

2019 ANNUAL REPORT

A COMMUNITY *OF* OPPORTUNITY

Newport News
Where Great Things Are Happening



Brooks Crossing Innovation and Opportunity Center Ribbon Cutting | Photo Credit: Office of the Governor of Virginia

2019 ANNUAL REPORT

A COMMUNITY OF OPPORTUNITY



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MESSAGE FROM THE CHAIR

On behalf of the Board of Directors of the Newport News Economic Development Authority (EDA) and Newport News Industrial Development Authority (IDA), I am gratified to announce that 2019 has been a year of opportunities secured for our community.

In my second year as Chair, I can comfortably say 2019 has taken our City to remarkable heights. The EDA/IDA team banded together to complete exciting projects that touch every corner of Newport News – from projects that accelerate business, to projects that strengthen neighborhoods, to projects that bring more people and jobs into the City we love so much. Their work is never easy, always important, and possible only through the determination and teamwork they bring to the table.

As a community, we are growing. Some of our legacy hometown businesses like Ferguson, Liebherr, SOLO and Eagle Aviation Technologies continue to expand their facilities and workforces right here in the City. Likewise, newcomers and entrepreneurs are exploring Opportunity Zones, which make Newport News an even more attractive option for starting and growing a business. And just as businesses are growing, so is the residential sector, including the new Endview development that will create yet another welcoming neighborhood for our community.

We are also a community that fosters innovation. This year, we have held ribbon cuttings and grand openings for many buildings and spaces that focus on technology and pioneering new ideas. From the opening of Building One @ Tech Center to unveiling the highly anticipated Brooks Crossing Innovation and Opportunity Center, we are filling the City with opportunities for scientists, engineers, designers, entrepreneurs and big thinkers across all industries to come together and make Newport News a place “Where Great Things Are Happening.”

For great things to happen, everyone needs encouragement and support. I believe that no community does a better job at supporting entrepreneurship and small businesses than Newport News. The EDA has been growing a robust ecosystem of resources to help entrepreneurs move from thinking to thriving. The Launch and Grow Roadmap outlines the steps needed to get a business off the ground and navigate challenges.

Monthly workshops allow experts to share invaluable experience and advice, and the START Peninsula Pitch Competition brings aspiring entrepreneurs together with seasoned ones to help jumpstart new businesses in our region. Keeping up with all of these efforts is a massive undertaking, and the new Small Business Dashboard lets users see, at a glance, the breadth and impact of all the EDA's collective efforts.

Lastly, we are a community in which people look out for one another. We seek to make a difference in the lives of all of our neighbors and to lift up every single resident of Newport News. Through programs like the \$30 million Choice Neighborhoods Initiative grant, the Marshall-Ridley area of the Southeast Community will benefit from life-changing opportunities, enhancing revitalization efforts.

2019 has proven that opportunity begets opportunity, and looking ahead to 2020, we are poised and look forward to continuing this unprecedented trajectory.

We are one City, united as a powerful community of opportunity.

Sincerely,



Alonzo R. Bell, Jr., CCIM / 2020 Chair / EDA/IDA



CONNECTING, INNOVATING & BUILDING COMMUNITY

From new buildings to new grants to new partnerships, from housing to technology to business, Newport News is proof that incredible things happen when communities come together to innovate. 2019 has been a year of growth and evolution for the City, thanks to the strong relationships and visions of the individuals, organizations, businesses and the City who are all committed to making big, exciting things happen here in Newport News.

WELCOMING BUILDING ONE @ TECH CENTER

On August 16th, W. M. Jordan Company, Virginia Tech and the City of Newport News celebrated the ribbon cutting and official opening of Building One @ Tech Center – the first building of 10 in the 50-acre Tech Center Research Park, located at the intersection of Jefferson Avenue and Oyster Point Road.

The 81,600-square-foot facility, which was 94% leased prior to completion, features tenants including gather, ivWatch, ITA International (and ITA Data Analytics Center), the Virginia Tech Corporate Research Center and the Virginia Tech Outreach and International Affairs division.

- **ITA International (and its affiliate ITA Data Analytics Center)** – A defense contractor, ITA International provides integrated support services including analysis, planning, training, acquisition management, cyber/intelligence, engineering, logistics and maritime support to government, non-governmental organizations and commercial customers

worldwide. The company moved to Newport News and occupies about 17,000 square feet on two floors of the building.

- **ivWatch** – A biosensor technology company focused on improving patient safety and the effectiveness of intravenous (IV) therapy, ivWatch occupies 25,000 square feet.

- **gather** – A Richmond-based provider of coworking space, gather's Tech Center location features over 27,000 square feet of offices, conference rooms and a café. It is the company's fifth location, and second in Hampton Roads.

The momentum will only grow from here. "Building One symbolizes the beginning of what will be an innovation powerhouse in Newport News," said Mayor McKinley L. Price, DDS. "New and emerging companies will thrive in an environment backed by the strength of Virginia Tech, Jefferson Lab and their network of entrepreneurial resources."

Jefferson Lab Statistics



LARGEST COMMUNITY
OF NUCLEAR PHYSICISTS
IN THE WORLD



K-12 PROGRAMS
SERVE MORE THAN
13,000 STUDENTS
& 1,200 TEACHERS
ANNUALLY



OF ALL NUCLEAR
SCIENCE PhDs
AWARDED IN THE US
ARE BASED ON
JEFFERSON LAB
RESEARCH



JEFFERSON LAB
RESEARCH GENERATED
MORE THAN 150
PATENTS

INTRODUCING BROOKS CROSSING INNOVATION AND OPPORTUNITY CENTER

On Saturday, August 24th, Governor Ralph Northam, Senator Mark Warner, Senator Tim Kaine, Congressman Bobby Scott, Newport News Shipbuilding President Jennifer Boykin, Old Dominion University President John Broderick and Mayor McKinley Price took the stage for the opening of the Brooks Crossing Innovation and Opportunity Center in the Southeast Community. Located at 550 30th Street, the center makes workforce development and STEM education services readily accessible to citizens, students and businesses. The facility includes a collaborative space for innovation and new ventures.

This resource features two key elements of the City's ongoing community engagement efforts: The Brooks Crossing Opportunity Center (BCOC) and the STEM Digital Innovation and Fabrication Lab. BCOC is a centralized hub for career awareness, skill development, wealth building, training, and employment and support services. The STEM Digital Innovation and Fabrication Lab, a partnership between the City, Newport News Shipbuilding and Old Dominion University, serves students, parents and citizens interested in learning about the digital technologies used in design and fabrication.

The Innovation and Opportunity Center occupies the first floor of the newly constructed four-story, 105,000-square-foot Brooks Crossing office building. Roughly 600 Newport News Shipbuilding employees occupy the top three floors and work in the areas of information technology, engineering and design, integrated planning and production control.

The Peninsula Chamber of Commerce hosted its monthly "Spotlight on the Peninsula" event series at the Brooks Crossing Innovation and Opportunity Center in September. The "Spotlight" series highlights the critical components of the economic growth engine on the Peninsula, and brings community leaders together to listen, learn and engage. Speakers discussed both the Innovation Lab and Workforce components of the operation, as well as how the Center came to be.



BROOKS CROSSING INNOVATION AND OPPORTUNITY CENTER OPENING

EXPANDING EAGLE AVIATION TECHNOLOGIES

Governor Ralph Northam announced on September 12th that Eagle Aviation Technologies, LLC would invest over \$200,000 to expand manufacturing operations at its Newport News facility, adding new production equipment and doubling its workforce by creating 75 new jobs. The City's Department of Development worked with Eagle and the Virginia Economic Development Partnership to secure a \$45,000 Virginia Jobs Investment Program grant, based on the addition of these new jobs, to support employee training.

Eagle Aviation Technologies, LLC was founded in 2009 and engages in the concept development, design, analysis, manufacture and testing of prototype systems and components for the aviation, space and marine industries. Located in the former Daily Press building at 7505 Warwick Boulevard, the company is experiencing significant growth due to the expansion and diversification of its business client portfolio.



\$30 MILLION HUD CNI GRANT



“The Marshall-Ridley neighborhood has a rich history and a strong sense of community, and support from HUD will expedite our ambitious plan to return the area to its vibrancy and create life-changing opportunities for our residents.”

McKinley L. Price, DDS
Newport News Mayor



REVITALIZING THE CITY WITH A \$30 MILLION HUD GRANT

The City of Newport News and the Newport News Redevelopment and Housing Authority received a \$30 million grant from the U.S. Department of Housing and Urban Development’s (HUD) Choice Neighborhoods Initiative (CNI) program. Funding will transform the Marshall-Ridley area in the Southeast Community, creating new housing options, community services, recreational opportunities and parks.

Newport News is one of three recipients chosen from a pool of 32 applicants. A HUD team visited Newport News in March to tour the Marshall-Ridley neighborhood and assess the City and Housing Authority’s initial progress in implementing the Transformation Plan, which commenced with a \$500,000 HUD Planning Grant in 2016.

“It’s my privilege to award this grant to the City of Newport News,” said U.S. HUD Secretary Ben Carson. “They were selected from dozens of applicants because of the vision they put forward – and the promise of that vision to uplift those who need a hand.”

The CNI is HUD’s signature place-based program to revitalize and transform distressed public and assisted housing and surrounding areas, helping localities build neighborhoods of opportunity and choice by focusing on housing, people and neighborhood needs. CNI Implementation Grants support those communities that have undergone a comprehensive local planning process and are ready to implement their Transformation Plan.

ADDING AN EDA-OWNED COWORKING SPACE TO THE SOUTHEAST COMMUNITY

To enhance the transformation, growth and sustainability of our Southeast Community and support the goals of the Choice Neighborhoods Initiative, the Economic Development Authority (EDA) purchased the vacant 2506 Jefferson Avenue property. In July 2018, Governor Ralph Northam awarded Newport News a \$480,000 Industrial Revitalization Fund

Grant to offset the cost of the interior rehabilitation needed to prepare the building for use. Upon completion of the buildout, services offered in the two-story, 5,419-square-foot coworking space will include business management workshops, technical assistance and coaching.

H&H Truck Center

42 years and still growing
9916 Jefferson Avenue

H&H Truck Center specializes in trucks and SUVs. Locally-owned and operated by John and Donna Holloway, H&H has been in business for 42 years and has expanded and moved several times to accommodate its growth.

handtruckcenter.net

Elliot & Duggan's Trophy and Swim and Sport Shop

A thriving family business
13641 Warwick Blvd, Suite B
Maureen and Cliff Camden have owned the store for over 30 years, and it's now run by their three daughters, Angel, Jamie and Emily. They create custom trophies and swimsuits for every body type because they believe every swimmer deserves the opportunity to succeed.

Vedeat

Nepal meets America in new restaurant
694 Town Center Drive

Vedeat is a new breakfast and lunch restaurant from Praju and Karun Sapkota. Vedeat emphasizes fusion dishes with a southeast Asian influence, paying homage to the Sapkotas' Nepalese heritage. Brunch features made-from-scratch dishes, vegetarian and vegan options and American breakfast classics.

EXPLORING A NEW HOME FOR JEFFERSON LAB

The Department of Energy is considering the Applied Research Center (ARC) as a new extension for Jefferson Lab. The building would provide more space for its employees and also serve as a public face for the lab, housing a visitor center and STEM education programming center. ARC is adjacent to the Thomas Jefferson National Accelerator Facility on the corner of Hogan Drive and Jefferson Avenue and has housed various university and Jefferson Lab programs over the years.

During 2018, the lab injected \$269 million of spending in Hampton Roads and supported 2,015 workers. Its Continuous Electron Beam Accelerator Facility has a 20-year backlog of scientists waiting to use this facility.

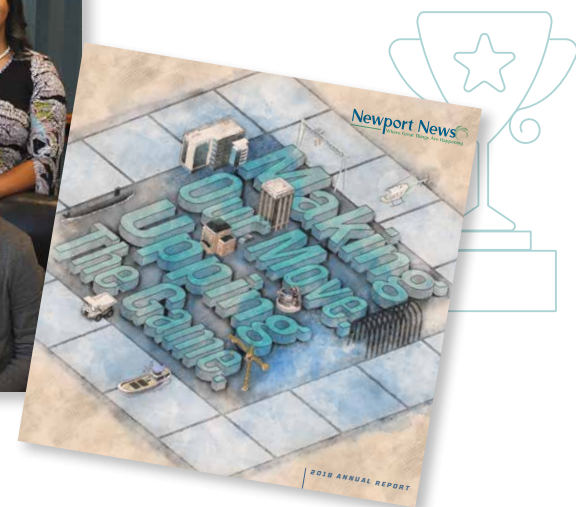
Today, Jefferson Lab does not have great local visibility and there are limited opportunities for the public to visit the lab. ARC would be more accessible than the secure main Jefferson Lab facilities, allowing for more programming with local schools and colleges.



The Commonwealth owns the 9-acre property and the EDA owns, manages and leases the building. In March, the Department of Energy informed the City it was interested in acquiring the building and property, and the EDA approved the sale at its October 4th meeting. The EDA is still in the early stages of conveying the property.



American Graphic Design Award for Newport News EDA 2018 Annual Report



Mia D. Joe / Ph.D., Director / Brooks Crossing Innovation Lab

“The Innovation Lab will empower students, teachers and anyone with a desire to learn and grow. The possibilities for STEM skill development are endless, and will offer life-changing doors of opportunity for so many in this community.”





**INVEST
NEWPORT NEWS
OPP
Zones!**

If you're a developer or investor looking to get ahead of the curve, the new Opportunity Zones can give your project an edge. There are seven zones, and each presents opportunities to defer capital gains taxes while benefiting underserved areas of our community. From the Tech Zone to the Enterprise Zone and beyond, Newport News is committed to spurring economic development while also helping groups like yours realize substantial value in long-term investments.

For more information, contact Mallory Butler at butlermc@nnpva.gov to see how you can benefit.

[Opp Zone Basics Flyer](#)

[Opp Zone Map Flyer](#)

Opp Zone Basics

Opportunity Zones are a new revitalization tool resulting from the Federal Tax Cuts and Jobs Act of 2017. The Zones will allow investors to receive tax benefits on currently unrealized capital gains by investing those gains in census tracts designated as Opportunity Zones. The U.S. Department of the Treasury is finalizing regulations for this new program.

Opp Zone Questions? We Have Your Answers.

INVESTING IN THE FUTURE

Opportunities can present themselves, but the best ones are built. In Newport News, the Economic Development Authority and City commit to uncovering, designing and building opportunities for prospective businesses and those who already call Newport News home.

SEIZING OPPORTUNITY

Opportunity Zones are a new revitalization tool resulting from the Federal Tax Cuts and Jobs Act of 2017. Investors can receive tax benefits on currently unrealized capital gains by investing those gains in census tracts designated as Opportunity Zones. Newport News has seven census tracts that qualify for Opportunity Zone

benefits, and each one capitalizes on established strategic plans, economic drivers and public investment to offer the greatest opportunity for future private investment. The Department of Development held information sessions to introduce guests to the program and its benefits, locations and the new Opportunity Zone website.

REWARDING ENTERPRISE

The City of Newport News has two Virginia Enterprise Zones, designated in four separate parts of the City. Virginia Enterprise Zones provide state and local grants and local tax incentives to qualifying for-profit companies that create new full-time jobs and new taxable investment. Newport News continues to be a top locality for businesses receiving grant awards.

In January, the Virginia Department of Housing and Community Development, in conjunction with the Department of Development, hosted a Virginia Enterprise Zone “How to Qualify” workshop to help guide businesses to these opportunities.

SUPPORTING DEFENSE PRODUCTION

In early 2016, the City of Newport News established a Defense Production Zone to support new defense production-related businesses and projects located in the City. The program’s objective is to enhance public revenues and create employment opportunities

through the development of its defense production-related tax base. To date, more than \$750 million in private-sector facility improvements have been made in the Defense Production Zone.



“Newport News’ Opportunity Zones have the power to breathe new life into historically-distressed areas of our City because they capitalize on the strength of economic drivers, sound public investment and well-established strategic plans.”

Florence G. Kingston
Director of Development



involved
ort news
UNITY
FAMILIES
SERVICE
school
COOK DEVELOP
PROVIDE
neighborhood
ge opportunities
HELPING challeng



LEADING, LAUNCHING & LEARNING

With years of commitment to helping entrepreneurs and small businesses thrive, Newport News has become the go-to destination for new and growing businesses. From the first inkling of an idea to the networking, strategizing, resource-gathering and launching of a successful business, Newport News has built an entire ecosystem devoted to stimulating and sustaining entrepreneurial growth throughout the region.

SEEING THE BIG PICTURE WITH THE SMALL BUSINESS OUTREACH DASHBOARD

Every day, the Economic Development Authority's collective efforts encourage entrepreneurship and small business growth in Newport News in so many ways. This year, the EDA worked with its creative partner, Howell Creative Group, to develop the user-friendly "Small Business Outreach Dashboard" in order to document, quantify and visualize the efforts and results in real time across initiatives. Housed on the EDA website, the Dashboard is a resource for users and a tool viewers can navigate to see all the ways in which staff has worked to assist businesses and those with business ideas.

Internal and external audiences can explore highly visual categories of small business partnerships, like Direct Financial Investment, Education & Training and Networking & Innovation. Other Dashboard highlights include loans and grants, consultations, workshops, website usage and special events. The Dashboard makes it easy to sort data by month or year, as well as print monthly results for documentation and accountability. This versatile, living report plays a role for both the general public and economic development professionals.

GUIDING MORE PROGRESS WITH THE LAUNCH & GROW ROADMAP

The "Launch & Grow Roadmap" website, YesNewportNews.com, continues to be one of the most popular destinations on the EDA website. The site serves as a vital interactive tool for budding entrepreneurs and small businesses, guiding them through the


steps needed to start and grow a business in Newport News. The EDA, its staff and resource partners continue to promote the site, which is an extension of the EDA website.

Launch & Grow Roadmap
yesnewportnews.com


2941
VISITORS

 **2ND**
MOST VISITED
PAGE ON
NEWPORTNEWSVA.COM


2134
VISITORS
ARRIVED VIA
YESNEWPORTNEWS.COM

 **5**
MINUTES
AVERAGE TIME
ON PAGE

Florence G. Kingston / Director of the Department of Development

“Economic development is not just a field of professional practice, but a passion rooted in the knowledge that economic development can and does generate change in communities, bettering the lives of their citizens.”





2019 START PENINSULA WINNERS

SPARKING NEW BUSINESS THROUGH START PENINSULA

START Peninsula helps entrepreneurs validate their business ideas and hosts events and activities to help them develop their businesses, including the year-round START Survival Series and Pitch Perfect coaching sessions. The START Main Event Weekend Competition is held each November.

This “Shark Tank”-style event brings together emerging entrepreneurs from around the Peninsula and matches them with coaches and mentors for a weekend-long pitch competition for cash and other prizes.

The 2019 competition began with a keynote by Warren Haber, Jr., a local venture capitalist and angel investor who helped teams refine their ideas throughout the weekend. A panel of executives from Hampton University, Lee Telecom, Ferguson Ventures, CIT and 757 Accelerate served as judges.

Winners received \$5,000 and access to local resources, memberships and chambers of commerce. Beyond the three winners, every competing team had access to mentors, alumni and business-oriented workshops throughout the weekend.

SUPPORTING & GROWING COMMUNITY BUSINESSES

The Newport News EDA continues to provide education and assistance for small businesses and aspiring entrepreneurs through engaging workshops and new web-based interactive tools.

Since 2018, the “Office Hours” workshop series has offered overviews of topics from business taxes to credit repair to marketing and more from guest speakers, the Department of Development, other City departments and partner organizations.

The EDA and Development staff also cultivated relationships with the Service Corps of Retired Executives

(SCORE) and the Virginia Department of Small Business and Supplier Diversity (VSBSD) to offer free, one-on-one counseling sessions and workshops for small business and Small-, Woman- and Minority-owned businesses (SWaM). Further, the Home-Based Business collaboration offers monthly “Lunch and Learn” events and an annual conference to create awareness of opportunities for home-based businesses.

To complement the workshops, the EDA launched a newly redesigned entrepreneurial portal, YesNewportNews.com. The site is a one-stop-shop for starting or growing a business while connecting users to resource partners.

Newport News Nutrition Corner

*One stop health shop
12551 Jefferson Avenue*

Newport News Nutrition Corner is a supplement store owned by Doug and Stephanie Miller. The Millers have excelled in drug-free bodybuilding and have held World Champion titles. They designed the store to be a place where customers can receive professional advice on supplementation, nutrition and exercise.

thenutritioncorners.com

Taylor Made Diagnostics

*New renovations for award-winning
healthcare company
803 Diligence Drive*

Taylor Made Diagnostics, owned by Caroline Taylor, held a grand opening ceremony at their newly renovated offices. TMD’s occupational health clinic will serve regional businesses, with services including occupational medicine, workers compensation care, wellness programs, physicals, physical therapy and substance abuse testing, with onsite mobile services by request.

taylormadediagnostics.com

Total Hardware Inc.

*A “Peninsula Small Business
of the Year”
500 Muller Lane*

Total Hardware Inc. is a full-service commercial door, frame and hardware distributor. Owners Lysbeth and Andrew Geith initially opened with five employees. The growing business now has 20 employees who provide excellent service to local contractors, architects and businesses that benefit from its knowledge about commercial doors, frames and hardware.

totalhardwareinc.com



ACCELERATING OPPORTUNITY, ON A GRAND SCALE

What makes Newport News great at attracting both domestic and international new businesses, residents and entrepreneurs is also what makes the City great at retaining and accelerating the businesses that have been a part of the community for generations: vision, support and a feeling of personal connection. 2019 saw phenomenal progress for some of the region's most established companies as they build and move into state-of-the-art facilities right here in Newport News.

FERGUSON BREAKS GROUND ON NEW FACILITY

Construction began on the Ferguson Enterprises (FEI) Headquarters 3 project following a groundbreaking ceremony in 2018. The eight-story, 260,000-square-foot facility will house 1,600 Ferguson employees working in Marketing and Communications, National Sales, eBusiness, Human Resources, Information Technology, Security and other corporate functions.

Ferguson is the largest wholesale plumbing distributor in the U.S. and has called Newport

News home for 47 years. As part of the expansion, FEI will invest nearly \$83 million and create 350 new jobs in a new City Center at Oyster Point campus. To complement this addition, the Economic Development Authority is building a 1,500-space parking garage, currently under construction, which will feature a pedestrian bridge to the new Ferguson facility.

LIEBHERR EXPANDS ITS FOOTPRINT

Construction continued on the \$45 million Liebherr USA expansion project, which includes the construction of three new buildings on 28 acres adjacent to the company's existing manufacturing facility. The expansion was announced in March 2018,

and once completed in summer 2020, the new facilities will total over 251,000 square feet and will house the headquarters and administrative building of Liebherr USA, Co. – the umbrella for eight divisions across the United States.

A New Vision for Endview

Following a Fall 2018 Request for Qualifications, the EDA selected WeldenField Development, LLC as the preferred developer of the Endview Tract – a 285-acre parcel located at 350 Yorktown Road in northern Newport News. In partnership with WeldenField, the City and EDA intend to establish a distinctive, high-quality, vibrant residential neighborhood that will add unique character to one of the last remaining large-scale residential sites in the City. The placemaking opportunities afforded by direct proximity to the Endview Plantation and Newport News Park make the future development poised to attract business executives, professionals and entrepreneurs.

SOLO MAKES MOVE TO NEW, LARGER LOCATION

SOLO, a worldwide leader in the production of backpack, handheld and one-hand compression sprayers, has been based at its Newport News location in Copeland Industrial Park since 1983. As the company became more successful over time, it outgrew its 53,000-square-foot space at 5100 Chestnut Avenue. SOLO's management team (both locally and in Germany) maintained a relationship with City staff,

and with their strong desire to remain in Newport News, they chose to purchase a 64,000-square-foot facility with adjacent expansion acreage at 201 Enterprise Drive in Oakland Industrial Park. This expansion will allow SOLO to maximize production and efficiency while continuing to call Newport News home.

A VISIT FROM GHANA DELEGATION

In April, Newport News Department of Development staff had the unique opportunity to facilitate a series of meetings for a group of government executives from Ghana. The delegation hailed from the Kpone Katamanso District, one of several municipalities that comprise the Greater Accra Region of Ghana. Diversity Restoration Solutions, a Newport News consulting company specializing in economic and cultural relationship-building with African countries, coordinated the visit.

The group's mission was to learn about the City and opportunities in the agriculture, tourism and education

sectors. Development staff partnered with Newport News Public Schools, the Hampton Roads Economic Development Alliance and the Virginia Port Authority to present overviews on the local economy, trade and education system. The Ghanaian officials offered a briefing of their district's economy and the desire for growth. Fun fact: Ghana is the world's second-largest producer of cocoa!

In addition to economic development and education, the delegation also attended meetings with the City's tourism division, the Newport News/Williamsburg International Airport, Thomas Nelson Community College and the Hampton Roads Convention Center. Following the visit, the officials expressed their appreciation and relayed positive feedback from the Ghanaian government, offering full support for increasing trade, tourism, education and transportation opportunities with Newport News and the Peninsula area.

Diversity Restoration Solutions and its affiliates also hosted a Community Expo at the Hampton Roads Convention Center in August, coinciding with the 400th anniversary of the first Africans to arrive in Virginia. The Zambian Ambassador to the United States served as the keynote speaker.



Thomas Keegan / Vice President
Manufacturing Engineering Group / Canon Virginia, Inc.

“We like to think of Canon as a technology company. We’re constantly training people for their next job here at Canon.”





GROWING OUR WATERFRONT, TOGETHER

The Newport News waterfront is a defining feature of the City. And the businesses by the water continue to grow, thrive and define the region's future. This year has been one filled with improvements, expansion, collaboration and rehabilitation for some of our most established companies who continue to invest in the people and commerce that provide such a strong foundation for the City.

SPRUCING UP SEAFOOD INDUSTRIAL PARK

Ever since 2016, capacity, commerce and conditions at the City's Seafood Industrial Park have been improving, thanks to over \$1.7 million in grant funds from the Virginia Port Authority (VPA). Projects include the West Bulkhead replacement,

completed during the summer of 2017, improvements to piers and dolphin moorings at the SIP's Outer Harbor, completed in 2018, and the East Bulkhead Boatyard improvement project completed in 2019.

COLLABORATING AT THE MARINE ELECTRIC PROPULSION SIMULATION LABORATORY

Old Dominion University is collaborating with LAVLE USA, Inc. to establish a new Marine Electric Propulsion Simulation (MEPS) Laboratory. The \$12 million, 22,000-square-foot lab will be built on 1.33 acres in the heart of downtown Newport News, Virginia, at 351 25th Street.

The lab will house state-of-the-art equipment used to develop marine electric propulsion, advanced energy storage, autonomous

systems and associated technologies to evolve marine vessels for military and commercial applications. It will also focus on training the current and next-generation workforce supporting the shipbuilding and ship repair industry.

The lab is expected to create at least 25 high-paying jobs including designers, engineers, programmers and analysts.



"The Marine Electric Propulsion Simulation Laboratory is cutting edge, makes a significant economic impact to the region, supports the region's military, maritime and industrial bases and provides hands-on training and education for students, industry and naval personnel."

John R. Broderick
Old Dominion University
President





EXPANDING FAIRLEAD BOATWORKS

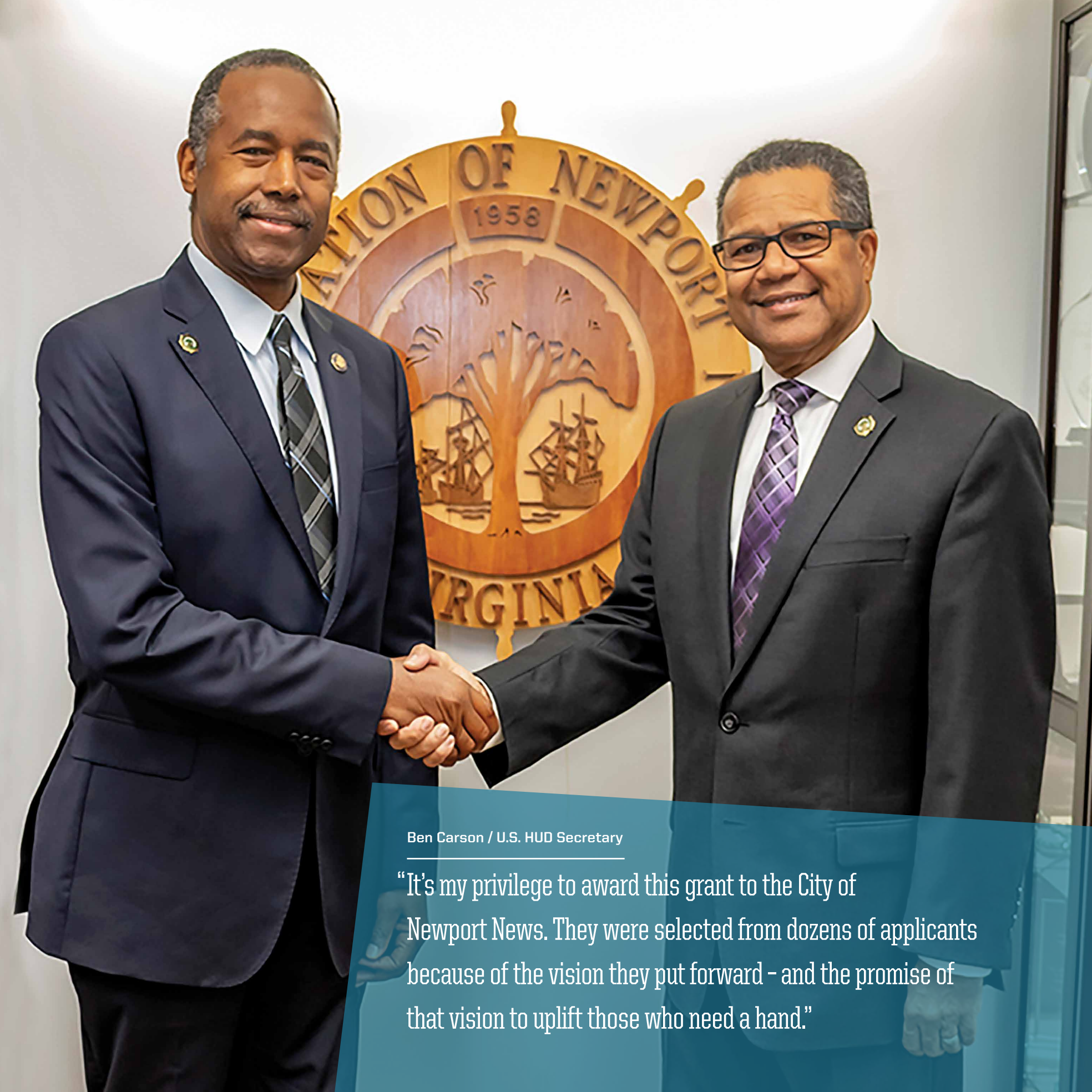
Fairlead Boatworks, the marine services division of Fairlead Integrated, has a \$5 million expansion underway that will retain over 100 employees and create 25 new job opportunities across the full range of the ship repair and manufacturing trades. Established in 1958 as Davis Boat Works, Fairlead Boatworks is the oldest tenant and largest employer in the Seafood Industrial Park, specializing in the repair of commercial and military vessels.

IMPROVING MENCHVILLE MARINA

In 2019, the General Assembly allocated \$1 million to the Virginia Removal or Rehabilitation of Derelict Structures Fund (DSF) for the strategic removal or redevelopment of port-related properties in the Port Host Communities of Front Royal, Newport News, Norfolk, Portsmouth and Richmond. Newport News EDA staff, along with other City Departments and Port Host Communities, advocated for this funding allocation and helped design the resulting “Port Host Communities Revitalization Fund.”

At the end of September, Newport News submitted an application for funding from the Port Host Communities Revitalization Fund to support facility improvements at Menchville Marina, a City-owned marina on Deep Creek. Menchville Marina is a critical component of the Virginia oyster fishery and serves as a central location on the Peninsula for seafood offloading and distribution for watermen working the lower James River and its tributaries. The proposed facility improvements will enhance investments being made by the new lessee, James River Holdings, LLC, which is a joint venture between the three largest oyster companies in the Commonwealth and a new oyster company founded in Newport News: W. Ellery Kellum, Inc. (Weems, Virginia); Ballard Fish & Oyster Company (Eastern Shore); Heyman Oyster Company (Newport News, Virginia) and Bevans Oyster Company (Kinsale, Virginia).





Ben Carson / U.S. HUD Secretary

“It’s my privilege to award this grant to the City of Newport News. They were selected from dozens of applicants because of the vision they put forward - and the promise of that vision to uplift those who need a hand.”



BOARD OF DIRECTORS

Alonzo R. Bell, Jr., CCIM

2019 Chair – 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.

Jennifer Smith-Brown

2019 Vice Chair – Member of the Board since 2015

Mrs. Smith-Brown is Managing Partner of J. Smith Enterprises, a family-owned Owner/Operator firm responsible for the franchise operations of several McDonald's restaurants.

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.

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.

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.

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. During his career, Mr. Skinner has managed land development projects in VA, NC and SC through entitlement, acquisition and development.

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*

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

Conway H. Sheild, III, 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)

Kearston M. Milburn
Administrative Coordinator
(Also EDA/IDA Recording Secretary)

Robin N. Boyd
Senior Marketing Coordinator

Mallory C. Butler
Senior Economic Analyst

Sangtok S. Connor
Accountant II

Travis C. Fisher
Real Estate Coordinator

Priscilla A. Green
Senior Project Coordinator

Matt Johnson
Economic Development Manager
(Project & CIP Coordination)

Shakir D. Johnson
Business Retention Coordinator

Doreen P. Kopacz
Port Development Administrator

Zoe M. Lumpkin, CPA
Chief of Fiscal Operations

Elizabeth McCoury
Redevelopment Manager

Jared W. Midkiff
Marketing and Development
Coordinator

Derek E. Perry
Economic Development Manager
(Fiscal & Economic Coordination)

Joy E. Robison
Administrative Services Manager

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

STANDING COMMITTEES

Design Review

Mary Aldrich *(Chair)*

Alonzo R. Bell, Jr.

Jonathan Skinner

Carl Breiner

Ferguson Enterprises, Inc.

Thomas P. Herbert, P.E.

Professional engineer

and business development executive

Rob Mann

Draper Aden Associates

Teresa Nettles

Thalhimer Commercial Real Estate

Bryan Trainum

SmartSky Networks

Sylvia Weinstein

Oyster Painter

Beth Willis

Carmines Robbins & Company

Executive

Jennifer Smith-Brown *(Chair)*

Alonzo R. Bell, Jr.

C. Gary Minter

Jeff Verhoef

Marketing

Jeff Verhoef *(Chair)*

Cassandra P. Greene

Jennifer Smith-Brown

Don Blankenship

Retired

Faye Gargiulo

Retired

Gary Hunter

Hampton University

Dan Powell

Tradition Brewing Company

Revolving Loan Fund

Cassandra P. Greene *(Chair)*

C. Gary Minter

Jonathan Skinner

Susan Harris

TowneBank

George Knight

Commonwealth Environmental Services

John Lunsford

Retired

Sharon Owens

World Class Solutions, Inc.

South Newport News

Jonathan Skinner *(Chair)*

Mary Aldrich

Cassandra P. Greene

Carl Burt

Abbitt Realty Company

Richard Coleman

Retired

Troy Smith, Jr.

Smith Brothers Enterprises

Special Purpose Appointments

Cassandra P. Greene

Greater Peninsula Workforce Board

C. Gary Minter

Conference Center Marketing Committee (Chair)

Jonathan Skinner

Sister Cities of Newport News

C. Gary Minter

Community Development Block Grant Committee

BayPort
Credit Union

NightN

HOLIDAY EVENT SERIES

CELEBRATION
in
lights

lights
at the
FOUNTAIN

ARTechlights



FINANCIAL SUMMARY

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

At the end of the fiscal year, the Authorities' assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$140.42 million. This amount represents an increase of \$8.20 million over prior year's ending balance of \$132.22 million, which was an increase of \$4.80 million over fiscal year 2017 ending balance. Total operating revenues increased by approximately \$2.99 million in fiscal year 2019 due to an increase in intergovernmental transfers. Total operating revenues decreased in fiscal year 2018 compared to fiscal year 2017 by \$7.49 million. This decrease occurred because in the prior year, the Authorities sold to Printpack, Inc. and United Parcel Service the facilities they had been leasing for a combined total of approximately \$6.5 million.

Total operating expenses in 2019 decreased by \$693,100. No land sales occurred during the year and therefore no cost of land sold was incurred. Total operating expenses decreased in 2018 from the previous year by approximately \$7.54 million mostly due to a decrease in cost of land sold. Total operating expenses increased in 2017 from the previous year by approximately \$3.86 million mostly due to an increase in cost of land sold. Net non-operating expenses increased in 2019 by a net of \$4.05 million, primarily the result of two large transactions of which one was the extinguishment of the debt owed to the City for the Applied Research Center (the "ARC") construction in the amount of \$10.16 million and the delivery of the Foundry grant to Huntington Ingalls Industries in the amount of \$6 million. Net non-operating expenses decreased in 2018 by approximately \$376,000 due to a reduction in the disbursement of Commonwealth Opportunity Grants. Net non-operating expenses decreased in 2017 by \$2.32 million

from the previous year due to a reduction in interest expense and an increase in grant revenues.

In December 2019, the Authorities funded a grant in the amount of \$6 million to Huntington Ingalls Industries (HII) to support HII's modernization of its Foundry facility. The Foundry improvements are expected to cost over \$43 million and will enable HII to receive a share of the work for the Columbia Class Submarine Program and maintain 120 full-time jobs within the Foundry. The grant also serves as a match for the Commonwealth of Virginia's initial HII grant of \$6 million awarded in October 2018. The Authorities financed the grant through a borrowing from Citizens & Farmers Bank at the rate of 3.40% amortized over a five-year period. The borrowing is supported by a payment agreement with the City of Newport News, Virginia (the "City").

The Economic Development Authority (the "EDA") has been providing support for the Choice Neighborhoods Planning grant from the US Department of Housing and Urban Development, as well as partnering with the City and the Newport News Redevelopment and Housing Authority in the application for a Choice Neighborhoods Implementation Grant in 2017 and the reapplication in 2018, which was successful in an award of \$30 million for our Transformation Plan. The City will use the new Implementation Grant to transform the neighborhood surrounding the Marshall-Ridley Place public housing complex. This grant is leveraged by \$128 million in private investment and \$146.8 million in public investment.

In fiscal year 2019, the debt due to the City for the construction of the ARC in the amount of \$10,155,757 was written off by both the City and the Authorities. The annual

Denbigh - Warwick Area Plan

Spanning seven miles along Warwick Boulevard from the CSX railroad to the Warwick River, the Denbigh-Warwick Area is the focus of a comprehensive, long-range vision that establishes an identity for the area, improves health and safety, enhances quality of life and stimulates economic investment.

The vision starts with a study that will take a broad look at revitalization and redevelopment opportunities in the commercial areas and provide direction for future public and private investment, as recommended in the City's proposed One City, One Future Comprehensive Plan 2040.

Directed by the City's Department of Planning, multiple public meetings, engagement activities and a Citizen Advisory Group will provide regular feedback and liaise with their peers to ensure the plan is community-driven.



repayment of the debt, of principal and interest, was to equal net revenues of the ARC after operating expenses, building reserves and short-term debt repayment. Due to significant maintenance costs and declining tenants in the building, the Authorities have not been able to make principal payments in the past two years.

In June 2018, Ferguson Enterprises held a groundbreaking ceremony and construction began in fiscal year 2019 for an eight-story, 260,000-square-foot campus that will house 1,600 employees working in Marketing and Communications, Human Resources, Information Technology, Security and other corporate functions. The company will invest nearly \$83 million and create 350 new jobs. To complement this addition, the EDA is building a 1,500-space parking garage, currently under construction, which will feature a pedestrian bridge to the new facility.

Construction was completed in 2019 on the 105,000-square-foot office building in the Brooks Crossing mixed-use development project. Southeast Commerce Center Associates owns the building and Newport News Shipbuilding, a division of Huntington Ingalls, leases a majority of the building which houses approximately 600 employees in information technology, engineering and design and integrated planning and production control departments. The first floor of the building is leased by the Authorities and houses the Brooks Crossing Innovation and Opportunity Center, a collaborative space for innovation and new ventures, including STEM education and entrepreneurial initiatives. It will enable workforce development and STEM education services to be readily available to citizens, students and businesses.

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, 2019, 2018 and 2017 (in millions)				
	2019	2018	2017	
Current and other assets	\$ 65.17	\$ 64.39	\$ 63.62	
Capital assets, net	158.58	163.49	168.27	
Total assets	223.75	227.88	231.89	
Deferred swap	\$ -	\$ -	\$ -	
Deferred refunding	4.27	4.92	5.58	
Total deferred outflows of resources	4.27	4.92	5.58	
Current and other liabilities	\$ 18.93	\$ 20.26	\$ 19.62	
Long-term liabilities	68.67	80.32	90.42	
Total liabilities	87.60	100.58	110.04	
Deferred inflows of resources	\$ -	\$ -	\$ 0.01	
Net investment in capital assets	\$ 77.15	\$ 82.35	\$ 77.8	
Restricted	14.36	12.91	14.35	
Unrestricted	48.91	36.96	35.27	
Total Net Position	140.42	\$ 132.22	\$ 127.42	

CAPITAL ASSETS & DEBT ADMINISTRATION

Authorities' Capital Assets - As of June 30, 2019, 2018 and 2017 (net of depreciation, in millions)				
	2019	2018	2017	
Buildings	\$ 201.67	\$ 201.59	\$ 201.59	
Improvements, machinery and equipment	19.79	19.68	19.32	
Infrastructure	2.54	2.54	2.54	
Construction in progress	8.62	8.21	7.92	
Accumulated depreciation	(74.03)	(68.54)	(63.10)	
Total	\$ 158.59	\$ 163.48	\$ 168.27	

At the end of 2019, the Authorities had \$158.59 million invested in capital assets as compared to \$163.48 in 2018 and \$168.27 in 2017. During the year, IME increased by \$105,287. CIP had a net increase of \$404,342, which was caused by an increase in on-going projects such as Liebherr and the Ferguson expansion and the new project at the former Chase Packaging site. In fiscal year 2018, CIP had a net increase of \$287,192, which was caused by an

increase in projects such as Patrick Henry Parkway, Liebherr and the Ferguson expansion of approximately \$2.7 million netted against the transfer of Patrick Henry Parkway to the City at year-end of \$2.1 million and capitalization of the improvements of \$363,354. The decrease in CIP 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 classifications.

Wild Wings Nature Store

Area's first specialized bird store
12458-C Warwick Boulevard

Wild Wings Nature Store carries items such as bird houses, locally-harvested birdseed, feeding stations and bird baths. Owned and operated by Jim Hill, who decided to turn his passion for birds into a business, Wild Wings celebrated its 27th anniversary this September.

JT's Bar & Grill

New American cuisine, downtown
3301 Washington Ave. Ste. 110

Owned and operated by friends, business partners and Newport News natives, Teunsha Vick and John Eley, III. JT's Bar & Grill's business motto, "Where friends and food come together," highlights their desire to make JT's a spot to recharge amongst friends.

Corey Jones Agency

Insurance from Air Force vet and reservist
3201 Washington Avenue

Corey Jones opened his State Farm Insurance business in June 2017 with the motto "There is always a way." Corey and his five employees focus on connecting with each client individually and identifying paths to help them reach their goals through insurance, banking and investment services.



Authorities' Outstanding Debt - As of June 30, 2019, 2018 and 2017 (in millions)

	2019	2018	2017
Industrial Revenue Bonds - IDA	\$ 15.31	\$ 11.40	\$ 12.71
Industrial Revenue Bonds - EDA	59.73	65.98	73.62
Bond Premiums (Discounts)	2.53	2.89	3.25
Notes payable	8.13	8.82	9.50
Total	\$ 85.70	\$ 89.09	\$ 99.08

As of June 30, 2019, the Authorities had \$85.70 million of debt outstanding in bonds and notes payable as compared to debt outstanding in June 2018 and June 2017, of \$89.09 million and \$99.08 million, respectively. In fiscal year 2019, the Authorities paid off the 20-year debt associated with the Virginia Specialty Stores and Sears buildings issued in 1998. Additionally, in 2019, the Industrial Development Authority financed the Huntington Ingalls Foundry grant with a borrowing from Citizens & Farmers bank at a rate of 3.40% for \$6 million amortized over five years. In 2018, the Authorities refinanced the remaining balance on the note payable,

related to 809 Omni Boulevard, with a five-year fixed rate at 3.49% amortized over ten years. In 2017, the Authorities financed the purchase of two significant parcels referred to as the Sherwood properties with two separate notes payable bearing a taxable interest rate of 3.14%. In addition, the Authorities refinanced the Series 2000 A bonds for the Downtown Engineering Center at a fixed rate of 2.58%, a significant savings. Additional information on the Authorities' long-term debt can be found in Note 8 to the basic financial statements.

CONTACTING 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 Chief of Fiscal Operations of the Authorities at (757) 926-8428, c/o Department of Development, 2400 Washington Avenue, 3rd Floor, Newport News, Virginia 23607.



Jennifer Boykin / President of Newport News Shipbuilding

“Brooks Crossing brings important learning opportunities to people who want to grow and it is this kind of community outreach that defines who we are as a company. It gives us the opportunity to grow a new generation of computer engineers, data scientists, mathematicians and shipbuilding leaders from right here in our own backyard.”



2400 Washington Ave. / 3rd Floor / Newport News, VA 23607
757-926-8428 / 1-800-274-8348 / Fax: 757-926-3504
marketing@nnva.gov

*@2019 Economic Development Authority of the City of Newport News, Virginia
and Industrial Development Authority of the City of Newport News, Virginia*