

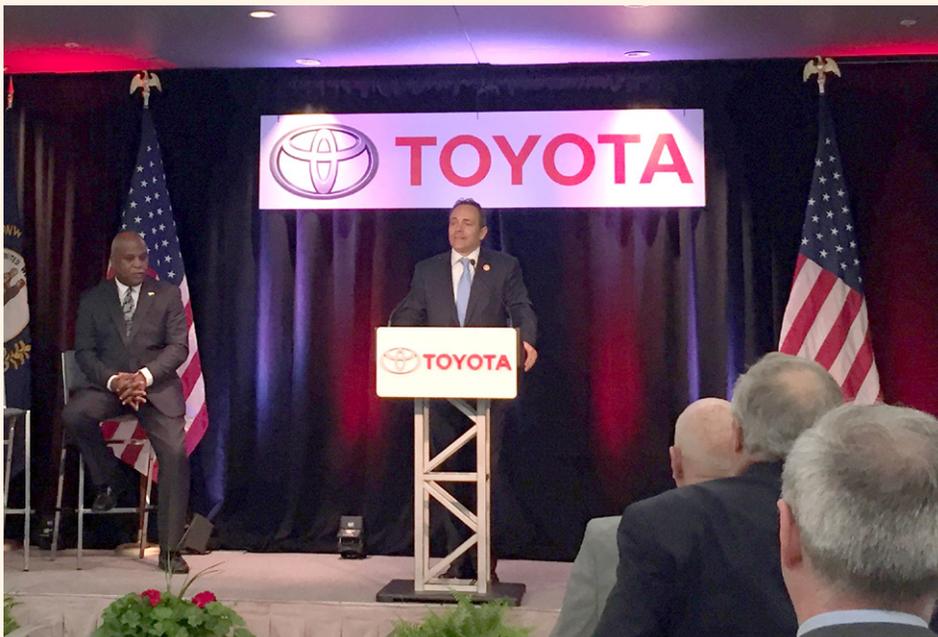
FULL STRIDE INITIATIVE

Commerce
Lexington
ECONOMIC DEVELOPMENT

Investor Update
April 1 – June 30, 2017

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Governor Bevin announces Toyota's investment at the Georgetown Plant.

Toyota's \$1.33 billion investment in Georgetown plant 'reborn'

In early April, Governor Matt Bevin joined TMMK President Wil James to announce that Toyota Motor Manufacturing Kentucky will invest \$1.33 billion at the Georgetown campus to increase manufacturing flexibility and shorten model changeover times. The project will prepare the plant to produce the 2018 Camry and other vehicles on the Toyota New Global Architecture.

Valvoline cuts the ribbon on new headquarters

On May 11, Valvoline Inc. executives, joined by Gov. Matt Bevin, Mayor Jim Gray, Congressman Andy Barr, and CLX Board Chair Carla Blanton, celebrated the grand opening of the company's new corporate headquarters, a \$35 million office on Valvoline Way off Palumbo Drive. The company announced the project in summer 2015 and broke ground that fall. The four-story, 162,400-square-foot building houses most of Valvoline's 700 Lexington employees.

"Today is a great day for Valvoline. We officially dedicated our new headquarters, an amazing building that reflects our brand and our collaborative, innovative culture. But perhaps more important, it reflects our ongoing commitment to Kentucky and the communities we serve. We're proud to call Lexington home." – Sam Mitchell, CEO



Valvoline President Sam Mitchell alongside key dignitaries and leaders cut the ribbon to Valvoline's new headquarters.

By the Numbers

In 2017, Commerce Lexington's Economic Development Division responded to calls from the following:

60 NEW PROSPECTS INTERESTED IN FINDING A NEW LOCATION OR EXPANDING OPERATIONS

20 COMPANIES WITH POTENTIAL EXPANSIONS IN LEXINGTON

90 EXISTING BUSINESS VISITS

11 CLIENT VISITS

ANNOUNCEMENTS

MosquitoMate expands Lexington operations, adding new jobs

A Lexington-based biotech company and spinout of the University of Kentucky is growing its operations to meet demands of mosquito-borne disease and pest control in the United States. In mid-June, Mayor Jim Gray and UK President Eli Capilouto joined MosquitoMate officials and local leaders to celebrate the grand opening of the company's newly expanded facilities on Malabu Dr. in Lexington. The company is creating 12 new jobs in addition to the 10 existing jobs in their Research and Development facility off Regency Road.

MosquitoMate Inc. is expanding its facilities to produce sterile male mosquitoes that will serve as a nontoxic, non-GMO pesticide. Unlike female mosquitoes, male mosquitoes do not bite. Since female mosquitoes tend to be monogamous, once a sterile male mates with a female, her eggs will not hatch eliminating the next generation of mosquitoes.



MosquitoMate CEO and Co-Founder Stephen Dobson alongside key dignitaries and leaders cuts the ribbon to MosquitoMate's new mosquito production facility.

EVENTS, CONFERENCES, AND MARKETING

BEAM continues implementation of FDI and Global Investment Plan

In November of 2016, Mayor Jim Gray and Mayor Greg Fischer unveiled the Bluegrass Economic Advancement Movement (BEAM) Global Trade & Investment Plan in collaboration with the Brookings Institution. Our team, as a part of the BEAM initiative, has continued to work through the implementation of this plan focusing on foreign direct investment and exports.

In mid-June, we attended a workshop with our partners at the Small Business Development Center to learn about Succession Planning from experts at ARG Financial Group. The BEAM region also hosted a Mergers and Acquisitions (M&A) advisory panel calling on service providers in the field as well as companies that have been through M&A. Both events will enhance our economic development efforts with new companies entering the market as well as the retention and growth of existing businesses.



M&A Advisory Panel convenes to learn more about their role in the BEAM initiative.

SPARK hosts two entrepreneurial events



Eric Hartman, the Director of the Kentucky Innovation Network (Lexington), joined by the Ignite Pitch Competition participants.

In mid-April, SPARK (formerly known as Lexington Venture Club) hosted the Ignite Pitch Competition at the Lyric Theatre. This event featured young Central Kentucky entrepreneurs that competed in either the Lt. Governor's Entrepreneurship Challenge (high school) or Idea State U (college). Forty-three people attended this event. Later this quarter, SPARK hosted the Bluegrass Showcase of Emerging Entrepreneurs and University Researchers, which featured 13 local startup companies as well as six emerging UK researchers. Sixty-seven attendees spent time networking and learning about the different exhibitors. SPARK is an initiative of the Bluegrass Business Development Partnership (BBDP) comprised of Commerce Lexington, the City of Lexington, and the University of Kentucky.

Learn more about SPARK and future events at sparklex.org.

EVENTS, CONFERENCES, AND MARKETING

Geeks Night Out

Our team hosted Geeks Night Out (GNO) on April 10 in the Distillery District. This is a networking event geared toward the innovators, forward thinkers, and entrepreneurs in Central Kentucky. Over 54 geeks attended the event.



Attendees network at GNO.

Manufacturers' Networking Group tours BCTC's Advanced Manufacturing Center

In late April, the Manufacturers' Networking Group toured the BCTC Advanced Manufacturing Center (AMC) in Georgetown. This 78,000-square-foot facility provides a variety of programs for students. The Advanced Manufacturing Center, which opened in January, is a vital resource for our existing and prospective clients in training and preparing our workforce for the most technical manufacturing jobs. Thirty-six manufacturers attended this meeting.



Manufacturers learn about the robotics programs at the AMC.

OWL presents on customer service training at C3N meeting

On April 11, Opportunity for Work and Learning (OWL) hosted our Contact Center Consortium (C3N). David Boggs and Margaret Cornelson of OWL presented on their customer service representative training program, which is a resource to our companies and a tool for the community. The 14 attendees also discussed pressing issues for the industry.



David Boggs presents to C3N members.

Professional Development: KAED & C2ER

This quarter presented two professional development opportunities. In mid-April, our team traveled to Owensboro for the spring conference for the Kentucky Association for Economic Developers (KAED). KAED is a membership organization for economic development groups, utilities, and service providers in the state. The conference serves as great professional development as well as an opportunity to network with several site selection consultants.

In June, the team traveled to Denver for the annual conference of the Council for Community and Economic Research (C2ER). C2ER is a membership organization that promotes excellence in community and economic research by working to improve data availability, enhance data quality, and foster learning about regional economic analytic methods.



Keynote Presenter Eve Rips discusses economic and generational trends and challenges.

EVENTS, CONFERENCES, AND MARKETING

CLX attends IAMC Spring Forum

Our team attended the IAMC Spring Professional Forum April 8-12 in Tampa, Florida. The forum attracts major corporations, as well as the country's top site selection consultants, to an interactive conference. Networking is a large component of the forum and Commerce Lexington Inc. had the opportunity to market the Bluegrass Region to the key decision makers to corporations and consultants.



Attendees hear from keynote speaker, Peter Zeihan, about geopolitics.

SelectUSA 2017 Investment Summit



Governor Bevin joined by SC Governor Henry McMaster address the SelectUSA attendees on recruiting FDI to their states.

Our economic development team participated in the SelectUSA Investment Summit in Washington, DC in late June. Governor Bevin addressed the attendees on attracting foreign direct investment (FDI) to Kentucky; he was one of two governors to speak to the delegation. Our team partnered with KentuckyUnited and the Kentucky Cabinet for Economic Development at this event.

This summit brings in over 1,300 investors from all over the world to connect them with economic development organizations facilitating investment in the United States. This summit gives Commerce Lexington Inc. the opportunity to network directly with investors interested in finding a location for their business operations.

Marketing Trips to Detroit and New York

May was a busy month for marketing trips. Early in the month, the Bluegrass Alliance hosted a successful site selection consultant luncheon in Detroit. Our regional group, consisting of Lexington, the surrounding counties, and Frankfort, met with several site selection consultants and shared new developments in the region. We also held an existing business appreciation event for companies that are headquartered in Detroit but have Central Kentucky operations.

Later in May, our team participated in a KentuckyUnited marketing trip to New York. KentuckyUnited is the statewide marketing initiative that was formed to promote Kentucky as a great place to do business, as well as raise the state's awareness across the country. Ten site selection consultants attended the KentuckyUnited event, which included a bourbon tasting. Establishing and cultivating relationships with consultants is vital to our role as economic developers.



Bluegrass Alliance members network with site selection consultants in Detroit.

BUSINESS AND EDUCATION NETWORK



Talent Gap Report

The Business & Education Network recently partnered with the Kentucky Center for Education and Workforce Statistics to create a “Talent Gap Report” for the Fayette County region. The talent gap report presents an analysis of Fayette County’s socioeconomic climate, as well as an overview of the alignment between historical production of workforce supply in Fayette County and forecasted workforce demand in Fayette and surrounding counties.

The purpose of the report was to identify gaps between projected workforce demand in the region and the ability of Fayette County’s education system to supply this workforce. In order to align historical supply and projected demand, secondary and postsecondary completions in Fayette County during the historical five-year period of 2010–2014 were compared to occupational employment forecasts for the five-year period of 2016 Q2 – 2021 Q2 for Fayette and the surrounding region.

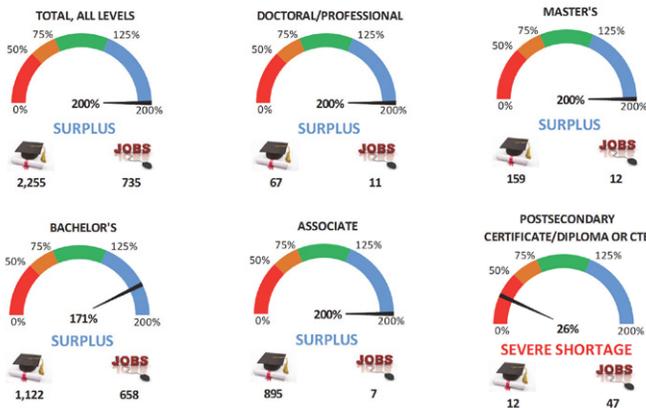
Over the last five years, total employment in Fayette County has increased from approximately 184,000 to over 202,000, or nearly ten percent growth. The Fayette County economy is projected to add an additional 10,000 jobs over the next five years, which represents an increase of approximately five percent. The area is also expected to generate another 25,000 job openings from replacement as people retire, move away, or change positions.

Most of the counties surrounding Fayette are also experiencing high levels of economic growth. The area comprised of Fayette, Bourbon, Clark, Franklin, Jessamine, Madison, Scott, and Woodford is projected to see over 57,000 total job openings in the next five years. With the population and the economy in and around Fayette County growing at such an accelerated rate, it is paramount that industry and occupational demand are linked to the skills and abilities being produced within the education system.

The report showed both surpluses and shortages in 7 Industry Clusters:

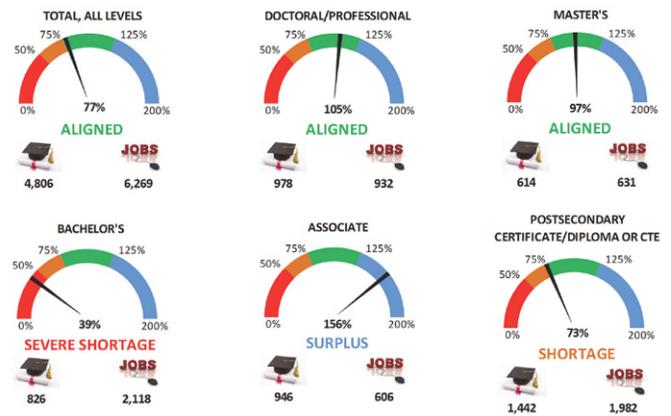
ARTS AND HUMANITIES

Overall, Arts & Humanities graduates are oversupplied in the region by more than a 3:1 margin.



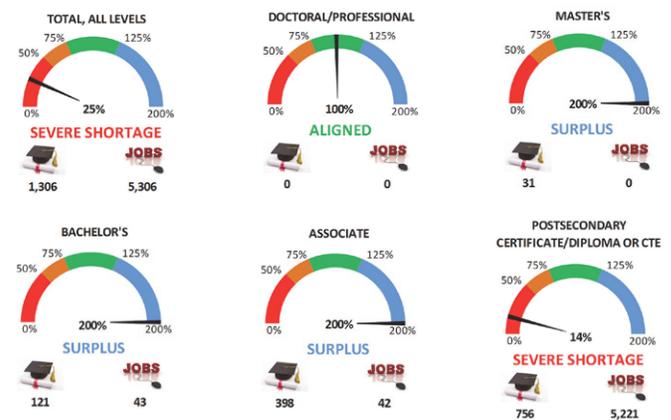
HEALTH

The region is predominantly undersupplied in the Health industry with the exception being at the Associate degree level where there is currently a surplus. Doctoral/Professional and Master’s degree level occupations are well supplied; the severe shortage is at the Bachelor’s level. The shortage at the Postsecondary Certificate/Diploma or CTE level will provide opportunities for students who may not wish to pursue education at levels higher than an Associate degree.



TRADES

Nearly all projected job openings in Trades are expected to occur at the Postsecondary Certificate/Diploma or Career/Technical Education level, which typically require less than one year of education or training to gain employment. Trade occupations should provide excellent opportunities for high school students enrolled in CTE pathways or for those high school graduates seeking postsecondary education for one year or less. While many Trade occupations require less than an Associate degree to initially gain employment, significant amounts of on-the-job training, or lengthy apprenticeships may be required after employment is obtained.



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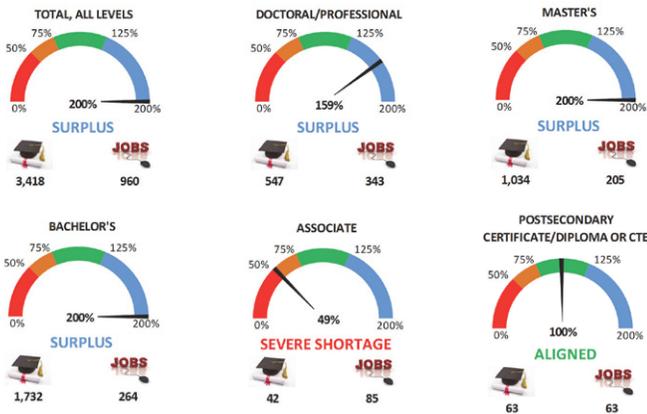
BUSINESS AND EDUCATION NETWORK



Talent Gap Report *continued*

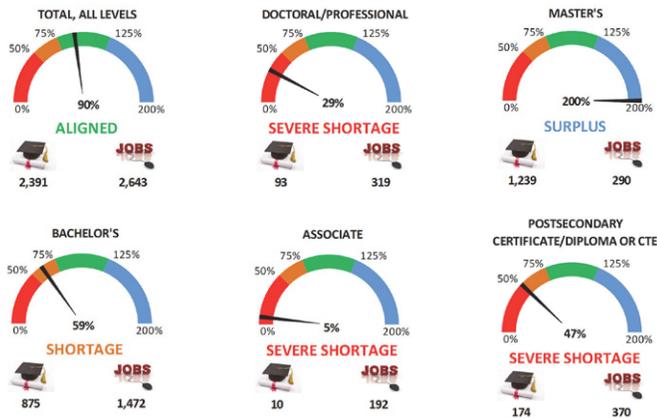
SOCIAL AND BEHAVIORAL SCIENCES AND HUMAN SERVICES

Fayette and the surrounding counties are expected to produce Social & Behavioral Sciences & Human Services supply at greater than a 3:1 margin compared to demand. Surpluses are expected at all levels that require a Bachelor's degree or higher and most of these occupations are in the legal, social service, and counseling fields.



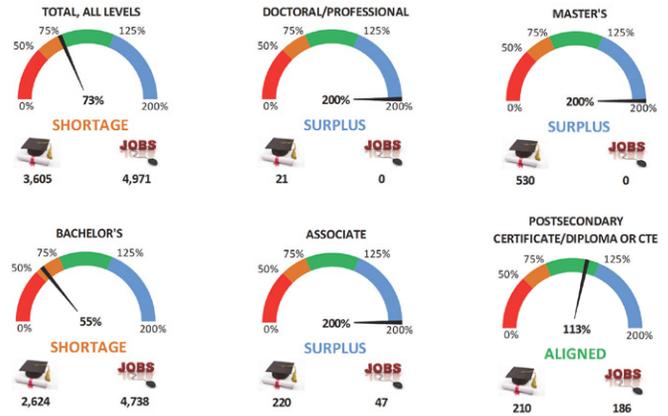
EDUCATION

Occupations within the Education discipline are well-aligned overall, but severe misalignment occurs at several degree/credential levels. There are severe shortages projected at the Doctoral/Professional level and for all occupations requiring less than a Bachelor's degree. At the Associate level, all projected openings are for preschool teachers, but production at this level falls well short of expected need.



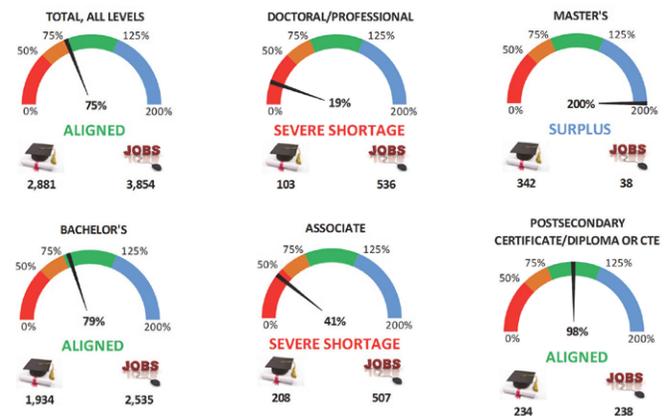
BUSINESS AND COMMUNICATION

Overall, the Business & Communication discipline is undersupplied in Fayette and Surrounding Counties. Nearly all projected job openings in these occupations are expected to occur in positions requiring a Bachelor's degree to gain entry level employment. While production either exceeds projected demand or is fairly well aligned for all other credential levels, the shortage at the Bachelor's degree level is significant.



SCIENCE, TECHNOLOGY, ENGINEERING & MATHEMATICS (STEM)

Occupations in the STEM discipline in Fayette and Surrounding counties are well-aligned at the Bachelor's level and for those occupations requiring less than an Associate degree (Postsecondary Certificate/Diploma or Career/Technical Education). There is a severe shortage in production at the Doctoral/Professional and Associate degree levels.



COMMUNITY & MINORITY BUSINESS DEVELOPMENT

Company Announcements

In the second quarter we celebrated two member companies that moved into newly purchased business locations after several years in business.

WALLACE BARBER STATE FARM INSURANCE

Wallace Barber of Wallace Barber State Farm Insurance moved from its New Circle Road location of 12 years to 2240 Executive Drive in April. Mr. Barber is quoted as saying that “the move to Executive Drive gives the business a more sustainable presence and offers more security.”

FAYETTE WINDOW CLEANING

Fayette Window Cleaning moved from a rented location to a building that was almost condemned. The rehabilitated building will be the company’s main office and house its equipment. Michael Stuart, who is the owner and lives within two miles of the building, has been embraced by his Speigle Heights neighbors for bringing the building back to life.



Wallace Barber State Farm Ribbon Cutting.



Before and After picture of Fayette Window Cleaning building.

Outreach

We are excited to announce the addition of Park Community Credit Union to the Access Loan Full-Committee. Park Community Credit Union brings a special tool to the program: a small or micro-loan that will provide funds to businesses that may not fit within normal credit evaluations but need access to capital to move their enterprises forward. These loans will address the need to offer a bridge opportunity for small businesses to borrow funds for their businesses from Park Community and pay them back, with the goal of getting them back into the general commercial lending community.

More information:

- Microloans would have a cap of \$10,000
- Funds could be used for start-up or expansion capital, furniture, fixtures and equipment, inventory, even occupancy expense
- Minimal (to no) closing costs
- Low interest rates would assist borrowers in maximizing cash flow

Need information about starting or growing your business?

Contact us today.

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COMMUNITY & MINORITY BUSINESS DEVELOPMENT

Bluegrass Minority Business Expo

Planning for the 15th annual Bluegrass Minority Business Expo is moving forward. We have solidified our Keynote speaker with a return by Dr. Randall D. Pinkett, Founder and CEO of BCT Partners. Dr. Pinkett has established himself as an entrepreneur, speaker, author, and scholar, and as a leading voice for his generation in business and technology. He is the founder, chairman and CEO of his fifth venture, BCT Partners, a multimillion-dollar consulting, research, technology, and analytics firm headquartered in Newark, NJ.

Dr. Pinkett has received numerous awards for business and technology excellence including the Information Technology Senior Management Forum's Beacon Award, the National Society of Black Engineers' Entrepreneur of the Year Award, and the National Urban League's Business Excellence Award. He has been featured on nationally televised programs such as The Today Show, Fox Business News, MSNBC, and CNN, and he has been recognized by USA TODAY newspaper as one of the top 20 scholars in the country. In 2009, he was named to New Jersey Governor Jon Corzine's official shortlist as a potential running mate for Lieutenant Governor of New Jersey. The one-day event will be on August 4th at the Lexington Convention Center.



Dr. Randall Pinkett



Tyrone Tyra speaking to the group.

PANEL PRESENTATION

Tyrone Tyra participated in a panel discussion for a visiting Chamber from Lafayette, Louisiana, with Ray Daniels, Franchisee of Waffle House and the Fayette County School Board, and Alan Stein, President of the SteinGroup, LLC. The topic was United Leadership with a focus on minority business development and how Commerce Lexington works with the school system and local government on important issues. The Chamber, One Acadiana of Lafayette, Louisiana brought 75 business leaders from their community to Lexington for their Inter-City Visit.

HERE'S OUR PROOF:

Lexington was recently named
#7 Best Small City for Foreign Direct Investment
by Business Facilities magazine.