

**M7 Council Meeting
Tues., November 4, 2014, 8 - 10 am
Concordia University, Mequon**

Gale Klappa, chairman and chief executive of Wisconsin Energy, welcomed all to the Milwaukee 7 Council Meeting. He also welcomed the public officials in attendance and introduced the other M7 co-chairs, John Daniels, chairman emeritus of Quarles & Brady and chair of the Greater Milwaukee Committee, and City of Milwaukee Mayor Tom Barrett.

Klappa recognized the meeting host, Concordia University, for their support of the M7 region, and thanked the administration and staff for hosting the meeting. He invited Reverend Dr. Patrick Ferry, president of Concordia, and Lee Schlenvogt, Ozaukee County chairperson, to make welcoming remarks.

Since the last council meeting in June, the M7 has had two new business attraction and retention wins: Quest Products and Innovative Fiber.

Quest Products is moving its headquarters and distribution operations to Pleasant Prairie in Kenosha County from Gurnee, IL, purchasing a building at LakeView Corporate Park. The company plans to move 28 jobs to Kenosha County now, with 28 more jobs to be created within three years. Quest is investing \$3.6 million in its new building, supported by \$1.3 million in financing from the Kenosha Area Business Alliance and \$300,000 in tax credits from the Wisconsin Economic Development Corp.

This project is another win in M7's continuing strategy to attract northern Illinois companies here. Quest joins Kenall Manufacturing, Konecranes and Fire Safety Sales as companies that have recently relocated from Illinois to the Milwaukee region. This project was a collaborative effort of the Kenosha Area Business Alliance, Kenosha County, the Village of Pleasant Prairie, WEDC and M7.

M7 also worked with Innovative Fiber, an industrial packaging producer that was considering a move to Illinois. Innovative Fiber worked with the M7 and WEDC and has now decided to stay in the M7 region. The company moved from a 10,000 square foot facility in Delafield to an 80,000 square foot manufacturing facility in Franklin. And the company is pursuing a training grant from MATC that will support four months of employee wages. Another prime example of a retention and expansion win for the Milwaukee Region.

The M7 win total now stands at 54 since the M7 was formed back in 2005. These wins are the direct result of M7's outreach and response to opportunities -- some here in the region, some from Illinois, and some from across the globe in Spain, India and China. M7 measures performance using three important metrics: jobs created or retained, wages attached to those jobs, and capital expenditure associated with the project wins. M7 has performed better than expected on each of these metrics.

40 of those wins have come between 2010 and the end of 2013, accounting for 11% of the region's job growth during that time period, using the latest figures for seasonally adjusted job numbers. When the audit of the total M7 job impact for this period is completed, the impact is likely to climb to 20% of the 28,900 jobs added over the past four years.

While each county in the M7 region wants to count how many of these project wins are in their back yard, the impact of each win ripples across the region. For example, 65% of Ozaukee County's workforce is employed outside of Ozaukee County. The M7 wins support Ozaukee County jobs, home mortgages, schools and suppliers. The only approach that makes sense is to do this economic development work as one region.

M7 set an aggressive goal of 6,440 jobs for the 5-year campaign that concludes next June. Total jobs are now over 7,000 and still counting.

- The average wage for employment from M7 project wins since the inception of M7 is \$52,000 a year. This continues to outpace the average wage in the region of \$45,000.
- Capital Expenditures pledged by M7 project wins is now at \$653 million. The investments in the region represent new dollars flowing into the economy – investments that clearly have a multiplier effect of more jobs and a larger tax base.

The M7 pipeline remains strong. In all, the current pipeline of prospects stands at 47 active projects -- 16 of those are international companies or companies that do business internationally. Together, these projects account for nearly 5,300 potential jobs.

Not only is M7 attracting companies and helping companies expand here, but great progress is being made in growing our own -- with new start-ups. For example, BizStarts has a great track record of getting companies off the ground, drawing on the expertise of a wide range of entrepreneurs and business specialists.

This past year, BizStarts expanded its reach dramatically through its BizForge Resource Hub. BizForge offers a portfolio of services and expert resources for entrepreneurs who can come and receive coaching, guidance and connections. BizStarts was founded to help high-growth companies, known as gazelles, to succeed in the marketplace and its track record in helping those companies grow has been impressive.

But BizStarts learned along the way that there are other start-up companies that will create 10, 20, 50 or 100 family-supporting jobs. While not gazelles, they are critical to the success and vibrancy of our economy. Armed with this insight, BizStarts has expanded its reach to help these companies and in turn, BizStarts' deal flow has exploded.

Just this year, the BizForge Resource Hub has supported 139 entrepreneurs, engaging 47 with mentors, referring 44 to lending institutions and presenting 18 to investors. **And 14 of these entrepreneurs are here in Ozaukee County.**

Another initiative focused on young growth companies is Scale Up Milwaukee. Scale Up just announced the second group of companies that it is taking through an intensive learning program called Scalerator. This year's class includes 15 companies from a wide range of industries and markets. Last year, the 12 companies that participated grew, on average, more than 25 percent in the second quarter and have added more than 20 jobs.

Scale Up Milwaukee has also announced the creation of a steering council, co-chaired by Park Bank CEO David Werner and Founder and former CEO of EMTEQ, Jerry Jendusa. The steering council includes an impressive collection of members from the business, media, and civic communities who are committed to growth in the region.

There's another transformation underway – this one aimed at making the M7 region a world-class manufacturing hub that attracts more global investment.

The M7 region was one of 12 communities to be selected by the Obama Administration for a new partnership initiative called “Investing in Manufacturing Communities.” More than 75 regions applied, so this is quite an accomplishment. This new federal program is designed to accelerate the resurgence of manufacturing across the United States. By winning this designation, the region receives preferential consideration – along with 11 other communities for up to \$1.3 billion of federal grant money to help fund catalytic economic development projects here.

Mary Isbister, president of GenMet Corp., which is located in Ozaukee County -- and Mike Laszkiewicz, vice president at Rockwell, are co-chairs of M7's Next Generation Manufacturing Council. This group will help the M7 region stay on top of opportunities that result from our new federal designation.

Klappa introduced Mary Isbister to tell more about the Manufacturing Communities Partnership and the opportunities it presents for the M7 region. Before Isbister began, she emphasized the importance of M7's work for Ozaukee County.

"Thanks to a well-defined and clearly articulated strategic plan, the M7 is well on its way to achieving its vision of creating a globally competitive region by helping the businesses in our region reach world class status. Whether it be introducing GenMet to the leaders of foreign companies looking to create a footprint in the U.S., providing us with potential customer contacts and business liaisons in other parts of the country, connecting us with specialized training for exporting, or actively working to devise ways to address the skilled talent shortage; the M7 is instrumental in connecting businesses in our region with unique resources that help our enterprises to grow and thrive. In addition, the new investment that M7 helps attract to our region benefits all of us. Some of our businesses will be part of the new enterprise's supply chain while others will share in the benefits of an improved tax base. The M7 is so much more than an Economic Development Organization, it leads the rallying cry for our whole region. "

In continuing, Isbister stated that earning the IMCP designation is recognition from the White House and other federal agencies that the Milwaukee Region plays a critical role in the future of manufacturing in this country. The IMCP designation is going to be a great opportunity for the M7 region to work together collaboratively – which is what the IMCP program is really all about. Through IMCP, the federal government is revolutionizing the way federal agencies leverage economic development funds – by rewarding best practices that coordinate and support strong development programs that attract global manufacturing investment.

That revolutionary spirit was evident when the M7 Next Generation Manufacturing (NGM) Council was kicked off in early October. At that meeting, there was a great group

from across the region that was very enthusiastic about the program and excited about getting engaged.

One of the NGM Council's priorities is supporting the lead initiatives and manufacturing levers identified as part of the M7's IMCP application. Three of the seven initiatives from the application are directly tied to the lead manufacturing clusters of Energy, Power & Controls; Food & Beverage Manufacturing; and Water Technologies. Part of the reason the M7 received the IMCP designation is that the region has strong cluster organizations in place – the Mid-West Energy Research Consortium (M-WERC), FaB Wisconsin and The Water Council -- that are supporting these sectors.

Another advantage is that M7 has a regional plan in place with strategies that perfectly align with the M7 manufacturing levers of talent, innovation, exporting, supply chain and infrastructure that the EDA identified as critical elements in its IMCP program. This is great validation – on a national level -- of the regional strategies and initiatives of the M7 strategic plan.

The NGM Council is establishing subcommittees around these manufacturing levers to give M7 cluster organizations additional leverage to drive initiatives forward. The best and brightest regional resources are being brought together to move the region forward faster and better.

These committees will not only support and align funding opportunities – which is important when talking about a pot of \$1.3 billion -- but even more importantly, working together collaboratively to integrate and accelerate initiatives that put us on a stronger growth path.

M7's federal liaison for the IMCP program is Charlie Bartsch from the EPA. He came for a visit from Washington in late September and toured IMCP projects, including The Water Council's Global Water Center and Racine's Machinery Row redevelopment, and came away very impressed with the progress of the region's initiatives and the obvious collaboration. He felt that the M7 region was ahead of many of the other regions in cluster development and collaboration.

Several members of the NGM Council attended the IMCP Summit in Washington, D.C. last week. The Summit offered an opportunity to learn more about the IMCP program and how to maximize available funding opportunities and best leverage regional assets. It was a chance to hear firsthand from senior program experts at each of the eleven federal agencies about the funding they've aligned in support of the IMCP program.

The M7 region's manufacturing capacity and expertise can be a game changer in this program if a unified front is presented. Southeast Wisconsin has some of the finest manufacturing capabilities in the country, with a roster of global manufacturing leaders, strong universities and tech colleges, and a supply chain network among the largest, if not THE largest, in the Midwest.

Isbister turned the podium over to M7 Co-chair, John Daniels.

Daniels reiterated that the IMCP designation is a great opportunity for the M7 region to work together collaboratively. It is also validation that the region is on the right track and a national leader in manufacturing.

The Milwaukee Region has a long manufacturing legacy, earning the title of “The Machine Shop of the World” over the last century. Today, manufacturing in the region represents 149,300 jobs, or 15.8% of the regional workforce, ranking it second highest among the 50 largest U.S. metro areas. Manufacturing provides a large number of well-paying jobs, with wages 31% higher than the regional average for all workers. Manufacturing is the very heart of our region’s “ladder of opportunity.”

Three of the region’s targeted industry clusters – Energy, Power & Controls; Food & Beverage Manufacturing; and Water Technologies – all fall within the manufacturing sector and are key cluster initiatives in the M7 IMCP program. The three clusters, organized by the respective cluster councils, are the result of the original M7 strategy development framework and its follow up work. Without these activities, the M7 would not have received the IMCP designation.

The Mid-West Energy Research Consortium (M-WERC), FaB Wisconsin and The Water Council – are the keystone organizations that are supporting the three cluster sectors. These organizations are attracting national and international attention for their work to develop high-impact initiatives that integrate, accelerate and better leverage their respective industry strengths within our regional economy.

Following are reports from each of the organizations.

M-WERC is one of America’s largest energy, power and controls industry cluster organizations, with more than 80 companies and regional universities collaborating around technology innovation, market expansion and workforce development. Electrical machinery and controls manufacturing stands as one of the Milwaukee Region’s fastest growing and most competitive industrial sectors. The regional cluster includes more than 200 firms and 19,000 employees at companies like Johnson Controls, Rockwell, Eaton and Waukesha Electric.

M-WERC is currently developing a \$9.6M Energy Innovation Center at a former Eaton research facility in Milwaukee’s 30th Street Industrial Corridor that will accelerate development of innovative technology in the energy, power and controls industry.

This is a significant step in carrying out the vision developed five years ago by local academic and business leaders to establish a center of excellence in Milwaukee in this sector.

Daniels introduced Alan Perlstein, Executive Director of the Mid-West Energy Research Consortium. **See slide presentation for MWERC information.**

FaB Milwaukee, M7’s food and beverage cluster network, is now known as FaB Wisconsin, changing its name in June to reflect a broader state-wide focus. With 47,000 employees in food and beverage processing and manufacturing, the state ranks fifth in the nation for total employment in the sector and second in the nation for cluster employment growth.

The Milwaukee Region’s food and beverage cluster is large, concentrated and growing in export activity. The core of the cluster – food manufacturers, processors and artisans – is comprised of more than 300 firms, and employs approximately 14,400 people.

FaB Wisconsin now reaches more than 400 companies and 700 executives in the industry, leveraging the state's historic strength in food and beverage manufacturing to drive economic development through innovation, business growth and talent. Ozaukee County company Lakeside Foods is a FaB member.

Daniels introduced Shelley Jurewicz, Executive Director of FaB Wisconsin. **See slide presentation for FaB information.**

The Water Council is aligning the region's existing water companies and research clusters to establish the Milwaukee Region as the World Water Hub for water research, economic development, and education. With more than 150 water technology companies in the Milwaukee area, the region's water industry is a \$10.5 billion market and accounts for four percent of the world's total water business. Ozaukee county companies such as HydroCyclone, MicroSyneriges, The Fall River Group, Mequon Nature Preserve and Concordia University are Water Council members. Last year, The Water Council opened its \$22 million Global Water Center, a unique, water research center and business accelerator, in Milwaukee's Walker's Point neighborhood.

The Water Council recently received a \$500,000 innovation grant from the U.S. Small Business Administration as one of four new Regional Innovation Cluster awardees. These cluster initiatives focus on the most effective approaches to link small businesses to regional networks of research, commercialization tools and financing. The Water Council will focus on the creation of a center of excellence for freshwater innovation and small business development.

Daniels introduced Dean Amhaus, President of The Water Council. **See slide presentation for Water Council information.**

Daniels closed the meeting by thanking Perlstein, Jurewicz and Amhaus for the work they're doing in cluster development to move the Milwaukee Region forward.

The next M7 Council meeting is scheduled for February 19, 2015 at ULINE's corporate HQ in Pleasant Prairie.

Meeting adjourned.