

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING

April 30, 2020

MINUTES

Call to Order

Due to the state of emergency declared by Governor Beshear via Executive Order 2020-15 regarding COVID-19, all previously announced in-person meetings involving the Kentucky Cabinet for Economic Development scheduled in April were cancelled. In accordance with the provision of KRS 61.823, a special meeting of the Kentucky Economic Development Finance Authority (KEDFA) was called for 10:00 a.m. (EDT) April 30, 2020 via video teleconference at the following link: <https://zoom.us/j/93887651293?pwd=cjVYWkhXaXYwY2JGT1RoR3FIMHp3QT09> to consider all projects. KEDFA convened at 10:02 a.m. EDT on April 30, 2020.

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, Winston Miller, proxy for Secretary Holly M. Johnson, Tucker Ballinger, Chad Miller, Mike Cowles and Naashom Marx

Staff Present: Bobby Aldridge, Tim Back, Elizabeth Bishop, Sarah Butler, Brittany Cox, Martin David-Jacobs, Danielle Dunmire, Lisa Duvall, Michelle Elder, Tony Ellis, David Hamilton, Krista Harrod, Katie James, Andy Luttner, Brandon Mattingly, Jack Mazurak, Kate McCane, Craig McKinney, Sean Muldoon, Kylee Palmer, Corky Peek, Debbie Phillips, Jason Rainey, Charlie Rowland, Kristina Slattery, Katie Smith, Teresa Spreitzer and Jeff Taylor

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Andra Brion and Colin Regis, 3M Company; Kristina Buckler, Ernst & Young; Billy Aldridge, Ryan Barrow and Sandy Williams, Finance & Administration Cabinet, Office of Financial Management; Jeff Hodges, Gray Construction; Garnett Furnish, Harrison County Economic Development Corporation; Alex Mercer, Louisville Forward; Matt Zoellner, Scott, Murphy & Daniel; and Rick Games, The Elizabethtown-Hardin County Industrial Foundation, Inc.

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the March 26, 2020 special KEDFA board meeting.

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

Approved/Undisbursed Report

Chairman Hale called on Kylee Palmer to review the approved/undisbursed report. After review, the Authority accepted the report as presented.

Financial Statements and Monitoring Reports

Chairman Hale called on Krista Harrod to review the financial statements and monitoring reports. After review, the Authority accepted the statements and reports as presented.

KEDFA Economic Development Fund (EDF) Projects

Chairman Hale called on staff to present the proposed EDF projects to the Authority.

Phoenix Paper Wickliffe LLC Ballard County

Kristina Slattery stated Phoenix Paper Wickliffe LLC is a wholly owned subsidiary of Shanying International Holdings and headquartered in Shanghai, China. The company is restarting a mill in Wickliffe and converting it to a pulp and brown paper packaging facility.

**Kristina Slattery
Kate McCane**

Kate McCane stated Ballard County Fiscal Court requested the use of \$1,500,000 in EDF program funds for the benefit of Phoenix Paper Wickliffe LLC. The project investment is \$150,000,000, and the proposed EDF grant will be used to offset the costs associated with this project. The company will be required to create 500 new, permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$33.00, including benefits. The Grant is performance-based and disbursement will not occur until after annual compliance is confirmed. Payment reduction provisions are included in the grant agreement and will apply if the company fails to create and maintain the jobs and wages by the required measurement dates.

In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Kentucky Finance and Administration Cabinet's concurrence to CED's use of the EDF for this project. Ms. McCane stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF request.

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

The Elizabethtown-Hardin County Industrial Foundation, Inc. Hardin County

Martin David-Jacobs stated the City of Elizabethtown in partnership with The Elizabethtown-Hardin County Industrial Foundation, Inc. is seeking to perform site leveling and grading, construct a regional detention basin and assure utilities are available in the TJ Patterson Industrial Park. The City of Elizabethtown has committed general funds to match the EDF grant.

**Martin David-Jacobs
Kate McCane**

This is a Product Development Initiative (PDI) project recommended for approval under the EDF program. 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. McCane stated the City of Elizabethtown requested the use of \$500,000 in EDF program funds for the benefit of The Elizabethtown-Hardin County Industrial Foundation, Inc. The project investment is \$1,000,000, and the proposed EDF grant will be used to offset the costs associated with this project. Disbursement requests may be submitted no more than monthly, requesting funds to be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

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 Finance and Administration Cabinet's concurrence to CED's use of the EDF for this project. Ms. McCane stated the Secretary's concurrence had been received.

Staff recommended approval of the EDF PDI request.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

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

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

Company	County	Extension
Kentucky Building Systems LLC	Daviess	6 Month
Alltech, Inc.	Jessamine	9 Month
Ale-8-One Bottling Company	Clark	12 Month
Water Tower Place, LLC	Jefferson	12 Month
White Rock Pigments, LLC	Hancock	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Project

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

Buffalo Trace Distillery, Inc. Franklin County

**Andy Luttner
Michelle Elder**

Andy Luttner stated Buffalo Trace Distillery, Inc. has been making bourbon whiskey for more than 200 years. The project would include the expansion of its barrel storage warehouses due to increased demand.

Michelle Elder stated the project investment is \$34,000,000 of which \$12,000,000 qualifies as KEIA eligible costs.

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

Mr. Cowles 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.

3M Company Harrison County

**Elizabeth Bishop
Debbie Phillips**

Elizabeth Bishop stated 3M Company produces over 60,000 products for Health Care, Transportation and Electronics, Safety and Industrial, and Consumer markets. The Cynthiana plant manufactures the iconic Postit® Note, Post-it® Easels, and Scotch® Package Protection Tapes.

The company is considering additions and upgrades to the Post-it® Note and Scotch® Package Protection Tapes production lines, Plant Roof Renewal, and various facility infrastructure.

Debbie Phillips stated the project investment is \$50,600,000, 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 \$30.00 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 515 full-time, Kentucky resident employees (base employment number required by previous project KBI #20374). 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 \$500,000.

Ms. Marx moved to approve the staff recommendation, as presented; Mr. Cowles seconded the motion. Motion passed; unanimous.

**PRCO America, Inc.
Graves County**

**Andy Luttner
Debbie Phillips**

Mr. Luttner stated PRCO America, Inc., a subsidiary of Puyang Refractories Group Co., Ltd. of Puyang, China, manufactures high quality resin bonded Magnesia-Carbon refractory bricks. The company is considering locating a new facility in Hickory to serve its North American customers.

Ms. Phillips stated the project investment is \$5,489,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 32 with an average hourly wage of \$24.50 including benefits. The state wage assessment participation is 5.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$550,000.

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

**Maxey Industries, Inc.
Shelby County**

**Martin David-Jacobs
Kate McCane**

Mr. David-Jacobs stated Maxey Industries, Inc. is a current supplier to NIFCO America for some of its assembly business. The company is considering making improvements to its existing facility as well as purchasing equipment to provide the needed molding capacity to produce the components for the current assembly business.

Ms. McCane stated the project investment is \$2,201,560 of which \$1,012,402 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$27.00 including benefits. The state wage assessment participation is 2.25% and the City of Shelbyville will participate at 0.75%. 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 be required to maintain 90% of the total countywide 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 \$275,000.

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

**NRE Hagerstown, Inc. dba NRE Paducah
McCracken County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated NRE Hagerstown, Inc. (NREH) is a manufacturer of locomotive power assemblies and related engine components. NREH is a primary supplier of locomotive power assemblies to National Railway Equipment Co. The company is considering the relocation of one of its machining operations to Paducah to help meet customer demand.

Ms. Elder stated the project investment is \$1,300,000, of which \$1,050,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 15 with an average hourly wage of \$30.46 including benefits. The state wage assessment participation is 5.00%. 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 \$150,000.

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

Company	County	Extension
MSSC US Inc.	Christian	3 Month
Fischbach USA Inc.	Hardin	6 Month
Interapt, LLC	Jefferson	6 Month
Summit Biosciences Inc.	Fayette	6 Month
Braidy Atlas, LLC	Boyd	12 Month
Kobe Aluminum Automotive Products LLC	Warren	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

Ms. Phillips stated six companies requested KBI final approval, one of which has a modification since preliminary approval. Ms. Phillips asked that all six be presented as one motion.

No Modifications:

Project Name	County	Type Project
Adient US LLC	Scott	Manufacturing
Fibonacci LLC	Calloway	Manufacturing
Holley Performance Products, Inc.	Warren	Manufacturing
Sentry Steel, Inc.	Jefferson	Manufacturing
Worldwide Technologies, LLC	Simpson	Manufacturing

Modifications:

Corvac Composites, LLC

Butler

Manufacturing

The project has modified from a leased project to an owned project and no rent is eligible. 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.

Mr. Miller moved to approve the staff recommendation, as presented; Mr. Ballinger 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 19 Kentucky small businesses, from 14 counties with qualifying tax credits of \$178,200. The 19 businesses created 51 jobs and invested \$412,559 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>
Cliff Buzic, Inc..	Nelson	30	2	\$ 13.14	\$ 50,148	\$ 7,000
Copperhead Environmental Consulting, Inc.	Garrard	23	3	\$ 15.08	\$ 29,705	\$ 10,500
Hoover Farms, LLC	Ohio	0	1	\$ 18.00	\$ 9,900	\$ 3,500
IGNEW, LLC	Jefferson	7	1	\$ 42.30	\$ 6,976	\$ 3,500
Industrial Field Maintenance, LLC	Fleming	16	5	\$ 28.80	\$ 17,884	\$ 17,500
Little Links to Learning, LLC	Kenton	21	7	\$ 13.79	\$ 25,110	\$ 24,500
Map Enterprises Inc.	Graves	34	6	\$ 13.25	\$ 24,414	\$ 21,000
MedIQ Learning, LLC	Hardin	8	3	\$ 63.50	\$ 10,248	\$ 10,200
MILA International, Inc.	Boone	19	2	\$ 29.35	\$ 11,670	\$ 7,000
Miranda Construction, LLC	Jefferson	10	4	\$ 28.94	\$ 17,998	\$ 14,000
Moonrise Doughnuts LLC	Kenton	3	1	\$ 12.00	\$ 7,809	\$ 3,500
Motus Freight, LLC	Campbell	15	3	\$ 43.74	\$ 23,632	\$ 10,500
Owl's L&L, LLC	Bullitt	0	1	\$ 17.00	\$ 8,419	\$ 3,500
Peak Neuromonitoring Associates-KY LLC	Jefferson	3	4	\$ 35.15	\$ 30,767	\$ 14,000
Rite-Way Equipment Company, Inc.	Jefferson	13	2	\$ 17.00	\$ 91,000	\$ 7,000
Ronald Johnson and Associates, P.S.C.	Hopkins	7	1	\$ 24.04	\$ 9,371	\$ 3,500
Stones & Granite of Lexington, LLC	Fayette	5	3	\$ 11.83	\$ 11,354	\$ 10,500
Watson's Heat & Air LLC	Madison	7	1	\$ 16.00	\$ 7,500	\$ 3,500
Wright Contracting Services, Inc.	Kenton	16	1	\$ 26.56	\$ 18,654	\$ 3,500

Staff recommended approval of the tax credits.

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

Other Business

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 March 31, 2020. After review, the Authority accepted the report as presented.

Quarterly Report – Letter Amendments / Resolution

Chairman Hale called on Tony Ellis to review the Quarterly Amendment Report ending March 31, 2020.

Mr. Ellis 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.

Mr. Ellis noted the following amendments /have been executed:

KRA

Westlake Vinyls, Inc.

Letter Amendment to KRA Agreement dated December 3, 2019 between Westlake Vinyls, Inc. and KEDFA ("Agreement") ("Letter Amendment"), to revise the manner in which the Company files its income tax returns. Effective January 31, 2014 the Company's income tax return filings referred to in the Agreement, and any amendments, exhibits or other documents related to the agreement, will be in accordance with the language set forth in the Letter Amendment.

KJRA

Sitel Operating Company

Letter Amendment to KJDA Service and Technology Agreement dated September 30, 2018 between Sitel Operating Corporation ("Company") and KEDFA ("Agreement") ("Letter Amendment") to acknowledge the Company's purchase of the Project site and the end of the Company's rent payments. Effective December 31, 2013 the Company is no longer required to submit Exhibit H to the Agreement, The Certificate of Lessor as to Annual Rent Payments from Company.

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

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

Adjournment

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

Mr. Miller moved to adjourn the April KEDFA special board meeting; Ms. Marx seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:31 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman