KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
September 14, 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 Thursday, September 14, 2006 at 2:05 p.m. in Room 285 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 April 28, 2006 minutes. A motion was made by Mr. Edgar Ross and seconded by Mr. Allen Holt to approve the minutes. Motion CARRIED.

Chairman Webb stated the next item on the agenda was staff analysis and lottery results. Mr. Rob Ramsey stated the lottery was held at 10:00 a.m. and there were four applicants. Mr. Ramsey indicated one applicant was disqualified for not having an executed financial commitment letter, which is one of the requirements. Another project, Louisville Gas & Electric withdrew their application. They plan to reapply next year. Mr. Ramsey stated the two remaining projects requesting allocation were North American Stainless and Kentucky Utilities. Mr. Ramsey indicated that both projects were in Carroll County and were solid waste projects. Each project was requesting the maximum amount of $16,693,620. North American Stainless started operations in 1992 in Kentucky as a cold rolling mill that currently has 1127 employees. North American Stainless has invested over 1.5 billion dollars in their Kentucky plant. Mr. Ramsey stated that the overall scope of the project being considered represents an additional investment of 270 million dollars. Mr. Ramsey indicated the $16,693,620 requested by North American Stainless would be used for solid waste but the entire project was not just limited to solid waste. He stated that this would lead to an additional 80 employees. The project would begin in late 2006 and would be operational in late 2008. The Kentucky Utilities project consists of components, systems and projects for the collection, storage, treatment, processing and final disposal of solid waste at their Gent generating station. Mr. Ramsey stated that staff recommends approval of both projects.

Mr. Ross asked why Louisville Gas & Electric withdrew their application. Mr. Ramsey stated that in order for them to be first in line for the next allocation process, they would withdraw at this time and re-apply in FY 2007.

Mr. Holt asked if it was a major mistake by Jiohnan America, Inc. for not having a financial commitment letter which resulted in their being disqualified. Mr. Ramsey stated that it was
and until staff brought it to their attention, they were unaware of any problems with their application.

Mr. Holt asked if it was by pure coincidence that both projects are from Carroll County. Mr. Ramsey stated it was purely a coincidence. Ms. Katie Smith stated that North American Stainless has been approved for an Industrial Revenue Bond from the Kentucky Economic Development Finance Authority that will be issued by Carroll County. They are also receiving an allocation from the Kentucky Industrial Development Authority for this project.

Mr. Holt asked if these two projects have anything to do with one another. Mr. Ramsey indicated they are both separate projects.

Ms. Smith asked if it was a coincidence that both projects were requesting the same amount. Mr. Ramsey stated that was the maximum amount allowed for each project from the lottery process.

Mr. Ramsey indicated that there was originally $33,980,860.00 of volume cap available. Assuming both applicants will use the maximum allocation amount that leaves $593,620.00 for the state issuers.

Mr. Holt asked if the state issuers will have to apply or can the Committee vote to approve the eighty/twenty split for the state issuers and save the Committee from meeting again this year. Mr. Ramsey stated the Committee would have to wait because the two projects from the local issuer pool have until December 13, 2006 to issue the bonds for the total amount allocated to them. Mr. Ramsey stated if either applicant failed to issue their complete allocation there could be additional volume cap left over to add to the state issuer pool.

A motion was made by Mr. Holt to approve the allocation of $16,693,620.00 to both North American Stainless and Kentucky Utilities and was seconded by Mr. Ross. **Motion CARRIED.**

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

Respectfully submitted,

F. Thomas Howard
Secretary