



A unit of American Electric Power

MARION BRANCH MARKETING RECOMMENDATIONS & PRELIMINARY TARGET ANALYSIS



insiteconsulting
site selection | economic development | real estate

OVERVIEW

Kentucky Power retained InSite Consulting, an economic development and site selection consulting firm based in Greer, South Carolina, to assist the City of Pikeville with creating a comprehensive development and marketing strategy for the Marion Branch Industrial Park. The scope of services included a leadership alignment meeting, identifying and moving forward on park due diligence items including road funding and schedule, extending fiber, wastewater and water service improvements, natural gas service improvements, electric service confirmation, geotechnical, wetlands, endangered species, archaeological, environmental studies, preliminary target analysis, marketing plan, and incentive strategy design. A Marion Branch Industrial Park site information package has been provided under separate cover. This document should serve as the guide for Marion Branch's future marketing efforts.

MARION BRANCH INDUSTRIAL PARK MARKETING RECOMMENDATIONS

The establishment of Marion Branch Industrial Park's identity and "marketing toolbox" is critical to the success of City of Pikeville's economic development program. Pikeville should concentrate on getting organized as a dedicated, functioning economic development organization that can execute in a marketing capacity. The following sales message, park recommendations, key print and electronic materials will assist in the communication of Marion Branch's location assets:

ECONOMIC DEVELOPMENT ORGANIZATION – MAIN PRIORITY

In order to effectively implement the marketing strategy, a dedicated economic development organization must be created to execute this plan (organizational development was not a part of InSite's scope of services.) Without a dedicated entity responsible for consistently managing and marketing the industrial park, the success of Marion Branch Industrial Park will be severely limited; hence making the following initiatives impossible to implement in order to effectively recruit jobs and investment to the Pikeville area.

MARION BRANCH INDUSTRIAL PARK

The following are specific recommendations relative to creating a viable, client-ready industrial park for the Pikeville area to get on the radar-screen for and win projects that will create jobs and investment for the regional economy:

- Change the name of the park to create a global, recognizable brand.
- Develop and implement protective covenants.
- Complete remaining site due diligence items:
 - Geotechnical study
- Confirm and quantify natural gas service and telecommunications service to the park (awaiting AT&T approval for their Fiber Park Certification).
- Grade a pad ready site for a 60,000 sf building footprint.
- Develop a new marketing piece for the park.
- Develop an aggressive pricing structure for the park.
- Formalize an aggressive incentive package for the park.
- Develop a Shell building program.
- Develop a 20,000 SF multitenant facility (long-term).

SALES MESSAGE

InSite recommends utilizing the following “talking points” as a consistent economic development message in all written and verbal communication:

- Due diligence items completed (upon completion of all outstanding due diligence items).
- All utilities with excess capacity on site (upon confirmation of telecommunications and natural gas service).
- Protective covenants (upon implementation of City covenants).
- Master planned park.
- Owned by the City of Pikeville.
- Kentucky's premier industrial park.
- Aggressive local incentives (quantify a scenario).
- Excellent 4 lane interstate quality highway system.
- Regional work force numbers.
- Competitive electric costs.
- Commercial air service.
- University of Pikeville.
- Big Sandy Community College.
- Commercial business hub for the region.
- Examples of noteworthy existing industries: Kellogg, Joy Mining, Community Trust Bank corporate headquarters, Booth Energy, Pikeville Medical Center, etc.
- Central location with accessibility to markets.
- Attainment air quality status – positive selling point from both a business and quality of life perspective.

WEBSITE

Develop a dedicated Marion Branch Industrial Park website. The new website should include but not be limited to the following:

- Marion Branch marketing flyer.
- Master plan of the park.
- Aerial tour of the park.
- Regional U.S. map with emphasis on transportation advantages.
- Detailed information on water, sewer, natural gas, electric, and telecommunications services.
- Summary of completed site due diligence.
- Incentive overview.
- Regional workforce summary and training information.
- Attainment air quality status.
- Acreage pricing.
- List of regional employers.
- Conceptual building layouts on multiple sites.
- Provide information in pdf format for ease of printing.

- Photos.
- Transportation infrastructure map.
- Boundary survey.
- USGS topographic map.
- FEMA flood plain map.
- Highway map.
- Utility map showing site boundaries, water, sewer, electric, natural gas and fiber lines.

PRINT MATERIALS

The City of Pikeville should develop Marion Branch print materials in order to communicate and market the strengths of locating in eastern Kentucky. All print materials should be available as pdfs on the Marion Branch and City of Pikeville's website. InSite recommends the following materials, at minimum, as the foundation for Pikeville's marketing materials:

- Create a new Marion Branch marketing flyer that includes the same website information and sales message as detailed above.
- Develop a one page, front and back profile on taxes and incentives. Include local incentives as well as state incentives. Include a case study of the Pikeville's local incentive package with an explanation of the city's guidelines. Provide detailed specifics of how Pikeville's local incentive package impacts the company's bottom line. Include actual numbers / equations for each incentive.
- Develop an existing industry case study piece that includes information on the City's local incentive package for expanding companies. We recommend the community's incentive package be more aggressive for expanding companies than new relocating companies.
- Develop a one page, front and back existing industry testimonial piece.
- Develop a comprehensive prospect notebook for companies when they visit the community. The prospect notebook would include the following:
 - General Community Overview
 - Education
 - Regional Labor Force
 - Utilities
 - Regional Quality of Life
 - Transportation
 - Incentives
 - Sites / Buildings (listing excess capacities)
 - Regional Major Employers
 - Target Industries
 - Contact Us
- Utilize regional population and workforce numbers on all marketing collateral materials.

TARGET MARKETS

Targeting specific companies is a long-term task item for the City of Pikeville. Outstanding due diligence and infrastructure items must be addressed before the Park can be proactively marketed as "company / client ready." In addition resources from a budgeting and staffing perspective are not in place to establish an entity and program to market to the below suggested company targets. Once the above items are in place, with lot sizes ranging from five to thirty acres and the planned infrastructure serving the park, Marion Branch is well-suited to attract small to mid-size manufacturing companies. For our purposes, small to mid-size companies are defined as creating 5 to 100 jobs and ranging in size between 5,000 SF to 100,000 SF. Please note that the City of Pikeville's time should be focused on making Marion Branch the best industrial park in Kentucky and to ensure everything is in place to accommodate manufacturing companies. InSite recommends Pikeville focus on the following targets:

- Regional companies – local companies may have expansion plans and are currently landlocked in their existing facilities, are operating in an obsolete building, or just need additional space. These companies must be aware that Marion Branch can accommodate their expansion needs.

- Small business / entrepreneurs – Marion Branch can provide a home for small businesses to help facilitate small business growth in the community. Marion Branch can be an ideal location for new entrepreneurial startups as well as small companies looking for a location to expand. These type of operations may range from agricultural-based, software development, or medical device companies.
- Energy-related companies – with the region's history and vast natural resources, energy-related research and development and/or manufacturing is a great fit for Marion Branch.
- Advanced manufacturing – The majority of companies manufacturing today can be classified as advanced manufacturing, technology-driven operations. InSite recommends Pikeville target manufacturing companies that are technology intensive, and considered light manufacturing/assembly with regards to minimal water and sewer usage. For example, specialty medical device manufacturing.
- Office, divisional headquarter or headquarter operations – Based on the type of park and current potential industry location, Marion Branch can provide attractive space and setting for these types of operations.
- Research and development entities that would benefit from access to the university and hospital presence.

DEVELOP AUDIENCE FOR IMMEDIATE COMMUNICATION

Once the economic development organization has been developed, it will be vitally important that Pikeville communicate their message with entities that can influence and generate projects. Local and regional audiences should not be overlooked in the marketing plan and efforts. These organizations include but are not limited to:

- Kentucky Power
- Kentucky Cabinet for Economic Development
- Regional Companies
- Site Selection Consultants
- Southeast Kentucky Chamber of Commerce
- UPIKE
- Local Utilities (water, sewer, natural gas and fiber)
- Community and Technical Colleges, vocational schools and higher education facilities
- Community Stakeholders and Leadership
- Legislative Delegation
- CSX Railroad
- Local Government Officials (City and County)
- Local Tourism Office

INTERNAL AND EXTERNAL COMMUNICATION

As stated above, an economic development organization must be established to execute the following internal and external communication plan:

- Meet with Kentucky Power, Kentucky Cabinet for Economic Development, Southeast Kentucky Chamber, CSX railroad, and local leadership to explain Pikeville's new program of work and key economic development selling points with emphasis on the Marion Branch development.
- Develop (to include above audience), maintain and update a database of internal / local and external audience (local companies, leadership, government officials, universities and colleges, local and state media, etc.) and include them in the communication plan.
- Develop a customized Pikeville email blast template for all communications and schedule monthly e-blasts to the target database.

- Develop a systemized economic development public relation strategy / internal communication schedule to create local buy-in and awareness. The schedule must include a minimum monthly communication to your internal audience.
- Consistently communicate and promote: industry recruitment, existing industry initiatives and successes; entrepreneurial and small business developments; incentives; available product; etc.
- Develop and maintain a regional, state and national media contact list and publicize regional success to those entities.
- Continual database management. Staff will update target audience database as new contacts are added and deleted for the program.
- Implement a business retention and expansion program (BRE). Concentrate on a vertical marketing element of Pikeville's Business Retention Program. Call on existing company executives to assist with lead development for new businesses. Solicit and mine leads from these companies housing suggestions for suppliers, etc. that could potentially relocate to service their market or other divisions of their company.

CITY OF PIKEVILLE INCENTIVE POLICY RECOMMENDATIONS

The City of Pikeville Commissioners supports economic development with an emphasis on tax base development, employer diversification, and job creation. The Commission has recognized the need to provide programs and financial support to strengthen and diversify the City's economy. Tax base development is a key concern for the City's fiscal health. It is essential not only to attract new investment but also to encourage existing business to expand and reinvest in their Pikeville operations. The City of Pikeville's incentive policy is intended to provide an inducement for new business to locate in in the city and existing business to expand.

Please note that all proposed incentive packages listed below must include claw-back or reimbursement provision to protect Pikeville in the event companies default on their local incentive agreements.

CITY OF PIKEVILLE – PROPERTY TAX ABATEMENT RECOMMENDATIONS

The program provides tax abatements on new real and personal property investment. InSite recommends the City pre-approve a statutory incentive policy with specific thresholds detailed below that allows the City's Administrator to make offers to qualifying companies. The tax abatement will be established by an application with the City of Pikeville. If the company meets all of the criteria in the application, a portion of the property tax will be abated, based upon a sliding scale.

- Thresholds
 - At least \$1,000,000 investment in real property, new machinery and equipment.
 - Average manufacturing wage rate at or above \$12.50.
 - Create at least 10 jobs.
 - Must be in the following categories of business:
 - Manufacturing NAICS 31-33
 - Data Process NAICS 51821
 - Headquarters or back office
- Incentives granted based on meeting above thresholds:
 - Year 1 – 90% property tax abatement
 - Year 2 – 80% property tax abatement
 - Year 3 – 70% property tax abatement
 - Year 4 – 60% property tax abatement
 - Year 5 – 50% property tax abatement
 - Year 6 – 40% property tax abatement
 - Year 7 – 30% property tax abatement
 - Year 8 – 20% property tax abatement
 - Year 9 – 10% property tax abatement
- Tax Abatements will based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment. No abatement will be given to a company that would reduce their tax payment to an amount lower than the previous year.

- Purchases of any existing facility or equipment in Pikeville will not qualify for the program.
- The company must be current with all other payments required by the City.
- The City of Pikeville Commissioners may modify or eliminate the program subject to meeting all existing abatement programs in effect at the time.
- No company may transfer abatement agreements of contracts without explicit approval by the City of Pikeville Commissioners.

The City of Pikeville Property Tax Abatement Program is intended to diversify the tax base, improve employment opportunities for Pikeville citizens, and create an increase in the net depreciable taxable value of the tax base of the City. The City of Pikeville's Tax Department shall establish procedures for the implementation of the program. Grant applications shall be reviewed and verified by the Tax department and the Administrator. Any interpretation of the application and/or approved Abatement of the program to a specific project shall be subject to an annual review by the Administrator and tax Department for eligibility in accord with this policy statement and shall be final.

CITY OF PIKEVILLE – CONDITIONAL LAND GRANT/LOAN

InSite recommends, on a case-by-case basis, the City of Pikeville offer a 20-year prorated, conditional land/grant loan to industries making a significant (\$2+ million) capital investment and creating 20+ new, full-time jobs. For the purposes of the land conveyance agreement, the amount potentially due by a company would be reduced by 1/20 of the land value each year so long as the company's conditions are satisfied. Qualified projects must meet all federal, state, and local air quality and wastewater standards.

CITY OF PIKEVILLE – ECONOMIC DEVELOPMENT FUND (OCCUPATIONAL TAX)

The City of Pikeville levies a two percent (2%) occupational tax on all businesses operating within the city. InSite recommends creating a dedicated economic development fund from 50% of all new occupation tax generated within the Marion Branch Business Park. This new fund would be dedicated exclusively to Marion Branch economic development projects. Potential uses for this new economic development fund may include paying for geotechnical studies, grading a building pad, park marketing, park maintenance, and closing fund to assist in leveraging state and county grants for expanding and relocating companies.

GENERAL LIMITING CONDITIONS

Possession of this study does not carry with it the right of publication thereof or to use the name of "InSite Consulting" in any manner without first obtaining the prior written consent of InSite Consulting. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of InSite Consulting. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from InSite Consulting.

SITE PARK READINESS EVALUATION
GAPS TO BEING CLIENT READY an WINNING
INSITE PRO ECT



© 2015 InSite LLC		site selection economic development real estate	
PARK / SITE INFORMATION			
C	M	B	C
Park / Site Name	Marion Branch Business Park		
Acreage	400		
oned industrial	Yes		
In an industrial park with covenants	No		No covenants at this time
W	N		Water system design (including 1 MGD on-site tank) currently underway
If no, how far from park boundary (distance in feet or miles)	Yes		System design underway
How long to extend	Fall 2015		Fall 2015
What is the cost	City of Pikeville		
Who pays	City of Pikeville		
Official letter confirming service and capacity	Yes		Service by November 2015
Excess capacity at the park (include the amount in comments)	Yes		Expanding to 1MGD by fall 2015. 10 service lines.
S	Y		
If no, how far from park boundary (distance in feet or miles)			
How long to extend			
What is the cost			
Who pays			
Excess capacity at the park (include the amount in comments)	Yes		400,000 gpd. Expanding to 1MGD by late 2017.
Official letter confirming service and capacity	Yes		
N	N		City of Pikeville to provide service
If no, how far from park boundary (distance in feet or miles)	Unknown		Determine distance
How long to extend	Unknown		Determine schedule
What is the cost	Unknown		Determine cost
Who pays	Unknown		Determine who will pay

SITE PARK READINESS EVALUATION
GAPS TO BEING CLIENT READY and WINNING
INSITE PROJECT



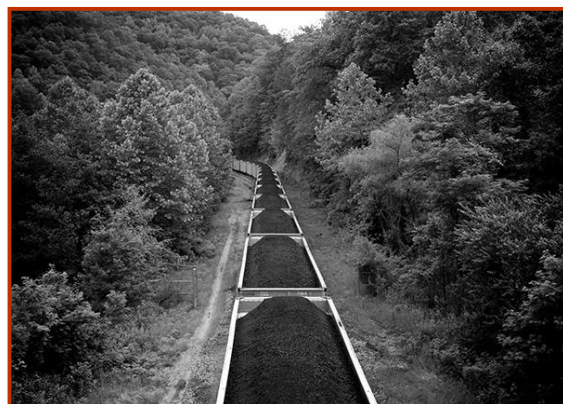
© 2015 InSite LLC		site selection economic development real estate	
PARK / SITE INFORMATION			
C	M	B	C
	R		
Who pays	Unknown		Determine who will pay
Official letter confirming service	No		Although a letter has been received regarding telecommunications service, it is not sufficient and will get the site eliminated in a national site selection search.
I	Yes		
N	Yes		
Describe surrounding uses	Industrial / Manufacturing		
D ()	3 miles		U.S. Hwy. 23
I	No		
A P I E S	Yes		
A			
Documentation of an archeological study stating clear status	Yes		
Documentation of an wetlands delineation study, showing no wetlands	Yes		
Geotechnical study documentation	No		Must have completed
Documentation of an endangered species and protected	Yes		
N	1		
Is the owner motivated to sell	Yes		City of Pikeville
A documented price per acre (include price in comments)	Yes		\$10,000
Local incentive package that is product-specific	No		Need to develop and finalize
G	Yes		
Limited topographical issues	Yes		
Are there existing structures in the park that impede constructability	No		
Are there bodies of water or sinkholes in the park	No		
Sandy or clay soil types	Yes		
D	Yes		
Capable of verifying ownership of easements	Yes		



A unit of American Electric Power



COALFIELDS REGIONAL INDUSTRIAL PARK MARKETING RECOMMENDATIONS & PRELIMINARY TARGET ANALYSIS



OVERVIEW

Kentucky Power retained InSite Consulting, an economic development and site selection consulting firm based in Greer, South Carolina, to assist the Coal Fields Regional Industrial Authority with creating a comprehensive development and marketing strategy for the Coal Fields Regional Industrial Park. The scope of services included a leadership alignment meeting, identifying and moving forward on park due diligence items including wastewater & water service improvements, natural gas service improvements, electric service confirmation, wetlands, archaeological, endangered species studies, preliminary target analysis, marketing plan, and incentive strategy design, etc. A preliminary Coal Fields Regional Industrial Park site information package has been provided under separate cover. This document should serve as the guide for Coal Field's future marketing efforts.

COAL FIELDS REGIONAL INDUSTRIAL PARK MARKETING RECOMMENDATIONS

The establishment of Coal Fields Regional Industrial Park's identity and "marketing toolbox" is critical to the success of southeast Kentucky's economic development efforts. Coal Fields should concentrate on getting organized as a dedicated, functioning economic development organization that can execute in a marketing capacity. The following sales message, park recommendations, key print and electronic materials will assist in the communication of Coal Fields' location assets:

COAL FIELDS REGIONAL INDUSTRIAL AUTHORITY

Based upon the lack of response and participation by the Kentucky River Area Development District (KRADD) and the Regional Industrial Authority on this project, we would not recommend this park: as a potential location to our site selection clients; as an integral part of the region's economic development efforts; as an investment in time and resources by Kentucky Power. The Coal Fields Industrial Authority must take responsibility for the management and marketing of this park.

Based on our extensive site selection and economic development consulting experience throughout the United States, the management of industrial parks by Area Development Districts or Regional Planning Councils are not successful models. Planning Districts are set up primarily for community development activities not the day-to-day marketing and operation of industrial parks, nor being the "champion" for economic development efforts required to recruit jobs and investment. During the course of this project in eastern Kentucky, we have seen first-hand that the management of regional parks by the Area Development Districts is not a success model.

In order to effectively implement the marketing strategy, a dedicated professional economic development management team must be created to execute this plan. InSite recommends a single economic development entity to manage all the regional industrial parks in eastern Kentucky.

Without a dedicated entity responsible for consistently managing and marketing the industrial park, the success of Coal Fields Regional Industrial Park will be severely limited.

COAL FIELDS REGIONAL INDUSTRIAL PARK

The following are specific recommendations relative to creating a viable, client-ready industrial park that will get on the radar-screen for and win projects that will create jobs and investment for the area economy:

- Change the name of the park to create a global, recognizable brand.
- Complete remaining site due diligence items:
 - wetlands
 - archaeological
 - endangered species studies
- Confirm and quantify future natural gas service to the park.
- Grade a pad ready site for an 80,000 sf building footprint.
- Develop a new marketing piece for the park.
- Develop an aggressive pricing structure for the park.
- Formalize an aggressive incentive package for the park.

SALES MESSAGE

InSite recommends utilizing the following “talking points” as a consistent economic development message in all written and verbal communication:

- Due diligence items completed (upon completion of all outstanding due diligence items).
- All utilities with excess capacity on site (upon confirmation of natural gas service possibilities).
- Master planned park.
- Heavy power availability and capacity.
- Competitive electric costs.
- Aggressive local incentives.
- Excellent 4-lane interstate quality highway system.
- Regional work force numbers.
- Commercial business hub for the region.
- Examples of regional noteworthy existing industries: Fedex, Cintas, Kellogg, Joy Mining, Booth Energy, etc.
- Central location with accessibility to markets.
- Attainment air quality status – positive selling point from both a business and quality of life perspective.

WEBSITE

Develop a new Coal Fields website. The new website should include but not be limited to the following:

- Coal Fields marketing flyer.
- Master plan of the park.
- Aerial tour of the park.
- Regional U.S. map with emphasis on transportation advantages.
- Detailed information on water, sewer, natural gas, electric, and telecommunications services.
- Summary of completed site due diligence.
- Incentive overview.
- Regional workforce summary and training information.
- Attainment air quality status.
- Acreage pricing.
- List of regional employers.
- Conceptual building layouts on multiple sites.
- Provide information in pdf format for ease of printing.
- Photos.
- Transportation infrastructure map.
- Boundary survey.
- USGS topographic map.
- FEMA flood plain map.
- Highway map.
- Utility map showing site boundaries, water, sewer, electric, natural gas and fiber lines.

PRINT MATERIALS

The Coal Fields Regional Industrial Authority should develop Coal Fields print materials in order to communicate the strengths of locating in eastern Kentucky. All print materials should be available as pdfs on the Coal Fields website and all regional industrial authority counties websites (Perry, Leslie, Knott, Breathitt, Harlan). InSite recommends the following materials, at minimum, as the foundation for Coal Fields' marketing materials:

- Create a new Coal Fields marketing flyer that includes the same website information and sales message as detailed above.
- Develop a one page, front and back profile on taxes and incentives. Include local incentives as well as state incentives. Include a case study of the Coal Fields local incentive package. Provide detailed specifics of how Coal Fields local incentive package impacts the company's bottom line. Include actual numbers / equations for each incentive.
- Develop a comprehensive prospect notebook for companies when they visit the community. The prospect notebook would include the following:
 - General Community Overview
 - Education
 - Regional Labor Force
 - Utilities
 - Regional Quality of Life
 - Transportation
 - Incentives
 - Sites / Buildings (listing excess capacities)
 - Regional Major Employers
 - Target Industries
 - Contact Us
- Utilize regional population and workforce numbers on all marketing collateral materials.

TARGET MARKETS

Targeting specific companies is a long-term task item. Outstanding due diligence and infrastructure items have to be addressed before the Park can be proactively marketed as "company / client ready." In addition, resources from a budgeting and staffing perspective must be put in place to establish an entity and program to market to the below suggested company targets. Once the above items are in place, with over 385 acres and large electrical capacity serving the park, Coal Fields is well-suited to attract mid to large-size manufacturing companies. Companies with heavy processes and facility requirements ranging in size between 50,000 SF to 250,000 SF, are potential targets for Coal Fields. InSite recommends Coal Fields focus on the following targets:

- Regional companies – local companies may have expansion plans and are currently landlocked in their existing facilities, are operating in an obsolete building, or just need additional space. These companies must be aware that Coal Fields can accommodate their expansion needs.
- Wood Product Manufacturing – Industries in the Wood Product manufacturing subsector include products such as lumber, plywood, veneers, wood containers, wood flooring, wood trusses, manufactured homes, and prefabricated wood buildings.
- Energy-related companies – with the region's history and vast natural resources, energy related manufacturing is a great fit for Coal Fields.

DEVELOP TARGET AUDIENCE FOR COMMUNICATION

Once the economic development organization has been developed, it will be vitally important that Coal Fields communicate their message with entities that can influence and generate projects. Local and regional audiences should not be overlooked in the marketing plan and efforts. These organizations include but are not limited to:

- Kentucky Power
- Kentucky Cabinet for Economic Development
- Regional Companies
- Site Selection Consultants

- Southeast Kentucky Chamber of Commerce
- Regional colleges and universities
- Local Utilities (water, sewer, natural gas and fiber)
- Community and technical Colleges, vocational schools and higher education facilities
- Community Stakeholders and Leadership
- Legislative Delegation
- CSX Railroad
- Local Government Officials (City and County)
- Local Tourism Offices

INTERNAL AND EXTERNAL COMMUNICATION

As stated continually, an economic development organization must be established to execute the following internal and external communication plan:

- Meet with Kentucky Power, Kentucky Cabinet for Economic Development, Southeast Kentucky Chamber, CSX railroad, and local leadership to explain Coal Fields new marketing efforts and approach.
- Develop (to include above audience), maintain and update a database of internal / local and external audience (local companies, leadership, government officials, universities and colleges, local and state media, etc.) and include them in the communication plan.
- Develop a customized Coal Fields Regional Industrial Park email blast template for all communications and schedule monthly e-blasts to the target database.
- Develop a systemized economic development public relation strategy / internal communication schedule to create local buy-in and awareness. The schedule must include a minimum monthly communication to your internal audience.
- Consistently communicate and promote: industry recruitment, existing industry initiatives and successes; entrepreneurial and small business developments; incentives; etc.
- Develop and maintain a regional, state and national media contact list and publicize regional success to those entities.
- Continual database management. Staff will update target audience database as new contacts are added and deleted for the program.

COAL FIELDS REGIONAL INDUSTRIAL PARK INCENTIVE POLICY RECOMMENDATIONS

The Coal Fields Regional Industrial Authority, supports economic development with an emphasis on tax base development, employer diversification, and job creation. The Authority has recognized the need to provide programs and financial support to strengthen and diversify the region's economy. The Coal Fields' incentive policy is intended to provide an inducement for new business to locate in in the park and existing business to expand.

Please note that all proposed incentive packages listed below must include claw-back or reimbursement provision to protect the participating counties and the Industrial Authority in the event companies default on their local incentive agreements.

PROPERTY TAX ABATEMENT PROGRAM DESCRIPTION

The program provides tax abatements on new real and personal property investment. InSite recommends the Industrial Authority (in conjunction with the five participating counties) pre-approve a statutory incentive policy with specific thresholds detailed below that allows the Industrial Authority to make offers to qualifying companies. The tax abatement will be established by an application with the Industrial Authority. If the company meets all of the criteria in the application, a portion of the property tax will be abated, based upon a sliding scale.

- Thresholds:
 - At least \$1,000,000 investment in real property, new machinery and equipment.
 - Average manufacturing wage rate at or above \$12.50.
 - Create at least 10 jobs.
 - Must be in the following categories of business:
 - Manufacturing NAICS 31-33.
- Incentives granted based on meeting above thresholds:
 - Year 1 – 90% property tax abatement
 - Year 2 – 80% property tax abatement
 - Year 3 – 70% property tax abatement
 - Year 4 – 60% property tax abatement
 - Year 5 – 50% property tax abatement
 - Year 6 – 40% property tax abatement
 - Year 7 – 30% property tax abatement
 - Year 8 – 20% property tax abatement
 - Year 9 – 10% property tax abatement
- Tax Abatements will be based on the increase in tax value of all real property, machinery and improvements above the base year prior to investment. No abatement will be given to a company that would reduce their tax payment to an amount lower than the previous year.
- The company must be current with all other payments required by the Coal Fields Regional Industrial Authority.
- The Industrial Authority, contingent upon agreement by all five participating counties, may modify or eliminate the program subject to meeting all existing abatement programs in effect at the time.
- No company may transfer abatement agreements of contracts without explicit approval by the Industrial Authority.

COAL FIELDS – CONDITIONAL LAND GRANT/LOAN

InSite recommends, on a case- by- case basis, the Coal Fields Regional Industrial Authority offer a 20-year prorated, conditional land/grant loan to industries making a significant (\$2+ million) capital investment and creating 20+ new, full-time jobs. For the purposes of the land conveyance agreement, the amount potentially due by a company would be reduced by 1/20 of the land value each year so long as the company's conditions are satisfied. Qualified projects must meet all federal, state, and local air quality and wastewater standards.

OCCUPATIONAL TAX PROGRAM DESCRIPTION

InSite recommends the Industrial Authority (in conjunction with the five participating counties) implement a two percent (2%) occupational tax specific to the Coal Fields Regional Industrial Park. The proposed occupational tax would be allocated based on each participating counties percentage of park ownership. The occupational tax could be initially phased in over a three year period in 0.5%, 1.0%, and 2.0% annual increments.

The next step would include creating a dedicated economic development fund from 50% of all new occupation tax generated within the Coal Fields Industrial Park. This new fund would be exclusively dedicated to Coal Fields economic development projects. Potential uses for this new economic development fund may include but not limited to paying for infrastructure improvements, grading a building pad, park marketing, park maintenance, and closing fund to assist in leveraging state and county grants for expanding and relocating companies.

GENERAL LIMITING CONDITIONS

Possession of this study does not carry with it the right of publication thereof or to use the name of "InSite Consulting" in any manner without first obtaining the prior written consent of InSite Consulting. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of InSite Consulting. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from InSite Consulting.

SITE / PARK READINESS EVALUATION:
 GAPS TO BEING CLIENT-READY and WINNING!
INSITE PROJECT



© 2015 InSite LLC			site selection economic development real estate
PARK / SITE INFORMATION C			
C		R	C
	Park / Site Name	Coalfields Industrial Park	
	Acreage	388	
	oned industrial	Yes	
	In an industrial park with covenants	Yes	
	W	Yes	
	If no, how far from park boundary (distance in feet or miles)	-	
	How long to extend	-	
	What is the cost	-	
	Who pays	-	
	Excess capacity at the park (include the amount in comments)	Yes	225,000 gpd. Expanding to 350,000 by late 2015
	How long to increase	-	
	What is the cost	-	
	Who pays	-	
	S	Yes	
	If no, how far from park boundary (distance in feet or miles)	-	
	How long to extend	-	
	What is the cost	-	
	Who pays	-	
	Excess capacity at the park (include the amount in comments)	Yes	100,000 gpd. Expanding to 200,000 by late 2015
	N	No	Fatal Flaw; Must have natural gas
	If no, how far from park boundary (distance in feet or miles)	Unknown	Determine distance
	How long to extend	Unknown	Determine schedule
	What is the cost	Unknown	Determine preliminary cost
	Who pays	Unknown	Determine who will pay
	E	Yes	Potential capacity of 20MW
	If no, how far from park boundary (distance in feet or miles)	-	
	F	Yes	
	If no, how far from park boundary (distance in feet or miles)	-	
	How long to extend	-	
	What is the cost	-	

SITE / PARK READINESS EVALUATION:
 GAPS TO BEING CLIENT-READY and WINNING!
INSITE PROJECT



© 2015 InSite LLC site selection | economic development | real estate

Who pays	-	
I	Yes	
N	Yes	
Describe surrounding uses	Industrial / Manufacturing	
D ()	1.5 miles	Hwy. 15
I	No	
A P I E S A	Yes	
Documentation of an archeological study stating clear status	No	Must complete
Documentation of an wetlands delineation study, showing no wetlands	No	Must complete
Geotechnical study documentation	Yes	
Documentation of an endangered species and protected habitats study stating clear status	No	Must complete
N	1	
Is the owner motivated to sell	No	Reg. Industrial Authority - lack of participation & responsiveness
A documented price per acre (include price in comments)	Yes	\$15,000
Local incentive package that is product-specific	No	Need to develop product-specific incentives
G	Yes	
Limited topographical issues	Yes	
Are there existing structures in the park that impede constructability	No	
Are there bodies of water or sinkholes in the park	No	
Sandy or clay soil types	Yes	
D	Yes	
Capable of verifying ownership of easements	Yes	