

rev-o-lu-tion

n.

1. A sudden or momentous change in a situation
2. A drastic and far-reaching change in ways of thinking or behaving
3. An event that occurs when something passes from one state or phase to another
4. See also American Revolution, French Revolution, Baton Rouge Area Chamber

Baton Rouge Area Business After Katrina



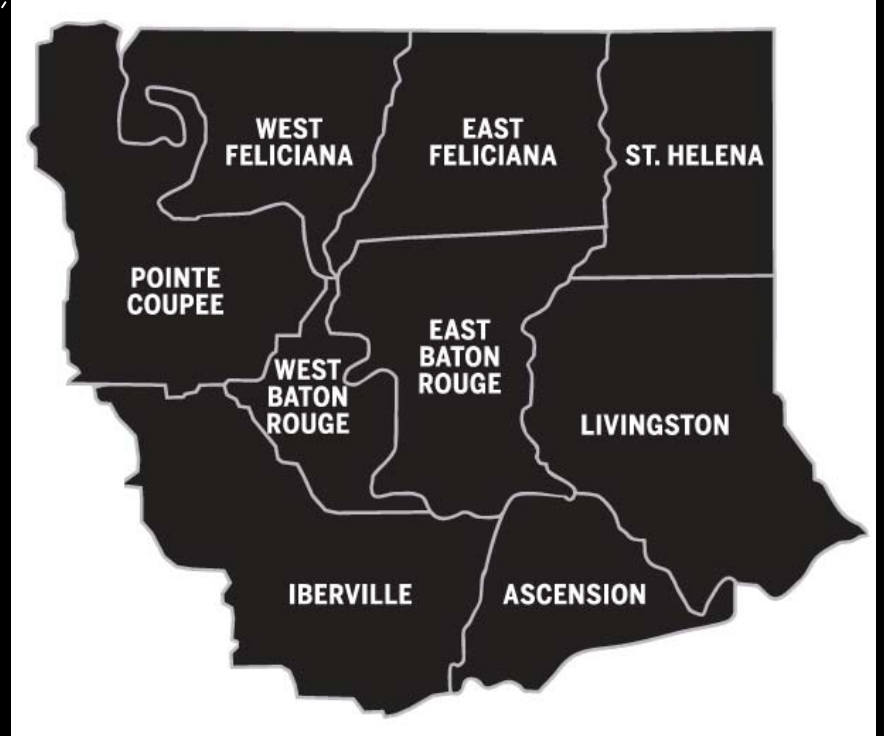
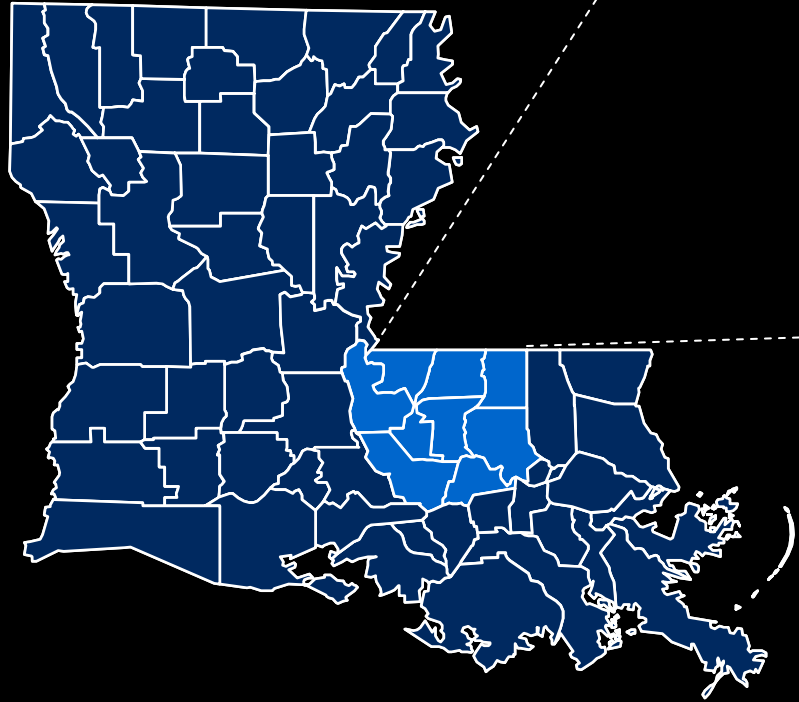
Baton Rouge Area **Chamber**

*Leading Economic Development
in the Baton Rouge Area*

Prepared for TRENDS

April 27, 2006

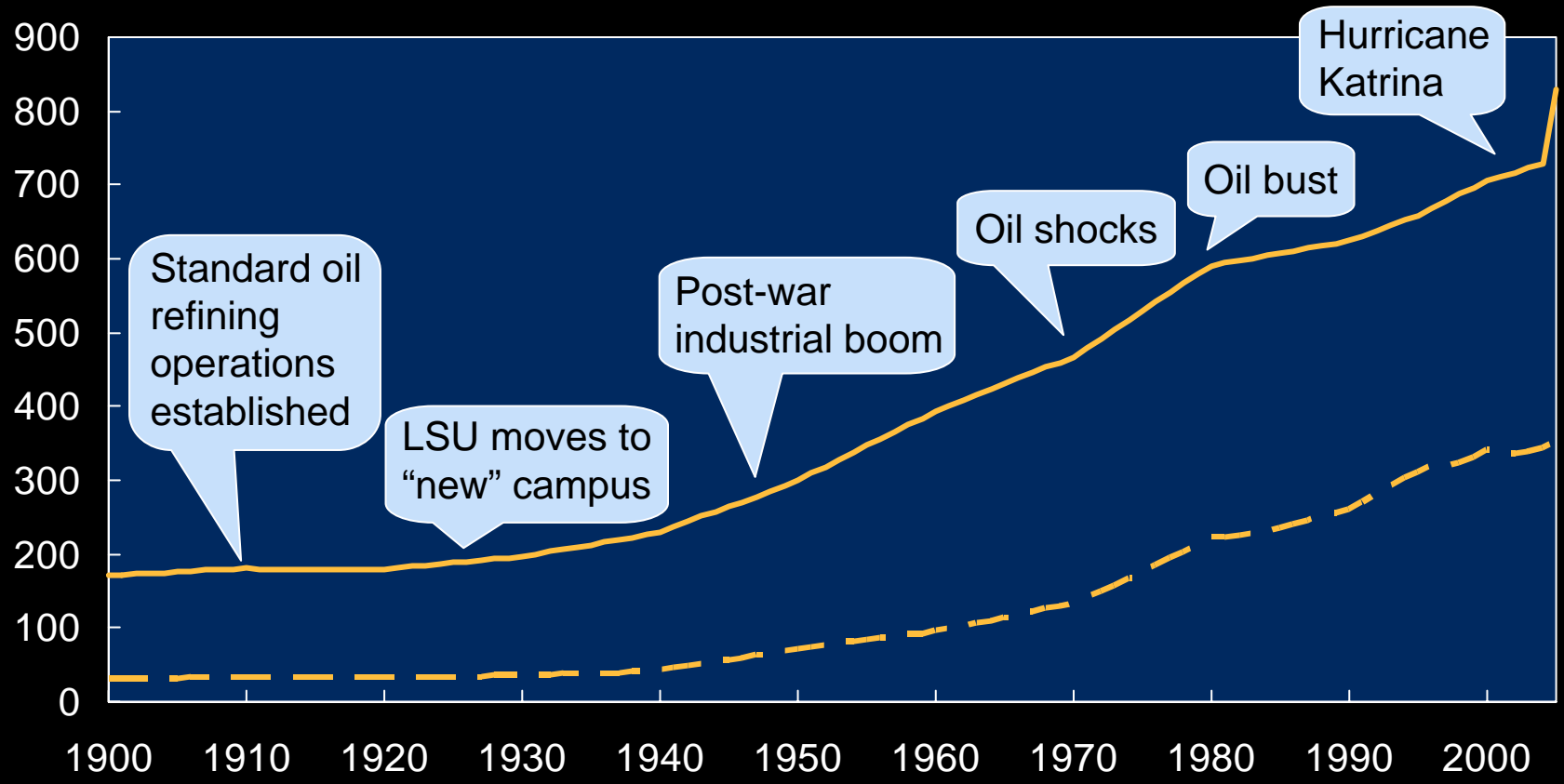
THE 9-PARISH BATON ROUGE AREA



HISTORICAL POPULATION AND JOB GROWTH IN THE BATON ROUGE AREA

— Population
- - - Jobs

Thousands



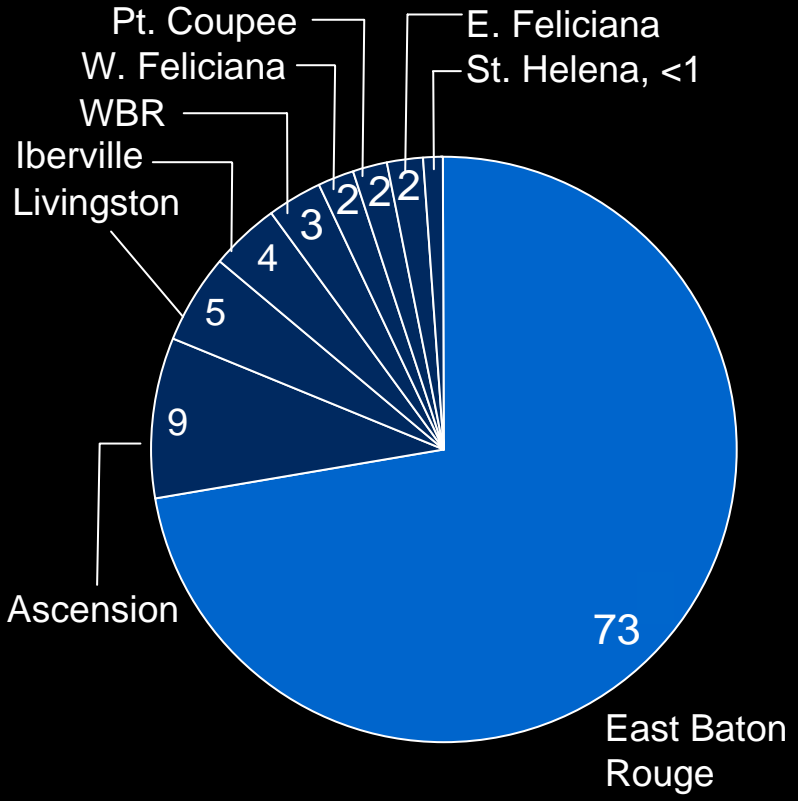
Katrina has provided a population spike unlike anything the Baton Rouge area has ever seen

BREAKDOWN OF JOBS IN THE BATON ROUGE AREA

Percent

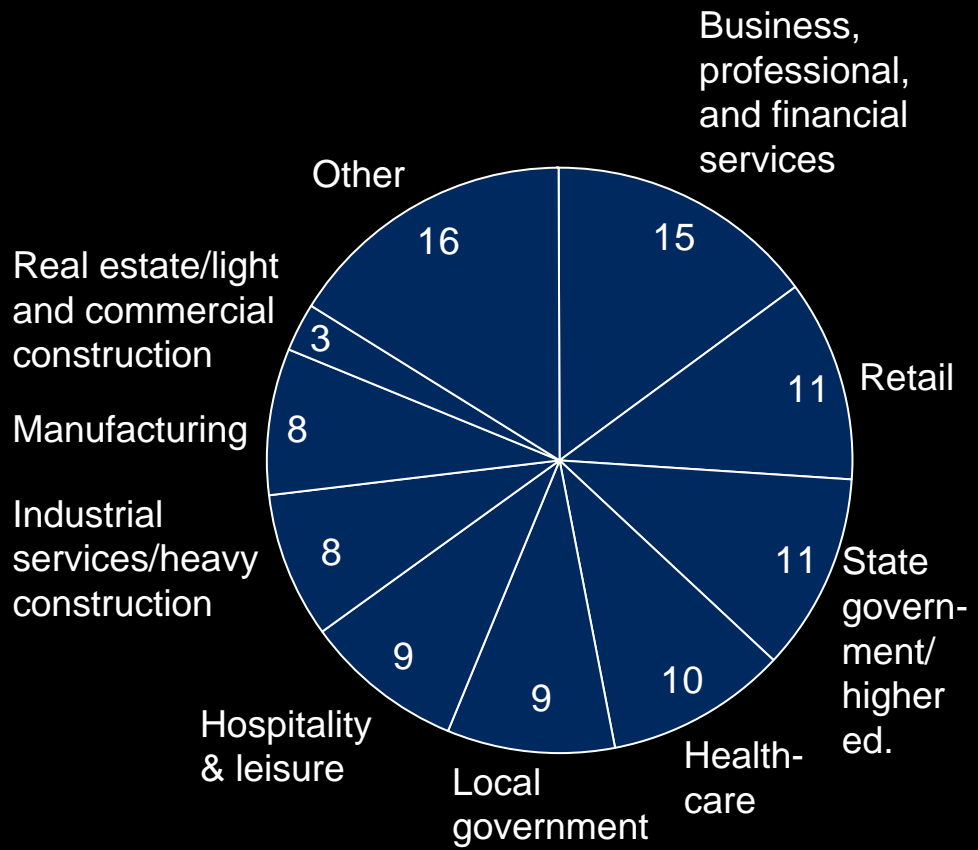
Jobs by parish

100% = 361K jobs



Jobs by industry sector

100% = 361K jobs

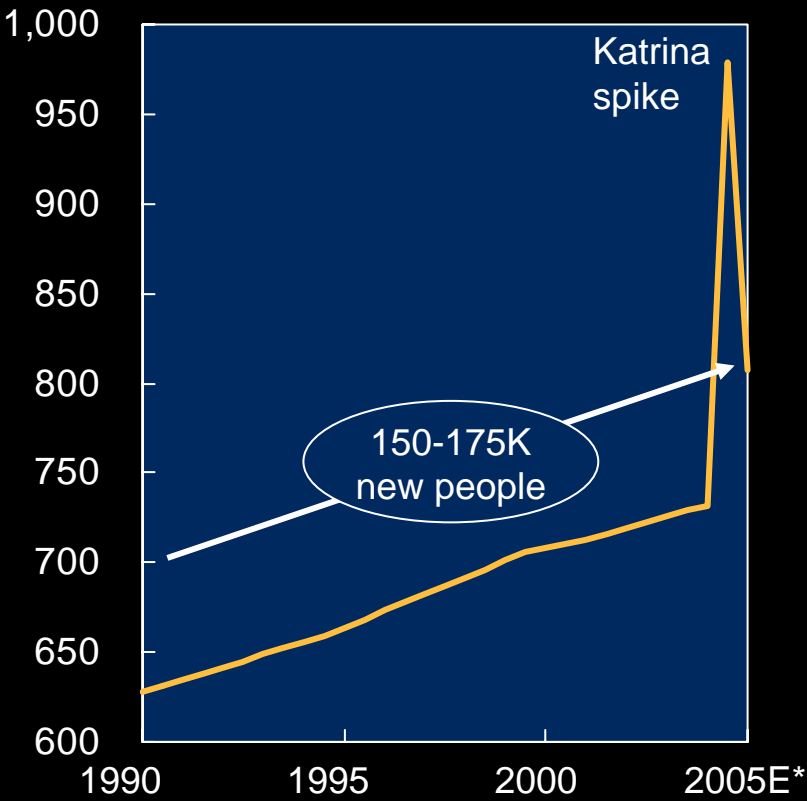


- Almost 75% of the area's jobs are located in East Baton Rouge parish
- Jobs are fairly diversified across sectors, with no sector representing >15% of total jobs
- Non-profits represent ~5% of the area's employment

RECENT POPULATION GROWTH

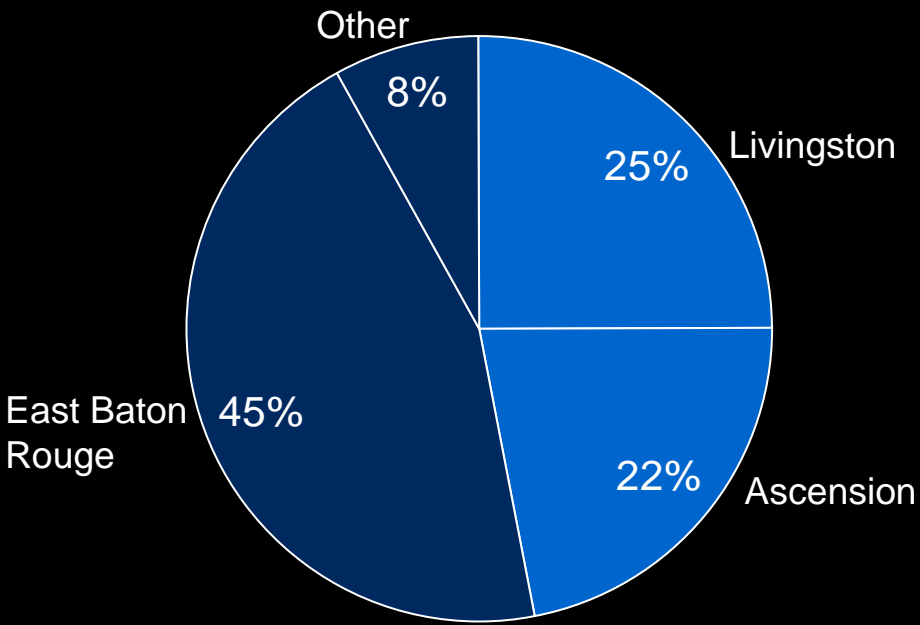
The Baton Rouge area population has grown by 150-175K* people over the last 15 years, with 50-75K added in 2005 . . .

Population of the Baton Rouge area (thousands)



. . . and 47%** of the population growth centered in Livingston and Ascension parishes

Baton Rouge area population **growth** over the last 15 years by parish
100% = 150-175K residents

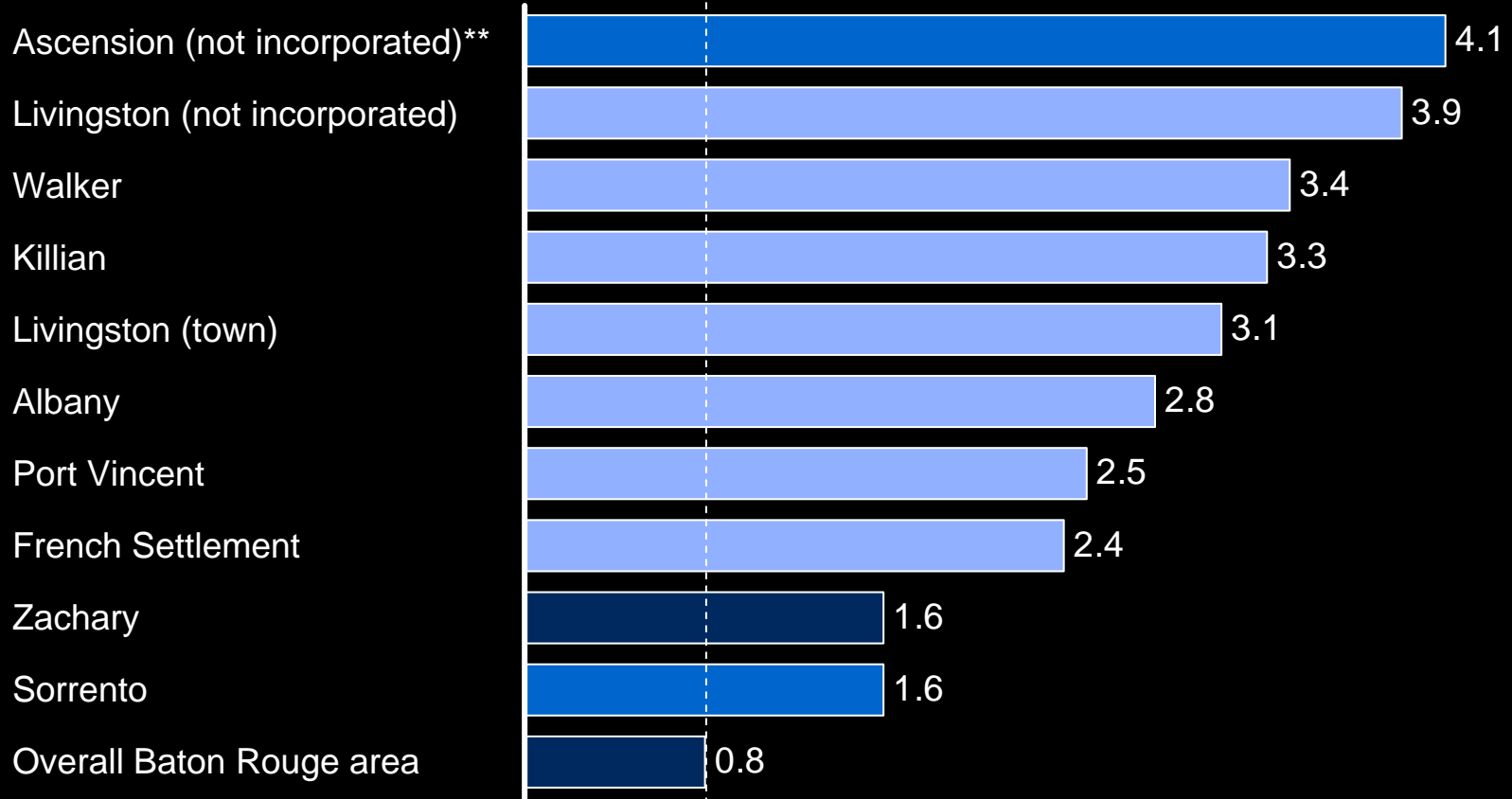


AREAS WITH THE FASTEST POPULATION GROWTH

Top 10 growth areas over the last 4 years (pre-hurricane)

Ascension parish
Livingston parish

Annual population growth rate* (percent)



- Unincorporated areas of Ascension and Livingston parishes are the fastest growing areas
- Zachary is the only municipality outside of Ascension and Livingston parishes within the Top 10

SUMMARY OF KEY GULF OPPORTUNITY ZONE INCENTIVES

Bonus depreciation

- Provides 50% bonus depreciation allowance for GO Zone property placed in service before 2008 (extended to 2009 for nonresidential real and residential rental property)

Tax-exempt financing

- Authorizes the issuance of tax-exempt private activity bonds to finance the construction and rehabilitation of residential and nonresidential property



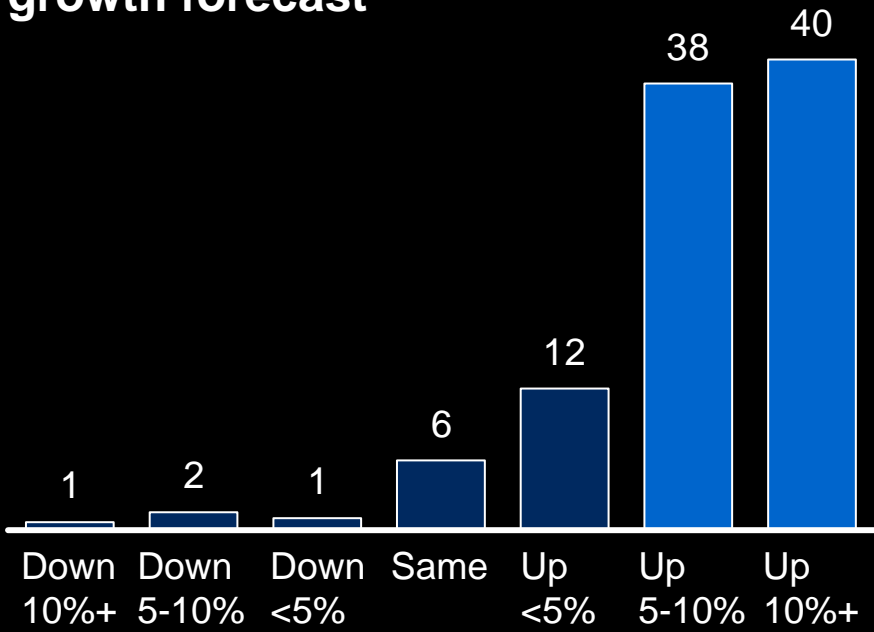
The Gulf Opportunity Zone incentives are some of the most aggressive Federal economic development incentives ever, but the benefits to the Baton Rouge area could be offset by increased construction costs

REVENUE GROWTH OUTLOOK OF AREA BUSINESS LEADERS

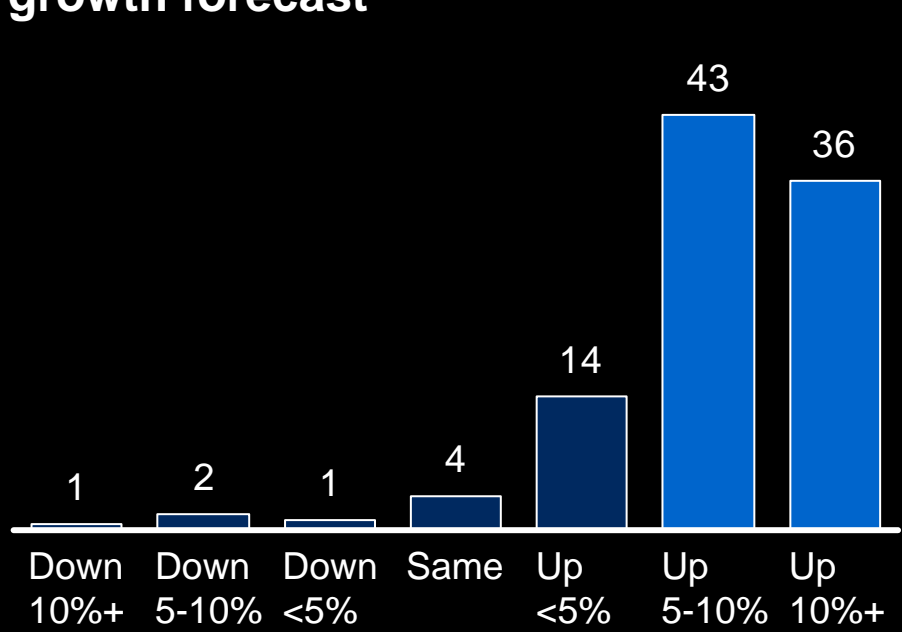
Percentage of respondents

Survey of regional business leaders*

2006 – Company revenue growth forecast**



3-year – Company revenue annual growth forecast***



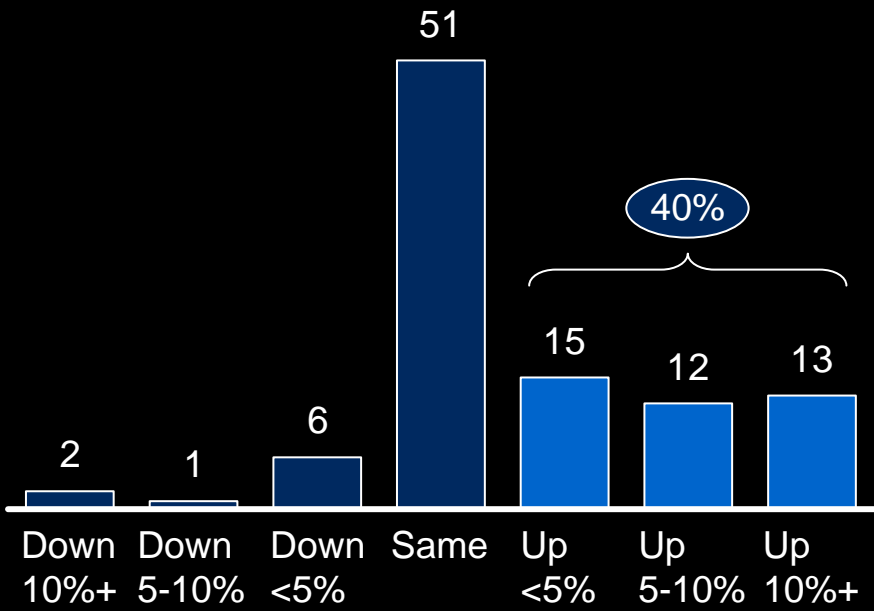
- Most business leaders see significant growth for their businesses in 2006 and beyond
- Almost 80% of business leaders forecast growth of > 5%/year

JOB GROWTH OUTLOOK OF AREA BUSINESS LEADERS

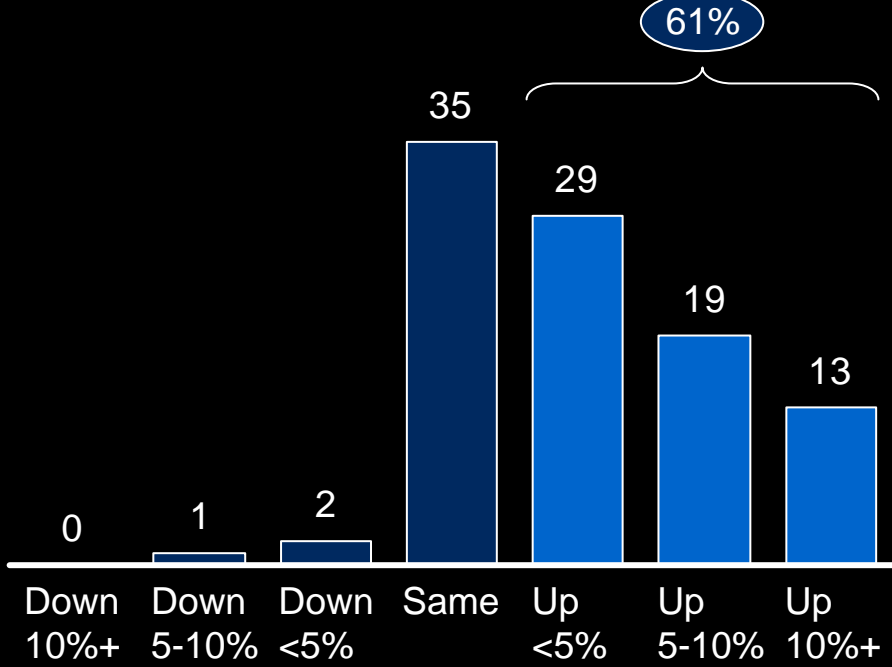
Percentage of respondents

Survey of Regional Business Leaders*

2005 job growth**



2006 job growth forecast***



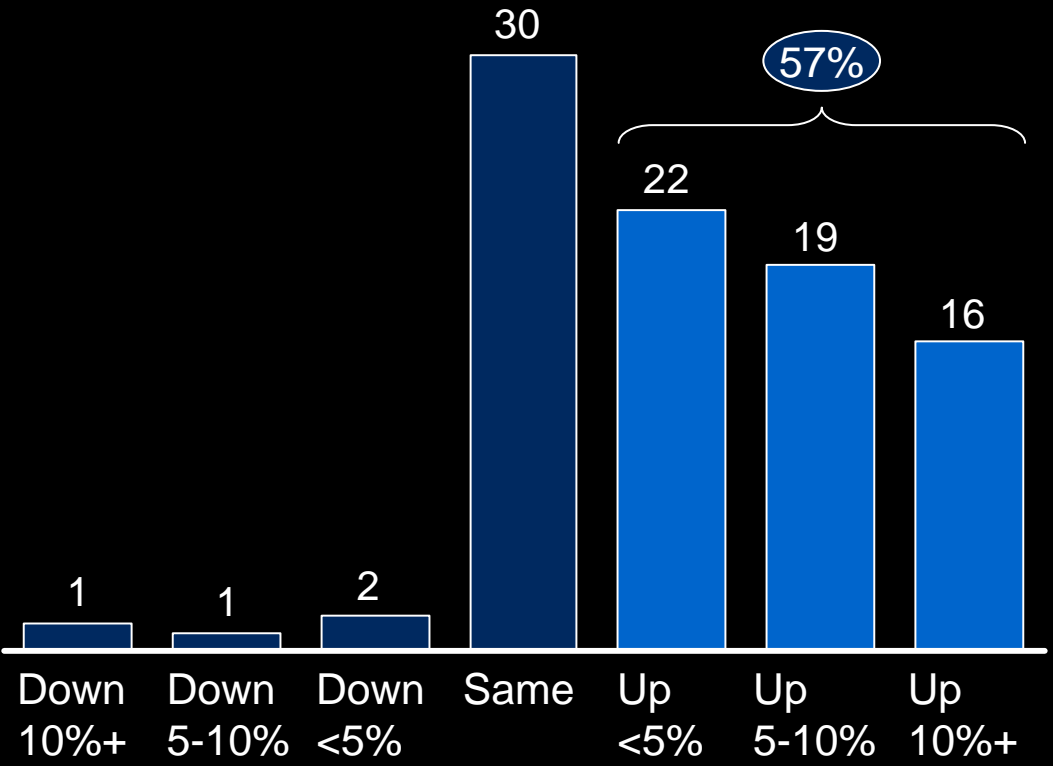
Business leaders are expecting more jobs to be created in 2006 than 2005 (61% see job growth in 2006 vs. 40% in 2005)

CAPITAL EXPENDITURE OUTLOOK OF AREA BUSINESS LEADERS

Percentage of respondents

Survey of regional business leaders*

2006 capital expenditure growth forecast**



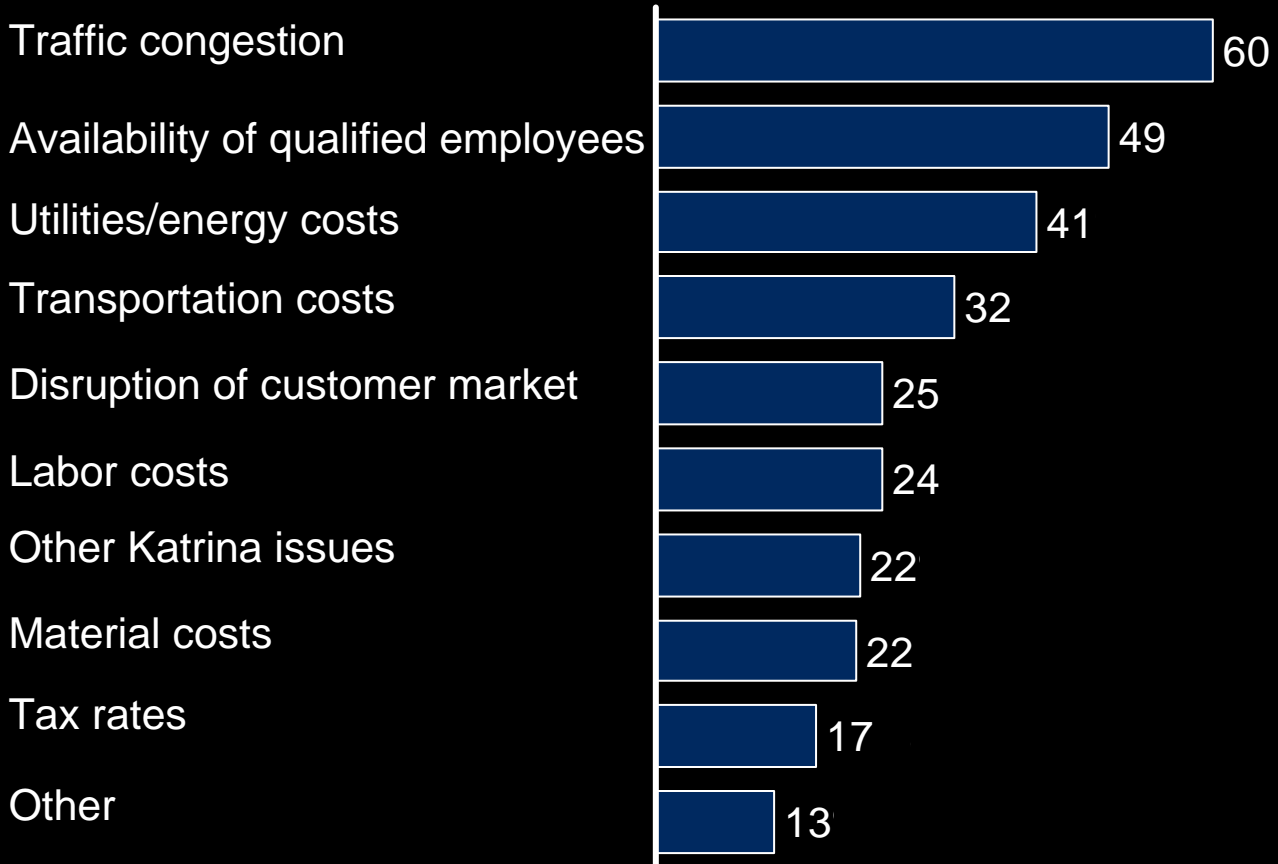
- Most (57%) business leaders expect their company's capital expenditures to increase in 2006
- Major capital projects anticipated for the area over the next 3 years include
 - Shintech plant (\$1 billion)
 - Big Cajun II power plant expansion (\$1 billion)
 - EBR Green Light road projects (\$460 million)
 - Bridge in Pointe Coupee (\$200 million) and other state road projects
 - New office, hospital, condo, apartment, retail, and residential developments

TOP CONCERNS OF AREA BUSINESS LEADERS

Percentage of respondents

Survey of regional business leaders*

Major business obstacles**



Top concerns identified by area business leaders include

- Traffic congestion
- Availability of qualified employees
- Utilities/energy costs

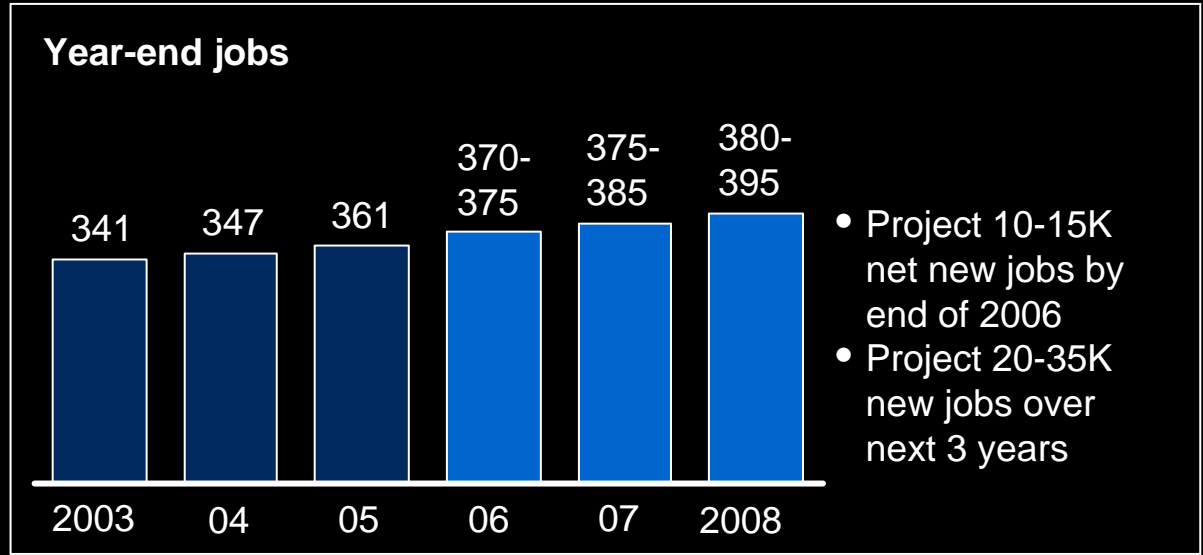
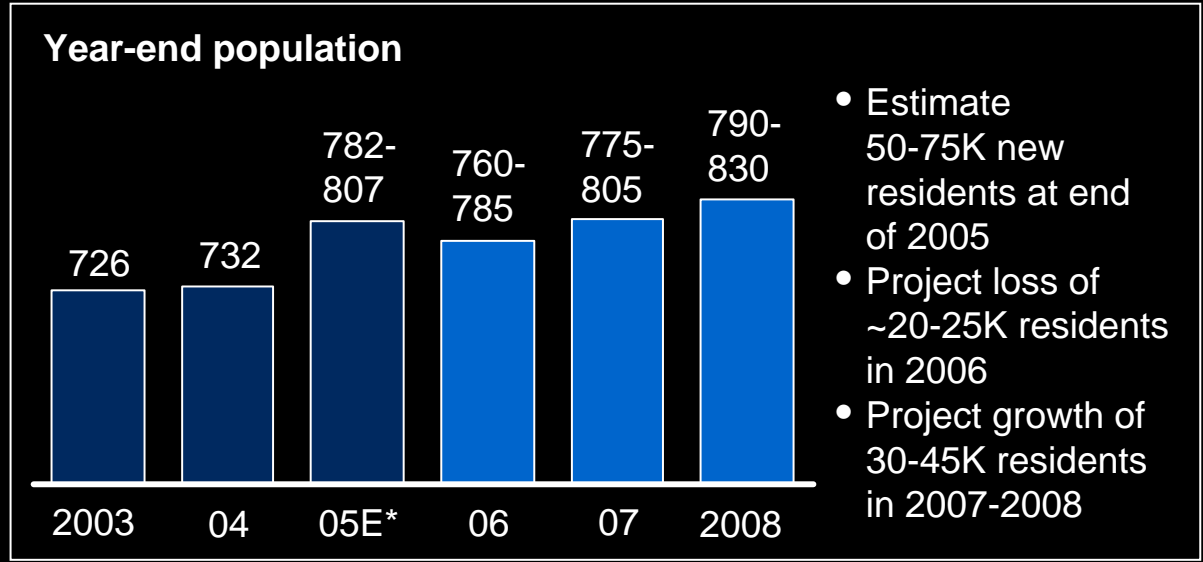
BATON ROUGE AREA GROWTH FORECASTS

Historical
 Forecast

Thousands

Growth drivers

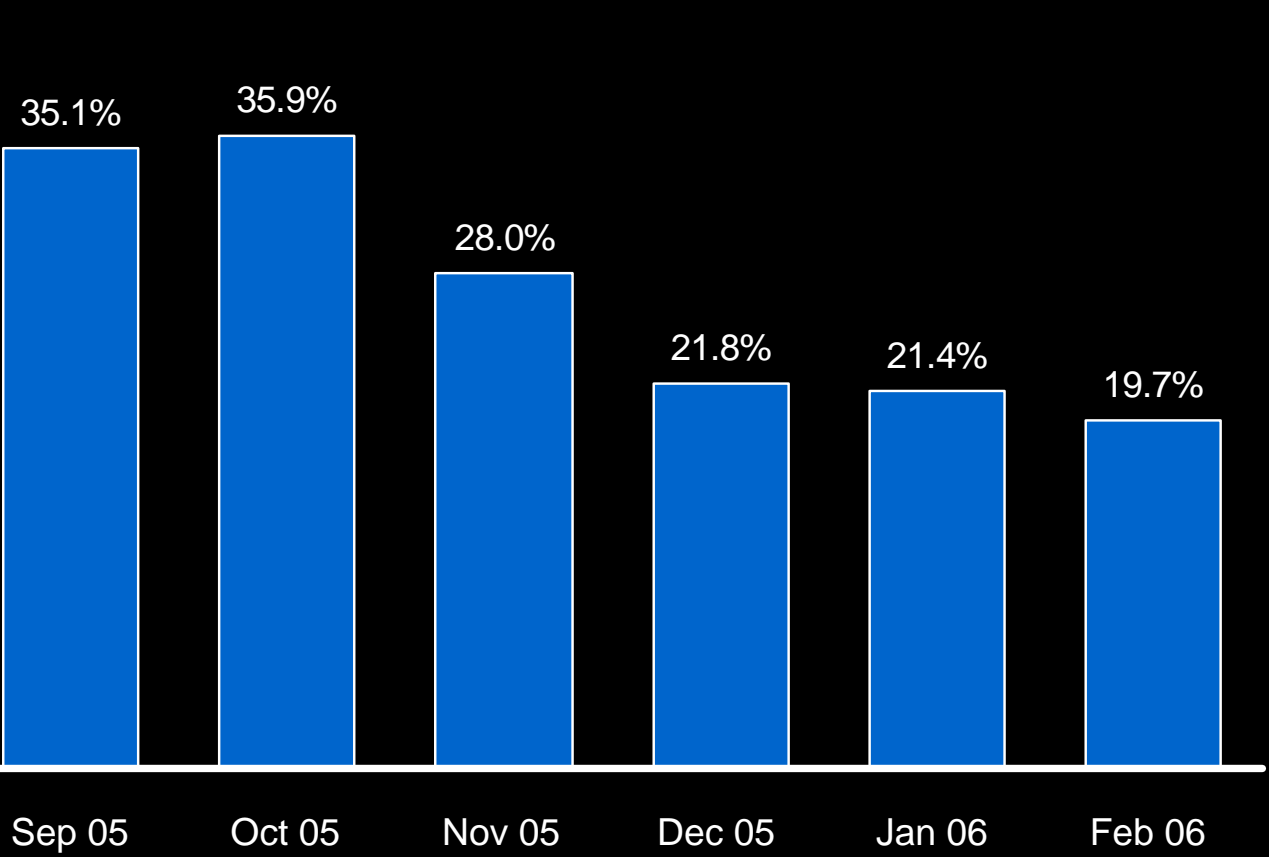
- Hurricane-impacted residents will continue to settle in the BR area
- Retail, medical, business, and other services sectors will expand to meet needs of new residents
- Much of N.O.-area rebuild activity will be staged in the BR area; A/E and construction services will expand
- Gulf Opportunity Zone incentives will drive the development of new BR-area properties
- Modest Fed interest rate increases will not significantly slow down housing market



ANNUAL INCREASE IN SALES TAX COLLECTIONS

Percent increase vs. same month in previous year

EBR City-Parish sales tax collections (less vehicle tax)



- Hurricane related consumer demand drove sales tax collections up ~35% in Sep and Oct
- Sales tax collections appear to be settling at ~20% above previous levels

GROWTH FORECASTS BY PARISH

	2006 outlook			
	Net new jobs*		Job growth Percent	
	Low	High		
E Baton Rouge	7,000	11,000	3-4	• Adds significant new retail, restaurants, healthcare, services, and construction jobs
Ascension	1,000	1,400	3-4	• New retail, restaurants, and construction jobs
Livingston	500	800	3-4	• New retail and restaurants following increasing population
Iberville	500	700	3-5	• New retail chains moving into parish; significant construction jobs with Shintech
W Baton Rouge	400	700	4-7	• New retail, including Super Wal-mart; significant construction jobs with Shintech and new housing/retail developments
W Feliciana	100	250	2-4	• New retail complex, tourism continues
Pointe Coupee	100	250	2-4	• Expansion in Alma Sugar Mill; Big Cajun II expansion
E Feliciana	100	250	2-4	• MS River bridge project could spur activity
St. Helena	25	75	2-4	• Increased retail and truck stop gambling
BR Area	10,000	15,000	3-4	

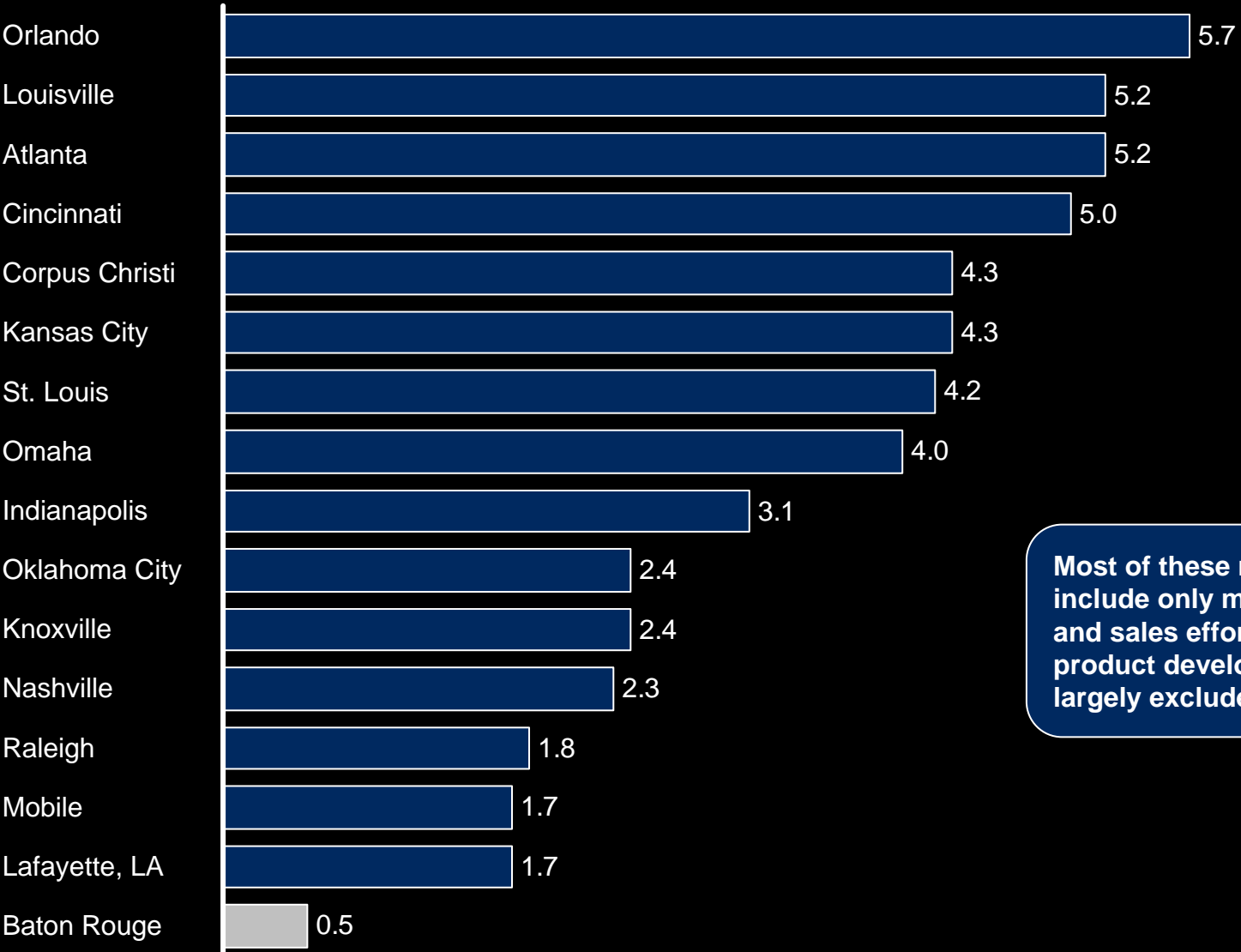
GROWTH FORECASTS BY INDUSTRY SECTOR

	2006 outlook			
	Net new jobs		Job growth	
	Low	High	Percent	
Business, professional, and financial	2,000	2,500	4-5	<ul style="list-style-type: none"> New bank branches, significant new architect and engineering positions, N.O. service providers relocate to BR area
Retail	1,000	1,500	3-4	<ul style="list-style-type: none"> New retail establishments added, existing store sales continue to outperform pre-hurricane levels
Hospitality and leisure	1,000	1,500	3-5	<ul style="list-style-type: none"> New hotels by end of 2006; significant number of new restaurants to serve increased population
Manufacturing (including petrochem)	(250)	250	(1)-1	<ul style="list-style-type: none"> Continued efficiency improvements with labor attrition; strong demand keeps plants operating at capacity in 2006
Local government	0	100	0-1	<ul style="list-style-type: none"> Limited personnel increases needed to accommodate larger population
Healthcare	1,500	2,000	4-6	<ul style="list-style-type: none"> Continuance of growth trends; additional hiring to “catch up” with hurricane-driven demand increases
Industrial services/heavy construction	1,500	2,000	6-7	<ul style="list-style-type: none"> Significant hiring associated with hurricane rebuild, road projects, and major industrial projects
Real estate/light construction	850	1,200	7-10	<ul style="list-style-type: none"> Strong real estate markets; significant hiring associated with hurricane rebuild and new developments
State government	(500)	500	(1)-1	<ul style="list-style-type: none"> Surprising resilience in retail tax revenues keeps state employment relatively stable
Other	2,500	3,500	4-6	<ul style="list-style-type: none"> Continued growth in services
BR area*	10,000	15,000	3-4	

COMPARATIVE ANNUAL BUDGETS OF OTHER REGIONAL ECONOMIC DEVELOPMENT PROGRAMS

ESTIMATES

\$ Millions per year



Most of these numbers include only marketing and sales efforts (i.e., product development largely excluded)

BRAC REVOLUTION: BECOMING A NATIONALLY-COMPETITIVE ECONOMIC DEVELOPMENT ORGANIZATION

NOT COMPREHENSIVE

- Board of Directors voted unanimously in January 2005 to transform our organization from a traditional, small-town chamber of commerce into a nationally competitive, regional economic development organization
- Developed a plan to implement the new mission
- Expanded board of directors to include seats for business leaders in all nine parishes proportionate to jobs (e.g., East Feliciana has one whereas Ascension has several)
- Raised over \$13 million in new capital to fund the new organization's five-year economic development program
- Hired several top professionals to staff the new organization, for example:
 - Steven Grissom (McKinsey, The Shaw Group)
 - David Wood (Greater Wichita Economic Development Coalition)
 - Jason El Koubi (London School of Economics)

BRAC'S FIVE-YEAR ECONOMIC DEVELOPMENT PROGRAM: SEVEN CORE STRATEGIES

- 1. Business retention and expansion program**
- 2. Business attraction program**
- 3. National marketing program**
- 4. Business intelligence program**
- 5. Special opportunity fund**
- 6. Public policy group**
- 7. Learning community**

THINGS TO WATCH BY PARISH

East Baton Rouge

- >\$50MM of “Green Light” road construction work in 2006; initial dirt moving in 1Q
- Riverfront master plan in place by 2Q; financing for implementation by end of 2006
- Increases in police, fire, DPW, and other first responder government employment to accommodate population growth
- Revenue surpluses, driven by increased retail and higher property values

Livingston

- Passed tax for new \$18MM jail; construction starting this year (150 construction jobs)
- Bass Pro construction, pending litigation
- New \$4-5MM health building (100 construction jobs); 4 new libraries totaling \$8-10MM (200 construction jobs)
- \$18MM renovation to Carter Plantation
- Juban road interstate exchange

Ascension

- With a favorable ruling, Cabella’s and the surrounding retail complex will begin construction
- International Matex Tank Terminal construction to begin first half of 2006
- Continued population growth; increases in home construction and retail to meet demand
- Public monies will begin to come in for important projects, including transportation, wastewater, and Lamar-Dixon

Iberville

- Construction of \$1B Shintech plant
- Continuation of \$2MM Waterfront Park project; completion likely in 2007
- Construction of the first hotel in Plaquemine in 50 years (\$4MM project), location of several national retail chains in parish, including CVS, Super Wal-Mart, Wendy’s, Sonic
- Upgrades to utilities, including sewer and electricity
- 2,600-acre, 2,800 unit residential development in St. Gabriel

THINGS TO WATCH BY PARISH (CONTINUED)

- | | |
|-----------------------------|--|
| Pointe
Coupee | <ul style="list-style-type: none">• Continued increase in revenues due in part to increased oil and gas activity• Big Cajun II expansion and Alma Sugar Mill• MS River bridge between New Roads and St. Francisville• New parish CAO will evaluate opportunities to restructure parish government• \$1.5MM road rehabilitation program will begin in summer 2006 |
| West Baton
Rouge | <ul style="list-style-type: none">• Construction of Super Wal-Mart and retail complex to begin in Feb 2006• New Post Office Distribution Center to begin operating in 2006• Significant increase in new home construction; possible TND development• Increase in sales tax revenue due to population increase |
| East
Feliciana | <ul style="list-style-type: none">• Interest among developers in area near Mississippi River bridge project• Parish zoning standards recently adopted; currently being fleshed out by police jury• Industrial companies in Slaughter to benefit from rebuild activity• Sense of momentum for positive change in public schools |
| West
Feliciana | <ul style="list-style-type: none">• Completion of a 4-year \$1MM roads project• Return of successful tourism industry• Development of a retail complex, including a bank, and grocery store• Continued planning of nuclear reactor site |
| St. Helena | <ul style="list-style-type: none">• Revenue increase due to demand for gambling, increased population, and retail• Approximate \$4MM renovation to courthouse building• \$400K roads project in District 2 |