

TURNPIKE AUTHORITY OF KENTUCKY

June 15, 2017

3:00 P.M.

ROOM 182, CAPITOL ANNEX

The Turnpike Authority of Kentucky (“Authority” or “TAK”) meeting was called to order on Thursday, June 15, 2017, at 3:00 p.m. ET in Room 182 of the Capitol Annex by Scott Brinkman, Secretary, Office of the Governor, in the Chair, permanent proxy for the Honorable Matthew G. Bevin, Governor of the Commonwealth of Kentucky. Other members present were William M. Landrum III, Secretary, Finance and Administration Cabinet; Katie Smith, proxy for Secretary, Terry R. Gill, Jr., Economic Development Cabinet; Patty Dunaway, State Highway Engineer; Robin Brewer, proxy for Secretary, Greg Thomas, Kentucky Transportation Cabinet; and Rebecca Goodman, proxy for Andy Beshear, Attorney General of the Commonwealth of Kentucky.

Others present at the meeting were: Ed Ross, Office of the Controller and Executive Director of the Authority; Ryan Barrow, Executive Director, Office of Financial Management (OFM) and Secretary of the Authority; Sandy Williams, Deputy Executive Director, OFM; Steve Starkweather, OFM; Jetta Collett, OFM; Liz Columbia, OFM; Bethany Couch, OFM; John Brady, OFM; Jennie Wolfe, Office of the Controller; Tommy Richie, Office of the Controller; John Merchant, Dinsmore & Shohl, LLP; Mike Herrington, Stites and Harbison; Brian Ellis, Legislative Research Commission (LRC); Carla Wright, Office of State Budget Director; Kara Smothermon, Office of State Budget Director Marcia Hutcherson, OFM, Authority staff.

Chairman Brinkman verified with staff a quorum was present and the press had been notified of the meeting in accordance with KRS 61.800 – 61.850.

Chairman Brinkman introduced the first item for business, which was the approval of the minutes from the October 13, 2016 meeting. A motion to accept the minutes of the October 13, 2016 meeting was made by Secretary Landrum and seconded by Ms. Dunaway. There being no further discussion, the motion **CARRIED**.

Chairman Brinkman recognized Steve Starkweather to present the second item on the agenda for consideration. The Economic Development Road Revenue and Revenue Refunding Bonds (Revitalization Projects), Series 2017 A, and 2017 B, Authorizing Resolution.

Mr. Starkweather presented to the board the 2017 A and B Series Resolution authorizing the issuance of bonds for a par amount not to exceed \$265 million of Economic Development Road Revenue and Revenue Refunding Bonds. The approval being sought would authorize the sale of bonds for \$30 million of new money and up to \$235 million of refunding bonds. The new money is a portion of the \$80 million remaining, unissued authorization of the \$400 million appropriated by House Bill 3 of the 2010 Extraordinary Legislative Session. Additionally, the resolution authorizes the advanced refunding of the Economic Development Road Revenue and Revenue Refunding Bonds (Revitalization Projects), Series 2011 A, 2012 A, and 2013 A. The estimated All-In-True Interest Cost for the 20-year \$30 million new money transaction is 3.122% with an advanced refunding par amount of \$231 million; there is an estimated All-In-True Interest Cost of 2.688% and would estimate a savings of 4.615% or about \$10.66 million.

Upon approval of the board, the transaction would be presented as an informational item to the Capital Projects Bond Oversight Committee. This will be a negotiated sale on August 1 and August 2, 2017, with Morgan Stanley serving as the Underwriter. It is scheduled to close on August 23, 2017, with Dinsmore and Shohl, LLP serving as Bond Counsel and Stites and Harbison as Underwriters Counsel. Staff recommended approval.

Chairman Brinkman called for a motion to approve the resolution. Secretary Landrum made a motion and was seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Chairman Brinkman recognized Steve Starkweather to present the last item for consideration the approval of the Administrative Expense Request.

Mr. Starkweather presented the Administrative Expense Request. The cost of operating the Turnpike Authority of Kentucky is approximately \$100,000 a year. This funding pays the salary and fringe benefits of one employee, the cost of arbitrage, audit contracts, and other general administrative needs. The funding comes from the Kentucky Transportation Cabinet. Due to certain one-time revenues and efficient operations, the last funding requested was in 2013. The board was requested to consider and approve the Administrative Expense Request for operating costs for the Fiscal Year 2018.

Discussion of the request confirmed the Transportation Cabinet is aware of this request. This request was not made before this due to efficient cost-saving measures and a one-time revenue deposit of \$82 thousand from a Municipal Derivative Settlement Case; it was decided to let the balance drop down over the last few years before making another request.

Chairman Brinkman called for a motion to approve the resolution. Secretary Landrum made a motion and was seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Chairman Brinkman called for Other Business before the board.

With no further business before the Commission, Chairman Brinkman asked for a motion to adjourn. Ms. Smith made a motion and was seconded by Secretary Landrum. Motion **CARRIED** and the meeting adjourned at 3:05 p.m.

Respectfully Submitted,



Ryan Barrow
Secretary of the Authority