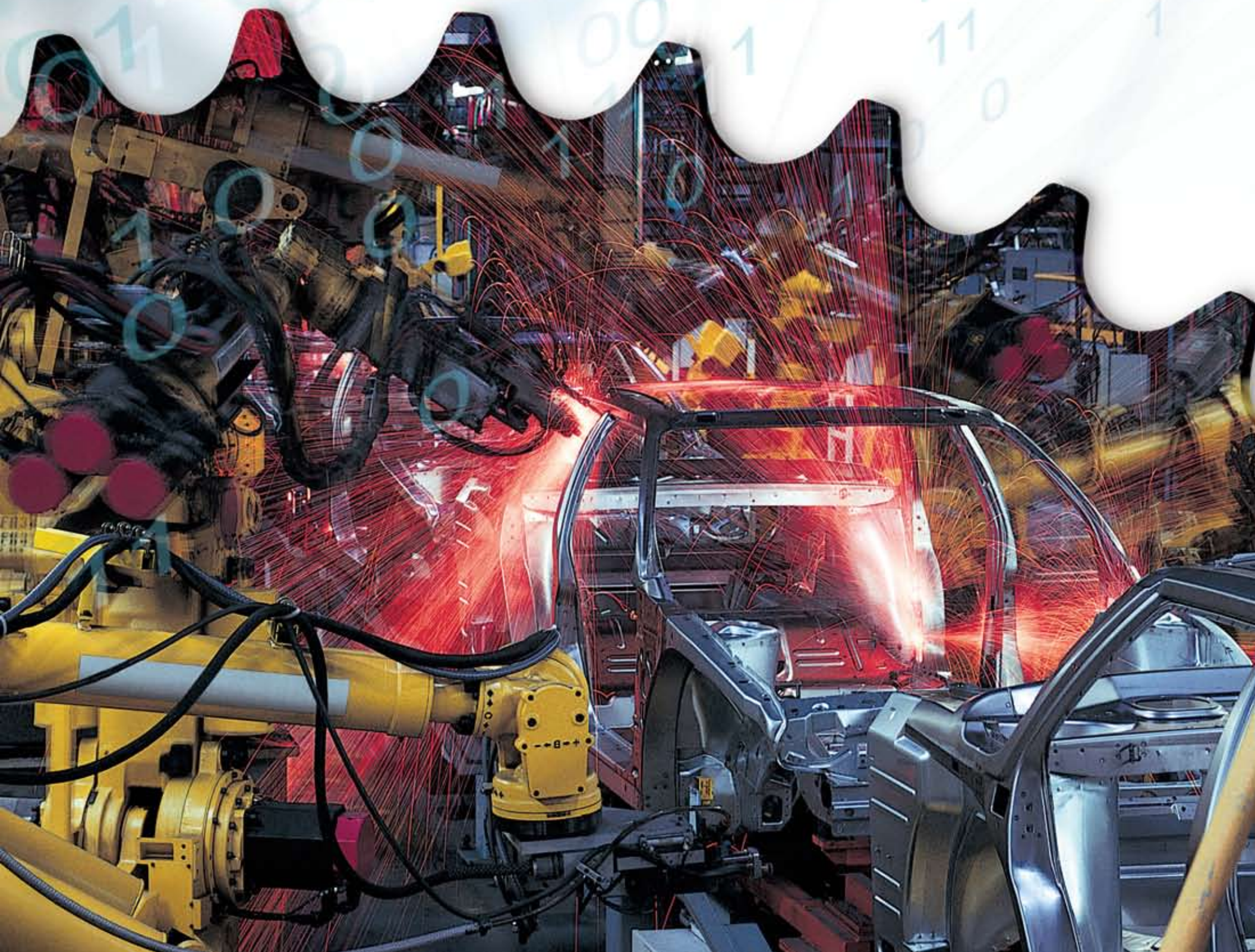


TROY

Strength in Change

TROY DEVELOPMENT COUNCIL
2006 ANNUAL REPORT



LETTER from the chair



Ronald Scott,
Chairman of the Board

The community of Troy and surrounding area is truly fortunate to have such a rich history of strong, visionary economic development. Going back to the late 1800s, there has been some form of process or organization in place which has reflected an understanding of the life cycle of businesses (products). Nothing is forever—and that is particularly true in today's global business world. It is remarkable for a community the size of Troy to be continually attracting and growing new businesses while benefiting from the quality of life being provided by current businesses.

In keeping with that long-standing business development process, the Troy Development Council (TDC) was created, in 1984, as a public-private partnership to enable the community to continue well-planned

change and growth in local business and industry. By doing so, we have maintained a great quality of work and life for all of us by adapting and changing.

Looking back on the accomplishments of 2006, we are pleased to report that it was a year of significant progress and steady growth for local business and industry. In fact, last year was the second most successful year for industrial investment in Troy since 1990 with \$247 million invested in facilities construction/expansion and with 1055 new jobs created.

Two major projects which were initiated in 2005 were completed last year. First, Cloplay Corporation finalized the purchase of the former MT Picture

Display plant and is producing garage doors and other building products. The company has established an initial workforce of nearly 300 employees and will continue to relocate/consolidate operations and employees from other plants. The second project was the completion and opening of the American Honda Midwest Consolidation center. This project alone reflects a \$100 million investment and has initially created 130 new jobs with some 100 additional procurement positions having been created in preparation for the new facility.

Other 2006 projects included expansions for Goodrich, F&P America, Faurecia, Raymath, Ishmel, 3 Sigma and the Troy Business Park. ■

The Role of the Troy Development Council

The Troy Development Council (TDC) is a non-profit public/private economic development organization founded in 1984 to market and promote the Troy area as a highly competitive, growing, and vibrant community with an increasingly attractive quality of life. The TDC is an initiative of the Troy Area Chamber of Commerce and was originally established to address the merger and acquisition activities and subsequent job losses that were occurring at our two corporate headquarters and largest employers, Hobart Corporation and Hobart Brothers Company. In the slightly over 20 years since our founding, the TDC has assisted in the creation of just over \$2.9 billion in new capital asset investment and the establishment of over 8,000 new jobs in the Troy community. While these are impressive numbers, especially for a small community such as Troy, the task is a never-ending process as evidenced by the recent closure of MT Picture Display Corporation and the resulting loss of over 1,450 jobs. As we have discovered over the years, the world is ever-changing and if we are to maintain a vibrant community with good job opportunities for our residents, we too must change and adapt to compete effectively.

Chairman of the Board

Ronald Scott,
Retired

Vice Chairman

Ronald Musilli,
Business Consultant

President

Charles Cochran,
Troy Area Chamber of Commerce

Dr. Richard Adams
Public Official

John Ankerman,
National City Bank

Tom Atkinson
U S Bank

Steven Bruns,
Bruns General Contracting

James Dando,
City of Troy

Linda Daniel,
Business Consultant

Dave Dippold
MainSource Bank

Mark Douglas
U S Bank

Thomas Dunn,
Troy City Schools

Doug Fortkamp,
Ferguson Construction

Arthur Haddad,
Retired Public Official

Mark Henestofel,
Merrill Lynch

Mike Maiberger
Upper Valley Medical Center

William McGraw III,
Dungan & LeFevre

David Meckstroth,
Upper Valley Medical Center

Vern Oakley,
Miller Valentine Group

Joyce Reives,
DPL Energy, Inc.

James Stubbs,
Unity Bank

Patrick Titterington
City of Troy

Frank Wagner
Unity Bank

William Whidden,
Fifth Third Bank

Karl Wilson,
Upper Valley JVS

Kenneth Yowell,
Edison Community College



UPPER VALLEY MEDICAL CENTER report

Through continued commitment to fiscal responsibility, UVMC/Upper Valley Medical Center last year achieved an upgraded bond rating from Standard & Poor's. Its current A- rating (up from BBB+) is considered outstanding for a not-for-profit health care provider.

With that, UVMC successfully refinanced approximately \$40 million of debt through governmental Hospital Facilities Revenue Refunding and Improvement Bonds. Projected to save in excess of \$2 million net present value over the life of the 20-year bonds, the refinancing project provided funding for important technological enhancements and opened the door to evaluate and explore the feasibility of a future addition to the hospital.

A major enhancement was implementation of a system-wide Picture Archiving Communications System. This cutting-edge technology, which stores x-rays and other diagnostic images digitally instead of on film, allows better and fast access to important test results.

Diagnostic imaging capabilities also expanded with the addition of a PET/CT system particularly useful in assessing certain types of cancers, heart disease and brain disorders.

"These technologies can have tremendous impact in delivering high quality, cost-effective health care locally," said Michael J. Maiberger, executive vice president/COO.

Mr. Maiberger noted that UVMC's emphasis on excellence in providing quality, compassionate care was recognized at the national and regional levels last year, including such honors as:

- Leadership Award for Clinical Excellence in cardiac care from VHA Inc., a national alliance of leading not-for-profit health care organizations.
- Score of 95% on the annual Anthem Hospital Quality Scorecard, a regional measure of medical care quality conducted by Anthem Blue Cross and Blue Shield.
- Successful completion of a three-year Joint Commission on Accreditation of Healthcare Organizations survey, resulting in continued accreditation for all areas of the health system.
- Named among the Dayton Business Journal's "Best Places to Work Award" – the only hospital in the region to achieve this honor three years in a row.

Also last year, UVMC participated in the first Economic Impact Report published by the Greater Dayton Area Hospital Association to demonstrate the impact hospitals have on the Dayton area's economy. According to the Report, UVMC's annual economic impact on Miami County totaled \$238.3 million. UVMC also accounted for 2,118 jobs with total earnings of

\$88.4 million. In addition to impacting the local economy tangibly through its operations and capital expenditures, UVMC contributes to the local government revenues through payroll taxes and local property tax payments and payments made in lieu of taxes, the report notes.

"While UVMC's priority continues to be delivering the highest possible quality of healthcare services to our community, we were pleased to be able to demonstrate the quantifiable impact that our health system has on the economy of Miami County," said David J. Meckstroth, UVMC president/CEO. ■



The cover photo is representative of Troy's continuing strength in the Japanese segment of the automotive market as well as the expanding robotics industry.



work force training & ECONOMIC DEVELOPMENT

A PARTNERSHIP THAT IS BRINGING BIG DIVIDENDS

Workforce development and recruitment is a high priority concern for public officials and private companies in Troy, Miami County and across the Miami Valley region. Of particular concern is the apparent gap between the skill level of available workers and the jobs available at area businesses. This "skills gap" is most evident in the area of advanced manufacturing, where employees increasingly require a higher technical skill level. While efforts to better align economic development and workforce development has been going on for some time, local and regional efforts have really "geared up" in the past year.

Beginning in early 2006 the Troy Development Council, in an effort to broaden the potential benefits of its workforce development committee, partnered with Miami County and asked the county to take a leadership role in creating a highly focused and responsive workforce development effort that would encompass as large a geographic area as would be feasible.

Initially, Miami County's efforts focused on Best Practice visits to explore how other communities were addressing workforce development issues. That effort and other research revealed the need for additional financial resources, better collaboration and a more strategic focus. Community leaders then decided to conduct a Workforce Summit that would lead to a more comprehensive strategic plan for the area's workforce delivery system.

As a result of the Workforce Summit, a county-wide P-16 Council was formed in January of 2007. The P-16 Council and its subcommittees have been working to carry out the Workforce Development Strategy. Presently, more than 30

business and community leaders are working to enact the priorities on the strategic plan.

To address the funding issue, an effort was established to garner federal workforce resources. With the help of Congressman John Boehner, this collaboration formulated a grant strategy to apply for a federal Community-Based Job Training grant. In December of 2006, the Department of Labor announced that Edison College was indeed the recipient of a \$2.03 million Community-Based Job Training Grant. This consortium will deliver Advanced Manufacturing training to companies and individuals in the region. This new consortium, Western Ohio Training Consortium, (WOT-CAM) will help address the skills gap by providing resources to train workers based on an industry-lead curriculum.

More recently, the Dayton Development Coalition spearheaded another application for federal funding to address the demand side of the workforce equation. The \$5 million Workforce Innovation for Regional Economic Development (WIRED) initiative will seek to capture the workforce demand of businesses around the region in order to prepare the local workforce for the future. The Dayton Region WIRED proposal was one of the two proposals from Ohio to be submitted to the Department of Labor.

The Troy Development Council and the City of Troy have been key partners in these workforce development efforts. With continued support from partners in business, education, workforce development and government, we can continue to address these critical workforce development issues and ensure a positive economic future for our communities.

business FIRST



A POWERFUL, NEW TOOL IN BUILDING AN OUTSTANDING BUSINESS RETENTION PROGRAM

The two primary strategic initiatives of successful economic development organizations around the world continue to be retention and expansion of existing business and the recruitment of new business. However, the methods and processes utilized to accomplish those initiatives have changed dramatically in the last ten years.

The old rule of thumb that says, "Nearly eighty percent of a community's economic growth will come from businesses already located within that community," is still true today in most cases. In Troy, however, we are just now beginning to benefit from that philosophy. Because of significant job losses related to our largest employers over the years, we have had to rely on the recruitment of new business to offset those losses. While we have been unusually successful in recruiting new business over the last twenty years, we are only now beginning to experience the subsequent expansions related to those earlier recruitment efforts.

A great deal of the credit for our more recent successes has been the investment in a regional partnership focused solely on retention and expansion. Identified as "Business First," this program was developed by Business Retention Technologies of Erie PA. and first implemented in our area by the Montgomery County Economic Development Department in early 2003. Primarily designed to coordinate R & E efforts by communities in Montgomery County, the Troy Development Council and the City of Troy became the first community to take the effort to a regional basis in 2004. In the subsequent three years, our ability to identify opportunities and challenges facing our businesses throughout the region have improved tremendously. The program's computer based software applications accumulate results of company interviews and store the data in an easily accessible format for comparison and query.

The result has been a major asset in our efforts to improve our partnerships with local and regional companies and to increase awareness of any potential issues that may be impacting business. This advance notice capability has led to saving jobs for the region as well as for the Troy area. Currently the Troy Development Council (TDC) conducts over thirty interviews annually and expects to have well over a hundred businesses in its data base by 2008.

In 2006 Troy experienced \$247 million in new industrial capital investment and nearly 75% of that was investment by companies already located in Troy.

HONDA opens new Troy Consolidation Center

Following a official ground-breaking in May of 2006, American Honda Motor Company began construction of its new Midwestern Consolidation Center in Troy. One year later, the company celebrated the completion of the 549,000 square foot facility with a special grand opening ceremony that included official representatives from the State of Ohio, the Miami Valley region, the City of Troy and, of course, executives from American Honda.

Consisting of 500,000 square feet of warehouse distribution space and 49,000 square feet of office space, the facility is located on 58 acres adjacent to American Honda's existing center which has been in Troy since 1986. The new center will employ 210 associates including 100 procurement personnel previously relocated to

Troy in anticipation of the building project. In addition, 130 new full time jobs will be created to support the new warehouse and distribution activities.

"This centrally-located facility will enable us to provide the highest level of service to our customers by enhancing timely distribution of parts and materials and improving inventory management," said James Roach, senior vice president of American Honda's Parts Division. "More than 530 Honda suppliers in 33 states provide parts and materials to create Honda and Accura products and this center will be organizing parts from this growing supply base."

The new facility is expected to be fully operational by the end of this year.

retiring BABY BOOMERS

Younger generations will be left to bare the brunt of the consequences.

RETIRING BABY BOOMERS WILL CHANGE OUR WORLD AND OUR COMMUNITY

Laurence J. Kotlikoff and Scott Burns, in their book, *The Coming Generational Storm*, bring to us an advanced view of the economic realities that we all will be experiencing in the next few years. That reality is going to impact our entire country and will be especially difficult in smaller Midwestern communities such as Troy. The problem is not new. We have known this was coming for some time. Unfortunately, very little has been done to address the long term impact and as a result those who represent the younger generations will be left to bare the brunt of the consequences.

To begin with, let's look at a microcosm of the issue as it could potentially play itself out in a community like ours. One of the strengths of our area is the workforce that supports our manufacturing base. A key sector of that manufacturing base is the tooling and machining industry. Our region, in fact, is home to the third largest tooling sector in the United States and roughly twelve thousand people are currently employed in this sector within our region. For those of you who are not familiar with the value of this sector, you need to understand that the tooling industry is one of the base sectors that make American manufactur-

ing function. Without the necessary tools and ultimately the development of the production machinery to utilize that tooling, we do not have the core strength of our industrial base. You cannot produce cars, or television sets, or computers or most of the other things we all use in everyday life. And this is just a sampling of one industrial sector—there are many more in much the same condition.

So, you ask, why is this so important and why should I care? Simply put, the average age of a worker in the tooling and machining sector in our region is now fifty eight years old. These people represent the first of the baby boomers who are going to start retiring over the next five to ten years. They also represent the most experienced technical skills which are necessary to make this sector function as well as it does. So, when these highly skilled technicians begin to leave the workforce, who is going to replace them? Will it be the younger generation now graduating from high school or college? Do you believe these folks can enter the workforce and immediately function at the level of those with thirty and forty years of experience...not likely. Taken from another point of view, with a major percentage of students graduating from local schools leaving the area and the state to find their future elsewhere, who is going to fill those open jobs? Based on a recent article in the Dayton Business Journal there are already 21,000 jobs in the ten county region surrounding Troy that are going unfilled due to lack of skills within our current workforce. Taken from a third view, put yourself in the position of a manufacturing plant manager who already has difficulty filling job openings under normal conditions. What does he do when upwards of forty percent of his workforce retires and there are no people with the requisite skills willing or able to fill the open positions? Stopping production is not an option. Skilled workers are required to operate the plant. Now what does he do? The answer is simple and the resulting action could be catastrophic for

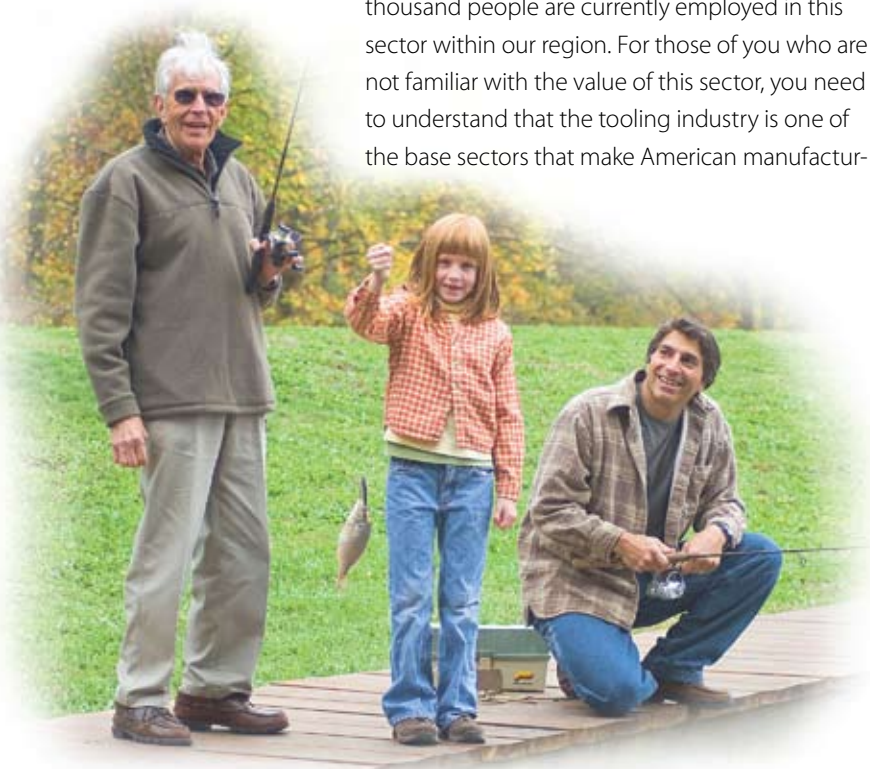
communities like Troy—you move your plant to where the people are.

Think about that for a moment. As a community, we are all aware that our young people are not staying in Troy to build a career and raise a family. If you add to that the impending retirement of a sizable portion of our current workforce, it does not take a rocket scientist to know that we could be facing a potentially serious problem. We are not alone in this situation. Other smaller communities throughout the country will share in the fate.

Without younger people staying here, our population base will continue to age. Seniors on fixed income do not have a great deal of discretionary income to spend. In fact, they are typically in a cash conserving mode. They seldom buy new cars, new homes or other major items. They, also, do not pay much in the way of income taxes. So, think about this scenario...young people leaving to seek opportunities elsewhere...a significant portion of our current workforce retiring...good-paying, skilled jobs going unfilled...plants closing to move closer to where the skilled workers live.

The picture is not pretty. And the steps necessary to make certain this does not become the reality for Troy are numerous. It begins by designing and implementing the educational programs that will teach the skills necessary for our young people to find employment locally. It means recruiting more people into our area to overcome the gap created by the retiring baby boomers. And finally, it means we need housing available for those people that do move into our area.

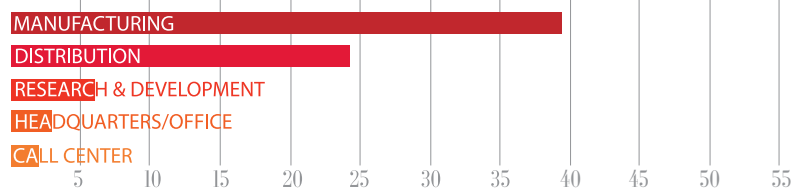
Maintaining a viable economic base for our community in the future may well mean that we develop an entirely different approach to economic development. It, in fact, may mean that we learn how to recruit people instead of businesses. For without the appropriately skilled workforce we will not only be unable to recruit new business to Troy, but we will probably not be able to keep what is already here. ■



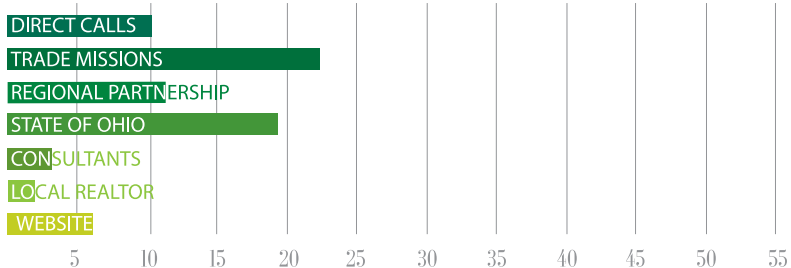
2006 Project Overview

charting ACTIVITY

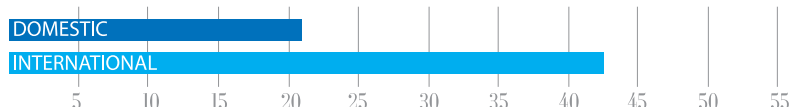
PROJECT TYPE



PROJECT SOURCE



PROJECT ORIGIN



GET INVOLVED

Have you ever wanted to get involved with the TDC? The TDC is continually seeking community-spirited individuals who want to become an active participant in building an even better future for our city. If assisting in creating jobs for area residents, working to strengthen the financial base of our local education system, addressing long-term transportation needs, or developing retraining programs for displaced workers is appealing to you, then contact the Troy Development Council at 339-7809. We will send a brochure on how you can get involved in helping to ensure Troy of a bright future.