

Suffolk Economic Activity Report

2002 Annual Report for the City of Suffolk, Virginia, Department of Economic Development

“ Our operations will begin June 2003 and at peak, we will employ 500 people. We look forward to becoming an active participant in a wide variety of community activities. ”

Janise Kring
General Manager
Target Distribution

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Target Builds \$65 Million East Coast Import Distribution Center In Suffolk

Minneapolis-based Target Stores, a division of Target Corporation, is building a 1.5 million square-foot import distribution center on a 162-acre site at the intersection of Manning Bridge Road and Route 58. Selected over locations in Georgia and South Carolina, the \$65 million facility will serve seven of Target's 14 distribution centers throughout the eastern region of the United States. The company expects to hire 325 employees in the spring of 2003 and ramp up to 500 at peak times. They will begin operations by June 1.

At the groundbreaking in April 2002, Governor Mark R. Warner stated, "I am pleased to announce Target Corporation's decision to locate this East Coast import warehouse in the Commonwealth of Virginia. Target will benefit from the Commonwealth's dedicated workforce, positive business climate and the exceptional worldwide access of the Port of Virginia."

Janise Kring, general manager of the new Target facility, told the Suffolk City Council, "We are very excited about the

partnerships we will gain in your community in the coming years. At peak we will employ 500 people."

Target Stores currently operate 1,081 stores in 47 states nationwide. Target Corporation typically gives more than \$2 million a week to its local communities through grants and special programs. Since its inception, it has partnered with nonprofit organizations, guests and team members to help meet a variety of community needs.



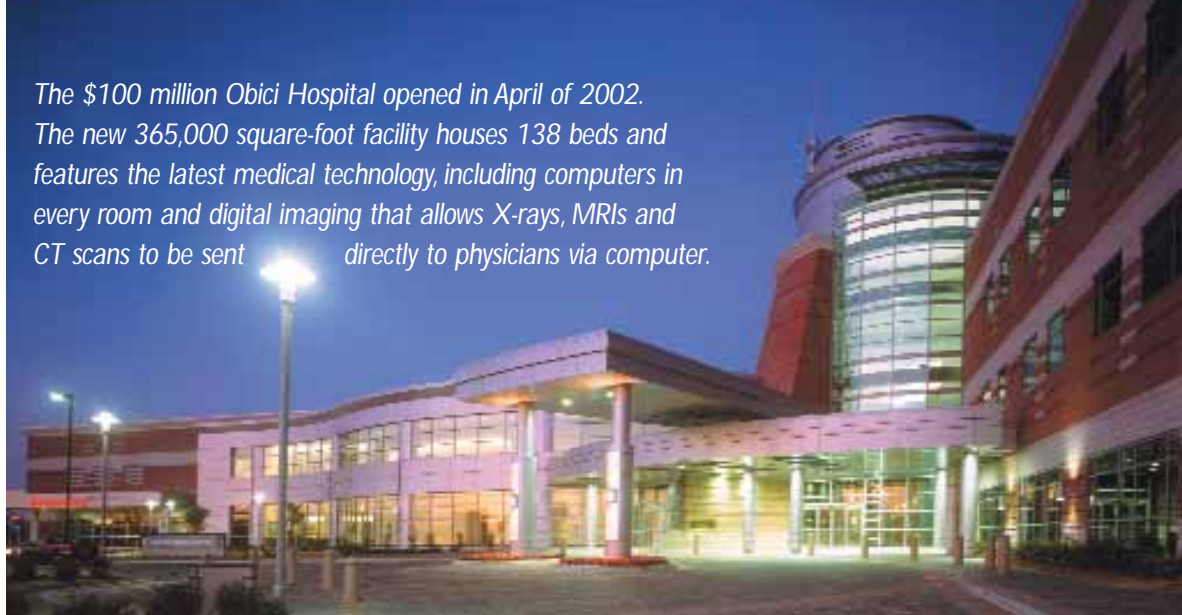
Governor Mark R. Warner (third from left) joins city and company representatives at the Target groundbreaking in April 2002.

Economic Development Department Expands To Washington Street Center

The staff of the City of Suffolk's Economic Development Department realized they had outgrown their offices and decided to take advantage of some of Suffolk's own downtown revitalization.



In December of 2002, they moved to their new offices on the second floor of the former Byrum Hardware Building at 127 E. Washington Street. The newly named Washington Street Center, a circa 1905 retail building, was recently renovated by local developer John Brown and is taking on new life as a Class A office environment. The Department of Economic Development occupies 6,000 square feet; the building currently has 4,000 square feet available for occupancy on the first floor.



The \$100 million Obici Hospital opened in April of 2002. The new 365,000 square-foot facility houses 138 beds and features the latest medical technology, including computers in every room and digital imaging that allows X-rays, MRIs and CT scans to be sent directly to physicians via computer.

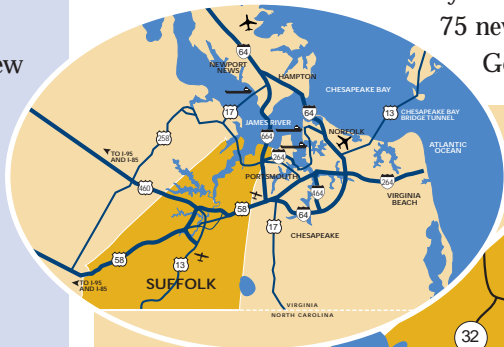
New Dominion Pictures Receives First State Motion Picture Grant

New Dominion Pictures received the first Governor's Motion Picture Opportunity Fund grant of \$200,000 in 2002 to hire Virginia crew members and purchase Virginia goods and services for the production of the docudrama "Special Forces: Untold Stories." Celebrating the heroic deeds of such world famous units as the British SAS, the German GSG-9, the Royal Dutch Marines and the American Green Berets, the series will have a \$4 million impact on Virginia's economy and result in 75 new jobs.

Governor

Jim Gilmore stated, "I am proud to award the first grant to such an exceptional project, which is particularly relevant in today's world when members of the military as well as civilians have performed so well."

Established in 1989, New Dominion Pictures has 150 employees in its studio facilities in Suffolk. It is well known for producing two of the most popular shows on cable TV for the Discovery Channel and the Learning Channel, including "The New Detectives" and "FBI Files," as well as "Navy SEALs: Untold Stories" and "The Prosecutors."



Over 800 New Jobs

Firm

Expanding Businesses

1. Unilever/Best Foods/L
2. New Dominion Pictu
3. Barton Ford
4. Butler Paper Recyclin
5. Logisteq Warehouse
6. Heritage Woodworks
7. U.S. JFCOM - Joint F
8. Volvo Penta
9. VMASC

New Businesses

10. Harbour Breeze Offi
11. Mitre Group
12. Target Distribution .
13. Washington Street Ce
14. The Prentis House .
15. Towne Bank
16. Business Technologies
17. Map Mobile Commu
18. FLEXA Furniture, Inc
19. Nansemond River M
20. United Property Asso

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FLEXA Furniture Locates U.S. Operations In Wilroy Industrial Park

The Danish manufacturer FLEXA Furniture Inc., USA, has selected the City of Suffolk as the new location for its U.S. office, distribution and manufacturing operations. Moving into the former Fairmont Snacks building in Wilroy Industrial Park, the company will occupy 30,000 square feet and invest approximately \$1 million to upgrade the building and purchase equipment over the next 12 months. The new plant will create 20 new jobs.

Mayor Dana Dickens stated, "We are extremely pleased to welcome FLEXA Furniture to our city. Suffolk provides an excellent strategic location for manufacturing and distribution services with close proximity to the Port of Hampton Roads, along with an ample and skilled labor force."

Stephen Jensen, Vice President of FLEXA Furniture, added, "FLEXA Furniture Inc., with its new location in Suffolk, is well positioned from a distribution standpoint to service the



whole East Coast of the United States. We expect the U.S. to become a very significant market for

FLEXA as a whole, and with our new facility, we are perfectly aligned for future growth."

Headquartered in Hornslyd, Denmark, FLEXA Furniture Inc. is a worldwide manufacturer of children's furniture. Its products are distributed through subsidiary companies in 8 countries and sold in 3,500 retail outlets in more than 60 countries worldwide.

College Court Undergoes Renovations In Historic District

A circa 1915 bungalow court on three shaded acres in Suffolk's historic district is being restored by the Virginia Beach-based Garcia Development LLC. Owners Mickey Garcia and Trevor Spiers will invest \$1 million and eight months' work to return College Court to its former glory as one of the most sought-after neighborhoods in Suffolk. The developers are also restoring a neighboring circa 1915 two-story house and a three-story, federal-style 1818 building that once housed a hotel and later a school. Spiers stated, "It gives us a great sense of pride to take what was once a beautiful sign of the times and bring back its historical elegance with our own unique interpretations and inspirations."

Heritage Woodworks Expands Operations In Suffolk Industrial Park

Longtime corporate resident Heritage Woodworks, Inc., is completing a 10,000-square-foot expansion of its current operations in Suffolk Industrial Park, investing approximately \$800,000 to add space for molding and countertop production. The project is adding 6 full-time positions to its current level of 18 full-time positions.

"It is always good news when our local industries find the business climate favorable for expansion," said Councilman Curtis Milteer. "Heritage Woodworks will continue to be an important corporate citizen for many years, and their rapid growth speaks well of our business environment."

Heritage Woodworks, Inc., has specialized in the design and fabrication of custom wood cabinetry for residences and businesses for 14 years. W.C. Sykes, President of Heritage Woodworks, added, "The expansion of our Suffolk facility reflects the tremendous success that we have experienced over the past several years, and our expansion plans have become a reality as interest rates are favorable."

Businesses Created In Suffolk In 2002

Product/Service	New Jobs	New Sq. Ft.	Investment
Lipton Tea	65	5,000	\$15,000,000
Television Production	5	0	200,000
Automotive Sales and Service	0	82,000	6,100,000
Paper Recycling	0	9,258	600,000
Warehousing, Logistic Services	7	36,000	250,000
Cabinet Manufacturing	0	10,000	350,000
U.S. Military Office and R & D	0	20,000	3,000,000
Marine Engine Testing	4	16,000	1,300,000
University Technology Center	7	20,000	1,500,000
Office Buildings	0	60,000	5,000,000
Systems Engineering	20	6,100	660,000
Import Distribution Center	500	1,500,000	65,000,000
Office Building	0	12,000	1,040,000
Office Building	0	2,800	300,000
Bank Operations Center	150	50,000	6,000,000
Storage and Racking Equipment Mfg.	6	14,000	400,000
Customer Service Center	20	10,806	1,000,000
Furniture Manufacturing	20	30,000	1,000,000
Medical and General Office Building	0	32,355	2,200,000
Property Management	8	5,000	250,000
Total	812	1,921,319	\$111,150,000

Department Of Tourism Moves To Prentis House

The City of Suffolk's Department of Tourism has found a new home in the restored Prentis House. Formerly housed in a one-room office in the



Suffolk Seaboard Passenger Station, the department now occupies the first three floors of the historic home with private offices on the third floor. Built in the early 1800s and believed to be one of the oldest homes in the city, the Prentis House is located at 321 North Main Street. The City of Suffolk has applied for state certification for the new tourism center, enabling it to remain open seven days a week, eight hours a day. Lynette Brugeman, Director of Tourism, stated, "The English basement and first floor will be open to the public. We'll have volunteers dressed in historic costumes with furnishings to complement the home."

Unilever Invests \$15 Million, Expands Lipton Tea Plant

In January of 2002, Governor Jim Gilmore announced that Unilever had selected its Suffolk manufacturing plant as the strategic site for all U.S. tea production. Unilever, one of the world's largest consumer products companies, is investing \$15 million in the existing 150,000 square-foot facility over a 30-month period and creating 65 new jobs. This makes Suffolk the single manufacturing site in the U.S. as a part of Unilever's "Path to Growth" strategy of consolidation.



Governor Gilmore said, "Unilever's Lipton Tea Plant has operated in Suffolk since 1955. The people of Suffolk have proven to be a great asset to the company's success. I applaud this announcement of 65 new jobs in Hampton Roads."

Currently employing 332 people, Suffolk's plant manufactures Lipton Tea, including its Regular, Decaffeinated and Cold Brew iced tea products. The transfer of its specialty tea manufacture from its Santa Cruz, California plant was completed at the end of 2002.

Unilver produces and markets a wide range of foods and home and personal care products worldwide. With annual sales of approximately \$11 billion in the U.S. and approximately \$40 billion worldwide in 2000, it has 80 offices and manufacturing sites in 26 states and employs some 28,000 people.



Two Of The 20 Businesses That Helped Brighten The 2002 Economic Picture

(Pictured at left) Continuing to attract high technology computer simulation tenants, the Bridgeway Technology Center leased 20,000 square feet to the United States Joint Forces Command's Battle Damage Assessment Team.

(Pictured below) Towne Bank is opening its new operations center in the Harbour View section of Suffolk in 2003. The three-floor, 50,000 square-foot office building is expected to be staffed with 150 employees.



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Department of Economic Development

It's a good time to be in Suffolk

Over 800 New Jobs Were Created In Suffolk In 2002

Firm	Product/Service	New Jobs	New Sq. Ft.	Investment
Expanding Businesses				
1. Unilever/Best Foods/Lipton Tea	Tea Bag Manufacturing	65	5,000	\$15,000,000
2. New Dominion Pictures	Television Production	5	0	200,000
3. Barton Ford	Automotive Sales and Service	0	82,000	6,100,000
4. Butler Paper Recycling, Inc.	Paper Recycling	0	9,258	600,000
5. Logisteq Warehouse	Warehousing, Logistic Services	7	36,000	250,000
6. Heritage Woodworks	Cabinet Manufacturing	0	10,000	350,000
7. U.S. JFCOM - Joint Battle Damage Assessment	U.S. Military Office and R & D	0	20,000	3,000,000
8. Volvo Penta	Marine Engine Testing	4	16,000	1,300,000
9. VMASC	University Technology Center	7	20,000	1,500,000
New Businesses				
10. Harbour Breeze Office	Office Buildings	0	60,000	5,000,000
11. Mitre Group	Systems Engineering	20	6,100	660,000
12. Target Distribution	Import Distribution Center	500	1,500,000	65,000,000
13. Washington Street Center	Office Building	0	12,000	1,040,000
14. The Prentis House	Office Building	0	2,800	300,000
15. Towne Bank	Bank Operations Center	150	50,000	6,000,000
16. Business Technologies	Storage and Racking Equipment Mfg.	6	14,000	400,000
17. Map Mobile Communications	Customer Service Center	20	10,806	1,000,000
18. FLEXA Furniture, Inc.	Furniture Manufacturing	20	30,000	1,000,000
19. Nansemond River Medical Center	Medical and General Office Building	0	32,355	2,200,000
20. United Property Associates	Property Management	8	5,000	250,000
Total		812	1,921,319	\$111,150,000