

Kentucky Public Transportation Infrastructure Authority (KPTIA)
Kentucky Transportation Building
200 Mero Street
Frankfort, Kentucky

March 5, 2012 (Meeting #10)
2:00 p.m. EST

The meeting was called to order by Secretary Mike Hancock. A roll call was taken and a quorum was present.

The KPTIA members in attendance were: Secretary Michael Hancock, Lori Flanery, Joseph H. Mattingly, Jim Ward, Steve Austin, Charlie Johnson, Don Kelly and Glenn Mitchell.

Upon a motion made by Mr. Ward and seconded by Mr. Austin, the minutes of October 27, 2011 were approved.

Secretary Hancock asked for public comments from those in attendance but no one from the public elected to speak.

The next item on the agenda was a presentation by Steve Schultz, Executive Director for the Louisville and Southern Indiana Bi-State Authority, who gave a brief overview of the Louisville-Southern Indiana Ohio River Bridges' project and also presented the financial plan as required for the project by KRS Chapter 175B. Mr. Schultz stated that the Chapter 175B Financial Plan was unanimously adopted by the Bi-State Authority earlier that morning at a meeting held in Louisville.

Mr. Schultz stated that each state will have responsibility for financing and construction procurement for one half of the project. As contemplated in a Memorandum of Understanding (Term Sheet) signed earlier in the day by Kentucky Governor Steve Beshear and Indiana Governor Mitch Daniels, Kentucky will oversee the \$1.3 billion downtown portion of the project through a design-build contract and Indiana will oversee the \$1.3 billion East End portion through a concession agreement. He stated that upon approval of the Financial Plan by KPTIA, Kentucky and Indiana will enter into a Bi-State Development Agreement that will define the roles and responsibilities in implementing the project. He noted that the Term Sheet signed by the Governors summarizes the concepts and terms of the proposed Development Agreement.

Mr. Schultz discussed the approach to tolling which includes facilities and timing, rates, tolling policy, duration and revenue-sharing. He stated the states have used a three-tiered vehicle classification system with a basic toll schedule of \$2, \$5 and \$10, with further consideration to be given for a toll rate of \$1 for frequent users. Ultimately, Mr. Schultz stated that details of the tolling policy will be further developed in negotiations between the states.

Gary Valentine discussed the project delivery plan and the associated timetables. He stated that the final Supplemental Environmental Impact Statement has been submitted to Federal Highways for their review. Upon approval of that, a revised Record of Decision will be issued.

Tom Howard discussed the framework of the financing structure for the downtown procurement. The current financial strategy anticipates that the project will be funded by a combination of conventional state and federal transportation program funds and toll-based project revenues. He stated that this structure was contemplated by the General Assembly in order to find innovative ways to finance transportation projects in the Commonwealth, while limiting the impact to the State's credit and its debt affordability matrix.

Kendra York, the Indiana Public Finance Director, spoke about The East End Crossing and Indiana's Availability Payment delivery method and timeline. She emphasized there is no revenue risk transfer associated with the AP concession model and said the state of Indiana is taking revenue risk similar to Kentucky.

David Miller of The PFM Group stated he felt the Financial Plan is feasible and suitable to fund project construction and should be well-received by the market. He stated that he has had preliminary discussions with the rating agency Fitch and has received positive feedback. He also added that he is comfortable that the plan of finance will receive an investment grade rating once it is delivered to the market.

A motion was made by Mr. Mattingly and seconded by Mr. Johnson to approve the proposed Financial Plan. By a roll call vote, the motion unanimously passed.

A motion to adjourn was made by Mr. Ward and seconded by Mr. Kelly.

Minutes were taped and transcribed this the 21st day of March, 2012, by:

Terri Pelosi
Court Reporter