

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING

June 28, 2018

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EDT on June 28, 2018, 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, Don Goodin, Melinda Hill, proxy for Secretary William M. Landrum, III, Tucker Ballinger and Chad Miller

Staff Present: Bobby Aldridge, Tim Back, Anna Beth Bobbitt, Jessica Burke, Sarah Butler, Michelle Elder, Kate Greenwell, Krista Harrod, Adam Houk, Robyn Lee, Cody Lockhart, Brandon Mattingly, Lauren Osborne, Kylee Palmer, Corky Peek, Debbie Phillips, Lindsey Ransdell, Katie Smith, Teresa Spreitzer and Lucas Witt

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Jamie Brodsky and Mark Franklin, Stoll Keenon Ogden; Tim Gibbs, Ashland Alliance; Steve Scannell, Baptist Health; Andrew Kenny, Bowling Green Metalforming L.L.C.; Jerry Royce, Brandicorp; Sharmili Reddy, City of Fort Mitchell; Casey Bolton, Commonwealth Economics; Quincy Cutshaw, Denham-Blythe Company; Doug Moorman, Development Strategies Group; Charles Miller, Ice Miller LLP; Jim Parsons, Keating, Muething & Klekamp; Wade Williams, Northern Kentucky Tri-Ed; Bary Lendrum, Paladin; Matt Zoellner, Scott, Murphy & Daniel and Rita Williams, The Kroger Co.

Approval of Minutes

Chairman Hale entertained a motion to approve the minutes from the May 31, 2018 regular KEDFA board meeting and executive session.

Don Goodin moved to approve the minutes, as presented; Melinda Hill seconded the motion. Motion passed; unanimous.

Approved/Undisbursed Loan Report

Chairman Hale called on Kylee Palmer to review the approved/undisbursed loan 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 monthly monitoring reports as of May 31, 2018. After review, the Authority accepted the statements and reports as presented.

Tax Increment Financing (TIF) Project (Final)

Chairman Hale called on Ms. Palmer to present a TIF project for final approval to the Authority.

Fort Mitchell Economic Development Authority, Inc.

Fort Mitchell Gateway Project

Kenton County

Ms. Palmer stated Fort Mitchell Gateway Project is a Mixed-Use Redevelopment in Blighted Urban Areas TIF. The development is expected to include two medical office buildings, restaurant space, retail space, multi-family residential units and a hotel.

The project was reviewed by an independent consultant and determined to create a net new positive impact for 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. The applicant has also reviewed the report and agrees with the findings and the amount eligible for recovery.

The applicant, Fort Mitchell Economic Development Authority, Inc., requested approval of the Fort Mitchell Gateway TIF project. The total estimated cost of the project is \$135,000,000 of which approximately \$40,000,000 is estimated for public infrastructure. The applicant is eligible to recover a negotiated tax incentive amount up to \$13,674,000 for public infrastructure through a 40% recovery on withholding, sales and real estate property taxes. Only amounts deemed as public infrastructure that occur within the State footprint are eligible for recovery through increments. No state taxes shall be eligible for recovery until the minimum capital investment of \$20,000,000 (not to exceed \$200,000,000) has been verified as being invested in the development area.

In order to ensure the applicant makes the capital investment, staff recommends including the following special condition/requirement: Total cumulative investment of \$135,000,000, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$13,674,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved of \$13,674,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

Staff recommended final approval of the negotiated tax incentive amount of up to \$13,674,000.

Ms. Palmer introduced Sharmili Reddy, Jerry Royce, Jim Parsons and Casey Bolton and invited them to address the board regarding the project.

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

KEDFA Industrial Revenue Bond (IRB) Project (Ratification)

Chairman Hale called on Katie Smith to present a KEDFA IRB project amendment to the Authority.

Baptist Healthcare System Obligated Group

Ms. Smith stated on December 7, 2017, KEDFA authorized the issuance of hospital revenue bonds in an amount not to exceed \$80,000,000 on behalf of Baptist Healthcare System Obligated Group to advance refund a portion of the KEDFA Hospital Revenue Bonds, Series 2009A. The bonds were issued in late December 2017 amounting to \$65,245,000.

The Purchase Agreement related to the transaction includes an Index Rate Period that ended on June 26, 2018 (the "Conversion Date"). On the Conversion Date, the parties to the Purchase Agreement agreed to convert the bonds to another Index Rate Period expiring on November 30, 2018. The bonds were originally structured to temporarily refinance the previous bonds until Baptist was able to accumulate a larger transaction for a refinancing due to the new tax laws associated with advanced refunding. Baptist is currently in the process of permanently refinancing the Series 2009A bonds and the Series 2017C bonds with an estimated completion date of August 2018.

Due to the timing of the amendment, an officer of KEDFA was required to execute the First Amendment to the Purchase Agreement prior to the June KEDFA meeting.

Staff recommended ratification of the First Amendment to the Purchase Agreement.

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

KEDFA IRB Project (Final)

Chairman Hale called on Ms. Smith to present a final KEDFA IRB Project to the Authority.

Baptist Healthcare System Obligated Group

Ms. Smith referenced in the board material a New Bond Issue Report related to KEDFA's proposed issuance of taxable hospital revenue bonds in an amount not to exceed \$145,000,000 on behalf of Baptist Healthcare System Obligated Group. The bond proceeds will be used to refund all of the outstanding KEDFA Hospital Revenue Bonds, Series 2009A and Series 2017C. Local resolutions were received from the following jurisdictions requesting KEDFA issue the bonds: a) City of Corbin; b) City of LaGrange; c) Lexington-Fayette Urban County Government; d) City of Paducah; and e) City of St. Matthews.

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

Ms. Smith introduced Steve Scannell and Mark Franklin and invited them to address the board regarding the bond resolution.

Staff recommended the adoption of the KEDFA bond resolution.

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

KEDFA (IRB) Project (Amendment)

Chairman Hale called on Ms. Smith to present a KEDFA IRB project amendment to the Authority.

Carmel Manor, Inc.

Ms. Smith stated, during 2015, KEDFA approved and issued Healthcare Facilities Revenue Bonds, Series 2015 on behalf of Carmel Manor, Inc., in a principal amount not to exceed \$18,630,000. The Financing Agreement for the bond transaction contained a corporate tax rate adjustment provision, which was triggered by the corporate tax rate change on January 1, 2018. The Bank and Borrower have agreed to adjust the rate formula; therefore, an amendment to the Financing Agreement and any other necessary documents are required.

KEDFA is a conduit issuer in the transaction and will not have a general obligation or be held liable for the bonds.

Staff recommended approval of the KEDFA IRB amendment resolution.

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

Kentucky Investment Fund Act (KIFA) Project (Amendment)

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

Bluegrass Angel Venture Fund IV, LLC

Fayette County

Mr. Aldridge stated Bluegrass Angel Venture Fund IV, LLC exists (1) to encourage and assist in the creation, development, or expansion of small businesses located in Kentucky, and (2) to earn an appropriate rate of return for Fund investors through investments in early stage development companies positioned for growth and appreciation in value.

The Fund Manager, Christopher H. Young, is currently the Chairman of the Board of Managers of the Bluegrass Angels, Fund Manager of the Bluegrass Angel Venture Fund II, LLC and Fund Manager of Bluegrass Angel Venture Fund III, LLC.

Subsequent to approval for \$1,600,000 in allocated credits in January 2018, the Fund submitted a request that the approved allocation of credits be increased. The additional request accounts for the full \$6,000,000 in expected cash contributions to the Fund.

Staff recommends approval of the Fund's request for an increase of \$500,000 in the total maximum allocation in KIFA tax credits to the Fund subject to completion of the amendment agreement documents and any payment of associated fees.

All other aspects of the agreement will remain the same.

Staff recommended approval of the KIFA amendment request.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

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

Mr. Aldridge stated 10 companies requested additional time to complete the projects and asked that all 10 be presented as one motion.

Company	County	Extension
Murakami Manufacturing USA, Inc.	Taylor	2 Month
3M Company	Harrison	3 Month
Road ID, Inc.	Kenton	3 Month
Audubon Metals, LLC	Henderson	6 Month
White Clay Consulting, Inc.	Jefferson	6 Month
Accumetric, LLC	Hardin	12 Month
Altec Industries, Inc.	Hardin	12 Month
Butts Foods Incorporated	Simpson	12 Month

Kentucky Fresh Harvest, LLC
United Parcel Service, Inc.

Lincoln
Jefferson

12 Month
12 Month

Staff recommended approval of the KEIA extension requests.

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

KEIA Projects

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

Campari America LLC
Anderson County

Anna Beth Bobbitt
Debbie Phillips

Anna Beth Bobbitt stated Campari America LLC is one of the largest spirits companies in the United States, producing more than 20 brands, including award-winning vodkas, whiskies, rums, gins, cordials, liqueurs, and cachaças. The company has seen an increase in the global demand for their products and has completed new expansion projects over the last few years. In order to house the growing production for the critical aging process, they are considering constructing a new pallet barrel warehouse with space for storage of 46,000 barrels.

Debbie Phillips stated the project investment is \$2,291,153 of which \$1,015,486 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$50,000 for construction materials and building fixtures.

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

Harbor Steel & Supply Corporation
Fayette County

Anna Beth Bobbitt
Debbie Phillips

Ms. Bobbitt stated Harbor Steel & Supply Corporation is a full-service metals distribution and processing company. It began operations in Lexington, KY in 1993. The company is considering an expansion of its current facility as well as new machinery to meet existing and future demand of the market.

Ms. Phillips stated the project investment is \$4,100,000 of which \$1,500,000 qualifies as KEIA eligible costs.

Staff recommended the KEIA approved recovery amount of \$75,000 for construction materials and building fixtures.

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

Heaven Hill Distilleries, Inc.
Nelson County

Anna Beth Bobbitt
Debbie Phillips

Ms. Bobbitt stated Heaven Hill Distilleries, Inc. is the nation's second largest family-owned producer and marketer of distilled spirits. The company is considering the expansion of its barrel storage and aging operations to meet increasing demands.

Ms. Phillips stated the project investment is \$5,914,724 of which \$3,253,098 qualifies as KEIA eligible costs.

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

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

Kentucky Business Investment (KBI) Projects (Preliminary) and KEIA Projects

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

Reinhart Foodservice, L.L.C. Warren County

**Corky Peek
Michelle Elder**

Corky Peek stated Reinhart Foodservice, L.L.C. is one of the five largest food service distributors in the country. The company provides fresh produce, proteins, ingredients, supplies and equipment to a variety of customers across the country. Reinhart is considering expanding its existing facility by an additional 75,000 square feet to add more distribution capacity, a new refrigeration system, new office space as well as a new truck service center.

Michelle Elder stated the project investment is \$14,201,943 of which \$14,101,943 qualifies as KBI eligible costs and \$9,591,360 qualifies as KEIA eligible costs. The highest job target over the term of the agreement is 50 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green 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. The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$600,000 and the KEIA approved recovery amount of \$200,000 for construction materials and building fixtures.

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

KBI Projects (Preliminary)

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

Afni, Inc. Warren County

**Corky Peek
Michelle Elder**

Mr. Peek stated Afni, Inc. is a privately held customer engagement company, headquartered in Illinois, that offers multi-channel customer contact solutions. The company's Bowling Green customer care center is considering expanding its capacity and adding new jobs to meet customer demand.

Ms. Elder stated the project investment is \$315,800, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 86 with an average hourly wage of \$16.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green 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 \$300,000.

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

**Bowling Green Metalforming L.L.C.
Warren County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Bowling Green Metalforming L.L.C., a wholly-owned subsidiary of Magna International, is a global automotive supplier. The company produces truck frame assemblies, engine cradles, body structural stampings and assemblies, suspension links, cross members and trailer hitches. The company is considering purchasing a new press and making modifications to the building to accommodate the press. The modifications for the new press will enable the company to keep its business in-house and also capture new business.

Mr. Peek introduced Andrew Kenny and invited him to address the board regarding the project.

Ms. Elder stated the project investment is \$14,200,000 of which \$6,140,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 27 with an average hourly wage of \$33.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green will participate at 1.0%. The company will be required to maintain a base employment equal to the greater number of full-time, Kentucky resident employees as of the date of preliminary approval or 1,294 (base employment number required by previous project) full-time, Kentucky resident employees.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$600,000.

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

**DENSO Air Systems Michigan Inc.
Christian County**

**Corky Peek
Michelle Elder**

Mr. Peek stated DENSO Air Systems Michigan Inc. has been in business in Kentucky since 2011. The company manufactures aluminum HVAC pipes, tubes and hose assemblies for the automotive industry. DENSO is considering the addition of 48,000 square feet and purchasing equipment to meet customer demand.

Ms. Elder stated the project investment is \$3,525,720 of which \$2,914,860 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 45 with an average hourly wage of \$21.00 including benefits. The state wage assessment participation is 5.0%. 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 105 (base employment number required by previous project) full-time, Kentucky resident employees.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$900,000.

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

**Stryker Logistics, LLC
Warren County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Stryker Logistics, LLC is a regional third-party logistics service provider. The company is considering acquiring a 25,000 square foot facility for its headquarters as well as its international headquarters. The new space would allow the company to provide additional sorting and warehousing services for its customers.

Ms. Elder stated the project investment is \$1,450,000 of which \$1,350,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 50 with an average hourly wage of \$15.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green 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 \$200,000.

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

**The Kroger Co.
Boone County**

**Lindsey Ransdell
Michelle Elder**

Lindsey Ransdell stated The Kroger Co. ranks as one of the world's largest retailers. The company operates 38 food manufacturing facilities and 42 distribution centers. Kroger is considering upgrading its equipment to meet customer demand.

Ms. Ransdell introduced Rita Williams and Wade Williams and invited them to address the board regarding the project.

Ms. Elder stated the project investment is \$17,895,000 of which \$3,715,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 146 with an average hourly wage of \$17.00 including benefits. The state wage assessment participation is 1.88% and Boone 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. The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval.

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

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

**Global Wood Company, LLC
Pike County**

**Robyn Lee
Debbie Phillips**

Robyn Lee stated Global Wood Company, LLC is a biomass energy company with plans to produce wood chips and other kinds of biomass to be sold to energy producers around the world. The company is considering starting a biomass wood chipping operation at the old CSX yard in Shelbiana which will provide easy shipping access.

Ms. Phillips stated the project investment is \$1,700,000 of which \$1,250,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 34 with an average hourly wage of \$17.00 including benefits. The state wage assessment participation is 5.0%.

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

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

**SWVA Kentucky, LLC dba Kentucky Electric Steel
Boyd County**

**Anna Beth Bobbitt
Debbie Phillips**

Ms. Bobbitt stated SWVA Kentucky, LLC dba Kentucky Electric Steel is a merchant bar rolling mill. The company will utilize incoming produced or purchased steel billets as its raw material which is rolled into a merchant or SBQ flat product. The company is considering a new manufacturing facility in Ashland.

Ms. Phillips stated the project investment is \$6,000,000, all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 60 with an average hourly wage of \$35.00 including benefits. The state wage assessment participation is 5.0%.

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

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

**CCBCC Operations, LLC
Kenton County**

**Lucas Witt
Michelle Elder**

Lucas Witt stated CCBCC Operations, LLC, a wholly-owned subsidiary of Coca-Cola Bottling Co. Consolidated is currently the largest bottler of Coca-Cola products in the United States, with over 15,000 employees and multiple manufacturing facilities, distribution and sales centers. The company is considering a site in Erlanger for a newly built and highly efficient distribution center.

Ms. Elder stated the project investment is \$12,400,000 of which \$9,200,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 303 with an average hourly wage of \$28.50 including benefits. The state wage assessment participation is 3.0% and the City of Erlanger will participate at 1.0%. The company will be required to maintain 90% of the total statewide full-time, Kentucky resident employees at all company locations, excluding the site of the project, as of the date of preliminary approval. Only investment costs incurred by the approved company will be considered toward calculating eligible costs. Only the approved company may participate in the corporate 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, CCBCC, Inc.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$3,500,000.

Ms. Hill moved to approve the staff recommendation, as presented; Mr. Miller 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 9 companies requested additional time to complete the projects and asked that all 9 be presented as one motion.

<u>Company</u>	<u>County</u>	<u>Extension</u>
FreshChoice Complete Diet Products, LLC	Gallatin	3 Month
Leggett & Platt, Incorporated	Scott	3 Month
Astecnos America Corporation	Jessamine	12 Month
DecoArt, Inc.	Lincoln	12 Month
Ervin Cable Construction of Florida, LLC	Union	12 Month
INFAC North America Inc.	Taylor	12 Month
MISA Metal Fabricating, Inc.	Jefferson	12 Month
North America Sticks	Knox	12 Month
ProCom Heating, Inc.	Warren	12 Month

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

Ms. Phillips stated 7 companies requested KBI final approval, 2 of which have modifications since preliminary approval. Ms. Phillips asked that all 7 be presented as one motion.

No Modifications:

<u>Project Name</u>	<u>County</u>	<u>Type Project</u>
ADP Beneficial Services KY, Inc.	Jefferson	Service & Technology
American Stave Company L.L.C.	Marshall	Manufacturing
Champion Home Builders, Inc.	Marshall	Manufacturing
Maxim Crane Works, L.P.	Campbell	Headquarters
Tyson Chicken, Inc.	Henderson	Manufacturing

Modifications:

Corrosion Resistant Reinforcing, LLC Boone Manufacturing
The company was formed as a Kentucky Limited Liability Company instead of a Kentucky Subchapter S Corporation. All other aspects of the project remain the same.

iHealth Solutions LLC dba Advantum Health Jefferson Service & Technology
The company name changed from iHealth Solutions LLC to iHealth Solutions LLC dba Advantum Health. All other aspects of the project remain the same.

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

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

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

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

Secure Energy Kentucky, LLC

McCracken County

Ms. Palmer stated Secure Energy Kentucky, LLC requested a 12 month extension to its project.

Staff recommended approval of the IEIA extension request.

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Mr. Back stated there are 9 Kentucky small businesses from 4 counties with qualifying tax credits of \$67,600. The 9 businesses created 20 jobs and invested \$126,850 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 and/or Technology	Tax Credit
Brockman-Hastings LLC	Fayette	0	1	\$ 36.06	\$ 17,308	\$ 3,500
Hydra, LLC	Fayette	3	4	\$ 17.43	\$ 11,633	\$ 11,600
Kinemetrix Industrial Design, Inc.	Fayette	16	1	\$ 25.00	\$ 7,200	\$ 3,500
KY Hearing Clinic, LLC	Jefferson	0	1	\$ 15.50	\$ 5,303	\$ 3,500
Patterson and Company CPAs PLLC	Jefferson	12	1	\$ 24.00	\$ 5,141	\$ 3,500
Primrose Oil, LLC	Floyd	9	2	\$ 14.80	\$ 18,255	\$ 7,000
Visumatic Industrial Products, Inc.	Fayette	29	2	\$ 19.88	\$ 12,500	\$ 7,000
VITOK Engineers, Inc.	Jefferson	26	6	\$ 42.04	\$ 21,990	\$ 21,000
W & B Broadcasting Co., Inc.	Hardin	17	2	\$ 23.56	\$ 27,520	\$ 7,000

Staff recommended approval of the tax credits.

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

Kentucky Angel Investment Act Projects

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

Guy Lloyd van Rooyen

Bexion Pharmaceuticals, Inc.

Kenton County

Mr. Back stated there is one Kentucky Angel Investment Act investor, Guy Lloyd van Rooyen, with a planned investment in Bexion Pharmaceuticals, Inc. in Kenton County. The projected investment is \$600,000 with an eligible tax credit of \$121,232. 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.

Staff recommended approval of the proposed Angel Investment Tax Credit.

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

Other Business

KBI Program Enhanced Incentive Counties for FY 2018-2019

Chairman Hale called on Sarah Butler to present the KBI Enhanced Incentive Counties for 2018-2019 to the Authority.

Ms. Butler stated the counties of **Boyle and Carroll** are beginning the second year of decertification and projects must complete final approval by June 30, 2020. The counties of **Gallatin, Garrard and Metcalfe**, are beginning the third year of decertification and projects must complete final approval by June 30, 2019. **Allen County** is completing the final year of decertification and projects must complete final approval by June 30, 2018.

Graves, Harrison, Marshall and Meade Counties meet the criteria for certification and are designated as a KBI Enhanced Incentive County as of June 30, 2018.

Staff recommended adoption of the resolution certifying the KBI Program – FY 2018-2019 Enhanced Incentive Counties.

Mr. Ballinger moved to adopt the resolution, as presented; Ms. Hill seconded the motion. Motion passed; unanimous.

KSBTC Proposed Guideline Changes

Chairman Hale called on Mr. Back to present the KSBTC Proposed Guideline Changes to the Authority.

Mr. Back stated House Bill 557, passed during the 2018 legislative session and signed by Governor Bevin on April 26, 2018, made the following change to the Kentucky Small Business Tax Credit (KSBTC) program:

- Changed the requirement that qualifying equipment and technology be purchased within six (6) months of the creation of an eligible position. Effective July 14, 2018, qualifying equipment and technology may be purchased any time within the twenty-four (24) month period immediately preceding submission of a KSBTC application.

In addition to the statutory change above, staff recommended that the following KSBTC guidelines (non-statutory) changes to the “Qualifying Equipment or Technology” criteria be approved and made effective as of July 14, 2018.

- Delete the requirement that qualifying equipment or technology have a minimum per-unit cost of \$300.
- Change the requirement that qualifying equipment or technology have an expected useful life of “more than one year” to “one year or more” (primarily to allow annual computer software subscriptions to qualify as an eligible expense).

Staff recommended approval of the revised “Qualifying Equipment or Technology” guidelines for the Kentucky Small Business Tax Credit program.

Mr. Ballinger moved to approve the KSBTC guidelines changes, as presented; Mr. Miller seconded the motion. Motion passed; unanimous.

KEDFA Resolution – TIF Guideline

Chairman Hale called on Ms. Palmer to present the TIF program guideline resolution request.

Ms. Palmer stated House Bill 557, passed during the 2018 legislative session and signed by Governor Bevin, made the following changes to the Tax Increment Financing (TIF) program:

- Minimum capital investment must be achieved by the Activation Date or the incentive agreement automatically terminates
- Base year determined as of December 31st of the year of preliminary approval (instead of final approval)

Resolution No. TIF-18-01 defines that “projects established” shall mean any project that has not received final approval by KEDFA as of the effective date of July 14, 2018, shall be subject to the above changes.

Staff recommended adoption of the TIF resolution.

Mr. Ballinger moved to adopt the resolution, as presented; Mr. Goodin seconded the motion. Motion passed; unanimous.

2018 Legislative Summary

Chairman Hale called on Ms. Smith to present the 2018 Legislative Summary to the Authority.

Ms. Smith reviewed the 2018 legislation that affected the Cabinet for Economic Development and its programs.

Adjournment

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

Mr. Ballinger moved to adjourn the June KEDFA board meeting; Mr. Goodin seconded the motion. Motion passed; unanimous.

The meeting adjourned at 10:56 p.m.

PRESIDING OFFICER:



Jean R. Hale, Chairman