



Commonwealth of Kentucky
Finance and Administration Cabinet
OFFICE OF THE SECRETARY
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Steven L. Beshear
Governor

Jonathan Miller
Secretary

June 19, 2008

No. 08-21

Laurence J. Zielke, III
Vice President and Legal Counsel
South Gulf, Inc.
811 S. Depot Street
P.O. Box 605
Bonifay, Florida 32425

RE: Contract # CT2-785-0700000386:
Stream Mitigation: Pennyrile Forrest State Resort Park.

Dear Mr. Zielke:

The Finance & Administration Cabinet (the "Finance Cabinet") is in receipt of your letter of March 4, 2008, on behalf of South Gulf, Inc. ("South Gulf") relating to Contract # CT2-785-0700000386 (the "Contract") for Stream Mitigation: Pennyrile Forrest State Resort Park. Although not expressly stated, we have treated this letter as a "claim or controversy" submitted to the Secretary of the Finance Cabinet pursuant to KRS 45A.235.

After reviewing materials relative to this dispute submitted by South Gulf and by the Division of Engineering and Contract Administration ("DECA"), we observe that this controversy involves numerous factual disputes. Gulf South has presented evidence to support its *prima facie* case.

The Secretary urges South Gulf and DECA to resolve this dispute by mutual agreement. If the parties are unable to resolve this dispute, the Secretary will issue a final decision on this matter.

For the Secretary
Finance and Administration Cabinet
By Designation

Lori H. Flanery
Deputy Secretary

cc: Paul Gannoe, DECA