

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
March 31, 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 Wednesday, March 31, 2010 at 10:00 a.m. in Room 386 of the Capitol Annex, Frankfort, Kentucky. Other members present were Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, Mary Lassiter, State Budget Director, Ed Ross, Controller, Finance and Administration Cabinet and Ryan Green, proxy for Mary Lassiter, Secretary, Governor's Executive Cabinet.

Other guests present were Tom Howard, Executive Director of the Office of Financial Management and Secretary to the Committee, Robin Brewer, Rob Ramsey, Tom Midkiff, Rachael Dever and Marcia Adams, staff from OFM; also Kristi Culpepper from the Legislative Research Commission (LRC) and John Herald from 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 August 28, 2009 minutes. A motion was made by Mr. Ed Ross and the motion was seconded by Ms. Katie Smith to approve the minutes. **Motion CARRIED.**

2010 Volume Cap - Rob Ramsey presented the summary of the 2010 Volume Cap for Kentucky. Per the July 1, 2009 Census Bureau estimate, the population of Kentucky is approximately 4,314,113 persons. The per capita amount for 2010 will be \$90 resulting in a 2010 CAP amount of \$388,270,170. The pool will be split 40% (\$155,308,068) to the Local Issuer pool and 60% (\$232,962,102) to the State Issuer pool.

2010 State Issuer Pool Applications – Mr. Ramsey stated that the Kentucky Housing Corporation (KHC) and Kentucky Higher Education Student Loan Corporation (KHESLC) will split the volume cap allocated in a 50/50 ratio. Each applicant has applied for \$116,481,051.

2010 Local Issuer Pool Applications - Only one local qualified applicant responded, and with the request under the CAP amount, we anticipate the commission accepting this application. Mr. Ross asked if this lack of participation was due to the economy. Mr. Tom Howard stated that it is a combination of the economy and the Stimulus money has reduced the borrowing for local projects as they can issue Recovery Zone Bonds on a Tax-Exempt basis as opposed to being subject to the AMT. The applicant, Kentucky American Water Company plans to construct a 20 million gallon-per-day water treatment plant in Owen County. The jobs created will be in Owen County. There is a component of transmission lines that will run through Owen, Scott, Fayette, and Franklin Counties. They do have the ability to increase the output by five (5) million gallon-per-day increments. This project also received Volume CAP in 2009.

2010 Bond Allocation – Staff recommended the allocation of \$26,000,000 from the Local Issuer pool to the Kentucky American Water Company and the allocation of the State Issuers pool of \$232,962,102 split evenly at \$116,481,051 each to the Kentucky Housing Corporation (KHC) and the Kentucky Higher Education Student Loan Corporation (KHESLC). A motion was made by Ms. Mary Lassiter to approve staff recommendation for the 2010 Bond allocations that was seconded by Ms. Katie Smith and Mr. Ryan Green. **Motion CARRIED.**

2009 Summary of Bond Allocation – Mr. Ramsey stated this recap shows both the local and state issuer pools as an informational item. The Committee has already taken action and committed all the funds noted.

Ms. Lassiter asked staff to remind the Committee what the procedures are to make the \$129,308,068 of funds left in the local issuer pool available to other issuers as the year moves forward. Mr. Ramsey stated that after the 90-day window closes, staff would open a lottery process with a second round of applications. During that round, the applicants will be ranked and qualified in two tiers, meaning those not having had CAP previously would be first on the list and those who have second for the lottery. Then any CAP not used in that round would then roll into the state issuer pool.

Summary of HATA Cap – Mr. Ramsey continued with the Housing Assistance Tax Act (HATA) special CAP reserved for the Kentucky Housing Corporation (KHC). To date, KHC has use \$87,637,814 from the 2009 CAP and the available 2010 CAP is \$45,179,387. Mr. Howard stated these allocations are issued on a Non-AMT basis. Ms. Lassiter asked if the \$45,179,387 for 2010 is the carry forward from 2009. Mr. Ramsey responded affirmatively. Ms. Smith asked how long it could be carried forward. Mr. Ramsey responded it was a two- year allocation, ending with 2010. Mr. John Herald from KHC added the KHC has one multi- family issue and then we are currently settling 2010A, the first series of the year.

With no further business before the Committee, a motion was made by Ms. Lassiter to adjourn the meeting and seconded by Ms. Smith. **Motion CARRIED.** The meeting stands adjourned.

Respectfully submitted,



F. Thomas Howard
Secretary