



## CABINET FOR ECONOMIC DEVELOPMENT

**Andy Beshear**  
Governor

Old Capitol Annex  
300 West Broadway  
Frankfort, Kentucky 40601

**Larry Hayes**  
Interim Secretary

September 18, 2020

Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
Room 383, Capitol Annex  
Frankfort, KY 40601

**RE: Economic Development Fund Grant - \$500,000 to Lexington-Fayette Urban County Government on behalf of the University of Kentucky Coldstream Research Campus**

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$500,000 in Economic Development Fund (EDF) funds for the purpose of making a grant to Lexington-Fayette Urban County Government on behalf of the University of Kentucky Coldstream Research Campus.

Lexington-Fayette Urban County Government in partnership with the University of Kentucky Coldstream Research Campus is seeking to upfit 10,000 square feet of laboratory space with the vertical construction expenditures serving as the match. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Under the terms of the EDF grant agreement, requests may be submitted no more than monthly and funds shall be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

Sincerely,

Larry Hayes  
Interim Secretary

**AGREED TO AND APPROVED BY:**

Secretary, Finance and Administration Cabinet Date

cc: Jeff Taylor  
Kristina Slattery  
Katie Smith

**TEAM**  
**KENTUCKY**

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

**Date:** September 24, 2020  
**Grantee:** Lexington-Fayette Urban County Government  
**Beneficiary:** University of Kentucky Coldstream Research Campus  
**City:** Lexington **County:** Fayette  
**Bus. Dev. Contact:** B. Cox **OFS Staff:** D. Phillips

**Project Description:** The University of Kentucky's Coldstream Research Campus (Coldstream) serves as the gateway to Lexington's high-tech, higher education corridor. Coldstream proposes the construction of a 40,000 square foot office and laboratory building via a P3 Developer. The EDF will be used to upfit 10,000 square feet of laboratory space with the vertical construction expenditures serving as the match. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

**Anticipated Project Investment - Owned**

|                       | Total Investment    |
|-----------------------|---------------------|
| Land                  | \$0                 |
| Building/Improvements | \$11,500,000        |
| Equipment             | \$1,275,000         |
| Other Start-up Costs  | \$1,725,000         |
| <b>TOTAL</b>          | <b>\$14,500,000</b> |

**Anticipated Project Funding**

|  | Amount              | % of Total    |
|--|---------------------|---------------|
| Economic Development Fund Grant (State)  | \$500,000           | 3.4%          |
| P3 Developer                             | \$13,000,000        | 89.7%         |
| Kentucky Technology, Inc. and Coldstream | \$1,000,000         | 6.9%          |
| <b>TOTAL</b>                             | <b>\$14,500,000</b> | <b>100.0%</b> |

**Other Terms:** In accordance with the grant agreement, disbursement requests may be submitted no more than monthly requesting funds to be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

**RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT:**

**\$500,000**

**Active State Participation at the Project Site:**

|              |                         |               |               |
|--------------|-------------------------|---------------|---------------|
| <u>Date</u>  | <u>Program</u>          | <u>Status</u> | <u>Amount</u> |
| May 30, 2019 | Tax Increment Financing | Monitor       | \$4,634,000   |

**Recommendation:**

Staff recommends approval of this EDF grant subject to the terms set forth in this report and the recommendation letter from the Secretary of the Cabinet for Economic Development (CED). In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDF funds for this project.