

## KENTUCKY ASSET/LIABILITY COMMISSION

### MINUTES

October 15, 2007

The Kentucky Asset/Liability Commission ("ALCo") was called to order by Tom Ferree, Chief of Staff, Finance and Administration Cabinet and proxy for Mike Burnside, Secretary, Finance and Administration Cabinet at 10:00 a.m. on October 15, 2007 in Room 76 of the Capitol Annex in Frankfort, Kentucky. Other members present were: Bonnie Howell, proxy for Attorney General Greg Stumbo; Sari Kirschenbaum, proxy for Jonathan Miller, State Treasurer; Allen Holt, proxy for Stan Cave, acting State Budget Director; and Edgar C. Ross, Executive Director, Office of the Controller.

Chairman Ferree verified with staff that a quorum was present and the press was notified of the meeting.

A motion was made by Bonnie Howell and seconded by Allen Holt to approve the minutes of the August 20, 2007 meeting. The minutes of the August 20, 2007 meeting were **APPROVED**.

Chairman Ferree introduced Resolution 2007-05:

**A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL TRUST INDENTURE RELATING TO PROJECT NOTES, 2005 GENERAL FUND SECOND SERIES OF THE KENTUCKY ASSET/LIABILITY COMMISSION; AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL FINANCING/LEASE AGREEMENT; AND TAKING OTHER RELATED ACTION.**

Brett Antle, Financial Analyst, Office of Financial Management, stated that Resolution 2007-05 authorizes the addition of \$100,000,000 in Economic Development Bond Pool energy projects authorized by the 2007 Second Extraordinary Session of the General Assembly and increases the total size of the ALCo 2005 General Fund Second program authorization from \$950,000,000 to \$1,400,000,000. Mr. Antle stated that the Resolution will provide interim financing for all remaining authorized General Fund projects which have not yet been permanently financed. He stated that the Resolution also authorizes a Third Supplemental Trust Indenture and Third Supplemental Financing/Lease Agreement for the Notes. Ms. Antle noted that the project list is subject to change as the financing for State Property and Buildings Commission (SPBC) Project 88 has yet to be finalized.

Allen Holt asked if the Resolution included all of the remaining authorized projects. F. Thomas Howard, Executive Director, Office of Financial Management, indicated that was correct. Ms. Howell asked if the \$25,000,000 for the Personnel Cabinet was in addition to what was previously authorized for the payroll system. Terri Fugate, Deputy Executive Director, Office of Financial Management, indicated that was correct. Mr. Howard indicated that a portion of that project was permanently financed earlier.

A motion was made by Bonnie Howell and seconded by Ed Ross to adopt Resolution 2007-05 authorizing a Third Supplemental Trust Indenture relating to Project Notes, 2005 General Fund Second Series of the Kentucky Asset/Liability Commission; authorizing the execution and delivery of a Third Supplemental Financing/Lease Agreement; and taking other related action. Motion carried and Resolution 2007-05 was adopted.

Mr. Holt asked if there were any projects from prior authorizations that had not expended any of the authorization. He stated that reauthorization language would make it necessary to reauthorize any projects authorized by House Bill 267 that had not expended any funds. Ms. Fugate stated that the Kentucky Infrastructure Authority had projects that had not expended any funds but were expected to begin drawing on Fund A and Fund F within the next few months. Ms. Fugate stated that staff would inform Mr. Holt of the projects that would need to be reauthorized.

Chairman Ferree introduced Resolution 2007-06:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE, SALE AND DELIVERY OF AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$85,000,000 OF UNIVERSITY OF KENTUCKY GENERAL RECEIPTS PROJECT NOTES, 2007 SERIES B, OF THE KENTUCKY ASSET/LIABILITY COMMISSION FOR THE PURPOSE OF PROVIDING FINANCING FOR AN AUTHORIZED PROJECT; AND AUTHORIZING A SUPPLEMENTAL TRUST INDENTURE, SUPPLEMENTAL FINANCING AGREEMENT, NOTE PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENT AND OTHER AGREEMENTS THAT MAY BE ENTERED INTO, ALL RELATED TO SUCH NOTES.

Mr. Antle stated that Resolution 2007-06 authorizes the Commission to issue 2007 Series B Project Notes on behalf of the University of Kentucky ("UK") to expand and renovate the existing UK Hospital which is adjacent to the existing Hospital Critical Care Center and the Gill Heart Institute and to add a parking structure and overhead concourse connector to the parking structure. Mr. Antle noted that this issue completes the issuance of the Agency bond authorization for the UK Hospital project. He added that currently the total scope of the project is \$450,000,000, with \$250,000,000 through Agency bonds. Mr. Antle added that the 2005 General Assembly authorized the original \$100,000,000 of Agency bonds for Phase I of the Hospital project and those bonds were sold in 2005. Mr. Antle stated that subsequently, the 2006 General Assembly authorized \$150,000,000 of Agency bonds for Phase II of the Hospital project. Mr. Antle stated that the first \$75,000,000 was sold on a forward delivery basis in October 2006 to be delivered on November 1, 2007. The bonds, which will be issued in early November if the Resolution is approved, will cover the remaining \$75,000,000 of the total

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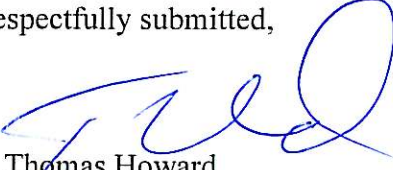
authorization. Mr. Antle stated that the financing team for the sale included Kutak Rock as Bond Counsel; Morgan Stanley as Underwriter; Thompson Hine as Underwriter's Counsel; and U. S. Bank as trustee.

A motion was made by Allen Holt and seconded by Ed Ross to adopt Resolution 2007-06 providing for the authorization, issuance, sale and delivery of an aggregate principal amount of not to exceed \$85,000,000 of University of Kentucky General Receipts Project Notes, 2007 Series B of the Kentucky Asset/Liability Commission for the purpose of providing financing for an authorized project. Motion carried and Resolution 2007-06 was adopted.

Ms. Fugate presented the TRAN update. Ms. Fugate stated that the TRAN has met its targeted expenditure amount and the General Fund continues to have a negative balance. Ms. Fugate noted that the TRAN met its target on August 15 when the General Fund balance fell to a negative \$317,353,050.

With no further business before the Commission, a motion was made by Allen Holt and seconded by Bonnie Howell to adjourn the meeting. There was no objection to the motion and the meeting was adjourned.

Respectfully submitted,



F. Thomas Howard  
Secretary