

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
April 20, 2012

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Jamie Link, Deputy Secretary and proxy for Lori Flanery, Secretary, Finance and Administration Cabinet, on Friday, April 20, 2012 at 10:00 a.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, Ryan Keith, proxy for Mary Lassiter, State Budget Director, and Kevin Cardwell, proxy for Mary Lassiter, Secretary, Governor's Executive Cabinet.

Office of Financial Management (OFM) and staff to the Committee present: Tom Howard, Executive Director of OFM and secretary to the Committee, Robin Brewer, Rachael Dever, Tom Midkiff and Marcia Adams.

Other guests present were Joshua Nacey, Eric Kennedy, and Christine Robertson from the Legislative Research Commission ("LRC"), and Mike Herrington, Counselor for Stites & Harbison, PLLC.

Deputy Secretary Link 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 December 19, 2011 minutes. A motion was made by Mr. Ed Ross and the motion was seconded by Ms. Katie Smith to approve the minutes. **Motion CARRIED.**

Summary of 2012 Volume Cap – Mr. Tom Midkiff presented the spreadsheet with cap information that is determined from census data for Kentucky from July of 2011. At that time, Kentucky's population was 4,369,356, and at \$95 per person, the amount of money for Kentucky is currently \$415,088,820 in available cap. The funds are distributed between two (2) pools, 60% (\$249,053,292) to the State Issuer Pool and 40% (\$166,035,528) to the Local Issuer Pool.

Allocation of 2012 Local Issuer Pool – Mr. Tom Midkiff presented information for the local issuer pool of \$166,035,528. The two-month application period produced one applicant requesting \$8,000,000 leaving \$158,036,528 available of those funds. The applicant, Recast Energy Louisville, LLC, was Mike Herrington from Stites and Harbison, PLLC to answer any questions for the Committee. Recast plans to convert an existing coal-fired boiler to fire wood biomass residuals. The project modifies an existing combustion system and replaces the legacy fuel, ash handling and emission control systems with biomass-compatible equipment. The Project will also modernize the existing plant's control and operations center. The thermal energy created by the Project will be purchased by its neighboring chemical plant customers for the next 15 years. The Project will also add 14 new full-time jobs with an average wage (including benefits) of \$26.20 per hour. The Local Issuer funds will help to finance a portion of the project and the Louisville/Jefferson County Metro Government will act as the conduit issuer of the bonds. Staff recommends approval.

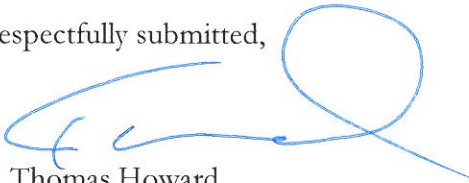
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Mr. Mike Herrington was introduced and explained the status of the project and stated he is co-bond counsel with a Virginia firm, and both will oversee the Project. After today's approval, the bond ordinance will be read at the Metro Government's next meeting, Thursday, April 27th, with the intent is to close around the end of June. The Project is estimated to be around \$13 million dollars, therefore a significant amount of equity is being placed into the project as well.

A motion was made by Mr. Ed Ross and the motion was seconded by Ms. Katie Smith to approve the Local Issuer Pool Allocation. **Motion CARRIED.**

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

Respectfully submitted,

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal line and a small flourish.

F. Thomas Howard
Secretary