

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
December 12, 2016**

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by William M. Landrum III, Secretary, Finance and Administration Cabinet ("FAC"), on Thursday, December 12, 2016 at 3:44 p.m. in Room 182 of the Capitol Annex, Frankfort, Kentucky. Secretary Landrum asked for a roll call. Other members present were Ed Ross, State Controller, FAC; Mr. John Chilton, State Budget Director, Office of the State Budget Director ("OSBD"); and Katie Smith, proxy for the Secretary of the Cabinet for Economic Development ("CED").

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, Liz Columbia, Bethany Couch, Denise Pitts, Steve Starkweather and Tammy McCall.

Other guests present were Julia Wang, Legislative Research Commission ("LRC"); David Carlsen, Chief Financial Officer, Kentucky Higher Education Student Loan Corporation ("KHESLC"); Tom Midkiff, Financial Analyst, Kentucky Housing Corporation ("KHC"); and Carla Wright, OSBD.

Secretary Landrum 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 23, 2016 minutes. Mr. Ed Ross made a motion to approve the minutes. Director Chilton seconded the motion. **The motion CARRIED.**

Allocation of 2016 Carryforward – Ms. Couch 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. She reported that a balance of approximately \$177 million of cap was available to carry forward into CY 2017. KHC requested approximately \$118.4 million to be used for the financing of qualified single family and multi-family housing loans for low and moderate-income residents in the state. KHESLC requested the remaining balance of approximately \$58.5 million to help provide funds for their loan programs. KHESLC's loan programs may assist Kentucky students pursuing post-secondary educational opportunities and may also assist parent and/or student borrowers with the successful repayment of their loans through the provision of a supplemental refinance loan. A minor portion of bond proceeds may also be used to pay costs of issuance and fund reserves. Staff recommended approval.

Mr. Carlsen answered a question from Secretary Landrum regarding KHESLC loans made to parents. He stated that KHESLC issued a direct purchase note in June 2016 for federal loans which used up approximately \$51 million of the bond cap.

Secretary Landrum asked for a motion to approve the allocation of \$118,449,940 to KHC and \$58,553,740 to KHESLC. Mr. Smith made a motion, and was seconded by Director Chilton. **The motion CARRIED.**

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Mr. Midkiff expressed his appreciation to the Committee for the allocation, and to KHESLC for requesting less than half of the carryforward. He stated that typically the allocations are evenly split between KHC and KHESLC, but KHC had asked for a larger allocation this year to accommodate a larger demand in their multi-family program.

Summary of Carryforward – Ms. Couch 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 CY2016 to CY2017 for KHESLC is approximately \$191.3 million and the amount for KHC is approximately \$251.2 million, which includes the allocations approved at this meeting and the previous allocation approved in June 2016. This amount will carry forward for 3 years and any unissued cap will drop off after 3 years. The total carryforward amount available for CY2017 is \$1,273,793,248.

Summary of 2016 Volume Cap – Ms. Couch presented a summary of the activity during CY2016. She noted the allocation of approximately \$265.5 million made to KHC and KHESLC in June 2016 and the total allocation of approximately \$177 million made at this meeting.

With no further business before the Committee, Secretary Landrum asked for a motion to adjourn. Director Chilton made the motion, and was seconded by Mr. Ross. The meeting adjourned at 3:53 p.m.

Respectfully submitted,



Ryan Barrow
Secretary