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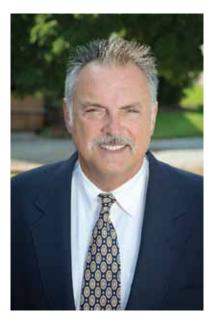
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Letter from the Chair

Throughout the year, the Partnership for Economic Development works quietly to positively impact Henderson County's local economy and create job opportunities for our citizens. Last year, annual wages paid by Henderson County companies grew by \$14 million – increasing the average annual-wage-per-employee by almost \$1,000 to \$33,800.

Local companies started more conversations about growth and expansion this past year than ever seen before. We are reminded that our focus to protect, promote and encourage those that are already invested in our community is an intelligent economic development strategy, as well as the right thing to do.



This report highlights our growth as an organization, our renewed focus on external marketing, our connections with regional and state allies, our commitment to existing industry, and it highlights a decade-long effort to improve a product development asset. I hope this report reminds you of the Partnership's relevancy and impact within our community.

I have enjoyed working alongside the Board of Directors and Partnership Staff. This organization wakes up every morning focused on improving job opportunities and the local economy in Henderson County, and it is an honor to serve that mission.

Tom Cooper Cooper Construction FY 2010-11 Chair of the Board

Building a Better Partnership



Since 2002, the Partnership has operated as a two-employee structure that served the organization well without sacrificing opportunities to assist existing and prospective industries. However, after a sustained period of stretching their capacity, HCPED moved forward with a plan to add a full-time position focused on communications, marketing and research. This plan was supported by shifting resources internally and through increased public support from Henderson County, the City of Hendersonville and the Town of Fletcher.



Brittany J. Brady was hired in November of 2010 as the Partnership's Marketing & Communications Coordinator to ensure a professional and consistent response to all requests for information. Her work guarantees proactive marketing efforts to targeted sectors and professional

communications to external and stakeholder audiences. Bringing these functions in-house will directly impact the number of leads generated and the number of projects worked – all of which increase opportunities to create and retain jobs in Henderson County. Brady's significance within the organization is obvious, having already completed an external marketing video and a website revamp.



Director of Industry Relations, Josh M. Hallingse, was honored this past year as the recipient of the Governor James E. Holshouser Professional Development Scholarship, which is awarded annually through the North Carolina Economic

Developers Association and funded by Nexsen Pruet. The scholarship helps offset expenses for attending the International Economic Development Council's Economic Development Institute – leading to certification in the field. Congratulations to Hallingse for being recognized by his peers as an individual that will positively impact the economic development prosperity of North Carolina for a long time.

Connecting with Western Carolina University



Working together, Western Carolina University and the Henderson County Partnership for Economic Development offered local plant management the opportunity to tour the University's Center for Rapid Product Realization in Cullowhee, NC. More than 25 participants representing 12 private manufacturing firms participated in the tour. During the visit Dr. Bob McMahan, Dean of the Kimmel School of Engineering, and Dr. Phil Sanger, Director of the Center for Rapid Product Realization, guided participants through the 28,000 square foot facility. Faculty provided information on how to best engage the Center, to meet private research and development needs.

The Kimmel School of Engineering's Center for Rapid Product Realization has been involved in the business community in WNC for eight years. Since the facility's creation, the Center has been intimately involved in research and development initiatives for numerous Fortune 500 companies and start-up

firms. As part of the Center's core services, faculty, staff and teams of engineering and business students work with private industries to facilitate the product development process that focuses specifically on engineering design, rapid prototyping systems, laser machining, precision metrology, optoelectronics, wireless communications systems and automation assembly.

This trip also allowed manufacturing leadership to engage staff on a personal level and build relationships. According to Terry Collins, Human Resource Director for General Electric Lighting Solutions: "Tapping into the many assets WNC has to offer is a vital responsibility of all local manufacturers. Western Carolina University is the region's largest engineering school and provides numerous resources, including the opportunity to recruit a motivated and skilled workforce while simultaneously maximizing ongoing R&D initiatives."

Van Wingerden International Awarded Energy Efficiency Grant



Van Wingerden International Inc. has been in the plant nursery business for more than 35 years. As a result of the company's long-term vision, the facility has grown to include more than 37 acres of greenhouses which are utilized in the production of bedding plants, poinsettias, young plants and flowering promotional crops that are sold in home improvement stores, supermarkets and mass-market outlets throughout the Southeast. Like many manufacturing businesses, energy is a substantial part of the production cost. The company strives to invest in different areas of the business with the goal of limiting the facility's total energy use. Throughout the years, these investments have come in the way of energy curtains, smart climate control computers and electric boilers, all of which helped the company achieve strategic reductions in total energy use while simultaneously improving the quality and variety of the plants produced by the company.

In 2010, the Henderson County Partnership for Economic Development worked with President and General Manager, Bert Lemkes, to identify, write and obtain a \$310,000 grant offered through the State Energy Office, a division of the North Carolina Department of Commerce. This competitive grant opportunity was developed to assist private commercial and industrial businesses to pursue technologies to become more competitive while also reducing individual energy consumption. The awarded grant allowed the company to purchase and install a hot water storage tank, enabling Van Wingerden International to achieve a 15-20% reduction in energy use. According to Lemkes, "The project will ultimately reduce the running of boilers at high fire, improving efficiency in fuel use, and reduce boiler cycling and purging cycles."

Partnering with the WNC Transportation Alliance





Fuel costs and logistics continue to play a vital role for existing manufacturers. With an industrial base built around just-in-time inventory control and lean manufacturing practices, it is vital to remain competitive by ensuring prompt and efficient delivery of raw product and finished goods. Following feedback provided by Henderson County manufacturers, the Henderson County Partnership for Economic Development worked successfully with the Western North Carolina Transportation Alliance to ensure local operations personnel gained access to a network of like-minded manufacturing professionals. In July, the Partnership's involvement with the organization resulted in the development of the 2011 Spring Conference, a forum designed to showcase current events in the transportation and logistics industry. The conference also allowed local manufacturers to share basic transportation data and best practices in the hopes of improving individual efficiencies and lowering the cost of doing business in WNC. Since the Partnership's involvement, the group has grown to include more than 40 transportation and logistics professionals spanning Henderson and Buncombe Counties.

As a result of the regional collaboration, several companies are now moving forward with lane-matching initiatives. One such company is Manual Woodworkers and Weavers located in Hendersonville, NC. According to Kevin Tymko, the operation's transportation and logistics manager: "Manual Woodworkers pursued a relationship with Kodak Eastman Co. based in Sevier County, TN. The relationship has led to shared freight service to customers located in distant locations in the United States, resulting in full utilization of existing freight services and an overall reduction in both companies' freight costs."

To date, local relationships have resulted in a savings of \$307,652, equivalent to the elimination of 294,000 deadhead miles and 42,000 gallons of fuel. These lane-matching activities are a direct result of companies who actively participated in the WNCTA event hosted by the Henderson County Partnership for Economic Development and Buncombe County Economic Development Coalition.

Telling the Story

"Being part of the Partnership's video was a great way to not only showcase our products, but highlight the value of doing business in Henderson County." - Peter Gilbert



In early 2011, the Partnership began to take a more active approach to brand Henderson County as a superior business location. After much research, the Partnership met with Ben Carland of The Obsidian Collective to see if a marketing video was a feasible option. Staff and Carland watched numerous marketing videos to establish the parameters and found few economic development entities focus on third-party testimonials in their videos. Even fewer videos have personal interviews of manufacturing, utility and education executives to attest to the quality of life, business climate and workforce in a community.

The Partnership set up interviews with Dr.
Molly Parkhill of Blue Ridge Community College,
Carsten Erkel of Elkamet, Mike Armstrong of
GE Lighting Solutions, Mark Morse of SELEE,
Peter Gilbert of Cane Creek Cycling Components,
LaVoy Spooner of AT&T, and Lee McElrath of
PSNC. Erkel, Armstrong, Morse and Gilbert
all touched on Henderson County's industrial
community. Each interviewee candidly responded
to questions regarding the location, access,
business climate, quality of life and workforce

in Henderson County. McElrath and Spooner answered questions in regards to the sites and buildings inventory, infrastructure, utilities and ease of doing business in Henderson County. Dr. Parkhill addressed the quality of the workforce in Henderson County and the customized training capacity of Blue Ridge Community College.

Following the interviews, local landmarks such as DuPont State Forest, Carl Sandburg Home, Hendersonville's Main Street and mountain landscapes were captured to fully document the resources and quality of life in Henderson County. The Asheville Regional Airport graciously allowed filming inside terminals and on the runway to showcase its capacity. Footage was also captured along Interstate 26 and a Norfolk Southern rail line to highlight the accessibility of the area.

The video will be used as marketing material for the Partnership, serving as an introduction to the community for prospective businesses. Staff will compliment Request for Proposals with the video in addition to pairing it with targeted market campaigns.

StrategicLocation.com



Keeping ahead of technology demands, the Partnership saw it necessary to revamp their website. The update not only brought on a new design, but also introduced new features beneficial to both existing industry and prospective clients. Board Chair Tom Cooper stated: "As soon as we launched the new website, we saw an increase in traffic, proof that having a strong online presence helps the Partnership successfully execute business." From the home page, visitors can access scroll-down tabs on features such as: Who We Are, Existing Industry, Sites & Buildings, Resources, and News. The home page additionally features links to the Partnership's blog under Latest News. Resources including an industrial directory, a community profile, the annual report, and membership information each have a link on the home page.

One of the most beneficial features for existing industry on the new site is the industrial directory search tool. The directory allows site visitors to search for specific manufacturers in Henderson County by company name, contact name, SIC code, NAICS code, employment size, geography, or product keyword. The list can

then be personalized and printed. The vision behind the customizable list was to connect local industries and provide information on the 135 manufacturers in the county.

The integration of NC Commerce's Economic Development Intelligence System sites and buildings database into the website allows prospective clients and companies access to enhanced data and demographic tools as they search available properties. The tool links to a customized search option of Henderson County's inventory of available sites and buildings. From there, users can generate market and demographic data that is site specific by mileage or drive time.

Both the industrial directory and the sites and buildings search tools are focused on providing relevant information and a valuable experience for site visitors. Additional links to the Partnership's blog, YouTube Channel, social media sites and Presidential Members' websites reveal the most current news and happenings not only in economic development but also with key partners.

Wingate University Announces Hendersonville Campus



Founded in 1896, Wingate University has established itself as a leader among North Carolina's private universities. Wingate's enrollment includes more than 2,300 students engaged in more than 34 undergraduate degrees, numerous pre-professional programs, graduate degrees in business, accounting, education, physician assistant studies, sport administration, and doctorates in pharmacy and education. Building on the institution's reputation as a leader in higher education, Wingate announced a strategic, long-term vision in August 2010 to establish and grow a western North Carolina campus in Henderson County, NC.

With the strong support from the Henderson County Board of Commissioners, the site search process was initiated. Working alongside the Henderson County Partnership for Economic Development, Wingate developed the minimum criteria for their project. The institution hoped to identify an existing building, requiring minimal amounts of renovation work that had enough square-footage and parking to accommodate future growth. Wingate placed a heavy emphasis on developing an urban campus in close proximity to existing retail and commercial locations. The University also desired a location with visibility and easy access to the region's existing network of private businesses and healthcare organizations.

After the initial parameters for the project were established, Partnership staff began to solicit property owners, commercial real estate agents and municipalities in an effort to identify all existing buildings that matched Wingate's minimum search criteria. After evaluating the results of the comprehensive building search, Wingate narrowed the selection to several downtown Hendersonville locations. University officials toured a handful of locations evaluating each location's strengths and weaknesses. In December 2010, the University announced that Wingate's WNC campus would be located on Fifth Avenue in downtown Hendersonville.

Wingate began the process to occupy the two-story, 11,056 square foot building in January 2011. According to Chuck Taylor, Vice President for Business and CFO, "Wingate was pleased to find such an appropriate location for our School of Pharmacy and other programs in the heart of downtown Hendersonville." The building is now home to a Pharmacy School and Master of Business Administration program. In 2012 the campus will expand to host a Physician Assistant Studies program. The expansion of the pharmacy school will help meet the demands of the health care institutions working closely with Pardee Hospital and Park Ridge Health. The unique MBA Program will continue to be an asset to the business community of Western North Carolina.

Fairgrounds Fire Training Area Requires "No Further Action"



On June 9, 2011 the Partnership received a letter from the North Carolina Department of Environment and Natural Resources serving as a "Notice of No Further Action" (NFA) in regards to the former fire-training area of the Fairgrounds property in east Flat Rock.

During the past year, the property experienced a change in ownership with the deed transferring from the Henderson County Public Schools System to Henderson County. Henderson County Public Schools Superintendent David Jones, Director of Facilities Bo Caldwell and Chairman of the School Board Ervin Bazzle have been partners on the property throughout their ownership, including the successful location of Elkamet to nine acres in 2006. Chairman Bazzle saw an opportunity to enhance job creation efforts for students in Henderson County by supporting this product development effort.

Partnership Product Development Chair Chip Gould and Board Chair Tom Cooper worked with Henderson County Board of Commissioners' Chair Mike Edney to move forward with the work to investigate and mitigate the property. Matt Fogleman and Mike Falknor with ECS Carolinas quickly got to work and soon after submitted their findings to Diane Eskenasy, Hydrogeologist with North Carolina Department of Environment and Natural Resources. The report and test results led to the NFA letter and a renewed focus on finding an appropriate neighbor for Elkamet at the fairgrounds site. Many people partnered to earn the NFA letter and the opportunity to focus on the property as a valuable asset. Product development is an early, but critical, stage in the process of creating quality jobs. Problem solving on project issues often builds the team that will collaborate on land projects.

Keeping Henderson County Visible in Raleigh



Throughout the year, the Partnership explores opportunities to creatively market Henderson County to North Carolina Department of Commerce Business and Industry Developers. Maintaining a high level of visibility among these state-level professionals is vital because these developers play a pivotal role in many of the state's most significant economic development projects. In May, HCPED staff along with six Board members and two elected officials participated in a trip to Raleigh to showcase Henderson County to key NC Commerce staff and other allies.

The Partnership participated in a Monday morning staff meeting held in the NC Commerce board room. During the meeting the Partnership delivered a formal presentation to 15 NC Commerce Business and Industry staff members. The presentation began with brief introductions followed by a viewing of the Partnership's new marketing video. Andrew Tate delivered a brief summary of Henderson County and highlighted five distinct assets and potential advantages for business location:

- Aggressive local incentive policy allows grants equivalent to 120% of ad valorem
- Unprecedented regional cooperation on a recent project that included participation by five independent units of government

- Integration of NCEDIS sites and buildings as the primary tool for local inventory
- Certification of Ferncliff Industrial Park, risk-mitigated and reduced time to develop
- New website with local news and advanced industrial directory search tool

Following formal presentations to NC Commerce staff, the Partnership delegation hosted a luncheon in downtown Raleigh for attendees as well as representatives from the NC Community College System, Progress Energy and Golden LEAF. The luncheon was sponsored by PSNC Energy. Conversations over lunch encouraged one-on-one dialog and opportunities to discuss the benefits of doing business in Henderson County.

The Partnership plans to continue this effort bi-yearly and expand the trip to fully display the assets of Henderson County. Board Member Don Hallingse of PSNC Energy remarked: "Showcasing Henderson County in Raleigh was well worth our time. We can send them updated information about our industry and products, but actually sitting across the table from them adds value and can make a big impact on the projects they send our way."

Advanced Technical Welding Selected as the NC Small Business of the Year



Doug Salkewicz, owner of Advanced Technical Welding Inc., was awarded the honor of Small Business of the Year in December 2010 by Business North Carolina, a statewide publication. Advanced Technical Welding is a long-time member of the Partnership and has been instrumental in the Partnership's efforts to implement the Industrial Retention and Expansion Program. Salkewicz said: "Being a business owner in today's economic climate requires a profound commitment. My involvement with the Partnership has allowed my company the opportunity to give back to the community in a way that will benefit not only my business but other operations which will create jobs for future generations."

The Partnership nominated the business for the award in October 2010. After months of rigorous follow up, including one-on-one interviews, the magazine's selection committee awarded the company the publication's highest honor. Advanced Technical Welding was founded 23 years ago in the basement of Salkewicz's personal residence. Two decades later, Advanced Technical Welding has grown to include nine full-time employees, operating a pristine industrial facility located in the Etowah Industrial Park. The selection of Advanced Technical Welding marks the second time a Henderson County business has won the award.

Fourth Annual Industrial Executives Forum



Planning Committee Members

Mike Armstrong, GE Lighting Solutions Carsten Erkel, Elkamet Doug Salkewicz, Advanced Technical Welding Jim Clarke, Manual Woodworkers & Weavers Steve Sheppard, Blue Ridge Metals Pete Szelwach, Clement Pappas



On March 24, 2011, HCPED hosted the 4th Annual Industrial Executives Forum at Blue Ridge Community College's Technology, Education and Development Center. The event brought together more than 100 plant managers, elected officials and community stakeholders to discuss issues critical to the success of Henderson County's industrial base. Speakers included, Clark Gillespy, Vice President of Economic Development with Duke Energy; John Franklin, President of the Western North Carolina Transportation Alliance; and Dr. Jerry McGee, President of Wingate University. Together the guest speakers provided comments and answered questions specific to their prospective topics and began critical dialogue between community leaders regarding the future of Henderson County.





On October 13, 2010, HCPED hosted the sixth annual Industrial Appreciation Banquet to recognize the contributions of the manufacturing sector of Henderson County. Thanks to sponsors, Duke Energy, PSNC Energy, AT&T, First Citizens Bank, Friday Staffing Services and IMOCO more than 180 manufacturing representatives, elected officials and HCPED members attended the event. Keynote speakers, U.S. Congressman Heath Shuler and candidate Jeff Miller tailored comments to provide participants with their economic development vision for Henderson County.

Following the keynote speakers, Mayor Roger Snyder of the Town of Mills River and Mayor Bill Moore of the Town of Fletcher recognized longtime Henderson County leader, Bill Moyer. Moyer was acknowledged for his economic development efforts by being named Partner of the Year. The award is given to individuals or groups who have gone above and beyond in supporting efforts to create and retain quality jobs in the county. Moyer said: "Receiving this

award is an honor. Economic development has been a true joy for me in this county. We have a great team here and we must continue to work together to ensure future successes."

Following the presentation of the Partner of the Year award, HCPED 2009-10 Board Chair Mark Stone and outgoing Board members Greg Burnette and Gus Campano were also recognized and thanked for their service on the Board of Directors. Closing the awards portion of the event, HCPED 2010-11 Board Chair Tom Cooper presented the organization's first Distinguished Service Award. The award was accepted by Dave Shaffer on behalf of the late Rob Cranford, Cranford, who passed away in February 2010, was President of Morrow Insurance Agency in Hendersonville and the 2006-07 Chair of the HCPED Board. During his service on the Board, Cranford was instrumental in the Partnership's establishment of an autonomous economic development organization as well as leading the Partnership's private membership campaign.

	goal	actual
leads generated	115	135
industry visits	42	50
industry consulting	65	117
marketing activities	15	20
projects	22	24

manufacturing jobs

5,008 persons (15% total)

manufacturing wages

average all sectors \$33,800

average manufacturing \$48,687

manufacturing payroll \$243,825,273 (22% total)

manufacturing tax impact

real property \$202,577,025

business personal property \$425,707,854

unemployment rate 7.3%







Members + Investors

Presidential Members

- ▶ Blue Ridge Community College Cason Companies, Inc. City of Hendersonville
- Clement Pappas
 Continental
 Cooper Construction Company, Inc.
 Dixon Hughes Goodman, LLP
 Duke Energy
 First Citizens Bank
- ► Friday Staffing Services Henderson County HomeTrust Bank Hunter Automotive Group
- ► IMOCO, Inc.

 Kimberly-Clark Corporation

 Moore & Son Site Contractors

 Morrow Insurance Agency, Inc.

 PSNC Energy

 SELEE Corporation

 SunTrust Bank

 Town of Fletcher

 Town of Mills River

 UPM Raflatac, Inc.

 Walmart Store #1242

 Western Carolina University

Executive Members

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- ▶ Byers Precision Fabricators Carl E. Shaw, CPA, PLLC
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▶The Obsidian Collective

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- ▶ Whitney Commercial Real Estate
- ▶ Wilsonart International
- ▶ New Member 2010-11
- ▶ Membership Increase 2010-11



