

**KNIK ARM BRIDGE AND TOLL AUTHORITY**  
**ANNUAL BOARD of DIRECTORS**  
MEETING MINUTES #3-06

Annual Board of Directors' Meeting, August 30, 2006, Atwood Building, Room 1860, Anchorage, Alaska.

The meeting progressed in accordance with the previously established and published agenda, which is attached and part of these minutes.

The meeting was duly noticed on August 22, 2006 in the legal section of the "Anchorage Daily News," the "Frontiersman," as public meeting notices. Also noticed on the KABATA Home Page and on the State Online Public Notice System.

Numbers in these minutes correspond with the numbers in the agenda; due to time constraints on members' schedules Items 7.g. and 7.h. were reported on out of order.

Chairman George Wuerch called the meeting to order at 1:35pm.

1. Roll Call by Chairman Wuerch

A quorum was established with five voting directors in attendance: George Wuerch, Vice Chairman Darcie Salmon, Dave Haugen, Gordon Keith and Tom Boutin; also in attendance were Board Members Senator Lyda Green and Representative Bill Stoltze.

Also present: KABATA Staff Members Executive Director Henry Springer, Chief Financial Officer Kevin Hemenway; also Project Counsels Chief Assistant Attorney General Jim Cantor and William Greene.

Wuerch welcomed visitors and observers; Mat-Su Borough Port Director Marc Van Dongen, Anchorage Daily News Reporter Don Hunter, and recently hired KABATA Chief Engineer Verne Geidl who will begin working on September 1, 2006.

Recorder: Betty Fauber, KABATA Administrative Director

There were 6 members of the public in attendance.

2. Approval of Agenda

Wuerch advised that the Agenda order would be adjusted to accommodate members' schedules; agenda was approved.

3. Approval of Minutes from Meeting #2-06 (June 7, 2006)

With no additions or corrections noted, there was a

Action #79-03-06

MOTION by Haugen, second by Boutin, to approve.

Approved by unanimous vote.

4. Chairman's Report

Wuerch thanked the staff for an incredible effort and for the regular progress reports. He will be out of state for six weeks but will be in contact.

5. Executive Director's Report

Springer introduced Verne Geidl, KABATA's newly hired Chief Engineer, and reviewed his qualifications.

Springer said that reports on what has transpired since the last meeting and work planned for the next several months will be included in the agenda items.

He stated that several tasks are currently in progress including the borings, test piles and load test being done in coordination with Port MacKenzie, surveys for ROW acquisition, and the development plan concept that is being formulated to evaluate the possibility using P3 funding. The Moose Federation has made contact to discuss design standards to minimize impact on the moose.

6. Old Business

a. By-Laws and Policy & Procedure Review

Fauber reported that since KABATA has evolved since By-Laws and Policy & Procedures were written and approved three years ago; as requested by Springer, Greene is in the process of reviewing the documents to assure that we are in compliance and abiding by laws and procedures and is updating where necessary.

b. MOA with ADOT&PF

Springer reported that the Agreement with ADOT&PF respecting the design, construction, financing, operation and maintenance of segments of its Southcentral Region National Highway System is close to concluding. When complete it will clearly establish, define and coordinate respective roles, responsibilities and obligations of KABATA and ADOT&PF's connecting road network. Keith added that this complex document would define where funds would come from thus clarifying the issue of competing projects.

Wuerch said he was please that the Agreement was coming close to finalization; that it is a win-win situation.

c. MacKenzie Road Paving Status

Wuerch introduced Mat-Su Port Director Marc Van Dongen, who then using a PowerPoint presentation reported on the process and progress made on the upgrade and paving of the Point MacKenzie Road.

Wuerch stated that it is a clear benefit to all Alaska to break project into nine segments and that this segment must be done with or without the KAC. Springer thanked Van Dongen for coordinating the work on the segment.

d. DEIS Update.

Paulson stated that DEIS is basically completed and should appear in the federal register on September 22, which begins the 45-day review period. Hard copies and CDs will be available to the public.

Wuerch thanked HDR for their contribution to completion of this time-consuming work.

e. Beluga Status Report

Springer reported that NOAA published a notice of 90-day petition in the Federal Register on August 7, 2006 to list the Cook Inlet Beluga Whales as an endangered species under the ESA. He stated that if this action is taken would have distinct impact on the project as well as many aspects of Alaska's economy, such as shipping, fisheries, petroleum industry. He said that KABATA is well positioned due to the fact that we have stayed involved and informed, specifically the scientific studies funded by KABATA over the past two years.

Wuerch stated that Greene and our WDC team have successful litigation experience on this issue. Springer stated the importance of keeping the public and media informed by making available the scientific research done for KABATA by LGL Ltd.

f. Port of Anchorage Negotiations

Springer reported that discussions with the Port of Anchorage have begun to develop an Agreement to coordinate construction of the segment of the project that also involves future Port expansion alignment.

g. Cost Report

Springer reviewed the Cost Summary and said Authority will work within approved budget.

7. New Business

a. Election of Vice Chairman

Wuerch requested nominations be opened. Haugen nominated Salmon be placed into contention. Wuerch asked Salmon if he was willing to serve; Salmon affirmed he was. Boutin seconded the nomination and moved to close nominations, seconded by Haugen. There was a

Action # 80-03-06

MOTION by Haugen, second by Boutin to elect Salmon as Vice Chairman.

Salmon was elected by unanimous vote.

b. Travel Policy & Procedures

Fauber advised that the State Travel Office (STO, Juneau) has been progressively implementing a travel reservation system for executive branch travelers. They are responsible for the online module system used for booking airline, hotel and car rentals through a contract with U.S. Travel, Inc. KABATA has been notified that it will be integrated into the system in the near future. The system requires payment per transaction fee (\$17) and change fees (\$50) in addition to those charged by the airlines. Departments already online have reported that the system is cumbersome, time consuming and not always available; other state corporations have opted out of the system. Greene is currently reviewing the Travel Policy and Procedure.

c. Request for Additional Non-Par Funds

Springer notified the necessity to request additional State Non-Par funds for future use. The amount will be determined during formulation of the FY08 budget and he will advise the amount at the next Board meeting. The funds will be needed when the engineering contract is started if P3 methodology is used since no federal funds can be expended on direct KABATA projects.

Springer stated that he advised the Audit Committee to start separate accounts for federal eligible and non-eligible expenditures.

d. FY08 Operating Budget/Moving Expenses

Springer stated that the FY08 budget would have no surprises; to comply with reporting regulations federal and non-par funds will be in separate columns. He reported that there would be a need to fill two positions, the currently vacant Financial Manager position and a new Project Engineer position.

Springer reported that Verne Geidl has elected to create a second household in Anchorage in lieu of relocating. Springer requested the Board's consideration of a one-time lump sum payment of \$20,000 to Geidl to cover total moving expenses. This variant from the State's moving regulations would be in the State's best interest, saving \$4,400.

Action # 81-03-06

MOTION made by Salmon, second by Haugen to open for discussion.

Salmon inquired about the legality of the payment; Greene stated that it was legal. Boutin stated that it is acceptable on a case-by-case basis when the Executive Director and employee reach an agreement and the payment saves the state money.

After discussion, motion was

Approved by unanimous vote.

e. Annual Report Planning

Fauber reported that the basic content has been determined and a schedule developed; tracking on-schedule for printing mid-December for delivery to Governor and Legislature the week of January 16, 2007. Report will have detailed P3 information, an explanation of the project Delivery system (9 segment plan) and the financial plan, which could be as many as ten pages.

Wuerch requested suggestions and input from the board members regarding content.

f. Financing Progress

Using a PowerPoint presentation, Hemenway reported on the project's current financing plan.

g. AMATS LRTP Amendment

Keith reported that the amendment to the LRTP would begin as soon as the DEIS was published; the public processes would run concurrently.

h. Audit Committee Report

Boutin reported on the Audit Committee meeting held today. He noting that the national recognized firm KPMG, LLP had been contracted as an Independent Financial Auditor. The committee's next action will be to review the results of the audit in early October for inclusion in the 2006 Annual Report. Wuerch asked if there is any prohibition to file Financial Report separately and incorporate by reference in the Annual Report; Boutin said the Financial Report could be reported separately relating that AHFC produces theirs on a CD for distribution and places it on their website.

Boutin stated that the Audit Committee has asked Hemenway to submit the Financial Report into the Government Finance Officers Association (GFOA) for consideration to receive a Certificate of Achievement for Excellence in Financial Reporting.

Wuerch asked if the Board was required to sign the Financial Report; Hemenway said it was not requirement.

i. EAFB ROW Easement Plans

Springer reported that pre-ROD preparatory work has been authorized for surveying, legal descriptions, ROWs and subsequent acquisition negotiations. A federal-to-federal grant easement would be the preferred way to pursue land behind the Port of Anchorage. Wuerch stated that any work that can be done prior to negotiations would be beneficial.

8. Board Members' Remarks

Boutin thanked the staff for help with the Audit Committee meeting and for the complete update. He stated that the ESA listing of the Beluga has far-reaching impacts and should be followed closely.

Haugen complimented the staff and chairman on progress that has been made and the noteworthy nine-segment plan.

Salmon said the nine-segment plan is very ingenious and creative. He reported that the MSB would be holding their election on October 3.

9. Public Comments

Comments from public attendees were heard. Mr. Mirek Olmer, representing T.Y. Lin International/San Francisco, said he was impressed by the progress made with such a challenging schedule. Lois Epstein from Cook Inlet Keeper stated her concern about the interaction with the beluga and the proposed bridge.

10. Announcements

Wuerch announced that the next Board Meeting would be held on November 29, 2006 at 1:00pm at the Multi-Use Sports Complex in Wasilla, Alaska. Board Members and the public will be notified of the details.

11. Adjournment: 3:28pm.

Minutes Approved: Unanimous Board approval at November 29, 2006 Board Meeting.

Attest: \_\_\_\_\_



Date: \_\_\_\_\_

12-1-06