

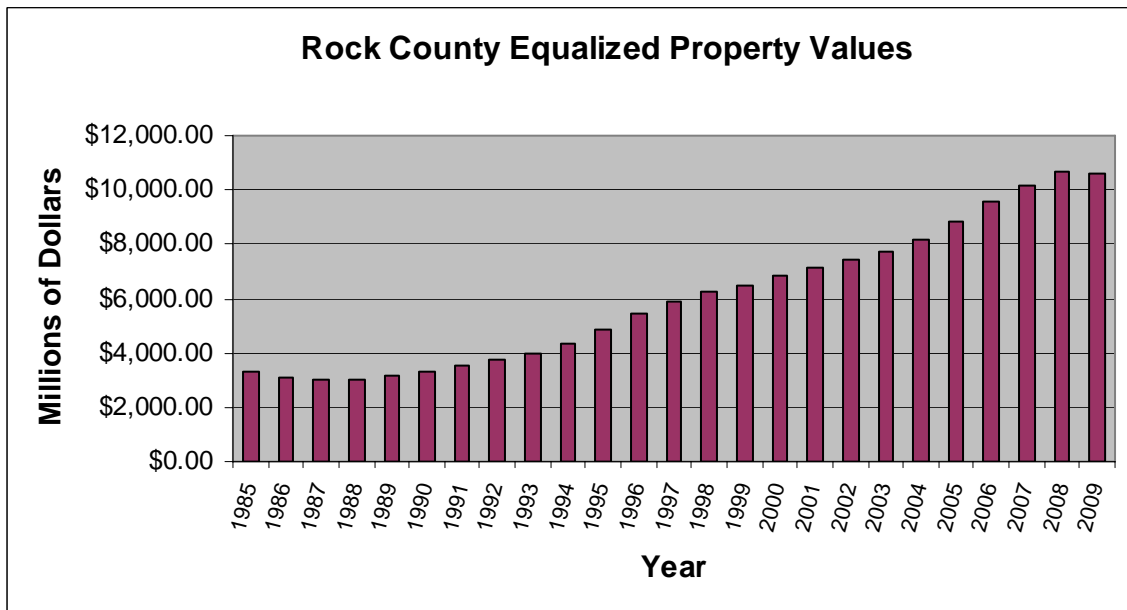


**OVERVIEW**

Rock County’s current population of 160,635 (2010 estimate) continues to rank among Wisconsin’s largest counties. Steady-to-moderate population growth, as measured by comparative Census data, is directly attributed to the County’s close proximity to larger, metropolitan locations such as Madison, Milwaukee, Rockford and Chicago. Geography, industry and transportation linkages - coupled with lower cost of living indicators - continue to facilitate Rock County’s overall positive growth patterns.

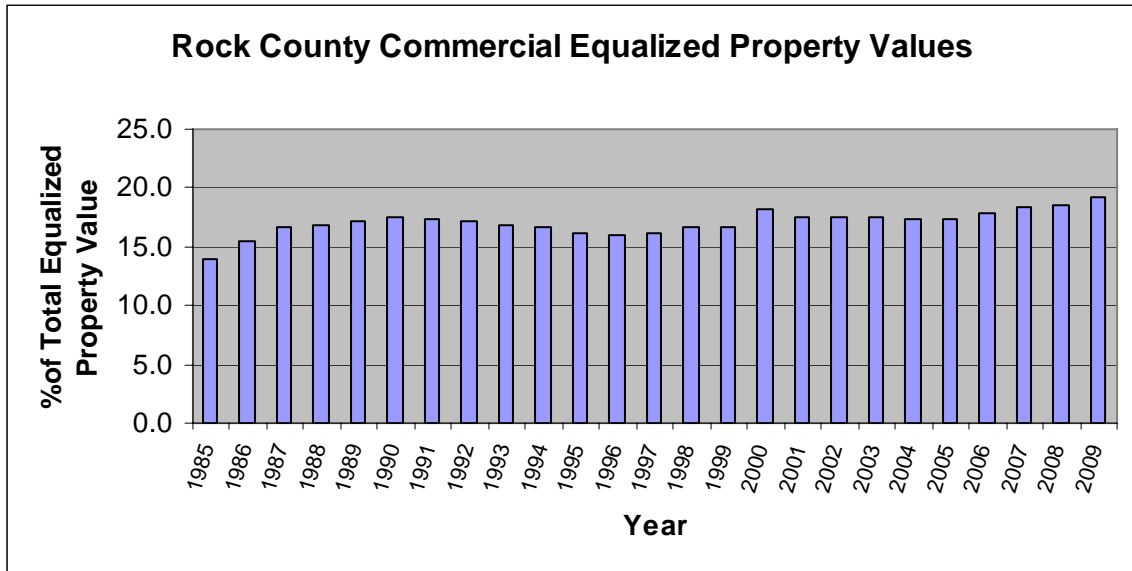
Rock County’s growth rate during the most recent decade, as measured by equalized property values, exhibited positive gains - tracking at an annual average rate of 5.14%. The only notable exception was YR 2009, which posted a negative figure of less than one-percent. A resurgent commercial segment, fueled by a steady stream of financial, medical and mixed-use redevelopment projects contributed towards Rock County’s growth trends (see Figures 1.1-1.3).

Figure 1.1



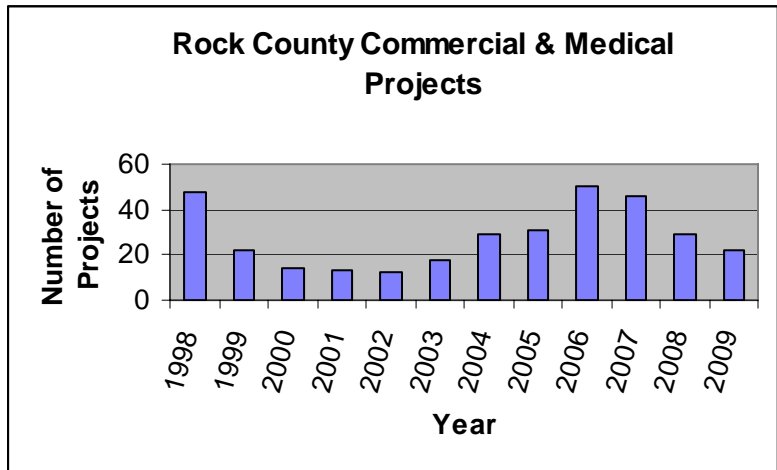
Source: Wisconsin Department of Revenue

Figure 1.2



Source: Wisconsin Department of Revenue

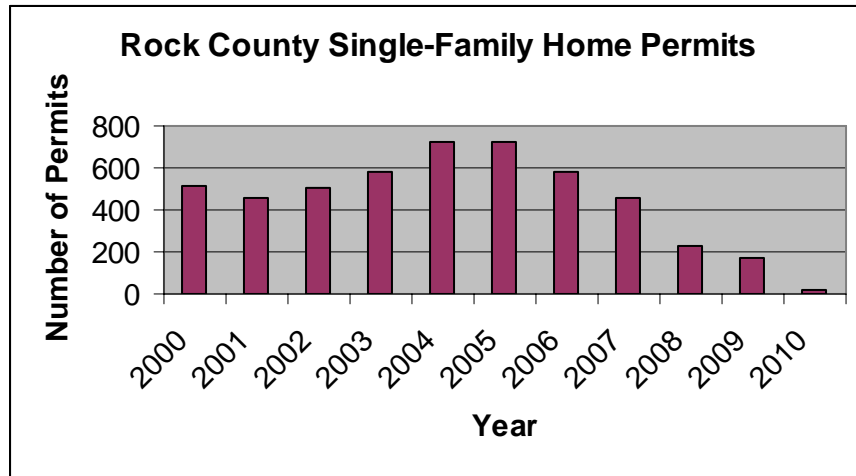
Figure 1.3



Source: McGraw-Hill Construction Information Group

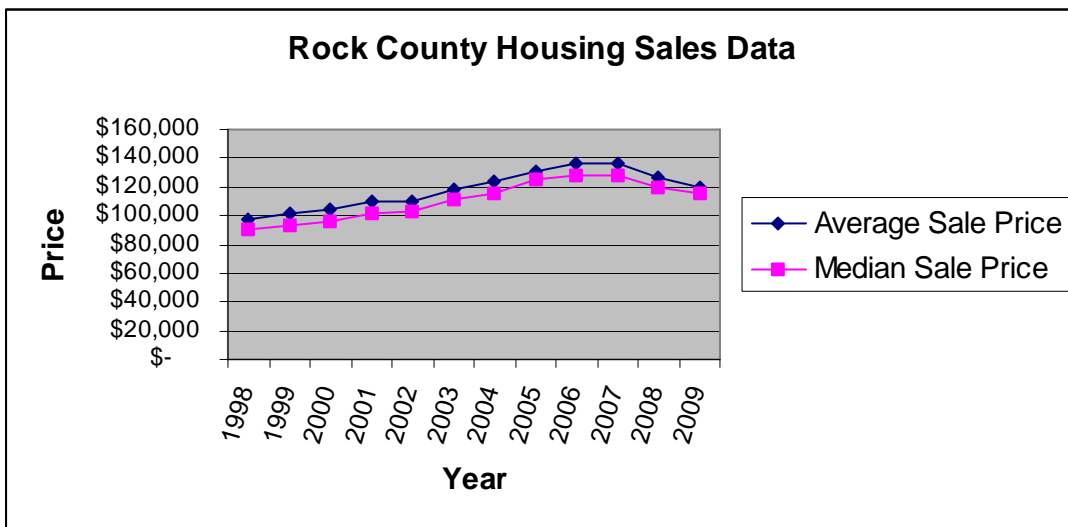
Meanwhile, the County's residential appetite began to follow the nation's tempered trend line. Unlike its larger metropolitan counterparts, though, Rock County did not experience the same proverbial peak-and-valley boom. Although the number of housing permits has cooled considerably and price points have been impacted, there is positive market activity (see Figures 1.4 - 1.6). According to Q1 2010 data, the number of home and condo transactions has increased by 26% compared to 2009 Q1. Even though realtors attribute at least 50% of this activity to the federal homebuyer tax credit program, the remaining 50% appears to be driven by credit-and employment secure buyers.

Figure 1.4



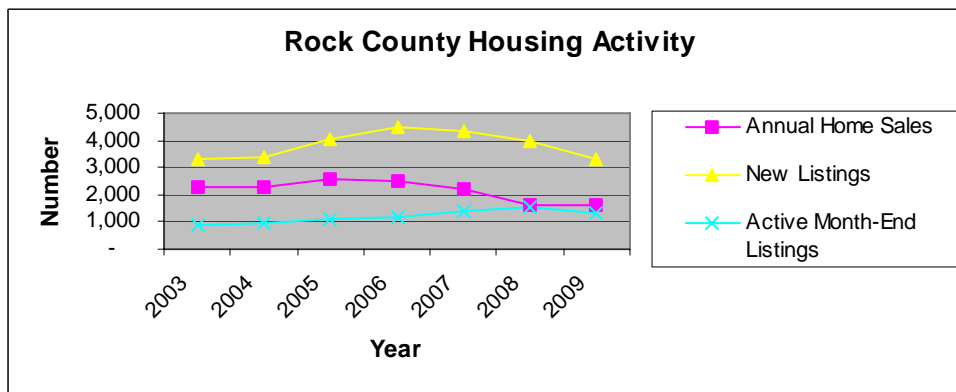
Source: McGraw-Hill Construction Information Group

Figure 1.5



Source: Wisconsin Realtors Association

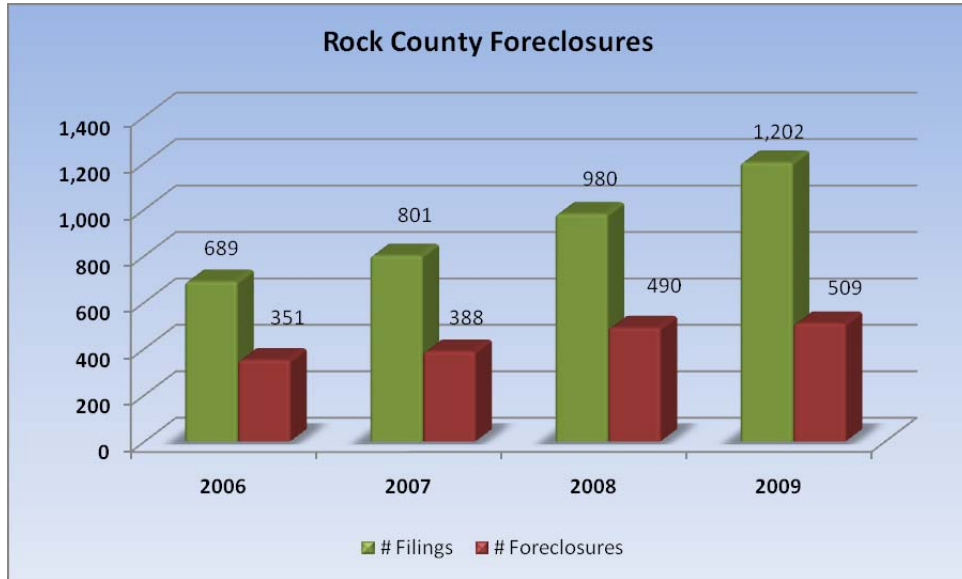
Figure 1.6



Source: Wisconsin Realtors Association

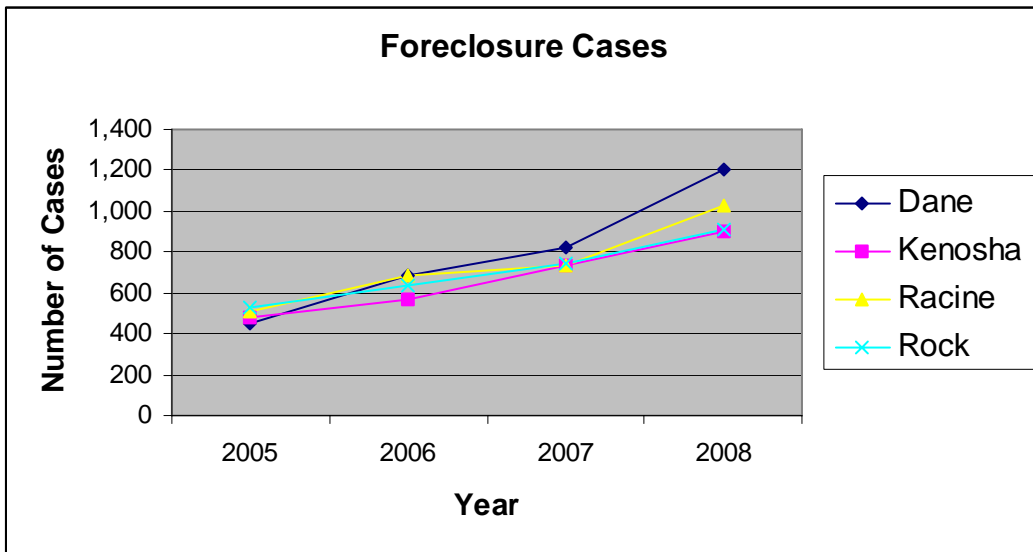
While there are positive signals linked to the county's residential market, challenges persist. Figure 1.7 illustrates Rock County's foreclosure activity. Meanwhile, Figure 1.8 offers a regional foreclosure comparison.

Figure 1.7



Source: Wisconsin CCAP

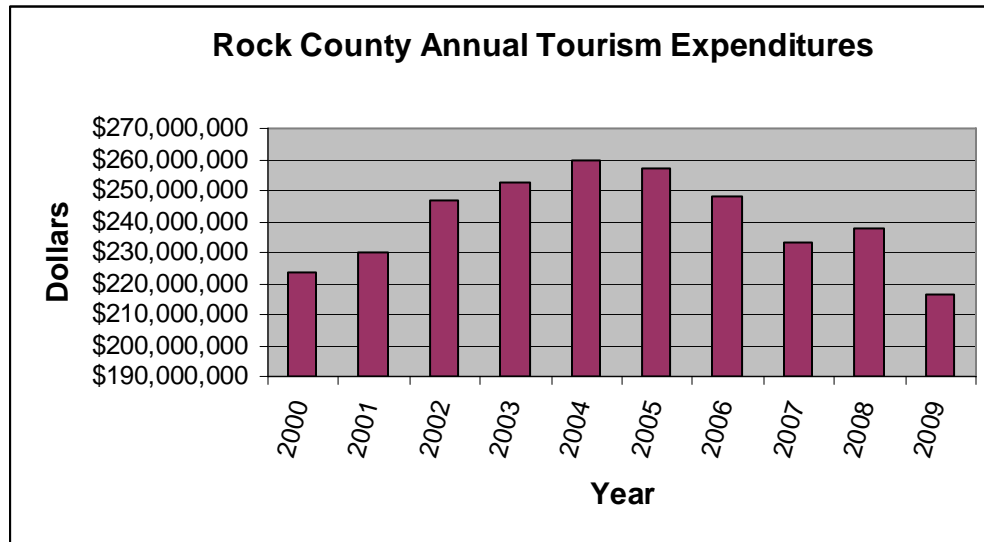
Figure 1.8



Source: Wisconsin CCAP and UW-Extension Community & Economic Development Center

According to the 2009 Wisconsin Department of Tourism’s Expenditures Report, Rock County ranked #14 - with a total expenditure figure of \$216,641,659 (see Figure 1.9). Given the anemic economy, all 72 Wisconsin Counties experienced declines from their previous year’s totals (see Figure 1.10). Throughout the decade, Rock County’s rankings have fluctuated from Top 10 to Top 15. Tourism officials attribute this fluctuation to the number of hotel / motel rooms, as well as the meeting convention capacities, within a given market.

Figure 1.9



Source: Wisconsin Department of Tourism

Figure 1.10

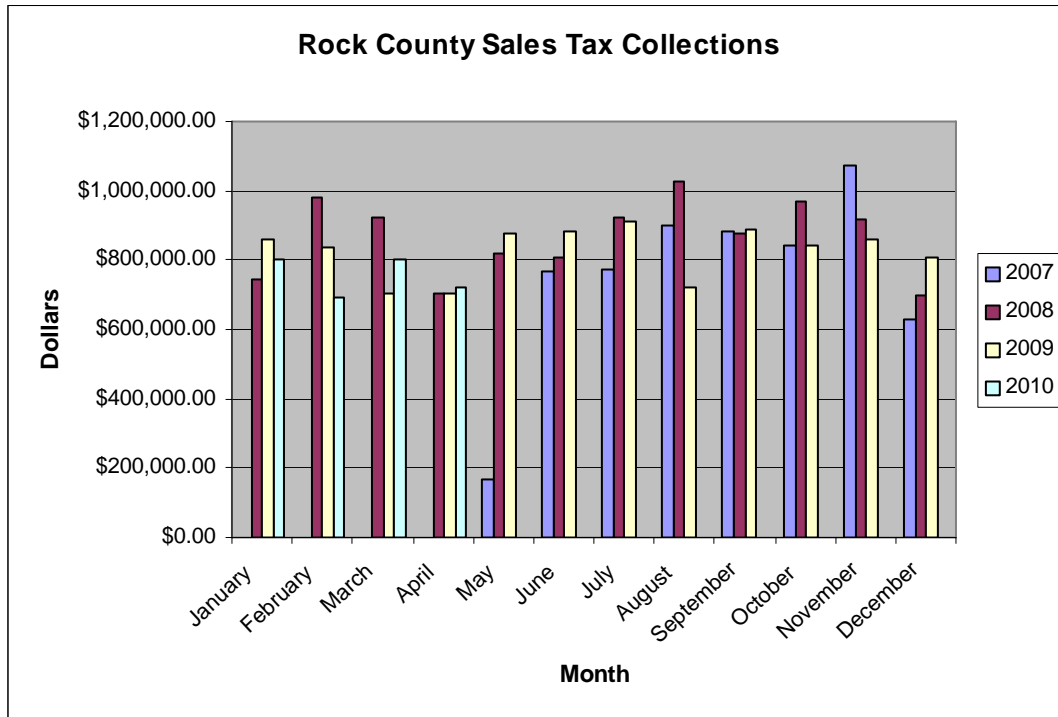
**Top 15 WI County Tourism Expenditures**

2009 Rank	County	Total Expenditures	% Change from 2008
1	Milwaukee	\$ 1,533,477,285	-11.3
2	Dane	\$ 1,179,633,744	-4.64
3	Sauk	\$ 1,013,574,388	-3.33
4	Waukesha	\$ 580,494,458	-15.05
5	Brown	\$ 489,073,315	-12.31
6	Door	\$ 430,501,669	-11.03
7	Walworth	\$ 370,505,186	-11.14
8	Outagamie	\$ 319,989,214	-13.98
9	Sheboygan	\$ 287,037,113	-16.7
10	Vilas	\$ 251,850,017	-2.61
11	Marathon	\$ 250,656,387	-3.04
12	Kenosha	\$ 221,219,228	-1.77
13	Racine	\$ 217,987,848	-11.32
<b>14</b>	<b>Rock</b>	<b>\$ 216,641,659</b>	<b>-8.85</b>
15	LaCrosse	\$ 210,335,407	-3.13

Source: Wisconsin Department of Tourism

Figure 1.11 displays Rock County's Sales Tax collections, covering the period of 2007-2009 and Q1 2010, respectively. Assuming that Q2-Q4 2010 remain relatively on par with previous monthly trends, Rock County's year-end figures might likely total \$9 Million +/-

Figure 1.11



Source: Wisconsin Department of Revenue

### THE STATE OF THE ECONOMY

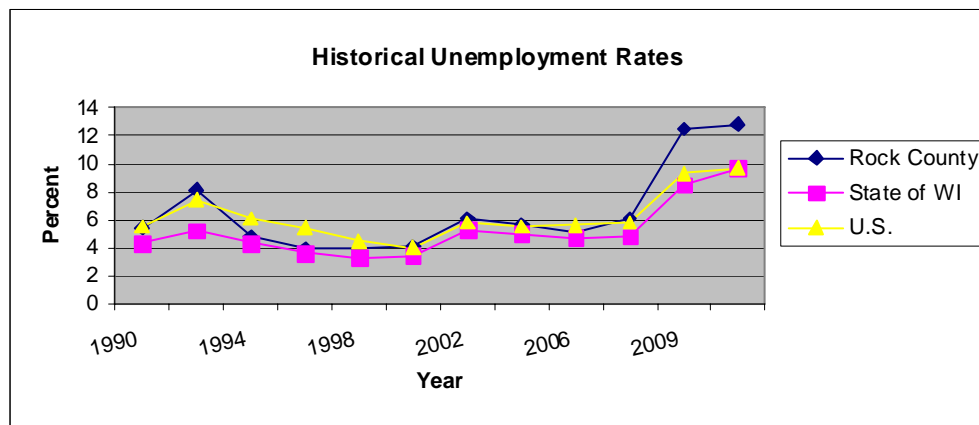
General Motors' (GM) global production platform restructuring that began in late 2007 and then culminated with their subsequent bankruptcy filing, created some very interesting dynamics over the course of 18-24 months. Depending on seniority status, about one-third of all active GM-UAW Local 95 members opted for an employee buy-out package; another third accepted transfers to other GM locations; meanwhile, the remaining third opted to balance long-term career options.

While one cannot casually nor summarily dismiss GM's impact, it is very important frame-up this discussion within the appropriate context. Thirty years ago approximately 10% of the County's entire labor force and income were directly GM related. By 2007 GM's county tax impact was less than one-half percent. In terms of the City of Janesville, GM's property tax accounted for roughly one-percent of City's entire tax roll. By the time that the Plant was idled in late 2008, GM's share of employment and income (as a percentage of County totals) had already been reduced considerably.

Nonetheless, addressing the area's unemployed population remains a top priority. Figure 1.12 provides a comparative illustration of these unemployment rates, documenting Rock County, Wisconsin and U.S. annual rates. When comparing these rates, it is important to remember that Rock County's *cyclical* unemployment rate historically hovers around a full percentage point above the state and/or national averages. These *higher-than-average* rates are attributed to the County's concentration of manufacturing, which historically commanded an employment share of 25% +/- during any given year. In comparison, the Wisconsin's statewide share of manufacturing employment consistently tracked below this percentage.

As the U.S. manufacturing sector adjusted to emerging global market instability and volatility, local employers were faced with difficult cost-controlling decisions. Survival required aggressive inventory and operational reductions; trimmed or shelved capital investments; and facility consolidation or closing activities. As a border community, Rock County's residents were impacted equally by economic conditions within Wisconsin and Illinois, respectively.

Figure 1.12



Despite these elevated unemployment rates, though, Rock County's road to recovery is well underway. Incremental and targeted industry diversification, as shown in Figure 1.13, has positioned the county more favorably than other automotive communities. These diversification efforts are not only recognizable by places of employment, but also denoted by the ongoing business development activities occurring countywide.

From 2008 through April 2010, nearly 30 large-scale economic development projects have advanced locally (see Figure 1.14). In terms of industry representation: 11 were manufacturing, six were health care, five were logistics, three were office / information technology and three were attributed to build-to-suit real estate projects. Combined, these projects represent over \$325 Million in capital investment and account for approximately 1.4 Million SF. Equally noteworthy is the fact that these projects represent a balance of existing company expansions, as well as new business attraction projects.

**Figure 1.13****Rock County's Largest Public and Private Sector Employers**

<b>Company</b>	<b>Location</b>	<b>Product/Service</b>	<b>Employment</b>
Mercy Health System	Janesville	Medical Services – Hospital & Clinic	2,653
Beloit Health System	Beloit	Medical Services – Hospital & Clinic	1,847
Janesville School District	Janesville	Public Education	1,512
Rock County	Janesville	Government	1,174
Beloit School District	Beloit	Public Education	894
Hendricks Holdings (ABC et al.)	Beloit	Wholesale Construction Materials & Tools	857
GHC Specialty Brands (Lab Safety Supply)	Janesville	Catalog Distributor - Safety Supplies	831
Wal-Mart / Sam's Club	Beloit / Janesville	Retail Department Store	765
Blackhawk Technical College	Beloit / Janesville	Education & Training	765
Frito-Lay	Beloit	Snack Foods	692
Kerry Americas	Beloit	Dehydrated Food Products	600
Woodman's Food Market, Inc.	Beloit / Janesville	Supermarkets	551
Beloit College	Beloit	Liberal Arts College	454
City of Janesville	Janesville	Government	439
J.P. Cullen & Sons	Janesville	Construction	424
Lemans Corporation	Janesville	Distributor - Recreational Vehicles, etc.	415
Seneca Foods Corporation	Janesville	Vegetable / Food Processing	415
Dean Health System	Janesville	Medical Services	411
City of Beloit	Beloit	Government	375
Fairbanks Morse / Goodrich	Beloit	Diesel Engines & Accessories	345
Prent Corporation	Janesville	Custom Thermoformed Plastic Parts	352
Menard's	Beloit / Janesville	Retail Home Improvement Store	325
SSI Technologies, Inc.	Janesville	Powder Metal Components & Sensors	313
Hormel	Beloit	Canned Meat Products	304
Blain Supply Co.	Janesville	Wholesale Distributors	300
Regal-Beloit Corporation	Beloit	Cutting Tools, Power Trans. Equipment	300
Chambers & Owen	Janesville	Wholesale Merchandise	292
Staples Fulfillment Center	Beloit	Distributor - Office Supply	242
Simmons	Janesville	Mattresses	239
HUFCOR, Inc.	Janesville	Accordion Doors & Walls	230

Source: May 2010 Employer Database

Figure 1.14



A pair of recently announced local expansion projects, SSI Technologies and GHC Specialty Brands (Lab Safety Supply Co.), demonstrate the value proposition that Rock County provides to its existing firms. While both companies experienced market share challenges during the last 18-months, including layoffs and the like, they have rebounded and reaffirmed their commitment locally.

GHC Specialty Brands is investing nearly \$3 Million into their facility and adding up to 130 new positions. SSI has committed to a similar capital investment and intends to add up to 40 new jobs. Other recent expansion projects include the Data Dimensions Tier 3 Data Center, which is slated to create up to 250 new positions, and Frito-Lay's \$28.5 Million retooling / facility enhancements.

Equally important to the area's economic landscape was the 2009 opening of Kerry's North American headquarters. Prominently displayed at the I-39/I-90 and I-43 Interchange, this 280,000 SF complex is home to Kerry's \$50 Million commercial and technology center. An estimated 350 *new* positions were created / retained by this project.

In addition to these projects, the region's health care providers have been aggressively gearing up too. The recent affiliations of Dean Health System and Edgerton Hospital & Health Services with SSM Health Care of Wisconsin paved the way for a combined invest of \$175MM +. Construction has already begun on these facilities, with projected completion dates pegged at mid-to-late 2011. Combined employment forecasts have identified the creation of approximately 200+ new positions.

A rendering of the 313,000 SF Dean / SSM Campus is provided in Figure 1.15, while the Edgerton / SSM project is displayed in Figure 1.16, respectively.

Figure 1.15



Figure 1.16



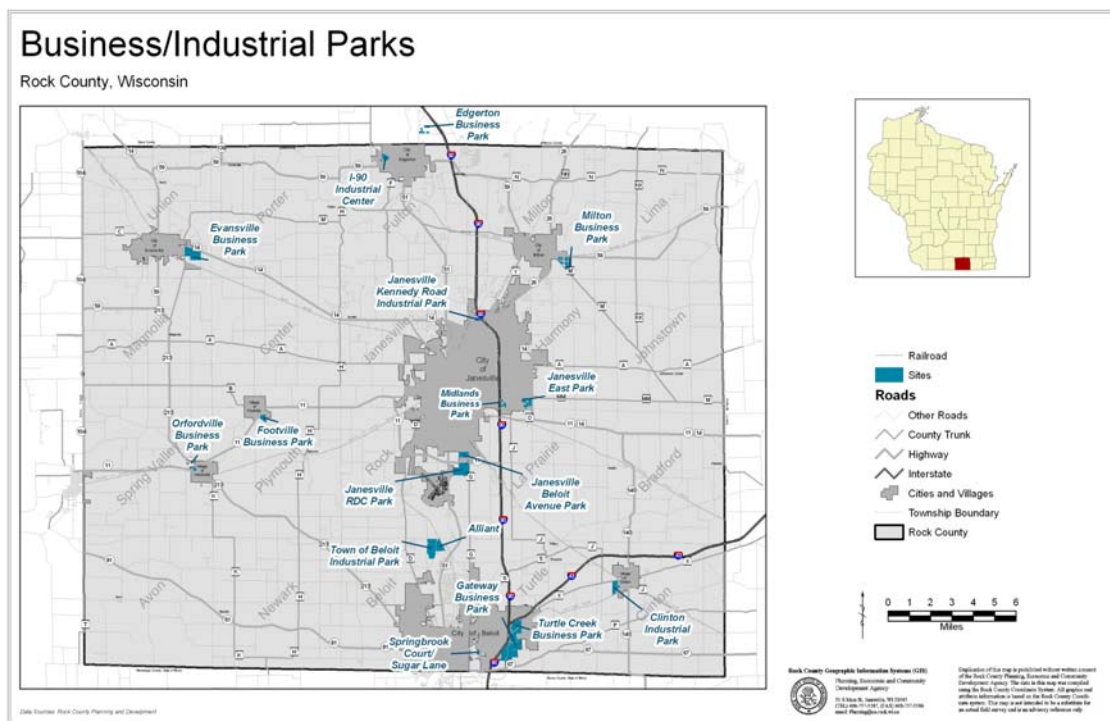
Existing providers such as Mercy Health System and the Beloit Health System (which combined Beloit Memorial Hospital and the Beloit Clinic into a single network) continued their reinvestment during this period too. Combined, these health systems invested approximately \$30 Million throughout their Rock County service territories, respectively.

Meanwhile, supply chain considerations were responsible for drawing numerous food, plastics and logistics companies into the market (see Figure 1.14 above). Combined, these firms have collectively committed to approximately 200 new positions.

A large percentage of the projects highlighted within Figure 1.14 were made possible by the diversified real estate portfolio that exists throughout Rock County. In addition to the nearly four million SF of vacant, turnkey space (excluding the GM Campus) the County is also home to approximately 900 +/- acres of publicly owned industrial and/or commercial sites (see Figure 1.17).

This public (land) ownership structure facilitates developer of choice opportunities; thereby, enhancing speed-to-market considerations. Moreover, this real estate portfolio has demand-driven characteristics that align it with growth industries - especially those considered *somewhat* recession proof (i.e. food processing & technology). Additionally, over 600-acres of build-to-suit property will soon be certified as "*shovel-ready*": an official and recognized real estate credential that carries the same weight as ISO/QS designations. This property certification greatly enhances a community's ability to compete for well-capitalized, targeted growth firms.

Figure 1.17



Key public investments, such as those attributed to critical infrastructure improvements, have been underway countywide too. Whether attributed to road, telecom or utility services provide value-added benefits. A listing of these capital projects, as well as other local development activities, is summarized below.

## **ROCK COUNTY DEVELOPMENT PROJECT HIGHLIGHTS**

The data highlights the commercial / industrial, residential and public works projects that have either advanced or been announced during the period of June 2008 through April 2010.

### **City / Town of Beloit**

- Commercial / industrial permit values totaled over \$15 Million.
- The City's / Town's residential related permit values exceeded \$9 Million.
- Public works and/or infrastructure projects totaled over \$28 Million (NOTE: An additional \$12 Million is slated to commence in 2010 and then be completed in 2011 and 2012, respectively).

### **Village of Clinton**

- Commercial / industrial permit values totaled \$892,000.
- Residential related permit values approached \$500,000.
- Public works and/or infrastructure projects totaled nearly \$1.7 Million.

### **City of Edgerton**

- Commercial / industrial permit values totaled over \$17 Million.
- The City's residential related permits exceeded \$4.1 Million.
- Public works and/or infrastructure projects totaled nearly \$3.4 Million.

### **City of Evansville**

- Commercial / industrial permit values exceeded \$10 Million.
- The City's residential related permits totaled over \$3.7 Million.
- Public works and/or infrastructure projects totaled approximately \$8.4 Million.

### **City of Janesville**

- Commercial / industrial permit values totaled \$59.3 Million.
- The City's residential related permits totaled over \$19.6 Million.
- Public works and/or infrastructure projects totaled approximately \$65.6 Million.

### City of Milton

- Commercial / industrial permit values totaled \$5.1 Million.
- The City's residential related permits totaled over \$1.2 Million.
- Public works and/or infrastructure projects totaled over \$2.4 Million

### Village of Orfordville

- The Village's residential related permits were valued at nearly \$750,000.
- Public works and/or infrastructure projects totaled nearly \$1 Million.

### THE FORECAST

No longer dominated by a single industry, Rock County now supports an environment that's home to several recognized and diversified companies. In support of these firms, various ancillary projects (most notably those linked to the commercial market) have developed countywide. These diverse developments, coupled with Sales Tax collections and tourism expenditures, explain the County's continual steady-to-moderate growth rate.

Even though the GM departure has presented the community with challenges, the public and private sectors have collectively stepped forward. An initial gathering of concerned service providers has transitioned into a group known as CORD (Community Organizations Responding to Dislocations). With its focus on service provider capacity and communication, CORD has mobilized a maze of organizations into a cohesive network.

Simultaneously, an unprecedented collaborative initiative known as Rock County 5.0 emerged as a central economic development rallying point. Key stakeholders, from both the public and private sector, have aligned resources and strategies to reposition and revitalize the County's economy. With its core mission dedicated toward employment and investments, Rock County 5.0 has galvanized constituency groups that historically have not been aligned.

This type of environment has already set the stage for several collaborative economic and workforce initiatives, including but not limited to: the advancement of the Stateline Career & Technical Academy; the articulation and development of a four-year Registered Nurse degree offering; the growth and of a four-year Engineering Degree program; the enhancement of consumer credit / small business foreclosure and bankruptcy counseling services; and a host of other programming and expanded services.

This economic transition has also created opportunities for dislocated workers to access unprecedented (federally supported) retraining funds. Based on enrollment data collected from area institutions of higher learning, these funds are definitely being deployed. Even though facility capacities are strained, higher education staff and administrators alike point to the enriched learning environment that has developed from this traditional / non-traditional classroom mixture.

While it remains uncertain what will come of the shuttered 4.1 Million SF GM Campus, local officials have been offered assurances. Through GM's bankruptcy process, the Janesville Plant was specifically set aside and kept within what's been tagged as the "good GM asset portfolio". Despite contractual and collateral nuances, this designation provides much needed comfort with respect to the facility's future reuse.

Although the development activities will take time to rebound to pre-recession levels, positive marketplace signals exist. Q1 2010's economic development pipeline activity is nearly equal to the combined number of projects from 2008 and 2009, respectively. As businesses continually rationalize facility needs, assess operational efficiencies and balance long-term solutions the recent past demonstrates that the answers point toward Rock County.

Existing (specialized) turnkey space, supported by affordable price points and a documented ready-to-hire employment base translates into real financial sense. These are powerful themes that are continually contributing towards Rock County's repositioning and revitalizing efforts. All things considered equal, albeit bolstered by some strategic and targeted assistance, Rock County's future is looking more favorable each and every quarter.