

## Preliminary New Bond Issue Report

Issue: State Property & Buildings Commission Revenue Refunding Bonds, Project No. 121 in an estimated principal amount not to exceed \$16,000,000.

Purpose of Issue: To 1.) currently refund and retire all the outstanding SPBC Project No. 93 Bonds; and 2.) pay associated costs of issuance.

Proposed Date of Sale: April 11, 2019  
Proposed Date of Delivery: April 25, 2019

Ratings:  
Moody's TBD  
Fitch TBD

### **Sources:**

Par amount of bonds:	\$13,750,000.00
Premium:	\$1,393,249.35
Total Sources:	<hr/> \$15,143,249.35

### **Uses:**

Refunding Escrow Deposits:	\$14,972,794.86
Cost of Issuance:	\$101,704.49
Underwriter Discount:	\$68,750.00
Total Uses:	<hr/> \$15,143,249.35

All-in True Interest Cost:	3.355%
Final Maturity Date:	2/1/2029
Average Annual Debt Service:	\$1,882,860.78
Total Debt Service:	\$18,258,519.44
Average Life (years):	6.670

### **Refunding Summary:**

Bond Issue Being Refinanced:	See Summary of Bonds Refunded (attached)
Par Amount of Refunded Bonds:	\$14,750,000
Net PV Savings:	\$1,562,602
Percentage Savings of Refunded Bonds:	10.594%

Method of Sale:	Negotiated
Bond Counsel:	Dinsmore & Shohl, LLP
Underwriter:	Hilliard Lyons
Underwriters' Counsel:	Miller Canfield
Trustee:	TBD
Financial Advisor:	Office of Financial Management

Based off cashflows as of 2/27/2019  
*Preliminary Subject to Change*

**BOND DEBT SERVICE**

State Property and Buildings Commission  
 Refunding of Series Revenue and Revenue Refunding Bonds, Project No. 93  
 Refunding of Unrefunded Bonds

Dated Date            05/20/2019  
 Delivery Date        05/20/2019

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
08/01/2019			126,419.44	126,419.44	
02/01/2020	1,320,000	4.000%	320,500.00	1,640,500.00	
06/30/2020					1,766,919.44
08/01/2020			294,100.00	294,100.00	
02/01/2021	3,080,000	4.000%	294,100.00	3,374,100.00	
06/30/2021					3,668,200.00
08/01/2021			232,500.00	232,500.00	
02/01/2022			232,500.00	232,500.00	
06/30/2022					465,000.00
08/01/2022			232,500.00	232,500.00	
02/01/2023			232,500.00	232,500.00	
06/30/2023					465,000.00
08/01/2023			232,500.00	232,500.00	
02/01/2024	65,000	3.000%	232,500.00	297,500.00	
06/30/2024					530,000.00
08/01/2024			231,525.00	231,525.00	
02/01/2025			231,525.00	231,525.00	
06/30/2025					463,050.00
08/01/2025			231,525.00	231,525.00	
02/01/2026			231,525.00	231,525.00	
06/30/2026					463,050.00
08/01/2026			231,525.00	231,525.00	
02/01/2027	120,000	4.000%	231,525.00	351,525.00	
06/30/2027					583,050.00
08/01/2027			229,125.00	229,125.00	
02/01/2028	4,545,000	5.000%	229,125.00	4,774,125.00	
06/30/2028					5,003,250.00
08/01/2028			115,500.00	115,500.00	
02/01/2029	4,620,000	5.000%	115,500.00	4,735,500.00	
06/30/2029					4,851,000.00
	13,750,000		4,508,519.44	18,258,519.44	18,258,519.44

**SAVINGS**

State Property and Buildings Commission  
 Refunding of Series Revenue and Revenue Refunding Bonds, Project No. 93  
 Refunding of Unrefunded Bonds

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 05/20/2019 @ 2.6687683%
06/30/2020	2,000,836.26	1,766,919.44	233,916.82	232,796.27
06/30/2021	3,898,173.76	3,668,200.00	229,973.76	220,397.34
06/30/2022	605,611.26	465,000.00	140,611.26	131,315.24
06/30/2023	527,517.50	465,000.00	62,517.50	57,058.58
06/30/2024	762,517.50	530,000.00	232,517.50	205,660.92
06/30/2025	596,942.50	463,050.00	133,892.50	115,431.69
06/30/2026	513,262.50	463,050.00	50,212.50	42,324.34
06/30/2027	813,262.50	583,050.00	230,212.50	187,991.06
06/30/2028	5,234,012.50	5,003,250.00	230,762.50	183,459.36
06/30/2029	5,085,650.00	4,851,000.00	234,650.00	181,556.82
	20,037,786.28	18,258,519.44	1,779,266.84	1,557,991.64

Savings Summary

PV of savings from cash flow	1,557,991.64
Plus: Refunding funds on hand	4,610.74
Net PV Savings	1,562,602.38

**SUMMARY OF BONDS REFUNDED**

State Property and Buildings Commission  
 Refunding of Series Revenue and Revenue Refunding Bonds, Project No. 93  
 Refunding of Unrefunded Bonds

Bond	Maturity Date	CUSIP	Interest Rate	Par Amount	Call Date	Call Price
Revenue and Refunding Bonds, Project No. 93 (Unrefunded Portion), PRJ93OUT:						
BOND	02/01/2020	49151FQT0	4.000%	300,000.00	05/20/2019	100.000
	02/01/2020	49151FQU7	5.250%	965,000.00	05/20/2019	100.000
	02/01/2021	49151EZ63	4.000%	2,140,000.00	05/20/2019	100.000
	02/01/2021	49151FQV5	5.250%	1,085,000.00	05/20/2019	100.000
	02/01/2022	49151FQW3	4.125%	75,000.00	05/20/2019	100.000
	02/01/2024	49151FQG8	4.500%	235,000.00	05/20/2019	100.000
	02/01/2025	49151FQJ2	4.600%	80,000.00	05/20/2019	100.000
	02/01/2027	49151FQM5	4.750%	300,000.00	05/20/2019	100.000
	02/01/2028	49151FQP8	4.875%	60,000.00	05/20/2019	100.000
	02/01/2028	49151FQQ6	5.250%	4,675,000.00	05/20/2019	100.000
	02/01/2029	49151FQR4	5.000%	1,275,000.00	05/20/2019	100.000
	02/01/2029	49151FQS2	5.250%	3,560,000.00	05/20/2019	100.000
				14,750,000.00		



**MATTHEW G. BEVIN**  
Governor

**Commonwealth of Kentucky**  
**FINANCE AND ADMINISTRATION CABINET**  
**Office of Financial Management**  
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(502) 564-2924  
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**WILLIAM M. LANDRUM III**  
Secretary

**RYAN BARROW**  
Executive Director

February 25, 2019

Ms. Sarah Heil, Debt & Liquidity Director  
University of Kentucky  
310 Peterson Service Building  
Lexington, KY 40506-0005

Dear Ms. Heil,

Pursuant to KRS 42.420, the Office of Financial Management is required to review and approve the issuance of debt by all state agencies. The attached constitutes the review and approval of the recent University of Kentucky debt issuance of the \$13,900,000 General Receipts Refunding Bonds, 2019 Series A.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Barrow".

Ryan Barrow  
Executive Director

Attachments

**OFM APPROVAL PURSUANT TO KRS 42.420**

**UNIVERSITY OF KENTUCKY**

**\$13,900,000 GENERAL RECEIPTS REFUNDING BONDS, 2019 SERIES A**

**DATED FEBRUARY 25, 2019**

**DESCRIPTION:**

Bond proceeds of the 2019 Series A will be used to 1.) currently refund and retire all the outstanding University of Kentucky General Receipts Bonds, 2009 Series A; and 2.) pay associated costs of issuance.

**PAR AMOUNT:** \$13,900,000  
**PRICING DATE:** 01/23/2019  
**CLOSING DATE:** 02/25/2019  
**DATED DATE:** 02/25/2019  
**FINAL MATURITY:** 11/01/2024

**ARBITRAGE YIELD:** 1.878%  
**NIC:** 2.022%  
**TIC:** 1.890%  
**All-In TIC:** 2.119%

**BENCHMARK:**  
(as of 1/24/2019) 4.230% BBWK20GO

**METHOD OF SALE:** Competitive

**PURCHASER:** Series A – Morgan Stanley & CO, LLC

**RATINGS:** Moody's: Aa2 Stable Underlying Rating  
S & P: AA Stable Underlying Rating

## SOURCES AND USES OF FUNDS

Sources and uses of funds in connection with the issuance of the 2019 Series A Bonds:

### Sources of Funds

Principal Amount of Series A Bonds	\$13,900,000.00
Plus Net Original Issue Premium	<u>1,379,941.25</u>
Total Sources of Series A Bond Funds	\$15,279,941.25

### Uses of Funds

Refunding Escrow Deposits	\$15,164,749.83
Deposit to 2019 Series A Cost of Issuance Account*	109,546.10
Underwriter's Discount	<u>5,645.32</u>
Total Uses of Series A Bond Funds	\$15,279,941.25

\*Includes financial advisor, legal, printing, rating agency fees, and other expenses of issuance and offering of the Series 2019 Bonds

## REFUNDING:

Par Amount of Refunded Bonds:	\$	14,945,000.00
Net PV Savings:	\$	1,174,224.28
Percentage Savings of Refunded Bonds:		7.857%

## 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>
Hilliard Lyons	Financial Advisor	\$20,000.00
Dinsmore & Shohl	Bond Counsel	20,000.00
	Legal Expenses/Advertising	1,964.23
Moody's	Rating Service	26,500.00
Standard & Poor's	Rating Service	18,500.00
US Bank	Trustee	1,000.00
OFM	Financial Advisor	3,475.00
BKD	Auditor	11,600.00
Misc./Contingency		<u>6,506.87</u>
TOTAL		\$109,546.10

## ATTACHMENTS:

Official Statement Cover  
Debt Service Schedule  
Summary of Bonds Refunded  
Savings

**NEW ISSUE**  
**Book-Entry-Only**

**RATINGS: Moody's: Aa2**  
**S&P: AA**  
**(See "Ratings" herein)**

*In the opinion of Bond Counsel for the 2019 Series A Bonds (defined below), based upon an analysis of laws, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants made by the University, and subject to the conditions and limitations set forth herein under the caption "TAX EXEMPTION," interest on the 2019 Series A Bonds is excludable from gross income for Federal income tax purposes and is not a specific item of tax preference for purposes of the Federal individual or corporate alternative minimum taxes. Interest on the 2019 Series A Bonds is exempt from Kentucky income tax and the 2019 Series A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See "TAX EXEMPTION" herein.*



**UNIVERSITY OF KENTUCKY**  
**\$13,900,000**  
**GENERAL RECEIPTS REFUNDING**  
**BONDS,**  
**2019 SERIES A**

**Dated: Date of Delivery**

**Due: as shown on the inside cover**

The University of Kentucky General Receipts Refunding Bonds, 2019 Series A (the "2019 Series A Bonds") will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2019 Series A Bonds. Purchasers will not receive certificates representing their ownership interest in the 2019 Series A Bonds purchased. So long as DTC or its nominee is the registered owner of the 2019 Series A Bonds, payments of the principal of and interest due on the 2019 Series A Bonds will be made directly to DTC.

The 2019 Series A Bonds are in the denomination of \$5,000 or integral multiples thereof and bear interest from their dated date, payable semiannually, in amounts, having maturities, interest rates, yields, and CUSIPs as set forth on inside cover hereof. Principal of, premium, if any, and interest on the 2019 Series A Bonds will be paid directly to DTC by U.S. Bank National Association, having offices in Louisville, Kentucky, as Trustee and Paying Agent. The 2019 Series A Bonds shall be issued only as fully registered bonds.

The 2019 Series A Bonds are not subject to redemption prior to maturity.

The 2019 Series A Bonds constitute special obligations of the University of Kentucky and do not constitute a debt, liability or obligation of the Commonwealth of Kentucky nor a pledge of the full faith and credit of the Commonwealth. The 2019 Series A Bonds constitute Obligations under the Trust Agreement dated as of November 1, 2005 between the University and the Trustee, and the payment of the principal of, premium, if any, and interest on 2019 Series A Bonds is secured by a pledge of the University's General Receipts, as defined in the Trust Agreement. See "SECURITY FOR THE BONDS."

The 2019 Series A Bonds are issued subject to the approval of legality by Dinsmore & Shohl LLP, Covington, Kentucky, Bond Counsel. Delivery of the 2019 Series A Bonds is expected on February 25, 2019 in New York, New York, through the facilities of DTC.

Dated: January 23, 2019



BOND DEBT SERVICE

University of Kentucky  
Refunding of 2009A  
FINAL NUMBERS

Dated Date                   02/25/2019  
Delivery Date               02/25/2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2019	40,000	5.000%	127,416.67	167,416.67	
06/30/2019					167,416.67
11/01/2019	2,030,000	5.000%	346,500.00	2,376,500.00	
05/01/2020			295,750.00	295,750.00	
06/30/2020					2,672,250.00
11/01/2020	2,135,000	5.000%	295,750.00	2,430,750.00	
05/01/2021			242,375.00	242,375.00	
06/30/2021					2,673,125.00
11/01/2021	2,245,000	5.000%	242,375.00	2,487,375.00	
05/01/2022			186,250.00	186,250.00	
06/30/2022					2,673,625.00
11/01/2022	2,360,000	5.000%	186,250.00	2,546,250.00	
05/01/2023			127,250.00	127,250.00	
06/30/2023					2,673,500.00
11/01/2023	2,480,000	5.000%	127,250.00	2,607,250.00	
05/01/2024			65,250.00	65,250.00	
06/30/2024					2,672,500.00
11/01/2024	2,610,000	5.000%	65,250.00	2,675,250.00	
06/30/2025					2,675,250.00
	13,900,000		2,307,666.67	16,207,666.67	16,207,666.67

SAVINGS

University of Kentucky  
Refunding of 2009A  
FINAL NUMBERS

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 02/25/2019 @ 1.8778155%
06/30/2019	343,956.25	167,416.67	176,539.58	175,935.68
06/30/2020	2,849,637.50	2,672,250.00	177,387.50	175,228.80
06/30/2021	2,849,862.50	2,673,125.00	176,737.50	171,292.26
06/30/2022	2,849,962.50	2,673,625.00	176,337.50	167,671.67
06/30/2023	2,848,312.50	2,673,500.00	174,812.50	163,180.26
06/30/2024	2,848,562.50	2,672,500.00	176,062.50	161,342.24
06/30/2025	2,851,031.25	2,675,250.00	175,781.25	158,066.48
	17,441,325.00	16,207,666.67	1,233,658.33	1,172,717.41

Savings Summary

PV of savings from cash flow	1,172,717.41
Plus: Refunding funds on hand	1,506.87
Net PV Savings	1,174,224.28

SUMMARY OF BONDS REFUNDED

University of Kentucky  
Refunding of 2009A  
FINAL NUMBERS

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Receipts Bonds, 2009 Series A, 2009A:					
BOND	11/01/2019	5.250%	2,220,000.00	02/26/2019	100.000
	11/01/2020	4.000%	2,325,000.00	02/26/2019	100.000
	11/01/2021	4.000%	2,420,000.00	02/26/2019	100.000
	11/01/2022	5.000%	2,530,000.00	02/26/2019	100.000
	11/01/2023	5.000%	2,660,000.00	02/26/2019	100.000
	11/01/2024	4.375%	2,790,000.00	02/26/2019	100.000
			14,945,000.00		