



CABINET FOR ECONOMIC DEVELOPMENT

Matthew G. Bevin
Governor

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

Terry R. Gill, Jr.
Secretary

Vivek K. Sarin
Executive Officer

MEMORANDUM

TO: KEDFA Members

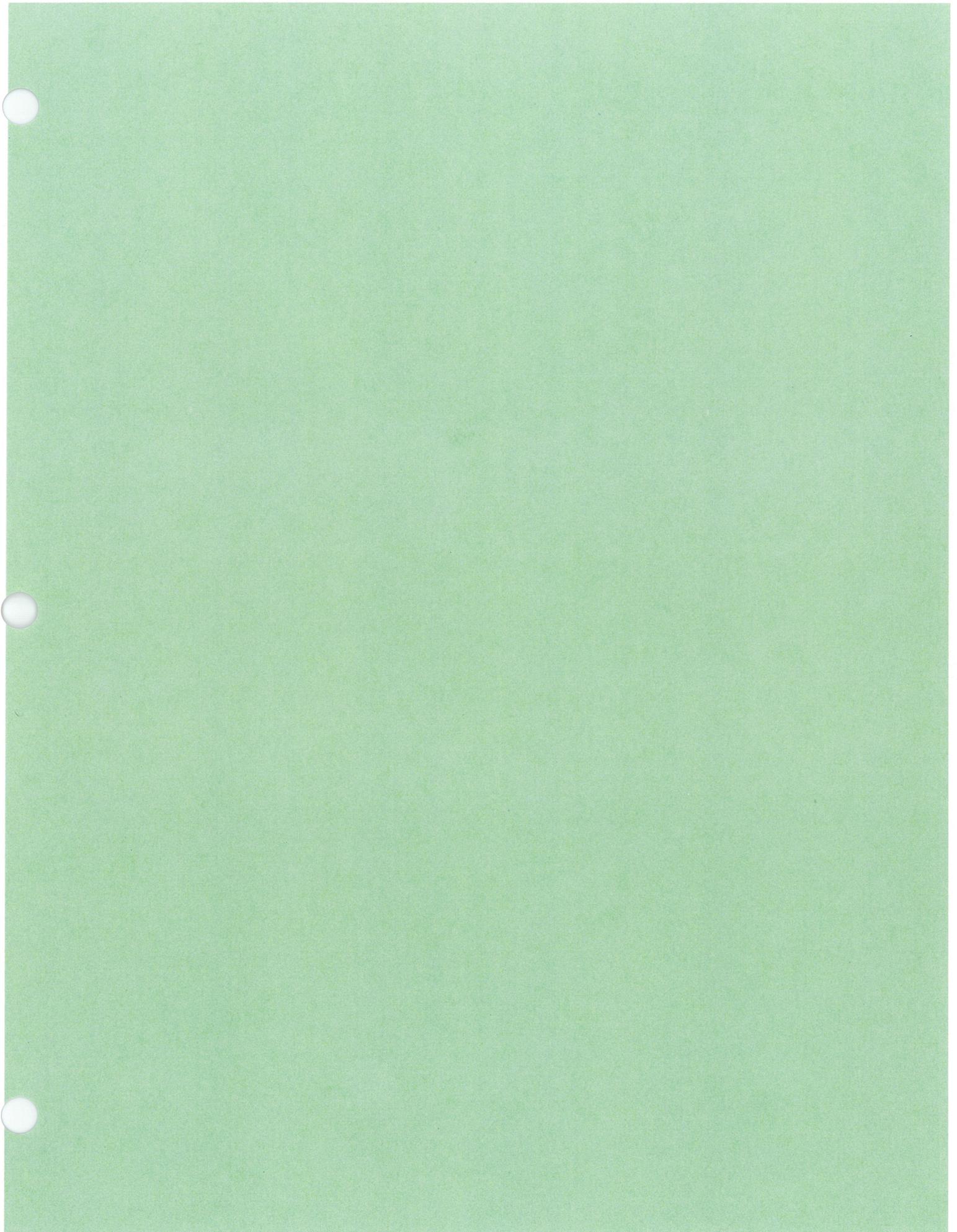
FROM: Katie Smith, Commissioner
Department for Financial Services *KS*

DATE: June 22, 2018

SUBJECT: KEDFA Board Meeting

The Kentucky Economic Development Finance Authority's next regular board meeting is scheduled for **Thursday, June 28, 2018** 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 28, 2018

Call to Order
Notification of Press
Roll Call

Minutes

Minutes from May 31, 2018 Regular KEDFA Board Meeting
Minutes from May 31, 2018 Executive Session

Reports

Approved/Undisbursed Loan Report	Kylee Palmer
Financial Statements and Monitoring Reports	Krista Harrod

TIF Project (Final) Kylee Palmer

Fort Mitchell Economic Development Authority, Inc.	Kenton
Fort Mitchell Gateway Project	

KEDFA IRB Project (Ratification) Katie Smith

Baptist Healthcare System Obligated Group

KEDFA IRB Project (Final) Katie Smith

Baptist Healthcare System Obligated Group

KEDFA IRB Project (Amendment) Katie Smith

Carmel Manor, Inc.	Campbell
--------------------	----------

KIFA Project (Amendment) Bobby Aldridge

Bluegrass Angel Venture Fund IV, LLC	Fayette
--------------------------------------	---------

KEIA Projects (Extension) Bobby Aldridge

Murakami Manufacturing USA, Inc.	Taylor
3M Company	Harrison
Road ID, Inc.	Kenton
Audubon Metals, LLC	Henderson
White Clay Consulting, Inc.	Jefferson
Accumetric, LLC	Hardin

Altec Industries, Inc.	Hardin
Butts Foods, Incorporated	Simpson
Kentucky Fresh Harvest, LLC	Lincoln
United Parcel Service, Inc.	Jefferson

KEIA Projects

Campari America LLC	Anderson	Anna Beth Bobbitt / Debbie Phillips
Harbor Steel & Supply Corporation	Fayette	Anna Beth Bobbitt / Debbie Phillips
Heaven Hill Distilleries, Inc.	Nelson	Anna Beth Bobbitt / Debbie Phillips

KBI Projects (Preliminary) & KEIA Projects

Reinhart Foodservice, L.L.C.	Warren	Corky Peek / Michelle Elder
Reinhart Foodservice, L.L.C.	Warren	

KBI Projects (Preliminary)

Afni, Inc.	Warren	Corky Peek / Michelle Elder
Bowling Green Metalforming L.L.C.	Warren	Corky Peek / Michelle Elder
DENSO Air Systems Michigan, Inc.	Christian	Corky Peek / Michelle Elder
Stryker Logistics, LLC	Warren	Corky Peek / Michelle Elder
The Kroger Co.	Boone	Lindsey Ransdell / Michelle Elder
Global Wood Company, LLC	Pike	Robyn Lee / Debbie Phillips
SWVA Kentucky, LLC dba Kentucky Electric Steel	Boyd	Tess Fay / Debbie Phillips
CCBCC Operations, LLC	Kenton	Lucas Witt / Michelle Elder

KBI Projects (Extension)

FreshChoice Complete Diet Products, LLC	Gallatin	Michelle Elder
Leggett & Platt, Incorporated	Scott	
Astecnos America Corporation	Jessamine	
DecoArt, Inc.	Lincoln	
Ervin Cable Construction of Florida, LLC	Union	
INFAC North America Inc.	Taylor	
MISA Metal Fabricating, Inc.	Jefferson	
North America Sticks	Knox	
ProCom Heating, Inc.	Warren	

KBI Projects (Final)

ADP Benefit Services KY, Inc.	Jefferson	Debbie Phillips
American Stave Company L.L.C.	Marshall	
Champion Home Builders, Inc.	Marshall	
Maxim Crane Works, L.P.	Campbell	
Tyson Chicken, Inc.	Henderson	
Corrosion Resistant Reinforcing, LLC	Boone	
iHealth Solutions LLC dba Advantum Health	Jefferson	

IEIA Project (Extension)

Kylee Palmer

Secure Energy Kentucky, LLC

McCracken

KSBTC

Tim Back

Brockman-Hastings LLC

Fayette

Hydra, LLC

Fayette

Kinemetrix Industrial Design, Inc.

Fayette

KY Hearing Clinic, LLC

Jefferson

Patterson and Company CPAs PLLC

Jefferson

Primrose Oil, LLC

Floyd

Visumatic Industrial Products, Inc.

Fayette

VITOK Engineers, Inc.

Jefferson

W & B Broadcasting Co., Inc.

Hardin

Kentucky Angel Investment Tax Credit Projects

Tim Back

van Rooyen, Guy Lloyd

Kenton

Bexion Pharmaceuticals, Inc.

Other Business

KBI Program Enhanced Incentive Counties for FY 2018-2019

Sarah Butler

KSBTC Proposed Guideline Changes

Tim Back

KEDFA Resolution - TIF Guideline

Kylee Palmer

2018 Legislative Summary

Katie Smith

Closed Session**Adjournment**

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING May 31, 2018

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EDT on May 31, 2018, at the Cabinet for Economic Development, Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, Kentucky.

Notification of Press

Don Goodin, Vice Chairman, received verification that the media had been notified of the KEDFA regular monthly board meeting.

Roll Call

Members Present: Don Goodin, Melinda Hill, Proxy for Secretary William M. Landrum, III, Tucker Ballinger, Joe Kelly and Chad Miller

Staff Present: Bobby Aldridge, Tim Back, Anna Beth Bobbitt, Jessica Burke, Sarah Butler, Michelle Elder, Alec Germond, Kate Greenwell, Krista Harrod, Adam Houk, Brooklyn Leep, Brandon Mattingly, Lauren Osborne, Kylee Palmer, Corky Peek, Debbie Phillips, Taylor Sears, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Rusty Ashcraft and Marilyn Blythe, Alliance Coal, LLC; Jeff Mosley, City of Louisville; Casey Bolton, Commonwealth Economics; Quincy Cutshaw, Denham-Blythe Company; J. K. Ratliff, Excel Mining, LLC; Sandy Williams, Kentucky Finance & Administration Cabinet, Office of Financial Management; Dennis Griffin, Franklin-Simpson Industrial Authority; Jeff Hodges, Gray Construction; Raymond Carr and Rob Hardy, Investor's Heritage Life Insurance Company; Terri Bradshaw, Kentucky Capital Development Corporation; Michael Mountjoy, Louisville City Football Club; Laura Ferguson, Louisville Forward and Barry Lendrum, Paladin

Approval of Minutes

Vice Chairman Goodin entertained a motion to approve the minutes from the April 26, 2018 regular KEDFA board meeting and executive session.

Joe Kelly moved to approve the minutes, as presented; Melinda Hill seconded the motion. Motion passed; unanimous.

Approved/Undisbursed Loan Report

Vice Chairman Goodin called on Kylee Palmer to review the approved/undisbursed report. After review, the Authority accepted the report as presented.

Financial Statements and Monitoring Reports

Vice Chairman Goodin called on Krista Harrod to review the financial statements and monthly monitoring reports as of April 30, 2018. After review, the Authority accepted the statements and reports as presented.

Audit Communication

Vice Chairman Goodin called on Katie Smith to review the Audit Communication. Ms. Smith informed the board that Mountjoy Chilton Medley, LLP, will perform the audit and discussed the timing of the field work.

Tax Increment Financing (TIF) Project (Final)

Vice Chairman Goodin called on Kylee Palmer to present a TIF project for final approval to the Authority.

Metro Development Authority, Inc. Butchertown Stadium District Jefferson County

Ms. Palmer stated Butchertown Stadium District is a Mixed-Use Redevelopment in Blighted Urban Areas TIF project. The development is expected to include a 10,000 seat Butchertown Stadium, two hotels (308 rooms combined), 20,000 sf retail space, 50,000 sf restaurant space and 340,000 sf office space. The construction is estimated to take place over the next 2 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, Metro Development Authority, Inc. requested approval of the Butchertown Stadium District Mixed-Use in Blighted Urban Areas TIF project. The total estimated cost of the project is \$193,100,000 of which approximately \$34,600,000 is estimated for public infrastructure. The applicant is eligible to recover a negotiated tax incentive amount of up to \$21,700,000 for public infrastructure through a 60% recovery on withholding, sales and real estate property taxes. 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.

Staff recommended final approval of the TIF project with the following special condition/requirement: The total cumulative investment of \$193,100,000, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$21,700,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved to determine the maximum total incentive available/earned for the project during the term of the agreement.

Ms. Palmer introduced Michael Mountjoy, Laura Ferguson, Jeff Mosley and Casey Bolton and invited them to address the board regarding the project.

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

KEDFA Economic Development Bond (EDB) Project

Vice Chairman Goodin called on Debbie Phillips to present an EDB project to the Authority.

Fritz Winter North America LP Simpson County

Ms. Phillips stated the City of Franklin requested the use of \$1,000,000 in EDB funds for the benefit of Fritz Winter North America LP. The company is a family-owned German company founded in 1951. The company specializes in iron cast auto parts such as brake rotors, drums, fly wheels and more. The company constructed a 240,000 sf facility in Franklin, Kentucky for processing, storage and distribution of automotive and commercial products. The proposed EDB grant funds will be used to offset the costs associated with this project.

The company will be required to create 265 new jobs by the end of the project, paying an average hourly wage of \$22.00, including benefits. The grant agreement is performance based and disbursement will not occur until compliance is measured at the four compliance dates. Payment reduction provisions are included in the grant agreement if the company fails to create and maintain the required jobs or pay the foregoing wages by the required measurement dates. No collateral is required for this project.

In accordance with KRS 154.12-100, approval of CED's use of the EDB funds for this project has been received from Secretary William M. Landrum, III, Kentucky Finance & Administration Cabinet.

Staff recommended approval of the EDB request.

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

Local Industrial Revenue Bond (IRB) Project

Vice Chairman Goodin called on Ms. Phillips to present a Local IRB project to the Authority.

Maker's Mark Distillery, Inc.

Marion County

Ms. Phillips stated in accordance with KRS 103.210, Marion County Fiscal Court requested KEDFA review and approve a one hundred percent (100%) reduction in the state ad valorem tax rate on the industrial building and equipment which Maker's Mark Distillery, Inc. proposes to be financed through the issuance of industrial revenue bonds by the Marion County Fiscal Court. The company proposed an expansion of its existing barrel storage and aging operations in Lebanon. The principal amount of the IRB authorization is up to \$495,000,000 for a term of 30 years. A Payment in Lieu of Tax Agreement will be required with the school district. The company will pay the tangible property tax on the liquid (spirits) inventory.

Staff recommended 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.

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

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

KEDFA Loan (Modification)

Vice Chairman Goodin called on Sarah Butler to present a KEDFA Loan modification request to the Authority.

**Elizabethtown-Hardin County Industrial Foundation, Inc.
Hardin County**

Ms. Butler stated on June 25, 1999, KEDFA closed a \$2,500,000 loan with Elizabethtown-Hardin County Industrial Foundation, Inc. (EHCIF) to finance the purchase of a tract of land for an industrial park expansion near Elizabethtown, KY in Hardin County. The loan was made for a term of five years at an interest rate of 2.0%. On June 10, 2003, KEDFA closed a second loan with EHCIF for \$1,500,000 to finance another expansion of the industrial park. This loan was also made for a term of five years at 2.0% interest. Collateral for both of these loans was an irrevocable letter of credit.

In June 2013, KEDFA approved a request to combine these two loans into a single loan for \$3,500,000 and a maturity date of June 25, 2018. The loan continued to be secured with an irrevocable letter of credit and an interest rate of 2.0% due quarterly, with principal repayment as land was sold or at maturity of the loan.

The current loan balance is \$2,664,572. The estimated cost basis is approximately \$5,824,000 or an estimated loan to cost of 40%. EHCIF has requested to extend the loan maturity for five years and increase principal payments to \$6,000 per quarter plus accrued interest. Security for the loan will continue to be an irrevocable letter of credit for the same amount of the loan balance.

Staff recommended approval of the request to modify and extend to June 25, 2023 and to increase the quarterly principal payments to \$6,000 plus 2% interest.

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

KEDFA Grant (Amendment)

Vice Chairman Goodin called on Ms. Palmer to present a KEDFA Grant amendment request to the Authority.

**Louisville/Jefferson County Metro Government
Louisville Waterfront Development Corporation
Jefferson County**

Ms. Palmer stated Louisville/Jefferson County Metro Government is requesting a 90-day time extension on the Louisville Waterfront Development Corporation KEDFA Grant. This project received approval at the April 27, 2017 KEDFA meeting for a \$376,073 grant for replacement equipment and venue improvement/refurbishment for the Louisville Waterfront Park.

Approved funds for this project are set to expire on June 30, 2018. This time extension request would allow for the remaining \$9,808.79 of approved funds to be applied to the retainage owed to the electrical contractors for the completion of the High Mast LED Lighting project. All funds are expected to be requested and disbursed no later than September 30, 2018.

Staff recommended approval of the KEDFA Grant amendment request from Louisville/Jefferson County Metro Government's Louisville Waterfront Development Corporation for a 90-day time extension to September 30, 2018.

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

EDB Project (Amendment)

Vice Chairman Goodin called on Bobby Aldridge to present an EDB amendment request to the Authority.

Valvoline LLC Fayette County

Mr. Aldridge stated on June 30, 2016, KEDFA authorized an EDB Grant Agreement with Ashland, Inc., a Kentucky corporation, to assist with the leasing and equipping of a headquarters in Lexington, Fayette County. Following execution of the EDB Grant Agreement, Ashland Inc. was part of a corporate divestiture which resulted in Valvoline LLC taking control over the project. It has been requested that Valvoline LLC be designated as the approved company under the program and that it be substituted as a party to the Grant Agreement in place of Ashland, Inc. All other aspects of the project remain the same.

Staff recommended approval of the EDB amendment request.

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

Kentucky Business Incentives (KBI) Projects (Amendment)

Vice Chairman Goodin called on Mr. Aldridge to present the KBI project amendment requests to the Authority.

TechStyle, Inc. Jefferson County

Mr. Aldridge stated Just Fabulous, Inc. received final approval on July 30, 2015 for a KBI project establishing a new distribution center in Jefferson County for the company's internet-based fashion website. The company and its approved affiliate, TechFab, LLC, operate at two leased facilities on National Turnpike in Louisville. The company accelerated its activation date to January 1, 2016. Following activation, it was determined that the company had formed a new subsidiary, Fabletics, LLC, which was operating at the project site and would qualify as an approved affiliate for the project as of final approval. Additionally, in 2016, Just Fabulous, Inc. changed its name to TechStyle, Inc., the current name of the company.

The company requested that TechStyle, Inc. be recognized as the approved company name and that Fabletics, LLC be added as an approved affiliate to the project. 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. Miller seconded the motion. Motion passed; unanimous.

Valvoline LLC Fayette County

Mr. Aldridge stated Ashland, Inc. received final approval for participation in the KBI program on January 29, 2015. On May 12, 2017, Ashland Global completed its distribution of the Valvoline Inc. stock it previously held, which resulted in Valvoline Inc. and Ashland Global becoming two independent companies. Ashland LLC fka Ashland Inc., requested to transfer and assign the project to Valvoline LLC (the "Company") and the Company desires to accept and assume the project. 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. Miller seconded the motion. Motion passed; unanimous.

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

Vice Chairman Goodin called on Mr. Aldridge to present the KEIA project extension requests to the Authority.

Mr. Aldridge stated 3 companies requested additional time to complete the projects and asked that all 3 be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
AAK USA K2, LLC	Jefferson	3 Month
Wilderness Trace Distillery Limited	Boyle	3 Month
Interapt, LLC	Jefferson	12 Month

Staff recommended approval of the KEIA extension requests.

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

KBI Projects (Preliminary)

Vice Chairman Goodin called on staff to present the KBI projects to the Authority.

**Berry Global, Inc.
Warren County**

**Corky Peek
Michelle Elder**

Corky Peek stated Berry Global, Inc., established under the name Imperial Plastics in 1967, has seen many changes over the years and now has 23,000+ employees and 18,000+ customers worldwide. The company is considering an expansion of its Bowling Green location by adding two high output blown film extrusion lines for its printed films production.

Michelle Elder stated the project investment is \$16,460,000 of which \$1,860,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$20.00 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 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 \$400,000.

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

**Corvac Composites LLC
Butler County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Corvac Composites LLC is a manufacturer of underbody systems for the automotive industry. The company operates two locations successfully in Morgantown. Corvac has been awarded new business from a customer in the automotive industry and is competing with a sister company internally for this project. New equipment will be needed to produce the underbody systems should this location be chosen.

Ms. Elder stated the project investment is \$6,100,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$19.00 including benefits. The state wage assessment participation is 5.0%. The project will include multiple locations within Morgantown, Butler County. Only investment costs incurred at 390 Industrial Road North 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. 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 165 (base employment number required by previous project) full-time, Kentucky resident employees.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$600,000.

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

**Crown Verity USA Inc.
Warren County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Crown Verity USA Inc. is a Canadian-based company that is a leading manufacturer of high-performing outdoor commercial and residential grills and cooking equipment. The company is considering opening its first US facility to warehouse, distribute and produce grills. In order to do so, Crown Verity would need to purchase land, construct a facility and purchase equipment.

Ms. Elder stated the project investment is \$3,600,000 of which \$3,200,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$23.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green will participate at 1.0%.

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

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

**Mayfield Consumer Products, LLC
Graves County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Mayfield Consumer Products, LLC is a complete home fragrance company that designs, manufactures and markets various label and branded candles and home fragrance products. The company is considering expanding in Graves County to implement a portion of its candle production operation as well as purchase new equipment.

Ms. Elder stated the project investment is \$2,774,368 of which \$440,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 17 with an average hourly wage of \$19.00 including benefits. The state wage assessment participation is 3.0% and the City of Mayfield 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 \$300,000.

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

**RH Resolute Distillery, Inc.
Fulton County**

**Corky Peek
Michelle Elder**

Mr. Peek stated RH Resolute Distillery, Inc. is considering utilizing a previously un-operated distillery in Fulton County. The current distillery was built to 99% completion and has been left in that state for years. The owner never started production. The company hopes to purchase the distillery, finish the construction and start production by mid-summer of 2018.

Ms. Elder stated the project investment is \$9,700,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 17 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$360,000.

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

**RKW North America, Inc.
Simpson County**

**Corky Peek
Michelle Elder**

Mr. Peek stated RKW North America, Inc. produces polyethylene films used in flexible packaging, medical packaging and household packaging items. The company is considering constructing an additional 30,000 square feet of manufacturing and warehouse space as well as installation of a blown film line and the addition of a multicolor print line to meet customer demand.

Ms. Elder stated the project investment is \$18,835,740 of which \$3,655,660 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$22.00 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 \$600,000.

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

**Four O Corporation
Bourbon County**

**Anna Beth Bobbitt
Debbie Phillips**

Anna Beth Bobbitt stated RelaDyne, Inc. was founded in 2008 and is an established leader in the lubricant sales, distribution and equipment reliability services industry. These services range from lubrication best practices to hands-on implementation of lubrication process and procedure programs designed to increase efficiency and improve the profitability of its customers. Four O Corporation is the oil distributing entity of RelaDyne, Inc. and is considering relocating from Ohio and doubling its current facility footprint to become the regional service and distribution center.

Ms. Phillips stated the project investment is \$6,723,400 of which \$3,461,700 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$29.00 including benefits. The state wage assessment participation is 1.5% and Boone County will participate at 0.4%.

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. Miller seconded the motion. Motion passed; unanimous.

**Investors Heritage Life Insurance Company
Franklin County**

**Taylor Sears
Kate Greenwell**

Taylor Sears stated Investors Heritage Life Insurance Company was incorporated in 1960 as a Kentucky domiciled life insurance company and is a wholly-owned subsidiary of Investors Heritage Capital Corporation. The company is considering an expansion and renovation of its headquarters.

Mr. Sears introduced Rob Hardy and Raymond Carr and invited them to address the board regarding the project.

Kate Greenwell stated the project investment is \$1,000,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 75 with an average hourly wage of \$28.00 including benefits. The state wage assessment participation is 3.0% and the City of Frankfort 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. The only incentive available for this project is the wage assessment.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$750,000.

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

KBI Projects (Extension)

Vice Chairman Goodin called on Ms. Elder to present the KBI extension requests to the Authority.

Ms. Elder stated 5 companies requested additional time to complete the projects and asked that all 5 be presented as one motion.

Company	County	Extension
eBay Inc.	Boone	6 Month
Karbec LLC	LaRue	6 Month
Toyo Automotive Parts (USA), Inc.	Simpson	6 Month
Accumetric, LLC	Hardin	12 Month
TMK IPSCO Coating Corporation	Campbell	12 Month

Staff recommended approval of the KBI extension requests.

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

any of the alternative projects would depend on the economic justification, support of the local communities, obtaining necessary mining permits and securing adequate coal sales commitments to justify the capital investment.

Ms. Osborne introduced J. K. Ratliff, Rusty Ashcraft and Marilyn Blythe and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$73,600,000 of which \$55,200,000 qualifies as KIRA eligible costs. The job retention requirement over the term of the agreement is 150 with an average hourly wage of \$26.33 excluding benefits. The state wage assessment participation is 4.0% and Pike County will participate at 1.0%. The company and its affiliates will be required to maintain 1,000 full-time employees throughout the Commonwealth excluding the site of the project.

Staff recommended preliminary approval of the KIRA negotiated tax incentive amount of \$6,000,000.

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

Kentucky Reinvestment Act (KRA) Project (Final)

Vice Chairman Goodin called on Ms. Elder to present a KRA project for final approval to the Authority.

Domtar Paper Company, LLC Hancock County

Ms. Elder stated Domtar Paper Company, LLC requested final approval of its project. There were no modifications to the project since preliminary approval. The company currently has 460 full-time, Kentucky resident employees and has expended approximately \$14,673,946 in equipment and related costs of which \$7,336,973 are eligible costs. Domtar Paper Company, LLC is eligible to receive the \$1,000,000 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. Ballinger moved to approve the staff recommendation, as presented; Ms. Hill seconded the motion. Motion passed; unanimous.

Kentucky Small Business Credit Initiative (KSBCI) Collateral Support Project

Vice Chairman Goodin called on Ms. Palmer to present the KSBCI collateral support request to the Authority.

Narrow Gate Properties, LLC Jefferson County

Ms. Palmer stated Fifth Third Bank requested collateral assistance for up to \$360,000 to assist in the continued growth of a name brand furniture and mattress wholesale supplier, Narrow Gate Properties, LLC. The total bank loan is \$3,240,000. The loan funds will be used to purchase commercial real estate located in Louisville, Kentucky as an additional warehouse.

Staff recommended approval of the bank request for up to \$360,000 in support from the KSBCI Kentucky Collateral Support Program.

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

Kentucky Small Business Tax Credit (KSBTC) Projects

Vice Chairman Goodin called on Tim Back to present the KSBTC projects to the Authority.

Mr. Back stated there are 10 Kentucky small businesses from 7 counties with qualifying tax credits of \$115,000. The 10 businesses created 37 jobs and invested \$327,541 in qualifying equipment and/or technology.

Mr. Back requested the following tax credits be presented as one motion:

Qualified Small Business	County	Beg. Emp.	Elig. Pos.	Average Hourly Wage	Qualifying Equipment and/or Technology	Tax Credit
Bluegrass Tool & Industrial, LLC	Fayette	12	5	\$ 23.60	\$ 22,430	\$ 17,500
Consultant Solutions, Incorporated	Fayette	21	4	\$ 28.97	\$ 18,422	\$ 14,000
Copperhead Environmental Consulting Inc.	Garrard	18	5	\$ 19.91	\$ 42,953	\$ 17,500
DF Trucking, Inc.	Pulaski	2	2	\$ 27.50	\$ 27,500	\$ 7,000
J2P, LLC	Pike	7	4	\$ 15.75	\$ 49,690	\$ 14,000
J Michael's Spa & Salon, LLC	Jefferson	15	7	\$ 27.73	\$ 10,186	\$ 10,100
SRP Enterprises, LLC	Warren	0	3	\$ 19.48	\$ 94,344	\$ 10,500
The Eye Center of Paducah, LLC	McCracken	5	2	\$ 14.24	\$ 6,943	\$ 6,900
Videobred, Inc.	Jefferson	11	1	\$ 19.23	\$ 5,451	\$ 3,500
XPLOREKY, LLC	Jefferson	8	4	\$ 20.13	\$ 49,622	\$ 14,000

Staff recommended approval of the tax credits.

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

Kentucky Angel Investment Act Program Projects

Vice Chairman Goodin called on Mr. Back to present the Kentucky Angel Investment Act Program projects to the Authority.

Mr. Back stated there are 18 Kentucky Angel Investment Act Program projects representing 13 Kentucky businesses and 16 investors for a total projected investment of \$1,435,000 with eligible tax credits of \$574,000. The investor will have 60 calendar days in which to make the planned investment and 20 calendar days from the investment date in which to submit proof of the investment before receiving the tax credit.

Mr. Back requested the following proposed Kentucky Angel Investment tax credits be presented as one motion:

Qualified Small Business Qualified Investor(s)	County	Projected Investment	Tax Credit
Atalo Holdings, Inc. Benedicta M. Halecky Phil D. Needham	Clark	\$137,500 \$112,500	\$ 55,000 \$ 45,000
Bexion Pharmaceuticals, Inc. Raymond Michael Stacy	Kenton	\$250,000	\$100,000

EdjSports, LLC Charles Edward Glasscock	Jefferson	\$100,000	\$ 40,000
EIE Materials Inc. Christopher H. Young	Fayette	\$100,000	\$ 40,000
Gourmet Renee LLC Michael Adam Huff Gregory Scott Jones Scott M. Powers	Kenton	\$ 10,000 \$ 10,000 \$ 10,000	\$ 4,000 \$ 4,000 \$ 4,000
Gun Media Holdings, Inc. Darren G. King	Fayette	\$150,000	\$ 60,000
Hummingbird Nano, Inc. Darren G. King Christopher H. Young	Fayette	\$100,000 \$ 50,000	\$ 40,000 \$ 20,000
MER Ventures LLC Cynthia R. Masters	Jefferson	\$ 25,000	\$ 10,000
Pyrochem Catalyst Company Ben M. Streepey	Jefferson	\$ 20,000	\$ 8,000
Rabbit Hole Spirits, LLC Eric S. Carter Venkata V. Kakarlapudi	Jefferson	\$100,000 \$150,000	\$ 40,000 \$ 60,000
RCM Brain, Inc. Louis R. Kelmanson	Jefferson	\$ 50,000	\$ 20,000
Virtual Peaker, Inc. Sterling A. Lapinski	Jefferson	\$ 50,000	\$ 20,000
Wyzerr Inc. Tobias J. Moeves	Kenton	\$ 10,000	\$ 4,000

Staff recommended approval of the proposed Angel Investment tax credits.

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

Pursuant to KRS Section 61.810 (1) (C), Vice Chairman Goodin 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. Miller seconded the motion. Motion passed; unanimous. The board entered into executive session at 10:41 a.m.

Executive Session

Vice Chairman Goodin 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 10:48 a.m.

Regular Session

Other Business

Mr. Miller moved to terminate Hart AgStrong, LLC's KBI Tax Incentive Agreement due to non-compliance; Mr. Ballinger seconded the motion. Motion passed; unanimous.

Adjournment

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

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

The meeting adjourned at 10:49 a.m.

PRESIDING OFFICER:



J. Don Goodin, Vice Chairman

KEDFA APPROVED AND NOT DISBURSED

5/31/2018

Approved and Undisbursed KEDFA Projects

Applicant	Form #	County	Date Approved	Commitment Expires	Project Amount
-----------	--------	--------	---------------	--------------------	----------------

KEDFA LOANS

None

KEDFA GRANTS

Louisville/Jefferson County Metro Government <i>(Louisville Regional Airlift Development, Inc.)</i>	21730	Jefferson	Jul-17	Jan-20	\$1,330,000
Louisville/Jefferson County Metro Government <i>(Res-Care, Inc.)</i>	21990	Jefferson	Jan-18	Dec-22	\$500,000

SMALL BUSINESS LOANS

None

TOTAL APPROVED AND UNDISBURSED KEDFA PROJECT(S)

\$1,830,000

Approved and Partially Disbursed KEDFA Projects

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

KEDFA GRANTS

Louisville/Jefferson County Metro Government <i>(Louisville Waterfront Park)</i>	21597	Jefferson	Apr-17	Sep-18	\$376,073	(\$366,264)	\$9,809
Louisville/Jefferson County Metro Government <i>(Restaurant Supply Chain Solutions)</i>	21636	Jefferson	May-17	Jun-20	\$500,000	(\$125,000)	\$375,000
Tri-County Economic Development Corporation	21599	Kenton	Feb-17	Jun-23	\$2,000,000	(\$1,634,986)	\$365,014

TOTAL APPROVED AND PARTIALLY DISBURSED KEDFA PROJECT(S)

\$749,823

TOTAL KEDFA APPROVED AND NOT DISBURSED

\$2,579,823

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF NET POSITION
5/31/2018

	FUND A	BOND FUND	Small Bus. Loan Pool	KEDFA 5/31/18	OOE 5/31/18	COMBINED 5/31/18
<u>ASSETS</u>						
Cash & Accounts Receivable						
Operating Account	26,734.99	0.00	0.00	26,734.99	0.00	26,734.99
Cash	2,379,753.03	15,081,231.13	400,052.08	17,861,036.24	0.00	17,861,036.24
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	2,840,737.19	2,840,737.19
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	1,304,938.22	0.00	0.00	1,304,938.22	250,000.00	1,554,938.22
Total Cash & Accounts Receivable	3,711,426.24	15,081,231.13	400,052.08	19,192,709.45	3,232,281.07	22,424,990.52
Accrued Interest Receivable						
Loans	27,366.85	4,414.35	0.00	31,781.20	0.00	31,781.20
Investments	2,750.57	17,531.01	463.58	20,745.16	0.00	20,745.16
Total Accrued Interest Receivable	30,117.42	21,945.36	463.58	52,526.36	0.00	52,526.36
Notes Receivable						
Loans Receivable	18,722,678.60	2,982,018.11	0.00	21,704,696.71	0.00	21,704,696.71
(Allowance for Doubtful Accounts)	0.00	0.00	0.00	(1,684,722.61)	0.00	(1,684,722.61)
Total Notes Receivable	18,722,678.60	2,982,018.11	0.00	20,019,974.10	0.00	20,019,974.10
TOTAL ASSETS	22,464,222.26	18,085,194.60	400,515.66	39,265,209.91	3,232,281.07	42,497,490.98
DEFERRED OUTFLOWS OF RESOURCES				980,000.00	0.00	980,000.00
<u>LIABILITIES</u>						
Accrued Salaries & Compensated Absences				325,453.00	0.00	325,453.00
Accounts Payable				0.00	0.00	0.00
Intergovernment Payable				0.00	0.00	0.00
Grants Payable				0.00	0.00	0.00
Pension Liability				9,341,000.00	0.00	9,341,000.00
TOTAL LIABILITIES				9,666,453.00	0.00	9,666,453.00
DEFERRED INFLOWS OF RESOURCES				0.00	0.00	0.00
<u>NET POSITION</u>						
Beginning Balance				33,177,769.74	4,364,119.78	37,541,889.52
Current Year Undivided Profits				(2,599,012.83)	(1,131,838.71)	(3,730,851.54)
TOTAL NET POSITION				30,578,756.91	3,232,281.07	33,811,037.98

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, 2018

	FUND A	BOND FUND	Small Bus Loan Pool	OOE FUND	FY 2017-2018 YEAR TO DATE	FY 2016-2017 YEAR TO DATE
Operating Revenues - KEDFA						
Interest Income/Loans	17,116.94	4,985.37	0.00	0.00	256,653.55	223,814.95
Interest Income/ Investments	2,750.57	17,531.01	463.58	0.00	145,879.00	23,556.01
Late Fees	0.00	0.00	0.00	0.00	0.00	473.38
Application Fees	33,760.00	0.00	0.00	0.00	376,321.75	620,099.26
Miscellaneous Income	328.39	0.00	0.00	0.00	2,680.48	331.83
Total Operating Revenues - KEDFA	53,955.90	22,516.38	463.58	0.00	781,534.78	868,275.43
Operating Expenses - KEDFA						
Salaries	84,675.98				978,757.07	1,034,111.61
Employee benefits	88,954.88				718,235.02	694,113.44
Pension Liability Adjustment	0.00				0.00	0.00
Other Personnel Costs	0.00				0.00	300.00
Contracted Personal Services	8,777.42				122,382.72	121,705.86
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	3.37				13.60	18.06
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				16.00	0.00
Travel	216.07				2,534.43	2,581.11
Miscellaneous Commodities	0.00				199.00	643.00
Commodities Expense	0.00				0.00	0.00
Bad Debt Expense	0.00				0.00	0.00
Grant Disbursement	0.00				0.00	0.00
Total Operating Expenses - KEDFA	182,627.72	0.00	0.00	0.00	1,822,137.84	1,853,473.08
Income (Loss) from Operations - KEDFA	(128,671.82)	22,516.38	463.58	0.00	(1,040,603.06)	(985,197.65)
Non-Operating Revenues (Expenses) - KEDFA						
Operating Transfer Out - General Fund	0.00				0.00	0.00
Operating Transfer Out - BSSC					0.00	0.00
Operating Transfer Out - Secretary's Office					0.00	0.00
Operating Transfer Out - New Business	0.00				0.00	0.00
Transfer Due from Bonds	0.00				500,000.00	1,376,073.00
Grants Disbursed	(55,115.00)				(2,058,409.77)	(10,900.00)
Operating Transfer In - Economic Dev	0.00				0.00	0.00
Unrealized Gains/(Losses) on Investment	0.00				0.00	0.00
Realized Gains/(Losses) on Investment	0.00				0.00	0.00
Total Non-Operating Revenues (Expenses) -	(55,115.00)	0.00	0.00	0.00	(1,558,409.77)	1,365,173.00
CHANGE IN NET POSITION - KEDFA	(183,786.82)	22,516.38	463.58	0.00	(2,599,012.83)	379,975.35
Operating Revenues (Expenses) - OOE						
Interest Income - Loans				0.00	1,016.90	1,026.69
Misc Income				0.00	0.00	0.00
Disbursements: Projects (Note 1)					(1,400,088.84)	(15,654,004.67)
Repayments received from Projects					95,567.32	405,723.04
Non-Operating Revenues (Expenses) - OOE						
Operating Transfer in - OOE					0.00	15,000,000.00
Transfer Due from Bonds				0.00	226,755.51	700,000.00
Operating Transfer Out - OOE					(55,089.60)	(464,287.62)
CHANGE IN NET POSITION - OOE	0.00	0.00	0.00	0.00	(1,131,838.71)	(11,542.56)
CHANGE IN NET POSITION - COMBINED	(183,786.82)	22,516.38	463.58	0.00	(3,730,851.54)	368,432.79

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
5/31/2018

	5/31/2017	5/31/2018
Fund A Cash Balance	\$2,997,360.58	\$2,379,753.03
Less: Approved/Undisbursed	\$0.00	
	\$2,997,360.58	\$2,379,753.03
Total Unobligated Balance		
2003 Bond Fund Cash Balance	\$14,361,295.80	\$15,081,231.13
Less: Approved/Undisbursed	(\$2,865,173.00)	(2,579,823.00)
	\$11,496,122.80	\$12,501,408.13
Total Unobligated Balance		
Small Business Loan Fund Cash Balance	\$396,969.99	\$400,052.08
Less: Approved/Undisbursed	\$0.00	
	\$396,969.99	\$400,052.08
Total Unobligated Balance		
Bond Funds to be Provided for Loans	\$0.00	
Less: Approved/Undisbursed	\$0.00	
	\$0.00	\$0.00
Total Unobligated Balance		
Budget: Cash to be Transferred to Other CED Programs for	\$0.00	
	\$14,890,453.37	\$15,281,213.24
CASH AVAILABLE		
OCI Fund Cash Balance		
High Tech Construction Pool	\$137,500.00	\$137,500.00
Less: Approved/Undisbursed	\$0.00	
High Tech Investment Pool	\$2,773,863.77	\$2,840,737.19
Less: Approved/Undisbursed	(\$1,916,367.00)	(\$743,034.00)
LGEDF Pool	\$4,043.88	\$4,043.88
Less: Approved/Undisbursed	\$0.00	
Bond Funds to be Provided for Approved Projects	\$1,428,795.49	\$250,000.00
Bond Funds Available for Projects	\$0.00	
	\$2,427,836.14	\$2,489,247.07
Total Unobligated Balance		
TOTAL ALL FUNDS	\$17,318,289.51	\$17,770,460.31

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

KEDFA Meeting date	6/28/2018
Total Projects Approved Fiscal Year-to-Date	49
Number of Proposed Projects for Current Month	4

Construction Materials and Building Fixtures

Fiscal Year Cap	\$20,000,000
Approved Fiscal Year-to-Date	\$17,520,000
Committed Amount	<u>\$0</u>
Balance Available for Current Month	\$2,480,000
Proposed Approval for Current Month	<u>\$475,000</u>
Balance Available for Remainder of Fiscal Year	<u><u>\$2,005,000</u></u>

Research & Development and Electronic Processing Equipment

Fiscal Year Cap	\$5,000,000
Approved Fiscal Year-to-Date	\$255,000
Committed Amount	<u>\$0</u>
Balance Available for Current Month	\$4,745,000
Proposed Approval for Current Month	<u>\$0</u>
Balance Available for Remainder of Fiscal Year	<u><u>\$4,745,000</u></u>

KBI Summary

Updated June 19, 2018

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	5,882	5,395	109%	\$24.88	\$23.35	107%
2014	94	10,019	9,552	105%	\$24.87	\$22.99	108%
2015	136	14,197	12,720	112%	\$25.28	\$22.28	113%
2016	177	19,670	17,320	114%	\$24.71	\$21.65	114%
2017	148	15,495	12,224	127%	\$25.52	\$21.80	117%

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	\$15,799,451	\$14,088,639	\$6,601,085	47%
2014	\$27,770,169	\$24,112,127	\$13,131,631	54%
2015	\$46,169,440	\$40,372,578	\$18,084,965	45%
2016	\$39,770,648	\$35,232,494	\$19,923,814	57%
2017	\$37,342,310	\$31,600,377	N/A	N/A
Grand Total	\$172,034,850	\$150,320,877	\$59,845,588	40%

- The Commonwealth provided \$3,042 of incentives per new job reported based on total actual incentives claimed to date and actual jobs reported in 2016.
- Based on actual jobs and wages reported in 2016 by companies approved to claim incentives, the estimated payroll for new, full-time Kentucky resident jobs is approximately \$1 billion. This equated to \$16.89 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

<u>Project</u>	<u>County</u>	<u>Approval Date</u>	<u>Exit Date</u>	<u>Program</u>
Capture, LLC Explanation: Several attempts to contact the Company with no response. Project expired on May 31, 2018.	Jefferson	05/28/2015	05/31/2018	KBI
Monoprice, Inc. Explanation: Several attempts to contact the Company with no response. Project expired on May 31, 2018.	Boone	05/28/2015	05/31/2018	KBI
Roller Die & Forming Company Explanation: Several attempts to contact the Company with no response. Project expired on May 31, 2018.	Franklin	05/28/2015	05/31/2018	KBI
Riverine Fisheries International Explanation: Several attempts to contact the Company with no response. Project expired on May 31, 2018.	Fulton	05/29/2014	05/31/2018	KBI
Kentucky Dairy Products Explanation: Company withdrew from the KBI Program per email dated May 5, 2018.	Laurel	07/31/2014	05/05/2018	KBI
Wink Equipment, Inc. Explanation: Company withdrew from KBI Program per email dated 5/3/2018 stating the company had shut down last November.	Hopkins	10/27/2016	05/03/2018	KBI

June 2018

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

Date: June 28, 2018
Preliminary Approval: February 26, 2015
Applicant: Fort Mitchell Economic Development Authority, Inc.
Project Name: Fort Mitchell Gateway Project
City: Fort Mitchell **County:** Kenton
Program Type: Mixed-Use Redevelopment in Blighted Urban Areas
TIF Term: 20 years **DFS Staff:** Kylee Palmer

Project Description: New capital investment of nearly \$135 million and involves the construction of:

- Two medical office buildings totaling approx. 200,000 sq. ft.
- Restaurant space of 11,000 sq. ft.
- Retail space of 20,000 sq. ft.
- Multi-family residential units of 150,000 sq. ft.
- Hotel of approx. 60,000 sq. ft.

The project's proposed footprint is a 22 acre site at the former location of the Drawbridge Inn. The proposed site does not have any current uses as it is abandoned and requires numerous improvements.

Public Infrastructure: Project's total approx. \$40 million:

- Land preparation
- Public parking
- Road improvements
- Curbs, sidewalks, and related improvements
- Storm & sanitary sewer improvements
- Utilities and street lighting

Consultant Report: The project was reviewed by our 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 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.

Total Capital Investment: \$135 million **Type of Eligible Cost:** Public Infrastructure

Increment Recovery: The following taxes are available for recovery from the footprint over the TIF term through an 40% recovery, as based on the independent consultant analysis:

Withholding Tax	\$21,464,000
Sales Tax	\$15,626,000
Real Estate Property Tax	\$2,219,000
Total Taxes Eligible	\$39,309,000
Increment Recovery Percentage	x 40%
Potential Increment Stream	\$15,723,600

Approved Cost: **\$13,674,000**

Projected Eligible Taxes to Approved Cost: \$2.87

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 \$135 million, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$13,674,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved of \$13,674,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

MEMORANDUM

To: KEDFA Board

From: Katie Smith *KS*
Commissioner

Date: June 28, 2018

Subject: Hospital Revenue Bonds, Series 2017C (Baptist Healthcare System Obligated Group) – \$65,245,000 – First Amendment to Purchase Agreement

On December 7, 2017, KEDFA authorized the issuance of hospital revenue bonds in an amount not to exceed \$80 million on behalf of Baptist Healthcare System Obligated Group to advance refund a portion of the KEDFA Hospital Revenue Bonds, Series 2009A. The bonds were issued in late December 2017 amounting to \$65,245,000.

The Purchase Agreement related to the transaction includes an Index Rate Period that ended on June 26, 2018 (the "Conversion Date"). On the Conversion Date, the parties to the Purchase Agreement agreed to convert the bonds to another Index Rate Period expiring on November 30, 2018. The bonds were originally structured to temporarily refinance the previous bonds until Baptist was able to accumulate a larger transaction for a refinancing due to the new tax laws associated with advanced refundings. Baptist is currently in the process of permanently refinancing the Series 2009A bonds and the Series 2017C bonds with an estimated completion date of August 2018.

Due to the timing of the amendment, an officer of KEDFA was required to execute the First Amendment to the Purchase Agreement prior to the June KEDFA meeting. Staff is requesting ratification of the transaction.

MEMORANDUM

To: KEDFA Board

From: Katie Smith
Commissioner *KS*

Date: June 28, 2018

Subject: Taxable Hospital Revenue Bonds, Series 2018A (Baptist Healthcare System Obligated Group) – \$145,000,000 – Bond Resolution

Attached is a draft New Bond Issue Report related to KEDFA's proposed issuance of taxable hospital revenue bonds in an amount not to exceed \$145,000,000 on behalf of Baptist Healthcare System Obligated Group. The bond proceeds will be used to refund all of the outstanding KEDFA Hospital Revenue Bonds, Series 2009A and Series 2017C.

A local resolution has been received from the following jurisdictions requesting KEDFA issue the bonds: a) City of Corbin; b) City of LaGrange; c) Lexington-Fayette Urban County Government; d) City of Paducah and e) City of St. Matthews.

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 bond resolution.

KEDFA BOND INFORMATION FORM

Name of Issue: Kentucky Economic Development Authority Taxable Hospital Revenue Refunding Bonds, Series 2018A (Baptist Healthcare System Obligated Group)

Name of project(s) covered by Issue: Refunding of costs of various existing Baptist Healthcare System Projects – See Exhibit A

Purpose of Issue: The 2018A Bonds are being issued to (i) defease and refund all of the outstanding Kentucky Economic Development Finance Authority Hospital Revenue Bonds, Series 2009A (Baptist Healthcare System Obligated Group), currently outstanding in a total principal amount of \$74,405,000 (the “2009A Bonds”); (ii) refund all of the outstanding Kentucky Economic Development Finance Authority Hospital Revenue Bonds, Series 2017C (Baptist Healthcare System Obligated Group), currently outstanding in a total principal amount of \$65,245,000 (the “2017C Bonds”) (the 2009A Bonds and the 2017C Bonds, collectively, the “Prior Bonds”); (iii) fund a debt service reserve fund, if required, and (iv) pay costs of issuance of the 2018A Bonds and of the Refunding

Size: Not to exceed \$145,000,000

Proposed date of Sale: August 9, 2018 [Preliminary date only; subject to change]

Proposed date of issue: August 23, 2018 [Preliminary date only; subject to change]

Maturity: [To be determined; maximum term of 40 years]

Ratings: _____ (Moody’s) / _____ (Fitch)

Security: Master Trust Indenture Obligation of Baptist Healthcare System, secured by a pledge of revenues of the Baptist Health Obligated Group

Date authorization(s): June 28, 2018 (KEDFA approval)
July __, 2018 (State Property and Buildings Commission)
July __, 2018 (Capital Projects and Bond Oversight Committee)
July __, 2018 (Office of Financial Management of the Finance and Administration Cabinet)

Net Proceeds for Refunding: \$ _____

Plus: Issuance Costs \$ _____

GROSS PROCEEDS: \$ _____

Terms of issue: Net interest rate: ____%

Length of term: [Up to 40] years

Gross debt service amount: \$ _____

Average annual debt service: \$ _____

First call date: [August 15, 2028] **Premium at first call:** None

Security: See above

Method of sale: Negotiated

Purchasers: Bank of America Merrill Lynch

Professional Services

Pursuant to the provisions of KRS Chapter 47, the

Agency: Kentucky Economic Development Finance Authority
 Issue: Taxable Hospital Revenue Refunding Bonds, Series 2018A (Baptist Healthcare System Obligated Group)

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	\$10,000
Hall, Render, Killian, Heath & Lyman, P.C. 500 North Meridian St., Suite 400 Indianapolis, IN 46204	Bond Counsel Fee and Expenses	[\$TBD]
Stoll Keenon Ogden PLLC 500 West Jefferson Street Suite 2000 Louisville, KY 40202	Borrower Counsel Fee and Expenses	[\$TBD]
U.S. Bank National Association One Financial Square Louisville, KY 40202	Trustee's Fee	[\$TBD]
Stites & Harbison PLLC 400 West Market Street, Suite 1800 Louisville, KY 40202	Issuer's Counsel Fee and Expenses	[\$TBD]
Hammond Hanlon Camp LLC 623 Fifth Avenue, 29 th Floor New York, NY 10022	Financial Advisory Fee	[\$TBD]
Senior Manager Bank of America Merrill Lynch One Bryant Park New York, NY 10036	Underwriters' Discount	[\$TBD]
Chapman and Cutler LLP 111 West Monroe Street Chicago, IL 60603	Underwriters' Counsel Fee and Expenses	[\$TBD]
BKD 600 N. Hurstbourne Pkwy, Suite 350 Louisville, KY 40252	Accountant's Fee	[\$TBD]

Deloitte & Touche LLP 220 West Main Street, Suite 2100 Louisville, KY 40202	Accountant's Fee	[\$TBD]
Moody's Investors Service 7 WTC at 250 Greenwich Street New York, NY 10007	Rating Fee	[\$TBD]
Fitch Ratings 33 Whitehall Street New York, NY 10004	Rating Fee	[\$TBD]
ImageMaster 1182 Oak Valley Drive Ann Arbor, MI 48108	Printing Fee	[\$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.

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:	Refunding of 2017C Bonds	\$ _____
	Refunding of 2009A Bonds	\$ _____
	[Debt Service Reserve Fund]	\$ _____
	Cost of Issuance	\$ _____
	Total Uses	\$ _____

FOR REFUNDING ONLY

Bond issue being refinanced: (i) all of the outstanding Kentucky Economic Development Finance Authority Hospital Revenue Bonds, Series 2017C (Baptist Healthcare System Obligated Group) and (ii) all of the outstanding Kentucky Development Finance Authority Hospital Revenue Bonds, Series 2009A (Baptist Healthcare System Obligated Group)

Amount of principal:	\$ _____	Amount to be refunded:	\$ _____
-----------------------------	----------	-------------------------------	----------

Terms of existing bond issue:

Net interest rate:	2017C = LIBOR + 0.25%	Length of term:	2017C = __ months
	2009A = [5.44%]		2009A = ____

First call date:	2017C = Any date	Call at par:
	2009A = 8/15/2018	

Average annual debt service	2017C = currently interest only
	2009A = \$ _____

REFUNDING ACTIVITY

Funds to apply to refunding:	\$ 0.00
Proceeds from New Bonds	\$ _____
Released Debt Service Reserve	\$ _____
Total Available to Pay Old Bond Issue	\$ _____

SAVINGS RESULTING FROM REFINANCING

Average annual debt service savings: N/A

Number of years savings will accrue: N/A

Total present value savings: N/A

Note: The Bonds are being issued as Taxable Revenue Refunding Bonds in order to extend the maturity and re-structure the debt service payments on the Bonds to provide cash flow savings to Baptist Health and to appropriately position Baptist Health's entire debt portfolio.

EXHIBIT A**PRIOR BONDS TO BE REFUNDED**

The Prior Bonds will be advance refunded with a portion of the proceeds of the Bonds.

PRIOR PROJECTS

Proceeds of the Prior Bonds were used to finance and refinance all or any portion of the purchase, acquisition, construction, enlargement, remodeling, renovation, improvement, furnishing or equipping of the hospitals, other health facilities, and their related facilities, including land, owned or operated by Baptist Health or its affiliates and generally located at the addresses, all as described below:

1. Baptist Health Corbin, generally located at 1 Trillium Way, Corbin, Whitley County, Kentucky (\$15,000,000 maximum principal amount).
 - a. Acquisition, construction or renovation of behavioral health facilities, HVAC systems, plumbing systems, surgical centers and medical and office equipment and furnishings.
2. Baptist Health LaGrange, generally located at 1025 New Moody Land, LaGrange, Oldham County, Kentucky (\$30,000,000 maximum principal amount).
 - a. Acquisition, construction or renovation of facility safety systems, laboratory facilities, HVAC equipment, emergency and patient room improvements and medical and office equipment and furnishings.
3. Baptist Health Lexington, generally located at 1740 Nicholasville Road, Lexington, Fayette County, Kentucky (\$50,000,000 maximum principal amount).
 - a. Acquisition, construction or renovation of a two-story tower addition, power plant upgrades, laboratories, operating rooms, HVAC equipment, emergency systems, medical and office equipment and furnishings and other general facility improvements.
4. Baptist Health Paducah, generally located at 2501 Kentucky Avenue, Paducah, McCracken County, Kentucky (\$15,000,000 maximum principal amount).
 - a. Acquisition, construction or renovation of facilities for cardiovascular services, women's health services, diagnostic imaging services, chaplain services, safety system upgrades, and medical and office equipment and furnishings.

5. Baptist Health Louisville, generally located at 4000 Kresge Way, St. Matthews, Jefferson County, Kentucky (\$15,000,000 maximum principal amount).
 - a. Acquisition, construction or renovation of a patient bed and surgery tower, cardiovascular facilities, diagnostic imaging facilities, pediatric facilities, HVAC systems and related equipment, north building renovations and medical and office equipment and furnishings.

6. Baptist Health Support Services, generally located at 4007 Kresge Way, St. Matthews, Jefferson County, Kentucky (\$20,000,000 maximum principal amount).
 - a. Acquisition, construction or renovation of facility safety equipment and medical and office equipment and furnishings.

MEMORANDUM

To: KEDFA Board

From: Katie Smith 
Commissioner

Date: June 28, 2018

Subject: Authorization of an Amendment Resolution for 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 Financing Agreement for the bond transaction contained a corporate tax rate adjustment provision, which was triggered by the corporate tax rate change on January 1, 2018. The Bank and Borrower have agreed to adjust the rate formula; so an 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.

**KENTUCKY ECONOMIC DEVELOPMENT AUTHORITY
KENTUCKY INVESTMENT FUND ACT (KIFA) PROJECT SUMMARY**

Request for Amendment

Date: June 28, 2018

Investment Fund: Bluegrass Angel Venture Fund IV, LLC

Fund Manager: Christopher H. Young

Proposed Fund Size: \$3,000,000 (minimum)/\$6,000,000 (maximum)

KIFA Tax Credit Requested: \$2,100,000 (\$500,000 increase)

Description of Fund: The Bluegrass Angel Venture Fund IV, LLC exists (1) to encourage and assist in the creation, development, or expansion of small businesses located in Kentucky, and (2) to earn an appropriate rate of return for Fund investors through investments in early stage development companies positioned for growth and appreciation in value.

The fund manager, Christopher H. Young, is currently the Chairman of the Board of Managers of the Bluegrass Angels, Fund Manager of the Bluegrass Angel Venture Fund II, LLC and Fund Manager of Bluegrass Angel Venture Fund III, LLC.

Subsequent to approval for \$1,600,000 in allocated credits in January 2018 the Fund submitted a request that the approved allocation of credits be increased. The additional request accounts for the full \$6,000,000 in expected cash contributions to the Fund.

Staff recommends approval of the Fund's request for an increase of \$500,000 in the total maximum allocation in KIFA tax credits to the Fund subject to completion of the amendment agreement documents and any associated fees.

All other aspects of the agreement will remain the same.

Staff recommends approval.

MEMORANDUM

TO: KEDFA Board Members

FROM: Robert Aldridge, Assistant Director
Compliance Division 

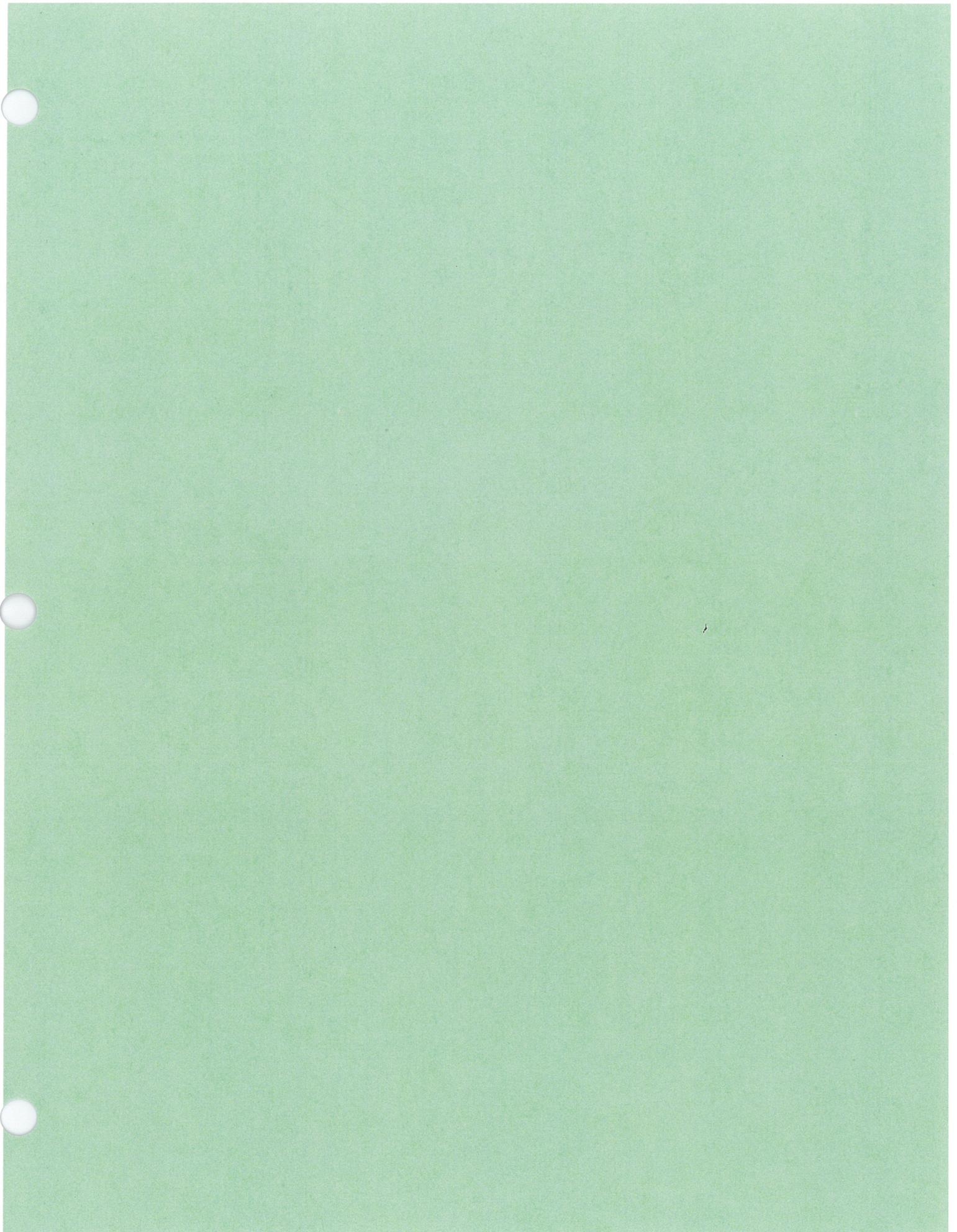
DATE: June 28, 2018

SUBJECT: KEIA Extensions

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

Company	County	Extension
Murakami Manufacturing USA, Inc.	Taylor	2 Months
3M Company	Harrison	3 Months
Road ID, Inc.	Kenton	3 Months
Audubon Metals, LLC	Henderson	6 Months
White Clay Consulting, Inc.	Jefferson	6 Months
Accumetric, LLC	Hardin	12 Months
Altec Industries, Inc.	Hardin	12 Months
Butts Foods Incorporated	Simpson	12 Months
Kentucky Fresh Harvest, LLC	Lincoln	12 Months
United Parcel Service, Inc.	Jefferson	12 Months

Staff recommends approval.



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KEIA REPORT**

Date: June 28, 2018
Approved Company: Campari America LLC
City: Lawrenceburg **County:** Anderson
Activity: Manufacturing **Resolution #:** KEIA-18-22116
Bus. Dev. Contact: A. Bobbitt **OFS Staff:** D. Phillips

Project Description: Campari America LLC is one of the largest spirits company in the United States, producing more than 20 brands, including award-winning vodkas, whiskies, rums, gins, cordials, liqueurs, and cachaças. The company has seen an increase in the global demand for their products and has completed new expansion projects over the last few years. In order to house the growing production for the critical aging process, they are considering constructing a new pallet barrel warehouse with space for storage of 46,000 barrels.

Facility Details: Expanding existing operations

Anticipated Project Investment

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

Eligible Costs	Total Investment
\$0	\$0
\$1,015,486	\$2,291,153
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$0
\$1,015,486	\$2,291,153

Ownership (20% or more):

Redfire, Inc. San Francisco, CA

Other State Participation:

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Aug 27, 2015	KBI	Monitor	\$2,000,000

Unemployment Rate:

County: 3.2%

Kentucky: 3.9%

Existing Presence in Kentucky:

Anderson and Jessamine County

Approved Recovery Amount:

Construction Materials and Building Fixtures: \$50,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$50,000

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KEIA REPORT**

Date: June 28, 2018
Approved Company: Harbor Steel & Supply Corporation
City: Lexington **County:** Fayette
Activity: Manufacturing **Resolution #:** KEIA-18-22114
Bus. Dev. Contact: A. Bobbitt **OFS Staff:** D. Phillips

Project Description: Harbor Steel & Supply Corporation is a full-service metals distribution and processing company. It began operations in Lexington, KY in 1993. The company is considering an expansion of additional square footage as well as new machinery to help meet existing and future demand of the market.

Facility Details: Expanding existing operations

Anticipated Project Investment

	Eligible Costs	Total Investment
Land	\$0	\$0
Building Construction	\$1,500,000	\$2,600,000
Electronic Processing Equipment	\$0	\$0
Research & Development Equipment	\$0	\$0
Other Equipment	\$0	\$1,500,000
Other Start-up Costs	\$0	\$0
TOTAL	\$1,500,000	\$4,100,000

Ownership (20% or more):

Carol F. Folkert Spring Lake, MI
 Kucinda L. Haverkamp Grand Rapids, MI

Other State Participation:

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Jul 27, 2017	KBI	Monitor	\$600,000

Unemployment Rate:

County: 3.0% Kentucky: 3.9%

Existing Presence in Kentucky:

Fayette County

Approved Recovery Amount:

Construction Materials and Building Fixtures: \$75,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT: **\$75,000**

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: Reinhart Foodservice, L.L.C.
City: Bowling Green **County:** Warren
Activity: Service & Technology **Prelim Resolution #:** KBI-I-18-22112
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: Reinhart Foodservice, L.L.C. is one of the five largest food service distributors in the country. The company provides fresh produce, proteins, ingredients, supplies and equipment to a variety of customers across the country. Reinhart is considering expanding its existing facility by an additional 75,000 square feet to add more distribution capacity, a new refrigeration system, new office space as well as a new truck service center.

Facility Details: Expanding existing operations

Anticipated Project Investment - Owned

Land
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$13,701,943	\$13,701,943
\$400,000	\$500,000
\$0	\$0
\$14,101,943	\$14,201,943

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	20	\$24.00	
1	35	\$24.00	\$60,000
2	40	\$24.00	\$60,000
3	40	\$24.00	\$60,000
4	40	\$24.00	\$60,000
5	43	\$24.00	\$60,000
6	43	\$24.00	\$60,000
7	46	\$24.00	\$60,000
8	46	\$24.00	\$60,000
9	50	\$24.00	\$60,000
10	50	\$24.00	\$60,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$600,000

County Type:

Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Ownership (20% or more):

Reyes Holdings, L.L.C. Rosemont, IL

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: 3.1%

Kentucky: 3.9%

Existing Presence in Kentucky:

Jefferson and Warren Counties

Special Conditions:

The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The company reported 99 full-time, Kentucky resident employees as of the application date.

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

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
KEIA REPORT**

Date: June 28, 2018
Approved Company: Reinhart Foodservice, L.L.C.
City: Bowling Green **County:** Warren
Activity: Service & Technology **Resolution #:** KEIA-18-22113
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: Reinhart Foodservice, L.L.C. is one of the five largest food service distributors in the country. The company provides fresh produce, proteins, ingredients, supplies and equipment to a variety of customers across the country. Reinhart is considering expanding its existing facility by an additional 75,000 square feet to add more distribution capacity, a new refrigeration system, new office space as well as a new truck service center.

Facility Details: Expanding existing operations

Anticipated Project Investment

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

Eligible Costs	Total Investment
\$0	\$0
\$9,591,360	\$13,701,943
\$0	\$0
\$0	\$0
\$0	\$500,000
\$0	\$0
\$9,591,360	\$14,201,943

Approved Recovery Amount:

Construction Materials and Building Fixtures: \$200,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$200,000

See KBI file (KBI-I-18-22112) for Ownership, Other State Participation and Unemployment Rate.

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

Date: June 28, 2018
Approved Company: Afni, Inc.
City: Bowling Green **County:** Warren
Activity: Service & Technology **Prelim Resolution #:** KBI-IL-18-22111
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: Afni, Inc. is a privately held customer engagement company, headquartered in Illinois, that offers multi-channel customer contact solutions. The company's Bowling Green customer care center is considering expanding its capacity and adding new jobs to meet customer demand.

Facility Details: Expanding existing operations

Anticipated Project Investment - Leased

Rent
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$100,000	\$100,000
\$129,000	\$129,000
\$86,800	\$86,800
\$315,800	\$315,800

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	86	\$16.00	
1	86	\$16.00	\$30,000
2	86	\$16.00	\$30,000
3	86	\$16.00	\$30,000
4	86	\$16.00	\$30,000
5	86	\$16.00	\$30,000
6	86	\$16.00	\$30,000
7	86	\$16.00	\$30,000
8	86	\$16.00	\$30,000
9	86	\$16.00	\$30,000
10	86	\$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

Ownership (20% or more):
Ronald Greene Bloomington, IL
Bruce Griffin Bloomington, IL

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: 3.1% Kentucky: 3.9%

Existing Presence in Kentucky:
Warren 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 244 full-time, Kentucky resident employees as of the application date.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: Bowling Green Metalforming L.L.C.
City: Bowling Green **County:** Warren
Activity: Manufacturing **Prelim Resolution #:** KBI-IL-18-22107
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: Bowling Green Metalforming L.L.C., a wholly-owned subsidiary of Magna International, is a global automotive supplier. At its Bowling Green location, the company produces truck frame assemblies, engine cradles, body structural stampings and assemblies, suspension links, cross members and trailer hitches. The company is considering purchasing a new press and making some building modifications. This will allow Bowling Green Metalforming L.L.C. to keep more business in-house and help to capture new business.

Facility Details: Expanding existing operations

Anticipated Project Investment - Leased

Rent
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$5,600,000	\$5,600,000
\$540,000	\$8,600,000
\$0	\$0
\$6,140,000	\$14,200,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	27	\$33.00	
1	27	\$33.00	\$60,000
2	27	\$33.00	\$60,000
3	27	\$33.00	\$60,000
4	27	\$33.00	\$60,000
5	27	\$33.00	\$60,000
6	27	\$33.00	\$60,000
7	27	\$33.00	\$60,000
8	27	\$33.00	\$60,000
9	27	\$33.00	\$60,000
10	27	\$33.00	\$60,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$600,000

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: DENSO Air Systems Michigan Inc.
City: Hopkinsville **County:** Christian
Activity: Manufacturing **Prelim Resolution #:** KBI-IL-18-22097
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: DENSO Air Systems Michigan Inc. has been in business in Kentucky since 2011. The company manufactures aluminum HVAC pipes, tubes and hose assemblies for the automotive industry. DENSO is considering adding an additional 48,000 square feet and purchasing equipment to help meet customer demand.

Facility Details: Expanding existing operations

Anticipated Project Investment - Leased

Rent
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$610,860	\$1,221,720
\$115,000	\$115,000
\$1,903,000	\$1,903,000
\$286,000	\$286,000
\$2,914,860	\$3,525,720

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	45	\$21.00	
1	45	\$21.00	\$90,000
2	45	\$21.00	\$90,000
3	45	\$21.00	\$90,000
4	45	\$21.00	\$90,000
5	45	\$21.00	\$90,000
6	45	\$21.00	\$90,000
7	45	\$21.00	\$90,000
8	45	\$21.00	\$90,000
9	45	\$21.00	\$90,000
10	45	\$21.00	\$90,000
11			
12			
13			
14			
15			

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$900,000

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: Stryker Logistics, LLC
City: Bowling Green
Activity: Service & Technology
Bus. Dev. Contact: C. Peek

County: Warren
Prelim Resolution #: KBI-I-18-22106
OFS Staff: M. Elder

Project Description: Stryker Logistics, LLC is a regional third party logistics service provider. The company is considering acquiring a 25,000 square foot facility to house a headquarters operations as well as to help attract new business. The new building will allow Stryker to provide warehousing sorting options for its customers.

Facility Details: Expanding existing operations

Anticipated Project Investment - Owned

Land
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$1,000,000	\$1,000,000
\$200,000	\$300,000
\$150,000	\$150,000
\$1,350,000	\$1,450,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$15.00	
1	15	\$15.00	\$20,000
2	15	\$15.00	\$20,000
3	20	\$15.00	\$20,000
4	25	\$15.00	\$20,000
5	25	\$15.00	\$20,000
6	30	\$15.00	\$20,000
7	35	\$15.00	\$20,000
8	40	\$15.00	\$20,000
9	45	\$15.00	\$20,000
10	50	\$15.00	\$20,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$200,000

County Type:
Other

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

Ownership (20% or more):
Fejzulah Avdic Bowling Green, KY

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: 3.1% Kentucky: 3.9%

Existing Presence in Kentucky:
Jefferson and Warren Counties

Special Conditions:
The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The company reported 9 full-time, Kentucky resident employees as of the application date.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: The Kroger Co.
City: Burlington **County:** Boone
Activity: Service & Technology **Prelim Resolution #:** KBI-I-18-22115
Bus. Dev. Contact: L. Ransdell **OFS Staff:** M. Elder

Project Description: The Kroger Co. ranks as one of the world's largest retailers, which operates 38 food manufacturing facilities that make thousands of products. The company's 42 distributions centers help get consumer products ultimately to the millions of customers the company serves. Kroger is considering upgrading its equipment in order to meet customer demand.

Facility Details: Expanding existing operations

Anticipated Project Investment - Owned

Land
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$795,000	\$795,000
\$2,920,000	\$17,100,000
\$0	\$0
\$3,715,000	\$17,895,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	146	\$17.00	
1	146	\$17.00	\$100,000
2	146	\$17.00	\$100,000
3	146	\$17.00	\$100,000
4	146	\$17.00	\$100,000
5	146	\$17.00	\$100,000
6	146	\$17.00	\$100,000
7	146	\$17.00	\$100,000
8	146	\$17.00	\$100,000
9	146	\$17.00	\$100,000
10	146	\$17.00	\$100,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$1,000,000

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: Global Wood Company, LLC
City: Shelbiana **County:** Pike
Activity: Agribusiness **Prelim Resolution #:** KBI-IL-18-22098
Bus. Dev. Contact: R. Lee **OFS Staff:** D. Phillips

Project Description: Global Wood Company, LLC is a biomass energy company with plans to produce wood chips and other kinds of biomass to be sold to energy producers around the world. The company is considering starting a biomass wood chipping operation at the old CSX yard in Shelbiana which will provide easy shipping access.

Facility Details: Locating in a new facility

Anticipated Project Investment - Leased

Rent
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$450,000	\$900,000
\$550,000	\$550,000
\$150,000	\$150,000
\$100,000	\$100,000
\$1,250,000	\$1,700,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	11	\$17.00	
1	11	\$17.00	\$35,000
2	21	\$17.00	\$35,000
3	33	\$17.00	\$34,000
4	34	\$17.00	\$33,000
5	34	\$17.00	\$33,000
6	34	\$17.00	\$33,000
7	34	\$17.00	\$33,000
8	34	\$17.00	\$33,000
9	34	\$17.00	\$33,000
10	34	\$17.00	\$33,000
11	34	\$17.00	\$33,000
12	34	\$17.00	\$33,000
13	34	\$17.00	\$33,000
14	34	\$17.00	\$33,000
15	34	\$17.00	\$33,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$500,000

County Type:
Enhanced

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

Ownership (20% or more):

Jesse Salyer - Pikeville, KY
Michael Turnbull - Mississauga, Ontario
Gilad Gluzman - Tel Aviv, Israel

Active State Participation at the project site: None

Requested Wage Assessment / Local Participation:

State: 5.0%

Unemployment Rate:

County: 5.4%

Kentucky: 3.9%

Existing Presence in Kentucky: None

Special Conditions: None

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: SWVA Kentucky, LLC dba Kentucky Electric Steel
City: Ashland **County:** Boyd
Activity: Manufacturing **Prelim Resolution #:** KBI-I-18-22043
Bus. Dev. Contact: T. Fay **OFS Staff:** D. Phillips

Project Description: SWVA Kentucky, LLC dba Kentucky Electric Steel is a merchant bar rolling mill that will utilize incoming produced or purchased billets as its raw material which is rolled into a merchant or SBQ flat product. The company is considering a new manufacturing facility in Ashland.

Facility Details: Locating in a new facility

Anticipated Project Investment - Owned

Land
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$1,000,000	\$1,000,000
\$4,000,000	\$4,000,000
\$1,000,000	\$1,000,000
\$6,000,000	\$6,000,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	50	\$35.00	
1	50	\$35.00	\$140,000
2	55	\$35.00	\$160,000
3	60	\$35.00	\$200,000
4	60	\$35.00	\$200,000
5	60	\$35.00	\$200,000
6	60	\$35.00	\$200,000
7	60	\$35.00	\$200,000
8	60	\$35.00	\$200,000
9			
10			
11			
12			
13			
14			
15			

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$1,500,000

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

KBI REPORT - PRELIMINARY APPROVAL

Date: June 28, 2018
Approved Company: CCBCC Operations, LLC
Approved Affiliate(s): CCBCC, Inc.
City: Erlanger **County:** Kenton
Activity: Service & Technology **Prelim Resolution #:** KBI-IL-18-22093
Bus. Dev. Contact: L. Witt **OFS Staff:** M. Elder

Project Description: CCBCC Operations, LLC, a wholly owned subsidiary of Coca-Cola Bottling Co. Consolidated is currently the largest bottler of Coca-Cola products in the United States, with over 15,000 employees and multiple manufacturing facilities, distribution and sales centers. The company is considering a site in Erlanger for a newly built and highly efficient distribution center. The proposed project anticipates the creation of at least 434 new, full-time jobs (including non-Kentucky residents).

Facility Details: Locating in a new facility

Anticipated Project Investment - Leased

Rent
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Eligible Costs	Total Investment
\$0	\$0
\$0	\$0
\$5,800,000	\$9,000,000
\$3,400,000	\$3,400,000
\$9,200,000	\$12,400,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	290	\$28.50	
1	290	\$28.50	\$350,000
2	293	\$28.50	\$350,000
3	303	\$28.50	\$350,000
4	303	\$28.50	\$350,000
5	303	\$28.50	\$350,000
6	303	\$28.50	\$350,000
7	303	\$28.50	\$350,000
8	303	\$28.50	\$350,000
9	303	\$28.50	\$350,000
10	303	\$28.50	\$350,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$3,500,000

MEMORANDUM

TO: KEDFA Board Members

FROM: Michelle Elder *ME*
Incentive Administration Division

DATE: June 28, 2018

SUBJECT: KBI Extensions

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

Company	County	Extension
FreshChoice Complete Diet Products, LLC	Gallatin	3 Month
Leggett & Platt, Incorporated	Scott	3 Month
Astecnos America Corporation	Jessamine	12 Month
DecoArt, Inc.	Lincoln	12 Month
Ervin Cable Construction of Florida, LLC	Union	12 Month
INFAC North America Inc.	Taylor	12 Month
MISA Metal Fabricating, Inc.	Jefferson	12 Month
North America Sticks	Knox	12 Month
ProCom Heating, Inc.	Warren	12 Month

Staff recommends approval.

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

Date: June 28, 2018
Preliminary Approval: April 30, 2015
Approved Company: ADP Benefit Services KY, Inc.
Approved Affiliate(s): ADP, LLC
City: Jeffersontown **County:** Jefferson
Activity: Service & Technology **Final Resolution #:** KBI-FL-18-20411
Bus. Dev. Contact: L. Ransdell **OFS Staff:** M. Elder

Project Description: ADP Benefit Services KY, Inc. is a comprehensive global provider of cloud-based Human Capital Management (HCM) solutions with global headquarters in Patterson, NJ. ADP has several facilities around Kentucky and has consolidated some of these operations. A building in Jeffersontown underwent major renovations to accommodate the consolidated and new employees.

Anticipated Project Investment - Leased	Eligible Costs	Total Investment
	\$5,916,500	\$25,559,363

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	35	\$24.00	
1	35	\$24.00	\$70,000
2	35	\$24.00	\$70,000
3	35	\$24.00	\$70,000
4	35	\$24.00	\$70,000
5	35	\$24.00	\$70,000
6	35	\$24.00	\$70,000
7	35	\$24.00	\$70,000
8	35	\$24.00	\$70,000
9	35	\$24.00	\$70,000
10	35	\$24.00	\$70,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT: **\$700,000**

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

Special Conditions:
 Maintain Base Employment: 573
 Maintain Statewide Employment: 127

Modifications since preliminary approval? No

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

Date: June 28, 2018
Preliminary Approval: March 31, 2016
Approved Company: American Stave Company L.L.C.
City: Benton **County:** Marshall
Activity: Manufacturing **Final Resolution #:** KBI-FD-18-20953
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: American Stave Company L.L.C. is a subsidiary of Independent Stave Company, based in Lebanon, Missouri. The company produces staves for the bourbon and whiskey industries. The company purchased land and constructed a new stave mill in order to create more production flexibility in an area closer to where its raw materials are sourced from.

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

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	40	\$19.00	
1	48	\$19.00	\$50,000
2	48	\$19.00	\$50,000
3	48	\$19.00	\$50,000
4	48	\$19.00	\$50,000
5	48	\$19.00	\$50,000
6	48	\$19.00	\$50,000
7	48	\$19.00	\$50,000
8	48	\$19.00	\$50,000
9	48	\$19.00	\$50,000
10	48	\$19.00	\$50,000
11	48	\$19.00	\$50,000
12	48	\$19.00	\$50,000
13	48	\$19.00	\$50,000
14	48	\$19.00	\$50,000
15	48	\$19.00	\$50,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$750,000

County Type:
Enhanced

Statutory Minimum Wage Requirements:

Base hourly wage: \$9.06
 Total hourly compensation: \$10.42

Special Conditions:
 Maintain Statewide Employment: 65

Modifications since preliminary approval? No

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

Date: June 28, 2018
Preliminary Approval: April 28, 2016
Approved Company: Champion Home Builders, Inc.
City: Benton **County:** Marshall
Activity: Manufacturing **Final Resolution #:** KBI-FLD-18-20986
Bus. Dev. Contact: C. Peek **OFS Staff:** M. Elder

Project Description: Champion Home Builders, Inc. has been acknowledged as a leader in the manufactured housing industry and one of the largest modular home builders in North America. The company leased a building in Benton to manufacture low and medium sized manufactured homes for distribution to retailers in Kentucky and other states.

Anticipated Project Investment - Leased	Eligible Costs	Total Investment
	\$4,272,395	\$6,297,395

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	35	\$28.00	
1	102	\$28.00	\$150,000
2	150	\$28.00	\$150,000
3	150	\$28.00	\$150,000
4	150	\$28.00	\$150,000
5	150	\$28.00	\$150,000
6	150	\$28.00	\$150,000
7	150	\$28.00	\$150,000
8	150	\$28.00	\$150,000
9	150	\$28.00	\$150,000
10	150	\$28.00	\$150,000
11	150	\$28.00	\$150,000
12	150	\$28.00	\$150,000
13	150	\$28.00	\$150,000
14	150	\$28.00	\$150,000
15	150	\$28.00	\$150,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT: **\$2,250,000**

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

Special Conditions: None

Modifications since preliminary approval? No

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

Date: June 28, 2018
Preliminary Approval: March 30, 2017
Approved Company: Maxim Crane Works, L.P.
City: Wilder **County:** Campbell
Activity: Headquarters **Final Resolution #:** KBI-FL-18-21547
Bus. Dev. Contact: A. Germond **OFS Staff:** M. Elder

Project Description: Maxim Crane Works L.P. ("Maxim") is the largest coast-to-coast provider of crane rental and lifting services in the United States. Maxim has 48 locations across the country and provides services in all 50 states. In order to accommodate its current and projected nationwide growth, Maxim constructed an additional 17,000 square foot building to house executives and administrative staff.

	Eligible Costs	Total Investment
Anticipated Project Investment - Leased	\$3,180,000	\$4,710,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	40	\$69.00	
1	40	\$69.00	\$200,000
2	50	\$69.00	\$200,000
3	70	\$69.00	\$200,000
4	90	\$69.00	\$200,000
5	100	\$69.00	\$200,000
6	100	\$69.00	\$200,000
7	100	\$69.00	\$200,000
8	100	\$69.00	\$200,000
9	100	\$69.00	\$200,000
10	100	\$69.00	\$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

Special Conditions:
 Maintain Base Employment: 80
 Maintain Statewide Employment: 23

Modifications since preliminary approval? No

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

Date: June 28, 2018
Preliminary Approval: June 25, 2015
Approved Company: Tyson Chicken, Inc.
City: Robards
Activity: Manufacturing
Bus. Dev. Contact: T. Sears

County: Henderson
Final Resolution #: KBI-F-18-20491
OFS Staff: M. Elder

Project Description: Tyson Chicken, Inc. is a food production company that specializes in the processing of beef, chicken and pork. The project included the replacement and expansion of freezer capacity and deboning equipment.

Anticipated Project Investment - Owned	Eligible Costs	Total Investment
	\$4,805,498	\$8,245,498

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	91	\$14.00	
1	91	\$14.00	\$75,000
2	91	\$14.00	\$75,000
3	91	\$14.00	\$75,000
4	91	\$14.00	\$75,000
5	91	\$14.00	\$75,000
6	91	\$14.00	\$75,000
7	91	\$14.00	\$75,000
8	91	\$14.00	\$75,000
9	91	\$14.00	\$75,000
10	91	\$14.00	\$75,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$750,000

County Type:
Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Special Conditions:

Maintain Base Employment: 1,180

Modifications since preliminary approval? No

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

Date: June 28, 2018
Preliminary Approval: December 12, 2013
Approved Company: Corrosion Resistant Reinforcing, LLC
City: Walton **County:** Boone
Activity: Manufacturing **Final Resolution #:** KBI-F-18-19772
Bus. Dev. Contact: R. Lee **OFS Staff:** D. Phillips

Project Description: Corrosion Resistant Reinforcing, LLC is a newly formed subsidiary of Contractors Materials Company (CMC), which receives stainless steel concrete reinforcing bars in coils and then straightens the coils to the desired lengths required for each job. The project consisted of the construction of a new facility in Walton to help meet customer demand.

Anticipated Project Investment - Owned	Eligible Costs	Total Investment
	\$5,200,000	\$8,000,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$21.00	
1	10	\$21.00	\$20,000
2	10	\$21.00	\$20,000
3	10	\$21.00	\$20,000
4	10	\$21.00	\$20,000
5	10	\$21.00	\$20,000
6	10	\$21.00	\$20,000
7	10	\$21.00	\$20,000
8	10	\$21.00	\$20,000
9	10	\$21.00	\$20,000
10	10	\$21.00	\$20,000

TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:

\$200,000

County Type:
Other

Statutory Minimum Wage Requirements:

Base hourly wage: \$10.88

Total hourly compensation: \$12.51

Special Conditions: None

Modifications since preliminary approval? Yes

The company was formed as a Kentucky limited liability company instead of as a Kentucky Subchapter S Corporation. All other aspects of the project remain the same.

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

Date: June 28, 2018
Preliminary Approval: June 26, 2014
Approved Company: iHealth Solutions LLC dba Advantum Health
City: Louisville **County:** Jefferson
Activity: Service & Technology **Final Resolution #:** KBI-FL-18-19945
Bus. Dev. Contact: L. Ransdell **OFS Staff:** D. Phillips

Project Description: iHealth Solutions LLC dba Advantum Health specializes in healthcare revenue cycle management, practice management solutions and medical billing/records technology. The project consisted of the relocation of the company's service operations and corporate headquarters.

Anticipated Project Investment - Leased	Eligible Costs	Total Investment
	\$830,000	\$1,663,000

NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$19.00	
1	15	\$19.00	\$35,000
2	20	\$19.00	\$35,000
3	25	\$19.00	\$35,000
4	30	\$19.00	\$35,000
5	35	\$19.00	\$35,000
6	40	\$19.00	\$35,000
7	45	\$19.00	\$35,000
8	55	\$19.00	\$35,000
9	65	\$19.00	\$35,000
10	70	\$19.00	\$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

Special Conditions: None

Modifications since preliminary approval? Yes

The approved company name has changed from iHealth Solutions LLC to iHealth Solutions LLC dba Advantum Health. All other aspects of the project remain the same.

MEMORANDUM

TO: KEDFA Board Members
FROM: Kylee Palmer *KP*
Department for Financial Services
DATE: June 28, 2018
SUBJECT: IEIA Extension

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

Company	County	Extension
Secure Energy Kentucky, LLC	McCracken	12-month

Staff recommends approval.

Kentucky Small Business Tax Credit Projects June 2018

Small Business	County	Beginning Employment	Eligible Positions	Average Hourly Wage	Qualifying Equipment/Technology	Tax Credit Amount
Brockman-Hastings LLC	Fayette	0	1	\$36.06	\$17,308	\$3,500
Hydra, LLC	Fayette	3	4	\$17.43	\$11,633	\$11,600
Kinemetrix Industrial Design, Inc.	Fayette	16	1	\$25.00	\$7,200	\$3,500
KY Hearing Clinic, LLC	Jefferson	0	1	\$15.50	\$5,303	\$3,500
Patterson and Company CPAs PLLC	Jefferson	12	1	\$24.00	\$5,141	\$3,500
Primrose Oil, LLC	Floyd	9	2	\$14.80	\$18,255	\$7,000
Visumatic Industrial Products, Inc.	Fayette	29	2	\$19.88	\$12,500	\$7,000
VITOK Engineers, Inc.	Jefferson	26	6	\$42.04	\$21,990	\$21,000
W & B Broadcasting Co., Inc.	Hardin	17	2	\$23.56	\$27,520	\$7,000
9	4		20	Total	\$126,850	\$67,600

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	\$1,697,100
Remaining Credits	\$1,302,900

Kentucky Angel Investment Tax Credit Projects
June 2018

Qualified Investor	Qualified Small Business	County	Qualified Activity	Projected Investment	Tax Credit Amount
van Rooyen, Guy Lloyd	Bexion Pharmaceuticals, Inc.	Kenton	Health & Human Development	\$600,000	\$121,232
1 Project	1	1	Total	\$600,000	\$121,232

Projected Credits - To Date	(\$3,695,232)
Reclaimed Credits	\$695,232
Current Projected/Approved Credits	(\$3,000,000)

Credit Limit	\$3,000,000
Current CY Projected/Approved Credits	(\$3,000,000)
Remaining Credits	\$0

Note: For each calendar year, the total amount of tax credits available for the Kentucky Angel Investment Act program shall not exceed \$3,000,000. The total amount of tax credits approved to a Qualified Investor in a calendar year shall not exceed \$200,000 in aggregate.

MEMORANDUM

TO: KEDFA Board Members

FROM: Sarah Butler
Incentive Administration Division

DATE: June 28, 2018

SUBJECT: Kentucky Business Investment (KBI) Program
FY 2018-2019 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 second year of decertification and projects must complete final approval by June 30, 2020. The counties of **Gallatin, Garrard, and Metcalfe**, are beginning the third year of decertification and projects must complete final approval by June 30, 2019. **Allen County** is completing the final year of decertification and projects must complete final approval by June 30, 2018.

Graves, Harrison, Marshall, and Meade Counties meet the criteria for certification and are designated as a KBI Enhanced County as of June 30, 2018.

Staff recommends adoption of the resolution certifying the Kentucky Business Investment (KBI) Program - FY 2018-2019 Enhanced Incentive Counties.

Kentucky Business Investment (KBI) Program Enhanced Incentive Counties (2018-2019)

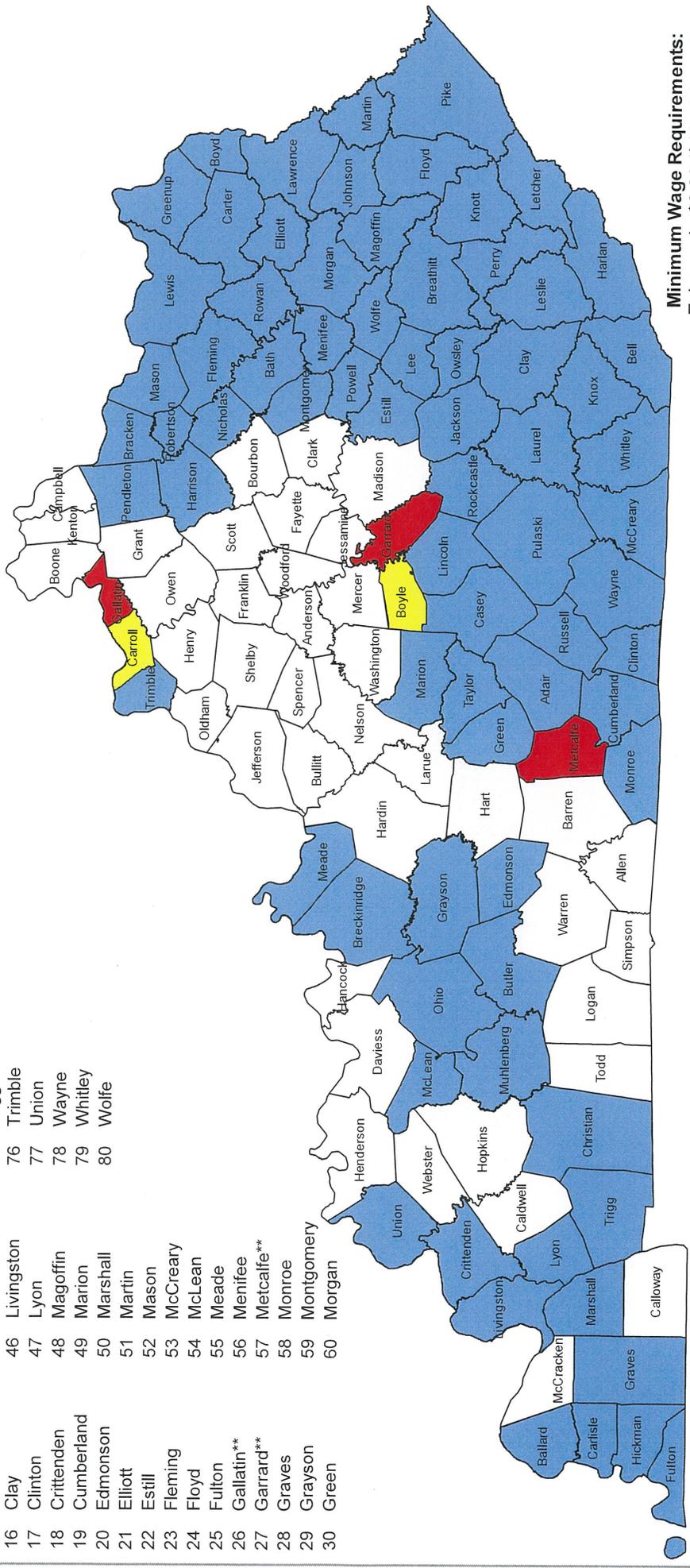
- | | | | | | |
|----|--------------|----|------------|----|------------|
| 1 | Adair | 31 | Greenup | 61 | Muhlenberg |
| 2 | Ballard | 32 | Harlan | 62 | Nicholas |
| 3 | Bath | 33 | Harrison | 63 | Ohio |
| 4 | Bell | 34 | Hickman | 64 | Owsley |
| 5 | Boyd | 35 | Jackson | 65 | Pendleton |
| 6 | Boyle* | 36 | Johnson | 66 | Perry |
| 7 | Bracken | 37 | Knott | 67 | Pike |
| 8 | Breathitt | 38 | Knox | 68 | Powell |
| 9 | Breckinridge | 39 | Laurel | 69 | Pulaski |
| 10 | Butler | 40 | Lawrence | 70 | Robertson |
| 11 | Carlisle | 41 | Lee | 71 | Rockcastle |
| 12 | Carrall* | 42 | Leslie | 72 | Rowan |
| 13 | Carter | 43 | Letcher | 73 | Russell |
| 14 | Casey | 44 | Lewis | 74 | Taylor |
| 15 | Christian | 45 | Lincoln | 75 | Trigg |
| 16 | Clay | 46 | Livingston | 76 | Trimble |
| 17 | Clinton | 47 | Lyon | 77 | Union |
| 18 | Crittenden | 48 | Magoffin | 78 | Wayne |
| 19 | Cumberland | 49 | Marion | 79 | Whitley |
| 20 | Edmonson | 50 | Marshall | 80 | Wolfe |
| 21 | Elliott | 51 | Martin | | |
| 22 | Estill | 52 | Mason | | |
| 23 | Fleming | 53 | McCreary | | |
| 24 | Floyd | 54 | McLean | | |
| 25 | Fulton | 55 | Meade | | |
| 26 | Gallatin** | 56 | Menifee | | |
| 27 | Garrard** | 57 | Metcalfe** | | |
| 28 | Graves | 58 | Monroe | | |
| 29 | Grayson | 59 | Montgomery | | |
| 30 | Green | 60 | Morgan | | |

Enhanced Incentive Counties

 Certified as of June 30, 2018

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

 **Decertified as of June 30, 2016
(Projects must be finalized by June 30, 2019)



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



MEMORANDUM

TO: KEDFA Board Members

FROM: Tim Back
Incentive Administration Division

DATE: June 28, 2018

SUBJECT: Kentucky Small Business Tax Credit (KSBTC)
Proposed Guideline Changes

House Bill 557, passed during the 2018 legislative session and signed by Governor Bevin on April 26, 2018, made the following change to the Kentucky Small Business Tax Credit (KSBTC) program:

- Changed the requirement that qualifying equipment and technology be purchased within six (6) months of the creation of an eligible position. Effective July 14, 2018, qualifying equipment and technology may be purchased any time within the twenty-four (24) month period immediately preceding submission of a KSBTC application.

In addition to the statutory change above, staff is recommending that the following KSBTC guidelines (non-statutory) changes to the "Qualifying Equipment or Technology" criteria be approved and made effective as of July 14, 2018.

Change the following requirements from the current KSBTC guidelines for "Qualifying Equipment or Technology":

- Delete the requirement that qualifying equipment or technology have a minimum per-unit cost of \$300.
- Change the requirement that qualifying equipment or technology have an expected useful life of "more than one year" to "one year or more" (primarily to allow annual computer software subscriptions to qualify as an eligible expense).

If approved, the new KSBTC program guidelines for "Qualifying Equipment or Technology" would be:

- Tangible property purchased by the applicant small business for use in the business in Kentucky (not for resale or personal use);
- Tangible property with an expected useful life of one year or more;
- Tangible property purchased within the twenty-four month period immediately preceding the submission of a KSBTC application; and
- Tangible property approved by the Office of Entrepreneurship

Staff recommends approval of these revised "Qualifying Equipment or Technology" guidelines for the Kentucky Small Business Tax Credit program.

Guidelines:

Kentucky Small Business Tax Credit (KSBTC)

July 2018

The Kentucky Small Business Tax Credit (KSBTC) Program, authorized under Kentucky Revised Statute (KRS) [154.60](#), allows eligible small businesses paying taxes imposed by KRS [141.020](#) (income tax on individuals), [141.040](#) (corporation income tax), or [141.0401](#) (limited liability entity tax) to apply for a Kentucky state income tax credit. Subject to a statutory limit of \$3,000,000 per state fiscal year, this program provides a non-refundable state income tax credit between \$3,500 - \$25,000 for small businesses that create and fill one or more Eligible Positions and invest \$5,000 or more in qualifying equipment or technology. Qualified applicants are eligible to receive a tax credit in an amount not to exceed the lesser of: 1) \$3,500 per Eligible Position; or 2) the rounded eligible dollar amount invested in qualifying equipment or technology. Applicants are also subject to a \$25,000 maximum tax credit cap per applicant for each calendar year.

Eligible Applicants

Any for-profit small business including sole proprietorships, partnerships, limited partnerships, corporations, limited liability companies, joint ventures, associations, or cooperatives that has fifty (50) or fewer full-time employees at the time of application and approved by the Office of Entrepreneurship, with the exception of ineligible business types listed below, is eligible to apply.

The following business types are ineligible for this program:

- Businesses engaged in any type of illegal activity;
- Businesses in default on any federal, state, or local taxes; not in good standing with the Kentucky Secretary of State's office (if required to be registered with that office); or that do not hold all current licenses, permits, and registrations necessary to legally operate a business in Kentucky;
- Businesses presenting live performances of a prurient sexual nature or deriving more than five percent of annual gross revenue through the sale or rental of products or services, or the depiction of any displays, of a prurient sexual nature;
- Businesses principally engaged in overt religious indoctrination; and
- Businesses deriving more than 50 percent of annual gross revenues from lobbying activities.

Businesses that receive Kentucky Economic Development Finance Authority (KEDFA) approved loans, grants, or tax incentives based on job creation and/or equipment purchases cannot apply for a tax credit through this program if the Eligible Position and/or qualifying equipment included in this application was used as the basis to obtain a tax credit, grant or loan funds under another KEDFA program.

Program Requirements

Small businesses may apply for a tax credit after the following two criteria have been met: 1) at least one Eligible Position has been created and filled for twelve consecutive months; and 2) at least \$5,000 of qualifying equipment or technology has been purchased. Applications must be submitted within the twenty-four month period after the first program requirement occurs (e.g., hire date of initial Eligible Position or purchase of initial qualifying equipment or technology).

Eligible Position

An Eligible Position must meet ALL of the following criteria:

- be filled by an employee subject to the Kentucky income tax imposed by KRS [141.020](#);
- be filled by an employee working an average of thirty-five or more hours per week for a period of twelve consecutive months within the twenty-four month period immediately preceding submission of a KSBTC application;
- pay an average hourly wage of \$10.88 or more per hour; and
- increase the base employment of the small business.

All paid hours (work hours and paid leave hours) should be included when calculating the average hours worked per week to determine if an employee meets the 35-hour minimum requirement to qualify as full-time. If an employee hired in an Eligible Position ceases for any reason to be employed by the small business during the twelve-month employment period, the position may still be eligible for tax credit consideration if another eligible full-time employee is hired to fill the position within forty-five days of the last work day of the first employee.

An employee’s average hourly wage includes wages, tips, overtime, bonuses, and commissions as reflected on the employee’s federal form W-2 wage and tax statement. Employee benefits should not be included when calculating average hourly wage.

Base Employment

An accurate calculation of the applicant’s number of full-time employees on the base employment date is required before determining if a position increases the base employment of the small business. For an initial application, the base employment date is the day prior to the hire date of the employee filling the earliest Eligible Position identified on the company’s KSBTC application. “Hire date” is the first day that an eligible employee starts working for the company in an eligible position. For companies that have previously been approved for tax credits through the KSBTC program, base employment is calculated as: 1) the base employment number on the company’s first approved KSBTC application; plus 2) the total number of tax-credit Eligible Positions on all approved KSBTC applications.

Base Employment Calculation Example: ABC Company has 10 employees on the payroll as of June 30. One of the employees works part-time. Two other employees live outside of Kentucky and are not subject to Kentucky income tax. On July 1, ABC Company hires a new, full-time employee who is subject to Kentucky income tax. On July 15, another new, full-time employee subject to Kentucky income tax starts working for ABC Company. Both new employees earn more than \$10.88 per hour. If ABC Company submits a first-time KSBTC application for both new positions, its base employment date is June 30 (the day before the earliest eligible new hire start date) and the base employment number on that date is calculated as follows:

10	Total employees on the payroll as of June 30
(1)	Minus one part-time employee (must be full-time to be counted in base employment)
(2)	Minus two full-time employees not subject to Kentucky income tax
= 7	Base full-time employment number

When calculating base employment, only full-time employees subject to Kentucky income tax are to be included in employment counts. Tax credits are potentially available for net increases in eligible employees above the base employment number. It is important to note that a small business may not be able to claim a tax credit for all new employees hired. If employees counted in the base employment calculation leave the small business and are not replaced prior to submitting a KSBTC application, the net employment increase will be reduced, impacting the number of new positions qualifying for a tax credit.

Example: Continuing the example above, assume ABC Company’s two new, full-time employees have been employed for twelve or more consecutive months, so ABC Company is ready to submit a tax credit application. ABC Company’s base employment number, as calculated above, is seven employees. Since the base employment date, ABC Company has added two new, full-time employees, but one of the full-time employees included in the base employment figure has since stopped working at the company and the position has not been backfilled. At the time the KSBTC application is submitted, ABC Company has eight full-time employees calculated as follows:

7	Full-time employees as of the base employment date
2	Plus two eligible, new, full-time employees who started working after the base employment date and have continued working for 12 consecutive months
(1)	Minus one full-time employee included in the base employment calculation who left and has not been replaced
= 8	Full-time employment number as of the KSBTC application date

Although ABC Company created and filled two new positions, only one of the positions is eligible for tax credit consideration because ABC Company’s net eligible employment increase is one (eight full-time employees minus seven base employees). If ABC Company replaces the full-time employee in the base employment prior to the submission of a KSBTC application, its employment as of the application date would be nine and two positions would be eligible for tax credit consideration since the net employment increase above base employment is two (nine full-time employees minus seven base employees).

Qualifying Equipment or Technology

Qualifying equipment or technology must meet ALL of the following criteria:

- tangible property purchased by the applicant small business for use in the business in Kentucky (not for resale or personal use);
- tangible property with an expected useful life of one year or more;
- tangible property purchased within the twenty-four month period immediately preceding the submission of a KSBTC application; and
- tangible property approved by the Office of Entrepreneurship

If it meets all of the above criteria, examples of qualifying equipment or technology include, but are not limited to: computers, equipment, furniture, fixtures, furnishings (excluding artwork), and vehicles titled in the legal name of the small business. Rebates, refunds, tax, labor, installation, delivery and similar charges must be subtracted from the total cost to obtain the eligible cost of qualifying equipment or technology. Real property, buildings, and consumable supplies are excluded from the list of qualifying equipment and technology. The applicant small business must certify that it still owns the qualifying equipment and technology at the time a KSBTC application is submitted.

Invoices and proof of payment must be submitted with the application to verify equipment or technology purchases. Examples of acceptable proof of payment include:

- front and back of the cancelled check used for payment;
- statement from vendor showing payment in full for item; or
- copy of electronic funds transfer statement with sufficient detail to verify payment.

Application Process

Once a small business creates and maintains an Eligible Position for twelve months and invests a minimum of \$5,000 in qualifying equipment or technology, it may apply for a small business tax credit. The small business may choose to submit several qualifying positions on one application as long as all positions and equipment meet eligibility criteria, including the requirement that all qualifying activity occur within the twenty-four months immediately preceding the application submission date.

- Applicant completes the minimum program requirements and submits a KSBTC application and required attachments to the Cabinet for Economic Development's Office of Entrepreneurship (OOE). Applicants are encouraged to work with OOE staff to ensure application completeness and accuracy. Email cedsbsd@ky.gov or call (800) 626-2930 for assistance with the KSBTC application.
- OOE personnel will review the KSBTC application and attachments. If the application is incomplete or requires clarification, OOE staff will contact the applicant for further discussion. Applications meeting or exceeding the minimum program criteria will move to the next step unless one of the program caps has been reached.
- OOE will notify the applicant of preliminary selection for submission to the Kentucky Economic Development Finance Authority (KEDFA) and will confirm the tax credit amount. Applicants are eligible to receive a tax credit not to exceed the lesser of: 1) \$3,500 per Eligible Position; or 2) the total eligible dollar amount invested in qualifying equipment or technology, rounded down to the nearest \$100. An application fee of one percent (1%) of the eligible tax credit amount will be due if the application is selected for submission to KEDFA. Applications will not be submitted to KEDFA until the application fee has been paid.
- If KEDFA approves the recommended small business tax credit, notification will be sent to the applicant and the Kentucky Department of Revenue. Tax credits approved through the KSBTC program must be claimed on the tax return for the taxable year during which the credit was approved. Unused credits may be carried forward up to five years. Small businesses with specific questions regarding applying the tax credits approved through this program and/or what impact the tax credits may have on the company's taxes should contact the [Kentucky Department of Revenue](#) or the company's tax preparer.

Applications will be accepted and processed each fiscal year until the yearly statutory cap of \$3,000,000 in small business tax credits has been awarded.

.....
 To learn more, contact:
 Tim Back
 Phone: (502) 564-7670

MEMORANDUM

TO: KEDFA Board Members

FROM: Kylee Palmer 
Incentive Administration Division

DATE: June 28, 2018

SUBJECT: Tax Increment Financing (TIF) Program

Kentucky Revised Statute House Bill 557 of the 2018 Regular Session, passed and signed by Governor Matt Bevin, made the following changes to the Tax Increment Financing (TIF) program:

- Minimum capital investment must be achieved by the Activation Date or the incentive agreement automatically terminates
- Base year determined as of December 31st of the year of preliminary approval (instead of final approval)

Resolution No. TIF-18-01 defines that “projects established” shall mean any project that has not received final approval by KEDFA as of the effective date of July 14, 2018, shall be subject to the above changes.

Staff recommends adoption of the resolution.

TO: Partnership Board

**FROM: Jessica A. Burke
General Counsel**

**Katie Smith
Commissioner, Department for Financial Services**

Re: 2018 Legislative Summary

HB 305: Cabinet for Economic Development Re-Organization Bill

1. Confirmed and codified the Cabinet for Economic Development Re-Organization.

HB 557: Cabinet for Economic Development Omnibus Amendment Bill

1. **Abolished Kentucky Environmental Stewardship Act.**

Since creation of the program in 2006, only one company has applied and received approval for incentives under the KESA program. The KESA program was not effective.

2. **Abolished state strategic plan for economic development.**

This is not related to the strategic plan that the Cabinet for Economic Development (and other Cabinets) submit every biennium with the budget request. KRS Chapter 154 included a separate statutory requirement established in the early 90's that required only the Cabinet for Economic Development to conduct meetings around the state, hire consultants, etc. in preparation of a strategic plan.

3. **Abolished Agricultural Warehousing Sites Cleanup Fund.**

This fund was established by the General Assembly in 2001 "to provide financial assistance to persons who did not cause or contribute to the contamination on property used for agricultural warehousing activity on or before June 21, 2001, and who propose to undertake a voluntary cleanup of the property." The fund was placed in the Cabinet for Economic Development for administration. However, the fund was never funded, and thus was never used.

4. **Abolished Signature Project Loan Support Program.**

Since creation of the program in 2009, no project had applied or received approval for incentives. Only Signature TIF projects approved prior to January 2, 2008 were eligible for the program. These projects have already progressed without the program.

5. **Abolished requirement that BSSC Executive Director be hired; allow CED to staff BSSC.**

The statute required that the Cabinet for Economic Development hire an Executive Director for the Bluegrass State Skills Corporation. The Cabinet for Economic Development staff has been staffing that board and the arrangement works well.

6. **Combined BSSC Skills Training Investment Credit and Grant in Aid programs; sunset Skills Training Investment Credit program as it currently exists.**

The Cabinet for Economic Development had two separate programs to support employers who provide skills training to employees. One program was a grant program, and the other program was a tax credit program. This

provision combines those two programs into one program, with the company being able to apply for either a grant or a tax credit, but with one application and one set of requirements instead of two.

7. Sunseted Incentives for Energy Independence Act; amended Kentucky Business Investment and Kentucky Enterprise Initiative Act to include companies formerly eligible for IEIA.

This provision sunsets the Incentives for Energy Independence Act but completely rolls the program into the two most popular incentive programs: the Kentucky Business Investment program and the Kentucky Enterprise Initiative Act.

8. Fixed TIF statute drafting error from 2017 legislation.

The 2017 General Assembly Regular Session legislation that allowed a TIF project in mixed use industrial parks contained a drafting error. This corrected the drafting error.

9. Granted KEDFA authority to administer KY Environmental Stewardship Act and KSBTC.

The Kentucky Economic Development Finance Authority (KEDFA) is delegated the responsibility for approval of incentive programs from the Economic Development Partnership Board. KEDFA meets monthly to review and approve/reject all incentive agreements negotiated by the Cabinet and administers the programs available through the Cabinet. The statute that enables KEDFA and identifies the programs left two existing programs out of the statute. This provision added those programs into the statute.

10. Amended TIF statute: made base year 12/31 year of prelim approval; required minimum capital investment by activation date.

Moved the base year for TIF projects from December 31st of the year prior to final approval back to December 31st of the year of preliminary approval, which is consistent with other incentive programs. Additionally, the minimum capital investment will be required by the activation date or the incentive agreement will terminate, also consistent with other incentive programs.

11. Amended Economic Development Bond program statute to include service and technology and headquarter projects.

Before, only industrial development projects were eligible to be financed in whole or in part by the issuance or sale of State Properties and Buildings Commission revenue bonds. This provision made service and technology and headquarters projects also eligible for that program.

12. Allowed reports to be posted electronically rather than in hard copies.

The Cabinet for Economic Development is statutorily required to submit multiple reports by November 1st each year to the LRC and the Governor's Office. This provision allows those reports to be posted on the Cabinet's website instead of delivered in hard copy. The requested changes save money and make the reports more easily accessible.

13. Changed required Innovation and Commercialization Centers from "six (6) affiliate centers, and a number of satellite offices" to "up to twelve (12) affiliate centers."

Before, the statute required that the Cabinet for Economic Development maintain "6 affiliate centers, and a number of satellite offices" of Innovation and Commercialization Centers (entrepreneurship centers) across Kentucky. This provision makes all those centers affiliate centers, instead of differentiating between affiliate and satellite offices.

14. Allowed flight simulation equipment to qualify for KEIA incentives.

Before, only building and construction materials, research and development equipment, and electronic processing equipment qualified for KEIA incentives.

15. Angel Tax Credit Program: allowed 80 days to make and report investment; required publication of only currently certified small businesses and investors; removed conflicting language regarding acceptable investment.

This provision changed three provisions of the Angel Tax Credit statute. First, the statute required that investors make an investment within 60 days after being approved for the Angel Investment Program and submit proof of the investment to the Cabinet for Economic Development within 20 days. The requested change combined those two time periods into a flat 80 days to make and submit proof of an investment after an investor receives approval. Second, the statute required that all companies ever certified for investment be listed on the Cabinet for Economic Development website. The requested change allows only the currently certified companies to be listed on the website. Third, language in the statute was contradictory. The statute required that investments had to be “equity” investments, but also allowed “convertible debt” investments. Convertible debt investments can be converted to an equity interest or can be paid back. This removed that contradictory language and allows the Kentucky Economic Development Finance Authority to promulgate additional guidelines for investments under the Angel Tax Credit Program.

16. Kentucky Small Business Tax Credit (KSBTC) Program: allowed 24 months prior to application date to create and fill 1 or more eligible positions over the base employment and invest at least \$5,000 in qualifying equipment or technology.

The current statute requires the creation and filling of the eligible position(s) and investment in qualifying equipment or technology to be within 6 months of each other and also within 24 months of the application date. The requested change removes the 6 month time period and requires the employment and investment requirement of the program to occur within 24 months of the application date.

HB 366/ HB 487: Revenue/Tax Bill

1. Angel Tax Credit and KIFA Programs:
 - a. Retains the \$40 million lifetime cap until December 31, 2020.
 - b. Suspends approval of applications for Angel Investor Act and KIFA received after January 1, 2019 and before January 1, 2021.
 - c. After January 1, 2021, the annual cap for Angel Tax Credit Program shall be \$3 million and the annual cap for KIFA shall be \$3 million.
2. Required KEDFA and the Department of Revenue to jointly submit a report on KIRA by July 1st (starting in 2019) containing:
 - a. The name of each approved company and the location of each economic revitalization project;
 - b. The amount of approved costs for each economic revitalization project;
 - c. The date the agreement was approved, the type of approval issued at that point in time, and whether the project is active or inactive;
 - d. Whether an assessment fee authorized by KRS 154.26-100 was a part of the agreement;
 - e. The number of employees employed in manufacturing, the number of employees employed in coal mining and processing, or the number of employees employed in agribusiness operations;
 - f. Whether the project was a supplemental project; and
 - g. By taxable year, the amount of tax credit claimed on the taxpayer's return, any amount denied by the department, and the amount of any tax credit remaining to be carried forward.
3. Required KEDFA and the Department of Revenue to jointly submit a report on KIFA by May 1st (starting in 2019) containing the information below. Requires that if either the Department or the Cabinet for Economic Development does not currently have the data to fulfill the reporting requirements, the

Department and the Cabinet shall work jointly to obtain the data in an expedient manner to provide the report on or before the May 1, 2019, report date.

- a. The date the agreement was entered into by the cabinet with the investment fund manager;
- b. The name of the investment fund manager and the name of the investment fund;
- c. The primary business location of the investment fund;
- d. The total number of investment funds, the number of investors for each fund, the amount of committed cash contributions to each investment fund, and the total qualified investments made by each investment fund, including initial and subsequent investments, for each small business;
- e. A list detailing each investor within each investment fund, the amount of investment made by each investor, and the amount of tax credit awarded each investor;
- f. Whether the authority has suspended the availability of any credits, terminated any agreements, or pursued any other remedy because the investment fund manager failed to comply with the agreement;
- g. By taxable year, the amount of tax credit claimed by each investor by type of tax, including income tax, any taxes imposed on financial institutions, or insurance taxes;
- h. The number of small businesses that are active, inactive, or closed that have received investments from an investment fund;
- i. The number and location of each new small business established or expanded;
- j. The number and location of each new job created;
- k. The number of new products and technologies created; and
- l. The total amount of tax credit awarded for each fiscal year.

4. Required KEDFA and the Department of Revenue to jointly submit a report on Angel Investor Tax Credits by May 1st (starting in 2019) containing the information below. Requires that if either the Department or the Cabinet for Economic Development does not currently have the data to fulfill the reporting requirements, the Department and the Cabinet shall work jointly to obtain the data in an expedient manner to provide the report on or before the May 1, 2019, report date.

- a. The number of qualified small businesses certified by the authority;
- b. The demographics of each qualified small business, including:
 - a. The net worth of the qualified small business;
 - b. The qualified activity the qualified small business is actively and principally engaged in within the Commonwealth;
 - c. The number of employees of the qualified small business;
 - d. The location of the assets, operations, and employees of the qualified small business; and
 - e. The aggregate amount of qualified investments received by the qualified small business.
- c. A list detailing each qualified investor certified by the authority, the amount of investment made by each qualified investor, the date each qualified investment is made by the qualified investor, and the amount of tax credit awarded each investor;
- d. By taxable year, the amount of tax credit claimed by each investor and the amount of credit available to be claimed in future taxable years;
- e. The number of qualified small businesses that are active, inactive, or closed that have received qualified investments;
- f. The number of qualified small businesses that have established a location in the Commonwealth and the number that have expanded operations, the number and location of

- each new job created, a description of each development of new products and technologies in the Commonwealth, and the field of operation for that growth, including knowledge-based, high-tech, or research and development; and
- g. The total amount of tax credit awarded for each fiscal year.

5. Repealed Kentucky Environmental Stewardship Act