

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING January 28, 2016

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EST on January 28, 2016, at the Cabinet for Economic Development, Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, Kentucky.

Notification of Press

Jean Hale, Chairman, received verification that the media had been notified of the KEDFA regular monthly board meeting.

Roll Call

Members Present: Jean Hale, Aubrey Hayden, Brian Kiser, Proxy for Secretary William M. Landrum, III, Tucker Ballinger, Dorsey Hall, Joe Kelly and Mike Vogt

Staff Present: Bobby Aldridge, Tim Back, Caroline Baesler, John Bevington, Anna Beth Bobbitt, Abby Bryant, Lynda Cunningham, Michelle Elder, John Enochs, Kimberly Gester, Don Goodin, Nick Grisanti, Jack Mazurak, Corky Peek, Debbie Phillips, Morgan Pierstorff, Lindsey Ransdell, Katie Smith, Teresa Spreitzer and Frank Tate

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky and Mark Franklin, Stoll Keenon Ogden; Kenneth Allen, Eric Waller and Jeff Winnick, Armstrong Coal Company, Inc.; Dr. Robert Long, Baptist Life Communities; Emilee Butrum, Britney Harris and Julie Sapp, Bowling Green Area Chamber of Commerce; Kathy Green and John Muller, Carespring; Michael Giffen, City of Dayton; Ed Ray, City of Owensboro; Casey Bolton and Ross Lovely, Commonwealth Economics; Marian Hayden, Cull & Hayden; Mark Guilfoyle, Dressman Benzinger LaVelle, PSC; Matt Matros, FarmedHere, LLC; Liz Columbia, Finance & Administration Cabinet, Office of Financial Management; Andrew Fleishman and Earl Hamm, Jr., Kaplan & Partners LLP; Caroline Heine and Stephen Reily, Seed Capital Kentucky; Jim Parsons, Taft Stettinius & Hollister; Roger Peterman, Dinsmore & Shohl, LLP and Rodney Andrews and Dr. Matthew Weisenburger, UK Center for Applied Energy Research.

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the December 11, 2015 regular meeting.

Joe Kelly moved to approve the minutes, as presented; Mike Vogt seconded the motion. Motion passed; unanimous.

Approved/Undisbursed Loan Report

Chairman Hale called on Don Goodin to review the approved/undisbursed loan reports for November and December 2015.

After review, the Authority accepted the report as presented.

Financial Statements and Monthly Monitoring Reports

Chairman Hale called on Katie Smith to review the financial statements and monitoring reports ending November 30, 2015 and December 31, 2015.

After review, the Authority accepted the statements and reports as presented.

Tax Increment Financing (TIF) Project (Amendment)

Chairman Hale called on Kimberly Gester to present a TIF project amendment to the Authority.

Manhattan Harbour

Campbell County

Ms. Gester stated Manhattan Harbour Signature TIF Project received final approval from KEDFA on December 10, 2009 as a mix of commercial and residential uses including retail, office park, themed restaurants, private marina, a continuing care retirement community and a hotel with an estimated investment of \$932.5 million. Since that time, the real estate market changed considerably as did the project. The primary use will now be residential with an estimated capital investment of \$473.1 million with nearly \$53 million in public infrastructure costs. The footprint and development area are unchanged from the original project. As a result of project changes, the potential tax revenues to be generated by the site will be primarily real estate taxes.

The Applicant, City of Dayton, is requesting the project be amended to a Real Property Ad Valorem TIF Project as well as an extension of the minimum capital investment date from December 31, 2016 to December 31, 2017.

Staff has reviewed the application and met with the Applicant and determined that the project meets the requirements for a Real Property Ad Valorem TIF Project. Under this program, a consultant's study is not required. The approved public infrastructure costs would be recovered through 100 percent of the increments gathered from real estate property taxes over the 20 year life of the agreement. No state taxes shall be eligible for TIF recovery until the minimum capital investment of \$10 million has been verified as being invested within the state footprint.

Staff and the Department for Business Development recommended approval of the Manhattan Harbour Real Property Ad Valorem TIF Project for an amount not to exceed \$8 million to be used for public infrastructure costs associated with the project and subject to the terms and conditions as agreed upon in the Tax Incentive Agreement. In addition staff also recommended changing the minimum capital investment date to December 31, 2017.

Ms. Gester introduced Jim Parsons and Michael Giffen and invited them to address the board regarding the amendment request.

After discussion, Mr. Kelly moved to approve the staff recommendation, as presented; Aubrey Hayden seconded the motion. Motion passed; unanimous.

Tax Increment Financing (TIF) Project (Preliminary)

Chairman Hale called on Ms. Gester to present a TIF preliminary project to the Authority.

Downtown Owensboro Riverfront Revitalization Project

Daviess County

Ms. Gester stated Downtown Owensboro Riverfront Revitalization Project is a Mixed Use Redevelopment / Blighted Urban Area TIF project. The project is located on approximately

392 acres downtown and along the riverfront in Owensboro, Kentucky. The construction is estimated to take place over the next 7 years.

The proposed development is expected to include approximately 19,000 square feet (sf) of retail space, 35,000 sf for restaurant uses, 57,000 sf for entertainment uses, 26,000 sf of leasable office space, 84,000 sf for higher education, 800,000 sf for residential units, one hotel and an RV park. Public infrastructure costs total approximately \$47.3 million and include land preparation, public buildings/structures, curbs, sidewalks, promenades and pedways, roads, utilities, environmental remediation, public spaces or parks, parking, public landings, amenities such as fountains, benches and sculptures and river bank modifications and improvements. The applicant, Department of Finance, City of Owensboro, estimates the project will support 580 jobs annually and generate \$1.2 billion in total economic impact over a 20 year period.

By granting preliminary approval, KEDFA would enable staff to begin working with the Office of State Budget Director and the Office of Financial Management to create criteria for which a consultant would review the project feasibility including financing, appropriateness for the use of the TIF program and potential increments, and whether the project represents a net positive impact for the Commonwealth.

Staff and the Commissioner, Department for Business Development, recommended preliminary approval of the TIF project.

Ms. Gester introduced Ed Ray and Casey Bolton and invited them to address the board regarding the project.

After discussion, Mr. Hayden moved to approve the staff recommendation, as presented; Dorsey Hall seconded the motion. Motion passed; unanimous.

High Tech Pool Project (Grant)

Chairman Hale called on staff to present a High-Tech Pool project to the Authority.

University of Kentucky Research Foundation Fayette County

**Nick Grisanti
Don Goodin**

Nick Grisanti stated the University of Kentucky Research Foundation (UKRF) is a non-profit research foundation established to receive, invest and expend funds to promote and implement scientific, education and development activities at the university. The objective of the project is to advance and improve the UK Center for Applied Energy Research capabilities with respect to its Advanced Carbon Fiber Development Facility.

Mr. Grisanti introduced Rodney Andrews and Dr. Matthew Weisenburger and invited them to address the board regarding the project.

Mr. Goodin stated UKRF is requesting up to \$150,000 from the High-Tech Investment Pool in the form of a grant to purchase and install new equipment. If approved for state funds, the UKRF will be awarded a matching federal grant for its participation in the Institute for Advanced Composites Manufacturing Innovation. The UKRF will provide the cabinet with semi-annual progress reports and a final report at the conclusion of the project.

Staff and the Acting Executive Director, Office of Entrepreneurship, recommended approval of the grant.

Tucker Ballinger moved to approve the staff recommendation, as presented; Mr. Vogt seconded the motion. Motion passed; unanimous.

KEDFA IRB Project (Final)

Chairman Hale called on Mr. Goodin to present a final KEDFA IRB Project to the Authority.

Baptist Convalescent Center, Inc.

Mr. Goodin referenced in the board material, a New Bond Issue Report relating to the issuance of revenue bonds in an aggregate principal amount not to exceed \$70 million for the benefit of Baptist Convalescent Center, Inc. The bond proceeds will be used to finance a new series and refinance Series 2011 bonds related to the cost of acquisition, construction and equipping of long-term healthcare and health related facilities located or to be located at (a) 3000 Riggs Avenue (Erlanger, Kenton County); (b) 3775 Burlington Pike (Burlington, Boone County); (c) 120 Main Street (Newport, Campbell County); and (d) 132 East Alexandria Pike (Alexandria, Campbell County). The new construction will only be at the Alexandria location. Boone County Fiscal Court, Campbell County Fiscal Court and Kenton County Fiscal Court have adopted resolutions requesting KEDFA issue these bonds.

A TEFRA hearing for the purpose of receiving public comment on the proposed bond issue was conducted at 9:30 a.m., January 21, 2016 at the Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort. Public comments were recorded in the minutes of the meeting and have been shared with the board.

If the financing is approved, KEDFA would serve as the conduit issuer of the bonds. The bonds would not constitute a general obligation of KEDFA and KEDFA would not be obligated to pay principal or interest for the bonds from its own funds.

Staff recommended the adoption of the KEDFA bond final resolution.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Hayden seconded the motion. Motion passed; unanimous.

Kentucky Business Incentives (KBI) Project (Preliminary)

Chairman Hale called on staff to present the KBI preliminary projects to the Authority.

FarmedHere, LLC Jefferson County

**Lindsey Ransdell
Michelle Elder**

Lindsey Ransdell stated FarmedHere, LLC is a vertical "urban" farming operation that grows USDA Organic basil and leafy greens and manufactures vinaigrette salad dressing. FarmedHere distributes its produce and vinaigrettes to stores throughout the Midwest. The company is considering expanding its operations to Louisville.

Ms. Ransdell introduced Matt Matros, Stephen Reily and Caroline Heine and invited them to address the board regarding the project.

Michelle Elder stated the project investment is \$23,500,000 of which \$3,800,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 40 with average hourly wages of \$18.00 including benefits. The state wage assessment participation is 3.0% and Louisville/Jefferson County Metro Government will participate at 1.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$400,000.

After discussion, Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed; unanimous.

Local Industrial Revenue Bond (IRB) Projects (Final)

Chairman Hale called on Mr. Goodin to present the Local IRB projects to the Authority.

FedEx Ground Package Systems, Inc. Boone County

Mr. Goodin stated in accordance with KRS 103.210, Boone County Fiscal Court requested KEDFA review and approve an eighty percent (80%) reduction in the state ad valorem tax rate on the industrial building and equipment which FedEx Ground Package Systems, Inc. proposes to be financed through the issuance of industrial revenue bonds by the Boone County Fiscal Court. The company proposed an expansion of its Northern Kentucky Hub with the purchase of approximately 80 acres in Independence, Kentucky and the construction of approximately 355,000 additional square feet to its current distribution center. The principal amount of the IRB authorization is up to \$150,000,000 for a term of 7 years. A Payment in Lieu of Tax Agreement will be required with the School District, Library, Health Department, Extension Office and the Florence Fire Department.

Staff recommended approval.

Mr. Hall moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed; unanimous.

Note: The KEDFA board did not make any type of determination as to the legality of the bonds to be issued by the Boone County Fiscal Court, but only approved the reduction on the ad valorem tax rate as provided by KRS 103.200 and KRS 132.020.

Heaven Hill Distilleries, Inc. Nelson County

Mr. Goodin stated in accordance with KRS 103.210, Nelson County Fiscal Court requested KEDFA review and approve a one hundred percent (100%) reduction in the state ad valorem tax rate on the industrial building and equipment which Heaven Hill Distilleries proposes to be financed through the issuance of industrial revenue bonds by the Nelson County Fiscal Court. The company proposed an expansion of its existing barrel storage and aging operations in Bardstown. The principal amount of the IRB authorization is up to \$51,900,000 for a term of 30 years. A Payment in Lieu of Tax Agreement will be required with the school district. The company will pay the tangible property tax on the liquid (spirits) inventory.

Staff recommended approval.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Hall seconded the motion. Motion passed; unanimous.

Note: The KEDFA board did not make any type of determination as to the legality of the bonds to be issued by the Nelson County Fiscal Court, but only approved the reduction on the ad valorem tax rate as provided by KRS 103.200 and KRS 132.020.

Kentucky Rural Economic Development Act (KREDA) Project (Amendment)

Chairman Hale called on Bobby Aldridge to present a KREDA project amendment to the Authority.

**Custom Food Products, LLC
Bath County**

Mr. Aldridge stated Custom Food Products, LLC is requesting approval of a First Amended and Restated Financing Agreement to reflect an internal acquisition of the Company by CTI Foods retroactive to December 31, 2012 and subsequent internal acquisition and refinance of KREDA debt by CTI Holding retroactive to June 29, 2013.

Staff recommended approval of the amendment request.

Mr. Hayden moved to approve the staff recommendation, as presented; Brian Kiser seconded the motion. Motion passed; unanimous.

Kentucky Industrial Revitalization Act (KIRA) Project (Amendment)

Chairman Hale called on Mr. Aldridge to present a KIRA project amendment to the Authority.

**Armstrong Coal Company, Inc.
Ohio County**

Mr. Aldridge stated on July 28, 2011, Armstrong Coal Company, Inc. received approval for a revitalization project in Ohio County. The company invested over \$65 million in rehabilitation and construction at the project site and was approved for up to \$16 million in tax incentives.

Due to many factors currently affecting the coal industry, the company has been forced to reduce its workforce at the Ohio County project site. As the company adjusts to market conditions, it is requesting an amendment to the KIRA Agreement which would reduce the employment threshold level from 690 to 500 full-time employees effective July 1, 2015.

As a result of the request, the Agreement will include a formula that prorates the remaining balance of incentives over the remaining term on a per job basis (Balance of Remaining Incentives / 5 years / 690 jobs = \$ per job).

The company will be required to certify the employment level as of December 31st of each remaining fiscal year-end to calculate the amount of incentives that may be available for the succeeding fiscal year. Failure to maintain the minimum employment threshold of 500 full-time employees during any period will result in suspension of eligibility for claiming incentives during that period.

Staff recommended approval of the amendment request.

Mr. Aldridge introduced Kenneth Allen, Eric Waller and Jeff Winnick and invited them to address the board regarding the amendment request.

After discussion, Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Vogt seconded the motion. Motion passed; unanimous.

Kentucky Reinvestment Act (KRA) Project (Amendment)

Chairman Hale called on Mr. Aldridge to present a KRA project amendment to the Authority.

**Central Motor Wheel of America, Inc.
Bourbon County**

Mr. Aldridge stated Central Motor Wheel of America, Inc. is requesting approval of an Amendment No. 1 to Reinvestment Agreement to reflect a campus approach and clarify the project to include 125 Wheat Drive, Paris, KY along with 150 Wheat Drive for the purposes of measuring the KRA job retention requirement retroactive to December 11, 2014. The

program requirement of a minimum \$2.5 million dollar investment at 150 Wheat Drive has been certified.

Staff recommended approval of the amendment request.

Mr. Vogt moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed; unanimous.

KBI Projects (Amendment)

Chairman Hale called on Mr. Aldridge to present the KBI project amendments to the Authority.

Catalent Pharma Solutions, LLC

Clark County

Mr. Aldridge stated Catalent Pharma Solutions, LLC was approved for a KBI project in Clark County consisting of the expansion and addition of a final packaging operations and an analytical laboratory with a dedicated R & D footprint to support product design and commercial needs. The company was originally approved with a job target of 40, ramping up to 90 and an annual maximum of \$80,000 increasing to a maximum of \$242,000 per year. Since the expansion project, the company has grown faster than initially thought. As a result, the company is requesting the Tax Incentive Agreement be amended so the job target and annual maximum be streamlined for the project, 90 jobs and \$200,000 a year for 10 years. All other aspects of the project remain the same.

Staff recommended approval of the amendment request.

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Hall seconded the motion. Motion passed; unanimous.

The Williamson Group, Inc.

Jefferson County

Mr. Aldridge stated The Williamson Group, Inc. was approved for a KBI project consisting of the expansion of the Company's research and development facility in Louisville. This First Amendment to Tax Incentive Agreement corrects an omission from the original Tax Incentive Agreement by recognizing the Company's second Louisville site as part of the project, creating a project campus. Employees at the additional site will be included in compliance with job creation requirements and will be eligible for wage assessments under the project. All other aspects of the project remain the same.

Staff recommended approval of the amendment request.

Mr. Hall moved to approve the staff recommendation, as presented; Mr. Hayden seconded the motion. Motion passed; unanimous.

Kentucky Enterprise Initiative Act (KEIA) Project (Modification)

Chairman Hale called on Mr. Aldridge to present a KEIA project modification to the Authority.

FedEx Ground Packaging System, Inc.

Boone County

Mr. Aldridge stated during the September 24, 2015 KEDFA Board Meeting, FedEx Ground Packaging System, Inc's KEIA project was approved with construction materials and building fixtures of \$46,650,000 and research and development equipment and/or electronic processing equipment of \$97,800,000. Subsequent to approval, the company realized the

need for an accurate accounting of their investment. The construction materials and building fixtures will be \$70,500,000 and research and development equipment and/or electronic processing equipment will be 80,000,000. All other aspects of the project remain the same.

Staff recommended approval of the modification request.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Kelly seconded the motion. Motion passed; unanimous.

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

Chairman Hale called on Mr. Aldridge to present the KEIA project extension requests to the Authority.

Mr. Aldridge stated the following companies have requested additional time to complete the projects and were presented as one motion:

Company	County	Extension
TMS Automotive, LLC	Warren	2 Month
Dart Container Corporation of Kentucky	Hart	3 Month
Itsuwa KY, LLC	Nelson	3 Month
Maker's Mark Distillery, Inc.	Marion	3 Month
Speyside Cooperage Kentucky, Inc.	Bullitt	3 Month
Tower Automotive Operations USA, LLC	Nelson	3 Month
Champion Petfoods USA, Inc.	Logan	6 Month
Zoeller Company	Jefferson	6 Month
Inplast Industries USA dba Plastikon Industries	Grayson	8 Month
Fuel Total Systems Kentucky Corporation	Marion	9 Month
AgRenew Partners, LLC	Henderson	12 Month
Catalent Pharma Solutions, LLC	Clark	12 Month
Graham Packaging Company, LP	Warren	12 Month
Seven Peaks Minerals, Inc.	Pike	12 Month
TerrePure Kentucky Distillers, Inc.	Daviess	12 Month

Staff recommended approval of the extension requests.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Hayden seconded the motion. Motion passed; unanimous.

KEIA Projects (Final)

Chairman Hale called on staff to present the KEIA final projects to the Authority.

General Motors LLC Warren County

**John Bevington
Debbie Phillips**

John Bevington stated General Motors LLC manufactures automobile, automotive systems, engines, heavy duty automatic transmissions, component parts and locomotives worldwide. The company is considering the expansion of its current facility in Bowling Green by adding a new paint shop operation to enhance the paint quality of its vehicles.

Ms. Phillips stated the project investment is \$397,570,000 of which \$52,500,000 qualifies as KEIA eligible costs. The approved recovery amount for construction materials and building fixtures is \$1,000,000.

Staff recommended final approval of the KEIA negotiated tax incentive amount of \$1,000,000.

Mr. Vogt moved to approve the staff recommendation, as presented; Mr. Hall seconded the motion. Motion passed; unanimous.

**Tower Automotive Operations USA I, LLC
Nelson County**

**Lindsey Ransdell
Michelle Elder**

Ms. Ransdell stated Tower Automotive Operations USA I, LLC is a leading global manufacturer of engineered structural metal components and assemblies that supplies the automotive industry. The company is considering the expansion of its current facility in Bardstown to include press capacity, additional storage and shipping space.

Ms. Elder stated the project investment is \$17,836,720 of which \$4,290,502 qualifies as KEIA eligible costs. The approved recovery amount for construction materials and building fixtures is \$200,000.

Staff recommended final approval of the KEIA negotiated tax incentive amount of \$200,000.

Mr. Hall moved to approve the staff recommendation, as presented; Mr. Kiser seconded the motion. Motion passed; unanimous.

**Clariant Corporation
Jefferson County**

**Morgan Pierstorff
Lynda Cunningham**

Morgan Pierstorff stated Clariant is moving its production of the Ziegler-Natta catalyst from China to Louisville and investing over \$100,000,000 in a state of the art production line for this purpose, creating over 40 full time jobs. The Catalyst manufacturing location in Louisville is competing with other Clariant sites around the world for resources and investment. KEIA funds would go towards mitigating the expenditures with this project and help maintain their competitiveness.

Lynda Cunningham stated the project investment is \$65,362,668 of which \$13,502,943 qualifies as KEIA eligible costs. The approved recovery amount for construction materials and building fixtures is \$742,000 and \$58,000 for R & D and/or electronic processing equipment.

Staff recommended final approval of the KEIA negotiated tax incentive amount of \$800,000.

Mr. Vogt moved to approve the staff recommendation, as presented; Mr. Hall seconded the motion. Motion passed; unanimous.

KBI Projects (Preliminary) and KEIA Projects (Final)

Chairman Hale called on staff to present the KBI preliminary projects and KEIA final projects to the Authority.

**Messier-Bugatti USA, LLC
Boone County**

**John Bevington
Debbie Phillips**

Mr. Bevington stated Messier-Bugatti USA, LLC produces and refurbishes advanced carbon composite brake disks and produces aluminum alloy wheels and brakes for large commercial and military aircraft. The company is considering an expansion of its existing facility in Walton to meet increasing demand and continued growth.

Ms. Phillips stated the project investment is \$150,330,000 of which \$91,980,000 qualifies as KBI eligible costs and \$60,000,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 84 with average hourly wages of \$35.00 including benefits. The state wage assessment participation is 2.25% and Boone County will participate at 0.6%.

The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,500,000 and final approval of the KEIA approved recovery amount of \$1,000,000 for construction materials and building fixtures.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed; unanimous.

**Coldstream Laboratories Inc.
Fayette County**

**Nick Grisanti
Lynda Cunningham**

Mr. Grisanti stated Coldstream Laboratories Inc., a subsidiary of Mumbai-based Piramal Enterprises Limited, is a contract manufacturer engaged in development and production of injectable pharmaceuticals. The company is considering expanding its manufacturing line which would involve procurement of two new filling lines and various other pieces of equipment to improve efficiency as well as increase capacity significantly and help the site grow.

Ms. Cunningham stated the project investment is \$12,771,948 of which \$7,248,390 qualifies as KBI eligible costs and \$2,447,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 40 with average hourly wages of \$28.00 including benefits. The state wage assessment participation is 3.0% and Lexington-Fayette Urban County Government will participate at 1.0%.

The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The project will include multiple locations within Fayette County/Lexington. Only investment costs incurred at 1575 McGrathiana Parkway will be considered towards calculating eligible costs. Employees and their respective wages at the locations included in the project definition will be eligible for compliance.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$800,000 and final approval of the KEIA approved recovery amount of \$140,000 for construction materials and building fixtures.

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Vogt seconded the motion. Motion passed; unanimous.

**Precision Strip, Inc.
Warren County**

**Corky Peek
Michelle Elder**

Corky Peek stated Precision Strip, Inc. (PSI), established in 1977, has 12 locations in 6 states. The facility in Kentucky has been in operation since 1995. PSI is a toll processor of metals, cutting blank large coils of steel and aluminum into various widths and shapes for customers. The company is considering adding a second manufacturing facility in Warren County.

Ms. Elder stated the project investment is \$15,500,000 of which \$10,535,000 qualifies as KBI eligible costs and \$5,162,500 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 15 with average hourly wages of \$33.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green will participate at 1.0%. The company will be required to maintain 100% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000 and final approval of the KEIA approved recovery amount of \$100,000 for construction materials and building fixtures.

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Hall seconded the motion. Motion passed; unanimous.

**Custom Resins, Inc.
Henderson County**

**Frank Tate
Michelle Elder**

Frank Tate stated Custom Resins, Inc., a polymerization and compounding facility, in Henderson, produces nylon resins for injection molding and other applications for the automotive industry. The company is considering expanding its operation to meet automotive demand. The expansion will add additional building space as well as add more equipment allowing Custom Resins to meet its customer's needs.

Ms. Elder stated the project investment is \$12,250,000 of which \$9,850,000 qualifies as KBI eligible costs and \$4,000,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 40 with average hourly wages of \$17.40 including benefits. The state wage assessment participation is 3.0% and Henderson County will participate at 1.0%.

The company will be required to maintain a base employment equal to the greater of the number of full-time, Kentucky resident employees as of the date of preliminary approval or fifty-four (54) full-time Kentucky resident employees, which is the base employment number required by the previous project under the KREDA program.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$700,000 and final approval of the KEIA approved recovery amount of \$200,000 for construction materials and building fixtures.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Vogt seconded the motion. Motion passed; unanimous.

KBI Projects (Preliminary)

Chairman Hale called on staff to present the KBI preliminary projects to the Authority.

**BlueCotton, Inc.
Warren County**

**Frank Tate
Michelle Elder**

Mr. Tate stated BlueCotton, LLC, founded in 1991, is a screen printing and embroidery business. The growth of its business over the last several years has ranked them as one of the fastest growing private companies in the Inc. 5000. The company is considering the purchase of a building, as well as equipment, to help meet customer demand.

Ms. Elder stated the project investment is \$5,575,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 94 with average hourly wages of \$15.00 including benefits. The state wage assessment participation is 3.0% and The City of Bowling Green will participate at 1.0%.

The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. Only investment costs incurred by the approved company will be considered towards calculating eligible costs. Only the approved company may participate in the corporate income tax credit incentive (no affiliate

is eligible). The jobs creation/maintenance and wage requirements will be satisfied collectively by the approved company and the affiliate, Bluth Company, LLC.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$900,000.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Hall seconded the motion. Motion passed; unanimous.

**Bluegrass Supply Chain Services, LLC
Hart County**

**Frank Tate
Michelle Elder**

Mr. Tate stated Bluegrass Supply Chain Services, LLC, founded in 2002, offers its customers value added solutions to their supply chain needs by offering warehousing, quality support, light assembly and transportation management services. The company proposes to build a new warehousing and distribution facility to meet customer demand.

Ms. Elder stated the project investment is \$8,598,000 of which \$4,365,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 37 with average hourly wages of \$28.50 including benefits. The state wage assessment participation is 3.0% and Hart County will participate at 0.08%.

The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval. Only investment costs incurred by the approved company will be considered towards calculating eligible costs. Only the approved company may participate in the corporate income tax credit incentive (no affiliate is eligible). The jobs creation/maintenance and wage requirements will be satisfied collectively by the approved company and the affiliate, Bluegrass Dedicated.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$800,000.

Mr. Hall moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed; unanimous.

**Core-Mark International, Inc.
Grayson County**

**Frank Tate
Michelle Elder**

Mr. Peek stated Core-Mark International, Inc., a large distribution facility of fresh and frozen merchandise in the convenient store market, offers a full range of products and services to customers in the U.S. and Canada. The company proposes to add additional lines to its current operation to help meet customer demand.

Ms. Elder stated the project investment is \$3,098,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 76 with average hourly wages of \$15.00 including benefits. The state wage assessment participation is 5.0%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,200,000.

Mr. Vogt moved to approve the staff recommendation, as presented; Mr. Kiser seconded the motion. Motion passed; unanimous.

**Protech Industries, Inc.
Breckinridge County**

**Frank Tate
Michelle Elder**

Mr. Tate stated Protech Industries, LLC is a start-up company in Breckinridge County that will assemble lida-anodes for the oil and gas industry. The company proposes to build a facility to meet customer demand.

Ms. Elder stated the project investment is \$871,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 20 with average hourly wages of \$16.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$450,000.

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed; unanimous.

**Evolent Health LLC
Jefferson County**

**Anna Beth Bobbitt
Michelle Elder**

Anna Beth Bobbitt stated Evolent Health LLC (Evolent) is a leading provider of population health services to provider-sponsored health plan clients across the country and has established itself as a market leader and pioneer in the new era of healthcare delivery and payment. The company is considering the creation of a Medicaid Center of Excellence (MCOE) in Louisville, Kentucky to serve as the regional headquarters for its national Medicaid business. As provider-sponsored health plans across the country join state and national governments in seeking new ways to improve the delivery of Medicaid services, Evolent envisions the MCOE to provide expertise, operational support and innovative patient-centered care solutions to these endeavors. The MCOE will serve as a leader in the creation of shared services that are repeatable and portable on a national scale as Evolent supports future Medicaid clients.

Ms. Elder stated the project investment is \$41,725,000 of which \$28,525,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 647 with average hourly wages of \$38.00 including benefits. The state wage assessment participation is 3.0% and Louisville/Jefferson County Metro Government will participate at 1.0%.

The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The company's base employment may be subject to modification should the company merge, acquire or partner with another entity in Kentucky.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$10,000,000.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed; unanimous.

**GreenTree Forest Products, Inc.
Fleming County**

**Anna Beth Bobbitt
Debbie Phillips**

Ms. Bobbitt stated GreenTree Forest Products, Inc. has been doing business for 25 years in Wallingford and operates a saw mill and pallet facility. The company is proposing to purchase state of the art equipment to increase production.

Ms. Phillips stated the project investment is \$2,200,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 10 with average hourly wages of \$14.00 including benefits. The state wage assessment participation is 5.0%.

The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$200,000.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Kiser seconded the motion. Motion passed; unanimous.

KBI Projects (Extension)

Chairman Hale called on Ms. Phillips to present the KBI extension requests to the Authority.

Ms. Phillips stated the following companies have requested additional time to complete the projects and that they be presented as one motion:

Company	County	Extension
Fortis Manufacturing, LLC	Barren	6 Month
Lyons Magnus East, Inc.	Boone	6 Month
Norgren, Inc.	Jefferson	6 Month
eBay, Inc.	Jefferson	12 Month
MVP Group International, Inc.	Fulton	12 Month
National Fastpitch Coaches Association	Jefferson	12 Month
SORD KY LLC	Franklin	12 Month
Southern Water Treatment Services, Co., Inc.	Jefferson	12 Month
Stody Company	Warren	12 Month

Staff recommended approval of the KBI extension requests.

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Vogt seconded the motion. Motion passed; unanimous.

KBI Projects (Final)

Chairman Hale called on Ms. Phillips to present the KBI final projects to the Authority.

Ms. Phillips requested the KBI Final Projects be presented in one motion. Ms. Phillips stated the following companies requested final approval without modifications since preliminary approval:

Project Name	County	Type Project
Hoover Universal, Inc.	Scott	Manufacturing
Keebler Company	Jefferson	Manufacturing
MacDonald & Owen Veneer and Lumber Co., Inc.	Warren	Manufacturing
YS Precision Stamping, Inc.	Scott	Manufacturing

Ms. Phillips stated the following companies requested final approval with modifications since preliminary approval:

ABC Automotive Systems, Inc.

Laurel County

ABC Automotive Systems, Inc. had the following modifications made to its manufacturing project since preliminary approval: The investment increased from \$7,263,192 to \$18,125,751. The eligible costs increased from \$3,105,964 to \$4,104,964. The jobs increased from 75 to 200. The total negotiated tax incentive amount increased from \$750,000 to \$1,750,000. All other aspects of the project remain the same.

Firstsource Group USA, Inc.

Jefferson County

Firstsource Group USA, Inc. had the following modifications made to its service & technology project since preliminary approval: Investment increased from \$1,900,000 to \$6,699,070. Eligible costs increased from \$1,289,650 to \$4,114,625. Job targets increased from 125 to 622. Local wage assessment participation decreased from 1.0% to 0.5%. State wage assessment participation decreased from 3.0% to 1.5%. The total negotiated tax incentive amount increased from \$1,200,000 to \$3,000,000. All other aspects of the project remain the same.

Gibbs Die Casting Corporation

Henderson County

Gibbs Die Casting Corporation had the following modifications made to its manufacturing project since preliminary approval: The project will include multiple locations within Henderson County/Henderson. Only investment costs incurred at 3093 Ohio Drive will be considered towards calculating eligible costs. Employees and their respective wages at the locations included in the project definition will be eligible for compliance. All other aspects of the project remain the same.

Mubea Tailor Rolled Blanks, LLC

Boone County

Mubea Tailor Rolled Blanks, LLC had the following modifications made to its manufacturing project since preliminary approval: The Company name changed from Mubea Precision Springs, Inc. to Mubea Tailor Rolled Blanks, LLC. The company added the following affiliates: Mubea, Inc., Mubea Precision Springs, Inc. and Mubea North-America Shared Services, Inc. to be included in the statewide maintenance. All other aspects of the project remain the same.

Staff recommended approval of the KBI final resolutions and tax incentive agreements and the authorization to execute and deliver the documents.

Mr. Kiser moved to approve the staff recommendation, as presented; Mr. Vogt seconded the motion. Motion passed, unanimous.

Kentucky Reinvestment Act (KRA) Project (Final)

Chairman Hale called on Ms. Phillips to present the KRA final project to the Authority.

J. M. Smucker, LLC

Fayette County

Ms. Phillips stated J. M. Smucker, LLC requested final approval of its manufacturing project. There were no modifications to the project since preliminary approval.

The company currently has 292 full-time, Kentucky resident employees and expended approximately \$39,324,755 in equipment and related costs of which \$19,662,378 are eligible

costs. J. M. Smucker, LLC is eligible to receive the \$2,000,000 negotiated tax incentive amount as preliminarily approved.

Staff recommended approval of the KRA final resolution and reinvestment agreement and to authorize the execution and delivery of the documents.

Mr. Vogt moved to approve the staff recommendation, as presented; Mr. Hayden seconded the motion. Motion passed; unanimous.

Kentucky Small Business Tax Credit (KSBTC) Projects

Chairman Hale called on Mr. Back to present the KSBTC projects to the Authority.

Mr. Back stated there are 19 Kentucky small businesses, from 12 counties with qualifying tax credits of \$141,900. Mr. Back requested the following tax credits be presented as one motion:

Qualified Small Business	County	Beg. Emp.	Elig. Pos.	Average Hourly Wage	Qualifying Equipment or Technology	Tax Credit
Action Equipment Solutions, Inc.	Scott	4	4	\$ 27.56	\$ 21,000	\$ 14,000
Affordable Diesel and Auto Repair, LLC	McCracken	0	4	\$ 15.25	\$ 30,000	\$ 14,000
Ashland Office Supply, Inc.	Boyd	28	2	\$ 11.75	\$ 7,000	\$ 7,000
ATech Training, Inc.	Boone	36	6	\$ 17.90	\$ 5,426	\$ 5,400
Central Delivery, Inc.	Jessamine	3	1	\$ 13.00	\$ 6,000	\$ 3,500
Cultivate Digital, L.L.C.	Jefferson	0	4	\$ 20.74	\$ 5,736	\$ 5,700
DMK Development Group, LLC	Jefferson	5	3	\$ 27.88	\$ 5,632	\$ 5,600
Graeter Wealth Advisors, Inc.	Jefferson	0	1	\$ 18.27	\$ 6,624	\$ 3,500
Hydra, LLC	Fayette	0	3	\$ 20.63	\$ 11,339	\$ 10,500
Jackson Wholesale Company	Breathitt	33	1	\$ 19.23	\$ 6,321	\$ 3,500
Kerrick Bachert PSC	Warren	26	2	\$ 17.50	\$ 6,244	\$ 6,200
Kinemetrix Industrial Design, Inc.	Fayette	12	2	\$ 34.50	\$ 11,245	\$ 7,000
Louisville Esthetics, LLC	Jefferson	1	1	\$ 29.00	\$ 5,469	\$ 3,500
Prickel Electric, LLC	Boone	16	1	\$ 15.50	\$ 50,517	\$ 3,500
Rudler, Professional Service Corporation	Kenton	22	1	\$ 33.95	\$ 5,914	\$ 3,500
Sizemore & Sizemore, PLLC	Marion	0	2	\$ 21.95	\$ 20,425	\$ 7,000
Solar Engergy Solutions LLC	Fayette	6	1	\$ 16.00	\$ 34,676	\$ 3,500
Sweep All, Inc.	Jefferson	27	7	\$ 14.04	\$ 94,880	\$ 24,500
Thompson Heating and Cooling Service, LLC	Oldham	2	3	\$ 15.00	\$ 26,147	\$ 10,500

Staff recommended approval of the tax credits.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Hayden seconded the motion. Motion passed, unanimous.

Kentucky Angel Investment Act Program Projects

Chairman Hale called on Mr. Back to present the Kentucky Angel Investment Act Program projects to the Authority.

Mr. Back informed the board that \$3,000,000 in tax credits are available under the Kentucky Angel Investment Act Program for calendar year 2016. There are 61 projects representing 11 Kentucky businesses, among 7 counties and 58 individual investors for a total projected investment of \$3,800,500 with eligible tax credits of \$1,520,200. The investor will have 60 calendar days in which to make the planned investment and 20 calendar days from the investment date in which to submit proof of the investment before receiving the tax credit.

Mr. Back requested the following proposed Kentucky Angel Investment tax credits be presented as one motion:

Qualified Small Business Qualified Investor(s)	County	Projected Investment	Tax Credit
Adaptive Technologies, LLC	Oldham		
Antonsson, Stefan		\$ 50,000	\$ 20,000
Baggott, Stephen J.		\$ 10,000	\$ 4,000
Capossela, Theodore A.		\$ 25,000	\$ 10,000
Frey, Robert E.		\$ 40,000	\$ 16,000
Ganster, John Hugo		\$ 10,000	\$ 4,000
Geeding, Daniel W.		\$ 20,000	\$ 8,000
Habbert, John H.		\$ 50,000	\$ 20,000
Haman, William W.		\$ 25,000	\$ 10,000
Kulick, Roy M.		\$ 20,000	\$ 8,000
Mattix, Chadwick M.		\$ 25,000	\$ 10,000
McKee, Donald F.		\$ 20,000	\$ 8,000
Minson, Gilbert J.		\$ 20,000	\$ 8,000
O'Reilly, James T.		\$ 10,000	\$ 4,000
Petrick, Robert J.		\$ 10,500	\$ 4,200
Rader, M. Elizabeth		\$ 20,000	\$ 8,000
Seal, Richard C.		\$ 25,000	\$ 10,000
Shiple, Tony L.		\$ 15,000	\$ 6,000
Wright, Terrence M.		\$ 10,000	\$ 4,000
Comfy Cow, LLC	Jefferson		
Brown, Kimberly F.		\$100,000	\$ 40,000
Osborn, Jr., Charles A.		\$100,000	\$ 40,000
Rosenberg, Alan M.		\$ 50,000	\$ 20,000
Digital Comply, Inc.	Hardin		
Fischer, Gregory E.		\$100,000	\$ 40,000
Sautel, Stephen D.		\$500,000	\$200,000
Sautel, Terri A.		\$500,000	\$200,000
First Care Holding, LLC	Laurel		
King, Darren		\$ 50,000	\$ 20,000
Onovative, LLC	Jefferson		
Young, Christopher H.		\$ 50,000	\$ 20,000
Rabbit Hole Spirits, LLC	Jefferson		
Hardwick, Donald R.		\$100,000	\$ 40,000
Strench, William G.		\$ 50,000	\$ 20,000
Sutherland, Richard Keith		\$200,000	\$ 80,000
Redleaf Biologics, Inc.	Jessamine		
Baker, William True		\$ 15,000	\$ 6,000
Dueber, John E.		\$ 10,000	\$ 4,000
Lampert, Mark N.		\$ 85,000	\$ 34,000
Somerville, Chris R.		\$ 10,000	\$ 4,000
Youngs, Heather		\$ 20,000	\$ 8,000
Smart Farm Systems, Inc.	Jessamine		
Bork, Daniel P.		\$ 25,000	\$ 10,000
Clay-Circle, Renee		\$100,000	\$ 40,000
Clay-Thomas, Amy Renee		\$ 30,000	\$ 12,000
Cole, Vincent J.		\$ 75,000	\$ 30,000

Goodnight, David L.		\$ 50,000	\$ 20,000
Wells, Robert M.		\$100,000	\$ 40,000
Young, Christopher H.		\$ 50,000	\$ 20,000
Young, William Ryan		\$250,000	\$100,000
Space Tango, Inc.	Fayette		
Hughes, Dean Lee		\$100,000	\$ 40,000
Hunt IV, George Henry		\$ 35,000	\$ 14,000
Vivorte (DE), Inc.	Jefferson		
Schlotman, John Michael		\$ 25,000	\$ 10,000
Siegrist, John Thomas		\$ 20,000	\$ 8,000
Wyzerr Inc.	Kenton		
Becker, Mark John		\$ 25,000	\$ 10,000
Bray, Chad		\$ 10,000	\$ 4,000
Bray, Scott		\$ 10,000	\$ 4,000
Frey, Robert E.		\$ 40,000	\$ 16,000
Geeding, Daniel W.		\$ 10,000	\$ 4,000
Haas, Eric		\$ 20,000	\$ 8,000
Klunk, Joseph A.		\$ 50,000	\$ 20,000
Murdock, Shawn L.		\$ 10,000	\$ 4,000
Sathe, Robert B.		\$ 30,000	\$ 12,000
Schlotman, John Michael		\$300,000	\$120,000
Schroeder, Gregory L.		\$ 50,000	\$ 20,000
Verst, Paul T.		\$ 10,000	\$ 4,000
Wesdorp, Benet Earl		\$ 10,000	\$ 4,000
Wilkins, Todd Christopher		\$ 10,000	\$ 4,000
Zapp, Bradley R.		\$ 10,000	\$ 4,000

Staff recommended approval of the proposed tax credits.

Mr. Hall moved to approve the staff recommendation, as presented; Mr. Hayden seconded the motion. Motion passed; unanimous.

Other Business

Quarterly Kentucky Small Business Credit Initiative (KSBCI) Report

Chairman Hale called on Mr. Goodin to review the Quarterly KSBCI Report ending December 31, 2015.

After review, the Authority accepted the report as presented.

KSBCI Proposed Guideline Change

Chairman Hale called on Mr. Goodin to give an update to the board regarding last month's proposed KSBCI Guideline Change.

Mr. Goodin stated the Small Business Administration does not charge fees on loans of \$150,000 or less. Given the demand for funds under the Kentucky Collateral Support Program (KYCSP) and banks interested in signing up for the program, staff recommended instead of a fee waiver, KEDFA will begin charging fees for funds under the KYCSP. No action necessary.

Adjournment

There being no further business, Chairman Hale entertained a motion to adjourn.

Mr. Hayden moved to adjourn the January KEDFA board meeting; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:41 a.m. (EST).

PRESIDING OFFICER:



Jean Hale, Chairman