

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING February 27, 2020

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EST on February 27, 2020, 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, Deputy Secretary Winston Miller, proxy for Secretary Holly M. Johnson, Chad Miller, Mike Cowles and Naashom Marx

Staff Present: Bobby Aldridge, Tim Back, Sarah Butler, Brittany Cox, Michelle Elder, David Hamilton, Lucas Johnson, Andy Luttner, Kate McCane, Sean Muldoon, Kylee Palmer, Debbie Phillips, Angelica Sanchez Vega, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Robert Shearer, Denham-Blythe Company, Inc.; Ed Ray, Envision Modular, LLC; Kristen Hill, Frost Brown Todd LLC; Jeff Hughes, Gray Construction; Dan Tobergte, Graydon Law; Heather Pierce, Greater Paducah Economic Development; Johnny Roberts, Hancock County Fiscal Court; Mike Baker, Hancock County Industrial Authority; Billy Aldridge, Kentucky Finance and Administration Cabinet, Office of Financial Management; Devon Stansbury, Northern Kentucky Tri-Ed and Matt Zoellner, Scott, Murphy & Daniel

Approval of Minutes

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

Chad Miller moved to approve the minutes, as presented; Mike Cowles 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 Bobby Aldridge to review the financial statements and monitoring reports. After review, the Authority accepted the statements and reports as presented.

KEDFA Industrial Revenue Bond (IRB) Project (Refinance)

Chairman Hale called on Debbie Phillips to present a KEDFA IRB project refinance request to the Authority.

Christian Care Communities, Inc. Obligated Group

Ms. Phillips stated a draft New Bond Issue Report was provided to the board related to KEDFA's proposed issuance of healthcare facilities revenue bonds in an aggregate principal amount not to exceed \$62 million on behalf of Christian Care Communities, Inc. Obligated Group. The bond proceeds will be used to refinance all or a portion of a series of bonds issued by KEDFA in 2016 and certain other taxable indebtedness and to finance/refinance the costs of acquisition, construction and equipping of healthcare and health-related facilities located in the Commonwealth and owned/operated by members of the Obligated Group. The local jurisdictions that may be impacted by the project include Louisville, Bowling Green, Corbin, Hopkinsville, Owensboro and Nicholasville, Kentucky

KEDFA's adoption of a final resolution will be contingent on the Cabinet's receipt of referral resolutions from the affected local jurisdictions requesting that KEDFA issue the bonds. A TEFRA hearing for the purpose of receiving public comment on the proposed bond issues will be conducted by staff prior to KEDFA's adoption of a final resolution.

If the financing is approved, KEDFA would serve as the conduit issuer of the bonds. The bonds would not constitute a general obligation of KEDFA and KEDFA would not be obligated to pay principal or interest for the bonds from its own funds.

Staff recommended KEDFA's adoption of the inducement bond resolution.

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

Kentucky Business Investment (KBI) Project (Modification)

Chairman Hale called on Michelle Elder to present a KBI project modification to the Authority.

DAE-IL USA, Inc.

Calloway County

Ms. Elder stated DAE-IL USA Incorporated received preliminary approval on December 7, 2017 for a project consisting of an approximate 295,000 square foot manufacturing facility in Murray, Calloway County to manufacture gears for transmissions for the automotive industry. The project was approved for up to \$3,000,000 in KBI incentives.

The company initially registered as a new corporation with the Kentucky Secretary of State's office when it should have registered as a Foreign Entity since it was already registered in Delaware. The company has corrected its registration and the approved company will now be DAE-IL USA, Inc. All other aspects of the project remain the same.

Staff recommended approval of the KBI modification request.

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

Kentucky Enterprise Initiative Act (KEIA) Project (Modification)

Chairman Hale called on Mr. Aldridge to present a KEIA project modification to the Authority.

**Bespoke Ventures and Investments, LLC
Grant County**

Mr. Aldridge stated Bespoke Ventures and Investments, LLC was approved for KEIA on December 12, 2019. Subsequent to approval, the address changed from Eibeck Lane to Mercedes Drive and the acreage amount increased from 8.8 to 31.8. The Department of Tourism has agreed to the changes. All other aspects of the project remain the same.

Staff recommended approval of the KEIA modification request.

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

KBI Projects (Amendment)

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

**RxC Acquisition Company dba RxCrossroads (#18413)
Jefferson County**

Mr. Aldridge stated RxC Acquisition Company has four core business lines serving the pharmaceutical manufacturing industry, including plasma transportation and storage, third-party logistics, brand support services and pharmacy operations supporting mail order patient assistance programs. The company occupies numerous leased sites throughout Jefferson County. This project was an expansion of the third-party logistics operations with the leasing of two new facilities. The project activated September 27, 2014.

Subsequent to the date of the original agreement, the project experienced several changes. 1) The company expanded its physical operations by leasing additional sites and relocating others; 2) the Authority determined that eligible costs for the project would be limited to one expansion site; and 3) the company was acquired by McKesson Corporation and as a result of corporate restructuring, a new subsidiary, RxCrossroads 3PL LLC, was created into which certain assets of the company were transferred. The Amended and Restated Tax Incentive Agreement will recognize the changes outlined above and will add the new subsidiary, RxCrossroads 3PL LLC, as an approved affiliate to the project. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

Deputy Secretary Winston Miller moved to approve the staff recommendation, contingent upon receipt of the company's balance sheet after certain assets were transferred; Mr. Goodin seconded the motion. Motion passed; unanimous.

**RxC Acquisition Company dba RxCrossroads (#19528)
Jefferson County**

Mr. Aldridge stated RxC Acquisition Company has four core business lines serving the pharmaceutical manufacturing industry, including plasma transportation and storage, third-party logistics, brand support services and pharmacy operations supporting mail order patient assistance programs. The company occupies numerous leased sites throughout Jefferson County. This project added a new facility and employees as an expansion of the Brand Support Services division. The project has an activation date of October 26, 2019.

Subsequent to the date of the original agreement, the project expanded its physical operations to include a new leased facility. Additionally, the company was acquired by McKesson Corporation and as a result of corporate restructuring, a new subsidiary, RxCrossroads 3PL LLC, was created into which certain assets of the company were transferred. This Amended

and Restated Tax Incentive Agreement recognizes the new campus site and adds the new subsidiary, RxCrossroads 3PL LLC, 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. Cowles moved to approve the staff recommendation, contingent upon receipt of the company's balance sheet after certain assets were transferred; Mr. Miller seconded the motion. Motion passed; unanimous.

KEIA Project (Amendment)

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

DAE-IL USA, Inc.

Calloway County

Mr. Aldridge stated DAE-IL USA Incorporated was approved for KEIA on December 7, 2017. Subsequent to approval, the company changed its name from DAE-IL USA Incorporated to DAE-IL USA, Inc. All other aspects of the project remain the same.

Staff recommended approval of the KEIA amendment request.

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

KEIA Projects (Extension)

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

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

<u>Company</u>	<u>County</u>	<u>Extension</u>
Vanderbilt Chemicals, LLC	Calloway	3 Month
Hansens Aluminum Extrusion LLC	Henderson	12 Month
Kobe Aluminum Automotive Products, LLC	Warren	12 Month

Staff recommended approval of the KEIA extension requests.

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

KBI (Preliminary) and KEIA Projects

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

T. Marzetti Company

Hart County

Andy Luttner stated T. Marzetti Company produces a long list of salad dressings, fruit and vegetable dips, frozen baked goods and specialty brand items. The company is considering additional manufacturing space, purchasing dressing and sauce production equipment and adding new kitchen and packaging lines to help drive increased consumer demand for its products.

Andy Luttner

Michelle Elder

Ms. Elder stated the project investment is \$92,775,018 of which \$63,887,680 qualifies as KBI eligible costs and \$51,598,815 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 140 with an average hourly wage of \$26.00 including benefits. The state wage assessment participation is 3.00% and Hart County Fiscal Court will participate at 0.80%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,750,000 and the KEIA approved recovery amount of \$250,000 for construction materials and building fixtures.

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

**CROWN Cork & Seal USA, Inc.
Warren County**

**Andy Luttner
Debbie Phillips**

Mr. 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.

Ms. Phillips stated the project investment is \$147,550,000 of which \$51,670,000 qualifies as KBI eligible costs and \$41,400,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 126 with an average hourly wage of \$31.00 including benefits. The state wage assessment participation is 3.00% and the City of Bowling Green will participate at 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$3,000,000 and the KEIA approved recovery amount of \$1,000,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

**STEP CG, LLC
Kenton County**

**Brittany Cox
Debbie Phillips**

Brittany Cox stated STEP CG, LLC is a nationwide technology engineering firm that provides a full portfolio of networking, voice, security and professional service solutions to healthcare, education, manufacturing, financial, retail, legal government and service providers. The company is considering the relocation of its existing operation in Covington and add additional office space.

Ms. Cox introduced Dan Tobertge and Devon Stansburg and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$5,293,930 of which \$1,584,465 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 83 with an average

hourly wage of \$38.00 including benefits. The state wage assessment participation is 3.00% and the City of Covington will participate at 1.00%. 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 Covington, Kenton County. Only investment costs incurred at 50 E. RiverCenter Boulevard 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 \$900,000.

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

**Gentis Solutions, LLC
Kenton County**

**Brittany Cox
Michelle Elder**

Ms. Cox stated Gentis Solutions, LLC, located in Williamsport, PA, is a headquarter location providing IT programming and software design. Since 80% of its clients come from the KY/OH area, the company is considering locating in Covington to be closer to the customers and candidates it serves.

Ms. Cox invited Ms. Stansburg to address the board regarding the project.

Ms. Elder stated the project investment is \$2,735,000 of which \$1,805,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 80 with an average hourly wage of \$31.00 including benefits. The state wage assessment participation is 3.00% and the City of Covington will participate at 1.00%.

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

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

**AtCorr Packaging Products, LLC
Barren County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated AtCorr Packaging Products, LLC manufactures corrugated shipping products and fulfillment for various industries. Due to increased product demand, the company is considering relocating its business into a portion of an existing building, purchasing additional equipment, workstations and conveyor lines.

Ms. Elder stated the project investment is \$780,950, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 31 with an average hourly wage of \$17.00 including benefits. The state wage assessment participation is 3.00% and the City of Glasgow will participate at 1.00%. 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 \$250,000.

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

**Envision Modular LLC
Hancock County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated the cost and time to build hotels, multi-family units, government housing, office buildings and other vertical projects using traditional methods has resulted in the building industry failing to keep up with marketplace demand for these projects. Envision Modular has the solution, Permanent Modular Construction (PMC). PMC is an innovative, sustainable construction delivery method utilizing offsite, lean manufacturing techniques to prefabricate single or multi-story whole building solutions in deliverable module sections. Envision Modular LLC is considering locating its PMC manufacturing facility in Hancock County.

Mr. Luttner introduced Ed Ray, Mike Baker and Johnny Roberts and invited them to address the board regarding the project.

Ms. Elder stated the project investment is \$25,100,000 of which \$16,540,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 85 with an average hourly wage of \$26.00 including benefits. The state wage assessment participation is 3.00% and Hancock County Fiscal Court will participate at 1.00%.

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

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

**ViWinTech Window & Door, Inc.
McCracken County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated ViWinTech Window & Door, Inc. is a manufacturer specializing in the production of high quality, energy efficient vinyl windows and doors. The company is considering constructing an additional building to accommodate its increased output as the company continues to grow and gain additional customers.

Ms. Elder stated the project investment is \$10,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$16.00 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 \$500,000.

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

<u>Company</u>	<u>County</u>	<u>Extension</u>
Duro Hilex Poly LLC	Boone	3 Month

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 eight Kentucky small businesses, from six counties with qualifying tax credits of \$105,000. The eight businesses created 30 jobs and invested \$172,373 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>
B & C Industries, Inc.	Pulaski	24	4	\$ 11.75	\$ 28,000	\$ 14,000
Consultant Solutions, Incorporated	Fayette	31	7	\$ 34.66	\$ 37,650	\$ 24,500
First Saturday Real Estate LLC	Jefferson	3	1	\$ 20.00	\$ 5,641	\$ 3,500
Hometown Concrete, LLC	Boone	0	5	\$ 21.30	\$ 42,715	\$ 17,500
Hummingbird Nano, Inc.	Jessamine	3	2	\$ 17.19	\$ 9,295	\$ 7,000
Key Source Properties LLC	Jefferson	0	4	\$ 19.38	\$ 18,500	\$ 14,000
MosquitoMate, Inc.	Fayette	5	5	\$ 19.61	\$ 22,908	\$ 17,500
Volta Inc.	Franklin	22	2	\$ 33.42	\$ 7,664	\$ 7,000

Staff recommended approval of the tax credits.

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

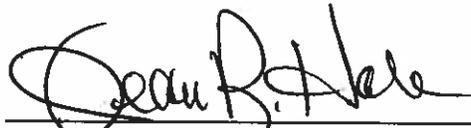
Adjournment

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

Mr. Cowles moved to adjourn the February KEDFA board meeting; Deputy Secretary Miller seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:35 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman