

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING October 26, 2017

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EDT on October 26, 2017, 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, Pamela Trautner, Proxy for Secretary William M. Landrum, III, Tucker Ballinger and Joe Kelly

Staff Present: Bobby Aldridge, Tim Back, Jessica Burke, Sarah Butler, Lynda Cunningham, Michelle Elder, Alec Germond, Kimberly Gester, Reid Glass, Krista Harrod, Brandon Mattingly, Kylee Palmer, Debbie Phillips, Lindsey Ransdell, Taylor Sears, Tess Simon, Kristina Slattery, Katie Smith and Lucas Witt

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Alex Stafferini, Stoll Keenon Ogden; Chris Brewer, AECOM; Michael Brandy and Jerry Royce, Brandicorp LLC; Sharmili Reddy, City of Ft. Mitchell; Casey Bolton, Commonwealth Economics; Mike Baker, Hancock County Industrial Foundation; Jim Parsons, Keating Meuthing & Klekamp; Rebecca Fleischaker, Louisville Forward; Sandy Williams, Office of Financial Management, Finance & Administration Cabinet; Darrin Nunley, P-K Tool & Mfg. Co.; David Stipes, Richmond Industrial Development Corporation; Justin Hartfiel and Debbie Hayes, The Christ Hospital Health Network; Robert Meyer, Frank Nagorney and Leon Polott, WhiteRock Pigments, Inc.; Barry Lendrum, Paladin; and Jay Hall, Tourism, Arts and Heritage Cabinet

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the September 28, 2017 regular KEDFA board meeting.

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

Approved/Undisbursed Loan Report

Chairman Hale called on Kylee Palmer to review the approved/undisbursed loan report. After review, the Authority accepted the report as presented.

Financial Statements and Monitoring Reports

Chairman Hale called on Krista Harrod to review the financial statements and monthly monitoring reports as of September 30, 2017. After review, the Authority accepted the statements and reports as presented.

Kentucky Business Incentives (KBI) Projects (Amendment)

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

Sabert Corporation

Bullitt County

Mr. Aldridge stated due to growth at a faster pace than expected and increased investment from \$8,000,000 to \$18,000,000, Sabert Corporation requested a First Amendment to Tax Incentive Agreement to increase the approved costs from \$500,000 to \$1,000,000, to increase the job target at activation from 10 to 60 full-time Kentucky resident employees and to increase the job targets for the following 10 years to an annual average of 65 full-time Kentucky resident employees.

Staff recommended approval of the KBI amendment request.

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

Trilogy Management Services, LLC - #18511

Jefferson County

Mr. Aldridge stated Trilogy Investors, LLC is a provider of senior living and long-term health care services. The company originally received approval for a KBI project to assist with the expansion of its headquarters at 303 N. Hurstbourne Parkway in Louisville. Following approval, Trilogy Investors, LLC transferred the project to its wholly-owned subsidiary, Trilogy Health Services, LLC. Trilogy Investors, LLC was the 100% owner of Trilogy Health Services, LLC and Trilogy Management Services, LLC. Effective January 1, 2013, Trilogy Management Services, LLC became the employer of the project employees and was added to the project as an approved affiliate. The project activated May 31, 2014.

Pursuant to a Management Agreement dated December 1, 2015, Trilogy Investors, LLC was restructured into three separate legal entities. Trilogy Management Services, LLC is now independently owned, occupies the project site and provides headquarters services to the other entities. The purpose of this amendment is to transfer and assign the project to Trilogy Management Services, LLC as the approved company with no approved affiliates.

Staff recommended approval of the KBI amendment request.

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

Trilogy Management Services, LLC - #19648

Jefferson County

Mr. Aldridge stated Trilogy Health Services, LLC received final approval on August 27, 2015 for a second KBI project to further expand its headquarters in Louisville. The project was approved with Trilogy Health Services, LLC as the approved company and Trilogy Management Services, LLC as an approved affiliate. Pursuant to a restructuring effective December 1, 2015, the project was transferred and assigned to Trilogy Management Services, LLC. The purpose of this amendment is to transfer and assign the project to Trilogy Management Services, LLC as the approved company with no approved affiliates.

Staff recommended approval of the KBI amendment request.

Mr. Ballinger moved to approve the staff recommendation, as presented; Ms. Trautner 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 6 companies requested additional time to complete the projects. Mr. Aldridge asked that all 6 be presented as one motion.

Company	County	Extension
Toyota Tsusho America, Inc.	Scott	3 Month
Carl Zeiss Vision Inc.	Boone	5 Month
Lakeshore Equipment Company dba Lakeshore Learning Materials	Woodford	5 Month
Brown-Forman Corporation #19943	Jefferson	12 Month
Brown-Forman Corporation #19944	Jefferson	12 Month
Corning Incorporated	Boyle	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Project (Modification)

Chairman Hale called on Lynda Cunningham to present a KEIA project modification request to the Authority.

DCL Logistics Jefferson County

Ms. Cunningham stated DCL Logistics received KEIA approval on September 28, 2017 for a service and technology project in Jefferson County. DCL Logistics is an assumed name and the legal name is DCL Fulfillment, Inc. The purpose of this modification is to correct the approved company name from DCL Logistics to DCL Fulfillment, Inc. dba DCL Logistics.

Staff recommended approval of the KEIA modification request.

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

KEIA Projects

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

Churchill Downs Racetrack, LLC Jefferson County

**Lucas Witt
Michelle Elder**

Lucas Witt stated Churchill Downs Incorporated is an industry-leading racing, gaming and online entertainment company anchored by the iconic Kentucky Derby. Churchill Downs was organized as a Kentucky corporation in 1928 and is continuing to grow its operations in Louisville. The company is considering the development and construction of a new Historical Racing Machine facility at its old Trackside property in Louisville to meet the growing demands of such entertainment. Mr. Witt announced that Jay Hall, Tourism, Arts and Heritage Cabinet, was present and that the Cabinet was in support of the project.

Michelle Elder stated the project investment is \$60,000,000 of which \$35,000,000 qualifies as KEIA eligible costs.

Staff recommended approval of the KEIA approved recovery amount of \$600,000 for construction materials and building fixtures.

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

**Southern Recycling, LLC
Warren County**

**Alec Germond
Michelle Elder**

Alec Germond stated Southern Recycling, LLC is a full-service recycling company. The company currently processes and ships 10,000 tons per month of metal scrap and recyclables from its Bowling Green facility. Due to the rapid growth in all business segments, the company has outgrown its present facility. The company is considering the development and construction of a new facility on its own land to allow for the installation of new, state-of-the-art processing equipment to better manage material flows more efficiently.

Ms. Elder stated the project investment is \$6,027,525 of which \$3,311,050 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; Ms. Trautner seconded the motion. Motion passed; unanimous.

**Pizza Wholesale of Lexington, Incorporated
Bourbon County**

**Lindsey Ransdell
Michelle Elder**

Lindsey Ransdell stated Pizza Wholesale of Lexington, Incorporated (PWL), established in 1976, is a founding distributor for Hunt Brothers® brand of products that services 3,400 customers across 16 states. PWL and its affiliates distributes to 22 warehouse facilities in 16 states. The company is considering the construction of a new distribution and headquarters facility in Paris which will include office space, warehousing and an R&D kitchen. This additional space will allow for future growth.

Ms. Elder stated the project investment is \$9,325,000 of which \$5,550,000 qualifies as KEIA eligible costs.

Staff recommended approval of the KEIA approved recovery amount of \$330,000 for construction materials and building fixtures.

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

**Strigiformes, LLC
Nelson County**

**Lindsey Ransdell
Michelle Elder**

Ms. Ransdell stated SPI Group is an independent company headquartered in Luxembourg with production facilities in the US, Mexico, Argentina, Latvia and Spain. The company's mission is to build a portfolio of select premium drink brands by controlling and perfecting every stage of the process, from cultivation to distribution. The company, through its subsidiary Strigiformes, LLC, is considering property in Bardstown to establish a distillery, rickhouses, visitor's center and other related facilities for the production of bourbon.

Ms. Elder stated the project investment is \$149,750,000 of which \$70,000,000 qualifies as KEIA eligible costs.

Staff recommended approval of the KEIA approved recovery amount of \$1,200,000 for construction materials and building fixtures.

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

Kentucky Business Investment (KBI) Project (Preliminary) and KEIA Project

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

WhiteRock Pigments, Inc. Hancock County

**Kristina Slattery
Lynda Cunningham**

Kristina Slattery stated WhiteRock Pigments, Inc. is considering the acquisition and retrofit of a Hawesville facility as a new chemical process production plant. The plant will implement the first of its kind, environmentally clean production process. The product that will be produced at the facility has many uses across many diverse industries and end user applications. The company already holds supply contracts with prospective customers ready to purchase at least half of its projected output from the Hawesville site for 10 years.

Ms. Slattery introduced Robert Meyer, Frank Nagorney, Leon Polott and Mike Baker with an invitation to address the board regarding the project and answer any questions from the board.

Ms. Cunningham stated the project investment is \$179,626,333 of which \$16,099,333 qualifies as KBI eligible costs and \$9,059,333 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 124 with an average hourly wage of \$23.00 including benefits. The state wage assessment participation is 3.0% and Hancock County will participate at 1.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$3,000,000 and the KEIA approved recovery amount of \$300,000 for construction materials and building fixtures.

After discussion, Mr. Kelly 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.

Altec Industries, Inc. Hardin County

**Alec Germond
Lynda Cunningham**

Mr. Germond stated Altec Industries, Inc. is a privately held company formed in 1929. The company is a leading provider of products and services to the electric utility, telecommunications, tree care, lights and signs, and contractor markets. The company is considering the expansion of its Elizabethtown facility to allow for continued growth by increasing production and the introduction of new product lines.

Ms. Cunningham stated the project investment is \$2,475,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 100 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 3.0% and the City of Elizabethtown 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 Elizabethtown/Hardin County. Only investment costs incurred at 200 Altec Drive 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 \$1,200,000.

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

**Anderson Hardwood Pellets, LLC
Jefferson County**

**Tess Simon
Debbie Phillips**

Tess Simon stated Anderson Hardwood Pellets, LLC is a manufacturer of hardwood pellets used for home heating. The company is considering opening a finishing facility to support its sister company, Anderson Wood Products Company, which manufactures bed posts, headboards and rails out of hardwood lumber.

Debbie Phillips stated the project investment is \$1,104,000 of which \$676,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 14 with an average hourly wage of \$17.00 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 \$150,000.

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

**P-K Tool & Mfg. Co.
Madison County**

**Tess Simon
Debbie Phillips**

Ms. Simon stated P-K Tool & Mfg. Co. is a metal stamping company serving several industries with a focus on the automotive and ATV industry. The company is considering an expansion of its existing facility to accommodate additional growth.

Ms. Simon introduced Darrin Nunley and David Stipes and invited them to address the board regarding the project and answer any questions the board may have.

Ms. Phillips stated the project investment is \$4,020,000 of which \$1,460,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 45 with an average hourly wage of \$15.50 including benefits. The state wage assessment participation is 3.0% and the City of Richmond 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 \$300,000.

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

**Appriss Inc.
Jefferson County**

**Lindsey Ransdell
Michelle Elder**

Ms. Ransdell stated Appriss Inc., founded in 1994, is a provider of solutions, delivering advanced data and analytics that solve difficult problems with the public safety, risk mitigation, public health and global retail markets. The company is considering leasing new space to improve operating efficiencies and to accommodate for future growth.

Ms. Elder stated the project investment is \$11,290,600 of which \$6,712,800 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 200 with an average hourly wage of \$40.00 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.

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

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

**Kentucky Microfoodery, LLC
Rockcastle County**

**Lucas Witt
Michelle Elder**

Mr. Witt stated Kentucky Microfoodery, LLC, a new company, is proposing to occupy an existing plant facility in Rockcastle County. The occupancy will include a retrofit to accommodate food production. The company will be the new manufacturer of Hall's Beer Cheese and the line of Hall's Dips & Spreads.

Ms. Elder stated the project investment is \$3,740,000 of which \$3,320,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 45 with an average hourly wage of \$15.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$700,000.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Kelly 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 6 companies requested additional time to complete the projects. Ms. Elder asked that all 6 be presented as one motion.

Company	County	Extension
Amazon.com.kydc LLC	Taylor	6 Month
Best Sanitizers, Inc.	Boone	6 Month
Ticona Polymers, Inc.	Boone	6 Month
Xact Associates, LLC dba Xact Communications	Fayette	6 Month
Bemis Packaging, LLC	Shelby	12 Month
Sumitomo Electric Wiring Systems, Inc.	Fayette	12 Month

Staff recommended approval of the KBI extension requests.

Mr. Ballinger moved to approve the staff recommendation, as presented; Ms. Trautner 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 stated 5 companies requested KBI final approval, 2 of which have modifications since preliminary approval. Ms. Phillips asked that all 5 be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
El Toro.com, LLC	Jefferson	Service & Technology
Nifco America Corporation	Shelby	Manufacturing
Superior Composites Co., LLC	Lewis	Manufacturing

Modifications:

OncoMed Specialty L.L.C. Jefferson Headquarters
The total investment increased from \$2,000,000 to \$4,200,000. Eligible costs increased from \$1,600,000 to \$2,550,000. Addition of the following affiliates: Pharmacy Corporation of America, CareMed Specialty, LLC, Sorkins Rx, Ltd. and Sina Drug LLC. Project has changed from an owned project to a leased project. The total negotiated tax incentive amount increased from \$1,600,000 to \$2,500,000. All other aspects of the project remain the same.

RXC Acquisition Company
dba RxCrossroads Jefferson Service & Technology
The total investment increased from \$4,300,000 to \$5,473,750. The eligible costs increased from \$2,800,000 to \$3,486,875. The job target increased from 80 to 248. The total negotiated tax incentive amount increased from \$1,100,000 to \$3,000,000. 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. Kelly moved to approve the staff recommendation, as presented; Mr. Ballinger seconded the motion. Motion passed, unanimous.

Kentucky Reinvestment Act (KRA) Project (Final)

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

Estron Chemicals, Inc. Marshall County

Ms. Elder stated Estron Chemicals, Inc. requested final approval with no modifications since preliminary approval. The company currently has 53 full-time, Kentucky resident employees and has expended \$5,474,908 in equipment and related costs of which \$2,737,454 are eligible costs. Estron Chemicals, Inc. is eligible to receive the \$800,000 negotiated tax incentive amount as preliminarily approved.

Staff recommended approval of the KRA final resolution and reinvestment agreement and the authorization to execute and deliver the documents.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Ballinger 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 20 Kentucky small businesses from 9 counties with qualifying tax credits of \$223,100. The 20 businesses created 66 jobs and invested \$957,280 in qualifying equipment and/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 and/or Technology	Tax Credit
ACCO, Inc.	Jefferson	14	1	\$ 15.14	\$ 29,930	\$ 3,500
Allstate Heating and Cooling, Incorporated	Fayette	32	7	\$ 22.79	\$ 35,100	\$ 24,500
Barnhill Enterprises, LLC	Fayette	17	1	\$ 14.86	\$ 9,549	\$ 3,500
Bluegrass Chiro, PLLC	Boyle	25	5	\$ 20.06	\$ 18,050	\$ 17,500
Corvin's Furniture & Carpet, LLC	Nelson	11	3	\$ 17.47	\$ 58,522	\$ 10,500
D & B Plumbing, LLC	Kenton	4	2	\$ 17.50	\$ 75,886	\$ 7,000
Deanna Ramsey, CPA, LLC	Woodford	4	1	\$ 13.00	\$ 5,944	\$ 3,500
Don Franklin Ford, Inc.	Adair	30	2	\$ 31.71	\$ 7,196	\$ 7,000
Elkins Waste Services, Inc.	Greenup	8	4	\$ 12.75	\$ 32,640	\$ 14,000
Exscien Corporation	Jefferson	0	3	\$ 49.95	\$ 31,930	\$ 10,500
foxdulaney LLC	Jefferson	0	3	\$ 13.33	\$ 14,899	\$ 10,500
Franklin Chevrolet Buick GMC, LLC	Adair	15	2	\$ 22.50	\$ 7,697	\$ 7,000
JR Buck Industries, LLC	Fayette	11	2	\$ 16.00	\$ 119,990	\$ 7,000
LoVo Systems, Inc.	Fayette	15	3	\$ 26.72	\$ 26,654	\$ 10,500
P & S Products, Inc.	Fayette	41	6	\$ 25.75	\$ 366,758	\$ 21,000
Paratechs Corp.	Fayette	5	1	\$ 21.63	\$ 6,696	\$ 3,500
PowerTech Water, LLC	Fayette	1	2	\$ 24.72	\$ 14,495	\$ 7,000
RuffleGirl Inc.	Hardin	2	8	\$ 25.23	\$ 36,376	\$ 25,000
Synergy Home LLC	Fayette	0	7	\$ 19.29	\$ 53,285	\$ 24,500
VeBridge Holdings, Inc.	Fayette	20	3	\$ 28.65	\$ 5,683	\$ 5,600

Staff recommended approval of the KSBTC tax credits.

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

Kentucky Small Business Credit Initiative (KSBCI) Quarterly Report

Chairman Hale called on Ms. Palmer to review the Quarterly KSBCI Report for the period ending September 30, 2017. After review, the Authority accepted the report as presented.

Executive Session

Pursuant to KRS Section 61.810 (1) (G), Chairman Hale entertained a motion to enter into executive session to discuss a specific business proposal, the open discussion of which would jeopardize the siting, retention, expansion or upgrading of the business.

Mr. Ballinger moved to enter into executive session; Mr. Kelly seconded the motion. Motion passed; unanimous.

The board entered into executive session at 10:39 a.m.

Regular Session

Chairman Hale entertained a motion to return to regular session.

Mr. Ballinger moved to return to regular session; Ms. Trautner seconded the motion. Motion passed; unanimous.

The board returned to regular session 11:07 a.m.

Other Business

Katie Smith informed the board that the Partnership Board met on Friday, October 20, 2017 and voted on the following KEDFA Board appointments and reappointments:

Appointments:

Don Goodin, Owner
Lebanon Oak Flooring Company, LLC

Chad Miller, CEO
LockNet, LLC

Reappointments:

Jean Hale, President & CEO
Community Trust Bancorp, Inc.

Tucker Ballinger, President & CEO
Forcht Bank

Joe Kelly, Retired President
Columbia Gas of Kentucky

Dorsey Hall, President & CEO
South Central Bancshares of Kentucky, Inc.

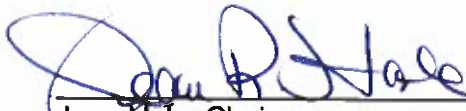
Adjournment

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

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

The meeting adjourned at 11:08 a.m.

PRESIDING OFFICER:



Jean Hale, Chairman