

RDA HAPPENINGS

Happy Holidays to one and all!

This past year is one for the record books for the RDA. The metrics we use to measure our results are job creation, total annual payrolls, capital investment in equipment and buildings and new building square footage. The results, either completed or announced, are 360 jobs, a total annual payroll in excess of \$13,000,000, capital investment (primarily in business machinery and equipment) of \$103,890,000 and the addition of 47,945 sq. ft. in buildings.

The 360 jobs created are the most in any year over the past 20 years of the RDA's existence. The capital investment was the second highest at \$103,890,000. The highest year was in 2006 with the announcement of the Westar Energy Emporia Energy Center in excess of \$300,000,000.

We have had a flurry of activity in the 4th quarter of 2013. That promises to generate more economic activity in 2014, the Emporia economy will continue to grow. Many of these projects are confidential now and hopefully those projects will move forward.

The Hostess Brands project had the majority of the job creation and capital investment in equipment. With the recent announcement in early December of a new production line, the addition of 36,000 sq. ft. of warehouse space and the creation of 50 jobs, the cumulative investment for 2013 and 2014 is over \$90 million with more than 382 full-time jobs at the Emporia facility.

The Simmons Pet Food expansion project in the 1st quarter of 2013 added \$4.59 million in equipment with a new production line and 30 full-time jobs. The RDA wrote a Kansas Department of Transportation (KDOT) grant application to fund the paving of a substantial portion of Warren Way in Industrial Park III. KDOT awarded a \$500,000 cash grant to the City of Emporia to construct the street with the caveat of matching \$200,000 to \$250,000 of the project costs. The paving of Warren Way is beneficial to Simmons, but it also provides access to the remaining lots in Park III. This will help on our marketing of those sites.

Thermal Ceramics has begun a \$7.1 million upgrade of equipment and will add two more employees, an engineer and a quality control person. This represents the first significant upgrade at the plant in several decades. We believe this upgrade will secure their continued profitable operations in Emporia for many years into the future.

Early in December the City of Emporia and Lyon County agreed to participate in a corridor study on West Highway 50 adjacent to Industrial Park IV. The local match is provided by Emporia Enterprises, which needs the study to continue the orderly development of Park IV located on the north side of West Highway 50 east of Road F.

We are finally beginning to see expansions from our existing major employers and manufacturers. This generally is a bellwether indicating that better economic conditions are coming our way. This was a great year; we are looking forward to 2014 being another year of growth.

RDA HAPPENINGS

In the November issue of Site Selection magazine, a national publication which is both printed and posted online at: <http://mydigimag.rrd.com/publication/?i=181743> is an article entitled, “Hungry? A bakery closed by bankruptcy receives a major investment thanks to a community-wide effort to retain important jobs”.

I hope most of you know the story of the Hostess Brand’s bankruptcy, Emporia pro-actively reaching out to the purchasers – Apollo Global Capital and Metropoulos and Co. – who purchased some of the assets with plans to reopen and begin baking cake products, i.e. Twinkies, Cupcakes, Ho Ho’s and Ding Dongs. If not, go to the link and read the account.

The publicity to a national audience in Site Selection is priceless. Hundreds if not thousands of site selection consultants, industrial asset managers, industrial real estate professionals and economic development managers read this monthly publication. It depicts the Emporia culture of “*Speaking With One Voice*” and working together with a common goal of job creation and retention in our area. The greatest compliment we as a community received is when Hostess Brands placed a billboard on I-335 just south of the Emporia exit 127 on the east side with the message from Hostess, “Emporia we ♥ you”. The billboard has been up since July.

On another front, over the past month or so we have received a flurry of new leads, 5 or 6. One of those leads is a follow-up to a proposal sent out this past August.

Job creation is our primary goal through retention, expansion and recruitment of our primary industries. Simmons Foods expanded in the first quarter of 2013 by adding a new production line and 30 full-time employees. We leveraged this expansion at Simmons with a Kansas Department of Transportation (KDOT) Economic Development grant. The RDA wrote the KDOT grant application, and the City of Emporia approved the submission of the grant. The City of Emporia was notified that \$500,000 was approved by KDOT to assist in the majority of construction costs for Warren Way.

Since relocating from west Emporia to the 900 block of Commercial Street, Dynamic Discs has experienced phenomenal growth and needed more space. The RDA assisted Dynamic Discs in identifying existing warehouse distribution buildings in Emporia.

Dynamic Discs has leased the west half of a building located at 3601 W. 6th Avenue (just south of EVCO on 6th Avenue between Overlander and Graphic Arts Road). The increased space was needed because of Dynamic Discs’ expanded partnership with Latitude 64 in the distribution/sales of their products in North America.

Our entire community is supportive of Dynamic Discs’ business and has embraced the disc golf tournaments which enhance the Emporia quality of place. Congratulations to Jeremy Rusco and his team!

RDA HAPPENINGS

Many times as part of newsletter articles the topic of Return on Investment (ROI) has been discussed with regard to Industrial and Economic Development.

The RDA goals, objectives and purpose are primarily job creation, wealth creation and new investment into our region. Job creation can be measured and quantified in number, average salary and total annual payroll. New construction adds to the tax base, and property taxes generated can be quantified.

The State of Kansas, Lyon County and the City of Emporia have several performance-based incentive programs. The results are the “public” benefits of job creation, annual payroll and expansion in real property taxes measured against the incentives utilized in the expansion project.

The State of Kansas, effective July 1, 2013, has raised thresholds on their various performance-based incentive programs. For instance, on Kansas Industrial Retraining (KIR) and Kansas Industrial Training (KIT) programs, the minimum average hourly wages are established annually by the Kansas Department of Labor. For Lyon County, Kansas, the job created must pay an hourly rate of \$13.39 or an annual salary of \$27,849. The employer must also pay at least 51% for the health insurance for the workers.

The City of Emporia and Lyon County has a similar minimum threshold for job creation, average wage and capital investment in building construction for property tax abatement. The average salary is a function of the U.S. Department of Commerce, Bureau of Economic Analysis annual data. Currently a qualifying business must pay at least \$30,125 or \$14.40 per hour.

Policy intent at the state, county and local level is that job growth is welcomed; however, only those jobs which are above a minimum salary and capital investment could be considered for performance-based incentives.

It is counter-productive to provide incentives for job creation which will not be beneficial to the prospective employee and the community. A cost-benefit analysis is conducted prior to granting incentives. The performance – job creation, average annual salary and capital investment is monitored. If the agreed upon thresholds are not met, then the “claw back” provisions are enforced. Then at the end of the agreed upon time period, the return on investment, i.e. job creation, average salaries, total annual payroll and capital investment are verified.

RDA HAPPENINGS

The RDA office is continuously updating our statistical data about the City of Emporia, Lyon County and our region. We rely on several sources of data: primary data collected from our own surveys and secondary which is data collected from local, state and federal government statistical collection agencies.

An example is that in late August or early September, the KU Institute for Public Policy & Social Research issued the Kansas Statistical Abstract. In fact, the 47th edition was just issued. The Abstract is published in a PDF format and can be accessed at <http://www.ipsr.ku.edu/ksdata/ksah/>

Over the years, I have worked with many site selection consultants who analyze the primary and secondary data comparisons made over time and with “peer communities” to determine past trends can be made with some degree of accuracy. In many instances, some preliminary data trends need to be verified by other data sources to determine anomalies in the data, etc.

The Per Capita Income for both Lyon County and Crawford County is \$29,500, and in Wyandotte County the Per Capita Income is \$28,800. Wyandotte County has the lowest per capita income. Lyon and Crawford Counties are tied for second in the lowest per capita income.

Most people believe per capita income is how much a person makes. Per capita income is adding many sources of income and adjusting for residence and government/social insurance. In other words, for all counties’ personal income, you add wages and salaries, supplements to income, proprietors’ income, farm and non-farm, property income and personal transfer payments. Then adjustment is made for residence. If an individual works out of county but lives in the county, then that income is added to the county and vice versa. Then government and social income is subtracted from all the incomes to arrive at the total personal income for the county. Then the next step is to take the population from the county divided into the total personal income to arrive at Per Capita Income.

Let’s compare Crawford, Lyon and McPherson counties with the population of 39,361, 33,748 and 29,356 respectively. In relative terms, these three counties are relatively close in population. If you add wages and salaries and supplements to wages and salaries for these three counties, then it is the following: Crawford is \$709,690,000, Lyon is \$651,527,000 and McPherson is \$722,567,000. If you divide those numbers by the population for each county, the income per resident would be for Crawford County \$18,030, Lyon County \$19,306 and McPherson County \$24,614.

For the category of Proprietors Income – Farm and Non-Farm, McPherson County is substantially higher than Crawford and Lyon Counties. In 2011, Crawford County had a -\$900,000 in farm income, Lyon County was \$5,588,000 and McPherson County was \$65,642,000.

With regard to non-farm proprietors' income, McPherson County had \$140,586,000; Lyon County was \$30,899,000 and Crawford County was \$11,248,000.

In the Property Income category, Crawford County was \$204,789,000, McPherson County was \$167,557,000 and Lyon County was \$155,704,000.

Personal Transfer Payments Crawford County was the leader with \$320,878,000, Lyon County with \$234,516,000 and McPherson County was \$211,808,000.

In terms of Residence Adjustment for all three counties, there is income leakage. McPherson County is -\$11,893,000, Lyon County is -\$8,639,000 and Crawford County is a -\$4,745,000 income. This means that individuals work in the county but live outside the county, so there is income leakage.

The final adjustment to the total personal income for each county is government social insurance. In McPherson County it is \$84,020,000, Crawford County is \$82,317,000 and Lyon County is \$73,784,000. So in fact in total dollars has a lower government and social insurance than either Crawford or McPherson Counties.

The total Personal Income for McPherson County is \$1,212,247, Crawford County is \$1,158,643 and Lyon County is \$995,911,000. The Per Capita Income for McPherson County is \$41,500, and then Lyon and Crawford Counties are at \$29,500.

Many different income sources are used to determine the total Per Capita Income. Some incomes can be changed over, others cannot. For instance, Farm Income is a function type total available acres and type of agriculture production. In general McPherson has 7 ½ times more wheat production than Lyon County; therefore, Farm Income would be greater than Lyon County.

When examining the data for this article, I thought it is rather interesting that Geary County has wages and salaries of \$1,772,277,000 and a residence adjustment of -1,646,766,000. Then Riley County has a Wages and Salaries of \$1,096,527,000 and a residence adjustment of +1,355,774,000. Clearly Riley County has a significant number of persons earning their wages and salaries in Geary County but residing in Riley County.

RDA HAPPENINGS

What an amazing accomplishment the new owners, Apollo Global Capital and the Metropolis Company, of Hostess Brands LLC have done.

On April 19th they took possession of five of eleven former Hostess bakeries and assets to restart a business that was idle since November 21, 2012.

They completely started from scratch with no employees and bakeries that needed to be cleaned, old equipment removed, new equipment installed and hire enough staff to produce cake products such as Twinkies, Cup Cakes, Donuts and other treats. This task was accomplished by mobilizing Columbus, Georgia, Indianapolis, Indiana, Schiller Park, Illinois and the Emporia plant. These four plants produced 50 million Twinkies in two months to meet the product launch on July 15th. Hostess Brands rising from liquidation is an incredible story of our free enterprise system in the U.S.

I read in this evening's Emporia Gazette (August 8, 2013) the headline "**PROPOSED BUDGET REDUCES LEVY BY 7.5 MILLS**". The first phase of the Westar Energy – Emporia Energy Center was just added to Lyon County's tax base. Next year the second phase of the project will be added to the tax base with hopefully another reduction in the Lyon County mill levy. Another Return on Investment (ROI) from the funding of the Industrial and Economic Development Sales Tax led by the efforts of the RDA.

Goods things are beginning to happen for the residents in Emporia, Lyon County and our region with Hostess reopening, the Emporia Energy Center being added to the tax base and the three-year drought ending. The downside to the drought ending is the flooding along the Cottonwood River.

On Wednesday, August 7, 2013, the Emporia City Commission approved the Incentive Compliance Agreement for Fanestil Meats to begin phase 1 of the relocation out of the Cottonwood River flood way. We all look forward to the day when Fanestil's operations are totally relocated out of harm's way.

RDA HAPPENINGS

Project Sail and Westar Energy – Emporia Energy Center Increased Tax Base

Some time ago in 2002, the RDA office worked with a company considering the construction of a combine power plant utilizing natural gas and the by-product of steam to be a “base-load” electric generation plant. It was a large power plant that needed to be adjacent to the intersection of several large transmission electrical lines.

The location identified was on Road 200 between Road S and Road U where the Westar Energy Lang Substation was located. The RDA assisted in determining the locations of natural gas lines and water, both potable and gray water and adjoining land owners for Project Sail. One of their team members either lived on the east coast or was an avid sailor; thus the code name of Project Sail.

The project’s due diligence proceeded over the next several months. A land purchase option was obtained. One of the largest challenges was securing 5,000,000 gallons of water a day for cooling purposes. Many options were being considered to supply the water, gray water, from the City of Emporia Sewage Treatment plant or Tyson’s lagoons with an eight- to nine-mile pipeline, and transbasin diversion of water from the Melvern Lake watershed. These were some really politically and engineering challenges. We never had to have the debate on these issues.

After four to six months, the project just ended, which is not uncommon in recruitment processes. Their reply was the project was on hold, and then finally not returned communications.

The takeaway from Project Sail is valuable site specific information was gathered from the project on the location of infrastructure such as the gas pipelines and the more obvious nexus of the two 115KW and the 345KW transmission lines. In the back of our minds we knew this site has great potential for electric power generation someday.

Three years past, on June 30, 2005, Westar Energy issued a request for proposals to all cities and counties in their service area for information about two electric power plant projects. One was a base load coal fired electric generation plant and the other a natural gas “peaking plant” which generates electricity during peak loads.

The RDA staff completed the RFP’s on both projects and submitted the Emporia/Lyon County proposal on July 21, 2005. We met or exceeded all the requirements on the peaking plant, so we felt comfortable with the site on Road 200 between Roads S & U location where the Westar Energy Lang Substation was located.

About a year later, in July 2006, a Westar Energy C-level executive called my office. The Emporia/Lyon County site was one of the top three sites. I was invited to a meeting to be held on July 20, 2006, at Westar Energy corporate headquarters in Topeka, Kansas. I informed him that the Emporia team would be glad to attend the meeting. He indicated at this point he only wanted me to attend the meeting. My thought was that’s interesting.

On the 20th of July 2006, I drove to Topeka and met with several of the Westar Energy management team who explained the project and what the next steps in selecting the location for the natural gas peaking plant would be. We were one of three Kansas locations being considered and at that point in time our site was their top location.

They needed my assistance in arranging a confidential meeting with the rural Lyon County leadership to determine whether Lyon County would favorably accept the project.

Then they asked if I could set up a meeting with two or three Lyon County community leaders in a week or less. On my drive back to Emporia, two persons came to mind – Jerry Karr and Myron Van Gundy. Over the years, I got to know both quite well and I value their leadership and ability to read the “political tea leaves” to determine the fate of the project.

After visiting with both Myron and Jerry, it was suggested I invite Joe Fehr who was the Chair of the North Lyon County School District to the meeting.

The meeting was arranged for July 27, 2006, at the Flint Hills Technical College conference room. The Lyon County leaders in attendance were Joe Fehr, Jerry Karr and Myron Van Gundy. Most of the Westar Energy corporate leadership and some of their engineering staff was at the meeting, and I was allowed to attend. After the Westar presentation, questions and discussion, the consensus of a few neighbors would not be pleased with the project be close to their homes, but overall the community would be accepting of the project.

On August 22, 2006, Westar Energy, the RDA and Lyon County Commissioners held a press conference at the Lyon County Commissioners meeting room. A huge win for the community!

The project was far from a done deal because various approvals of zoning and other governmental agencies had to be received. Within days of the media release, Westar Energy held several neighborhood meetings to discuss the proposed project.

All the various government approvals were given, the project was designed and bids were let. On March 12, 2007, at 9:00 a.m. the ground breaking at the new Emporia Energy Center site occurred. On June 11, 2008, at 11:30 a.m. the ribbon cutting was held.

The benefit to Lyon County was that Westar Energy the paving of Road U north from Road 175 to Road 200, then west to about ½ mile east of the intersection of Road 200 and Road S. Rural Water District #5 had their water system upgraded; the capacity to serve the water needs of Westar Energy and their customers. A water tower was constructed on the north side of Road 200 between the BNSF railroad tracks and Road S. The water improvements and paving was included in the Emporia Energy Center project costs.

The Emporia Energy project total investment was \$308 million. The State of Kansas allows an automatic property tax exemption on the electric generator projects for six years. Since the project was designed and was built over 18 months, there were two exemptions granted on the project. The first exemption expires in 2013, so it will become part of the tax base for 2014. The second exemption expires in 2014 to be added to the tax base in 2015.

On June 27, 2013, according to an article in the Emporia Gazette, Westar’s valuation in Lyon County increased by \$30,470,957. That represents a 14.38% increase in the tax base. Theoretically if amount of tax dollars stays constant then the county mill levy should be reduced by 14.38%. It is estimated that another \$20 million will be added to the Lyon County and other political subdivisions in that area for next year or another 10% reduction next year.

The RDA lead on this project, and the community is beginning to receive a significant return on investment.

One closing note, on July 1, 2013, the RDA celebrated its 20th year. Our organization has made a considerable positive impact on our local economy with thousands of new and retained jobs and increased tax base for our economy. Let’s keep focused.

RDA HAPPENINGS

On June 6th the RDA hosted the ribbon cutting at the Hostess Brands plant in Emporia, Kansas. Governor Sam Brownback and Kansas Department of Commerce Secretary Pat George and other Kansas Department of Commerce (KDOC) staff were in attendance.

Hostess Brands President Rich Seban was quite complimentary of the aggressiveness of Emporia's efforts lead by the RDA. Emporia and the State of Kansas put together a compelling case for Hostess Brands to relocate existing and new product lines to the Emporia facility. Emporia will be the flagship plant with the most production lines and employees of all their plants.

The pro-business climate of the State of Kansas and Emporia will yield a considerable return on investment for Hostess Brands, the State of Kansas and the greater Emporia area.

We contacted Apollo Global and Metropoulos & Company within days of their filing of the stalking horse bid on the assets of the former company. Our aggressive follow-through will yield a greater job creation and employment opportunities for our community.

Later this summer all those wonderful iconic treats – Twinkies, Ho Ho's, Ding Dongs, Donettes and others will begin to be available at various grocery stores. That will be another great day.

The community and leadership and KDOC – Mayor Rob Gilligan, City Manager Matt Zimmerman, Vice Mayor & RDA Chair Jon Geitz, Senator Jeff Longbine, and KDOC staff had a luncheon meeting at the newly remodeled ESU Memorial Union, Flint Hills room with the Hostess Brands leadership – President Rich Seban, Metropoulos Executive Vice President Mike Cramer and representatives from Apollo Global Capital, the primary investor.

One of the amazing facts of the acquisition and reentering the cake business is that the new Hostess Brands has invested a considerable amount of time and money on the restarting of this brand of products.

At the ribbon cutting, President Seban announced the branding of the Hostess Brands restart as the "*Sweetest Comeback of All Time*".

June 2013

RDA HAPPENINGS

Hooray ---!!!

On Thursday, April 25, 2013, at 3:00 p.m. we received the official media release from Hostess Brands, LLC, which was purchased by C. Dean Metropoulos & Co. and Apollo Global Capital. Moments later, our office forwarded the email with the attached media release to KVOE, The Emporia Gazette, Kansas First News, Kansas City Star, WIBW-TV & radio, KWCH, KAKE-TV, Topeka Capital Journal, the NBC Today Show, and the local, regional and national media who had been contacting our office all day about the opening of the Hostess Brands plant.

The email sent to the media was short and concise, stating the following, *“Attention All: Attached is a media release regarding Hostess Brands and Emporia, Kansas. Hooray! Kent Heermann, RDA President.*

Diane Stafford, a reporter from the Kansas City Star, reported the story and the media release. In her article she quoted Kent Heermann as stating “Hooray”. Well, the story went on the “news wire” and I noticed my Hooray in the Portland Press Herald.

I followed up later that day with Diane Stafford to see if she needed any additional information. Her reply was, “I’m good. Thanks for the Hooray!”

In early June, a ribbon cutting is scheduled at the Hostess Brands plant. Governor Brownback has been invited and we hope to announce the time and date of the ribbon cutting before this news article is printed.

In preparation for attendance at the annual International Conference of Shopping Centers (ICSC) RECON 2013 trade show in Las Vegas, Nevada, we are asking our local Small Business Development Center (SBDC) to provide an updated Retail Marketplace Profile, which gives an indication of the retail leakage or surplus factor.

The retail leakages are in the Building Materials, Garden Equipment and Supply Stores, about \$5.3 million. Then in the Food Services category, about \$5 million in full-service restaurants.

May 2013

RDA HAPPENINGS

Last month in the RDA newsletter it was reported that the bankrupt Hostess Brands would be acquired by Apollo Global Management and C. Dean Metropoulos & Associates, two large equity firms.

The Metropoulos Group has purchased many distressed and/or bankrupt companies and brought them back to profitability. The most recent acquisition prior to Hostess Brands was Pabst Brewing Company which is now the largest privately held brewer in the United States. Some of the other brands that the Metropoulos Group brought back were Chef Boyardee, Pam Cooking Spray, and Bumble Bee Seafood. Those brands were part of the International Home Foods which they eventually sold to ConAgra in 2000.

The Apollo Global Management Group is a global alternative investment firm specializing in purchases of corporate restructuring. Some of the companies currently owned are AMC Entertainment, Claire's, Caesars Entertainment Corporation and others.

We are encouraged about their acquisition of the Emporia Hostess Brands cake plant, and the reopening of the plant with cake products to be back on the shelves this summer.

The RDA cast the net "far and wide" from the bankruptcy filing on January 11, 2012, to November 21, 2012, when the bankruptcy court ordered the liquidation of all the assets. We reached out to the investment banker Perella Weinberg and several of the potential buyers. The real break came when Apollo and Metropoulos filed with the Bankruptcy Court on January 30, 2013, with the "stalking horse" bid. In the court filing documents (over 300 pages long), it listed that the Emporia, Kansas, plant was to be purchased with the Hostess Brands and Dolly Madison cake brands.

The filing was signed by Apollo Management Global, team member. We contacted the New York City office of Apollo, who indicated that team member's office was in Los Angeles, CA. We contacted his office in California and left a message. We followed up again by contacting the team member's assistant, informing her that to be eligible for certain Kansas and City of Emporia performance-based incentives, applications need to be submitted prior to the acquisition of the Hostess Brands. She asked that I send her an email with all the pertinent information.

A detailed email was written and sent to the team member via his assistant. Within two hours of the email, I was contacted by telephone from a representative of C. Dean Metropoulos who is the lead person on the Hostess Brands business restructuring. We had numerous conference calls with his team, the State of Kansas Department of Commerce (KDOC) and the RDA. We met in the Kansas City metropolitan area on March 13th with the Metropoulos team, KDOC, City of Emporia Assistant City Manager Mark McAnarney, RDA Chair Jon Geitz and RDA President Kent Heermann.

April 2013

It's been a long drawn out process for the families and community. The RDA organized a "Hostess Brands" Task Force team of our elected and appointed officials – Senator Jeff Longbine, Representative Peggy Mast, Representative Don Hill, Mayor Bobbi Mlynar, County Commissioner Scott Briggs, City Manager Matt Zimmerman, County Counselor Marc Goodman, Emporia State University President Michael Shonrock, Flint Hills Technical College President Dean Hollenbeck, Emporia Chamber Chair Steve Brosemer, Chamber President Jeanine McKenna, RDA Chair Jon Geitz and RDA President Kent Heermann as part of the team.

This Hostess Brands Task Force team began meeting earlier in 2012 when the Hostess Brands bankruptcy was declared January 11th through 2012. Then on November 21, 2012, when the plant closed and the court ordered all assets liquidated, we assisted in organizing job fairs and rapid response teams in late November and early December 2012. The team tried to anticipate the worst and expected the best.

It is quite encouraging and is rare that when a company goes bankrupt that a buyer comes forward to purchase the assets and reopens the same type of business operations.

The assets were transferred from the Bankruptcy Court to the new Hostess Brands on **April 9, 2013**. Hopefully by the time this newsletter is published, the number of new jobs to be created in year 1 and 2 will have been revealed.

This certainly is great news for the individuals who lost their jobs on November 21, 2012, when the bakery closed. Today there is great hope and opportunity for those 500 families impacted by the Hostess Brands bankruptcy.

There were many dark days, but today there is great joy, hope and opportunity for Hostess Brands and Emporia, Kansas. Emporia's future is brightening every day.

RDA HAPPENINGS

On March 7th, the RDA hosted an update of their activities in the past, present and future. The presentation included a summarization of the nearly twenty (20) years of activity. The past and current RDA Chairs discussed the past, current and future for job creation and growth. The re-occurring theme is that we need jobs.

The results of the recruitment and expansion projects from 1995 to 2012 were \$758,699,270 in new capital investment in buildings and equipment, over 2,062,000 square foot of new buildings were constructed and over 1,100 new full-time jobs were created with an estimated annual payroll in excess of \$36 million. Some of the latest expansions are that Simmons Pet Food is adding a \$4.59 million production line and 30 new full-time jobs with an added payroll of over \$1,000,000. AmeriGreen, a corrugated cardboard pallet manufacturer, is leasing the former Lenze building.

The Return on Investment in new property taxes collected is \$1,119,216 and the estimated property tax to be collected in the future is \$1,458,630. According to the Westar Energy Emporia Energy Center fact sheet on their website indicated that once the Emporia Energy Center tax abatement expires, the assessed valuation of the tax base will increase by more than \$50 million or 24%. What that means is, if the tax base increases and the tax dollars requested are constant then the mill levy will be reduced by 24%.

TOP TEN MANUFACTURERS

Number of Employees

1995		2013	
1. Tyson Fresh Meats	2,590	1. Tyson Fresh Meats	950
2. Dolly Madison	697	2. Simmons Pet Food	285
3. Didde Web Press	425	3. Hopkins Manufacturing	214
4. Modine Manufacturing	343	4. EVCO	149
5. Hopkins Manufacturing	175	5. Norfolk Iron & Metal	130
6. Detroit Diesel	81	6. Camoplast Solideal	120
7. Bunge	74	7. Detroit Diesel	117
8. Sauder	68	8. Hill's Pet Nutrition	111
9. Kansa Corporation	55	9. VEKTEK	91
10. VEKTEK	54	10. Holman Distribution Center	77

March 2013

Tyson (IBP) Fresh Meats was the largest employer in 1995 and 2013. In 2008, due to cost and over capacity in the slaughter industry, Tyson closed those operations resulting in a downsizing by 1,640 jobs.

Hostess Brands closed in the fall of 2012 from 1995. Didde Web Press declared bankruptcy in December 2000. Didde Web Press was purchased by Alcoa Packaging in Englewood, Colorado, who moved operations there, but has not produced a web press. Modine was purchased by Proliance Company in 2005; they closed the Emporia plant and moved those jobs to another location. Proliance declared bankruptcy in 2009. The product line of copper and brass radiators was a secondary declining market.

Simmons Pet Food, Norfolk Iron & Metal, Camoplast Solideal, Hill's Pet Nutrition and Holman Distribution Center are in today's top ten manufacturer's list. These companies were not in Emporia in 1995. The trends with these recruited companies are manufacturers with 100 to 300 employees, large capital investment in equipment and require a higher level of skills.

This newsletter article was written before the Hostess Brands bankruptcy auction of March 13, 2013, and the bankruptcy court will approve the highest and best bidder on March 19th. The RDA has had conversations with representatives from Apollo Global Management and C. Dean Metropoulos & Co., who are the stalking horse bidder. The intention of this is to start baking cake products in Emporia. Hostess Brands had eleven cake plants before the bankruptcy liquidation. The bidder is only purchasing five of eleven; one of those cake plants being Emporia. Our belief is that the future looks extremely bright for Emporia and cake products today and in the future. We will update next month.

March 2013

RDA HAPPENINGS

The bell weather indicators are beginning to show the economy is recovering slowly. Recently, I visited with representatives from a site selection firm based in southeast United States. Both firms indicated that the workload was increasing with site selection projects. The predictions were that their firm would be so busy, they would be turning down work before the end of the year.

Locally, two of our three pet nutrition plants are adding to their workforce. The Simmons/Menu Midwest plant is working 24 hours a day, seven days per week. They will be adding up to 30 workers in the next several months.

I heard on KVOE radio an ad for production workers for Hill's Pet Nutrition. The warehouse operation adjacent to the Hill's production facility is managed by a third party logistics (3DL) company who operates 24 hours per day, seven days per week with some of their product lines.

The Lenze building has been leased by Amerigreen Worldwide, a corrugated and board pallet fabricator. This manufacturer creates a pallet which is lighter, has a smaller carbon footprint, has no pest control issues and is recyclable. This pallet company sells their products to the pet nutrition and food processing industry.

During February, the City Commission reviewed the Renewable Energy Group or REG Emporia bio-diesel plant incentive compliance agreement. As a reminder, REG began construction of their bio-diesel plant in the summer of 2007. In the first quarter of 2008 the construction has been put on hold and has remained so ever since. The City of Emporia's incentive compliance agreement with REG expires on July 1, 2013, unless renewed.

You may ask why the agreement should be extended. REG is current on all their financial obligations to the City of Emporia. Since they have not created the jobs as promised, REG has paid their property taxes every year which is currently \$34,200 per year.

The City of Emporia invested \$972,000 in upgrading a high-pressure natural gas pipeline from west Emporia on South Avenue east to the REG plant. Hill's Pet Nutrition utilizes this natural gas pipeline, so it benefitted both facilities.

REG entered into an agreement with Kansas Gas, and then Kansas Gas entered into an agreement with the City of Emporia. In essence, the agreement requires REG to pay a transportation fee to Kansas Gas. Once Kansas Gas receives the payment, Kansas Gas will reimburse the City of Emporia approximately \$104,000 over the next several years, assuming REG pays Kansas Gas.

February 2013

The City of Emporia receives from REG in January an annual payment of \$40,200 over the next ten years. The City of Emporia entered an agreement with the Kansas Bioscience Authority (KBA) that once REG is complete, and the 30 jobs were created, then the city would receive \$30,000 a year for the next ten years or a total of \$300,000. This calendar year, REG will have paid back to the city nearly \$683,000. REG has made all their obligations to Emporia. Therefore, I hope the incentive compliance agreement would be extended. REG has fulfilled their financial commitments in the past and the future financial commitments will yield the City of Emporia another \$600,000 over five years.

Green Dot announced on February 11, 2013 the acquisition of the bio-plastics division of MGP Ingredients, Inc. This acquisition includes a manufacturing facility in Onaga, Kansas, and certain assets of the research and development facility in Atchison. For more information on the media release, go to www.greendotpure.com. Congratulations to the Green Dot team in Cottonwood Falls, Kansas.

Since early December, the Trusler Business Center has undergone remodeling. It has been a little dusty and we all had to move out of our offices at least once, but the renovation is nearly complete on the building. The technology portion will be completed in the next 6 to 8 weeks.

The closet in my office had quite a few file boxes of old project proposals. It was fun to review the CESSNA Project file box. Some other projects included Seaforth Creamery (the private salad dressing company), Snug Top, (a pick-up topper company), Cannon Valley Cabinet Company, and Project Monarch, a solar panel company. There were many others.

The RDA will be hosting an update of the RDA activities on March 7, 2013, from 7:00 to 8:30 p.m. at the Granada Theater. You are all welcome to attend.

RDA HAPPENINGS

The 2012 Regional Development Association of East Central Kansas (RDA) annual report is now available on the RDA website <http://emporiarda.org/pdf/RDA2012AnnualReport.pdf>

At the December 2012 RDA Annual meeting, we thanked Board of Director members Michael Lane and Don Hill for serving on the board for the past six years. Their leadership and dedication was appreciated by all.

The new RDA Board members are Mel Scheller, who is the Member At Large elected by the Board of Directors and replaces Michael Lane on the RDA Board. Mike Sikes is the Emporia Area Chamber of Commerce appointee and replaces Don Hill on the Board.

Last month it was mentioned that a major commercial retail development was going to announce soon, which was the CVS Pharmacy. The project is acquiring five tracts of real estate generally located west of Merchant Street from 12th to 13th Avenue. It will require a zoning change, and if all the local and state approvals are received, could start construction this summer and open in the fall. It is estimated that the building will be close to 11,000 sq. ft. with a drive-thru window for prescriptions. It will employ several pharmacists, pharmacy assistants and many retail workers with a total employment of 20 – 10 full-time and 10 part-time. Assuming all the necessary government approvals are granted the store could open in September.

I received an email this past week from Economic Leadership Linked In group. The discussion was entitled “*Advice from a Site Selection Consultant*”. It was an article from Jay Garner, a friend and colleague of mine at Garner Economics, LLC entitled “What is the path from good to great for an EDO?”

Most economic development organizations’ (EDO’s) purpose is to create wealth for the citizens of their respective communities, whether it is in job creation with greater than average community salary increased investment in buildings, which increases the community tax base.

It’s a competitive process in the United States with over 7,000 EDO’s competing for those few projects. Creating economic prosperity requires recruitment, retention, and working to create an entrepreneurial environment along with the effective use of websites as a global portal to introduce their respective geographical locations to the world.

At the January RDA monthly meeting, we began a dialogue about entrepreneurial development. The Small Business Development Center (SBDC), Flint Hills Technical College and

January 2013

Emporia Main Street have worked on business start-ups, primarily retail and service businesses. Entrepreneurial is a part of the wealth creation for a community; start-ups are high risk with a high failure rate. Most entrepreneurial businesses have a long lead time before a return on investment. Business start-ups should be part of the wealth creation strategy, but not the primary strategy.

There is no question that recruitment and existing business expansions have a much larger return on investment (ROI); i.e., Hill's Pet Nutrition which was a \$200 million investment and the creation of 110 plus jobs with an annual payroll in excess of \$4.8 million. It achieves the RDA goals of economic growth, the creation of skilled jobs and significant tax base for the future.