

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
March 6, 2007

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Chairman Mike Burnside, proxy for John Farris, Secretary, Finance and Administration Cabinet, on Tuesday, March 6, 2007 at 2:00 p.m. in Room 386 of the Capitol Annex, Frankfort, Kentucky. Other members present were: Katie Smith, proxy for Benjamin E. Fuqua, Acting Secretary, Cabinet for Economic Development; Allen Holt, proxy for Brad Cowgill, State Budget Director; Andy Hightower, proxy for Robbie Rudolph, Jr., Secretary, Governor's Executive Cabinet and Edgar C. Ross, Controller, Finance and Administration Cabinet.

Chairman Burnside declared that a quorum was present and verified that the press had been notified of the meeting.

The first item on the agenda was the approval of the January 17, 2007 minutes. A motion was made by Mr. Allen Holt and the motion was seconded by Mr. Edgar Ross to approve the minutes. **Motion CARRIED.**

Mr. Rob Ramsey, Financial Analyst, Office of Financial Management, stated under Attachment A is a summary of volume cap for 2007. He indicated this was a review of the volume cap available to the state and local issuers. Mr. Ramsey indicated that the meeting today was to allocate the local issuer portion of \$71,503,258. Mr. Ramsey stated under Attachment B is staff analysis and project descriptions for the 2007 local issuer pool applicants. He stated that there were seven manufacturing and two solid waste projects.

Pinehurst Properties project consists of an 80,000 square foot addition to a building constructed in 2005 on a five acre site. The shower door enclosure operation currently employs 80 people and will expand over the next three years by approximately fifteen employees per year. Cox Interior, Inc. project consists of the acquisition and installation of certain equipment at the site of the manufacturing facility. Currently, Cox Interior is the largest local occupation license taxpayer in Taylor County. With new jobs created, the expected impact to the occupational license tax will be approximately \$25,000 per year. The addition of the equipment will have no environmental impact. Johnan America, Inc. is an automotive parts manufacturer. The company is undergoing new window regulator expansion necessitating the expansion of its existing facility and the purchase of additional equipment. This expansion is estimated to create twenty new full time positions. Pan-Oston Holding Company project consists of the financing, acquisition and equipping of an expansion to a facility to be used for the manufacture of retail fixtures. Riken Elastomers Corp. will resume high performance plastics compound production, mainly for the automotive industry from the middle of the year 2007. Initial investment in year 2006 and year 2007 (1st phase) is over \$13.6 million and is mainly for land, building, and equipment. Additional investments as 2nd and 3rd phases of the project will be over \$7 million but the timing and exact amount of investments is not yet fixed. Kiswel, Inc. is a newly formed Kentucky corporation, which is an affiliate of Kiswel USA, Inc., a New Jersey corporation.

March 6, 2007

The bond proceeds will be used to finance the acquisition, renovation, furnishing, installation, and equipment of an existing manufacturing facility to be used for the production of welding wire used in welding processes. J-LOK of West Kentucky, Inc. project is for the construction of a new 45,000 square foot facility to manufacture and process chemical polymers for roof support systems for the coal industry. The project calls for a \$10 million investment in land, buildings, and equipment that will create at least 65 new jobs within two years of activation.

Kentucky Utilities Company has two separate solid waste projects, the Ghent generating station in Carroll County and the Trimble County generating station, unit 2. The generating station projects include components, systems, and projects for the collection, storage, treatment, processing, and/or final disposal of solid wastes. The project facilities are located or will be located at or in proximity to the company's Trimble County generating station, unit 2 and the Ghent generating station situated in Carroll County. The cumulative volume cap requested by the nine applicants exceeded the amount available. The solid waste projects each requested twenty five percent of the local issuer pool but staff recommends the Ghent generating station, as the final ranked applicant, receive the remaining cap which is less than requested. Mr. Ramsey asked if there were any questions regarding any of the projects. With no questions or comments, Mr. Ramsey stated that staff recommends approval.

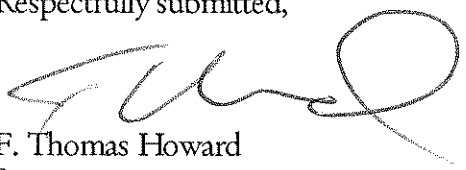
Ms. Katie Smith stated that she would have to abstain from voting on the allocations for the Johnan America, Inc., Riken Elastomers Corp., Kisel, Inc., and J-LOK of West Kentucky, Inc. because these projects had not yet received approval from the Kentucky Economic Development Cabinet.

A motion was made by Mr. Ross to approve the allocation of \$71,503,258 to the above local project applicants for the recommended amounts and the motion was seconded by Mr. Holt. **Motion CARRIED.**

Mr. Ramsey stated that Attachment C was a summary of volume cap requested and allocated for the state and local issuers in 2007. Mr. Ramsey stated Attachment D was a summary of the 2006 volume cap.

Chairman Burnside asked if there was any other business. With no further business before the Committee, the meeting was adjourned. **Motion CARRIED.**

Respectfully submitted,


F. Thomas Howard
Secretary