

TURNPIKE AUTHORITY OF KENTUCKY

Meeting Minutes

January 14, 2021

11:00 A.M.

Via Zoom

Meeting ID: 896 5757 9768

Passcode: HVRAIS

The Turnpike Authority of Kentucky (“Authority” or “TAK”) met on Thursday, January 14, 2021, at 11:00 a.m. via Zoom.

Members present were: J. Michael Brown, Secretary, Office of the Governor, in the Chair, proxy for the Honorable Andy Beshear, 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, 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 and Treasurer of the Authority; Bethany Couch, OFM; Billy Aldridge, OFM; Matthew Feltner, OFM; John Merchant, Dinsmore & Shohl, LLP; Julia Wang, Legislative Research Commission (LRC); Jennifer Stigers, Office of State Budget Director; Kara Smotherman, Office of State Budget Director; Joe McDaniel, Office of the Controller; Tina Howard, Office of Administrative Services; and Marcia Hutcherson, OFM, Authority staff.

Marcia Hutcherson conducted Roll Call. Secretary Brown 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 Brown introduced the first item of business, which was approval of the minutes from the January 20, 2020 meeting. A motion was made by Ms. Smith and seconded by Mr. Ballinger. There being no further discussion, the motion **CARRIED**.

Secretary Brown recognized Steve Starkweather to present the Economic Development Road Revenue Refunding Bonds (Revitalization Projects), Series 2021 A, and 2021 B, Authorizing Resolution. Mr. Starkweather explained the relationship between the Kentucky Transportation Cabinet and the Authority that was created by KRS Chapter 175. This Chapter contains the legal structure authorization to issue and refund bonds that provide for the road system. The authorization to issue dollar amount of debt comes from the Legislature. The last time the General Assembly authorized “new money” was the 2010 Extraordinary Session through House Bill 3, \$400 million of debt was authorized. To date, \$350 million has been issued. Currently, \$50 million of “new money” remains. The Kentucky Transportation Cabinet does not currently need project funds, but would like to be in a position to execute that “new money” transaction when

needed. The second part of a proposed transaction would involve refunding all or part of the 2011 Series A, 2012 Series A, and the 2013 Series A. Mr. Starkweather stated that the office performs an analysis on cash flows based on current interest rates to determine what the potential savings of refunding bonds would be. The actual savings associated with the refunding of a bond is not finally calculated until bonds are sold.

Mr. Starkweather stated that the actual resolution authorizes an amount not to exceed \$250 million. Issue the \$50 million in “new money” and refund the 2011 Series A, 2012 Series A, and 2013 Series A at about \$143 million, with refunding on a taxable basis and a date of delivery of 4/1/20. Mr. Starkweather explained that this may not be exactly what takes place, but it provides a base case for the resolution to give the Authority an understanding of our options and the dollars involved. If selected refunding candidates for economic savings, current models show we could save \$13.4 million on a net present value or roughly 9.3%. This is based on a 2.76% interest rate for “new money” piece and 3.05% interest rate for the refunding. The refunding rate is slightly higher than the “new money” piece based on the taxable nature of this refunding. Mr. Starkweather also stated there are other ways to accomplish a refunding. Mr. Starkweather states that staff recommends approval. There was some discussion relating to the saving variables within this authorization and implementing the most advantageous savings before issued. Secretary Brown called for a motion to approve. Mr. Long made a motion to approve; Ms. Smith seconded. With no further discussion, the motion **CARRIED**.

Secretary Brown recognized Mr. Starkweather to present the Administrative Expense Request. Mr. Starkweather stated the administrative cost of operating the Turnpike Authority is approximately \$100,000 a year. Mr. Starkweather explained this funding pays the salary and fringe benefits of one employee, the cost of arbitrage and audit contracts, and other general administrative needs. Mr. Starkweather stated, he is asking the board to consider and approve the Administrative Expense Request for operating costs for the period of January 1, 2021 through December 31, 2021. With no further discussion, Secretary Brown asked for a motion to approve. Ms. Brewer made a motion and Ms. Smith seconded. The motion **CARRIED**.

Secretary Brown recognized Mr. Starkweather for the approval of the FY20 Audit of Financial Statements. Mr. Starkweather stated that the Authority had a clean audit in all material aspects. Secretary Brown asked for a motion to approve. Mr. Ballinger made a motion to approve and Mr. Long seconded. 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 and was seconded by Mr. Long. The meeting adjourned at 11:15 AM.

Respectfully Submitted,



Ryan Barrow  
Secretary of the Authority