

A REPORT ON THE CAMPAIGN FOR A GREATER BATON ROUGE

CATALYST

THIRD QUARTER 2006



SEARCH FOR: JOBS >>>

INSIDE: BRAC's plan to increase the number of high-paying jobs in the Baton Rouge area

Lessons From Raleigh

Why our future is tied to LSU and Pennington

And More...

Project wins, Ascension on the move, BRAC's take on public education

cat-a-lyst (kat'l ist) n. —

1. Something that initiates or causes an important event to happen
2. A person or thing that precipitates an event or change
3. See also energy, momentum, trailblazer, Baton Rouge Area Chamber

WHAT'S INSIDE

{FEATURE ARTICLE}

Job Hunting
PAGE 13

- 02** **How Do We Stack Up?**
BRAC completes insightful research series on public education in the Baton Rouge area.
- 04** **Our Economy: Update & Outlook**
Strong economic growth continues.
- 08** **Our Progress: Measuring Our Success**
A report on BRAC's activities in Q3.
- 13** **Feature Article: Job Hunting**
BRAC targets five growth sectors for the Capital Region.
- 18** **Lessons from the Research Triangle**
What we learned at the 2006 Canvas Workshop in Raleigh-Durham, North Carolina.
- 20** **Ascension On the Move**
A look inside the AEDC—the new economic engine for Ascension Parish.
- 21** **Economic Development Investors**
Leading organizations funding *The Campaign for a Greater Baton Rouge*.



From the Desk of Stephen Moret

As we begin the final quarter of 2006, the Baton Rouge area economy – and the Baton Rouge Area Chamber – remain in high gear.

Our region appears to be emerging as the economic and political center of Louisiana, and we are beginning to act like it. In this issue, we highlight the economic development progress made possible by leading organizations funding *The Campaign for a Greater Baton Rouge*.

BRAC's list of project wins continues to grow, and we recently completed a target industry plan to accelerate our business recruitment efforts. Our leadership position in the public-policy arena is increasing in importance, evidenced by the ground-breaking research we recently completed on public education in the Capital Region, including a comprehensive agenda for reform.

The recent Canvas Workshop trip to the Raleigh-Durham region yielded a number of important insights. Yet the success of the Raleigh & Durham economy can be reduced to one simple formula: make large, sustained investments in higher education and R&D infrastructure, and thousands of high-paying jobs will result. Our future economic prosperity will depend on our commitment to accelerate investments in LSU and the Pennington Biomedical Research Center.

In this issue, we also highlight the remarkable progress of the Ascension Economic Development Corporation (AEDC), the new economic development agency for Ascension Parish. Under the leadership of President/CEO Tommy Kurtz, the AEDC is off to a fast start and has become one of BRAC's top economic development partners in the region.

Although our regional economy is robust as we enter Q4, we continue to face challenges associated with labor scarcity and increased construction costs, each of which is likely to get worse before it gets better. BRAC is working hard to position our region for economic success long after the current market fluctuations associated with Hurricanes Katrina and Rita have subsided.

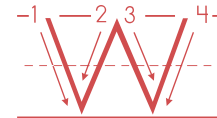
Thank you for your support of our important work!

Best regards,

Stephen Moret
President and CEO
Baton Rouge Area Chamber

How Do We Stack Up?

BRAC Completes Five-Part Research Series on Public Education



With support from *The Campaign for a Greater Baton Rouge*, BRAC recently completed the first-ever comprehensive study of the 11 public school districts in the Baton Rouge area: Ascension, Baker, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, West Baton Rouge, West Feliciana, and Zachary. Our public school districts are markedly different in many respects, including size, demographic makeup, student achievement, and district performance. Nevertheless, our districts share a common challenge of profound importance: closing the achievement gap between at-risk students and their higher-income counterparts. As such, while the Capital Region includes many of the highest and lowest ranked districts in the state, no district appears to be performing particularly well once differences in at-risk student populations are taken into account. Across the Baton Rouge area, 40 percent of students fail to demonstrate basic skills in reading, writing, and mathematics, including one in four students in our top ranked districts.

In addition, our school districts generally lag behind their counterparts in other selected regions across the southern U.S. in terms of student achievement. However, public schools in the Baton Rouge area also serve a considerably larger proportion of at-risk students than those in peer regions, especially those with relatively strong economic growth such as Austin, Nashville, and Raleigh. As with individual districts within our area, the Capital Region as a whole appears to be performing roughly in line with the general trend based on variation in at-risk student populations. Nevertheless, our weak standing relative to other regions negatively impacts the decisions of companies and individuals on whether to relocate to our area, start or expand businesses, and employ local workers.

Student achievement is impacted by a number of factors that schools directly control (“in-school factors”) and other issues that are traditionally considered outside the direct purview of schools (“non-school factors”). With

the exception of the condition of school facilities, our school districts appear to compare fairly well to their counterparts in other regions on most in-school factors such as teacher quality and class size. Unfortunately, our region’s relatively high poverty levels suggest that we compare poorly on most non-school factors such as parental involvement and residential mobility (i.e., frequency of moves). Given that young people typically spend only 13 percent of their waking hours in school from birth through age 18, it will take a broad-based approach—addressing both in-school and non-school factors—for our public schools to achieve nationally competitive results.

Views on the performance of public schools vary widely from district to district in the Capital Region.

Given that young people typically spend only 13 percent of their waking hours in school from birth through age 18, it will take a broad-based approach—addressing both in-school and non-school factors—for our public schools to achieve nationally competitive results.

In fact, public perceptions correlate remarkably closely with the district performance scores determined each year by Louisiana’s school accountability system. Furthermore, public opinions are closely linked to voter preferences, with greater interest in electing new school board members in lower-rated districts. Finally, citizens across the Capital Region seem to understand that both in-school and non-school factors have a profound influence on student achievement, encouraging a broad-based approach to school reform.

Basic reform principles and initiatives, if passionately and rigorously implemented, could result in significant improvements in student achievement. Accordingly, BRAC has identified 28 practical, research-based initiatives for improving student achievement (with estimates of cost and impact), offering a menu of ideas for making our public school systems stronger and more effective. Maximizing student achievement in the Baton Rouge area means that we must become a Learning Community—a place where formal and informal education are widely embraced, where workers seek and prepare for knowledge-based jobs, and where lifelong learning is a common pursuit of our culture. Our future economic prosperity will depend on how successful we are at continuing and accelerating our efforts to improve public education throughout the Baton Rouge area. ✨

Full research series available on the Web at www.brac.org.

UPDATE & OUTLOOK

ON THE BATON ROUGE AREA ECONOMY

Over the past year, the Baton Rouge area has cultivated an economic setting for growth with new residents moving in, growing state and local revenues, and plenty of rebuild and recovery work. New business ventures that were tentative after the 2005 hurricane season have begun to take advantage of federal incentives associated with the Gulf Opportunity Zone. An examination of the economy's vital signs suggests healthy growth in the next two to three quarters with persistent demand for workers in growing industries.

Low unemployment, significant residential building, and strong consumer spending signal a healthy, growing economy

Baton Rouge area job counts began to exhibit a more traditional seasonal trend in the third quarter. The economy sustained 16,900 new jobs over pre-Katrina levels in September. At the same time, the number of unemployed has dropped to unusually low levels, resting at 11,815 or 3.4% of the workforce by the end of the third quarter 2006. The growth in payrolls and reduction in unemployed workers shows a tightening of the regional labor market. With a high current and expected demand for labor, wages for much-needed positions (construction, skilled trade workers) will remain above pre-Katrina levels until the labor market stabilizes.

Higher wages, a growing population, and recovery work have boosted regional spending since the 2005 hurricane season. Total regional sales were \$3.5 billion in the second quarter 2006—60 percent in East Baton Rouge, 15 percent in Ascension, 9 percent in Livingston, and 16 percent cumulatively in the region's six other parishes. Though sales fluctuate from month to month, quarterly sales figures have increased steadily since the 2005 hurricane season through the second quarter 2006 from \$900 million to \$1.1 billion. While sales may lull in the third quarter, they should regain strength as the holiday season approaches.

As new families move into the region, regional spending and sales tax collections will continue to grow. Third quarter residential permitting for new single and multi-family homes shows a sustained, active level of new home building has added over 1,300 single-family units per quarter and over 100 multi-family units per quarter since the third quarter of last year (2005 hurricane season). New units permitted in the third quarter 2006 included 1,354 single-family units and 157 multi-family units.

Falling energy prices reduce consumer costs and boost chemical industry competitiveness

Consumers of retail gasoline saw prices fall below \$2.30 per gallon at East Baton Rouge Parish stations in early October, a notable decrease due to downward trends in energy prices. At the end of the third quarter 2006, WTI crude oil spot prices stood at \$62 per barrel, down from over \$75 per barrel in early August. Similarly, Henry Hub natural gas spot prices fell to an average \$6 per MMBtu during the third quarter 2006, down from an average \$12 per MMBtu in the first quarter 2006. Lower natural gas prices mean cost reductions for local chemical manufacturers and an improved ability to compete globally.

Although falling oil and gas prices have caused some concern over state government oil and gas activity revenue, a large expected state budget surplus is helping

to alleviate that concern. The state's Commissioner of Administration recently reported to the Louisiana Legislative Fiscal Office an expected \$827 million state budget surplus. Most of the extra funding trickled down from federal sources in recovery spending; however, higher-than-expected sales and income tax dollars and early-year streams from oil and gas revenues all played a part in the formation of Louisiana's budget lagniappe. The Blanco administration has recommended dedicating a substantial portion of the surplus to the debt of state-run, insurer-of-last-resort Louisiana Citizen's Property Insurance Corporation, which borrowed \$1.3 billion to pay hurricane-related claims this year.

Recently announced and ongoing builds continue the development of regional highways, condominium housing, and single family residences

Spotlight on regional highway development—West Feliciana, Pointe Coupee Parishes

Planning officials in the Capital Region reported that daily traffic counts in the city were averaging 20% above pre-Katrina levels this August. Since then, traffic has appeared to ease slightly in the city center which was often gridlocked one year ago. Nevertheless, the growing Baton Rouge area has moved forward with plans to improve travel throughout the region. State officials broke ground on May 11 in New Roads on the longest cable-stayed bridge in North America—the 2.4 mile, four-lane John James Audubon Bridge. The \$406 million project also includes connecting the Mississippi River crossing to major state and national highways including LA1, LA10, LA981 (River Road), and US61 (Scenic Highway). The new bridge will serve as the only river crossing by road between Natchez and Baton Rouge. A project which widens US61 from the Mississippi state line to Thompson Creek in West Feliciana continues a \$108 million state effort to widen the highway from Mississippi to the Baton Rouge city center. The project's third of four phases is under construction, and the final phase is expected to begin construction in early 2007.

Spotlight on condominium development—East Baton Rouge Parish

East Baton Rouge Parish building permit requests rose most notably in the multi-family residential category

in the second and third quarters of 2006. A handful of projects in various phases have appeared near LSU's campus, targeting students and game-day enthusiasts alike. Over 650 multi-family units have been added or should be added within the next four quarters due to recent projects including University House at Highland, The Venue North Gate, Southgate Suites, The Blox at Brightside, Arlington Townhomes, Bengal Apartments, Fieldhouse Gameday Condos, Red Stick Lofts, and Crescent University Condominiums.

Spotlight on neighborhood development—Livingston Parish

August 2006 home sales increased 49% in Livingston, 44% in Ascension, and 28% in East Baton Rouge from August 2005. For the region, sales were up 32% in volume and 54% in overall value for the same period. Ascension Parish inventories, however, have been slightly larger than those in Livingston with active September listings of 606 and 458 respectively. The high activity and relatively low inventory has inspired recent development in Livingston Parish.

Trends in single-family neighborhood development show that developers have already moved in to create new inventory in Livingston. Greystone Country Club has already planned 440 homes in the first four filings of the new neighborhood, with 25 homes under construction in the third quarter. Renaissance Development Group will eventually add 1,000 units in two neighborhood developments—Whispering Springs and Juban Parc—projects now in infrastructure development and planning phases. Also present is national home builder D.R. Horton, who listed mid-priced home builds in eight neighborhoods throughout the parish at the end of September.

Conclusion

The Baton Rouge area should continue to see a healthy rate of job growth as major regional investment sets the pace for job creation, increased income, lower unemployment, and more lifestyle options through expanded retail and housing availability. Energy prices have softened, boosting the petrochemical industry's competitiveness and freeing consumer dollars for other purposes. Though industry will expand in the traditional manufacturing sectors, new types of businesses are also joining the region including high-end hotels, film production studios, and retail centers. Indicators of local economic health suggest that in the absence of any unanticipated events, the region will continue to experience healthy growth for at least the next few quarters.

Economic Indicators ⇨⇨

Baton Rouge Area Projects Approved for Gulf Opportunity Zone Bond Funding

II City Plaza, \$60 million

Downtown Baton Rouge, East Baton Rouge Parish

- New 14-story downtown high-rise with 270,000 sq. ft. of new Class A commercial space, retail, and parking
- Received zoning permit from City-Parish, currently in lease negotiations

Bluebonnet Hotel Ventures, \$50 million

Bluebonnet Boulevard, East Baton Rouge Parish

- Full-service, four-star hotel
- 13 floors, 300 rooms
- 300 construction jobs and 240 permanent jobs

Carter Plantation Hotel, \$15 million

Near town of Springfield, Livingston Parish

- Details not yet released

Celtic Media Centre, \$60 million

Near I-12 and Airline, East Baton Rouge Parish

- New 310,000 sq. ft. movie and sound production studio
- 847 permanent jobs
- Post-production facility to finish in April 2007 and sound stage construction will continue over two years

Chef John Folse Project, \$9 million

Donaldsonville Industrial Park, Ascension Parish

- Facility expansion (45,000 sq. ft.) for gourmet food manufacturing and research
- 25 permanent jobs
- Currently doing engineering design for facility

Duplessis Automotive, \$15 million

Multiple locations, Ascension/EBR Parishes

- Relocation of Pontiac/Buick/GMC from Gonzales to new facility in Prairieville and Cadillac/Volvo expansion in EBR Parish
- 40 new permanent jobs
- Under construction until September 2007

International Matex Tank, \$165 million

Highway 30 and River Road, Ascension Parish

- New facility to receive, store, and ship chemical-plant products
- 450 construction jobs and 85 permanent jobs
- Groundbreaking in early Oct., in full service by Dec. 2007

Pipeline Technology VI, \$175 million

Iberville Parish

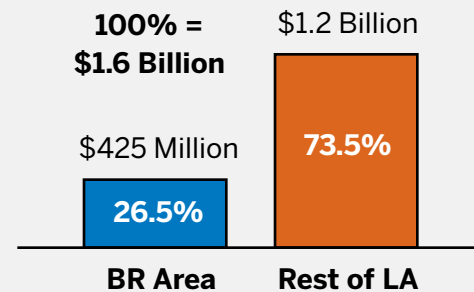
- 22-mile carbon steel benzene pipeline from Dow Chemical plant in Plaquemine to Total Petrochemicals USA in Carville
- 200 construction jobs
- In design phase, planned completion in 2007

Southgate Suites, \$35 million

Nicholson Drive, East Baton Rouge Parish

- Adds 120-room International Staybridge Suites hotel, retail, and condos to Southgate Towers development
- Planned construction starts in the next 2 quarters and should finish by 2008

Louisiana Gulf Opportunity Zone Bond Funding in Preliminary or Final Approval*



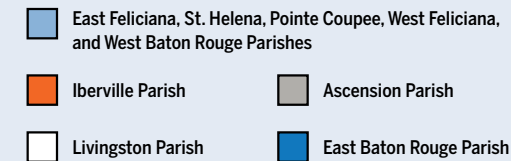
* Funds allocated as of September State Bond Commission meeting
Source: Louisiana Department of Treasury; BRAC analysis

Contributors

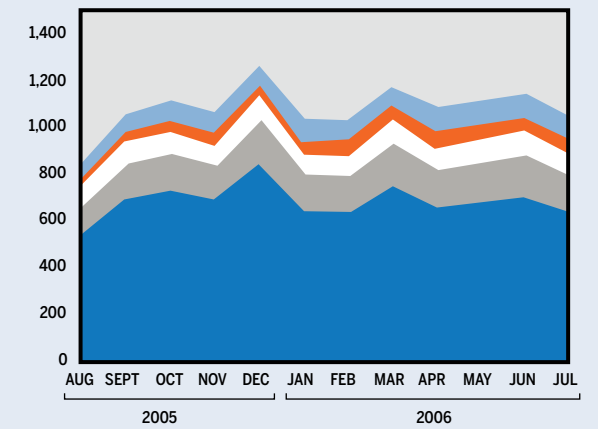
Jerry Campbell, *The Advocate*
Lance D'Armond, Gerry Lane Buick GMC
Ken Damann, Greater Baton Rouge Association of REALTORS®
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Marianne Frazee, Frazee Recruiting
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Dr. Loren Scott, Loren C. Scott and Associates
Karen St. Cyr, Port of Greater Baton Rouge
Steve Thomas, Baton Rouge City-Parish Revenue Division

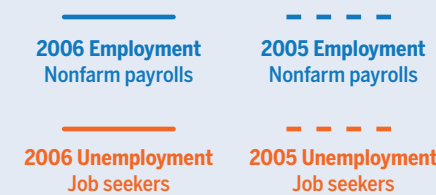
Baton Rouge Area Regional Spending (\$ Millions)



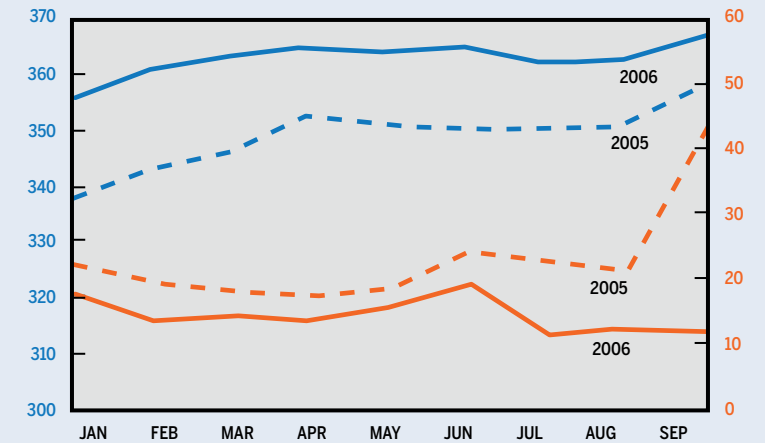
Source: Local tax offices; BRAC analysis



Baton Rouge Area Employment and Unemployment* (Thousands)



* Includes preliminary estimates for some months.
Source: Louisiana Department of Labor



Economic Vital Signs

Strong Stable or Mixed Negative

Indicator	Outlook	Latest Statistics	Trend
Jobs	Strong	Nonfarm payrolls, Sept. 06: 366,400 Unemployed, Sept. 06: 11,815	• Unemployed (11,815) well below 3-year average (20,000) • Average number of jobs in Q3 2006 is 3.2% higher than in Q3 2005
Unemployment Insurance Claims*	Strong	Initial claims, Q3: 452 Weeks claimed, Q3: 3,869	• Initial claims down 80% and weeks claimed down 53.5% from Q3 2005 • Note: claims jumped significantly in Q3 2005 after major hurricanes
Residential Building Permits	Strong	Single-family, Q3: 1,354 Multi-family, Q3: 157	• Single-family unit permitting remained 1,300 units per quarter in Q3 2006 (peaked in Q3 2005 at 1,442 units) • Many multi-family units are building
Regional Spending	Strong	Sales tax collected, July 06: \$32.8 MM Total sales, July 06: \$1.06 B	• Year-to-date sales through July remain 20% higher than the same period 2005
Local HQ Stock Performance	Strong	Avg. year-on-year price change September 30 close: up 5.1%	• Amedisys (+1.7%); Lamar (+17.8%); Shaw (-4.1%)
Energy Costs	Stable or Mixed	WTI crude oil spot, Q3 avg. \$70.50/barrel Henry Hub natural gas, Q3 avg.: \$6.12/MMBtu	• Crude oil spots have recently fallen, but remain well above Q3 2005 levels • Quarterly natural spot price averages have fallen an average of \$6/barrel since Q4 2005
New Businesses**	Stable or Mixed	New businesses, Q3: 778 Births minus deaths, Q3: 88	• 88 more business births than deaths in Q3 2006, but new business additions slowed from July to Sept.

* Does not include initial and continued claims for Disaster Unemployment Assistance (DUA)
** Analysis for East Baton Rouge Parish new businesses only
Source: BRAC analysis

MEASURING OUR SUCCESS

The Campaign for a Greater Baton Rouge includes seven strategies that work together to drive economic development in the Baton Rouge area. Each issue of *Catalyst* features an update on our progress on each of these seven strategies as well as preview upcoming goals and activities.

1 RETAIN AND EXPAND EXISTING BUSINESSES

Recognizing that roughly 75% of future job growth in our area will come from existing businesses, BRAC is committed to a strong business retention and expansion program.

Steve Sparks, BRAC's Director of Business Retention and Expansion, has completed approximately 40 site visits with Baton Rouge area companies. He currently is engaged in three expansion projects that could result in more than \$10 million in capital investment in our regional community.

In the fourth quarter, input from Steve's site visits will be synthesized and converted into recommendations for initiatives to improve workforce development, transportation, infrastructure, and permitting processes.

2 ATTRACT NEW BUSINESSES TO OUR REGION

A fundamental function of any effective regional economic development program is to aggressively sell the region's assets to high-potential business prospects.

BRAC recently completed a Target Industry Plan, which outlines the industry sectors that will be the focus of our regional business recruitment efforts over the next three years. For more information about the plan, see our feature story on page 13.

At the end of Q3, we had 13 "Class A" prospects in the pipeline representing a potential for 3,316 jobs at an average wage of \$12.24 per hour, including potential capital investment of over \$1.2 billion. Our prospect total, including Classes A-C, has grown to 25.

In the coming months, BRAC will begin implementation of its Target Industry Plan. In addition, a new regional working group—the Capital Region Business Development Partners—will be formed to promote collaboration and communication among economic development professionals in our nine-parish region.



3 DEVELOP A NATIONAL MARKETING PROGRAM

It is essential that we market our region nationally and internationally to decision-makers involved with business relocations and expansions.

In July, we welcomed Mike Odom, previously the head of marketing for Casino Rouge, as our new SVP for Marketing & Operations. Mike brings a wealth of experience in marketing, communications, public relations, and brand management. Additionally, Lori Melancon, previously BRAC's Director of Special Projects, was promoted to Director of Communications and Special Projects. Together, Mike and Lori will work with BRAC's Business Development Group to market the assets of the Baton Rouge area to key decision makers across the country.

We also received delivery of our custom proposal binders that will be used to respond to requests for information from site consultants and company executives. The contents for the binders will be printed on demand, allowing BRAC's Business Development Group to present custom information in a timely manner with specifics on site options, workforce availability, and incentives.

In the coming months, we will launch our national direct-mail marketing program for business recruitment, including creative marketing pieces for selected companies in each of our targeted industry sectors. The pieces will be mailed strategically to allow for timely follow-up calls to the recipients. We will also expand advertising in trade publications of our target industry sectors and attend industry conferences.

Business Development Prospect Activity

Type	Project Count		Job Count (estimates)	
	Current Quarter	Change from Prior Quarter	Current Quarter	Change from Prior Quarter
2006 Project Wins (Year to Date)	3	+2	307	+277
Prospects				
Prospects: Class A	13	+1	3,316	+916
Prospects: Class B	5	+2	2,720	+2,100
Prospects: Class C	7	-1	n/a	n/a
Prospects: TOTAL	25	+2	6,036	+3,016

Prospect Classifications

Prospects: Class A—Prospect is actively engaged in dialogue with BRAC or the Capital Region has been specifically identified/selected to present sites through LED.

Prospects: Class B—Company/consultant has requested information on multiple states/regions; company identity is frequently unknown.

Prospects: Class C—Company has not requested any information, but based on tip/research, may represent a potential opportunity.



PROJECT WIN:

AMEDISYS 250+ New Jobs @ \$40,000+ Avg. • \$20+ Million Capital Investment

Amedisys, Inc. recently partnered with BRAC to secure a property-tax abatement to help finance its new corporate headquarters. The project, a renovation of the old Schwegmann's grocery store on Sherwood Forest Boulevard, restores an important site to meaningful use while creating the possibility for future corporate expansion.

"This new incentive, initiated by Metro Council Member Mike Walker and David Wood, BRAC's Executive Director of Business Development, is a win-win for all parties involved. It is exactly what we were looking for and helps us assure our investors that Baton Rouge is the right place for our corporate headquarters, which could be located anywhere."

– William F. Borne, Chairman and Chief Executive Officer of Amedisys, Inc.

PROJECT WIN:

YATEC 15+ jobs @ \$35,000-60,000

Yatec, a video-game development company, has begun operations in the Louisiana Technology Park after receiving tax credits and other funding made possible with assistance from BRAC. The company's expansion into the Baton Rouge market is being financed in part using Louisiana's new digital media tax credit program, Enterprise Zone incentives, and an on-the-job training grant from the Workforce Investment Board.

"The Baton Rouge Area Chamber not only sold us on Baton Rouge but they also helped us secure tax credits and grants to accelerate our new business launch."

– Dean Majoue, President of Yatec



4 CREATE A ROBUST BUSINESS INTELLIGENCE CAPABILITY

Site-selection consultants, real estate executives, and other business decision makers depend on BRAC to provide detailed, timely information about our regional economy.

We are in the process of completing our rapid response information presentations for each of our target industries. These presentations contain the answers to some of the most frequently asked questions by site selectors and company executives in requests for information (RFI). Because many RFIs require response in less than 24 hours, these presentations provide a critical head start in delivering comprehensive, timely information about the assets of the Baton Rouge area.

In order to effectively manage our growing prospect list and to keep our regional economic development partners informed, we have launched a web-based portal that provides password-protected access to key information on prospects. Project details are posted for review and our economic development colleagues can post comments. In addition to allowing us to share information across the region, this new communication tool also reinforces our collaborative approach.

In Q4, our Business Intelligence Group will perform a regional benchmarking analysis that will summarize the Baton Rouge area's position on various national rankings (e.g. *Forbes'* Best Places to Do Business, *Money Magazine's* Best Places to Live) and will make recommendations for improving our position in each ranking system.

5 CREATE A SPECIAL OPPORTUNITY FUND

The ability to react quickly and flexibly to economic development opportunities that arise—both to help existing businesses expand and to bring new businesses to the Baton Rouge area—is critical to the success of our efforts.

In the third quarter, we funded site development work in St. Helena and West Feliciana and partnered with the Livingston Economic Development Council (LEDC) to secure a purchase option on a site that was of great interest to a large industrial prospect. We also

6 CREATE A ROBUST PUBLIC POLICY CAPABILITY

At the same time BRAC is promoting the Baton Rouge area to businesses looking to relocate or expand, we are working with business and government leaders to address our area's weaknesses.

In July, we hired Meg Mahoney to be our first Director of Technology, Entrepreneurship, and Small Business. Meg brings to BRAC significant public policy, state government, and consulting experience, having worked extensively with the Governor's Office, LED, and LRA. Meg is working with local entrepreneurs, small business owners, and business incubator leaders to identify, lead, and execute strategies that foster economic development in the technology and small business communities.

After a long search, BRAC was excited to recruit Mary Beth Chevalier, previously the Southern Region Government Relations Advisor for ExxonMobil, to be SVP of Governmental Affairs. Mary Beth had worked in various governmental affairs, community outreach, and public relations roles for ExxonMobil for over 18 years. In her most recent position, she was responsible for managing legislative and governmental issues in Alabama, Arkansas, Louisiana, Kentucky, Mississippi, and Tennessee. Mary Beth will take leadership responsibility for BRAC's political advocacy efforts and for FuturePAC.

This July, we released our mass transit benchmarking analysis to the EBR Metro Council and Administration. The Metro Council leveraged our research in deciding to fund CATS' 2006 operating deficit. In addition, BRAC and EBR Mayor-President Kip Holden recommended that CATS pull its proposed 20-year, 8.5-mill, \$500MM property tax from the September 30th ballot, which the CATS board did in August. Going forward, BRAC will work with CATS and the EBR Mayor-President to design a new proposal for stabilizing – and potentially increasing – funding for mass transit.

In August, BRAC initiated its regional airport market and economic evaluation study with Booz Allen Hamilton, a premier global management consulting firm. The study, underwritten by the Baton Rouge

BRAC'S ECONOMIC DEVELOPMENT PARTNERS

- Ascension Economic Development Corporation
- Office of the Mayor-President, City of Baton Rouge/Parish of East Baton Rouge
- East Feliciana Economic Development District
- Iberville Chamber of Commerce
- Livingston Economic Development Council
- Greater Pointe Coupee Chamber of Commerce
- St. Helena Parish Economic Development Committee
- West Baton Rouge Chamber of Commerce
- West Feliciana Community Development Foundation



Area Foundation, consists of five project phases anticipated to take four to five months to complete. At the end of the study, we will have developed an objective, fact-based “blueprint” for moving forward with regard to improved air service and related economic development.

BRAC successfully endorsed seven amendments to the state constitution and one to the East Baton Rouge Plan of Government that voters approved on September 30th.

In Q4, we will be continuing efforts on the regional airport study, updating industrial partners on our ozone litigation progress, and beginning to develop an agenda for the 2007 state legislative session and elections.

7 LAUNCH A REGIONAL LEARNING COMMUNITY INITIATIVE

Our long-term economic development success rests on our ability to develop and sustain high-quality educational institutions and to develop individuals capable of engaging in sophisticated, knowledge-based work. In Q3, we initiated a series of activities designed to generate public interest in the school board elections, attract good candidates to run for school boards, and educate the public about the status of public education in the nine-parish Baton Rouge area.

Our most significant effort was a series of five white papers on public education in the Capital Region, which culminated in a series of ambitious recommendations for reform (see page 2). Reviewed by a panel of regional, state, and national education experts, including both practitioners and policy analysts, the series garnered excellent media coverage with more than 15 prominent articles in regional print and electronic media. BRAC posted online questionnaires that provided insight into candidate philosophies about educating children, the role of school boards, and public participation in public education. Additionally, advertisements and public service announcements encouraging citizens to learn about the candidates and vote on September 30th ran in local newspapers and on cable television preceding the election.

In Q4, BRAC will work with LSU on developing a strategy for increasing funding for the Flagship Agenda in the upcoming legislative session. Additionally, several public education reform initiatives will be targeted for rollout in 2007. ✨

JOB HUNTING >>>

BRAC Targets Five Growth Sectors for the Capital Region





Recruiting businesses is a lot like looking for a job. Each requires a candid self-assessment, a clear end goal, an understanding of the marketplace and which companies are likely to create new jobs, a resume, a marketing plan, many hours of prospecting, and immense patience.

In each endeavor, opportunities are limited by the skills one has to offer, and rejections often happen with little or no communication. In fact, the biggest difference between business recruitment and a typical job search is that an individual is looking for just one good job whereas a region has an insatiable appetite for thousands of them.

BRAC Economic Development Strategy

Short-Term:

Aggressively pursue business recruitment, retention, and expansion projects in the industry sectors for which our region is competitive *today*.

Long-Term:

Assertively address public policy issues (e.g., higher education, transportation) to make our region more competitive for higher paying jobs in the *future*.

One of the major goals of *The Campaign for a Greater Baton Rouge* is to increase the number of high-paying jobs the Capital Region attracts each year. Accordingly, BRAC has been gearing up for a major, multi-year job hunting effort. In executing this strategy, BRAC has adopted an approach remarkably similar to that of a well-executed job search for an individual.

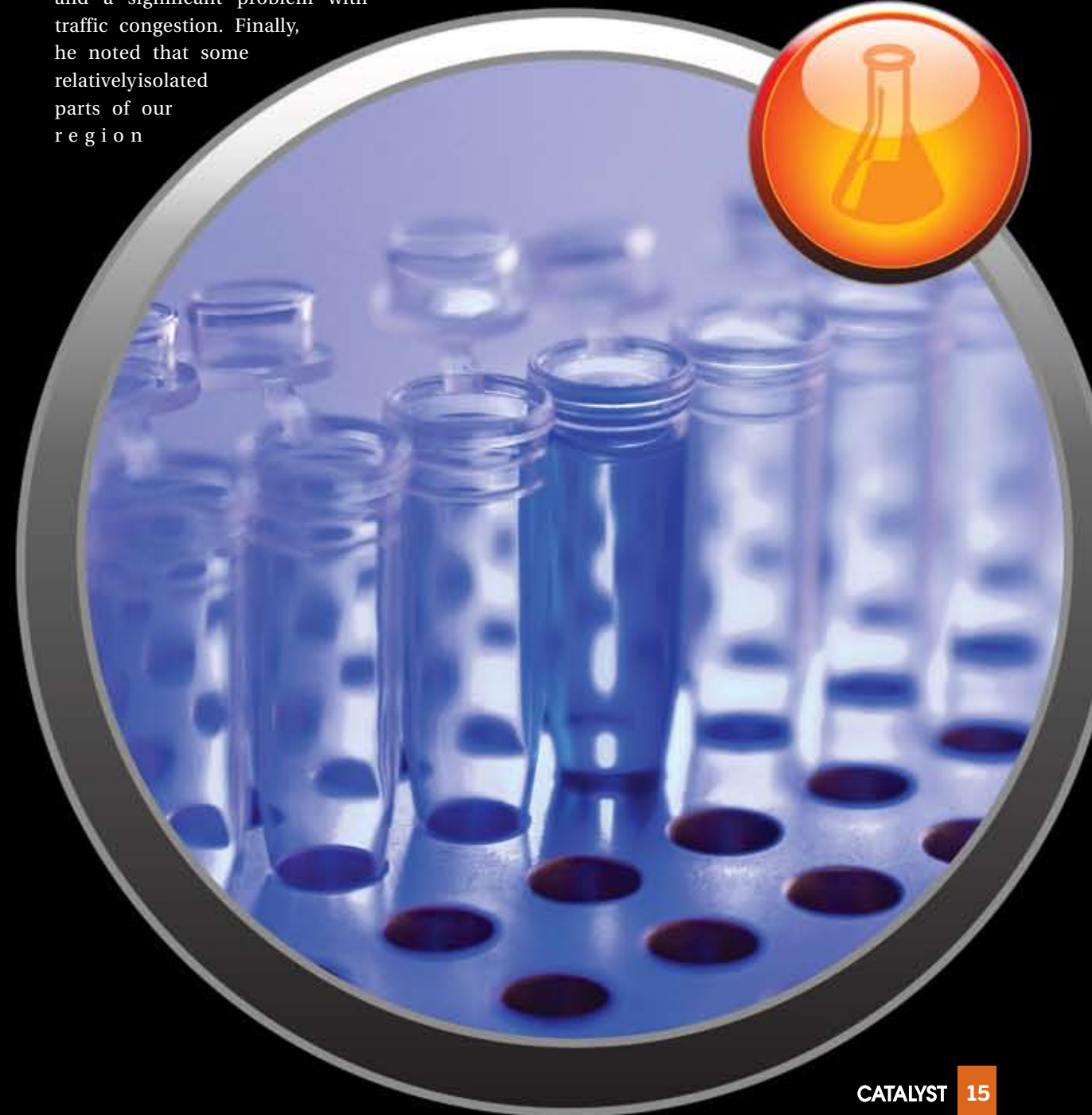
BRAC started with a candid self-assessment. Mark Sweeney of McCallum Sweeney Consulting, one of the top site-selection consulting firms in the country, was brought in to conduct a strengths-and-weaknesses assessment of the nine-parish Baton Rouge metropolitan area. He assessed our market using the same approach and objectivity he would use for a corporate client deciding where to place a new manufacturing facility, headquarters, or shared-services facility.

Mark started by conducting a 16-factor Geographical Information System (GIS) screen of the Capital Region to compare its major features (e.g., size and wage levels of the manufacturing workforce, educational attainment, Interstate proximity, hurricane risk, and air quality) against those of other metro areas. He then followed up with on-the-ground reviews of each parish in the region.

Mark gave the Capital Region strong scores for its manufacturing workforce, transportation infrastructure (e.g., Mississippi River, Interstate, and rail access), and industrial sites, but he said that our average manufacturing wages are high relative to peer regions in the Southeast U.S. (a product of the petrochemical industry) and that our ozone nonattainment status is a major obstacle for many firms. Mark further suggested that the presence of LSU, Southern University, and the Pennington Biomedical Research Center are major positives, yet he also noted that our region gets mixed marks for public education (see page two for details). Mark concluded that our area has a shortage of high-end office space, a lack of fully-served industrial parks, and a significant problem with traffic congestion. Finally, he noted that some relatively isolated parts of our region

(e.g., Pointe Coupee) will have access to greater economic opportunities once the new Mississippi River Bridge is completed around 2009.

Mark's bottom-line assessment of our region was that we are in a position to be competitive, but we will have to be careful to sell our strengths while explaining that some of our perceived weaknesses will not be relevant to specific firms. For example, although our average manufacturing wages are high due to the presence of the relatively high-paying petrochemical industry, our manufacturing wages for firms not located in the petrochemical sector generally are quite competitive relative to other metropolitan areas in the Southeast U.S.



BRAC's Target Growth Sectors for Business Recruitment

Industry Sector	Company Prospects*
Warehousing and Distribution	4,602
Life sciences	1,747
Regional headquarters and shared services operations in the financial, insurance, and real estate (FIRE) sector	1,662
Construction products and manufacturing	1,572
Existing and emerging niche opportunities <ul style="list-style-type: none"> • Video game development • Video and film production • Downstream petrochemical production 	TBD

* Includes only those firms meeting geographic/size requirements and exhibiting probability of expansion/consolidation events based on proprietary AMS modeling.

Like most regions with which we compete, our clear end goal is to attract more high-paying jobs, ideally those in sectors that will help us diversify our economy. Yet business recruitment is an extremely competitive endeavor. With roughly 18,000 municipalities in the U.S. competing for only a few hundred major site-selection projects each year, the competition is fierce. There clearly is more demand than supply.

To help identify those industry sectors with significant growth potential for which our particular mix of regional strengths makes us competitive, BRAC engaged Jeff Vedders of Applied Marketing Sciences (AMS), a company with a proprietary, predictive model for identifying companies likely to make a decision to outsource one or more business processes in the near future.

Jeff collaborated with Mark Sweeney and Jay Garner, President of the Competitive Strategies Group,

to identify four target industry sectors for BRAC's near-term business recruitment efforts. In addition, the team identified several emerging and existing niche opportunities. With Jeff's help, BRAC has identified specific companies in each target sector most likely to have expansion or consolidation activity sometime in the next 18-36 months. These company prospects will be the focus of BRAC's business recruitment efforts over the next few years.



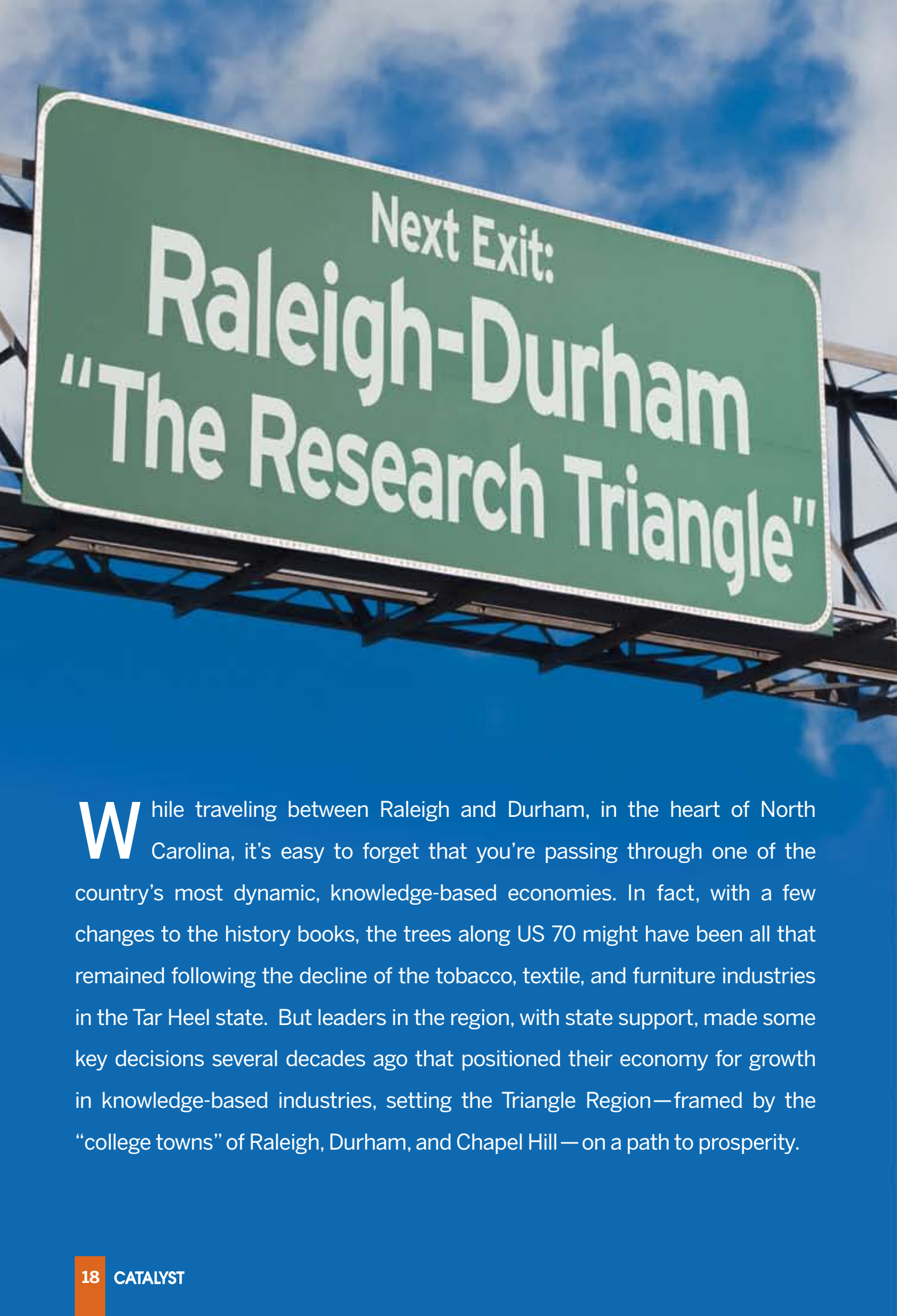
The Capital Region's "resume" consists of BRAC's national-caliber economic development Web site (www.brac.org), which contains critical business information about the nine-parish region (e.g., population and workforce statistics, available sites, and incentives), as well as a customized proposal that is assembled for each specific project.

BRAC has developed an aggressive marketing plan to reach out to company executives, site-selection consultants, and other key decision-makers representing each of the prospect companies identified by AMS. BRAC will be launching a series of creative direct-mail campaigns to key executives of these companies over the next nine months, a campaign that will be supplemented by targeted appearances at industry trade shows and advertising in industry trade journals. BRAC also expects to engage a national public relations firm in 2007 to conduct an aggressive earned-media campaign to generate positive articles about our region in selected national and trade publications.

Just as a diligent job applicant would do after mailing a resume, BRAC will place personal follow-up calls to each company executive that receives a marketing piece from us. Whenever interest is generated, BRAC will rapidly follow-up with a proposal customized to the needs of the particular prospect.

While there can be no guarantees about the number of new jobs that BRAC's prospecting activities will generate in the next few years, there is no doubt that BRAC's regional business recruitment efforts will be among the best in the country.

Editor's note: BRAC is grateful to Louisiana Economic Development (LED), which underwrote half of the cost of the target industry planning effort. LED continues to be an outstanding partner with BRAC in regional economic development efforts for the Baton Rouge area. ✨



While traveling between Raleigh and Durham, in the heart of North Carolina, it's easy to forget that you're passing through one of the country's most dynamic, knowledge-based economies. In fact, with a few changes to the history books, the trees along US 70 might have been all that remained following the decline of the tobacco, textile, and furniture industries in the Tar Heel state. But leaders in the region, with state support, made some key decisions several decades ago that positioned their economy for growth in knowledge-based industries, setting the Triangle Region—framed by the “college towns” of Raleigh, Durham, and Chapel Hill—on a path to prosperity.



In an effort to learn from the experience of the Triangle Region and to share knowledge with their counterparts from another area, nearly 150 business and civic leaders from across the Capital Region traveled to Raleigh-Durham on September 24-26 for the third Greater Baton Rouge Canvas Workshop. While the itinerary included panel discussions and activities as diverse as the group of participants, one overarching lesson clearly emerged from the Raleigh-Durham experience: the growing, knowledge-based economy in the Triangle Region was created by—and now rests upon—the foundation of three well-funded, nationally-competitive research universities in the area.

Investments in these universities—Duke, North Carolina State, and UNC-Chapel Hill—encouraged ideas and innovation, providing a context where the more widely-known economic engine in the region, Research Triangle Park, could attract leading companies like IBM and retain young, college-educated talent. Today each of the Triangle Region's three research universities is funded at nearly twice the level of LSU, the Flagship research university in our state. Accordingly, each of the research universities in the Raleigh-Durham region easily ranks among the top 100 universities in the nation; LSU does not make the list.

While the Baton Rouge and Raleigh-Durham regions had roughly the same population size in 1970, their fortunes sharply diverged over the past 35 years, with the Raleigh-Durham economy adding nearly 300,000 more jobs and \$25 billion per year more income than the Capital Region economy. The Triangle Region has become a widely acknowledged leader in technological innovation, competing with the strongest economies in the world in emerging industries like biotechnology and medical devices. With most of its growth tied to knowledge-based industries, Raleigh-Durham's success clearly stems from decades of targeted investments in world-class universities and related research capacity.

Securing greater funding for the Capital Region's top R&D engines — LSU and the Pennington Biomedical Research Center — will require a coordinated approach from leaders across the Capital Region and state, drawing on the example of collaboration and partnership exhibited by Raleigh-Durham.

Many of the other issues discussed at the Canvas Workshop, while similar in some respects to those in the Capital Region, also must be considered in light of Raleigh-Durham's strong economic foundation and collaboration. For instance, business leaders in the Triangle Region created the Regional Transportation Alliance to work across political lines to improve the roads and mass transit, pulling together business leaders, elected officials, and planning organizations. While the two regions both face transportation funding shortfalls amounting to billions of dollars, leaders in Raleigh-Durham are moving forward with creative solutions, including toll roads, to address increasing traffic congestion.

In addition to comparing economic growth and transportation issues, the Capital Region delegation also participated in panel discussions on public education, health care, downtown development, and the planning process for south Louisiana that is being coordinated by the Louisiana Recovery Authority. While the topics of these discussions ranged widely, there are some clear takeaways for the Baton Rouge area: focus on raising student achievement of children from low-income families; recognize the potential role of a university hospital in advancing economic development; pursue mixed-use developments to revitalize downtown; and support the state-led regional planning process by following through on priorities identified for the Capital Region.

Editor's Note: Canvas Workshop is co-sponsored by BRAC and the City of Baton Rouge/Parish of East Baton Rouge. The 2005-2006 Planning Committee Chair was Eddie Ashworth, BRAC board member and President of the Louisiana Technology Park. ✨

Top Two Takeaways From Raleigh-Durham:

1. Advance LSU to the top tier of research universities
2. Increase funding for the Pennington Biomedical Research Center



Ascension On the Move

“We’re doing things that have never been done before in Ascension Parish,” says Tommy Kurtz, president and CEO of the Ascension Economic Development Corporation (AEDC). Some of the innovative initiatives currently underway in Ascension include the development of a certified, “shovel-ready” mega-site along the Mississippi River; the creation of an incubator for small niche-market food producers; a marketing campaign targeting the film industry; and a plan to locate small, high-value specialty chemical plants alongside larger existing chemical plants. These initiatives form a part of the “Ascension Advantage Plan,” an aggressive road map for the Parish’s economic development.

AEDC is working hard to bring in “businesses to diversify Ascension’s economy and help foot the bill” for the infrastructure and services vital to a thriving community, says chairman of the board, John Scanlan. Though it’s less than a year old, AEDC is rapidly gaining momentum toward that goal, spurred in large part by Kurtz’s nose-to-the-grindstone work ethic and his prior experience as senior vice president of economic development for Greater New Orleans, Inc.

Former BRAC board member, Don Ramsey, and current BRAC board member, Leonard Wyatt, both serve on AEDC’s board, relationships which foster the collaborative efforts of both organizations. BRAC helped secure a \$25,000 grant from the Credit Bureau of Baton Rouge Economic Recovery Foundation, assisted AEDC with economic impact analyses for several projects, and is partnering with AEDC to develop a certified mega site. Ascension Parish President, Ronnie Hughes, strongly advocates for AEDC and “the [regional] chambers of commerce working together synergistically” because, he emphasizes, “long-term success hinges on addressing pressing regional issues such as flooding and transportation.”

A public-private partnership is vital to AEDC’s efficacy, as well. The non-profit corporation’s day-to-day operations are funded by Ascension Parish and the City of Gonzales. In addition, the Ascension Economic Development Foundation has been established to raise private funds. The foundation has already raised \$130,000 toward its goal of half a million dollars, a goal Kurtz believes is attainable because “people like to fund success, competency, and accomplishments.” AEDC is an investor in *The Campaign for a Greater Baton Rouge*. ❄️

ECONOMIC DEVELOPMENT INVESTORS

The Campaign for a Greater Baton Rouge

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ANNUAL INVESTMENT OF \$100,000+ (Five-year total pledge of at least \$500,000)

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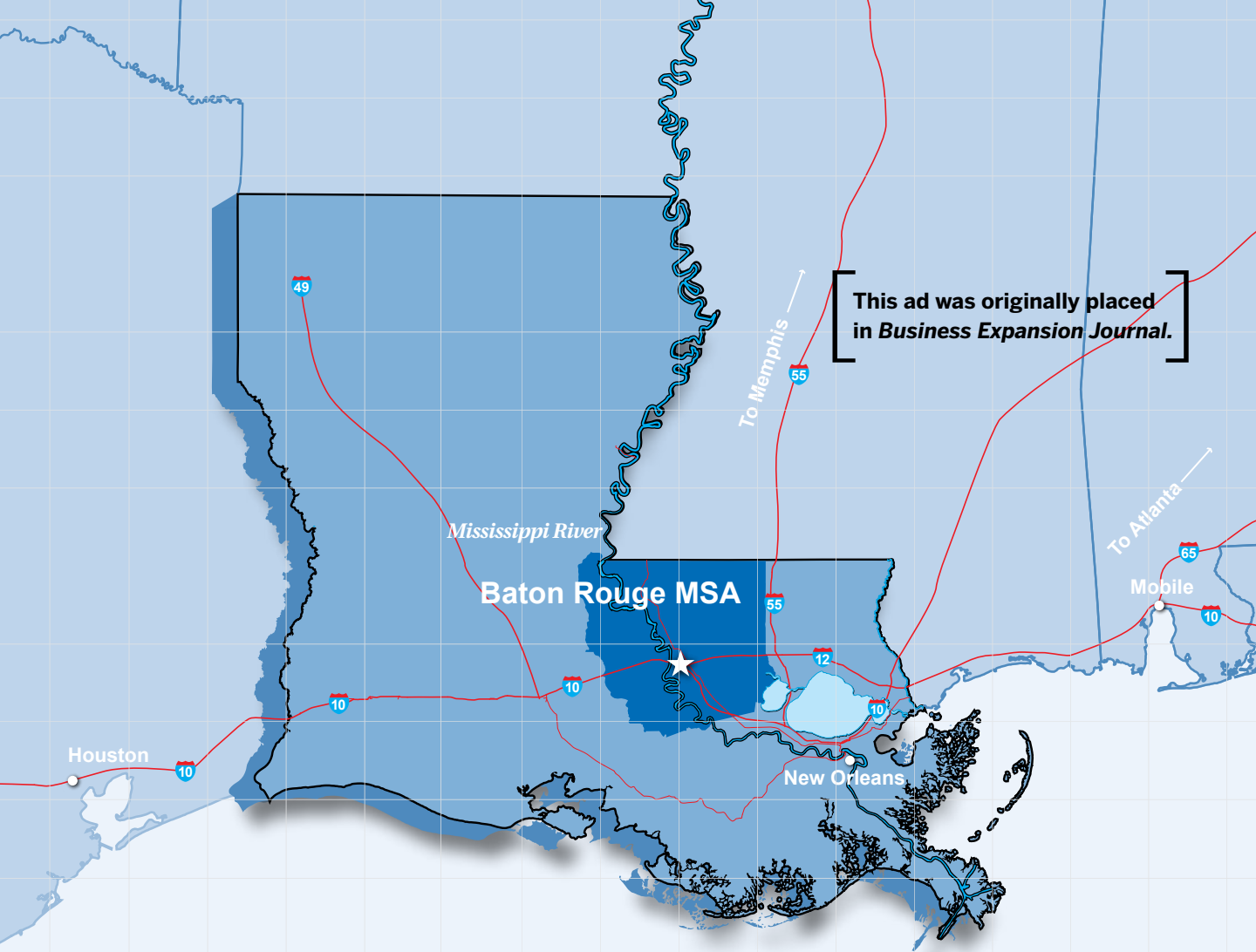
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For more information or a custom proposal, contact: **Chad Cornett**, *Director of Business Recruitment*

