

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING

February 25, 2021

MINUTES

Call to Order

Due to the state of emergency declared by Governor Beshear via Executive Order 2020-15 regarding COVID-19, all previously announced in-person meetings involving the Kentucky Cabinet for Economic Development scheduled in February were cancelled. In accordance with the provision of KRS 61.823, a special meeting of the Kentucky Economic Development Finance Authority (KEDFA) was called for 10:00 a.m. (EST) February 25, 2021 via video teleconference at the following link <https://us02web.zoom.us/j/84898209288> to consider all projects. KEDFA convened at 10:00 a.m. on February 25, 2021.

Notification of Press

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

Roll Call

Jean R. Hale, J. Don Goodin, Secretary Holly Johnson, Tucker Ballinger, Chad Miller, Mike Cowles and Naashom Marx

Staff Present: Bobby Aldridge, Tim Back, Elizabeth Bishop, Sarah Butler, Danielle Dunmire, Lisa Duvall, Michelle Elder, Tony Ellis, Ellen Felix, Annie Franklin, David Hamilton, Krista Harrod, James Johnson, Andy Luttner, Brandon Mattingly, Kate McCane, Craig McKinney, Kylee Palmer, Debbie Phillips, Ellie Puckett, Charlie Rowland, Jenny Schenkenfelder, Kristina Slattery, Katie Smith, Teresa Spreitzer, Jeff Taylor and Matthew Wingate

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Jamie Lindemann, BDO International; William Weber, Campbell County Economic Progress Authority; Hannah Brown, Codell Construction Company; Rick Games, Elizabethtown/Hardin County Industrial Foundation; Jeff Hodges, Gray Construction; Miles Leach, HowLett Inc.; Alex Gardner, Jackson Kelly, PLLC; Haley McCoy, KCTCS; Billy Aldridge and Matthew Feltner, Kentucky Finance & Administration Cabinet, Office of Financial Management; Zeeshan Bhatti and Sara Bowman, Louisville Forward; Tracy Shrout, Mount Sterling Chamber of Commerce; Matt Zoellner, Scott, Murphy & Daniel; Erik Balthrop, W. L. Plastics Corporation; Chris Otts, WDRB; J. McMullin and R. Shearer

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the January 28, 2021 special KEDFA board meeting.

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

Approved/Undisbursed Report

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

Financial Statements and Monitoring Reports

Chairman Hale called on Krista Harrod to review the financial statements and monitoring reports. After review, the Authority accepted the statements and reports as presented.

Kentucky Business Investment (KBI) Project (Amendment)

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

Bendix Commercial Vehicle Systems LLC

Warren County

Mr. Aldridge stated Bendix Spicer Foundation Brake LLC (the original company) received final approval on September 27, 2018 for an expansion project to renovate and equip a leased brake systems manufacturing facility in Bowling Green. The project activated September 27, 2020.

The project experienced changes since final approval. In June 2020, the original company purchased the project facility. Then, effective December 31, 2020, the original company merged with Bendix Commercial Vehicle Systems LLC (the company), pursuant to an Agreement and Plan of Merger dated December 16, 2020. The company is the surviving entity of the merger. The company is requesting the Authority's acknowledgement of the building purchase, approval of the merger, and assignment of the project from the original company to the company. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

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

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

<u>Company</u>	<u>County</u>	<u>Extension</u>
Agri-Chem, LLC	Christian	12 Month
Kobe Aluminum Automotive Products, LLC	Warren	12 Month
Meggitt Aircraft Braking Systems Kentucky Corporation	Boyle	12 Month
Schneider Hotels, LLC*	Jefferson	12 Month

*Retroactive to June 30, 2020

Staff recommended approval of the KEIA extension requests.

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

KBI (Preliminary) and KEIA Project

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

Metalsa Structural Products, Inc.
Christian County

Andy Luttner
Michelle Elder

Andy Luttner stated, Metalsa Structural Products, Inc., headquartered out of Novi, Michigan, has served the automotive industry for over 60 years providing metallic structures for heavy and light trucks. Metalsa employs over 2,700 employees across its locations. There are 20 Metalsa locations worldwide and 6 located in the United States. Of those, Kentucky is home to 3 manufacturing plants; Elizabethtown, Hopkinsville, and Owensboro. The company is considering to add additional space, purchase equipment and make facility improvements to create two new manufacturing lines in order to support its customers in Michigan and Missouri.

Michelle Elder stated the project investment is \$39,104,464, all of which qualifies as KBI eligible costs and \$4,500,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 97 with an average hourly wage of \$29.00 including benefits. The state wage assessment participation is 5.00%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. 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 \$1,500,000 and the KEIA approved recovery amount of \$100,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

W. L. Plastics Corporation Hardin County

**Andy Luttner
Debbie Phillips**

Mr. Luttner stated W. L. Plastics Corporation is one of the largest producers of high-density polyethylene pipe serving oil & gas, mining, telecommunications, utility and municipal water/sewer market sectors. The company is considering expanding its presence in Elizabethtown by adding a new facility to meet customer demand.

Mr. Luttner introduced Erik Balthrop and invited him to address the board regarding the project.

Debbie Phillips stated the project investment is \$17,000,000 of which \$7,800,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$26.70 including benefits. The state wage assessment participation is 3.00% and the City of Elizabethtown will participate at 1.00%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The project will include multiple locations within Elizabethtown, Hardin County. Only investment costs incurred at 2251 West Park Road will be considered toward calculating eligible costs. Employees and their respective wages at the locations included in the project definition will be eligible for compliance.

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

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

**HowLett Inc.
Logan County**

**Annie Franklin
Michelle Elder**

Annie Franklin stated HowLett Inc. is a newly formed entity that started in October of 2020. The company is considering to acquire and restore a facility in Auburn for its e-commerce fulfillment center to carry out warehouse, fulfillment, packaging and kitting services for nationally recognized consumer packaged goods.

Ms. Franklin introduced Miles Leach and invited him to address the board regarding the project.

Ms. Elder stated the project investment is \$725,000, all of which 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 3.00% and the City of Auburn will participate at 0.67% with Logan County Fiscal Court participating at 0.33%. 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 \$230,000.

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

**Farmstead Butcher Block LLC
Muhlenberg County**

**Annie Franklin
Michelle Elder**

Ms. Franklin stated Farmstead Butcher Block LLC is a start-up meat processing operation looking to locate in Muhlenberg County. The company is considering to construct a building and the purchase of new equipment to process cattle, hogs and lamb.

Ms. Elder stated the project investment is \$1,223,161, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 5.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$375,000.

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

**Holley Performance Products, Inc.
Warren County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated Holley Performance Products, Inc. is a leading manufacturer and marketer of specialty products for the racing and performance segment of the automotive aftermarket. The company is considering constructing a new headquarters operation while retaining their current footprint.

Ms. Elder stated the project investment is \$8,250,000 of which \$7,850,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 3.00% and the City of Bowling Green will participate at 1.00%. The company will be required to maintain a base employment equal to the sum of all Warren County operations full-time, Kentucky resident employees as of the date of preliminary approval plus the greater of the

number of full-time, Kentucky resident employees at the Simpson County facility as of preliminary approval or 50 (job requirement for previous project). The project will include multiple locations within the City of Bowling Green. Only investment costs incurred at the address to be determined will be considered toward calculating eligible costs. Employees and their respective wages at the locations included in the project definition will be eligible for compliance.

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

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

KBI Projects (Extension)

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

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

Company	County	Extension
Tower Automotive Operations USA I, LLC	Bullitt	6 Month
Alltech, Inc.	Jessamine	12 Month
Blue Grass Metals, Inc.	Boone	12 Month
Cuddle Clones LLC	Jefferson	12 Month
LHC Group, Inc.	Jefferson	12 Month
Meyer Tool, Inc.	Boone	12 Month
PharmaCord LLC	Jefferson	12 Month
Sazarac Distillers, LLC	Daviess	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

Chairman Hale called on Ms. Phillips to present the KBI final projects to the Authority.

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

No Modifications:

Project Name	County	Type Project
Alliant Technologies LLC	Barren	Manufacturing

Modifications:

Premier Packaging, LLC Jefferson Manufacturing
 Total investment and eligible costs have been updated based on the company's current projections. All other aspects of the project remain the same.

The Hillshire Brands Company Campbell Manufacturing
 Total investment and eligible costs have been updated based on the company's current projections. All other aspects of the project remain the same.

William Weber spoke on behalf of the Campbell County project.

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

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Mr. Back stated there are seven Kentucky small businesses, from seven counties with qualifying tax credits of \$63,000. The seven businesses created 18 jobs and invested \$250,287 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
Dixie Yard Works, LLC	Hardin	13	3	\$ 17.00	\$ 49,000	\$ 10,500
J & T Trailers, LLC	Marion	2	1	\$ 20.00	\$ 58,306	\$ 3,500
Janson Communications, LLC	Boyd	20	4	\$ 18.38	\$ 31,206	\$ 14,000
MCM/Kramer Consulting LLC	Jefferson	26	5	\$ 34.27	\$ 18,141	\$ 17,500
Stotts Construction Company, Inc.	Adair	1	2	\$ 20.75	\$ 79,500	\$ 7,000
Texo Enterprises, Inc.	Franklin	14	1	\$ 16.00	\$ 6,701	\$ 3,500
Vowels Law PLC	Henderson	0	2	\$ 18.00	\$ 7,433	\$ 7,000

Staff recommended approval of the tax credits.

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

Kentucky Angel Investment Act Projects

Chairman Hale called on Mr. Back to present the Kentucky Angel Investment Act projects to the Authority.

Mr. Back stated there are 18 Kentucky Angel Investment Act projects representing seven Kentucky businesses and 18 investors for a total projected investment of \$1,240,000 with eligible tax credits of \$310,000. The investor will have 80 calendar days in which to make the planned investment and 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
CPA Innovations, LLC Bhatia, Aneeta R.	Jefferson	\$ 25,000	\$ 6,250

Hornung, William Keith		\$ 50,000	\$ 12,500
<u>Cuddle Clones Holdings LLC</u>	Jefferson		
Bass Steven Alan		\$150,000	\$ 37,500
Ely III, Hiram		\$ 50,000	\$ 12,500
Jones, Mary Dennis		\$100,000	\$ 25,000
Naiser, Steven Todd		\$ 50,000	\$ 12,500
Steinbock, Robert T.		\$100,000	\$ 25,000
<u>EdjSports, LLC</u>	Jefferson		
Kirchdorfer Jr, James J.		\$100,000	\$ 25,000
Kirchdorfer, Mark T.		\$100,000	\$ 25,000
Skaggs Jr, Dale B.		\$ 50,000	\$ 12,500
<u>EquiLottery LLC</u>	Jefferson		
Perkins III, Herbert W.		\$ 75,000	\$ 18,750
Saunders, Robert S.		\$100,000	\$ 25,000
<u>Pyrochem Catalyst Company</u>	Jefferson		
Wolford, George Rodney		\$ 25,000	\$ 6,250
<u>Vivorte (DE), Inc.</u>	Jefferson		
Beanblossom, Brent Christian		\$ 40,000	\$ 10,000
Nixon, Theodore Halstead		\$ 50,000	\$ 12,500
<u>Wendal Inc</u>	Kenton		
Schlotman, John Michael		\$ 50,000	\$ 12,500
Schroeder, Gregory Lee		\$ 75,000	\$ 18,750
Zapp, Robert W.		\$ 50,000	\$ 12,500

Staff recommended approval of the proposed Angel Investment tax credits.

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

Closed Session

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

Mr. Cowles moved to enter into executive session; Mr. Miller seconded the motion. Motion passed; unanimous.

The board entered into executive session at 10:37 a.m.

Regular Session

Chairman Hale entertained a motion to return to regular session.

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

The board returned to regular session 11:07 a.m.

Adjournment

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

Mr. Miller moved to adjourn the February KEDFA special board meeting; Ms. Marx seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:07 a.m.

**APPROVED
PRESIDING OFFICER:**

A handwritten signature in blue ink that reads "Jean R. Hale". The signature is written in a cursive style and is positioned above a horizontal line.

Jean R. Hale, Chairman