

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
November 13, 2014

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Lori Flanery, Secretary, Finance and Administration Cabinet, on Thursday, November 13, 2014 at 1:30 p.m. in Room 182 of the Capitol Annex, Frankfort, Kentucky. Other members present were Ed Ross, Controller, Finance and Administration Cabinet; Mike Bartlett, proxy for Mary Lassiter, Secretary, Governor's Executive Cabinet; Ms. Jane Driskell, State Budget Director; and Rachael Dever, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

Office of Financial Management ("OFM") and staff to the Committee present were Ryan Barrow, Executive Director and Secretary to the Committee; Sandy Williams, Deputy Executive Director; Tom Midkiff, John Brady, Steve Starkweather, Liz Columbia and Tammy McCall.

Other guests present were Katherine Halloran from the Legislative Research Commission ("LRC"), and John Egan from Frost Brown & Todd, LLC.

Secretary Flanery verified with staff that a quorum was present and that the press had been notified of the meeting.

The first item on the agenda was the approval of the July 18, 2014 minutes. Ms. Rachael Dever made a motion to approve the minutes. Mr. Ed Ross seconded the motion. **The motion CARRIED.**

Allocation of 2014 Local Volume Cap - Mr. Tom Midkiff directed the Committee to the proposed project from Kelley Beekeeping Company. The project would construct a new 100,000 square foot facility for manufacturing and showroom space in Leitchfield, Kentucky (Grayson County). The Company currently employs 130 people and provides over 3,000 products ranging from woodenware, package and queen bees, protective clothing, metal extraction, to wax foundation. The Company has grown from 60 employees to 130 employees in the last year with revenues increasing over 50% during that time. This Project will help accommodate the Company's growth and improve their technology and capital equipment. The Project is expected to create fifty (50) new full-time jobs at an average wage of \$10.17 (including benefits). Mr. John Egan from Frost Brown & Todd, LLC was at the meeting to answer any questions if needed. Mr. Midkiff made the Committee aware that the required Inducement Resolution submitted with the application was blank and not executed. Grayson County Fiscal Court had to reschedule their meeting due to an illness of a board member, and has called a Special Meeting on Friday, November 14, 2014, in order to approve and execute the required Resolution. Mr. Egan confirmed the date of the special called meeting to approve the resolution.

Mr. Midkiff called attention to the 2014 Local Issuer Pool Staff Analysis. The 2014 Local Issuer Pool was re-opened for applications on October 15, 2014, and the only application

received was from the Kelley Beekeeping Company; therefore; it received a score of 100 in the analysis.

Mr. Midkiff then called attention to the **Summary of the 2014 Volume Cap**. He stated that should the Committee approve the proposed \$10,000,000 allocation to Kelley Beekeeping Company, the summary showed a breakdown of what funds would still be available. The State Issuer Pool completely allocated the available \$263,717,700 in 2014 with no available carryforward. The Local Issuer Pool in 2014 will have allocated \$22,500,000 out of the available \$175,811,800. Should Kelley Beekeeping Company issue before December 15, 2014, a balance of \$153,311,800 would be available to carryforward. If they were not able to issue by the statutory deadline, then the \$10,000,000 would be put back into the Local Issuer Pool and made available for carryforward. Mr. Midkiff stated that at the next KPABAC meeting applications will be reviewed for CY 2014 Carryforward and that the next meeting will be scheduled between December 15, 2014 and the end of the year.

OFM staff recommended approval of the proposed \$10,000,000 allocation from the Local Issuer Pool to Kelley Beekeeping Company, contingent on OFM obtaining the executed Inducement Resolution.

Secretary Flanery asked Mr. John Egan the reason for Kelley Beekeeping Company's growth over the last year. Mr. Egan stated the longstanding original owner, Mr. Kelley, added some new partners who helped him to grow the company and this year the company was sold to Franz Inc. from Minnesota. They plan to buy a piece of property next to the Western Kentucky Turnpike to build a new facility, which they propose will be more efficient and will attract additional tourism to Kentucky. He stated they have also applied to the Cabinet for Economic Development ("CED") for additional benefits. Ms. Rachael Dever added she would have to abstain from the vote because of the pending application to CED. Mr. Egan expressed his appreciation to the Committee for re-opening the window for applications and enabling this project to go forward.

Secretary Flanery asked if there were any more questions. With no further questions by the Committee, Mr. Ed Ross made a motion to approve the recommended 2014 Local Issuer Pool Volume Cap allocation to Kelley Beekeeping Company with OFM Staff's special condition, and was seconded by Mr. Mike Bartlett. **The motion CARRIED**, with Ms. Rachael Dever abstaining.

With no further business before the Committee, the meeting adjourned.

Respectfully submitted,



Ryan Barrow
Secretary