2015 ANNUAL REPORT

ECONOMIC/INDUSTRIAL DEVELOPMENT AUTHORITY

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The core mission of the Economic Development Authority of the City of Newport News, Virginia (EDA), and the Industrial Development Authority of the City of Newport News, Virginia (IDA) (collectively “EDA/IDA” and/or “the Authority”), is to grow and diversify the tax and employment base of the City.

MISSION

BOARD OF DIRECTORS

Thomas P. Herbert, P.E.
2014 & 2015 Chair – Member of the Board since 2009
Mr. Herbert is a professional engineer and business development executive, and has served a variety of private, municipal, institutional and federal clients around the world.

Wendy C. Drucker
2014 & 2015 Vice-Chair – Member of the Board since 2008
Ms. Drucker is Managing Director of Drucker & Falk, LLC, which specializes in multifamily, commercial and senior real estate. Headquartered in Newport News, Drucker & Falk operates in the Mid-Atlantic and Southeast regions of the United States.

Cary B. Epes
Member of the Board since 2010
Mr. Epes is a retired banking executive, formerly of Old Point National Bank, which has offices throughout Hampton Roads.

Cassandra P. Greene
Member of the Board since 2013
Mrs. Greene is a retired senior finance and communications executive, formerly of Sara Lee Corporation and the U.S. Small Business Administration, and serves on several non-profit boards on the Peninsula.

Arthur P. Henderson, Jr.
Member of the Board since 2006
Mr. Henderson is a retired business executive, former CFO with Noland Company, a leading wholesale distributor of plumbing, mechanical and electrical supplies. Mr. Henderson is also a Certified Public Accountant.

C. Gary Minter
Member of the Board since 2010
Mr. Minter is President of POMOCO Lincoln Mercury and Vice President of POMOCO Auto Group, which has locations on the Peninsula and in Smithfield.

Jennifer Smith-Brown
Member of the Board since 2015
Mrs. Smith-Brown is a Franchise Owner/Operator of three McDonald’s restaurants, and Managing Partner of J. Smith Enterprises, a family-owned firm responsible for the corporate operations of 16 restaurant franchise businesses.

James M. Bourey – City Manager (ex officio)
Florence G. Kingston – Secretary/Treasurer (ex officio)
Cherry Lee Croushore – Assistant Secretary
Janice I. Jones – Recording Secretary
Joy Robison – Interim Recording Secretary
Raymond H. Suttle, Jr., Esquire – Legal Counsel
Conway H. Sheild, III, Esquire – Legal Counsel
Ralph M. Goldstein, Esquire – Legal Counsel

2015 Annual Report
Growth is important to every city and new ideas and innovative concepts help to spur that growth into fruition. As the Hampton Roads region continues to re-invent itself in the wake of challenging times, leaders of Economic and Industrial Development Authorities diligently pursue a wide range of initiatives aimed at sparking new and exciting collaborative solutions.

Embracing Newport News as One City supports a diverse array of large and small businesses and promotes a welcoming environment in which to grow and prosper. This year, established businesses including Canon Virginia announced tremendous expansions to their facilities, bringing new investment and jobs to our community. The innovative Tech Center Marketplace, adjacent to Jefferson Lab is settling into a vibrant commercial center for the Oyster Point area. Businesses and entrepreneurs like Ironclad Distillery and Jim’s Local Market (the highly anticipated grocery store located in the Southeast Community) are poised to inject new life into our established business community and demonstrate that a balanced geographic or One City approach to undertaking initiatives has been a guiding principle for the EDA/IDA.

Progress is not limited to the business community. The City has undertaken a myriad of infrastructure expansions and improvements as well. Projects such as the long-awaited City Center Boulevard connector opened this year as well as the Ft. Eustis bridge expansion. Both projects greatly improved travel between Warwick Boulevard and Jefferson Avenue and their arteries. The southeast portion of Newport News has also seen significant infrastructure improvements as the construction for the Brooks Crossing Development accelerated into high gear, providing a new sense of invigoration for the Downtown and southeast areas of the City.

With the assistance of staff, many businesses were able to utilize benefits available through the Virginia Enterprise Zone Program, the Façade Improvement Grant Program, the Consumables Transitioning Grant, and numerous other innovative programs and activities designed to spur positive growth throughout the City.

As incoming Chair, I look forward to doing my part to ensure that the EDA/IDA continues to lead in the economic development of Hampton Roads and beyond, making the City of Newport News a place WHERE GREAT THINGS ARE HAPPENING!

Sincerely,

Wendy C. Drucker
2016 Chair, EDA/IDA
## Design Review

Cary B. Epes  
Chair
Thomas P. Herbert  
Jennifer Smith-Brown  
Alonzo Bell, Jr.  
Randolph Real Estate Services Co.
Randy Carnell  
Continental AG
Alex Delgado  
Continental AG
Rob Mann  
AES Consulting Engineers
Teresa Nettles  
Thalhimer Commercial Real Estate
Bryan Trainum  
Rockwell Collins
Sylvia Weinstein  
Oyster Pointer
Beth Willis  
Carmines Robbins & Company

## Marketing

C. Gary Minter  
Chair
Wendy C. Drucker
Cassandra P. Greene
Mary Aldrich  
PBMares
Don Blankenship  
Retired
Faye Gargiulo  
Riverside Health System
Gary Hunter  
Langley Federal Credit Union
Senator John Miller  
Virginia General Assembly

## Executive Committee

Wendy C. Drucker  
Chair
Arthur P. Henderson, Jr.  
Cary B. Epes  
Jennifer Smith-Brown  
John Lunsford  
Retired
Jim MacDougall  
MacPaint, Ltd.
Gene Soud  
Retired

## South Newport News

Jennifer Smith-Brown  
Chair
Cassandra P. Greene  
C. Gary Minter  
Alonzo R. Bell Jr.  
Randolph Real Estate Services Co.
Carl Burt  
Abbitt Realty Company
Richard Coleman  
Retired
Troy Smith, Jr.  
Smith Brothers Enterprises

## Parking

Arthur P. Henderson, Jr.  
Chair
Cary B. Epes  
Jennifer Smith-Brown  
John Lunsford  
Retired
Jim MacDougall  
MacPaint, Ltd.
Gene Soud  
Retired

## Revolving Loan Fund

Cassandra P. Greene  
Chair
Cary B. Epes  
Arthur P. Henderson, Jr.  
Susan Harris  
TowneBank
George Knight  
Commonwealth Environmental Services

## Special Purpose Committee

Appointments

Cassandra P. Greene  
Workforce Investment Board
C. Gary Minter  
Regional Air Service Enhancement Committee
C. Gary Minter  
Conference Center Marketing (Chair)
Arthur P. Henderson, Jr.  
Sister Cities of Newport News
Cary B. Epes  
Community Development  
Block Grant Committee
STAFF SUPPORT TO EDA/IDA

James M. Bourey
City Manager

Florence G. Kingston
Director of Development
(Also EDA/IDA Secretary/Treasurer)

Carol U. Meredith
Assistant Director

Sam J. Workman, Jr.
Assistant Director

Cherry Lee Croushore
Manager of Development
(Also EDA/IDA Assistant Secretary)

Bryan C. Witt
Manager of Special Development Projects

Zoe M. Lumpkin, CPA
Financial Services Administrator

Christopher A. Morello
Administrator of Development Projects

Joy E. Robison
Administrative Services Manager

Marc A. Rodgers
Senior Project Coordinator

Macon M. Whitson
Senior Project Coordinator

Matt Johnson
Senior Project Coordinator

Derek E. Perry
Senior Economic Analyst

George A. Schraudt
Former Senior Economic Analyst

Tricia F. Wilson
Business Development Specialist

Shakir D. Johnson
Business Retention Coordinator

S. Saejin Connor
Accountant II

Robin N. Boyd
Marketing Coordinator

Jared W. Midkiff
Marketing and Development Coordinator

Doreen P. Kopacz
Port Development Administrator

Andrew S. Wilks
Property Manager

Travis C. Fisher
Real Estate Coordinator

Janice I. Jones
EDA/IDA Recording Secretary
Brooks Crossing & Jim’s Local Market

The year 2015 was a monumental year for the Brooks Crossing mixed-use development project. The EDA and the developer, Southeast Commerce Center Associates, L.L.C. (SECCA), the development entity formed between former Southeast Community native, Aaron Brooks, and AH Southeast Commerce Center, L.L.C., whose principal is Armada Hoffler Development Company, worked tirelessly throughout the year to commence construction on three of the major components of this transformational community project – phase one of the project’s infrastructure, the new South Police Precinct facility and the new pioneering community grocery store, Jim’s Local Market. Through a series of EDA public actions, the project began to grow from concept to reality. Deteriorating streets, outdated utilities and poorly lit project blocks were replaced with reconstructed roadways, new and reinforced private and public utilities, as well as improved streetscaping to correlate with the City’s recently renovated Jefferson Avenue Streetscape Project. The EDA also helped orchestrate the construction of the new South Police Precinct facility, located along Jefferson Avenue, between 33rd and 34th Streets. The attractive two-story facility boasts a community room, a taxi administration office and state-of-the-art technology throughout the building. This facility will replace the existing South Police Precinct currently housed in the EDA-owned Coats and Clark building. Completion of the new facility was culminated by a ribbon-cutting ceremony held at the beginning of 2016.

In June 2014, the only full-service grocery store serving the Southeast Community closed, creating a food desert for its residents. The closure left Southeast Community residents with limited fresh food options and access to the nearest grocery store three to five miles away. The EDA collaborated with Armada Hoffler Construction Company to build a grocery store facility to help serve the community and anchor the Brooks Crossing project. After a competitive process, the City and the EDA are partnering with Jim Scanlon, a grocery store executive with over 40 years experience, to create Jim’s Local Market. The mission of Jim’s Local Market is to provide the community with an accessible full-service grocery market that will offer healthy food options, while providing jobs and training to residents in the Southeast Community. The grocery store will be publicly funded and owned, including financial assistance through the New Markets Tax Credit program, and leased to the operator, Mr. Scanlon, who will have a future purchase option.

Canon Virginia, Inc.

In January 2015, Governor Terry McAuliffe jointly announced with Canon plans to invest another $100 million to add more printer cartridge production lines and increase its toner manufacturing operation to enable the company to meet increased demand for its print cartridge line. In addition to Canon’s financial investment, 60 new positions will be created as part of the expansion project. Newport News is Canon’s U.S. manufacturing headquarters, serving as the manufacturing, engineering, recycling and technical support center for all the Americas. This builds upon a $623.5 million announced expansion in 2008 and another $27 million announcement in 2013.
Corporate Research Center at Oyster Point & Jefferson Lab

For the world-wide community of scientists and researchers exploring the mysteries of subatomic particle physics, particularly those affiliated with the City’s own Jefferson Lab particle accelerator, 2015 was a tremendously important year. In October, the National Science Foundation’s Nuclear Science Advisory Committee (NSAC) approved pursuit of an electron ion collider (EIC) as the nation’s highest priority for new facility construction. The NSAC 2015 Long Range Plan for Nuclear Science includes this rationale:

Gluons, the carriers of the “strong force,” bind the quarks together inside nucleons and nuclei and generate nearly all of the visible mass in the universe. Despite their importance, fundamental questions remain about the role of gluons in nucleons and nuclei. These questions can only be answered with a powerful new electron ion collider (EIC), providing unprecedented precision and versatility. The realization of this instrument is enabled by recent advances in accelerator technology.

Jefferson Lab already “images” subatomic particles with electrons moving at near-light speed, but the announcement by the NSAC was the starting gun for competition with New York’s Brookhaven accelerator to add onto existing facilities and create the new, high-priority EIC that the science community requires. Importantly, as the Long Range Plan states, “Realizing the EIC will keep the U.S. on the cutting edge of nuclear and accelerator science.”

For the City and the region, the economic impacts of bringing the EIC to Newport News would be far reaching and long term. Almost 5,000 people would likely be employed over the 7- to 10-year build period, and generate over $70 million in annual local spending. In the months prior to the NSAC announcement, numerous collaborative activities demonstrated strong ties between Jefferson Lab and the City. In March, Jefferson Lab re-introduced itself and its incredible work to City Council, the School Board, the Planning Commission and the EDA/IDA by hosting a public information session. Aside from advanced nuclear physics research, the Lab highlighted its major role as an educational asset utilized continuously by the School Division to enhance K-through-12 STEM education.

The session also featured presentations by Virginia Tech and the Virginia Tech Corporate Research Center, emphasizing the VT KnowledgeWorks program, which successfully stimulates and supports entrepreneurial research and commercialization in Blacksburg. This same expertise has been brought to Newport News to attract and support future tenants in the proposed Tech Center Research Park in Oyster Point. While Virginia Tech will remain fundamental to its success, other higher education institutions will join in as partners with developer W.M. Jordan to grow the Park and create opportunities for “creative collisions” from which new ideas and ventures will arise.

Later in 2015, the City and the Southeastern Universities Research Association (SURA) executed a Memorandum of Understanding (MOU) that set forth commitments and collaborations in support of Jefferson Lab expansion and the Corporate Research Center. Strategically, the MOU sends a strong message of continued, long-term solidarity to the Department of Energy and the science community. It demonstrates that the City and the Lab commit to collaboration for years to come on supporting each other’s broad goals and mutual operational needs where they meet, particularly with respect to the research center’s proposed first building.
Eagle Technologies, LLC

Since its original founding in Newport News in 1996, Eagle Technologies, LLC has had multiple locations within Hampton Roads, but, with the help of EDA staff, has once again found its home in Newport News. Eagle, which specializes in the design and manufacturing of helicopter rotor blades and other aircraft components, purchased the former Daily Press building located at 7505 Warwick Boulevard in the beginning of 2015.

Staff assisted Eagle through the rezoning and acquisition of the property, which contains three buildings totaling nearly 200,000 square feet of space. The property is located on Warwick Boulevard near Mercury Boulevard and the James River Bridge.

Eagle currently operates some of its divisions out of the Newport News location as the company continues moving from its old facility. We are excited to welcome Eagle Technologies, LLC back to the Newport News community.

Ironclad Distillery

On July 1st, Governor Terry McAuliffe announced that Ironclad Distillery, founded in 2015 by the King family, would open a new bourbon production facility in the City of Newport News. Ironclad, located on 23rd Street near the downtown waterfront, is the first of its kind in Newport News and distills, ages and bottles small batch bourbon, using Virginia-grown corn, wheat and rye.

An event was held, featuring Secretary of Agriculture and Forestry Todd Haymore, to announce the partnership between the Commonwealth of Virginia, the City of Newport News, the EDA and Ironclad on the project, through the Governor’s Agriculture and Forestry Industries Development Fund (AFID).

Ironclad will invest $100,000 in equipment and leasehold improvements, create eight new jobs and purchase more than 675,000 pounds of Virginia grain for use in producing its bourbon. A $12,000 AFID grant, awarded by Governor McAuliffe, will assist with the project.

The company began offering Saturday tours near year-end, and expects the first batch of bourbon to be ready for consumption in mid-2016.
Newport News One City Marathon

The City, EDA/IDA and staff, a host of sponsors, volunteers and the community-at-large embraced the inaugural Newport News One City Marathon, held March 15th, 2015. A certified qualifier for the Boston Marathon, the race’s 26.2-mile path covered the length of the City, starting from Newport News Park in the North District and finishing at the Victory Arch downtown.

The weekend offered a variety of activities for all ages. Other events included a Maritime 8K, Nautical Mile, Friday Night Kick-Off concert, Health and Wellness Expo, Family Fit & Fun Day, tango marathon and a “One City, One Celebration” post-race festival. A goal of the weekend was to celebrate the beauty and assets of Newport News as a unified city, while promoting healthy lifestyles.

There was an outpouring of community support for the total of 2,600 registered runners, from nearly 30 countries, from businesses, schools, churches and neighborhood groups. By year-end 2015, plans were well underway for the 2016 One City Marathon, taking place on March 13th, 2016.

Start! Peninsula 4.0

The EDA, in conjunction with the Greater Williamsburg Business Incubator (“Launchpad”) and other Peninsula localities, local chambers and entities, served as sponsors of Start! Peninsula 4.0, a regional entrepreneurial business plan contest hosted November 13th-15th. The event was strategically held at the Applied Research Center in order to showcase Tech Center and Jefferson Lab.

During this annual “Shark Tank”-style competition, over 100 guests watched 23 teams present one-minute “teaser” ideas to a panel of judges, who selected 10 to advance to the final round. Over the course of the weekend, those remaining 10 teams worked to refine their plans with the help of coaches and mentors from the business and academic community, as well as keynote and panel speakers who offered advice and best practices.

The weekend culminated with five-minute pitches from each team and three winners were selected to receive up to $7,500 in cash prizes, along with complimentary incubator space and business coaching.

Several local businesses supported the event with food and promotional sponsorships, including Smoke BBQ Restaurant, Chick-fil-A (Yoder Plaza & Victory Boulevard), Azzurri Italian Restaurant, The Cove Tavern, Starbucks Coffee (Tech Center), Donatos Pizza, Neo Kitchen + Bar, Courtyard Newport News Airport, Tucanos Brazilian Grill, Daily Press Media Group, Scotty Signs and Howell Creative Group. This event continues to grow each year and reinforces our economic diversification and entrepreneurial support activities.
State of the City

The third annual Newport News State of the City address was held on October 20th. This event, hosted by the City of Newport News and the Virginia Peninsula Chamber of Commerce, took place at the Newport News Marriott at City Center. This year’s address was entitled “Tomorrow is Today.” Mayor McKinley Price, on behalf of City Council, addressed a sold-out crowd of community leaders and elected officials from across the entire Hampton Roads area.

Mayor Price challenged the audience to ask themselves what the concept of tomorrow meant to them. He also discussed the growth, innovation and expansion in the business fields with an increasing focus towards science and technology and how the City is preparing its citizens for this bright future. High-profile investment and expansion projects from Canon and Jefferson Lab were highlighted, as well as the City’s continually expanding Tourism and Enterprise Zone programs. Mayor Price also discussed the resulting positive impact that the ongoing focus on the revitalization of the Southeast section of the City has had on the community, as well as identifying challenges and outlining creative solutions. As always, accolades achieved and highly regarded accreditations earned were shared with those in attendance.

City Manager James M. Bourey also provided an update to his Outcome Measure initiative, which was implemented to identify the positive attributes and challenges that the City faces year over year and how to address them in the future to the benefit of all of the citizens of Newport News. Mr. Bourey discussed financial accomplishments and challenges, as well as future financial plans including his continued efforts for collaboration and innovation with City Council, City staff and the citizens of Newport News. All of these serve to illustrate that the City of Newport News is a city of tomorrow, today. For the third consecutive year, the State of the City address was well-received, confirming that Newport News continues to be a place Where Great Things Are Happening.

FEATURED PROJECTS, ANNOUNCEMENTS & EVENTS

SOUTHEAST COMMUNITY

Lower Jefferson Avenue Utilities Relocation & Street Reconstruction

Coming quickly on the heels of completed Phase I Jefferson Avenue utilities relocations between 25th and 36th Streets, design for the Phase II portion, from 12th Street through 25th Street, continued to 95% completion in 2015. EDA/IDA staff continued its co-lead role with other City departments and the Newport News Redevelopment and Housing Authority in guiding design for the Phase II blocks. Nearly 16,000 vehicles pass through this portion of Jefferson Avenue daily, so the goal is to greatly improve its appearance and the quality of life for residents nearby, as well as attract more business development in this section of Jefferson Avenue in support of the current redevelopment efforts underway in the area.

By the end of 2015, Atkins North America had completed 95% design plans work for utilities relocation and streetscape reconstruction, including landscaping, new and upgraded sidewalks and ADA-compliant intersection ramps, water, sanitary sewer and stormwater pipe replacements where required, consolidation of existing utilities and upgrades to street lighting. Partial funding with VDOT Revenue Sharing matching dollars will augment $8.5 million in CIP funding allocated in FY 2017 and FY 2018 for construction.
Newport News Redevelopment & Housing Authority Collaboration

The Newport News Redevelopment & Housing Authority (NNRHA) and EDA staff partnered at community meetings to highlight work being done in the Southeast Community with federal funds to further community development and homeownership opportunities for moderate and lower income persons in the City.

Staff also participated in meetings with the City Manager’s office to help address vacant lot issues throughout the southern part of the City and facilitated NNRHA’s creation of a neighborhood revitalization entity to help develop certain properties.

The EDA collaborated with NNRHA in the creation of an entity to accept New Markets Tax Credits to assist in the financing of Jim’s Local Market.

NNRHA continued making efforts to improve its housing stock throughout the City via HUD’s new Rental Assistance Demonstration (RAD) Program and City assistance for three complexes located in the middle and northern parts of the City.

Seafood Industrial Park

2015 was an important year of progress for the City’s Seafood Industrial Park (SIP). In May 2015, the Virginia Port Authority (VPA) awarded the City an Aid to Local Ports Grant of $638,292 to help replace a mooring facility at the Seafood Industrial Park that has served the City well, but has exceeded its expected lifespan. The design will modify the facility to accommodate current large-scale vessel configurations as well as anticipate future sea level rise. A main objective of the Aid to Local Ports Grant is to advance maritime commerce in the Commonwealth. SIP’s commitment to the success of Virginia’s commercial maritime industry earned the City of Newport News over half of the $1 million of competitive 2015 grant funds available. The VPA grant will supplement City CIP funding to accomplish this important project to keep the City’s SIP a premier and thriving hub for Virginia’s seafood and marine industries.

Staff to the EDA has also been engaged with the Department of Engineering on reduction of right-of-way width at the southern terminus of Jefferson Avenue to enlarge the leasable area of the highly successful and growing Davis Boat Works operation. In October 2015, City Council appropriated CIP funds to reconstruct Jefferson Avenue accordingly.
Liberty Center Residential & Retail

Liberty Apartments, the 197-unit complex located adjacent to the Newport News Shipbuilding Apprentice School, continued to enjoy strong leasing activity in 2015. These market-rate apartments have proven popular with both Apprentice School students as well as military personnel.

In February 2014, the EDA Board authorized a lease between the EDA and Washington Avenue Apartments, LLC (Armada Hoffler) for 5,411 square feet of first-floor Liberty Center office/retail space, known as the Downtown Maritime Community Center, in the mixed-use building at 3201 Washington Avenue, a component of the Apprentice School Mixed-Use Development Project. This space will help augment the City’s Department of Parks, Recreation & Tourism’s existing program schedule and provisions for recreational and program services Downtown. The Department has begun to utilize the Community Center space for exercise classes and will be increasing program offerings in 2016.

Downtown workers and residents experienced the benefits of new amenities in Liberty Shoppes. New retail and commercial tenants included Dunkin Donuts, Subway, Tidewater Physical Therapy and Juicy Teriyaki. These resources, along with the Community Center, will provide an attractive balance of options for an enhanced quality of life in the Downtown area.

Superblock Charrette

Building upon a successful initial gathering and brainstorming session in 2014, the City is moving forward with revitalization and planning efforts in Downtown Newport News. At the heart of these efforts is how best to utilize the Superblock space in the middle of the Downtown area. The City’s Planning Department is currently in the final stages of procuring a consultant to take the 2014 vision for Downtown and turn it into a more formalized plan for the area. Funding for Downtown revitalization efforts is provided in the City’s most recent Capital Improvement Plan. Moving into 2016, it is anticipated that work will begin on streetscape efforts along the heavily traveled Washington Avenue corridor from 32nd Street to 25th Street. Additional efforts are expected to focus on providing improvements to Christopher Newport Park, which overlooks the James River near the intersection of 26th Street and West Avenue.

Downtown Parking Assets

The EDA has a number of parking assets in the Downtown area, the vast majority of which serve Newport News Shipbuilding employees, members of the military stationed at Newport News Shipbuilding and contractors who work within the facility. In 2015, the EDA added a new lot at the intersection of Washington Avenue and 35th Street. Stationed only a block away from one of the South Yard’s primary entrance gates, this lot provides 43 parking spaces for individuals working in the area. The new spaces add over $18,000 to the EDA’s parking revenues on an annual basis. With the addition of the new lot, the EDA now has over 2,900 spaces available in the Downtown Newport News area, including approximately 500 specifically for the Apprentice School development.
UPS

In March, the IDA acquired an approximately 2-acre portion of 420 Export Circle and will commence construction on a new parking lot in early 2016. This new lot, in combination with the recently completed parking lot at 89 Nelson Drive, will accommodate the parking needs of United Parcel Service (UPS) for its parcel tracking facility at 11008 Warwick Boulevard. The IDA has entered into an Agreement of Purchase and Sale with UPS, which provides for UPS to purchase the facility with the new parking lots upon completion of the new lots. The IDA is proud that UPS decided to do business in Newport News 20 years ago and that it has reaffirmed its commitment to doing business in Newport News for years to come.

Transportation Improvements & Infrastructure

Liebherr continues to invest in the company’s Newport News facility. Most recently, the company completed a major overhaul of the loading dock area located at the end of their primary warehousing facility, adjacent to Chestnut Avenue. Not only does the loading dock project allow for more efficient offloading product flow, but the improvements also aesthetically enhance one of the structures most visible to the public. Landscaping and beautification efforts along Chestnut Avenue were also included as a part of this project.

Much-needed improvements to City Line Road are now underway. When completed, the restructured roadway will be able to withstand the transporting of frames to an adjacent business, where they undergo a blast, paint and cure process. As construction of an improved City Line Road continues, Liebherr will eventually be able to improve overall product flow throughout the facility by utilizing the access point along City Line Road for the transporting of finished goods from the facility to accommodate their ongoing expansion and increase in production.

HILTON

UPS
**Transportation Improvements & Infrastructure**

The original Canon Transportation Opportunity Funds (TPOF) program, a $5 million grant resource, continued providing incredible value in 2015 to the City’s Greater Oyster Point transportation network with completed and ongoing projects creating connections in key locations. Funding was applied to new sidewalk/bikeway improvements from the Canon Boulevard/Old Oyster Point Road intersection up to Village Green Parkway in anticipation of connecting with completed sidewalks wrapping around the new Tech Center Marketplace and extending to the Hogan intersection on Jefferson Avenue, also completed later in 2015. A major Canon Boulevard segment, and connection to TPOF sidewalks completed in 2014, was also bid and was awarded in 2015 to connect between City Center Boulevard and Lakefront Commons, bringing the total new connections to approximately 2.25 miles in 2014 and 2015.

Relevant to workforce transportation, staff to the EDA directly assisted Hampton Roads Transit (HRT) in determining the best timing for bus lines to provide service through greater Oyster Point to best meet needs for shift workers at high employment centers such as Canon Virginia, Inc., in 2015. EDA staff will continue to provide this important support function for our City’s workforce and engage with HRT on route alterations Peninsula-wide to help respond effectively to shifting demands.

**University of Virginia/Virginia Tech Center**

The UVA/Virginia Tech Center had a successful year in 2015. Both institutions continued to partner with organizations to raise the visibility of the Center, donate classroom and meeting space, and tailor new curriculum offerings to meet the needs of the business and professional communities.

The Center hosted the Peninsula Council for Workforce Development’s Quarterly Board Meeting, where the topic was the importance of workforce development to economic development. A question and answer session was held that included a panel of economic development professionals from Newport News and surrounding localities.

The Center has continued offering tailored leadership programs for companies and its staff members have taken advantage of opportunities to volunteer within the community for client-sponsored events such as this year’s Jefferson Lab Science Bowl and the Thomas Nelson Community College Unmanned Vehicle Workshop.

The Center is in the planning stages of developing a joint program for managers that will be offered to area organizations and Virginia Tech is exploring expanding graduate degree programs to include Masters and Educational Specialist degrees in K–12 school administration.
Virginia Tech Showcase

EDA/IDA staff worked closely with staff from Virginia Tech’s Office of Economic Development, the Virginia Tech Corporate Research Center and the VT Hampton Roads Center in Newport News to produce the first Virginia Tech - Hampton Roads Showcase event at the Paragon Theater on May 6th. The event introduced business and industry leaders from the region to over 30 research and program units within Virginia Tech. With over 250 attendees, the event featured VT President Dr. Timothy Sands and 45 Virginia Tech faculty and researchers. Virginia Tech reported that follow-up sessions designed to continue and foster collaboration between firms and Virginia Tech occurred subsequent to the event, a sign of the success of the Showcase.
Applied Research Center

VTCRC
The EDA has negotiated with the Virginia Tech Corporate Research Center, Inc. (VTCRC) to locate its office and showroom space in the ARC Building. Locating VTCRC in the ARC Building is designed to help connect entrepreneurs, larger companies, academic researchers and other resources to help develop Tech Center Research Park businesses. VTCRC now occupies space on the second floor (which includes space that was the former EDA Board Conference Room) and has performed extensive leasehold improvements to the space and appropriate common areas. The leasehold improvements included paint, carpet, lighting, ceiling fans, storefront windows and space configuration changes.

ARC Cosmetic Upgrades/Modernization
In addition to leasehold improvements to the leased space above, the EDA performed upgrades in other portions of the ARC Building. Negotiating with the already mobilized contractor allowed the EDA to take significant advantage of economies of scale. The additional improvements upgraded the remaining commercial space on the second floor, the vast majority of the commercial space on the third floor, EDA space on the fourth and fifth floors, as well as the hallway, kitchen and restroom areas on each floor of the building.

ARC Structural Upgrades/Modernization
In early 2015, the EDA upgraded the Building Automation System (BAS) in the ARC Building. The BAS controls the heating and air-conditioning systems and the upgrade will result in increased efficiencies in those systems. In 2015, the EDA also authorized an extensive HVAC conversion and replacement of the entire roof. The existing HVAC system has surpassed its 15-year life expectancy and the unit itself, along with the mechanical equipment area floor, needs replacing. Complete system replacement is planned for Spring 2016. The new roof is estimated to be complete at the same time, as the two projects will need to be planned concurrently.
Ferguson Enterprises

On December 7th, Ferguson Enterprises celebrated the opening of the company’s newest product showroom. A showcase in-and-of itself, the James River Architects-designed facility is a visually pleasing addition to the Jefferson Avenue business corridor. Located adjacent to the company’s Newport News headquarters on 10 acres of land purchased from the EDA in 2013, the showroom features 15,000 square feet of display space in which the public can view the variety of products offered by Ferguson. In addition, the facility will be utilized for vendor showcase opportunities and as a product training venue for Ferguson associates.

While Ferguson continues to grow its physical presence in Newport News, the company also has seen substantial growth in its product offering portfolio during 2015. As it has done throughout its long history, Ferguson utilized a strong merger and acquisition strategy in 2015 to add 15 companies to its portfolio. This year’s acquisitions include companies such as Ar-Jay Building Products, a cabinet, lighting and fireplace showroom located in the Midwest; Equarius, Inc., one of the premier municipal water meter suppliers in California; Redlon & Johnson, a residential plumbing and heating products supplier in New England; Arkansas Supply, a wholesale plumbing supply company serving the North Little Rock area; Atlantic American Fire Equipment Company, a fire protection product and service supplier serving a 13-state region from Maine to North Carolina and Action Fire Fab & Supply, Inc., a fire protection supplier in Northern California.

Patrick Henry Place

Staff to the EDA collaborated through 2015 with the owner and master developer of the Patrick Henry Place mixed-use development, Gibraltar Capital and Asset Management, to help advance a strong re-emergence of construction buildout. As part of a recent rezoning aimed at facilitating a market-savvy approach to additional residential development, Gibraltar proffered its commitment to build a bridge that will connect the development’s residential section to the existing Freedom extension, providing direct access to Jefferson Avenue. In 2014, the EDA had committed remaining funds from the prior ownership partnership agreement toward infrastructure improvements, and in 2015 worked closely with the current owner to facilitate plan reviews with the City in anticipation of construction start in 2016. The City looks forward to the emergence of hundreds of new housing units, an upgraded sewer pump station and a series of new recreation trails for Patrick Henry Place residents.
UPPER WARWICK CORRIDOR

Beautification & Redevelopment Preparation

In late 2014, the EDA closed on properties located at 15411, 15407 and 15401 Warwick Boulevard in its continued effort to facilitate voluntary land assemblage in support of the City's Upper Warwick Corridor Initiative. The three abutting sites total approximately 2.8 acres near the entrance of the Stoneybrook Estates subdivision. In 2015, the EDA facilitated demolition of the structures on the property, as well as grading and seeding the land, to create an attractive, developable parcel to attract private-sector, neighborhood-friendly businesses to the area. The removal of the structures on the properties has significantly enhanced the aesthetics of this vital stretch of Warwick Boulevard.

Ft. Eustis Bridge Repair

This crucial connector road bridge replacement project and its return to full service was a welcome relief for travelers into and out of the Upper Warwick Corridor, as well as Fort Eustis, in particular. The new bridge replaced one built in the 1960s that had long outlasted its useful lifespan. With immediate on-ramp access to I-64, the bridge is now providing a wider, safer passage than its predecessor. The $6.3 million project was a City-administered VDOT program, with majority funding through City sources, followed closely by State Revenue Sharing garnered by the Department of Engineering. The adjacent Reservoir Bridge, which was also built in the 1960s and is longer, is scheduled for replacement in the near future.

OAKLAND INDUSTRIAL PARK

Rockwell Collins

In August, Cedar Rapids-based Rockwell Collins acquired International Communications Group (ICG), a company located in the EDA's Oakland Industrial Park. Through the acquisition, Rockwell Collins plans to integrate ICG's satellite voice and data communications products into the cabin and flight deck communications products offered by Rockwell Collins. The company will continue to operate out of the Oakland Industrial Park facility under the Rockwell Collins Commercial Systems name.

Newport News Industrial

Newport News Industrial Corporation continues to build upon its strong presence in Oakland Industrial Park. In 2014, Newport News Industrial expanded its operations into the former Muller Martini property in the Oyster Point section of the City. The move allowed Newport News Industrial Corporation to bring more of its expanding business operations into Oakland Industrial Park through 2015. The company backfilled its two existing Oakland facilities with new projects, and is currently working on plans to expand its Enterprise Drive location to accommodate more growth in the future.
BUSINESS ENGAGEMENT

Business Appreciation
The Annual Business Appreciation Luncheon was held on June 23rd, in conjunction with Virginia Business Appreciation Month. Over 220 guests attended.

The luncheon was accentuated by the exciting announcement that a full-service Bayport Credit Union branch will be locating in Jim’s Local Market at the new Brooks Crossing Development.

The event was followed by a very successful Business Appreciation Golf Outing on June 30th. A near-capacity field of 134 golfers came out to play at Deer Run. Everyone enjoyed a beautiful day of golf, camaraderie, business networking and community-building.

Business Community Involvement
The Denbigh Warwick Business Association and the Downtown Newport News Merchants and Neighbors Association held monthly meetings, with attendance and support provided by Development staff.

• Both Associations provide updates in areas of interest to business owners and provide opportunities for them to connect with community activities.

• These meetings play an important part in allowing business owners and City representatives to exchange information and share ideas that help foster and support the economic vitality of the City of Newport News.

• The Denbigh Warwick Business Association has future plans to get more home-based businesses involved in their activities.

Business visitations continued to play an important role in business retention during 2015. Meetings were held with Newport News businesses in all sectors including aerospace, retail, financial, hospitality and manufacturing. We continued our direct business visitation program to establish relationships with existing companies, to learn about areas of need within the business community and to discover growth opportunities and how we could assist.

Businesses in the City of Newport News have also continued to receive services and assistance from our partners at the Hampton Roads Small Business Development Center and the Hampton Roads Procurement Assistance Center, supported by the EDA.
BUSINESS ENGAGEMENT

Recognition
Insignia Technology Services was listed on the *Inside Business* list of "The Roaring 20". This list is made up of twenty of the fastest-growing companies in Hampton Roads.

Three Newport News-based companies were listed on the Virginia Chamber of Commerce's 2015 Virginia Fantastic 50 winners listing. The businesses that made the list were Marton Technologies Inc., Insignia Technology Services LLC and Team Henry Enterprises LLC.

ArcaMax Publishing, Insignia Technology Services and Innovative Enterprises were named to the *Inc.* 5000 list for 2015. This list compiles the names of the fastest growing private companies in the nation.

Bosh Global Services was named one of the 2015 Best Places to Work in Virginia by Virginia Business and Best Companies Group.

The Insurance Service Office upgraded the Newport News Fire Department’s Public Protection Classification (PPC) rating to Class 1, which indicates superior property fire protection capabilities. PPC ratings are used by the insurance industry to help establish fire insurance premiums for the community and it is anticipated that the upgrade could provide savings of approximately 1% on residential insurance premiums and 3% on commercial insurance premiums. Only 97 fire-response jurisdictions out of nearly 49,000 in the country have a Class 1 rating, and only three in Virginia. Newport News is the only fire department in Virginia that has a Class 1 PPC rating and is also accredited through the Commission on Fire Accreditation International.

BUSINESS INCENTIVES

Tourism Zones
The EDA continues to deliver Tourism Zone benefits to a number of hospitality projects, which have qualified under the program. Staff meets regularly with new and existing tourism-related entities in order to actively market this important economic development tool.

Enterprise Zones
The Virginia Enterprise Zone (VEZ) program benefitted 24 Newport News businesses by providing approximately $1.2 million in incentives for real property improvements and job creation.

Newport News continues to be ranked among the top users of the VEZ program, consistently leveraging a significant share of grant dollars to support the growth of qualifying businesses.
BUSINESS INCENTIVES

Façade Improvement Grants
Commercial properties in Newport News continue to benefit from the Façade Improvement Grant (FIG) program by providing matching funds toward eligible façade improvement projects.

The program has been highly successful since its debut, and in 2015 leveraged approximately $1.4 million in private investment, benefiting 18 properties City-wide. Over the life of the program, approximately $1.8 million in EDA/City funds have been committed to Newport News property owners and businesses toward fulfilling the FIG program’s mission to restore, sustain and improve commercial properties throughout the City.

COLLABORATIVE EFFORTS & MARKETING ACTIVITIES

City Center Boulevard
The highly-anticipated extension of Middle Ground Boulevard was officially opened this year. The completion of this East/West traffic corridor between Warwick Boulevard and Jefferson Avenue has provided a much-needed increase of connectivity between the Greater Oyster Point area and City Center at Oyster Point. This roadway was also designed to be a connection point to the originally named Middle Ground Boulevard (from Jefferson Avenue to Rock Landing Drive). Upon completion of construction, City Council, acting on strong support and advice from local business owners and community leaders, approved the renaming of the segments of road and took action to facilitate the transition. The unified segments of this major thoroughfare run directly through the center of the City and connect the City Center area more closely with the Warwick Boulevard corridor, its businesses, surrounding residential communities and Christopher Newport University. Efforts to minimize impacts to business operations originally on the road were enacted such as the posting of special signage at each street that intersects with City Center Boulevard, clearly identifying the new name, dual indication of street names by means of ongoing street signage and collaboration with electronic and on-line mapping and GPS programs to update their mechanisms accordingly.

Importantly, in order to help facilitate the name change, the EDA also created the Consumables Transition Grant (CTG) to assist businesses and organizations that have been impacted by the renaming. The reimbursable grant offered a maximum of $500 for business consumables, marketing materials, and directional and business location-related identifiers that previously made reference to the business’s or organization’s former Middle Ground Boulevard or Spring Road address. A special grand opening event was held on April 4th and the citizens of Newport News were able to be the first ones to access this much-needed infrastructure enhancement for the City of Newport News.
Virginia Port Authority

Staff continues to work actively with the Virginia Port Authority, leveraging its business assistance programs to incent companies such as High Liner Foods, Continental and other port users with their business expansions. Importantly, we were successful in obtaining VPA grant funding in the amount of $640,000 for the Seafood Industrial Park West Bulkhead Improvements Project, and plan to apply for additional grant funding from this source in subsequent years for other SIP projects. We continue to participate in marketing activities with VPA, including jointly hosting site selection consultants to tour and learn about our regional port facilities, with the Hampton Roads Economic Development Alliance and with the Virginia Economic Development Partnership.

Hampton Roads Association for Commercial Real Estate

In August, Florence Kingston and Jim Scanlon, Owner of Jim’s Local Market, were invited to give a presentation on Brooks Crossing at a luncheon hosted by HRACRE.

The presentation was titled “How to Grow an Apple: The Development of Brooks Crossing – A Public-Private Partnership in a Food Desert.”

Florence and Jim shared the vision and progress of Brooks Crossing with a regional audience and showcased the various components of the project which include the broader investment in the Southeast Community, the new police precinct, BayPort Credit Union and Jim’s Local Market.

This was a great opportunity to illustrate a project impactful to the residents of the City and to highlight a strong collaborative effort undertaken by the EDA, the City and our community partners.

Newport News Transportation Center

Ground will soon be broken for the Newport News Transportation Center, a state-of-the-art multimodal facility that will significantly upgrade the rail passenger experience into and out of Newport News. The facility will be funded almost entirely by grants from the federal government and the Commonwealth, and built on land contributed by the City. Located in the heart of midtown Newport News at 500 Bland Boulevard, this facility will feature an 8,000-square-foot building for ticketing, seating and offices. With a sleek, modern design highlighted by a glass façade, the platform, building and parking facilities will be built to handle up to four train sets into and out of the city per day. Upon its scheduled opening in 2018, plans call for connectivity to the Newport News-Williamsburg Regional Airport, as well as HRT regional bus transit and intercity bus service. The station is capable of supporting the future development of bus rapid transit (BRT), light rail and/or intercity commuter rail service. The site, because of its location in a commercially vibrant area and its connection to transportation, is well positioned to host future mixed-use development. A major operational enhancement for AMTRAK included in this project is a new service facility for AMTRAK trainsets that will be closely connected via the CSX corridor.
Small Business Events & Outreach
The EDA continued to promote its popular e-Commerce grant program for website development for small businesses. Six businesses were approved for grant funding during the year and five businesses received disbursements totaling $9,575.

The Authorities facilitated the following financing packages:
- a previously approved loan for Eagle Land II, LLC;
- approval and funding of a loan for Smoke BBQ Restaurant & Bar;
- reactivation of a prior loan commitment to BNNT, LLC;
- approval of an Agriculture and Forestry Industries Development (AFID) grant for Ironclad Distillery, Inc.;
- approval of bond issuances for Christopher Newport University and Riverside Health System, and
- assistance to the Hampton-Newport News Community Services Board on a new bond issuance.

Staff served citizens around the community with business technical assistance and financing program awareness through active participation in merchants’ association meetings, Peninsula Chamber trade shows, Small Business Development Center workshops and presentations to financial services professionals.

Peninsula Council for Workforce Development
The Peninsula Council for Workforce Development provided valuable assistance in 2015 as one of the EDA’s premier providers of workforce development solutions for new, existing and expanding businesses in Newport News. Through job fairs, training programs and new employee screening processes, the Council consistently strives to join together the needs of the local business community with job-seekers in the area. Over the past year, the Council has broadened its approach to workforce development by playing a valuable role in bringing together businesses and local education partners to help align educational opportunities for students with the long-term needs of businesses.

Hampton Roads Economic Development Alliance
Staff was intricately involved in the process of reviewing the organization and operations of HREDA, and took a regional leadership role in crafting the revised mission of HREDA. This collaborative process among Hampton Roads local Development Directors, City leadership and the private sector resulted in a stronger organization emerging at the end of 2015. During the course of the year, HREDA continued to perform marketing outreach and activities to promote the region to new and expanding companies both domestic and international. Newport News participated in marketing missions to Boston, Germany and Spain in 2015, participating in excellent appointments with HREDA and other localities. In addition, staff participated in regional activities designed by HREDA to keep the Virginia Economic Development Partnership abreast of economic activity in Hampton Roads conducive to business development.
Newport News Public Art Foundation

Look around Newport News and what do you see? Great art — traditional art and abstract art, art that makes you smile and art that makes you wonder, art by American artists and some of the best from Europe, South America and Asia. Art is spread around our great City so we can enjoy it as we go about our daily lives. Our City’s remarkable “open-air art gallery” gives Newport News a unique identity, a source of pride, a way to stand out among all the places trying to attract the businesses and residents that make them strong. This is achieved by the EDA/IDA’s continued coordination with the Newport News Public Art Foundation’s work.

In 2015, a new piece of art joined the City’s “open-air art gallery” — Whitetail Crossing, a pair of beautiful deer sculptures at the entrance to Deer Park. These expressive sculptures, created from salvaged industrial materials, evoke elegance, agility and the sheer force of nature — remarkable qualities of deer. Abundant now, deer were severely threatened in the early 20th century. Deer Park was established as a preserve and these sculptures are a permanent reminder of the creatures that once roamed this woodland setting.

This project exemplifies the partnership approach that is unusual among public art programs, but it is a Newport News trademark. The Newport News Department of Parks, Recreation & Tourism contributed and prepped the site, the Newport News Public Art Foundation commissioned and installed the art and stone retaining wall, business and foundation sponsors provided in-kind donations for portions of the installation and patron donors contributed funds.

A free educational mobile app was launched alongside this installation — and rightly so, as it will greet the 400,000+ people who visit the park each year and the students next door at Deer Park Elementary School. A personal “tour” of the works of art in the collection of the Newport News Public Art Foundation is only a download away. This was made possible in part by a grant from the Newport News Arts Commission.

Virginia Arts Festival

Mayor McKinley Price and City Manager Jim Bourey, in partnership with the EDA, hosted a fundraising luncheon in support of the Virginia Arts Festival’s (VAF) annual Memorial Day concert at City Center, featuring the United States Army Training and Doctrine Command Band. A new event was also introduced — the first World Arts Celebration, highlighting music and culture from around the globe. VAF leadership briefed an audience of corporate executives on the Festival’s mission, activities and educational pursuits benefiting the Hampton Roads community.
Newport News Green Foundation

The EDA/IDA continued its policy of supporting the mission of the Green Foundation, both through financial contributions and staff support. The mission of the Green Foundation is to promote the creation and preservation of green space throughout the City of Newport News through advocacy, acquisition and assistance to others in order to make Newport News a more visually attractive place to live, work and play. The Green Foundation has acquired 26.03 acres of land, consisting of 27 parcels, geographically located throughout the City.

In addition to preserving its own properties throughout the City, the Newport News Green Foundation manages two community green space programs—the School Green Space Program and the Neighborhood Green Space Program. The School Green Space Program seeks to establish collaborative community partnerships to revitalize outdoor areas on school property to create environmentally functional, educationally inspiring and aesthetically pleasing green spaces for students. The Neighborhood Green Space Program is a mini-grant program that enables residents to have direct input regarding the improvement of their neighborhood’s entryway and sign area.

This year with the School Green Space Program, projects were completed at Crittenden Middle School and Riverside Elementary School. The project at Hunter’s Glenn was completed with the Neighborhood Green Space Program.

Sister Cities of Newport News

Sister Cities of Newport News (SCNN) is a non-profit affiliate of Sister Cities International, and helps facilitate long-term community partnerships through reciprocal educational and professional exchange programs, which foster friendships and learning. The EDA/IDA maintains an ex-officio position on the Sister Cities Board of Directors and collaborates on economic development opportunities.

In November 2015, City Manager Jim Bourey and executives from Virginia Tech and W.M. Jordan embarked on a two-week mission to China, coordinated by Sister Cities, to meet with companies interested in establishing a U.S. presence. Special emphasis was placed on the opportunities available at Tech Center at Oyster Point. The trip also provided the chance to build upon existing relationships established during previous missions.
Airport Development & Air Service Enhancement

Aggressive outreach activity led by the Airport Executive Director and the City Manager, also serving as Airport Commission Chair, led to numerous opportunities which continue to evolve. City Council voted to reduce the personal property tax rate for aircraft from $2.10 per $100 of assessed value to 50 cents per $100 of valuation, seeking to attract more business investment at the Airport. The Regional Air Service Enhancement (RAISE) Committee continued with its sustained efforts and local financial commitments in support of the Peninsula Airport Commission to attract, retain and grow desirable air service.

Virginia Department of Transportation I-64 Widening

Groundbreaking for the first phase of the Interstate 64 widening project was held September 2015, and is expected to be completed in December 2017. The first of three segments is a 5.6-mile section between Jefferson Avenue and Yorktown Road, and will expand the interstate from four to six lanes (one lane and one shoulder in each direction). The project represents a $144 million investment from federal, state and regional funds.
FINANCIAL REPORT

EDA/IDA Financial Highlights for Fiscal Year July 1, 2014 to June 30, 2015

At the end of the fiscal year, the Authorities’ assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by $105.08 million. This amount represents an increase of $5.43 million over the prior year’s ending balance of $99.65 million. Total operating revenues decreased by approximately $4.11 million in fiscal year 2015 mostly due to a decrease in intergovernmental transfers from the City of Newport News, Virginia (the “City”). Total operating expenses in 2015 decreased by $1.45 million mostly due to a decrease in rental expenses caused by the purchase of the previously leased Apprentice School Garage. Total operating expenses decreased in 2014 by $1.7 million due to a decrease in cost of land sold from the previous year. Net non-operating expenses decreased in 2015 by $2.63 million mostly due to the write down of land in the previous year.

During the year, the Industrial Development Authority (the “IDA”) received the third of five grant payments from the Commonwealth of Virginia for the Advanced Shipbuilding Training Facility Grant Program. This grant payment was paid to Armada Hoffler, the developer, in accordance with the Amended and Restated Memorandum of Understanding between the Industrial Development Authority, Huntington Ingalls Incorporated, Armada Hoffler and the Commonwealth of Virginia. The project is a significant mixed-use redevelopment in the City’s traditional Downtown. It includes a state-of-the-art 88,740 square-foot Apprentice School, with 197 apprentice and workforce housing units, 38,000 square feet of retail and a 382-space parking garage in a 6-acre campus-like setting. In July 2014, the IDA exercised its option to purchase the Apprentice School Parking Garage under the lease for $12,759,580, financing the purchase with a $12.7 million taxable revenue bond secured by a payment agreement with the City.

During the year, the Economic Development Authority (the “EDA”) dispersed a Governor’s Opportunity Fund Grant in the amount of $2,000,000 to Continental Automotive Systems, a manufacturer of automotive components. The company plans to invest a total of $143 million in new machinery and tools, $9 million in new real estate improvements at its facility and 525 new jobs.

In 2015, the Authorities continued to assemble land in the City’s Upper Warwick Boulevard Corridor to support the strategic priority of revitalization in this area of the City as they had in 2014 and 2013. During fiscal year 2015, the EDA purchased properties located at 15401, 15407 & 15411 Warwick Blvd in the amount of $928,775, demolishing the deteriorating structures, and grading and seeding the property.

The EDA continues its Façade Improvement Grant Program which restores, sustains and improves commercial properties located within the City by providing matching funds toward eligible façade improvements. This program was originally funded by the EDA with an initial commitment of $300,000 in FY 2012, followed by $300,000 funded by the City in FY 2013. In FY 2014, this program continued with funding of $200,000 from the City’s Economic Development Fund and $100,000 from the City’s CIP and in FY 2015, an additional $300,000 from the EDA. This program has benefited over 56 properties City-wide with grants distributed of approximately $1,100,000.
Overview of the Financial Statements
The Authorities are component units of the City. Component units are other governmental units over which the City (the City Council, acting as a group) can exercise influence and/or may be obligated to provide financial support. Component units of the City are presented as a separate column in the government-wide financial statements of the City. The Authorities’ operations are accounted for as business-type activities in a proprietary fund, which is used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. The measurement focus is upon determination of net income.

Summary of Financial Statements
Total asset and deferred outflows of resources of the Authorities exceeded recorded liabilities and deferred inflows of resources by $105.08 million as of June 30, 2015, $99.65 million as of June 30, 2014 and $97.76 million as of June 30, 2013 (restated). Approximately $13.78 million in fiscal year 2015, $12.87 million in fiscal year 2014 and $16.83 million in fiscal year 2013 of net position is restricted as to the purpose for which it may be used.

The following table reflects the condensed net position of the Authorities:

<table>
<thead>
<tr>
<th>Authorities’ Net Position</th>
<th>For the years ended June 30, 2015, 2014 and 2013 (in millions)</th>
<th>2015</th>
<th>2014</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$</td>
<td>56.01</td>
<td>$</td>
<td>54.70</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>164.05</td>
<td>155.89</td>
<td>162.93</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>220.06</td>
<td>210.59</td>
<td>217.89</td>
<td></td>
</tr>
<tr>
<td>Deferred swap</td>
<td>$</td>
<td>1.23</td>
<td>$</td>
<td>2.89</td>
</tr>
<tr>
<td>Deferred refunding</td>
<td>6.79</td>
<td>7.45</td>
<td>8.17</td>
<td></td>
</tr>
<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td>8.02</td>
<td>10.34</td>
<td>11.86</td>
<td></td>
</tr>
<tr>
<td>Current and other liabilities</td>
<td>$</td>
<td>10.66</td>
<td>$</td>
<td>10.61</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>112.31</td>
<td>110.52</td>
<td>121.46</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>122.97</td>
<td>121.13</td>
<td>131.99</td>
<td></td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>$</td>
<td>0.03</td>
<td>$</td>
<td>0.14</td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>$</td>
<td>61.85</td>
<td>$</td>
<td>58.80</td>
</tr>
<tr>
<td>Restricted</td>
<td>13.78</td>
<td>12.87</td>
<td>16.83</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>29.45</td>
<td>27.98</td>
<td>23.03</td>
<td></td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$</td>
<td>105.08</td>
<td>$</td>
<td>99.65</td>
</tr>
</tbody>
</table>

* Balances were restated to reflect implementation of GASB 65
Capital Assets and Debt Administration

At the end of 2015, the Authorities had $164.05 million invested in capital assets. During the year, Construction in Progress increased by $962,236 and Buildings increased by $12,18 million. The increase in Construction in Progress in 2015 was caused by several ongoing projects such as the Liebherr Mining Equipment Project, United Parcel Service project, Southeast Grocery Store and continued Canon Expansion Project. The increase in Buildings in 2015 represents the purchase of the Apprentice School Garage. The decrease in Construction in Progress, in 2014 of $2.5 million, was caused by the transfer of a Southeast parcel to the land account.

The following table shows the capital assets at year-end:

<table>
<thead>
<tr>
<th>Authorities' Capital Assets</th>
<th>2015</th>
<th>2014</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$195.90</td>
<td>$183.72</td>
<td>$183.48</td>
</tr>
<tr>
<td>Improvements, machinery and equipment</td>
<td>14.41</td>
<td>14.36</td>
<td>14.36</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>2.54</td>
<td>2.54</td>
<td>2.54</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>6.35</td>
<td>5.39</td>
<td>7.91</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(55.15)</td>
<td>(50.12)</td>
<td>(45.36)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$164.05</strong></td>
<td><strong>$155.89</strong></td>
<td><strong>$162.93</strong></td>
</tr>
</tbody>
</table>

As of year-end, the Authorities had $111.69 million of debt outstanding in bonds and notes payable as compared to debt outstanding in June 2014 and June 2013, of $109.51 million and $119.02 million, respectively. In 2015, the Authorities issued debt of $12.7 million to finance the purchase of the Apprentice School Parking Garage.

The following table summarizes debt outstanding:

<table>
<thead>
<tr>
<th>Authorities' Outstanding Debt</th>
<th>2015</th>
<th>2014</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Revenue Bonds - IDA</td>
<td>$16.41</td>
<td>$5.29</td>
<td>$6.81</td>
</tr>
<tr>
<td>Industrial Revenue Bonds - EDA</td>
<td>88.82</td>
<td>95.78</td>
<td>102.63</td>
</tr>
<tr>
<td>Bond Premiums (Discounts)</td>
<td>3.72</td>
<td>4.05</td>
<td>4.39</td>
</tr>
<tr>
<td>Notes payable</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
</tr>
<tr>
<td>Interest Rate Swap fair value</td>
<td>1.24</td>
<td>2.89</td>
<td>3.69</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$111.69</strong></td>
<td><strong>$109.51</strong></td>
<td><strong>$119.02</strong></td>
</tr>
</tbody>
</table>
In Summary

This financial report is designed to provide our citizens, taxpayers, bondholders and creditors with a general overview of the Authorities’ finances and to demonstrate the Authorities’ accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Secretary/Treasurer or Financial Services Administrator at (757) 926-8428 of the Authorities, c/o Department of Development, 2400 Washington Avenue, 3rd Floor, Newport News, Virginia 23607.