

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE**  
**MINUTES**  
**MARCH 8, 2022**  
**11:00 AM**

The Kentucky Private Activity Bond Allocation Committee (the “Committee”) meeting was called to order on Tuesday, March 8, 2022, at 11:00 AM ET via ZOOM video teleconference by J. Michael Brown, Secretary of the Governor’s Executive Cabinet, permanent proxy for Governor Andy Beshear, and Chair of the Committee. Other members present were Robert Long, proxy for Holly M. Johnson, Secretary of the Finance and Administration Cabinet (“FAC”); Edgar C. Ross, State Controller, and Executive Director of the Committee; and Katie Smith, proxy for Larry Hayes, Interim Secretary for the Cabinet for Economic Development (“CED”).

The Office of Financial Management (“OFM”) Staff Members Present: Ryan Barrow, Executive Director of OFM and Secretary to the Committee; Steven Starkweather, Deputy Director of OFM; Billy Aldridge, Matthew Feltner, Melissa Perry and Aubry McDonald.

Other Guests Present: Tom Midkiff, Kentucky Housing Corporation (“KHC”); John Egan, Frost Brown Todd; Laura Theilmann, Frost Brown Todd; Mark Franklin, Dinsmore and Shohl; Tate Anderson, Pratt Industries; Ryan Reed, Trellis; Kyle Jahn, Trellis Brewing Company; James Duffy, Ferneliff Distillery Company; and Lawrence Tonomura.

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

The first item on the agenda was the approval of the December 14, 2021, minutes. A motion to accept the minutes of the December 14, 2021, meeting was made by Director Ross and seconded by Ms. Smith. Motion **CARRIED**.

**2022 Local Issuer Pool** – Mr. Feltner directed the Committee to the power point presentation shared via Zoom. He gave an overview and listed six guidelines (per regulation) to consider when evaluating project allocation amounts. He then presented a summary of the 2022 Volume Cap. He reported that Kentucky’s population was estimated at approximately 4.5 million people, and the 2022 federal per capita allocation amount was \$110 per person, which brought the 2022 calendar year Kentucky volume cap to approximately \$469 million. He explained 30% of that amount becomes the Local Issuer Pool (which equaled \$148.8 million). Mr. Feltner explained the timeline for calendar year 2022 which started with the March 8, 2022 meeting and ended with the allocation of the carryforward in December 2022. An example from the 2020 allocation in which two applications were submitted was shown. He explained the requests from each applicant, total score, total allocation, and the percent awarded. A second example from the 2021

allocation where only one application was submitted was shown. In the next slide of the presentation, Mr. Feltner explained possible scoring guidelines. Mr. Feltner then directed the Committee to the slide showing the applicants for the current calendar year. A total of three applications were received: Pratt Paper LLC, Ferncliff Distillery and Trellis Brewing. A scoresheet and breakdown of possible allocation was presented for each applicant. This concluded Mr. Feltner's presentation and he asked if the Committee had any questions.

Secretary Brown asked for clarification as to the location of the projects. Mr. Feltner stated they were in Louisville and Henderson, Kentucky. Secretary Brown then asked to see the analysis of the scoresheet shown in the presentation on page 111 of the meeting packet. Secretary Brown reminded the members that the Committee was not bound by the proposed scoring mechanism presented by Mr. Feltner.

**Summary of 2022 Volume Cap** – Mr. Barrow gave a brief overview of the two options that were available for allocation. He stated a strictly quantitative approach to scoring was reviewed by Mr. Feltner, but there was flexibility on what the Committee could choose. He stated that once cap was allocated, the projects were allowed 90 days to issue bonds and after that time the unissued allocation would revert to the state. All three projects indicated they were ready to issue bonds. Mr. Barrow then explained the two allocation options: the first was that every applicant would receive some allocation and the second was that one project would receive the full allocation. It was noted that Katie Smith would abstain due to ongoing discussion of the projects within the Cabinet for Economic Development. The representatives from each project then spoke. Mr. John Egan with Frost Brown Todd, on behalf of both Ferncliff and Trellis Brewing, along with James Duffy and Kyle Jahn gave an overview of the projects located in downtown Louisville. Secretary Brown then asked that Mr. Barrow review the two options available for allocation. Mr. Barrow stated that \$148 million was available for allocation: Pratt Paper requested the full \$148 million, Ferncliff Distillery requested \$10 million and Trellis requested \$3.5 million. He reiterated the Committee could allocate the cap in any amount to any applicant. OFM recommended (based on prior year committee action) either of the options: Option 1, to fund the Ferncliff and Trellis projects with the balance going to Pratt Paper or Option 2, the full amount allocated to Pratt. Mr. Barrow stated that after June 30, 2022, there would likely be another 10%, or \$50, million that would be available within the Single Issuer Pool for local projects. Next, Mr. Mark Franklin with Dinsmore & Shohl, on behalf of Pratt Paper, stated that the Pratt project was ready to issue bonds within the next few days and was prepared to use all of the volume cap available. Tate Anderson with Pratt Industries gave an overview of the Pratt Paper project.

Secretary Brown called for a motion to approve one of two options: Option 1 being a split allocation or Option 2, a single allocation to the City of Henderson and Pratt Paper. Ms. Smith reiterated that she must abstain. Mr. Ross asked if OFM recommended an option.

Mr. Barrow stated that OFM historically recommends actions based on prior Committee actions and best practice, and the Committee had selected both options in the past. Mr. Barrow also pointed out that three votes were required for a quorum and with Director Hicks absent and Ms. Smith abstaining, Secretary Brown would need to vote to carry a motion. Mr. Long confirmed he would be inclined to make a motion to discuss. Mr. Long made a motion to approve Option 2, full allocation going to Pratt Paper and was seconded by Mr. Ross. Motion **CARRIED**.

With no further business before the Committee, Secretary Brown asked for a motion to adjourn. A motion to adjourn was made. Motion **CARRIED** and the meeting adjourned at 11:43 AM ET.

Respectfully submitted,

*Ryan Barrow*

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Ryan Barrow  
Secretary