

Appendix D

Resolution of Tolling Body Setting Initial Toll Rates

RESOLUTION TB-2013-2

RESOLUTION OF TOLLING BODY SETTING INITIAL TOLL RATES IN ACCORDANCE WITH TOLL RATE COVENANTS ESTABLISHED IN THE DEVELOPMENT AGREEMENT

WHEREAS, the State of Indiana and the Commonwealth of Kentucky have jointly undertaken a project to improve cross river mobility over the Ohio River between Louisville and Southern Indiana, as authorized by the Federal Highway Administration in its revised Record of Decision ("ROD") dated June 20, 2012 (the "Project"); and

WHEREAS, the Indiana Finance Authority ("IFA") and the Indiana Department of Transportation ("INDOT") have been authorized to participate in the Project on behalf of the State of Indiana, and the Kentucky Public Transportation Infrastructure Authority ("KPTIA") and the Kentucky Transportation Cabinet ("KYTC") have been authorized to participate in the Project on behalf of the Commonwealth of Kentucky; and

WHEREAS, IFA and INDOT are referred to as the "Indiana Parties" and KPTIA and KYTC as the "Kentucky Parties"; and

WHEREAS, IFA, INDOT, KPTIA and KYTC (collectively the "States' Parties" and each individually a "State's Party") have (together with the Louisville and Southern Indiana Bridges Authority) entered into a Bi-State Development Agreement effective December 27, 2012 (the "Development Agreement") as well as an Interlocal Cooperation Agreement for the Design, Procurement, Construction, Financing, Tolling, Operation and Maintenance for the Louisville-Southern Indiana Ohio River Bridges Project effective as of December 17, 2012 (the "Interlocal Agreement"); and

WHEREAS, Kentucky and Indiana determined that the preferred approach for delivery of the Project was for each State to take the lead in overseeing and financing construction of roughly one-half of the Project, with Kentucky being responsible for financing and constructing the Downtown Crossing, and Indiana being responsible for financing and constructing the East End Crossing (as defined in the Development Agreement);

WHEREAS, both States will rely primarily on toll revenues generated by the Project to finance construction and operation of the Project and must set initial toll rates to provide assurance that the financial obligations of the Project can be met;

WHEREAS, KPTIA has obtained and has accepted the investment grade traffic and revenue report attached as Exhibit A hereto ("T&R Report") to assist in determining what toll rates are required to meet the financial obligations of the Project;

WHEREAS, it is necessary for the Tolling Body to set initial toll rates for the Kentucky Parties to continue the process of obtaining financing for the Project and to establish rate and revenue assumptions to complete the desired environmental justice review and to adopt measures to minimize the impact of tolling on low income and minority populations; and

WHEREAS, initial toll rates will be ratified in the Toll Policy Agreement to be approved by this Tolling Body and in administrative rules to be adopted in Indiana by the IFA and in Kentucky by KYTC;

WHEREAS, the States' Parties have fully reviewed the T&R Report and other pertinent information related to toll rates;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Tolling Body, on behalf of its members, hereby accepts the T&R Report.
2. The initial toll rate schedule for the Project shall be as follows:

Initial Toll Rates			
	2-Axle Vehicles	Medium Trucks	Heavy Trucks ¹
Frequent User Discount Program ²	\$1.00	N/A	N/A
Transponder	\$2.00	\$5.00	\$10.00
Registered Video Account	\$3.00	\$6.00	\$11.00
Other Video	\$4.00	\$7.00	\$12.00

3. Each of the above listed toll rates will increase annually, beginning July 1 of the year following the commencement of toll collection and thereafter on each July 1st for as long as tolls are in force, by the greater of the rate of inflation as measured by the Consumer Price Index or 2.50%.

4. The Tolling Body hereby determines, based on the information currently available to it, that these initial toll rates are sufficient to generate the revenue necessary to meet the requirements of the toll rate covenants as defined in Section 11.3.2 of the Development Agreement and clarified in Addendum #2 thereto and described below.

5. At all times, the rates and rate structure shall be set at a level necessary to generate sufficient revenue to meet the toll rate covenants. Subject to that limitation, changes may be necessary if called for by the Toll Policy Agreement or the Tolling Mitigation Plan being developed in accordance with the ROD.

Toll Rate Covenants

6. The Tolling Body, in accordance with the Development Agreement, the KPTIA 2013 General Trust Indenture Securing Downtown Crossing Project Revenue Bonds, as finally

¹ Vehicle classifications are preliminarily defined in the T&R Report and will be finalized in the Toll Policy Agreement.

² All capitalized terms not defined herein shall have the definition given in the Development Agreement or will be defined in the Toll Policy Agreement.

approved and executed ("2013 KPTIA Trust Indenture"), and those portions of the IFA Public-Private Agreement referenced in Section 11.3.2. of the Development Agreement, as well as any TIFIA loan agreement to be executed by any State's Party, shall, as long as either KPTIA or IFA has outstanding payment obligations related to the design construction, financing, operation and maintenance of the Project (including all obligations of KPTIA and IFA under the 2013 KPTIA Trust Indenture, TIFIA loan agreements or the Public-Private Agreement), establish tolls at rates expected to be sufficient to meet each of the IFA Rate Covenant and the KPTIA Rate Covenant, as defined below.

7. KPTIA Rate Covenant: Toll rates shall be set so that the Kentucky Revenue Share, as defined in the Development Agreement and as mandated by the 2013 KPTIA Trust Indenture, is sufficient to meet the Rate Covenant set forth in the form of Section 708 of the 2013 KPTIA Trust Indenture, attached hereto as Exhibit B. KPTIA agrees that said Section 708 will not be modified without prior written consent of the Indiana Parties.

8. IFA Rate Covenant: Tolls rates shall be set so that the Indiana Revenue Share as defined in the Development Agreement is in an amount at least equal to 100% of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public Private Agreement or (ii) in the event that IFA also borrows funds pursuant to an East End Crossing TIFIA Loan, shall be no less than the greater of (a) the sum of 100% of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public Private Agreement and 1.25 times the aggregate debt service requirements for any East End Crossing TIFIA Loans for such period, and (b) the sum of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public Private Agreement and all debt service and other funding obligations of IFA under any East End Crossing TIFIA Loan for such period.

Covenants of the Tolling Body

9. The Tolling Body does hereby resolve, pledge to, and agree with KPTIA and the holders of any toll revenue bonds or other obligations authorized by the 2013 KPTIA Indenture including TIFIA, related to the Project, that the Tolling Body will (a) take all actions necessary and convenient to permit KPTIA to fulfill the terms of Section 708 of the 2013 KPTIA Trust Indenture, and (b) not limit or alter the rights and powers vested in KPTIA to fulfill the terms of Section 708 of the 2013 KPTIA Trust Indenture.

10. Nothing in this document shall be interpreted to extend or enlarge the obligations of the States' Parties beyond those stated in the Bi-State Development Agreement.

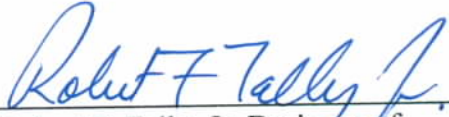
11. This Resolution shall take effect immediately upon its passage.

Dated this 11th day of September, 2013.

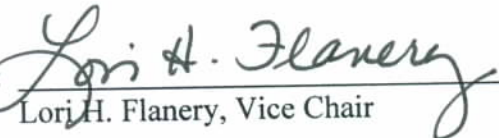
INDIANA FINANCE AUTHORITY

By: 
Kendra W. York, Public Finance Director
of the State of Indiana

INDIANA DEPARTMENT OF
TRANSPORTATION

By: 
Robert F. Tally, Jr. Designee of
Commissioner

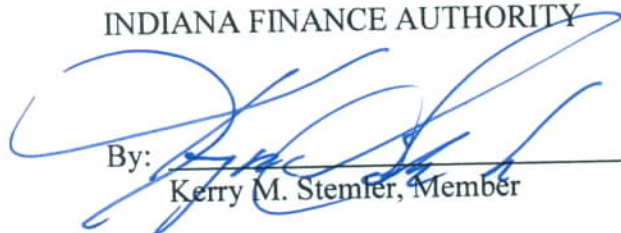
KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY

By: 
Lori H. Flanery, Vice Chair

KENTUCKY TRANSPORTATION CABINET

By: 
Michael W. Hancock, P.E., Secretary of the
Transportation Cabinet

INDIANA FINANCE AUTHORITY

By: 
Kerry M. Stemler, Member

KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY

By:

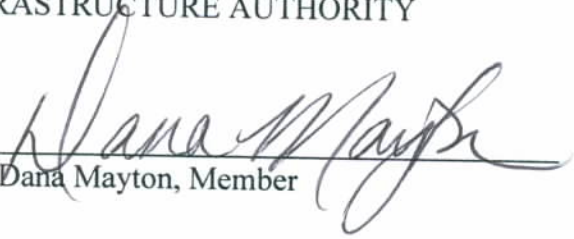

Dana Mayton, Member

EXHIBIT B

Section 708. Rate Covenant.

(a) The Authority, in accordance with the Development Agreement and the Toll Policy Agreement, shall use its best efforts to provide for the establishment, and shall charge and collect, Tolls for the privilege of traveling on the System, at rates sufficient so that Total System Revenue are in an amount at least equal to (i), (ii), (iii), (iv) and (v):

(i) 150% of the Annual Debt Service with respect to all Outstanding First Tier Bonds;

(ii) 135% of the Annual Debt Service with respect to all Outstanding First Tier Bonds and Second Tier Bonds;

(iii) 125% of the Annual Debt Service with respect to all Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds;

(iv) 110% of the Annual Debt Service with respect to all Outstanding Bonds; and

(v) 100% of the aggregate amount of the required payments described in subsections (a) through (i) of Section 504 to the extent such payments have not been otherwise paid or provided for from Bond proceeds.

(b) The Authority will at least annually, prior to June 30 of each Fiscal Year, review the financial condition of the System, the anticipated Total System Expenses, Debt Service Requirements, various reserves and other costs of the Authority System, and proceed in a timely fashion to recommend to the Tolling Body any required adjustment to the Toll Rate Schedule it determines is necessary to comply with subsection (a) above to provide sufficient Total System Revenue to fund amounts required to be deposited and maintained in the Funds and Accounts and to comply with other relevant covenants in this General Trust Indenture.

(c) Prior to recommending any revision in the Toll Rate Schedule, the Authority, shall obtain: (i) a certificate of the Traffic Consultant stating, based upon reasonable assumptions and applying the revised Toll Rate Schedule, the projected Total System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all then-Outstanding Bonds, (ii) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds, and (iii) a certificate of an Authorized Representative stating that, based upon the information contained in the certificates described in (i) and (ii) above, the adoption of the revised Toll Rate Schedule will not cause Toll Revenue to decrease to an amount that will cause the Authority to fail to comply with the requirements of (a) above. Any certificate delivered by the Traffic Consultant pursuant to this subsection shall be based on the opinion of the Traffic

Consultant as to Total System Revenue to be derived by the Authority from the System under the terms of the Development Agreement and the Toll Policy Agreement (provided that investment and other income not related to Tolls shall be estimated by an Authorized Representative), and a certificate of an Authorized Representative stating the opinion of the Authority as to the amount of Total System Expenses paid or accrued during any pertinent Fiscal Year, assuming that the proposed Toll Rate Schedule had been in effect during the pertinent Fiscal Year.

(d) The failure in any Fiscal Year to obtain Total System Revenue in the amounts sufficient to enable the Authority to comply with subsection (a) above, which failure may continue during the succeeding Fiscal Year, shall not, in and of itself, constitute an Event of Default under this General Trust Indenture if (i) the Authority within 60 days after the end of the Fiscal Year requests the written recommendations of the Traffic Consultant as to how to increase Toll Revenue and/or the written recommendations of a Consulting Engineer as to how to reduce Total System Expenses in the following Fiscal Year to the level required to comply with subsection (a) above, (ii) within 60 days of the date of the request from the Authority, the Traffic Consultant and/or the Consulting Engineer provide to the Authority the written recommendations described in clause (i), and (iii) the Authority takes steps to implement those recommendations within 60 days after receipt thereof and diligently proceeds to substantially comply with the recommendations of the Traffic Consultant and/or the Consulting Engineer.

