

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

March 19, 2013 (Meeting No. 13)
1:00 P.M. EST

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

KPTIA members in attendance were: Chairman Michael Hancock, Vice-Chair Lori Flanery, Steve Austin, Charlie Johnson, Michael Walker, Don Kelly and Glenn Mitchell.

A motion was made by Mr. Walker and seconded by Mr. Mitchell to approve the meeting minutes of January 8, 2013. The minutes were approved as written.

Chairman Hancock asked for public comments from those in attendance, but no one from the public addressed the Authority.

Item 4 on the agenda was the Louisville-Southern Indiana Ohio River Bridges Project. The following topics were discussed:

- (a) Project Update: Ken Sperry, project manager with HMB, stated that construction should start in July and that meetings are ongoing with Louisville Metro, Clarksville, and Jeffersonville. He also stated that the design-build team that placed second in the bidding process (Skanska-Flatiron-Dragados ORDT) formally withdrew its protest and will not proceed with any formal action.
- (b) HB 441 Overview: Geri Grigsby, KYTC Chief of Staff, stated the bill was introduced on February 19th and recently passed the House by a 69/17 vote and a 31/5 vote in the Senate and has been delivered to the Governor. She reviewed the different subsections of the bill and the importance of the bill. In general, the bill establishes a violation for non-payment of tolls and authorizes KPTIA to establish toll collection and enforcement procedures through administrative regulations. Chairman Hancock thanked Representative Larry Clark for his leadership in sponsoring and shepherding the legislation.
- (c) Traffic and Revenue Study Update: Dave Cuneo, project manager with the traffic consultant firm Steer Davies Gleave (SDG), delivered a presentation and stated that work continues on the investment grade traffic and revenue study. He reported that the long assumed base toll rates of \$2, \$5, \$10, with a \$1 frequent user rate for passenger vehicles, appear to be attainable from a traffic/revenue perspective. SDG will continue work on the report and may have final results to share at the April KPTIA meeting.

- (d) Toll Integrator/Operator Procurement Update: David Talley, KYTC Deputy Executive Director of the Office of Budget and Fiscal Management, explained that the procurement for the project's toll collection system is comprised of three components. The first is a roadside and back office firm responsible for installing electronic equipment on the roadside, constructing a computer system to look at the images, and construction of roadside buildings to house the computer system/equipment. The second component is a toll collection firm that supplies the transponders, readers, and antennas that sit on top of the gantries and read the transponders. The third is the operator who will be responsible for running the system, providing customer service, and video image look-ups. Mr. Talley also stated that because an all-electronic tolling system is new to Kentucky, a toll system oversight consultant will be hired to assist the Joint Board in reviewing the toll integrator and operator proposals and overseeing all toll related work.
- (e) Rating Agency Visits: David Miller, KPTIA's financial advisor from PFM, Inc., participated by phone and stated that initial meetings had been held with all three credit rating agencies and that site visits by these agencies will take place in Louisville on April 3rd and 4th.
- (f) TIFIA Update: Mr. Miller stated that negotiations are ongoing with TIFIA staff in Washington, DC. He reported that TIFIA had requested that KPTIA either place a state-supported "back-stop" on both the senior toll revenue bonds and the TIFIA loan, or drop the credit enhancement back-stop from both. Based on this direction, it was decided to drop the previously proposed credit enhancement from the senior bonds. Russ Romine, KYTC Executive Advisor with the Office of the Secretary, stated that two weeks ago he and Secretary Hancock met with TIFIA officials and it was at that meeting we were given the option to provide credit support for all, or pull the support from all. With this new direction, the finance team is preparing an amended Letter of Interest to be sent to TIFIA and is modifying the project's Plan of Finance.
- (g) Plan of Finance Update: Mr. Miller reviewed a PowerPoint presentation concerning the financial update. The finance team is working on various documents needed to support the KPTIA bond offering. Mr. Miller discussed the flow of funds and the order of priority in which toll revenues can be used.
- (h) Financing Schedule: Mr. Miller reviewed the latest financing schedule with the KPTIA members, but stated that the dates shown on the schedule are subject to change. The TIFIA process will likely have the greatest influence on the financing schedule.
- (i) Joint Board and Tolling Body Review: Becky Goodman, KYTC Executive Director of the Office of Legal Services, stated the Joint Board and Tolling Body were created in the Bi-State Development Agreement and the Interlocal Agreement and will exist through the life of the financing on the Bridges Project.

She explained the membership and purpose of these entities. Vice-Chair Lori Flanery will serve as the KPTIA representative on the Joint Board and Secretary Hancock will represent KYTC. In the near future, an additional member of KPTIA will be designated to serve with Chairman Hancock and Vice-Chair Flanery on the Tolling Body.

- (j) Reimbursement Resolution Action: David Talley explained the purpose of the Reimbursement Resolution. He stated that to-date, of the \$36 million paid to Walsh Construction, roughly \$16 million came from existing GARVEE bonds and \$20 million came from the state road fund. The Reimbursement Resolution would allow for reimbursement to the state road fund from bond proceeds once those bonds are sold. A motion was made by Mr. Walker and seconded by Mr. Austin to pass the Reimbursement Resolution. After a roll call vote, the motion passed unanimously.

Under Old Business, the next meeting date is scheduled for Tuesday, April 16, 2013, at 1:00 p.m.

A motion was made by Mr. Johnson and seconded by Mr. Walker to adjourn the meeting.

Minutes were taped and transcribed by Terri Pelosi, Court Reporter, this the 26th day of March, 2013.

Terri Pelosi
Court Reporter