Tech Innovation Campus Rendering, Alexandria



Launch of World-Class Virginia Talent Accelerator Program



AS IN OTHER STATES ACROSS AMERICA, COVID-19 HAS HAD DEVASTATING HEALTH EFFECTS ON VIRGINIANS

210,000+

Total cases

3,900+

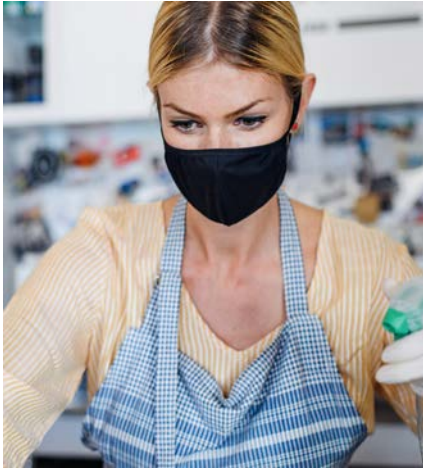
Total deaths

Note: Cumulative impact in Virginia from March 17, 2020 through November 18, 2020
Source: VDH, COVID-19 summary



COVID-19 First Responders

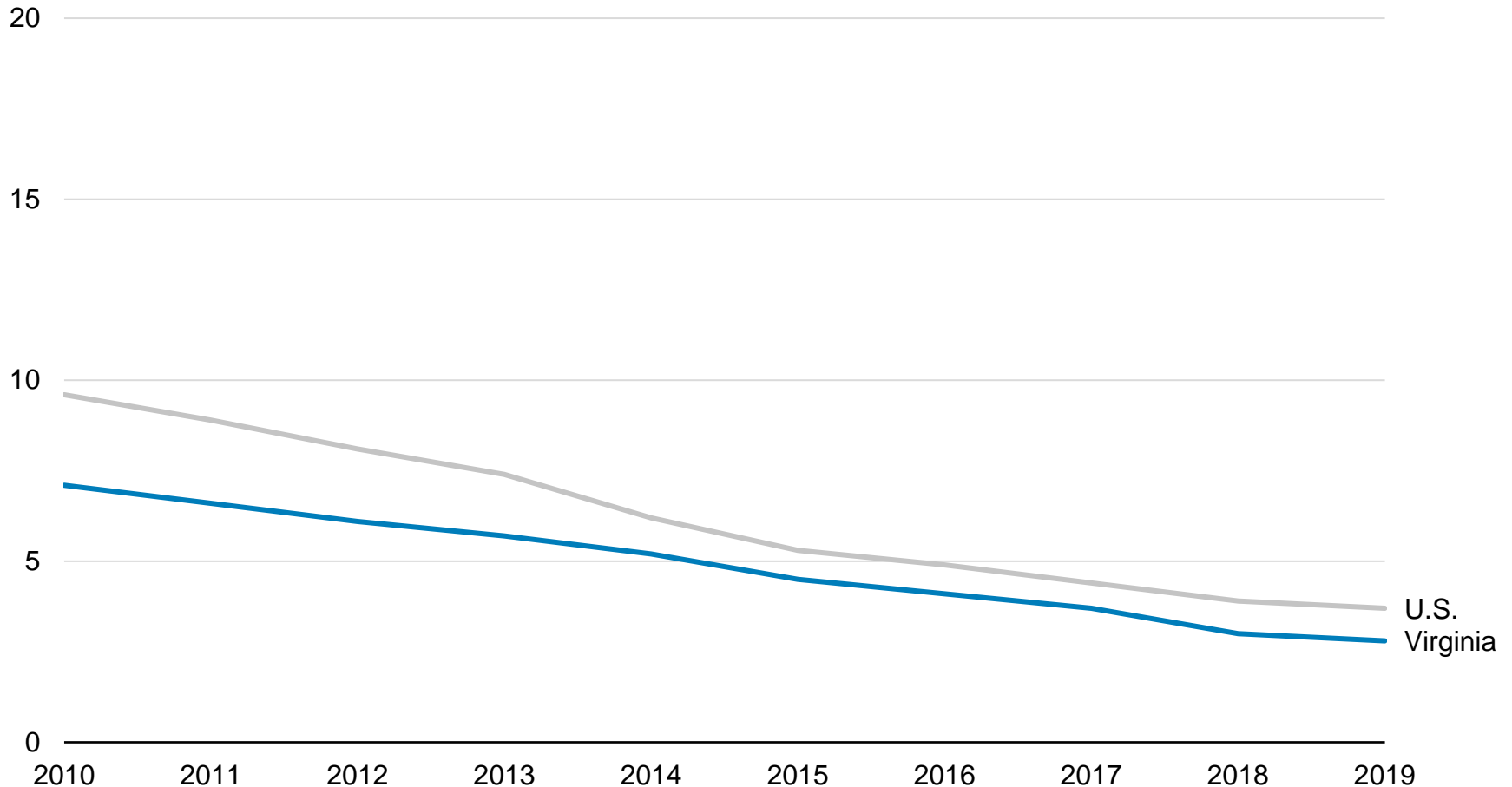
FRONTLINE HEROES AND STATE LEADERS KEPT THE COMMONWEALTH GOING THROUGH UNPRECEDENTED TIMES



BEFORE COVID-19, VA EXPERIENCED ALMOST A DECADE OF LABOR MARKET IMPROVEMENTS COMING OUT OF GREAT RECESSION

Average annual unemployment rate for the U.S. and Virginia

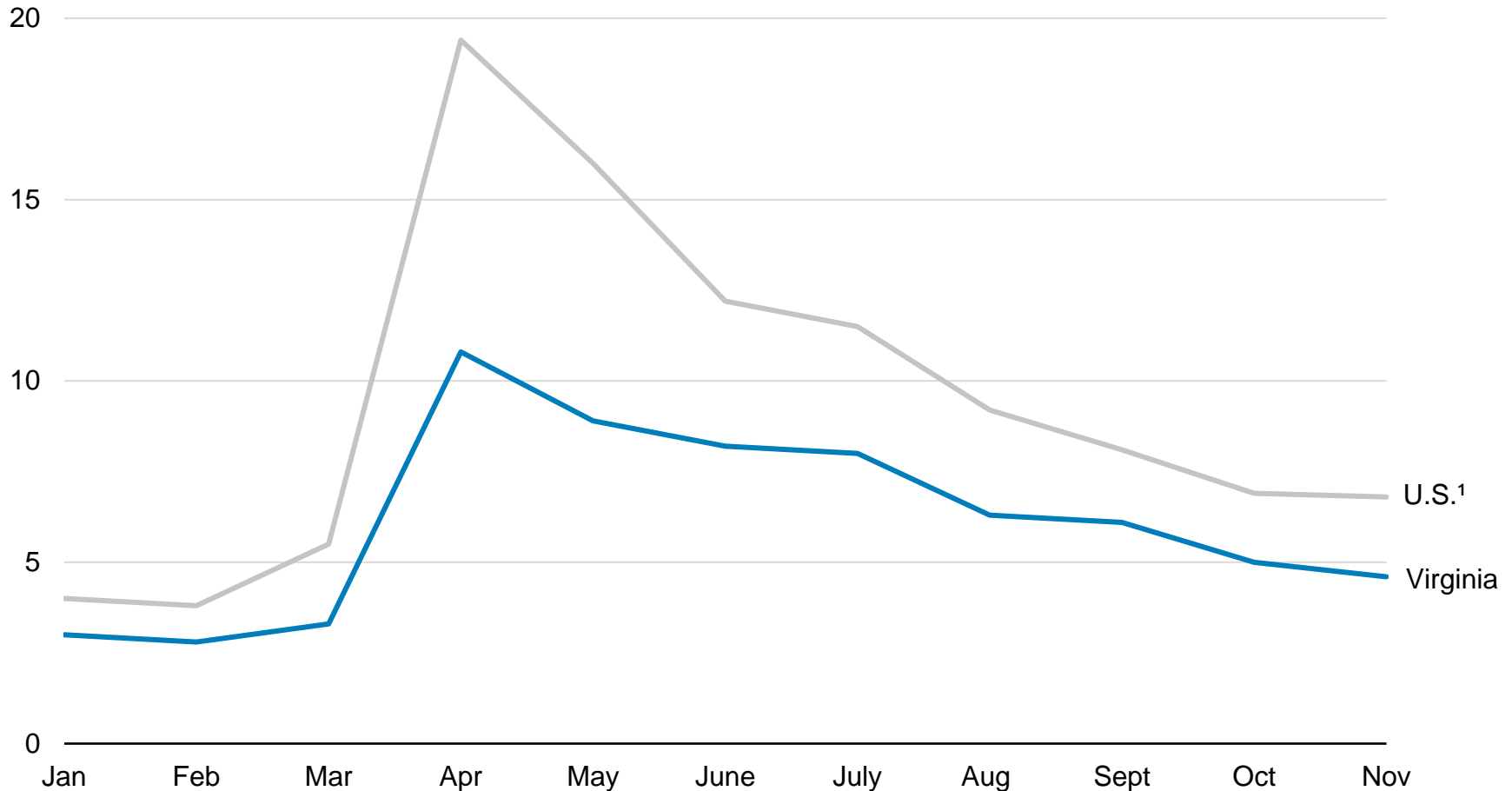
Percent labor force unemployed, 2010-2019, annual average, not seasonally adjusted



VIRGINIA UNEMPLOYMENT RATE CONSISTENTLY BETTER THAN U.S., WITH STEADY IMPROVEMENT SINCE PEAKING AT 10.8% IN APRIL

Monthly unemployment rate for the U.S. and Virginia

Percent labor force unemployed, Jan.-Nov. '20, not seasonally adjusted

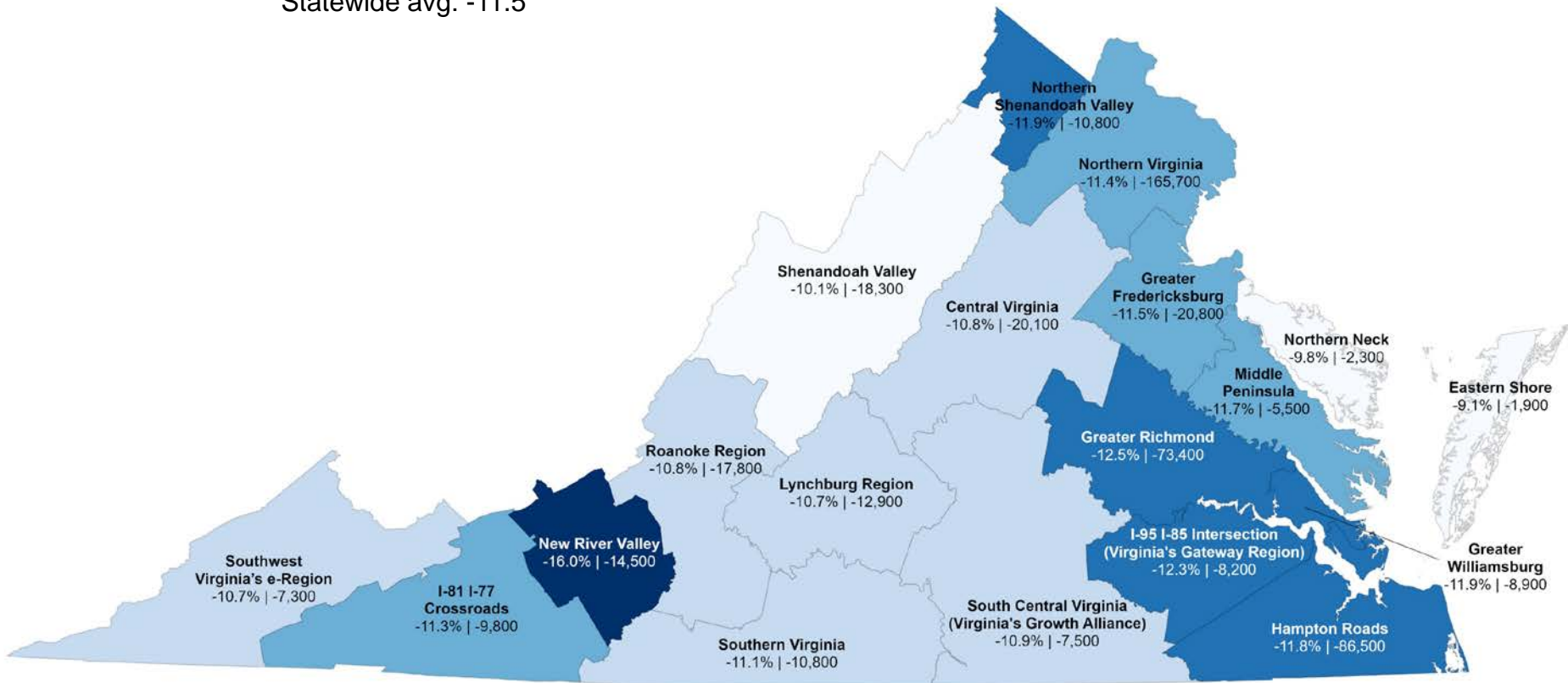


¹U.S. rate is corrected for sampling error using corrected rate provided by the Bureau of Labor Statistics

Source: Current Population Survey / Employment Report (U.S. rate); Local Area Unemployment Statistics (state data)

EMPLOYMENT LOSSES PEAKED IN APRIL / MAY, IMPACTING REGIONS TO DIFFERENT DEGREES

Employment change from February to April / May¹ 2020
 % | absolute employment change, not seasonally adjusted

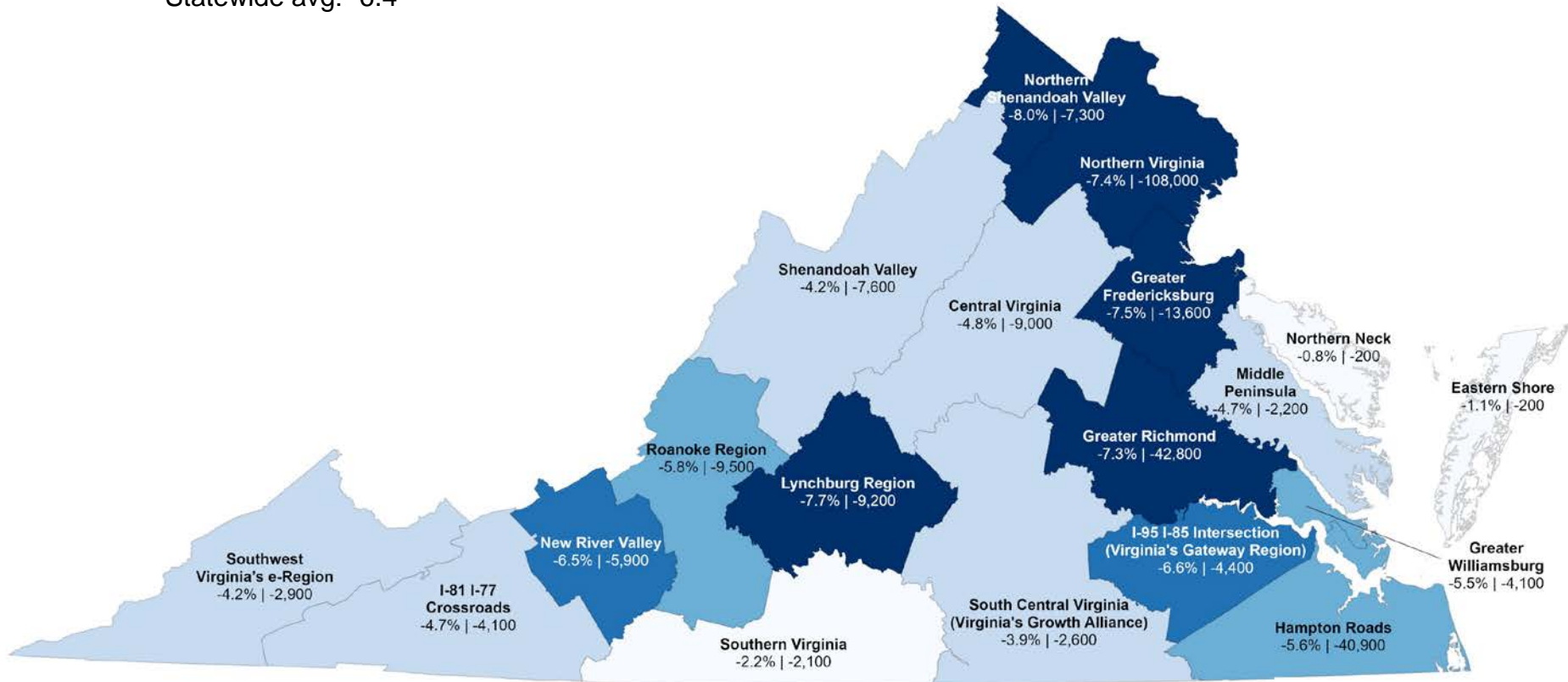
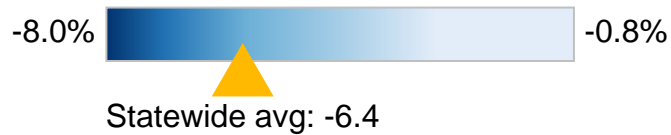


¹ Job losses peaked in April for all regions except New River Valley, where it peaked the following month

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

VIRGINIA HAS SEEN PROGRESSIVE RECOVERY OF JOBS LOST, BUT NOT ALL REGIONS HAVE RECOVERED TO THE SAME EXTENT

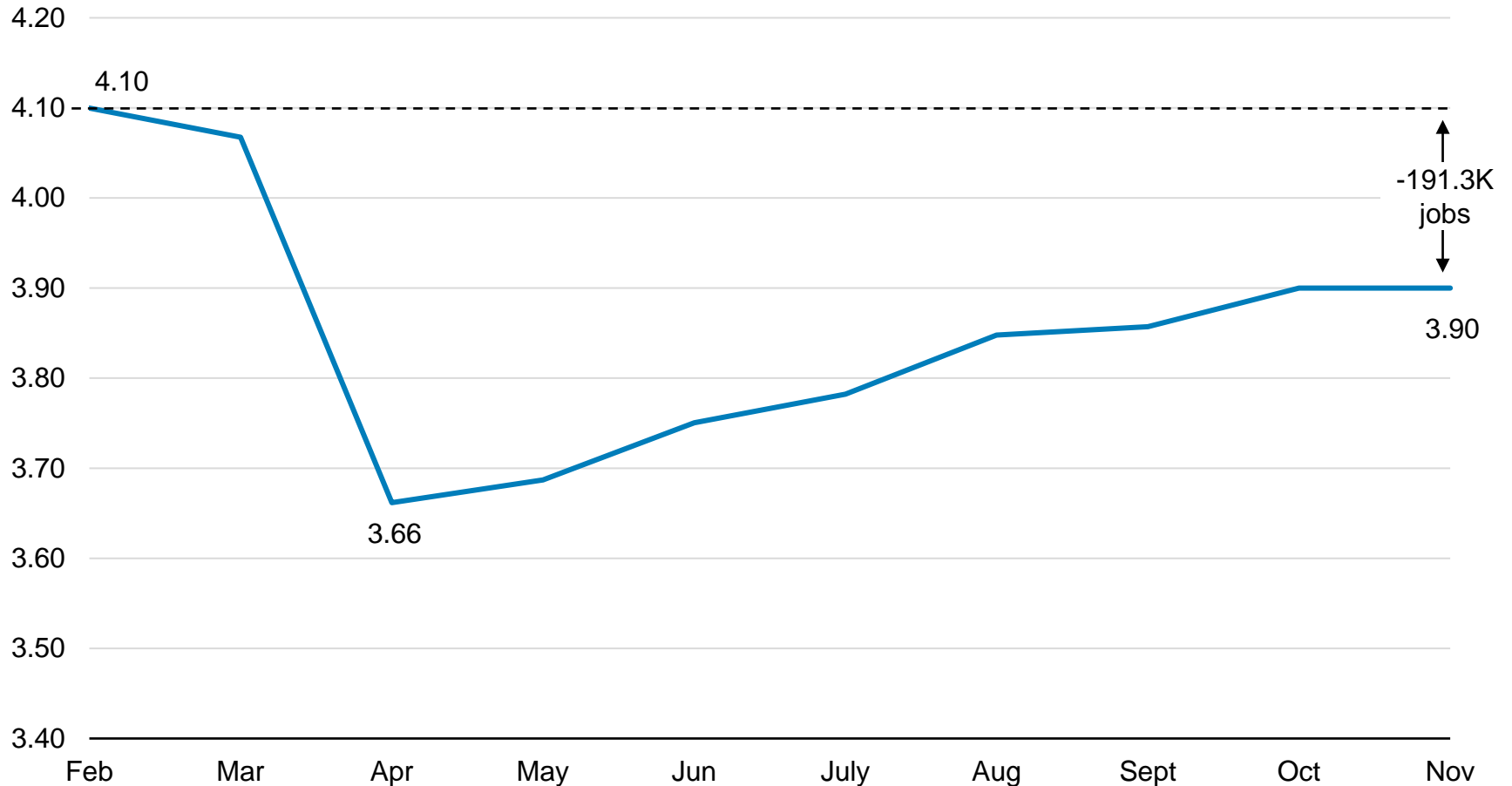
Employment change from February to November 2020
 % | absolute employment change, not seasonally adjusted



VIRGINIA EMPLOYMENT REMAINS 191K JOBS BELOW PRE-COVID-19 LEVELS

Virginia non-farm payroll employment

Millions of jobs, Feb.-Nov. '20, seasonally adjusted

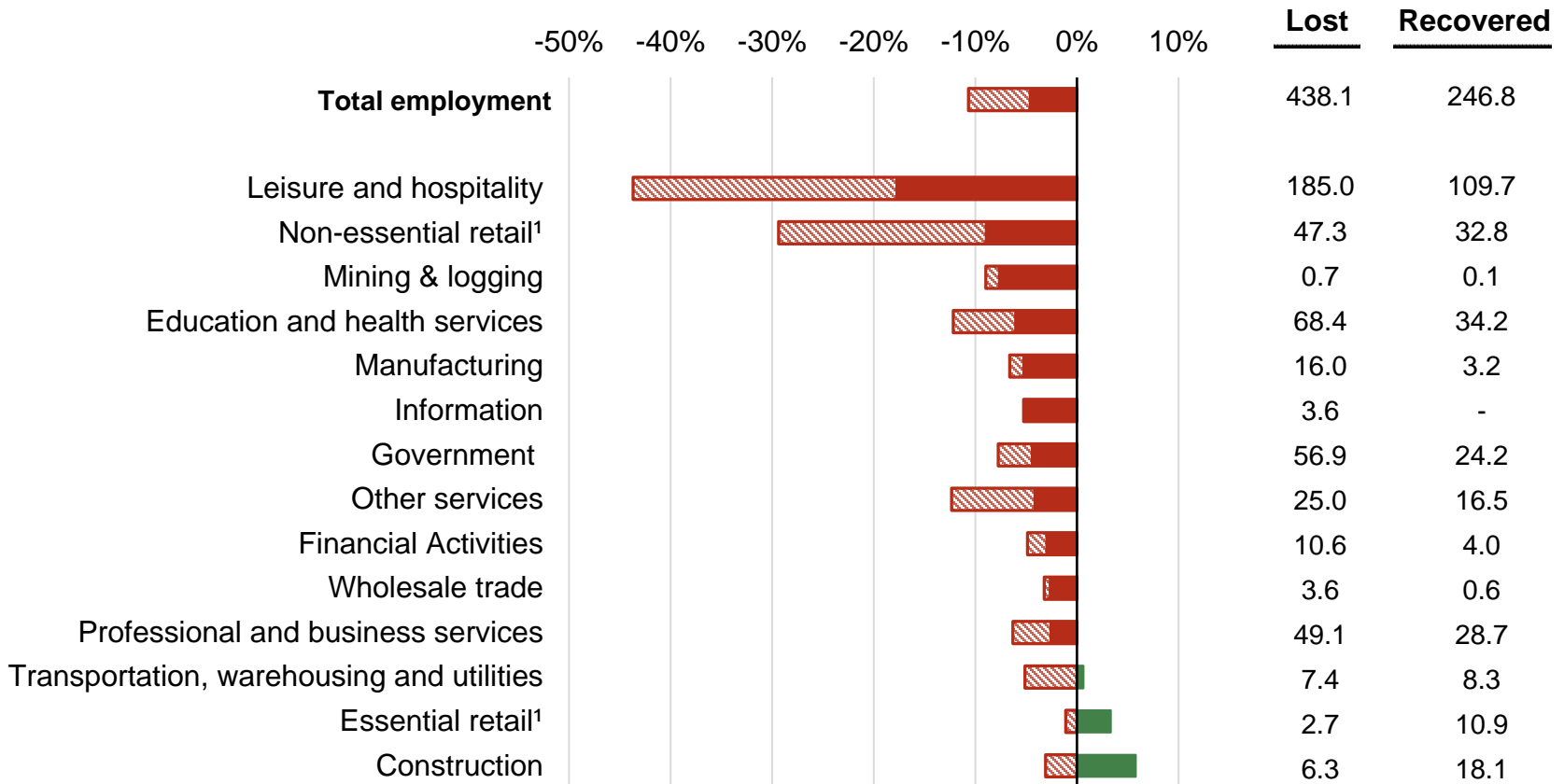


DESPITE IMPROVEMENTS SINCE APRIL, VA EMPLOYMENT REMAINS BELOW FEBRUARY 2020 LEVELS IN ALMOST ALL SUPERSECTORS

Virginia employment change since February 2020 by supersector
 % non-farm payroll employment change from Feb.-Nov. '20, seasonally adjusted

Change in # jobs since Feb.
 Thousands of jobs

▨ Lowest employment level ■ Current employment level



¹Essential / non-essential retail employment change based on assumptions from national trends due to lack of data at state level

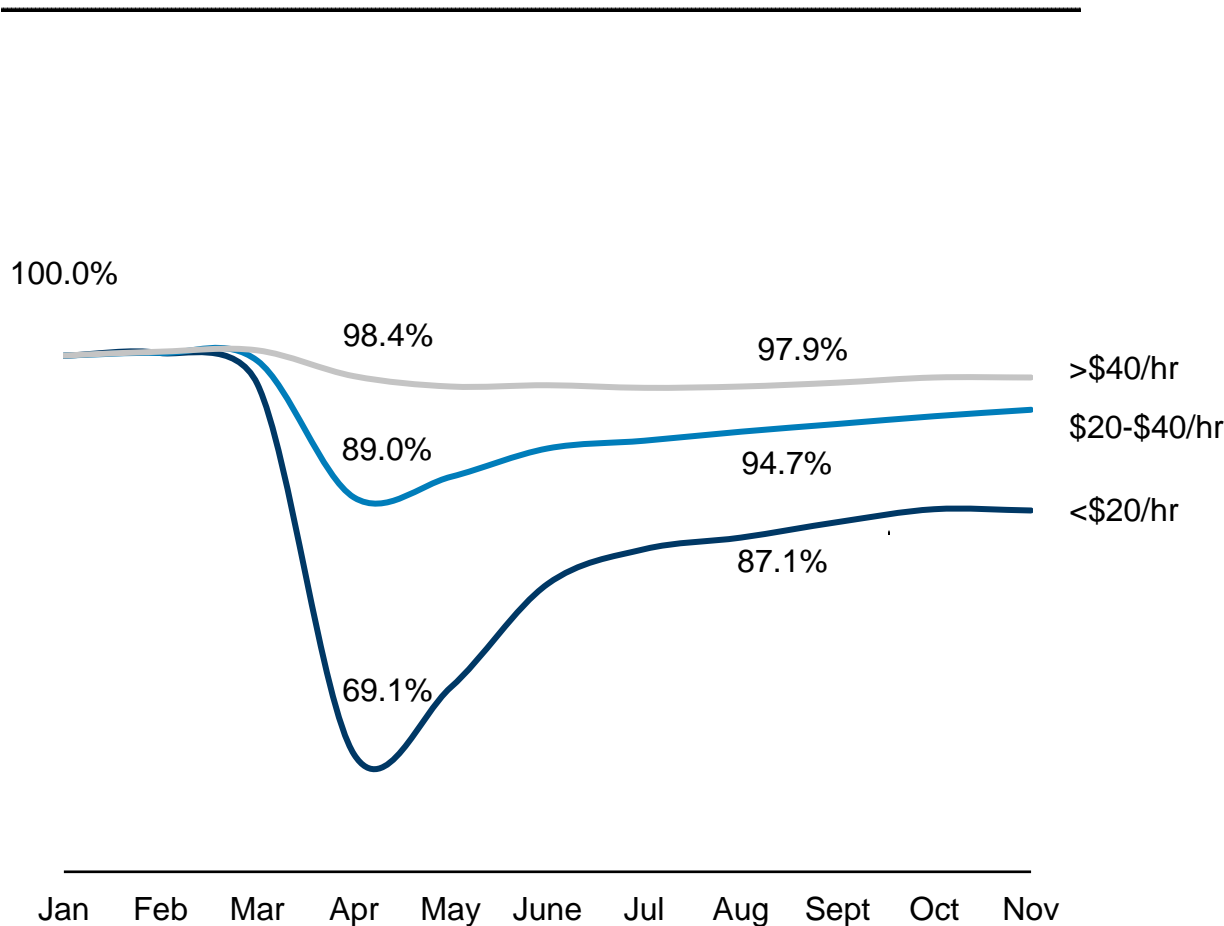
COVID-19 IMPACT IN VIRGINIA GOES WELL BEYOND THE UNEMPLOYED POPULATION

| Impacted populations | Jan-Nov change | Jan-Nov % change |
|--------------------------------------|-----------------------|-------------------------|
| Lost primary job – actively looking | 89,840 | 76% |
| Lost secondary job | 99,095 | 30% |
| Involuntary reduction of hours | 120,712 | 179% |
| Not actively looking, but want a job | 12,200 | 11% |
| Total impacted population | 321,847 | 108% |

COVID-19 ECONOMIC SHOCK HAS DISPROPORTIONATELY IMPACTED LESS EDUCATED, MINORITIES, WOMEN, & LOWER WAGE EARNERS

Change in U.S. employment by average industry earnings

Non-farm payroll jobs, Jan.-Nov. '20, indexed to Jan. '20 employment levels



Virginia workers earning less than \$20/hour¹

22%

Have a Bachelor's degree or higher (vs. 77% of workers earning >\$40/hr)

45%

Are non-white / Hispanic (vs. 30% of workers earning >\$40/hr)

55%

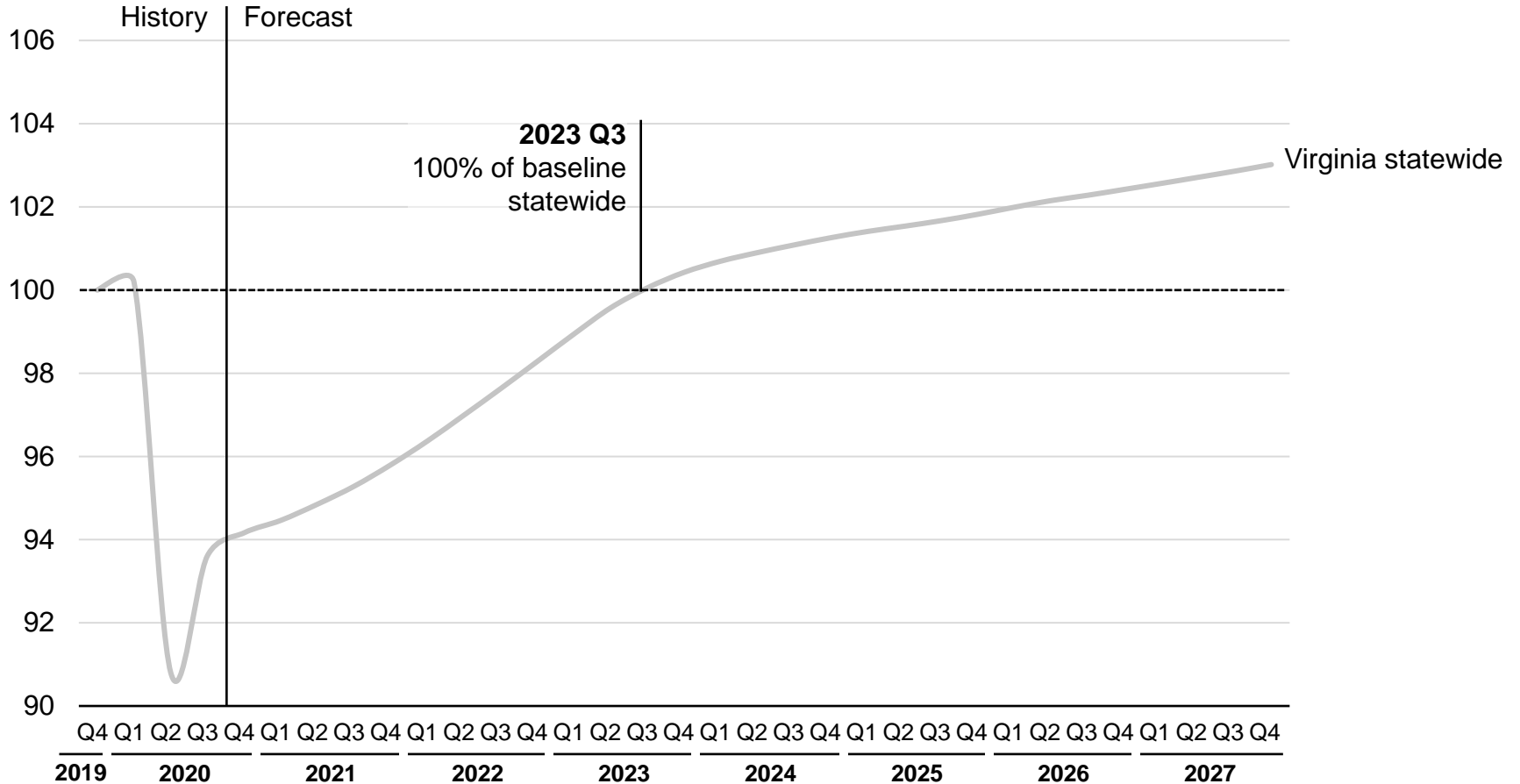
Are women (vs. 35% of workers earning >\$40/hr)

¹Employed persons in 2019, based on wages income earned in previous 12 months

STATEWIDE, EMPLOYMENT IS CURRENTLY PROJECTED TO REACH PRE-COVID-19 LEVELS BY MID-2023

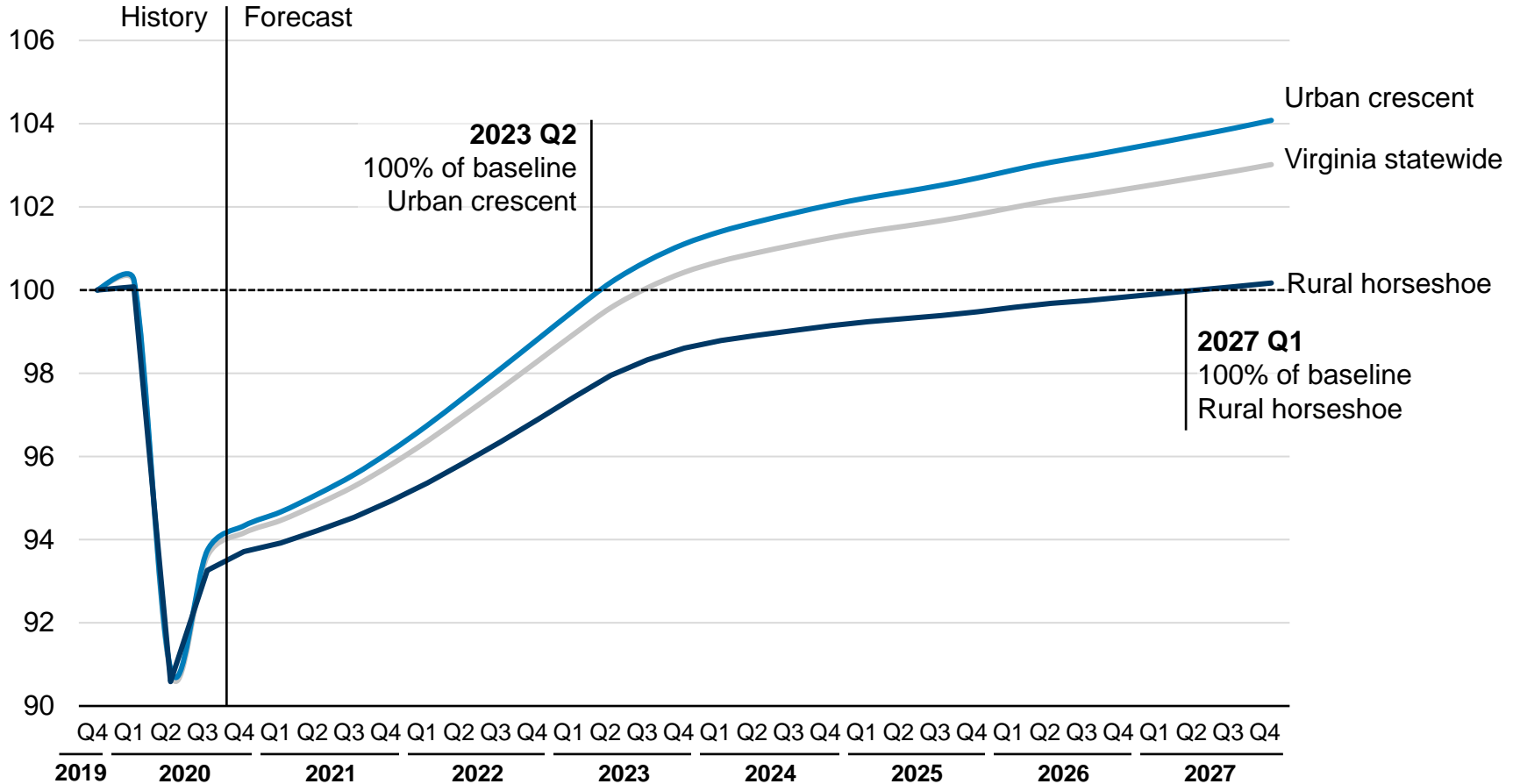
Forecasted quarterly employment as % of pre-COVID-19 baseline

Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment



OUTSIDE VIRGINIA'S URBAN CRESCENT, THE RECOVERY IS EXPECTED TO LAG BY ALMOST 4 YEARS

Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment



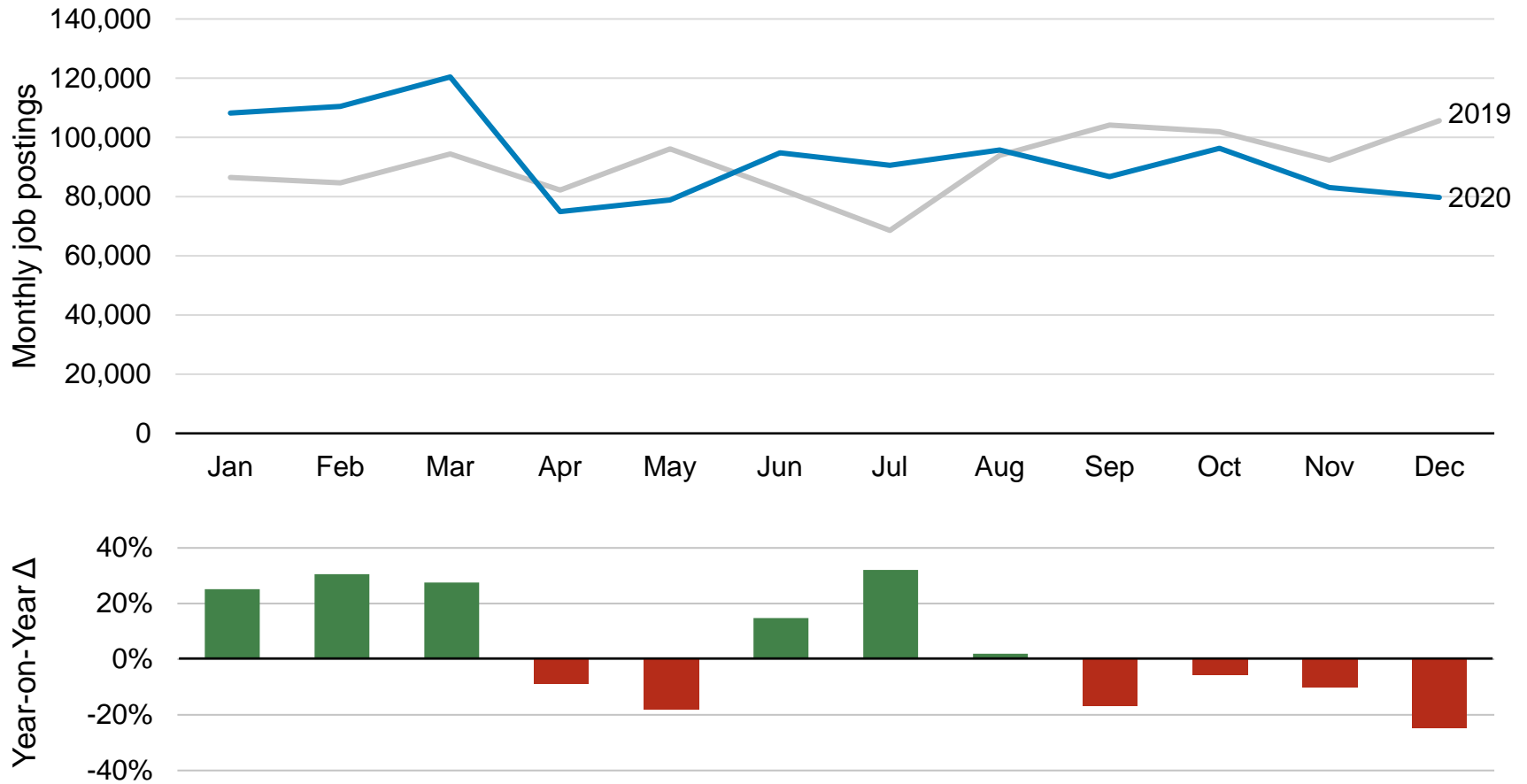
¹ Locality forecast data have been corrected to match statewide employment forecasts; data differs slightly due to methodological differences in Moody's state and sub-state models

Source: Moody's Analytics (December baseline forecast); Census Bureau; VEDP analysis

AFTER SURGING DUE TO THE RE-OPENING OVER THE SUMMER, JOB POSTINGS DIPPED SIGNIFICANTLY BELOW EARLY 2020 LEVELS

Number of unique job postings in Virginia (above) and year-on-year change (below)

Monthly unique job postings, Jan.-Dec. 2019 / 2020



SOME SECTORS (E.G., HOSPITALITY AND RETAIL) LIKELY TO EXPERIENCE LONGER-LASTING NEGATIVE EFFECTS OF PANDEMIC



Tourism



Local Retail



Restaurants



Hospitality

HIGH-IMPACT INITIATIVES THAT WOULD ACCELERATE ECONOMIC RECOVERY ACROSS VIRGINIA (NOT COMPREHENSIVE)

- Reskilling programs linked to high-wage job creation
 - Virginia Talent Accelerator Program
 - Virginia Jobs Investment Program (VJIP)
- Reskilling programs linked to high-wage occupations
 - FastForward (VCCS), with VA Ready completion awards
 - G3 (VCCS)
- Implementation of international trade plan
- Site development (very important for rural localities, smaller metros)
- Rural broadband investment
- Marketing (very important for rural localities, smaller metros)

VIRGINIA WILL BE WELL-POSITIONED FOR HEALTHY GROWTH IN POST-PANDEMIC AMERICA



Cloud Computing • Data Centers • Autonomous Systems • E-Commerce • Food-and-Beverage Processing • Commercial Trucks • Delivery Vehicles • Logistics • Broadband Investments

THE COMMONWEALTH STRATEGIC ECONOMIC RESTORATION ROADMAP IS DESIGNED AROUND FOUR BIG OPPORTUNITIES



Capture manufacturing reshoring and new supply chain opportunities



Accelerate Digital Virginia (cloud computing, software, data centers)



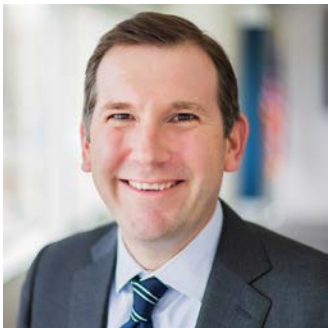
Seize telework transition opportunities, with special focus on rural & small metro regions



Retool and reskill Virginia's (unemployed) workforce for post-COVID career opportunities

Q&A

THANK YOU



Jason El Koubi
Executive Vice President
Executive Office
804.545.5616
jelkoubi@vedp.org