

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING September 30, 2021

MINUTES

Call to Order

KEDFA convened at 10:00 a.m. on September 30, 2021.

Notification of Press

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

Roll Call

Members Present: Jean R. Hale, J. Don Goodin, Tucker Ballinger, Chad Miller, Naashom Marx and Secretary Holly Johnson

Staff Present: Tim Back, Elizabeth Bishop, Sarah Butler, Brittany Cox, Rachael Dever, Danielle Dunmire, Lisa Duvall, Martin David-Jacobs, Michelle Elder, Tony Ellis, Ellen Felix, Craig Kelly, Annie Franklin, David Hamilton, Krista Harrod, James Johnson, Malcom Jollie, Brandon Mattingly, Kate McCane, Craig McKinney, Kylee Palmer, Corky Peek, Debbie Phillips, Dorsey Ridley, Charlie Rowland, Foster Shroul, 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; Matt Zoellner, Scott, Murphy & Daniel; Matthew Feltner, Office of Financial Management; Representative Danny Bentley; Todd Hamilton and Jon Magrum, MCM CPAs and Advisors; Sierra Enlow and Zeeshan Bhatti, McGuire Sponsel; Jeremy Worley and Devon Stansbury, Northern KY Tri-ED; Haley McCoy, KCTCS; Alex Gardner, Jackson Kelly PLLC; Adam Walker, Satu Mehta and Greg Sullivan, Summit Packaging Solutions, LLC; Josh Tubbs and Alex Tubbs, Marshall County Industrial Development Authority; Dan Tobergte, Graydon Economic Development Services; Jim West, STEP CG, LLC; Zoe Fields, Doug Parker and Matt York, Continental Refining Company LLC; Dennis Smith, Marshall Industrial Development Authority; Kevin Neal, Marshall County Judge Executive; Jason Darnall, Marshall County Attorney; Gary Moore, Boone County Judge Executive; Tim Bates and Michael Crabtree, Office of Film and Tourism; Edward Field and Yolanda Celi, Community Wellness; Jeff Hodges, Grey Construction; Matt Yates, Kelley Construction; Jennifer P. Brown, Hoptown Chronicle; Jeff Lee, Department of Workforce Investment; Josh Gooch, Develop Danville, Inc.; Kevin Borland, MulloyBorland, LLC; and Rick W. Smith, Freeman Mathis & Gary, LLP.

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the August 26, 2021 KEDFA board meeting and executive session.

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.

KEDFA Grant (Amendment)

Chairman Hale called on staff to present a KEDFA Grant amendment to the Authority.

Corbin Tri-County Joint Industrial Development Authority Knox County

Kylee Palmer

The Corbin Tri-County Joint Industrial Development Authority requested an amendment to the KEDFA Grant Agreement to extend the term of the project. The project was originally approved at the October 29, 2015 KEDFA meeting for \$381,774 to make road improvements in the industrial park for roadway access to a new harness racing track and entertainment center in Corbin, Knox County, Kentucky. A project was planned to develop a Standardbred Horse Racing and Entertainment Facility with construction slated to begin on or before October 1, 2021. The project was delayed due to litigation regarding objections to historical horse racing. With the passage of SB 120 in February, legalizing historical horse racing machines, the project is now back on track.

To access the site, road improvements are needed to accommodate the anticipated increased traffic flow. The Kentucky Department of Transportation (DOT) has committed \$550,000 in FD39 Funds and the remaining funds (\$381,774) were approved through the KEDFA Grant. Corbin Tri-County Joint Industrial Development Authority requested a three-year extension on the KEDFA grant to allow the roadwork to be completed. Disbursement of the KEDFA funds will be on a reimbursement basis and will only be available after all of the DOT funds have been expended.

Staff recommended approval to amend the KEDFA Grant with Corbin Tri-County Joint Industrial Development Authority for a three-year time extension to October 31, 2024 for the completion of the roadwork.

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

Kentucky Rural Hospital Loan Program (KRHLP)

Chairman Hale called on staff to present the Kentucky Rural Hospital Loan Program Guidelines to the Authority.

Kylee Palmer stated during the 2020 Regular Session of the General Assembly, House Bill 387 was authorized creating a rural hospital operations and facilities revolving loan fund (KRS 154.20-190), but no funding was appropriated to the new program. During the 2021 Regular Session of the General Assembly, House Bill 556 appropriated \$20 million to fund the program. KEDFA will be responsible for reviewing and approving projects applying for funding under the new program.

Cabinet staff proposed guidelines for the Kentucky Rural Hospital Loan Program (KRHLP) outlining the terms, conditions, requirements and process for loans to rural hospitals. Cabinet

staff will also be responsible for monitoring the performance of loans funded under the program and reporting annually on the program to the legislature.

Staff recommended approval of the Kentucky Rural Hospital Loan Program Guidelines with an edit to begin repayment terms within one year.

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

Kentucky Small Business Credit Initiative (KSBCI) Project

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

Traditional Bank Inc. - Thind & Manak Investment, LLC Clark County

Kylee Palmer

Kylee Palmer stated Traditional Bank requested approval for the use of the KSBCI Collateral Support Program to enroll a \$2,104,000 loan for demolition and construction of a convenient store, liquor store and upgrade/replace fuel pumps in Winchester, KY. Thind & Manak Investment, LLC is the holding company, and new operating companies (co-borrowers) will be created prior to closing. Traditional Bank requested collateral assistance on its \$2,104,000 loan to the company with the Borrowers' equity injection of \$526,908 for a total project cost of \$2,630,908. The bank requested KEDFA approval for \$396,082 support from the Kentucky Collateral Support Program, which is 18.8% of the loan amount. The bank will be secured with a first mortgage on the property.

Staff recommended approval of the bank request for up to \$396,082 in support from the KSBCI Kentucky Collateral Support Program.

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

Local Industrial Revenue Bond (IRB) Project

Chairman Hale called on staff to present a Local IRB project to the Authority.

Ball Metal Beverage Container Corp. Warren County

Michelle Elder

Michelle Elder stated in accordance with KRS 103.210, the City of Bowling Green/Warren County Fiscal Court requested KEDFA review and approve a 100% reduction for years 1 through 10 and 50% reduction for years 11 through 20 in the state ad valorem tax rate on the production plant which Ball Metal Beverage Container Corp. proposes to be financed through the issuance of industrial revenue bonds by the City of Bowling Green/Warren County Fiscal Court. The principal amount of the IRB authorization is up to \$400,000,000 for a term of 20 years. A Payment in Lieu of Tax Agreement will be required with the school district.

Staff recommended approval.

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

Note: The KEDFA board did not make any type of determination as to the legality of the bonds to be issued by the City of Bowling Green/Warren County Fiscal Court, but only

approved the reduction on the ad valorem tax rate as provided by KRS 103.200 and KRS 132.020.

Economic Development Fund (EDF) Project

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

Marshall County Industrial Development Authority Marshall County

**Corky Peek
Debbie Phillips**

Debbie Phillips stated the Marshall County Industrial Development Authority (MCIDA) has worked with local, regional, state and federal partners in developing infrastructure at Southwest One Industrial Park. The EDF project would include the dense grade extension of Southwest One Boulevard and include an aluminum box culvert across Gain Branch and the construction of an expandable 120,000 square foot pad ready site. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Ms. Phillips stated the Marshall County Fiscal Court requested the use of \$285,241 in EDF program funds for the benefit of Marshall County Industrial Development Authority, Inc. The project investment is \$570,482, and the proposed EDF grant funds will be used to offset the costs associated with this project.

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. 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; 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 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>
Pitman Creek Wholesale LLC	Lincoln	3 Months
Stelised, Inc.	Shelby	3 Months
Bluegrass Roller Service	Shelby	12 Months
Fresh Bourbon Inc. dba Edwards Spirit Company	Fayette	12 Months
The Sherwin-Williams Company	Madison	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 Projects (Final)

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

**Global Mail, Inc. dba DHL eCommerce Solutions
Boone County**

**Craig McKinney
Michelle Elder**

Craig McKinney stated DHL eCommerce provides standard domestic and international parcel pick-up and return solutions for business customers. In addition, the company provides logistics in selected markets with the Americas, Asia Pacific and the Middle East/Africa. Global Mail, Inc. dba DHL eCommerce Solutions is considering constructing a new facility in Hebron to help meet customer demand.

Michelle Elder stated the project investment is \$55,000,000 of which \$30,000,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$1,500,000 for Research & Development, Electronic Processing and/or Flight Simulation Equipment.

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

**Continental Refining Company LLC
Pulaski County**

**Annie Franklin
Michelle Elder**

Annie Franklin stated Continental Refining Company LLC began operations in 2011 by purchasing the Somerset Refinery that opened for business in 1932. The facility is an icon in Somerset. The company is considering constructing an additional building on its current property which will consist of a soybean crush operation, a biodiesel production facility, and a terminal.

Michelle Elder stated the project investment is \$26,843,276 of which \$4,219,439 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$150,000 for Construction Materials and Building Fixtures.

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

**Rut 'N Strut Distillery, LLC
Shelby County**

**Annie Franklin
Michelle Elder**

Annie Franklin stated Rut 'N Strut Distillery, LLC opened for business in 2016 as a bourbon distillery and visitor destination. The company has grown tremendously since then. Rut 'N Strut is considering constructing a new barrel rick house to age bourbon. The building will hold approximately 20,000 barrels of bourbon and will greatly increase aging capacity. The increased aging capacity will allow the company to produce more bourbon to help meet customer demand.

Michelle Elder stated the project investment is \$3,361,915 of which \$1,987,149 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$50,000 for Construction Materials and Building Fixtures.

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

KBI (Preliminary) and KEIA Projects

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

Harbor Steel & Supply Corporation Warren County

**Corky Peek
Michelle Elder**

Corky Peek stated Harbor Steel & Supply Corporation is a Michigan-based manufacturer of fabricated steel products specializing in processed sheet and plate for a variety of markets. Driven by the continuing growth and success of its Lexington, KY location, the company is considering adding an additional location in Bowling Green to help meet customer demand.

Michelle Elder stated the project investment is \$8,000,000 of which \$6,490,000 qualifies as KBI eligible costs and \$4,000,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$30.00 including benefits. The state wage assessment participation is 3.0% and City of Bowling Green will participate at 1.0%. 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 \$500,000 and the KEIA approved recovery amount of \$100,000 for construction and building materials.

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

KBI Projects (Preliminary)

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

Summit Packaging Solutions, LLC Boone County

**Brittany Cox
Debbie Phillips**

Brittany Cox stated Summit Packaging Solutions, LLC is a full-service manufacturing packaging company and renowned as a preferred global supply chain partner providing end-to-end solutions for some of the nation's most recognized brands. The company is considering adding its fourth manufacturing location in the Midwest region to meet customer demands.

Debbie Phillips stated the project investment is \$18,346,000 of which \$9,485,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 69 with an average hourly wage of \$34.00 including benefits. The state wage assessment participation is 1.5% and Boone County will participate at 0.4%.

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

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

Russellville Dental Lab, LLC Logan County

**Corky Peek
Michelle Elder**

Corky Peek stated Russellville Dental Lab, LLC produces customized medical devices for dental professionals across the US. Some of their products include implants, dentures, crowns and bridges, ceramics and orthodontics. The company is considering relocating to a larger facility to help meet the needs of its customer base.

Michelle Elder stated the project investment is \$1,590,000 of which \$1,170,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 32 with an average hourly wage of \$26.00 including benefits. The state wage assessment participation is 3.0% and City of Russellville will participate at .73% and Logan County will participate at .27%. 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 \$400,000.

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

**Community Wellness--KY, LLC
Boyle County**

**Martin D. Jacobs
Kate McCane**

Martin David-Jacobs stated Community Wellness Technology is the industry leader in developing comprehensive and fully integrated RPM and behavioral health solutions for chronic condition management and preventative health measures. Community Wellness--KY, LLC is seeking to lease a facility in Boyle County to begin operations of a remote patient monitoring and training center.

Kate McCane stated the project investment is \$3,000,000, of which \$2,300,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 445 with an average hourly wage of \$35.83, including benefits. The state wage assessment participation is 3.0% and the City of Danville and the Boyle County Fiscal Court will each participate at 0.5%

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

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

KBI Projects (Extension)

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

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

Company	County	Extension
Ag Science Solutions	Simpson	12 Months
Froedge Machine and Supply Co., Inc.	Barren	12 Months
IJW Whiskey Company, LLC	Jefferson	12 Months
Sazerac North America, Inc.	Jefferson	12 Months
Strigiformes, LLC	Nelson	12 Months
Taeyang America Corp	Simpson	12 Months
The Hollaender Manufacturing Company	Pulaski	12 Months
Tiffany and Company Jewelers, Inc.	Fayette	12 Months
UPS Supply Chain Solutions, Inc.	Jefferson	12 Months

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

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

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
STEP CG, LLC	Kenton	Headquarters
American Wood Fibers, Inc.	Marion	Manufacturing

Modifications:

Healthcare Asset Network, INC d.b.a. HANDLE Jefferson Service or Technology
The total investment and eligible costs have been updated based on current projections. All other aspects of the project remain the same.

NX Development Corporation Fayette Service or Technology
The total investment and eligible costs have been updated based on current projections. All other aspects of the project remain the same.

Comprehensive Medical Management, LLC Campbell Service or Technology
The total investment and eligible costs have been updated based on the current projections. Rent is no longer an eligible cost. The tax incentive amount decreased from \$850,000 to \$700,000. All other aspects of the project remain the same.

Gryphon Environmental, LLC Daviess Manufacturing
Local participation changed from 1.0% from the City of Owensboro to 0.5% from Daviess County, which is 71% of their local occupational tax. The states portion is now 2.14%. Total participation is 2.64%. All other aspects of the project remain the same.

Xooker, LLC Fayette Service or Technology
The total investment and eligible costs have been updated based on current projections. All other aspects of the project remain the same.

United Systems & Software, Inc. Marshall Service or Technology
The total investment and 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.

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Tim Back stated there are seven Kentucky small businesses from five counties with qualifying tax credits of \$100,600. The seven businesses created 30 jobs and invested \$225,775 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
Advanced Dental Center, Inc.	Jefferson	0	7	\$ 27.02	\$ 27,900	\$ 24,500
Capital Recovery Group Technologies, LLC	Jefferson	7	8	\$ 53.25	\$ 62,633	\$ 25,000
DawnBland.com, LLC	Breckinridge	3	2	\$ 13.00	\$ 8,786	\$ 7,000
Mill Ridge Farm, LLLP	Fayette	35	1	\$ 20.96	\$ 7,089	\$ 3,500
MRCOOL LLC Limited Liability Company	Graves	17	4	\$ 23.20	\$ 12,673	\$ 12,600
Quantum Ink Company	Jefferson	29	3	\$ 18.77	\$ 38,698	\$ 10,500
Willow Hill Supply, LLC	Clark	2	5	\$ 13.70	\$ 67,996	\$ 17,500

Staff recommended approval of the tax credits.

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

Kentucky Angel Investment Act Projects

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

Tim Back stated there are two Kentucky Angel Investment Act projects representing two Kentucky businesses and two investors for a total projected investment of \$139,861 with eligible tax credits of \$34,965. 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	County	Projected Investment	Tax Credit
<u>CPA Innovations, LLC</u> Aneeta R. Bhatia	Jefferson	\$ 39,861	\$ 9,965
<u>Thynk Health, LLC</u> Martin N. McClelland	Fayette	\$ 100,000	\$ 25,000

Staff recommended approval of the proposed Angel Investment tax credits.

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

Other Business

Audit Report and Auditor's Communication

Katie Smith introduced Todd Hamilton and Jon Magrum with MCM CPAs & Advisors and invited them to present the audited financial statements. Mr. Hamilton reported the audit

disclosed no instances of noncompliance and no findings which are required to be reported in accordance with Government Auditing Standards with regard to KEDFA's financial statements for year end June 30, 2021.

After the review, KEDFA accepted the report as presented.

Katie Smith reported the November – December 2021 KEDFA meeting had been scheduled for December 9, 2021.

Adjournment

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

Naashom Marx moved to adjourn the September 30, 2021 KEDFA Hybrid board meeting; Chad Miller seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:16 a.m.

**APPROVED
PRESIDING OFFICER:**

A handwritten signature in blue ink, appearing to read "Jean R. Hale", is written over a horizontal line.

Jean R. Hale, Chairman