



OKLAHOMA
State Auditor & Inspector

Cindy Byrd, CPA



**OKLAHOMA
TURNPIKE
AUTHORITY**

The Turner Turnpike



The Turnpike System



Unlike State Agencies...

Authorities may incur debt...



OTA's debt falls on drivers.

The Turnpike System



GENTNER DRUMMOND
ATTORNEY GENERAL

March 15, 2023

Via Email and Certified Mail

The Honorable Cindy Byrd
Oklahoma State Auditor and Inspector
123 State Capitol Building
2300 North Lincoln Boulevard
Oklahoma City, OK 73105
cbyrd@sai.ok.gov

RE: Allegations of Wrongdoing Regarding the Oklahoma Turnpike Authority
Request for Investigative Audit

Dear Auditor Byrd:

I have had many conversations over the past few months with legislators, community leaders, private citizens and state employees who have expressed a wide array of concerns with the financial conduct of the Oklahoma Turnpike Authority ("OTA"). These concerns include but are not limited to improper transfers between the OTA and the Department of Transportation; improper contracting and purchasing practices; and inadequate internal financial controls.

Additionally, I am aware of a District Court's finding that the OTA "willfully" violated the Open Meeting Act. Such a blatant disregard for openness and transparency suggests to me a willingness to engage in any manner of unlawful conduct.

I am resolved to have all relevant information that will help me determine whether the OTA is in full compliance with the law. Therefore, pursuant to 74 O.S. § 18f, I am requesting an investigative audit of the Oklahoma Turnpike Authority.

Please let me know if you need additional information or direction. The Office of the Attorney General stands ready to assist your efforts in any way possible.

Respectfully,

GENTNER F. DRUMMOND
Oklahoma Attorney General





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wide array of concerns

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INVESTIGATIVE AUDIT

The ACCESS Program

Contracting Practices

The Bond Issuance Process

Land Acquisitions

Surplus Land

OTA and State Agencies

Gilcrease Turnpike

OTA's Flow of Funds



OKLAHOMA

Turnpike Authority

OTA's Legal Powers are very broad:

Acquire new land by eminent domain

Design and build roads

Finance roads

Collect Tolls



OKLAHOMA
Turnpike Authority

Many of the public's most pressing concerns can only be resolved by amending legislation.



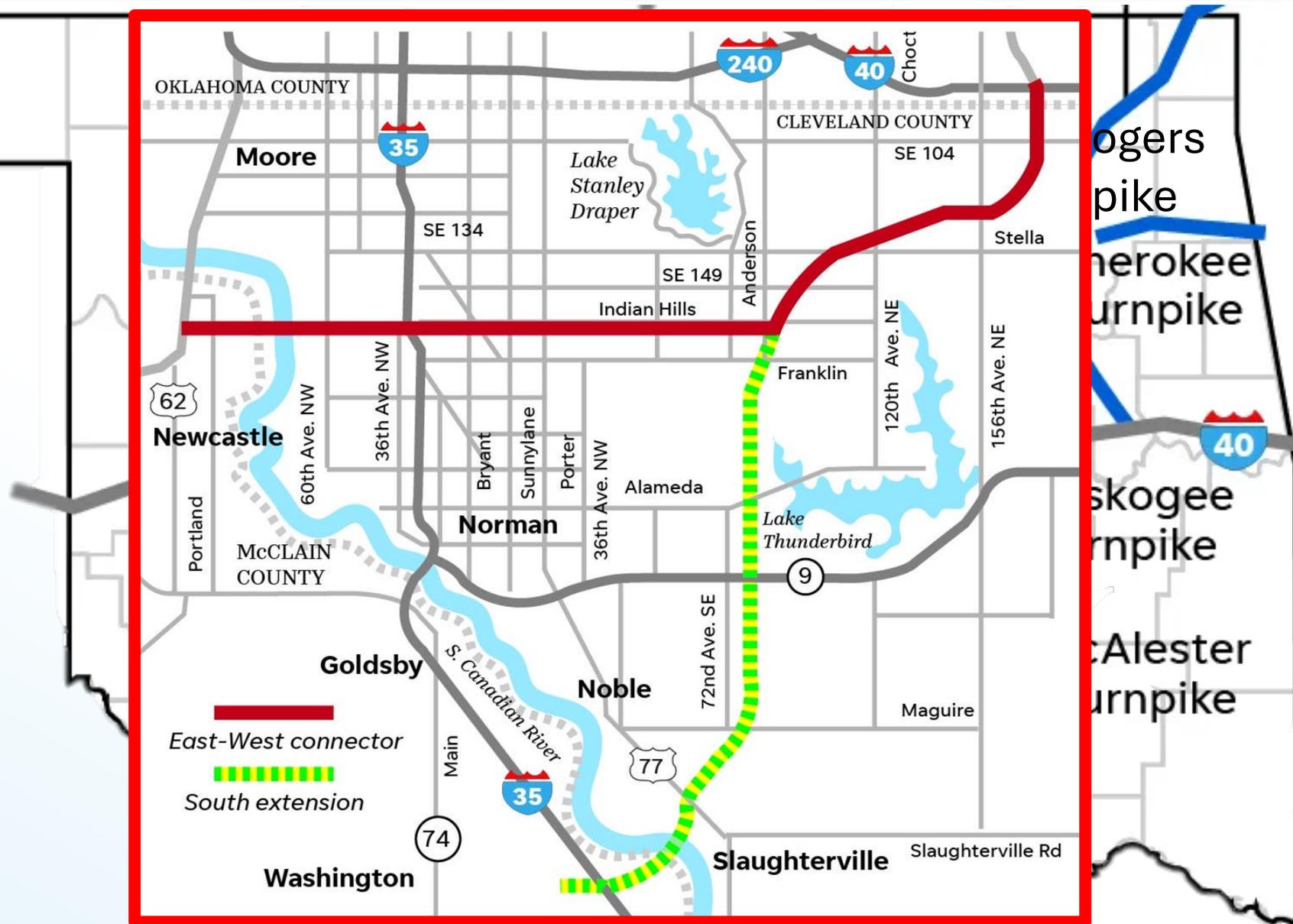
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*Oklahoma Department
of Transportation*

**OKLAHOMA
TURNPIKE
AUTHORITY**



The ACCESS Program



Original Estimate:

\$ 5 Billion

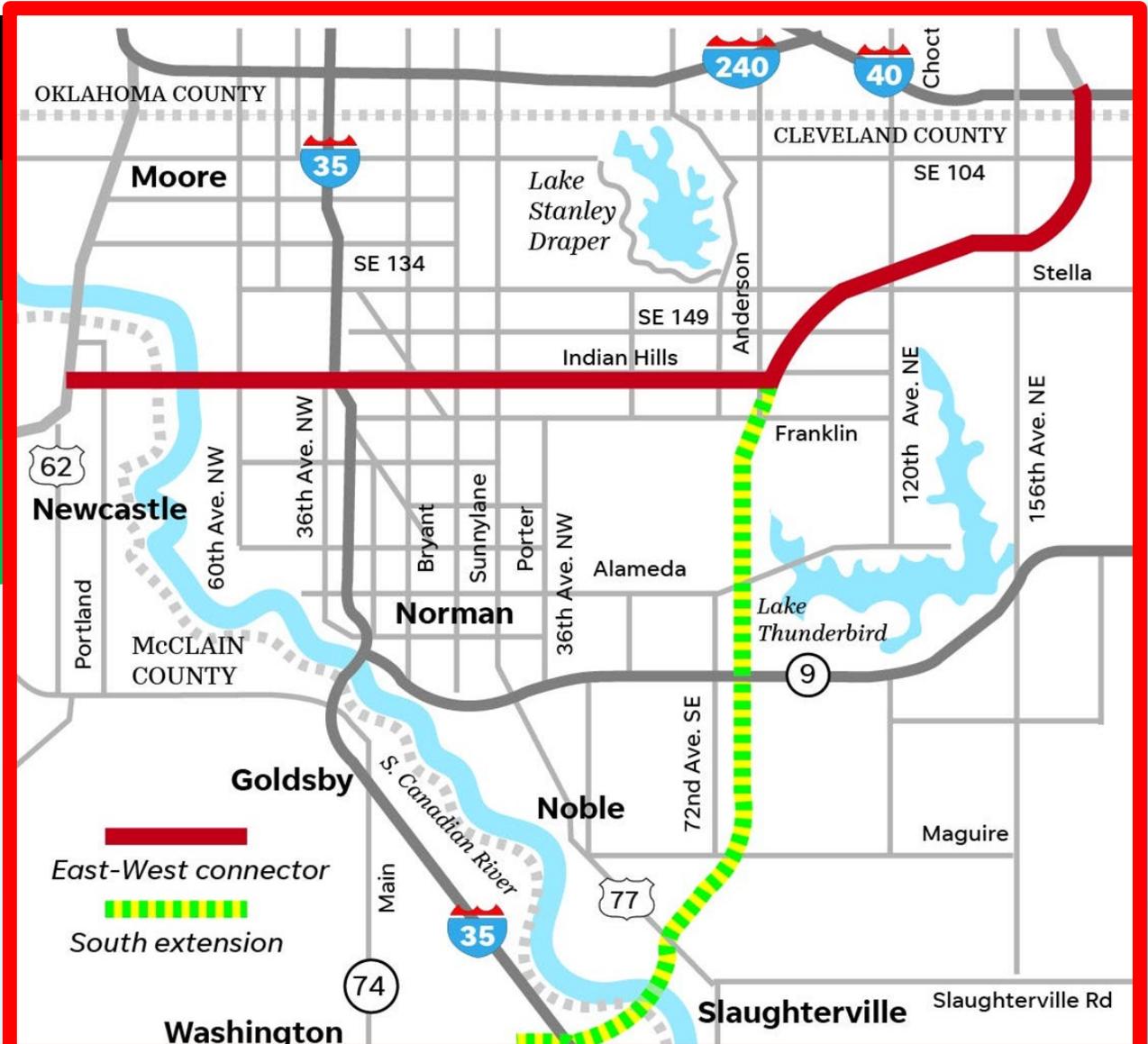
Authorized for:

\$ 8 Billion in debt



ACCESS

OKLAHOMA



No Statutory Limit on the amount of debt OTA can incur



ACCESS TIMELINE

February 2022

ACCESS Project Announced

The project is unveiled at the OTA Board Meeting, followed by a press conference led by Governor Stitt.

May 2022

Norman Residents File Lawsuit

The plaintiffs allege OTA violated the Open Meetings Act in their January and February meetings.

December 2022

District Judge Rules against OTA

OTA appeals the decision.

June 2023

Supreme Court Decision

Court rules OTA did not violate the Open Meetings Act.

October 2023

First Bond Sale Authorized

OTA Board has authorized more than \$8 billion.

Legislature approved ACCESS routes in 1980s.



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Legislature approved ACCESS routes in 1980s.

88 Land Acquisitions to date.

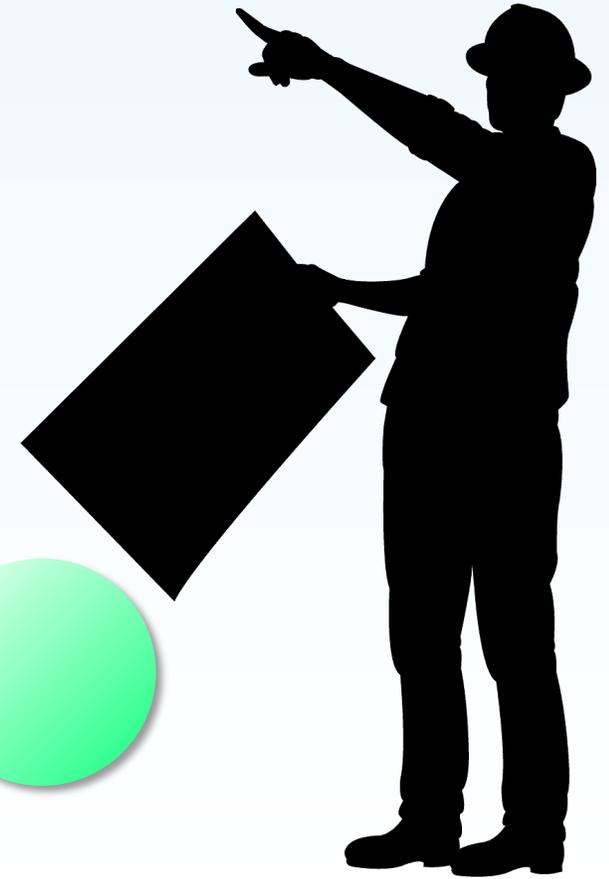
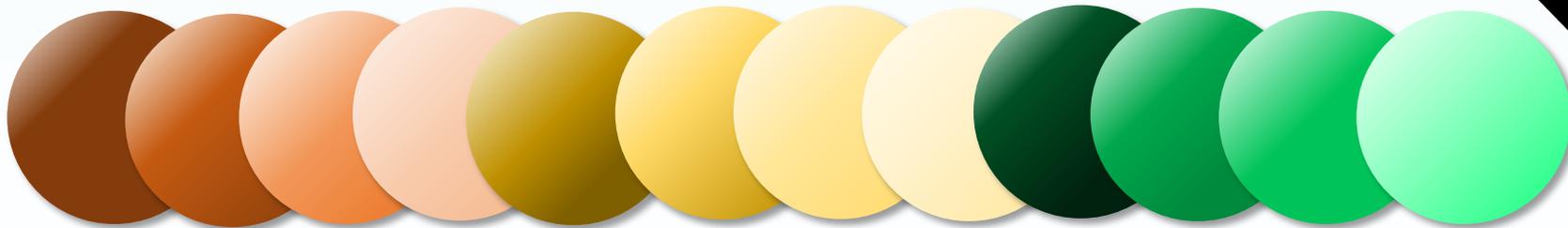
Contracting Practices



ACCESS
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17 Engineering Firms reply to LOI:

12 Engineering Firms were Shortlisted:



Contracting Practices



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OKLAHOMA



Twelve Prime Engineering Contractors



Prime Contractors

are pre-approved for on-demand services.

Contracting Practices

74 O.S. §85.7(A) (6)(a): **No Requirement** for OTA to Competitively Bid for **Professional Services.**

69 O.S. §1728: OTA shall keep costs to a **minimum.**

No formal evidence of negotiations



Contracting Practices



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OKLAHOMA



Twelve Prime Engineering Contractors

OTA could not produce records to justify the selection of a given Prime for specific on-demand services.

Contracting Practices



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A row of 12 spheres in various shades of brown, orange, yellow, and green. On the left and right sides of the spheres are silhouettes of construction workers in hard hats and work clothes. One worker on the left is holding a large black rectangular object, and one on the right is pointing towards the spheres.

Twelve Prime Engineering Contractors

**What distinguished
the Twelve Primes Chosen?**

Contracting Practices



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Twelve Prime Engineering Contractors

**One factor was the ability
to hire subcontractors.**

Contracting Practices



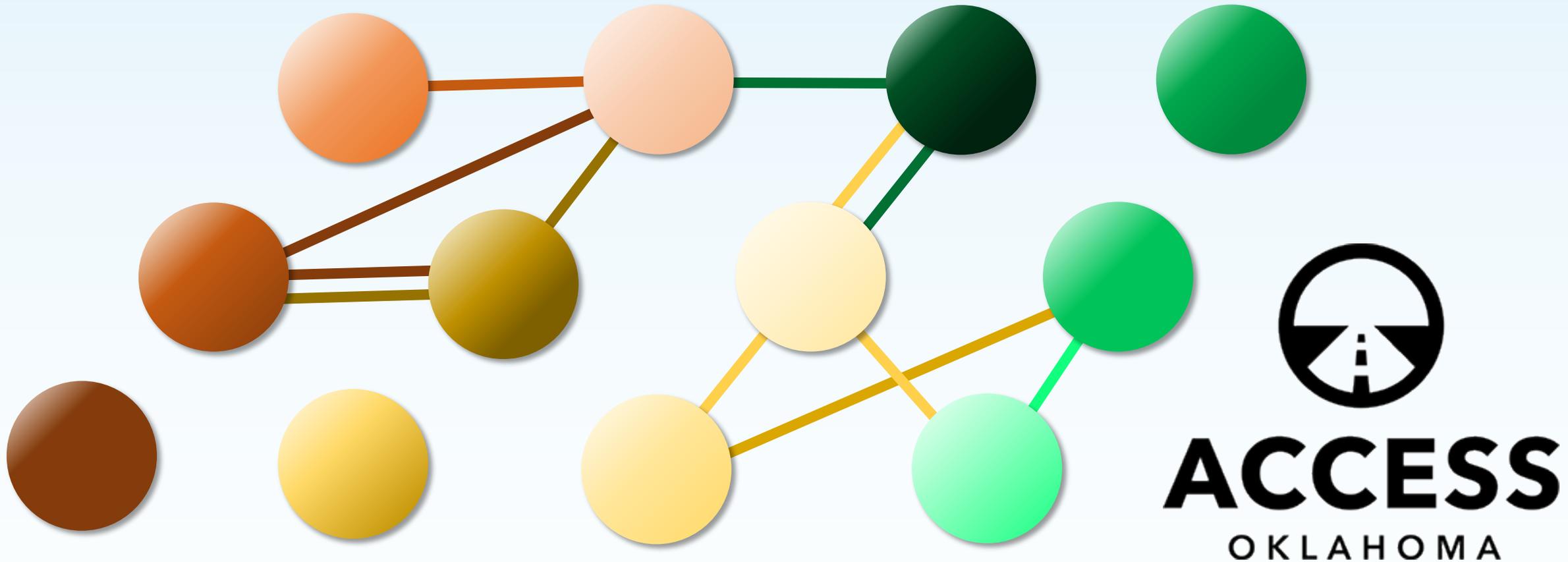
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Twelve Prime Engineering Contractors

OTA did not put any guardrails in place to prevent the Twelve Primes from subcontracting with one another.

Contracting Practices



Subcontracting Relationships among the Twelve Prime Engineering Contractors

Contracting Practices



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A horizontal row of 12 circles, each with a different color gradient. From left to right, the colors transition from dark brown to light orange, then yellow, and finally green. Two black silhouettes of construction workers in hard hats are positioned on either side of the row. The worker on the left is holding a large black rectangular object, and the worker on the right is pointing towards the circles.

Twelve Prime Engineering Contractors

Contracting Practices



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Twelve Prime Engineering Contractors

69 O.S. §1728:

OTA shall keep costs to a **minimum.**

Contracting Practices



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Contracting Practices



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A U T H O R I T Y

Contracting Practices

69 O.S. §1705: OTA may issue turnpike revenue bonds.



OTA is allowed to take on as much debt
...as the Board will consent to and the
...and the market will accept.

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A U T H O R I T Y

Contracting Practices

69 O.S. §1705: OTA may issue turnpike revenue bonds.

Toll Roads are well traveled
...Toll Revenue is strong.

OTA's bonds are seen as a safe investment.



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TURNPIKE
AUTHORITY

Contracting Practices

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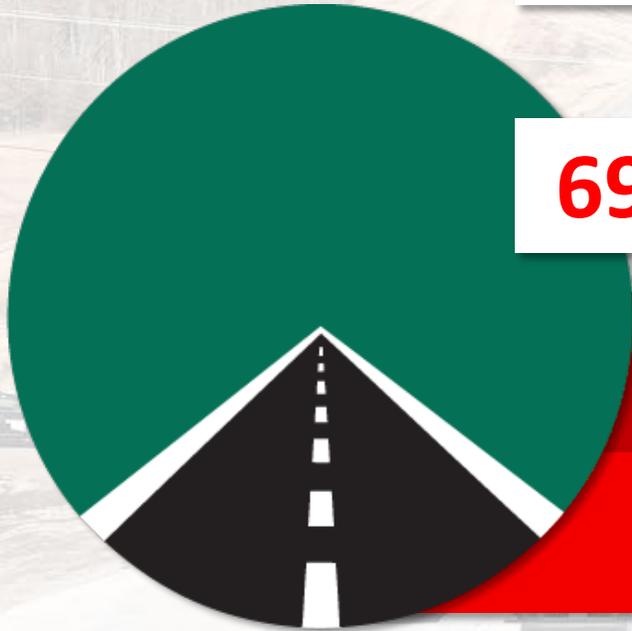
Contracting Practices

69 O.S. §1705:

OTA may issue turnpike revenue bonds.

69 O.S. §1711:

OTA may raise toll rates.



**OKLAHOMA
TURNPIKE
AUTHORITY**

OTA collects more than ...

\$1 million per day in toll revenue.

There is no Statutory Limit on ...
the amount of debt OTA can incur.

Contracting Practices

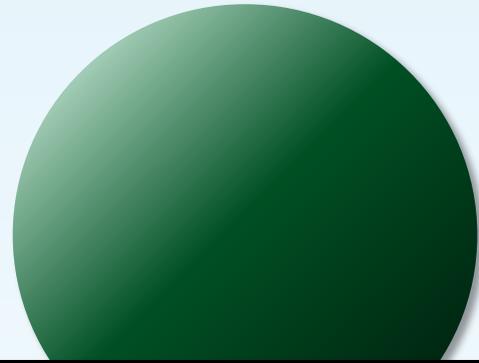


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Contracting Practices



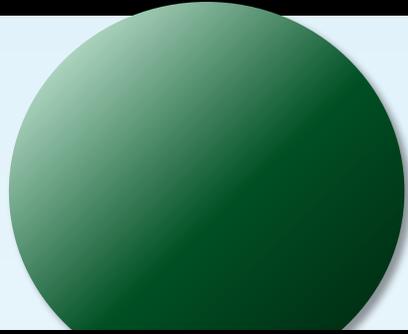
Contractor #1



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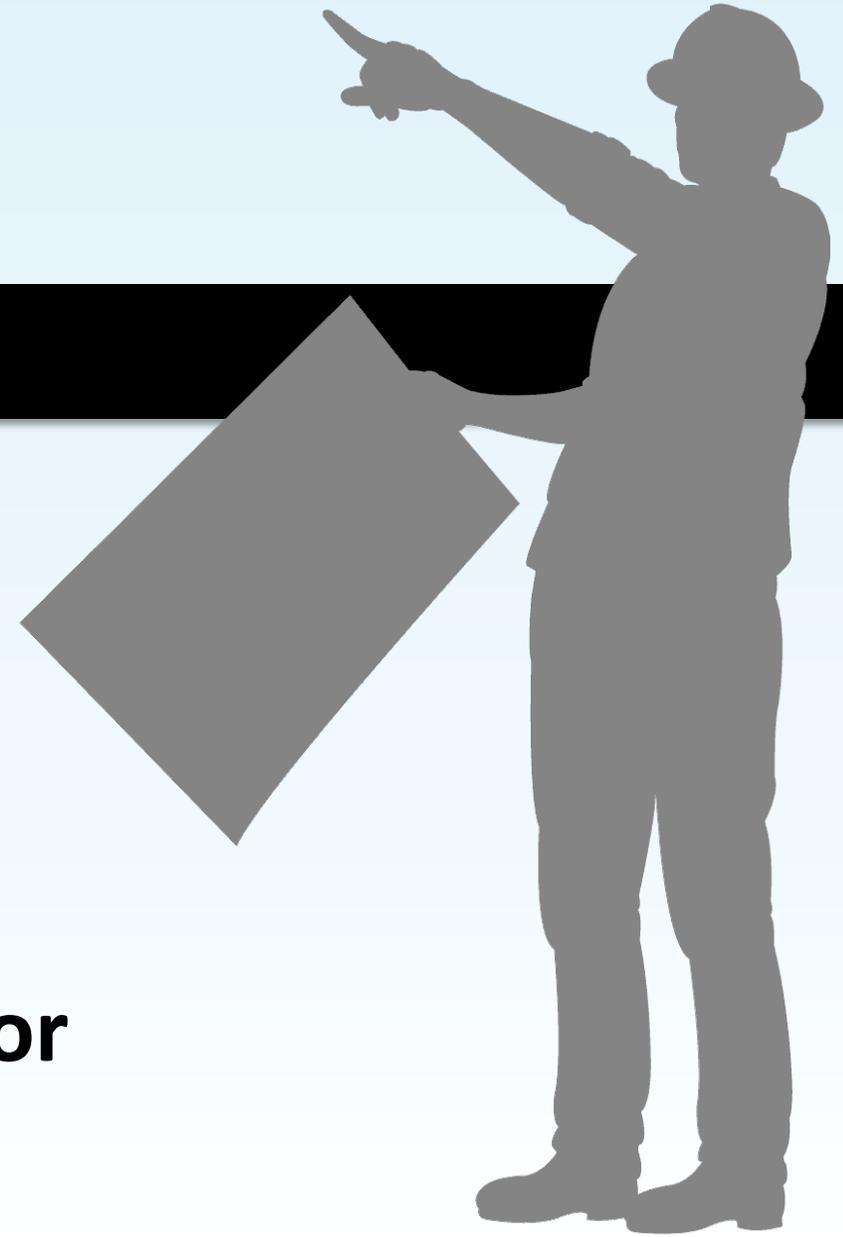


Contracting Practices

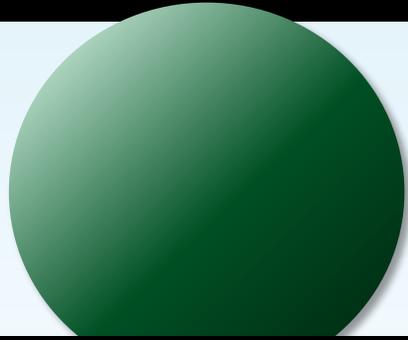


Contractor #1

- **ACCESS Program Manager**
 - **\$16.4 million**
- **Right of Way Management**
 - **\$2.9 million**
- **Prime Engineering Contractor**
 - **\$1.4 million**



Contracting Practices



Contractor #1

ACCESS Program Manager

- **\$16.4 million**
- Invoice Intake
 - **oversight risk**
- Financial Reporting
 - **additional bonds**

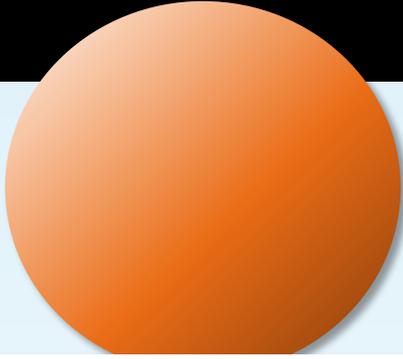
Prime Engineering Contractor

- **\$1.4 million**
- **Invoice** Submission
- Stands to gain from bond revenue

Contracting Practices



Contracting Practices



Contractor #2

- **Consulting Engineer**
 - **represents bond holders**
- **Engineering Consultant**
 - **determines budget for maintenance**
- **Prime Engineering Contractor**



Contracting Practices



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A row of 12 spheres in a gradient from brown to green. On the left, a silhouette of a worker in a hard hat holds a large black arrow pointing right. On the right, a silhouette of a worker in a hard hat holds a large black arrow pointing left. In the background, there are silhouettes of several groups of people, some in hard hats and some in suits, appearing to be in a meeting or construction site.

Twelve Prime Engineering Contractors

**OTA needs to establish
better internal controls.**

INVESTIGATIVE AUDIT

The ACCESS Program

Contracting Practices

The Bond Issuance Process

Land Acquisitions

Surplus Land

OTA and State Agencies

Gilcrease Turnpike

OTA's Flow of Funds

The Bond Issuance Process

1. Statutory Approval of toll road routes (if not already identified)
2. Staff examination of technical and fiscal feasibility
3. Notice of turnpike initiative to Governor
4. Notice of Turnpike initiative to OTA Board
5. Notice of turnpike initiative to rating agencies
6. Approvals of bond issue by OTA Board in public meeting(s)
7. Oklahoma Transportation Commission approval of new turnpikes
8. CDM Smith preparation and issuance of investment-grade traffic & revenue study
9. Olsson analysis of turnpike initiative on OTA Reserve Maintenance Contribution
10. Council of Bond Oversight provisional and final approvals of bond issuance (AG is counsel to this entity)
11. OK Supreme Court validation of turnpike initiative, new turnpikes, all bonds to be issued
12. Receipt of credit ratings on bond issue from credit rating agencies
13. Investor Marketing – issuance of preliminary official statement, etc.
14. Bond pricing & closing – Depository of Trust Company letter of representation

OTA met all legal requirements of the Bond Issuance Process

Land Acquisitions

1. Initiation: notification to landowners

2. Advanced Acquisitions

3. Outsourcing for appraisals, surveys, etc.

4. Appraisals

5. Offers sent to landowners

6. Negotiations

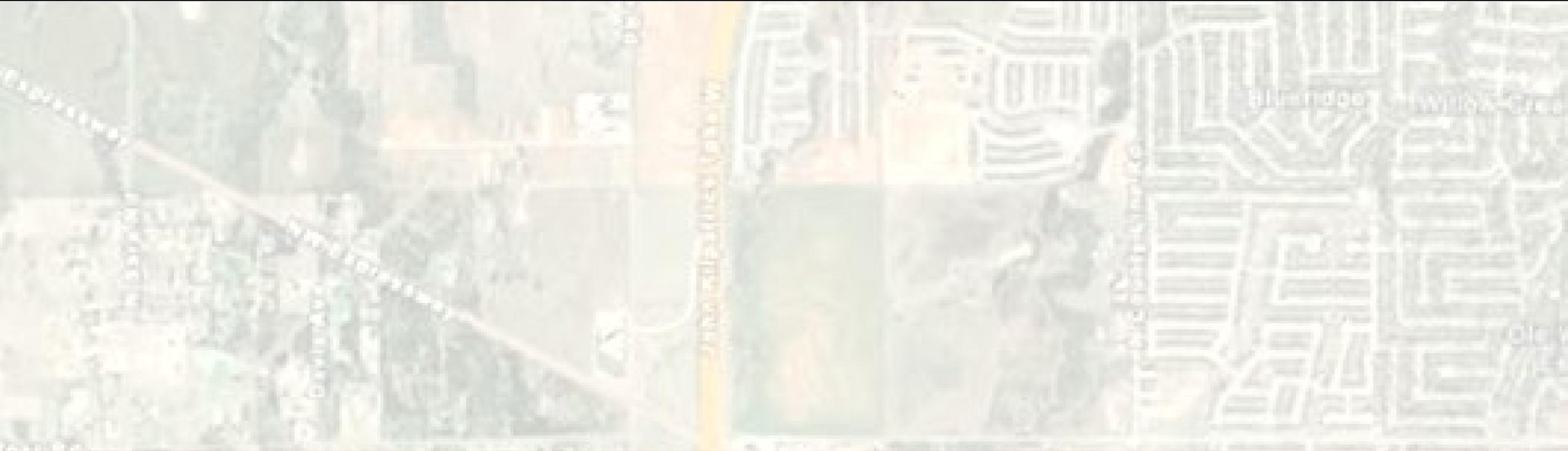
7. Approvals

8. Closings

OTA paid above appraisal price for most properties.

very rare Condemnation Process 6 times

Surplus Land



No violations of the law.



OTA and State Agencies



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All shared service agreements...

and payments from OTA to ODOT...

appear reasonable.

OTA and State Agencies



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OTA and DPS Agreement: Level of funding may exceed
74 O.S. §581 & 1008: the scope of agreement



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