

KNIK ARM BRIDGE AND TOLL AUTHORITY
BOARD of DIRECTORS
MEETING MINUTES #5-06

Board of Directors' Meeting, November 29, 2006, Multi-Use Sports Complex, Conference Room 1, Wasilla, 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 November 21, 2006 in the legal section of the "Anchorage Daily News" and the "Frontiersman" as public meeting notices, and also listed on the KABATA website and on the State Online Public Notice system.

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

Chairman George Wuerch called the meeting to order at 1:05pm.

1. Roll Call by Chairman Wuerch

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

Also present: KABATA Staff Members Executive Director Henry Springer, Deputy Executive Director/Program Manager Darryl Jordan, 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 Manager

There were 13 members of the public in attendance.

2. Approval of Agenda

Approved by unanimous vote.

3. Approval of Minutes from Annual Meeting #3-06 and Special Meeting #4-06
With no additions or corrections noted, there was a

Action #83-05-06

MOTION by Haugen, second by Salmon, to approve minutes from Annual Meeting #3-06.

Approved by unanimous vote.

Action #84-05-06

MOTION by Haugen, second by Salmon, to approve minutes from Special Meeting #4-06.

Approved by unanimous vote.

4. Chairman's Report

Wuerch stated that with the recent state election new Commissioners and assignments will follow; all appointees were required to submit resignations. He thanked Gordon Keith for his service to the Board. He reported that Governor-Elect Palin has stated her support for the project as long as it doesn't detract from other needs.

Wuerch stated that the 2006 Annual Report is in its final stage of completion and will be ready for delivery in January 2007 to the Governor and Legislature as required by the third day of the Session. A Financial Report on a CD will be a part into the report.

5. Executive Director's Report

Springer stated that progress made in specific areas since the last meeting will be expanded upon in the agenda items.

On other progress, he reported that an individual cost review performed at the direction of FHWA substantiated figures being used. Additional drilling, deep and shallow, will take place in the spring including test piles and load testing to determine bearing capabilities. A valued engineering study is underway to identify potential savings and mitigation measures that will require cash layout are being reviewed.

An MOA with ADOT&PF is being written for management and oversight of the eastside project, which will be coordinated with the Port of Anchorage. The AMATS continues their process to update the LRTP. To minimize moose encounters along the Port MacKenzie Road, a critical prime winter project-specific area, a moose study will be done by the Alaska Moose Federation.

Springer reported that FY06 ended within budget, no overruns and that the audit was completed. He stated that the KABATA staff is highly qualified, dedicated group of public servants and that the salary increases given were within reason; others may disagree but they must be factual in their opinions.

6. Old Business

a. Special Board Meeting #4-06 Follow-up

Wuerch asked Greene to report on his review of proceedings of the Special Board meeting held October 26, 2006 and give the board his recommendations. Greene reported that proceedings were properly handled and because of the nature of the discussions and private deliberations the board is not required to release the recording of that meeting.

Action #85-05-06

MOTION by Haugen, second by Keith, to continue to keep the record closed for the balance of five years.

Approved by unanimous vote.

b. By-Laws and P&P Review/Update

Fauber stated that the documents are currently being rewritten by legal counsel to include merging P3, Innovative Procurement, and a new accounting/bookkeeping system. This process will take a great amount of time and effort; in the meanwhile the existing documents can be continued to be used. She asked if the agenda item be tabled until such time that the revised documents are completed. Wuerch agreed since this is a major rewrite.

c. Draft EIS Comment Status

Springer stated that the DEIS public review period was extended by three weeks to November 17, 2006; there were 308 documents on record and 675 comments. The process is currently in the evaluation stage of compiling and analyzing all comments. The FEIS should be released the end of January 2007 and the ROD received by the end of March 2007.

d. Cost Report

Hemenway reviewed the Cost Report, which is an account of expenditures from inception to-date including unexpended budget and open encumbrances.

e. Beluga Status

Springer reported that the public comment period is closed for NMFS's status review to determine if the Cook Inlet Beluga Whales should be reclassified under the Endangered Species Act; a formal declaration will be made by March 2007. This decision is of utmost consequence to the project; it will not stop project but will delay work progress and have a financial impact. KABATA is actively participating in research and Springer said he will keep board informed

f. Coordination with Ports

Springer reported that KABATA has a good working relationship with Port Directors Van Dongen and Sheffield and a cooperative effort is being made to negotiate issues directly related to each Port.

g. FY07 Operating Budget

Springer reported that when RFQ/RFP is awarded three separate accounting systems will be needed to track the multiple funding sources and expenditures made on project segments. The new accounting procedures will be covered in the revised P&P.

Wuerch stated that this is the first P3 project in Alaska and it is different from other U.S. P3 projects; exploring P3 options is necessary because there are not enough public funds.

h. Corps of Engineers Update

Springer reported on his recent meeting with the Alaska division's new Colonel Kevin Wilson and members of his staff. The Corps stated they have concerns that

will require evaluation and studies; Springer stated that costs will need to be examined to reach solutions.

i. Audit Committee Update

Hemenway reported that KPMG completed the first KABATA audit on October 5, 2006 for FY05-06 on time and on budget. KABATA received an unqualified opinion, a clean report. The CAFR is prepared and will be included in Annual Report in a CD format. The CAFR will be submitted to GFOA for consideration for a Certificate of Achievement for Excellence in Financial Reporting.

Hemenway thanked Audit Committee Chairman Boutin and committee members Salmon and Haugen for their leadership. Salmon and Haugen commended Boutin for his guidance as neither has had specific experience in this field.

7. New Business

a. Washington DC Consultant Services

Wuerch stated that the three Washington, DC Professional Service contracts are scheduled to end on December 31, 2006; all can be extended for up to one more year if need be. After discussion it was recommended that the same level of experience and service should continue, and amended contracts let through 2007, not to exceed \$150,000 and that it would be a staff decision to determine if any shifts in services where necessary.

b. RFQ for P3 Companies

Springer informed the board on the background of the Public-Private Partnership concept and the Request for Qualifications process so they could gain a perspective of development strategy. "Innovative Procurement," as defined in State Regulations is used, in cooperation with the State Attorney General Office and ADOT&PF.

He explained that the project is prepared to transition from planning and environmental review to financing and delivery and introduced Resolution #10-06 authorizing and directing issuance of Request for Qualifications and Proposals.

After discussion, a

Resolution #10-06

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

Approved by unanimous vote.

c. FHWA Update and Personnel Changes

Springer announced that John Lohrey, Field Operations Engineer in Juneau, recently became KABATA's project manager, replacing Edrie Vinson. Dale Paulson continues to be KABATA's liaison.

d. Work Plan Priorities

Springer stated priority items being worked on are financing including the P3 contract, Port MacKenzie Road, EIS/ROD, permitting, state and congressional legislative sessions, and Mat-Su Borough issues. Construction is scheduled to begin in 2008, continuing through 2010, with an anticipated completion date in calendar year 2011-a doable plan.

e. FY08 Budget

Springer reported that the budget is in place. He has received approval for \$3.5 million of state general non-participating funds for consulting contracts, financial plan development, land and real estate issues and miscellaneous managerial and supervisory expenditures. Using contractual services will continue in lieu of staffing increase, noting that the RFQ/RFP process requires state authority personnel.

8. Board Members' Remarks

Keith stated that the public comment period for the LRTP amendment is not yet closed and that the amendment is scheduled to be discussed at the AMATS Technical Committee tomorrow, then goes on to the Policy Committee for adoption, then to a joint review by the MOA Assembly and Planning & Zoning. He is hopeful the ROD schedule will be met, since the FHWA says must be in the LRTP before the ROD.

Haugen recommended perseverance to completion of the Corps issue. He stated he shares concerns about the unfair personal attacks. He also gave kudos to the staff for innovative thinking and applauded efforts and progress made.

Wuerch added a vote of confidence to staff stating that salaries are well below private sector, stating that criticism received regarding salary increases were unwarranted. He said it is KABATA's responsibility to fulfill Governor-elect Palin's objective to ensure project does not interfere with other priorities.

Salmon stated that considering the press's negative reporting they have lost sight of the project's value to the Mat-Su, Anchorage to Alaska and the nation. He said he was offended by the insulting comments made by the public and press on the staff's salary increases.

9. Public Comments

Comments from public attendees were heard. Mr. Mirek Olmer, representing T.Y. Lin International/San Francisco, said he is encouraged by the progress made since the last meeting.

Wuerch informed the attendees that the RFQ for a P3 partner will be posted on the KABATA and on the ADOT&PF Procurement websites.

10. Announcements

Wuerch announced that the next Board Meeting will be held in Juneau on February 13, 2007. Board Members and the public will be notified of the details.

11. Adjournment: 3:47pm.

Minutes Approved: Unanimous Board approval at February 13, 2007 Board Meeting.

Attest: Heinrich Spruiell

Date: 2/23/07