

KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
MINUTES
June 23, 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, June 23, 2016 at 2:01 p.m. in Room 386 of the Capitol Annex, Frankfort, Kentucky. Secretary Landrum asked for a roll call. Other members present were Ed Ross, Controller, FAC; Mr. John Chilton, State Budget Director, Office of the State Budget Director ("OSBD"); and Katie Smith, proxy for Erik Dunnigan, Acting Secretary, 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"); Janice Tomes, Deputy State Budget Director, OSBD; and April Johnson, KHESLC.

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 November 30, 2015 minutes. Mr. Ed Ross made a motion to approve the minutes. Ms. Katie Smith seconded the motion. **The motion CARRIED.**

KPABAC Fact Sheet Review – Ms. Couch presented to the Committee the KPABAC Fact Sheet which gave an overview of the Committee's purpose and background, a definition of tax-exempt private activity bonds, types of qualified private activity bonds, the volume cap limit, the process for allocations and legal authority. She noted that prior to 2015, the volume cap was reserved for the first half of the calendar year for the state pool (60%) and local pool (40%). An energy efficient pool was added in 2015 and the volume cap is now reserved for the first half of the calendar year for the state pool (60%), local pool (30%) and energy efficient pool (10%). The deadline for applications to the local pool and energy efficient pool was March 7, 2016, and no applications were received. A discussion followed on the energy efficient pool allocation and how the state issuers, KHC and KHESLC, might use their allocations.

2016 Available Volume Cap – Ms. Couch directed the Committee to the 2016 Volume Cap Allocation Summary and stated that the Federal Per Capita Allocation should read 2016 instead of 2015. The summary showed the total volume cap allocated to Kentucky is \$442,509,200. The breakdown of the reserved amounts are: \$265,505,520 for the State Issuer Pool (60%), \$132,752,760 for the Local Issuer Pool (30%), and \$44,250,920 for the Energy Efficient Project Pool (10%).

2016 State Issuer Pool – Ms. Couch stated that two applications from KHC and KHESLC were received for the State Issuer Pool. The application period opened on January 11, 2016 and closed on May 27, 2016. KHC requested an allocation of half of the amount reserved for the State Issuer Pool, or \$132,752,760, for the financing of qualified single-family and multifamily housing loans for low and moderate-income residents of Kentucky. KHESLC also requested an allocation of half of the amount reserved for the State Issuer Pool allocation, or \$132,752,760, to provide funds for KHESLC’s loan programs. The programs may assist Kentucky students pursuing post-secondary educational opportunities and may assist parent and/or student borrowers with the successful repayment of their loans through the provision of a supplemental refinance loan. Staff recommended approval of the allocations to both state agencies.

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 2016 Volume Cap – Ms. Couch directed the Commission to the Volume Cap summary for the 2016 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 \$132,752,706 and \$44, 250,920, respectively.

With no further business before the Committee, Secretary Landrum asked for a motion to adjourn. Ms. Katie Smith made the motion, and was seconded by Mr. Ross. The meeting adjourned at 2:26 p.m.

Respectfully submitted,



Ryan Barrow
Secretary