



**TO: Jim Gray
Mayor**

**FROM: Kevin Atkins
Chief Development Officer**

DATE: October 11, 2018

**RE: Approve agreement with AVENTICS Corporation to participate in the
Kentucky Business Investment Program**

Request:

Authorization to allow an inducement to AVENTICS Corporation as local participation in the Kentucky Business Investment (KBI) Program, which includes a 5-year local 1% wage assessment through KBI. The company will expand its manufacturing of fluid power products in Lexington.

Why are you requesting?

The Kentucky Economic Development Finance Authority (KEDFA) has given AVENTICS Corporation preliminary approval to participate in the KBI Program. The KBI Program requests that the state and local government enter into a 5-year agreement with the approved company under which the business can recover up to 100% of its equipment costs and 50% of the leases costs through Kentucky corporate income tax credits and a wage assessment fee of up to 4%. The company plans to create 20 new jobs with an average wage of approximately \$55,000 per year plus benefits. The company has determined the median wage is approximately \$54,000 per year. AVENTICS Corporation plans to invest \$860,000 in new equipment costs, building improvements, and startup costs.

What is the cost in this budget year and future budget years?

The cost for FY2019 is: Revenue to be rebated. Tax expenditure, not actual cost

The cost for future FY is: Revenue to be rebated. Tax expenditure, not actual cost

Are the funds budgeted?

N/A

Director/Commissioner:

Kevin Atkins

