



Positioning Local Businesses For Success As Infrastructure Expands

Appalachia Storage Hub Conference

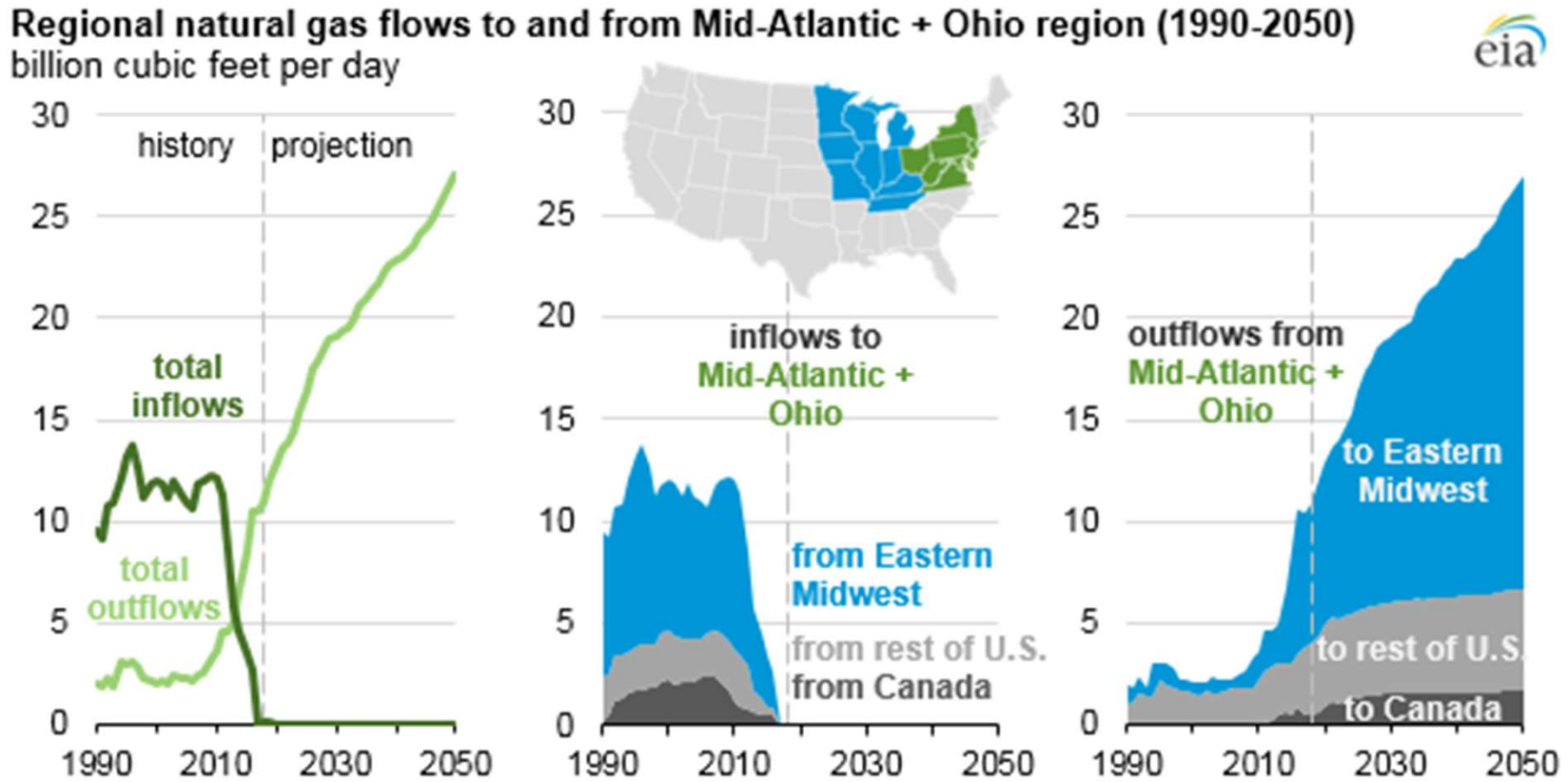
*Canonsburg, PA
June 6, 2019*

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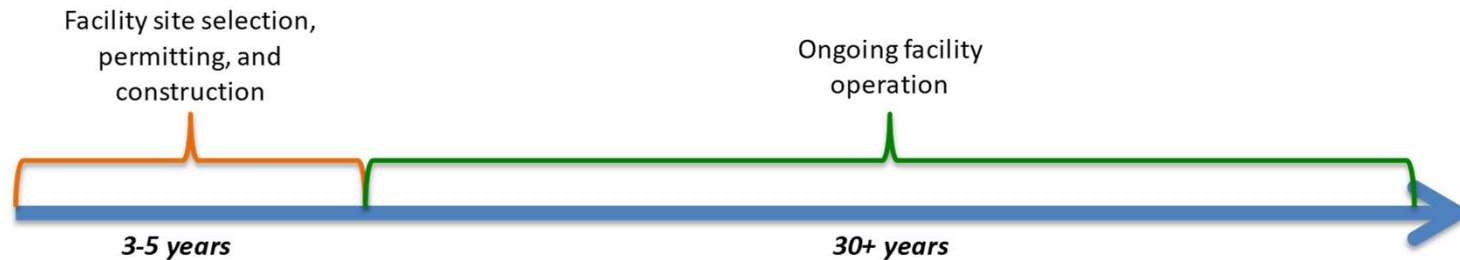


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Market landscape in the Northeast supports continued growth of midstream and downstream infrastructure



Capturing growth from new energy & chemicals infrastructure investments



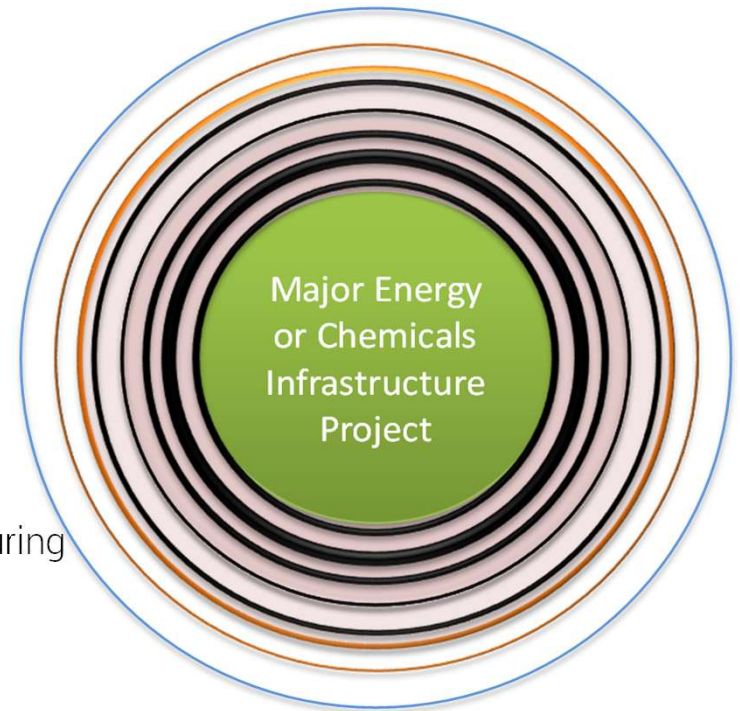
A major infrastructure project or petrochemical project creates opportunity in two phases

- > **Site Selection, Permitting, and Construction:** Thousands of workers and all of the services to support them
 - > Engineering services, earthworks, civil, mechanical, construction services, raw materials, fabricated equipment, etc.
 - > Construction support services including hotels/housing, rental equipment, food service, parking, trucking, personnel movement, staffing, fabrication shops, equipment staging, warehousing, terminating and logistics
 - > Staff support services including educational services, day care services, outpatient healthcare, etc.
- > **Ongoing Facility Operation:** Hundreds of employed operations staff and all of the services to support them
 - > Maintenance services, regional fabrication yards, rail logistics facilities for product movements, equipment maintenance facilities, real estate development (office, warehousing, industrial), finance and insurance, etc.
 - > Suppliers' regional offices, suppliers' R&D facilities, emerging cluster of downstream companies (similar to SouthPointe)
 - > Mixed-use retail, hotels, restaurants, arts & entertainment, outpatient medical facilities, fire, police and emergency services

Ripple Effects: Primary and Secondary economic impacts during construction

Impacts during design and construction (3-5 year period)

- > Primary economic impacts: Building the plant; thousands of construction jobs, direct jobs created by local businesses serving the construction project
 - Professional services
 - Equipment and parts suppliers
 - Civil and mechanical contractors
- > Secondary economic Impacts: All the regional businesses supporting the people, parts, services and inputs to the major chemicals project
 - Health care
 - Food service
 - Hotels/apartments
 - Retail trade
 - Warehousing
 - Parts fabrication and manufacturing
 - Transportation services



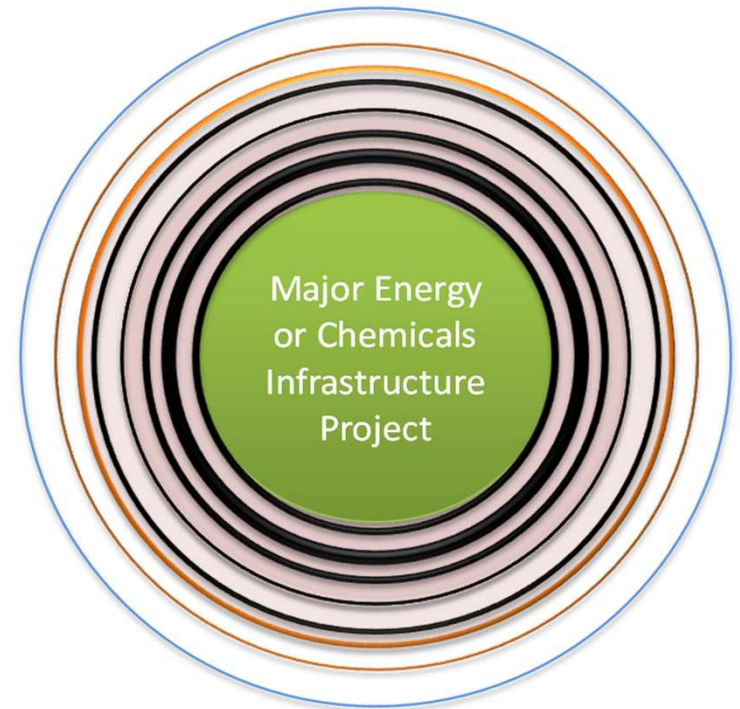
Think of all of the services you need to support a small city of workers arriving to the job site every day? Each is an opportunity for local and regional businesses

Ripple Effects: Primary and Secondary economic impacts during operations

Impacts during ongoing operation (30+ year period)

- > Primary economic impacts: Hundreds of high-wage operations jobs at the facility, earning 1.5 to 2x the average regional wage
- > Secondary economic impacts: Thousands of additional jobs at regional companies and support organizations nearby

- Research & development
- Contract maintenance
- Parts suppliers
- Retail trade
- Real estate development
- Schools
- Government services
- Health Care
- Financial services
- Arts & Entertainment



Hundreds of newly employed families drive growth of nearby communities - opportunities for adjacent industries, and a broad expansion of goods and services

Radiating impact: Capturing opportunity downstream in local communities

Certain sectors can gain the most from regional infrastructure building projects:

- > Wholesale trade (raw materials, parts, business-to-business transactions)
- > Construction
- > Retail trade
- > Health Care and Social Services
- > Transportation and Warehousing services
- > Professional services
- > Accommodations and food service



Big opportunity for small businesses - companies with fewer than 20 employees are concentrated in professional services, retail trade, and construction trades and services

Case Study: Designing a proactive approach to local vendor engagement

- > **Objective:** Work with West Virginia University to design a program that actively helps local businesses participate in the growing regional chemicals supply chain in Appalachia.
- > **Opportunity:** Capture more procurement dollars locally to build local incomes and jobs
 - > West Virginia has the raw materials, the assets, and the workforce to become a center for an effective chemicals cluster.
 - > Seeks to capture more of the downstream procurement spend that comes from facility construction, equipment, logistics, and other adjacent industries.
 - > Enrolling new chemicals and midstream infrastructure companies in a vendor engagement and market entry support program can boost local vendor awareness and local spending
- > **Action-Oriented Approach:** Actively leverage the University, industry associations, and economic development organizations to engage vendors across the supply chain and aim at increase local West Virginia business participation in new or expanding chemical manufacturing projects.



While this initiative is only in the concept phase, it can serve as a model for communities to position local businesses for success

Establishing a gateway for Main Street businesses to enter and compete in the energy and chemicals value chain

Local supplier/vendor Identification and Vetting Program

- Proactively identify existing base of manufacturers and service providers in sectors supporting the energy & chemicals industry
- Working with energy & chemicals industry, establish criteria or local supplier qualifications
- Develop target list of vetted vendors to enroll for active engagement and market entry
- Build database of qualified local suppliers across the supply chain for procurement outreach

Vendor Engagement and Convening Program

- Create regular outreach and engagement channel to program participants
- Create proactive RFP dissemination process for opportunities matching vetted vendor list sectors
- Convene and lead supplier forums between chemical industry leaders and local vendors to facilitate procurement for large RFPs and for ongoing relationship building

Market Entry and Support Program

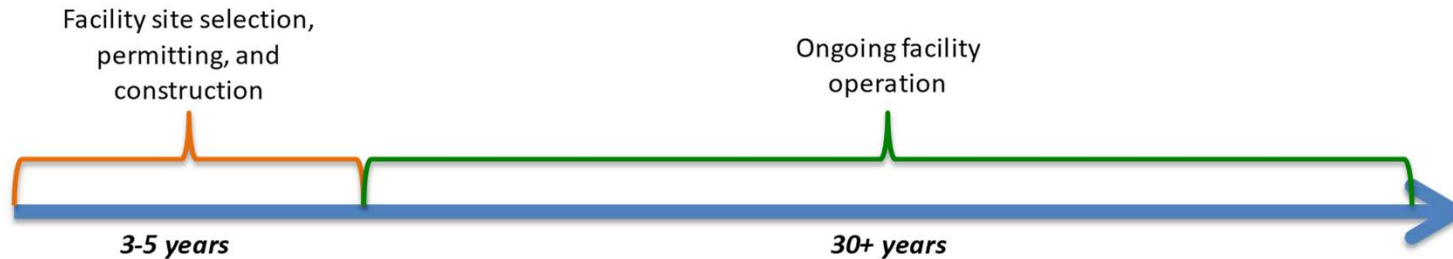
- Create ongoing educational and training program for new market entrants into the energy & chemicals industry value chain
- Utilizing robust satellite resources throughout the University and coordinate regional support services to help smaller business grow
- Assist local vendors gear-up for work with large energy & chemicals companies with business development support

Goal: Help local companies evolve to meet the needs of tomorrow's industries

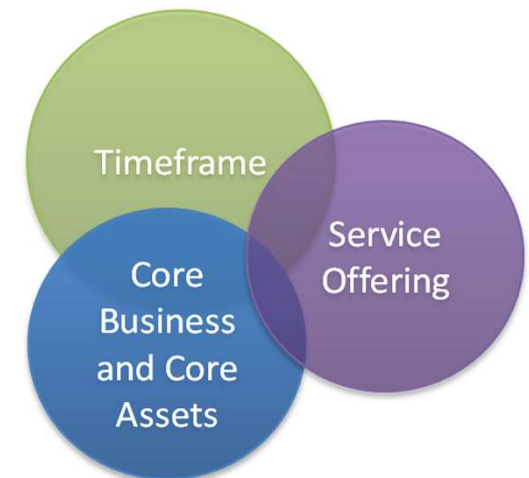
Coordination and collaboration with regional initiatives and industry associations

- > Enrollment is critical for success
- > A proactive outreach effort to recruit Program participants can be enhanced through partnerships, for both Chemical companies building capital projects and local service and equipment suppliers
- > Potential collaboration partners - regional associations and economic development organizations
 - West Virginia Manufacturers Association
 - WVONGA/IOGA
 - Chemical Alliance Zone
 - Appalachia Development Group
 - West Virginia Development Office
 - West Virginia National Guard
 - The Benedum Foundation
- > This program concept is complementary to government economic development efforts
 - State economic development office focuses on business attraction - attracting new businesses to the state
 - This new Program will focus on growing the business and trade of existing West Virginia-based companies

Get involved: Assess capabilities, target sweet spots, and engage



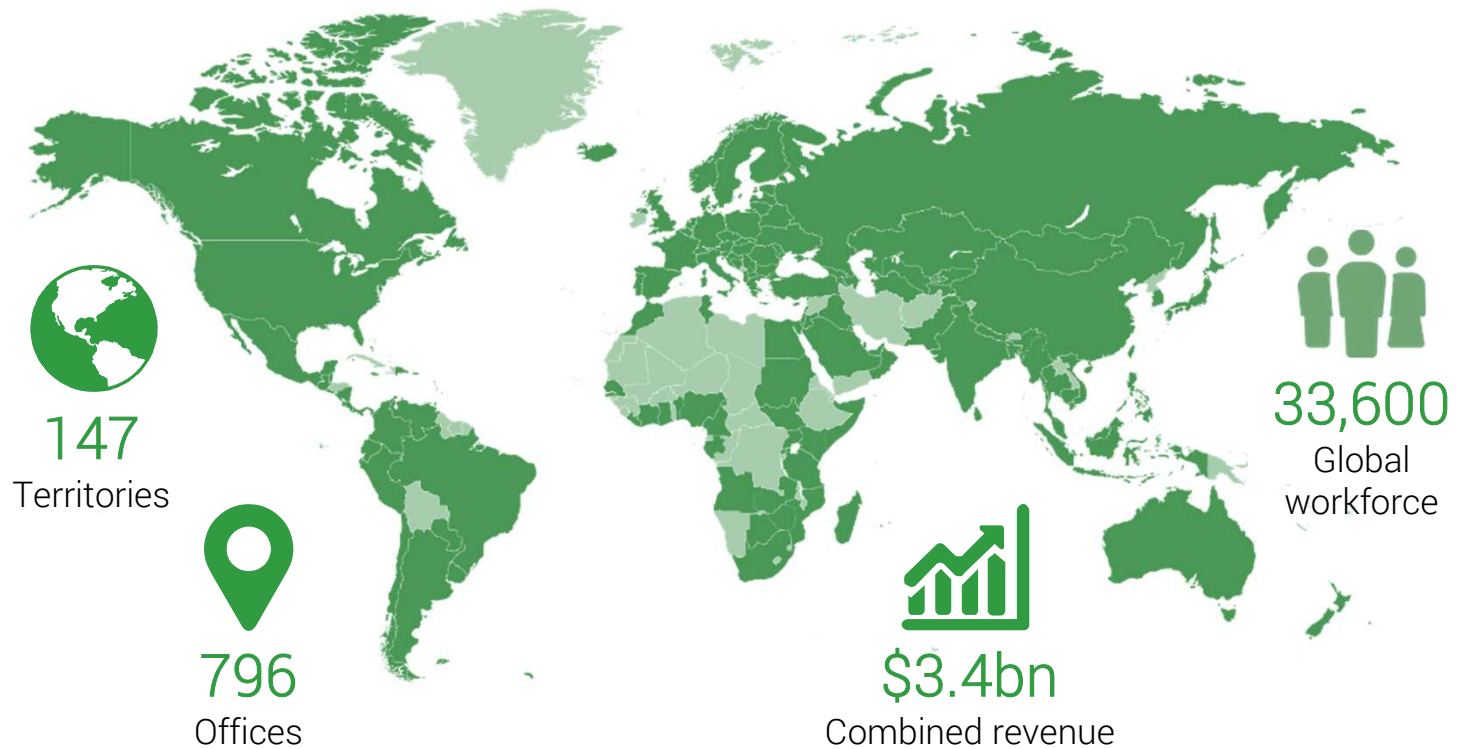
- > As energy infrastructure and chemicals projects arrive, be proactive
- > Local vendors have the resources, the workforce, and the proximity to major consumer markets to capitalize on the opportunity
- > But how can you and your business take part?
 - Understand the timeline – target near term and long term opportunities
 - Understand what's wanted and needed – what service offering can you offer that is needed by the project, in the short or long term?
- > Encourage active engagement with large project developers via direct outreach, supplier forums, and cataloging capabilities



Whether you are providing pencils or precision equipment to a major capital project, you can expand your business and capture procurement spend as this region grows

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- > Clients include both privately held and public companies, private equity firms, management teams, family offices and high net worth individuals.
- > Seasoned senior professionals who average more than 25 years of investment banking, corporate finance, and strategic and operations experience.
- > More than 60 professionals throughout offices in Philadelphia, Chicago, Austin, Madison, and Milwaukee.

Mergers & acquisitions	Corporate finance advisory	Capital sourcing	Project finance
<ul style="list-style-type: none"> > Sell-side advisory (including business unit divestitures) > Buy-side advisory > Going private transactions > Management led buyouts 	<ul style="list-style-type: none"> > Strategic and financial alternatives analysis > Fairness opinions > Valuations > Joint venture and strategic alliances > Board of director advisory > Corporate restructuring 	<ul style="list-style-type: none"> > Refinancing > Acquisition financing > Project financing > Growth equity > Debt and equity recaps > Sub and mezz debt placement > Management buyouts > Partial shareholder buyouts 	<ul style="list-style-type: none"> > New markets tax credits > Job creation or retention tax credits > Tax increment financing > Opportunity Zone Structuring > EB-5

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Baker Tilly Capital works with companies developing energy facilities, energy infrastructure and downstream manufacturing to choose the right site, secure commercial agreements, and get their projects financed and launched

- > Financial Advisory and Funding Procurement – since 2008, involved with \$3.4 billion of energy projects that have been funded and constructed, direct procurement role for over \$733 million in capital
 - › Debt, Subordinated Debt/Mezzanine, Equity
 - › Tax Equity
 - › Assessing and accessing Federal Incentives (ITC, PTC, NMTC's, Opportunity Zones)
 - › TIF, Grants and other site-specific funding
- > Project Development Strategy and Support – supporting companies making investments in new oil & gas midstream, downstream, and renewable energy assets
- > Advisor and force multiplier to investment funds focused on energy and infrastructure, providing deal targeting and deal origination services
- > Economic development strategy consulting for public sector clients and universities, with special emphasis on business attraction and job growth strategies
- > Advising on accessing and procurement of state & local incentives for major capital projects (sales and use tax, real property tax, business taxes, PILOTs, and other programs)
- > Tax advisory and Assurance – focused on maximizing value to shareholders and stakeholders

For more information or to discuss collaboration, contact:

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