



CABINET FOR ECONOMIC DEVELOPMENT

Matthew G. Bevin
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601
ThinkKentucky.com

Vivek K. Sarin
Interim Secretary

August 28, 2019

The Honorable Christian McDaniel, Co-Chair
The Honorable Steven Rudy, Co-Chair
Joint Committee on Appropriations and Revenue
Room 160, Capitol Annex
702 Capital Avenue
Frankfort, Kentucky 40601

Dear Senator McDaniel and Representative Rudy:

Pursuant to KRS 45.816, I have enclosed information relative to the costs associated with the issuance of revenue bonds issued by the Kentucky Economic Development Finance Authority (KEDFA) for the CommonSpirit Health Project, Series 2019.

The listing of costs associated with the bond issue is submitted to KEDFA and the Office of Financial Management (OFM) from bond counsel and is commonly referred to as "Exhibit B" (see attached form). The Commonwealth is not responsible for the payment of costs for the revenue bond issue; however, KRS 45.816 requires the cost information to be furnished to the Capital Projects and Bond Oversight Committee (CPBOC) and the Interim Joint Committee on Appropriations and Revenue.

If you have any questions or if I can be of assistance to you, please contact me at (502) 782-1987.

Sincerely,

Katie Smith, Commissioner
Department for Financial Services

Enclosure

cc: Jennifer Hays



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KEDFA BOND INFORMATION FORM

Name of Issue: Kentucky Economic Development Finance Authority Revenue Bonds
CommonSpirit Health, Series 2019A-1 and 2019 A-2

**Name of project(s)
covered by Issue:** CommonSpirit Health (the “Corporation”)

Purpose of Issue: (i) acquisition finance all or a portion of projects financed and/or refinanced by the Kentucky Economic Development Finance Authority’s (the “Authority’s”) Revenue Bonds (Catholic Health Initiatives) Series 2013A (the “2013A Bonds”), and/or refinance all of the Authority’s Revenue Bonds (Catholic Health Initiatives) 2009A, 2011B-1 and 2011B-2 (collectively with the 2013A Bonds, the “Existing Bonds”), and (ii) pay costs of issuance. The proceeds of the Existing Bonds were used to pay or reimburse certain affiliates of the Corporation (the “System Affiliates”) for, or refinance, the costs of acquisition, construction, renovation and installation of certain additions and improvements to and equipment at certain health care and health related facilities (collectively, the “Health Care Facilities”) owned and/or operated by certain System Affiliates and located in or near Lexington, Bardstown, Mt. Sterling, London, and Nicholasville (collectively, the “Projects”).

Size: \$176,195,000

Proposed date of Sale: August 7, 2019
Proposed date of issue: August 21, 2019
Maturity: August 1, 2049

Ratings: Baa1 / BBB+ / BBB+

Security: Revenue pledge from CommonSpirit Health Obligated Group

Date authorization(s): March 28, 2019 (Inducement); May 30, 2019 (Amended Inducement) and June 27, 2019 (Final)

Net Proceeds for Refinancing:	\$209,724,837.49
Plus: Bond Fund Additional Proceeds	\$21,850.71

GROSS PROCEEDS:	\$209,746,688.20
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Terms of issue: <u>8/1/2025 – 8/1/2049</u>	Net interest rate: <u>4.06%</u>
Length of term: <u>30 years</u>	

Gross debt service amount: \$361,037,750.00
Average annual debt service: \$12,056,919.29

First call date: 8/1/2029 **Premium at first call:** 100%

Method of sale: Negotiated

Purchasers: Retail and Institutional Investors

Professional Services

Pursuant to the provisions of KRS Chapter 47, the

Agency: CommonSpirit Health
Issue: CommonSpirit Health, Series 2019

is providing information on all costs associated, either directly or indirectly, with the issuance of revenue bonds or notes.

<u>Payee Name/Address*</u>	<u>Participation</u>	<u>Fees, commissions, or any other economic benefits received or anticipated to be received</u>
Citigroup 388 Greenwich Street, 8 th Floor New York, NY 10013		
Morgan Stanley 1585 Broadway, 11th Floor New York, NY 10036	Underwriter's Discount	\$4.38/\$1,000 principal amount based on agreed upon fee schedule of \$4.21/\$1,000 takedown and preliminary underwriter expenses estimated at \$0.17/\$1,000
JP Morgan 383 Madison Ave, 3 rd Floor New York, NY 10179		

Cost of Issuance Overview	
Expense	Total Estimate Fee (\$)
Issuer - KEDFA	35,000.00
Borrower's Counsel - Dentons	39,519.42
Bond Counsel - Polsinelli	38,838.05
Underwriter's Counsel - Norton Rose Fulbright	36,112.57
Pricing Advisor - Swap Financial Group	4,769.58
Auditor - EY	6,813.69
Verification Agent - Causey	204.41
Rating Agency - Moody's	6,459.38
Rating Agency - S&P	11,842.20
Rating Agency - Fitch	5,723.50
Master Trustee - U.S. Bank	59.96
Master Trustee Counsel - Dorsey & Whitney	817.64
Bond Trustee - BNY Mellon	1,022.05
Bond Trustee Counsel - Samuel Waldman	763.13
Printing - ImageMaster	436.08
Roadshow - ImageMaster	129.46
CSH Travel Expenses	3,492.71

* Payees listed shall include issuers, underwriters, placement agents and advisors, financial advisors, remarketing agents, credit enhancers, trustees, accountants, and the counsel of all such persons, bond counsel, special tax counsel, and any other persons receiving financing benefit from the issuance of revenue bonds or notes.

All costs of issuance paid from proceeds of a separate taxable bond issuance by CommonSpirit Health, or from cash of CommonSpirit Health.

Note: Changes or additions in amounts or names of payees or recipients shall be furnished to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue, and shall be made available to the public, within three (3) days following such change or addition.

SOURCES AND USES (attach)

Sources: Bond Proceeds
 Total Sources

Debt Service: (Attach)

Uses: Capital Improvements and Equipment
 Legal, Accounting, Printing, Underwriter's
 Discount and Incidental Expenses
 Total Uses

FOR REFUNDING ONLY

Bond issue being refinanced: The Authority's Revenue Bonds (Catholic Health Initiatives) Series 2009A (the "2009A Bonds")

The Authority's Revenue Bonds (Catholic Health Initiatives) Series 2013A (the "2013A Bonds")

The Authority's Revenue Bonds (Catholic Health Initiatives) Series 2011B-1 and 2011B-2 (the "2011B Bonds")

Amount of principal: \$176,195,000 **Amount to be refunded:** Up to \$201,705,000

Terms of existing bond issue: 2009A Bonds final maturity: 2029
 2013A Bonds final maturity: 2045
 2011B Bonds final maturity: 2046

Net interest rate: 4.06% **Length of term:** Up to 40 years

First call date: 8/01/2029 **Call at par** 100%

Average annual debt service \$12,056,919.29

REFUNDING ACTIVITY

Funds to apply to refunding: \$209,731,817.41

 Proceeds from New Bonds \$209,731,817.41

Total Available to Pay Old Bond Issue \$209,731,817.41

SAVINGS RESULTING FROM REFINANCING

Average annual debt service savings: \$593,557.74

Number of years savings will accrue: 25

Total present value savings:

\$1,497,086.89