SITE DEVELOPMENT

Progress Park, Wythe County

January 24, 2023

VEDP Virginia Economic Development Partnership VEDP.org

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)

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

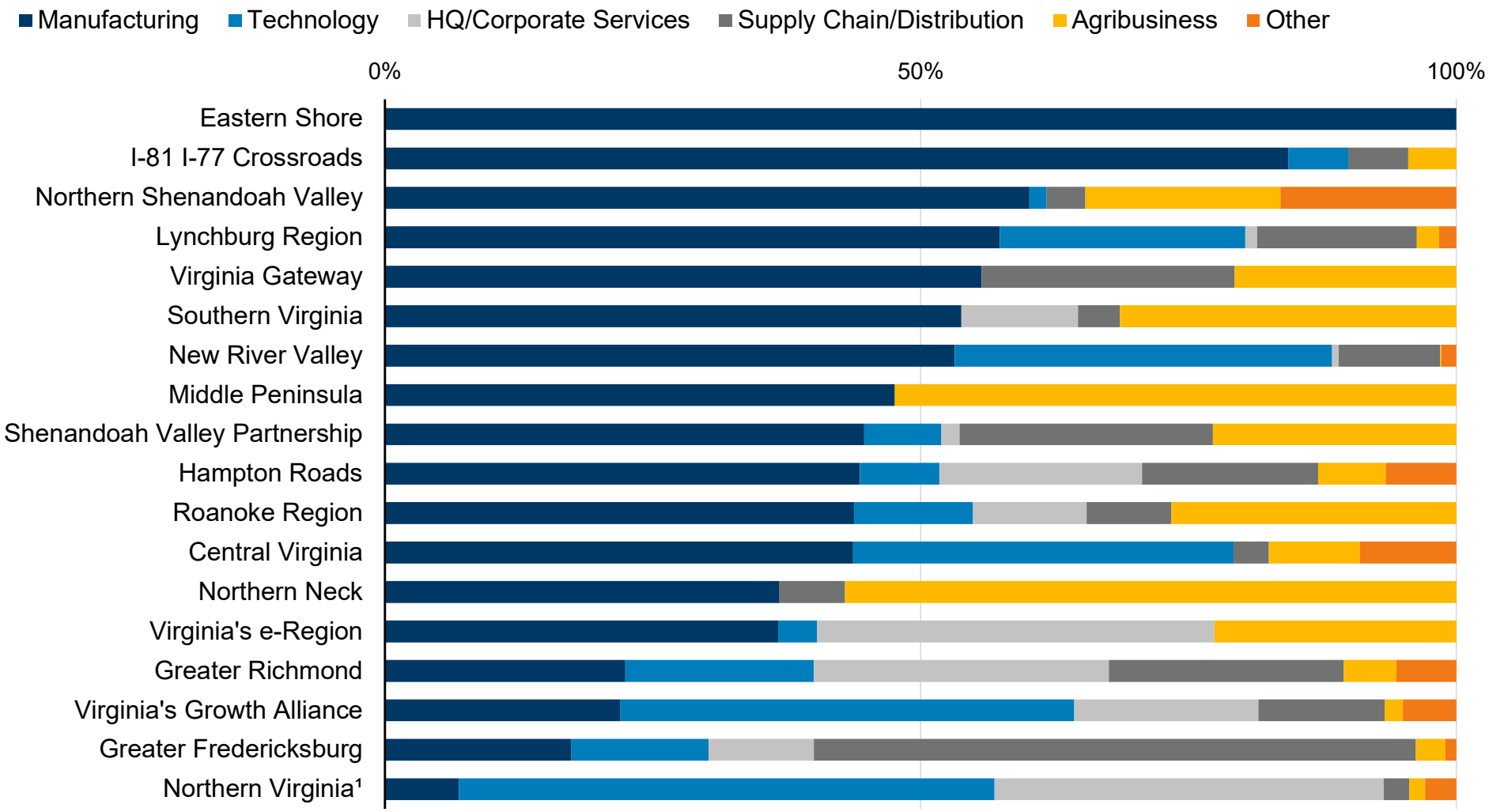
*Priority of selection factors varies from project to project; however, quality and availability of workforce almost always is one of the top three considerations

**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

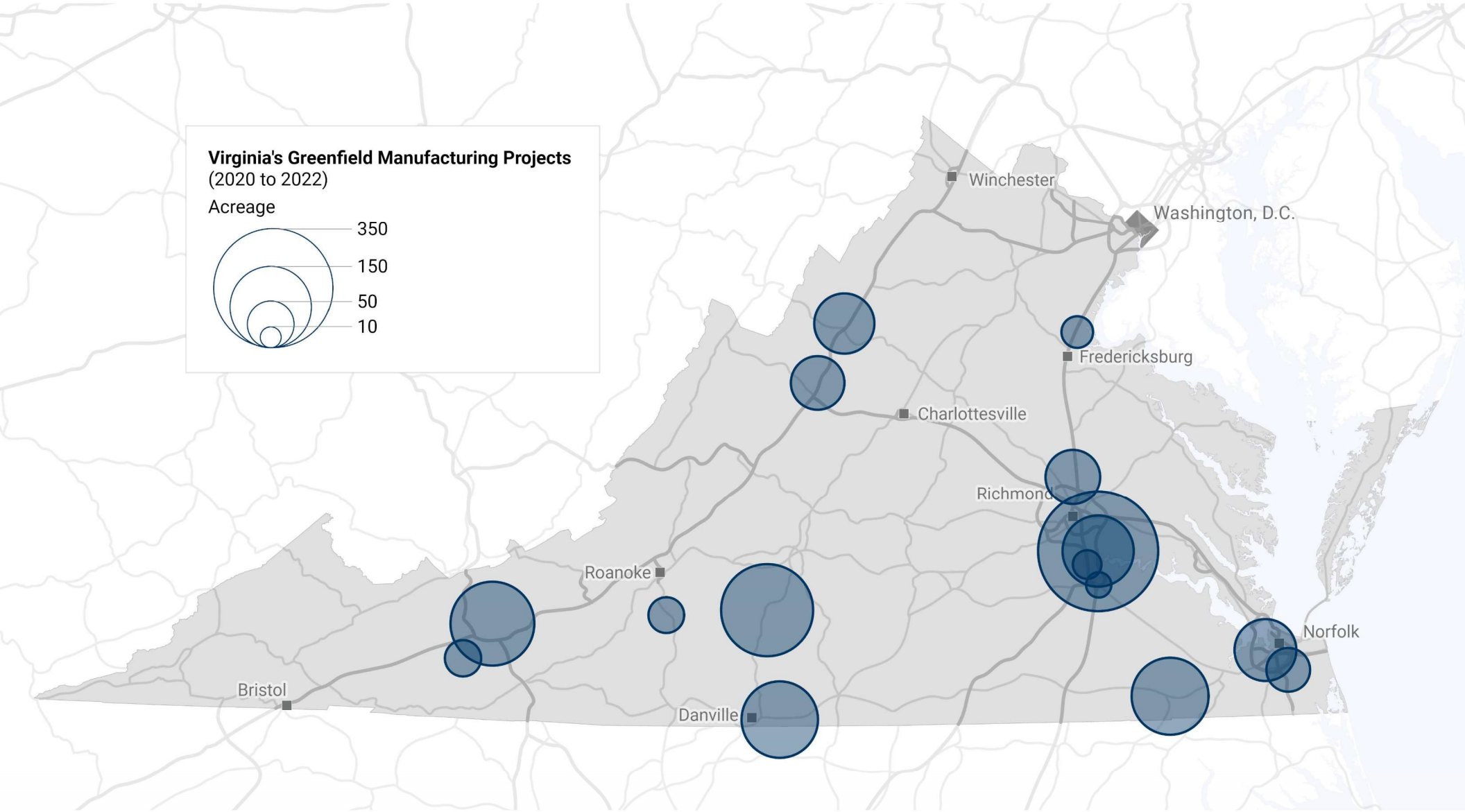
VIRGINIA'S PROJECT ANNOUNCEMENT MIX INDICATES SITE DEVELOPMENT IS IMPORTANT FOR VIRTUALLY EVERY REGION

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



[1]Excluding Amazon HQ2
Source: VEDP Announcements Database

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



Source: VEDP projects data

THE LACK OF PROJECT-READY SITES AND BUILDINGS HAS COST VIRGINIA OVER 55K JOBS AND OVER $124B IN CAPEX SINCE 2016

Since 2016, Virginia has lost:

55K+
DIRECT JOBS

$124B+
CAPEX

110K+
EST. INDIRECT & INDUCED JOBS[1]

$434-561M+
EST. ANNUAL STATE REVENUE

Projects lost FY21, FY22, and FY23 (illustrative)

Project Aurora Automotive	6,500 direct jobs	$5B
Project Settlement Semiconductor	5,600 direct jobs	$40B
Project Darwin Automotive	5,200 direct jobs	$3.5B
Project P2 Semiconductor	3,500 direct jobs	$21.4B
Project Everest Semiconductor	1,900 direct jobs	$17B
Project Sirius Semiconductor	1,800 direct jobs	$2B

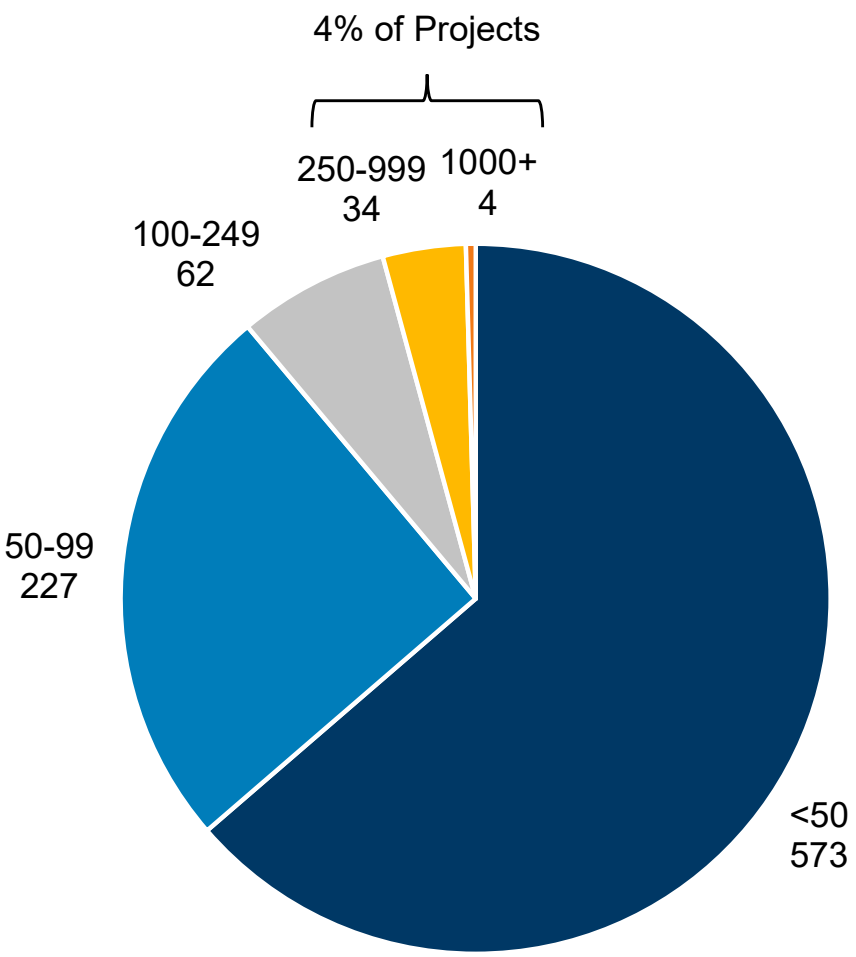
Other recent projects lost due to sites (illustrative)

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

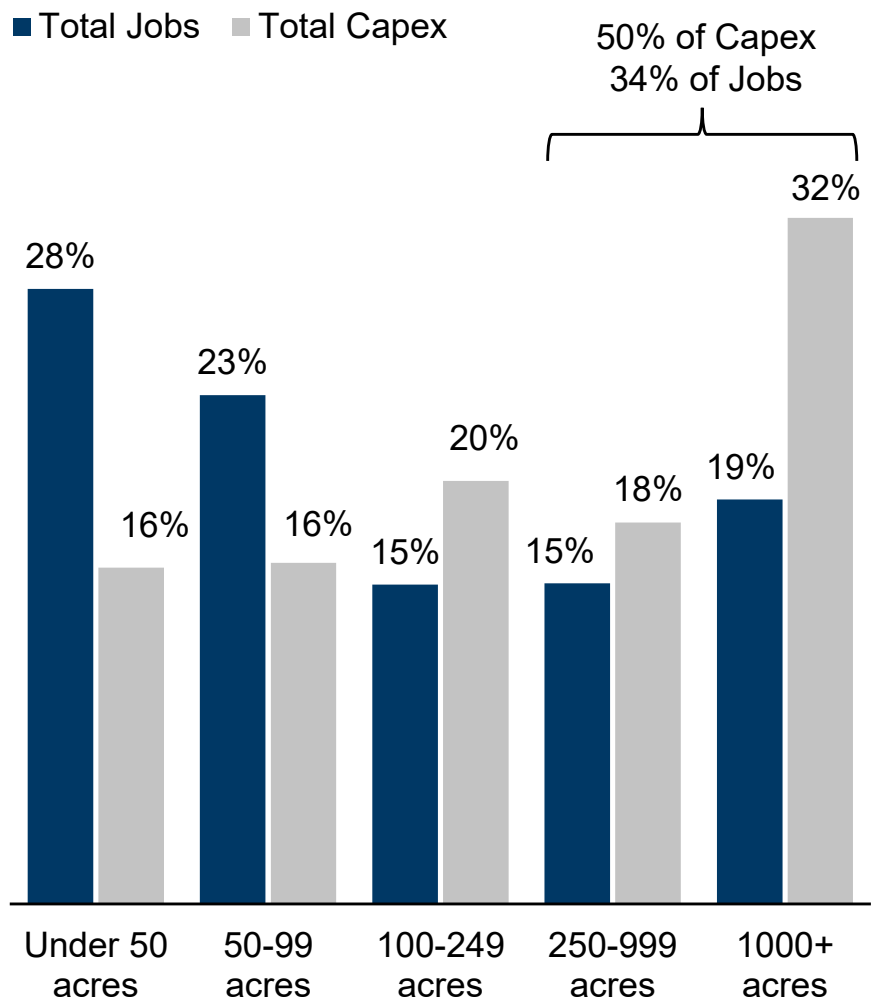
[1] Indirect and induced jobs estimated using project NAICS codes for projects in which detailed ROI estimates were not available
Source: VEDP project data as of November 9, 2022

LARGE PROJECTS ARE MUST-WIN: FEW OPPORTUNITIES REPRESENT SIGNIFICANT PORTION OF POTENTIAL JOBS AND CAPEX

Estimated acreage, Conway
Manufacturing projects in Southeast[1], 2019-2022



Jobs and capex by estimated acreage, Conway
Manufacturing projects in Southeast[1], 2019-2022



[1]AL, GA, KY, NC, SC, TN, VA
Source: Conway Analytics (10/05/2022); VEDP Analysis

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

Tier	Description	
1	▪ Raw land with interested seller ▪ No established sales price ▪ Not zoned for economic development use (i.e., industrial or commercial)	"Soft" Costs
2	▪ Site controlled and marketed for development ▪ Option agreement with commitment to a competitive sales price ▪ Comprehensive Plan reflects industrial or commercial land use	
3	▪ Property zoned for industrial or commercial land use, due diligence completed – Wetlands delineation with ACOE approval within last 5 years – Geotechnical borings and preliminary evaluation – Boundary survey with easements and encumbrances identified (ALTA preferred) and 1' topographical survey – Cultural resources review – Threatened and 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	
4	▪ 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	"Hard" Costs
5	▪ "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	

KEY MILESTONES OF VIRGINIA'S SITE DEVELOPMENT EFFORTS

2015

- The General Assembly 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
- VEDP begins effort to identify 3-5 new 250+ acre sites for further development

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 (matching grants to develop 100*+ acre sites)

- **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

*Sites in GOVA Regions 1 and 2 may be 50 or more contiguous acres

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 statewide 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

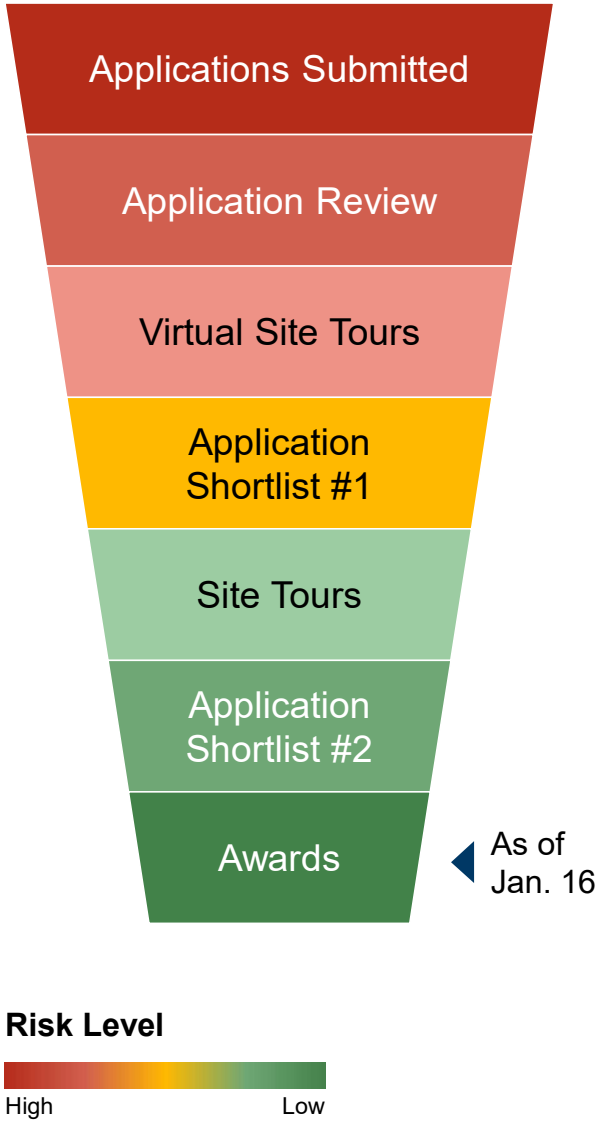
- Locals coordinate with boards of supervisors, utilities, private developers, landowners, engineers, regional bodies, and other officials to verify and update site information
- Process mirrors the effort that locals would need to perform to compete for an economic development project

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 makes 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



RECENT VBRSP AWARDS BALANCE STRATEGIC INVESTMENTS, NEAR-TERM WINS, AND DUE-DILIGENCE IN FUTURE SITES

Strategic investments in megasites ($27.3M or 30%)

- Investments in 1000+ acre sites to move them up the readiness tiers to position them for potential project wins, typically in 3-5 years or more

Near-term wins ($61.3M or 68%)

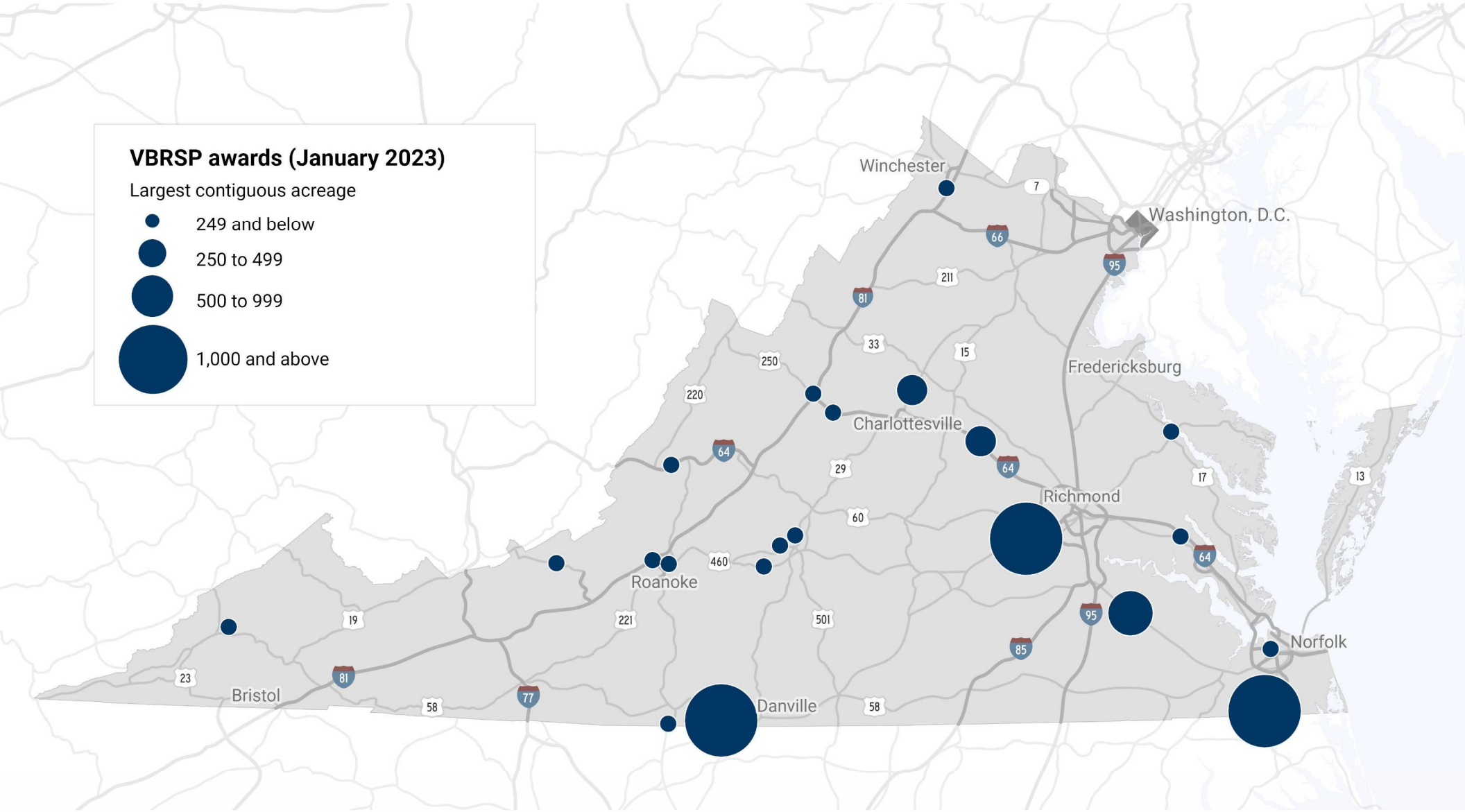
- These sites have attributes aligned with market demand and can likely be project-ready in 1-2 years

Due-diligence ($1.5M or 2%)

- Early-stage sites that show significant promise, but more information must be gathered to understand and confirm their development potential

Limited megasite opportunities reinforce the importance of identifying new site(s) for state development

IN ADDITION TO OTHER PROGRAM PRIORITIES, VBRSP AWARDS ENSURE GEOGRAPHIC DIVERSITY



VBRSP AWARDS (ANNOUNCED JANUARY 2023)

	Location	Site name	Award amount ($)
Megasites	Chesterfield County	Upper Magnolia Green	25,000,000
	Pittsylvania County	Southern Virginia Megasite at Berry Hill	1,500,000
	City of Chesapeake	Coastal Virginia Commerce Park	750,000
Near-term wins	Henry County	Commonwealth Crossing Business Park	22,237,705
	Louisa County	Shannon Hill Regional Business Park	11,590,000
	Frederick County	Valley Innovation Park	7,225,000
	City of Staunton	Staunton Crossing	4,555,000
	City of Waynesboro	Nature's Crossing Technology Center	3,911,145
	City of Norfolk	Fairwinds Landing	3,351,865
	Alleghany County	Alleghany Regional Commerce Center	3,290,000
	Albemarle County	North Fork, A UVA Discovery Park	3,000,000
	Wise County	Lonesome Pine Business and Technology Park	750,000
	Roanoke County	Wood Haven	504,149
	James City County	Hazelwood Farms	485,500
	Giles County	Wheatland EcoPark	387,865
Due-diligence, characterization, and other	Amherst County	Dillard Tract	322,071
	City of Lynchburg	Ivy Creek Innovation Park Sites A & B	261,750
	Essex County	Tappahannock Industrial Park	261,300
	Sussex County	Sussex Megasite	247,900
	Multiple	Site Characterization Grants and Other	220,000
	City of Roanoke	Roanoke Centre for Industry and Technology, Tract 8	85,000
	Bedford County	New London Business and Technology Center, Phase 2	63,750

GOVERNOR'S BUDGET ALLOCATES UP TO $200M FOR SITE ACQUISITION AND DEVELOPMENT IN FY23, UP TO $250M IN FY24

The Governor's proposed amendments to the 2022-2024 biennium budget include up to $500M for site development:

- $50 million from the surplus contingent funds for the Virginia Business Ready Sites Program (VBRSP) in FY23
- $200 million in one-time funds in FY23 to be allocated between Site Acquisition Pilot Program and VBRSP
- $250 million for Site Acquisition Pilot Program in FY24, contingent upon Commonwealth meeting FY23 general fund revenue targets

Investment committee will determine the allocation of the $200M between VBRSP and Acquisition

- Proposed committee includes the Governor, Secretary of Commerce and Trade, Secretary of Finance, and President and CEO of VEDP

VEDP will prioritize up to five economic development sites identified in the Site Identification Assessment for potential purchase or option by the Commonwealth, based upon:

- Extent to which the site will fill a gap in the inventory of needed project-ready sites
- Scope and cost of the work required to make the site project-ready
- Potential return on investment for the Commonwealth for the cost of acquiring and developing the site
- Type of industry or business for which the site would be suitable

VEDP and DGS will then negotiate the purchase or option of up to three of the identified sites

NEW SITE IDENTIFICATION WILL LOCATE KEY HIGH-POTENTIAL SITES FOR TARGET INDUSTRIES AND ESTIMATE DEVELOPMENT COSTS

1	Confirm site and location criteria for high-priority manufacturing industries
2	Evaluate Virginia's existing site inventory and identify gaps in the portfolio
3	Identify new sites that address critical portfolio gaps
4	Analyze sites to prioritize them for acquisition and development
5	Estimate new site development costs and ROI

Current Phase

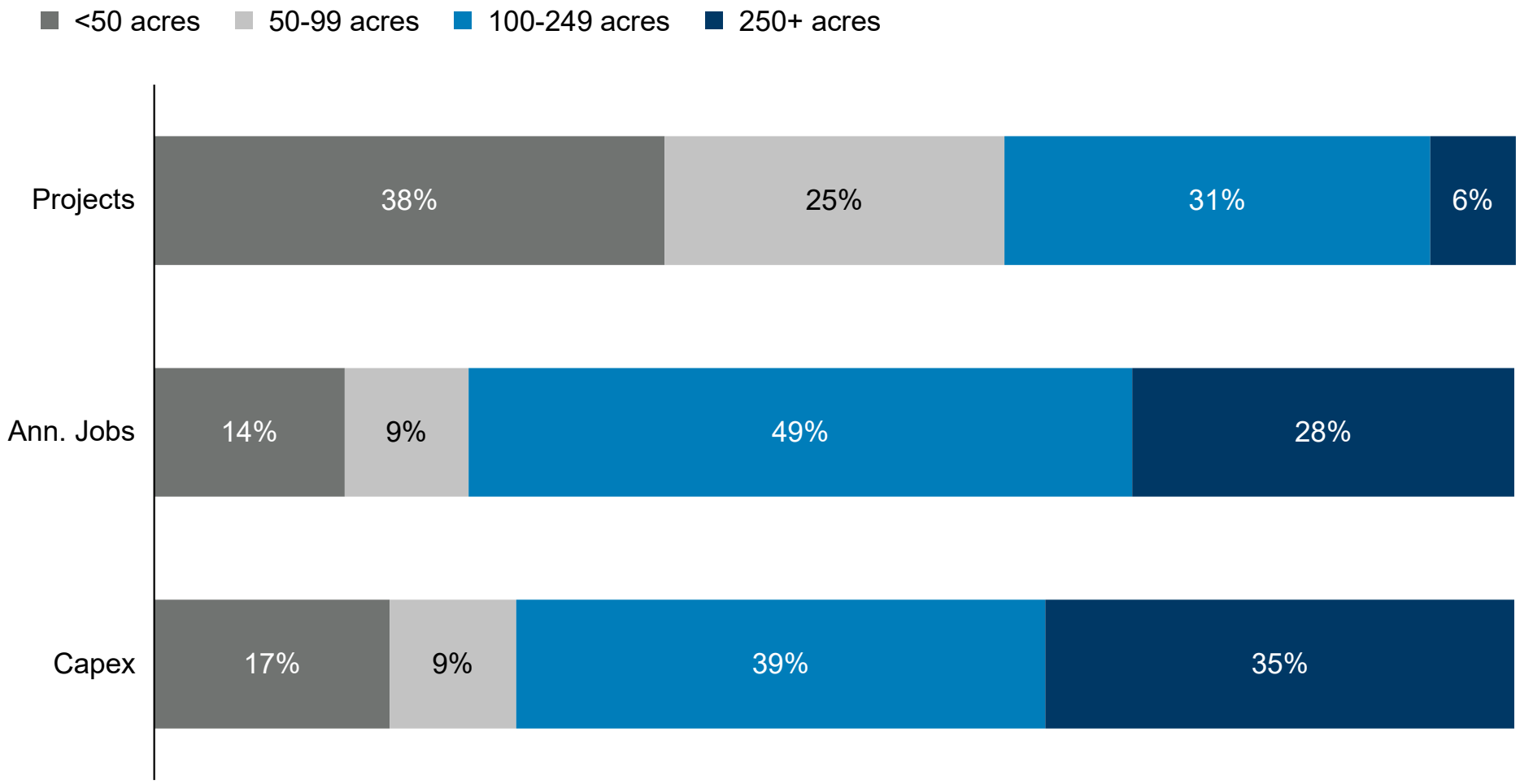
Q&A

APPENDIX

New River Valley Commerce Park, Pulaski County

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

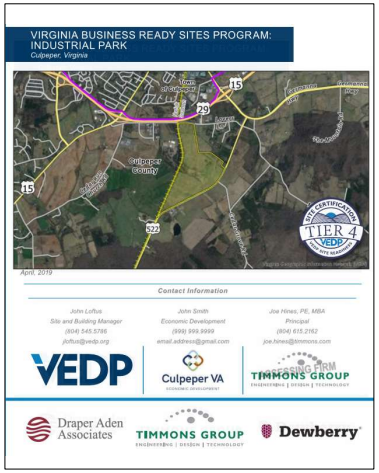
2020-2022 Virginia Greenfield Development Manufacturing Projects by Acreage
Projects, N=16; Ann. Jobs, N=6,268; Capex, N=3,027



Source: VEDP projects data (as of 1/9/2022); VEDP analysis

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	3
2.2 - Access to the site (VDOT Functional Classification)	6 - Major or Minor Collector	5	3
2.3 - Industrial Access Quality / Expected Improvements	8 - Only Entr. Improv. Req'd	5	4
3 Electrical Capacity / Availability		10	7
3.1 - Power Availability	10 - Bridging & Long-Term Power Available	7	7
3.2 - Power Capacity	Requires Additional Study	3	0
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	4
7.2 - Geology	10 - No Karst or Bedrock Concerns	5	5
7.3 - Floodplains	10 - Zone X (No Floodplain Study / Impacts Anticipated)	5	5
8 Topography	8 - 10-20% of Dev. Area Contains Challenging Slope	10	8
9 Site Build-out Potential / Yield	4,471 SF / AC	10	4
10 Additional Considerations	8 - Slightly Enhanced Potential	10	8
Total Points	This site		70.0
	Statewide	Minimum: 16.6 | Median: 72.6 | Maximum: 96.4	
	Statewide	Minimum: 46.3 | Median: 75.4 | Maximum: 96.4	

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

Study ID: 001-241061

Location competitiveness data

Details

	Category	Units	Advanced Manufacturing (Small) 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

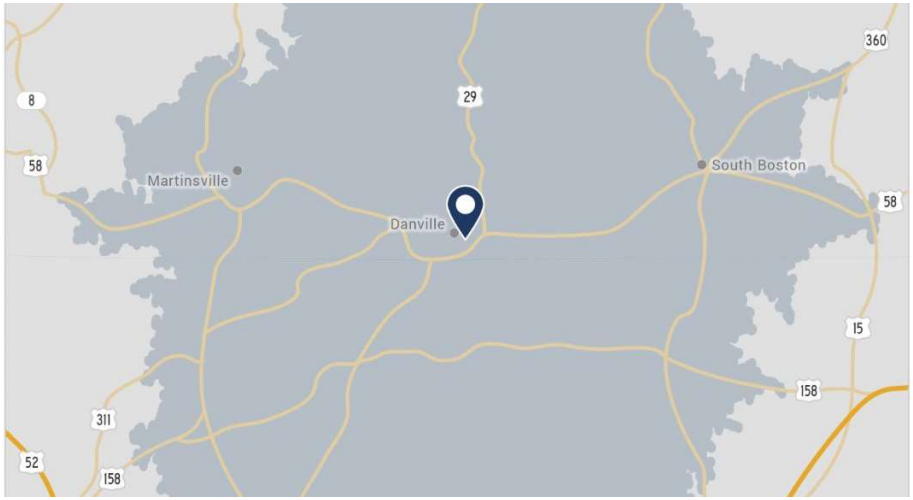
*Minimum, Median, and Maximum of subset of sites considered for each sector by KPMG analysis

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

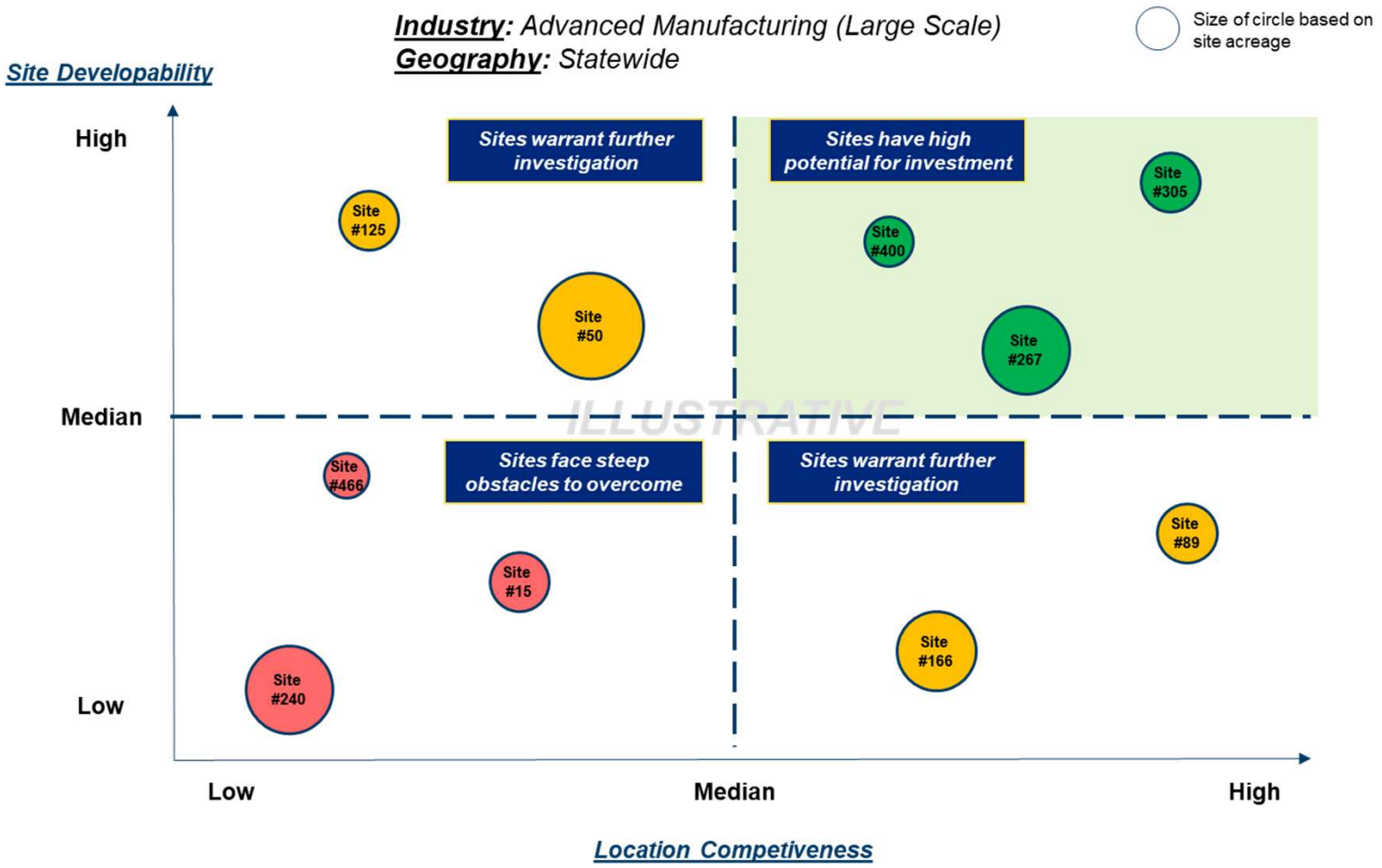


Location factors

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

Note: Slide is illustrative

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 statewide impact
  - VBRSP will fund sites that are at least 100 contiguous developable acres[1], 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

[1]GOVA 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