



February 4, 2016

Dear Economic Development Partner:

AEP Kentucky Power Economic & Business Development announces our newest economic development grant program, Kentucky Power Economic Growth Grants (K-PEGG). K-PEGG will assist with the funding of economic development programs or projects that promote the creation and retention of manufacturing and/or industrial investment and jobs. This program is specific to the entire service territory of AEP Kentucky Power, of which includes all or part of twenty counties (Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan counties). The grants must be used for programs or projects that fall into four main categories: Economic Development Education, Sites and Buildings - Product Improvement, Marketing and Promotion, and Professional Consulting Projects. We are looking for projects that provide the maximum local benefit from grant funds.

Project Category Descriptions

Below is a description of each category and some examples of projects for each category. These examples are simply suggestions to provide you with an idea of projects we are looking for the program, but we are also looking for creative ideas that meet the goals of the grant.

Economic Development Education

The focus of this category is to provide educational opportunities for our local economic development practitioners in an effort to raise the bar of performance for our communities and partners that are focused on economic development. Below are some examples of opportunities that could be requested:

- Kentucky Institute for Economic Development (KIED) – this is the Basic Course for beginning the Certified Economic Developer (CEcD) designation. It is offered in Kentucky annually.
- Oklahoma University Economic Development Institute (OUEDI) – this is the premiere training course for Certified Economic Developer (CEcD) designation. The week long course is offered twice per year throughout the U.S. and three weeks of training is required to sit for the CEcD exam.



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- Kentucky Association for Economic Development (KAED) Conferences – this is the statewide professional association of economic developers. KAED offers two major conferences per year as well as various training seminars and training opportunities throughout the state during each year.
- Webinars – There are many professional economic development trainers and site consultants that will host webinars on key topics for economic development. A request could include providing a webinar for your community or the region. Kentucky Power can also assist in finding those trainers and consultants.
- Seminars – There are many professional economic development trainers and site consultants that could be brought to the region to provide key economic development training to your economic development partners in the region. A request could include providing this service. Kentucky Power can also assist in finding those trainers and consultants.

Sites and Buildings - Product Improvement

This category is designed to bring to market new or existing sites and facilities within the Kentucky Power territory and position communities to compete successfully for new jobs and investment or to retain existing jobs. The product improvement funds will seek to partner with communities to leverage local, regional, state, federal, and private participation.

Requests can be made to seek product improvement opportunities where the investment makes the most strategic value to achieve the goal of job attraction and retention. Here are some examples of how funding could be used for product improvement:

- Speculative Building Seed Money – Eastern Kentucky has a limited number of available buildings that are scaled for industrial use. A request could be made for the design and planning as well as local matching dollars for anticipated grant funds to be used for the building of speculative buildings.
- Infrastructure Improvements – Our consultant's analysis has recommend infrastructure improvement on many of our existing industrial parks. These infrastructure deficiencies must be addressed for these properties to be marketable. Funding for these types of projects would be used for design and build assistance at these properties.



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- Master Plan Updates – Many of the key properties identified in the consultant’s analysis does not have an existing master plan. If a master plan does exist, it needs to be modified to meet the standards of a nationally competitive prospect. Funds could be used to create and implement or update master plans that will facilitate the proper use of potential industrial sites.
- Due Diligence Items – Industrial site marketability requires that specific studies and certifications be addressed for potential prospects. These items include but are not limited to: Wetland Delineation Study, Geotechnical Study, Archeological Study, and Endangered Species Study. Funds would be used to assist these sites in completing these necessary studies.
- Site Compaction / Build Ready or Pad Ready Sites -- The majority of sites in Kentucky Power’s territory are former mine land sites, often referred to as “fill sites.” Due to this fact, these sites are often at a competitive disadvantage because each building site has to be compacted before a foundation can be constructed. This can add an average of \$200,000 to the cost of building on a site and thus make eastern Kentucky sites less competitive for industry. Project funding for this purpose will assist in creating build ready sites for market. These sites can then seek Build Ready Certification from the Kentucky Cabinet for Economic Development.
- Closing Fund – The idea of an economic development closing fund is growing in popularity across the nation. These funds would be a grant paid directly to a locating industry to assist in attracting a new prospect to the region. Closing funds are seeing significant impact on prospect decisions in states like Texas and with organizations like the Tennessee Valley Authority. Consultants are now recommending Closing Fund Programs as an industry standard in economic development strategies. Closing funds could be used to assist a prospect in paying local fees, such as tap fees and other business associated startup fees.

Marketing and Promotion

At the present time, very few organizations in eastern Kentucky is funded to market any existing industrial properties. To our knowledge only one organization is funded for this very necessary process in economic development, and it has limited funding. Industrial



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authorities are in place to manage most of the properties, but they lack any funding to do property improvements or marketing.

Funding in this category would be used to market these properties to site consultants and target industries. Marketing strategies include but are not limited to the following:

- Targeted industry visits with companies that are actively seeking to invest.
- Existing industry visits with companies that are actively seeking to invest or are competing with other corporate facilities for expansion.
- Tradeshows, site consultant conferences, site consultant luncheons, economic development marketing trips, familiarization tours, Cabinet for Economic Development and/or Governor's marketing trips and other strategic visits with companies or site consultants that represent projects on the move for investment.
- Strategic advertising of product within the service territory through the use of various print and digital media. These advertisements will be focused on target industry publications or direct mailings to prospects or site consultants.
- Economic development website creation, maintenance, upgrades, and/or revamps to meet nationally competitive standards for local and regional economic development organizations and stakeholders.
- Design and printing of product promotional materials for the specific purpose of supporting prospect visits and site consultant interaction.
- Programming sponsorships for local economic development partner organizations. Local and regional economic development organizations are vital to the success of attracting and retaining industry.

Professional Consultants

The use of consultants is often necessary for a number of reasons, but primarily consultants are used to provide a skill or resource that you do not have or to provide a targeted approach to an effort that will insure strategic investment of time and money. In the case of KEDS, funding could be used to provide the services for consultants to achieve significant impact in our economic development efforts. A good example of these potential projects would be to examine the three phases of consultant projects



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Kentucky Power funded with InSite Consulting of Greer, South Carolina. Potential consultant projects include but are not limited to the following:

- Specific product improvement analysis, program design and implementation
- Product identification analysis, program design and implementation
- Strategic planning for economic development organizations, program design and implementation
- Economic Development programs, design and implementation
- Workforce analysis, program design and implementation
- Product marketing programs, design and implementation
- Target Industry Analysis, program design and implementation

Instructions for Applications

If your organization is interested, you will be required to complete and submit the attached grant application with the following information:

1. Explanation of the need of the grant.
2. Description of the AEP Kentucky Power service area that the grant will benefit.
3. Outline of the total program or project scope, including estimated costs, identification of other required funding sources, and intended use of AEP Kentucky funds.
4. Program or project tangible benefits, such as estimated number of jobs that could be created or retained, benefits to the area or region.
5. All K-PEGG applications must be accompanied by a signed cover letter from the organization applying for the grant. A signed letter from a notable source, such as a high ranking public official, to validate the project is also encouraged but not required.

The programs and projects must leverage additional funds from other sources, demonstrate joint participation from more than one group, and/or provide benefits to an area or region.

The total planned giving for all awarded projects for any given year will not exceed the amount collected and matched through the Kentucky Economic Development



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Surcharge (KEDS), this will be approximately \$600,000 annually. Kentucky Power reserves the right to adjust potential grant awards based on competitive requests, appropriateness of requests, fund availability, and other criteria established by Kentucky Power. A grant application also may be submitted for projects requiring lesser amounts. Grants will be awarded at the discretion of AEP Kentucky Power Economic & Business Development until funds have been exhausted.

To be eligible, your organization must be a nonprofit entity such as a local economic development organization, chamber of commerce or regional development organization. Previous K-PEGG grant recipients may make additional requests, but all reporting requirements must be met for those previously granted projects in order to be eligible for future funding. Please see the attachment titled "K-PEGG Report Template".

Application Period

The K-PEGG program will not have any deadlines for grant requests. The program is designed to be flexible in an effort to meet any potential economic development needs year round, as deemed qualified by the K-PEGG review team. A request can be made at any time by completing the attached request form and by providing any necessary supplemental information.

Where to Apply

All applications must be submitted electronically, along with any supporting documentation, to bnhall@aep.com. Attached is the electronic grant application form with completion instructions. If you have any questions regarding this program, please contact me at the telephone number below or send an email to bnhall@aep.com.

Sincerely,

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Attachments