



NASA Langley Research Center, Hampton

VEDP UPDATE AND VIRGINIA'S BUSINESS CASE FOR AEROSPACE & UAS

February 29, 2024



Aurora Flight Sciences, Manassas

AGENDA

VEDP Update – Innovative Framework for Economic Growth

Virginia’s Business Case for Aerospace and UAS

Economic Development Budget Requests

How VEDP Can Assist Companies & VEDP Contacts

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)

PRIORITY SECTORS ARE CRITICAL TO EMPLOYMENT GROWTH

	VA employment, thousands (2022)	Share of traded sector growth (2022-2030)	
		Virginia	U.S.
Knowledge work	719.6	51.4%	46.0%
Manufacturing	108.0	9.7%	8.0%
Logistics	85.2	3.1%	10.4%
Total priority sectors	912.8	64.2%	64.4%

VEDP'S STRATEGY IS BUILT AROUND EIGHT CORE INDUSTRIES, WITH 12 OTHER INDUSTRIES ALSO ACTIVELY TARGETED

Core industries

Dedicated holistic approach, including ecosystem building

Knowledge Work

A&D Innovation	Financial services
Business services	Software & cybersecurity

Manufacturing

Advanced materials	Food & beverage manufacturing
Biopharmaceuticals	

Logistics

Transportation & logistics

Other target industries

Focused, traditional tactics

A&D Manufacturing

AgTech

Batteries

Data centers

EV

Maintenance, Repair, & Overhaul

Nuclear energy

Offshore wind

Quantum computing

Semiconductors

Traditional automotive

Wood products

AN INNOVATIVE FRAMEWORK FOR ECONOMIC GROWTH

Our Goal:

Deliver nation-leading economic performance by building an economic development enterprise that positions Virginia as an unparalleled business location

Sector Depth

Developing deeper sector-based focus, expertise, and alignment

Robust Ecosystems

Putting greater, coordinated focus on strengthening ecosystems that will generate greater project-based and organic employment growth

Commonwealth Collaboration

Building a new “whole-of-government” approach aligned with local / regional partners to deliver impact in more direct, holistic ways

Success looks like:

- Virginia is a leading state for employment growth in target sectors, generating nation-leading economic performance
- More people are moving to Virginia than moving away
- Overall project wins have increased, including an increase in transformational project wins



Aerojet Rocketdyne, Culpeper

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INDUSTRY LOCATION FACTORS

Primary

Access to federal funding / defense spending

- As the industry is heavily reliant on funding from contracts with the federal government, it is attractive to employers to be in close proximity to the federal agencies making contracting or procurement decisions

Proximity to defense policy decision-makers

- Growth and efficiencies in the industry are also driven by policy decisions (e.g., making aircraft more fuel efficient) and aircraft must meet rigorous standards. Access to these decision-makers is a primary location factor.

Ability to minimize supply chain volatility

- Since COVID, demand for air travel and defense spending have skyrocketed (+22%). This increased demand, however, has been matched by increasingly volatile supply chains that make access to materials more difficult and expensive. Employers are increasingly looking to locate closer to domestic suppliers to ease these tensions.

Access to skilled labor at competitive costs and in non-union / RTW states

- With a heavy West Coast presence and facing labor shortages of workers with technical skillsets, expertise and experience, employers are increasingly looking for access to reliable pipelines of talent which are marginally less expensive and which are non-unionized, making the Southeast and Southwest more attractive than traditional industry strongholds in the Midwest and Northwest.

Ability to establish an overseas market and access customers easily

- Transportation and logistics constraints and costs increased dramatically during the pandemic. Employers are increasingly looking for direct, efficient, and reliable lines of access to international customers.

Secondary

INDUSTRY SWOT FOR VIRGINIA

Strengths

- Proximity to DC and federal government
- Presence of major military bases (e.g. Naval Station Norfolk, Quantico, Dahlgren)
- Location of space launch facility at Wallops Island
- Presence of many company headquarters in Northern VA
- Largest US naval shipbuilding presence in Hampton Roads

Opportunities

- Growing demand for passenger aircraft
- Continued growth in commercial spacecraft manufacturing
- Rising defense budgets will drive continued growth
- Emerging opportunities in AAM, UAVs, alternative fuels / green aviation (e.g., hydrogen, biofuels)

Weaknesses

- No existing commercial aircraft manufacturing in state
- Few available sites with runway access and low manufacturing costs
- Manufacturing costs in areas with current industry presence
- Limited population near space launch facility

Threats (incl. competitor state efforts)

- Competitors have more established A&D ecosystem infrastructure
- Some states have specialized incentives to capture aerospace manufacturing



A Top State for Business

Virginia has been consistently ranked as a top state nationally to do business, with friendly tax and regulatory policies


#2 Top State
for Business


#3 Top State
Business
Climate


#3 Best Business
Climate
in the U.S.



Moody's
INVESTORS SERVICE

AAA

State Bond
Rating Since 1938,
Longer Than Any Other
State in the U.S.

TOP

10

USNews 2023

Best State for
Fiscal Stability

45+

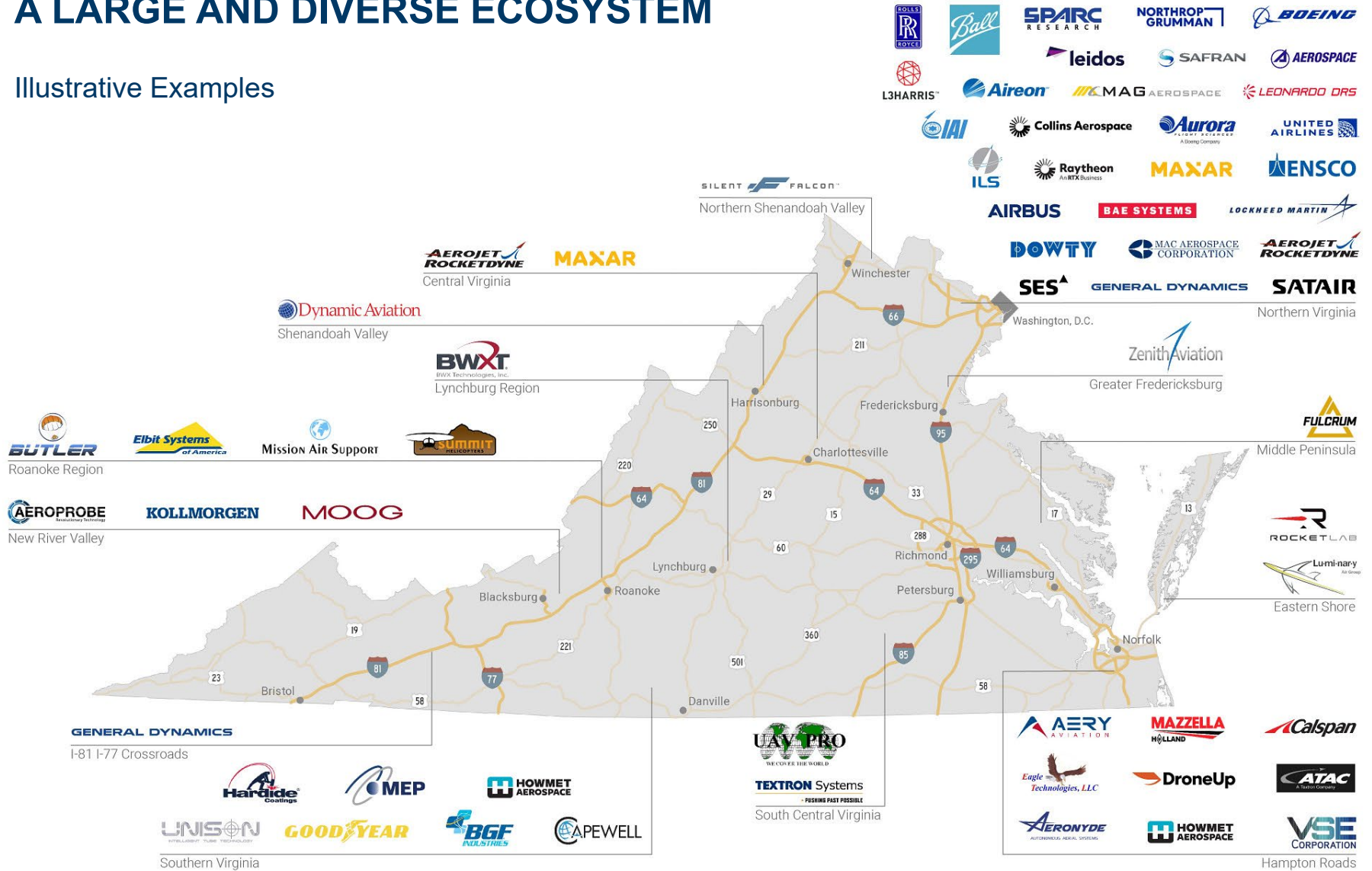
Years Without
Changes to
Corporate Income
Tax Rate



Virginia State Capitol

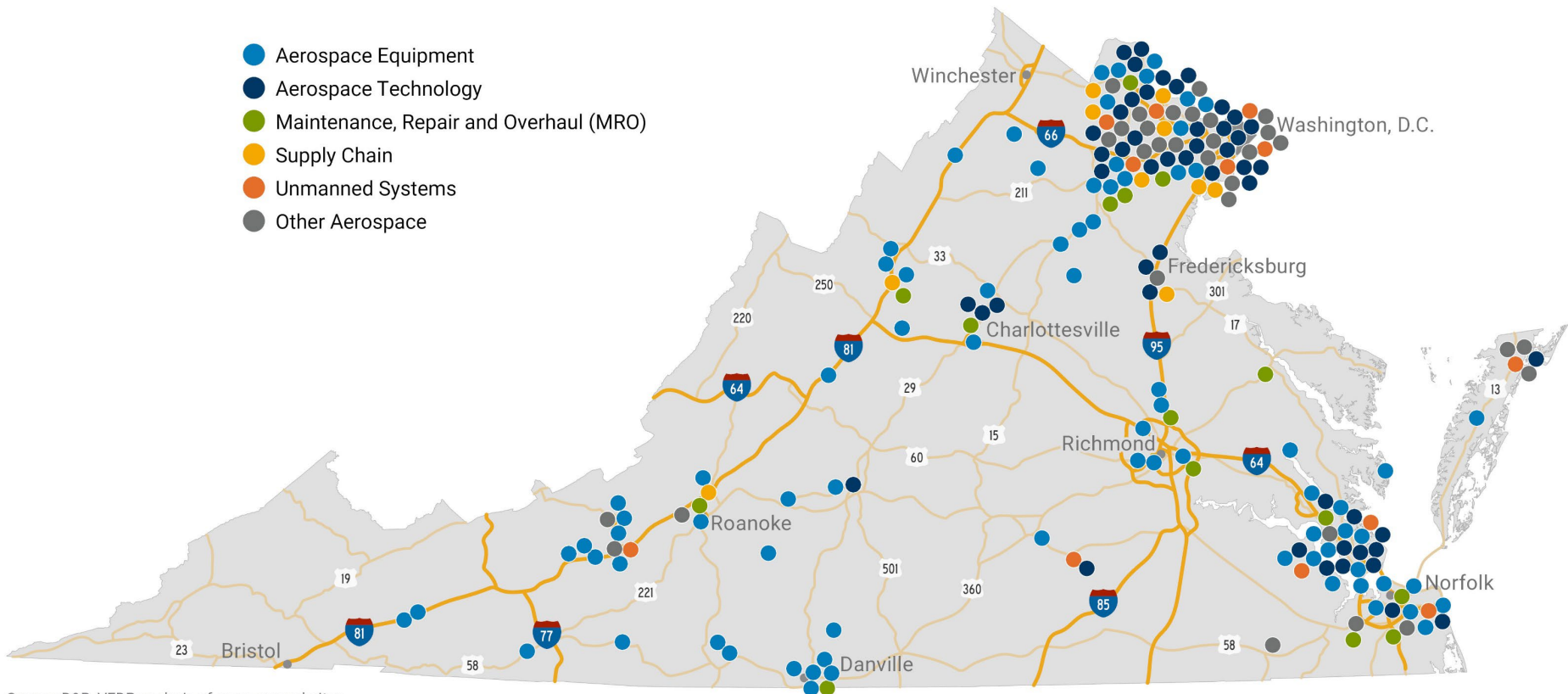
A LARGE AND DIVERSE ECOSYSTEM

Illustrative Examples



VA'S VIBRANT INDUSTRIAL AND TECHNOLOGICAL ECOSYSTEM PROVIDES AN IDEAL HOME FOR AEROSPACE AND UAS COMPANIES

- Aerospace Equipment
- Aerospace Technology
- Maintenance, Repair and Overhaul (MRO)
- Supply Chain
- Unmanned Systems
- Other Aerospace



Source: D&B, VEDP analysis of company websites

VIRGINIA'S AEROSPACE AND UNMANNED SYSTEMS INDUSTRY IS MUCH BROADER THAN TRADITIONALLY DEFINED

Aerospace Manufacturing

Employs 11,600+ people

MOOG **GOODYEAR**

EC
WE REINFORCE YOUR IDEAS

Aurora
FLIGHT SCIENCES
A Boeing Company

Science, Engineering, and Technology

Employs 13,800+ people

SAIC

MITRE

Raytheon
An RTX Business

L3HARRIS
FAST. FORWARD.

Headquarters

Employs 4,300+ people

NORTHROP GRUMMAN

BAE SYSTEMS

AIRBUS

GENERAL DYNAMICS
Mission Systems

Fixed-base Operations/MRO

Employs 1,800+ people

Dynamic Aviation

Signature
FLIGHT SUPPORT

MILLION AIR

SUMMIT
HELICOPTERS

GE
Aviation

Other Aerospace

Employs 3,700+ people

ATAC
A Textron Company

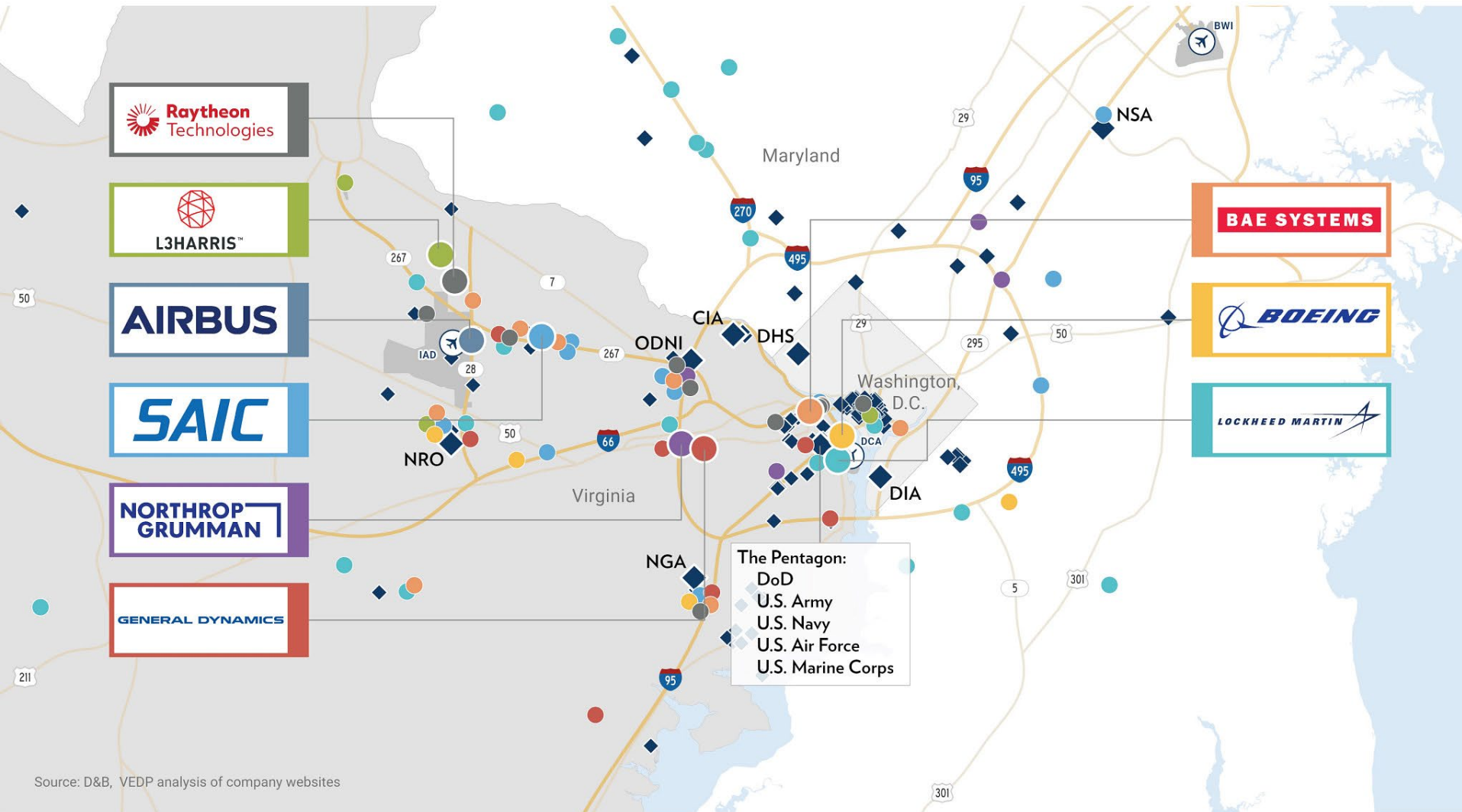
SATAIR

FEDERAL AVIATION ADMINISTRATION

DTE
Defense Technology Equipment Inc.

**Virginia's
aerospace and
unmanned
systems industry
employs over
35,000 people**

MANY AEROSPACE AND DEFENSE COMPANIES CHOOSE TO LOCATE AND EXPAND IN THE NORTHERN VIRGINIA REGION



Source: D&B, VEDP analysis of company websites

- Major Corporate Presence
- ◆ Major Federal Customer
- Office Location
- ◆ Other Federal Facility

VIRGINIA'S GEOGRAPHIC LOCATION OFFERS UNIQUE ACCESS TO A HUB OF FEDERAL ACTIVITY, ANCHORED BY WASHINGTON, D.C.

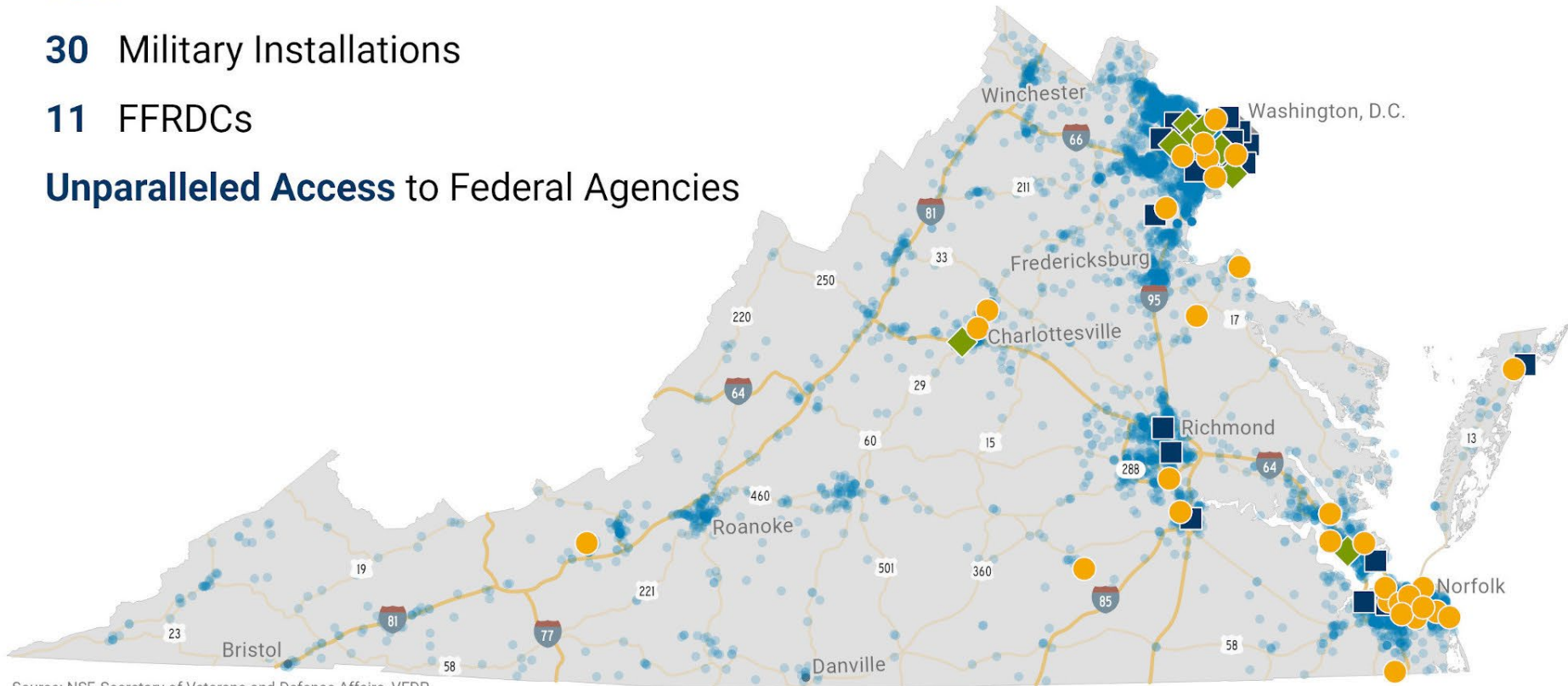
Virginia is home to key federal government operations and decision makers.

10K + Federal Contractors

30 Military Installations

11 FFRDCs

Unparalleled Access to Federal Agencies



Source: NSF, Secretary of Veterans and Defense Affairs, VEDP

- Military Installations
- ◆ Federally Funded Research and Development Centers (FFRDCs)
- Federal Contractors
- Federal Agencies & Key Federal Facilities

VIRGINIA HAS AN AMPLE POOL OF SKILLED WORKERS READY TO MEET THE NEEDS OF AEROSPACE AND UNMANNED COMPANIES

35,000+

Virginia workers in the aerospace and unmanned systems industry

72,000+

Virginia workers in core occupations for the aerospace and unmanned systems industry

50,000

Virginia workers in other relevant occupations



General Dynamics, Fairfax County

42,000+

individuals in Virginia report having some type of security clearance on their professional networking profiles, the highest of any state



Lockheed Martin, Manassas

ONE OF THE NATION'S LARGEST AND MOST EDUCATED VETERAN WORKFORCES IS AT YOUR SERVICE

151,000+

Virginia is home to over 151,000 veterans under the age of 45, the 4th-largest population in the country

21,200+

More than 21,200 service members exited the military from Virginia's 30 military installations in FY2019

42%

Virginia's veterans are the 2nd-most educated in the U.S., with 42% having a bachelor's degree or higher (compared to 31% nationwide)

Committed

Virginia is committed to helping its veterans attain their highest potential, through initiatives such as Virginia Values Veterans (V3)

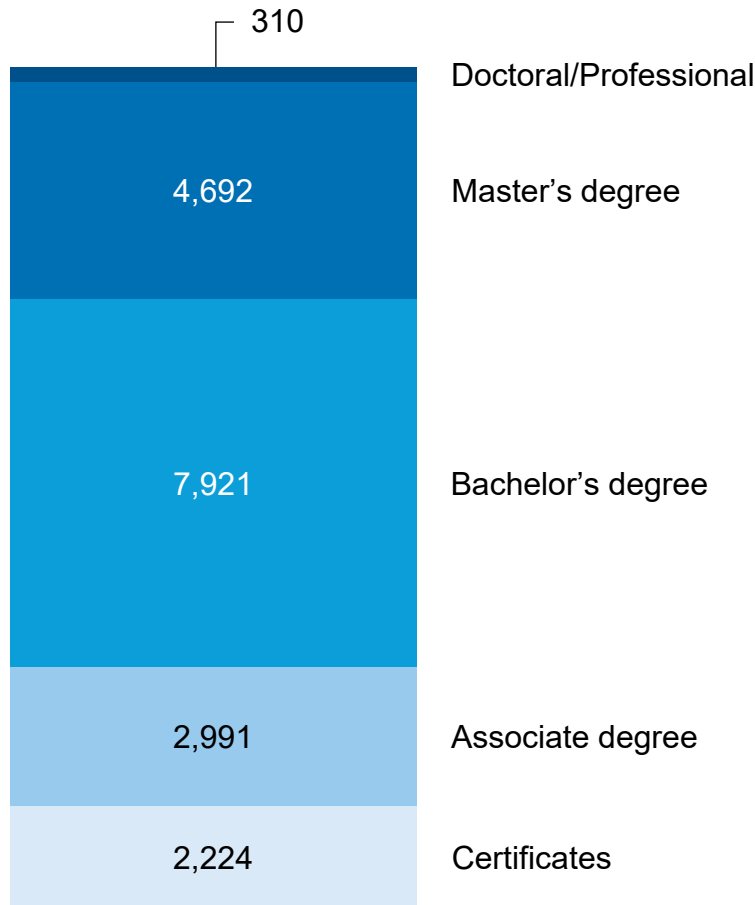
Source: Veteran's Administration; DoD Skillbridge 2019; ACS 2021



Virginia Military Institute

VA'S HIGHER ED INSTITUTIONS PRODUCE 18,100+ AEROSPACE AND UNMANNED-RELEVANT DEGREES AND CERTIFICATES EACH YEAR

Aerospace- and unmanned-related completions by level
Certificate or degree completions, N=18,138



Top relevant program areas and degree-producing schools

- Manufacturing management
- Engineering, general
- Computer science and engineering
- Aerospace engineering and technology
- Welding
- Modelling, simulation, and design
- Maintenance, installation, and repair
- Precision manufacturing





BF BUSINESS FACILITIES 2023

#1 Customized Training Leader in the U.S.

AREADEVELOPMENT 2022

#2 Top State – Workforce Development Programs



Virginia Talent Accelerator Program

VIRGINIA OFFERS COMPANIES THE OPTION TO CHOOSE THE WORKFORCE INCENTIVE THAT'S BEST FOR THEIR PROJECT

Virginia Jobs Investment Program (VJIP)

VJIP provides straightforward grants to reimburse a large portion of recruitment and training costs (for companies that implement their own talent programs).

Virginia Talent Accelerator Program

The Virginia Talent Accelerator Program provides world-class, tailored talent solutions, including recruitment and screening, and development and delivery of customized training, all at no cost.

Virginia Talent Accelerator Program clients span industries as diverse as manufacturing (The LEGO Group), aerospace (Rocket Lab), pharmaceutical manufacturing (Civica Inc.), and headquarters (CMA CGM Group).



Dynamic Aviation, Rockingham County

SITES ACROSS VIRGINIA ARE WELL SUITED TO THE AVIATION AND UAS INDUSTRIES, INCLUDING RUNWAY-ADJACENT SITES

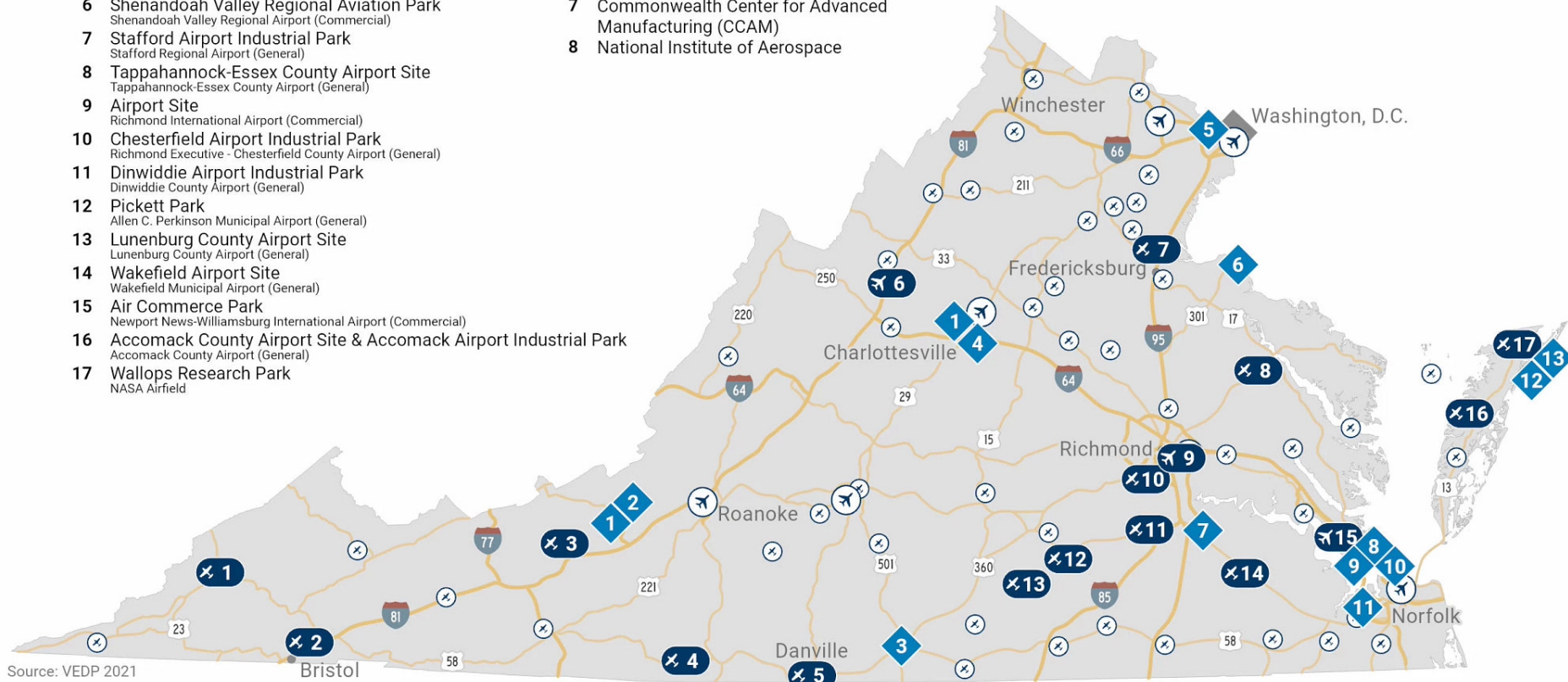
Properties with Airstrip Access

- 1 Lonesome Pine Business and Technology Park
Lonesome Pine Airport (General)
- 2 Virginia Highlands Airport Site
Virginia Highlands Airport (General)
- 3 New River Valley Airport Site
New River Valley Airport (General)
- 4 Blue Ridge Regional Airport Site
Blue Ridge Regional Airport (General)
- 5 Mid Atlantic Center for Aviation
Danville Regional Airport (General)
- 6 Shenandoah Valley Regional Aviation Park
Shenandoah Valley Regional Airport (Commercial)
- 7 Stafford Airport Industrial Park
Stafford Regional Airport (General)
- 8 Tappahannock-Essex County Airport Site
Tappahannock-Essex County Airport (General)
- 9 Airport Site
Richmond International Airport (Commercial)
- 10 Chesterfield Airport Industrial Park
Richmond Executive - Chesterfield County Airport (General)
- 11 Dinwiddie Airport Industrial Park
Dinwiddie County Airport (General)
- 12 Pickett Park
Allen C. Perkinson Municipal Airport (General)
- 13 Lunenburg County Airport Site
Lunenburg County Airport (General)
- 14 Wakefield Airport Site
Wakefield Municipal Airport (General)
- 15 Air Commerce Park
Newport News-Williamsburg International Airport (Commercial)
- 16 Accomack County Airport Site & Accomack Airport Industrial Park
Accomack County Airport (General)
- 17 Wallops Research Park
NASA Airfield

Aerospace Assets

- 1 Commonwealth Center for Aerospace Propulsion Systems (CCAPS)*
- 2 The Mid-Atlantic Aviation Partnership (MAAP)
- 3 The National Center for Coatings Application, Research, and Education (C-CARE)
- 4 UVA Hypersonics Research Complex
- 5 Defense Advanced Research Projects Agency (DARPA)
- 6 Naval Surface Warfare Center Dahlgren Division
- 7 Commonwealth Center for Advanced Manufacturing (CCAM)
- 8 National Institute of Aerospace
- 9 Virginia Space Grant Consortium (VSGC)
- 10 NASA Langley Research Center
- 11 Virginia Modeling, Analysis and Simulation Center
- 12 NASA Wallops Flight Facility
- 13 Mid-Atlantic Regional Spaceport

*CCAPS is at Virginia Tech & UVA



Source: VEDP 2021

Illustrative Examples of Available Properties with Airstrip Access

- Commercial Airport
- General Aviation Airport
- Aerospace Asset

VIRGINIA HAS A ROBUST (AND GROWING) INVENTORY OF SITES AND BUILDINGS

With 300+ fully-characterized sites of 25 acres or larger, dozens of certified sites, and a growing inventory of spec buildings and virtual buildings, Virginia is constantly improving its portfolio of real estate options.

40+

sites are certified as project-ready under the Virginia Business Ready Sites Program

12

of Virginia's certified parks have graded pad sites available for construction

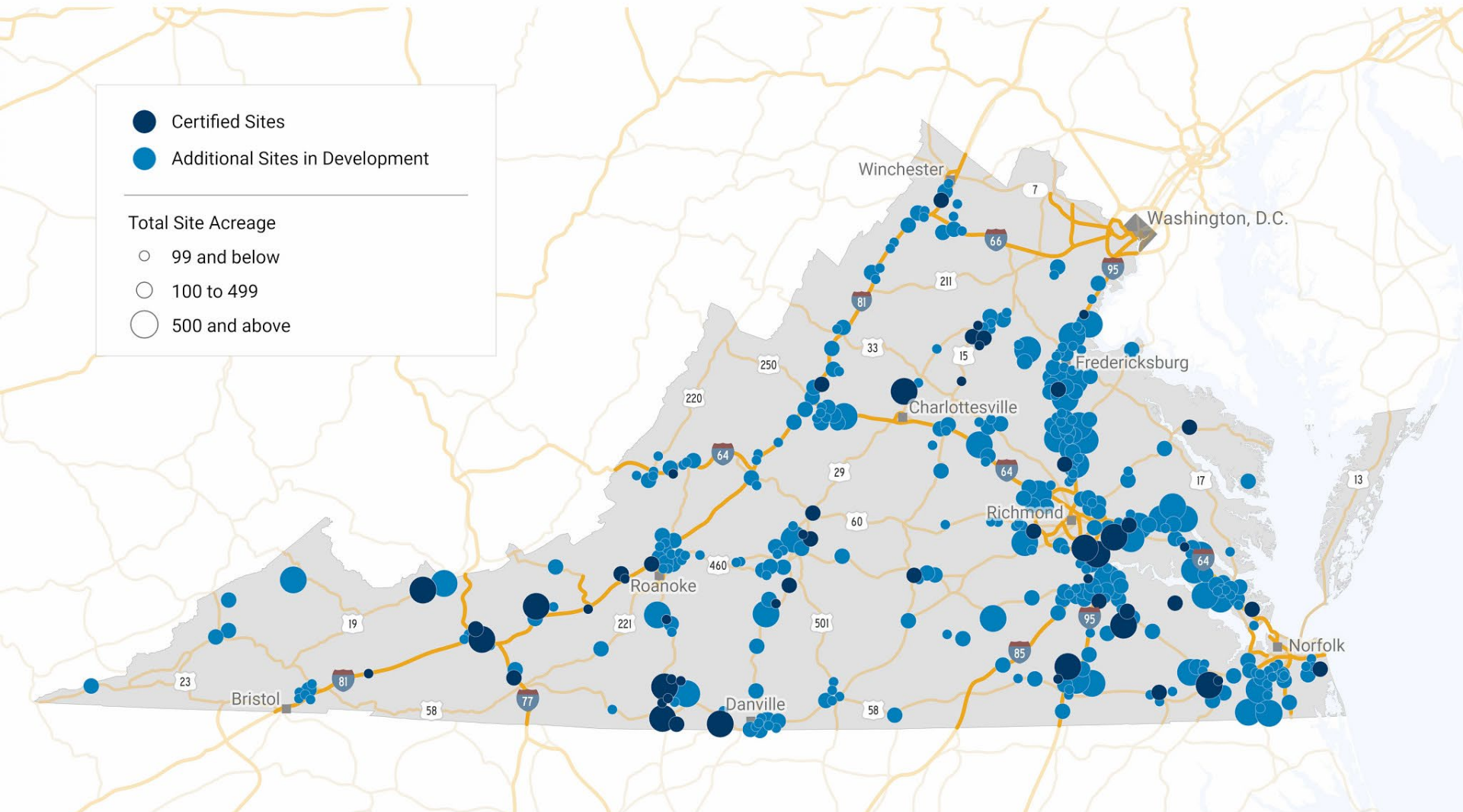
12-18 mo.

for project-ready sites to have utilities on-site and all infrastructure in place



Southern Virginia Megasite,
Pittsylvania County

SITES OF VARIOUS SIZES AND CAPABILITIES ARE AVAILABLE ACROSS VIRGINIA; MANY ARE CERTIFIED PROJECT-READY





Rocket Lab USA, Inc., a global leader in launch services and space systems, selected Wallops Island in Accomack County as the location for its launch site and extensive manufacturing and operations facilities for its Neutron rocket. The 250,000-square-foot state-of-the-art complex will be constructed on a 28-acre site adjacent to the Wallops Island Flight Facility.

New Jobs | 250

Capital Investment | Confidential

“ [Virginia's] position on the eastern seaboard is the ideal location to support both Neutron's frequent launch cadence and the rocket's return-to-Earth capability. [The Commonwealth] is home to an active and experienced aerospace workforce we can pull from to support Neutron's development and launch. ”

Peter Beck
Rocket Lab USA, Inc.
February 28, 2022





DroneUp, LLC, a leading drone flight services innovator and aviation technology provider, will expand its headquarters in the City of Virginia Beach and establish a testing, training, and R&D center at Richard Bland College in Dinwiddie County. In addition to the headquarters facility and training center, DroneUp plans to establish three drone hubs at Walmart locations in Virginia.

New Jobs | 655

Capital Investment | \$27.2M

“Virginia is our home, and we are proud to be able to continue to bring new innovation, talent, and economic opportunities to our great state.”

Tom Walker
DroneUp, LLC
August 24, 2022





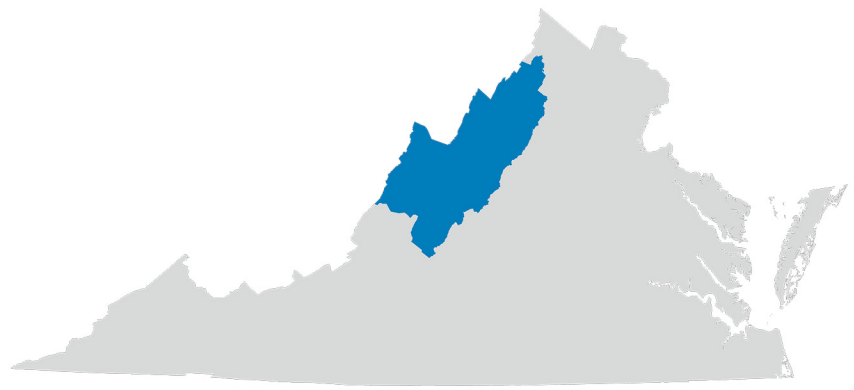
Dynamic Aviation, a leading provider of special-mission aviation solutions for government and commercial organizations worldwide, will invest \$47.9 million to expand its operation in Rockingham County. The company will establish a new 13,000-square-foot facility for office space and a composite shop, and a 33,000-square-foot hangar to house its legacy aircraft, including the first Air Force One.

New Jobs | 207

Capital Investment | \$47.9M

“Dynamic Aviation chose its Virginia location for the facility expansion and the creation of 207 new jobs because of the region’s infrastructure, assets, and strategic location.”

Michael Stoltzfus
Dynamic Aviation
November 19, 2020





Capewell Aerial Systems, Patrick County

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VEDP PRIORITY BUDGET ITEMS OF INTEREST IN INTRODUCED BUDGET

		Introduced Budget (\$M)		House Amendments (\$M)		Senate Amendments (\$M)		
Initiative (Item)	Summary	FY25	FY26	FY25	FY26	FY25	FY26	
Incentives	Expand Virginia Business Ready Sites Program (101#1h)/(101#1s)	Provides additional funding for the Virginia Business Ready Sites Program, which provides competitive matching grants to localities to develop a portfolio of project-ready sites for the Commonwealth	150.0	50.0	20.0	20.0	50.0	50.0
	Fund the Virginia Business Ready Sites Acquisition Program (101#2s)	Provides funding for the site acquisition program established in 2023 to enable the Commonwealth to purchase or option megasites to fill gaps within the site portfolio for transformative large scale industrial projects	25.0	0.0	25.0	0.0	1.0	0.0
	Launch talent and workforce retention and recruitment campaign	Directs VEDP to develop and implement a statewide talent attraction & retention strategy to fill key talent gaps through in-migration and reductions in outmigration. VEDP will consult with Department of Workforce Development and Advancement & Virginia Tourism Authority	15.0	0.0	0.0	0.0	0.0	0.0
	Launch Innovative Framework (113#1h)/(113#1s)	Sustain efforts to enhance VA's growth in core sectors: knowledge work, manufacturing, and logistics through sector-specific project cultivation, collaborative ecosystem building, and whole of government engagement.	2.0	2.25	1.25	1.50	1.00	1.25

TO COMPETE WITH OTHER STATES, THERE NEEDS TO BE CONTINUED INVESTMENT OF \$100M PER YEAR IN VBRSP

Due to site readiness, since 2016, Virginia has lost:

55K+

DIRECT JOBS

\$124B+

CAPEX

110K+

EST. ADDITIONAL JOBS¹

434-561M+

EST. ANNUAL
STATE REVENUE

- Virginia lags competitor states for greenfield manufacturing wins and needs to close the gap via sustained investment in site development
- In 2022, several competitor states announced substantial budgets for site development:
 - \$200M in Kentucky
 - \$250M in Michigan
 - \$50M announced average spend for Ohio, Georgia, North Carolina, and South Carolina for site development over the last several years
- In FY23, one-time funding of \$90M was allocated to begin addressing our real estate portfolio gaps while creating market-ready sites. Over \$340M in requests from localities was received, causing VEDP to turn down more than \$250M of critical site-related requests
- VBRSP received \$800M in requests for the FY24 cycle (\$125M in funding)
 - Many of these are “continuation requests” for sites that received grants in FY23 and are necessary for these sites to be competitive

¹Estimated additional jobs calculated using project NAICS codes for projects in which detailed ROI estimates were unavailable
Source: VEDP project data as of November 9, 2022

VBRSP SITE DEVELOPMENT GRANTS BY THE NUMBERS

Project wins on sites with VBRSP awards through FY22; \$8M awarded:

1,000
DIRECT JOBS

\$500M+
CAPEX

900
EST. ADDITIONAL JOBS¹

\$3.5M
EST. ANNUAL
STATE REVENUE

- Between 2017-2023, VBRSP awarded \$98M to 34 separate sites
- Notable wins have occurred on sites from the \$8M awarded through FY22

Site	Company	Jobs	Investment	Year project announced
Commonwealth Crossing	Press Glass	212	\$43.5M	2018
Summit View	Traditional Medicinals	56	\$29.6M	2018
New River Valley Commerce	Patton Logistics	33	\$12M	2020
Commonwealth Crossing	Crown Holdings	126	\$145M	2021
Falling Branch	FedEx	100	\$37.5M	2021
Mill Place	CAVA	52	\$38M	2021
New River Valley Commerce	Patton Logistics	63	\$11M	2021
Commonwealth Crossing	Press Glass	335	\$155M	2023

- Additional wins are expected on the sites that received awards through FY22 as several projects are close to completion
- Project activity on the FY23 round (\$90M) recipient sites has increased even as work is currently ongoing
- Several project announcements are anticipated on sites with FY23 awards

¹Estimated additional jobs calculated using project NAICS codes for projects
Source: VEDP project data as of November 2023



Rocket Lab, Accomack County

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VEDP OFFERS CUSTOMIZED SERVICES AND SOLUTIONS TO SUPPORT A COMPANY'S GROWTH

VEDP provides:

- ✓ A single point of contact in Virginia
- ✓ Site selection assistance
- ✓ Coordination of site visits with local stakeholders
- ✓ Tailored research (e.g., cost of doing business comparisons, state benchmarking)
- ✓ Customized incentive proposals
- ✓ International trade services
- ✓ Workforce solutions

VEDP AEROSPACE & DEFENSE CONTACTS



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THANK YOU