



**CABINET FOR ECONOMIC DEVELOPMENT**

**Andy Beshear**  
Governor

Old Capitol Annex  
300 West Broadway  
Frankfort, Kentucky 40601

**Larry Hayes**  
Interim Secretary

**MEMORANDUM**

**TO:** KEDFA Board Members

**FROM:** Jean R. Hale, Chairman  
Kentucky Economic Development Finance Authority

**DATE:** September 18, 2020

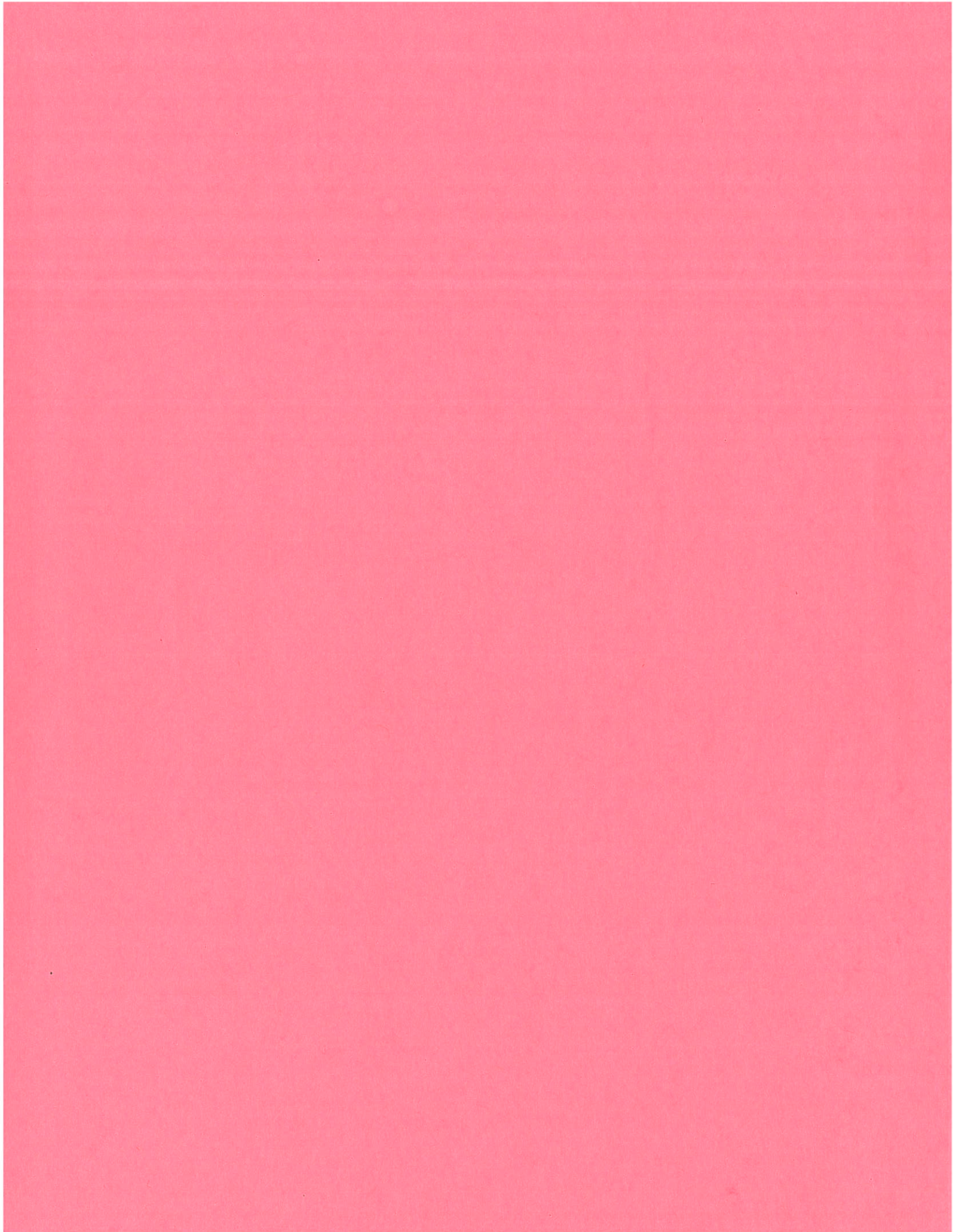
**SUBJECT:** KEDFA Special Board Meeting

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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 September have been cancelled. In accordance with the provision of KRS 61.823, a special meeting of the Kentucky Economic Development Finance Authority is called for **10:00 a.m. (EDT) on Thursday, September 24, 2020**. The board meeting will be held via video teleconference at the following link:  
<https://us02web.zoom.us/j/86775946845>

The purpose of the meeting is to consider all projects scheduled for the regular September meeting that was cancelled due to the state of emergency.

Attachment



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**

Old Capitol Annex  
Board of Directors Conference Room  
300 West Broadway  
Frankfort, Kentucky

**SPECIAL BOARD MEETING**

Video Conference Website/Link: <https://us02web.zoom.us/j/86775946845>

**AGENDA**

**September 24, 2020**

**Call to Order**

**Notification of Press**

**Roll Call**

**Minutes from August 27, 2020 Special KEDFA Board Meeting & Executive Session**

**Reports**

**EDF Project**

**KBI Project (Amendment)**

**KEIA Projects (Extension)**

**KEIA Projects**

**KBI Projects (Preliminary) & KEIA Projects**

**KBI Projects (Preliminary)**

**KBI Projects (Extension)**

**KBI Projects (Final)**

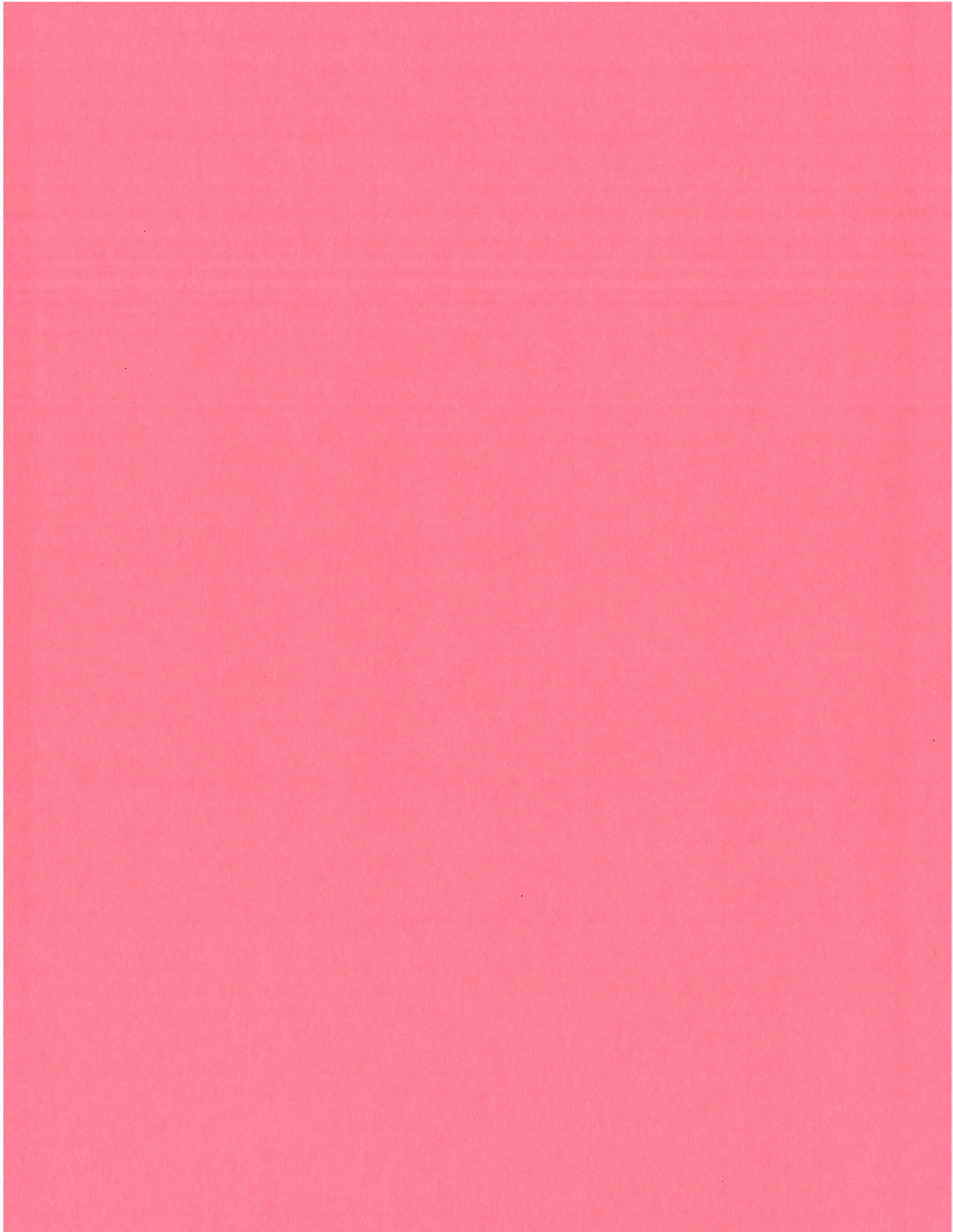
**KRA Project (Preliminary)**

**KSBTC Projects**

**KSFTC Project**

**Other Business**

**Adjournment**



# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

## SPECIAL BOARD MEETING AUGUST 27, 2020

### MINUTES

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#### **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 August 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) August 27, 2020 via video teleconference at the following link <https://us02web.zoom.us/j/89201500814> to consider all projects. KEDFA convened at 10:00 a.m. EDT on August 27, 2020.

#### **Notification of Press**

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

#### **Roll Call**

Jean R. Hale, J. Don Goodin, Tucker Ballinger, Chad Miller and Mike Cowles

**Staff Present:** Bobby Aldridge, Tim Back, Beka Burton, Sarah Butler, Brittany Cox, Martin David-Jacobs, Danielle Dunmire, Lisa Duvall, Michelle Elder, Tony Ellis, Ellen Felix, Annie Franklin, David Hamilton, Krista Harrod, James Johnson, Brooklyn Leep, Andy Luttner, Brandon Mattingly, Kate McCane, Craig McKinney, Sean Muldoon, Kylee Palmer, Debbie Phillips, Charlie Rowland, Jenny Schenkenfelder, Kristina Slattery, Katie Smith and Teresa Spreitzer

**Others Present:** Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Miles Vansikie, American Wood Fibers, Inc.; Chimila Hargett, City of Olive Hill; Katie Vandergrift, Commerce Lexington Inc.; Luca Rosetto and Paolo Rosso, Danieli Corporation; Rich and Jennifer Dunaway, IT Supply Solutions LLC; Billy Aldridge, Kentucky Finance & Administration Cabinet, Office of Financial Management; Amanda Clark, Kentucky Power; Sierra Enlow, McGuire Sponsel, LLC; Devon Stansbury, Northern Kentucky Tri-Ed; Rocky Adkins, Office of the Governor; Matt Zoellner, Scott, Murphy & Daniel; Dusty Garus, Southern Harvest Services, LLC; and Tim Hensley

#### **Approval of Minutes**

Chairman Hale entertained a motion to approve the minutes from the July 30, 2020 special KEDFA board meeting.

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

Board Member Naashom Marx joined the meeting.

### **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.

### **Economic Development Fund (EDF) Project**

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

#### **CROWN Cork & Seal USA, Inc. Warren County**

**Andy Luttner  
Debbie Phillips**

Andy Luttner stated CROWN Cork & Seal USA, Inc. is a subsidiary of Crown Holdings, Inc., a leading manufacturer of metal beverage cans, aerosol cans, promotional packaging, metal food packaging and closures. The company is considering establishing a metal beverage cans manufacturing facility in Bowling Green to serve existing and new customers.

Debbie Phillips stated City of Bowling Green requested the use of \$250,000 in EDF program funds for the benefit of CROWN Cork & Seal USA, Inc. The project investment is \$147,550,000 and the proposed EDF grant funds will be used to offset the costs associated with this project.

The company will be required to create 126 new, permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$31.00, including benefits, as of December 31, 2023 and maintain the jobs and wages for three (3) additional years. Disbursement of grant funds will occur after the annual compliance reporting has occurred. The amount of disbursements will be based on the performance requirements achieved. Payment reduction provisions are included in the grant agreement and will apply if the company fails to make the investment, and 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. Phillips 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; Tucker Ballinger seconded the motion. Motion passed; unanimous.

### **Kentucky Business Investment (KBI) Project (Amendment)**

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

#### **Media America Corp Jefferson County**

Mr. Aldridge stated Midea America Corp established a research and development center in Louisville in 2015 to focus on product innovation and development for the North American appliance market. From January 2016 through December 2019, the company participated in a co-employment agreement with ADP TotalSource FL XVI, Inc. (ADP), a professional employer organization, for management of payroll and certain other employer responsibilities. The

company terminated the agreement with ADP at the end of 2019 and transferred the employees back to direct employment with Midea America Corp. This amendment recognizes the co-employment relationship with ADP for the period from January 1, 2016 to December 31, 2019. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

Mr. Miller 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 Mr. Aldridge to present the KEIA extension requests to the Authority.

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

<b>Company</b>	<b>County</b>	<b>Extension</b>
<b>Heaven Hill Distilleries, Inc.</b>	Nelson	3 Month
<b>Dameron Allow Foundries</b>	Jefferson	12 Month
<b>Distilled Spirits Epicenter, LLC</b>	Jefferson	12 Month
<b>Extiel-Advantage, Somerset 1, LLC</b>	Pulaski	12 Month
<b>Lakeshore Equipment Company</b>	Woodford	12 Month
<b>Lakeshore Equipment Company dba Lakeshore Learning Materials</b>	Woodford	12 Month

Staff recommended approval of the KEIA extension requests.

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

### **KEIA Project**

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

#### **Atkore Plastic Pipe Corporation Jefferson County**

**Martin David-Jacobs  
Kate McCane**

Martin David-Jacobs stated Atkore Plastic Pipe Corporation designs and manufactures galvanized steel tubing and pipe products as well as various electrical support system products. The company is seeking an expansion of its Louisville facility to increase production volume.

Kate McCane stated the project investment is \$3,237,050 of which \$576,061 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$30,000 for construction materials and building fixtures.

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

Board Member Deputy Secretary Winston Miller, proxy for Secretary Holly M. Johnson, joined the meeting.



## **KBI (Preliminary) and KEIA Projects**

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

### **Clermont Distillery, LLC Bullitt County**

**Annie Franklin  
Michelle Elder**

Annie Franklin stated Clermont Distillery, LLC is considering a location in Bullitt county to bring a new bourbon product to the market. The company plans to be an active member of the Bourbon Trail.

Ms. Franklin introduced Sierra Enlow and invited her to address the board regarding the project.

Michelle Elder stated the project investment is \$13,400,724 of which \$10,567,434 qualifies as KBI eligible costs and \$4,914,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 22 with an average hourly wage of \$56.00 including benefits. The state wage assessment participation is 3.00% and Bullitt County will participate with a cash grant of \$200,000 at the rate of \$20,000 per year for 10 years in lieu of the 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$800,000 and the KEIA approved recovery amount of \$200,000 for construction materials and building fixtures.

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

### **Southern Harvest Services, LLC Carter County**

**Beka Burton  
Kate McCane**

Beka Burton stated Southern Harvest Services, LLC specializes in providing essential support services for farmers and processors in the hemp industry. The company is proposing to build a hemp drying facility to help ensure the success of local hemp farmers.

Ms. Burton introduced Dusty Garus and Chimila Hargett and invited them to address the board regarding the project.

Ms. McCane stated the project investment is \$10,930,000, all of which qualifies as KBI eligible costs and \$275,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 160 with an average hourly wage of \$17.16 including benefits. The state wage assessment participation is 5.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,400,000 and the KEIA approved recovery amount of \$16,500 for construction materials and building fixtures.

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

## **KBI Projects (Preliminary)**

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

### **Danieli Corporation Boyd County**

**Brooklyn Leep  
Kate McCane**

Brooklyn Leep stated Danieli Corporation is a subsidiary of Danieli Group, which designs, manufactures and installs specialized machines and plants for the metallurgical industry, with

technologies and products that cover the entire iron and steel production cycles from ore extraction to finished products. The company is seeking to expand and create a one-stop shop to provide major equipment refurbishment service for all North American-based Flat Products producers.

Ms. Leep introduced Rocky Adkins, Lucas Rosetto and Paolo Losso and invited them to address the board regarding the project.

Ms. McCane stated the project investment is \$12,250,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 53 with an average hourly wage of \$31.00 including benefits. The state wage assessment participation is 5.00%. 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 \$1,250,000.

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

**IT Supply Solutions LLC  
Kenton County**

**Brittany Cox  
Debbie Phillips**

Brittany Cox stated IT Supply Solutions LLC offers businesses a sustainable business model for its electronics that allows for refurbishment and remarketing of used computer equipment. The business model allows many companies and school systems to buy like new equipment at reduced costs to fulfill computer needs. The company is considering an expansion to accommodate the significant growth it has over the past 5 years as well as accommodate forecasted future growth.

Ms. Cox introduced Rich and Jennifer Dunaway and Devon Stansbury and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$1,865,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 15 with an average hourly wage of \$28.00 including benefits. The state wage assessment participation is 1.50% and the City of Independence will participate at 0.50%. 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 \$250,000.

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

**HVAC Distributing LLC  
Graves County**

**Andy Luttner  
Michelle Elder**

Mr. Luttner stated HVAC Distributing LLC is a national wholesale distributor of heating and air conditioning equipment. The company carries top brands including Amana, ClimateMaster, GeoCool and Mr. Cool. The company is considering purchasing an additional building in Graves County to accommodate recent and future growth.

Ms. Elder stated the project investment is \$7,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 175 with an average hourly wage of \$20.00 including benefits. The state wage assessment participation is 5.00%. 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 the City of Hickman, Graves County. Only investment costs incurred at 401 Centech Drive 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 \$1,750,000.

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

**American Wood Fibers, Inc.  
Marion County**

**Martin David-Jacobs  
Kate McCane**

Mr. David-Jacobs stated American Wood Fibers, Inc. opened its Lebanon facility in October 1990 converting low value wood by-products into added value consumer products for pet retail and industrial markets. The company is seeking to replace the existing conventional rotary drum dryer with a new concept unit named "DryerOne" which operates at higher capacity and with lower emissions.

Mr. David-Jacobs introduced Miles Vansikie and invited him to address the board regarding the project.

Ms. McCane stated the project investment is \$5,241,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 23 with an average hourly wage of \$21.25 including benefits. The state wage assessment participation is 5.00%. 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.

Deputy Secretary Miller moved to approve the staff recommendation, as presented; Mr. Ballinger 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 eight companies requested additional time to complete the projects and asked that all eight be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
<b>Chewy, Inc.</b>	Jefferson	3 Month
<b>Bed Wood and Parts, LLC</b>	Christian	12 Month
<b>CTI – Clinical Trial Services, Inc.</b>	Kenton	12 Month
<b>Gibbs Die Casting Corporation</b>	Henderson	12 Month
<b>Gryphon Environmental, LLC</b>	Daviess	12 Month
<b>Jet.com, Inc.</b>	Bullitt	12 Month
<b>Prolocity Technology Solutions LLC</b>	Kenton	12 Month
<b>The Recon Group Inc.</b>	Franklin	12 Month

Staff recommended approval of the KBI extension requests.

Mr. Goodin moved to approve the staff recommendation, as presented; Mr. Cowles 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 three companies requested KBI final approval, two of which have modifications since preliminary approval. Ms. Phillips asked that all three be presented as one motion.

**No Modifications:**

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
WPT Corporation	Ohio	Manufacturing

**Modifications:**

<b>American Howa Kentucky, Inc.</b>	Warren	Manufacturing
The statewide maintenance requirement has been removed from the project. All other aspects of the project remain the same.		

<b>Wolf Steel Acquisition, LLC</b>	Grant	Manufacturing
The company name changed from Wolf Steel U.S.A. Inc. to Wolf Steel Acquisition, LLC. 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.

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

**Kentucky Reinvestment Act (KRA) Project (Final)**

Chairman Hale called on Ms. Phillips to present a KRA project to the Authority.

**Aristech Services LLC**

**Boone County**

Ms. Phillips stated Aristech Services LLC requested final approval. There were no modifications to the project since preliminary approval.

The company currently has 186 full-time employees and has expended approximately \$9,788,771.18 in equipment and related costs of which \$4,894,385.59 are eligible costs. Aristech Services LLC is eligible to receive the \$375,000 negotiated tax incentive amount as preliminarily approved.

Staff recommended final approval of the KRA resolution, revitalization agreement and the authorization to execute and deliver the documents.

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

### **Incentive for Energy Independence Act (IEIA) Project (Extension)**

Chairman Hale called on Ms. Palmer to present an IEIA extension request to the Authority.

#### **RCC Big Schoal, LLC Pike County**

Ms. Palmer stated RCC Big Schoal, LLC requested a 12-month extension.

Staff recommended approval of IEIA extension request.

After discussion, Mr. Goodin 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 three Kentucky small businesses, from three counties with qualifying tax credits of \$38,500. The three businesses created 11 jobs and invested \$68,244 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>
Beaumont Homes, LLC	Boone	2	5	\$ 31.43	\$ 26,000	\$ 17,500
Cadres, Inc.	Henry	3	3	\$ 13.06	\$ 18,244	\$ 10,500
Lexington Podiatry, PSC	Fayette	27	3	\$ 13.98	\$ 24,000	\$ 10,500

Staff recommended approval of the tax credits.

Mr. Miller 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) (c), Chairman Hale entertained a motion to enter into Executive Session to discuss proposed or pending litigation against or on behalf of the public agency.

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

The board entered into executive session at 10:50 a.m.

### **Regular Session**

Chairman Hale entertained a motion to return to regular session.

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

The board returned to regular session 11:05 a.m.

**High-Tech Pool Project  
Louisville Bioscience, Inc.  
Jefferson County**

Chairman Hale entertained a motion to approve the settlement between KEDFA and Albert Benight, in the case of *KEDFA v. Louisville Bioscience, Inc. and Albert Benight*.

Mr. Ballinger moved to approve the settlement, as presented; Mr. Goodin seconded the motion. Motion passed. Jean Hale abstained.

**Adjournment**

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

Mr. Miller moved to adjourn the August KEDFA special board meeting; Mr. Cowles seconded the motion. Motion passed; unanimous.

The meeting adjourned at 11:06 a.m.

**APPROVED  
PRESIDING OFFICER:**



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Jean R. Hale, Chairman

the 1990s, the number of people in the UK who are aged 65 and over has increased from 10.5 million to 13.5 million (19.5% of the population).

There is a growing awareness of the need to address the health care needs of the elderly population. The Department of Health (1998) has set out a strategy for the NHS to meet the needs of the elderly population. This strategy is based on the following principles:

- To ensure that the NHS is able to meet the needs of the elderly population.
- To ensure that the NHS is able to provide a high quality of care to the elderly population.
- To ensure that the NHS is able to provide a range of services to the elderly population.

The NHS is currently facing a number of challenges in order to meet these principles. These challenges are:

- The increasing number of people aged 65 and over.
- The increasing number of people aged 65 and over who are in poor health.
- The increasing number of people aged 65 and over who are in long-term care.

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- The increasing number of people aged 65 and over.
- The increasing number of people aged 65 and over who are in poor health.
- The increasing number of people aged 65 and over who are in long-term care.

**KEDFA APPROVED AND NOT DISBURSED**

8/31/2020

**Approved and Undisbursed KEDFA Projects**

Applicant	Form #	County	Date Approved	Commitment Expires	Project Amount
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**KEDFA LOANS**

None

**KEDFA GRANTS**

Corbin Tri-County Joint Industrial Development Authority	22283	Knox	Oct-15	Oct-21	\$381,774
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**SMALL BUSINESS LOANS**

None

**TOTAL APPROVED AND UNDISBURSED KEDFA PROJECT(S)****\$381,774****Approved and Partially Disbursed KEDFA Projects**

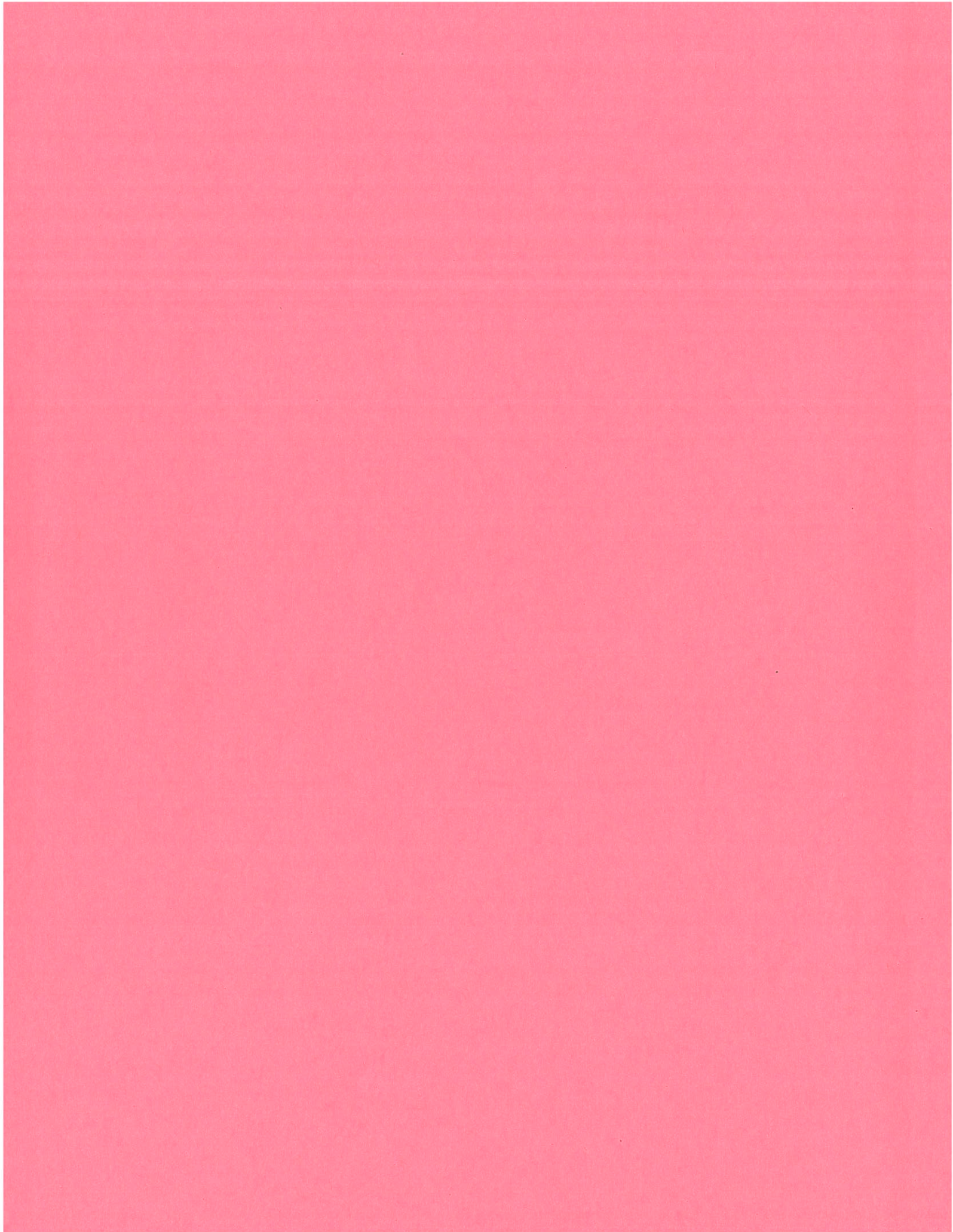
Applicant	Form #	County	Date Approved	Closing Date	Project Amount	Disbursed to Date	Remaining Balance
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**KEDFA GRANTS**

Louisville/Jefferson County Metro Government (Restaurant Supply Chain Solutions)	21636	Jefferson	May-17	Jun-20	\$500,000	(\$375,000)	\$125,000
Louisville/Jefferson County Metro Government (Res-Care, Inc.)	21990	Jefferson	Jan-18	Dec-22	\$500,000	(\$200,000)	\$300,000

**TOTAL APPROVED AND PARTIALLY DISBURSED KEDFA PROJECT(S)****\$425,000****TOTAL KEDFA APPROVED AND NOT DISBURSED****\$806,774**





**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**8/31/2020**

	FUND A	BOND FUND	Small Bus. Loan Pool	KEDFA 8/31/20	OOE 8/31/20	COMBINED 8/31/20
<b><u>ASSETS</u></b>						
<b>Cash &amp; Accounts Receivable</b>						
Operating Account	139,461.09	0.00	0.00	139,461.09	0.00	139,461.09
Cash	520,802.88	17,111,920.31	412,916.67	18,045,639.86	0.00	18,045,639.86
High Tech Construction Pool	0.00	0.00	0.00	0.00	137,500.00	137,500.00
High Tech Investment Pool	0.00	0.00	0.00	0.00	2,741,858.03	2,741,858.03
High Tech LGEDF Pool	0.00	0.00	0.00	0.00	4,043.88	4,043.88
Investment Account	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Intergovernment Receivable	806,774.00	0.00	0.00	806,774.00	0.00	806,774.00
<b>Total Cash &amp; Accounts Receivable</b>	<b>1,467,037.97</b>	<b>17,111,920.31</b>	<b>412,916.67</b>	<b>18,991,874.95</b>	<b>2,883,401.91</b>	<b>21,875,276.86</b>
<b>Accrued Interest Receivable</b>						
Loans	33,495.38	(432.90)	0.00	33,062.48	0.00	33,062.48
Investments	4.21	146.59	3.41	154.21	0.00	154.21
<b>Total Accrued Interest Receivable</b>	<b>33,499.59</b>	<b>(286.31)</b>	<b>3.41</b>	<b>33,216.69</b>	<b>0.00</b>	<b>33,216.69</b>
<b>Notes Receivable</b>						
Loans Receivable	52,791,172.90	199,506.84	0.00	52,990,679.74	0.00	52,990,679.74
(Allowance for Doubtful Accounts)	0.00	0.00	0.00	(1,434,722.43)	0.00	(1,434,722.43)
<b>Total Notes Receivable</b>	<b>52,791,172.90</b>	<b>199,506.84</b>	<b>0.00</b>	<b>51,555,957.31</b>	<b>0.00</b>	<b>51,555,957.31</b>
<b>TOTAL ASSETS</b>	<b>54,291,710.46</b>	<b>17,311,140.84</b>	<b>412,920.08</b>	<b>70,581,048.95</b>	<b>2,883,401.91</b>	<b>73,464,450.86</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
<i>Deferred Outflows Pension</i>				1,827,000.00	0.00	1,827,000.00
<i>Deferred Outflows OPEB</i>				558,000.00	0.00	558,000.00
<b><u>LIABILITIES</u></b>						
Accrued Salaries & Compensated Absences				386,246.54	0.00	386,246.54
Accounts Payable				0.00	0.00	0.00
Intergovernment Payable						0.00
Grants Payable				0.00	0.00	0.00
Pension Liability				10,070,000.00	0.00	10,070,000.00
OPEB Liability				1,585,000.00	0.00	1,585,000.00
<b>TOTAL LIABILITIES</b>				<b>12,041,246.54</b>	<b>0.00</b>	<b>12,041,246.54</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
<i>Deferred inflows Pension</i>				47,000.00	0.00	47,000.00
<i>Deferred inflows OPEB</i>				280,000.00	0.00	280,000.00
<b><u>NET POSITION</u></b>						
Beginning Balance				61,062,465.62	2,988,556.40	64,051,022.02
Current Year Undivided Profits				(464,663.21)	(105,154.49)	(569,817.70)
<b>TOTAL NET POSITION</b>				<b>60,597,802.41</b>	<b>2,883,401.91</b>	<b>63,481,204.32</b>

NOTE 1 The Small Business Loan Pool is presented separately only for internal tracking purposes.

NOTE 2 The Office of Entrepreneurship (OOE) operating transactions are no longer under the direction of KEDFA and are not reflected above.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**  
**CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE MONTH ENDING AND FISCAL YTD August 31, 2020**

	FUND A	BOND FUND	Small Bus Loan Pool	OOE FUND	FY 2020-2021 YEAR TO DATE	FY 2019-2020 YEAR TO DATE
<b>Operating Revenues - KEDFA</b>						
Interest Income/Loans	14,017.98	310.31	0.00	0.00	30,741.91	36,825.30
Interest Income/ Investments	4.21	146.59	3.41	0.00	310.57	59,468.10
Late Fees	0.00	0.00	0.00	0.00	0.00	0.00
Application Fees	24,227.50	0.00	0.00	0.00	29,487.50	30,185.00
Miscellaneous Income	0.61	0.00	0.00	0.00	0.61	962.35
<b>Total Operating Revenues - KEDFA</b>	<b>38,250.30</b>	<b>456.90</b>	<b>3.41</b>	<b>0.00</b>	<b>60,540.59</b>	<b>127,440.75</b>
<b>Operating Expenses - KEDFA</b>						
Salaries	96,459.91				243,030.17	232,592.69
Employee benefits	103,171.58				263,216.79	252,479.32
Pension Liability Adjustment	0.00				0.00	0.00
OPEB Liability Adjustment	0.00				0.00	0.00
Other Personnel Costs	0.00				0.00	0.00
Contracted Personal Services	11,156.84				18,956.84	15,893.06
Computer Services	0.00				0.00	0.00
Travel	0.00				0.00	0.00
Dues	0.00				0.00	0.00
Commodities Expense	0.00				0.00	0.00
Bad Debt Expense	0.00				0.00	1,900.00
Grant Disbursement	0.00				0.00	0.00
<b>Total Operating Expenses - KEDFA</b>	<b>210,788.33</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>525,203.80</b>	<b>502,978.27</b>
<b>Income (Loss) from Operations - KEDFA</b>	<b>(172,538.03)</b>	<b>456.90</b>	<b>3.41</b>	<b>0.00</b>	<b>(464,663.21)</b>	<b>(375,537.52)</b>
<b>Non-Operating Revenues (Expenses) - KEDFA</b>						
Operating Transfer Out - General Fund	0.00				0.00	0.00
Operating Transfer Out - BSSC					0.00	0.00
Transfer Due from Bonds					0.00	0.00
Grants Disbursed	0.00				0.00	(125,000.00)
Operating Transfer In - Economic Dev	0.00				0.00	0.00
Unrealized Gains/(Losses) on Investment	0.00				0.00	0.00
Realized Gains/(Losses) on Investment	0.00				0.00	0.00
<b>Total Non-Operating Revenues (Expenses) -</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(125,000.00)</b>
<b>CHANGE IN NET POSITION - KEDFA</b>	<b>(172,538.03)</b>	<b>456.90</b>	<b>3.41</b>	<b>0.00</b>	<b>(464,663.21)</b>	<b>(500,537.52)</b>
<b>Operating Revenues (Expenses) - OOE</b>						
Interest Income - Loans				0.00	0.00	0.00
Misc Income				0.00	0.00	0.00
Disbursements: Projects (Note 1)				(14,927.42)	(14,927.42)	0.00
Repayments received from Projects					7,779.14	0.00
<b>Non-Operating Revenues (Expenses) - OOE</b>						
Operating Transfer in - OOE					0.00	0.00
Transfer Due from Bonds					(98,006.21)	(41,834.44)
Operating Transfer Out - OOE				0.00	0.00	0.00
<b>CHANGE IN NET POSITION - OOE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(14,927.42)</b>	<b>(105,154.49)</b>	<b>(41,834.44)</b>
<b>CHANGE IN NET POSITION - COMBINED</b>	<b>(172,538.03)</b>	<b>456.90</b>	<b>3.41</b>	<b>(14,927.42)</b>	<b>(569,817.70)</b>	<b>(542,371.96)</b>

NOTE 1 Represents disbursements for projects from OOE Funds. (See OOE listings for detail of approved projects)

NOTE 2 Statement does not include interest income for OOE that is swept monthly to OOE's operating account

NOTE 3 The Small Business Loan Pool is presented separately only for internal tracking purposes.

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**  
**CASH POSITION STATEMENT**  
**8/31/2020**

	<u>8/31/2019</u>	<u>8/31/2020</u>
<b>Fund A Cash Balance</b>	\$845,915.28	\$520,802.88
Less: Approved/Undisbursed		
Total Unobligated Balance	<u>\$845,915.28</u>	<u>\$520,802.88</u>
<b>2003 Bond Fund Cash Balance</b>	\$17,322,019.95	\$17,111,920.31
Less: Approved/Undisbursed	(906,774.00)	(806,774.00)
Total Unobligated Balance	<u>\$16,415,245.95</u>	<u>\$16,305,146.31</u>
<b>Small Business Loan Fund Cash Balance</b>	\$409,252.44	\$412,916.67
Less: Approved/Undisbursed		
Total Unobligated Balance	<u>\$409,252.44</u>	<u>\$412,916.67</u>
<b>Bond Funds to be Provided for Loans</b>		
Less: Approved/Undisbursed		
Total Unobligated Balance	<u>\$0.00</u>	<u>\$0.00</u>
Budget: Cash to be Transferred to Other CED Programs for	<u>\$0.00</u>	<u>\$0.00</u>
<b>CASH AVAILABLE</b>	<u><u>\$17,670,413.67</u></u>	<u><u>\$17,238,865.86</u></u>
<b>OCI Fund Cash Balance</b>		
High Tech Construction Pool	\$137,500.00	\$137,500.00
Less: Approved/Undisbursed	\$0.00	\$0.00
High Tech Investment Pool	\$2,820,772.58	\$2,741,858.03
Less: Approved/Undisbursed	(\$936,076.00)	(\$452,822.93)
LGEDF Pool	\$4,043.88	\$4,043.88
Less: Approved/Undisbursed	\$0.00	\$0.00
Bond Funds to be Provided for Approved Projects	\$348,006.21	
Bond Funds Available for Projects		
Total Unobligated Balance	<u>\$2,374,247</u>	<u>\$2,430,579</u>
<b>TOTAL ALL FUNDS</b>	<u><u>\$20,044,660.34</u></u>	<u><u>\$19,669,444.84</u></u>

**Kentucky Enterprise Initiative Act (KEIA) Projects  
Fiscal 2020**

KEDFA Meeting date	9/24/2020
Total Projects Approved Fiscal Year-to-Date	4
Number of Proposed Projects for Current Month	6

Construction Materials and Building Fixtures

Fiscal Year Cap	\$20,000,000
Approved Fiscal Year-to-Date	\$446,500
Committed Amount	<u>\$0</u>
Balance Available for Current Month	\$19,553,500
Proposed Approval for Current Month	<u>\$1,130,000</u>
Balance Available for Remainder of Fiscal Year	<u><u>\$18,423,500</u></u>

Research & Development and Electronic Processing Equipment, Flight Simulation Equipment

Fiscal Year Cap	\$5,000,000
Approved Fiscal Year-to-Date	\$0
Committed Amount	<u>\$0</u>
Balance Available for Current Month	\$5,000,000
Proposed Approval for Current Month	<u>\$500,000</u>
Balance Available for Remainder of Fiscal Year	<u><u>\$4,500,000</u></u>

# KBI Summary

Updated September 11, 2020

## Fiscal Year End Reporting

Year	Number of Projects	Jobs			Wages		
		Jobs Reported	Job Target	% Achieved	Average Wage Reported	Wage Target	% Achieved
2010	1	40	51	78%	\$11.42	\$11.00	104%
2011	5	269	257	105%	\$35.00	\$28.90	121%
2012	18	1264	1154	110%	\$25.30	\$23.23	109%
2013	58	5908	5395	110%	\$24.85	\$23.35	106%
2014	94	10024	9525	105%	\$24.85	\$22.98	108%
2015	142	14506	13113	111%	\$25.38	\$22.38	113%
2016	196	21251	18665	114%	\$25.05	\$21.79	115%
2017	243	25933	21995	118%	\$26.84	\$21.94	122%
2018	279	30672	25079	122%	\$26.33	\$21.86	120%
2019	267	29326	22922	128%	\$28.73	\$22.30	129%
2020	40	3266	2886	113%	\$27.70	\$19.03	146%

## Annual Maximums and Incentives Claimed

Year	Approved Annual Maximum	Earned Annual Maximum	Incentives Claimed*	Utilization Rate
2010-2012**	\$5,182,833	\$4,914,663	\$2,104,094	43%
2013	\$15,611,951	\$13,992,639	\$6,601,085	47%
2014	\$27,405,836	\$23,759,875	\$13,131,631	55%
2015	\$45,896,940	\$39,276,598	\$18,084,965	46%
2016	\$40,299,248	\$35,382,109	\$19,923,814	56%
2017	\$44,822,034	\$38,751,699	\$24,481,261	63%
2018	\$51,673,284	\$43,843,423	\$27,541,782	63%
2019	\$59,950,819	\$51,601,428	\$19,275,560	37%
2020	\$47,486,904	\$40,474,762	N/A	N/A
2021	\$4,875,999	\$3,972,669	N/A	N/A
<b>Grand Total</b>	<b>\$343,205,847</b>	<b>\$295,969,864</b>	<b>\$131,144,191</b>	

- Based on actual jobs and wages reported in 2018 by companies approved to claim incentives, the estimated payroll for new, full-time Kentucky resident jobs is approximately \$1.7 billion.

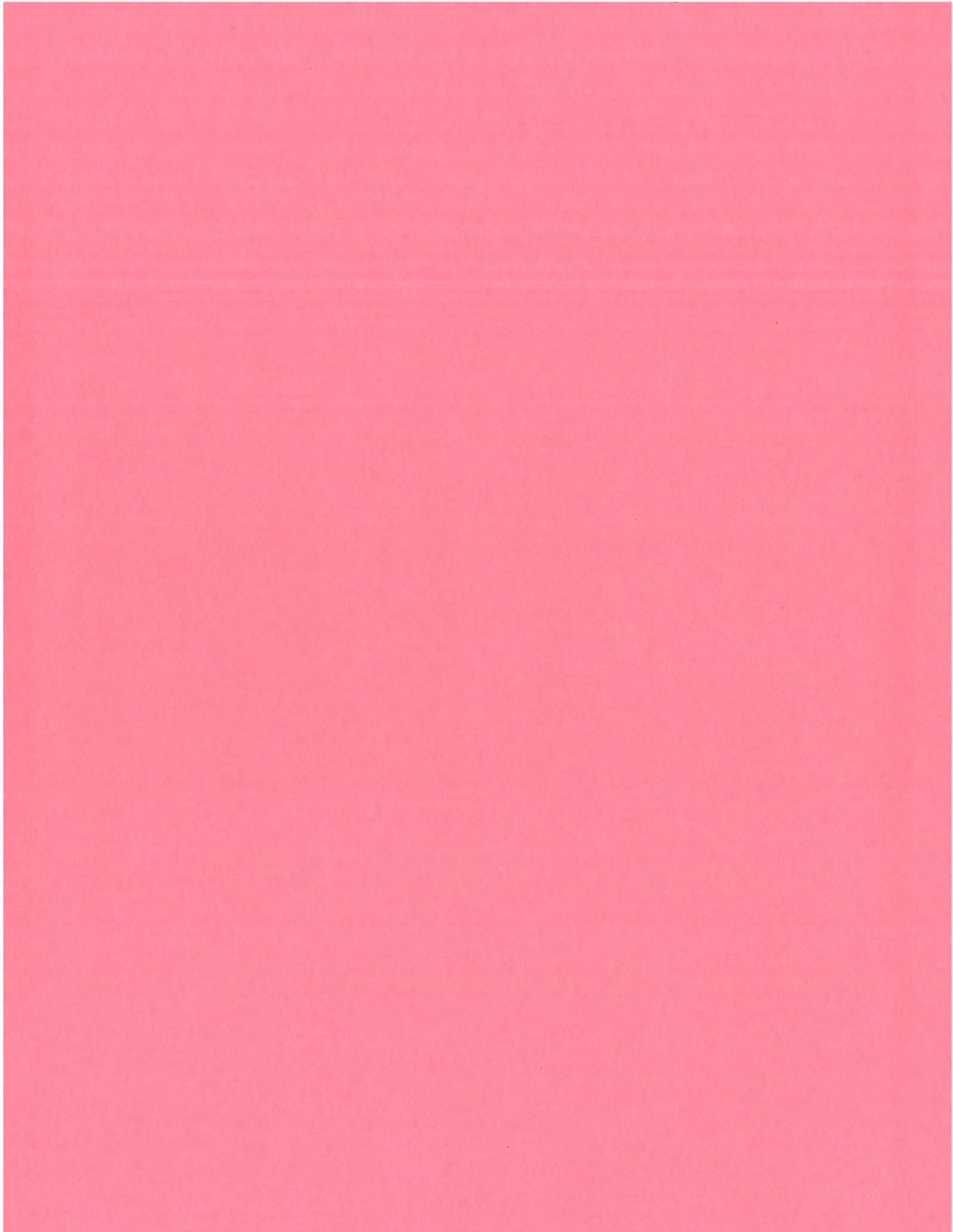
\*Notes on incentives claimed: Data is based on information provided by the Kentucky Department of Revenue. Total incentives claimed represents the total of income tax credits and wage assessments claimed through December 31, 2019.

\*\*Due to taxpayer confidentiality, years 2010-2012 were combined.

# Project Update Report

## September 2020

<b>Project</b>	<b>County</b>	<b>Approval Date</b>	<b>Exit Date</b>	<b>Program</b>
<b>MIG Services, Inc.</b>				
	<b>Carter</b>	<b>08/30/2018</b>	<b>08/31/2020</b>	<b>KBI</b>
Changed the status of this project to IA No Project per an email from the Company stating they had no plans to move forward with the project.				
<b>R.A. Jones</b>				
	<b>Kenton</b>	<b>01/25/2018</b>	<b>08/31/2020</b>	<b>KBI</b>
Changed status of this project to IA No Project per an email from the Company requesting to withdraw from the KBI Program.				
<b>Builders FirstSource, Inc.</b>				
	<b>Warren</b>	<b>01/26/2017</b>	<b>08/31/2020</b>	<b>KBI</b>
Changed the status of the project to IA No Project per an email from the Company requesting to withdraw from the KBI Program.				
<b>TGW International, Inc.</b>				
	<b>Campbell</b>	<b>08/30/2018</b>	<b>08/31/2020</b>	<b>KBI</b>
Changed the status of this project to IA No Project per an email from the Company requesting to withdraw from the KBI Program.				
<b>Walle Corporation</b>				
	<b>Clark</b>	<b>06/26/2014</b>	<b>09/10/2020</b>	<b>KBI</b>
Changed the status of this project to IA due to lack of response from the company and non-compliance for the last three years.				





**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

**Date:** September 24, 2020  
**Grantee:** Lexington-Fayette Urban County Government  
**Beneficiary:** University of Kentucky Coldstream Research Campus  
**City:** Lexington **County:** Fayette  
**Bus. Dev. Contact:** B. Cox **OFS Staff:** D. Phillips

**Project Description:** The University of Kentucky's Coldstream Research Campus (Coldstream) serves as the gateway to Lexington's high-tech, higher education corridor. Coldstream proposes the construction of a 40,000 square foot office and laboratory building via a P3 Developer. The EDF will be used to upfit 10,000 square feet of laboratory space with the vertical construction expenditures serving as the match. 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.

**Anticipated Project Investment - Owned**

	<b>Total Investment</b>
Land	\$0
Building/Improvements	\$11,500,000
Equipment	\$1,275,000
Other Start-up Costs	\$1,725,000
<b>TOTAL</b>	<b>\$14,500,000</b>

**Anticipated Project Funding**

	<b>Amount</b>	<b>% of Total</b>
Economic Development Fund Grant (State)	\$500,000	3.4%
P3 Developer	\$13,000,000	89.7%
Kentucky Technology, Inc. and Coldstream	\$1,000,000	6.9%
<b>TOTAL</b>	<b>\$14,500,000</b>	<b>100.0%</b>

**Other Terms:** In accordance with the grant agreement, 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.

**RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT:** **\$500,000**

**Active State Participation at the Project Site:**

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
May 30, 2019	Tax Increment Financing	Monitor	\$4,634,000

**Recommendation:**

Staff recommends approval of this EDF grant subject to the terms set forth in this report and the recommendation letter from the Secretary of the Cabinet for Economic Development (CED). 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 funds for this project.



**CABINET FOR ECONOMIC DEVELOPMENT**

**Andy Beshear**  
Governor

Old Capitol Annex  
300 West Broadway  
Frankfort, Kentucky 40601

**Larry Hayes**  
Interim Secretary

September 18, 2020

Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
Room 383, Capitol Annex  
Frankfort, KY 40601

**RE: Economic Development Fund Grant - \$500,000 to Lexington-Fayette Urban County Government on behalf of the University of Kentucky Coldstream Research Campus**

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$500,000 in Economic Development Fund (EDF) funds for the purpose of making a grant to Lexington-Fayette Urban County Government on behalf of the University of Kentucky Coldstream Research Campus.

Lexington-Fayette Urban County Government in partnership with the University of Kentucky Coldstream Research Campus is seeking to upfit 10,000 square feet of laboratory space with the vertical construction expenditures serving as the match. 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.

Under the terms of the EDF grant agreement, requests may be submitted no more than monthly and funds shall 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.

I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

Sincerely,

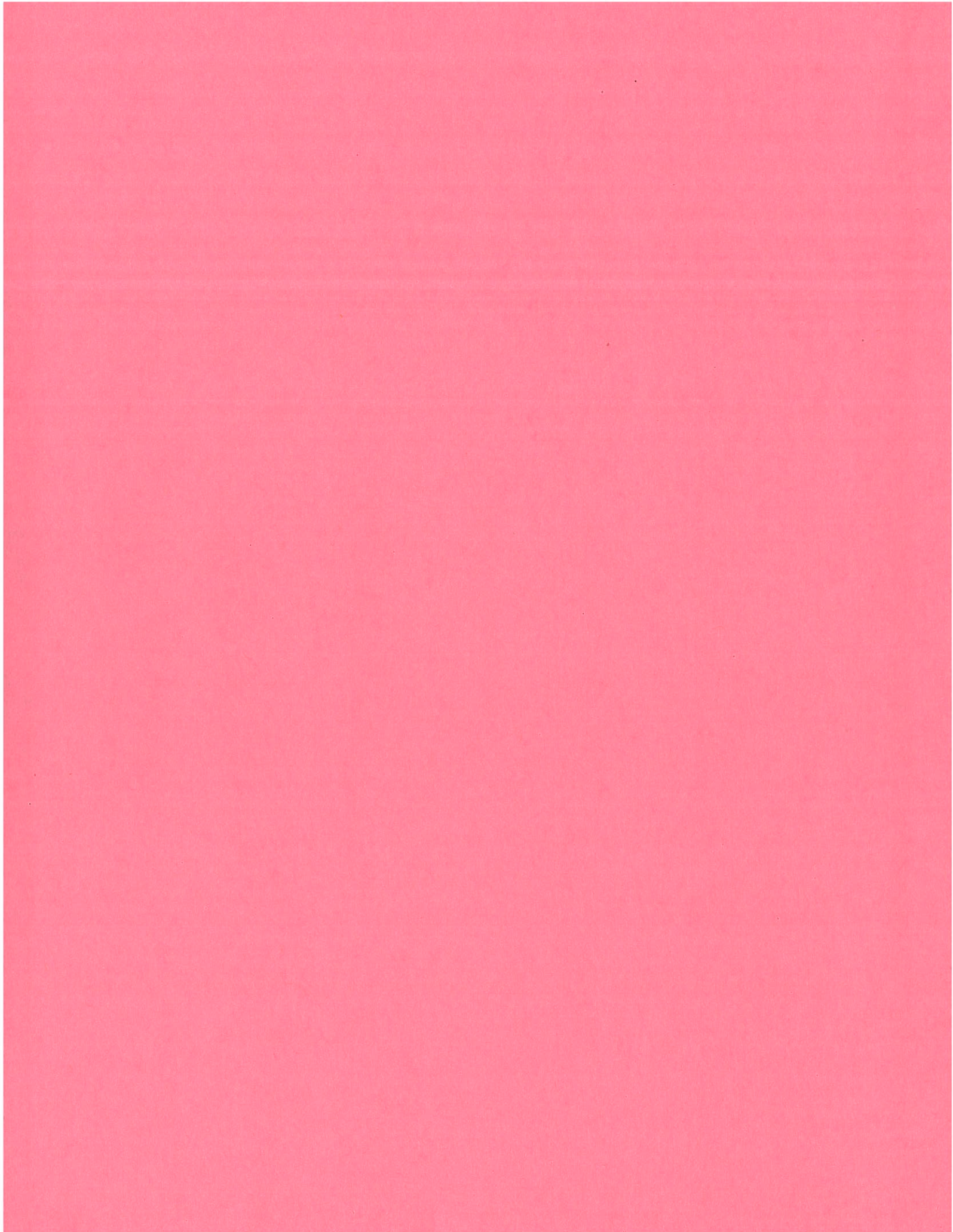
Larry Hayes  
Interim Secretary

**AGREED TO AND APPROVED BY:**

  
Secretary, Finance and Administration Cabinet    Date

cc: Jeff Taylor  
Kristina Slattery  
Katie Smith

**TEAM**  
  
**KENTUCKY**



## **MEMORANDUM**

**TO:** KEDFA Board Members

**FROM:** Rachael Dever, Compliance Manager  
Compliance Division

**DATE:** September 24, 2020

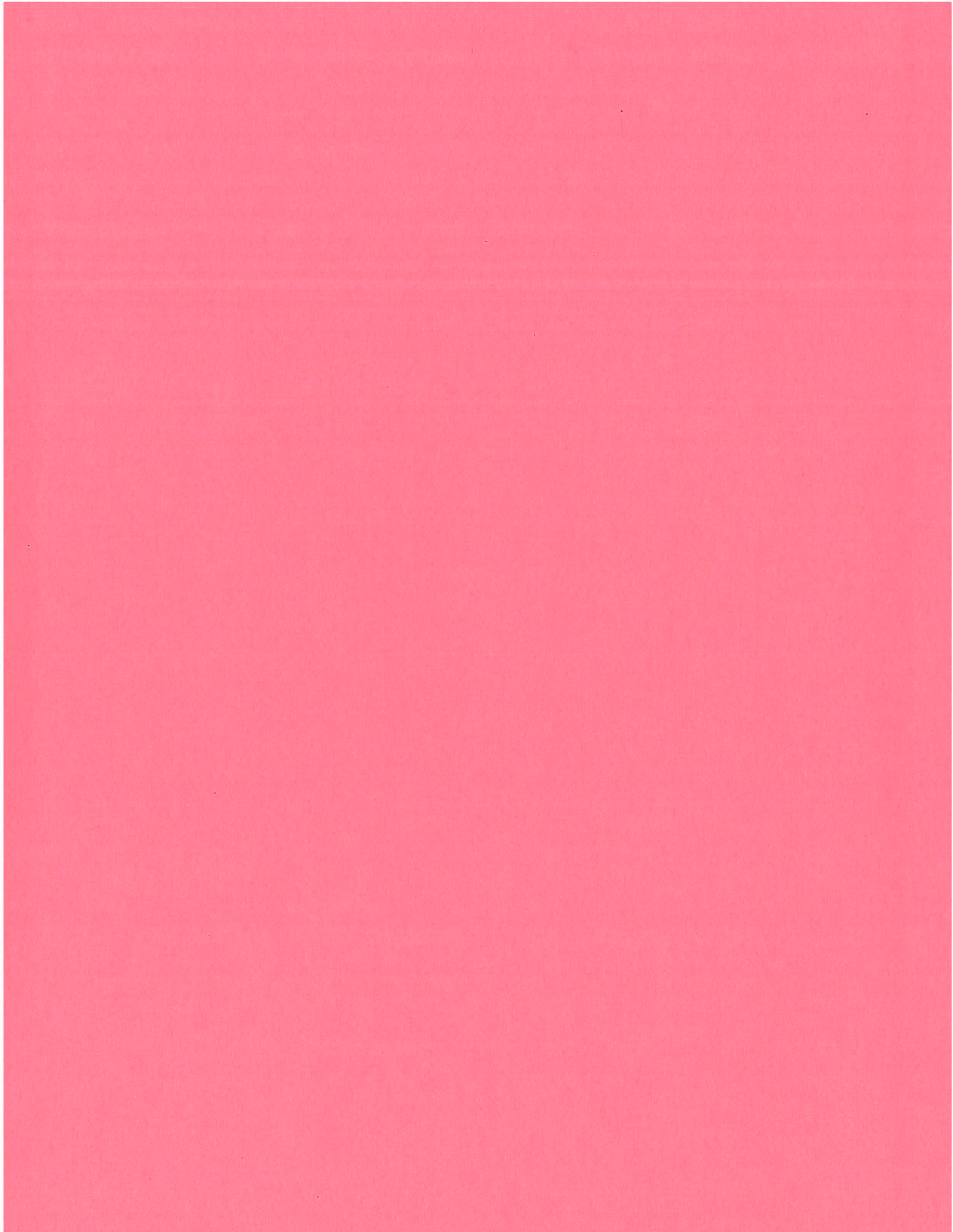
**SUBJECT:** KBI Amendment  
Ferrara Candy Company, (Boone County)  
KBI Project # 19907

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The KBI project approved for Keebler Company was transferred to affiliates of the Ferrero International S.A. corporate group in accordance with a Stock and Asset Purchase Agreement with Keebler's parent, Kellogg Company. In order to complete the assignment of the project to the new ownership, Keebler is requesting approval for the execution of an Amended and Restated Tax Incentive Agreement with Ferrara Candy Company, the new Approved Company, made retroactively effective to July 28, 2019, which is the effective date of the transfer.

All other aspects of the agreement remain the same.

Staff recommends approval.



## **MEMORANDUM**

**TO:** KEDFA Board Members

**FROM:** Craig Kelly, Compliance Manager *CK*  
Compliance Division

**DATE:** September 24, 2020

**SUBJECT:** KEIA Extensions

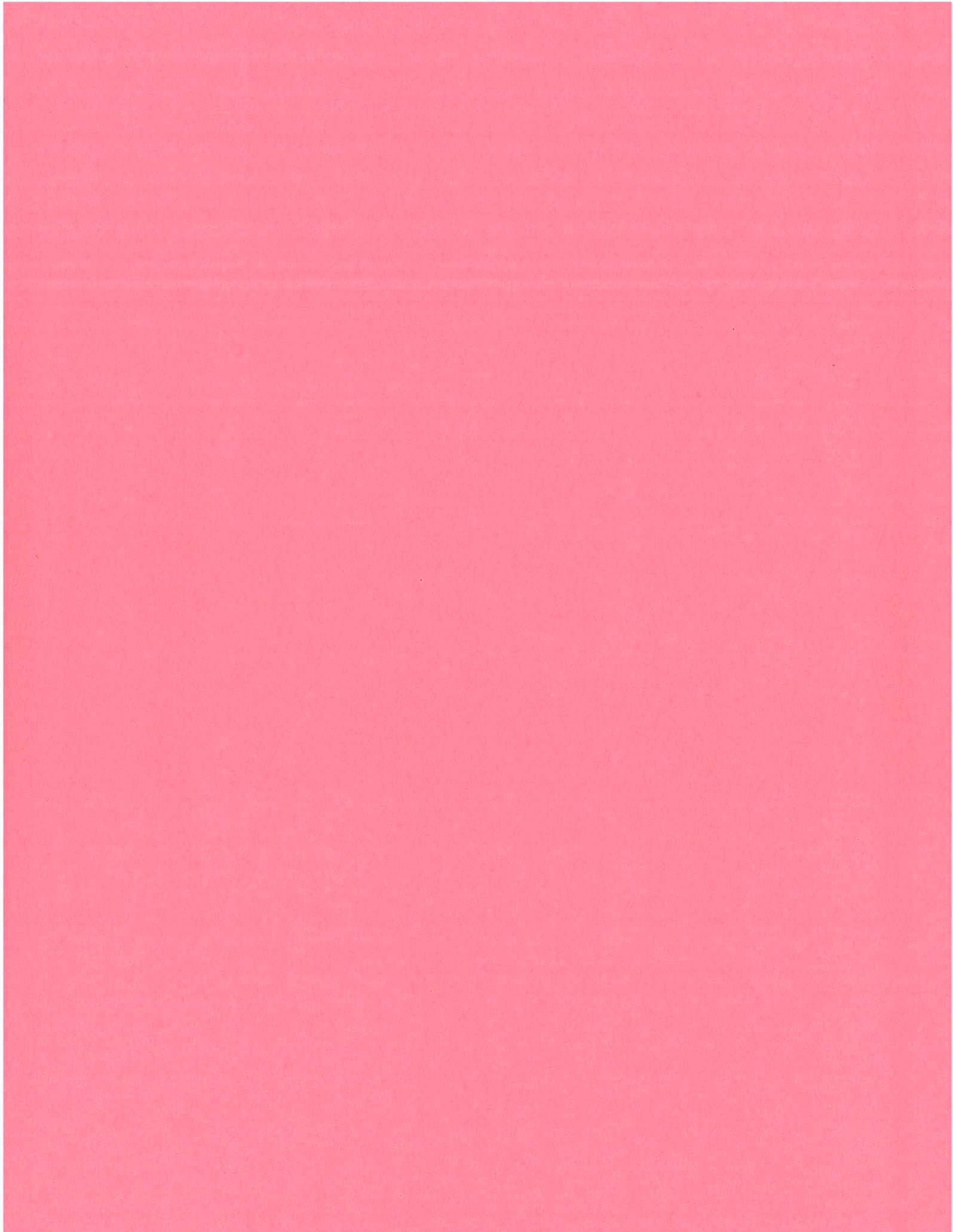
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The following companies have requested additional time to complete the projects:

Company	County	Extension
Orbis Material Handling, Inc.	Nelson	3 Months
Lux Row Distillers, LLC	Nelson	4 Months
MobileMedTek Holdings, Inc.	Jefferson	6 Months
Strong Tower Construction LLC	Jefferson	12 Months

Staff recommends approval.

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**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KEIA REPORT**

**Date:** September 24, 2020  
**Approved Company:** AHF, LLC dba AHF Products  
**City:** Somerset **County:** Pulaski  
**Activity:** Manufacturing **Resolution #:** KEIA-21-23143  
**Bus. Dev. Contact:** B. Burton **DFS Staff:** K. McCane

**Project Description:** AHF, LLC dba AHF Products is the former Armstrong Hardwood Flooring Company formed in 1946. The company opened the hardwood flooring plant in Somerset in 1990 and manufactures rotary engineered hardwood flooring. The company is considering an expansion at this plant for a new, proprietary hardwood flooring marketed to pet owners.

**Facility Details:** Expanding existing operations

**Anticipated Project Investment**

Land  
 Building Construction  
 Electronic Processing Equipment  
 Research & Development Equipment  
 Flight Simulation Equipment  
 Other Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$0
\$2,005,646	\$2,412,916
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$97,000
\$0	\$0
<b>\$2,005,646</b>	<b>\$2,509,916</b>

**Ownership (20% or more):**

AHF Products, LLC - Mountville, Pennsylvania

**Other State Participation:** None

**Unemployment Rate:**

County: 7.0%

Kentucky: 6.2%

**Existing Presence in Kentucky:**

Pulaski County

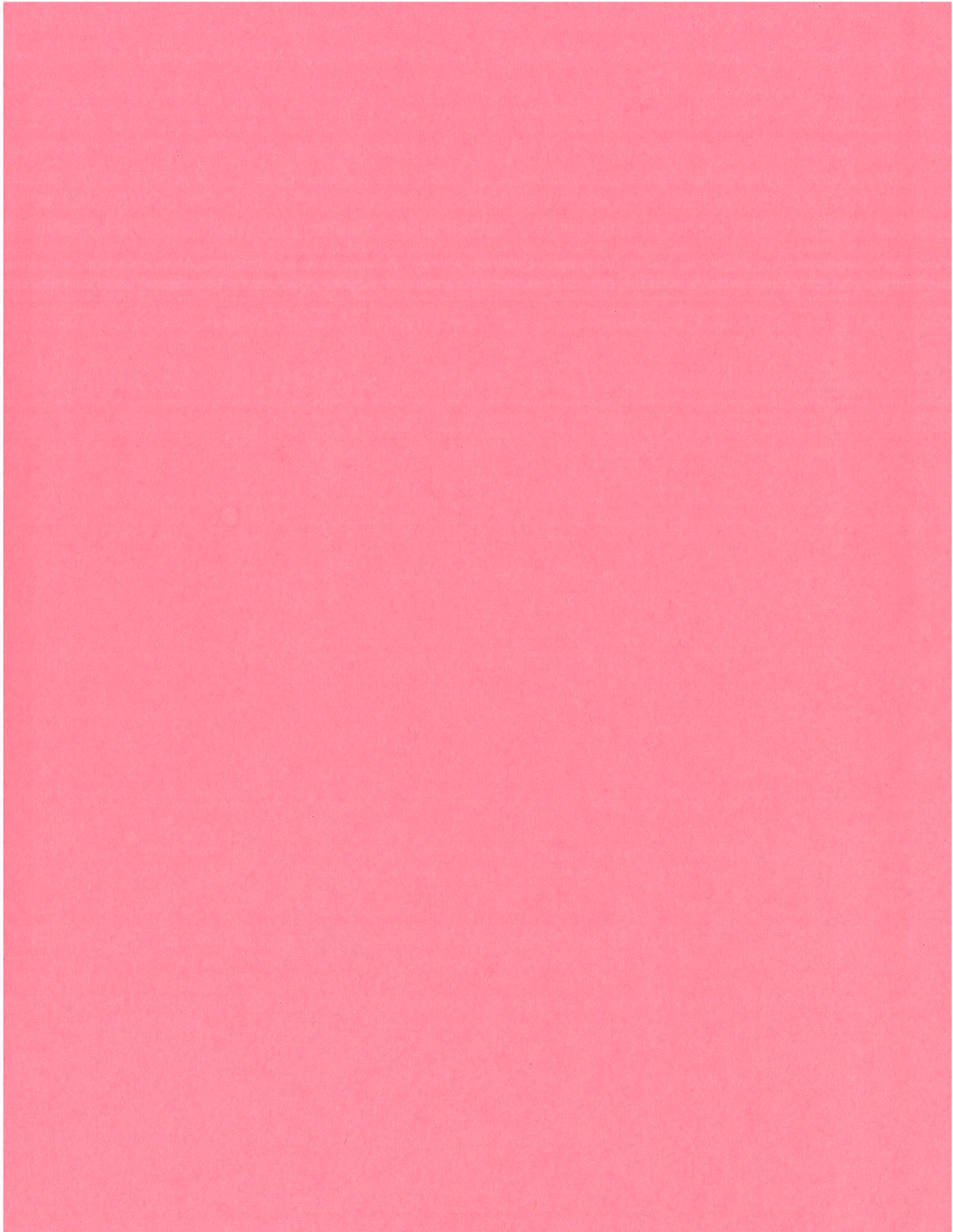
**Approved Recovery Amount:**

Construction Materials and Building Fixtures: \$80,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$80,000**





**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KEIA REPORT**

**Date:** September 24, 2020  
**Approved Company:** Contemporary Amperex Technology Kentucky LLC  
**City:** Glasgow **County:** Barren  
**Activity:** Manufacturing **Resolution #:** KEIA-21-23153  
**Bus. Dev. Contact:** A. Luttner **DFS Staff:** D. Phillips

**Project Description:** Contemporary Amperex Technology Kentucky LLC is a subsidiary of Contemporary Amperex Technology Co., Limited (CATL) a global leader in the research and development and manufacturing of lithium-ion batteries. The company is considering establishing a facility in Glasgow.

**Facility Details:** Locating in a new facility

**Anticipated Project Investment**

Land  
 Building Construction  
 Electronic Processing Equipment  
 Research & Development Equipment  
 Flight Simulation Equipment  
 Other Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$8,905,000
\$10,757,200	\$26,893,000
\$12,285,714	\$12,285,714
\$0	\$0
\$0	\$0
\$0	\$49,142,857
\$0	\$500,000
<b>\$23,042,914</b>	<b>\$97,726,571</b>

**Ownership (20% or more):**

Publicly traded on China's Shenzhen Exchange

**Other State Participation:**

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Jun 25, 2020	KBI	Approve-Prelim	\$10,000,000

**Unemployment Rate:**

County: 7.0%

Kentucky: 6.2%

**Existing Presence in Kentucky:**

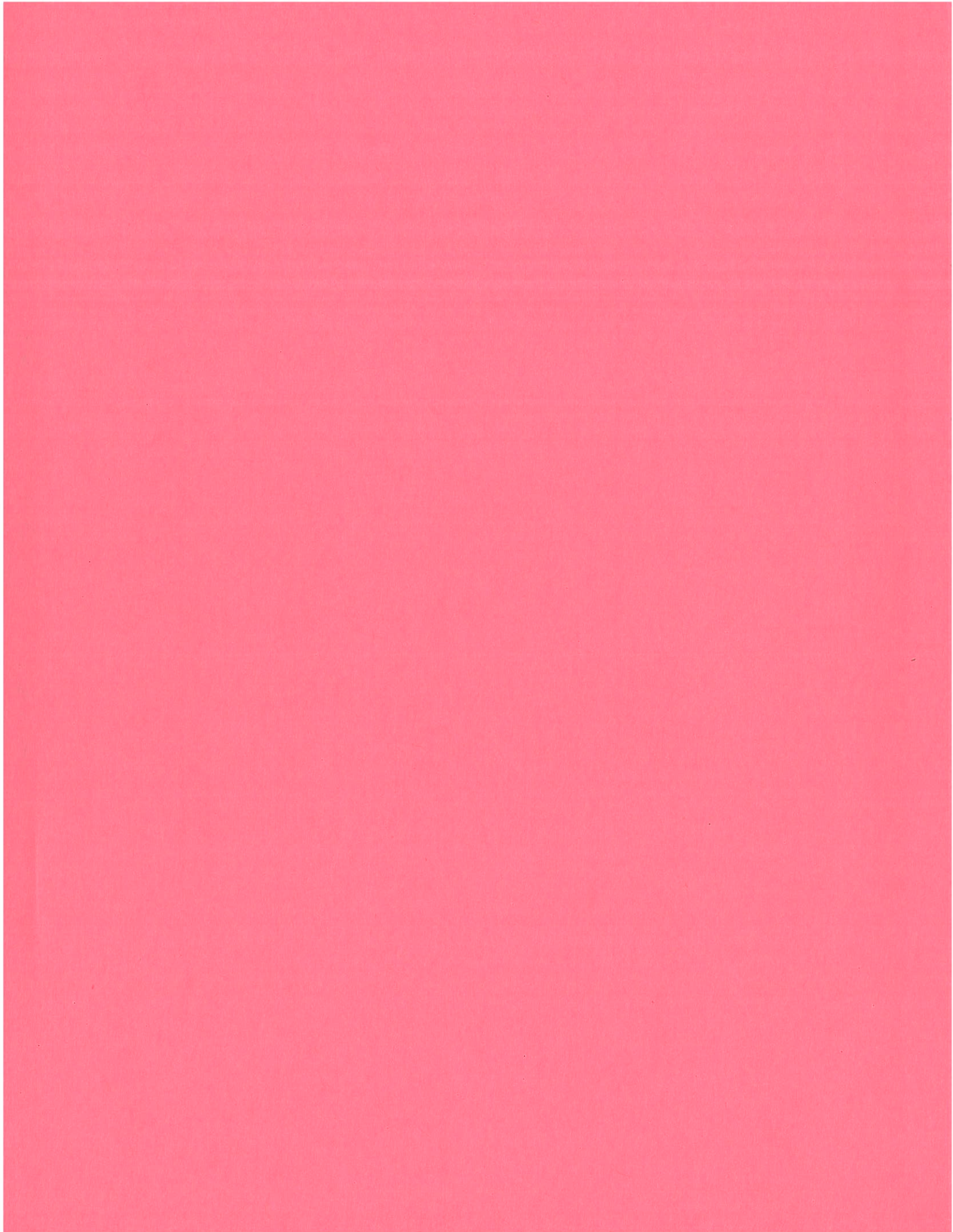
Barren County

**Approved Recovery Amount:**

Construction Materials and Building Fixtures: \$500,000  
 R&D and/or Electronic Processing Equipment: \$500,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

<b>\$1,000,000</b>
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**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KEIA REPORT**

**Date:** September 24, 2020  
**Approved Company:** Bluegrass Distillers, LLC  
**City:** Midway **County:** Woodford  
**Activity:** Agribusiness **Resolution #:** KEIA-21-23152  
**Bus. Dev. Contact:** A. Franklin **DFS Staff:** M. Elder

**Project Description:** Bluegrass Distillers, LLC is considering a historic property in Midway for its new distillery and barrel warehouses. The project would include a combination of restoration and construction of new buildings. The company is considering restoring the main house and repurposing of existing barns on the property.

**Facility Details:** Locating in a new facility

**Anticipated Project Investment**

Land  
 Building Construction  
 Electronic Processing Equipment  
 Research & Development Equipment  
 Flight Simulation Equipment  
 Other Equipment  
 Other Start-up Costs  
**TOTAL**

<b>Eligible Costs</b>	<b>Total Investment</b>
\$0	\$1,400,000
\$851,000	\$976,000
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$689,000
\$0	\$35,000
<b>\$851,000</b>	<b>\$3,100,000</b>

**Ownership (20% or more):**

Sam Rock      Lexington, KY  
 Nathan Brown      Lexington, KY  
 Ben Franzini      Lexington, KY

**Other State Participation:** None

**Unemployment Rate:**

County: 4.7%      Kentucky: 6.2%

**Existing Presence in Kentucky:**

Fayette County

**Approved Recovery Amount:**

Construction Materials and Building Fixtures: \$50,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

<b>\$50,000</b>
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**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KEIA REPORT**

**Date:** September 24, 2020  
**Approved Company:** Lux Row Distillers LLC  
**City:** Bardstown **County:** Nelson  
**Activity:** Manufacturing **Resolution #:** KEIA-21-23149  
**Bus. Dev. Contact:** A. Franklin **DFS Staff:** M. Elder

**Project Description:** Lux Row Distillers LLC is considering the construction of additional storage facilities for bourbon whiskeys and other products on its current property. The rickhouses will be attractively designed and provide much needed storage capacity.

**Facility Details:** Expanding existing operations

**Anticipated Project Investment**

Land  
 Building Construction  
 Electronic Processing Equipment  
 Research & Development Equipment  
 Flight Simulation Equipment  
 Other Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$0
\$6,101,827	\$8,716,896
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$968,544
\$0	\$1,129,152
<b>\$6,101,827</b>	<b>\$10,814,592</b>

**Ownership (20% or more):**

LRD Holdings LLC Delaware

**Other State Participation:**

<u>Date</u>	<u>Program</u>	<u>Status / Jobs Required</u>	<u>Amount</u>
Dec 10, 2015	KEIA	Approval/Final	\$300,000
Jun 29, 2020	KBI	Monitor/34	\$1,000,000

**Unemployment Rate:**

County: 5.6%

Kentucky: 6.2%

**Existing Presence in Kentucky:**

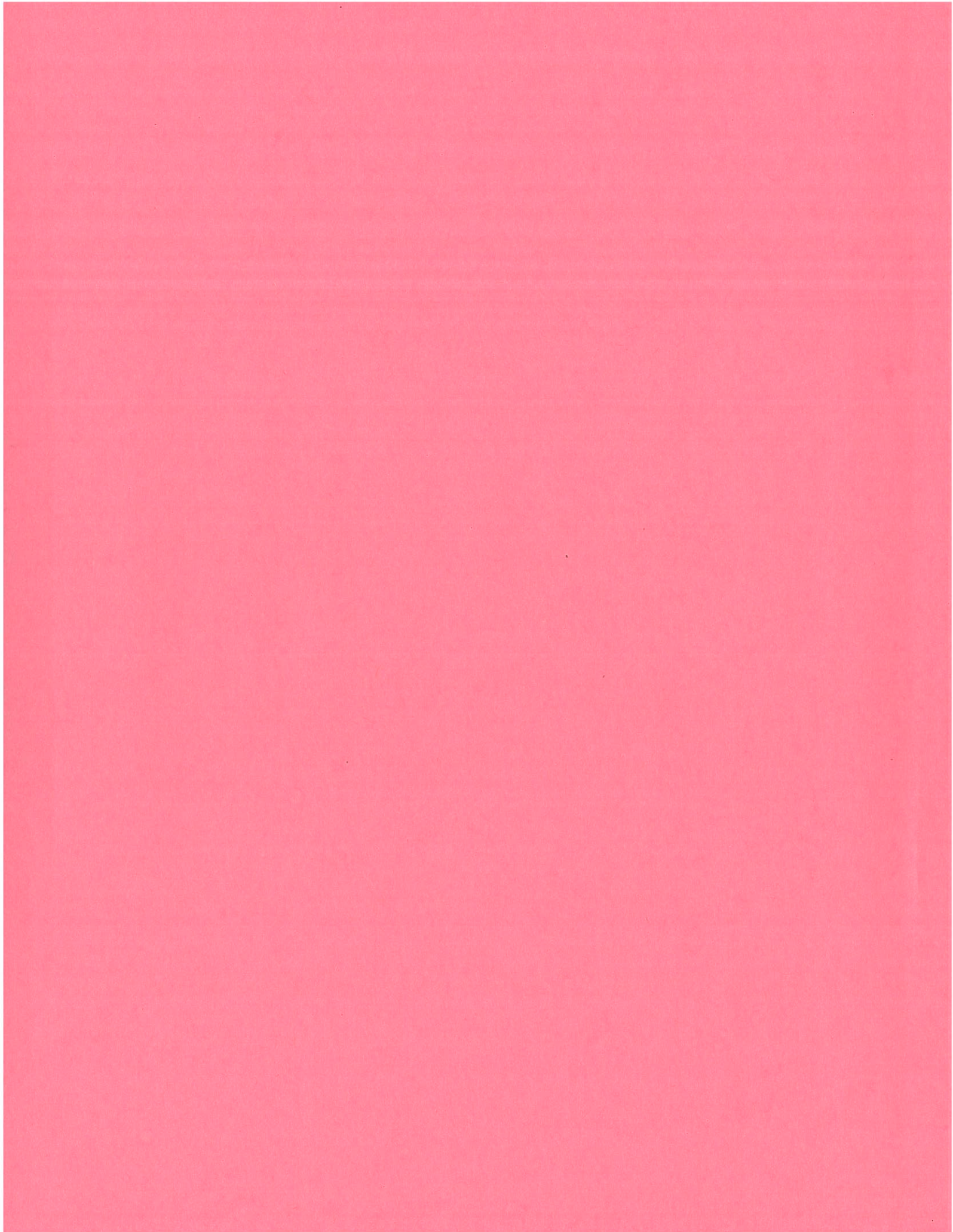
Nelson County

**Approved Recovery Amount:**

Construction Materials and Building Fixtures: \$150,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$150,000**



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**

**KBI REPORT - PRELIMINARY APPROVAL**

**Date:** September 24, 2020  
**Approved Company:** Pitman Creek Wholesale, LLC  
**City:** Stanford **County:** Lincoln  
**Activity:** Manufacturing **Prelim Resolution #:** KBI-I-20-23150  
**Bus. Dev. Contact:** A. Franklin **DFS Staff:** M. Elder

**Project Description:** Pitman Creek Wholesale, LLC started in 1976 in Somerset as a regional distributor of fishing tackle servicing local retail stores and marinas. Due to the continued growth the company is considering a location in Stanford to meet customer demand.

**Facility Details:** Locating in a new facility

**Anticipated Project Investment - Owned**

Land  
 Building/Improvements  
 Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$0
\$11,000,000	\$11,000,000
\$2,000,000	\$2,000,000
\$500,000	\$500,000
<b>\$13,500,000</b>	<b>\$13,500,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

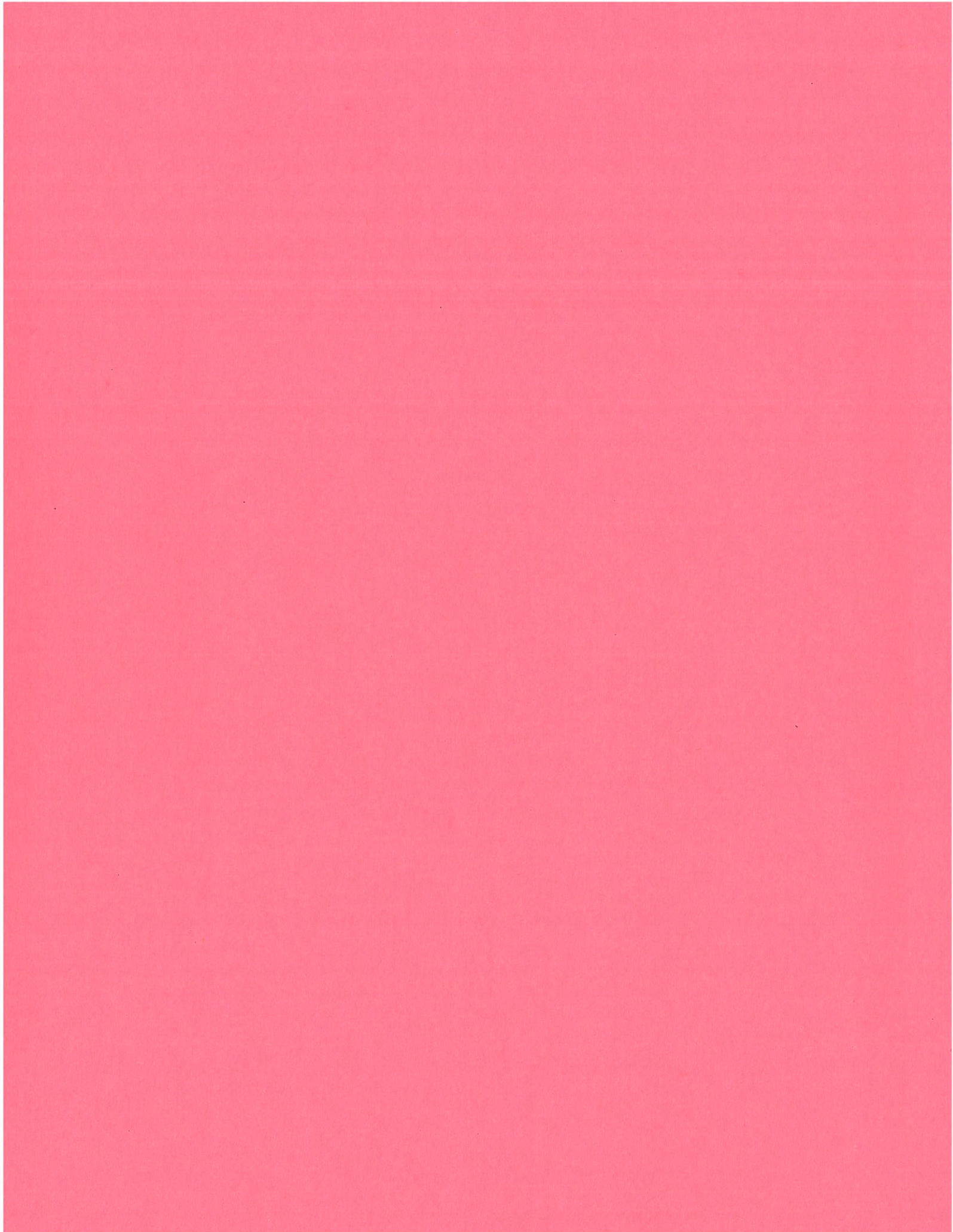
Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	30	\$13.50	
1	32	\$13.50	\$50,000
2	34	\$13.50	\$50,000
3	36	\$13.50	\$50,000
4	38	\$13.50	\$50,000
5	40	\$13.50	\$50,000
6	42	\$13.50	\$50,000
7	46	\$13.50	\$50,000
8	48	\$13.50	\$50,000
9	48	\$13.50	\$50,000
10	48	\$13.50	\$50,000
11	48	\$13.50	\$50,000
12	48	\$13.50	\$50,000
13	48	\$13.50	\$50,000
14	48	\$13.50	\$50,000
15	48	\$13.50	\$50,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$750,000**







**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KEIA REPORT**

**Date:** September 24, 2020  
**Approved Company:** Pitman Creek Wholesale, LLC  
**City:** Stanford **County:** Lincoln  
**Activity:** Manufacturing **Resolution #:** KEIA-21-23151  
**Bus. Dev. Contact:** A. Franklin **DFS Staff:** M. Elder

**Project Description:** Pitman Creek Wholesale, LLC started in 1976 in Somerset as a regional distributor of fishing tackle servicing local retail stores and marinas. Due to the continued growth the company is considering a location in Stanford to meet customer demand.

**Facility Details:** Locating in a new facility

**Anticipated Project Investment**

Land  
 Building Construction  
 Electronic Processing Equipment  
 Research & Development Equipment  
 Flight Simulation Equipment  
 Other Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$0
\$7,000,000	\$11,000,000
\$0	\$300,000
\$0	\$0
\$0	\$0
\$0	\$1,700,000
\$0	\$500,000
<b>\$7,000,000</b>	<b>\$13,500,000</b>

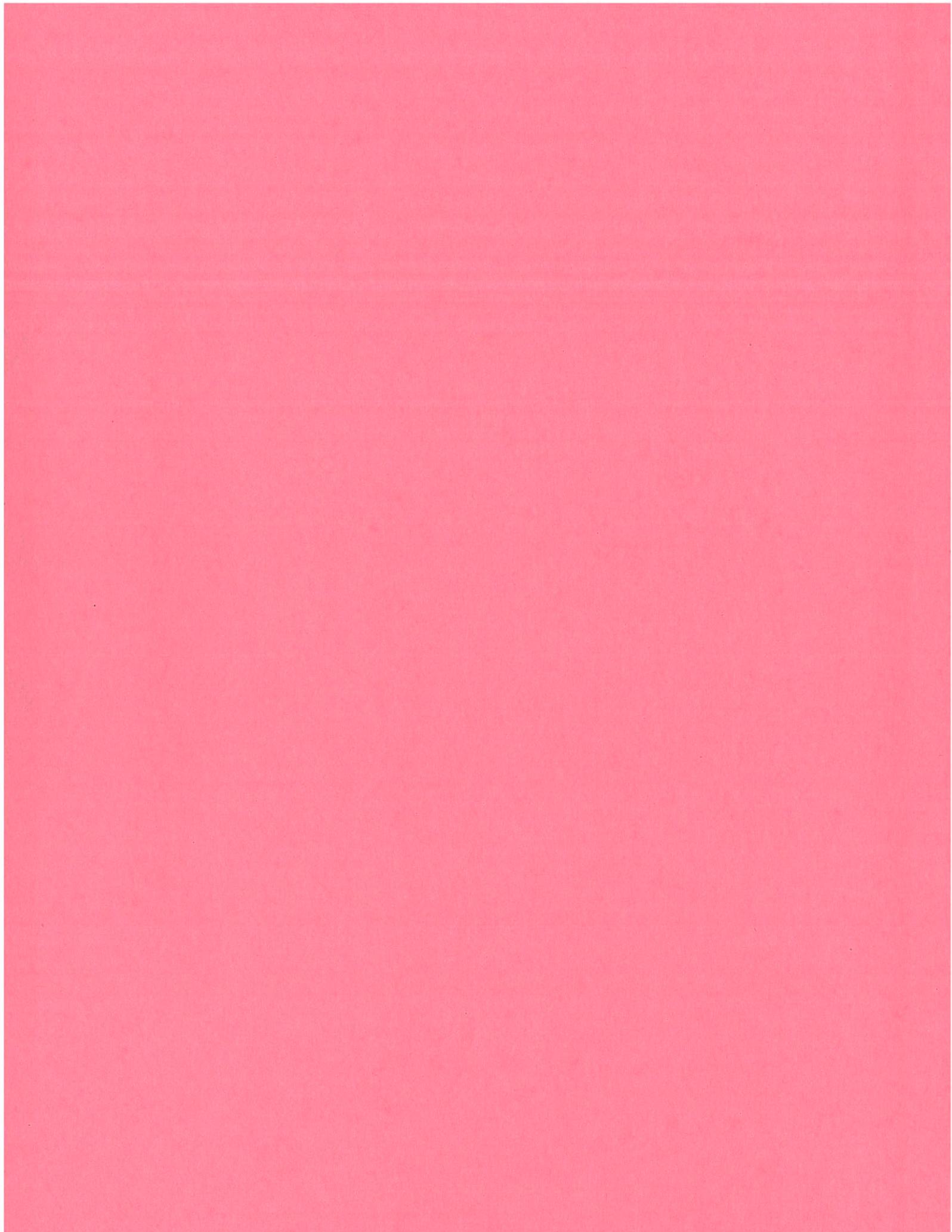
**Approved Recovery Amount:**

Construction Materials and Building Fixtures: \$250,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$250,000**

See KBI file (KBI-I-20-23150) for Ownership, Other State Participation and Unemployment Rate.



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KBI REPORT - PRELIMINARY APPROVAL**

**Date:** September 24, 2020  
**Approved Company:** Chapin International, Inc.  
**City:** Mount Vernon **County:** Rockcastle  
**Activity:** Manufacturing **Prelim Resolution #:** KBI-I-20-23144  
**Bus. Dev. Contact:** B. Burton **DFS Staff:** K. McCane

**Project Description:** Chapin International, Inc. manufactures and sells hand operated sprayers and spreaders for residential and commercial use, wild animal feeding products and custom blow molding services. The company is considering a new facility in Rockcastle to expand its operations further south.

**Facility Details:** Locating in a new facility

**Anticipated Project Investment - Owned**  
 Land  
 Building/Improvements  
 Equipment  
 Other Start-up Costs  
**TOTAL**

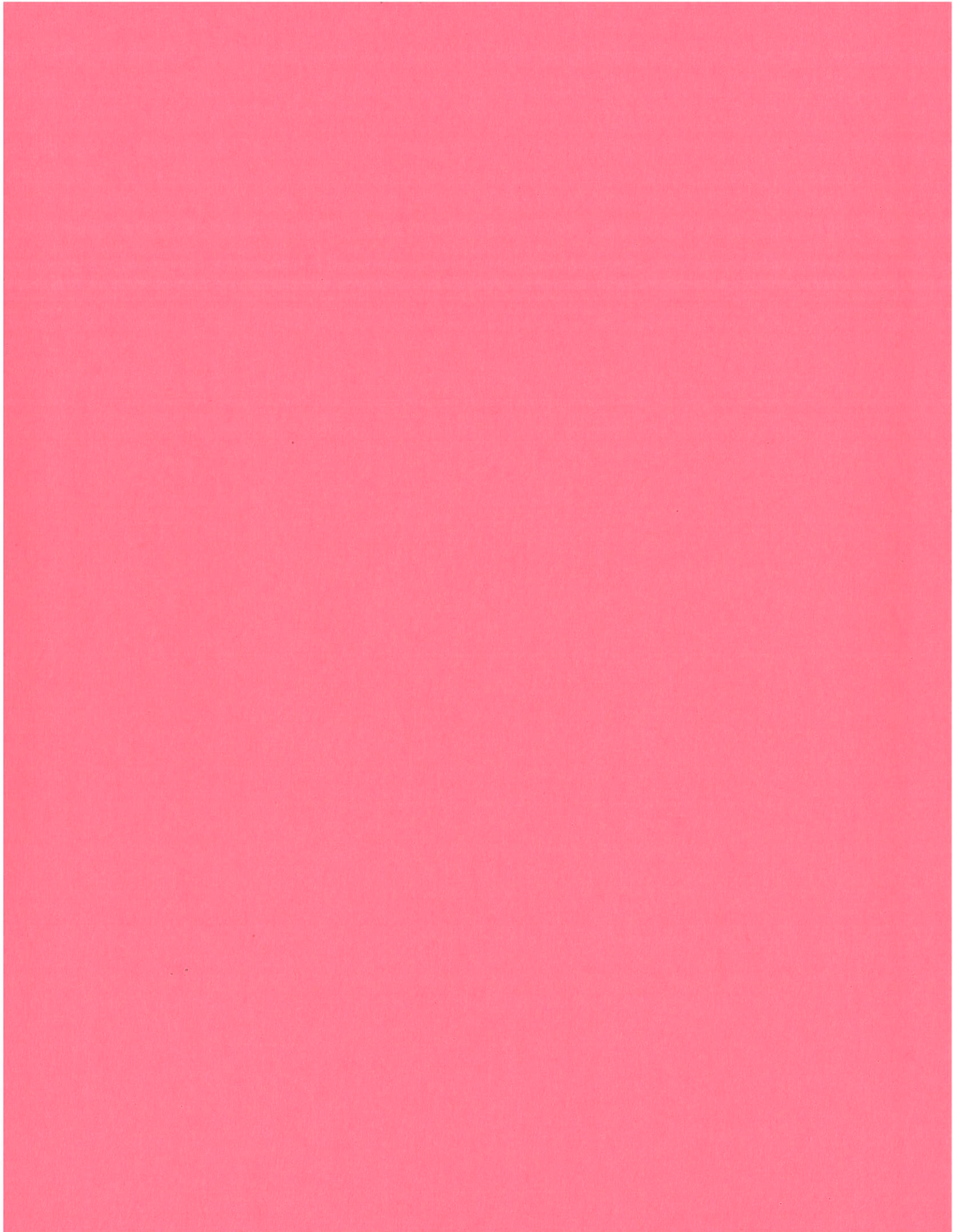
Eligible Costs	Total Investment
\$0	\$0
\$3,195,000	\$3,195,000
\$1,800,000	\$1,800,000
\$500,000	\$500,000
<b>\$5,495,000</b>	<b>\$5,495,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$22.40	
1	50	\$22.40	\$100,000
2	55	\$22.40	\$100,000
3	61	\$22.40	\$100,000
4	67	\$22.40	\$100,000
5	73	\$22.40	\$100,000
6	81	\$22.40	\$100,000
7	89	\$22.40	\$100,000
8	97	\$22.40	\$100,000
9	100	\$22.40	\$100,000
10	100	\$22.40	\$100,000
11			
12			
13			
14			
15			

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:** **\$1,000,000**





**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KEIA REPORT**

**Date:** September 24, 2020  
**Approved Company:** Chapin International, Inc.  
**City:** Mount Vernon **County:** Rockcastle  
**Activity:** Manufacturing **Resolution #:** KEIA-21-23145  
**Bus. Dev. Contact:** B. Burton **DFS Staff:** K. McCane

**Project Description:** Chapin International, Inc. manufactures and sells hand operated sprayers and spreaders for residential and commercial use, wild animal feeding products and custom blow molding services. The company is considering a new facility in Rockcastle to expand its operations further south.

**Facility Details:** Locating in a new facility

**Anticipated Project Investment**

Land  
 Building Construction  
 Electronic Processing Equipment  
 Research & Development Equipment  
 Flight Simulation Equipment  
 Other Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$0
\$1,770,000	\$3,195,000
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$1,800,000
\$0	\$500,000
<b>\$1,770,000</b>	<b>\$5,495,000</b>

**Approved Recovery Amount:**

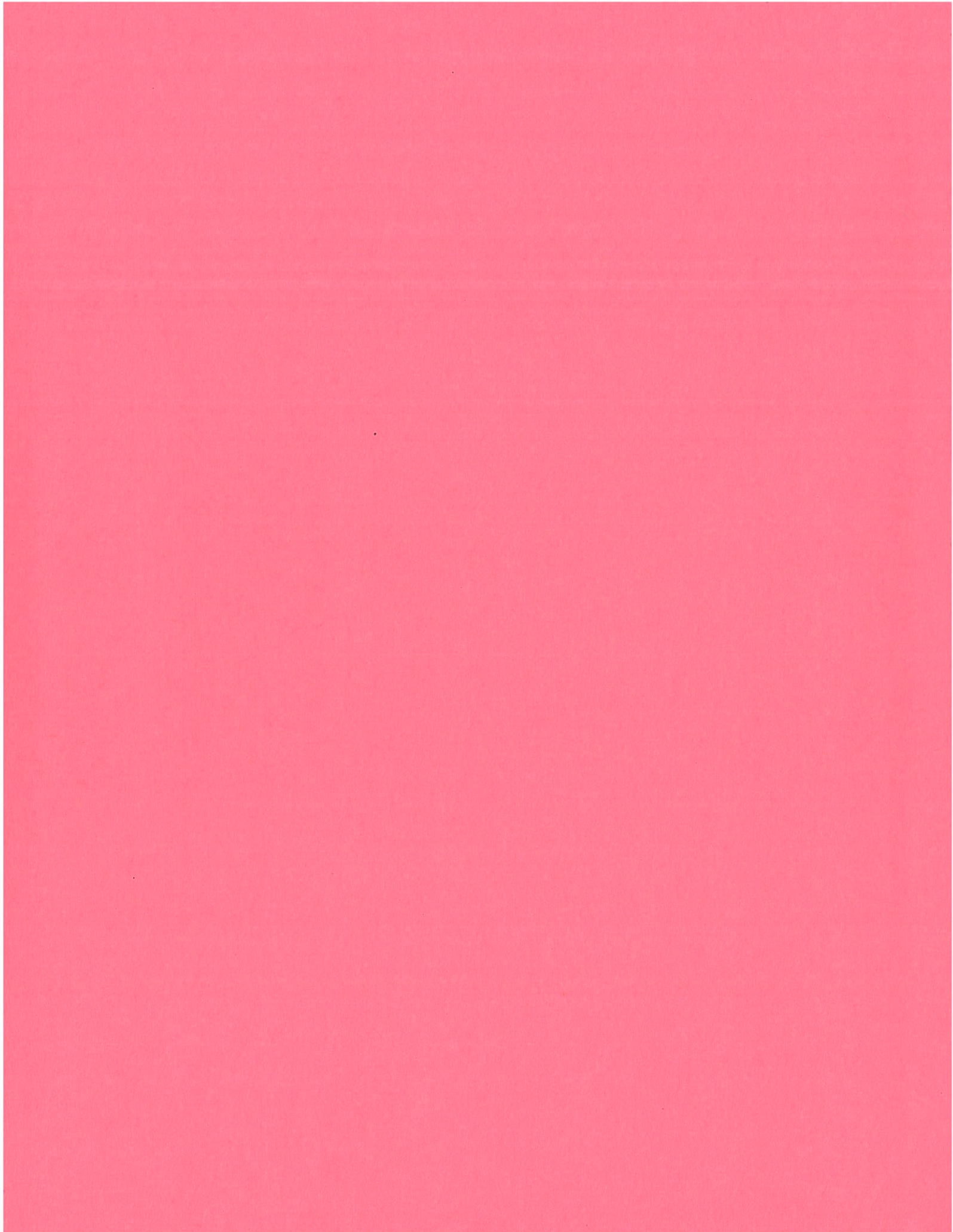
Construction Materials and Building Fixtures: \$100,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$100,000**

See KBI file (KBI-I-20-23144) for Ownership, Other State Participation and Unemployment Rate.





**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KBI REPORT - PRELIMINARY APPROVAL**

**Date:** September 24, 2020  
**Approved Company:** American Fuji Seal, Inc.  
**City:** Bardstown **County:** Nelson  
**Activity:** Manufacturing **Prelim Resolution #:** KBI-I-20-23146  
**Bus. Dev. Contact:** M. David-Jacobs **DFS Staff:** K. McCane

**Project Description:** American Fuji Seal, Inc. is part of the Fuji Seal International packaging company headquartered in Osaka, Japan. The company is a world leader in supplying shrink sleeve labeling solutions to the beverage and household industry. The company is considering expanding the existing printing operations and converting operations at the Bardstown facility.

**Facility Details:** Expanding existing operations

**Anticipated Project Investment - Owned**

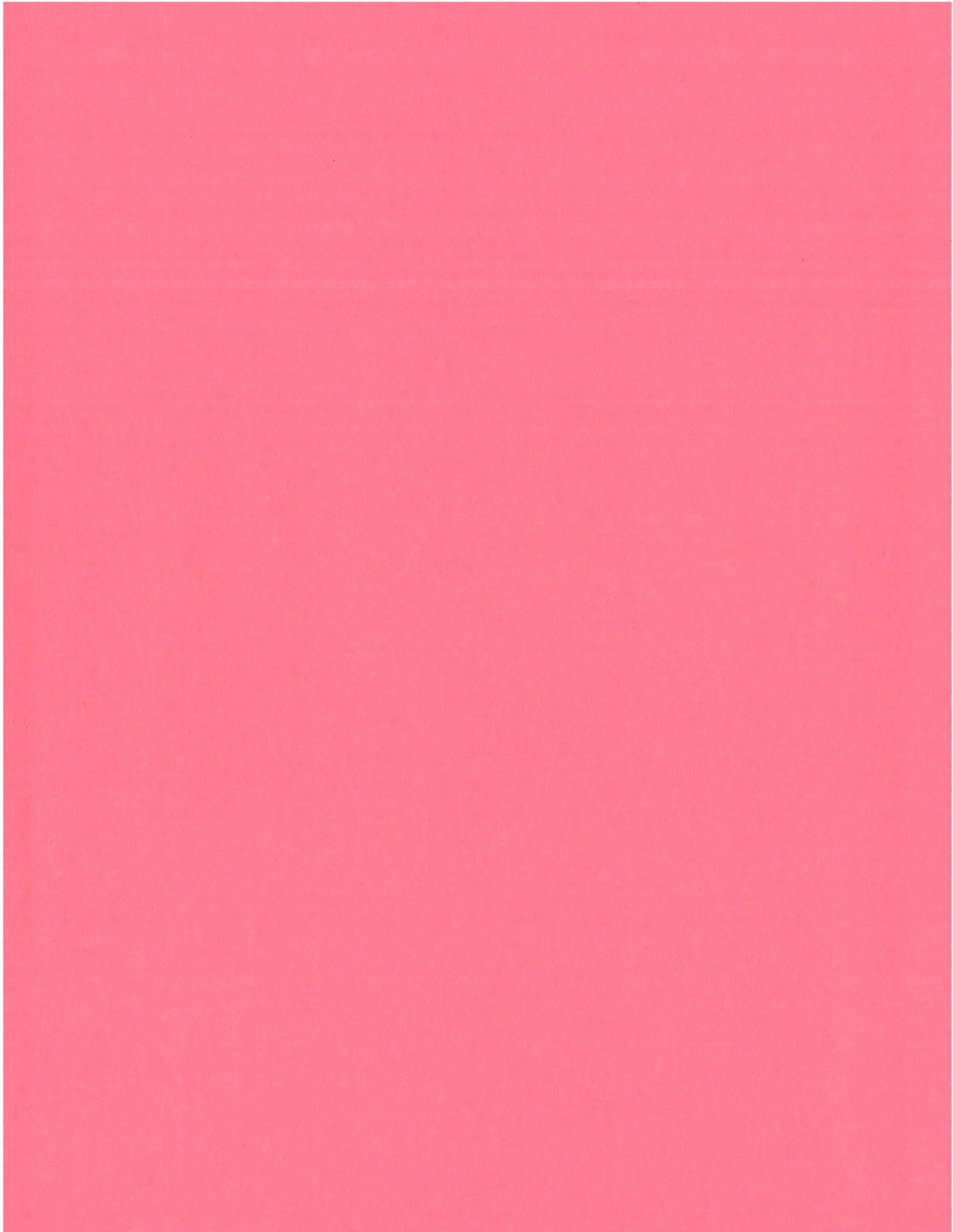
	<b>Eligible Costs</b>	<b>Total Investment</b>
Land	\$0	\$0
Building/Improvements	\$1,100,000	\$1,100,000
Equipment	\$500,000	\$9,400,000
Other Start-up Costs	\$0	\$0
<b>TOTAL</b>	<b>\$1,600,000</b>	<b>\$10,500,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

<b>Year</b>	<b>Job Target</b>	<b>Average Hourly Wage Target (Including Employee Benefits)</b>	<b>Annual Approved Cost Limitation</b>
<b>As of Activation Date</b>	25	\$34.44	
1	25	\$34.44	\$20,000
2	25	\$34.44	\$20,000
3	25	\$34.44	\$35,000
4	25	\$34.44	\$35,000
5	25	\$34.44	\$35,000
6	25	\$34.44	\$35,000
7	25	\$34.44	\$35,000
8	25	\$34.44	\$35,000
9	25	\$34.44	\$35,000
10	25	\$34.44	\$35,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:** **\$320,000**





**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**

**KBI REPORT - PRELIMINARY APPROVAL**

**Date:** September 24, 2020  
**Approved Company:** Kroger Limited Partnership I dba Kroger Specialty Pharmacy Central Fill  
**City:** Fairdale **County:** Jefferson  
**Activity:** Service or Technology **Prelim Resolution #:** KBI-IL-20-23154  
**Bus. Dev. Contact:** M. David-Jacobs **DFS Staff:** K. McCane

**Project Description:** The Kroger Co. operates 2,758 grocery retail stores, 35 food production or manufacturing facilities producing high quality private-label products, 1,560 supermarket fuel centers and 2,268 pharmacies. Kroger Limited Partnership I dba Kroger Specialty Pharmacy Central Fill is seeking to relocate and expand its Jefferson county pharmacy prescription central filing service area with upgraded automation to increase prescription refill volume.

**Facility Details:** Expanding existing operations

**Anticipated Project Investment - Leased**

Rent  
 Building/Improvements  
 Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$1,750,000	\$3,500,000
\$2,000,000	\$2,000,000
\$1,220,000	\$16,500,000
\$2,000,000	\$2,000,000
<b>\$6,970,000</b>	<b>\$24,000,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	61	\$20.00	
1	61	\$20.00	\$40,000
2	61	\$20.00	\$40,000
3	61	\$20.00	\$40,000
4	61	\$20.00	\$40,000
5	61	\$20.00	\$40,000
6	61	\$20.00	\$40,000
7	61	\$20.00	\$40,000
8	61	\$20.00	\$40,000
9	61	\$20.00	\$40,000
10	61	\$20.00	\$40,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$400,000**





**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KBI REPORT - PRELIMINARY APPROVAL**

**Date:** September 24, 2020  
**Approved Company:** Busche Industries Co dba Xtreme Fabrication  
**City:** Leitchfield **County:** Grayson  
**Activity:** Manufacturing **Prelim Resolution #:** KBI-I-20-23142  
**Bus. Dev. Contact:** C. Peek **DFS Staff:** M. Elder

**Project Description:** Xtreme Fabrication, established in 2007, is a metal fabrication and machine shop producing specialty parts for manufacturers across the country. The company is considering a building expansion at its current location as well as the addition of a CNC plasma cutting machine along with traditional CNC machining equipment.

**Facility Details:** Expanding existing operations

**Anticipated Project Investment - Owned**

Land  
 Building/Improvements  
 Equipment  
 Other Start-up Costs  
**TOTAL**

Eligible Costs	Total Investment
\$0	\$0
\$250,000	\$250,000
\$200,000	\$200,000
\$0	\$0
<b>\$450,000</b>	<b>\$450,000</b>

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

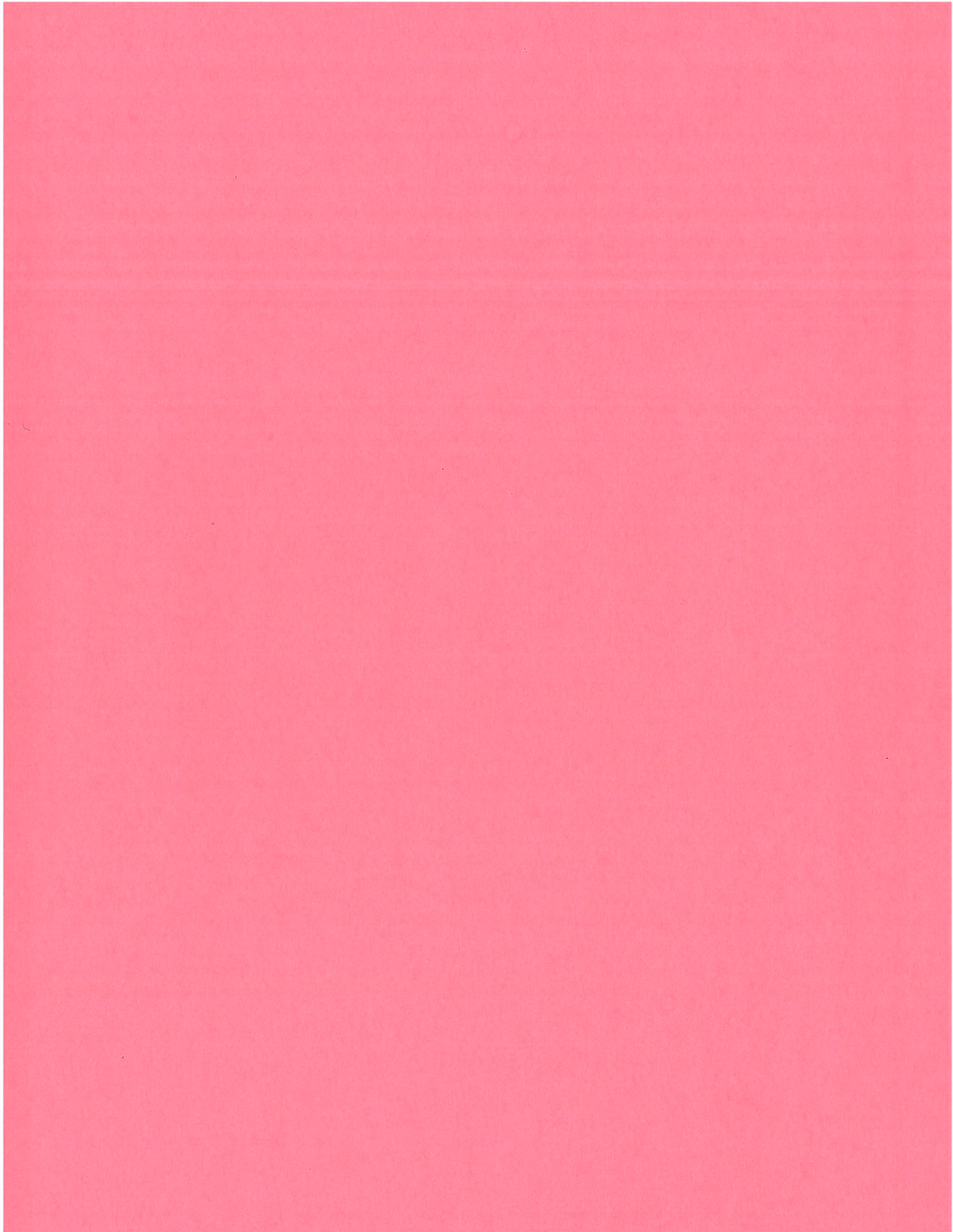
Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	10	\$29.00	
1	20	\$29.00	\$20,000
2	25	\$29.00	\$20,000
3	25	\$29.00	\$20,000
4	25	\$29.00	\$20,000
5	25	\$29.00	\$20,000
6	25	\$29.00	\$20,000
7	25	\$29.00	\$20,000
8	25	\$29.00	\$20,000
9	25	\$29.00	\$20,000
10	25	\$29.00	\$20,000
11	25	\$29.00	\$20,000
12	25	\$29.00	\$20,000
13	25	\$29.00	\$20,000
14	25	\$29.00	\$20,000
15	25	\$29.00	\$20,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

**\$300,000**







## **MEMORANDUM**

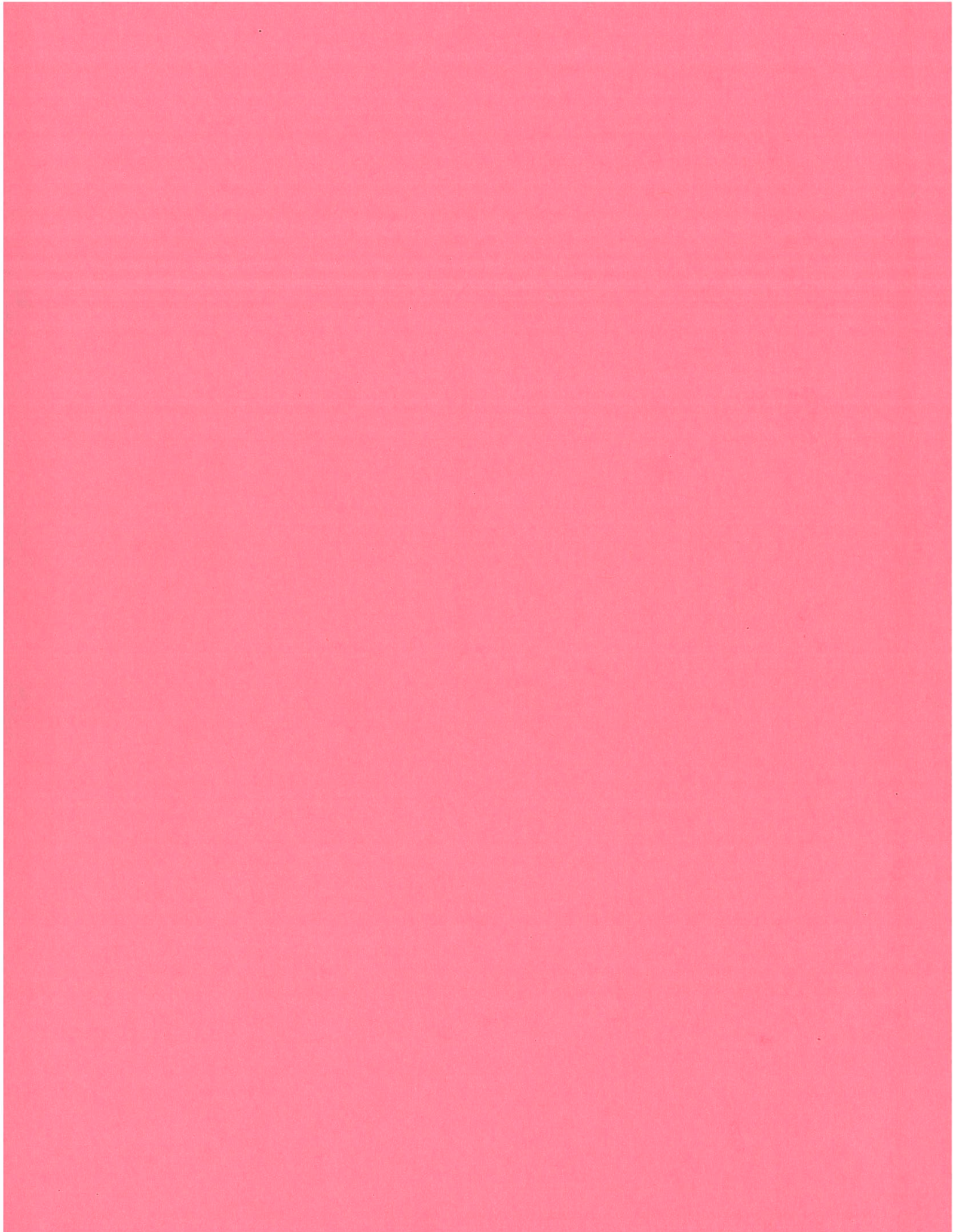
**TO:** KEDFA Board Members  
**FROM:** Michelle Elder   
Incentive Administration Division  
**DATE:** September 24, 2020  
**SUBJECT:** KBI Extensions

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The following companies have previously received KBI preliminary approval and are requesting approval of a time extension:

<b>Company</b>	<b>County</b>	<b>Extension</b>
Camtech Manufacturing Solutions, LLC	Pulaski	12 Month
CLARK Material Handling Company	Fayette	12 Month
Froedge Machine and Supply Co., Inc.	Barren	12 Month
Premier Packaging, LLC	Jefferson	12 Month
Sazerac North America, Inc.	Jefferson	12 Month
Strigiformes, LLC	Nelson	12 Month
Taeyang America Corp.	Simpson	12 Month
Tier 3 Technologies, LLC	Jefferson	12 Month
UPS Supply Chain Solutions, Inc.	Jefferson	12 Month
Xooker, LLC	Fayette	12 Month

Staff recommends approval.



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KBI REPORT - FINAL APPROVAL**

**Date:** September 24, 2020  
**Preliminary Approval:** June 29, 2017  
**Approved Company:** Stratus Plastics KY, LLC  
**City:** Morgantown  
**Activity:** Manufacturing  
**Bus. Dev. Contact:** A. Luttner

**County:** Butler  
**Final Resolution #:** KBI-F-20-21608  
**DFS Staff:** M. Elder

**Project Description:** Stratus Plastics International is a TS16949 and ISO 9001:2008 certified automotive and consumer goods supplier. The company specializes in mold tryouts and injection molding production runs. Stratus purchased a building in Morgantown which started its first Kentucky operation to focus on supplying the automotive industry in the Southeast and Midwest.

Anticipated Project Investment - Owned	Eligible Costs	Total Investment
	\$20,500,000	\$20,500,000

**NEGOTIATED TARGETS AND INCENTIVE AMOUNTS:**

Year	Job Target	Average Hourly Wage Target (Including Employee Benefits)	Annual Approved Cost Limitation
As of Activation Date	65	\$23.00	
1	65	\$23.00	\$149,000
2	65	\$23.00	\$149,000
3	65	\$23.00	\$149,000
4	65	\$23.00	\$149,000
5	65	\$23.00	\$149,000
6	85	\$23.00	\$149,000
7	85	\$23.00	\$149,000
8	85	\$23.00	\$149,000
9	120	\$23.00	\$149,000
10	120	\$23.00	\$149,000
11	135	\$23.00	\$149,000
12	135	\$23.00	\$149,000
13	135	\$23.00	\$149,000
14	135	\$23.00	\$149,000
15	135	\$23.00	\$149,000

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:** **\$2,235,000**

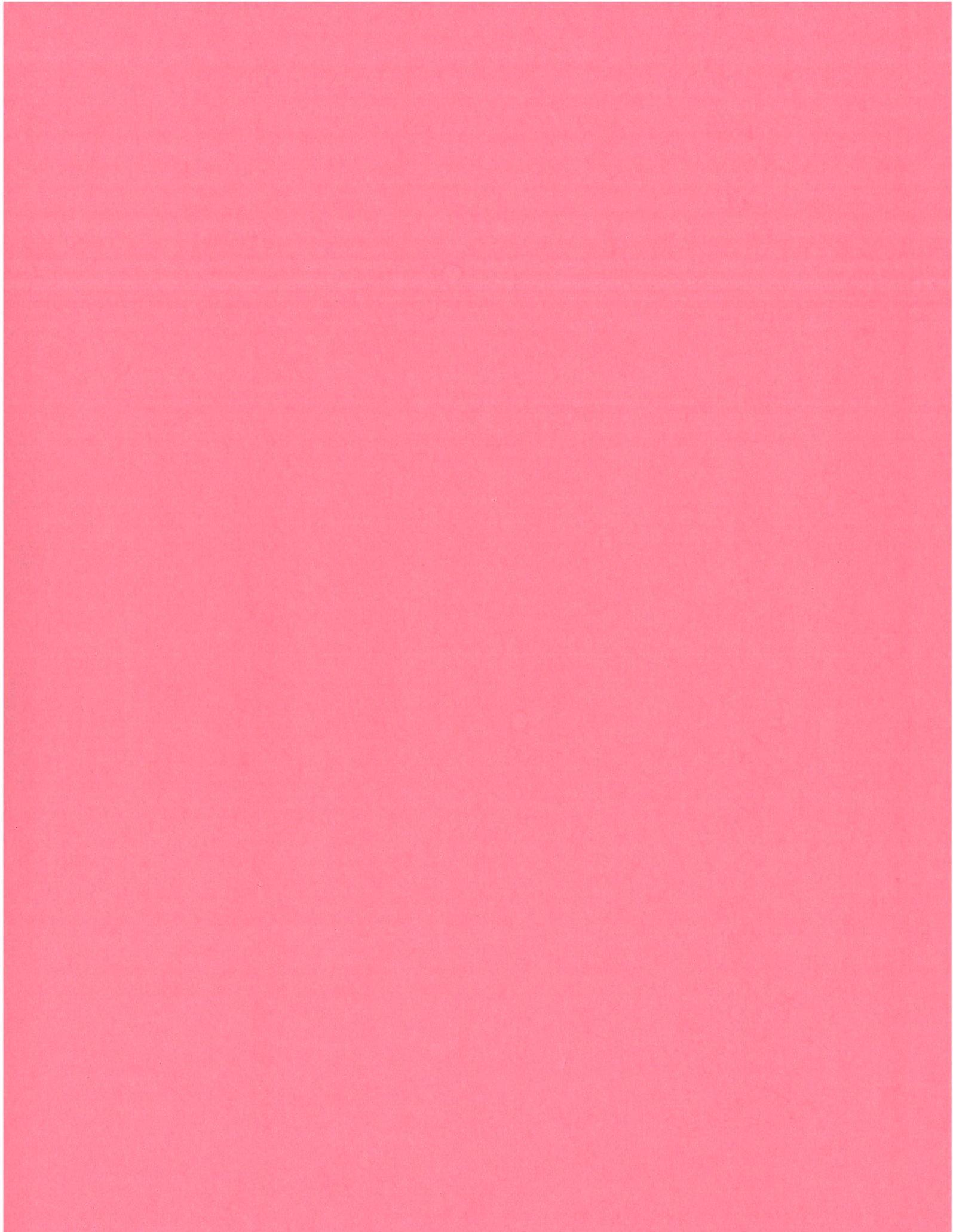
**County Type:**  
Enhanced

**Statutory Minimum Wage Requirements:**  
 Base hourly wage: \$9.06  
 Total hourly compensation: \$10.42

**Special Conditions:** None

**Modifications since preliminary approval?** Yes

The investment and eligible costs increased from \$4,000,000 to \$20,500,000. Jobs increased from 29 to 135. Wages increased from \$18.00 to \$23.00. Total negotiated Tax Incentive Amount increased from \$480,000 to \$2,235,000. All other aspects of the project remain the same.



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
KRA REPORT - PRELIMINARY APPROVAL**

**Date:** September 24, 2020  
**Approved Company:** Tarter Gate Company, LLC dba Tarter Farm and Ranch Equipment  
**City:** Dunnville **County:** Casey  
**Prelim Resolution #:** KRA-I-20-23148  
**Bus. Dev. Contact:** B. Burton **OFS Staff:** K. McCane

**Project Description:** Tarter Gate Company, LLC is one of the largest manufacturers of farm gates and animal management equipment in North America with operations in Kentucky, Utah, and Indiana. Product demand has reached unparalleled levels and the Dunnville facility needs to invest significant capital in order to meet the growing demands of its customers.

The manufacturing plant is currently operating at full capacity. Thus, for growth purposes, the facility will need to be renovated and expanded to accommodate additional manufacturing equipment. The proposed project would include two expansions to implement a robotic welding system, ColorMax 2 powder spray system to the paint operation, adding machines to manufacture needed hardware internally, installing overhead cranes and load lot expansion with new loading docks. The company is hopeful the project will be complete by the summer of 2021. With the acquisition of robotics, implementation of state-of-the-art equipment and construction of additional manufacturing and store space, the company will increase production, minimize facility downtime, improve safety and decrease dependency on laborers. The project would not be economically feasible if not for the incentives and the company would have to delay the equipment and expansion upgrades.

Number of full-time jobs at the project location as of the application date: 

346
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 paying average hourly wages, excluding benefits, of: 

\$15.00
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**Negotiated job retention percentage:**

95%
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 (Required to be at least 85% of employment as of preliminary approval)

**Anticipated Equipment and Related Costs**

Land  
 Building (new construction/additions)  
 Improvements (existing buildings)  
 Equipment and related costs (including installation costs)  
 Other related costs  
**TOTAL**

Eligible Costs (50% eligible)	Total Investment
\$0	\$0
\$1,129,845	\$2,259,690
\$0	\$0
\$2,615,000	\$5,230,000
\$0	\$0
<b>\$3,744,845</b>	<b>\$7,489,690</b>

**Maximum Amount of Eligible Costs:** **\$3,744,845**

**TOTAL NEGOTIATED TAX INCENTIVE AMOUNT:**

<b>\$1,500,000</b>
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**Financing:**

Source	Amount
Bank Loan	\$6,000,000
Cash	\$1,489,690
<b>TOTAL</b>	<b>\$7,489,690</b>

**Ownership (20% or more):**

Anna Lou Tarter Smith - Casey, KY

**Active State Participation at the project site:**

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Sep 27, 2007	KREDA	Monitor	\$3,525,000

**Unemployment Rate**

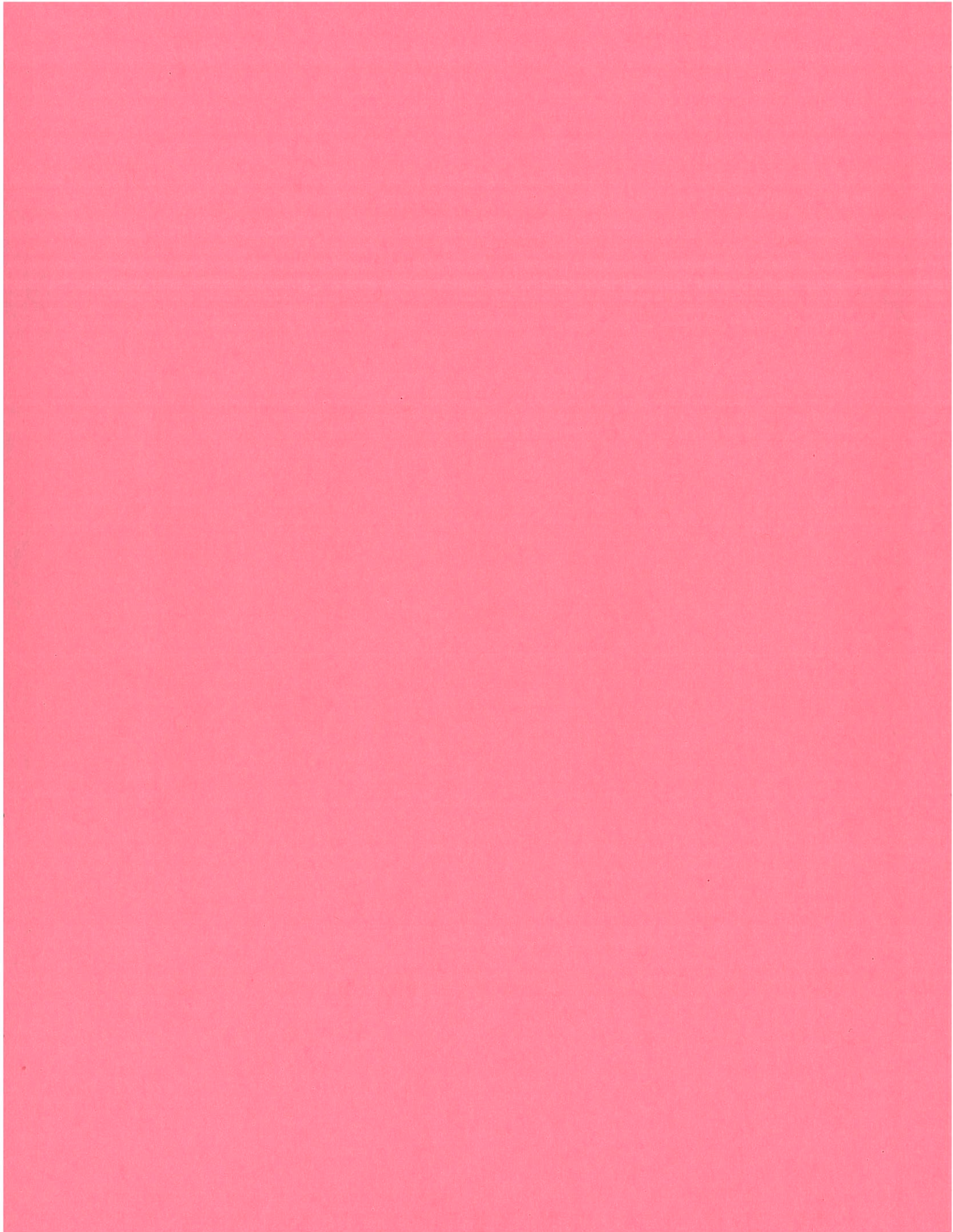
County: 5.1%

Kentucky: 6.2%

**Special Conditions:**

The company will be required to withdraw from its previously approved KREDA project (form#14730).



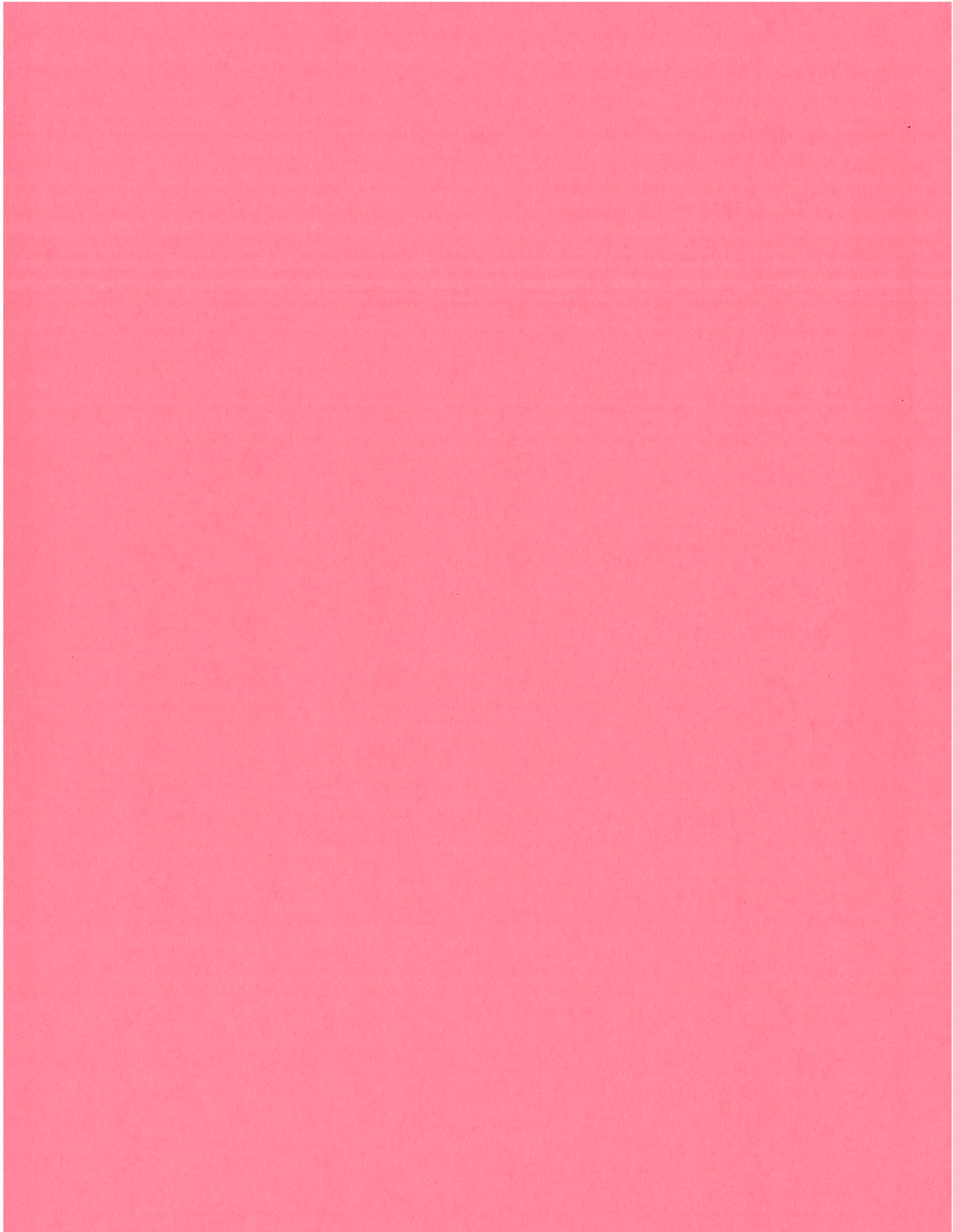


**Kentucky Small Business Tax Credit (KSBTC) Projects Report  
September 2020**

<b>Small Business</b>	<b>County</b>	<b>Beginning Employment</b>	<b>Eligible Positions</b>	<b>Average Hourly Wage</b>	<b>Qualifying Equipment/Technology</b>	<b>Tax Credit Amount</b>
Bio-Medical Equipment Service Company	Jefferson	17	7	\$22.48	\$25,123	\$24,500
Bluegrass Tool & Industrial, LLC	Fayette	23	6	\$24.52	\$20,850	\$20,800
Collier Electrical Service, Inc.	Marshall	24	5	\$27.11	\$29,674	\$17,500
Don Franklin Pulaski Inc.	Pulaski	41	5	\$17.75	\$43,955	\$17,500
Sparta Mortgage LLC	Jefferson	0	1	\$14.42	\$5,778	\$3,500
<b>5</b>	<b>4</b>		<b>24</b>	<b>Total</b>	<b>\$125,380</b>	<b>\$83,800</b>

Note: The tax credit amount will be equal to the lesser of \$3,500 per eligible position or the total eligible qualifying equipment/technology amount, with a maximum tax credit of \$25,000 per applicant for each calendar year. Per KRS 154.60-020, the total sum of tax credits awarded for Kentucky Small Business Tax Credit (KSBTC) and Kentucky Selling Farmer Tax Credit (KSFTC) projects in each state fiscal year shall be capped at \$3,000,000.

Fiscal Year Credit Limit	\$3,000,000
FYTD KSBTC Approvals	\$130,500
FYTD KSFTC Approvals	\$39,532
Current KSBTC Request	\$83,800
Current KSFTC Request	\$13,750
<b>Remaining FY Credits</b>	<b>\$2,732,418</b>



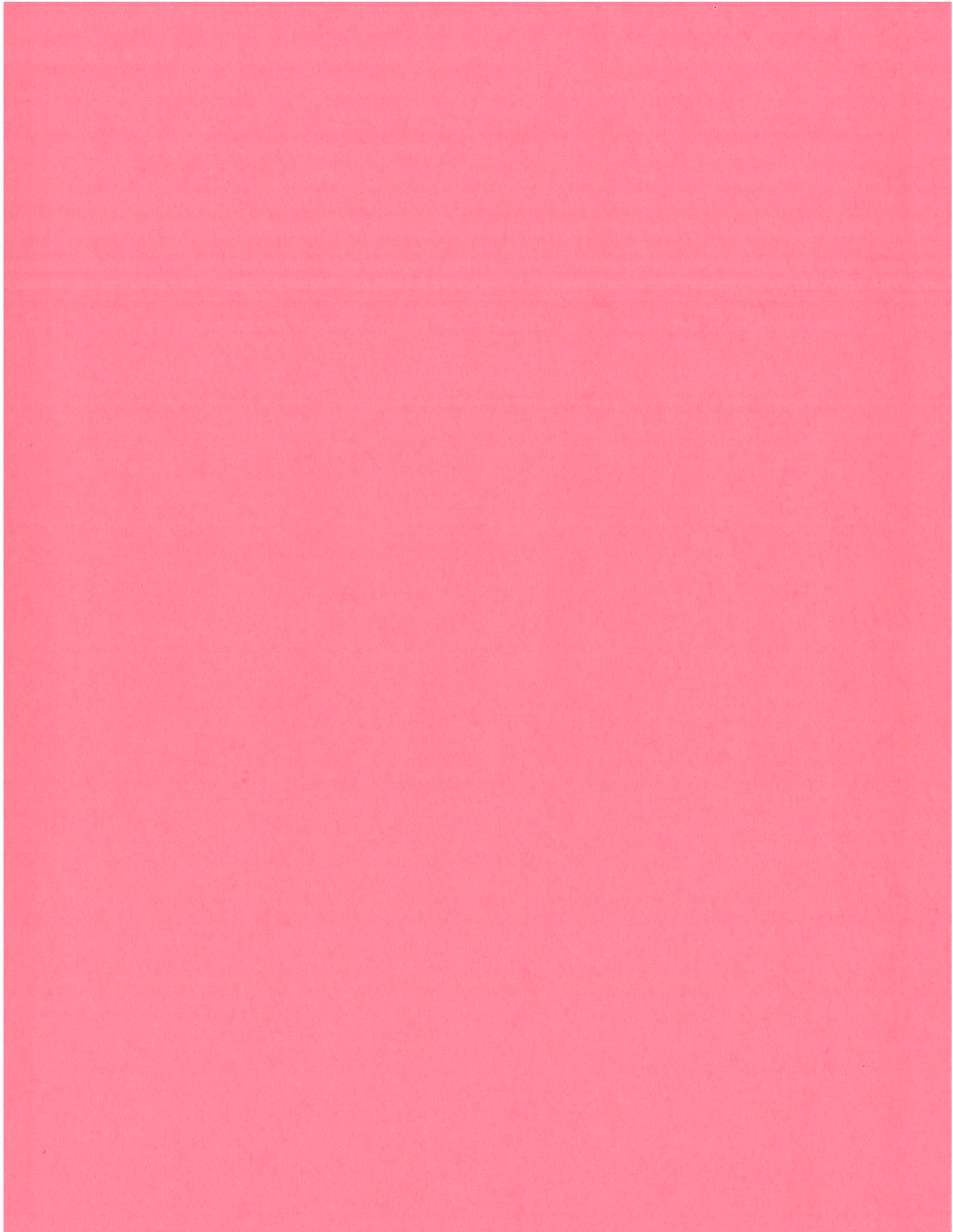
# Kentucky Selling Farmer Tax Credit (KSFTC) Projects Report

## September 2020

Selling Farmer	County	Qualifying Agricultural Assets	Tax Credit Amount
Kylen Douglas and Shannon Douglas	Henry	\$275,000	\$13,750
<b>1</b>	<b>1</b>	<b>\$275,000</b>	<b>\$13,750</b>

Note: The tax credit amount will be equal to 5% of the total qualifying agricultural assets amount, with a maximum tax credit of \$25,000 per applicant for each calendar year and \$100,000 lifetime. Per KRS 154.60-020, the total sum of tax credits awarded for Kentucky Small Business Tax Credit (KSBTC) and Kentucky Selling Farmer Tax Credit (KSFTC) projects in each state fiscal year shall be capped at \$3,000,000.

Fiscal Year Credit Limit	\$3,000,000
FYTD KSBTC Approvals	\$130,500
FYTD KSFTC Approvals	\$39,532
Current KSBTC Request	\$83,800
Current KSFTC Request	\$13,750
<b>Remaining FY Credits</b>	<b>\$2,732,418</b>



**MEMORANDUM**

**TO:** KEDFA Board Members  
**FROM:** Tim Back *TJB*  
Incentive Administration Division  
**DATE:** September 24, 2020  
**SUBJECT:** Kentucky Angel Investment Act Guidelines Changes

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House Bill 491, passed during the 2020 general legislative session and signed by Governor Beshear on April 2, 2020, made the following four changes to statutes governing the Kentucky Angel Investment Act program:

1. Reduced the investor tax credit amount for investments made in Kentucky small businesses located in enhanced incentive counties from fifty percent to forty percent of the eligible investment amount;
2. Reduced the investor tax credit amount for investments made in Kentucky small businesses located outside enhanced incentive counties from forty percent to twenty-five percent of the eligible investment amount;
3. Changed the “closely related” definition from “parent, spouse, or child” to “parents or grandparents, children or their spouses, or siblings or their spouses” to match the “closely-related” definition used in the Selling Farmer Tax Credit program;
4. Added wording to clarify that if a small business receiving eligible investments becomes insolvent, ceases operations and submits an acceptable report attesting to its status, tax credits claimed prior to shutdown will not be subject to recapture, but awarded credits not claimed as of the date the business became insolvent and ceased operations will be considered expired and not eligible for claiming.

In addition, staff is proposing to increase the Qualified Investment application fee from \$250 to the following tiered fee schedule: \$500 for applications requesting up to \$50,000 in tax credits, and \$1,000 for applications requesting more than \$50,000 in tax credits.

These proposed changes have been incorporated into the revised Guidelines in your board book. Staff recommends approval of the revised Kentucky Angel Investment Act Guidelines.



# Guidelines:

## Kentucky Angel Investment Act

September 2020

These Guidelines provide an overview of the Kentucky Angel Investment Act program. For a full discussion of the program requirements, refer to KRS 154.20-230 through 240. As with many state administered tax incentive programs, any inducements offered under this program are negotiated by Cabinet for Economic Development officials and subject to approval by the Kentucky Economic Development Finance Authority (KEDFA).

The purpose of the Kentucky Angel Investment Act program is to encourage capital investment, create new jobs and foster the development of new products and technologies by encouraging individual investors to make investments in innovative Kentucky small businesses with high growth potential. Qualified individual investors making qualified investments in qualified small businesses may be eligible for tax credits through this program.

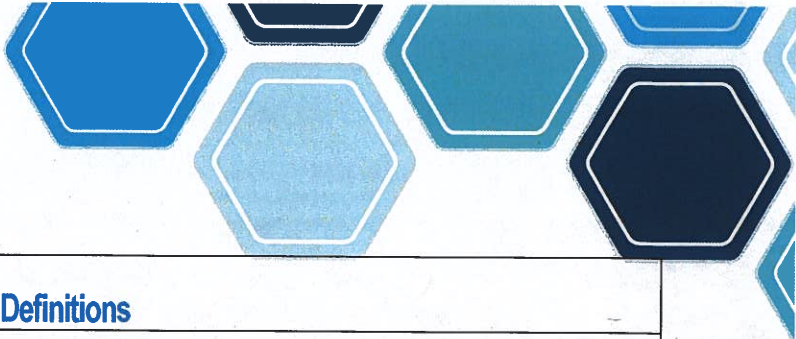
The Cabinet does not provide financial screening of the companies or individuals involved in the program and limits its certification to the statutory parameters for a Qualified Investor, Qualified Small Business and Qualified Investment per KRS 154.20-230 through 240. Cabinet staff will not perform due diligence on the small businesses and cannot guarantee any return on investment.

### Incentive

Qualified Investors making Qualified Investments in an enhanced incentive county may be eligible for a tax credit of up to 40% of the confirmed investment amount. Qualified Investors making Qualified Investments in non-enhanced counties may be eligible for a tax credit of up to 25% of the confirmed investment amount. Enhanced status is determined by the principal location of the Qualified Small Business receiving the investment. See <https://ced.ky.gov/kyedc/pdfs/KBIEnhancedCounties.pdf> for a current enhanced counties map.

### Key Program Definitions

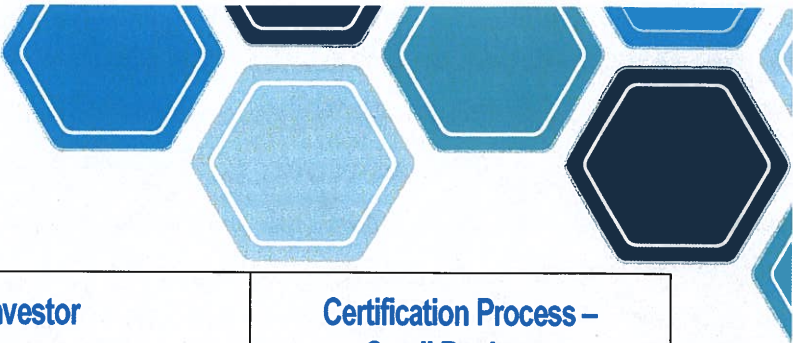
<p><b>Qualified Investor</b></p>	<ul style="list-style-type: none"> <li>• Is an individual, natural person certified by KEDFA as a Qualified Investor for the calendar year in which the investor plans to make an investment and request credits;</li> <li>• Qualifies as an accredited investor pursuant to Regulation D of the United States Securities and Exchange Commission, 17 CFR sec 230.501, in effect as of the date the individual investor requests certification (see <a href="http://www.sec.gov/fast-answers/answers-accredhtm.html">www.sec.gov/fast-answers/answers-accredhtm.html</a> for accredited investor qualification criteria);</li> <li>• Does not hold in excess of a 20% ownership interest in, and is not employed by, a Qualified Small Business in which the investor makes an investment and seeks an angel investor tax credit;</li> <li>• Seeks a financial return from legitimate investments in Qualified Small Businesses; and</li> <li>• Is not closely related to any owners, or spouses of owners, who hold in excess of a 20% ownership interest in, or individuals who are employed by, a Qualified Small Business in which the investor makes an investment and seeks an angel tax credit. <ul style="list-style-type: none"> <li>• For purposes of this program, "closely related" means parents or grandparents, children or their spouses, or siblings or their spouses.</li> </ul> </li> </ul>
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**Key Program Definitions**

<b>Qualified Small Business</b>	<ul style="list-style-type: none"> <li>• Has been certified by KEDFA as a Qualified Small Business for the year in which it plans to accept Qualified Investments;</li> <li>• Is registered and in good standing with the Kentucky Secretary of State and possesses all licenses and registrations required to legally operate in Kentucky;</li> <li>• Has no more than 100 full-time employees;</li> <li>• EITHER: 1) Has a net worth of \$10,000,000 or less OR 2) Has net income after federal income taxes for each of the two (2) preceding fiscal years of \$3,000,000 or less;</li> <li>• Has more than 50% of its assets, operations and employees located in the Commonwealth of Kentucky;</li> <li>• Has at no time received an aggregate amount of Qualified Investments that has allowed Qualified Investors to receive more than \$1,000,000 in angel investor tax credits for investments in the business; and</li> <li>• Is actively and principally engaged in a qualified activity within the Commonwealth, or will be actively and principally engaged in a qualified activity within the Commonwealth after the receipt of a Qualified Investment by a Qualified Investor.             <ul style="list-style-type: none"> <li>• For purposes of this program, “qualified activity” means a knowledge-based activity that is related to the new economy focus areas of the Office of Entrepreneurship including, but not limited to: bioscience, environmental and energy technology, health and human development, information technology and communications, and materials science and advanced manufacturing. A qualified activity does not include any activity principally engaged in by financial institutions, commercial development companies, credit companies, financial or investment advisors, brokerage or financial firms, other investment funds or investment fund managers, charitable and religious institutions, oil and gas exploration companies, insurance companies, residential housing developers, retail establishments, or any activity that KEDFA determines in its discretion to be against the public interest or the purposes of the Kentucky Angel Investment Act, or in violation of any law.</li> </ul> </li> </ul>
<b>Qualified Investment</b>	<ul style="list-style-type: none"> <li>• Is approved by KEDFA for a potential tax credit prior to transferring control of the invested funds to a Qualified Small Business;</li> <li>• Is offered and executed in compliance with applicable state and federal securities laws and regulations;</li> <li>• Is a cash investment of at least \$10,000 made by a Qualified Investor in a Qualified Small Business;</li> <li>• Is an investment that transfers control of cash funds to the Qualified Small Business in exchange for an equity ownership interest in the Qualified Small Business within the 80 calendar days or December 31, whichever comes first, immediately after KEDFA approval of the Qualified Investor’s planned investment; and</li> <li>• Is supported by adequate documentation, as determined by KEDFA, which is received by KEDFA within the 80 calendar days or December 31, whichever comes first, immediately after KEDFA approval of the Qualified Investor’s planned investment.             <ul style="list-style-type: none"> <li>• The Qualified Investor is responsible for verifying that documentation is received by KEDFA within the required timeframe. Examples of supporting documentation include, but are not necessarily limited to: investment agreements, proof of transfer of eligible investment funds, and proof of receipt of equity ownership interest by the Qualified Investor. Investor and business names on documents must match application names.</li> </ul> </li> </ul>





<p style="text-align: center;"><b>Certification and Tax Credit Process - Investor</b></p>	<p style="text-align: center;"><b>Certification Process – Small Business</b></p>
<ul style="list-style-type: none"> <li>• Individual investor completes and submits the Qualified Investor certification application and fee to KEDFA for certification as a Qualified Investor for the year of planned investment (a new certification application is required for each calendar year in which an investor wants to make an investment and claim a tax credit)</li> <li>• If investor meets eligibility requirements, KEDFA staff certifies the investor as a Qualified Investor for the requested calendar year</li> <li>• Qualified Investor identifies a small business in which he/she wants to make an investment (if the business is not already certified as a Qualified Small Business for the year in which the investor plans to make an investment, business will need to submit a Qualified Small Business application per the process at right)</li> <li>• Qualified Investor completes and submits the Qualified Investment certification application and fee to KEDFA detailing the planned investment, but does not transfer control of investment funds to the Qualified Small Business prior to KEDFA approval of the planned investment (note: two separate applications - Qualified Investor and Qualified Investment - must be submitted by the investor, and common information on both applications must match)</li> <li>• KEDFA staff reviews Qualified Investment applications in the order in which they are received. If eligible for tax credit consideration, and if tax credits are available, the investment is presented at a KEDFA board meeting for recommended approval of the planned investment and reservation of a maximum potential tax credit amount (KEDFA meetings are usually held on the last Thursday of the month, except for a combined November/December meeting)</li> <li>• If the planned investment is approved by KEDFA, the Qualified Investor will be promptly notified after the board meeting that he/she may proceed with making the planned investment</li> <li>• Qualified Investor must make the Qualified Investment (transfer control of the investment funds to the Qualified Small Business) and provide acceptable proof/documentation of the Qualified Investment to KEDFA within 80 calendar days or December 31, whichever comes first, immediately following the date of KEDFA approval of the planned investment (failure to either make a Qualified Investment or ensure KEDFA receives investment documentation within the required timeframe will result in forfeiture of the right to claim a tax credit for the investment)</li> <li>• If KEDFA staff verifies that the Qualified Investor completed a Qualified Investment and documentation was received by KEDFA within the required timeframe, the investor will receive a tax credit confirmation letter and may request a state income tax credit in accordance with <a href="#">KRS 141.396</a> (per <a href="#">KRS 154.20-240</a>, tax credits may be recaptured if the business does not maintain compliance)</li> </ul>	<ul style="list-style-type: none"> <li>• Small business completes and submits the Qualified Small Business certification application and fee to KEDFA for the calendar year in which it wants to be Qualified (a new application is required for each year the business wants to be certified)</li> <li>• KEDFA staff reviews the application for eligibility. If the business meets certification eligibility requirements, KEDFA requires that the business complete a Qualified Small Business Agreement setting forth program terms and conditions (while certification is annual, only one agreement is required unless business changes necessitate a new agreement)</li> <li>• All Qualified Small Businesses that receive a Qualified Investment will be required to provide an annual report to KEDFA staff for 5 years after the year in which the Qualified Investment was received (business must maintain program compliance to preserve angel tax credits for investors)</li> </ul>



## Tax Credit Caps

There are three tax credit caps applicable to this program: (1) total angel tax credits available per calendar year; (2) maximum angel tax credits that can be awarded to an individual investor each calendar year; and (3) maximum angel tax credits that can be awarded for investments in the same Qualified Small Business.

KEDFA can award an overall maximum of \$3,000,000 per calendar year in angel tax credits. Because of the limit on tax credits, some otherwise eligible applications may not receive a tax credit. A Qualified Investment application submission date will be posted on the Cabinet's angel web page listed below prior to the date when KEDFA will start accepting Qualified Investment applications. Qualified Investment applications received on or after the designated submission start date will be processed in the order in which they are received until all available tax credits have been awarded.

Individual investors are limited to a maximum of \$200,000 in angel tax credits per calendar year.

If one or more Qualified Investors receive cumulative angel tax credits totaling one million dollars (\$1,000,000) as a result of Qualified Investments in any single Qualified Small Business, additional investments in the business will not be eligible for angel tax credits.

## Claiming, Transfer and Recapture of Angel Investor Tax Credits

Angel investor tax credits awarded through this program are non-refundable and may be claimed against the Qualified Investor's Kentucky individual income tax. The credit may be claimed beginning with the taxable year in which the credit is awarded. Unused credits may be carried forward up to fifteen (15) years.

After award of angel investor tax credits to the Qualified Investor making application for the credits, the Qualified Investor may transfer all or part of the tax credit to any individual taxpayer, subject to providing information required by the Kentucky Department of Revenue to ensure an eligible transfer.

Qualified Small Businesses receiving Qualified Investments are subject to a five (5) year reporting requirement. As per [KRS 154.20-240](#), if a business does not remain compliant with program requirements, investors in the business may be subject to recapture of awarded tax credits. If the business becomes insolvent and ceases operations, credits claimed prior to shutdown are not subject to recapture if the business files a compliant closing report, but unclaimed credits will be considered expired and not eligible for claiming.

## Application Forms and Fees

The Qualified Investor and Qualified Small Business application forms are available online at <https://ced.ky.gov/KAITC> during eligible certification submission periods. Both the Qualified Investor and Qualified Small Business applications require a new application for each calendar year in which certification is sought. The Qualified Investor and Qualified Small Business application submission period will begin before the start of each calendar year. A twenty-five dollar (\$25) application fee applies to both applications. Neither of these applications is a direct request for angel investor tax credits, but both are required before eligibility of a planned investment can be determined.

The Qualified Investment application is available on the angel website listed above, but will not be accepted prior to the Qualified Investment application submission date posted on the website. A fee of \$500 applies for applications requesting up to \$50,000 in angel tax credits. Applications requesting more than \$50,000 in angel tax credits will incur a \$1,000 application fee. Qualified Investment applications received by KEDFA prior to the submission date and time specified on the website will be returned without being processed.

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