

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
November 30, 2015**

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Lori Flanery, Secretary, Finance and Administration Cabinet, on Monday, November 30, 2015 at 12:30 p.m. in Room 182 of the Capitol Annex, Frankfort, Kentucky. Other members present were Ed Ross, Controller, Finance and Administration Cabinet; Will Adams, proxy for Mary Lassiter, Secretary, Governor's Executive Cabinet; Ms. Jane Driskell, State Budget Director; and Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

Office of Financial Management ("OFM") and staff to the Committee present were Ryan Barrow, Executive Director and Secretary to the Committee; Sandy Williams, Deputy Executive Director; John Brady, Bethany Couch, Denise Pitts and Tammy McCall.

Other guests present were Katherine Halloran from the Legislative Research Commission ("LRC"); David Carlsen, Chief Financial Officer from the Kentucky Higher Education Student Loan Corporation ("KHESLC"); and Tom Midkiff, Financial Analyst from the Kentucky Housing Corporation ("KHC").

Secretary 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 June 11, 2015 minutes. Mr. Ed Ross made a motion to approve the minutes. Mr. Will Adams seconded the motion. **The motion CARRIED.**

Allocation of 2015 Carryforward – Mr. John Brady directed the Committee to the applications from KHC and KHESLC for the remainder of the unused private activity cap out of the single issuer pool. He reported that a balance of \$172,238,280 of cap was available to carry forward into CY 2016. KHC requested half of the balance, \$86,119,140, to be used for the ongoing financing of qualified single family and multi-family housing loans for low and moderate-income residents in the state. KHESLC also requested half of the balance, \$86,119,140, to help provide funds for their various loan programs. Staff recommended approval.

Mr. Tom Midkiff, KHC, stated that the additional cap would be greatly appreciated. He noted that this year would be the first time a previous year's cap allocations will drop off. That decision was an intentional move by KHC because of time constraints. He stated that approximately \$206 million in remaining cap from 2012 was used last year in the Mortgage Credit Certification program. The total amount of the 2013 cap for the multi-family program has been used, and about half of the 2014 cap for the multi-family program has been used. Mr. David Carlsen, KHESLC, stated that their utilization has been rather small but there were potential opportunities on the horizon. They are looking to use the cap for a refinanced supplemental bond, similar to the FFELP federal loans, which together with the student and parent loan for the program will give KHESLC even more opportunities to utilize the cap.

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Secretary Flanery called for a motion to approve the 2015 Carryforward Allocation. With no further questions from the Committee, Ms. Jane Driskell made a motion, and was seconded by Ms. Katie Smith. **The motion CARRIED.**

Summary of Carryforward – Mr. Brady directed the Committee to the chart that summarized the amount of volume cap that was carried forward over the past few years. The amount to be carried forward from CY2015 to CY2016 for each state agency is \$218,522,850, which includes the allocations approved at this meeting and the \$132,403,710 that both KHC and KHESLC received in June 2015. This amount will carry forward for 3 years and any unissued cap will drop off after 3 years. The total carryforward amount available for CY2016 is \$1,249,923,473.

Summary of 2015 Volume Cap – Mr. Brady presented a summary of the activity during CY2015. He noted that only one local project from the single issuer pool received an allocation, which was to Kelley Beekeeping for \$6,600,000. Kelley Beekeeping issued bonds for \$4,300,000 and the remaining \$2,300,000 of unissued cap went back into the available balance. Mr. Brady anticipates a few applications in the Spring of 2016. The per capita amount for CY2016 will remain at \$100. Once the population data is released in December, staff will know the amount of the CY2016 Volume Cap. Secretary Flanery asked if anyone had an update on Kelley Beekeeping. Ms. Katie Smith answered that the project was moving forward.

With no further business before the Committee, Secretary Flanery asked for a motion to adjourn. Ms. Katie Smith made the motion. The meeting adjourned.

Respectfully submitted,



Ryan Barrow
Secretary