

**GEORGIA DEPARTMENT OF ECONOMIC DEVELOPMENT
BOARD OF DIRECTORS MEETING MINUTES**

**Country Inn & Suites
925 Highway 124
Braselton, Georgia 30517**

**Wednesday, August 15, 2018
2:00 pm – 4:15 pm**

**Compiled by:
Commissioner's Office
Georgia Department of Economic Development
75 Fifth Street N.W., Suite 1200
Atlanta, Georgia 30308
Phone: 404 962.4003 Fax: 404.962.4009**

Pursuant to notice duly given, the Board of Directors of the Georgia Department of Economic Development met on August 15, 2018, 2:00 pm, Country Inn & Suites, 925 Highway 124, Braselton, Georgia.

Attending Board Members

Mike Campbell
Dennis Chastain
Wayne Christian
Tom Griffith
Randy Hatcher
Eric Johnson
Amy Kelley
Jay Neely
Rusty Paul
Randall Pugh
Jerome Russell
Marisa Simpson

Attending Advisors

Daryl Ingram
Anne Kaiser
Sean McMillan
Kevin Shea

Chairman Jay Neely called the GDEcD Board Meeting to order at 2:00 pm. He then called for a motion to approve the minutes from the May 23, 2018 meeting. Randy Hatcher motioned to approve the minutes and Eric Johnson seconded the motion. The minutes of the May 23, 2018 meeting were unanimously approved.

Chairman Neely welcomed guests attending the meeting:
Commissioner Christopher Nunn, Georgia Department of Community Affairs
Representative Tommy Benton

Chairman Neely called on **Randall Pugh, GDEcD Board Member**, for welcoming remarks. Randall welcomed the Board to Jackson County.

The Chairman then called on **Joshua Stephens, GDEcD**, to give a supply chain and distribution activity update.

Joshua started by saying that Jackson County has approximately 13 million square foot of spec industrial distribution space that is either under construction, recently completed but never occupied, or planned. The unemployment rate is 3.1% which makes Jackson County have the lowest unemployment rate in the state in June 2018.

Joshua then presented a slide show presentation:

Supply Chain and Distribution Activity Update: Topics

1. Drivers and Changes – Retail/E-commerce Space
 - a. Online sales: ever increasing, but still only about 10% of overall retail sales
 - b. Proximity to customers
 - c. Next Day/ASAP Delivery/Pickup
 - d. Online Grocery – Purchase/Delivery/Pickup
 - e. Increasing utilization of 3PLs (Third-Party Logistics Providers)
2. Recent Announcements/Distribution/NE Corridor
 - a. Amazon
 - b. GE Appliances
 - c. Hubbell
 - d. Uline
 - e. FedEx
 - f. Bed Bath & Beyond
3. What's Changing in the Market?
 - a. Real Estate/Buildings
 - i. Getting taller: 40' clear is the new norm (really 36')
 - ii. Getting bigger: 1MSF+ spec buildings
 - iii. More truck/trailer parking
 - iv. Public investment vs private
 - b. Projects
 - i. Moving faster
 - ii. Higher investment – less people
 - iii. WMS/Automation/Technology
 - iv. Average size (e-commerce): \$50-60M/150-300 jobs
4. Overview of Submarkets/Metrics
 - a. Atlanta total DC space: 496MSF
 - b. Northeast submarket: 143MSF – 29%
 - c. South I-75/Henry County: 49MSF – 10%
5. Issues and Challenges in the Sector
 - a. As with all industries – labor/talent/turnover
 - b. Competition & tight labor markets – UEI rate: 4.1% (GDOL – June 2018)
 - c. Minimum wages – some states/cities, driving more automation
 - d. Labor shortages truck drivers/transportation – logistics warehouse workers
 - i. Solutions: HOPE Career Grant – CDL; logistics/transportation technology
6. What are we doing?
 - a. Marketing: relationships
 - i. Who
 1. Tenant – representatives – broker relationships: plugging into deals in the market
 2. Developer/Owner Reps: these relationships are also key for intel
 3. Continued site selection consultant relationships: especially brokerage in-house

- ii. Where
 1. Events | NAIOP, SIOR, CSCMP, RILA, etc.
 2. Events - Georgia Allies | IAMC; Georgia Quail Hunt
 3. Individual outreach
- iii. LEAF Team Members
 1. Wylly Harrison, Director
 2. Josh Stephens, Sr. Project Manager
 3. Hank Evans, Project Manager
- 7. Crystal Ball: What does the future hold?
 - a. Drone deliveries?
 - b. Multi-level distribution centers?
 - c. Automated vehicles/trucks?
 - d. Robots operating warehouses?
 - i. Certainties
 1. Consumer expectations are increasing
 2. We want our products faster – tomorrow
 3. Online retail sales will continue to make up a larger portion of total sales
 4. Innovation/technology – supply chain
 5. Company decisions – outsource (3PL) vs in-house
 6. Increased competition – Amazon vs Walmart (and more)

Chairman Nelly called on **Ben Thomas, General Manager – Williams-Sonoma, Southeast Distribution Center**, to present on why Williams-Sonoma chose Georgia.

Ben started his presentation by saying, “speed is life in retail”. Where 12-6 weeks used to be the normal lead time, customers want their purchases ASAP now. Williams-Sonoma chose Braselton because of:

- The culture/talent (experienced distribution talent already here)
- Distribution centers already here
- They are a people first company and the quality of life in Jackson County was a good match
- The commitment to the area that other businesses have shown
- They are not the biggest fish and that makes them happy

There are a few cons

- The area is a little too competitive
- Williams-Sonoma paid a little less than new companies moving into the area do and so they feel like the “chosen company”
- The loyalty is bought

In the future they plan to build a delivery hub inside their current space which would add another 20-30 jobs. It will be cheaper to ship from there than the distribution center they have in New Jersey. They employ 300 associates full time and another 100 part time/on contract.

They work six days a week, 24 hours a day with the exception of Sunday evenings when they close early.

Chairman Neely then called on **Jim Shaw, President & CEO & John Scott, Vice President and Director of Economic Development – Jackson County Area Chamber of Commerce**, to welcome the Board.

Jim stated that Jackson County is growing because of e-commerce, distribution hubs, and close proximity to I-85 and Atlanta. Below are some stats:

- They have a good commute. In comparison: there are 67 thousand people in Gwinnett that have a work force commute: 15K drive 30-35 minutes into Gwinnett to work; 17K drive out of the county to work
- Unemployment in Jackson County is 3.1% - the lowest in the state
- Great schools – Jefferson College and Career was voted #1 in the state for a small community
- Great recreation – UGA, Lake Lanier, Hartwell are all close by

In 2013

- Jobs – 8,451
- Population - +8.1%
- Labor force - +19%
- Unemployment – 3.1%

Tax digest

- Industry – 27%
- Commercial – 15%
- Residential – 41%
- Other 17%

Partnerships

- The Alliance for Economic Development Sub Committee
- Cities: Braselton, Jefferson, Commerce
- Quick Start
- Lanier Tech
- GDEcD

Businesses that call Jackson County home

- Bed Bath & Beyond – 1,200 jobs/50M investment
- Carters – 900 jobs full time & 900 jobs part time/100M investment
- Amazon – 1,000 full time jobs/800M investment
- Hubbell – 100 jobs
- FedEx – 87M investment
- GE Supply – 100 jobs/55M investment
- Samil Spinning – 155 jobs/22M investment
- Kubota – 1,000 jobs/300M investment

- Toyota – TACG & TICA – 1,000 jobs/1B investment – won the 2017 Georgia Automotive Supplier of the Year award

Jim introduced John Scott who started as Vice President and Director of Economic Development in July 2018.

Chairman Neely then called on **Matt Markham, Director, Center of Innovation for Logistics – GDEcD**, to talk to the board about updates on logistics innovation in Georgia.

Matt told the Board about the annual Logistics Summit that helps connect companies with people that can offer them technical solutions. He also explained what the Center of Innovation for Logistics does:

Focused Industry Sectors

- Supply Chain Technology
- Logistics Support for Cargo Owners
- Workforce Development

Industry Support

- Connections to resources
- Customized analysis and insight
- Learning and networking opportunities

NEXT GENERATION PORT LOGISTICS

Research, Innovation and Education

Joint MOU Signed between Center of Innovation for Logistics, Georgia Ports Authority, and the Georgia Tech Supply Chain and Logistics Institute on July 31, 2018.

- Aimed at supporting the state's logistics industry in economic development, research, and education
- Taps into the hands-on expertise at GPA, COI, and GT to give superior insight into everything from when and where to build infrastructure to improved efficiency in cargo routing.

Collaborative Supply Chain Innovations

Georgia Pacific, Metro Atlanta Chamber, and Point A | Summer of 2018

- Pulled resources together, innovation
- Bringing companies together to share ideas
- Living lab warehouse
- First of its kind

Examples of some company-specific support

- **Solidus**
 - International metal fabrication company looking to expand into GA
 - Needed guidance on setting up distribution network

- Staffwrx
 - Startup in ATDC providing software application for logistics support staffing
 - Needed industry insight and Savannah connections
- Corvaglia
 - Global bottle-cap manufacturer
 - Needed help understanding impacts of location decision on supply chain

What's next?

- Future of mobility
 - More efficient movement of goods
 - Autonomous and connected vehicles
 - Emphasis on last-mile delivery
- Optimization through data
 - More efficient use of assets
 - Enhanced supply chain visibility
 - Meet customer need for quick, reliable delivery
- Sudu
 - ATDC Company
 - Using data to match shippers to carriers
 - Improves use of trucking assets (important with the driver shortage)
- Stord
 - Flex warehousing
 - Matches capacity with demand
 - Enables a more efficient distribution network
- More efficient use of access (data/info) utilities
- Driverless trucks, connected vehicles

Chairman Neely called on **Joe Hicks, Jefferson District Manager – Jackson EMC**, to present Jackson County: Our Corporate Home.

Jackson County has four cities: Jefferson, Gainesville, Lawrenceville, and Neese
Jackson EMC covers a 10-county area, 2nd largest in the country for a co-op. Their territory is 90% residential and 10% commercial and industry.

Why Jackson? 85 corridor, 4 exits off of I-85, mixed customer base, central

Jackson EMC Foundation rounds up bills to \$1 and gives the money back to the community. It is customer money which makes the residents there very involved in the community.

Next, Chairman Neely called on **Robert Payne, Director of Account Management, Marketing and Communication – GDEcD**, to present the Real Success Timeline
<https://success.georgia.org/?timelineCurrentNodeId=10%2F07%2F2018&timelineCurrentCategory=all>

The Real Success Timeline is a place where you can explore the partnerships cultivated across the state of Georgia that have led to economic development success over the past few years. While there are many more success stories to tell, and we wish we could tell them all, we have focused on select companies across multiple industry sectors that have shown consistent growth over time. In addition, we have included pivotal moments where our various divisions have reported significant increases in jobs, investment, and overall economic impact.

Robert encouraged members of the Board to spend some time looking at the timeline and taught them how to navigate it.

Chairman Neely called on **Pat Wilson, Commissioner – GDEcD**, to present the Commissioner's Report

First off, thank you to Randall for inviting us. And, to Jim and the team here in Jackson County for hosting us.

In fact - on Friday, several of us were here in Jackson County with Governor Deal for the grand opening of a new Amazon fulfillment center. We announced this project in June 2016, so we were excited to be here to celebrate with all of you.

And, yesterday, we were back in Region 5 in Elberton to present at the Rural Development Council Meeting.

It's been a busy few months since our last board meeting.

International Relations:

We just returned from an economic development mission to China. This trip was built around a celebration of Delta Air Lines' new direct route from Atlanta to Shanghai. This mission, like all of our high-level international travel, supported our efforts toward investment, business development, trade, and tourism.

The itinerary included prospect meetings; a networking reception to celebrate the new direct flight; an MOU signing between Hartsfield-Jackson ATL and Shanghai Airport Authority; briefings and roundtable discussions with the US Commercial Service and the American Chamber of Commerce; trade/export meetings; and relationship-building meetings with Chinese government leaders and trade representatives.

While in China - we announced that Complete Flooring Supply Cooperation will create 100 jobs and invest \$30 million in its first U.S. manufacturing facility in Gordon County.

Global Commerce:

Speaking of announcements - our Global Commerce team had several big wins over the last few months:

At 8am this morning - Governor Deal announced that Jaguar Land Rover Classic will create 75 jobs in Chatham County.

- The new operations hub in Savannah will be Jaguar Land Rover Classic's first facility in the U.S.

On July 26 - Governor Deal announced that thyssenkrupp Elevator Americas Business Unit will create more than 650 new jobs and invest more than \$200 million in its new headquarters and innovation complex in Cobb County.

- Upon completion, the new complex will include three facilities anchored by a state-of-the-art, 420-foot-tall elevator qualification and test tower, the tallest of its kind in the nation.
- This announcement comes almost two years to the date since we met with TK on an economic development mission to Germany with Governor Deal.

Also in July, Governor Deal announced that Georgia-Pacific will create 130 jobs in Albany at a new lumber production facility in Dougherty County. They will invest \$150 million in the state-of-the-art facility.

On August 1, Governor Deal announced that Nichiha Corporation, a global manufacturer of fiber cement products, will create 74 jobs and invest \$120 million in an expansion of its manufacturing facility in Macon-Bibb County.

Rural Georgia Initiatives:

Rural Initiatives - our newest team - has been busy meeting with community leaders across the state. Amy and her team have completed community visits in all counties in regions 1 and 10. And, they started community visits in region 9 this week.

Centers of Innovation:

As you heard from Matt earlier - our Centers of Innovation team have been busy!

Here are a few of their teams incredible FY18 numbers:

- This team engaged with nearly 1,200 companies, universities and economic development organizations across all 12 regions in FY18.
- These engagements resulted in a direct economic benefit of \$52.7 million to COI clients.
- In fact, the COI team supported 59 of Global Commerce's recruitment projects which resulted in nearly \$500 million in investment.

Film:

On May 31st, the film office hosted another very successful "Georgia Night in L.A." in West Hollywood, California with more than 350 people.

- Attending companies included Netflix, Disney/Marvel, Dreamworks, Paramount, Lionsgate, and Sony.
- This event is an opportunity to thank them for filming in Georgia!

Right now in Georgia - 20 feature films, 2 pilots, 1 movie of the week, and 35 television series are in various stages of production.

Keep an eye out for the team's FY18 numbers tomorrow. The Governor's office is going to announce.

Tourism:

Our Tourism team is gearing up for the annual Governor's Tourism Conference taking place in downtown Atlanta Aug. 26 - 29.

The Tourism Sales team conducted two international visitor workshops last week in Savannah and Jekyll Island to provide partners with the tools necessary for working with international travel trade and their visitors.

- More than hundred registered attendees participated in the events.

The Tourism Product Development Team conducted numerous TPD Resource Team visits since our last meeting - they visited Morgan, Floyd and Paulding counties.

Georgia Council for the Arts:

Throughout the spring our Arts team ran its FY19 grant review process.

- A total of 217 grant applications were reviewed.
- On July 1, GCA announced that 132 organizations throughout the state were collectively awarded more than \$1 million in funding.
- It's also important to note that our guidelines for the Vibrant Communities grant are available on the GCA website, along with a complete list of eligible counties.
- Grants are up to \$5,000 to support an arts program.
- The deadline is August 31.
- If you would like more information for your community - please check in with Karen Paty.

Trade:

Trade also closed out another strong fiscal year, working with 1,396 companies across the state.

The team worked with companies in 82% of Georgia counties (130 Georgia counties), and supported more than \$27 million in small business exports.

They will be rolling out an updated calendar of events for 2019 shortly, and are looking ahead to another successful year.

In October, the team will lead a delegation to the annual SEUS-Japan conference in Tokyo, as we prepare to host the 2019 conference in Savannah.

- Georgia was a founding member of SEUS-Japan back in 1976, and we have seen tremendous growth in Japanese trade and investment in the past four decades.

- Japan is now our 6th largest trading partner, and leading investor nation based on dollar value of investment. More than 500 Japanese facilities call Georgia home. We are excited to host this prestigious event next year, and look forward to highlighting the strength of the Georgia-Japan relationship.

Marketing & Communications:
Speaking of Japan...

Our marketing team is continuing to produce international investment videos that help to tell our story... in the language of our customers. The fourth in a series after China, Germany, Korea, the new Japanese language video provides an excellent overview of Japanese investment in Georgia and the supporting resources these companies have available to them to succeed and grow.

Combining both business and cultural resources, the video highlights three very successful Japanese companies in Georgia – Hitachi Automotive Systems, Rinnai and YKK.

Let's play it now.... (<http://www.georgia.org/video/?video-id=46514>)

Closing:

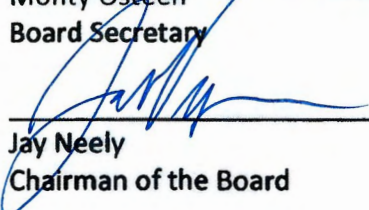
I encourage you to review the Board Book that Karen shared with you via email last week. It includes highlights from our 4th quarter.

Chairman Neely adjourned the meeting at 4:27 pm.

Respectfully Submitted:



Monty Osteen
Board Secretary



Jay Neely
Chairman of the Board