

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING

March 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 March 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. (EDT) March 25, 2021 via video teleconference at the following link <https://us02web.zoom.us/j/86559935557> to consider all projects. KEDFA convened at 10:02 a.m. on March 25, 2021.

Notification of Press

Jean R. Hale, Chairman, received verification that the media had been notified of the KEDFA special monthly 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, Sarah Butler, Brittany Cox, Rachael Dever, Danielle Dunmire, Lisa Duvall, Michelle Elder, Tony Ellis, Ellen Felix, Annie Franklin, David Hamilton, Krista Harrod, James Johnson, Malcolm Jollie, Craig Kelly, Andy Luttner, Brandon Mattingly, Kate McCane, Craig McKinney, Kylee Palmer, Corky Peek, Debbie Phillips, Angelica Sanchez Vega, Jenny Schenkenfelder, Matthew Simms, Kristina Slattery, Katie Smith, Teresa Spreitzer, Jeff Taylor, Steven Vest and Matthew Wingate

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Terry Sheehan, Brazeway LLC; George Bray, Jim Arndt, Katie Axt and Sandra Wilson, City of Paducah; Hannah Brown, Codell Construction Company; Casey Bolton, Commonwealth Economics; David Cox, Cooper-Standard Automotive Inc.; Casey Dunn, Denham-Blythe; Joe Stachnik, Ernst & Young LLP; Billy Aldridge and Matthew Feltner, Finance and Administration Cabinet, Office of Financial Management; John Fischer, Fischer's Real Estate Brokerage & Betterment Haus; John Ryan Morris, Gallatin County Fiscal Court; Jeff Hodges, Gray Construction; Alex Gardner, Jackson Kelly, PLLC; Haley McCoy, KCTCS; Jenni Hampton and Jeff Lee, Kentucky Career Center; Lynne Dant, Wally Dant and Jake Parsons, Log Still Distilling, LLC; Zeeshan Bhatti, Sara Bowman, Mae Marks and Alex Mercer, Louisville Forward; Ben Cooksey, Modern Metals Inc.; Stephen Wendell, Mountain & River City LLC; Jason Rainey, Mt. Sterling-Montgomery County Industrial Authority; Eric Evans and Mary Margo Turner, Rudy Winstead Turner, PLLC; Michael Camden, Ryan Consulting; Matt Zoellner, Scott, Murphy & Daniel; Beth Land and Chris Schwinden, Site Selection Group; Sharon Butts and Carter Hendricks, South Western Kentucky Economic Development Council; Kelly Farrell, The Paducah Sun; Chris Otts, WDRB; and Lori Barrett, WPSD

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the February 25, 2021 special KEDFA board meeting and executive session.

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.

Tax Increment Financing (TIF) Project (Final)

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

City of Paducah, Finance Department

Paducah Downtown Riverfront Redevelopment Project

McCracken County

Ms. Palmer stated Paducah Downtown Riverfront Redevelopment Project is a Mixed-Use Redevelopment in Blighted Urban Areas TIF project. The redevelopment is expected to include a 100-room limited service hotel, 47 boutique hotel rooms, 204 residential units, restaurant/entertainment space, retail space, manufacturing space, theater space, convention center, museum and restaurant space, infrastructure improvements and a surface parking lot.

The applicant, City of Paducah, Finance Department, requested final approval of the Paducah Downtown Riverfront Mixed-Use Redevelopment in Blighted Urban Areas TIF project. The total estimated cost of the project is \$156,344,483 of which approximately \$47,211,384 is estimated for eligible public infrastructure. The applicant is eligible to recover a negotiated tax incentive amount up to \$21,400,000 for public infrastructure through a 50% recovery on property, sales and withholding taxes. Only amounts deemed as eligible public infrastructure costs 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.

Total cumulative investment of \$156,344,483, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$21,400,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved of \$21,400,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

Staff recommended final approval of the negotiated tax incentive amount of up to \$21,400,000.

Ms. Palmer introduced George Bray, Sandra Wilson, Jim Arndt, Katie Axt and Casey Bolton and invited them to address the board regarding the project.

After discussion, J. Don Goodin moved to approve the staff recommendation, as presented; Naashom Marx seconded the motion. Motion passed; unanimous.

Economic Development Fund (EDF) Project

Chairman Hale called on staff to present an EDF project to the Authority.

Ball Metal Beverage Container Corp Warren County

**Corky Peek
Michelle Elder**

Corky Peek stated the Ball Corporation is one of the world's leading suppliers of aluminum packaging for beverages, foods, and household products. In 2019, the company produced and shipped approximately 48 billion recyclable aluminum beverage containers across North America, accounting for nearly 42% of all aluminum beverage containers produced on the continent that year. Today, the company has more than 100 locations and 10,000 employees worldwide. Ball Metal Beverage Container Corp, a wholly-owned subsidiary of Ball Corporation, is considering constructing a new production plant in Bowling Green.

Michelle Elder stated the company will be required to create 198 new, permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$45.00, including benefits by December 30, 2024, and maintain the jobs and wages for three (3) additional years. The company will be required to provide collateral satisfactory to the Cabinet as security for the EDF grant proceeds. Disbursement will be on a reimbursement basis after collateral is received and the investment begins. Repayment provisions are included in the grant agreement and will apply if the company fails to create and maintain the jobs and wages by the required measurement dates.

In accordance with KRS 154.12-100, approval of this EDF grant is subject to the Cabinet for Economic Development's (CED) receipt of concurrence from the Secretary of the Kentucky Finance & Administration Cabinet to CED's use of the EDF funds for this project. Ms. Elder stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF request in the amount of \$500,000.

Mr. Cowles 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 Bobby Aldridge to present the KEIA extension requests to the Authority.

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

<u>Company</u>	<u>County</u>	<u>Extension</u>
Stelised, Inc.	Shelby	6 Month
Green Bomber Spirits Company	Garrard	12 Month
Logan Corporation	Magoffin	12 Month
MobileMedTek Holdings, Inc.	Jefferson	12 Month
Whiskey Service LLC	Boyle	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

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

**Log Still Distilling, LLC
Nelson County**

**Annie Franklin
Kate McCane**

Annie Franklin stated Log Still Distilling, LLC, a producer of high-quality bourbons, gins, and ryes, purchased land in New Haven to develop a full-scale distillery. The company is now exploring and applying for economic incentives which would allow it to develop a second phase to introduce an amphitheater, tasting room, restaurant, event/conference center, bed & breakfast accommodations, access to outdoor recreation areas, and the building of a train depot.

Ms. Franklin introduced Wally Dant, Lynne Dant, Eric Evans and Jake Parsons and invited them to address the board regarding the project.

Kate McCane stated the project investment is \$24,028,550 of which \$20,475,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$500,000 for construction materials and building fixtures.

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

**Mountain & River City LLC
Jefferson County**

**Annie Franklin
Michelle Elder**

Ms. Franklin stated Mountain & River City LLC is considering developing and operating a super-premium hotel as well as an art garden and museum. This space will operate as an off-site meeting space for larger conventions and events as well as have an impact on the leisure tourism market in the NuLu area of Louisville.

Ms. Franklin introduced Stephen Wendell and John Fischer and invited them to address the board regarding the project.

Ms. Elder stated the project investment is \$31,000,000 of which \$13,500,000 qualifies as KEIA eligible costs. The approved recovery amount is \$470,000 for construction materials and building fixtures and \$30,000 for research and development and/or electronic processing equipment.

Staff recommended the KEIA approved recovery amount of \$500,000.

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

**Worldwide Technologies, LLC
Green County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Worldwide Technologies has been manufacturing in Franklin, Kentucky for approximately 11 years. The company provides parts and services to over 50 customers. Products manufactured include, but are not limited to, heavy truck parts, gun parts, medical parts and job shop services. The company is considering purchasing and up fitting the spec building in Greensburg to meet customer demand.

Ms. Elder stated the project investment is \$1,420,000 of which \$500,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$30,000 for construction materials and building fixtures.

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

KBI (Preliminary) and KEIA Projects

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

Infiltrator Water Technologies, LLC Clark County

**Brittany Cox
Michelle Elder**

Brittany Cox stated Infiltrator Water Technologies, LLC was founded in 1986 and is the leading provider of engineered plastic chambers, synthetic aggregates, tanks, and accessories for the onsite wastewater and storm water industries. The company began manufacturing operations in Winchester in 1991 and operates 24 state-of-the-art injection molding presses, 5 extrusion lines, 3 grind lines and 4 transfer systems that support recycling efforts. Due to continued growth, the company is considering expanding its footprint by adding an additional building as well as the installation of new equipment.

Ms. Elder stated the project investment is \$157,600,000 of which \$35,820,000 qualifies as KBI eligible costs and \$14,050,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 96 with an average hourly wage of \$25.00 including benefits. The state wage assessment participation is 3.00% and the City of Winchester will participate at 1.00%. The project will include multiple locations within Winchester, Clark County. Only investment costs incurred at 3100 Corporate Drive 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 307 full-time, Kentucky resident employees (job number requirement for previous project).

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,250,000 and the KEIA approved recovery amount of \$750,000 for construction materials and building fixtures.

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

Nucor Tubular Products Inc. Gallatin County

**Andy Luttner
Debbie Phillips**

Andy Luttner stated Nucor Tubular Products Group was formed in 2016 when it entered the tube market with the acquisitions of Southland Tube, Independence Tube Corp. and Republic Conduit. The company is looking to grow its operations by constructing a new tube mill facility in the United States, specifically the Midwest.

Mr. Luttner introduced John Ryan Morris and invited him to address the board regarding the project.

Debbie Phillips stated the project investment is \$164,000,000 of which \$19,440,000 qualifies as KBI eligible costs and \$13,900,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 72 with an average hourly wage of \$45.50 including benefits. The state wage assessment participation is 3.00% and Gallatin County will participate at 1.00%. The company will be required to maintain 90% of the total statewide full-

time, Kentucky resident employees at all affiliated company locations, including the site of the project, as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,250,000 and the KEIA approved recovery amount of \$800,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

Brazeway, LLC Christian County

**Corky Peek
Debbie Phillips**

Mr. Peek stated Brazeway, LLC is a leading supplier of heat transfer solutions for HVAC, refrigeration, and automotive industries. The company is considering the expansion of its existing facility by expanding its depth of product offerings within the HVAC industry.

Mr. Peek introduced Terry Sheehan and invited him to address the board regarding the project.

Ms. Phillips stated the project investment is \$5,127,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 38 with an average hourly wage of \$32.00 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.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,000,000.

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

Cooper-Standard Automotive Inc. Montgomery County

**Brittany Cox
Debbie Phillips**

Ms. Cox stated Cooper-Standard Automotive Inc., headquartered in Northville, Michigan, is a leading manufacturer of sealing, fuel and brake delivery, and fluid transfer systems. The company is considering an expansion of its existing facility to meet customer demands.

Ms. Cox introduced David Cox, Michael Camden and Jason Rainey and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$3,513,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 151 with an average hourly wage of \$30.00 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.

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

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

**Modern Metals Inc.
Boyd County**

**Annie Franklin
Michelle Elder**

Ms. Franklin stated Modern Metals Inc. was formed at the end of 2019 to perform metal fabrication services primarily for mechanical and electrical construction in the rock quarry, limestone and coal industries. Due to the impact of Covid-19 in 2020, the company only performed a limited amount of work utilizing leased labor. Customer demand has picked up, and the company is now considering purchasing a substantial piece of equipment needed to help meet expected increased customer demand.

Ms. Franklin introduced Ben Cooksey and invited him to address the board regarding the project.

Ms. Elder stated the project investment is \$2,375,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 24 with an average hourly wage of \$25.00 including benefits. The state wage assessment participation is 5.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$500,000.

Mr. Goodin moved to approve the staff recommendation, as presented; Mr. Miller seconded the motion. Motion passed; Chairman Jean Hale abstained.

**Eberspächer North America, Inc.
Jefferson County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Eberspächer North America, Inc., founded in 1865, is a German-based automotive supplier that specializes in exhaust technology, vehicle heaters, electrical vehicle heaters, air conditioning and automotive controls. The company is considering leasing property in Jefferson County and purchasing new equipment to establish a new manufacturing facility.

Ms. Elder stated the project investment is \$34,421,000 of which \$9,151,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 214 with an average hourly wage of \$25.00 including benefits. The state wage assessment participation is 1.50% and Louisville/Jefferson County Metro Government will participate at 0.50%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$4,000,000.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Miller 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 11 companies requested additional time to complete the projects and asked that all 11 be presented as one motion.

Company	County	Extension
Tower Automotive Operations USA I, LLC	Nelson	6 Month
Ampyss Healthcare Solutions, Inc.	Clinton	12 Month

Armor USA Inc.	Boone	12 Month
Extiel-Advantage-Somerset 1 Limited Liability Company	Pulaski	12 Month
HB Molding, Inc.	Jefferson	12 Month
Hydroponic Farms USA LLC	Breathitt	12 Month
Independent Stave Company, LLC	Rowan	12 Month
Kentucky Fresh Harvest, LLC	Lincoln	12 Month
Nifco America Corporation	Shelby	12 Month
Piston Automotive LLC	Jefferson	12 Month
Santa Rosa Systems, LLC	Bullitt	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

Ms. Phillips stated two companies requested KBI final approval. Ms. Phillips asked that both be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
HDT Expeditionary Systems, Inc.	Boone	Manufacturing
Kobe Aluminum Automotive Products LLC	Warren	Manufacturing

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 five Kentucky small businesses, from four counties with qualifying tax credits of \$67,000. The five businesses created 20 jobs and invested \$132,296 in qualifying equipment and/or technology.

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

<u>Qualified Small Business</u>	<u>County</u>	<u>Beg. Emp.</u>	<u>Elig. Pos.</u>	<u>Average Hourly Wage</u>	<u>Qualifying Equipment or Technology</u>	<u>Tax Credit</u>
Carina Medical LLC	Fayette	0	2	\$ 50.00	\$ 7,336	\$ 7,000
Design Fabricators and Integrators, LLC	Jefferson	22	8	\$ 25.67	\$ 52,719	\$ 25,000
DF Trucking, Inc.	Pulaski	4	7	\$ 24.41	\$ 57,108	\$ 24,500
Freedom Mini Dental Implants, PLLC	Jefferson	2	1	\$ 28.85	\$ 5,148	\$ 3,500
M.P. Kelly Design & Construction Services, LLC	Madison	5	2	\$ 25.70	\$ 9,985	\$ 7,000

Staff recommended approval of the tax credits.

Mr. Miller moved to approve the staff recommendation, as presented; Ms. Marx 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 twelve Kentucky Angel Investment Act projects representing five Kentucky businesses and 12 investors for a total projected investment of \$400,100 with eligible tax credits of \$103,025. 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
<u>Cuddle Clones Holdings LLC</u> Steinbock, Robert T.	Jefferson	\$ 50,000	\$12,500
<u>EquiLottery LLC</u> Montano, Miguel O.	Jefferson	\$150,000	\$37,500
<u>Personal Medicine Plus LLC</u> Kelly, Jr, James Paul Workman, Mark Anthony	McCracken	\$ 10,000 \$ 10,000	\$ 4,000 \$ 4,000
<u>PowerTech Water, Inc.</u> Bork, Daniel P.	Fayette	\$ 25,000	\$ 6,250
<u>Wendal Inc</u> Arrasmith, II, Jerry Joseph Bray, Scott R. Grace, Corey Paul Haas, Eric A. Heidrich, David P. Kienzle, Barry G. Verst, Paul T.	Kenton	\$ 30,008 \$ 10,032 \$ 20,020 \$ 10,032 \$ 24,992 \$ 49,984 \$ 10,032	\$ 7,502 \$ 2,508 \$ 5,005 \$ 2,508 \$ 6,248 \$12,496 \$ 2,508

Staff recommended approval of the proposed Angel Investment tax credits.

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

Executive 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 between a public agency and a representative of a business entity where open discussion would jeopardize the siting, retention, expansion or upgrading of the business.

Mr. Miller moved to enter into Executive Session; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The board entered into Executive Session at 10:58 a.m.

Regular Session

Chairman Hale entertained a motion to return to regular session.

Mr. Miller moved to return to regular session; Secretary Holly Johnson seconded the motion. Motion passed; unanimous.

The board returned to regular session 11:43 a.m.

Other Business

Katie Smith introduced and welcomed new project managers, Malcolm Jollie and Matt Simms, to the Cabinet.

Adjournment

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

Ms. Marx moved to adjourn the March Special KEDFA Board Meeting; Mr. Miller seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:45 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman