

# KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

## BOARD MEETING October 27, 2016

### MINUTES

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#### **Call to Order**

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EST on October 27, 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, Edwin King, Proxy for Secretary William M. Landrum, III, Tucker Ballinger, Dorsey Hall, Joe Kelly and Mike Vogt

**Staff Present:** Bobby Aldridge, Tim Back, Caroline Baesler, John Bevington, Lynda Cunningham, Marlene Duffy, Chad Eames, Michelle Elder, John Enochs, Phil Flynn, Alec Germond, Kimberly Gester, Don Goodin, Robyn Lee, Brandon Mattingly, Kylee Palmer, Debbie Phillips, Lindsey Ransdell, Tess Simon, Katie Smith, Frank Tate and Joan Ward

**Others Present:** Mike Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky and Mark Franklin, Stoll Keenon Ogden; Chris Brewer, AECOM; James Glass, American Metal Works, LLC; Steve Skannel, Baptist Healthcare; Elizabeth Walker, Bond Counsel for Baptist Healthcare; Ed Ray, City of Owensboro; Casey Bolton, John Farris and Tom Howard, Commonwealth Economics; Eric Friggle, Computershare; Denny Rohrer, Crossrock Drilling, LLC; Liz Columbia, Finance & Administration Cabinet, Office of Financial Management; James Cox and Malcolm Thomas, Harlan Wood Products LLC; Ken Ronald and John Wehrle, Kentucky Science and Technology Corporation; Scott Bachert, Kerrick Bachert PSC; Rebecca Fleishaker, Louisville Metro; Todd Hamilton, Mountjoy Chilton Medley LLP, Doug Gorman, Warren County Downtown Economic Development Authority; and Mike Nickels, Legislative Research Commission

#### **Approval of Minutes**

Chairman Hale entertained a motion to approve the minutes from the September 29, 2016 Regular KEDFA Board Meeting and Executive Session.

Joe Kelly moved to approve the minutes, as presented; Dorsey Hall 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, Monitoring Reports and Annual Audit Report**

Chairman Hale called on Katie Smith to review the financial statements and monthly monitoring reports as of September 30, 2016. After review, the Authority accepted the statements and reports as presented.

Ms. Smith introduced Todd Hamilton, Mountjoy Chilton Medley LLP, and invited him to review with the Authority the audited Financial Statements (June 30, 2016 & 2015) and Auditor's Communication (June 30, 2016). Mr. Hamilton stated the audit disclosed no instances of noncompliance and no findings which are required to be reported in accordance with Government Auditing Standards with regard to KEDFA's financial statements for the year ended June 30, 2016.

Upon conclusion of the review, Chairman Hale entertained a motion to accept the report.

Mr. Hayden moved to accept the Audit Report, Tucker Ballinger seconded the motion. Motion passed; unanimous.

## **Tax Increment Financing (TIF) Project (Final)**

Chairman Hale called on staff to present the TIF final project to the Authority.

**Department of Finance, City of Owensboro**  
**Gateway Commons**  
**Daviess County**

**Kimberly Gester**  
**Kylee Palmer**

Kimberly Gester stated Gateway Commons is a mixed use redevelopment/blighted urban area TIF project. The development is expected to include space for retail, restaurant uses, movie theater with a bowling alley, leasable offices, 2 hotels, residential units and may include a community center. The construction is estimated to take place over the next nine years.

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

Kylee Palmer stated the applicant, Department of Finance of the City of Owensboro, requested approval of the Gateway Commons Mixed-Use TIF project. The total estimated cost of the project is \$198,857,200 of which \$62,100,000 is estimated for public infrastructure. Gateway Commons would be eligible to recover a negotiated tax incentive amount of \$20,571,000 for public infrastructure through an 80% recovery on withholding, sales and property taxes. Only amounts deemed as public infrastructure are eligible for recovery through increments. No state taxes shall be eligible for recovery until the minimum capital investment of \$20,000,000 (but not to exceed \$200,000,000) has been verified as being invested in the development area.

Staff recommended final approval of the TIF project.

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

## **TIF Project (Amendment)**

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

**Warren County Downtown Economic Development Authority  
WKU Gateway to Downtown Bowling Green**

Mr. Aldridge stated the Warren County Downtown Economic Development Authority requested an amendment to the WKU Gateway to Downtown Bowling Green Signature TIF project to modify the description of the project, reallocate the approved signature costs and change the distribution of approved incentives without adjusting the total amount. Details of the requested amendment include:

**Approved Incentives** - Reduce the financing costs by \$3,000,000 and allocate the \$3,000,000 to sales tax on construction.

**Approved Signature Costs** - Remove the Mixed-Use with Garage and the Medical Center Expansion with Parking, which will allow for \$3,142,720 to be reallocated by increasing the Ballpark by \$559,140, adding SKyPAC, Hotel and Market of \$500,000 and adding a Mixed-Use with Garage and Alumni Center of \$2,083,580.

**Modification of the Project Description** – Additional hotels with 108 rooms, 3 additional parking garages, a WKU Alumni conference center, 10,000 new square feet of public use space and reduce the square footage of office space by 83,000, retail space by 200,000 and restaurant space by 11,700.

Staff recommended approval of the amendment request.

Mr. Aldridge introduced Doug Gorman and Scott Bachert and invited them to address any questions the board may have regarding the project.

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

**KEDFA Industrial Revenue Bond (IRB) Project (Amending Inducement and Final)**

Chairman Hale called on Mr. Goodin to present the requests for an amending inducement resolution and final bond resolution to the Authority.

**Baptist Healthcare System, Inc.**

**Don Goodin**

Mr. Goodin referenced in the board material a New Bond Issue Report relating to the proposed issuance of hospital revenue and refunding bonds (Series 2016C) in an amount not to exceed \$445,000,000 on behalf of Baptist Healthcare System, Inc. The bond proceeds will be used to finance various Baptist Healthcare System, Inc. projects throughout Kentucky and to partially refund the KEDFA Hospital Revenue Bonds, Series 2009A.

The project changed since the inducement resolution, therefore an amending inducement resolution is requested with the following changes:

- Increase the maximum authorized par amount of the bonds from \$325,000,000 to \$445,000,000 to provide for additional portions of the new projects and refunding of additional maturities of the prior bonds, and
- Increase the maximum term of the bonds from 30 years to 35 years

The local jurisdictions of St. Matthews, Lexington-Fayette Urban County Government, Paducah, Corbin, Berea, Richmond and LaGrange adopted resolutions requesting KEDFA issue the bonds.

A TEFRA hearing for the purpose of receiving public comment on the proposed bond issue was conducted at 9:00 a.m., October 27, 2016 at the Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, with the only comment from bond counsel clarifying the maximum bond issue size will be \$445 million instead of the \$459 million that was included in the public hearing notice.

If the financing is approved, KEDFA serves as the conduit issuer of the bonds. The bonds will not constitute a general obligation of KEDFA and KEDFA will not be obligated to pay principal or interest for the bonds from its own funds.

Staff recommended approval of the amending bond inducement resolution and final bond resolution.

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

### **High Tech Pool Project (Grant)**

Chairman Hale called on staff to present a High-Tech Pool project to the Authority.

**Kentucky Science and Technology Corporation  
Fayette County**

**Chad Eames  
Don Goodin**

Mr. Eames stated the Kentucky Science and Technology Corporation administers the Cabinet for Economic Development's Kentucky Small Business Innovation Research (SBIR) and Kentucky Small Business Technology matching funds programs. The statewide program helps Kentucky's small, innovative, technology-based companies become more competitive and successfully grow their enterprises. The proposed project will provide additional financial resources for equipment/fixed assets purchased by SBIR and STTR matching fund recipients.

Mr. Eames introduced John Wehrle and Ken Ronald and invited them to address the board regarding the grant request and any questions the board may have.

After discussion, Mr. Goodin stated the corporation requested \$500,000 to support the SBIR/STTR matching funds programs which will provide additional financial resources for equipment/fixed assets purchased by SBIR and STTR matching funds recipients.

Staff and the Acting Executive Director, Office of Entrepreneurship recommended approval of the grant request.

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

### **Economic Development Bond (EDB) Project (Grant)**

Chairman Hale called on Michelle Elder to present a proposed EDB project grant to the Authority.

**City of Midway  
Lakeshore Equipment Company dba Lakeshore Learning Materials  
Woodford County**

**Michelle Elder**

Ms. Elder stated the City of Midway requested the use of \$1,350,000 in EDB funds for the benefit of Lakeshore Equipment Company dba Lakeshore Learning Materials. The company has selected Midway for its new assembly, distribution and storage facility. The proposed

EDB grant funds will be used to extend gas service to the company and any current or future tenants of the industrial park.

The company will be required to make investment and create new, permanent, full-time, Kentucky resident jobs paying an average hourly wage of \$19.00, including benefits as per the table below:

<b>Compliance Date</b>	<b>Full-Time KY Resident Jobs Required</b>	<b>Job Type</b>	<b>Annual Average Hourly Wage Required</b>	<b>Average Wage Type</b>
December 31, 2017	Investment of \$28,500,000 required to be completed. Hiring to begin in 2018			
December 31, 2018	125	Create	\$19.00	Total Hourly Compensation (includes benefits)
December 31, 2019	160	Create	\$19.00	Total Hourly Compensation (includes benefits)
December 31, 2020	175	Create	\$19.00	Total Hourly Compensation (includes benefits)
December 31, 2021	262	Create	\$19.00	Total Hourly Compensation (includes benefits)

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 will be included in the grant agreement and will apply if the company fails to make the required investment and create and maintain the jobs and wages by the required timeframes.

In accordance with KRS 154.12-100, KEDFA's approval of this EDB grant is subject to the Cabinet for Economic Development's (CED) receipt of the Secretary of the Kentucky Finance & Administration Cabinet's concurrence to CED's use of the EDB funds for this project. Ms. Elder stated the Secretary's concurrence had been received.

Staff recommended approval of the grant request.

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

**Local (IRB) Project (Final)**

Chairman Hale called on Ms. Elder to present a Local IRB project to the Authority.

**City of Midway**

**Lakeshore Equipment Company dba Lakeshore Learning Materials**

**Woodford County**

**Michelle Elder**

Ms. Elder stated in accordance with KRS 103.210, the City of Midway requested KEDFA review and approve a one hundred percent (100%) reduction in the state ad valorem tax rate on the industrial building and equipment which Lakeshore proposes to be financed through the issuance of industrial revenue bonds by the City of Midway. The company has selected

Midway for its second US assembly, distribution and storage facility. The principal amount of the IRB authorization is up to \$50,000,000 for a term of 30 years. A Payment in Lieu of Tax Agreement will be required with the school district.

Staff recommended approval of the requested percentage reduction in the state ad valorem tax rate on the industrial building and equipment proposed to be financed through the issuance of the industrial revenue bonds.

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

Note: The KEDFA board did not make any type of determination as to the legality of the bonds to be issued by the City of Midway, but only approved the reduction on the ad valorem tax rate as provided by KRS 103.200 and KRS 132.020.

### **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 10 companies requested additional time to complete the projects and asked that all 10 be presented as one motion.

<b>Company</b>	<b>County</b>	<b>Extension</b>
Tower Automotive	Nelson	2 Month
Fuel Total Systems Kentucky Corporation	Marion	3 Month
Bonfiglioli USA	Boone	6 Month
Heaven Hill Distilleries, Inc.	Nelson	6 Month
L'Oreal USA Products, Inc.	Kenton	6 Month
Peristyle, LLC	Woodford	6 Month
Peristyle, LLC	Woodford	6 Month
Brown-Forman Corporation	Jefferson	12 Month
Brown-Forman Corporation	Jefferson	12 Month
Corning Incorporated	Boyle	12 Month

Staff recommended approval of extension requests.

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

### **KEIA Project**

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

**James C. Burriss Architects LLC**  
**Madison County**

**Alec Germond**  
**Lynda Cunningham**

Alec Germond stated James C. Burriss Architects LLC is planning to open a new operation, Blueframe Design + Build, LLC, in Kentucky. The company will utilize advanced pre-fabrication technologies and proven, elegant design solutions to provide affordable, healthy, low maintenance, energy efficient buildings in an environmentally responsible manner. The new operation will primarily manufacture pre-fab homes for elderly housing developments, multi-family housing developments, single family residential homes and light commercial projects in Kentucky, Tennessee, Ohio, Indiana and Georgia.

Lynda Cunningham stated the project investment is \$1,215,000 of which \$350,000 qualifies as KEIA eligible costs.

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

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

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

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

#### **Greenwood Marketing, LLC dba Restorative Medical Meade County**

**Frank Tate  
Michelle Elder**

Frank Tate stated Greenwood Marketing, LLC dba Restorative Medical is a medical device manufacturer in Brandenburg. The company has outgrown its current footprint and is considering moving the operation to a new site where it can continue to grow the business and purchase updated equipment.

Ms. Elder stated the project investment is \$1,105,000 all of which qualifies as KBI eligible costs and \$400,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 30 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 \$600,000 and approval of the KEIA approved recovery amount of \$24,000 for construction materials and building fixtures.

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

#### **Templar Manufacturing, LLC Logan County**

**Frank Tate  
Michelle Elder**

Mr. Tate stated Templar Manufacturing, LLC is a start-up entity focused on the development of emergency shelters and safe rooms and has received early contract fulfillment due to their patented technology. The company is considering the purchase of a facility in Auburn to manufacture emergency shelters to assist in the aid of areas around the world that have been devastated by natural disasters.

Ms. Elder stated the project investment is \$6,350,000 all of which qualifies as KBI eligible costs and \$3,000,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 140 with average hourly wages of \$32.50 including benefits. The state wage assessment participation is 3.0% and City of Auburn will participate at 0.67% with Logan County participating at 0.33%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$1,400,000 and approval of the KEIA approved recovery amount of \$100,000 for construction materials and building fixtures.

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

**MACA Plastics, Inc.  
Mason County**

**Frank Tate  
Debbie Phillips**

Mr. Tate stated MACA Plastics, Inc. is a Tier II supplier within the Honda Automotive supply chain. The company is considering the purchase and renovation of a facility in Maysville to focus on injection molding and assembly of automotive components.

Debbie Phillips stated the project investment is \$7,900,000 all of which qualifies as KBI eligible costs and \$550,000 qualifies as KEIA eligible costs. The highest jobs target over the term of the agreement is 156 with average hourly wages of \$14.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$2,500,000 and approval of the KEIA approved recovery amount of \$33,000 for construction materials and building fixtures.

Mr. Kelly 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.

**American Metal Works, LLC  
Johnson County**

**Robyn Lee  
Debbie Phillips**

Robyn Lee stated American Metal Works, LLC is a start-up company that will manufacture a variety of products for clients using state of the art Computer Numerical Control (CNC) equipment in a modern, climate controlled environment conducive to high tolerance manufacturing requirements. The company is considering partnering with the local school to hire well-trained operators who hold eight NIMS Certifications. The primary target markets will focus on aerospace manufacturing, automotive manufacturing, medical devices and general manufacturing to start its operation in Paintsville.

Ms. Lee introduced Denny Rohrer and James Glass and invited them to address the board regarding the project and any questions the board may have.

After discussion, Ms. Phillips stated the project investment is \$652,950 of which \$517,950 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 15 with average hourly wages of \$15.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$300,000.

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

**Harlan Wood Products LLC  
Harlan County**

**Joan Ward  
Debbie Phillips**

Joan Ward stated Harlan Wood Products LLC is a newly formed start-up company which is considering the construction of a manufacturing facility to produce wood pellets. The pellets



would be shipped and marketed in Europe as residential/commercial bagged pellets to be used in pellet stoves with a small amount marketed locally.

Ms. Ward introduced Malcolm Thomas and Jim Cox and invited them to address the board regarding the project and any questions the board may have.

After discussion, Ms. Phillips stated the project investment is \$10,910,000 of which \$10,347,500 qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 32 with average hourly wages of \$15.00 including benefits. The state wage assessment participation is 5.0%.

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

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

**Wink Equipment, Inc.  
Hopkins County**

**Frank Tate  
Michelle Elder**

Mr. Tate stated Wink Equipment, Inc. is a newly formed company that plans to manufacture aluminum hauling and dump trailers. The company is considering a facility in Hopkins County to locate its first operation.

Ms. Elder stated the project investment is \$1,550,000 all of which qualifies as KBI eligible costs. The highest jobs target over the term of the agreement is 50 with average hourly wages of \$14.00 including benefits. The state wage assessment participation is 3.0% and the City of Dawson Springs will participate at 1.0%.

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

Mr. Hayden moved to approve the staff recommendation, as presented; Mr. Hall 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 10 companies requested additional time to complete the projects and asked that all 10 be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
Harry Gordon Steel Company	Clark	6 Month
Industrial Automation, LLC	Simpson	6 Month
International Crankshaft, Inc.	Scott	6 Month
iwis Engine Systems, LP	Calloway	6 Month
Omnicare, Inc.	Barren	6 Month
Best Sanitizers, Inc.	Boone	12 Month
RxC Acquisition Company dba RxCrossroads	Jefferson	12 Month
Sumitomo Electric Wiring Systems, Inc.	Fayette	12 Month
Ticona Polymers, Inc.	Boone	12 Month
YH America, Inc. (Sealant Division)	Woodford	12 Month

Staff recommended approval of the KBI extension requests.



**Champion Petfoods USA, Inc.**

Logan

Manufacturing

The company investment increased from \$85,287,000 to \$178,255,541, eligible costs decreased from \$50,128,000 to \$42,641,613; the number of jobs to be created increased from 147 to 200; average hourly wage targets increased from \$20.00 to \$27.00 and the total negotiated tax incentive amount increased from \$8,700,000 to \$12,000,000. All other aspects of the project remain the same.

**Computershare, Inc.**

Jefferson

Service &amp; Technology

The company investment increased from \$12,062,000 to \$32,000,000; eligible costs increased from \$7,862,000 to \$26,000,000; jobs increased from 250 to 1,100; the average hourly wage increased from \$20.00 to \$30.00 and the total negotiated tax incentive amount increased from \$2,500,000 to \$13,200,000. 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.

Lindsey Ransdell introduced Eric Friggle and Rebecca Fleishaker invited him to address the board regarding Computershare, Inc. and it's expected job creation.

Mr. Hall moved to approve the staff recommendation, as presented; Mr. Vogt 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 9 Kentucky small businesses, from 6 counties with qualifying tax credits of \$96,500. The 9 businesses created 28 jobs and invested \$304,713 in qualifying equipment or technology. Mr. Back requested the following tax credits be presented as one motion:

<b>Qualified Small Business</b>	<b>County</b>	<b>Beg. Emp.</b>	<b>Elig. Pos.</b>	<b>Average Hourly Wage</b>	<b>Qualifying Equipment or Technology</b>	<b>Tax Credit</b>
Anglers Outpost, LLC	Garrard	7	3	\$ 28.92	\$ 9,016	\$ 9,000
Dukes A&W Enterprises, LLC	Jefferson	10	3	\$ 13.76	\$ 13,001	\$ 10,500
Forty4, LLC	Fayette	0	2	\$ 24.40	\$ 19,179	\$ 7,000
Information Capture Solutions LLC	Laurel	17	4	\$ 20.79	\$ 95,179	\$ 14,000
Integrated Engineering, PLLC	Fayette	14	6	\$ 34.67	\$ 55,246	\$ 21,000
Mr. C Refrigeration, Inc.	Jefferson	12	4	\$ 19.25	\$ 73,784	\$ 14,000
Sizemore & Sizemore, PLLC	Marion	2	2	\$ 17.81	\$ 9,308	\$ 7,000
TSC, LLC	Rowan	5	1	\$ 11.29	\$ 5,000	\$ 3,500
West Sixth Brewing Company, LLC	Fayette	19	3	\$ 18.65	\$ 25,000	\$ 10,500

Staff recommended approval of the tax credits.

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

**Kentucky Angel Investment Act Program Project**

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

Mr. Back stated there is 1 Kentucky Angel Investment Act Program project. 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.

<b>Qualified Small Business Qualified Investor(s)</b>	<b>County</b>	<b>Projected Investment</b>	<b>Tax Credit</b>
<b>Double Double D, LLC James Michael Ferguson</b>	Boone	\$ 50,000	\$ 20,000

Staff recommended approval of the proposed tax credit.

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

### **Kentucky Collateral Support Program (KYCSP)**

Chairman Hale called on Mr. Goodin to present a KYCSP loan request to the Authority.

#### **Kentucky River Community Care, Inc.**

##### **Perry County**

Mr. Goodin stated Kentucky River Community Care, Inc. (KRCC) is a non-profit mental health organization that serves Eastern Kentucky and has a number of offices throughout the region.

Citizens Bank of Kentucky (formerly Citizens National Bank of Paintsville) has submitted a request for collateral support for a \$1,000,000 loan to KRCC to finance the acquisition and related improvement costs to real property that will be used for a new child services specialty clinic in Hazard. The bank has requested 20% in support on the loan.

Under the guidelines for the Kentucky Collateral Support Program that were approved by KEDFA, an eligible borrower, including its affiliates and subsidiaries, must have 500 or fewer employees at the time the loan is enrolled into this program. However, this is less than the federal guidelines under which credit cannot be extended to a borrower with more than 750 employees.

According to information provided by the bank, KRCC currently has 648 full-time equivalent employees and anticipates that it will create 27 new jobs at the Hazard facility. The new jobs added to the current employment would still keep the borrower eligible under Treasury guidelines.

Staff recommended an exception to policy to allow the loan to be enrolled in the KYCSP.

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

### **Executive Session**

Pursuant to KRS Section 61.810 (1) (C) and (G), Chairman Hale entertained a motion to enter into executive session to discuss a specific business proposal, the open discussion of which would jeopardize the siting, retention, expansion or upgrading of the business and also to discuss proposed or pending litigation against or on behalf of the public agency.

Mr. Hayden moved to enter into executive session; Mr. Hall seconded the motion. Motion passed; unanimous. The board entered into executive session at 11:20 a.m.

## **Open Session**

Chairman Hale entertained a motion to return to open session. Mr. Hayden moved to return to the regular monthly KEDFA board meeting; Mr. Ballinger seconded the motion. Motion passed; unanimous. The board returned to open session 12:00 p.m.

## **Other Business**

### **Quarterly Kentucky Small Business Credit Initiative (KSBCI) Report**

Chairman Hale called Mr. Goodin to review the Quarterly KSBCI Report ending September 30, 2016.

After review, the Authority accepted the report as presented.

### **Quarterly Amendment Report / Resolution**

Chairman Hale called on Caroline Baesler to review the Quarterly Amendment Report ending September 30, 2016.

Ms. Baesler stated the Bylaws of the Board of Directors of KEDFA grant authority to the Executive Director of the Office of Financial Services to effectuate minor changes or modifications to existing agreements with approved companies that do not substantively modify contract terms.

Ms. Baesler noted the following amendment has been executed:

#### **EDB**

#### **Constellium-UACJ ABS LLC**

Letter Amendment to EDB dated June 25, 2015, for Constellium-UACJ ABS LLC, due to a company name change from Quiver Ventures LLC, effective as of March 8, 2016, and dated for convenience July 22, 2016.

The Authority accepted the Amendment Report, as presented.


## **Adjournment**

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

Mr. Hayden moved to adjourn the October 27, 2016 KEDFA board meeting; Mr. Ballinger seconded the motion. Motion passed; unanimous.

The meeting adjourned at 12:04 p.m.

**PRESIDING OFFICER:**



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Jean Hale, Chairman