

**KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
December 13, 2013**

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Lori Flanery, Secretary, Finance and Administration Cabinet, on Friday, December 13, 2013 at 1:30 p.m. in Room 182 of the Capitol Annex, Frankfort, Kentucky. Other members present were Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, Ed Ross, Controller, Finance and Administration Cabinet, Jane Driskell, State Budget Director, and Mary Lassiter, Secretary, Governor's Executive Cabinet.

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, Tom Midkiff, Steve Starkweather, and Marcia Adams.

Other guests present were Katherine Halloran from the Legislative Research Commission ("LRC"), and Dr. Carl Rollins representing Kentucky Higher Education Student Loan Corporation ("KHESLC").

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 July 26, 2013 minutes. Ms. Mary Lassiter made a motion to approve the minutes. Ms. Jane Driskell seconded the motion. **The motion CARRIED.**

Allocation of 2013 Carryforward - Mr. Tom Midkiff directed the Committee to the applications from the Kentucky Housing Corporation ("KHC") and Kentucky Higher Education Student Loan Corporation ("KHESLC") for the remainder of the unused Local Activity Cap for calendar year 2013. These applications by both Corporations were for the remaining cap as recommended by staff.

The Committee allocated the 2013 state volume cap portion at the July 26, 2013 meeting and both KHC and KHESLC will carry it forward. Today's meeting was to approve the division of the remaining local issuer pool funds of \$151,455,770. Both KHC and KHESLC will receive an additional allocation of \$75,727,885. Both agencies have over \$200,000,000 to carry forward at the end of this calendar year. Dr. Carl Rollins was in attendance from KHESLC to answer potential questions about the Agency's application.

An annual award may be carried forward for three years. A chart was presented to show the total funds carried forward for each agency since calendar year 2010.

Secretary Flanery asked when the 2014 federal allocation would occur. Mr. Midkiff answered that in January he would be informed of the 2014 per capita amount. Then, using the July 2013 population estimates by the Census Bureau, he would calculate the volume cap amount. The estimate is approximately \$400,000,000 of which 60% goes to state issuers and 40% to the local issuers. Sec. Flanery stated that since the two state agencies have gone 50/50 the last several years, there is anticipation with the new leadership in both agencies that this will continue going forward.

Secretary Flanery asked for a recap from staff of the local projects approved by the Committee this calendar year. Mr. Midkiff replied that the city of Hopkinsville had a \$5,000,000 project for an auto parts production facility and the city of Lewis's project was the relocation to Kentucky of a West Virginia company that produced blasting agents. He stated that these were the only local issuer project applications and they both were able to issue bonds.

Secretary Flanery asked for any questions. With no further questions by the Committee, Ms. Lassiter made a motion to approve the recommended 2013 State Volume Cap distribution that was seconded by Ms. Jane Driskell. **The motion CARRIED.**

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

Respectfully submitted,



Ryan Barrow
Secretary