ANNUAL 2011-2012 Henderson County Partnership for Economic Development

Mission <u>Statem</u>ent

The Henderson County
Partnership for Economic
Development Inc. is the
professional economic
development entity for
Henderson County. It works to
attract and retain quality jobs,
solicit new business compatible
with the assets and values of
Henderson County, promote
Henderson County's business
image, assist expansion of
existing companies, and enhance
Henderson County's overall
quality of life.



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Newspaper headlines courtesy of Times-News.

Letter from the Chair

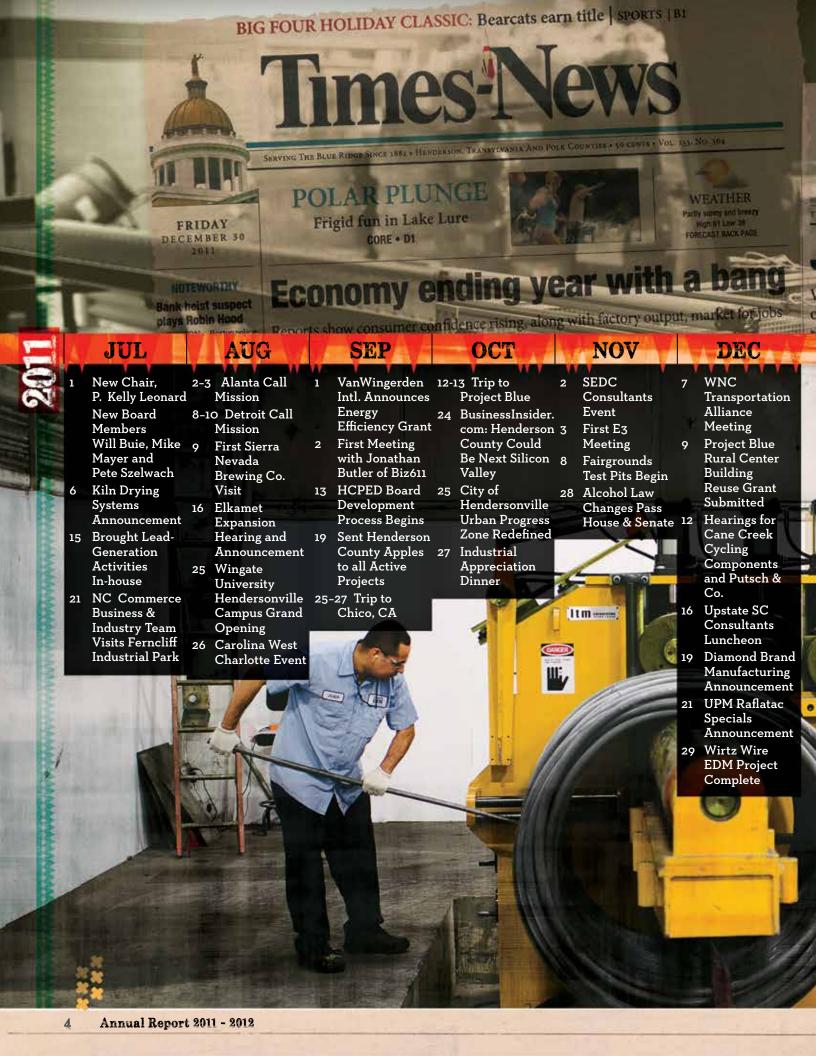


The 2011-2012 fiscal year was a true testament to the work of the Partnership. Each of our programs had an opportunity to shine and produce results. Our driving organizational priority to support Henderson County's 134 existing manufacturing operations led to an unprecedented number of visitations, and opportunities to troubleshoot, consult and encourage job growth and investment. Our product development initiative, which

turned attention to a property called Ferncliff Industrial Park about four years ago, saw the true benefit that ready sites provide to prospective clients by mitigating risk and reducing the time to develop. Our marketing- and client-handling efforts produced two new corporate citizens that will have a significant and lasting impact. The work of the Partnership and its allies resulted in the creation of more than 400 new jobs with strong wages and more than \$127.5 million in new taxable investment.

We have reason to celebrate, and we have reason to be confident in the economic development strategies that this organization and our elected partners have employed. Our sincere appreciation is extended to the countless allies that have contributed to building a service-oriented culture of support for employers and our clients. We continue to thank the members of the Partnership that choose to invest in our organization, efforts and outcomes. We have been provided an exceptional opportunity to be successful in growing Henderson County's economy, and we appreciate the opportunity to continue that work.

P. Kelly Leonard 2011-2012 Board Chair





Talent in Training

A planning committee made up of representatives from Blue Ridge Metals, BorgWarner, Clement Pappas, Elkamet, Manual Woodworkers & Weavers Inc., Selee and HCPED staff determined that the 2012 Industrial Executives Forum would focus on the topic of concern most often relayed when meeting with existing industry—the availability of a skilled workforce.

On April 19, more than 125 plant managers, community stakeholders and elected officials gathered to learn and provide insight into the condition of Henderson County's workforce at the forum. The event opened with a comprehensive assessment of Henderson County's labor supply, availability trends, and wages compared to regional and national data, provided by Tom Tveidt of Syneva Economics. Bill Medlin (Legacy Paddlesports), Terry Collins (GE Lighting Solutions) and Pam Howze (Siemens Corporation) followed Tveidt's presentation with information and ideas that were specific to their experience. Speakers provided remarks and answered questions pertaining to today's most pressing labor trends and provided best practices to help employers identify, recruit, train and retain quality workers. After formal presentations, participants gathered in small groups to provide direct feedback regarding their individual workforce needs and ideas.

A few weeks after the forum, the planning committee met to review responses and discuss next steps. Two major trends surfaced in the data and feedback. First, the need to elevate the visibility of manufacturing as a viable career path was obvious. The second item identified by small group participants and the planning committee was interest in a more practical apprenticeship opportunity. Utilizing these observations, the planning committee, HCPED staff, and community partners are working to



Improving Profitability & Sustainability

In April 2012 Henderson County, NC, was selected to participate in the E3: Economy, Energy, Environment program facilitated by North Carolina State University's Industrial Extension Service. E3 emphasizes collaboration among, local, state and federal resources to support North Carolina manufacturing. The program leverages experts in process improvements, carbon footprint analysis, energy use, and worker safety to provide a series of targeted recommendations to assist industries in their pursuit to become more efficient and profitable. As a pilot community, Henderson County was presented a unique scholarship opportunity allowing two companies to engage the program at no cost.

To help move this initiative forward HCPED served as a facilitator, connecting manufacturers with program stakeholders. In May 2012 HCPED hosted an initial informational meeting, which more than twenty manufacturers took part. Based on the interest of local businesses, the community worked with NC State to award two full scholarships and an additional partial scholarship to three Henderson County companies which included Manual Woodworkers & Weavers Inc., Clement Pappas and Cane Creek Cycling Components. "We are extremely excited to participate in this program," stated Jim Clarke, CFO of Manual Woodworkers & Weavers Inc. "This opportunity will assist our operation in our ongoing efforts to evaluate current production practices and identify areas for improvement."

To complete the program, management at each company will work directly with the E3 leadership team for a period of 4-6 months. During this time community partners including: Blue Ridge Community College, North Carolina Department of Commerce, North Carolina Division of Employment Security, Small Business Technology Development Center, Waste Reduction Partners and Duke Energy evaluate the processes and needs of each facility and provide customized recommendations. At the conclusion of the E3 program, participating employers will share best practices and lessons learned.



CANE CREEK



Third Time is a Charm

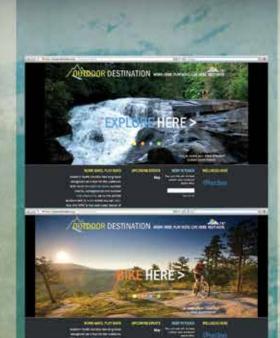
In December 2012 UPM Raflatac announced plans to expand their Henderson County operations for a third time. The globally recognized manufacturer of pressure sensitive label materials cited new technology and product development opportunities for the creation of UPM Specials. As a result of the project the company created over 50 new jobs and invested \$11.5 million in new machinery and facility upgrades.

Before deciding to expand in Henderson County, UPM evaluated sites and buildings in South Carolina, Ohio and Illinois as well as multiple opportunities within the Western North Carolina region. Company executive Phil Webb stated, "Our Company has a strong history in Henderson County, and that relationship is a product of our confidence in the business climate, workforce and support network in place to ensure our successful start-up and ongoing operation."

The location of the company's new stand-alone operation in Fletcher, NC, was made possible through the support of many partners including Henderson County, the Town of Fletcher and the North Carolina Rural Center who awarded the project a matching grant through the Building Reuse and Restoration Program. The grant allowed UPM Specials and the building owner to transform the 280 Cane Creek Road property from a vacant, underutilized building into a state-of-the-art manufacturing facility, complete with corporate offices and high-tech systems specifically designed for advanced manufacturing applications.

Soon after the UPM Specials announcement in December, UPM Raflatac publicized a positive yet unrelated partnership with SMARTRAC N.V and the company's RFID division located at 267 Cane Creek Road. The acquisition by SMARTRAC provides new leverage for the production of RFID inlays for electronic passports, contactless credit cards and other paper products. The merger resulted in the creation of 22 new positions which allows the company to grow production capacity. The acquisition has provided expectations that SMARTRAC will be the market leader for RFID products. "SMARTRAC is excited to play a small part of the manufacturing that takes place in Henderson County. We hope to grow what UPM has developed and become a leader in RFID production," stated Operations Manager Mike Keen.









Work Hard, Play Hard

In late 2011, a noticeable trend became even more evident to the Partnership — recruitment projects were tuning into Western North Carolina's reputation as a leading outdoor destination. With Legacy Paddlesports and Sierra Nevada Brewing Company projects in the pipeline, creative marketing efforts were implemented to formalize an outdoor industry marketing campaign. The effort was rooted in the Lockwood Greene Target Industry Analysis produced for HCPED almost a decade before, but still very relevant.

The Partnership designed a branded water bottle and attaching beverage coasters. The coasters were designed to communicate key information about the region including accolades: "East Coast Leader in Outdoor Recreation Amenities and Employment," "Vibrant Culture of Outdoor Recreation," "Great Access to Eastern Markets," and "Friendly, Easy Living." In the meantime, HCPED began developing an outdoor focused website, www.OutdoorDestination.org, which could be accessed through a QR code on the coasters. The site was quietly launched in mid-April with support from Pardee Hospital. The Partnership saw a unique overlap between HCPED's pursuit of the outdoor sector and Pardee's commitment to wellness programs and business and industry services.

Extensive research on outdoor industry companies started simultaneously to the campaign design efforts. Companies were initially identified and then targeted if they do or could make a product; if they had positive employment, sales or market share growth; if they could transition off-shore production back to the US; and/or if they would benefit from access to natural resources, outdoor enthusiasts or an East Coast location.

An Outdoor Roundtable was formed, and the first meeting (February 3) included representatives from Legacy Paddlesports, Diamond Brand, Cane Creek Cycling Components and Outdoor Sports Marketing. The group vetted the list of prospective targets, identified other companies to communicate with, and also shared ideas on how to inject the outdoor culture of WNC into the campaign and website project. Soon after, the campaign kicked off and the first round of packages went out. The packages included the branded water bottle, coasters, and a personal note encouraging an opportunity to make a

connection in person.

A second roundtable took place in early June and included new representatives from Mast General Store, Sycamore Cycles, Green River Adventures and Sierra Nevada Brewing Company. The conversation centered on not only how to attract new industry, but how to improve the assets that we have available. The network of roundtable members has since produced some great relationships, and continued focus on putting WNC on the map, and Henderson County in the middle of it all.

PARDEE

VNC brewers embrace outdoor life

large hawk swooped down on a sycamore free Families splashed in swimming holes along the reek with their dog. Sitting three hours nor the less of San Francisco, the town has an energy to a that is immediately apparent, from an active

HENDERSO







Your Headquarters for Healthy Eating

Tucked between advanced manufacturing and the Blue Ridge Mountains, lies Earth Fare's corporate headquarters in the Fletcher Business Park. The "healthy supermarket" began in the Asheville area in 1975 and for nearly four decades has been providing customers with natural and organic food, free of high-fructose corn syrup, artificial fats, artificial colors and preservatives. The supermarket has proven successful with more than 28 grocery stores across the United States, and the company continues to grow.

Earth Fare received an economic boost on April 9, 2012, when Oak Hill Capital acquired an approximate 80% interest in the company from Monitor Clipper Partners. The transaction valued the company at approximately \$300 million and will focus resources on future growth opportunities.

Jack Murphy, CEO, stated "Earth Fare is extremely excited about the future. We look forward to growing our business with Oak Hill Capital and Monitor Clipper. Oak Hill's experience in high-growth retail partnered with our brand, culture and management team is the perfect combination to continue to build a great company."

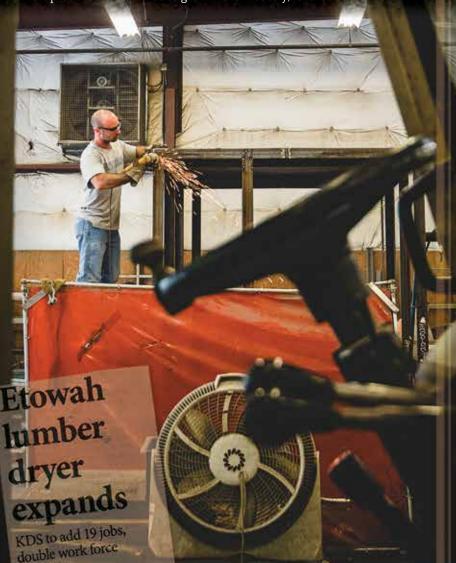


Home Grown

Locally based Kiln Drying Systems (KDS) has called Henderson County home since 1999. The lumber-drying system manufacturer is located in Etowah and has deep roots in the lumber industry. With an interest in wood processes, co-owner Rob Giraradi started KDS to specialize in large-scale lumber drying kilns. As the company has grown over the years, they have developed a product that effectively and efficiently dries lumber while saving customers money called the Continuous Drying Kiln. The Green Sawdust Gasification Burner Systems, the main product line for KDS, has allowed sawmills to mitigate and in many cases eliminate the use of any fossil fuels to dry lumber.

With new technology demands and a continual change in the market, KDS was able to announce an expansion in July of 2011. The company announced that it would double its workforce by adding 19 new jobs and investing \$1.4 million in a facility expansion and new equipment.

The introduction of the Continuous Drying Kiln will advance the process by lowering emissions and being more cost effective. "We are excited to stay in Henderson County to increase our workforce, create a new product and continue to grow in the industry," shared Rob Girardi.



Hallingse hailed as Partner of Year PSNC employee honored for 'quiet support' of economic development Center. The award is given to individuals or groups By LEIGH KELLEY who go above and beyond Times-News Staff Writer Don Hallingse was recthe norm in creating and ognized Thursday for his retaining quality jobs in "quiet support" of eco-Henderson County. omic development efforts v being named Partner of the Year at the 2011. Hen the Year at the 2011 are the second county partnership Hallingse has played a major leadership role in HCPED trips to Raleigh to he presence of the Evening of Appreciation

Each year the Partnership pauses to thank the individuals and organizations that are responsible for and support the economic and employment impact of manufacturing in Henderson County. On October 27, 2011, more than 150 members, manufacturers and allies attended the Industrial Appreciation Dinner at the Western North Carolina Agricultural Center. Representative Chuck McGrady (NC House District 117) provided keynote remarks for the evening. McGrady shared his experience as a freshman legislator, and updated the audience on current and anticipated bills that might impact business and economic development interests in the state.

Tom Cooper was recognized as the first individual to serve a second term as Board Chairman for the Partnership. Accomplishments attributed to Cooper's leadership included expanding the organization's personnel and bringing marketing functions in-house, the successful recruitment of Wingate University's Hendersonville Campus, and a "No Further Action" letter from North Carolina Department of Environment and Natural Resources on the fire training area of the former fairgrounds site — a product development accomplishment that was 10 years in the making.

Each year the Partnership recognizes an individual or entity that made significant contributions through tireless effort to create and retain quality jobs in Henderson County.

Don Hallingse of PSNC Energy was recognized with the Partner of the Year award for his service, leadership and quiet support of the organization. Hallingse was noted specifically for always playing a lead role in the interface with North Carolina Commerce and Raleigh-based allies, effectively elevating the economic development presence of Henderson County. Hallingse also played a very supportive role as the Partnership transitioned to offices at 330 North King Street and encountered the need to enhance and improve facility conditions. Tom Cooper told attendees that Hallingse's ideas and direction are "thoughtful, considerate, and focused on fulfilling the mission of the Partnership."

Chairman Kelly Leonard recognized Tom Hunter, Lynn Johnson and Mark Williams for their service as retiring members of the Board of Directors. The Industrial Appreciation Dinner was made possible through the generous support of presenting sponsors: Duke Energy, Forest Commercial Bank, PSNC Energy, as well as supporting sponsors: First Citizens Bank, Friday Staffing Services, IMOCO, Pepsi and the Van Winkle Law Firm.



The Right Foundation

A community must be prepared and ready to be competitive for economic development projects. Product development is important in mitigating risk for a prospective client as well as defining a timeline for development. Western North Carolina's topography is a natural asset as a backdrop to our quality of life, but it also presents challenges.

In 2008, HCPED worked with Duke Energy and McCallum Sweeney
Consulting, which ultimately led to
Ferncliff Industrial Park becoming one of North Carolina's first certified sites.
The 262-acre park underwent a rigorous evaluation process as staff worked to submit a detailed report to the consulting team. Having the tough questions about the property answered early on, made responding to requests more streamlined. These efforts paid off in January 2012 when Sierra Nevada Brewing Company announced that Ferncliff would be its East Coast home.

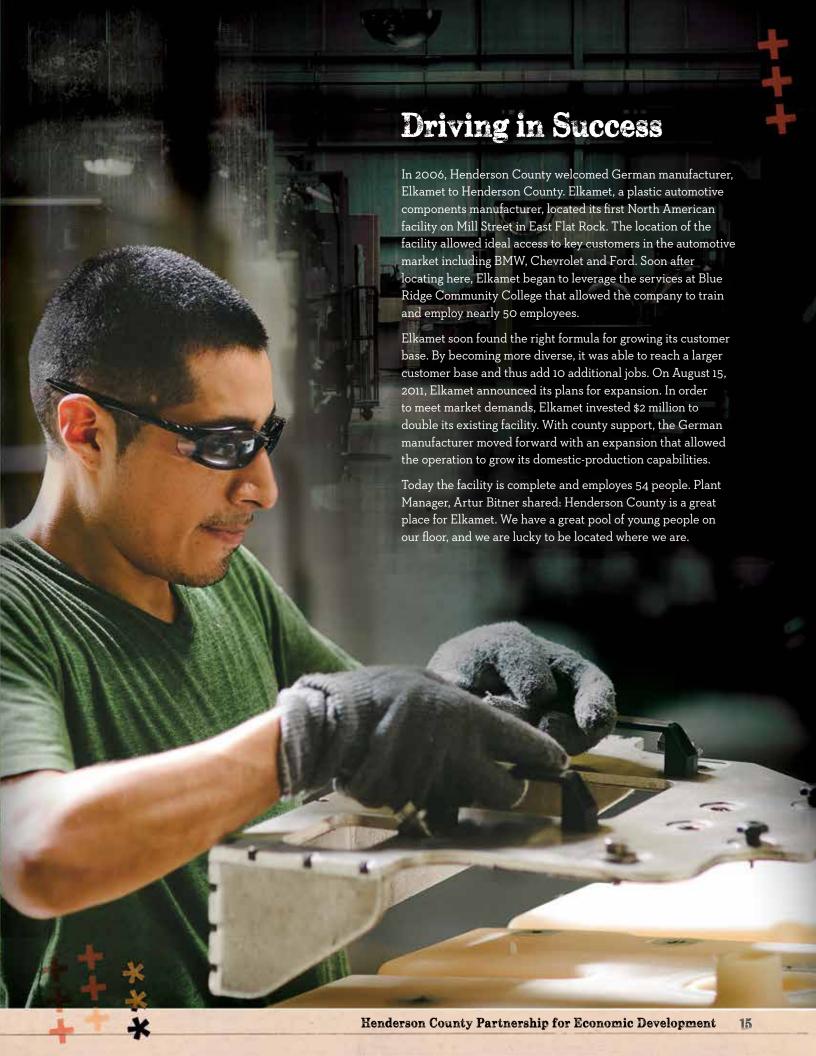
The positive traction of locating
Ferncliff's first tenant encouraged
HCPED to look towards preserving
additional industrial property. The
Partnership has taken a long-term
view of product development, knowing
that Henderson County's future
employment capacity needs to be
addressed proactively. In early 2012,
HCPED and owners of the Tap Root
property engaged in discussions that
led to the property being submitted for
consideration to the Duke Energy Site
Readiness Program.

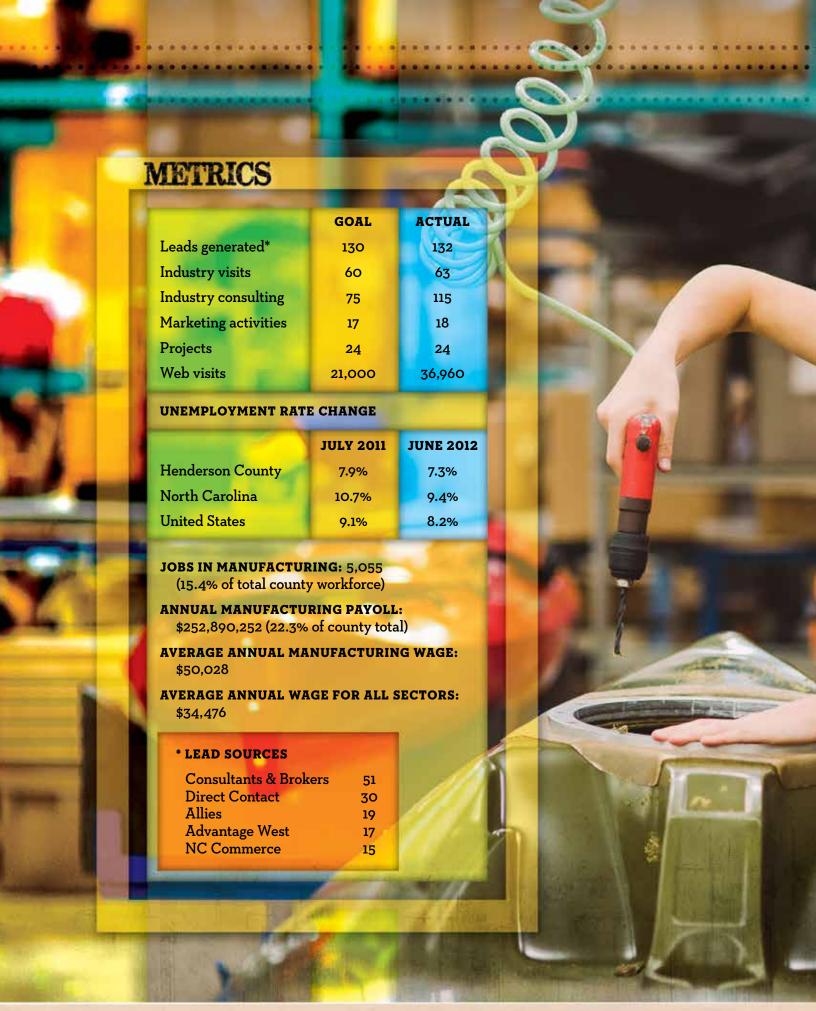
The Duke Energy program includes an intensive evaluation for the communities and sites selected to participate. HCPED submitted Tap Root as a potential site because of its location, acreage, topography and access to industrial-quality infrastructure. Following a tour of the property and several meetings with the ownership to discuss direction and next steps, the initial proposal was

submitted to McCallum Sweeney in May 2012.

On June 14, Duke Energy and McCallum Sweeney came to Henderson County to share more information about how the program works, and also to ask a round of questions prompted by their initial review. Mark Sweeney, Principal with McCallum Sweeney, addressed the group explaining that certified sites "get more looks and survive the first cut in the site location process more often." Andrew Tate and Bill Lapsley made formal presentations on the community, transportation access, infrastructure, and site development options. Attendees then walked the property, gathering at the convergence of the French Broad River and Cane Creek. The site readiness process will continue. resulting in formal recommendations from the consulting team, and perhaps a crucial next step in securing a home for a future corporate citizen and employer in Henderson County.









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