



CABINET FOR ECONOMIC DEVELOPMENT

Matthew G. Bevin
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601
ThinkKentucky.com

Terry R. Gill, Jr.
Secretary

Vivek K. Sarin
Executive Officer

MEMORANDUM

TO: KEDFA Members

FROM: Katie Smith, Commissioner
Department for Financial Services *K/S*

DATE: May 24, 2019

SUBJECT: KEDFA Board Meeting

The Kentucky Economic Development Finance Authority's next regular board meeting is scheduled for **Thursday, May 30, 2019** at the Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway in Frankfort. The meeting will convene at 10:00 a.m. (EDT) in the Board of Directors Conference Room.

If you have any questions, please feel free to contact our office at any time.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

Old Capitol Annex
Board of Directors Conference Room
300 West Broadway
Frankfort, Kentucky

AGENDA May 30, 2019

Call to Order

Notification of Press

Roll Call

Minutes

Minutes from April 25, 2019 Regular KEDFA Board Meeting

Minutes from April 25, 2019 Executive KEDFA Board Meeting

Reports

Approved/Undisbursed Report	Kylee Palmer
Financial Statements and Monitoring Reports	Krista Harrod
Auditor Communication	Katie Smith

TIF Project (Final)

Kylee Palmer

Department of Finance of LFUCG	Fayette
Coldstream Research Campus Project	

HTP Project

Kristine McNiel / Kylee Palmer

Kentucky Entrepreneurship Education Network, Inc.	Franklin
KEENStart	

KEDFA IRB (Amendment)

Debbie Phillips

CommonSpirit Health

KBI Project (Amendment)

Bobby Aldridge

Divisions, Inc.	Campbell
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KEIA Projects

Country Boy Brewing, L.L.C.	Scott	Andy Luttner / Debbie Phillips
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KBI Projects (Preliminary) & KEIA Projects

Log Still Distilling LLC	Nelson	Jim Kirk / Kate Greenwell
Log Still Distilling LLC	Nelson	

KBI Projects (Preliminary)

Pennington Stave and Cooperage Corp	Metcalfe	Andy Luttner / Michelle Elder
Adient US LLC	Scott	Jason Neal / Michelle Elder

CCI Industrial Services, LLC	Pulaski	Andy Luttner / Debbie Phillips
ABB/CON-CISE Optical Group LLC	Kenton	Brittany Cox / Kate Greenwell
Richmond Auto Parts Technology, Inc.	Madison	Brittany Cox / Debbie Phillips
Tailor Made Compounding, LLC	Jessamine	Brittany Cox / Debbie Phillips

KBI Projects (Extension)

Michelle Elder

Bluegrass Supply Chain Services, LLC	Edmonson
Pilgrim's Pride Corporation	Graves
Pride Industries, Inc.	Union

KBI Projects (Final)

Debbie Phillips

Accumetric, LLC	Hardin
Rajant Corporation	Rowan
The Bardstown Bourbon Company, LLC	Nelson
Catalent Pharma Solutions, LLC	Clark

KSBTC

Tim Back

Allstate Mechanical LLC	Jefferson
Bluegrass Tool & Industrial, LLC	Fayette
Consultant Solutions, Incorporated	Fayette
Corvin's Furniture & Carpet, LLC	Nelson
Helios Aerosystems, LLC	Fayette
IDT Tools, Inc.	Franklin
Industrial Field Maintenance, LLC	Fleming
Janson Communications, LLC	Boyd
Kendor Wood, Inc.	Graves
Local Termite & Pest Control Company	Washington
Louisville Esthetics, LLC	Jefferson
Map Enterprises Inc.	Graves
Michael A. Winters, DC, P.S.C.	McCracken
MILA International, Inc.	Boone
MosquitoMate, Inc.	Fayette
Murphy Excavating, LLC	Daviess
Najla's Specialty Foods, Inc.	Jefferson
On Target Cleaning and Restoration LLC	Warren
Top Notch Turf, LLC	McLean
Wright Contracting Services, Inc.	Kenton

Other Business

Closed Session

Adjournment

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING

April 25, 2019

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EDT on April 25, 2019, 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, Melinda M. Hill, proxy for Secretary William M. Landrum, III, Tucker Ballinger and Chad Miller

Staff Present: Bobby Aldridge, Tim Back, Elizabeth Bishop, Jessica Burke, Sarah Butler, Brittany Cox, Michelle Elder, Annie Franklin, Terry R. Gill, Jr., Kate Greenwell, David Hamilton, Krista Harrod, Andy Luttner, Kylee Palmer, Debbie Phillips, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Marilyn Blythe, Alliance Coal, LLC; Jamie Lindermann, BDO Cincinnati; Jeff Hodges, Gray Construction; Rob Hunden and Dillon Gilman, Hunden Strategic Partners; Billy Aldridge, Kentucky Finance & Administration Cabinet, Office of Financial Management; Koichi Takagi, Kobelco Aluminum Products & Extrusion Inc.; Chuck McFarland, Lithko Contracting, LLC; Sierra Enlow, Louisville Forward; Jacob Edmonds and Andrew Jones, Northern Kentucky Tri-Ed; Barry Lendrum, Paladin; Stacy Burchett and Don Slagle, Toyotetsu America, Inc.; and Ron McMahan, Team Taylor County

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the March 27, 2019 KEDFA special board meeting and the March 28, 2019 regular KEDFA board meeting and executive session.

Chad Miller moved to approve the minutes, as presented; Melinda M. Hill 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.

KEDFA Industrial Revenue Bond (IRB) Project (Amendment)

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

Christian Care Communities, Inc. Obligated Group

Ms. Smith stated the following bonds are the subject of this amendment:

Kentucky Economic Development Finance Authority Healthcare Facilities Revenue Bonds, Series 2016A (Christian Care Communities, Inc. Obligated Group) in the amount of \$21,727,510 and

Kentucky Economic Development Finance Authority Healthcare Facilities Revenue Bonds, Series 2016B (Christian Care Communities, Inc. Obligated Group) in the amount of \$15,002,542

The above-referenced bonds were issued by the Kentucky Economic Development Finance Authority on January 13, 2016. The Purchaser of the 2016A bonds was Huntington Public Capital Corporation, and the Purchaser of the 2016B bonds was First Midwest Bank. First Midwest Bank desires to sell the 2016B bonds and assign all of its right, title and interest to First Financial Bank or an affiliate thereof. Amendments are necessary to both the 2016A and 2016B bonds to reflect the new Purchaser of the 2016B bonds, to update the definition of the term "Applicable Spread" which is used in the interest rate formula and for any other "amendment" language that might be needed as part of the assignment from the old bank to the new bank. All other aspects of the bond transaction remain the same.

Please note KEDFA serves as the conduit issuer of the bonds. The bonds do not constitute a general obligation of KEDFA and KEDFA is not obligated to pay principal or interest for the bonds from its own funds.

Staff recommends KEDFA's adoption of the bond resolution amending the transaction.

After discussion, Don Goodin moved to approve the staff recommendation, as presented; Tucker Ballinger 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.

Long John Silver's, LLC

Jefferson County

Mr. Aldridge stated Long John Silver's, LLC received final approval on December 13, 2012 for a KBI project to establish a headquarters for franchise operations. The project activated March 13, 2013 in a leased facility at 9505 Williamsburg Plaza in Louisville. The company terminated the original lease and relocated to a larger leased facility at 10350 Ormsby Park Place, while maintaining an additional campus location for a test kitchen at Eastpoint Centre Drive. This amendment documents the change of the project site and recognizes the new lease. 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.

**Meggitt Aircraft Braking Systems Kentucky Corporation
Boyle County**

Mr. Aldridge stated Meggitt Aircraft Braking Systems increased its investment in the facility from \$14,888,969 to \$22,782,515 and increased the job target from 94 to 139. As a result of these increases, the tax incentive increased from \$2,500,000 to \$3,450,000.

The company has not activated the project and requested an amendment to the Tax Incentive Agreement recognizing the changes to the project as stated above.

Staff recommended approval of the KBI amendment request.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

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

Company	County	Extension
Alltech, Inc.	Jessamine	6 Month
Buffalo Trace Distillery, Inc.	Franklin	6 Month

Staff recommended approval of the KEIA extension requests.

Ms. Hill 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.

**Buffalo Trace Distillery, Inc.
Franklin County**

**Andy Luttner
Michelle Elder**

Andy Luttner stated Buffalo Trace Distillery, Inc. has been making bourbon whiskey for more than 200 years. The project will include the expansion of its barrel storage warehouses in order to meet increased demand.

Michelle Elder stated the project investment is \$16,000,000 of which \$5,500,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$250,000 for construction materials and building fixtures.

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

**Rabbit Hole Spirits LLC
Henry County**

**Annie Franklin
Michelle Elder**

Annie Franklin stated Rabbit Hole Spirits, LLC, founded in 2012, is a producer of Kentucky Bourbon and other fine spirits. The company is considering expanding its operations to

include aging warehouses, an additional distillery, bottling operations and storage facilities in Henry County. The expansion will allow Rabbit Hole to meet market demand and to have control of its products through the entire aging process.

Ms. Elder stated the project investment is \$50,000,000 of which \$32,301,800 qualifies as KEIA eligible costs.

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

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

Kentucky Business Investment (KBI) Project (Preliminary) and KEIA Project

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

Bendix Spicer Foundation Brake LLC Warren County

**Andy Luttner
Michelle Elder**

Mr. Luttner stated Bendix Spicer Foundation Brake LLC designs, develops, manufactures and distributes products used in air brake systems for commercial vehicles. The company is considering constructing an additional building and purchasing new equipment to bring a new manufacturing/welding automation line to the Bowling Green facility.

Ms. Elder stated the project investment is \$65,075,000 of which \$43,180,000 qualifies as KBI eligible costs and \$31,400,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 94 with an average hourly wage of \$25.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green will participate at 1.0%. 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 410 full-time, Kentucky resident employees (the base employment number required by a previous project).

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,500,000 and the KEIA approved recovery amount of \$750,000 for construction materials and building fixtures.

Ms. Hill 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.

Curvature, Inc. Jefferson County

**Brittany Cox
Debbie Phillips**

Brittany Cox stated Curvature, Inc. is a global leader of independent, multi-vendor support solutions for IT network, server and storage equipment users. The company is considering Louisville for its IT infrastructure solutions.

Debbie Phillips stated the project investment is \$6,770,000 of which \$4,020,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 62 with an average hourly wage of \$21.00 including benefits. The state wage assessment participation is 3.0% and Louisville/Jefferson County Metro Government will participate at 1.0%.

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

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

Senture, LLC
Laurel County

Annie Franklin
Debbie Phillips

Ms. Franklin stated Senture, LLC is a premier domestic contact center solution designed to serve clients in private industry and the state and federal government sectors. The company is considering an expansion of its existing facility in London to meet growing demand.

Ms. Phillips stated the project investment is \$1,888,134, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 270 with an average hourly wage of \$14.00 including benefits. The state wage assessment participation is 5.0%. 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 764 full-time, Kentucky resident employees (the base employment number required by a previous project). The company will be required to maintain 95% 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 \$1,500,000.

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

Curaleaf KY, Inc.
Fayette County

Annie Franklin
Michelle Elder

Ms. Franklin stated Curaleaf Holdings, Inc. (CURA) is the leading vertically integrated multi-state cannabis operator in the United States. CURA is considering a new endeavor to accommodate the emerging CBD market, Curaleaf KY, Inc. The company intends to establish a vertically integrated supply chain that would involve the three main phases of the hemp derived CBD business which are cultivation, processing and sales/distribution.

Ms. Elder stated the project investment is \$9,000,000 of which \$5,200,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 150 with an average hourly wage of \$23.00 including benefits. The state wage assessment participation is 3.0% and Lexington-Fayette Urban County Government will participate at 1.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,500,000 contingent upon the company obtaining a Processor's license from the Kentucky Department of Agriculture.

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

Rainbow Design Services, Inc.
Jefferson County

Annie Franklin
Michelle Elder

Ms. Franklin stated Rainbow Design Services, Inc. (RDS) is a network engineering, field service, GIS and mapping service provider in the telecommunications industry. In order to accommodate a newly acquired contract, RDS is considering leasing additional space.

Ms. Elder stated the project investment is \$3,395,940 of which \$2,057,720 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$18.00 including benefits. The state wage assessment participation is 1.50% and Louisville/Jefferson County Metro Government will participate at 0.50%. 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 119 full-time, Kentucky resident employees (the base employment number required by a previous project). The project will include multiple locations within Louisville, Jefferson County. Only investment costs incurred at 10172 Lynn Station Road 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 \$200,000.

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

**McWane, Inc.
Taylor County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated since 1921, McWane, Inc. has been producing ductile iron products including pipe, valves, hydrants, fittings and plumbing products. McWane, Inc. also manufactures fire extinguishers, fire suppression systems, steel pressure vessels, building network switches and monitoring equipment. The company is considering purchasing and upfitting a building in Campbellsville to suit its operational needs.

Mr. Luttner introduced Ron McMahan and invited him to address the board regarding the project.

Ms. Elder stated the project investment is \$10,152,065, 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 \$17.00 including benefits. The state wage assessment participation is 5.0%.

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

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

**Virtus Precision Tube, LLC
Simpson County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated Virtus Precision Tube, LLC has been producing internally enhanced copper tubes since 1969 in its Franklin facility. The high value added copper tubing is used in heat exchangers which are assembled into both residential and commercial air conditioners. Over the last several years, the company has seen potential growth opportunities in the markets and is considering expanding its current manufacturing operations to meet the demands of its customers.

Ms. Elder stated the project investment is \$9,811,000 of which \$1,100,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$36.00 including benefits. The state wage assessment participation is 3.0% and the City of Franklin will participate at 1.0%. 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 \$1,000,000.

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

**Comprehensive Medical Management, LLC
Campbell County**

**Elizabeth Bishop
Kate Greenwell**

Elizabeth Bishop stated Comprehensive Medical Management, LLC is a multi-specialty medical billing and practice management company currently serving a wide variety of healthcare specialties. The company is considering leasing additional space to meet demand for the additional staff and processing needs due to increasing revenue from new and existing clients.

Kate Greenwell stated the project investment is \$1,110,000 of which \$880,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 150 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 3.0% and the City of Newport will participate at 1.0%. 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 \$850,000.

Mr. Miller moved to approve the staff recommendation, as presented; Mr. Goodin 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
iServe Products Inc.	Boone	6 Month
Sumitomo Electric Wiring Systems, Inc.	Simpson	6 Month
Fischbach USA Inc.	Hardin	12 Month
Hera Testing Laboratories, Inc.	Fayette	12 Month
Interapt, LLC	Jefferson	12 Month
RXC Acquisition Company dba RXCrossroads	Jefferson	12 Month
Summit Biosciences Inc.	Fayette	12 Month

Staff recommended approval of the KBI extension requests.

Mr. Ballinger 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 projects for final approval to the Authority.

Ms. Phillips stated twelve companies requested KBI final approval, seven of which have modifications since preliminary approval. Ms. Phillips asked that all twelve be presented as one motion.

No Modifications:

Project Name	County	Type Project
Flottweg Separation Technology, Inc.	Boone	Manufacturing
Jack Riley Investments LLC	Warren	Service & Technology
Safai Enterprises, Inc.	Jefferson	Manufacturing
Toyotetsu America, Inc.	Pulaski	Manufacturing
Zoeller Company	Jefferson	Manufacturing

Modifications:

Isopure, Corp. Jefferson Manufacturing
The county changed from Shelby to Jefferson. The Louisville/Jefferson Metro County Government will participate in the wage assessment at 0.5% instead of Shelby County. All other aspects of the project remain the same.

KECH, Inc. Whitley Service & Technology
The square footage increased from 3,500 to 4,750. The company notified staff that its full-time employees were subject to a co-employment relationship with Insperity PEO Services. All other aspects of the project remain the same.

Kobelco Aluminum Products & Extrusion Inc. Warren Manufacturing
The investment increased from \$46,700,000 to \$95,200,000, eligible costs increased from \$17,100,000 to \$29,500,000, the job target increased from 105 to 220 and the tax incentive increased from \$2,500,000 to \$4,500,000. All other aspects of the project remain the same.

More Than A Bakery 360, Inc. Woodford Manufacturing
The approved company changed from More Than A Bakery, LLC to More Than A Bakery 360, Inc. The investment decreased from \$57,000,000 to \$32,250,000 and the eligible costs decreased from \$40,460,000 to \$11,650,000 due to an affiliate purchasing the land and incurring part of the building and improvement costs. The job target increased from 310 to 345, the average hourly wage increased from \$22.00 to \$24.00 and the tax incentive increased from \$8,000,000 to \$9,000,000. All other aspects of the project remain the same.

New Mather Metals, Inc. Simpson Manufacturing
The investment increased from \$4,507,000 to \$20,219,400, the eligible costs increased from \$500,000 to \$3,892,000, the job target increased from 20 to 40, the average hourly wage increased from \$20.00 to \$24.00 and the tax incentive increased from \$325,000 to \$650,000. All other aspects of the project remain the same.

The Kroger Co. Boone Service & Technology
The company added an affiliate, Vitacost.com Inc.. All other aspects of the project remain the same.

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

After discussion, Mr. Miller moved to approve the staff recommendation; Ms. Hill seconded the motion. Motion passed, unanimous.

Kentucky Reinvestment Act (KRA) Project (Final)

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

Tarter Gate Wood Products, LLC Boone County

Ms. Phillips stated Tarter Gate Wood Products, LLC requested final approval of its KRA project. There were no modifications to the project since preliminary approval.

The company currently has 93 full-time, Kentucky resident employees and has expended approximately \$3,282,209 in equipment and related costs of which \$1,641,105 are eligible costs. Tarter Gate Wood Products, LLC is eligible to receive the \$700,000 negotiated tax incentive amount as preliminarily approved.

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

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 were nine Kentucky small businesses from six counties with qualifying tax credits of \$56,000. The nine businesses created 16 jobs and invested \$154,648 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 and/or Technology	Tax Credit
Blue Frame Technology LLC	Fayette	5	2	\$ 41.25	\$ 7,963	\$ 7,000
Cuddle Clones LLC	Jefferson	8	1	\$ 15.94	\$ 5,779	\$ 3,500
D-Crane Rental, LLC	Boone	7	2	\$ 34.34	\$ 17,316	\$ 7,000
Fedders Construction LLC	Campbell	0	5	\$ 36.49	\$ 30,691	\$ 17,500
Jones Business Development L.L.C.	Graves	2	1	\$ 14.94	\$ 25,000	\$ 3,500
Marshall Fitness, LLC	Marshall	0	1	\$ 12.00	\$ 46,904	\$ 3,500
MILA International, Inc.	Boone	15	2	\$ 13.00	\$ 9,995	\$ 7,000
Superior Imports, LTD.	Boone	16	1	\$ 21.00	\$ 5,368	\$ 3,500
The Door Store of Louisville, LLC	Jefferson	17	1	\$ 15.62	\$ 5,632	\$ 3,500

Staff recommended approval of the tax credits.

Ms. Hill moved to approve the staff recommendation, as presented; Mr. Ballinger 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 Funding Report for the period ending March 31, 2019. After review, the Authority accepted the report as presented.

Quarterly Report – Letter Amendment / Resolution

Chairman Hale called on Jessica Burke to review the Amendment Report ending March 31, 2019.

Ms. Burke stated the Bylaws of the Board of Directors of KEDFA grant authority to the Commissioner of the Department for Financial Services to effectuate minor changes or modifications to existing agreements with approved companies that do not substantively modify contract terms.

Ms. Burke noted the following amendment has been executed:

KREDA

Berry Film Products Company, Inc.

Letter Amendment to KREDA Tax Incentive Agreement dated June 26, 2008, for Berry Film Products Company, Inc. due to a company name change from Clopay Plastic Products Company, Inc., effective as of March 9, 2018.

Staff recommended the Authority accept the amendment report and adopt the resolution to ratify the amendment.

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

Resolution of Recognition

Chairman Hale read and presented a Resolution of Recognition to Terry R. Gill, Jr., Secretary, Cabinet for Economic Development, who will resign at the end of May.

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

Closed Session

Pursuant to KRS Section 61.810 (1) (G), Chairman Hale entertained a motion to enter into executive session to discuss a specific business proposal, the open discussion of which would jeopardize the site, retention, expansion or upgrade of the business.

Mr. Ballinger moved to enter into executive session; Ms. Hill seconded the motion. Motion passed; unanimous.

The board entered into executive session at 10:46 a.m.

Regular Session

Chairman Hale entertained a motion to return to regular session.

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

The board returned to regular session 11:14 a.m.

Adjournment

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

Mr. Miller moved to adjourn the April KEDFA board meeting; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:15 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman

KEDFA APPROVED AND NOT DISBURSED

4/30/2019

Approved and Undisbursed KEDFA Projects

Applicant	Form #	County	Date Approved	Commitment Expires	Project Amount
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KEDFA LOANS

None

KEDFA GRANTS

Corbin Tri-County Joint Industrial Development Authority	22283	Knox	Oct-15	Oct-21	\$381,774
Louisville/Jefferson County Metro Government (Louisville Regional Airlift Development, Inc.)	21730	Jefferson	Jul-17	Dec-21	\$1,330,000

SMALL BUSINESS LOANS

None

TOTAL APPROVED AND UNDISBURSED KEDFA PROJECT(S)**\$1,711,774****Approved and Partially Disbursed KEDFA Projects**

Applicant	Form #	County	Date Approved	Closing Date	Project Amount	Disbursed to Date	Remaining Balance
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KEDFA GRANTS

Louisville/Jefferson County Metro Government (Restaurant Supply Chain Solutions)	21636	Jefferson	May-17	Jun-20	\$500,000	(\$250,000)	\$250,000
Louisville/Jefferson County Metro Government (Res-Care, Inc.)	21990	Jefferson	Jan-18	Dec-22	\$500,000	(\$100,000)	\$400,000

TOTAL APPROVED AND PARTIALLY DISBURSED KEDFA PROJECT(S)**\$650,000****TOTAL KEDFA APPROVED AND NOT DISBURSED****\$2,361,774**

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

STATEMENT OF NET POSITION

4/30/2019

	FUND A	BOND FUND	Small Bus. Loan Pool	KEDFA 4/30/19	OOE 4/30/19	COMBINED 4/30/19
<u>ASSETS</u>						
Cash & Accounts Receivable						
Operating Account	28,724.51	0.00	0.00	28,724.51	0.00	28,724.51
Cash	1,293,203.35	17,061,973.36	406,502.22	18,761,678.93	0.00	18,761,678.93
High Tech Construction Pool	0.00	0.00	0.00	0.00	137,500.00	137,500.00
High Tech Investment Pool	0.00	0.00	0.00	0.00	2,902,326.80	2,902,326.80
High Tech LGEDF Pool	0.00	0.00	0.00	0.00	4,043.88	4,043.88
Investment Account	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Intergovernment Receivable	2,361,774.00	0.00	0.00	2,361,774.00	350,000.00	2,711,774.00
Total Cash & Accounts Receivable	3,683,701.86	17,061,973.36	406,502.22	21,152,177.44	3,393,870.68	24,546,048.12
Accrued Interest Receivable						
Loans	32,580.58	2,930.03	0.00	35,510.61	0.00	35,510.61
Investments	2,167.76	28,851.64	687.55	31,706.95	0.00	31,706.95
Total Accrued Interest Receivable	34,748.34	31,781.67	687.55	67,217.56	0.00	67,217.56
Notes Receivable						
Loans Receivable	18,161,966.17	1,353,031.28	0.00	19,514,997.45	0.00	19,514,997.45
(Allowance for Doubtful Accounts)	0.00	0.00	0.00	(1,434,722.43)	0.00	(1,434,722.43)
Total Notes Receivable	18,161,966.17	1,353,031.28	0.00	18,080,275.02	0.00	18,080,275.02
TOTAL ASSETS	21,880,416.37	18,446,786.31	407,189.77	39,299,670.02	3,393,870.68	42,693,540.70
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>						
Deferred Outflows Pension				1,730,000.00	0.00	1,730,000.00
Deferred Outflows OPEB				324,000.00	0.00	324,000.00
<u>LIABILITIES</u>						
Accrued Salaries & Compensated Absences				293,609.88	0.00	293,609.88
Accounts Payable					0.00	0.00
Intergovernment Payable				0.00		0.00
Grants Payable				0.00	0.00	0.00
Pension Liability				8,914,000.00	0.00	8,914,000.00
OPEB Liability				1,688,000.00	0.00	1,688,000.00
TOTAL LIABILITIES				10,895,609.88	0.00	10,895,609.88
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Inflows Pension				234,000.00	0.00	234,000.00
Deferred Inflows OPEB				36,000.00	0.00	36,000.00
<u>NET POSITION</u>						
Beginning Balance				31,214,789.98	3,382,281.07	34,597,071.05
Current Year Undivided Profits				(1,026,729.84)	11,589.61	(1,015,140.23)
TOTAL NET POSITION				30,188,060.14	3,393,870.68	33,581,930.82

NOTE 1 The Small Business Loan Pool is presented separately only for internal tracking purposes.

NOTE 2 The Office of Entrepreneurship (OOE) operating transactions are no longer under the direction of KEDFA and are not reflected above.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE MONTH ENDING AND FISCAL YTD April 30, 2019

	FUND A	BOND FUND	Small Bus Loan Pool	OOE FUND	FY 2018-2019 YEAR TO DATE	FY 2017-2018 YEAR TO DATE
Operating Revenues - KEDFA						
Interest Income/Loans	15,742.06	2,259.96	0.00	0.00	184,348.53	234,551.24
Interest Income/ Investments	2,167.76	28,851.64	687.55	0.00	290,175.87	125,133.84
Late Fees	0.00	0.00	0.00	0.00	0.00	0.00
Application Fees	50,575.00	0.00	0.00	0.00	373,445.05	342,561.75
Miscellaneous Income	503.49	0.00	0.00	0.00	4,372.47	2,352.09
Total Operating Revenues - KEDFA	68,988.31	31,111.60	687.55	0.00	852,341.92	704,598.92
Operating Expenses - KEDFA						
Salaries	89,475.85				913,662.62	894,081.09
Employee benefits	94,432.82				945,235.38	629,280.14
Pension Liability Adjustment	0.00				0.00	0.00
OPEB Liability Adjustment	0.00				0.00	0.00
Other Personnel Costs	0.00				0.00	0.00
Contracted Personal Services	26,740.18				162,793.87	113,605.30
Utilities and Heating Fuels	0.00				0.00	0.00
Rentals	0.00				0.00	0.00
Maintenance and Repairs	0.00				0.00	0.00
Postage and Related Services	0.00				10.71	10.23
Telecommunications	0.00				0.00	0.00
Computer Services	0.00				0.00	0.00
Supplies	0.00				0.00	0.00
Miscellaneous Services	0.00				32.00	16.00
Travel	429.43				3,967.39	2,318.36
Miscellaneous Commodities	0.00				335.00	199.00
Commodities Expense	0.00				0.00	0.00
Bad Debt Expense	0.00				0.00	0.00
Grant Disbursement	0.00				0.00	0.00
Total Operating Expenses - KEDFA	211,078.28	0.00	0.00	0.00	2,026,036.97	1,639,570.72
Income (Loss) from Operations - KEDFA	(142,089.97)	31,111.60	687.55	0.00	(1,173,695.05)	(934,911.20)
Non-Operating Revenues (Expenses) - KEDFA						
Operating Transfer Out - General Fund	0.00				0.00	0.00
Operating Transfer Out - BSSC					0.00	0.00
Operating Transfer Out - Secretary's Office					0.00	0.00
Operating Transfer Out - New Business	0.00				0.00	0.00
Transfer Due from Bonds					381,774.00	500,000.00
Transfer Due from KSBCI	0.00				0.00	0.00
Grants Disbursed	0.00				(234,808.79)	(1,790,282.68)
Operating Transfer In - Economic Dev	0.00				0.00	(213,012.09)
Unrealized Gains/(Losses) on Investment	0.00				0.00	0.00
Realized Gains/(Losses) on Investment	0.00				0.00	0.00
Total Non-Operating Revenues (Expenses) -	0.00	0.00	0.00	0.00	146,965.21	(1,503,294.77)
CHANGE IN NET POSITION - KEDFA	(142,089.97)	31,111.60	687.55	0.00	(1,026,729.84)	(2,438,205.97)
Operating Revenues (Expenses) - OOE						
Interest Income - Loans				0.00	0.00	1,016.90
Misc Income				0.00	0.00	0.00
Disbursements: Projects (Note 1)				0.00	(88,410.39)	(1,400,088.84)
Repayments received from Projects				0.00	0.00	95,567.32
Non-Operating Revenues (Expenses) - OOE						
Operating Transfer in - OOE					0.00	0.00
Transfer Due from Bonds				0.00	100,000.00	226,755.51
Operating Transfer Out - OOE					0.00	(55,089.60)
CHANGE IN NET POSITION - OOE	0.00	0.00	0.00	0.00	11,589.61	(1,131,838.71)
CHANGE IN NET POSITION - COMBINED	(142,089.97)	31,111.60	687.55	0.00	(1,015,140.23)	(3,570,044.68)

NOTE 1 Represents disbursements for projects from OOE Funds. (See OOE listings for detail of approved projects)

NOTE 2 Statement does not include Interest income for OOE that is swept monthly to OOE's operating account

NOTE 3 The Small Business Loan Pool is presented separately only for internal tracking purposes.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
CASH POSITION STATEMENT
4/30/2019

	<u>4/30/2018</u>	<u>4/30/2019</u>
Fund A Cash Balance	\$2,359,096.23	\$1,293,203.35
Less: Approved/Undisbursed		
Total Unobligated Balance	\$2,359,096.23	\$1,293,203.35
2003 Bond Fund Cash Balance	\$15,068,913.26	\$17,061,973.36
Less: Approved/Undisbursed	(2,634,938.00)	(2,361,774.00)
Total Unobligated Balance	\$12,433,975.26	\$14,700,199.36
Small Business Loan Fund Cash Balance	\$399,626.98	\$406,502.22
Less: Approved/Undisbursed		
Total Unobligated Balance	\$399,626.98	\$406,502.22
Bond Funds to be Provided for Loans		
Less: Approved/Undisbursed		
Total Unobligated Balance	\$0.00	\$0.00
Budget: Cash to be Transferred to Other CED Programs for		\$0.00
CASH AVAILABLE	\$15,192,698.47	\$16,399,904.93
OCI Fund Cash Balance		
High Tech Construction Pool	\$137,500.00	\$137,500.00
Less: Approved/Undisbursed		\$0.00
High Tech Investment Pool	\$2,840,737.19	\$2,902,326.80
Less: Approved/Undisbursed	(\$743,034.00)	(\$754,624.00)
LGEDF Pool	\$4,043.88	\$4,043.88
Less: Approved/Undisbursed		\$0.00
Bond Funds to be Provided for Approved Projects	\$250,000.00	\$350,000.00
Bond Funds Available for Projects		
Total Unobligated Balance	\$2,489,247.07	\$2,639,247
TOTAL ALL FUNDS	\$17,681,945.54	\$19,039,151.61

**Kentucky Enterprise Initiative Act (KEIA) Projects
Fiscal 2018**

KEDFA Meeting date	5/30/2019
Total Projects Approved Fiscal Year-to-Date	30
Number of Proposed Projects for Current Month	2

Construction Materials and Building Fixtures

Fiscal Year Cap	\$20,000,000
Approved Fiscal Year-to-Date	\$19,478,000
Committed Amount	<u>\$0</u>
Balance Available for Current Month	\$522,000
Proposed Approval for Current Month	<u>\$135,000</u>
Balance Available for Remainder of Fiscal Year	<u><u>\$387,000</u></u>

Research & Development and Electronic Processing Equipment, Flight Simulation Equipment

Fiscal Year Cap	\$5,000,000
Approved Fiscal Year-to-Date	\$475,000
Committed Amount	<u>\$0</u>
Balance Available for Current Month	\$4,525,000
Proposed Approval for Current Month	<u>\$0</u>
Balance Available for Remainder of Fiscal Year	<u><u>\$4,525,000</u></u>

KBI Summary

Updated May 21, 2019

Fiscal Year End Reporting

Year	Number of Projects	Jobs			Wages		
		Jobs Reported	Job Target	% Achieved	Average Wage Reported	Wage Target	% Achieved
2010	1	40	51	78%	\$11.42	\$11.00	104%
2011	5	269	257	105%	\$35.00	\$28.90	121%
2012	18	1,264	1,154	110%	\$25.30	\$23.23	109%
2013	58	5,908	5,395	110%	\$24.85	\$23.35	106%
2014	94	10,024	9,525	105%	\$24.85	\$22.98	108%
2015	142	14,595	13,113	111%	\$25.40	\$22.38	113%
2016	191	20,991	18,453	114%	\$24.91	\$21.64	115%
2017	221	24,550	20,720	118%	\$26.61	\$22.02	121%
2018	153	16,086	13,167	122%	\$24.51	\$20.28	121%

Annual Maximums and Incentives Claimed

Year	Approved Annual Maximum	Earned Annual Maximum	Incentives Claimed*	Utilization Rate
2010-2012**	\$5,182,833	\$4,914,663	\$2,104,094	43%
2013	\$15,611,951	\$13,992,639	\$6,601,085	47%
2014	\$27,405,836	\$23,759,875	\$13,131,631	55%
2015	\$45,896,940	\$39,276,598	\$18,084,965	46%
2016	\$40,209,248	\$35,275,955	\$19,923,814	56%
2017	\$43,146,201	\$37,164,677	N/A	N/A
2018	\$44,966,618	\$38,652,283	N/A	N/A
Grand Total	\$222,419,626	\$193,036,689	\$59,845,588	31%

- The Commonwealth provided \$2,438 of incentives per new job reported based on total actual incentives claimed through 2016 and actual jobs reported in 2017.
- Based on actual jobs and wages reported in 2017 by companies approved to claim incentives, the estimated payroll for new, full-time Kentucky resident jobs is approximately \$1.4 billion. This equated to \$22.71 for every \$1 of claimed incentives.

***Notes on incentives claimed:** Data is based on information provided by the Kentucky Department of Revenue. Total incentives claimed represents the total of income tax credits and wage assessments claimed through December 31, 2017.

****Due to taxpayer confidentiality, years 2010-2012 were combined.**

Project Update Report

May 2019

Project	County	Approval Date	Exit Date	Program
Taylor Law, PLLC Company shut down on October 1, 2017 due to the closure of its primary client.	Jefferson	04/30/2015	05/01/2019	KBI
Dana Commercial Vehicle Manufacturing Company withdrew on January 1, 2018 due to the closure of its sister facility in Glasgow.	Henderson	06/25/2015	01/01/2018	KBI
Vector Horizon Technologies LLC Several attempts to contact company with no response. Project expired on April 30, 2019.	Jefferson	04/30/2015	04/30/2019	KBI
Appalachian Metal Prototypes Inc. Several attempts to contact the company with no response. Project expired n April 30, 2019.	Bell	04/30/2015	04/30/2019	KBI
Industry Products Company Per an email dated March 29, 2019, the Company requested to let the project expire.	Scott	04/30/2015	04/30/2019	KBI
Butts Foods Incorporated Several attempts to contact the Company with no response. Project expired on April 30,2019.	Simpson	04/28/2016	04/30/2019	KBI
Progress Rail Raceland Corp Per an email dated March 29, 2019, the Company requested to the let the project expire.	Greenup	04/30/2015	04/30/2019	KBI

May 13, 2019

To the Committee Members
Kentucky Economic Development Finance Authority

We are engaged to audit the financial statements of the Kentucky Economic Development Finance Authority (Authority) for the year ended June 30, 2019. Professional standards require that we provide you with the following information related to our audit.

***Our Responsibilities under U.S. Generally Accepted Auditing Standards
and Government Auditing Standards***

As stated in our engagement letter dated May 13, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the Authority. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our "year-end fieldwork" on July 15, 2019 and to issue our reports no later than October 1, 2019.

Kentucky
Indiana
Ohio

MCM CPAs & Advisors LLP
P 502.749.1900 | F 502.749.1930
2600 Meidinger Tower | 462 South Fourth Street | Louisville, KY 40202
www.mcmcpa.com | 888.587.1719
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To the Committee Members
Kentucky Economic Development Finance Authority
May 13, 2019

Page Two

This information is intended solely for the use of the Committee Members and is not intended to be, and should not be, used by anyone other than this specified party.

Very truly yours,

A handwritten signature in black ink that reads "MCM CPAs & Advisors LLP". The signature is stylized and cursive.

MCM CPAs & Advisors LLP
Louisville, Kentucky

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
TIF REPORT - FINAL APPROVAL**

Date: May 30, 2019
Preliminary Approval: March 29, 2018
Applicant: Department of Finance of LFUCG
Project Name: Coldstream Research Campus Project
City: Lexington **County:** Fayette
Program Type: Mixed-Use Redevelopment in Blighted Urban Areas
TIF Term: 20 years **DFS Staff:** Kylee Palmer

Project Description: The University of Kentucky's Coldstream Research Campus is a premier business site located in the heart of the Kentucky Bluegrass Region. Today, Coldstream is home to over 50 organizations with more than 2,100 employees working in biotechnology, pharmaceuticals and equine health, and a variety of other industry sectors. The planned expansion of 176 acres at the research campus aims to launch new companies and attract out-of-state businesses that place a high priority on connectivity to the University of Kentucky, while also maintaining a growing relationship with established businesses in the community. The proposed development is expected to provide additional space for innovative businesses and employees to thrive, while also providing complimentary and supportive hospitality, dining, retail, and residential options and the public infrastructure required to attract growing businesses.

The proposed development is expected to include:

- Lab Space ~ 190,000 sq. ft.
- Office Space ~ 234,000 sq. ft.
- Residential ~ 243,000 sq. ft.
- Hotel ~ 125 rooms
- Restaurant space ~ 21,000 sq. ft.
- Retail space ~ 15,000 sq. ft.

Total estimated cost of the project is \$199 million, excluding financing.

Construction has begun in 2018 with expected completion in 2024.

Infrastructure: Infrastructure costs per the application total approximately \$33 million:

- Land preparation
- Public buildings/structure
- Sewers/storm drainage
- Curbs, sidewalks, promenades and pedways
- Roads
- Street lighting
- Provision of utilities
- Public space or parks
- Parking
- Easements and rights of way
- Fountains, benches and sculptures

Eligible Public Infrastructure Costs: **\$27,090,729**

Consultant Report:

The project was reviewed by an independent consultant and determined to create a net new positive impact on the Commonwealth. The Office of State Budget Director and the Finance and Administration Cabinet approved the consultant's recommendations and have certified the report and the findings with a statutorily-required Certification of Net Positive Impact to the Commonwealth. The applicant has also reviewed the report and agrees with the findings and the amount eligible for recovery.

Total Capital Investment:

\$ 199,025,029

Type of Eligible Cost: Public Infrastructure**Increment Recovery:**

The following taxes are available for recovery from the footprint over the TIF term through a **50%** recovery, as based on the independent consultant analysis:

Pledged Taxes

Property Tax

Sales Tax

Withholding Tax

Term Pledged

20 years

20 years

20 years

Approved Cost:**\$4,634,000**

Please note only amounts deemed as public infrastructure that occur within the state footprint are eligible for recovery through increments as outlined above. No state taxes shall be eligible for recovery until the minimum capital investment of \$20,000,000 (but not to exceed \$200,000,000) has been verified as being invested in the development area.

Special Condition/Requirement:

In order to ensure the applicant makes the capital investment, staff recommends including the following special condition/requirement:

Total cumulative investment of \$176,463,154, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$4,634,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved of \$4,634,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
HIGH-TECH POOL (HTP) PROJECT REPORT**

Date: May 30, 2019
Company: Kentucky Entrepreneurship Education Network, Inc.
City: Frankfort **County:** Franklin
Activity: Other New Economy Knowledge-Based Activity
New/Existing: Existing
OOE Staff: Kristine McNiel **DFS Staff:** Kylee Palmer

Project Description: Kentucky Entrepreneurship Education Network, Inc. (KEENStart) is requesting support through High Tech Pool (HTP) to gain the opportunity to further impact Kentucky's entrepreneurial ecosystem. KEENStart offers educational opportunities and programs focused on entrepreneurship, design-thinking and innovation strategies. Through designing entrepreneurial experiences outside of the traditional classroom, KEENStart prepares Kentucky teens for an innovation economy and enables them to understand the rigors of creating a company. It brings a framework to the process and helps Kentucky teens see themselves as leaders who are capable of building enterprises and strong communities.

KEENStart's flagship program, the Governor's School for Entrepreneurs (GSE), brings teens from across the state into a three-week residential program, immerses them in a creative space and arms them with the tools needed to unleash their entrepreneurial spirits. During the program, motivated teams of high school students develop a business model, design a prototype, and pitch their startup to a large audience and panel of judges. At GSE, students learn about the opportunities, benefits and pitfalls of taking a business concept from the idea phase to pitching it to potential investors. Since GSE's inaugural year in 2013, 340 teens have completed the program and 7 companies have been formed. The oldest GSE alumni will be seniors in college in 2019.

KEENStart's other program, KY Pitch, will be designed to educate and infuse students from Kentucky's post secondary colleges and universities into the entrepreneurial ecosystem. This will be achieved in two ways.

1. Working with the RISE clusters around the state to develop comprehensive award packages (office space at local incubators/community workspaces, mentorship opportunities, tickets to entrepreneurial events, legal council, accounting services)
2. Creating a curriculum-based application platform to promote entrepreneurial events around Kentucky.

In 2020, KEENStart will align the Commonwealth's entrepreneurial offerings to teens and young adults by consolidating the Lt. Governor's Entrepreneurship Challenge (LGEC) and KY Pitch. Consolidating these pitch competitions would maximize exposure, minimize expenses and give teens and young adults a more complete view of their entrepreneurial options in Kentucky.

Funding Source	Status	Use of Proceeds	Amount
Workforce Education Cabinet	Committed	Governor's School for Entrepreneurs	\$400,400
Private Grants & Donations	Committed	GSE	\$180,000
Fundraising	Requested	GSE	\$20,000
Office of Entrepreneurship	Requested	KY Pitch/GSE - operational expenses	\$265,000
TOTAL			\$865,400

Other Terms: At a minimum, a dollar-for-dollar match will be required.

Disbursement: Funds will be disbursed on a reimbursement basis, with eligible expenses retroactive to March 1, 2019. The company will report on the use of funds every six months with a final report at the end of the project term. The grant term will cover two years, with a maximum of \$132,500 for Year 1 and a maximum of \$132,500 for Year 2. A review of the progress of KEENStart will be performed at the end of Year 1 by the Cabinet to determine if the project funding should continue in Year 2.

All funds must be requested with supporting documentation and progress reports no later than June 30 of each compliance year.

Collateral: No collateral required for this grant.

RECOMMENDED HIGH-TECH POOL FUNDING AMOUNT:

\$265,000

Source of Funds: Cash Pool

Financing Type: Grant

Recommendation:

This project was recommended by the Executive Director, Office of Entrepreneurship

MEMORANDUM

TO: KEDFA Board

FROM: Debbie Phillips *DP*
Incentive Administration Division

DATE: May 30, 2019

SUBJECT: Revenue Bonds, Series 2019 (CommonSpirit Health) – \$330,000,000 –
Amendment to Inducement Resolution

On March 28, 2019, KEDFA approved an inducement resolution related to the proposed issuance of revenue bonds in an aggregate principal amount not to exceed \$135 million on behalf of CommonSpirit Health (formed through the alignment of the ministries of Catholic Health Initiatives and Dignity Health). The bond proceeds were to be used to refinance all or a portion of a series of bonds issued by KEDFA in 2009 and/or acquisition finance all or a portion of projects financed and/or refinanced by a series of bonds issued by KEDFA in 2013, all for the prior benefit of Catholic Health Initiatives.

CommonSpirit Health is requesting an amendment to the inducement resolution to increase the proposed aggregate principal amount to \$330,000,000. The bond proceeds will be used to acquisition finance all or a portion of projects financed and/or refinanced by a series of bonds issued by KEDFA in 2013 and/or refinance all or a portion of a series of bonds issued by KEDFA in 2004 (Series 2004C), 2009 (Series 2009A) and 2011 (Series 2011B-1 and Series 2011-B-2), all for the prior benefit of Catholic Health Initiatives. The local jurisdictions that may be impacted by the project have not changed and include Lexington, Bardstown, Mt. Sterling, London, and Nicholasville, Kentucky.

Please note that 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. Furthermore, 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. Final approval is expected to be sought at the June 2019 Board meeting.

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 recommends KEDFA's adoption of the inducement bond resolution.

KEDFA BOND INFORMATION FORM

Name of Issue: Kentucky Economic Development Authority Revenue Bonds
CommonSpirit Health, Series 2019

Name of project(s) covered by Issue: CommonSpirit Health (the “Corporation”)

Purpose of Issue: (i) acquisition finance all or a portion of projects financed and/or refinanced by the Authority’s Revenue Bonds (Catholic Health Initiatives) Series 2013A (the “**2013A Bonds**”), and/or refinance all or a portion of the Authority’s Revenue Bonds (Catholic Health Initiatives) Series 2004C, 2009A, 2011B-1 and 2011B-2 (collectively with the 2013A Bonds, the “**Existing Bonds**”), (ii) pay costs of issuance, and (iii) fund a debt service reserve fund for the Bonds, if the Corporation determines it is necessary and desirable. The proceeds of the Existing Bonds were used to pay or reimburse certain affiliates of the Corporation (the “**System Affiliates**”) for, or refinance, the costs of acquisition, construction, renovation and installation of certain additions and improvements to and equipment at certain health care and health related facilities (collectively, the “**Health Care Facilities**”) owned and/or operated by certain System Affiliates and located in or near Lexington, Bardstown, Mt. Sterling, London, and Nicholasville (collectively, the “**Projects**”).

Size: Up to \$330,000,000

Proposed date of Sale: July 2019*

Proposed date of issue: August 2019*

Maturity: No more than 40 years from date of issuance

Ratings: CommonSpirit Health Obligated Group ratings are TBD
BBB+/Baa1/BBB+ (legacy Catholic Health Initiatives)
A/A3/A- (legacy Dignity Health)

Security: Revenue pledge from CommonSpirit Health Obligated Group

Date authorization(s): March 28, 2019 (Inducement); May 30, 2019 (Amended Inducement) and June 27, 2019 (Final)

Net Proceeds for Refinancing:	\$282,744,035*
Plus: Issuance Cost	\$6,426,001*
Plus: Debt Service Reserve Fund	\$32,130,004*

GROSS PROCEEDS: \$321,300,040*

Terms of issue: TBD

Net interest rate: TBD

* Preliminary, subject to change

Length of term: Up to 40 years

Gross debt service amount: TBD

Average annual debt service: TBD

First call date: TBD depending on
 structure and market
 conditions

Premium at first call: TBD

Method of sale: Negotiated

Purchasers: Retail and Institutional Investors

Professional Services

Pursuant to the provisions of KRS Chapter 47, the

Agency: CommonSpirit Health

Issue: CommonSpirit Health, Series 2019

is providing information on all costs associated, either directly or indirectly, with the issuance of revenue bonds or notes.

<u>Payee Name/Address*</u>	<u>Participation</u>	<u>Fees, commissions, or any other economic benefits received or anticipated to be received</u>
Kentucky Economic Development Finance Authority Old Capitol Annex 300 West Broadway Frankfort, KY 40601	Issuance Fee	Up to \$10,000
Counsel/Financial Advisors/Underwriters		TBD
Stoll Keenon Ogden PLLC	Issuer's Counsel Fee and Expenses	Up to \$40,000

- * Payees listed shall include issuers, underwriters, placement agents and advisors, financial advisors, remarketing agents, credit enhancers, trustees, accountants, and the counsel of all such persons, bond counsel, special tax counsel, and any other persons receiving financing benefit from the issuance of revenue bonds or notes.

All costs of issuance paid from Bond proceeds.

Note: Changes or additions in amounts or names of payees or recipients shall be furnished to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue, and shall be made available to the public, within three (3) days following such change or addition.

SOURCES AND USES (attach)

Sources: Bond Proceeds
Total Sources

Debt Service: (Attach)

Uses: Capital Improvements and Equipment
Legal, Accounting, Printing, Underwriter's
Discount and Incidental Expenses
Total Uses

FOR REFUNDING ONLY

Bond issue being refinanced: The Authority's Revenue Bonds (Catholic Health Initiatives) Series 2009A (the "2009A Bonds")

The Authority's Revenue Bonds (Catholic Health Initiatives) Series 2013A (the "2013A Bonds")

The Authority's Revenue Bonds (Catholic Health Initiatives) Series 2004C (the "2004C Bonds")

The Authority's Revenue Bonds (Catholic Health Initiatives) Series 2011B-1 and 2011B-2 (the "2011B Bonds")

Amount of principal:	\$263,640,000	Amount to be refunded:	Up to \$263,640,000*
Terms of existing bond issue:	<u>2009A Bonds final maturity: 2029</u> <u>2013A Bonds final maturity: 2045</u> <u>2004C Bonds final maturity: 2034</u> <u>2011B Bonds final maturity: 2046</u>		
Net interest rate:	To be determined based upon structure and market conditions	Length of term:	Up to 40 years
First call date:	TBD depending on structure and market conditions	Call at par	TBD
Average annual debt service	TBD		

REFUNDING ACTIVITY

Funds to apply to refunding: \$282,744,035*

* Preliminary, subject to change

Proceeds from New Bonds \$282,744,035*

Released Debt Service Reserve \$0

Total Available to Pay Old Bond Issue \$282,744,035*

SAVINGS RESULTING FROM REFINANCING


Average annual debt service savings: TBD

Number of years savings will accrue: TBD

Total present value savings: TBD

MEMORANDUM

TO: KEDFA Board

FROM: Robert Aldridge, Director 
Compliance Division

DATE: May 30, 2019

SUBJECT: KBI Amendment
Divisions, Inc. (Campbell County)
KBI project #19094

Divisions, Inc. provides facilities maintenance management services to retail and commercial property owners throughout the United States. The project received final approval on August 28, 2014 to expand the company's headquarters in Newport and activated August 28, 2016. The company has outgrown the original project space at One Riverfront Place and has leased additional space at 1 Levee Way in Newport. The company has requested that the new site be included in the project. This First Amendment to Tax Incentive Agreement adds the new site, creating a project campus, and allows the employees working there to be included as Project Employees. All other aspects of the project remain the same.

Staff recommends approval.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KEIA REPORT**

Date: May 30, 2019
Approved Company: Country Boy Brewing, L.L.C.
City: Georgetown **County:** Scott
Activity: Manufacturing **Resolution #:** KEIA-19-22556
Bus. Dev. Contact: A. Luttner **DFS Staff:** D. Phillips
Project Description: Country Boy Brewing, L.L.C. produces a variety of high quality craft beers that are regionally distributed. The company is considering adding additional space for warehousing raw material, an expansion of its packaging line and the addition of a quality control lab.

Facility Details: Expanding existing operations

Anticipated Project Investment

Land
Building Construction
Electronic Processing Equipment
Research & Development Equipment
Flight Simulation Equipment
Other Equipment
Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$650,000	\$1,888,215
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$0
\$650,000	\$1,888,215

Ownership (20% or more):

Jeffrey Beagle - Georgetown, KY
Nathan Coppage - Lexington, KY
Evan Coppage - Lexington, KY
Daniel Harrison - Sadieville, KY

Other State Participation:

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Aug 30, 2018	KBI	Monitor	\$200,000

Unemployment Rate:

County: 3.5%

Kentucky: 4.4%

Existing Presence in Kentucky:

Fayette and Scott County

Approved Recovery Amount:

Construction Materials and Building Fixtures: \$35,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$35,000

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**KBI REPORT - PRELIMINARY APPROVAL**

Date: May 30, 2019
Approved Company: Log Still Distilling, LLC
City: New Haven **County:** Nelson
Activity: Manufacturing **Prelim Resolution #:** KBI-I-19-22557
Bus. Dev. Contact: J. Kirk **DFS Staff:** K. Greenwell

Project Description: Log Still Distilling, LLC is a producer of high-quality bourbons and ryes. The company is considering purchasing land in New Haven to develop a new full-scale bourbon production facility.

Facility Details: Locating in a new facility

Anticipated Project Investment - Owned

Land
Building/Improvements
Equipment
Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$650,000	\$650,000
\$5,850,000	\$5,850,000
\$200,000	\$3,500,000
\$2,000,000	\$2,000,000
\$8,700,000	\$12,000,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$26.00	
1	10	\$26.00	\$50,000
2	15	\$26.00	\$50,000
3	20	\$26.00	\$50,000
4	20	\$26.00	\$50,000
5	20	\$26.00	\$50,000
6	20	\$26.00	\$50,000
7	20	\$26.00	\$50,000
8	20	\$26.00	\$50,000
9	20	\$26.00	\$50,000
10	20	\$26.00	\$50,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$500,000

County Type:

Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Ownership (20% or more):

John Wallace Dant, III - Nashville, TN

Juan Vallarino - Brentwood, TN

Active State Participation at the project site: None**Requested Wage Assessment / Local Participation:**

State: 3.0%

Local: .5% Nelson County

Unemployment Rate:

County: 4.9%

Kentucky: 4.4%

Existing Presence in Kentucky: None**Special Conditions:** None

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KEIA REPORT**

Date: May 30, 2019
Approved Company: Log Still Distilling, LLC
City: New Haven
Activity: Manufacturing
Bus. Dev. Contact: J. Kirk

County: Nelson
Resolution #: KEIA-19-22558
DFS Staff: K. Greenwell

Project Description: Log Still Distilling, LLC is a producer of high-quality bourbons and ryes. The company is considering purchasing land in New Haven to develop a new full-scale bourbon production facility.

Facility Details: Locating in a new facility

Anticipated Project Investment

Land
Building Construction
Electronic Processing Equipment
Research & Development Equipment
Flight Simulation Equipment
Other Equipment
Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$650,000
\$3,500,000	\$5,850,000
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$3,500,000
\$0	\$2,000,000
\$3,500,000	\$12,000,000

Existing Presence in Kentucky: None

Approved Recovery Amount:

Construction Materials and Building Fixtures: \$100,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$100,000

See KBI file (KBI-I-19-22557) for Ownership, Other State Participation and Unemployment Rate.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**KBI REPORT - PRELIMINARY APPROVAL**

Date: May 30, 2019
Approved Company: Pennington Stave and Cooperage Corp
City: Edmonton **County:** Metcalfe
Activity: Manufacturing **Prelim Resolution #:** KBI-I-19-22583
Bus. Dev. Contact: C. Peek **DFS Staff:** M. Elder

Project Description: Pennington Stave and Cooperage Corp, a startup company, is considering locating a stave mill and cooperage in the Edmonton-Metcalfe County Industrial Park. The company would produce staves and new barrels required for the growing spirits and wine industries.

Facility Details: Locating in a new facility

Anticipated Project Investment - Owned

	Eligible Costs	Total Investment
Land	\$310,000	\$310,000
Building/Improvements	\$9,054,420	\$9,054,420
Equipment	\$1,700,000	\$19,700,000
Other Start-up Costs	\$5,350,000	\$5,350,000
TOTAL	\$16,414,420	\$34,414,420

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	85	\$18.00	
1	124	\$18.00	\$150,000
2	126	\$18.00	\$250,000
3	126	\$18.00	\$200,000
4	126	\$18.00	\$200,000
5	126	\$18.00	\$200,000
6	126	\$18.00	\$200,000
7	126	\$18.00	\$200,000
8	126	\$18.00	\$200,000
9	126	\$18.00	\$200,000
10	126	\$18.00	\$200,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$2,000,000

County Type:

Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Ownership (20% or more):

Chad Pennington Edmonton, KY

Active State Participation at the project site: None**Requested Wage Assessment / Local Participation:**

State: 3.0%

Local: .5% City of Edmonton/ .5% Metcalfe County

Unemployment Rate:

County: 4.2%

Kentucky: 4.4%

Existing Presence in Kentucky: None**Special Conditions:**

The company acknowledges that the Project is to be located in a county currently certified as an enhanced incentive county, and further acknowledges that it does not wish to proceed under the KBI program provisions applicable to such projects, and instead waives the enhanced county benefits.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**KBI REPORT - PRELIMINARY APPROVAL**

Date: May 30, 2019
Approved Company: Adient US LLC
City: Georgetown
Activity: Manufacturing
Bus. Dev. Contact: J. Neal

County: Scott
Prelim Resolution #: KBI-I-19-22559
DFS Staff: M. Elder

Project Description: Adient US LLC, formally Johnson Controls, opened for business in 1993, as an automotive manufacturing operation. A well known car manufacturer has awarded Adient a contract to assemble seats for a line of vehicles. The company is considering adding additional square footage to its existing facility to support the new raw material receiving and staging necessary for this new contract.

Facility Details: Expanding existing operations

Anticipated Project Investment - Owned

Land
Building/Improvements
Equipment
Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$2,669,383	\$2,669,383
\$840,000	\$2,402,260
\$1,422,823	\$1,422,823
\$4,932,206	\$6,494,466

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage . Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	42	\$27.00	
1	42	\$27.00	\$65,000
2	42	\$27.00	\$65,000
3	42	\$27.00	\$65,000
4	42	\$27.00	\$65,000
5	42	\$27.00	\$65,000
6	42	\$27.00	\$65,000
7	42	\$27.00	\$65,000
8	42	\$27.00	\$65,000
9	42	\$27.00	\$65,000
10	42	\$27.00	\$65,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$650,000

County Type:
Other

Statutory Minimum Wage Requirements:
Base hourly wage: \$10.88
Total hourly compensation: \$12.51

Ownership (20% or more):
Publicly Traded

Active State Participation at the project site: None

Requested Wage Assessment / Local Participation:
State: 3.0%
Local: .5% City of Georgetown / .5% Scott County Fiscal Court

Unemployment Rate:
County: 3.5% Kentucky: 4.4%

Existing Presence in Kentucky:
Clark and Scott Counties

Special Conditions:

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 reported 683 full-time, Kentucky resident employees as of the application date.

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.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**KBI REPORT - PRELIMINARY APPROVAL**

Date: May 30, 2019
Approved Company: CCI Industrial Services, LLC
City: Somerset **County:** Pulaski
Activity: Manufacturing **Prelim Resolution #:** KBI-I-19-22581
Bus. Dev. Contact: A. Luttner **DFS Staff:** D. Phillips
Project Description: CCI Industrial Services, LLC specializes in industrial machinery moving and fabrication. The company is considering the construction of a new facility and the purchase of equipment to meet growing demands.

Facility Details: Locating in a new facility

Anticipated Project Investment - Owned

Land
Building/Improvements
Equipment
Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$500,000	\$500,000
\$2,000,000	\$2,000,000
\$500,000	\$500,000
\$200,000	\$200,000
\$3,200,000	\$3,200,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	50	\$20.00	
1	75	\$20.00	\$125,000
2	75	\$20.00	\$125,000
3	100	\$20.00	\$125,000
4	100	\$20.00	\$125,000
5	100	\$20.00	\$125,000
6	100	\$20.00	\$125,000
7	100	\$20.00	\$125,000
8	100	\$20.00	\$125,000
9	100	\$20.00	\$125,000
10	100	\$20.00	\$125,000
11			
12			
13			
14			
15			

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$1,250,000

County Type:

Enhanced

Statutory Minimum Wage Requirements:

Base hourly wage: \$9.06

Total hourly compensation: \$10.42

Ownership (20% or more):

Rick Cable - Somerset, KY

Randy Cable - Somerset, KY

Active State Participation at the project site:

<u>Date</u>	<u>Program</u>	<u>Status / Jobs Required</u>	<u>Amount</u>
Mar 28, 2013	KBI	Monitor/31	\$300,000

Requested Wage Assessment / Local Participation:

State: 5.0%

Unemployment Rate:

County: 5.4%

Kentucky: 4.4%

Existing Presence in Kentucky:

Pulaski County

Special Conditions:

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 31 (*base employment number required by previous project*) full-time, Kentucky resident employees.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**KBI REPORT - PRELIMINARY APPROVAL**

Date: May 30, 2019
Approved Company: ABB/CON-CISE Optical Group LLC
City: Erlanger **County:** Kenton
Activity: Manufacturing **Prelim Resolution #:** KBI-IL-19-22555
Bus. Dev. Contact: K. Slattery **DFS Staff:** K. Greenwell

Project Description: ABB/CON-CISE Optical Group LLC is the nation's premier, independent distributor of optical products. The company manufactures gas permeable contact lenses, distributes soft contact lenses and creates state-of-the-art custom eyewear. ABB Optical is considering leasing a facility for its Digital Eye Lab to help meet growing demand.

Facility Details: Locating in a new facility

Anticipated Project Investment - Leased

Rent
Building/Improvements
Equipment
Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$1,638,000	\$3,276,000
\$1,573,000	\$1,573,000
\$700,000	\$8,555,000
\$1,568,000	\$1,568,000
\$5,479,000	\$14,972,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	35	\$18.00	
1	50	\$18.00	\$200,000
2	90	\$18.00	\$200,000
3	150	\$18.00	\$200,000
4	185	\$18.00	\$200,000
5	190	\$18.00	\$200,000
6	195	\$18.00	\$200,000
7	200	\$18.00	\$200,000
8	200	\$18.00	\$200,000
9	200	\$18.00	\$200,000
10	200	\$18.00	\$200,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$2,000,000

County Type:
Other

Statutory Minimum Wage Requirements:
Base hourly wage: \$10.88
Total hourly compensation: \$12.51

Ownership (20% or more):

Tom Burke - Swampscott, MA
Angel I. Alvarez - Coral Gables, FL

Active State Participation at the project site: None

Requested Wage Assessment / Local Participation:

State: 1.5%
Local: .5% City of Erlanger

Unemployment Rate:

County: 3.6%
Kentucky: 4.4%

Existing Presence in Kentucky: None

Special Conditions: None

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**KBI REPORT - PRELIMINARY APPROVAL**

Date: May 30, 2019
Approved Company: Richmond Auto Parts Technology, Inc.
City: Richmond **County:** Madison
Activity: Manufacturing **Prelim Resolution #:** KBI-I-19-22582
Bus. Dev. Contact: B. Cox **DFS Staff:** D. Phillips
Project Description: Richmond Auto Parts Technology, Inc. (RAPT) is a Tier I and Tier II supplier of the automotive industry. RAPT specializes and manufactures automatic transmission gears and components parts. The company is considering adding a new product line to help meet growing demands.

Facility Details: Expanding existing operations

Anticipated Project Investment - Owned

	Eligible Costs	Total Investment
Land	\$0	\$0
Building/Improvements	\$300,000	\$300,000
Equipment	\$200,000	\$20,615,281
Other Start-up Costs	\$843,530	\$843,530
TOTAL	\$1,343,530	\$21,758,811

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$25.00	
1	10	\$25.00	\$35,000
2	15	\$25.00	\$35,000
3	20	\$25.00	\$35,000
4	20	\$25.00	\$35,000
5	20	\$25.00	\$35,000
6	20	\$25.00	\$35,000
7	20	\$25.00	\$35,000
8	20	\$25.00	\$35,000
9	20	\$25.00	\$35,000
10	20	\$25.00	\$35,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$350,000

County Type:

Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Ownership (20% or more):

Aikitec - Aichi- Japan

American Honda Motor Co., Inc. - Los Angeles, CA

Active State Participation at the project site: None**Requested Wage Assessment / Local Participation:**

State: 3.0%

Local: 1.0% - The City of Richmond

Unemployment Rate:

County: 4.1%

Kentucky: 4.4%

Existing Presence in Kentucky:

Madison County

Special Conditions:

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 reported 145 full-time, Kentucky resident employees as of the application date.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**KBI REPORT - PRELIMINARY APPROVAL**

Date: May 30, 2019
Approved Company: Tailor Made Compounding, LLC
Approved Affiliate(s): DEAL Media L.L.C.
City: Nicholasville **County:** Jessamine
Activity: Manufacturing **Prelim Resolution #:** KBI-I-19-22584
Bus. Dev. Contact: B. Cox **DFS Staff:** D. Phillips

Project Description: Tailor Made Compounding, LLC is a pharmacy related company specializing in amino acid and peptide medications. The company is considering an expansion of its current facility in Nicholasville.

Facility Details: Expanding existing operations

Anticipated Project Investment - Owned

	Eligible Costs	Total Investment
Land	\$0	\$0
Building/Improvements	\$400,000	\$400,000
Equipment	\$200,000	\$200,000
Other Start-up Costs	\$200,000	\$200,000
TOTAL	\$800,000	\$800,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	30	\$22.00	
1	30	\$22.00	\$50,000
2	35	\$22.00	\$50,000
3	40	\$22.00	\$50,000
4	40	\$22.00	\$50,000
5	40	\$22.00	\$50,000
6	40	\$22.00	\$50,000
7	40	\$22.00	\$50,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$350,000

County Type:

Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Ownership (20% or more):

Delk Enterprises, Inc. - Nicholasville, KY

Intergrative Medical Holding Inc. - Hong Kong

Active State Participation at the project site: None**Requested Wage Assessment / Local Participation:**

State: 3.0%

Local: .60% - The City of Nicholasville/.40% Jessamine County

Unemployment Rate:

County: 3.8%

Kentucky: 4.4%

Existing Presence in Kentucky:

Jessamine County

Special Conditions:

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 reported 60 full-time, Kentucky resident employees as of the application date.

Only investment costs incurred by the approved company will be considered towards calculating eligible costs. Only the approved company may participate in the corporate income tax credit incentive (no affiliate is eligible). The jobs creation/maintenance and wage requirements will be satisfied collectively by the approved company and the affiliate(s) recognized above.

MEMORANDUM

TO: KEDFA Board Members
FROM: Michelle Elder 
Incentive Administration Division
DATE: May 30, 2019
SUBJECT: KBI Extensions

The following companies have previously received KBI preliminary approval and are requesting approval of a time extension:

Company	County	Extension
Bluegrass Supply Chain Services, LLC	Edmonson	12 Month
Pilgrim's Pride Corporation	Graves	12 Month
Pride Industries, Inc.	Union	12 Month

Staff recommends approval.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KBI REPORT - FINAL APPROVAL**

Date: May 30, 2019
Preliminary Approval: May 29, 2014
Approved Company: Accumetric, LLC
City: Elizabethtown
Activity: Manufacturing
Bus. Dev. Contact: L. Ransdell

County: Hardin
Final Resolution #: KBI-F-19-19940
DFS Staff: M. Elder

Project Description: Accumetric, LCC manufactures adhesives, sealants and lubricants for the construction and industrial industries. To accommodate for growth the company added new technologies and expanded its current facility.

Anticipated Project Investment - Owned	Eligible Costs	Total Investment
	\$17,940,000	\$21,200,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	62	\$24.00	
1	77	\$24.00	\$120,000
2	77	\$24.00	\$120,000
3	77	\$24.00	\$120,000
4	77	\$24.00	\$120,000
5	77	\$24.00	\$120,000
6	77	\$24.00	\$120,000
7	77	\$24.00	\$120,000
8	77	\$24.00	\$120,000
9	77	\$24.00	\$120,000
10	77	\$24.00	\$120,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$1,200,000

County Type:
Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Special Conditions:

Maintain Base Employment: 80

Modifications since preliminary approval? No

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KBI REPORT - FINAL APPROVAL**

Date: May 30, 2019
Preliminary Approval: March 26, 2015
Approved Company: Rajant Corporation
City: Morehead
Activity: Manufacturing
Bus. Dev. Contact: L. Ransdell

County: Rowan
Final Resolution #: KBI-FL-19-20340
DFS Staff: M. Elder

Project Description: Founded in 2002, Rajant Corporation produces wireless solutions which provide networks for various industries such as military, mining, homeland security, first responders, railroads, oil and gas, telecommunications service providers, ports and public safety. The company established an operation in Morehead.

Anticipated Project Investment - Leased

Eligible Costs	Total Investment
\$522,151	\$762,151

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	23	\$16.00	
1	28	\$16.00	\$30,000
2	28	\$16.00	\$30,000
3	28	\$16.00	\$30,000
4	28	\$16.00	\$30,000
5	28	\$16.00	\$30,000
6	28	\$16.00	\$30,000
7	28	\$16.00	\$30,000
8	28	\$16.00	\$30,000
9	28	\$16.00	\$30,000
10	28	\$16.00	\$30,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$300,000

County Type:
Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Special Conditions: None

Modifications since preliminary approval? No

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KBI REPORT - FINAL APPROVAL

Date: May 30, 2019
Preliminary Approval: August 31, 2017
Approved Company: The Bardstown Bourbon Company, LLC
City: Bardstown **County:** Nelson
Activity: Manufacturing **Final Resolution #:** KBI-F-19-21758
Bus. Dev. Contact: K. Slattery **DFS Staff:** K. Greenwell

Project Description: The Bardstown Bourbon Company, LLC founded in 2014, is one of the largest new distilleries in America. The company produces whiskey, bourbon, and rye for its own brands as well as for its Collaborative Distilling Program partners. The company completed a capital project to double the capacity of its distillery.

Anticipated Project Investment - Owned	Eligible Costs	Total Investment
	\$12,200,000	\$18,000,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$37.00	
1	10	\$37.00	\$30,000
2	10	\$37.00	\$30,000
3	10	\$37.00	\$30,000
4	10	\$37.00	\$30,000
5	10	\$37.00	\$30,000
6	10	\$37.00	\$30,000
7	10	\$37.00	\$30,000
8	10	\$37.00	\$30,000
9	10	\$37.00	\$30,000
10	10	\$37.00	\$30,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$300,000

County Type:
Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88
Total hourly compensation: \$12.51

Special Conditions:

Maintain Base Employment: 34

Modifications since preliminary approval? No

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KBI REPORT - FINAL APPROVAL

Date: May 30, 2019
Preliminary Approval: March 26, 2015
Approved Company: Catalent Pharma Solutions, LLC
City: Winchester **County:** Clark
Activity: Manufacturing **Final Resolution #:** KBI-F-19-20343
Bus. Dev. Contact: L. Ransdell **DFS Staff:** D. Phillips

Project Description: Catalent Pharma Solutions is a leader in the pharmaceutical industry, from drug and biologic development services to delivery technologies supply solutions, including integrated manufacturing and packaging solutions. The project included the renovation, expansion and purchase of new equipment for its Winchester facility due to significant product demand.

Anticipated Project Investment - Owned

Eligible Costs	Total Investment
\$32,132,750	\$61,760,250

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	100	\$32.00	
1	140	\$32.00	\$500,000
2	180	\$32.00	\$500,000
3	220	\$32.00	\$500,000
4	260	\$32.00	\$500,000
5	300	\$32.00	\$500,000
6	300	\$32.00	\$500,000
7	300	\$32.00	\$500,000
8	300	\$32.00	\$500,000
9	300	\$32.00	\$500,000
10	300	\$32.00	\$500,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$5,000,000

County Type:
Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Special Conditions:

Maintain Base Employment: 393

Modifications since preliminary approval? Yes

The total negotiated tax incentive amount increased from \$4,500,000 to \$5,000,000. All other aspects of the project remain the same.

Kentucky Small Business Tax Credit Projects
May 2019

Small Business	County	Beginning Employment	Eligible Positions	Average Hourly Wage	Qualifying Equipment/ Technology	Tax Credit Amount
Allstate Mechanical LLC	Jefferson	10	3	\$19.17	\$16,995	\$10,500
Bluegrass Tool & Industrial, LLC	Fayette	17	6	\$24.95	\$26,771	\$21,000
Consultant Solutions, Incorporated	Fayette	25	6	\$22.50	\$34,998	\$21,000
Corvin's Furniture & Carpet, LLC	Nelson	14	3	\$21.57	\$15,400	\$10,500
Helios Aerosystems, LLC	Fayette	2	1	\$31.50	\$5,566	\$3,500
IDT Tools, Inc.	Franklin	21	1	\$22.00	\$99,725	\$3,500
Industrial Field Maintenance, LLC	Fleming	8	8	\$33.25	\$39,393	\$25,000
Janson Communications, LLC	Boyd	16	2	\$17.50	\$30,764	\$7,000
Kendor Wood, Inc.	Graves	37	1	\$14.25	\$5,000	\$3,500
Local Termite & Pest Control Company	Washington	7	1	\$19.01	\$16,500	\$3,500
Louisville Esthetics, LLC	Jefferson	2	1	\$20.67	\$26,000	\$3,500
Map Enterprises Inc.	Graves	26	8	\$19.62	\$25,368	\$25,000
Michael A. Winters, DC, P.S.C.	McCracken	2	1	\$14.00	\$7,995	\$3,500
MILA International, Inc.	Boone	17	1	\$27.75	\$83,000	\$3,500
MosquitoMate, Inc.	Fayette	3	2	\$20.52	\$22,512	\$7,000
Murphy Excavating, LLC	Daviess	10	2	\$18.50	\$15,031	\$7,000
Najla's Specialty Foods, Inc.	Jefferson	9	4	\$15.63	\$17,068	\$14,000
On Target Cleaning and Restoration LLC	Warren	2	1	\$11.00	\$16,112	\$3,500
Top Notch Turf, LLC	McLean	0	1	\$20.00	\$13,900	\$3,500

Small Business	County	Beginning Employment	Eligible Positions	Average Hourly Wage	Qualifying Equipment/ Technology	Tax Credit Amount
Wright Contracting Services, Inc.	Kenton	15	1	\$16.01	\$57,950	\$3,500
20	14		54	Total	\$576,048	\$183,000

Note: The tax credit amount will be equal to \$3,500 per eligible position, not to exceed the purchase price of qualifying equipment or technology, with a maximum income tax credit of \$25,000 per company for each calendar year. Per KRS 154.60-020, the maximum amount of credits that may be committed in each state fiscal year shall be capped at \$3,000,000.

Credit Limit	\$3,000,000
Current FY Projected/ Approved Credits	\$1,629,900
Remaining Credits	\$1,370,100