



#SSGAnnualConf

Lightning Round:

The Six Top Topics In 60 Minutes



Mike, Mullis
J.M. Mullis, Inc.



John Rocca
JLL Consulting



Tom Stringer
BDO



Patsy Van Hove
IBM-PLI



Matt Szuhaj
Strategic Development Group



Natalie Lynch
Deloitte Consulting

Hot Topics



#SSGAnnualConf

Topic #1: Flexibility Of Performance Based Incentives

Mike Mullis – J.M. Mullis, Inc.



Two(2) Incentive Types:

- ✓ Statutory
- ✓ Discretionary

PLAY



Examples:

- Grants/Forgivable Loans
- Real Estate
- Offsite Infrastructure (Roads, Utilities, etc.)
- Taxes – credits, exemptions, etc. (All Types and Levels – State and Local [ex. property, franchise, sales/use etc.])
- Financing (ex. – bonds, NMTC, direct loans, etc.)
- Training
- Education
- Housing
- Child Care
- Electric Utilities
- Other examples TBD – Project Specific

WIN



BUST!



Topic #1: Flexibility Of Performance Based Incentives

Mike Mullis – J.M. Mullis, Inc.



Notes –

- “Inside the Fence” incentives are critically important.
- All incentives should be performance based, with some flexibility for agreed upon timeline changes, based on issues associated with Force Majeure.
- All incentives negotiated should be based on the completion of a cost-benefit-analysis, based on at least a 1 to 1 financial ROI. (Note – Never forget to include the construction project aspects).
- Front-end incentives are becoming more critically important for a Project’s approval by the Company’s BOD, based on ROI within the first few years.
- All other pertinent criteria (ex. – logistics, workforce, operating costs, etc.) for a given project must be first satisfied before incentives typically come into play for the preferred location selection process decision.
- Canned Incentive Packages are not acceptable; there must be flexibility for the overall structure based on a given project’s needs.

Topic #1: Flexibility Of Performance Based Incentives

Mike Mullis – J.M. Mullis, Inc.



Development Program | MAJOR EV BATTERY

Project Name	Assured Development Assured Employment	Year Announced	State Package To The Company (Funding Source)	State Package To The County (Funding Source)	Local Package To The Company
Samurai/Gemini	\$810.0M 1,170	2022	\$135.0M (grant)	\$70.0M (bonds)	\$14.9M grant – approx. 469-acre site purchase. Property Tax Savings - \$378.0M (40 years)
Mallard	\$810.0M 450	2023	\$35.0M (bonds)	\$15.0M (bonds)	\$5.0M grant for inside-the-fence cost offsets. Property Tax Savings - \$378.0M (40 years)
Agave	\$1.50B 1,080	2024	\$65.0M (bonds)	\$45.0M (bonds)	Property Tax Savings - \$800.0M (40 years)
Totals	\$3.120B 2,700	----	\$235.0M (grant and bonds)	\$130.0M	\$19.9M grants \$1.556B Property Tax Savings

(Note – All Performance Based On Employment/Wages & Investment; And Certain Timeline Segments).

Topic #2: Trends in office market site selection

John Rocca – JLL Consulting



Four broad trends in **office space** transcend geographies and industries...



Source: JLL Research



Flight to Quality

Corporates globally are moving to **higher quality**, centrally located buildings.



Sustainability

Green certified space is becoming non-negotiable and **7 in 10** corporates are willing to pay a premium for green certified space.



Talent

In the US, **1.4** job vacancies exist for every unemployed person and competitive labor markets persist globally. In Big Tech, firms are cutting in some areas, investing & growing in others



Real Estate & Urban Planning

Government initiatives, zoning changes, public transit development and amenities will continue to impact CRE decisions.

Topic #2: Trends in office market site selection

John Rocca – JLL Consulting



For **office leasing**, activity is starting to pick up, but remains below pre-pandemic averages



Source: JLL Research. Data is for the U.S.

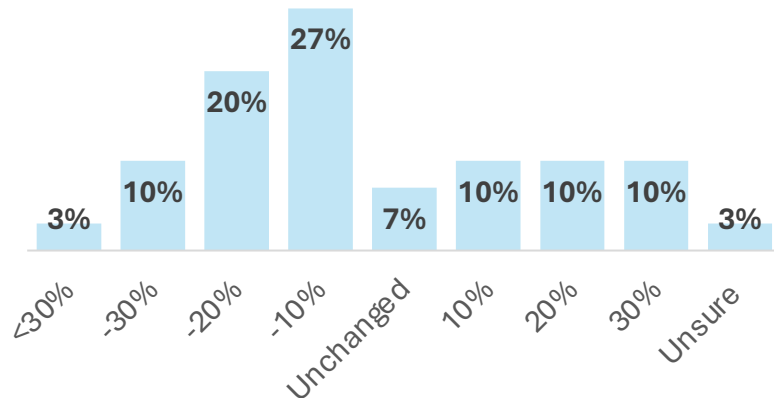
Topic #2: Trends in office market site selection

John Rocca – JLL Consulting

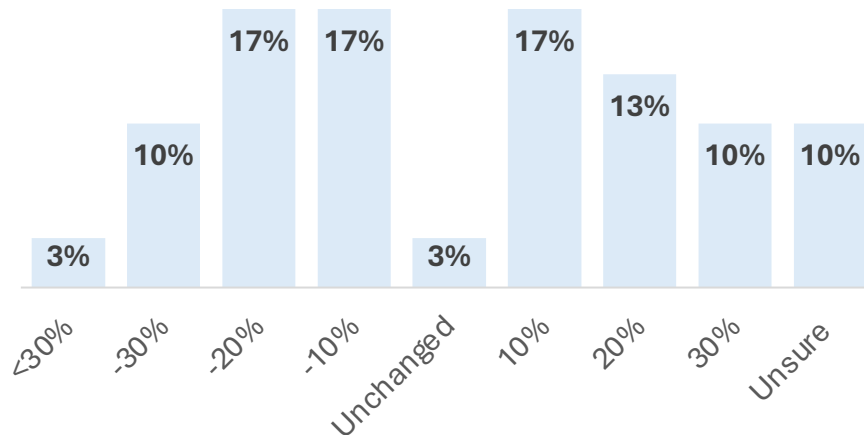


Why the **office leasing** hesitation? Corporates are still focused on portfolio optimization, but it's not a one-size-fits-all answer. Activity is starting to pick up, but remains below pre-pandemic averages

Client CRE portfolio changes
Last 24 months (as of 9/2023)



Client CRE portfolio changes
Expected over next 3-5 years (as of 9/2023)



Source: JLL Pulse Survey (n=208 JLL WD Account Leaders (all industries), September 2023)

Topic #3: CHIPS ACT Funding Award

Tom Stringer – BDO



CHIPS And SCIENCE ACT 2022- Passed Summer of 2022

\$53 Billion federal funding to revitalize the domestic semiconductor industry. Of that sum, the CHIPS Program Office (CPO) within the U.S. Department of Commerce (Now 200 Employees) is responsible for administering \$39 billion in semiconductor incentives for private industry.

- NOFO 1 – Commercial fabrication facilities > \$300 Million.
To date, over 620 Statement of Interests (SOI) and 170 Pre-applications. Four funding announcements made (Details below)
- NOFO 2 – Small scale supply chain projects < \$300 Million.
Only \$500,000,000 apportioned. To date, 160 Concept Plans submitted for award invitation to apply for Full Application. Concept Plans were due February 1, 2024.
- NOFO 3 - R&D activities that will establish and accelerate domestic capacity for advanced packaging substrates and substrate materials, a key technology for manufacturing semiconductors. Only \$300,000,000 apportioned in amounts up to approximately \$100 million over up to 5 years per award. Concept Plans are due April 12, 2024.

Topic #3: CHIPS ACT Funding Announcements

Tom Stringer – BDO



INTEL CORPORATION - \$8.5 Billion direct funding plus \$11.5 Billion loans; Cap

EX \$100 BB, JOBS: 10,000 in 4 locations

GLOBALFOUNDRY - \$1.5 Billion direct funding plus \$1.6 Billion loans; CAP EX

\$100 BB in Central NY, JOBS, 9000 Direct, 50,000 indirect in region

MICROCHIP TECHNOLOGY INC. - \$162 Million federal incentives

BAE SYSTEMS INC. - \$35 Million federal incentives

- **TOTAL AWARDS TO DATE - \$22,797,000,000**
- **APPROX BALANCE REMAINING - \$30,203,000,000**

Topic #4: War for talent

Patsy Van Hove – IBM PLI



75%

**of employers have
difficulties filling roles**
(up from <50% pre-COVID)

ManpowerGroup 2024

**Global unemployment
in 2023**

dropped to nearly

5%

International Labor Organization (ILO) 2024

46%

**of staff worked for their
last employer < 4 years**
(down from >50% in 2022)

IBM Institute of Business Value (IBV) 2023

Topic #4: War for talent *Patsy Van Hove – IBM PLI*

Key FDI destinations suffer from labor market tightness

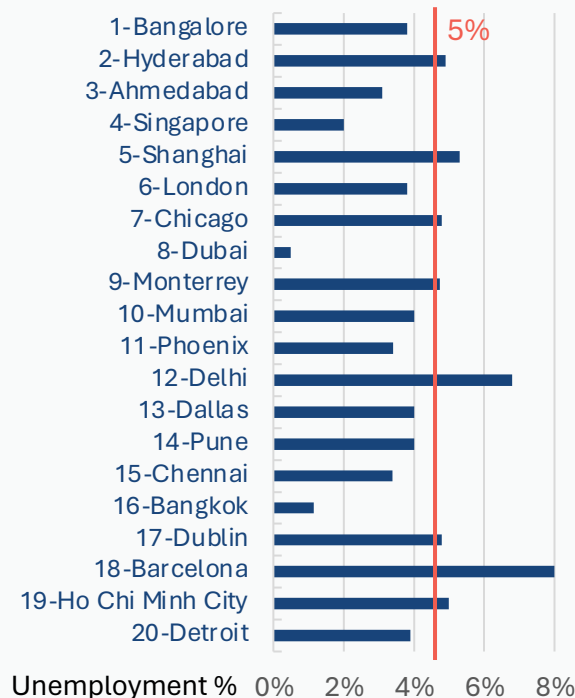
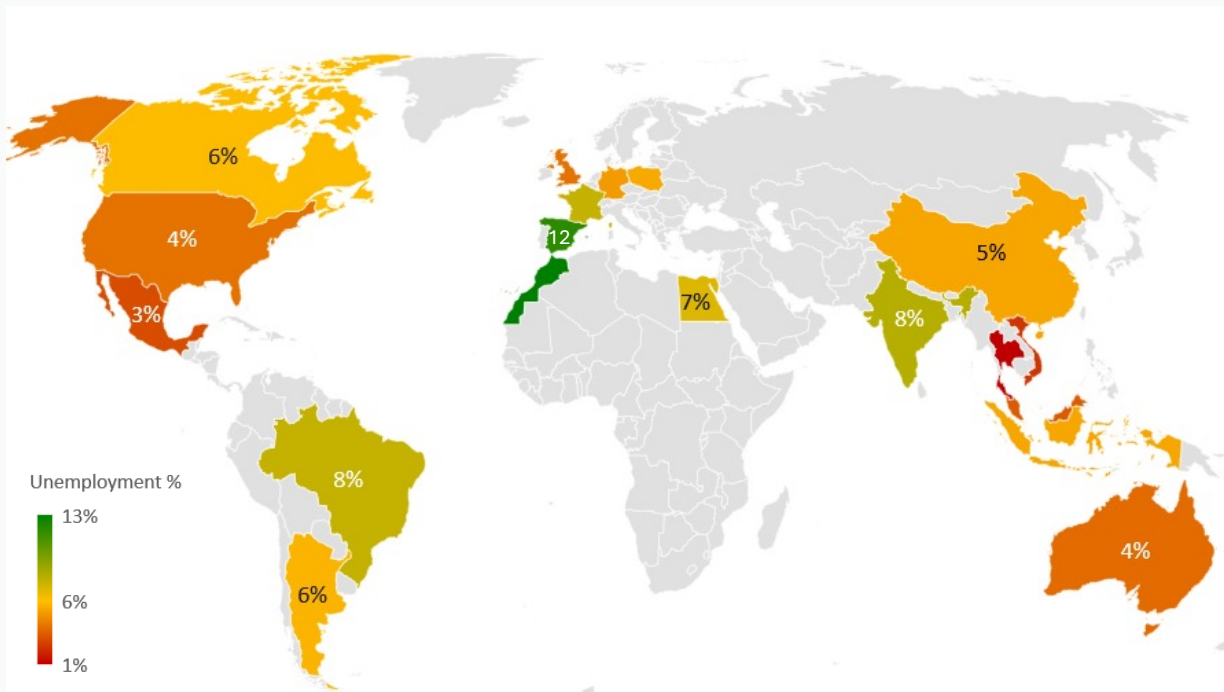


Unemployment rates in most recent Top 20 countries

(based on FDI job creation, 2020-Q3 2023)

Unemployment rates in Top 20 cities

(based on FDI job creation, 2014-Q3 2023)



IBM-PLI Global Location Trends / Moody's Orbis Crossborder Investment databases, 2024

Topic #4: War for talent

Patsy Van Hove – IBM PLI



Action guide for EDOs & IPAs



Build the skills of the future
link government,
business & academia



Brain gain instead of brain drain
open investment &
labor mobility policies



Incentive inclusive job creation
stimulate employing
minority communities



Target investment attraction efforts
focusing on unique
strengths

Topic #5: The Infrastructure Conundrum - Power

Matt Szuhaj - SDG



There is a significant lack of electric power infrastructure

- Demand for transmission-level infrastructure is exceeding supply
- Future loads continue to grow (data centers and onshore manufacturing) - a Megawatt is now not the standard
- Feasibility studies are now common – fees are becoming the norm
- Complicates location decisions – how can a location be selected if infrastructure is in question? Providers desire load guarantees

Topic #5: The Infrastructure Conundrum - Hydrogen

Matt Szuhaj - SDG



Significant demand for hydrogen, but infrastructure and market lags

- There are many colors of Hydrogen
 - Black and Brown: Sourced from coal (opposite of Green)
 - Grey: Sourced from natural gas (most common on market)
 - Blue: Sourced from natural gas but with carbon capture and storage
 - Green: Produced utilizing renewable energy
 - Pink (Purple or Red): Produced utilizing nuclear energy
 - Yellow: Produced utilizing solar energy
 - Turquoise: Utilizes methane pyrolysis (difficult to scale)
 - White: Naturally occurring (no cost-effective extraction process currently available)
- Limited pipeline infrastructure (primarily coastal Texas and Louisiana)
- Cost for green hydrogen is not competitive – potential exceeds reality

Topic #6: Chinese Investment Restrictions in the US

Natalie Lynch – Deloitte



-\$43.5B

Decline in Completed Chinese FDI
Transactions in the US, 2016 - 2022

-89,000

Decline in Employment at Chinese
Companies in the US, 2016 - 2022

-\$27.0B

Decline in Chinese First-Year FDI
Expenditures in the US, 2016 - 2022

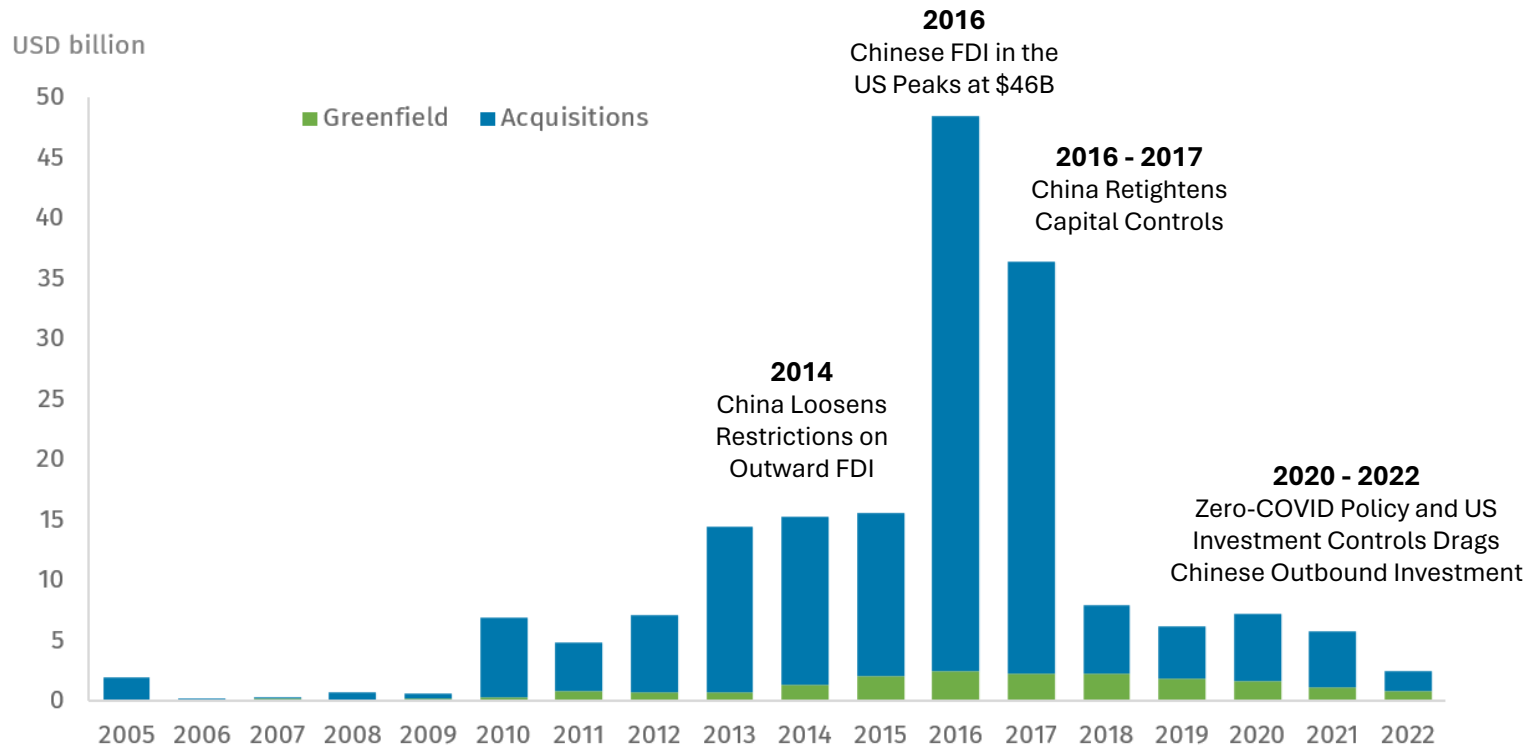
Bureau of Economic Analysis, Rhodium Group, 2023

Topic #6: Chinese Investment Restrictions in the US

Natalie Lynch – Deloitte



Annual Chinese Direct Investment in the US Has Declined by \$43.5B Since 2016



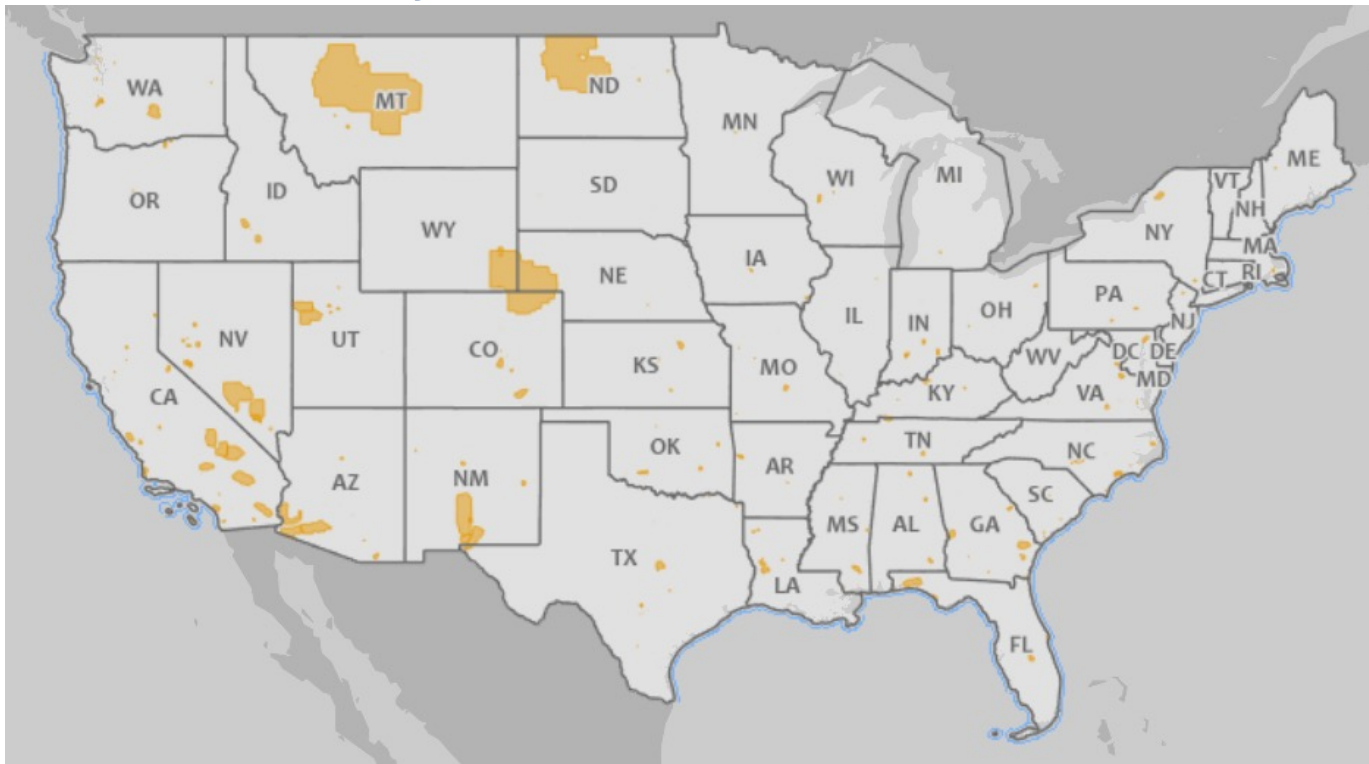
Bureau of Economic Analysis, Rhodium Group, 2023. Value of completed direct investment transactions by mainland Chinese companies

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Natalie Lynch – Deloitte



More than 200 US Military Installations Fall Under CFIUS Part 802 Jurisdiction



U.S. Department of the Treasury, Committee on Foreign Investment in the United States (CFIUS), 2023



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