

2007 REPORT TO SHAREHOLDERS



Dear Council for Economic Outreach Shareholder:

I am proud to present to you the Council for Economic Outreach's 2007 Annual Report to Shareholders. We are committed to providing these annual reports as a means of gauging our organization's success and informing you of our activities that result in new jobs and better opportunities for our community.

CEO staff had a busy year, working on 37 new projects throughout 2007. This included a project involving Ignition Entertainment - a software development company that chose to make Gainesville it's new home. This company will hire up to 70 new employees that will have an average annual wage of over \$45,000. Additionally, CEO was excited to see the efforts of previous projects come to fruition; Eclipse Aviation and DayJet both began their operations at the Gainesville Regional Airport and the Wal-Mart Distribution Center opened their doors in the City of Alachua with over 700 employees. CEO, along with FloridaWorks, was able to secure a training grant of \$168,000 for Baugh Southeast, also known as Sysco, as they prepare to engage a workforce and begin operations in 2008.

Along with the Ocala/Marion Economic Development Corporation, Progress Energy and the Heart of Florida Regional Coalition, CEO co-hosted the 3rd Annual Heart of Florida Consultants' Weekend, a community familiarization event that attracted business site location consultants from across the country for a weekend in the Heart of Florida. I am pleased to report that CEO has received 12 projects from consultants who have attended this event since its inception.

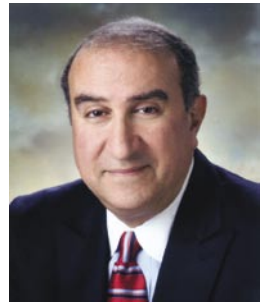
After a successful 2007, we look forward to a productive 2008. We will continue to measure our plans and success against the CEO Strategic Plan, making sure your investment is wisely spent in achieving great results for our community. I wish the best to Joe Cirulli from the Gainesville Health and Fitness Center, who will be taking over the reins as CEO Chairman for this year.

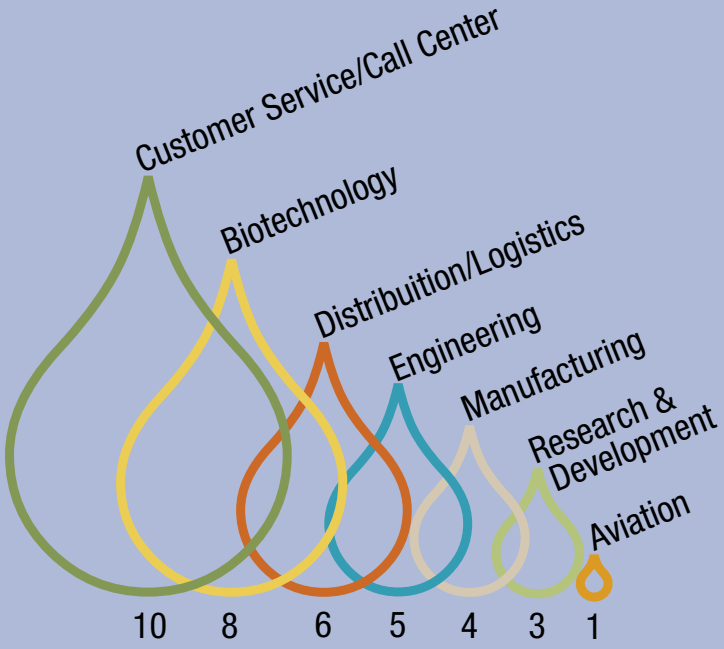
Thank you for your continued investment in our community's premier economic development organization! Together, we truly have made a difference in our community.

Thank you!

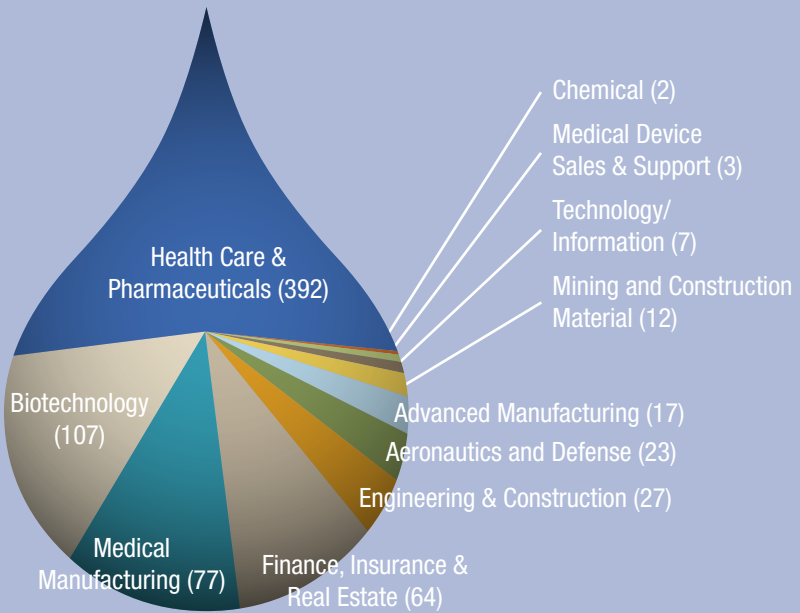


Kinnon Thomas
2007 Chairman, Council for Economic Outreach





New Projects by Sector in 2007 37 Total Projects



Hiring Projections in Targeted Industries for 2008–2009*

* Source: CEO Business Insight Survey, 2007



Wal-Mart Distribution Center,
City of Alachua

CEO attended three Enterprise Florida Economic Development Mission Trips within the past 10 months. Some firms visited include Deloitte Consulting, Cushman & Wakefield, CB Richard Ellis, CresaPartners and MOHR Partners. CEO has received six new projects as a result of these endeavors.

Findings of Space/Land Task Force

In January, 2007, the Chairman of the Gainesville Area Chamber of Commerce commissioned a Special Task Force pulling together a group of professionals to assess the lack of suitable space available for those prospects looking to either expand or locate operations in our community. The output of that Task Force was a report that quantifies that lack of space and outlines initiatives for CEO and the Public and Private sectors.

The report concluded that we need:

- ◆ Existing square footage. We have a severe shortage of suitable space. Specifically, we need buildings that are ready for occupancy within 6-8 month timeframe, offering 10,000 – 50,000 square feet.
- ◆ To accelerate the permit/building process so that timelines can be shortened to three to nine months.
- ◆ Pre-approved sites so that timelines can be met.
- ◆ We need supply to meet demand. As the report indicates, we have limited suitable space to meet the needs of the companies contacting CEO.

Essentially, it comes down to commitments from CEO, the private sector and the public sector. CEO has just rolled out a new and improved website that includes a more user-friendly property database and search tool. CEO also remains committed to being the leader in implementing the recommendations in this report.

We have asked the private sector, specifically local developers and real estate professionals to continue to work on buildings and land in the targeted areas outlined in this report. Additionally, we have asked local bankers to consider examples of Public/Private Partnerships, vis-à-vis spec space.

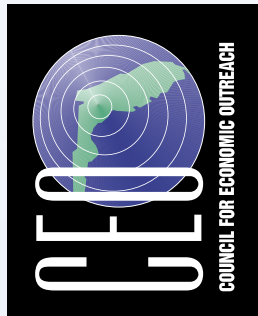
The report targets specific areas for potential office or industrial development. CEO staff and Tommy McIntosh, Chair of the Special Task Force have spent time with local officials going over the report. Both City and County Commissioners have expressed interest in assisting us with our request of the public sector, which is to create a “fast-track” permitting process and identifying sites that are “pre-approved” for zoning, concurrency, etc. This will help shorten the development and building processes, and therefore help to get companies up and running in our community more quickly.

In 2008, CEO staff will continue to work diligently on this project to ensure that our community’s needs for suitable buildings and land will be met.

Opportunity
2010 Campaign
Commitments
Received through
December, 2007:
\$1.25 Million

98%
of pledges
were received
in 2007, totalling
\$654,904

CEO conducted the ACCRA Cost of Living (COLI) Study again in 2007. Compared to more than 300 US urban areas, Gainesville ranked 1.5% below the average in terms of cost of living while average annual wages increased from \$30,004 to \$31,262. This represents a 4.2% increase in average wage in just one year!



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Surveying Existing Industry

Throughout 2007, CEO conducted 45 surveys with companies designated as Targeted Industries by Enterprise Florida. These surveys convey an executive perspective on planned business expansion in Alachua County and tangible feedback on important opportunities and potential obstacles to business growth.

Our initial status report finds that:

- ◆ 73% of surveyed companies are actively expanding or plan to expand within the next three years. These firms plan on adding more than 1,000 new jobs in Alachua County.
- ◆ The planned capital investment for these expansions totals \$483,000,000, while requiring approximately 373,300 square feet of new commercial, manufacturing or warehouse space.
- ◆ Information technology, biotechnology, medical device manufacturing and professional engineering service firms represent the industry sectors with the highest planned investment and job creation. Several of these firms are emerging companies planning significant growth in the next three to five years.
- ◆ Life science, medical and medical device manufacturers account for nearly 230,000 square feet of planned expansion.

In evaluating community strengths, Alachua County is generally considered to have a high quality of life which is conducive to attracting companies, professionals and employees to the area. Commonly cited as a contributor to the high standard of living in Alachua County, is The University of Florida and the role it plays in sustaining arts, cultural events, entertainment and an exciting vibrant community.

Executives did cite several issues that present challenges to ongoing and expanding operations. These include:

- ◆ Local air service, traffic congestion and public transportation
- ◆ Affordable housing
- ◆ Lack of local venture capital firms
- ◆ Governmental barriers to business expansion

Additional analysis and conclusive findings will be driven by subsequent surveys and continued outreach to all key businesses and industry. Information and analysis will be aligned with CEO strategic planning goals to further support business retention, expansion and attraction programs.