

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
August 17, 2012

The Kentucky Private Activity Bond Allocation Committee (the "Committee") meeting was called to order by Robin Kinney, Executive Director, Office of Administrative Services and proxy for Lori Flanery, Secretary, Finance and Administration Cabinet, on Friday, August 17, 2012 at 2:00 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, John Hicks, proxy for Mary Lassiter, State Budget Director, and Kevin Cardwell, proxy for Mary Lassiter, Secretary, Governor's Executive Cabinet.

Office of Financial Management (OFM) and staff to the Committee present: Tom Howard, Executive Director of OFM and secretary to the Committee, John Bailey, Jennifer Kantner, Tom Midkiff and Marcia Adams.

Other guests present were Joshua Nacey from the Legislative Research Commission ("LRC").

Executive Director Kinney 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 April 20, 2012 minutes. A motion was made by Mr. Ed Ross and the motion was seconded by Mr. John Hicks to approve the minutes. **Motion CARRIED.**

2012 Volume Cap Allocations – Mr. Tom Midkiff presented the application of the Kentucky Housing Corporation ("KHC") requesting allocation of \$50 million dollars in multifamily volume cap from the State Issuer's Pool. In the past, the Committee has allocated cap prior to this meeting, but demand is low for Single-Family cap. In addition, there is a reapplication of a project approved at the prior meeting from the Local Issuer's Pool for Recast Energy Louisville, LLC, which was not able to issue before the deadline, but is now ready to move forward. The spreadsheet also shows the remaining cap available. Recast Energy is the only applicant requesting allocation for the Local Issuer's Pool.

Summary of 2012 Volume Cap – Mr. Midkiff presented information for Calendar Year 2012, beginning with the initial allocation \$415,088,820 of volume cap divided by the State Issuer Pool and the Local Issuer's Pool. The KHC \$50 million dollar application leaves a balance of \$199,053,292 of unused cap in the State Issuer's Pool. That amount will be carried forward and the Committee will have allotment options later this year.

The amount of \$166,035,528 in the Local Issuer's Pool, which includes the \$8 million dollar previous allocation not issued by Recast Energy Louisville, LLC, is shown, leaving a carry forward of \$158,038,528 after a confirmed issuance by the Recast Project. Mr. Midkiff stated that there are other potential applicants for the remaining cap, which would require another application period that may be presented in a future meeting of the Committee.

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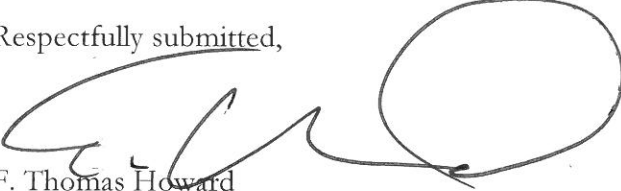
With the Committee's approval and the issuance of both the projects, a total of \$357,088,820 in total available cap would be carried forward to next year. Mr. Ross asked how long KPABAC could carry forward these funds. Mr. Midkiff answered that designated agencies may carry forward previous year cap for a three (3) year period and that funds carried forward from 2009 will expire at the end of 2012. The Kentucky Higher Education Student Loan Corporation ("KHESLC") will be the only firm to experience the expiration of carry forward volume cap if they are not able to issue during 2012. Mr. Howard added that KHC has a substantial amount of carry forward of Single Family cap from 2010 and 2011.

Ms. Smith asked if carry forward cap is available for Local Issuers. Mr. Midkiff replied that only the State Issuer's Pool can carry forward. In the Local Issuer's Pool, applicants have 90 days (upon approval) or by December 15th to issue, whichever is shorter, or the amount reverts to the pool.

A motion was made by Mr. John Hicks and the motion was seconded by Ms. Katie Smith to approve the 2012 Volume Cap Allocation. **Motion CARRIED.**

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

Respectfully submitted,


F. Thomas Howard
Secretary