

# WARD & ASSOCIATES

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September 8, 2023

Ms. Alexandra Edwards, Deputy Treas., Debt Management  
Council on Bond Oversight  
2300 N. Lincoln Blvd., Room 217  
Oklahoma City, Oklahoma 73105 Via email to Ms. Edwards at [alexandra.edwards@treasurer.ok.gov](mailto:alexandra.edwards@treasurer.ok.gov)

Re: September 11, 2023 COBO Meeting re Application of Oklahoma Turnpike Authority for first \$500 Million in New, To-Be-Issued, Revenue Bonds

Dear Ms. Edwards,

As a concerned citizen and as attorney for hundreds of families that stand to be adversely impacted by the Oklahoma Turnpike Authority's ("OTA") proposed new turnpike routes that are part of its ACCESS Oklahoma plan, I respectfully request the Council on Bond Oversight ("COBO") to **deny** the OTA's pending request to issue the initial Half Billion Dollars in new bonds to begin funding its proposed ACCESS Oklahoma highway projects. A review of the OTA's COBO application reveals significant areas of non-compliance and excessive fees that prudence and propriety require to be addressed before any conditional approval of bond sales is even considered. These are as follows:

1. **Non-Compliance with Oklahoma Statutes, Title 69, Section 1709 D.4 & E.2.** Oklahoma Turnpike Authority revenue bonds are required to bear interest as close to par as possible. The OTA's proposed 2023 bond offering includes coupon rates between 5-5.25% -- over 1.5% above par (my team of citizen volunteers see attached schedule worksheet for details). This non-compliance will cost Oklahoma drivers over \$100 million in excess and unnecessary interest payments. The Council must require OTA to abide by relevant legal statutes.

2. **Excessive financial advisor fees.** In 2021, the OTA's financial advisor -- Hilltop Securities<sup>1</sup> -- was placed on a \$10,000 per month retainer to oversee bond financing for the proposed \$5 Billion ACCESS projects<sup>2</sup>. He has received over \$120,000 in payments since that time despite the fact that no bonds have been issued. Furthermore, he is scheduled to be awarded a separate \$170,000 fee at closing for the proposed 2023 bond issue. We believe these fees are excessive and constitute "double-dipping." We request that OTA submit a revised fee schedule disclosing all 2021, 2022, and 2023 payments to Hilltop Securities for work done on proposed ACCESS Oklahoma bond issues prior to COBO approval.

3. **Cost of Issuance and excessive legal fees.** In addition to excessive financial advisor fees, there are also fee payments scheduled at closing for four (4) separate law firms: Public Finance Law Group, Hawkins-Delafield, Eric G Lair Law and Kutak Rock. **All four (4)** of these firms have already been paid significant amounts in 2021, 2022 and 2023 for work on ACCESS bond proposals. It is unclear what

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<sup>1</sup> It should be remembered that Hilltop is one and the same firm that, acting as the OTA's "financial advisor," persuaded the OTA to engage in a series of "variable rate debt offerings" during the period beginning in 2006-2007 and continuing to 2018 which cost the OTA, conservatively, over \$93 Million in wholly unnecessary "exit fees."

<sup>2</sup> Incidentally, it is worth noting that our sources have revealed that the OTA's Executive Director, Mr. Tim Gatz, has privately told a number of persons associated with the OTA's preferred engineering firms and road construction contractors that the ultimate principal amount will almost certainly be \$7 Billion, as opposed to the \$5 Billion announced by Governor Stitt when the plan was rolled out at the February 22, 2022 OTA Board meeting.

additional work has been contributed towards this current bond offering that was not included in previous billing. We request OTA submit a revised fee schedule detailing all 2021, 2022 and 2023 payments to these four firms for work done on proposed ACCESS Oklahoma bond issues.

Ms. Edwards, the Council has the obligation to ensure that the issuance of turnpike bonds is done according to the law. This means that COBO must take a deeper dive into the trust indenture agreement, its eight amendments and the actual practices of issuing these bonds. While we are the “Sooner State,” that hardly justifies the award of immense fees and costs to bind advisors and attorneys before COBO approval, which has cost Oklahoma drivers a sum in excess of \$142 million in violation of 69 O.S. §§ 1709 D.4. and E.2, and which totals *over \$70 Million in payments the OTA has already made* through this June to its preferred engineering firms for ACCESS “pre-engineering services.”<sup>3</sup> As with our prior letter to you, we would again respectfully ask that you kindly circulate this letter to the COBO members.

Sincerely,



Stanley M. Ward

cc: The Hon. Gentner Drummond  
Dr. Amy Cerato, P.E.  
Alexey Trasov, Esq.  
Richard Labarthe, Esq.  
Prof. Tassie Hirschfeld  
Karen Pierog, The Bond Buyer  
Steve Lackmeyer, Daily Oklahoman  
Mindy Wood, States Newsroom  
Ginnie Graham, The Tulsa World  
Randy Carter  
Hon. Ronny Johns, House Transportation Committee Chair  
Hon. Jim Grego, House Transportation Committee Vice Chair  
Hon. Sen. John Haste, Senate Transportation Committee Chair  
Hon. Sen. Jerry Alvord, Senate Transportation Committee Vice Chair  
Hon. Sen. Nathan Dahm, Senate Transportation Committee Member  
Hon. Sen. Mary Boren, Norman area State Senator

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<sup>3</sup> If anyone at COBO wants to check our math, the amounts are easily calculable as they are drawn directly from the OTA’s own payment registers which it uploads each month in advance of its monthly director’s meetings.