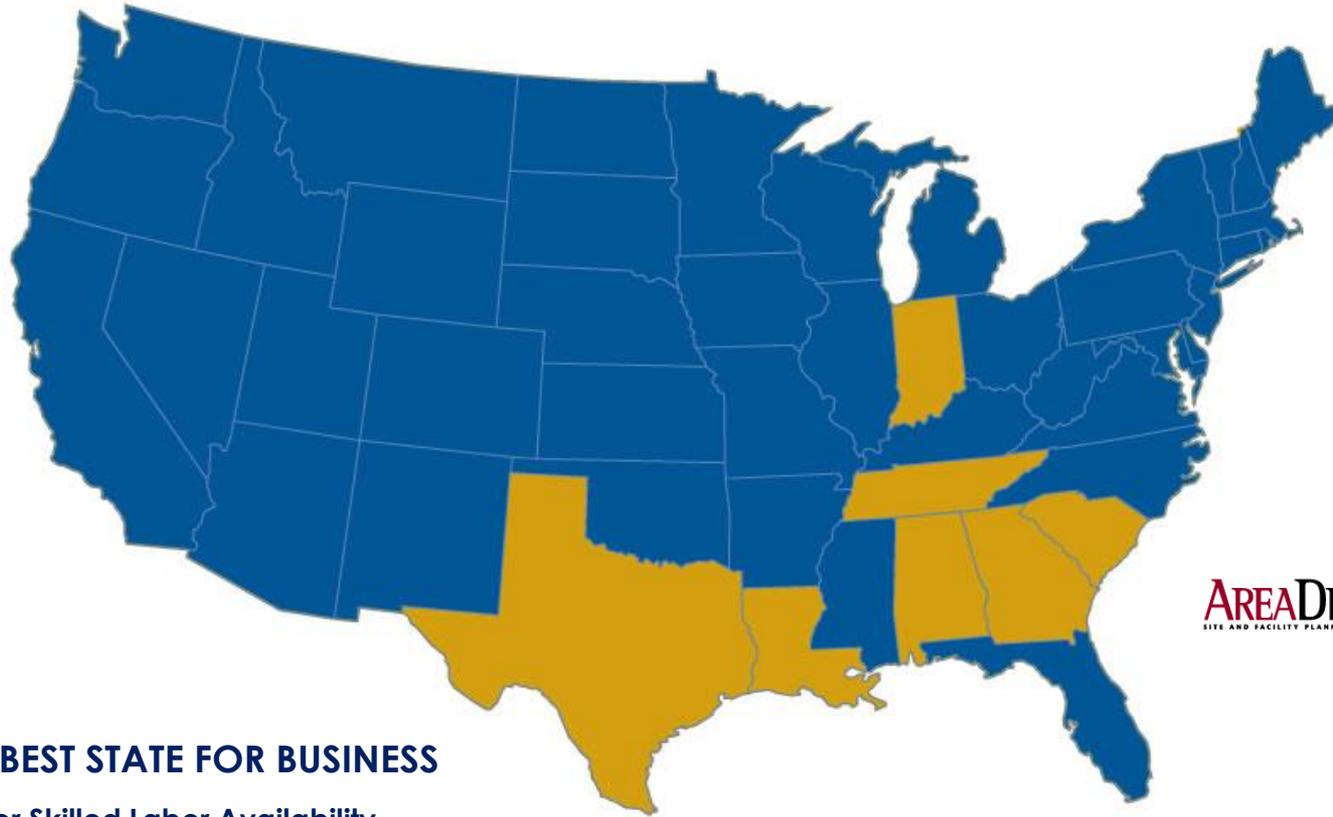




IEDC BOARD OF DIRECTORS

9.18.2014

TOP STATE FOR BUSINESS



AREADEVELOPMENT
SITE AND FACILITY PLANNING
ONLINE

September 2014

7TH OVERALL BEST STATE FOR BUSINESS

- ▶ 1st Best State for Skilled Labor Availability
- ▶ 2nd Best State for Water Availability and Cost

Based on site selection consultants' rankings of states

THE STATE OF YOUR FUTURE

GOOD TO GREAT PLAN

46th ANNUAL MIDWEST U.S.-JAPAN ASSOCIATION CONFERENCE (SEPT. 7-8)

- ▶ Governor Pence led a **30+ Hoosier delegation**, the largest out-of-state delegation in attendance, to reaffirm and strengthen economic ties between Indiana and Japan at the **46th annual Midwest U.S.-Japan Association Conference** in Des Moines, Iowa
- ▶ The Governor also met with executives from the **Japan External Trade Organization** and **Toyota**, as well as with **Kenichiro Sasae**, Ambassador of Japan to the U.S., and **Masaharu Yoshida**, Consul General of Japan at Chicago



MWJA Conference Reception, Des Moines, Iowa



Hoosier Delegation, MWJA Conference, Des Moines, Iowa

GOOD TO GREAT PLAN

GOVERNOR'S JOBS MISSION TO UNITED KINGDOM (JULY 14-16)

- ▶ Governor Pence led a **22-person delegation** of Hoosier business and community officials on an economic development mission to the **United Kingdom**, including attending the Farnborough International Airshow and hosting a reception for more than **50 aviation company executives** at Indiana's inaugural booth at the show
- ▶ The Governor met with executives from some of the world's most influential aviation and aerospace companies, including **GE Aviation, Rolls-Royce, Alcoa** and **Raytheon**, and made calls to executives from **Tate & Lyle, BP** and **ArcelorMittal** in London
- ▶ Tate & Lyle announced plans to invest \$90 million in its two Lafayette operations

“Like our trips to Japan and Germany, our mission in the United Kingdom will be focused on sharing why Indiana’s business environment propels growth, lifts potential and engineers flight into the future of aerospace innovation.”

-Governor Mike Pence

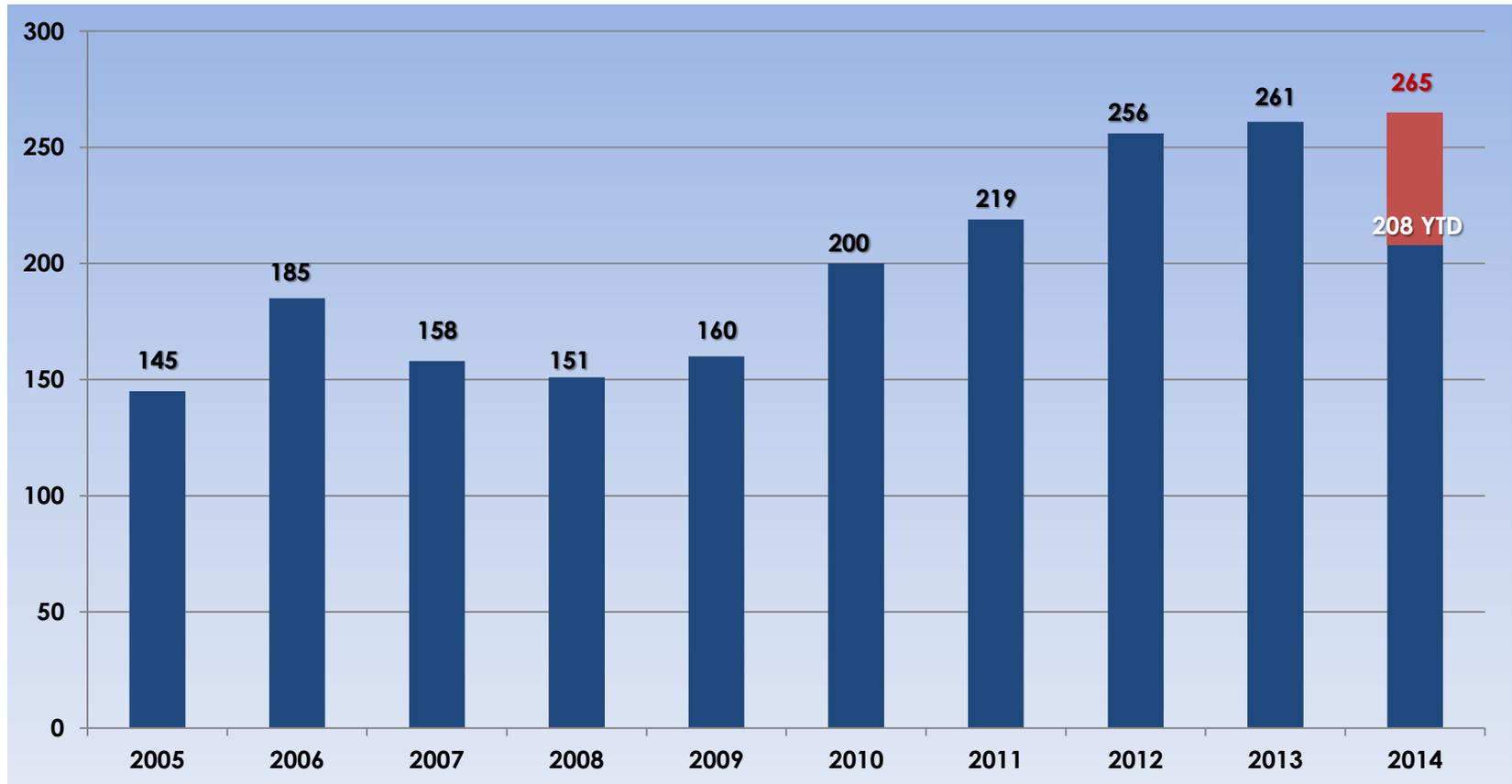


GE Aviation, Farnborough, England

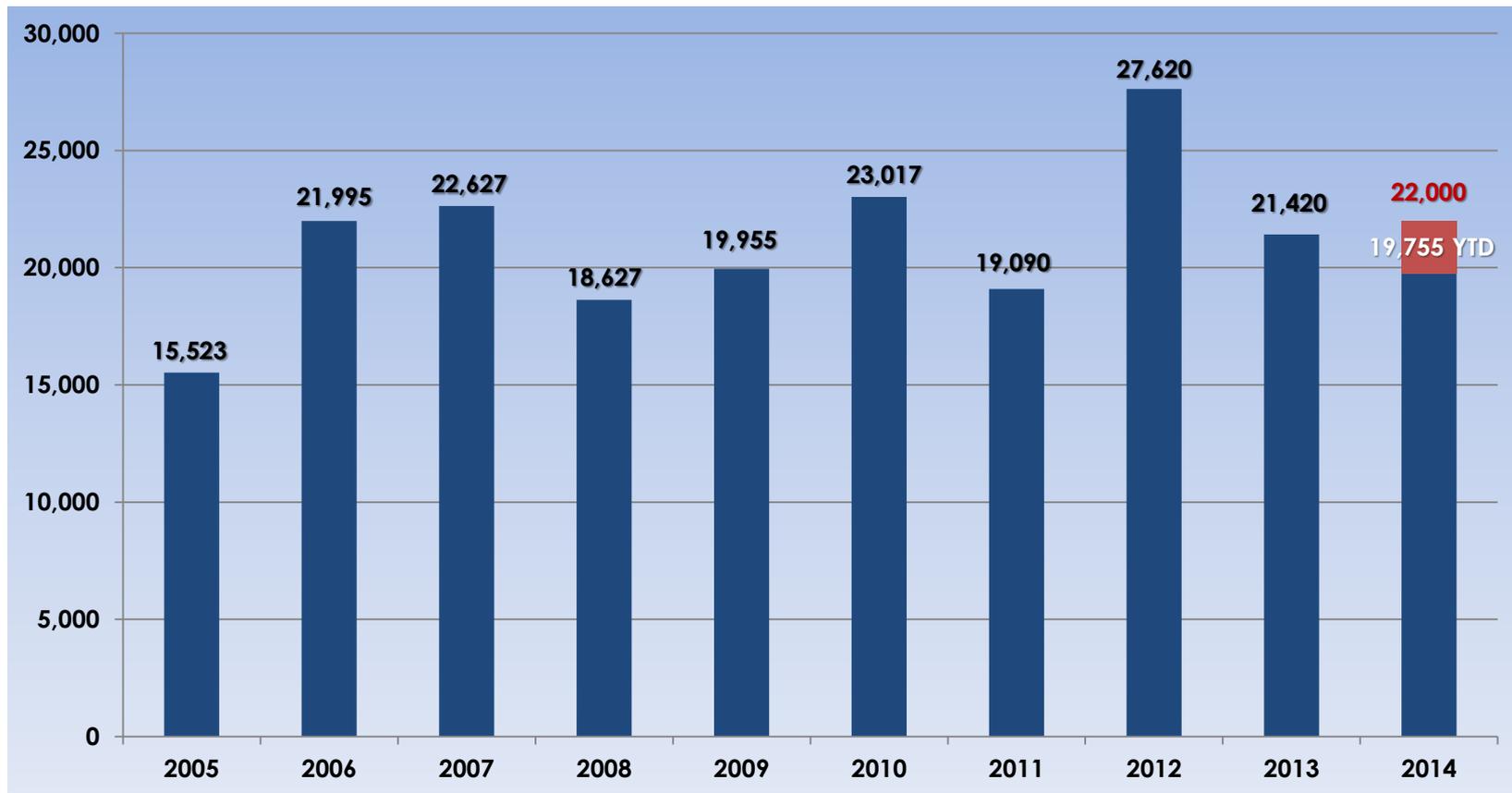


Indiana Booth, Farnborough, England

TOTAL COMPETITIVE PROJECTS



PRIVATE SECTOR JOB PROJECTIONS



PRIVATE SECTOR INVESTMENT PROJECTIONS



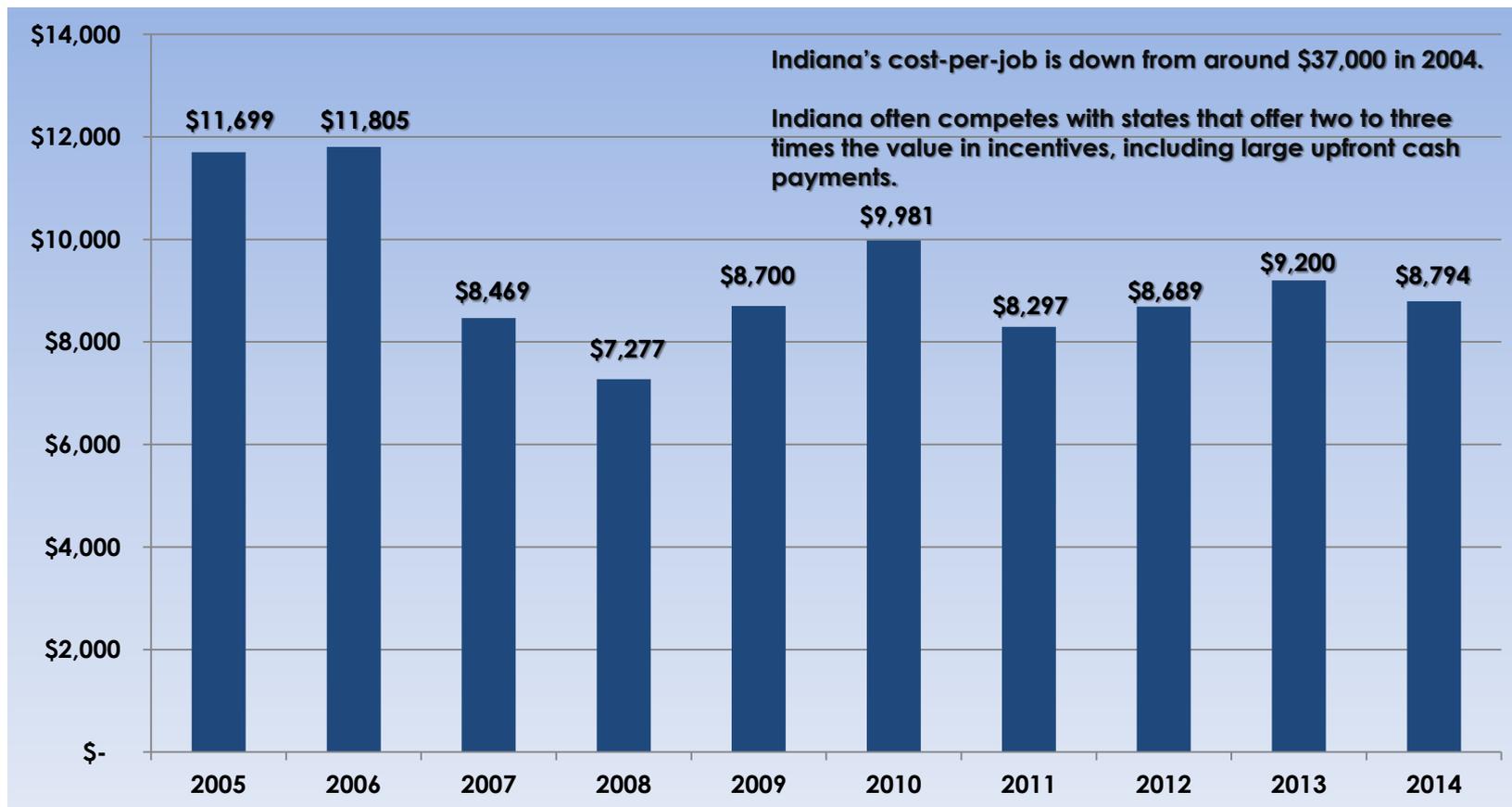
■ Goal

■ YTD as of 9.17.14

THE STATE OF YOUR FUTURE

Confidential - Draft 7

CONDITIONAL INCENTIVES PER JOB



YTD as of 9.17.14

HOOSIER AVERAGE WAGE



PROJECT WIN REPORT

Haier America, *Evansville*

- ▶ Haier America is a division of the multinational Haier Group, a global leader in home appliances and consumer electronics, with global revenues reaching \$29.5 billion in 2013
- ▶ The company will open a 30,000 square-foot tech center in Evansville, focusing on support and development for the company's North American market
- ▶ 50 projected new high-wage jobs
- ▶ The company considered sites in South Carolina and Georgia
- ▶ **Key Deal Factors:** a talented workforce and robust response from local and state officials



“Evansville has an established infrastructure and workforce that we believe will allow us to quickly and successfully build out a tech center focused on designing products tailored for the unique experiences of the U.S. consumer.”

- Adrian Micu, president and chief executive officer, Haier America

PROJECT LOSS REPORT

MITSUI HIGH-TEC

- ▶ Mitsui is a manufacturer of electrical motor cores for hybrid engines
- ▶ The Toyota supplier was looking to establish a North American facility
- ▶ 30 jobs at more than \$25 per hour in first phase and \$16 million capital investment
- ▶ The company considered Columbus, Franklin, Shelbyville and Greensburg
- ▶ The primary raw material for the electrical motor is non-oriented electrical steel, which the company planned to import from Japan
- ▶ Recently, the U.S. domestic steel industry brought dumping charges to International Trade Commission (ITC), where the ITC ruled in favor of tariffs
- ▶ Mitsui High-Tec decided to establish operations in Mexico



COMPLIANCE REPORT

	<u>January-August 2014</u>	<u>Number of Companies</u>
Received	\$2,306,295	11
<i>Cash</i>	<i>\$326,574</i>	<i>4</i>
<i>Forgone credits</i>	<i>\$2,129,050</i>	<i>7</i>
Write-offs	\$135,949	4
Referral for tax assessment or collection	\$45,000	1
TOTAL	\$2,636,573	16

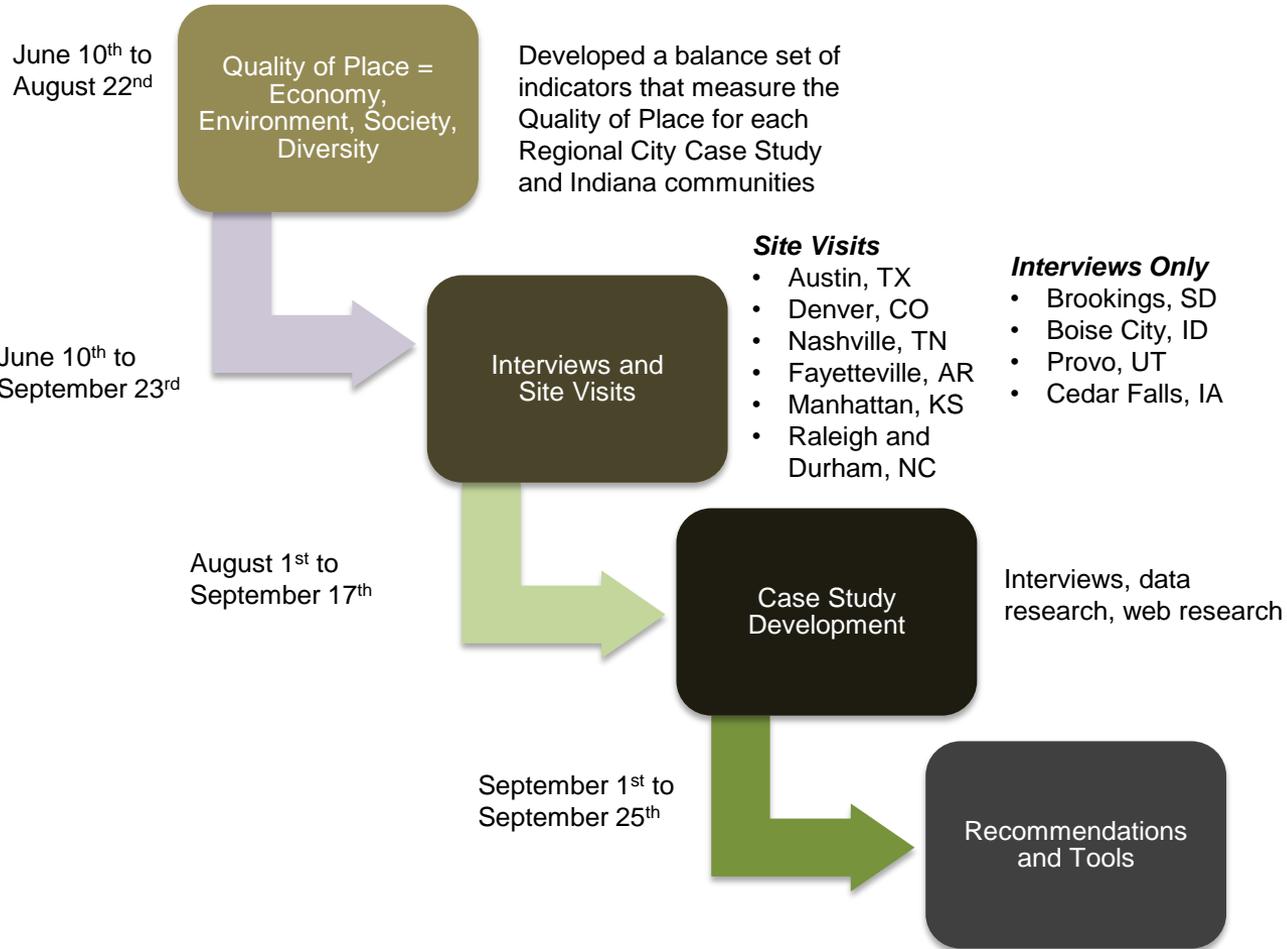
INDIANA REGIONAL CITY TRANSFORMATION



Regional city visit to Durham, North Carolina



PROJECT TIMELINE & STATUS



THEMES WE'VE IDENTIFIED

PLANS & STRATEGIC THINKING AS A CATALYST TO CREATING NECESSARY URGENCY

Austin: In 1980's, Dr. George Kozmetsky had a vision to embrace technology. In 2003 Austin lost ~36,000 jobs in 36 months, catalyzed development of Opportunity Austin, leading to 5 year strategies ever since.

Nashville: In 1995 was getting beat by other communities. Created Partnership 2000 and a mechanism to develop a new plan every five years.

Fayetteville: Had steady growth until late 2009 when bubble burst, mobilized the Northwest Arkansas Council to create a regional strategy that looked at economic development and quality of place investments.

Manhattan, KS: Identified that they were not capturing retail sales and the community lacked retail resources. Convinced Census Bureau that community was being undercounted which allowed them to be classified as an MSA. Attracted retail as a result.



Indiana Regional City
Transformation

THEMES WE'VE IDENTIFIED

CORE CITIES DRIVE REGIONAL

Fayetteville: Northwest Arkansas Council and regional approach to lobbying representatives for infrastructure projects

Private and public sector recognition that success through planned investments in the core city drives regional growth

- **Fayetteville, Brookings, Provo**
- **Manhattan, KS:** growth of city has also driven regional growth; now looking at diversifying industry base which will mostly benefit communities outside the core city.
- **Durham and Raleigh** are a very strong model for regionalized thinking; monthly meetings between Chambers; very strong private sector leadership (Goodman family); Utilize the 'Triangle' as the brand
- **Austin:** Greater Austin Regional Chamber – Opportunity Austin became the regional economic development recruitment strategy
- **Denver:** Regional chamber has buy in from surrounding communities – Code of Ethics governs behavior



Indiana Regional City
Transformation

THEMES WE'VE IDENTIFIED

CORE CITIES DRIVE REGIONAL (CONTINUED)

Quality of Place is Defined Broadly

Each of the regional cities profiled identified a range of actions to support regional and city living including:

- Investing in community amenities e.g. swimming pools, trails and parks to enhance quality of place
- Education at the K-12 level and beyond to support current talent attraction and future workforce pipeline
- Cultural amenities to provide experiences for residents and attract from outside the region
- Real estate and related infrastructure development to provide housing, retail, industrial sites for growth

Balanced Economic Development Efforts

- Analysis of industry sector strengths and plan strategic moves from there. Continual theme of “Identify your strengths and build upon them.”
- Also, focus on the weaknesses in your quality of place and create a shared vision to invest in their reduction
- All communities use data to define need and track progress, public discussion of the data varies but all present in a public forum



Indiana Regional City
Transformation

THEMES WE'VE IDENTIFIED

FOCUS ON SECTOR VS. INFRASTRUCTURE

Regional City plans have a mixed prioritization of focus:

- ½ of the case study cities have sector focused strategy and continue to refine and focus (e.g. *IT, entertainment, bio/life sciences, manufacturing, defense*)
- ½ case study cities have focus on infrastructure to support and manage growth (e.g. *roads, real estate, amenities, transportation, hospitals/healthcare, education facilities, downtown development*)
- Infrastructure issues causing the most concern over future growth – Water and Transportation

Manhattan, KS utilized City powers e.g. eminent domain and fiscal tools to prepare a location for retail. Needed to recruit an outside developer to take on the size of the projects.

THEMES WE'VE IDENTIFIED

PUSH COMES FROM THE REGION, NOT THE STATE

Though state policies have been helpful in many cases, the communities and regions that have shown growth have sometimes been despite the state.

- Growth has to come from within
- **Durham, Fayetteville** are examples of this

SIMILAR CULTURAL BACKGROUNDS VS. DIVERSITY

Manhattan, Provo, Brookings are generally homogenized populations

- Easier to rally around community benefits

Non-homogenized communities use it to their benefit

- **Austin, Durham** (very diverse), **Raleigh, Denver**
- These communities are known as cultural hotbeds and is part of growth effort



THEMES WE'VE IDENTIFIED

NON-PARTISAN RESULTS-ORIENTED APPROACH

Regardless of the political beliefs of city leaders, forward-leaning policies in taxation, inclusion and focus on quality of place versus strictly business growth through attraction and cost incentives were employed in all these locations. We were amazed at the level of collaboration and the singular commitment among city leaders (regardless of political affiliation) to achieve their goals.

Cities like **Austin**, **Fayetteville**, **Brookings** and **Durham** exhibited this non-partisan commitment to their goals and relentless execution on their plan.



THEMES WE'VE IDENTIFIED

FINANCING REGIONAL TRANSFORMATION

Four models have presented:

- **Private Investment** in development of the strategy and implementation; creates an opportunity for broad vision and buy-in
- **“Penny tax”** – sales tax of ~ 1 cent that can be used for ‘economic development’ – almost all communities profiled have some version of this tax, most adopted following development of an economic development growth strategy
- **Local (City/Region) Public Sector Bonding** – utilize bond capacity for infrastructure (e.g. water, sewer, roads) and amenities (e.g. recreational and cultural)
- **Annual appropriations** – use ongoing tax supported capacity to invest in community and economic development efforts; requires initial strategy, focus and hard decisions in the beginning

Note: Funding has largely come from the private sector with the public sector investing in infrastructure that is above ongoing expenditures. Varies by community – estimate is overall 20-30% is public and the rest private.



Indiana Regional City
Transformation



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