

**KNIK ARM BRIDGE AND TOLL AUTHORITY**  
**BOARD of DIRECTORS**  
**MEETING MINUTES #2-06**

Board of Directors' Meeting, June 7, 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 May 30, 2006 in the legal section of the "Anchorage Daily News," the "Frontiersman," and the "Juneau Empire" as public meeting notices.

Numbers in these minutes correspond with the numbers in the agenda.

Chairman George Wuerch called the meeting to order at 1:30pm.

1. Roll Call by Chairman Wuerch

A quorum was established with five voting directors in attendance:

George Wuerch, Darcie Salmon, Dave Haugen, Gordon Keith and Tom Boutin.

Also present: KABATA Staff Members Executive Director Henry Springer, Deputy Executive Director/Program Manager Darryl Jordan, and Director of Environmental, Regulatory Affairs Dale Paulson, and KABATA's Senior Finance Advisor Kevin Hemenway; also Project Counsels Chief Assistant Attorney General Jim Cantor and William Greene.

Wuerch welcomed Bill Sharrow from Representative Don Young's office, Ray Richard and Grant Holland from Wilbur Smith Associates (WSA/contractor), and John Bonow from Public Finance Management (PFM/contractor).

Recorder: Betty Fauber, KABATA Administrative Manager

There were 10 members of the public in attendance.

2. Approval of Agenda

Wuerch advised that an Executive Session has been added to the Agenda (item number 11) to discuss personnel and financial matters.

Action #74-02-06

Motion by Haugen, second by Salmon to revise the Agenda.

Approved by unanimous vote.

3. Approval of Minutes from Meeting #1-06 (March 22, 2006)

With no additions or corrections noted, there was a

Action #75-02-06

MOTION by Boutin, second by Haugen, to approve.

Approved by unanimous vote.

4. Chairman's Report

Wuerch recognized Springer's extraordinary service. He announced that the Governor has reappointed Haugen for a five-year term; he thanked Haugen for his commitment and service to the project.

He stated that he would be taking a less active role on a daily basis; changing to a more traditional Chairman's role of being available for meetings and consultations when needed.

5. Executive Director's Report

Springer stated that reports on progress made since the last meeting and work planned for the next few months will be included in the agenda items.

He stated that the state approved KABATA's enabling legislation (HB 471) that clarifies KABATA's Alaska Statute chapter 19.75.011 allowing provisions to facilitate financing and operating the project; they also approved funding by direct appropriation to upgrade Pt. MacKenzie Road.

He reported that the Federal Highway Administration (FHWA) is currently performing concurrent review of the draft Environmental Statement (EIS) and its issuance is being awaited. Also, the FHWA performed an independent review of the cost assumption and found it credible.

Springer stated that there are several issues that are being carefully monitored including the geophysical work scheduled for the Arm and the evaluation of FHWA regulations about public-private partnership (P3) regulations. A delivery system workplan is being developed to evaluate using P3 as a possible funding solution.

He stated that as the election-year cycle approaches rules of political activity have been reviewed with the staff. A project status report will be offered to all gubernatorial candidates.

Springer reported that he has asked legal counsel to review KABATA's Policy & Procedures and By-Laws and to recommend updates, especially those associated with finance and procurement.

6. Old Business

a. Legislative Report

Springer stated that he is monitoring three complex pieces of funding legislation, both federal and state (HB 471, SB 231, SB 271), that could have critical affect on the project; he is coordinating and cooperating with ADOT&PF to assure

financial viability for the project. He recognized Representative Stoltze for his coordination efforts between the House and Senate. He expressed that during his time working in Juneau the legislative staffs have been most helpful with assistance, office space and communications.

Wuerch thanked Boutin, Cantor and Greene for their extensive work and testimony on HB 471.

b. Cost Report

Jordan handed out a Cost Summary and said contractors' billable expenditures are being tracked on a weekly basis and are within authority.

Springer stated that the remaining funds would cover scopes of work for NEPA, fieldwork, and finance/investment analysis through to design, unless there were unforeseen expenses.

c. Draft EIS Status Report

Paulson stated that FHWA is currently in the deliberation process with concurrent agency reviews of the preliminary draft EIS; since there is no time limit to the study he could not estimate the remaining length of time before it is signed. He reported that HDR is preparing for public hearings, which begin when the DEIS is signed, appears in the federal register and is available to the public.

d. MOA with ADOT&PF: Modification

Springer stated that Resolution #1-06, authorizing a MOA with ADOT&PF regarding construction of an additional Ship Creek Bridge, that was approved at the March 22, 2006 meeting, will be superseded and incorporated into an expanded MOA, which will be introduced as a Resolution #4-06 under agenda item number 7C.

7. New Business

a. Beluga Whale Status Report

Springer introduced Resolution #2-06, authorizing and directing participation in processes designating Cook Inlet Beluga Whales as an endangered species. Springer informed the board about the issues and advised that KABATA's objections were documented in a letter to the National Marine Fisheries Service (NMFS) dated May 30, 2006; facts outlined in the letter are based on sound scientific data collected from a recent two-year study contracted by KABATA.

Wuerch stated that this is an important issue to Upper Cook Inlet and encouraged support of this resolution.

Resolution #2-06

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

Boutin asked if there was any cap on expenditures and asked for a definition of costs incurred. Springer stated that it would be necessary to expend funds to provide expert witnesses to testify and that other stakeholders would be pooling resources thus KABATA's share would be limited to \$50,000.

After discussion, a

MOTION was by Boutin and seconded by Salmon to authorize the Executive Director to enter into a contract and to obligate and expend funds reasonably necessary, not to exceed \$50,000, to fulfill the authority and directive of the resolution.

Approved by unanimous vote.

b. Right-of-Way Acquisition

Springer introduced Resolution #3-06, authorizing and directing the Executive Director to begin investigations into ROWs and subsequent acquisition negotiations. This work would be done in conjunction with the Port of Anchorage.

After discussion, a

Resolution #3-06

MOTION made by Boutin, second by Haugen to approve as written.

Approved by unanimous vote.

c. MOA with ADOT&PF: NHS Corridor

Springer introduced Resolution #4-06, authorizing and directing the Executive Director to enter into an Agreement with ADOT&PF respecting the design, construction, financing, operation and maintenance of segments of its Southcentral Region National Highway System. The Agreement would establish, define and coordinate respective roles, responsibilities and obligations of KABATA and ADOT&PF's connecting road network. Keith added that this project is an important link in ADOT&PF's National Highway System. A

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

Greene instructed that the word "provided" should be deleted at the end of the last paragraph.

Resolution #4-06

After discussion, it was approved by unanimous vote.

d. MacKenzie Road Reimbursement

Springer introduced Resolution #5-06, which directs the Executive Director to cooperate and coordinate the Alaska Department of Commerce, Community and Economic Development establishing a grant to the Matanuska-Susitna Borough

for upgrade and paving of the Point MacKenzie Road. The pass-through grant would be for \$15,350,800 million; a scope of work was developed using mandatory NHS design standards with a completion date of June 2008.

Resolution #5-06

MOTION was made by Salmon, second by Boutin, to open to discussion; after which the resolution was

Approved by unanimous vote.

e. Agreement with Port of Anchorage

Springer introduced Resolution #6-06, which authorizes coordination of construction with the Port of Anchorage and directs and authorizes the Executive Director to negotiate and execute an intergovernmental/interagency agreement with the Port of Anchorage, similar to the Mat-Su Borough Agreement detailed in Agenda item number 4d. The Port will begin Phase One of interrelated construction in July therefore immediate action is necessary. This agreement would enhance the efficiency and cost effectiveness and benefit the project.

Resolution #6-06

MOTION was made by Haugen, second by Salmon to open to discussion, after which the resolution was

Approved by unanimous vote.

f. Project Financing

Jordan asked Hemenway to report on the project's current financing: he did so using a PowerPoint presentation.

Jordan introduced Resolution #7-06, which authorizes engagement of financing professionals and investigation, planning and negotiation for the acquisition of project financing. He stated it is important to assemble an experienced team of experts to move the project financing forward.

This resolution authorizes and directs the Executive Director and his designee(s) to solicit and negotiate a contract for and engage the services of an Independent Investment Banker, an Independent Bond or other debt Underwriter and a Statistical Rating Organization and through the Attorney General, a separate Independent Bond Legal Counsel and Independent Legal Counsel for public-private partnerships (P3), and other professional services necessary to assist with investigation and negotiation of financing arrangements.

It also authorizes and directs the Executive Director and his designee(s) to investigate, plan and negotiate for the acquisition of additional financing through

issuance of either debt, debt securities, private investment through P3, FHWA TIFIA loans or other financial mechanisms.

Resolution #7-06

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

Boutin stated that he is familiar with the other six independent state agencies that issue debt and he would confer if need be. Jordan stated that the board would be kept informed between meetings.

After discussion, motion was

Approved by unanimous vote.

g. Audit Committee Update

Jordan asked Boutin to report on the Audit Committee meeting held today. Boutin stated that the committee passed two resolutions; to formally approve the Audit Committee Charter and to approve the selection of an Independent Financial Audit Services.

Jordan introduced Resolution #8-06, which recommends that the Board to approve and adopt the Audit Committee Charter. Boutin stated that the Charter is patterned after the Alaska Permanent Fund Corporation.

Resolution #8-06

MOTION made by Salmon, second by Boutin to approve and adopt the Audit Committee Charter.

Approved by unanimous vote.

Jordan introduced Resolution #9-06, to ratify and confirm the Audit Committee selection for an Independent Financial Auditor and authorizes and directs the Executive Director to enter into a professional services contract with KPMG. Boutin stated that the Evaluation Committee used best practice rules and found KPMG's offer to be responsible and responsive.

Resolution #9-06

MOTION made by Boutin, second by Haugen to ratify the Audit Committee's selection of KPMG as an Independent Financial Auditor.

Approved by unanimous vote.

There was a five-minute break.

8. Board Members' Remarks

Boutin thanked the staff for organizing the Audit Committee meeting and stated that the processes followed were good. Wuerch thanked Boutin for traveling to Anchorage and for testifying on HB 471.

Keith stated the importance of the DEIS process and the public review period. He said that the LRTP amendment review is being done at the same time. Wuerch stated that Keith is the chairman of the AMATS Policy Committee and thanked him for his support and leadership.

Haugen commended Springer for his efforts to keep Juneau updated on the project and Greene for crafting the legislation. He stated that the project has talented staff with strengths to advance the project; also recommended continuing to pursue the needed option of PPP creative financing.

Salmon thanked Springer and Greene for their continued updates. He commended Senator Huggins and Rep. Stoltze for their efforts in Juneau toward advancing the project.

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 since the last meeting. Susan Taylor, DOR Treasury Division, thanked the staff for their teamwork on the Audit Committee. Paul Laverty questioned from where the funding for the Port of Anchorage work was coming; he was told the source is State match funds and does not impact other projects.

Wuerch thanked the attendees for their input and encouraged everyone to continue to provide comments about the project.

10. Announcements

Wuerch announced that the Annual Board Meeting be held in Anchorage on August 30, 2006. Board Members and the public will be notified of the details.

11. Executive Session

Salmon made a

Action #76-02-06

MOTION that the Board go into executive session to discuss personnel matters the public discussion of which may prejudice the reputation of the individuals discussed and to discuss materials relating to the financing of the project the immediate disclosure of which would adversely affect the financial interests and finances of the Authority; second by Boutin.

The Board went into Executive Session at 3:30pm.

The Board returned to open session at 4:47pm.

Wuerch stated that the information discussed in Executive Session should remain confidential. Greene confirmed that the information should be held in confidence for five years.

Action #77-02-06

Motion by Haugen, second by Salmon to keep records confidential for five years.

Unanimously approved.

Salmon said that the actions discussed in the Executive Session should proceed. He made a

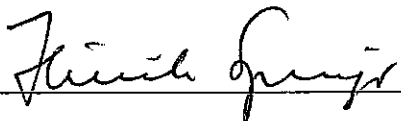
Action #78-02-06

MOTION to have the Chairman work with the Executive Director to adjust compensation for staff and prepare a revised organizational chart consistent with viewed expressed in the Executive Session; second by Haugen.

Unanimously approved.

12. Adjournment: 4:48pm.

Minutes Approved: Unanimous Board approval at August 30, 2006 Board Meeting.

Attest: 

Date: 9/1/06