

**YOUR  
OUR  
ONE** **CITY**

**2017 ANNUAL REPORT**

**Newport News**   
Where Great Things Are Happening



NEWPORT NEWS

NEWPORT NEWS SHIPBUILDING APPRENTICE SCHOOL

ONE CITY  
MANY  
UPGRADES

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## **MESSAGE FROM THE CHAIR**

As Chair of the Authority, I am pleased to report that 2017 was another excellent business year for the City of Newport News. Progress and growth flourished in every facet of the City's business landscape. A myriad of businesses, both large and small, continued to find Newport News to be a city that is very attractive for business growth opportunities, expansion and capital investment.

This year, the Authority continued to work with large and small business ventures in the Northern, Central and Southern sections of the City. The announcement of a major expansion from Ferguson Enterprises, as well as the continued growth of the Tech Center business development area, solidified the Central District as the economic engine of the City. Growth, however, was not exclusive to this part of the City this year. The Choice Neighborhoods Initiative continued planning to revitalize and transform the Southeast Community by building a foundation of opportunities for citizens and businesses alike. Also this year, expansion projects were undertaken by Mühlbauer International, Liebherr and Fairlead Boat Works. Collectively, these projects bring new jobs, investment and exciting growth opportunities to every corner of the City.

Existing business investment continues to be essential to the growth and stability of this community. Additionally, the attraction and creation of new businesses and entrepreneurial start-ups create new ideas and opportunities for diversity and innovation. As we look toward the future, the Authority will continue to nurture relationships and partnerships critical to economic growth.

I would like to extend my sincere gratitude to all that share the Authority's commitment to the City of Newport News. As you read this year's report, I hope that you observe that our continued partnership with the community is vital to the success of our City. Through this collaboration, Newport News will continue to be a leader for the region in progress and positive change, with a commitment to being a place "Where Great Things are Happening!"

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Gary Minter', with a large, stylized flourish at the end.

**C. Gary Minter / 2017 Chair / EDA/IDA**

# BUILDINGS

## INNOVATION & COMMUNITY



## **ONE CITY. MANY BREAKTHROUGHS.**

There's a reason that leading companies like Canon, Continental and Dilon Technologies call Newport News home. With a commitment to STEM programs and businesses, our City brings entrepreneurs and innovators together through creative development, tax incentives and unparalleled community support.

### **GROUNDBREAKING DEVELOPMENTS AT TECH CENTER**

The Tech Center project is a 100-acre, \$450 million mixed-use development, estimated to create more than 5,500 jobs. The development includes Tech Center Research Park with nearly one million square feet of office and laboratory space planned on 50 acres; 288 residential units at Venture Apartments; and Marketplace at Tech Center, anchored by Whole Foods, with more than 250,000 square feet of retail space.

W. M. Jordan Development Company officially broke ground on August 24<sup>th</sup> for Building One @ Tech Center, the first of many new buildings that will expand the office and research inventory in the City. Developers, dignitaries, business professionals and emerging entrepreneurs participated in the groundbreaking ceremony, announcing new tenants for the 80,000-square-foot Building One and celebrating this community of innovation.

### **PARTNERSHIP AT THE APPLIED RESEARCH CENTER**

With the same collaborative spirit as Tech Center, the Applied Research Center brings together complementary companies who aim to bring new technology to the world. Ario, LLC is one of the newest participants in the Entrepreneurial Lease and Assistance Program in the Applied Research Center. Ario designs mobile technology applications, including augmented reality, virtual reality and 3D. Founded in 2016 by CEO Joe Weaver, the company hopes to expand and inspire other new technology businesses in the area.

Following a successful partnership with Ario, J&F Alliance Group expanded its own contracting services into augmented and virtual reality. Founded in 2013 by Falana Dula-King, J&F specializes in customized augmented, mixed and virtual reality applications for the Department of Defense. J&F is also located in the Applied Research Center and maintains both Service-Disabled Veteran-Owned and Small, Woman and Minority-Owned business certifications.

*"With easy access to housing, stores, healthcare, restaurants and entertainment, Tech Center is in an ideal environment to attract young professionals. The project will also help to diversify the local and regional economy by reducing our reliance on military and governmental operations."*

Florence G. Kingston  
Director / Newport News  
Department of Development



CANON INSTALLS SOLAR PANELS ON ROOF OF HEADQUARTERS

### USING ONE INNOVATION TO POWER OTHERS

Newport News isn't just a place where breakthroughs happen; it's a place where we put them to use. This fall, as part of Dominion Energy's Solar Partnership Program, Canon Virginia installed a major solar panel. Major meaning that it generates 1,000 kilowatts, the amount of electricity

needed to power 250 homes at peak level. A similar 500 kilowatt panel was installed at the Company's Gloucester plant in 2014. Canon ushered in this new era of cleaner energy with a ribbon-cutting ceremony at its Newport News facility.

  
Newport News  
is home to  
**20**  
international  
companies.

### REWARDING EXPANSION AT CONTINENTAL AUTOMOTIVE SYSTEMS

During the summer of 2017, Continental Automotive Systems, a manufacturer of fuel injectors and pumps, was awarded a Port of Virginia Economic and Infrastructure Development Grant (POV Grant). The Company was recognized at the Port's Board of Commissioners meeting and a special presentation was made at the EDA's October Board meeting. The POV Grant is a one-time award for companies that locate or expand in the Commonwealth of Virginia, create jobs and spur economic growth within the region. Continental's award of \$417,000 was a portion of the more than \$2 million in funds awarded to seven firms in 2017.

In May, the EDA authorized initial funding of \$200,000 for the Partnership for Advancing Certification Training grant program (PACT), which offers qualifying Newport News businesses up to \$30,000 in grant funding for creating innovative partnerships with educational institution that train Peninsula workers. Continental (in partnership with Thomas Nelson Community College) was first to take advantage of the grant, which the company will use to train machinists on-site at its Newport News plant.



A man in a light green sweater is working on a car engine in a lab setting. He is holding a small component and connecting it to the engine. In the background, there are several monitors displaying the Continental logo and a Ferrari logo. The scene is well-lit and professional.

“We’ve partnered with local colleges to create a classroom and lab space in our production center. Students benefit from on-site experience and mentoring, and we have access to a more specially trained workforce.”

Mike Lindsey / Human Resources Manager / Continental

Continental 

## Juicy Teriyaki

*Trendy Japanese take-out takes Downtown by storm*  
3201 Washington Avenue

Located in Liberty Shoppes and representing part of the ongoing revitalization of the downtown area, Juicy Teriyaki's emphasis on quick and quality service has made its teriyaki menu particularly popular.

## Miller Meats

*An old-fashioned butcher model with new school swag*  
339 35th Street

Established in 1976, Miller Meats provides a full line of premium beef, pork, chicken and seafood to local businesses and customers. With growth on his mind, longstanding employee Nick Washington purchased the business and since expanded to a second retail location, Uncle Nick's, at 6139 Jefferson Avenue.

## Indian Motorcycle of Southeastern Virginia

*Modern motorcycles reflecting a classic past and storied history*  
11701 Jefferson Avenue

Over 40 new Indian motorcycles displayed in the showroom pay homage to the original plant in Springfield, Massachusetts, where they were made until 1953. As Hampton Roads' only Indian-exclusive business, people come for new and pre-owned bikes, service, parts and accessories for the entire Indian lineup, including the popular Chief, the Roadmaster and the Scout.

## PHYSICS PIONEERING DRIVES LOCAL ECONOMY AND NATIONAL BREAKTHROUGHS

Jefferson Lab, a world-class national laboratory specializing in particle physics, has called Newport News home for over 30 years. During this time, the Lab has achieved \$3.2 billion in federal funding and made groundbreaking nuclear physics discoveries. Jefferson Lab recently completed a \$400 million federally-funded upgrade, doubling the existing facility's power. The Lab, which attracts over 1,300 international users annually, contributes significantly to the local economy. The presence of Tech Center (currently under development) adjacent to Jefferson Lab will provide opportunities for

collaboration between scientists and the private sector and will promote commercialization of Lab research.

Jefferson Lab has begun early project development of a Medium-Energy Electron Ion Collider (MEIC) to compete for a high-priority, multi-phased, next-generation Department of Energy science initiative totaling one billion dollars. The MEIC's community benefit would be substantial, supporting 5,000 new jobs over 7 to 10 years and generating about \$72 million in annual local spending.

## MÜHLBAUER BRINGS JOBS AND INVESTMENTS

Mühlbauer International, a technology partner for the smart card, ePassport and solar back-end industry, expanded its Newport News location in Oakland Industrial Park.

This location serves as a base for its North American business activities and currently occupies a 33,115-square-foot office/assembly facility with 31 employees. The Company expanded the existing space by an additional 51,200 square feet in order to create a showroom primarily for product demonstrations and training with some additional assembly capacity. The expansion will yield 15-20 additional jobs and a

\$12 million dollar investment by the Company. Construction was completed in early December.


Mühlbauer specializes in innovative one-stop solutions which include the production, personalization and issuance of ID cards and other card-related security documents. The Company's solutions also enable users to manufacture multimedia cards, smart labels for access control, supply chain management and tracking of textiles and applications for the retail industry. The Company opened its Newport News facility in 2009.

## LIEBHERR - GROWING INTERNATIONALLY, LOCALLY

Liebherr continues to invest in the Company's Newport News mining equipment manufacturing facility in Copeland Industrial Park. Most recently, the Company completed a major overhaul of the loading dock area located at the end of its primary warehousing facility, adjacent to Chestnut Avenue. Not only does the loading dock project allow for more efficient offloading of 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 were recently completed, enabling Liebherr to improve overall product flow throughout its facility by utilizing City Line Road for the transport of finished goods.

A man in a dark suit and tie stands at a podium, speaking. Behind him is a large screen displaying the Liebherr logo and the text "MINING POWER". The setting appears to be a conference room or a stage with a patterned carpet and a microphone stand in the foreground.

“Liebherr has established a strong infrastructure in Newport News. The area has a wealth of experienced workers and is in close proximity to our supplier and main customer base.”

Joachim Janka / President / Liebherr Mining Equipment Newport News Co.



# GROWING IN POPULARITY

## **ONE CITY. MANY BRANCHES.**

As one of the first settlements, Newport News has been growing and reinventing itself since 1621. It's been a destination for history buffs and tourists alike, as well as an ideally-located center of industry. Several important companies have been born and raised here, finding support from the community and extending their own support to incoming industries that make Newport News even more vibrant.

### **TOURISM SPENDING REACHES \$295 MILLION**

In a report released by the U.S. Travel Association in September 2017, tourism was once again a star player in the economy of both Virginia and the City of Newport News.

Statewide, tourism generated \$24 billion in travel spending, supported 230,000 jobs and provided \$1.7 billion in state and local

taxes.\* The Virginia Tourism Corporation attributes the increase in revenue to initiatives near and dear to our hearts in Newport News, such as new hotels and restaurants and the growth of craft breweries, wineries, distilleries and cideries throughout the state.

### **NEWPORT NEWS HOSTS 44<sup>TH</sup> FALL FESTIVAL OF FOLKLIFE**

Newport News hosted its 44<sup>th</sup> Fall Festival of Folklife in Newport News Park on a beautiful October weekend. The festival was brimming with traditional crafts, heritage trade demonstrations, entertainment, children's activities and food. New this year was a "Virginia Beer and Cheer" area featuring

Virginia-brewed craft beers and ciders, and the new Virginia Roots area celebrating the crafts and trades rooted in Virginia's history. With over 150 exhibitors, the festival brings in over 35,000 visitors each year and gives everyone a sense of Newport News' spirit.

### **TOURISM ACCOUNTED FOR:**

Revenue from tourism up 4%, reaching **\$295.68M** in the City;

Jobs supported by tourism up 3.4%, topping **3,013 positions** in Newport News;

Local tax revenues up 6%, for a total of **\$10.25M**; and

State taxes up 5.9%, for total of **\$12.7M**.

*\*Figures were based on spending by travelers from within the United States on trips taken 50 miles or more away from home.*

# GROWING

## OUR HOMETOWN HEROES

### HUNTINGTON INGALLS HOLDS STRONG

In 1866, industrialist Collis Huntington needed a place to repair ships, so he built a shipyard in unincorporated Newport News. By 1897, the shipyard had built three warships for the US Navy. Today, Huntington Ingalls Industries is Virginia's largest private employer with nearly 22,000 workers at its Newport News Shipbuilding division (Shipyard) and affiliated companies. The Shipyard is committed to its product, but just as important, it is committed to the community it calls home – making major investments, typically tens of millions of dollars annually, in existing facilities, as well as in its Newport News employees, who make the Company so successful.

Amazingly, the Shipyard continues to raise the bar. It is embarking on a new venture with Connecticut-based Electric Boat to build a new fleet of Columbia-class ballistic missile submarines for the Navy to replace aging Ohio-class subs. To support this effort, the Shipyard will



invest more than \$750 million in its Joint Manufacturing and Assembly Facility and will create 1,000 new jobs by 2025. This investment will not only serve the Columbia Class Submarine Program, but also promote efficiencies in the Shipyard's other programs.

As part of facility improvements, the Shipyard will also modernize its Foundry facility, which dates back to 1856. The Foundry improvements are anticipated to cost over \$43 million and will allow the Shipyard to meet new, higher component standards established by the Navy for submarines and aircraft carriers.

### FERGUSON CHOOSES NEWPORT NEWS FOR ITS FUTURE

Born and raised in Newport News, Ferguson Enterprises, Inc. (FEI) digs in even deeper with a new expansion. On June 6<sup>th</sup> Governor Terry McAuliffe visited Newport News to announce, to much fanfare, that Ferguson would expand its Newport News presence and create an additional campus in City Center at Oyster Point. The City Center campus will house 1,400 Ferguson employees working in information technology and other corporate functions. As part of the expansion, FEI will invest nearly \$83 million and create 434 new jobs. Newport News successfully competed against other locations locally, as well as in the Central and Pacific time zones.

Ferguson was named after Charles Ferguson, son of former Newport News Shipbuilding President Homer L. Ferguson, who assisted with the Company's founding in 1953. It is the largest wholesale distributor of residential and commercial plumbing supplies and pipe, valves and fittings in the U.S. FEI is also a major distributor of HVAC equipment, fire protection systems, waterworks and industrial products and services.

“I think long-term, and I think about how the nature of everything we do is dependent on technology, and how the speed of change over the last 10 years enables a different future.”

Jennifer Boykin / President / Newport News Shipbuilding



**BUILDING  
OUR FUTURE**  
#LetsGetStar

“I think that we’re really set up for success, and moving forward, it’s business development...promoting and building the economic base by job creation and promoting the success of businesses large and small.”

Jennifer Smith-Brown / Managing Partner, J. Smith Enterprises



**RENEWED**  
**SENSE OF PLACE**



## **ONE CITY. MANY UPGRADES.**

As Newport News continues to grow and prosper, we take great care to maintain and upgrade our roads, properties and overall community. 2017 was an exceptional year as improvements happened throughout the City and as the future comes into a much sharper focus.

### **PUBLIC HOUSING TRANSFORMED INTO A VIBRANT NEIGHBORHOOD**

The City of Newport News and the Newport News Redevelopment and Housing Authority were awarded a \$500,000 Choice Neighborhoods Initiatives Planning Grant from the U.S. Department of Housing and Urban Development. The City will use the grant to develop a Transformation Plan centered around Ridley Place public housing complex as well as its surrounding areas. The Choice Neighborhoods Initiatives (CNI) provides competitive grants to rebuild both public and assisted housing into

mixed-income communities by bringing together local leaders, residents and a vast array of other stakeholders. Together, the group works to transform distressed housing into neighborhoods of opportunity.

The EDA was instrumental in providing support for both the \$500,000 CNI Planning Grant, as well as partnering in the application for a CNI implementation grant, worth a potential \$30 million. Staff anticipates a decision on the CNI implementation grant by July 2018.

### **ABANDONED SITE WILL BECOME A WATERFRONT DESTINATION**

In November 2017, Governor Terry McAuliffe announced that the EDA was awarded a \$500,000 Virginia Brownfields Restoration and Economic Assistance competitive grant by the Virginia Economic Development Partnership to significantly accelerate the continued cleanup of the former Chase Packaging site in the Southeast Community. The EDA acquired the approximately 26-acre property in July 2017, and with the City, has big plans for transforming it into a sought-after place to live. With its scenic waterfront and transformational potential, the site will have an enormously positive impact on its surrounding neighborhoods.

Originally, the property was part of the Horace E. Dodge Boat and Plane Factory, which opened in 1930 as a 210,000-square-foot, state-of-the-art manufacturing facility for pleasure boats. Most recently, it housed Chase Packaging. The City has already removed a substantial amount of debris left by the previous owner, and the new funding will help speed up the redevelopment of this key part of the Marshall-Ridley Choice Neighborhood.

### **DEVELOPING A DENBIGH AREA PLAN FOR UPPER WARWICK BOULEVARD CORRIDOR**

The City issued a Request for Proposals (RFP) for a Denbigh Area Plan focusing on the Upper Warwick Boulevard Corridor. Following the RFP process, extensive community stakeholder outreach and engagement will be undertaken to provide

the basis for a sound and impactful plan to guide policy and implementation strategies to stimulate economic development and neighborhood revitalization over time.

**Choice Neighborhoods Initiatives** is focused on three core goals:

**Housing** – Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;

**People** – Improve educational outcomes and intergenerational mobility for youth with services and support delivered directly to youth and their families; and

**Neighborhood** – Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools and commercial activity, that are important to families' choices about their community.



# ALL ROADS

**LEAD TO NEWPORT NEWS**

## A BETTER INTERSTATE

Construction on Segment 1 of the Interstate 64 Widening Project, a 5.6-mile stretch west of Route 143, Jefferson Avenue (Exit 255) to east of Route 238, Yorktown Road (Exit 247), commenced in September 2015 and celebrated a two-year milestone and completion at the end of 2017. Segment

2, which began construction in Fall 2016 and is expected to be finished in Spring 2019, from the end of the Segment 1 project to west of Route 199 (Humelsine Parkway/Marquis Center Parkway) near Exit 242, includes 1.05 miles in Newport News.

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## A STRONGER BRIDGE

As one of the essential I-64 connectors, the Newport News Reservoir Bridge currently supports 45,374 daily trips. Built in 1960, widened in 1985, and resurfaced in the mid-1990s, the 672-foot-long bridge connects the

City to travelers and vice-versa. The roughly \$18 million project began preliminary design work in August 2016, and construction is scheduled for Summer 2018 that should be completed by Summer 2020.

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## CITY RECEIVES GRANT FOR IMPROVEMENTS AT SEAFOOD INDUSTRIAL PARK

The City's Department of Development successfully secured a second grant, this one for \$404,627, from the Virginia Port Authority's "Aid to Local Ports Grant Program" to supplement the City's Capital Improvement Plan funding for improvements at the Seafood Industrial Park. This grant will go to refurbishing and upgrading the Outer Harbor Pier and mooring dolphins. This project will create much-needed additional trawler and barge moorings and improve existing utilities at the main harbor and piers.

The Seafood Industrial Park is vital to the commercial seafood industry and industrial marine activity at Newport News Marine Terminal and beyond. This 39-acre City-owned facility is a hub of commercial marine activity providing lease revenue to the City, tax revenue and local employment. With our newest enhancements, it will continue to be a gem of the Commonwealth.

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## FAIRLEAD BOAT WORKS

Fairlead Boat Works operates a boatyard in the Seafood Industrial Park, specializing in the repair of commercial and military vessels. Established in 1958 as Davis Boat Works, the Company is the oldest tenant and largest employer in the Park. Fairlead is expanding operations with over \$1 million in private investment and creation of 25 new jobs, while beginning work

to establish a second yard, known as the North Yard, which will include over \$4 million in private investment and additional job creation. These expansions allow the Company to diversify and grow its customer base and scope for both commercial and government boat repair and related services.

# TASTING

THE GOOD LIFE

## ONE CITY. MANY ORIGINALS.

Every city's got its "thing", but in Newport News, we work hard to make sure we have many "things." We're a City of artists and entrepreneurs, foodies and entertainers. No matter our day jobs, we all find time to soak up, add to and enjoy all the culture that Newport News fosters and offers.

### IRONCLAD DISTILLERY WOOS THE CROWD

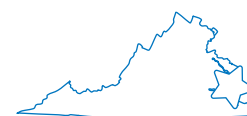
On the heels of the release of its first batch of handcrafted bourbon, Ironclad Distillery launched an equity crowdfunding campaign through First Democracy VC (a partnership between Indiegogo and MicroVentures). They very quickly earned \$450,000 from

599 investors. Founded in 2014 and located on 23<sup>rd</sup> Street along the Downtown waterfront, the family-owned company will use the funds to build a tasting room and lounge, as well as add equipment to grow production capabilities.

### BOATHOUSE LIVE DEBUTS IN CITY CENTER

In November 2017, the spotlight swung to veteran restaurateur Sean Pepe's newest venture, Boathouse Live. A full-service restaurant, bar and live music venue, Boathouse Live pays homage to Norfolk's original Boathouse, a renowned hub for live music. Pepe's experience as a co-owner of Kismet, The Barking Dog, Deadrise at Old

Point Comfort and El Diablo Loco will inform this new venue, where he and his team have created a dynamic atmosphere for both artists and audiences. The menu is unique, the spirits are spirited and the artists are national and regional favorites. Best of all, there's not a bad seat in the house.



Newport News  
ranked in the top

20%

of Most Diverse  
Places to Live in VA.

[Niche.com](http://Niche.com)



LITTLE BOAT HARBOR MARKET

### LITTLE BOAT HARBOR MARKET MAKES LANDFALL

Little Boat Harbor Market, a family-owned and operated seafood market, opened in December 2016. The market is conveniently located in the Seafood Industrial Park (SIP) and offers local, fresh-from-the-boat fish, oysters, scallops, shrimp and crabs. Imported products and regional favorites such as crayfish, alligator and andouille sausage are also available. The Little Boat Harbor Market complements the bustling economic activities at the SIP, Virginia's largest municipally-owned seafood park.



TRADITION BREWING COMPANY

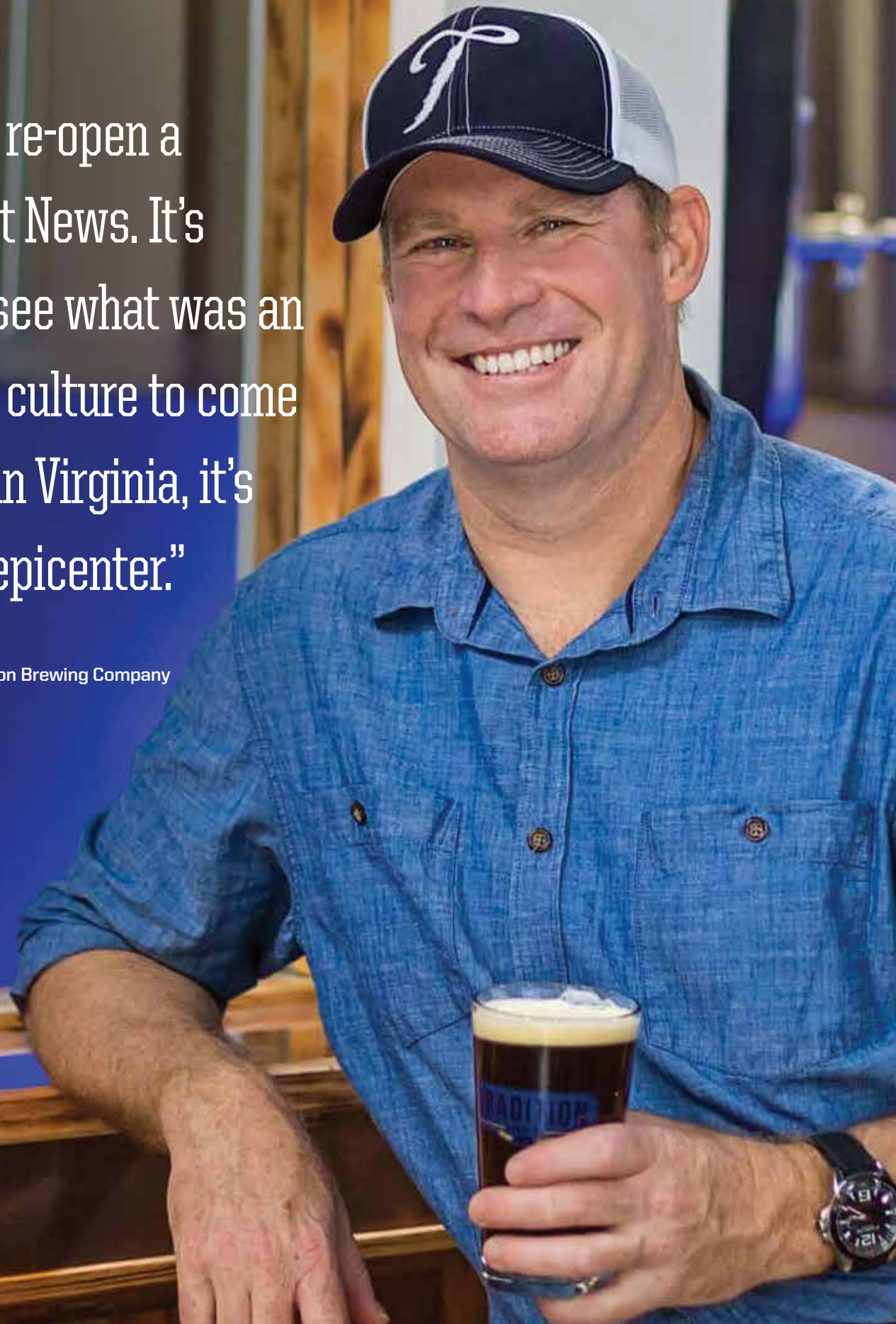
### NEWPORT NEWS EARNS SOME BEER MONEY

Governor Terry McAuliffe announced that the EDA received a \$5,000 grant for its Newport News Craft Beer Tourism Project from the Virginia Tourism Corporation (VTC) Marketing Leverage Program grant fund. The EDA partnered with the Newport News Tourism Development Office and the Newport News Hospitality Association to supply \$5,000 in matching funds for the project, which promotes Newport News' craft beer and culinary tourism.

The project consisted of an episode of Untapped VA, a national television show focused on the craft beer movement in Virginia, as well as a digital advertising campaign aimed at increasing craft beer tourism to Newport News from neighboring states. This locally-themed episode featured Newport News pioneers Tradition Brewing Company and Ironclad Bourbon Distillery. The program premiered June 6<sup>th</sup> and ran 30 times throughout Virginia and 15 times nationally. It is also airing permanently online on Cox Communications' YurVIEW National television network.

“I always wanted to re-open a brewery in Newport News. It’s quite gratifying to see what was an integral part of our culture to come back and re-surge in Virginia, it’s really become the epicenter.”

Dan Powell / Partner & Brewmaster / Tradition Brewing Company





**A WORLD OF**

**ARTISTS**



## ELLA FITZGERALD EVENTS KEEP “THE VOICE OF JAZZ” ALIVE

On April 25, 2017, Ella Fitzgerald would have turned 100. As her birthplace and early home, Newport News threw a centennial celebration worthy of a legend. During the fall of 2016, Downing-Gross Cultural Arts Center, home of the Ella Fitzgerald Theater, began the festivities with a series of stage plays such as *I Am Ella* and *The Stage that Launched an Icon: Ella Fitzgerald and the Apollo Theater*, along with a concert featuring El DeBarge. The season continued into 2017 with a comedy showcase and the annual Ella Fitzgerald Music Festival.

In January, the City officially ushered in the centennial year by hosting a “Pop up Jazz Club” that hosted performances from various jazz artists playing Ella’s music, creating an ambiance reminiscent of the Cotton Club from the 1930s and ‘40s. Local artist, Asa Jackson, created a mural in her honor, and over 100 artists used her songs to create paintings and photos for an exhibit at Downing-Gross. The Library of Congress gifted a bronze bust that toured around the City, and the community continued to honor her with programming at annual Newport News events like the World Arts Festival and the July 4<sup>th</sup> celebration.

## THE CITY CELEBRATES DIVERSITY THROUGH THE ARTS

In its third year, the World Arts Celebration was presented by the City of Newport News, Sister Cities of Newport News and the Virginia Arts Festival to celebrate the diversity and culture of our area. Thirty cultures from around the world came together around the City Center fountain, creating a celebration full of international food vendors, children’s activities, cultural exhibits and three stages full of non-stop entertainment for all ages.

In addition to world cultures, Newport News is committed to honoring our fellow Americans. People from all over the Hampton Roads area look forward to the Virginia Arts Festival’s annual Memorial Day concert by the fountain in City Center, and this year, the U.S. Army Training and Doctrine Command Band headlined the commemorative event.

Looking forward, the Virginia Arts Festival recently announced that it will open its 2018 season with a Virginia Symphony Orchestra tribute to Leonard Bernstein, to be held at the Ferguson Center in Newport News.

Other arts amenities around the City were alive with activity. Among the attractions that promoted special exhibits and events during the year were the Peninsula Fine Arts Center, Virginia Living Museum, The Mariners’ Museum and others. The Newport News Public Art Foundation held a highly-anticipated unveiling of its latest sculpture, and the Ferguson Center for the Arts entertained audiences with a variety of performers. To encourage citizens to explore and share the wealth of activities available in Newport News, the City hosted its annual Ambassador Pass program, offering free one-time admission to seven of the City’s attractions throughout the month of January.



# 2017

## Graphic Design USA Web Award Winner.

NewportNewsVA.com

## **BNNT**

*Cutting-edge fibers with infinite application possibilities*

*300 Ed Wright Lane*

BNNT, LLC is a high-tech start-up focused on creating Boron Nitride Nanotubes (BNNTs). These resilient, heat-conducting fibers are one of the strongest and lightest fibers ever made and are produced for aerospace applications to medical device manufacturing and beyond.

## **B&C Seafood, Inc.**

*The highest-quality Atlantic seafood brought home to Newport News*

*205 Jefferson Avenue*

Known especially for Atlantic sea scallops, B&C has a reputation for catching some of the highest-quality seafood from its fleet of vessels. This growing business has located its headquarters in Newport News, but also operates in New Bedford, Massachusetts.

## **Rebounderz**

*At this company, bouncing off of the walls is encouraged*

*12650 Patrick Henry Drive*

Rebounderz, a 35,000-square-foot facility with a 10,000-square-foot trampoline arena, was designed to provide a safe and enjoyable outlet for family-oriented physical activity. The company also specializes in larger gatherings, including birthday parties, field trips and corporate events.



## BOARD OF DIRECTORS

### C. Gary Minter

*2017 Chair - 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.

### Cassandra P. Greene

*2017 Vice Chair - 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.

### Mary C. Aldrich

*Member of the Board since 2017*

Ms. Aldrich is Chief Operating Officer of PBMares, LLP, a leading accounting and business consulting firm serving U.S. and international clients, with offices in the Mid-Atlantic.

### Alonzo R. Bell, Jr., CCIM

*Member of the Board since 2017*

Mr. Bell is the founder and principal broker of Randolph Real Estate Services Company, LLC, and has nearly 30 years of experience in commercial real estate brokerage.

### 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. (Served through September, 2017)

### Jonathan P. Skinner

*Member of the Board since 2017*

Mr. Skinner is Vice President of Acquisitions and Development at Harrison and Lear, Inc., a diversified real estate company operating in Hampton Roads for over 60 years.

### 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.

### Jeffrey C. Verhoef

*Member of the Board since 2017*

Mr. Verhoef serves in a leadership role with PIVOT Physical Therapy, Inc., an out-patient physical therapy practice dedicated to the active work, play and daily living needs of people throughout the Mid-Atlantic region.

**Cynthia D. Rohlf** - *City Manager*  
*(ex officio)*

**Florence G. Kingston** - *Secretary/Treasurer*  
*(ex officio)*

**Cherry Lee Croushore** - *Assistant Secretary*

**Kearston M. Milburn** - *Recording Secretary*

**Janice I. Jones** - *Former Recording Secretary*

**Raymond H. Suttle, Jr., Esquire** - *Legal Counsel*

**Conway H. Sheild, III, Esquire** - *Legal Counsel*

**Ralph M. Goldstein, Esquire** - *Legal Counsel*

## MISSION

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.



**Cynthia D. Rohlf**  
*City Manager*



**Florence G. Kingston**  
*Director of Development*  
*Secretary/Treasurer EDA/IDA*



## ***STAFF SUPPORT TO EDA/IDA***

**Cynthia D. Rohlif**  
*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**  
*Economic Development Manager*  
*(Also EDA/IDA Assistant Secretary)*

**Zoe M. Lumpkin, CPA**  
*Financial Services Administrator*

**Elizabeth McCoury**  
*Redevelopment Manager*

**Christopher A. Morello**  
*Former Administrator*  
*of Development Projects*

**Derek E. Perry**  
*Economic Development Manager*

**Joy E. Robison**  
*Administrative Services Manager*

**Robin N. Boyd**  
*Senior Marketing Coordinator*

**Mallory C. Butler**  
*Senior Economic Analyst*

**S. Saejin Connor**  
*Accountant II*

**Travis C. Fisher**  
*Real Estate Coordinator*

**Matt Johnson**  
*Senior Project Coordinator*

**Shakir D. Johnson**  
*Business Retention Coordinator*

**Janice I. Jones**  
*Former EDA/IDA Recording Secretary*

**Doreen P. Kopacz**  
*Port Development Administrator*

**Jared W. Midkiff**  
*Marketing and Development*  
*Coordinator*

**Kearston M. Milburn**  
*EDA/IDA Recording Secretary*

**Marc A. Rodgers**  
*Senior Project Coordinator*

**Kalila P. Walker**  
*Senior Project Coordinator*

**Macon M. Whitson**  
*Senior Project Coordinator*

**Andrew S. Wilks**  
*Property Manager*

**Tricia F. Wilson**  
*Business Development Specialist*

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## STANDING COMMITTEES

### Design Review

Cary B. Epes *(Chair)*

Mary C. Aldrich

Jeff Verhoef

Randy Carnell  
*Continental Automotive Corporation*

Alex Delgado  
*Continental Automotive Corporation*

Thomas P. Herbert, P.E.  
*Professional engineer and business  
development executive*

Rob Mann  
*AES Consulting Engineers*

Teresa Nettles  
*Thalhimer Commercial Real Estate*

Bryan Trainum  
*Rockwell Collins*

Sylvia Weinstein  
*Oyster Pointer*

Beth Willis  
*Carmine Robbins & Company*

### Executive

Cassandra P. Greene *(Chair)*

C. Gary Minter

Jennifer Smith-Brown

Jeff Verhoef

### Marketing

Mary Aldrich *(Chair)*

Cassandra P. Greene

C. Gary Minter

Don Blankenship  
*Retired*

Wendy C. Drucker  
*Drucker + Falk*

Faye Gargiulo  
*Riverside Health System*

Gary Hunter  
*Langley Federal Credit Union*

### Revolving Loan Fund

Jennifer Smith-Brown *(Chair)*

Alonzo R. Bell, Jr.

Jeff Verhoef

Susan Harris  
*TowneBank*

Arthur P. Henderson, Jr.  
*Retired*

George Knight  
*Commonwealth Environmental Services*

John Lunsford  
*Retired*

### South Newport News

Alonzo R. Bell, Jr. *(Chair)*

Jennifer Smith-Brown

Cassandra P. Greene

Carl Burt  
*Abbitt Realty Company*

Richard Coleman  
*Retired*

Troy Smith, Jr.  
*Smith Brothers Enterprises*

### Special Purpose Appointments

Alonzo R. Bell, Jr.  
*Workforce Investment Board*

C. Gary Minter  
*Regional Air Service Enhancement Committee*

C. Gary Minter  
*Conference Center Marketing (Chair)*

Jeff Verhoef  
*Sister Cities of Newport News*

Cary B. Epes  
*Community Development Block Grant Committee*



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## FINANCIAL SUMMARY

### EDA/IDA FINANCIAL HIGHLIGHTS FOR FISCAL YEAR JULY 1, 2016 TO JUNE 30, 2017

At the end of the fiscal year, the Authorities' assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$127.42 million. This amount represents an increase of \$4.38 million over prior year's ending balance of \$123.04 million which was an increase of \$17.96 million over fiscal year 2015 ending balance. Total operating revenues decreased by approximately \$12.04 million in fiscal year 2017 due to a decrease in intergovernmental transfers from the City of Newport News, Virginia (the "City"). In the prior year, the City transferred funding for the Authorities to purchase the South Police Precinct and to facilitate funding for a southeast community grocery store and parking field. Total operating expenses in 2017 increased by approximately \$3.86 million due to an increase in cost of land sold. Total operating expenses increased in 2016 from the previous year by approximately \$4.96 million mostly due to an increase in cost of land sold. Net non-operating expenses decreased by \$2.32 million due to a reduction in interest expense and an increase in grant revenues. Net non-operating expenses remained comparatively level in 2016, increasing by \$38,444 from the previous year.

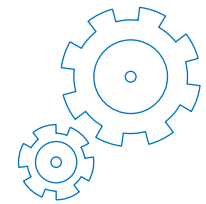
During the year, the Industrial Development Authority (the "IDA") received the fifth and final grant payment from the Commonwealth of Virginia for the Advanced Shipbuilding Training Facility Grant Program. This grant payment was paid to Armada Hoffler, the developer, in accordance with the Amended and 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 2016, Printpack, a company with 25 plants in the US, China and Mexico, announced plans to invest \$25.7 million to add a 150,000-square-foot building expansion to its existing leased facility in Oakland Industrial Park adding new equipment and creating 50 new jobs. In 2017, Printpack purchased from the Authorities its facility at 270 Picketts Line for \$4,000,000 and completed the 150,000-square-foot expansion.

In 2017, United Parcel Service exercised its purchase option to purchase its leased facility and purchased additional property owned by the Authorities adjacent to its leased facility to be used for additional parking. The total sales price was \$2.52 million.

In 2017, the construction of the Brooks Crossing Grocery store and parking field was completed. The EDA had entered into a New Markets Tax Credit (NMTC) transaction in 2016 with Brooks Crossing Grocery Store, LLC whose sole member is the Newport News Redevelopment and Housing Authority. The EDA provided the \$4.3 million leveraged loan to facilitate the construction of a 29,290-square-foot grocery store in the Southeast Community, which lacked access to a full-service grocery store. The grocery store serves as an anchor to the Brooks Crossing mixed-use development project. A collaborative partnership was announced to construct a 95,000-square-foot office building in Brooks Crossing. Southeast Commerce Center Associates, will develop, construct and own the building and Newport News Shipbuilding, a division of Huntington Ingalls plans to lease a majority of the building.



4,800

advanced  
manufacturing jobs  
were announced  
in the past 6 years.



“Newport News offers a ‘new blue collar’ environment where skilled tradesmen with specialized training and certifications are sought after as ‘white collar’ professionals.”

Everett H. Jordan, Jr. / Director (Retired)  
The Apprentice School at Newport News Shipbuilding

#### IN MEMORIAM

Everett H. Jordan, Jr.  
(1955-2018)

In appreciation for 44 years  
with Newport News Shipbuilding  
and the impressive legacy of capital  
and academic improvements  
brought to the Apprentice School.



Leibherr Mining Equipment Company, a manufacturer of mining equipment, located in southern Copeland Industrial Park continues to invest in its Newport News facility. Much needed improvements to City Line road are underway with joint funding from the company, available grants and the City which will improve the transportation of finished goods from its facility to accommodate not only its expansion but increase in production.

In 2017, the Authorities purchased six properties located in the Upper Warwick Corridor consisting of 10.95 acres and the adjacent 9.42 acres for future strategic development. The purchase was financed by two taxable notes at the fixed rate of 3.14% payable over a term of 15 years. Acquisition of these sites allows the Authorities to control approximately

20 acres of developed commercial real estate on a major thoroughfare. Currently, the Authorities lease the space to Ferguson Enterprises and various other tenants, utilizing the rents collected to support the debt service on the notes.

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. Because of its huge success, the City and EDA have continued jointly funding this program in each of the following years, which has benefited over 86 properties City-wide with grants distributed of approximately \$1.9 million.

## 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

Authorities' Net Position - For the years ended June 30, 2017, 2016 and 2015 (in millions)				
		2017	2016	2015
Current and other assets	\$	63.62	\$ 59.64	\$ 56.01
Capital assets, net		168.27	171.16	164.05
<b>Total assets</b>		<b>231.89</b>	<b>230.80</b>	<b>220.06</b>
Deferred swap	\$	-	\$ 0.09	\$ 1.23
Deferred refunding		5.58	6.25	6.79
<b>Total deferred outflows of resources</b>		<b>5.58</b>	<b>6.34</b>	<b>8.02</b>
Current and other liabilities	\$	19.62	\$ 14.37	\$ 10.66
Long-term liabilities		90.42	99.72	112.31
<b>Total liabilities</b>		<b>110.04</b>	<b>114.09</b>	<b>122.97</b>
<b>Deferred inflows of resources</b>	\$	<b>0.01</b>	\$ <b>0.01</b>	\$ <b>0.03</b>
Net investment in capital assets	\$	77.8	\$ 79.96	\$ 61.85
Restricted		14.35	14.94	13.78
Unrestricted		35.27	28.14	29.45
<b>Total Net Position</b>	\$	<b>127.42</b>	\$ <b>123.04</b>	\$ <b>105.08</b>

## Target Flavors

*A leader in food and beverage flavoring and innovation*

*251 Enterprise Drive*

The work of Target Flavors, a manufacturer of custom flavoring, extends to sports drink companies, pharmaceutical companies and beyond. With breakthrough products, including a natural fruit extender to replace juice concentrates, Target Flavors drives exciting development for food and beverage industries.

## Couture Cakes by Nika

*Custom occasion baker turns passion into profit*

*10373 Warwick Boulevard*

Couture Cakes by Nika, the family-operated business of Shanika and George Covington, grew too quickly to remain in the couple's kitchen. Today, their storefront on Warwick Boulevard is known for decorated custom cakes, creatively-flavored cupcakes and other baked goods.

## Swisslog

*Automation solutions that drive global efficiency*

*161 Enterprise Drive*

Based in Switzerland, Swisslog chose Newport News as its control hub for the Americas and regional software facility. Swisslog's international award-winning automation for hospitals, warehouses and distribution centers promotes innovative storage, product management and material handling.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Authorities' Capital Assets - As of June 30, 2017, 2016 and 2015 (net of depreciation, in millions)

	2017	2016	2015
Buildings	\$ 201.59	\$ 202.15	\$ 195.90
Improvements, machinery and equipment	19.32	14.41	14.41
Infrastructure	2.54	2.54	2.54
Construction in progress	7.92	12.30	6.35
Accumulated depreciation	(63.10)	(60.24)	(55.15)
<b>Total</b>	<b>\$ 168.27</b>	<b>\$ 171.16</b>	<b>\$ 164.05</b>

At the end of 2017, the Authorities had \$168.27 million invested in capital assets as compared to \$171.16 in 2016 and \$164.05 in 2015. During the year, Construction in Progress decreased by \$4.38 million and Improvements, machinery and equipment increased by \$4.91 million. The decrease in Construction in Progress in 2017 was caused by moving the Applied Research Center HVAC improvements

and Brooks Crossing parking lot out of CIP and into Improvements, machinery and equipment. The increase in Construction in Progress in FY 16 from FY 15 was due to these construction projects in process as well as the UPS Parking improvements which were sold to UPS during 2017. Additional information on the Authorities' capital assets can be found in Note 6 of the basic financial statements.

Authorities' Outstanding Debt - As of June 30, 2017, 2016 and 2015 (in millions)

	2017	2016	2015
Industrial Revenue Bonds - IDA	\$ 12.71	\$ 14.00	\$ 16.41
Industrial Revenue Bonds - EDA	73.62	81.37	88.82
Bond Premiums (Discounts)	3.25	3.63	3.72
Notes payable	9.50	1.50	1.50
Interest Rate Swap fair value	-	0.09	1.24
<b>Total</b>	<b>\$ 99.08</b>	<b>\$ 100.59</b>	<b>\$ 111.69</b>

## HOW TO CONTACT THE AUTHORITIES' FINANCIAL MANAGEMENT

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.





2400 Washington Ave. / 3<sup>rd</sup> Floor / Newport News, VA 23607  
757-926-8428 / 1-800-274-8348 / Fax: 757-926-3504  
[marketing@nnva.gov](mailto:marketing@nnva.gov)

*@2018 Economic Development Authority of the City of Newport News, Virginia  
and Industrial Development Authority of the City of Newport News, Virginia*