AGENDA

10:00 A.M.
Wednesday, January 17, 2006
Room 386, Capitol Annex
Frankfort, Kentucky
Kentucky Private Activity Bond Allocation Committee

AGENDA

January 17, 2007
10:00 A.M.
Room 386, Capitol Annex
Frankfort, KY

1. Call to Order
   A. Quorum
   B. Notification of Press

2. Approval of December 15, 2006 minutes
   Chair

3. Summary of 2007 Volume Cap
   (Attachment A)
   Rob Ramsey, Staff
   Office of Financial Management

4. 2007 State Issuer Pool
   A. Applications
      (Attachment B)
   Mr. Ramsey

5. 2007 Summary of Bond Allocation
    (Attachment C)
    Mr. Ramsey

6. Other Business
   Chair

7. Adjournment
   Chair
KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
December 15, 2006

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Chairman Kristen Webb, proxy for John Farris, Secretary, Finance and Administration Cabinet, on Friday, December 15, 2006 at 10:00 a.m. in Room 66 of the Capitol Annex, Frankfort, Kentucky. Other members present were: Katie Smith, proxy for Marvin E. Strong, Jr., 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 Webb 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 September 14, 2006 minutes. A motion was made by Mr. Edgar Ross and seconded by Ms. Katie Smith to approve the minutes. Motion CARRIED.

Chairman Webb stated the next item on the agenda, allocation of 2006 carryforward, was located under attachment A. Mr. Rob Ramsey stated after the allocation of cap to the local issuer pool and the lottery round of volume cap there was a remaining balance of $593,620. In addition, Mr. Ramsey indicated $93,620 was not utilized by North American Stainless and $9,680 was not utilized by Kentucky Higher Student Loan Corporation ("Kheslc"). That brought the total available carryforward to $696,920. Kheslc filed a notice of intent for the remaining amounts of 2006 private activity bond cap on December 11, 2006. Mr. Ramsey stated that the Kentucky Housing Corporation agreed that the remainder of the carryforward should be allocated to Kheslc.

A motion was made by Mr. Ross to approve the allocation of $696,920 in carryforward to Kheslc and was seconded by Mr. Holt. Motion CARRIED.

Mr. Ramsey stated attachment B was a summary of 2006 volume cap, an informational item for the Committee. Mr. Ramsey stated that for 2007 the U.S. Census Bureau per capita amount was raised to $85, up from $80 in 2006. Mr. Ramsey indicated this represents an approximate $21 million increase over last years total volume cap, assuming the population estimate stays the same. Mr. Ramsey stated staff was expecting estimates from the Census Bureau sometime in early January 2007. Mr. Ramsey indicated by late January 2007 staff plans to be soliciting applications for calendar year 2007 volume cap allocations, as well as specifying deadlines for the applicants.

Mr. Howard stated that the statute specifically prohibits allocating any cap before the U.S. Census Bureau figures are released. Mr. Howard stated the Committee would have to meet again after the Census Bureau figures are released to allocate the state portion of the cap in
January 2007. Mr. Howard stated there will be a second meeting in late February to allocate cap to the local issuers after the applications have been reviewed and scored by staff.

Chairman Webb asked if there was any other business. With no further business before the Committee, a motion was made by Mr. Holt and seconded by Ms. Smith to adjourn the meeting. **Motion CARRIED.**

Respectfully submitted,

F. Thomas Howard  
Secretary
Summary of 2007 Volume Cap

U.S Census Bureau Data
July 1, 2006 KY Population Estimate 4,206,074

2007 Federal Per Capita Allocation $85.00

Total Volume Cap Allocated to Kentucky $357,516,290

Statutory Allocation pursuant to 200 KAR 15:010

   Local Issuer Pool (2)(20%) $71,503,258

   State Issuer Pool (80%) $286,013,032

(1) Reflects $5 Federal inflation index increase from $80 per capita in 2006 to $85 for 2007.

(2) 25% Individual Local Project Limitation pursuant to 200 KAR 15:010
TAB B
Kentucky Private Activity Bond Allocation
State Issuer Pool
CY 2007

Total 2007 Volume Cap = $357,516,290.00
Total 2007 State Issuer Pool = $286,013,032.00 (80%)

Calendar 2007 KHC request = $223,763,137.00 (78%)
Calendar 2007 KHESLC request = $62,249,895.00 (22%)
$286,013,032.00

Historical Information

($000,000)

<table>
<thead>
<tr>
<th>State Issuer Pool</th>
<th>KHC</th>
<th>%</th>
<th>KHESLC</th>
<th>%</th>
<th>Other</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
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</tr>
<tr>
<td>2006</td>
<td>267</td>
<td>214</td>
<td>80%</td>
<td>53</td>
<td>20%</td>
<td>0</td>
</tr>
<tr>
<td>2005</td>
<td>199</td>
<td>119</td>
<td>60%</td>
<td>80</td>
<td>40%</td>
<td>0</td>
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<tr>
<td>2004</td>
<td>198</td>
<td>79</td>
<td>40%</td>
<td>119</td>
<td>60%</td>
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<tr>
<td>2003</td>
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<td>111</td>
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<tr>
<td>2000</td>
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<tr>
<td>1999</td>
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<td>1998</td>
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<tr>
<td>1997</td>
<td>78</td>
<td>39</td>
<td>50%</td>
<td>39</td>
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<tr>
<td>1996</td>
<td>82</td>
<td>52</td>
<td>63%</td>
<td>30</td>
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</tr>
<tr>
<td>1995</td>
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<td>14</td>
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<td>0</td>
<td>0%</td>
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<tr>
<td>1994</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>1993</td>
<td>41</td>
<td>35</td>
<td>85%</td>
<td>0</td>
<td>0%</td>
<td>6</td>
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<tr>
<td>1992</td>
<td>4</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>4</td>
</tr>
<tr>
<td>1991</td>
<td>78</td>
<td>0</td>
<td>0%</td>
<td>71</td>
<td>91%</td>
<td>7</td>
</tr>
<tr>
<td>1990</td>
<td>82</td>
<td>72</td>
<td>88%</td>
<td>10</td>
<td>12%</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>$1,649</td>
<td>$1,053</td>
<td>64%</td>
<td>$578</td>
<td>35%</td>
<td>$17</td>
</tr>
</tbody>
</table>

* Kentucky Infrastructure Authority (KIA) received $6 million, $4 million and $4 million in 1993, 1992 and 1991 respectively. In 1991, The Kentucky Rural Economic Development Authority received $2.8 million and Kentucky Agricultural Finance Corporation received $0.2 million.
Kentucky Private Activity Bond
Allocation Committee
Capitol Annex, Ste. 76
Frankfort, KY 40601

Subject: Request for 2007 Kentucky Private Activity Bond Cap Allocation

Ladies and Gentlemen:

Kentucky Housing Corporation (the Corporation) submits a Notice of Intent with this letter requesting an allocation of $223,763,137 of private activity bonding authority for calendar year 2007. The request represents approximately 78 percent of the Commonwealth's bond capacity available through the state issuer pool.

The Corporation concluded calendar year 2006 with a record number of single-family residential loans totaling more than $500 million providing homeownership to more than 5,000 families. To meet this demand KHC combined taxable borrowings with its tax-exempt resources. KHC will continue to utilize taxable debt and leverage internal resources through loan recycling and replacement refunding.

The Corporation also intends to make approximately 10 percent of its tax-exempt bonding authority available for the development of affordable rental housing through its conduit bond program originally developed in 2004.

If the Committee should require additional information, please let us know.

Very truly yours,

Ben A. Cook
Chief Executive Officer

J. Dennis Humble
Chief Financial Officer

cc: Donald R. Ball, Chairman of the Board
# NOTICE OF INTENT

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE**

Mail to:

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE  
702 Capitol Avenue, Suite 76  
Frankfort, KY 40601

**GENERAL:** The issuer must file two (2) signed copies along with one (1) copy each of supporting documents. Read 200 KAR 15:010, KRS 103.286-103.287 carefully. A Notice of Intent will not be considered a qualified application and will not be dated as accepted unless all required information is provided.

---

1. **ISSUER:** Provide the legal name, address, telephone and fax numbers and e-mail address of the issuing authority as well as the contact person at the issuing authority.

<table>
<thead>
<tr>
<th>ISSUER NAME:</th>
<th>Kentucky Housing Corporation</th>
<th>PHONE:</th>
<th>502-564-7630</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDRESS:</td>
<td>1231 Louisville Road</td>
<td>ZIP CODE:</td>
<td>40601</td>
</tr>
<tr>
<td>CITY:</td>
<td>Frankfort</td>
<td>CONTACT:</td>
<td>J. Dennis Humble</td>
</tr>
<tr>
<td>PHONE:</td>
<td>502-564-4703</td>
<td>FAX:</td>
<td>502-564-7322</td>
</tr>
<tr>
<td>E-MAIL:</td>
<td><a href="mailto:jhumble@kvhousing.org">jhumble@kvhousing.org</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

2. **BORROWER/USER NAME:** Provide the name, address, telephone and fax numbers and e-mail address of the borrower or principal user as well as the contact person at the borrower/user.

| BORROWER/USER NAME: | N/A (Lower and moderate income Kentucky residents) |
| ADDRESS:            |                                                  |
| CITY:               |                                                  |
| ZIP CODE:           |                                                  |
| CONTACT:            |                                                  |
| PHONE:              |                                                  |
| E-MAIL:             |                                                  |

---

**1**
3. LEGAL/BOND COUNSEL: Provide the name, address, telephone and fax numbers and e-mail address of the attorney or law firm representing the issuer.

LEGAL/BOND COUNSEL NAME: Kutak Rock
PHONE: 404-222-4544
ADDRESS: 225 Peachtree S. NE, Ste. 2100
CITY: Atlanta, GA
ZIP CODE: 30303
E-MAIL: damsden@kutakrock.com
FAX: 404-222-4554

4. DESCRIPTION OF PROJECT: Provide a brief description of the project including any economic or environmental impact. State any other impact the project being financed will make. This could include attraction of new businesses, urban renewal, services provided, special taxes paid, etc. Please indicate if the project involves new construction, expansion, acquisition and/or renovation. Also indicate what the project's primary function will be (i.e. manufacturing, solid waste treatment, etc.). Additional sheets may be attached if necessary.

Financing of qualified mortgage loans for lower and moderate income residents of Kentucky and financing of qualified multifamily housing for lower and moderate income residents of Kentucky pursuant to KRS 198A.

5. EMPLOYMENT INFORMATION: Provide the number of full-time jobs to be retained at the project location and an estimate of new permanent full-time jobs to be created by the end of two full years in operation. If applicable, indicate the number of full time jobs which would be lost if the project does not receive private activity bond cap.
6. AVERAGE HOURLY WAGE/BENEFITS: Provide the average hourly wage per new employee and if applicable, the average hourly wage per employee that would otherwise be lost if the project does not receive private activity bond cap.

   Average hourly wage per new employee.  N/A
   Fringe benefits (Itemize benefits).

   Total (Average Hourly Wage + Fringe Benefits)  

   Average hourly wage per retained employee that would otherwise be lost if the project does not receive private activity bond cap.

   Fringe benefits (Itemize benefits).  N/A

   Total (Average Hourly Wage & Fringe Benefits)  

7. OTHER STATE INCENTIVES: Identify any state economic development incentives awarded to the company within the last 10 years including any state incentives that have been approved or have received preliminary approval for the proposed project detailed herein. Identify incentives awarded, amount awarded, year awarded, the applicable project and the site of the project. (Additional sheets may be attached if required).
8. Provide the amount of private activity bond cap the company has previously been allocated in the past 10 years. Include the project, the location and the year of allocation.

9. **ALLOCATION REQUESTED**: State the amount of private activity bond volume cap being requested. Make every effort to assure that the amount requested will be the amount issued. 200 KAR 15:010 requires that the face amount of the bonds issued cannot be less than 85 percent of the confirmation amount.

**ALLOCATION REQUESTED** $223,763,137

10. **ANTICIPATED DELIVERY DATE**: Provide the date on which the bonds will be delivered and paid for.

**ANTICIPATED DELIVERY DATE** 2007

11. **METHOD OF FINANCE**: Indicate whether the financing will be a private placement or reoffered through an underwriter to the public.

**METHOD OF FINANCE** Public Sale

12. **CAPITAL INVESTMENT**: List the amount of Capital Investment that will be made in the proposed project:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition</td>
<td>$N/A</td>
</tr>
<tr>
<td>Building (new construction/additions)</td>
<td>$</td>
</tr>
<tr>
<td>Improvements (existing buildings)</td>
<td>$</td>
</tr>
<tr>
<td>Equipment</td>
<td>$</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$</td>
</tr>
<tr>
<td>Other (Describe)</td>
<td>$</td>
</tr>
<tr>
<td>Total Capital Investment</td>
<td>$</td>
</tr>
</tbody>
</table>
13. BORROWER/USER AND BOND COUNSEL CERTIFICATION: The Borrower/User (beneficiary) must sign attesting to the accuracy of the information contained in the Notice of Intent. Bond Counsel must certify that the issue meets the requirements of Section 146 of the United States Internal Revenue Code of 1986, as amended.

CERTIFICATION OF APPLICATION

Note: The information presented in this application and in the required attachments is evaluated by the KPABAC and its staff and is used in the determination of whether the project will receive an allocation of the local issuer pool of the state ceiling. Any material changes in the status of the proposed project from the facts presented herein could disqualify the project. Please contact staff of the Committee before taking any action which would change the status of the project as reported herein. Projects will be evaluated pursuant to the following criteria:

Jobs created = 30%
Average hourly wage and benefits = 25%
Capital investment = 10%
County unemployment rate = 25%
State incentives = 10% (receipt of state economic development incentives impacts the project negatively in the evaluation.)
Previous private activity bond cap allocated to the company = 25% deduction of total score per allocation received by the company up to 4 allocations.

Certification: I hereby represent and certify that the foregoing information, to the best of my knowledge, is true, complete and accurately and fairly describes the proposed project for which private activity bond cap is sought.

The undersigned, on behalf of the applicant, acknowledges that even though the information contained in this application, or which may hereafter be communicated to the Kentucky Private Activity Bond Allocation Committee contains confidential and proprietary information, it may be subject to public disclosure to the extent required by law pursuant to the Kentucky Open Records Act, Chapter 61 of the Kentucky Revised Statutes. Notwithstanding the above, except as otherwise agreed to by the applicant in writing, no confidential or proprietary information shall be disclosed if properly excluded from disclosure under KRS 61.878 (determined by the Committee, the Kentucky Attorney General, or Court of Competent Jurisdiction).

[Signature]

Chief Financial Officer

[Title]

January 4, 2007

Date
Certification by Bond Counsel

The undersigned certifies that the above issue meets the requirements of Section 146 (relating to the cap on Private Activity Bonds) of the United States Internal Revenue Code of 1986, as amended.

[Signature]

Title

Date

14. APPLICATION ATTACHMENTS: Indicate by checking the appropriate spaces the items that are attached to the Notice of Intent. The Inducement Resolution and the financial feasibility letter must be attached. The financial feasibility letter should be in the form of a commitment letter from a bank or recognized underwriter agreeing to purchase the bonds.

APPLICATION ATTACHMENTS:

- Inducement Resolution (required)
- Financial Commitment Letter (required)
- Other

15. SEND CONFIRMATION TO: Indicate to whom a copy of the confirmation should be sent.

- Bond Counsel
- Issuer
- Borrower

The Kentucky Private Activity Bond Allocation Committee may also request additional information from the company to use in the evaluation of the project.
January 2, 2007

Mr. Rob Ramsey
Kentucky Private Activity Bond
Allocation Committee
c/o Office of Financial Management
Suite 76, Capitol Annex
Frankfort, KY 40601

Subject: Request for 2007 Private Activity Bond Capacity

Dear Mr. Ramsey:

This letter accompanies the Kentucky Higher Education Student Loan Corporation’s (KHESLC) Notice of Intent for an allocation of the Commonwealth’s 2007 Private Activity Bond Capacity in the amount of $62,249,895. We expect to combine this tax-exempt bonding authority with our 2006 private activity bond carryforward of $696,920, recycled funds and taxable bond proceeds to originate and purchase up to $600 million in student loans during 2007.

Loan demand for KHESLC’s program remains high largely due to the financial benefits provided to borrowers. We waive upfront loan fees for all of our borrowers who can also receive loan principal reductions for on-time payments. Our specialty benefits allow teachers and nurses to receive loan forgiveness for their post-graduate service in Kentucky. We provided over $19 million in borrower benefits in 2006.

Tax-exempt bonding authority is critical to KHESLC’s ongoing ability to offer borrower benefits. That’s because the excess earnings on loans funded with tax-exempt bond proceeds are the primary funding source for these benefits.

We deeply appreciate the Kentucky Private Activity Bond Allocation Committee’s continued support of KHESLC and its lending program. Please let us know if further information is required.

Thank you for your assistance.

Sincerely,

James R. Ackinson
Executive Vice President

cc: Ken Roberts, Hawkins, Delafield & Wood
Edward Cunningham, KHESLC
Spencer Noe, Board of Directors Chairperson
NOTICE OF INTENT

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE

Mail to:
KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
702 Capitol Avenue, Suite 76
Frankfort, KY 40601

GENERAL: The issuer must file two (2) signed copies along with one (1) copy each of supporting documents. Read 200 KAR 15:010, KRS 103.286-103.287 carefully. A Notice of Intent will not be considered a qualified application and will not be dated as accepted unless all required information is provided.

1. ISSUER: Provide the legal name, address, telephone and fax numbers and e-mail address of the issuing authority as well as the contact person at the issuing authority.
   
   ISSUER NAME: Kentucky Higher Education Student Loan Corporation
   PHONE: 502-696-7200
   
   ADDRESS: 100 Airport Road
   CITY: Frankfort, KY
   ZIP CODE: 40601
   CONTACT: James R. Ackinson
   PHONE: 502-696-7437
   E-MAIL: jackinson@kheaa.com
   FAX: 502-696-7496

BORROWER/USER NAME: Provide the name, address, telephone and fax numbers and e-mail address of the borrower or principal user as well as the contact person at the borrower/user.

BORROWER/USER NAME: Kentucky Higher Education Student Loan Corporation

ADDRESS: 100 Airport Road
CITY: Frankfort, KY
ZIP CODE: 40601
CONTACT: James R. Ackinson
PHONE: 502-696-7437
E-MAIL: jackinson@kheaa.com
FAX: 502-696-7496
3. LEGAL/BOND COUNSEL: Provide the name, address, telephone and fax numbers and e-mail address of the attorney or law firm representing the issuer.

   Kenneth Roberts, Bond Counsel

   LEGAL/BOND COUNSEL NAME: Hawkins, Delafield & Wood LLP
   PHONE: 212-820-9512

   ADDRESS: One Chase Manhattan Plaza, 42nd Floor

   CITY: New York, NY    ZIP CODE: 10005

   E-MAIL: kroberts@hawkins.com    FAX: 212-820-9651

4. DESCRIPTION OF PROJECT: Provide a brief description of the project including any economic or environmental impact. State any other impact the project being financed will make. This could include attraction of new businesses, urban renewal, services provided, special taxes paid, etc. Please indicate if the project involves new construction, expansion, acquisition and/or renovation. Also indicate what the project’s primary function will be (i.e. manufacturing, solid waste treatment, etc.). Additional sheets may be attached if necessary.

   This project will provide funds for KHESLC’s student loan program, which will assist Kentucky students pursuing post secondary educational opportunities. A minor portion of bond proceeds will also be used to pay cost of issuance and fund reserves.

5. EMPLOYMENT INFORMATION: Provide the number of full-time jobs to be retained at the project location and an estimate of new permanent full-time jobs to be created by the end of two full years in operation. If applicable, indicate the number of full time jobs which would be lost if the project does not receive private activity bond cap.
Full-Time Employee = Minimum 30 hours per week  
Part-Time Employee = Minimum 15 hours per week  
REFER TO ATTACHED COVER LETTER

<table>
<thead>
<tr>
<th></th>
<th>Full-Time</th>
<th>Part-Time</th>
<th>*Full-Time Equivalent of Part-Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Number of jobs at project location</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New jobs to be created</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of jobs retained that would otherwise be lost if the project does not receive private activity bond cap.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*If part time employment is being created, please also indicate full time equivalents and an explanation of the formula used to determine full time equivalents. Without this information, part time jobs will not be used in the calculation of jobs.

6. **AVERAGE HOURLY WAGE/BENEFITS**: Provide the average hourly wage per new employee and if applicable, the average hourly wage per employee that would otherwise be lost if the project does not receive private activity bond cap.

Average hourly wage per new employee.  
Fringe benefits (Itemize benefits). 

<p>| | | | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
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</tbody>
</table>

Total (Average Hourly Wage + Fringe Benefits)

Average hourly wage per retained employee that would otherwise be lost if the project does not receive private activity bond cap.

Fringe benefits (Itemize benefits).

<p>| | | | |</p>
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total** (Average Hourly Wage & Fringe Benefits)

7. **OTHER STATE INCENTIVES**: Identify any state economic development incentives awarded to the company within the last 10 years including any state incentives that have been approved or have received preliminary approval for the proposed project detailed herein. Identify incentives awarded, amount awarded, year awarded, the applicable project and the site of the project. (Additional sheets may be attached if required.)
<table>
<thead>
<tr>
<th>Amount Awarded</th>
<th>Year Awarded</th>
<th>Project</th>
<th>Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) KEDFA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) KREDA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) KJDA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) KIA</td>
<td></td>
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</tr>
<tr>
<td>(5) KIDA</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(6) KIRA</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(7) KEIOZ</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8) KEIA</td>
<td></td>
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</tr>
<tr>
<td>(9) KESA</td>
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</tr>
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<td>(10) KIFA</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(11) EDB</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(12) OTHER</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N/A

(1) Kentucky Economic Development Finance Authority; (2) Kentucky Rural Economic Development Act; (3) Kentucky Jobs Development Act; (4) Kentucky Infrastructure Authority; (5) Kentucky Industrial Development Authority; (6) Kentucky Industrial Revitalization Act; (7) Kentucky Economic Opportunity Zone; (8) Kentucky Enterprise Initiative Act; (9) Kentucky Environmental Stewardship Act; (10) Kentucky Investment Fund Act; (11) Economic Development Bond Program.

8. Provide the amount of private activity bond cap the company has previously been allocated in the past 10 years. Include the project, the location and the year of allocation.  N/A

9. ALLOCATION REQUESTED: State the amount of private activity bond volume cap being requested. Make every effort to assure that the amount requested will be the amount issued. 200 KAR 15:010 requires that the face amount of the bonds issued cannot be less than 85 percent of the confirmation amount.

ALLOCATION REQUESTED  $62,249,895

10. ANTICIPATED DELIVERY DATE: Provide the date on which the bonds will be delivered and paid for.

ANTICIPATED DELIVERY DATE  May 2007

11. METHOD OF FINANCE: Indicate whether the financing will be a private placement or reoffered through an underwriter to the public.

METHOD OF FINANCE  Public Sale

12. CAPITAL INVESTMENT: List the amount of Capital Investment that will be made in the proposed project:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition</td>
<td>$</td>
</tr>
<tr>
<td>Building (new construction/additions)</td>
<td>$</td>
</tr>
<tr>
<td>Improvements (existing buildings)</td>
<td>$</td>
</tr>
<tr>
<td>Equipment</td>
<td>$</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$</td>
</tr>
<tr>
<td>Other (Describe) (Student Loans)</td>
<td>$62,249,895</td>
</tr>
<tr>
<td>Total Capital Investment</td>
<td>$62,249,895</td>
</tr>
</tbody>
</table>
13. BORROWER/USER AND BOND COUNSEL CERTIFICATION: The Borrower/User (beneficiary) must sign attesting to the accuracy of the information contained in the Notice of Intent. Bond Counsel must certify that the issue meets the requirements of Section 146 of the United States Internal Revenue Code of 1986, as amended.

CERTIFICATION OF APPLICATION

Note: The information presented in this application and in the required attachments is evaluated by the KPABAC and its staff and is used in the determination of whether the project will receive an allocation of the local issuer pool of the state ceiling. Any material changes in the status of the proposed project from the facts presented herein could disqualify the project. Please contact staff of the Committee before taking any action which would change the status of the project as reported herein. Projects will be evaluated pursuant to the following criteria:

Jobs created = 30%
Average hourly wage and benefits = 25%
Capital investment = 10%
County unemployment rate = 25%
State incentives = 10% (receipt of state economic development incentives impacts the project negatively in the evaluation.)
Previous private activity bond cap allocated to the company = 25% deduction of total score per allocation received by the company up to 4 allocations.

Certification: I hereby represent and certify that the foregoing information, to the best of my knowledge, is true, complete and accurately and fairly describes the proposed project for which private activity bond cap is sought.

The undersigned, on behalf of the applicant, acknowledges that even though the information contained in this application, or which may hereafter be communicated to the Kentucky Private Activity Bond Allocation Committee contains confidential and proprietary information, it may be subject to public disclosure to the extent required by law pursuant to the Kentucky Open Records Act, Chapter 61 of the Kentucky Revised Statutes. Notwithstanding the above, except as otherwise agreed to by the applicant in writing, no confidential or proprietary information shall be disclosed if properly excluded from disclosure under KRS 61.878 (determined by the Committee, the Kentucky Attorney General, or Court of Competent Jurisdiction).

Signature

Executive Vice President
Title

January 2, 2007
Date
Certification by Bond Counsel

The undersigned certifies that the above issue meets the requirements of Section 146 (relating to the cap on Private Activity Bonds) of the United States Internal Revenue Code of 1986, as amended.

[Signature]

Partner Hawkins Delofield & Wood LLP

Title

January 2, 2007

Date

14. APPLICATION ATTACHMENTS: Indicate by checking the appropriate spaces the items that are attached to the Notice of Intent. The Inducement Resolution and the financial feasibility letter must be attached. The financial feasibility letter should be in the form of a commitment letter from a bank or recognized underwriter agreeing to purchase the bonds.

APPLICATION ATTACHMENTS:

- Inducement Resolution (required)
- Financial Commitment Letter (required)
- Other (Transmittal Letter)

15. SEND CONFIRMATION TO: Indicate to whom a copy of the confirmation should be sent.

- Bond Counsel
- Issuer
- Borrower

The Kentucky Private Activity Bond Allocation Committee may also request additional information from the company to use in the evaluation of the project.