

MEMORANDUM

TO: Chairman of Senate Finance Committee, Senator Hugh K. Leatherman, Sr.
Chairman of House Ways & Means Committee, Representative W. Brian White
Secretary of Commerce, Robert M. Hitt III

FROM: David T. Ginn, President & CEO

COPY: Chris Huffman, Chief Financial Officer, SC Department of Commerce

DATE: October 30, 2014

RE: FY2012-13 Appropriation pursuant to Proviso 40.17
2014 Annual Report

The Charleston Regional Development Alliance (CRDA) is the regional economic development organization representing Berkeley, Charleston and Dorchester counties. Our organization leads a global marketing effort to attract world-class businesses and talent, and works directly with companies to facilitate new, high-value business investment within the three-county region. We also collaborate with other entities to ensure a globally competitive, sustainable regional economy.

The Department of Commerce matching funds program has allowed us to leverage private-sector investments to greatly enhance our overall economic development program. A portion of this funding has also been directed to the Palmetto Partners program to help fund statewide, collaborative marketing initiatives.

On behalf of the CRDA Board of Directors, I am pleased to submit the following report providing a comprehensive overview of matching fund expenditures tied to the FY12-13 program. This report covers our activities from October 1, 2013 (when our 2013 report was filed) through March 31, 2014 (when all FY12-13 program funds were expended).

If you have questions or would like additional information about any of the activities outlined in this report, please contact me directly at 843-760-4524 or dginn@crda.org.

Financial Summary

State appropriations:	\$730,028
State funds used as of 9/30/14:	\$730,028

Key Focus Area 1
Global Business Development / Strategic Marketing

Total state funds applied: \$379,747

Includes:

- Prospect Qualification & Lead Generation
- Aerospace Growth Strategy
- Active Project Facilitation
- Outbound Marketing Missions
- Conferences, Trade Shows and Association Meetings
- Inbound Business Development Events / Hosting
- Palmetto Partners Support
- Global Media Outreach
- Online Marketing
- Sales Support

The CRDA drives a global marketing and business development program to attract and retain the world's best companies, entrepreneurs and professional talent. We also serve as consultants and facilitators for companies considering a competitive investment in the region.

The CRDA's marketing and business development activities are designed to align with Opportunity Next, the region's comprehensive economic development strategy introduced in April 2011. They also capitalize on the region's key global business assets, including the Port of Charleston, Boeing, the Clemson University Energy Systems campus, the Medical University of South Carolina, U.S. Military installations / SPAWAR Atlantic, and the region's base of existing industry.

Following is an overview of related activities from October 1, 2013 through March 31, 2014 when all FY12-13 program funds were expended:

A. Prospect Qualification & Lead Generation

The CRDA contracts with a globally focused prospect qualification and lead generation firm to strategically target relevant companies that a) fall within the region's industry and geographic targets; b) are actively pursuing significant investment opportunities; and c) would consider the Charleston region as a potential location for that investment.

We activated this program in January 2011, and it has since generated meetings with 163 qualified companies, 77% of which are headquartered outside the United States.

By employing this valuable resource when planning marketing missions, attending tradeshows and hosting in-bound visits, we have significantly increased the quantity and quality of our company interactions.

B. Aerospace Growth Strategy

The CRDA is actively engaged with Boeing and our local partners to identify missing links within the company's east coast supply chain. We've established regular meetings with Boeing to align our efforts and are engaged with the company's Supplier Diversity Council and Community Manufacturing Partnership programs.

We also retained an aerospace industry consultant with in-depth knowledge of the global aerospace industry to provide insight and guidance to our related business development efforts. With his professional guidance, we have been executing a multi-part strategy to attract additional aerospace investment to our region.

For the quarter ending March 31, 2014 (when FY12-13 State Matching Funds were fully expended), the CRDA had 57 aerospace leads in our project pipeline and was actively facilitating five qualified aerospace projects.

C. Active Project Facilitation

The CRDA devotes significant resources toward managing and facilitating the site selection process for companies considering our region for competitive business investments. We serve as a confidential resource to help streamline the site selection process, assisting companies with issues ranging from buildings and sites to financing and workforce training.

Between July 2013 and March 2014, we allocated funds from the FY12-13 matching funds program to support these mission-critical activities. In the nine months beginning July 1, 2013 and ending March 30, 2014 (when we fully expended FY12-13 matching funds), we partnered with the SC Department of Commerce and our three county economic development directors to manage 135 project "leads" (not all site selection criteria known) and 29 project "opportunities" (all site selection criteria known). Many of these "leads" and nearly all of the "opportunities" have visited our region for executive briefings and customized tours of the region, including pre-arranged meetings with relevant officials and visits to potential sites and buildings. We've also traveled to companies' headquartered locations to discuss project details with key decision makers.

During this same period, five companies announced new investments in our region resulting in 364 new direct jobs and \$55.2 million in new capital investment. Four of these companies fall within the Charleston region's Opportunity Next targets.

D. International Economic Developers Council (IEDC) Annual Conference – Oct. 6-9, 2013

The CRDA's CEO attended this high-value conference, which draws site selection consultants and economic development practitioners from around the world. This year's conference, held in Philadelphia, PA, addressed current challenges impacting economic developers as well as existing trends in our dynamic economy.

E. 2013 National Business Aviation Association (NBAA) Annual Meeting & Convention – Oct. 22-24, 2013

NBAA targets the business aviation industry (ranging from prop planes to jets to helicopters), and its Annual Meeting & Convention is the world's largest business aviation trade show. The show attracts key operators and industry leaders to conduct business, make buying decisions and set the stage for business aviation activity in the year ahead. The CRDA participated in a statewide partnership which also included Santee Cooper and the SC Power Team. In addition to company executives on the show floor, the CRDA met with five companies pre-qualified by our lead generation firm.

F. BABC-PNW Aerospace Conference – Oct. 22, 2013

At the request of an active prospect, CRDA's VP Global Business Development represented the state of SC in a panel discussion of the aerospace industry during the British American Business Council of the Pacific Northwest's Aerospace Conference. The discussion focused on "Broadening Horizons for Local Suppliers," and featured delegates from South Carolina, Washington state, Kansas, Alabama and Washington DC. We also visited two qualified leads while on the ground in the Seattle, WA area.

G. 18th Annual SpeedNews Regional & Business Aviation Industry Suppliers Conference – Nov. 6-8, 2013

This high level conference, which was held in Scottsdale, Arizona, is designed for equipment manufacturers, raw material suppliers, MRO and IT suppliers and industry analysts. While attending the conference, the CRDA met with four qualified aerospace prospects.

H. SEUS-Japan Association Annual Meeting – Nov. 17-19, 2013

The 36th meeting of the U.S. Southeast - Japan Association (SEUS-Japan) was held in Biloxi, MS. The Association was launched in 1975 to promote trade, investment, understanding and friendship between Japan and seven states within the U.S. Southeast: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee. Its annual meetings alternate each year between Japan and the Southeastern U.S. and attract high level representatives from both the private and public sectors. The CRDA's FY13-14 Board Chairman, who is the CEO of a global company headquartered in Japan, attended the 2013 event along with our President & CEO.

I. Clemson Wind Turbine Drivetrain Testing Facility Commissioning / Media Tour – Nov. 19-21, 2013

CURI 's Energy Systems Innovation Center grand opening was a huge media relations success, with hosted journalists from: *London Times*, *Bloomberg BusinessWeek*, *Central China TV*, *India Telegraph*, Japan's largest daily newspaper, and Hong Kong's *Ta Kung Pao Daily*.

These efforts, along with the announced location of the first company to establish operations at CURI's innovation center (FEV), resulted in coverage by: *Area Development* (11/14), *Design World* (11/14), *Windpower Engineering & Development* (11/14), *reNews* (11/15), *Global Corporate Xpansion* (11/17), *Bloomberg BusinessWeek* (11/21), *North American Windpower* (11/21), *Breaking Energy* (11/22), *Renewable Energy Focus* (11/22), *Windpower Engineering & Development* (11/22), *Ta Kung Pao Daily* (11/23), *London Times* (11/25), *FierceSmartGrid* (11/27), and *Windpower Monthly* (12/2).

J. SC-Israel Collaborative / Globes Israel Business Conference – Dec. 8-13, 2013

The CRDA's Board Chairman and CEO participated in this collaborative, statewide mission focused on stimulating SC-Israeli business and research partnerships with a goal of generating economic development, jobs and investments. The 23-member SC state delegation was led by Jonathan Zucker, President of The InterTech Group, which is our state's second largest privately held company. During the two-day Globes conference, which drew more than 3,000 attendees, the CRDA participated in a panel discussion focused on SC's aerospace and automotive sectors. While in Israel, we met with one existing prospect plus 18 additional companies interested in doing business in the U.S.

K. Area Development Consultants Forum – Dec. 8-10, 2013

These target-rich conferences are an important element of the CRDA's comprehensive business development program, providing opportunities to build relationships with and generate top-of-mind awareness among this critical target audience. On average, more than a third of CRDA projects (and nearly all capital intensive projects) are led by professional site selection consultants.

In December, 2013, Area Development held one of its popular Forums here in Charleston, which provided a significant opportunity to showcase South Carolina's competitive business and lifestyle assets. The CRDA participated in South Carolina's sponsorship of the event along with the SC Department of Commerce and seven other economic development groups from across the state.

L. Joint base Charleston 2014 Honorary Commanders

This annual program is designed to extend a cross-flow of information and exchange of ideas between local military personnel and local civic leaders. With advanced security included among our region's target industry sectors, involvement with this program serves to strengthen our relationships with local military leaders.

M. Site Selectors Guild Conference – Feb. 24-26, 2014

Founded in 2010 by 12 internationally acclaimed site selectors, the Site Selectors Guild is a professional association comprising the world's most respected site selection consultants. Guild membership is limited to those who are nominated and approved by their peers in the site selection industry.

The Guild limits registration to 150 economic development professionals to ensure participants have the opportunity to meet, interact and build relationships with the 30 leading site selection consultants who participate. The CRDA's CEO and Director of Global Business Development participated in the 2014 conference, which was held in Denver, CO. Funding support for a portion of this project was allocated from the FY12-13 matching funds program, with additional support allocated in FY13-14.

N. SpeedNews Annual Commercial Aviation Suppliers Conference – March 3-5, 2014

This high-value conference is geared toward aviation equipment manufacturers, raw material suppliers, analysts, financial institutions and marketing executives. Over 120 delegates attended the 28th annual event in Beverly Hills, CA, with nearly half of the attendees representing foreign-based companies. Funding support for a portion of this project was allocated from the FY12-13 matching funds program, with additional support allocated in FY13-14.

O. IAMC 2014 Spring Professional Forum – April 26-30, 2014

The Industrial Asset Management Council (IAMC) is the leading association of industrial asset management and corporate real estate executives, their suppliers and service providers, and economic developers. Members include senior real estate directors from 3M, Alcoa, BASF, PepsiCo, General Mills, Johnson & Johnson, Pfizer and many other large industrial firms. The CRDA's CEO is a member of this highly regarded association and attended the 2014 spring conference in Pinehurst, NC to build and strengthen key relationships. Funds from both the FY12-13 and FY13-14 Department of Commerce matching funds programs were used for this conference.

P. Palmetto Partners Support

Palmetto Partners is a strategic partnership with the SC Dept. of Commerce and other economic development allies throughout the state to position South Carolina as a premier location for new business investment. The CRDA is actively participating in this statewide partnership, and has applied a portion of our state appropriations to support this valuable effort.

Q. Global Media Outreach

Research consistently shows that C-level executives are influenced in their perceptions of a community by third-party articles in leading business and trade publications. As such, the CRDA is committed to a strong and consistent media relations program to position the Charleston region as a top location for successful business operations.

In addition to the articles noted earlier in this report, between Oct. 1, 2013 when last year's report was filed and March 31, 2014 when FY12-13 funds were fully expended, our global media outreach program produced the following results:

- *fDi Magazine* published an article titled "Bigger, Wider, Deeper," which focused on the widening of the Panama Canal and how East Coast ports are preparing for post-Panamax ships. The Port of Charleston is highlighted as the deepest harbor on the southeast coast and the article explains how the port is preparing for even more ships to come through by 2015. (October 2013)
- *Industry Week* published an article titled "Success Attracts Success as Boeing Chooses to Expand in South Carolina." This piece highlights Boeing's plans to add more work to the region and expand its 737 Max propulsion plant in Charleston. It also highlights readySC as a good reason for having the available workforce in the region for new plants. (11/22/13)
- An article published in *Automotive Industries* highlights why South Carolina and the Charleston region are a good fit for the companies in the auto industry. The piece covers the growth of South Carolina's auto industry over the last few years and features an interview with the CRDA talking about the advantages of Charleston and recent expansions within the industry. A key focus of the article is the Port of Charleston and its integral role in shaping the state's economy. (December 2013)
- *Industry Week* published the news that Benefitfocus is expanding its Charleston headquarters, tripling its physical footprint and adding 1,200 new high-tech jobs. (12/17/14)

- In an article titled “Busy Times Ahead for Aviation and Aerospace,” *Global Corporate Xpansion* covers South Carolina’s aerospace industry and features an interview with the CRDA focused on the advantages of the Charleston region and recent expansions within the industry. The article also talks about how Boeing Co. has been an anchoring asset in the Charleston community. (January 2014)
- The Fox News Channel’s popular morning show “Fox & Friends” featured Charleston-based technology company Benefitfocus as one of the “top five companies hiring now” and as one of the “Best Places to Work in S.C.” The 60-second segment showcased the 1,200 high-paying jobs Benefitfocus is bringing to the Charleston region and noted that the company’s campus is expanding from 13 acres to 40 acres. (02/04/14)
- *Aerospace Manufacturing & Design* and *Area Development* recapped the news of Kaman Aerospace Group’s new office at the Clemson University Restoration Institute Campus (CURI) in North Charleston.

R. Website – Next Generation Content & Design

Changing internet technology and multiple web access platforms call for best-in-class websites to employ responsive design and “swipe friendly” navigation. The CRDA is working closely with our interactive media partner to create such a next-generation website that will launch in a few months. We began the process by researching top websites and investigating content expectations among our various audience targets. Over the past couple of months, we’ve finalized our design palate and are now working on programming and content development. Our goal is to launch the new site in Q3 of FY14-15. Funds from both the FY12-13 and FY13-14 Department of Commerce matching funds programs are being used for this critical regional marketing tool.

S. Online / Email Marketing Campaigns

To support the CRDA’s global business development program, our marketing team is using an electronic “toolbox” for creating awareness of and generating interest in our three-county region. Elements of this toolbox include:

- Automated email for systemized follow-up with new contacts and long-term leads
- Programmed tweets aligned with industry events and outbound marketing missions
- Strategic posts on LinkedIn, Facebook and the CRDA blog
- Search engine display ads linked to targeted key words
- Quarterly email campaign to site selection consultants focused on new regional developments

Most of these efforts are focused on driving traffic to our regional economic development website and/or leveraging our messages through various social media outlets. At the end of March, 2014 (when FY12-13 State Matching Funds were fully expended), website visits were up nearly 40% over the prior year-to-date with a 140% increase in the number of international visitors. We also continued to rapidly build our base of Twitter followers and increase the number of “likes” on our Facebook page.

T. Existing Business Testimonials (website and presentation content)

To take advantage of the powerful impact of existing local businesses telling the Charleston story, the CRDA has developed a series of business testimonials. Since our last report was filed, we've used funds from both the FY12-13 and FY13-14 matching funds programs to complete an Information Technology focused video.

U. Sales Support Materials

To support business development activities aligned with the region's Opportunity Next strategy, we have continued to add to the CRDA's "tool kit" of professionally designed sales materials. Using FY12-13 matching funds, we produced a brochure targeting the information technology industry and updated our aerospace industry profile.

**Key Focus Area 2
Regional Competitiveness / Business Intelligence**

Total state funds applied: \$82,681

Includes:

- Cluster Support Initiatives
- Competitive Research & Analysis
- Workforce and Talent Strategy

The Charleston region is a top 100 metropolitan area, putting us in direct competition with communities across the United States and around the world. For the region to compete effectively, the CRDA invests in research and analysis to guide and inform our efforts. We also serve as a regional resource, convener and collaborator in addressing competitiveness issues.

Following is an overview of related activities from October 1, 2013 through March 31, 2014 when all FY12-13 program funds were expended:

A. Charleston Regional Competitiveness Center

A partnership of the CRDA, the Berkeley-Charleston-Dorchester Council of Governments, the Trident Workforce Investment Board and the Charleston Metro Chamber of Commerce, this virtual center includes a comprehensive online portal providing regional economic, workforce, demographic and industry data. This centralized data warehouse is meant to streamline and align regional planning and reporting by providing entities throughout our region with current statistics as well as multi-year trends and forecast information.

Since its 2013 launch, the online portal has been honored by the Council for Community and Economic Research (C2ER) for "Outstanding Achievement and Excellence in Data Collection/Dissemination Efforts." It also received a 2013 "Innovation Award" from the National Association of Development Organizations (NAD) Research Foundation.

With the success of the Competitiveness Center, our project partners are considering additional online applications. We will likely be adding a “career headlight” feature this year as our region focuses on building our local talent pipeline to meet growing business demands.

Funds from both the FY12-13 and FY13-14 Department of Commerce matching funds programs have been used to create, maintain and evolve the Regional Competitiveness Center.

B. DIG South Sponsorship & Media Event – April 9-11, 2014

Charleston is ranked among the top 10 fastest-growing mid-sized metro areas for software and Internet technology. This is a significant trend for our regional economy. According to recent studies, jobs in these and other high-tech sectors have a significant multiplier effect. For each new high-tech job created, 4.3 additional jobs are created in service, business, health care and other occupational categories.

As such, Opportunity Next recommends that the region focus on growing our base of technology companies. To reinforce our region’s advantages for IT and software businesses, the CRDA once again sponsored and participated in DIG South, an interactive conference and expo exploring the intersection of technology, creative industries and the digital economy in the Southeast. For this second annual conference, the CRDA moderated a panel discussion called “State of the SE Region Roundtable on IT Trends” and assisted writers from two high profile publications who were covering the conference. For *USA Today*, we worked with a reporter on a story highlighting Charleston’s success in attracting young, post-college professionals. For *Inc.* magazine, we worked with a columnist on an article highlighting DIG South and three Charleston start-up companies.

C. Creative Industries Economic Impact Study – 2013 Update

This report builds on a 2010 impact study which first recognized the creative sector as one of our region’s largest industry clusters in terms of overall employment. The 2013 study was commissioned by Charleston’s Creative Parliament with support from the CRDA. The data was gathered and analyzed by the Center for Business Research at the Charleston Metro Chamber of Commerce. The study looks at creative enterprises and creative workers in our region, including the performing and visual arts; culinary arts; literary arts & publishing; digital media & design; architecture & urban design; cultural heritage; and film & video arts.

As detailed in the study, Charleston’s “creative economy” employs nearly 26,500 workers and has an annual economic impact of \$3.2 billion, making up approximately 10% of the region’s total gross regional product. In 2012, average wages for creative occupations were 21% higher than the overall regional average.

D. Talent Attraction and Retention Strategy

The ability to produce, attract and retain talent is critical to our region’s long-term success and global competitiveness. Educated residents with specialized skills and knowledge fuel the performance of existing firms and serve to attract new employers in our target industries.

As recommended in Opportunity Next, the CRDA partnered with the Charleston Metro Chamber of Commerce to conduct a competitive assessment of our region's "talent attributes" and to benchmark these attributes against other similar communities. This assessment, titled the "Charleston Talent Handprint," was completed in January 2013.

We next partnered with four local colleges/universities and the Metro Chamber on a study that examines the output of local graduates by degrees compared to the forecasted demand for occupations, skills and competencies. This study was completed in June, 2014. Recommendations for filling the gap between supply and demand include creating new local educational offerings, forming closer collaborations among academic and business leaders, and implementing a regional talent attraction campaign focused on occupations in highest demand.

We are now convening local employers and regional stakeholders to develop and implement a multidimensional talent attraction campaign specifically focused on high-demand skills. Work to date includes the development of a targeted marketing strategy, creative platform, brand concepts, tactical calendar and program budget. We are now working to build a business-led project task force and to solidify partner funding and participation agreements.

With workforce now the top consideration for corporate site selection, funds from both the FY12-13 and FY13-14 Department of Commerce matching funds programs are being used for this critical workforce initiative.

E. Center for Business Research

The CRDA serves as a confidential resource for companies considering our three-county region for competitive business investments. We also serve as a central clearinghouse for regional economic and demographic data, information on new initiatives and business developments, plus other relevant regional updates.

To be sure we have the most current and impactful information available, we contract with the Charleston Metro Chamber's Center for Business Research to:

- Populate our regional economic development website with the latest data and business information
- Provide assistance with responding to requests for custom information (media requests, proposals and RFIs)
- Conduct economic impact analysis on CRDA-facilitated announcements

Key Focus Area 3

Product Development

Total state funds applied: \$263,500

To accommodate new and expanding businesses in our three-county region, efforts are underway to increase the region's portfolio of office and industrial real estate. As such, the CRDA is working with the economic developers in Berkeley, Charleston and Dorchester counties to expedite the certification of key industrial sites as well as the construction of move-in ready spec buildings.

The FY12-13 matching funds program helped to jump start two important real estate projects in the Charleston region, an industrial site in Berkeley County and a speculative building in Dorchester County. Both projects are detailed in the CRDA's 2013 Annual Report for the FY12-13 matching funds program.

Program Administration

Total state funds applied: \$4,100

As a small, marketing-focused organization, the CRDA outsources its bookkeeping and legal functions to professional service providers in the region. As such, we appropriated a small percentage of total funding to obtain professional management of the matching fund program's financial and legal aspects.