



CLEAN POWER DREAMS HIT HEADWINDS

Hoosier vexed by investment, manufacturing obstacles in U.S.

By Ted Evanoff
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Carmel engineer Noel Marquez Davis stumbled on a stubborn truth about America's dream of clean wind power.

The nation is drawing electric energy from the wind, but it's hard to find anyone — at least in the United States — who wants to loan money to a young manufacturing entrepreneur hoping to open a wind turbine factory.

The former U.S. Navy missile officer is still empty-handed 18 months into his quest to tool up a \$50 million shop for making huge gears for wind turbines in Indiana.

Recently rejected for a federal loan, the former plant manager of Fairfield Gear in Lafayette now is trying to ally with Asian or European companies. Manufacturers abroad, he says, are better able to tap U.S. government aid than can American startups.

What the systems engineer has encountered shows an unintended consequence of the thousands of elegant wind turbines that tower over the countryside.

Washington has loaned more

than \$2 billion of taxpayer cash to jumpstart wind farms and other private clean energy projects in recent years.

However, the spending has spurred work in Asia and especially Europe, where wind turbine companies are concentrated, a result of forging ahead on alternative energy years ago.

"In the U.S., no one is doing anything," Davis insisted. "We're importing all this material."

One year ago, manufacturing experts warned that the clean energy initiatives of President Barack Obama's new administration were not tied directly to jobs programs. Today, those predictions are proving accurate, especially in Indiana, an industrial state where the February unemployment rate was 9.8 percent.

While federal clean energy loans and tax credits have created some jobs in the United States, most of the 8,000 parts in the typical turbine are imported, said Scott Paul, head of the Alliance for American Manufacturing, a

NOEL MARQUEZ DAVIS

Title: Chief executive officer, Vela Gear Systems.

Home: Carmel.

Birthplace: Philippines.

College: U.S. Naval Academy, systems engineering degree, 1982.

Career: Nuclear weapons officer, U.S.S. Casimir Pulaski, nuclear-powered submarine named for Revolutionary War general; in 2003, air war intelligence officer, serving in U.S. Navy reserves, Riyadh; Alcoa plastics, plant manager, Crawfordsville; Fairfield Gear, manufacturing executive, Lafayette; Brad Foote Gear, chief operating officer, Chicago.

Notable: He grew up in distant countries, traveling in his military family, although Davis today speaks ice-clear American, the voice of the upper Midwest. The son of a black U.S. Air Force sergeant and Filipino mother, he grew up near B-52 bomber bases. The youngster cultivated an ear for English at the American base schools filled largely with children of Midwestern airmen.



KELLY WILKINSON
The Star

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Star file photo

HEALTH-CARE REFORM

Law gives parents peace of mind

EXPANSION OF COVERAGE TO BRING MANY MILLENNIALS UNDER FAMILY POLICIES

By Carla K. Johnson
Associated Press

CHICAGO — Congress voted to overhaul the health-care system on a Sunday. On Monday, Patti Lawson e-mailed her employer's human resources office to ask how soon she could get her 22-year-old daughter back on her health insurance.

In about six months, the new law will allow at least 2 million young adults to be covered under their parents' policies. These are the "millennials," those who came of age in the new century and now are struggling to get on their feet during the worst



CAROLYN KASTER / Associated Press

MOM'S WATCHING OUT: Patti Lawson, an administrator at Gettysburg (Pa.) College, in Gettysburg, Pa., is eager to get her daughter Katie Byrne, 22, back on her health insurance. Byrne has a temporary job without insurance.

slump since the Depression.

Many can't find jobs, and many who are employed don't have health coverage from their employers.

The law will let young adults stay

on or return to their parents' insurance until age 26. To qualify, young people must be "dependents" of their parents. They don't necessarily have to live under the same roof.

Lawson, a Gettysburg College administrator in Pennsylvania, said she is hoping to get her daughter back on her health plan because she is tired of playing "a roulette game." Her daughter has just a temporary job that doesn't provide insurance.

"You're banking on your child staying well," said Lawson, who has been a single parent since her husband died of cancer three years ago.

Regulations still have to be written, but here are some of the crucial specifics of the new law, based on a reading of the measure and interpretation by various experts:

» It applies to young adults up to their 26th birthday who don't have

» See Parents, Page A16

Google censorship woes didn't stop with China

Pressures tied to search results come from laws, court orders, government interference

Associated Press

SAN FRANCISCO — Google didn't stop wrangling with censorship when the company moved its search engine out of mainland China to shed its restraints on what can be shown on the Internet.

Even in other countries, it has been under increasing pressure to filter information. For instance, local laws prodded Google to help shield Turkey's founder and Thailand's monarch from public ridicule by blocking unflattering videos of them.

The company also complies with laws in France, Germany and Poland that force it to exclude information that promotes or supports Nazi causes. Google has edited discussion forums in India to remove comments the government flagged as violating its restrictions against speech that's indecent, immoral or threatens public order.

The censorship demands often thrust Google into a tricky balancing act. Its pursuit of higher profits from international markets has entangled the company in

» See Google, Page A16



NO COLUMN TODAY

Daniel Lee has the day off.

JUST ONE MINUTE

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[MARKETING STUDY]

In deciding where to buy, proximity counts

If you're touting a product on the Internet, you may want to pay as much attention to your target consumers' ZIP codes as their online activity.

Proximity to certain physical stores and word-of-mouth referrals from within a community heavily influence how people make their purchases, according to new research from The Wharton School of the University of

Pennsylvania.

The researchers used sales data from large Internet retailers to study how close customers lived to one another. They found that consumers rely just as heavily on traditional marketing methods, such as newspaper advertising and references from nearby friends and neighbors, compared with Internet blogs and keyword searches.

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business

Wind

» Company was awarded a federal tax credit.
From A14

pro-union Washington trade group.

What the nation has gained are assembly and some fabricating jobs. Meanwhile, the intellectual know-how and profits tend to remain overseas, Paul said, along with much of the engineering, special machining and production of critical components such as generators.

Any jobs welcome

While the green initiative may spark relatively few engineering jobs, distressed factory cities welcome any jobs. Stung by the closing of Borg-Warner and other big automotive plants, the Muncie area embraced Italian gearbox maker Brevini Wind's new \$62 million plant at Yorktown employing 450. The Indiana Economic Development Corp. contributed \$4.2 million in incentives.

Officials in Muncie, an east-central Indiana city burdened by an 11.7 percent jobless rate, was heartened last month when Brevini secured an order from Finland's WinWinD, a wind turbine manufacturer with 400 workers in Europe and India.

"Brevini is out there developing their customer base. This is another win," Terry Murphy of the Muncie-Delaware County Economic Development Alliance told the Muncie Star Press.

When he set out in 2008, Davis thought he could create engineering and assembly jobs and help make Indiana a center for intellectual property in the wind energy field. He saw a niche for himself. Wind power was 2 percent of total electric power in America, but he knew forecasts called for 20 percent in two decades. He saw himself making money in the wind energy boom taking hold in America.

He had gone from Fairfield Gear to run Brad Foote Gear in Chicago. Both firms specialized in massive gears machined from tons of steel.

When Foote was acquired, he left the company, fought and won a noncompete edict in court and pursued his idea: Make wind turbine gears.

Wind on the blades turns gears linked to electric generators that furnish power. The clocklike set of gears and generator fill the nacelle, a box almost as big as a long-haul truck's trailer. It is fitted atop the tower behind the blades. But U.S. factories able to machine the huge gears are now scarce.

Figuring he could replace imports, Davis and mechanical engineer Charles Shultz created a new company on paper called Vela Gear Systems. When the credit crunch hit, they quickly discovered investors had no appetite for manufacturing.

"Private equity," Davis said, "doesn't like to invest in manufacturing anymore, unless it's in China."

So they applied for U.S. Energy Department loans and trawled for gear orders from General Electric, the one big U.S.-based turbine assembler.

They hired an engineer, enlisted an architect and builder, retained two law firms and figured they'd put up a 250,000-square-foot plant that would employ 200 in Central Indiana. For machinists, Davis thought of Navistar's abandoned diesel plant in Indianapolis. Nearly 1,000 workers dislocated by imports from Mexico are now being schooled for new occupations with tuition and unemployment compensation paid for two years by federal taxpayers.

Before they hired any machinists, Vela's loan request was rejected. Federal rules used to weed out loan applicants, Davis said, tend to favor established companies rather than risky startups that may prove unable to repay taxpayers.

"I don't think they meant it that way when they set up the energy program, but they are excluding American companies," Davis said of the U.S. Energy Department.

Now, Davis sees the result. Indiana's jobless rate, has surpassed 9 percent for 13 straight months with relatively little benefit to show from the green energy spending. In February, the television program "ABC World News Tonight with Diane Sawyer" reported 79 percent of the \$2.1 billion in federal green energy loans went to foreign companies.

Questions raised

ABC's partner on the report, the Investigative Reporting Workshop, an affiliate of American University in Washington, pointed to a raft of questionable uses of the federal largesse. For example, an American and Chinese group secured a \$450 million federal loan to buy Chinese turbines for a Texas wind farm.

"Very few jobs here, lots of jobs in China. That is not what I intended or any other legislator who voted for the stimulus intended," Sen. Charles Schumer, D-N.Y., told ABC News.

Rebuffed by the Energy Department, Davis turned to a recently enacted federal program for manufacturers. In January, Vela was awarded an \$11.6 million federal tax credit.

This might have propelled an established firm, but Vela had no revenue or income to shield from taxes. Davis tried a new tack.

He looked for a bank willing to buy the tax credit and shield its own profits from taxation, a legal use of the energy aid.

The idea was he could turn the tax credit into cash. A bank might loan Vela \$10 million and pocket \$1.6 million as a service fee.

Amid a recession, no bank was interested in a start-up with no track record, at least no bank in the United States. "Anything new, they want to stay away from," Davis said.

So last month he turned to Europe, where banks with U.S. offices are interested in tax credits — with one hitch.

To make sure jobs remain in Europe, Vela must partner with a manufacturer in the bank's home country.

That means Vela, if it opens, would make gears engineered abroad. Then, the Indiana company would muscle up its marketing acumen to land gear orders in the United States among GE and Asian and European turbine suppliers.

If that happens, it is not the complete self-contained U.S. company that Davis said he envisioned — machining and heat-treating gears, and even bringing in the generators and drive trains for final assembly.

But it's a start.

"In this country we're buying these (gear) clock-works now, but why can't we make them ourselves?" Davis said. "If you can make them, you'd employ people and have a stable economy for a long time."

★ Call Star reporter Ted Evanoff at (317) 444-6019

MY BIG BREAK



CHARLIE NYE / The Star

A NEW WORLD: Susan Baughman, now senior vice president of event management of the Indiana Sports Corp said that when she was growing up in Mooresville, she never knew that sports-management jobs even existed.

Indy internship spawned sports management career

Who: Susan Baughman, Senior Vice President Indiana Sports Corp./Executive Director 2010 Men's Final Four

People always ask me if I was an athlete growing up. I was what you would call a social athlete — not very good, but loved going to the gym and being around my friends. I was always interested in sports, but wasn't aware that there were careers in sports management, so it never occurred to me you could make a living doing what I now do.

I grew up in Mooresville and went to Indiana University and studied journalism, sociology and criminology. I didn't know exactly what I wanted to do, but was interested in writing and publishing, so I thought working for a magazine might be a good fit.

When I began to interview with magazine and book publishers, the offices were dark, with green-glowing LED screens — this was the early 1990s. The offices seemed quiet, and I didn't feel like I belonged.

By luck, my college counselor told me about an internship at the 1991 World Gymnastics Championships. I had no idea what the event was about, but I was fascinated by the energy of the people working on it. When I heard about what they were planning, I thought: "I have to be part of this." I was hired and got my first job in an industry I didn't even know existed.

I immediately found myself in a world I didn't know anything about — gymnastics rules, international travel, uniform protocols, thousands of volunteers and communicating

SUSAN BAUGHMAN

» **AGE:** 42.
» **JOB TITLE:** Senior vice president at the Indiana Sports Corp. and executive director of 2010 NCAA Men's Final Four.
» **DUTIES:** Responsible for the 2010 NCAA Men's Final Four, responsible for management of staff and events as well as bid efforts for Indiana Sports Corp.
» **ABOUT THE COMPANY:** Indiana Sports Corp. was founded in 1979. Events are broadcast all over the world and bring national and international attention to the area.
» **EXPERIENCE:** Baughman previously was the event director for USA Gymnastics. Prior to that, she was a member of the event staff for the 1991 World Gymnastics Championships.
» **EDUCATION:** Bachelor's degree in journalism and sociology from Indiana University.

with people around the world.

The job turned out to be the greatest learning experience of my life. I was 21. I had budgets and people to manage. I went from knowing zero about event planning to gaining a broad understanding of how to tackle a major event: and how to organize volunteers, work with deadlines, and think through projects.

During that event, I had the chance to work for:

» Allison Melangton, now the president and CEO of Indianapolis' 2012 Super Bowl, who showed me

the importance of timelines and to pay attention to every detail.

» Connie Israel, who showed me the importance of respecting and relishing in the ideas of others.

» Jack Swarbrick, now the athletic director at the University of Notre Dame, who showed me there is no limit to what you can do if you harness the energy of the community.

» Rick Fuson, chief operating officer of Pacers Sports and Entertainment, who showed me how to inspire and get the best out of people.

Their willingness to give an event novice a chance to be a leader; for them to put high expectations and pressure on me, changed my whole life. That experience was my big break.

My job with the World Gymnastics Championships was full-time, but temporary. When the event ended, so did my job. What I thought was going to be a one-year assignment has turned into a career.

When that event was over I worked for USA Gymnastics, organizing national and international televised competitions all over the country. Since joining the Indiana Sports Corp. in 1996, I have worked on six international and world championship events, 16 NCAA events, and 21 national or Olympic events.

My big break allowed me to work on exciting and notable events, but more importantly gave me the opportunity to learn from the best leaders in the sports industry who work right here in our city.

— By Susan Baughman

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