

**KENTUCKY ASSET/LIABILITY COMMISSION**  
**MINUTES**  
**JANUARY 15, 2010**

The Kentucky Asset/Liability Commission (“ALCo” or the “Commission”) was called to order on Friday, January 15, 2010 at 2:00 p.m. in Room 182 of the Capitol Annex by Lori Flanery, Deputy Secretary, Finance and Administration Cabinet as proxy for Jonathan Miller, Secretary, Finance and Administration Cabinet. Other members present were Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Mary Lassiter, State Budget Director, Corey Bellamy, proxy for Attorney General, Jack Conway, and Mary John Celletti, proxy for Treasurer, Todd Hollenbach.

OFM Staff Members Present: Mr. Tom Howard, Executive Director of OFM and Secretary to the Commission, Deputy Director Brett Antle, Tom Midkiff, Rob Ramsey, Rachael Putnam, and Marcia Adams.

Other Guests Present: Kristi Culpepper and Kelly Dudley, from the Legislative Research Commission.

Deputy Secretary Flanery verified with staff that a quorum was present and that the press had been notified of the meeting.

A motion was made by Ms. Mary Lassiter and seconded by Mr. Ed Ross to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the October 19, 2009 meeting were approved as written.

Deputy Secretary Flanery introduced **Resolution 2010-01**:

**A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE, SALE AND DELIVERY OF PROJECT NOTES, 2010 FEDERAL HIGHWAY TRUST FUND FIRST SERIES OF THE KENTUCKY ASSET/LIABILITY COMMISSION, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$105,000,000 FOR THE PURPOSE OF PROVIDING FINANCING FOR AUTHORIZED PROJECTS; AND AUTHORIZING A SERIES 2010 TRUST INDENTURE, SECOND SUPPLEMENT TO FINANCING/LEASE AGREEMENT, NOTE PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT, OFFICIAL STATEMENT AND OTHER AGREEMENTS THAT MAY BE ENTERED INTO, ALL RELATED TO SUCH NOTES.**

Mr. Rob Ramsey stated that Resolution 2010-01 is for approving Kentucky Asset/Liability Commission Project Notes 2010 Federal Highway Trust Fund First Series, also know as Grant Anticipation Revenue Vehicle (GARVEEs) Notes, in an amount not to exceed \$105 million. This project was authorized by the 2008 General Assembly, H.B. 410 and is to provide permanent financing for \$100 million of the \$231 million full authorization for financing expenditures related to the Louisville Southern-Indiana Ohio River Bridges project. Bond Counsel is Kutak Rock LLP, the Underwriter is Citigroup, and the Underwriter’s Counsel will be Frost Brown Todd LLC, and the Trustee is the Bank of New York Mellon. Staff recommends approval.

Mr. Howard added that these Notes are being wrapped around the existing Federal Highway Trust Fund Notes that are outstanding so that there is a steady payment stream for the GARVEEs. The GARVEEs have a twelve year final maturity in order to secure the AA rating established by the rating agencies. Ms. Lassiter asked

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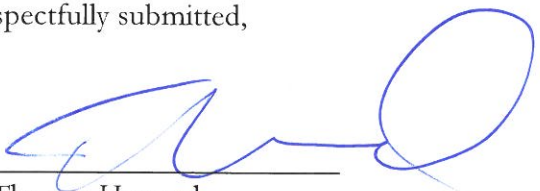
if this debt will continue to be outstanding in note form or if there will be another financing vehicle for these bonds. Mr. Howard responded that most GARVEE financings have a twelve year maximum maturity. Based on previous Federal Highway authorizations, the future reauthorization risk is an issue the rating agencies focus on; therefore, it will remain a twelve year term. During a previous experience attempting to structure a twelve and a half year term on a GARVEE Transaction, one rating agency would not give the Commonwealth an AA rating if the structure exceeded twelve years and therefore ALCo has always stayed within this parameter. These Notes will mature in September of 2020, 2021, and 2022 at approximately \$30 million each.

A motion was made by Ms. Mary Lassiter and seconded by Mr. Ed Ross to approve Resolution 2010-01. Motion CARRIED and Resolution **2010-01** was **ADOPTED**.

Mr. Howard added that if there are new bond authorizations for new capital projects enacted in the upcoming budget, we anticipate returning to the Committee with an interim financing structure using commercial paper if market conditions continue to be favorable.

With no other business, the meeting stands adjourned.

Respectfully submitted,

  
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F. Thomas Howard  
Secretary