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GLASGOW-BARREN COUNTY
KENTUCKY



State of Kentucky And Local Incentive Financing Programs



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Glasgow – Barren County Financing and Incentive Programs

There are a number of local financing and incentive programs available to your company which can and should be combined to best meet the company's needs. The following is a listing of some of the potential sources available.

City of Glasgow Revolving Loan Fund (GRLF) - The City of Glasgow has established a substantial Revolving Loan Fund to assist new and expanding industries with their efforts. The fund proceeds are for fixed asset financing only. The loan will have a low, fixed or variable interest rate, with the term determined by the type of asset financed. The amount of investment we can make in a particular project is based on the size of the proposed facility and the number of new jobs to be created. The typical loan is \$10,000 per job created and no more than 25% of the total project cost with a maximum loan amount of \$250,000.00 for a term of 5-10 years. The interest rate is usually variable and 2% above the 90 day U.S. Treasury bill rate at the time of closing. **The City of Glasgow Revolving Loan Pool is participatory, working closely with local banks and state agencies to complete a financial package and is subject to their approval and ratification.**

Glasgow Economic Development Loan (GEDL) – The City of Glasgow has established an Economic Development Loan to assist new and expanding industries with their efforts. The fund proceeds are usually for fixed asset financed at a very low fixed interest rate, with the terms determined by the type of asset financed. The total loan amount for any one project is based on the size of the proposed facility, the total project investment, the average plant wage, and the number of new jobs to be created. The typical loan is \$10,000 per job created and no more than 25% of the total project cost with a maximum loan amount of \$250,000.00 for a term of 5-10 years. This loan program has the flexibility to set its own interest rate and terms and can be structured as a forgivable loan based on the criteria set out above. **This program would be implemented with the assistance of the Glasgow City Council and is subject to their approval and ratification.**

Industrial Development Economic Authority (IDEA) Building Leaseback Program - The Glasgow-Barren County Industrial Development Economic Authority has in the past and will continue to facilitate a capitalized lease of your proposed new manufacturing plant. If approved, IDEA would coordinate financing of the project through a consortium of local banks that would jointly serve as the project's financial lender. The following are the general terms and characteristics of such programs:

- a. The bank group looks to the financial strength of the manufacturing company when making their credit decisions. Generally, such loans have been made at a variable rate equal to prime, and have been amortized over a 10 or 15-year period. The governmental agency serves strictly as the holding agent, and all financial liability or responsibility rests with the manufacturing entity.
- b. Ownership of the building is held by a government agency, and the building is leased to the manufacturer for a monthly amount identical to the monthly principal and interest payment being made to the bank consortium.
- c. The lease is a net-net-net lease and any additional maintenance; insurance, taxes or other expenses are the responsibility of the manufacturing company occupying the facility.
- d. At any time during the life of the lease, the manufacturing company can purchase the building for a price equal to the balance of the loan, plus 3% of the project cost.

The terms of the capitalized lease payments would directly mirror the terms of the company's finance arrangements (interest rate, term, amortization schedule, etc.) and the lease payments would mirror the financing payments.

Industrial Revenue Bonds (IRB) - The City of Glasgow has in the past, and would again in the future, act as issuer of Industrial Revenue Bonds for your project. IRB participation allows for favorable interest rates for investors and facilitates that need a higher level of funding for the project. The responsibility for structuring and marketing the bonds rests with the company receiving the proceeds from the bond sales. **Our agency will work with the Kentucky Cabinet of Economic Development to recommend qualified bond counsel, if you so desire.**

Property Tax Abatement - IDEA will request the abatement of Glasgow city property taxes for a period of five years, the maximum available under state law. If the Company were to choose to implement their financing through the use of an Industrial Revenue Bond, IDEA would request the abatement of property taxes to be extended to the maximum term allowed by law. **This program would be implemented with the assistance of the Glasgow City Council and is subject to their approval and ratification.**

Kentucky Industrial Development ACT (KIDA) – IDEA would implement necessary community support to the Kentucky Economic Development Finance Authority (KEDFA) for the inducement and approval of KIDA benefits for the company. KIDA benefits will enable the company to recoup much of the investment of your expansion through the exemption of a major portion of either Kentucky Withholding Tax or the Kentucky Corporate Income Tax. Detailed information on KIDA is attached.

Employee Training Assistance – Based on approval from Kentucky’s Department of Financial Incentives, The Commonwealth of Kentucky can help with training expenses incurred by the company. Programs available include Bluegrass State Skills and The Kentucky Wins Program. Typically, the appropriate program will underwrite no less than 50% of training costs. In addition, custom training of your employees can be facilitated through the BRAVE Consortium, which is based at Glasgow’s Southern Kentucky Post Secondary Education Facility. Detailed information on Bluegrass State Skills is attached.

In addition to all of the above, IDEA will use its best efforts to ensure that the company receives prompt review and processing of all applications for permits, licenses and other regulatory approvals submitted to any of the community’s Civic Parties in connection with the building and equipping your new facility.



Due to the time constraints involved in these discussions, each of these inducements is subject to ratification by the organization indicated. IDEA has outlined this proposal with representatives of the various agencies, and is operating in good faith that these proposals will be well received. **Immediately upon receipt of the financial statements of the company, IDEA will begin the formal approval process.**

Demographics



Total Population

	2000	2001	2002	2003	2004
Labor Market Area	266,863	269,284	271,208	273,951	274,832
Barren County	38,592	38,749	39,133	39,473	39,743
Glasgow	13,244	13,444	13,639	13,871	14,062

Population Projections

	2010	2015	2020	2025
Labor Market Area	284,100	287,583	301,389	313,601
Barren County	41,600	43,617	45,400	46,860

Source: Applied Geographic Solutions, Simi Valley, CA (Labor Market Area and County, 2005 and later); U.S. Department of Commerce, Bureau of the Census (all other).

Population by Selected Age Groups, 2005

	Barren County		Labor Market Area	
	Number	Percent	Number	Percent
Under 18	9,210	24.2	63,733	24.1
18-24	3,102	8.2	29,775	11.2
25-34	5,001	13.1	35,269	13.3
35-44	5,964	15.7	40,336	15.2
45-54	5,171	13.6	35,007	13.2
55-64	3,878	10.2	25,667	9.7
65-74	3,010	7.9	18,903	7.1
75 and older	2,697	7.1	16,234	6.1
Median Age	37.9		35.9	

Source: Applied Geographic Solutions, Simi Valley, CA

Population by Race and Hispanic Origin, 2005

	Barren County		Labor Market Area	
	Number	Percent	Number	Percent
White	37,472	94.3	252,775	92.0
Black	1,594	4.0	14,764	5.4
Asian, Pacific Islander	83	0.2	817	0.3
American Indian	178	0.4	1,877	0.6
Other	416	1.0	4,599	1.7
Hispanic Origin	454	1.1	5,270	1.9

Note: Hispanic is not a race category. A person can be white, black, etc. and be of hispanic origin. Source: Applied Geographic Solutions, Semi Valley, CA

Personal Income

	1999	2004	% Change
Barren County	\$20,997	\$23,404	11.5%
Kentucky	\$22,763	\$27,265	19.8%
U.S.	\$27,939	\$33,050	18.3%
Labor Market Area	\$14,224 -	\$17,374 -	
Range	\$22,945	\$27,218	

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

“Our People, Your Workforce.”