



Commonwealth of Kentucky  
Governor's Office

**Matthew G. Bevin**  
Governor

**Kentucky Communications Network Authority**  
209 St. Clair Street, 4<sup>th</sup> Floor  
Frankfort, KY 40601-3462  
(502) 782-9549  
Fax (502) 564-0883

**Bernard Decker**  
Interim Executive Director

**June 12, 2019**

The Honorable Rick Girdler, Co-Chair  
The Honorable Walker Thomas, Co-Chair  
Capital Projects and Bond Oversight Committee  
Capitol Annex Room 034  
702 Capital Avenue  
Frankfort, Kentucky 40601

Re: Kentucky Communications Network Authority bond issuance

Senator Girdler and Representative Thomas:

On June 4, 2019, the Kentucky Communications Network Authority (KCNA) submitted information relating to the issuance of bonds in the amount of \$110,000,000 as authorized by KRS 154-15.020(4) for this Committee's approval. KCNA is hereby amending the request with the attached updated information. If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stewart Douglas Hendrix".

Stewart Douglas Hendrix  
General Counsel

## PRELIMINARY NEW BOND ISSUE REPORT

### NEW BOND ISSUE

Issue:	Kentucky Bond Development Corporation, Commonwealth of Kentucky, Kentucky Communications Network Authority (City of Williamsburg, KY) Bonds, Series 2019. The bonds are requested be issued in amount not to exceed \$110 million.
Purpose of Issue:	The proceeds of the bonds will be used to finance tax-exempt eligible costs, capitalized interest and costs of issuance.
Security:	The bonds will be secured by a Lease with the Finance and Administration Cabinet, the lease payments for which are derived from legislative appropriations to the Cabinet.
Name of project:	Kentucky Communications Network Authority
Issuer:	Kentucky Bond Development Corporation
Sponsor:	City of Williamsburg, Kentucky
Borrower:	Kentucky Communications Network Authority
Purchaser:	Morgan Stanley
Borrower's Financial Advisors:	Commonwealth Economics / PRAG Advisors
Issuer's Financial Advisor:	Ross, Sinclair & Associates, LLC
Trustee:	TBD
Method of sale:	Private Placement
Proposed date of sale:	July 8, 2019
Proposed date of issuance:	July 19, 2019
First call date:	September 1, 2029
Final Maturity Date:	September 1, 2049
Premium at first call:	No Premium
Ratings:	
Moody's	TBD
Fitch	TBD

### SOURCES AND USES:

#### **SOURCES**

Bond Proceeds:	
Par amount of bonds:	\$104,360,000.00
Premium:	14,600,142.30
Total Sources:	<hr/> \$118,960,142.30

#### **USES**

Project Fund Deposit:	\$110,000,000.00
Capitalized Interest:	8,256,577.75
Cost of Issuance & Additional Proceeds	703,564.55
Total Uses:	<hr/> \$118,960,142.30

## PRELIMINARY NEW BOND ISSUE REPORT

All-in True Interest Cost:	3.9703%
Average Annual Debt Service:	\$6,848,290.26
Total Debt Service:	\$206,247,675.00
Average Life (years):	19.500

Based off cashflows as of 6/4/2019 and rates as of 5/22/2019  
Preliminary Subject to Change

### **COSTS OF ISSUANCE**

<u>Costs of Issuance</u>	<u>Amount</u>
KCNA Advisor (PRAG)	\$87,500.00
KCNA Advisor (Commonwealth Economics)	87,500.00
Bond Counsel Fee (Dinsmore)	156,540.00
Legal Ads and expenses (estimate)	3,000.00
Purchaser's Counsel (Stites & Harbison)	35,000.00
Issuer Fee (KY Bond Dev. Corp.)	85,000.00
Issuer Financial Advisor (Ross, Sinclaire)	85,000.00
Rating Agency (Moody's)	75,000.00
Rating Agency (Fitch Ratings)	75,000.00
Trustee (TBD)	6,000.00
Miscellaneous / Contingency	4,000.00
<b>Total Costs of Issuance</b>	<b>\$699,540.00</b>

NET DEBT SERVICE

Kentucky Bond Development Corporation  
 Commonwealth of Kentucky  
 Kentucky Communications Network Authority  
 (City of Williamsburg, Kentucky)  
 Revenue Bonds, Series 2019

\*Preliminary, subject to change.

\*\*MMD as of May 22, 2019 with Indicative Spreads.

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/2020		3,217,766.67	3,217,766.67	3,217,766.67	
06/30/2021		5,218,000.00	5,218,000.00	5,218,000.00	
06/30/2022	1,640,000	5,177,000.00	6,817,000.00		6,817,000
06/30/2023	1,725,000	5,092,875.00	6,817,875.00		6,817,875
06/30/2024	1,810,000	5,004,500.00	6,814,500.00		6,814,500
06/30/2025	1,905,000	4,911,625.00	6,816,625.00		6,816,625
06/30/2026	2,005,000	4,813,875.00	6,818,875.00		6,818,875
06/30/2027	2,105,000	4,711,125.00	6,816,125.00		6,816,125
06/30/2028	2,215,000	4,603,125.00	6,818,125.00		6,818,125
06/30/2029	2,325,000	4,489,625.00	6,814,625.00		6,814,625
06/30/2030	2,445,000	4,370,375.00	6,815,375.00		6,815,375
06/30/2031	2,570,000	4,245,000.00	6,815,000.00		6,815,000
06/30/2032	2,705,000	4,113,125.00	6,818,125.00		6,818,125
06/30/2033	2,840,000	3,974,500.00	6,814,500.00		6,814,500
06/30/2034	2,990,000	3,828,750.00	6,818,750.00		6,818,750
06/30/2035	3,140,000	3,675,500.00	6,815,500.00		6,815,500
06/30/2036	3,300,000	3,514,500.00	6,814,500.00		6,814,500
06/30/2037	3,470,000	3,345,250.00	6,815,250.00		6,815,250
06/30/2038	3,650,000	3,167,250.00	6,817,250.00		6,817,250
06/30/2039	3,835,000	2,980,125.00	6,815,125.00		6,815,125
06/30/2040	4,035,000	2,783,375.00	6,818,375.00		6,818,375
06/30/2041	4,240,000	2,576,500.00	6,816,500.00		6,816,500
06/30/2042	4,460,000	2,359,000.00	6,819,000.00		6,819,000
06/30/2043	4,685,000	2,130,375.00	6,815,375.00		6,815,375
06/30/2044	4,925,000	1,890,125.00	6,815,125.00		6,815,125
06/30/2045	5,180,000	1,637,500.00	6,817,500.00		6,817,500
06/30/2046	5,445,000	1,371,875.00	6,816,875.00		6,816,875
06/30/2047	5,725,000	1,092,625.00	6,817,625.00		6,817,625
06/30/2048	6,015,000	799,125.00	6,814,125.00		6,814,125
06/30/2049	6,325,000	490,625.00	6,815,625.00		6,815,625
06/30/2050	6,650,000	166,250.00	6,816,250.00		6,816,250
	104,360,000	101,751,266.67	206,111,266.67	8,435,766.67	197,675,500

Notes:

Interest rates are based on market conditions as of 02/15/2019.

Assumes capitalized interest through 02/01/2021.

