

Kansas Development Finance Authority



**\$1,005,180,000 Revenue Bonds
(State of Kansas – KPERS)
Series 2015H (Taxable)**

***House Committee on Pensions and Benefits Presentation --- Post Sale
January 20, 2016***



Transaction Overview

Kansas Development Finance Authority Revenue Bonds, Series 2015H

Issuer / Obligor	Kansas Development Finance Authority/State of Kansas
Par Amount	\$1,005,180,000
Use of Proceeds	Deposit net proceeds into KPERS (State/School Group) in order to reduce the system's unfunded pension liability
Security	Revenues derived from the Trust Estate, which are <i>subject to annual appropriation from the State General Fund by the Kansas Legislature</i> before transfer into the Trust Estate. The Kansas Department of Administration is obligated to provide revenues for debt service by i) requesting each year that the Kansas Legislature appropriate revenues adequate in the aggregate to meet the debt service requirements and ii) applying to the payment of debt service any funds appropriated for such purpose
Structure	Fixed rate, 30-year level debt service with anticipated combination of serial and term bonds (amortizing)
Tax Status	Taxable, both Federal and State
Optional Redemption	Make-Whole Call, at any time PV of debt service discounted at US Treasury + 35 basis points
Rating	Moody's: Aa3 (Stable Outlook); S&P: AA- (Negative Outlook)

Schedule & Marketing



The transaction schedule was largely driven by the State Disclosure process.

Based on the recommendations of the Joint Book Running Managers (Bank of America and Wells Fargo) and our Financial Advisors (Public Financial Management and Columbia Capital Management) KDNA planned and executed a domestic marketing plan to institutional investors.

Fri 7/31 Print POS
Mon 8/3 Record & Post Investor Presentation

Los Angeles CANCELLED

Tues 8/4 Chicago **\$55M in orders**
Wed 8/5 Boston **\$600M in orders**

Thurs 8/6 New York **\$25M in orders**

Fri 8/7 Investor 1 on 1 Calls

Mon 8/10 Investor 1 on 1 Calls

Tues 8/11 Indications of Interest

Wed 8/12 Launch, Verbal Award,
Coupon Set, Signed BPA

Thurs 8/13 Print OS

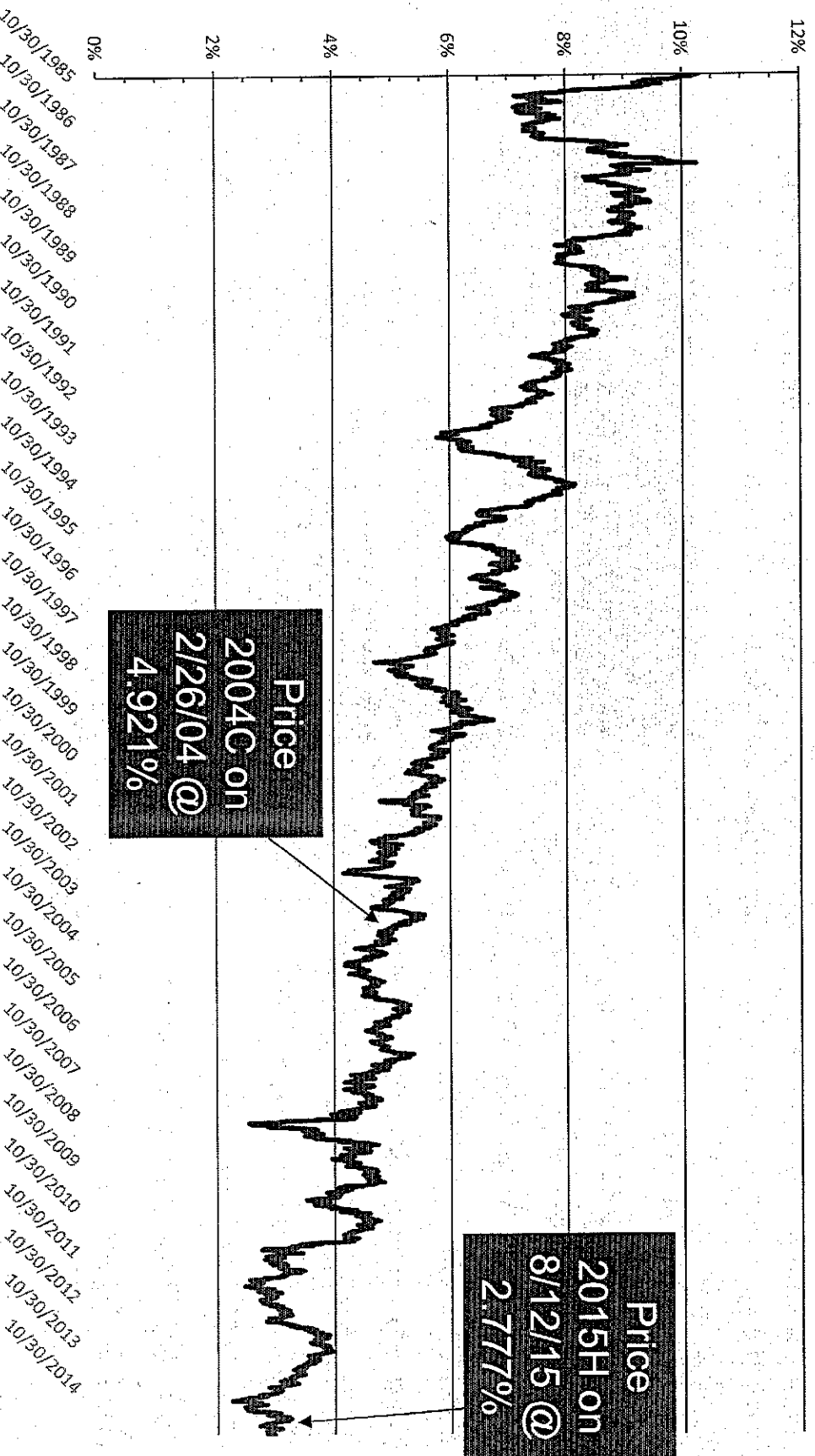
Thurs 8/20 Close

21 Accounts Placed Orders for \$25M or more			
Account	Orders (\$'000)	Investor Lunch	1 on 1 Investor Call
Wellington Management Company	265,025	Boston	
Income Research & Management	127,755	Boston	
Pimco	124,015		
Liberty Mutual Insurance	104,295	Boston	Yes
Seattle Northwest Asset Management	102,180		
DFW Airport	80,515		
Nationwide Life Insurance	70,000		
Confidential	66,820	Boston	
Progressive Capital Management	59,340		
USAA Investment Management	58,750		
CONNING & CO	55,550		
Northwestern Mutual Life Insurance	55,000	Chicago	
Sentinel Advisors Company	40,475		
BBNI	40,000		
Logan Circle	39,475		
Segall Bryant & Hamill Inv't. Counsel	38,630		
Fort Washington	35,000		
Columbia Management Advisors	30,000		
Longfellow Investment Management	29,000	Boston	
NISA Milwaukee	25,000		Yes
Genworth Financial Inc.	25,000	NYC	Yes



30 Year Historical Context of Long Yields

US Treasury 30 Year Yield





Final Structure & Pricing

The Bonds were issued as serial bonds maturing in 2017 through 2030 and two index-eligible term bonds maturing in 2037 and 2045.

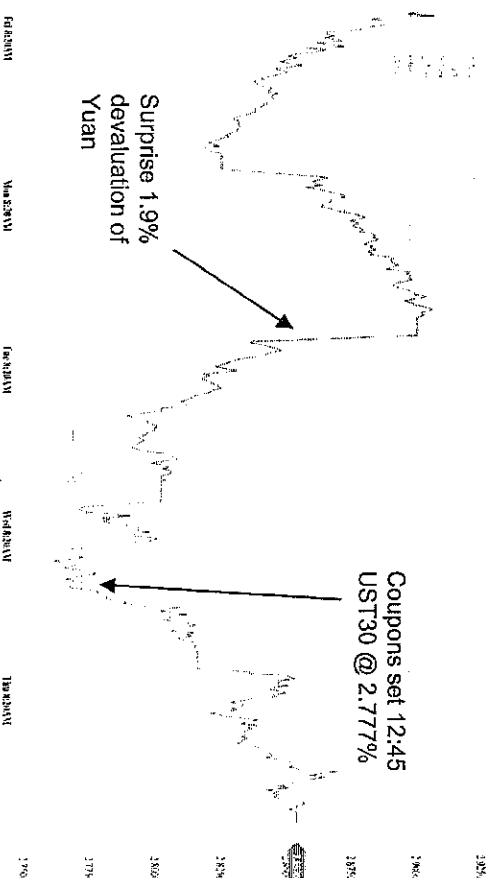
Final Amortization

Maturity	Principal	Spread to UST	Orders	Subscription
4/15/2017	18,300,000	+85	188,485,000	10.3x
4/15/2018	20,330,000	+100	207,670,000	10.2x
4/15/2019	20,710,000	+80	175,150,000	8.5x
4/15/2020	21,175,000	+115	180,745,000	8.5x
4/15/2021	21,730,000	+110	124,915,000	5.7x
4/15/2022	22,365,000	+140	82,505,000	3.7x
4/15/2023	23,085,000	+140	69,085,000	3.0x
4/15/2024	23,895,000	+155	22,750,000	1.0x
4/15/2025	24,765,000	+165	65,750,000	2.7x
4/15/2026	25,690,000	+185	62,975,000	2.5x
4/15/2027	26,700,000	+200	20,275,000	0.8x
4/15/2028	27,795,000	+210	27,790,000	1.0x
4/15/2029	28,960,000	+220	28,960,000	1.0x
4/15/2030	30,200,000	+230	35,205,000	1.2x
****	****	****	****	****
4/15/2037	254,585,000	+195	260,690,000	1.0x
****	****	****	****	****
4/15/2045	414,895,000	+215	420,275,000	1.0x

Heavy subscription on the short end...but limped across the finish line on the long end. Book Runners underwrote \$95M.

HUGE tailwind from China...more good fortune than skill. 1 basis point = \$1M on the \$415M 2045 Term Bond.

US Treasury 30 year week of pricing





Q&A