



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: FY2013-14 Appropriation pursuant to Proviso 50.17
2014 Annual Report

On behalf of the Charleston Regional Development Alliance Board of Directors, I am pleased to submit the following report providing a comprehensive overview of economic development activities supported by the FY13-14 South Carolina matching funds program through September 30, 2014.

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 and retain 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.

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:	\$650,000
State funds used as of 9/30/14:	\$444,197

Key Focus Area 1

Global Business Development / Strategic Marketing

Estimated state appropriations: \$543,500

State funds used as of 9/30/14: \$376,463

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 for which we've allocated FY13-14 state matching funds through September 30, 2014:

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 tradeshow 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 through the end of FY13-14 to provide insight and guidance to our related business development efforts. With his professional guidance, we are executing a multi-part strategy to attract additional aerospace investment to our region.

At the end of September, 2014, the CRDA had 74 aerospace leads in our project pipeline and was actively facilitating five qualified aerospace projects. Between July, 2011 and September 2014, the CRDA assisted seven aerospace companies who announced new investments in our region, resulting in 626 direct new jobs.

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.

Since January 1, 2014, we've allocated funds from the FY13-14 matching funds program to support these mission-critical activities. For the nine months ending September 30, 2014 we partnered with the SC Department of Commerce and our three county economic development directors to manage 182 project "leads" (not all site selection criteria known) and 25 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.

D. Southeastern Site Selectors Tour – Jan. 27-31, 2014

The CRDA's President & CEO and our three county economic development partners traveled through the Southeast in late January, 2014 to meet with internationally recognized site selection consultants and national developers to provide regional updates and strengthen relationships with these key players in economic development. Although 21 meetings were scheduled, the inclement weather eliminated two days of meetings. Key takeaways from the consultants included our need to expand our inventory of existing industrial product, especially larger-sized (500,000 - 1,000,000 square foot) buildings, and that our market is gaining more of a competitive edge due to attractive business assets and continued growth.

E. Singapore International Air Show – Feb. 11-16, 2014

The CRDA joined the SC Department of Commerce European Office in Changi for the 2014 Singapore Air Show. As Asia's largest aerospace exhibition, the bi-annual show premieres the latest state-of-the-art systems and equipment with some of the largest value deals announced in the non-commercial

industry (\$31B in 2012). Our team met with 10 new qualified companies through our lead generation firm. Additionally, we had five separate meetings with existing projects.

F. 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 VP 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.

G. SpeedNews Annual Commercial Aviation Suppliers Summit – 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.

H. Aerospace & Defense Suppliers Summit – March 11-13, 2014

The CRDA joined the SC Department of Commerce in Seattle, WA, for this inaugural event, which provided leaders in the aerospace industry the opportunity to explore industry partnerships and collaborations within the Boeing supply chain. More than 900 companies from 40 countries attended with over 580 suppliers exhibiting. While in the Seattle area, the CRDA met with three existing prospects plus explored possible partnerships with eight companies interested in locating in the Charleston region

I. Hannover Messe – April 7-11, 2014

The CRDA partnered with the SC Department of Commerce to attend this high-level technology conference in Hannover, Germany focused on trends and solutions for sustainable industrial production. With shared floor space within the SelectUSA pavilion, the show proved to be an ideal environment for connecting with companies in a number of the region's target sectors, including aerospace, energy systems and advanced materials.

While at the show, the CRDA team conducted nine company meetings that were pre-arranged by our lead generation firm, immediately resulting in one new qualified project that is still actively considering our region.

J. West Coast Team Marketing Mission – June 8-13, 2014

The CRDA business development team and our county economic development partners traveled to the U.S. west coast for a highly targeted marketing mission. While on the ground, our team met with four

existing prospects plus 12 other companies. Our outsourced lead generation firm arranged most of the meetings while others resulted from pre-existing relationships. We also spent time in Everett, WA, touring Boeing's 737 moving line, final delivery center, and 787 final assembly plant.

K. IAMC 2014 Spring Professional Forum – April 27-29, 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.

L. BIO International Convention – June 23-26, 2014

This high-level conference is held each year by the Biotechnology Industry Organization (BIO), the world's largest biotechnology trade association representing 1,000+ biotech companies, academic institutions, state biotech centers and related organizations across the U.S. plus more than 30 other countries. The 2014 conference, held in San Diego, drew 16,500+ attendees including C-level leaders, researchers, business developers, up-and-coming innovators, sponsor companies and solution providers. The CRDA joined the SC Department of Commerce, SC BIO and other SC regional alliances to attend this major industry event. We participated in 10 pre-arranged meetings with life sciences companies and also met with other globally competitive life science regions to establish relationships for future opportunities.

M. Farnborough International Airshow – July 14-20, 2014

The CRDA joined the 16-member South Carolina delegation, led by Sen. Lindsey Graham and the SC Department of Commerce, for the Farnborough International Air Show (suburb just outside of London) during the week of July 14, 2014. This signature event attracted over 100,000 trade visitors from 50 countries across the globe. Fifty-four other economic development organizations were among the more than 1,500 show exhibitors.

In addition to helping host the South Carolina exhibition space, the CRDA met with 16 companies, including existing prospects and new companies prequalified by our lead generation firm. We also participated in four media interviews set up by our national/international media relations agency.

Related coverage included:

Aerospace Manufacturing – an article titled "South Carolina Dreaming" covered aerospace growth in the Charleston region. The piece ran in the issue distributed at the Farnborough International Airshow.

Aviation Week's ShowNews – this full page article, titled "Boeing Expands, Attracts Others to South Carolina," ran in *ShowNews Day 1* magazine, distributed on the first day of the Farnborough Airshow. The article highlighted Charleston's recent aerospace developments and featured details about the region's growing supplier base.

N. IAMC 2014 Fall Professional Forum / Montréal Sales Mission – Sept. 14-19, 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.

In 2014, the council held its fall conference in Quebec City, QC, Canada. While in Quebec, we also met with executives from Aeterna Zentaris, a Canadian-based company that recently selected our region for its global commercial headquarters.

Following the IAMC forum, the CRDA traveled to Montréal, which is one of the world's three major aerospace clusters, along with Toulouse, France and Seattle, WA. This leg of the trip included meetings with four companies prequalified by our outsourced lead generation firm. We also reconnected with one company to build on an existing relationship, met with a global site selection firm, and met with representatives from Montréal's aerospace cluster group, Aéro Montréal.

O. International Economic Developers Council (IEDC) Annual Conference – Oct. 19-22, 2014

The CRDA's VP Global Marketing attended this high-value conference, which draws site selection consultants and economic development practitioners from around the world. This year's conference, held in Fort Worth, TX, included sessions on data-driven ED solutions, connecting education to economic development, entrepreneurial development, talent attraction, manufacturing strategies, exports and infrastructure. More details and results of this conference will be included in our 2015 annual report.

P. Airbus Aviation Forum – Dec. 8-10, 2014

The CRDA is participating in a statewide sponsorship with the Department of Commerce for this event in Hamburg, Germany. More details and results of this conference will be included in our 2015 annual report.

Q. 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.

R. 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, our global media outreach program produced the following results:

- *FoxBusiness.com* published a bylined article titled “How Charleston’s Charm is Growing a Startup Scene” by DIG SOUTH founder and CEO, Stanfield Gray. The article showcases the second annual DIG SOUTH festival as a catalyst for Charleston to attract the financial, intellectual and social capital needed to foster innovation. The article notes that the region is a top ten fastest growing mid-sized metro for software industries and occupations and ranks 5th in the U.S. for high-tech industry output. It also mentions a number of Charleston-based tech companies that are showing major growth. (04/08/14)
- An article in *USA Today* titled “Post-College Towns Brim with Youth, Jobs” includes Charleston as an example. From the article: “A booming tech start-up economy and a thriving arts and restaurant scene have helped this old Civil War tourist magnet do something that places across the USA have been trying to do for decades: attract young, college-educated workers and keep them there as they start families.” The article mentions several local companies, including BiblioLabs, The Alley, SPARC, Boeing, PokitDok and Benefitfocus. (04/27/14)
- An article in the *Wall Street Journal* reported on the nation’s slow retail sales during the month of April, following a hard winter across the nation. The piece notes that Karen Helsey, owner of Laura Alberts Tasteful Options Restaurant on Daniel Island, has noticed a pickup in business, especially earning more in food sales, highlighting the point that some economists still expected second quarter rebound. (05/14/14)
- *Area Development*, *Expansion Solutions* and *La Presse* all recapped the news that Canada-based Aeterna Zentaris selected the Charleston region for its North American business and global commercial operations. The articles also mentioned the company’s plans to establish strategic partnerships with MUSC and other clinical and research facilities in the area.
- *Area Development* and *Pharmaceutical Processing* published the announcement that New World Pharmaceuticals, LLC, a privately held specialty pharmaceutical company, and sister company New World Consumer Products, LLC, a producer of scientifically-advanced products and supplements based on technology developed by New World Pharmaceuticals, will be locating their headquarters in the Charleston region.
- *Area Development*, *Industrial Distribution* and *Aerospace Manufacturing & Design* all covered the announced expansion of JBE, a supplier to the automotive, aerospace and industrial electrical industries, into the Charleston region.
- *Wall Street Journal* published an article titled “As Jobs Surge, Hurdles Linger,” which reports on economic expansion across the U.S. A paragraph about Charleston firm, PeopleMatter, notes that the company has added 50 software engineers and salespeople during the past year with plans for adding 100 more over the next year. (06/07/14)
- *Area Development*, *Aerospace Manufacturing & Design*, *Aviation International News*, and *IndustryWeek* covered the announcement that Senior Aerospace AMT, a manufacturer of structural parts for leading OEMs in the large commercial market, will locate satellite operations in our region and create 60 new jobs. Owned by the international engineering group Senior plc, the company plans to have the site operational by the end of 2014.

- *Industry Week* published an article titled “Expansion Management: Aerospace Sector Flying High in Charleston, SC,” which showcases the region’s tremendous aerospace growth over the past few years. Quoted in the piece are: Rebecca Ufkes, President, UEC Electronics; Jim Takats, President & CEO, TRU Simulation + Training; SC Governor Nikki Haley; Goose Creek Mayor Michael Heitzler; and David Ginn, President & CEO, CRDA. (09/06/14)

S. 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.

T. 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. International audiences have been a particular focus. At the end of September, 2014, international website visits were up nearly 170% over the prior year-to-date. We also continue to rapidly build our base of Twitter followers and increase the number of “likes” on our Facebook page.

U. 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. To date, we’ve used funds from the FY13-14 matching funds program to complete an information technology focused video featuring several local IT companies and to begin developing a case study focused on Cummins Turbo Technologies.

V. 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 FY13-14 matching funds, we have completed a brochure targeting the information

technology industry, updated our information sheet focused on the region's biomedical industry, updated our general regional profile and Charleston lifestyle profile, and maintained an inventory of SC- and Charleston-related promotional items.

Key Focus Area 2

Regional Competitiveness / Business Intelligence

Estimated state appropriations: \$65,000
State funds used as of 9/30/14: \$27,734

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 related activities for which we've allocated FY13-14 state matching funds through September 30, 2014:

A. Regional Economic Development Strategy – *Opportunity Next*

This comprehensive, cluster-based economic development strategy was developed over nine months and presented to the community in April 2011. The Opportunity Next strategy is now guiding the region's collective efforts to strengthen the local economy.

The CRDA continues to invest in the strategy to keep it current and top-of-mind among regional stakeholders. Between October 2013 and September 2014, FY13-14 funds were used to:

- Convene the "Implementation Alignment Board" comprising nearly two dozen organizations with responsibilities assigned in the plan.
- Update the strategy implementation and reporting website, www.opportunity-next.com.
- Reengage the strategy consultants to conduct a "Year Three" progress review and make necessary adjustments to the Opportunity Next strategic plan. We will conduct a "Year Four" progress review in May 2015.

B. 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.

C. 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.

D. 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

Estimated state appropriations:	\$36,500
State funds used as of 9/30/14:	\$36,500

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.

Following is an overview related activities for which we've allocated FY13-14 state matching funds through September 30, 2014:

A. Speculative Building – Dorchester County

As the fastest growing county in South Carolina, Dorchester County is focused on developing additional industrial parks and buildings within its boundaries to meet the employment needs of its expanding population. One such project is Pine Hill Commerce Park, located along US 17A about 20 miles from Interstate 26. The county has partnered with SCANA and Trident Construction to construct a 50,000-square-foot Class A speculative building within the Park. Funding support for a portion of this project was allocated from the FY12-13 matching funds program, with additional support allocated in FY13-14.

Program Administration

Estimated state appropriations:	\$7,000
State funds used as of 9/30/14:	\$3,500

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.