

# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

## BOARD MEETING September 29, 2016

### MINUTES

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#### **Call to Order**

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:03 a.m. EST on September 29, 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 and Joe Kelly

**Staff Present:** Bobby Aldridge, Tim Back, Caroline Baesler, Lynda Cunningham, Marlene Duffy, Michelle Elder, John Enochs, Alec Germond, Don Goodin, Lisa Jones, Robyn Lee, Brandon Mattingly, Corky Peek, Debbie Phillips, Tess Simon, Katie Smith, Teresa Spreitzer, Mike Takahasha and Frank Tate

**Others Present:** Mike Herrington, Stites & Harbison; Alex Stafferini and Mark Franklin, Stoll Keenon Ogden; Liz Columbia, Office of Financial Management, Finance & Administration Cabinet; Daniel Briscoe, Dinsmore & Shohl; Craig Dawson, Powell County Industrial Development Authority; James D. Anderson, Jr., Powell County Judge Executive; Matt Yates, Louisville Forward; Quincy Catshaw, Denham Blythe; Gary Marsh, Masonic Homes of Kentucky, Inc.; Denny Griffin, Franklin-Simpson Industrial Development Authority and Dianne Timmering, Signature Healthcare

#### **Approval of Minutes**

Chairman Hale entertained a motion to approve the minutes from the August 25, 2016 regular KEDFA board meeting and closed session.

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

#### **Approved/Undisbursed Loans, Financial Statements and Monitoring Reports**

Chairman Hale called on Katie Smith to review the reports as of August 31, 2016.

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

#### **KEDFA Industrial Revenue Bond (IRB) Project (Preliminary)**

Chairman Hale called on Mr. Goodin to present a KEDFA IRB preliminary project to the Authority.

### **Baptist Healthcare System Obligated Group**

Mr. Goodin referenced in the board material, a New Bond Issue Report related to KEDFA's proposed issuance of industrial revenue bonds in an aggregate principal amount not to exceed \$325,000,000 on behalf of Baptist Healthcare Systems Obligated Group. The bond proceeds will be used to finance various Baptist Healthcare System Projects and to partially refund the Kentucky Economic Development Finance Authority Hospital Revenue Bonds, Series 2009A. The specific projects and counties that will be impacted include Baptist Health Louisville in Jefferson County, Baptist Health Lexington in Fayette County, Baptist Health Paducah in McCracken County, Baptist Health Corbin in Whitley County, Baptist Health Richmond in Madison County and Baptist Health LaGrange in Oldham County.

KEDFA's adoption of a final resolution will be contingent on the Cabinet's receipt of referral resolutions from the affected local jurisdictions requesting that KEDFA issue these bonds. KEDFA serves as the conduit issuer of the bonds. The bonds will not constitute a general obligation of KEDFA and KEDFA will not be obligated to pay principal or interest for the bonds from its own funds.

A TEFRA hearing for the purpose of receiving public comment on the proposed bond issue will be conducted by staff prior to KEDFA's adoption of a final resolution.

Staff recommended the adoption of the KEDFA bond inducement resolution.

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

### **KEDFA IRB (Final)**

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

#### **Masonic Home Independent Living II, Inc. Jefferson County**

Mr. Goodin referenced in the board material a proposed New Bond Issue Report report related to the issuance of revenue bonds in an aggregate principal amount not to exceed \$140,000,000 for the benefit of Masonic Home Independent Living II, Inc. The bond proceeds will be used to finance the construction, installation and equipping of healthcare and health related facilities consisting of independent living units located on the Masonic Home campus in Louisville as well as refinance the Series 2011 and Series 2014 bonds. The Louisville/Jefferson County Metro Government adopted a resolution requesting KEDFA issue these bonds.

A TEFRA hearing for the purpose of receiving public comment on the proposed bond issue was conducted at 9:00 a.m., September 29, 2016 at the Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, with no public comment.

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. Goodin introduced Daniel Briscoe, bond counsel and Gary Marsh from Masonic Homes and invited them to address the board regarding the project.

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

### **Kentucky Industrial Development Act (KIDA) (Amendment)**

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

#### **Haier U.S. Appliance Solutions d/b/a GE Appliances Jefferson County**

Mr. Aldridge stated General Electric Company received final approval for KIDA on April 26, 2012. On June 6, 2016, General Electric Company closed the sale of the assets of its GE Appliances business unit, headquartered at Appliance Park in Louisville, KY, the site of the incentivized project, to Qingdao Haier and its affiliates. The company containing the divested assets, Haier U.S. Appliance Solutions d/b/a GE Appliances, requested the new company become the incented company for the KIDA project.

Staff recommended approval of the KIDA amendment request.

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

### **Kentucky Business Incentives (KBI) Project (Amendment)**

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

#### **UACJ Automotive Whitehall Industries, Inc. McCracken County**

Mr. Aldridge stated on December 10, 2015, KEDFA granted final approval to SRS Industries LLC, a Michigan corporation dba Whitehall Industries (SRS), to assist with the leasing and equipping of a new manufacturing facility in McCracken County. Following execution of the KBI Tax Incentive Agreement and effective on June 28, 2016, SRS merged with and into UACJ Automotive Whitehall Industries, Inc., a Delaware corporation and requested UACJ be designated as the approved company under the program. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

Mr. Ballinger moved to approve the staff recommendation, as presented; Joe 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 5 companies requested additional time to complete the projects and asked that all be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
Swedish Match North America, Inc.	Daviess	2 Month
Country Boy Brewing, L.L.C.	Scott	9 Month
Cannon Automotive Solutions – Bowling Green, Inc.	Warren	12 Month
Creform Corporation	Scott	12 Month
Premier Fire Protection (Retroactive to June 30, 2016)	McCracken	12 Month

Staff recommended approval of extension requests.

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

### **High-Tech Pool (Amendment)**

Chairman Hale called on Caroline Baesler to present a High-Tech Pool project amendment request to the Authority.

#### **Nucleus: Kentucky's Life Sciences and Innovation Center, LLC Jefferson County**

Ms. Baesler stated that in July 2007, KEDFA approved the designation of \$3,000,000 from the High-Tech Investment Pool for companies locating in the Nucleus Innovation Park located in Louisville, KY. In 2011, Nucleus requested that \$900,000 of those grant funds be reallocated for leasehold improvements and other designated expenses to build a long term health innovation center to be located on the Nucleus campus. After some challenges getting the innovation center up and running, there is now a plan in place to build and operate "The Thrive Center." The Thrive Center is a nonprofit community collaborative that will create an environment that spawns economic development through engagement with entrepreneurs in the long-term health field, host and promote a market of collaboration and shared innovation, and become a resource hub for the public on aging-care tech innovation. The Thrive Center has obtained commitments from a number of Louisville-based long-term healthcare companies and alliances to provide financial support of the center and has entered into a lease with Nucleus.

Nucleus requested an extension of time to April 30, 2017, for disbursements of the remaining grant funds of \$880,370 to permit construction of the Thrive Center with the allowable uses of funds remaining the same as prior approvals. Disbursements will be contingent upon approval of a grant agreement between Nucleus and Louisville/Jefferson County Metro Government to provide a rent subsidy in support of The Thrive Center.

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

Ms. Baesler introduced Dianne Timmering and invited her to address the board regarding the project.

After discussion, Mr. Hall moved to decline the request for an amendment and instead moved to approve a new High-Tech Investment Pool agreement contingent upon a signed grant agreement between Nucleus and Louisville/Jefferson County Metro government providing a rent subsidy in support of The Thrive Center; Mr. Ballinger seconded the motion. Motion passed; unanimous.

### **KEIA Projects**

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

#### **The Huntington National Bank Kenton County**

Marlene Duffy stated The Huntington National Bank provides consumer, small business and commercial treasury management, wealth management, brokerage, trust and insurance services. The company also provides auto dealer, equipment finance, national settlement and capital market services that extend beyond its core states. The company is considering the

**Marlene Duffy  
Debbie Phillips**

renovation and relocation of its operation in Crestview Hills to its Madison Avenue facility in Covington.

Debbie Phillips stated the project investment is \$4,591,158 of which \$2,274,942 qualifies as KEIA eligible costs.

Staff recommended approval of the KEIA approved recovery amount of \$100,000 for construction materials and building fixtures.

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

### **KBI Project (Preliminary) and KEIA Project**

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

**Scott Archery LLC  
Powell County**

**Robyn Lee  
Debbie Phillips**

Robyn Lee stated Scott Archery LLC manufactures high-end archery equipment. The company is considering the expansion of the existing facility to allow for the consolidation of its other operations and the upgrade of additional floor space to allow for potential growth to meet customer demand.

Ms. Phillips stated the project investment is \$4,325,500 of which \$3,013,000 qualifies as KBI eligible costs and \$1,128,718 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 60 with average hourly wages of \$12.00 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 \$1,200,000 and approval of the KEIA approved recovery amount of \$40,000 for R&D and/or electronic processing equipment.

Ms. Lee introduced Craig Dawson and County Judge Executive James Anderson and invited them to address the board regarding the project.

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

### **KBI Projects (Preliminary)**

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

**Trend Offset Printing Services Inc.  
Boone County**

**Marlene Duffy  
Debbie Phillips**

Ms. Duffy stated Trend Offset Printing Services Inc. is engaged in printing rack publications, catalogs, brochures, magazines, direct mail advertising, college class schedules, newspaper inserts and other items on a job order basis. The company recently purchased Continental Web Press in Walton and is considering an expansion of the facility to increase production and contemplating the move of additional work from a few of its other plants across the country.

Ms. Phillips stated the project investment is \$9,250,000 of which \$1,750,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 90 with average hourly wages of \$25.00 including benefits. The state wage assessment participation is 2.25% and Boone County Fiscal Court will participate at 0.6%. The company will be required to maintain a base employment equal to the number of former full-time, Kentucky resident employees as of the date of preliminary approval.

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

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

**Reynolds Manufacturing, Inc.  
Jefferson County**

**Tess Simon  
Michelle Elder**

Tess Simon stated Reynolds Consumer Products is a leading manufacturer of branded and store branded consumer products such as aluminum foil, waste bags, food storage bags, disposable tableware and disposable cookware. The company's flagship product, Reynolds Wrap® aluminum foil, holds the number one market position in the U.S. branded consumer foil market. The Louisville foil plant produces and packages all aluminum foil sold under the Reynolds Wrap® name. To keep up with the growth of the aluminum foil category and projected increases in production, the company is considering the expansion of its Louisville plant.

Michelle Elder stated the project investment is \$4,000,000 of which \$1,000,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 50 with average hourly wages of \$29.00 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 project will include multiple locations within Louisville/Jefferson County. Only investment costs incurred at 2827 Hale Avenue 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 \$650,000.

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

**UniFirst Corporation  
Daviness County**

**Frank Tate  
Michelle Elder**

Frank Tate stated UniFirst Corporation fulfills and personalizes orders for workwear and ancillary services for nearly 300,000 global customers. The company has grown significantly and is considering the expansion of its facility in Owensboro in order to serve its customer base more effectively.

Ms. Elder stated the project investment is \$12,000,000 of which \$5,000,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 25 with average hourly wages of \$19.50 including benefits. The state wage assessment participation is 3.0% and the City of Owensboro 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.

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

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

**SCA Personal Care, Inc.  
Warren County**

**Corky Peek  
Michelle Elder**

Corky Peek stated SCA Personal Care, Inc., a leading global hygiene and forest products company, employs 44,000 people in over 100 countries across the globe. The company's Bowling Green plant manufactures adult incontinence products for retail and healthcare under the Tena brand name. The company is considering the installation of a new production line to increase production capacity, provide new products and improve its competitive position.

Ms. Elder stated the project investment is \$23,924,000 of which \$1,506,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 20 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 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 \$450,000.

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

**Taeyang America Corp.  
Simpson County**

**Corky Peek  
Michelle Elder**

Mr. Peek stated Taeyang Metal Industrial Co., Ltd. is a worldwide supplier of auto cold forging products and a leading supplier of automotive fasteners with operations in South Korea, China and India. The company is considering the establishment of a plant in Franklin to better serve its US customers.

Ms. Elder stated the project investment is \$15,587,500 of which \$7,007,500 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 76 with average hourly wages of \$19.19 including benefits. The state wage assessment participation is 3.0% and the City of Franklin will participate at 1.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,000,000.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Hall 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 9 companies requested additional time to complete the projects and asked that all be presented as one motion.

<b>Company</b>	<b>County</b>	<b>Extension</b>
Computershare Inc.	Jefferson	6 Month
Delta T Corporation dba Big Ass Fans	Fayette	6 Month
Innovative Manufacturing Services, Inc.	Barren	6 Month
Life Safety Services, LLC	Jefferson	6 Month
Westpack, LLC	Kenton	6 Month
XPO Logistics, Inc.	Campbell	6 Month
XPO Logistics, Inc.	Jefferson	6 Month
Berry Plastics Corporation	Hopkins	12 Month
ConeXus World Global, LLC	Jefferson	12 Month

Staff recommended approval of the KBI extension requests.

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

### **Incentives for Energy Independence Act (IEIA) Project (Extension)**

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

#### **RCC Big Shoal, LLC**

##### **Pike County**

Mr. Goodin stated RCC Big Shoal, LLC requested a 12 month extension of the project.

Staff recommended approval of the extension request retroactive to August 31, 2016.

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

### **KBI Project (Final)**

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

Ms. Phillips stated the following company requested KBI final approval:

#### **Graham Packaging Company, L.P.**

##### **Warren County**

Ms. Phillips stated Graham Packaging Company, L.P. requested final approval of its manufacturing project. A modification has been made since preliminary approval. The project has changed from an owned project to a leased project with no rent expense eligible. All other aspects of the project remain the same.

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

Mr. Hall 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 Tim Back to present the KSBTC projects to the Authority.

Mr. Back stated there are 7 Kentucky small businesses, from 5 counties with qualifying tax credits of \$62,400. The 7 businesses created 19 jobs and invested \$560,622 in qualifying



equipment or technology. Mr. Back requested the following tax credits be presented as one motion:

<u>Qualified Small Business</u>	<u>County</u>	<u>Beg. Emp.</u>	<u>Elig. Pos.</u>	<u>Average Hourly Wage</u>	<u>Qualifying Equipment or Technology</u>	<u>Tax Credit</u>
Bowden & Wood, PLLC	Jefferson	11	2	\$ 18.10	\$ 9,575	\$ 7,000
Breeders Farrier Supply, LLC	Fayette	0	2	\$ 14.25	\$ 5,928	\$ 5,900
Grandpa Brands Company	Boone	6	2	\$ 18.47	\$ 10,697	\$ 7,000
Haydon Materials Bardstown, LLC	Nelson	15	8	\$ 14.76	\$ 387,934	\$ 25,000
JR Buck Industries, LLC	Fayette	9	2	\$ 19.25	\$ 108,205	\$ 7,000
The Dally News Broadcasting Company	Warren	11	2	\$ 15.62	\$ 24,843	\$ 7,000
Visual Image Systems Company, LLC	Jefferson	40	1	\$ 12.50	\$ 13,640	\$ 3,500

Staff recommended approval of the tax credits.

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Ballinger 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 2 Kentucky Angel Investment Act Program projects representing 2 Kentucky businesses and 2 individuals for a total projected investment of \$153,000 with eligible tax credits of \$71,200. 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:

<u>Qualified Small Business</u> <u>Qualified Investor(s)</u>	<u>County</u>	<u>Projected Investment</u>	<u>Tax Credit</u>
<u>First Care Holding, LLC</u> Gerald J. Carlon	Laurel	\$100,000	\$50,000
<u>Sunstrand, LLC</u> Paul J. Bickel, III	Jefferson	\$ 53,000	\$21,200

Staff recommended approval of the proposed tax credits.

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

Ms. Smith introduced employee Mike Takahashi, Executive Director, Asia Representative Office for the Kentucky Cabinet for Economic Development.

Ms. Smith announced that the December regular KEDFA board meeting will be held on December 8, 2016 at 10:00 a.m.

### **Executive Session**

Pursuant to KRS Section 61.810 (1) (C), Chairman Hale entertained a motion to enter into executive session to discuss proposed or pending litigation against or on behalf of the public agency.

Mr. Hayden moved to enter into Executive Session; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The board entered into Executive Session at 10:45 a.m.

### **Regular Session**

Chairman Hale entertained a motion to return to Regular Session.

Mr. Ballinger moved to return to Regular Session; Mr. Hayden seconded the motion. Motion passed; unanimous.

The board returned to Regular Session at 11:03 a.m.

### **The Thompson Group Henderson County**

A motion was made by Mr. Hayden and seconded by Mr. Ballinger to approve the KEDFA Loan modification request by The Thompson Group for a 6 month extension of interest only payments retroactive to August 31, 2016 and ending February 28, 2017. The motion carried unanimously.

### **Adjournment**

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

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

The meeting adjourned at 11:04 a.m.

**PRESIDING OFFICER:**

  
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Jean Hale, Chairman