

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING

March 26, 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 March 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) March 26, 2020 via video teleconference at the following link: <https://zoom.us/j/5144936754> to consider all projects. KEDFA convened at 10:20 a.m. EDT on March 26, 2020.

Notification of Press

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

Oath of Office

Angelica Sanchez Vega administered the Oath of Office to new board members, Mike Cowles and Naashom Marx.

Roll Call

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

Staff Present: Donna Adams, Bobby Aldridge, Tim Back, Beka Burton, Sarah Butler, Brittany Cox, Rachael Dever, Michelle Elder, Ellen Felix, David Hamilton, Lucas Johnson, James Johnson, Brooklyn Leep, Brandon Mattingly, Jack Mazurak, Kate McCane, Kylee Palmer, Ryan Pennington, Debbie Phillips, Jason Rainey, Angelica Sanchez Vega, 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; Billy Aldridge, Kentucky Finance & Administration Cabinet, Office of Financial Management; John Dadds, Christian Care Communities; Josh Bray, City of Mt. Vernon; Thomas McCoy, Community Trust Bancorp; Dan Kane and Tim Kane, Hyland Equipment Company; Michael Melliere, Ice Miller; Sierra Enlow, McGuire Sponsel; Howell Holbrook, Rockcastle County Fiscal Court; Jeff VanHook, Rockcastle County Industrial Development Authority; Matt Zoellner, Scott, Murphy & Daniel; Dan Durbin and Shannon Rickett, University of Louisville; Tom Miller and James Rayome, UofL Health-Louisville, Inc. and Jim Moore

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the February 27, 2020 regular KEDFA board meeting.

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

KEDFA IRB (Final)

Chairman Hale called on Debbie Phillips to present the KEDFA IRB for Final Approval

Christian Care Communities, Inc. Obligated Group

Ms. Phillips stated the board material included a draft New Bond Issue Report 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:

- 1) Refinance all or a portion of a series of bonds issued by KEDFA in 2016 and certain other taxable indebtedness; and
- 2) 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 of Louisville, Warren County, Corbin, Christian County, Owensboro and Nicholasville, have adopted resolutions requesting KEDFA issue these bonds. A TEFRA hearing for the purpose of receiving public comment on the proposed bond issue was conducted by staff at 10:00 a.m. on Wednesday, March 25, 2020 via video teleconference with no public comments made.

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

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

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

Kentucky Business Investment (KBI) Projects (Preliminary)

Chairman Hale called on Brittany Cox and Debbie Phillips to present the KBI preliminary projects to the Authority.

Kronos Saashr, Inc. Jefferson County

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Kronos Saashr, Inc., a Kronos company, provides workforce management and human capital management cloud solutions. The company is considering an expansion to reconfigure its current space to facilitate new employees due to client growth.

Ms. Phillips stated the project investment is \$631,758, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 21 with an average hourly wage of \$40.34 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 \$300,000.

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

**Truck Equipment & Body Company of Kentucky, Inc.
dba TEBCO of Kentucky Inc.**

Powell County

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Truck Equipment & Body Company of Kentucky, Inc. dba TEBCO of Kentucky, Inc. is a family-owned manufacturer of custom dump bodies and truck equipment. The company is considering establishing a manufacturing facility in Stanton to increase product volume.

Ms. Phillips stated the project investment is \$2,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 43 with an average hourly wage of \$17.00 including benefits. The state wage assessment participation is 5.00%. 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.

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

KBI (Preliminary) Project and Kentucky Enterprise Initiative Act (KEIA) Project

Chairman Hale called on Ms. Cox and Ms. Phillips to present a KBI preliminary and KEIA project to the Authority.

**Hyland Equipment Co. II LLC
Rockcastle County**

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Hyland Equipment Co. II LLC designs, develops, manufactures and markets commercial/industrial and environmental cleaning, filtration and wastewater treatment systems. The company merged 3 distinct companies into one, diverse Hyland Equipment, and is considering moving the entire operation to a new facility in Mount Vernon.

Ms. Phillips stated the project investment is \$2,300,000, all of which qualifies as KBI eligible costs and \$1,300,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$29.60 including benefits. The state wage assessment participation is 5.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,600,000 and the KEIA approved recovery amount of \$48,000 for construction materials and building fixtures and \$12,000 for research and development and/or electronic processing equipment.

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

KEIA Projects

Chairman Hale called on Ms. Cox and Ms. Phillips to present the KEIA projects to the Authority.

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

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Bespoke Corral, is a modern and boutique campground nestled in the heart of Horse Country. Bespoke Ventures and Investments, LLC proposes to create a differentiated camping experience with unique lodging and accommodations.

Ms. Phillips stated the project investment is \$2,753,115 of which \$1,695,750 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$85,000 for construction materials and building fixtures.

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

**Heaven Hill Distilleries, Inc.
Nelson County**

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Heaven Hill Distilleries, Inc., founded in Kentucky in 1935, is the nation's second largest family-owned producer and marketer of distilled spirits. The company is considering the addition of three new bourbon barrel aging warehouses to increase aging capacity by 168,000 barrels.

Ms. Phillips stated the project investment is \$18,276,497 of which \$10,091,212 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$250,000 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.

**Road ID, Inc.
Kenton County**

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Road ID, Inc. is the category leader in athletic identification gear for the running, cycling and triathlon markets. The company excels at manufacturing lifesaving products that save time in an emergency. Due to the sale of one of its existing buildings, Road ID Inc. will relocate to Covington and renovate its existing warehouse to include its headquarters.

Ms. Phillips stated the project investment is \$1,310,600 of which \$584,800 qualifies as KEIA eligible costs.

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

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

**The Sherwin-Williams Company
Madison County**

**Brittany Cox
Debbie Phillips**

Ms. Cox stated The Sherwin-Williams Company is a global leader in the manufacture, development, distribution, and sale of paints, coatings and related products to professional, industrial, commercial and retail customers. The company is considering the expansion of the latex plant capabilities at its existing facility in Richmond.

Ms. Phillips stated the project investment is \$42,930,000 of which \$8,460,000 qualifies as KEIA eligible costs.

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

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

KEDFA Loan Project

Chairman Hale called on Katie Smith to present a KEDFA Loan project to the Authority.

UofL Health-Louisville, Inc.

Jefferson County

Ms. Smith stated UofL Health-Louisville, Inc. purchased the assets of KentuckyOne in Louisville late last year to preserve the continuation of medical care in Louisville, Bullitt and Shelby Counties. UofL-Health-Louisville, Inc. requested approval of a \$35 million KEDFA loan to assist with funding operations and capital expenditures in the short-term to allow the company to turn these medical operations into profitable operations.

Ms. Smith noted HB 99 of the 2020 Regular Session of the General Assembly was approved authorizing KEDFA and the Cabinet to proceed with the loan and appropriating \$35 million to fund the loan. The total proposed project is \$60 million with \$25 million coming from Foundation matching funds by March 31, 2025. The loan will have a term of 20 years with the first principal payment of \$1.4 million due on April 1, 2025. Interest will begin accruing at that time at a rate of 1% and will be paid monthly throughout the duration of the loan. Principal payments of \$2.4 million will be due annually beginning April 1, 2026 for 14 years.

Up to 50% of each annual loan payment may be eligible for forgiveness if one of two options is met:

Option 1) The healthcare system will be required to retain 5,880 full-time, Kentucky resident jobs with an average hourly wage of \$35.00, excluding benefits.

Option 2) The healthcare system will be required to continue operations of a downtown hospital, UofL Health – Mary & Elizabeth Hospital and UofL Health – Medical Center South facilities throughout the duration of the loan, all of which are currently located within or providing services to the designated Medically Underserved Area, and will also be required to open one additional facility. Additionally, the healthcare system will be required to increase the number of family medicine access points from 10 to 14 in the Medically Underserved Area.

KEDFA will be secured on the loan with mortgages, fixture filings and assignment of rents and leases on up to 4 properties holding a total fair market value in excess of \$100 million. KEDFA will also be authorized to redirect portions of appropriations from the University of Louisville to KEDFA to cover any delinquent payments.

The board report noted the exceptions to the existing loan policies and guidelines as well as the other terms of the loan.

Ms. Smith introduced Tom Miller, James Rayome and Dan Durbin and invited them to address the board regarding the project.

During discussion of the project, Tony Ellis gave a verbal opinion that KEDFA could approve the loan consistent with their statutory framework and pursuant to the specific legislative

authority included in the bill itself. Mr. Ellis agreed to subsequently provide a written opinion consistent with the verbal opinion.

After discussion, staff recommended approval of the loan request with the exceptions as noted.

Deputy Secretary Winston Miller moved to approve the staff recommendation with the understanding the written legal opinion will be provided by Tony Ellis for the project file; Mr. Goodin 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, one of which has a modification 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>
Afni, Inc.	Warren	Service & Technology
DPL Financial Partners, LLC	Jefferson	Service & Technology

Modifications:

Phoenix Paper Wickliffe LLC	Ballard	Manufacturing
The company name changed from Global Win Wickliffe LLC to Phoenix Paper Wickliffe LLC. All other aspects of the project remain the same.		

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

Mr. Goodin moved to approve the staff recommendation, as presented; Mr. Cowles 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 seven Kentucky small businesses, from four counties with qualifying tax credits of \$55,100. The seven businesses created 16 jobs and invested \$175,878 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>
Blue Frame Technology LLC	Fayette	8	1	\$ 48.08	\$ 5,219	\$ 3,500
Clique Boutique LLC	Jefferson	7	5	\$ 20.25	\$ 16,677	\$ 16,600
Maile Custom Builders, Inc.	Kenton	12	1	\$ 21.00	\$ 51,243	\$ 3,500
Mefford Contracting LLC	Fayette	0	3	\$ 26.44	\$ 26,450	\$ 10,500
Newton Outdoor Service, LLC	McCracken	1	1	\$ 12.26	\$ 25,090	\$ 3,500
Paducah Supply Company	McCracken	22	1	\$ 15.67	\$ 8,399	\$ 3,500
XPLOREKY, LLC	Jefferson	12	4	\$ 21.09	\$ 42,800	\$ 14,000

Staff recommended approval of the tax credits.

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

KEIA Projects (Extension)

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

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

Company	County	Extension
MobileMedTek Holdings	Jefferson	6 Month
HB Sealing Products, Inc.	Jefferson	9 Month
Greenwell-Chisholm Printing Company	Daviess	12 Month
Stelised, Inc.	Shelby	12 Month
Whiskey Service LLC	Boyle	12 Month

Staff recommended approval of the KEIA extension requests.

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

KBI Projects (Extension)

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

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

Company	County	Extension
Perfetti Van Melle USA Inc.	Boone	3 Month
Alliant Technologies LLC	Barren	12 Month
HDT Expeditionary Systems, Inc.	Boone	12 Month
Kentucky Fresh Harvest, LLC	Lincoln	12 Month
Tower Automotive Operations USA I, LLC	Nelson	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Amendment)

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

AHF, LLC

Pulaski County

Mr. Aldridge stated Armstrong Hardwood Flooring Company received KBI final approval on June 25, 2015. Subsequently, the company converted to a limited liability company. The company requested a First Amendment to Tax Incentive Agreement to reflect restructuring to AHF, LLC and to correct a previously incorrect FEIN number. 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; Mr. Miller seconded the motion. Motion passed; unanimous.

Eurofins Genomics, LLC
Jefferson County

Mr. Aldridge stated Eurofins Genomics, Inc. received final approval for KBI on August 28, 2014. Subsequent to final approval, the company formed four additional affiliate companies: Eurofins Genomics Engineering LLC, Eurofins Clinical Molecular Testing Services LLC, Eurofins Microbiology Laboratories, INC and Eurofins Central Laboratory LLC. The company requested each be added as approved affiliates. 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.

Michter's Distillery, LLC
Jefferson County

Mr. Aldridge stated the Michter's Distillery, LLC received final approval for KBI Projects 19142 and 18645 on May 26, 2016. The company requested to consolidate Project 19142 and Project 18645 into a single campus in Jefferson County. As a facilitation of this request, the company agrees to the following conditions: Project 18645 be terminated; that the project employees be subject to the minimum wage target applicable under Project 19142; and that gift shop, tasting and tour employees working at Project 19142 be treated as non-project employees. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Reports

Chairman Hale called on Ms. Smith to review the Approved/Undisbursed Report, Financial Statements and Monitoring Reports. After review, the Authority accepted the reports as presented.

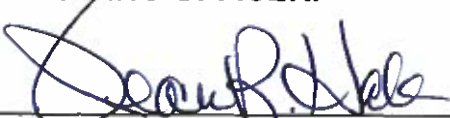
Adjournment

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

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

The meeting adjourned at 11:08 a.m.

APPROVED
PRESIDING OFFICER:



Jean R. Hale, Chairman