



**QUANTUM GROWTH
PARTNERSHIP** 2007-2011

Transforming the economy of Sangamon County

*The Greater Springfield Chamber of Commerce
Quantum Growth Partnership*

*Report to Investors
Quarter Three, 2007*

October 2007



Transforming the economy
of Sangamon County.

October 2007

Dear Q5 Investors:

I am pleased to present to you the progress report for the third quarter of 2007 for the Quantum Growth initiative. We are nearing the end of year one of our community's most aggressive economic development initiatives in recent memory. The past nine months have important as we worked together to lay the groundwork leading to the accomplishment of our five year goals.

In our annual report due to you in January 2008, we will include specific accomplishments that you can compare to our strategic plans. This report outlines the highlights of the past 90 days' most important accomplishments. I hope you are pleased with the progress of the projects and programs outlined. There is much work to be done, but it is clear that we are on the right path.

Here are just a few of this quarter's top Q5 announcements:

- M.J. Kellner Foodservice Announces 95,000 square-foot Facility Expansion
- Area Infrastructure Needs Assessed
- Diversity Development Council Commits to Change
- Chamber and United Way Collaborate on Education Initiative

As always, we value and need your candid input and observations. Always feel free to contact me when you have ideas to discuss or would like more information on the work we are doing together.

Together, we are transforming the economy of Sangamon County.

Jim Roth
Crawford Murphy and Tilly
Chairman
Quantum Growth Partnership Advisory Board

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Investor Testimonials

“Recognizing the value that a combined effort of public and private sectors could accomplish, Aspen Real Estate was quick to endorse and honored to be a supporter of Q5. We are proud to be affiliated with this distinguished group and applaud Q5’s efforts.”

Rod Egizii, Owner
Aspen Real Estate

Q5 Strategic Leadership
Council Investor



**Rod Egizii, Owner
Aspen Real Estate**



“We are very pleased to be working in cooperation with the Chamber’s Q5 partnership and local unions to open up pre-apprenticeship training opportunities, especially for underserved populations in our area. We sincerely thank all the union and Chamber representatives who have helped us solidify this agreement and shape this innovative new learning experience.”

**Charlotte Warren, Ph.D., President
Lincoln Land Community College**

Charlotte Warren, Ph.D.
LLCC President

Q5 Strategic Leadership
Council Investor

“Being an investor in Q5 has allowed us to be a part of an exciting new partnership - a partnership where for the first time leaders in the public and private sectors, our educational community, leaders in organized labor and the minority community are joining together under one new vision for growth.”

John P. Kelker, President
United Way of Central Illinois

Q5 Strategic Leadership
Council Investor



**John P. Kelker, President
United Way of Central Illinois**



Executive Summary

The Quantum Growth Partnership (Q5) is an initiative of The Greater Springfield Chamber of Commerce, local governments and business leaders, to build wealth, unity and prosperity in Sangamon County. The Q5 objectives are the creation and retention of 4,500 jobs while adding \$2.6 billion in wealth to the local economy by 2012. Q5 is transforming the local economy with goals to retain and create jobs, redirect development policy, improve minority participation, develop education and workforce excellence and capture and create emerging economic opportunities.

The following are summaries of Quarter Three Accomplishments:

Retain and Create Jobs

Q5 successfully partnered to support the expansion of local business and is now also focusing on support for entrepreneurs through entreNET and the attraction of logistics businesses.

Redirect Development Policy

Q5 is making Springfield an easier place to build and develop and is ensuring the appropriate infrastructure is in place for coordinated and well planned economic growth. For the first time, Q5 has documented \$38 million in annual infrastructure needs and is fine tuning and clarifying the local land subdivision ordinance.

Improve Minority Participation

Q5 has brought together the Springfield Black Chamber of Commerce and The Greater Springfield Chamber of Commerce to convene a Diversity Development Council to focus on minority business development and the creation of affordable housing.

Develop Education and Workforce Excellence

Q5 is focusing efforts to ensure that an educated workforce is available to support a successful economic development environment in Sangamon County. Through a partnership with United Way, The Chamber is outlining a continuum of learning to demonstrate outcomes for individuals from birth through incumbent worker training.

Capture and Create Emerging Economic Opportunities

Q5 is bringing together dynamic leadership in the transformation of the local economy. Q5 is pleased with the success of the new direct flight to Washington D.C. Dulles International Airport via United Airlines and the advances for the Medical District in Springfield.



Quarter Three Updates

The following report provides updates on Q5 projects for the period July 1, 2007 – September 30, 2007.

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QUANTUM GROWTH
PARTNERSHIP 2007-2011

Retain and Create Jobs

M.J. Kellner Foodservice Announces Expansion

Bill Kellner, CEO of M.J. Kellner Foodservice, announced in July that the company will invest \$8.7 million in a new state-of-the-art facility in Springfield. The new 95,000 square-foot facility will be located in the I-72 Business Park. Upon completion of the facility, M.J. Kellner will employ approximately 100 people in its Springfield facility. Q5 staff worked closely with the company representatives and staff from the City of Springfield to address a number of issues including extension of the Enterprise Zone, property tax abatement from the New Berlin School district and the extension of International Parkway.

90 Local Firms Share Perceptions of the Business Climate

The business visitation program utilizing the Synchronist software completed its third full quarter with 92 businesses contacted to date and continues to uncover opportunities for expansion assistance to local firms. Large employers from around the county continue to contribute valuable feedback on the Q5 program as well as provide local input regarding the economy, government relations, development policy, workforce issues and community services. Issues involving the quality and quantity of the local workforce continue to be a theme among large employers.

Analysis Tool Designed for Logistics Targeting

Q5, working closely with the Carter Burgess and Keogh companies, recently completed a Logistics Freight Model. The software program will be used by Q5 to produce freight models and cost comparisons for prospects considering the Springfield/Sangamon County areas as a distribution location. The model includes detailed cost comparisons for Springfield, St Louis, Indianapolis and Rochelle, Illinois. The model will also be used at trade shows and association meetings to illustrate the cost advantages of a Sangamon County location.

entreNET Partners Commit to New Strategy

Members of entreNET, comprised predominately of service providers to entrepreneurs in the Springfield region, recently met to discuss the direction and scope of future activities and resources that will be directed under the entreNET brand for 2008. The group unanimously agreed that entreNET continues to bring value to their organizational missions via its website and marketing positions. Aggressive plans for the future include cataloging and organizing additional services, providing informative events and networking opportunities and exploring future funding mechanisms. The Illinois Small Business Development Center at Lincoln Land Community College is taking an active role in planning for 2008 entreNET strategies and activities.

PTAC Helps Business Owners Respond to Government RFPs

The Chamber and Q5 have a partnership with the Illinois PTAC (Procurement Technical Assistance Center) of Central Illinois to provide one-on-one counseling, technical information, marketing assistance and training to existing Illinois businesses that are interested in selling their products and/or services to local, state, or federal government agencies. The PTAC also offers assistance for women-owned or small & minority disadvantaged businesses to earn designation that can increase the likelihood of winning contracts with certain agencies. On September 11, Mary Turner, the director of the Illinois PTAC of Central Illinois held a seminar at The Chamber titled 'Preparing Successful Proposals.' The participants learned how to effectively respond to a government RFP. Attendees also learned proven methods necessary to prepare, manage, and develop a winning proposal. The Chamber and Q5's partnership with

the Illinois PTAC of Central Illinois is a way to offer businesses an opportunity to further develop their company by potentially doing business with the government.

MacArthur Blvd Business Association Adopts Strategic Plan

After a series of focus groups and member surveys, the MBBA has drafted a strategic plan for the newly formed organization to help guide them in their mission. Various objectives and timetables were composed to ensure that all of the MBBA's objectives are being addressed. The main focuses of the strategic plan are business attraction, beautification, traffic and parking, and crime prevention.

Large Industrial Site Search Initiated

Q5 staff has been conducting field work to identify potential light industrial/distribution sites ranging from 100 to 250 acres in the Sangamon County area. Initial meetings and site tours have been held with a number of Sangamon County Board members and follow up meetings are being arranged to determine local interest in developing potential sites.

Q5 and UIS Partner to Measure Local Economic Trends

Q5 and the University of Illinois at Springfield have begun a partnership to provide a local measure of economic trends. Q5 and UIS staff are currently in the planning stages for preparing the report, set to be released in the first quarter of 2008. The index will measure local economic trends and provide the capacity for forecasting 2-24 months ahead. This partnership will provide great insight into current economic trends.



Redirect Development Policy

Land Subdivision Ordinance Revision Moving Ahead

The Q5 Land Subdivision Policies and Process Subcommittee is comprised of private and public sector leaders in the development community. Chaired by Ed Mahoney, RE/MAX Professionals, the group meets six times a month to amend and fine tune the current land subdivision ordinance to make the development process more transparent and less complicated. "We're going through the current 93-page ordinance and fine tuning it with the help of technical experts from the city, regional planning commission and the private sector. We're not reinventing the wheel, we're adding clarity to the process," said Mahoney. The group hopes to propose the recommended changes to the Springfield City Council by the beginning of 2008.

Area Infrastructure Needs Assessed

The Development Policy Council called upon Kirk Brown, Hanson Professional Services, to chair a taskforce to evaluate Springfield's infrastructure needs. The group has determined the annual dollar amount our community should be spending on our infrastructure needs. After a comprehensive review of our current infrastructure, the taskforce presented to the Development Policy Council a report indicating that the city of Springfield has an annual deficit of \$38 million in spending for roads, sewers and transit needs.

Value of Homebuilding Quantified by Q5 Commissioned Study

The Q5 Development Policy Council recently engaged an economist from the National Association of Home Builders (NAHB) to determine the impact of homebuilding on the economy of Sangamon County. Dr. Elliot Eisenberg from the NAHB presented the results of the study to

the Strategic Leadership Council meeting in July. Dr. Eisenberg stated that within four years, a new home generates enough tax revenue to pay for public services necessary to serve the home.



Improve Minority Participation

Diversity Development Council Commits to Change

An historic joint-venture between The Greater Springfield Chamber of Commerce and the Springfield Black Chamber of Commerce convened for the first time in July of 2007. The Q5 Diversity Development Council is led by representatives from both organizations and approved a program of work based upon the Q5 diversity development objectives. Greater Springfield Chamber of Commerce President Gary Plummer and Springfield Black Chamber of Commerce President Tommy Dorsey recruited Council Members. The group is focusing on minority business development and the creation of affordable housing.

Affordable Housing Redevelopment Attracts Community Support

Members of the Q5 Diversity Development Council were joined by representatives of the C. Lee Carey Neighborhood Association to determine the economic feasibility and strategies needed for a large-scale housing project on South Grand Avenue. Eleven local banks and several local community-based organizations have indicated their interest in the project. Next steps include contacting the Illinois Housing Development Authority to determine the availability of state funding to begin the construction and remodeling project.

Minority Business Development Targets Entrepreneurs

Leaders in the Q5 Diversity Development Council and representatives from the Illinois Small Business Development Center at Lincoln Land Community College framed a plan to begin offering expanded training and programming for local entrepreneurs. Minority purchasing programs are also being discussed with a focus on creating demand for services and products produced by minority owned firms.



Develop Education and Workforce Excellence

Chamber, United Way Collaborate on Education Initiative

Q5 and the United Way of Central Illinois have been convening education and business leaders on the development of a "Continuum of Learning," spanning from birth to incumbent workers. The goal is to send a statement to the community about the importance of education as a means to build capacity in Sangamon County's workforce. Retreats are planned for October involving both Q5 partners and United Way leadership. More details are expected in the fourth quarter.

BEP Develops Job Shadowing Program

The Business/Education Partnership of Sangamon County, an affiliate of The Chamber and Q5, is implementing a job shadowing program for high school students during school year 2007-08. Through a series of half day experiences with local area businesses, students will have an

opportunity to gain information about career areas of interest, thus assisting them in making informed decisions when planning for college and/or their future careers.

The BEP is seeking business partners to host students for this career exploration experience and will be asking interested businesses to consider participating in this important program.



Capture and Create Emerging Economic Opportunities

Medical District Funding Advances

The Medical District is a priority for the Q5 Strategic Leadership Council. As a result of negotiations among Q5 representatives and leaders in the Illinois General Assembly, changes to the scope and Commission of the Illinois Medical District at Springfield were proposed and summarized in SB 689. A new name for the district and a new training program were added to reflect the district's regional nature and impact. The new name proposed is the Mid Illinois Medical District, and two additional gubernatorial appointments were added. SB 689 has been approved by the Illinois Senate and House and awaits the governor's signature at this writing. Tied to these changes is \$350,000 in new funding for the district. Vetoed by the governor, these funds were on a list of veto overrides passed by the Illinois House and pending in the Illinois Senate. A new patient safety center for SIU School of Medicine was also on the list of local requests made by Q5 representatives, and to-date, \$10 million in capital funding for this project is pending in the Senate-approved Illinois Capital Bill.

Dulles-Springfield Connection Popular

Passenger travel on the first, non-stop air service flight from Springfield's Abraham Lincoln Capital Airport to Washington-Dulles International Airport for the first quarter of 2007 was reported in September. During the flight's first quarter (April 24 – June 30), the airline carried 3,675 passengers, a 61% load factor. Though a strong showing for the new route, this activity was slightly less than the airline's revenue target for the flight, requiring the first installment of the revenue replacement guarantee. This installment was significantly less than the maximum guarantee and was shared among the federal government, the Springfield Airport Authority and The Chamber, via the Q5 Strategic Leadership Council investment.

**Springfield Chamber of Commerce
Quantum Growth Partnership (Q5)
For the 09 periods ended September 30, 2007**

	Year-to-date		
	Actual	Current Budget	Budget Variance
Income			
Investor Income			
Community Investors (2007) - private sector	\$589,449.66	\$719,500.00	(\$130,050.34)
Community Investors (2007) - public sector	\$268,000.00	\$300,500.00	(\$32,500.00)
¹ In Kind Investments (2007)	\$19,873.09	\$20,000.00	(\$126.91)
Sub total	\$877,322.75	\$1,040,000.00	(\$162,677.25)
² Community Investors (2006) - private sector	\$108,000.00		
² Community Investors (2006) - public sector	\$10,000.00		
² In Kind Investments (2006)	\$35,000.00		
Total Investor Income	\$1,030,322.75	\$1,040,000.00	(\$9,677.25)
Other Income	\$80,006.11	\$67,736.00	\$12,270.11
Total Q5 Income	\$1,110,328.86	\$1,107,736.00	\$2,592.86
Expenses			
Administration	\$351,008.22	\$394,844.00	(\$43,835.78)
Q5 Programming	\$237,325.44	\$291,829.00	(\$54,503.56)
Strategic Leadership Council Investments	\$0.00	\$200,000.00	(\$200,000.00)
¹ In Kind Expenses	\$19,873.09	\$31,872.00	(\$11,998.91)
Investor Relations	\$6,720.66	\$10,376.50	(\$3,655.84)
Other Expenses (BEP, MB, IMDS)	\$26,476.70	\$27,970.00	(\$1,493.30)
³ Remaining Contingency	\$0.00	\$19,057.50	(\$19,057.50)
Total Q5 Expenses	\$641,404.11	\$975,949.00	(\$334,544.89)
Total Q5 Net Income (Loss) To Date	\$468,924.75	\$131,787.00	\$337,137.75

Notes:

¹ In kind investments and expenses are recognized as they are consumed.

² Auditor adjustment: Program revenue planned for 2007, but received in 2006 must be accounted for in 2006. These funds are available for 2007 programming.

³ Contingency expenses are reported in the appropriate expense line item and reduce the available contingency by the same amount. A summary of these expenses is attached.

Revenue receipts are on target for the Q5 program. Deficits shown above are the result of timing issues created by auditor adjustments to the year in which a portion of the received Q5 revenue must be recognized (2006 rather than 2007).