

TURNPIKE AUTHORITY OF KENTUCKY
NOVEMBER 13, 2014
12:45 P.M.
ROOM 182, CAPITOL ANNEX

The Turnpike Authority of Kentucky ("Authority" or "TAK") met on Thursday, November 13, 2014 at 12:45 p.m. in Room 182 of the Capitol Annex.

Members present were: Lori Flanery, Secretary of Finance and Administration Cabinet, in the Chair; Mike Bartlett, proxy for the Honorable Steven L. Beshear; Caroline Baesler, proxy for Larry M. Hayes, Secretary of the Economic Development Cabinet; Robin Brewer, proxy for Mike Hancock, Secretary of Kentucky Transportation Cabinet; Steve Waddle, Kentucky State Highway Engineer; and Corey Bellamy, proxy for Jack Conway, Attorney General of the Commonwealth of Kentucky.

Others present at the meeting were: Ryan Barrow, Executive Director, Office of Financial Management (OFM) and Secretary of the Authority; Sandy Williams, Deputy Executive Director, OFM; Ed Ross, Office of the Controller and Executive Director of the Authority; Jason Hamilton, OFM and Treasurer of the Authority; Christina Keyes, OFM; John Brady, OFM; Steve Starkweather, OFM; Liz Columbia, OFM; Marcia Hutcherson, OFM and Authority Staff; Tammy McCall, OFM; Joe L. Lancaster, Jr., Legislature Research Committee (LRC), Office of Budget Review; Katherine Halloran, LRC; John Egan, Frost, Brown, Todd representing Kelly Beekeeping Company; and John Merchant, Dinsmore & Shohl, LLP., via conference phone.

Chairperson Flanery having verified that a quorum was present and proper notice of the meeting was posted in accordance with KRS 61.800-61.850, called the meeting to order.

The first item on the agenda was approval of the minutes of the May 8, 2014 meeting as written. Mike Bartlett made a motion to approve and Caroline Baesler seconded. The motion carried unanimously.

The next item of business was a discussion of the Securities and Exchange Commission's (SEC) Municipalities Continuing Disclosure Cooperation (MCDC) Initiative. Ryan Barrow provided to the Board a handout giving a brief explanation of SEC compliance, the MCDC Initiative, the process for self reporting and the reporting deadlines for underwriters and issuers. Mr. Barrow explained that Goldman Sachs, underwriter for a Turnpike Authority February 2006 bond issue, self reported a two-notch ratings upgrade by Standard & Poors (S&P) associated with that issuance. Mr. Barrow further explained that although there was a failure to disclose the ratings upgrade through the Municipal Securities Rulemaking Board's *Electronic Municipal Market Access* (EMMA) portal, the two-notch upgrade was disclosed to the market through other methods. The upgrade was posted in the Official Statement (OS) for the transaction and in the Commonwealth's Comprehensive Annual Financial Report (CAFR). Additionally, S&P publically released the report. Mr. Barrow stated there were several instances which allowed public distribution of the information.

Mr. Barrow along with bond counsel explained that when you self report you enter into a cease and desist order. Mr. Barrow along with bond counsel believes that TAK should not self report any failures of compliance to the SEC under the Initiative. Mr. Merchant was on the phone via conference call and

was available for any questions. Chairperson Flanery stated that moving forward, in future issuances we hope to gain more guidance from the SEC with disclosure obligations.

There was some further discussion relating to the pros and con's of self reporting and all agreed that this instance did not rise to the level of need of self reporting.

Chairperson Flanery opened the floor to any questions; none were presented.

The last item of business was the FY14 Financial Statements. This was presented to the board members for informational purposes. Secretary Flanery asked if anyone had and comments or questions regarding the Statements; none were presented.

Chairperson Flanery asked for a motion to adjourn. Ms. Baesler made a motion to adjourn and Mr. Bellamy seconded and the meeting adjourned at 1:01.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'R. Barrow', written in a cursive style.

Ryan Barrow
Secretary of the Authority