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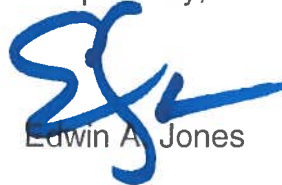
RE: Paducah Economic Development (PED)

Dear Glenn:

Enclosed please find a summarization of PED work during the tenure of Scott Darnell. This information is provided to you for the dissemination to the Executive Committee to assist them in their continued analysis of PED's progress.

Please contact me with your questions.

Respectfully,



Edwin A. Jones

EAJ/krg

Enclosure: PED work by Scott Darnell

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Paducah

ECONOMIC DEVELOPMENT

2014-2018 Organizational Highlights

Highlights Points

- Positive Job Creation without huge financial commitments from local government. 2014 Q3 to 2018 Q1 the market added over 1,100 jobs. This also accounted for the downsizing of federal and state employment, increasing private sector employment to its highest levels for the community. Government revenues surpluses have been consistent (payroll).
- A holistic strategy in place that recognizes wealth creation and continues to diversify our economy. Future reductions in State funding will have less of a negative economic impact moving forward.
- Creative problem solving with past legal agreements, allowing true partnerships to continue positive economic impact without further financial commitment of PED/Local Government
- Strong public/private partnerships, using local partners to drive real estate absorption and increased organizational effectiveness
- Debt reduction and strategies for increased funding outside of increased government contribution. Strong private sector support ongoing.
- High performing staff/contract services while reducing debt to add additional employee capacity. PED staff remains low compared to scope of work.
- A true regional partnership (PACRO), utilizing \$1.4 million to jumpstart job creation opportunities regionally. Our region should announce before 4Q 2018, 700 + jobs, all in a 25 mile radius of Paducah.
- An award winning marketing strategy, partnership with our largest employment sectors (healthcare & transportation) to showcase the strengths in our markets and our commitment for their continued growth. Launch of a recruitment strategy to recruit people through a partnership model without upfront need for government funding.
- A foundation for continued success. Annual growth for job creation, project opportunities, and increased partnerships have been consistent.
- Protecting our investment, ongoing monitoring of agreements and accountability to ensure the return both parties agreed to and in accordance to policies.
- Game Changing Opportunities. The partnership with P&L/PED for the Ohio Triple Rail site is strong and activity for project submissions continues to increase annually. A stronger focus for this opportunity has been identified as a top priority.
- Ability to Change, from regionalism to strong media relationships, obstacles become opportunities and new models are in practice.

Forward Paducah

Strategic Planning process beginning in September 2015 to April 2016. Established the framework for a community wide approach to economic development in a holistic manner. The role of the private sector is defined as “creating wealth” and the role of the public sector encompasses “making the community an attractive place to live, work, and visit”. The 8 month process was comprised of surveys, one on one meetings, group discussions, and focus groups. Over 350 people were engaged in a process that uses “best practices” to achieve economic success throughout the greater Paducah economy.

VISION: “Greater Paducah is the creative heart of Kentucky – building on a foundation of education, arts, and healthy living to inspire business and families to prosper”.

Highlights of the “Forward Paducah” Strategy were:

- Higher utilization of “anchor institutions” in economic development. Ex. (education, PGDP, government, healthcare)
- Six Economic Development Goals:
 - Cultivating Talent
 - Helping Business Succeed
 - Inspiring Innovation
 - Celebrating Culture
 - Telling Your Story
 - Investing in Yourself
- Public Policies are more aligned with economic development strategy
- Lifestyle and Destination Assets (Quality of Place) recognized as an important driver for Greater Paducah
- Workforce and Education must play a larger role in economic development
- Entrepreneurship will be a large driver of economic activity
- Importance of healthcare focused strategy (Healthy Paducah)

Fluor Corporation Contributed \$100,000 for this project

EntrePaducah

Relaunch of EntrePaducah as a concierge approach to entrepreneurship and small business growth. The role of Entre will be to continue to expand opportunities to reach targeted audiences and expand role with partners in the community, both public and private. The following outcomes from the relaunch with partners including Murray State SBDC, Paducah Main Street, Small Town/Big Idea and Kentucky Innovation Network are:

- Mellow Mushroom – partnership with EntrePaducah, Kentucky Innovation Network, Murray State SBDC, Paducah Bank, and PACRO. Financing included loan participation of PACRO at \$650,000, in partnership with Paducah Bank. The structure of the loan enabled local bank participation/guidance with revolving loan flexibility. The outcome was a successful transaction serving an anchor tenant in the former Coke plant and a catalyst for redevelopment in the area. 100 new jobs will be created and 3 new tenants have announced since the project has moved forward. Opening occurred in March 2017.
- Meet the Artists (2015/2016) – increased from inaugural event (53 to 73 artists). 2 years combined, 1900 people in attendance. Highlights the importance of local art community.
- Showcase Paducah (2015/2016) – Highlighting real estate opportunities to real estate investors, 9 buildings sold in 2015 and 5 in 2016, and 3 spaces leased. Total increase of new businesses for downtown is 24.
- 2016 Main Street Dinner – highlight of successes for small town businesses and the progress the community has made over the past year. Over 100 in attendance. Feedback was exceptional for recognizing those who believe in our downtown.
- Jumpstart (2015/2016) – Growth from 2015 with 5 businesses to 2016 with 25. The 9 week class focused on different elements of growing a business in a mini-MBA format.
- Entre Referrals – increased focus to grow private sector partnerships.
- SPROCKET – PED largest partner, contributing staff support (Monica Bilak), grant writer support, office space, sponsorships of programming (Tech on TAP, Start Up Stories), and a promotional video with Socially present.
- 2018 Budget – grows programming by 50% over previous year.
- Seminars – the following types seminars were conducted with Entre and its Partners:
 - Young Professional Mixer – 100 + attended
 - Merry Christmas Event – 35 attendance
 - Small Town Big Idea – 12 small businesses in pitch competition
 - Operation Jump Start – 25 Paducah Business Graduates
 - Innovation Hub – Little Rock, AK, K-12/Higher Education Collaboration
 - EntrePaducah Relaunch – rebranding as concierge approach – 50 attendance
 - Overtime Seminar – New Overtime Laws with Denton Firm – 52 attendance
 - Small Business Tool Kit – Partnership with Cabinet for Economic Development, 30 attendance

- Ransomware Healthcare Seminar – Cyber Security for healthcare organizations, partners were Kaleo and PeelHolland. 12 in attendance
- Artist – Hobby to Revenue Seminar – 55 in attendance
- Don't Start a Business, Buy One! – 25 in attendance
- Etsy (Making it work for you) – 20 in attendance
- Sprocket – Tech on Tap, Start-up Stories, Monthly

Jobs Created 2016/2017 – 175 Jobs
 2017/2018 – 200 jobs

Paducah Gaseous Diffusion Plant

PED and its partners work ongoing to ensure proper clean-up at the PGDP. The project is expected to take approximately 40 years and encompass various stages to complete the task. Ongoing communication with the Department of Energy, State of Kentucky Office of Energy, Environmental Protection Agency, Private Contractors and other stakeholders necessary to facilitate ongoing progress at the site. Highlights of 2015-2017 were:

- Increased funding from 2015 – 2016/2017, from \$239 million to \$270 million. Additional funds will be utilized to increase plumb remediation and uranium deposit removal.
- DOE is currently under a 10 year contract, Four Rivers Nuclear Partnership. Major concern of community with job stability and contracting opportunities will be addressed with this long term contract.
- Site wide employment was averages at approximately 1,300 people. The actual numbers today at the site are only slightly less when USEC announced the closing of the facility.
- Contractor Utilization – site contractors through support of PED, Chamber and other partners, have opportunity for contracts at the site. This strategy has helped companies like Belt Line Electric obtained contracts at the site, increasing job creation throughout the community. More contracts are being offered for bid now than in the history of the site to local/regional firms.
- Communication – Throughout the years, PED staff have visited Washington 8 times to discuss funding, operations, and opportunities with congressional staff, DOE, and others.
- ECA – Energy Community Alliance. Scott has maintained active participation in the Energy Community Alliance, attending 2 workshops and serving on the following committee's – “Longer Term Contracts with DOE” and “Community Commitment Plans”. Paducah succeeded with a longer term contract and the Community Commitment Plan will be part of contractor performance for their fee now in our new contract. A great success for Paducah!

- PED advocated for awarding the new DUF6 contract (awarded September 2016). DUF 6 had been idle at Paducah since November of 2015. The new contract is 5 years with Midwest Conversions.
- PED continues working on the transfer of 500 acres for future economic development uses.
- Through PACRO, ongoing projects such as Kitchen/Cafeteria Demolition and others ongoing, ahead of schedule and under budget.

Operations

PED has an annual operation budget of \$1.3 million, with 3 full time employees and oversees the administrative function of PACRO. A few highlights from 2015-2016-2017 operations:

- Fundraising – ongoing, \$500,000 with fluctuations maintained annually. Launch of CEO Roundtable underway to raise additional funds and to date over \$20,000 in new commitments have been secured.
- Budget – 2015-2016-2017 budgets approved and performed as expected
- Rental Property – house rental has been leased in West Paducah ongoing.
- Crop Rental – new 4 year contract established in 2017. +\$57,000 annually.
- Payables/Receivables – all managed and accounted for in 2015/2016/2017. Uncollectables were under budgeted amounts
- Audits – all audits were clean and presented in accordance to policies for public funding.
- Finance Committee – through our Finance Committee, cash flow analysis and other financial oversight continues to streamline our commitments and organizational outlook.
- Open Records Request – all request were followed per counsel recommendation and state policy
- Teletech CDBG – a \$1 million CDBG grant for renovation of the downtown Teletech Building was done improperly which was discovered during the closeout. A revolving loan fund was to be created from rent and the process was never implemented. An agreement was negotiated with the DLG in Frankfort to defer the revolving loan fund until rent is paid on the building. This enabled no penalty to McCracken County Fiscal Court and neither the Court nor PED were required to immediately pay back \$1 million. The compromise also allowed the Fiscal Court move forward with a CDBG application for “Merryman’s House” in their purchase of property from the School Board, with a project that is expected to create 20 to 30 new jobs.

- UACJ – conflicting agreements between PED and the Fiscal Court were discovered, obligating PED and/or the Fiscal Court to pay 1% of payroll over 10 years to Whitehall, estimated at \$375,000. A compromise was negotiated with Whitehall whereas the Industrial Development Board gifted 2.9 acres in exchange for the 1% 10 year requirement. The issue is resolved and the land transaction is completed.
- Genova – Loan of \$1.1 million. Compromise was City/County lending money but terms of loan amortization now does not exceed lease terms and other provisions put in place reducing the risk of the loan to the lenders (City/County). All processes normal and reasonable in a commercial transaction were utilized to perfect a process using public dollars. PED paid the first 12 months of the loan as original agreed to. Quarterly monitoring of financials with City/County per agreement.
- Premier Fire/Shoreline Steel/VMV – all agreements finalized based on City incentive policy. Commitments were made but paperwork was incomplete as required by State and City policies.
- Debt Reduction – debt has been reduced over \$350,000 from 2015-2017. An additional \$340,000 retirement of the Genova debt is scheduled from proceeds of the sale of the Spec Building.

PACRO

Paducah Area Community Reuse Organization. PED is responsible for the management and operations, including a \$3.5 million revolving loan fund, sales of any assets offered to PACRO from DOE and ongoing operations of a public organization.

- PACRO Asset Agreement – DOE originally offered PACRO assets and 50% of the sale were required to be reimbursed to the Federal Treasury Department for any sales above \$50,000. In 2016, DOE removed that provision and offered a new 5 year contract whereas PACRO keeps 100% of the assets. This was offered because of the great cooperation with the Department of Energy.
- Asset Sales – for 11 years while PACRO was managed by the PADD, a total of \$32,000 were sold. In the past 2 years, over \$200,000 has been sold under the management of PED. PED staff has been praised by DOE personnel for making the process easy and working within the rules of the PGDP site. The first 2 years of PED managing PACRO, an Asset Agreement was not in place thus no assets could be transferred to PACRO.
- Loans - \$650,000 of loans were made in 2016. This will produce approximately \$240,000 in revenue over the next 10 years for PACRO to return to the loan pool.
- Interlocal Agreement – an agreement was created by PACRO to utilize revolving loan funds in partnership with community banks. This new structure was used with Mellow Mushroom and is creating a pipeline for future projects and will help fund more opportunities moving forward. Over 5 banks now have been presented how to use our Interlocal Agreement for future loans.

- Audit –all audits for 2015-2016-2017 were superior. Due to the flow of public assets for sale with PACRO from DOE, extra steps are being followed for transparency and accuracy per the auditors. Auditor’s comments complement staff accuracy in management operations.
- Communication with DOE – PACRO, through PED maintains ongoing communication with DOE and their divisions. We also prepare an annual report for member communities.
- PACRO Restructuring – changed the structure 10 Counties back to the original structure of 5. The original formation of PACRO included McCracken, Marshall, Graves, Ballard, and Massac, IL.
- PACRO and Education – to further address the needs of education at the PGDP, PACRO has created board seats for West Kentucky Community and Technical College, UK College of Engineering-Paducah, and Murray State University
- Supporting Non-Profits – To date, non-profits like Merryman House, Marshall County High School, and other educational entities in the PACRO 5 County region have received assets.
- Supporting Local Government – To date, all 5 County PACRO Region governments have received assets at no cost from the PGDP.

PACRO Grants – to further support economic development in our region, PACRO has awarded \$1.5 million to member governments and \$100,000 to UK College of Engineering, West Kentucky Community and Technical College, and Murray State SBDC.

Projects Funded: To date, PACRO has contribute funding to the following projects:

Ballard County: \$100,000, new economic development organization formation

Marshall County: \$200,000, 200 acre TVA served industrial park

City of Metropolis: \$60,000, matching grant for demolition of building next to Fort Massac State Park

Graves County: MVP, \$120,000 for new industrial expansion, 100 new jobs

Recruitment/Retention

PED maintains ongoing communication with various real estate brokers, site selection consultants, State Economic Development Officials, and other partners. Other areas are ongoing communication with local industries and understanding various ways they can continue their growth and success in Greater Paducah. Some highlights have been:

- Site Selection Events – attendance with Area Development, Consultant Connect, Site Link, Site Selectors Guild, Gordon Wood Logistics Forum. *In the past 60 days, over 20 one on one meetings has been conducted personally by CEO with site selection/real estate executives.*
- Navigator Consulting – hosted Jim Blair and associates in Paducah for 2 days to preview the community’s assets and opportunities.
- West Kentucky EDP – hosted a regional seminar on “International Investment” in Paducah and regional tour with Kentucky Cabinet for Economic Development’s new project managers.
- EZ Portable Buildings – worked with Paducah Power to extend fiber optic capability to their West Paducah location. PPS options were about one-third of the cost of Comcast. Other assistance was a referral to Jackson Purchase for energy evaluation that turned into a \$25,000 rebate for newly installed lighting in the plant. Ongoing communication continues to help with expanded employment opportunity. Currently marketing excess Warehouse space in the facility.
- Sentury Tire – Paducah was a top 10 community for a new manufacturing plant with Sentury Tire, investing \$550 million and employing 1,000 that located in LaGrange, Georgia. The project encompassed over 4 months of work and included over 30 individuals answering questions and preparing data for the project. Paducah was the only community in Kentucky making it to the final round and the consultant (Jim Blair) praised the community on its great efforts to compete for the project.
- Project NINE, PACE – ongoing projects for the Ohio Triple Rail Megasite. Investment up to \$2 billion and jobs creation 500 +-.
- AEP/ACBL – AEP was purchased by ACBL and the question remained if the operations in Paducah would remain. Thanks to the great efforts of PED partners (Ken Wheeler, Andrew Gates, others), ACBL maintained employment levels and facilities in Paducah. Mark Canoy, previous AEP Executive in Paducah and CEO of ACBL spoke very highly of the community and commitment to keep the local operations in Paducah.
- Commercial Development – PED staff remains a partner in many commercial developments throughout the community. Though our City/County policies do not give financial incentives, PED is ask ongoing for information and input regarding opportunities by public/private sector partners. We are also a referral to local brokers when called for space in the retail/commercial area. Staff maintains a close relationship with Falconite Development and Cafarro Company, and others to continue to see these projects grow in the community. Cafarro Company set to announce 5 new stores at the Mall by 4Q 2018, 150 + new jobs. Falconite Menard Development 75% sold
- Kentucky Cabinet for Economic Development – we maintain ongoing communication, and visited the Cabinet 2 times in the past year giving updates and information about the market.

- Beltline Electric – Beltline purchased the former Image Graphic building (20,000 sq.ft) and intends to employ 10 people to manufacture electrical related components. PED assisted with State programs and local incentives for the project. Beltline requested no announcement be made about the project outside of incentive approval.
- UACJ – 60,000 sq.ft. expansion, 50 new jobs. Transfer of 3 acres of land helped secure the expansion along with coordination/partnership of local real estate investors.
- Credit Bureau System – 10,000 sq.ft. new construction. Up to 100 new jobs to be created over 3 years.
- Darling Ingredients – purchase of former US Foods facility. Creation of 35 new jobs.
- I-24 Park Speculative Building – under contract \$400,000, 75 new jobs, no economic incentives offered.
- Amerisource Bergen – under contract, 50 to 70 new jobs, awaiting final approval for zoning variance. Application and renderings submitted.

Marketing/Communications

PED staff works to maintain ongoing marketing/communications via social media/web and outreach to our partners. Highlights included:

- Increased social media presence
- New website, logo enhancements
- Marketing/Communication support doubled for 2018
- Facebook/Instagram presence updated ongoing
- Launch of new business highlights, featuring personnel from existing business ongoing
- Forward Paducah strategy, via Prezi, viewed over 27,000 times highlighting new strategy. Forward Paducah video produced.
- Monthly newsletter to investors/elected officials
- Ongoing communication with DOE officials
- Bid Notices – we send out public bid notices monthly to a subscriber list.
- Ongoing partnerships with healthcare, Partake in Paducah, etc. Site has over 11,000 followers.
- Updated drone footage of key properties to better utilize virtual site visits/presentations
- Stronger partnerships in place with Paducah Sun, WPSD Local 6, and West Kentucky Star. Ongoing calls and communication taking place to maintain this success.
- UK College of Engineering – Highlight Film, under development, 4Q 2018
- P&L Railroad – Highlight Film/Ohio Triple Rail, under development 4Q 2018
- **Partake in Paducah** – “Why Live in Paducah” in partnership with Four Rivers Nuclear Partnership. Secured funding through sponsorship, creating a film, currently viewed over

51,000 times along with 1,200 shares. Highlights all the great things our community has to offer. Strong input into development from a cross representation of the community.

Awards

AVA Digital Award – Healthcare Industry Tribute Film – Partners included Baptist Health, Lourdes, and Dr. Kyle Turbo. Highlighted the healthcare assets in Greater Paducah.

Marcom Award – GOLD – Healthcare Industry Tribute Film

DOTCOMM Award – Gold – River Industry Tribute Film – Partner included Ingram Barge and highlighted the life and commitment of the River Industry. Over 160,000 views.

IEDC – Building Reuse and Redevelopment Award – Coke Plant. Partners: Ed Musselman, Mellow Mushroom, tenants at Coke Plant.

TOP 50 Economic Developer – Scott Darnell. Nominated by Site Selection Community nationwide. Over 175 nominations, 50 selected. Formal award to be presented in December 2018.

