

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE  
MINUTES  
November 1, 2012**

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 1, 2012 at 2:00 p.m. in Room 182 of the Capitol Annex, Frankfort, Kentucky. Other members present were Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, Ed Ross, Controller, Finance and Administration Cabinet, John Hicks, proxy for Mary Lassiter, State Budget Director, and Mary Lassiter, Secretary, Governor's Executive Cabinet.

Office of Financial Management (OFM) and staff to the Committee present were John Bailey, Robin Brewer, Rachael Dever, Jennifer Kantner, Tom Midkiff and Marcia Adams.

Other guests present were Pamela Trautner, Public Information Officer, Finance & Administration Cabinet, Joshua Nacey and Christine Robertson from the Legislative Research Commission ("LRC"), Carla Wright from the Office of State Budget Director ("OSBD"), Bryan Beasor from Transcraft Corporation and Mike Herrington, from Stites & Harbison, PLLC representing Charah, Inc.

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 August 17, 2012 minutes. A motion was made by Mr. John Hicks and the motion was seconded by Mr. Ed Ross to approve the minutes. **Motion CARRIED.**

**2012 Volume Cap Allocations (2<sup>nd</sup> Lottery)** – Mr. Tom Midkiff presented the analysis of the two applicants for local volume cap allocation. He said that the Commonwealth has an abundance of volume cap available and that staff does not historically open the application period as many times as we did this calendar year, but this was done in an attempt to use the cap. Next, he presented the first application for Transcraft Corporation and the project description. The Transcraft Corporation (the "Corporation") Project, located in Cadiz, KY, consists of a 12,000 square foot building with the latest technology in painting equipment. The Project will be a total capital investment of approximately \$2,500,000 and will add 80 new jobs at an average hourly wage of \$11.72 (with benefits). The Project will help the Corporation meet the rising demand for flatbed and drop deck trailers. No county or state funds will be expended for the Project. Proceeds from the sale of bonds are intended to be sufficient to complete the Project. The county of Trigg, Kentucky will act as the conduit issuer of the bonds and the revenue stream from a Memorandum of Agreement with the Corporation will be the sole source of repayment for the bonds. Mr. Bryan Beasor from Transcraft is present to answer any questions from the Committee.

The second applicant is Charah, Inc. and is represented by Mike Herrington from Stites, as counsel for the company. The Charah, Inc. (the "Corporation") Project is located in Louisville, KY at the Mill Creek Generating Station coal-burning power plant. The new facility will take the scrubber byproduct that would otherwise go to the landfill (gypsum), pelletize it, and sell it to the agricultural industry as fertilizer. LG&E, the owner of the

property, will agree to provide all necessary easements and full access to the site to permit its construction and thereafter to allow the Corporation, its employees, subcontractors, agents and/or representatives access to maintain and service the facility and/or to conduct its operations to produce and ship its products. The Project will create 13 direct employees with an average wage of \$30.72/hour (including benefits) plus ancillary jobs such as trucking for the delivery of the pelletized products. Additionally, the Project will create an estimated 50 construction jobs at the peak of the construction period. Louisville/Jefferson County Metro Government will act as the conduit issuer of the bonds and the revenue stream from a Memorandum of Agreement with the Corporation will be the sole source of repayment for the bonds.

These two applicants total a job creation of 93 Kentucky employees not counting construction and transport positions. The weighted hourly average wage approximately \$14.38 per hour, a total investment in Kentucky of \$13.7 million and the request for cap is \$9.8 million to Charah, Inc and \$2.5 million to Transcraft Corporation. Staff does recommend approval and both applicants have representatives here to answer questions.

Mr. Bryan Beasor remarked that Transcraft is the largest employer in the community and blessed to be able to provide jobs and add to the company's staffing with this project. Mr. Mike Herrington, counsel to the Charah, Inc. project, expressed his company's anticipation of improving the environment and progressing with the project upon approval.

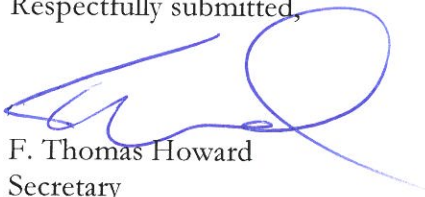
**Summary of 2012 Volume Cap** – Mr. Midkiff discussed the 2012 cap summary attachment showing these two projects under the second lottery with totals detracted from available cap. With approval of both projects today, the remaining local cap available will be \$146,035,528. This committee will meet again after December 15<sup>th</sup> to approve and allocate remaining funds to state agencies to carry forward the cap. He stated that every state is having this same issue with unused volume cap and few applicants.

A motion was made by Ms. Mary Lassiter and the motion was seconded by Mr. John Hicks to approve the 2012 Volume Cap Allocation. **Motion CARRIED.**

Ms. Lassiter asked if there was any preliminary interest in any pending projects for future local issuer allocations. Mr. Midkiff replied he was not aware of any.

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

Respectfully submitted,



F. Thomas Howard  
Secretary