



Think Progress. Think Tomorrow. Think GRADD.

**GREEN RIVER ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS' MEETING**

April 3, 2019

M-I-N-U-T-E-S

The Board of Directors of the Green River Economic Development Corporation (EDC) met on Wednesday, April 3, 2019, at 8:30 a.m., at the Green River Area Development District (GRADD) office, in Owensboro, Kentucky. The following persons were in attendance:

MEMBERS PRESENT

Tammy Belt
Mike Baker
Melissa Coker
Matt Wright

Chad Gregory
Monte Davenport
Deborah Gray
Greg Collins

Chase Vincent
Phillip Holt
Kim Logsdon

MEMBERS ABSENT

*Andy Miller
*Sandy Dant

*Doug Bell
*Frank Martin

Newman Brown
Carol Robertson

GUESTS AND STAFF PRESENT

Amanda Deibler, Tradewater LLC
Jiten Shah, GRADD
Joanna Shake, GRADD
Michelle Drake, GRADD
Cyndi Isbill, GRADD

I. CALL TO ORDER

Chairperson Tammy Belt called the meeting to order at 8:30 a.m., and welcomed everyone. It was noted that a quorum was present.

***Excused Absence**

David Johnston, Chairman ■ Brad Schneider, Vice Chairman ■ Al Mattingly, Jr., Secretary ■ Steve Henry, Treasurer ■ Jiten Shah, Executive Director

II. CONSIDERATION OF MINUTES

The minutes of the September 5, 2018, Green River Economic Development Corporation meeting were presented for approval.

A motion was made by Deborah Gray and seconded by Kim Logsdon to approve the minutes of the September 5, 2018, Green River Economic Development Corporation meeting. A vote was taken and the motion carried.

III. OLD BUSINESS

A. Loan Report

Joanna Shake referred everyone to the handout of active loans. She announced that as of January 1, 2019, the interest rate has increased to 4.13 percent due to the rate published in the New York Times at that time. Also, as of meeting time, there is approximately \$1,400,000 in the Revolving Loan Fund (RLF) program and \$129,000 in the Intermediary Relending Program (IRP). She noted all loans are current.

IV. NEW BUSINESS

A. Tradewater LLC RLF Application

Greg Collins presented a loan application on behalf of Tradewater LLC in Morganfield. Amanda Deibler presented an overview of the proposed project and her company.

Loan Amount:	\$150,000.00
Purpose of the Loan:	Building Acquisition/Building Improvements/Equipment
Term:	15 Years
Interest Rate:	New York Prime Rate, as published in the Wall Street Journal, minus four percent or 75 percent of prime, adjusted annually on the first business day of January. The rate was established at 4.13 percent at the time of the application. Interest will be compounded monthly.
Collateral Position:	2 nd position lien on property; 1 st position lien on equipment; Life insurance policy with GRADD as a beneficiary; and Personal guarantee of Amanda Deibler.

The following items should be submitted as soon as possible so the loan documents can be prepared in a timely manner:

1. Deed of property to be used as collateral;
2. List of equipment to be used as collateral;
3. Copy of life insurance policy with GRADD as beneficiary; and
4. A signed letter certifying that full project funding was not available from a local financial institution.

Additional Requirements: This loan is subject to the company securing all other sources of funding outlined in the loan application or providing alternative funding in an equal amount.

Funding is contingent on there being no material adverse change in the: a) financial condition of the borrower or guarantor; b) the value of the collateral; or c) the general business operations of the guarantor, between the date of this commitment and the date of loan closing.

Borrower is responsible to maintain proper insurances, including applicable hazard insurances.

Borrower must comply with all applicable laws and regulations.

Borrower is responsible to pay all closing costs, including but not limited to the following: application fee, legal expenses, recording fees, etc.

Special Provisions: Loan subject to Economic Development Administration (EDA) guidelines.

A motion was made by Greg Collins and seconded by Mike Baker to accept this loan upon GRADD approval.
A vote was taken and the motion carried.

B. Opportunity Zone Discussion

Chairman Belt called on Chase Vincent to lead a discussion on Opportunity Zones. Mr. Vincent explained there are 144 zones in Kentucky involving 84 counties; including seven tracts in GRADD. Opportunity Zones are designed to spur economic development and job creation in distressed communities by attracting new businesses and retaining existing ones. They were created by the federal Tax Cut and Jobs Act of 2017. Investments in Opportunity Zones must be made through Qualified Opportunity Funds (QOFs). A QOF is an investment vehicle organized as a corporation or partnership for the purpose of investing at least 90 percent of its assets in Qualified Opportunity Zone (QOZ) property. To become a QOF, an eligible entity self-certifies. To self-certify, the corporation or partnership completes Form 8996 and attaches it to their federal income tax return for the taxable year.

Mr. Vincent explained the benefits of investing in a QOF:

- There is a temporary tax deferral for capital gains reinvested in a QOF. The deferred gain must be recognized on the earlier of the date on which the Opportunity Zone investment is sold or December 31, 2026.
- A step-up in basis for capital gains reinvested in a QOF. The basis of the original investment is increased by 10 percent if the investment in the QOF is held by the taxpayer for at least five years. If it is held for more than seven years, the 10 percent becomes 15 percent.
- A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in a QOF. The investment must be held for at least 10 years. This exclusion applies to the gains accrued from an investment in a QOF, not the original gains.
- Federal Opportunity Zone deferrals will also be exempt from Kentucky income tax. For Kentucky income tax purposes, Opportunity Zone gain deferrals are treated the same as for federal purposes.

A question and answer session followed.

C. Loan Marketing Strategy

Joanna Shake welcomed any ideas for marketing the RLF. A couple of things were mentioned, those being, conducting a panel such as “Shark Tank,” as well as meetings before the fiscal courts. Ms. Shake noted that staff had previously sent out weekly letters to those obtaining business licenses listed in the *Sunday Messenger-Inquirer*; however, that only proved to get one response but did not result in an application.

V. ADJOURNMENT

With no further business to discuss, the meeting adjourned at 9:25 a.m.

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