

KNIK ARM BRIDGE AND TOLL AUTHORITY
BOARD of DIRECTORS
MEETING MINUTES #5-07

Board of Directors' Meeting and Worksession, August 17, 2007 at the Atwood Building Conference Room #1270, Anchorage, Alaska.

The meeting was duly noticed in the legal sections of the "Anchorage Daily News" on August 7, 2007 and on August 10, 2007 in the "Frontiersman" 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 9:30am.

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. Rob Campbell, ADOT&PF-designated project manager and FHWA contact, was present.

Recorder: Betty Fauber, KABATA Administrative Director

There were 5 members of the public in attendance.

2. Approval of Agenda

Agenda was approved as presented.

Approved by unanimous vote.

3. P3 Program Presentation

Wuerch welcomed the participants to the worksession, which was designed to provide full and free discussions of major issues and long-term ramifications involved in the P3 process: implications of risk and balancing the public-private interests. He stated that the information to be provided by KABATA consultants would be followed by pertinent discussions will provide the P3 Task Force with board direction they need in the development of documentation of the final P3 RFP and contract, all of which will comply with ADOT&PF procurement rules and regulations.

Niemiec introduced Grant Holland, vice president, Wilbur Smith Associates and Fred Kessler, partner, Nossaman Guthner Knox & Elliott, LLP, both KABATA-contracted consultants; who made the formal presentation.

Using a PowerPoint, Holland and Kessler made a detailed presentation. Topics included fundamental nature of P3s, selected precedents/lessons learned, roles of KABATA board and staff, major board issues for P3, current procurement and recommendations.

Holland stated that development of the P3 RFP is progressing; he said that communications with qualified proposers continues and the third One-on-One meetings will be held in Seattle September 25-29 to provide an on-going exchange of information. To answer non-document-related questions from proposers formal responses are being written and sent to both proposers.

Wuerch asked Keith if this was the same procedure used under state procurement rules; Keith stated it was.

Wuerch stressed the importance of transparency in all aspects of the complex P3 process to deliver a better product and that the board expects the staff to keep the board informed, especially prior to One-on-One meetings.

Wuerch asked Keith if this philosophy was consistent with state procurement rules and regulations; Keith stated that it was.

Wuerch stated that KABATA has made over 100 presentations to deliver information to the public and that quarterly updates have been made to the mayors of Anchorage and Mat-Su Borough.

The board's major P3 issues discussed were priorities and objectives, stipends, KABATA's financial obligations to developer including retained responsibilities, contingent risks and termination risks for investors; also concession term and payments, revenue sharing, refinancing gain share, toll setting, KABATA oversight provisions, risk allocation and termination compensation.

Wuerch asked Hemenway about the Financial Plan requirement for a major project; Hemenway replied that the TIFIA application becomes the Financial Plan, however, when the private partner decides to use TIFIA loan or not, the Financial Plan will be replaced either way.

The composition of the RFP was discussed, which includes the Public-Private Partnership Agreement (PPA), Technical Provisions (TP), and Instructions to Proposers (ITP) documents. The proposals could contain Alternative Technical Concepts (ATC), which would be proprietary ideas that deviate from the TP that could be approved with conditions as acceptable.

Wuerch asked Keith if this was consistent with state procurement regulations; Keith confirmed.

4. P3 Program Discussion

There was open discussion of such topics as tolls, trends driven by P3 projects, contingency plans and alternative options for funding, the function of government if TIFIA loan is used, and various aspects of the procurement process.

5. FY08 Budget Update

Wuerch stated that at the July 26, 2007 the board approved a FY08 budget of a \$9.8 million spending plan without its details; Niemiec asked Hemenway to present those details. Using a PowerPoint, Hemenway reported on FY07 actual costs and FY08 forecast costs for three categories: general and administrative, P3 procurement, and NEPA and planning including federal, state match, state non-par, and general funding authorization and expenditures.

Hemenway explained the need to plan for the cost of accepting P3 proposals with a reasonable contingency; that cost would be \$2 million. He reported that with an agreement with FHWA participating federal funding would be available.

Wuerch stated FY08 budget as previously approved would not cover that amount.

Niemiec stated the funds were available to increase the budget; Andrews stated there was not a balanced budget as written and that an amendment was needed. A

Action #95-5-07

Motion by Salmon, second by Haugen to increase FY08 budget by \$1,853,758 to \$11,599,957. The amended budget was

Unanimously approved.

6. P3 Stipend

Springer presented a draft resolution approving a stipend for proposals. After discussion regarding ownership of proprietary properties included the proposals and a recommendation to wording about amended FY2008 budget, which includes funds to encumber the stipend payment in the event of an unsuccessful financial close, a substitute resolution with an added paragraph was submitted. A

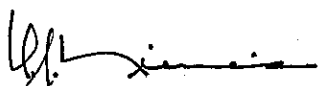
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Motion was made by Andrews, second by Salmon to approve the substitute resolution. Wuerch asked if there were any questions or request for discussion, after hearing none the substitute resolution was

Unanimously approved.

7. Adjournment: 3:50pm.

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

Attest: 
Andrew J. Niemiec, Executive Director

Date: 11-1-07