



Membership Newsletter

April 2010

Indiana Economic Development Association

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Save the Date

Site Development 101 (Sign up! Click here.)

May 13
ISTA Conference Center
Indianapolis, Indiana

Bob Quadrozzi Memorial Golf Outing

June 24, 2010
Pottawattomie County Club
Michigan City, Indiana

Summer Conference

June 24 - 25, 2010
Blue Chip Casino
Michigan City, Indiana

Fall Conference

September 16 - 17, 2010
Aztar Executive Conference Center
Evansville, Indiana

Annual Meeting

December 9 - 10, 2010
Hyatt Regency Indianapolis

2011 Dates? IEDA is seeking hosts!

Apply for your city today. Deadline is April 29. Click here for more information.

Notes from the President

The attendance at the Spring Conference was outstanding! (Photos below)

We were very fortunate to have Jill Ewing of the Corydon Group working with us as our Executive Director making things seem easy for the entire conference!

Thanks also to Corey Carr and the many other people from Columbus that helped to arrange the pre-conference excursions and all of the rest of the planning that contributed to another successful conference! Thanks to



Vicki Kellerman taking notes during the Spring conference.

Jim Tidd, Cheryl Morphey and the conference Committee on a great program that appealed to both our newcomers and to the seasoned professionals that belong to IEDA. We have certainly started off 2010 in a positive way.

Many new things are underway already and your board of director's remains very busy working toward improving the opportunities offered by the Association. Some of the more notable projects include an aggressive effort that will tap the expertise of several State and Federal agencies to provide more resources for our members to offer to existing businesses. We are also working on a major update to the IEDA website, which will make it much easier to navigate.

The Summer Conference will be here soon.....Please plan to join us in Michigan City for the Annual Golf



Brendan Merk, Darrell Voelker, Bob Grewe and Kathy Ertel pose for a photograph before dinner.



IEDA President
Darrell Voelker

Harrison County Economic Development Corporation

outing and another valuable day and a half of professional development opportunities!

Feel free to contact me or any of the Board Members (listed in this newsletter) about any questions or issues that you may have about IEDA!

Legislative Update

By Bill Dory

First, on behalf of all IEDA members, I would like to thank the members of the legislative committee and those that provided assistance and ideas during the past session. It was a true team effort along with our lobbying firm, Bose Public Affairs.

Several bills passed and have been signed by the Governor that benefit economic development. All of the bills can be found on the State of Indiana web site at the Legislative Services Agency web site - <http://www.in.gov/legislative/index.htm>. Scroll down the page for the button on laws or for a quick overview, review the Digest of Enactments. Below are summaries of a few key bills:

SB 23 creates new tax incentives for new, relocated, or expanding businesses with 10 or more new employees. It also sets new requirements for the IEDC in awarding incentives for job creation and establishes clawbacks for incentives. This bill requires IEDC to establish a small business ombudsman's office. It opens up the EDGE program to companies with fewer than 35 employees.

HB 1086 provides for an additional CRED district in Delaware County. This bill makes changes to the Economic Improvement District enabling legislation by lowering the threshold in regard to the required level of assessed value represented on the petition to create the EID from 66.66% to greater than 50%. These types of districts should be much easier to implement as a result of this change. Language was also included to clarify that the special assessment used to fund projects in an EID is not a property tax and all property owners including those exempt from property taxes are subject to the assessment. The bill also establishes a local property tax deduction for personal property located in a certified tech park. It creates an interim study committee for economic development. We hope to have an IEDA member appointed to this committee.

SB 249 provides for more flexibility in the use of funds and meeting the expenses

of military base reuse authorities. Several of our members that have closed military bases testified in favor of this bill.

SB 382 allows for the construction of the Illiana Expressway in northwest Indiana.

HB 1065 allows for guns at work. Although not directly an economic development bill, expect questions from your local employers. Many large employers testified against this bill.

A number of other bills died in committee or elsewhere in the process. The IEDA legislative team did address financial reporting language that showed up in several gaming bills. The most recent language did address some confidentiality issues that were raised in past sessions. The language ended up not appearing in any bill. We expect this language to appear in the next session as it has for several years.

Lastly, it appears that the referendum to add the property tax caps to the state constitution will be on the ballot this fall unless there is legal action this summer. In some communities, local officials are gearing up to educate the public on the adverse impact adding the caps to the constitution will have long into the future.

About the Author:

Bill Dory is the Vice President of the Indiana Economic Development Association. He also serves as the chair for the Legislative Committee.

Bill is the Executive Director for the Greencastle-Putnam County Development Ctr.

Editorial

By *Jeb Conrad*

There continues to be much discussion at the federal level about the rules and opportunities in the area of sustainability, or "greening" of American communities and businesses. As expected, new businesses are beginning to position themselves for this new, emerging industry and global businesses are positioning themselves to be part of this changing dynamic.

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- Indiana Municipal Power Agency

Would you like to sponsor IEDA for 2010? Please contact the association office at 317/454/7013 for more information.

But what does this mean for us? How are we impacted? There will be continued debate on how business practices affect the carbon footprint. The EPA has been granted the ability to ask businesses to track their greenhouse emissions this year as part of the Clean Air Act. This is not to say there will be a carbon market or cap and trade developing in the US, but there will be standards and initiatives for business coming from Washington either from Congress or the EPA.

There are many reasons why this is important. First, the global economy expects their customers and suppliers to be part of the future solution. A prime example was presented by the Chief Solution Officer of Federal Express at a conference I attended recently at Purdue. He stated that Fed Ex realizes that there is an expectation from their customers to be cognizant of the changing environment surrounding sustainability. In addition, realizing that there are now 3 currencies they must evaluate when competing for business worldwide; time, value and sustainability. FedEx has already made dramatic changes to its business model, which is expected by global customers, which has resulted in renewable energy being used in 80% of all of its facilities worldwide. It is a value statement and a return on the future for them. This is a principle that is being employed in all

(Editorial continues on page 4.)

Opportunities Abound for Companies Considering Facility Consolidation Projects

By Larry Gigerich

Governmental entities are eager to secure projects that result in job creation and capital investment. In today's world, many of these opportunities will come from consolidation versus new construction projects. In the current economic environment, companies have several different opportunities to explore when it comes to deciding where to consolidate facilities. "It's a buyer's market" is definitely true for companies looking to create jobs and invest capital in a facility due to the closure of another location. Local and state governmental entities are fighting hard to capture as many new jobs as possible; therefore companies need to make sure they fully understand their options prior to making a facility location decision.

Due to reduced demand for goods and services, companies must look at ways to cut costs and operate more efficiently. When making decisions regarding the best locations to deploy human and financial capital, many key issues must be studied in detail to ensure a complete understanding of all factors which impact operating costs for the company over the long haul. In addition, companies need to understand project costs associated with moving jobs and equipment from one site to another.

What are the key factors that impact a company's long-term operating costs?

Please find below the most important issues our firm focuses on when leading a site selection process for a client.

- **Taxes:** Property, income, and sales tax rates and structure have a profound impact on a company's operating costs.
- **Regulations:** Permitting and code enforcement processes and timelines impact the efficiency of the company's operations.
- **Labor:** Labor (quality, availability and cost) has emerged as one of the top two site selection criteria with every client we work with on a project.
- **Infrastructure/Utilities:** Capacity, cost and availability are all key factors.
- **Real Estate:** Cost, availability, and location most impact a company's decision regarding where to hire people and invest capital.
- **Economic Development Incentives:** The various types of incentives must be thoroughly understood in order for a good decision to be made. Incentive types may include refundable versus non-refundable, cash for acquisition of real estate and/or equipment, and cost avoidance incentives (e.g. waiver of fees, reduction/elimination of taxes, or infrastructure improvements).

While there are certainly other factors evaluated by companies prior to making a site selection decision, these six are typically the most critical. Other factors come into play depending on the industry sector and the culture of the company. In the area of economic development incentives, governmental entities are looking to be more creative and aggressive than one would see in normal economic times.

How can companies leverage the current environment to help lower project and on-going operating costs?

Listed below are the key issues company

leaders need to understand regarding their projects in order to benefit from economic development incentives.

- Make-up of their company's proposed capital investment.
- Company's corporate tax structure.
- Five factors that most impact annual operating costs.
- Workforce requirements.
- The "good, bad and ugly" of operating history in the community and state.
- Timing of key milestones associated with the project.

With an understanding of the key issues impacting project and operating costs, company decision makers can make the best choice possible regarding where to locate and how to structure a package of meaningful economic development. If your company is contemplating a consolidation project, make sure you understand your needs, the scope of the project and the opportunities that exist in different markets. With a good game plan and trusted advisors helping you, your company will be well-positioned for a successful and beneficial consolidation.

2010 Summer Conference

Blue Chip Casino Hotel
Michigan City

Click here to Book a Room - Group Code GIE0616

Bring your family and enjoy everything La Porte County has to offer!

Some events: beach party themed dinner sponsored by the La Porte County Economic Development Alliance featuring South Shore microbrews and Anderson wines; golf outing at Pottawattomie Country Club (click here for more information) and Lake Michigan charter boat fishing; and tours to various destinations around the county including the Red Tractor Roundup, Rag Tops Museum, Lighthouse Place Outlet, Lighthouse Museum and La Porte County Museum. The conference attendees and their families will experience the excellent quality of life the County has to offer.

About the Author

Larry Gigerich serves as Managing Director of Ginovus. Ginovus is a leading provider of national site selection, public policy development, community comparative analysis and economic development incentive procurement & management services to private sector, educational, governmental and not-for-profit organizations throughout North America. Ginovus is headquartered in Indianapolis, Indiana.



Editorial

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areas of their business.

Small businesses will need to evaluate the cost benefit for new energy sources, best practices in manufacturing and their supply chains. Sustainability will be a value-add only if it makes good business sense. Consumers are also more conscious to green practices. Wal-Mart is dedicated to reducing its carbon footprint nationally and gives priority purchasing for its stores to suppliers who use green practices in their process. Being part of the future of sustainability in operations is what Wal-mart's customers want, and they have the leverage to dictate the principle to the suppliers. Since it is not a customer a company wants to lose.

Through the Energy System Network, the Indianapolis market will be part of "project Plug In", a pilot partnership for the infrastructure for the electric vehicle. There are 2 new manufacturers coming to Indiana with the goal of building a new generation of personal transportation on this platform. These vehicles are getting ready to come to market and the new technologies are on the rise.

To be frank, sustainability is not going to go away and be lost in an argument of some random emails from a couple of engineers surrounding global warming. It is here and communities that are setting the stage and embracing the perception and value of these business and government practices will be positioned to attract new business. This does not only mean those directly in the field of renewable energy, new generation transportation or even recycling, but companies that are determined to be in an environment that is part of the movement and position them well with the global marketplace.

Europe currently has a carbon credit market, focus on renewable energy and is leading the world on green development. If the world is the market, it makes sense to initiate business practices that serve the customer base.

This does not mean that our businesses jump on board and spend money to be attractive to potential and current customers just to be part of it. What we need to do is be aware of the impacts, use the emerging industries to our advantage and look for appropriate ways to be engaged.

One last example, at an international commercial real estate conference I had attended, I was surprised that the head of the largest commercial brokerage firms in the world encouraged its brokers to direct clients to markets that have embraced sustainability as a guiding principle. This was 2006. We need to keep the door open, continue to provide resources and opportunities to new markets and begin to catch up with the global economy. It is challenge and an opportunity for us all.

Recent Indiana Court of Appeals Annexation Decision

By Sue Beesley

As municipalities struggle to do more with less resulting from the property tax caps and hard economic times, many are looking at annexation as a means to increase their assessed valuation. Annexation is also an important economic development tool for municipalities trying to control their own destiny.

Legislative and judicial activity in the area of annexation is important to economic development professionals for that reason. While the General Assembly has not addressed this very sensitive topic for at least a year, the courts have stepped in to fill that void of attention. In a recent opinion, the Indiana Court of Appeals affirmed that involuntary annexation ordinances can only include parcels that touch one another. *Town of Dyer v. Town of St. John*, No. 45A03-0908-CV-360 (Jan. 20, 2010).

In 2008, the Town of Dyer introduced an ordinance to annex three parcels of land into the corporate boundaries of the Town of Dyer. All of the parcels adjoined the Town of Dyer, but they did not adjoin each other. The Town of Dyer did not act on the ordinance and several months later, the owners of these parcels petitioned another town, the Town of St. John, for annexation. The Town of St. John subsequently adopted two ordinances annexing this land. The Town of Dyer attempted to prevent the Town of St. John's annexation by filing for a declaratory judgment and an injunction, but the trial court dismissed the complaint. The Court of Appeals of Indiana upheld the action of the trial court and found that the ordinance of the Town of Dyer was invalid.

"Contiguous" is defined by statute in I.C. 36-4-3-1.5 as follows:

For purposes of this chapter, territory sought to be annexed may be considered "contiguous" only if at least one-eighth (1/8) of the aggregate

(Annexation continues on page 5.)

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Welcome IEDA New Members

Since January 2010

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Rising Sun, IN

Chris Stidham
Portage Economic Development Corporation
Portage, IN

Annexation

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external boundaries of the territory coincides with the boundaries of the annexing municipality. In determining if a territory is contiguous, a strip of land less than one hundred fifty (150) feet wide which connects the annexing municipality to the territory is not considered a part of the boundaries of either the municipality or the territory.

Clearly, this definition contains nothing stating that parcels must be contiguous with each other. However, the Court of Appeals of Indiana found the statute's definition of "contiguous" was ambiguous regarding whether land sought to be annexed by a single ordinance must form a single, uniform body. The Court resolved that ambiguity by ruling that the statute does not allow parcels to be annexed in a single ordinance when the parcels do not adjoin each other.

One reason for the Court's interpretation was the notion that non-contiguous parcels might have variations in topography, land use, population densities, etc. requiring the provision of differing services as a result of the annexation. The Court went further to say that if the legislature disagreed with this interpretation, it would have drafted a new definition - and, perhaps, some day it will.

About the Author:

Sue Beesley is a partner at the law firm of Bingham McHale LLP practicing in the areas of municipal law, public finance and economic development.



Did you miss the Spring Conference?

Camp Atterbury Tour

