

BY THE NUMBERS

2016 ANNUAL
REPORT



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Officers' Reflections



JOHN PADGETT, 2016 CHAIRMAN

2016 was a transformational year. The region was focused on the challenges of economic development and the headwinds faced by Hampton Roads. Rick Weddle brought a seasoned and experienced perspective to the Alliance. The Alliance reasserted itself as the area's lead regional economic development and marketing organization. 2016 was about vision and strategy, 2017 will be about performance and execution of the strategy.

Years from now, when we look back on 2016, we will see a transformational year for the Alliance. The hiring of an outstanding President and CEO, Rick Weddle was a huge step forward and the year marked the re-engagement of many Alliance investors. I believe that in 2017, the Alliance will help lead the Hampton Roads region to a banner year in job growth, exceeding investors' expectations. We will rediscover the assets that make this region a very attractive place to do business and position the region for continued strong growth.



JIM BOUREY, 2016 VICE-CHAIRMAN



Measured by job formation and capital investment, 2016 was one of the most successful years on record for the Alliance. Yet, the most important achievement was the Alliance's decision to seek a new CEO who had the skills and track record to effect transformational change. Recruiting Rick Weddle and management's subsequent development of a new strategic plan, obtaining consensus approval of that plan from the Alliance's public sector and private sector constituents, developing action items and metrics to measure and enhance progress, creating in-house research capabilities and restructuring the Alliance team so it has the talent to achieve the goals set out in the strategic plan — these accomplishments provide the foundation to drive creation of quality jobs and increased capital investments. There is much to do to realize the promise of these initiatives, but by working together, Hampton Roads now has a real opportunity to reach its objectives.

GRIG SCIFRES, 2016 TREASURER

I am proud to have been a part of the Alliance leadership in 2016. To me, there is no organization in Hampton Roads more critical to the economic vitality of our region, and its future, than the Alliance. We made tremendous strides under John Padgett's leadership in hiring Rick Weddle, our new President. Under Rick's lead, we have reached out to a vast swath of public and private stakeholders, gained consensus and formed the basis of an exciting new plan to recruit new business to Hampton Roads. As we approach the Alliance's 20th anniversary, we can all celebrate and we should all be ready to do our part to support the Alliance.



BILLY KING, 2016 SECRETARY

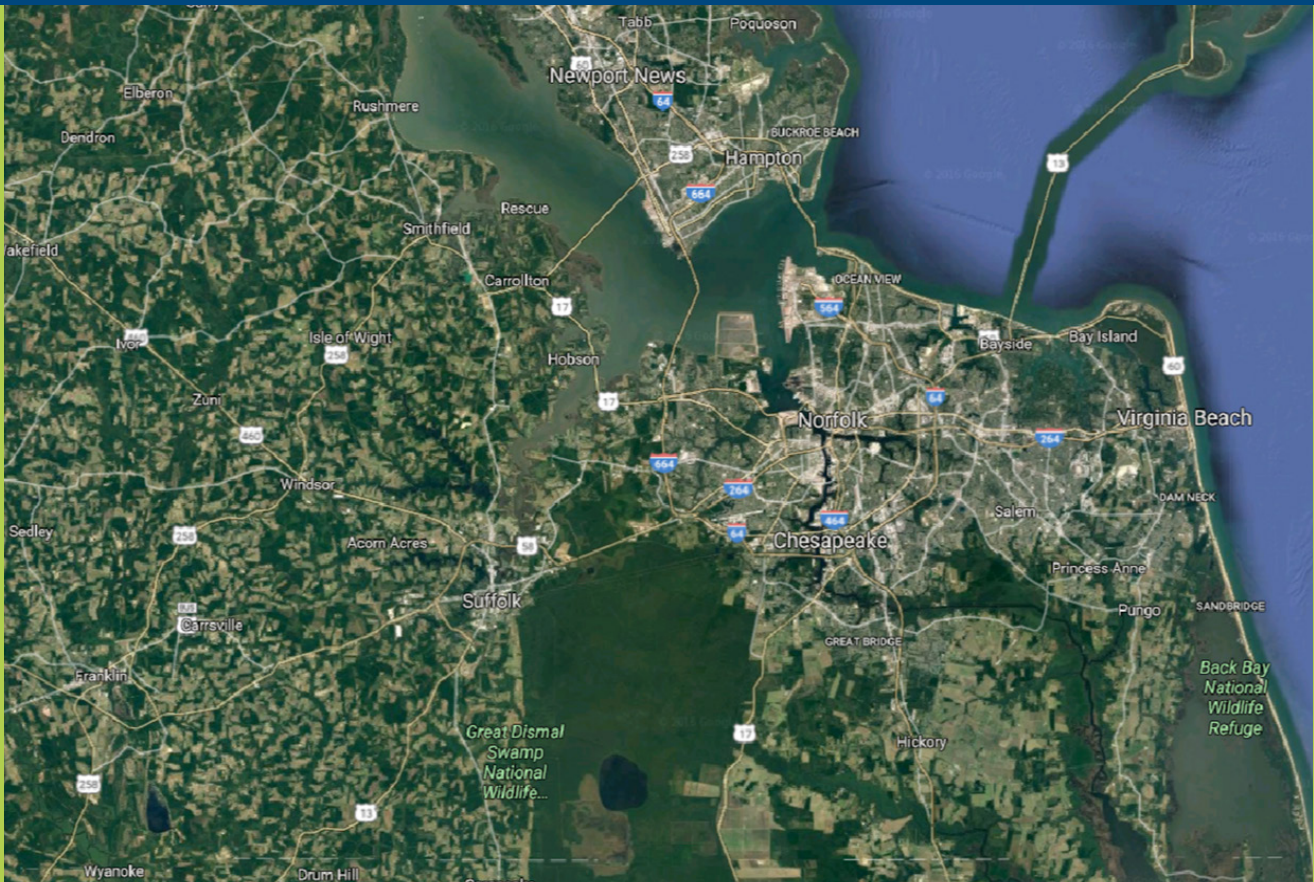


2016 was a year of teamwork among Alliance partners and those who work to advance the mission of expanding and diversifying the Hampton Roads economy. It was exciting to see the Alliance lead new initiatives that included input from public and private partners. This year, the Alliance held its first economic development workshop where we collectively set the focus of the organization's overall strategic plan. Another game-changer was the development of the RED Team — A team of key economic development professionals who regularly meet to align efforts and develop the strategy for the business case and competitive position in domestic and international markets. I have full confidence that the Alliance is heading in the right direction and I look forward to the success we will accomplish together for the region's economy.

STEVEN WRIGHT, V.P. OF ECONOMIC DEVELOPMENT

Hampton Roads: Our Distinctive Brand

What's in a name? Without its localities, "Hampton Roads" is just a body of water in Virginia. Our distinctive communities are what make Hampton Roads unique. For too long, we have focused our efforts on crafting one name to blend each city into one region. However, at the Alliance, we believe in bottom-up brand architecture that promotes each city individually. Each locality, steeped in rich tradition and history has its unique, distinctive and dynamic community brand. These local community brands, along with our private business partners, define the Alliance and together, we drive opportunities to strengthen our region's value proposition. As one region of distinct community brands supported by our Commonwealth, Port, Military and Federal Facilities, we have more versatility. We are 11 products wrapped in one very attractive package for business growth and expansion. This particular aspect differentiates us from other competitive regions. In this approach, we celebrate our differences as assets rather than challenges. The Alliance works to facilitate a strong partnership among all Hampton Roads stakeholders, and our collective successes demonstrate the value the Alliance brings to its membership and partners.



REGIONAL BRAND IDENTITY ARCHITECTURE

The Commonwealth, the Port of Virginia and military facilities drive business identity



Regional business identity drives opportunity generation and strengthens value proposition



Strong, unique and distinctive community brands bolster the region's business identity and brand



Leadership

Under new leadership, the Alliance has made it a priority to work in-step with our partners. Motivated to cultivate deeper and more collaborative relationships with our investors, we have made a concerted effort to consistently connect with leaders who share our mission of producing high-wage jobs and advantageous economic opportunities for the Hampton Roads region.

Leadership is about staying in touch with our stakeholders across the region. This year, Alliance management has logged **thousands of miles** and held **hundreds of meetings** to learn firsthand what’s important to our business and community partners. By the numbers, you can see that the Alliance is committed to realizing success for our investors by working together as one unified region.

The Alliance governance structure is designed to fairly represent the full range of diversity that makes us who we are. The Alliance is proud to represent **11 localities** and **85+ businesses and regional organizations**. We appreciate the time and commitment we receive from each and every investor and thank them for their continued support.

EXECUTIVE COMMITTEE

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greg.garrett.realty.com

Mr. James M. Haggard
Dixon Hughes Goodman, LLP

Ms. Susan Jacobs
Huntington Ingalls Industries/Newport News Shipbuilding

Mr. K. Joachim Janka
Liebherr Mining Equipment Co.

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Mr. Warren D. Harris
City of Virginia Beach

Ex-Officio/Non-Voting:

Hampton Roads Economic Development Alliance
Mr. Rick L. Weddle

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)

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Virginia Natural Gas
Mr. George Faatz

Wall Einhorn & Chernitzer, P.C.
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Ware Insurance Company
Mr. Michael P. Kellam

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

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Mr. John R. Lawson

WVEC Television, Inc.
Ms. Kari Jacobs

“GOOD BUSINESS LEADERS CREATE A VISION,
ARTICULATE THE VISION, PASSIONATELY OWN THE
VISION, AND RELENTLESSLY DRIVE IT TO COMPLETION.”
—JACK WELCH

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Armada Hoffer Properties
Mr. W. Christopher Harvey

Birdsong Peanuts
Mr. George Y. Birdsong

Christopher Newport University
Mr. Paul S. Triple, Jr.

GEICO
Ms. Nancy Pierce

Jones Lang LaSalle
Ms. Deborah K. Stearns

Marathon Development Group
Mr. Buddy Gadams

The Paxton Companies
Mr. Todd Janssen

Thomas Nelson Community College
Mr. John T. Dever

Travel Leaders
Mr. David Horner

Success

ANNOUNCEMENTS

The Alliance is pleased to announce the additions of ADP, Inc., SANJO Corte Fino and Peet's Coffee into the regional business community. The companies selected the cities of Norfolk, Virginia Beach and Suffolk for their investments and are the result of collaborative work between state, local, and regional efforts.

AUTOMATIC DATA PROCESSING, INC.

1,800 JOBS
\$32.25M INVESTMENT
286,800 SQ. FT

Automatic Data Processing, Inc., a human capital management organization based in New Jersey, is one of the largest providers of business processing and cloud-based solutions, including human resources, payroll, benefits and talent management, to employers all over the world. The Fortune 251 company announced in March 2016 that they had selected the City of Norfolk for a regional customer service center with an investment of \$32.25 million and 1,800 new jobs. This announcement was transformational for the Alliance and the entire Hampton Roads region.

SANJO CORTE FINO

85 JOBS
\$17.5M INVESTMENT
24,000 SQ. FT

SANJO Corte Fino, a family-owned manufacturer, based in Barcelona, Spain, established its North American headquarters right here in the Hampton Roads. SANJO, based in Virginia Beach, supplies specialty, fine blanking metal components to STIHL Inc., also headquartered in Virginia Beach, as well as several tier-one automotive suppliers. Announcing an investment of \$17.5 million, a projected 85 new jobs will be created and added to the region. Virginia Beach Mayor William D. Sessoms, Jr. says that as a region, Hampton Roads is competing internationally for these kind of jobs and it is a joint effort to bring them here. "I don't think the City of Virginia Beach could have done this on its own. It was successful this time because the city, region and state worked well together and that's what it takes to get these jobs."

PEET'S COFFEE

135 JOBS
\$58M INVESTMENT
175,000 SQ. FT

Peet's Coffee, originally founded by Alfred Peet in 1966 in Berkeley, California, is committed to sourcing the world's best beans, roasting them by hand, and brewing them to perfection. Peet's Coffee upholds its commitment to delivering the world's freshest beans through a variety of measures, including a unique Direct Store Delivery network serving over 14,000 grocery stores daily. Peet's Coffee is dedicated to growing its business through its retail, grocery, office coffee and e-commerce channels while maintaining the superior quality of its coffee, selected the City of Suffolk to establish an East Coast manufacturing operation. Peet's Coffee invested \$58 million in building a 175,000 square foot roastery, which will create 135 new jobs for the region.

"OPPORTUNITIES DON'T HAPPEN. YOU CREATE THEM."
—CHRIS GROSSER

2016 MARKETING REPORT

When you look at the numbers, 2016 was the best year on record for the Alliance since 2000.

2,020 JOBS **\$107,750,000**
485,000 SQUARE FEET **CAPITAL INVESTMENT**

On the surface, our success is defined by the number of announcements, jobs, capital investment and square footage. When you look closer though, you'll see that our Business Development team crunches numbers every day in an effort to build our economy and grow our region. The following are highlights from our marketing activities in 2016:

 **38 NEW PROJECTS**  **368 MEETINGS**
303 CORPORATE APPOINTMENTS
65 CONSULTANT MEETINGS

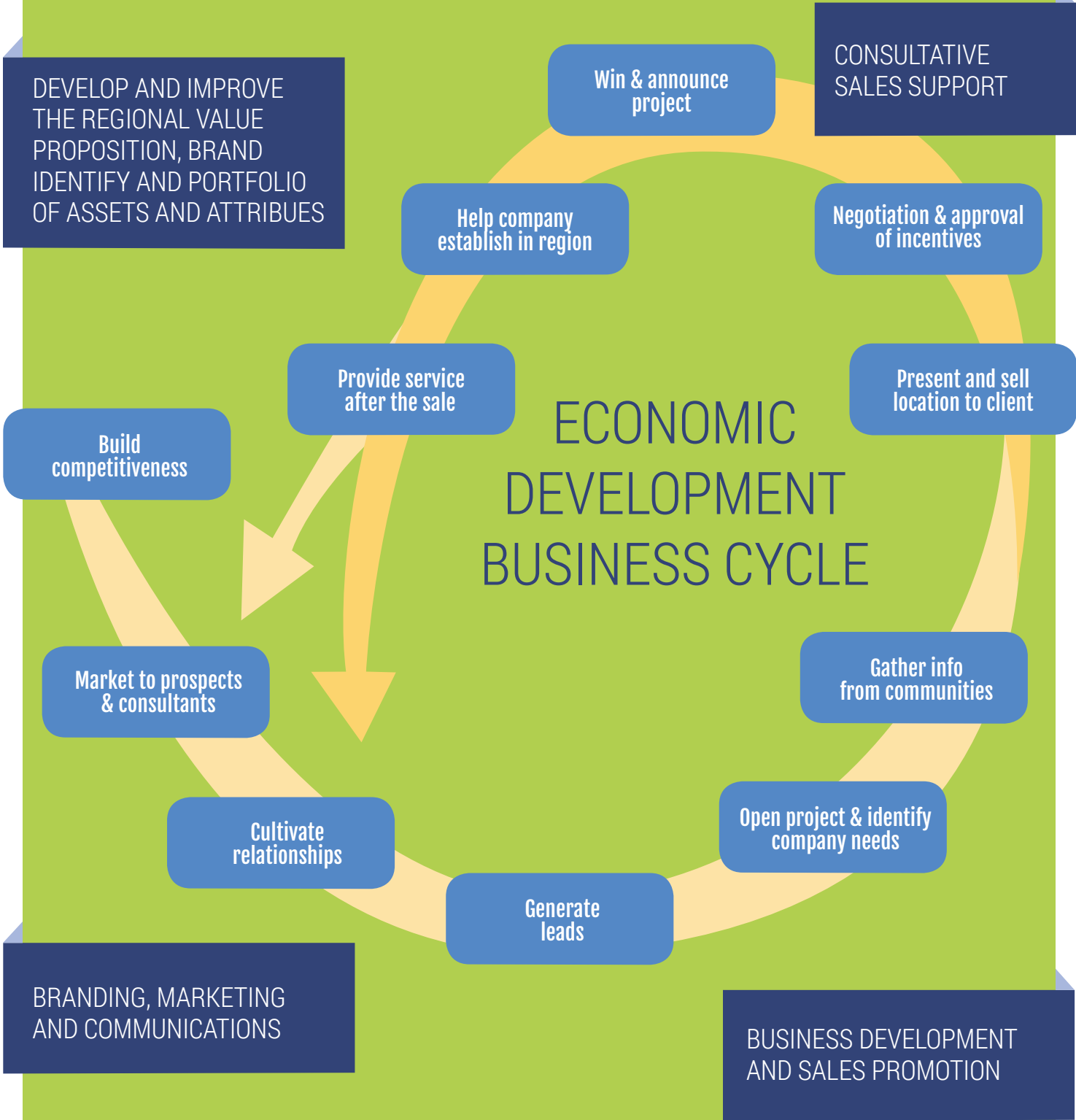
25 PROSPECT VISITS 
15 NEW / 10 REPEAT

 **31 MARKETING ACTIVITIES**
6 CONFERENCES / 17 MISSIONS / 11 TRADE SHOWS

Teamwork

The Regional Economic Developers (RED) Team concept was introduced in this year to build on the success of the past and take regional cooperation to a new level.

The RED Team functions in an advisory role to the Alliance and meets regularly to advance the Alliance's efforts to build a more diverse and prosperous economy. The RED Team, comprised of economic development professionals from our public partners, the Port of Virginia, educational institutions, workforce boards, utility companies and other partners, is the backbone of the region's economic delivery system.



“IF EVERYONE IS MOVING FORWARD TOGETHER, THEN SUCCESS TAKES CARE OF ITSELF.”

—HENRY FORD

THE RED TEAM



ECONOMIC DEVELOPMENT PROFESSIONALS FROM 11 LOCALITIES

HIGHER EDUCATION

UTILITIES

THE PORT OF VIRGINIA

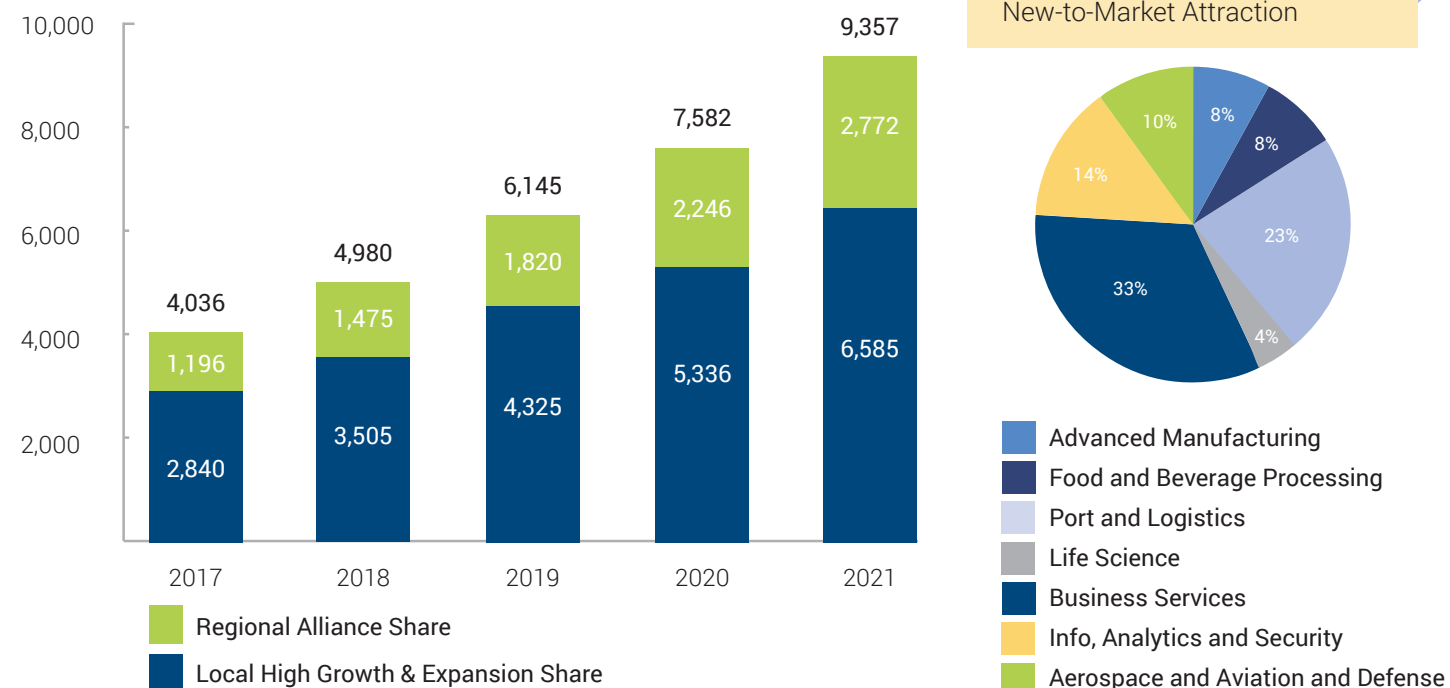
WORKFORCE DEVELOPMENT

Impact

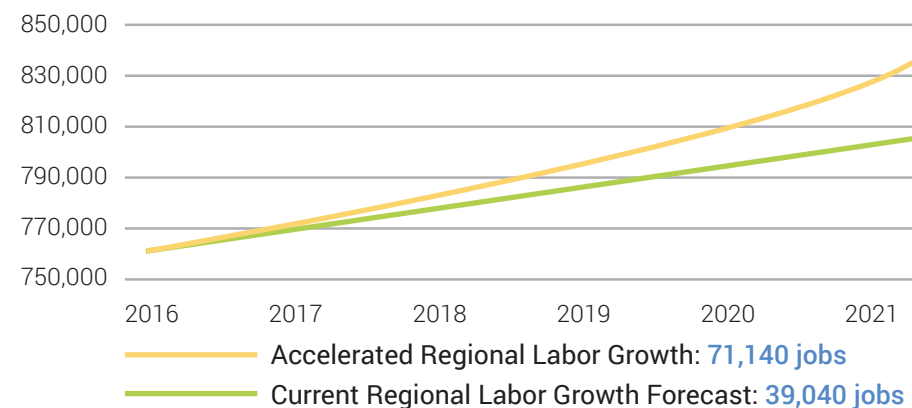
Impact is about putting measures and plans in place for effective results. The Five Year High-Wage Growth Strategy is based on Reinvent Hampton Roads' industry cluster research and higher wage job creation model focusing on the region's current and emerging advanced industrial clusters. Developed through a broad-based, inclusive planning effort in late 2016, the Alliance presented a bold plan that calls for the Alliance to support the creation of 9,500 higher wage jobs through new-to-market business recruitment.

Under this Five Year High-Wage Growth model, Hampton Roads will experience a surge in job growth like never before. If successful, the plan will drive the overall production of 71,000 jobs over a five-year period.

5-YEAR REGIONAL EMPLOYMENT CREATION TARGET



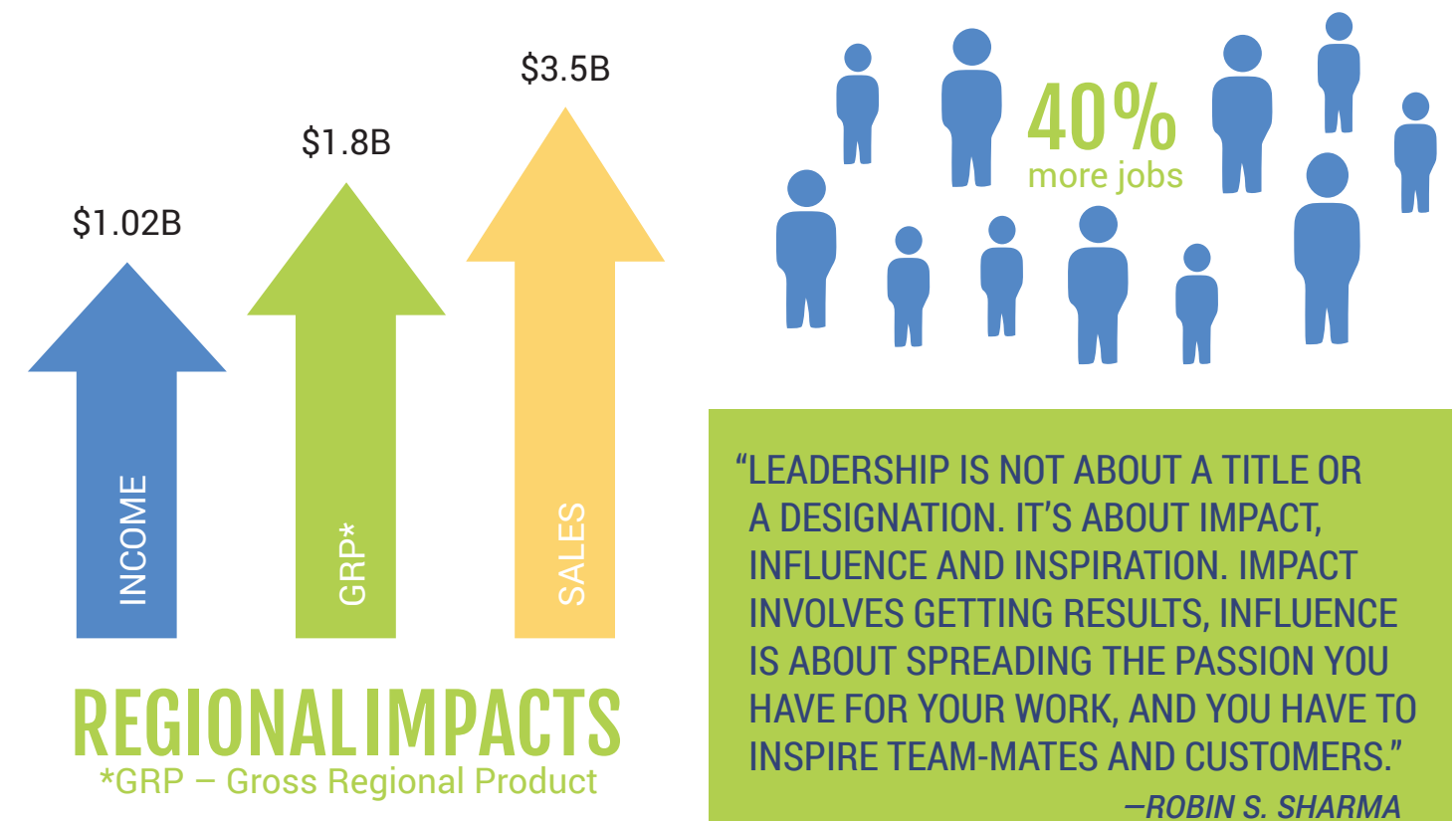
PROJECTED IMPACT ON REGIONAL LABOR GROWTH



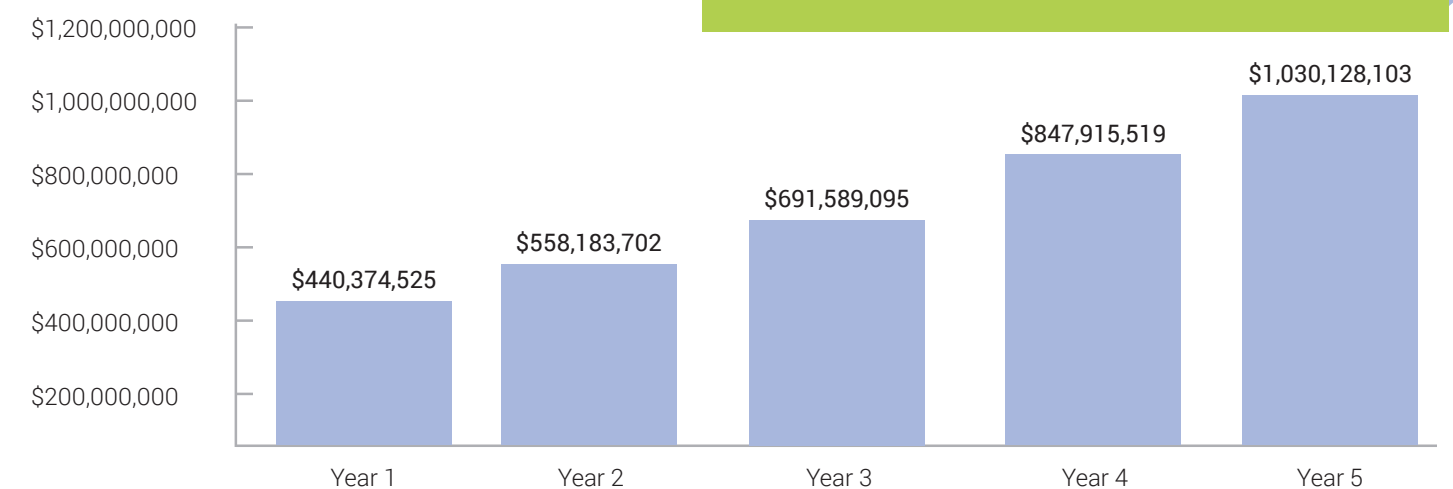
Upon successful implementation, this strategy will nearly double the current 5-year labor growth forecast and would bring regional employment growth to a 2.1% annualized rate.

GOALS AND JOB CREATION

THE ECONOMIC IMPACT AND RETURN ON INVESTMENT



OVERALL IMPACTS: NEW SALES TO REGIONAL BUSINESSES



RETURN ON INVESTMENT

Average 5-Year Public Sector Return: **\$18 in revenue per \$1 invested into the Alliance**
Average 5-Year Private Sector Return: **\$396 regional sales per \$1 invested into the Alliance**

Meet the Team



Top Row: Jillian Goodwin, Laura Hayes, Adelaide Gilmore, Chad Matheson, Angela Parsons and Amy Parkhurst
Bottom Row: Shannon Kendrick, Rick Weddle and Eric Miller

Budget

The Hampton Roads Economic Development Alliance 2017 budget was approved by its Board of Directors. The top-level operating budget is summarized in the following table.

	2016	2017
Support & Revenue		
Corporate Investment	\$835,500	\$1,014,960
Municipal Investment	\$1,415,590	\$1,398,915
Miscellaneous	\$10,600	\$25,000
Supplemental Allocation*	-	\$599,794
Total Support & Revenue	\$2,261,690	\$3,038,669
Expenses		
Marketing & Promotion**	\$1,699,615	\$807,209
Business Development	-	\$1,209,236
Business Intelligence	-	\$377,758
Industry Cluster Promotion	-	\$115,619
Investor Relations	\$69,330	\$255,835
General Operations	\$516,625	\$273,012
Total Expenses	\$2,285,570	\$3,038,669

*One-time supplemental allocation of HREDA reserve funds dedicated to launch of Five-Year Job Creation Strategy.
**Major variances are due to more specific allocation of expenditures in the 2017 budget.



From the President

In this report, you get the message that it's about the numbers. Sure, it's always about the numbers. Success comes to those who have a vision of where they're headed, a clear plan to get there and a good way to measure success. Measurement requires numbers. That's why we set goals and measure progress in terms of payroll, investment, real estate absorbed, prospects generated, communities visited, deals done and so on.

I believe it is also important to understand what these numbers reveal. Numbers are placeholders or proxies for measuring what we are all about — improving the lives and well-being of our citizens.

A recent Gallup World Poll concluded, "what the whole world wants is a good job."

It's one of the most important discoveries Gallup ever made. Now more than ever before, the most important thing for most people is a good job with an employer who provides a regular paycheck — a paycheck that lets them provide for their family and eke out a fair share of the American dream.

Good jobs are fundamental to the success of Hampton Roads and its communities. They are basic to a prosperous economy. They are the foundation of our middle class. Most importantly, good jobs

are essential to advancing human growth and development across our region.

Gallup suggests, "Creating as many good jobs as possible should be the number one priority for business and government leaders everywhere."

It's been a long time since we've had enough good jobs to go around in Hampton Roads. It's been a long time since all our citizens had the opportunity to find the work they want and need.

At current rates, it will be another two years before we have as many jobs in Hampton Roads as we had in July of 2007. This simply isn't acceptable. We can and will do better.

In 2017, you can be assured we'll pay close attention to the numbers. But what you can really count on is that we will work all day, every day to bring good paying jobs to Hampton Roads.

That is our number one priority.

RICK WEDDLE
President & CEO

