The Kentucky Asset/Liability Commission ("ALCo" or the "Commission") was called to order on Wednesday, May 9, 2018 in Room 182 of the Capitol Annex, at 3:00 p.m. ET by William M. Landrum III, Secretary, Finance and Administration Cabinet and Chairperson to the Commission. Other members present were Tina Howard, proxy for Attorney General Andy Beshear; Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet; and Allison Ball, State Treasurer.

The Office of Financial Management ("OFM") Staff Members Present: Mr. Ryan Barrow, Executive Director of OFM and Secretary to the Commission; Sandy Williams, Deputy Executive Director; Steve Starkweather, John Brady, Bethany Couch and Tammy McCall.

Other Guests Present: Katherine Halloran, Legislative Research Commission; Wendell Followell, Kentucky Community and Technical College System ("KCTCS"); David Adkins, KCTCS; Tracy Thuston, Kentucky Housing Corporation; Gene Hutchins, Kentucky Higher Education Student Loan Corporation/Kentucky Higher Education Assistance Authority ("KHEAA"/"KHESLC"); and David Carlsen, KHEAA/KHESLC.

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

A motion was made by Mr. Ross and seconded by Treasurer Ball to approve the previous meeting minutes. Motion CARRIED and the minutes of the September 10, 2015 meeting were APPROVED.

Secretary Landrum introduced Steve Starkweather for his introduction of Resolution 2018-01:

A RESOLUTION AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT TO OBTAIN A LOAN FROM A LENDING INSTITUTION IN AN AMOUNT NOT TO EXCEED $30,250,000 FOR THE PURPOSE OF PROVIDING FINANCING FOR AN AUTHORIZED PROJECT; AND AUTHORIZING A FINANCING/LEASE AGREEMENT, LOAN AGREEMENT AND RELATED NOTES IN ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES, AND OTHER AGREEMENTS THAT MAY BE ENTERED INTO, ALL RELATED TO SUCH LOAN.

Mr. Starkweather stated that Resolution 2018-01 is a request to approve the issuance of Kentucky Asset/Liability Commission Project Notes 2018-1 in an amount not to exceed $30,250,000. The purpose is to provide financing for the third and final phase of the KCTCS Build Smart project as originally authorized in HB235 of the 2014 Regular Session of the Kentucky General Assembly. The resolution also authorizes the financing/lease agreement and loan agreement with Morgan Stanley in one or more tax-exempt or taxable series. The financing rate is 70% of 3-month LIBOR plus 100 basis points, with a variable interest rate that resets quarterly. The loan agreement will be structured to allow sufficient flexibility in the payment structure so that the university can match revenues from a collected student fee to pay down debt service. Upon approval of the Commission, the terms of the agreement will be presented to the State Property and Buildings Commission and the Capital Projects and Bond Oversight Committee. The transaction is anticipated to close in June 2018. Bond Counsel is Kutak Rock. Staff recommended approval.
Secretary Landrum asked for a status on the KCTCS Build Smart project. Mr. Fowell reported that all of the projects were complete except for four which are still under construction: Southeast; South Central, Owensboro, and Hopkinsville. Treasurer Ball asked and Mr. Starkweather confirmed that the first phases had a fixed rate but this financing is variable.

A motion was made by Mr. Ross and seconded by Treasurer Ball to approve Resolution 2018-01. There being no further discussion, the motion CARRIED and Resolution 2018-01 was ADOPTED.

With no other business, Secretary Landrum called for a motion to adjourn. A motion was made by Treasurer Ball and seconded by Mr. Ross. The meeting stands adjourned.

Respectfully submitted,

[Signature]
Ryan Barrow
Secretary