

INDY BUSINESS BULLETIN



Indiana Farmland Values Drops
A Purdue University study says lower commodity prices and the potential for higher interest rates have pushed farmland values down throughout Indiana down. The survey shows, for the first time since 2009, the values of high, average and low-quality farmland all fell in the same year.

Carmel Tech Company Opens International Office
Carmel-based software firm Blue Horseshoe is opening its first international office. The company says the expansion to Amsterdam is in response to growing demand in Europe.

Indiana Cities Among Top in U.S. For Business
A national publication is shining the spotlight on two Indiana communities. Evansville and Fort Wayne are in the top 10 on Business Review USA's list of the top places in the United States to do business.

Switzerland County Artist to Create Bicentennial Medal
An artist from Vevay has been selected to craft the state's commemorative Bicentennial Medal. Donna Weaver's design features depictions of events, landmarks and advancements during Indiana's first and second centuries of statehood divided by a turning page.

Indy Airport Adds to Trophy Case
Indianapolis International Airport has received another major honor. The airport is one of four inducted into the Airports Council International Director General's Roll of Excellence.

Airline Proposes New Training Center
Indianapolis-based Republic Airways Holdings Inc. (Nasdaq: RJET) is partnering with Exploration Center LLC on a new training center at Ameriplax Industrial Park. The nearly \$4 million project near Indianapolis International Airport would serve pilots, maintenance technicians and flight and ground crews.

\$23M Student Housing Opens in Terre Haute
Indiana State University has cut the ribbon on its new \$22.7 million student housing and retail development. The school says the facility brings the university into the heart of downtown Terre Haute.

White House Gives Startup 'Priceless' Exposure
An Indiana startup is enjoying time in the national spotlight as part of an event hosted by President Obama. Go Electric, which is based in Anderson's Flagship Enterprise Center, is taking part this afternoon in White House Demo Day. The company's technology is designed to integrate solar, wind, generators and

batteries to provide low-cost power to businesses. Chief Executive Officer Lisa Laughner says today's event allows the company to demonstrate its platform to corporations, investors and national media outlets.

IU McKinney Partners with Marian University
The Indiana University Robert H. McKinney School of Law and Marian University are partnering to create the Marian University-IU McKinney Law Scholar program. Each year, Marian will nominate one student or alumnus for admission to IU McKinney. The first student will start classes in the fall of 2016.

Indiana Colleges Rate High
Several Indiana schools placed high in national rankings involving the college experience. The Princeton Review lists include topics such as Best Party School, Most Beautiful Campus and Most Accessible Professors.

Gen Con Ups Its Game...Again
One of Indiana's largest conventions continues to grow. For the sixth straight year, Gen Con has set an attendance record. Organizers say more than 61,400 gamers took part in this year's event.

Indy Winery Wins International Contest
An Indianapolis winery took the top prize at this year's Indy International Wine Competition at Purdue University. Easley Winery won Wine of the Year for its 2014 Traminette. More than 2,000 entries were evaluated at the competition.

Pence Doubles Down on Power Plan Opposition
Governor Mike Pence continues to say Indiana will not comply with President Obama's Clean Power Plan unless it is "demonstrably and significantly improved" from previous Environmental Protection Agency proposals. Pence says his administration will review the president's proposal in the coming days.

'Silicon Valley of The Midwest' Wins
The president of the Americas for Emarsys says Indianapolis beat out technology heavyweights Austin and San Francisco to land the cloud marketing company's North American headquarters. Sean Brady, a former vice president at Indianapolis-based ExactTarget, says the choice came down to talent, hospitality and location. Austria-based Emarsys is investing \$3.2 million into expanding its downtown office and adding nearly 170 jobs over the next five years. The state could kick in nearly \$4 million as part of conditional tax and training incentives.

Schellinger: 'It's About Jobs'
The new president of the Indiana Economic Development Corp. says while some are making his appointment about politics, "it's all about jobs and that will be my focus." Wednesday, Indianapolis-based CSO Architects Chairman and Chief Executive Officer Jim Schellinger, a former Democratic candidate for Governor, was selected by Republican Governor Mike Pence to help lead the state's economic development efforts.

CHINA IN THE NEWS



Joanna Zhou (周娜), now residing in Knoxville, TN, immigrated to Indianapolis with her husband from Beijing in 2013, where she worked in Human Resources for a U.S. Fortune 500 company. She enjoys her new life with her husband and kept in touch with her IAAT friends and readers by contributing to this column.

China, U.S. to exchange officials for Xi's visit
China and the United States will send senior officials to each other's country in preparation for the state visit to the United States by Chinese President Xi Jinping in September. Several senior U.S. officials will visit China in August and September, based on a consensus reached by the two sides, Chinese Foreign Ministry spokesperson Lu Kang said Monday. Meanwhile, some senior Chinese officials will visit the U.S. to pave the way for Xi's upcoming visit, which is at the invitation of his counterpart Barack Obama.

中美近期互派官员为习近平访美做准备
新华社外交部发言人陆慷10日表示,中美双方近期将互派官员,为习近平主席9月对美国进行国事访问做准备。有记者问:习近平主席将于9月对美国进行国事访问。请问中美双方近期有无计划互派官员为访问做准备?陆慷说,根据中美双方商定,8月和9月将有数位美国高级官员访华,为习近平主席应奥巴马总统邀请于今年9月对美国进行国事访问做准备。中方有关部门负责人也将先后赴美为此次访问做准备。

China improves exchange rate formation system
China's central bank will improve its central parity system to better reflect market development in the exchange rate of the Chinese currency renminbi against the U.S. dollar. Effective on Tuesday, daily central parity quotes reported to the China Foreign Exchange Trade System before the market opens should be based on the closing rate of the inter-bank foreign exchange rate market on the previous day, supply and demand in the market, and price movement of major currencies, the People's Bank of China (PBOC) said. The PBOC said the RMB's central parity has deviated from its actual market rate by "a large extent and for a long duration," which has "undermined the authority and the benchmark status" of the central parity system.

央行“汇改新政”增加人民币汇率弹性
中国人民银行发布公告称,为增强人民币兑美元汇率中间价的市场化程度和基准性,决定完善人民币兑美元汇率中间价报价。自2015年8月11日起,做市商在每日银行间外汇市场开盘前,参考上日银行间外汇市场收盘汇率,综合考虑外汇供求情况以及国际主要货币汇率变化向中国外汇交易中心提供中间价报价。中国民生银行首席研究员温彬指出,人民币汇率形成机制包括两个部分:一是中间价的确定;二是人民币兑美元在中间价基础上的浮动区间。过去几年,央行重点是扩大人民币兑美元浮动区间,人民币兑美元的幅度区间从汇改初期的千分之三扩大到目前的2%,有利于增加人民币汇率的弹性。

China economy under downward pressure: finance minister
The country's economy is stabilizing and recovering, but still facing significant downward pressure, Chinese Finance Minister Lou Jiwei said on Wednesday. Speaking at a national financial work conference,

Lou said the ministry will continue to ensure funds to the construction of major projects to offer fiscal support, while cutting tax and administrative fees to lower companies' costs. China's economy posted a better-than-expected growth of 7 percent in the second quarter of the year. The growth, though unchanged from the first quarter, was its lowest level since the global financial crisis. Lou said the ministry will continue to promote a public-private partnership (PPP) model for investment, regulate local government debt and promote "market-oriented transformation" of local government financing vehicles in order to turn these local government-backed investment bodies into independent entities. He also urged further advances in the country's tax reforms, which includes replacing turnover tax with value-added tax and implementing consumption tax and resource tax reforms.

楼继伟:中国经济发展缓中趋稳下行压力仍大

财政部部长楼继伟在全国财政工作会议上表示,受经济增长放缓、物价水平回落等因素影响,今年上半年,全国一般公共预算收入7.96万亿元人民币(下同),按年增长4.7%;全国一般公共预算支出约7.73万亿元,增10.6%。楼继伟强调,目前中国经济发展「缓中趋稳、稳中向好」,但下行压力仍然较大。财政部将继续落实促进经济持续健康发展措施,包括加力增效,落实好积极财政政策的各项措施;加快政府和社会资本合作(PPP)模式的推广运用;统筹稳增长和防风险,进一步规范地方政府债务管理;发挥好各类投资引导基金的作用;及深入推进财税体制改革。

Beijing to arrange 2.8 million flower pots for anniversary celebration

Beijing will display 2.8 million flower pots in preparation for the 70th anniversary of victory in the Chinese People's War of Resistance Against Japanese Aggression. Beijing has a tradition of arranging flower decorations for festivals and other important occasions. "The flowers will be arranged at scenic spots, squares and tourist sites in the capital," Zhu Yingzi, an official with Beijing Park Management Center. Decorations include 32 large flowerbeds, featuring themes of peace and victory, and more than 1,000 smaller arrangements, Zhu said. Floral decorations in the shape of victory trumpets will be assembled at Zhongshan Park, near Tiananmen Square. Olive branches and dove-shaped arrangements will appear at the Summer Palace in the northwestern part of the capital.

天安门广场为迎抗战纪念活动将摆长城主题花坛

为迎接9.3抗战胜利纪念活动和国庆节,北京市将在8月下旬完成天安门广场、长安街沿线的主花坛布置工作,花卉、花带、主题广告及各大公园的景观布置也将同期完成。天安门广场将摆放“长城”主题的主花坛,长安街沿线从东单路口到西单路口之间还将摆放8处立体花坛,所有景观布置工作将在8月下旬以前完成。据介绍,天安门广场纪念碑北侧将布置“长城”主题立体花坛,在人民英雄纪念碑周边布置松柏花带,广场两侧绿地布置花柱、花球和花带。同时,在长安街沿线,东单路口将布置4组反映历史题材内容的立体花坛,主题分别为“壮丽山河、同根共荣、舞庆中华、和平发展”;在西单路口布置4组反映百姓生活的立体花坛,主题为“播种梦想、共同繁荣、和谐家园、美好明天”。长安街沿线还将布置200组容器花卉,2.5万平方米地栽花卉。

FINANCIALLY SPEAKING

Stock buybacks can be a harmful "sugar high"



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CEOs are routinely bashed for their outsized pay, but companies are under intense pressure from Wall Street to produce steady, predictable gains in earnings-per-share (EPS) every calendar quarter (i.e. thirteen weeks). Pity the poor CEO who becomes the target of an "activist" investor who may have owned the stock for all of 15 minutes, but agitates for changes to end their pain by "maximizing shareholder value."

A company's earnings-per-share (EPS) is calculated by dividing earnings by the number of shares outstanding. If ABC Corp has \$1 million of earnings and 1 million shares outstanding, it has EPS of \$1. If ABC buys back 10% of its shares, voila, its EPS rises 11% to \$1.11 (\$1 million/900,000 shares).

Additionally, ABC's purchase of a large percentage of its stock will likely drive the price higher. It's not surprising demanding stock buybacks is a key component of "activist" investors' playbooks.

The combination of higher EPS and company buying usually provides a short-term boost to the stock. This makes Wall Street happy, keeps the activists at bay and helps management enhance the value of their stock options and meet bonus targets.

Buybacks may be helpful or harmful in the long-run, but the facts are unambiguous. According to Standard & Poor's, U.S. companies spent more than \$900 billion on buybacks and dividends in 2014, a record.

To put this in context, according to University of Massachusetts economist Williamazonick in a recent

Brookings Institution paper, the 454 companies listed continuously in the S&P 500 between 2004 and 2013 used 51 percent of their earnings to buy back their own stock. An additional 35 percent of earnings funded dividend payments. In total, a whopping 86 percent of earnings were utilized for the immediate gratification of shareholders.

Returning cash to shareholders via buybacks and dividends can be part of a responsible capital allocation strategy, but when this use of capital causes firms to underinvest in innovation, skilled workforces or capital expenditures necessary to sustain long-term growth, that can lead to big problems for the firm and our economy.

That's the message Larry Fink, CEO of investment behemoth BlackRock, sent to each of the S&P 500 CEOs in a recent letter recognizing and bemoaning the acute pressure on companies to meet short-term financial goals at the expense of building long-term value. Fink said returning excessive amounts of capital to shareholders "sends a discouraging message about a company's ability to use its resources wisely and develop a coherent plan to create value over the long term."

In Fink's view, "corporate leaders' duty of care and loyalty is not to every investor or trader who owns their companies' shares at any moment in time, but to the company and its long-term owners." He urges CEOs to "engage with long-term providers of capital," "resist the pressure of short-term shareholders to extract value from the company if it would compromise value creation for long-term owners" and "clearly and effectively articulate their strategy for sustainable long-term growth."

One of Fink's solutions to combatting corporate "short-termism" is to change U.S. tax policy, which categorizes gains on securities held more than one year as "long-term," subject to favorable tax rates. He favors granting long-term treatment after three-years and decreasing the rate each year until reaching 0% after ten years.

TEENS' PERSPECTIVE

Different Views Through Disputed Foods

by Gloria Huang



Stinky tofu

Gloria Huang, a sixteen-year-old girl, from Taipei, Taiwan. She is an English Bilingual magnet student at Tamkang High School and hopes to enter university for graphic design. Gloria was encouraged by her English teacher from America to share her viewpoint with our readers in English.

Pig blood cake is a rice cake made with pig's blood. I understand that sounds really disgusting, but Taiwanese love it very much. It's sold at night markets because of its convenience and low price. We usually put soy sauce on it first then put peanut powder with coriander on it. It tastes really nice because you can taste both the sweet and salty flavor at the same time.

Stinky tofu and pig blood cake both came from China. Actually, they are more Chinese-style food than Taiwanese. Due to the fact that the Chinese migrated to Taiwan by ship around 1950s, they brought their culture, food and language to Taiwan. Because the Kuomintang (nationalist party) lost the war with the Communist Party, the Hans started to move to Taiwan. Both of these foods were created by Chinese and it shows you how much Chinese culture has affected Taiwan.

I know many foreigners think stinky tofu and pig blood cake are disgusting. The translation makes foreigners not want to try it. Words such as, "stinky" and "pig blood" make it sounds really horrible. Also, because of the gap between Western culture and Eastern culture, some of the Western people looked down on Eastern cultures. They thought the Chinese were too arrogant about their cultures and caused Western people to discriminate against Eastern cultures in the past. This history has led to some foreigners being unable to embrace stinky tofu and pig blood cake, and other kinds of disputed foods.

It's important to look at this gap between cultures because we are always curious about why other people can't adapt our cultures. However, in this modern world, we should be open-minded about new things. In order to broaden our view and improve ourselves, we all should try different culture's foods more often.