

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING February 28, 2019

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EST on February 28, 2019, at the Cabinet for Economic Development, Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, Kentucky.

Notification of Press

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

Roll Call

Members Present: Jean R. Hale, J. Don Goodin, Ryan Barrow, proxy for Secretary William M. Landrum, III, Tucker Ballinger, Joe Kelly and Chad Miller

Staff Present: Bobby Aldridge, Tim Back, Sarah Butler, Michelle Elder, Annie Franklin, Kate Greenwell, Andy Luttner, Brandon Mattingly, Kylee Palmer, Corky Peek, Debbie Phillips and Katie Smith

Others Present: Michael Kalinyak, Hurt, Deckard & May; Dwight Young, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Margo Watroba and Kevin Slattery, Meyer Tool, Inc.; Karen Finan, Ben Reynolds, Jacob Edmonds and Angie Mulberry, Northern Kentucky Tri-ED; Barry Lendrum, Paladin; Ben Moore, Louisville/Jefferson County Metro Government; Billy Aldridge, Finance & Administration Cabinet, Office of Financial Management; Matt Zoellner, Scott, Murphy & Daniel; Rob Hunden, Hunden Strategic Partners; and Casey Bolton, Commonwealth Economics

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the February 7, 2019 (rescheduled) regular KEDFA board meeting and executive session.

Joe Kelly moved to approve the minutes, as presented; Chad Miller 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 Bobby Aldridge to review the financial statements monitoring reports. After review, the Authority accepted the statements and reports as presented.

Kentucky Business Investment (KBI) Projects (Amendment)

Chairman Hale called on Mr. Aldridge to present the KBI project amendment requests to the Authority.

Appriss Inc.

Jefferson County

Mr. Aldridge stated Appriss Inc. received final approval on January 30, 2014 for a KBI project to expand its Louisville business providing information services to federal, state and local law enforcement and other government agencies. The project activated January 30, 2016. As the business has continued to grow, the company has relocated to a larger leased facility at 9901 Linn Station Road, while maintaining an additional campus location at Nelson Miller Parkway. This amendment documents the change of the project site and recognizes the new lease. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Phoenix Products, Inc.

Jackson County

Mr. Aldridge stated Phoenix Products, Inc. requested an Amended and Restated Tax Incentive Agreement to reflect a co-employment relationship and use of a PEO (Professional Employer Organization) specifically, ADP TotalSource, Inc. retroactive to the activation date of June 25, 2017. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Kentucky Rural Economic Development Act (KREDA) Project (Amendment)

Chairman Hale called on Mr. Aldridge to present a KREDA project amendment request to the Authority.

Phoenix Products, Inc.

Jackson County

Mr. Aldridge stated Phoenix Products, Inc. requested approval of an Amended and Restated KREDA Tax Incentive Agreement to reflect a co-employment relationship and use of a PEO (Professional Employer Organization) specifically, ADP TotalSource, Inc. retroactive to October 10, 2011. All other aspects of the project remain the same.

Project discussion tabled for staff to research questions.

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

Chairman Hale called on Mr. Aldridge to present the KEIA project extension requests to the Authority.

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

Company	County	Extension
Kobe Aluminum Automotive Products, LLC	Warren	6 months
Hansens Aluminum Extrusion LLC	Henderson	12 months
Vanderbilt Chemicals, LLC	Calloway	12 months

Staff recommended approval of the KEIA extension requests.

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

Kentucky Business Investment (KBI) Project (Modification)

Chairman Hale called on Michelle Elder to present a KBI project modification request to the Authority.

KMG Fabrication, Inc. Bullitt County

Ms. Elder stated New Flyer of America Inc. received preliminary approval on November 16, 2017 for a project consisting of an approximate 300,000 sf manufacturing facility in Shepherdsville, Bullitt County, to manufacture parts for the transit bus and motor coach industries. The project was approved for \$8,500,000. Subsequent to this approval, New Flyer of America Inc. will enter into an Assignment and Assumption Agreement, selling, transferring and assigning all of its interests in its business to KMG Fabrication, Inc. to operate the new facility. All other aspects of the project remain the same. The modification of the preliminary approval will change New Flyer of America Inc. to KMG Fabrication, Inc. as the approved company.

Staff recommended approval of the KBI modification request.

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

Kentucky Business Investment (KBI) Project (Preliminary) and KEIA Project

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

Kentucky Industrial Hemp, LLC dba Ecofibre Kentucky Scott County

**Andy Luttner
Kate Greenwell**

Andy Luttner stated Kentucky Industrial Hemp, LLC dba Ecofibre Kentucky is an Australian company incorporated in 2009 that participates in the industrial hemp industry in Australia and the United States. The company is considering constructing a 40,000 sf facility to house new processing technology for Hemp Black, expand capacity for Ananda Hemp and establish a formal US headquarters.

Kate Greenwell stated the project investment is \$5,660,000 of which \$5,360,000 qualifies as KBI eligible costs and \$2,500,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$30.00 including benefits. The state wage assessment participation is 3.0%, the City of Georgetown will participate at 0.5% and Scott County will participate at 0.5%. 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 \$250,000 and the KEIA approved recovery amount of \$50,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

GossHall Systems, LLC Hardin County

**Corky Peek
Michelle Elder**

Corky Peek stated GossHall Systems, LLC is a delivery service provider for one of the world's premier distribution companies, aiding in its home delivery service. The company is considering locating its headquarters for the Kentucky, Tennessee and Florida operations in Elizabethtown.

Ms. Elder stated the project investment is \$775,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 3.0% and the City of Elizabethtown will participate at 1.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000.

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

Goose Creek Candles, LLC L.L.C. Casey County

**Annie Franklin
Michelle Elder**

Annie Franklin stated Goose Creek Candles, LLC L.L.C. (Goose Creek) opened for business in 1998 as a candle manufacturer. The company is considering expanding its current business model to include the distribution of its product that is currently outsourced to a third party located in Tennessee. Goose Creek hopes to increase productivity, shipping times and customer relations by being in control of the distribution aspect of the business.

Ms. Elder stated that the project investment is \$1,820,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 60 with an average hourly wage of \$14.00 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, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000.

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

Meyer Tool, Inc. Boone County

**Annie Franklin
Michelle Elder**

Ms. Franklin stated Meyer Tool, Inc. (Meyer Tool) supplies a variety of precision components to the aerospace and gas turbine engine industries. The company is recognized as a world leader in both electrical discharge machining and waterjet manufacturing processes. Meyer

Tool is considering expanding its footprint in the aerospace industry and is considering Kentucky for this project.

Ms. Elder stated the project investment is \$15,900,000 of which \$3,685,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 100 with an average hourly wage of \$35.00 including benefits. The state wage assessment participation is 3.0% and Boone County will participate at 0.8%. The company will be required to maintain 90% of the total countywide and 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 \$1,250,000.

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

**C&C Industrial, LLC
Montgomery County**

**Andy Luttner
Debbie Phillips**

Mr. Luttner stated C&C Industrial, LLC specializes in industrial maintenance, food-grade and pharmaceutical-grade piping, boilers and hi-pressure systems and ammonia-refrigerant and glycol systems. The company also offers commercial services for HVAC, plumbing and electrical trades. The proposed project is to construct a new facility to meet its growing needs.

Debbie Phillips stated the project investment is \$3,830,000 of which all qualifies as KBI eligible costs. The highest job target over the term of the agreement is 15 with an average hourly wage of \$31.00 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, Kentucky resident employees as of the date of preliminary approval.

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

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

**Atalo Holdings, Inc.
Clark County**

**Annie Franklin
Kate Greenwell**

Ms. Franklin stated Atalo Holdings, Inc. opened in September 2014 as a vertically integrated industrial hemp company. The company is considering an additional hemp processing facility to include warehousing and processing space to support growth and product demand.

Ms. Greenwell stated the project investment is \$2,130,000 of which \$1,305,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 130 with an average hourly wage of \$27.30 including benefits. The state wage assessment participation is 3.0% and Clark County 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 Winchester/Clark County. Only investment costs incurred at 5855 Rockwell Road 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 \$480,000.

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

**Fibonacci, LLC
Calloway County**

**Andy Luttner
Kate Greenwell**

Mr. Luttner stated Fibonacci, LLC will be a manufacturer of HempWood based on 13 years of experience, research and development stemming from the founders bamboo and Smartoak operations. Fibonacci, LLC is considering leasing an 11,230 sf building for its pilot plant facility to establish a world class, automated HempWood operation to support growth and market demand.

Ms. Greenwell stated the project investment is \$5,809,716 of which \$3,769,888 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$20.00 including benefits. The state wage assessment participation is 3.0% and local participation will consist of \$500 per job created up to a maximum of \$12,500; local incentives will be awarded upon the creation of 25 permanent full-time jobs but no later than 2 years from the start of operations.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000.

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

**Tower Automotive Operations USA I, LLC
Bullitt County**

**Annie Franklin
Kate Greenwell**

Ms. Franklin stated Tower International is a leading integrated global manufacturer of engineered structural metal components and assemblies. Tower Automotive Operations USA I, LLC is a wholly-owned subsidiary of Tower International and supplies the automotive industry with body-structure stampings, frames and other complex welded assemblies for automobiles. The company has been awarded a new program to manufacture automotive structural components for sport utility vehicles and is considering expanding its facility in Shepherdsville to accommodate for the growth.

Ms. Greenwell stated the project investment is \$21,024,000 of which \$7,912,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 50 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 3.0% and the City of Shepherdsville 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 company will also 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 \$750,000.

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

**LHC Group, Inc.
Jefferson County**

**Andy Luttner
Kate Greenwell**

Mr. Luttner stated LHC Group, Inc. was founded in 1994 in Louisiana and is the preferred in-home healthcare partner for 330 leading hospitals around the country. With the recent merger of LHC Group, Inc. and Kentucky based company Almost Family, Inc., the company is looking to establish its regional headquarters, emergency command center and call center in Louisville.

Ms. Greenwell stated the project investment is \$600,000 of which all qualifies as KBI eligible costs. The highest job target over the term of the agreement is 31 with an average hourly wage of \$19.50 including benefits. The state wage assessment participation is 1.5% and the Louisville/Jefferson County Metro Government will participate at 0.5%. 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 and a base payroll equal to the total amount of payroll paid to the full-time, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$400,000.

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

Company	County	Extension
More Than A Bakery, LLC	Woodford	6 Month
Bluegrass Stockyards, LLC	Fayette	6 Month
Ernst & Young U.S. LLP	Jefferson	6 Month
Hafendorfer Machine, Inc.	Jefferson	12 Month
Inplast Industries USA, LLC dba Plastikon Industries (Retroactive to September 30, 2018)	Grayson	12 Month
Integrity Express Logistics, LLC	Kenton	12 Month
Shoemagoo LLC	Jefferson	12 Month
Mobile Marketing Solutions, Inc. dba Brewco Marketing Group	Muhlenberg	12 Month
PharmaCord LLC	Jefferson	12 Month
Whitworth Tool, Inc.	Breckinridge	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Project (Final)

Chairman Hale called on Ms. Phillips to present a KBI project for final approval to the Authority.

**Cabaxis, Inc.
Daviess County**

Manufacturing

Ms. Phillips stated Cabaxis, Inc. requested KBI final approval. Since preliminary approval, the company name changed from CabKey, LLC to Cabaxis, Inc. All other aspects of the project remain the same.

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

Mr. Kelly 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 were eight Kentucky small businesses from seven counties with qualifying tax credits of \$103,000. The eight businesses created 32 jobs and invested \$148,944 in qualifying equipment and/or technology.

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

Qualified Small Business	County	Beg. Emp.	Elig. Pos.	Average Hourly Wage	Qualifying Equipment and/or Technology	Tax Credit
AMC Manufacturing Co., L.L.C.	Jefferson	4	8	\$ 16.51	\$ 29,500	\$ 25,000
Cincy Gutter Boys LLC	Kenton	7	3	\$ 16.67	\$ 10,527	\$ 10,500
Industrial Park Distributors LLC	Boyle	6	1	\$ 11.83	\$ 8,985	\$ 3,500
Integrated Medical Solutions, LLC	Jefferson	14	8	\$ 18.83	\$ 31,551	\$ 25,000
Jason Tanner Design, LLC	Daviess	7	1	\$ 21.63	\$ 7,499	\$ 3,500
Lockshield Partners, Inc.	Barren	3	1	\$ 15.00	\$ 5,208	\$ 3,500
MedIQ Learning, LLC	Hardin	6	2	\$ 32.69	\$ 8,437	\$ 7,000
Russell Alzheimer's Investors, LLC	Greenup	0	8	\$ 23.51	\$ 47,237	\$ 25,000

Staff recommended approval of the tax credits.

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

KREDA Project (Amendment) continued

Chairman Hale called on Katie Smith to provide responses to the questions asked previously during the meeting.

**Phoenix Products, Inc.
Jackson County**

Staff recommended approval of the KREDA amendment request.

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

Closed 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, the open discussion of which would jeopardize the siting, retention, expansion or upgrade of the business.

Mr. Goodin moved to enter into executive session; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The board entered into executive session at 10:37 a.m.

Regular Session

Chairman Hale entertained a motion to return to regular session.

Mr. Barrow moved to return to regular session; Mr. Miller seconded the motion. Motion passed; unanimous.

The board returned to regular session 11:14 a.m.

Adjournment

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

Mr. Miller moved to adjourn the February KEDFA board meeting; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:14 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman