



**MATTHEW G. BEVIN**  
Governor

**Commonwealth of Kentucky**  
**FINANCE AND ADMINISTRATION CABINET**  
**Office of Financial Management**  
702 Capital Avenue  
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Frankfort, Kentucky 40601  
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**WILLIAM M. LANDRUM III**  
Secretary

**RYAN BARROW**  
Executive Director

July 18, 2018

Mr. Eugene Hutchins  
Executive Director & Chief Executive Officer  
Kentucky Higher Education Assistance Authority/  
Kentucky Higher Education Student Loan Corporation  
P.O. Box 798  
Frankfort, KY 40602-0798

Dear Mr. Hutchins:

Pursuant to KRS 42.420, the Office of Financial Management is required to review and approve the issuance of bonds by all state agencies. The attached information constitutes our review and approval of the \$85,000,000 Kentucky Higher Education Student Loan Corporation Student Loan Revenue Bonds, Series 2018-1 (Taxable).

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Barrow".

Ryan Barrow  
Executive Director  
Office of Financial Management

Attachments

- c: David Carlsen  
Kentucky Higher Education Student Loan Corporation
  
- Kenneth Roberts  
Hawkins Delafield & Wood LLP

**OFM APPROVAL PURSUANT TO KRS 42.420**  
**\$85,000,000**  
**KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION**  
**STUDENT LOAN REVENUE BONDS**

**SERIES:** 2018-1 (Taxable)

**DESCRIPTION:** Bond proceeds will be used to purchase, originate, and finance Kentucky Advantage Education Loans.

**PAR AMOUNT:** \$85,000,000  
**PRICING DATE:** 07/11/2018  
**CLOSING DATE:** 07/18/2018  
**FINAL MATURITY:** 06/01/2036  
**TIC:** 4.51%  
**NIC:** 4.52%  
**ALL-IN-TIC:** 4.62%  
**METHOD OF SALE:** Negotiated  
**UNDERWRITER:** Bank of America Merrill Lynch  
**RATING:** S&P: AA (sf) / BBB (sf)

**SOURCES AND USES OF FUNDS:**

**SOURCES OF FUNDS:**

Bond Proceeds	\$	85,000,000
Corporation Contribution		<u>15,701,200</u>
<b>Total Sources</b>	<b>\$</b>	<b>100,701,200</b>

**USES OF FUNDS:**

Corporation Contribution of Eligible Loans	\$	15,701,200
Eligible Loans to be Financed		25,647,764
Pre-Funding Amount		56,401,036
Deposit to Debt Service Reserve Fund		1,700,000
Costs of Issuance, including Underwriter Fees		<u>1,251,200</u>
<b>Total Uses</b>	<b>\$</b>	<b>100,701,200</b>

**GROSS SPREAD/UNDERWRITER'S DISCOUNT:**

		<b>\$/Bond</b>		<b>Amount</b>
Management Fee	\$	3.350	\$	284,750
Takedown		5.637		479,150
Expenses		0.130		11,050
Underwriter Counsel Fee		<u>0.550</u>		<u>46,750</u>
<b>Total Gross Spread</b>	<b>\$</b>	<b>9.667</b>	<b>\$</b>	<b>821,700</b>

## PROFESSIONAL SERVICES:

Pursuant to KRS Chapter 45, the Issuer is providing information on all costs associated, either directly or indirectly, with this bond issuance. Costs are actual or estimated as of the date of closing of the issue.

<u>Firm</u>	<u>Service</u>	<u>Fee</u>
Hawkins, Delafield & Wood	Bond Counsel	\$ 85,000
SL Capital Strategies	Financial Advisor	100,000
Standard & Poors	Rating Services	95,000
Fitch	Rating Services	36,000
Office of Financial Management	OFM Fee	21,250
Bank of New York	Acceptance Fee	2,500
	Counsel Fee	25,000
Imagemaster	Printer Fee	2,750
	Investor Presentation	2,000
Misc Corporation Costs		10,000
Misc. Trustee Expense Deposit		<u>50,000</u>
<b>TOTAL</b>		<b>\$ 429,500</b>