



Site Selection Overview & Kentucky's Competitive Positioning

October 24, 2024

A blue-tinted photograph of an automotive assembly line. In the center, a car is on the line with its hood open. Several workers in white shirts and caps are visible around the car. The background shows the complex machinery and structure of the factory. The text "Site Selection Group" is overlaid in white in the center.

Site Selection Group

Site Selection Group Overview



LOCATION
ADVISORY
SERVICES



REAL
ESTATE
SERVICES



ECONOMIC
INCENTIVE
SERVICES



ECONOMIC
DEVELOPMENT
CONSULTING

40+

Employees

Largest independent
site selection firm in
the U.S.

\$350M

Real Estate

Transaction value
in 2021

50+

Full-service Projects

Completed
each year

4.3M

Square Feet

Real estate
transactions
completed in 2021

30+

Fortune 100 Companies

Represented

\$1.2B

Economic Incentives

Managed for
our clients

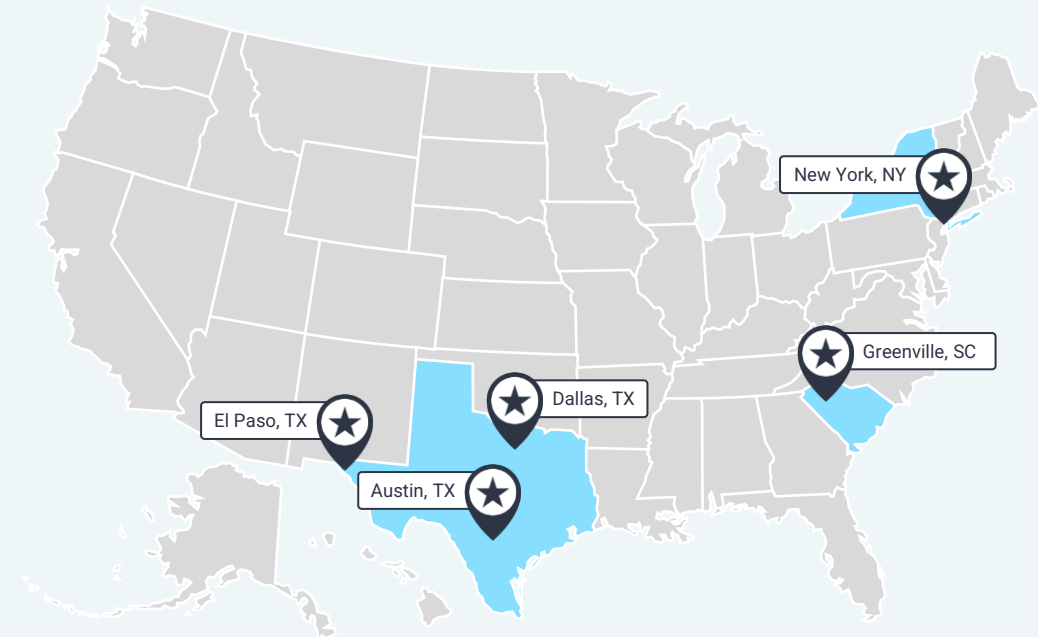
SSG's Purpose

Enable our clients to make a positive impact in their communities

SSG's Mission

Connecting companies to the optimal locations through integrated service offerings

Office Locations



Industrial & Economic Development Team



Josh Bays
Senior Partner – Industrial Practice



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Elijah Moore
Location Analyst



Rod McCants
Location Analyst

Summary

- ✓ Team-based approach
- ✓ Multiple disciplines, from sites & real estate, to tax, to workforce, to logistics.

Industrial Clients and Recent Announcements



Key Industry Sectors

- ✓ Food and Beverage
- ✓ Alternative Energy (Solar)
- ✓ Life Sciences
- ✓ Construction Products
- ✓ Heavy Industry
- ✓ Consumer Goods
- ✓ Transportation & Logistics

SSG's Site Readiness & Economic Development Work



Site Readiness
Other EDC Consulting

A blue-tinted photograph of an automotive assembly line. In the center, a car is being worked on by several workers wearing hard hats and safety vests. The background shows a complex industrial environment with various machinery and structural elements. The overall scene is busy and industrial.

Site Selection Process

How Kentucky Stacks Up

Site Selection Process for Large-Scale Industrial Projects

1 PROJECT DEFINITION

- Strategy formation
- Business drivers
- Project timeline
- Logistics inputs
- Criteria weighting
- Workforce profile
- Infrastructure needs
- Utility consumption
- Capital investment
- Facility specifications

- Project Questionnaire
- Project Profile Summary

Understand Client's Objectives & Project Inputs

2 LOGISTICS ANALYSIS & GEOGRAPHIC SCREENING

- Inbound shipments
- Supplier dynamism
- Outbound shipments
- Future growth
- Multi-plant rollout
- Capacity constraints
- Distance/time to customer
- Modes of transportation
- Average utility cost
- Broad labor conditions
- Regulatory climate
- Business environment

- Logistics Analysis
- Market Filtering Analysis

Identify Target Geography (Center of Gravity)

3 CANDIDATE OPTION IDENTIFICATION

- Site requirements
- Baseline utility needs
 - Electricity
 - Natural Gas
 - Water
 - Wastewater
 - Industrial gasses
- Transportation modes
- Development timelines
- Economic incentive support

- Site Screening Matrix
- Existing Building Comparison

Identify Realistic Candidate Options (Sites & Buildings)

4 IN-DEPTH LOCATION ANALYSIS

- Demographics
- Workforce quality
- Labor supply & demand
- Employment risk
- Workforce training
- Economic incentives
- Detailed site qualifications
- Infrastructure & utilities
- Business climate
- On-going operating costs
- Local dynamics

- Operating Cost Analysis
- Qualitative Matrix
- Detailed Real Estate Evaluations

Comprehensive Desktop Site Selection Analysis

5 TOURS & SITE DUE DILIGENCE

- Economic development agencies
- Community leaders
- Workforce commission
- Employer interviews
- Recruitment agencies
- Real estate options
- Infrastructure & utility providers
- Site due diligence
- Permitting

- Tour Materials
- Option Ranking Matrix
- Refined Operating Cost Analysis

Ranking of Semifinalist Locations

6 REAL ESTATE & ECONOMIC INCENTIVE NEGOTIATIONS

- Economic Incentives**
 - Tax abatements
 - Training grants
 - Tax credits
 - Cash grants
 - Real estate grants
 - Infrastructure assistance

- Real Estate**
 - Economic terms
 - Business terms
 - Seller commitments

- Request for Proposals
- Proposal Comparison
- Integrated Financial Analysis
- Competitive Bidding
- Documentation

Contractually Secure Optimal Economic Incentives & Real Estate

7 ECONOMIC INCENTIVE COMPLIANCE

- Annual reporting
- Training reimbursements
- Job creation filings
- Applications
- Contract amendments
- Site audits
- EDC coordination

- Compliance Documents
- Reimbursement Management
- Contract Amendments
- IncenTrak Updates

Compliance of Economic Incentives

Tough to Impact

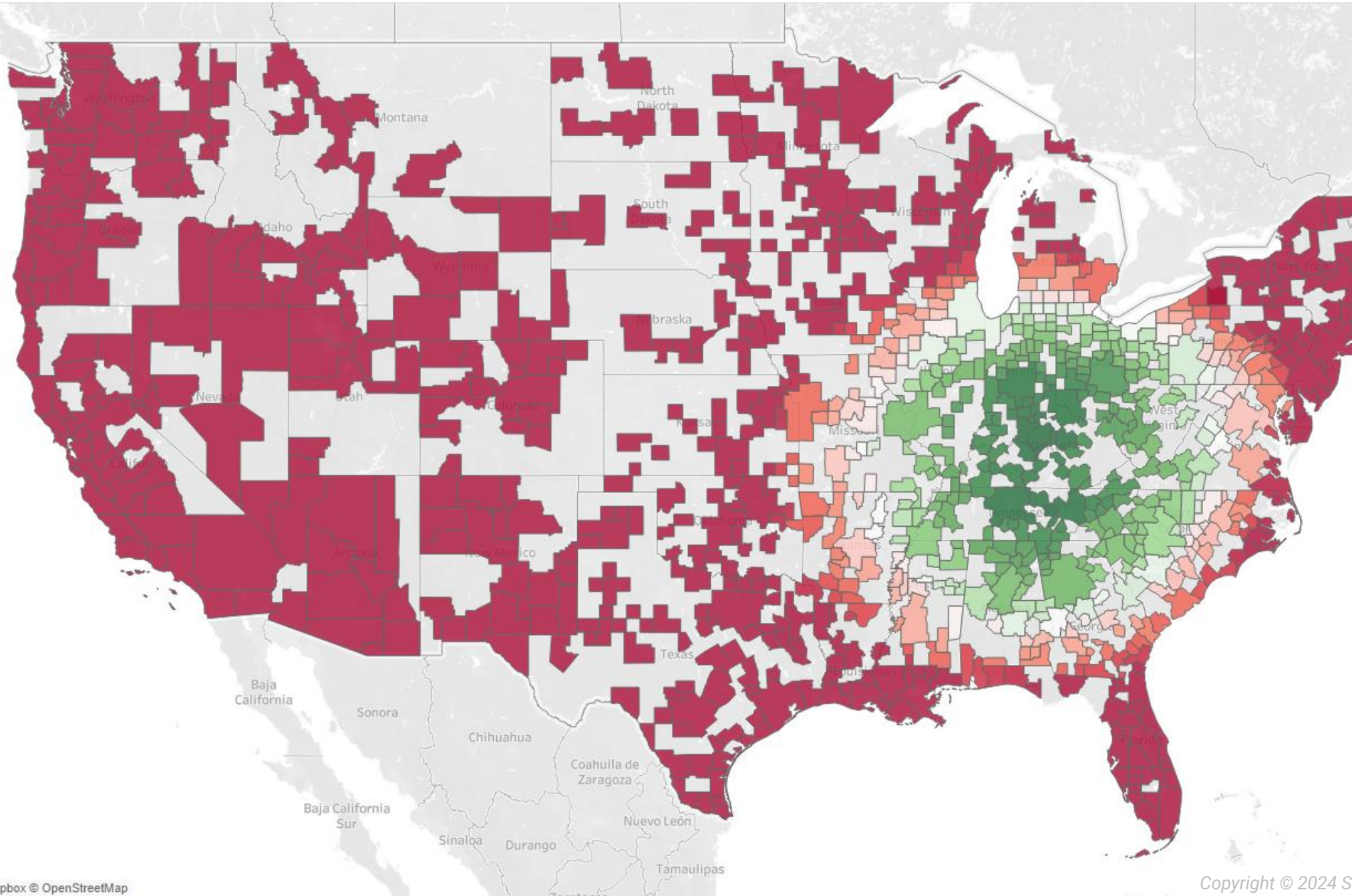
Opportunity to Impact (NOW)

Possible to Impact (LONG-TERM)

KEY CONSIDERATION

RESULTS

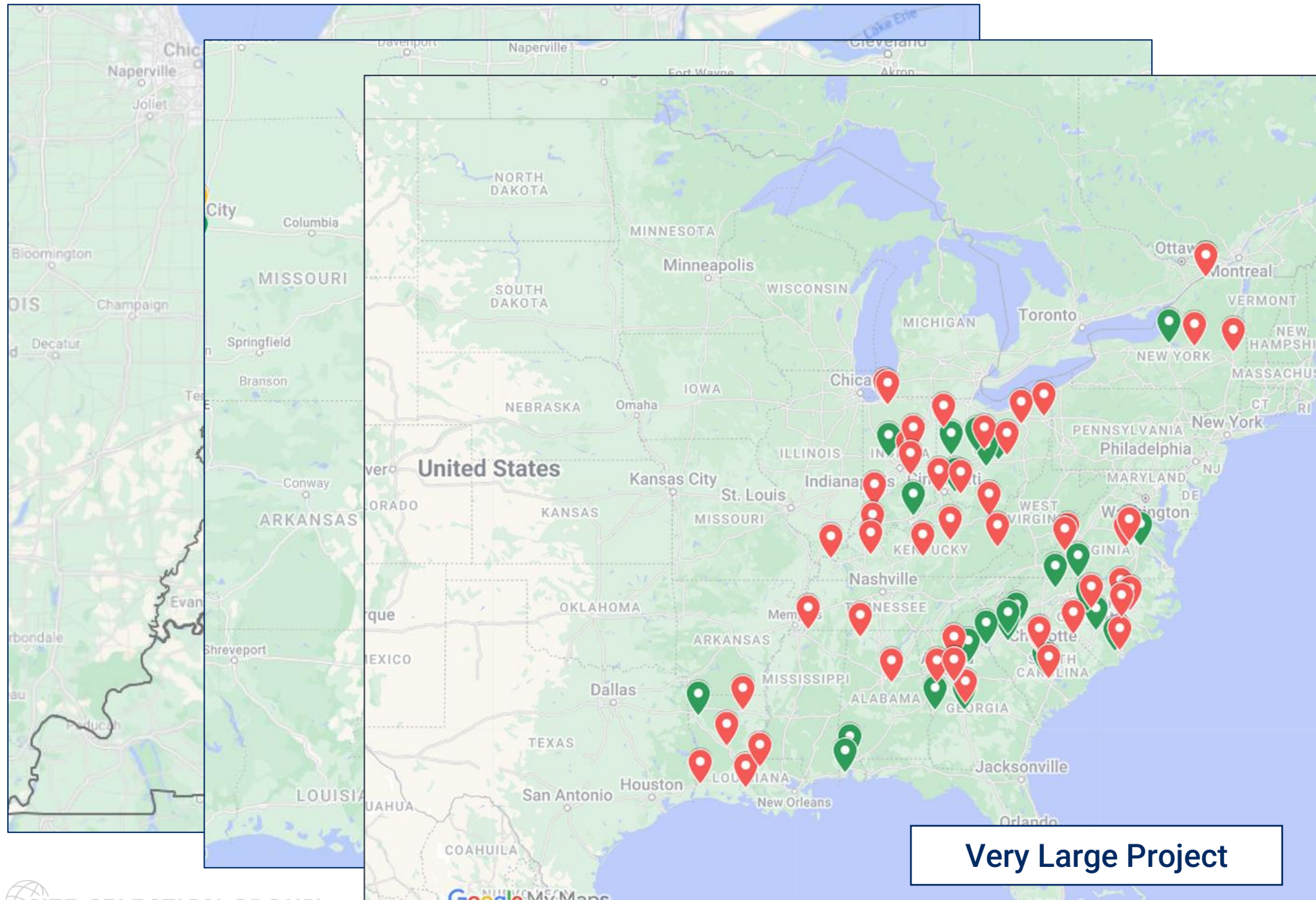
Phase 2 - Logistics: Kentucky is Very Competitive



Key Takeaways

- Typical scenario: Serve U.S. population centers from one location.
- Green = Minimize Logistics Costs.
- ✓ KY is extremely well positioned.
- ✗ But port sensitive projects can lean Southeast (rail can substitute).
- ✗ Well-positioned corridors are overrun (I-65/I-75)
- ✓ But future corridors offer opportunity (I-69).

Phase 3 - Sites: Kentucky is Hit and Miss



Key Takeaways

- Sites drive projects more than ever because of speed-to-market.
- Specifically, utilities.
- Example of a one moderate sized project and two large projects.
- ✓ Good sites across the state for small projects.
- ✗ Utility constraints overall or due to major wins.
- ✗ Distribution crowd-out.
- ✗ Topography.
- ✗ Aggressive long-term site investment in the SE.

Phase 4 - Costs: Kentucky is Generally Competitive

| Site | Region | State | TOTAL COSTS | | | OPERATIONAL COSTS | | | | | | | CAPITAL COSTS | | | |
|------------------------|--------------------|-----------|-----------------|------------------|-------------|-------------------|------------------|-----------------|------------------|--------------------------------|-------------------|--------------------|--------------------|------------------------------------|------------------------|-----------------------|
| | | | Total Cost | Abs. Diff | % Diff | Wages & Salaries | Benefits | Training | Utilities | Tax Expense (Property & Sales) | Inbound Logistics | Outbound Logistics | Real Estate - Land | Real Estate - Site Prep (Constant) | Real Estate - Facility | Net NEW Capital (M&E) |
| Site A | South Central US | | \$2.42 b | \$0.0 m | 0.0% | \$802.9 m | \$384.3 m | \$20.7 m | \$305.7 m | \$77.2 m | \$18.0 m | \$7.1 m | \$1.8 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site E | Central Plains | | \$2.44 b | \$15.4 m | 0.6% | \$745.5 m | \$355.1 m | \$18.4 m | \$333.1 m | \$150.8 m | \$20.6 m | \$8.8 m | \$0.9 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site F | South Central US | | \$2.44 b | \$22.3 m | 0.9% | \$814.7 m | \$386.5 m | \$20.7 m | \$305.7 m | \$78.2 m | \$17.9 m | \$7.0 m | \$9.4 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Small Market | Ohio Valley | KY | \$2.46 b | \$38.3 m | 1.6% | \$758.8 m | \$394.2 m | \$22.3 m | \$365.6 m | \$79.7 m | \$17.4 m | \$13.5 m | \$4.5 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site H | Southeast US | | \$2.46 b | \$39.0 m | 1.6% | \$764.2 m | \$381.5 m | \$21.9 m | \$391.5 m | \$61.4 m | \$13.2 m | \$16.2 m | \$6.8 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site I | South Central US | | \$2.47 b | \$44.5 m | 1.8% | \$814.7 m | \$386.5 m | \$20.7 m | \$305.7 m | \$100.1 m | \$18.0 m | \$7.1 m | \$9.4 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site J | South Central US | | \$2.48 b | \$54.1 m | 2.2% | \$762.9 m | \$376.9 m | \$20.5 m | \$406.4 m | \$77.9 m | \$19.1 m | \$7.4 m | \$0.9 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Mid-Size Market | Ohio Valley | KY | \$2.49 b | \$63.7 m | 2.6% | \$777.7 m | \$397.6 m | \$20.7 m | \$365.6 m | \$79.7 m | \$15.6 m | \$20.1 m | \$4.5 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site L | Northeast US | | \$2.53 b | \$105.2 m | 4.3% | \$778.7 m | \$395.5 m | \$19.2 m | \$338.8 m | \$149.7 m | \$12.5 m | \$25.4 m | \$3.2 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site N | South Central US | | \$2.54 b | \$114.8 m | 4.7% | \$767.8 m | \$369.1 m | \$21.3 m | \$404.6 m | \$140.8 m | \$8.7 m | \$4.1 m | \$16.3 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site O | Central Plains | | \$2.59 b | \$164.4 m | 6.8% | \$813.0 m | \$367.5 m | \$19.4 m | \$414.8 m | \$125.5 m | \$21.4 m | \$8.8 m | \$11.8 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Large Market | Ohio Valley | KY | \$2.61 b | \$188.0 m | 7.8% | \$831.5 m | \$425.5 m | \$20.3 m | \$367.4 m | \$116.6 m | \$13.0 m | \$27.8 m | \$3.6 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site Q | Ohio Valley | | \$2.63 b | \$206.3 m | 8.5% | \$784.9 m | \$384.7 m | \$20.9 m | \$423.7 m | \$170.2 m | \$18.4 m | \$19.1 m | \$2.1 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site S | Northeast US | | \$2.69 b | \$268.1 m | 11.1% | \$827.8 m | \$404.6 m | \$18.9 m | \$455.1 m | \$127.8 m | \$9.3 m | \$24.3 m | \$18.0 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site W | Northeast US | | \$2.74 b | \$317.2 m | 13.1% | \$871.9 m | \$433.3 m | \$19.8 m | \$429.3 m | \$131.8 m | \$7.9 m | \$31.9 m | \$9.0 m | \$3.6 m | \$550.0 m | \$250.0 m |
| Site Y | Northeast US | | \$2.79 b | \$363.7 m | 15.0% | \$830.3 m | \$405.1 m | \$18.9 m | \$455.1 m | \$228.6 m | \$10.2 m | \$24.3 m | \$9.0 m | \$3.6 m | \$550.0 m | \$250.0 m |

Key Takeaways

- Example cost analysis for a large-scale, advanced industrial project.

✓ KY is typically very cost competitive.

✓ Property taxes and utilities (generally).

✗ But some larger markets can be higher cost due to wages, competition, and land.

Phase 4 - Workforce: It's Market Dependent

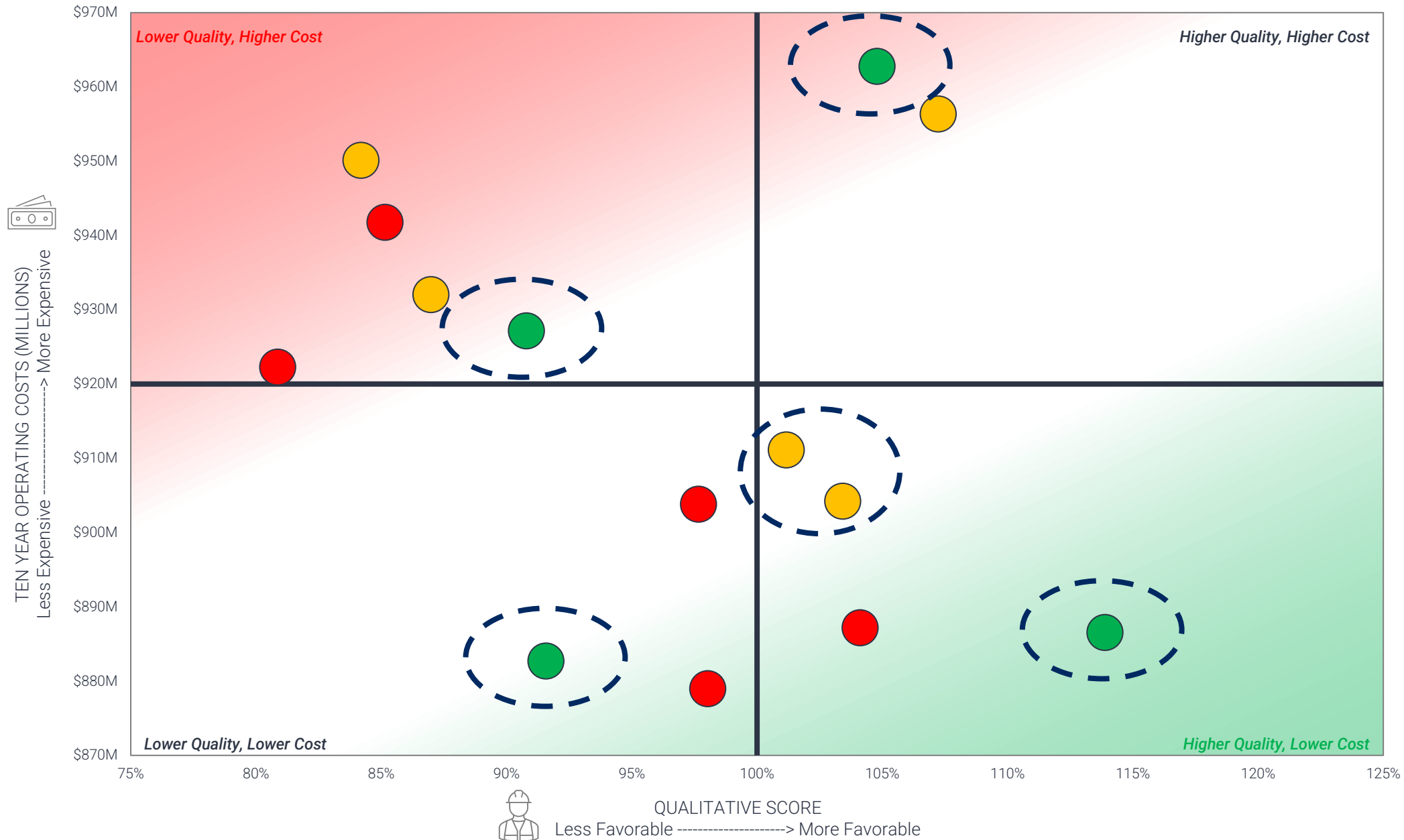
| Site | State | WEIGHT | 20.0% | 15.0% | 20.0% | 15.0% | 5.0% | 15.0% | 5.0% | 5.0% |
|------------------------------|-----------|-------------|----------------------------------|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------|---------------|
| | | Total Score | Workforce Demographics (20 Mins) | Workforce Demographics (40 Mins) | Occupational Supply (20 Mins) | Occupational Supply (40 Mins) | Occupational Demand (20 Mins) | Occupational Demand (40 Mins) | Project Announcements | Union Climate |
| Site x | NC | 113% | 116% | 113% | 121% | 113% | 91% | 93% | 89% | 171% |
| Site x | NC | 112% | 119% | 129% | 101% | 125% | 106% | 84% | 88% | 160% |
| Large/Mid-Size Market | KY | 110% | 112% | 105% | 108% | 103% | 113% | 118% | 119% | 111% |
| Site x | VA | 110% | 109% | 104% | 94% | 111% | 116% | 129% | 103% | 134% |
| Site x | VA | 109% | 117% | 99% | 89% | 88% | 120% | 132% | 131% | 153% |
| Site x | TN | 107% | 116% | 110% | 82% | 91% | 120% | 126% | 108% | 148% |
| Site x | IN | 107% | 118% | 116% | 140% | 129% | 34% | 49% | 62% | 136% |
| Mid-Size Market | KY | 104% | 92% | 91% | 94% | 101% | 126% | 129% | 130% | 116% |
| Mid-Size Market | KY | 102% | 97% | 94% | 91% | 91% | 130% | 136% | 118% | 85% |
| Mid-Size/Small Market | KY | 100% | 99% | 108% | 99% | 98% | 89% | 99% | 65% | 138% |
| Small Market | KY | 97% | 93% | 89% | 80% | 79% | 127% | 132% | 113% | 103% |
| Small Market | KY | 93% | 81% | 85% | 87% | 83% | 106% | 122% | 120% | 97% |
| Large Market | KY | 91% | 105% | 104% | 97% | 114% | 55% | 40% | 111% | 69% |

Key Takeaways

- Workforce analysis for a large, advanced manufacturing requirement.
- ✓ Favorable demographics & manufacturing skill set presence in larger markets.

- ✓ Strong workforce training (e.g. FAME).
- ✗ Demographics and supply in small markets.
- ✗ Competition in larger markets (and big announcements in smaller ones)

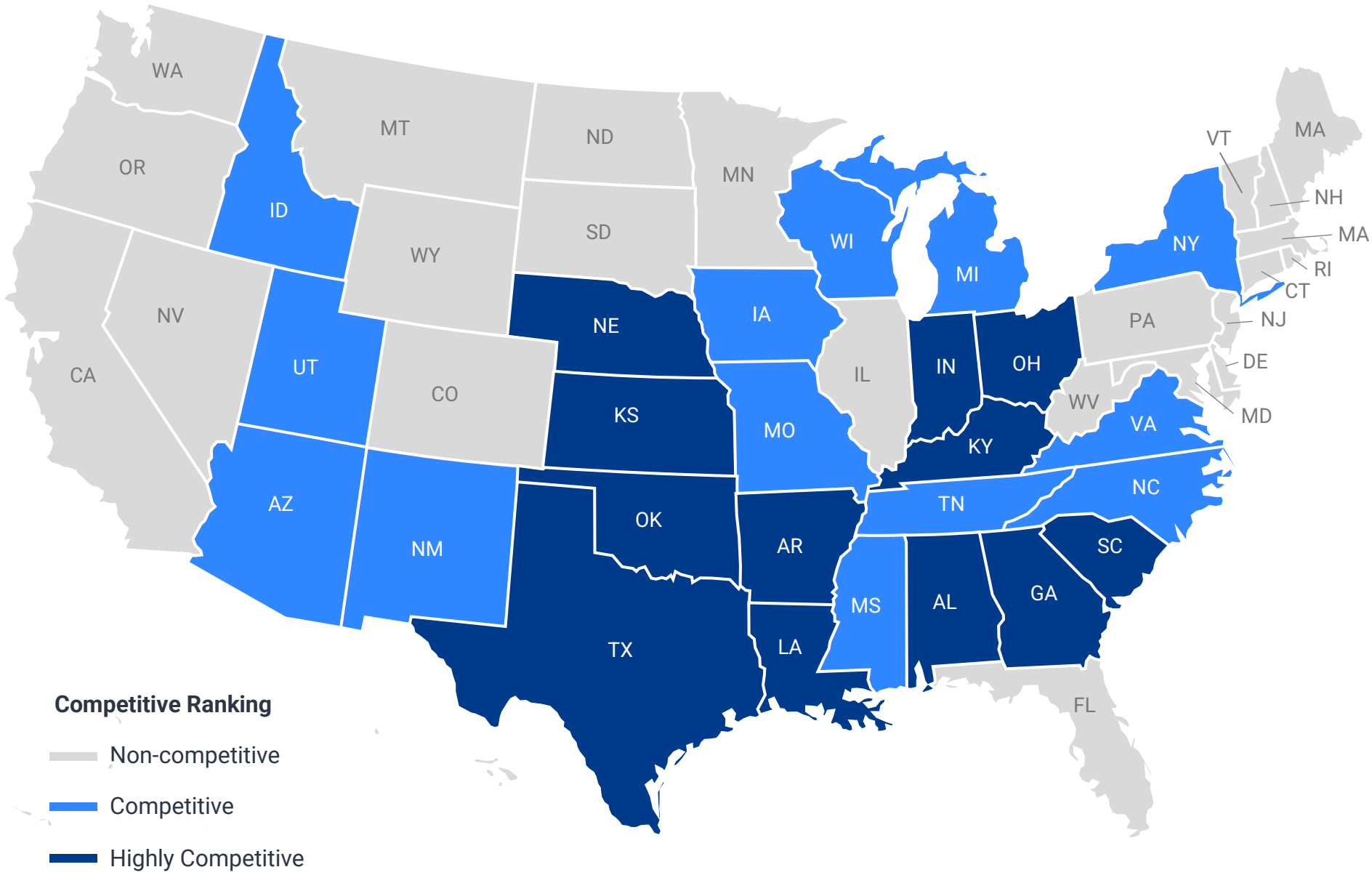
Summarizing: Tradeoffs on Sites vs. Costs vs. Workforce



Key Takeaways

- Putting it all together on one page.
- Good Sites
- OK Sites
- Bad Sites
- Looking for the “Unicorn” (it doesn’t exist)
- We’ll visit OK sites that are competitive.
- But we’ll also visit good sites that aren’t as cost or workforce competitive.

Phase 6 - Incentives: Kentucky is Generally Competitive



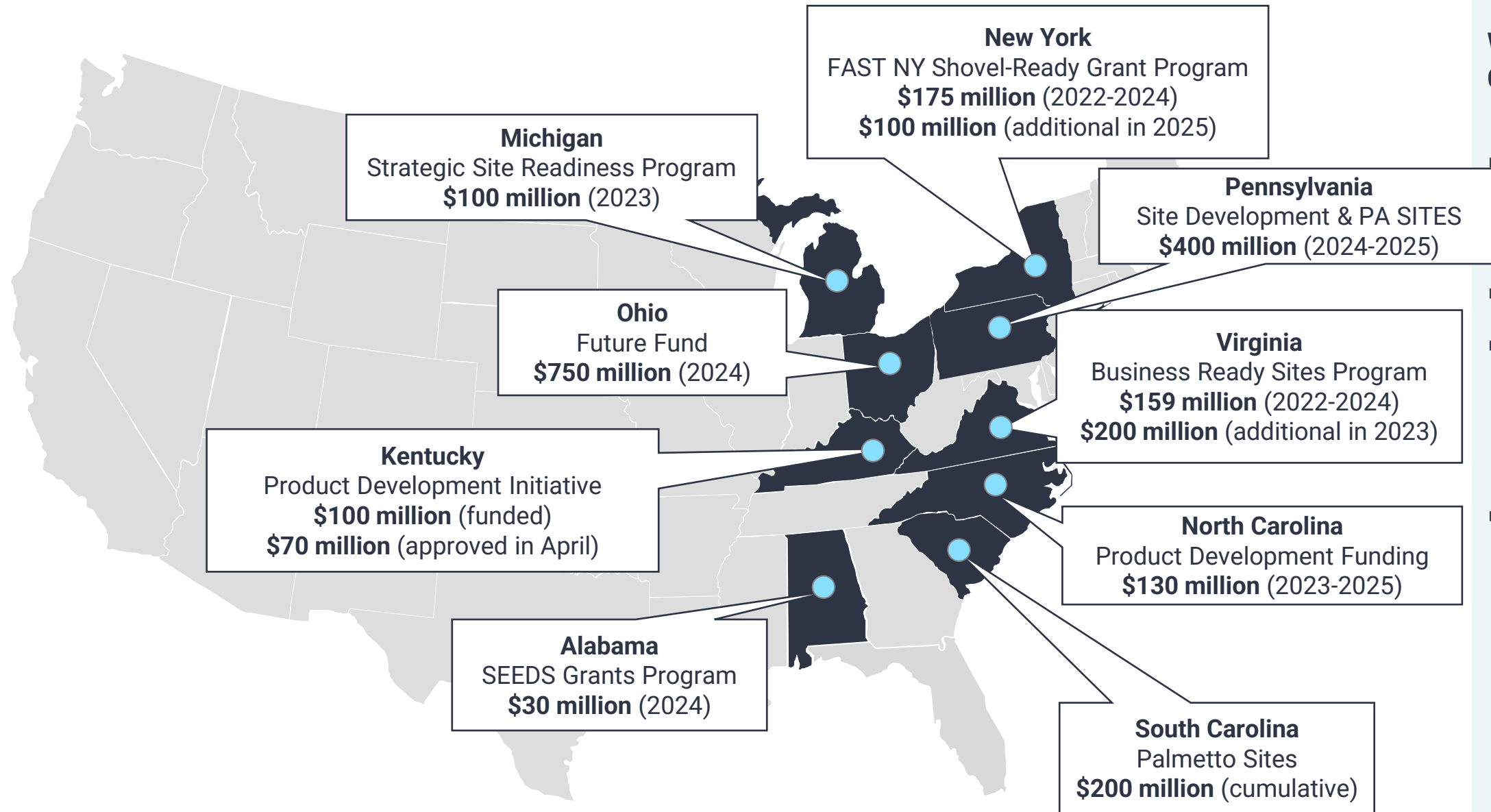
Key Takeaways

- Incentives don't make a bad place good - they make a good place better.
- Or they fundamentally address an uncompetitive factor (e.g. property taxes in NC vs. SC).
- Ensuring alignment between tax policy changes and incentive programs.

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Strategic Investments Improving Competitiveness

State of Product & Site Development



What Are Your Competitors Investing In?

- Site acquisition (or method of public control)
- Due diligence
- Infrastructure improvements for road access, utility extensions, etc.
- Site development
 - Clearing
 - Grading
 - Wetlands mitigation
 - Master planning
- The list goes on...

Kentucky Productive Development Initiative (KPDI) Program of 2024

Why?

Stimulate transformational economic development projects that create quality jobs across the Commonwealth.

Program Core Project Values

- HOLISTIC APPROACH - Taking a holistic approach to economic development, incorporating labor, target industry, infrastructure, operating environment, etc. into consideration when making grant recommendations.
- RETURN ON INVESTMENT – Recommendations for PDI funds and local matches will be based on expected return on investment, measured in jobs and capital investment.
- RELATIVE IMPACT – ROI metrics are relatively adjusted to ensure the entirety of Kentucky is fairly represented.
- IMPACTFUL PROJECTS - Improving the Commonwealth's and communities' competitive positioning to attract transformational projects.



But Long-Term Economic Development Strategy = People

Education

- ✓ Workforce Development
- ✓ Technical Education
- ✓ University System
- ✓ K-12

Demographics

- ✓ Talent Attraction & Retention
- ✓ Community Development
- ✓ Quality of Place
- ✓ Childcare
- ✓ Housing
- ✓ Transportation
- ✓ Social Policy

Economic Development

- ✓ Team Sport
- ✓ KAED & Local Partners
- ✓ Utility Partners
- ✓ KCED Leadership
- ✓ Long-Term Investments



Questions & Answers