

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
July 23, 2008

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Chairman Glenn Mitchell, proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet, on Wednesday, July 23, 2008 at 3:00 p.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; Ryan Green, proxy for Larry Hayes, Secretary, Governor's Executive Cabinet; Mary Lassiter, State Budget Director; and Edgar C. Ross, Controller, Finance and Administration Cabinet.

Chairman Mitchell 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 March 5, 2008 minutes. A motion was made by Ms. Mary Lassiter 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 that the total available volume cap for the 2008 lottery was \$37,005,058. Mr. Ramsey stated the lottery was held this morning at 10:30 a.m. with the results being Republic Services, Inc receiving the maximum 25 percent available or \$18,026,265. Mr. Ramsey stated that Kentucky Economic Development Finance Authority ("KEDFA") will be issuing on behalf of Republic Services, Inc. Kentucky Utilities Company also received the maximum 25 percent or \$18,026,265. Mr. Ramsey stated that Carroll County will be issuing on behalf of Republic Services, Inc. Mr. Ramsey stated the remaining balance left for the state issuers as carry forward was \$952,528. Mr. Ramsey indicated that the other Kentucky Utilities Company project for Mercer County declined the remaining \$952,258 after the first two projects received the maximum allocation amount. The other remaining project, R.C. Tway Company d/b/a Kentucky Trailer also declined the remainder. Both projects declined due to 200 KAR 15:010, where a project is penalized if it has received prior volume cap. The projects that declined volume cap did not think the less than \$1 million cap left would be economically feasible to issue. Mr. Ramsey stated that in declining the projects could then come back and not be penalized for receiving previous volume cap in the next cap year. Mr. Ramsey stated that Exhibit A listed a description of the projects that received volume cap. Republic Services, Inc bond proceeds will be used in conjunction with six solid waste facilities located throughout the Commonwealth. The Kentucky Utilities Company project is a solid waste component at the Ghent Generating Station located in Carroll County. Mr. Ramsey stated that staff recommends approval.

Ms. Lassiter asked if the total available volume cap remaining was due to the fact that in the spring of 2008, some projects were not able to issue bonds. Ms. Lassiter asked if any unused volume cap was then put in the lottery pool. Mr. Ramsey stated that was correct. Mr. Howard stated that under the 2008 CAP Summary, projects numbered 6-11 were not able to use their volume cap in the allotted amount of time. Mr. Howard stated that the carry forward from that was subject to reallocation. Mr. Howard stated that under regulation, applications are accepted receiving a number, then all applicants' numbers are placed in the hopper and cap is awarded by random drawing. Mr. Howard stated that Republic Services, Inc was the first to receive allocation with Kentucky Utilities for Carroll County being second. The third project during the

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lottery process for Kentucky Utilities in Mercer County would not have received the amount they requested. Mr. Howard stated that the \$952,528 would be carry forward to be utilized by the state issuer pool after December 15, 2008.

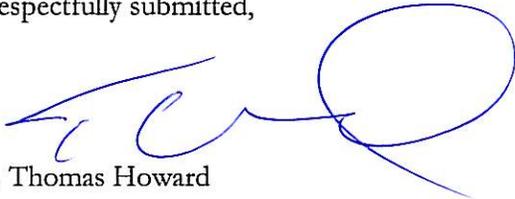
Ms. Lassiter asked what would happen if the issuers of this lottery process do not issue prior to their deadline. Mr. Ramsey stated if there is volume cap not used in the allotted time then it would revert to carry forward to the state issuer pool. Ms. Lassiter also asked what the deadline date is to issue for Republic Services and Kentucky Utilities. Mr. Ramsey stated that it was 90 days, which would be October 21, 2008.

Chairman Mitchell asked if there were any further comments, Ms. Katie Smith stated for the record that she would be abstaining from voting on behalf of KEDFA for Republic Services. Ms. Smith stated that KEDFA only has an inducement resolution and has not done a second approval for that project. Chairman Mitchell stated that the abstention was noted. A motion was made by Mr. Ross and the motion was seconded by Ms. Lassiter to approve the \$18,026,265 to Republic Services, Inc and \$18,026,265 to Kentucky Utilities. **Motion CARRIED.**

Ms. Lassiter asked if the projects that were unable to use the volume cap in the allotted time frame was a function of the economy, an anomaly or rather a normal amount to go unused. Ms. Lassiter indicated that the \$37,005,058 seemed to be a large amount of volume cap. Mr. Ramsey stated that although he has not received feedback from those that did not issue, with the large amount of volume cap not used, the general assumption was economic circumstances did not warrant the projects. Mr. Ramsey stated that The Four Rivers BioEnergy Company, LLC was awarded \$18,026,265 and was not used. Mr. Ramsey indicated that amount being returned made the total volume cap total more than normal.

With no further business before the Committee, a motion was made by Ms. Lassiter and seconded by Ms. Smith to adjourn the meeting. **Motion CARRIED.**

Respectfully submitted,



F. Thomas Howard
Secretary