

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING October 31, 2019

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:02 a.m. EDT on October 31, 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, Secretary William M. Landrum, III, Tucker Ballinger, Chad Miller and Mike Cowles

Staff Present: Bobby Aldridge, Tim Back, Elizabeth Bishop, Jessica Burke, Beka Burton, Sarah Butler, Martin David-Jacobs, Rachael Dever, Danielle Dunmire, Michelle Elder, Annie Franklin, Jim Kirk, Brandon Mattingly, Kate McCane, Jason Neal, Mason Northcutt, Kylee Palmer, Corky Peek, Debbie Phillips, Jason Rainey, Vivek Sarin, Kristina Slattery, Katie Smith, Teresa Spreitzer and Beth Sturm

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Tom Myhal, Centrality Business Technologies; Casey Bolton, Commonwealth Economics; Casey Dunn, Denham Blythe; Jeff Hodges, Gray Construction; Shane Gabbard, Jackson County Fiscal Court; Mike Kopp, Kentuckiana Curb Company, Inc.; Billy Aldridge, Kentucky Finance & Administration Cabinet, Office of Financial Management; Kevin Atkins, Lexington-Fayette Urban County Government; Alex Mercer, Louisville Forward; Sierra Enlow and Ben Worrell, McGuire Sponsel; Pete Laney, Ohio Valley Aluminum Company, LLC; Matt Zoellner, Scott, Murphy & Daniel; and Bruce Simpson, Stoll Keenon Ogden

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the September 26, 2019 regular 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 Katie Smith to review the financial statements and monitoring reports. After review, the Authority accepted the statements and reports as presented.

Tax Increment Financing (TIF) Projects (Final)

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

Department of Finance of LFUCG Lexington Center Project Fayette County

Kylee Palmer

Ms. Palmer stated Lexington Center Project is a Signature TIF project. The development is expected to include 152,530 total sq. ft. for exhibit, ballroom and meeting room event space for the Convention Center, 443,605 total sq. ft. of support and non-convention center space (Rupp Arena, hotel, central plant, BOH, mechanical mezzanine, clubs, etc.), 70,000 sq. ft. of retail and restaurant space, 160 hotel rooms, 10 screen movie theatre, 16 lane bowling alley, portion of Town Branch Commons Park and structured parking, and public infrastructure improvements. The construction is estimated to take place over the next two (2) years.

The project was reviewed by an independent consultant and determined to create a net new positive impact for the Commonwealth. The Office of State Budget Director and the Finance and Administration Cabinet approved the consultant's recommendations and have certified the report and the findings with their statutorily-required Certification of Net Positive Impact to the Commonwealth. The applicant has also reviewed the report and agrees with the findings and the amount eligible for recovery.

The applicant, Department of Finance of LFUCG, requested approval of the Lexington Center Project Signature TIF project. The total estimated cost of the project is \$679.2 million of which approximately \$337 million is estimated for infrastructure. The applicant is eligible to recover a negotiated tax incentive amount up to \$41,000,000 for public infrastructure and financing costs through a 40% recovery on withholding, sales and real estate property taxes. Only amounts deemed as public infrastructure that occur within the state footprint are eligible for recovery through increments. No state taxes shall be eligible for recovery until the minimum capital investment of \$200,000,000 has been verified as being invested in the development area.

Total cumulative investment of \$395,477,243, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$41,000,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved of \$41,000,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

Eligible approved costs for the project will be limited to the cost and financing of the public parking garage.

Staff recommended final approval of the negotiated tax incentive amount of up to \$41,000,000.

Ms. Palmer introduced Kevin Atkins and Casey Bolton and invited them to address the board regarding the project.

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

**Department of Finance of LFUCG
Fountains at Palomar
Fayette County**

Kylee Palmer

Ms. Palmer stated Fountains at Palomar is a Real Property Ad Valorem Tax Revenues TIF project. The development is expected to include 74,000 sq. ft. hotel (125 rooms), 33,750 sq. ft. restaurant space, 12,750 sq. ft. retail space, 13,575 sq. ft. office space and public infrastructure improvements. The construction is expected to begin in late 2019 with anticipated completion in early 2021.

The applicant, Department of Finance of LFUCG, requested approval of the Fountains at Palomar Real Property Ad Valorem Tax Revenues TIF project. The total estimated cost of the project is \$46.8 million, excluding financing of which approximately \$15.9 million is estimated for infrastructure. The applicant is eligible to recover a negotiated tax incentive amount up to \$634,000 for public infrastructure through a 90% recovery on real estate property taxes. Only amounts deemed as public infrastructure that occur within the state footprint are eligible for recovery through increments. No state taxes shall be eligible for recovery until the minimum capital investment of \$10,000,000 has been verified as being invested in the development area.

Total cumulative investment of \$46,877,436, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$634,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved of \$634,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

Eligible approved costs for the project will be limited to the cost of sewer improvements.

Staff recommended final approval of the negotiated tax incentive amount of up to \$634,000.

Ms. Palmer introduced Mr. Atkins, Mr. Bolton and Bruce Simpson and invited them to address the board regarding the project.

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

**Kentucky Business Investment (KBI) and Kentucky Enterprise Initiative Act (KEIA)
Project (Modification)**

Chairman Hale called on Debbie Phillips to present KBI and KEIA project modifications to the Authority.

**Amazon.com Services, Inc.
Boone County**

Ms. Phillips stated in 2017, Amazon Fulfillment Services, Inc. received approval for a service & technology project in Hebron, Boone County under the KBI and KEIA programs. Subsequent to approval, but prior to the execution of the Agreements, the company changed its name to Amazon.com Services, Inc. All other aspects of the projects remain the same.

Staff recommended approval of the KBI and KEIA modification requests.

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

Kentucky Industrial Development Act (KIDA) Project (Amendment)

Chairman Hale called on Rachael Dever to present a KIDA project amendment to the Authority.

Precision Metal Works, Inc.

Franklin County

Ms. Dever stated due to purchase, Artiflex Manufacturing, LLC is requesting a Second Amended and Restated Tax Incentive Agreement for an assignment of the KIDA project to reflect Precision Metal Works, Inc. retroactively to April 26, 2019. All other aspects of the agreement remain the same.

Staff recommended approval of the KIDA amendment request.

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

KBI Project (Amendment)

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

Trissential, LLC

Fayette County

Mr. Aldridge stated SQS North America, LLC is a niche consulting firm that specializes in software testing for Fortune 500 companies. The company operates a software testing center in Lexington. From January 2017 through May 2019, the company participated in a co-employment agreement with ADP TotalSource, Inc., a professional employer organization, for management of payroll and benefits. Following the termination of the ADP agreement and in connection with other corporate restructuring, the company transferred the project employees to a sister subsidiary, Trissential, LLC, and to the parent company, SQS USA, Inc. Trissential, LLC will be the approved company in connection with the project, and SQS USA, Inc. will be an approved affiliate. This Amended and Restated Tax Incentive Agreement recognizes the co-employment relationship with ADP and assigns the project to Trissential, LLC with SQS USA, LLC as the approved affiliate. 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; Mr. Miller seconded the motion. Motion passed; unanimous.

Wiley Edu, LLC

Jefferson County

Mr. Aldridge stated on June 28, 2012, KEDFA granted final approval to The Learning House, Incorporated d/b/a The Learning House, Inc., to assist with the relocation and expansion of its headquarters in Louisville.

Following execution of the KBI Tax Incentive Agreement, it was determined that the project was located in the Central Downtown Revitalization District Development Area (the "Original Downtown Development Area TIF Project"). Accordingly, the agreement was amended to acknowledge that the local occupational license fees were pledged to the TIF Project, and in the event the TIF Project activated, the company would be ineligible to claim local wage assessments in connection with the KBI project. Subsequently, in 2015, the boundary and legal description of the Original Downtown Development Area TIF Project was amended so that the KBI project site is no longer within the TIF boundaries.

Effective April 30, 2019, The Learning House was acquired by John Wiley & Sons, Inc. and merged with and into its wholly owned subsidiary, Wiley Edu, LLC. In connection with this acquisition, the company has requested that Wiley Edu, LLC be deemed the approved company with respect to the project and John Wiley & Sons, Inc. be designated as an approved affiliate.

This Amended and Restated Agreement recognizes that the project site is no longer within the boundary of the Original Downtown Development Area TIF Project, and assigns the project to Wiley Edu, LLC as the approved company and John Wiley & Sons, Inc. as the approved affiliate. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

KEIA Projects (Extension)

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

Mr. Aldridge stated 9 companies requested additional time to complete the projects. Mr. Aldridge asked that all 9 be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
Four Roses Distillery, LLC	Anderson	3 Month
Pizza Wholesale of Lexington, Inc.	Bourbon	3 Month
Alltech, Inc.	Jessamine	6 Month
Buffalo Trace Distillery, Inc.	Franklin	12 Month
Infiltrator Water Technologies, LLC	Clark	12 Month
Kentucky Industrial Hemp, LLC dba Ecofibre Kentucky	Scott	12 Month
Pinkerton Tobacco Co. LP	Daviess	12 Month
Southern Recycling, LLC	Warren	12 Month
Summitt Polymers, Inc.	Hardin	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

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

Kentucky Downs, LLC
Simpson County

Corky Peek
Michelle Elder

Corky Peek stated Kentucky Downs, LLC is a thoroughbred racetrack, historical gaming, restaurant and live music venue in Franklin. The company is considering adding square footage to its existing facility, purchasing games, expanding its food and beverage amenities and adding an outside, live entertainment venue.

Michelle Elder stated the project investment is \$36,359,225 of which \$13,238,113 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$200,000 for construction materials and building fixtures.

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

**Campari America LLC
Anderson County**

**Annie Franklin
Michelle Elder**

Annie Franklin stated Campari America LLC is one of the largest spirits company in the United States, producing more than 20 brands, including award-winning vodkas, whiskies, rums, gins, cordials, liqueurs and cachaças. The company has seen an increase in the global demand for its products and has completed new expansion projects over the last few years. In order to house the growing production for the critical aging process, the company is considering constructing a new pallet barrel warehouse with space for storage of 46,000 barrels.

Ms. Elder stated the project investment is \$2,264,530 of which \$968,041 qualifies as KEIA eligible costs.

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

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

**Rick and Still, LLC
Woodford County**

**Annie Franklin
Michelle Elder**

Ms. Franklin stated Rick and Still, LLC (dba The Rickhouse Hotel and Still), a start-up, is considering the purchase and renovation of a facility in Versailles. This building will be renovated into a boutique hotel with an operating bourbon distillery that will service bluegrass and bourbon trail tourism in the area.

Ms. Elder stated the project investment is \$5,250,000 of which \$1,580,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$80,000 for construction materials and building fixtures.

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

**Ohio Valley Aluminum Company, LLC
Shelby County**

**Jim Kirk
Kate McCane**

Jim Kirk stated Ohio Valley Aluminum Company, LLC is a manufacturer of aluminum billet (logs) for the aluminum extrusion industry. The company has increased its production and volume and is considering an expansion to reconfigure the truck traffic as well as adding fencing, a new receiving building and a new scale.

Mr. Kirk introduced Pete Laney and invited him to address the board regarding the project.

Kate McCane stated the project investment is \$1,171,800 of which \$358,326 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$20,000 for construction materials and building fixtures.

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

**Hyster-Yale Group, Inc.
Madison County**

**Jim Kirk
Debbie Phillips**

Mr. Kirk stated Hyster-Yale Group, Inc. designs, engineers, manufactures, sells and services a comprehensive line of lift trucks and aftermarket parts marketed globally. The company is considering an expansion to its current facility in Berea to meet growing demands.

Ms. Phillips stated the project investment is \$25,730,600 of which \$10,000,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$600,000 for construction materials and building fixtures.

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

**Post Glover Lifelink Inc.
Boone County**

**Elizabeth Bishop
Debbie Phillips**

Elizabeth Bishop stated Post Glover Lifelink Inc. has been a leading manufacturer of Isolated Power products for more than 60 years. The company also manufactures Surface Metal Raceway systems designed for the containment and connection of power, data and lab gas services. The proposed project would include an expansion of its existing location in Erlanger to support growing product demands.

Ms. Phillips stated the project investment is \$3,915,000 of which \$2,995,000 qualifies as KBI eligible costs and \$802,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 15 with an average hourly wage of \$18.00 including benefits. The state wage assessment participation is 1.50% and Boone County will participate at 0.40%. 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 \$150,000 and the KEIA approved recovery amount of \$37,500 for construction materials and building fixtures.

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

**Post Glover Resistors Inc.
Boone County**

**Elizabeth Bishop
Debbie Phillips**

Ms. Bishop stated Post Glover Resistors Inc. is the largest power resistor manufacturer in the United States. The company expanded its product offerings to include supplying fans for the subway and locomotive markets. The project would include an expansion to its existing facility in Erlanger to meet growing demands.

Ms. Phillips stated the project investment is \$4,625,000 of which \$3,575,000 qualifies as KBI eligible costs and \$1,600,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 15 with an average hourly wage of \$19.00 including benefits. The state wage assessment participation is 1.50% and Boone County will participate at 0.40%. 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 \$90,000 and the KEIA approved recovery amount of \$90,000 for construction materials and building fixtures.

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

**Senture, LLC
Jackson County**

**Beka Burton
Debbie Phillips**

Beka Burton introduced Jackson County Judge Executive Shane Gabbard on behalf of the project.

Ms. Burton stated Senture, LLC is a premier domestic contact center solution to serve clients in private industry and government sectors. The company provides inbound and outbound contact center services, mailroom and back-office support services, database design and development, data conversion and data imaging solutions. The proposed project would include the expansion of its existing facility in Annville to accommodate growing demands.

Ms. Phillips stated the project investment is \$1,728,802 of which \$1,296,202 qualifies as KBI eligible costs and \$431,008 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 46 with an average hourly wage of \$14.30 including benefits. The state wage assessment participation is 5.00%. 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 89 full-time, Kentucky resident employees (the base employment number required by previous KBI project #20649). The company will be required to maintain 95% 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 \$500,000 and the KEIA approved recovery amount of \$25,000 for R&D, electronic processing and/or flight simulation equipment.

Chairman Hale invited Judge Gabbard to address the board regarding the project.

Mr. Ballinger moved to approve the staff recommendation, as presented; Secretary William M. Landrum, III seconded the motion. Motion passed; unanimous.

**Kentuckiana Curb Company, Inc.
Jefferson County**

**Martin David-Jacobs
Kate McCane**

Martin David-Jacobs stated Kentuckiana Curb Company, Inc. opened in October 1979 and has since established world class HVAC manufacturing facilities. The company is considering constructing a new facility to increase production capabilities to meet market demands.

Mr. David-Jacobs introduced Mike Kopp and invited him to address the board regarding the project.

Ms. McCane stated the project investment is \$50,000,000 of which \$28,000,000 qualifies as KBI eligible costs and \$16,534,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 400 with an average hourly wage of \$29.00 including benefits. The state wage assessment participation is 3.00% and Louisville/Jefferson County Metro Government will participate at 1.00%. 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 423 full-time, Kentucky resident employees (the base employment number required by previous KBI project #21847). The project will include multiple locations within Louisville/Jefferson County. Only investment costs incurred at 2706 Blakenbaker 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 \$6,500,000 and the KEIA approved recovery amount of \$500,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

Metal Workz L.L.C. Clinton County

**Jason Neal
Michelle Elder**

Jason Neal stated Metal Workz L.L.C. is a steel fabrication shop with CNC capabilities which provides high volume orders to its customers. The company is considering a location in Clinton County for its new manufacturing facility.

Ms. Elder stated the project investment is \$1,500,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 5.00%.

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

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

TPG Plastics LLC Calloway County

**Corky Peek
Michelle Elder**

Mr. Peek stated TPG Plastics LLC is a designer and manufacturer of engineered plastics and blow-molded products specializing in large drop blow molded parts and fuel management solutions. The company is considering purchasing a building in Murray for a new manufacturing location.

Ms. Elder stated the project investment is \$14,331,000 of which \$7,900,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 75 with an average hourly wage of \$27.00 including benefits. The state wage assessment participation is 3.00% and Murray Calloway Economic Development Corporation will participate by providing 15.7 acres of land valued at approximately \$500,000.

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

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Goodin 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 3 companies requested additional time to complete the projects. Ms. Elder asked that all 3 be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
Kentucky Microfoodery, LLC	Rockcastle	12 Month
Pond River Enterprises, LLC	Muhlenberg	12 Month
Studio Calico, LLC	Warren	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

Ms. Phillips stated 7 companies requested KBI final approval, 3 of which have modifications since preliminary approval. Ms. Phillips asked that all 7 be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
American Howa Kentucky, Inc.	Woodford	Manufacturing
Anderson Hardwood Pellets, LLC	Jefferson	Manufacturing
KMG Fabrication, Inc.	Bullitt	Manufacturing
Ring Container Technologies, LLC	Jefferson	Manufacturing

Modifications:

Apriss Inc. Jefferson Service & Technology
The project will include multiple locations in Jefferson County. All other aspects of the project remain the same.

Bemis Packaging, Inc. Shelby Manufacturing
The company name changed from Bemis Packaging, LLC to Bemis Packaging, Inc. All other aspects of the project remain the same.

Borderless Distribution LLC Boone Service & Technology
The company name changed from iServe Products Inc. to Borderless Distribution LLC. All other aspects of the project remain the same.

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

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Mr. Back stated there are 15 Kentucky small businesses, from 5 counties with qualifying tax credits of \$104,100. The 15 businesses created 30 jobs and invested \$357,538 in qualifying equipment and/or technology.

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

<u>Qualified Small Business</u>	<u>County</u>	<u>Beg. Emp.</u>	<u>Elig. Pos.</u>	<u>Average Hourly Wage</u>	<u>Qualifying Equipment or Technology</u>	<u>Tax Credit</u>
ACCO, Inc.	Jefferson	15	2	\$ 36.16	\$ 30,049	\$ 7,000
Action Landscape, Inc.	Jefferson	24	1	\$ 17.25	\$ 38,000	\$ 3,500
Angela Costa, L.L.C.	Fayette	1	1	\$ 14.35	\$ 24,209	\$ 3,500
Blue Frame Technology LLC	Fayette	7	1	\$ 26.44	\$ 6,364	\$ 3,500
Corvin's Furniture & Carpet, LLC	Nelson	17	3	\$ 12.42	\$ 38,500	\$ 10,500
Drs. Burch, Renshaw, Wix & Associates, P.S.C.	Franklin	19	5	\$ 32.65	\$ 27,645	\$ 17,500
Dunn Insurance Agency Inc	Franklin	0	2	\$ 13.82	\$ 7,237	\$ 7,000
Freedom Mini Dental Implants, PLLC	Jefferson	0	2	\$ 40.00	\$ 72,500	\$ 7,000
Furlong Building Enterprises, LLC	Kenton	10	2	\$ 32.00	\$ 21,663	\$ 7,000
Kentucky for Kentucky LLC	Fayette	3	4	\$ 21.90	\$ 13,135	\$ 13,100
Kinemetrix Industrial Design, Inc.	Fayette	17	2	\$ 41.35	\$ 34,900	\$ 7,000
KY Hearing Clinic, LLC	Jefferson	1	1	\$ 27.00	\$ 7,996	\$ 3,500
Old World Timber, LLC	Fayette	8	2	\$ 17.50	\$ 20,206	\$ 7,000
Scott Endodontics, PLC	Jefferson	3	1	\$ 15.50	\$ 6,687	\$ 3,500
Virgin Property Group, LLC	Jefferson	2	1	\$ 21.63	\$ 8,447	\$ 3,500

Staff recommended approval of the tax credits.

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

Other Business

Kentucky Selling Farmer Tax Credit (KSFTC) Proposed Guidelines

Chairman Hale called on Mr. Back to present and review the KSFTC Proposed Guidelines.

KSFTC Proposed Guidelines

Mr. Back stated Senate Bill 246, passed during the 2019 general legislative session and signed by Governor Bevin on March 26, 2019, created a new tax credit for farmers selling agricultural land and assets to beginning farmers. The purpose of the Kentucky Selling Farmer Tax Credit (KSFTC) program is to encourage the continued use of farmland for agricultural purposes by incenting the transfer of agricultural land and assets to eligible beginning farmers.

Provisions of SB 246 relating to the KSFTC program have been codified in KRS 154.60-040. The statute authorizes KEDFA to start approving farmer tax credits beginning in January 2020.

SB 246 also modified KRS 154.60-020(3)(a) to specify that tax credits approved through the KSFTC program will come from the Kentucky Small Business Tax Credit (KSBTC) program's \$3 million fiscal year allocation. This means that KSBTC and KSFTC will draw from a single tax credit pool, with a maximum total of \$3 million in tax credits per fiscal year to be shared between both programs.

To prepare for the start of the Kentucky Selling Farmer Tax Credit program, staff developed the proposed KSFTC Guidelines for KEDFA's review. The guidelines contain information on key program definitions and eligibility criteria, the application process and other important program information.

Staff recommended approval of the proposed KSFTC Guidelines.

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

Kentucky Small Business Tax Credit (KSBTC) Proposed Guidelines Changes

Chairman Hale called on Mr. Back to review and present the KSBTC Proposed Guidelines Changes.

KSBTC Proposed Guidelines Changes

Mr. Back stated Senate Bill 246, passed during the 2019 general legislative session and signed by Governor Bevin on March 26, 2019, modified KRS 154.60-020(3)(a) to specify that the Kentucky Small Business Tax Credit (KSBTC) program's \$3 million fiscal year tax credit allocation will be shared with the newly created Kentucky Selling Farmer Tax Credit (KSFTC) program. Staff updated the KSBTC Guidelines to reflect this statutory change. In addition to the statutory change, staff recommended that clarifying information regarding tax credit eligibility be added to the KSBTC Guidelines.

Staff recommended approval of the proposed KSBTC Guidelines changes.

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

Quarterly Report - Kentucky Small Business Credit Initiative (KSBCI)

Chairman Hale called on Ms. Palmer to review the KSBCI Quarterly Funding Report for the period ending September 30, 2019. After review, the Authority accepted the report as presented.

Quarterly Report - Letter Amendments / Resolutions

Chairman Hale called on Jessica Burke to review the Quarterly Amendment Report ending September 30, 2019.

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

Ms. Burke noted the following amendments have been executed:

KEIA

Jim Beam Brands Co.

Letter Amendment to KEIA Tax Incentive Agreement dated June 30, 2016, for Jim Beam Brands Co., due to a change in the location of the property from 180 Chapeze Lane, Shepherdsville, Bullitt County, Kentucky to 525 Happy Hollow Road, Clermont, Bullitt County, Kentucky, effective as of June 30, 2015.

KREDA

BMP Lumber, LLC

Letter Amendment to KREDA Tax Incentive Agreement dated April 30, 2015, between BMP Lumber, LLC (BMP) and KEDFA, to acknowledge an Amendment to Promissory Note and Real Estate Mortgage between BMP and its lender, 1st Trust Bank, Inc., effective November 14, 2017, to extend the maturity date of BMP's KREDA debt from November 14, 2019 to May 23, 2020.

Staff recommended the Authority accept the amendment report and adopt the resolution to ratify the amendments.

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

KEDFA Board Meeting – December

Ms. Smith announced the November/December board meetings will be combined and will take place on December 12, 2019.

CED Employee Introduction

Ms. Smith introduced Mason Northcutt, a CED intern majoring in International Business at Eastern Kentucky University.


Adjournment

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

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

The meeting adjourned at 11:17 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman