

REGULAR SESSION
of the Daviess County Fiscal Court
held at the Courthouse in the City of Owensboro,
County of Daviess, Commonwealth of Kentucky
on this 2nd day of July 2014
Present were Judge/Executive Al Mattingly and
County Commissioners Jim Lambert,
George Wathen and Charlie Castlen

DOCUMENTS RELATED TO TODAY'S DISCUSSION
ARE FILED IN JULY 2, 2014 FISCAL COURT FILE

Commissioner Castlen opened the meeting in prayer and led the court in the Pledge of Allegiance to the flag.

PUBLIC HEARING

Creation of "Daviess County Development Area No. 1" on approximately 13.995 acres of land located at 1815 East 4th Street between East 4th Street and the Ohio River west of the railroad track.

Comments:

Judge Mattingly read into record the following:

Findings by the Daviess County Fiscal Court:

Daviess County Fiscal Court received a proposal by Glenmore Distilleries to designate, approximately 13.995 acres of land located at 1815 East 4th Street as a Development Area ("Area") for development pursuant to KRS Chapter 65. The Fiscal Court examined the proposed Development Plan, heard statements and representations of agents from Glenmore, and being otherwise familiar with the area in question and its history of underdevelopment, pursuant to KRS 65.7049, makes the following findings:

1. The Area is contiguous or a small parcel and is not more than three square miles.
2. The establishment or expansion of the Area will not cause the assessed value of taxable real property within the Area and local development areas of the county to exceed 20% of the assessed value of all taxable real property within the county as of the establishment date.
3. The Area served as a bulk petroleum product distribution site but is completely abandoned, lacks any industrial structures, had a substantial presence of environmentally contaminated land: which was remediated. These factors substantially impair the growth and economic development of the county since they impede the development of this industrial property.
4. The Area is not reasonably expected to be developed without public assistance. A proposed development by VBI-I Properties, LLC was abandoned due to a lack of funding. The lack of funding prevented the location of industry to the Area. Without the proposed designation and public assistance, Glenmore Distilleries, and other potential, private developers' interest in developing the Area for commercial and industrial purposes will be impeded greatly.
5. The public benefits of the Development area justify the proposed public cost and investment. Without the public assistance, there will be no public improvement, investments, or public infrastructure within the development area. All proposed projects will be made by a company for its own business purposes (Automated Storage and Retrieval System Warehouse). The County proposed to use only redevelopment assistance by providing the special wage assessment allowing the company to take full local advantage of the Kentucky Business Investment program.

The cost of the proposed redevelopment assistance to be provided is \$200,000 over ten (10) years. The proposed sources of funding for these costs is a special 1.33% wage assessment which will provide a projected \$200,000 in incremental revenues over 10 years.

The project size is significant (\$45 million investment), such that the ripple effect of the payroll dollars justifies the public involvement in the project.

Since Glenmore does not have any local competition, there will be no negative effects due to this investment.

6. The area immediately surrounding the Area has not been subject to growth and development through investment by private enterprise, and the development of the Area will work as an economic boost to the entire area.

David Smith stated, "The court was approached earlier this year, by Madison Silvert representing Glenmore Distilleries about their interest in developing this property. As you recall, a year ago, the fiscal court, upon the recommendation of the Economic Development Advisory Commission had granted Glenmore \$150,000 to do environmental remediation on this site. They then approached us about using this statute that you referenced in the finding of fact in order to allow them to take full advantage of the Kentucky Business Investment (KBI) program."

Madison Silvert, CEO of the Greater Owensboro Economic Development Corporation stated, "The practicalities are pretty simple in that the way the KBI program works through the state is that it is essentially a withholding of occupational tax, and there is a reduced rate that is negotiated with the state and local governments. In order to provide an incentive for a project like this to happen – the problem occurs when you have projects or businesses that are in multiple jurisdictions. This statute was developed in order to provide an equalization of those kinds of withholdings. Imagine if you are working in the Daviess County side of the plant and somebody else is working in the Owensboro side of the plant, they would have different withholdings. That is something that we tried to avoid. That is the main reason why this is being done today. That, and a way to allow Glenmore and Sazerac, their parent company, to be able to have options on what kind of incentives they want, and how they want to be structured. Every project like this is competitive. As a matter of fact, there were three major investments made by Sazerac at the same time and Daviess County was the awardee of the largest of those three investments."

Greg Cunningham of Glenmore stated, "This project is very important to the plant. It is going to solidify our growth for the future. Currently, the plant is doing about 17 million cases per year and this system will allow us to go up to 26 million, full expansion up to 37 million. So this development is key to the plant for our long-term stability. It will provide new jobs. It is the first of its kind for our industry as far as manufacturing goes. We will have a completely automated stream of manufacturing from bottling all the way through shipping."

Judge Mattingly stated, "I think the 20 new jobs that will be created – that is what this award is based on. How many square feet?"

Cunningham stated, "The building itself is about 223,000 square feet. We will move roughly 70,000-75,000 cases per day."

Commissioner Castlen stated, "When you speak about the 20 new jobs, are they going to be in the distribution center or will they will be in the plant?"

Mr. Cunningham stated, "The capacity will drive the expansion for jobs in bottling, production, and processing. Right now, we are at three shifts per day, 7 days per week. We will expand volume along with this system we will also improve production."

Steve Moreland stated his opposition to the court approving this initiative.

Mr. Silvert thanked Sazerac and Glenmore for their investment and willingness to invest in our community. He stated, "It speaks well for this court and the workforce in this community."

Judge Mattingly echoed Mr. Silvert's comments.

Judge Mattingly declared the public hearing closed.

REGULAR AGENDA

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered for approval the abovementioned finding of fact as it relates to the Creation of "Daviess County Development Area No. 1" on approximately 13.995 acres of land located at 1815 East 4th Street between East 4th Street and the Ohio River west of the railroad track.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

The Budget of the Daviess County Public Health Taxing District for Fiscal Year 2013-2014 was presented.

The Resolution of the Daviess County Board of Health establishing the 2014 public health tax rate as 3.5 was presented.

Minutes of the June 17, 2014 meeting were submitted to fiscal court members for review prior to today's meeting and on a motion of Commissioner Lambert, seconded by Commissioner Castlen with all the Court concurring said Minutes were approved and signed.

By a motion of Commissioner Wathen, seconded by Commissioner Lambert, the court considered approval of all Claims for all Departments.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered for approval Contract Renewal for HVAC services with iBAC Group for Courthouse, Judicial Center, and Operations Center.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

Fiscal Court Clerk Jenni Warren read in summary the **First Reading of KOC 220.26 (2014)** - An ordinance authorizing and establishing a development area for economic and infrastructure development to be known as the Daviess County, KY Development Area No. 1; Establishing the percentage of increment that the county will authorize each year; Approving and authorizing the amount of increments to be authorized; and to take such other actions as are necessary or required with respect to the establishment area No. 1 including the authority to impose assessment fees on newly created jobs within the development area.

Comments:

Judge Mattingly stated, "This ordinance incorporates the abovementioned finding of fact. Claud, when this special taxing district goes away, the next ordinance also goes away setting that special occupational tax. That is correct?"

County Attorney Porter agreed.

Commissioner Castlen stated, "I know that that property did have some environmental problems and traditionally any time we have a parcel of land that has environmental problems it is very difficult to get anybody to invest in that property, and to do anything with it. It ends up just becoming a Brownfield. For us to be able to take this step and help it become a productive parcel of land in our community, I think is an appropriate action."

Judge Mattingly stated, "I can think of two pieces of property that nobody would touch but local government. They are still in the possession of local government. Again, I am so pleased that Sazerac has decided to come in and take the steps they are taking."

Judge Mattingly further stated, "I might comment regarding an e-mail that you (Commissioner Castlen) got. What they perceive as inappropriateness of putting this burden on the backs of workers, the simple fact is, if the jobs are not there then nobody has a burden. I would say that

those people who do not have a job in this community now would gladly give up 1.33% of that job to get a good paying job, instead of taking an \$8.00 per hour job perhaps to get a \$15.00 or \$20.00 per hour job with benefits. It is always tough to balance that, but you are looking at \$200,000 bringing a \$45 million investment in. The \$200,000 does not exist right now. Sazerac could have certainly chosen to place this investment anywhere else. I think it is a good move on this county's part."

Ms. Warren read in summary the **First Reading of KOC 220.27 (2014)** – An ordinance authorizing and directing the rebate of the 1.00% Occupational license fees due and payable to Daviess County KY, by ordinance, from the salaries, wages and other compensation to be paid to the new employees of Sazerac North America, Inc., provided said corporation meets the criteria set forth in its application for the incentives under the Kentucky Economic Development Finance Authority, Kentucky Business Investment Program.

Comments:

Judge Mattingly stated, "This is tied to the first ordinance that you just heard. One of the things that Kentucky requires, in order for them to issue an incentive, the local governments must also participate. That is part of this – we are giving back our occupational tax in order to participate with the state."

Mr. Silvert stated, "Essentially, it is prorated. The more local participation up to a certain level, the more the state can put in their calculation of how much..."

Judge Mattingly asked, "Is there a max.?"

Mr. Silvert answered, "1% is the max. It is the most that is required under the KBI program."

Ms. Warren read in summary the **First Reading of KOC 220.28 (2014)** – An ordinance authorizing and directing the retention of 0.35% of all Occupational license fees due and payable to Daviess County KY, by ordinance, from the salaries, wages and other compensation to be paid to the new employees of EPC-Columbia, INC., provided said corporation meets the criteria set forth in its application for the incentives under the Kentucky Economic Development Finance Authority, Kentucky Business Investment Program.

Comments:

Mr. Silvert stated, "This comes to us from EPC, which is an automotive manufacture here in Daviess County, and also by request of the Cabinet for Economic Development to take their application as final. There are four phases essentially to a business incentive like this under the KBI program. First, there is the application process and at that point, the incentive is authorized. Then the company has a period of years to actually get the project moving and at that point, it goes final. That is where we are now. Once it goes final then they have a couple of years to activate. When a company goes final with their incentive, that is when the final ordinance is requested of the local government. In this case, Daviess County Fiscal Court. When they first made the application, what we typically have is a letter of commitment. That commitment is tentative based on the agreement of the government, then later offer the incentive and participate with the state on that. That is where we are right now. We are fulfilling a tentative commitment that is made on the front end when the application takes place. Some background on where they are now, when the application was first made EPC said they would be about 55 employees and adding 35. Between that application process and the finalization process, the number of employees would then be reassessed and the commitments are then reassessed and in fact, they are still looking at adding 35 employees, but their base employment is at 72 employees. Now, we are looking at a company that has the potential, under this incentive, to grow to 107 employees. That, of course, is very welcome. Between the finalization process, where we are right now, and the activation process, which could happen as late as two years from now. They will have an opportunity to ramp up their workforce and add as many of those 35 jobs within two years as they possibly can. Once they activate, then the clock starts ticking

on those ten years and they are able to hopefully maximize the benefit if they have ramped up their workforce as much as they thought they would in that two year period."

Judge Mattingly stated, "Right now they have a pretty large operation."

Commissioner Lambert asked, "Madison, you are saying 35 potential new employees?"

Mr. Silvert answered, "Over and above the 72 base that they have now."

Comments:

Judge Mattingly noted that the courthouse will be closed Friday in observation of Independence Day.

Judge Mattingly announced that pre-orders can now be taken for the "Daviness County, Kentucky Celebrating Our Heritage 1815-2015" book.

Mr. Porter reviewed the law related to operating firework displays for private use.

Commissioner Lambert asked people to respect other people's property and be very careful with respect to setting off fireworks.

Commissioner Lambert announced the July 3rd Independence Bank Family Freedom Firework Festival to be held at Panther Creek park. He invited all to attend.

County Engineer Mark Brasher spoke about county road blacktopping. He stated, "This is the time of the year where we are preparing to resurface our county roads. We are also at the point where the roads from the winter that we have had in gravel will see additional attention. Then, of course, always we are still trying to hit just typical potholes. Please, when we patch a pothole, that material is typically a weaker material, so once it is patched it will typically fall out in the same location. When this occurs, just give us a call and we will get out there as soon as we can to repair it. Obviously, people are encouraged to call in and report potholes to the Operation Center at any time."

Commissioner Wathen stated, "I just wanted to comment, you know we are doing these tax districts. One of the big things that we sometimes forget is that we do these different things to add jobs to the county, but also we forget sometimes at how it solidifies the jobs that already exist. For example, Sazerac as they come in and spend all of this money, I would think if I was an employee right now, I would feel really good about my job because I know that that company is absolutely committed to this community and staying here and keep doing the things they are doing. Sometimes we forget about what is does for existing jobs when we do these kind of things. I thank Sazerac for doing that."

Commissioner Castlen stated, "Point well made, Commissioner." He also wished all a happy and safe 4th of July.

Judge Mattingly announced the Daviess County Fiscal Court July 2014 Employee Anniversaries:

- Pat Bickett, Transfer Station Truck Driver – 15 years
- Tim Cecil, Public Works Sr. Heavy Equipment Operator – 15 years
- Ray Whistle, Public Works Heavy Equipment Operator – 15 years
- Steve Ford, Landfill SW Heavy Equipment Operator – 20 years
- Dwane Smeathers, Fire Department Fire Chief – 25 years

**Without objection, Judge/Executive Mattingly adjourned the meeting.
SO ORDERED THAT COURT STAND ADJOURNED.**

Al Mattingly
Daviess County Judge/Executive