

WORK SESSION MINUTES

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY BUILDING C CONFERENCE ROOM, 101 MOUNTS BAY ROAD 3:00 PM, TUESDAY, APRIL 26, 2005

1. CALL TO ORDER

The meeting was called to order by Chairman Hartmann at 3:06 PM.

2. ROLL CALL

A roll call identified the following members present:

Mr. Vincent Campana, Jr.
Mr. Michael J. Diedzic, Jr.
Ms. Virginia Hartmann
Mr. Bernard Ngo
Mr. Mark Rinaldi

Also Present:

M. Anderson Bradshaw, BOS Liaison
Mr. Bill Doig, Williamsburg Landing CEO
Ann Davis, Treasurer
Barbara Finke, EDA Fiscal Agent
Jones Hooks, HREDA President and CEO
John Horne, Development Management Manager
Richard Hurlbert, Jr., Kaufman and Canoles
Marcè Musser, EDA Recording Secretary
Ben Puckett, Williamsburg Landing Associate CEO
Leo Rogers, EDA General Counsel
Keith A. Taylor, EDA Secretary
Paul Tongue, Williamsburg Fine Arts Center
Tara Woodruff, Accounting Supervisor

Absent:

Mr. John Berkenkamp
Mr. Alvin Bush

refundable upon transfer of the unit/home, which is listed as deferred liability (revenue over a period of years), and actually constitutes positive net assets.

Mr. Puckett stated that 60% of residents are from the greater Williamsburg area, and this percentage has been consistent since the facility opened.

Mr. Johnson stated he had reviewed the application and all was in order.

6. PUBLIC HEARING

a. Proposed Williamsburg Landing Revenue Bond Financing – G. Hartmann

Chairman Hartmann opened the public hearing concerning Williamsburg Landing's bond financing request.

Mr. Tongue asked project eligibility and procedural questions regarding applying for an Industrial Revenue Bond through the EDA, but asked no specific questions pertaining to the Williamsburg Landing Revenue Bond Financing. Mr. Johnson answered Mr. Tongue's questions.

There being no member of the public appearing to speak to the Williamsburg Landing Revenue Bond Financing, Chairman Hartmann then closed the public hearing.

<official statement attached>

7. ACTION ITEM

On a motion by Mr. Campana, and a second by Mr. Rinaldi the Resolution Authorizing Issuance of the Industrial Development Revenue Bonds (Williamsburg Landing) Series 2005A and Series 2005B was approved by roll call vote:

Mr. Campana	Aye
Mr. Diedzic	Aye
Ms. Hartmann	Aye
Mr. Ngo	Abstain
Mr. Rinaldi	Aye

8. DISCUSSION ITEM

Ms. Hartmann stated Mr. Rinaldi had looked in to a memorial for Joseph R. McCleary, as instructed at the March 17 EDA meeting. Those wishing to contribute personally to a land Conservancy brick engraved "JCC EDA Remembers Joseph R. McCleary" are asked to see Mr. Rinaldi after today's EDA Work Session.

3. PERSONNEL MATTERS

Ms. Hartmann announced the receipt of a letter from Mr. Bekenkamp stating he will not seek reappointment to the EDA. A list of applicants will be forwarded via email for consideration by the Directors. Comments/choices should be emailed to Ms. Hartmann, who will combine a consensus of applicants to be recommended to the BOS.

Mr. Campana stated the personality, skill and capability of applicants should be considered, and the EDA's recommendation to the BOS should be considered, as well. The Directors concurred with Mr. Campana.

4. ACTION ITEM

In July 2003, County Staff authorized the expenditure of \$3,200 for routine maintenance on the gravel roadway at Mainland Farm. The cost of the maintenance was charged to a County Capital Improvement Project account. It has been determined that this expenditure from County funds was incorrect and the County asked that the expenditure be charged to the Economic Development Authority (EDA). Mr. Horne asked for authorization from the EDA for this expenditure.

After discussion, Mr. Campana moved that the EDA authorize the \$3,200 expenditure for routine maintenance on the gravel roadway at Mainland Farm from the Mainland Farms Operating Account, 021-010-0245. Mr. Rinaldi seconded the motion which passed unanimously.

Mr. Campana added that he had been contacted by Alain Outlaw regarding possible historical/archeological significance on the Renwood Farm site. Mr. Horne also stated he had been contacted by Mr. Outlaw, and will look in to the matter and report back to the EDA.

5. PRESENTATION

a. Williamsburg Landing Revenue Bond Financing Request-S. Johnson, R. Hurlbert

Mr. Hurlbert gave an overview of the Williamsburg Landing project, phase 2, and refinancing the Series B bond, for which they were applying, followed by a more detailed explanation by Mr. Puckett. The phase 2 project is to construct and equip 22 new single and duplex cluster homes.

Mr. Hurlbert then presented Williamsburg Landing's application for industrial revenue bond financing for the project.

Mr. Diedzic expressed concern regarding the percentage of debt versus income for Williamsburg Landing. Mr. Doig explained that up-front entrance/service fees are

9. PRESENTATIONS

a. HREDA Update – J. Hooks

Mr. Hooks gave a general overview of the HREDA/PAED merger, which officially took place March 1. He stated that the region has a competitive advantage it never had before.

Mr. Hooks and staff have met twice with VEDP stating the newly merged organization is entitled to more time with prospects and must be given more acknowledgement because Hampton Roads has:

- The Port of Virginia
- 22% of the total Virginia population
- 2500 square miles
- One-fifth of all employed persons in Virginia
- 21% of all Virginia college students.

Inc. Magazine's May issue named Hampton Roads as one of the best regions in which to do business.

Mr. Hooks handed out the March HREDA report, which is the first to reflect the Southside and the Peninsula. There are 39 marketing missions, 23 trade shows, and 28 events scheduled for the rest of 2005.

Mr. Hooks concluded his presentation by answering questions from Directors regarding the newly merged organization.

b. EDA Finances – B. Ngo, B. Finke

Mr. Ngo introduced the presentation by stating he had been working with James City County's Accounting Division, in particular Ms. Mellen and Ms. Finke, to give direction in developing an overview for this work Session.

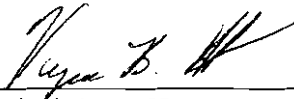
Ms. Finke gave a brief PowerPoint presentation (attached) explaining the EDA's accounts and financial processes, then answered questions.

Ms. Davis explained the two types of interest being earned on EDA's funds and the types of accounts earning that interest. She suggested an analysis of the EDA's financial position, including identifying a spending plan and establishing goals and policies. She handed out JCC investment goals and policies (attached), which is updated each year.

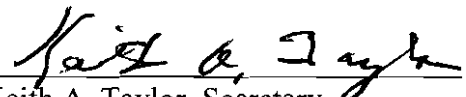
After brief discussion, Ms. Hartmann thanked the presenters for a thorough and easy-to-understand presentation.

10. ADJOURNMENT

There being no further business, Chairman Hartmann entertained a motion by Mr. Rinaldi to adjourn. The motion was approved by unanimous voice vote, and the meeting adjourned at 5:37 PM.



Virginia B. Hartmann, Chairman



Keith A. Taylor, Secretary



MEMORANDUM

Date: April 26, 2005
To: Economic Development Authority Directors
From: John T. P. Horne, Development Manager
Subject: Mainland Farm Road Maintenance – EDA Expenditures

In July 2003, County Staff authorized the expenditure of \$3,200 for routine maintenance on the gravel roadway at Mainland Farm. The cost of the maintenance was charged to a County CIP account. It has been determined that this expenditure from County funds was incorrect and that the expenditure should be charged to the Economic Development Authority.

Attached is a resolution requesting that the Directors authorize the expenditure of \$3,200 for roadway maintenance at Mainland Farm.

JTPH/nb
mainlandfrm.memo

Attachment

SUMMARY OF PUBLIC HEARING STATEMENTS

The Economic Development Authority of James City County, Virginia (the Authority), conducted a public hearing at 3:00 p.m. on April 26, 2005, at the Building C Conference Room of the James City County Government Center, 101-C Mounts Bay Road, Williamsburg, Virginia 23185, with respect to the Authority's issuance of up to \$18,000,000 in tax-exempt revenue bonds (the Bonds) pursuant to the Virginia Industrial Development Revenue Bond Act (the Act), for the benefit of Williamsburg Landing, Inc. (the Borrower), a Virginia nonstock corporation, whose principal business address is 5700 Williamsburg Landing Drive, Williamsburg Virginia 23185. The proceeds of the Bonds will be loaned to the Borrower to (1) finance the construction and equipping twenty-two (22) single and duplex cluster homes and a wellness and fitness center (the Project) at the Company's facility for the residence and care of the aged in the County of James City, Virginia (the Facility), (2) refund the outstanding balance of the Authority's Residential Care Facility First Mortgage Revenue Bonds (Williamsburg Landing, Inc.), Series 1996B (the Series 1996B Bonds), (3) finance a portion of a debt service reserve fund, and (4) finance all or a portion of expenses incurred in connection with the issuance of the Bonds.

Mr. Ben Puckett, Deputy Executive Director of the Borrower, described to the Authority the details of the Project. Richard L. Hurlbert, Jr. of Kaufman & Canoles, P.C., bond counsel, described to the Authority the plan of finance, and the legal requirements pertaining thereto. After questions from the Commissioners were answered by Mr. Puckett and Mr. Hurlbert, the hearing was closed. No members of the public spoke at the public hearing in opposition to the Bonds or the Project.

RESOLUTION OF
ECONOMIC DEVELOPMENT AUTHORITY OF
JAMES CITY COUNTY, VIRGINIA

WHEREAS, there has been described to the Economic Development Authority of James City County, Virginia (the Authority), the plans of Williamsburg Landing, Inc. (the Company) to (a) finance the construction and equipping of twenty-two (22) single and duplex cluster homes and a wellness and fitness center (the Project) at the Company's facility for the residence and care of the aged in the County of James City, Virginia (the Facility), (b) refund the outstanding balance of the Authority's Residential Care Facility First Mortgage Revenue Bonds (Williamsburg Landing, Inc.), Series 1996B (the Series 1996B Bonds), (c) finance a portion of a debt service reserve fund, and (d) finance all or a portion of expenses incurred in connection with the issuance of the Bonds (as hereinafter defined);

WHEREAS, under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the Act), the Authority has been given the power to issue its revenue bonds from time to time and to use the proceeds thereof for the purpose of paying all or part of the cost of certain projects, including the Project, and to issue refunding bonds;

WHEREAS, the Authority has been requested to assist in the issuance and sale of up to \$18,000,000 in aggregate principal amount of its Economic Development Authority of James City County, Virginia, Residential Care Facility First Mortgage Revenue and Refunding Bonds (Williamsburg Landing, Inc.), Series 2005 (the Bonds), the proceeds of which will be used to finance the costs of the Project, to refund the Series 1996B Bonds, to fund a debt service reserve fund, and to pay all or a portion of the costs of issuance of the Bonds;

WHEREAS, a public hearing with respect to the Project and the Bonds has been held by the Authority as required by Virginia law and Section 147(f) of the Internal Revenue Code of 1986, as amended, on the date hereof;

WHEREAS, the Company has elected to proceed immediately with implementing the plan of finance and issuing the Bonds in an aggregate principal amount not exceeding \$18,000,000 pursuant to a Bond Purchase Agreement (the Bond Purchase Agreement) among the Authority, the Company and BB&T Capital Markets, a division of Scott & Stringfellow, Inc., as Underwriter (the Underwriter);

WHEREAS, the Company has requested that the Authority proceed with the plan of finance heretofore described by the execution and delivery and/or approval of the following documents, all of which have been presented at this meeting in substantially final form:

(i) A Trust Agreement (the Trust Agreement) dated as of May 1, 2005, by and between the Authority and the Trustee named therein and herein and authorizing the issuance of the Bonds;

(ii) A Loan Agreement (the Loan Agreement) dated as of May 1, 2005, by and between the Authority and the Company, together with the Company's promissory note (the Note) executed and delivered pursuant to the Loan Agreement to evidence the loan made thereby and the form of assignment thereof from the Authority, without recourse, to the Trustee;

(iii) A Preliminary Official Statement to be dated on or about April 27, 2005, (the Preliminary Official Statement), pursuant to which the Underwriter will furnish certain information regarding the Bonds, the security therefor, the Company, the Project and the Facility;

(iv) The Bond Purchase Agreement; and

(v) A Remarketing Agreement (the Remarketing Agreement) dated as of May 1, 2005, by and among BB&T Capital Markets, the Authority and the Company, pursuant to which the Series 2005B Bonds hereinafter described, if issued, are remarketed in accordance with the Trust Agreement.

BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA:

1. It is hereby found and determined that the issuance of the Bonds will benefit the inhabitants of James City County, Virginia, increase their commerce, and promote their safety, health, welfare, convenience and prosperity, and the Authority hereby agrees to assist in the issuance and sale of the Bonds.

2. The Trust Agreement, the Loan Agreement, the Bond Purchase Agreement, the Remarketing Agreement and the Note (hereinafter collectively referred to as the Bond Documents) are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions or omissions (including, without limitation, changes in the dates thereon) as may be approved by the Chairman or Vice Chairman of the Authority, upon advice of counsel to the Authority, which approval shall be evidenced conclusively by the execution and delivery of the Trust Agreement. As the Underwriter has not yet determined the final financing structure for the Bonds, the Chairman or Vice Chairman is hereby authorized to approve such final financing structure so long as (i) the net interest costs, taking into account any applicable original issue discount (OID) of the Bonds does not exceed 6.80% per annum, (ii) the final maturity of the Bonds is not later than thirty (30) years from the dated date thereof, and the average maturity of the Bonds is not later than twenty-five (25) years or such earlier number of years as required by Bond Counsel, (iii) the aggregate principal amount of the Bonds does not exceed \$18,000,000 and (iv) the Underwriter's discount (excluding OID) does not exceed 2% of the aggregate principal amount of the Bonds. The execution of the Bonds by the Chairman or Vice Chairman of the Authority shall constitute conclusive evidence of the Authority's approval of the final financing structure as determined by the Underwriter, subject to the foregoing limitations. The Authority hereby acknowledges and agrees that, if requested by the Company, the Bonds may be issued in two series which would be designated Series 2005A and Series 2005B, respectively,

and that the Series 2005A Bonds, if issued, will constitute fixed rate bonds and the Series 2005B Bonds, if issued, would constitute Flexible Rate Bonds, as described in the Trust Agreement. Such Flexible Rate Bonds will initially bear interest at a Flexible Rate, as defined in the Trust Agreement, in accordance with the provisions of the Trust Agreement, that such Flexible Rate will be adjusted from time to time as set forth in the Trust Agreement. No Flexible Rate Bonds will at any time bear interest at a rate in excess of fifteen percent (15%) per annum. The net interest costs, taken into account any applicable OID of the Series 2005A Bonds shall not exceed the 6.80% limitations set forth above. The initial net interest cost taking into account any applicable OID of the Series 2005B Bonds shall not exceed the 6.80% limitations set forth above. All other terms of the Bonds as described in and provided by the Trust Agreement are hereby approved.

3. The execution and delivery of the Trust Agreement, the Loan Agreement, the Bond Purchase Agreement, the Remarketing Agreement and the assignment form attached to the Note and their delivery upon payment for the Bonds, and the execution and delivery of the Bonds and the use of the proceeds of the Bonds as set forth herein and in the Trust Agreement, are all hereby approved.

4. BB&T Capital Markets, a division of Scott & Stringfellow, Inc. is hereby appointed Underwriter and BB&T Capital Markets, a division of Scott & Stringfellow, Inc. is hereby appointed Remarketing Agent with respect to the Bonds under the terms set forth in the Bond Documents.

5. A draft Preliminary Official Statement is now on file with the Authority and is hereby approved. The distribution and use by the Underwriter of the Preliminary Official Statement prepared by counsel for the Underwriter and based upon information provided by the Company and other parties to the transaction (including the Authority but only to the extent of the information set forth in the Section entitled "The Authority" and in the first paragraph of the Section entitled "Litigation") is hereby approved. The Chairman or Vice Chairman is hereby authorized on behalf of the Authority to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the Rule) prior to its use and distribution, except for the omission of certain pricing and other information allowed to be omitted pursuant to the Rule. The Chairman or Vice Chairman of the Authority is hereby authorized to execute a final Official Statement, appropriately dated, with appropriate completions, insertions, omissions and changes as shall be necessary to accurately describe the Bonds, the Company, the financing plan, the security for the Bonds, the Project and the Facility. The execution of the final Official Statement by the Chairman or Vice Chairman of the Authority shall constitute conclusive evidence of the Authority's approval of the final form of such final Official Statement and that the Authority has deemed the final Official Statement final within the meaning of the Rule as of its date.

6. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to complete, execute and submit to the Internal Revenue Service its Form 8038 with respect to the Bonds and to mail a copy thereof to the Board of Supervisors of James City

County, Virginia (the Board), and the Virginia Department of Business Assistance in accordance with the Act.

7. Each officer of the Authority is authorized to execute and deliver on behalf of the Authority such instruments, documents or certificates and to do and perform such things and acts as they shall deem necessary or appropriate in carrying out the transactions authorized by this Resolution or contemplated by the Bond Documents, and all of such actions previously done or performed by the officers or directors of the Authority are in all respects approved, ratified and confirmed.

8. All costs and expenses in connection with the financing plan, including the fees and expenses of the Authority, and the fees and expenses of counsel for the Authority, shall be paid promptly from the proceeds of the Bonds to the extent permitted by law or from funds provided by the Company. If for any reason the Bonds are not issued, it is understood that all such fees and expenses (other than the Authority's annual fees and closing fees) shall be paid promptly by the Company upon presentation of an invoice and that the Authority shall have no responsibility therefor. The Company shall also pay the Authority's administrative fee as required by the Loan Agreement. The Company agrees to indemnify and save harmless the Authority's directors, employees, agents and counsel from and against all liabilities, obligations, claims, penalties, losses, costs and expenses in any way connected with the Project, the Facility, the application submitted to the Authority by the Company, the issuance of the Bonds or the refunding of the Series 1996B Bonds.

9. SunTrust Bank is hereby appointed Trustee under the Trust Agreement.

10. The Authority hereby agrees to the recommendation of the Company that Kaufman & Canoles, P.C., Norfolk, Virginia, be appointed as bond counsel and hereby appoints such firm to supervise the proceedings and approve the issuance of the Bonds.

11. All other acts of the officers of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Bonds and the refunding of the Series 1996B Bonds are hereby approved and confirmed.

12. The Authority hereby recommends to the Board that it approve the issuance of the Bonds and hereby directs the Chairman of the Authority to provide to the Board the documentation required by the Act.

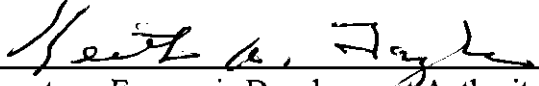
13. This Resolution shall take effect immediately upon its adoption.

14. This Resolution shall expire if the Bonds have not been sold or this Resolution extended on or before the first anniversary date of the adoption of this Resolution. In no event may the Bonds be issued and sold pursuant hereto until the Board has approved the issuance of the Bonds by the Authority.

15. The Authority acknowledges that the Bonds may be issued in one or more series of Bonds issued pursuant to the Trust Agreement in the event the Company elects to defer the refunding of the Series 1996B Bonds to achieve greater debt service savings, in which event, the Bond Documents approved hereby will be amended, or new documents, including an Official Statement, will be executed and delivered, all subject to approval by the Authority and its counsel, to provide for the issuance of such subsequent series of Bonds.

The undersigned hereby certifies that the above resolution was duly adopted by an affirmative roll call vote of a majority of the directors of the Economic Development Authority of James City County, Virginia, at a meeting duly called and held on April 26, 2005, and that such resolution is in full force and effect on the date hereof.

Dated: 26 April, 2005



Secretary, Economic Development Authority of
James City County, Virginia

FISCAL LIFE CYCLE

ECONOMIC DEVELOPMENT AUTHORITY

April 26, 2005

Barbara Finke

Hello, my name is Barbara Finke; I work as the fiscal agent representative for the EDA on behalf of James City County. Today I would like to go over the fiscal life cycle of the EDA in a brief presentation

OVERVIEW

- The Audit
- The Interim
- The Budget



Lucky Pants

The goal of this presentation is to answer the board's questions by illustrating the typical fiscal life cycle. The other goal is to not put you to sleep! If you have any questions during the slides please don't hesitate to speak out. I will do my best to answer each question or if needed I will research the question and report back at the next meeting or contact the EDA Director directly.

AUDIT REPORT

- Auditors: KPMG
- EDA uses the County's auditors

The audit will usually begin around the end of May and the Financial Statements are issued around October of the next fiscal year. The FY04 audit report will provide clean starting point for detailing your financial story. The EDA audit is done in conjunction with the County wide audit. Right now KPMG is performing the audit, and we are very pleased with their work.

By contract we are allowed to renew with KPMG for two more years and barring any unforeseen events we will be renewing both times. The renewal process has been completed for this year and the memo attached to meeting packets shows the price for the EDA at \$6,100. After the renewal period we will be going back out to find a new audit firm. If at any point during this process there are concerns from the EDA feel free to express those to our office. We will make sure that they are heard by KPMG, or included in the criteria for choosing the next audit firm.

AUDIT REPORT Structure

- Management Discussion and Analysis
- Basic Financial Statements
- Notes to Financial Statements

There are three critical sections in the Financial Statement report. The style of the report has changed in recent years due to legislation from the Governmental Accounting Standards Board.

The first section is The Management's Discussion and Analysis which gives a brief overview of what occurred during the year.

The second section is The basic financial statements consisting of a Balance sheet which shows the financial position of the EDA at the fiscal year end, a Statement of Revenues, Expenses, and Change in Net Assets which shows the activity of the EDA throughout the year and is comparable to the Income Statement of a corporation, and finally a Statement of Cash Flows which shows the cash sources and uses for the year.

The final section is the notes to the financial statement which serve to describe the necessary background to numbers illustrated in the financial statements.

AUDIT REPORT

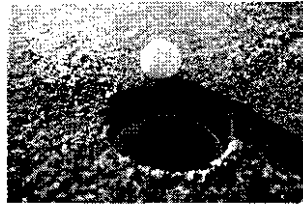
Key Items

■ Restricted Cash

■ Escrow Liability

■ Net Assets

- Invested in capital assets, net of related debt
- Restricted for community development
- Unrestricted



Next, I would like to bring your attention to several key items on the Balance Sheet (*hold up handout*)

The Restricted Cash- is cash that must be used for a specific purpose. For example if you become a member of a golf course and are required by contract to make monthly payments, a portion of your income is allocated to the membership fees. The amount is in your account, but if you spend it for other purposes and cannot pay your monthly fee their will be legal repercussions.

The balance of \$875,000 here resulted from the agreement with the Virginia Economic Development Partnership after the close of the John Deere plant. It began with a balance of \$1 mil but in FY04 \$125,000 was expensed for allowable community development. Your golf fees were 1mil (nice course!) and from your budget you paid \$125,000.

AUDIT REPORT

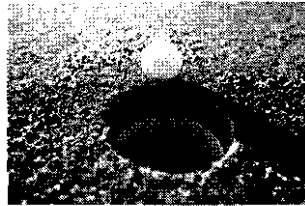
Key Items

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■ Escrow Liability

■ Net Assets

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- Restricted for community development
- Unrestricted



Escrow Liability – in general this is money held by a third party until the agreement which created the funds is complete. So now you take your friend to show off your new putting ground, and your friend bets you a hundred bucks you can't make on the next shot. For safe keeping he gives the money to the caddy to hold. If you make the next shot, your end of the agreement is complete and you will take the money, however if you don't then his end of the agreement is settled and he takes the money back.

The number that is shown on the EDA Balance Sheet as being in escrow is \$700,000 which is the amount of the restricted cash from above that was required to be placed in Escrow. As indicated in the Note 8 (*hold up handout*) from the financial statements these funds were "Placed in escrow due to stipulations made by the Commonwealth that these funds revert back to them if they were not used as incentives to new prospects in the Deere site within 3 years." The end of the three years will be in September of 2005 but there is the ability for requesting an extension. A letter has been written requesting this extension. The extension will prevent the funds from reverting back to the state, but will not alleviate the restrictions. In other words the VEDP, your friend will let you keep taking a mulligan until you make the shot and you can spend the money.

AUDIT REPORT

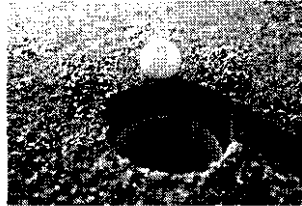
Key Items

■ Restricted Cash

■ Escrow Liability

■ Net Assets

- Invested in capital assets, net of related debt
- Restricted for community development
- Unrestricted



The final part of the balance sheet I would like to highlight is the break down of Net assets:

The first, **Invested in capital assets, net of related debt**. This is a fancy way to show what amount of the assets you truly own.

What are your assets-

Own Mainland farm as a conduit agreement with the County
property transfer to the EDA - if it does occur it could be the Warhill Sports
Complex as collateral for the re-payment of the lease financing.

James River Commerce Center - plans to extend roads and utility to the back of
the Commerce Center to fully serve the EDA-owned property - proposed
as a County capital investment in FY2007 - was not included in the
adopted 5-year CIP

The only debt on the balance sheet of the EDA is the note used to purchase the
Mainland Farm.

The second category, **Restricted for community development**, is the remaining balance of
the \$300,000 not put into escrow minus the portion spent last year. Continuing our golfing
example, and I am really hoping that some of you do play..., these are the funds that you
will use to pay the rest of your membership.

Unrestricted- these are the assets that are available for use as designated for the board. These
funds may have internal restrictions. The main difference between the restricted and the
unrestricted is that restricted are categorized as such due to an external party stipulation.
These funds are similar to the un-appropriated retained earnings of a corporation. They are
made up sum of the unrestricted cash, accounts and notes receivables, due from JCC, less
accounts payable. Back to the golf example, your membership fee amount is restricted
because you must pay this to the club, the amount you set aside for golf balls, shoes and
other accessories could in fact be taken by your spouse for their own hobbies.

AUDIT REPORT

Breakdown of Cash

Restricted Com. Dev.	\$	175,000
Escrow Funds	\$	700,000
County Source Funds	\$	1,019,960
Gain on John Deere	\$	1,047,087
Miscellaneous	\$	154,721
Beginning Cash FY05	\$	3,096,768

Now for the most pressing question for many of you, and the question that I remember hearing at my first EDA meeting: What is available for spending?

At the beginning of this year your cash balance was \$3,096,768, excluding what has happened for FY 2005 here is a break down of what is in your cash balance.

The first amount of \$175,000 is what is left from the amount restricted for community development. The amount you still owe for your membership...

The \$700,000 is the amount in escrow restricted by the VEDP for use on marketing the John Deere site. The amount they have left with the caddy betting for you to make the next shot...

The County has also contributed funds for a few buildings of the EDA, when these are sold the County still has some claim to these monies.

This is the amount of the Gain on John Deere that is a return of the EDA monies

This amount is what the EDA has earned in the normal course of business

The year end balance on cash will depend on what is planned for May and June...

Concluding Audit Portion:

Overall the audit period is a time to wrap up the fiscal year end and report the condition to the public. After speaking with Bernie, we believe that it would be beneficial to meet with Bernie and Keith to go over the Drafts of the report in September prior to their issuance.

INTERIM

- Reports
- Milestones Throughout the Year

In between the budget process and audit we monitor that the expense accounts are not over budget and that the cash balance is reasonable to maintain current and future spending levels. Monthly we will ensure that our cash balances with that provided by the treasurers. Our office also handles the payroll and accounts payable functions for the EDA staff.

INTERIM Reports

- Operating & Administrative Expenses
- Non-administrative Operating Expenses
– Mainland Farm
- Capital Project Funds

Each bi-monthly period we create reports for the board that will highlight the expenses of the EDA.

1. The first report (hold up the report) will show the operating expense accounts. These are the administrative and day to day expenses of the EDA
2. The second report illustrates the non administrative costs associated with the EDA
 - The capital expenses are those associated with the purchase and management of Mainland Farms.
 - The capital project funds are the expenses paid out for certain incentives, and other building projects. These expenses are directly reimbursed by County Funds, IF the County Board approved the incentive agreement - there may be one or more incentive agreements initiated by the EDA without the County's formal approval.

INTERIM Milestones

- January- The bond fees billed
- August- Payment Mainland Farm
- December- Payment Renwood Inc.
- December- Revenues Crops

Each year there are certain events that are handled by the financial department.

- In January the bond fee revenues are billed based on those conduit debt holders who decided to pay the administrative fees over the life of the bond. They are assessed based on the outstanding amount of debt.
- In August a payment is made on the note used to purchase Mainland Farm land. A brief history on the Mainland farm- EDA entered into a mortgage, receives operating revenue from a farming lease and spends funds to maintain the property from that operating revenue, EDA makes the mortgage payments but is reimbursed by the County - a conduit arrangement acting for the County on the County's behalf, when mortgage is completely paid off title switches to the County. These payments will end in August of 2009.
- In December the payment to Renwood farms for the management of Mainland Farm is made. This payment is for the agent who is maintaining the land and is based on a lump sum and a portion of profit sharing.
- In December or early January the gross proceeds from the sale of all crops and other growths produced from Renwood Farms are received.

INTERIM

- Are there other reports we could show you?
- Are there different formats you would like to see?

The goal behind our issued reports at each meeting is to keep the board informed of the financial standing of the EDA. If we can manipulate the current reports, or issue additional information please let us know.

BUDGET

- Generally adopted by the end of May beginning of June for the next fiscal year
- The County adopts at the end of April

The EDA Budget process in the past has generally concluded with an adopted budget at the end of May, beginning of June of the previous fiscal year. If the EDA would like to move towards coinciding dates with the County, they tend to adopt their budget at the end of April. Regardless of when the budget process is begun, this is another opportunity for a member of the board to meet with our staff and Keith to discuss the upcoming fiscal year outlook.

BUDGET

■ Operating Revenues

- Based on prior year experience
- Based on known bond fees

A few things I would like to point out to the board, now that you know your cash options include

- The County had budgeted for a second shell building in its capital budget before the first shell building was sold. That County budget balance (\$2.5 million and in addition to the EDA cash balances) still exists but it is losing buying power each year - and there is pressure to reallocate the funds to some other purpose.
- County funds are being used to buy and equip space for an incubator at Ironbound Village to be managed by the Office of Economic Development, via a contract with a private company - uncertain if the EDA desires a role in this effort.
- EDA may wish to consider funding for all or part of the JRCC road improvements if these improvements are important in the short-term

BUDGET

■ Operating Expenses

- Funded by bond fee revenues and interest revenues
- The largest expense for promotions

The revenue portion of the budget is made up of interest revenues and anticipated bond fee revenues. The interest is based on prior year experience and is often hard to predict. The bond fee revenue is based on known administrative fees and a conservative estimate of additional bonds to be issued in the coming year. We are generally involved with this process to help estimate.

Budget Options for Spending

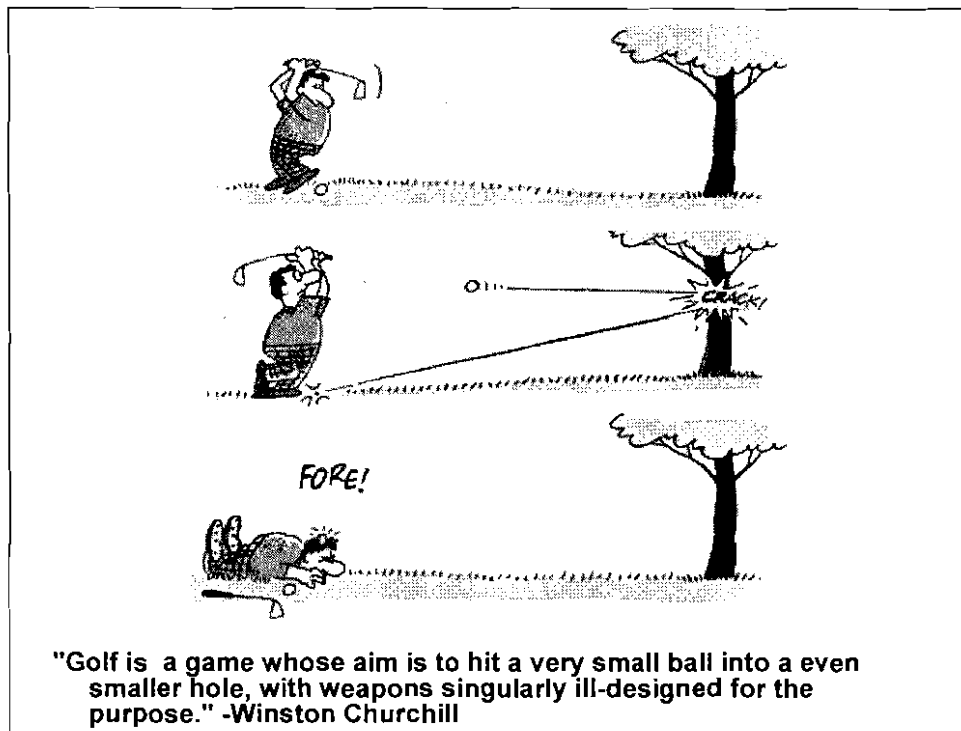
- County budget and EDA funds on 2nd shell building
- OED Incubator at Ironbound Village
- Road improvements at JRCC

The expense side of the budget is composed solely of the operating expenses. These are strictly funded from the previously described revenues. The largest expense has continuously been for promotions, specifically the Michelob event. These numbers are provided to us and added to our system.

FISCAL LIFE CYCLE

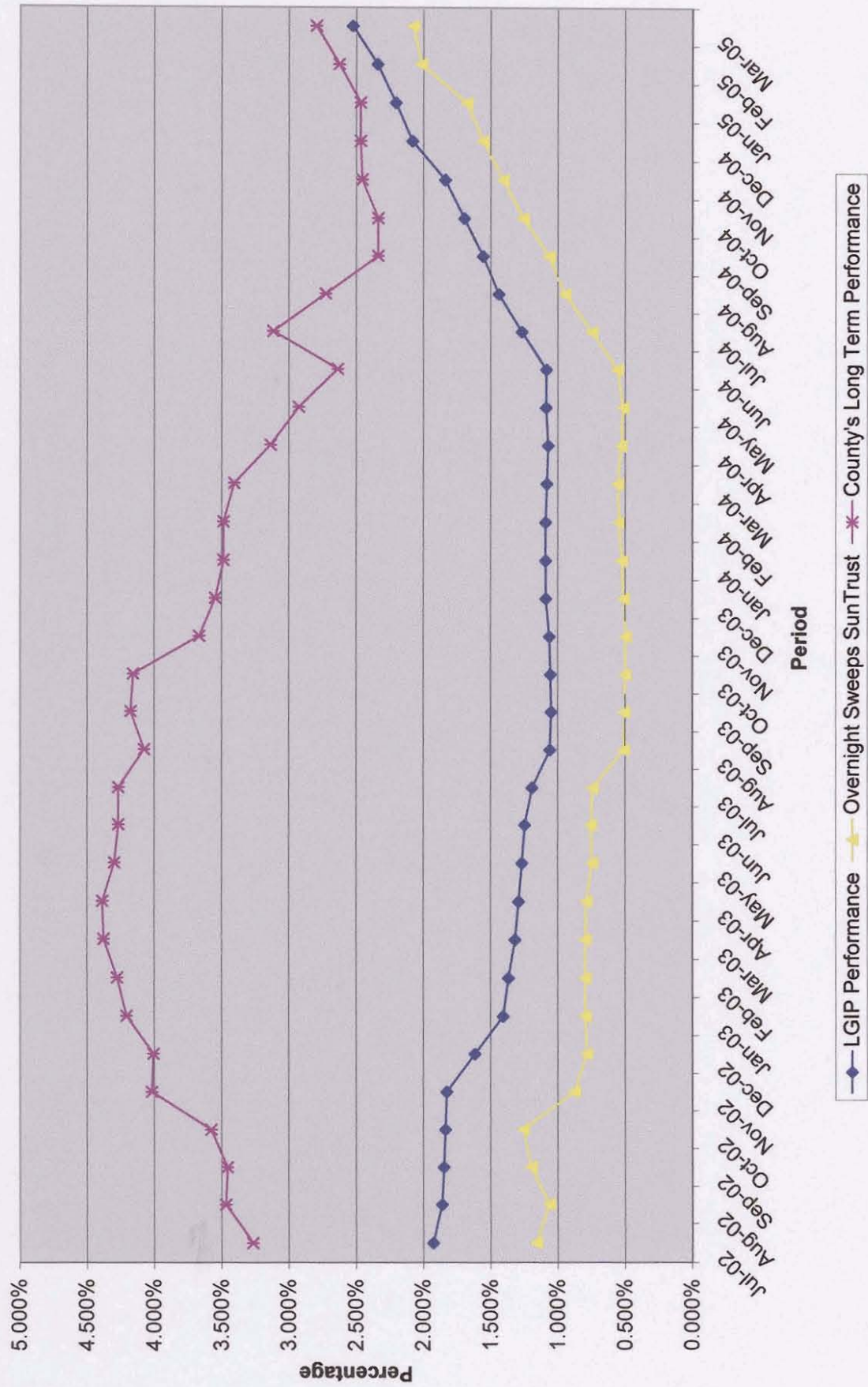
- The Audit
- The Interim Reports
- The Budget

Again, the goal of this presentation was to answer the board's questions by illustrating the typical yearly financial cycle. I hope by seeing the fiscal life cycle and the breakdown of cash the board can determine what is required to maintain a comfortable level of fiduciary responsibility. We are here to help with this task as need be.



Are there any further questions at the moment? If not please feel free to contact me at any time.

James City County's Investment Performance



Treasurer's Office
James City County, Virginia

***Statement of Investment Policy
and Procedures***

Revised January____, 2004

Treasurer's Office
James City County, Virginia

Statement of Investment Policy and Procedures

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Treasurer's Office

James City County, Virginia

Statement of Investment Policy and Procedures

Purpose

The purpose of this policy is to set forth the investment and operational policies for the management of the public funds of James City County, Virginia ("the County"). These policies have been adopted by, and can be changed only by, the Treasurer of James City County ("the Treasurer").

These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

It shall be the policy of the Treasurer that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board (GASB).

Scope of the Investment Policy

This investment policy is a comprehensive one that governs the overall administration and investment management of those funds held in the County's investment portfolio. This policy shall apply to such funds from the time of receipt until the time the funds ultimately leave the County's accounts. These funds include, but are not limited to, all operating funds, debt service funds, and capital project funds (the "County Portfolio").

Except for cash in certain restricted and special funds, the Treasurer will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of these funds.

Investment Objectives

The County's Portfolio shall be managed to accomplish the following hierarchy of objectives:

1 - Preservation of Principal - The single most important objective of the County's investment program is the preservation of principal of those funds within the portfolio.

2 - Maintenance of Liquidity - The portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the County, including but not limited to payroll, accounts payable, capital projects, debt service and any other payments.

3 - Maximize Return - The portfolio shall be managed in such a fashion as to maximize the return on investments within the context and parameters set forth by objectives 1 and 2 above.

Delegation of Authority

The Treasurer is an elected official provided for by the Constitution of the Commonwealth of Virginia who is charged with collecting, safeguarding and disbursing public funds. Therefore, the Treasurer shall have responsibility for the operation of the investment program. The Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreement agreements and banking services contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer may employ an Investment Manager to assist in managing some or all of the County's Portfolio. Such Investment Manager must be registered under the Investment Advisors Act of 1940.

Standard of Prudence

The standard of prudence to be applied to the investment of the County's Portfolio shall be the "Prudent Investor" rule that states:

"Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Treasurer and other County employees and officials involved in the investment process acting in accordance with the Code of Virginia, this policy and any other written procedures pertaining to the administration and management of the County's Portfolio and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that any negative deviations are reported in a timely fashion to the County Treasurer and that reasonable and prudent action is taken to control and prevent any further adverse developments. Furthermore, in accordance with Section 2.2-4410 et seq. of the Code of Virginia, the Treasurer shall not be liable for loss of public money due to the default, failure or insolvency of a depository.

Ethics and Conflict of Interest

The State and Local Government Conflict of Interests Act governs officers and employees, including those involved in the County's investment process. Specifically, Code of Virginia Section 2.2-3103 (5) and (6) of the Act provide that no officer or employee shall:

- 1) accept any money, loan, gift, favor, service, or business or professional opportunity that reasonably tends to influence him in the performance of his official duties; or
- 2) accept any business or professional opportunity when he knows there is a reasonable likelihood that the opportunity is being afforded to influence him in the performance of his official duties.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Treasurer.

Authorized Investments

In accordance with Sections 2.2-4501 through 2.2-4510 of the Code of Virginia and other applicable law, including regulations promulgated by the Treasury Board of Virginia, the County shall be permitted to invest in any of the following securities.

- A) **U.S. Government Obligations.** The following securities issued by the United States Government or its Agencies;
- 1) Stocks, bonds, treasury notes and other evidences of indebtedness of the United States, including:
 - a) the guaranteed portion of any loan guaranteed by the Small Business Administration,
 - b) any agency of the United States government, and
 - c) those unconditionally guaranteed as to the payment of principal and interest by the United States;
 - 2) bonds of the District of Columbia;
 - 3) bonds and notes of the Federal National Mortgage Association and the Federal Home Loan Banks;
 - 4) bonds, debentures or other similar obligations of federal land banks, federal intermediate credit banks, or banks of cooperatives, issued pursuant to acts of Congress; and
 - 5) obligations issued by the United States Postal Service when principal and interest thereon is guaranteed by the government of the United States.

U.S. Government obligations shall be limited to a maximum maturity of five (5) years at the time of purchase.

- B) **Repurchase Agreements.** Contracts for the present purchase and subsequent resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the County. Such contracts shall be invested in only if the following conditions are met:
- 1) the repurchase agreement has a term to maturity of no greater than ninety (90) days;
 - 2) the contract is fully secured by deliverable U.S. Government obligations as described in (A) above (without limit to maturity), having a market value at all times of at least one hundred two percent (102%) of the amount of the contract;

- 3) a master repurchase agreement or specific written, repurchase agreement governs the transaction;
 - 4) the securities are held free and clear of any lien by a independent third party custodian acting solely as agent for the County, provided such third party is not the seller under the repurchase agreement and is a qualified public depository as defined in Section 2.2-4400 et seq. of the Code of Virginia;
 - 5) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the City;
 - 6) for repurchase agreements with terms to maturity of greater than one (1) day, the County will value the collateral securities continuously and require that if additional collateral is required then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated.);
 - 7) the counterparty is a:
 - a) primary government securities dealers who report daily to the Federal Reserve Bank of New York, or
 - b) a bank, savings and loan association or diversified securities broker-dealer having \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and
 - 8) the counterparty meets the following criteria:
 - a) have long-term credit rating of at least "AA" by Standard & Poor's or "Aa" by Moody's Investors Services,
 - b) have been in operation for at least 5 years, and
 - c) be reputable among market participants.
- C) **Commercial paper.** Unsecured short-term debt of U.S. corporations may be purchased if the following conditions are met:
- 1) the maturity is no greater than two hundred-seventy days (270) days;
 - 2) no more than thirty-five percent (35%) of the total funds available for investment (based on book value on the date of acquisition) may be invested in commercial paper;
 - 3) the amount invested in any single issuing corporation will not exceed five percent (5%) of the total funds available for investment (based on book value on the date of acquisition);
 - 4) the issuing corporation, or its guarantor, has a net worth of at least \$50 million;
 - 5) the net income of the issuing corporation, or its guarantor, has averaged \$3 million per year for the previous five years; and
 - 6) the issuing corporation, or its guarantor, has a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the following; Moody's Investors Service, Standard & Poor's, Fitch Investor's Service and Duff and Phelps.
- D) **Bankers' acceptances** issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System may be purchased if the following conditions are met:
- 1) the maturity is no greater than two hundred-seventy days (270) days;
 - 2) the short-term paper of which is rated not lower than P-1 by Moody's Investors Services and A-1 Standard & Poor's Corporation; and
 - 3) the amount invested in any single bank will not exceed five percent (5%) of the total funds available for investment (based on book value on the date of acquisition).

- E) **Corporate Notes** issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States which meets the following requirements:
- 1) the maturity is no greater than five (5) years at the time of purchase;
 - 2) has a minimum "Aa" long term debt rating by Moody's Investors Service and a minimum "AA" long term debt rating by Standard & Poor's; and
 - 3) the amount invested in any single issuing corporation will not exceed five percent (5%) of the total funds available for investment (based on book value on the date of acquisition).
- F) **Municipal Obligations.** Bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia, or of any county, city, town, district, authority or public body of the Commonwealth of Virginia upon which there is no default that meet the following criteria:
- 1) have a final maturity on the date of investment not to exceed five (5) years.
 - 2) rated in either of the two highest rating categories by a nationally recognized rating agency; and
- G) **Negotiable Certificates of Deposit and Bank Deposit Notes** of domestic banks and domestic offices of foreign banks with:
- 1) a rating of at least A-1 by Standard & Poor's and P-1 by Moody's Investor Service, Inc., for maturities of one year or less;
 - 2) and a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service for maturities over one year and not exceeding five years.
- H) **State Pool.** The pooled investment fund (known as the Virginia Local Government Investment Pool or "LGIP") as provided for in Section 2.2-4600 et seq. of the Code of Virginia.
- I) **Registered Investment Companies (Mutual Funds.)** Shares in open-end investment funds provided such funds are registered under the Federal Investment Company Act of 1940, invest exclusively in the securities permitted under this investment policy, provided that the fund is rated "AAM" or "AAM-G" or better by Standard & Poor's Corporation, or equivalent by other rating agencies. The fund must also be properly registered for sale under the Securities Act (Section 13.1-501 et seq.) of the Code of Virginia.

Bank Deposits

Certificates of deposit and other evidences of deposit in any national banking association, Federal Savings and Loan Association or Federal Savings Bank located in Virginia and any bank, trust company or savings institutions organized under Virginia law are permitted by Section 2.2-4401 et seq. of the Code of Virginia. The County will maintain bank deposits meeting the following requirements:

- 1) the maturity is no greater than one (1) year at the time of purchase;
- 2) certificates of deposit will be placed directly with depository institutions (no third parties or money brokers will be used);
- 3) deposits will be secured in accordance with the Virginia Security for Public Deposits Act, (Section 2.2-4400 et seq.) of the Code of Virginia that requires:

- a) collateralization on all deposits of County funds in excess of the amount protected by federal deposit insurance, and
- b) collateralization with (i) U.S. Government obligations and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any Agency thereof, or (ii) municipal bonds of the Commonwealth of Virginia or any political subdivision of the Commonwealth of Virginia that meets the minimum criteria established in this Policy for direct investment.

Portfolio Diversification

The County's Portfolio shall be diversified by security type and institution. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

U.S. Government Obligations	100% maximum
Registered Money Market Mutual Funds	100% maximum
State of Virginia LGIP	100% maximum
Repurchase Agreements	50% maximum
Bankers' Acceptances	40% maximum
Commercial Paper	35% maximum
Negotiable Certificates of Deposit/Bank Notes	20% maximum
Municipal Obligations	20% maximum
Corporate Notes	15% maximum
Bank Deposits	25% maximum

The County's Portfolio will be further diversified to limit the exposure to any one issuer. No more than 5% of the County's Portfolio will be invested in the securities of any single issuer with following exceptions

U.S. Treasury	100% maximum
Each Money Market Mutual Fund	50% maximum
Each Federal Agency	35% maximum
Each Repurchase Agreement Counterparty	25% maximum

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the County is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with the cash requirements of the County in order to avoid the forced sale of securities prior to maturity.

For purposes of this Investment Policy, assets of the County shall be segregated into three categories based on expected liquidity needs and purposes — short-term operating funds, the core portfolio and bond proceeds.

Short-Term Operating Funds. Assets categorized as short-term funds will be invested in permitted investments maturing in twelve (12) months or less. The average weighted maturity of the short-term assets will not exceed 180 days. Because of inherent difficulties in accurately

forecasting cash flow requirements, a portion of the portfolio will be continuously invested in readily available funds such as the LGIP, money market mutual funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

Core Portfolio. The operating fund core portfolio will be invested in permitted investments with a stated maturity of no more than 5 years from the date of purchase. To control the volatility of the core portfolio, the Treasurer will determine a duration target, not to exceed three years.

Bond Proceeds. Proceeds from the sale of bonds will be invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term to maturity of securities purchased. However, in no case will bond proceeds be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investment is made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the Board of Supervisors.

Prohibited Investments and Investment Practices

The County is prohibited from:

- 1) Investment in reverse repurchase agreements;
- 2) Short sales (selling a specific security before it has been legally purchased);
- 3) Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing;
- 4) Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and leveraged notes, or notes linked to lagging indices or to long-term indices.
- 5) Investing in any security not specifically permitted by this Policy.

Olde Towne Medical Center Endowment Fund

The Olde Towne Medical Center Endowment Fund ("Endowment Fund") was established to generate annual income to supplement the Medical Center's operating revenue. Spending from the Endowment Fund may be restricted and will be determined annually by the Board of Directors of the Olde Towne Medical Center. To ensure adequate liquidity to meet operating obligations, at least \$50,000 of the Endowment Fund will be invested in accordance with the Short-Term Operating Fund guidelines listed above.

The remainder of the Endowment Fund may be invested in Authorized Investments without regard to maturity as long as the effective duration of the Endowment Fund does not exceed 7 years. In addition to the Authorized Investments contained herein, up to 20% of the Endowment Fund may be invested in stock mutual funds that mirror the price and yield performance of the S & P 500 Index or the Wilshire 5000 Index.

Selection, Approval of Brokers, Qualified Financial Institutions

The County Treasurer and/or the County's Investment Manager shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes ("Qualified Institutions"). Only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- 1) "primary" dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- 2) capital of no less than \$10,000,000;
- 3) registered as a dealer under the Securities Exchange Act of 1934;
- 4) member of the National Association of Dealers (NASD);
- 5) registered to sell securities in Virginia; and
- 6) the firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.

All brokers, dealers and other financial institutions deemed to be Qualified Institutions shall be provided with current copies of the County's Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the County transacts business.

Competitive Selection of Investment Instruments

It will be the policy of the County to transact all securities purchase/sales only with Qualified Institutions through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers. The County will accept the offer which (a) the highest rate of return within the maturity required; and (b) optimizes the investment objective of the overall portfolio. When selling a security, the County will select the bid that generates the highest sale price.

Primary fixed price federal agency offerings may be purchased from the list of Qualified Institutions without competitive solicitation if it is determined that no agency obligations meeting the County's requirements are available in the secondary market at a higher yield.

Investment of Bond Proceeds

The County intends to comply with all applicable sections of the Internal Revenue Code of 1986, Arbitrage Rebate Regulations and bond covenants with regard to the investment of bond proceeds. Accounting records will be maintained in a form and for a period of time sufficient to document compliance with these regulations.

Sinking fund investments will be limited to those securities authorized by Section 2.2-4500 et seq. of the Code of Virginia.

Safekeeping and Custody

All investment securities purchased by the County or held as collateral on deposits or investments shall be held in third-party safekeeping at a qualified public depository who may not otherwise be a counterparty to the investment transaction. (A qualified public depository is defined under Virginia law as a national banking association, federal savings and loan

association or federal savings bank located in Virginia and any bank, trust company or savings institution organized under Virginia law that receives or holds public deposits which are secured pursuant to Section 2.2-4400 et. seq. of the Code of Virginia.)

All securities in the County's Portfolio shall be held in the name of the County and will be free and clear of any lien. Further, all investment transactions will be conducted on a delivery-vs.-payment basis. The depository shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the depository will also provide reports that list all securities held for the County, the book value of holdings and the market value as of month-end.

Appropriate County officials and representatives of the depository responsible for, or in any manner involved with, the safekeeping and custody process of the County shall be bonded in such a fashion as to protect the County from losses from malfeasance and misfeasance.

Performance Standards

The investment portfolio shall be designed and managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of the County. Short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the three-month U. S. Treasury Bill. Medium term investments and other funds that have a longer-term investment horizon will be compared to an index of U. S. Treasury securities having a similar duration or other appropriate benchmark.

Reporting

The Treasurer or Investment Manager shall prepare an investment report not less than monthly. This report shall include: (i) a listing of the existing portfolio in terms of investment securities, amortized book value, maturity date, yield-on-cost, market value and other features deemed relevant and (ii) a listing of all transactions executed during the month.

The Treasurer or Investment Manager shall prepare a "Quarterly Investment Report" that summarizes (i) recent market conditions, economic developments and anticipated investment conditions, (ii) the investment strategies employed in the most recent quarter, (iii) a description of all securities held in investment portfolios at month-end, (iv) the total rate of return for the quarter and year-to-date versus appropriate benchmarks, and (v) any areas of policy concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31 pertaining to the valuation of investments and the treatment of unrealized gains/losses.

The quarterly report will also include a statement that the investment of the County Portfolio is in compliance with this Policy and any applicable bond resolutions.

Investment Policy Adoption

This policy is adopted by the Treasurer of James County this _____ day of January, 2004.

Approved by

M. Ann Davis, MGT
Treasurer of James City County

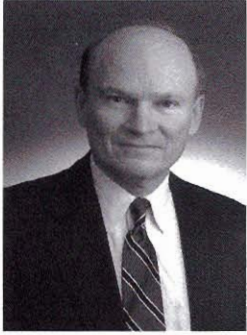
Hampton Roads

Economic Development Alliance

2004 Annual Report

Chesapeake
Norfolk
Portsmouth
Suffolk
Virginia Beach
Isle of Wight County

From the Chairman



Donald V. Jellig
Chairman

Vice President
Sentara Healthcare

Dear Investor Partners:

Thank you for allowing me the opportunity to serve as Chairman of the Hampton Roads Economic Development Alliance over the past two years. I appreciate the support each of you has given me, and I am especially grateful for the participation of the officers, executive committee, and professional staff.

The professional economic development community within the jurisdictions represented by the Alliance is truly impressive. Our municipal partners are to be commended for their understanding of the important role the Alliance plays in promoting Virginia's Hampton Roads around the world every day!

I am proud of the accomplishments of the Alliance – the recognition received, and of course, I am delighted that we have enjoyed an increased level of activity this year resulting in several new projects to the region. I am especially pleased that the Alliance continues to operate on sound financial footing with significant financial support from both our private and public sectors.

Let me personally share with you the common bonds we have experienced with our colleagues on the Peninsula. Our goals and values are shared, and we have grown to truly respect and trust each other. At this point, the merger discussions of the past two years are nearing an end, and approvals are being sought to combine the Peninsula Alliance for Economic Development and the Hampton Roads Economic Development Alliance. I anticipate a final decision before the end of the First Quarter of 2005.

While a merged organization will bring its initial challenges, I am convinced that moving forward as one economic development region will meet the expectations of our prospects and deliver improved results for our region.

Thank you for your continued investment in the Alliance. I look forward to 2005, anticipating everything that can be accomplished as we market *all* of Virginia's Hampton Roads to the world!

Sincerely,

A handwritten signature in dark ink that reads "Donald V. Jellig". The signature is written in a cursive, flowing style.

Donald V. Jellig
Chairman

Executive Committee



Franklin R. Bowers
Vice Chairman
Vice President & General
Manager
Cox Communications



Michael J. Barrett
Treasurer
Chief Executive Officer
The Runnymede Corporation



D.R. Carpenter, III
Secretary
President & Publisher
The Virginian-Pilot



Franklin P. Earley
President, Hampton Roads
Market
Bank of America



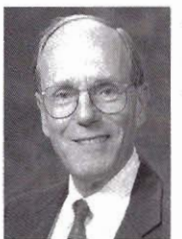
Oliver P. Farinholt
Chief Executive Officer
The TAF Group



John D. Padgett
Chairman, Hampton Roads
Chamber of Commerce
McGuireWoods LLP



John P. Matson
Chairman, Investor
Development
Senior Vice President
Wachovia Bank



Hugh L. Patterson
General Counsel
Partner
Willcox & Savage



John Hornbeck, Jr.
President & CEO
Hampton Roads
Chamber of Commerce



Honorable
Dalton S. Edge
Mayor
City of Chesapeake



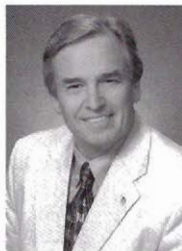
Honorable
Paul D. Fraim
Mayor
City of Norfolk



Honorable
James W. Holley, III
Mayor
City of Portsmouth



Honorable
Bobby L. Ralph
Mayor
City of Suffolk



Honorable
Stan D. Clark
Chairman, Board of
Supervisors
Isle of Wight County



Honorable
Meyera E. Oberndorf
Mayor
City of Virginia Beach

Board of Directors

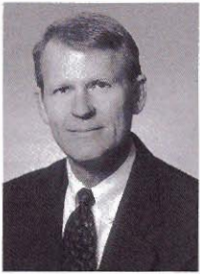
Carl Ratcliff ABNB Federal Credit Union	Burrell F. Saunders, AIA, NCARB CMSS Architects, P.C.	Gregory N. Stillman Hunton & Williams	Daniel D. Smith Norfolk Southern Corporation	Keith S. Brown Towers Perrin
Ray Lorenzo, CPP PSP Actcom Incorporated	Ray Gabehart Columbia Gas of Virginia	Edward F. Power Inside Business	Roseann Runte, Ph.D Old Dominion University	P. Ward Robinett, Jr. TowneBank
Deborah K. Stearns Advantis Real Estate Services Company	Donald E. Perry Continental Properties Corporation	Stan D. Clark Isle of Wight County	John A. Dyer Olympia Development Corporation	Conrad M. Hall Trader Publishing Company
Gary A. Pirko ALPAK Container Corporation	David R. Tynch Cooper, Spang & Davis, P.C.	Charles V. McPhillips Kaufman & Canoles, PC	James W. Holley, III Portsmouth, City of	Thomas M. Lucas Troutman Sanders LLP
Marshall D. Wingo American Funds Group	Franklin R. Bowers Cox Communications	Alfred Moore Keane, Inc.	William W. Newell RBC Centura	RADM William L. Putnam, USN, Ret. USAA
J. David Craig AmeriComm	T. Clinton Damuth Damuth Trane	W. Sheppard Miller, III KITCO Fiber Optics	Lowell W. Morse Regent University	Lawrence G. Cohen Vandeventer Black LLP
Matthew M. Manock Anthem Blue Cross and Blue Shield	David Iwans DIA, Inc.	Stephen F. Evans KPMG LLP	Jim V. Rose, Sr. Rose & Womble Realty Company	Laura W. Barnes Verizon
Kris K. Inderlied Armada Hoffer	Macon F. Brock, Jr. Dollar Tree Stores, Inc.	Larry S. Barry, P.E. LandMark Design Group	Stephen B. Ballard S. B. Ballard Construction Co.	Donald L. Maxwell Virginia Beach, City of
Robin D. Ray Atlantic Dominion Distributors	C. Max Bartholomew, Jr. Dominion Resources Services, Inc.	R. Bruce Bradley Landmark Publishing Group	Miles B. Leon S. L. Nusbaum Realty Co.	Meyera E. Oberndorf Virginia Beach, City of
Franklin P. Earley Bank of America	Mark B. Dreyfus ECPI College of Technology	Craig A. Cope Liberty Property Trust	Gary Wright Sara Lee Coffee & Tea North America	Eric A. Hauser Williams Mullen Virginia Beach Appointee, City of
Robert M. Boyd BB&T	Daniel R. Cooper Electronic Systems, Inc.	Ed Ladd MacArthur Center	Donald V. Jellig Sentara Healthcare	Robert G. Jones Virginia Beach IDA, City of
Thomas A. Barton, Jr. Beach Ford, Inc.	Douglas D. Ellis Ellis-Gibson Development Group	Bradford F. Sauer MAERSK Line, Limited	Michael J. King Southern Hospitality Automotive Group	Henry P. Linginfelter Virginia Natural Gas, Inc.
Richard A. Hanson Bon Secours Hampton Roads Health System	Ronald E. Dennis Farm Fresh Supermarkets	E. Christopher Schutt Marsh USA, Inc.	Bobby Ralph Suffolk, City of	D. R. Carpenter, III Virginian-Pilot, The
Anthony W. Smith CB Richard Ellis	Ronald I. Dozoretz, M.D. FHC Health Systems	John D. Padgett McGuireWoods LLP	Gary Wright Sara Lee Coffee & Tea North America	Michael L. Aliff VIRTEXCO Corporation
Edward B. Snyder Checkered Flag Motor Car Company	E. Scott Rigell Freedom Automotive	Bob Norton McKenzie Construction Company	Jeffrey M. Silverman Summit Group of Virginia, L.L.P.	C. J. Smith, III W. M. Jordan Co., Inc.
Damon L. DeSue Cherry, Bekaert & Holland, LLP	Bruce C. Holbrook Goodman & Company	Edward J. Amorosso, CPA McPhillips, Roberts & Deans, PLC	Rick Anderson SunCom	John P. Matson Wachovia Bank
Dalton S. Edge Chesapeake, City of	John A. Hornbeck, Jr., CCE Hampton Roads Chamber of Commerce	Thomas H. Atherton MEB General Contractors	William K. Butler, II SunTrust Bank, Inc.	Edward L. Munson, Jr. WAVY-TV
Warren D. Harris Chesapeake, City of	Jordan E. Slone Harbor Group International	Robert S. Miller, III, P.E. MSA, P.C.	John A. Hall SYSCO Food Services of Hampton Roads, Inc.	Hugh L. Patterson Willcox & Savage
Donald S. Buckley, Ph.D Chesapeake Health & General Hospital	Michael W. McCabe NAI Harvey Lindsay	Michael W. McCabe NAI Harvey Lindsay	Michael J. Barrett The Runnymede Corporation	Kim Georges William E. Wood & Associates
James D. Dahling Children's Hospital of The King's Daughters	Phillip B. Meadows New Dominion Pictures	Phillip B. Meadows New Dominion Pictures	Oliver P. Farinholt The TAF Group	C. Grigsby Scifres Williams Mullen
James R. Tollenare Clancy & Theys Construction	Kenneth R. Scott Norfolk Airport Authority	Kenneth R. Scott Norfolk Airport Authority	Deborah M. DiCrocce, Ph.D Tidewater Community College	John R. Ballard, II, L.S. Woolpert LLP
Kenneth G. Stepka Clark ♦ Nexsen, P.C.	Paul D. Fraim Norfolk, City of	Paul D. Fraim Norfolk, City of	Timothy J. Stiffler Tidewater Hotels & Resorts	Frank A. Chebalo WTKR-TV
	Roderick S. Woolard Norfolk, City of	Roderick S. Woolard Norfolk, City of	Dan Osborne Titan America LLC	Mario A. Hewitt WVEC Television, Inc.

ABNB Federal Credit Union
 Actcom Incorporated
 Advantis Real Estate Services Company
 ALPAK Container Corporation
 American Funds Group
 AmeriComm
 Anthem Blue Cross and Blue Shield
 Armada Hoffer
 Atlantic Dominion Distributors
 Bank of America
 BB&T
 Beach Ford, Inc.
 Birdsong Peanuts
 Bon Secours Hampton Roads Health System
 C. W. Brinkley, Inc.
 CB Richard Ellis
 Challenge Constructors, Inc.
 Checkered Flag Motor Car Company
 Cherry, Bekaert and Holland, LLP
 Chesapeake Health & General Hospital
 Chesapeake, City of
 Children's Hospital of The King's Daughters
 CI Travel
 Clancy & Theys Construction
 Clark ♦ Nexsen, P.C.
 CMSS Architects, P.C.
 Columbia Gas of Virginia
 Commonwealth Storage Corporation
 Compo Construction Company
 Continental Properties Corporation
 Cooper, Spong & Davis, P.C.
 Cox Communications
 D. D. Jones, Inc.
 Damuth Trane
 Decker, Cardon, Thomas, Weintraub & Neskis, P. C.
 DIA, Inc.
 Divaris Real Estate
 Dollar Tree Stores, Inc.
 Dominion Resources Services, Inc.
 Don Richard Associates, Inc.
 Dragas Companies, The
 ECPI College of Technology
 Electronic Systems, Inc.
 Ellis-Gibson Development Group
 Engineering Services, Inc.
 Evans Distribution Systems
 Farm Fresh Supermarkets

Farmers Bank
 FHC Health Systems
 Freedom Automotive
 Gee's Group
 Givens Inc.
 Glasser & Glasser, P.L.C.
 Goodman & Company
 Great Atlantic Management, LLC
 Hall Auto World
 Harbor Group International
 HBA Architecture & Engineering
 Hilb, Rogal & Hobbs
 Hourigan Construction Corp.
 HSBC-North America
 Hoy Construction, Inc.
 Hunton & Williams
 Inside Business
 Isle of Wight County
 James N. Gray Company
 Kaufman & Canoles, PC
 Keane, Inc.
 KITCO Fiber Optics
 KPMG LLP
 LandMark Design Group
 Landmark Publishing Group
 Liberty Property Trust
 MacArthur Center
 MAERSK Line, Limited
 Marsh USA, Inc.
 McGuireWoods LLP
 McKenzie Construction Company
 McPhillips, Roberts & Deans, PLC
 MEB General Contractors, Inc.
 Mitsubishi Chemical America, Inc.
 MSA, P.C.
 NAI Harvey Lindsay
 Nancy Chandler Associates
 New Dominion Pictures
 Nicholas Travel Inc.
 Norfolk Airport Authority
 Norfolk Southern Corporation
 Norfolk Waterside Marriott
 Norfolk, City of
 Old Dominion University
 Olympia Development Corporation
 PAPCO Oil Company
 Pembroke Enterprises, Inc.
 Portsmouth, City of
 Priority Chevrolet - Priority Toyota
 R K Chevrolet-Buick, R K Toyota-Scion

RBC Centura
 Regent University
 Resource Bank
 RGI General Contractors
 Rose & Womble Realty Company
 Runnymede Corporation, The
 S. B. Ballard Construction
 S. L. Nusbaum Realty Co.
 Sara Lee Coffee & Tea North America
 Sentara Healthcare
 Shriver and Holland Associates
 Snelling Personnel Services
 Southeastern Public Service Authority
 Southern Hospitality Automotive Group
 Southwest Airlines
 Suffolk, City of
 Summit Group of Virginia, L.L.P.
 SunCom
 SunTrust Bank, Inc.
 SYSCO Food Services of Hampton Roads, Inc.
 Thalheimer/Cushman & Wakefield
 The TAF Group
 Tidewater Community College
 Tidewater Hotels & Resorts
 Titan America LLC
 Towers Perrin
 TowneBank
 Trader Publishing Company
 Troutman Sanders LLP
 USAA
 Vandeventer Black LLP
 Verizon
 Virginia Beach, City of
 Virginia Natural Gas, Inc.
 Virginia Wesleyan College
 Virginian-Pilot, The
 VIRTEXCO Corporation
 W. M. Jordan Co., Inc.
 Wachovia Bank
 Wärtsilä Lips, Inc.
 WAVY-TV
 Willcox & Savage
 William E. Wood & Associates
 Williams Mullen
 Wood Vending Services
 Woolpert LLP
 WTKR-TV
 WVEC Television, Inc.
 Zim American-Israeli Shipping Co., Inc.

Professional Staff



Dear Investors:

I am delighted 2004 proved to be a good year for prospect visits to Virginia's Hampton Roads. At year-end, 81 prospects had visited the region compared to 59 prospects last year. Of course, I am extremely pleased a positive economic trend has developed. Your Alliance staff has worked hard to encourage and manage these visits.

Take a few minutes to review the activities for 2004, and you will note that six Alliance projects made announcements during the year. I am especially excited that we have announcements pending as we begin January 2005.

Of particular note this year, your Alliance became one of 26 economic development organizations accredited by the International Economic Development Council. This is an outstanding accomplishment and reflects proudly on the program that so many of you helped to establish for Southside Hampton Roads. The Accreditation Committee was also extremely impressed by the Alliance staff's professionalism, formal credentials, and longevity. HREDA has a tremendous team in place, and one of which you can be proud!

Promoting Virginia's Hampton Roads around the world for business expansion remains our top priority and is an expensive proposition; however, we continue to look for ways to save money, and this year was no exception.

- We explored partnerships with Opportunity, Inc. and the Virginia Modeling and Simulation Center to accomplish two research studies and avoid duplication. In addition, a third study was also conducted under budget and on time.
- During the year, we received recognition from the International Economic Development Council and the Southern Economic Development Council for advertising and promotional campaigns. These recognitions were especially significant since I have worked to bring all of our advertising creative and design efforts in-house to control both costs and promotional schedules.

While we have worked cooperatively with the Peninsula Alliance for Economic Development in the past, we are mindful of the significant opportunities that will be presented when the merger of the two organizations is completed.

It has been a pleasure for our staff to represent Virginia's Hampton Roads as we traveled throughout the world this year. We are fortunate to have the opportunity to promote a region of outstanding assets, and we look forward to working with you next year!

Sincerely,

C. Jones Hooks
President & CEO



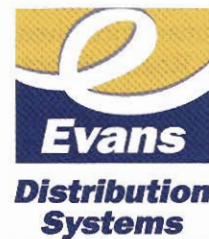
From left to right:

Maryellen Englehardt, *Executive Assistant*; C. Jones Hooks, *President & CEO*; Deborah S. Ogan, *Manager*; Peter J. Schrider, *Manager*; Amy N. Parkhurst, *Senior Manager*; JoAnn Cawood, *Vice President - Investor Relations*; David M. Wilkinson, *Associate Manager*; Alain S. Villafranca, *Vice President - Business Development*; Alisa P. Ramsey, *Business Development Assistant*; Kevin M. Hughes, *Manager*; Keith A. Norden, *Vice President - Major Markets*; Thomas H. Clemens, *Manager*; Stephanie E. Flaisler, *Associate Manager*

HREDA's first announcement of the calendar year came on January 15th when **General Dynamics Electric Boat** made the public aware of its intentions to locate two new facilities in the Hampton Roads region. The City of Portsmouth was selected as the site for the company's regional office while the City of Chesapeake was chosen for its warehouse operations. As of September, the company employed 500 permanent workers and 200 temporary personnel. Electric Boat, headquartered in Groton, CT, designs, builds, converts and repairs submarines. In Hampton Roads, the company will participate in the SSGN Conversion Program; it will convert two Trident Class submarines that will be overhauled by the Norfolk Naval Shipyard

GENERAL DYNAMICS Electric Boat

On April 22, **Evans Distribution Systems** announced its plans to lease 90,000 square feet of warehouse space in the City of Suffolk for the handling and distribution of automotive parts. The project will bring \$1.5 million in capital investment and 25 new jobs to the region. Based in Detroit, Evans Distribution is a full-service third party logistics provider of warehousing, transportation and value-added solutions with an emphasis on the automotive industry.



Ride-Away Corporation, a New Hampshire-based manufacturer of modified vehicles for the disabled, announced its plans for a new facility on June 1. The City of Norfolk was selected for the project, which will create 25 new jobs through a \$1 million capital investment. Ride-Away is the Northeast's largest provider of transportation solutions for disabled drivers and passengers.



On July 14, **Reading Equipment & Distribution, Inc.** made the public aware of its intentions to lease 30,000 square feet in the City of Suffolk for a new regional operations center. Reading installs truck body components onto chassis supplied mostly by Ford and GM. The Suffolk facility will be Reading's fifth full-service location. The project will create 20 new jobs and bring \$1.5 million of capital investment to the region.



On October 29, **Ashley Capital** announced its plans to construct a 210,000 square foot distribution facility in the City of Chesapeake. Located near Ford Motor Company's F-150 manufacturing plant, the facility will be well suited to fulfill the space needs of automotive suppliers, as well as users of the Port of Virginia. Based in New York City, Ashley is a national developer with a portfolio of over 17 million square feet of distribution space.



Cost Plus, located in Isle of Wight County, announced a 500,000 square foot expansion to its existing building. The expansion will add 190 new jobs to the region. The Alliance assisted the company when Cost Plus first looked for a distribution facility in Virginia. Because of their positive experience, they decided to invest \$24 million in this expansion.



Misses

- X In 2001, HREDA began working with **Syfan**, an Israeli manufacturer of shrink and overwrap films. The company, which had been selling its products in the U.S. market for a number of years, wanted to build a domestic production facility. After several visits to Hampton Roads and many meetings with Alliance investors, Syfan selected Martin County, North Carolina for the location of its new plant. The community offered state and local incentives that could not be matched in Virginia.
- X **Veggie Patch**, a Connecticut-based manufacturer of vegetarian and soy cuisine, considered Hampton Roads for the relocation of its production facility. The competition for the company's \$4.5 million capital investment included Connecticut, Maryland, Georgia and Florida. Primarily motivated by a desire to find a low cost location and driven by investment incentives, Veggie Patch ultimately chose Greenville County in Southside Virginia. Although Hampton Roads did not win this project, our State will benefit by the creation of 80 new jobs.
- X Hampton Roads competed with Northern Virginia for the first U.S. location of **Algorithmic Solutions**. Headquartered in Germany, Algorithmic Solutions designs software that enables users to shorten product development time. Although impressed by the assets found in Hampton Roads, the company selected Loudoun County due to its location near several existing customers as well as its proximity to Dulles International Airport, which provides direct international service.
- X At the end of September, two consultants with **Deloitte** visited Hampton Roads on behalf of a multinational company in search of a facility for a 900-employee back office operation. Although Hampton Roads was short-listed as one of three final locations, the company decided to eliminate the region. In recent weeks, it has come to our attention that the company may have been too aggressive with its timetable for the relocation. Consequently, the company's original location decision may be re-evaluated.

2004 By the Numbers

Project Files

Total Number of Projects	167
Total Project A's	46
Total Project B's	121
Total Projects Closed	75

Prospect Visits

First Time Visits	47
Repeat Visits	34

Visits made by HREDA

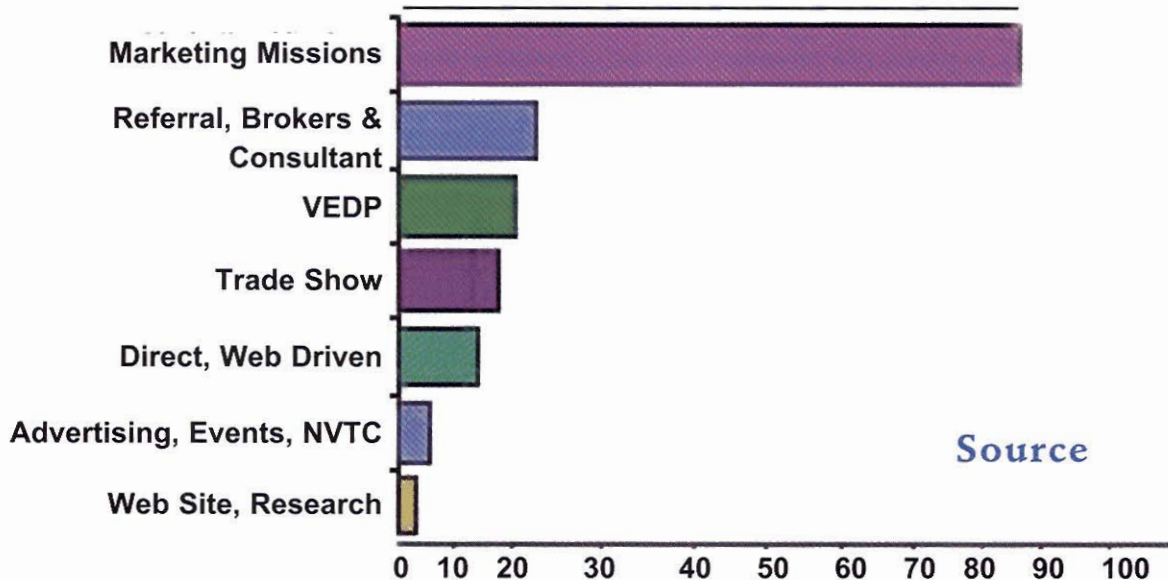
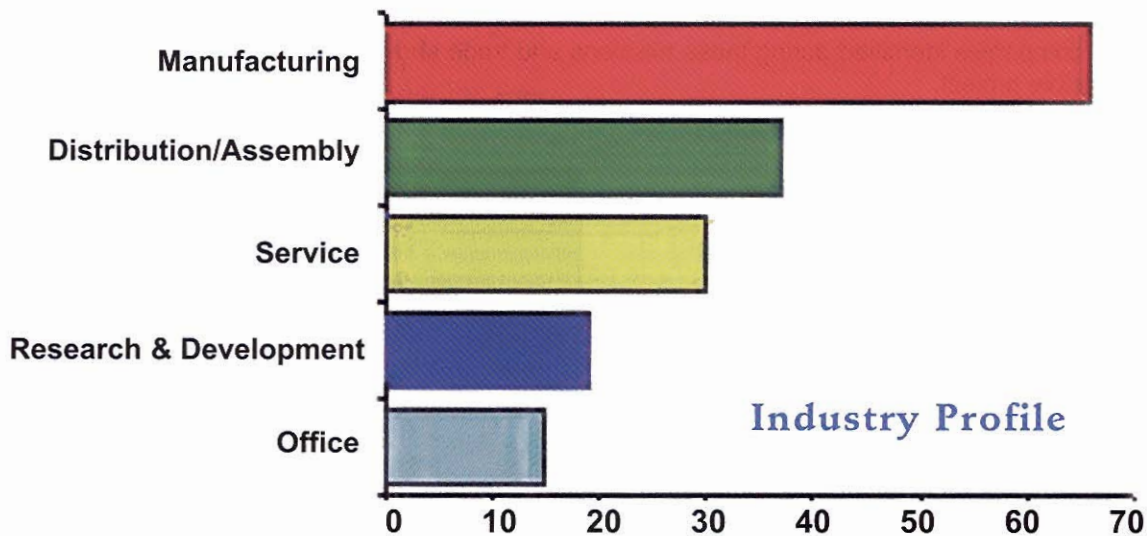
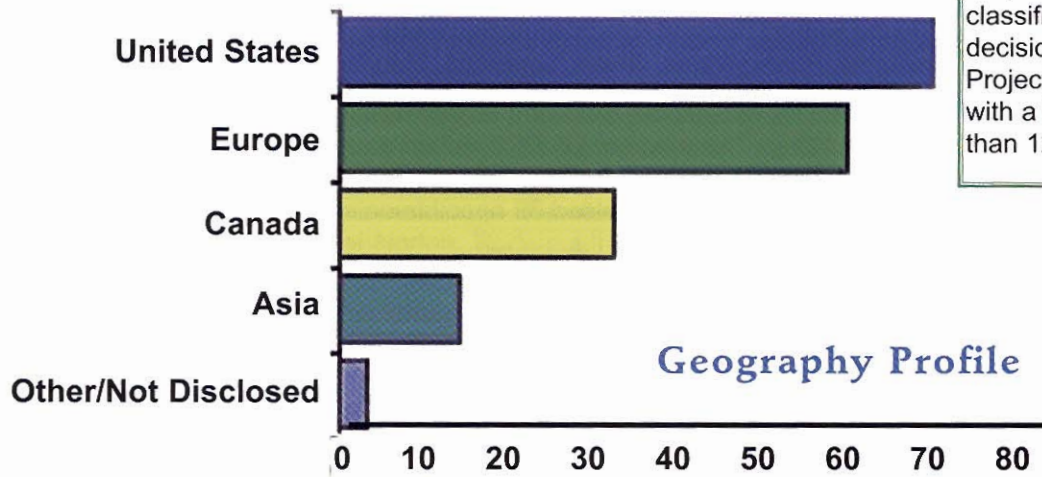
Marketing Missions	29
Trade Shows	29
Corporate Appointments	224
Consultant Appointments	54

Correspondence

Telephone Calls	14,221
Mail, Email & Faxes	29,458

Project Characteristics

These charts represent the Alliance's current 167 Projects A & B. A Project A is classified by a location decision within 12 months. A Project B is all other projects with a location decision greater than 12 months away.



Marketing Face-to-Face

The Hampton Roads Economic Development Alliance continued to pursue face-to-face appointments with corporate decision makers through another year of aggressive travel. Local representatives and HREDA staff members traveled domestically and internationally. All missions and trade shows focused on HREDA's targeted industry sectors and promoted opportunities found within Hampton Roads' industry clusters. The 15 domestic missions included Northern California, Southern California, Pennsylvania, Illinois, Louisiana, Maryland, New York and Massachusetts.

Additionally, there were 14 international missions to Canada, Germany, France, the Netherlands, Belgium, United Kingdom, Canada, Korea, China and Hong Kong. Our member jurisdictions were represented on these missions, which were extremely active with many appointments with prospective companies and decision makers. In fact, the Alliance's first mission to China, which occurred in October, yielded 35 appointments with corporate decision makers.

In addition to missions, the Alliance participated in 21 domestic trade shows all focused on our industry sector targets. The trade shows were specific to numerous targets, including auto, defense, food processing, nanotechnology, material handling, sensors, simulation, maritime, manufacturing and distribution. Representatives traveled to Detroit, Las Vegas, Portland, San Diego, Orlando, Chicago, New York, Baltimore, and Washington, DC.

Alliance team members and local representatives also participated in numerous international trade fairs and seminars. A total of eight international shows and conferences were attended including CEBIT 2004, Hannover Messe, Berlin Nato, SMM Hamburg, K Show and Medica in Germany, UDT Europe Marine Defense in France and Canadian Manufacturing Week in Canada.

The Alliance continues to follow-up with the prospects, leads and contacts generated during these activities. Several visits have occurred from companies identified during these missions and trade shows, a number having short-listed Hampton Roads for a possible project.

New York CEO Dinner

In May, the Alliance organized a dinner in New York City where 37 prospects, corporate executives and senior site location consultants were entertained. The event was held at the historic Harold Pratt House on Park Avenue and was hosted by the Mayors and other elected officials from the six member jurisdictions of South Hampton Roads. Executive Committee officers and local economic development directors also served as hosts. As an early celebration of the region's upcoming 400th anniversary in 2007, an historic interpreter was engaged to portray the Earl of Southampton - the largest financial investor in the Virginia Company - the commercial venture that colonized Virginia.

The Earl of Southampton and Alan Boring, City of Norfolk, entertain New York prospects and consultants



Steven Wright, City of Suffolk, Wade Taylor, Isle of Wight, and Tom Elder, City of Chesapeake, exhibit at the Pack Expo in Chicago

Virginia Chamber of Commerce Boston Reception

In April, the Hampton Roads Economic Development Alliance was one of the select sponsors of a Virginia State Chamber of Commerce Cocktail Reception in Boston. The Alliance was joined by other Virginia regional economic development groups to host New England-based companies at the Hampshire House on Beacon Hill. Over 75 company decision makers attended the function, where The Honorable Michael Schewel, Secretary of Commerce and Trade, made a brief speech. HREDA identified several active projects and has already made a follow-up visit to the Boston area.

Hockey Events

In February, the Alliance hosted an ice hockey game in Toronto at the end of a successful Toronto mission. HREDA was joined by the City of Suffolk to host 20 prospects, contacts and site location consultants who enjoyed the game between the Toronto Maple Leafs and the Detroit Red Wings. In addition to watching a winning game, our hosts identified two projects, which are being worked by the Alliance.

In March, during the SAE Show in Detroit, the Alliance entertained 22 prospects, exhibitors, site location consultants and national real estate brokers. The game between the Detroit Red Wings and the Tampa Bay Lightning provided a three-hour time frame in which our local hosts could speak about the many advantages found by companies operating in Hampton Roads. An Alliance representative was joined by representatives from the Cities of Norfolk, Portsmouth and the Virginia Port Authority.



Tara Saunders, City of Portsmouth, and Chuck Rigney, City of Norfolk, entertain prospects at a Detroit Red Wings game during the SAE Trade Show



Tom O'Grady, City of Suffolk, with prospects at a Toronto Maple Leafs game

Experience Hampton Roads - Fall Events

As outlined in the 2004 work program, the Hampton Roads Economic Development Alliance hosted five special events in the fall, yielding positive results: 21 prospects and site location consultants visited the region. The events ranged from a black tie opening of Virginia Opera's *Turandot* to sky diving at 13,000 feet. Other events included the Rock N Roll Half Marathon, the Virginia Wine Festival and this season's opening game of the Washington Redskins. HREDA hosted 22 guests at the Redskins game, with eight of the participants traveling to Hampton Roads for a full day of presentations. The Hampton Roads Alliance thanks the many investors who assisted with the hosting of our special guests.



One of the visiting site location consultants sees Hampton Roads from 13,000 feet



Stephanie Flaisler, HREDA, with visiting prospects and site location consultants before the Virginia Opera's *Turandot*



Corbett Wright, Olympia Development, talks with a visiting prospect before the Virginia Wine Festival



HREDA, prospects, site location consultants and investors before the Redskins Game with cheerleaders

Marketing Face-to-Face

International Marketing - Germany

The business climate has definitely changed over the course of the last twelve months in recruiting European companies. The exchange rate between US dollar and EURO has changed to 1 EURO = 1.35 US \$ which has positive and negative implications. For once, more European companies are interested in investing in the United States than before because of the favorable exchange rate. On the other hand, each prospect dinner has become much more expensive. While a time horizon of three years is more the average than the exception for a European company to decide on a location, the lower U.S. dollar may speed up this decision process.

The Alliance worked on several projects with the State of Virginia, European Office during 2004. Alliance staff and local city partners traveled to Europe to participate in several trade shows during the year. Because European trade shows are places for CEOs to meet other business partners, the Alliance keyed on meeting with decision makers during those shows. Specifically, the Alliance visited the following trade shows:

CeBIT (Hannover), Hannover Messe (Hannover), Z-Messe (Leipzig), K-Show (Düsseldorf), Medica (Düsseldorf), SMM (Hamburg).

Two other trips were made to Germany to highlight Hampton Roads and recruit business for the area. In June, the Hampton Roads Alliance, partnering with the City of Virginia Beach Economic Development Department, organized a seminar of businesses of the Berlin/Brandenburg region. Using the testimonial of Mr. Hans Peter Stihl, the event attracted over 125 business and governmental participants. In addition, the U.S. Ambassador to Germany and the former German ambassador to the United States attended the event.

In September, Berlin was also the site for the first "Industry Day" conference of NATO's Allied Command Transformation. As part of the transformation, NATO had invited industry representatives to discuss doing business with NATO forces. During the conference, Alliance professionals made several new contacts to industry and NATO.



Jones Hooks, HREDA, Honorable Meyera E. Oberndorf, Mayor - City of Virginia Beach, Hans Peter Stihl, Partner STIHL Holding AG & Co. KG and Don Maxwell in Berlin, Germany



Keith Norden, HREDA, works along side Ton Balsink, VEDP, in Stuttgart, Germany

International Marketing - Israel

Over the past few years, relationships with Israeli companies have been nourished by HREDA. Several Israeli projects have visited Hampton Roads and two have actually located. In 2004, Alliance professionals attended a Homeland Security Seminar with Israeli companies, and built an even stronger relationship with the Virginia Israeli Advisory Board.

International Marketing - France

The Alliance went to France twice this year, meeting with French decision makers and attending international defense trade shows. French companies came to visit and more are preparing their trips for 2005. An article on Hampton Roads was published in a French business newspaper called *Professionnels du Sud-Est*, featuring the region's similarities with the Marseilles region in France. An interesting comparison, a very positive article! Another interview for a famous international business magazine has already been done in France, with the goal of publication in 2005.

HREDA French marketing efforts also have been successful in spreading the Hampton Roads story among American-based French companies. Our participation in French speaking seminars in Chicago and Detroit, along with an interview with the French Ambassador, was among activities designed to promote Hampton Roads to American-based French companies.

International Marketing - Quebec

HREDA organized two marketing missions and involved some of our localities. We met with companies based in the cities of Sherbrooke, Québec and Montréal. Our fall mission was based around a dinner featuring ODU President Dr. Roseann Runte. This bilingual dinner was the occasion to follow-up with our prospects, while inviting them to meet with a high-level representative of Hampton Roads. As a result of these efforts, two French Canadian companies visited in 2004 and have scheduled return visits to Hampton Roads in 2005.



Dr. Rosann Runte, ODU, speaks with a Montreal prospect

International Marketing - United Kingdom



Alliance - U K rep.
Charles Macdowell

The United Kingdom remains a significant investing and trading partner of the United States, and during April and September of 2004 the Alliance program of marketing missions to the United Kingdom continued. The Alliance enjoys an outstanding working relationship with Charles Macdowell of Kendalls Public Relations. Kendalls has offices in Suffolk and London, England, and through their extensive networks the Alliance has been able to participate in several special activities, trade shows, seminars and marketing missions. Our jurisdictional partners and Alliance staff members alike enjoy working with Charles Macdowell. Over the past three years, Charles has definitely become an extension of the Alliance international marketing staff, and has established himself with quality results - i.e., visits by British companies to Virginia's Hampton Roads.

International Marketing - Italy

As an extension of its current international outreach program, the Hampton Roads Economic Development Alliance conducted a marketing mission to Italy in September. It was a very successful mission - 14 appointments with companies from various industries including food processing, engineering services, energy technologies, consumer goods manufacturing. Company visits to Hampton Roads are expected during the first quarter 2005.

International Marketing - China

While the Alliance Marketing Committee has discussed activity in China over the past two years, the Alliance made its first marketing and exploration mission to China during October. Virginia Beach and Isle of Wight County participated in the China/Hong Kong Mission. During the mission the Hampton Roads delegation visited Tianjin, Beijing, Shanghai, and Hong Kong. 35 business appointments took place during the mission that resulted in nine Project A's and two Project B's. In addition, the delegation met with governmental representatives from the Chinese Departments of Foreign Economic Cooperation, Ministry of Commerce and the Ministry of Science & Technology, Department of International Development and the Tianjin Federation of Industry & Commerce. Participants from this mission all agreed that China must be a part of HREDA's future marketing plans!



Jones Hooks, HREDA, Bud Denton, City of Virginia Beach, and Patrick Small, Isle of Wight County, accept a gift from a Chinese prospect

Marketing Face-to-Face

Domestic Activity



Special Events

Event	Month
Detroit	March
Boston	April
New York	May
Rock n Roll Marathon(HR)	September
Redskins	September
Opera(HR)	October
Extreme Tour(HR)	October
Wine Festival(HR)	October

Marketing Missions

Location	Month
San Jose, CA	February
York/Scranton, PA	March
Chicago, IL	April
New Orleans, LA	May
Pennsylvania (follow-up)	May
Corenet (Chicago)	May
Washington D.C.	June
Los Angeles/Long Beach, CA	July
Fortune 1000 Int. (San Fran)	August
New York, NY	September
New York, NY	September
Boston, MA	October
Fortune 1000 Int. (Omaha, NB)	November
Corenet (San Antonio, TX)	November

Trade Shows

Trade Show	Month
N. Amer Int. Auto Show	January
Govt. Conv. on Technology	January
N.West Food Mfgr	January
West 2004	February
AES System Tech	February
National Mfgr Week	February
Nanotech 2004	March
SAE 2004	March
Sea Trade Show	March
Material Handling	March
Sea Air Space	April
Gulf Coast Military Expo	May
Cebit America	May
Sensors Expo	June
Medical Design	June
Int. Baking Expo	August
IMTS	September
Sensors Gov. Conference	September
AAPS	November
Pack Expo	November
ITSEC	December

International Activity



Germany

Bremen/Leipzig	Marketing Mission	February
Cebit	Trade Show	March
Hannover Messe	Trade Show	April
Hamburg - Berlin	Marketing Mission	June
Berlin - Bremen	Marketing Mission	September
Berlin - NATO	Seminar / Trade Show	September
SMM	Trade Show	September
K Show	Trade Show	October
Dusseldorf	Marketing Mission	October
Berlin	Marketing Mission	November
Medica	Trade Show	November

United Kingdom

England	Marketing Mission	April
England	Marketing Mission	October

France

UDT Europe	Trade Show	June
Paris / Marseille	Marketing Mission	October

Special Events

Toronto	February
Berlin	June
Montreal	September

Canada

Toronto	Marketing Mission	February
Montreal	Marketing Mission	May
Ontario	Marketing Mission	July
Montreal	Marketing Mission	September
Cand. Mfgr Week	Trade Show	September

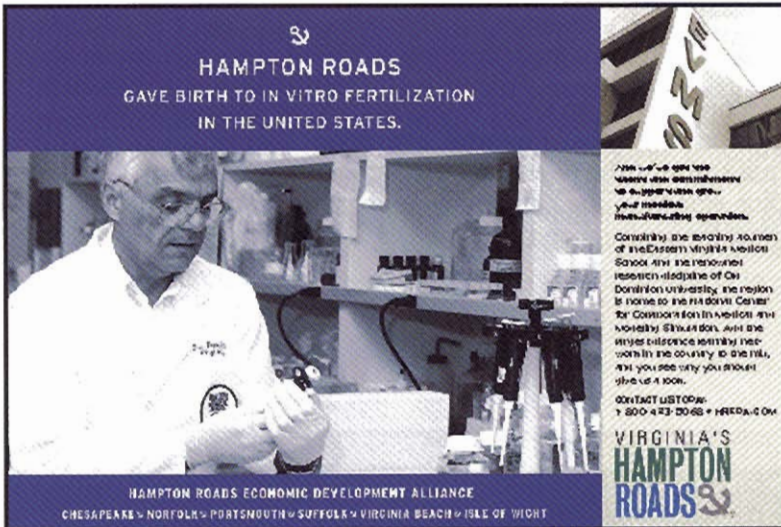
Other Alliance Marketing Missions included:

Italy
China
Korea
Netherlands
Belgium

Advertising

During 2004, the Alliance advertising agenda targeted specific industry trade business publications and geographic opportunities. As always, to avoid duplication, Alliance advertising was closely coordinated with the advertising plans of our city/county jurisdictions. To promote the Hampton Roads "brand", the inclusion of the Virginia's Hampton Roads logo was encouraged among our member communities for advertising placement.

HREDA's 2004 Advertising Plan included ads in **Virginia Business**; **Foreign Direct Investment Magazine**; **Crain's New York**; **MX Magazine**; **Logistics Management** and **MS&T**.



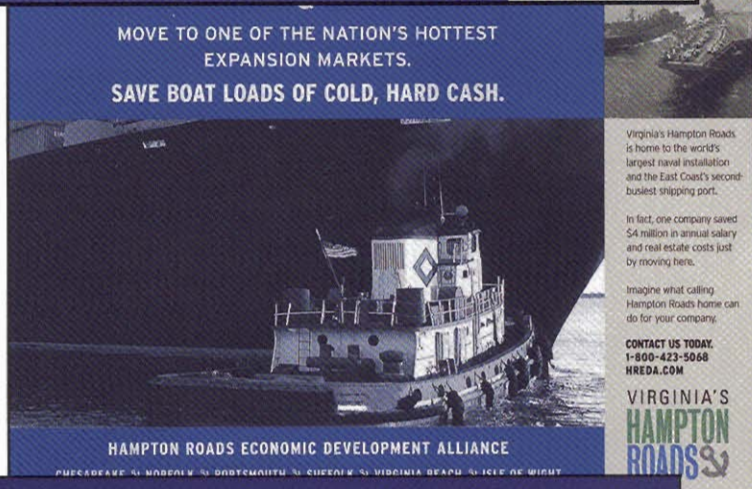
HAMPTON ROADS
GAVE BIRTH TO IN VITRO FERTILIZATION
IN THE UNITED STATES.

Consider the medical tourism of the Eastern Virginia Medical School and the renowned research hospital of Old Dominion University. The region is home to the HVA Center for Contraception in Medicine and the world's largest donor and the first in vitro fertilization center in the country to the full, and you are only a short drive away.

CONTACT US TODAY:
1-800-423-5068 • HREDA.COM

VIRGINIA'S HAMPTON ROADS

HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE
CHESAPEAKE • NORFOLK • PORTSMOUTH • SUFFOLK • VIRGINIA BEACH • ISLE OF WIGHT



MOVE TO ONE OF THE NATION'S HOTTEST
EXPANSION MARKETS.
SAVE BOAT LOADS OF COLD, HARD CASH.

Virginia's Hampton Roads is home to the world's largest naval installation and the East Coast's second busiest shipping port.

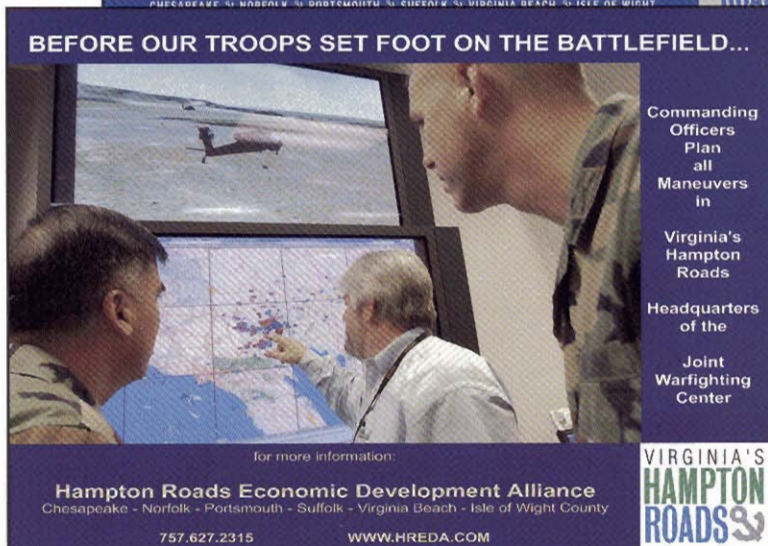
In fact, one company saved \$4 million in annual salary and real estate costs just by moving here.

Imagine what calling Hampton Roads home can do for your company.

CONTACT US TODAY:
1-800-423-5068
HREDA.COM

VIRGINIA'S HAMPTON ROADS

HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE
CHESAPEAKE • NORFOLK • PORTSMOUTH • SUFFOLK • VIRGINIA BEACH • ISLE OF WIGHT



BEFORE OUR TROOPS SET FOOT ON THE BATTLEFIELD...

Commanding Officers Plan all Maneuvers in

Virginia's Hampton Roads

Headquarters of the

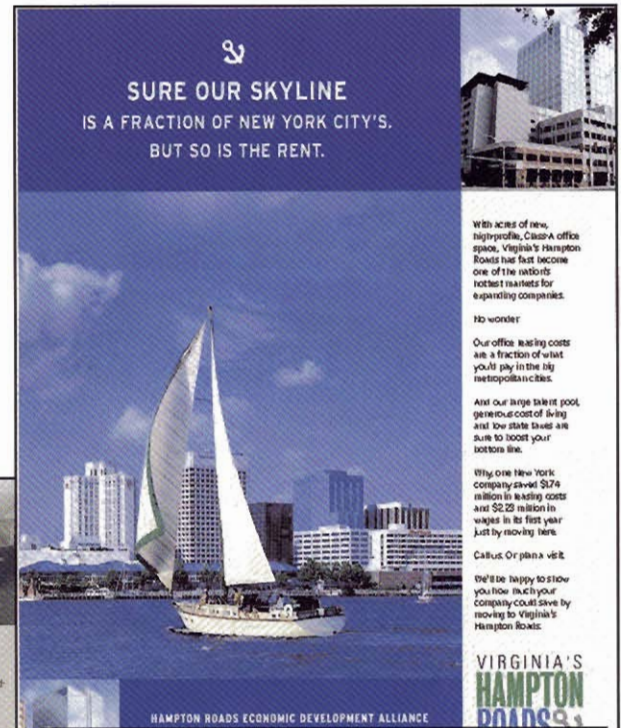
Joint Warfighting Center

for more information:

Hampton Roads Economic Development Alliance
Chesapeake • Norfolk • Portsmouth • Suffolk • Virginia Beach • Isle of Wight County

757.627.2315 WWW.HREDA.COM

VIRGINIA'S HAMPTON ROADS



SURE OUR SKYLINE
IS A FRACTION OF NEW YORK CITY'S.
BUT SO IS THE RENT.

With acres of new, high-profile, Class A office space, Virginia's Hampton Roads has fast become one of the nation's hottest markets for expanding companies.

No wonder

Our office leasing costs are a fraction of what you'll pay in the big metropolitan cities.

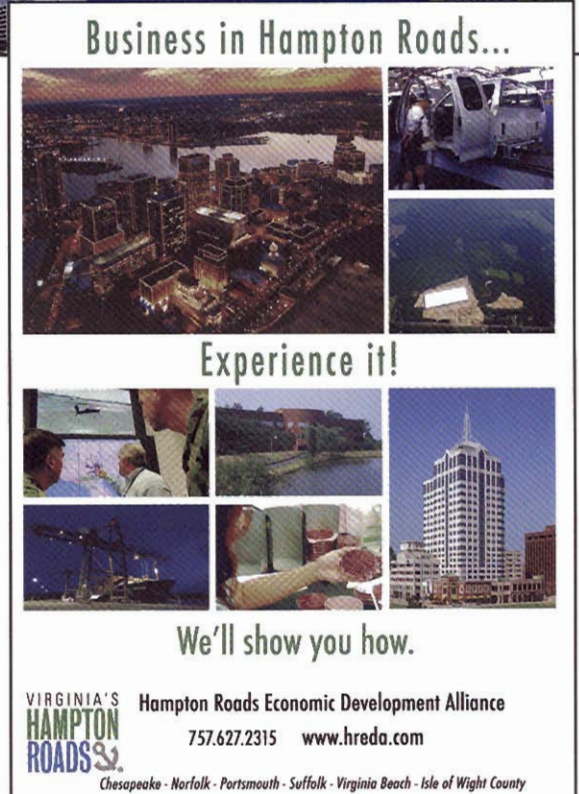
And our large talent pool, generous cost of living and low state taxes are sure to boost your bottom line.

Why one New York company saved \$24 million in leasing costs and \$2.25 million in wages in its first year just by moving here.

Call us or plan a visit, we'll be happy to show you how much your company could save by moving to Virginia's Hampton Roads.

VIRGINIA'S HAMPTON ROADS

HAMPTON ROADS ECONOMIC DEVELOPMENT ALLIANCE



Business in Hampton Roads...

Experience it!

We'll show you how.

VIRGINIA'S HAMPTON ROADS

Hampton Roads Economic Development Alliance
757.627.2315 WWW.HREDA.COM

Chesapeake • Norfolk • Portsmouth • Suffolk • Virginia Beach • Isle of Wight County

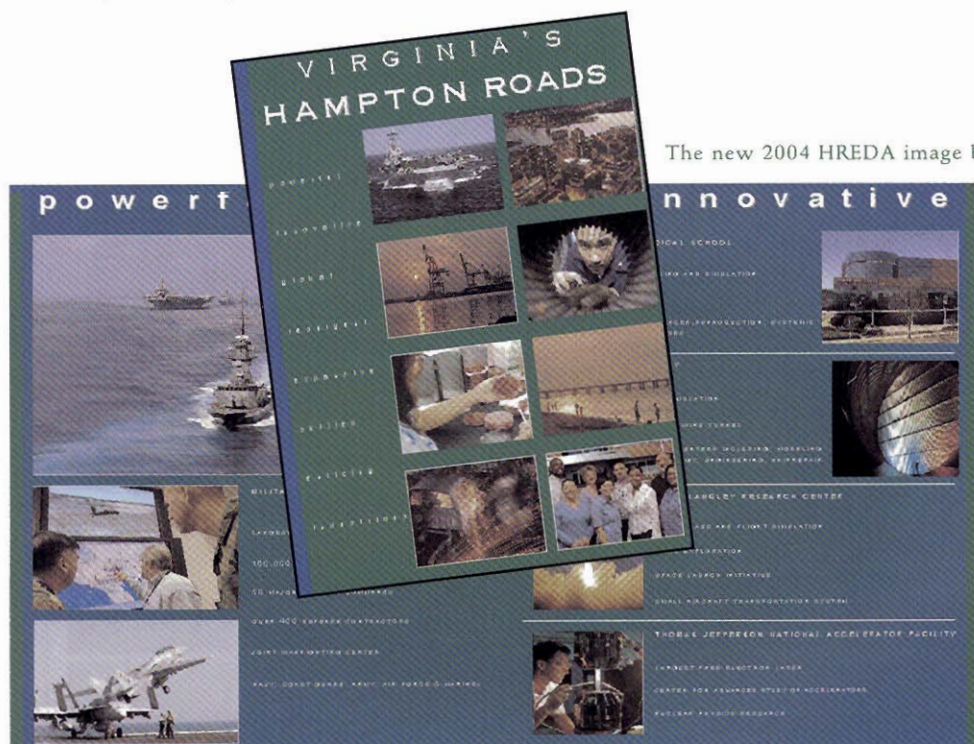
Marketing Outreach

Direct Mail

The Alliance has once again been aggressively pursuing its Direct Mail campaign to prospective companies, consultants and the Virginia Economic Development Partnership, continuing our efforts to inform people outside of the region of Hampton Roads business opportunities. In 2004, we sent out over 20,000 pieces of mail to our contacts. The mailings included our new "Meet the Staff" brochure, the announcement of the new Maersk terminal in Portsmouth, a news article about the ODU Center for Bioelectronics, the relocation of CMA-CGM shipping lines headquarters from New York to Norfolk and the expansive growth of the Joint Forces Command in Suffolk.

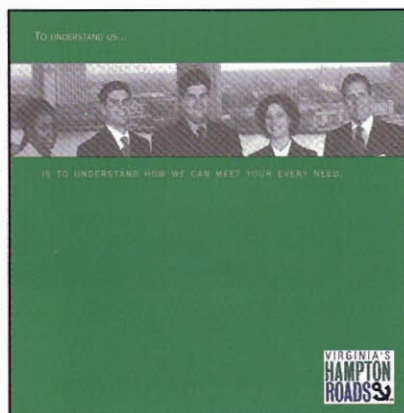
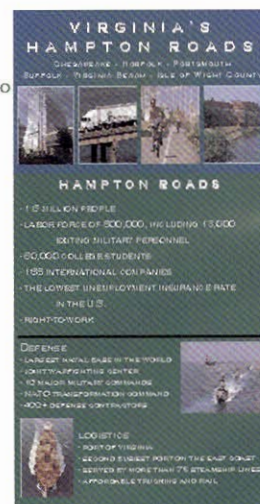
Marketing Materials

During 2004 we updated our entire portfolio of marketing materials. In an effort to stay current we designed two new visual marketing pieces to show many of Hampton Roads' strengths. Powerful, Innovative, Global, Resurgent, Expansive, Skilled, Enticing and Industrious are some of the key words used to describe our area. The color schemes and messages are consistent; Hampton Roads is open and ready for business. In addition, we also created a full color, low-cost brochure that is perfect for mailings and trade shows. Again, saving time and money, the design was done in-house.



The new 2004 HREDA image brochure

Business card size brochure given to HREDA investors to spread the word about Hampton Roads



Brochure highlighting the professional service and expertise prospects will receive while working with HREDA staff

Meet the people behind the personal service in Southeast Virginia.



Hampton Roads Economic Development Alliance www.hreda.com



Recognition and Honors

Accreditation

The Hampton Roads Economic Development Alliance announced in 2004 that it has been recognized as one of only 26 economic development organizations accredited by the International Economic Development Council (IEDC) as an Accredited Economic Development Organization (AEDO). The AEDO program is a comprehensive peer review process that measures economic development organizations against commonly held standards in the profession. The program consists of two phases: documentation review and an onsite visit. Each phase is designed to evaluate information about the structure, organization, funding, programs, and staff of the candidate economic development organization. Earning the AEDO accreditation tells prospects and investors that the Hampton Roads Economic Development Alliance has attained a measure of excellence assuring that their trust is well placed and their business is in good hands.

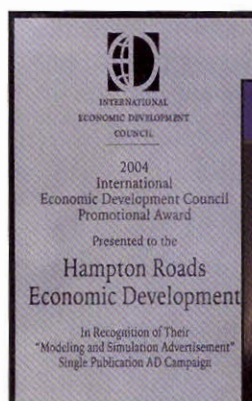


Jim Devine and Bob Ady of the AEDO accreditation committee visit HREDA

Awards

Awards Received in 2004

- International Economic Development Council Accreditation
- International Economic Development Council Top Advertising Promotion Award
- Southern Economic Development Council Award of Merit
- 2004 Southern Business & Development 100 Top Deals and Hot Markets
- Blane Canada, Ltd. 2004 Master Marketer Award for Excellence



HREDA award winning advertisement and award from the International Economic Development Council

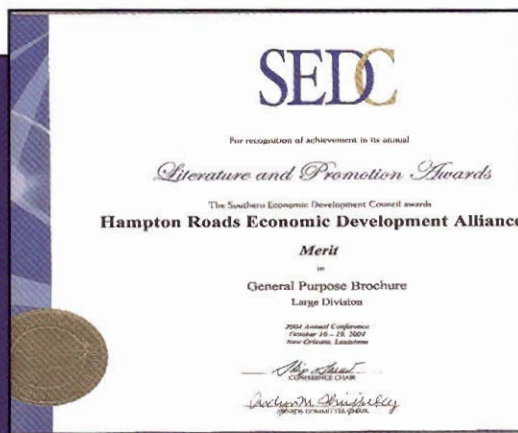
BEFORE OUR TROOPS SET FOOT ON THE BATTLEFIELD...

Commanding Officers Plan all Maneuvers in Virginia's Hampton Roads Headquarters of the Joint Warfighting Center

for more information:

Hampton Roads Economic Development Alliance
Chesapeake - Norfolk - Portsmouth - Suffolk - Virginia Beach - Isle of Wight County
757.627.2315 WWW.HREDA.COM

VIRGINIA'S HAMPTON ROADS



Southern Economic Development Council award for 2003 HREDA Annual Report

Research Studies

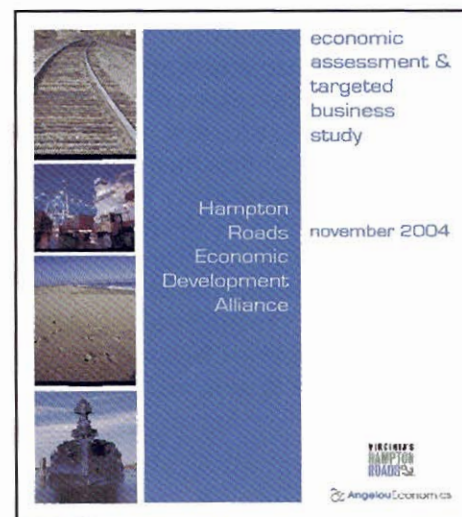
As outlined in the work plan for 2004, The Hampton Roads Economic Development Alliance committed to the development of studies and tools pertinent to regional economic development efforts. Three major initiatives were undertaken with great success - under the projected budget and on time:

Economic Assessment and Targeted Business Study

Renowned national economic development and site location consultant Angelou Economics was retained by the Hampton Roads Economic Development Alliance to assess and evaluate the economic conditions and future growth opportunities in Hampton Roads.

The study outlined the process and data points often used by site selection consultants to determine the viability of a region for specific projects. The process involved ranking Hampton Roads' performance on 26 variables with 6 major topics. The following results were obtained:

Performance rankings were assigned for each major topic on a scale of 1-5, with 1 being non-competitive and 5 being highly competitive:



Major Topics	Rankings
Demographics	3.2
Industry	3.6
Business Climate	3.0
Education	3.0
Sites and Infrastructure	3.75
Quality of Life	4.0

The second half of the study analyzed our regional assets to determine which industry clusters represent the greatest opportunities for growth. This process involved interviews with regional businesses and organizations as well as a compilation of federal, state and proprietary data. The targets selected were:

Food Processing
Machinery and Equipment
Trade and Port Activities
Advanced Security and Defense
Content Creation and Media
Financial Services

Economic Assessment and Targeted Business Study (Continued)

Some of the most important consultant recommendations:

Infrastructure

- Make a concerted, regional effort to address long-term roadway infrastructure upgrades.
- Continue to improve the availability of technology infrastructure.

Workforce Development

- Work to improve the performance and perception of the public K-12 school system and to narrow the disparity in performance and quality of education received across the region.
- Give substantial weight to attracting talented people and entrepreneurs to Hampton Roads in addition to corporate recruitment.

Business Climate

- Improve the availability of equity financing in the region.
- Advocate for state-level incentives targeted at increasing commerce through the Port.

Marketing

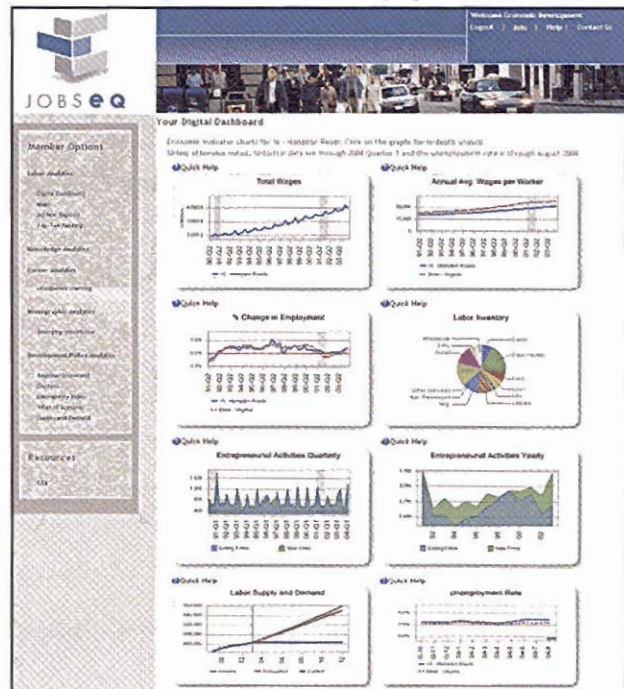
- Commit to region-wide brand and marketing effort for Hampton Roads.
- Devote resources to generating more content on Hampton Roads' economy and businesses.

The study was completed on November 1, 2004.

JobsEQ

In partnership with Opportunity Inc., the Hampton Roads Economic Development Alliance engaged Richmond-based economic consultant Chmura Economics & Analytics to develop a web-based program capable of providing ample intelligence – actual and forecasted – of regional employment and labor trends. This tool allows both organizations to access vital information on specific industry sectors, their growth expectations and employment alternatives for specific levels of training.

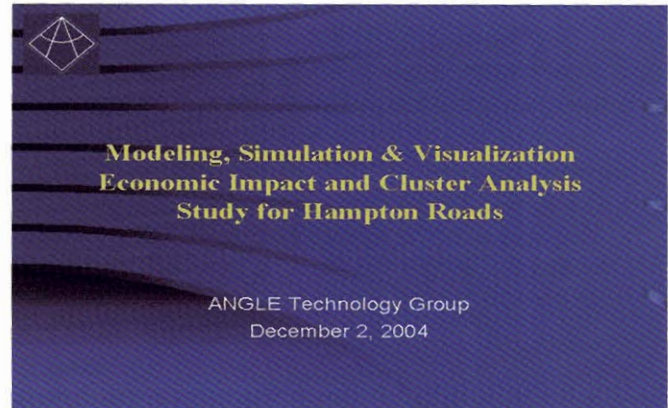
The program was delivered on November 29, 2004.



Research Studies

Modeling, Simulation & Visualization Economic Impact and Cluster Analysis Study for Hampton Roads

The Virginia Modeling, Analysis and Simulation Center (VMASC), retained the services of ANGLE Technology Group to produce a study dedicated to better understanding the overall modeling and simulation cluster in the region. By conducting a survey, important information was obtained regarding the level of activity and employment as well as identification of gaps, weaknesses and opportunities. The Hampton Roads Planning District Commission was charged with providing the economic impact analysis, and obtained the following:



Economic Factor	Impact
Total Output	\$412,900,000
Gross Regional Product	\$248,000,000
State Tax Revenue	\$23,800,000
Local Tax Revenue	\$9,500,000
Employment	4,023 jobs
Increase in Population	765

The Hampton Roads Economic Development Alliance was a financial stakeholder along with other private and public sector companies and organizations.

The study was completed on December 2, 2004.

2004 Budget

	Budget	Projected Actual*
Support & Revenue		
Corporate Contributions – Existing	\$1,074,000	\$1,052,500
Corporate Contributions – New	15,000	12,500
Municipal Contributions	1,061,090	1,061,088
Miscellaneous	22,500	25,353
Total Support & Revenue	\$2,172,590	\$2,151,441

Expenses

Marketing	\$1,632,930	\$1,450,041
Research	452,800	382,875
Investor Relations	168,080	155,440
Administration	126,340	119,421
Total Expenses	\$2,380,150	\$2,107,777

* December 1, 2004

2005 Success Strategy



Aggressive Pursuit

Over the years, the Hampton Roads Economic Development Alliance has established itself as an aggressive regional economic development entity supported by outstanding jurisdictional economic development professionals. Reviews of other regional economic development programs and consultant assessments of HREDA activities continue to confirm that the Alliance marketing program is second to none. The challenge for the Alliance in 2005 is execution of activities in a manner that will secure the attention of company representatives and site location consultants from throughout the world. Our challenge as a Region is the attraction and ultimate location of greater numbers of new companies. This challenge is the basis for the Hampton Roads Economic Development Alliance 2005 Strategy.

Priority 1. Attracting Business to Virginia's Hampton Roads

Several items have been established which constitute measurements of success for the Hampton Roads Economic Development Alliance, including: securing 200 corporate appointments yearly, conducting briefings for 35 site selection consultants, and hosting 80 visits to the region by qualified leads.

Domestically

- Aggressive calendar of marketing missions and trade shows
- Special marketing events (eight)
- Briefings for site selection consultants (35)
- Face-to-Face appointments with corporate representatives (200)
- Special initiatives: Advance Security & Defense, FIRE & Headquarters, and Maritime
- Targeted direct mail campaigns (six) and aggressive use of telemarketing
- Business investment seminars (two) emphasizing regional resources and utilizing private investors and economic development professionals
- Seminars (2) highlighting the Hampton Roads Region and successful existing industries, similar to our past international seminars
- A special Hampton Roads promotion to African-American and/or other minority corporate officials
- Execute and/or disseminate the recommendations and benchmarks as identified by Angelou Economics
- IAMC and Corenet participation with emphasis on consultants

Internationally

- Continue use of Foreign Nationals on HREDA staff and International consultants
- Cooperate with International economic development organizations including: the German American Chamber of Commerce, New York; Bremer Investitions-Gesellschaft GmbH; and Wirtschaftsförderung Berlin International
- Coordinate a marketing mission to Israel
- Continue to pursue additional opportunities in cooperation with NATO
- Assess opportunity possibilities in Eastern Europe and India
- Encourage establishment of an "International Incubator" facility in Hampton Roads
- Countries/regions targeted for Marketing Missions will include:
 - Israel, Canada, UK, Japan, Korea, China/Hong Kong, Germany, Scandinavia, France, Italy, and Spain
- The International Round Table will continue to provide professional expertise to prospects

Priority 2. *Continued World Class Research*

- Update of prospect management system
- Frequent labor survey updates
- Study technological alternatives for enhancement of real estate inventory management
- Partner with regional organizations, including colleges, universities, EVMS, and local jurisdictions for economic development inputs
- HREDA Web Site updates
- Contract with an automotive site location expert for a review of Hampton Roads assets relative to success in attracting automotive projects
- Continue to monitor Defense and Homeland Security trends and issues

Priority 3. *Enhancing the Image of Virginia's Hampton Roads*

- Advertisements in vertical publications within targeted industry groups
- Consideration of horizontal media opportunities
- Promotional visits (3) to the region by business journalists to showcase jurisdictional assets and private investors
- "Virginia's Hampton Roads" logo should be encouraged in all advertisements placed by jurisdictions in the region
- Examine additional ways to promote the HREDA web site among consultants and prospects
- Possibility of establishing a Hampton Roads News Center for placement of business/economic development related stories will be pursued
- Consider a professional study examining the Hampton Roads "brand" or identity
- Program of on-going VEDP contacts
- "Red Carpet" Tour of the Region for VEDP and Site Selection Consultants

Priority 4. *Enhancing Investor and Partner Group Involvement*

- Quarterly Board Meetings
- Continuation of investor referral post cards, detailed monthly reports, investor luncheons and breakfast gatherings, investor involvement in prospect handling
- Special briefings for Jurisdictional partners, economic development departments, and industrial development authorities
- Semi-annual publication of "Directory of Investors"
- Special consideration for investor involvement in prospect visits
- Investor training session
- *Face-to-Face* newsletter
- Begin Capital Funding Campaign in September of 2005
- Utilize Mayors, Members of Congress and other elected officials when appropriate to call prospects and promote Hampton Roads
- Establish a "Headquarters SWAT Team" of top CEOs in the region to pursue appropriate projects, etc.
- Establish a special Academic Recruitment Group among Hampton Roads institutions of higher learning
- Build closer relationships with active and retired military leaders for advice and counsel

Hampton Roads Economic Development Alliance

Business Development Report

March 2005

PROJECT FILES	JANUARY '05	FEBRUARY '05	MARCH '05	YTD 2005	YTD 2004
Announcements	2	0	0	2	2
Total Number of Projects	168	170	183		
-Total Active Projects (A)	44	45	40		
- Pending (Included in Active)	3	3	3		
- Total Projects (A) from VEDP	9	7	5		
-Total Long-term Projects (B)	124	125	143		
Projects Opened	3	12	18	33	25
Projects Closed	2	10	5	17	12
PROSPECT VISITS					
Total Number of Prospect Visits	2	1	7	10	20
First Time Visits	2	0	5	7	13
VEDP Projects	2	0	1	3	4
Repeat Visits	0	1	2	3	7
VEDP Projects	0	0	0	0	2
LOCALITIES VISITED					
Chesapeake	0	1	5	6	8
Gloucester County	N/A	N/A	0	0	N/A
Hampton	N/A	N/A	0	0	N/A
Isle of Wight County	0	0	1	1	2
James City County	N/A	N/A	0	0	N/A
Newport News	N/A	N/A	0	0	N/A
Norfolk	0	0	0	0	6
Poquoson	N/A	N/A	0	0	N/A
Portsmouth	1	0	0	1	5
Suffolk	2	0	1	3	5
Virginia Beach	0	0	0	0	3
York County	N/A	N/A	1	1	N/A
Williamsburg	N/A	N/A	0	0	N/A
HREDA Office	0	0	0	0	7
OUTREACH ACTIVITIES					
Marketing Missions	2	3	3	3	5
Trade Shows	3	2	4	9	11
Corporate Appointments	15	16	3	34	41
Consultant Appointments	5	5	8	18	19
CORRESPONDENCE					
Telephone Calls	911	1523	345	2779	2521
Mail, E-mails, Faxes	916	314	551	1781	8222
Total Customized Data Packages	20	12	15	47	79
Consultants	0	0	0	0	15
VEDP	0	0	0	0	0
Companies	20	12	15	47	64
LEAD GENERATION					
Total	164	87	23	274	203
Proprietary Lists	0	0	0	0	116
Research	155	82	0	237	10
Advertising	0	0	0	0	1
Consultants / Brokers	9	1	9	19	3
Direct / Web Driven	0	0	1	1	3
Marketing Missions	0	0	0	0	0
Referrals	0	0	0	0	1
Trade Shows	0	4	13	17	69

Attachments: (I) Pending, (II) Prospect Visits, (III) Active Prospect Profiles, (IV) Web Statistics,
(V) Announced Locations & Expansions, (VI) Regional Economic Impact Estimates

Pending March 2005

PROJECT	STAFF	BUSINESS TYPE	DESCRIPTION	SQ. FT. / ACRES	JOBS	SALARY	CAPITAL INVESTMENT
<i>Project Xtenergy</i>	<i>Schrider</i>	<i>Manufacturing</i>	<i>Coke Production</i>	<i>100 acres</i>	<i>65</i>	<i>Not Disclosed</i>	<i>\$200,000,000</i>

Remarks
4/7/2005

Company is looking to establish coke production facility. Hampton Roads is currently considered with two visits within one month.

PROJECT	STAFF	BUSINESS TYPE	DESCRIPTION	SQ. FT. / ACRES	JOBS	SALARY	CAPITAL INVESTMENT
<i>Project Invento</i>	<i>Clemens</i>	<i>Warehouse & Distribution</i>	<i>Kite Manufacturer</i>	<i>3,000</i>	<i>7</i>	<i>Not Disclosed</i>	<i>Not Disclosed</i>

Remarks
4/7/2005

Visa for German employees were denied through CIS and new applications will be filed shortly. Based on the slightly delayed visa approval, company will proceed with plans to open by June.

PROJECT	STAFF	BUSINESS TYPE	DESCRIPTION	SQ. FT. / ACRES	JOBS	SALARY	CAPITAL INVESTMENT
<i>Project WoT</i>	<i>Clemens/Hooks</i>	<i>Production</i>	<i>Apparel Manufacturer</i>	<i>35,000</i>	<i>35</i>	<i>Not Disclosed</i>	<i>\$4,000,000</i>

Remarks
4/7/2005

European company is looking to establish operations for the production of apparel wear using unique-to-the-industry printing technique. Visit is scheduled for May.



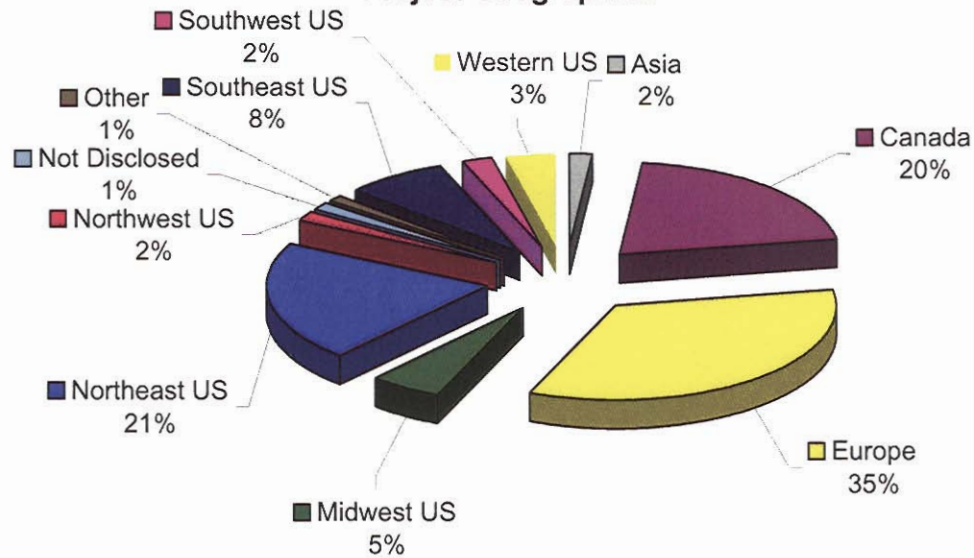
Prospect Visits

March 2005				
Date	Project	Business Type	Description	Visited
3/7/2005	Esseco	Production	Sulphur Chemicals	Yorktown, Chesapeake
3/8/2005	ICT	Business Services	Technical Support Center	Chesapeake
3/9/2005	Xtnrgy	Production	Coke Manufacturing	Chesapeake, Isle of Wight
3/16/2005	Marcel	Warehouse	Furniture Manufacturer	Chesapeake
3/18/2005	1/2	Distribution	Medical Devices	Suffolk, Chesapeake

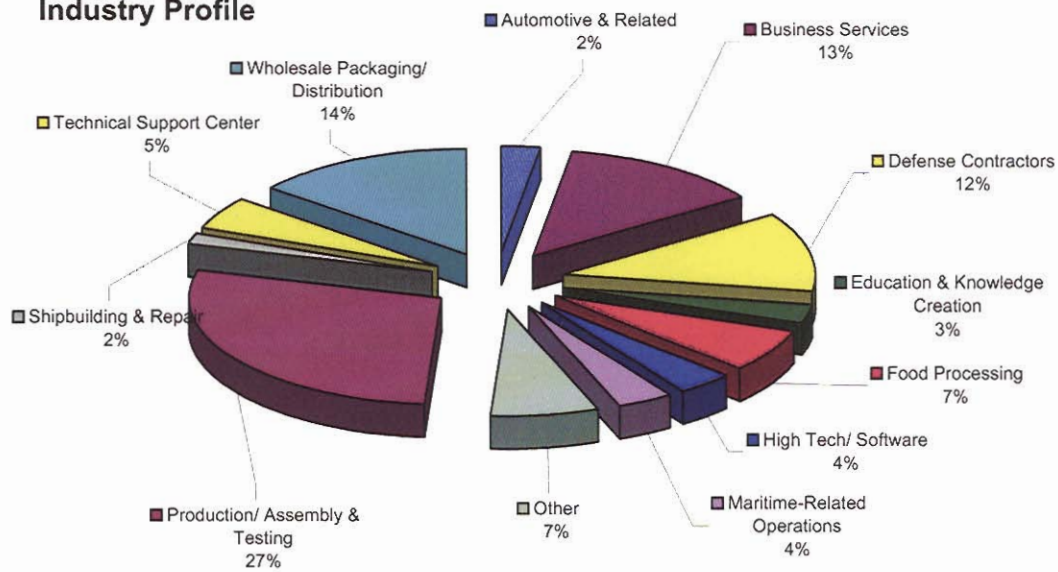


Active Prospect Profiles

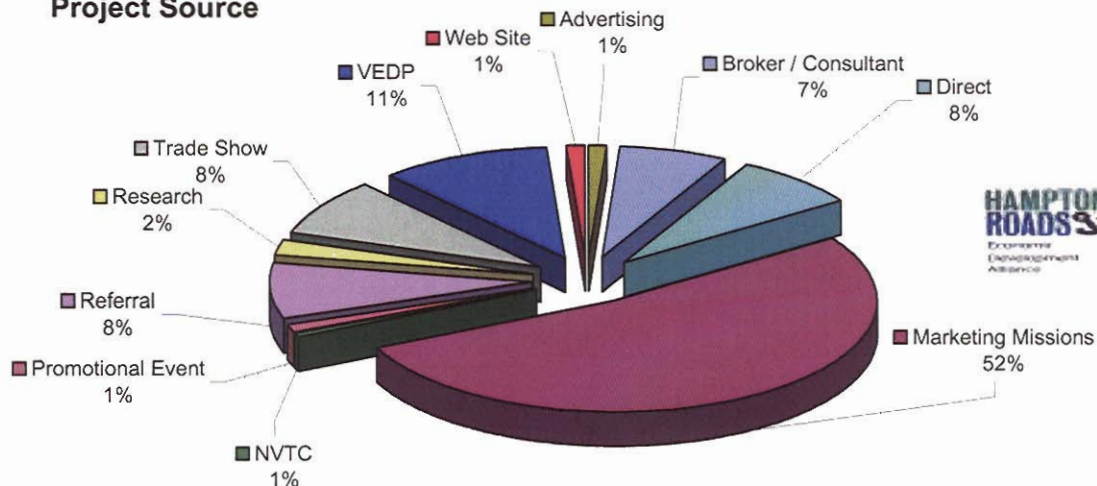
Project Geographics



Industry Profile



Project Source



**HAMPTON
ROADS**
ENGINEERING
DEVELOPMENT
ASSISTANCE

Web Site Statistics

Month	Number of Web Site Visitors	Visitors retrieving data	Number of requesting URLs	Average request per visit	Hits as result of search
Jan-04	9,040	6,219	3,637	9:36	34,202
Feb-04	8,157	5,786	2,431	9:23	33,097
Mar-04	10,303	7,453	3,020	8:48	40,322
Apr-04	10,058	6,186	3,363	8:29	34,930
May-04	7,725	5,250	6,058	11:34	28,382
Jun-04	7,724	5,096	5,046	12:32	28,228
Jul-04	8,832	5,792	5,568	10:12	31,744
Aug-04	8,216	5,727	6,438	11:04	31,484
Sep-04	8,116	5,521	5,247	10:50	31,634
Oct-04	8,007	5,527	3,069	8:18	29,140
Nov-04	8,449	5,261	3,933	11:12	28,643
Dec-04	5,975	3,921	2,006	10:11	19,354
Jan-05	8,073	6,979	4,166	8:56	40,267
Feb-05	8,201	6,365	3,090	7:27	39,058
Mar-05	10,640	7,393	3,362	8:05	47,816
Apr-05					
May-05					
Jun-05					
Jul-05					
Aug-05					
Sep-05					
Oct-05					
Nov-05					
Dec-05					
YTD Total	26,914	20,737	10,618		

N/A* The new web reporting software does not track a statistic comparable to "Average request per visit."



Announcements Year 2005

Company	Date	City	Type of Operation	Build-To-Suit/ Existing (B or E)
BT Conferencing Inc.	10-Jan	Chesapeake	Meeting Solutions	E
American Port Services	31-Jan	Suffolk	Warehouse & Distribution	B

Company	Square Footage	Announced New Jobs	Capital Investment	Estimated Annual Payroll	Average Base Salary	Average Salary Plus Benefits
BT Conferencing Inc.	25,000	150	\$ 1,000,000	\$ 5,250,000	\$ 35,000	\$45,500
American Port Services	300,000	0	\$ 15,000,000	\$ -	\$ -	\$ -
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0
						\$0

Year to Date	Square Footage	Announced New Jobs	Capital Investment	Estimated Annual Payroll	Average Base Salary	Average Salary Plus Benefits
	YTD	YTD	YTD	YTD	YTD	YTD
2005	325,000	150	\$ 16,000,000	\$ 5,250,000	\$ 35,000	\$ 45,500
2004	863,000	760	\$ 36,000,000	\$ 23,809,680	\$ 29,247	\$ 37,407
2003	92,000	6	\$ 1,000,000	\$ 150,000	\$ 25,000	\$ 32,500
2002	2,053,600	857	\$ 97,400,000	\$ 22,124,500	\$ 25,816	\$ 33,561
2002 - 2006 Grand Total	3,008,600	1,773	\$ 150,400,000		\$ 28,766	
5 Year Goal (2002-2006)		15,500	\$ 641,037,010		\$ 35,000	
Percentage of 5 Year Goal		11.4%	23.5%		73.8%	
1997-2001 Grand Total	5,860,413	14,311	\$ 491,975,790		\$ 28,263	

