

THE TURNPIKE AUTHORITY OF KENTUCKY

JUNE 27, 2007

1:00 P.M.

ROOM 386, CAPITOL ANNEX

The Turnpike Authority of Kentucky was called to order on Wednesday, June 27, 2007 at 1:00 p.m. in Room 386 of the Capitol Annex by Stan Cave, Chief of State, Governor's Office, proxy for Governor Ernie Fletcher, in Room 386 of the Capitol Annex. Other members present were Mike Burnside, proxy for John Farris, Secretary, Finance and Administration Cabinet; George R. Burgess, Jr., proxy for John E. Hindman, Secretary, Cabinet for Economic Development, Bonnie Howell, proxy for Attorney General Greg Stumbo; Debra Gabbard, proxy for Bill Nighbert, Secretary, Transportation Cabinet; and Mike Hancock, proxy for Marcie Mathews, State Highway Engineer.

Chairman Cave verified that a quorum was present and that notice of the meeting was properly posted in accordance with KRS 61.800-61.850.

The first item on the agenda was approval of the minutes of the December 18, 2006 meeting. A motion was made by Debra Gabbard and seconded by George Burgess to approve the minutes of the December 18, 2006.

The next item on the agenda was the consideration of approval of the semi-annual transfer of funds. Linda Masters noted for the Board for the period July 1, 2007 through December 31, 2007 staff requested \$110,000 to meet project operating expenses. Ms. Masters pointed out that total expenses budgeted for the period are \$160,275. Ms. Masters estimated expenses for June 2007 to be \$10,000 and reported a carry forward of \$62,000.

Chairman Cave entertained a motion to accept the budget as reported and that the request for the semi-annual transfer of funds be approved. Bonnie Howell moved and Debra Gabbard seconded a motion to approve the semi-annual transfer of funds. Motion carried unanimously.

The next item on the agenda was approval of property transfers that were located in Tabs C-G of the Agenda. Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet and Executive Director of the Authority gave a brief description of each of the properties. Mr. Ross stated that the first parcel that the Transportation Cabinet has determined to be surplus consists of two separate pieces and is no longer needed for current or future purposes. Mr. Ross indicated that the property was being sold to Cottingham Properties LLC at the appraised value of \$227,850 and the Resolution, Official Order of the Transportation Cabinet, Deed of Conveyance, and a property appraisal were included in the agenda. Mr. Ross noted that the proceeds from the sale of the property would be deposited by the Turnpike Authority in accordance with the Trust Indenture.

Chairman Cave called for a motion to authorize the Transportation Cabinet's Resolution to dispose of Parcel No. 118 (part) and Parcel 128X (all) containing 4.797 acres acquired for the construction of SSP 019 0546 005-009 009R at ED-1AA Highway (KY 9) in Campbell County,

Kentucky. A motion was made by Debra Gabbard and seconded by George Burgess to adopt the Resolution. Motion carried and the Resolution to dispose of Parcel No 118 (part) and Parcel 128X (all) was approved.

Mr. Ross stated that next property for disposal was .08 acres in Martin County to R & J Development, LLP. Mr. Ross noted that all necessary supporting documentation was included in Attachment D. Mr. Ross noted that the property was appraised at \$2,700 and was being sold for that amount. Mr. Ross indicated that the proceeds from the sale of the property would be deposited by the Turnpike Authority in accordance with the Trust Indenture.

Chairman Cave called for a motion to authorize the Transportation Cabinet's Resolution to dispose of land Parcel No. 78 (part) containing .08 acres acquired for the construction of SSP 080 0003 000-013 at RR16 Auxier-Inez Road (KY 3) in Martin County, Kentucky. A motion was made by George Burgess and seconded by Bonnie Howell to adopt the Resolution. Motion carried and the Resolution to dispose of Parcel No 78 (part) was approved.

Mr. Ross stated that the third parcel of land for disposal was 0.96 acres of land in Floyd County, Kentucky to Mikael Fannin at the appraised value of \$5,500. Mr. Ross stated that all the necessary documentation was included in Attachment E and that the proceeds from the sale of the property would be deposited by the Turnpike Authority in accordance with the Trust Indenture.

Chairman Cave called for a motion to authorize the Transportation Cabinet's Resolution to dispose of land Parcel No. 38 (part) containing 0.96 acres acquired for the construction of SSP 036 0023 015-020 at RR 27 1-1 Prestonsburg-Paintsville Road (US 23) in Floyd County, Kentucky. A motion was made by George Burgess and seconded by Debra Gabbard to adopt the Resolution. Motion carried and the Resolution to dispose of Parcel No 38 (part) was approved.

Mr. Ross indicated that the next two properties were actually deeded to the Transportation Cabinet and the Resolution would be authorizing the Transportation Cabinet to sell the properties through the Finance and Administration Cabinet. Mr. Ross stated that Finance legal counsel has reviewed the sale of both properties by the Transportation Cabinet. He stated that the first property is 0.084 acres in Kenton County, Kentucky, to YK Properties, LLC at the appraised value of \$2,890. Mr. Ross stated that the proceeds would be deposited by the Turnpike Authority in accordance with the Trust Indenture.

Chairman Cave stated that the motion before the Authority authorized the Transportation Cabinet to dispose of land Parcel No. 16 (part) containing 0.084 acre acquired for the construction of SSP 059 0017 018-021 049R at ED-12 KY 17 in Kenton County, Kentucky. A motion was made by Debra Gabbard and seconded by Bonnie Howell to adopt the Resolution. Motion carried and the Resolution to dispose of Parcel No 16 (part) was approved.

June 27, 2007

Mr. Ross stated that the last Resolution authorizes the Transportation Cabinet to dispose of 0.65 acres in Martin County to R & J Development Company, LLC at the appraised value of \$29,900. Mr. Ross noted that documentation on the project is found in Attachment G. He also stated the proceeds would be deposited by the by the Turnpike Authority in accordance with the Trust Indenture.

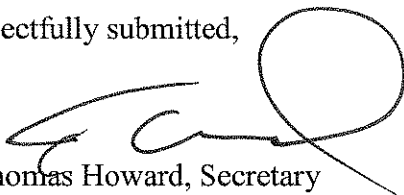
Chairman Cave stated that the motion before the Authority authorized the Transportation Cabinet to dispose of land Parcel No. 324 (part) containing 0.65 acre acquired for the construction of SSP 080 0040 009-013 039R at RR-21 Ulysses to Inez (KY 645) in Martin County, Kentucky. A motion was made by Debra Gabbard and seconded by George Burgess to adopt the Resolution. Motion carried and the Resolution to dispose of Parcel No 324 (part) was approved.

F. Thomas Howard, Executive Director, Office of Financial Management (OFM), stated that at the last meeting discussion was held regarding the possibility of OFM becoming involved in valuing derivative transactions associated with the bonds of the Authority. He indicated that the Kentucky Asset/Liability Commission on behalf of the Transportation Cabinet entered into total rate of return obligations associated with outstanding Turnpike bonds that could not be economically refunded through the traditional sense. Mr. Howard stated that through a structure devised by the Kentucky Asset/Liability several years ago, it was possible to use derivative products to refund the outstanding bonds. Mr. Howard stated that the value to the Road Fund from Resource Recovery 1985 Series A Bonds was approximately \$5 million dollars. Mr. Howard indicated that of that amount \$2.8 million will be transferred to pay debt service on the bonds.

The Chairman asked if there was further business or announcements to be addressed; none was presented.

The Chairman called for a motion to adjourn. Motion carried unanimously.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'F. Thomas Howard', with a large circular flourish at the end.

F. Thomas Howard, Secretary
Turnpike Authority of Kentucky