

TURNPIKE AUTHORITY OF KENTUCKY

January 13, 2022, 2:00 P.M.

<https://zoom.us/j/88681086028>

Meeting ID 886 8108 6028

Password: 2zrekU

The Turnpike Authority of Kentucky (“Authority” or “TAK”) met on Thursday, January 13, 2022, at 2:00 p.m. in Room 182 of the Capitol Annex.

Members present were: J. Michael Brown, Secretary, Office of the Governor, as Chair, proxy for the Honorable Andy Beshear, Governor of the Commonwealth of Kentucky; Susan Rieber, proxy for the Honorable, Jacqueline Coleman, Lt. Governor of the Commonwealth of Kentucky. Robert Long, 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 Daniel Cameron, Attorney General of the Commonwealth of Kentucky; and Katie Smith, proxy for Interim Secretary, Larry Hayes, Cabinet for Economic Development (CED).

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; Steve Starkweather, Deputy Director OFM and Treasurer of the Authority; Bethany Couch, OFM; Matthew Feltner, OFM; Korey Sallee, Legislative Research Commission (LRC); Joe McDaniel, Office of the Controller; Pam Howrah, Office of the Controller; Kara Smotherman, Office of State Budget Director (OSBD); Shelby Warren, Finance and Administration Cabinet; Brian Thomas, Executive Director of the General Counsel (“OGC”); Jennifer Stigers, Finance and Administration Cabinet; Tina Howard, Finance and Administrations Cabinet; and Marcia Hutcherson, OFM, and Authority staff.

Marcia Hutcherson conducted the Roll Call. Secretary Brown verified a quorum was present, proper notice of the meeting was posted in accordance with KRS 61.800 – 61.850, and called the meeting to order.

Secretary Brown introduced the first item of business, approval of the minutes from the January 14, 2021 meeting. A motion was made by Ms. Brewer and seconded by Mr. Long. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Mr. Starkweather to present the Turnpike Authority of Kentucky (TAK) Financial Statements and Auditor’s report as of June 30, 2021. Mr. Starkweather said that the Auditors opinion stated in part, “In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and fund balances of the Turnpike Authority, as of June 30, 2021. Mr. Starkweather also stated, “This is a clean audit opinion and what we want to see.” The financial statements showed the outstanding bond obligations of the Authority as of June 30, 2021 were just over a billion dollars. Staff recommended approval of the financial statements and auditors report. A motion was made by Mr. Ballinger and seconded by Ms. Rieber. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Mr. Starkweather to present the Annual Administrative Request. Mr. Starkweather stated this is the annual request from the Turnpike Authority to the Kentucky Transportation Cabinet (KYTC) in the amount of \$110,000. This amount covers the salary and fringe benefits of one employee, the cost of arbitrage, audit contracts, and other general administrative costs. Staff recommended approval. Secretary Brown questioned the increase from last year's requested amount of \$100,000. Mr. Starkweather stated anticipated salary increases, etc. A motion was made by Mr. Long and seconded by Ms. Smith. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Mr. Starkweather to present the TAK Financial Review Informational Summary. The first page represented a 5-year look back at revenues and expenses of the administrative account. The following pages summarized the results of the prior year financing, which was a \$156,350,000 transaction that refunded three series of bonds, (the 2011, 2012, and 2013 Series A). Three different financing techniques were used: a current refunding, a taxable advance refunding, and a forward delivery. Two of the three series closed on October 12, 2021 and resulted in just over \$19 million in savings on \$96 million in outstanding bonds. The results of those series can be found in the Final Bond Issue Report. The third series (which closes in April of 2022), is a forward delivery transaction which will save the Authority and additional \$18 million on just over \$71 million in outstanding bonds. All together the refunding of the three series has or will save the Authority just under \$37 million on \$167 million in outstanding bonds or a little over 22%. The amount of savings was a direct result of the resolution the Authority adopted last year that gave OFM the ability to take advantage of unusual market events. Secretary Brown noted that 22% savings was significant. **No Action Needed**.

Secretary Brown recognized Mr. Starkweather to present the 2022 Series Resolution. Mr. Starkweather stated that the Resolution for 2022 Series B and C authorized an amount not to exceed \$250 million of Economic Development Road Revenue and Revenue Refunding Bonds. \$50 million of that amount authorized the same \$50 million in legislatively authorized, but unissued new money the Authority approved last year. The remaining \$200 million in authorization would give OFM the flexibility to refund outstanding bonds of the Authority for economic savings. Mr. Starkweather noted, that he would be very surprised if market conditions would warrant another refunding so soon, but that we find ourselves in times of unexpected events. Mr. Starkweather stated that it is best practice to have the resolution in place, rather than need it, and not have it. Staff recommended approval. A motion to approve was made by Ms. Rieber and seconded by Mr. Ballinger. There being no further discussion, the motion **CARRIED**.

With no further business being brought before the board, Secretary Brown asked for a motion to adjourn. Ms. Smith made a motion to adjourn and Mr. Long seconded. The meeting adjourned at 2:15 pm.

Respectfully Submitted,

Ryan Barrow

Ryan Barrow,
Secretary of the Authority