

**Only firms which have been prequalified by the Office of Financial Management for FY 2016 and FY 2017 to provide underwriting services to the Kentucky Asset/Liability Commission may submit a response to this Request for Proposal.**

July 18, 2016

**Request for Proposals (“RFP”) to Serve as Senior Managing Underwriter and/or Remarketing/Index Agent to the Kentucky Asset/Liability Commission during Fiscal Years 2017 and 2018.**

The Office of Financial Management (“OFM”) of the Finance and Administration Cabinet of the Commonwealth of Kentucky (the “Commonwealth”), on behalf of the Kentucky Asset/Liability Commission (the “Commission” or “ALCo”) is requesting proposals from prequalified firms for the services of senior managing underwriter and/or remarketing/index agent during the engagement period ending June 30, 2018. The firms selected as a result of this RFP will be contracted to provide services for selected financings during Fiscal Years 2017 and 2018. OFM will have the option to extend the contract, on the same terms and conditions, for an additional twenty-four (24) month period.

The Commission seeks to hire **one** senior managing underwriter and/or remarketing/index agent for Tax and Revenue Anticipation Note (“TRANS”) issues and **one** senior managing underwriter and/or remarketing/index agent for Grant Anticipation Revenue Vehicles (“GARVEEs”) issues. The Commission also seeks to hire **one** senior managing underwriter and/or remarketing/index agents for Project Note and Funding Note issues during the period. Remarketing or index agents, if assigned to a specific series of notes, are expected to provide these services until the notes mature or are replaced with permanent financing. The Commission intends to issue all transactions on a negotiated sale basis. Firms may be selected for one or more appointments.

The Commission currently does not anticipate issuing a General Fund supported TRAN, GARVEEs (supported by Federal Highway Trust Fund appropriations), or Funding Notes during the engagement period. The Commission may issue General Fund supported Project Notes, primarily in the form of Bond Anticipation Notes, to fund authorized projects supported by General Fund, Agency Fund or Road Fund appropriations. The Commission may also consider utilizing a line of credit during the engagement period to provide interim funding for a variety of General Fund or Road Fund projects depending on funding needs and timing.

The 2016 General Assembly authorized debt financing for projects totaling \$1,260,242,500 for various capital initiatives of the Commonwealth: \$582,986,500 are General Fund supported, \$677,256,000 are Agency Fund supported. No new Road Fund supported projects were authorized.

Additionally, there are over \$939 million of appropriation-supported bond projects, previously authorized by the General Assembly, that have not been permanently financed: \$572.9 million are General Fund supported, \$229 million are Agency Fund supported, and

\$137.5 million are Road Fund supported.

Depending on the funding needs of the existing capital project authorizations, the Commission may wish to establish one or more interim borrowing programs to provide short-term financing for authorized projects, including commercial bank loans. Currently, the Commission does not have any active trust indentures for Bond Anticipation Notes (“BANs”) and may decide to create one or more new trust indentures for the purpose of providing interim financing for the Commonwealth’s capital programs through the issuance of Project Notes. It is anticipated that, depending on fund source, the State Property and Buildings Commission, Turnpike Authority or the respective University will ultimately issue permanent bonds to refund any bond anticipation notes, if any. The Commission could issue permanent notes depending upon the nature of the project and the credit.

The timing of note issues will depend on project needs and market conditions. While the Commonwealth has authorized capital projects to be funded by the issuance of debt, there is no assurance by OFM or the Commission that any of the transactions contemplated in this RFP will be completed during the contract period.

The primary objectives of the Commission are to:

1. Provide interim and/or permanent financing for capital projects as necessary;
2. Provide low cost funding alternatives;
3. Minimize budgetary process complications;
4. Maximize administrative flexibility with minimal effort.

The transactions will proceed under the direction of OFM, which serves as staff to the Commission. The issues will require the approval of the Commission, the State Property and Buildings Commission, and the Capital Projects and Bond Oversight Committee of the Legislative Research Commission prior to the sale dates, if any.

### **Description of Services Sought**

The firms engaged to provide senior managing underwriter and/or remarketing/index agent services to the Commission will be working with OFM and bond counsel, currently Kutak Rock LLP through 6/30/2018. The firms selected to perform these services for the Commission will be responsible for the oversight of each respective financing and for coordinating the entire bond issue(s), unless certain responsibilities have been delegated to a financial/municipal advisor, if any. Duties include, but are not limited to: structuring the issue; providing debt management and marketing advice; competitively bidding a credit facility or standby note purchase agreement provider (the “liquidity facility”), a verification agent, if needed, and printing and electronic delivery services for preliminary and final official statements; posting the POS and OS on the MSRB’s EMMA web site; coordinating the sale and closing of the securities with the trustee, bond counsel and the Commonwealth, and serving as a point of contact with the rating agencies.

Alternatively, the Commonwealth would like to explore the possibility of a commercial bank loan or line of credit to facilitate the funding of projects on an interim basis. The firm would be working with bond counsel and OFM to develop a credit structure that would not

impinge on existing or future state General Fund or Road Fund appropriation bondholders and that complies with the spirit of SEC Rule 15(c)(2)(12) and MSRB suggested best practices.

### **Fees and Expenses**

Final management fees and total expense limits will be established prior to each financing, pursuant to KRS 45A.857(4)(a). The Executive Director of OFM will negotiate a fee schedule with the number one ranked firm in each category (TRANS, GARVEEs, Project Notes/Funding Notes) and for each interest rate mode contemplated under a standard multi-modal indenture, which are daily, weekly, commercial paper, index and fixed rate modes. In addition, along with the fee(s) for Project Notes, proposed not to exceed fees, including any reimbursement of legal expenses will be established for a commercial bank loan or line of credit. A management fee, remarketing/index agent fee and expense proposal must be submitted for each interest rate mode. If no fee is being proposed, please indicate as such. The successful managing underwriters will select their own underwriter's counsel. Underwriter's counsel services will be reimbursed by the Commission within the expense component for each transaction in accordance with the provisions of 200 KAR 21:050. Takedown, if applicable, will be determined during the pre-pricing phase of each transaction. Fees are considered as part of the overall financing plan and are not weighted separately for calculating each firm's final score. **All fees incurred will be payable only upon successful closing of an issue.**

## **GENERAL INFORMATION**

### **The Commission**

The Kentucky Asset/Liability Commission was established by the Third Extraordinary Session of the General Assembly (May 1997) for the purpose of managing the Commonwealth's working capital needs, to act as the central short-term debt issuing authority and to manage the interest rate risk profile of the Commonwealth. The Commission is currently comprised of five members, each serving in an ex-officio capacity. The members are the Secretary of the Finance and Administration Cabinet, who acts as Chairman; the Attorney General; the State Treasurer; the State Budget Director and the State Controller. The Secretary to the Commission is the Executive Director of OFM. More information on the Commission, including its semi-annual reports can be found at <http://finance.ky.gov/services/ofm/Pages/default.aspx>.

The Commission was created to develop policies and strategies to minimize the impact of fluctuating interest rates on the Commonwealth's interest-sensitive assets and interest-sensitive liabilities. The Commission is authorized to issue Tax and Revenue Anticipation Notes, Project Notes, and Funding Notes. Tax and Revenue Anticipation Notes are to be used for the purpose of providing monies to discharge expenditure demands in anticipation of revenues and taxes to be collected during the fiscal year. Project Notes are to be used for authorized projects upon the request of state agencies, to be repaid through financing/lease agreements or alternative agreements. Funding Notes are to be used for the purpose of funding: (a) Judgments, with a final maturity of not more than ten (10) years; and

(b) The finance or refinance of obligations owed under KRS 161.550(2) or 161.553(2). OFM serves as staff to the Commission.

### **Debt Service Appropriation Process**

The Commonwealth of Kentucky is constitutionally mandated to budget on a biennial cycle, with the new biennium beginning July 1 of the even numbered calendar years. The biennium consists of two (2) fiscal years, each fiscal year beginning July 1 and ending June 30 of the next calendar year.

The budget process normally begins in August prior to the start of each new biennium. Each cabinet and agency prepares a budget request for the upcoming biennium, which is submitted to the Office of the State Budget Director (“OSBD”). Each cabinet and agency only requests the amount of new debt service dollars required to support new or expansion projects to be funded via the debt issuance process. General Fund supported debt service for all existing bonds is requested by OFM in the Finance and Administration Cabinet’s budget request. Debt service for new projects is estimated using a debt service template which provides rate assumptions for 5-, 7-, 10-, and 20-year bonds issued on a tax-exempt or taxable basis. The OSBD further refines the cabinet and agency budget requests into the Governor’s Executive Budget Request, which is then presented to the General Assembly. However, the General Assembly may or may not choose to use the debt service template to estimate debt service for proposed projects at its discretion. New money debt service appropriations are moved to the Finance and Administration Cabinet and combined with existing General Fund debt service appropriations at the beginning of each fiscal year. General Fund debt service, which is not expended in the fiscal year for which it is appropriated, cannot be carried forward into the subsequent fiscal year and will lapse to the General Fund Surplus Account.

### **REQUIRED COMPONENTS OF THE PROPOSAL**

Each response to the RFP must include and address the following items. **Failure to comply with the requirements of the RFP will result in the firm’s response not being evaluated by the Selection Committee.** (See **Selection and Notification.**)

#### **I. Disclosure**

- A. Certify that there has been no material change to any of the statements and certifications made by the firm in its response to the Request for Qualifications, Section II, Disclosure, issued by OFM on February 3, 2015. In the event there has been a material change, please specify the nature of the change and the impact of the change on the firm and its ability to provide the desired services.
- B. Detail any criminal investigation, indictment, prosecution or other proceeding that has ever been brought against your firm (provide attachment if necessary). Also, describe any civil litigation pending or concluded within the last three years against your firm that would impair the firm’s ability to provide the requested services (provide attachments if necessary).

- C. Disclose any potential conflicts of interest with representing the Commonwealth in these matters, including any potential conflicts of interest of employees assigned to this project and potential conflicts with any Commission members. The Commonwealth reserves the unqualified right to disqualify an entity or cancel any contract for any potential conflict of interest issues raised initially and/or during the life of any contract awarded.

## II. Qualifications (30%)

### A. Relevant Experience of the Firm (10%)

Provide a brief discussion of the firm's relevant financing experience for each area of interest (TRANs, GARVEEs and Project Notes/Funding Notes) and identify the lead banker(s) who managed those transactions over the last two years. The transactions identified must each exceed \$25,000,000 in size. Provide specific references of the firm's and the lead banker's experience with similar issuers. Include names, addresses, and telephone numbers.

### B. Staffing and Technical Support, Availability and Experience (20%)

Identify the lead banker(s) and all personnel of the firm who will work on the proposed financial transactions. Provide relevant experience the individuals have had on similar issues. The Commission requires that the firm provide continuing availability of these key individuals if selected. **Any changes in the staff assigned to any issuance must be approved in writing by OFM.**

## III. Financing Plan (40%)

### A. TRANs

With the exception of Fiscal Year 2004, the Commission has previously issued one or more TRANs every year from Fiscal Year 1998 – Fiscal Year 2010 as fixed rate notes and index rate notes to mature on a single date in late-June. The TRANs provided working capital to the General Fund during the fiscal year. General Fund revenue fluctuations and budgeted expenditures have a significant impact upon the timing, number and actual size of each TRAN. For the past few fiscal years, current reinvestment yields on TRAN proceeds haven't been higher than the cost of funds for a TRAN, so borrowing internally from the state investment pools has been the most efficient and cost-effective way to provide short-term liquidity to the General Fund. Please discuss the current market environment and recommended strategies to fund the Commonwealth's working capital needs. Assume for purposes of your response that the Commission will issue a TRAN in the amount of \$400 million on a date early in July with a maturity in late June of the following calendar year. Please note that the Commonwealth does not currently anticipate issuing a TRAN for Fiscal Year 2017. However, the Commission may choose to issue TRANs in future fiscal years depending on budgetary and market conditions.

The primary objectives of the TRANs are to:

1. Fund mismatches of General Fund revenues and expenditures within a fiscal year.
2. Reduce the cost of funds through the use of external sources.
3. Maximize permissible arbitrage earnings.
4. Minimize administrative issues while maintaining flexibility.

## **B. GARVEEs**

There is currently no authorization for GARVEE bonds. For purposes of this RFP assume GARVEEs in the amount of \$100 million will be issued during the engagement period. Discuss the timing of issuance(s) and the maximum term length of the GARVEEs considering the federal authorization cycles. Please note that the Commonwealth does not currently anticipate issuing GARVEEs for Fiscal Year 2017. However, the Commission may choose to refund outstaying maturities or issue GARVEEs in future fiscal years depending on budgetary and market conditions.

The goals of the transaction are to:

1. Accelerate the funding of much needed transportation infrastructure improvements.
2. Maintain ALCo GARVEE rating and administrative flexibility for the program to fund additional projects and/or phases of this project.
3. Manage the program within the Commonwealth's appropriation process.
4. Execute a highly cost-effective transaction.

## **C. Project Notes**

It is possible that some of the General Fund projects and Road Fund projects may receive financing through the issuance of Project Notes, but no issuance is certain at this time under this engagement. Any issuance will be driven by funding need.

Since inception, the objectives of the note program have been to:

1. Provide interim construction financing for bond funded projects prior to the issuance of permanent financing.
2. Provide ease and flexibility in raising funds to meet expenditure requirements, within tax code limitations.
3. Maintain a combined twenty-year funding cycle for all long-term projects.
4. Manage the cost and capacity constraints of credit facility providers or a direct loan with regard to appropriation supported credits.
5. Reduce the costs of borrowing and minimize the fluctuation of debt service appropriation requests in future budget periods.

Please assess the current market and identify opportunities to provide low cost funding for the Commonwealth's proposed capital investment. For purposes of the RFP, assume that \$100 million of Project Notes will be placed under a standard multi-modal indenture. Discuss credit support, i.e. standby agreements versus other

types of credit facilities available, and any other relevant items related to an interim note program. Please recommend your firm's specific plan under the following constraints:

1. The Commission may finance some or all of the authorized debt funded projects in the coming biennium.
2. Debt service for 20 year tax-exempt projects is currently appropriated at 5.75 percent, and 20 year taxable debt service is currently appropriated at 6.75 percent.
3. The Commission will use standard multi-modal indenture allowing for daily, weekly, commercial paper, index and fixed rate modes.
4. The Project Notes are expected to be issued as funds are needed for project expenditures.

As previously stated, the Commission may also consider a commercial bank loan or line of credit to provide interim funding for General Fund or Road Fund projects depending on project needs, timing, and market rates. Discuss your firm's ability and willingness to provide a loan or line of credit of approximately \$100 million for up to one year. Please provide a brief summary of expected general terms, fees and expenses associated with a line of credit and the credit approval process.

#### **Funding Notes**

At this time, there is no authority to or anticipation of issuing Funding Notes by the Commission. For purposes of scoring and selection, the senior managing underwriter for Project Notes/Funding Notes will be selected based on the response given in the Project Note section.

#### **D. Fee Component - Per Issue**

For each type of transaction (TRANs, GARVEEs and Project Notes/Funding Notes) - Please provide a fee proposal on a per \$1,000 note basis inclusive of management fee and all expenses for each of these interest rate modes: daily, weekly, commercial paper, index and fixed rate modes. Also, provide a remarketing agent fee proposal applicable to notes issued in the daily, weekly or commercial paper mode, payable quarterly in arrears for the term of the notes. Takedown, if applicable, will be negotiated prior to the sale. (See **Fees and Expenses** above).

Do **not** include expense components for underwriter's counsel. Underwriter's counsel fees will be reimbursed based upon a percentage of bond counsel fees pursuant to 200 KAR 21:050.

#### **IV. Marketing (30%)**

Discuss your firm's marketing and remarketing agent capabilities for each area of interest (TRANs, GARVEEs, and Project Notes/Funding Notes) and each of the

following interest rate modes: VRDO/CP/Index and Fixed Rate Notes. Compare the Commission with other similar issuers of short-term debt in the categories of market acceptance, liquidity and trading value.

### **Reservation of Rights**

OFM and the Commission reserve the right to:

1. Review and approve any change in staff members significantly involved in a financing during the contract period, as well as the right to discharge the firm promptly based upon such personnel change, or inability to provide access to key staff members.
2. Reject any and all proposals with cause.
3. Reject all proposals and seek new proposals when such procedure is reasonably in the best interest of the Commission.
4. Make investigations regarding qualifications of any or all respondents, as the Selection Committee deems necessary.
5. Request and receive such additional information as the Selection Committee may reasonably require. Failure to comply with such a request will result in disqualification.
6. Waive minor irregularities in all the RFP process.
7. Make all submitted proposals and any attached materials available for Open Records requests pursuant to KRS 61.870.

### **Liability**

OFM and the Commission shall not be liable for:

1. Any costs incurred in the preparation and submission of any proposal.
2. Any costs incurred in connection with any interview or negotiation relating to this RFP (i.e., travel, accommodations, etc.).
3. Any disclosure, whether by negligence or otherwise, of any material or information in any form submitted in response to this RFP.

### **Questions**

All questions and requests for information concerning this RFP must be submitted by facsimile, e-mail or in writing to the address below not later than **noon EDT on Monday, July 25, 2016**. Any questions submitted, and answers, may be distributed to all prequalified firms at the discretion of the Chairperson of the Selection Committee. Please note that questions submitted after the deadline will not receive a response.

### **Submission of Proposals**

**Six (6) hard copies of each proposal, one electronic copy, and all related materials must be received no later than 2:00 p.m. (EDT) on, Monday, August 8, 2016 at the following address:**

Office of Financial Management  
Kentucky Asset/Liability Commission

Selection Committee Chair  
RFP for Managing Underwriter/Remarketing Agent for FY 2017 and FY 2018  
702 Capital Avenue, Suite 76  
Frankfort, Kentucky 40601-3453  
Phone: (502) 564-2924 Fax: (502) 564-7416  
E-mail: Tammy.McCall@ky.gov

NOTE: Proposals received after the stated deadline will NOT be accepted. It is NOT the responsibility of courier services to meet the deadline. It is the responsibility of the proposer. Facsimile copies will NOT be accepted for submission of proposals. One electronic copy must be received by the stated deadline in addition to the hard copy submittal for the submittal package to be considered complete.

### **Selection and Notification**

The Selection Committee, established pursuant to KRS 45A.843, is composed of five employees from OFM (voting) and one merit employee from the Auditor of Public Accounts (nonvoting). A majority of the voting members must be merit employees of the Commonwealth. Proposals will be evaluated by all voting members pursuant to the evaluation criteria outlined on **Attachment A**. The Selection Committee will determine whether to hold interviews with proposing firms. The Selection Committee will make a recommendation for selection pursuant to KRS 45A.840 to 45A.870, KRS 45A.877 to 45A.879, and KRS 45A.490 to 45A.494. The scoring of proposals is subject to reciprocal preference for a Kentucky resident bidder and preference for a Qualified Bidder, see Attachment E.

Kentucky Revised Statutes and the Kentucky Administrative Regulations referenced in the RFP may be found at <http://www.lrc.ky.gov/law.htm>.

### **Contact with Selection Committee Members**

Please note that any contact made by the firm with any member of the Selection Committee, from the date of issuance of the RFP until an award of contract, is required to be disclosed by such Committee member to the entire Committee and will become a part of the permanent file for this selection process which is subject to “open records requests” pursuant to Kentucky Open Records laws.

The Office of Financial Management respectfully solicits the submission of a proposal by your firm.

Attachment A: Evaluation Criteria  
Attachment B: Evaluation Form  
Attachment C: Outstanding Debt of the Commission  
Attachment D: General Fund and Road Fund Authorized But Unissued Debt  
Attachment E: Kentucky Preference Laws (KRS 45A.490-494)

**ATTACHMENT A**

**EVALUATION CRITERIA**

**Kentucky Asset/Liability Commission Request for Proposals  
Senior Managing Underwriter/Remarketing Agent  
For TRANs / GARVEEs / Project Notes / Funding Notes )  
Fiscal Years 2017 and 2018**

<b><u>Evaluation Criteria</u></b>	<b><u>Weight</u></b>
1. Relevant Experience of the Firm and Staff	30%
2. Financing Plan	40%
3. Marketing	<u>30%</u>
Total	100%

**ATTACHMENT B**

**EVALUATION FORM**

**Kentucky Asset/Liability Commission Request for Proposals  
Senior Managing Underwriter/Remarketing Agent  
For TRANS / GARVEEs / Project Notes / Funding Notes  
Fiscal Years 2017 and 2018**

FIRM: \_\_\_\_\_

REVIEWER ID: \_\_\_\_\_

DISCLOSURE:        \_\_\_\_\_ Yes        \_\_\_\_\_ No

KY Resident Bidder or Qualified Bidder:        \_\_\_\_\_ Yes        \_\_\_\_\_ No

1. **RELEVANT FIRM AND STAFF EXPERIENCE** - (qualifications, recent similar transactions, firm organization, etc.)

Score (30 points possible): \_\_\_\_\_

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. **FINANCING PLAN** - (discussion of financing plan, reasonableness of assumptions, factors that could reasonably expect to lower costs, liquidity issues, fee proposals, etc.)

Score (40 points possible): \_\_\_\_\_

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. **MARKETING - UNDERWRITING and REMARKETING** - (market share, marketing experience and ability, comparative performance, similar issues, experience with contemplated interest rate modes)

Score (30 points possible): \_\_\_\_\_

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Total Score:** \_\_\_\_\_

**ATTACHMENT C**

**COMMONWEALTH OF KENTUCKY  
ASSET/LIABILITY COMMISSION  
SCHEDULE OF NOTES OUTSTANDING  
AS OF 12/31/2015**

<b>FUND TYPE SERIES TITLE</b>	<b>AMOUNT ISSUED</b>	<b>DATE OF ISSUE</b>	<b>MATURITY DATE</b>	<b>PRINCIPAL OUTSTANDING</b>
<b>General Fund Project &amp; Funding Notes</b>				
2007 A, B Series	\$243,080,000	5/2007	11/2027	\$191,780,000
2010 1st Series-KTRS Funding Notes	\$467,555,000	8/2010	4/2020	\$186,905,000
2011 1st Series-KTRS Funding Notes	\$269,815,000	3/2011	4/2022	\$184,185,000
2013 1st Series-KTRS Funding Notes	\$153,290,000	2/2013	4/2023	\$124,615,000
<b>FUND TOTAL</b>	<b>\$1,133,740,000</b>			<b>\$687,485,000</b>
<b>Agency Fund Project Notes</b>				
2005 1st Series	\$11,275,000	6/2005	6/2025	\$7,160,000
2006 Series A-UK Gen Recpts	\$66,305,000	10/2006	10/2022	\$35,985,000
2007 Series A-UK Gen Recpts	\$77,905,000	11/2007	10/2017	\$7,580,000
2007 Series B-UK Gen Recpts	\$80,245,000	11/2007	10/2018	\$9,190,000
<b>FUND TOTAL</b>	<b>\$235,730,000</b>			<b>\$59,915,000</b>
<b>Federal Hwy Trust Fund Project Notes</b>				
2007 1st Series	\$277,910,000	9/2007	9/2019	\$129,250,000
2010 1st Series	\$89,710,000	3/2010	9/2022	\$89,710,000
2013 1st Series	\$212,545,000	8/2013	9/2025	\$212,545,000
2014 1st Series	\$171,940,000	3/2014	9/2026	\$159,305,000
2015 1st Series	\$106,850,000	10/2015	9/2027	\$106,850,000
<b>FUND TOTAL</b>	<b>\$858,955,000</b>			<b>\$697,660,000</b>
<b>ALCo NOTES TOTAL</b>	<b>\$2,228,425,000</b>			<b>\$1,445,060,000</b>

Attachment D  
General Fund and Road Fund Authorized But Unissied Debt

<u>Session</u> <u>Authorized</u>	<u>Agency</u>	<u>Project Description</u>	<u>Anticipated</u> <u>Tax Status *</u>	<u>Bond</u> <u>Authorization</u>	<u>Budgeted</u> <u>Rate</u>
<b>GENERAL AND TOBACCO FUND BONDS</b>					
2006	Economic Development-Financial Incentives	Economic Development Bond Pool	TE	2,731,212	5.75%
2006	Finance and Administration - Facilities	Capital Plaza Complex - Renovation and Design	TE	865,577	5.75%
2008	Department for Local Government	Flood Control Matching Funds	TE	12,123	5.75%
2010 Special	Department for Local Government	Flood Control - State Match	TE	2,596,732	5.75%
2010 Special	Economic Development-Financial Incentives	BRAC Water/Sewer Projects - 11 projects	TE	9,949,813	5.75%
2010 Special	Economic Development-Financial Incentives	Economic Development Bonds	TE	6,491,831	5.75%
2010 Special	Economic Development-Financial Incentives	KEDFA	T	19,085,983	6.75%
2010 Special	Environmental Protection	State Owned Dam Repair	TE	286,958	5.75%
2010 Special	Finance and Administration - Department of Revenue	Comprehensive Tax System - Additional Funding	TE	233,577	4.75%
2010 Special	Energy & Env-Office of Secretary	Ky Heritage Land Conservation Fund Projects	TE	1,686,486	5.75%
2012	Ky Infrastructure Authority	KIA - Clean Water Revolving Fund Match	TE	1,187,835	5.75%
2012	Department for Local Government	Flood Control Matching	TE	1,731,155	5.75%
2012	Energy and Environment Cabinet	Maxey Flats Cap	TE	5,422,563	5.75%
2012	Energy and Environment Cabinet	State Owned Dam Repair	TE	2,163,944	5.75%
2012	Finance-Facilities and Support Services	Maintenance Pool 2012-14	TE	60,594	5.75%
2012	Finance-Facilities & Supp Svcs	Statewide Microwave Network (KEWS) Maintenance	TE	742,628	5.75%
2012	Finance-Facilities & Supp Svcs	Council of State Government's Building Complex	TE	135,434	5.75%
2012	Health and Family Services - Behavioral Health	Electrical System Upgrade at Western - Design	TE	456,399	5.75%
2014	Ky Infrastructure Authority	KIA Fund A - Federally Assisted Wastewater Program - 2014-16	TE	2,375,628	5.75%
2014	Ky Infrastructure Authority	KIA Fund F - Federally Assisted Drinking Water Revolving Loan Program - 2014-16	TE	1,990,828	5.75%
2014	Military Affairs	Maintenance Pool - 2014-16	TE	105,513	5.75%
2014	School Facilities Construction Commission	Offers of Assistance - 2012-2014	TE	86,557,745	5.60%
2014	Veterans' Affairs	Construct Fourth State Veterans' Nursing Home - Additional	TE	1,658,092	5.75%
2014	Economic Development-Financial Incentives	Economic Development Bond Program - 2014-2016	TE	6,059,042	5.75%
2014	Economic Development-Financial Incentives	Ky Economic Development Finance Authority Loan Pool - 2014-2016	T	6,059,042	6.75%
2014	Economic Development-Financial Incentives	High Tech Construction/Investment Pool - 2014-2016	TE	6,059,042	5.75%
2014	Department of Education - Operations and Supp Services	Maintenance Pool - 2014-2016	TE	434,265	5.75%
2014	Environmental Protection	State-Owned Dam Repair - 2014-2016	TE	519,346	5.75%
2014	Finance and Admin-General Admin	Next Generation Kentucky Information Highway	T	17,311,549	6.75%
2014	Finance and Admin-General Admin	Next Generation Kentucky Information Highway	TE	7,123,202	5.75%
2014	Finance and Admin-General Admin	Business-One Stop Portal - Phase II	TE	1,923,823	4.75%
2014	Finance-Facilities & Support Services	Maintenance Pool - 2014-16	TE	220,231	5.75%
2014	Finance-Facilities & Support Services	Upgrade State Data Center Readiness	TE	1,574,694	5.75%
2014	Health & Fam Serv-Gen Admin & Prog Support	Maintenance Pool - 2014-16	TE	260,296	5.75%
2014	Public Health	Radiation Monitoring Equipment	TE	1,086,946	4.25%
2014	Corrections Management	Maintenance Pool - 2014-16	TE	379,871	5.75%
2014	Ky State Police	Replace/Upgrade Mobile Data Computers	TE	204,164	4.25%
2014	Eastern Ky University	Construct Science Building - Phase II & III	TE	22,161,147	5.75%
2014	Ky State University	Replace Boilers and Repair Aging Distribution Lines	TE	8,616,740	5.75%
2014	Morehead State University	Renovate/Expand Student Services Facility	TE	40,390,986	5.75%
2014	Murray State University	Construct New Breathitt Veterinary Center	TE	10,708,181	5.75%
2014	Murray State University	Construct/Complete New Science Complex, Final Phase	TE	18,873,871	5.75%
2014	Northern Ky University	Renovate Old Science and Construct Health Innovation	TE	72,532,264	5.75%
2014	University of Kentucky	Expand/Renovate/Upgrade Law Building	TE	30,295,211	5.75%
2014	University of Louisville	Construct Belknap Classroom/Academic Building	TE	68,792,995	5.75%
2014	Western Ky University	Renovate Science Campus - Phase IV	TE	40,220,694	5.75%
2014	Kentucky Community Technical College System	Construct Advanced Manufacturing Facility - Georgetown	TE	14,854,389	5.75%
2014	Ky Center for the Arts	Roof Replacement	TE	1,815,770	5.75%
2014	Ky Historical Society	Digital Initiatives	TE	865,577	4.75%
2014	Parks	Maintenance Pool - 2014-16	TE	340,531	5.75%
2014	Parks	Upgrade Guest Accommodations	TE	1,753,650	5.75%

Attachment D  
General Fund and Road Fund Authorized But Unissued Debt

<u>Session</u> <u>Authorized</u>	<u>Agency</u>	<u>Project Description</u>	<u>Anticipated</u> <u>Tax Status *</u>	<u>Bond</u> <u>Authorization</u>	<u>Budgeted</u> <u>Rate</u>
2014	Kentucky State Fair Board	Ky International Convention Center Renovation and Expansion	TE	40,539,506	5.75%
2014	Kentucky State Fair Board	Freedom Hall Sewer Line Replacement	TE	2,436,523	5.75%
2016	Ky Infrastructure Authority	KIA Fund A - Federally Assisted Wastewater Program-2016-2018	TE	3,750,000	5.75%
2016	Ky Infrastructure Authority	KIA Fund A - Federally Assisted Wastewater Program-2016-2018	TE	3,750,000	5.75%
2016	Ky Infrastructure Authority	KIA Fund F - Federally Assisted Drinking Water Revolving Loan Program-2016-2018	TE	3,050,000	5.75%
2016	Ky Infrastructure Authority	KIA Fund F - Federally Assisted Drinking Water Revolving Loan Program-2016-2018	TE	3,050,000	5.75%
2016	School Facilities Construction Commission	Offers of Assistance - 2014-2016	TE	100,000,000	4.60%
2016	School Facilities Construction Commission	Special Offers of Assistance - 2014-2016	TE	103,112,000	4.60%
2016	School Facilities Construction Commission	Special Offers of Assistance - 2016-2018	TE	93,745,000	4.60%
2016	Economic Development-Financial Incentives	Economic Development Bond Program - 2016-2018	TE	7,000,000	5.75%
2016	Economic Development-Financial Incentives	High-Tech Construction/Investment Pool - 2016-2018	T	7,000,000	6.75%
2016	Economic Development-Financial Incentives	Kentucky Economic Development Finance Authority Loan Pool - 2016-2018	TE	7,000,000	5.75%
2016	Education and Workforce-Gen Admin & Program Support	Workforce Development Construction Pool	TE	100,000,000	5.75%
2016	Dept of Education-Operations & Support Services	Maintenance Pool 2016-2018	TE	1,500,000	5.75%
2016	Dept of Education-Operations & Support Services	Maintenance Pool 2016-2018	TE	1,500,000	5.75%
2016	Dept of Education-Operations & Support Services	Kentucky School for the Blind Howser Hall Renovation	TE	5,000,000	5.75%
2016	Dept of Education-Operations & Support Services	Kentucky School for the Deaf New Elementary Building	TE	6,000,000	5.75%
2016	Dept of Education-Operations & Support Services	Kentucky School for the Deaf McDaniel/Scoggin Education Building	TE	1,000,000	5.75%
2016	Environmental Protection	State-Owned Dam Repair - 2016-2018	TE	4,000,000	5.75%
2016	Finance-General Administration	Business One-Stop Portal-Phase III	TE	12,000,000	4.75%
2016	Finance-General Administration	Lexington Convention Center Replacement	TE	60,000,000	5.75%
2016	Facilities and Support Services	Maintenance Pool 2016-2018	TE	2,850,000	5.75%
2016	Facilities and Support Services	Maintenance Pool 2016-2018	TE	2,850,000	5.75%
2016	Facilities and Support Services	Upgrade L&N Building	TE	4,375,000	5.75%
2016	Facilities and Support Services	HVAC Replacement-CHR Building	TE	4,500,000	5.75%
2016	Health & Family Services-Gen Admin & Program Support	Maintenance Pool 2016-2018	TE	2,375,000	5.75%
2016	Health & Family Services-Gen Admin & Program Support	Maintenance Pool 2016-2018	TE	2,375,000	5.75%
2016	Behavioral Health,Developmental and Intellectual Disabilities	Western State Hospital-Electrical Upgrade-Phase I	TE	4,867,500	5.75%
2016	Corrections-Adult Institutions	Maintenance Pool 2016-2018	TE	2,612,500	5.75%
2016	Corrections-Adult Institutions	Maintenance Pool 2016-2018	TE	2,612,500	5.75%
2016	Corrections-Adult Institutions	Kentucky State Reformatory-Stabilization of Dorm 8	TE	4,155,000	5.75%
2016	Corrections-Adult Institutions	Kentucky State Reformatory-Repair and Stabilize Tower	TE	3,797,000	5.75%
2016	Corrections-Adult Institutions	Kentucky Correctional Institution for Women-Sewer Plant/Lines	TE	2,560,000	5.75%
2016	Parks	Maintenance Pool 2016-2018	TE	3,800,000	5.75%
2016	Parks	Maintenance Pool 2016-2018	TE	3,800,000	5.75%
2016	Parks	Life Safety Maintenance Pool	TE	5,000,000	5.75%
2016	State Fair Board	Kentucky Exposition Center Roof Repair	TE	8,000,000	5.75%
<b>TOTAL-GENERAL AND TOBACCO FUND BONDS</b>				<b>1,155,928,700</b>	
<b>ROAD BONDS</b>					
2010 Special	Transportation Cabinet	Highway Bonds	TE	125,000,000	5.75%
2012 Special	Transportation Cabinet - Vehicle Regulation	Replace Driver Licensing System	TE	12,500,000	4.75%
<b>TOTAL-ROAD FUND BONDS</b>				<b>137,500,000</b>	
<b>TOTAL-ALL BOND PROJECTS</b>				<b>1,293,428,700</b>	

\* (TE) Tax-Exempt (T) Taxable

## ATTACHMENT E

### Kentucky Preference Laws (KRS 45A.490-494)

The scoring of bids/proposals is subject to Reciprocal preference for Kentucky resident bidders and Preferences for a Qualified Bidder. \*Vendors not claiming resident bidder or qualified bidder status need not submit the corresponding affidavit.

#### Reciprocal preference for Kentucky resident bidders

##### **KRS 45A.490 Definitions for KRS 45A.490 to 45A.494.**

As used in KRS 45A.490 to 45A.494:

- (1) "Contract" means any agreement of a public agency, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item; and
- (2) "Public agency" has the same meaning as in KRS 61.805.

##### **KRS 45A.492 Legislative declarations.**

The General Assembly declares:

- (1) A public purpose of the Commonwealth is served by providing preference to Kentucky residents in contracts by public agencies; and
- (2) Providing preference to Kentucky residents equalizes the competition with other states that provide preference to their residents.

##### **KRS 45A.494 Reciprocal preference to be given by public agencies to resident bidders -- List of states -- Administrative regulations.**

- (1) Prior to a contract being awarded to the lowest responsible and responsive bidder on a contract by a public agency, a resident bidder of the Commonwealth shall be given a preference against a nonresident bidder registered in any state that gives or requires a preference to bidders from that state. The preference shall be equal to the preference given or required by the state of the nonresident bidder.
- (2) A resident bidder is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:
  - (a) Is authorized to transact business in the Commonwealth; and
  - (b) Has for one (1) year prior to and through the date of the advertisement, filed Kentucky corporate income taxes, made payments to the Kentucky unemployment insurance fund established in KRS 341.490, and maintained a Kentucky workers' compensation policy in effect.
- (3) A nonresident bidder is an individual, partnership, association, corporation, or other business entity that does not meet the requirements of subsection (2) of this section.
- (4) If a procurement determination results in a tie between a resident bidder and a nonresident bidder, preference shall be given to the resident bidder.
- (5) This section shall apply to all contracts funded or controlled in whole or in part by a public agency.

(6) The Finance and Administration Cabinet shall maintain a list of states that give to or require a preference for their own resident bidders, including details of the preference given to such bidders, to be used by public agencies in determining resident bidder preferences. The cabinet shall also promulgate administrative regulations in accordance with KRS Chapter 13A establishing the procedure by which the preferences required by this section shall be given.

(7) The preference for resident bidders shall not be given if the preference conflicts with federal law.

(8) Any public agency soliciting or advertising for bids for contracts shall make KRS 45A.490 to 45A.494 part of the solicitation or advertisement for bids.

The reciprocal preference as described in KRS 45A.490-494 above shall be applied in accordance with 200 KAR 5:400.

### **Determining the residency of a bidder for purposes of applying a reciprocal preference**

Any individual, partnership, association, corporation, or other business entity claiming resident bidder status shall submit along with its response the attached Required Affidavit for Bidders, Offerors, and Contractors Claiming Resident Bidder Status. The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

A nonresident bidder shall submit, along with its response, its certificate of authority to transact business in the Commonwealth as filed with the Commonwealth of Kentucky, Secretary of State. The location of the principal office identified therein shall be deemed the state of residency for that bidder. If the bidder is not required by law to obtain said certificate, the state of residency for that bidder shall be deemed to be that which is identified in its mailing address as provided in its bid.

**REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS**  
**CLAIMING RESIDENT BIDDER STATUS**

**FOR BIDS AND CONTRACTS IN GENERAL:**

The bidder or offeror hereby swears and affirms under penalty of perjury that, in accordance with KRS 45A.494(2), the entity bidding is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

1. Is authorized to transact business in the Commonwealth;
2. Has for one year prior to and through the date of advertisement
  - a. Filed Kentucky income taxes;
  - b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.49; and
  - c. Maintained a Kentucky workers' compensation policy in effect.

The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Company Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Subscribed and sworn to before me by \_\_\_\_\_  
(Affiant) (Title)

of \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.  
(Company Name)

\_\_\_\_\_  
Notary Public

[seal of notary]

My commission expires: \_\_\_\_\_