

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING January 25, 2018

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EST on January 25, 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 Hale, Chairman, received verification that the media had been notified of the KEDFA regular monthly board meeting.

Roll Call

Members Present: Jean Hale, Don Goodin, Melinda M. Hill, Proxy for Secretary William M. Landrum, III, Tucker Ballinger, Joe Kelly and Chad Miller

Staff Present: Bobby Aldridge, Tim Back, Jessica Burke, Sarah Butler, Lynda Cunningham, Michelle Elder, Kimberly Gester, Terry R. Gill, Jr., Krista Harrod, Katie James, Brandon Mattingly, Brian Mefford, Kylee Palmer, Corky Peek, Debbie Phillips, Lindsey Ransdell, Taylor Sears, Tess Simon, Kristina Slattery, Katie Smith, Teresa Spreitzer and Lucas Witt

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky and Mark Franklin, Stoll Keenon Ogden; Mike French, AgTech Scientific, LLC; Casey Bolton, Commonwealth Economics; Quincy Cutshaw, Denham-Blythe Company; Brad Thomas, East Kentucky Power Cooperative; John Frank, Green County Judge Executive; Glenn Thomas, Consultant, Green River Regional Business Park; Brent Burchett, Kentucky Department of Agriculture; John Brady, Kentucky Finance and Administration Cabinet, Office of Financial Management; Ben Moore and Sarah Zoeller, Louisville Forward; Jeff Mosley and Laura Ferguson, Louisville/Jefferson County Metro Government; Lisle Cheatam, Mayor, City of Greensburg, Barry Lendrum, Paladin; Gordon Wilson, Paris-Bourbon County Economic Development Authority; Jessica Zaiger, Polsinelli; Marty Thieneman and Takeshi Ariake, Sentry Steel, Inc.; Gina Lankswert and Keith Sherman, U of L Foundation; Michael Mountjoy and David Goodnight

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the December 7, 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 December 31, 2017. After review, the Authority accepted the statements and reports as presented.

Tax Increment Financing (TIF) Project (Preliminary)

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

Metro Development Authority, Inc.
Butchertown Stadium District
Jefferson County

Kimberly Gester
Kylee Palmer

Kimberly Gester stated Butchertown Stadium District is a Mixed-Use Redevelopment in Blighted Urban Areas TIF project. The project consists of building a new soccer-specific stadium in Louisville. The development is expected to include the new 10,000 seat Butchertown Stadium, 2 hotels, office space, supportive retail, entertainment and dining options. The construction is estimated to take place over the next two years.

Ms. Palmer stated public infrastructure costs total approximately \$74.8 million and include land preparation, public buildings/structure, sewers/storm drainage, curbs, sidewalks, promenades and pedways, roads, street lighting, provision of utilities, environmental remediation, floodwalls and floodgates, public space or parks and parking. The applicant, Metro Development Authority, Inc., estimates the project will generate \$3.8 billion in total economic impact over a 20-year period.

By granting preliminary approval, KEDFA would enable staff to begin working with the Office of State Budget Director and the 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 Jeff Mosley, Laura Ferguson, Michael Mountjoy and Casey Bolton and invited them to address the board regarding the project.

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

KEDFA Grant

Chairman Hale called on staff to present a KEDFA Grant request to the Authority.

Louisville/Jefferson County Metro Government
Res-Care, Inc.
Jefferson County

Lucas Witt
Kylee Palmer

Lucas Witt stated Res-Care, Inc. is the largest diversified health and human services provider in the United States. With more than 40 years of experience, Res-Care offers daily living support services and in-home care, vocational training, job placement, pharmacy, rehab and behavioral health services for people of all ages and skill levels. The company is currently headquartered in Louisville, Kentucky. With its existing office lease expiring in 2018, the company is considering a new headquarters facility.

Ms. Palmer stated the company requested up to \$500,000 in the form of a KEDFA Grant. The funds will be used for building improvements to its new headquarters facility. The project will

include multiple locations within Louisville/Jefferson County. Only investment costs incurred at 805 North Whittington Parkway will be considered towards the investment requirement. Employees and their respective wages at the locations included in the project definition will be eligible for compliance. The terms of the grant include the retention of 310 full-time, Kentucky resident employees paying an average hourly wage of \$28.00, excluding benefits. Annual compliance will begin December 31, 2018 and continue for an additional four years through December 31, 2022. The Grant is performance-based and disbursement will not occur until after annual compliance is confirmed. Funds will flow through the Grantee/local government entity to the Beneficiary/company.

Staff recommended approval of the grant request up to \$500,000 for building improvements.

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

KEDFA Industrial Revenue Bond (IRB) Project

Chairman Hale called on Katie Smith to present a KEDFA IRB supplemental request to the Authority.

Madonna Manor, Inc. Kenton County

Ms. Smith stated KEDFA previously approved the issuance of healthcare facilities revenue bonds on behalf of Madonna Manor, Inc. The Series 2010 bonds were issued totaling \$28,440,000 to finance the acquisition, construction, installation and equipping of healthcare and health related facilities in Kenton County, Kentucky.

The original project was completed under budget, and as a result, a portion of the bond proceeds remain unspent. Madonna Manor, Inc. is requesting approval of a resolution to use the unspent proceeds, together with other funds available to the corporation, to acquire land in Kenton County, Kentucky. The new project was not described in the Notice of Public Hearing for the required TEFRA public hearing conducted by KEDFA in connection with the original issuance of the bonds. Thus, the Authority held a new public hearing at 9:00 a.m. on January 25, 2018 at the Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort as a part of the supplemental public approval to allow use of the unspent proceeds for the new project. No public comments were received at the TEFRA hearing. The bonds associated with the unspent proceeds may be deemed "reissued" for federal tax purposes. KEDFA may execute and deliver a Form 8038-Information Return for Tax-Exempt Private Activity Bond Issues with respect to the reissued bonds in connection with the supplemental public approval.

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

Staff recommended KEDFA's adoption of the resolution and authorization of the required documents.

Ms. Smith introduced Jessica Zaiger and invited her to address the board regarding the project.

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

Kentucky Investment Fund Act (KIFA) Project

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

Bluegrass Angel Venture Fund IV, LLC

Fayette County

Mr. Aldridge stated Bluegrass Angel Venture Fund IV, LLC is being formed to encourage and assist in the creation, development or expansion of small businesses located in Kentucky.

Christopher H. Young of Bluegrass Angel Venture Fund IV, LLC made application on behalf of the fund and requested approval of Bluegrass Angel Venture Fund IV, LLC as a participant in the KIFA program as well as approval of Christopher H. Young as Fund Manager under the KIFA program. To date, the fund manager has secured over \$525,000 in committed cash contributions from 9 investors and expects a maximum committed cash contribution amount of \$6,000,000. Bluegrass Angel Venture Fund IV, LLC meets the minimum requirements of the KIFA program to be considered for approval by KEDFA for tax credits under the program.

Staff recommended approval of Christopher H. Young as fund manager and that a maximum of \$1,600,000 in KIFA tax credits be allocated to the fund.

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

High-Tech Investment Pool Project (Amendment)

Chairman Hale called on Mr. Aldridge to present a High-Tech Investment Pool project amendment request to the Authority.

Nucleus, Kentucky's Life Sciences and Innovation Center, LLC

Jefferson County

Mr. Aldridge stated in July 2007, KEDFA approved the designation of \$3,000,000 from the High-Tech Investment Pool for companies locating in the high-tech business accelerator known at the time as "Cluster One," now renamed as the Nucleus Innovation Park located in Louisville, Kentucky. In July 2011, Nucleus requested and KEDFA approved a reallocation of the grant funds to provide \$100,000 for leasehold improvements and \$900,000 for up-fit for a Long-Term Health Incubator/Acelerator/Simulation Center on the Nucleus campus, now known as The Thrive Center, while the remaining \$2,000,000 would continue to be available for companies locating within Nucleus. Below are additional requirements for the \$2,000,000 grant proceeds:

- \$500,000 for start-up grants for companies with promising technology in the long-term health field.
- \$1,500,000 for start-up grants for non-long-term health companies in a business related to one of the five technology focus areas (human health and development, IT and communications, biosciences, energy and environmental technologies, materials science and advanced manufacturing).
- Proceeds may be used for start-up assistance to include but not limited to (i) lease expenses, fit-up and building improvements, rent subsidies, professional services (e.g., consulting, legal and accounting) and prototype development and (ii) expenses related to intellectual property and patent protection, software and licensing.

- Nucleus would negotiate and execute a grant agreement for each award. The agreement may not exceed three years and the amount of each award shall be from \$10,000 to \$75,000.

According to the terms of the grant agreement between KEDFA and Nucleus, Nucleus must expend all funds disbursed for the start-up grants within five years of KEDFA's disbursement (June 27, 2012 was KEDFA's disbursement). Through June 27, 2017, Nucleus committed \$1,939,202.40 to 27 grant recipients. Nucleus has returned the remaining \$60,797.60 of unused funds to the high-tech investment pool.

Due to the terms and conditions of the individual grant awards, Nucleus has not yet fully disbursed the funds to individual grant recipients as of June 27, 2017. The individual grant agreements have three-year terms, and the latest grant matures on June 5, 2020. Nucleus interpreted the agreement with KEDFA to require a commitment/award of the grant and not to mean disbursement of all proceeds. As of June 27, 2017, Nucleus had approximately \$1.2 million of grant proceeds available for the awarded/committed grants.

To fulfill the original intent of the individual grants, Nucleus requested an amendment to the agreement with KEDFA extending the "Term for Expending Proceeds" to June 5, 2020 to allow for disbursement of funds to all the individual grantees with agreements as of June 27, 2017.

As consideration for the extension, Nucleus has committed to be more engaged in ensuring the grant documents are strictly adhered to and if they are not, the grants are terminable with 30 days notice. Nucleus has also enhanced the reporting requirements for the individual grants to include additional reporting documentation related to disbursement requests and quarterly reporting. The funds will not be available for any new individual grants, and the funds will be returned to the high-tech investment pool should a default on an agreement occur.

Staff recommended approval of the High-Tech Investment Pool project amendment request to extend the Term of Expending Proceeds to June 5, 2020.

Mr. Aldridge introduced Keith Sherman and Gina Lankswert and invited them to address the board regarding the amendment request.

After discussion, Chairman Hale requested Nucleus provide staff with quarterly reports and a copy of all grant agreements between Nucleus and individual grant recipients.

Mr. Ballinger moved to approve the staff recommendation, as presented; and for Nucleus to provide quarterly reports to staff and copies of all grant agreements between Nucleus and individual grant recipients, as requested; Mr. Miller 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.

Funai Lexington Technology Corporation Fayette County

Mr. Aldridge stated Funai Lexington Technology Corporation received final approval on December 10, 2015 for a KBI project to establish an inkjet printer research and design center in Lexington. The original project site was a 41,070 square foot leased facility at 772 Newtown Pike. The company decided to relocate its operations to an approximate 70,000

square foot leased building located at 700 Setzer Way in Lexington. The new location allows the company significant room for growth. This amendment documents the change of the project site and recognizes the new lease. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment contingent upon receipt of the signed First Amendment to the Tax Incentive Agreement.

Mr. Goodin moved to approve the staff recommendation, as presented; Mr. Ballinger 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 8 companies requested additional time to complete the projects and asked that all 8 be presented as one motion.

Company	County	Extension
Peristyle, LLC	Woodford	11 Month
Amazon.com.kydc LLC	Taylor	12 Month
Catalent Pharma Solutions, LLC	Clark	12 Month
Hollison, LLC	Daviess	12 Month
Kentucky Green Harvest LLC	Lincoln	12 Month
Mills Supply Company, Inc.	Jefferson	12 Month
Santa Rosa Systems, Inc.	Bullitt	12 Month
Toyota Tsusho America, Inc.	Scott	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

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

Consolidated Grain and Barge Co. Jefferson County

**Kristina Slattery
Lynda Cunningham**

Kristina Slattery stated Consolidated Grain and Barge Co. (CGB) serves the bourbon distillery business. Its role has been as a warehouse and distributor of grains, especially corn, rye, and barley malt. The company is considering the construction of a building to house new milling equipment along with a bagging line. The mill would be a roller mill which would allow CGB the flexibility to quickly change the "grind" or coarseness of the finished product. The finished product would feed a bag line.

Lynda Cunningham stated the project investment is \$1,965,852 of which \$734,099 qualifies as KEIA eligible costs.

Staff recommended approval of the KEIA approved recovery amount of \$25,000 for construction materials and building fixtures.

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

**KEEN, Inc.
Bullitt County**

**Kristina Slattery
Lynda Cunningham**

Ms. Slattery stated KEEN, Inc. designs, manufactures, promotes and sells footwear, bags, accessories and apparel. To improve the quality, service and cost structure associated with customer order fulfillment needs, KEEN has decided to insource its order fulfillment function for its U.S. operations, which is currently being performed by a third-party service provider. The company plans to renovate the Shepherdsville facility and complete the transition from its current third-party facility.

Ms. Cunningham stated the project investment is \$8,245,753 of which \$3,051,556 qualifies as KEIA eligible costs.

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

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

**Braidy Industries Inc.
Greenup County**

**Tess Simon
Debbie Phillips**

Tess Simon stated Braidy Industries Inc. has plans to establish an eco-friendly and technically advanced aluminum mill, and is considering locating the facility in Greenup County. The company hopes to use the project to spearhead revitalization efforts in Eastern Kentucky. The company will serve OEM automotive and aerospace industries. The mill is expected to have the lowest conversion costs and highest operating margins among its North American competition. This request pertains to the second phase of a \$1.3 billion investment.

Debbie Phillips stated the project investment is \$602,750,000 of which \$145,000,000 qualifies as KEIA eligible costs.

Staff recommended approval of the KEIA approved recovery amount of \$2,500,000 for construction materials and building fixtures.

Mr. Goodin moved to approve the staff recommendation, as presented; Mr. Miller seconded the motion. Motion passed; Jean Hale and Tucker Ballinger abstained.

**Maker's Mark Distillery, Inc.
Marion County**

**Kristina Slattery
Debbie Phillips**

Ms. Slattery stated Maker's Mark Distillery, Inc. has been in business over 60 years and is a leader in the production of high-end bourbon. The company is considering the construction of future barrel warehouses that will house 50,000 barrels each.

Ms. Phillips stated the project investment is \$31,200,000 of which \$9,360,000 qualifies as KEIA eligible costs.

Staff recommended approval of the KEIA approved recovery amount of \$500,000 for construction materials and building fixtures.

Mr. Kelly moved to approve the staff recommendation, as presented; Ms. Hill 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.

Macro Plastics, Inc. Shelby County

**Kristina Slattery
Debbie Phillips**

Ms. Slattery stated Macro Plastics was founded in 1989 and is the largest manufacturer of plastic bulk bins in North America. The company is a market leader in the agricultural sector but recently expanded its portfolio into the auto-packaging market. The company is considering expanding capacity for Automotive Bin Production at its Shelby County facility to accommodate for new contracts.

Ms. Phillips stated the project investment is \$8,100,000 of which \$3,295,000 qualifies as KBI eligible costs and \$2,000,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 3.0% and Shelby County 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 \$200,000 and the KEIA approved recovery amount of \$100,000 for construction materials and building fixtures.

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

Hansens Aluminum Extrusion LLC Henderson County

**Corky Peek
Michelle Elder**

Corky Peek stated Hansens Aluminum is a newly formed aluminum extrusion company. The company is considering locating a new aluminum extrusion facility in Henderson to produce anti-vibration and HVAC components for the automotive industry.

Michelle Elder stated the project investment is \$18,410,000 of which \$9,110,000 qualifies as KBI eligible costs and \$6,000,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 90 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 3.0% and Henderson 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 \$360,000 for construction materials and building fixtures.

Mr. Kelly 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.

AgTech Scientific, LLC Bourbon County

**Tess Simon
Debbie Phillips**

Ms. Simon stated AgTech Scientific, LLC, is a diversified industrial hemp company that intends to manufacture premiere cannabidiol (CBD) consumer products for both human and

animal application. The company is considering the acquisition and construction of a manufacturing facility to produce energy drinks, pet and equine foods, as well as high-end cosmetics.

Ms. Simon introduced Mike French, Gordon Wilson and Brent Burchett and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$5,000,000 of which \$4,200,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 271 with an average hourly wage of \$16.00 including benefits. The state wage assessment participation is 3.0% and the City of Paris will participate at 0.5% with Bourbon County participation at 0.5%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,400,000.

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

**DPL Financial Partners, LLC
Jefferson County**

**Taylor Sears
Lynda Cunningham**

Taylor Sears stated DPL Financial Partners, LLC began in 2014, initially providing consultation to insurance carriers on fee-based products and business models. While the consulting continues, the company has evolved into product distribution to Registered Investment Advisors. This proposed expansion is necessary to meet and sustain necessary growth.

Ms. Cunningham stated the project investment is \$3,600,000 of which \$3,350,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$62.00 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 \$600,000.

After discussion, Mr. Goodin moved to approve the staff recommendation, as presented; and for the company to provide a flow chart, as requested; Mr. Miller seconded the motion. Motion passed; unanimous.

**R.A. Jones & Co.
Kenton County**

**Taylor Sears
Lynda Cunningham**

Mr. Sears stated R.A. Jones & Co., a Coesia group company, is one of the global leaders in the design and manufacturing of primary and secondary packaging machinery for the food, pharmaceutical, dairy and consumer goods industries. The Coesia Group is considering this expansion to support its global growth and customer centricity initiatives.

Ms. Cunningham stated the project investment is \$7,400,000 of which \$1,950,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 105 with an average hourly wage of \$32.50 including benefits. The state wage assessment participation is 1.5% and Kenton County will participate at 0.5%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

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

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

**Hardin Scientific, Inc.
Green County**

**Kristina Slattery
Lynda Cunningham**

Ms. Slattery stated Hardin Scientific, Inc. is a new company considering Green County to begin its assembly, development and manufacturing operations for high tech laboratory equipment. The company plans for its propriety incubator to be its first modular and internet enabled device, providing the highest quality tools and materials for the industry.

Ms. Slattery introduced John Frank, Glenn Thomas and Lisle Cheatam and invited them to address the board regarding the project.

Ms. Cunningham stated the project investment is \$11,620,000 of which \$10,660,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 50 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 \$1,000,000.

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

**Sentry Steel, Inc.
Jefferson County**

**Lindsey Ransdell
Michelle Elder**

Lindsey Ransdell stated Sentry Steel, Inc., incorporated in 1987, began by performing steel construction work. By the year 2000, Sentry was primarily a steel fabricator and erector. The company is considering starting a commercial stair fabrication operation that will allow for shipments to areas beyond a 250 mile radius of Louisville.

Ms. Ransdell introduced Marty Thieneman and Takeshi Ariake and invited them to address the board regarding the project.

Ms. Elder stated the project investment is \$2,855,000 of which \$1,945,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 62 with an average hourly wage of \$31.00 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 \$700,000.

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

**Kentucky Bourbon Barrel, LLC
Jefferson County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Kentucky Bourbon Barrel, LLC is a full-service used bourbon/whiskey barrel cooerage. The company is considering relocating its Louisville site and building a cooerage in order to expand its services and sales. The project would also include the purchase of new machinery and the addition of employees.

Ms. Elder stated the project investment is \$850,000 of which \$690,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 35 with an average hourly wage of \$30.00 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 \$400,000.

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

**PowerTec Solutions International LLC
Simpson County**

**Corky Peek
Michelle Elder**

Mr. Peek stated PowerTec Solutions International LLC (PSI) is a privately held technology design and manufacturing company focused on providing custom DC power and other standby power solutions to compliment global wireline and wireless applications. The company is considering purchasing land to construct a headquarters and distribution facility.

Ms. Elder stated the project investment is \$2,264,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$13.00 including benefits. The state wage assessment participation is 3.0% and the City of Franklin 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 \$200,000.

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
MVP Group International, Inc.	Fulton	3 Month
CabKey, LLC	Daviess	12 Month
Century Aluminum Sebree LLC	Henderson	12 Month
Evolent Health LLC	Jefferson	12 Month
KapStone Container Corporation	Warren	12 Month
Stody Company	Warren	12 Month

Staff recommended approval of the KBI extension requests.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Miller 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 3 companies requested KBI final approval, 2 of which have modifications since preliminary approval. Ms. Phillips asked that all 3 be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
Ticona Polymers, Inc.	Boone	Manufacturing

Modifications:

Hendrickson USA, L.L.C. Hardin Manufacturing
 The investment increased from \$13,053,000 to \$27,653,000; the eligible costs increased from \$1,575,000 to \$1,995,000; the job target increased from 75 to 96 and the total negotiated tax incentive amount increased from \$1,550,000 to \$1,950,000. All other aspects of the project remain the same.

Portwest America, LLC Bullitt Service & Technology
 The company name changed from Portwest, LLC to Portwest America, LLC. Portwest, LLC was added as an affiliate. 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. Ballinger moved to approve the staff recommendation, as presented; Ms. Hill 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 16 Kentucky small businesses from 6 counties with qualifying tax credits of \$235,400. The 16 businesses created 74 jobs and invested \$904,357 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>
Action Landscape, Inc.	Jefferson	21	3	\$ 13.94	\$ 45,598	\$ 10,500
All Around Care LLC	Jefferson	0	3	\$ 13.00	\$ 19,500	\$ 10,500
B & E Furniture, LLC	Boyle	6	1	\$ 14.00	\$ 12,870	\$ 3,500
Bowden & Wood, PLLC	Jefferson	13	2	\$ 22.36	\$ 52,289	\$ 7,000
Carroll-Kron Consulting, Inc.	Jefferson	23	6	\$ 24.78	\$ 6,430	\$ 6,400
GTB Holdings, Inc.	Boone	18	3	\$ 14.67	\$ 111,000	\$ 10,500
Integrated Medical Solutions, LLC	Jefferson	6	8	\$ 22.19	\$ 27,500	\$ 25,000

Integrated Sign & Graphic, Inc.	Fayette	33	4	\$ 22.73	\$ 138,169	\$ 14,000
Interior Design & Architecture, Inc.	Jefferson	33	6	\$ 30.90	\$ 23,869	\$ 21,000
John R. Hobbs Construction Co., Inc.	Jefferson	11	7	\$ 15.86	\$ 42,240	\$ 24,500
Lexar Laboratories & Analysis, LLC	Fayette	3	8	\$ 15.06	\$ 266,364	\$ 25,000
Louisville Eye Center, PLLC	Jefferson	0	8	\$ 18.78	\$ 52,500	\$ 25,000
Motus Freight, LLC	Campbell	1	3	\$ 23.12	\$ 14,243	\$ 10,500
Peptides International, Inc.	Jefferson	18	3	\$ 19.94	\$ 58,657	\$ 10,500
Tellennium, Inc.	Bullitt	28	2	\$ 28.62	\$ 7,800	\$ 7,000
Tova Industries, LLC	Jefferson	38	7	\$ 13.40	\$ 25,328	\$ 24,500

Staff recommended approval of the KSBTC tax credits.

Mr. Kelly moved to approve the staff recommendation, as presented; Mr. Miller 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 65 Kentucky Angel Investment Act Program projects representing 22 Kentucky businesses and 58 investors for a total projected investment of \$7,542,120 with eligible tax credits of \$3,000,000. The investor will have 60 calendar days in which to make the planned investment and 20 calendar days from the investment date in which to submit proof of the investment before receiving the tax credit.

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

Qualified Small Business Qualified Investor(s)	County	Projected Investment	Tax Credit
<u>Bagua, Inc.</u>	<u>Fayette</u>		
Joan S. Forrest		\$ 20,000	\$ 8,000
Benadicta Halecky		\$100,000	\$ 40,000
Stephen P. Pewitt		\$ 40,000	\$ 16,000
Tyler S. Pewitt		\$ 10,000	\$ 4,000
Valerie Taylor		\$ 20,000	\$ 8,000
<u>Bexion Pharmaceuticals, Inc.</u>	<u>Kenton</u>		
William P. Butler		\$500,000	\$183,152
<u>Cuddle Clones LLC</u>	<u>Jefferson</u>		
Martin N. McClelland		\$100,000	\$ 40,000
Phoebe A. Wood		\$100,000	\$ 40,000
<u>Double Double D, LLC</u>	<u>Boone</u>		
Alan John North		\$100,000	\$ 40,000
Daniel Kenyon Rooker		\$100,000	\$ 40,000
Douglas Anthony Suriano		\$100,000	\$ 40,000
<u>Edj Analytics, LLC</u>	<u>Jefferson</u>		
Douglas Ford Cobb		\$ 50,000	\$ 20,000
Mark Thomas Kirchdorfer		\$ 75,000	\$ 30,000
James A. Patterson, II		\$100,000	\$ 40,000
Christopher H. Young		\$ 50,000	\$ 20,000

<u>Edumedics LLC</u>	<u>Jefferson</u>		
Douglas Ford Cobb		\$ 50,000	\$ 20,000
Dennis W. Crum		\$100,000	\$ 40,000
Jack Clifford Danehy		\$500,000	\$200,000
William Bruce Lunsford		\$500,000	\$200,000
James Todd Taylor		\$500,000	\$200,000
<u>Enable AI Inc</u>	<u>Jefferson</u>		
Oliver B. Ardery		\$ 75,000	\$ 30,000
<u>Fourth Wall, L.L.C.</u>	<u>Kenton</u>		
David P. Heidrich		\$ 50,000	\$ 20,000
William R. Zalla		\$ 50,000	\$ 20,000
<u>Gryphon Environmental, LLC</u>	<u>Daviess</u>		
James R. Boyd		\$ 22,120	\$ 8,848
Gordon L. Deane		\$ 25,000	\$ 10,000
Gay Nell Estes		\$ 10,000	\$ 4,000
Wayne Lewis Estes		\$ 10,000	\$ 4,000
Michael S. Hoseus		\$ 50,000	\$ 20,000
Brian A. Luftman		\$ 10,000	\$ 4,000
Stewart A. Smith		\$ 10,000	\$ 4,000
<u>Gun Media Holdings, Inc.</u>	<u>Fayette</u>		
Christopher H. Young		\$250,000	\$100,000
<u>Hera Testing Laboratories, Inc.</u>	<u>Fayette</u>		
Christopher H. Young		\$100,000	\$ 40,000
<u>MobileServe LLC</u>	<u>Jefferson</u>		
Henry V. Heuser		\$100,000	\$ 40,000
Martin N. McClelland		\$100,000	\$ 40,000
Carl L. Swope		\$ 25,000	\$ 10,000
<u>Neuronetrix Solutions, LLC</u>	<u>Jefferson</u>		
Fran L. Berg		\$100,000	\$ 40,000
Bart L. Greenwald		\$100,000	\$ 40,000
Charles W. Schnatter		\$200,000	\$ 80,000
<u>Patriot Brands LLC</u>	<u>Jefferson</u>		
Jason E. Karem		\$100,000	\$ 40,000
John R. Karem, Sr.		\$100,000	\$ 40,000
Kenneth Wayne Livesay, Jr.		\$250,000	\$100,000
Jerry L. Morris		\$250,000	\$100,000
Raymond Scott Reid		\$250,000	\$100,000
Richard S. Sears		\$100,000	\$ 40,000
<u>Rabbit Hole Spirits, LLC</u>	<u>Jefferson</u>		
Gregory M. Abbas		\$125,000	\$ 50,000
Joe H. Tichenor		\$ 50,000	\$ 20,000

<u>RCM Brain, Inc.</u>	<u>Jefferson</u>		
Chad J. Coulter		\$ 30,000	\$ 12,000
Robert W. Doligale		\$ 30,000	\$ 12,000
Scott E. Fitzhugh		\$ 25,000	\$ 10,000
Kevin M. Foley		\$ 30,000	\$ 12,000
Rick L. Foley		\$ 25,000	\$ 10,000
Herbert W. Perkins, III		\$ 50,000	\$ 20,000
Dale B. Skaggs, Jr.		\$ 50,000	\$ 20,000
Charles M. Stigler		\$ 50,000	\$ 20,000
Robert N. Taylor		\$ 50,000	\$ 20,000
<u>Schedule It LLC</u>	<u>Hardin</u>		
Carl L. Swope		\$ 50,000	\$ 20,000
<u>Smart Farm Systems, Inc.</u>	<u>Jessamine</u>		
Christopher H. Young		\$ 50,000	\$ 20,000
<u>Sunstrand, LLC</u>	<u>Jefferson</u>		
Craig D. Grant		\$ 50,000	\$ 20,000
<u>Switcher Inc</u>	<u>Jefferson</u>		
John H. Willmoth		\$ 25,000	\$ 10,000
<u>TEC Biosciences Inc.</u>	<u>Fayette</u>		
Tonye-Marie Castaneda		\$500,000	\$200,000
Peter Edward Wagner		\$500,000	\$200,000
<u>Virtual Peaker, Inc.</u>	<u>Jefferson</u>		
Mark H. Boyer		\$150,000	\$ 60,000
Douglas Ford Cobb		\$ 50,000	\$ 20,000
Edward L. Galloway		\$ 50,000	\$ 20,000
Steve T. Wilhite		\$150,000	\$ 60,000

Staff recommended approval of the proposed Angel Investment tax credits.

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

Other Business

Quarterly Report - Kentucky Small Business Credit Initiative (KSBCI)

Chairman Hale called on Ms. Palmer to review the Quarterly KSBCI Report for the period ending December 31, 2017. After review, the Authority accepted the report as presented.

Quarterly Report – Letter Amendment / Resolution

Chairman Hale called on Jessica Burke to review the Quarterly Amendment Report ending December 31, 2017.

Ms. Burke stated the Bylaws of the Board of Directors of KEDFA grant authority to the Commissioner of the Department for Financial Services (formerly known as Executive Director of the Office of Financial Services), et al., to effectuate non-substantive amendment changes to the agreements and act as signatory for amendments to those agreements on behalf of the Board.

Ms. Burke noted the following amendment has been executed:

KEIA

Braidy Industries Inc.

Letter Amendment to KEIA Agreement dated January 25, 2018, for Braidy Industries Inc. to update the specific address of the Project location and clarify that the Project will lie within the contiguous counties of Boyd County and Greenup County, Kentucky.

Staff recommended the Authority accept the Amendment Report and adopt the resolution to ratify the amendment.

Chairman Hale moved to accept the staff recommendation, as presented; Mr. Kelly seconded the motion. Motion passed; unanimous.

Resolution of Recognition – Lynda Cunningham

Chairman Hale read and presented a Resolution of Recognition for Lynda Cunningham who will retire on January 31, 2018 with over 32 years of service dedicated entirely to the Cabinet for Economic Development.

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

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. Ballinger moved to enter into executive session; Mr. Kelly seconded the motion. Motion passed; unanimous. The board entered into executive session at 11:05 a.m.

Regular Session

Chairman Hale entertained a motion to return to regular session.

Mr. Goodin moved to return to regular session; Mr. Ballinger seconded the motion. Motion passed; unanimous. The board returned to regular session 11:09 a.m.

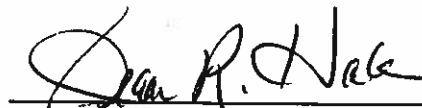
Adjournment

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

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

The meeting adjourned at 11:09 a.m.

PRESIDING OFFICER:



Jean Hale, Chairman