

January 7, 2013

**RE: Request for Trustee Services for the Kentucky Asset/Liability Commission Funding Notes, 2013 General Fund First Series (Taxable)**

The Office of Financial Management (“OFM”) of the Finance and Administration Cabinet of the Commonwealth of Kentucky, on behalf of the Kentucky Asset/Liability Commission (the “Commission”), is inviting proposals from qualified financial institutions to provide professional services of Trustee and Paying Agent for the Kentucky Asset/Liability Commission Funding Notes, 2013 General Fund First Series (Taxable), referred to as the “Notes”.

The Notes will be sold by negotiated sale in a total principal amount not to exceed \$156 million. The Commission currently plans to issue the Notes as taxable fixed rate Funding Notes for the purpose of financing obligations of the Commonwealth owed under Section 161.550(2) of the Kentucky Revised Statutes on behalf of the Kentucky Teachers’ Retirement System (“KTRS”).

The Notes are expected to have a final maturity of no later than April 1, 2023.

The series of Notes is expected to be sold as early as the week of February 4, 2013.

The Notes will be issued in Book-Entry-Only form and will be registered in the name of Cede & Co, as a nominee of the Depository Trust Company (“DTC”), New York, New York which will act as securities depository for the Notes. So long as DTC is a registered owner of the Notes, payments of principal and interest will be made directly to DTC.

**The Commission will accept responses by facsimile and e-mail to this Request for Services, up to but no later than 11:00 a.m. ET on Thursday, January 10, 2013. Submission of a response must address all of the questions identified on page 4 and requirements of Attachments A through F. Please provide a fee quote including a one-time payment, to include all expenses and charges due at the closing of the series of Notes not to exceed \$156 million.**

The Office of Financial Management (“OFM”) anticipates that the Trustee bank will be selected as soon as possible.

Please contact Rachael Dever of this office should you have any questions concerning this proposed financing. We look forward to a response from your firm.

**Request for Trustee Services  
Kentucky Asset/Liability Commission  
Funding Notes, 2013 General Fund First Series (Taxable)**

**GENERAL INFORMATION**

**Date of Request:**       **January 7, 2013**

**Purpose:**                To select a financial institution to provide trustee and paying agent services to the Kentucky Asset/Liability Commission (the “Commission”) for its Kentucky Asset/Liability Commission Funding Notes, 2013 General Fund First Series (Taxable), referred to as the “Notes”. The Notes are expected to be issued in an aggregate principal amount not to exceed \$156 million.

The Notes are expected to have a stated final maturity no later than April 1, 2023.

The Notes are expected to be issued as taxable fixed-rate notes. The Notes are expected to finance obligations of the Commonwealth owed under Section 161.550(2) of the Kentucky Revised Statutes on behalf of the Kentucky Teachers’ Retirement System (“KTRS”).

It is anticipated that the Commission will make deposits to the Note Payment Fund one day prior to each principal and interest payment date, and that there will be no Debt Service Reserve Fund required under the Indenture for the Notes.

The Notes are special and limited obligations of the Commission and are secured by revenues to be derived from General Fund appropriations. The Noteholders have no security interest in any amounts constituting the Funding Obligation or any amounts derived there from.

The Commission may replace the Trustee and Paying Agent if the Commission, in its sole discretion, feels the bank is not satisfactorily meeting its service requirements. The replacement may be undertaken in the manner set forth in the Trust Indentures.

**Eligible Institutions:** Eligible institutions shall include banks and trust companies chartered by the Commonwealth of Kentucky or federally chartered institutions authorized to conduct business in the Commonwealth with at least seventy-five million dollars (\$75,000,000) in capital and surplus and who have DTC FAST issuing capability.

**Description of Services:**        The bank engaged as Trustee and Paying Agent for the Notes will be working with: the Commission; OFM; Morgan Stanley as senior managing underwriter; Kutak Rock as bond counsel; and Peck, Shaffer and Williams LLP as underwriter’s counsel. The selected bank will be required to provide services that shall include, but not be limited to, the requirements listed below:

1. As Trustee and Paying Agent the Commission will require the bank to act as the agent for the safekeeping, completion, authentication, and payment of the Notes.

2. The Commission will provide collected funds for deposit into the appropriate accounts as required by the indenture and make periodic payments as necessary.
3. Pay on behalf of the Commission, the principal and interest due to the respective bondholders on the maturity dates.
4. Provide monthly statements to the Commission on a timely basis.
5. Invest available funds held by the bank as instructed by OFM.
6. Comply with all requirements of the Trust Indentures.
7. Arbitrage rebate calculations are not included in this request for bid.
- 8. Serve as escrow trustee at no additional charge in the event that the Notes are refunded in the future.**

**Issuing Entity:** Kentucky Asset/Liability Commission

**Inquiries:** Rachael Dever, Financial Analyst  
 Commonwealth of Kentucky  
 Office of Financial Management  
 702 Capitol Avenue, Suite 76  
 Frankfort, KY 40601-3453  
 Phone: (502) 564-2924  
 Fax: (502) 564-7416  
 E-mail: [Rachael.Dever@ky.gov](mailto:Rachael.Dever@ky.gov)

**Proposal Due Date:** To be considered responsive, written proposals must be delivered by **11:00 a.m. ET, January 10, 2013**. Fax and e-mail submissions are acceptable.

**Delivery Direction:**

**One fax or e-mail copy:**  
 Rachael Dever, Financial Analyst  
 Commonwealth of Kentucky  
 Office of Financial Management  
 702 Capitol Avenue, Suite 76  
 Frankfort, KY 40601-3453  
 Phone: (502) 564-2924  
 Fax: (502) 564-7416  
 E-mail: [Rachael.Dever@ky.gov](mailto:Rachael.Dever@ky.gov)

**Evaluation of Proposals:** Proposals will be evaluated by OFM pursuant to the criteria set forth on Attachment G.

**Commission Reservation of** The Commission reserves the right to amend, modify or withdraw this request; to waive or revise any requirements of this request; to require supplemental statements

**Rights:** or information from any responding party; to reject any response submitted; to accept or reject any or all responses received with respect to this request; to extend the deadline for submission of responses; to investigate regarding qualifications of any or all respondents as necessary; to negotiate or hold discussions with any responding party and to cancel, in whole or in part, this request if the Commission deems it to be in its best interest to do so. The Commission may exercise the foregoing rights at any time without notice and without liability to any responding party or other parties for their expenses incurred in the preparation of responses or otherwise. Responses with respect to this request will be prepared at the sole cost and expense of the responding party. The issuance of this request and the submission of a response and/or the acceptance of such response by the Commission do not obligate the Commission in any manner whatsoever. Legal obligations will only arise upon execution of a formal agreement by the Commission and the selected provider. The Commission and OFM are not liable for any disclosure whether by negligence or otherwise, of any material or information in any form submitted by any bidder in response to this request.

### **REQUEST FOR PROPOSAL QUESTIONS / CERTIFICATIONS**

1. Certify that your bank is in compliance with the Commonwealth's campaign finance laws pursuant to KRS 121.015, KRS 121.056, KRS 121.150, KRS 121.310, KRS 121.320, and KRS 121.330. (See Attachment "B".)
2. Certify that your bank is in compliance with and is not prohibited by the Executive Branch Code of Ethics established by KRS 11A.001 through KRS 11A.990 from entering into a contract with the Commonwealth of Kentucky. (See Attachment "C".)
3. Certify that your bank is in compliance with the provisions of KRS 45A.485. (See Attachment "D".)
4. Certify that your bank is not prohibited by KRS 45A.863 from entering into a contract with the Commonwealth of Kentucky. (See Attachment "E".)

**NOTE: All sections of the Kentucky Revised Statutes referred to herein may be viewed on the home page of the Kentucky Legislature at the following internet address: <http://www.lrc.ky.gov/>.**

5. Certify that all the information provided herein, to the best of your knowledge, is accurate and complete, and that you understand that any misleading or false information may result in disqualification of the bank at the sole discretion of the Commonwealth.
6. Complete **Attachment F**. Please provide the fee quote along with any additional expenses that may be included in the proposed contract. Also, please identify your ratings, personnel to be associated with this engagement, electronic capabilities and professional references.
7. Disclose any information about your bank, which presently or with the passage of time could materially impair your bank's ability to provide the level of service required of Trustee, Paying Agent and Escrow Trustee, if necessary.
8. Please provide an electronic link of your bank's most recent audited annual report.

**ATTACHMENT A**

Current Contact Information

Please complete this form and return it with your bid. Thank you for your assistance in helping OFM maintain an accurate database of trustee contacts.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

**ATTACHMENT B**

Commonwealth of Kentucky  
Finance and Administration Cabinet  
Sworn Statement Regarding Campaign Finance Laws  
Pursuant to KRS Chapter 121

The undersigned hereby swears or affirms, under penalty prescribed by law or perjury, that neither he/she, individually, nor, to the best of his/her knowledge and belief, the corporation partnership, or other business entity which he/she represents in connection with this procurement, has knowingly violated any provisions of the campaign finance laws of the Commonwealth of Kentucky, pursuant to KRS 121, and that the award of a contract to him/her, individually, or to the corporation, partnership or other business entity which he/she represents, will not violate any of the above-referenced statutes.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm Name

State of \_\_\_\_\_

County of \_\_\_\_\_

The foregoing statement was sworn to me this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_ by \_\_\_\_\_

\_\_\_\_\_.

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

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

**ATTACHMENT C**

Commonwealth of Kentucky  
Finance and Administration Cabinet  
Sworn Statement Regarding Executive Branch  
Code of Ethics  
Pursuant to KRS Chapter 11A

The undersigned hereby swears or affirms, under penalty prescribed by law or perjury, that neither he/she, individually, nor, to the best of his/her knowledge and belief, the corporation partnership, or other business entity which he/she represents in connection with this procurement, has knowingly violated any provisions of the Executive Branch Code of Ethics of the Commonwealth of Kentucky, pursuant to KRS 11A.001 to KRS 11A.990, and that the award of a contract to him/her, individually, or to the corporation, partnership or other business entity which he/she represents, will not violate any of the above-referenced statutes.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Firm Name**

State of \_\_\_\_\_

County of \_\_\_\_\_

The foregoing statement was sworn to me this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_ by \_\_\_\_\_

\_\_\_\_\_.

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

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

**ATTACHMENT D**

Commonwealth of Kentucky  
Finance and Administration Cabinet  
Sworn Statement Regarding Violations of  
Kentucky Revised Statutes  
Pursuant to KRS Chapter 45A.485

KRS 45A.485 states:

- (1) Any state contract awarded under KRS Chapter 45A, 175, 177, or 180 after July 15, 1994, shall require the contractor to:
  - (a) Reveal any final determination of a violation by the contractor within the previous five (5) year period pursuant to KRS Chapters 136, 139, 141, 337, 338, 341, and 342 that apply to the contractor; and
  - (b) Be in a continuous compliance with the provisions of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 that apply to the contractor for the duration of the contract.
  
- (2) A contractor’s failure to reveal a final determination of a violation of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 or to comply with these statutes for the duration of the contract shall be grounds for the Commonwealth’s:
  - (a) Cancellation of the contract; and
  - (b) Disqualification of the contractor from eligibility for future state contracts for a period of two (2) years.

The undersigned hereby swears or affirms, under penalty prescribed by law or perjury, that neither he/she, individually, nor, to the best of his/her knowledge and belief, the corporation partnership, or other business entity which he/she represents in connection with this procurement, has knowingly violated any provisions of 45A.485, and that the award of a contract to him/her, individually, or to the corporation, partnership or other business entity which he/she represents, will not violate any of the above-referenced statutes.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Firm Name**

State of \_\_\_\_\_

County of \_\_\_\_\_

The foregoing statement was sworn to me this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_ by \_\_\_\_\_  
\_\_\_\_\_.

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

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

**ATTACHMENT E**

Commonwealth of Kentucky  
Finance and Administration Cabinet  
Sworn Statement Regarding Anti-Nepotism Provisions  
Pursuant to KRS Chapter 45A.863

The undersigned hereby swears or affirms, under penalty prescribed by law or perjury, that neither he/she, individually, nor, to the best of his/her knowledge and belief, the corporation partnership, or other business entity which he/she represents in connection with this procurement, has knowingly violated any provisions of KRS Chapter 45A.863, and that the award of a contract to him/her, individually, or to the corporation, partnership or other business entity which he/she represents, will not violate any of the above-referenced statutes.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm Name

State of \_\_\_\_\_

County of \_\_\_\_\_

The foregoing statement was sworn to me this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_ by \_\_\_\_\_

\_\_\_\_\_.

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

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

**ATTACHMENT F**  
**Kentucky Asset/Liability Commission**  
**Funding Notes, 2013 General Fund First Series (Taxable)**  
**Proposal for Trustee Services**

**BANK NAME:** \_\_\_\_\_

Please provide a fee quote as a one-time up front payment to include all expenses (including legal fees) and charges due at the note closing with an expected issuance size not to exceed \$156 million.

It is anticipated that the Notes will be issued on a taxable basis. The Notes are expected to be delivered on or about February 21, 2013. The Notes are expected to be dated the date of delivery and have semi-annual interest payments each April 1 and October 1, with annual principal payments each April 1. The Notes are expected to have a first principal payment on April 1, 2014.

**Total One-time Fee Proposal (paid at closing):** \$ \_\_\_\_\_

**Ratings:** Provide your bank's short-term and long-term ratings, and outlook by Standard & Poor's, Moody's and Fitch.

Standard & Poor's \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

Moody's \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

Fitch \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

**Personnel:** Provide the names of the individuals who will be responsible for the Commission's account and describe their experience in providing similar services to other issuers.

**Electronic Capabilities:** Indicate your ability to meet service requirements regarding ability to interface with Depository Trust, FAST eligible, electronic transfers, provide the Commission and OFM electronic access to account information, and the ability to communicate with bank personnel electronically.

**Reference:** Provide three (3) references: names, addresses and phone numbers, of issuers which have issued similar Notes for which the bank has served as Trustee and Paying Agent.

**ATTACHMENT G**  
**Evaluation Criteria**

1.	Experience of the Bank and Personnel (including bank rating)	70%
2.	Fee Proposal	<u>30%</u>
		100%