The Kentucky Asset/Liability Commission ("ALCo" or the "Commission") was called to order on Tuesday, June 18, 2013 at 10:00 a.m. ET in Room 285 of the Capitol Annex by Robin Kinney, Deputy Secretary and proxy for Lori Flanery, Secretary, Finance and Administration Cabinet and Chairperson to the Commission. Other members present were John Hicks, proxy for Governor Steven Beshear, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Kevin Cardwell, Proxy for Jane Driskell, State Budget Director, Todd Hollenbach, State Treasurer, and Corey Bellamy, proxy for Attorney General, Jack Conway.

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, Robin Brewer, John Bailey, Rachael Dever, Jennifer Kantner, and Marcia Adams.

Other Guests Present: Carla Wright from the Office of the State Budget Director ("OSBD"), Angie Offerman and Chuck Truesdale from the Legislative Research Commission ("LRC"), and David Talley from the Transportation Cabinet.

Deputy Secretary Kinney 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. Corey Bellamy to approve the previous meeting minutes. Motion CARRIED and the minutes of the January 14, 2013 meeting were approved.

Deputy Secretary Kinney introduced Ms. Robin Brewer for her introduction of Resolution 2013-03:

A RESOLUTION OF THE KENTUCKY ASSET/LIABILITY COMMISSION APPROVING A CAPITAL CONSTRUCTION PROJECT AUTHORIZED BY THE 2013 REGULAR SESSION OF THE GENERAL ASSEMBLY WHERE SUCH PROJECT WILL BE FINANCED BY THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES OR REVENUE BONDS OR BY THE ISSUANCE OF KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION REVENUE BONDS.

Ms. Brewer stated that Resolution 2013-03 is a resolution of the Kentucky Asset/Liability Commission approving a Capital Construction Project authorized by House Bill 238 in the 2013 Regular Session of the General Assembly where such project will be financed by the issuance of ALCo Project Notes or Revenue Bonds or by the issuance of Kentucky State Property and Buildings Commission Revenue Bonds. This reimbursement resolution is for an Agency Fund supported project for the Administrative Office of the Courts to provide funding for the Phase I E-Case and Docket Management System project with total bond authorization of $28,100,000. The resolution will allow for the advancement of monies for the planning and construction of the project as applicable and provide the ability to reimburse the Administrative Office of the Courts certain authorized expenditures that the agency may incur prior to the issuance of the notes/bonds. Staff did present this reimbursement resolution to the State Property and Buildings Commission at the May meeting for approval. Staff recommends approval.
Deputy Secretary Kinney asked if there were any questions. A motion was made by Mr. Ed Ross and seconded by Mr. Corey Bellamy to approve Resolution 2013-03. Motion CARRIED and Resolution 2013-03 was ADOPTED.

Deputy Secretary Kinney recognized Ms. Robin Brewer for her introduction of Resolution 2013-04:

A RESOLUTION OF THE KENTUCKY ASSET/LIABILITY COMMISSION APPROVING CAPITAL CONSTRUCTION PROJECTS AUTHORIZED BY THE 2010 EXTRAORDINARY SESSION OF THE GENERAL ASSEMBLY WHERE SUCH PROJECTS WILL BE FINANCED BY THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES OR REVENUE BONDS OF OTHER AUTHORIZED STATE DEBT-ISSUING AUTHORITIES.

Ms. Brewer stated that Resolution 2013-04 authorizes the Commission to approve Capital Construction Projects authorized by House Bill 3 of the 2010 Extraordinary Session of the General Assembly where such projects will be financed by the issuance of ALCos Project Notes or Revenue Bonds of other authorized state debt-issuing authorities. Two projects authorized under this reimbursement resolution are as follows: 1) Louisville-Southern Indiana Ohio River Bridges Project for $105,000,000 and 2) US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project for $330,000,000. The 2008 Regular Session of the General Assembly authorized $231,000,000 in GARVEEs for the Louisville-Southern Indiana Ohio River Bridges Project and $100,000,000 in ALCos GARVEEs for the Kentucky Lake Bridges Project. Ms. Brewer stated that GARVEEs for ALCos GARVEEs has already been issued with $131,000,000 of GARVEE authorization left. The next resolution in the packet to be discussed will be for approving the issuance of the 2013 GARVEEs, which will use the balance of the 2008 authorization and a portion of the $105,000,000 GARVEE authorization presented in this reimbursement resolution. The Transportation Cabinet also expects to issue a portion of the $330,000,000 for the Lake Barkley and Kentucky Lake Bridges Project at the beginning of next year and that is why it is presented to the Commission at this time. Staff recommends approval.

Deputy Secretary Kinney asked if there were any questions. Mr. Hicks asked staff to confirm that the Resolution is for Federal GARVEE Bonds and this is a reimbursement resolution accordingly. Ms. Brewer answered affirmatively to both parts of the question. Mr. Ed Ross asked if this authorization was for the bridge that was damaged about a year or more ago. Mr. David Talley, from the Transportation Cabinet, replied that the damaged bridge was at Edgar's Ferry and these funds will be for Highway US-68/KY-80.

A motion was made by Mr. Hicks and seconded by Mr. Bellamy to approve Resolution 2013-04. Motion CARRIED and Resolution 2013-04 was ADOPTED.

Deputy Secretary Kinney recognized Ms. Robin Brewer for her introduction of Resolution 2013-05:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE, SALE AND DELIVERY OF PROJECT NOTES, 2013 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 $240,000,000 FOR THE PURPOSE OF PROVIDING FINANCING FOR AUTHORIZED PROJECTS; AND AUTHORIZING A 2013 SERIES TRUST INDENTURE, THIRD 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.

Ms. Brewer stated that Resolution 2013-05 authorizes the Commission to approve the issuance of ALCo Project Notes, 2013 Federal Highway Trust Fund, First Series (GARVEEs) in an amount not to exceed $240,000,000. This issuance will provide permanent financing for approximately $210 million of the $236 million of authorized but unissued bonds/notes authorized by the 2008 Regular Session of the General Assembly in House Bill 410 and by House Bill 3 of the 2010 Extraordinary Session of the General Assembly for the purpose of financing expenditures related to the Louisville Southern-Indiana Ohio River Bridges Project.

The proposed date of sale is July 25, 2013 with delivery of August 6, 2013. The estimated All-in-True Interest Cost is 2.83 percent, with the final maturity of the Notes on September 1, 2025. This transaction will be presented to the State Property and Buildings Commission upon adjournment of this meeting and also to the Capital Projects and Bond Oversight Committee later today. This will be a negotiated transaction with Kutak Rock LLP as Bond Counsel; the Underwriter is Citigroup; the Underwriter’s Counsel is Peck, Shaffer Williams, LLP; and the Trustee is the Bank of New York Mellon. Staff recommends approval.

Deputy Secretary Kinney asked if there were any questions. A motion was made by Mr. Todd Hollenbach and seconded by Mr. Bellamy to approve Resolution 2013-05. Motion CARRIED and Resolution 2013-05 was ADOPTED.

With no other business, the meeting stands adjourned.

Respectfully submitted,

[Signature]

Ryan Barrow
Secretary