

April 21, 2021

RE: Request for Trustee Services for the Commonwealth of Kentucky State Property and Buildings Commission Revenue Refunding Bonds, Project No. 125

The Office of Financial Management (“OFM”) of the Finance and Administration Cabinet of the Commonwealth of Kentucky, on behalf of the Commonwealth of Kentucky State Property and Buildings Commission (the “Commission” or “SPBC”), is inviting proposals from qualified financial institutions to provide professional services of Trustee and Paying Agent and Escrow Agent for the State Property and Buildings Commission Revenue Bonds, Project No. 125, referred to as the “Project 125 Bonds” or the “Bonds.”

The Project 125 Bonds will be sold by negotiated sale in no more than four series in an expected principal amount not to exceed \$195 million. It is expected Series A & Series B will be issued, with optional issuance of Series C and Series D as defined below.

The **Series A** Bonds are expected to be issued as fixed rate tax-exempt revenue refunding bonds to refund certain outstanding Revenue and Revenue Refunding Bonds, Project No. 98, Revenue Bonds, Project No. 99 Series A and Revenue and Revenue Refunding Bonds Project No. 100 Series A for approximately \$46.8 million with an expected final maturity date of September 1, 2024.

The **Series B** Bonds are expected to be issued as fixed rate taxable revenue refunding bonds to refund certain outstanding Revenue Bonds, Project No. 106 Series A, for approximately \$45.4 million with an expected final maturity date of September 1, 2033.

The **Series C** Bonds are expected to be issued as fixed rate tax-exempt revenue refunding bonds to tender certain outstanding Revenue Bonds, Project No. 106 Series A, for approximately \$26.9 million with an expected final maturity date of September 1, 2033.

The **Series D** Bonds are expected to be issued, if federal legislation reinstates tax-exempt advance refunding bonds before the pricing date, as fixed rate tax-exempt revenue refunding bonds to refund certain outstanding Revenue Bonds, Project No. 108 Series A and Revenue and Revenue Refunding Bonds Project No. 110 for approximately \$50.4 million.

The Bonds may be sold as early as June 3, 2021 with an anticipated delivery date of July 1, 2021. The Bonds will be issued in Book-Entry-Only form and will be registered in the name of Cede & Co, as a nominee of the Depository Trust Company (“DTC”), New York, New York which will act as securities depository for the bonds. Purchasers will not receive certificates representing their ownership interest in bonds purchased. So long as DTC is a registered owner of the bonds, payments of principal and interest will be made directly to DTC.

The Commission will accept responses by e-mail to this Request for Services, up to but no later than 4:00 p.m. ET on Wednesday, April 28, 2021. Submission of a response must address all of the questions identified on page 5 and requirements of Attachments A through E. Please provide a fee quote on Attachment E as a one-time upfront payment to include all expenses and charges due at the bond closing for one estimated transaction, consisting of one series of bonds, in a total principal amount not to exceed \$195 million.

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

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

**Request for Trustee Services
Commonwealth of Kentucky
State Property and Buildings Commission
Revenue Bonds, Project No.125**

GENERAL INFORMATION

Date of Request: April 21, 2021

Purpose: To select a financial institution to provide trustee, paying agent and escrow trustee services to the Commonwealth of Kentucky State Property and Buildings Commission (the “Commission”) for its State Property and Buildings Commission Revenue Bonds, Project No. 125, referred to as the “Project 125 Bonds” or the “Bonds”. The Bonds are expected to be issued in four series in an aggregate principal amount not to exceed \$195 million.

The Series A Bonds are expected to be issued as fixed rate tax-exempt revenue refunding bonds to 1) refund certain outstanding Revenue Bonds, Project No. 98, Project No. 99 Series A and Project No. 100 Series A for approximately \$46.8 million in order to achieve debt service savings; and, 2) pay costs of issuance. The Series A Bonds are expected to have a state final maturity no later than September 1, 2024.

The Series B Bonds are expected to be issued as fixed rate taxable revenue refunding bonds to 1) refund certain outstanding Revenue Bonds, Project No. 106 Series A for approximately \$45.4 million in order to achieve debt service savings; and, 2) pay costs of issuance. The Series B Bonds are expected to have a stated final maturity no later than September 1, 2033.

The Series C Bonds are expected to be issued as fixed rate tax-exempt revenue refunding bonds to 1) tender certain outstanding Revenue Bonds, Project No. 106 Series A for approximately \$26.9 million in order to achieve debt service savings; and, 2) pay costs of issuance. The Series C Bonds are expected to have a stated final maturity no later than September 1, 2033.

The Series D Bonds are expected to be issued, if federal legislation reinstates tax-exempt advance refunding bonds before the pricing date, as fixed rate tax-exempt revenue refunding bonds to refund certain outstanding Revenue Bonds, Project No. 108 Series A and Revenue and Revenue Refunding Bonds Project No. 110 for approximately \$50.4 million.

The Project 125 Bonds are special and limited obligations of the Commission and are secured by revenues to be derived from General Fund appropriations. The Bondholders have no security interest in any properties constituting the project or any amounts derived there from.

The Commission may replace the Trustee, Paying Agent and Escrow Trustee if the Commission, in its sole discretion, feels the bank is not satisfactorily meeting

its service requirements. The replacement may be undertaken in the manner set forth in the Trust Indenture.

Eligible Institutions:

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

KRS 45A.490-494 was created regarding preference to resident bidders. For more information, refer to Exhibit A in this RFP titled “Kentucky Preference Laws”.

Description of Services:

The bank engaged as Trustee, Paying Agent and Escrow Trustee for the Bonds will be working with: the Commission; OFM; Citigroup, as senior managing underwriter; Kutak Rock LLP, as bond counsel; and Stites & Harbison PLLC, as underwriter’s counsel. The selected bank will be required to provide services that shall include, but not be limited to, the requirements listed below:

1. As Trustee, Paying Agent and Escrow Agent, the Commission will require the bank to act as the agent for the safekeeping, completion, authentication, and payment of the Bonds.
2. The Commission will provide collected funds for deposit into the appropriate accounts as required by the indenture and make periodic payments as necessary.
3. Pay on behalf of the Commission, the principal and interest due to the respective bondholders on the payment dates.
4. Provide online access to account information as well as monthly statements to the Commission on a timely basis.
5. Invest available funds held by the bank as instructed by OFM.
6. Comply with all requirements of the Trust Indenture.
7. Arbitrage rebate calculations are not included in this request for bid.
8. Serve as escrow trustee for the refunding components of the SPBC 125 financing. Refunding candidates have call dates extending through October 1, 2023.

Please see **Exhibit B: Summary of Prior Bonds** for further information.

9. Serve as escrow trustee at no additional charge in the event that the SPBC 125 Bonds are refunded in the future.

Issuing Entity: Commonwealth of Kentucky State Property and Buildings Commission

Inquiries: Bethany Couch, Financial Analyst
Commonwealth of Kentucky
Office of Financial Management
702 Capital Avenue, Suite 76
Frankfort, KY 40601-3453
Phone: (502) 564-8008
E-mail: bethany.couch@ky.gov

Proposal Due Date: To be considered responsive, written proposals must be delivered by **4:00 p.m. ET, April 28, 2021**. E-mail submissions are acceptable.

Delivery Directions:

One e-mailed copy to:

Bethany Couch, Financial Analyst
Commonwealth of Kentucky
Office of Financial Management
702 Capital Avenue, Suite 76
Frankfort, KY 40601-3453
Phone: (502) 564-8008
E-mail: bethany.couch@ky.gov

Evaluation of Proposals:

Proposals will be evaluated by OFM pursuant to the criteria set forth on Attachment F.

Commission Reservation of Rights:

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

REQUEST FOR PROPOSAL QUESTIONS / CERTIFICATIONS

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

NOTE: All sections of the Kentucky Revised Statutes referred to herein may be viewed on the home page of the Kentucky Legislature at the following internet address:

<https://legislature.ky.gov/Pages/index.aspx>.

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

ATTACHMENT A

Current Contact Information

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

Name: _____

Address: _____

Phone: _____

Fax: _____

E-mail: _____

ATTACHMENT B

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

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

Signature

Name

Title

Firm Name

ATTACHMENT C

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

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

Signature

Name

Title

Firm Name

ATTACHMENT D

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

KRS 45A.485 states:

- (1) Any state contract awarded under KRS Chapter 45A, 175, 177, or 180 after July 15, 1994, shall require the contractor to:
 - (a) Reveal any final determination of a violation by the contractor within the previous five (5) year period pursuant to KRS Chapters 136, 139, 141, 337, 338, 341, and 342 that apply to the contractor; and
 - (b) Be in a continuous compliance with the provisions of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 that apply to the contractor for the duration of the contract.

- (2) A contractor's failure to reveal a final determination of a violation of KRS Chapters 136, 139, 141, 337, 338, 341, and 342 or to comply with these statutes for the duration of the contract shall be grounds for the Commonwealth's:
 - (a) Cancellation of the contract; and
 - (b) Disqualification of the contractor from eligibility for future state contracts for a period of two (2) years.

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

Signature

Name

Title

Firm Name

ATTACHMENT E

**State Property and Buildings Commission Revenue Bonds, Project No. 125
Proposal for Trustee Services**

BANK NAME: _____

Please provide a fee quote as a one-time upfront payment to include all expenses (including legal fees) and charges due at the bond closing(s) for one transaction with an expected issuance size not to exceed \$195 million.

The Bonds will be sold by negotiated sale in a total principal amount not to exceed \$195 million. It is anticipated that the Commission will issue the Project 125 Bonds in four series of fixed rate revenue refunding bonds to provide funding to refund approximately \$169.5 million of existing debt. The Bonds are expected to be delivered on or about July 1, 2021. The Project 125 Bonds are expected to be dated the date of delivery and have semi-annual interest payments each September 1 and March 1, with annual principal payments each September 1, with a first principal payment on September 1, 2021.

Total One-time Up-Front Fee Proposal: \$ _____

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

Standard & Poor's _____/_____

Moody's _____/_____

Fitch _____/_____

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

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

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

Resident / Non- Resident Status: _____

ATTACHMENT F

Evaluation Criteria

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

*Kentucky Preference Laws, as applicable. – Refer to Exhibit A.

EXHIBIT A

Kentucky Preference Laws

The scoring of bids/proposals is subject to Reciprocal preference for Kentucky resident bidders and Preferences for a Qualified Bidder or the Department of Corrections, Division of Prison Industries.

Reciprocal preference for Kentucky resident bidders

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

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

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

KRS 45A.492 Legislative declarations.

The General Assembly declares:

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

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

- (1) Prior to a contract being awarded to the lowest responsible and responsive bidder on a contract by a public agency, a resident bidder of the Commonwealth shall be given a preference against a nonresident bidder registered in any state that gives or requires a preference to bidders from that state. The preference shall be equal to the preference given or required by the state of the nonresident bidder.
- (2) A resident bidder is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:
 - (a) Is authorized to transact business in the Commonwealth; and
 - (b) Has for one (1) year prior to and through the date of the advertisement, filed Kentucky corporate income taxes, made payments to the Kentucky unemployment insurance fund established in KRS 341.490, and maintained a Kentucky workers' compensation policy in effect.
- (3) A nonresident bidder is an individual, partnership, association, corporation, or other business entity that does not meet the requirements of subsection (2) of this section.
- (4) If a procurement determination results in a tie between a resident bidder and a nonresident bidder, preference shall be given to the resident bidder.
- (5) This section shall apply to all contracts funded or controlled in whole or in part by a public agency.
- (6) The Finance and Administration Cabinet shall maintain a list of states that give to or require a preference for their own resident bidders, including details of the preference given to such bidders, to be used by public agencies in determining resident bidder preferences. The cabinet shall also promulgate administrative regulations in accordance with KRS Chapter 13A establishing the procedure by which the preferences required by this section shall be given.

- (7) The preference for resident bidders shall not be given if the preference conflicts with federal law.
- (8) Any public agency soliciting or advertising for bids for contracts shall make KRS 45A.490 to 45A.494 part of the solicitation or advertisement for bids.

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

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

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

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

Preferences for a Qualified Bidder or the Department of Corrections, Division of Prison Industries.

Pursuant to 200 KAR 5:410, and KRS 45A.470, Kentucky Correctional Industries will receive a preference equal to twenty (20) percent of the maximum points awarded to a bidder in a solicitation. In addition, the following “qualified bidders” will receive a preference equal to fifteen (15) percent of the maximum points awarded to a bidder in a solicitation: Kentucky Industries for the Blind, any nonprofit corporation that furthers the purposes of KRS Chapter 163 and any qualified nonprofit agencies for individuals with severe disabilities as defined in KRS 45A.465(3). Other than Kentucky Industries for the Blind, a bidder claiming “qualified bidder” status shall submit along with its response to the solicitation a notarized affidavit which affirms that it meets the requirements to be considered a qualified bidder- affidavit form included. If requested, failure to provide documentation to a public agency proving qualified bidder status may result in disqualification of the bidder or contract termination.

Solicitation/Contract #: _____

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

FOR BIDS AND CONTRACTS IN GENERAL:

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

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

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

Signature

Printed Name

Title

Date

Company Name _____

Address _____

State of _____

County of _____

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

_____.

EXHIBIT B

Summary of Prior Bonds *

The outstanding Revenue and Revenue Refunding Bonds, Project No. 98, which mature on the dates, in the amounts and bear interest at the rates set forth below:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
8/1/ 2021	\$ 2,355,000	4.000%

The outstanding Revenue Bonds, Project No. 99 Series A, which mature on the dates, in the amounts and bear interest at the rates set forth below:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
11/1/ 2021	\$ 16,610,000	5.000%

The outstanding Revenue and Revenue Refunding Bonds, Project No. 100 Series A, which mature on the dates, in the amounts and bear interest at the rates set forth below:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
8/1/ 2022	\$810,000	3.750%
8/1/ 2022	25,050,000	5.000%
8/1/ 2024	2,630,000	4.000%

The outstanding Revenue Bonds, Project No. 106 Series A, which mature on the dates, in the amounts and bear interest at the rates set forth below:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
10/1/ 2026	\$7,720,000	5.000%
10/1/ 2027	8,115,000	5.000%
10/1/ 2028	8,530,000	5.000%
10/1/ 2029	8,960,000	5.000%
10/1/ 2030	9,420,000	5.000%
10/1/ 2031	9,910,000	5.000%
10/1/ 2032	10,415,000	5.000%
10/1/ 2033	7,625,000	5.000%

The outstanding Revenue Bonds, Project No. 108 Series A, which mature on the dates, in the amounts and bear interest at the rates set forth below:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
8/1/ 2029	\$7,615,000	5.000%
8/1/ 2030	6,825,000	5.000%
8/1/ 2031	8,390,000	5.000%
8/1/ 2032	8,820,000	5.000%

The outstanding Revenue and Revenue Refunding Bonds, Project No. 110, which mature on the dates, in the amounts and bear interest at the rates set forth below:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
8/1/ 2029	\$6,200,000	5.000%
8/1/ 2030	3,750,000	5.000%
8/1/ 2031	1,720,000	5.000%
8/1/ 2032	7,075,000	5.000%

*Preliminary, subject to change