

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING

June 25, 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 June 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) June 25, 2020 via video teleconference at the following link: <https://us02web.zoom.us/j/89064412776> to consider all projects. KEDFA convened at 10:00 a.m. EDT on June 25, 2020.

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, Winston Miller, proxy for Secretary Holly M. Johnson, Tucker Ballinger, Chad Miller and Mike Cowles

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

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Don Bach, Advanex Americas Inc.; Maureen Carpenter, Barren County Economic Authority; Billy Paynter, Blue & Whitespace LLC DBA Universal Medical Supply; Casey Bolton, Commonwealth Economics; Mark Penniman, CSAT Solutions, LP; Dennis Griffin, Franklin-Simpson Industrial Development Authority; Bob Gaylen, Gaylen Energy; Billy Aldridge, Kentucky Finance & Administration Cabinet, Office of Financial Management; Danny Isaacs, Kentucky Region – Tennessee Valley Authority; Amanda Davenport, Lake Barkley Partnership; Matt Yates, Louisville & Jefferson County Riverport Authority; Alex Mercer, Louisville Forward; Brad Davis, Murray-Calloway Economic Development Corporation; Devon Stansbury and Jeremy Worley, Northern Kentucky Tri-County Economic Development Corporation; Kerry Hsu, RB Seelbach LLC; John McPhearson, Richmond Industrial Development Authority; David Stipes, Richmond Industrial Development Corporation; Matt Zoellner, Scott, Murphy & Daniel, LLC; and Ryan Pennington

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the May 28, 2020 special 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 Katie Smith to review the financial statements and monitoring reports. After review, the Authority accepted the statements and reports as presented.

Local Industrial Revenue Bond (IRB) Project

Chairman Hale called on Debbie Phillips to present a Local IRB project to the Authority.

CROWN Cork & Seal USA, Inc. Warren County

Ms. Phillips stated in accordance with KRS 103.210, the City of Bowling Green/Warren County Fiscal Court requested KEDFA review and approve a 50% reduction for years 1 through 10 and a 25% reduction for years 11 through 20 in the state ad valorem tax rate on the industrial building and equipment which CROWN Cork & Seal USA, Inc. proposes to be financed through the issuance of industrial revenue bonds by the City of Bowling Green/Warren County Fiscal Court. The company proposed a new metal beverage can manufacturing facility in Bowling Green. The principal amount of the IRB authorization is up to \$175,000,000 for a term of 20 years. A Payment in Lieu of Tax Agreement will be required with the school district.

Staff recommended approval.

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

Note: The KEDFA board did not make any type of determination as to the legality of the bonds to be issued by the City of Bowling Green/Warren County Fiscal Court, but only approved the reduction on the ad valorem tax rate as provided by KRS 103.200 and KRS 132.020.

Economic Development Fund (EDF) Projects

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

Richmond Industrial Development Corporation Madison County

**Elizabeth Bishop
Debbie Phillips**

Elizabeth Bishop stated Richmond Industrial Development Corporation owns 21.4 acres of land located in the Richmond Industrial Park III at 3000 Bill Robertson Way. The City of Richmond has committed \$300,000 as a local match to develop and implement a land grading plan to prepare the topography for the industrial site development. All utilities services are in place on the site and the environmental and other due diligence reports have been completed.

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.

Ms. Phillips stated the City of Richmond requested the use of \$300,000 in EDF program funds for the benefit of Richmond Industrial Development Corporation. The project investment is \$600,000 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. Phillips stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF request.

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

**Louisville and Jefferson County Riverport Authority
Jefferson County**

**Martin David-Jacobs
Kate McCane**

Martin David-Jacobs stated Louisville and Jefferson County Riverport Authority is seeking to enhance the availability of first class industrial land within Southwest Jefferson County. The work entails access roads, full-site storm water detention and treatment facilities, utilities to all properties and site clearing. Louisville and Jefferson County Riverport Authority has committed cash equity to match the EDF grant.

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 Louisville/Jefferson County Metro Government requested the use of \$500,000 in EDF program funds for the benefit of Louisville and Jefferson County Riverport Authority. The project investment is \$3,800,000 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.

Deputy Secretary Winston Miller 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 Bobby Aldridge to present the KEIA extension requests to the Authority.

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

Company	County	Extension
Orbis Material Handling, Inc.	Nelson	3 Month
Cabot Corporation	Carroll	6 Month

Heaven Hill Distilleries, Inc.	Nelson	6 Month
Kentucky Fresh Harvest, LLC	Lincoln	6 Month
Ironton Enterprises LLC	McCracken	12 Month
Michter's Distillery LLC	Washington	12 Month
Piramal Pharma Solutions LLC	Fayette	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

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

Feralloy Corporation Gallatin County

**Andy Luttner
Debbie Phillips**

Andy Luttner stated Feralloy Corporation was started in 1954 and is now one of the leading steel service centers in the country. The company has 13 locations across the United States and Mexico. The proposed project would include a buildout and renovation of a 90,000 sf facility and the installation of new equipment.

Ms. Phillips stated the project investment is \$17,500,000 of which \$1,920,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$90,000 for construction materials and building fixtures.

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

Proximo Distillers, LLC Boone County

**Andy Luttner
Debbie Phillips**

Mr. Lutner stated Proximo Distillers, LLC began in Indiana in 2011 as an acquisition by Proximo Spirits, Inc. of a former Seagram's facility previously known as LDI-Lawrenceburg Distillers Indiana. The proposed project would consist of the consolidation of multiple warehouses to a facility in Hebron and would include shipping operations for its nationwide and international customers.

Ms. Phillips stated the project investment is \$2,514,125 of which \$569,695 qualifies as KEIA eligible costs.

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

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

RB Seelbach LLC Jefferson County

**Beka Burton
Kate McCane**

Beka Burton stated The Seelbach Hotel was founded by two brothers in 1905 and has since had numerous owners and brands. RB Seelbach LLC is seeking to renovate the historic structure of The Seelbach Hilton by restoring the original building, modernizing guest rooms,

re-imaging public spaces as well as constructing a new adjacent tower with 56 rooms and a rooftop bar.

Ms. McCane stated the project investment is \$90,870,408 of which \$30,165,992 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$800,000 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 (Preliminary) and KEIA Project

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

DG Fresh Distribution TX, LLC Warren County

**Brittany Cox
Debbie Phillips**

Brittany Cox stated Dollar General Corporation is well known for its American neighborhood general store. The company strives to make shopping hassle-free and affordable with more than 16,200 convenient, easy-to-shop stores in 46 states. DG Fresh Distribution TX, LLC, a newly and wholly owned subsidiary of Dollar General Corporation, is proposing to establish a cold storage warehousing and distribution center in Bowling Green to meet customer demands.

Ms. Phillips stated the project investment is \$26,000,000 of which \$22,300,000 qualifies as KBI eligible costs and \$12,600,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 65 with an average hourly wage of \$20.00 including benefits. The state wage assessment participation is 3.00% and the City of Bowling Green 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 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 \$750,000 and the KEIA approved recovery amount of \$500,000 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.

Contemporary Amperex Technology Co., Limited Barren County

**Andy Luttner
Debbie Phillips**

Mr. Luttner stated Contemporary Amperex Technology Co., Limited (CATL) is a global leader in the research and development and manufacturing of lithium-ion batteries. CATL is considering establishing a facility in Glasgow.

Ms. Phillips stated the project investment is \$97,726,571 of which \$37,038,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 350 with an average hourly wage of \$25.00 including benefits. The state wage assessment participation is 3.00% and the City of Glasgow will participate at 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$10,000,000.

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

**DG Distribution Midwest, LLC
Boone County**

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Dollar General Corporation is well known for its American neighborhood general store. The company strives to make shopping hassle-free and affordable with more than 16,200 convenient, easy-to-shop stores in 46 states. DG Distribution Midwest, LLC, a newly and wholly owned subsidiary of Dollar General Corporation, is proposing to establish a new dry goods distribution center and warehouse operations in Walton to meet customer demands.

Ms. Phillips stated the project investment is \$65,000,000 of which \$44,000,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 250 with an average hourly wage of \$20.00 including benefits. The state wage assessment participation is 0.99% and the City of Walton will participate at with at \$25,000 cash grant per year for the 10-year term, valued at \$250,000. 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 \$750,000.

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

**Advanex Americas Inc.
Simpson County**

**Brooklyn Leep
Kate McCane**

Brooklyn Leep stated Advanex Americas, Inc. is a wholly owned subsidiary of Advanex LTD, established in 1946 and is known world-wide for custom engineered solutions involving springs, wire forms, stampings, plastic injection and assemblies. The company is considering a plant in Franklin to support its ever growing client base in the US.

Ms. McCane stated the project investment is \$15,500,000 of which \$6,500,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 250 with an average hourly wage of \$23.00 including benefits. The state wage assessment participation is 3.00% and the City of Franklin will participate at 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,300,000.

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

**Porter Road Butcher Meat Company LLC
Caldwell County**

**Elizabeth Bishop
Michelle Elder**

Ms. Bishop stated Porter Road Butcher Meat Company LLC is a meat-processor based in Princeton that processes cuts of lamb, beef, pork and chicken. The company is considering relocating its processing operations to establish a bigger cutting room along with an expanded packaging and shipping department.

Michelle Elder stated the project investment is \$1,510,960, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 83 with an average hourly wage of \$19.46 including benefits. The state wage assessment participation is 3.00% and the City of Princeton will participate at 0.50% with Caldwell County Fiscal Court participating 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 \$750,000.

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

**Blue & Whitespace LLC DBA Universal Medical Supply
Jefferson County**

**Martin David-Jacobs
Kate McCane**

Mr. David-Jacobs stated Blue & Whitespace LLC DBA Universal Medical Supply is a wholly owned subsidiary of Made In America Supply LLC. The company is seeking to expand and manufacture N95 masks and personal protection equipment.

Ms. McCane stated the project investment is \$14,823,600 of which \$6,623,600 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 131 with an average hourly wage of \$30.00 including benefits. The state wage assessment participation is 3.00% and Louisville/Jefferson County Metro Government 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 \$2,000,000.

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

**CSAT Solutions LP
Bullitt County**

**Martin David-Jacobs
Kate McCane**

Mr. David-Jacobs stated CSAT Solutions was established in 2012 to provide repair solutions for technology computing, network and healthcare industries clients. The company is seeking to expand its global capacity by positioning a repair operations near a global distribution hub.

Ms. McCane stated the project investment is \$9,350,000 of which \$5,600,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 258 with an average hourly wage of \$17.95 including benefits. The state wage assessment participation is 3.00% and the City of Shepherdsville will participate at 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$3,000,000.

Mr. Goodin 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.

Mr. Back stated there are five Kentucky small businesses, from three counties with qualifying tax credits of \$53,000. The five businesses created 16 jobs and invested \$131,176 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
Charlie Nelson Trucking & Excavating, Inc.	Marshall	1	1	\$ 14.00	\$ 52,041	\$ 3,500
Collier Associates, Inc.	Marshall	5	3	\$ 42.67	\$ 14,006	\$ 10,500
Gutter Boyz of Kentucky, LLC	Marshall	2	3	\$ 14.76	\$ 17,995	\$ 10,500
Kentuckiana Electrical Services, LLC	Bullitt	14	8	\$ 23.97	\$ 40,850	\$ 25,000
Volta Inc.	Franklin	24	1	\$ 28.13	\$ 6,284	\$ 3,500

Staff recommended approval of the tax credits.

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

Other Business

KBI Enhanced Incentive Counties for FY 2020-2021

Chairman Hale called on Sarah Butler to present the KBI Enhanced Incentive Counties for 2020-2021 to the Authority.

Ms. Butler stated **Taylor County**, previously certified as enhanced, no longer meets the criteria and will be decertified as of June 30, 2020. **Caldwell, Garrard, Hancock and Hopkins Counties** meet the criteria for certification and are designated as a KBI Enhanced County as of July 1, 2020.

Staff recommended adoption of the resolution certifying the Kentucky Business Investment (KBI) Program Enhanced Incentive Counties for FY 2020-2021.

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

Resolution of Recognition

Chairman Hale read and presented a Resolution of Recognition for William Ryan Pennington who served the Cabinet for Economic Development since 2012.

Chairman Hale moved to adopt the resolution, as presented; Mr. Goodin 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 June KEDFA board meeting; Deputy Secretary Miller seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:54 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman