

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING

February 24, 2022

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. ET on February 24, 2022, at the Cabinet for Economic Development, Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, Kentucky.

Notification of Press

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

Roll Call

J. Don Goodin, Secretary Holly Johnson, Chad Miller, Mike Cowles and Naashom Marx

Staff Present: Tim Back, Tim Bates, Elizabeth Bishop, Sarah Butler, Ashlee Chilton, Brittany Cox, Michael Crabtree, Rachael Dever, Danielle Dunmire, Michelle Elder, Tony Ellis, Ellen Felix, Krista Harrod, James Johnson, Malcolm Jollie, Craig Kelly, Andy Luttner, Brandon Mattingly, Kate McCane, Gabrielle McGee, Connor Mcjunkin, Craig McKinney, Kylee Palmer, Debbie Phillips, Jenny Schenkenfelder, Foster Shroust, Matthew Simms, Kristina Slattery, Katie Smith, Beth Sturm, Jeff Taylor and Matthew Wingate

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Jay Hall, Wrigley Media Group; Steve Scannell, Vice President and Chief Investment Officer, Baptist Health; Jerimi Ullom, Hall Render; Steve Stanley and Colby Holt, Ganymede Film LLC; Greg Williams, A Christmas Family LLC and Sweet Family LLC; Trevor McCann, Kiss Kiss Studios; Mark Sommers, Frost Brown Todd; Soozie Eastman, 502 Film; Daniel Kanabroski, ClearPoint IT; Emily Mathason, Red Clay Studios; Jacob Medley, Louisville Forward; J.J. Duvall, Mayor Radcliff, Kentucky; Don Combs, Pegasus Packaging; Jenni Hampton, OEAS; Roxann Fry, LGE-KU; Jack Kelly, MP Kelly Design and Construction; Matthew Valenti, Cameron Group; Jeff Hodges, Gray Construction; Jody Warfield, Laurel Parmet, Kiss Kiss Productions; Casey Bolton, Commonwealth Economics; Ken Smith, Tom West and Ross Patten, City of Covington; Jason Tamasco, Red Right Hand LLC; Melissa Perry and Matthew Feltner, OFM; Ryan Sheridan and Rob Hunden, Hunden Strategic Partners; Andrew Kroetsch and Courtney Zuech, Total Quality Logistics; Mark Franklin, Dinsmore & Shohl LLP.

Approval of Minutes

Vice-Chair Goodin entertained a motion to approve the minutes from the January 27, 2022, regular KEDFA board meeting and executive session.

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

Approved/Undisbursed Report

Vice-Chair 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-Chair Goodin called on Krista Harrod to review the financial statements and monitoring reports. After review, the Authority accepted the statements and reports as presented.

Economic Development Fund (EDF) Project

Vice-Chair Goodin called on staff to present the EDF project to the Authority.

Kruger Packaging (USA) LLC Hardin County

**Elizabeth Bishop
Debbie Phillips**

Elizabeth Bishop stated Kruger Inc. has built a solid reputation in traditional industry sectors like pulp and paper, containerboard, and packaging solutions with 19 manufacturing and production operations across 10 sectors and 5000 employees. It's subsidiary, Kruger Packaging (USA) LLC, is establishing its first corrugated box plant in the United States. The proposed plant is expected to serve future and existing clients located across the Midwest, Northeast and Southern U.S.

Debbie Phillips stated Kruger Packaging (USA) LLC requested the use of \$100,000 in EDF program funds for the benefit of Kruger Packaging (USA) LLC. The project investment is \$114,230,777, and the proposed EDF grant funds will be used to offset the costs associated with this project.

The company will be required to create 147 new, permanent, full-time Kentucky resident jobs paying an average hourly wage of \$32.50, including benefits as of December 31, 2025 and maintain the jobs and wages for 3 additional years. Disbursement of grant funds will occur after the annual compliance reporting has occurred. The amount of disbursements will be based on performance requirements achieved. Payment reduction provisions are included in the grant agreement and will apply if the company fails to make the investment and create and maintain the jobs and wages by the required measurement dates.

In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Kentucky Finance and Administration Cabinet's concurrence to CED's use of the EDF for this project. Debbie Phillips stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF request.

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

KEDFA Industrial Revenue Bond (IRB) Project

Vice-Chair Goodin called on Debbie Phillips to present the KEDFA IRB project to the Authority.

Baptist Health Care System Obligated Group

Debbie Phillips stated the Baptist Health Care System Obligated Group is considering the issuance of healthcare facilities revenue refunding bonds in an aggregate principal amount not to exceed \$284,435,000 on behalf of Baptist Healthcare System Obligated Group. The bond proceeds will be used to refund all the outstanding Kentucky Economic Development Finance Authority Variable Rate Demand Hospital Revenue Bonds, Series 2009B-1 through Series 2009B-4, currently outstanding in a total principal amount of \$284,435,000 (the "2009B Bonds") and pay costs of issuance of the 2022 Bonds and of the Refunding. The local jurisdictions that

may be impacted by the project have approved resolutions requesting KEDFA to issue the bonds and include the following: 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 recommended the adoption of the KEDFA inducement bond resolution.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

Vice-Chair Goodin called on Craig Kelly to present the KEIA extension requests to the Authority.

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

Company	County	Extension
Agri-Chem, LLC	Christian	3 Months
J.W. Rutledge Distillery, LLC	Woodford	12 Months
Meggitt Aircraft Braking Systems Kentucky Corporation	Boyle	12 Months

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

Vice-Chair Don Goodin called on staff to present the KEIA project to the Authority.

Orchard Place KY, LLC Jefferson County

**Malcolm Jollie
Kate McCane**

Malcolm Jollie stated Ultra Pure, LLC sources and distributes high quality bulk ethanol and high proof spirits for the beverage and specialty industrial markets. Orchard Place KY, LLC is an affiliate of Ultra Pure, LLC and is considering acquiring and developing a facility for the distribution of bulk alcohol and high proof spirits.

Kate McCane stated the project investment is \$7,380,000 of which \$1,550,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$50,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

Vice-Chair Goodin called on staff to present the KBI preliminary projects to the Authority.

Pegasus Packaging Shelby County

**Matt Simms
Kate McCane**

Matt Simms stated Pegasus Industries, LLC is working with the distillery to assemble and package value added products. The company is considering expanding and adding new equipment to meet the production requirements for the distilleries.

Kate McCane stated the project investment is \$738,000 all of which qualifies as KBI eligible costs and the highest job target over the term of the agreement is 26 with an average hourly wage of \$22.50 including benefits. The state wage assessment participation is 2.25% and the City of Shelbyville will participate at 0.75%. The company will be required to maintain a base employment equal to the number of full-time employees subject to Kentucky income tax as of the date of preliminary approval. The company will be required to maintain 90% of the total statewide full-time employees subject to Kentucky income tax at all company locations, excluding the site of the project, as of the date of the preliminary approval

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$210,000

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

Total Quality Logistics Boone County

**Elizabeth Bishop
Debbie Phillips**

Elizabeth Bishop stated that Total Quality Logistics, LLC (TQL) is one of the largest freight brokerage and third-party logistics firms in North America. The Company is considering expansion of its current facility in Erlanger to keep pace with its exceptional growth and allow TQL to focus its efforts on growing in Kentucky.

Debbie Phillips stated the project investment is \$2,907,559 of which \$1,633,780 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 125 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 1.5% and Boone County will participate at 0.4%. The company will be required to maintain a base employment equal to the greater number of full-time employees subject to Kentucky income tax as of the date of preliminary approval or 135 full-time employees subject to Kentucky income tax. The company will be required to maintain 90% of the total statewide full-time employees subject to Kentucky income tax at all company locations, excluding the site of the project as of the date of preliminary approval. The project will include multiple locations within Boone County. Only investment costs incurred at 4243 Olympic Blvd., Building B will be considered towards 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 \$850,000.

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

**Total Quality Logistics
Fayette County**

**Elizabeth Bishop
Debbie Phillips**

Elizabeth Bishop stated that Total Quality Logistics, LLC (TQL) is one of the largest freight brokerage and third-party logistics firms in North America. The Company is considering expansion of its current facility in Lexington to keep pace with its exceptional growth and allow TQL to focus its efforts on growing in Kentucky.

Debbie Phillips stated the project investment is \$3,957,490 of which \$2,166,245 qualifies as KBI eligible costs. The highest job target over the term agreement is 300 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 3.0% and Lexington-Fayette Urban County Government will participate at 1.0%. The Company will be required to maintain a base employment equal to the greater of the number of full-time employees subject to Kentucky income tax as of the date of preliminary approval or 127 full-time employees subject to Kentucky income tax. The company will be required to maintain 90% of the total statewide full-time employees subject to Kentucky income tax 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 \$2,100,000.

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

**Total Quality Logistics
Jefferson County**

**Elizabeth Bishop
Debbie Phillips**

Elizabeth Bishop stated that Total Quality Logistics, LLC is one of the largest freight brokerage and third-party logistics firms in North America. The Company is considering expansion of its current facility in Louisville to keep pace with its exceptional growth and allow TQL to focus its efforts on growing in Kentucky.

Debbie Phillips stated the project investment is \$1,273,428 of which \$726,714 qualifies as KBI eligible costs. The highest job target over the term agreement is 100 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 1.5% and Louisville Metro Government will participate at 0.5%.

The Company will be required to maintain a base employment equal to the greater of the number of full-time employees subject to Kentucky income tax as of the date of preliminary approval or 73 full-time employees subject to Kentucky income tax. The company will be required to maintain 90% of the total statewide full-time employees subject to Kentucky income tax 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 \$540,000.

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

KBI Projects (Extension)

Vice-Chair Goodin called on Michelle Elder to present the KBI extension requests to the Authority.

Michelle Elder stated 9 companies requested additional time to complete the projects and asked that all 9 be presented as one motion.

Company	County	Extension
Kentucky Industrial Hemp, LLC dba Ecofibre Kentucky	Scott	3 Month
Sazerac Distillers, LLC	Daviess	3 Month
Alltech, Inc.	Jessamine	12 Month
Blue Grass Metals, LLC	Boone	12 Month
C&C Industrial, LLC	Montgomery	12 Month
GossHall Systems, LLC	Hardin	12 Month
LCH Group, Inc.	Jefferson	12 Month
Meyer Tool, Inc.	Boone	12 Month
PharmaCord LLC	Jefferson	12 Month

Staff recommended approval of the KBI extension requests.

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

Kentucky Reinvestment Act (KRA) Project (Preliminary)

Vice-Chair Goodin called on Michelle Elder to present a KRA preliminary project to the Authority.

Hill's Pet Nutrition Warren County

**AndyLuttner
Michelle Elder**

Andy Luttner stated that Hill's has been growing in Warren County, Kentucky, since 1985 and is a leading producer of premium pet food worldwide, specializing in nutrition for optimum health. In recent years the company has experienced a continued increase in demand for its expanding products. The company is considering adding an additional packaging line to increase both capacity and the breadth of SKUs and diets that can be produced. The company may also move to a 24-hour, 7-day operation and hire approximately 25 additional employees.

Michelle Elder stated the project investment is \$15,000,000 of which \$7,500,000 qualifies as KRA eligible costs. The job retention requirement over the term of the agreement is 90% of the number of full-time jobs at the project location as of preliminary approval.

Staff recommended preliminary approval of the KRA negotiated tax incentive amount of \$4,500,000

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

KBI Projects (Final)

Vice-Chair Goodin called on Debbie Phillips to present the KBI final projects to the Authority.

Debbie Phillips stated 5 companies requested KBI final approval, 5 of which have modifications since preliminary approval. Ms. Phillips asked that all 5 be presented as one motion.

Modifications:

Project Name	County	Type Project
Chewy, Inc.	Jefferson	Service or Technology

Total investment eligible costs have been updated based on the current projections. Rent will no longer be considered as eligible cost. All other aspects of the project remain the same.

CROWN Cork & Seal USA, Inc. Warren Manufacturing
 Total investment and eligible costs have been updated based on the current projections. All other aspects of the project remain the same.

HB Molding, Inc. Jefferson Manufacturing
 Total investments and eligible cost have been updated based on the current projections. All other aspects of the project remain the same.

Lion First Responder PPE, Inc. Lee Manufacturing
 Total investment and eligible cost have been updated based on current projections. All other aspects of the project remain the same.

Goose Creek Candles, LLC L.L.C. Casey Service or Technology
 Total investment and eligible costs have been updated based on the current projections. All other aspects of the project remain the same.

Pitman Creek Wholesale, LLC Lincoln Manufacturing
 Total investments and eligible costs have been updated based on current projections. PCW Management LLC has been added as an affiliate. All other aspects of the project remain the same.

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Tim Back stated there are 8 Kentucky small businesses, from 6 counties with qualifying tax credits of \$78,900. The 8 businesses created 23 jobs and invested \$167,350 in qualifying equipment and/or technology.

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

Qualified Small Business	County	Qualifying		Average Hourly Wage	Equipment or Technology	Tax Credit
		Beg. Emp.	Elig. Pos.			
1 st Class Mortgage Group, LLC	Jefferson	0	1	\$23.06	\$6,330	\$ 3,500
FamilyCare Counseling Solutions, LLC	Kenton	5	5	\$20.07	\$16,260	\$16,200
Hurd Aviation, LLC	Fayette	4	3	\$22.28	\$80,998	\$10,500
My Office Pro, LLC	Laurel	13	6	\$13.92	\$21,555	\$21,000
Shiny Nickel, LLC	Jefferson	0	2	\$17.03	\$11,621	\$7,000
T&L Lawn Care	Boone	5	1	\$11.00	\$11,076	\$3,500
The Kentucky Life, Inc	Fayette	5	4	\$33.35	\$13,790	\$13,700
Whitlock, CPA, LLC	Graves	6	1	\$15.00	\$5,720	\$3,500

Staff recommended approval of the tax credits.

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

Kentucky Entertainment Incentive (KEI) Projects (Final)

Vice-Chair Goodin called on Tim Bates to present KEI projects to the Authority.

A Family Christmas LLC

Tim Bates

The Christmas Clapback-Feature Film

Tim Bates stated A Family Christmas LLC plans to produce a feature-length film, The Christmas Clapback, in Jefferson and Oldham Counties. Production is set to begin as early as February 25, 2022 and is anticipated to end by July 30, 2022. The Company anticipates \$1,348,665 in qualifying payroll expenditures and \$1,517,574 in qualifying non-payroll expenditures for a total of \$2,866,239. The company also anticipates employing 67 Kentucky resident crew members and 27 Non-Kentucky resident crew members for a total production crew of 94.

Staff recommended a total negotiated tax incentive amount of \$882,816.

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

Sweet Family LLC

Tim Bates

Sweet Family- Feature Film

Tim Bates stated Sweet Family LLC plans to produce a feature-length film, Sweet Family, in Jefferson and Oldham counties. Production is set to begin as early as April 25, 2022 and is anticipated to end by September 30, 2022. The company anticipates \$1,410,986 in qualifying payroll expenditures and a total of \$1,416,450 in non-payroll qualifying expenditures for a total of \$2,827,436. The company also anticipates employing 68 Kentucky resident crew members and 57 Non-Kentucky resident crew members for a total production crew of 125.

Staff recommended a total negotiated tax incentive amount of \$869,220.

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

Wyckoff Film Company, LLC

Tim Bates

Good Luck Miss Wyckoff

Tim Bates stated Wyckoff Film Company, LLC plans to produce a feature-length film, Good Luck Miss Wyckoff, in Boyle, Fayette and Lincoln counties. Production is set to begin as early as February 25, 2022 and is anticipated to end by April 1, 2022. The Company anticipates \$493,259 in qualifying payroll expenditures and \$166,741 in qualifying non-payroll expenditures for a total of \$660,000. The company also anticipates employing 389 Kentucky resident crew members and 13 Non-Kentucky resident crew members for a total production crew of 402.

Staff recommended a total negotiated tax incentive amount of \$215,610.

Mike Cowles moved to approve the staff recommendation, as presented. Secretary Holly Johnson seconded the motion. Motion passed; unanimous.

Red Right Hand Productions, LLC

Tim Bates

Red Right Hand

Tim Bates stated Red Right Hand Productions, LLC plans to produce a feature-length film, Red Right Hand, in Harlan, Perry and Pike Counties. Production is set to begin as early as February 24, 2022 and is anticipated to end by May 15, 2022. The Company anticipates \$4,715,773 in qualifying payroll expenditures and \$1,827,976 in qualifying non-payroll expenditures for a total of \$6,543,749. The company also anticipates employing 326

Kentucky resident crew members and 43 Non-Kentucky resident crew members for a total production crew of 369.

Staff recommended a total negotiated tax incentive amount of \$2,290,312.

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

Starling, LLC
The Starling Girl

Tim Bates

Tim Bates stated Starling, LLC plans to produce a feature-length film, The Starling Girl, in Jefferson County. Production is set to begin as early as April 4, 2022 and is anticipated to end by June 10, 2022. The Company anticipates \$1,196,259 in qualifying payroll expenditures and \$601,253 in qualifying non-payroll expenditures for a total of \$1,797,512. The company also anticipates employing 62 Kentucky resident crew members and 18 Non-Kentucky resident crew members for a total production crew of 80.

Staff recommended a total negotiated tax incentive amount of \$576,120.

Naashom Marx moved to approve the staff recommendation, as presented. Secretary Holly Johnson seconded the motion. Motion passed; unanimous.

Ganymede Film, LLC
Ganymede

Tim Bates

Tim Bates stated Ganymede Film, LLC plans to produce a feature-length film, Ganymede, in McCracken County. Production is set to begin as early as June 1, 2022 and is anticipated to end by July 1, 2022. The Company anticipates \$172,312 in qualifying payroll expenditures and \$84,191 in qualifying non-payroll expenditures for a total of \$256,503. The company also anticipates employing 11 Kentucky resident crew members and 21 Non-Kentucky resident crew members for a total production crew of 32.

Staff recommended a total negotiated tax incentive amount of \$89,776.

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

Kiss Kiss Productions, Inc,
The Kiss List

Tim Bates

Tim Bates stated Kiss Kiss Productions, Inc. plans to produce a feature-length film, The Kiss List, in Christian and Jefferson County. Production is set to begin as early as February 24, 2022 and is anticipated to end by April 2, 2022. The Company anticipates \$480,000 in qualifying payroll expenditures and \$440,000 in qualifying non-payroll expenditures for a total of \$920,000. The company also anticipates employing 55 Kentucky resident crew members and 13 Non-Kentucky resident crew members for a total production crew of 68. Staff recommended a total negotiated tax incentive amount of \$307,250.

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

Closed Session

Pursuant to KRS Section 61.810 (1) (g), Vice-Chair Goodin entertained a motion to go into closed session to discuss a specific business proposal, the open discussion of which would jeopardize the site, retention and expansion or upgrade of the business.

Chad Miller moved to enter into closed session; Mike Cowles seconded the motion.
Motion passed; unanimous.

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

Regular Session

Vice-Chair Goodin entertained a motion to return to open session.

Naashom Marx moved to return to open session; Chad Miller seconded the motion.
Motion passed; unanimous.

The board returned to open session at 11:29 a.m.

Other Business

Resolution of Recognition

Vice-Chair Goodin read the Resolution of Recognition for Phil Flynn. Vice Chair Goodin moved to approve the resolution, as presented. Mike Cowles seconded the motion.
Motion passed; unanimous.

Adjournment

There being no further business, Vice-Chair Don Goodin entertained a motion to adjourn.

Naashom Marx moved to adjourn the February KEDFA board meeting; Mike Cowles seconded the motion. Motion passed; unanimous.

The meeting adjourned 11:33 a.m.

**APPROVED
PRESIDING OFFICER:**



J. Don Goodin, Vice-Chair