

TURNPIKE AUTHORITY OF KENTUCKY
MARCH 16, 2011
10:00 A.M.
ROOM 386, CAPITOL ANNEX

The Turnpike Authority of Kentucky (Authority or TAK) met on Wednesday, March 16, 2011 at 10:00 a.m. in Room 386 of the Capitol Annex.

Members present were Lori Flanery, in the Chair presiding for Jonathan Miller, Secretary of Finance and Administration Cabinet; Mary Lassiter, proxy for the Honorable Steven L. Beshear, Governor of the Commonwealth; Valeria Cummings, proxy for Daniel Mongiardo, Lt. Governor of the Commonwealth; George Burgess, proxy for Larry Hayes, Secretary of Economic Development Cabinet; Tammy Branham, proxy for Mike Hancock, Secretary of Kentucky Transportation Cabinet; and Steve Waddle, Kentucky State Highway Engineer.

Others present at the meeting were; Tom Howard, Executive Director, Office of Financial Management and Secretary of the Authority; Brett Antle, Deputy Director, Office of Financial Management; Doris A. Howe, Office of Financial Management and Treasurer of the Authority; Robin Brewer, Office of Financial Management; Tom Midkiff, Office of Financial Management; Marcia Hutcherson, Office of Financial Management and Authority staff; John Merchant, Peck, Shaffer and Williams, LLP; David Talley, Kentucky Transportation Cabinet; Kelly Dudley, Legislative Research Committee; Kristi Culpepper, Legislative Research Committee; and Carla Wright, Office of State Budget Director.

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

The first item of the agenda was approval of the minutes of the September 1, 2010 as written. George Burgess made a motion to approve and Tammy Branham seconded. The motion carried unanimously.

The next item on the agenda was approval of the Economic Development Authorizing Resolution for the 2011 Series A Bonds. John Merchant informed the Board that this Resolution is not to exceed \$200 million for the Economic Development Bonds including Refunding Bonds for Economic Development Projects as well as current refunding of all or a portion of certain Turnpike Economic Development bonds that are outstanding

which may or may not include the following Series of bonds: 2001A, 2004B, 2005A and B, 2006A and 2009A.

This Resolution also authorizes the Twelfth Supplemental Agreement and the Twelfth Supplemental Lease Agreement. Mr. Merchant further stated that this is a standard tax-exempt bond financing, consisting of refunding and new money. Mr. Merchant asked if anyone had any questions. None were presented and the Resolution was turned over to Robin Brewer for further information regarding the structure of the transaction.

Ms. Brewer stated that there are three parts or components of this transaction: 1.) to permanently finance \$56 million of Base Realignment and Construction (BRAC) Bonds which were authorized in the 2010 Extraordinary Session of the General Assembly in House Bill 3; 2.) to currently refund 2001 B Turnpike Economic Development Bonds for economic savings; and 3.) to restructure approximately \$33 million for Fiscal Year 2011 Road Fund Debt Service relief.

Ms. Brewer also informed the Board that the proposed date of sale is April 6, 2011 with an anticipated closing date April 19, 2011 with anticipated ratings as follows: Moody's Aa2; S&P AA+; and Fitch AA-. Ms. Brewer went on to mention that the approximate All-in True Interest Cost (TIC) is expected to be 4.06%. Ms. Brewer stated that the estimated present value savings from the current refunding will be approximately \$7 million; the debt restructuring portion for Fiscal Year 2011 will have a cash flow savings of approximately \$32 million which brings a total of cash flow savings from debt restructuring to a negative amount of -\$10.8 million.

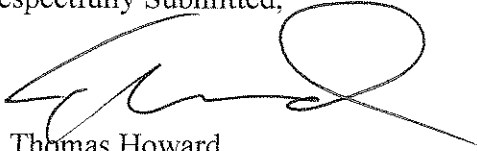
Ms. Brewer informed the Board that Peck, Shaffer and Williams, LLP serves as Bond Counsel; the Underwriter is Goldman Sachs; the Underwriter's Counsel is Stites and Harbison; and Bank of New York Mellon will serve as Trustee.

Tom Howard pointed out to the Board that the anticipated debt restructuring is less than what was budgeted due to debt service savings associated with providing funds on an as needed basis. Mr. Howard went on to say that \$200 million of pre-2010 authorized Turnpike Road Bonds as well as \$522 million of Road Fund bond authorization from the Fiscal Year 2010-12 Budget have yet to be issued, and those debt service savings along with other cost efficiencies have allowed the amount of debt restructuring to be lowered. Chairperson Flanery asked if anyone had any questions or comments; none were presented. Tammy Branham made a motion to approve and Mary Lassiter seconded. The motion carried unanimously.

The next item on the agenda was the budget report for informational purposes. Doris A. Howe presented an expenditure report for the board noting that through March 9, 2011 the Authority has spent \$87,000. Ms. Howe stated that in June, 2010 the Kentucky Transportation Cabinet did a transfer of \$125,000 to the Authority to cover all expenses for Fiscal Year 2011 and would not be doing any additional transfers this year. Ms. Howe informed the Board that the Administrative Account at PNC Bank has a balance of \$246,000.

Chairperson Flanery asked if there was any further business to be brought before the board; none was presented. Chairperson Flanery called for a motion to adjourn; Tammy Branham made a motion and Mary Lassiter seconded. The motion carried unanimously and the meeting adjourned.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'F. Thomas Howard'. The signature is fluid and cursive, with a large loop at the end.

F. Thomas Howard
Secretary of the Authority