

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
May 30, 2017

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 Tuesday, May 30, 2017 at 1:31 p.m. in Room 182 of the Capitol Annex, Frankfort, Kentucky. Secretary Landrum asked for a roll call. Other members present were Scott Brinkman, Secretary, Governor's Executive Cabinet; Ed Ross, State Controller, FAC; 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, Steve Starkweather and Tammy McCall.

Tom Midkiff, Financial Analyst, Kentucky Housing Corporation ("KHC") was also present.

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 December 12, 2016 minutes. Ms. Smith made a motion to approve the minutes. Secretary Brinkman seconded the motion. **The motion CARRIED.**

2017 State Issuer Pool – Ms. Couch stated that two applications from KHC and KHESLC were received for the State Issuer Pool. As of July 1, 2016, Kentucky's population was estimated at approximately 4.4 million and the 2017 federal per capita allocation amount remained at \$100, which brought the total Kentucky volume cap for calendar year 2017 to approximately \$443 million. Under KRS 103.286, 60% of the private activity cap is reserved each calendar year for state bond issuance authorities. For 2017, the total cap reserved for the state is \$266,218,440. The application period for the State Issuer Pool opened on January 20, 2017 and closed on May 26, 2017. KHC requested half of the state allocation, a total of \$133,109,220 for the financing of qualified single-family and multifamily housing loans for low and moderate-income residents of Kentucky. Kentucky Higher Education Student Loan Corporation (KHESLC) requested the other half of the state portion, also \$133,109,220 to provide funds for their loan programs that include Kentucky students pursuing post-secondary educational opportunities. Staff recommended approval for allocations to both state agencies.

Director Chilton asked if any of the allocations included monies carried over from 2016. Ms. Couch answered that the presentation today was only for the approval to distribute 60% of the 2017 Volume Cap. Mr. Barrow added that State Issuers can carry up to three years' allocations. Mr. Midkiff informed the Commission that last year KHC converted its unused cap allocations into mortgage credit certificates to help first-time homebuyers with their monthly payments. He also mentioned that a good amount of this new allocation would go toward the multi-family program.

Secretary Brinkman asked and Ms. Couch confirmed that no applications were received from the Local Issuer Pool. He commented that there used to be substantial interest in the Local Issuer Pool and asked what had changed in the last ten years. Mr. Barrow replied that there were a couple of factors, and explained one change was the spread differential between tax-exempt and taxable bonds. Secretary Brinkman and OFM staff discussed the legislation regarding the 10% portion set aside for the Energy Efficient Project Pool.

Secretary Landrum asked for a motion to approve the recommended 2016 State Issuer Pool distribution. Mr. Ed Ross made a motion, and was seconded by Director Chilton. **The motion CARRIED.**

Summary of 2017 Volume Cap – Ms. Couch directed the Commission to the Volume Cap summary for the 2017 calendar year. The summary is used to track allocations of the different pools through-out the calendar year. With the approval of the allocation to KHC and KHESLC, the entire State Issuer Pool has been issued. No applications were received for the Local Issuer Pool or the Energy Efficient Project Pool; therefore, their balances remain at approximately \$133 million and \$44 million respectively. Beginning July 1, 2017, those balances will roll into the Local Issuer Pool and will be available for applications.

With no further business before the Committee, Secretary Landrum asked for a motion to adjourn. Ms. Smith made the motion, and was seconded by Director Chilton. The meeting adjourned at 1:43 p.m.

Respectfully submitted,



Ryan Barrow
Secretary