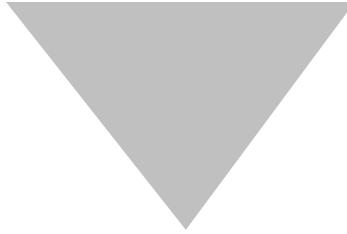


# June 30, 2001 Semi Annual Report



*The Kentucky Quarter*  
2001

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# introduction

**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.

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This is the Commission's ninth semi-annual report under KRS 56.863 (11) for the period beginning January 1, 2001 through June 30, 2001. Key themes during the period were:

## **NATIONAL**

- U. S. economy continues to experience weakness in capital spending, consumption, corporate profits and slower growth abroad.
- Federal Reserve (the "Fed") has aggressively cut short-term interest rates by 275 basis points in hopes of averting an outright recession.
- Declining interest rates resulted in a favorable market for issuers of municipal bonds, but will impact future investment returns.

## **STATE**

- Kentucky's economy is feeling the effects of the national slowdown.
- Slower than projected revenue growth exerted significant cash flow pressure on the General Fund.
- Numerous refunding issues for the Turnpike Authority ("TAK") and the State Property and Buildings Commission ("SPBC").
- Initial issuance of a portion of the 2000-2002 biennium bond authorization for the university equipment pool and community development projects.
- Significant debt service savings from refunding bonds and utilization of ALCo programs.
- First withdrawals from the Budget Reserve Trust Fund since becoming a statutory account in 1995.

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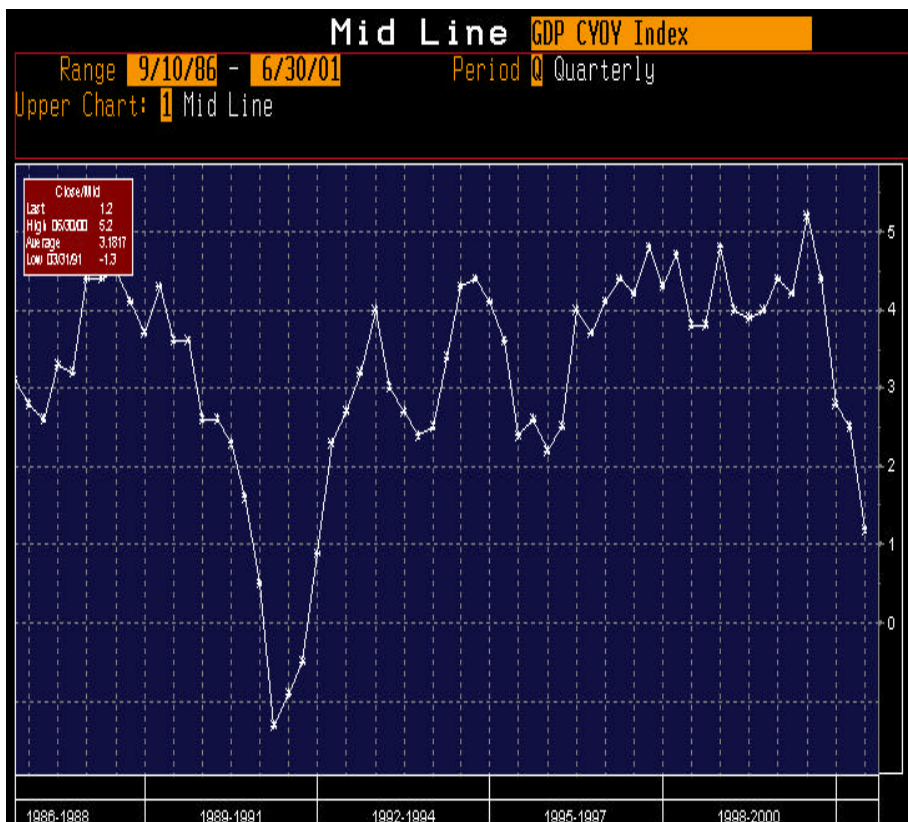
## Market Overview:

**Taxable.** Economic growth, as measured by the year-over-year change in the Gross Domestic Product ("GDP"), during the first two calendar quarters of 2001 was 2.5 percent and 1.2 percent, respectively. Clearly the US economy is experiencing slower growth, especially in manufacturing and technology as second quarter GDP fell from 1.3 percent to .2 percent (revised). Weakness is also beginning to spread to other areas, particularly the transportation sector including trucking and air transportation. We believe that there is a risk that the slow down could spread to other areas, including the service sector prompting additional Fed action prior to calendar year end.

# INVESTMENT MANAGEMENT

As a result of the sharp deceleration in economic growth, the Fed has cut the Federal Funds Rate six times

since the first of the year by a total of 275 basis points. The latest cut of 25 basis points during the reporting period occurred on June 27, 2001. Subsequently, the Fed lowered the Fed's rate an additional 25 basis points to 3.50 percent, the lowest level since April 1994. Chairman Greenspan sees signs that perhaps we are nearing the end of the slowdown and that increased consumer confidence and a resilient housing market have been powerful forces in averting an all out recession.



## Treasury Yields.

Aggressive Fed action has resulted in a steeply sloped yield curve with 152 basis points of positive spread between the Two-year Treasury Note and the Thirty-year Treasury Bond. Two-year Treasury Notes were 5.10 percent six months ago and dropped as low as 3.90 percent before closing at 4.23 percent. The benchmark 30-year Treasury Bond began the period at 5.45 percent, reached a high of 5.91 percent before dropping to a low of 5.26 percent in March and ended the period at 5.75 percent.

## **Yield Relationships.**

**Tax-exempt:** The Bond Buyer 20-year General Obligation Index at June 30 was 5.21 percent or 91 percent of Treasuries. The high for the reporting period was 5.34 percent and the low was 5.00 percent on January 11. The average was 5.20 percent. Tax-exempt yield ratios versus long-term Treasuries averaged 93 percent reflecting the Treasury buy-back program and yield compression resulting from the low level of interest rates. Retail investors who were drawn to the market by poor equity markets early in the year have retreated somewhat with the absolute level of interest rates being so low. Institutional demand remains a function of cash flow and bond structure.

The short-term tax-exempt market as measured by the 7-day Bond Market Association ("BMA") Municipal Swap Index ranged from a low of 1.81 percent to a high of 4.48 percent, averaging 3.23 percent (68 percent of 30-day USD LIBOR) and finished the period at 2.68 percent or 70 percent of one-month USD LIBOR. LIBOR is the London Interbank Offered Rate for 30-day U.S. dollar deposits in London by major banks. One month LIBOR averaged 4.77 percent for the six-months and closed at 3.83 percent.

## **Portfolio Management.**

For Fiscal Year 2001 the Commonwealth's investment portfolio averaged \$3.59 billion. As of June 30, 2001, the portfolio was invested in U.S. Treasury securities (17 percent), U.S. Agency securities (35 percent), Municipal securities (4 percent), Corporate securities (8 percent), U.S. Agency Mortgage Backed Securities and Collateralized Mortgage Obligations (7 percent), Asset Backed securities (6 percent), Repurchase Agreements (12 percent) and Money Market Securities (11 percent). The portfolio had a current yield of 4.69 percent and a modified duration of 1.51 years.

The total portfolio is broken down into four investment pools. The pool balances as of June 30, 2001 were: Short-term (\$738.3 million), Intermediate-term (\$2,014.8 million), Long-term (\$356.1 million) and Bond Proceeds (\$481.5 million). **For additional information, see the June 2001 Monthly Investment Income Report located in the Appendix.**

Total investment income from all investments for FY 2001 was \$316 million versus \$160 million for FY 2000. The increased earnings are attributable to strong bond market rally and increased balances derived primarily from bond proceeds. The General Fund portion of investment income (cash basis) was \$36.2 million versus \$22.5 million the previous year. New asset classes authorized under House Bill 5 of the 1997 First Extraordinary Session of the General Assembly contributed \$5,335,071 to total investment income of which \$915,892 has been allocated to the General Fund for FY 2001. Mortgages added the bulk of the earnings, generating \$3.8 million, while corporate securities added \$1.5 million.

## Rating Update.

On July 20, 2001 Standard & Poor's Ratings Service released its annual tax secured, issuer credit rating for Kentucky. Kentucky received an affirmation of the "AA" rating with a "Stable" outlook. Standard & Poor's bases their analysis on a hypothetical general obligation credit of the Commonwealth. In actuality the state issues bonds on a biennial appropriation supported basis, on which the current ratings are AA-, reflecting the risk of non-appropriation of debt service in a given budget cycle. Clearly, Standard & Poor's is concerned with how we deal with budget pressures brought on by the slowing economy and warns us that we must be prudent in our actions to balance the budget.

# DEBT MANAGEMENT

The following is the excerpt of the Outlook section of that report:

*"The stable outlook reflects Standard & Poor's expectation that the Commonwealth will balance its fiscal 2002 finances without the use of additional reserves and that the Commonwealth will further stabilize revenues by adopting a 2003-2004 biennial budget without continued reliance on onetime revenues. Failure to achieve either of these objectives would place further strain on the Commonwealth's only adequate liquidity and could pressure credit quality."*

## 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 and matured 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 authorization was sold in September 2000 as Series B Notes with a coupon of 5.00 percent to yield 4.33 percent, also by Salomon Smith Barney. These notes also matured on June 27, 2001.

**2001 TRAN:** ALCo authorized the FY 2002 program in an amount not to exceed \$650 million. On July 3, 2001 \$650 million of TRANs, in two series, were issued to mature on June 26, 2002. The 2001 TRANs were sold by Salomon Smith Barney on June 29, 2001. Four hundred forty million (\$440,000,000) 2001 Series A TRANs were fixed rate notes that carry a coupon of 4.00 percent to yield 2.53 percent. Two hundred ten million (\$210,000,000) of Series B TRANs were issued in the Index Rate Mode, pegged to 67 percent of 30-day USD LIBOR. The initial yield at the time of sale was 2.57 percent.

The Index Rate Notes were the first of its kind sold in a number of years and represent a tremendous breakthrough for the Commission. The Index Rate Notes provide the General Fund with the desired amount of variable rate liability; eliminates costly credit or liquidity support; eliminates the need to execute interest



rate swap documents; partially hedges the General Fund against swings in short-term interest rates; and provides opportunity to potentially earn higher levels of arbitrage.

## **General Fund Supported Project Notes (“Notes”)**

**1999 General Fund Second Series.** On August 25, 1999 the Commission sold \$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. On September 7, 2000 and on February 5, 2001, additional tranches were issued for \$50,000,000 and \$63,902,000, respectively. The Notes were supported by a direct-pay letter of credit provided by Dexia, a leading European bank based in France. Merrill Lynch was the marketing agent for the Notes and underwriter for the SPBC Project 69 Series A Bonds, which were sold on April 18, 2001 to permanently finance the projects. The Notes were scheduled for redemption on July 16, 2001. The all-in-tic, including the interim financing for the SPBC 69A Series (ALCo portion) was 4.69 percent.

**1999 General Fund Third Series.** On September 22, 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. UBS PaineWebber was the remarketing agent for the Notes and the underwriter of the bonds. The Notes were refunded with the issuance of SPBC Project 68 Bonds in October 2000 and redeemed on January 18, 2001. The SPBC 68 Bonds incorporated an innovative Medium Term Note (“MTN”) structure (see below). SPBC 68 generated an all-in-tic of 5.09 percent, which included the cost of the interim financing.

On January 24, 2001 staff executed a crossover refunding with the issuance of the SPBC Project 68 (Second Series) Bonds. The SPBC 68 (Second Series) Bonds refunded the MTN portion of the original SPBC 68 Bonds for significant debt service savings of \$3,015,559 or 6.51 percent of refunded par.

**2001 General Fund First Series.** On February 21, 2001 the Commission delivered \$37,450,000 of fixed rate project notes to permanently fund the Council on Post Secondary Education Equipment Replacement Pool and various state agency projects. The seven-year Project Notes had an all-in-tic of 4.06 percent and were sold by Bear Stearns.

**Kentucky Asset/Liability Commission**  
Debt Summary - June 30, 2001

TRAN		Amount Issued	Amount Outstanding <sup>(1)</sup>	Initial Date	Maturity Date	Coupon	Price	Yield	Redemption Date
2000 Series A	\$ 400,000,000	\$ -	07/03/00	06/27/01	5.250%	100.668	4.540%	6/27/01	
2000 Series B	\$ 150,700,000	\$ -	09/28/00	06/27/01	5.000%	100.484	4.330%	6/27/01	
2001 Series A <sup>(3)</sup>	\$ 440,000,000	\$ -	07/03/01	06/26/02	4.000%	101.406	2.530%	6/26/02	
2001 Series B <sup>(3)</sup>	\$ 210,000,000	\$ -	07/03/01	06/26/02	67% of Libor	100.000	100%	6/26/02	
PROJECT NOTES		Amount Issued	Amount Outstanding <sup>(1)</sup>	Initial Date	Maturity Date	Coupon	Price	Yield <sup>(2)</sup>	Redemption Date
General Fund									
1999 First Series	\$ 49,195,000	\$ 42,920,000	03/01/99	03/01/06	4.000%	99.941	4.144%	3/1/06	
1999 Second Series <sup>(4)</sup>	\$ 135,000,000	\$ -	08/25/99	06/30/03	3.839%	100.000	3.839%	7/16/01	
1999 Third Series	\$ 138,000,000	\$ -	09/23/99	06/30/03	4.085%	100.000	4.085%	1/18/01	
1999 Fourth Series	\$ 135,000,000	\$ -	11/17/99	06/30/03	4.005%	100.000	4.005%	11/1/00	
2001 First Series	\$ 37,450,000	\$ 37,450,000	02/01/01	02/01/08	3.910%	102.784	4.061%	2/1/08	
Road Fund									
1999 First Series	\$ 78,000,000	\$ -	10/06/99	06/30/03	4.010%	100.000	4.010%	3/1/01	
1999 Second Series	\$ 128,000,000	\$ -	10/27/99	06/30/03	4.066%	100.000	4.066%	3/1/01	
Agency Fund									
1998 Agency Fund <sup>(4)</sup>	\$ 110,000,000	\$ -					3.753%	7/16/01	
UK Stadium		\$ -	09/02/98	06/30/02	3.701%	100.000	3.701%	9/13/00	
Morehead H & D		\$ -	04/21/99	06/30/02	3.658%	100.000	3.658%	7/12/00	
UK Housing & Dining		\$ -	03/09/00	06/30/02	4.225%	100.000	4.225%	3/20/01	

<sup>(1)</sup> Amount Outstanding as of June 30, 2001

<sup>(2)</sup> Weighted average yields from inception to final redemption

<sup>(3)</sup> Priced on June 28, 2001 with delivery on July 3, 2001

<sup>(4)</sup> Refunded by SPBC 69/70 on April 18, 2001.

## 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 from debt service appropriations. The benefit is the lowest total interest cost and the ability to fill in gaps in 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 refunded in advance of the due date.

There are two advanced refunding options, a traditional advanced refunding and a crossover advanced refunding. In the advanced refunding, the prior principal and interest is paid with proceeds of the new refunding bonds. Note that an issuer has an IRS imposed one-time option to refund an issue of bonds more than 90-days prior to the call date. 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 shorter maturity for the designated length of time and that a smaller reduction in interest rates produces significant present value debt service savings versus issuing twenty-year bonds with an advanced refunding. While the new bonds retain the original call provisions, if any, the bonds are no longer advance refundable.

The crossover advanced refunding is essentially the same as the traditional advanced refunding with one key exception. Instead of the refunding bonds paying the principal and interest of the prior bonds the refunding proceeds are used to pay the principal of the prior bonds and the interest on the new refunding bonds until the balloon maturities (prior bonds) have been redeemed. The lease payments continue to be made to pay the current interest on the prior bonds and then crossover to the refunding bonds when the escrow pays off the 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 defeased, i.e. they technically remain on the books of the state until the escrow pays off the balloon maturities amount on the original maturity date.

## 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 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 were remarketed by Salomon Smith Barney until March 1, 2001, the redemption date. The Notes carried an all-in-cost of 4.51 percent, excluding the permanent financing.

**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) provided a stand-by letter of credit and Lehman Brothers was the remarketing agent until March 1, 2001, the redemption date. The Second Series Notes carried an all-in-cost of 4.22 percent, excluding the permanent financing.

**Turnpike Authority Economic Development (Revitalization) Road Revenue Bonds.** The 2000 Series Bonds were sold in November 2000 and closed on December 6, 2000. These bonds provided permanent financing for both the First and Second Series Project Notes above. The 2000 Bonds were structured similar to the SPBC 68 Bonds in that they had a Medium Term Note component and were subsequently refunded by the Turnpike Authority 2001 Series B Bonds. The 2001 Series B Bonds were underwritten by a syndicate lead by UBS PaineWebber and carried an all-in cost, including the interim financing of 5.17 percent. Additionally, the 2001 Series A Bonds economically refunded a portion of the TAK 1995 Economic Development Bonds and restructured the 1993 Debt Service Reserve Fund for significant debt service savings of approximately \$10 million combined.

In early February 2001, the Turnpike Authority and OFM restructured the Economic Development 1993 Debt Service Reserve Fund ("DSRF") because of significant negative arbitrage in the refunding escrow for the prior bonds. The DSRF was invested in U.S. Treasury STRIPs (zero coupon securities) that, over the life of the issue would recover most of the negative arbitrage. However, if the 1993 Bonds were ever refunded, the DSRF would transfer on the call date of the refunded bonds to the new refunding issue in an amount proportionate to the amount of 1993 Bonds refunded at current market value. Such a transfer could potentially create a considerable rebate liability that would offset any debt service savings arising from a refunding, known as a transferred proceeds penalty. Since interest rates had dropped significantly since the purchase date, the securities were well in excess of book value. It was determined that the best course of action was to liquidate the existing portfolio, take the capital gains, and use them to offset the existing negative arbitrage in the refunding escrow. The proceeds from the sale would be used to purchase a

Guaranteed Investment Contract ("GIC") to meet the DSRF requirement of \$57,054,000. The benefit of a GIC is that they are always valued at par or face value, avoiding the mark to market rules in the event of a refunding. The sale proceeds were \$63,462,095 less the DSRF requirement of \$57,054,000 less an estimated Rebate payment of \$654,000 which netted the Authority approximately \$5,754,000. This amount was used to offset the next TAK debt service payment thus freeing up funds to reduce the FY 2001 Road Fund short fall. More importantly it allowed staff to move forward with a refunding of the 1993 Bonds without the possibility that all the savings would be offset by a rebate payment owed to the IRS.

## Agency Fund Supported Project Notes

**1998 Agency Fund Series.** The project consisted of the Agency Bond Pool (\$35 million) and approximately \$63.1 million in line item agency funded bond projects, including the University of Kentucky ("UK") Stadium Expansion, UK Rural Health Center, Eastern Kentucky University ("EKU") Law Enforcement Basic Training Complex, the Kentucky Higher Education Assistance Authority (KHEAA) building and the Kentucky 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. The 1998 Agency Fund Project Notes were supported by a direct-pay letter of credit issued by Commerzbank AG and marketed by Lehman Brothers.

SPBC Project 66 (Agency Fund) Revenue Bonds were issued on June 22, 2000 to provide permanent financing for the UK Stadium Expansion, ECU 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.

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 remaining \$6,840,000 of 1998 Agency Fund Series Project Notes outstanding, issued to fund the Crisp and Aging Allied Health facilities for the University of Kentucky, were converted to permanent financing by SPBC Project 70 on April 18, 2001. The all-in-tic, including the interim financing for the Project 70 bonds was 4.75 percent. The Notes were redeemed on July 16, 2001.

## 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 is a compilation of yields based upon highly rated seven-day variable rate demand notes that reset weekly. Comparison versus the benchmark improved over the reporting period as Tax-exempt Commercial Paper yields lag the weekly market, both when rates are increasing and decreasing and tend to smooth out some of the volatility that the weekly markets can experience due to short-term technical factors. Over time, we would expect that the Commission's credit enhanced variable rate debt to trade very close to BMA. ***A summary of credit facility providers for ALCo Project Notes may be found in the Appendix.***

## Kentucky Asset/Liability Commission

Weighted Average Yields Cost of Capital

	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	04/14/00	07/16/01	01/18/01	11/01/00	09/13/00	07/12/00	07/16/01	07/16/01	03/01/01	03/01/01

### Inception Weighted Average Yields - Includes Fees

#### June 30, 2001

Average Notes Outstanding	-	53,478,124	18,891,677	-	-	-	13,245,344	25,181,786	68,439,766	54,065,041
Weighted Yields	-	3.710%	4.095%	-	-	-	3.977%	3.721%	3.783%	4.047%
Remarketing Fee	-	0.060%	0.060%	-	-	-	0.060%	0.060%	0.060%	0.060%
Credit Facility Fee	-	0.293%	0.000%	-	-	-	0.186%	0.193%	0.017%	0.055%
Average Cost of Funds	-	<b>4.063%</b>	<b>4.155%</b>	-	-	-	<b>4.223%</b>	<b>3.974%</b>	<b>3.860%</b>	<b>4.162%</b>

#### December 31, 2000

Average Notes Outstanding	-	30,759,838	19,033,648	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%	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%
Credit Facility Fee	-	0.496%	0.890%	0.340%	0.180%	0.198%	0.182%	0.195%	0.214%	0.429%
Average Cost of Funds	-	<b>4.395%</b>	<b>5.035%</b>	<b>4.405%</b>	<b>3.941%</b>	<b>3.916%</b>	<b>4.467%</b>	<b>4.008%</b>	<b>4.284%</b>	<b>4.555%</b>

#### 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	0.169%	0.757%	0.842%	0.340%	0.183%	0.212%	0.217%	0.196%	0.213%	0.660%
Average Cost of Funds	<b>3.588%</b>	<b>4.472%</b>	<b>4.806%</b>	<b>4.280%</b>	<b>3.876%</b>	<b>3.917%</b>	<b>4.320%</b>	<b>3.716%</b>	<b>4.108%</b>	<b>4.544%</b>

#### 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	0.192%	0.766%	0.842%	0.341%	0.193%	0.262%	-	0.208%	0.213%	0.660%
Average Cost of Funds	<b>3.577%</b>	<b>4.267%</b>	<b>4.602%</b>	<b>4.301%</b>	<b>3.592%</b>	<b>3.730%</b>	-	<b>3.598%</b>	<b>3.923%</b>	<b>4.425%</b>

(1) Includes taxable component for 29 days

(2) UK Stadium includes a taxable component

(3) Agency Fund Combined includes taxable component

The Commission had two financial agreements outstanding during the period. The first transaction, an interest rate swap which has been previously reported, relates to the synthetic advanced refunding of the SPBC Project 40 (Second Series) Bonds. This transaction was terminated in conjunction with the issuance of SPBC Project 69 Series C Bonds that currently refunded the SPBC 40 (Second Series). The swap was originally entered into on

August 3, 1998 with Merrill Lynch to synthetically advance refund a portion of SPBC Project 40 (Second Series) Revenue Bonds that were not otherwise refundable. The Commission was to receive a

## FINANCIAL AGREEMENTS

variable rate, equal to the rate on its variable rate notes that would have refunded the SPBC bonds, in exchange for making a fixed rate payment beginning on November 1, 2001. The value of this transaction varied daily with changes in market rates of interest, as do all fixed income securities. The interest rate swap had a termination cost of (\$900,000) on April 18, 2001, the unwind date. The decrease in the market value was reflective of the recent decrease in interest rates, as the Commission had contracted to pay a fixed rate that was above the current market rate. On the positive side, the Commonwealth was able to sell refunding bonds at lower yields that resulted in net savings (after deducting the cost of the swap) of \$1,058,926 thus achieving the original goal (from August 1998) of locking in present value savings for the SPBC 40 (Second Series) Bonds.

In this particular transaction the Commonwealth was to make fixed rate payments. As interest rates increased shortly after the transaction was executed, the swap increased in value. Then as interest rates declined, the swap had less value. At January 2, 2001, the projected savings from a forward refunding was approximately \$1.1 million dollars after netting out the termination cost (\$623,000) of the swap. As you can see, even though the swap termination payment increased from the last reporting period, the refunding results stayed essentially the same as lower coupons produced enough benefit to offset the increased termination fees. Staff verified with a respected swap dealer the termination fees prior to executing the termination of the agreement with the counter-party.

The second financial agreement transaction entered into in April 2001 is a total return swap relating to the \$56,485,000 July 1, 2009 maturity of the Turnpike Authority Resource Recovery 1985 Series A Bonds, which bears interest at 6 percent. Staff has been working for approximately 18 months to develop this transaction with Morgan Stanley ("MS"). The 1985A Bonds could not be economically refunded, despite a very low interest rate environment, due to the enormous transferred proceeds penalty associated with the DSRF, which is earning approximately 10 percent. MS, bond counsel and the Commonwealth worked out a structure whereby the bonds would be called, but not redeemed. Once called the bonds were sold to MS. ALCo then entered into a Total Rate of Return swap, whereby MS pays ALCo 6 percent (the coupon on the bond) and ALCo pays to MS, BMA (short-term tax-exempt municipal index) plus a spread (currently 58 basis points) to cover expenses.



ALCo collects the difference between the two payments and deposits the proceeds in an (swap) account held for the benefit of the Road Fund. This account also secures future payments to MS under the agreement, if necessary. By executing this transaction, ALCo has synthetically converted a portion of the Road Fund's obligations to variable rate from fixed rate, which helps to offset declining investment earnings during a period of falling and low interest rates. The expected benefit from this transaction is estimated to be approximately \$7-\$8 million over the life of the transaction, however, none of the benefit can be made available to the Road Fund until the accumulated balance in the swap account exceeds \$3 million at any point in time. At June 30, 2001 ALCo collected \$196,000, the first payment for the period beginning in April through June 30, 2001. Since the Turnpike Authority still retains the right to call the bonds, the termination value of the swap is essentially the present value of the fixed expenses (13 basis points). In the event that short-term tax-exempt interest rates rise above the coupon on the bonds the transaction would be terminated and the bonds would be resold to the marketplace. If the value of the bonds in the market are below par, then ALCo would make a payment from the swap account to MS equal to the difference between the then-market value and par. Alternatively, the Road Fund could purchase the bonds as an investment at par. The Road Fund and the Turnpike Authority get the best of both worlds with this transaction in that they retain the highly valuable DSRF earning 10 percent and lower the cost of borrowing as long as rates stay low. In the event that interest rates rise dramatically, then the investment portfolio of the Road Fund will earn significantly more than projected.

The Commission continues to evaluate the merits of using different financial agreement structures to provide additional value to the investment and debt management programs of the state. In the next report, staff will report one additional Road Fund total return transaction for the Turnpike Toll Road 1986 Series A Bonds, which are not otherwise economically refundable. This transaction is very similar to the above-referenced Resource Recovery transaction, except that the savings levels would be locked in with an additional swap from variable back to fixed. Also, to report will be a General Fund transaction to hedge the issuance of refunding bonds similar to the transaction above for SPBC 40 (Second Series).

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

## General Fund Model

# ASSET/LIABILITY MODEL

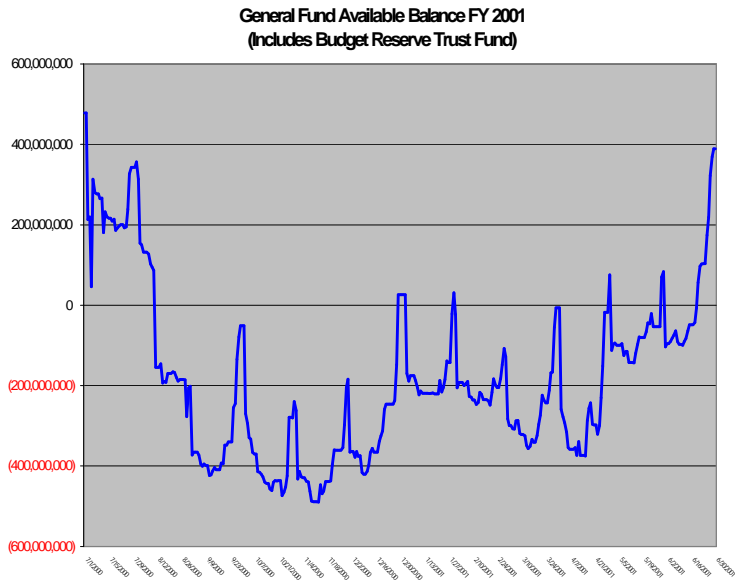
Three significant issues took place during the first half of calendar 2001. SPBC 68 (Second Series), which refunded the MTN

portion of SPBC Project 68 Bonds, was an innovative structure developed by UBS PaineWebber and the first transaction of its type conducted by a municipal issuer (See detailed discussion above). The transaction team is aware of only a handful of similar transactions, one of which was the Turnpike 2001 Series B Bonds. This unique approach has changed the way we think about financing and refinancing the Commonwealth's debt.

The second issue was the \$422,935,000 SPBC 69 Series A, which converted the ALCo 1999 General Fund Second Series to permanent financing and refunded a portion of the SPBC Project 54, 56, 59, 64 and 65 Bonds. The \$22,870,000 SPBC 69 Series B Bonds refunded a portion of the Project 53 Bonds. The \$27,030,000 SPBC 69 Series C Bonds refunded the Project 40 (Second Series) Bonds and the \$39,320,000 SPBC 69 Series D Bonds refunded a portion of the Project 54 Bonds. The Series B, C and D Bonds were forward delivery bonds with delivery dates of July 3, 2001, August 3, 2001 and June 5, 2002, respectively. The delayed delivery was necessary to meet tax law requirements since these bonds were not refundable on an advanced basis. The SPBC 69 refunding generated \$8,227,986 in present value savings or 3.025 percent of refunded par. Since SPBC represents a large portion of the General Fund appropriation supported debt, these issues had a significant impact on the weighted average yields and duration of outstanding liabilities. The refunding of outstanding obligations helped to lower the overall market yield of the SPBC debt portfolio to 3.638 percent, however modified duration extended by .12 years to 4.82 years due to the issuance of permanent financing for capital projects.

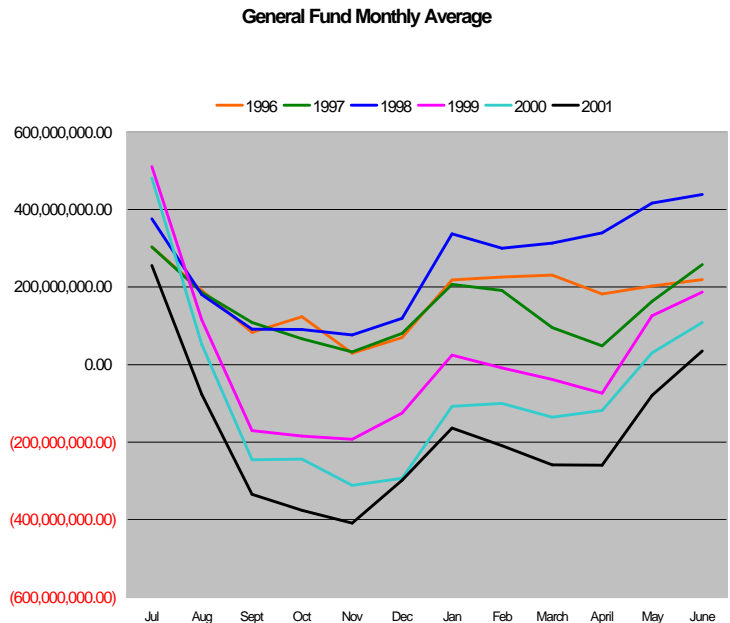
The third issue was the sale of Index Rate Notes based upon a percentage of 30-day USD LIBOR. This transaction was the first of its kind in a number of years and hopefully will reestablish the market for this product. Staff believes that this product is critical in managing the net interest margin for the General Fund in that now both the asset (short-term investment pool) and the liability (TRANS) are highly correlated to the same taxable index. This should allow staff to maintain a better, more consistent spread between investment income and interest expense on the TRANS, assuming that the General Fund has sufficient funds to invest. The later has proved to be a significant problem in FY 2001 and is discussed in more detail beginning on page 14. Previously the Commission issued only fixed rate TRANS because of

the expense and inconvenience associated with 7-day variable rate demand notes. The fixed rate notes were the vehicle of choice as long as interest rates were rising, but when rates began to fall so did investment returns and income available to pay the TRAN interest expense. Additionally, this product may have other applications, especially for our Project Note program. Staff eagerly awaits the results of the initial issuance to see if market acceptance will allow repeat performances in this area.



The General Fund continues to be subject to seasonal fluctuations consistent with historical expenditure and receipt patterns, however, the magnitude is much more severe with the slowing economy and reduced revenues. For the first time since the Budget Reserve Trust Fund became a statutory account, the Governor made two withdrawals to balance the fiscal 2001 budget.

The General Fund balance, including the Budget Reserve Trust Fund, had a high balance of \$478.3 million on July 1, 2000 and a low of **negative \$489.8 million** on November 13, 2000. The General Fund ended the fiscal year with a balance of \$389.0 million. The average and median balances were a **negative \$180.8 million** and a **negative \$218.0 million**, respectively. For purposes of calculating the available balance for the TRAN computation, \$209.0 million of the Budget Reserve Trust Fund balance is excluded, prior to the withdrawals made in the spring and summer to balance the 2001



Budget. Taking into account the adjustment, the balances were as follows: the high was \$269.4 million on July 1, 2000; the low was **negative \$698.8 million** on November 13, 2000; the average was **negative \$389.8 million** and the median was **negative \$427.0 million**. The ending balance on an adjusted basis was positive \$180.0 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 positive \$239.0 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. The FY 2001 TRAN proceeds added economic benefit in that it reduced the amount of borrowing from other sources but could not fully offset the negative balances of the General Fund.

From a liability management perspective, total General Fund debt service, net of reserve fund credits, was \$308.7 million through June 30, 2001 versus investment income of \$36.2 million, resulting in a net interest margin of **negative \$272.5 million**.

The General Fund received a significant capital investment of \$1.047 billion of bond authorized projects for the 2000-2002 biennium, the majority of which will receive initial funding in FY 2002. The Commission believes that given the absolute low level of interest rates and the prospects for another 25-50 basis points reduction in short-term interest rates by the Federal Reserve, the coming months offer an opportune time to permanently finance the current capital program at extremely attractive interest rates. In fact, rates are sufficiently low and given our front loaded debt structure we may want to consider leveling out a portion of our future debt service to better match our assets and our liabilities.

Currently the Commonwealth's fixed rate debt is extremely front loaded, with 32 percent of principal maturing in five years and 64 percent of principal maturing within 10 years (through SPBC 71). Standard & Poor's minimum guidelines allow for 25 percent of principal amortization in 5 years and 50 percent of principal amortization in 10 years. Clearly, there is room to rebalance our debt service profile without extending the principal amortization of the projects beyond the traditional twenty-year period. In fact, this can be accomplished in the current market at a relatively small cost of approximately 10-20 basis points on a callable basis. Discussions with the rating agencies indicate that they would generally be comfortable with our proposed targets of 27-30 percent in 5 years and 55-60 percent within 10 years assuming that a structurally balanced budget is maintained. Unfortunately, extremely low interest rates arrive at a time when the economy is weak and revenues/budget are experiencing distress. The ability for the Commonwealth to lock-in long-term financing at rates below 5 percent is an opportunity that we have seen only once in the last three decades. This vehicle should not be viewed as a quick fix for budget woes, but as a mechanism to better manage the state's balance sheet over a longer period of time.

## Road Fund Model

In late February 2001, Turnpike Authority Economic Development Road Revenue Bonds, Series 2001 A refunded selected maturities totaling \$153,230,000 of the Economic Development Bonds Series 1993 and 1995. Present value savings (net of any potential rebate) were \$5,264,341 or 3.56 percent.

In March 2001, Turnpike Authority Economic Development Road Revenue Bonds, Series 2001 B refunded the \$59,735,000 of MTN's associated with the Authority's Economic Development Series 2000 Bonds previously issued in October 2000. The present value savings were \$3,099,448 or 5.19 percent of refunded par.

### **The DSRF restructuring combined with the refunding of the 2001 Series A and 2001 Series B Bonds generated in excess of \$14 million of value added to the Road Fund.**

The Road Fund average daily cash balance for FY 2001 was \$601.7 million. Of that average amount, \$526.4 million was invested in the Intermediate-term Investment Pool and \$75.3 million in the Long-term Investment Pool. The duration of the respective pools was 1.77 years and 2.66 years as of June 30, 2001. The Road Fund earned \$40.1 million on a cash basis in FY 2001 versus \$32.5 million in FY 2000.

As of June 30, 2001, the Turnpike Authority ("TAK") had \$1.027 billion of bonds outstanding with a weighted average coupon of 5.27 percent and a modified duration of 4.42 years. The yield at market was 3.29 percent indicating that selected maturities might be refundable depending upon the tax status of the bonds. Selected maturities with the most economic value, of the Resource Recovery 85A and Toll Road 86 A, have been or will be synthetically refunded with financial agreements as identified previously.

Debt service paid, net of reserve fund credits, during FY2001 was \$154.5 million resulting in a net interest margin (investment income earned less debt service paid) of negative **\$114.4 million**. The negative amount stems from a general decrease in interest rates on the investment side and fixed rate obligations on the liability side. As the Road Fund has experienced in recent years, this trend can reverse itself very quickly when interest rates rise. 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 has executed a fixed-to-floating interest rate swap to convert a portion of the Resource Recovery 85 A Bonds to variable rate to offset some of the volatility. By converting the Resource Recovery 85 A Bonds to variable rate the Road Fund has approximately 4 percent of floating rate liabilities, well within the regulatory limit of 10 percent. The duration gap between the assets and liabilities of the Road Fund should continue to remain in a manageable range for the balance of FY 2002 as the only remaining 2000 Road Fund bond authorization is for the Transportation Building. Those bonds are anticipated to be sold in late October or early November 2001.

# Summary

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

- **Investments:** Incremental returns derived from new investment asset classes are \$5.3 million for FY01 and \$ 15.6 million since inception.
- **Cash Management:** Improved dramatically with the implementation of the General Fund Tax and Revenue Anticipation Note program producing \$3.2 million in FY98, \$4.7 million in FY99, 7.2 million in FY00 and \$6.5 million in FY01 for a total of \$21.7 million in economic value.
- **Debt Management:** Contributed an estimated \$117.4 million in value-added.
  1. Synthetic advanced refunding of SPBC 40 (Second Series) using a delayed start interest rate swap produced \$1.1 million in present value savings.
  2. Synthetic refunding of TAK Resource Recovery 1985 Series A Bonds has accumulated \$0.2 million to date.
  3. Lapsed General Fund debt service for FY99 was \$10.5 million, for FY00 was \$29.1 million and for FY01 was \$76.5 million for a total of \$116.2 million. This amount reflects the savings from actual versus budgeted debt service.
- **Total value added since inception, \$154.7 million.**

## NOTES TO SEMI-ANNUAL 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 SPBC Project 65 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 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-Thuringen Girozentrale and HypoVereinsbank AG, two of Germany's leading banks. The all-in cost, including short-term financing, was 5.73 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 SPBC Project 64 Bonds sold on August 17, 1999 and carried an all-in interest cost, including the project notes of 5.19 percent.

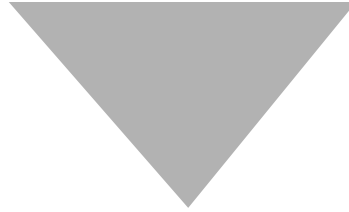
**1999 General Fund First Series.** On March 17, 1999 the Commission delivered \$49,195,000 of fixed rate project notes to permanently fund the University Research Equipment Pool, Commonwealth Virtual University and Library and technology for the Kentucky Community and Technical College System. The transaction was structured with seven annual serial maturities to match the expected useful life of the equipment with the bonds 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-tic of 4.14 percent and were sold by Salomon Smith Barney.

**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 varied 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 provides the Commission the flexibility to issue additional Notes without credit or liquidity support. J.P. Morgan provided a stand-by letter of credit that expired November 17, 2000. Salomon Smith Barney was the remarketing agent for the Notes and was the 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 makes a payment on the Notes only if the Commonwealth fails to make timely payments. Additional benefits include 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. SPBC Project 67 generated an all-in-tic of 5.18 percent, including the cost of the short-term financing.



# APPENDIX



Monthly Investment Income Report – June 2001	A
Credit Facility Provider Summary	B
Project Note Performance vs. Benchmarks	C
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Appropriation Supported Debt Outstanding By Fund Source – June 30, 2001	E
Appropriation Supported Debt Service By Fund Source – June 30, 2001	F

# Appendix A



June 2001  
Investment Income Report

Date: 6/30/01

**PORTFOLIO SUMMARY  
POOLS**

	<b>TYPE</b>	<b>MARKET VALUE</b>	<b>MARKET YIELD (%)</b>	<b>DURATION (Years)</b>	<b>PERCENT of TOTAL</b>	<b>STATUTORY LIMIT</b>
<b>Treasuries</b>						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	594,687,153.00	4.41	2.10	17%	
	Sub-total	594,687,153.00	4.41	2.10	17%	
<b>Agencies</b>						
	Notes	1,250,187,573.00	4.94	2.11	35%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	1,250,187,573.00	4.94	2.11	35%	
<b>Municipals</b>						
		163,006,358.00	4.93	1.94	4%	
<b>Corporates</b>						
		273,699,782.00	5.26	1.82	8%	25%
<b>Mortgages</b>						
	Pools	56,780,537.00	5.69	2.28	2%	
	CMO's	194,271,585.00	5.01	1.17	5%	
	Sub-total	251,052,122.00	5.16	1.42	7%	25%
<b>Asset Backs</b>						
		228,807,845.00	4.82	1.46	6%	20%
<b>Repurchase Agreements</b>						
	Overnight	369,000,000.00	4.10	0.00	10%	
	< 30 days	65,219,563.00	3.79	0.08	2%	
	< 60 days	388,975.00	4.87	0.18	0%	
	< 90 days	345,049.00	4.56	0.25	0%	
	< 1 year	4,841,719.00	4.35	0.90	0%	
	< 2 years	0.00	0.00	0.00	0%	
	> 2 years	2,500,000.00	4.77		0%	
	Flex Repos				0%	
	Sub-total	442,295,306.00	4.06		12%	
<b>Money Market Securities</b>						
	Commercial Paper	0.00	0.00	0.00	0%	A1-P1
	Money Mkt Fund	385,989,000.00	4.10	0.0083	11%	
	Certificates of Deposit	980,077.00	4.35	0.35	0%	
	Sub-total	386,969,077.00	4.10	0.01	11%	20%
<b>TOTALS</b>		3,590,705,216.00	4.69	1.51	100%	

Date: 6/30/01

**PORTFOLIO SUMMARY  
SHORT TERM POOL**

	<b>TYPE</b>	<b>MARKET VALUE</b>	<b>MARKET YIELD (%)</b>	<b>DURATION</b>	<b>PERCENT of TOTAL</b>	<b>STATUTOI LIMIT</b>
<b>Treasuries</b>						
	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%	
<b>Agencies</b>						
	Notes	0.00	0.00	0.0000	0%	
	Discounts	0.00	0.00	0.0000	0%	
	Sub-total	0.00	0.00	0.0000	0%	
<b>Corporates</b>						
		25,000,000.00	4.74	0.3330	3%	25%
<b>Municipals</b>						
		0.00	0.00	0.0000	0%	
<b>Mortgages</b>						
	CMOs	21,287,437.00	4.60	0.3800	3%	25%
<b>ABS</b>						
		19,524,387.00	4.45	0.3200	3%	
<b>Repurchase Agreements</b>						
	Overnight	301,163,000.00	4.10	0.0027	41%	
	< 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	301,163,000.00	4.10		41%	
<b>Money Market Securities</b>						
	Commercial Paper	0.00	0.00	0.00	0%	A1-P1
	Money Mkt Fund	371,334,000.00	4.10	0.0083	50%	
	Certificates of Deposit	0.00	0.00	0.00	0%	
	Sub-total	371,334,000.00	4.10	0.01	50%	
<b>TOTALS</b>		738,308,824.00	4.15	0.0400	100%	

Date: 6/30/01

**PORTFOLIO SUMMARY  
INTERMEDIATE TERM POOL**

	<b>TYPE</b>	<b>MARKET VALUE</b>	<b>MARKET YIELD (%)</b>	<b>DURATION (Years)</b>	<b>PERCENT of TOTAL</b>	<b>STATUTOI LIMIT</b>
<b>Treasuries</b>						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	284,423,224.00	4.37	1.98	14%	
	Sub-total	284,423,224.00	4.37	1.98	14%	
<b>Agencies</b>						
	Notes	892,088,123.00	4.90	1.99	44%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	892,088,123.00	4.90	1.99	44%	
<b>Municipals</b>						
		139,553,552.00	4.93	1.94	7%	
<b>Corporates</b>						
		208,873,525.00	5.20	1.79	10%	25%
<b>Mortgages</b>						
	Pools	38,981,089.00	5.64	2.20	2%	
	CMO's	163,038,777.00	5.02	1.17	8%	
	Sub-total	202,019,866.00	5.14	1.37	10%	25%
<b>Asset Backs</b>						
		198,908,458.00	4.83	1.50	10%	20%
<b>Repurchase Agreements</b>						
	Overnight	0.00	0.00	0.0000	0%	
	< 30 days	65,219,563.00	3.79	0.08	4%	
	< 60 days	388,975.00	4.87	0.18	0%	
	< 90 days	345,049.00	4.56	0.25	0%	
	< 1 year	4,841,719.00	4.35	0.90	0%	
	< 2 years	0.00	0.00	0.00	0%	
	> 2 years	2,500,000.00	4.77		0%	
	Flex Repos				0%	
	Sub-total	73,295,306.00	3.87		4%	
<b>Money Market Securities</b>						
	Commercial Paper	0.00	0.00	0.00	0%	A1-P1
	Money Mkt Fund	14,655,000.00	4.10	0.0083	1%	
	Certificates of Deposit	980,077.00	4.35	0.35	0%	
	Sub-total	15,635,077.00	4.12	0.03	1%	20%
<b>TOTALS</b>		2,014,797,131.00	4.83	1.77	100%	

Date: 6/30/01

**PORTFOLIO SUMMARY  
LONG TERM POOL**

TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTORY LIMIT
<b>Treasuries</b>					
Bills	0.00	0.00	0.00	0%	
Treasury Notes	142,053,544.00	4.74	2.99	40%	
Sub-total	142,053,544.00	4.74	2.99	40%	
<b>Agencies</b>					
Notes	105,568,512.00	5.14	2.45	30%	
Discounts	0.00	0.00	0.00	0%	
Sub-total	105,568,512.00	5.14	2.45	30%	
Municipals	23,452,806.00	4.95	1.98	6%	
Corporates	39,826,257.00	5.93	2.90	11%	25%
<b>Mortgages</b>					
Pools	17,799,448.00	5.79	2.47	5%	
CMO's	9,945,371.00	5.82	2.80	3%	
Sub-total	27,744,819.00	5.80	2.59	8%	25%
Asset Backs	10,375,000.00	5.43	2.92	3%	20%
<b>Repurchase Agreements</b>					
Overnight	7,067,000.00	4.10	0.0027	2%	
< 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	7,067,000.00	4.10		2%	
<b>Money Market Securities</b>					
Commercial Paper	0.00	0.00	0.00	0%	A1-P1
Money Mkt Fund	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%
<b>TOTALS</b>	<b>356,087,938.00</b>	<b>5.09</b>	<b>2.66</b>	<b>100%</b>	

Date: 6/30/01

**PORTFOLIO SUMMARY  
BOND PROCEEDS POOL**

	<b>TYPE</b>	<b>MARKET VALUE</b>	<b>MARKET YIELD (%)</b>	<b>DURATION (Years)</b>	<b>PERCENT of TOTAL</b>	<b>STATUTORY LIMIT</b>
<b>Treasuries</b>						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	168,210,385.00	4.21	1.55	35%	
	Sub-total	<u>168,210,385.00</u>	4.21	1.55	35%	
<b>Agencies</b>						
	Notes	252,530,938.00	5.02	2.40	52%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	<u>252,530,938.00</u>	5.02	2.40	52%	
<b>Municipals</b>						
		0.00	0.00	0.00	0%	
<b>Mortgages</b>						
	Pools	0.00	0.00	0.00	0%	
	CMO's	0.00	0.00	0.00	0%	
	Sub-total	<u>0.00</u>	0.00	0.00	0%	
<b>Asset Backs</b>						
		0.00	0.00		0%	
<b>Repurchase Agreements</b>						
	Overnight	60,770,000.00	4.10	0.0027	13%	
	< 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	<u>60,770,000.00</u>	4.10		13%	
<b>Money Market Securities</b>						
	Commercial Paper	0.00	0.00	0.00	0%	NONE ALLOWED
	Money Mkt Fund	0.00	0.00	0.00	0%	
	Certificates of Deposit	0.00	0.00	0.00	0%	
	Sub-total	<u>0.00</u>	0.00	0.00	0%	
<b>TOTALS</b>		481,511,323.00	4.62	1.80	100%	



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## Investment Income

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As of 06/30/01

Pool	Month		Fiscal Year to Date	
	Amount	Yield *	Amount	Yield**
Bond Proceeds	4,027,257.47	9.46%	36,935,396.53	9.70%
Long Term	4,311,304.81	14.79%	36,532,288.03	10.28%
Short Term	2,155,537.06	4.63%	24,242,286.58	4.65%
Intermediate	18,155,788.67	9.47%	218,417,765.10	9.19%
<b>Grand Total</b>	<b>\$ 28,649,888.01</b>		<b>316,127,736.24</b>	

\*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.

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## Investable Balances

As of 06/30/2001

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	Average Daily Balances	
	AvgBal	Fiscal Year to Date
Bond Proceeds	517,787,146.36	380,885,582.84
Long Term	354,663,620.21	355,502,728.37
Short Term	566,610,803.52	521,777,308.04
Intermediate	2,331,481,359.20	2,377,494,866.12
	<b>3,770,542,929.29</b>	<b>3,635,660,485.37</b>

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## CASH DISTRIBUTION

June 2001

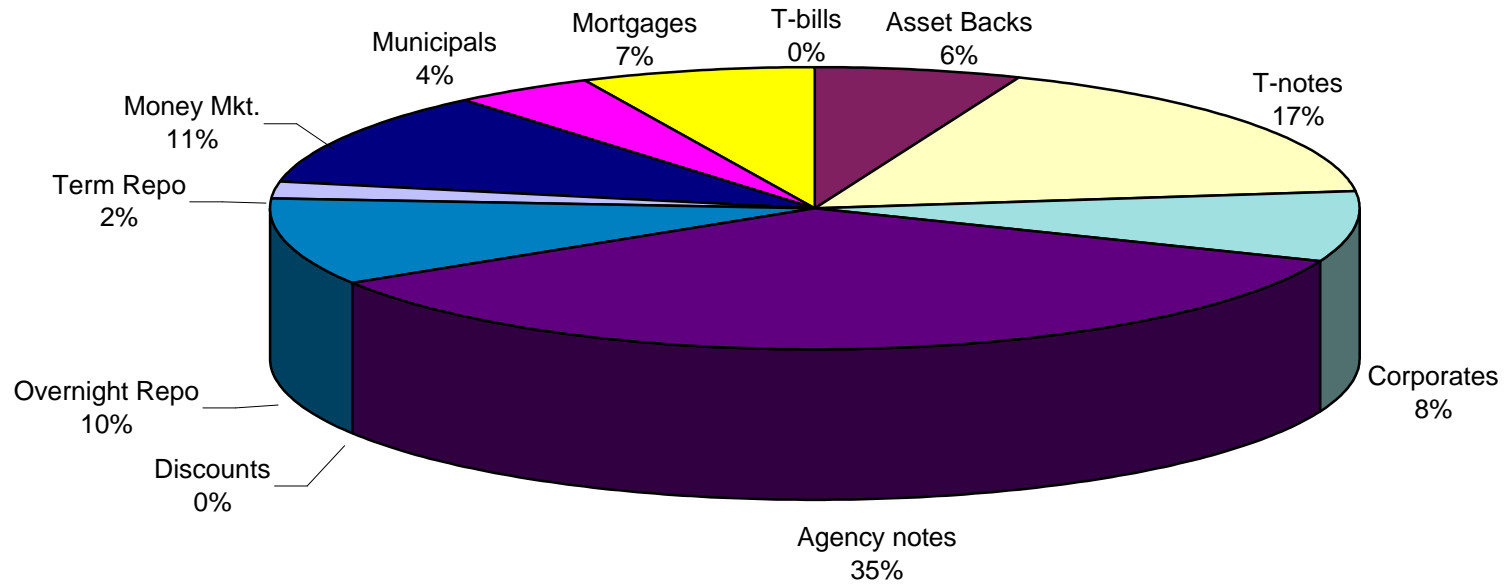
		<u>Month</u>		<u>YTD</u>	
	Actual	Budget	Actual	Budget	
General Fund	7,175,361	1,790,423	36,198,471	21,485,076	
Capital Con.	937,507	1,115,625	20,559,679	17,280,208	
Agency	1,146,711	525,000	17,174,254	6,980,208	
T&R	437,548	415,625	6,927,584	5,428,126	

**ACCRUED EARNINGS**

June 2001

		<u>Month</u>		<u>YTD</u>	
	Actual		Budget	Actual	Budget
General Fund	4,847,297		1,790,423	31,495,708	21,485,076
Capital Con.	1,378,321		1,115,625	28,952,569	17,280,208
Agency	1,072,849		525,000	21,025,065	6,980,208
T&R	851,046		415,625	10,202,658	5,428,126

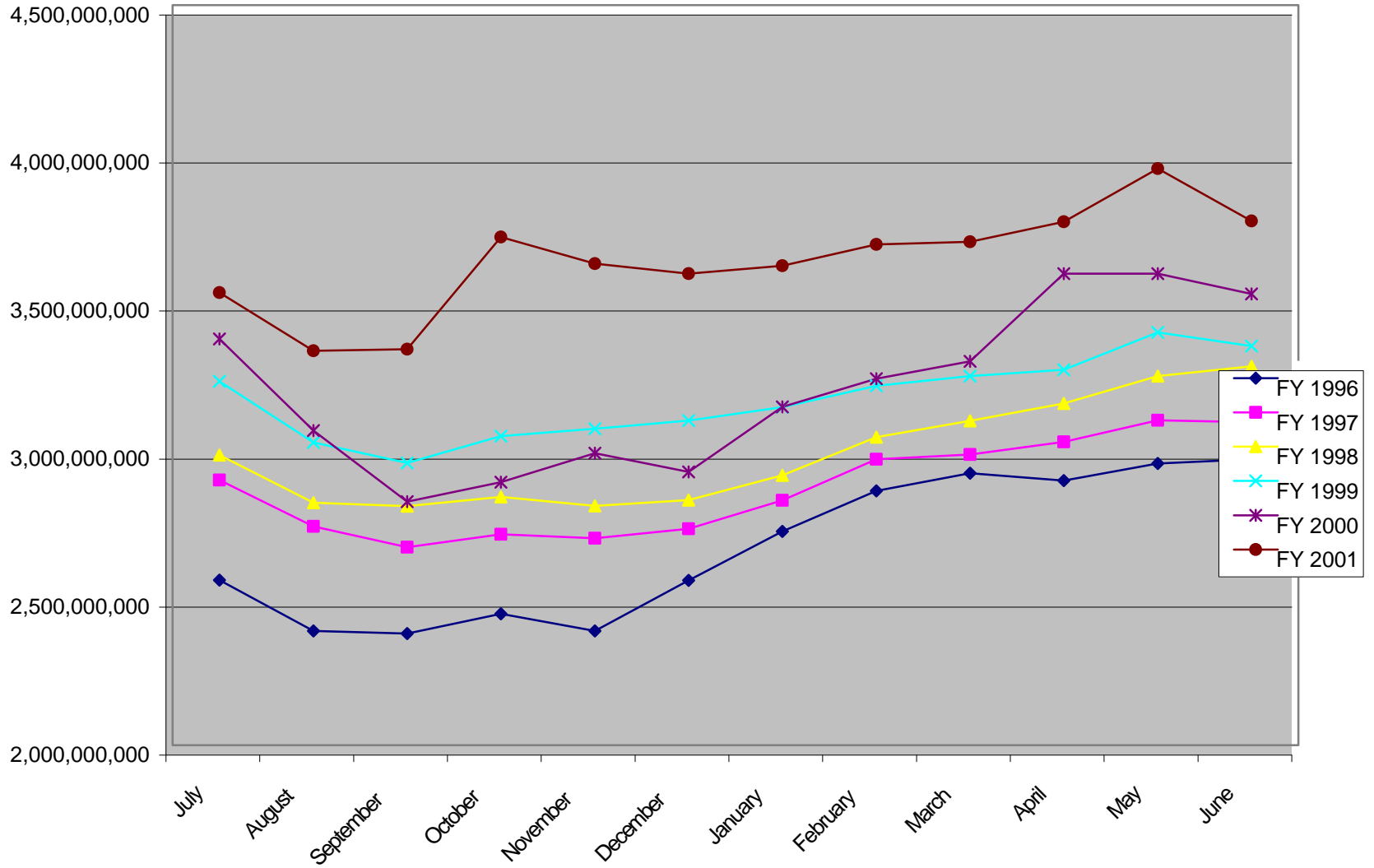
### Distribution of Investments for June



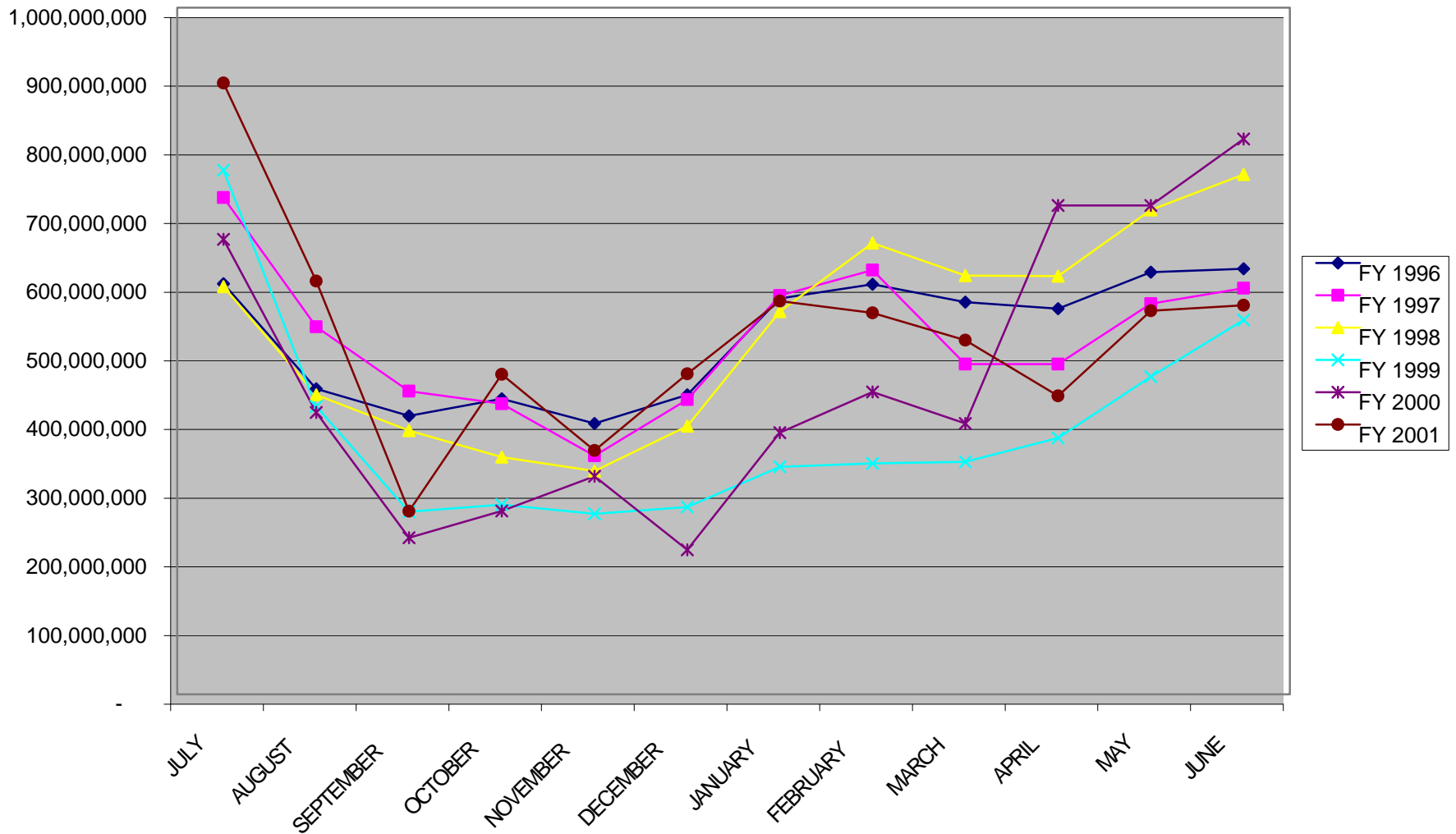
#### LIMITS

- Corporates 25%
- Mortgages 25%
- Asset Backs 20%
- Money Mkt. 20%

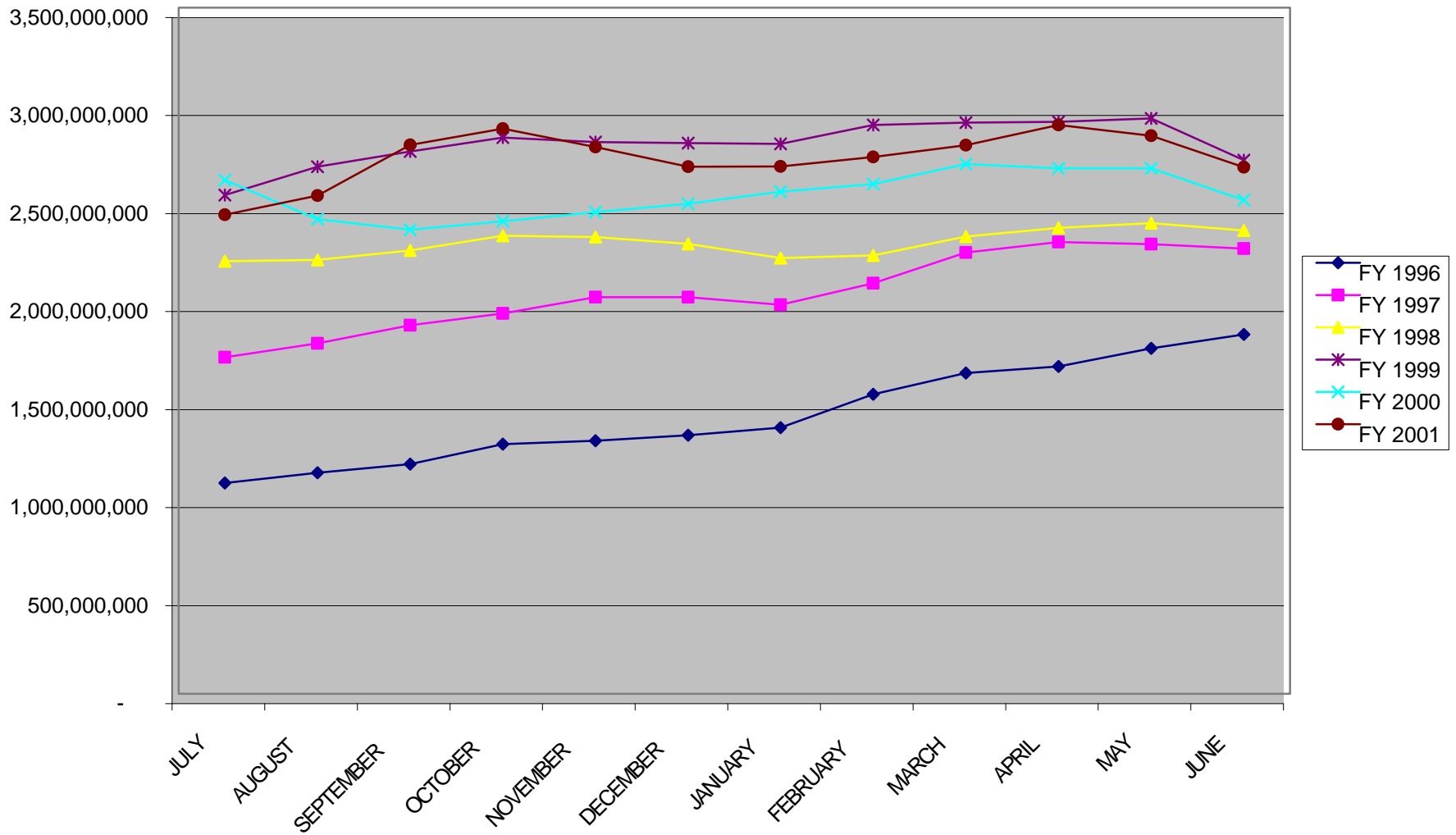
# INVESTABLE BALANCES



## SHORT TERM POOL INVESTABLE BALANCES

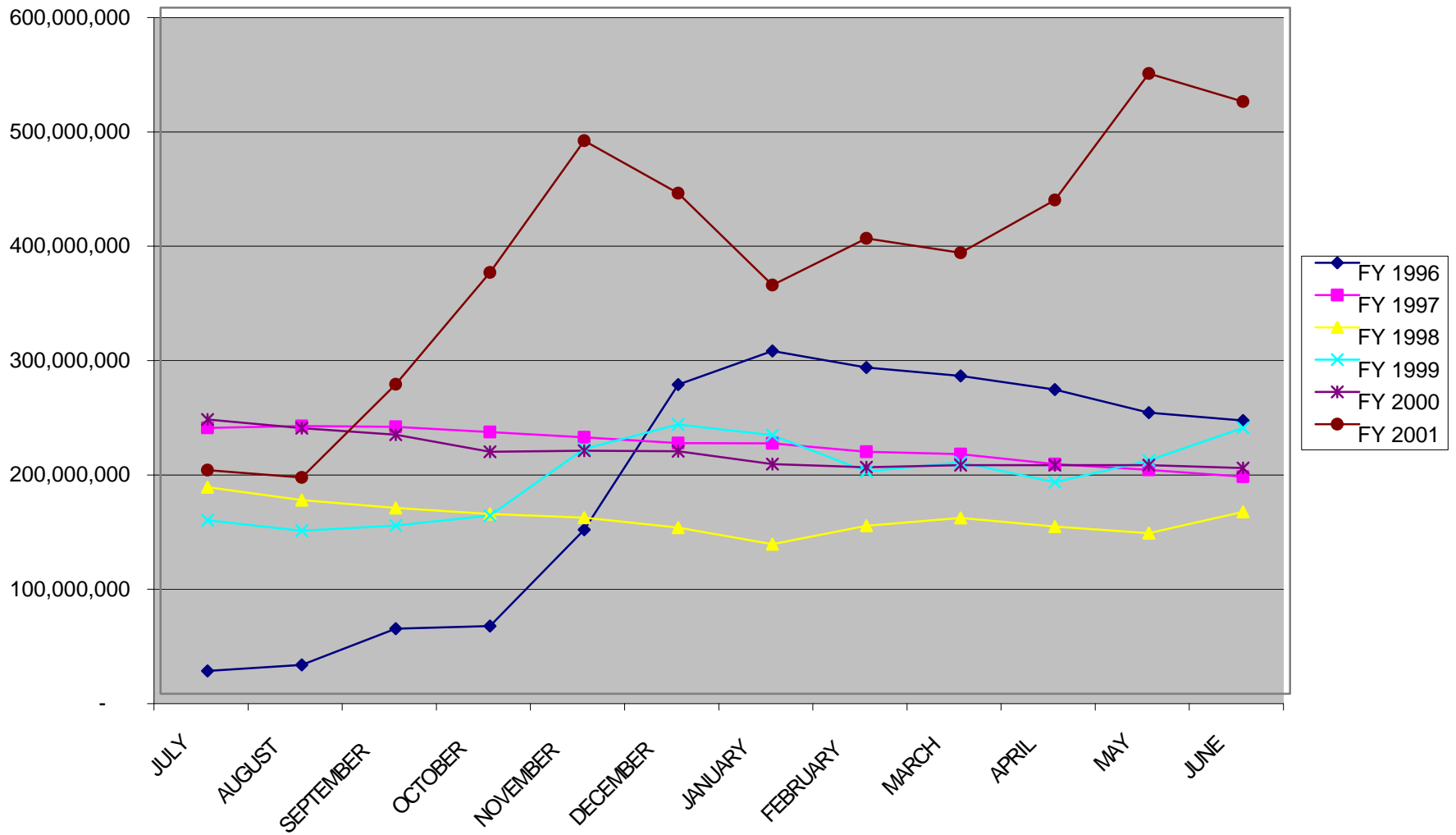


## INTERMEDIATE - LONG TERM POOL INVESTABLE BALANCES

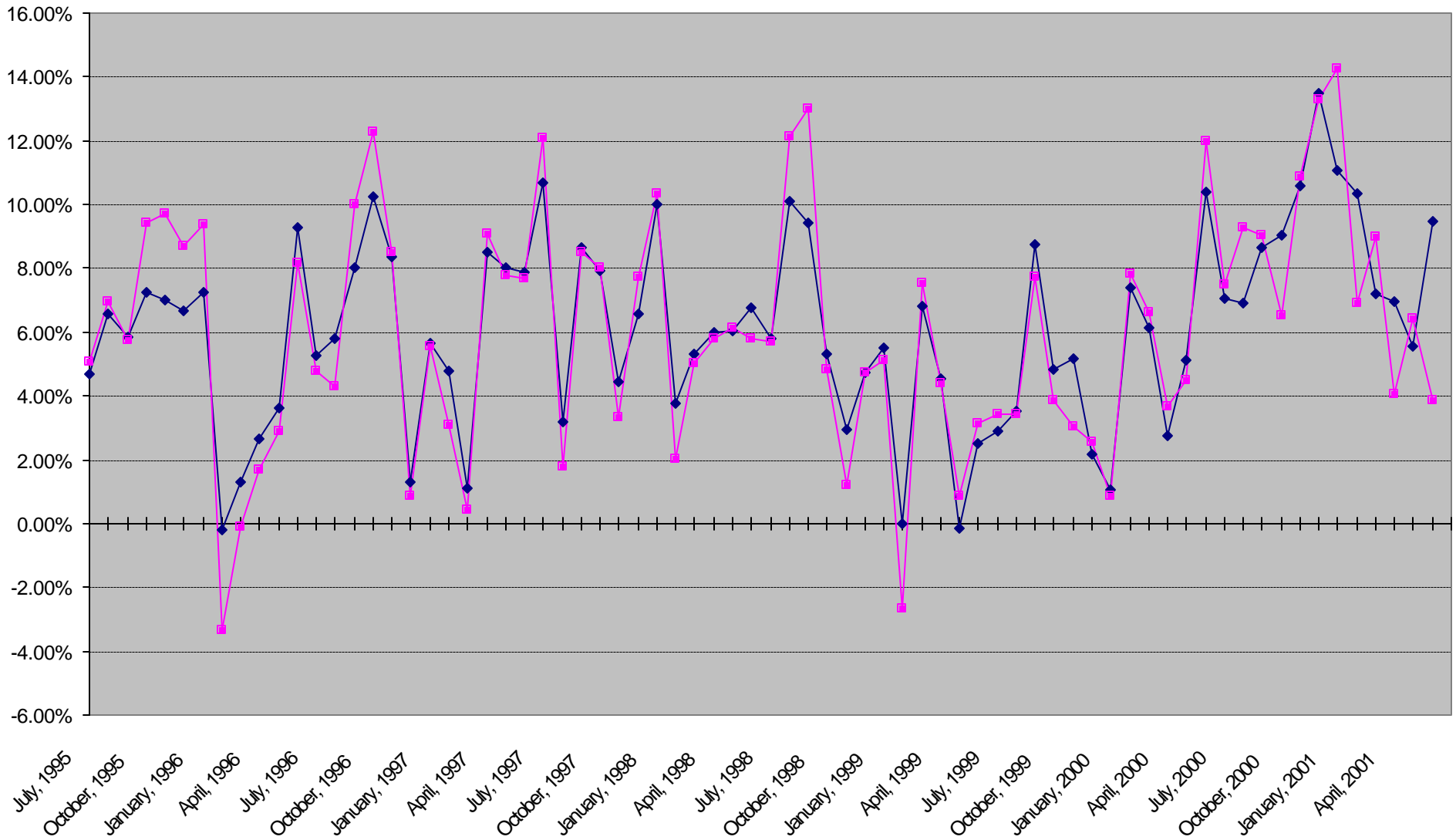




## US TREASURY-AGENCY INVESTABLE BALANCES



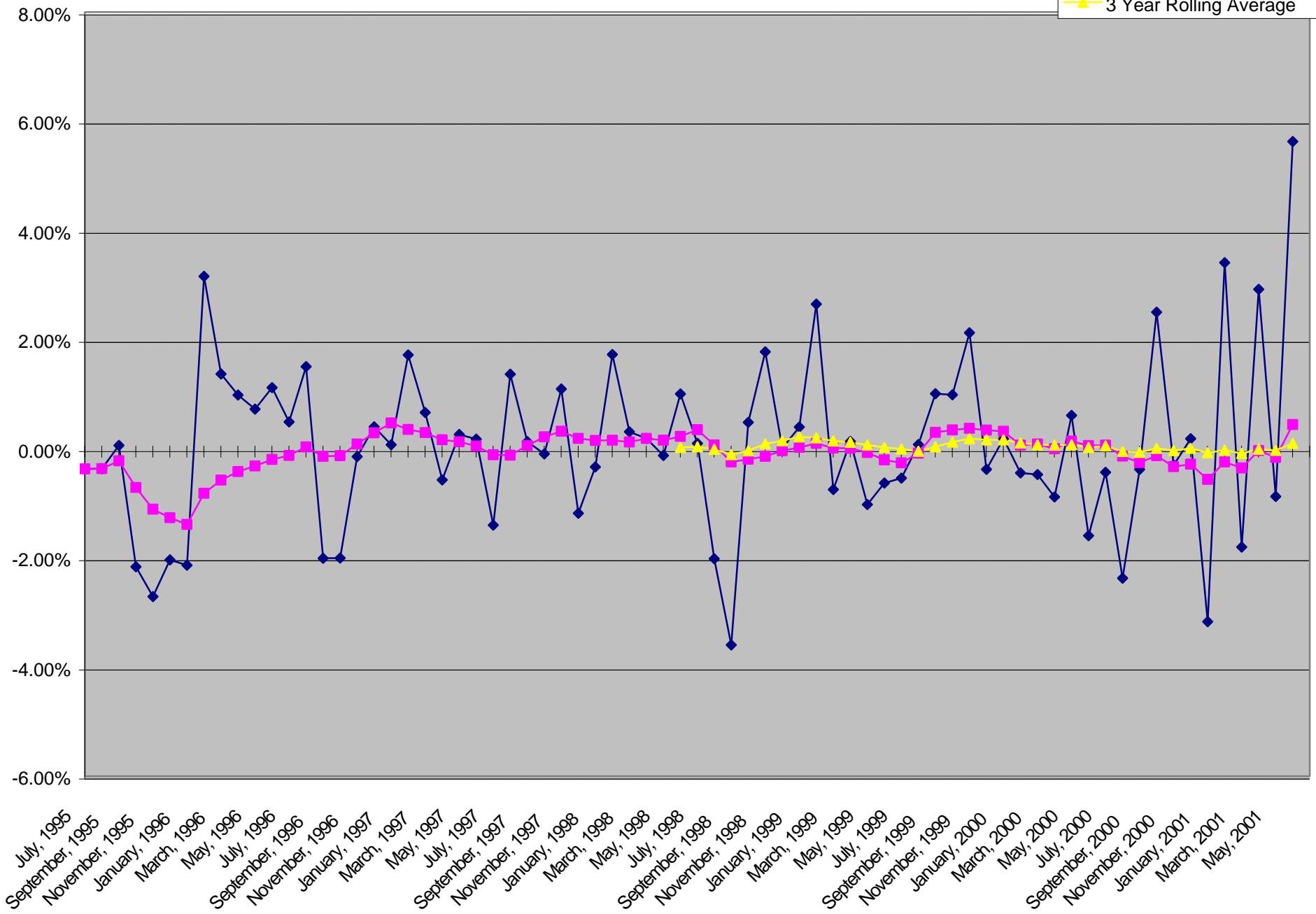
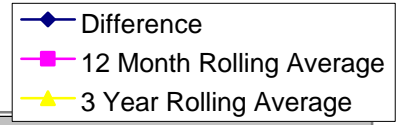
## INTERMEDIATE POOL ANNUALIZED YIELD



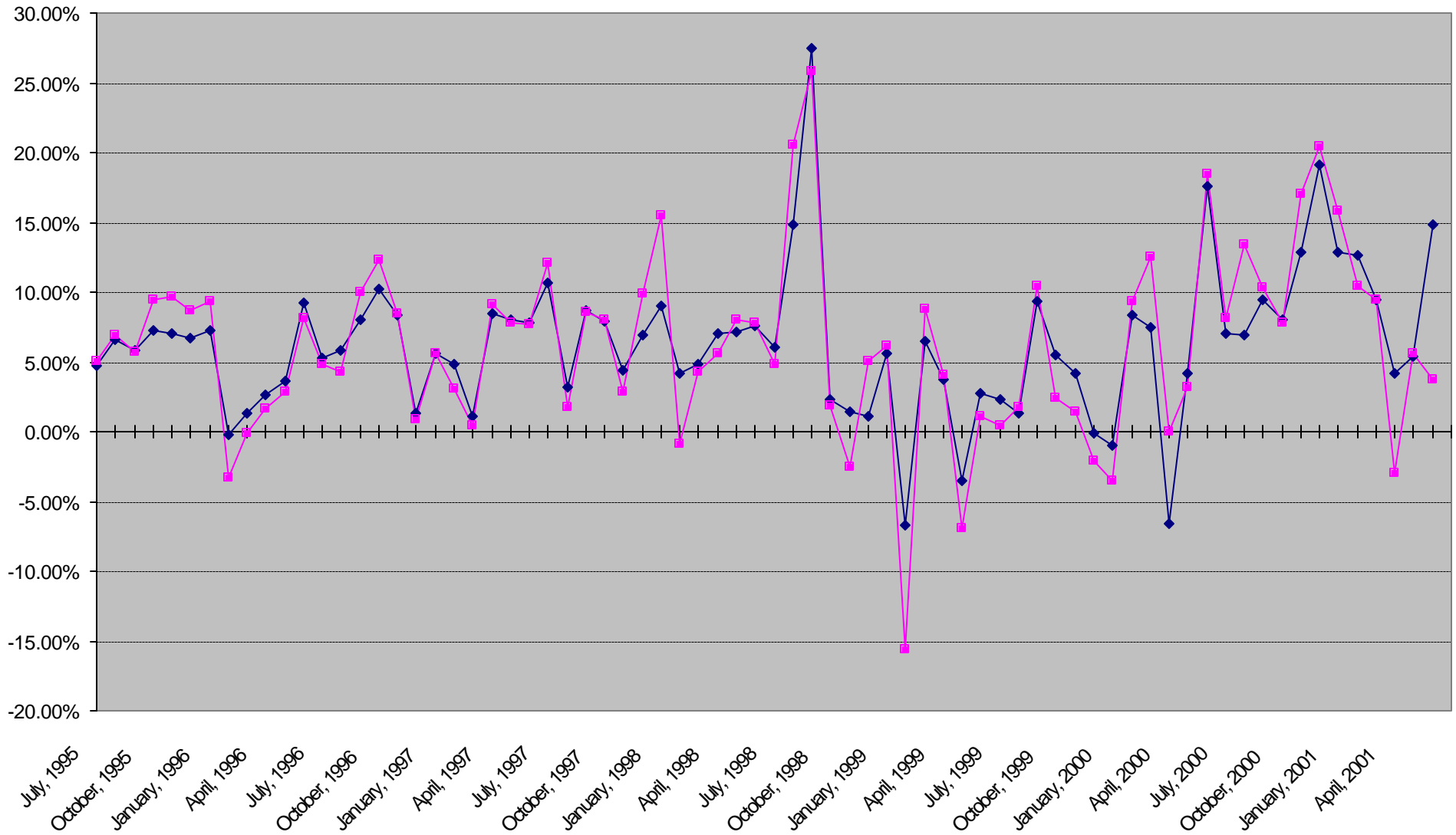
**Index consists of 70% Government 1-3 year, 15% Mortgage 0-3 and 15% money market**



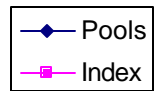
# INTERMEDIATE POOL ANNUALIZED YIELD DIFFERENCE



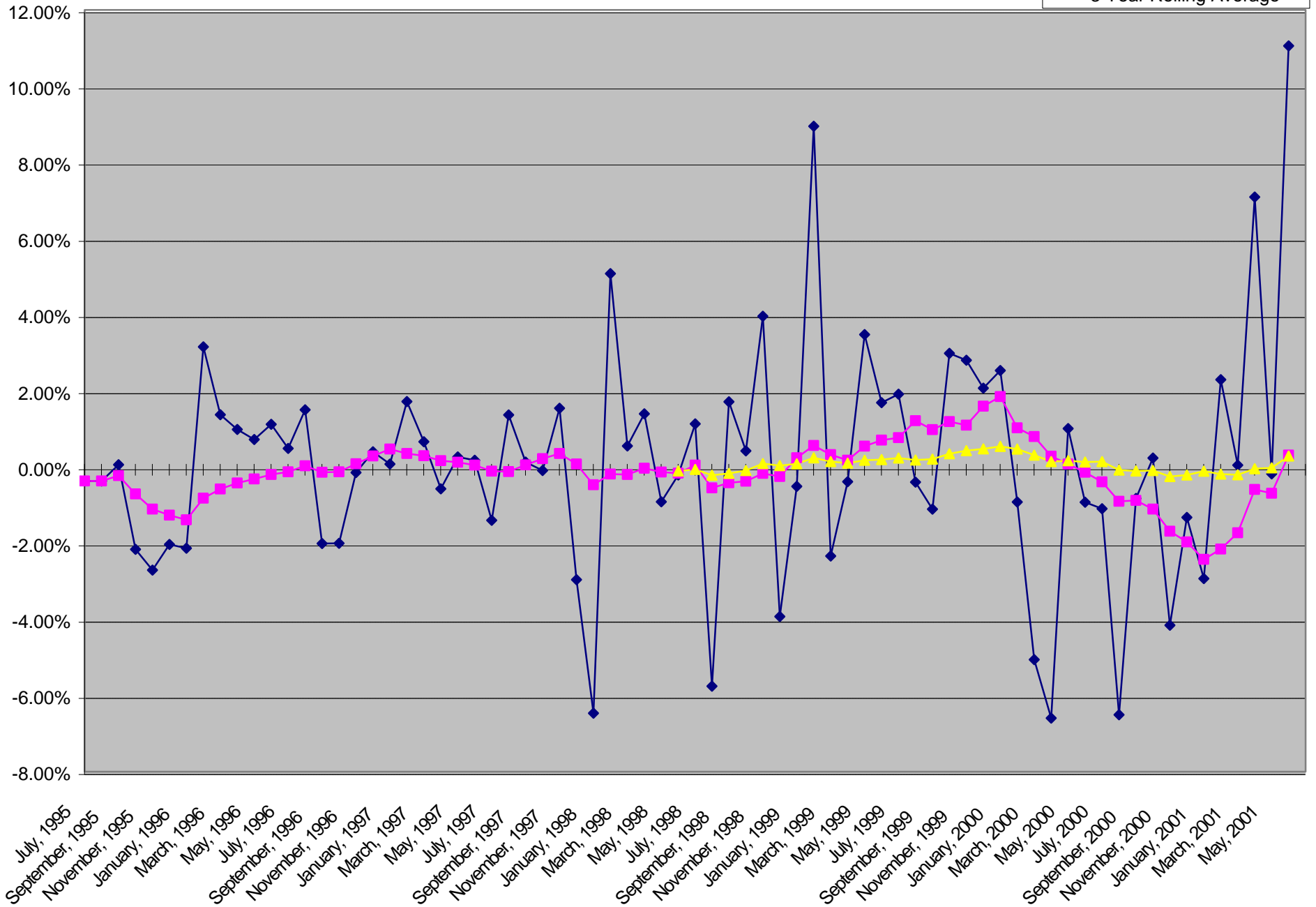
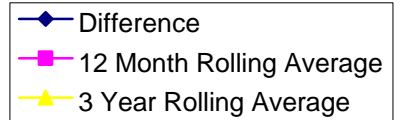
## LONG TERM POOL ANNUALIZED YIELD



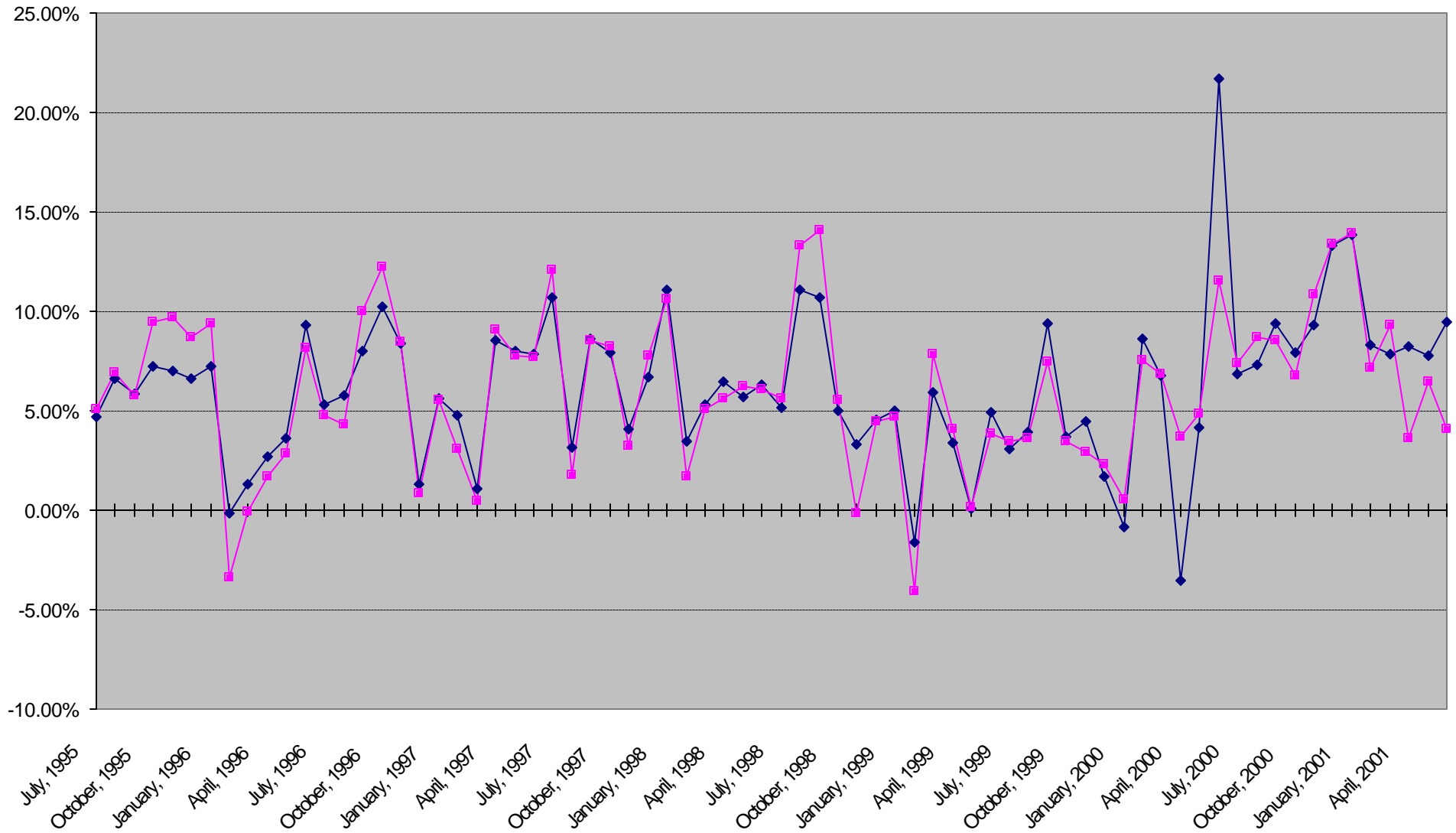
Index consists of 85% Government 1-10 year, 10% Mortgage 0-3 and 5% US Corporate 1-10



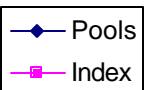
# LONG TERM POOL ANNUALIZED YIELD DIFFERENCE



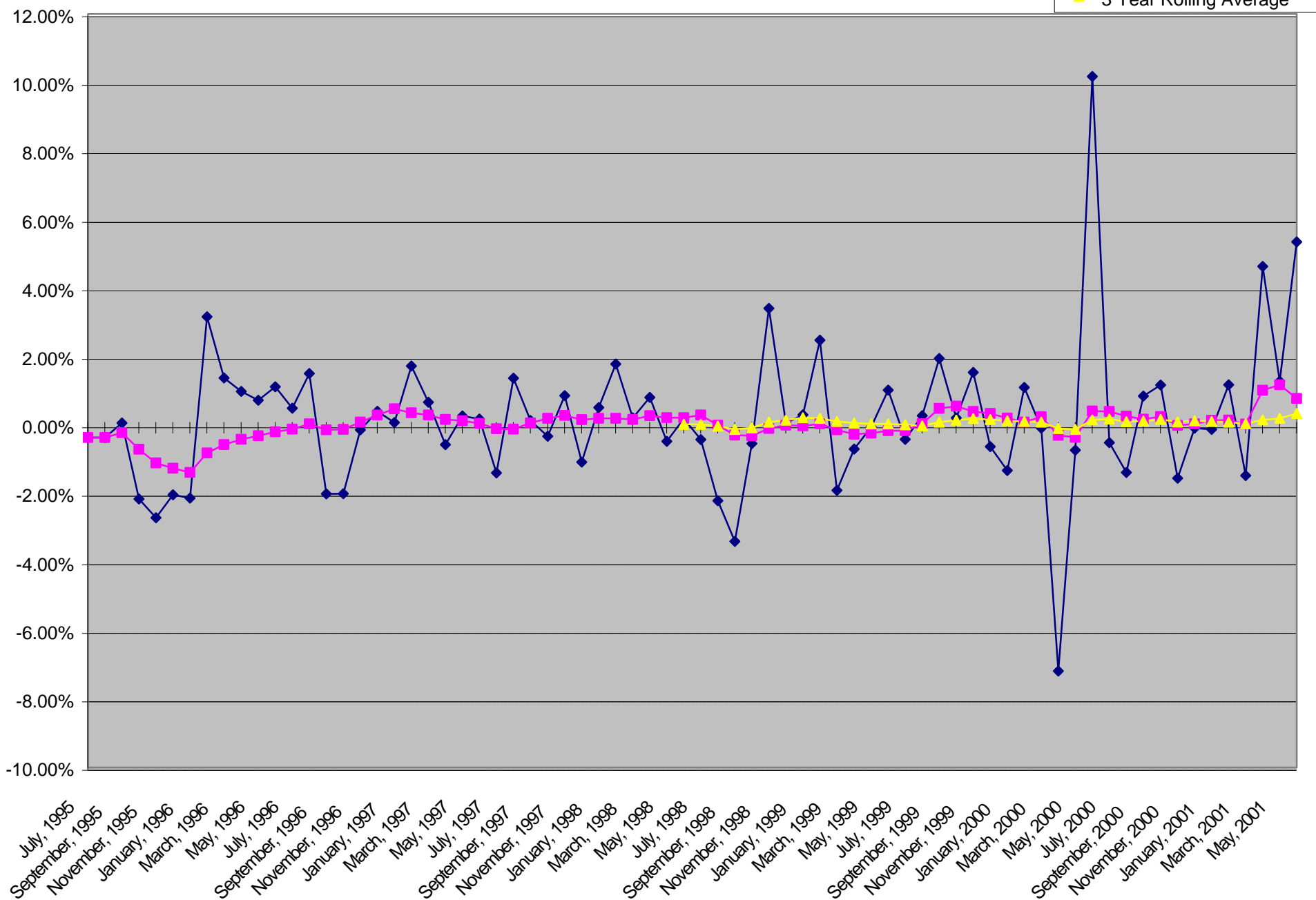
# BOND PROCEEDS POOL ANNUALIZED YIELD



Index consists of 85% Government 1-3 year and 15% money market

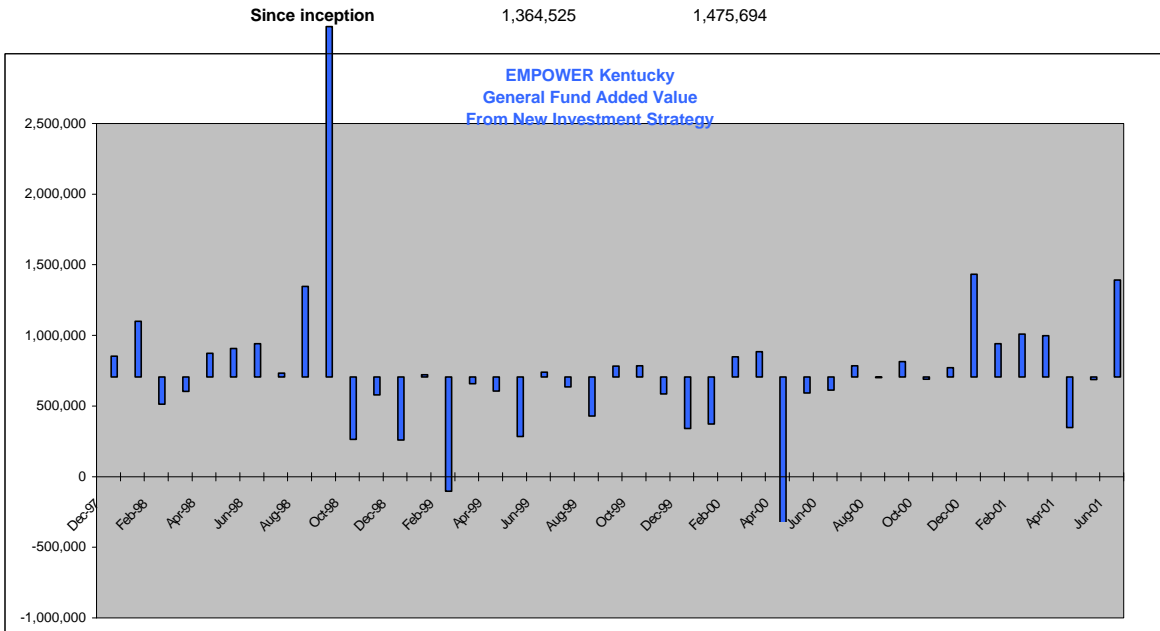


## BOND PROCEEDS POOL ANNUALIZED YIELD DIFFERENCE



**EMPOWER Kentucky  
Added Value from New Investment Strategy  
Total Return Basis**

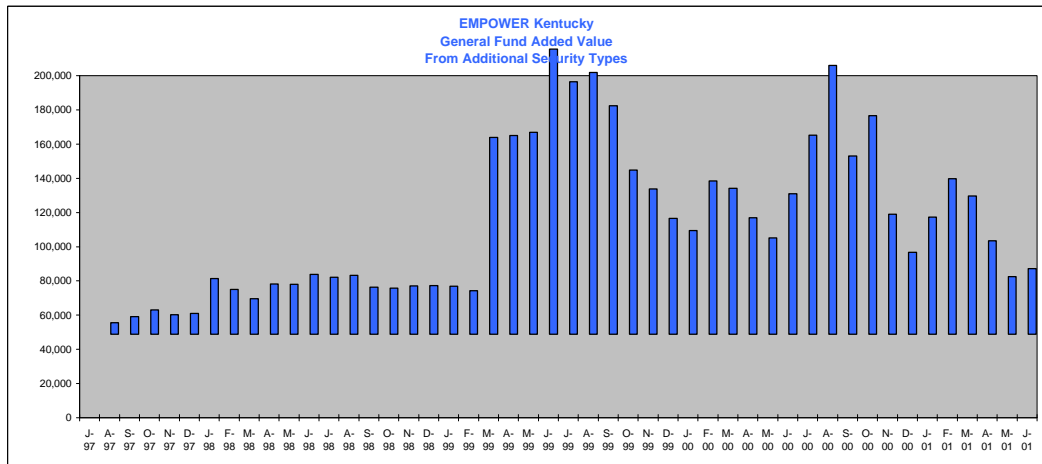
	<b>BRTF Long-term Pool</b>	<b>General Fund Share of Added-Value</b>
<b>FYE 6/30/98:</b>	<b>844,071</b>	<b>664,615</b>
<b>FYE 6/30/99:</b>	<b>474,664</b>	<b>795,289</b>
<b>Jul-99</b>	-163,541	-70,208
<b>Aug-99</b>	-636,410	-276,410
<b>Sep-99</b>	175,733	75,733
<b>Oct-99</b>	182,772	79,439
<b>Nov-99</b>	-281,273	-121,273
<b>Dec-99</b>	-833,440	-366,774
<b>Jan-00</b>	-675,493	-333,826
<b>Feb-00</b>	307,613	140,946
<b>Mar-00</b>	404,990	178,323
<b>Apr-00</b>	-2,735,856	-1,172,523
<b>May-00</b>	-268,336	-115,002
<b>Jun-00</b>	-218,752	-93,752
<b>FYE 6/30/00 YTD:</b>	<b>-4,741,993</b>	<b>-2,075,327</b>
<b>Jul-00</b>	183,751	78,751
<b>Aug-00</b>	(11,978)	(5,311)
<b>Sep-00</b>	243,819	107,152
<b>Oct-00</b>	(35,863)	(15,863)
<b>Nov-00</b>	147,898	64,565
<b>Dec-00</b>	1,667,426	725,759
<b>Jan-01</b>	532,927	234,594
<b>Feb-01</b>	692,576	302,576
<b>Mar-01</b>	665,983	290,983
<b>Apr-01</b>	(826,661)	(358,327)
<b>May-01</b>	(44,437)	(19,437)
<b>Jun-01</b>	1,572,342	685,675
<b>FYE 6/30/01 YTD:</b>	<b>4,787,783</b>	<b>2,091,117</b>
<b>Since inception</b>	<b>1,364,525</b>	<b>1,475,694</b>





**EMPOWER Kentucky**  
**Added Value from Additional Security Types**  
**Cash Basis**

	MBS/CMO/ABS	Corporates	Total Added-Value	General Fund Share of Added-Value
<b>FYE 6/30/98:</b>	<b>1,014,606</b>	<b>318,534</b>	<b>1,333,140</b>	<b>261,195</b>
<b>FYE 6/30/99:</b>	<b>2,446,624</b>	<b>1,273,240</b>	<b>3,722,706</b>	<b>862,910</b>
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
<b>FYE 6/30/00 YTD:</b>	<b>3,359,269</b>	<b>1,813,697</b>	<b>5,172,966</b>	<b>1,093,701</b>
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
Jan-01	344,055	142,548	486,603	90,938
Feb-01	340,366	137,580	477,946	80,738
Mar-01	329,944	60,822	390,766	54,548
Apr-01	354,520	110,216	464,736	33,597
May-01	344,350	145,883	490,233	38,414
Jun-01	337,616	164,931	502,547	41,860
<b>FYE 6/30/01 YTD:</b>	<b>3,771,414</b>	<b>1,563,657</b>	<b>5,335,071</b>	<b>915,892</b>



# Appendix B

**Kentucky Asset/Liability Commission  
Credit Facility Provider Fee Summary**

ALCo Note	98 GF	98 AF	99 GF 2	99 GF 3	99 GF 4	99 RF 1	99 RF2
Bank Name	Helaba	Commerzbank AG	Dexia	Bayerische Landesbank	JP Morgan	JP Morgan	West LB

<b>Long-Term Ratings</b>	Aaa/AAA/AAA	Aa3/A+/A+	Aa1/AA+/AA+	Aaa/AAA	Aa3/AA-/AA-	Aa3/AA-/AA-	Aa1/AA+/AAA
<b>Short-Term Ratings</b>	VMIG1/NR/F1+	P-1/A-1/F-1	P-1/A-1+/F1+	P-1/A-1+	P-1/A-1+/F-1+	P-1/A-1+/F-1+	P-1/A-1+/F-1+
<b>Expiration</b>	7/5/2001	7/5/2002	8/5/2001	9/22/2002	11/17/2000	10/6/2001	6/30/2003
<b>Type of LOC</b>	Direct Pay	Direct Pay	Direct Pay	Stand By	Stand By	Stand By	Stand By
<b>Bank Rate</b>	Prime, Fed +.5%	LIBOR +1%	CLF Fed Funds +1.5%	BLB Base/ Fed +.5%	JPM Prime/ Fed +.5%	Fed Fund +.5%	Fed Fund +1.0%
<b>Default Rate</b>	Base Rate 2%	Fed or LIBOR +2%	Bank Rate +2%	BLB Base +2%	LIBOR +3%	LIBOR +3%	Prime/FF +1%
<b>Term-Out Loan Rate</b>	*6	Fed or LIBOR +1%	*1	*2	*3	*4	*5
<b>Capped Fees</b>	30,000	42,000	35,500	25,000	25,000	25,000	30,000
<b>Termination Fee</b>			40,000				
<b>Draw Fee</b>	250	250	200	150	250	250	150
<b>Transfer Fee</b>	1,000	1,000	100	1,000	750	750	100

<b>Facility Fees (BP)</b>	Utilized Portion	Unutilized Portion	Utilized Portion	Unutilized Portion	Utilized Portion	Unutilized Portion	Utilized Portion	Unutilized Portion
<b>364 Day</b>	na	na	na	na	na	na	na	na
<b>2 Year</b>	na	na	12.5	na	na	na	na	na
<b>3 Year</b>	na	na	10	na	na	na	na	na
<b>4Year</b>	na	na	na	na	na	na	na	na
<b>Commitment Fees</b>	na	na	na	na	na	na	na	na
<b>Upfront Annual</b>	na	na	na	na	na	na	na	na

<b>Bank Interest Rates</b>	Base Rate	Fed +.5%	Fed +.5%	Fed +.5%	Base Rate	Base Rate	Base Rate
<b>0-30 Days</b>	Term Loan Rate	Fed +.5%	Fed +.5%	BLB Base +1%	Term Loan Rate	Term Loan Rate	Term Loan Rate
<b>31-90 Days</b>	Term Loan Rate	Fed +.5%	Fed +.5%	BLB Base +1%	Term Loan Rate	Term Loan Rate	Term Loan Rate
<b>91-180 days</b>	Term Loan Rate	Fed +.5%	Fed +.5%	BLB Base +1%	Term Loan Rate	Term Loan Rate	Term Loan Rate

**Term-Out Loan Rate**

- \*1 Higher of CLF Prime or CLF Fed funds
- \*2 Term out not to exceed 4 years @ Bank rate
- \*3 LIBOR plus 1% per annum for year one, LIBOR plus 1.5% per annum from year two to final maturity
- \*4 3 year/ 20 year amort
- \*5 3 year/ 20 year amort.
- \*6 3 year/ 20 year amort.

# Appendix C

**Kentucky Asset/Liability Commission**

Weighted Average Yields VS. BMA

	General Fund				Agency Fund				Road Fund	
	1998 First Series (2)	1999 Second Series	1999 Third Series	1999 Fourth Series	UK Stadium (3)	Morehead H & D	UK Housing Dining	Combined (4)	1999 First Series	1999 Second 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	10/07/99
WAC as of 06/30/01 (5)		3.184%					3.200%	3.200%		
BMA as of 06/27/01		2.68%					2.68%	2.68%		

**Inception Weighted Average Yields (1)**

<b>June 30, 2001</b>	-	<b>3.710%</b>	<b>4.095%</b>	-	-	-	<b>3.977%</b>	<b>3.721%</b>	<b>3.783%</b>	<b>4.047%</b>
BMA	-	3.792%	3.965%	-	-	-	3.884%	3.578%	3.942%	3.963%
Difference	-	-0.082%	0.130%	-	-	-	0.093%	0.143%	-0.159%	0.084%
<b>December 31, 2000</b>	-	<b>3.839%</b>	<b>4.085%</b>	<b>4.005%</b>	<b>3.701%</b>	<b>3.658%</b>	<b>4.225%</b>	<b>3.753%</b>	<b>4.010%</b>	<b>4.066%</b>
BMA	-	3.999%	4.044%	4.071%	3.558%	3.694%	4.292%	3.653%	4.048%	4.076%
Difference	-	-0.160%	0.041%	-0.066%	0.143%	-0.036%	-0.067%	0.100%	-0.038%	-0.010%
<b>June 30, 2000</b>	<b>3.359%</b>	<b>3.655%</b>	<b>3.904%</b>	<b>3.880%</b>	<b>3.633%</b>	<b>3.645%</b>	<b>4.043%</b>	<b>3.595%</b>	<b>3.835%</b>	<b>3.824%</b>
BMA	3.382%	3.864%	3.923%	4.016%	3.496%	3.700%	4.388%	3.496%	3.927%	3.966%
Difference	-0.023%	-0.209%	-0.019%	-0.136%	0.137%	-0.055%	-0.345%	0.099%	-0.092%	-0.142%
<b>December 31, 1999</b>	<b>3.325%</b>	<b>3.441%</b>	<b>3.700%</b>	<b>3.900%</b>	<b>3.339%</b>	<b>3.408%</b>	-	<b>3.330%</b>	<b>3.650%</b>	<b>3.705%</b>
BMA	3.361%	3.668%	3.778%	4.045%	3.306%	3.484%	-	3.306%	3.778%	3.917%
Difference	-0.036%	-0.227%	-0.078%	-0.145%	0.033%	-0.076%	-	0.024%	-0.128%	-0.212%
<b>June 30, 1999</b>	<b>3.294%</b>	-	-	-	<b>3.165%</b>	<b>3.200%</b>	-	<b>3.167%</b>	-	-
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

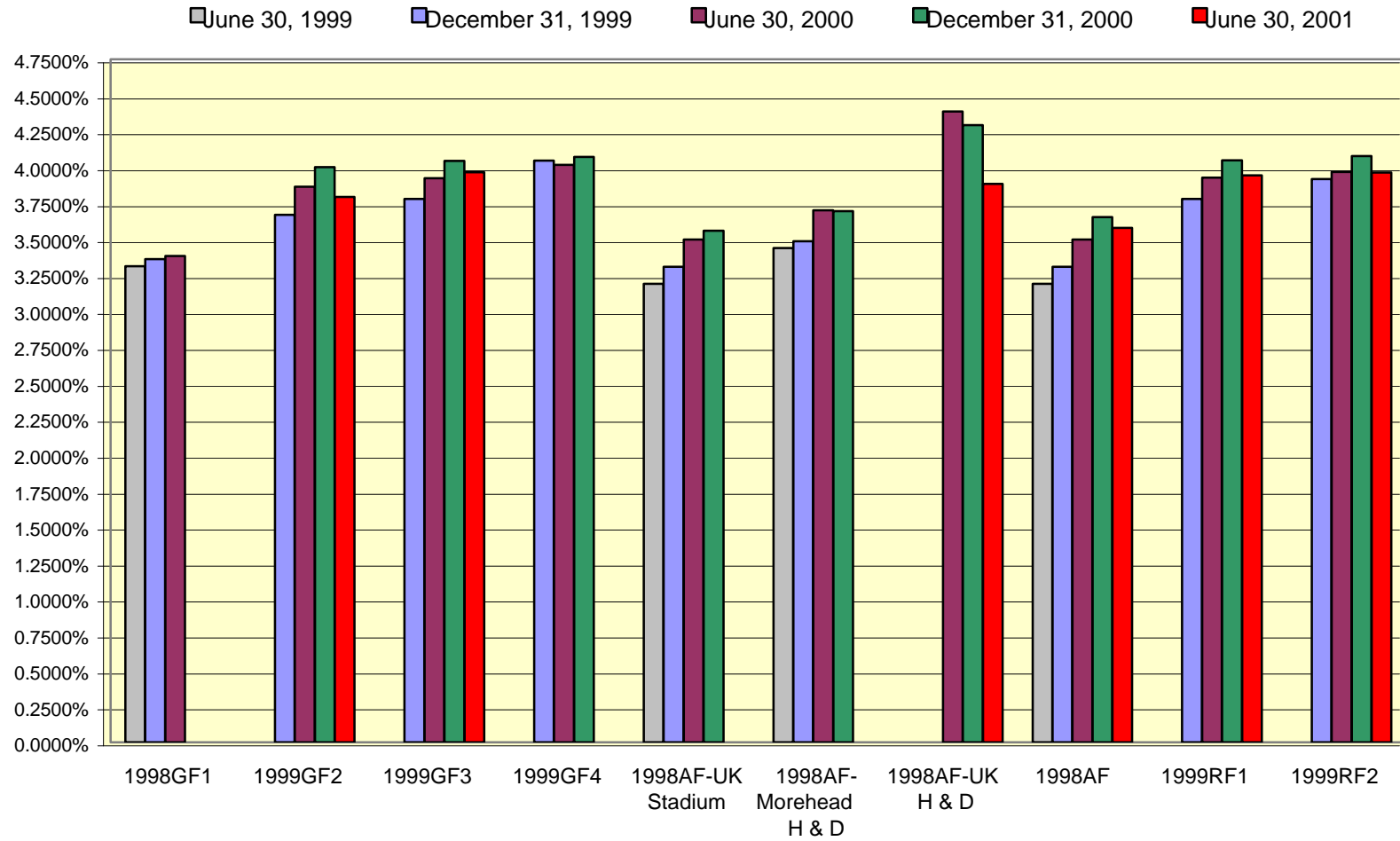
(2) Includes taxable component for 29 days

(3) UK Stadium includes a taxable component

(4) Agency Fund Combined includes taxable component

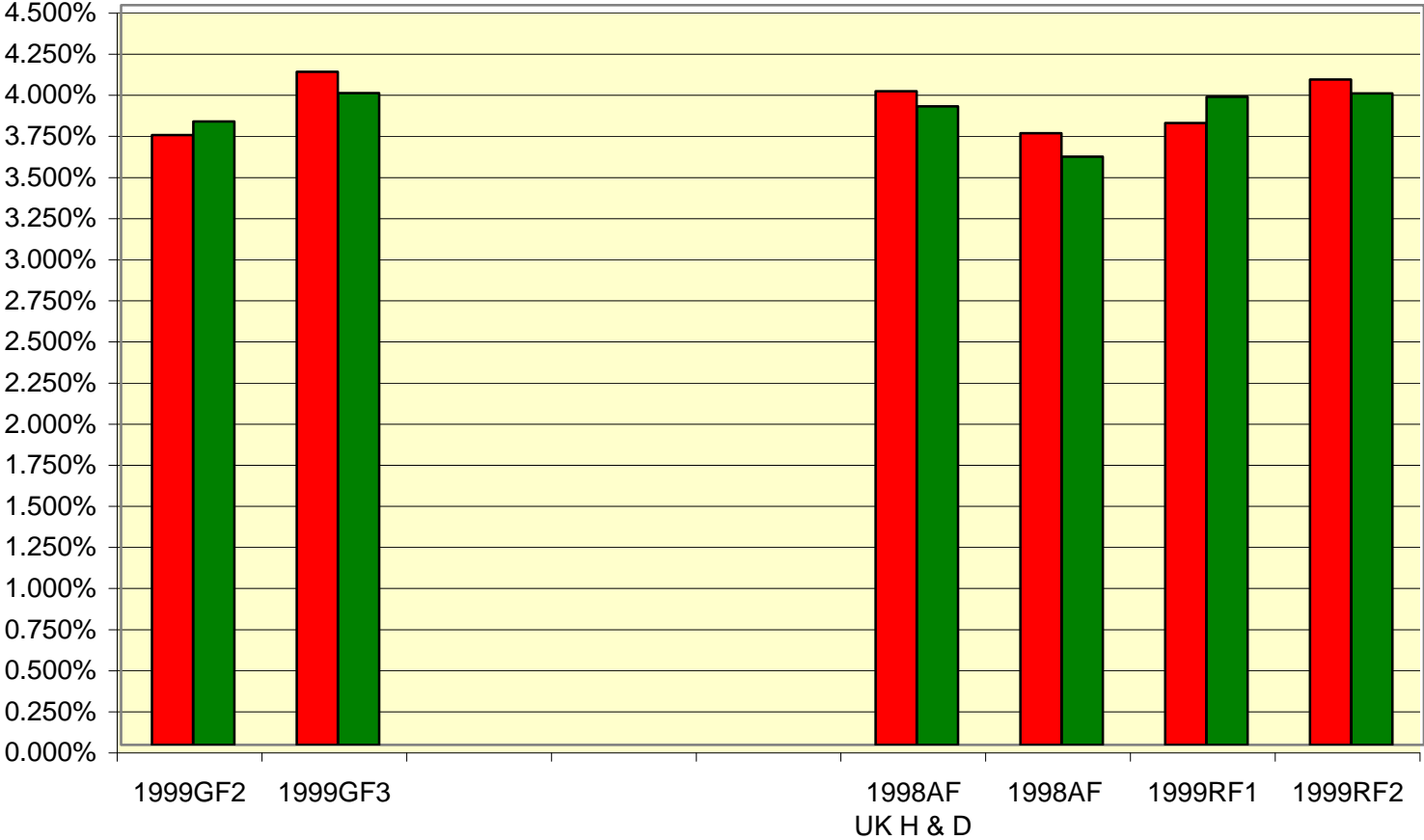
(5) Current Weighted Average Coupon

## BMA Since Inception

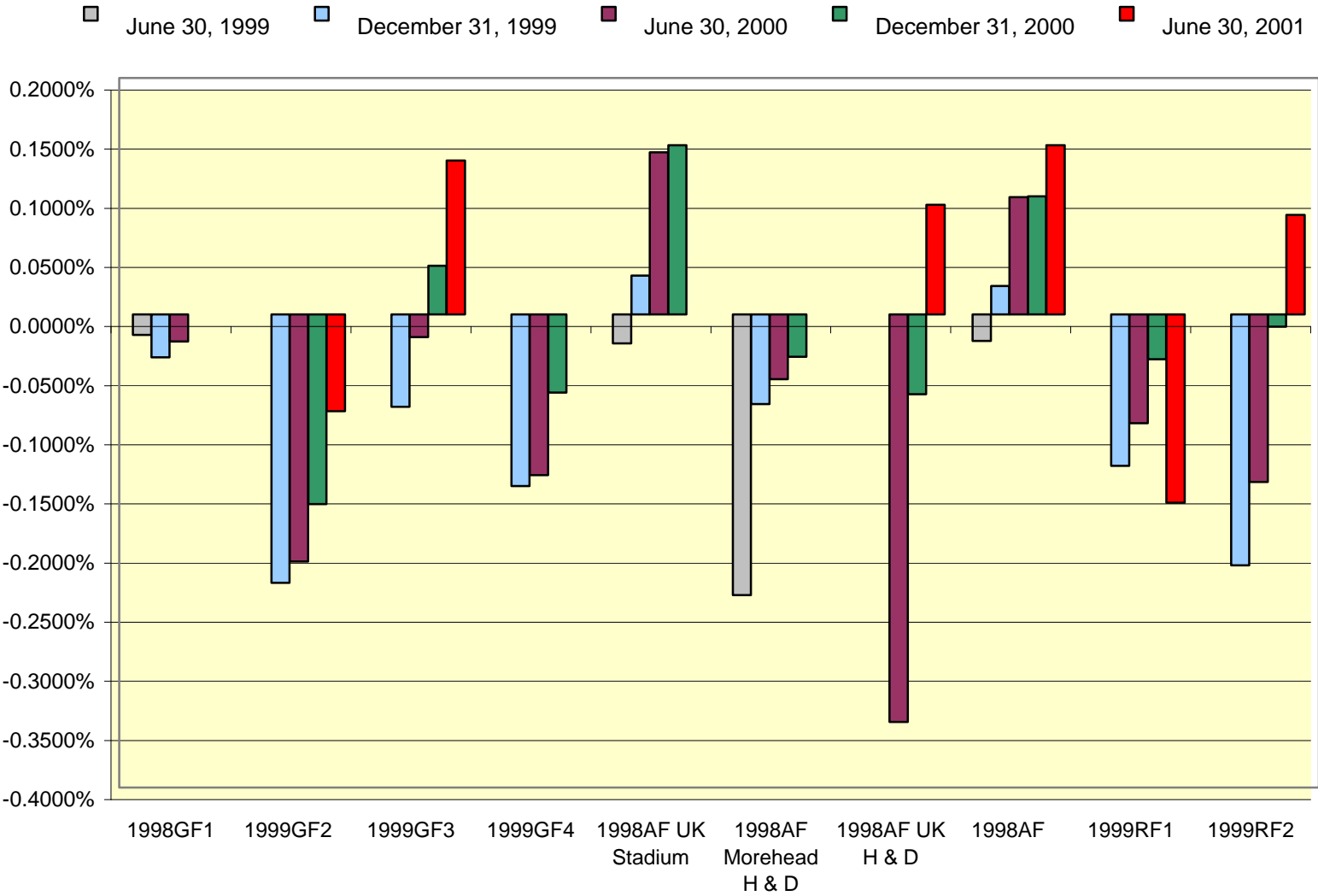


# Weighted Average Yield vs BMA Since Inception

■ June 30, 2001      ■ BMA



# Net Spread Weighted Average Yield vs BMA Since Inception





# Appendix D

FY 2001 - 2002  
Bond Authorizations

	<u>Project Amount</u>
ALCo 2001 General Fund First Series	38,279,000
State Property and Buildings Commission - Project 68	30,000,000
State Property and Buildings Commission - Project 69	108,318,300
State Property and Buildings Commission - Project 71	162,320,300
State Property and Buildings Commission - Project 72	210,442,000
State Property and Buildings Commission - Project 73 Road Fund	96,300,000
State Property and Buildings Commission - Project 74	165,843,000
ALCo 2001 Agency Fund Series	138,047,000
General Fund Bond Projects	<u>94,000,000</u>
 TOTAL*	 1,043,549,600

\* Includes \$88,622,000 of Reauthorizations and does not include \$92,000,000 SFCC bond authorization.

**ALCo 2001 General Fund First Series  
Seven Year Notes**

<b><u>Project Title</u></b>	<b><u>Agency Name</u></b>	<b><u>Project Amount</u></b>
Document Management Digitization System	Libraries and Archives	1,188,000
Forestry Radio Equipment	Department for Natural Resources	1,504,000
Unified Criminal Justice Information	Department of State Police	1,402,000
Equipment Replacement Pool	Eastern Kentucky University	1,582,000
System Infrastructure	Educational Professional Standards	2,000,000
System Infrastructure - Database System	Educational Professional Standards	2,900,000
Maintaining the Kentucky Spatial Data Infrastructure	Governor's Office for Technology	700,000
Unified Criminal Justice System	Governor's Office for Technology	4,585,000
Statewide Public Health System	Cabinet for Health Services	2,000,000
Equipment Replacement Pool	KY Community Tech College System	3,218,000
Equipment Replacement Pool	Western Kentucky University	1,394,000
Equipment Replacement Pool	Morehead State University	751,000
Equipment Replacement Pool	Murray State University	1,009,000
Equipment Replacement Pool	Northern Kentucky University	861,000
New Personnel Payroll System	Personnel	1,450,000
On-line Access to Employee Records	Personnel	550,000
Equipment Replacement Pool	University of Kentucky	7,385,000
Equipment Replacement Pool	University of Louisville	3,547,000
Equipment Replacement Pool	Kentucky State University	<u>253,000</u>
		38,279,000.00

**State Property and Buildings Commission**  
**Project 68**

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Capital Renewal & Maintenance Pool	Council on Postsecondary Education	<u>30,000,000</u>
		30,000,000

## State Property and Buildings Commission

### Project 69

<u>Project Title</u>	<u>County/Agency</u>	<u>Project Amount</u>
Allen County Volunteer Fire Department	Allen	125,000
Allen County Fiscal Court Facilities Improvement and Equipment	Allen	150,000
Allen County Fiscal Court - Water Line Extension for Agricultural	Allen	125,000
Anderson County Park	Anderson	500,000
Lawrenceburg Library Project	Anderson	200,000
Cave City Convention Center and Farmers Market	Barren	3,000,000
Barren County Park Improvements	Barren	200,000
Barren County Fiscal Court - Fire Departments	Barren	200,000
Pine Mountain State Park Golf Course	Bell	2,000,000
City of Walton - Sidewalks	Boone	100,000
South Fork Park - Improvements	Boone	100,000
Farmers' Market Building	Bourbon	178,000
Volunteer Fire Departments	Bourbon	313,000
Highlands Museum	Boyd	200,000
Ashland School System, Boyd School System, and Fairview Indep	Boyd	300,000
Paramount Center	Boyd	3,000,000
Millennium Park	Boyle	475,000
Perryville Battlefield State Park	Boyle	475,000
Germantown Fire Department	Bracken	100,000
Breckinridge County Fiscal Court - Ten Fire Departments - \$20,000	Breckinridge	200,000
Breckinridge County Fiscal Court - County Jail Project	Breckinridge	500,000
Butler County Fiscal Court-Variou Fire Departments	Butler	200,000
Caldwell County Senior Citizens Building	Caldwell	150,000
Western Kentucky Veterans' Center - Additional	Department of Veterans' Affairs	229,000
Eastern Kentucky Veterans' Center - Additional	Department of Veterans' Affairs	328,000
Murray/Calloway County Fire and Rescue	Calloway	150,000
Murray/Calloway County Parks Improvements	Calloway	150,000
Dayton Community Center	Campbell	500,000
Black Mountain Preservation Project	Natural Resources and Environmental	4,100,000
Casey County Jail	Casey	500,000
Casey County Fiscal Court - Seven Fire Departments - \$15,000	Casey	105,000
Casey County Senior Citizens Building	Casey	175,000
Christian County Convention Center	Christian	6,750,000
911 Center	Clay	110,000
Clay County Community Center/Land Acquisition	Clay	300,000
Manchester Civic/Education Center	Clay	325,000
KCTCS Technical College	Clinton	2,000,000
Crittenden County Fire and Rescue Departments	Crittenden	105,000
Cumberland County Board of Education - Renovation	Cumberland	300,000
Area Museum	Daviess	1,270,000
Museum of Fine Arts	Daviess	600,000
Edmonson Parks Commission- New Park at Chalybeate Springs	Edmonson	400,000
Edmonson Fiscal Court - Fire Departments	Edmonson	100,000
Elliott County Board of Education/Pool Project	Elliott	750,000
Volunteer Fire Departments	Elliott	100,000
Convention Center/Rupp Arena	Fayette	15,000,000
Johnson Community Center	Fayette	1,700,000
Horse Park Water Line Extension	Fayette	1,389,000
Floyd County Fiscal Court - Martin Community Center - Construction	Floyd	929,500
Prestonsburg Development Project	Floyd	3,000,000
Gallatin County Fiscal Court - Sewer Lines	Gallatin	300,000
Graves County Volunteer Fire Department	Graves	150,000
Mayfield/Graves Youth Soccer	Graves	125,000
Grayson County Fiscal Court- Seven Fire Departments - \$20,000	Grayson	140,000
Grayson County Fiscal Court- County Jail Project	Grayson	500,000

Green County Fiscal Court- Fire Departments	Green	100,000
Sidewalks for Cecilia	Hardin	100,000
Volunteer Fire Departments	Hardin	390,000
Harlan County Garage	Harlan	200,000
Industrial Park Road	Harrison	1,000,000
Hart County Fire Departments - Distribute to Seven Fire Departments	Hart	300,000
Hart County Historic Thomas House	Hart	100,000
Louisville Oral School	Jefferson	1,000,000
Presbyterian Community Center	Jefferson	300,000
City of Shively Fire Trucks	Jefferson	300,000
City of Shively Community Center	Jefferson	400,000
African - American Heritage Museum	Jefferson	3,000,000
Louisville Waterfront Development Corporation Phase II	Jefferson	12,500,000
Jessamine County Humane Society Building	Jessamine	125,000
Covington Youth Sports Complex	Kenton	200,000
Taylor Mill Pride Park	Kenton	150,000
Crestview Hills- Turn Lane Turkey Foot	Kenton	100,000
Crestview Hills - Sidewalks Dixie Highway	Kenton	100,000
Villa Hills Sidewalks - Collins Road	Kenton	100,000
Hindman City Hall	Knott	100,000
Barbourville Independent School System Activity	Knox	3,000,000
Lawrence County School System Recreational Improvements	Lawrence	160,000
Lawrence County Volunteer Fire Department	Lawrence	105,000
City of Beattyville	Lee	150,000
Volunteer Fire Departments	Letcher	300,000
Public Library in Jenkins	Letcher	200,000
Lewis County Fiscal Court - Divide Equally Among Volunteer Fire	Lewis	100,000
Broughtontown - Remodel and upgrade of School Building	Lincoln	150,000
Logan Todd Water Commission Project	Logan	1,000,000
Logan County Industrial Park	Logan	200,000
Madison County Fiscal Court- Equal Distribution to Volunteer Fire	Madison	100,000
Madison County Rural Sanitary Sewer	Madison	2,400,000
Berea Artisans Center	Madison	1,400,000
Madison County Library - Property Acquisition	Madison	100,000
Magoffin County Administrative Office Building	Magoffin	300,000
Emergency Service Center	Marion	500,000
Kedron Bridge	Marion	500,000
Police Building	Marion	150,000
Maysville Convention Center	Mason	450,000
Paducah/McCracken County Convention Center	McCracken	200,000
Meade County Fiscal Court - Seven Fire Departments - \$20,000	Meade	140,000
Meade County Ambulance Service Emer Medical Technician Building	Meade	100,000
Meade Olin Park Improvements, Concession Stands, Locker Rooms	Meade	100,000
City of Brandenburg - Completion of Water Treatment Plant	Meade	200,000
Metcalfe County Fiscal Court - Fire Departments	Metcalfe	100,000
Morgan County Bridge Project	Morgan	200,000
Morgan County High Technology Center - Construction	Morgan	4,400,000
Muhlenberg County Community College Satellite Site	Muhlenberg	700,000
Bloomfield Sidewalks	Nelson	175,000
Old Bardstown Village	Nelson	100,000
Nicholas County Health Department	Nicholas	250,000
Ohio County Fiscal Court - Nine Fire Departments - \$20,000 each	Ohio	180,000
Oldham County Parks	Oldham	500,000
Road Barn and Ambulance Center	Owen	225,000
Challenger Learning Center of Kentucky Board	Perry	200,000
Pike County Fiscal Court - 33 Volunteer Fire Departments - \$5,000	Pike	165,000
Powell County Ambulance Service	Powell	500,000
Pulaski County Fiscal Court - Fifteen Fire Departments - \$15,000	Pulaski	225,000
County Health Department - Building Improvement Needs	Pulaski	150,000
Rowan Regional Industrial Park Fire Department	Rowan	400,000
Morehead City Water Expansion	Rowan	525,000

Franklin/Simpson Industrial Park Development	Simpson	750,000
Franklin Park Improvements	Simpson	150,000
Various State Parks - Technology Upgrades	Statewide	588,000
Area Technical Center Equipment	Statewide	2,998,800
City of Campbellsville - Water and Sewer Improvements/Expansions	Taylor	900,000
Logan Todd Regional Water Project	Todd	500,000
Trimble County Fiscal Court - County Parks	Trimble	200,000
Union County Fairgrounds Convention Center & Pavilion	Union	500,000
L&N Depot Restoration and Bowling Green Public Library Joint Effort	Warren	800,000
Mackville Community Park	Washington	180,000
Wayne County Fire Protection District #1	Wayne	190,000
Webster County Fire Departments	Webster	150,000
City of Williamsburg Park Development	Whitley	1,000,000
Whitley County Water	Whitley	1,000,000
Campton Library	Wolfe	175,000
Bluegrass Railroad Museum - Bridgework, Rail Work, Signs	Woodford	250,000
Barren County Courthouse	Barren	500,000
Bath County Courthouse Renovation	Bath	100,000
Trigg County Courthouse Annex	Trigg	250,000
Trimble County Courthouse Improvements	Trimble	200,000

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108,318,300

# State Property and Buildings Commission

## Project 71

<u>Project Title</u>	<u>County</u>	<u>Project Amount</u>
Tri-County Industrial Park for Water Tower	Adair	250,000
Allen County Water District	Allen	150,000
Allen County Fiscal Court - Park Improvements	Allen	200,000
Anderson County Water Projects	Anderson	350,000
Infrastructure Improvements and Construction of Spec. Building	Ballard	450,000
Barren State Park Boat Dock	Barren	300,000
Preston Sewer Project	Bath	150,000
Big Bone Lick State Park - Land Acquisition and Park	Boone	1,000,000
Boone County Fiscal Court - Water and Sewer Projects	Boone	500,000
Study and Correction of Drainage Problems near I-64, Exit 181	Boyd	250,000
Ashland Water Front	Boyd	200,000
Hub Frankel Building	Boyle	975,000
Breckinridge County Fiscal Court - Sewer and Water Projects	Breckinridge	500,000
Bullitt County Water and Sewer Line Expansion	Bullitt	2,000,000
Brooks Sewer Plants	Bullitt	300,000
Butler County Water Project	Butler	250,000
Caldwell County/Princeton Water District	Caldwell	240,000
East Calloway County Water Extension	Calloway	100,000
Murray/Calloway County Industrial Development/Business	Calloway	500,000
Bellevue Community Center	Campbell	500,000
L & N Bridge - Newport	Campbell	4,000,000
Bellevue Independent School Remodeling	Campbell	350,000
Carlisle County Sewer Project	Carlisle	450,000
Carroll County Fiscal Court - Sewer Lines	Carroll	200,000
Carter County Water Project	Carter	1,000,000
State Office Building	Clark	1,000,000
College Park Gym Renovation	Clark	1,000,000
Manchester Water and Waste	Clay	300,000
Crittenden/Livingston Water	Crittenden	100,000
Dale Hollow State Park - Facility	Cumberland	2,150,000
Cumberland County Day Care/Early Childhood Facility	Cumberland	270,000
Daviess County Parks Building	Daviess	195,000
Advanced Technology Center Study	Daviess	375,000
Ben Hawes State Park Project	Daviess	1,004,800
Daviess County Waterfront Development	Daviess	1,105,000
English Park Docking Facility	Daviess	1,300,000
Brownsville Natural Gas Line	Edmonson	125,000
City of Brownsville Water and Sewer - Extensions across bridge	Edmonson	500,000
Sewer System Upgrade	Estill	400,000
Kentucky Aviation Museum	Fayette	300,000
Northern Elementary - Creative Playground	Fayette	125,000
Lexington/Fayette County Parks	Fayette	1,000,000
Horse Park Infrastructure Development	Fayette	1,550,000
Water Resources and Land Acquisition - Department of Parks for	Fleming	1,000,000
Jenny Wiley-Construction and Dredging of New Boat Ramp	Floyd	500,000
East Kentucky Center for Science, Math, and Technology	Floyd	1,000,000
Holmes Street Drainage Project	Franklin	3,000,000
Hickman/Fulton County Riverport	Fulton	450,000
Water Line Extension	Gallatin	250,000
Lancaster Rural Water Intake	Garrard	500,000
Grant County Public Library	Grant	750,000
Grant County Rural Water Extensions	Grant	250,000



**State Property and Buildings Commission**  
**Project 72**

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Environmental Pool	Department of Military Affairs	174,000
Renaissance Kentucky	Local Government	6,000,000
New Science Building	Murray State University	13,000,000
New Power Plant	Nothern Kentucky University	12,000,000
Science Complex Renovation and Expansion	Western Kentucky University	15,000,000
Southeast CC Newman Hall Renovation	Kentucky Community and Technical	2,000,000
Elizabethtown CC- Science Building Renovation	Kentucky Community and Technical	2,200,000
Mayo Technical College: Campus Renovation	Kentucky Community and Technical	7,582,000
Combined Residential/Detention Facility - Hardin County	Department of Juvenile Justice	11,211,000
New Medium Security Prison/Design/Build - Elliott County	Department of Corrections	87,408,000
Kentucky State Reformatory - New Gas Boiler Plant	Department of Corrections	7,000,000
Western Kentucky Correctional Complex -44 Bed Segregation	Department of Corrections	4,300,000
Blackburn Correction Complex - Roof Replacement	Department of Corrections	1,400,000
Kentucky School for the Deaf Fire Safety/Dorm Renovation	Department of Education	1,250,000
Kentucky School for the Blind Roofing and Weatherproofing	Department of Education	1,122,000
Kentucky School for the Deaf Roof Replacement	Department of Education	850,000
NTSC Transmitters	Kentucky Educational Television	2,800,000
Kentucky History Center Area Restoration	Department for Facilities Management	4,000,000
Fort Boonesborough - Park Improvements	Department of Parks	500,000
Children's Advocacy Centers	Cabinet for Families and Children	640,000
Miscellaneous Roof Replacement/Repair Pool	Department for Mental Health/Mental	500,000
New Power Plant - Western State Hospital	Department for Mental Health/Mental	3,880,000
Kentucky State Capitol Complex- Historic Restoration Design	Department for Facilities Management	6,447,000
Kentucky State Capitol Complex- Historic Restoration Design	Department for Facilities Management	12,678,000
Statewide Property Acquisition/Demolition Fund	Department for Facilities Management	5,000,000
Sprinkler Recall/Replacement	Department for Facilities Management	<u>1,500,000</u>
		210,442,000

<u>Project Title</u>	<u>County</u>	<u>Project Amount</u>
Mayfield/Graves County Airport	Graves	100,000
North Graves Sanitary Sewer Project	Graves	400,000
Women's Group Home	Graves	275,000
Grayson County Fiscal Court- Water and Sewer Project	Grayson	500,000
Green County Water	Green	450,000
Greenup County Fiscal Court for Water Projects	Greenup	500,000
Greenup County Fiscal Court - (Winified Sewer Project -\$50,000;	Greenup	175,000
Hancock County Water Project	Hancock	115,000
Challenger Learning Center	Hardin	760,000
Community Center, Vine Grove	Hardin	300,000
Hardin County Water District #2 - Rineyville Project	Hardin	1,200,000
Hardin County Water District #2	Hardin	421,500
Radcliff Industrial Park	Hardin	1,000,000
Elizabethtown State Theater Renovation	Hardin	500,000
Tri-County Clinic (Appalachian Regional Hospital) Cumberland	Harlan	500,000
Harlan County Jail Design and Construction	Harlan	500,000
Black Mountain Water District -Water Line Extension	Harlan	500,000
Cawood Water District - Extend Water Lines from Ross Point to	Harlan	500,000
Harlan County and City of Cumberland jointly to extend water	Harlan	500,000
Green Hill Water District - Water Line Extension - Isaacs Creek,	Harlan	500,000
KCTCS Education Building	Harrison	200,000
Hart County Waterlines	Hart	500,000
Hart County Fiscal Court - Water and Sewer Project	Hart	500,000
Henderson County Technology	Henderson	1,500,000
Henry County Disaster and Emergency Services Office Building	Henry	150,000
Henry County Water Line Extensions - Campbellsburg Sewer	Henry	350,000
Columbus/Belmont State Park Enhancement	Hickman	450,000
Dawson Springs Swimming Pool	Hopkins	650,000
Madisonville Community College Renovation	Hopkins	850,000
Cardinal Park	Jefferson	350,000
Home of the Innocents	Jefferson	7,000,000
Iroquois Amphitheater	Jefferson	4,600,000
Neighborhood House	Jefferson	700,000
Rosenberger House Renovation	Jefferson	100,000
Farnsley Kaufman House Renovation	Jefferson	115,000
Ky State Fair and Expo Ctr - South Wing "C"	Jefferson	2,500,000
KY State Fair and Expo Ctr - Cardinal Stad Turf	Jefferson	1,500,000
Muhammad Ali Center	Jefferson	7,000,000
Louisville Medical Center Development	Jefferson	5,000,000
Jessamine County Park and Aquatic Center	Jessamine	775,000
Wilmore Icthus Park Entrance	Jessamine	100,000
Johnson County Water Lines	Johnson	500,000
Independence City Park	Kenton	200,000
Ft. Mitchell Park at Crescent	Kenton	150,000
City of Erlanger Mobile Data Terminal	Kenton	200,000
City of Visalia Water Project for Fire Department	Kenton	300,000
Hindman Water Tank	Knott	200,000
Troublesome Creek Sewer	Knott	600,000
Knott County KCTCS Parking	Knott	1,000,000
Pedestrian Walkway	Knott	100,000
Knox County Fiscal Court - Eight Fire Departments - \$15,000	Knox	120,000
Larue County Water	Larue	250,000
Purchase Lincoln Boyhood Home	Larue	500,000
Laurel County Water	Laurel	250,000
Laurel County Fiscal Court - Eleven Fire Departments - \$15,000	Laurel	165,000
Levi Jackson State Park	Laurel	250,000

<u>Project Title</u>	<u>County</u>	<u>Project Amount</u>
Blaine Community Center and Park Enhancement	Lawrence	110,000
State Highway 32 Sewer Project	Lawrence	500,000
Lawrence County Fiscal Court - Community Development	Lawrence	300,000
Lee County Water and Sewer Expansion	Lee	200,000
Lee County Fiscal Court - Emergency Services Building	Lee	100,000
Beattyville/Lee County Water Tank Construction	Lee	100,000
Letcher County Water	Letcher	250,000
Community Park at Ashcamp	Pike	100,000
Water Line Extensions for Whitesburg	Letcher	500,000
Concord Water Line Extension	Lewis	350,000
Lewis County Water Project	Lewis	100,000
Lincoln County Technology Center	Lincoln	2,500,000
Crittenden/Livingston Water District	Livingston	100,000
Lyon County Water Projects	Lyon	200,000
Ducannon Lane Water Project	Madison	2,400,000
City of Benton Sewer Restoration	Marshall	500,000
Sewer Extension Calvert City Annexed Area/I-24 to Kentucky	Marshall	300,000
Kentucky Dam Village State Park Marina Repair	Marshall	1,750,000
Martin County Community Center	Martin	500,000
Martin County Water Projects	Martin	500,000
Martin County Fiscal Court - Park Improvements	Martin	100,000
Maysville Underground Railroad Building Renovation	Mason	150,000
Metropolitan Hotel Renovation- Match Federal Grant	McCracken	100,000
Priority I Sewer Projects, Paducah - McCracken Joint Sewer	McCracken	395,000
Four Rivers Center	McCracken	8,000,000
Challenger Learning Center - Equipment & Improvements	McCracken	150,000
McCreary County/Somerset Community Center	McCreary	2,500,000
Expansion Meade County Water System	Meade	500,000
Meade County Industrial Park Development of 24 Acre Site and	Meade	250,000
Meade County Fiscal Court - Water & Sewer Project	Meade	500,000
Regional Water and Sewer Project	Menifee	500,000
Burgin Drinking Water Enhancement	Mercer	100,000
Mercer County Park Improvements	Mercer	800,000
City of Edmonton	Metcalfe	200,000
Metcalfe County Fiscal Court - Water & Sewer	Metcalfe	500,000
Monroe County Industrial Park	Monroe	250,000
Monroe County Fiscal Court - Water Lines	Monroe	500,000
Old Mulkey State Park	Monroe	250,000
Community Center Funding - Multi - County Workforce Training	Montgomery	2,000,000
Montgomery and Morgan Mid School Tech Project	Montgomery	140,000
Morgan County Water	Morgan	800,000
City of Greenville Sewer Plant Expansion	Muhlenberg	500,000
Muhlenberg County Water District	Muhlenberg	100,000
Powderly Sewer Collection System	Muhlenberg	200,000
Wicklans Mansion Project	Nelson	500,000
Nelson County Waterlines - Water extensions as follows: KY 605	Nelson	1,000,000
Ohio County Water Fund	Ohio	250,000
Ohio County Fiscal Court - Water System	Ohio	200,000
Oldham County Business Park (Technology)	Oldham	200,000
Oldham County Fiscal Court - Water & Sewer Projects	Oldham	150,000
Water and Sewer Line Extensions to Owen County High School	Owen	275,000
Booneville Sewer Expansion	Owsley	500,000
Sewer District Project	Pendleton	200,000
Pendleton County Fiscal Court - Water and Sanitation Lines	Pendleton	400,000
City of Vicco Water Projects	Perry	150,000
Viper Volunteer Fire Department Water Projects	Perry	100,000

<b><u>Project Title</u></b>	<b><u>County</u></b>	<b><u>Project Amount</u></b>
Center for Rural Health	Perry	4,000,000
Straight Hollow Water	Pike	110,000
South Williamson Sewer Project	Pike	200,000
Eastern Kentucky Exposition Center	Pike	6,900,000
Ballfork and Mayfork Water	Pike	127,000
Southeast Pulaski Water District - Water Lines	Pulaski	150,000
Western Pulaski Water District - Water Lines	Pulaski	150,000
Southeast Water Association	Pulaski	350,000
Robertson County Public Library	Robertson	175,000
Country Music Museum	Rockcastle	1,500,000
Livingston Community Center Renovation	Rockcastle	100,000
Morehead State University Radiological Imaging Equipment	Rowan	100,000
Jamestown Water Project	Russell	150,000
Russell Springs Sewer and Water	Russell	175,000
Lake Cumberland State Park - Design and Renovation	Russell	192,000
Scott County Reservoir	Scott	825,000
Shelby County Vocational Education School Remodeling	Shelby	1,000,000
Goodnight Memorial Library	Simpson	250,000
Franklin/Simpson Technical Center	Simpson	1,000,000
Spencer County Fiscal Court - Recreation Facility	Spencer	250,000
City of Taylorsville Water Works	Spencer	1,250,000
Acquaculture Infrastructure Components	Statewide	4,000,000
Industrial Park and Water Sewer Improvements	Trigg	200,000
21st Century Training Classroom	Union	500,000
Union County Agricultural Fair - Arnold Arena and Convention	Union	900,000
Capitol Arts Center - Bowling Green	Warren	6,750,000
Willisburg Community Park	Washington	380,000
Springfield Water & Sewer Commission - Water & Sewer	Washington	1,500,000
City of Monticello Downtown Stabilization Project	Wayne	700,000
Corbin Center for Technology and Community Activities	Whitley	6,000,000
Water Plant Renovation	Wolfe	175,000
Community Center - Versailles	Woodford	1,000,000
Versailles Water Project	Woodford	1,000,000
Bracken County Courthouse Elevator	Bracken	230,000
McLean Courthouse Renovation	McLean	<u>225,000</u>
		162,320,300

**State Property and Buildings Commission**  
**Project 73 - Road Fund**

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
New Transportation Office Building*	Transportation Cabinet	75,600,000
Transportation Building Parking Structure - New Construction	Transportation Cabinet	<u>20,700,000</u>
		96,300,000

\* 1998 Reauthorization of \$68,100,000 and 2000 authorization of \$7,500,000

**State Property and Buildings Commission****Project 74**

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Statewide Microwave Network Maintenance	Governor's Office for Technology	2,500,000
Kentucky River Water Storage Enhancements	Kentucky River Authority	1,500,000
Health Education Center - Phase I	Eastern Kentucky University	7,000,000
Business and Technology Building	Eastern Kentucky University	5,000,000
Hathaway Hall Renovation	Kentucky State University	3,796,000
Carver Hall Renovation	Kentucky State University	5,000,000
Student Center Renovation & Expansion - Phase I	Morehead State University	10,000,000
Old Science Renovation (Design Phase)	Nothern Kentucky University	1,000,000
Biomedical Sciences Research Building	University of Kentucky	39,000,000
Research Building (Belknap Campus)	University of Louisville	25,000,000
Jefferson CC: Renovation of Downtown Campus	Kentucky Community and Technical	8,800,000
Northern KY Community & Technical College, Phase I	Kentucky Community and Technical	10,000,000
Cumberland TC, Harlan Campus: Renovate Building 2	Kentucky Community and Technical	4,114,000
Ashland Technical College: Original Campus Renovation	Kentucky Community and Technical	6,900,000
Woodsbend Youth Development Center Education Addition -	Department of Juvenile Justice	1,101,000
Secure Juvenile Detention Center - Fayette County	Department of Juvenile Justice	6,700,000
Replacement Facility (up to 100 beds) - Jefferson County	Department of Juvenile Justice	10,000,000
Kentucky Correctional Institution for Women- Phase II	Department of Corrections	900,000
DTV-HDTV Broadcast Transmission	Kentucky Educational Television	12,700,000
State-Owned Dam Repair - Reauthorization	Department for Environmental Protection	2,000,000
Muck Processing Facility	Kentucky Horse Park	375,000
Boiler Replacement - Central State Hospital	Department for Mental Health/Mental	<u>2,457,000</u>
		165,843,000

## Agency Fund Bond Projects FY 2001 - 2002

<u>Project Title</u>	<u>Agency</u>	<u>Project Amount</u>
Greek Row	Eastern Kentucky University	2,300,000
Student Housing Fire Safety	Eastern Kentucky University	2,000,000
Dormitory Renovation, Combs Hall	Eastern Kentucky University	5,000,000
Physical Skills Training Complex	Justice Cabinet	7,000,000
KY River Water Release System & Locks/Dams Acq*	Kentucky River Authority	4,000,000
Construct Family Housing Complexes	Morehead State University	3,800,000
Auxilliary Facilities Life Safety	Morehead State University	2,030,000
MSU repairs for Residence Halls	Murray State University	1,500,000
Parking #2 & Seaton Center Expan/Renov/Replacement	University of Kentucky	26,350,000
Biomedical Sciences Research Building	University of Kentucky	26,000,000
Boyd Hall - HVAC	University of Kentucky	1,633,000
Cooperstown - Phase IV	University of Kentucky	1,313,000
Jewell Hall - HVAC	University of Kentucky	1,040,000
UK Center for Rural Health*	University of Kentucky	6,100,000
UK Crisp Building Bond Funds*	University of Kentucky	2,200,000
Chiller, Cooling & Communications Project	University of Kentucky	18,370,000
Keeneland Sprinklers	University of Kentucky	2,821,000
UK Aging Allied Health Agency Buildings*	University of Kentucky	8,222,000
Research Building (Belknap Campus)	University of Louisville	16,368,000
		138,047,000

\* Reauthorization

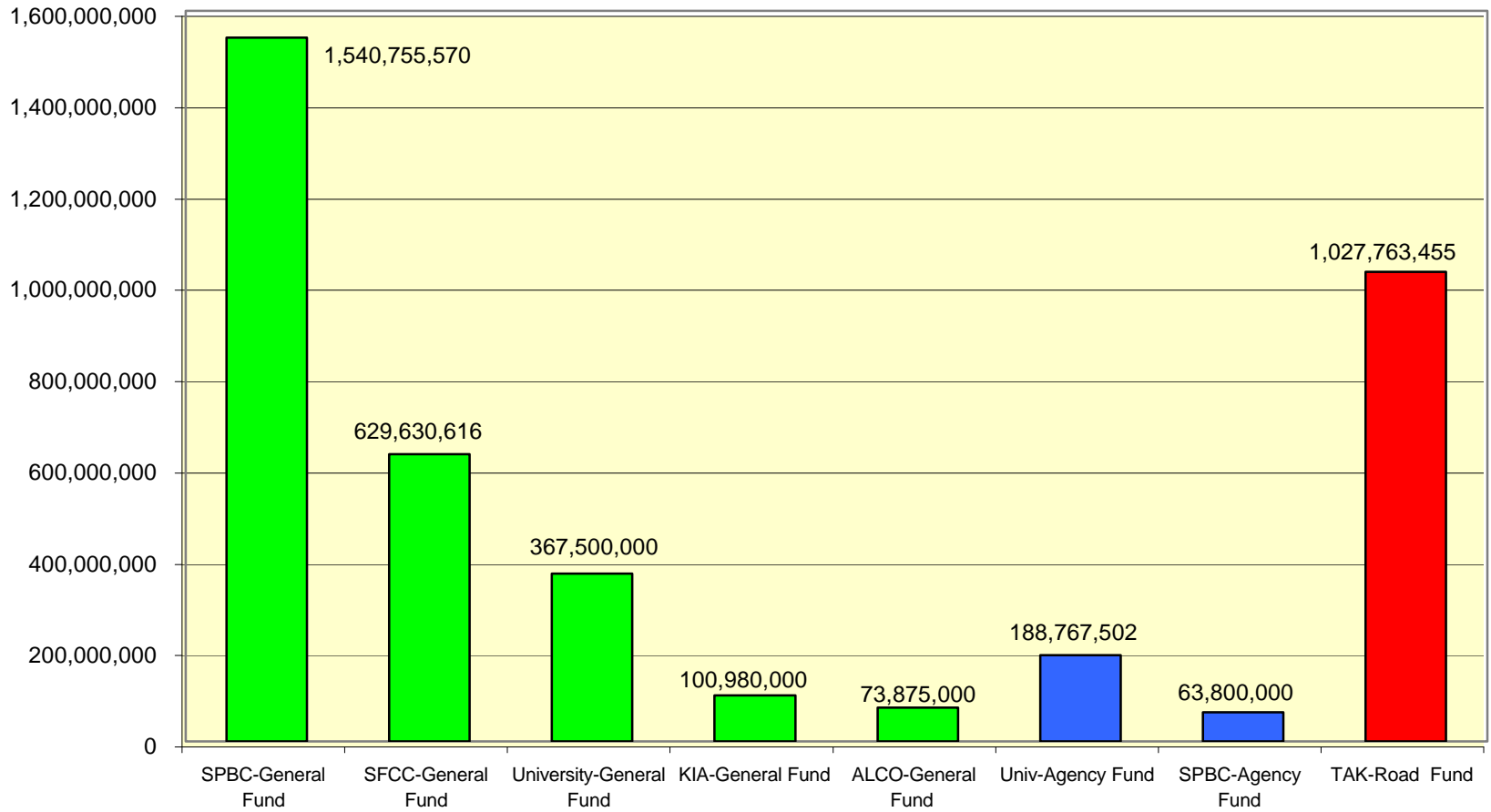
**General Fund Bond Projects FY 2001 - 2002**

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Fund F Loans- Drinking Water Reauthorization	Kentucky Infrastructure Authority	6,000,000.00
Water Resources Development	Kentucky Infrastructure Authority	50,000,000.00
Wastewater Revolving Loan and Grant Fund A	Kentucky Infrastructure Authority	7,000,000.00
Rural Development Bond Fund	Kentucky Infrastructure Authority	25,000,000.00
Economic Opportunity Zones	Economic Development	2,000,000.00
Economic Development Bond Pool	Economic Development	<u>4,000,000.00</u>
		94,000,000.00



# Appendix E

### Appropriation Debt Outstanding By Fund Source as of June 30, 2001



# Appendix F

### Appropriation Supported Debt Service by Fund Source as of June 30, 2001 (000)

