

KENTUCKY
ASSET/LIABILITY
COMMISSION

SEMI-ANNUAL REPORT



FOR PERIOD ENDING DECEMBER 31, 2000



COMMISSION MEMBERS

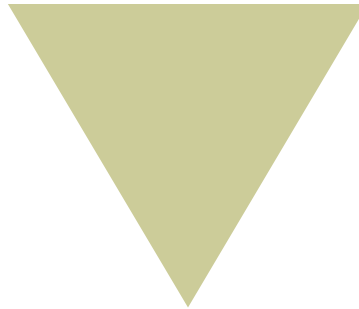
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Finance and Administration Cabinet

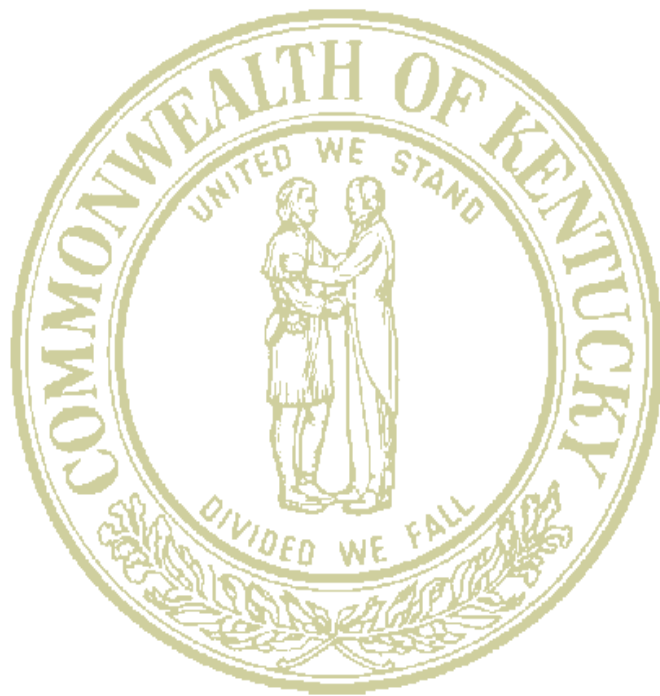
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Dr. James R. Ramsey, State Budget Director

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Pursuant to KRS 56.863 (11), the Office of Financial Management is required to report to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue on a semi-annual basis, by September 30 and March 31 of each year, the following: (a) a description of the Commonwealth's investment and debt structure; (b) the plan developed to mitigate the impact of fluctuating revenue receipts on the budget and fluctuating interest rates on the interest-sensitive assets and liabilities of the Commonwealth; (c) the principal amount of notes issued, redeemed and outstanding and a description of all financial agreements entered into during the reporting period; and (d) a summary of gains and losses associated with financial agreements and any other cash flow strategies undertaken by the Commission to mitigate the effect of fluctuating interest rates during each reporting period.

This report is for the period July 1, 2000 through December 31, 2000.

INTRODUCTION

This is the Commission's eighth semi-annual report under KRS 56.863 (11) for the period July 1, 2000 through December 31, 2000. Key themes during this period were:

NATIONAL

- ◆ U. S. economy is slowing. How hard will the landing be?
- ◆ Turmoil in the technology sector exacerbates economic slowdown.
- ◆ Expectation that the Federal Reserve will lower interest rates.
- ◆ Treasury bonds rally strongly and yields drop to the lowest levels of the year.
- ◆ Limited supply of new issue municipal bonds.

STATE

- ◆ Turnpike Authority of Kentucky ("TAK") bonds are upgraded by all three rating agencies.
- ◆ Systematic conversion of ALCo short-term project note programs to permanent financing.
- ◆ New bond authorization for FY 2001-02 in the amount of \$1,046,927,600.

I nvestment Management

Market Overview

Taxable. Economic growth during the first two calendar quarters produced rapid expansion as Gross Domestic Product ("GDP") surged by 4.8 percent and 5.6 percent, but the third and fourth quarters saw a sharp deceleration of growth to 2.2 percent and 1.1, percent respectively. The impact of higher interest rates and sharply higher energy prices in recent months took its toll on the equity markets, particularly the NASDAQ, and with it consumer confidence. Despite higher energy prices, inflation remains subdued as gains in productivity and rising inventories held prices steady. The question remains, does the deceleration in GDP mark a return to slower, more sustainable growth or is this the beginning of a recession?

During the previous reporting period, the Federal Reserve focused on slowing growth through incremental increases in the Fed Funds target rate from 5.50 percent to 6.50 percent. Because of the sharp deceleration in the economy the Fed has since countered the increases by a like amount of reductions in January. The first 50 basis point cut occurred on January 3, 2001, an inter-meeting action and the second 50 basis point cut occurred on January 31, 2001 after the regularly scheduled meeting. Some experts are calling for at least another 100 basis point reduction in the target rate by summer although the bond market appears to have anticipated at least half of that amount.

"Because of the sharp deceleration in the economy, the Fed has since countered the increases by a like amount of reductions in January."

Treasury Yields. The Treasury yield curve remains inverted, i.e. long-term rates were 45 basis points lower than short-term rates. The inverted yield curve reflects expectations for an economic slowdown that could occur with higher interest rates and the reduction in long-term Treasury debt from the budget surplus. Two-year Treasury Notes began the period at the high of 6.45 percent before dropping to the low of 5.08 percent retracing almost all of the 140 basis point increase from the previous report. The average was 5.95 percent for the six-month period and 6.25 percent for the twelve months ended December 31, 2000. The benchmark 30-year Treasury Bond began the period at 5.87 percent and reached a high of 5.96 percent before dropping to a low of 5.39 percent. The long T-bond ended the period at 5.46 percent for an average of 5.74 percent for the six-month period and 5.93 percent for the twelve months ended December 31, 2000.

Yield Relationships

Tax-exempt. The Bond Buyer 20-year General Obligation Index ended the calendar year at the low for the period of 5.14 percent. For the calendar year the high was 6.09 percent in January and the average was 5.71 percent. Tax-exempt yield ratios versus long-term Treasuries continue to trade above 90 percent reflecting the Treasury buy-back program and inverted Treasury curve. Retail investors who were drawn to the market by higher yields and poor equity markets early in the year have retreated somewhat with the recent drop in bond yields. Institutional demand has picked up on a selective basis, choosing quality and structure through the purchase of callable premium bonds. Premium callable bonds are attractive for new money issues, but hinder refunding transactions because of the impact of the yield to call versus the yield to maturity in computing the arbitrage yield.

Portfolio Management. Fiscal year-to-date 2001, the Commonwealth's investment portfolio averaged \$3.52 billion. As of December 31, 2000, the portfolio was invested in U.S. Treasury securities (13 percent), U.S. Agency securities (31 percent), Municipal securities (5 percent), Corporate securities (10 percent), U.S. Agency Mortgage-Backed Securities and Collateralized Mortgage Obligations (8 percent), Asset Backed Securities (5 percent), Repurchase Agreements (17 percent) and Money Market Securities (11 percent). The portfolio had a current yield of 6.06 percent and a modified duration of 1.26 years.

The total portfolio is broken down into four investment pools. The pool balances as of December 31, 2000 were: Short-term (\$555.0 million), Intermediate-term (\$2,300.5 million), Long-term (\$355.1 million) and Bond Proceeds (\$400.8 million). (See Monthly Investment Income Report in the Appendix.)

Investment income (cash basis) for FYTD 2001 was \$163.3 million versus \$160 million the previous fiscal year. The considerable increase in earnings are attributable to a strong bond market rally and increased balances derived primarily from bond proceeds and agency funds. The General Fund portion of total income was \$20.3 on a cash basis. New asset classes authorized under House Bill 5 of the 1997 First Extraordinary Session of the General Assembly contributed \$2,522,240 to total investment income of which \$575,797 has been allocated to the General Fund for FYTD 2001. Mortgages added the bulk of the earnings, generating \$1.7 million while Corporate securities added \$.8 million.

Debt Management

Ratings Upgrade

In November 2000, Standard & Poor's Credit Market Services, Moody's Investors Service and Fitch, Inc. raised their ratings of the appropriation-backed debt of the TAK to AA-, Aa3 and AA- from A+, A1 and A+, respectively. The upgrade resulted from a review associated with the issuance of the Authority's bonds, the first since 1995, to convert the Commission's 1999 Road Fund Project Notes, First and Second Series. The Project Notes were originally sold to fund the \$200 million 1998 Road Fund Bond authorization. The Turnpike Authority's debt is now rated on par with the Commonwealth's General Fund supported bond issues.

Tax and Revenue Anticipation Notes

2000 TRAN. The Commission authorized the FY 2001 TRAN program in an amount not to exceed \$550.7 million. On July 3, 2000 \$400 million was issued to mature on June 27, 2001. The 2000 Series A TRANs were sold by Salomon Smith Barney on June 6, 2000 and carried a coupon of 5.25 percent to yield 4.54 percent. The remaining \$150.7 million was sold in September as Series B Notes with a coupon of 5.00 percent to yield 4.33 percent, also by Salomon Smith Barney. Net earnings are projected to be \$5 million for FY 2001.

General Fund Supported Project Notes

1999 General Fund Second Series. On August 25, 1999 the Commission delivered \$20,280,000 of Project Notes. The Notes were issued in the Commercial Paper mode and provided interim financing for \$133,902,000 of 1998 General Fund authorized bond projects. One project, the State Office Building Asbestos Removal (Transportation Cabinet) project, was transferred from the 1998 General Fund First Series to the 1999 General Fund Second Series because of expenditure expectations. As of December 31, 2000 there was \$65 million outstanding against expenditures of approximately \$49 million. The balance of the authorization will be drawn this winter. The Notes are supported by a direct-pay letter of credit provided by Dexia, a leading European bank based in France. Merrill Lynch is marketing agent for the Notes and underwriter for the State Property and Buildings Commission ("SPBC") 69 bonds, which are scheduled for sale in late March 2001.

1999 General Fund Third Series. On September 23, 1999 the Commission delivered \$20,280,000 of Project Notes. The Notes were issued in the Commercial Paper mode to provide interim financing for \$136,509,000 of 1998 General Fund authorized bond projects. Bayerische Landesbank Girozentrale provided a stand-by letter of credit to support the transaction. Paine Webber was the remarketing agent for the Notes and the underwriter of the bonds. The Notes were refunded with the issuance of SPBC 68 bonds in October 2000. The Project 68 bonds incorporate an innovative Medium Term Note ("MTN") structure. Staff is in the process of executing a crossover refunding SPBC Project 68 Second Series of the MTNs that will provide the Commonwealth with significant debt service savings. SPBC Project 68 generated an all-in-TIC of 5.09 percent, which includes the cost of the interim financing.

Medium Term Notes (“MTN”). The MTN structure moves a portion of the principal from a twenty-year level debt structure to a shorter maturity(ies) creating what is referred to as a "balloon maturity". The balloon maturity is the principal amount of a given bond maturity that is above what normally would have been amortized in a twenty-year transaction. There are several options with this structure.

The first option is to pay the extra maturing principal when due from debt service appropriations. The benefit is the lowest total project cost and the ability to fill in gaps in overall debt service. The downside is that the Commonwealth would be required to appropriate additional debt service dollars that could be used to fund additional bonds or programs. Alternatively, the balloon maturity can be refinanced on or in advance of the due date.

There are two advance refunding options, a defeasance refunding and a crossover refunding. In the defeasance refunding, the principal of and interest on the prior bonds is paid with proceeds of the new refunding bonds. The new bond maturity (ies) are equivalent to what they would have been in a traditional twenty-year structure. The benefit of this transaction is that the Commonwealth benefits from the lower funding cost of the initial, shorter maturity for the designated length of time and that a smaller reduction in interest rates produces significant present value debt service savings as compared to initially issuing twenty-year bonds with a subsequent advance refunding. Plus the new bonds are still callable on the call date. The drawback is that we have used our one-time advance refunding option.

A crossover refunding differs from a defeasance refunding in one key element. Instead of the refunding bond proceeds paying the principal of and interest on the prior bonds, the refunding bond proceeds are used to pay the principal of the prior bonds and the interest on the new refunding bonds until the prior bonds have been redeemed. The lease payments continue to be made to pay the current interest on the prior bonds and then cross over to secure the refunding bonds when the escrow pays off the initial balloon maturity. The additional benefit of this structure is that instead of immediately paying the higher debt service on the refunding bonds, the state continues to pay the lower interest amount on the prior bonds and reap considerable savings.

The proceeds of the new bonds are used to purchase a portfolio of U.S. Treasury Securities that will be invested at a yield equal to the yield on the new refunding bonds, thus paying their own way until the prior bonds are redeemed. The downside of this structure is that the prior bonds are not legally defeased, i.e. they technically remain on the books of the state until the escrow pays off the prior principal amount on the original maturity date.

1999 General Fund Fourth Series. On November 17, 1999 the Commission delivered \$20,000,000 of Project Notes. The Notes were issued in the Commercial Paper mode to fund the balance of 1998 General Fund bond authorized projects in the amount of \$132,139,000. The Fourth Series Trust Indenture varies from the 1999 General Fund Second and Third Series Indentures, incorporating an additional interest rate mode, the Index Rate, which is based upon BMA or a percentage of LIBOR. The addition of the Index Rate provided the Commission the flexibility to issue additional Notes without credit or liquidity support. J.P. Morgan provides a stand-by letter of credit that expired November 17, 2000. Salomon Smith Barney is the remarketing agent for the Notes and underwriter of the SPBC 67 bonds, which closed September 19, 2000.

A stand-by letter of credit is essentially the same as a direct-pay letter of credit except that the bank only makes the payment on the Notes if the Commonwealth fails to make timely payment. An additional benefit is the elimination of draw fees, except in the event of non-payment, and deposits in the Note Payment Fund are treated more favorably from the Commonwealth's perspective. State Property and Buildings Commission Project 67 generated an all-in-TIC of 5.18 percent, including the cost of the short-term financing.

Kentucky Asset/Liability Commission

Debt Summary - *December 31, 2000*

	Amount Issued	Amount Outstanding (1)	Initial Date	Maturity Date	Coupon	Price	Yield
TRAN							
2000 Series A	\$ 400,000,000	\$400,000,000	07/03/00	06/27/01	5.250%	100.668	4.540%
2000 Series B	\$ 150,700,000	\$150,700,000	09/28/00	06/27/01	5.000%	100.484	4.330%
PROJECT NOTES							
	Amount Issued	Amount Outstanding	Initial Date	Maturity Date	Coupon	Price	Yield (2)
General Fund							
1999 First Series	\$ 49,195,000	\$ 42,920,000	03/01/99	03/01/06	4.000%	99.941	4.144%
1999 Second Series	\$ 135,000,000	\$ 65,000,000	08/25/99	06/30/03	3.839%	100.000	3.839%
1999 Third Series	\$ 138,000,000	\$ 15,000,000	09/23/99	06/30/03	4.085%	100.000	4.085%
1999 Fourth Series (3)	\$ 135,000,000	\$ -	11/17/99	06/30/03	4.005%	100.000	4.005%
Road Fund							
1999 First Series	\$ 78,000,000	\$ 58,200,000	10/06/99	06/30/03	4.010%	100.000	4.010%
1999 Second Series	\$ 128,000,000	\$ 125,000,000	10/27/99	06/30/03	4.066%	100.000	4.066%
Agency Fund							
1998 Agency Fund	\$ 110,000,000	\$ 15,000,000					3.753%
<i>UK Stadium</i>		\$ -	09/02/98	06/30/02	3.701%	100.000	3.701%
<i>Morehead H & D</i>		\$ -	04/21/99	06/30/02	3.658%	100.000	3.658%
<i>UK Housing & Dining</i>		\$ 15,000,000	03/09/00	06/30/02	4.225%	100.000	4.225%

(1) Amount Outstanding as of December 31, 2000

(2) Weighted average yields from inception to December 31, 2000

(3) 1999 General Fund Fourth Series was fully redeemed November 1, 2000

Road Fund Supported Project Notes

1999 Road Fund First Series. On October 6, 1999 the Commission delivered \$75.2 million of Project Notes. The Notes were sold in the Commercial Paper mode to fund the first \$75 million in expenditures for the 1998 \$200 million Road Fund Bond authorization. The original \$200 million authorization was split into two pieces based upon anticipated expenditures and the ability to meet the IRS spend-down requirements. All proceeds from the First Series have been spent. This was the first Road Fund supported transaction since the issuance of Turnpike Authority bonds issued in 1995. A stand-by letter of credit was provided by J.P. Morgan and the Notes are being marketed by Salomon Smith Barney until March 1, 2001.

1999 Road Fund Second Series. On October 27, 1999 the Commission delivered \$25,000,000 of Project Notes in the Commercial Paper mode. A second tranche of \$100,000,000 was issued October 10, 2000 to fund the remaining balance of the original \$200 million of Road Fund supported bond authorization. Westdeutsche Landesbank Girozentrale (West LB) provides a stand-by letter of credit and Lehman Brothers is the remarketing agent until March 1, 2001.

Turnpike Authority of Kentucky Economic Development (Revitalization) Road Revenue Bonds Series 2000. In November 2000 these bonds were sold and on December 6, 2000 the bonds were delivered. The bonds provided permanent financing for both the First and Second Series Project Notes. The bonds were underwritten by a syndicate led by PaineWebber, Inc. and carried an all-in cost, excluding the interim financing, of 5.04 percent.

Agency Fund Supported Project Notes

1998 Agency Fund Series. The project consists of the Agency Bond Pool (\$35 million) and approximately \$63.1 million in line-item agency funded bond projects, including the UK Stadium Expansion, UK Rural Health Center, EKU Law Enforcement Basic Training Complex, KHEAA building and the River Authority lock and dam improvements. Participants in the Agency Bond Pool (state universities) had the option of using this program to meet their financing needs; however, Morehead State University was the only participant other than the University of Kentucky to use the program.

State Property and Buildings Commission Project 66 (Agency Fund) Revenue Bonds were issued on June 22, 2000 to provide permanent financing for the UK Stadium Expansion, EKU Law Enforcement Basic Training Complex and the KHEAA building. The bonds are insured by MBIA and will be paid entirely from restricted agency receipts. The bonds were issued as Series A, tax-exempt bonds, and Series B, taxable bonds. The Series B bonds represent the allocable private use of the UK stadium. MBIA provided a very aggressive bid of 14.9 basis points to insure the bonds, the lowest premium ever bid on a SPBC issue to date. The combination of a low insurance premium, economies of scale for issuance of the bonds, and a favorable bond market provided a lower interest cost to the agencies than they would have been able to achieve on a stand-alone basis. The all-in TIC for the bonds was 5.69 percent.

Morehead State University Project Notes in the amount of \$3,045,000, which were issued to fund housing and dining projects on April 21, 1999, have also been converted to permanent financing with the issuance of Housing and Dining Revenue Bonds.

Agency Fund Supported Project Notes continued

The University of Kentucky converted \$8.16 million of Housing and Dining projects to permanent financing with the issuance of its Housing and Dining Revenue Bonds Series R in December 2000.

The only remaining 1998 Agency Fund Series Project Notes outstanding are \$6.84 million issued to fund the Crisp and Ag-ing Allied Health facilities for the University of Kentucky. The 1998 Agency Fund Project Notes are supported by a direct-pay letter of credit issued by Commerzbank AG and marketed by Lehman Brothers, Inc. Recent rating actions for Commerzbank have not had a detrimental impact on the Project Notes. Given the small amount outstanding and the expense of refunding the Notes, it is more economical to let the Notes remain outstanding until such time as the new 2001 Agency Fund Program is operational or bonds are issued by State Property and Buildings Commission this spring.

Project Note Cost of Capital

Cost of capital has been computed for each series of project notes since inception, excluding and including fees and expenses. Excluding expenses gives a better comparison of actual trading performance versus the benchmark, the Bond Market Association Index ("BMA"). BMA is a compilation of yields based upon highly rated seven-day variable rate demand notes ("VRDN's) that reset weekly. Comparison versus the benchmark has improved over the reporting period as Tax-exempt Commercial Paper yields lag the weekly market, both when rates are increasing and decreasing. Over time, we would expect the Commission's credit enhanced variable rate debt to trade very close to BMA.

Kentucky Asset/Liability Commission									
Weighted Average Yields VS. BMA									
	General Fund				Agency Fund				Road
	1998 First Series (2)	1999 Second Series	1999 Third Series	1999 Fourth Series (6)	UK Stadium (3)	Morehead H & D	UK Housing Dining	Combined (4)	1999 First Series
Dated Dates	02/04/98	08/25/99	09/23/99	11/07/99	09/02/98	04/21/99	03/09/00	09/02/98	10/06/99
WAC as of 12/31/00 (5)		4.360%	4.350%	4.283%				4.200%	4.242%
BMA as of 12/31/00	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%
Inception Weighted Average Yields (1)									
December 31, 2000	-	3.839%	4.085%	4.005%	3.701%	3.658%	4.225%	3.753%	4.010%
BMA	-	3.999%	4.044%	4.071%	3.558%	3.694%	4.292%	3.653%	4.048%
Difference	-	-0.160%	0.041%	-0.066%	0.143%	-0.036%	-0.067%	0.100%	-0.038%
June 30, 2000	3.359%	3.655%	3.904%	3.880%	3.633%	3.645%	4.043%	3.595%	3.835%
BMA	3.382%	3.864%	3.923%	4.016%	3.496%	3.700%	4.388%	3.496%	3.927%
Difference	-0.023%	-0.209%	-0.019%	-0.136%	0.137%	-0.055%	-0.345%	0.099%	-0.092%
December 31, 1999	3.325%	3.441%	3.700%	3.900%	3.339%	3.408%	-	3.330%	3.650%
BMA	3.361%	3.668%	3.778%	4.045%	3.306%	3.484%	-	3.306%	3.778%
Difference	-0.036%	-0.227%	-0.078%	-0.145%	0.033%	-0.076%	-	0.024%	-0.128%
June 30, 1999	3.294%	-	-	-	3.165%	3.200%	-	3.167%	-
BMA	3.311%	-	-	-	3.189%	3.437%	-	3.189%	-
Difference	-0.017%	-	-	-	-0.024%	-0.237%	-	-0.022%	-

(1) Excludes credit facility and remarketing fees

(2) Includes taxable component for 29 days

(3) UK Stadium includes a taxable component

(4) Agency Fund Combined includes taxable component

(5) Current Weighted Average Coupon

(6) 1999 General Fund Fourth Series was fully redeemed November 1, 2000

FINANCIAL AGREEMENTS

The Commission had one financial agreement outstanding as of December 31, 2000, which was entered into on August 3, 1998 with Merrill Lynch & Co. to synthetically advance refund a portion of State Property and Buildings Commission Project 40 (Second Series) Revenue Bonds that were not otherwise advance refundable. The Commission will receive a variable rate, equal to the rate on its variable rate notes that will refund the SPBC bonds, in exchange for making a fixed rate payment beginning on November 1, 2001. This type of transaction is known as an interest rate swap. The value of this transaction varies daily with changes in market rates of interest, as do all fixed income securities. As of December 28, 2000 that contract had a market value of (\$623,000) versus \$188,000 at the end of the prior period. The decrease in the market value is reflective of the recent and rapid year-end decrease in interest rates, as the Commission has contracted to pay a fixed rate that is now above the current market rate. There is no realized gain or loss on the swap unless it is terminated prior to maturity.

In this particular transaction the Commonwealth makes fixed rate payments. If interest rates increase, the swap increases in value and if interest rates decrease, the swap has less value (meaning the bonds could be refunded at more attractive levels). If the swap were to obtain a substantial positive market value, then it is highly probable that the swap would be terminated to collect the savings in today's dollars. The Commission would then look to current refund the bonds on the call date for additional savings, if market rates were favorable. In any event, the SPBC will not pay any more than the coupon on the existing series of bonds. This effectively locks in the savings level with an opportunity to create additional savings. Alternatively, if the market value of the swap is negative, it is possible that the swap might be terminated at a loss and new bonds would be issued at a lower rate to offset the loss and preserve the original savings target.

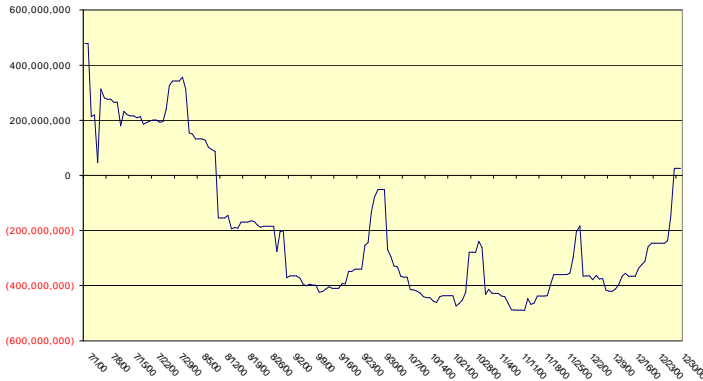
At January 2, 2001, the projected savings from a forward refunding would be approximately \$1.1 million dollars after netting out the termination cost (\$623,000) of the swap. It is likely that the swap will be terminated and the bonds refunded when the SPBC 69 bonds are sold this spring if market conditions remain favorable. Factors that would influence the Commission's decision to terminate a swap would be a dramatic increase in credit facility fees and expenses, the slope of the tax-exempt yield curve, forward delivery premiums and the relationship of State Property and Buildings Commission bonds to relevant benchmarks.

The Commission continues to evaluate the merits of using several different financial agreement structures to provide additional value to the investment and debt management programs of the state, especially for the Road Fund. Any transactions will require acceptable documentation and favorable market conditions.

ASSET/LIABILITY MODEL

Work on the model continues to be hampered by a very active debt calendar and limited staff, however, training continues and discussions with the Bloomberg Systems staff offer some hope that we can develop a meaningful platform for use with municipal securities.

General Fund Available Balance FYTD 2001
(Includes Budget Reserve Trust Fund)

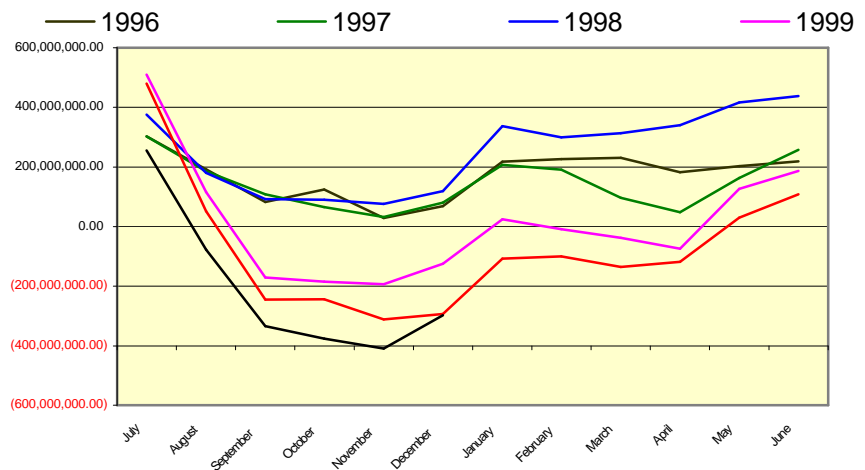


General Fund Model. The conversion of ALCo 1999 Project Notes General Fund Fourth and Third Series to long-term financing with the issuance of SPBC 67 and 68, respectively, lowered the weighted average coupon (5.00%) and increased the modified duration (4.70 years) of the SPBC debt portfolio. As a result, the net interest margin, or the mismatch between interest sensitive assets and liabilities, widen from the previous levels due to the conversion to permanent financing. SPBC is a large portion of the General Fund appropriation supported debt, but there are other components that must be included, such as portions of Kentucky Infrastructure Authority and

the School Facilities Construction Commission, before drawing any final conclusions. While this news is encouraging, it is unlikely that we will be able to improve our position significantly, and in fact may move to a wider mismatch based upon the large debt authorization in the 2000-2002 biennium. Staff continues to build the database and functions necessary to rollup the pieces into aggregates by fund source for further analysis.

The General Fund continues to be subject to seasonal fluctuations consistent with historical expenditure and receipt patterns. Including the Budget Reserve Trust Fund, the high balance occurred on July 1, 2000 at \$478 million and the low on November 13, 2000 at **negative \$489.8 million**. The General Fund ended the year with a balance of \$28.8 million. The average and median balances were a **negative \$204.8 million** and a **negative \$326.9 million**, respectively. For purposes of calculating the available balance for the TRAN computation, \$208.9 million of the Budget Reserve Trust Fund is excluded. Taking into account this adjustment the balances were as follows: the high was \$269 million on July 1, 2000; the low was **negative \$698.7 million** on September 13,

General Fund Monthly Average



Asset/Liability Model continued

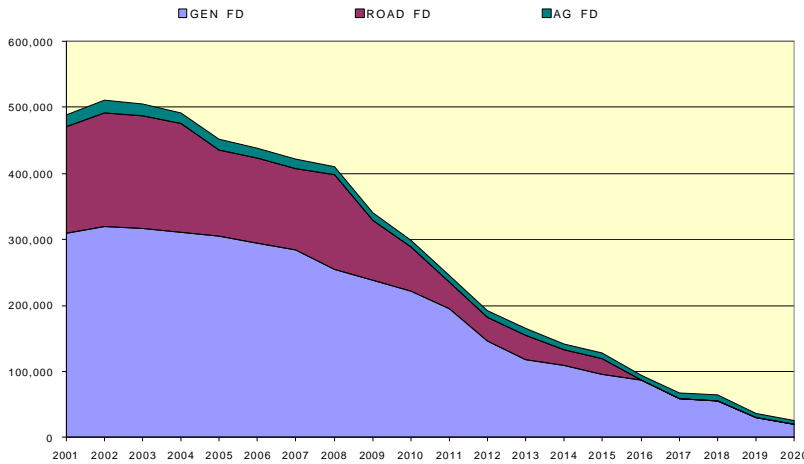
2000; the average was **negative \$413.8 million** and the median was **negative \$535.9 million**. The ending balance on an adjusted basis was **negative \$180 million**. Since \$150 million of the Budget Reserve Trust Fund is invested in the Long-term Investment Pool, the adjusted balances more accurately reflect the actual cash balance in the General Fund.

Adding back the difference between the excludable portion and the amount invested in the Long-term Investment Pool, the actual ending balance would be a **negative \$121 million**. Since the General Fund continued to have a negative average cash balance for most of the period there is little, if anything, that can be done from an asset management viewpoint beyond current actions.

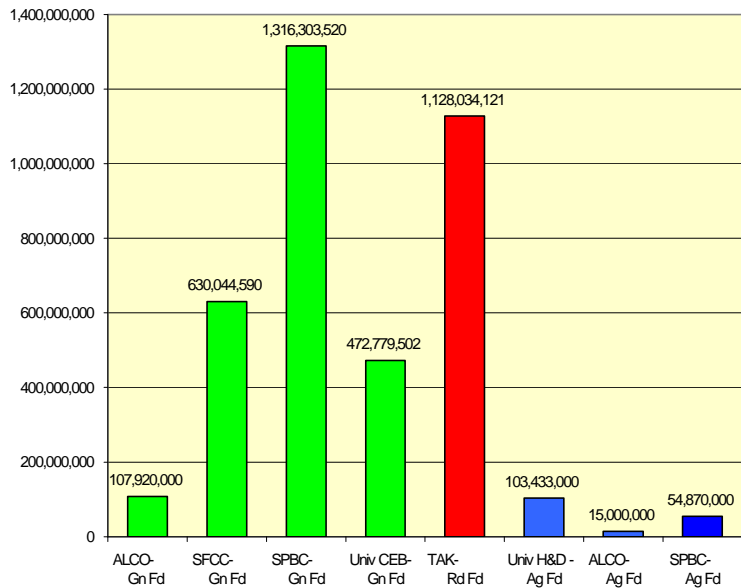
From a liability management perspective, total General Fund debt service, net of reserve fund credits, was \$107 million through December 31, 2000 versus investment income of \$20.3 million, resulting in a net interest margin of **negative \$86.7 million**.

The General Fund received a significant capital investment with \$1.047 billion of bond authorized projects for the 2000-2002 biennium. The continued systematic approach of the ALCo structure will be very important in managing the funding of the new authorization and the conversion of the existing 1998 authorization to permanent financing over the coming months. While the Commonwealth has benefited from strong economic performance, sound financial management and recent rating upgrades, an economic slowdown is developing, which may have both good and bad implications. Both positive and negative implications revolve around lower interest rates, which reduce the cost of capital to fund the capital construction program and lower investment earnings. With a element of variable rate debt achieved in the ALCo program, we can mitigate some, but not all of the impact.

Appropriation Supported Debt Service by Fund Source as of 12/31/00 (000)
(Does Not Include ALCO Variable Rate Notes)



Appropriation Debt Outstanding by Fund Source as of 12/31/00



Road Fund Model. The Road Fund average daily balance for FY 2001 was \$612 million. Of that average amount, \$412 million was invested in the Intermediate-term Investment Pool and \$200 million in the Long-term Investment Pool. The duration of the respective pools was 1.19 years and 2.1 years as of December 31, 2000. The Road Fund earned \$17.4 million on a cash basis.

As of December 31, 2000, TAK had \$1.3 billion of bonds outstanding with a weighted average coupon of 5.38 percent and a modified duration of 3.85 years. The yield at market was 4.05 percent indicating that selected maturities might be refundable depending upon the tax status of the bonds. During January staff completed the refunding of select maturities of Economic Development Bonds and restructured the 1993 Debt Service Reserve Fund for significant present value savings, which will be reported in the next semi-annual report. The duration of the outstanding bonds increased somewhat with the issuance of the 2000 Economic Development (Revitalization) Road Revenue bonds, which settled in early December.

Debt service paid, net of reserve fund credits, during FY 2001 was \$81.4 million resulting in a net interest margin (investment income earned less debt service paid) of **negative \$64 million**. This positive trend stems from a general increase in interest rates on the investment side and a fixed rate obligation on the liability side. As the Road Fund has experienced in recent years, this trend can reverse itself very quickly when interest rates fall. One way to limit that volatility is to maintain a core variable debt component, either through the issuance of variable rate debt, such as project notes, or by synthetically altering the liability stream with interest rate swaps or options. Staff is currently exploring the latter and may have identified an opportunity that could be executed in the next reporting period. With the conversion of the existing series of project notes and a limited amount of new money authorization in the current biennium, the duration gap between the assets and liabilities of the Road Fund should continue to remain in a manageable range.

SUMMARY

The Commission's approach to managing the Commonwealth's interest-sensitive assets and interest-sensitive liabilities continues to produce the expected results for the following:

- **Investments:** Incremental returns derived from new investment asset classes are \$2.5 million for FYTD 2001 (12/31/00) and \$12.8 million since inception.
- **Cash Management:** Improved dramatically with the implementation of the General Fund Tax and Revenue Anticipation Note program producing \$3.4 million in FY 1998, \$4.7 million in FY 1999, \$7.2 million for FY 2000. Projected earnings for FYTD 2001 are estimated to be \$5 million for a total of \$20.3.
- **Debt Management:** Contributed an estimated \$90.4 million in value-added.
 1. Synthetic advanced refunding of SPBC 40 (Second Series) using a delayed start interest rate swap produced \$0.8 million as of the execution date.
 2. Lapsed General Fund debt service for FY 99 was \$10.5 million, FY 2000 \$29.1 million and FY 2001 \$50 million for a total of \$89.7 million. This amount reflects all the actual savings versus budgeted debt service, excluding additional principal payments which will result in lower debt service in future years.

Total valued added since inception is \$123.5 million.

NOTES TO REPORT

Permanently Financed Project Notes

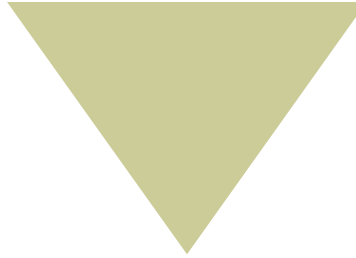
1998 General Fund First Series. The Notes were originally issued on February 4, 1998 to fund approximately \$144.1 million in capital construction projects authorized during the FY 1996-98 biennium. The Notes were converted to permanent financing with the issuance of State Property and Buildings Commission **Project 65** Revenue Bonds on February 16, 2000 and are no longer outstanding. The Notes were not redeemed until April 14, 2000 to take advantage of arbitrage opportunities afforded by currently refunding the Notes within 90 days of the Commercial Paper's maturity date.

Since inception, the Notes had a weighted average yield of 3.359 percent, 13.5 basis points less than the BMA Index over the same time period. The all-in cost, including remarketing fees and credit facility fees, was 3.569 percent. The Notes had a mandatory redemption date of June 30, 2001 and were offered by Bear, Stearns & Company in the Commercial Paper Mode. The Notes were supported by a direct-pay letter of credit issued by the New York branches of Landesbank Hessen-Thüringen Girozentrale and HypoVereinsbank AG, two of Germany's leading banks. The all-in cost, including short-term financing, was 5.729 percent.

1998 General Fund Second Series. The Commission issued the Second Series of General Fund supported Project Notes on November 5, 1998 to fund \$126,898,000 of Surplus Expenditure Plan projects authorized in the FY 1998-00 budget. These Notes were issued as a one-year fixed rate note to yield 2.95 percent and matured on November 1, 1999. These Notes were converted to permanent financing by State Property and Buildings Commission Revenue Bonds **Project 64** sold on August 17, 1999 and carried an all-in interest cost, including the project notes of 5.191 percent.

1999 General Fund First Series. On March 17, 1999 the Commission delivered \$49,195,000 of fixed rate Project Notes to permanently fund the University Research Laboratory and Equipment, Commonwealth Virtual University Library and technology for the Kentucky Community and Technical College System Automated Administrative Systems. The transaction was structured with seven annual serial maturities to match the expected useful life of the equipment with the Notes and debt service appropriations. As mentioned in the previous report, this transaction employed an unusual optional redemption provision rarely seen in municipal transactions, that being a 4-year call option at par. Normally, a note with such a call provision would carry a significant yield premium over non-callable notes. Due to inefficiencies in the market and strong retail demand for short-term paper with yields of 4 percent or more, the Notes were able to be sold at levels equivalent to non-callable notes. The Notes had an all-in total interest cost of 4.144 percent and were sold by Salomon Smith Barney.

APPENDIX



Monthly Investment Income Report, December 31, 2000	A
Cost of Capital	B
Project Note Performance vs. Benchmarks	C
Project List	D
Capital Financing Analysis	E



December 2000

**MONTHLY
INVESTMENT INCOME REPORT**

ATTACHMENT A

COMMONWEALTH OF KENTUCKY

**T. KEVIN FLANERY, SECRETARY
FINANCE AND ADMINISTRATION CABINET**

**GORDON L. MULLIS, EXECUTIVE DIRECTOR
OFFICE OF FINANCIAL MANAGEMENT**

Date: 12/31/00

**PORTFOLIO SUMMARY
POOLS**

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTORY LIMIT
Treasuries						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	480,774,831.00	5.10	1.96	13%	
	Sub-total	480,774,831.00	5.10	1.96	13%	
Agencies						
	Notes	1,119,865,117.00	5.83	2.01	31%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	1,119,865,117.00	5.83	2.01	31%	
Municipals						
		163,346,549.00	5.85	2.09	5%	
Corporates						
		344,102,734.00	6.31	1.04	10%	25%
Mortgages						
	Pools	55,571,434.00	6.21	2.01	1%	
	CMO's	240,789,262.00	6.51	1.23	7%	
	Sub-total	296,360,696.00	6.45	1.38	8%	25%
Asset Backs						
		177,837,621.00	6.30	1.18	5%	20%
Repurchase Agreements						
	Overnight	526,000,000.00	6.48	0.00	15%	
	< 30 days	75,785,168.00	6.35	0.08	2%	
	< 60 days	848,487.00	4.58	0.18	0%	
	< 90 days	1,519,433.00	5.70	0.25	0%	
	< 1 year	9,703,893.00	5.18	0.90	0%	
	< 2 years	0.00	0.00		0%	
	> 2 years	0.00	0.00		0%	
	Flex Repos				0%	
	Sub-total	613,856,981.00	6.44		17%	
Money Market Securities						
	Commercial Paper	414,388,000.00	6.72	0.02	11%	A1-P1
	Bankers Acceptances	0.00	0.00	0.00	0%	
	Certificates of Deposit	811,869.00	4.38	0.35	0%	
	Sub-total	415,199,869.00	6.72	0.02	11%	20%
TOTALS		3,611,344,398.00	6.06	1.26	100.00	

Date: 12/31/00

**PORTFOLIO SUMMARY
SHORT TERM POOL**

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION	PERCENT of TOTAL	STATUTOI LIMIT
Treasuries						
	Bills	0.00	0.00	0.0000	0%	
	Treasury Notes	0.00	0.00	0.0000	0%	
	Sub-total	0.00	0.00	0.0000	0%	
Agencies						
	Notes	10,000,000.00	6.60	0.1200	2%	
	Discounts	0.00	0.00	0.0000	0%	
	Sub-total	10,000,000.00	6.60	0.1200	2%	
	Corporates	34,285,000.00	6.69	0.2800	6%	25%
	Municipals	0.00	0.00	0.0000	0%	
	Mortgages	5,563,916.00	6.42	0.5000	1%	25%
	ABS	0.00	0.00	0.0000	0%	
Repurchase Agreements						
	Overnight	505,112,000.00	6.48	0.0027	91%	
	< 30 days	0.00	0.00		0%	
	< 60 days	0.00	0.00		0%	
	< 90 days	0.00	0.00		0%	
	< 1 year	0.00	0.00		0%	
	< 2 years	0.00	0.00		0%	
	> 2 years	0.00	0.00		0%	
	Flex Repos				0%	
	Sub-total	505,112,000.00	6.48		91%	
Money Market Securities						
	Commercial Paper	0.00	0.00	0.0000	0%	A1-P1
	Bankers Acceptances	0.00	0.00	0.0000	0%	
	Certificates of Deposit	0.00	0.00	0.0000	0%	
	Sub-total	0.00	0.00	0.00	0%	
TOTALS		554,960,916.00	6.49	0.0300	100.00	

Date: 12/31/00

**PORTFOLIO SUMMARY
INTERMEDIATE TERM POOL**

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTOI LIMIT
Treasuries						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	240,751,381.00	5.31	1.79	10%	
	Sub-total	240,751,381.00	5.31	1.79	10%	
Agencies						
	Notes	754,075,117.00	5.86	1.63	33%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	754,075,117.00	5.86	1.63	33%	
Municipals						
		132,511,549.00	5.85	2.11	6%	
Corporates						
		289,392,734.00	6.33	1.01	13%	25%
Mortgages						
	Pools	35,515,808.00	6.29	1.76	2%	
	CMO's	185,233,963.00	6.48	1.21	8%	
	Sub-total	220,749,771.00	6.45	1.30	10%	25%
Asset Backs						
		159,939,747.00	6.29	1.27	7%	20%
Repurchase Agreements						
	Overnight	0.00	0.00	0.0000	0%	
	< 30 days	75,785,168.00	6.35	0.08	3%	
	< 60 days	848,487.00	4.58	0.18	0%	
	< 90 days	1,519,433.00	5.70	0.25	0%	
	< 1 year	9,703,893.00	5.18	0.90	0%	
	< 2 years	0.00	0.00	0.00	0%	
	> 2 years	0.00	0.00		0%	
	Flex Repos				0%	
	Sub-total	87,856,981.00	6.19		3%	
Money Market Securities						
	Commercial Paper	414,388,000.00	6.72	0.02	18%	A1-P1
	Bankers Acceptances	0.00	0.00	0.00	0%	
	Certificates of Deposit	811,869.00	4.38	0.35	0%	
	Sub-total	415,199,869.00	6.72	0.02	18%	20%
TOTALS		2,300,477,149.00	6.11	1.19	100.00	

Date: 12/31/00

**PORTFOLIO SUMMARY
LONG TERM POOL**

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTORY LIMIT
Treasuries						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	91,887,450.00	4.82	2.50	26%	
	Sub-total	91,887,450.00	4.82	2.50	26%	
Agencies						
	Notes	124,036,000.00	5.43	3.28	35%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	124,036,000.00	5.43	3.28	35%	
	Municipals	30,835,000.00	5.85	2.01	9%	
	Corporates	20,425,000.00	5.41	2.72	6%	25%
Mortgages						
	Pools	20,055,626.00	6.06	2.46	5%	
	CMO's	49,991,383.00	6.63	1.37	14%	
	Sub-total	70,047,009.00	6.47	1.68	19%	25%
	Asset Backs	17,897,874.00	6.42	0.36	5%	20%
Repurchase Agreements						
	Overnight	0.00	0.00		0%	
	< 30 days	0.00	0.00		0%	
	< 60 days	0.00	0.00		0%	
	< 90 days	0.00	0.00		0%	
	< 1 year	0.00	0.00		0%	
	< 2 years	0.00	0.00		0%	
	> 2 years	0.00	0.00		0%	
	Flex Repos				0%	
	Sub-total	0.00	0.00		0%	
Money Market Securities						
	Commercial Paper	0.00	0.00	0.00	0%	A1-P1
	Bankers Acceptances	0.00	0.00	0.00	0%	
	Certificates of Deposit	0.00	0.00	0.00	0%	
	Sub-total	0.00	0.00	0.00	0%	20%
TOTALS		355,128,333.00	5.56	2.47	100.00	

Date: 12/31/00

**PORTFOLIO SUMMARY
BOND PROCEEDS POOL**

TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTORY LIMIT
Treasuries					
Bills	0.00	0.00	0.00	0%	
Treasury Notes	148,136,000.00	4.92	1.92	37%	
Sub-total	148,136,000.00	4.92	1.92	37%	
Agencies					
Notes	231,754,000.00	5.94	2.67	58%	
Discounts	0.00	0.00	0.00	0%	
Sub-total	231,754,000.00	5.94	2.67	58%	
Municipals					
	0.00	0.00	0.00	0%	
Mortgages					
Pools	0.00	0.00	0.00	0%	
CMO's	0.00	0.00	0.00	0%	
Sub-total	0.00	0.00	0.00	0%	
Asset Backs					
	0.00	0.00		0%	
Repurchase Agreements					
Overnight	20,888,000.00	6.48	0.0027	5%	
< 30 days	0.00	0.00		0%	
< 60 days	0.00	0.00		0%	
< 90 days	0.00	0.00		0%	
< 1 year	0.00	0.00		0%	
< 2 years	0.00	0.00		0%	
> 2 years	0.00	0.00		0%	
Flex Repos				0%	
Sub-total	20,888,000.00	6.48		5%	
Money Market Securities					
Commercial Paper	0.00	0.00	0.00	0%	NONE ALLOWED
Bankers Acceptances	0.00	0.00	0.00	0%	
Certificates of Deposit	0.00	0.00	0.00	0%	
Sub-total	0.00	0.00	0.00	0%	
TOTALS	400,778,000.00	5.59	2.25	100.00	

Investment Income

As of 12/31/2000

Pool	Month		Fiscal Year to Date	
	Amount	Yield *	Amount	Yield**
Bond Proceeds	4,948,855.50	13.31%	15,375,513.09	9.43%
Long Term	5,757,192.64	19.14%	19,174,220.69	10.69%
Short Term	2,613,965.02	6.60%	18,865,058.05	7.34%
Intermediate	26,746,352.13	13.49%	109,857,183.67	9.34%
Grand Total	\$ 40,066,365.29		163,271,975.50	

*Yield is calculated on a total return basis. Total return consists of the accrual of interest and the gain or loss incurred from valuing the securities in market value. Total return, divided by average daily balance, divided by actual days, multiplied by actual days in the fiscal year.

**Yield is calculated on a total return basis. Total return consists of the accrual of interest and the gain or loss incurred from valuing the securities in market value. Total return, (fiscal YTD) divided by the weighted average of the monthly average daily balances, divided by the actual days (fiscal YTD) multiplied by the actual number of days in the fiscal year.

Investable Balances

As of 12/31/00

	Average Daily Balances	
	AvgBal	Fiscal Year to Date
Bond Proceeds	437,718,905.64	323,580,791.20
Long Term	354,143,527.20	355,851,385.42
Short Term	466,579,145.93	509,809,220.79
Intermediate	2,334,370,408.59	2,333,733,853.03
	3,592,811,987.36	3,522,975,250.44

CASH DISTRIBUTION

December 2000

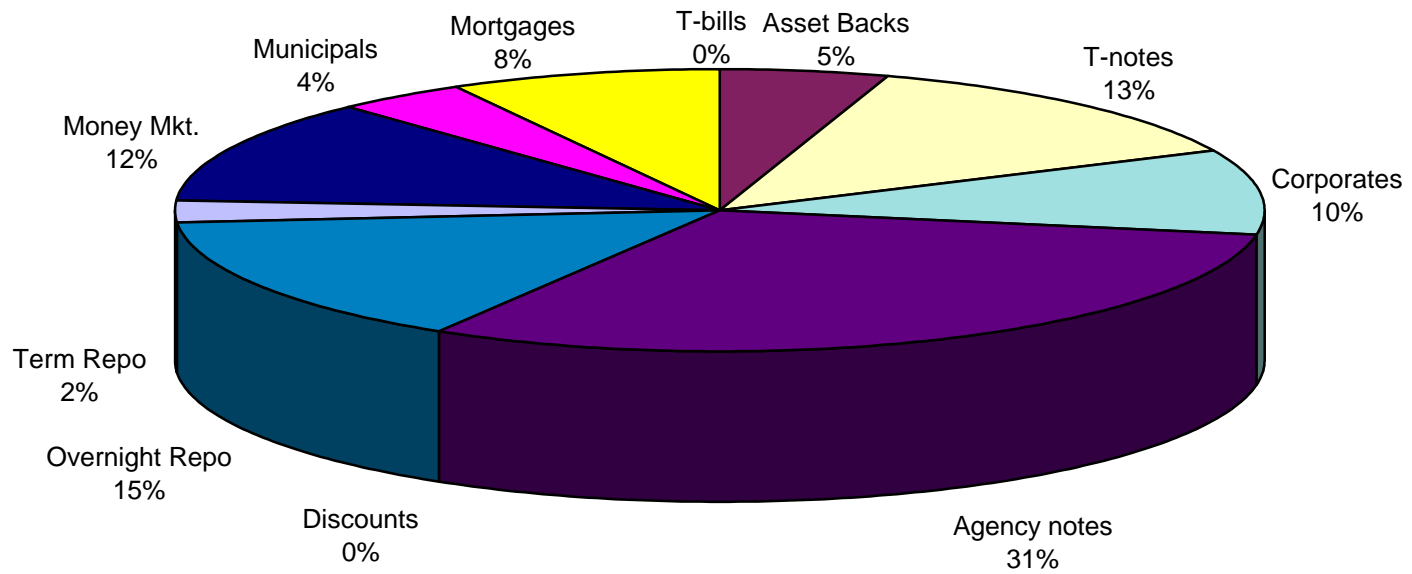
		<u>Month</u>		<u>YTD</u>	
	Actual		Budget	Actual	Budget
General Fund	0		1,790,423	20,356,858	10,742,538
Capital Con.	2,260,233		1,531,250	12,596,412	10,192,708
Agency	1,182,778		568,750	8,621,248	3,677,083
T&R	437,808		459,375	3,597,009	2,890,626

ACCRUED EARNINGS

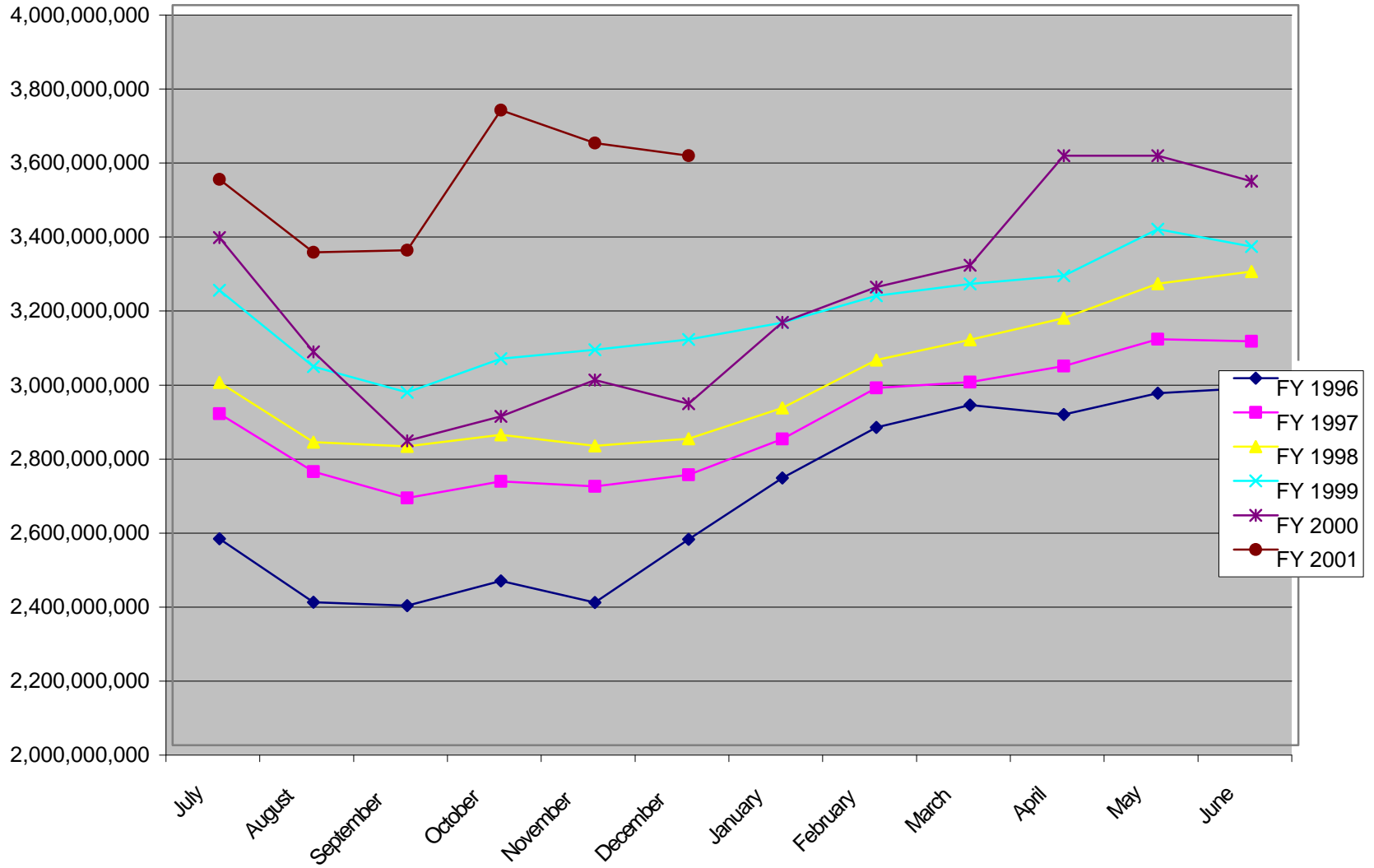
December 2000

		<u>Month</u>		<u>YTD</u>
	Actual	Budget	Actual	Budget
General Fund	3,981,824	1,790,423	17,608,270	10,742,538
Capital Con.	5,868,868	1,531,250	565,963,178	10,192,708
Agency	3,222,090	568,750	333,898,227	3,677,083
T&R	1,477,666	459,375	129,612,931	2,890,626

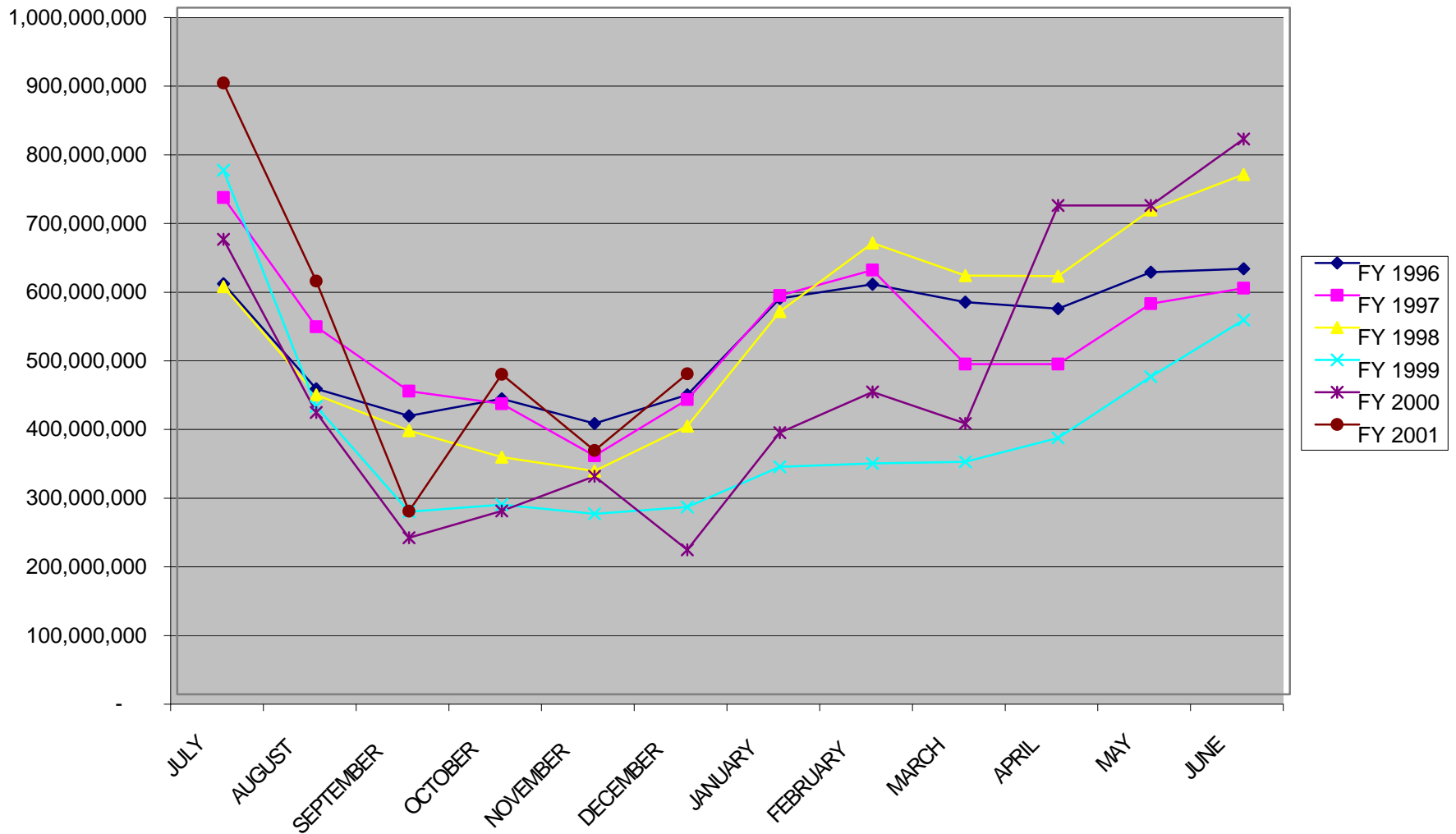
Distribution of Investments for December



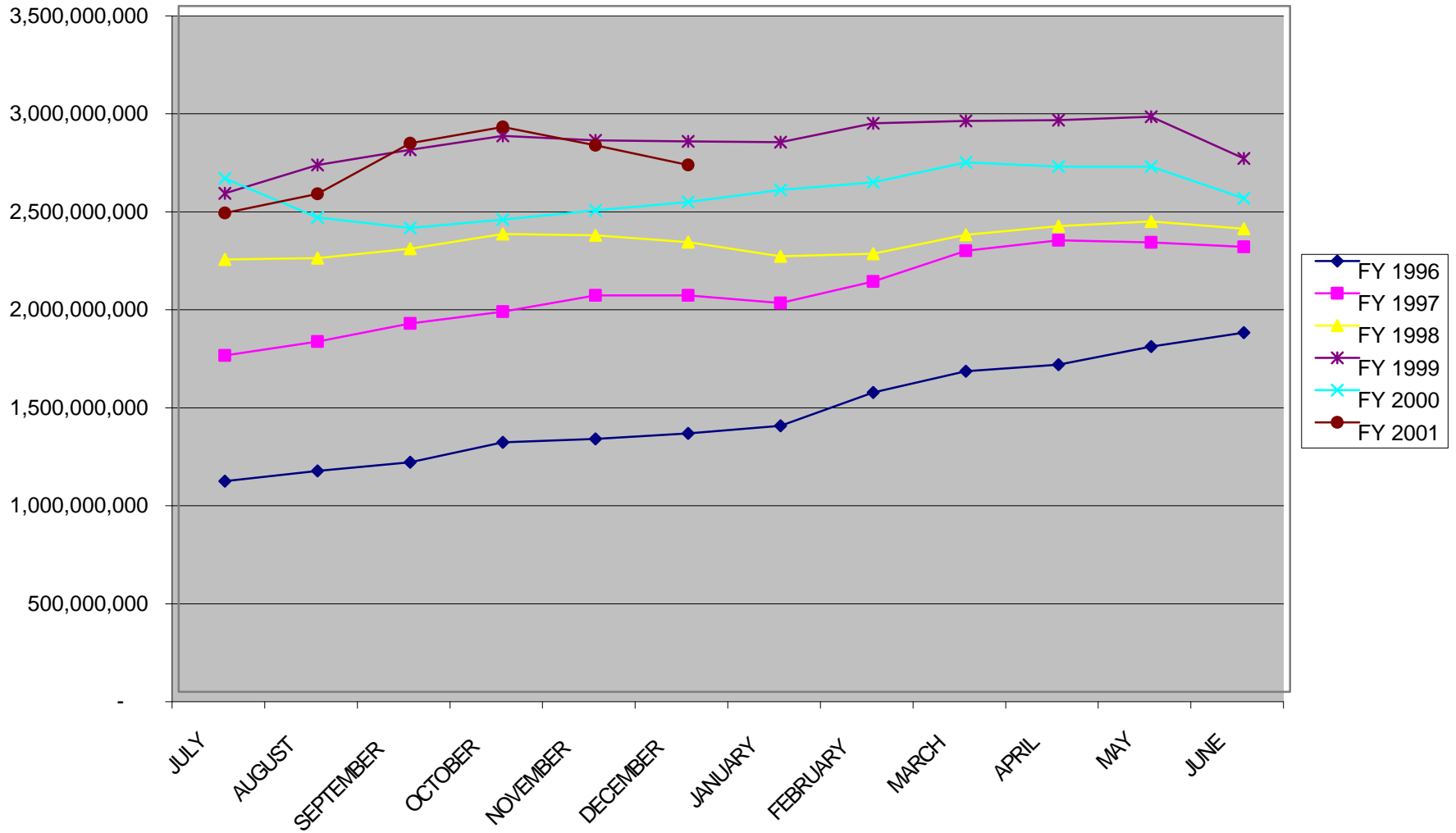
INVESTABLE BALANCES



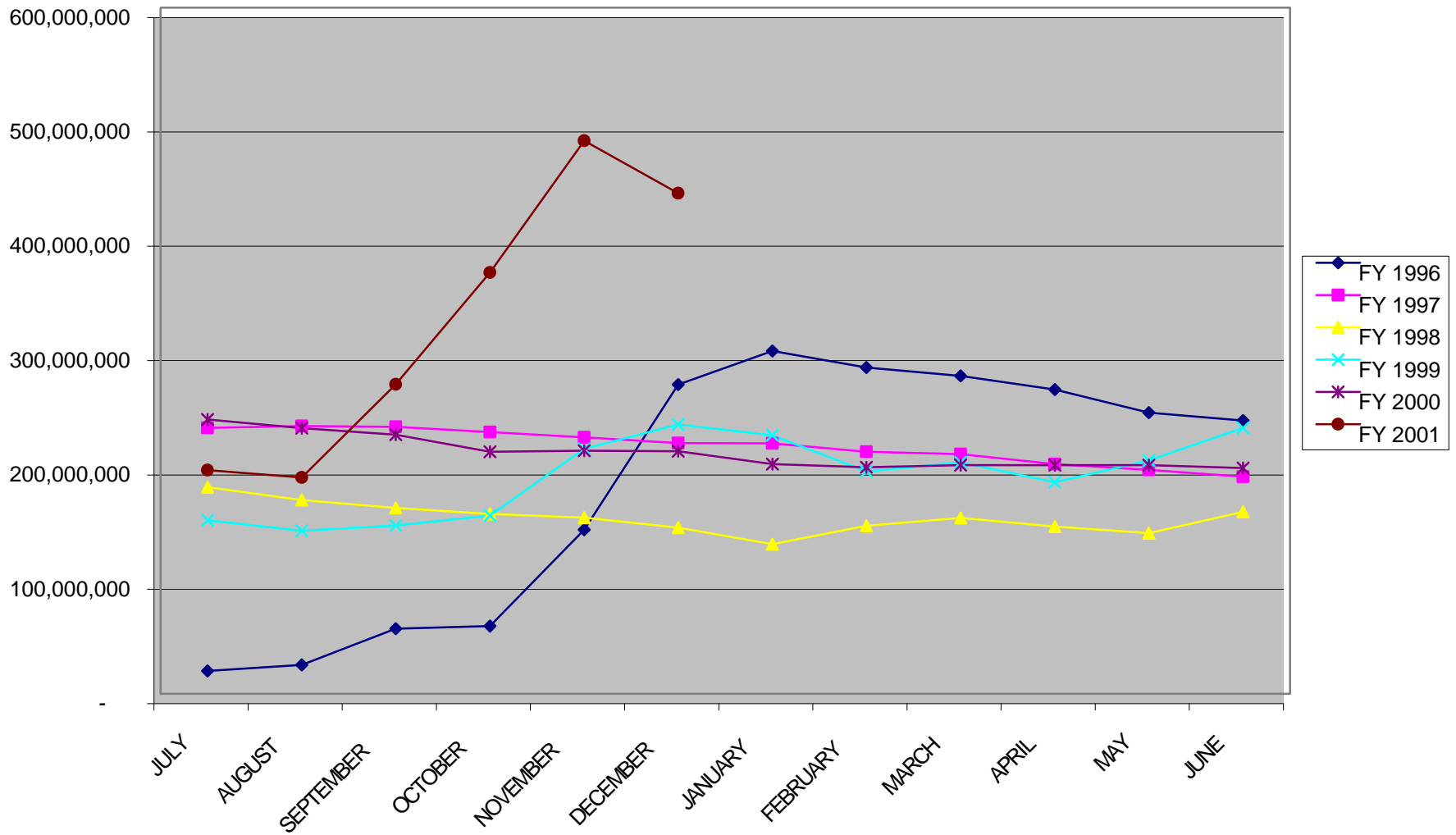
SHORT TERM POOL INVESTABLE BALANCES



INTERMEDIATE - LONG TERM POOL INVESTABLE BALANCES

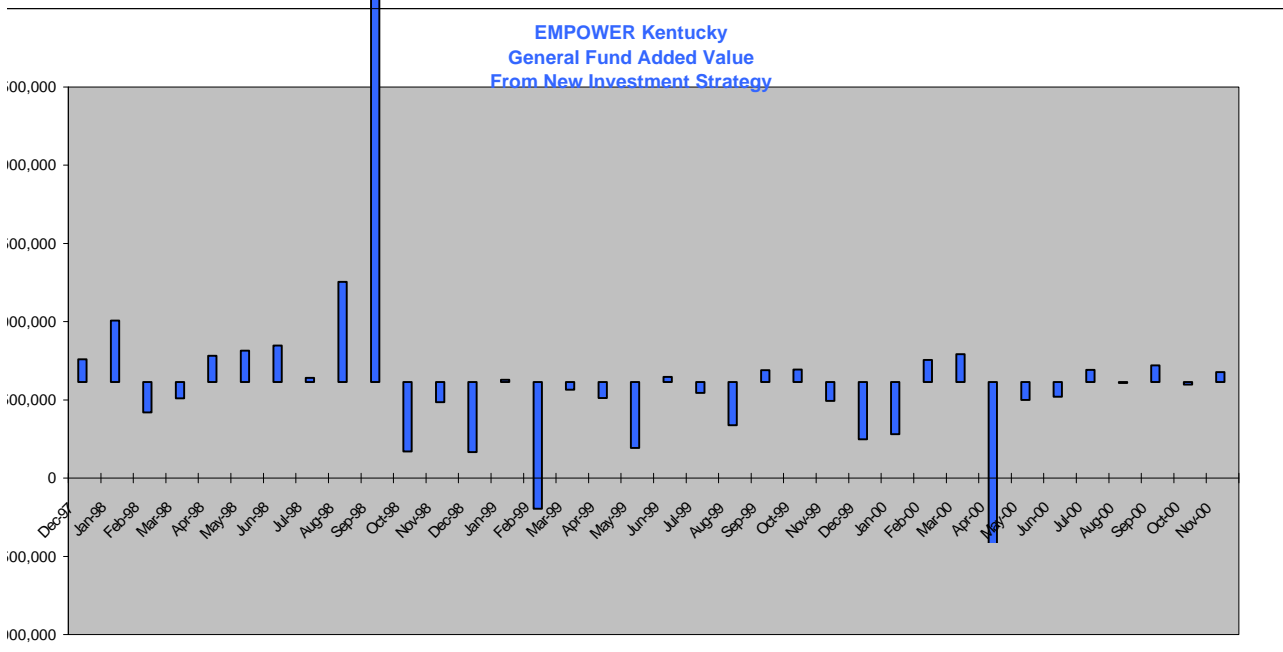


US TREASURY-AGENCY INVESTABLE BALANCES



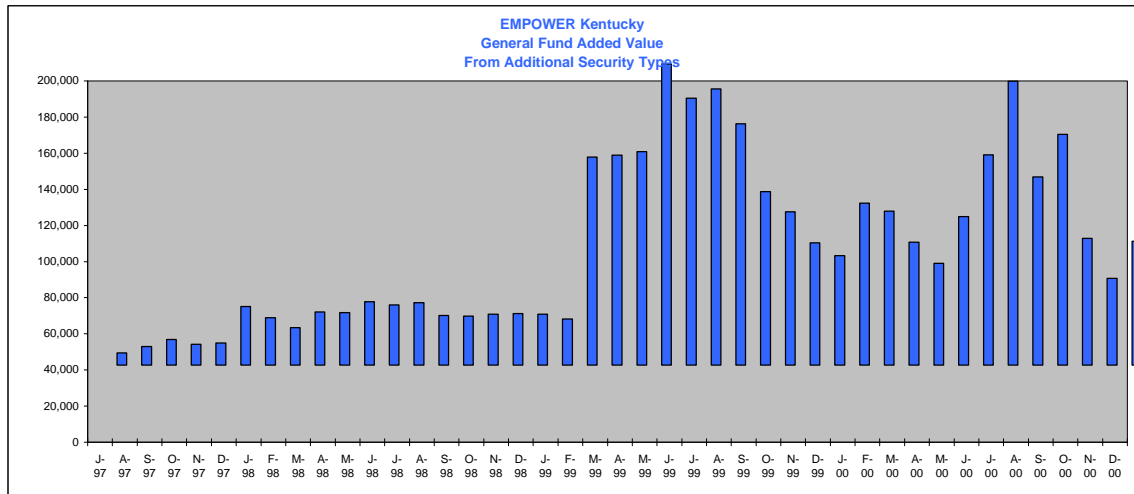
EMPOWER Kentucky
Added Value from New Investment Strategy
Total Return Basis

	BRTF Long-term Pool	General Fund Share of Added-Value
FYE 6/30/98:	844,071	664,615
FYE 6/30/99:	474,664	795,289
Jul-99	-163,541	-70,208
Aug-99	-636,410	-276,410
Sep-99	175,733	75,733
Oct-99	182,772	79,439
Nov-99	-281,273	-121,273
Dec-99	-833,440	-366,774
Jan-00	-675,493	-333,826
Feb-00	307,613	140,946
Mar-00	404,990	178,323
Apr-00	-2,735,856	-1,172,523
May-00	-268,336	-115,002
Jun-00	-218,752	-93,752
FYE 6/30/00 YTD:	-4,741,993	-2,075,327
Jul-00	183,751	78,751
Aug-00	(11,978)	(5,311)
Sep-00	243,819	107,152
Oct-00	(35,863)	(15,863)
Nov-00	147,898	64,565
Dec-00	1,667,426	725,759
FYE 6/30/01 YTD:	2,195,053	955,053
Since inception	(1,228,205)	339,630



EMPOWER Kentucky
Added Value from Additional Security Types
Cash Basis

	MBS/CMO/ABS	Corporates	Total Added-Value	General Fund Share of Added-Value
FYE 6/30/98:	1,014,606	318,534	1,333,140	261,195
FYE 6/30/99:	2,446,624	1,273,240	3,782,706	862,910
Jul-99	287,709	151,269	438,978	152,958
Aug-99	289,357	162,708	452,065	133,580
Sep-99	285,902	159,368	445,270	95,998
Oct-99	280,111	155,135	435,246	84,939
Nov-99	283,533	158,545	442,078	67,709
Dec-99	280,997	144,317	425,314	60,549
Jan-00	278,270	151,318	429,588	89,664
Feb-00	276,645	164,516	441,161	85,257
Mar-00	278,113	127,717	405,830	68,109
Apr-00	275,606	150,411	426,017	56,402
May-00	271,881	141,387	413,268	82,221
Jun-00	271,145	147,006	418,151	116,315
FYE 6/30/00 YTD:	3,359,269	1,813,697	5,172,966	1,093,701
Jul-00	265,189	143,865	409,054	157,186
Aug-00	265,145	141,464	406,609	104,221
Sep-00	281,637	123,957	405,594	127,744
Oct-00	278,964	124,241	403,205	70,229
Nov-00	303,524	128,263	431,787	47,930
Dec-00	326,104	139,887	465,991	68,487
FYE 6/30/01 YTD:	1,720,563	801,677	2,522,240	575,797





COST OF CAPITAL

ATTACHMENT B

COMMONWEALTH OF KENTUCKY

**T. KEVIN FLANERY, SECRETARY
FINANCE AND ADMINISTRATION CABINET**

**GORDON L. MULLIS, EXECUTIVE DIRECTOR
OFFICE OF FINANCIAL MANAGEMENT**

Cost of Capital
Kentucky Asset/Liability Commission

Weighted Average Yields

	General Fund				Agency Fund				Road Fund	
	1998 First Series ⁽¹⁾	1999 Second Series	1999 Third Series	1999 Fourth Series	UK Stadium ⁽²⁾	Morehead H & D	UK Housing Dining	Combined ⁽³⁾	1999 First Series	1999 Second Series
Project Amount	144,098,000	133,902,000	136,509,000	132,139,000	24,000,000	2,970,000	15,000,000	41,970,000	75,000,000	125,000,000
Redemption of Notes	4/14/2000			11/1/2000	9/13/2000	7/12/2000				
Total Credit Available		138,036,296	146,847,124				16,506,255	16,506,255	80,021,041	133,013,699

Inception Weighted Average Yields - Includes Fees

December 31, 2000										
Average Notes Outstanding	30,759,838	19,033,648	20,000,000	20,000,000	26,685,139	3,045,000	15,000,000	28,331,297	69,769,026	44,212,963
Weighted Yields	3.839%	4.085%	4.005%	3.701%	3.658%	3.753%	4.225%	3.753%	4.010%	4.066%
Remarketing Fee	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%
Credit Facility Fee	<u>0.496%</u>	<u>0.890%</u>	<u>0.340%</u>	<u>0.180%</u>	<u>0.198%</u>	<u>0.182%</u>	<u>0.182%</u>	<u>0.195%</u>	<u>0.214%</u>	<u>0.429%</u>
Average Cost of Funds	4.395%	5.035%	4.405%	3.941%	3.916%	4.467%	4.008%	4.284%	4.555%	
June 30, 2000										
Average Notes Outstanding	101,209,241	20,280,000	20,280,000	20,000,000	27,577,964	3,045,000	15,000,000	29,565,419	75,200,000	25,000,000
Weighted Yields	3.359%	3.655%	3.904%	3.880%	3.633%	3.645%	4.043%	3.460%	3.835%	3.824%
Remarketing Fee	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%
Credit Facility Fee	<u>0.169%</u>	<u>0.757%</u>	<u>0.842%</u>	<u>0.340%</u>	<u>0.183%</u>	<u>0.212%</u>	<u>0.217%</u>	<u>0.196%</u>	<u>0.213%</u>	<u>0.660%</u>
Average Cost of Funds	3.588%	4.472%	4.806%	4.280%	3.876%	3.917%	4.320%	3.716%	4.108%	4.544%
December 31, 1999										
Average Notes Outstanding	91,051,724	20,280,000	20,280,000	20,000,000	24,927,490	3,045,000	-	26,518,909	75,200,000	25,000,000
Weighted Yields	3.325%	3.441%	3.700%	3.900%	3.339%	3.408%	-	3.330%	3.650%	3.705%
Remarketing Fee	0.060%	0.060%	0.060%	0.060%	0.060%	0.060%	-	0.060%	0.060%	0.060%
Credit Facility Fee	<u>0.192%</u>	<u>0.766%</u>	<u>0.842%</u>	<u>0.341%</u>	<u>0.193%</u>	<u>0.262%</u>	-	<u>0.208%</u>	<u>0.213%</u>	<u>0.660%</u>
Average Cost of Funds	3.577%	4.267%	4.602%	4.301%	3.592%	3.730%	-	3.598%	3.923%	4.425%
June 30, 1999										
Average Notes Outstanding	75,473,438	-	-	-	24,724,901	3,045,000	-	25,430,695	-	-
Weighted Yields	3.294%	-	-	-	3.165%	3.200%	-	3.167%	-	-
Remarketing Fee	0.060%	-	-	-	0.060%	0.060%	-	0.060%	-	-
Credit Facility Fee	<u>0.211%</u>	-	-	-	<u>0.203%</u>	<u>0.192%</u>	-	<u>0.202%</u>	-	-
Average Cost of Funds	3.565%	-	-	-	3.428%	3.452%	-	3.429%	-	-

⁽¹⁾ Includes taxable component for 29 days

⁽²⁾ UK Stadium includes a taxable component

⁽³⁾ Agency Fund Combined includes taxable component



PROJECT NOTE PERFORMANCE

ATTACHMENT C

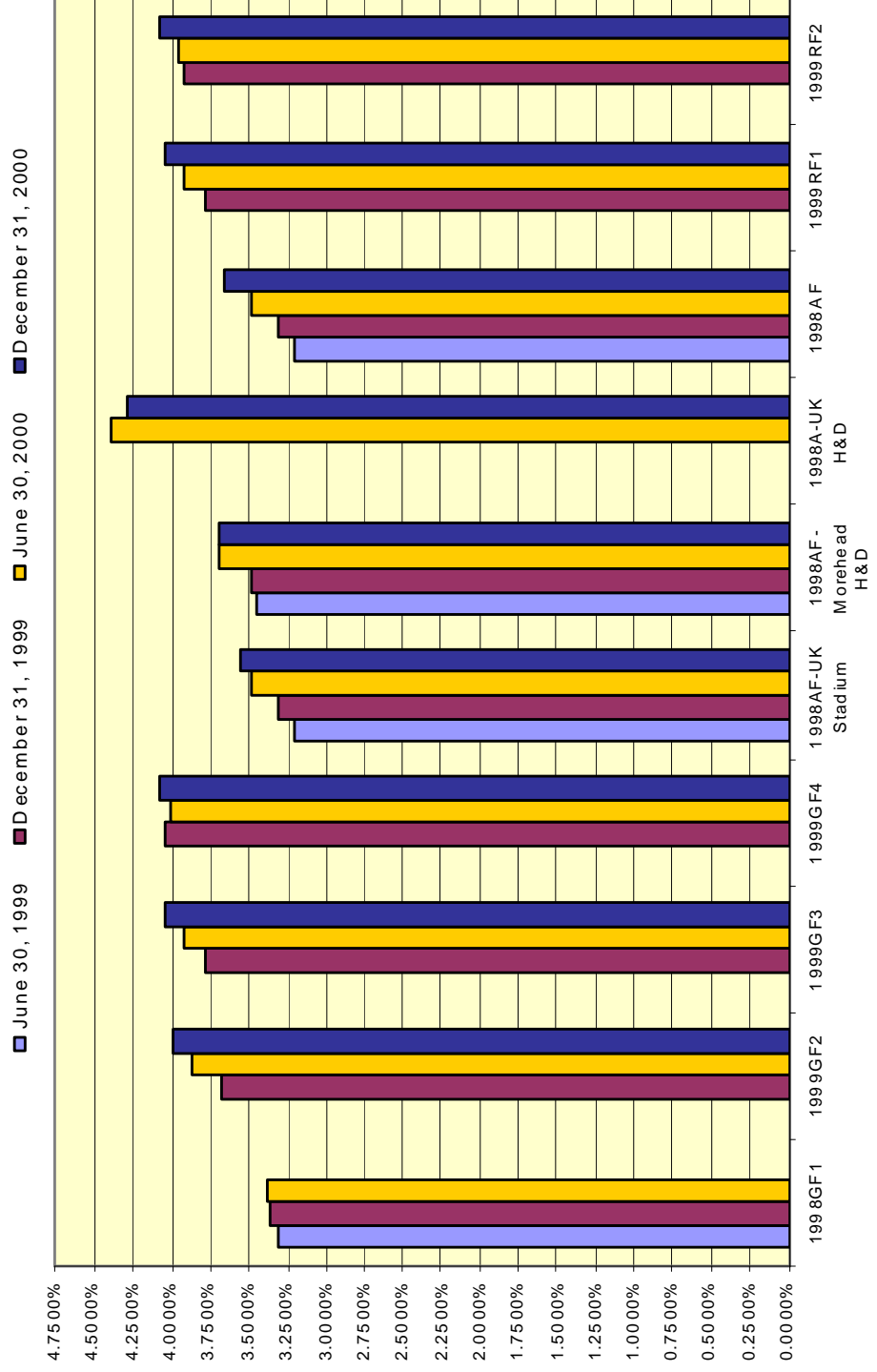
COMMONWEALTH OF KENTUCKY

**T. KEVIN FLANERY, SECRETARY
FINANCE AND ADMINISTRATION CABINET**

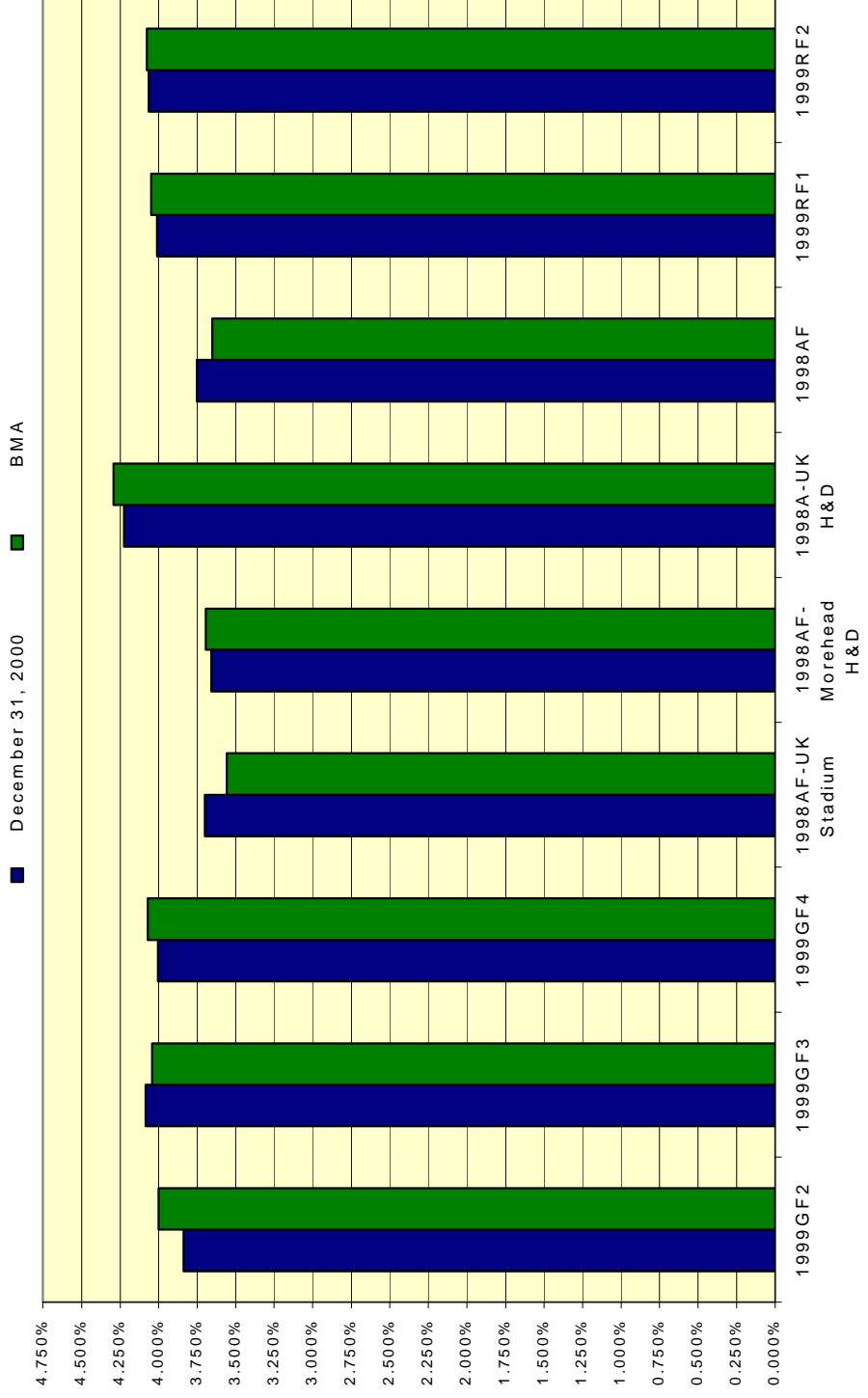
**GORDON L. MULLIS, EXECUTIVE DIRECTOR
OFFICE OF FINANCIAL MANAGEMENT**

BMA

Since Inception

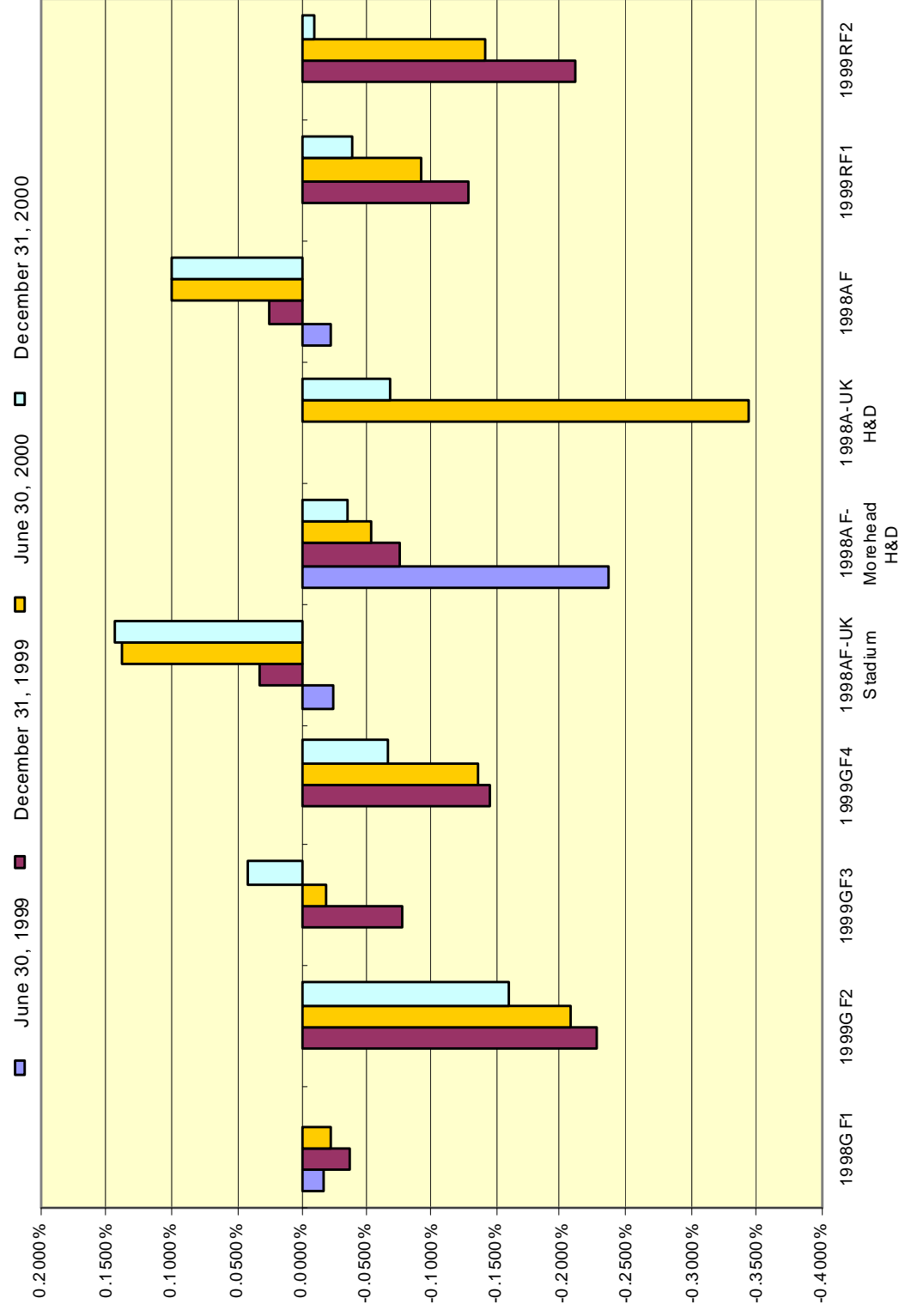


Weighted Average Yield vs. BMA Since Inception



Net Spread

Weighted Average Yield vs. BMA Since Inception





PROJECT LIST

ATTACHMENT D

COMMONWEALTH OF KENTUCKY

**T. KEVIN FLANERY, SECRETARY
FINANCE AND ADMINISTRATION CABINET**

**GORDON L. MULLIS, EXECUTIVE DIRECTOR
OFFICE OF FINANCIAL MANAGEMENT**

General Fund Bond Projects Fy 2001 - Fy 2002
 HB 502 community Development

Project Code	Project Title	County	Project Amount
5	Tri-County Industrial Park for Water Tower	Adair	250,000.00
6	Allen County Volunteer Fire Department	Allen	125,000.00
7	Allen County Fiscal Court Facilities Improvement and Equipment at	Allen	150,000.00
8	Allen County Fiscal Court - Water Line Extension for Agricultural, B	Allen	125,000.00
9	Allen County Water District	Allen	150,000.00
11	Allen County Fiscal Court - Park Improvements	Allen	200,000.00
12	Anderson County Park	Anderson	500,000.00
13	Lawrenceburg Library Project	Anderson	200,000.00
14	Anderson County Water Projects	Anderson	350,000.00
19	Infrastructure Improvements and Construction of Spec. Building at	Ballard	450,000.00
24	Cave City Convention Center and Farmers Market	Barren	3,000,000.00
25	Barren County Park Improvements	Barren	200,000.00
27	Barren County Fiscal Court - Fire Departments	Barren	200,000.00
28	Barren State Park Boat Dock	Barren	300,000.00
32	Preston Sewer Project	Bath	150,000.00
33	Pine Mountain State Park Golf Course	Bell	2,000,000.00
34	Big Bone Lick State Park - Land Acquisition and Park Improvements	Boone	1,000,000.00
35	Boone County Fiscal Court - Water and Sewer Projects	Boone	500,000.00
36	City of Walton - Sidewalks	Boone	100,000.00
38	South Fork Park - Improvements	Boone	100,000.00
43	Farmers' Market Building	Bourbon	178,000.00
47	Volunteer Fire Departments	Bourbon	313,000.00
52	Highlands Museum	Boyd	200,000.00
54	Ashland School System, Boyd School System, and Fairview Indepe	Boyd	300,000.00
56	Study and Correction of Drainage Problems near I-64, Exit 181	Boyd	250,000.00
57	Paramount Center	Boyd	3,000,000.00
58	Ashland Water Front	Boyd	200,000.00
59	Millennium Park	Boyle	475,000.00
62	Hub Frankel Building	Boyle	975,000.00
63	Perryville Battlefield State Park	Boyle	475,000.00
65	Germantown Fire Department	Bracken	100,000.00
67	Breckinridge County Fiscal Court - Ten Fire Departments - \$20,000	Breckinridge	200,000.00
68	Breckinridge County Fiscal Court - County Jail Project	Breckinridge	500,000.00
69	Breckinridge County Fiscal Court - Sewer and Water Projects	Breckinridge	500,000.00
71	Bullitt County Water and Sewer Line Expansion	Bullitt	2,000,000.00
72	Brooks Sewer Plants	Bullitt	300,000.00
73	Butler County Water Project	Butler	250,000.00
74	Butler County Fiscal Court-Variou Fire Departments	Butler	200,000.00
77	Caldwell County Senior Citizens Building	Caldwell	150,000.00
78	Caldwell County/Princeton Water District	Caldwell	240,000.00
81	East Calloway County Water Extension	Calloway	100,000.00
84	Murray/Calloway County Fire and Rescue	Calloway	150,000.00
85	Murray/Calloway County Industrial Development/Business Incubate	Calloway	500,000.00
86	Murray/Calloway County Parks Improvements	Calloway	150,000.00
87	Bellevue Community Center	Campbell	500,000.00
88	Dayton Community Center	Campbell	500,000.00

Project Code	Project Title	County	Project Amount
89	L & N Bridge - Newport	Campbell	4,000,000.00
100	Bellevue Independent School Remodeling	Campbell	350,000.00
105	Carlisle County Sewer Project	Carlisle	450,000.00
107	Carroll County Fiscal Court - Sewer Lines	Carroll	200,000.00
108	Carter County Water Project	Carter	1,000,000.00
109	Casey County Jail	Casey	500,000.00
112	Casey County Fiscal Court - Seven Fire Departments - \$15,000 ea	Casey	105,000.00
113	Casey County Senior Citizens Building	Casey	175,000.00
116	Christian County Convention Center	Christian	6,750,000.00
118	State Office Building	Clark	1,000,000.00
123	College Park Gym Renovation	Clark	1,000,000.00
128	911 Center	Clay	110,000.00
132	Clay County Community Center/Land Acquisition	Clay	300,000.00
137	Manchester Civic/Education Center	Clay	325,000.00
139	Manchester Water and Waste	Clay	300,000.00
144	KCTCS Technical College	Clinton	2,000,000.00
146	Crittenden County Fire and Rescue Departments	Crittenden	105,000.00
150	Crittenden/Livingston Water	Crittenden	100,000.00
152	Cumberland County Board of Education - Renovation	Cumberland	300,000.00
154	Dale Hollow State Park - Facility	Cumberland	2,150,000.00
155	Cumberland County Day Care/Early Childhood Facility	Cumberland	270,000.00
157	Daviess County Parks Building	Daviess	195,000.00
158	Advanced Technology Center Study	Daviess	375,000.00
159	Ben Hawes State Park Project	Daviess	1,004,800.00
160	Area Museum	Daviess	1,270,000.00
161	Museum of Fine Arts	Daviess	600,000.00
162	Daviess County Waterfront Development	Daviess	1,105,000.00
163	English Park Docking Facility	Daviess	1,300,000.00
164	Brownsville Natural Gas Line	Edmonson	125,000.00
166	City of Brownsville Water and Sewer - Extensions across bridge at	Edmonson	500,000.00
167	Edmonson Parks Commission- New Park at Chalybeate Springs	Edmonson	400,000.00
169	Edmonson Fiscal Court - Fire Departments	Edmonson	100,000.00
170	Elliott County Board of Education/Pool Project	Elliott	750,000.00
175	Volunteer Fire Departments	Elliott	100,000.00
176	Sewer System Upgrade	Estill	400,000.00
179	Convention Center/Rupp Arena	Fayette	15,000,000.00
180	Johnson Community Center	Fayette	1,700,000.00
181	Kentucky Aviation Museum	Fayette	300,000.00
183	Northern Elementary - Creative Playground	Fayette	125,000.00
184	Lexington/Fayette County Parks	Fayette	1,000,000.00
185	Horse Park Infrastructure Development	Fayette	1,550,000.00
186	Horse Park Water Line Extension	Fayette	1,389,000.00
187	Water Resources and Land Acquisition - Department of Parks for E	Fleming	1,000,000.00
193	Jenny Wiley-Construction and Dredging of New Boat Ramp	Floyd	500,000.00
194	Floyd County Fiscal Court - Martin Community Center - Constructor	Floyd	929,500.00
196	Prestonsburg Development Project	Floyd	3,000,000.00
197	East Kentucky Center for Science, Math, and Technology	Floyd	1,000,000.00
198	Holmes Street Drainage Project	Franklin	3,000,000.00
200	Hickman/Fulton County Riverport	Fulton	450,000.00

Project Code	Project Title	County	Project Amount
202	Water Line Extension	Gallatin	250,000.00
203	Gallatin County Fiscal Court - Sewer Lines	Gallatin	300,000.00
205	Lancaster Rural Water Intake	Garrard	500,000.00
208	Grant County Public Library	Grant	750,000.00
209	Grant County Rural Water Extensions	Grant	250,000.00
211	Graves County Volunteer Fire Department	Graves	150,000.00
212	Mayfield/Graves County Airport	Graves	100,000.00
214	Mayfield/Graves Youth Soccer	Graves	125,000.00
215	North Graves Sanitary Sewer Project	Graves	400,000.00
217	Women's Group Home	Graves	275,000.00
218	Grayson County Fiscal Court- Seven Fire Departments - \$20,000 e	Grayson	140,000.00
219	Grayson County Fiscal Court- County Jail Project	Grayson	500,000.00
220	Grayson County Fiscal Court- Water and Sewer Project	Grayson	500,000.00
223	Green County Water	Green	450,000.00
224	Green County Fiscal Court- Fire Departments	Green	100,000.00
225	Greenup County Fiscal Court for Water Projects	Greenup	500,000.00
232	Greenup County Fiscal Court - (Winified Sewer Project -\$50,000; C	Greenup	175,000.00
267	Hancock County Water Project	Hancock	115,000.00
271	Challenger Learning Center	Hardin	760,000.00
274	Community Center, Vine Grove	Hardin	300,000.00
287	Sidewalks for Cecilia	Hardin	100,000.00
290	Volunteer Fire Departments	Hardin	390,000.00
295	Hardin County Water District #2 - Rineyville Project	Hardin	1,200,000.00
296	Hardin County Water District #2	Hardin	421,500.00
297	Radcliff Industrial Park	Hardin	1,000,000.00
298	Elizabethtown State Theater Renovation	Hardin	500,000.00
304	Tri-County Clinic (Appalachian Regional Hospital) Cumberland	Harlan	500,000.00
305	Harlan County Jail Design and Construction	Harlan	500,000.00
306	Harlan County Garage	Harlan	200,000.00
307	Black Mountain Water District -Water Line Extension	Harlan	500,000.00
308	Cawood Water District - Extend Water Lines from Ross Point to Let	Harlan	500,000.00
309	Harlan County and City of Cumberland jointly to extend water lines	Harlan	500,000.00
310	Green Hill Water District - Water Line Extension - Isaacs Creek, Big	Harlan	500,000.00
312	Industrial Park Road	Harrison	1,000,000.00
313	KCTCS Education Building	Harrison	200,000.00
315	Hart County Fire Departments - Distribute to Seven Fire Department	Hart	300,000.00
316	Hart County Waterlines	Hart	500,000.00
317	Hart County Historic Thomas House	Hart	100,000.00
318	Hart County Fiscal Court - Water and Sewer Project	Hart	500,000.00
319	Henderson County Technology	Henderson	1,500,000.00
320	Henry County Disaster and Emergency Services Office Building	Henry	150,000.00
321	Henry County Water Line Extensions - Campbellsburg Sewer Proje	Henry	350,000.00
323	Columbus/Belmont State Park Enhancement	Hickman	450,000.00
324	Dawson Springs Swimming Pool	Hopkins	650,000.00
325	Madisonville Community College Renovation	Hopkins	850,000.00
327	Cardinal Park	Jefferson	350,000.00
329	Home of the Innocents	Jefferson	7,000,000.00
330	Iroquois Amphitheater	Jefferson	4,600,000.00
331	Louisville Oral School	Jefferson	1,000,000.00

Project Code	Project Title	County	Project Amount
332	Neighborhood House	Jefferson	700,000.00
333	Presbyterian Community Center	Jefferson	300,000.00
342	City of Shively Fire Trucks	Jefferson	300,000.00
350	Rosenberger House Renovation	Jefferson	100,000.00
351	Farnsley Kaufman House Renovation	Jefferson	115,000.00
359	City of Shively Community Center	Jefferson	400,000.00
363	Kentucky State Fair and Exposition Center	Jefferson	4,000,000.00
364	African - American Heritage Museum	Jefferson	3,000,000.00
365	Muhammad Ali Center	Jefferson	7,000,000.00
366	Louisville Waterfront Development Corporation Phase II	Jefferson	12,500,000.00
367	Louisville Medical Center Development	Jefferson	5,000,000.00
368	Jessamine County Park and Aquatic Center	Jessamine	775,000.00
372	Wilmore Ichthus Park Entrance	Jessamine	100,000.00
373	Jessamine County Humane Society Building	Jessamine	125,000.00
374	Johnson County Water Lines	Johnson	500,000.00
375	Covington Youth Sports Complex	Kenton	200,000.00
376	Independence City Park	Kenton	200,000.00
377	Taylor Mill Pride Park	Kenton	150,000.00
383	Crestview Hills- Turn Lane Turkey Foot	Kenton	100,000.00
384	Crestview Hills - Sidewalks Dixie Highway	Kenton	100,000.00
385	Villa Hills Sidewalks - Collins Road	Kenton	100,000.00
391	Ft. Mitchell Park at Crescent	Kenton	150,000.00
398	City of Erlanger Mobile Data Terminal	Kenton	200,000.00
401	City of Visalia Water Project for Fire Department	Kenton	300,000.00
403	Hindman City Hall	Knott	100,000.00
404	Hindman Water Tank	Knott	200,000.00
405	Troublesome Creek Sewer	Knott	600,000.00
406	Knott County KCTCS Parking	Knott	1,000,000.00
407	Pedestrian Walkway	Knott	100,000.00
434	Knox County Fiscal Court - Eight Fire Departments - \$15,000 each	Knox	120,000.00
435	Barbourville Independent School System Activity	Knox	3,000,000.00
439	Larue County Water	Larue	250,000.00
440	Purchase Lincoln Boyhood Home	Larue	500,000.00
441	Laurel County Water	Laurel	250,000.00
442	Laurel County Fiscal Court - Eleven Fire Departments - \$15,000 ea	Laurel	165,000.00
446	Levi Jackson State Park	Laurel	250,000.00
447	Blaine Community Center and Park Enhancement	Lawrence	110,000.00
449	Lawrence County School System Recreational Improvements	Lawrence	160,000.00
450	Lawrence County Volunteer Fire Department	Lawrence	105,000.00
452	State Highway 32 Sewer Project	Lawrence	500,000.00
453	Lawrence County Fiscal Court - Community Development Building	Lawrence	300,000.00
454	City of Beattyville	Lee	150,000.00
455	Lee County Water and Sewer Expansion	Lee	200,000.00
457	Lee County Fiscal Court - Emergency Services Building	Lee	100,000.00
459	Beattyville/Lee County Water Tank Construction	Lee	100,000.00
466	Letcher County Water	Letcher	250,000.00
467	Community Park at Ashcamp	Pike	100,000.00
468	Volunteer Fire Departments	Letcher	300,000.00
469	Public Library in Jenkins	Letcher	200,000.00

Project Code	Project Title	County	Project Amount
470	Water Line Extensions for Whitesburg	Letcher	500,000.00
471	Concord Water Line Extension	Lewis	350,000.00
472	Lewis County Water Project	Lewis	100,000.00
474	Lewis County Fiscal Court - Divide Equally Among Volunteer Fire D	Lewis	100,000.00
475	Lincoln County Technology Center	Lincoln	2,500,000.00
476	Broughtontown - Remodel and upgrade of School Building for existi	Lincoln	150,000.00
478	Crittenden/Livingston Water District	Livingston	100,000.00
484	Logan Todd Water Commission Project	Logan	1,000,000.00
485	Logan County Industrial Park	Logan	200,000.00
486	Lyon County Water Projects	Lyon	200,000.00
490	Madison County Fiscal Court- Equal Distribution to Volunteer Fire Dr	Madison	100,000.00
491	Ducannon Lane Water Project	Madison	2,400,000.00
492	Madison County Rural Sanitary Sewer	Madison	2,400,000.00
493	Berea Artisans Center	Madison	1,400,000.00
494	Madison County Library - Property Acquisition	Madison	100,000.00
495	Magoffin County Administrative Office Building	Magoffin	300,000.00
501	Emergency Service Center	Marion	615,000.00
502	Kedron Bridge	Marion	385,000.00
506	Police Building	Marion	150,000.00
508	City of Benton Sewer Restoration	Marshall	500,000.00
509	Sewer Extension Calvert City Annexed Area/l-24 to Kentucky Dam	Marshall	300,000.00
510	Kentucky Dam Village State Park Marina Repair	Marshall	1,750,000.00
511	Martin County Community Center	Martin	500,000.00
512	Martin County Water Projects	Martin	500,000.00
513	Martin County Fiscal Court - Park Improvements	Martin	100,000.00
514	Maysville Convention Center	Mason	450,000.00
515	Maysville Underground Railroad Building Renovation	Mason	150,000.00
517	Metropolitan Hotel Renovation- Match Federal Grant	McCracken	100,000.00
518	Priority I Sewer Projects, Paducah - McCracken Joint Sewer Agen	McCracken	395,000.00
519	Paducah/McCracken County Convention Center	McCracken	200,000.00
520	Four Rivers Center	McCracken	8,000,000.00
521	Challenger Learning Center - Equipment & Improvements	McCracken	150,000.00
523	McCreary County/Somerset Community Center	McCreary	2,500,000.00
530	Meade County Fiscal Court - Seven Fire Departments - \$20,000 ea	Meade	140,000.00
531	Expansion Meade County Water System	Meade	500,000.00
532	Meade County Ambulance Service Emergency Medical Technician I	Meade	100,000.00
533	Meade Olin Park Improvements, Concession Stands, Locker Rooms	Meade	100,000.00
534	Meade County Industrial Park Development of 24 Acre Site and Buil	Meade	250,000.00
537	City of Brandenburg - Completion of Water Treatment Plant	Meade	200,000.00
538	Meade County Fiscal Court - Water & Sewer Project	Meade	500,000.00
540	Regional Water and Sewer Project	Menifee	500,000.00
541	Burgin Drinking Water Enhancement	Mercer	100,000.00
543	Mercer County Park Improvements	Mercer	800,000.00
547	City of Edmonton	Metcalfe	200,000.00
548	Metcalfe County Fiscal Court - Water & Sewer	Metcalfe	500,000.00
549	Metcalfe County Fiscal Court - Fire Departments	Metcalfe	100,000.00
551	Monroe County Industrial Park	Monroe	250,000.00
552	Monroe County Fiscal Court - Water Lines	Monroe	500,000.00
553	Old Mulkey State Park	Monroe	250,000.00

Project Code	Project Title	County	Project Amount
554	Community Center Funding - Multi - County Workforce Training Cen	Montgomery	2,000,000.00
555	Montgomery and Morgan Mid School Tech Project	Montgomery	140,000.00
556	Morgan County Bridge Project	Morgan	200,000.00
557	Morgan County Water	Morgan	800,000.00
558	Morgan County High Technology Center - Construction	Morgan	4,400,000.00
560	City of Greenville Sewer Plant Expansion	Muhlenberg	500,000.00
561	Muhlenberg County Water District	Muhlenberg	100,000.00
562	Powderly Sewer Collection System	Muhlenberg	200,000.00
564	Muhlenberg County Community College Satellite Site	Muhlenberg	700,000.00
565	Wicklans Mansion Project	Nelson	500,000.00
567	Nelson County Waterlines - Water extensions as follows: KY 605 (N	Nelson	1,000,000.00
568	Bloomfield Sidewalks	Nelson	175,000.00
569	Old Bardstown Village	Nelson	100,000.00
573	Nicholas County Health Department	Nicholas	250,000.00
574	Ohio County Water Fund	Ohio	250,000.00
575	Ohio County Fiscal Court - Nine Fire Departments - \$20,000 each	Ohio	180,000.00
577	Ohio County Fiscal Court - Water System	Ohio	200,000.00
579	Oldham County Parks	Oldham	500,000.00
581	Oldham County Business Park (Technology)	Oldham	200,000.00
582	Oldham County Fiscal Court - Water & Sewer Projects	Oldham	150,000.00
583	Road Barn and Ambulance Center	Owen	225,000.00
584	Water and Sewer Line Extensions to Owen County High School	Owen	275,000.00
586	Booneville Sewer Expansion	Owsley	500,000.00
589	Sewer District Project	Pendleton	200,000.00
591	Pendleton County Fiscal Court - Water and Sanitation Lines	Pendleton	400,000.00
596	City of Vicco Water Projects	Perry	150,000.00
597	Viper Volunteer Fire Department Water Projects	Perry	100,000.00
601	Challenger Learning Center of Kentucky Board	Perry	200,000.00
603	Center for Rural Health	Perry	4,000,000.00
605	Straight Hollow Water	Pike	110,000.00
607	South Williamson Sewer Project	Pike	200,000.00
608	Eastern Kentucky Exposition Center	Pike	6,900,000.00
609	Ballfork and Mayfork Water	Pike	127,000.00
616	Pike County Fiscal Court - Thirty-three Volunteer Fire Departments	Pike	165,000.00
617	Powell County Ambulance Service	Powell	500,000.00
619	Pulaski County Fiscal Court - Fifteen Fire Departments - \$15,000 ea	Pulaski	225,000.00
620	County Health Department - Building Improvement Needs	Pulaski	150,000.00
621	Southeast Pulaski Water District - Water Lines	Pulaski	150,000.00
622	Western Pulaski Water District - Water Lines	Pulaski	150,000.00
623	Southeast Water Association	Pulaski	350,000.00
627	Robertson County Public Library	Robertson	175,000.00
630	Country Music Museum	Rockcastle	1,500,000.00
631	Livingston Community Center Renovation	Rockcastle	100,000.00
633	Rowan Regional Industrial Park Fire Department	Rowan	400,000.00
635	Morehead City Water Expansion	Rowan	525,000.00
637	Morehead State University Radiological Imaging Equipment	Rowan	100,000.00
641	Jamestown Water Project	Russell	150,000.00
642	Russell Springs Sewer and Water	Russell	175,000.00
643	Lake Cumberland State Park - Design and Renovation	Russell	192,000.00

Project Code	Project Title	County	Project Amount
647	Scott County Reservoir	Scott	825,000.00
648	Shelby County Vocational Education School Remodeling	Shelby	1,000,000.00
649	Franklin/Simpson Industrial Park Development	Simpson	750,000.00
650	Goodnight Memorial Library	Simpson	250,000.00
651	Franklin Park Improvements	Simpson	150,000.00
652	Franklin/Simpson Technical Center	Simpson	1,000,000.00
653	Spencer County Fiscal Court - Recreation Facility	Spencer	250,000.00
654	City of Taylorsville Water Works	Spencer	1,250,000.00
661	Acquaculture Infrastructure Components	Statewide	4,000,000.00
662	Various State Parks - Technology Upgrades	Statewide	588,000.00
663	Area Technical Center Equipment	Statewide	2,998,800.00
665	City of Campbellsville - Water and Sewer Improvements/Expansion: Taylor		900,000.00
666	Logan Todd Regional Water Project	Todd	500,000.00
667	Industrial Park and Water Sewer Improvements	Trigg	200,000.00
671	Trimble County Fiscal Court - County Parks	Trimble	200,000.00
672	21st Century Training Classroom	Union	500,000.00
673	Union County Fairgrounds Convention Center & Pavilion	Union	500,000.00
674	Union County Agricultural Fair - Arnold Arena and Convention Center	Union	900,000.00
682	L&N Depot Restoration and Bowling Green Public Library Joint Effort	Warren	800,000.00
685	Capitol Arts Center - Bowling Green	Warren	6,750,000.00
686	Mackville Community Park	Washington	180,000.00
687	Willisburg Community Park	Washington	380,000.00
688	Springfield Water & Sewer Commission - Water & Sewer Improvements	Washington	1,500,000.00
689	Wayne County Fire Protection District #1	Wayne	190,000.00
690	City of Monticello Downtown Stabilization Project	Wayne	700,000.00
697	Webster County Fire Departments	Webster	150,000.00
698	City of Williamsburg Park Development	Whitley	1,000,000.00
701	Whitley County Water	Whitley	1,000,000.00
703	Corbin Center for Technology and Community Activities	Whitley	6,000,000.00
704	Campton Library	Wolfe	175,000.00
707	Water Plant Renovation	Wolfe	175,000.00
709	Community Center - Versailles	Woodford	1,000,000.00
710	Bluegrass Railroad Museum - Bridgework, Rail Work, Signs, Miscellaneous	Woodford	250,000.00
711	Versailles Water Project	Woodford	1,000,000.00
713	Barren County Courthouse	Barren	500,000.00
714	Bath County Courthouse Renovation	Bath	100,000.00
715	Bracken County Courthouse Elevator	Bracken	230,000.00
716	McLean Courthouse Renovation	McLean	225,000.00
717	Trigg County Courthouse Annex	Trigg	250,000.00
718	Trimble County Courthouse Improvements	Trimble	200,000.00
	TOTAL		265,981,600.00

General Fund Bond Projects Fy 2001 - Fy 2002
 HB 502 Part II

Project Title	AGENCY	Project Amount
Children's Advocacy Centers	Administration Services (Families and Children	640,000.00
Statewide Public Health System	Administrative Support (Health Services)	2,000,000.00
Equipment Replacement Pool	Council on Postsecondary Education	20,000,000.00
Capital Renewal & Maintenance Pool	Council on Postsecondary Education	30,000,000.00
State-Owned Dam Repair- Reauthorization	Department for Environmental Protection	2,000,000.00
Kentucky History Center Area Restoration	Department for Facilities Management	4,000,000.00
Kentucky State Capitol Complex- Historic Restoration Design Infr	Department for Facilities Management	19,125,000.00
Sprinkler Recall/Replacement	Department for Facilities Management	1,500,000.00
Statewide Property Acquisition/Demolition Fund	Department for Facilities Management	5,000,000.00
Miscellaneous Roof Replacement/Repair Pool	Department for Mental Health/Mental Retardati	500,000.00
Boiler Replacement - Central State Hospital	Department for Mental Health/Mental Retardati	2,457,000.00
New Power Plant - Western State Hospital	Department for Mental Health/Mental Retardati	3,880,000.00
Black Mountain Preservation Project	Department for Natural Resources	4,100,000.00
Forestry Radio Equipment	Department for Natural Resources	1,504,000.00
Blackburn Correction Complex- Roof Replacement	Department of Corrections	1,400,000.00
Kentucky Correctional Institution for Women- Phase II Expansion - C	Department of Corrections	900,000.00
New Medium Security Prison/Design/Build - Elliott County	Department of Corrections	87,408,000.00
Kentucky State Reformatory - New Gas Boiler Plant	Department of Corrections	7,000,000.00
Western Kentucky Correctional Complex -44 Bed Segregation Unit	Department of Corrections	4,300,000.00
Kentucky School for the Blind Roofing and Weatherproofing	Department of Education	1,122,000.00
Kentucky School for the Deaf Fire Safety/Dorm Renovation	Department of Education	1,250,000.00
Kentucky School for the Deaf Roof Replacement	Department of Education	850,000.00
Woodsbend Youth Development Center Education Addition - Morga	Department of Juvenile Justice	1,101,000.00
Replacement Facility (up to 100 beds) - Jefferson County	Department of Juvenile Justice	10,000,000.00
Secure Juvenile Detention Center - Fayette County	Department of Juvenile Justice	6,700,000.00
Combined Residential/Detention Facility - Hardin County	Department of Juvenile Justice	11,211,000.00
Environmental Pool	Department of Military Affairs	174,000.00
Fort Boonesborough - Park Improvements	Department of Parks	500,000.00
Unified Criminal Justice Information	Department of State Police	1,402,000.00
Business and Technology Building	Eastern Kentucky University	5,000,000.00
Health Education Center - Phase I	Eastern Kentucky University	7,000,000.00
Economic Opportunity Zones	Economic Development	2,000,000.00
Economic Development Bond Pool	Economic Development	4,000,000.00
Kentucky Infrastructure Authority - Fund F Loans- Drinking Water F	General Administration (Finance and Administr	6,000,000.00
Kentucky Infrastructure Authority - Wastewater Revolving Loan an	General Administration (Finance and Administr	7,000,000.00
KIA - Water Resources Development	General Administration (Finance and Administr	50,000,000.00
Rural Development Bond Fund	General Administration (Finance and Administr	25,000,000.00
Educational Professional Standards Board System Infrastructure	Government Operations	2,000,000.00
Educational Professional Standards Board System Infrastructure/D	Government Operations	2,900,000.00
Unified Criminal Justice System	Governor's Office for Technology	4,585,000.00
Statewide Microwave Network Maintenance	Governor's Office for Technology	2,500,000.00
Maintaining the Kentucky Spatial Data Infrastructure	Governor's Office for Technology	700,000.00
Eastern Kentucky Veterans' Center - Additional	Governor's Office of Veteran's Affairs	328,000.00
Western Kentucky Veterans' Center - Additional	Governor's Office of Veteran's Affairs	229,000.00
Jefferson CC: Renovation of Downtown Campus	Kentucky Community and Technical College Sy	8,800,000.00
Southeast CC Newman Hall Renovation	Kentucky Community and Technical College Sy	2,000,000.00

Project Title	AGENCY	Project Amount
Ashland Technical College: Original Campus Renovation	Kentucky Community and Technical College Sy:	6,900,000.00
Cumberland TC, Harlan Campus: Renovate Building 2	Kentucky Community and Technical College Sy:	4,114,000.00
Northern KY Community & Technical College, Phase I	Kentucky Community and Technical College Sy:	10,000,000.00
Elizabethtown CC- Science Building Renovation	Kentucky Community and Technical College Sy:	2,200,000.00
Mayo Technical College: Campus Renovation	Kentucky Community and Technical College Sy:	7,582,000.00
DTV-HDTV Broadcast Transmission	Kentucky Educational Television	12,700,000.00
NTSC Transmitters	Kentucky Educational Television	2,800,000.00
Muck Processing Facility	Kentucky Horse Park	375,000.00
Kentucky River Water Storage Enhancements	Kentucky River Authority	1,500,000.00
Hathaway Hall Renovation	Kentucky State University	3,796,000.00
Carver Hall Renovation	Kentucky State University	5,000,000.00
Document Management Digitization System	Libraries and Archives	1,188,000.00
Renaissance Kentucky	Local Government	6,000,000.00
Student Center Renovation & Expansion - Phase I	Morehead State University	10,000,000.00
New Science Building	Murray State University	13,000,000.00
Old Science Renovation (Design Phase)	Nothern Kentucky University	1,000,000.00
New Power Plant	Nothern Kentucky University	12,000,000.00
New Personnel Payroll System	Personnel	1,450,000.00
On-line Access to Employee Records	Personnel	550,000.00
Biomedical Sciences Research Building	University of Kentucky	39,000,000.00
Research Building (Belknap Campus)	University of Louisville	25,000,000.00
Science Complex Renovation and Expansion	Western Kentucky University	15,000,000.00
TOTAL		543,221,000.00

Agency Fund Bond Projects FY2001 - FY2002

<u>Description</u>	<u>State Agency</u>	<u>Project Amount</u>	
Physical Skills Training Complex	Justice Cabinet	7,000,000	
KY River Water Release System & Locks/Dams Acq *	Kentucky River Authority	4,000,000	
Jewell Hall - HVAC	University of Kentucky	1,040,000	
Boyd Hall - HVAC	University of Kentucky	1,633,000	
Cooperstown - Phase IV	University of Kentucky	1,313,000	
Biomedical Sciences Research Building	University of Kentucky	26,000,000	
Research Building (Belknap Campus)	University of Louisville	16,368,000	
Parking #2 Expansion/Renovation/Replacement	University of Kentucky	11,000,000	
Keeneland Hall - HVAC	University of Kentucky	2,821,000	
Seaton Center Addition/Renovation	University of Kentucky	15,350,000	
UK Crisp Building Bond Funds *	University of Kentucky	2,200,000	
UK Aging Allied Health Agency Buildings *	University of Kentucky	8,222,000	
UK Center for Rural Health *	University of Kentucky	6,100,000	103,047,000
Bond Pool			
Student Housing Fire Safety	Eastern Kentucky University	2,000,000	
Dormitory Renovation, Combs Hall	Eastern Kentucky University	5,000,000	
Greek Row	Eastern Kentucky University	3,000,000	
Young Hall Renovation	Kentucky State University	3,672,000	
Auxilliary Facilities Life Safety	Morehead State University	2,030,000	
Construct Family Housing Complexes	Morehead State University	3,000,000	
Chiller Replacement - Cooling #3	University of Kentucky	2,500,000	
Cooling Plant #1 Expansion	University of Kentucky	12,063,000	
Communication Project	University of Kentucky	1,735,000	35,000,000
Total			<hr/> 138,047,000

* Re-Authorized

Road Fund Bond Projects FY2001 - FY2002

<u>Description</u>	<u>State Agency</u>	<u>Project Amount</u>
Transportation Building Parking Structure - New Construction	General Administration and Support (Transportation)	20,700,000.00
New Transportation Office Building Reauthorization W/Additional Bond Funding	General Administration and Support (Transportation)	7,500,000.00
		<hr/>
		28,200,000



2000-2002

CAPITAL FINANCING ANALYSIS

ATTACHMENT E

COMMONWEALTH OF KENTUCKY

PAUL E. PATTON, GOVERNOR

**T. KEVIN FLANERY, SECRETARY
FINANCE AND ADMINISTRATION CABINET**

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Assumptions

This analysis is premised on the following assumptions:

- FY 2000 General Fund revenues are based on actual June 30, 2000 results. FY 2001 and FY 2002 General Fund estimates are based on the May 11, 2000 updated Revenue Estimates. Growth rates for FY 2003 and FY 2004 are based on August 2000 planning estimates using 1.1 elasticity.
- FY 2000 Road Fund revenues are based on actual June 30, 2000 results. FY2001 and FY 2002 Road Fund estimates are based on the May 11, 2000 updated Revenue Estimates. Growth rates for FY 2003 and 2004 are based on August 2000 planning estimates using 0.8 elasticity.
- Agency Fund estimates are based on actual 1999 revenue with an implied growth rate equal to the growth rate of the General Fund FY2000 through FY2004
- No Tobacco Settlement Funds are included for FY 2000, but are reflected as additions to the General Fund revenue beginning in FY2001.
- All authorized debt is issued by June 30, 2002 at the template rates except the SFCC debt that is authorized at 5.80%
- Assumes 2% Cost of Issuance.
- Required Debt Service is estimated from amortization schedules using the debt service template rates.

Executive Summary

The 2000 Kentucky General Assembly authorized \$1,053,015,600 in new debt financed projects for the Commonwealth of Kentucky. The authorization for the 2000-2002 biennium is compared to previous biennia in Table 1 and is described in more detail on Appendix D. The 2000 General Assembly also authorized the Secretary of the Finance and Administration Cabinet to substitute a portion of the General Fund FY2000 lapse dollars for Community Development projects originally authorized for debt financing. The Secretary has concluded that the amount to be substituted (fully funded with General Fund rather than debt financed) is \$6,288,000.

The ***Capital Financing Analysis*** provides an overview of the structure of debt issuance in the Commonwealth. In addition, historical information about the status of the debt program is provided in the Appendices. This information is required pursuant to KRS 42.410.

Table 1

**DEBT AUTHORIZED BY RECENT
SESSIONS OF THE
GENERAL ASSEMBLY**

Fiscal Year	Principal Debt Authorized	Fiscal Year	Principal Debt Authorized
1980	\$ 689,312,400	1992	\$ 439,375,100
1982	534,024,000	1994 ¹	429,575,900
1984	535,929,000	1996 ²	313,575,000
1986	494,721,100	1998 ³	1,168,030,000
1988	364,171,900	2000 ⁴	1,046,727,600
1990	1,148,218,400		

¹ This includes debt authorized in the Extraordinary Session of the General Assembly and debt authorized by the Surplus Expenditure Plan.

² Enacted in the 1996-98 Budget of the Commonwealth, and subsequent May 1997 Extraordinary Session of the Kentucky General Assembly. Includes all new authorized debt and all reauthorized debt for the 1996-1998 Biennium.

Reauthorized: \$69,393,000 General Fund and \$2,000,000 Agency Fund
 New Authorization: \$103,796,000 General Fund and \$35,000,000 Agency Fund
 May 1997 Extraordinary Session: Includes \$103,386,000 of Bond Funded Projects

Excludes the \$60,000,000 of Agency Bonds in the Finance Cabinet (KIA leveraging). Pursuant to KRS 56.870 (3), legislative authorization is required when revolving fund repayments are used to support bonds.

³ **New Debt Enacted in the 1998-2000 Budget of the Commonwealth.**

Reauthorized: \$74,102,000 General Fund and \$2,000,000 Agency Fund
 New Authorizations: \$600,830,000 General Fund: \$268,100,000 Road Fund and \$96,100,000 Agency Fund
 \$126,898,000 is authorized in the General Fund Surplus Expenditure Plan
 \$201,000,000 is authorized for SFCC however debt service is appropriated for only \$108,130,000 in FY 2000

⁴ **New Debt Enacted in the 2000-2002 Budget of the Commonwealth.**

General Fund Authorization:	\$901,002,600
Road Fund Authorization:	\$ 28,200,000
Agency Fund Authorization:	\$117,525,000

The 2000 Session of the Kentucky General Assembly authorized \$1,053,015,600 of debt. The Secretary of Finance and Administration determined to fund \$6,288,000 of debt authorized projects with General Fund, thereby reducing the authorized debt to \$1,046,727,600.

Debt Capacity Analysis

Purpose

This report provides a review of pertinent historical information about the Commonwealth's debt, debt management goals and Governor Paul E. Patton's capital financing plan recommendation. The Governor's recommendation of authorized debt for new projects for FY2001-2002 is evaluated against various measures of debt affordability and previous biennial authorizations.

The goals of the debt management program of the Commonwealth are:

1. Maintain debt at levels that eliminate questions concerning the state's willingness or ability to make timely payments on appropriation supported debt.
2. Maintain debt at relatively constant or declining levels when compared to various indicators of wealth (assuming the indicators are stable over time as well).
3. Issue debt only for those projects that will provide benefits equal to or longer than the amortization period of the debt.
4. Maintain or improve the state's current Aa3/AA-/AA- State Property and Buildings Commission debt rating.
5. Establish and implement a program to manage the net interest expenses of the Commonwealth.
6. Use debt to finance projects prudently, without neglecting the capital investment needs of the state.
7. Continually strive to reduce the expense of debt through ongoing management of outstanding debt and analysis of low-cost alternatives.
8. Use tax-exempt rather than taxable funding sources for project financing or operating funds whenever possible to minimize overall governmental operational costs.

These goals continue to be important to the assessment by outside entities of the use of debt by the Commonwealth and provide an appropriate backdrop for any discussion about long-term capital expenditures.

Structure

The Commonwealth's indebtedness is classified as either appropriation supported or non-appropriation supported debt.

Appropriation supported debt carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a project revenue obligation of one of the debt-issuing agencies created by the Kentucky General Assembly to finance various projects and is subject to state appropriations for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth currently has no general obligation bonds outstanding.

Project revenue bonds are issued by various debt-issuing authorities of the Commonwealth (Chart 1). These bonds pledge, as security for repayment of the debt, the revenues produced by the projects funded by the debt. Project revenue bonds are not a direct obligation of the Commonwealth. Project revenue bonds are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project funded constitute the entire source of payment.

Non-appropriation or moral obligation debt carries the name of the Commonwealth for the benefit and convenience of other entities within the state. The bonds are special obligations of the issuer, secured and payable solely from the sources pledged for the payment thereof and do not constitute a debt, liability, obligation or a pledge of the faith and credit of the Commonwealth. The General Assembly does not intend to appropriate any funds to fulfill the financial obligations represented by these types of bonds. In the event of a shortfall, the issuer covenants to request from the Governor and the General Assembly sufficient amounts to pay debt service.

Definitions

Total debt service is defined as all debt service appropriated by the General Assembly. This includes debt service on all bond issues of the State Property and Buildings Commission, state universities (consolidated educational buildings revenue bonds, hospital revenue bonds, community college revenue bonds, and housing and dining system revenue bonds), the Turnpike Authority of Kentucky, and the state appropriation supported portion of both the School Facilities Construction Commission and the Kentucky Infrastructure Authority.

**Chart 1
ACTIVE DEBT ISSUING ENTITIES**

<u>ENTITY</u>	<u>STATUTORY AUTHORITY/ PURPOSE</u>	<u>DEBT LIMITATIONS</u>	<u>MOODY'S/S & P/Fitch</u>
State Property and Buildings Commission	KRS 56.450 Provide financing for capital construction projects and financing programs approved by the General Assembly.	Cannot incur debt without prior approval of projects and appropriation of debt service by the General Assembly.	Aa3/AA-/AA-
Kentucky Asset/Liability Commission	KRS 56.860 Provide for short-term financing of capital Projects and the management of cash borrowings.	Cannot incur debt without prior approval of projects and appropriation of debt service by the General Assembly.	Varies
Turnpike Authority of Kentucky	KRS 175.410-175.990 Construct, maintain, repair, and operate Turnpike projects, resource recovery roads and economic development roads.	Cannot incur debt without prior approval of projects and appropriations of debt service by the General Assembly.	Aa3/AA-/AA-
The State Universities	KRS 56.495 Construct educational buildings and housing and dining facilities.	Cannot incur debt without Prior approval of projects and appropriations of debt service by the General Assembly.	See Appendix E
Kentucky Housing Corporation	KRS 198A Make low interest mortgage loans and construction loans to increase the supply of housing for low and moderate income residents in the state.	Limited to \$2.5 billion of debt outstanding	Aaa/AAA/NA
Kentucky Infrastructure Authority	KRS 224A Provide financial assistance to local governments for the construction or refinancing of infrastructure facilities and to provide loans to industries for construction of pollution control facilities.	Revolving Fund programs cannot incur debt without appropriation of debt service by the General Assembly. Without legislative approval, other programs limited to \$60 and \$125 million of debt outstanding, for maturities under and over 3 years respectively.	Aa3/AA-/AA-
Kentucky Higher Education Student Loan Corporation	KRS 164A Make guaranteed student loans to residents of the state to attend post-secondary institutions and to make loans to students attending post-secondary schools within the state.	Limited to \$950 million of debt outstanding.	Aaa/AA-/NA
School Facilities Construction Commission	KRS 157.800-157.895 Assist local school districts with the financing and construction of school buildings. Finance the construction of vocational education facilities.	Cannot incur debt without appropriation of debt service by General Assembly	Aa3/A+/A
Kentucky Economic Development Finance Authority	KRS 154 Issue industrial revenue bonds on behalf of industries, hospitals, and commercial enterprises in the state. Provide financing and tax credits to manufacturing entities expanding or locating facilities in the state.	None	Varies
Kentucky Local Correctional Facilities Construction Authority	KRS 441.605-441.695 Provide an alternative method of constructing, improving, repairing and financing local jails.	Limited to the level of debt service supported by court fees pledged as repayment for the bonds.	AAA
Kentucky Agricultural Finance Corporation	KRS 247.940 Provide low interest loans to Kentucky farmers for the purpose of stimulating existing agricultural of debt outstanding. Enterprises and the promotion of new agricultural ventures.	Limited to \$500 million	N/A

*As of November 13, 2000, S&P, Moody's and Fitch upgraded ratings to AA-, Aa3, AA-, respectively, from A+, A1 and A+, respectively, for the Turnpike authority of Kentucky. On August 17, 2000, Fitch upgraded ratings to AA- from A+ for the State Property and Buildings Commission on certain General Fund lease obligations of the Kentucky Asset/Liability Commission and the Kentucky Infrastructure Authority. On March 8, 2000, S&P raised its ratings to AA- from A+ on the appropriation-backed debt of the State Property and Buildings Commission and the Kentucky Infrastructure Authority.

Revenue is defined to include the General Fund, Road Fund and Agency Fund and is reported on an actual cash (budgetary) basis. Although the state adopted a modified accrual basis of accounting in 1983, the use of the cash basis allows for an analysis of debt for a longer time period. Revenues for the General Fund and Road Fund for FY2000 are actual and those for FY2001 through FY2004 are based upon the May 11, 2000 updated Revenue Estimates. Agency Fund estimates are based upon actual results for FY99 and have been increased using the projected growth rate of the General Fund. Historical revenue figures and debt service levels were obtained from the ***Kentucky Comprehensive Annual Financial Report*** and the supplemental reports for the various years.

Debt capacity is the total amount of new asset bonds that can be supported by a calculated amount of state appropriations (assuming a 20-year long-term interest rate of 7.50 percent). Asset bonds equate to project costs plus cost of issuance. It assumes no debt service reserves, except in the case of university bonds, where asset bonds include debt service reserves.

Historical Information

Table 2 shows the historical comparison of debt outstanding in current and constant dollars. One significant historical note is the Turnpike Authority program that issued \$600 million in bonds between 1991 and 1995.

Table 3 shows the comparison of debt outstanding and required debt service as a percent of assessed property, personal income and on a per capita basis. Table 4 provides the historical comparison of total appropriation required debt service as a percentage of total revenue. This is the key indicator of debt health for the Commonwealth and is used to assess the impact of any capital program.

TABLE 2
APPROPRIATION SUPPORTED DEBT
PRINCIPAL DEBT OUTSTANDING
(000,000)

<u>Fiscal Year</u>	<u>Current</u>	<u>Percent Change</u>	<u>CPI Constant Dollar Adjustment</u>	<u>Constant (1984)</u>	<u>Percent Change</u>
1967	\$ 956.61		0.3290	\$2,907.63	
1968	1,119.50	17.03%	0.3400	3,292.65	13.24%
1969	1,228.10	9.70	0.3570	3,440.06	4.48
1970	1,221.30	-0.55	0.3710	3,291.91	-4.31
1971	1,538.10	25.94	0.3902	3,941.82	19.74
1972	1,628.90	5.90	0.4042	4,029.94	2.24
1973	1,611.00	-1.10	0.4205	3,831.15	-4.93
1974	1,602.50	-0.53	0.4580	3,498.91	-8.67
1975	1,618.70	1.01	0.5087	3,182.03	-9.06
1976	1,583.10	-2.20	0.5449	2,905.30	-8.70
1977	1,779.43	12.40	0.5765	3,086.60	6.24
1978	1,785.85	0.36	0.6151	2,903.35	-5.94
1979	2,005.69	12.31	0.6729	2,980.66	2.66
1980	2,113.96	5.40	0.7626	2,772.04	-7.00
1981	2,125.66	0.55	0.8505	2,499.30	-9.84
1982	1,698.60	-20.09	0.9240	1,838.31	-26.45
1983	1,781.79	4.90	0.9633	1,849.67	0.62
1984	2,100.72	17.90	1.0000	2,100.72	13.57
1985	2,098.89	-0.09	1.0343	2,029.28	-3.40
1986	2,197.98	4.72	1.0687	2,056.69	1.35
1987	2,627.29	19.53	1.0910	2,408.15	17.09
1988	2,771.07	5.47	1.1365	2,438.25	1.25
1989	2,726.69	-1.60	1.1888	2,293.65	-5.93
1990	2,736.18	0.35	1.2455	2,196.85	-4.22
1991	3,253.56	18.91	1.3138	2,476.45	12.73
1992	3,537.60	8.73	1.3558	2,609.23	5.36
1993	3,837.65	8.48	1.3981	2,744.91	5.20
1994	3,785.78	-1.35	1.4346	2,638.91	-3.86
1995	3,809.20	0.62	1.4756	2,581.46	-2.18
1996	3,775.38	-0.89	1.5159	2,490.52	-3.52
1997	3,557.74	-5.76	1.5588	2,282.36	-8.36
1998	3,600.08	1.19	1.5869	2,268.63	-0.60
1999	3,589.95	-0.28	1.6142	2,223.98	-1.97
2000	4,020.36	11.99	1.6544	2,430.10	9.27
2001	4,761.29	18.43	1.6886	2,819.66	16.03
2002 ¹	4,428.77	-6.98	1.7288	2,561.76	-9.15
2003	4,114.26	-7.10	1.7611	2,336.14	-8.81
2004 ²	3,785.11	-8.00	1.7954	2,108.19	-9.76

¹ Assumes all previously authorized debt will be issued by June 30, 2002.

² Assumes no additional debt authorization for the 2002-2004 Biennium.

Table 3
APPROPRIATION SUPPORTED DEBT
KENTUCKY ECONOMIC DEBT INDICATORS
(Current Dollars)

<u>Fiscal Year</u>	<u>Debt as a % of Assessed Property</u>	<u>Required Debt Service as a % of Assessed Property</u>	<u>Debt as a % of Personal Income</u>	<u>Required Debt Service as a % of Personal Income</u>	<u>Debt Per Capita (\$)</u>	<u>Required Debt Service Per Capita (\$)</u>
1978	2.83	0.21	7.44	0.56	494.01	37.15
1979	2.83	0.19	7.46	0.50	550.26	36.97
1980	2.57	0.19	7.19	0.53	577.58	42.83
1981	2.32	0.18	6.54	0.51	580.30	45.19
1982	1.70	0.17	4.97	0.50	463.46	46.57
1983	1.66	0.17	5.06	0.53	485.76	50.41
1984	1.84	0.18	5.44	0.52	572.40	54.77
1985	1.69	0.19	5.23	0.58	571.44	63.68
1986	1.66	0.19	5.24	0.59	598.09	67.31
1987	1.85	0.17	5.89	0.55	714.33	67.27
1988	1.78	0.18	5.85	0.59	753.01	75.46
1989	1.68	0.18	5.40	0.58	741.55	79.38
1990	1.51	0.17	5.08	0.56	741.11	82.46
1991	1.68	0.16	5.70	0.55	875.79	84.70
1992	1.71	0.19	5.81	0.65	942.61	105.10
1993	1.76	0.18	5.97	0.61	1,011.51	104.05
1994	1.69	0.18	5.64	0.59	991.56	103.71
1995	1.57	0.17	5.38	0.60	991.20	110.50
1996	1.47	0.17	5.06	0.58	976.31	112.68
1997	1.40	0.18	4.55	0.59	914.12	118.08
1998	1.53	0.19	4.36	0.55	919.09	116.78
1999	1.41	0.18	4.19	0.54	910.69	116.71
2000	1.50	0.21	4.46	0.62	1,013.45	140.27
2001*	1.69	0.20	5.03	0.58	1,193.30	138.63
2002*	1.49	0.22	4.46	0.66	1,103.33	162.77

*Estimated

Table 4
APPROPRIATION SUPPORTED DEBT SERVICE
AS A PERCENT OF TOTAL REVENUE
(000,000)

<u>Fiscal Year</u>	<u>Total Revenue (\$)</u>	<u>Total Debt Service (\$)</u>	<u>Appropriation Required Debt Service/ Revenue (%)</u>
1967	612.16	49.18	8.03
1968	745.01	54.67	7.34
1969	932.33	67.01	7.19
1970	925.39	74.57	8.06
1971	1,055.46	73.36	6.95
1972	1,235.47	85.15	6.89
1973	1,349.80	91.18	6.75
1974	1,482.62	101.04	6.82
1975	1,733.88	117.18	6.76
1976	1,852.92	117.05	6.32
1977	1,995.62	117.57	5.89
1978	2,328.35	134.28	5.77
1979	2,732.90	134.77	4.93
1980	2,895.18	156.75	5.41
1981	3,099.47	165.54	5.34
1982	3,242.64	170.67	5.26
1983	3,452.40	184.89	5.36
1984	3,738.28	201.02	5.38
1985	3,959.25	233.91	5.91
1986	4,248.04	247.38	5.82
1987	4,933.93	247.42	5.01
1988	5,134.52	277.69	5.41
1989	5,407.11	291.89	5.40
1990	5,814.85	304.43	5.24
1991	6,143.23	314.66	5.12
1992	6,419.98	394.44	6.14
1993	6,578.18	394.76	6.00
1994	6,800.82	395.95	5.82
1995	7,554.79	424.65	5.62
1996	7,759.59	435.72	5.62
1997	8,188.75	459.56	5.61
1998	8,675.10	457.44	5.27
1999	9,123.43	460.88	5.04
2000	9,496.30	556.47	5.86
2001	10,063.66 ¹	553.15 ²	5.50
2002	10,609.11 ¹	653.36 ²	6.16

¹Estimated.

²Assumes authorized debt will be issued by June 30, 2002.

Appendix A – Economic Indicators

The following data reflect Kentucky's debt and debt service in comparison with various economic indicators or measures of wealth. Appropriation supported debt and three categories of debt service are presented in terms of the economic-variables of assessed property values, personal income and population.

Tables A-1, A-2 and A-3 show the annual debt and debt service in three different categories: required, appropriated and actual. "Required debt service" is the debt service that is actually due to the bondholders regardless of source of revenue. Debt service may be paid from interest earnings on the debt service reserve funds as well as by direct appropriations or projected revenues. The "required debt service" category is the most accurate reflection of the Commonwealth's liability.

"Appropriated debt service" reflects those funds that were appropriated in the various budgets for debt service. In many cases, these figures are estimated in advance of debt being issued or refinanced. These figures are neither an accurate nor consistent reflection of the Commonwealth's debt liability and are presented pursuant to KRS 42.410.

"Actual debt service" reflects those funds that flowed through the Debt Service Fund within the state's accounting system. These figures include not only debt service but also proceeds from refundings, costs of issuance and accrued interest on newly issued bonds, rebate and arbitrage penalty payments and trustee fees. These data are not an accurate reflection of the Commonwealth's debt liability, but are being presented pursuant to KRS 42.410.

Table A-4 reflects Kentucky's non-appropriation supported debt in relation to the economic variables of assessed property value, personal income and population. Non-appropriation supported debt is the debt of those authorities for which appropriation of state funds is not used to pay the debt service. The authorities include the Kentucky Higher Education Student Loan Corporation, Kentucky Housing Corporation, certain debt of the Kentucky Infrastructure Authority, Kentucky Local Correctional Facilities Construction Authority, Kentucky Agricultural Finance Corporation and Kentucky Economic Development Finance Authority (formerly Kentucky Development Finance Authority). The total debt and debt service shows a significant decrease in FY93 due to a change in reporting methodology. Project revenue debt is included for only the Kentucky Development Finance Authority (K DFA) Yen bonds issued in 1987 and debt of the Kentucky Local Correctional Facilities Construction Authority. The industrial development bonds ("IDBs") of K DFA, the Kentucky Infrastructure Authority and the Kentucky Agricultural Finance Corporation are no longer included in the Comprehensive Annual Financial Report.

Table A-1
APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE
AS A PERCENT OF ASSESSED PROPERTY
(Current Dollars)

<u>Fiscal Year</u>	<u>Debt as a % of Assessed Property</u>	<u>Required Debt Service as a % of Assessed Property</u>	<u>Appropriated Debt Service as a % of Assessed Property</u>	<u>Actual Debt Service as a % of Assessed Property</u>
1990	1.51	0.17	0.17	0.16
1991	1.68	0.16	0.19	0.16
1992	1.71	0.19	0.21	0.15
1993	1.76	0.18	0.18	0.17
1994	1.69	0.18	0.19	0.20
1995	1.57	0.17	0.17	0.16
1996	1.47	0.17	0.17	0.18
1997	1.40	0.18	0.18	0.18
1998	1.53	0.19	0.19	0.16
1999	1.41	0.18	0.18	0.18

Table A-2
APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE
AS A PERCENT OF PERSONAL INCOME
(Current Dollars)

<u>Fiscal Year</u>	<u>Debt as a % of Personal Income</u>	<u>Debt Service as a % of Personal Income</u>	<u>Appropriated Debt Service as a % of Personal Income</u>	<u>Actual Debt Service as a % of Personal Income</u>
1990	5.08	0.56	0.58	0.51
1991	5.70	0.55	0.65	0.59
1992	5.81	0.65	0.72	0.68
1993	5.97	0.61	0.61	0.54
1994	5.64	0.59	0.65	0.59
1995	5.38	0.60	0.58	0.61
1996	5.06	0.58	0.58	0.57
1997	4.55	0.59	0.59	0.58
1998	4.36	0.55	0.55	0.54
1999	4.19	0.54	0.54	0.51

Table A-3
APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE
AS A PERCENT OF POPULATION
(Current Dollars)

<u>Year</u>	<u>Debt Per Capita (\$)</u>	<u>Required Debt Service Per Capita (\$)</u>	<u>Appropriated Debt Service Per Capita (\$)</u>	<u>Actual Debt Service Per Capita (\$)</u>
1990	741.11	82.46	84.59	74.69
1991	875.79	84.70	99.38	90.04
1992	942.61	105.10	116.23	110.17
1993	1,011.51	104.05	103.84	91.58
1994	991.56	103.71	114.22	103.79
1995	991.20	110.50	106.32	113.11
1996	976.31	112.68	111.22	109.06
1997	914.12	118.08	118.08	117.46
1998	919.09	116.78	116.78	113.14
1999	910.69	116.71	116.71	111.00

Table A-4
NON-APPROPRIATION SUPPORTED DEBT
KENTUCKY ECONOMIC DEBT INDICATORS

<u>Fiscal Year</u>	<u>Debt as a % of Assessed Property</u>	<u>Debt as a % of Personal Income</u>	<u>Debt Per Capita Debt (\$)</u>
1990	1.22	4.12	601.75
1991	1.29	4.39	674.63
1992	1.21	4.13	669.87
1993	0.64	2.17	367.25
1994	0.57	1.91	336.28
1995	0.54	1.86	343.20
1996	0.54	1.85	355.96
1997	0.61	1.99	399.64
1998	0.66	1.89	398.38
1999	0.65	1.94	421.44

Appendix B: Fiscal Debt Indicators

In the following table, total appropriated revenue is shown in terms of the three categories of debt service as described in Appendix A. Appropriated revenue is the revenue of the General Fund, Road Fund and Agency Fund. Table B-1 compares required appropriated and actual debt service to total revenue.

Table B-2 reflects the three categories of debt service in terms of “available appropriated revenues.” This form of revenue is revenue from the same sources as described above less funds that are statutorily dedicated to a specific purpose. In the case of the General Fund: Base Court Revenue, Surface Mining County Acreage and Permit Fees, Local Government Economic Assistance Fund and Public Service Commission Administrative Assessments are subtracted to the degree the expenditures can be identified in the Comprehensive Annual Financial Report. In the case of the Road Fund (Table B-3), the following receipts are subtracted: County Road Aid, Rural Secondary Road Aid, Municipal Road Aid within the Motor Fuels Normal and Motor Fuels Normal Use accounts, Kentucky Transportation Center Funds, Coal Haul Cooperative Agreements, Extended Weight and Coal Haul Fines, Drivers Education Program and Drivers License Photo Program.

The Agency Fund receipts include those agency funds that are actually applied to debt service. These include primarily the debt service for university housing and dining and hospital issues, and certain bonds of the Capital Plaza Authority, the Human Resources Cabinet (SPBC Project 31) and the Kentucky Fair Board.

**Table B-1
 APPROPRIATED DEBT SERVICE
 AS A PERCENT OF TOTAL REVENUE
 (Budget Basis)**

Fiscal Year	Total Revenue (\$Millions)	Required Debt Service/ Revenue (%)	Appropriated Debt Service/ Revenue (%)	Actual Debt Service/ Revenue (%)
1990	5,814.85	5.24	5.37	4.74
1991	6,143.23	5.12	6.01	5.44
1992	6,419.98	6.14	6.79	6.44
1993	6,578.18	6.00	5.99	5.28
1994	6,800.82	5.82	6.41	5.83
1995	7,554.79	5.62	5.41	5.75
1996	7,759.59	5.62	5.54	5.43
1997	8,188.75	5.61	5.61	5.58
1998	8,675.10	5.27	5.27	5.11
1999	9,104.43	5.05	5.05	4.81

**Table B-2
 APPROPRIATED DEBT SERVICE
 AS A PERCENT OF AVAILABLE REVENUE
 (Budget Basis)**

Fiscal Year	Total Revenue (\$Millions)	Required Debt Service/ Revenue (%)	Appropriated Debt Service/ Revenue (%)	Actual Debt Service/ Revenue (%)
1987	3,363.50	7.36	7.45	7.67
1988	3,484.01	7.97	7.83	6.97
1989	3,831.16	7.62	6.78	6.94
1990	4,143.64	7.35	7.54	6.65
1991	4,889.69	6.44	7.55	6.84
1992	4,956.73	7.96	8.80	8.34
1993	5,131.53	7.69	7.68	6.77
1994	5,298.89	7.47	8.23	7.48
1995	5,837.56	7.27	7.00	7.45
1996	6,063.35	7.19	7.09	6.96
1997	6,400.18	7.18	7.18	7.14
1998	6,800.88	6.73	6.73	6.52
1999	7,010.55	6.56	6.56	6.24

**Table B-3
ROAD FUND DEBT SERVICE
AS A PERCENT OF REVENUE
(000,000)**

<u>Fiscal Year</u>	<u>Available Road Fund Revenue</u>	<u>Debt Service</u>	<u>Debt Service as a Percent of Available Revenue</u>
1980	\$ 557.63	\$ 104.59	18.76%
1981	543.79	112.97	20.77
1982	514.40	112.50	21.87
1983	526.85	113.97	21.63
1984	574.20	112.89	19.66
1985	399.62	137.14	34.32
1986	401.98	134.90	33.56
1987	510.23	130.03	25.48
1988	469.32	134.67	28.69
1989	556.90	126.13	22.65
1990	581.46	129.11	22.20
1991	597.15	163.70	27.41
1992	616.06	156.44	25.39
1993	640.67	147.46	23.02
1994	680.46	151.60	22.28
1995	710.64	145.69	20.50
1996	748.09	155.37	20.77
1997	763.14	160.58	21.04
1998	811.04	153.66	18.95
1999	839.58	154.37	18.39
2000	871.62	174.59	20.03
2001 ¹	891.62	177.31	19.89
2002 ¹	928.36	182.72	19.68

- 1 Estimated based on the May 11, 2000 official estimates for the Road Fund less proportional revenue sharing and dedicated funds. Assumes all authorized debt will be issued by June 30, 2002.

Appendix C: Market Indicators

	Arbitrage TIC	Bond Buyer Index	Size	Final Maturity
<u>Kentucky Housing Corporation</u>				
Oct-98				
1998 Series D (AMT)	5.08%	5.20%	\$ 8,205,000	07/01/2038
1998 Series E (Non-AMT)	4.93%	5.20%	\$ 6,290,000	07/01/2030
1998 Series F (AMT)	4.93%	5.20%	\$ 64,565,000	01/01/2030
1998 Series G (Taxable)	5.55%	5.20%	\$ 26,375,000	07/01/2019
Mar-99				
1999 Series A (Non-AMT)	4.97%	5.29%	\$ 13,300,000	01/01/2013
1999 Series B (AMT)	4.97%	5.29%	\$ 41,700,000	07/01/2028
1999 Series C (AMT)	4.97%	5.29%	\$ 61,300,000	07/01/2000
Jul-99				
1999 Series D (Non-AMT)	5.60%	5.65%	\$ 3,035,000	07/01/2017
1999 Series E (AMT)	5.60%	5.65%	\$ 17,965,000	07/01/2028
1999 Series F (Taxable LIBOR Floater)	5.68%	5.65%	\$ 19,000,000	07/01/2031
Sep-99				
1999 Series G (Non-AMT)	5.99%	5.96%	\$ 3,425,000	01/01/2015
1999 Series H (AMT)	5.99%	5.96%	\$ 65,485,000	07/01/2030
1999 Series I (Taxable LIBOR Floater)	5.82%	5.96%	\$ 21,090,000	07/01/2013
April -00				
2000 Series A (Non-AMT)	5.98%	6.07%	\$3,840,000	07/01/2031
2000 Series B (AMT)	5.98%	6.07%	\$76,995,000	07/01/2031
2000 Series C (Non-AMT)	5.98%	6.07%	\$10,395,000	07/01/2033
2000 Series D (AMT)	5.98%	6.07%	\$37,530,000	01/01/2001
Sep-00				
2000 Series E (Non-AMT)	5.89%	5.68%	\$1,125,000	07/01/2031
2000 Series F (AMT)	5.89%	5.68%	\$47,270,000	07/01/2031
2000 Series F (Taxable)	7.39%	5.68%	\$25,000,000	07/01/2018
<u>State Property and Buildings Commission</u>				
Feb-99				
Project 62	4.58%	5.04%	\$ 31,550,000	09/01/2014
May-99				
Project 63	5.03%	5.21%	\$ 25,440,000	11/01/2018
Aug-99				
Project 64	5.47%	5.65%	\$125,455,000	05/01/2018
Feb-00				
Project 65	5.76%	6.05%	\$128,165,000	02/01/2018
June-00				
Project 66	5.69%	5.83%	\$ 54,870,000	05/01/2020

	Arbitrage TIC	Bond Buyer Index	Size	Final Maturity
Sep-00 Project 67	5.07%	5.49%	\$126,920,000	09/01/2019
Oct-00 Project 68	4.96%	5.62%	155,410,000	10/01/2015
<u>Kentucky Infrastructure Authority</u>				
Apr-99 Govt. Agencies Program 1999 Series J	5.43%	5.28%	\$ 12,225,000	08/01/2018
Infrastructure Revolving Fund 1999 Series M	4.51%	5.28%	\$ 16,575,000	06/01/2014
Feb-00 Drinking Water Resolving Fund 2000 Series A	5.751%	6.05%	\$4,760,000	06/01/2019
Wastewater Revolving Fund 2000 Series F	5.752%	6.05%	\$3,350,000	06/01/2019
<u>Kentucky Higher Education Student Loan Corp.</u>				
Sep-98 1998 A (Taxable ARCs)	5.64%	5.63%	\$ 72,800,000	05/01/2028
1998 B (AMT-ARCs)	3.75%	5.63%	\$ 42,400,000	05/01/2028
Jun-99 1999 A (Taxable ARCs)	5.25%	5.18%	\$ 51,350,000	05/01/2029
1999 B (AMT – ARCs)	3.60%	5.18%	\$ 23,650,000	05/01/2029
April-00 2000 A (Taxable ARCs)	6.10%	6.18%	\$ 126,250,000	05/01/2030
2000 B (AMT – ARCs)	4.20%	4.25%	\$23,750,000	05/01/2030
<u>Kentucky Asset/Liability Commission</u>				
Jul-98 1998 Series A TRAN	3.45%	3.75%	\$200,000,000	06/25/1999
Sep-98 1998 Agency Fund Series	3.74%	3.26%	\$110,000,000	06/30/2002
1998 Series B TRAN	3.31%	3.64%	\$100,200,000	06/25/1999
Nov-98 1998 General Fund 2 nd Series	2.93%	3.35%	\$126,500,000	11/01/1999
Mar-99 1999 General Fund 1 st Series	4.00%	5.11%	\$ 49,195,000	03/01/2006
Jul-99 1999 Series A TRAN	3.35%	3.39%	\$300,000,000	06/28/2002
Aug-99 1999 General Fund 2 nd Series	3.25%	3.24%	\$135,000,000	06/30/2000

	Arbitrage TIC	Bond Buyer Index	Size	Final Maturity
Sep-99 1999 General Fund 3 rd Series	3.70%	3.78%	\$138,000,000	06/30/2003
Oct-99 1999 Road Fund 1 st Series	3.65%	3.73%	\$ 75,200,000	06/30/2003
1999 Road Fund 2 nd Series	3.70%	3.68%	\$128,000,000	06/30/2003
Nov-99 1999 Series B TRAN	3.82%	3.68%	\$101,000,000	06/28/2000
1999 General Fund 4 th Series	3.90%	3.68%	\$135,000,000	06/30/2003
Jul-00 2000 Series A TRAN	4.49%	4.56%	\$400,000,000	06/27/2001
Sep-00 2000 Series B TRAN	4.31%	4.17%	\$150,700,000	06/27/2001
<u>Turnpike Authority of Kentucky</u>				
Nov-00 E.D. Road Revenue Bond Series 2000	5.04%	5.60	\$179,825,000	07/01/2015

Appendix D: New Debt Authorized

CABINET/AGENCY	PROJECT TITLE	PROJECT/POOL AUTHORIZATION	CABINET/AGENCY TOTALS
<u>GENERAL GOV'T</u>			
GOT	Statewide Microwave Network Maintenance	\$2,500,000	\$
GOT	Unified Criminal Justice System	4,585,000	
GOT	Maintaining the Kentucky Spatial Data Infrastructure	700,000	
GOT	Environmental Pool	174,000	
VETERAN'S AFFAIRS	Eastern Kentucky Veterans' Center - Additional	328,000	
VETERAN'S AFFAIRS	Western Kentucky Veterans' Center - Additional	229,000	8,516,000
DLG	Renaissance Kentucky	6,000,000	6,000,000
ECONOMIC DEV	Economic Development Bond Pool	4,000,000	
ECONOMIC DEV	Economic Opportunity Zones	2,000,000	6,000,000
<u>EDUCATION ARTS & HUMANITIES</u>			
EDUCATION	Kentucky School for the Deaf Fire Safety/Dorm Renovation	1,250,000	
EDUCATION	Kentucky School for the Blind Roofing and Weatherproofing	1,122,000	
EDUCATION	Kentucky School for the Deaf Roof Replacement	850,000	
EDUCATION	Educational Professional standards Board System Infrastructure/Database System	2,900,000	
EDUCATION	Educational Professional Standards Board System Infrastructure	2,000,000	8,122,000
LIBRARIES & ARCHIVES	Document Management Digitization System	1,188,000	1,188,000
KET	DTV-HDTV Broadcast Transmission	12,700,000	
KET	NTSC Transmitters	2,800,000	15,500,000
SFCC	Reauthorization (\$17,000,000 - Bond Funds)	92,000,000	92,000,000
FAMILIES & CHILDREN	Children's Advocacy Centers	640,000	640,000
<u>FINANCE</u>			
KIA	KIA - Wastewater Revolving Loan and Grant Fund A	7,000,000	
KIA	KIA - Water Resources Development	50,000,000	
KIA	KIA - Fund F Loans - Drinking Water Reauthorization	6,000,000	
DEPT. OF ADMIN.	Rural Development Bond Fund	25,000,000	
FACILITIES MGMT.	Kentucky State Capitol Complex- Historic Restoration Design Infrastructure	19,125,000	
FACILITIES MGMT.	Kentucky History Center Area Restoration	4,000,000	
FACILITIES MGMT.	Sprinkler Recall/Replacement	1,500,000	
FACILITIES MGMT.	Statewide Property Acquisition/Demolition Fund	5,000,000	
MH/MR	New Power Plant - Western State Hospital	3,880,000	
MH/MR	Boiler Replacement - Central State Hospital	2,457,000	
MH/MR	Miscellaneous Roof Replacement/Repair Pool	500,000	124,462,000
HEALTH SERVICES	Statewide Public Health System	2,000,000	2,000,000
<u>JUSTICE CABINET</u>			
KSP	Unified Criminal Justice Information	1,402,000	
DJJ	Secure Juvenile Detention Center - Fayette County	6,700,000	
DJJ	Combined Residential/Detention Facility - Hardin County	11,211,000	
DJJ	Woodsbend Youth Dev. Center Education Addition - Morgan Co.	1,101,000	
DJJ	Replacement Facility (up to 100 beds) - Jefferson County	10,000,000	
COR	Blackburn Correction Complex- Roof Replacement	1,400,000	
COR	New Medium Security Prison/Design/Build - Elliott County	87,408,000	
COR	Kentucky State Reformatory - New Gas Boiler Plant	7,000,000	
COR	KCIW - Phase II Expansion - Design Only	900,000	
COR	Western Kentucky Correctional Complex -44 Bed Segregation Unit	4,300,000	
DOCJT	Law Enforcement Basic Training Complex	7,000,000	138,422,000

CABINET/AGENCY	PROJECT TITLE	PROJECT/POOL AUTHORIZATION	CABINET/AGENCY TOTALS
<u>NATURAL RESOURCES</u>			
EPA	State-Owned Dam Repair- Reauthorization	\$ 2,000,000	\$
NATURAL RESOURCES	Black Mountain Preservation Project	4,100,000	
NATURAL RESOURCES	Forestry Radio Equipment	1,504,000	
KRA	Kentucky River Water Storage Enhancements	1,500,000	9,104,000
<u>PERSONNEL</u>			
PERSONNEL	On-line Access to Employee Records	550,000	
PERSONNEL	New Personnel Payroll System	1,450,000	2,000,000
<u>POSTSECONDARY ED</u>			
CPE	Capital Renewal & Maintenance Pool	30,000,000	
CPE	Equipment Replacement Pool	20,000,000	
CPE	Agency Bond Pool	35,000,000	
EKU	Business and Technology Building	5,000,000	
EKU	Health Education Center - Phase I	7,000,000	
KSU	Hathaway Hall Renovation	3,796,000	
KSU	Carver Hall Renovation	5,000,000	
MoSU	Student Center Renovation & Expansion - Phase I	10,000,000	
MuSU	New Science Building	13,000,000	
NKU	Old Science Renovation (Design Phase)	1,000,000	
NKU	New Power Plant	12,000,000	
UK	Biomedical Sciences Research Building	39,000,000	
UK	UK Biomedical Research Building	26,000,000	
UK	Parking # 2 Expansion/Renovation	11,000,000	
UK	Keeneland Hall - HVAC	2,821,000	
UK	Jewell Hall - HVAC	1,040,000	
UK	Boyd Hall - HVAC	1,633,000	
UK	Cooperstown	1,313,000	
UK	Seaton Center Addition/Renovation	15,350,000	
UL	Research Building (Belknap Campus)	25,000,000	
UL	Research Building (Belknap Campus)	16,368,000	
WKU	Science Complex Renovation and Expansion	15,000,000	
KCTCS	Cumberland TC, Harlan Campus: Renovate Building 2	4,114,000	
KCTCS	Mayo Technical College: Campus Renovation	7,582,000	
KCTCS	Ashland Technical College: Original Campus Renovation	6,900,000	
KCTCS	Northern KY Community & Technical College, Phase I	10,000,000	
KCTCS	Jefferson CC: Renovation of Downtown Campus	8,800,000	
KCTCS	Elizabethtown CC- Science Building Renovation	2,200,000	
KCTCS	Southeast CC Newman Hall Renovation	2,000,000	337,917,000
<u>TOURISM</u>			
HORSE PARK	Muck Processing Facility	375,000	
PARKS	Fort Boonesborough - Park Improvements	500,000	875,000
<u>TRANSPORTATION</u>			
TRANSPORTATION	Transportation Building Parking Structure - New Construction	20,700,000	
TRANSPORTATION	New Transportation Office Building - Reauthorization	7,500,000	28,200,000
COMMUNITY DEV. PROJECTS		265,781,600	265,781,600
GRAND TOTAL			1,046,727,600