



hampton roads  
economic development alliance

2015 ANNUAL REPORT

A REGION IN

*tran·si·tion*



# 2015

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Rick Bagley  
HREDA Chairman



Kevin Sweeney  
HREDA Interim President & CEO

# FROM THE CHAIRMAN AND THE PRESIDENT

2015 was a year of transition and transformation – processes that were necessary to ensure that your Hampton Roads Economic Development Alliance remains relevant as the premier marketing organization for our region and appropriately structured to move forward in 2016 and the years to come.

We have accomplished many important things this past year:

- completed the Strategic Reset and amended our Bylaws
- restructured and empowered our Executive Committee
- expanded our Officer Group to include an Economic Development Director as Vice President and elected a sitting City Manager as Vice Chairman
- launched a new website and expanded our social media presence

The Alliance remains fiscally sound and closed out 2015 with all public sector funding in place (the unplanned departure of four municipalities last summer had little impact). On a positive note, we would like to recognize Rubin Communications Group, Lumos Networks and Faneuil, Inc. for your financial commitment as our newest board level private sector investors.

While it was critical to address the many internal challenges, the Alliance's professional staff continued to work with our investors to market Hampton Roads around the world. To that end, we would like to welcome the Haulotte Group and TAG America Inc. to Hampton Roads. Your capital investment and new jobs are critical to the region and our ongoing efforts to broaden and diversify our economy.

We will continue to see change in 2016 – John Padgett has graciously agreed to continue his leadership role with HREDA as our new Chairman and Jim Bourey will assume the responsibilities as our Vice Chairman. Lastly, we have completed the search process and expect to hire a permanent President & CEO in the coming weeks.

On behalf of the Alliance, we would like to express our heartfelt thanks to all investors – public and private – for your continued financial support and active participation.

Sincerely,

Two handwritten signatures in black ink. The first signature is 'Rick Bagley' and the second is 'Kevin Sweeney'. They are positioned side-by-side.

# in·ves·tors

The Hampton Roads Economic Development Alliance is proud to represent and partner with 11 localities and over 80 private businesses and other regional institutions.

In addition to the Hampton Roads Chamber of Commerce, HREDA added five ex-officio members to the Executive Committee. These organizations include the Hampton Roads Military & Federal Facilities Alliance, the Hampton Roads Planning District Commission, Opportunity, Inc., the Peninsula Council for Workforce Development and the Virginia Peninsula Chamber of Commerce. Through these additions, the Alliance has a more inclusive representation of the local business community and is better equipped to promote regional economic development.

HREDA appreciates the time and dedication it receives from each and every investor in an effort to make Hampton Roads a premier location for business.

## 2015 OFFICERS



*Mr. Richard M. Bagley, Jr., Chairman  
Wells Fargo Advisors*

*Mr. John D. Padgett, Vice Chairman  
McGuireWoods LLP*

*Mr. William B. Downey, Treasurer  
Riverside Health System*

*Mr. Christian Koestler, Secretary  
STIHL, Inc.*

## 2015 EXECUTIVE COMMITTEE

### Private Sector Representatives:

Mr. Robert M. Boyd  
BB&T

Mr. William Bell  
Huntington Ingalls Industries/  
Newport News Shipbuilding

Mr. Robert R. Brown Sr.  
Robert Brown & Associates

Ms. Wendy C. Drucker  
Drucker & Falk Real Estate

Mr. Robert Duvall  
Virginia Natural Gas

Mr. Donald J. Frederick  
The Runnymede Corporation

Mr. Greg Garrett  
greg garrett realty.com

Mr. James M. Haggard  
Dixon Hughes Goodman, LLP

Mr. K. Joachim Janka  
Liebherr Mining Equipment Co.

Mr. William E. King, SIOR  
Harvey Lindsay Commercial Real Estate

Mr. Robert G. Legge  
Norfolk Southern Corporation

Mr. Charles V. McPhillips  
Kaufman & Canoles

Mr. Larry Quier  
Massimo Zanetti Beverage, USA

Mr. C. Grigsby Scifres  
Williams Mullen

Mr. Clarence J. Smith  
W.M. Jordan

Ms. Charity A. Volman  
SunTrust Bank

### Public Sector Representatives:

The Honorable Alan P. Krasnoff  
Mr. Steven C. Wright  
City of Chesapeake

The Honorable Raystine D.  
Johnson-Ashburn

Ms. Amanda C. Jarratt  
City of Franklin

The Honorable George Wallace  
Mr. Leonard L. Sledge  
City of Hampton

The Honorable Delores Darden  
Mr. Thomas D. Elder, Jr.  
Isle of Wight County

The Honorable McKinley Price  
Ms. Florence G. Kingston  
City of Newport News

The Honorable Paul D. Fraim  
Mr. Charles E. Rigney  
City of Norfolk

The Honorable W. Eugene Hunt, Jr.  
Mr. David N. Callis  
City of Poquoson

The Honorable Kenneth I. Wright  
Ms. Mallory C. Butler  
City of Portsmouth

The Honorable Dallas O. Jones  
Ms. Amanda C. Jarratt  
Southampton County

The Honorable Linda T. Johnson  
Mr. Kevin Hughes  
City of Suffolk

The Honorable William D. Sessoms, Jr.  
Mr. Warren D. Harris  
City of Virginia Beach

### Ex-Officio/Non-Voting:

Hampton Roads Economic  
Development Alliance  
Kevin M. Sweeney, RDML, USN (Ret)

Hampton Roads Chamber  
of Commerce  
Mr. Bryan K. Stephens

Hampton Roads Military  
& Federal Facilities Alliance  
Craig R. Quigley, RDML, USN (Ret)

Hampton Roads Planning  
District Commission  
Mr. Robert A. Crum, Jr.

Opportunity Inc.  
Mr. Shawn Avery

Peninsula Council for  
Workforce Development  
Delegate Matthew James

Virginia Peninsula Chamber  
of Commerce  
Mr. Michael F. Kuhns

Willcox Savage  
Mr. Hugh L. Patterson (*General Counsel*)

# 2015 BOARD OF DIRECTORS

## AAA Tidewater Virginia

Ms. Carol Ormond

## Aerotek, Inc.

Mr. Steve C. Belcher

## Atlantic Dominion Distributors

Ms. Robin D. Ray

## Bank of America

Mr. Joel S. Rhew

## Bon Secours Hampton Roads

### Health System

Mr. Michael K. Kerner

## Checkered Flag

Mr. Edward B. Snyder

## Chesapeake Regional Healthcare

Dr. Peter F. Bastone

## Children's Hospital of

### The King's Daughters

Mr. James D. Dahling

## Clancy & Theys Construction Company

Mr. Thomas A. O'Grady

## Columbia Gas of Virginia

Mr. Timothy D. Vaughan

## Cox Communications Virginia

Mr. J.D. Myers, II

## Daily Press Media Group

Mr. Digby A. Solomon

## Damuth Trane

Mr. T. Clinton Damuth

## Dominion Virginia Power

Mr. C. Max Bartholomew, Jr.

## Draper Aden Associates, Inc.

Ms. Deborah Flippo

## ECPI University

Mr. Mark B. Dreyfus

## E.T. GRESHAM COMPANY

Mr. Richard W. Gresham

## Electronic Systems, Inc.

Mr. Brett Morris

## Faneuil, Inc.

Ms. Anna M. Van Buren

## Harbor Group International, LLC

Mr. Jordan E. Slone

## Howard Hanna William E. Wood

Mr. Richard B. Thurmond

Jackson Lewis P.C.  
Mr. Thomas M. Lucas

KBS, Inc.  
Mr. John Gillenwater

KITCO Fiber Optics  
Mr. W. Sheppard Miller, III

KPMG LLP  
Mr. Chris M. Xystros

Langley Federal Credit Union  
Mr. Thomas K. Ryan

Liberty Property Trust  
Mr. Brian Felton

Local Voice Media  
Ms. Kristin Wright

Long & Foster  
Ms. Debbie Ramos

Lumos Networks  
Mr. James M. Nester

Maersk Line, Limited  
Mr. Steven E. Hadder

McKenzie Construction Corporation  
Mr. James R. Tollenaere

Newport News/Williamsburg Airport  
Mr. Ken Spirito

Norfolk Airport Authority  
Mr. Wayne E. Shank

Norfolk Waterside Marriott  
Mr. John Whippen

Old Point Financial Corporation  
Mr. Joseph R. Witt

Plasser American Corporation  
Mr. Robin R. Laskowski

PNC Bank  
Mr. Andrew Hodge

Pomoco Auto Group  
Mr. Rick Gallaer

Port of Virginia  
Mr. Russell J. Held

Rubin Communications Group  
Mr. Joel Rubin, APR

Sentara Healthcare  
Mr. David L. Bernd

The Virginian-Pilot Media  
Companies, LLC  
Ms. Patricia Richardson

Tidewater Community College  
Dr. Edna V. Baehre-Kolovani

Town Center City Club  
Ms. Barbara H. Lewis

TowneBank  
Mr. Brian K. Skinner

Vanasse Hangen Brustlin, Inc.  
Mr. Kenneth E. Rodman, Jr.

Vandeventer Black, LLP  
Mr. Mark T. Coberly

Wall Einhorn & Chernitzer, P.C.  
Mr. Paul G. DiNardo

Ware Insurance Company  
Mr. Michael P. Kellam

Wells Fargo Bank, N.A.  
Mr. George G. Ball, III

WVEC-TV ABC13  
Ms. Kari Jacobs

*\*Executive Committee members  
are selected from the Board of Directors*

HREDA appreciates the continued support from our Officers, Executive Committee and Board of Directors, as well as our Member Level investors.

Member Level

1st Advantage Federal Credit Union  
Mr. Paul W. Muse

Armada Hoffer Properties  
Mr. W. Christopher Harvey

Birdsong Peanuts  
Mr. George Y. Birdsong

GEICO  
Ms. Nancy Pierce

Jones Lang LaSalle  
Ms. Deborah K. Stearns

Snelling Staffing Services  
Ms. Sonja L. Paulk

Thomas Nelson Community College  
Mr. John T. Dever

Travel Leaders  
Mr. David Horner

# high·lights

## February

- 2014 Annual Meeting

## March

- New Interim President & CEO
- Haulotte Group Announcement

## April

- Target Expansion Announcement
- Strategic Review Planning Session

## July

- Rubin Communications Group joins Board of Directors

## September

- Strategic Review Complete
- Dr. Koch Study Released
- First Networking Focused BOD Meeting

## October

- Lumos Networks joins Board of Directors

## November

- INIT Expansion Announcement
- Faneuil Inc. joins Board of Directors

## December

- TAG America Inc. Announcement
- Website Redesign Launch
- Amended Bylaws Approved

2015 was truly a year of transition and change for the Hampton Roads Economic Development Alliance. HREDA initiated a Strategic Review which resulted in significant bylaw changes, a new website and social media identity and a more robust research plan. Additional highlights for the year include restructuring HREDA's meetings to allow for increased networking opportunities, welcoming three new investors to our Board and announcing 2 new business locations and 2 expansion projects.

HREDA is pleased with the progress made in 2015 and appreciates the support received throughout this transition period. As a result, we are well positioned for a prosperous 2016.

## BYLAWS

HREDA worked closely with the Executive Committee and the Board of Directors to amend the Alliance's outdated bylaws. The following are the key changes:

- Updated Mission Statement which affirms marketing as the primary mission of HREDA
- Added five ex-officio members to the Executive Committee and Board of Directors
- Established a compensation committee for annual review of CEO performance and compensation
- Added Economic Development Directors as voting members of the Executive Committee
- Expanded Executive Committee representation to include Mayors/Chairs, or City Managers/County Administrators
- Established an Officer position, VP of Economic Development, to be filled by a locality ED director
- Expanded Officer representation to public sector as well as private sector

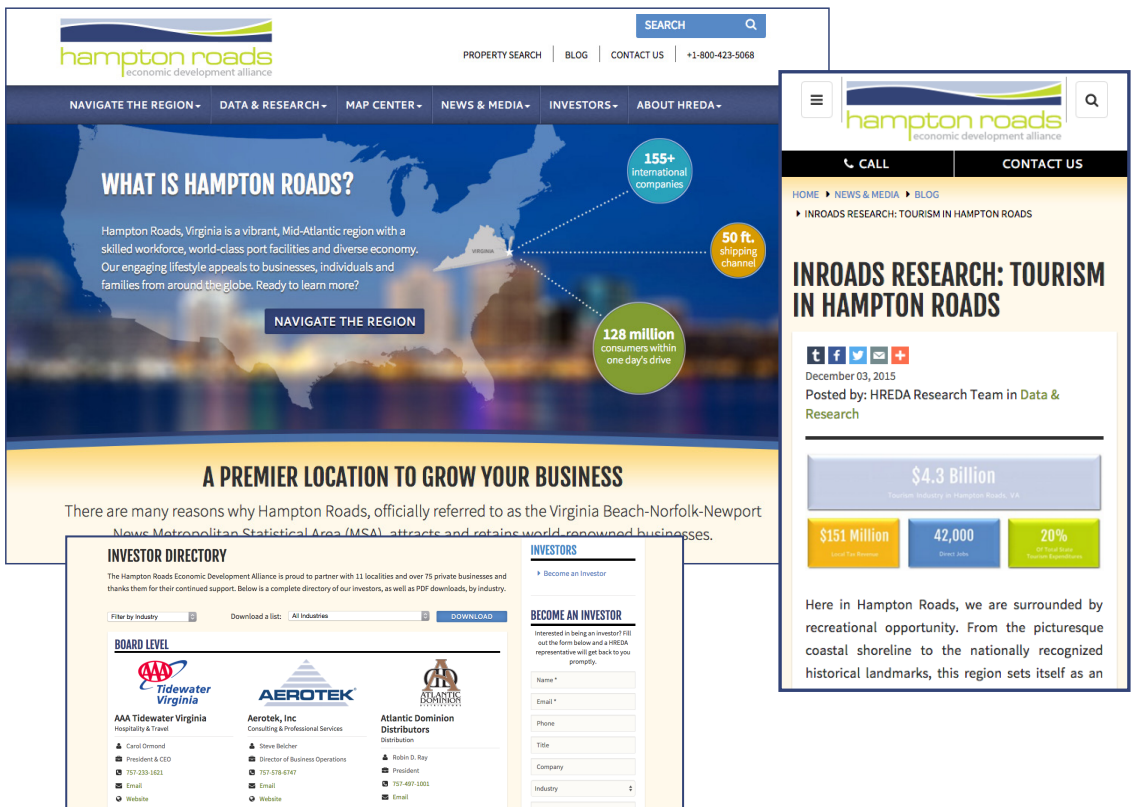


# WEB DEVELOPMENT

2015 in Review

In December, HREDA was pleased to launch its redesigned website, [www.hreda.com](http://www.hreda.com). The Alliance worked with Marathon Consulting and Rubin Communications Group on this project. The new site serves as an all-inclusive source of information and valuable asset for regional economic development in the Hampton Roads community.

The mobile-friendly site features a clean, updated design with enhanced subpages for HREDA's 11 partner localities, the region's key industries and relevant, supporting data. New to the site is the availability of a downloadable investor directory coupled with a more robust private sector investor recognition function. Additionally, HREDA has completed and made available regional IEDC standard data. HREDA also implemented a twice-monthly blog featuring unique stories and insights into events and trends in the region.



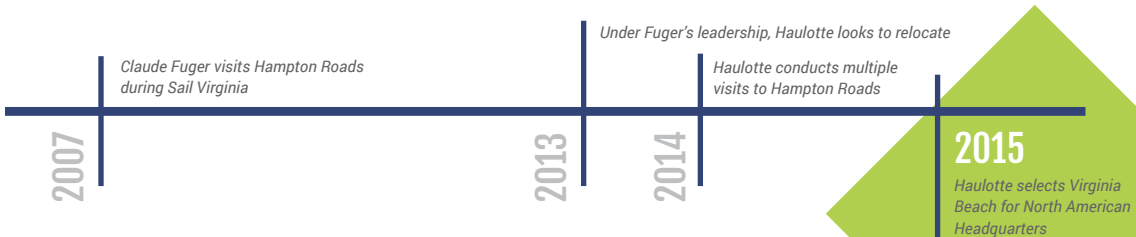
# SOCIAL MEDIA

The Alliance took a new, stronger approach to social media in 2015 to further enhance HREDA's web presence.

A 50% increase in the number of Twitter posts made by HREDA staff resulted in an 85% increase in followers/visibility and a 70% increase in user interactions and engagement for the 3rd and 4th quarters of 2015.

HREDA is pleased to announce the additions of Haulotte Group and TAG America Inc. into the regional business community. Both companies established a presence in Virginia Beach, and are the result of collaborative work between state, local, and HREDA efforts. Additionally, existing companies Target and INIT expanded operations to the tune of a combined \$63 million in capital investment. The four announcements created nearly 250 new, well-paying jobs for the region.

# HAULOTTE GROUP



In March, Haulotte Group announced Hampton Roads as the new location for its North American Headquarters. Claude Fuger, CEO and General Manager, was first introduced to the Hampton Roads region nearly ten years ago.

In 2007, the Alliance hosted Claude at the Sail Virginia event. The region, including the impressive Port of Virginia facilities, left a positive impression on Claude. In 2013, when Haulotte began searching for a new facility, Claude remembered and contacted HREDA to see what Hampton Roads could offer.

Over the following two years, Haulotte visited Hampton Roads and met with the Alliance on five occasions before announcing their 83,000 square foot selection in the City of Virginia Beach. Haulotte's story and the relationship that developed over the last decade show HREDA's commitment to promoting Hampton Roads as a premier location for business.

*"The Alliance was terrific throughout the process. I had one main contact person, which was unlike many other regions I approached. We also had unique needs and at times, our situation was a challenge. The Alliance stayed with us and made us comfortable with the decision to come to Hampton Roads."*

**Claude Fuger, CEO and General Manager**

**67 JOBS**

**\$600,000  
CAPITAL INVESTMENT**

**83,000 SQ. FT**

# TAG AMERICA INC.

**6 JOBS**

**\$500,000**

**CAPITAL INVESTMENT**

**6,400 SQ. FT**

In December, TAG America Inc., wholly-owned subsidiary of TAG Chemicals GmbH, selected Virginia Beach for its first manufacturing location in the United States. TAG America Inc. produces water-based, non-toxic specialty chemicals to be used by a variety of industrial clients.

TAG conducted a real estate search in several states on the East Coast to host production, storage, sales and administration before selecting a 6,400-sq-foot facility in Virginia Beach with the help of HREDA and the Virginia Economic Development Partnership.

Founded in 2003, TAG Chemicals GmbH is headquartered in Bischofsheim, Germany and operates facilities in Germany, South Africa, India and the Czech Republic. The company is ISO 9001:2008 and ISO 14001-certified as quality management systems with core competencies in research and development.

The company will initially hire six employees, with plans to expand as its North American customer base grows. Hiring will begin in spring 2016.

*"We dedicated a lot of time before selecting Virginia Beach for our newest international operation. We believe the strategic location, favorable business climate and support we received make Hampton Roads the best location for TAG America Inc."*

**Andreas Kemper, Managing Director**

*an·nounce·ments*

# DATA & RESEARCH

The HREDA research department is constantly striving to discover best practices and new data sources in an endeavor to enhance business attraction efforts. It is HREDA's belief that enhanced data collection and cooperation with its locality partners and investors will help identify additional opportunities for growth in Hampton Roads.

In 2015, HREDA's research department expanded its data collection and analysis capabilities by acquiring several new databases and data aggregate tools. Additionally, a full-time, permanent Research Analyst position has been created and filled. Beginning in 2016, HREDA will partner with Old Dominion University to host undergraduate interns studying economics or business analysis.

2015

4 ANNOUNCEMENTS

\$64.1M  
CAPITAL  
INVESTMENT

246  
JOBS

112,400  
SQUARE FEET

*data-focused*

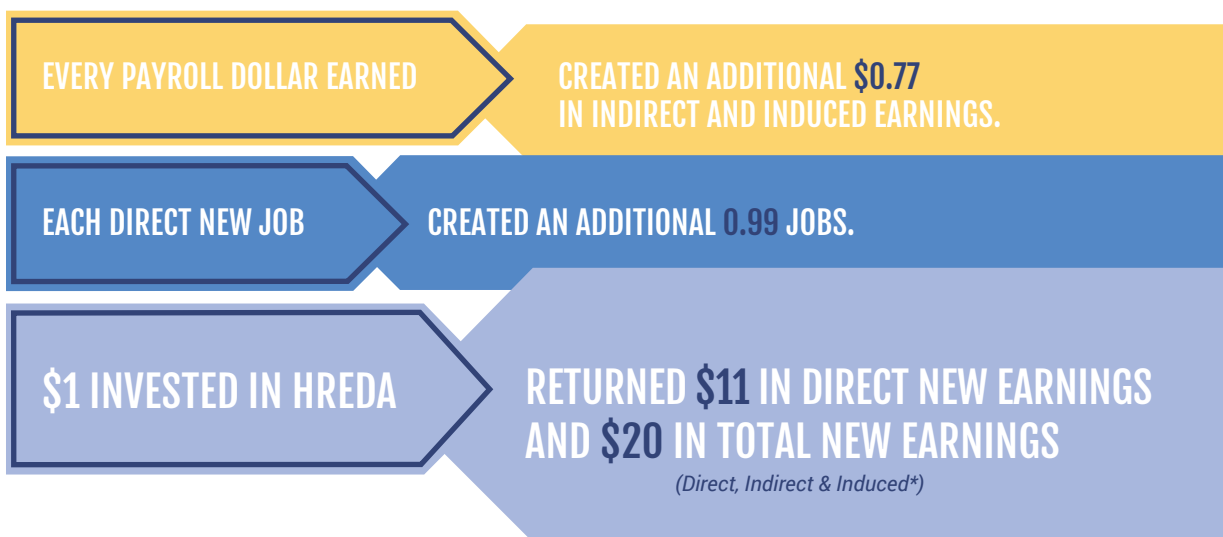
As the calendar year comes to a close, the HREDA research staff performs an impact analysis on the year's announcements, as well as the cumulative impact of the past five years.

YEAR	ANNOUNCEMENTS	DIRECT JOBS	CAPITAL INVESTMENT	SQUARE FEET
2011	8	1,212	\$207,250,000	1,452,612
2012	4	120	\$6,000,000	15,400
2013	6	233	\$29,830,000	380,492
2014	3	616	\$2,560,000	170,000
2015	4	246	\$64,100,000	112,400



### ECONOMIC IMPACT ANALYSIS - IMPLAN

The IMPLAN model is based upon a national input-output dollar flow table called the Social Accounting Matrix (SAM). SAM measures the economic relationships between industries, household sectors and government. IMPLAN allows us to measure how any additional payroll dollars added to Hampton Roads flows between different sectors in the region. The model disregards expenditures to government, savings, and goods bought outside the local economy so that the results include only those dollars that impact Hampton Roads.



*\*Direct Earnings is wages/salary paid to new workers. Indirect Earnings is income earned by new hires at firms with which the original firm does business. Induced Earnings is income earned by new hires at establishments patronized by new workers. Total New Earnings is the total payroll costs of direct, indirect, and induced employees. Benefits are included.*

# BUSINESS ATTRACTION

HREDA's monthly business attraction report displays the measurable results of our marketing activities. A variety of metrics include, but are not limited to, the number of prospect visits to the Hampton Roads region, number of face-to-face meetings with corporate decision makers and site selection consultants, number of marketing activities conducted to attract business to the region, and the number of companies strongly considering a location in Hampton Roads.

The following are highlights from 2015's accomplishments:

<b>New Projects Opened</b>	<b>59</b>
<b>Prospect Visits</b>	<b>34</b>
New	20
Repeat	14
<b>Marketing Activities Conducted</b>	<b>38</b>
<b>Face-to-face Meetings</b>	<b>463</b>
Corporate Appointments	368
Site Selection Consultants	95

Target Industries of 2015 Projects



39% ADVANCED  
MANUFACTURING



22% CORPORATE  
AND PROFESSIONAL



15% FOOD AND  
BEVERAGE PROCESSING



9% MARITIME  
AND LOGISTICS

mar·ket·ing

# BUDGET

2015

2016

## Support & Revenue

Corporate Investment	\$825,250	\$850,000
Municipal Investment	\$1,471,556	\$1,424,970
Miscellaneous	\$9,657	\$10,600
<b>Total Support &amp; Revenue</b>	<b>\$2,306,463</b>	<b>\$2,285,570</b>

## Expenses

Marketing & Research	\$1,475,520	\$1,699,605
Investor Relations	\$157,025	\$69,340
General Operating	\$655,425	\$516,625
<b>Total Expenses</b>	<b>\$2,287,970</b>	<b>\$2,285,570</b>

In September 2015, the Alliance established a committee to review the current public sector funding model of \$0.95 per capita and recommend new alternatives. Results from this committee are expected to be completed in Spring 2016.

## HREDA STAFF



*Top Row (Left to Right): Kevin Sweeney, Amy Parkhurst, Thomas Clemens, and Laura Hayes*

*Bottom Row: Russell Chandler, Debbie Ogan, Maggie Cromwell, Adelaide Gilmore, Jillian Goodwin, and Chad Matheson*



