

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING February 25, 2016

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EST on February 25, 2016, at the Cabinet for Economic Development, Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, Kentucky.

Notification of Press

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

Roll Call

Members Present: Jean Hale, Aubrey Hayden, Secretary William M. Landrum, III, Tucker Ballinger, Joe Kelly and Mike Vogt

Staff Present: Bobby Aldridge, Tim Back, John Bevington, Anna Beth Bobbitt, Lynda Cunningham, Marlene Duffy, Michelle Elder, John Enochs, Don Goodin, Nick Grisanti, Debbie Phillips, Morgan Pierstorff, Lindsey Ransdell, Katie Smith, Teresa Spreitzer and Frank Tate

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky, Stoll Keenon Ogden; Kevin Atkins, Lexington-Fayette Urban County Government; Dennis Griffin, Franklin-Simpson Industrial Authority; Brittany Allison and Ben Moore, Louisville Forward and Madison Silvert, Greater Owensboro Economic Development Corporation

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the January 28, 2016 regular KEDFA board meeting.

Aubrey Hayden moved to approve the minutes, as presented; Mike Vogt seconded the motion. Motion passed; unanimous.

Approved/Undisbursed Loan Report

Chairman Hale called on Don Goodin to review the approved/undisbursed loan report.

After review, the Authority accepted the report as presented.

Financial Statements and Monthly Monitoring Reports

Chairman Hale called on Katie Smith to review the financial statements and monthly monitoring reports as of January 31, 2016.

After review, the Authority accepted the statements and reports as presented.

High Tech Pool Project (Amendment)

Chairman Hale called on Mr. Goodin to present a High-Tech Pool project amendment request to the Authority.

Connected Patients, LLC

Fayette County

Mr. Goodin stated in January 2010, KEDFA approved a \$100,000 forgivable loan for Connected Patients, LLC. Under the terms of the loan agreement, the company was required to create eight (8) new, full-time jobs for Kentucky residents by December 31, 2012, paying an average annual salary of \$61,000 as well as maintaining the new jobs for an additional three years.

The company did not create all of the jobs required at each of the first three compliance dates and made the required repayment on the loan. As of the last compliance date, December 31, 2015, the company was unable to meet the jobs requirement and is required to repay \$21,875. The company has requested a repayment plan that would allow them to repay the loan over a ten (10) month period which includes a payment of \$2,000 which has already been made. KEDFA is secured on the remaining balance with a \$25,000 Letter of Credit. In addition, since December 31, 2015 was the last compliance date, the term of the loan agreement will need to be extended to December 31, 2016 or until such time as all of the borrower's obligations have been met.

Staff and the Acting Director, Office of Entrepreneurship, recommend approval of the company request to repay the funds over the next ten (10) months at an interest rate of 1% as well as an extension of the loan term.

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

Economic Development Bond (EDB) Project (Modification)

Chairman Hale called on Bobby Aldridge to present a proposed EDB project modification request to the Authority.

AMZN wacs LLC

Clark County

Mr. Aldridge stated on March 29, 2012, KEDFA approved a grant from the EDB Bond Pool in an amount not to exceed \$250,000 to the City of Winchester for the benefit of AMZN wacs, Inc. to assist with the location of a new customer service center in Winchester, Kentucky. Per the terms of the approval, the company was required to create 550 new, permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$15.00 excluding benefits within three (3) years of KEDFA approval of the project and maintain the jobs and wages for three (3) additional years.

Subsequent to the approval, but prior to the completion of the EDB agreement, the company requested modifications to allow for program disbursements based on performance/compliance; the elimination of collateral requirements; the alignment of the EDB requirements to more closely correspond with negotiated KBI job targets and compliance dates due to KBI program participation at the Clark County project site and a name change to reflect the company's recent conversion to an LLC.

Under the request for modification the company will be required to employ 400 new full-time jobs for Kentucky residents at the project site as of December 31, 2015 (the "First Compliance Date") and an additional 150 new, full-time jobs for a total of 550 full-time jobs

for Kentucky residents by December 31, 2016. The company will be required to maintain the level of 550 for an additional two (2) years. Accordingly, disbursement of EDB funds will only occur after the corresponding compliance documents have been received and verified. Disbursement amounts will be set at a maximum of \$49,000 for the first year and \$69,000 for the next three measurement years. If the company should fail to comply with the jobs requirement, the amount of the corresponding disbursement shall be reduced by \$122 for each full-time job not created or maintained. No modifications are being requested for the wage requirement.

Staff recommended approval of the modification request.

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

Kentucky Jobs Development Act (KJDA) Projects (Amendment)

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

Belcan Engineering Group, LLC Fayette County

Mr. Aldridge stated on December 16, 2005, Belcan Engineering Group, Inc. received approval for the company's establishment of a 29,652 square foot engineering development facility in Lexington, Kentucky. On May 21, 2014, the lessor of the project, MPVF Lexington Partners, LLC, transferred ownership of the project site to MCV II, LLC. Additionally, on September 24, 2015, the company's form of organization changed from a C Corporation to a Limited Liability Company.

The company requested approval that the KJDA agreement be amended to designate MCV II, LLC as the approved lessor and the approved company name be Belcan Engineering Group, LLC.

Staff recommended approval of the amendment request.

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

Elmcroft Senior Living, Inc. Jefferson County

Mr. Aldridge stated on April 26, 2007, Senior Care, Inc. received approval for the company's 13,868 square foot expansion to its existing 12,000 square foot corporate headquarters in Louisville, Kentucky. Effective December 19, 2014, the assets and operations of Senior Care, Inc. were acquired by Elmcroft Senior Living, Inc. The company, Elmcroft Senior Living, Inc. will continue to operate the corporate office at the project site. Additionally, in December 2014 the original lessor sold the project site to Realco Limited Liability Company.

The company requested approval that the KJDA agreement be amended to designate Elmcroft Senior Living, Inc. as the approved company and Realco Limited Liability Company as the approved lessor.

Staff recommended approval of the amendment request.

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

Kentucky Jobs Retention Act (KJRA) Project (Amendment)

Chairman Hale called on staff to present a KJRA amendment request to the Authority.

**Ford Motor Company
Jefferson County**

**Katie Smith
Debbie Phillips**

Ms. Smith stated Ford Motor Company requested approval to amend its Jobs Retention Agreement to include a supplemental project in connection with its existing Kentucky Truck Plant and Louisville Assembly Plant projects. The additional investments will focus primarily on upgrading the Kentucky Truck Plant to continue production of the Ford Super Duty trucks, Ford Expedition and Lincoln Navigator. The investments will include technology upgrades at key work stations in the body shop, paint shop and final assembly areas as well as equipment and facility upgrades and modernization to support improved efficiency standards. In addition, the purchase of new machinery and equipment will support more flexibility and advanced technology manufacturing process to support future product programs to ensure products manufactured at the Kentucky facilities remain globally competitive.

Debbie Phillips stated the estimated project investment for this supplemental project is \$600,000,000, of which \$450,000,000 qualifies as eligible costs, and is in addition to the \$1,800,000,000 investment already associated with the existing project. The job target increased from 8,700 to 11,200 full-time positions and the total negotiated tax incentive amount increased from \$290,000,000 to \$315,000,000.

The total cumulative investment of \$2,400,000,000 in the Kentucky Truck Plant and Louisville Assembly Plant is to be achieved by December 31, 2019. If the investment is less than projected, the total negotiated tax incentive amount will be reduced to equal 13.13% of the total cumulative investment. The term of the agreement matures on January 31, 2022. The state wage assessment participation is 4.0% and Louisville/Jefferson County Metro Government will contribute 1.0% of its local occupational tax. The company will be subject to automatic reduction of available incentives for the succeeding fiscal year upon failure to achieve ninety percent (90%) of the job target in any year of the agreement term. The maximum annual incentive for the fiscal year following the year in which the company achieves less than 90% of the job target shall be reduced to the percentage of job target achieved for the prior fiscal year. The company may receive the amount of incentives in subsequent years if the company achieves 90% of the job target in future year. The company will be subject to suspension of claiming incentives for the succeeding fiscal year upon failure to achieve a job target of 9,300 full-time employees in any year of the agreement term after February 25, 2016. The amount not claimed during the suspension may be used as a carryforward amount in future years once compliance is confirmed.

Staff and the Commissioner, Department of Business Development, recommended approval of the amendment request.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

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

Mr. Aldridge stated the following companies have requested additional time to complete the projects and were presented as one motion:

<u>Company</u>	<u>County</u>	<u>Extension</u>
M & M Cartage Co., Inc.	Jefferson	2 Month
MISA Metal Fabricating, Inc.	Jefferson	6 Month
L'Oreal USA Products, Inc.	Kenton	8 Month
Huntington Alloys Corporation	Boyd	12 Month
The Bardstown Bourbon Company, LLC	Nelson	12 Month

Staff recommended approval of the extension requests.

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

KBI Projects (Preliminary) and KEIA Projects (Final)

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

Bluegrass Stockyards, LLC Fayette County

**John Bevington
Debbie Phillips**

John Bevington stated Bluegrass Stockyards, LLC has been in business since 1946 and is considered the largest stockyard east of the Mississippi River. Due to a recent fire which destroyed its operations, the company is considering the construction of a new facility in Lexington, Kentucky.

Ms. Phillips stated the project investment is \$11,900,000 all of which qualifies as KBI eligible costs and \$4,000,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 20 with average hourly wages of \$20.00 including benefits. The state wage assessment participation is 3.0% and Lexington-Fayette Urban County Government will participate at 1.0%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval. Only investment costs incurred by the approved company will be considered towards calculating eligible costs. Only the approved company may participate in the corporation income tax credit incentive (no affiliate is eligible). The jobs creation/maintenance and wage requirements will be satisfied collectively by the approved company and the affiliate, Market Management Services, LLC.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000 and final approval of the KEIA approved recovery amount of \$240,000 for construction materials and building fixtures.

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

More Than A Bakery, LLC Woodford County

**Marlene Duffy
Debbie Phillips**

Marlene Duffy stated More Than A Bakery, LLC manufactures cookies, snack crackers, and cracker crumbs as well as specialty gourmet crackers for national distribution. The company is considering the construction of a new world-class bakery/distribution operation in Versailles, Kentucky.

Ms. Phillips stated the project investment is \$57,100,000 of which \$40,460,000 qualifies as KBI eligible costs and \$17,600,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 310 with average hourly wages of \$22.00 including benefits.

The state wage assessment participation is 3.0%, the City of Versailles will participate at 0.5% and Woodford County will participate at 0.5%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$8,000,000 and final approval of the KEIA approved recovery amount of \$700,000 for construction materials and building fixtures.

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

**Consultant Solutions, Inc. dba CSI Group
Scott County**

**Marlene Duffy
Debbie Phillips**

Ms. Duffy stated Consultant Solutions, Inc. dba CSI Group is a bi-lingual staffing company specializing in executive language training and staffing technical and administrative employees. CSI Group provides interpretation and translation services globally. The company is considering the acquisition and construction of a new facility in Scott County to locate its corporate and global offices in addition to consolidating two existing operations currently in Georgetown, Kentucky.

Ms. Phillips stated the project investment is \$1,676,300 of which \$1,590,000 qualifies as KBI eligible costs and \$750,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 10 with average hourly wages of \$22.00 including benefits. The state wage assessment participation is 3.0%, the City of Georgetown will participate at 0.5% and Scott County will participate at 0.5%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$150,000 and final approval of the KEIA approved recovery amount of \$40,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

**Framebridge, Inc.
Madison County**

**Marlene Duffy
Debbie Phillips**

Ms. Duffy stated Framebridge, Inc. is a light manufacturing company specializing in customized special printed items via eCommerce. Due to increasing growth, the company is considering a new location in Richmond, Kentucky for a manufacturing facility to meet customer demand and keep shipping costs contained.

Ms. Phillips stated the project investment is \$1,887,910 of which \$1,193,955 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 175 with average hourly wages of \$15.00 including benefits. The state wage assessment participation is 3.0% and the City of Richmond will participate at 1.0%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

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

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

**Integrity Express Logistics LLC
Kenton County**

**Marlene Duffy
Debbie Phillips**

Ms. Duffy stated Integrity Express Logistics LLC is a leading third-party logistics provider specializing in LTL, truckload and intermodal freight solutions both regionally and nationally. The company is considering establishing an operation in Fort Mitchell, Kentucky.

Ms. Phillips stated the project investment is \$820,000 of which \$460,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 30 with average hourly wages of \$21.00 including benefits. The state wage assessment participation is 1.5% and the City of Fort Mitchell will participate at 0.5%.

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

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

**Apus Air LLC
Daviess County**

**Frank Tate
Michelle Elder**

Frank Tate stated Apus Air LLC is service oriented and specializes in the recruitment and placement of highly skilled aviation personnel with Chinese airlines. The majority of Apus Air's current and future market does and will come from overseas. The company is considering the construction of an office building at the Owensboro Airport for the relocation of its headquarters.

Mr. Tate introduced Madison Silvert and invited him to address the board regarding the proposed project.

Michelle Elder stated the project investment is \$1,650,000 of which \$1,250,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 20 with average hourly wages of \$24.00 including benefits. The state wage assessment participation is 3.0% and Daviess County Fiscal Court will participate at 0.35%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$320,000.

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

**Eagle Press America, Inc.
Simpson County**

**Frank Tate
Michelle Elder**

Mr. Tate stated Eagle Press America, Inc. is a manufacturer of press and stamping equipment for many different entities. The company is considering moving its headquarters to Franklin, Kentucky as well as relocating a manufacturing component from its Canadian location. Eagle Press plans to construct a building as well as purchase new equipment for this operation.

Ms. Elder stated the project investment is \$1,045,000 of which \$845,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 10 with average

hourly wages of \$32.50 including benefits. The state wage assessment participation is 3.0% and the City of Franklin will participate at 1.0%.

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

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

**Mobile Marketing Solutions, Inc. dba Brewco Marketing Group
Muhlenberg County**

**Frank Tate
Michelle Elder**

Mr. Tate stated Mobile Marketing Solutions, Inc. dba Brewco Marketing Group is a marketing agency based on the manufacturing and service development of mobile media platforms. The company is considering expanding its current facility in Central City, Kentucky to develop and fulfill customer requests.

Ms. Elder stated the project investment is \$600,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 18 with average hourly wages of \$22.00 including benefits. The state wage assessment participation is 5.0%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$480,000.

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

**The Wood Mill, Inc.
Union County**

**Frank Tate
Michelle Elder**

Mr. Tate stated The Wood Mill, Inc. is a newly formed railroad tie and pallet manufacturer. After many years in the logging industry, the owner has decided to start manufacturing products from logs that have been harvested. The company is considering the purchase and retrofit of an existing building in Sturgis, Kentucky for its manufacturing operation.

Ms. Elder stated the project investment is \$1,147,865 of which \$1,103,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 30 with average hourly wages of \$20.00 including benefits. The state wage assessment participation is 3.0% and Union County will participate at 0.5%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$460,000.

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

**Hogan Lovells US LLP
Jefferson County**

**Lindsey Ransdell
Michelle Elder**

Lindsey Ransdell stated Hogan Lovells US LLP is a multinational law firm co-headquartered in London and Washington, D.C. The firm has around 2,500 lawyers working out of more than 40 offices in the United States, Europe, Latin America, the Middle East and Asia. The company is one of the top ten law firms in the world by revenues. It is independently recognized as one of the world's top five law firm brands. The firm is considering to deploy a

service center operation in Louisville, Kentucky in order to consolidate a number of the firm's business support activities. The new location is one of two centers worldwide, the other in South Africa. It will consist of a mix of traditional shared service occupations like finance/accounting, HR and IT; along with the possibility of adding legal support personnel, including staff attorneys and paralegals in the future. These activities are currently being performed in other firm offices or through external contractors. This project is an effort to bring them into a single center in the U.S. that will better meet the firm's current and future needs.

Ms. Elder stated the project investment is \$8,900,000 of which \$5,200,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 250 with average hourly wages of \$31.00 including benefits. The state wage assessment participation is 3.0% and Louisville/Jefferson County Metro Government will participate at 1.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$4,000,000.

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

Eby-Brown Company, LLC
Bullitt County

Anna Beth Bobbitt
Lynda Cunningham

Anna Beth Bobbitt stated Eby-Brown Company, LLC was established over 125 years ago and has been owned by the Wake family for the last 60 years. The company is the largest privately-owned convenience store distributor in the United States. Due to recent growth, the company is considering a new distribution and warehouse facility in Shepherdsville, Kentucky to serve customers in the Midwest and Mid-South regions of the U.S.

Lynda Cunningham stated the project investment is \$36,909,975 of which \$29,445,788 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 245 with average hourly wages of \$18.00 including benefits. The state wage assessment participation is 5.0%. The company will be required to maintain a base employment equal to the number of full-time, Kentucky resident employees as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,400,000.

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

Sherwood Midwest, LLC
Boone County

Nick Grisanti
Lynda Cunningham

Nick Grisanti stated Sherwood Bedding Holding Company, LLC, established in 2011, is one of the largest independently owned and fastest growing bedding manufacturers in the U.S. With the tremendous growth the company is forecasting over the next 5 years, the company is considering an additional manufacturing facility in Walton, Kentucky that will operate as Sherwood Midwest, LLC. The new facility would service Sherwood's existing customer base and relieve other facilities of some of their business.

Ms. Cunningham stated the project investment is \$11,140,000 of which \$5,320,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 150 with average hourly wages of \$20.00 including benefits. The state wage assessment participation is 1.5% and Boone County will participate at 0.4%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,200,000.

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

**New Source Medical, LLC
Jefferson County**

**Morgan Pierstorff
Lynda Cunningham**

Morgan Pierstorff stated New Source Medical, LLC provides medical durable equipment to be used by nursing homes, long-term care facilities and hospitals. The company's products include specialty beds, pressure-reduction mattresses and an array of various other medical goods. The company recently acquired the assets of a durable medical equipment division in Florida and is considering the relocation of these assets within a warehouse/distribution operation in Jefferson County in conjunction with its national headquarters.

Ms. Cunningham stated the project investment is \$3,050,000 of which \$2,000,000 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 50 with average hourly wages of \$25.00 including benefits. The state wage assessment participation is 3.0% and Louisville/Jefferson County Metro Government will participate at 1.0%. The project will include multiple locations within Jefferson County/Louisville. Only investment costs incurred at the project site will be considered towards 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 \$800,000.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Kelly 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 the following companies have requested additional time to complete the projects and that they be presented as one motion:

<u>Company</u>	<u>County</u>	<u>Extension</u>
Taylor Machinery Corporation	Garrard	6 Month
KentuckyOne Health, Inc. (Retroactive to January 31, 2016)	Jefferson	12 Month
Accent Intermedia, LLC	Jefferson	12 Month
Bendix Spicer Foundation Brake LLC	Warren	12 Month
Borden Dairy Company of Kentucky, LLC	Laurel	12 Month
Gazelle, Inc.	Jefferson	12 Month
Glass Door Solutions, LLC	Todd	12 Month
Splash Analytics, LLC	Jefferson	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Project (Modification)

Chairman Hale called on Ms. Elder to present the KBI modification request to the Authority.

**Bluegrass Supply Chain Services, LLC
Hart County**

Ms. Elder stated on January 28, 2016, Bluegrass Supply Chain Services, LLC received KBI preliminary approval for a service and technology project to build a new warehouse and distribution center in Hart County. Staff is requesting a modification to the previously approved project due to a misunderstanding in the local support letter. Hart County supports the project with a local occupational tax of .80%.

Staff recommended approval of the modification request.

Mr. Ballinger moved to approve the staff recommendation, as presented; Mr. Hayden 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 there are five KBI projects requesting final approval, three of which had modifications since preliminary approval. It is requested that all five projects be presented as one motion.

KBI Final projects without modifications since preliminary approval:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
Alltrista Plastics LLC	Boone	Manufacturing
Hercules Manufacturing Co.	Henderson	Manufacturing

KBI Final projects with modifications since preliminary approval:

Beta-Tech, Inc. dba Fortis Manufacturing Barren Manufacturing
Beta-Tech, Inc. dba Fortis Manufacturing had the following modifications: The company name changed from Fortis Manufacturing, LLC to Beta-Tech, Inc. dba Fortis Manufacturing. All other aspects of the project remain the same.

Cados Inc. Jefferson Manufacturing
Cados Inc. had the following modifications made to its manufacturing project since preliminary approval: The company name changed from Cados, LLC to Cados Inc. The affiliate name changed from Riverhorse, Inc. to Riverhorse Distilling, Inc. An additional affiliate has been added to the project, Cooper & Kings American Brandy Company. All other aspects of the project remain the same.

Pegasus Industries, LLC Shelby Manufacturing
Pegasus Industries, LLC had the following modifications made to its manufacturing project since preliminary approval: The project location changed from the City of Shelbyville to Shelby County and the project ownership changed from a leased to an owned project. All other aspects of the project remain the same.

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

Mr. Kelly 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 10 Kentucky small businesses, from 6 counties with qualifying tax credits of \$75,900. 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>
Aimart, Inc.	Fayette	8	2	\$ 12.51	\$ 8,680	\$ 7,000
Bluegrass Tool & Industrial, LLC	Fayette	6	2	\$ 19.90	\$ 35,310	\$ 7,000
Carroll-Kron Consulting, Inc.	Jefferson	13	3	\$ 14.67	\$ 10,038	\$ 10,000
Cypress Property Group LLC	Fayette	0	4	\$ 19.83	\$ 6,438	\$ 6,400
Janson Communications, LLC	Boyd	11	1	\$ 15.70	\$ 40,450	\$ 3,500
Lowell King Insurance Service LLC	Carlisle	1	1	\$ 10.96	\$ 6,330	\$ 3,500
North Side Coffee and Doughnuts, LLC	Fayette	3	2	\$ 13.15	\$ 17,278	\$ 7,000
Rice Drugs, Inc.	Ohio	25	3	\$ 16.98	\$ 10,842	\$ 10,500
Solutions First, LLC	Muhlenberg	11	2	\$ 14.67	\$ 11,181	\$ 7,000
West Sixth Brewing Company, LLC	Fayette	15	4	\$ 12.44	\$ 15,198	\$ 14,000

Staff recommended approval of the tax credits.

Chairman Hale moved to approve the staff recommendation, as presented; Mr. Hayden seconded the motion. Motion passed, unanimous.

Kentucky Angel Investment Act Program Projects

Chairman Hale called on Mr. Back to present the Kentucky Angel Investment Act Program projects to the Authority.

Mr. Back informed the board that after last month, the remaining tax credits were \$1,479,800 with \$86,936 being recaptured for a balance of \$1,566,736 in eligible tax credits. This month there are 22 Kentucky Angel Investment Act Program projects representing 13 Kentucky businesses and 21 individuals for a total projected investment of \$1,959,000 with eligible tax credits of \$803,600. The investor will have 60 calendar days in which to make the planned investment and 20 calendar days from the investment date in which to submit proof of the investment before receiving the tax credit.

Mr. Back requested the following proposed Kentucky Angel Investment tax credits be presented as one motion:

<u>Qualified Small Business</u> <u>Qualified Investor(s)</u>	<u>County</u>	<u>Projected Investment</u>	<u>Tax Credit</u>
Adaptive Technologies, LLC	Oldham		
John Mark Bruck		\$ 20,000	\$ 8,000
Steven A. Wilson		\$ 15,000	\$ 6,000
Digital Comply, Inc.	Hardin		
Charles Edward Glasscock		\$ 250,000	\$ 100,000
James A. Patterson, II		\$ 250,000	\$ 100,000
First Care Holding, LLC	Laurel		
Jeffrey L. Jones		\$ 200,000	\$ 100,000

MobileMedTek Holdings, Inc. Robert T. Steinbock	Jefferson	\$ 174,000	\$ 69,600
Nexxon MedSystems Inc. Alexander M. Ruckdaeschel	Fayette	\$ 350,000	\$ 140,000
Onovative, LLC Gregory Lee Langdon Thomas Benjamin Self	Jefferson	\$ 25,000 \$ 25,000	\$ 10,000 \$ 10,000
Rabbit Hole Spirits, LLC John Burkett She-Tai Stanley Jsa Kamal J. Khiani Stephen T. Robertson	Jefferson	\$ 100,000 \$ 100,000 \$ 100,000 \$ 100,000	\$ 40,000 \$ 40,000 \$ 40,000 \$ 40,000
RedLeaf Biologics, Inc. Deborah Lynn Ferguson Benedicta Halecky Douglas Walter Rix	Jessamine	\$ 25,000 \$ 25,000 \$ 25,000	\$ 10,000 \$ 10,000 \$ 10,000
Stretch Fabrics, LLC William R. Zalla	Kenton	\$ 50,000	\$ 20,000
SuperFanU, Inc. Joseph A. Klunk	Jefferson	\$ 50,000	\$ 20,000
Tier 1 Accelerated Health, LLC Charles R. Scheper	Kenton	\$ 10,000	\$ 4,000
Urban Technology Inc. John Joseph Piccoro, Jr. Lance T. Piccoro	Kenton	\$ 20,000 \$ 25,000	\$ 8,000 \$ 10,000
Wyzerr Inc. Charles R. Scheper	Kenton	\$ 20,000	\$ 8,000

Staff recommended approval of the proposed tax credits.

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

Kentucky Small Business Credit Initiative (KSBCI) Kentucky Collateral Support Program (KYCSP)

Chairman Hale called on Mr. Goodin to present the KSBCI Kentucky Collateral Support Program requests to the Authority.

Country Boy Brewing, LLC and CBB Properties, LLC Scott County

Mr. Goodin stated Traditional Bank requested collateral assistance for up to \$376,800 to assist Country Boy Brewing, LLC and CBB Properties, LLC in the purchase of new equipment and to pay off an existing equipment loan at another bank. The total bank loan is \$2,512,000. Country Boy Brewing has purchased a lot to build a new brew house and tap room. Traditional Bank will provide the loan for construction. The KYCSP loan will provide for the purchase of new equipment and to pay off the existing equipment loan.

Staff recommended approval of the bank request for up to \$376,800 in support from the KSBCI Kentucky Collateral Support Program.

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

**Hospitality Resources, LLC
Whitley County**

Mr. Goodin stated United Cumberland Bank requested collateral assistance for up to \$360,000 to assist with its construction loan to Hospitality Resources LLC in constructing a 4-story, 68-room, Holiday Inn Express in Williamsburg, Kentucky. The total bank loan is \$6,000,000. Upon completion of the project, Hospitality Resources, LLC will close on an SBA-504 loan at which time, per Treasury Guidelines, the KYCSP deposit account will be closed.

Staff recommended approval of the bank request for up to \$360,000 in support from the KSBCI Kentucky Collateral Support Program.

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

Other Business

KSBCI Guideline Change

At the June 25, 2015 KEDFA board meeting, the Board agreed to waive all fees through December 31, 2015 for the Kentucky Collateral Support Program (KYCSP) as staff marketed the program and enrolled new banks. With the success of interested banks in the program, on December 10, 2015, staff recommended to extend the fee waiver to December 31, 2016. The board tabled the staff recommendation pending further information. On January 28, 2016, after further research, KEDFA approved the reinstatement of charging fees under the KYCSP.

Since the January approval, for a smooth transition with the banks, staff recommended all KYCSP applications received through March 15, 2016, have the fees waived with the fees reinstated on applications received effective March 16, 2016. With the board's approval, staff will immediately begin notifying the banks of this guideline change.

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

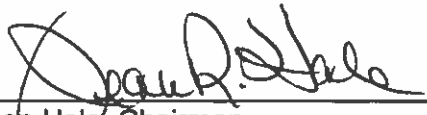
Adjournment

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

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

The meeting adjourned at 11:00 a.m. (EST).

PRESIDING OFFICER:



Jean Hale, Chairman