OPEN SUCCESS.

Pioneers found Kentucky an untapped land of opportunity. Business leaders and entrepreneurs now discover Kentucky’s unsurpassed blend of location, climate, low operating costs and a skilled workforce. The Kentucky Cabinet for Economic Development is working in partnership with our award-winning communities and utility providers to help businesses reap the full potential of what Kentucky offers.
The Whole Package.

Picture everything. Businesses that know the feeling of true fulfillment. Communities that reflect the genuine investments made in their lives. An environment that echoes pride in its heritage. A dedicated team creating economic success with the resources and warmth of its Kentucky home. Unwrap the possibilities.
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Kentucky Cabinet for Economic Development
Capital Plaza Tower
500 Mero Street
Frankfort, KY 40601
502.564.7670
econdev@mail.state.ky.us
www.thinkkentucky.com
KCED at a Glance

The Kentucky Cabinet for Economic Development (KCED) is the primary state agency in Kentucky responsible for creating new jobs and new investment in the state. KCED’s programs are designed to support and promote economic development primarily through attracting new industries to the state, assisting in the development of existing industries, start-ups and assisting communities in preparing for economic development opportunities. Directing and overseeing the work of KCED is the 12-member Kentucky Economic Development Partnership Board.

Kentucky Economic Development Partnership Board

Governor Paul E. Patton, Chairman
Commonwealth of Kentucky

Luther Deaton, Jr., Vice Chairman
Chairman, President and CEO
Central Bank and Trust Company

William F. Dohn
Dohn & Dohn Gardens

Secretary Gordon C. Duke
Finance and Administration Cabinet

Sheila R. Hammons
Director of Finance
Cincinnati/Northern Kentucky International Airport

William J. Jones
Division Manager
U.S. Bank

Secretary Ann R. Latta
Tourism Development Cabinet

Secretary Henry C. “Hank” List
Natural Resources and Environmental Protection Cabinet

Linda S. McGinnis
President and CEO
Appalachian Regional Manufacturing Inc.

Secretary Marvin E. Strong, Jr.
Cabinet for Economic Development

Jean M. Wells
Vice President
Wells Health Systems

Sandra B. Wood
President
McLean County Industrial Foundation
Forward: From the Governor

Economic development has been a prime focus of our administration since I became Governor seven years ago. One of our six strategies in working toward our mission to achieve a higher quality of life for Kentuckians is to promote economic development.

Building on Our Heritage
While manufacturing drives Kentucky’s economy, the state offers much more. It is headquarters for several national companies and the home of such distribution centers as Amazon.com and Wal-Mart. Announced investments for manufacturing and service-related firms for 2002 totaled $3,252,744,186 and were responsible for the creation of 12,650 new jobs. In addition to our manufacturing and service industries the Cabinet for Economic Development is working to recruit knowledge-based industries whose products are information, innovation, ideas and technology. The state has grown in the area of biomedical and health-related activities. Our traditional industries – coal, wood products, bourbon and tobacco – continue to be an important part of the economy too.

Opening Possibilities
In Kentucky, we are creating opportunities for our citizens to be prepared for a technological tomorrow. Recognizing the major impact of an available, educated workforce, Kentucky has made a substantial commitment to worker training and continuing education, with a major focus on
advanced technology training. The livability of our state adds to Kentucky’s attractiveness as a state to locate in. Kentucky offers natural beauty, a rich history and many artistic and cultural opportunities as well as one of the lowest crime rates in the country, low housing costs and first-rate health care services.

**Delivering as a Team**

It has been an exciting time to govern our great state. We are transforming the lives of our citizens as we improve economic opportunities and offer top-notch educational opportunities from pre-school through higher education. Our administration doesn’t pretend that we’ve made all this progress alone. In Kentucky we are blessed with the finest and hardest working citizens anywhere and it has been a pleasure to meet and work with them as they share their dreams for the future.

I’m also grateful for the opportunity to work with business leaders and local and state organizations as well as international companies who have located in our state. Thanks to everyone who has supported us in our progress toward making Kentucky an even better place to live and work.

Sincerely,

Paul E. Patton, Governor
Executive Summary

Kentucky continues to rank among the top states nationally in many facets of economic development. The editors of Site Selection magazine recently designated KCED one of the Top Ten Economic Development Groups in the country. Kentucky ranked 2nd in the 2001 Site Selection Governor's Cup awarded to U.S. states scoring the most points in a 10-part process designed to gauge business expansion success. Innumerable partners in local communities, educational institutions, utility companies, and more are vital to the state’s accomplishments.

Accessibility, Productivity and Low Costs

• Kentucky’s combination of river, road and rail access makes our transportation system one of the best. Kentucky’s worldwide logistics edge makes the state accessible to all points of the globe. Kentucky is the only state with two worldwide cargo hubs – UPS in Louisville and the DHL Worldwide Express U.S. hub in Northern Kentucky.

• The state’s high-quality workforce offers a strong work ethic and high productivity levels. In fact, Kentucky’s workforce is over 6 percent more productive than the U.S. average.

• Kentucky has the lowest overall cost of doing business in the eastern United States according to Economy.com. Another big advantage for businesses in the state: Kentucky’s electric power costs in the industrial sector rank the lowest in the nation.

With over 400 motor vehicle-related facilities, Kentucky is truly in the middle of “auto alley,” ranking 4th in the country in total light vehicle production. Five-year automotive investment announcements totaled $2,457,985,098 and 18,743 jobs (upon full employment). Automotive suppliers appreciate the proximity to their automaking customers in Kentucky including Ford, Toyota and GM. A proven workforce with advanced knowledge in the auto industry is a big factor in the state’s attractiveness to automotive companies.
Ease of accessibility has contributed to the state’s #1 ranking in the primary aluminum industry as measured by value of shipments. The state’s central location to aluminum’s biggest customer, the automotive industry, has contributed to the industry’s success too.

International companies are increasingly zeroing in on Kentucky. In 2002, the firm Air Safety Industrie Comercio chose Kentucky for its first facility outside of Brazil. Kentucky jobs resulting from foreign direct investment grew over 40 percent from 1991 to 1999, compared to the U.S. rate of under 25 percent.

Important keys to success are our close partnerships and open communication with communities across the state. KCED, in cooperation with the Kentucky Industrial Development Council assists communities with their economic development strategy through community assessment visits. Our existing businesses fuel economic prosperity. Another partnership of KCED, the University of Kentucky, and Kentucky State University is the Business Retention and Expansion Program, supporting ongoing business retention and expansion efforts in Kentucky communities.

Our state has built a strong economic development foundation that has led to our success as a national leader. Through the efforts of Kentuckians across the state we continue to raise the quality of life for our citizens.

Sincerely,

Marvin E. Strong, Jr., Secretary
Open Accountability.

The difference we are making is because of our team. We are accountable to one another. Accountable to our standards. Accountable to our businesses, people and state. We work together to make things happen and continue to mark the trail of economic achievement.

Set the Standards. Reward Excellence.
2002 Governor’s Leadership Awards.

Three distinguished Kentuckians received the Governor’s Economic Development Leadership Award in 2002. The awards recognize those individuals in Kentucky who volunteer their time and resources for economic development. They are designed to honor those whose vision and leadership have been instrumental in creating jobs and improving Kentucky’s local, regional and statewide economy.
John H. Clarke, Jr.
*Maysville*
Attorney at Law
Clarke & Clarke Attorneys At law

Dennis T. Dorton
*Paintsville*
President and CEO
Citizens National Bank

James A. “Jim” Miner, Jr.
*Madisonville*
Retired Business Executive
Kerco, Inc.
Benchmarks

The Kentucky Legislature established in HB 89 the requirement that the Kentucky Economic Development Partnership establish objective benchmarks to measure the performance of Kentucky’s economy and progress toward achievement of the mission statement, goals and guiding principles from the Kentucky Strategic Plan for Economic Development (KRS 154.10-140). Benchmarks provide measurable indicators on whether Kentucky is keeping pace or falling behind compared to the nation and provide an important accountability measure for spending taxpayer dollars on economic development efforts. Six benchmarks were chosen by the Partnership reflecting Kentucky’s lower cost of living compared to the nation. Kentucky’s cost of living is estimated to be 91.8 percent of the United States Average (45th lowest in the United States plus the District of Columbia)*.

Percentage Decrease in the Poverty Rate 1989 to 1999
<table>
<thead>
<tr>
<th></th>
<th>Gross State Product Per Capita (Current $)</th>
<th>Per Capita Personal Income</th>
<th>Average Wage Per Job</th>
<th>Research and Development Expenditures Per Capita</th>
<th>Poverty Rate</th>
<th>Unemployment Rate</th>
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<tr>
<td>United States</td>
<td>35,238</td>
<td>29,469</td>
<td>34,652</td>
<td>822</td>
<td>12.4%</td>
<td>5.3% P</td>
</tr>
<tr>
<td>Kentucky</td>
<td>29,280</td>
<td>24,085</td>
<td>28,100</td>
<td>162</td>
<td>15.8%</td>
<td>5.8% P</td>
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<tr>
<td>Kentucky's Rank</td>
<td>41</td>
<td>40</td>
<td>36</td>
<td>43</td>
<td>40</td>
<td>30</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>35,238</td>
<td>29,469</td>
<td>34,652</td>
<td>822</td>
<td>12.4%</td>
<td>5.3% P</td>
</tr>
<tr>
<td>2001</td>
<td>29,280</td>
<td>24,085</td>
<td>28,100</td>
<td>162</td>
<td>15.8%</td>
<td>5.8% P</td>
</tr>
<tr>
<td>Kentucky as a % of USA</td>
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<td></td>
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<tr>
<td>2000</td>
<td>83.1%</td>
<td>81.7%</td>
<td>81.1%</td>
<td>19.7%</td>
<td>127.4%</td>
<td>109.4%</td>
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<td>Kentucky's Targeted Benchmarks as a Percentage of the United States</td>
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<tr>
<td>2007</td>
<td>86.0%</td>
<td>83.0%</td>
<td>84.0%</td>
<td>35.0%</td>
<td>115.0%</td>
<td>101.0%</td>
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<tr>
<td>2012</td>
<td>88.0%</td>
<td>85.0%</td>
<td>86.0%</td>
<td>55.0%</td>
<td>110.0%</td>
<td>100.0%</td>
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<tr>
<td>2017</td>
<td>90.0%</td>
<td>88.0%</td>
<td>88.0%</td>
<td>75.0%</td>
<td>105.0%</td>
<td>98.0%</td>
</tr>
<tr>
<td>2022</td>
<td>92.0%</td>
<td>92.0%</td>
<td>92.0%</td>
<td>92.0%</td>
<td>100.0%</td>
<td>95.0%</td>
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Sources: Data derived from information provided by the United States Bureau of Economic Analysis, United States Census Bureau, United States Department of Labor and the National Science Foundation.

P = Preliminary
Unleash Communication.

We don’t always use the standard ways to communicate. It’s part of communicating effectively. Creativity plays a role in our business – guiding us in using the most appropriate means necessary to inform others of our capabilities, actions, association and goals.

Invite Involvement. Establish Connectivity.
FLY DELTA
THE #2 HUB FOR DELTA AIRLINES WORLDWIDE IS IN KENTUCKY
Outreach

KCED’s Division of Small & Minority Business offers advice on business start-up and planning activities. During 2002, a total of 2,026 inquiries for business assistance were handled, including 743 by direct counseling. Business planning materials placed on the KCED web site generated 9,483 hits, including more than 5,486 downloads of a guide to business planning and 3,927 downloads of companion guides to marketing.

KCED Secretary Gene Strong will join the board of the Kentucky Industrial Development Council (KIDC) as an ex-officio member during 2003. The KIDC promotes industrial and economic development throughout Kentucky.

Through the Kentucky Strategic Plan for Economic Development, Objectives 4.1 and 4.2, KCED actively supports strategic planning initiatives on the local and regional level throughout Kentucky.

The electronic newsletter, which KCED uses to communicate with its economic development partners and business prospects, was honored with a top award of Superior by the Southern Economic Development Council at its annual conference in October. The e-newsletter is housed on KCED’s web site, www.thinkkentucky.com.

The Division of Research added several Kentucky business- and industry-related reports to KCED’s web site. New reports now available on the web site include aluminum and auto industry profiles; monthly updated reports on facilities in Kentucky by location, product or service, and alphabetically; new and expanded industry; facility closings; motor vehicle suppliers; and foreign and Japanese investment in Kentucky.

Norris Christian, director of the Division of Small & Minority Business, received the Kentuckiana Minority Supplier Development Council’s Ferda C. Porter Award for outstanding civic leadership.
The Economic Development Information System (EDIS), located on KCED’s www.thinkkentucky.com web site, is now linked to communities across Kentucky. The EDIS allows economic development partners and business prospects to quickly review sites, buildings and detailed community information. The EDIS can also serve as the foundation for local economic development web sites.
KCED strengthened its support for local and regional strategic planning. Nine multi-county strategic plans are now being used in Kentucky and across state lines to guide economic development initiatives and achievements. These include Ashland, Northern Kentucky, Tennessee Valley Authority, Blue Grass Area Development District, East Kentucky Corporation, Kentuckiana Regional Planning and Development Association, Barren River Area Development District, Paducah Area Regional Industrial Authority, and Southern Kentucky Industrial Development Authority.
2002-2003 Strategic Plan

The 1992 Kentucky General Assembly enacted HB 89 to provide for continuity and stability in the state’s economic development system, professionalism in the leadership of the primary state economic development agency, and long-range planning to meet the demands of a competitive global economy.

HB 89 mandated the preparation of a state strategic plan for economic development and the creation of the Kentucky Economic Development Partnership. The Partnership is responsible for directing and overseeing the Cabinet for Economic Development and adopting a Strategic Plan.

From the start of the strategic planning process, the Partnership sought broad-based input and participation of public and private individuals and organizations. Public/private sector cooperation remains a driving force in realizing a common mission for improving Kentucky’s economy. The first Kentucky Strategic Plan for Economic Development was adopted by the Partnership in May 1994.

With the emergence of the knowledge-based economy, increased global competition, and challenges both new and old for Kentucky, the Partnership completely updated the Strategic Plan for 2002-2006. The updated Strategic Plan for Economic Development 2002-2006 considers broad goals and strategic initiatives outlined by Governor Paul E. Patton and meets legislative requirements for strategic planning adopted by the 2000 Kentucky General Assembly.

The vision, mission and goals of the Kentucky Strategic Plan for Economic Development 2002-2006 are:

**Vision:** Achieve an economic standard of living for Kentucky above the national average by 2020.

**Mission:** To create more and higher quality opportunities by building an expanding sustainable economy to improve the quality of life for all Kentuckians.

**GOAL 1:** Create a globally competitive innovation process that is fueled by world-class resources and sustained by an entrepreneurial climate, resulting in a continuously higher standard of living for all Kentuckians.

**GOAL 2:** Reduce unemployment and increase per capita income.

**GOAL 3:** Create a globally competitive business environment.

**GOAL 4:** Manage resources to maximize return on investment.

**GOAL 5:** Coordinate the strategic planning efforts of Kentucky state agencies into the implementation of the Kentucky Strategic Plan for Economic Development.
Strategic Plan Accomplishments

Objective 1.2. Create and maintain a thriving entrepreneurial climate supported by programs that inspire and facilitate the commercialization of ideas.

- The Office for the New Economy created the Kentucky Innovation and Commercialization Center (ICC) program as public/private partnerships with six locations to assist entrepreneurs and scientists in commercializing technologies that demonstrate significant market potential.

- Commonwealth Seed Capital, LLC was formed to provide early stage investment funds to help Kentucky start-up companies capitalize on the most promising technologies through statewide and regional venture capital funds.

Objective 1.3. Foster and retain a highly motivated, well-trained workforce which can participate and prosper in the New Economy.

- The Office for the New Economy is leading a joint effort with the Kauffman Foundation Center for Entrepreneurial Leadership to nurture an entrepreneurial culture through Kentucky’s public and private school systems by developing a virtual education system capable of being integrated into primary grades through doctoral level.

Objective 2.1. Recommend restructuring changes to the Kentucky Investment Fund Act to encourage increased private investment in venture and seed capital financing programs.

- Changes to KIFA were adopted by the 2002 General Assembly in HB 525 to encourage Venture Capital investing in the Commonwealth. Applications and procedures were created or amended for the approval of fund managers and investors. Daily operations and marketing of the fund were transferred to the Office of the New Economy.

Objective 2.4. Revise incentive programs to encourage increased wage levels across the Commonwealth considering the economic conditions in each county.

- HB 372 was adopted by the 2002 General Assembly and tax incentive program changes have been implemented requiring minimum wage and employee benefit criteria for companies participating in Kentucky’s tax incentive programs.

Objective 2.5. Cooperate in the implementation of the Tax Increment Financing (TIF) programs.

- HB 372 passed the 2002 General Assembly providing administrative procedures for two types of state TIF programs. Application forms are complete and available to potential applicants.

Objective 3.1. Increase the number of Kentucky companies expanding into global markets.
• Business clients have been recruited and prepared for trade shows in Mexico and South America. New resources are being developed to increase the number of export companies, including PowerPoint presentations and hand-outs to assist in export-related issues such as EC Marks, freight forwarding, banking, legal, trade show participation and NAFTA. KCED is working with bankers, freight forwarders, attorneys and other trade agencies to do export seminars and provide extra marketing assistance.

Objective 3.2. Create an integrated web site based marketing program for KCED program areas.

• KCED web site design is now integrated with a theme, look and message consistent with KCED’s other print and marketing materials.

Objective 3.3. Continue enhancement of Kentucky Economic Development Information System by developing Cabinet-wide systems that improve efficiency, eliminate redundancy, improve management capacity and enhance marketing message.

• The EDIS web site underwent a major revision in look and feel. The online databases were migrated from Access to SQL Server.

Objective 4.1. Review multi-county strategic planning for economic development, including those for metropolitan areas which cross state borders, to determine appropriate state participation in the implementation and promotion of regional efforts.

• Nine multi-county strategic plans are currently in use in the state and across state lines including Ashland, Northern Kentucky, Tennessee Valley Authority, Blue Grass Area Development District, East Kentucky Corporation, Kentuckiana Regional Planning and Development Association, Barren River Area Development District, Paducah Area Regional Industrial Authority and Southern Kentucky Industrial Development Authority. Common plan objectives are infrastructure development, skills training and marketing. Both formal and informal structures are used, including training consortiums, marketing agreements and priority funding for infrastructure.

Objective 4.2. Actively support communities in preparing and implementing comprehensive local and multi-county economic development plans.

• Economic development organizations in the state were contacted to determine who actively uses a local strategic economic development plan. Copies of 48 various plan documents were obtained. Each plan is being reviewed with regard to content, process and cost of development, ease of implementation and overall effectiveness. The information is being used to update KCED’s “Community Inventory Questionnaire: Necessary Data for the Local
Developer. The improved document will serve as a basis for promoting strategic plan development at the local level. Initial design work has begun on a handbook to assist communities with economic development strategic planning.

Objective 4.4. Improve electronic means of communicating and transacting with clients and local economic developers.

- KCED now publishes a quarterly e-newsletter.
- Business and industry directories are available on KCED’s web site.
- New and expanded industry and foreign investment reports are available on KCED’s web site.

Objective 4.6. Create web-based resource directory for entrepreneurs and business owners to access technical assistance resources available throughout the Commonwealth.

- The resource directory identifies assistance programs at the state and federal level. Entrepreneurs and business owners can access the resource directory based on type of business assistance needed: formation, research, startup, sustaining or growth.

Objective 5.1. Coordinate with the Tourism Development Cabinet on joint implementation of tourism strategic planning initiatives.

- KCED continues to work with the Tourism Development Cabinet on implementation of TIF legislation. KCED also has a representative on the steering committee of the Cultural Heritage Tourism Strategic Plan.

Objective 5.2. Coordinate with the Natural Resources and Environmental Protection Cabinet on joint implementation of environmental strategic planning initiatives.

- Staff members of the Natural Resources and Environmental Protection Cabinet were identified to work with KCED staff on Objectives 2.7 and 3.4.

Objective 5.3. Coordinate with the Agricultural Development Board on joint implementation of agricultural strategic planning initiatives.

- KCED staff assists with location and expansion of agribusiness processing plants, including a trip with Agriculture officials on a client recruitment visit to Chicago. Secretary Strong is on the board of the Agricultural Development Board.

Objective 5.4. Coordinate with the Workforce Development Cabinet on joint implementation of workforce strategic planning initiatives.

- Staff members of the Workforce Development Cabinet were identified to work with KCED staff on Objectives 2.6, 4.3 and 4.5. KCED staff serve on the Workforce Alliance, along with staff from the Council on Postsecondary Education, Cabinet for Workforce Development and the Kentucky Community and Technical College.
System. The Workforce Alliance guides the implementation of SB 1, the Adult Education and Literacy Act, from the 2000 General Assembly. Through the Workforce Alliance the Department for Adult Education and Literacy committed $300,000 in FY 02 and $500,000 in FY 03 to BSSC to fund Workplace Essential Skills training activities.

Objective 5.5. Coordinate with the Education, Arts, and Humanities (EAH) Cabinet on joint implementation of education, arts and humanities strategic planning initiatives.

- Staff members of the EAH were identified to work with Cabinet staff on Objectives 3.5, 4.1 and 4.2. EAH staff joining KIDC and becoming involved in the Community Assessment program sponsored by the Cabinet. Joint project to develop quality of life information for each county between EAH and Cabinet staff initiated. KCED has a representative on the steering committee of the Cultural Heritage Tourism Strategic Plan.

Objective 5.6. Coordinate with the Transportation Cabinet on joint implementation of transportation strategic planning initiatives.

- Staff members of the Transportation Cabinet were identified to work with Cabinet staff on Objectives 2.6 and 3.4. The Cabinet is routinely contacted for comment on major road plans and their potential affect on industrial park access. The Cabinet participated in public meetings for the Transportation Cabinet’s visioning process for future transportation needs and public meetings on the I-66 project. The Cabinet has a written economic development road access policy with the Transportation Cabinet for recruitment and expansion projects.

Objective 5.7. Coordinate with the Council for Postsecondary Education on joint implementation of postsecondary education strategic planning initiatives.

- Staff members of CPE were identified to work with KCED staff on Objectives 2.6, 3.5 and 4.5. Two Cabinet staff members serve on the New Economy Workgroup. The Office for the New Economy is coordinating with CPE on the implementation of the Commercialization, Rural Development, and Research and Development Funds.
Kentucky’s communities have been identified as a crucial resource and partner in the state’s economic development. This important relationship is outlined in Objectives 4.1, 4.2 and 4.4 of the Kentucky Strategic Plan for Economic Development.

Through its ongoing partnership with the Kentucky Industrial Development Council, KCED assisted in holding one-day workshops on the economic development process. The workshops are directed to basic education for local elected officials and development board volunteers. In 2002, more than 120 persons attended the workshops held in Beaver Dam, Prestonsburg, Somerset and Campbellsville.

KIDC and KCED also partner to provide community assessments to help direct the efforts of selected local economic development programs. A two-day program is held in each community, utilizing a volunteer team of evaluators to examine local resources and a trained consultant to facilitate discussion sessions with local leaders. A formal report, outlining specific action steps and timelines, is provided to the community following the visit. During 2002, community assessment programs were held in Ohio, Monroe and Caldwell Counties.

For the seventh consecutive year, KCED solicited nominations statewide for individuals to honor with a Governor’s Economic Development Leadership Award. The awards are designed to acknowledge outstanding leadership and accomplishments at the local level and to inspire others to be active in their communities.
The Business Retention & Expansion program offered by KCED increased activity during 2002, with programs completed in Oldham, Taylor and Logan Counties. This program is centered on a series of interviews with key local businesses to gain their insight into the community’s environment for nurturing business growth. The extension service programs of the University of Kentucky and Kentucky State University are key partners, providing survey analysis and report writing for each community effort.
Deliver Productivity.

Facilitating some of the top goods and services companies in the world doesn’t come easy. It is the mark of an intense workforce, clear vision, able environment and a crew of movers and shakers.

Invite Involvement. Anticipate Needs.
Kentucky’s electric power costs, in the industrial sector, are the lowest in the nation. KCED works closely with local economic development groups and representatives of Kentucky’s utility providers, such as those shown above, to meet the energy needs of new and existing businesses.
Business Climate

The strength of Kentucky’s business climate is evidenced in the following rankings and accomplishments.

- Kentucky ranked 2nd in the 2001 *Site Selection* Governor’s Cup awarded annually to U.S. states (scoring the most points in a 10-part process designed to gauge business expansion success the previous year).

- In addition to being the second nationally in manufacturing, Kentucky is squarely in the middle of “auto alley” – ranking 4th in the U.S. in total light vehicle production.

- As measured by value of shipments, Kentucky ranks as the number one state in the primary aluminum industry.

- Eleven Kentucky communities ranked in *Site Selection* 2001’s Top 100 Small Towns for corporate expansion, according to their March 2002 issue. The communities are Bowling Green (5), Danville (6), Bardstown (18), Frankfort (22), Elizabethtown (32), Franklin (50), Shelbyville (50), Glasgow (63), Madisonville (63), Lebanon (79), and Campbellsville (88).

- Kentucky has the lowest overall cost of doing business in the eastern U.S. according to the economist with Economy.com. The *North American*
Business Cost Review, 9th edition, measures the cost of doing business within a state for unit labor cost, tax burden, and energy cost. Kentucky has the 7th lowest cost nationally with a state index 10 percent less than the national average.


- Kentucky’s workforce is 6.08 percent more productive than the U.S. average, and Kentucky ranks 13th among the 50 states in GSP per wage for 2000. GSP per wage shows the amount of value added by the workforce per dollar in wage, providing a useful measure of workforce productivity.

- Kentucky’s Mexico Trade Office received the Kentucky World Trade Center’s 2002 “World Trade Success” Award in recognition of its work as an international service provider.

- In a joint analysis of state and metropolitan area logistics factors, Expansion Management and Transportation & Distribution magazines awarded Kentucky the 6th highest overall state ranking for logistics (Expansion Management, September 2001).

- The Cincinnati/Northern Kentucky International Airport was rated the 2nd best U.S. airport for 2002 in a survey conducted by London-based Skytrax Research. Frequent travelers from 77 nations ranked airports based on criteria such as ease of use, convenience, terminal comfort and security.
• "Expansion Management" magazine (October 2002) ranked Kentucky's Bluegrass State Skills Corporation (BSSC) 9th among all state programs for facilitating customized business and industry training for new, expanding and existing companies.

• "Site Selection" magazine (November 2002) ranked Kentucky 2nd in the nation in attracting new and expanded food facilities (August 2001 – August 2002). Nearly 30 food and beverage operations announced locations or expansions in Kentucky in 2002.

• Cognetics, a Massachusetts-based consultant firm, in its report "Entrepreneurial Hot Spots: The Best Places in America to Start and Grow a Company – 2001," ranked Kentucky 19th among the states for entrepreneurial hot spots.

Among large metro areas Louisville ranked 9th and for small metro areas Lexington ranked 10th as best places for entrepreneurs to start and grow a company.

Numerous other accolades and favorable business rankings have been awarded to Kentucky by such respected business publications as "Area Development," "Expansion Management," "Plants Sites & Parks" and "Site Selection."
Existing Business Assistance

Kentucky offers some of the strongest and most innovative programs in the nation for supporting and nurturing existing businesses. KCED’s Business Information Clearinghouse responded to over 17,000 hot-line calls for assistance in 2002.

KCED’s Division of Business and Entrepreneurship includes the Business Information Clearinghouse, the Kentucky Procurement Assistance Program and the Commonwealth Alliance Program.

During 2002, the Business Information Clearinghouse responded to 17,207 hot-line calls for informational assistance. Information packets were sent to 2,891 callers.

The Procurement Assistance Program has an active client base of 1,542 firms, which reported a total of more than $80 million in government contracts obtained during 2002. This program also held 28 training events and provided 1,851 one-on-one counseling sessions.

The Alliance Program assisted in the creation of The Alliance Primer, a 150-page guide to alliance formation. During 2002, the program conducted 13 workshops, held 119 one-on-one counseling meetings, and provided 28 in-depth consulting sessions to business clients.

The Bluegrass State Skills Corporation (BSSC) awarded grants totaling $2,249,662.49 to fund 97 projects to 81 Kentucky companies in 2002. BSSC also approved 11 training consortia projects.
for funding, totaling $656,323.75. The BSSC Skills Training Investment Credit Program provided $2,435,493.35 in tax credits for 46 projects in 2002.

KCED assisted three companies in making new capital investment to reverse declines in productivity that might lead to plant closure. By doing so, more than 800 existing jobs will be retained, while new planned investment will exceed $77 million.

- **Hill’s Pet Nutrition, Inc.** is expanding its Bowling Green facility to accommodate a new product line that uses new technologies to develop pet foods. The $30 million project will create 18 new jobs and retain 161 existing jobs.

- **CC Metals and Alloys, Inc.** produces ferroalloys for the steel and foundry industries at its Calvert City plant. A total of $2.26 million is being invested to improve operational efficiencies and retain 166 existing jobs.

- **Mothers Cookie Company**, recently acquired by the Keebler Company, is a longstanding bakery operation in Louisville. A $45 million capital investment program will revitalize and rehabilitate the facility, retaining at least 500 jobs.

KCED’s International Trade division in Frankfort continued to build its client base in 2002, assisting 74 new clients, while handling 145 new requests from existing clients. A total of 91 businesses attended seven seminars on exporting.

The **Mexico Trade Office** worked directly with 25 Kentucky companies, 15 of which were first time clients, and produced 10 market research reports for target industries. For the fourth time, Kentucky companies participated in a major environmental trade show, which produced more than 60 qualified leads. A successful trade mission was conducted in Mexico City and Monterrey for firms from Appalachian Kentucky.

The **South America Trade Office** worked directly with 34 Kentucky companies and produced seven market research reports for target industries. Eight Kentucky companies participated in two trade shows in South America for the mining and computer software industries. Over the course of the year, the Office has established and nurtured relationships with business groups in six South American countries.
Incentives

The Kentucky Economic Development Finance Authority (KEDFA) approved a total of $16,870,982 in direct loans to 21 different borrowers, including both new and existing businesses as well as local industrial authorities. The loans approved will help create or retain a total of 1,134 new jobs in Kentucky over the next two years.

KEDFA also approved six single-county projects, seven multi-county projects and four job-training projects for approximately $13.6 million under the Local Government Economic Development Fund (LGEDF). The major portion of the money committed was for new economy projects, job training, engineering and acquisition. These projects represent the creation or retention of 568 jobs. Since the LGEDF is now 10 years old, eligible counties and authorities are capturing a significant amount of repayment. In calendar year 2002, at least three projects were approved for use of repayment totaling approximately $750,000.

As of December 31, 2002, 38 companies were preliminarily approved for an accumulative total of $56,281,748 in approved costs under the Kentucky Jobs Development Act (KJDA). The projects represent the creation of 3,005 new Kentucky tax-paying jobs with average annual gross wages of $41,137 or average hourly wages of $19.78. There were also 18 companies who received final approval for total approved costs in the amount of

The Kentucky Economic Opportunity Zone Act (KEOZ), provides tax credits to companies that establish new or expand existing manufacturing, service or technology operations in a qualified zone. Qualified zones are located in areas with high unemployment and poverty levels. There were four communities and six Kentucky Rural Economic Development Act (KREDA) qualified counties as of the end of 2002. KEDFA has approved two projects totaling $3.13 million for service and technology companies in Hardin and Pulaski counties.
$81,108,779 creating 3,659 new Kentucky jobs with average annual gross wages of $35,810 or average hourly wages of $17.22.

A total of 45 companies received preliminary approval under the KREDA program from January 1, 2002, through December 31, 2002. These 45 companies are anticipated to invest approximately $2.2 billion and create 3,056 new jobs in Kentucky’s higher unemployment counties. During the same period, 21 companies finalized their KREDA transactions resulting in new private investment of $418,732,000 and the creation of 2,226 jobs.

The Kentucky Industrial Development Act (KIDA) program was instrumental in 50 companies deciding to expand or locate new operations within the state during the period of January 1, 2002, through December 31, 2002. These 50 companies are anticipated to invest approximately $770 million and create 3,997 new jobs. An additional 26 companies completed their KIDA transactions during the same period resulting in new private investment of approximately $370 million.

The Economic Development Bond Program made bond funds available to four different projects across the state totaling $8,463,000 during the calendar year 2002. The Industrial Revenue Bond Issue Program funds made available $42,500,000 for two projects.

The regional business park program in 2002 acquired over 585 new acres with an option obtained for 250 more. The program includes nine established parks, and three proposed parks. The site for one of the three proposed parks has been identified and KEDFA has approved funding for preliminary engineering and acquisition costs. For 2002, spec buildings have been completed at EastPark, Gateway, Coalfields and Southeast Parks. Spec buildings are also being planned for Honey Branch, MMRC and 4Star Regional Business Parks.

Magoffin County Development Authority requested a $200,000 job-training grant to assist an outbound and inbound call center to locate in Salyersville. Interactive Teleservices will utilize the grant funds to train local residents for the work skills required for employment at their facility. They are a growing privately owned company headquartered in Columbus, Ohio, and expected to create 186 jobs.

Bell County Fiscal Court secured approval of a $53,340 job training grant to assist Mountain Tarp and Awning to expand. The company currently has 54 employees and due to this expansion plans to hire an additional 17 employees for a total of 71. The company manufactures and installs tarps and tarping systems for dump trucks and open-top trailers and will invest $565,000 in this project for building purchase, equipment and other general improvements.

Pine Mountain Industrial Development Authority secured KEDFA authorization of $1.5 million in funding for the acquisition of acreage for the Pine Mountain Regional Park. This park will be built on a site located approximately nine miles outside of Pineville on Highway 119 toward Harlan. A total of 500 acres with an option for 250 more will be acquired. The Department of Transportation will finance a bridge and road to the site. Five counties participating in the Authority are Bell, Letcher, Harlan, Knox and Whitley.
Kentucky First – Madison Avenue Launch Team
Transfer of funding was made to the Commonwealth Seed Capital LLC for investment in a private pharmacy cluster venture being made by Madison Avenue Launch Team in Covington. Funding will be used to acquire companies, products and technologies in the pharmaceutical industry. The LLC will become an equity investor in these activities.

Center for Pharmaceutical Science and Technology – University of Kentucky Research Foundation
Renovation and construction of additional square footage will be undertaken to increase the manufacturing capacity of the Center for Pharmaceutical Science and Technology on the Coldstream Research Campus in Lexington to attract companies to central Kentucky and to encourage the development of intellectual property.

Drug Research and Manufacturing Facility – UK Research Foundation
Funding will enable the hiring of personnel with significant pharmaceutical, business, and manufacturing experience for the Center for Pharmaceutical Science and Technology.

Cardiac Assist – Louisville Research Foundation
Funding will expand the Research Resources Center that provides research animal services to university-sponsored activities – in this instance, for animals involved in cardiovascular Innovation Institute research.

Regional Center for Emerging Technology – Murray State University
Funding will support the Regional Center for Emerging Technology that will be responsible for
coordinating the activities of the Kentucky Innovation Act for the western 21 counties of the state.

*ConnectKentucky – Bowling Green*

Funding allowed ConnectKentucky to evaluate how prepared Kentucky is to participate in global electronic commerce readiness.

*Visioning Center – UK Research Foundation*

A visualization center in the College of Engineering at UK will be established, specifically to hire faculty researchers and provide the necessary infrastructure.

*Northern Kentucky University – Center for Information Technology*

Funding supports the start-up and initial development of the Institute for New Economy Technologies, whose purpose is to connect the high tech companies moving into the Northern Kentucky University region with the technological, human, and programmatic resources of the university.

*Safety and Security – Project Development – Eastern Kentucky University*

Funding will establish the Public Safety and Security Institute for Technology in the Justice and Safety Center at EKU. This will have the potential of attracting a federal research institute to be housed at Fort Knox.
Kentucky’s business climate was strengthened by the passage of several key pro-business bills during the 2002 Kentucky General Assembly.

**SB 120 – CONSTITUTIONAL AMENDMENT RELATING TO CORPORATIONS**

Repeals outdated constitutional restrictions on the incorporation of Kentucky businesses, allowing the General Assembly to adopt modern laws similar to those followed by most states. The amendment allows the state to keep up with changes in technology and new ways of conducting business in the 21st Century and to pass business regulations that are effective and competitive while providing public protections.

**SB 121 – CORPORATION ORGANIZATION AND OPERATION**

Provides corporations with the ability to conduct business by electronic means including filing for incorporation and corporation amendments, fee payment, appointment of proxy votes and others. Allows corporation boards to adopt minor articles of amendment for shares of stock, without shareholder approval. Gives corporation boards the authority to issue shares for tangible or intangible property of benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. Unless otherwise provided for in the articles of incorporation,
shares may be issued pro rata and without consideration to the shareholders or to the shareholders of one or more classes or series. Allows meetings and voting to be held by remote communication.

**HB 372 – ECONOMIC DEVELOPMENT PROGRAM MODERNIZATION**

*Tax Increment Financing*
Clarifies TIF legislation by specifying three distinct TIF programs: Local Revenue Only Development Areas, Infrastructure Development Areas, and Project-Specific Development Areas.

*Kentucky Rural Economic Development Act*
Authorizes a third method for determining KREDA eligible counties considering unemployment, educational attainment levels, and access to quality roads.

*Kentucky Jobs Development Act*
KJDA minimum job creation requirement before receiving tax credits or wage assessments reduced from 25 to 15 employees.

**Wage and Benefit Standards**
A company applying for tax credits under KREDA, KIDA, KJDA, and KEOZ, will be required to meet threshold wage and benefit standards for at least 90 percent of its full-time employees.

**HB 525 – NEW ECONOMY**

*Local Occupational Taxes on Investment Income*
Prohibits counties having a population of 30,000 or more and cities from collecting license fees or occupational taxes on investment partnerships if that investment would not be taxable if individually held.

*Research Facilities State Income Tax Credit*
Creates a new section of KRS Chapter 141 to define terms for a research and development income tax credit. The new tax credit is available to new and existing businesses that construct, remodel, expand, or equip research facilities, but does not include replacement property. The income tax credit allowed equals 5 percent of qualified costs for “construction of research facilities” for “qualified research” as defined in Internal Revenue Code Section 41, and may be carried forward for ten years.
State Income Tax on Non-resident's Investment Partnerships
Prohibits the taxation of nonresidents on investment income distributed by a qualified investment partnership that would not be taxed to the nonresident if held individually.

New Economy Organizational Infrastructure
The Kentucky Innovation Act is amended to codify the Innovation and Commercialization Centers (ICC) into law. The ICCs are public-private partnerships operating a statewide infrastructure that provides business-building and related services to Kentucky’s entrepreneurs, faculty and scientists. The centers link scientists and entrepreneurs with the innovation-related funding tools created under the Kentucky Innovation Act.

Kentucky Investment Fund Act (KIFA)
HB 525 amended KIFA to encourage increased venture capital formation. KIFA offers a 40 percent tax credit against personal and corporate income tax and corporate license fees to investors in investment funds. The Commonwealth, through the KEDFA, approves investments and fund managers. Removes stringent investment schedules and investor management requirements.

Kentucky Securities Act
Amends the Kentucky Securities Act to more broadly permit a manager of a venture capital investment partnership to receive a “carried interest” on the gains of the partnership or a performance-based fee. Amends the Kentucky Securities Act to provide an exemption from investment adviser registration for KEDFA-approved investment fund managers. Amends Kentucky Securities Act to expand the small offering exemption by not counting “accredited investors” towards the 15 Kentucky purchaser limit, and provides an increase to the total amount of securities that an issuer may offer from $500,000 to $1,000,000.
Reveal Accessibility.

At a glance, having access to the resources, support and information necessary to thrive in Kentucky could be deceiving. Closer examination will reveal a clear path to a well-oiled machine. It is what makes doing business, living and working in Kentucky so lush.

Reap Benefits. Engineer the Future.
Thirty-two manufacturing operations announced investments in Kentucky during 2002, representing 3,455 new jobs and new investments of over $245 million in the state. During this same time period, 20 new supportive/service operations announced investments, creating another 2,298 new jobs with a total of new investments over $2.2 billion.

**Advanced Receivables Strategy (ARS)** is a division of Perot Systems. ARS will lease 24,500 feet of the Western Kentucky University Center for Research and Development in Bowling Green. ARS will invest approximately $10 million and employ up to 375 Kentuckians. ARS will use the Kentucky facility as a hub for its business office consulting and receivables management practices for the healthcare industry.

**Arvin Sango, Inc.,** established in Madison, Indiana, selected an existing 70,000 square-foot building in Campbellsburg for its expansion project. The company is an automotive supplier providing exhaust system assemblies, side-door impact beams, tubular manifolds, instrument panel reinforcement subassemblies and body panel stampings. The project represents an investment of $11.5 million and 64 jobs.

**Hitachi Cable** will expand into Kentucky establishing a new plant in Russell Springs to make automotive parts. The company will invest $6.4 million and create 100 new jobs.

**J.M. Smucker LLC** announced it will construct a 140,000 square-foot facility on approximately 50
acres in Scottsville, KY, investing over $50 million. The company will employ 200 people within the first three years of operation and will produce frozen food products.

**Kentucky Aluminum Processors**, a secondary aluminum smelter locating in Russellville, plans an $11 million investment employing 60 persons and growing to 160.

**Nichidai** will construct a 30,000 square-foot building on 10 acres of land in the Richmond Industrial Park II making automotive parts. Investment is expected to be $10 million and employment will initially be 30 people.

**The Pella Corporation**, a manufacturer of windows and doors, will locate a new facility in Murray. Pella anticipates initial employment of 320 people, growing to 1,003 with a $45 million investment.

**U.S. Bank Home Mortgage** will begin a loan processing and underwriting service center operation in Owensboro. Employment is expected to be 96 new jobs at activation with average gross wages projected to be $19,045.

**ViaCord** opened an umbilical blood storage facility in Hebron. The project represents 130 full-time jobs by 2004 with a total investment of $9 million.

**Walsh Dohmen**, a pharmaceutical wholesale company, will locate in the Kingbrook building in Simpsonville. Walsh Dohmen will supply drugstores in most of Kentucky, all of West Virginia, and parts of Ohio and Indiana. The company projects first-year sales at this facility totaling $225 million and $750 million in three to four years.

**Waltex** is a design and build manufacturer of automated welding equipment for the automotive industry. Their second U.S. facility is being built in Bowling Green. The company will build a 20,000 square-foot facility employing 35 people.
During 2002, announced expansion projects resulted in total capital investment of more than $1 billion, creating 6,967 new jobs. Three hundred sixty-six manufacturing operations announced expansions in Kentucky during 2002 representing 5,661 new jobs and more than $974 million in new investment in the state. During this same time-period, 63 new supportive/service operations announced investments, creating another 1,306 new jobs with a total new investment of more than $45 million.

Aisin Automotive Casting announced a $41 million expansion of its Lily plant in Laurel County. The producer of water and oil pumps and pistons will add 180 new jobs.

Alcan Aluminum Corporation, the nation’s third largest aluminum producer and fabricator, is expanding its Logan Aluminum facility in Russellville. The $37.57 million expansion project will include a 50,000 square-foot building addition and new equipment for coating aluminum sheets. The project will create 50 new jobs.

CTNA Manufacturing Limited Partnership (Continental Tire) at Mayfield announced a $12.27 million expansion that will add 158 new jobs and significantly increase tire production at its Mayfield facility.

Daicel Safety Systems America announced an expansion of its airbag inflator production operation in Beaver Dam. The $13.3 million project will add 71 new jobs at the facility.

Mikron Industries, Inc. is an integrated manufacturer of custom polyvinyl chloride profiles and accessories.
used in the production of windows and doors. The company, headquartered in Kent, Washington, opened its Richmond facility in 1995. A new $16.4 million expansion project will double the output capacity of the plant by adding 146,000 square feet of building space and 160 employees.

**North American Stainless**, a melting, rolling, and finishing facility for stainless steel, announced the addition of a $100 million “long product” production facility. Another 250 new jobs will be created with this expansion, bringing the company’s total investment at Ghent above $1 billion and total jobs to more than 1,000.

**Richmond Auto Parts Technology** announced a $30 million expansion of its automotive transmission gear production facility in Richmond. A total of 125 new jobs will be created.

**The Timken Company** opened operations in Winchester in 1997 to manufacture forged steel bearing rings for the automotive industry. The operation is a joint venture with Timken, Sanyo Special Steel, and Showa Seiko-Co. A $21.66 million expansion will add 19,000 square feet to the facility and will create 80 new jobs.

**Webasto Roof Systems** announced a $17.7 million expansion of its sunroof and roof system production operation in Lexington. The company will add 100 new jobs.

**Wild Flavors, Inc.**, a leading supplier of natural flavor and color extracts to the food and beverage industry, located in Kenton County in 1995. The company currently employs 225 persons and plans to enter into a joint venture with a major beverage producer for the production and packaging of new products. This $60 million expansion includes the purchase of a 522,000 square-foot facility and the creation of 123 new jobs.

**ZF Lemforder** announced an $18.35 million expansion of its Hebron facility. A total of 130 new jobs will be added in its production of control arm brushings, strut mounts and other rubber parts.
From food to automotive to gift wrap, new manufacturing projects announced in Kentucky during 2002 came from all sectors. Among the 31 new announcements was Glitterwrap, Inc. which will develop a 345,000 square-foot facility in Madisonville.
## New Manufacturing

New manufacturing firms with 25 or more employees

<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Employees</th>
<th>Investment $</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen</td>
<td>J.M. Smucker LLC</td>
<td>200</td>
<td>51,000,000</td>
<td>Frozen food products</td>
</tr>
<tr>
<td>Breckinridge</td>
<td>Whitworth Stampings</td>
<td>100</td>
<td>4,085,000</td>
<td>Automotive, bedding, electronic metal stamping</td>
</tr>
<tr>
<td>Calloway</td>
<td>Pella Corporation</td>
<td>1,003</td>
<td>45,000,000</td>
<td>Windows and doors manufacturer</td>
</tr>
<tr>
<td>Crittenden</td>
<td>Martin’s Recycled Products, Inc.</td>
<td>55</td>
<td>3,995,000</td>
<td>Rubber mulch</td>
</tr>
<tr>
<td>Crittenden</td>
<td>Par 4 Assemblies Inc.</td>
<td>160</td>
<td>7,650,000</td>
<td>Light assembly</td>
</tr>
<tr>
<td>Graves</td>
<td>Turbo Aftermarket Inc.</td>
<td>25</td>
<td>840,000</td>
<td>Parts for centrifugal compressors</td>
</tr>
<tr>
<td>Hancock</td>
<td>Bluegrass Silica Company</td>
<td>40</td>
<td>3,918,000</td>
<td>Processes raw sand into high-quality silica</td>
</tr>
<tr>
<td>Henry</td>
<td>Arvin Sango, Inc.</td>
<td>64</td>
<td>9,500,000</td>
<td>Automotive exhaust systems</td>
</tr>
<tr>
<td>Hopkins</td>
<td>American Tool Company LLC</td>
<td>40</td>
<td>8,700,000</td>
<td>Equipment for pulp, paper and nonwoven products</td>
</tr>
<tr>
<td>Hopkins</td>
<td>Glitterwrap Inc.</td>
<td>82</td>
<td>6,600,000</td>
<td>Manufacturer and distributor of wrapping papers and related products</td>
</tr>
<tr>
<td>Logan</td>
<td>Kentucky Aluminum Processors</td>
<td>160</td>
<td>11,000,000</td>
<td>Secondary aluminum smelter</td>
</tr>
<tr>
<td>Lyon</td>
<td>Alliance Surface Finishing, LLC</td>
<td>150</td>
<td>10,272,000</td>
<td>Electroplated injected molded plastic parts machining and grinding services</td>
</tr>
<tr>
<td>Lyon</td>
<td>Seapac, Inc.</td>
<td>50</td>
<td>10,825,000</td>
<td>Processing, blending and grinding of plastics/chemicals</td>
</tr>
<tr>
<td>Madison</td>
<td>Asahi Forge of America Corporation</td>
<td>45</td>
<td>17,530,000</td>
<td>Press forging for the automotive industry</td>
</tr>
<tr>
<td>Madison</td>
<td>Nichidai America Corporation</td>
<td>30</td>
<td>7,230,000</td>
<td>Automotive steel dies, tooling and machine parts, and filtration systems</td>
</tr>
<tr>
<td>McCracken</td>
<td>National Railway Equipment Company</td>
<td>286</td>
<td>7,400,000</td>
<td>Re-manufactured locomotives and component parts</td>
</tr>
<tr>
<td>Monroe</td>
<td>Sapko International Inc.</td>
<td>200</td>
<td>1,400,000</td>
<td>Manufacture and distribute clothing</td>
</tr>
<tr>
<td>Nelson</td>
<td>Johnan America Inc.</td>
<td>200</td>
<td>2,035,000</td>
<td>Automotive door window regulators and sunroof units</td>
</tr>
<tr>
<td>Russell</td>
<td>Hitachi Cable</td>
<td>100</td>
<td>6,376,000</td>
<td>Automotive parts</td>
</tr>
<tr>
<td>Taylor</td>
<td>Air Safety Kentucky</td>
<td>50</td>
<td>2,350,000</td>
<td>Respiratory protection equipment</td>
</tr>
<tr>
<td>Union</td>
<td>Fleury Michon</td>
<td>250</td>
<td>8,000,000</td>
<td>Premium refrigerated meals</td>
</tr>
<tr>
<td>Union</td>
<td>The Little Kentucky Smokehouse</td>
<td>50</td>
<td>2,140,000</td>
<td>Ham distribution</td>
</tr>
<tr>
<td>Warren</td>
<td>Waltex Inc.</td>
<td>35</td>
<td>2,226,517</td>
<td>Automatic welding machines, automated industrial machines, and robots for the automotive industry</td>
</tr>
<tr>
<td>Woodford</td>
<td>Osram Sylvania Inc.</td>
<td>115</td>
<td>8,297,000</td>
<td>Warehousing and distribution facility</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>24</strong></td>
<td><strong>3,490</strong></td>
<td><strong>238,369,517</strong></td>
<td></td>
</tr>
</tbody>
</table>
The automotive industry continued to accelerate in Kentucky during 2002. Among the 77 vehicle-related expansions announced was Aisin Automotive Casting in Laurel County, which produces die-cast aluminum engine parts for Toyota and other automakers. Aisin will invest $43 million and add 180 new jobs to create a Kentucky workforce of 680.
## Expanding Manufacturing

Expanding manufacturing firms with 25 or more employees

<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Employees</th>
<th>Investment $</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barren</td>
<td>Mallory AC Capacitor LLC</td>
<td>50</td>
<td>581,000</td>
<td>AC motor start capacitors</td>
</tr>
<tr>
<td>Barren</td>
<td>Suntec Industries Inc.</td>
<td>35</td>
<td>4,510,000</td>
<td>Fuel pumps for the oil heat market</td>
</tr>
<tr>
<td>Bell</td>
<td>Cumberland Gap Provision Company</td>
<td>75</td>
<td>2,000,000</td>
<td>Smoked ham &amp; sausage processing</td>
</tr>
<tr>
<td>Boone</td>
<td>DURO Bag Manufacturing Company</td>
<td>120</td>
<td>3,500,000</td>
<td>Polyethylene &amp; paper bags</td>
</tr>
<tr>
<td>Boone</td>
<td>Ellison Surface Technologies</td>
<td>30</td>
<td>3,886,000</td>
<td>Aircraft engine part coating service</td>
</tr>
<tr>
<td>Boone</td>
<td>Keco Industries Inc.</td>
<td>104</td>
<td>5,111,725</td>
<td>Aerospace air conditioning &amp; ground support equipment</td>
</tr>
<tr>
<td>Boone</td>
<td>Plasti-Line Cincinnati Inc.</td>
<td>50</td>
<td>120,000</td>
<td>Painted, plastic &amp; screened signs; wood, plastic and metal displays</td>
</tr>
<tr>
<td>Boone</td>
<td>ZF Lemforder Corp</td>
<td>130</td>
<td>18,354,942</td>
<td>Rubber &amp; metal bushings</td>
</tr>
<tr>
<td>Boyd</td>
<td>Corbin Ltd.</td>
<td>150</td>
<td>2,350,000</td>
<td>Men’s &amp; women’s clothing: coats, jackets, skirts, blouses, shirts, suits,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>trowsers &amp; shorts</td>
</tr>
<tr>
<td>Boyle</td>
<td>Philips Lighting Company</td>
<td>53</td>
<td>22,880,000</td>
<td>Glass bulbs &amp; tubing</td>
</tr>
<tr>
<td>Carroll</td>
<td>North American Stainless</td>
<td>250</td>
<td>100,000,000</td>
<td>Stainless steel coils</td>
</tr>
<tr>
<td>Carroll</td>
<td>North American Stainless</td>
<td>50</td>
<td>160,961,000</td>
<td>Stainless steel coils</td>
</tr>
<tr>
<td>Casey</td>
<td>Clementsville Fabricating</td>
<td>25</td>
<td>1,140,140</td>
<td>Agricultural equipment: hay movers, creep feeders, squeeze chutes &amp; automatic head catchers</td>
</tr>
<tr>
<td>Casey</td>
<td>Green River Gate Inc.</td>
<td>25</td>
<td>1,013,000</td>
<td>Metal farm gates</td>
</tr>
<tr>
<td>Clark</td>
<td>Timken Company</td>
<td>80</td>
<td>21,660,000</td>
<td>Hot forged steel bearing rings</td>
</tr>
<tr>
<td>Crittenden</td>
<td>Par 4 Plastics Inc.</td>
<td>160</td>
<td>7,650,000</td>
<td>Custom injection &amp; molded plastic products</td>
</tr>
<tr>
<td>Fayette</td>
<td>Phoenix Metal Technologies</td>
<td>50</td>
<td>17,077,000</td>
<td>Automotive parts, seating components</td>
</tr>
<tr>
<td>Fayette</td>
<td>Webasto Roof Systems Inc.</td>
<td>100</td>
<td>17,077,000</td>
<td>Automotive sunroofs</td>
</tr>
<tr>
<td>Franklin</td>
<td>Topy Corp</td>
<td>77</td>
<td>9,900,000</td>
<td>Automobile wheels</td>
</tr>
<tr>
<td>Graves</td>
<td>CTNA Manufacturing</td>
<td>158</td>
<td>12,269,000</td>
<td>Automotive and SUV radial tires</td>
</tr>
<tr>
<td>Hancock</td>
<td>McElroy Metal Inc.</td>
<td>30</td>
<td>1,356,110</td>
<td>Steel &amp; aluminum fabrication</td>
</tr>
<tr>
<td>Hardin</td>
<td>Dana Corporation</td>
<td>150</td>
<td>27,405,000</td>
<td>Pickup truck/SUV frames</td>
</tr>
<tr>
<td>Hardin</td>
<td>Mouser Custom Cabinetry LLC</td>
<td>43</td>
<td>1,163,975</td>
<td>Custom wooden kitchen &amp; bath cabinets &amp; vanities</td>
</tr>
<tr>
<td>Hardin</td>
<td>Summit Polymers Inc.</td>
<td>80</td>
<td>1,810,000</td>
<td>Injection molded thermoplastics</td>
</tr>
<tr>
<td>Harrison</td>
<td>Farmers Tobacco Company of Cynthiana</td>
<td>32</td>
<td>993,000</td>
<td>Cigarettes</td>
</tr>
<tr>
<td>Henderson</td>
<td>Gamco Products Company</td>
<td>25</td>
<td>100,000</td>
<td>Nonferrous &amp; zinc die castings</td>
</tr>
<tr>
<td>Henderson</td>
<td>Gibbs Die Casting Corporation</td>
<td>100</td>
<td>8,800,000</td>
<td>Aluminum &amp; magnesium die castings</td>
</tr>
<tr>
<td>Henderson</td>
<td>Sonoco</td>
<td>25</td>
<td>4,240,000</td>
<td>Aluminum &amp; steel can ends</td>
</tr>
<tr>
<td>Hopkins</td>
<td>Ahlstrom Engine Filtration LLC</td>
<td>58</td>
<td>500,000</td>
<td>Specialty paper products</td>
</tr>
<tr>
<td>Jackson</td>
<td>Jackson Co Rehabilitation Industries</td>
<td>25</td>
<td>500,000</td>
<td>Wire harnesses</td>
</tr>
<tr>
<td>Jessamine</td>
<td>Alltech Biotechnology Center Inc.</td>
<td>41</td>
<td>527,000</td>
<td>Natural animal feed additives, fuel alcohols, brewing &amp; distilling products</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Alpha Machine Tools Inc.</td>
<td>47</td>
<td>2,500,000</td>
<td>Belt conveyors &amp; pallet racks, production fabrication &amp; machine building, production machine parts</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Premier Packaging Inc.</td>
<td>48</td>
<td>1,913,000</td>
<td>Manufacture corrugated boxes, distribute industrial packaging goods</td>
</tr>
<tr>
<td>Jefferson</td>
<td>United Graphics Inc.</td>
<td>25</td>
<td>1,100,000</td>
<td>Commercial printing, business forms, wearables, advertising specialty products</td>
</tr>
<tr>
<td>Kenton</td>
<td>Molded Container Corporation</td>
<td>60</td>
<td></td>
<td>Screen printing &amp; advertising specialties</td>
</tr>
<tr>
<td>Kenton</td>
<td>Wild Flavors Inc.</td>
<td>123</td>
<td>41,124,000</td>
<td>Beverage products</td>
</tr>
<tr>
<td>Kenton</td>
<td>DURO Bag Manufacturing Company</td>
<td>80</td>
<td></td>
<td>Paper bags</td>
</tr>
</tbody>
</table>
More than 360 manufacturing firms announced Kentucky expansions in 2002 including Mikron Industries, the largest state-of-the-art extruder of vinyl window and door profiles in the U.S. The Mikron East production facility in Richmond will add 160 new jobs.
## Expanding Manufacturing (continued)

Expanding manufacturing firms with 25 or more employees

<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Employees</th>
<th>Investment $</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knox</td>
<td>Northern Contours of Kentucky Inc.</td>
<td>45</td>
<td>1,500,000</td>
<td>Laminated cabinet doors &amp; drawer fronts</td>
</tr>
<tr>
<td>Knox</td>
<td>Southeastern Kentucky Rehabilitation Industries Inc.</td>
<td>125</td>
<td>1,430,189</td>
<td>Various products for the DOD including new PCU Cold Weather Systems</td>
</tr>
<tr>
<td>Laurel</td>
<td>Aisin Automotive Casting LLC</td>
<td>180</td>
<td>41,000,000</td>
<td>Transmissions, water and oil pumps, pistons for the automotive industry</td>
</tr>
<tr>
<td>Laurel</td>
<td>Classic Metal Vaults</td>
<td>25</td>
<td>4,750,000</td>
<td>High-quality lined concrete and metal burial vaults</td>
</tr>
<tr>
<td>Laurel</td>
<td>Flav-O-Rich</td>
<td>30</td>
<td>5,000,000</td>
<td>Milk processing, ice cream mixes, milk and orange juice packaging</td>
</tr>
<tr>
<td>Laurel</td>
<td>Laurel Cookie Factory</td>
<td>50</td>
<td>2,000,000</td>
<td>Cookies, crackers &amp; potato chips</td>
</tr>
<tr>
<td>Logan</td>
<td>Alcan Aluminum Corporation</td>
<td>50</td>
<td>37,575,000</td>
<td>Aluminum rolled sheet stock</td>
</tr>
<tr>
<td>Madison</td>
<td>KI-USA Corporation</td>
<td>50</td>
<td>12,050,000</td>
<td>Machined, metal stamped &amp; cationic painted automotive parts &amp; components, arc &amp; resistance welding</td>
</tr>
<tr>
<td>Madison</td>
<td>Mikron Industries Inc.</td>
<td>160</td>
<td>16,400,000</td>
<td>Window profile extrusions</td>
</tr>
<tr>
<td>Madison</td>
<td>Richmond Auto Parts Technology</td>
<td>125</td>
<td>15,000,000</td>
<td>Automotive transmission gears</td>
</tr>
<tr>
<td>Marion</td>
<td>NSU Corp</td>
<td>25</td>
<td>2,000,000</td>
<td>Muffler component parts for ATVs</td>
</tr>
<tr>
<td>Mason</td>
<td>Wald LLC</td>
<td>25</td>
<td>118,000</td>
<td>Conveyor system components</td>
</tr>
<tr>
<td>McCracken</td>
<td>Dippin’ Dots Inc.</td>
<td>75</td>
<td>2,095,000</td>
<td>Ice cream, yogurt, sherbets and flavored ices.</td>
</tr>
<tr>
<td>McCracken</td>
<td>Vinyl Window Technologies &amp; AKS Inc.</td>
<td>40</td>
<td>1,500,000</td>
<td>Vinyl windows</td>
</tr>
<tr>
<td>McCreary</td>
<td>Lesportsac Inc.</td>
<td>100</td>
<td>3,000,000</td>
<td>Softside luggage &amp; sport totes &amp; bags</td>
</tr>
<tr>
<td>Ohio</td>
<td>Daicel Safety Systems America LLC</td>
<td>71</td>
<td>13,313,000</td>
<td>Inflators for automotive airbags</td>
</tr>
<tr>
<td>Oldham</td>
<td>Nexans Magnet Wire</td>
<td>37</td>
<td>6,500,000</td>
<td>Magnet wire</td>
</tr>
<tr>
<td>Pulaski</td>
<td>New Life Industries Inc.</td>
<td>45</td>
<td>750,000</td>
<td>Screen printing</td>
</tr>
<tr>
<td>Shelby</td>
<td>Noble Metal Processing - Kentucky LLC</td>
<td>40</td>
<td>2,880,900</td>
<td>Metal stamping &amp; laser welding</td>
</tr>
<tr>
<td>Simpson</td>
<td>Franklin Precision Industry</td>
<td>66</td>
<td>9,870,000</td>
<td>Assembly of automotive throttle bodies &amp; charcoal canisters, injection molding</td>
</tr>
<tr>
<td>Simpson</td>
<td>Quebecor World</td>
<td>26</td>
<td>6,500,000</td>
<td>Catalog &amp; magazine rotogravure printing</td>
</tr>
<tr>
<td>Union</td>
<td>Jim David Meats</td>
<td>50</td>
<td>115,000</td>
<td>Ham and deer processing</td>
</tr>
<tr>
<td>Warren</td>
<td>Capitol Window &amp; Door</td>
<td>25</td>
<td>10,000,000</td>
<td>Vinyl replacement windows</td>
</tr>
<tr>
<td>Warren</td>
<td>General Motors Corporation</td>
<td>128</td>
<td>17,046,000</td>
<td>Automobiles</td>
</tr>
<tr>
<td>Warren</td>
<td>Huish Detergents Inc.</td>
<td>61</td>
<td>8,956,097</td>
<td>Detergent</td>
</tr>
<tr>
<td>Warren</td>
<td>Mercury Plastics Inc.</td>
<td>100</td>
<td>10,000,000</td>
<td>Polyethylene films, plastic bags &amp; packaging materials</td>
</tr>
<tr>
<td>Warren</td>
<td>SCA Hygiene Products</td>
<td>37</td>
<td>17,046,000</td>
<td>Adult diapers</td>
</tr>
<tr>
<td>Washington</td>
<td>Springfield Products Inc.</td>
<td>40</td>
<td>1,000,000</td>
<td>Automobile armrests &amp; interior plastic parts</td>
</tr>
<tr>
<td>Wayne</td>
<td>Monticello Flooring &amp; Lumber</td>
<td>50</td>
<td>1,250,000</td>
<td>Hardwood flooring</td>
</tr>
<tr>
<td>Webster</td>
<td>Pioneer Plastics Inc.</td>
<td>30</td>
<td>2,000,000</td>
<td>Refrigerator parts, restaurant supplies and custom injection molding</td>
</tr>
<tr>
<td>Webster</td>
<td>Tri-Valley Plastics Inc.</td>
<td>25</td>
<td></td>
<td>Custom injection &amp; blow molded plastic products</td>
</tr>
</tbody>
</table>

**Totals:** 68 4,700 $714,723,778
ViaCord, the largest umbilical cord blood banking and research and development company, opened a blood storage facility in Boone County. The firm quickly announced an expansion, bringing total job creation to more than 170 over several years. At least 21 new supportive/service operations were announced in 2002 representing over $2 billion in new investment in Kentucky.
### New Supportive Service

New supportive/service firms with 25 or more employees

<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Employees</th>
<th>Investment ($)</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boone</td>
<td>Innotrac Corporation</td>
<td>90</td>
<td>1,800,000</td>
<td>Distribution/fulfillment center</td>
</tr>
<tr>
<td>Boone</td>
<td>KeyMRO America, Inc.</td>
<td>35</td>
<td>350,000</td>
<td>Internet purchasing service center</td>
</tr>
<tr>
<td>Boone</td>
<td>ViaCord</td>
<td>130</td>
<td>8,000,000</td>
<td>Banking of umbilical cord blood</td>
</tr>
<tr>
<td>Bullitt</td>
<td>Union Tools, Inc.</td>
<td>108</td>
<td>900,000</td>
<td>Distribution of lawn and garden tools</td>
</tr>
<tr>
<td>Daviess</td>
<td>U.S. Bank Home Mortgage</td>
<td>96</td>
<td>960,000</td>
<td>Loan processing and underwriting service center</td>
</tr>
<tr>
<td>Jefferson</td>
<td>CCO Property LLC</td>
<td>266</td>
<td>6,744,162</td>
<td>Regional operations center</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Summit Energy Services</td>
<td>26</td>
<td>520,000</td>
<td>Research and development center</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Video Monitoring Services of America, LP</td>
<td>175</td>
<td>950,000</td>
<td>Media service center</td>
</tr>
<tr>
<td>Kenton</td>
<td>Kroger Company</td>
<td>75</td>
<td>600,000</td>
<td>Corporate data center</td>
</tr>
<tr>
<td>Magoffin</td>
<td>Interactive Teleservices Corporation</td>
<td>186</td>
<td>1,263,950</td>
<td>Telemarketing service center</td>
</tr>
<tr>
<td>McCracken</td>
<td>Liberty Propane Gas LLC</td>
<td>139</td>
<td>3,116,000</td>
<td>Call center and headquarters</td>
</tr>
<tr>
<td>Muhlenberg</td>
<td>Thoroughbred Generating Company LLC</td>
<td>110</td>
<td>1,981,400</td>
<td>Coal-fueled electric generating station</td>
</tr>
<tr>
<td>Pulaski</td>
<td>Northstar Technology LLC</td>
<td>150</td>
<td>10,380,904</td>
<td>Customer support call center</td>
</tr>
<tr>
<td>Shelby</td>
<td>Walsh Dohmen</td>
<td>250</td>
<td></td>
<td>Pharmaceutical distribution</td>
</tr>
<tr>
<td>Warren</td>
<td>Advanced Receivables Strategy, Inc.</td>
<td>375</td>
<td>3,138,800</td>
<td>Office consulting services and accounts receivable</td>
</tr>
<tr>
<td>Warren</td>
<td>IBSA (International Business Solutions Alliance)</td>
<td>25</td>
<td>634,260</td>
<td>management for the healthcare industry</td>
</tr>
</tbody>
</table>

**Total:** 16 employees, 2,236 investments, $2,020,953,076
Fort Knox National Co. announced an expansion of its FKNC Call Center operation in Hardin County adding 160 new jobs. FKNC handles more than $15 billion in annual payments for over 750 corporate clients including 25 in the Fortune 500. The 61 expansions announced by supportive/service firms in 2002 will mean new investments in Kentucky of nearly $45 million.
Expanding Supportive Service

Expanding supportive/service firms with 25 or more employees

<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Employees</th>
<th>Investment ($)</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barren</td>
<td>R &amp; S Pharma LLC</td>
<td>25</td>
<td>962,500</td>
<td>Mail marketing services</td>
</tr>
<tr>
<td>Boone</td>
<td>ADVO, Inc.</td>
<td>40</td>
<td>800,000</td>
<td>Distribution center</td>
</tr>
<tr>
<td>Boone</td>
<td>Gap Inc.</td>
<td>100</td>
<td>6,000,000</td>
<td>Sheltered workshop</td>
</tr>
<tr>
<td>Boone</td>
<td>ViaCord</td>
<td>46</td>
<td>1,028,034</td>
<td>Banking of umbilical cord blood</td>
</tr>
<tr>
<td>Christian</td>
<td>Trace Industries Inc.</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardin</td>
<td>Fort Knox National Company</td>
<td>160</td>
<td>2,478,843</td>
<td>Call center</td>
</tr>
<tr>
<td>Hardin</td>
<td>Optioncare</td>
<td>30</td>
<td>2,955,000</td>
<td>Closed door pharmacy &amp; durable medical equipment provider</td>
</tr>
<tr>
<td>Jefferson</td>
<td>ADP Inc.</td>
<td>64</td>
<td>1,099,380</td>
<td>Administrative services - health/welfare services, 401K plans</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Advanced Imaging Concepts Inc.</td>
<td>30</td>
<td>503,400</td>
<td>Software provider.</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Exel Inc.</td>
<td>55</td>
<td>192,000</td>
<td>Warehouse, distribution</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Exel Inc.</td>
<td>55</td>
<td>1,943,055</td>
<td>Warehouse, distribution</td>
</tr>
<tr>
<td>Jefferson</td>
<td>First Commonwealth Mortgage Corporation</td>
<td>45</td>
<td>403,250</td>
<td>Loan processing headquarters</td>
</tr>
<tr>
<td>Jefferson</td>
<td>First Residential Mortgage Network Inc.</td>
<td>84</td>
<td>865,423</td>
<td>Loan processing center</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Real Estate Title Services LLC</td>
<td>27</td>
<td>203,670</td>
<td>Title search and loan closing facility</td>
</tr>
<tr>
<td>Jefferson</td>
<td>Selectron Global Services USA</td>
<td>220</td>
<td>1,243,405</td>
<td>Mobile telephone service center</td>
</tr>
<tr>
<td>Jefferson</td>
<td>TMG Real Estate and Financial Services LLC</td>
<td>25</td>
<td>134,840</td>
<td>Regional mortgage lending center</td>
</tr>
<tr>
<td>Kenton</td>
<td>Optimum Pay Inc.</td>
<td>25</td>
<td>1,000,000</td>
<td>Electronic payment services</td>
</tr>
</tbody>
</table>

| Totals:    | 17                             | 1,056     | 21,812,800     |                                               |

| GRAND TOTALS: | 125 | 11,482 | 2,995,859,171 |                                               |
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