

TURNPIKE AUTHORITY OF KENTUCKY

Meeting Minutes

February 13, 2024

3:45 P.M.

Via Zoom

Meeting ID: 770 7668 3398

Passcode: 5n1M37

The Turnpike Authority of Kentucky (“Authority” or “TAK”) met on Tuesday, February 13, 2024, at 3:45 p.m. via Zoom.

Members present were: John Hicks, Secretary, Office of the Governor, in the Chair, proxy for the Honorable Andy Beshear, Governor of the Commonwealth of Kentucky; Susan Rieber, proxy for Jacqueline Coleman, Lt. Governor of the Commonwealth of Kentucky; Gerri Grigsby, proxy for Holly M. Johnson, Secretary of the Finance and Administration Cabinet; James E. Ballinger, State Highway Engineer; Robin Brewer, proxy for Secretary, Jim Gray, Kentucky Transportation Cabinet; John Horne, proxy for Russell Coleman, Attorney General of the Commonwealth of Kentucky and Katie Smith, proxy for Secretary, Jeff Noel, Economic Development Cabinet.

Others present at the meeting were: Ryan Barrow, Executive Director, Office of Financial Management (OFM) and Secretary of the Authority; Steve Starkweather, OFM, Deputy Executive Director and Treasurer of the Authority; Aubry McDonald, OFM; Bethany Padgett, OFM; Billy Aldridge, OFM; Melissa Perry, OFM; Kaitlin Craigmyle, OFM; Marcia Hutcherson, OFM and Authority staff; John Merchant, Dinsmore & Shohl, LLP; Kara Smotherman, Office of State Budget Director; Joe McDaniel, Office of the Controller; Robert Long, Finance and Administration, General Counsel; Jennifer Stigers, Office of Administrative Services (OAS); and, Harold Barnett, Arizent/Bond Buyer.

Aubry McDonald conducted Roll Call. Secretary Hicks having verified 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.

Secretary Hicks introduced the first item of business, which was approval of the minutes from the February 23, 2023 meeting. A motion was made by Mr. Ballinger and seconded by Ms. Brewer. There being no further discussion, the motion **CARRIED**.

Secretary Hicks recognized Steve Starkweather to present the approval of the FY23 Audit of Financial Statements. Mr. Starkweather directed members to look attachment B, page 11, the report of the independent auditors which states; “In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and fund balances of TAK as of June 30, 2023”. Within the Findings and Responses (page 42), this area states “Found no findings of noncompliance and no findings that are required to be reported”. Mr. Starkweather stated this is a clean audit and is presented for member approval. A motion was made by Ms. Brewer and seconded by Ms. Grigsby. There being no further discussion, the motion **CARRIED**.

Secretary Hicks recognized Mr. Starkweather to present the TAK Administrative Account Summary. Mr. Starkweather pointed out the increase of expenditures in the administrative account over time. Mr. Starkweather also pointed out three items to bring to the Authority's attention. Professional Service costs (audit, arbitrage services). Mr. Starkweather's suggestion was to budget \$30 -\$40 K annually in the next contract through fiscal year 26. Second, he mentioned personnel costs will increase over time. Third, is future Arbitrage Rebate payments to the IRS. Looking forward to the 27-28 state budget, there will be a cost which was last calculated to be roughly \$1.2 million. He went on to state that this number will fluctuate over time and is not a quoted or requested budget number. Mr. Starkweather said while this sounds like a bad thing, the state's fixed income investments have performed extremely well and the IRS caps the amount the state can earn on bond proceeds. He also said that it is excess earnings above the IRS allowable limit that we would be refunding, not operating dollars. This information is presented for your information in expectation of larger funding requests in the coming years. **No action is needed.**

Secretary Hicks recognized Mr. Starkweather to present for approval, the TAK Administrative Expense Request. Mr. Starkweather stated this request is from TAK to the Kentucky Transportation Cabinet. Mr. Starkweather recommended the board to consider and approve the Administrative Expense Request in the amount of \$110,000 for operation costs for the period of January 1, 2024 through December 31, 2024. A motion was made by Ms. Rieber and seconded by Mr. Ballard. There being no further discussion, the motion **CARRIED.**

Secretary Hicks recognized Billy Aldridge to present for approval the Economic Development Road Revenue Refunding Bonds (Revitalization Projects) 2024 Series A. Mr. Aldridge stated this is the annual refunding resolution for TAK. In recent years, the Authority has approved a refunding resolution of similar nature authorizing staff to execute refundings of existing debt for economic savings. In 2022, the Authority booked over \$17 million of net PV (present value) savings by refunding outstanding debt. This resolution authorizes transactions of up to \$250 million of refunding, utilizing a variety of financing techniques. A tender refunding is being considered, and this resolution includes that mechanism among other refunding structures. Cashflows are not provided at this time due to the complexity of predicting the economics of a tender in advance. Throughout the year, staff will work with the Transportation Cabinet to monitor if a potential transaction meets the necessary parameters. Staff respectfully request approval. A motion was made by Ms. Grigsby and seconded by Ms. Smith. There being no further discussion, the motion **CARRIED.**

With no further business being brought before the board, Secretary Hicks asked for a motion to adjourn. Mr. Ballard made a motion and was seconded by Ms. Grigsby. The meeting adjourned at 3:57 PM.

Respectfully Submitted,

Ryan Barrow

Ryan Barrow

Secretary of the Authority