

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING

July 30, 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 July 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) July 30, 2020 via video teleconference at the following link <https://us02web.zoom.us/j/85008510775> to consider all projects. KEDFA convened at 10:00 a.m. EDT on July 30, 2020.

Notification of Press

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

Roll Call

Members Present: Jean R. Hale, J. Don Goodin, Winston Miller, proxy for Secretary Holly M. Johnson, Tucker Ballinger, Chad Miller, Mike Cowles and Naashom Marx

Staff Present: Bobby Aldridge, Tim Back, Elizabeth Bishop, Beka Burton, Sarah Butler, Brittany Cox, Martin David-Jacobs, Michelle Elder, Tony Ellis, Ellen Felix, Annie Franklin, Krista Harrod, James Johnson, Andy Luttner, Brandon Mattingly, Jack Mazurak, Kate McCane, Craig McKinney, Kristine McNiel, Sean Muldoon, Kylee Palmer, Debbie Phillips, Dawn Powers, Charlie Rowland, Kristina Slattery, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Billy Aldridge, Kentucky Finance & Administration Cabinet, Office of Financial Management; Jeff Hodges, Gray Construction; Sierra Enlow, Alex Giacomini and Ben Worrell, McGuire Sponsel; Devon Stansbury and Jeremy Worley, Northern Kentucky Tri-County Economic Development Corporation; Matt Zoellner, Scott, Murphy & Daniel; Sharon Butts and Carter Hendricks, South Western Kentucky Economic Development Council; Bruce Carpenter, Southeastern Kentucky Industrial Development Authority; and Jim Azbill, TPB Services, LLC

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the June 25, 2020 special KEDFA board meeting.

Chad Miller moved to approve the minutes, as presented; Deputy Secretary Winston 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 and monitoring reports. After review, the Authority accepted the statements and reports as presented.

Tax Increment Financing (TIF) Project (Extension)

Chairman Hale called on Ms. Palmer to present a TIF extension request to the Authority.

West Kentucky Rural Telephone Cooperative Corporation, Inc. Graves County

Ms. Palmer stated the applicant requested a 6-month extension to determine next steps for the WKT Technology Park Project TIF.

Staff recommended approval of the TIF extension request.

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

Economic Development Fund (EDF) Projects

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

Hopkinsville Industrial Foundation, Inc. Christian County

**Andy Luttner
Michelle Elder**

Andy Luttner stated the South Western Kentucky Economic Development Council and the Hopkinsville Industrial Foundation, Inc. (Foundation) plan to construct a speculative building located in Hopkinsville, Christian County, Kentucky, on the 22-acre Kentucky Certified Build-Ready Site in Commerce Park. The Foundation owns the site and funded the completion of the site preparations. The Foundation, the City of Hopkinsville and Christian County will collectively commit to guaranteeing the interest payments on a bank loan for this project.

Mr. Luttner introduced Carter Hendricks and Sharon Butts and invited them to address the board regarding the project.

This is a Product Development Initiative project recommended for approval under the EDF program. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Michelle Elder stated the City of Hopkinsville requested the use of \$500,000 in EDF program funds for the benefit of Hopkinsville Industrial Foundation, Inc. The project investment is \$3,166,000 and the proposed EDF grant funds will be used to offset the costs associated with this project.

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. Elder stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF request.

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

**Southeast Kentucky Industrial Development Authority, Inc.
Knox County**

**Beka Burton
Kate McCane**

Beka Burton stated Southeast Kentucky Industrial Development Authority, Inc. (SKIDA) is seeking to extend water and sewer infrastructure to supply speculative building #4 to improve the marketability in the industrial park. SKIDA has committed funds on hand to match the EDF grant.

Ms. Burton introduced Bruce Carpenter and invited him to address the board regarding the project.

This is a Product Development Initiative project recommended for approval under the EDF program. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Kate McCane stated the County of Knox requested the use of \$250,000 in EDF program funds for the benefit of Southeast Kentucky Industrial Development Authority, Inc. The project investment is \$500,000 and the proposed EDF grant funds will be used to offset the costs associated with this project.

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. McCane stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF request.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Goodin 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.

**Bluegrass Supply Chain Services, LLC
Bullitt County**

Mr. Aldridge stated Bluegrass Supply Chain Services, LLC received final approval on May 31, 2018 for a KBI expansion project to lease a new service or technology facility at 233 Omega Parkway in Shepherdsville to provide third party logistics services. The company maintained an existing leased facility at 1315 Cedar Grove Road. Together, these two facilities constituted the project site. In 2019, the company terminated both leases and leased a new, larger facility at 548 Cedar Grove Road. All the employees transferred to the new consolidated site. The company requested that 548 Cedar Grove Road be designated as the economic development project site. 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; Deputy Secretary Miller seconded the motion. Motion passed; unanimous.

Creative Realities, Inc.

Jefferson County

Mr. Aldridge stated on August 31, 2017, KEDFA granted final approval to ConeXus World Global, LLC d/b/a Creative Realities, Inc. to lease and equip a technology facility in Jefferson County to provide installation services for enterprise mobile phone technology. The company activated the project on August 31, 2019. Subsequently, it was determined that Creative Realities, Inc., a Minnesota corporation which is the sole owner of ConeXus World Global, LLC, should be the approved company with respect to the Economic Development Project. The company requested that Creative Realities, Inc. be designated as the approved company under the program. 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; Mr. Miller seconded the motion. Motion passed; unanimous.

Wolfe Steel Acquisition, LLC #17478

Wolfe Steel Acquisition, LLC #20312

Grant County

Mr. Aldridge stated due to a recent reorganization, Wolf Steel U.S.A., Inc. requested an Amended and Restated Tax Incentive Agreement to reflect a company name and FEIN# change to Wolf Steel Acquisition, LLC retroactive to October 31, 2019.

Staff recommended approval of the KBI amendment requests.

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

<u>Company</u>	<u>County</u>	<u>Extension</u>
Heaven Hill Distilleries, Inc.	Jefferson	6 Month
Heritage Millworks LLC	Powell	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.

KBI (Preliminary) and KEIA Project

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

Signode Industrial Group LLC

Kenton County

Andy Luttner

Debbie Phillips

Mr. Luttner stated Signode Industrial Group LLC (Signode) is a wholly owned subsidiary of Crown Holdings, Inc. and serves as the company’s transit packaging division. Signode is a leading manufacturer of a broad spectrum of transit packaging consumables, tools, software, and equipment that optimizes end-of-line packaging operations and protects products in

transit. The company is considering an expansion of its existing facility in Florence from warehouse space to manufacturing operations.

Debbie Phillips stated the project investment is \$37,200,000 of which \$8,280,000 qualifies as KBI eligible costs and \$3,900,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 48 with an average hourly wage of \$28.90 including benefits. The state wage assessment participation is 1.50% and 50% of Kenton County Occupational Tax. 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 and the KEIA approved recovery amount of \$200,000 for construction materials and building fixtures.

Mr. Cowles 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.

TPB Services, LLC Bullitt County

**Andy Luttner
Debbie Phillips**

Mr. Luttner stated TPB Services, LLC is a newly formed entity of Turning Point Brands, Inc. which manufactures and distributes tobacco products and accessories. The project would consist of the consolidation of its distribution activities and services into a central location.

Mr. Luttner introduced Jim Azbill and invited him to address the board regarding the project.

Ms. Phillips stated the project investment is \$10,540,000 of which \$5,870,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 100 with an average hourly wage of \$19.50 including benefits. The state wage assessment participation is 3.00% and the City of Shepherdsville will participate at 1.00%. The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company and affiliate 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 \$1,000,000.

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

Roll Forming Corporation Shelby County

**Martin David-Jacobs
Kate McCane**

Martin David-Jacobs stated Roll Forming Corporation, founded in 1947, is one of the oldest manufacturers in Shelby County producing metal products. The company is considering an expansion to accommodate the growth in the material handling market.

Ms. McCane stated the project investment is \$5,200,000 of which \$2,400,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 50 with an average hourly wage of \$22.50 including benefits. The state wage assessment participation is 2.25% and Shelby County Fiscal Court will participate at 0.75%. 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 229 full-time, Kentucky resident

employees (the base employment number required by previous project KBI #18848). The project will include multiple locations within Shelby County. Only investment costs incurred at 1400 Isaac Shelby 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 \$800,000.

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

**Wilde Brands Inc.
Clark County**

**Annie Franklin
Michelle Elder**

Annie Franklin stated Wilde Brands Inc. is considering a new production facility in Clark County. This location will be the sole production and distribution facility for Wilde Chicken Chips, the #1 animal protein chip in the United States made from 100% all-natural chicken breast.

Ms. Elder stated the project investment is \$9,775,000 of which \$2,912,500 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 50 with an average hourly wage of \$20.00 including benefits. The state wage assessment participation is 3.00% and Clark County will participate at 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$509,000.

Naashom Marx moved to approve the staff recommendation, as presented; Mr. Miller 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.

Company	County	Extension
Builders FirstSource, Inc.	Warren	6 Month
Audubon Metals LLC	Henderson	12 Month
Global Wood Company, LLC *	Pike	12 Month
Meredith Machinery, LLC	Jefferson	12 Month
ORBIS Corporation	Nelson	12 Month
The Dow Chemical Company *	Carroll	12 Month
The Hillshire Brands Company	Campbell	12 Month

*Retroactive to June 30, 2020

Staff recommended approval of the KBI extension requests.

Mr. Goodin 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 six companies requested KBI final approval, five 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>
Astecnos America Corporation	Jessamine	Manufacturing

Modifications:

Patriot Brands LLC	Henry	Manufacturing
The total investment and eligible costs have been updated based on current projections. All other aspects of the project remain the same.		

Whitworth Tool, Inc.	Breckinridge	Manufacturing
The total investment and eligible costs have been updated based on current projections. All other aspects of the project remain the same.		

General Motors LLC	Warren	Manufacturing
The total investment has been updated based on current projections. All other aspects of the project remain the same.		

Infiltrator Water Technologies, LLC	Clark	Manufacturing
The total investment increased from \$11,341,048 to \$67,410,493; eligible costs increased from \$11,341,048 to \$21,171,526; the job target increased from 39 to 80; and the total negotiated tax incentive increased from \$700,000 to \$1,200,000. All other aspects of the project remain the same.		

Summit Biosciences Inc.	Fayette	Manufacturing
The total investment increased from \$7,946,000 to \$19,053,600; the eligible costs increased from \$2,346,000 to \$9,776,800; the job target increased from 21 to 78; the average hourly wage target increased from \$22.00 to \$28.00; the recovery term increased from 5 years to 10 years; and the total negotiated tax incentive increased from \$550,000 to \$1,500,000. 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.

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

KEDFA Loan (Modification)

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

The Thompson Group Henderson County

Ms. Butler stated The Thompson Group is composed of several companies that manufacture mining related equipment in Henderson, KY sold worldwide. The companies have been KEDFA borrowers since 1988.

In 1998, KEDFA approved the restructuring of loans with the borrower. This consolidated several loans into a single loan for \$3,097,000 with a 7% interest rate and a maturity of September 2018. In March 2015, the mining industry began to decline and KEDFA approved the borrower's request to restructure repayments.

In March 2018, KEDFA approved an increase in monthly principal plus 4% interest for five years. The company's managing principal, Clifford Thompson, also provided an unlimited personal guarantee. The current loan balance is \$646,267. Security for the loan is a combination of mortgages and equipment liens. The current tax assessed value of the real estate is \$1,105,000.

The borrower requested relief due to COVID-19 to defer the monthly principal payment and pay interest only through December 31, 2020. The principal payment of \$3,500 plus interest shall resume as regularly scheduled in January 2021 and shall remain until the end of the term on March 29, 2023.

Staff recommended approval of the KEDFA loan modification request.

After discussion, Mr. Goodin moved to approve the staff recommendation, as presented; Chad Miller 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 nine Kentucky small businesses, from eight counties with qualifying tax credits of \$92,000. The nine businesses created 28 jobs and invested \$323,970 in qualifying equipment and/or technology.

Mr. Back requested the following tax credits be presented as one motion:

Qualified Small Business	County	Beg. Emp.	Elig. Pos.	Average Hourly Wage	Qualifying Equipment or Technology	Tax Credit
B & N Excavating, LLC	McCracken	1	1	\$ 20.25	\$ 10,000	\$ 3,500
Churchill McGee, LLC	Fayette	11	8	\$ 30.57	\$ 63,997	\$ 25,000
Groff Engineering & Consulting LLC	Montgomery	1	1	\$ 36.90	\$ 6,695	\$ 3,500
John Myers, Inc.	Calloway	2	1	\$ 30.00	\$ 29,099	\$ 3,500
Landworx, LLC	Boone	5	3	\$ 29.38	\$ 70,000	\$ 10,500
Pediatric Dental Center, Inc.	Campbell	5	2	\$ 71.00	\$ 51,643	\$ 7,000
Pure Blue Pools, LLC	Boone	7	3	\$ 20.57	\$ 58,920	\$ 10,500
S. Rays, Inc.	Shelby	1	8	\$ 22.44	\$ 27,989	\$ 25,000
The Mirazon Group, LLC	Jefferson	26	1	\$ 28.85	\$ 5,627	\$ 3,500

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.

Kentucky Selling Farmer Tax Credit (KSFTC) Projects

Chairman Hale called on Mr. Back to present the KSFTC projects to the Authority.

Mr. Back stated there are three Kentucky selling farmers who have sold qualifying agricultural assets totaling \$790,673 to eligible beginning farmers. The three Kentucky selling farmers qualify to receive a total of \$39,532 in tax credits.

Mr. Back requested the following tax credits be presented as one motion:

<u>SellingFarmer</u>	<u>County</u>	<u>Qualifying Agricultural Assets</u>	<u>Tax Credit</u>
Robert H. Ballard	Garrard	\$ 220,336	\$ 11,016
Dora Dean Ballard Trust U/W	Garrard	\$ 220,337	\$ 11,016
John Andrew Martin and Shannon N. Martin	Todd	\$ 350,000	\$ 17,500

Staff recommended approval of the tax credits.

After discussion, Mr. Goodin moved to approve the staff recommendation, as presented; Mr. Cowles 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 KSBCI Quarterly Funding Report for the period ending June 30, 2020.

After review, the Authority accepted the report as presented.

KEDFA Resolution

Chairman Hale called on Katie Smith to present a Resolution for the Board's consideration.

Pursuant to the authority in KRS Chapter 39A, KRS Chapter 154, and Executive Order 2020-243, a resolution was included in the board material proposing KEDFA's authorization for the deferment of certain job and wage requirements and extending certain final approval and activation date requirements.

Staff recommended approval of the proposed KEDFA Resolution.

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

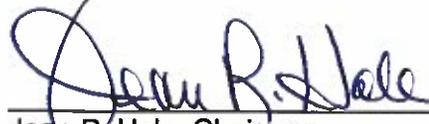
Adjournment

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

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

The meeting adjourned at 10:40 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman