



Milwaukee 7 Council Meeting

Monday, March 29, 2010

UW-Parkside (Kenosha County)

M7 Council Members Present: Tom Barrett, Chip Brewer, Mike D'Amato, David Halbrooks, Willie Hines, Gale Klappa, Jim Kreuser, Dick Leinenkugel, William McReynolds, Larry Nelson, Cory Nettles, Nancy Russell, Carlos Santiago, Carol Schneider, Robert Spitzer, Mary Ellen Stanek, Richard Telfer, Herb Tennes, John Torinus, Dan Vrakas, Scott Walker

Gale Klappa, chairman, president and CEO of Wisconsin Energy Corp. and co-chair of the Milwaukee 7 Council welcomed all to the Milwaukee 7 Council Meeting. He thanked UW-Parkside and Chancellor Deborah Ford, along with Kenosha County and County Executive Jim Kreuser for hosting the meeting. Gale brought attention to the solar panels installed on several of the building rooftops at UW-Parkside. Those are part of a new solar electric system that is converting the sun's energy into more than 34,000 kilowatt-hours of renewable electricity each year. That project got off the ground (literally) through the support of Focus on Energy and the We Energies Renewable Energy Development Program. We Energies is proud to have collaborated on this project and played a part in UW-Parkside's effort to position itself as a champion of sustainability among Wisconsin universities.

Gale invited both hosts to make brief welcoming remarks.

Back in 2005, driven by the need to move the region forward on economic development to compete in today's global economy, the Milwaukee 7 was formed under the leadership of a council of 30 business, government and educational leaders. Today, the M7 has moved from a concept to a functioning regional economic development partnership that is delivering on its mission – thanks to regional leadership, a shared vision and importantly, the funding to put this concept into action.

The M7 goal is to grow jobs, payroll and capital investment. The strategy is to focus on key industries that drive our regional growth by exporting goods and services outside the region. The strategy was built around a framework that focuses on attracting business prospects, creating a stronger business climate and improving operating systems such as the choosemilwaukee website and resource centers.

M7 Success Measures

M7 success is measured by the number of jobs attracted and retained, along with payroll. Through M7's work, we've seen significant results to date with 16 wins: 5,378 direct jobs and \$294 million in payroll. Applying industry standard multipliers for each of the companies that M7 project managed, the total jobs impacted is 13,989 and total payroll is \$601 million. Overall capital expenditures reaches \$206 million.

These numbers have increased substantially from our last meeting because we've had some significant new wins for the region. Pat O'Brien, executive director of the M7, went into detail on these recent wins.

In the last 6 months we have had some significant wins resulting in 1,255 new jobs for the region while retaining another 903 jobs and adding \$50 million in capital investment. When combined with the jobs supported by these jobs, the total is almost 4,000 jobs and \$216m in annual payroll.

Republic Airways' Case Study

The first of these wins is Republic Airways' consolidation and expansion -- a great win for the region. The competition was stiff and intense with Denver and Indianapolis' attractive options. Colorado put a proposal together that included newly created state incentives for job creation and job training while Denver looked for ways to waive fees on aircraft maintenance parts. Indianapolis brought "an awful lot to the table before there are any discussions of incentives" and thought that "(they're) in a really good, sweet spot." Indiana had a ready labor pool of mechanics; a training pipeline for airline mechanics at Ivy Tech and Purdue University; available hangar space at the Indy Maintenance Center; available office space at

Chautauqua Airlines, a Republic subsidiary; as well as Republic Airlines headquarters. From the outside, it didn't look good for Milwaukee. Michael Boyd, an aviation industry consulting guru from Colorado, commented, "If it's going to go anywhere, it's going to go to Indianapolis." He "all but eliminated Milwaukee."

Which all leads to the best part, headlines in the *Milwaukee Journal Sentinel* and *Business Journal* announcing 800 jobs moving to Milwaukee. In addition to the 800 new maintenance, flight operations, call center and IT jobs, there were 743 existing jobs also at risk. Without the new jobs, half of the existing jobs would have left over the next year with much of the remainder at significant risk.

Indy and Denver brought significant assets and incentives to the table. The Milwaukee 7 was in this game because we made an immediate, coordinated, focused outreach. We won because the State came to the table, listened, put together a variety of incentives, massaged the package and then worked through all the difficult issues. The State (Governor Doyle, Secretary Leinenkugel and his staff, Aaron Olver, John Stricker and Jim O'Keefe) played a significant role in making this happen.

<i>Retained/New Jobs:</i>	1,523
<i>Retained/New Payroll:</i>	\$82M
<i>Capital Investment:</i>	\$28M
<i>Total Jobs:</i>	3,347
<i>Total Payroll:</i>	\$156M

Ingeteam Case Study

Our next project, here in part because of our air service, is Ingeteam, a Spanish manufacturer of wind turbine generators. After a year of courtship in which Ingeteam looked at 80 sites throughout the Midwest and Texas and locally in 3 counties, Ingeteam announced their decision to locate their North American manufacturing and headquarter operations in the Menomonee Valley. The State and the City of Milwaukee provided a strong 1...2 punch, delivering the necessary incentives, assurances and public support, all often so critical to foreign investment.

Factors in Ingeteam's decision-making included being geographically close to the developing midwest wind turbine market without being directly in "Tornado Alley". Milwaukee and Waukesha counties are also the electric motor building capital of the world, ranking # 1 and 2 in the country. Additionally, as Ingeteam CEO Aitor Sotes stated at the announcement, "Milwaukee has a labor pool experienced in electrical manufacturing. In addition, the area boasts prestigious universities with some of the highest-ranked engineering departments in the country...."

Ingeteam's 275 jobs, \$9 million in payroll and \$15 million in capital investment will sustain an additional 401 jobs and \$10 million in payroll. Ingeteam is one of the first recipients of the State's new Jobs Tax Credit, championed by the M7 policy committee.

Talgo Case Study

Spanish train manufacturer Talgo, Inc. is also locating its first U.S. assembly plant in Milwaukee. Talgo, based in Madrid, had considered a half dozen sites for its U.S. plant. Governor Doyle committed Wisconsin as the first state to build trains with Talgo – a bold step that not only gets Wisconsin's trains built locally but others as well. Oregon is buying two new passenger trains from Talgo and Talgo expects more sales through the \$8 billion federal high speed rail initiative.

Talgo's selection of Milwaukee was based on the region's high rankings for skilled workforce, economic climate, technical and operational conditions, cost of living, training facilities, rail access and proximity to a major airport and port. Again, a coordinated effort by M7, the City and the State resulted in 125 new jobs, \$7.56 million in new payroll and \$4 million in capital investment

Northern Lake Service Case Study

The Water Council's promotional efforts are also paying off. Northern Lake's Aaron Kapellusch said, "Efforts to make metro Milwaukee a hub for water quality and water research played a significant role in Northern Lake Service making the deal." Crandon-based Northern Lake Service Inc., a full-service environmental compliance laboratory that serves wastewater, drinking water and groundwater clients across the country, purchased Water Quality Testing Services Inc. of Brookfield and will move the company to a new laboratory in Waukesha.

Dickten Masch Case Study

Also announced recently is Dickten Masch Plastics' expansion in Nashotah. Dickten Masch CEO Steve Dyer said he had several contingency plans, including taking his new product line to Iowa. He knew he needed contacts to make it work. After coffee with M7's Jim Paetsch, he was put in touch with the right people. With a new Department of Commerce grant, he has added four customers and three new projects. The business is now growing quickly with a new problem of keeping up.

Why expand in Nashotah, WI

- Our World-Class Tech Center
- Materials Analysis Lab
- Educated Workforce
- Tool Makers
- Facility positioned for Growth
- Business Partnerships
 - Scheibel Halaska
 - Waukesha Chamber of Commerce
- Proximity to Existing Customers

RESULTS:

- \$293,000 Department of Commerce Economic Development Tax Credit
- Added up to 75 New Jobs
- Stabilized 160 Existing Jobs
- \$3m capital investment in Wisconsin
- Growth and Expansion into the next Decade



Active Prospects

Company	Category	Jobs	Company	Category	Jobs
Shared services	Attract	495	Metal fabricating	Attract	400
Transportation	Attract	400	Metal fabricating	Attract	85
Headquarters	Attract	1,000	Tooling manufacturer	Retain/expand	125
Food processing	Retain	30	Chemical mfg.	Attract	10
Food processing	Attract	50	Safety equipment mfg.	Attract	65
Food processing	Retain/expand	150	Electrical components mfg.	Attract	350
Energy storage mfg.	Attract	600	Industrial supply mfg.	Retain/expand	205
Alternative energy mfg.	Attract	150	Equipment mfg.	Retain/Expand	350
Alternative energy mfg. (wind)	Attract	200	Equipment mfg.	Retain/Expand	180
Medical components mfg.	Attract	20			
Water technology mfg.	Attract	130	EB-5 Investments – Prospects		18

While we have been busy working to close deals, our prospect list continues to grow. Many of these prospects are in our targeted industries of water, food processing, electronics and automation. Many also play in areas of new and alternative energy technologies. This growing prospect list is a direct result of having a dedicated team, focused on business development, working with our local and state economic development partners. We hope to have more good news to announce soon.

Milwaukee 7's impact on Kenosha

Business and Talent Development

Milwaukee 7 expands the reach of the Kenosha Area Business Alliance by providing a website that markets Kenosha area real estate opportunities, demographics and business information. Our national and international business marketing efforts add depth to local efforts and we collaborate on specific business development projects. As part of this effort, Milwaukee 7 made a \$27,500 investment in the Kenosha M7 Satellite Resource Center which provides a venue for KABA staff, partners, local government officials and other interested partners to meet with potential economic development prospects. Fuel Milwaukee provided nationally recognized best practices for Dan Antonneau's new Kenosha area young professional organization, Y-Link. Additional collaboration is underway with both groups striving to engage young professionals in local community and civic activities.

Education

UW-Parkside has been a great partner with its Center for Community Services serving as the lead agency on three M7 WIRED Innovation fund investments totaling over \$200,000. Objectives include improving the overall competitiveness of the region through the establishment of sustainable management degree

programs, new articulation agreements and a collaborative region wide curriculum supporting water related programs. Many thanks for your leadership here as well as for your engagement in the Water Council and other WIRED Transformational Projects.

Lakeview Technology Academy, a high school here in Kenosha, participates in a model program supported by \$40,000 in WIRED funding. This program is designed to connect STEM7's high school water-education programs, students, educators and the public/private water sector.

Program for Entrepreneurship

The Kenosha area is also engaged in BizStarts, the region's entrepreneurial initiative, funded in part by M7's Regional Workforce Alliance and the Regional Economic Partners. BizStart's Venture Track component partners with CATI to provide services to fast growth companies. Tech Venture business planning classes are held at CATI and collaborative efforts continue with two area StartUp Accelerator creative exercises attended by over 200 participants. Moreover, BizStarts' sponsored coaching and mentoring programs include Kenosha area participants. UW-Parkside is actively engaged in BizStart's consortium of post high school educational institutions with the goal of stimulating, coordinating and developing more college student entrepreneurial courses, programs and experiences. The list goes on, but Pat closed by simply saying, "the Milwaukee 7 Collaboration is working, we are working for you, and thank you for your support."

Policy Committee

Chip Brewer, Director - Worldwide Government Relations with S.C. Johnson & Son, Inc. is the Chair of the M7 Policy Committee. He is pleased to be leading the Policy Committee and building on the successes the M7 has had in improving the region's business climate. The goal of the M7 Policy Committee is to focus on significant issues that support regional competitiveness, where M7 can provide a unique, effective voice to the public debate.

Issue Criteria

- Regional in nature with regional consensus
- Aligned with M7 regional economic development goals
- Lacks other advocates

Moving Forward

One item under consideration is to create an agenda of issues we support that could be included in the upcoming political campaign dialogue. Our public policy efforts over the last year were highlighted by the passage of the Jobs Tax Credit in the state budget. This new addition to our M7 toolkit has already been paying job attraction and retention dividends, and it is an integral part of packages we are currently working on with several prospect companies. The jobs tax credit gives a company creating jobs in Wisconsin a tax credit on up to 10% of wages for up to 10 years.

As we move forward, we will work to build on our successes. We will advocate expanding the size and scope of the targeted tax incentives like the Jobs Tax Credit. We will also continue to work to successfully build consensus around a fiscally and administratively sound structure for transit throughout the region. As you know this policy issue is a serious political challenge for the region and M7 is uniquely positioned to be a regional voice encouraging and facilitating a solution.

Finally we will continue to work to maximize our competitive advantage in the area of fresh water. With the Water Council we will work to change state regulatory policy and law if necessary to allow access to fresh water at discounted prices as a way to market our region to prospective employers. We will also work to take advantage of provisions in the Great Lakes Compact that allow us to extend the economic advantage of our freshwater access advantage to the broadest possible regional footprint.

Great Lakes Water: Managing the Resource Maximizing Our Economic Advantage

Mike Grebe, president and CEO of the Lynde & Harry Bradley Foundation and co-chair of the Milwaukee 7 moderated a panel discussion on access to Great Lakes fresh water. It's clear that learning to effectively maximize that advantage in a way that is environmentally responsible, economically sound, and politically viable under the Great Lakes Water Compact will be one of the keys to our regional success both now and in the future.

The City of Waukesha's impending Great Lakes water request could provide a vital roadmap on this issue for the entire M7 region and the entire Great lakes basin. We are pleased to host a panel discussion on

this critical issue featuring not only the City of Waukesha's perspectives but also the perspectives and lessons learned from other partners in our M7 regional economy.

Panel Members:

Bill Mielke, *President/CEO, Ruekert-Mielke*

Bill has a depth of technical understanding on this topic that is unrivaled in the region, and also brings a wealth of practical experience to this discussion as one of the lead negotiators on the New Berlin water diversion.

Keith Haas, *General Manager, Racine Water and Wastewater Utilities* Keith brings the perspective on how Racine County dealt with providing Lake Michigan water to western parts of the county, including lessons learned and tips as Waukesha's request moves ahead.

Dan Duchniak, *General Manager, Waukesha Water Utility* Dan outlined the Waukesha Water request: What Waukesha needs, why they need it, what they're proposing and what the process is.

Ald. Michael Murphy, *City of Milwaukee*

Alderman Murphy is widely recognized as the Milwaukee Common Council's best informed voice on water issues. He discussed concerns and opportunities the city sees surrounding this issue.

Each panelist spoke briefly, and then Mike Grebe opened the floor for Q&A.

***Next M7 Council Meeting
First Campaign Recap & New Campaign Kickoff
Thursday, June 3, 7:30-9:15
We Energies Auditorium, Milwaukee County***



February 5, 2010

Dear-M7 Council Members:

As business leaders in Southeastern Wisconsin, we are excited about the opportunity to position Southeastern Wisconsin as a national and international leader in the water industry. We urge the M7 Council to support policy initiatives that will advance this important objective.

With its proximity to the world's greatest fresh water resource and its strong base of existing water companies, the M7 region is poised to capture new emerging water technology companies, build its water research capabilities, and set the example as a global water conservation pioneer. However, we must move quickly and decisively, as other parts of the United States and the world are also moving aggressively to develop their water industries. We believe there are two major policy initiatives that the M7 should support now-to showcase our region's innovation and leadership on water issues:

- Our region, despite its plentiful water resources, has an issue with groundwater quality for some of our area-municipalities. We now have an opportunity to showcase our innovation, leadership and cooperation in resolving these water quality issues. With the passage of the Great Lakes Compact, we can create the "Milwaukee Model" for a successful application for a water diversion that can be duplicated by other states in the Great Lakes Region. We believe the Milwaukee Model for a potential water diversion must contain all of the following elements:
 1. Ensure 100% return flow to the Great Lakes Basin.
 2. Minimize use of shallow aquifer groundwater and surface water for water supply purposes—minimizing the adverse impacts to lakes, streams, springs and wetlands.
 3. Encourage cost efficient and practical conservations measures for both existing and planned land uses.
 4. Sustainable use of the deep sandstone aquifer so the current elevation of the drawdown is optimally raised. Such efforts will preserve the opportunity for sandstone aquifer-reliant communities to continue to rely on this needed water source for long-term supply.
 5. Maximum regional collaboration rather than separate municipal initiatives, as evidenced by centralized pumping facilities and coordinated return flow systems.
- We support the concept of creating rate-free water districts for business development in the City of Milwaukee as a creative manner to attract new businesses and best-position our region as a worldwide water hub. We are confident that the City of Milwaukee will encourage cost-effective and state-of-the-art water conservation technologies in these water districts. These new businesses can serve as examples of water conservation leadership, replicable both regionally and worldwide -- further positioning Milwaukee as an innovative and resource-ready location for business growth.

While the opportunity to position our region as an international leader in the water industry is exciting, there is no shortage of challenges. Restricting the supply of water to communities permitted to apply under the Great Lakes Regional Water Compact should not be one of them. Assuming a "Milwaukee Model Application" as previously defined, territorial conflicts hindering appropriate water diversions will greatly deter our ability to effectively position our region as a water industry leader.

Business and government need to look no further than the Green Bay region in the early part of this decade to validate how failed regional cooperation on water supply issues led to costly expenditures, continued regional distrust and stalled economic development efforts. Our Great Lakes are an immeasurable resource, deserving of our protection and sound utilization for the good of the region. Effective utilization includes helping the City of Waukesha shepherd its water diversion application through the process, which in the end will provide a sustainable water supply and a key tool for business development within the community.

To aid in advancing regional water supply efforts, we have formed the Sustainable Water Supply Coalition (SH₂OSC) to help advocate for effective and responsible water supply efforts within the region. We ask that the M7 join our efforts to further position water as a key economic development engine for our region. We look forward to the support of M7 in this crucial common endeavor.

Sincerely,



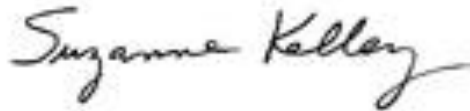
Joel Quadracci
Co-Chair President & CEO
Chairman, President & CEO Quad/Graphics



Ed Olson
Co-Chair
President, Waukesha Memorial Hospital



Steve Baas
Vice Chair
Government Relations Director, MMAC



Suzanne Kelley
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