

**KNIK ARM BRIDGE AND TOLL AUTHORITY**  
**BOARD of DIRECTORS**  
**MEETING MINUTES #4-07**

Board of Directors' Meeting, July 26, 2007 at the Atwood Building Conference Room #1860, Anchorage, Alaska.

The meeting was duly noticed on July 17, 2007 in the legal section of the "Frontiersman" and in the "Anchorage Daily News" as public meeting notices, and also listed on the KABATA website and on the State Online Public Notice system.

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

Chairman George Wuerch called the meeting to order at 1:33pm.

1. Roll Call by Chairman Wuerch

A quorum was established with all voting directors in attendance:

George Wuerch, Darcie Salmon, Dave Haugen, Gordon Keith, and Brian Andrews.

Also present were KABATA Board Member Representative Bill Stoltze and Senator Charlie Huggins; KABATA Staff Members Executive Director Andrew Niemiec, Director of P3 Process Henry Springer, Deputy Executive Directors Darryl Jordan and Dale Paulson, CFO Kevin Hemenway and Chief Engineer Verne Geidl; also Project Counsels Chief Assistant Attorney General Jim Cantor and William Greene.

Recorder: Betty Fauber, KABATA Administrative Director

There were 4 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 #3-07

With no additions or corrections noted, there was a

Action #91-4-07

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

Approved by unanimous vote.

4. Chairman's Report

Wuerch welcomed Alain Charles, an auditor from KPMG (contractor) who is currently performing the FY07 independent audit.

In accordance with the Bylaws, he presented each board member with a reference manual; he advised that the manuals will be regularly updated by staff. Also, in accordance with the Bylaws, he confirmed that every member of the board and staff have taken the appropriate oath of office.

He gave an update on Representative Kirk's U.S. House Bill regarding the amendment to prohibit the expenditure of Alaska Highway formula funds on the KAC or the Gravina Bridge.

Wuerch stated that he recently testified as former Anchorage Mayor on the Cook Inlet Beluga ESA issue in support of allowing time for more research. He explained that the federal government has undertaken a 2-year plan, which is half way now through.

5. Executive Director's Report

Niemiec recapped activities that took place since the last board meeting including the designation by ADOT&PF Deputy Commissioner MacKinnon of Rob Campbell (ADOT&PF's Central Region Pre-Construction Engineer) as their KAC project manager and main point of contact for FHWA.

He stated that staff is work diligently with FHWA to finalize the EIS and that legal review of P3 funding is favorable. He thanked Keith for his work on including the project in the TIP.

Niemiec said that due to its importance KABATA continues to attend various public meetings such as community council and assembly meetings. Wuerch stated that the Board wants to have full involvement in external affairs such as with the legislature and governor's office, both elected and appointed. He requested that the Board be presented with a comprehensive public awareness plan to keep the public informed of the project's facts.

6. Legislative Report

Senator Huggins reported that the KAC project will dove-tail with other public transportation Mat-Su projects as part of the transportation corridor and as a delivery system which benefits the state. He stated that the project is vital rail- and port-wise for the metropolitan areas and the fact that it will leverage dollars rather than take dollars is an important message to convey to the public. He suggested that the Chugiak-Eagle River and Wasilla Chambers should be kept informed of the project's progress so they can update their members.

Representative Stoltze stated that the House recognizes the project as viable and suggested that reports of the project's progress be given weekly to the Governor's Press Office. He stressed the importance of regularly providing the public with well-researched and detailed facts about this innovative project, which would help alleviate criticisms and challenges.

7. Audit Committee Report

Wuerch thanked the Audit Committee for their service and welcomed Julie Pierce, State Comptroller, who contributes her expertise to the committee.

Hemenway advised that KABATA was awarded a Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 2006 CAFR. GFOA provided an independent review who judged the report using an impartial panel to meet high standards including demonstrating a constructive "spirit of full disclosure." He thanked the Audit Committee, staff and KPMG and said that an application will be submitted to GFOA for the 2007 CAFR.

Wuerch asked if the plan for the 2007 Annual Report included using a CD format for the Financial Reports; Hemenway affirmed, although a different fastener will be used.

8. Old Business

a. Financial Status

Using a PowerPoint, Hemenway reviewed the "Funding and Expenditures Update FY2007 Actual and FY2008 Budget." He said that finances are being monitored diligently and that the project remains within budget.

Wuerch stated that the difference between the funding available and the proposed FY2008 budget of \$9.8 million did not seem adequate; Haugen questioned how worse-case scenarios such as a delay in the issuance of the ROD and possible litigation would be covered. Springer stated that P3 funding close was due mid-2008 and that lump-sum could be available contingent on close. Niemiec stated that although review of the budget was not complete salary adjustments were included for the two positions, chief engineer and deputy executive director of project development. Wuerch asked for concurrence to approve the FY2008 budget at \$9.8 million. There was a

Action #92-04-07

MOTION by Haugen, second by Salmon to approve the FY2008 budget of \$9.8 million.

After a discussion about competitive-level salaries, the Board Approved by unanimous vote.

Niemiec reported that qualifications for the Financial Manager position have been reviewed; Wuerch stated the personnel level should remain the same until it can be discussed at next meeting.

b. FEIS Update

Paulson reported on the WASHTO Conference that he attended in early July; while there he presented a project update to FHWA Administrator Capka, which was well received.

He stated that the FEIS was still in FHWA legal sufficiency review and the FHWA continues to work on environmental, major project and bridge design concerns as well as the Cook Inlet beluga issue; the Section 4F issues have been resolved. Keith

said that the FHWA is reviewing constructability reports regarding piling issues and that KABATA should provide them with any additional information showing this is not problematic. Paulson said that photos of the Port MacKenzie dock pilings have been sent to FHWA Administrator Miller in Juneau.

c. PABs/TIFIA Application

Hemenway stated that as approved by the board a PABs application for financial assistance for \$600 million was filed in late May. He is optimistic that it will be approved. The oral presentation to the TIFIA JPO will be held in WDC in late August. Haugen asked if a TIFIA loan would lead to federalization of the project. While the short answer is yes, Hemenway replied that a successful application would provide an opportunity for maximum flexibility for a private partner to have an option, which is desirable.

He reviewed schedule of anticipated milestones, a copy of which was included in the packet.

Jordan reported that meetings went well with three rating agencies held in New York in April: these meetings were held as part of the P3 process.

d. KABATA/ADOT&PF/FHWA Working Agreement

Niemiec introduced Rob Campbell, Central Region Pre-Construction Engineer, and advised that ADOT&PF Deputy Commissioner John MacKinnon has designated Campbell as the agency's contact person and project manager for the KABATA's Knik Arm Crossing project. He advised that he recently met with FHWA Alaska Division/Juneau; no Agreements have been changed as they are still in discussion stage. Keith stated that open lines of communications between KABATA, ADOT&PF and FHWA are important.

9. New Business

a. P3 Process Report

Springer reported on progress made by the P3 Task Force, which was established at the last board meeting to interface with the two consortiums that were qualified by KABATA to submit proposals for private funding for the bridge. The next One-on-One meetings will be held in Seattle in September. The Task Force is working with several KABATA contractors to develop a RFP, which includes the PPA, Technical Provisions and Instructions to Proposers.

He stated that many issues such as financial implications, risk assessment and public policy will need board decision; he suggested formation of a committee or holding a worksession.

Springer introduced a Resolution approving a stipend for proposals. Wuerch stated that this is a major obligation that needs to be thoroughly understood as there are several scenarios that could take place during the P3 process.

Action #93-07

MOTION was made by Salmon, second by Haugen to open for discussion;

After which, Wuerch polled the board about the need for additional education on this complex issue; all agreed there was a need for a worksession to educate and inform the board of all implications. Springer will organize a worksession; the board will be notified of the details and the public notice will be posted.

Action #94-07

Action on the resolution was tabled until the next meeting.

b. Public Information/External Affairs

Niemiec stated that a plan will be developed to provide information to the public.

c. Technical Advisor Contract

Niemiec reported that the contract for Technical Advisor Services for P3-Funded Activities was awarded to HDR, Inc. The scope of work includes assistance in preparation of the RFP, providing support for the industry review process and alternate technical concepts during the RFP response period and negotiations stage.

Wuerch inquired about HDR staffing; Geidl said HDR staff was from Anchorage and included P3 experts from Texas, and that PND was a subcontractor.

d. Right-of-Way Planning

Niemiec reported that ROW discussions are underway with Mat-Su Borough and Municipality of Anchorage regarding land use and tidelands. Wuerch confirmed that federal-aid funds can not be spent on ROW acquisition until the ROD is received.

e. Workplan Priorities

Niemiec reported that the combination of reduced project funding due to Federal rescissions and the expense of unforeseen activities may necessitate a future discussion about acquiring additional funding. Springer stated that issues beyond the project's scope and magnitude need to be dealt with, such as the Cook Inlet Beluga ESA and the possible shortfall for the Pt. MacKenzie Road, may require a strategy to be formulated to acquire necessary funds. Haugen inquired if reallocation of funds was needed at this time; Wuerch responded that there is not a request being made at this time, however, any request for additional funding would require prior board approval.

f. P&P Update

**Resolution #20-07** was introduced by Greene to adopt Internal Operating Policies and Procedures by repealing those adopted on an interim basis in 2003, which are now inconsistent with legislation, statute and bylaws, and approving and adopting immediately those appended to and incorporated in the resolution. Greene advised that the updated P&P is a minimum to operate on and that the resolution states that the Executive Director shall continue to advise the board when the P&Ps need updating to conduct business. A

Resolution #20-07

MOTION was made by Salmon, second by Haugen to adopt effective immediately. Questions and discussion were solicited, after hearing none, resolution was

Approved by unanimous vote.

g. Financial Disclosure for Board Members

Wuerch reported that the Governor recently signed legislation to improve Alaska's ethics and disclosure laws. Changes to the disclosure law include the addition of KABATA board members to the list of boards whose members must file annual financial disclosures with APOC. He provided information regarding the improvements and filing instructions to the board members.

10. Board Members' Remarks

Wuerch requested that Niemiec and Hemenway prepare a budget document to include in the minutes of this meeting. He asked members to consider revising the Bylaws regarding the Executive Director's authority to act as the board's secretary and treasurer: the revision would be to delegate that authority to Hemenway to act as board treasurer and to Fauber to act as board secretary; he requested that Greene draft the appropriate documents for consideration at the next meeting.

Salmon thanked the staff for the vast amount of good information provided.

Haugen thanked the staff for their good hard work and asked for its continuation.

11. Public Comments

There were no public comments.

12. Announcements

Wuerch announced that the next regular Board meeting that would have taken place in September was cancelled. Board Members will be contacted to check their availability for an August Board Meeting and P3 worksession in Anchorage; the Board and the public will be notified of the details.

Wuerch suggested that the following Board Meeting be held in Wasilla; members agreed.

13. Adjournment: 4:53pm.

Minutes Approved: Unanimous Board approval at November 1, 2007 Board Meeting.

Attest:  \_\_\_\_\_ Date: 11-1-07

Andrew J. Niemiec, Executive Director