

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

BOARD MEETING

May 31, 2018

MINUTES

Call to Order

The Kentucky Economic Development Finance Authority (KEDFA) convened at 10:00 a.m. EDT on May 31, 2018, at the Cabinet for Economic Development, Old Capitol Annex, Board of Directors Conference Room, 300 West Broadway in Frankfort, Kentucky.

Notification of Press

Don Goodin, Vice Chairman, received verification that the media had been notified of the KEDFA regular monthly board meeting.

Roll Call

Members Present: Don Goodin, Melinda Hill, Proxy for Secretary William M. Landrum, III, Tucker Ballinger, Joe Kelly and Chad Miller

Staff Present: Bobby Aldridge, Tim Back, Anna Beth Bobbitt, Jessica Burke, Sarah Butler, Michelle Elder, Alec Germond, Kate Greenwell, Krista Harrod, Adam Houk, Brooklyn Leep, Brandon Mattingly, Lauren Osborne, Kylee Palmer, Corky Peek, Debbie Phillips, Taylor Sears, Katie Smith and Teresa Spreitzer

Others Present: Michael Kalinyak, Hurt, Deckard & May; Mike Herrington, Stites & Harbison; Rusty Ashcraft and Marilyn Blythe, Alliance Coal, LLC; Jeff Mosley, City of Louisville; Casey Bolton, Commonwealth Economics; Quincy Cutshaw, Denham-Blythe Company; J. K. Ratliff, Excel Mining, LLC; Sandy Williams, Kentucky Finance & Administration Cabinet, Office of Financial Management; Dennis Griffin, Franklin-Simpson Industrial Authority; Jeff Hodges, Gray Construction; Raymond Carr and Rob Hardy, Investor's Heritage Life Insurance Company; Terri Bradshaw, Kentucky Capital Development Corporation; Michael Mountjoy, Louisville City Football Club; Laura Ferguson, Louisville Forward and Barry Lendrum, Paladin

Approval of Minutes

Vice Chairman Goodin entertained a motion to approve the minutes from the April 26, 2018 regular KEDFA board meeting and executive session.

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

Approved/Undisbursed Loan Report

Vice Chairman Goodin called on Kylee Palmer to review the approved/undisbursed report. After review, the Authority accepted the report as presented.

Financial Statements and Monitoring Reports

Vice Chairman Goodin called on Krista Harrod to review the financial statements and monthly monitoring reports as of April 30, 2018. After review, the Authority accepted the statements and reports as presented.

Audit Communication

Vice Chairman Goodin called on Katie Smith to review the Audit Communication. Ms. Smith informed the board that Mountjoy Chilton Medley, LLP, will perform the audit and discussed the timing of the field work.

Tax Increment Financing (TIF) Project (Final)

Vice Chairman Goodin called on Kylee Palmer to present a TIF project for final approval to the Authority.

**Metro Development Authority, Inc.
Butchertown Stadium District
Jefferson County**

Ms. Palmer stated Butchertown Stadium District is a Mixed-Use Redevelopment in Blighted Urban Areas TIF project. The development is expected to include a 10,000 seat Butchertown Stadium, two hotels (308 rooms combined), 20,000 sf retail space, 50,000 sf restaurant space and 340,000 sf office space. The construction is estimated to take place over the next 2 years.

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, Metro Development Authority, Inc. requested approval of the Butchertown Stadium District Mixed-Use in Blighted Urban Areas TIF project. The total estimated cost of the project is \$193,100,000 of which approximately \$34,600,000 is estimated for public infrastructure. The applicant is eligible to recover a negotiated tax incentive amount of up to \$21,700,000 for public infrastructure through a 60% 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.

Staff recommended final approval of the TIF project with the following special condition/requirement: The total cumulative investment of \$193,100,000, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$21,700,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved to determine the maximum total incentive available/earned for the project during the term of the agreement.

Ms. Palmer introduced Michael Mountjoy, Laura Ferguson, Jeff Mosley and Casey Bolton and invited them to address the board regarding the project.

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

KEDFA Economic Development Bond (EDB) Project

Vice Chairman Goodin called on Debbie Phillips to present an EDB project to the Authority.

**Fritz Winter North America LP
Simpson County**

Ms. Phillips stated the City of Franklin requested the use of \$1,000,000 in EDB funds for the benefit of Fritz Winter North America LP. The company is a family-owned German company founded in 1951. The company specializes in iron cast auto parts such as brake rotors, drums, fly wheels and more. The company constructed a 240,000 sf facility in Franklin, Kentucky for processing, storage and distribution of automotive and commercial products. The proposed EDB grant funds will be used to offset the costs associated with this project.

The company will be required to create 265 new jobs by the end of the project, paying an average hourly wage of \$22.00, including benefits. The grant agreement is performance based and disbursement will not occur until compliance is measured at the four compliance dates. Payment reduction provisions are included in the grant agreement if the company fails to create and maintain the required jobs or pay the foregoing wages by the required measurement dates. No collateral is required for this project.

In accordance with KRS 154.12-100, approval of CED's use of the EDB funds for this project has been received from Secretary William M. Landrum, III, Kentucky Finance & Administration Cabinet.

Staff recommended approval of the EDB request.

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

Local Industrial Revenue Bond (IRB) Project

Vice Chairman Goodin called on Ms. Phillips to present a Local IRB project to the Authority.

Maker's Mark Distillery, Inc. Marion County

Ms. Phillips stated in accordance with KRS 103.210, Marion County Fiscal Court 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 Maker's Mark Distillery, Inc. proposes to be financed through the issuance of industrial revenue bonds by the Marion County Fiscal Court. The company proposed an expansion of its existing barrel storage and aging operations in Lebanon. The principal amount of the IRB authorization is up to \$495,000,000 for a term of 30 years. A Payment in Lieu of Tax Agreement will be required with the school district. The company will pay the tangible property tax on the liquid (spirits) inventory.

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. Miller moved to approve the staff recommendation, as presented; Ms. Hill 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 Marion County Fiscal Court, but only approved the reduction on the ad valorem tax rate as provided by KRS 103.200 and KRS 132.020.

KEDFA Loan (Modification)

Vice Chairman Goodin called on Sarah Butler to present a KEDFA Loan modification request to the Authority.

**Elizabethtown-Hardin County Industrial Foundation, Inc.
Hardin County**

Ms. Butler stated on June 25, 1999, KEDFA closed a \$2,500,000 loan with Elizabethtown-Hardin County Industrial Foundation, Inc. (EHCIF) to finance the purchase of a tract of land for an industrial park expansion near Elizabethtown, KY in Hardin County. The loan was made for a term of five years at an interest rate of 2.0%. On June 10, 2003, KEDFA closed a second loan with EHCIF for \$1,500,000 to finance another expansion of the industrial park. This loan was also made for a term of five years at 2.0% interest. Collateral for both of these loans was an irrevocable letter of credit.

In June 2013, KEDFA approved a request to combine these two loans into a single loan for \$3,500,000 and a maturity date of June 25, 2018. The loan continued to be secured with an irrevocable letter of credit and an interest rate of 2.0% due quarterly, with principal repayment as land was sold or at maturity of the loan.

The current loan balance is \$2,664,572. The estimated cost basis is approximately \$5,824,000 or an estimated loan to cost of 40%. EHCIF has requested to extend the loan maturity for five years and increase principal payments to \$6,000 per quarter plus accrued interest. Security for the loan will continue to be an irrevocable letter of credit for the same amount of the loan balance.

Staff recommended approval of the request to modify and extend to June 25, 2023 and to increase the quarterly principal payments to \$6,000 plus 2% interest.

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

KEDFA Grant (Amendment)

Vice Chairman Goodin called on Ms. Palmer to present a KEDFA Grant amendment request to the Authority.

**Louisville/Jefferson County Metro Government
Louisville Waterfront Development Corporation
Jefferson County**

Ms. Palmer stated Louisville/Jefferson County Metro Government is requesting a 90-day time extension on the Louisville Waterfront Development Corporation KEDFA Grant. This project received approval at the April 27, 2017 KEDFA meeting for a \$376,073 grant for replacement equipment and venue improvement/refurbishment for the Louisville Waterfront Park.

Approved funds for this project are set to expire on June 30, 2018. This time extension request would allow for the remaining \$9,808.79 of approved funds to be applied to the retainage owed to the electrical contractors for the completion of the High Mast LED Lighting project. All funds are expected to be requested and disbursed no later than September 30, 2018.

Staff recommended approval of the KEDFA Grant amendment request from Louisville/Jefferson County Metro Government's Louisville Waterfront Development Corporation for a 90-day time extension to September 30, 2018.

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

EDB Project (Amendment)

Vice Chairman Goodin called on Bobby Aldridge to present an EDB amendment request to the Authority.

Valvoline LLC Fayette County

Mr. Aldridge stated on June 30, 2016, KEDFA authorized an EDB Grant Agreement with Ashland, Inc., a Kentucky corporation, to assist with the leasing and equipping of a headquarters in Lexington, Fayette County. Following execution of the EDB Grant Agreement, Ashland Inc. was part of a corporate divestiture which resulted in Valvoline LLC taking control over the project. It has been requested that Valvoline LLC be designated as the approved company under the program and that it be substituted as a party to the Grant Agreement in place of Ashland, Inc. All other aspects of the project remain the same.

Staff recommended approval of the EDB amendment request.

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

Kentucky Business Incentives (KBI) Projects (Amendment)

Vice Chairman Goodin called on Mr. Aldridge to present the KBI project amendment requests to the Authority.

TechStyle, Inc. Jefferson County

Mr. Aldridge stated Just Fabulous, Inc. received final approval on July 30, 2015 for a KBI project establishing a new distribution center in Jefferson County for the company's internet-based fashion website. The company and its approved affiliate, TechFab, LLC, operate at two leased facilities on National Turnpike in Louisville. The company accelerated its activation date to January 1, 2016. Following activation, it was determined that the company had formed a new subsidiary, Fabletics, LLC, which was operating at the project site and would qualify as an approved affiliate for the project as of final approval. Additionally, in 2016, Just Fabulous, Inc. changed its name to TechStyle, Inc., the current name of the company.

The company requested that TechStyle, Inc. be recognized as the approved company name and that Fabletics, LLC be added as an approved affiliate to the project. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Valvoline LLC Fayette County

Mr. Aldridge stated Ashland, Inc. received final approval for participation in the KBI program on January 29, 2015. On May 12, 2017, Ashland Global completed its distribution of the Valvoline Inc. stock it previously held, which resulted in Valvoline Inc. and Ashland Global becoming two independent companies. Ashland LLC fka Ashland Inc., requested to transfer and assign the project to Valvoline LLC (the "Company") and the Company desires to accept and assume the project. All other aspects of the project remain the same.

Staff recommended approval of the KBI amendment request.

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

Kentucky Enterprise Initiative Act (KEIA) Projects (Extension)

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

Mr. Aldridge stated 3 companies requested additional time to complete the projects and asked that all 3 be presented as one motion.

| <u>Company</u> | <u>County</u> | <u>Extension</u> |
|--|---------------|------------------|
| AAK USA K2, LLC | Jefferson | 3 Month |
| Wilderness Trace Distillery Limited | Boyle | 3 Month |
| Interapt, LLC | Jefferson | 12 Month |

Staff recommended approval of the KEIA extension requests.

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

KBI Projects (Preliminary)

Vice Chairman Goodin called on staff to present the KBI projects to the Authority.

Berry Global, Inc. Warren County

**Corky Peek
Michelle Elder**

Corky Peek stated Berry Global, Inc., established under the name Imperial Plastics in 1967, has seen many changes over the years and now has 23,000+ employees and 18,000+ customers worldwide. The company is considering an expansion of its Bowling Green location by adding two high output blown film extrusion lines for its printed films production.

Michelle Elder stated the project investment is \$16,460,000 of which \$1,860,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 20 with an average hourly wage of \$20.00 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 \$400,000.

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

Corvac Composites LLC Butler County

**Corky Peek
Michelle Elder**

Mr. Peek stated Corvac Composites LLC is a manufacturer of underbody systems for the automotive industry. The company operates two locations successfully in Morgantown. Corvac has been awarded new business from a customer in the automotive industry and is competing with a sister company internally for this project. New equipment will be needed to produce the underbody systems should this location be chosen.

Ms. Elder stated the project investment is \$6,100,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$19.00 including benefits. The state wage assessment participation is 5.0%. The project will include multiple locations within Morgantown, Butler County. Only investment costs incurred at 390 Industrial Road North will be considered toward calculating eligible costs. Employees and their respective wages at the locations included in the project definition will be eligible for compliance. 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 165 (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.

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

**Crown Verity USA Inc.
Warren County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Crown Verity USA Inc. is a Canadian-based company that is a leading manufacturer of high-performing outdoor commercial and residential grills and cooking equipment. The company is considering opening its first US facility to warehouse, distribute and produce grills. In order to do so, Crown Verity would need to purchase land, construct a facility and purchase equipment.

Ms. Elder stated the project investment is \$3,600,000 of which \$3,200,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$23.00 including benefits. The state wage assessment participation is 3.0% and the City of Bowling Green will participate at 1.0%.

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

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

**Mayfield Consumer Products, LLC
Graves County**

**Corky Peek
Michelle Elder**

Mr. Peek stated Mayfield Consumer Products, LLC is a complete home fragrance company that designs, manufactures and markets various label and branded candles and home fragrance products. The company is considering expanding in Graves County to implement a portion of its candle production operation as well as purchase new equipment.

Ms. Elder stated the project investment is \$2,774,368 of which \$440,000 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 17 with an average hourly wage of \$19.00 including benefits. The state wage assessment participation is 3.0% and the City of Mayfield 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.

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

**RH Resolute Distillery, Inc.
Fulton County**

**Corky Peek
Michelle Elder**

Mr. Peek stated RH Resolute Distillery, Inc. is considering utilizing a previously un-operated distillery in Fulton County. The current distillery was built to 99% completion and has been left in that state for years. The owner never started production. The company hopes to purchase the distillery, finish the construction and start production by mid-summer of 2018.

Ms. Elder stated the project investment is \$9,700,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 17 with an average hourly wage of \$24.00 including benefits. The state wage assessment participation is 5.0%.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$360,000.

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

**RKW North America, Inc.
Simpson County**

**Corky Peek
Michelle Elder**

Mr. Peek stated RKW North America, Inc. produces polyethylene films used in flexible packaging, medical packaging and household packaging items. The company is considering constructing an additional 30,000 square feet of manufacturing and warehouse space as well as installation of a blown film line and the addition of a multicolor print line to meet customer demand.

Ms. Elder stated the project investment is \$18,835,740 of which \$3,655,660 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 30 with an average hourly wage of \$22.00 including benefits. The state wage assessment participation is 3.0% and the City of Franklin 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 \$600,000.

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

**Four O Corporation
Bourbon County**

**Anna Beth Bobbitt
Debbie Phillips**

Anna Beth Bobbitt stated RelaDyne, Inc. was founded in 2008 and is an established leader in the lubricant sales, distribution and equipment reliability services industry. These services range from lubrication best practices to hands-on implementation of lubrication process and procedure programs designed to increase efficiency and improve the profitability of its customers. Four O Corporation is the oil distributing entity of RelaDyne, Inc. and is considering relocating from Ohio and doubling its current facility footprint to become the regional service and distribution center.

Ms. Phillips stated the project investment is \$6,723,400 of which \$3,461,700 qualifies as KBI eligible costs. The highest job target over the term of the agreement is 25 with an average hourly wage of \$29.00 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 \$200,000.

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

**Investors Heritage Life Insurance Company
Franklin County**

**Taylor Sears
Kate Greenwell**

Taylor Sears stated Investors Heritage Life Insurance Company was incorporated in 1960 as a Kentucky domiciled life insurance company and is a wholly-owned subsidiary of Investors Heritage Capital Corporation. The company is considering an expansion and renovation of its headquarters.

Mr. Sears introduced Rob Hardy and Raymond Carr and invited them to address the board regarding the project.

Kate Greenwell stated the project investment is \$1,000,000 all of which qualifies as KBI eligible costs. The highest job target over the term of the agreement is 75 with an average hourly wage of \$28.00 including benefits. The state wage assessment participation is 3.0% and the City of Frankfort 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 only incentive available for this project is the wage assessment.

Staff recommended preliminary approval of the KBI negotiated tax incentive amount of \$750,000.

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

KBI Projects (Extension)

Vice Chairman Goodin called on Ms. Elder to present the KBI extension requests to the Authority.

Ms. Elder stated 5 companies requested additional time to complete the projects and asked that all 5 be presented as one motion.

| Company | County | Extension |
|-----------------------------------|---------------|------------------|
| eBay Inc. | Boone | 6 Month |
| Karbec LLC | LaRue | 6 Month |
| Toyo Automotive Parts (USA), Inc. | Simpson | 6 Month |
| Accumetric, LLC | Hardin | 12 Month |
| TMK IPSCO Coating Corporation | Campbell | 12 Month |

Staff recommended approval of the KBI extension requests.

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

KBI Projects (Final)

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

Ms. Phillips stated 6 companies requested KBI final approval, 2 of which have modifications since preliminary approval. Ms. Phillips asked that all 6 be presented as one motion.

No Modifications:

| <u>Project Name</u> | <u>County</u> | <u>Type Project</u> |
|---|---------------|----------------------|
| Bluegrass Supply Chain Services, LLC | Bullitt | Service & Technology |
| Hydro-Gear Limited Partnership | Caldwell | Manufacturing |
| Texas Roadhouse, Inc. | Jefferson | Headquarters |
| White Clay Consulting, Inc. | Jefferson | Service & Technology |

Modifications:

| | | |
|-----------------------------|------------|----------------------|
| Data Dimensions, LLC | Montgomery | Service & Technology |
|-----------------------------|------------|----------------------|

The company name changed from Data Dimensions Corporation to Data Dimensions, LLC. All other aspects of the project remain the same.

| | | |
|--------------------------------------|-----------|---------------|
| Universal Woods, Incorporated | Jefferson | Manufacturing |
|--------------------------------------|-----------|---------------|

The campus locations have been removed. 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. Ballinger moved to approve the staff recommendation, as presented; Mr. Miller seconded the motion. Motion passed, unanimous.

Kentucky Industrial Revitalization Act (KIRA) Project (Preliminary)

Vice Chairman Goodin called on staff to present a KIRA project to the Authority.

| | |
|--------------------------|------------------------|
| Excel Mining, LLC | Lauren Osborne |
| Pike County | Debbie Phillips |

Lauren Osborne stated Excel Mining, LLC has operated the Scott's Branch mining complex on John's Creek continuously since 1996. During that time, the complex has had an average of over 250 employees. The coal reserves, which had been accessed from the current mine, will be exhausted in early 2020. In order to prevent the closure, the company is considering an opportunity to relocate the operation and its employees to Brushy Creek near Pikeville. This potential project would require development of an underground mining complex with continuous mining units, room-and-pillar mining techniques, and construction of an overland belt transfer to access the existing coal preparation plant and rail loading facility. The new reserves would contain approximately 15 million tons of clean recoverable coal that would extend the life of the project and workforce employment by over twelve years. The new mining facility would produce nearly 3 million raw tons of coal per year, of which around 1.2 million tons would be sold as a processed, clean thermal coal.

Other alternatives available would be to allow the exhaustion of the mineable coal reserves that remain within the current mine by the first quarter of 2020 and to then terminate all the employees permanently. Another option could be to invest capital dollars into more productive mining regions such as Illinois, Indiana or West Virginia. The priority of developing

any of the alternative projects would depend on the economic justification, support of the local communities, obtaining necessary mining permits and securing adequate coal sales commitments to justify the capital investment.

Ms. Osborne introduced J. K. Ratliff, Rusty Ashcraft and Marilyn Blythe and invited them to address the board regarding the project.

Ms. Phillips stated the project investment is \$73,600,000 of which \$55,200,000 qualifies as KIRA eligible costs. The job retention requirement over the term of the agreement is 150 with an average hourly wage of \$26.33 excluding benefits. The state wage assessment participation is 4.0% and Pike County will participate at 1.0%. The company and its affiliates will be required to maintain 1,000 full-time employees throughout the Commonwealth excluding the site of the project.

Staff recommended preliminary approval of the KIRA negotiated tax incentive amount of \$6,000,000.

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

Kentucky Reinvestment Act (KRA) Project (Final)

Vice Chairman Goodin called on Ms. Elder to present a KRA project for final approval to the Authority.

Domtar Paper Company, LLC Hancock County

Ms. Elder stated Domtar Paper Company, LLC requested final approval of its project. There were no modifications to the project since preliminary approval. The company currently has 460 full-time, Kentucky resident employees and has expended approximately \$14,673,946 in equipment and related costs of which \$7,336,973 are eligible costs. Domtar Paper Company, LLC is eligible to receive the \$1,000,000 negotiated tax incentive amount as preliminarily approved.

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

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

Kentucky Small Business Credit Initiative (KSBCI) Collateral Support Project

Vice Chairman Goodin called on Ms. Palmer to present the KSBCI collateral support request to the Authority.

Narrow Gate Properties, LLC Jefferson County

Ms. Palmer stated Fifth Third Bank requested collateral assistance for up to \$360,000 to assist in the continued growth of a name brand furniture and mattress wholesale supplier, Narrow Gate Properties, LLC. The total bank loan is \$3,240,000. The loan funds will be used to purchase commercial real estate located in Louisville, Kentucky as an additional warehouse.

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

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

Kentucky Small Business Tax Credit (KSBTC) Projects

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

Mr. Back stated there are 10 Kentucky small businesses from 7 counties with qualifying tax credits of \$115,000. The 10 businesses created 37 jobs and invested \$327,541 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 |
|--|---------------|------------------|-------------------|----------------------------|---|-------------------|
| Bluegrass Tool & Industrial, LLC | Fayette | 12 | 5 | \$ 23.60 | \$ 22,430 | \$ 17,500 |
| Consultant Solutions, Incorporated | Fayette | 21 | 4 | \$ 28.97 | \$ 18,422 | \$ 14,000 |
| Copperhead Environmental Consulting Inc. | Garrard | 18 | 5 | \$ 19.91 | \$ 42,953 | \$ 17,500 |
| DF Trucking, Inc. | Pulaski | 2 | 2 | \$ 27.50 | \$ 27,500 | \$ 7,000 |
| J2P, LLC | Pike | 7 | 4 | \$ 15.75 | \$ 49,690 | \$ 14,000 |
| J Michael's Spa & Salon, LLC | Jefferson | 15 | 7 | \$ 27.73 | \$ 10,186 | \$ 10,100 |
| SRP Enterprises, LLC | Warren | 0 | 3 | \$ 19.48 | \$ 94,344 | \$ 10,500 |
| The Eye Center of Paducah, LLC | McCracken | 5 | 2 | \$ 14.24 | \$ 6,943 | \$ 6,900 |
| Videobred, Inc. | Jefferson | 11 | 1 | \$ 19.23 | \$ 5,451 | \$ 3,500 |
| XPLOREKY, LLC | Jefferson | 8 | 4 | \$ 20.13 | \$ 49,622 | \$ 14,000 |

Staff recommended approval of the tax credits.

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

Kentucky Angel Investment Act Program Projects

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

Mr. Back stated there are 18 Kentucky Angel Investment Act Program projects representing 13 Kentucky businesses and 16 investors for a total projected investment of \$1,435,000 with eligible tax credits of \$574,000. 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:

| Qualified Small Business | County | Projected Investment | Tax Credit |
|---------------------------------|---------------|-----------------------------|-------------------|
| Qualified Investor(s) | | | |
| Atalo Holdings, Inc. | Clark | | |
| Benedicta M. Halecky | | \$137,500 | \$ 55,000 |
| Phil D. Needham | | \$112,500 | \$ 45,000 |
| Bexion Pharmaceuticals, Inc. | Kenton | | |
| Raymond Michael Stacy | | \$250,000 | \$100,000 |

| | | | |
|---|-----------|-------------------------------------|----------------------------------|
| EdjSports, LLC Charles Edward Glasscock | Jefferson | \$100,000 | \$ 40,000 |
| EIE Materials Inc. Christopher H. Young | Fayette | \$100,000 | \$ 40,000 |
| Gourmet Renee LLC Michael Adam Huff Gregory Scott Jones Scott M. Powers | Kenton | \$ 10,000 \$ 10,000 \$ 10,000 | \$ 4,000 \$ 4,000 \$ 4,000 |
| Gun Media Holdings, Inc. Darren G. King | Fayette | \$150,000 | \$ 60,000 |
| Hummingbird Nano, Inc. Darren G. King Christopher H. Young | Fayette | \$100,000 \$ 50,000 | \$ 40,000 \$ 20,000 |
| MER Ventures LLC Cynthia R. Masters | Jefferson | \$ 25,000 | \$ 10,000 |
| Pyrochem Catalyst Company Ben M. Streepey | Jefferson | \$ 20,000 | \$ 8,000 |
| Rabbit Hole Spirits, LLC Eric S. Carter Venkata V. Kakarlapudi | Jefferson | \$100,000 \$150,000 | \$ 40,000 \$ 60,000 |
| RCM Brain, Inc. Louis R. Kelmanson | Jefferson | \$ 50,000 | \$ 20,000 |
| Virtual Peaker, Inc. Sterling A. Lapinski | Jefferson | \$ 50,000 | \$ 20,000 |
| Wyzerr Inc. Tobias J. Moeves | Kenton | \$ 10,000 | \$ 4,000 |

Staff recommended approval of the proposed Angel Investment tax credits.

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

Pursuant to KRS Section 61.810 (1) (C), Vice Chairman Goodin entertained a motion to enter into executive session to discuss proposed or pending litigation against or on behalf of the public agency.

Ms. Hill moved to enter into executive session; Mr. Miller seconded the motion. Motion passed; unanimous. The board entered into executive session at 10:41 a.m.

Executive Session

Vice Chairman Goodin entertained a motion to return to regular session.

Ms. Hill moved to return to regular session; Mr. Miller seconded the motion. Motion passed; unanimous. The board returned to regular session 10:48 a.m.

Regular Session

Other Business

Mr. Miller moved to terminate Hart AgStrong, LLC's KBI Tax Incentive Agreement due to non-compliance; Mr. Ballinger seconded the motion. Motion passed; unanimous.

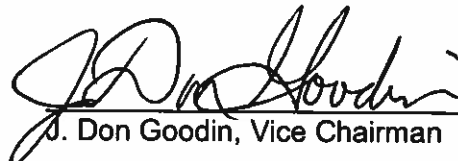
Adjournment

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

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

The meeting adjourned at 10:49 a.m.

PRESIDING OFFICER:



J. Don Goodin, Vice Chairman