

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING AUGUST 27, 2020

MINUTES

Call to Order

Due to the state of emergency declared by Governor Beshear via Executive Order 2020-15 regarding COVID-19, all previously announced in-person meetings involving the Kentucky Cabinet for Economic Development scheduled in August were cancelled. In accordance with the provision of KRS 61.823, a special meeting of the Kentucky Economic Development Finance Authority (KEDFA) was called for 10:00 a.m. (EDT) August 27, 2020 via video teleconference at the following link <https://us02web.zoom.us/j/89201500814> to consider all projects. KEDFA convened at 10:00 a.m. EDT on August 27, 2020.

Notification of Press

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

Roll Call

Jean R. Hale, J. Don Goodin, Tucker Ballinger, Chad Miller and Mike Cowles

Staff Present: Bobby Aldridge, Tim Back, Beka Burton, Sarah Butler, Brittany Cox, Martin David-Jacobs, Danielle Dunmire, Lisa Duvall, Michelle Elder, Tony Ellis, Ellen Felix, Annie Franklin, David Hamilton, Krista Harrod, James Johnson, Brooklyn Leep, Andy Luttner, Brandon Mattingly, Kate McCane, Craig McKinney, Sean Muldoon, Kylee Palmer, Debbie Phillips, Charlie Rowland, Jenny Schenkenfelder, Kristina Slattery, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Miles Vansikie, American Wood Fibers, Inc.; Chimila Hargett, City of Olive Hill; Katie Vandergrift, Commerce Lexington Inc.; Luca Rosetto and Paolo Rosso, Danieli Corporation; Rich and Jennifer Dunaway, IT Supply Solutions LLC; Billy Aldridge, Kentucky Finance & Administration Cabinet, Office of Financial Management; Amanda Clark, Kentucky Power; Sierra Enlow, McGuire Sponsel, LLC; Devon Stansbury, Northern Kentucky Tri-Ed; Rocky Adkins, Office of the Governor; Matt Zoellner, Scott, Murphy & Daniel; Dusty Garus, Southern Harvest Services, LLC; and Tim Hensley

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the July 30, 2020 special KEDFA board meeting.

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

Board Member Naashom Marx joined the meeting.

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

Economic Development Fund (EDF) Project

Chairman Hale called on staff to present an EDF project to the Authority.

CROWN Cork & Seal USA, Inc.

Warren County

Andy Luttner stated CROWN Cork & Seal USA, Inc. is a subsidiary of Crown Holdings, Inc., a leading manufacturer of metal beverage cans, aerosol cans, promotional packaging, metal food packaging and closures. The company is considering establishing a metal beverage cans manufacturing facility in Bowling Green to serve existing and new customers.

Andy Luttner

Debbie Phillips

Debbie Phillips stated City of Bowling Green requested the use of \$250,000 in EDF program funds for the benefit of CROWN Cork & Seal USA, Inc. The project investment is \$147,550,000 and the proposed EDF grant funds will be used to offset the costs associated with this project.

The company will be required to create 126 new, permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$31.00, including benefits, as of December 31, 2023 and maintain the jobs and wages for three (3) additional years. Disbursement of grant funds will occur after the annual compliance reporting has occurred. The amount of disbursements will be based on the performance requirements achieved. Payment reduction provisions are included in the grant agreement and will apply if the company fails to make the investment, and create and maintain the jobs and wages by the required measurement dates.

In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Kentucky Finance and Administration Cabinet's concurrence to CED's use of the EDF for this project. Ms. Phillips stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF request.

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

Kentucky Business Investment (KBI) Project (Amendment)

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

Media America Corp

Jefferson County

Mr. Aldridge stated Midea America Corp established a research and development center in Louisville in 2015 to focus on product innovation and development for the North American appliance market. From January 2016 through December 2019, the company participated in a co-employment agreement with ADP TotalSource FL XVI, Inc. (ADP), a professional employer organization, for management of payroll and certain other employer responsibilities. The

company terminated the agreement with ADP at the end of 2019 and transferred the employees back to direct employment with Midea America Corp. This amendment recognizes the co-employment relationship with ADP for the period from January 1, 2016 to December 31, 2019. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

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

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

Company	County	Extension
Heaven Hill Distilleries, Inc.	Nelson	3 Month
Dameron Allow Foundries	Jefferson	12 Month
Distilled Spirits Epicenter, LLC	Jefferson	12 Month
Extiel-Advantage, Somerset 1, LLC	Pulaski	12 Month
Lakeshore Equipment Company	Woodford	12 Month
Lakeshore Equipment Company dba Lakeshore Learning Materials	Woodford	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Project

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

Atkore Plastic Pipe Corporation Jefferson County

**Martin David-Jacobs
Kate McCane**

Martin David-Jacobs stated Atkore Plastic Pipe Corporation designs and manufactures galvanized steel tubing and pipe products as well as various electrical support system products. The company is seeking an expansion of its Louisville facility to increase production volume.

Kate McCane stated the project investment is \$3,237,050 of which \$576,061 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.

Board Member Deputy Secretary Winston Miller, proxy for Secretary Holly M. Johnson, joined the meeting.

KBI (Preliminary) and KEIA Projects

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

Clermont Distillery, LLC Bullitt County

**Annie Franklin
Michelle Elder**

Annie Franklin stated Clermont Distillery, LLC is considering a location in Bullitt county to bring a new bourbon product to the market. The company plans to be an active member of the Bourbon Trail.

Ms. Franklin introduced Sierra Enlow and invited her to address the board regarding the project.

Michelle Elder stated the project investment is \$13,400,724 of which \$10,567,434 qualifies as KBI eligible costs and \$4,914,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 22 with an average hourly wage of \$56.00 including benefits. The state wage assessment participation is 3.00% and Bullitt County will participate with a cash grant of \$200,000 at the rate of \$20,000 per year for 10 years in lieu of the 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$800,000 and the KEIA approved recovery amount of \$200,000 for construction materials and building fixtures.

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

Southern Harvest Services, LLC Carter County

**Beka Burton
Kate McCane**

Beka Burton stated Southern Harvest Services, LLC specializes in providing essential support services for farmers and processors in the hemp industry. The company is proposing to build a hemp drying facility to help ensure the success of local hemp farmers.

Ms. Burton introduced Dusty Garus and Chimila Hargett and invited them to address the board regarding the project.

Ms. McCane stated the project investment is \$10,930,000, all of which qualifies as KBI eligible costs and \$275,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 160 with an average hourly wage of \$17.16 including benefits. The state wage assessment participation is 5.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,400,000 and the KEIA approved recovery amount of \$16,500 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

Danieli Corporation Boyd County

**Brooklyn Leep
Kate McCane**

Brooklyn Leep stated Danieli Corporation is a subsidiary of Danieli Group, which designs, manufactures and installs specialized machines and plants for the metallurgical industry, with

technologies and products that cover the entire iron and steel production cycles from ore extraction to finished products. The company is seeking to expand and create a one-stop shop to provide major equipment refurbishment service for all North American-based Flat Products producers.

Ms. Leep introduced Rocky Adkins, Lucas Rosetto and Paolo Losso and invited them to address the board regarding the project.

Ms. McCane stated the project investment is \$12,250,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 53 with an average hourly wage of \$31.00 including benefits. The state wage assessment participation is 5.00%. 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 \$1,250,000.

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

**IT Supply Solutions LLC
Kenton County**

**Brittany Cox
Debbie Phillips**

Brittany Cox stated IT Supply Solutions LLC offers businesses a sustainable business model for its electronics that allows for refurbishment and remarketing of used computer equipment. The business model allows many companies and school systems to buy like new equipment at reduced costs to fulfill computer needs. The company is considering an expansion to accommodate the significant growth it has over the past 5 years as well as accommodate forecasted future growth.

Ms. Cox introduced Rich and Jennifer Dunaway and Devon Stansbury and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$1,865,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 15 with an average hourly wage of \$28.00 including benefits. The state wage assessment participation is 1.50% and the City of Independence will participate at 0.50%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$250,000.

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

**HVAC Distributing LLC
Graves County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated HVAC Distributing LLC is a national wholesale distributor of heating and air conditioning equipment. The company carries top brands including Amana, ClimateMaster, GeoCool and Mr. Cool. The company is considering purchasing an additional building in Graves County to accommodate recent and future growth.

Ms. Elder stated the project investment is \$7,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 175 with an average hourly wage of \$20.00 including benefits. The state wage assessment participation is 5.00%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The project will include multiple locations within the City of Hickman, Graves County. Only investment costs incurred at 401 Centech Drive will be considered toward calculating eligible costs. Employees and their respective wages at the locations included in the project definition will be eligible for compliance.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,750,000.

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

**American Wood Fibers, Inc.
Marion County**

**Martin David-Jacobs
Kate McCane**

Mr. David-Jacobs stated American Wood Fibers, Inc. opened its Lebanon facility in October 1990 converting low value wood by-products into added value consumer products for pet retail and industrial markets. The company is seeking to replace the existing conventional rotary drum dryer with a new concept unit named "DryerOne" which operates at higher capacity and with lower emissions.

Mr. David-Jacobs introduced Miles Vansikie and invited him to address the board regarding the project.

Ms. McCane stated the project investment is \$5,241,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 23 with an average hourly wage of \$21.25 including benefits. The state wage assessment participation is 5.00%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

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

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

KBI Projects (Extension)

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

Ms. Elder stated eight companies requested additional time to complete the projects and asked that all eight be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
Chewy, Inc.	Jefferson	3 Month
Bed Wood and Parts, LLC	Christian	12 Month
CTI – Clinical Trial Services, Inc.	Kenton	12 Month
Gibbs Die Casting Corporation	Henderson	12 Month
Gryphon Environmental, LLC	Daviess	12 Month
Jet.com, Inc.	Bullitt	12 Month
Prolocity Technology Solutions LLC	Kenton	12 Month
The Recon Group Inc.	Franklin	12 Month

Staff recommended approval of the KBI extension requests.

Mr. Goodin moved to approve the staff recommendation, as presented; Mr. Cowles 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 three companies requested KBI final approval, two of which have modifications since preliminary approval. Ms. Phillips asked that all three be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
WPT Corporation	Ohio	Manufacturing

Modifications:

American Howa Kentucky, Inc.	Warren	Manufacturing
The statewide maintenance requirement has been removed from the project. All other aspects of the project remain the same.		

Wolf Steel Acquisition, LLC	Grant	Manufacturing
The company name changed from Wolf Steel U.S.A. Inc. to Wolf Steel Acquisition, LLC. All other aspects of the project remain the same.		

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

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

Kentucky Reinvestment Act (KRA) Project (Final)

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

Aristech Services LLC

Boone County

Ms. Phillips stated Aristech Services LLC requested final approval. There were no modifications to the project since preliminary approval.

The company currently has 186 full-time employees and has expended approximately \$9,788,771.18 in equipment and related costs of which \$4,894,385.59 are eligible costs. Aristech Services LLC is eligible to receive the \$375,000 negotiated tax incentive amount as preliminarily approved.

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

Mr. Miller moved to approve the staff recommendation, as presented; Deputy Secretary Miller 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.

RCC Big Schoal, LLC Pike County

Ms. Palmer stated RCC Big Schoal, LLC requested a 12-month extension.

Staff recommended approval of IEIA extension request.

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Mr. Back stated there are three Kentucky small businesses, from three counties with qualifying tax credits of \$38,500. The three businesses created 11 jobs and invested \$68,244 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 or Technology</u>	<u>Tax Credit</u>
Beaumont Homes, LLC	Boone	2	5	\$ 31.43	\$ 26,000	\$ 17,500
Cadres, Inc.	Henry	3	3	\$ 13.06	\$ 18,244	\$ 10,500
Lexington Podiatry, PSC	Fayette	27	3	\$ 13.98	\$ 24,000	\$ 10,500

Staff recommended approval of the tax credits.

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

Closed 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. Goodin moved to enter into closed session; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The board entered into executive session at 10:50 a.m.

Regular Session

Chairman Hale entertained a motion to return to regular session.

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

The board returned to regular session 11:05 a.m.

**High-Tech Pool Project
Louisville Bioscience, Inc.
Jefferson County**

Chairman Hale entertained a motion to approve the settlement between KEDFA and Albert Benight, in the case of *KEDFA v. Louisville Bioscience, Inc. and Albert Benight*.

Mr. Ballinger moved to approve the settlement, as presented; Mr. Goodin seconded the motion. Motion passed. Jean Hale abstained.

Adjournment

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

Mr. Miller moved to adjourn the August KEDFA special board meeting; Mr. Cowles seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:06 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman