



## 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 *KS*  
Department for Financial Services

**DATE:** May 24, 2019

**SUBJECT:** KEDFA Board Meeting

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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**

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Minutes from April 25, 2019 Regular KEDFA Board Meeting

Minutes from April 25, 2019 Executive KEDFA Board Meeting

**Reports**

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Approved/Undisbursed Report

Kylee Palmer

Financial Statements and Monitoring Reports

Krista Harrod

Auditor Communication

Katie Smith

**TIF Project (Final)**

Kylee Palmer

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Department of Finance of LFUCG

Fayette

Coldstream Research Campus Project

**HTP Project**

Kristine McNiel / Kylee Palmer

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Kentucky Entrepreneurship Education Network, Inc.

Franklin

KEENStart

**KEDFA IRB (Amendment)**

Debbie Phillips

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CommonSpirit Health

**KBI Project (Amendment)**

Bobby Aldridge

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Divisions, Inc.

Campbell

**KEIA Projects**

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Country Boy Brewing, L.L.C.

Scott

Andy Luttner / Debbie Phillips

**KBI Projects (Preliminary) & KEIA Projects**

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Log Still Distilling LLC

Nelson

Jim Kirk / Kate Greenwell

Log Still Distilling LLC

Nelson

**KBI Projects (Preliminary)**

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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

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#### **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.

<u>Company</u>	<u>County</u>	<u>Extension</u>
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.

<b>Company</b>	<b>County</b>	<b>Extension</b>
<b>iServe Products Inc.</b>	Boone	6 Month
<b>Sumitomo Electric Wiring Systems, Inc.</b>	Simpson	6 Month
<b>Fischbach USA Inc.</b>	Hardin	12 Month
<b>Hera Testing Laboratories, Inc.</b>	Fayette	12 Month
<b>Interapt, LLC</b>	Jefferson	12 Month
<b>RXC Acquisition Company dba RXCrossroads</b>	Jefferson	12 Month
<b>Summit Biosciences Inc.</b>	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:**

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
<b>Flottweg Separation Technology, Inc.</b>	Boone	Manufacturing
<b>Jack Riley Investments LLC</b>	Warren	Service & Technology
<b>Safai Enterprises, Inc.</b>	Jefferson	Manufacturing
<b>Toyotetsu America, Inc.</b>	Pulaski	Manufacturing
<b>Zoeller Company</b>	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 Insperty 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:

<b>Qualified Small Business</b>	<b>County</b>	<b>Beg. Emp.</b>	<b>Elig. Pos.</b>	<b>Average Hourly Wage</b>	<b>Qualifying Equipment and/or Technology</b>	<b>Tax Credit</b>
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

	<b>FUND A</b>	<b>BOND FUND</b>	<b>Small Bus. Loan Pool</b>	<b>KEDFA 4/30/19</b>	<b>OOE 4/30/19</b>	<b>COMBINED 4/30/19</b>
<b><u>ASSETS</u></b>						
<b>Cash &amp; Accounts Receivable</b>						
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
<b>Total Cash &amp; Accounts Receivable</b>	<b>3,683,701.86</b>	<b>17,061,973.36</b>	<b>406,502.22</b>	<b>21,152,177.44</b>	<b>3,393,870.68</b>	<b>24,546,048.12</b>
<b>Accrued Interest Receivable</b>						
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
<b>Total Accrued Interest Receivable</b>	<b>34,748.34</b>	<b>31,781.67</b>	<b>687.55</b>	<b>67,217.56</b>	<b>0.00</b>	<b>67,217.56</b>
<b>Notes Receivable</b>						
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)
<b>Total Notes Receivable</b>	<b>18,161,966.17</b>	<b>1,353,031.28</b>	<b>0.00</b>	<b>18,080,275.02</b>	<b>0.00</b>	<b>18,080,275.02</b>
<b>TOTAL ASSETS</b>	<b>21,880,416.37</b>	<b>18,446,786.31</b>	<b>407,189.77</b>	<b>39,299,670.02</b>	<b>3,393,870.68</b>	<b>42,693,540.70</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>						
Deferred Outflows Pension				1,730,000.00	0.00	1,730,000.00
Deferred Outflows OPEB				324,000.00	0.00	324,000.00
<b><u>LIABILITIES</u></b>						
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
<b>TOTAL LIABILITIES</b>				<b>10,895,609.88</b>	<b>0.00</b>	<b>10,895,609.88</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Deferred Inflows Pension				234,000.00	0.00	234,000.00
Deferred Inflows OPEB				36,000.00	0.00	36,000.00
<b><u>NET POSITION</u></b>						
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)
<b>TOTAL NET POSITION</b>				<b>30,188,060.14</b>	<b>3,393,870.68</b>	<b>33,581,930.82</b>

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
<b>Operating Revenues - KEDFA</b>						
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
<b>Total Operating Revenues - KEDFA</b>	<b>68,988.31</b>	<b>31,111.60</b>	<b>687.55</b>	<b>0.00</b>	<b>852,341.92</b>	<b>704,598.92</b>
<b>Operating Expenses - KEDFA</b>						
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
<b>Total Operating Expenses - KEDFA</b>	<b>211,078.28</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,026,036.97</b>	<b>1,639,570.72</b>
<b>Income (Loss) from Operations - KEDFA</b>	<b>(142,089.97)</b>	<b>31,111.60</b>	<b>687.55</b>	<b>0.00</b>	<b>(1,173,695.05)</b>	<b>(934,911.20)</b>
<b>Non-Operating Revenues (Expenses) - KEDFA</b>						
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)	(1,790,262.68)
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
<b>Total Non-Operating Revenues (Expenses) -</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>146,965.21</b>	<b>(1,503,294.77)</b>
<b>CHANGE IN NET POSITION - KEDFA</b>	<b>(142,089.97)</b>	<b>31,111.60</b>	<b>687.55</b>	<b>0.00</b>	<b>(1,026,729.84)</b>	<b>(2,438,205.97)</b>
<b>Operating revenues (expenses) - OOE</b>						
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
<b>Non-Operating Revenues (Expenses) - OOE</b>						0.00
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)
<b>CHANGE IN NET POSITION - OOE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>11,589.61</b>	<b>(1,131,838.71)</b>
<b>CHANGE IN NET POSITION - COMBINED</b>	<b>(142,089.97)</b>	<b>31,111.60</b>	<b>687.55</b>	<b>0.00</b>	<b>(1,015,140.23)</b>	<b>(3,570,044.68)</b>

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>
<b>Fund A Cash Balance</b>	\$2,359,096.23	\$1,293,203.35
Less: Approved/Undisbursed		
<b>Total Unobligated Balance</b>	<b>\$2,359,096.23</b>	<b>\$1,293,203.35</b>
<b>2003 Bond Fund Cash Balance</b>	\$15,068,913.26	\$17,061,973.36
Less: Approved/Undisbursed	(2,634,938.00)	(2,361,774.00)
<b>Total Unobligated Balance</b>	<b>\$12,433,975.26</b>	<b>\$14,700,199.36</b>
<b>Small Business Loan Fund Cash Balance</b>	\$399,626.98	\$406,502.22
Less: Approved/Undisbursed		
<b>Total Unobligated Balance</b>	<b>\$399,626.98</b>	<b>\$406,502.22</b>
<b>Bond Funds to be Provided for Loans</b>		
Less: Approved/Undisbursed		
<b>Total Unobligated Balance</b>	<b>\$0.00</b>	<b>\$0.00</b>
Budget: Cash to be Transferred to Other CED Programs for		<b>\$0.00</b>
<b>CASH AVAILABLE</b>	<b>\$15,192,698.47</b>	<b>\$16,399,904.93</b>
<b>OCI Fund Cash Balance</b>		
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		
<b>Total Unobligated Balance</b>	<b>\$2,489,247.07</b>	<b>\$2,639,247</b>
<b>TOTAL ALL FUNDS</b>	<b>\$17,681,945.54</b>	<b>\$19,039,151.61</b>

**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
<b>Grand Total</b>	<b>\$222,419,626</b>	<b>\$193,036,689</b>	<b>\$59,845,588</b>	<b>31%</b>

- 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

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



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**

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 written in a cursive, stylized font.

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:

<u>Pledged Taxes</u>	<u>Term Pledged</u>
Property Tax	20 years
Sales Tax	20 years
Withholding Tax	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			<b>\$865,400</b>

**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:**

<b>\$265,000</b>
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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")

<b>Amount of principal:</b>	\$263,640,000	<b>Amount to be refunded:</b>	Up to \$263,640,000*
<b>Terms of existing bond issue:</b>	<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>		
<b>Net interest rate:</b>	To be determined based upon structure and market conditions	<b>Length of term:</b>	Up to 40 years
<b>First call date:</b>	TBD depending on structure and market conditions	<b>Call at par</b>	TBD
<b>Average annual debt service</b>	TBD		

REFUNDING ACTIVITY

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

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\* 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

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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**

**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**

	<b>Eligible Costs</b>	<b>Total Investment</b>
Land	\$650,000	\$650,000
Building/Improvements	\$5,850,000	\$5,850,000
Equipment	\$200,000	\$3,500,000
Other Start-up Costs	\$2,000,000	\$2,000,000
<b>TOTAL</b>	<b>\$8,700,000</b>	<b>\$12,000,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

<b>Year</b>	<b>Job Target</b>	<b>Average Hourly Wage Target (Including Employee Benefits)</b>	<b>Annual Approved Cost Limitation</b>
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 **County:** Nelson  
**Activity:** Manufacturing **Resolution #:** KEIA-19-22558  
**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**

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
<b>\$3,500,000</b>	<b>\$12,000,000</b>

**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**

	<b>Eligible Costs</b>	<b>Total Investment</b>
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
<b>TOTAL</b>	<b>\$16,414,420</b>	<b>\$34,414,420</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

<b>Year</b>	<b>Job Target</b>	<b>Average Hourly Wage Target (Including Employee Benefits)</b>	<b>Annual Approved Cost Limitation</b>
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**





**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
<b>\$4,932,206</b>	<b>\$6,494,466</b>

**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**





**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**

	<b>Eligible Costs</b>	<b>Total Investment</b>
Land	\$500,000	\$500,000
Building/Improvements	\$2,000,000	\$2,000,000
Equipment	\$500,000	\$500,000
Other Start-up Costs	\$200,000	\$200,000
<b>TOTAL</b>	<b>\$3,200,000</b>	<b>\$3,200,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

<b>Year</b>	<b>Job Target</b>	<b>Average Hourly Wage Target (Including Employee Benefits)</b>	<b>Annual Approved Cost Limitation</b>
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**





**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
<b>\$5,479,000</b>	<b>\$14,972,000</b>

**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**

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

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

<b>Year</b>	<b>Job Target</b>	<b>Average Hourly Wage Target (Including Employee Benefits)</b>	<b>Annual Approved Cost Limitation</b>
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

<b>Anticipated Project Investment - Owned</b>	<b>Eligible Costs</b>	<b>Total Investment</b>
Land	\$0	\$0
Building/Improvements	\$400,000	\$400,000
Equipment	\$200,000	\$200,000
Other Start-up Costs	\$200,000	\$200,000
<b>TOTAL</b>	<b>\$800,000</b>	<b>\$800,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

<b>Year</b>	<b>Job Target</b>	<b>Average Hourly Wage Target (Including Employee Benefits)</b>	<b>Annual Approved Cost Limitation</b>
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

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

<b>Company</b>	<b>County</b>	<b>Extension</b>
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 **County:** Hardin  
**Activity:** Manufacturing **Final Resolution #:** KBI-F-19-19940  
**Bus. Dev. Contact:** L. Ransdell **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 **County:** Rowan  
**Activity:** Manufacturing **Final Resolution #:** KBI-FL-19-20340  
**Bus. Dev. Contact:** L. Ransdell **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**

<b>Small Business</b>	<b>County</b>	<b>Beginning Employment</b>	<b>Eligible Positions</b>	<b>Average Hourly Wage</b>	<b>Qualifying Equipment/Technology</b>	<b>Tax Credit Amount</b>
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

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

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
<b>Remaining Credits</b>	<b>\$1,370,100</b>