

THE BOND BUYER

Oklahoma Turnpike to seek final state approval for bonds in September

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The Oklahoma Turnpike Authority will return to a state oversight board in September in its quest to issue \$500 million of revenue bonds for a controversial \$5 billion, 15-year expansion project.

The Council of Bond Oversight will take up OTA's bond application at its Sept. 11 meeting, according to Alexandra Edwards, deputy state treasurer for debt management.

The project ran into legal delays and political opposition driven by property owners surprised to find themselves in the path of the proposed expansion.



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The Oklahoma Supreme Court's [validation of the debt](#) in a 6-3 decision in August cleared the way for OTA to return to the council, which conditionally approved the bonds a year ago. That approval expired in February.

Since then, OTA has met [COBO's conditions](#) that called for Supreme Court validation and the favorable resolution of two lawsuits.

In May, the high court ruled [in the turnpike's favor](#) in both lawsuits brought by property owners in the path of toll road extensions, who claimed OTA lacked authorization to build and finance the projects and had violated the state's Open Meeting Act when the ACCESS (Advancing and Connecting Communities and Economies Safely Statewide) Oklahoma program was unveiled.

Robert Norman, an attorney for some of the property owners, said objections to final approval by the council will be made on the grounds of outstanding litigation, including petitions for a rehearing before the state Supreme Court.

Oklahomans for Responsible Transportation said OTA "is not entitled to final or unconditional COBO approval," citing [an investigative audit](#) of the OTA ordered by Oklahoma Attorney General Gentner Drummond in March and the U.S. [Bureau of Reclamation's denial](#) of a turnpike route.

"Our own researchers have unearthed evidence of significant compliance violations and repeated examples of poor financial management — including many red flags for fraud — at the turnpike authority going back decades," the group said in a statement. "We encourage the Council of Bond Oversight and all of the credit rating agencies to take these risks seriously and conduct appropriate due diligence (on) any potential bond issues by the Oklahoma Turnpike Authority."

OTA countered that the group "continues to make unsubstantiated allegations that have no basis in fact" and noted that courts have concluded the authority has not violated state law in progressing the turnpike projects.

With its ability to access the muni bond market in question due to litigation and the audit, OTA [halted work](#) on the program in April.

A team of underwriters for the bond sale has been in place since [last summer](#), although [Wells Fargo resigned as lead underwriter](#) in May in the wake of its placement on the Oklahoma Treasurer's list of companies banned from government contracts for "boycotting" the oil and gas industry. RBC Capital Markets was tapped as its replacement.

COBO consists of State Treasurer Todd Russ, two members appointed by Gov. Kevin Stitt, and two members chosen by the heads of the Oklahoma House and Senate.