

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
December 17, 2010**

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Chairman Lori Flanery, Deputy Secretary and proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet, on Friday, December 17, 2010 at 11:00 a.m. in Room 182 of the Capitol Annex, Frankfort, Kentucky. Other members present were Donna Duncan, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, Mary Lassiter, Secretary, Governor's Executive Cabinet, Ed Ross, Controller, Finance and Administration Cabinet and John Hicks, proxy for Mary Lassiter, State Budget Director.

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

Other guests present were Kristi Culpepper from the Legislative Research Commission (LRC) and Rick McQuady from the Kentucky Housing Corporation (KHC).

Chairman Flanery 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 November 10, 2010 minutes. A motion was made by Mr. Ed Ross and the motion was seconded by Ms. Donna Duncan to approve the minutes. **Motion CARRIED.**

Allocation of 2010 carry forward – Mr. Tom Midkiff presented information regarding the volume cap for the Local Issuer Pool allocation of \$155,308,068 of which the County of Owen, the only initial applicant, was allocated (and issued) \$26,000,000. The First Lottery for the Local Issuer Pool had one applicant, the County of Butler, where cap was allocated but not issued. In the Second Lottery for the remaining Local Issuer Pool volume cap, the Louisville Metro Government was allocated \$10,000,000 that would be issued by December 31, 2010. This left a balance of \$119,308,068 of unissued cap to be allocated back to the state issuers, the Kentucky Housing Corporation (KHC) and the Kentucky Higher Education Student Loan Corporation (KHESLC). Both state issuers applied for the carry forward and upon Committee approval, the cap would be split evenly between the agencies.

In the State Issuer Pool, KHC and KHESLC were each allocated \$116,481,051, which is half of the total State Issuer Pool volume cap of \$232,962,102 for CY 2010. Neither agency was able to use any of their CY 2010 allocation, Mr. Midkiff explained, so both made applications to apply for the carry forward of their respective cap as well as the equally divided remainder of the carry forward from the unissued Local Issuer Pool, as previously explained. All carry forward would be available to the respective agencies for three years. Staff recommended that the committee allow KHESLC & KHC to carry forward both their unused State Issuer Pool volume cap and the equal division of the unused Local Issuer Pool for CY 2010.

A motion was made by Ms. Duncan to approve the staff recommendation for carry forward. It was seconded by Ms. Mary Lassiter. **Motion CARRIED.**

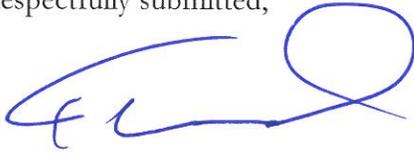
Application for Transfer of Recovery Zone Economic Development Bonds (RZEDB)

– Mr. Midkiff presented a chart representing the transfers of Recovery Zone Economic Development Bonds (RZEDB) allocations by Kentucky counties (totaling approximately \$36 million dollars) to Sanitation District No. 1 (SW1) at Fort Wright, Kentucky, in Kenton County. Kenton County had an initial allocation of approximately \$2,000,000 of American Recovery and Reinvestment Act (ARRA) RZEDB funds. Staff has helped to process the requests for transfers and notified the counties at the beginning of the process that they could waive their allocations to the state. Fleming & Laurel counties waived a combined total of \$1,865,000 in RZEDB allocations to the state. Staff recommended that this amount be transferred to Kenton County for the SW1 project. SW1 believed it would be able to use all the funds transferred to them before the allocations expired at the end of the calendar year. Mr. Howard asked how many counties have transferred their ARRA allocations to Kenton County/SW1. Mr. Midkiff answered that it is approximately 57 counties.

A motion was made by Mr. Ed Ross to approve staff recommendation for the transfer of State-held RZEDB funds to SW1 that was seconded by Ms. Duncan. **Motion CARRIED.**

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

Respectfully submitted,



F. Thomas Howard
Secretary