



## 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:** June 21, 2019

**SUBJECT:** KEDFA Board Meeting

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The Kentucky Economic Development Finance Authority's next regular board meeting is scheduled for **Thursday, June 27, 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

June 27, 2019

Call to Order  
Notification of Press  
Roll Call

### Minutes

Minutes from May 30, 2019 Regular KEDFA Board Meeting  
Minutes from May 30, 2019 Executive Meeting

### Reports

Approved/Undisbursed Report	Kylee Palmer
Financial Statements and Monitoring Reports	Katie Smith

### Local IRB Project

Nucor Steel Gallatin LLC	Gallatin
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### KEDFA IRB Project (Final)

CommonSpirit Health	Debbie Phillips
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### KEDFA IRB Project (Amendment)

Carmel Manor, Inc.	Campbell
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### KBI Projects (Amendment)

Amazon.com Services, Inc.	Clark
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### KEIA Projects (Extension)

DCL Logistics	Jefferson
Takigawa Corporation America	Nelson
Accumetric LLC	Hardin
Cabot Corporation	Carroll
Carter Lumber Company	Warren
FedEx Ground Package System Inc.	Boone
Altec Inc. dba Altec Industries, Inc.	Hardin
Ironton Enterprises LLC	McCracken
Kentucky Fresh Harvest, LLC	Lincoln
Logan Aluminum	Logan
Michter's Distillery LLC	Washington

Nucor Steel Gallatin LLC	Gallatin
Orbis Material Handling, Inc.	Nelson
Piramal Pharma Solutions LLC	Fayette

#### **KBI Projects (Preliminary)**

International Farmaceutical Extracts LLC	Boyle	Andy Luttner / Michelle Elder
Itsuwa KY, LLC	Nelson	Andy Luttner / Michelle Elder
Alpla, Inc.	Warren	Lindsey Ransdell / Michelle Elder

#### **KBI Projects (Extension)**

Michelle Elder

Ervin Cable Construction of Florida, LLC	Union
Astecnos America Corporation	Jessamine
Beltline Electric Company, Inc.	McCracken
General Motors LLC	Warren
INFAC North America Inc.	Taylor
Robert Bosch Automotive Steering LLC	Boone

#### **KBI Projects (Final)**

Debbie Phillips

EZ Pack Refuse Hauling Solutions, LLC dba Commercial Specialty Truck Holdings	Harrison
IDEXX Distribution, Inc.	Jefferson
Nucor Steel Gallatin LLC	Gallatin
Central Motor Wheel of America, Inc.	Bourbon
DecoArt, Inc.	Lincoln
Ernst & Young U.S. LLP	Jefferson
Smart Wood USA, LLC	Knox

#### **KRA Project (Final)**

Debbie Phillips

Tarter Tube, LLC	Casey
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#### **IEIA Project (Extension)**

Kylee Palmer

Secure Energy Kentucky, LLC	McCracken
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#### **KSBTC**

Tim Back

Babcon Inc.	Madison
Craig Services LLC	Jessamine
CSS Distribution Group, Inc.	Jefferson
Engineered Building Systems, Inc.	Campbell
Groff Engineering & Consulting LLC	Montgomery
JC Brewer Construction, Inc.	Warren
Kiper Hibbard LLC	Bullitt
Lindsay Pizza, Inc.	Boone
Paris Machining, LLC	Bourbon
Rubel Creative, Inc.	Warren
RussTech Admixtures, Inc.	Jefferson

Shippers Supply Company, Incorporated  
United Installs LLC  
Visumatic Industrial Products, Inc.  
Vittitow Cabinet Shop, Inc.

Jefferson  
Kenton  
Fayette  
Nelson

### **Other Business**

KBI Program Enhanced Incentive Counties for FY 2019-2020

Kate Greenwell

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### **Closed Session**

### **Adjournment**





# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

## BOARD MEETING

May 30, 2019

### MINUTES

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#### **Call to Order**

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:06 a.m. EDT on May 30, 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 Hill, proxy for Secretary William M. Landrum, III and Tucker Ballinger

**Staff Present:** Bobby Aldridge, Tim Back, Jessica Burke, Sarah Butler, Brittany Cox, Rachael Dever, Michelle Elder, Annie Franklin, Kate Greenwell, David Hamilton, Krista Harrod, Adam Houk, Jim Kirk, Zach Lawrence, Andy Luttner, Kristine McNeil, Jason Neal, Kylee Palmer, Erran Persley, Debbie Phillips, Katie Smith and Teresa Spreitzer

**Others Present:** Michael Kalinyak, Hurt, Deckard & May; Dwight Young, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Katy Garvey, Bingham Greenebaum Doll; Casey Bolton, Commonwealth Economics; Casey Dunn, Denham Blythe; Billy Aldridge, Kentucky Finance and Administration Cabinet, Office of Financial Management; Mac Glidewell and Natasha Sams, Kentucky Entrepreneurship Education Network, Inc.; John Wallace Dant, III, Log Still Distilling, LLC; Carolee Allen, Lockett & Farley; Barry Lendrum, Paladin; Matt Zoellner, Scott, Murphy & Daniel; and George Ward, University of Kentucky

#### **Approval of Minutes**

Chairman Hale entertained a motion to approve the minutes from the April 25, 2019 regular KEDFA board meeting and executive session.

Melinda Hill moved to approve the minutes, as presented; Tucker Ballinger 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.

### **Audit Communication**

Chairman Hale called on Katie Smith to review the Audit Communication. Ms. Smith informed the board that MCM CPAs and Advisors will perform the audit and discussed the timing of the field work.

### **Tax Increment Financing (TIF) Project (Final)**

Chairman Hale called on Ms. Palmer to present a TIF project for final approval to the Authority.

#### **Department of Finance of LFUCG Coldstream Research Campus Project Fayette County**

Ms. Palmer stated Coldstream Research Campus Project is a Mixed-Use Redevelopment in Blighted Urban Areas TIF project. The development is expected to include 190,000 sq. ft. lab space, 234,000 sq. ft. office space, 243,000 sq. ft. residential, 125 room hotel, 21,000 sq. ft. restaurant space and 15,000 sq. ft. retail space. The construction is estimated to take place over the next six (6) years.

The project was reviewed by an independent consultant and determined to create a net new positive impact for 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 their 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.

The applicant, Department of Finance of LFUCG, requested approval of the Coldstream Research Campus Mixed-Use TIF project. The total project investment is \$199,025,029 of which approximately \$27,090,729 is eligible for public infrastructure. The applicant is eligible to recover a negotiated tax incentive amount up to \$4,634,000 for public infrastructure through a 50% recovery on withholding, sales and real estate property taxes over 20 years. Only amounts deemed as public infrastructure that occur within the state footprint are eligible for recovery through increments. No state taxes shall be eligible for recovery until the minimum capital investment of \$20,000,000 (not to exceed \$200,000,000) has been verified as being invested in the development area.

The 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.

Staff recommended final approval of the negotiated tax incentive amount of up to \$4,634,000.

Ms. Palmer introduced George Ward and Casey Bolton and invited them to address the board regarding the project.

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



## **High-Tech Investment Pool Project**

Chairman Hale called on staff to present a High-Tech Investment Pool project to the Authority.

### **Kentucky Entrepreneurship Education Network, Inc.**

#### **KEENStart**

#### **Franklin County**

**Kristine McNiel**

**Kylee Palmer**

Kristine McNiel stated Kentucky Entrepreneurship Education Network, Inc. (KEENStart) is requesting support through the High-Tech Pool (HTP) to gain the opportunity to further impact Kentucky's entrepreneurial ecosystem. KEENStart offers educational opportunities and programs to teens and young adults focused on entrepreneurship, design-thinking and innovation strategies.

Ms. Palmer stated the Kentucky Entrepreneurship Education Network, Inc. requested \$265,000 from the High-Tech Pool. At a minimum, a dollar-for-dollar match will be required. 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.

Staff and the Executive Director, Office of Entrepreneurship, recommended approval of the grant request.

Ms. Palmer introduced Mac Glidewell and Natasha Sams and invited them to address the board regarding the project.

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

## **KEDFA Industrial Revenue Bond (IRB) Project (Amendment)**

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

### **CommonSpirit Health**

Ms. Phillips stated 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 requested 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 2011B-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.

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 recommended KEDFA's adoption of the amended inducement bond resolution.

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

### **Kentucky Business Investment (KBI) Project (Amendment)**

Chairman Hale called on Bobby Aldridge to present a KBI project amendment to the Authority.

#### **Divisions, Inc.**

##### **Campbell County**

Mr. Aldridge stated 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 requested 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 recommended approval of the KBI amendment request.

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

### **KEIA Project**

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

#### **Country Boy Brewing, L.L.C.**

##### **Scott County**

Andy Luttner stated 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.

**Andy Luttner**  
**Debbie Phillips**

Ms. Phillips stated the project investment is \$1,888,215 of which \$650,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$35,000 for construction materials and building fixtures.

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

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

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

### **Log Still Distilling, LLC Nelson County**

**Jim Kirk  
Kate Greenwell**

Jim Kirk stated 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.

Mr. Kirk introduced John Wallace Dant, III and invited him to address the board regarding the project.

Kate Greenwell stated the project investment is \$12,000,000 of which \$8,700,000 qualifies as KBI eligible costs and \$3,500,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$26.00 including benefits. The state wage assessment participation is 3.0% and Nelson County will participate at 0.50%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$500,000 and the KEIA approved recovery amount of \$100,000 for construction materials and building fixtures.

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

## **KBI Projects (Preliminary)**

Chairman Hale called on staff to present the KBI preliminary projects to the Authority.

### **Pennington Stave and Cooperage Corp Metcalf County**

**Andy Luttner  
Michelle Elder**

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

Michelle Elder stated the project investment is \$34,414,420 of which \$16,414,420 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 126 with an average hourly wage of \$18.00 including benefits. The state wage assessment participation is 3.0% and the City of Edmonton will participate at 0.50% with Metcalf County participating at 0.50%. 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.

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.

**Adient US LLC  
Scott County**

**Jason Neal  
Michelle Elder**

Jason Neal stated 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.

Ms. Elder stated the project investment is \$6,494,466 of which \$4,932,206 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 42 with an average hourly wage of \$27.00 including benefits. The state wage assessment participation is 3.0% and the City of Georgetown will participate at 0.50% with Scott County Fiscal Court participating at 0.50%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$650,000.

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

**CCI Industrial Services, LLC  
Pulaski County**

**Andy Luttner  
Debbie Phillips**

Mr. Luttner stated 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.

Ms. Phillips stated the project investment is \$3,200,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 100 with an average hourly wage of \$20.00 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 31 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 \$1,250,000.

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

**ABB/CON-CISE Optical Group LLC  
Kenton County**

**Brittany Cox  
Kate Greenwell**

Brittany Cox stated 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.

Ms. Greenwell stated the project investment is \$14,972,000 of which \$5,479,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 200 with an average hourly wage of \$18.00 including benefits. The state wage assessment participation is 1.50% and the City of Erlanger will participate at 0.50%.

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

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

**Richmond Auto Parts Technology, Inc.  
Madison County**

**Brittany Cox  
Debbie Phillips**

Ms. Cox stated 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 component parts. The company is considering adding a new product line to meet growing demands.

Ms. Phillips stated the project investment is \$21,758,811 of which \$1,343,530 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$25.00 including benefits. The state wage assessment participation is 3.0% and the City of Richmond 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 \$350,000.

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

**Tailor Made Compounding, LLC  
Jessamine County**

**Brittany Cox  
Debbie Phillips**

Ms. Cox stated 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.

Ms. Phillips stated the project investment is \$800,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 3.0% and the City of Nicholasville will participate at 0.60% with Jessamine County participating at 0.40%. 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. Only investment costs incurred by the approved company will be considered toward 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, DEAL Media L.L.C.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$350,000.

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

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

Staff recommended approval of the KBI extension requests.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Goodin 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 four companies requested KBI final approval, one of which has a modification since preliminary approval. Ms. Phillips asked that all four be presented as one motion.

#### **No Modifications:**

<b>Project Name</b>	<b>County</b>	<b>Type Project</b>
<b>Accumetric, LLC</b>	Hardin	Manufacturing
<b>Rajant Corporation</b>	Rowan	Manufacturing
<b>The Bardstown Bourbon Company, LLC</b>	Nelson	Manufacturing

#### **Modification:**

<b>Catalent Pharma Solutions, LLC</b>	Clark	Manufacturing
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The total negotiated tax incentive amount increased from \$4,500,000 to \$5,000,000. 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.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Goodin 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 20 Kentucky small businesses from 14 counties with qualifying tax credits of \$183,000. The 20 businesses created 54 jobs and invested \$576,048 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>
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
Wright Contracting Services, Inc.	Kenton	15	1	\$ 16.01	\$ 57,950	\$ 3,500

Staff recommended approval of the tax credits.

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

### **Closed Session**

Pursuant to KRS Section 61.810 (1) (C), Chairman Hale entertained a motion to enter into Executive Session to discuss proposed or pending litigation against or on behalf of the public agency.

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

The board entered into executive session at 10:53 a.m.

### **Regular Session**

Chairman Hale entertained a motion to return to regular session.

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

The board returned to regular session 10:58 a.m.

### **Balluff, Inc.**

#### **Kenton County**

Chairman Hale entertained a motion to terminate the KBI Tax Incentive Agreement (#19337) between KEDFA and Balluff, Inc. effective May 28, 2017 due to non-compliance.

Ms. Hill moved to approve the termination; Mr. Ballinger seconded the motion. Motion passed; unanimous.

**H.B. Fuller Company  
McCracken County**

Chairman Hale entertained a motion to terminate the KBI Tax Incentive Agreement (#17813) between KEDFA and H.B. Fuller Company effective November 28, 2016 due to non-compliance.

Ms. Hill moved to approve the termination; Mr. Ballinger seconded the motion. Motion passed; unanimous.

**Keebler Company  
Jefferson County**

Chairman Hale entertained a motion to terminate the KBI Tax Incentive Agreement (#19906) between KEDFA and Keebler Company effective April 21, 2016 due to non-compliance.

Mr. Goodin moved to approve the termination; Ms. Hill seconded the motion. Motion passed; unanimous.

**Adjournment**

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

Ms. Hill moved to adjourn the May KEDFA board meeting; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:59 a.m.

**APPROVED  
PRESIDING OFFICER:**

  
\_\_\_\_\_  
Jean R. Hale, Chairman



**KEDFA APPROVED AND NOT DISBURSED**

5/31/2019

**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
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**SMALL BUSINESS LOANS**

None

**TOTAL APPROVED AND UNDISBURSED KEDFA PROJECT(S)****\$381,774****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****\$1,031,774**



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**5/31/2019**

	FUND A	BOND FUND	Small Bus. Loan Pool	KEDFA 5/31/19	OOE 5/31/19	COMBINED 5/31/19
<b><u>ASSETS</u></b>						
Cash & Accounts Receivable						
Operating Account	100,813.31	0.00	0.00	100,813.31	0.00	100,813.31
Cash	1,125,317.98	17,126,130.52	407,189.77	18,658,638.27	0.00	18,658,638.27
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	1,031,774.00	0.00	0.00	1,031,774.00	348,006.21	1,379,780.21
<b>Total Cash &amp; Accounts Receivable</b>	<b>2,257,905.29</b>	<b>17,126,130.52</b>	<b>407,189.77</b>	<b>19,791,225.58</b>	<b>3,391,876.89</b>	<b>23,183,102.47</b>
Accrued Interest Receivable						
Loans	33,757.89	2,354.84	0.00	36,112.73	0.00	36,112.73
Investments	2,069.15	29,579.61	703.68	32,352.44	0.00	32,352.44
<b>Total Accrued Interest Receivable</b>	<b>35,827.04</b>	<b>31,934.45</b>	<b>703.68</b>	<b>68,465.17</b>	<b>0.00</b>	<b>68,465.17</b>
Notes Receivable						
Loans Receivable	18,147,779.74	1,320,662.79	0.00	19,468,442.53	0.00	19,468,442.53
(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>18,147,779.74</b>	<b>1,320,662.79</b>	<b>0.00</b>	<b>18,033,720.10</b>	<b>0.00</b>	<b>18,033,720.10</b>
<b>TOTAL ASSETS</b>	<b>20,441,512.07</b>	<b>18,478,727.76</b>	<b>407,893.45</b>	<b>37,893,410.85</b>	<b>3,391,876.89</b>	<b>41,285,287.74</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</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>DEFERRED INFLOWS OF RESOURCES</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				(2,432,989.01)	9,595.82	(2,423,393.19)
<b>TOTAL NET POSITION</b>				<b>28,781,800.97</b>	<b>3,391,876.89</b>	<b>32,173,677.86</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 May 31, 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	16,937.75	2,361.64	0.00	0.00	203,648.12	256,653.55
Interest Income/ Investments	2,069.15	29,579.61	703.68	0.00	322,528.31	145,879.00
Late Fees	0.00	0.00	0.00	0.00	0.00	0.00
Application Fees	23,560.00	0.00	0.00	0.00	397,005.05	376,321.75
Miscellaneous Income	489.61	0.00	0.00	0.00	4,862.08	2,680.48
<b>Total Operating Revenues - KEDFA</b>	<b>43,056.51</b>	<b>31,941.45</b>	<b>703.68</b>	<b>0.00</b>	<b>928,043.56</b>	<b>781,534.78</b>
<b>Operating Expenses - KEDFA</b>						
Salaries	89,840.24				1,003,502.86	978,757.07
Employee benefits	95,843.02				1,041,078.40	718,235.02
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	(35,342.21)				127,451.66	122,382.72
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	13.60
Telecommunications	0.00				0.00	0.00
Computer Services	1,400.00				1,400.00	0.00
Supplies	0.00				0.00	0.00
Miscellaneous Services	0.00				32.00	16.00
Travel	219.76				4,187.15	2,534.43
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>151,960.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,177,997.78</b>	<b>1,822,137.84</b>
<b>Income (Loss) from Operations - KEDFA</b>	<b>(108,904.30)</b>	<b>31,941.45</b>	<b>703.68</b>	<b>0.00</b>	<b>(1,249,954.22)</b>	<b>(1,040,603.06)</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	(1,330,000.00)				(1,564,808.79)	(1,845,397.68)
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>(1,330,000.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(1,183,034.79)</b>	<b>(1,558,409.77)</b>
<b>CHANGE IN NET POSITION - KEDFA</b>	<b>(1,438,904.30)</b>	<b>31,941.45</b>	<b>703.68</b>	<b>0.00</b>	<b>(2,432,989.01)</b>	<b>(2,599,012.83)</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)				(1,993.79)	(90,404.18)	(1,400,088.84)
Repayments received from Projects				0.00	0.00	95,567.32
<b>Non-Operating Revenues (Expenses) - OOE</b>						
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>(1,993.79)</b>	<b>9,595.82</b>	<b>(1,131,838.71)</b>
<b>CHANGE IN NET POSITION - COMBINED</b>	<b>(1,438,904.30)</b>	<b>31,941.45</b>	<b>703.68</b>	<b>(1,993.79)</b>	<b>(2,423,393.19)</b>	<b>(3,730,851.54)</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**  
**5/31/2019**

	<u>5/31/2018</u>	<u>5/31/2019</u>
<b>Fund A Cash Balance</b>	\$2,379,753.03	\$1,125,317.98
Less: Approved/Undisbursed		
<b>Total Unobligated Balance</b>	<u>\$2,379,753.03</u>	<u>\$1,125,317.98</u>
<b>2003 Bond Fund Cash Balance</b>	\$15,081,231.13	\$17,126,130.52
Less: Approved/Undisbursed	(2,579,823.00)	(1,031,774.00)
<b>Total Unobligated Balance</b>	<u>\$12,501,408.13</u>	<u>\$16,094,356.52</u>
<b>Small Business Loan Fund Cash Balance</b>	\$400,052.08	\$407,189.77
Less: Approved/Undisbursed		
<b>Total Unobligated Balance</b>	<u>\$400,052.08</u>	<u>\$407,189.77</u>
<b>Bond Funds to be Provided for Loans</b>		
Less: Approved/Undisbursed		
<b>Total Unobligated Balance</b>	<u>\$0.00</u>	<u>\$0.00</u>
Budget: Cash to be Transferred to Other CED Programs for		\$0.00
<b>CASH AVAILABLE</b>	<u><u>\$15,281,213.24</u></u>	<u><u>\$17,626,864.27</u></u>
<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)	(\$1,017,630.00)
LGEDF Pool	\$4,043.88	\$4,043.88
Less: Approved/Undisbursed		\$0.00
Bond Funds to be Provided for Approved Projects	\$250,000.00	\$348,006.41
Bond Funds Available for Projects		
<b>Total Unobligated Balance</b>	<u>\$2,489,247.07</u>	<u>\$2,374,247</u>
<b>TOTAL ALL FUNDS</b>	<u><u>\$17,770,460.31</u></u>	<u><u>\$20,001,111.36</u></u>

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

KEDFA Meeting date	6/27/2019
Total Projects Approved Fiscal Year-to-Date	32
Number of Proposed Projects for Current Month	0

**Construction Materials and Building Fixtures**

Fiscal Year Cap	\$20,000,000
Approved Fiscal Year-to-Date	\$19,613,000
Committed Amount	<u>\$0</u>
Balance Available for Current Month	\$387,000
Proposed Approval for Current Month	<u>\$0</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 June 17, 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	192	21,000	18,528	113%	\$24.92	\$21.68	115%
2017	224	24,660	20,863	118%	\$26.66	\$22.06	121%
2018	170	18,261	14,262	128%	\$24.76	\$20.48	121%
2019	12	947	660	143%	\$24.77	\$20.13	123%

## 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	\$43,276,201	\$37,180,277	N/A	N/A
2018	\$47,268,451	\$40,810,931	N/A	N/A
2019	\$27,572,097	\$24,183,303	N/A	N/A
Grand Total	\$252,423,556	\$219,394,240	\$59,845,588	

- The Commonwealth provided \$2,427 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 \$22.85 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

June 2019

Project	County	Approval Date	Exit Date	Program
<b>Legend Lumber Lee Corp.</b> Company advised they will not be able to meet the KBI requirements due to trade war with China and the U.S.	Nelson	5/27/2017	6/3/2019	KBI
<b>Artiflex Management</b> Company advised they were purchased by Precision Metal Works - Bartell Global.	Franklin	6/24/2010	4/26/2019	KIDA
<b>J &amp; J Lumber, LLC</b> Several attempts to contact the Company with no response. Project expired May 31, 2019.	Grayson	05/26/2016	05/31/2019	KBI
<b>TMK IPSCO Coating Corporation</b> Company withdrew from the KBI Program per email dated May 8, 2019.	Campbell	05/29/2014	05/08/2019	KBI
<b>Prime Tech Manufacturing</b> Company withdrew from the KBI Program per email dated May 20, 2019.	Graves	08/28/2018	05/20/2019	KBI
<b>ABB/CON-CISE Optical Group LLC</b> Company withdrew from the KBI program per email dated May 9, 2019.	Boone	12/07/2019	05/09/2019	KBI





**TAX-EXEMPT GOVERNMENTAL UNIT/STATUTORY AUTHORITY ISSUANCE  
OF INDUSTRIAL REVENUE BONDS (IRB)**

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY REQUEST  
FOR REDUCTION IN STATE AD VALOREM TAX RATE**

<b>Date:</b>	June 27, 2019	
<b>Issuer:</b>	Gallatin County	
<b>Company:</b>	Nucor Steel Gallatin LLC	
<b>City:</b>	Ghent	<b>County:</b> Gallatin
<b>Project Type:</b>	Existing	<b>Resolution #:</b> LIRB-2019-02
<b>Bus. Dev. Contact:</b>	L. Ransdell	<b>OFS Staff:</b> M. Elder

**Project Description:** Nucor Steel Gallatin LLC, previously Gallatin Steel Company, is located on the Ohio River in Ghent, KY. The flat-rolled products mills has an annual capacity of approximately 1.8 million tons. Nucor is considering to expand its operations through two "Phases" by adding additional pickling and galvanizing (Phase I) and melting capacity (Phase II). The pickling process removes impurities, known as scale, from the steel. Galvanization is the process of applying a proactive zinc coating to steel to prevent it from rusting. Additional melting capacity will increase the volume of steel being created at the mill.

Proposed Issuance Date	Principal amount of IRB authorization	Term of Bond (years)
December 31, 2021	up to \$645,000,000	30

New, Full-time Jobs to be Created	Average Annual Salary
120	\$74,500

**Anticipated Financed Project Costs**

Land	\$0
Building/Improvements	\$52,000,000
Equipment	\$593,000,000
Infrastructure	\$0
<b>TOTAL</b>	<b>\$645,000,000</b>

**Active State Participation at the Project Site:**

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
May 25, 2017	KBI	Approve/Prelim	\$5,000,000
May 25, 2017	KEIA	Approve/Final	\$1,000,000
Mar 15, 1994	KREDA	Monitor	\$140,000,000

**Unemployment Rate:**

County: 3.6%

Kentucky: 3.9%

### **Projected New Net Tax Revenues to be Received Over the Term of the IRB**

*Excluding other state tax credits and incentives approved for the project, if fully utilized by the company. These projections are provided by the company and are not verified by the Cabinet.*

State Tax Revenues	\$124,791,181
Local Tax Revenue	\$34,194,142
<b>TOTAL</b>	<b>\$158,985,323</b>

<b>Requested % Reduction in the Ad Valorem Tax</b>	<b>Projected Tax Savings over Bond Term</b>
State: 100%	\$399,610
Local: 100%	\$10,420,800

**Payments will be made by the Company in lieu of taxes to the following:**

100% School District

### **Recommendation:**

Staff recommends approval of the requested percentage reduction in the state ad valorem tax rate on the industrial building and equipment proposed to be financed through the issuance of the industrial revenue bonds.

Note that the KEDFA board is not making any type of determination as to the legality of the bonds to be issued by the above-referenced issuer, but is only approving the reduction on the ad valorem tax rate as provided by KRS 103.200 and KRS 132.020.



## **MEMORANDUM**

**TO:** KEDFA Board

**FROM:** Debbie Phillips *DP*  
Incentive Administration Division

**DATE:** June 27, 2019

**SUBJECT:** Revenue Bonds, Series 2019 (CommonSpirit Health) – \$330,000,000 –  
Final Resolution

Attached is a draft New Bond Issue Report related to KEDFA's proposed issuance of revenue bonds in an aggregate principal amount not to exceed \$330,000,000 on behalf of CommonSpirit Health (formed through the alignment of the ministries of Catholic Health Initiatives and Dignity Health). 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 following local jurisdictions have adopted resolutions requesting KEDFA issue these bonds: 1) Lexington-Fayette Urban County Government; 2) Laurel County Fiscal Court; 3) Jessamine County Fiscal Court; 4) Nelson County Fiscal Court; and 5) Montgomery County Fiscal Court. A TEFRA hearing for the purpose of receiving public comment on the proposed bond issues will be conducted by staff on the morning of the KEDFA meeting (prior to KEDFA's adoption of a final resolution).

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 final 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:** August 6, 2019\*

**Proposed date of issue:** August 20, 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:** 2019-2059\*

**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
Citigroup 388 Greenwich Street, 8 <sup>th</sup> Floor New York, NY 10013		
Morgan Stanley 1585 Broadway, 11th Floor New York, NY 10036	Underwriter's Discount	Up to \$4.50 \$1,000 principal amount based on agreed upon fee schedule of \$4.25 \$1,000 takedown and preliminary underwriter expenses estimated at \$0.25 \$1,000
JP Morgan 383 Madison Ave, 3 <sup>rd</sup> Floor New York, NY 10179		
Polsinelli PC 150 N. Riverside Plaza, Suite 3000 Chicago, IL 60606	Bond Counsel Fee and Expenses	TBD
Dentons US LLP 233 South Wacker Drive, Suite 5900 Chicago, IL 60606	Borrower Counsel Fee and Expenses	TBD
Norton Rose Fulbright 555 California Street, Suite 3300 San Francisco, CA 94104	Underwriters' Counsel Fee and Expenses	TBD
Stoll Keenon Ogden PLLC	Issuer's Counsel Fee and Expenses	Up to \$40,000
Trustee TBD	TBD	TBD

\* 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:**        2009A Bonds final maturity: 2029  
   2013A Bonds final maturity: 2045  
   2004C Bonds final maturity: 2034  
   2011B Bonds final maturity: 2046

**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\*

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\* Preliminary, subject to change

*All information is estimated and 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: Debbie Phillips *DP*  
Incentives Administration Division

Date: June 27, 2019

Subject: Authorization of a Resolution for a Second Amendment to the Healthcare Facilities Revenue Bonds, Series 2015 (Carmel Manor, Inc.) – \$18,630,000

During 2015, KEDFA approved and issued Healthcare Facilities Revenue Bonds, Series 2015 on behalf of Carmel Manor, Inc in a principal amount not to exceed \$18,630,000. The Bank and Borrower have agreed to a revised interest rate formula and a new period during which the Purchaser agrees to hold the bonds, so a second amendment to the Financing Agreement and any other necessary documents is required.


KEDFA is a conduit issuer in the transaction and will not have a general obligation or be held liable for the bonds.

Staff recommends approval of the amendment resolution.



## **MEMORANDUM**

**TO:** KEDFA Board

**FROM:** Robert Aldridge, Director   
Compliance Division

**DATE:** June 27, 2019

**SUBJECT:** KBI Amendment  
Amazon.com Services, Inc. (Clark County)  
KBI project #18962

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On March 26, 2015, KEDFA granted Final Approval to AMZN wacs, Inc. to assist with the leasing and equipping of a new customer support facility in Clark County. The company activated the project on April 1, 2015 and later that year converted to a limited liability company, changing the company name to AMZN wacs LLC. Effective on January 1, 2019, AMZN wacs LLC merged with and into Amazon.com Services, Inc., a Delaware corporation, with Amazon.com Services, Inc. as the surviving entity. The company has requested that Amazon.com Services, Inc. be designated as the Approved Company under the Program. All other aspects of the project remain the same.

Staff recommends approval.





## **MEMORANDUM**

**TO:** KEDFA Board Members

**FROM:** Robert Aldridge, Director  
Compliance Division 

**DATE:** June 27, 2019

**SUBJECT:** KEIA Extensions

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The following companies have requested additional time to complete their projects:

<b>Company</b>	<b>County</b>	<b>Extension</b>
DCL Logistics	Jefferson	2 Months
Takigawa Corporation America	Nelson	3 Months
Accumetric LLC	Hardin	6 Months
Cabot Corporation	Carroll	6 Months
Carter Lumber Company	Warren	6 Months
FedEx Ground Package System Inc.	Boone	6 Months
Altec Inc. dba Altec Industries, Inc.	Hardin	12 Months
Ironton Enterprises LLC	McCracken	12 Months
Kentucky Fresh Harvest, LLC	Lincoln	12 Months
Logan Aluminum	Logan	12 Months
Michter's Distillery LLC	Washington	12 Months
Nucor Steel Gallatin LLC	Gallatin	12 Months
Orbis Material Handling, Inc.	Nelson	12 Months
Piramal Pharma Solutions LLC	Fayette	12 Months

Staff recommends approval.



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

**Date:** June 27, 2019  
**Approved Company:** International Farmaceutical Extracts LLC  
**City:** Danville **County:** Boyle  
**Activity:** Agribusiness **Prelim Resolution #:** KBI-I-19-22612  
**Bus. Dev. Contact:** A. Franklin **DFS Staff:** M. Elder

**Project Description:** International Farmaceutical Extracts LLC specializes in the extraction and distillation of CBD Oil from industrial Hemp flower pellets. The company is considering building a manufacturing plant with capacity of 5,000 pounds per day of CBD oil.

**Facility Details:** Locating in a new facility

**Anticipated Project Investment - Owned**

Land  
Building/Improvements  
Equipment  
Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$100,000	\$100,000
\$1,040,000	\$1,040,000
\$300,000	\$4,303,000
\$593,500	\$593,500
<b>\$2,033,500</b>	<b>\$6,036,500</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	15	\$31.55	
1	28	\$31.55	\$80,000
2	28	\$31.55	\$80,000
3	28	\$31.55	\$80,000
4	30	\$31.55	\$80,000
5	30	\$31.55	\$80,000
6	32	\$31.55	\$80,000
7	32	\$31.55	\$80,000
8	32	\$31.55	\$80,000
9	34	\$31.55	\$80,000
10	34	\$31.55	\$80,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$800,000**

**County Type:**  
Other

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

**Ownership (20% or more):**  
Martin Smith Lawrenceburg, KY

**Active State Participation at the project site:** None

**Requested Wage Assessment / Local Participation:**  
State: 3.0%  
Local: .72% City of Danville/ .28% Boyle County Fiscal Court

**Unemployment Rate:**  
County: 4.1% Kentucky: 3.9%

**Existing Presence in Kentucky:**  
Woodford County

**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:** June 27, 2019  
**Approved Company:** Itsuwa KY, LLC  
**City:** Bardstown  
**Activity:** Manufacturing  
**Bus. Dev. Contact:** A. Franklin  
**County:** Nelson  
**Prelim Resolution #:** KBI-I-19-22586  
**DFS Staff:** M. Elder  
**Project Description:** Itsuwa KY, LLC specializes in electro-coating of automotive parts. The company is considering expanding its coating and painting operation in Bardstown to supply the growing demands of automotive industry.

**Facility Details:** Expanding existing operations

**Anticipated Project Investment - Owned**

Land  
Building/Improvements  
Equipment  
Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$0
\$1,064,900	\$1,064,900
\$0	\$0
\$0	\$0
<b>\$1,064,900</b>	<b>\$1,064,900</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	18	\$18.00	
1	20	\$18.00	\$14,500
2	20	\$18.00	\$14,500
3	20	\$18.00	\$14,500
4	20	\$18.00	\$14,500
5	20	\$18.00	\$14,500
6	20	\$18.00	\$14,500
7	20	\$18.00	\$14,500
8	20	\$18.00	\$14,500
9	20	\$18.00	\$14,500
10	20	\$18.00	\$14,500

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$145,000**



**County Type:**  
Other

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

**Ownership (20% or more):**  
Itsuwa America, Inc. Indiana

**Active State Participation at the project site:**

<u>Date</u>	<u>Program</u>	<u>Status / Jobs Required</u>	<u>Amount</u>
May 17, 2017	KBI	Monitor/43	\$800,000

**Requested Wage Assessment / Local Participation:**

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

**Unemployment Rate:**

County: 4.5% Kentucky: 3.9%

**Existing Presence in Kentucky:**

Nelson 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 43 (*base employment number required by previous project*) full-time, Kentucky resident employees.



# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

## KBI REPORT - PRELIMINARY APPROVAL

**Date:** June 27, 2019  
**Approved Company:** Alpla, Inc.  
**City:** Bowling Green **County:** Warren  
**Activity:** Manufacturing **Prelim Resolution #:** KBI-IL-19-22601  
**Bus. Dev. Contact:** C. Peek **DFS Staff:** M. Elder

**Project Description:** Alpla, Inc. is a world leader in the development and production of plastic packaging solutions. The company produces bottles, closures and injection molded parts for a wide range of customers. Alpla is considering adding a new bottling and packaging capacity on-site at one of its customer's locations in Bowling Green.

**Facility Details:** Locating in a new facility

### Anticipated Project Investment - Leased

	Eligible Costs	Total Investment
Rent	\$0	\$0
Building/Improvements	\$4,000,000	\$4,000,000
Equipment	\$1,200,000	\$45,000,000
Other Start-up Costs	\$1,000,000	\$1,000,000
<b>TOTAL</b>	<b>\$6,200,000</b>	<b>\$50,000,000</b>

### NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	60	\$33.00	
1	60	\$33.00	\$90,000
2	60	\$33.00	\$90,000
3	60	\$33.00	\$90,000
4	60	\$33.00	\$90,000
5	60	\$33.00	\$90,000
6	60	\$33.00	\$90,000
7	60	\$33.00	\$90,000
8	60	\$33.00	\$90,000
9	60	\$33.00	\$90,000
10	60	\$33.00	\$90,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$900,000**

**County Type:**  
Other

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

**Ownership (20% or more):**  
Alpla Werke Alwin Lehner, GBMH & Co Austria

**Active State Participation at the project site:** None

**Requested Wage Assessment / Local Participation:**  
State: 3.0%  
Local: 1.0% City of Bowling Green

**Unemployment Rate:**  
County: 3.3% Kentucky: 3.9%

**Existing Presence in Kentucky:**  
Kenton and Warren Counties

**Special Conditions:**

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.

The company will be required to maintain 90% of the total countywide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.





## **MEMORANDUM**

**TO:** KEDFA Board Members  
**FROM:** Michelle Elder *ME*  
Incentive Administration Division  
**DATE:** June 27, 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>
Ervin Cable Construction of Florida, LLC	Union	6 Month
Astecnos America Corporation	Jessamine	12 Month
Beltline Electric Company, Inc.	McCracken	12 Month
General Motors LLC	Warren	12 Month
INFAC North America Inc.	Taylor	12 Month
Robert Bosch Automotive Steering LLC	Boone	12 Month

Staff recommends approval.

Extension Chart - KBI Prelim

**Generated By:**

Michelle Elder

Kentucky Cabinet for Economic Development

6/5/2019 10:52 AM

Program: Program Name	FI County	Location Type	New Jobs Projected	Preliminary Approval Date	Prelim Incentive Amount	Prelim Total Estimated Costs
Robert Bosch Automotive Steering LLC	Boone	Existing	212	12/10/2015	\$7,000,000.00	\$84,506,576.00
Astecnos America Corporation	Jessamine	New	41	6/30/2016	\$300,000.00	\$1,242,817.00
Beltline Electric Company, Inc.	McCracken	Existing	15	6/30/2016	\$125,000.00	\$1,205,000.00
INFAC North America Inc.	Taylor	Existing	20	6/25/2015	\$200,000.00	\$1,000,000.00
Ervin Cable Construction of Florida, LLC	Union	Existing	20	6/30/2016	\$200,000.00	\$511,000.00
General Motors LLC	Warren	Existing	270	6/23/2016	\$3,000,000.00	\$153,900,000.00
<b>Grand Totals (6 records)</b>						

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

**Date:** June 27, 2019  
**Preliminary Approval:** April 26, 2018  
**Approved Company:** EZ Pack Refuse Hauling Solutions, LLC dba Commercial Specialty Truck Holdings

**City:** Cynthiana **County:** Harrison  
**Activity:** Manufacturing **Final Resolution #:** KBI-FD-19-22061  
**Bus. Dev. Contact:** K. Slattery **DFS Staff:** M. Elder

**Project Description:** EZ Pack Refuse Hauling Solutions, LLC has enhanced its product portfolio by adding Front Discharge Drums and Service Parts to its manufacturing footprint. These additional products helped to broaden the company's existing manufacturing capabilities and increased jobs in the community.

Anticipated Project Investment - Owned

Eligible Costs	Total Investment
\$6,685,200	\$6,685,200

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$22.00	
1	20	\$22.00	\$160,000
2	30	\$22.00	\$160,000
3	40	\$22.00	\$160,000
4	100	\$22.00	\$160,000
5	100	\$22.00	\$160,000
6	100	\$22.00	\$160,000
7	100	\$22.00	\$160,000
8	100	\$22.00	\$160,000
9	100	\$22.00	\$160,000
10	100	\$22.00	\$160,000
11	100	\$22.00	\$160,000
12	100	\$22.00	\$160,000
13	100	\$22.00	\$160,000
14	100	\$22.00	\$160,000
15	100	\$22.00	\$160,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$2,400,000**

**County Type:**  
Enhanced

**Statutory Minimum Wage Requirements:**  
 Base hourly wage: \$9.06  
 Total hourly compensation: \$10.42

**Special Conditions:**  
 Maintain Base Employment: 210

**Modifications since preliminary approval?** No



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

**Date:** June 27, 2019  
**Preliminary Approval:** June 29, 2017  
**Approved Company:** IDEXX Distribution, Inc.  
**City:** Louisville,  
**Activity:** Service & Technology  
**Bus. Dev. Contact:** L. Ransdell

**County:** Jefferson  
**Final Resolution #:** KBI-FL-19-21693  
**DFS Staff:** D. Phillips

**Project Description:** IDEXX is a worldwide leader in the development and commercialization of innovative biotechnology products and services for veterinary, food and water applications. The project included opening a new regional lab to serve the Ohio Valley, Great Lakes and the Upper Midwest with standard testing and the entire U.S. with certain specialty testing to support growing demands.

Anticipated Project Investment - Leased

Eligible Costs	Total Investment
\$2,350,000	\$6,050,000

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	35	\$30.00	
1	60	\$30.00	\$100,000
2	75	\$30.00	\$100,000
3	85	\$30.00	\$100,000
4	95	\$30.00	\$100,000
5	100	\$30.00	\$100,000
6	100	\$30.00	\$100,000
7	100	\$30.00	\$100,000
8	100	\$30.00	\$100,000
9	100	\$30.00	\$100,000
10	100	\$30.00	\$100,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$1,000,000**

**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:** June 27, 2019  
**Preliminary Approval:** May 25, 2017  
**Approved Company:** Nucor Steel Gallatin LLC  
**City:** Ghent  
**Activity:** Manufacturing  
**Bus. Dev. Contact:** L. Ransdell

**County:** Gallatin  
**Final Resolution #:** KBI-FD-19-21528  
**DFS Staff:** M. Elder

**Project Description:** Nucor Steel Gallatin LLC, previously Gallatin Steel Company, is located on the Ohio River in Ghent, KY. The flat-rolled products mills has an annual capacity of approximately 1.8 million tons. Nucor expanded its operations by adding additional pickling and galvanizing capacity, a second melt shop and a second casting line doubling the capacity of the mill.

Anticipated Project Investment - Owned

Eligible Costs	Total Investment
\$820,000,000	\$820,000,000

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	35	\$45.00	
1	51	\$45.00	\$500,000
2	95	\$45.00	\$500,000
3	115	\$45.00	\$500,000
4	120	\$45.00	\$500,000
5	120	\$45.00	\$500,000
6	120	\$45.00	\$500,000
7	120	\$45.00	\$500,000
8	120	\$45.00	\$500,000
9	120	\$45.00	\$500,000
10	120	\$45.00	\$500,000
11			
12			
13			
14			
15			

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$5,000,000**

**County Type:**  
Enhanced

**Statutory Minimum Wage Requirements:**  
 Base hourly wage: \$9.06  
 Total hourly compensation: \$10.42

**Special Conditions:**  
 Maintain Base Employment: 303

**Modifications since preliminary approval?** No





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

**Date:** June 27, 2019  
**Preliminary Approval:** October 29, 2015  
**Approved Company:** Central Motor Wheel of America, Inc.  
**City:** Paris **County:** Bourbon  
**Activity:** Manufacturing **Final Resolution #:** KBI-F-19-20671  
**Bus. Dev. Contact:** A. Franklin **DFS Staff:** D. Phillips

**Project Description:** Central Motor Wheel of America, Inc. is a world class manufacturer of steel and aluminum wheels for the automotive industry. The project included the expansion of its existing facility to increase the capacity to produce aluminum wheels.

Anticipated Project Investment - Owned	Eligible Costs	Total Investment
	\$25,033,148	\$111,933,148

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	50	\$35.88	
1	145	\$35.88	\$300,000
2	145	\$35.88	\$300,000
3	145	\$35.88	\$300,000
4	145	\$35.88	\$300,000
5	145	\$35.88	\$300,000
6	145	\$35.88	\$300,000
7	145	\$35.88	\$300,000
8	145	\$35.88	\$300,000
9	145	\$35.88	\$300,000
10	145	\$35.88	\$300,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$3,000,000**

**County Type:**  
Other

**Statutory Minimum Wage Requirements:**

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

**Special Conditions:**

Maintain Base Employment: 472

**Modifications since preliminary approval?** Yes

The investment increased from \$45,500,000 to \$111,933,148; the eligible cost increased from \$10,000,000 to \$25,033,148; the jobs increased from 85 to 145; the average hourly wage target increased from \$33.00 to \$35.88; the annual approved cost limitation increased from \$175,000 per year to \$300,000 per year (over a 10-year period); the total negotiated tax incentive amount increased from \$1,750,000 to \$3,000,000. The statewide employment requirement has been removed from the KBI project due to the KRA program already holds the company to the 90% jobs retention. All other aspects of the project remain the same.



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

**Date:** June 27, 2019  
**Preliminary Approval:** June 25, 2015  
**Approved Company:** DecoArt, Inc.  
**City:** Stanford **County:** Lincoln  
**Activity:** Service & Technology **Final Resolution #:** KBI-F-19-20498  
**Bus. Dev. Contact:** B. Cox **DFS Staff:** M. Elder

**Project Description:** DecoArt, Inc. is a manufacturer of high-quality acrylic paints and craft supplies. The company supplies several brand name lines of paint to stores such as Michael's, Hobby Lobby, Jo-Ann and others both domestically and internationally. DecoArt, out of space at its current location, purchased additional space within the county to accommodate its growing need for storage and to make room for more production at the paint mixing facility.

Anticipated Project Investment - Owned	Eligible Costs	Total Investment
	\$1,309,588	\$1,309,588

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	85	\$20.00	
1	85	\$20.00	\$48,000
2	85	\$20.00	\$48,000
3	85	\$20.00	\$48,000
4	85	\$20.00	\$48,000
5	85	\$20.00	\$48,000
6	85	\$20.00	\$48,000
7	85	\$20.00	\$48,000
8	85	\$20.00	\$48,000
9	85	\$20.00	\$48,000
10	85	\$20.00	\$48,000
11	85	\$20.00	\$48,000
12	85	\$20.00	\$48,000
13	85	\$20.00	\$48,000
14	85	\$20.00	\$48,000
15	85	\$20.00	\$48,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$720,000**

**County Type:**  
Enhanced

**Statutory Minimum Wage Requirements:**  
Base hourly wage: \$9.06  
Total hourly compensation: \$10.42

**Special Conditions:**

Maintain Base Employment: 135

**Modifications since preliminary approval?** Yes

The project has changed from a leased project to an owned project. The investment decreased from \$1,326,000 to \$1,309,588 and the eligible costs increased from \$726,000 to \$1,309,588. All other aspects of the project remain the same.



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

**Date:** June 27, 2019  
**Preliminary Approval:** February 23, 2017  
**Approved Company:** Ernst & Young U.S. LLP  
**City:** Louisville **County:** Jefferson  
**Activity:** Service & Technology **Final Resolution #:** KBI-FL-19-21491  
**Bus. Dev. Contact:** L. Ransdell **DFS Staff:** M. Elder

**Project Description:** Ernst & Young (EY) is one of the global "Big Four" professional service firms providing assurance, tax, advisory and transaction advisory services to the world's largest companies. Ernst & Young U.S. LLP expanded its National Executive Assistant Team (NEAT) operations in Louisville.

Anticipated Project Investment - Leased	Eligible Costs	Total Investment
	\$4,915,188	\$10,239,410

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$27.00	
1	38	\$27.00	\$125,000
2	125	\$27.00	\$125,000
3	157	\$27.00	\$125,000
4	157	\$27.00	\$125,000
5	157	\$27.00	\$125,000
6	157	\$27.00	\$125,000
7	157	\$27.00	\$125,000
8	157	\$27.00	\$125,000
9	157	\$27.00	\$125,000
10	157	\$27.00	\$125,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$1,250,000**

**County Type:**  
Other

**Statutory Minimum Wage Requirements:**

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

**Special Conditions:**

Maintain Base Employment: 75

**Modifications since preliminary approval? Yes**

Investment increased from \$4,350,000 to \$10,239,410. Eligible costs increased from \$3,050,000 to \$4,915,188 (rent is no longer an eligible expense). Jobs increased from 125 to 157. Total negotiated tax incentive amount increased from \$1,000,000 to \$1,250,000. All other aspects of the project remain the same.





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

**Date:** June 27, 2019  
**Preliminary Approval:** June 30, 2016  
**Approved Company:** Smart Wood USA, LLC  
**City:** Corbin **County:** Knox  
**Activity:** Manufacturing **Final Resolution #:** KBI-FL-19-21140  
**Bus. Dev. Contact:** L. Ransdell **DFS Staff:** M. Elder

**Project Description:** French-owned Euro Sticks Group, a multigenerational family company with facilities across the world, opened its first US manufacturing operation, Smart Wood USA, LLC. The company supplies the demands from US-based customers for its wooden ice cream, popsicle and coffee stir sticks.

	Eligible Costs	Total Investment
Anticipated Project Investment - Leased	\$14,100,000	\$15,000,000

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	50	\$18.75	
1	70	\$18.75	\$200,000
2	90	\$18.75	\$200,000
3	90	\$18.75	\$200,000
4	90	\$18.75	\$200,000
5	90	\$18.75	\$200,000
6	90	\$18.75	\$200,000
7	90	\$18.75	\$200,000
8	90	\$18.75	\$200,000
9	90	\$18.75	\$200,000
10	90	\$18.75	\$200,000
11	90	\$18.75	\$200,000
12	90	\$18.75	\$200,000
13	90	\$18.75	\$200,000
14	90	\$18.75	\$200,000
15	90	\$18.75	\$200,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$3,000,000**

**County Type:**  
Enhanced

**Statutory Minimum Wage Requirements:**  
 Base hourly wage: \$9.06  
 Total hourly compensation: \$10.42

**Special Conditions:** None

**Modifications since preliminary approval?**

The company name has changed from North America Sticks, LLC to Smart Wood USA, LLC. All other aspects of the project remain the same.





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

**Date:** June 27, 2019  
**Preliminary Approval:** June 29, 2017  
**Approved Company:** Tarter Tube, LLC  
**City:** Dunnville  
**Final Resolution #:** KRA-F-19-21678  
**Bus. Dev. Contact:** A. Franklin

**County:** Casey

**OFS Staff:** D. Phillips

**Project Description:** Tarter Tube, LLC is the manufacturer of various types of tubing for a wide array of applications. The operation at the Dunnville facility has grown over the years and the facility is operating at full capacity. The company's manufacturing process is labor intensive and its equipment is dated. The project consisted of investing in automated equipment to streamline the manufacturing process, which will produce a more consistent product and shift existing laborers to other areas of the facility.

**Current number of full-time jobs at the project location:**

111

**Required number of full-time jobs to retain at the project location:**

76

**Preliminarily Approved Anticipated Costs**

Equipment and Related Costs

Training Costs

**TOTAL**

Eligible Costs	Total Investment
\$1,604,734	\$3,209,467
\$0	\$0
<b>\$1,604,734</b>	<b>\$3,209,467</b>

**Actual Costs Expended**

Equipment and Related Costs

Training Costs

**TOTAL**

Eligible Costs	Total Investment
\$1,429,075	\$2,858,149
\$0	\$0
<b>\$1,429,075</b>	<b>\$2,858,149</b>

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

\$500,000

**Modifications since preliminary approval?** No





## **MEMORANDUM**

**TO:** KEDFA Board Members  
**FROM:** Kylee Palmer *KP*  
Department for Financial Services  
**DATE:** June 27, 2019  
**SUBJECT:** IEIA Extension

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The following company previously received IEIA preliminary approval and is requesting approval of a time extension:

<b>Company</b>	<b>County</b>	<b>Extension</b>
Secure Energy Kentucky, LLC	McCracken	12-month

Staff recommends approval.





# Kentucky Small Business Tax Credit Projects

## June 2019

Small Business	County	Beginning Employment	Eligible Positions	Average Hourly Wage	Qualifying Equipment/Technology	Tax Credit Amount
Babcon Inc.	Madison	34	5	\$19.80	\$24,850	\$17,500
Craig Services LLC	Jessamine	3	1	\$19.68	\$7,828	\$3,500
CSS Distribution Group, Inc.	Jefferson	13	2	\$19.86	\$113,950	\$7,000
Engineered Building Systems, Inc.	Campbell	9	3	\$31.57	\$18,880	\$10,500
Groff Engineering & Consulting LLC	Montgomery	0	1	\$25.50	\$16,065	\$3,500
JC Brewer Construction, Inc.	Warren	13	8	\$16.16	\$5,260	\$5,200
Kiper Hibbard LLC	Bullitt	6	6	\$20.64	\$60,385	\$21,000
Lindsay Pizza, Inc.	Boone	0	1	\$26.92	\$55,000	\$3,500
Paris Machining, LLC	Bourbon	30	5	\$12.66	\$45,000	\$17,500
Rubel Creative, Inc.	Warren	6	3	\$30.77	\$10,683	\$10,500
RusTech Admixtures, Inc.	Jefferson	16	1	\$20.90	\$30,575	\$3,500
Shippers Supply Company, Incorporated	Jefferson	16	6	\$17.80	\$6,170	\$6,100
United Installs LLC	Kenton	14	8	\$17.74	\$25,384	\$25,000
Visumatic Industrial Products, Inc.	Fayette	31	1	\$27.50	\$6,122	\$3,500
Vittitow Cabinet Shop, Inc.	Nelson	41	8	\$15.84	\$153,144	\$25,000
<b>15</b>	<b>12</b>		<b>59</b>	<b>Total</b>	<b>\$579,296</b>	<b>\$162,800</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	\$1,792,700
<b>Remaining Credits</b>	<b>\$1,207,300</b>





## MEMORANDUM

TO: KEDFA Board Members

FROM: Sarah Butler   
Incentive Administration Division

DATE: June 27, 2019

SUBJECT: Kentucky Business Investment (KBI) Program  
FY 2019-2020 Enhanced Incentive Counties

Kentucky counties are designated "enhanced incentive" eligible by meeting at least one of the three following criteria: (1) counties with an average annual unemployment rate exceeding the state average annual unemployment rate in the five preceding calendar years; (2) counties with an unemployment rate greater than 200 percent of the statewide unemployment rate for the preceding year; and (3) counties identified as one of the sixty most distressed counties based on a three part test (three-year unemployment, education attainment and road quality).

Any project located in an enhanced incentive county that has been decertified shall have until July 1st of the third year following the decertification to obtain final approval. Once a company enters into a tax incentive agreement, the company maintains its enhanced benefits for the term of the agreement regardless of any change in the county's status.

The counties of **Boyle and Carroll** are beginning the third year of decertification and projects must complete final approval by June 30, 2020. The counties of **Gallatin, Garrard, and Metcalfe**, are completing the final year of decertification and projects must complete final approval by June 30, 2019.

**Owen and McCracken** meet the criteria for certification and are designated as a KBI Enhanced County as of July 1, 2019.

Staff recommends adoption of the resolution certifying the Kentucky Business Investment (KBI) Program - FY 2019-2020 Enhanced Incentive Counties.


# Kentucky Business Investment (KBI) Program

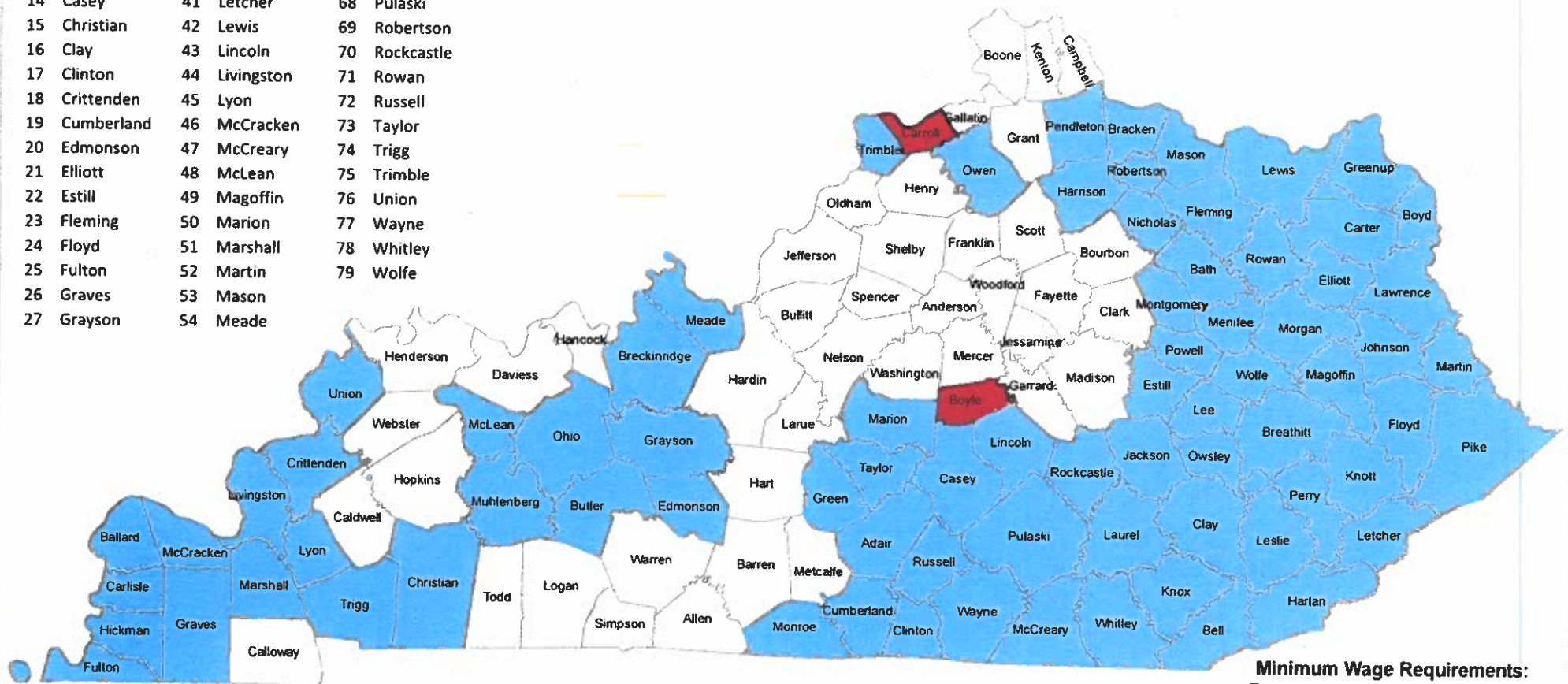
## Enhanced Incentive Counties (2019-2020)

1 Adair	28 Green	55 Menifee
2 Ballard	29 Greenup	56 Monroe
3 Bath	30 Harlan	57 Montgomery
4 Bell	31 Harrison	58 Morgan
5 Boyd	32 Hickman	59 Muhlenberg
6 Boyle*	33 Jackson	60 Nicholas
7 Bracken	34 Johnson	61 Ohio
8 Breathitt	35 Knott	62 Owen
9 Breckinridge	36 Knox	63 Owsley
10 Butler	37 Laurel	64 Pendleton
11 Carlisle	38 Lawrence	65 Perry
12 Carroll*	39 Lee	66 Pike
13 Carter	40 Leslie	67 Powell
14 Casey	41 Letcher	68 Pulaski
15 Christian	42 Lewis	69 Robertson
16 Clay	43 Lincoln	70 Rockcastle
17 Clinton	44 Livingston	71 Rowan
18 Crittenden	45 Lyon	72 Russell
19 Cumberland	46 McCracken	73 Taylor
20 Edmonson	47 McCreary	74 Trigg
21 Elliott	48 McLean	75 Trimble
22 Estill	49 Magoffin	76 Union
23 Fleming	50 Marion	77 Wayne
24 Floyd	51 Marshall	78 Whitley
25 Fulton	52 Martin	79 Wolfe
26 Graves	53 Mason	
27 Grayson	54 Meade	

### Enhanced Incentive Counties

 Certified as of July 1, 2019

 \*Decertified as of June 30, 2017  
(Projects must be finalized by June 30, 2020)



**Minimum Wage Requirements:**  
Enhanced - \$9.06 (\$10.42 benefits)  
Other - \$10.88 (\$12.51 benefits)