

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

SPECIAL BOARD MEETING

October 29, 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 October 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) October 29, 2020 via video teleconference at the following link <https://us02web.zoom.us/j/86844853887> to consider all projects. KEDFA convened at 10:00 a.m. on October 29, 2020.

Notification of Press

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

Roll Call

Jean R. Hale, J. Don Goodin, Winston Miller, proxy for Secretary Holly M. Johnson, Tucker Ballinger, Chad Miller and Mike Cowles

Staff Present: Bobby Aldridge, Tim Back, Elizabeth Bishop, 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, Craig Kelly, Brooklyn Leep, Andy Luttner, Kate McCane, Craig McKinney, Kylee Palmer, Corky Peek, Debbie Phillips, Jenny Schenkenfelder, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Gordon Wilson, Bourbon County Economic Development Authority; Mike Beach and Mark Blayney, Brown-Forman Distillery, Inc.; Sylvia Wulf, AquaBounty Technologies, Inc.; Devon Jordan, City of Paris; Brad Schultz, Commonwealth Analytics, LLC; Casey Dunn, Denham-Blythe; Erran Persley, Euphrates International Investment Company; Jeff Hodges, Gray Construction; Billy Aldridge, Kentucky Finance and Administration Cabinet, Office of Financial Management; Nick Edwards, Louisville Distilling Company, LLC; Zeeshan Bhatti and Sarah Bowman, Louisville Forward; Sierra Enlow, McGuire Sponsel; Kevin Atkins, Office of the Mayor, Lexington-Fayette Urban County Government; Ryan Drane, Graves County Economic Development; Matt Zoellner, Scott, Murphy & Daniel; Kelley Rendziperis, Site Selection Group; Christie Smallwood, Summit Polymers, Inc.; and Major General Mike Davidson and Ken Kay, US Medical Glove Company L.L.C.

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the September 24, 2020 special KEDFA board meeting.

Chad Miller moved to approve the minutes, as presented; J. Don Goodin 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.

Kentucky Business Investment (KBI) Projects (Amendment)

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

ADP, Inc.

Jefferson County

Mr. Aldridge stated ADP Benefit Services KY, Inc. received final approval on June 28, 2018 for an expansion project to rehabilitate and equip a service facility in Jeffersontown that provides benefit administration and other sales and office functions. ADP, LLC was an approved affiliate in the project.

Following approval, it was determined that ADP, LLC, which is now known as ADP, Inc., made the investment to complete the project, rather than the approved company. Additionally, several affiliated entities that were not identified in the original agreement are employing employees and creating jobs at the site and should be included in the project. These entities are: Automatic Data Processing Insurance Agency, Inc., ADP Technology Services, Inc., and ADP TotalSource Services, Inc.

In light of these circumstances, the company has requested that ADP, Inc. be designated as the approved company for the project, and that ADP Benefit Services KY, Inc., Automatic Data Processing Insurance Agency, Inc., ADP Technology Services, Inc. and ADP TotalSource Services, Inc. be recognized as approved affiliates. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

GreenSky, LLC

Kenton County

Mr. Aldridge stated GreenSky, LLC received final approval on June 30, 2016 to expand and relocate its call center in Crestview Hills. GreenSky, LLC is hired by banks and merchants to conduct origination and servicing activities for consumer loans. The company contracts with an affiliate entity, GreenSky Servicing, LLC, to perform these activities in Kentucky. The company also created GreenSky Administrative Services, LLC to serve as an employee leasing company, and transferred all project employees to this entity effective January 1, 2018.

The company is requesting that these two affiliated entities be added to the KBI project as approved affiliates. This amendment recognizes GreenSky Servicing, LLC and GreenSky Administrative Services, LLC as approved affiliates under the Amended and Restated Tax Incentive Agreement. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

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

Company	County	Extension
Kentucky Building Systems, LLC	Daviess	12 Month
Kentucky Downs LLC	Simpson	12 Month
Kentucky Industrial Hemp, LLC dba Ecofibre Kentucky	Scott	12 Month
Post Glover Lifelink, Inc.	Boone	12 Month
Southern Recycling, LLC	Warren	12 Month
Swedish Match North America	Daviess	12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

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

Sazerac Distillers, LLC Nelson County

**Andy Luttner
Michelle Elder**

Andy Luttner stated Sazerac Distillers, LLC - Barton 1792 Distillery, located in historic Bardstown, dates back to 1879 with the founding of the Tom Moore Distillery (now known as Barton 1792 Distillery). In 2009 Barton 1792 became part of Sazerac, which was established in 1850, and is a leading U.S. spirits supplier, with the world's most decorated distillery and a portfolio of award-winning brands. The company needs to increase its onsite barrel storage capacity and is considering constructing three new warehouses to meet customer demand.

Michelle Elder stated the project investment is \$25,000,000 of which \$4,500,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$150,000 for construction materials and building fixtures.

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

Louisville Distilling Company, LLC Jefferson County

**Beka Burton
Michelle Elder**

Beka Burton stated Louisville Distilling Company launched The Angel's Envy brand in 2010 and was acquired by Bacardi Limited in 2015, followed by the construction of the distillery and guest experience. In order to accommodate the growing number of guests, The Angel's Envy Visitor Center seeks to increase the footprint of the current visitor center with additional tasting areas, larger event space, bar and retail shop.

Ms. Elder stated the project investment is \$6,500,000 of which \$1,830,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$100,000 for construction materials and building fixtures.

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

KBI (Preliminary) and KEIA Projects

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

US Medical Glove Company L.L.C. Bourbon County

**Brittany Cox
Debbie Phillips**

Brittany Cox stated US Medical Glove Company L.L.C. is a new company formed in October 2020 as a manufacturer of latex gloves. The company is considering the acquisition of an existing facility in Paris to establish a world class, fully automated latex glove manufacturing operation.

Debbie Phillips stated the project investment is \$32,455,000 of which \$5,185,000 qualifies as KBI eligible costs and \$1,500,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 192 with an average hourly wage of \$28.00 including benefits. The state wage assessment participation is 3.00% and the City of Paris will participate at 0.50% with Bourbon County participating at 0.50%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,500,000 and the KEIA approved recovery amount of \$50,000 construction materials and building fixtures.

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

Commonwealth Analytics, LLC Fayette County

**Annie Franklin
Michelle Elder**

Annie Franklin stated Commonwealth Analytics, LLC is considering leasing a facility in Lexington for its state-of-the-art laboratory and extraction equipment for cannabis derived products.

Ms. Franklin introduced Brad Schultz and Erran Persley and invited them to address the board regarding the project.

Ms. Elder stated the project investment is \$2,308,000 of which \$1,330,000 qualifies as KBI eligible costs and \$648,000 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 40 with an average hourly wage of \$35.00 including benefits. The state wage assessment participation is 3.00% and Lexington-Fayette Urban County Government will participate at 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$550,000 and the KEIA approved recovery amount of \$38,000 research and development and/or electronic processing equipment.

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

**Nova Steel USA, Inc.
Warren County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated Nova Steel USA, Inc., founded in 1979 as a single location steel processing company, has grown and expanded to include 18 locations across North America. Its products are used in the automotive, construction, mining, agriculture, transportation and other related industries. The company is considering the purchase of a building in Bowling Green that would house a state-of-the-art steel tube mill, robotics and steel service center.

Ms. Elder stated the project investment is \$70,000,000 of which \$36,800,000 qualifies as KBI eligible costs and \$17,391,825 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 110 with an average hourly wage of \$31.00 including benefits. The state wage assessment participation is 3.00% and the City of Bowling Green will participate at 1.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,000,000 and the KEIA approved recovery amount of \$550,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

**Emhart Teknologies LLC dba Stanley Engineered Fastening
Christian County**

**Andy Luttner
Michelle Elder**

Mr. Luttner stated Emhart Teknologies LLC dba Stanley Engineered Fastening, a division of Stanley Black & Decker, is a global leader in precision fastening and assembly solutions. The company is considering an expansion of its manufacturing facility in Hopkinsville to meet customer demand.

Ms. Elder stated the project investment is \$5,985,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 49 with an average hourly wage of \$34.00 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 \$1,050,000.

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

**AquaBounty Technologies, Inc.
Graves County**

**Annie Franklin
Michelle Elder**

Ms. Franklin stated AquaBounty Technologies, Inc., headquartered in Massachusetts, is a biotechnology company operating in the commercial aquaculture industry. The company is considering a location in Kentucky for a large-scale aquaculture facility to capture the rapid growing market.

Ms. Elder stated the project investment is \$175,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 70 with an average hourly wage of \$28.00 including benefits. The state wage assessment participation is 5.00%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,842,500.

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

**Danimer Scientific Kentucky, Inc.
Clark County**

**Brooklyn Leep
Debbie Phillips**

Brooklyn Leep stated Danimer Scientific Kentucky, Inc. is a pioneer in creating more sustainable, more natural ways to produce biodegradable and compostable plastic products. The company is considering expanding its production capacity at its Clark County plant to meet demand.

Ms. Phillips stated the project investment is \$85,472,239 of which \$10,072,239 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 55 with an average hourly wage of \$38.50 including benefits. The state wage assessment participation is 3.00% and the City of Winchester will participate at 1.00%.

The company will be required to maintain a base employment equal to the greater of the number of full-time, Kentucky resident employees as of the date of preliminary approval or 37 full-time, Kentucky resident employees (*the base employment number required by previous project #22220*).

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,500,000.

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

**Healthcare Asset Network, INC. d.b.a. HANDLE
Jefferson County**

**Andy Luttner
Debbie Phillips**

Mr. Luttner stated Healthcare Asset Network, INC. d.b.a. HANDLE provides healthcare supply chain analytics and solutions platform. The company works with the federal government and the private sector to bring efficiency to the healthcare industry. The proposed project would include an expansion of its headquarter operations and warehouse capabilities to further growth in the Commonwealth.

Ms. Phillips stated the project investment is \$7,800,000 of which \$3,750,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 80 with an average hourly wage of \$49.00 including benefits. The state wage assessment participation is 3.00% and Louisville/Jefferson County Metro Government will participate at 1.00%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. The project will include multiple locations within the City of Louisville, Jefferson County. Only investment costs incurred at the location to be determined 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 \$1,400,000.

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

**Summit Polymers, Inc.
Montgomery County**

**Martin David-Jacobs
Michelle Elder**

Martin David-Jacobs stated Summit Polymers, Inc. has been in operation at the Mt. Sterling facility since 1993 producing interior trim for the automotive industry. The company is seeking to expand and purchase additional equipment to meet the need of new additional business.

Ms. Elder stated the project investment is \$3,815,250, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 11 with an average hourly wage of \$18.21 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 \$180,000.

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

KBI Projects (Extension)

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

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

<u>Company</u>	<u>County</u>	<u>Extension</u>
Fischbach USA Inc.	Hardin	12 Month
Kentucky Microfoodery, LLC	Rockcastle	12 Month
Pond River Enterprises, LLC	Muhlenberg	12 Month
Studio Calico, LLC	Warren	12 Month
WhiteRock Pigments, Inc.	Hancock	12 Month
Wright-Mix Material Solutions, LLC	Greenup	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

Chairman Hale called on Debbie 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>
Chewy, Inc.	Jefferson	Service or Technology

Modifications:

Altec Industries, Inc. Hardin Manufacturing
The total investment increased from \$2,475,000 to \$12,290,000, the eligible costs increased from \$2,475,000 to \$12,275,000, the job target increased from 100 to 165 and the total negotiated tax incentive amount increased from \$1,200,000 to \$2,000,000. All other aspects of the project remain the same.

Virtus Precision Tube, LLC Simpson Manufacturing
The total investment and eligible costs have been updated based on the current projections. All other aspects of the project remain the same.

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

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

Kentucky Reinvestment Act (KRA) Project (Preliminary) and KEIA Project

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

Brown-Forman Distillery, Inc.
Jefferson County

Annie Franklin
Michelle Elder

Ms. Franklin stated the distillery equipment utilized today by Brown-Forman Distillery, Inc. is from an expansion that took place over 50 years ago. The facility and equipment, while operational, are being operated long past their useful lives and a reinvestment is necessary to sustain long-term operations. Brown-Forman is operating at maximum capacity and will require an expansion in order to meet forecasted demand of Kentucky bourbon. As proposed, the project would not be economically feasible without the incentives. If approved, the company anticipates the project being completed by the end of 2023.

Ms. Elder stated the project investment is \$96,000,000 of which \$48,000,000 qualifies as KRA eligible costs and \$22,400,000 qualifies as KEIA eligible costs. The job retention requirement over the term of the agreement is 90% of the number of full-time jobs at the project location as of preliminary approval.

Staff recommended preliminary approval of the KRA negotiated tax incentive amount of \$5,000,000 and the KEIA approved recovery amount of \$500,000 for construction materials and building fixtures.

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

Kentucky Industrial Revitalization Act (KIRA) Project (Final)

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

**Excel Mining LLC
Pike County**

Ms. Phillips stated Excel Mining LLC received preliminary approval for a revitalization project in Pike County on May 31, 2018. The project investment is \$73,600,000 of which \$55,200,000 qualifies as KIRA eligible costs. There have been no modifications to the project since preliminary approval.

Hunden Strategic Partners presented a consultant report to the board on April 25, 2019 certifying that the company was in imminent danger of closing without the incentives provided under the KIRA program.

A public hearing was conducted on October 22, 2020 at 9:00 a.m. in Frankfort at the Old Capital Annex, 300 West Broadway, via video conference with no public comments.

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

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Mr. Back stated there are nine Kentucky small businesses, from six counties with qualifying tax credits of \$70,000. The nine businesses created 20 jobs and invested \$210,590 in qualifying equipment and/or technology.

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

Qualified Small Business	County	Beg. Emp.	Elig. Pos.	Average Hourly Wage	Qualifying Equipment or Technology	Tax Credit
Air Systems, LLC	Jefferson	31	2	\$ 30.60	\$ 39,138	\$ 7,000
All Pets Veterinary Clinic, LLC	Franklin	0	3	\$ 27.72	\$ 10,567	\$ 10,500
Computer Services and Solutions, Inc.	Fayette	4	1	\$ 18.46	\$ 5,711	\$ 3,500
CSS Distribution Group, Inc.	Jefferson	15	3	\$ 23.23	\$ 20,500	\$ 10,500
DB General Contracting LLC	Fayette	2	2	\$ 45.00	\$ 10,500	\$ 7,000
Site-Safe Products, LLC	Grayson	21	2	\$ 20.00	\$ 34,454	\$ 7,000
SubsKY Inc.	Woodford	1	2	\$ 13.55	\$ 40,548	\$ 7,000
Trinsoft, LLC	Fayette	17	3	\$ 30.00	\$ 15,423	\$ 10,500
Volta Electric, LLC	Boone	6	2	\$ 13.50	\$ 33,749	\$ 7,000

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 September 30, 2020. After review, the Authority accepted the report as presented.

KEDFA IRB

Baptist Healthcare Systems Obligated Group, Inc.

Katie Smith informed the board members that the outstanding KEDFA IRB for Baptist Healthcare Systems Obligated Group, Inc., Series 2011 was advance refunded and replaced with a taxable bond issued by the hospital.

Joint November/December KEDFA Board Meeting

Ms. Smith announced that the joint November/December KEDFA board meeting would be Thursday, December 10, 2020 at 10:00 a.m.

Adjournment

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

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

The meeting adjourned at 10:58 a.m.

**APPROVED
PRESIDING OFFICER:**



Jean R. Hale, Chairman