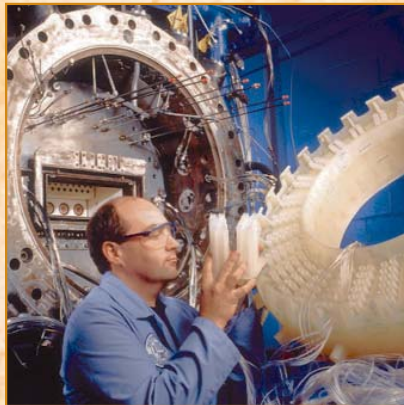


North Carolina's Southeast Commission



NORTH CAROLINA'S
SOUTHEAST™

A N N U A L R E P O R T
2006-07

New Jobs and Investment: The Measure of Our Success



Little is easy about economic development in today's hyper-competitive economy. But one part of our work is simple: measuring results. Our efforts either translate into new jobs and investment dollars for our communities—or not.

In the past year, North Carolina's Southeast continued to see strong and quantifiable evidence of economic advancement across the region, with project activity at exciting levels and impressive levels of job creation and capital investment arriving in their wake. Among the highlights of the past year:

Two successful projects in Sampson County: Aludisc, a Venezuelan metalworking company establishing its first U.S. production site, and Trussway, a Texas company whose arrival helps sustain the strong momentum in our building-products cluster. Tredegar Industries, the onetime American ironworks legend, has embarked on plans in Robeson County for a non-woven fabric plant, an \$8 million initiative that boosts the region's advanced textile cluster.

Important distribution and marine trades announcements in Brunswick County include the arrival of Moulding & Millwork, which is bringing 40 new logistics jobs in a move that leverages close proximity to the Port of Wilmington. The arrival of two new consumer foods names in Bladen County—Birdsong Peanuts and Sue Bee Honey, which are making a combined investment of nearly \$9 million in the region's capital intensive agri-industrial cluster.

As they are each year, these successes were the result of teamwork, with the Commission's dedicated staff working closely with a talented array of state and local economic developers and allies both public and private. Our success continues to be a function of collaboration, and we are most grateful for the technical expertise, advocacy and energy offered by these committed professionals from across our region.

Another group is also key to our mission: the North Carolina General Assembly, which showed keen vision in establishing the Commission 14 years ago, and whose continued leadership is key to our hopes for making Southeastern North Carolina's economy all that it can and must be in the 21st Century. Our deepest thanks go out to our legislative allies for their guidance and leadership!

Sincerely,

Jane W. Smith, Chairman
North Carolina's Southeast Commission

NCSE MISSION

“To aggressively market the eleven counties of North Carolina's Southeast as the ideal destination for globally-oriented businesses interested in expanding or relocating all or part of their operations. Added to this mission is a long-term goal to diversify the region's economy in order to recruit better jobs for our people and build a stronger tax base for our communities.

Simply stated, our role is to generate leads that will consider Southeastern NC as a viable business destination, thereby creating opportunities for local developers to showcase their communities and close the deal.”

Port improvements continue to boost region's global posture



New cranes arriving at NC Port at Wilmington

THE INTEGRATION OF Southeastern North Carolina's business community with the global economy is closely linked to foreign trade activity in and around the Port of Wilmington, and the economic potential of ongoing port upgrades is significant. “The additional capacity we're going to have will catapult Wilmington into one of the top East Coast U.S. ports,” said Jimmy Yokeley, director of distribution services at the N.C. Ports Authority.

Efforts to build the North Carolina International Port (NCIP) in Brunswick County continue to gain momentum. The initiative, announced in early 2006, offers Southeastern North Carolina an enviable platform from which to engage in global commerce. Sitting just three miles from the Atlantic Ocean, the facility will be served by a channel that is at least 50-foot deep and possess enough berth space to accommodate an annual thru-put of more than three million containers. “Plans for the NCIP are progressing well,” Yokeley said.

Immediate upgrades are now operational at the Port of Wilmington as part of a five-year, \$143 million expansion plan. February witnessed the arrival of four “post-Panamax” cranes from China. The massive new cranes can load 18 containers across a ship; the older generation of cranes could handle no more than 13. Having more shipping companies will provide access to more global markets for North Carolina business and industry

From the desk of Don Porter, Chairman Technical Advisory Group (TAG)

VARIETY IS THE spice of life— especially when you consider all that goes in to marketing Southeastern North Carolina as an ideal destination for success-minded companies. Effective promotion of our region requires a creative mix of technical, personal and financial tools. We complement an ambitious schedule of face-to-face call missions, special events and trade show attendance with crisply-designed marketing literature, a cutting-edge presence on the Internet and carefully-targeted direct mail campaigns. With such a diverse array of tools, technique and tactics at our disposal, our outreach efforts can easily and effectively pursue opportunities across our diverse communities and list of target industry clusters.

In the past year, we've added to our arsenal of both high- and low-tech marketing resources. Our attractive new general marketing brochure highlights human, physical and intellectual assets that both domestic and international companies should find appealing. We continue to make improvements to our information-rich presence on the Web, which remains the only economic development website that we know of – anywhere – that offers virtual tours of available sites and buildings. Our technology team also has done yeoman's work in ensuring our Website is highly placed among the top Internet search engines.

Financial resources are, as ever, a pivotal part of the site selection process. Through North Carolina's Southeast Partnership, the Commission's private fundraising arm, we've been able to apply flexible monetary assistance to key projects at key moments. We continue to benefit from and greatly appreciate the generosity of our private allies who make those grants possible.

Marketing Activities

NORTH CAROLINA'S Southeast implemented and attended the following marketing initiatives during the past year to meet and network with companies, consultants, and brokers nationally and internationally. These events are not chosen arbitrarily, but are aligned with the industry clusters that North Carolina's Southeast targets for the region.

- International Woodworking Furnishings and Suppliers Trade Show (IWFS) (Industry Sector – Building Products)
- Automotive Aftermarket Parts Expo (AAPEX) (Industry Sector – Automotive)
- Fabrication Technology Trade Show (FABTECH) (Industry Sector – Metalworking)
- Retail Industry Leaders Association Conference (RILA) (Industry Sector – Logistics & Distribution)
- International Builders Show (IBS) (Industry Sector – Building Products)
- Nonwovens/Advanced Textiles Trade Show (IDEA) (Industry Sector – Nonwovens Textiles)
- Two Industry Recruiting Missions to Midwest
- Industry Recruiting Mission to Florida
- Industry Recruiting Mission to Northeast
- Presentations to industrial brokers in Charlotte and Raleigh regions
- National direct mail campaigns to building products and marine industries

Counties represented

- Bladen • Brunswick • Columbus
- Cumberland • Hoke • New Hanover
- Pender • Richmond • Robeson
- Sampson • Scotland



Population	1,058,558 (2007 estimate)
Population growth since 2000	9.1%
Laborforce	482,179*
Employed	457,009*
Unemployment rate	5.2%*

*as of May 2007

Sources: North Carolina State Data Center; N.C. Employment Security Commission

Targeted Industry Sectors

SEVERAL YEARS AGO, the North Carolina General Assembly directed the seven regional partnerships to develop vision plans to enhance the existing industry clusters in each region. Resulting studies reflected groups of industries that are predominant in the regions and include companies that are manufacturers, distributors, and suppliers. North Carolina's Southeast has updated its study twice to better understand what industries are a good fit in the region. The following industry clusters have been identified in the region and are the targeted industry sectors that our organization pursues for the region.

Advanced and Technical Textiles – this primarily includes nonwoven and high tech textiles. Types of products include wipes, synthetic fibers, and polymers. This industry sector fits well with the history and tradition that once existed here with the traditional textile industry.

Boat Building and Marine Trades – this includes boat and boat parts manufacturing.

Logistics and Distribution Operations – this includes retail based distribution centers and third-party owned distribution centers. The North Carolina Port at Wilmington, interstate highways in the region, and mid-Atlantic location are excellent assets for this industry sector.

Building Products – this includes manufacturing and distribution operations for all sorts of building materials, including trusses, bricks, lumber, flooring, cement, etc.

Agri-Industries and Consumer Foods – this includes food processing, such as soups, meats, honey, etc. It also includes the growing interest in bio-fuels manufacturing. The agricultural base in the region is a great asset for this industry sector.

Metalworking – this includes companies that make products that include metal parts, such as sheet metal, escalators, and storage systems.



Boat Builders and Marine Parts Manufacturers are one of North Carolina's Southeast's Targeted Industries

2006-07 Projects:

How N.C. Southeast supports new jobs and investment

Company	Industry Segment	County	Job Creation	Investment	NCSE Role
Trussway	Building Products	Sampson	60	\$1,000,000	Generated Lead
Aludisc	Metalworking	Sampson	70	\$3,300,000	Generated Lead
Tredegear	Nonwoven Textiles	Robeson	77	\$7,650,000	Generated Lead
Moulding & Millwork	Building Products	Brunswick	40	\$5,000,000	Generated Lead
West Marine	Metalworking	Brunswick	20	\$3,500,000	Generated Lead
Birdsong Peanut Corp.	Food Processing	Bladen	6	\$5,500,000	Generated Lead
Sue Bee Honey	Food Processing	Bladen	6	\$3,000,000	Generated Lead
Lee's Tackle	Marine Parts	Pender	50	\$3,000,000	Generated Lead
Total			329	\$31,950,000	

Rail survey points to strong transportation assets

RAIL ACCESS remains a “must-have” for a large number of site selection projects, especially those involving large manufacturing and distributions operations. As part of its ongoing efforts to inventory the region's strengths and weaknesses, North Carolina's Southeast Commission engaged Clark Adams, a longtime railroad industrial developer, to conduct a thorough analysis of rail assets across the Southeast.

The survey, which was presented at the annual planning meeting of the Commission's Technical Advisory Group (TAG) in early February, found that the region's 11 counties are home to a total of 350 miles of active railroads. “Southeastern North Carolina is well served by rail,” said Adams, a Richmond, Va.-based consultant formerly with the industrial development staff of CSX Transportation.

Adams' survey also highlighted a unique transportation asset for the region: the intersection of major east-west and north-south rail lines near Pembroke that is only minutes from where I-95 will cross I-74 in Lumberton. The close proximity of both rail and Interstate junctions appeals to industries that are sensitive to supply-chain disruptions that may occur due to natural or man-made events, Adams explained. “That kind of redundancy is unique, and it's what logistics planners look for in today's uncertain world,” he said.

How Does NC's Southeast find companies?

Our primary mission is to generate leads of industries and companies and to encourage them to consider locating in the southeast region. The past year was very strong for quality companies visiting the region. This is a highly competitive process that takes various forms. Leads were generated by the following methods.

Total qualified industry leads	74
Internet	26
Allies	9
Call-in	2
Realtor/Consultant	7
Trade Show	25
Direct Mail	3
Other	2

Of these leads, the following occurred with recommendations and visits to the region:

Project Recommendations:	65
Bldg/Site Recommendations:	179
Individual Client Visits:	37
New Company Locations:	8

New brochure showcases region's readiness for international commerce

The movement of U.S. manufacturing operations to low-wage nations in the developing world caused widespread economic dislocation to many Southeastern North Carolina communities. But rather than cursing the darkness that comes with globalization, the region has instead chosen to light a match.

A new general marketing brochure highlights the Southeast's transformation into a strategically positioned destination for internationally-minded companies. The three-fold brochure focuses on the region's strong multi-modal transportation systems, including improvements at the Port of Wilmington and plans for the North Carolina International Port at Southport, along with educational and workforce programs that can help companies here connect with international business opportunities. The document is designed to complement the series of customized printed materials the Commission had earlier produced to fit each of its target clusters.

NCSE partners with Ports, Private Investors on Distribution Center Strategy

THE VORACIOUS APPETITE American consumers have for foreign-made goods has led many top retailers to site their distribution operations in Southeastern North Carolina. Affordable land, excellent highways and the relative ease with which cargo can move through the Port of Wilmington account for much of their interest. The only impediment to even more success is the absence of quality, ready-to-go distribution space. That challenge, however, is being resolved through an innovative partnership among the N.C. Ports Authority, North Carolina's Southeast, and local counties. The group has identified areas that would be ideally suited for large scale distribution center operations.

The availability of high-quality warehousing space will enable companies to ramp-up distribution operations in Greater Wilmington more quickly. But with construction costs at lofty levels, private investors are forging partnerships with economic developers to ensure the greatest likelihood of success. New spec space will grow the Southeast's distribution and logistics industry-cluster and mean new customers for the Ports, too. "North Carolina's Southeast Commission has become an important working partner with the Ports on this strategy and others," explained Jimmy Yokeley, director of distribution services at the N.C. Ports Authority. "We have a lot of common goals in place."

WHAT EXPERTS SAY

"North Carolina's Southeast region has the most focused scope of work—on the recruitment of manufacturing jobs. It has a very clearly specified and executed program of promotion, information packaging, and deal-closing money. Although some would say it is hard to attribute jobs and investment to partnership actions, this partnership collects written letters from clients stating the specific contribution that N.C.'s Southeast made."

Michael I. Luger, PhD, and Leslie Stewart
Frank Hawkins Kenan Institute for Private Enterprise

***Improving North Carolina's Economic Development Delivery System:
A Report to the North Carolina General Assembly, March 2003***

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Local developers, allies and staff at 2007 planning meeting.



North Carolina's Southeast Commission

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