

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING

July 29, 2021

MINUTES

Call to Order

KEDFA convened at 10:00 a.m. on July 29, 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, Naashom Marx and Secretary Holly Johnson

Staff Present: Bobby Aldridge, Tim Back, Sarah Butler, Brittany Cox, Rachael Dever, Danielle Dunmire, Lisa Duvall, Michelle Elder, Tony Ellis, Ellen Felix, Krista Harrod, Martin David-Jacobs, James Johnson, Malcolm Jollie, Craig Kelly, Andy Luttner, Brandon Mattingly, Kate McCane, Kylee Palmer, Corky Peek; Debbie Phillips, Dawn Powers, Dorsey Ridley, Charlie Rowland, Matt Simms, Kristina Slattery, Katie Smith, Beth Sturm and Matthew Wingate

Others Present: Mike Herrington, Stites & Harbison; Alex Stafferini, Stoll Keenon Ogden; Matt Zoellner, Scott, Murphy & Daniel; Brad Schneider, Henderson County Judge Executive; Buzzy Newman, City Of Henderson; Tate Anderson, Ed Kercey, Pratt Industries; Missy Vanderpool and Whitney Risley, Henderson Economic Development; Tom Williams, Henderson Water Utility; Donna Stinnett, City of Henderson; Haley McCoy, KCTCS; Jeff Hodges, Gray Construction; Jake Medley, Louisville Forward; Darin Buelow, Deloitte Consulting, LLP; Alisha Burikhanov, Department of Workforce Investment; Matt Yates, Kelly Construction; Chris White, Brown & Kubican, PSC; Eric Shappell and Chris Otts, WDRB News.

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the June 24, 2021 KEDFA board meeting.

Chad Miller moved to approve the minutes, as presented; Tucker Ballinger 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.

KBI Project (Amendment)

Chairman Hale called on staff to present Pegasus Industries, LLC amendment.

Pegasus Industries, LLC Jefferson County

Bobby Aldridge

Bobby Aldridge stated Pegasus Industries, LLC received final approval on February 26, 2015 for a KBI project to lease and equip a 76,200 square foot manufacturing facility at 8641 Cane Run Road in Louisville to manufacture sub-assemblies and sequencing for the automotive industry. The project activated February 26, 2017. Following activation, the company's growth required the need for more space, so the company leased a larger 256,000 square foot facility at 7101 Distribution Drive and relocated all operations and employees to the new site. The company requested that 7101 Distribution Drive be designated as the economic development project site. All other aspects of the project remain the same.

Staff recommended approval of the amendment to the KBI project

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

KRA Project (Amendment)

Chairman Hale called on staff to present Commonwealth Rolled Products, Inc. amendment.

Commonwealth Rolled Products, Inc. Hancock County

Danielle Dunmire

Danielle Dunmire stated Commonwealth Rolled Products, Inc. requests KEDFA's approval of several changes to its KRA Project.

Aleris Rolled Products, Inc. d/b/a Aleris Rolled Products Manufacturing, Inc. received final approval for KRA project #19922 on April 27, 2017. On July 26, 2018, Aleris Corporation entered into an Agreement and Plan of Merger and was acquired by Novelis, Inc. effective April 14, 2020. In order to satisfy the terms of a proposed final judgment with the Antitrust Division of the United States Department of Justice, Velocium ABS Corp., a Delaware corporation, agreed to purchase certain Divestiture Assets, including the Project from Novelis and Aleris in a Purchase Agreement dated November 8, 2020. All of Aleris Rolled Products Manufacturing, Inc.'s operations and employees were transferred to Velocium ABS Corp effective December 1, 2020. On December 2, 2020, Velocium ABS Corp changed its name to Commonwealth Rolled Products, Inc.

Staff recommended approval of the KRA Amendment.

Tucker Ballinger 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 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>
Crown Cork & Seal USA, Inc.	Warren	12 Months
Heaven Hill Distilleries, Inc.	Jefferson	12 Months
The Hillshire Brands Company	Campbell	12 Months
T. Marzetti Company	Hart	12 Months

Staff recommended approval of the KEIA extension requests.

Don Goodin moved to approve the staff recommendation, as presented; Naashom Marx 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.

Pratt Paper (3.0), LLC Henderson County

**Brittany Cox
Debbie Phillips**

Brittany Cox stated Pratt Paper (3.0), LLC is a newly formed entity of Pratt Industries, Inc. and is a producer of 100% recycled paper and corrugated packaging. Phase One of the proposed project would consist of a new paper mill operation to manufacture recycled paper from 100% post-consumer fiber. Phase Two of the project will consist of a new corrugated operation to produce corrugated sheets and boxes, composed of 100% recycled materials.

Debbie Phillips stated the project investment is \$400,000,000, all of which qualifies as KBI eligible costs and \$60,000,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 321 with an average hourly wage of \$39.00 including benefits. The state wage assessment participation is 5.0%. Only investment costs incurred by the approved company will be considered towards calculating eligible costs. Only the approved company may participate in the corporate income tax credit incentive (no affiliate is eligible). The jobs creation/maintenance and wage requirements will be satisfied collectively by the approved company and the affiliate, Pratt (1.0 Corrugating), LLC.

KRS 154.32-020 states the following: for economic development project with an eligible investment of more than \$200 million, the authority may authorize approval to the economic development project based upon terms and incentives applicable to economic development projects locating in an enhanced incentive county. The project will be required to incur eligible costs of at least \$200 million prior to receiving final approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$14,000,000 and the KEIA approved recovery amount of \$3,500,000 for construction and building materials.

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

Union Underwear Company, Inc. dba Fruit of the Loom Warren County

**Corky Peek
Michelle Elder**

Corky Peek stated Fruit of the Loom is an international leader in design, manufacture and marketing of family apparel, intimates, athletic apparel and sporting equipment. The company (and its affiliated entities) has a robust portfolio of iconic brands including Fruit of the Loom, [™], Russell Athletic[™], Spaulding[™], and Vanity Fair[™]. Fruit of the Loom is considering expanding its distribution center to help meet customer demand.

Michelle Elder stated the project investment is \$19,378,320 of which \$14,578,320 qualifies as KBI eligible costs and \$7,700,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 50 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green will participate at 1.0%. The company will be required to maintain a base employment equal to the number of full-time employees subject to Kentucky income tax as of the date of preliminary approval. The project will include multiple locations within Bowling Green/Warren County. Only investment costs incurred at Two Fruit of the Loom Drive 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 \$500,000 and the KEIA approved recovery amount of \$250,000 for construction materials and building fixtures.

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

Barrell Craft Spirits, LLC
Jefferson County

Matt Simms
Kate McCane

Matt Simms stated Barrell Craft Spirits, LLC founded in 2013, blends and bottles cask strength super premium bourbon, rye and whiskey. The company is considering purchasing a facility to support its blending, bottling, marketing, R&D, and management operations.

Kate McCane stated the project investment is \$3,225,000 of which \$3,125,000 qualifies as KBI eligible costs and \$400,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$21.60 including benefits. The state wage assessment participation is 3.0% and Louisville Metro will participate at 1.0%. 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 project will include multiple locations within Jefferson County. Only investment costs incurred at 2100 Watterson Trail 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 and the KEIA approved recovery amount of \$20,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

Norstar International LLC
Grayson County

Andy Luttner
Debbie Phillips

Andy Luttner stated that Norstar International LLC manufactures hardware components and assembly for garage doors. The proposed project would include a new facility to manufacture garage door springs to meet current and growing demands.

Debbie Phillips stated the project investment is \$1,280,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$21.00 including benefits. The state wage assessment participation is 5.0%. 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 project will include multiple locations within the city of Leitchfield/Grayson County. Only investment costs incurred at project location 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 \$525,000.

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

**Rane Light Metal Castings Inc.
Logan County**

**Malcom Jollie
Kate McCane**

Malcom Jollie stated Rane Metal Castings Inc. (RLMC) is a global subsidiary of "The Rane Group" headquartered in India. RLMC is a manufacturer of high-pressure aluminum die castings for automotive and non-automotive applications. The company is seeking to add new CNC machining lines, testing equipment, laser marking systems and tooling to manufacture non-automotive die cast components.

Kate McCane stated the project investment is \$2,898,776 of which \$200,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 36 with an average hourly wage of \$25.65 including benefits. The state wage assessment participation is 3.0% and the City of Russellville will participate at 0.73% and Logan County will participate at 0.27%. 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 171 (job requirement for previous project) full-time employees subject to Kentucky income tax.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$200,000.

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

**Galerie, Inc.
Boone County**

**Brittany Cox
Debbie Phillips**

Brittany Cox stated Galerie, Inc. is a leader in everyday seasonal candy gifting. The proposed project is to expand everyday production by adding additional equipment and its eCommerce sales channel.

Debbie Phillips stated the project investment is \$2,275,000 of which \$1,450,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 18 with an average hourly wage of \$33.00 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 number of full-time employees subject to Kentucky income tax as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$200,000.

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

**Eddie Kane Steel
Meade County**

**Andy Luttner
Debbie Phillips**

Andy Luttner stated Eddie Kane Steel manufactures hot-rolled prime and non-prime steel plate products for a variety of industries. The company is considering a processing facility in Brandenburg to expand its national footprint.

Debbie Phillips stated the project investment is \$4,800,000, 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 \$33.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$450,000.

Tucker Ballinger moved to approve the staff recommendation, as presented; Don Goodin 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 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>
Atlas Air, Inc.	Kenton	12 Months
Audubon Metals LLC	Henderson	12 Months
Meredith Machinery, LLC	Jefferson	12 Months
PatienTech LLC	Mason	12 Months

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

Debbie Phillips stated two companies requested KBI final approval, one of which has modifications since preliminary approval. Ms. Phillips asked that both be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
Danieli Corporation	Boyd	Manufacturing

Modifications:

Givaudan Flavors Corporation Boone Manufacturing
The total eligible costs have been updated based on current projections. All other aspects of the project remain the same.

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

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

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

Tim Back stated there are two Kentucky small businesses from two counties with qualifying tax credits of \$31,500. The two businesses created nine jobs and invested \$46,809 in qualifying equipment and/or technology.

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

Qualified Small Business	County	Beg. Emp.	Elig. Pos.	Qualifying Average Hourly Wage	Equipment or Technology	Tax Credit
Mobile Network Solutions, LLC	Madison	9	5	\$ 27.16	\$ 31,961	\$ 17,500
The Thomas Firm, PLLC	Jefferson	7	4	\$ 22.98	\$ 14,848	\$ 14,000

Staff recommended approval of the tax credits.

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

Kentucky Selling Farmer Tax Credit (KSFTC)

Chairman Hale called on Tim Back to present the KSFTC project to the Authority

Tim Back stated there is one Kentucky Selling Farmer who has sold qualifying agricultural assets totaling \$1,060,000 to an eligible beginning farmer. The Kentucky selling farmer qualifies to receive a total of \$25,000 in tax credits.

Selling Farmer	County	Qualifying Agriculture Assets	Tax Credit Amount
Larry Swetnam, Edith Swetnam and Jo Ann Swetnam	Fayette	\$1,060,000	\$25,000

Staff recommended approval of the farmer tax credit.

Mike Cowles moved to approve the staff recommendation, as presented; Chad Miller 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.

Tim Back stated there are seven Kentucky Angel Investment Act projects representing four Kentucky businesses and seven investors for a total projected investment of \$330,000 with eligible tax credits of \$82,500. 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.

Tim 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>borderless, LLC</u> Melinda J. Herrera	Jefferson	\$ 80,000	\$ 20,000
<u>Hippo Manager Software, Inc.</u> W. Lyman Hager, Jr. Brian Aaron Luftman Stewart A. Smith Roy T. Toutant	Fayette	\$ 45,000 \$ 15,000 \$ 15,000 \$ 80,000	\$ 11,250 \$ 3,750 \$ 3,750 \$ 20,000
<u>Predictive Sports Science, LLC</u> Theodore G. Nicholson	Jefferson	\$ 45,000	\$ 11,250
<u>RedLeaf Biologics, Inc.</u> Jason Peter Kakoyiannis	Fayette	\$ 50,000	\$ 12,500

Staff recommended approval of the proposed Angel Investment tax credits.

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

Other Business

2nd Quarter 2021 – Kentucky Small Business Credit Initiative (KSBCI) Funding Report

Chairman Hale Called on Kylee Palmer to review the KSBCI Quarterly Funding Report for the period ending June 30, 2021. After review, the Authority accepted the report as presented.

Quarterly Amendment Resolution

Chairman Hale called on Charlie Rowland to review the Quarterly Amendment Report ending July 29, 2021.

Charlie Rowland stated the Bylaws of the Board of Directors of KEDFA grant authority to the Commissioner of the Department of Financial Services to effectuate minor changes or modifications to existing agreements with approved companies that do not substantively modify contract terms.

Charlie Rowland noted the following amendments have been executed.

KBI

Menzer Lumber and Supply

Letter Amendment to KBI Agreement to change Company name.

Santa Rosa Systems, LLC

Letter Amendment to KBI Agreement to change Company name.

Staff recommends the Authority accept the amendment report and adopt the resolutions to ratify the amendments

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

Resolution of Recognition - Bobby Aldridge

Chairman Hale read and presented a Resolution of Recognition to Bobby Aldridge for his service to the Cabinet for Economic Development and the Commonwealth.

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

Adjournment

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

Tucker Ballinger moved to adjourn the July 29, 2021 KEDFA board meeting; Chad Miller seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:42 a.m.

**APPROVED
PRESIDING OFFICER:**



J. Don Goodin, Vice-Chairman