

**KNIK ARM BRIDGE AND TOLL AUTHORITY
REGULAR BOARD of DIRECTORS**

MEETING MINUTES #1-10

Regular Board of Directors' Meeting, February 11, 2010, Capitol Building, Governor's Conference Room, Juneau, Alaska.

The meeting was duly noticed on Feb 2, 2010 in the legal section of the "Frontiersman", "Juneau Empire" and "Anchorage Daily News" as public meeting notices, and also listed on the KABATA Web site and on the State Online Public Notice system.

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

Chairman Michael Foster called the meeting to order at 1:30pm.

1. Roll Call

A quorum was established with four voting directors in attendance:
Michael Foster, Dave Haugen, Janet Kincaid, and Jerry Burnett.

Also present: KABATA ex-officio Board Members Senator Charlie Huggins and Representative Mark Neuman; KABATA Staff Members, Executive Director Andrew Niemiec and CFO Kevin Hemenway.

Recorder: Corene Alvarado, KABATA Administrative Manager

There were 5 members of the public in attendance including Randy Ruaro, Deputy Chief of Staff, Office of the Governor; and Senator Linda Menard.

2. Approval of Agenda

Agenda was approved as presented.

Approved by unanimous vote.

3. Approval of Minutes from Meeting #6-09

There was a

Action #124-1-10

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

Approved unanimously.

4. Chairman's Report

Foster began by thanking the Governor for his support and the use of his Conference Room. He also introduced Randy Ruaro, the Administration's Deputy Chief of Staff, to the Board and thanked him for coming.

Foster discussed his and Niemiec's recent visit to Juneau to deliver KABATA's 2009 Annual Report to the State Legislature and Governor Parnell in mid-January. There was overwhelming support for the project with the caveat based on our ability to make the project financially feasible.

The draft Biological Assessment (BA) was delivered this morning to FHWA, which is an important step in the process. FHWA will give feedback regarding the BA and then it will be submitted to NMFS. It is important to state that the project is on track.

5. Executive Director's Report

Niemiec began by welcoming Corene Alvarado to the KABATA team, as well as announcing Loran Frazier as the Authority's new Chief Engineer. The staff is focused on 3 goals:

1. Completing the Environmental and Biological Assessment
2. Public Outreach including: 18 Community Council Meetings since November; as well as State Chamber, Rotary, Professional Engineering groups, etc.
3. Positioning our project to move ahead after the ROD is issued.

a. NEPA Status

Regarding NEPA, the formal consultation begins when NMFS accepts the BA from FHWA, expected on or about March 1, 2010. There is a critical habitat designation that's not likely to be in place for a year, but NMFS has indicated that they will issue a Biological Opinion ahead of that designation. FHWA will issue a ROD with a build alternative if there is a no-jeopardy decision, which is expected this fall.

He went on to state that an incidental take permit, done under the Marine Mammal Protection Act, is needed and an application will be submitted to FHWA later this week. FHWA will then submit it to NMFS.

Critical Habitat was proposed in December. There is a public comment period until March 3 and KABATA will be submitting comments. KABATA believes they can show through the BA that the bridge can move forward without jeopardizing the continued existence of the beluga.

AMATS is still in the process of amending their LRTP. They recently proposed an amendment recommending a delay of the project to the Anchorage Assembly. It is understood that the new Chairman of the Assembly, Patrick Flynn, has introduced a resolution supporting the delay. Niemiec expects AMATS will act on the proposed amendment on March 25.

b. Treasurer's Report

CFO Kevin Hemenway began by explaining that \$3.7M was expended from July 1, 2009 to January 31, 2010 of which 60% went to completing the NEPA process. He stated that KABATA will be seeking additional funds that have been previously allocated, in addition to \$4M of State funds available for procurement.

Representative Neuman asked for clarification referring to the preservation of funds for construction of right-of-way and avoiding an expensive SEIS. He requested that acronyms not be used. Hemenway clarified that a final EIS was published in January 2007, but after 2-3 years the information becomes stale and can be expensive to reevaluate. FHWA's schedule for a ROD is September 2010 so as not to reach that point. The item that is causing delay is FHWA receiving an indication from NMFS that there's a no-jeopardy alternative with respect to beluga whales, which is the BA and BO process currently underway.

Neuman went on to ask how much there is to work with, and how much will it cost to complete this process. Hemenway explained that there was technically \$8.5M but that they will try to use Federal participating funds wherever the expenditures are eligible and that the objective is to not use State capital funds before that money is used. He anticipates that \$3.8M of the Federal funds will likely be sufficient to take us through the NEPA process.

Foster summarized the current projected schedule as beginning with the remaining NEPA process, which is the BA and BO, followed by the ROD in fall 2010, with design and right-of-way in 2011-12, with a potential construction phase beginning in late 2012.

Neuman asked if there was only \$8.5M left to finish the project. Hemenway clarified that there was approximately \$70M left, explaining there are obligated funds and appropriated funds that have not been obligated. He assured the board that he will provide information regarding the appropriated balance in the next report.

c. Travel Report

Niemiec directed the board to the Travel Report which is included in their packets for review.

6. Legislative Reports

Senator Charlie Huggins mentioned several things to keep in mind regarding the connectivity of the project: the rail link, the Port MacKenzie ferry, access to the new prison, and potentially in-state gas and the petro chemical industry. The case needs to be made that the State cannot afford to not build this bridge.

Representative Mark Neuman stated that he's been pursuing the Defense Energy Support Commission which is where the DOD purchases all their fuel. They are on an alternative fuels plan and Governor Parnell has reached out to DOD offering Alaska's support. There's a huge potential for jobs in Alaska and we'll need infrastructure and logistics, such as the KAC Project to support future projects like these.

7. Old Business

None.

8. New Business

Resolution #1-10

For the Board's consideration Niemiec presented a Resolution in recognition of past director Gordon Keith. It commends Keith for his dedicated service to the State of Alaska and KABATA.

Action #125-1-10

MOTION by Haugen, second by Kincaid, to approve Resolution #1-10 as submitted.

Approved unanimously.

9. Other Matters to Properly Come Before the Board
None.

10. Board Members' Remarks

Foster informed the Board that Deputy Commissioner Frank Richards was appointed by Commissioner von Scheben to take Gordon Keith's place on KABATA's Board of Directors.

Kincaid stated that there continues to be strong support in the Mat-Su Valley for this project and is encouraged that progress is being made.

Representative Neuman asked if there would be a report given to the Legislative Body this year. Niemiec replied that KABATA has been asked to give a presentation to the Joint Transportation Committee and potentially present in a Finance Committee Meeting as well. There has not been a date set, but he is hoping for mid-March. In addition to this the 2009 Annual Report was given to every State Legislator.

Senator Huggins asked if KABATA was making connections with local Mayors. Foster explained that the Authority meets quarterly with Anchorage and Mat-Su Mayors. He stated that we have a meeting scheduled with Sullivan next week. Foster also explained that KABATA does engage with policy makers across the state, which is why the Board Meetings have been scheduled State wide this year.

Foster believes one of the greatest challenges is the Anchorage Assembly. He doesn't believe they understand the Project and so they have a black and white view of opposition. They don't have the power to change it to the Long Range Transportation Plan (LRTP), but can recommend to AMATS this be done. Foster stated that he is confident that AMATS will keep it on the Short Range Plan.

Haugen personally acknowledged Gordon Keith's service. And to our Valley Board Member, he stated his appreciation for the support from the Mat-Su Borough and believes they will be instrumental in keeping it in the Short-Range Transportation Plan.

Neuman would like the Board to be more proactive with AMATS policy. He asked if there were contingency plans in place if something like that happens again. Foster assured him there are, and with the support from the Administration, he feels this will alleviate many of those past problems.

11. Public Comments

Foster began by welcoming Senator Menard and asked if she would like to speak. She stated that she is very supportive of the Project.

He went on to welcome other public comments. There were none.

12. Announcements

Foster stated that the Anchorage Assembly (an advisory body to the AMATS Policy Committee) will vote Tuesday to recommend to AMATS whether the KAC Project should be put in the Long Range Transportation Plan.

He asked if the next Board Meeting could be moved from April 15. It was decided that April 29th would work best for the Board Members.

Action #126-1-10

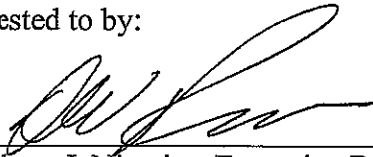
MOTION to move the Board of Director's Meeting to April 29, 2010 by Haugen, second by Kincaid.

Approved unanimously.

13. Adjournment: 2:25pm.

Minutes Approved: Unanimous Board Approval at April 29, 2010 Board Meeting.

Attested to by:



Andrew J. Niemiec, Executive Director

Date: 4/29/2010

FOL