

**NEWPORT NEWS,
VIRGINIA**

**2006
ANNUAL REPORT**

**ECONOMIC AND
INDUSTRIAL
DEVELOPMENT
AUTHORITY**

NEWPORT NEWS

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**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

ANNUAL REPORT 2006



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY



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**ECONOMIC AND INDUSTRIAL
DEVELOPMENT AUTHORITIES:**

The core mission of the Newport News Economic and Industrial Development Authorities is the growth and diversification of the tax and employment base of the City of Newport News.

**ECONOMIC DEVELOPMENT AUTHORITY
AND
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE
CITY OF NEWPORT NEWS, VIRGINIA**

BOARD OF DIRECTORS

Gordon L. Gentry, Jr.
Chair

Sylvia Berry
Vice-Chair

Arthur Henderson
Thaddeus B. Holloman, Sr.
Gary Hunter
Allen R. Jones, Jr.
James B. Thomas, Jr.

Randy W. Hildebrandt, City Manager (ex officio)
Neil A. Morgan, Assistant City Manager/Advisor
Florence G. Kingston, Secretary/Treasurer (ex officio)
Cherry Lee Croushore, Assistant Secretary

Herbert V. Kelly, Sr., Esquire, Legal Counsel
Ralph M. Goldstein, Esquire, Legal Counsel
Raymond H. Suttle, Jr., Esquire, Legal Counsel



A MESSAGE FROM OUR CHAIR

February 13, 2007

TO: The Honorable City Council

FROM: Chair, Economic Development Authority (EDA) and Industrial Development Authority (IDA)
(collectively “EDA/IDA” and/or “the Authority”)

SUBJECT: Annual Report

It is my pleasure to transmit the 13th Annual Report of the EDA/IDA. The core mission of the EDA/IDA continues to be the growth and diversification of the City’s tax and employment base. However, increasingly, this mission entails fostering the exceptional quality of life necessary to attract and retain quality companies that are an asset to the community. Calendar year 2006 was a very active and successful year for the EDA/IDA. It successfully advanced numerous significant economic development projects, including many that have positive impacts beyond the measure of jobs and taxes.

The Authority is especially proud of the progress at City Center at Oyster Point. The grand openings of both the Mariners Row mixed-use district and the Marriott Hotel and Conference Center took place in 2006. City Center now has many quality high-fashion retailers and restaurants. Special events programming implemented at City Center has added to the liveliness surrounding the fountain plaza. Businesses occupying new commercial space have successfully opened, and another office building is under construction, as are fifty-four luxury condominium units and additional retail space. To support all of this new development, the EDA opened two new parking garages at City Center.

The EDA/IDA also made great strides toward its goal of enhancing the City’s quality of life and tax base through the development of well-planned communities where citizens can live, work and play. The EDA entered into a development agreement with L.M. Sandler & Sons for the development of Asheton in the Endview and Lee Hall areas of the City. Additionally, the EDA continued negotiations to refine a revised development agreement with the Kahn Development Group for Patrick Henry Place, another exciting mixed-use development.

To further the revitalization of the Upper Warwick Boulevard Corridor, the EDA entered into a Memorandum of Understanding with Lewis A. McMurrin, III to explore redevelopment of the Newport Crossing shopping center and other Oriana Road properties as a mixed-use project. In order to secure a strategic property in the proposed project area, the EDA purchased the former Hills department store. The EDA will continue to evaluate the feasibility of redevelopment as additional studies provide information.

ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

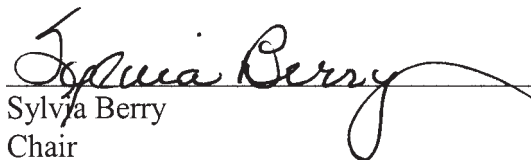
A MESSAGE FROM OUR CHAIR

The Honorable City Council
February 13, 2007
Page Two

Elsewhere in the City, the new Police Headquarters is substantially complete and the EDA closed on its purchase of Rouse Tower. Both projects support the City's public facility needs and are instrumental to the stabilization and revitalization of the Newmarket/Parkview area. The EDA/IDA will continue to explore the development of the Southeast Commerce Center and its property at 39th Street and Marshall Avenue, in context and coordination with revitalization efforts in the Southeast Community by the City and the Newport News Redevelopment and Housing Authority.

The Authority also acted on numerous smaller scale projects, while continuing its role in the marketing and management of the business and industrial parks over which it has purview. Additionally, the Authority has enthusiastically supported the Department of Development's active business visitation and retention program, realizing how important existing businesses are to the City's economy. The EDA/IDA Board of Directors continues to be supported by a system of functional committees with staff services provided by the City's Department of Development. Citizen participation on EDA/IDA committees remains an essential element for providing input and guidance to the Authority.

This year's Annual Report highlights the activities and successes that the EDA/IDA undertook and achieved in 2006. With the continued confidence and support of City Council during the past year, the EDA/IDA has worked diligently to foster economic growth and a high quality of life for Newport News. The Board of Directors thanks City Council for its support and looks forward to yet another successful year of the EDA/IDA serving the economic development interests of the City of Newport News and its citizens.


Sylvia Berry
Chair

STANDING COMMITTEES

DESIGN REVIEW

Thaddeus B. Holloman, Sr., Chair
Sylvia Berry
James B. Thomas, Jr.
Mike Carpenter, Icelandic USA
Jim McDevitt, Eagle Six, LLC
R. Donald Ragland, Jr., New Horizons Regional Education Center
Neil Rogers, Ferguson Enterprises
Glenn Schofield, Kinyo Virginia, Inc.
Sylvia Weinstein, Oyster Pointer
Fred Dylla, Jefferson Lab
Jim Golden, College of William & Mary
Mark Falin, Newport News/Williamsburg International Airport

MARKETING

Allen R. Jones, Jr., Chair
Gary Hunter
Don Blankenship, Ferguson Enterprises
John Miller, VECTEC
Bud Ramey, Riverside Health System
Howard Waters, Collins, Waters & Bridgman Advertising – Consultant

PARKING

James B. Thomas, Jr., Chair
Arthur Henderson
Gary Hunter
John Lunsford, SunTrust
Jim MacDougall, MacPaint, Ltd.
Dr. Gene Soud, Retired

PLANNING AND POLICY ANALYSIS

Sylvia Berry, Chair
Gordon L. Gentry, Jr.
Thaddeus B. Holloman, Sr.
Allen R. Jones, Jr.

REVOLVING LOAN FUND

Arthur Henderson, Chair
Allen R. Jones, Jr.
James B. Thomas, Jr.
Cary Epes, Old Point National Bank
Howard Manly, Retired

STANDING COMMITTEES

SOUTH NEWPORT NEWS

Gary Hunter, Chair
Gordon L. Gentry, Jr.
Arthur Henderson
Effie Ashe, Retired
Pam Austin, Retired
Carl Burt, Norfolk State University
Richard Coleman, An Achievable Dream Academy
Troy Smith, Jr., Smith Brothers Enterprises

SPECIAL PURPOSE COMMITTEE APPOINTMENTS

Sylvia Berry, Conference Center Marketing, Chair
Thaddeus B. Holloman, Sr., Special Events Programming Task Force
Gordon L. Gentry, Jr., Air Service Development Task Force
Gary Hunter, Sister Cities, Community Development Block Grant Committee

STAFF SUPPORT TO EDA/IDA

Neil A. Morgan	Assistant City Manager/Advisor EDA/IDA
Florence G. Kingston	Director of Development (Also Secretary/Treasurer EDA/IDA)
Sam Workman	Assistant Director
Cherry Lee Croushore	Manager of Development (Also Assistant Secretary EDA/IDA)
Theodore J. Figura, Jr.	Manager of Marketing
N. Douglas Winstead	Manager of Special Projects
Carol Meredith	Manager of Financial Services
Zoe Lumpkin, CPA	Financial Services Administrator
Chris Morello	Administrator of Development Projects
David A. Kuzma	Project Coordinator
Chad Pritchett	Project Coordinator
Tricia F. Wilson	Business Development Specialist
Jason Noah	Business Retention Coordinator
Robin N. Boyd	Marketing Coordinator
Andy Wilks	Property Manager
Joyce C. Pope	Administrative Coordinator (Also Recording Secretary EDA/IDA)

ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

CITY CENTER AT OYSTER POINT

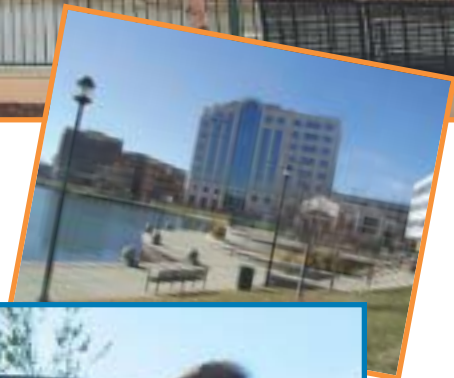
- Construction was completed on both the privately-held, 256-room full service Marriott Hotel and adjacent Authority-owned Conference Center, which opened June 15, 2006. Purchase of the Conference Center from Oyster Point Hotel Associates occurred in November 2006. In addition, construction was completed on the Mariners Row Extended street (connecting Fountain Way and Canon Boulevard) and the Mariners Row Parking Garage.
- The Authority welcomed the opening of the Mixed-Use District (Mariners Row). Mariners Row has brought several new-to-market major fashion retail stores to Newport News, including Ann Taylor Loft, Chico's, Coldwater Creek, J. Jill, Jos. A. Bank and Ten Thousand Villages. A second wave of retail openings brought additional specialty shops, including Ceriello Fine Foods, Medik's Market, Colangelo's and Maggie Moo's.
- The Authority also welcomed a number of new restaurants to City Center including Aromas, Firkin & Frigate Pub, Great Wraps, Hayashi Japanese Cuisine, Red Star Tavern, Rockefeller's and Wired Café.
- The Authority completed construction of the 880-space Fountain Way Parking Garage for retail shoppers, commercial tenants, retail tenants and other visitors to City Center. An enhanced, retail-oriented signage package was also installed under separate contract.
- In 2006, the One City Center office building opened for occupancy and was substantially leased by year-end.
- New office tenants in the Mixed-Use District include modeling and simulation firms Alion Science and Technology and C2 Technologies, both new to Newport News.



ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

CITY CENTER AT OYSTER POINT

- Construction was completed on the Park Place luxury apartments and construction began on The Point condominiums.
- Improvements to Thimble Shoals Boulevard were completed. Although the project was implemented by the City, the EDA was responsible for design review and approval.
- City Center at Oyster Point Median and Wing Signs were completed at the intersection of Jefferson Avenue and Thimble Shoals Boulevard.
- The Authority facilitated installation by Newport News Town Center, LLC of eleven oval wayfinding signs throughout City Center. The Authority now owns the signs.
- The project coordination staff processed applications for signage from 38 tenants in City Center. Of the 45 applications processed, 35 were administratively approved.
- In addition to the 35 signs administratively approved, ten applications were referred to the Design Review Committee and subsequently approved by the EDA Board.



CITY CENTER AT OYSTER POINT CONT'D

- The Authority coordinated the efforts of multiple groups, including the City's Parks, Recreation and Tourism Department, VAF Productions, the Port Warwick Foundation and Newport News Town Center, LLC to create a 2006 Oyster Point Events Calendar.
- At the direction of the City Manager, the Authority administered a City appropriation for Special Events Programming at City Center and in other areas of the City.
- During 2006, the City Council established a Special Events Programming Task Force which is chaired by staff. The Task Force has responsibility for the review and recommendation of events funding and serves in an advisory capacity to the City Manager with regard to special events policies.
- Staff conducted bi-weekly Special Events Coordination Committee meetings to provide focused oversight and direction to all City Center at Oyster Point events.



SOUTHEAST COMMUNITY

- The EDA worked with the City of Newport News, the Newport News School Board, and An Achievable Dream, Inc., to improve the performance of one of the City's elementary schools and to finance a plan to expand the Achievable Dream program to include the school's students and a new secondary school. Under this plan, Achievable Dream would construct the necessary improvements on the property and lease the entire parcel to the EDA. The EDA entered into a lease with ADM & HS, Inc. (Achievable Dream) on July 27, 2006.
- The Authority explored the concept of the private development of the Southeast Commerce Center site through the issuance of a Request For Proposals. After a thorough evaluation, the Authority decided to reject all proposals. The Authority will continue to explore its options for the development of this strategic site.
- As part of the City/IDA's Brownfield Assessment Demonstration Pilot Program, a Phase II Environmental Site Investigation was performed on the 126-parcel Terminal Avenue Redevelopment/Southeast Commerce Center site.
- The EDA continued to actively market the 39th Street redevelopment project site.
- A comprehensive Phase I Environmental Site Assessment was performed on the 39th Street Redevelopment Project Site, to include evaluation of environmental investigations previously conducted on the individual properties that comprised the 39th Street Project Site assemblage.
- The EDA continued to assist with site assembly for the South Police Precinct. This project has been identified as an integral component in the revitalization of the Jefferson Avenue Corridor.
- The Authority supported the Department of Planning's effort to facilitate a Southeast Urban Waterfront Redevelopment vision.
- The inaugural Southeast Newport News Business Roundtable meeting was held on November 1, 2006.



OAKLAND INDUSTRIAL PARK

- Construction was completed on Interstate Warehousing's 80,000 square-foot expansion of its warehouse facility, resulting in \$6.2 million in new capital investment and 50 new jobs.
- Construction of a "multi-purpose path" along the northern border of Enterprise Drive was completed.
- Custom Vinyl Products entered into a purchase agreement for 260 Enterprise Drive, a 6.16-acre undeveloped parcel identified as Lot 20A. Plans for a new 40,000 square-foot headquarters/manufacturing facility were approved by the IDA. The sale is expected to close in 2007, with an anticipated \$2 million in investment and 10-20 jobs.
- The IDA approved plans for an expanded employee parking area and trailer staging area at the Icelandic USA facility.
- The former L.A. Services Building (220 Picketts Line) was purchased by Susquehanna Stewart, LLP. Northrop Grumman leases and occupies the entire facility.
- Printpack, Inc. began its proposed capital expansion with the addition of four (4) new storage silos, an accessory building and several pieces of proprietary process equipment. Investment is expected to be \$27 - \$29 million, with 18-22 new jobs.
- The IDA ensured that inspection, maintenance and repair of the Oakland Rail Spur was performed.



ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

JEFFERSON CENTER FOR RESEARCH AND TECHNOLOGY

- Dilon Technologies raised \$7.25 million in new capital from a private stock sale. The sale was handled by the New York-based niche investment banker, Taglich Brothers. Dilon has developed a gamma ray camera capable of detecting early breast cancers. The cameras are being used in major research hospitals nationwide. Several prominent media pieces appeared in 2006 which provided visibility to Dilon Technologies' achievements and tie to Newport News.
- Black Laboratories, a company specializing in novel engineering materials, process development, microstructural characterization, and large strain plasticity modeling, has opened offices in the EDA's Applied Research Center.
- Jefferson Lab, featuring the world's best and brightest free electron laser, achieved several world records with 10,000 watts of light output in December 2006.



DOWNTOWN NEWPORT NEWS



- The EDA acquired five (5) properties in the area between Washington and Huntington Avenues and 30th and 32nd Street, to facilitate site assembly associated with a proposed housing project for unaccompanied Navy personnel.
- Northrop Grumman exercised its option under its existing lease to purchase the Navy Parking Garage, located at 151 30th Street, for \$1.8 million. The transaction closed in August 2006.
- The EDA received notice from Subway restaurant that it wished to exercise its option to extend its lease for space in the Downtown Engineering Center for an additional five years.

ASHETON

- The EDA concluded negotiations and executed a Development Agreement on March 24, 2006 with L.M. Sandler & Sons, Inc. that included a Master Development Plan and Pattern Book for Asheton.
- Asheton consists of 436 acres of EDA-owned land, to be developed into an 1,596-unit residential and mixed-use TND (traditional neighborhood development). The development will include a mix of single-family detached homes, condominiums, townhouses and live/work units (live-above units). Streetscapes, neighborhood parks and nature trails will add a distinctive flair. A commercial element, including office and retail offerings will also be present.
- A developer-EDA-interdepartmental City staff team met bi-weekly for approximately six months to facilitate advancement of the project.
- By year-end, the developer was working on a project engineering infrastructure and site plan approval process to be completed by Spring 2007.
- The first phase land acquisition of 125 acres is anticipated in Spring 2007.
- An EDA-City staff task force is working on the creation of the Asheton Community Development Authority (CDA) and \$35 million in project financing.



PATRICK HENRY COMMERCENTER

- The EDA continued to work closely with Wolseley North America to further its plans to build a corporate campus next to its subsidiary, Ferguson Enterprises. Groundbreaking is expected to occur for the first building in 2007. Ferguson/Wolseley will invest at least \$32.3 million in the initial development phase.
- The Authority approved a site plan, landscape plan, building elevations and renderings for the development of Patrick Henry Center (office condominiums) located at 12610 Patrick Henry Drive, by The Patriot Group.
- The IDA authorized the sale of the five-acre parcel B-6-A to Newport News/Williamsburg International Airport. This parcel is a subdivision of the former 18.77-acre parcel B-6, which was previously approved for sale to the Peninsula Airport Commission.
- The Authority continued coordination with airport representatives on the proposed Turnberry Boulevard Extended Alignment.



PATRICK HENRY PLACE

- The EDA endorsed an amended and restated development agreement with Kahn Development (Columbia, SC) in recognition that market changes have dictated Master Plan changes toward proportionally more residential and less commercial/retail uses. Importantly, it guarantees that the City's need for new road infrastructure leading to the development from Oyster Point Road will be met. The plan includes 762 residential units, including condominiums, townhouses and apartments, two (2) Marriott-affiliated hotel products and 140,000 square-feet of retail and office space.

ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

CITY-WIDE DEVELOPMENT INITIATIVES

- Construction was substantially completed on the EDA-owned 65,000 square-foot Newport News Police Headquarters, with the Police Department taking occupancy November 13, 2006.
- The Authority closed on the acquisition of Rouse Tower, a twelve story steel and glass office building located at 6060 Jefferson Avenue, on March 1, 2006. The building will serve as the permanent home of Newport News Social Services. Most of the year was spent planning interior and exterior renovation. By early 2007, the Authority should be in a position to award a \$6.75 million renovation contract. Work should be completed by the end of 2007.
- City Council, EDA and Newport News Parking Authority each adopted a resolution to authorize the transfer of assets and obligations from the Parking Authority to the EDA. The transfer was substantially complete by year-end.
- On July 24, 2006, the EDA purchased land and improvements located at 429 Oriana Road (formerly Hill's Department Store). A selected developer and the EDA are pursuing market studies and due diligence activities to evaluate the feasibility of redevelopment of the Newport Crossing Shopping Center/Oriana Road area.



MARKETING STRATEGIES

- The EDA/IDA website, www.newportnewsva.com, was revamped for easier navigation and a cleaner look. It now features a flash page focusing on the Hi-Tech Hometown theme and will soon have a webcam feature as well. Content is grouped under four major topics—Site Selection Data, Sites+Buildings, Quality of Life and About Us. There are prominent portals for requesting more information, watching the EDA/IDA promotional video, quickly finding cost-of-doing-business data and finding out what's new. There is also a new Contact Us feature.
- The EDA/IDA continued to participate in marketing activities with the Hampton Roads Economic Development Alliance, designed to attract new businesses to the region. This year, these activities included attending the National Business Aviation trade show; The Staubach Academy, Forbes Magazine Galleries and CoreNet special events; and marketing missions to China, the United Kingdom, New York/New Jersey, Chicago and Dallas to call on companies within target areas and site consultants directly.
- The EDA/IDA now has a display kiosk at the Newport News/Williamsburg International Airport. The kiosk plays the EDA/IDA's award-winning promotional video in a continuous loop.
- Staff made numerous marketing presentations, including several bus tours, to groups of potential investors and our economic development partner organizations. These groups included the Virginia Economic Development Partnership, the Hampton Roads Association for Commercial Real Estate, and companies visiting the area exploring potential sites. Staff also coordinated a bus tour, hosted a booth and served as a sponsor of the 2006 Virginia Black Expo, highlighting the benefits of a Newport News location to over 8,000 potential franchise owners.



BUSINESS RETENTION



- Through the Business Visitation Program, the Business Retention Coordinator administered 161 visitations to 147 local companies. The Program enabled EDA/IDA and City staff to assist a number of businesses in maintaining and creating new jobs and in facility expansions.
- On May 12, 2006, the EDA/IDA hosted the second annual Business Appreciation Barbeque & Golf Outing at the Newport News Golf Club at Deer Run. Nearly 200 guests joined us for good food and friendly competition. This event provided attendees with an excellent opportunity to network with business leaders as well as City officials and Board Members of the EDA/IDA. The Barbeque has become a highly anticipated annual gathering of representatives of the thriving business community of Newport News.
- In 2006, the Business Retention Coordinator planned two business roundtables and attended the annual meeting of the Copeland Industrial Park Business Association. The two Business Roundtables were focused on technology firms and the businesses of the Southeast Community. Business leaders were updated on various developments throughout the City and they were encouraged to inform EDA/IDA and City officials on the challenges and successes of their respective companies.
- In 2006, three companies from Newport News received the prestigious Fantastic 50 award. The Fantastic 50 awards program was created by the Virginia Chamber of Commerce to recognize the 50 fastest growing companies in Virginia. The 2006 Newport News award winners were Bay Electric, Foundation Engineering Science and International Communications Group (ICG).

“This is an excellent venue allowing us to interact with City staff in a friendly environment. I would like to thank the City for their efforts.”

- Doug Coenen, PBS & J

COLLABORATIVE EFFORTS

NEWPORT NEWS GREEN FOUNDATION

- The EDA/IDA continued its policy of supporting the mission of the Green Foundation by allocating 10% of its net proceeds from the sale of land to the Foundation.
- Through the end of calendar year 2006, the Green Foundation had acquired 13 parcels of land, totaling 19.83 acres and had a number of other property transactions in process.



NEWPORT NEWS PUBLIC ART FOUNDATION

- The EDA/IDA continued to support the mission of the Newport News Public Art Foundation to establish public art throughout the City for the benefit of the community.
- The Authority collaborated with the NNPAF to commission a sculpture to be placed at the entrance to Newport News/Williamsburg International Airport.
- Public Art is slated to be placed at the new Police Headquarters building in Summer of 2007.



ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

FINANCIAL REPORT

EDA/IDA Financial Highlights

During fiscal year 2006, the Authorities continued their success in developing City Center at Oyster Point through a public/private partnership. Construction of two EDA-owned parking garages, Fountain Way and Mariners Row, was completed. Additionally, construction on the Marriott Conference Center was completed. The EDA issued \$18,900,000 in Economic Development Revenue Bonds in June 2006 to fund the tax-exempt portion of the Marriott Conference Center.

Overview of the Financial Statements

The Authorities are component units of the City of Newport News, Virginia. Component units are other governmental units over which the City can exercise influence and/or may be obligated to provide financial support.

Summary of Financial Statements

The following table represents the condensed net assets of the Authorities:

Authorities' Net Assets			
For the year ended June 30, 2006, 2005 and 2004			
(in millions)			
	2006	2005	2004
Current and other assets	\$ 115.99	\$ 97.82	\$ 78.88
Capital assets, net	135.81	109.57	103.56
Total assets	<u>251.80</u>	<u>207.39</u>	<u>182.44</u>
Current and other liabilities	12.52	13.12	13.82
Long-term liabilities	199.84	158.61	137.80
Total liabilities	<u>212.36</u>	<u>171.73</u>	<u>151.62</u>
Net Assets			
Invested in capital assets, net of related debt	30.02	\$ 27.29	21.66
Restricted	4.11	4.07	4.77
Unrestricted	5.31	4.30	4.39
Total Net Assets	<u>\$ 39.44</u>	<u>\$ 35.66</u>	<u>\$ 30.82</u>

Total net assets of the Authorities increased to \$39.44 million as of June 30, 2006. Of this \$39.44 million, approximately \$4.11 million of those net assets are restricted as to the purposes for which they may be used. The Authorities' current and other assets of \$115.99 million include \$23.16 million due from the Commonwealth of Virginia for payment of the tax-exempt Industrial Revenue Bond issued to finance the Herbert H. Bateman Virginia Advanced Shipbuilding and Carrier Integration Center project (VASCIC). The corresponding debt outstanding is included in bonds payable.



ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

FINANCIAL REPORT

Capital Assets and Debt Administration

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

Authorities' Capital Assets
As of June 30, 2006, 2005, and 2004
(net of depreciation, in millions)

	2006	2005	2004
Building	\$ 99.10	\$ 99.10	\$ 100.93
Improvements, machinery and equipment	10.36	10.03	10.03
Infrastructure	1.52	1.52	1.52
Construction in progress	41.26	12.06	1.81
Accumulated depreciation	(15.65)	(13.14)	(10.73)
Total	<u>\$ 136.59</u>	<u>\$ 109.57</u>	<u>\$ 103.56</u>

The following table summarizes debt outstanding:

Authorities' Outstanding Debt
As of June 30, 2006, 2005 and 2004
(in millions)

	2006	2005	2004
Industrial Revenue Bonds - IDA	\$ 51.38	\$ 59.07	\$ 64.95
Industrial Revenue Bonds - EDA	140.75	93.02	65.33
Bond Premiums (Discounts)	0.89	(0.11)	—
Notes payable	—	—	1.50
Total	<u>\$ 193.03</u>	<u>\$ 151.99</u>	<u>\$ 131.78</u>

As of year-end, the Authorities had \$193.03 million of debt outstanding in bonds payable. The increase in debt outstanding from 2005 is due to the issuance by the Authorities of \$33 million in revenue bonds to fund the Mariners Row Garage and Rouse Tower project. Of the \$33 million, \$12.09 million are tax-exempt serial bonds, which have various interest rates ranging from 5.00% to 5.25%. The remaining \$20.91 million of the issuance are taxable serial bonds also with varying rates ranging from 5.14% to 5.64%. These bonds are backed by a payment agreement with the City.

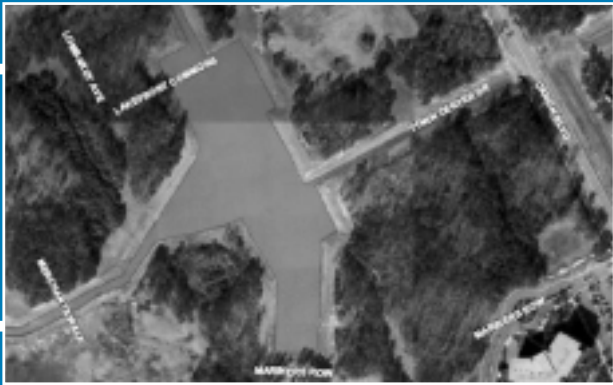
Also included in bonds payable at June 30, 2006 is \$23.16 million for the VASCIC Building with a corresponding receivable due from the Commonwealth of Virginia equal to the outstanding liability amount. These bonds are limited obligations of the Authorities and are payable from funds appropriated by the Virginia General Assembly. During 2006, the Commonwealth of Virginia paid \$3.94 million in principal payments on these bonds.

Contacting the Authorities' Financial Management

Additional financial information is available upon request.



ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY



CITY CENTER 1995



CITY CENTER 1997



CITY CENTER 2004



CITY CENTER 2006

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PLEASE CONTACT

FLORENCE G. KINGSTON, SECRETARY/TREASURER

NEWPORT NEWS ECONOMIC DEVELOPMENT AUTHORITY

NEWPORT NEWS INDUSTRIAL DEVELOPMENT AUTHORITY

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