

KENTUCKY ASSET/LIABILITY COMMISSION
MINUTES
SEPTEMBER 10, 2015

The Kentucky Asset/Liability Commission (“ALCo” or the “Commission”) was called to order on Thursday, September 10, 2015 in Room 182 of the Capitol Annex, at 1:00 p.m. ET by Lori Flanery, Secretary, Finance and Administration Cabinet and Chairperson to the Commission. Other members present were Corey Bellamy, proxy for Attorney General, Jack Conway; Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet; and Jane Driskell, State Budget Director.

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, Denise Pitts, Liz Columbia and Tammy McCall.

Other Guests Present: Jeff Schnobrich, Legislative Research Commission (“LRC”); John Hicks, Deputy State Budget Director, Office of State Budget Director; and Andrew Hawes, Kentucky Housing Corporation.

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 Mr. Ed Ross and seconded by Mr. Corey Bellamy to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the July 10, 2014 meeting were **APPROVED**.

Secretary Flanery introduced Ms. Denise Pitts for her introduction of **Resolution 2015-01**:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE, SALE AND DELIVERY OF PROJECT NOTES, 2015 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 \$125,000,000 FOR THE PURPOSE OF PROVIDING FINANCING FOR AUTHORIZED PROJECTS; AND AUTHORIZING A 2015 SERIES TRUST INDENTURE, FIFTH 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. Pitts stated that Resolution 2015-01 is a request to approve the issuance of Kentucky Asset/Liability Commission Project Notes, 2015 Federal Highway Trust Fund First Series A (GARVEEs) in an amount not to exceed \$125,000,000. This financing will provide permanent financing for \$120.5 million of the \$180 million of authorized but unissued bonds authorized by House Bill 3 of the 2010 Extraordinary Session of the General Assembly for the purpose of financing expenditures for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project, and to pay for costs of issuing the Notes. Approval was expected at the State Property and Buildings Commission directly following this meeting and was submitted to the Capital Projects and Bond Oversight (“CPBO”) Committee for the September 15, 2015. The September meeting was canceled and to proceed would require approval from the Secretary of the Finance and Administrative Cabinet. Underwriter is Citigroup; Bond Counsel is Kutak Rock LLP; Underwriter’s Counsel is Dinsmore & Shohl LLP; and the trustee is The Bank of New York Mellon. The proposed date of sale is September 29, 2015 with a closing date of October 15, 2015. The All-in True Interest Cost is estimated to be 2.83% and the final maturity of the Notes will be September 1, 2027. Staff recommended approval.

A motion was made by Mr. Ed Ross and seconded by Mr. Corey Bellamy to approve Resolution 2015-01. Secretary Flanery asked if there were any other questions or discussion.

Ms. Jane Driskell asked Secretary Flanery how often the Secretary had to give her written approval for projects to proceed when a CPBO Committee meeting was canceled. Secretary Flanery answered that it was not common, except for this year. She continued that OFM Staff and Office of the State Budget Director Staff will review each project and will make a recommendation to the Secretary. Any projects that were not found to be time sensitive would be recommended to wait and be presented at the October CPBO Meeting. Any projects that would be in the best interest of the Commonwealth to proceed will be recommended to her for signatory approval.

There being no further discussion, the motion **CARRIED** and Resolution **2015-01** was **ADOPTED**.

Mr. Ryan Barrow briefed the Commission on the SWAP Agreement that had some provision changes made to it at the last meeting. Since then, Duetsche Bank was downgraded. He stated that if the Commission had not made the changes, there would have been a problem and he was grateful for their timely actions.

With no other business, Secretary Flanery called for a motion to adjourn. A motion was made by Ms. Jane Driskell and seconded by Mr. Ed Ross. The meeting stands adjourned.

Respectfully submitted,



Ryan Barrow
Secretary