

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING December 13, 2018

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EST on December 13, 2018, at the Cabinet for Economic Development, Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, Kentucky.

Notification of Press

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

Roll Call

Members Present: Jean R. Hale, J. Don Goodin, Pamela Trautner, proxy for Secretary William M. Landrum, III, Tucker Ballinger, Joe Kelly and Chad Miller

Staff Present: Bobby Aldridge, Tim Back, Jessica Burke, Sarah Butler, Michelle Elder, Rachael Dever, Kate Greenwell, Krista Harrod, Brandon Mattingly, Lauren Osborne, Kylee Palmer, Corky Peek, Debbie Phillips, Vivek Sarin, Taylor Sears, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Zina Diehl and Thomas Dubel, Altus Group; Mary Decker and Ken Hagaman, Anixter Inc.; Scott Guy, Bonfiglioli USA, Inc.; Larisa Sims, City of Newport Kentucky; Hannah Crumrine, Commerce Lexington; Casey Bolton, Commonwealth Economics; Tom Banta, Corporex; Casey Dunn, Denham-Blythe Company; Tom Neiheisel, Jr., Diageo Americas Supply, Inc.; Billy Aldridge, Kentucky Finance and Administration Cabinet, Office of Financial Management; Steve Bevan and Richard Drennen, GenCanna Global USA, Incorporated; Jeff Hodges, Gray Construction; Jason Hickey, Hickey & Associates; Joe Bilby, Kentucky Department of Agriculture; Bill Owen, Lexington Center Corporation; Kevin Adkins, Lexington-Fayette Urban County Government; Alex Mercer and Ben Moore, Louisville Metro; Ivy Stanley and Chuck Sexton, One East Kentucky; Barry Lendrum, Paladin and Matt Zoellner, Scott, Murphy & Daniel

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the October 25, 2018 regular KEDFA board meeting and executive session.

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

Approved/Undisbursed Report

Chairman Hale called on Kylee Palmer to review the approved/undisbursed 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 as of October 31, 2018 and the monitoring reports. After review, the Authority accepted the statements and reports as presented.

Tax Increment Financing (TIF) Project (Preliminary)

Chairman Hale called on Ms. Palmer to present a TIF project for preliminary approval to the Authority.

Department of Finance of LFUCG

Lexington Center Project

Fayette County

Ms. Palmer stated Lexington Center Project is a Signature TIF project. The project consists of a completely redesigned and expanded convention facility and arena, additional hotel rooms, retail and restaurant options, an entertainment complex that will include an upscale movie theatre, bowling alley and sports bar in Lexington.

The development is expected to include 152,530 square feet of exhibit, ballroom and meeting room event space for the convention center, 443,605 square feet of support and non-convention center space (Rupp Arena, hotel, central plant, BOH, mechanical mezzanine and clubs), 70,000 square feet of retail and restaurant space, 160 hotel rooms, 10 screen movie theatre, 16 lane bowling alley, portion of Town Branch Commons Park and structured parking and public infrastructure improvements. The construction is estimated to begin in 2018 with completion in 2021.

The public infrastructure costs total approximately \$337,000,000 and include land preparation, public buildings/structures, sewers/storm drainage, curbs, sidewalks, promenades and pedways, roads, street lighting, provision of utilities, public space or parks, parking, fountains, benches and sculptures. The applicant, Department of Finance of LFUCG, estimates the project will support 738 jobs and generate over \$3 billion in total economic impact over a 30-year period.

The project is required to achieve a total cumulative investment of \$395,477,243, excluding financing costs, to be eligible for the maximum total incentive amount determined at final approval. The actual project completion percentage of the investment will be applied annually to the total incentive amount approved to determine the maximum total incentive available/earned for the project during the term of the agreement. Eligible approved costs for the project will be limited to the cost of financing of the public parking garage.

By granting preliminary approval, KEDFA would enable staff to begin working with the Office of State Budget Director and the Finance and Administration Cabinet to create criteria for which an independent consultant would review the project's 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 recommended preliminary approval of the TIF project.

Ms. Palmer introduced Kevin Atkins, Bill Owen and Casey Bolton and invited them to address the board regarding the project.

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

TIF Projects (Amendment)

Chairman Hale called on Ms. Palmer to present the TIF project amendments to the Authority.

The City of Newport Finance Department

Ovation Project

Campbell County

Ms. Palmer stated The City of Newport Finance Department is requesting an amendment to the Ovation Project Signature Tax Increment Financing (TIF) Grant Agreement to amend the following:

- Extend the activation date of the project to November 28, 2017 - the activation date may be established anytime within a ten year period after the commencement date, which was November 28, 2007.
- Extend the minimum capital investment date to November 30, 2025
- Reduce the minimum capital investment requirement for Signature TIF projects from \$200,000,000 to \$150,000,000 - as a result of the 2009 Special Session, where the Kentucky General Assembly enacted House Bill 3, Section 63, which authorized reduction of the minimum capital investment requirement on Project Grant Agreements executed prior to January 1, 2008.
- Add the project completion percentage requirement
- Modify the state taxes pledged for eligible recovery for this project
 - remove individual income taxes
 - keep property taxes, withholding taxes and sales taxes
 - keep corporate and limited liability entity taxes – contingent upon a documented, agreed upon methodology between the applicant and the Department of Revenue that establishes a methodology to calculate and apportion the taxes no later than December 31, 2020.

With the request to amend the Project, the current proposed development is expected to contain:

- 942 residential units consisting of a combination of townhomes, condominiums, apartments and senior living
- 995,000 square feet of office space
- 3 hotels with 524 hotel rooms
- 380,000 square feet of retail, entertainment and restaurant space
- 2,770 parking spaces

A revised local ordinance was introduced and adopted by the Board of Commissioners of the City of Newport, Kentucky on November 26, 2018.

Staff recommended approval to amend the Ovation Project Signature Tax Increment Financing Grant Agreement

Ms. Palmer introduced Larisa Sims, Tom Banta and Casey Bolton and invited them to address the board regarding the project.

After discussion, J. Don Goodin moved to approve the staff recommendation, as presented; Tucker Ballinger seconded the motion. Motion passed; unanimous.

**The Department of Finance & Support Services for the City of Owensboro
Gateway Commons
Daviess County**

Ms. Palmer stated the project received final approval at the October 27, 2016 KEDFA board meeting. The development is expected to include retail, office, and residential uses as well as 2 hotels and may include a community center. The project is located at the intersection of Highway 54 and US-60 Bypass in Owensboro, Kentucky.

The Department of Finance & Support Services for the City of Owensboro requested an amendment to the Gateway Commons' Mixed-Use Tax Increment Financing (TIF) Tax Incentive Agreement to amend the development area and footprint originally established for this project. The amendment would allow the boundary lines to match up with the parcel lines. All other project details as originally presented/approved remain the same and there is no requested change to the approved public infrastructure costs or the approved eligible tax incentive amount.

A revised local ordinance was introduced and adopted by the Board of Commissioners of the City of Owensboro on September 18, 2018.

Staff recommended approval to amend the Gateway Commons' Mixed-Use Tax Increment Financing Tax Incentive Agreement.

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

Kentucky Business Investment (KBI) Projects (Amendment)

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

**Asahi Forge of America Corporation
Madison County**

Mr. Aldridge stated Asahi Forge of America Corporation is a manufacturer of hub unit and gear forgings for the automotive market. The company expanded its Richmond facility and purchased new equipment to meet customer demand. Subsequent to the execution of the original Tax Incentive Agreement, the company has increased the size and scope of the project. To encourage the expanded growth at the project site and recognize the increased investment, staff has negotiated the following changes in the project: increase in the tax incentive amount from \$250,000 to \$500,000, and increase of the job target from 16 to 31. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

**Bonfiglioli USA Inc.
Boone County**

Mr. Aldridge stated Bonfiglioli USA Inc. manufactures a range of gear motors, drive systems and gear boxes for industrial, mobile machinery and energy sectors. The company has expanded its Hebron facility and purchased new equipment to meet customer demand. Subsequent to the execution of the original Tax Incentive Agreement, the company has increased the size and scope of the project. To encourage the expanded growth at the project site and recognize the increased investment, the following changes in the project have been

negotiated: increase the tax incentive amount from \$1,200,000 to \$3,000,000, and increase the job target from 88 to 150. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Creative Lodging Solutions, LLC
Fayette County

Mr. Aldridge stated Creative Lodging Solutions, LLC is a lodging services provider specializing in long-term and project-based lodging for corporate clients across the United States. The project included an expansion and relocation to a new facility in Lexington to increase capacity and upgrade technology. The company activated the project on January 1, 2016. Effective October 13, 2017, Fleetcor Technologies Operating Company LLC (Fleetcor) acquired the ownership interest in Creative Lodging Solutions, LLC and on January 1, 2018, the employees transferred into Fleetcor. The company continues to operate under its own name in Lexington and has requested that Fleetcor be added to the project as an affiliate. The Amended and Restated Tax Incentive Agreement recognizes the addition of Fleetcor as an approved affiliate to the project. 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; Ms. Trautner seconded the motion. Motion passed; unanimous.

JNM Kentucky, LLC
Barren County

Mr. Aldridge stated Beta-Tech, Inc. is requesting the Tax Incentive Agreement dated February 25, 2016 be amended for a company name change and assignment of all incentives to JNM Kentucky, LLC as a result of its asset acquisition of Beta-Tech, Inc. dba Fortis Manufacturing.

Staff recommended approval of the KBI amendment request.

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

U.S. Bank National Association
Daviess County

Mr. Aldridge stated U.S. Bank National Association received final approval on May 28, 2015 for a project to expand the existing mortgage servicing operations at 3741 Airpark Drive in Owensboro. Subsequent to final approval and the execution of the original Agreement, and in connection with certain corporate restructuring within the affected jurisdiction, the company changed the scope of the project and requested the following changes: amend the project location to include all of the sites in Owensboro for the purposes of identifying project employees; increase the job target as of the activation date and for each fiscal year thereafter; increase the wage target as of the activation date and for each fiscal year thereafter; increase the approved costs from \$2,875,500 to \$4,300,000; increase the annual maximum incentive for each fiscal year; and replace the countywide employment level and the statewide employment level requirements with a base employment requirement.

Staff recommended approval of the KBI amendment request.

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

Kentucky Industrial Development Act (KIDA) Project (Amendment)

Chairman Hale called on Rachael Dever to present a KIDA project amendment to the Authority.

Regal Beloit America, Inc.

Kenton County

Ms. Dever stated on February 24, 2011, KEDFA granted final approval to Solus Industrial Innovations LLC (Solus), a Delaware corporation, to assist with acquiring, expanding, improving, installing and equipping a new manufacturing facility in Florence, Kenton County. Following execution of the KIDA Tax Incentive Agreement and effective January 30, 2015, Solus was acquired by Regal Beloit America, Inc. (Regal), a Wisconsin corporation, and subsequently merged on January 3, 2016. Therefore, a request has been made for Regal to be designated as the Approved Company under the program. In addition, the fiscal year has changed from September 30 to the Saturday closest to December 31. All other aspects of the project remain the same.

Staff recommended approval of the KIDA amendment request.

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

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

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

Nucor Steel Gallatin, LLC

Gallatin County

Mr. Aldridge stated Nucor Steel Gallatin, LLC requested KEDFA permit the use of the remaining outstanding \$10,000,000 term bond due March 1, 2024 be applied to the availability of incentives under the original agreement resulting in the need for this amendment to become effective as of the effective date of March 1, 2018. If approved, the term of the agreement shall end on the earlier of March 15, 2019 (the "Maturity Date") or the date of prepayment in whole of the bonds. In no event will the term of the agreement extend beyond twenty-five (25) years. All other conditions of the Agreement will remain the same.

Staff recommended approval of the KREDA amendment request.

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

KREDA Project (Deed Transfer)

Chairman Hale called on Mr. Aldridge to present a KREDA project deed transfer to the Authority.

Armstrong Hardwood Flooring Company

Pulaski County

Mr. Aldridge stated on November 9, 1989, the Kentucky Rural Economic Development Authority (KREDA), the predecessor to the Kentucky Economic Development Finance Authority, issued its \$5,400,000 KREDA Taxable Revenue Bonds (Tibbals Flooring Co. Project). In connection with the issuance of the bonds, KREDA entered into a lease agreement. As KREDA's successor, KEDFA owns the property that has been the subject of the lease. The lease requires KEDFA to transfer title in the project to the company upon the

expiration of the term of the lease and upon KEDFA's receipt of a certification of the trustee that all of the bonds, including principal, interest and all other obligations have been satisfied. It has been represented to counsel that all of the bonds have been fully paid and discharged.

Staff recommended approval of the proposed resolution approving the transfer of the title to Armstrong Hardwood Flooring Company, the termination of the lease and the execution of any documents necessary to effect the transfer and comply with the requirements of the lease and applicable indenture.

Mr. Miller 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 11 companies requested additional time to complete the projects and asked that all 11 be presented as one motion.

Company	County	Extension
Heaven Hill Distilleries Inc.	Jefferson	3 Month
Denyo Manufacturing Corporation	Boyle	6 Month
Piramal Pharma Solutions, Inc.	Fayette	6 Month
Pizza Wholesale of Lexington, Incorporated	Boyle	8 Month
Central Motorwheel of America, Inc.	Bourbon	12 Month
DAE-IL USA	Calloway	12 Month
Dr. Schneider Automotive Systems, Inc.	Russell	12 Month
Northland Corporation	Oldham	12 Month
Performance Feeds	Warren	12 Month
Peristyle, LLC	Woodford	12 Month
United Parcel Service, Inc.	Fayette	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

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

**Greenwell Chisholm Printing Company
Daviss County**

**Corky Peek
Michelle Elder**

Corky Peek stated Greenwell Chisholm Printing Company is a national full-service printing company that has grown from printing on paper to a company that can print a logo on virtually anything, from four-color brochures to pens, shirts, jackets, signs and banners. The company is considering consolidating all of its Owensboro operations into one location and more than doubling the footprint, purchasing new equipment and making needed improvements. This project will allow the company to be more competitive for new business in the future.

Michelle Elder stated the project investment is \$1,213,000 of which \$750,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$30,000 for construction materials and building fixtures.

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

**Outdoor Venture Corporation
McCreary County**

**Lauren Osborne
Michelle Elder**

Lauren Osborne stated Outdoor Venture Corporation (OVC) was founded in 1972 to manufacture family camping tents, sleeping bags and hunting clothing to be sold to large retailers. In the early 1990's, OVC began manufacturing for the U.S. Military and has become one of the most reliable shelter manufacturers for the U.S. Military. OVC is considering constructing a building to meet customer demand.

Ms. Elder stated the project investment is \$12,147,715 of which \$4,219,160 qualifies as KEIA eligible costs.

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

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

**Heaven Hill Distilleries, Inc.
Nelson County**

**Lauren Osborne
Debbie Phillips**

Ms. Osborne stated Heaven Hill Distilleries, Inc. is the nation's second largest family-owned producer and marketer of distilled spirits. The company is considering the expansion of its Visitor Center to meet increased consumer interest in the bourbon industry.

Debbie Phillips stated the project investment is \$17,500,000 of which \$6,944,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$250,000 for construction materials and building fixtures.

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

**The Bardstown Bourbon Company, LLC
Nelson County**

**Lauren Osborne
Kate Greenwell**

Ms. Osborne stated The Bardstown Bourbon Company, founded in 2014, is one of America's largest distilleries. The company started commercial production in September 2016 and is producing whiskey, bourbon and rye for its own brands as well as for its Collaborative Distilling Program partners. The company seeks to undertake a capital project to increase warehouse capacity and office space.

Kate Greenwell stated the project investment is \$16,804,122 of which \$10,479,380 qualifies as KEIA eligible costs.

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

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

KBI Projects (Preliminary) and KEIA Projects

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

Diageo Americas Supply, Inc. Marion County

**Taylor Sears
Kate Greenwell**

Taylor Sears stated Diageo Americas Supply, Inc. is the world's leading premium drinks business with an outstanding collection of beverage alcohol brands across spirits and beer. The company is considering locating a new distilled spirits manufacturing facility in Marion County.

Mr. Sears introduced Tom Neiheisel, Jr. and invited him to address the board regarding the project.

Ms. Greenwell stated the project investment is \$130,000,000, all of which qualifies as KBI eligible costs and \$69,871,046 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$36.00 including benefits. The state wage assessment participation is 5.0%. 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 \$2,500,000 and the KEIA approved recovery amount of \$1,500,000 for construction materials and building fixtures.

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

AmerisourceBergen Drug Corporation Jefferson County

**Lauren Osborne
Michelle Elder**

Ms. Osborne stated AmerisourceBergen Drug Corporation is the leader in global pharmaceutical sourcing and distribution services. The company is considering an expansion of its existing pharmaceutical distribution center in Louisville to meet customer demand.

Ms. Elder stated the project investment is \$13,021,370 of which \$7,607,509 qualifies as KBI eligible costs and \$2,665,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 134 with an average hourly wage of \$22.00 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 \$1,350,000 and the KEIA approved recovery amount of \$150,000 for R&D and/or electronic processing equipment.

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

KBI Projects (Preliminary)

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

Dajcor Aluminum Inc. Perry County

**Taylor Sears
Michelle Elder**

Mr. Sears stated Dajcor Aluminum, Inc., a Canadian company established in 2010, is an aluminum extrusion, fabrication and anodizing company that serves a range of customers in various industries. The Canadian facility is nearing capacity. The company is considering a second location in Perry County.

Mr. Sears introduced Chuck Sexton and invited him to address the board regarding the project.

Ms. Elder stated the project investment is \$19,585,015 of which \$19,585,008 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 265 with an average hourly wage of \$23.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$4,000,000.

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

HB Sealing Products Inc. Jefferson County

**Taylor Sears
Michelle Elder**

Mr. Sears stated HB Sealing Products Inc. is considering establishing a new fulfillment center in Louisville. The new facility will use advanced automation in product delivery and the installation of sealing lines to meet customer demand.

Ms. Elder stated the project investment is \$13,225,000 of which \$4,260,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 80 with an average hourly wage of \$25.00 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 \$1,200,000.

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

Jabil Inc. Boone County

**Taylor Sears
Michelle Elder**

Mr. Sears stated Jabil Inc., founded in 1966, is an electronic product solutions company providing comprehensive electronics design, production and product management services to global electronics and technology companies. Jabil is the world's third largest electronic manufacturing service provider with 180,000 employees in its global network. The company is considering a second location in Kentucky to configure and manufacture racks and servers for data center customers.

Ms. Elder stated the project investment is \$13,515,200 of which \$8,657,600 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 253 with an average hourly wage of \$21.00 including benefits. The state wage assessment participation is 1.5% with Boone County participating at 0.15% and the City of Florence participating at 0.35%. 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 \$2,000,000.

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

**Anixter Inc.
Fayette County**

**Taylor Sears
Kate Greenwell**

Mr. Sears stated Anixter Inc. is a leading global distributor of network and security solutions, electrical and electronic solutions and utility power solutions that help build, connect, protect and power valuable assets and critical infrastructure across the world. The company is considering expanding its existing sales office in response to short-term growth projections and to centralize its inside sales team.

Mr. Sears introduced Ken Hagaman, Mary Decker and Jason Hickey and invited them to address the board regarding the project.

Ms. Greenwell stated the project investment is \$4,232,930 of which \$2,413,815 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 103 with an average hourly wage of \$44.00 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.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,600,000.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Goodin seconded the motion. Motion passed; Chad Miller abstained.

**Precision, Inc.
Mason County**

**Taylor Sears
Kate Greenwell**

Mr. Sears stated Precision, Inc. is known as an industry leader in the major bulk and material handling component industries. The company is considering purchasing a facility in Maysville to support the expanding growth of its package and baggage handling product lines.

Ms. Greenwell stated the project investment is \$10,750,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 134 with an average hourly wage of \$23.50 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,100,000.

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

**Ahlstrom-Munksjo Filtration LLC
Hopkins County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Ahlstrom-Munksjo Filtration LLC is a global leader in fiber-based materials, supplying innovative and sustainable solutions to customers worldwide. The company is considering the construction of a new glass fiber tissue production line at its Madisonville plant.

Ms. Elder stated the project investment is \$62,825,000 of which \$19,331,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 51 with an average hourly wage of \$30.00 including benefits. The state wage assessment participation is 3.0% and the City of Madisonville 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 \$1,000,000.

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

**Cannon Automotive Solutions – Bowling Green, Inc.
Warren County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Cannon Automotive Solutions - Bowling Green, Inc. is an operating subsidiary of Electromac Group, founded in 1955 in Windsor, Ontario. The company is an automotive supply company that now includes stamping operations that expanded into Bowling Green in 2007. Cannon is considering adding to its existing footprint and purchasing new equipment to capture new business.

Ms. Elder stated the project investment is \$10,000,000 of which \$1,700,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$30.00 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 greater of the number of full-time, Kentucky resident employees as of the date of preliminary approval or 141 full-time, Kentucky resident employees which is the base number required by a previous project.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$350,000.

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

**Frost-Arnett Company
Taylor County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Frost-Arnett Company, founded in 1893, is an accounts receivable management company specializing in business office solutions for healthcare organizations across the country. The company currently leases space in Campbellsville but is out of room at this location. Frost-Arnett is considering purchasing a facility to accommodate additional staff as well as upgrade its working environment.

Ms. Elder stated the project investment is \$2,840,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 135 with an average hourly wage of \$16.00 including benefits. The state wage assessment participation is 5.0%. 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 191 full-time, Kentucky resident employees which is the base number required by a previous project.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,500,000.

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

**GenCanna Global USA, Incorporated
Graves County**

**Corky Peek
Michelle Elder**

Mr. Peek stated GenCanna Global USA, Incorporated, headquartered in Winchester, is an agricultural business company focused on growing and processing industrial hemp crops to produce quality food ingredients. The company is considering purchasing and equipping a new industrial hemp processing facility in Hickory.

Mr. Peek introduced Steve Bevan, Richard Drennen and Joe Bilby and invited them to address the board regarding the project.

Ms. Elder stated the project investment is \$39,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 80 with an average hourly wage of \$32.00 including benefits. The state wage assessment participation is 5.0%. 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 \$1,800,000.

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

**Holley Performance Products, Inc.
Warren County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Holley Performance Products, Inc. produces high-performance automotive products including carburetors and fuel injection systems. The company is considering leasing an additional facility in Bowling Green as well as purchasing new equipment to meet customer demand.

Ms. Elder stated the project investment is \$10,211,110 of which \$6,130,555 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 134 with an average hourly wage of \$20.00 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 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 Bowling Green, Warren County. Only investment costs incurred at 120 Williamette Lane 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. 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 277 full-time, Kentucky resident employees which is the base employment number required by previous project.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,500,000.

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

**Gehret Gage, LLC
Simpson County**

**Taylor Sears
Michelle Elder**

Mr. Sears stated Gehret Gage, LLC is a start-up gage manufacturing facility considering locating in Franklin. The company intends to have the newest innovation of CNC machines and inspection equipment available using state-of-the-art grinding machines that will speed up the processes by 75%, running multiple procedures at once.

Ms. Elder stated the project investment is \$1,505,000 of which \$875,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 16 with an average hourly wage of \$22.70 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 \$160,000.

Mr. Miller 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 six companies requested additional time to complete the projects and asked that all six be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
Robert Bosch Automotive Steering LLC	Boone	6 Month
TMM (USA), Inc.	Simpson	6 Month
Fritz Winter North America LP	Simpson	12 Month
Hema Biologics	Jefferson	12 Month
Nishida Art Specialty Composite America Inc.	Franklin	12 Month
UHV Technologies, Inc. dba nanoRANCH	Franklin	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 projects for final approval to the Authority.

Ms. Phillips stated six companies requested KBI final approval, three of which have modifications since preliminary approval. Ms. Phillips asked that all six be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
Archer-Daniels-Midland Company	Kenton	Service & Technology
D & B Truck & Equipment Sales, LLC	Barren	Manufacturing
LINAK U.S. Inc.	Jefferson	Manufacturing

Modifications:

Cannon Automotive Solutions – Bowling Green, Inc. Warren Manufacturing
 The project has changed from owned to leased with no rent eligible. All other aspects of the project remain the same.

MISA Metal Fabricating, Inc. Jefferson Manufacturing
 The campus approach has been removed from the project and will only include one location. All other aspects of the project remain the same.

Structures USA, LLC Hardin Manufacturing
 An affiliate, VSI Sales, LLC, has been added to the project. 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. Miller moved to approve the staff recommendation, as presented; Mr. Goodin 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 71 Kentucky small businesses from 26 counties with qualifying tax credits of \$678,400. The 71 businesses created 198 jobs and invested \$2,229,564 in qualifying equipment and/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 and/or Technology</u>	<u>Tax Credit</u>
Allstate Heating and Cooling, Incorporated	Fayette	39	7	\$ 30.53	\$ 45,900	\$ 24,500
B.L. Spille Construction Inc.	Kenton	12	5	\$ 26.00	\$ 18,021	\$ 17,500
Barnett Industries, Inc.	Kenton	22	6	\$ 14.08	\$ 46,585	\$ 21,000
Barnhill Chimney Supply, LLC	Fayette	1	2	\$ 13.00	\$ 31,722	\$ 7,000
Barnhill Enterprises, LLC	Fayette	23	3	\$ 22.45	\$ 32,646	\$ 10,500
Blue Frame Technology LLC	Fayette	4	1	\$ 20.25	\$ 5,883	\$ 3,500
Bottoms Engineering and Service, Inc.	Franklin	14	1	\$ 17.00	\$ 9,819	\$ 3,500
Bowden & Wood, PLLC	Jefferson	15	1	\$ 18.75	\$ 23,227	\$ 3,500
Brothers Barbecue of Campbellsville, LLC	Taylor	21	2	\$ 12.50	\$ 8,255	\$ 7,000
C2 Strategic Communications LLC	Jefferson	5	2	\$ 20.37	\$ 7,791	\$ 7,000
Charles T. Mitchell Company, PLLC	Franklin	6	1	\$ 29.38	\$ 5,173	\$ 3,500
Clarkland Farm, LLC	Fayette	0	2	\$ 15.00	\$ 7,665	\$ 7,000
Commonwealth Billing, LLC	Jefferson	0	8	\$ 17.31	\$ 25,019	\$ 25,000
Computer Services and Solutions, Inc.	Fayette	3	1	\$ 17.50	\$ 6,419	\$ 3,500
D C Electric of Benton, Inc.	Marshall	26	4	\$ 24.49	\$ 46,357	\$ 14,000
Diade USA, Inc.	Anderson	29	2	\$ 12.00	\$ 67,010	\$ 7,000
Don Franklin Ford, Inc.	Adair	32	6	\$ 13.95	\$ 24,252	\$ 21,000

Dukes A&W Enterprises, LLC	Jefferson	15	2	\$ 16.58	\$ 18,324	\$ 7,000
Elkins Waste Services, Inc.	Greenup	12	6	\$ 12.96	\$ 38,200	\$ 21,000
Equine Medical Associates, P.S.C.	Fayette	17	1	\$ 15.00	\$ 42,959	\$ 3,500
Franklin Nissan, LTD. Co.	Adair	11	2	\$ 22.49	\$ 7,331	\$ 7,000
Greene, McCowan & Co., PLLC	Laurel	9	3	\$ 14.50	\$ 10,796	\$ 10,500
Greenwell-Chisholm Printing Company	Daviess	29	2	\$ 20.47	\$ 30,785	\$ 7,000
H & W Sport Shop, Inc.	Taylor	15	2	\$ 14.25	\$ 23,909	\$ 7,000
Hamilton, Inc.	Rowan	42	2	\$ 17.13	\$ 9,000	\$ 7,000
HCL Demolition, Inc.	Jefferson	4	1	\$ 11.00	\$ 86,500	\$ 3,500
Healthcare Asset Network, Inc.	Jefferson	6	4	\$ 26.08	\$ 6,714	\$ 6,700
Hensley & Throneberry, PLLC	Warren	6	1	\$ 21.47	\$ 5,213	\$ 3,500
Hudson Eye Center, LLC	Boone	5	1	\$ 13.00	\$ 34,706	\$ 3,500
Innovative Access Solutions, LLC	Grayson	6	1	\$ 11.00	\$ 9,049	\$ 3,500
Integrated Engineering, PLLC	Fayette	20	2	\$ 49.05	\$ 7,964	\$ 7,000
Interior Design & Architecture, Inc.	Jefferson	39	2	\$ 30.98	\$ 5,838	\$ 4,000
Jimstone, LLC	Franklin	17	3	\$ 20.90	\$ 51,630	\$ 10,500
Kertis Creative, LLC	Jefferson	15	5	\$ 19.02	\$ 28,747	\$ 17,500
KFI Furniture, LLC	Jefferson	40	4	\$ 27.21	\$ 101,920	\$ 14,000
Kinkead & Stiliz, PLLC	Fayette	15	2	\$ 25.52	\$ 8,762	\$ 7,000
Liberty Ranch Rehabilitation Center, LLC	Casey	0	2	\$ 15.31	\$ 7,712	\$ 7,000
LoVo Systems, Inc.	Fayette	18	1	\$ 18.00	\$ 27,145	\$ 3,500
LPR Automation LLC	Warren	1	2	\$ 40.75	\$ 9,282	\$ 7,000
Mainstream, Inc.	Bullitt	10	2	\$ 24.29	\$ 46,949	\$ 7,000
Marrillia Interests, LLC	Fayette	14	3	\$ 31.81	\$ 11,092	\$ 10,500
Mc Afee Mowing and Landscaping, Inc.	Boyle	1	2	\$ 13.00	\$ 21,866	\$ 7,000
McAllister Stone, LLC	Garrard	19	1	\$ 19.50	\$ 5,879	\$ 3,500
McCain Bros. Excavating, LLC	Washington	8	3	\$ 18.33	\$ 46,854	\$ 10,500
Midwest Metals Corporation	Jefferson	26	6	\$ 27.85	\$ 53,349	\$ 21,000
MILA International, Inc.	Boone	14	1	\$ 28.45	\$ 6,942	\$ 3,500
MosquitoMate, Inc.	Fayette	2	1	\$ 32.60	\$ 7,989	\$ 3,500
Parkplace Homes, LLC	Laurel	3	3	\$ 15.67	\$ 35,494	\$ 10,500
Power Tech Electric Company, LLC	Grayson	5	4	\$ 23.05	\$ 35,550	\$ 14,000
Pressure Tech Industrial Cleaning Services, Inc.	Greenup	11	3	\$ 17.67	\$ 97,078	\$ 10,500
Print My Threads, LLC	Greenup	3	4	\$ 12.50	\$ 75,075	\$ 14,000
RAME Contracting, LLC	Washington	32	6	\$ 26.33	\$ 58,800	\$ 21,000
Renaissance Holdings, LLC	Jefferson	28	4	\$ 20.25	\$ 38,179	\$ 14,000
Saturn Machine and Welding Company, Inc.	Union	26	6	\$ 18.83	\$ 26,217	\$ 21,000
Sharlow & Associates, CPA, PLLC	Taylor	1	1	\$ 12.00	\$ 6,094	\$ 3,500
Site-Safe Products, LLC	Grayson	13	4	\$ 17.20	\$ 53,375	\$ 14,000
SKY Property Management, LLC	Warren	1	2	\$ 20.25	\$ 13,000	\$ 7,000
Solar Energy Solutions LLC	Fayette	11	4	\$ 24.34	\$ 39,932	\$ 14,000
Solid Rock Excavating, LLC	Boone	2	2	\$ 15.29	\$ 160,000	\$ 7,000
Solutions First, LLC	Muhlenberg	13	2	\$ 23.80	\$ 5,760	\$ 5,700
Southern Kentucky Oral Surgery Associates, PLLC	Warren	14	1	\$ 156.25	\$ 7,070	\$ 3,500
Stephen D. Prater Builder, Inc.	Fayette	8	1	\$ 16.00	\$ 85,500	\$ 3,500
Studio Kremer Architects, Inc.	Jefferson	11	2	\$ 25.72	\$ 12,844	\$ 7,000
Taul & Taul, P.S.C.	Garrard	5	6	\$ 15.65	\$ 21,237	\$ 21,000
Technical Horizons, PLLC	Fayette	0	1	\$ 31.25	\$ 5,058	\$ 3,500
Tellennium, Inc.	Bullitt	30	4	\$ 18.07	\$ 14,697	\$ 14,000
Traughber Mechanical Services, Inc.	Simpson	26	2	\$ 18.72	\$ 130,408	\$ 7,000
Twin States Utilities & Excavation, Inc.	Monroe	16	1	\$ 34.24	\$ 31,960	\$ 3,500
Western Cranes Service, Inc.	Warren	26	6	\$ 25.85	\$ 32,619	\$ 21,000
Winnmedia, LLC	Jessamine	4	2	\$ 17.25	\$ 9,000	\$ 7,000
W-W Seeds, Inc.	Henderson	3	3	\$ 17.95	\$ 49,467	\$ 10,500

Staff recommended approval of the tax credits.

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

Incentive for Energy Independence Act (IEIA) Project (Extension)

Chairman Hale called on Ms. Palmer to present an IEIA extension request to the Authority.

Ms. Palmer stated the following company requested an extension of its IEIA project:

Company	County	Extension
Delta Natural Gas Company, Inc.	Madison	12 Month

Staff recommended approval of the IEIA extension request to December 31, 2019.

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

KEDFA Loans (Modification)

Chairman Hale called on Sarah Butler to present the KEDFA loan modifications to the Authority.

GPEDC, Inc. (Greater Paducah Economic Development Council) McCracken County

Ms. Butler stated on December 14, 1992, KEDFA closed a loan with this industrial authority to finance the purchase of 362.5 acres for an Information Age Park in Paducah. The original loan was \$3,500,000 with 2% interest paid quarterly and a maturity date of December 14, 2002. KEDFA security is a first mortgage on the acreage and terms included principal repayment from land sales at a 77% release price. The loan has been modified and extended several times since 2002.

In December of 2013, KEDFA approved a request to extend the maturity date for five years to December 31, 2018 and to increase principal payments to \$1,500 per month. The GPEDC has made additional principal payments as land has sold. The current principal balance is \$1,610,875. Approximately 185 acres (35 lots) remain in inventory.

The GPEDC has requested to extend the loan maturity for twelve months to allow time to review and restructure the balance sheet. Security for the loan would continue to be a first mortgage on the remaining lots in the park and all other repayment terms would remain the same.

Staff recommended approval to extend the maturity date to December 31, 2019 with same repayment terms.

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

Marion County Industrial Development Foundation Marion County

Ms. Butler stated on December 15, 1999, KEDFA closed a loan with Marion County Industrial Development Foundation (Foundation) to help finance the purchase of 254 acres for an industrial park. The original loan was \$1,800,000 at 3.5% interest paid quarterly and a maturity date of December 15, 2006. Loan terms also included principal repayment through net proceeds from land sales. Collateral for the loan was irrevocable stand-by letters of credit.

In December of 2006, KEDFA approved a request to extend the maturity date to December 15, 2013 at 3.5% interest rate. Before maturity in 2013, KEDFA approved another extension to December 15, 2018 at a reduced interest rate of 2% plus \$1,300.00 monthly principal payments.

After the sale of 58 acres, approximately 196 acres remain in the Crossroads Industrial Park. The Foundation has requested to extend the loan maturity for five years and increase the monthly principal to \$2,000 plus 2% interest. The foundation has also requested to reduce the letters of credit to the principal balance of \$1,500,000, plus six months interest. Repayment will continue to require principal reductions from all net proceeds of land sales.

Staff recommended approval to reduce the letter of credit amount, extend the maturity to December 15, 2023 and increase principal payments to \$2,000 per month plus 2%.

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

Other Business

Election of Officers

In accordance with KRS 154.20-010 and Article VII of the Fifth Amended and Restated Bylaws of the Kentucky Economic Development Finance Authority, the Authority shall elect biennially from its membership a Chairman, Vice Chairman, Secretary-Treasurer and any assistant secretaries and assistant treasurers deemed necessary. Elections are to take place in even numbered years.

The following members expressed willingness to serve in the designated officer positions, subject to nomination and election: Jean R. Hale, Chairman; J. Don Goodin, Vice Chairman; Tucker Ballinger, Secretary-Treasurer; and Chad Miller, Assistant Secretary-Treasurer.

Mr. Kelly moved to approve the appointments, as presented; Ms. Trautner seconded the motion. Motion passed; unanimous.

2019 KEDFA Board Meeting Dates

Ms. Smith stated the 2019 KEDFA board meeting dates were included in the board material. The dates are:

January 31	July 25
February 28	August 29
March 28	September 26
April 25	October 31
May 30	November – TBD
June 27	December – TBD

The Authority accepted the dates as presented.

Resolutions of Recognition

Anna Beth Bobbitt

Chairman Hale presented a Resolution of Recognition for Anna Beth Bobbitt who served the Cabinet and the Commonwealth for the last 6 years.

Robyn Lee

Chairman Hale presented a Resolution of Recognition for Robyn Lee who served the Cabinet and the Commonwealth for the last 18 years.

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

Adjournment

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

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

The meeting adjourned at 11:22 a.m.

**APPROVED
PRESIDING OFFICER:**

A handwritten signature in blue ink that reads "Jean R. Hale". The signature is written in a cursive style and is positioned above a horizontal line.

Jean R. Hale, Chairman