

KNIK ARM BRIDGE AND TOLL AUTHORITY
ANNUAL BOARD of DIRECTORS
MEETING MINUTES #6-07

Board of Directors' Meeting, November 1, 2007 at the Multi-Use Sports Complex, Conference Room #1, Wasilla, Alaska.

The meeting was duly noticed on October 23, 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 1:02pm.

1. Roll Call by Chairman Wuerch

A quorum was established with four voting directors in attendance:
George Wuerch, Darcie Salmon, Dave Haugen, and Brian Andrews.

Also present were KABATA Board Members Representative Bill Stoltze and ADOT&PF Deputy Commissioner John MacKinnon; KABATA Staff Members Executive Director Andrew Niemiec, 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 13 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 #4-07 and Meeting #5-07

With no additions or corrections noted on Minutes from Meeting #4-07 and no additions and a correction to a typographical error noted from Minutes from Meeting #5-07, there was a

Action #97-06-07

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

Approved by unanimous vote.

Wuerch asked Greene if a draft resolution had been prepared as requested at the July 26, 2007 meeting (reflected in Item #10 of such Minutes) for the board's consideration to revise the Bylaws regarding the board's secretary and treasurer; Greene responded affirmatively stating that the item could be taken up at the next meeting.

4. Chairman's Report

Wuerch asked Representative Stoltze to give a Legislative Report. Stoltze stated the Special Session is at its half-way mark and action is expected on the legacy oil and gas tax issue; the Governor's statewide public hearings have been well attended. Regarding the KAC project, he said that the challenge is to provide the public with accurate up-to-date information about its merits as a statewide project and provide an education about the P3 funding. He congratulated the staff on the high level of work accomplished and encouraged its continuation.

Wuerch reported that Niemiec and he would be in WDC during the week of November 5 to meet with the Alaska Delegation and key personnel and would report to the Board at the next meeting.

He proposed a 2008 meeting schedule, which was included in the packet, requesting that members review the dates and advise at the next meeting which dates would best accommodate their schedules.

Wuerch called for the next regular board meeting to be held on December 6, 2007 in Anchorage, which pursuant to Bylaws required a resolution. The Resolution was read by Greene. A

Resolution #22-07

MOTION was made by Salmon, second by Haugen to adopt. It was

Approved by unanimous vote.

Wuerch reported that Henry Springer was retiring on November 15 and in recognition of his outstanding service introduced a resolution expressing commendation and appreciation to Springer for his work on behalf of the project since its inception in 2003. A

Resolution #23-07

MOTION was made by Haugen, second by Salmon to approve.

Stoltze suggested a revision to add his service as a Legislator after which it was

Approved by unanimous vote.

5. Executive Director's Report

Niemiec recapped activities that took place since the last board meeting including progressive work on the Public-Private Partnership Request for Proposals. He reported that resolutions of support have been received from both the Anchorage and Wasilla Chambers of Commerce. He stated that the final report on the audit performed by FHWA is due and that initial report showed no major discrepancies. He said that preliminary ROW work has begun with Mat-Su Borough, the Port of Anchorage and the Military.

6. Old Business

a. Public Awareness Plan

Using a hand-out, Paulson reviewed the public outreach plan, which is a work in progress; he outlined the RFP transparency project, the RFP and FEIS rollout plans. Paulson indicated that he is working with the FHWA's public relations staff, who is interested in the P3 process.

Regarding the transparency issue, Haugen stated that differentiating between proprietary and public information and the delay in releasing such information will be difficult to explain to the public and cautioned against breaching the procurement process. As a solution, Wuerch requested a clear and FAQ sheet the release dates of information.

Representative Stoltze stated his challenge is explaining the amount of time and funds spent on the project; he requested a chart listing public process requirements, such as the NEPA process, so questions can be answered in a succinct manner.

Wuerch reported on the success of KABATA's dialogues on national talk radio shows, which have had far-reaching effects separating this P3 project from others.

7. New Business

a. Election of Vice Chairman

Wuerch stated that Bylaws require that a Vice Chairman be elected at the Annual Meeting and requested nominations be opened. Haugen nominated incumbent Salmon. Wuerch asked Salmon if he was willing to serve; Salmon affirmed he was. MacKinnon seconded the nomination and moved to close nominations, seconded by Haugen. There was a

Action # 98-06-07

MOTION by MacKinnon second by Haugen to elect Salmon as Vice Chairman.

Salmon was elected by unanimous vote.

b. NEPA Process Status: FEIS/ROD

Paulson reported that the FEIS has not yet been signed; Alex Viteri, FHWA Juneau, is working with their legal department to keep process moving. He said after FEIS is signed there are no public hearings held, however, comments would be accepted and replied to in ROD.

Niemiec stated that the FHWA indicated that the FEIS should be signed by early November and the ROD signed by year-end.

c. P3 Process Report

Niemiec asked Jordan to report on progress made on the development of the components of the RFP, which are the Public-Private Partnership Agreement (PPA), Technical Provisions (TP) and Instructions to Proposers (ITP); the October 31 deadline was met to provide these draft documents to the two short-listed firms for their review.

Jordan reported that the two consortiums have been very active in the process and their comments that are being addressed as quickly as possible. Wuerch asked for assurance that both potential proposers are treated equally; Jordan responded that measures are being taken to keep parity and Greene stated that there have been no indications of any problems.

Wuerch stated that in accordance with the approved use of the state's competitive Innovative Procurement Process that executive-level concurrence on the ITP will be needed by year-end from the Board, the Departments of Law and Transportation and the FHWA.

Wuerch congratulated the P3 Task Force on keeping the process on time, and within budget.

d. PABs/TIFIA Application

Hemenway defined the TIFIA credit assistance program, the PABs allocation under the SEP-15 waiver. These loan options may be used by the P3 proposers in their financial plan if they chose.

He reported that the TIFIA loan request for approximately \$250 million, which is two-thirds of the project cost, is tied to the procurement process and is currently in review by TIFIA's credit council and legal department.

The TIFIA loan includes construction, capitalized interest, NEPA costs, procurement costs, debt issue costs, bond insurance and KABATA's upfront concession payment.

Hemenway reported that KABATA's PABs application was conditionally approved for up to \$600 million allocation of the \$15 billion national PABs capacity. Both the PABs approval and the TIFIA application are conditioned upon receiving a ROD and selection of a P3 partner, among other requirements.

Wuerch stated that Hemenway was a speaker at the Bond Buyer Transportation Financing/P3 Conference in October reporting on P3 financing from a public agency perspective. Hemenway said that the fundamental focus was on how to create value in P3 while protecting the value of the asset.

Wuerch congratulated the team for creating the queued-up financial sources options for proposers, which will accelerate the loan process.

e. Annual Report Planning

Fauber reported that the basic content and schedule have been developed; tracking on-schedule for printing mid-December for delivery to Governor and Legislature the week of January 14, 2008. As required, it will have information on this year's business, prospects for next year, and the financial report, which will be in CD-format. It will focus on the P3 process with reports on the FEIS, ROD and project timeline.

f. Audit Committee Report

Andrews reported that KPMG, KABATA's contracted external auditors, expressed an unqualified opinion for the FY07 financials, which is the best that can be done. He stated that at the next audit committee meeting new accounting system software will be reviewed that will accommodate accounting necessary for P3 finances. Wuerch said he was pleased that the audit committee was moving ahead on the software, noting that the accounting system was included in the FY 08 budget.

Wuerch asked if the 2007 CAFR was on a CD yet; Hemenway said that work is still being done on the financial report. Hemenway stated that an application will be submitted to GFOA for a 2007 Award of Excellence.

Salmon stated his appreciation for the very comprehensive and clear financial reports that Hemenway presents to the audit committee.

g. Financial Update

Using a PowerPoint, Hemenway gave a financial/budget update stating that the project remains within budget. He reviewed current authorized funding and forecasted public funding needs, such as permitting and ROW and the impact from the extended time to complete the NEPA/ROD process. He stated that funds will need to be appropriated and obligated for construction prior to proposal submission; that amount will be determined as commitment to P3 lenders gets closer.

Wuerch stated that source of additional funding for new activities could be realigned to include federal funds that have been appropriated but not yet obligated. Niemiec said that those funding requirements will be identified and reported on at a future meeting.

8. Board Members' Remarks

Salmon reported on the Resource Development Council (RDC) for Alaska's Board of Directors' Community Outreach Conference held September 27-28 at many locations throughout the Valley; he has received good feedback on the presentation he made about this project. He thanked Wasilla Mayor Dianne Keller for her participation in and contributions to the meeting. He expressed his thanks for Springer's hard work and commitment to the project.

Haugen recognized Springer's efforts and years of great contributions and he expressed his appreciation to the professional, dedicated staff.

DOR Deputy Commissioner Andrews introduced Debbie Schnebel from Scott Balice Strategies, Inc., the SOA's financial advisor to State debt obligation, stating she is an important part of the DOR team.

ADOT&PF Deputy Commissioner MacKinnon that he was pleased to be a part of the project; Wuerch stated that the department has been an integral part of the team.

9. Public Comments

Mayor Keller thanked Salmon for his participation in the RDC for Alaska Conference that highlighted the many attributes of the Mat-Su Borough. She thanked the Authority for extending the public education effort up to the national level to provide awareness of the opportunities the bridge will bring to the state's future. Keller acknowledged Springer's vast knowledge that he contributed to the project and thanked him for his service.

Kathy Wells urged for a plan for when people exit the bridge. Noel Woods expressed his thanks to Springer for being a great public asset.

10. Announcements

Wuerch announced that the next regular Board meeting be held on December 6, 2007 in Anchorage; Board Members will be contacted to check their availability and the Board and the public will be notified of the details.

11. Adjournment: 2:38pm.

Minutes Approved: Unanimous Board approval at December 6, 2007 Board Meeting.

Attest:  _____ Date: 12-6-07
Andrew J. Niemiec, Executive Director