

Kansas Development Finance Authority



House Bill 2102
KDFA 2021K (KPERS Deposit)
Tender Offer, Appropriation of \$250M
Neutral Testimony

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House Committee on Financial Institutions and Pensions

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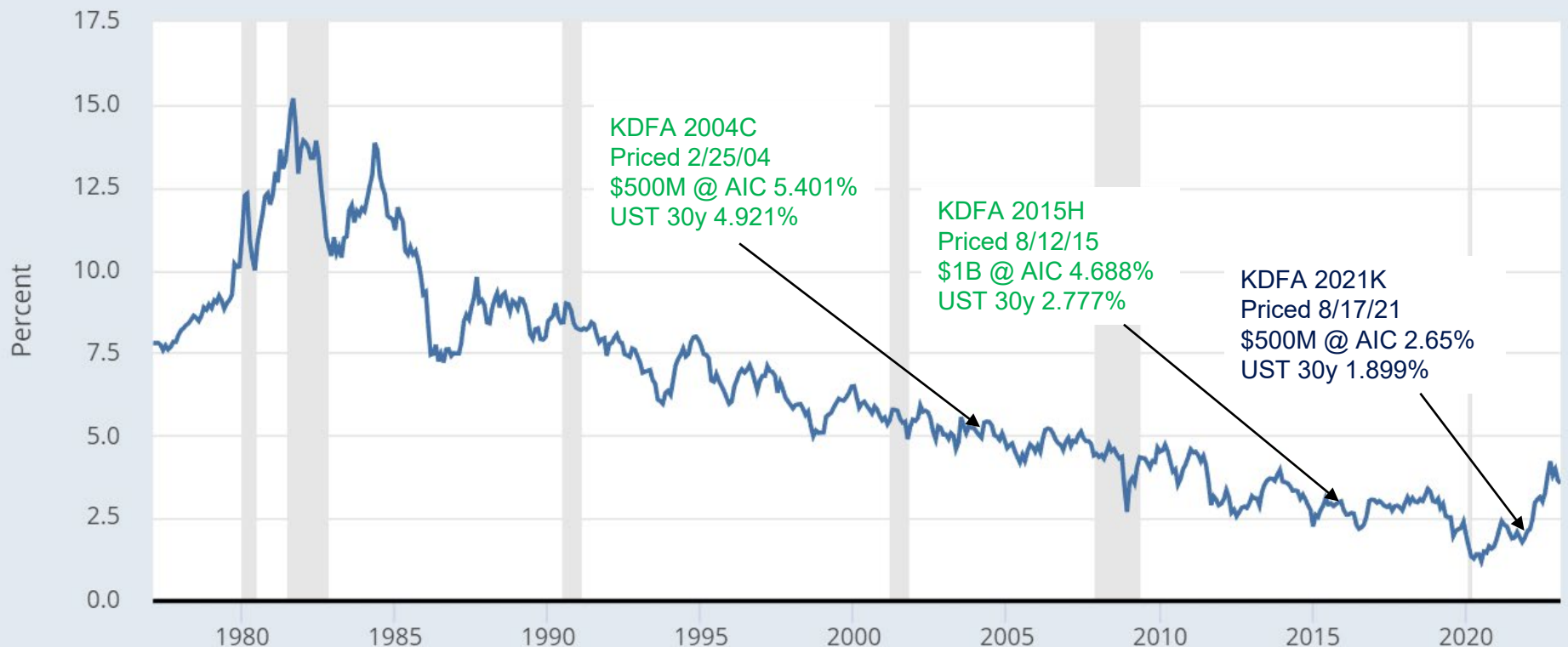


Market Context: Why this opportunity exists

- *In August 2021, KDFA 2021K was priced when yields were very low and credit spreads were tighter than in previous pension deposit transactions.*
- *Subsequently, yields have moved up significantly in response to inflationary pressure and the Federal Reserve's response to counter this inflation. Credit spreads have also widened.*



— Market Yield on U.S. Treasury Securities at 30-Year Constant Maturity, Quoted on an Investment Basis





What are the State's Options for the 2021K Bonds?

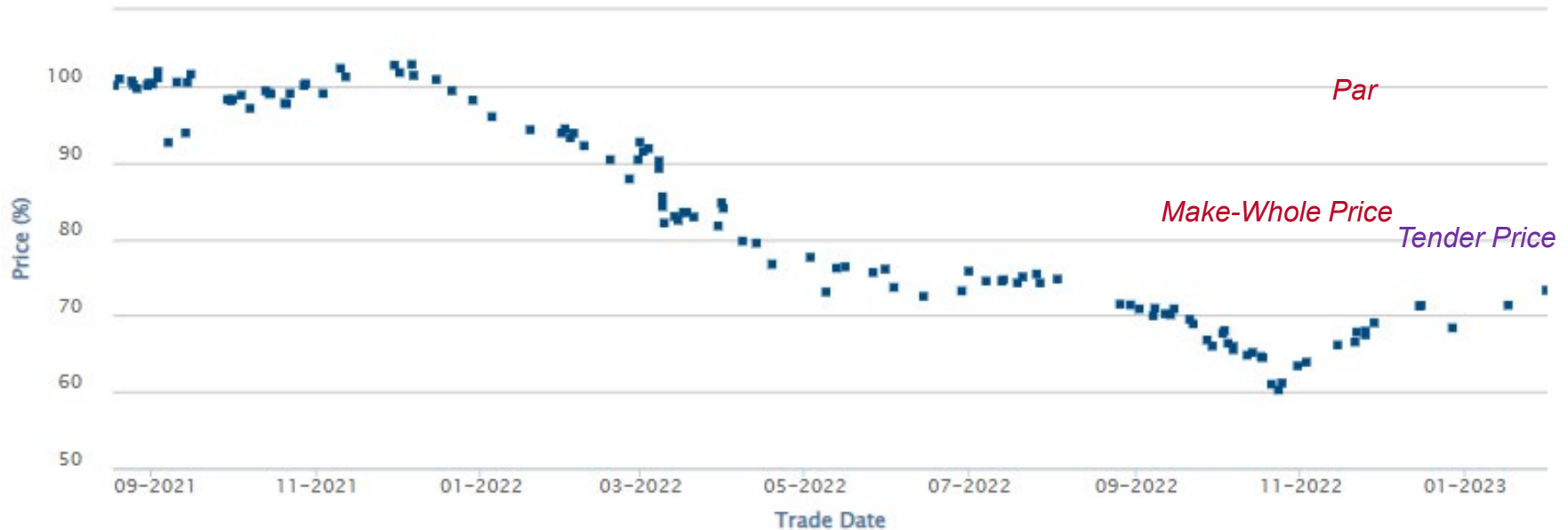
➤ *Optional Make-Whole Redemption*

- *State's Option, Bondholders do not decide*
- *Redemption Price the **GREATER** of: **Par** or **Make-Whole Price***

➤ *Tender Offer Solicitation*

- *State Offers, Bondholders decide whether to tender or not*
- ***Tender Price** decided by State, usually with enough premium to market price to incentivize Bondholders to tender their bonds*

KDFA series 2021K 2051 Term Bond \$300M Market Trade Prices (% of Par)





ROUGH Estimate of Transaction Costs

		Final 2021K	Tender Offer	Notes
Par		504,535,000	333,333,333	
Underwriting Syndicate	Citigroup et. al.	1,450,087	-	
Tender Agent	tbd	-	1,000,000	tbd
Bond Insurance Premium	Build America Mutual	1,837,954	-	
Financial Advisor	CCM	90,000	-	tbd
Bond Counsel	Gilmore & Bell	110,589	75,000	tbd
Issuer Counsel	Kutak Rock	74,028	75,000	tbd
Treasurer Counsel	tbd	-	-	tbd
DoA Counsel	Bracewell	115,059	120,000	tbd
Rating	Moody's	65,000	-	
Rating	S&P	63,000	-	
State's Auditor	CLA	3,500	3,500	
Printing	ImageMaster	2,760	2,500	
NetRoadShow	ImageMaster	2,000	-	
Paying Agent	State Treasurer	6,330	-	
Transcript Review	Attorney General	255	-	
Issuer Fee	KDFA	210,000	-	
Admin Fee	KDFA	485,468	-	
Contingency		18,970	20,000	
Other		-	-	tbd
TOTAL		4,535,000	1,296,000	
		0.899%	0.389%	% of par



Q&A