

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING

June 30, 2016

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EDT on June 30, 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, Edwin King, Proxy for Secretary William M. Landrum, III, Tucker Ballinger, Dorsey Hall, Joe Kelly and Mike Vogt

Staff Present: Bobby Aldridge, Tim Back, Caroline Baesler, Anna Beth Bobbitt, Lynda Cunningham, Marlene Duffy, Michelle Elder, John Enochs, Don Goodin, Lisa Jones, Robyn Lee, Brandon Mattingly, Jack Mazurak, Corky Peek, Debbie Phillips, Morgan Pierstorff, Lindsey Ransdell, Kristina Slattery, Katie Smith, Teresa Spreitzer and Frank Tate

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Jeff Doss, Abel Construction Co.; M. Holtz, Bingham Greenebaum Doll; Brent Avent, Corbin Economic Development Agency; Brad Thomas, East Kentucky Power Cooperative; Sharon Johnston, Kentucky Adult Education (KYAE); Randy Holbrook, John Horn and Randy Risner, Logan Corporation; Ben Moore and Sam Wang, Louisville Metro; Chuck Sexten, One East Kentucky and John Short, State Representative, 92nd District

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the May 26, 2016 regular KEDFA board meeting and the June 23, 2016 special KEDFA board meeting.

Aubrey Hayden 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 report.

After review, the Authority accepted the report as presented.

Financial Statements, Monitoring Reports and Audit Communication

Chairman Hale called on Katie Smith to review the monthly financial statements and monitoring reports as of May 31, 2016 as well as the audit communication.

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

Ms. Smith also reviewed the annual audit communication from Mountjoy Chilton Medley, LLP. The audit should begin on July 18, 2016 and be concluded with issued reports by October 3, 2016.

High Tech Pool Project (Grant)

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

MakeTime Inc. Fayette County

**Anna Beth Bobbitt
Don Goodin**

Anna Beth Bobbitt stated MakeTime Inc. is an on-demand manufacturing platform that matches projects from buyers to production hours on computer numerically controlled (CNC) machines from pre-qualified suppliers. A buyer posts a project with DFM-ready part files to the MakeTime platform and receives a price estimate that includes machining, materials and delivery costs. Upon approval from the buyer, the company places the project with suppliers whose capabilities and available machine time match the project. MakeTime manages production, material procurement, delivery and payments. Every project is backed by a surety bond to ensure quality.

Mr. Goodin stated MakeTime Inc. is requesting up to \$500,000 from the High Tech Investment Pool in the form of a performance-based grant for operating expenses and to hire and train additional staff. The company reported 38 current, full-time Kentucky resident employees and will be required to create 28 new high-tech, full-time, Kentucky resident jobs paying an average annual wage of \$70,000 excluding benefits. In addition, the company must pay at least \$40,000 annually for jobs to be considered towards the requirement. The job retention and requirement date will begin on June 30, 2017 and job maintenance measurement will be conducted annually for three additional years through June 20, 2020. The Agreement will include a grant reduction provision of \$1,894 per job not created or retained and a wage reduction provision for failure to meet the requirements. Funds will be disbursed on a reimbursement basis.

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

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

KEDFA Revenue Bond

Chairman Hale called on Ms. Smith to present a KEDFA Revenue Bond request to the Authority.

Catholic Health Initiatives

Ms. Smith stated KEDFA previously authorized the 2013 bond issue for Catholic Health Initiatives (CHI). A portion of the bond proceeds were used to finance or refinance costs of facilities that CHI recently sold to an unrelated third party. The sale requires KEDFA to report certain information regarding the sale to the Internal Revenue Service. Therefore, CHI is requesting KEDFA to execute and deliver Form 8038 (Information Return for Tax-Exempt Private Activity Bond Issues).

KEDFA serves as the conduit issuer of the bonds. The bonds do not constitute a general obligation of KEDFA and KEDFA is not obligated to pay principal or interest for the bonds from its own funds.

Staff recommended KEDFA's adoption of the resolution and the execution and delivery of Form 8038.

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

KEDFA Economic Development Bond (EDB) (Grant)

Chairman Hale called on Debbie Phillips to present a proposed EDB project to the Authority.

Ashland Inc. Fayette County

Ms. Phillips stated the Lexington-Fayette Urban County Government requested the use of \$450,000 in EDB funds for the benefit of Ashland Inc. The company is considering the lease of 165,000 square foot facility to be constructed in Lexington. The facility will serve as the new headquarters for Ashland's Valvoline unit. The proposed EDB grant funds will be used to offset the costs associated with this project.

The company will be required to retain 616 existing permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$42.00, excluding benefits, within one (1) year of KEDFA approval of the project and maintain the jobs and wages for three (3) additional years. Disbursement of funds will not occur until after annual compliance reporting has occurred. The Agreement will include a job reduction provision of \$365 per job not retained and a wage reduction provision on a pro rata portion of the EDB grant.

In accordance with KRS 154.12-100, KEDFA's approval of this EDB grant is subject to the Cabinet for Economic Development's (CED) receipt of concurrence from the Secretary of the Kentucky Finance & Administration Cabinet to CED's use of the EDB funds for this project. Ms. Phillips stated the Secretary's concurrence had been received.

Staff recommended approval of the grant request.

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

Local Industrial Revenue Bond (IRB) Project (Final)

Chairman Hale called on Ms. Phillips to present a Local IRB project to the Authority.

Heaven Hill Distilleries, Inc. Nelson County

Ms. Phillips 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 the acquisition, construction and equipping of a product distribution facility in Bardstown. The principal amount of the IRB authorization is up to \$29,000,000 for a term of 30 years. A Payment in Lieu of Tax Agreement will be required with the Bardstown Independent School District.

Staff recommended approval of the requested percentage reduction in the state ad valorem tax rate on the industrial building and equipment proposed to be financed through the issuance of the industrial revenue bonds.

Mr. Ballinger moved to approve the staff recommendation, as presented; Joe Kelly 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 Enterprise Initiative Act (KEIA) Projects (Extension)

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

Mr. Aldridge stated there are 3 companies that have requested additional time to complete the projects and requested they be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
Berry Plastics Corporation	Hopkins	12 Month
nGimat, LLC	Fayette	12 Month
Tyson Chicken, Inc.	Henderson	12 Month

Staff recommended approval of extension requests.

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

KEIA Projects (Final)

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

Altec Industries, Inc.
Hardin County

Morgan Pierstorff
Lynda Cunningham

Morgan Pierstorff stated Altec Industries, Inc. is a privately held company formed in 1929 and is a leading provider of products and services to the electric utility, telecommunications, tree care and contractor markets. Products include truck bodies and related equipment. The company is considering an expansion of its existing manufacturing facility to house new equipment associated with improving the quality of its production. The expansion would also include increasing the size of the existing office, high bay and cafeteria space.

Lynda Cunningham stated the project investment is \$16,099,750 of which \$3,010,875 qualifies as KEIA eligible costs.

Staff recommended final approval of the KEIA approved recovery amount of \$150,000 for construction materials and building fixtures.

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

Jim Beam Brands Co.
Bullitt County

Marlene Duffy
Debbie Phillips

Marlene Duffy stated Jim Beam Brands Co. has been making bourbon in Kentucky for more than 200 years and is the #1 selling bourbon in the world. The company is considering the construction of additional warehousing space to meet growing customer demands for its products.

Ms. Phillips stated the project investment is \$27,800,000 of which \$9,257,190 qualifies as KEIA eligible costs.

Staff recommended final approval of the KEIA approved recovery amount of \$400,000 for construction materials and building fixtures.

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

KBI Project (Preliminary) and KEIA Project (Final)

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

New Riff Distilling, LLC Campbell County

**Marlene Duffy
Debbie Phillips**

Ms. Duffy stated New Riff Distilling, LLC is the largest craft distillery in Kentucky currently operating at full production of over 7,400 barrels a year. The company is considering the construction of a whiskey campus that will hold 28,000 bourbon barrels to age, raw material storage, offices, general warehousing, bottling and distribution operation. The project would also include the renovation of an existing facility by remodeling two historic brick warehouse buildings and constructing a major set of rick houses. In addition, this proposal includes acquisition of additional land adjacent to this property to construct a "state of the art" brewery/taproom/restaurant, event space as well as parking.

Ms. Phillips stated the project investment is \$12,475,000 of which \$9,705,000 qualifies as KBI eligible costs and \$3,735,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 39 with average hourly wages of \$22.00 including benefits. The state wage assessment participation is 3.0% and the City of Newport 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 Campbell County/the City of Newport. Only investment costs incurred at 1050 Lowell Street will be considered toward 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 \$500,000 and final approval of the KEIA approved recovery amount of \$150,000 for construction materials and building fixtures.

Mr. Hall 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.

Ervin Cable Construction of Florida, LLC Union County

**Frank Tate
Michelle Elder**

Frank Tate stated Ervin Cable Construction of Florida, LLC (ECC), began business in 1980 as a small construction company doing Cable TV design and construction work. With steady growth and continued reinvestment in the company, ECC has grown allowing it to serve more customers throughout the Southeastern United States. ECC has reached maximum capacity at its headquarters location in Sturgis and the company is considering an expansion to support this growth.

Michelle Elder stated the project investment is \$511,000 of which \$391,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 20 with average hourly wages of \$17.00 including benefits. The state wage assessment participation is 3.0% and Union County will participate at 0.5%. 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 only incentive available for this project is the wage assessment.

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. Kelly seconded the motion. Motion passed; unanimous.

**Beltline Electric Co., Inc.
McCracken County**

**Corky Peek
Michelle Elder**

Corky Peek stated Beltline Electric Co., Inc. is a heavy industrial and commercial electrical and mechanical construction contractor serving the Southeastern U.S. The company is considering the expansion of its current facility in Paducah to manufacture fabrication of engineered electrical components.

Ms. Elder stated the project investment is \$1,205,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 15 with average hourly wages of \$25.00 including benefits. The state wage assessment participation is 3.0% and the City of Paducah will participate at 1.0%. 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 \$125,000.

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

**North America Sticks
Knox County**

**Lindsey Ransdell
Michelle Elder**

Lindsey Ransdell stated French-owned Euro Sticks Group, a multigenerational family company with facilities across the world, is considering opening its first US manufacturing operation to supply demand from US-based customers for its wooden ice cream, popsicle and coffee stir sticks.

Ms. Elder stated the project investment is \$15,000,000 of which \$14,100,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 90 with average hourly wages of \$18.75 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$3,000,000.

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

**Astecnos America Corporation
Jessamine County**

**Marlene Duffy
Debbie Phillips**

Ms. Duffy stated Astecnos America Corporation designs and manufactures specialized machines and processing of jigs as well as designs and produces control panels for the automotive industry. The company is considering establishing its first U.S. operation to be closer to its customers.

Ms. Phillips stated the project investment is \$1,242,817 of which \$743,692 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 41 with average hourly wages of \$42.00 including benefits. The state wage assessment participation is 3.0% with the City of Nicholasville participating at 0.6% and Jessamine County participating at 0.4%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000.

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

**JBR Industrial Services, LLC
Mason County**

**Marlene Duffy
Debbie Phillips**

Ms. Duffy stated JBR Industrial Services, LLC provides a conduit for its clients to transfer the inherent risk associated with an industrial transition, such as closing, partial relocation or consolidating a manufacturing facility. JBR also provides heavy equipment moving, total plant relocation, plant demolition and scrap out projects. The company is considering expanding its warehousing ability to store and rebuild machinery, expand the rigging operations, freight brokerage services and office space.

Ms. Phillips stated the project investment is \$2,364,500 all of which qualifies as KBI eligible costs. The highest jobs target of the term of the agreement is 10 with average hourly wages of \$20.00 including benefits. The state wage assessment 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 project will include multiple locations within Mason County/the City of Maysville. Only investment costs incurred at 1118 Progress Way will be considered toward 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 \$250,000.

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

**Leggett & Platt, Incorporated
Scott County**

**Marlene Duffy
Debbie Phillips**

Ms. Duffy stated Leggett & Platt, Incorporated manufactures adjustable bed frames for household use. The company is considering an expansion to consolidate its existing Georgetown operations into two facilities.

Ms. Phillips stated the project investment is \$1,850,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 64 with average hourly wages of \$18.00 including benefits. The state wage assessment participation is 3.0% with the City of Georgetown participating at 0.50% and Scott County Fiscal Court participating at

0.50%. 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. The project will include multiple locations within Scott County/the City of Georgetown. Only investment costs incurred at 108 Summer Court will be considered toward 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.

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

**Logan Corporation
Magoffin County**

**Robyn Lee
Debbie Phillips**

Robyn Lee stated Logan Corporation manufactures a wide range of quality products for mining, rail transport, industrial, construction and power generation markets. The company is considering acquiring a facility in Salyersville for its truck bed product line to meet customer demand.

Ms. Lee acknowledged and introduced State Representative, John Short, 92nd District, who is in support of the project. Ms. Lee introduced Randy Holbrook, John Horn and Randy Risner of Logan Corporation and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$2,600,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 70 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 \$2,000,000.

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

**Alliance Entertainment, LLC
Bullitt County**

**Anna Beth Bobbitt
Lynda Cunningham**

Ms. Bobbitt stated Alliance Entertainment, LLC is the largest wholesale distributor of CD, DVD and Blu-Ray titles in the United States. The company provides distribution, fulfillment and other services to retailers such as Barnes & Noble, Amazon.com and Wal-Mart.com. Alliance Entertainment is considering acquiring another company and moving some of the business to its Shepherdsville location.

Ms. Cunningham stated the project investment is \$6,328,000 of which \$4,564,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 150 with average hourly wages of \$13.00 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 and to withdraw from the Kentucky Jobs Development Act (KJDA) program prior to KBI final approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$500,000.

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

**AnyConnect LLC
Jefferson County**

**Morgan Pierstorff
Lynda Cunningham**

Ms. Pierstorff stated AnyConnect LLC develops, markets and licenses software for the Internet of Things (IoT). Its existing intellectual property includes copyrighted software and patented inventions that allow two devices on the internet to communicate directly. This technology is used in baby monitors and video conferencing services. The company is considering Louisville as a location for a second office for approximately half of its U.S. based development staff.

Ms. Cunningham stated the project investment is \$1,950,000 of which \$1,940,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 12 with average hourly wages of \$50.00 including benefits. The state wage assessment participation is 3.0% and the Louisville/Jefferson County Metro Government will participate at 1.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000.

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

KBI Projects (Extension)

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

Ms. Elder stated there are 11 companies that have requested additional time to complete the projects and requested they be presented as one motion.

Company	County	Extension
FET Engineering, Inc.	Nelson	3 Month
America SednAir Compressor System, Inc	Graves	6 Month
Hayashi Telempu North America Corporation	Franklin	6 Month
ISCO Industries, Inc.	Jefferson	6 Month
Boyd Company, LLC	Jefferson	12 Month
Eloventions Services Group, LLC	Boone	12 Month
Faurecia Automotive Seating LLC	Shelby	12 Month
iHealth Solutions LLC	Jefferson	12 Month
L'Oreal USA Products, Inc.	Kenton	12 Month
Stantec Consulting Services Inc.	Fayette	12 Month
zTux, Inc.	Jefferson	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

Staff recommended preliminary approval of the KRA negotiated tax incentive amount of \$750,000 and the KEIA approved recovery amount of \$45,000 for construction materials and building fixtures.

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

KRA Project (Preliminary)

Chairman Hale called on staff to present a KRA preliminary project to the Authority.

Rane Precision Die Casting, Inc.

Logan County

Mr. Peek stated Rane Precision Die Casting, Inc. is a leading supplier of high-quality, complex aluminum die casting to the North American automotive market. The company manufactures steering components, compressor components, pumps and valve housings.

Corky Peek

Michelle Elder

Currently, the company is reeling under losses. Poorly maintained tooling and machinery have increased scrap rates and high level of machinery downtimes are resulting in huge overtime labor costs. Unfortunately, the company is expected to incur losses for the next two years and profitability in the following two years is expected to be marginal. Significant investments are required for replacement of tooling, refurbishment of existing equipment and installation of new equipment to help turn around the business. The company stated the reinvestment would not be economically feasible if not for the KRA incentives.

Ms. Elder stated the project investment is \$5,750,000 of which \$2,875,000 qualifies as KRA eligible costs. The job retention requirement over the term of the agreement is 90% of the number of full-time jobs at the project location as of preliminary approval.

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

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

KEDFA Loan

Chairman Hale called on Mr. Goodin to present a KEDFA Loan request to the Authority.

Logan Corporation

Magoffin County

Mr. Goodin stated Logan Corporation, founded in 1904, manufactures dump truck bodies in a 27,000 square foot facility in Martin County. Currently, the company has over a \$3 million backlog of orders. The company has located a 134,000 square foot facility in Magoffin County and plans to expand its existing operations. Logan Corporation proposed to invest \$1,100,000 for the building and requested a \$1,100,000 loan, secured by a first mortgage, to finance real estate for the planned expansion.

The KEDFA loan amount exceeds the maximum KEDFA guideline of \$500,000, and the rate of 4.5% is less than the guideline rate of 5.0% for 10 years. Staff requests an exception to the policy and recommends a loan amount of \$1,100,000 for 10 years at 4.5% with interest only payments in the first two years, then amortized monthly over 8 years.

Staff recommended approval of the KEDFA loan request with exceptions as stated.

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

KEDFA Loan (Extension)

Chairman Hale called on Mr. Goodin to present a KEDFA Loan extension request to the Authority.

Crittenden County Economic Development Corporation Crittenden County

Mr. Goodin stated on May 10, 2006, KEDFA closed a \$300,000 loan with the Crittenden County Economic Development Corporation (CCEDC) to help finance the purchase of a tract of land for an industrial park near Marion, KY in Crittenden County. The loan was made for a term of five years at an interest rate of 2.0%. Collateral for the loan is an irrevocable letter of credit from two local banks. Under the terms of the loan, interest is due quarterly with principal payments due upon the sale of the property or at maturity. The authority has not sold any of the land in the park but anticipate a sale in late summer that will result in a \$60,000 principal payment.

CCEDC has requested an extension of the loan for an additional five year term, has agreed to begin making monthly principal payments of at least \$250, and will continue to make the quarterly interest payments. The loan will remain secured by letters of credit.

Based upon the request, staff recommends an additional five year extension of the loan to May 10, 2021 at the current rate of 2.0%. The loan will continue to be secured with a letter of credit from the local banks.

Staff recommended approval of the extension request.

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

Incentives for Energy Independence Act (IEIA) Project (Final)

Chairman Hale called on Mr. Goodin to present the IEIA final project request to the Authority.

Energy Services Group, Inc. Graves County

Mr. Goodin stated Energy Services Group, Inc. requested final approval of the energy project at its manufacturing operation. The company will only be able to recover the approved tax credit amount through sales and use tax refunds. There were no modifications to the project since preliminary approval.

Staff recommended approval of the IEIA final resolution and tax incentive agreement and the authorization to execute and deliver the documents.

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

IEIA Project (Extension)

Chairman Hale called on Mr. Goodin to present the IEIA project extension request to the Authority.

**Secure Energy Kentucky, LLC
McCracken County**

Mr. Goodin stated Secure Energy Kentucky, LLC received preliminary approval and has requested a 12 month extension.

Staff recommended approval of the extension request to June 30, 2017.

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Mr. Back stated there are 12 Kentucky small businesses, from 8 counties with qualifying tax credits of \$105,000. The 12 businesses created 30 jobs and invested \$409,084 in qualifying equipment or technology. 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
Ballast, Inc.	Fayette	4	2	\$ 30.09	\$ 31,287	\$ 7,000
Blue Heaven Technologies, L.L.C.	Jefferson	8	1	\$ 18.00	\$ 6,224	\$ 3,500
Blythe, White & Associates, PLLC	McCracken	13	3	\$ 26.12	\$ 14,537	\$ 10,500
BryMak & Associates, Inc.	Christian	5	5	\$ 29.15	\$ 34,922	\$ 17,500
DMD Data Systems Inc.	Franklin	18	2	\$ 23.74	\$ 8,845	\$ 7,000
Eakle, Current and Company	Fayette	2	1	\$ 15.00	\$ 5,123	\$ 3,500
Empyrean Artisan Ales LLC	Fayette	0	2	\$ 13.00	\$ 8,900	\$ 7,000
GLC Industries, LLC	Montgomery	12	4	\$ 14.05	\$ 230,400	\$ 14,000
Global Aviation Navigator, Inc.	Jefferson	5	3	\$ 20.83	\$ 12,846	\$ 10,500
Kinemetrix Industrial Design, Inc.	Fayette	14	2	\$ 18.00	\$ 28,977	\$ 7,000
Pinnacle Inc.	Marshall	28	3	\$ 13.33	\$ 10,523	\$ 10,500
W & B Broadcasting Co., Inc.	Hardin	15	2	\$ 23.96	\$ 16,500	\$ 7,000
			30		\$ 409,084	\$105,000

Staff recommended approval of the tax credits.

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Hall 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 stated there are two Kentucky Angel Investment Act Program projects representing one Kentucky business for a total projected investment of \$200,000 with eligible tax credits of \$100,000. 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:

<u>Qualified Small Business Qualified Investor(s)</u>	<u>County</u>	<u>Projected Investment</u>	<u>Tax Credit</u>
<u>First Care Holding, LLC</u>	Laurel		
Ronald M. Fincher		\$ 100,000	\$ 50,000
Darren King		\$ 100,000	\$ 50,000

Staff recommended approval of the proposed tax credits.

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

Other Business

KBI Enhanced Incentive Counties for FY 2016-2017

Chairman Hale called on Mr. Goodin to present the KBI Enhanced Incentive Counties for 2016-2017 to the Authority.

Mr. Goodin stated the counties of **Gallatin, Garrard, Harrison and Metcalfe**, previously certified as enhanced no longer meet the criteria and will be decertified as of June 30, 2016. All preliminary approved projects in these counties must complete final approval by June 30, 2019. The counties of **Allen and Marshall**, which were decertified last year, are in the second year of decertification and projects must complete final approval by June 30, 2018. The counties of **Bullitt, Grant, Nelson and Washington** are in the third year of decertification and projects must complete final approval by June 30, 2017.

Boyd, Rowan and Union Counties meet the criteria for certification and are designated as a KBI Enhanced Incentive County as of June 30, 2016.

Staff recommended adoption of the resolution certifying the Kentucky Business Investment (KBI) Program Enhanced Incentive Counties for FY 2016-2017.

Mr. Ballinger moved to adopt the resolution, as presented; Mr. Hayden seconded the motion. Motion passed; unanimous.

Adjournment

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

Mr. Hall moved to adjourn the June KEDFA board meeting; Mr. Vogt seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:55 a.m.

PRESIDING OFFICER:



 Jean Hale, Chairman