

Kentucky Tourism Development Finance Authority



Agenda

January 17, 2024
Zoom at 1:30 PM Eastern

Welcome

Call to Order

Roll Call

Approval of Minutes

Request for Final Approval

- TKC Distilling Co (Woodford County)

Request for Final Approval

- TKC Hospitality (Woodford County)

Request for Final Approval

- Keeneland Association, Inc. (Fayette County)

Other Business

Adjourn

The KT DFA may move into closed session per KRS 61.810(1)(g) for the purpose of discussions between a public agency and a representative of a business entity and discussions concerning a specific proposal, if open discussions would jeopardize the siting, retention, expansion, or upgrading of the business. Following a closed session, the Authority will return to open session where action may be taken.

Request for KT DFA Final Approval TKC Distilling Co

Date	17 January 2024
Applicant / Project Name	TKC Distilling Co
Location	Versailles (Woodford County)

Project Description

The TKC Distilling Company is developing a new bourbon brand and distillery campus, on a 10-acre site known as Edgewood. In addition to the distillery and rickhouses, the tourism components of the project will include an interactive visitor center, dynamic tasting room, cabins for overnight lodging, restaurant and retail space.

The site is located roughly 3.5 miles from The Kentucky Castle, an 18-room hotel with a restaurant, whiskey bar and event spaces. The projects are being developed jointly by the Applicant.

Development of the distillery project is slated to begin upon final approval with a construction timeline of 3 years. According to the Applicant, they anticipate hiring 38 full-time employees when fully operational.

The total estimated project cost is \$20.2 million. The maximum sales tax rebate, up to 25 percent of project costs, is estimated at \$5.05 million.

Type of Tourism Development Project

This project applied as a tourism attraction, specifically as an entertainment facility.

The Applicant indicated that the project will meet the following criteria:

- Total eligible costs shall exceed \$1 million.
- In any year, including the first year of operation, the tourism development project shall be open to the public at least 100 days.
- In any year following the third year of operation, the tourism attraction project shall attract at least 25 percent of its visitors from among persons who are not residents of the Commonwealth.

The project received preliminary approval at the June 2023 KT DFA meeting. As required by Kentucky Revised Statutes, a public hearing was held on October 4, 2023. Nobody appeared before the Cabinet.

Consultant Report

The project was reviewed by an independent consultant and determined to have a net positive fiscal impact on 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 a Certification of Net Positive Economic Impact to the Commonwealth. This certification of net positive economic impact was determined with the agreement that total incentives to the project granted over the ten-year duration of the agreement shall not exceed \$3,162,000.

Final Approval

By granting final approval, KT DFA will enter into a tourism development agreement with TKC Distilling Co which will include, but not be limited to, the estimated project costs, maximum amount of recovery, term of the agreement, and the date by which the project will be substantially completed.

Request for KT DFA Final Approval TKC Hospitality Group LLC

Date	17 January 2024
Applicant / Project Name	TKC Hospitality Group LLC / The Kentucky Castle
Location	Versailles (Woodford County)

Project Description

The TKC Hospitality Group LLC is renovating The Kentucky Castle, an 18-room hotel with a restaurant, whiskey bar and event spaces. The Applicant plans to enhance the existing Castle to create an authentic, high-end boutique lodging facility that will cater to visitors of the Kentucky Bourbon Trail and Craft Tour, Keeneland Racecourse, events and visitors to the Commonwealth in general. The Applicant plans on renovating and upgrading the current guest rooms and increase capacity of the restaurant and event facilities. According to the Applicant, the Kentucky Castle and the distillery property on the Edgewood site, which it also owns, will serve as the epicenter and gateway to craft distilling on the Bourbon Trail in Central Kentucky, focusing on agri-tourism, grain research, bourbon-centric farm to table culinary experiences, local student agricultural education, bee farming, equine therapy and a dedication to local environmental preservation.

The Kentucky Castle is located roughly 3.5 miles from the Edgewood Site, where TKC Distilling Co is building a distillery and visitor experience. The projects are being developed jointly by the Applicant.

Renovation of the lodging facility is slated to begin upon final approval with a construction timeline of 3 years. According to the Applicant, they anticipate hiring 8 full-time employees when fully operational.

The total estimated project cost is nearly \$15.2 million. The maximum sales tax rebate, up to 25 percent of project costs, is estimated at \$3.8 million.

Type of Tourism Development Project

This project applied as a full-service lodging facility located within a 50 mile radius of a property listed on the National Register of Historic Places with a current function of recreation and culture; and is located in one of the 100 least-populated counties in the Commonwealth, in terms of population density, according to the most recent Census. The property is within 50 miles of the Castle and Key Distillery as well as the Keeneland Racecourse.

The Applicant indicated that the project will meet the following criteria:

- Total eligible costs shall exceed \$5 million.
- In any year, including the first year of operation, the tourism development project shall be open to the public at least 100 days.
- In any year following the first year of operation, the tourism attraction project shall attract at least 25 percent of its visitors from among persons who are not residents of the Commonwealth.

The project received preliminary approval at the June 2023 KT DFA meeting. As required by Kentucky Revised Statutes, a public hearing was held on September 27, 2023. Nobody appeared before the Cabinet.

Consultant Report

The project was reviewed by an independent consultant and determined to have a net positive fiscal impact on 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 a Certification of Net Positive Economic Impact to the Commonwealth. This certification of net positive economic impact was determined with the agreement that total incentives to the project granted over the ten-year duration of the agreement shall not exceed \$1,030,000.

Final Approval

By granting final approval, KT DFA will enter into a tourism development agreement with TKC Hospitality Group LLC which will include, but not be limited to, the estimated project costs, maximum amount of recovery, term of the agreement, and the date by which the project will be substantially completed.

Request for KT DFA Final Approval Keeneland Association, Inc.

Date 17 January 2024
Applicant / Project Name Keeneland Association, Inc.
Location Lexington (Fayette County)

Project Description

The Applicant is proposing to expand its facilities and guest offerings at the historic Keeneland Race Course to better meet demand at the track and accommodate increased visitation. The Project will include the development of a new Paddock Chalet Building with premium guest experience offerings, the relocation of Keeneland's operations building, grandstand upgrades to food and beverage service near the finish line, and the development of a dedicated Visitor's Center to welcome guests at the property but away from the main racing areas.

The Paddock Chalet Building will include five designated rooms with dining options, bars, event spaces and rooftop access. It can accommodate an additional 1,657 guests each race day. The facility will also be available for meetings and events. Development is slated to begin in early 2024 and estimated to be completed by Spring 2026.

According to the Applicant, they anticipate hiring 6 new full-time employees and 228 new part-time employees when fully operational.

The total estimated project cost is \$92.6 million. The maximum sales tax rebate, up to 25 percent of project costs, is estimated at \$23.2 million.

Type of Tourism Development Project

This project applied as a tourism attraction, specifically as an entertainment facility.

The Applicant indicated that the project will meet the following criteria:

- Total eligible costs shall exceed \$1 million.
- In any year, including the first year of operation, the tourism development project shall be open to the public at least 100 days.
- In any year following the third year of operation, the tourism attraction project shall attract at least 25 percent of its visitors from among persons who are not residents of the Commonwealth.

The project received preliminary approval at the October 2023 KT DFA meeting. As required by Kentucky Revised Statutes, a public hearing was held on January 11, 2024. Nobody appeared before the Cabinet.

Consultant Report

The project was reviewed by an independent consultant and determined to have a net positive fiscal impact on 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 a Certification of Net Positive Economic Impact to the Commonwealth. This certification of net positive economic impact was determined with the

agreement that total incentives to the project granted over the ten-year duration of the agreement shall not exceed \$9,466,000.

Final Approval

By granting final approval, KT DFA will enter into a tourism development agreement with Keeneland Association, Inc. which will include, but not be limited to, the estimated project costs, maximum amount of recovery, term of the agreement, and the date by which the project will be substantially completed.