

**KNIK ARM BRIDGE AND TOLL AUTHORITY
REGULAR BOARD of DIRECTORS**

MEETING MINUTES #2-10

Regular Board of Directors' Meeting, April 29, 2010, State Office (Atwood) Building,
Conference Room 1860, Anchorage, Alaska

The meeting was duly noticed on April 20, 2010 in the legal section of the "Frontiersman" and the "Anchorage Daily News" as public meeting notices, and also listed on the KABATA Web site and the State Online Public Notice system.

The meeting progressed in accordance with the previously established and published agenda.

Chairman Michael Foster called the meeting to order at 1:32pm.

1. Roll Call

A quorum was established with four voting directors in attendance:

Michael Foster, Dave Haugen, Frank Richards, and Janet Kincaid (via telephone).

Also present: KABATA ex-officio Board Members Senator Charlie Huggins and Representative Mark Neuman (via telephone); KABATA Staff Members, Deputy Executive Director of Project Development Dale Paulson and Chief Financial Officer Kevin Hemenway.

Recorder: Corene Alvarado, KABATA Administrative Manager.

There were 8 members of the public in attendance.

2. Approval of Agenda

Agenda was approved as presented.

Approved by unanimous vote.

3. Approval of Minutes from Meeting #1-10

There was a

Action #127-2-10

MOTION by Huggins, second by Haugen, to approve Minutes as submitted.

Approved unanimously.

4. Executive Director's Report

Foster requested that Kevin Hemenway speak in Andrew Niemiec's absence. Hemenway began by presenting the Treasurer's Report stating that year-to-date \$4.6M was expended, of which \$3.8M went toward consulting costs comprised substantially of NEPA related expenses. Obligated federal participating funds available as of March 31, 2010 were \$2.9M, of which \$2.2M are encumbered under various contracts. KABATA will consider requesting additional obligation of previously appropriated funds which was detailed in the provided report.

Hemenway went on to announce that last week KABATA received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for their 2009 Comprehensive Annual Financial Report (CAFR). It is the fourth year that KABATA has received this honor. He also reported that KPMG had been awarded the contract that was under procurement for the annual audit and they will be reporting their fiscal year 2010 audit plan to the Audit Committee in June.

Foster commended Chief Financial Officer Kevin Hemenway for his outstanding work with receiving this award. He asked Hemenway how many times we've received this award from the amount of times we've applied for it. Hemenway replied that KABATA has been awarded the Certificate every year that it has applied.

5. Chairman's Report

Foster began by giving an update on the progress of the project since the last Board Meeting. He discussed the ongoing debate with the AMATS Policy Committee in reference to the project being moved out to the Long-Range Transportation Plan (LRTP). On March 25, 2010 AMATS voted 3-2 to keep it in the short term portion of the LRTP. Foster believes that all the efforts over the past 3 months with the Municipality of Anchorage and the AMATS Policy Committee paid off, as the Knik Arm Crossing continues to move forward.

A draft Biological Assessment (BA) was submitted to FHWA on February 11, 2010. FHWA provided their comments to KABATA on March 17. KABATA then submitted a revised draft based on FHWA's comments on April 12. Foster stated that at this point FHWA is working through its own processes and we are hopeful that they will soon be submitting the final BA to NMFS so that they can start their 135 day calendar for a Biological Opinion. KABATA is still looking for a Record of Decision and the Biological Opinion sometime in the fall or early winter.

Foster went on to discuss the Section 106 consultation process, where there is a Programmatic Agreement between FHWA and each of the Eklutna and Knik Tribes, the Municipality of Anchorage, the Mat-Su Borough, and the State Historic Preservation Office and funding has been processed through to those participating groups. Their first Annual Meeting will be on May 25, 2010.

KABATA has met with Mayor Sullivan of Anchorage and Governor Sheffield of the Port of Anchorage and will continue their efforts of cooperation and coordination with the Port and

Municipality. Foster stated that he believes there has recently been some surveying and ongoing geotechnical work being done in the port area.

The Chairman stated that KABATA is working with AK DOT&PF on the submittal of the National Highways Designation for the project. Frank Richards asked if KABATA was giving it to DOT to submit. Foster replied that KABATA is working in cooperation with DOT and believes it is the State who is submitting it regardless of who actually prepares the paperwork.

FHWA has requested that KABATA continue their efforts with public outreach and involvement which Foster explained is something they are working at diligently. There is a short video rendering of what the bridge will look like that has been developed to share with the public as part of that ongoing outreach effort (which was shown to the Board at this time). Foster said that he has been asked many times about the project's design, and indicated that this rendering is a futuristic view of what the bridge might look like coming from the Port MacKenzie side of the Knik Arm after the bridge is built out to 4-lanes. It was also pointed out that the bridge will be railroad compatible. The rendering is in response to FHWA request to provide information about the project to the public. There have also been many presentations to various groups such as Community Councils, Chamber Meetings, Assembly Meetings, etc.

6. Legislative Reports

Senator Charlie Huggins mentioned several things to keep in mind that have bearing on this project: \$57M of incremental funding for the rail spur; DOT's efforts of cutting right-of-way and upgrading the Parks Highway; and funding for Port MacKenzie. He went on to report that there will be a new CEO of the Alaska Railroad and it will be important for us to get that person on board with this project.

Senator Huggins remarked that he believed the Legislature spent more money than he was comfortable with during the 2010 session, but is confident that the Governor will veto some items. With that said, there's money throughout the State to do some important things with. Representative Neuman had nothing to add at this time.

Foster asked Frank Richards how the Transportation Fund came out of the Legislative process from DOT's perspective.

Richards discussed the ballot initiative that Representative Peggy Wilson and the Transportation Committee of the House put forth. There were three bills to try to establish an Alaskan Transportation Fund. It would have required a constitutional amendment be put out to the vote of the people to, first, approve establishing a dedicated fund specifically for transportation. Second, establish a group of Legislators and members of the public to help with the development and scoring of the projects that would be funded by the Transportation Fund. And third, would be an infusion of cash for an endowment which would spur income generation to be used for projects in the future. The ballot initiative passed.

Foster thanked Richards for the update and stated that the reason he asked about this bill was that revenue generated from this project can be used to help fund future transportation projects around the State.

7. Old Business

None.

8. New Business

Frank Richards took this opportunity to revisit the submittal process for the Biological Assessment, asking for clarification on the steps taken by KABATA and FHWA to present the BA to NMFS. Foster provided procedural clarification and reiterated that it was now in FHWA's hands, but he did not foresee it being too much longer before they submitted the documents to NMFS.

At this time the Chairman recognized Ron Arvin of the Mat-Su Borough Assembly who was in attendance and asked him to speak on a resolution recently passed. Assemblyman Arvin explained that as the project moved through the Anchorage Assembly and AMATS Policy Committee in respect to it staying on the short term transportation plan, the Mat-Su Borough Assembly felt it was time to bring legislation forward in the form of a Resolution of Support for the Knik Arm Crossing. It passed 7-0 in favor and has been submitted to the Board.

9. Other Matters to Properly Come Before the Board

None.

10. Board Members' Remarks

Dave Haugen, as a Board Member and Audit Committee Member, extended his congratulations to Kevin Hemenway for his fine work on the financial part of the project. He believes there is good oversight of all funding and feels this has been validated through KABATA's fourth year of receiving the GFOA's Certificate of Excellence.

Frank Richards discussed the signing of House Bill 369 by Governor Parnell and described how it establishes a development team to push forward an instate gas pipeline by 2015. Part of the package includes 2 studies of the feasibility for market uses of the gas which could provide an industry in the Mat-Su and Port MacKenzie areas which would tie into a needed transportation connection between Mat-Su and Anchorage. With regards to a rail spur component, the potential of bringing in hard rock mineral deposits into tidewater at Port MacKenzie for export would provide further economic growth to the area. Mr. Richards stated that the project is an important hard link between the ports and the rail spur supporting the gas line project.

Representative Neuman gave his thanks to the Mat-Su Borough Assembly for their Resolution of Support as well as thanked Richards for speaking to the instate gas pipeline.

Senator Huggins encouraged the Board to think about 2011 as a pivotal year for this project. The election cycle will be over in November and there will be a new Borough Manager which he encourages the Board and Staff of KABATA to quickly liaise with. He believes the Governor will start a blueprint of legacy items and this project could be a cornerstone to that.

11. Public Comments

Mr. Jamie Kenworthy provided the board with five points to consider regarding his perspectives on the financial feasibility of the project.

Lois Epstein urged the State and KABATA to update their traffic and revenue projections.

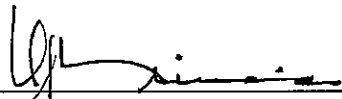
12. Announcements

The next Board of Director's Meeting will be held on June 17, 2010 at 1:30 p.m. at the Governor's Office in Fairbanks, with an Audit Committee Meeting preceding it at 12:30 p.m.

13. Adjournment: 2:15pm.

Minutes Approved: Unanimous Board Approval at June 17, 2010 Board Meeting.

Attested to by:



Andrew J. Niemiec, Executive Director

Date: 6-17-10