

**THE TURNPIKE AUTHORITY OF KENTUCKY**  
**SEPTEMBER 7, 2007**

**MINUTES**

The Turnpike Authority of Kentucky was called to order on Friday, September 7, 2007 at 2:00 p.m. in Room 386 of the Capitol Annex by Stan Cave, Chief of State, Governor's Office, proxy for Governor Ernie Fletcher. Other members present were Dr. Randy Embry, proxy for Lt. Governor Stephen Pence; Mike Burnside, 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 June 27, 2007 meeting. A motion was made by Mike Burnside and seconded by Dr. Randy Embry to approve the minutes of the June 27, 2007. Motion carried.

The next item on the agenda was a resolution of the Turnpike Authority of Kentucky approving a financing/lease agreement and supplemental agreement relating to the issuance of Kentucky Asset/Liability Commission Project Notes, 2007 Road Fund First Series. F. Thomas Howard, Executive Director, Office of Financial Management, stated that the resolution approves a financing lease agreement and a supplemental lease to provide the mechanism for the Kentucky Asset/Liability Commission ("ALCo") to offer interim construction financing for Road Fund projects authorized in House Bill 380 of the 2006 Regular Session of the General Assembly. Mr. Howard noted that this program is similar to a construction loan for a house before taking out a permanent mortgage. Mr. Howard stated that ALCo is the conduit for certain financing arrangements which attempt to limit the Commonwealth's liability with the Internal Revenue Service. Mr. Howard pointed out that similar programs are utilized for the General Fund on a regular basis. Mr. Howard further stated that the State Property and Buildings Commission and ALCo adopted resolutions authorizing the issuance of the construction notes (Bond Anticipation Notes) on August 20, 2007. He further noted that the transaction was approved by the Capital Projects and Bond Oversight Committee on August 21, 2007. Mr. Howard stated this resolution is essentially the promise of the Turnpike Authority to issue bonds at the appropriate time, provide the financing payments for the bonds once they are issued, and to provide debt service for the construction notes while outstanding. Mr. Howard noted that ALCo is expected to borrow \$150 million in the Commercial Paper mode later this month with an expected initial interest rate of about 3.5 percent. Mr. Howard stated that Kutak Rock will serve as bond counsel on the transaction; J. P. Morgan will serve as underwriter and remarketing agent; Peck, Shaffer & Williams will serve as underwriter's counsel; and the Bank of New York will serve as trustee. Mr. Howard stated that Dexia Credit Locale is the standby note purchase agreement provider.

Minutes--Turnpike Authority of Kentucky  
Page 2  
September 7, 2007

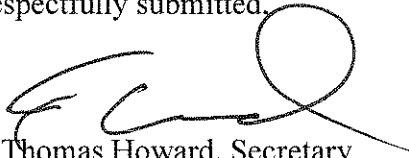
He explained that when issuing commercial paper in the marketplace, there must be a standby note purchase agreement/liquidity facility that would purchase the notes in the event the notes can't be remarketed. He noted that there has never been failed marketing of notes of this type of credit quality.

A motion was made by George Burgess and seconded by Mike Burnside to adopt a Resolution of the Turnpike Authority of Kentucky approving a financing/lease agreement and supplemental agreement relating to the issuance of Kentucky Asset/Liability Commission Project Notes, 2007 Road Fund First Series in an aggregate principal amount not to exceed \$350 million. Motion carried and the Resolution was adopted.

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

A motion was made by Dr. Embry and seconded by Debra Gabbard to adjourn. Motion carried and the meeting was adjourned.

Respectfully submitted,

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

F. Thomas Howard, Secretary  
Turnpike Authority of Kentucky