

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
March 5, 2008**

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Chairman Lori Flanery, proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet, on Wednesday, March 5, 2008 at 10:00 a.m. in Room 386 of the Capitol Annex, Frankfort, Kentucky. Other members present were: Katie Smith, proxy for John Hindman, Secretary, Cabinet for Economic Development; Allen Holt, proxy for Larry Hayes, Secretary, Governor's Executive Cabinet; Mary Lassiter, State Budget Director; and Edgar C. Ross, Controller, Finance and Administration Cabinet.

Chairman Flanery 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 15, 2008 minutes. A motion was made by Ms. Katie Smith 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 Attachment A contains a listing and description of the local issuer pool projects. Mr. Ramsey stated there were fourteen project applications: ten manufacturing and four solid waste. He indicated that the statutory allocation pursuant to 200 KAR 15:010 has available \$72,105,058 for the local issuer pool in 2008. Mr. Ramsey stated that by regulation up to twenty five percent of the local issuer pool is the limit available for each project which this year is an amount not to exceed \$18,026,265. Neff Packaging Solutions, Inc. would receive an allocation of \$2,528,793 of the \$3,500,000 requested. Ranked eleventh they will receive the remaining amount available in the local issuer pool after the higher ranking project allocations are made. Mr. Ramsey indicated that the two Kentucky Utilities and one Republic Services projects have received volume cap in the past and were therefore penalized and moved to the bottom of the rankings. He stated there was no amount remaining for those three projects and they would not receive any volume cap.

Mr. Ramsey then provided a brief description of each project, as presented in the agenda and listed here in order of rank.

Four Rivers BioEnergy Company Inc. ("4Rivers")

4Rivers proposes to develop, own and operate a 125 MMGPY dry fractionation fuel grade BioEthanol plant and a 35MMGPY BioDiesel plant and other renewable bio-energy facilities. It is intended that provision will be made in the design to allow expansion of the BioEthanol plant to 250MMGPY and BioDiesel up to 70MMGPY and at that time convert from natural gas supply to alternative energy sources. The bond allocation requested is for the solid waste disposal components of what will be an approximately \$400,000,000 capital investment. The project has received an Environmental Air Permit from the Kentucky DEPA, which will allow the project to begin construction. The project will provide between 400 to 500 jobs during the construction phase and will employ upwards of 75 people once the plant goes into production after phase 1 with up to 125 people after phase 2.

Truitt Bros., Inc. (“TBI”)

TBI, a family-owned Oregon based food processing company, has recently purchased the Gordon Food Service distribution facility in East Bernstadt. TBI intends to do a major remodel of the plant to accommodate the production of a variety of their (>200) prepared meals in single-serve shelf stable microwaveable packaging, such as plastic trays, pouches and bowls. Gordon Food Service previously owned and operated the facility up until 2006 and their departure from the area resulted in a loss of over 390 jobs. The packaging technology employed by TBI is state of the art and the food is high quality with strong customer demand. The manufacturing process is labor intensive and non-polluting. The product line is extensive, requiring a large raw product supply from packaging materials to food components. Also, infrastructure support from local electrical, plumbing and fabrication suppliers, to name a few, would provide additional work for the immediate area and perhaps require additional investments by the suppliers. No new construction will be required. Converting a distribution warehouse to a USDA standard food processing plant will require a substantial investment and extensive remodeling over the course of nearly one year.

New Millennium Development Co., LLC

New Millennium Development Co., LLC's growth in their industries has now required an expansion of the company's existing 25,000 square foot plant. Caldwell Industries was acquired by present ownership in 1985. The original manufacturing location was Auburn Kentucky and this location is still in operation. The company expanded its injection molding operations in 1995 and relocated to Louisville. In early 2000, the company built a new plant at the Louisville location and invested \$1.5 million in the facility. Employment increased in Jefferson County at that time from 25 to the current level 101. The additional space of approximately 38,000 square feet is necessary to accommodate the company's growth and will create an additional 75 jobs. The financial impact of the expansion benefits both Jefferson County and the city of Shively through increased occupational taxes, 1.5% for Shively, in addition to the increased real estate and personal property taxes that will be paid. The wages and salaries will be approximately \$1.7 million with a direct investment of \$2.0 million in facilities and equipment.

NIFCO North America Inc.

This project is invested 100% by a foreign entity, Nifco Inc., from Japan. Nifco manufactures high-precision industrial fasteners in the U.S. for automotive applications. It is the 2nd venture for Nifco Inc. in the U.S. to expand local production with the state-of-art industrial technology which will bring the (projected) economic impact in 2010 as follows: initial investment in fixed assets to nearly \$18.9 million, total number of new hires created locally at 113, annual cost of local employment at \$5 million, \$4 million in annual purchase of raw materials and \$16 million* from annual purchases from local vendors.

(* including raw material cost)

Mauer, LLC

The project is a new 40,000 square foot facility for the purpose of manufacturing plastic caps/closures for the personal care industry. Within this facility will employ a total of 100 employees over a period three (3) years.

Charles Medley Distillers Kentucky, LLC

The Charles Medley facility was acquired in 2007, and needs substantial rehabilitation and renovation. The facility will produce American bourbon spirits in the tradition of the Kentucky Distiller. Finest grains will be mashed at the site, cooked and then fermented. The fermented liquor will then be sent to bourbon distilling equipment for production of the bourbon spirit which will then be placed in oak barrels (most likely assembled on site) for ageing for up to four years. There will be some ageing at the site and bottling will be done offsite.

Continental Web Press of Kentucky, Inc.

Continental Web Press will be investing in a new web printing press for their facility located at 125 Richwood Road in Walton, KY. GE Government Finance, Inc. is the direct purchaser of the \$10MM bond. This project is limited to the acquisition of the printing press to manufacture the company's product. This project is necessary for the borrower to remain competitive in the printing marketplace. The acquisition of the equipment will have no adverse economic or community impacts. This will enable the borrower to continue to be competitive and prosperous as a company. The acquisition will further allow the company to supply their customers with an even greater level of service and responsiveness. The company will add 20 new employees to their finishing lines as a result of the additional output resulting from the new press. The hourly pay for these positions ranges from \$12 per hour to \$20 per hour.

Hinkle Contracting Corporation

The company plans to relocate the new terminal on approximately three acres and will undertake some site preparation in addition to construction and the installation of two, 1,000,000 gallon tanks, heating elements and rail access. The project will also include the acquisition of qualified equipment and rolling stock associated with its other asphalt, concrete and quarry operations in Somerset. There will be approximately \$45,000 in new real and personal property tax revenues, along with fuel tax revenues, and utility revenues associated with this project, in addition to the initial 5 new construction jobs and 125 existing jobs in Somerset.

V. G. Reed & Sons, Inc.

The proceeds of the bonds will be used to achieve a low cost of capital in connection with the acquisition of an 8 color printing press. This new press will replace two existing presses and achieve a lower impact on the environment. The new press will increase capacity and efficiency. Such financial success will result in maintaining new and current employment opportunities.

Bolivar Specialties, LLC

Bolivar Specialties, LLC is a Kentucky corporation planning on supplying admixtures and raw materials to the construction industry beginning in March 2008. Bolivar intends to be a key raw materials supplier throughout the United States and both manufacture and distribute industrial chemicals to approximately 35 states. Bolivar will be the major supplier of Calcium Chloride de-icing compounds in the region. In addition to concrete admixtures, other products to be manufactured by Bolivar for the construction industry include concrete coloring agents, truck and fleet cleaners, form and surface retarders, curing & sealing compounds, evaporation retardants, and water repellants. They will also manufacture organic fertilizers and chelating agents.

Neff Packaging Solutions, Inc.

The proceeds of the bonds will be used to achieve a low cost of capital in connection with the acquisition of printing equipment. The cost savings achieved from this financing will assist the borrower in achieving financial success, in turn maintaining the new employment opportunities achieved from this project.

**** Please Note: The last three projects listed did not receive volume cap. ****

Kentucky Utilities Company c/o E. ON U.S. LLC

The project includes components, systems and projects for the collection, storage, treatment, or final disposal of solid wastes. The project facilities are located or will be located at the Company's E. W. Brown Generating Station in Mercer County, KY and may include, but are not limited to: facilities for the collection, storage, treatment and final disposal of waste calcium sulfite and sulfate and other lime mud sludge byproducts from flue gas desulphurization. The project facilities will include complete new flue gas desulphurization facilities to serve generating stations, including among other things, necessary SO² absorber reaction tanks, recirculation facilities, oxidation air compressors and blowers, foundations and structures, air compressors and air handling equipment and related facilities, related mechanical and electrical auxiliaries, holding tanks, associated site improvements and related structures. Solid waste facilities additions and improvements for the collection of fly ash, bottom ash, landfill expansion and other industrial solid waste collection, storage, treatment and final disposal facilities. Project facilities which are functionally related and subordinate to proposed new and existing solid waste disposal and sewage facilities. Such additional or substituted facilities and appurtenances, furnishings, equipment and machinery deemed necessary thereto, for the disposal of solid wastes, which because of changes in technology, cost, solid waste processes, regulatory requirements and the like, are added to or substituted for the project facilities described herein.

Kentucky Utilities Company c/o E. ON U.S. LLC

The project includes components, systems and projects for the collection, storage, treatment, processing and final disposal of solid wastes. The project facilities will be located at the Company's Ghent Generating Station in Carroll County, KY and may include, but are not limited to: facilities for the collection, processing and disposal of solid waste calcium sulfite byproducts created by environmentally required flue gas desulphurization facilities. The project

facilities include complete new solid waste collection, processing and disposal facilities to serve the generating units of the Ghent Station, including, among other things, the necessary SO² absorber reaction tank, recirculation facilities, oxidation air compressors and blowers, foundations and structures, air compressors and air handling equipment, dewatering system, conveyors and related facilities, related mechanical and electrical auxiliaries, tanks, associated site improvements and related structures, to collect, process and dispose of solid wastes, including piping for the disposal of slurried solid wastes to solid waste disposal dumps.

Republic Services, Inc.

Bond proceeds will be used in conjunction with six facilities located in the Commonwealth. A brief description of each project follows:

- Epperson Waste Disposal, Grant County- Acquisition, construction and equipping of an existing landfill known as Epperson Waste Disposal, and related equipment, within permit No. SW041-00004 issued by the Kentucky Environmental and Public Protection Cabinet.
- Valley View Landfill, Trimble County-acquisition, construction and equipping of an existing landfill known as Valley View Landfill, and related equipment, within permit No. SW112-00002 issued by the Kentucky Environmental and Public Protection Cabinet.
- Tri-K Landfill, Lincoln County-acquisition, construction and equipping of an existing landfill known as Tri-K Landfill, and related equipment, within permit No. 069-00004 issued by the Kentucky Environmental and Public Protection Cabinet.
- Ohio County Balefill, Inc., Ohio County-acquisition, construction and equipping of an existing landfill known as Ohio County Balefill, Inc., and related equipment, within permit No. 092-00010 issued by the Kentucky Environmental and Public Protection Cabinet.
- Industrial Disposal, Jefferson County-acquisition, construction and equipping including collection vehicles and containers, of an existing hauling facility known as Industrial Disposal is relied upon for the hauling for disposal of non-hazardous solid waste by residents, businesses and industries primarily located in Jefferson County and surrounding counties.
- M&M Sanitation, Jessamine County-acquisition, construction and equipping, including collection vehicles and containers, of an existing hauling facility known as M&M Sanitation and related property and equipment. M&M Sanitation is relied upon for the hauling for disposal of non-hazardous solid waste by residents, businesses and industries primarily located in Jessamine County and surrounding counties.

Chairman Flanery stated if a Committee member or guest had a comment or question regarding any of the projects, please address the Committee at this time. There were no comments.

Mr. Ramsey stated that staff recommends allocation to The Four Rivers BioEnergy Company, Inc for \$18,026,265, Truitt Bros., Inc for \$10,000,000, New Millenium Development Co., LLC for \$2,000,000, NIFCO North America for \$10,000,000, Mauer, LLC for \$3,100,000, Charles Medley Distillers Kentucky, LLC for \$7,000,000, Continental Web Press of Kentucky, Inc. for \$10,000,000, Hinkle Contracting Corporation for \$5,000,000, V.G. Reed & Sons, Inc. for \$2,650,000, Bolivar Specialties for \$1,800,000 and Neff Packaging Solutions, Inc. for \$2,528,793.

Ms. Lassiter asked if Neff Packaging Solutions, Inc. would receive less than what was actually recommended under Attachment A. Mr. Ramsey stated it was correct that Neff would receive \$2,528,793 of the \$3,500,000 requested. Mr. Ross asked if one of the projects were to drop out would the Committee need to reconvene to allocate the unused cap. Mr. Ramsey stated that the current recommended allocations would be valid for 90 days and each entity would issue the bonds during that time. Mr. Ramsey stated any bonds that are not issued within this 90 day period would then be returned back to the pool. He stated that the money remaining would then go into the lottery round. Mr. Ramsey stated this is random selection, the only differentiation in criteria would be if a project had received volume cap in the past versus ones that had not received volume cap. Any volume cap left after the lottery round would be converted to the state issuer pool on December 15, 2008.

Ms. Smith stated that the Kentucky Economic Development Cabinet has not completed their approval process and she would have to abstain from voting on the following projects: The Four Rivers BioEnergy Company, Inc., Truitt Bros., Inc., NIFCO North America, Mauer, LLC and Republic Services.

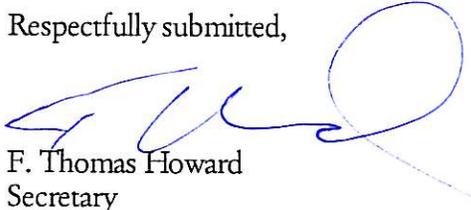
A motion was made by Mr. Ross and the motion was seconded by Mr. Holt to approve volume cap allocation to The Four Rivers BioEnergy Company, Inc for \$18,026,265, Truitt Bros., Inc for \$10,000,000, New Millenium Development Co., LLC for \$2,000,000, NIFCO North America for \$10,000,000, Mauer, LLC for \$3,100,000, Charles Medley Distillers Kentucky, LLC for \$7,000,000, Continental Web Press of Kentucky, Inc. for \$10,000,000, Hinkle Contracting Corporation for \$5,000,000, V.G. Reed & Sons, Inc. for \$2,650,000, Bolivar Specialties for \$1,800,000 and Neff Packaging Solutions, Inc. for \$2,528,793. Chairman Flanery stated that the Committee approves the recommendation and has recorded Ms. Smith's abstention from voting on The Four Rivers BioEnergy Company, Inc., Truitt Bros., Inc., NIFCO North America, Mauer, LLC and Republic Services projects. **Motion CARRIED.**

Mr. Ramsey stated the next item on the agenda displays the 2008 volume cap summary for the local and state issuer pools. Mr. Ramsey continued with the next item on the agenda summarizing the final 2007 volume cap allocation. He indicated that this was previously included in the January 15, 2008 agenda, but that it did not reflect the \$4 million dollar carryforward that was awarded to Kentucky Housing Corporation on December 21, 2007. Chairman Flanery asked if that was the only change in the 2007 summary sheet. Mr. Ramsey stated that was correct.

March 5, 2008

With no further business before the Committee, the meeting was adjourned. **Motion CARRIED.**

Respectfully submitted,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above the printed name.

F. Thomas Howard
Secretary