

KENTUCKY ASSET/LIABILITY COMMISSION
MINUTES
JUNE 22, 2012

The Kentucky Asset/Liability Commission (“ALCo” or the “Commission”) was called to order on Friday, June 22, 2012 at 1:00 p.m. in Room 182 of the Capitol Annex by Jamie Link, Deputy Secretary and proxy for Lori Flanery, Secretary, Finance and Administration Cabinet and Chairperson to the Commission. Other members present were Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, John Hicks, proxy for Mary Lassiter, State Budget Director, Thomas Scally, proxy for Todd Hollenbach, State Treasurer, and Ms. Marie Gardner, proxy for Attorney General, Jack Conway.

The Office of Financial Management (“OFM”) Staff Members Present: Mr. Tom Howard, Executive Director of OFM and Secretary to the Commission, Deputy Director Brett Antle, Rachael Dever, Tom Midkiff, and Marcia Adams.

Other Guests Present: Carla Wright from the Office of the State Budget Director (“OSBD”), and Joshua Nacey from the Legislative Research Commission (“LRC”).

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

A motion was made by Mr. John Hicks and seconded by Mr. Ed Ross to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the May 11, 2012 meeting were approved.

Deputy Secretary Link introduced **Resolution 2012-02**:

A RESOLUTION AUTHORIZING THE EXECUTION OF A LOAN FROM THE KENTUCKY TRANSPORTATION CABINET IN AN AMOUNT NOT TO EXCEED \$10,500,000 FOR THE PURPOSE OF PROVIDING INTERIM FINANCING FOR AN AUTHORIZED PROJECT; AND AUTHORIZING OTHER AGREEMENTS THAT MAY BE ENTERED INTO, ALL RELATED TO SUCH LOAN.

Mr. Brett Antle stated that during the 2010 Extraordinary Session, the General Assembly authorized \$10,500,000 in Road Fund supported bonds for Aviation Development projects in the Transportation Cabinet. To date, the project has spent almost \$2,000,000 by borrowing internally from the state investment pools. Due to the uncertainty and timing of the remaining expenditures, and the time element involved in tax-exempt financing, an interim line of financing at the cheapest possible terms is the goal. Permanent financing will be done on a tax-exempt basis during calendar year 2013. Resolution 2012-02 is authorizing the execution of a loan for this interim financing from the Kentucky Transportation Cabinet.

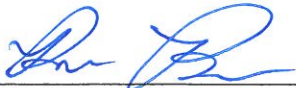
Mr. Antle advised the Commission of an omission in the original resolution agreement, Section 12, page 6. There should be an insertion of the words, “is invalid” between “Loan Resolution” and “then such” resulting in, “this Loan Resolution is invalid then such decision shall”. Staff recommends approval contingent upon the corrected language.

A motion was made by Mr. Ed Ross and seconded by Mr. John Hicks to approve Resolution 2012-02. Motion **CARRIED** and Resolution **2012-02** was **ADOPTED**.

Mr. Antle briefed the Commission of the previous month's authorization of an interim line of credit to provide financing for the State's General Fund supported bond projects, stating that Citibank had been selected as the provider, with a negotiated \$65,000,000 tax-exempt line of credit. This line of credit will cover all of the currently authorized but unissued General Fund bond authorizations. Interest rates on drawn amounts from the line of credit are one-half of one percent and the rate of three-tenths of one-percent will be paid for undrawn amounts. The line is good until July 2013 and staff will close on the initial \$35,000,000 draw on Wednesday, June 27, 2012.

With no other business, the meeting stands adjourned.

Respectfully submitted,



Ryan Barrow
Secretary