



Virginia Commerce Quarterly

A Publication of the Virginia Economic Development Partnership
Summer 2011, Vol.16, Issue 3

★ AMERICA'S **TOP STATES** FOR BUSINESS 2011 ★ | A CNBC SPECIAL REPORT

Virginia is Victorious — Again — In CNBC's Top States For Business

Published: Tuesday, 28 Jun 2011 4:38 PM ET | Ted Sola

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Yes, Virginia.

The Old Dominion State returns as America's Top State for Business in 2011, and we're starting to detect a pattern here.

Virginia topped our inaugural study in 2007 with Texas at number two. In 2008, they switched positions and Texas took the title. In 2009, it was Virginia/Texas. In 2010, Texas/Virginia.

This year, Virginia powers back to the top spot with the best overall score in the history of our study — 1,600 out of 2,500 points. Texas slips back to number two with a respectable 1,576 points.

THE WINNERS BY CATEGORY

- Overall: #1 Virginia
- Cost of Doing Business: #1 Iowa
- Workforce: #1 Arizona
- Quality of Life: #1 Hawaii
- Economy: #1 North Dakota
- Infrastructure & Transportation: #1 Texas
- Technology & Innovation: #1 California
- Education: #1 New York
- Business Friendliness: #1 Delaware

Third Time's a Charm—Virginia Ranked CNBC's 2011 Top State for Business

Virginia has done it again—CNBC announced that Virginia has reclaimed the award for “Top State for Business.” Since the rankings began five years ago, Virginia has remained in the top two spots, with first-place finishes in 2007, 2009 and now 2011, and second-place awards in 2008 and 2010. *(continued on page 3)*



This issue of *Commerce Quarterly* is testament to why Virginia was again named CNBC's Top State for Business. Since 2007, Virginia and Texas have battled for first place in CNBC's ranking study, alternating between first and second place each year. This year, Virginia took the top spot while also earning the highest score in the history of the study.

According to CNBC, "Virginia is a perennial favorite with its strategic location, friendly business climate and diverse economy. It moved back on top this year thanks to marked improvements in a couple of key areas." Those key areas included the Cost of Business category, citing a considerably improved tax burden, as

well as the Education category, due to a noticeable reduction in class sizes. Conversely, Virginia dropped eight spots in the Quality of Life category, where the study blamed, in part, a rising number of uninsured residents. Virginia also lost ground in the Workforce category, ironically, because an improved unemployment rate is shrinking the number of available workers. Our southeastern neighbors, North Carolina and Georgia, continue to be formidable Top 5 competitors and outrank the Old Dominion on key factors like Workforce, Infrastructure and Transportation. We will proudly accept our No. 1 accolade, but we know we cannot rest and must stay relentless in fine-tuning our game.

The summer has been abundant with economic development announcements across the Commonwealth. ICF International will establish its first operations center for Business Process Management in Henry County. The \$15 million center will create 539 new jobs. This project continues successes of the past several quarters of attracting IT projects to rural Virginia. In addition, you will read about Phoenix Packaging's expansion in Pulaski County, GE's new Information Security Technology Center in Henrico County, and the celebration of Rolls-Royce Crosspointe officially opening its first Aerospace Manufacturing Facility.

The prospect pipeline for the second quarter of FY '12 is improved over the last two quarters. In particular, it's good to see a solid increase in consultant-referred leads as well as direct company calls resulting from our marketing strategies. The advanced manufacturing sector is most active, although technology companies and the distribution sector are also in the mix.

Aggressively marketing Virginia as an ideal business location is a key element of VEDP's strategy, and the Administration continues to play an active role. In the past quarter, Governor McDonnell led five marketing missions to New York City, Asia, Paris, Chicago and Boston. Planning is underway for the Governor to visit Israel and India this fall. The Administration also joined VEDP in promoting Virginia to corporate executives at the 21st Virginia Nippon Classic and 2011 BIO International Convention.

Since this is my final CQ, I wanted to thank everyone for their support in helping fulfill our mission of bringing jobs and opportunities to the citizens of the Commonwealth. I have every confidence that the VEDP board, management team and staff will continue this important work.

Sincerely,

Jeffrey M. Anderson

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is published by the Virginia Economic Development Partnership to keep our readers up to date on current events in the economic development community.

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Third Time's a Charm *(continued from Cover)*

The news was announced live from Mount Vernon, Virginia. Speaking about Virginia's win, CNBC Senior Correspondent Scott Cohn said, "With an unprecedented fiscal crisis at the state level, never has it been tougher to stay competitive. But Virginia met the challenge on every level, achieving the highest point total in the history of our study, and finishing in the top half of every category. In the seesaw battle between Virginia and Texas, Virginia is back on top—for now."

CNBC took an in-depth look at why Virginia again came out on top. Using publicly available data, each state was scored on 43 different measures of competitiveness. States received points based on their rankings in each metric, which were then separated into 10 broad categories: Cost of Doing Business, Workforce, Quality of Life, Economy, Infrastructure & Transportation, Technology & Innovation, Education, Business Friendliness, Access to Capital and Cost of Living.

Not only did the Commonwealth win the highest ranking—Virginia received the highest point total in the history of the rankings, finishing in the top half of every category ranked.

Virginia has often been lauded for its strategic location, friendly business climate and diverse economy, and this year's CNBC top ranking was no different. The Commonwealth also showed marked improvements in its tax burden and education. Not only that, Virginia finished in the top ten in five categories: Infrastructure & Transportation at number 10, Economy at number 8, Education at number 6, second in Business Friendliness and tenth in Access to Capital.

So when people ask why they should "Say Yes" to Virginia, don't just take our word for it—ask the experts: <http://www.cnbc.com/id/43381920/> ■

virginia in the news

Virginia Ranks Highest East of Mississippi in ALEC's Economic Competitiveness Ranking

The American Legislative Exchange Council (ALEC) recently released its *Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index*. This new study explains how states can most effectively drive economic growth, create jobs and improve the standard of living for their citizens. *Rich States, Poor States* provides state legislators with a valuable resource for realistic, responsible state policymaking.

In this year's edition, the top 10 states on economic performance were (from one to 10, in order): Utah, South Dakota, Virginia, Wyoming, Idaho, Colorado, North Dakota, Tennessee, Missouri and Florida. Rounding out the bottom of the list were: Pennsylvania, Rhode Island, Oregon, Illinois, New Jersey, Hawaii, California, Maine, Vermont and New York.

The American Legislative Exchange Council is the nation's largest nonpartisan individual membership association of state legislators, with nearly 2,000 state legislators across the nation and more than 100 alumni members in Congress. ALEC's mission is to promote free markets, individual liberty and federalism through its model legislation in the states. ■

(Virginia in the News continued on page 9)

ICF International Finds Affordable Business Solution Onshore in Rural Virginia



Today's technology and service companies seek a qualified workforce, connectivity to clients, a solid communications infrastructure and an affordable cost for accomplishing all of the above. These companies no longer have outsourcing offshore as the only affordable option. Domestic outsourcing is alive and well in the Commonwealth—just ask ICF International.

ICF International, a global professional services firm, is a Virginia company headquartered in Fairfax County. In April, Governor McDonnell announced the company's plans to establish its first operations center for Business Process Management (BPM) in Henry County. The \$15 million center will create 539 new jobs.

Virginia enjoys national and international acclaim in the areas of IT systems development, software development, data center operations and telecommunications. Close proximity to Washington, D.C., and the backbone of Internet in Northern Virginia have helped forge the Commonwealth's technology industry dominance. Virginia continues to develop partnerships with communities, utilities, higher education institutions, career and technical training centers, and other partners to meet the industry's ever-evolving needs.

This project is a shining example of what VEDP's Distributed Services Initiative was designed to do—take advantage of the Commonwealth's robust telecommunications and broadband services, natural resources of labor, proximity to the U.S. capital, and pro-business climate by focusing on companies looking to domestically outsource information technology operations to lower-cost, more secure locations. ICF International realized its need for a BPM operations center, and began researching options for locations that offered an available workforce, and robust telecommunications and broadband services at a lower cost. It was a competitive, multi-state search, but ultimately the assistance offered by Virginia put the Commonwealth in the lead.

Keeping more rural areas of Virginia in mind, Secretary of Technology Jim Duffey initially introduced ICF to Henry County. Mark Heath, Martinsville-Henry County Economic Development Corporation CEO and also a VEDP Board member, was ready. Existing infrastructure and availability for immediate occupancy are key factors in winning a project of this caliber, and the Patriot Centre Industrial Park in Henry County offered both. Governor McDonnell and his Administration, particularly Deputy Secretary of Commerce and Trade for Rural Economic Development Mary Rae Carter; VEDP; the Martinsville-Henry County Economic Development Corporation; and the Mid-Atlantic Broadband Cooperative all worked together to ensure that ICF picked Virginia and, ultimately, Henry County for the project.

The Virginia Tobacco Indemnification and Community Revitalization Commission and the Virginia Department of Housing and Community Development offered funding toward the project. Through its Virginia Jobs Investment Program, the Virginia Department of Business Assistance will provide funding and services to support the company's workforce recruitment and training activities.

"ICF International is, hopefully, one of many companies to realize the advantage of establishing additional operations in lower-cost areas of Virginia," said Governor Bob McDonnell. "Henry County had the property and infrastructure ready and waiting, and offered an available workforce eager for employment opportunities. A project of this caliber is not only tremendous for Virginia, but also serves as a model of success for other companies to follow."

ICF International is a transformative project for Henry County. It is also a great example that the backbone and resources for lower-cost technology services are not just offshore—they are in our own backyard. ■

GE to Open New Information Security Technology Center in Henrico County

Two-hundred new jobs are coming to Henrico County after General Electric, an advanced technology, services and finance company, announced it will open an Information Security Technology Center. The Center is expected to create high-tech jobs focused on cyber security, as well as network design, architecture, data management and application development over the next few years.

Dedicated to innovation in energy, health, transportation and infrastructure, GE operates in more than 100 countries and employs about 300,000 people worldwide. ■



Ad Agency Modea to Invest \$10 Million in Montgomery County

Successful advertising agency Modea will invest \$10 million to expand operations and build a new corporate headquarters site at the former Blacksburg Middle School. The agency, which has been located in Montgomery County for five years, specializes in building brands online. The project will create 200 new jobs.

Modea was ranked 221st among the 5,000 fastest-growing privately held companies in the United States by *Inc.* magazine in 2010. The firm's revenue grew 1,335 percent (\$3.3 million) over a three-year period. Within the advertising and marketing industry, Modea ranked 27th in the country. ■



Albemarle County Gains 100 New Jobs

Virginia-based CustomInk.com has established a new digital and screen-printing operation for custom apparel in Albemarle County. The project will create more than 100 new jobs in the next few years.



CustomInk is a privately held company that provides an online service that businesses, student groups, sport leagues, family reunions, and more can use to design and order custom-decorated products, such as printed T-shirts and sweatshirts, for their groups and events. CustomInk aims to “wow” customers by providing a hassle-free experience. The company has also been recognized as a great place to work, a high-trust culture, an innovative business, a top online retailer and a fast-growing company. CustomInk was founded in March 2000 and currently employs more than 275 people, about 30 of whom are now working out of the Charlottesville location. ■

Genesis Products, Inc. to Invest \$2.5 Million in Charlotte County Expansion



Mary Rae Carter presents a Governor's Opportunity Fund check to Charlotte County Board of Supervisors Chairman Dave Guill.

Virginia Deputy Secretary of Commerce and Trade for Rural Economic Development Mary Rae Carter was on hand to announce the good news that Genesis Products, Inc. will invest \$2.5 million to expand the former Appomattox River Manufacturing Company operation in Charlotte County. The company manufactures doors, cabinet parts, moldings and wood panels for the pre-fabricated home, recreational vehicle, kitchen cabinet and furniture manufacturing industries. The project will save 52 jobs and create 150 new jobs.

Founded in August 2002 and headquartered in Elkhart, Indiana, Genesis Products' materials ship weekly to companies throughout the United States. With 140 employees and four core product lines, Genesis operates with a mindset to service customers and to exceed expectations. ■

PPI/Time Zero, Inc. Creates New Jobs and Investment in the City of Waynesboro

PPI/Time Zero, Inc., a leading electronic manufacturing services (EMS) provider of high-reliability aerospace, defense, medical and industrial electronics, will invest \$1.15 million to establish operations at Solutions Place in the City of Waynesboro. The project will create 65 new jobs within the next year.

Headquartered in Paterson, New Jersey, PPI/Time Zero is an EMS company providing low-to-medium volume highly customized electronics. With 40 years of service, PPI is known for manufacturing mission-critical products supporting aerospace, defense, industrial and medical instrumentation. PPI offers its customers a total solution, including design, prototyping, cable and harness manufacturing, turn-key printed circuit board assembly and box build, test, thermal stress screening and end-of-life manufacturing support. ■

Safety Technologies, Inc. Expands in Virginia

Safety Technologies, Inc. (STI), a technology leader in providing a permanent, cost-efficient solution for any type of fuel storage tank against explosions, blasts and fire, will invest \$5.89 million to open a manufacturing facility in Lunenburg County, creating 46 new jobs. STI will also expand its administrative office in Fairfax County, where the company is based, creating 15 new jobs.

STI is a U.S. company registered in Virginia. Its product, DSS™, will defeat enemy or terrorist attacks intended to cause the explosion of any fuel storage tank or fuel tanker. This explosion-suppression technology defeats conventional explosives, incendiary weapons or other attack modes that can have catastrophic consequences, including the loss of lives, disruption of operations, destruction of critical assets, financial losses, and environmental disasters. In addition, it provides significant environmental benefits by reducing hydrocarbon emissions and energy savings by reducing fuel evaporation loss. ■



Repurposing of Closed Mill Creates 213 New Jobs in Isle of Wight County

Tremendous economic news for Isle of Wight County: International Paper will invest \$83 million to repurpose a portion of its closed mill as a fluff pulp mill capable of annually producing up to 270,000 metric tons of high-quality fluff pulp for the global market. The project will create 213 new jobs.

International Paper (NYSE: IP) is a global paper and packaging company with manufacturing operations in North America, Europe, Latin America, Russia, Asia and North Africa. Its businesses include uncoated papers and industrial and consumer packaging, complemented by xpedx, the company's North American distribution company. Headquartered in Memphis, Tennessee, the company employs about 59,500 people in more than 24 countries and serves customers worldwide. Net sales in 2010 were more than \$25 billion. ■



Expansion in Botetourt County Creates 25 New Jobs

Arkay Packaging Corporation, one of the world's premier folding carton manufacturing companies, will invest \$7.5 million to expand its operation in Botetourt County. The project will create 25 new jobs in press operations, quality control, finishing and gluing. The investment includes a state-of-the-art Heidelberg XL105 printing press, as well as a new Bobst die-cutting press.



Arkay provides global cosmetic and pharmaceutical companies with highly creative, cost-effective and eco-friendly packaging solutions using cutting-edge technologies and a palette of special effects. Headquartered in Hauppauge, New York, the company is a third-generation family-owned business established in 1922. ■

Emerson Ecologics, LLC. to Open Distribution Facility in Chesterfield County

Emerson Ecologics, LLC, the leading provider of professional-grade nutritional supplements to the health care practitioner market, will invest up to \$1 million to open a distribution facility in Chesterfield County. The project will immediately create 35 new jobs, growing to a total of 60 jobs over the next three years.

Emerson Ecologics is the leading provider of products and services to the professional integrative health care community, distributing over 20,000 products from hundreds of industry-leading manufacturers. ■



MicroAire Expands Albemarle County Operations

Governor McDonnell joined company and local officials in April to announce that MicroAire Surgical Instruments will invest \$8 million to expand its operations in Albemarle County for the development of new products. The project will create 51 new jobs.

MicroAire is a made-in-America success story that could serve as a model for the new economy. The medium-sized, privately owned company designs, manufactures and distributes highly specialized medical instruments to a global marketplace, all from its facility in Albemarle County. MicroAire products include precision, powered instruments for joint replacement, sterile-packaged orthopedic accessories such as blades and drills, endoscopic treatment for carpal tunnel syndrome, and a powered liposuction system with applications for adipose-derived stem-cell therapies.

Their latest product, Endotine®, is one of the main reasons behind MicroAire’s expansion. The product provides an alternative to sutures during facial surgery. It must be manufactured in a specialized environment with temperature and humidity controls and high-efficiency air filters so it can be sold in pre-sterilized packages. This type of manufacturing is performed in a facility called a “Clean Room,” which has extremely low levels of environmental pollutants such as airborne microbes, aerosol particles and chemical vapors. ■



Governor McDonnell presents a Share of Stock to George Saiz, President of MicroAire Surgical Instruments, as Ann Mallek, Chair of the Albemarle County Board of Supervisors, looks on.

Cadence, Inc. Invests \$15.9 Million to Expand in the City of Staunton



Governor McDonnell presents a Virginia flag to Cadence Inc. CEO Peter Harris at the announcement event in Staunton.

Governor McDonnell visited the City of Staunton to announce that long-time corporate partner Cadence, Inc., a manufacturer of cutting and piercing instruments for industrial, medical and life science applications, will invest \$15.9 million to expand its operation and create 65 new jobs within three years.

Cadence, Inc. began in 1985 as Specialty Blades to address the needs of industries, original surgical manufacturers and medical design engineers who required high-performance, razor-sharp, custom-made cutting blades. Cadence has emerged as a premier metals manufacturing company focused on new medical technologies, such as minimally invasive devices. Headquartered in the Green Hills Technology Center in Staunton, Virginia, Cadence now has more than 200 shareholders. Proprietary “sharps” and tube fabrication technologies enable Cadence to supply the most critical components and sub-assemblies for medical devices, scientific and industrial applications. ■



KTN to Establish Operation in the City of Norfolk



Belgium-based Katoen Natie (KTN), a worldwide global logistics provider, will establish a warehousing and distribution operation in the City of Norfolk. Ford Motor Company sold its Norfolk assembly plant property to Jacoby Development, Inc. KTN will invest \$10.5 million to purchase a portion of the former Ford plant from Jacoby and refurbish the 662,000-square-foot former body shop. KTN will invest an additional \$1.5 million in new equipment. Fully staffed, the project will create 225 new jobs.

Incorporated in 1854 as a cooperative in the port of Antwerp, Belgium, the original activities of Katoen Natie consisted of typical wharfingers activities—the reception and handling of goods on the docks, especially cotton and related goods. Today the company is ranked number one worldwide in petrochemicals. Katoen Natie employs 9,300 employees in 28 countries. ■





Applied Felts Expands in Henry County

Henry County continues to rebound economically—Applied Felts, the world's largest independent manufacturer of quality felt liners for the cured-in-place-pipe (CIPP) industry, will invest \$6 million to expand its operation in Henry County. The project will create 40 new jobs.

As the world's leading felt liner manufacturer, Applied Felts, a subsidiary of U.K.-based W.E. Rawson Group, has successfully relined more than 35 million linear feet of pipe using the CIPP rehabilitation process. Offering complete end-to-end custom manufacturing capabilities and products that are ISO 9002-certified, Applied Felts has more than three decades of expertise in the industry and is dedicated to ensuring its liners seamlessly integrate into customers' CIPP process. From the selection of the finest fibers and coatings to the finished product, every Applied Felts liner is custom-designed to meet exact specifications. ■



Virginia Deputy Secretary of Commerce and Trade for Rural Economic Development Mary Rae Carter presents a Virginia flag to Charlie Mattox, General Manager of Applied Felts.

Rolls-Royce Crosspointe Celebrates Opening of First Aerospace Manufacturing Facility



The Governor joined company and local officials in May to officially dedicate the first production facility of Rolls-Royce's Crosspointe campus in Prince George County. As part of the dedication ceremony, Governor McDonnell cut the first chip on the disc machining production line. Rolls-Royce's first \$170 million jet engine component facility is part of a \$500 million investment over the coming years in Virginia. Rolls-Royce Crosspointe will hire more than 500 employees and attract additional manufacturers to locate in Virginia from its global supply chain. ■

Jim Guyette, President & CEO of Rolls-Royce North America, chats with Governor McDonnell at the opening of the first aerospace manufacturing facility at Rolls-Royce Crosspointe.

BMZ USA, Inc. to Establish U.S. Headquarters in City of Virginia Beach

BMZ USA, Inc., the U.S subsidiary of BMZ GmbH, the largest battery pack assembly company in Europe, will invest \$500,000 to establish its U.S. headquarters in the City of Virginia Beach. The company will handle North American sales, assembly, distribution and some research and development of batteries, primarily lithium ion battery units for a variety of industry sectors, including: power tools; medical devices; defense; wind and solar energy; household items; industrial scanners and mobile data-entry devices; and aerospace.

BMZ USA, Inc. will also import lithium ion batteries from Asia for assembly into various battery units, partner with local companies for the manufacture of plastic housings and wiring components that are designed by BMZ USA, and assemble and distribute finished units to North American customers.

The company is a direct supplier to STIHL, Incorporated in Virginia Beach. The project will create 15 jobs at start-up, with plans to grow to 50 after the first year.

BMZ GmbH is based in Karlstein, Germany, and operates manufacturing facilities in China, Germany and Poland. ■

Phoenix Packaging Operations, LLC Invests \$17.5 Million in Pulaski County Expansion

Phoenix Packaging Operations, LLC, a subsidiary of Grupo Phoenix, will invest \$17.5 million to expand its operation in Pulaski County. The company manufactures thermoformed rigid plastic packaging for customers in the U.S. The project will create 100 new jobs.

Grupo Phoenix, a privately owned company, has been one of the leading manufacturers of injection-molded plastic packaging, thermoformed products, foil lidding and extruded barrier packaging in Latin America for the last 30 years. With 10 locations in Latin America and the United States, the company employs more than 4,000 people in four countries and exports to 30 countries worldwide. Grupo Phoenix manufactures packaging solutions for major companies and household names in the dairy, dessert, sauces and coffee markets. ■

(Virginia in the News continued from page 3)

Southern Business & Development Ranks Three Virginia Data Centers in Top 10

Virginia's data centers are gaining national attention as the industry sector continues to grow. After much research, *Southern Business & Development* magazine names three Virginia sites in its top 10 data center sites in the American South list:

Scott County Regional Business and Technology Park | Duffield, Va.

TVA and Chicago-based Deloitte Consulting have named a site in Duffield, Va., as a ready-for-development data center site. Existing infrastructure that is in place within the Duffield area includes two telecommunication broadband providers as well as high-capability electric power from the Powell Valley Electric Cooperative.

- ◆ A Tier III certified data center
- ◆ Home to an existing ATAC data center, OnePartner
- ◆ A TVA-certified data center site with TVA power through electric cooperative
- ◆ Specifically designed to house computer systems and components for Internet search engines, financial transaction processors and other high-tech industries
- ◆ Fiber redundancy

QTS | Richmond, Va.

Quality Technology Services opened its new 1.3-million-square-foot data center campus in Richmond in November. QTS purchased the former Qimonda semiconductor plant last year and retrofitted the facility for data center use. QTS is offering custom data suites from 1,000 to 50,000 square feet, as well as co-location and managed service options.

- ◆ Existing infrastructure includes 22,000 tons of chiller capacity on-site
- ◆ Power capacity of 100 megawatts
- ◆ Huge facility with 1.3 million square feet
- ◆ Located near all federal government facilities in Washington, D.C.

GigaParks | Southern Virginia

Southern Virginia is so wired up that we really couldn't pick a specific site in that part of the state as one of our best data center sites simply because there are so many of them. But you can't go wrong with any of the 60 GigaParks in Southern Virginia. Microsoft Corp. discovered that when it picked Mecklenburg County, Va., for a \$499 million next-generation data center (Gen4) last summer. The project is the largest capital investment in Southern Virginia history.

- ◆ Advanced 800-plus-mile fiber optic broadband network that connects all of Virginia's GigaParks
- ◆ Layer 1, 400-gigabit-per-second backbone network provides direct connections to key Internet peering points in Northern Virginia
- ◆ Low power and bandwidth costs
- ◆ No router hops to international carriers and Tier 1 peering points
- ◆ Over 60 sites to choose from, mostly in rural Virginia

To view the full article, visit: <http://www.sb-d.com/Features/Winter2011/TenBestDataCenters/tabid/422/Default.aspx>. ■

Virginia Rated Fourth Best State for Making a Living

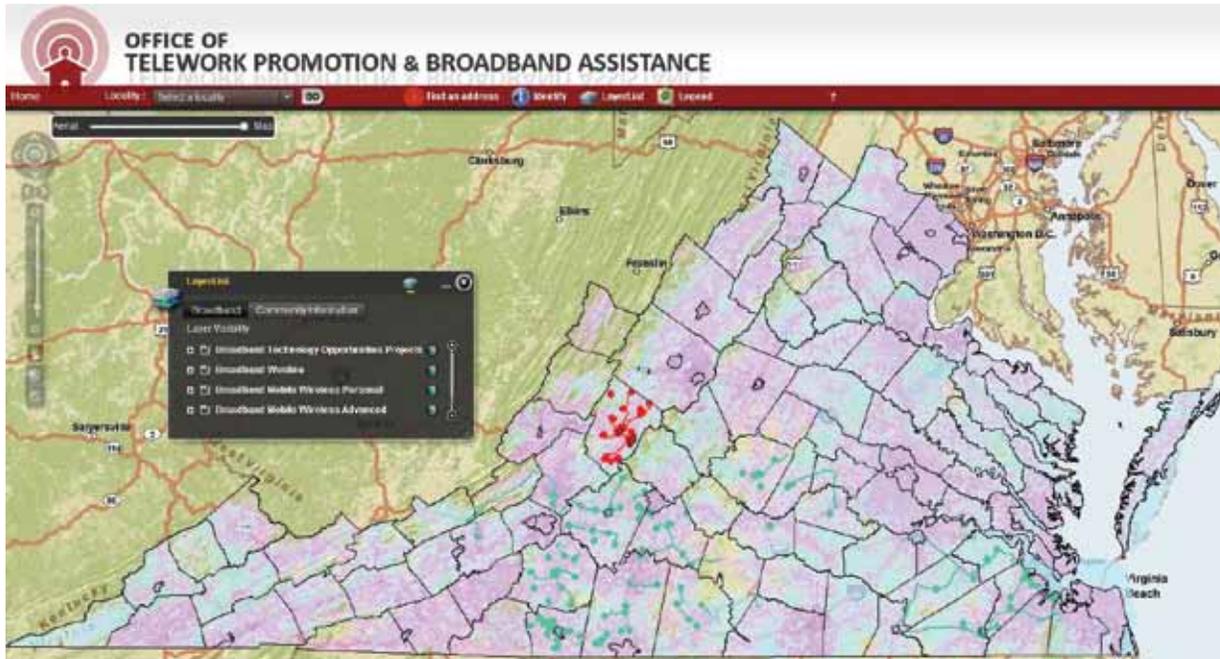
MoneyRates.com has ranked Virginia the fourth best state, and best state east of the Mississippi, for making a living in their April report. In making their ranking, they cited Virginia's high wages, low unemployment rate and strong financial institutions:

#4 Virginia "The adjusted-average income for Virginia worked out to \$41,120.49, helped by high average wages and a relatively low unemployment rate. This is also a good state for your checking accounts, savings accounts, or money market accounts, with four of the best banks identified by MoneyRates.com operating in Virginia."

For full state rankings visit: <http://www.money-rates.com/news/best-and-worst-states-for-making-a-living-full-list.htm>. ■

Virginia Releases Map Identifying Broadband Availability in the Commonwealth

Access to high-speed Internet connectivity, or broadband, is critical to being able to do business in the 21st century. Virginia, home to the Internet's East Coast hub, is well-positioned to provide high-quality service in major metro areas, but service in rural areas has historically been a challenge. That's changing—and changing quickly, thanks to efforts by major players such as Mid-Atlantic Broadband Cooperative and other service providers building "last mile" connectivity to residents and businesses throughout rural regions of Virginia. *(continued on page 16)*



international trade

Closing International Deals—the Do's and Don'ts of Getting to Yes

With summer in full swing, it's not long before the crisp coolness of fall will be right behind it. That means it's time to mark your calendar for the upcoming 63rd Virginia Conference on World Trade. This year's conference golf tournament will be at the Riverfront Golf Club in Suffolk on October 26, and the networking reception and conference will be held October 26 and 27 at the Norfolk Waterside Marriott. The conference is sure to deliver tremendous insight and great networking opportunities to help your company succeed in the global marketplace.

World-renowned global businessman Michael Hick, author of *Global Deals*, is the morning keynote speaker. All conference attendees will receive a complimentary copy of his book with their full-conference registration. British-born and educated, Michael Hick will present a global perspective to conference attendees. This world-smart, well-traveled, content-rich, dynamic speaker brings a lifetime of practical international business experience and know-how. Hick works with companies to develop global mindsets, teaches managers the essential skills of negotiating, marketing, selling and servicing across international cross-cultural frontiers, and shows executives how to work with multi-cultural teams and create profitable global alliances.

In addition to practical insight from Hick, conference attendees will hear about what works well, and not so well, from real-world exporters whose companies depend on international sales for their bottom lines. The Practical Negotiating Skills session, presented by American River International, will cover how to leave room to negotiate, how to challenge a position, what to do when dealing with deadlocks, what are effective strategy building techniques, identifying individual versus team negotiations, and how to discern buyers' pressures. Not to be missed is the Negotiating International Contracts panel. Reynolds Consumer Products Company's General Counsel, Lawrence Tuskey, and others will cover the absolute must-haves in your contracts to limit your liability, as well as what points can be conceded with minimal impact.

The evening will culminate in a networking cocktail reception and awards banquet, with one outstanding company receiving the Governor's Compass Award for Excellence in International Trade. For more information, visit www.vacwt.org. ■

VEDP International Trade Leads Large Delegation to India

This April, VEDP led a mission to India, to the cities of New Delhi, Hyderabad, and Bangalore. There were 12 companies participating, most of them major firms operating across Virginia and around the globe: Bode Technology Group (Lorton), First Line Technologies (Chantilly), Trijicon (Stafford), A-T Solutions (Fredericksburg, Tysons Corner), Moog Components (Blacksburg), Alpha Natural Resources (Abingdon), HDT Global (Fairfield), Collier Research (Hampton Roads), Givens Logistics (Norfolk), TMEIC-GE (Roanoke), Alliance Biosciences (Richmond), and APTI (Williamsburg). These companies cut across sectors, although there was a cluster in homeland security, which is a rapidly expanding opportunity for U.S. firms in India. We were proud to see such pillars of the Virginia business community represented.



The group was well received in India and there was strong interest from Indian companies. The delegation was hosted by the Confederation of Indian Industry in New Delhi, where major players in defense from Virginia and India were brought together. There were also smaller events for several of the companies, including educational seminars given by Bode Technology Group and Alliance Biosciences. These events helped to cultivate scientific ties between communities, as well as to develop a greater understanding of cutting-edge technologies and knowledge related to DNA database creation and infectious disease control, which are relevant topics in India.

India is a hugely expanding market, with “small” cities being over 10 million in population and growing richer and more global by the day. More flexible International Traffic in Arms Regulations (ITAR) for India, more U.S. military acquisitions by the Indian Defense Research and Development Organization, and an infinite creation and expansion of a security agency, mean infinite possibilities for Virginia firms in homeland security, bio-tech and natural resources.

All of the companies made tangible progress in their international sales’ goals as a result of the visit. Alliance Biosciences has already been asked to bid on several RFPs for large-scale lab development projects across the country; Bode Technology has decided to engage in a joint venture to support the growing demand for their forensic science services there; and A-T Solutions has been short-listed by the Indian government to advise on anti-terrorism projects between the U.S. and India, to name a few examples. It will all be a work in progress, and will require a long-term commitment both from the companies and VEDP – International Trade to ensure goals are met.

As a follow-up to the mission, the VEDP Tysons Corner office hosted the Confederation of Indian Industry, along with a homeland security and IT in-bound delegation, in which many of the companies also participated. This visit culminated in a tour of Fredericksburg to visit the A-T Solutions new investment complex and the HDT Global robotics facility, as well as Virginia tourist locations. This market visit was not just one simple step toward accomplishing the Virginia companies’ trade goals—but rather quite a big leap. We look forward to future success stories and concrete results for the Virginia economy in the coming months and years ahead. ■

2012 *Beyond Virginia* Calendar Contest Winners

The entries are in and the final cut has been made. Yet again, an outstanding array of companies across the Commonwealth have been selected to appear in VEDP’s 2012 *Beyond Virginia* calendar. Calendars will be available in October. For a copy of your complimentary calendar, email your request to tnoll@yesvirginia.org. ■

Company Name	Location
Alliance Industrial Corp.	Lynchburg
Bondcote Corporation	Dublin
Earl Energy	Portsmouth
Ensco	Falls Church
Granny Roddy’s LLC	Annandale
K2M	Leesburg
Med-Fit Systems	Independence
Morphix Technologies	Virginia Beach
Northland Forest Products	Troy
OFIC North America Inc.	Fredericksburg
QMT Windchimes	Manassas Park
Zeller + Gmelin Corporation	Richmond

Governor Bob McDonnell Leads Marketing Mission to Asia

Governor McDonnell visited Japan, China and Korea from May 6 to May 17 with the goal of strengthening Virginia's relationship with foreign companies that already have a Virginia presence, and to share Virginia's story with prospective corporate investors and importers. He was accompanied by First Lady of Virginia Maureen McDonnell, Secretary of Commerce and Trade Jim Cheng, Secretary of Agriculture and Forestry Todd Haymore, President of Virginia Tourism Corporation Alisa Bailey, and President of the Virginia Port Authority, Jerry Bridges, along with Paul Grossman, Vince Barnett and Roy Dahlquist from VEDP.

The objectives of the trip were to meet with executive officers of Asia-based companies considering a new U.S. location, as well as companies operating in Virginia that are considering expansion of U.S. operations over the next few years, and to announce to Chinese business leaders the opening of Virginia's China office.

While in Japan, accompanied by Mr. Yutaka Okutomi and Mr. Koji Deguchi from the VEDP Tokyo office, Governor McDonnell met with nearly 100 company representatives in both private meetings and networking receptions, promoting the Commonwealth's pro-business environment.

The marketing mission's second stop was Shanghai, China, where Governor McDonnell attended a marketing seminar promoting Virginia to 175 prospective clients and visited with individual company executives to discuss Virginia's ideal location, large port facility and Dulles airport connections. While there, the Governor announced the opening of Virginia's new marketing office in Shanghai, which will expand Virginia's international economic development presence. The Governor was accompanied in China by Hailey Fong, the VEDP International investment representative, and the newest trade representative for the new Shanghai office, Joyce Hua.

Traveling next to Beijing, Governor McDonnell signed agreements with leading companies and organizations, promoting Virginia as the place to do business in the U.S. Meetings with Chinese government leaders gave Governor McDonnell the opportunity to strengthen the strong partnership in trade and investment between China and Virginia.

The last stop on the trip was Seoul, Korea. Joined by Assistant Secretary Jimmy Rhee, Governor McDonnell and U.S. Ambassador to Korea Kathleen Stephens met with Republic of Korea President Lee Myung-bak to discuss trade and foreign direct investment opportunities for Virginia. Governor McDonnell also met with several of Korea's leading corporations to promote the Commonwealth as the best location for a U.S. plant.

The team aggressively and proactively encouraged business investment and job creation initiatives throughout the Commonwealth on the 11-day marketing mission, and looks forward to positive results in the months ahead. ■



Governor McDonnell announces the opening of Virginia's new marketing office in China. During his remarks before 175 Chinese executives attending a seminar to learn about Virginia's pro-business climate, the Governor said, "China represents a great opportunity to attract new jobs and investment to Virginia."

The new office, located in Shanghai near the center of the city's business district, is staffed by Mr. Hailey Fong, VEDP International Investment representative, and Ms. Joyce Hua, VEDP International Trade representative.

Virginia Hosts Media Tour Highlighting Plastics Industry

Did you know that Virginia is home to more than 200 plastics companies? In April, VEDP hosted journalists from major industry trade publications to highlight the plastics industry in Virginia. Writers from *Plastics News*, *Plastics Technology* and *Tecnologia del Plastico*, joined VEDP staff for tours of several plastics companies that have made their mark in Virginia.

Stops included Phoenix Packaging Group's manufacturing operation and U.S. headquarters in Pulaski County; PlasticsOne in Roanoke; Solutia Inc. Performance Films and Drake Extrusion, both in Henry County; Tessa Plastics in Lynchburg; and the Matrixx Group in Bedford. Highlights of the tour also included presentations by the Macromolecules and Interfaces Institute at Virginia Tech, and the Regional Center for Advanced Technology & Training at Danville Community College.

VEDP hosts an industry-focused media tour twice a year to showcase Virginia companies, the regions in which they are located, and the Commonwealth as a great place to do business.

VEDP's efforts were rewarded, as Mike Verespej with *Plastics News* has already written two articles as a result of the media tour and his time in Virginia. *Plastics Technology* Executive Editor Matthew Naitove followed up and wrote a story on Phoenix Packaging, and more are expected—the articles can be found at the Web addresses listed below:

<http://www.plasticsnews.com/toolbox/printer.html?id=22337>

<http://www.plasticsnews.com/headlines2.html?id=22336>

<http://www.ptonline.com/articles/new-in-the-us-growing-fast>



(from left to right): Marcela Castro of *Tecnologia del Plastico*, Mike Verespej with *Plastics News*, and Matthew H. Naitove of *Plastics Technology* take notes during the tour at Phoenix Packaging Group.

Meet Tim Stuller—VEDP's Newest Business Development Manager in Technology and Energy



After graduating from Randolph-Macon College in Ashland, Tim Stuller began his career with IBM Corporation in Maryland, but ended up continuing his work with the company in Virginia more than 25 years ago. He has stayed in the Commonwealth ever since. Stuller's newest role at VEDP as Business Development Manager in the Technology and Energy segment will give him an opportunity to use his technology background working with clients in life sciences, technology and energy. Stuller will utilize his experience in business development working with clients considering expansion in Virginia, or those outside of the state looking to expand or relocate here. He will also work closely with local community partners, as well as existing stakeholders in his specific industry sectors.

Stuller was drawn to the job at VEDP due to the opportunity to play a small role in continuing to make Virginia a great place to work and live. "There is a terrific team of talented and dedicated folks focused on this mission, working to bring job and investment growth within our Virginia communities," said Stuller. "I love working with people and enjoy the opportunity to work directly with clients who have chosen, or are considering, making Virginia a part of their business success story."

When Stuller is not working with clients to develop relationships, understand their needs and goals, and help them to reach fruition, he enjoys spending time with his family. He and his wife have two adult children who live and work in the Richmond area, and together they partake in many activities—including visits to the beautiful historic locations Virginia offers, especially if there is a winery nearby. ■



Mario Camardella Crosses Over to Business Development

Mario Camardella might have a new title, but he is certainly not new to VEDP. After six years in the VEDP International Trade division, he has joined the Business Development team as Business Development Manager, focusing on energy-related projects for Jerry Giles' team. Camardella's immediate past experience researching and meeting many Virginia companies in the Virginia Leaders in Export Trade program will come in handy as he works to bring jobs and investment to the Commonwealth in his new role.

"It will be easy to sell the Commonwealth as a great place to do business," said Camardella. "The opportunity to meet many more companies and help them with the complexity of choosing the right place to establish their business will be very rewarding. I also look forward to working with VEDP allies in the communities across Virginia." ■

Virginia Regional Center for U.S. Joint Forces Command Workforce Transition and Business Development Opens

For more than a decade, the U.S. Joint Forces Command (JFCOM) has been a fixture in Suffolk and Norfolk, and part of the huge military presence in the Hampton Roads region. Formed in 1999 to manage joint concept development, experimentation, training, interoperability and integration, JFCOM also acted as the primary conventional force provider for global missions. New efforts to curb defense spending and a perception that JFCOM has successfully instilled a culture of “jointness” across the services, however, led the Secretary of Defense to announce closure of the Command last year in August.

The decision to close JFCOM would have significant economic impact on Suffolk, Hampton Roads, and the Commonwealth. In Hampton Roads alone, the Command employs more than 5,500 workers, with over half of them civilian contractors, according to the Hampton Roads Planning District Commission. The Command also occupies 21 office buildings and other facilities in the region—therefore, elimination of JFCOM would have been a devastating blow to both employment and the commercial real estate market in Hampton Roads.

Virginia officials moved quickly to both examine the reasons for eliminating JFCOM, and to minimize the impact should the President accept Secretary Gates’ recommendation. Senator Jim Webb and Congressman Randy Forbes participated in Congressional Committee hearings on the business and military cases for closing the Command. Governor McDonnell appointed a Commission on Military Bases and National Security Facilities to analyze the impact of closing JFCOM and other Defense Department efficiency initiatives, particularly reduction in the defense contracting workforce in Northern Virginia. The Administration also moved quickly to engage federal agencies like the Office of Economic Assistance to minimize the local impact.



Robert C. Barclay IV, Council Member, City of Suffolk; Congressman Bobby Scott; Admiral Walter E. Carter, Jr., Commander of USJFCOM Joint Enabling Capabilities Command; City of Suffolk Mayor Linda T. Johnson; Secretary of Veterans Affairs and Homeland Security Terrie Suit; Patrick O'Brien, Director, Office of Economic Adjustment; and City of Norfolk Mayor Paul D. Fraim cut the ribbon to open the new USJFCOM Workforce Transition Center.

At the direction of the Governor, Secretary of Veterans Affairs and Homeland Security Terrie Suit, in collaboration with the

City of Suffolk, Opportunity, Inc. of Hampton Roads, and other regional partners, secured an Office of Economic Adjustment (OEA) grant. This grant was primarily used to establish the Virginia Regional Center for USJFCOM Workforce Transition and Business Development in collaboration with the City of Suffolk. The goal of the Center is to assist displaced workers, support businesses losing federal contracts, and fill vacated commercial space.

The Center supports a wide variety of economic and workforce development activities, including business attraction and retention, entrepreneurship assistance, outreach activities, worker assessment, career counseling, job search assistance, skills training and a variety of career-related workshops. Personnel at the Center are responding to the Hampton Roads JFCOM impacts, as well as the impacts in other areas of the Commonwealth.

A similar center was opened in 2007 in Arlington to serve 17,000 workers affected by a Defense Department directive to move jobs out of leased space in Crystal City and on to federal military installations. The Arlington center is also funded partially by the OEA, with additional state assistance coming through a grant administered by the Virginia National Defense Industrial Authority. Though a larger number of jobs were affected in Arlington than in Suffolk, the changes were made through the Base Realignment and Closure (BRAC) process, which provided more than five years to prepare for implementation. Disestablishment of JFCOM will take less than 18 months from announcement to completion.

(continued on page 15)

Quarterly Calendar

Sept. 11-14	KM	Data Center World Fall Conference—Orlando, FL
Sept. 12-16	CR	Marketing Mission—Upstate New York
Sept. 20-22	KM	RETECH 2011—Washington, D.C.
Sept. 20-22	KM	SecureWorld Expo—Bay Area, CA
Sept. 22-24	KM	Natural Products Expo East—Baltimore, MD
Oct. 3-5	SK	Group Market Visit—Costa Rica
Oct. 17-21	SK	Group Market Visit—Canada
Oct. 26-27	SK	Virginia Conference on World Trade—Norfolk, VA

KM	Kevin Miller	(804) 545-5816
SK	Scott Kennedy	(804) 545-5754
CR	Chuck Rogers	(804) 545-5808

Virginia Regional Center for U.S. Joint Forces Command Workforce Transition and Business Development Opens *(continued from page 14)*

JFCOM is one of 10 unified combatant commands and the only one headquartered in Virginia. It is commanded by a four-star officer, currently, Army Gen. Ray Odierno, and employs Virginians at several other installations in the Commonwealth, including Fort Belvoir and Naval Support Facility Dahlgren. While the Command itself will close in March 2012, Virginia officials successfully made the case that various support functions should be retained out of military necessity. Because of this effort, many of the functions of JFCOM will remain in Virginia and report through other existing commands. In total, Virginia was able to retain a little over half of the existing JFCOM jobs originally thought lost. The primary job reductions will be in the area of contracted civilian employees. The Department of Defense has presented that these reductions are expected to save approximately \$400 million per year out of the current JFCOM budget of approximately \$1 billion.

State and local leaders have now turned their focus to retaining as much of the skilled professional workforce as possible, while supporting businesses and capabilities in Hampton Roads that relied heavily on JFCOM for their success. This includes the modeling and simulation industry, which has grown significantly over the past few years thanks, in part, to the Virginia Modeling, Analysis and Simulation Center (VMASC) at Old Dominion University and its relationship with JFCOM and other defense agencies.

"We remain disappointed in the final decision to close the Joint Forces Command," said Governor Bob McDonnell. "That decision will cost a number of Virginians their jobs, and we are committed to utilizing every resource and taking every possible step to help these individuals and their families in this trying time. Through concerted bipartisan cooperation in the pursuit of the best possible outcome for both our national security interests and the citizens of the Commonwealth, we have secured some positive results in the face of steep odds. While JFCOM will still close, we were successful in retaining 50 percent of the Command's positions in the region, ensured that the "Joint Staff South" will be led by a two-star Admiral, and we are making every effort to ensure that a significant amount of the currently occupied office space will either be retained by the Command, or occupied by other national security and defense organizations. The impact of the closing will be felt throughout the regional and state economy, and our cooperation across party and governmental lines must continue in order to help our citizens navigate the difficulties ahead."

While JFCOM's closure brings some unavoidable losses, it also provides some opportunities. The command occupies privately owned facilities that meet force protection standards and include state-of-the-art technical infrastructure and top-level security systems. These features make them very marketable to federal agencies. Some Navy elements have already signed on to occupy the space, including Navy Cyber Forces, Naval Network Warfare Command, and Navy Cyber Defense Operations Command. State and local leaders are now working to attract other federal or commercial tenants to this space, and to make sure there is a qualified workforce in place to meet their needs.

More information on the JFCOM transition center can be found at www.jfcomtransition.com. ■



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Virginia Releases Map Identifying Broadband Availability in the Commonwealth *(continued from page 10)*

In June 2011, the Commonwealth of Virginia launched a new, interactive broadband availability map. Available on www.wired.virginia.gov, the new map, a collaborative effort of the Center for Innovative Technology (CIT), VITA's Virginia Geographic Information Network (VGIN), and Virginia Tech, is funded through a grant from the National Telecommunications and Information Administration (NTIA), and is part of the FCC's National Broadband Mapping initiative. This is the second broadband mapping effort led by CIT; the first "static" version was released in 2009.

Based on broadband service provider-contributed data consisting of more than seven million address points, census block, and wireless propagation data, the map offers a wide variety of functionality that includes the ability to view where different types of services (such as wireline/wireless) are available; chart the location of anchor institutions; search service availability by address; and test the speed of an existing connection.

Customized views and Web services designed to support economic development, health care and education are currently under development, and it is anticipated that the map will become an ever-growing repository of information that will become a real-time resource for citizens, policy makers, local government leaders and providers. VEDP is actively working with CIT to integrate the broadband coverage data with our online VirginiaScan sites and buildings search tool.

For additional information on the mapping initiative, please contact Caroline Stolle Gorham at Caroline.stolle@cit.org. ■