

# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

## BOARD MEETING

June 24, 2021

### MINUTES

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#### **Call to Order**

KEDFA convened at 10:00 a.m. on June 24, 2021.

#### **Notification of Press**

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

#### **Roll Call**

Jean R. Hale, J. Don Goodin, Tucker Ballinger, Chad Miller, Mike Cowles and Geri Grigsby, proxy for Secretary Holly Johnson

**Staff Present:** Tim Back, Sarah Butler, Brittany Cox, Rachael Dever, Danielle Dunmire, Michelle Elder, Tony Ellis, Ellen Felix, Malcolm Jollie, Craig Kelly, Andy Luttner, Brandon Mattingly, Kate McCane, Craig McKinney, Kylee Palmer, Debbie Phillips, Dorsey Ridley, Charlie Rowland, Matt Simms, Kristina Slattery, Katie Smith and Jeff Taylor

**Others Present:** Jamie Brodsky, Stoll Keenon Ogden; Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Terri Morrical and Shane Fitzwater, Neogen Corporation; Tylar Culver, James Pepper Distilling Co., LLC; Matt Zoellner, Scott, Murphy & Daniel; Andrew Schwartz, Lion First Responder PPE, Inc.; Jeremy Worley, Northern Kentucky Tri-Ed; Steve Starkweather and Matthew Feltner, Office of Financial Management; Jacob Wadlington, PJ Clark Lumber LLC; Rick Baker, E.J. Curley Co

#### **Approval of Minutes**

Chairman Hale entertained a motion to approve the minutes from the May 27, 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 Katie Smith to review the financial statements and monitoring reports. After review, the Authority accepted the statements and reports as presented.

## **EDF Project (Final)**

Chairman Hale called on staff to present Nucor Corporation, Meade County EDF Final Project to the Authority.

### **Nucor Corporation Meade County**

**Andy Luttner  
Michelle Elder**

Andy Luttner stated Nucor Corporation and its affiliates are manufacturers of steel products, with operating facilities primarily in the U.S. and Canada. Nucor is growing its operations by constructing a new state-of-the-art plate mill facility in Brandenburg. The new plate mill will enhance Nucor's ability to serve its customers in the region as well as the needs of its customers around the world.

Michelle Elder stated Meade County Fiscal Court requested the use of \$15,000,000 in EDF program funds for the benefit of Nucor Corporation. The project investment is \$1,566,475,000 and the proposed EDF grant funds will be used to offset the costs associated with this project.

The company will be required to create 400 new, permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$45.00 including benefits, as of December 31, 2025 and maintain the jobs and wages for four (4) 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. Ms. Elder stated the Secretary's concurrence had been received.

Staff recommended approval of this EDF request.

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

## **KBI Project (Modification) & KEIA Projects (Amendment)**

Chairman Hale called on staff to present Bardstown Bourbon Company, LLC modification and amendments.

### **Bardstown Bourbon Company, LLC Nelson County**

**Craig Kelly**

Craig Kelly stated Bardstown Barrel Company, LLC received approval of a KEIA project and Bardstown Bottling Company, LLC received approval of a KEIA project and preliminary approval of a KBI project on December 12, 2019. Subsequent to approval, the company changed the names of both entities to The Bardstown Bourbon Company, LLC retroactive to December 12, 2019. The modification and amendments also changes the street address of both projects from TBD Parkway Drive to 1500 Parkway Drive, Bardstown, Nelson County. All other aspects of the projects remain the same.

Staff recommended approval of the changes to the KBI and KEIA projects.

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

### **KBI Project (Amendment)**

Chairman Hale called on staff to present Robert Bosch Automotive Steering, LLC amendment.

#### **Robert Bosch Automotive Steering LLC Boone County**

**Rachael Dever**

Rachael Dever stated Robert Bosch Automotive Steering LLC requests KEDFA's approval of several changes to its KBI Project, including recognition of its corporate name change and approval of the addition of an approved affiliate to its KBI project. The project was originally approved on September 27, 2012 for ZF Steering Systems, LLC. The Company later changed its name from ZF Steering Systems, LLC to Robert Bosch Automotive Steering LLC following the acquisition of the Company by the Robert Bosch GmbH corporate group. On November 28, 2018, the Company formed a wholly owned subsidiary, Automotive Steering Column, LLC, which now employs some of the project employees who work at the Company's Florence, Kentucky automotive steering components manufacturing plant. The Company requests the Authority's recognition of its name change, the approval of Automotive Steering Column, LLC as an approved affiliate that may claim Wage Assessments for employees hired to work at the Florence facility, and the execution of an Amended and Restated Tax Incentive Agreement that is retroactively effective to November 28, 2018 to correspond with the creation of the approved affiliate. All other aspects of the project remain the same.

Staff recommended approval of the KBI Amendment.

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

### **Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)**

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

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

<b>Company</b>	<b>County</b>	<b>Extension</b>
DG Fresh Distribution TX, LLC	Warren	6 Months
Kentucky Fresh Harvest, LLC	Lincoln	6 Months
Proximo Distillers, Inc.	Boone	6 Months
Feralloy Corporation	Gallatin	12 Months
Schneider Hotels, LLC	Jefferson	12 Months
Hitachi Automotive Electric Motor Systems America, Inc.	Madison	12 Months
Independent Stave Company	Rowan	12 Months
Ironton Enterprises, LLC	McCracken	12 Months
Michter's Distillery LLC	Washington	12 Months
Piramal Pharma Solutions LLC	Fayette	12 Months

Staff recommended approval of the KEIA extension requests.

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

## **KEIA Project**

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

### **James Pepper Distilling Co., LLC Woodford County**

Andy Luttner stated The Pepper family brand of whiskey is an iconic Kentucky whiskey brand initially produced during the American Revolution and continued through 1967. The family built and operated two main distilleries. In the 1960's, the bourbon industry hit hard times and both the brand and the distillery in Fayette County were abandoned for over half a century. In 2008, the brand was relaunched and after fifty years of neglect the historic James Pepper Distillery was completely rebuilt and restored. In December 2017, the distillery once again began distilling whiskey using the same historic recipe as when it shut down in 1967. The company is considering constructing a barrel warehouse to store its own barrels.

### **Andy Luttner Michelle Elder**

Michelle Elder stated the project investment is \$3,290,000 of which \$2,450,000 qualifies as KEIA eligible costs. The approved recovery amount is \$50,000 for construction materials and building fixtures.

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

Tucker Ballinger moved to approve the staff recommendation, as presented; Mike 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.

### **Diversey, Inc. Kenton County**

Malcolm Jollie stated Diversey, Inc. develops and delivers innovative products, services, and technologies that protect and care for people through leading hygiene, infection prevention, and cleaning solutions. The company is evaluating a facility in Kenton County to produce cleaning and disinfecting products.

### **Malcolm Jollie Kate McCane**

Kate McCane stated the project investment is \$86,133,330 of which \$37,466,665 qualifies as KBI eligible costs and \$10,000,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 150 with an average hourly wage of \$24.75 including benefits. The state wage assessment participation is 2.9% and City of Elsmere will participate at 0.625% and Kenton County will participate at 0.355%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,500,000 and the KEIA approved recovery amount of \$300,000 for construction and building materials.

Don Goodin moved to approve the staff recommendation, as presented; Chad Miller 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.

### **E.J. Curley Co Jessamine County**

Malcolm Jollie stated the original E.J. Curley & Co. Distillery began in the last 1860's and was known as Kentucky River Distilling at Kentucky Palisades. E.J. Curley Co. is considering purchasing property and a build out for major production capacity on the site of the original distillery.

### **Malcolm Jollie Michelle Elder**

Michelle Elder stated the project investment is \$5,045,926 of which \$4,730,000 qualifies as KBI eligible costs and \$1,211,868 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 52 with an average hourly wage of \$37.00 including benefits. The state wage assessment participation is 1.5% and Jessamine County Fiscal Court will participate at .50%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$350,000 and the KEIA approved recovery amount of \$50,000 for construction materials and building fixtures.

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

### **Neogen Corporation Montgomery County**

Brittany Cox stated Neogen Corporation develops, manufactures, and markets products to provide solutions for animal and food safety. The company is considering the consolidation of some of its manufacturing and distribution operations.

### **Brittany Cox Debbie Phillips**

Debbie Phillips stated the project investment is \$9,839,960, all of which qualifies as KBI eligible costs and \$1,171,500 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 79 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 5.0%. 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 \$50,000 for construction materials and building fixtures.

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

## **KBI Projects (Preliminary)**

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

### **R.A. Jones & Co. Kenton County**

Brittany Cox stated R. A. Jones & Co. is a leader in design and manufacturing of primary and secondary packaging of machinery for beverage, chemical, consumer goods, dairy, food, pharmaceutical, and industrial industries. The company is considering purchasing equipment

### **Brittany Cox Michelle Elder**

and updating the facility to help aid the business and generate the opportunity for more business.

Michelle Elder stated the project investment is \$2,063,000 of which \$1,000,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$43.00 including benefits. The state wage assessment participation is 1.5% and Kenton County will participate at 0.4%. 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 \$200,000.

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

**Universal Woods, LLC  
Jefferson County**

**Matt Simms  
Michelle Elder**

Matt Simms stated Universal Woods, LLC, in operation since 1970, is a leading manufacturer of hard-surface coated substrates for the sublimations of images and engineered mezzanine flooring. The company is considering an expansion of its facility to add a new production line in order to meet customer demand.

Michelle Elder stated the project investment is \$19,250,000 of which \$6,350,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$33.00 including benefits. The state wage assessment participation is 3.0% and Louisville /Jefferson County Metro Government 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 project will include multiple locations within Louisville/Jefferson. Only investment costs incurred at 264 Eiler Ave. 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 \$400,000.

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

**PJ Clark Lumber LLC  
Trigg County**

**Matt Simms  
Michelle Elder**

Matt Simms stated PJ Clark Lumber LLC is a logging and sawmill operation based out of Texas. The company is considering expanding its operations by purchasing shuttered kiln in Trigg County. PJ Clark Lumber LLC would rehab the facility and purchase new equipment.

Michelle Elder stated the project investment is \$5,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 35 with an average hourly wage of \$23.00 including benefits. The state wage assessment participation is 5.0%.

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

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

**Lion First Responder PPE, Inc.  
Lee County**

**Andy Luttner  
Debbie Phillips**

Andy Luttner stated Lion First Responder, PPE, Inc. produces personal protective equipment for the first responder market. The company is considering Beattyville for its manufacturing facility to reach a broader population and meet customer demands.

Debbie Phillips stated the project investment is \$850,000, 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 \$19.60 including benefits. The state wage assessment participation is 5.0%. 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 \$850,000.

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

**Peristyle, LLC d.b.a. Castle & Key Distillery  
Woodford County**

**Brittany Cox  
Debbie Phillips**

Brittany Cox stated Peristyle, LLC d.b.a. Castle & Key Distillery is a manufacturer of distilled spirits. The project would include a new location in Versailles, adding additional space for bottling and warehousing storage.

Debbie Phillips stated the project investment is \$2,255,000 of which \$1,095,000 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 City of Versailles and Woodford County will each participate at 0.5%. 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 100 (*job requirement for previous project KBI #19891*) full-time, Kentucky resident employees. The project will include multiple locations within Woodford County. Only investment costs incurred at 100 US 60 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 \$300,000.

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

**KBI Projects (Extension)**

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

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





## 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 eight Kentucky small businesses from eight counties with qualifying tax credits of \$109,000. The eight businesses created 32 jobs and invested \$259,431 in qualifying equipment and/or technology.

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

<b>Qualified Small Business</b>	<b>County</b>	<b>Beg. Emp.</b>	<b>Elig. Pos.</b>	<b>Qualifying Average Hourly Wage</b>	<b>Equipment or Technology</b>	<b>Tax Credit</b>
<b>Ashland Associates, LLC</b>	Boyd	1	8	\$ 40.55	\$ 42,452	\$ 25,000
<b>Beaumont Homes, LLC</b>	Boone	7	6	\$ 23.12	\$ 56,918	\$ 21,000
<b>Central Kentucky Sprinkler, Inc.</b>	Jessamine	23	1	\$ 18.00	\$ 36,017	\$ 3,500
<b>Cornerstone Works, Inc.</b>	Christian	1	1	\$ 11.00	\$ 10,736	\$ 3,500
<b>Lexwindows, LLC</b>	Fayette	7	3	\$ 12.50	\$ 31,000	\$ 10,500
<b>Maximum Transportation, Inc.</b>	Hardin	25	4	\$ 18.00	\$ 25,400	\$ 14,000
<b>Polaris of Paducah, Inc.</b>	McCracken	10	4	\$ 33.75	\$ 34,899	\$ 14,000
<b>Tony Brown Chevrolet, Inc.</b>	Meade	33	5	\$ 16.75	\$ 22,009	\$ 17,500

Staff recommended approval of the tax credits.

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

## Kentucky Angel Investment Act Projects

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

Mr. Back stated there are seven Kentucky Angel Investment Act projects representing two Kentucky businesses and seven investors for a total projected investment of \$350,008 with eligible tax credits of \$87,502. 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:

<b>Qualified Small Business</b>	<b>County</b>	<b>Projected Investment</b>	<b>Tax Credit</b>
<b><u>MEP Equine Solutions, LLC</u></b>	Fayette		
<b>Kevin M. Bazner</b>		\$ 25,000	\$ 6,250
<b>Vincent J. Cole</b>		\$ 50,000	\$ 12,500
<b>David L. Goodnight</b>		\$ 25,000	\$ 6,250
<b>Thomas Ashley Prall</b>		\$ 25,000	\$ 6,250
<b>Melissa Lewis Stephan</b>		\$ 25,000	\$ 6,250
<b>Roy T. Toutant</b>		\$ 50,000	\$ 12,500
<b><u>RedLeaf Biologics, Inc</u></b>	Fayette		
<b>Frederic Henri Joseph Gilg</b>		\$ 150,008	\$ 37,502

Staff recommended approval of the proposed Angel Investment tax credits.

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

## **Other Business**

### **Angel Guidelines Update**

Chairman Hale called on Tim Back to present the Angel Guidelines.

Mr. Back stated Senate Bill 162, passed during the 2021 general legislative session and signed by Governor Beshear on April 5, 2021, made the following changes to statutes governing the Kentucky Angel Investment Act program:

1. Clarifies wording requiring Qualified Investors to wait until after KEDFA approval of a planned investment before making the investment.
2. Modifies the Qualified Investment equity requirement to allow "near-equity" investments, such as Simple Agreement for Future Equity (SAFE) agreements or convertible debt instruments.
3. Allows Qualified Investors to make Qualified Investments through single member limited liability companies if the Qualified Investor is the owner and the LLC is a disregarded entity.
4. Allows the executive director of the Office of Entrepreneurship and Small Business Innovation to determine if Qualified Small Business applicants are deemed to be engaging in qualified activities if the business is involved in "other" technological advances.

In addition, SB 162 requires the Cabinet for Economic Development to submit a detailed annual report on Angel program activities. The legislative changes have been incorporated into the revised Guidelines.

Staff recommended approval of the revised Kentucky Angel Investment Act Guidelines.

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

### **KBI Enhanced Incentive Counties for FY 2021-2022**

Chairman Hale called on Michelle Elder to present the KBI Enhanced Incentive Counties for 2021-2022 to the Authority.

Ms. Elder stated **Caldwell, Graves, Lyon, Marshall, McLean, Pendleton and Union Counties**, previously certified as enhanced, no longer meet the criteria and will be decertified as of June 30, 2021. **Metcalfe County** meets the criteria for certification and is designated as a KBI Enhanced County as of July 1, 2021.

Staff recommended adoption of the resolution certifying the Kentucky Business Investment (KBI) Program - FY 2021-2022 Enhanced Incentive Counties.

Don Goodin moved to adopt the resolution, as presented; Mike Cowles seconded the motion. Motion passed; unanimous.

## **KEDFA Board Resolution for KBI Program**

Jean Hale called on Katie Smith to present the KBI Program Statutory Changes Resolution 2021-0624.

Ms. Smith reported that during the 2021 Regular Session of the General Assembly, Senate Bill 162 was authorized and signed into law by the Governor. Effective June 29, 2021, the definition of "full-time job" under the KBI program will be:

"Full-time job" means a job held by a person who:

1. Is required to work a minimum of thirty-five (35) hours per week; and
2.
  - a. Is subject to Kentucky individual income tax imposed by KRS 141.020; or
  - b. Works remotely away from the economic development project if the job meets all of the following conditions:
    - i. Is held by a Kentucky resident;
    - ii. Was created as a result of the economic development project; and
    - iii. The payroll of this job is expensed to the economic development project

"Full-time job" does not include a job held by a resident of any state with a reciprocal agreement between the Commonwealth and the other state as described in KRS 141.070.

To summarize, the definition removed the Kentucky residency requirement and replaced it with the requirement that the employee must be subject to Kentucky individual income taxes. Additionally, remote employees will now be eligible if they are a Kentucky resident and the employee's payroll is expensed to the project.

The resolution requested for approval allows the new definition to be incorporated into all future tax incentive agreements for projects that have previously received only preliminary approval and have a Memorandum of Agreement. Additionally, the resolution authorizes amendments to existing tax incentive agreements for projects that have received final approval and request to incorporate the new definition into the agreement for fiscal years beginning after June 29, 2021.

Staff recommended approval of the resolution.

Geri Grigsby moved to adopt the resolution, as presented; Chad Miller seconded the motion. Motion passed; unanimous

## **Legislative Update**

Jean Hale called on Katie Smith to present the Legislative Update for 2021 Regular Session. Ms. Smith provided an overview of the changes to the incentive programs impacted by legislation.

## **Adjournment**

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

Chad Miller moved to adjourn the June 24, 2021 KEDFA board meeting; Mike Cowles seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:20 a.m.

**APPROVED  
PRESIDING OFFICER:**



Jean R. Hale, Chairman