

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

MEETING MINUTES #5-10

Regular Board of Directors Meeting, October 21, 2010, Curtis D. Menard Memorial Sports Complex, Wasilla, Alaska

The meeting was duly noticed on October 12, 2010 in the legal section of the *Frontiersman* and the *Anchorage Daily News* as public meeting notices, and also listed on the KABATA Web site and the State Online Public Notice system on September 1, 2010.

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

Chairman Michael Foster called the meeting to order at 1:32pm.

1. Roll Call

A quorum was established with all 5 voting directors in attendance: Michael Foster, Janet Kincaid, Dave Haugen and Senator Linda Menard were physically present and Frank Richards and Jerry Burnett participated via telephone.

Also present: KABATA Executive Director Andrew Niemiec and CFO Kevin Hemenway; and Senator Charlie Huggins.

Recorder: Corene Alvarado, KABATA Administrative Manager.

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 #4-10

There was a

**Action #132-5-10**

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

Approved unanimously.

4. Chairman's Report

As discussed during the previous Board meeting, Michael Foster, Frank Richards and Andrew Niemiec were in Washington DC where they met with the Alaska Delegation, the Federal Highway Administration (FHWA), National Marine Fisheries Service (NMFS) and the Governor's Office. As a result, a meeting was scheduled in Anchorage with FHWA, NMFS, the Alaska Department of Transportation (ADOT) and KABATA to review and discuss the FEIS, draft Record of Decision (ROD), Biological Opinion (BO) and consultation progress. On Tuesday, October 19, FHWA Deputy Administrator Greg Nadeau, representatives of NMFS, and KABATA had a follow up teleconference to discuss the BO and the ROD. It is still KABATA's expectation that a BO and ROD will be issued by the end of 2010, as both agencies are working diligently to achieve that goal.

## 5. Executive Director's Report

### a. Project Development Update

Mr. Niemiec began by saying that KABATA is spending the majority of its time supporting FHWA in their consultation process with NMFS. In addition, there was a second effort to review the documents that are being produced for NEPA, including the Final Environmental Impact Statement (FEIS), response to comments on the FEIS, and the draft ROD. A Letter of Authorization (LOA) was recently submitted to NMFS, which is a multi-year permit for an unintentional disturbance of the Cook Inlet beluga whale. The LOA was entered into the Federal Register on September 8 with a public comment period ending October 8. There will be additional opportunities for public involvement during this process which is expected to go into next year.

Cook Inlet beluga whale counts are higher this year than in 2009. KABATA initiated an ambient noise study in the Cook Inlet and specifically the Project area. It shows that the current noise levels occurring 95% of the time are louder than the threshold for harassment under the current guidelines. Board Member Frank Richards asked Niemiec what NMFS's reaction to this noise study might be. The response being that NMFS is aware of the draft data, and that they've been working on related studies for the past several years.

KABATA's Chief Engineer, Loran Frazier and the Executive Director traveled to Vicksburg, Mississippi to view the U.S. Army Corps of Engineers (USACE) physical model of the Cook Inlet. They used the model to simulate the bridge opening and observe the effects of different currents, siltation, and other environmental factors that could be affected by the bridge design. This was a collaborative effort that brought representatives from related Knik Arm projects together including Governor Bill Sheffield with the Port of Anchorage, Marc VanDongen with Port MacKenzie; Jody Simpson with Senator Huggins Office, and Colonel Koenig with the USACE.

Andrew Niemiec reported that KABATA's 2010 Annual Report is currently being drafted and will be ready for the Legislature by January. The State's budget request, which goes through the ADOT, is also being developed, and KABATA has a place holder in for core operations to be funded by state general funds. Currently, all expenditures are paid with state and federal capital funds.

b. Treasurer's Report

CFO Kevin Hemenway addressed the board stating the total year to date expenditures through September 30, 2010 are \$1.2MM, primarily for NEPA and Preliminary Engineering. Of the remaining \$5.2MM federal participating funds (including \$3.9MM obligated to the Project in September 2010) \$3.1MM is not encumbered. As previously discussed, there is a place holder in for the FY2012 operating budget cycle where KABATA will seek state general funds for Authority operations during the development stage. 22% of the budget approved by the Board in June 2010 has been expended, which shows the project on track as we are 25% through the year. Most expenses during the last 3 months have been due to the ROD, LOA and BO.

Summarizing the preceding Audit Committee Meeting, Hemenway explained that KPMG, an independent accounting firm, issued an unqualified, or "clean" audit opinion for KABATA and complimented the Authority for their organization of records. The Comprehensive Annual Financial Report (CAFR) will be available to the Board at the Annual Meeting.

KABATA applied for a TIGER II grant, a \$15 million direct grant, and a TIFIA credit subsidy to support a loan of up to \$300 million which would be a \$20-30 million component. The USDOT recently announced the award recipients. No Alaskan projects were awarded grants. Although the application was very competitive, the Project does not currently have a ROD, so therefore does not compete strongly on project readiness criteria with "shovel ready" projects.

c. Travel Report

Travel expenses occurring during the third quarter of 2010 included 5 KABATA Board and staff members traveling to Kenai for the August Board meeting; Foster's, Richards' and Niemiec's trip to Washington DC; and Frazier's and Niemiec's visit to the U.S. Army Corps of Engineers in Mississippi.

6. Legislative Report

Former Board Member Senator Huggins addressed the Board emphasizing the importance of the Governor's continued support of the Project. Senator Linda Menard spoke of Anchorage Mayor Dan Sullivan's support and wants to make sure that he is invited to the Annual Meeting in November.

7. Old Business

None.

8. New Business

None.

9. Other Matters to Properly Come Before the Board

**Resolution #3-10**

For the Board's consideration Niemiec presented a Resolution in recognition of past director Senator Charlie Huggins commending the Senator for his dedicated service to the State of Alaska and KABATA.

**Action #133-5-10**

MOTION by Kincaid, second by Haugen, to approve Resolution #3-10 as submitted.

Approved unanimously.

Senator Huggins thanked the Board. He has been honored to be a part of this Project and is pleased to pass the torch to Linda Menard who is a great advocated for the Knik Arm Crossing (KAC).

10. Board Members' Remarks

Frank Richards is pleased with the reports from the Federal Highway Administration and other permitting agencies. Jerry Burnett thanked Charlie Huggins for his service. Janet Kincaid spoke of the great amount of public interest shown at the Mat-Su Transportation Fair, stating that the Project's participation was quite valuable.

Congratulations were offered to CFO Kevin Hemenway by Board and Audit Committee Member Dave Haugen regarding an unqualified audit; he also expressed his appreciation to Senator Huggins. Haugen went on to discuss the potential synergy between KABATA and the Alaska Gasline Development Corporation, of which he is Project Manager, since both are Public Private Partnership enterprises.

Senator Menard thanked both Huggins and Darcie Salmon (who was in attendance) for their service and expressed the continued need for influential advocates like themselves. She commended Hemenway for his efforts and stated she was very pleased to know KABATA remains in such good financial order. Menard suggested that the Authority look into producing vinyl bumper stickers that announced support for the KAC, and she'd like to investigate the possibility of airing the KABATA movie on a local network before or after the evening news to reach a greater audience.

11. Public Comments

Both Wasilla City Council Member Taffina Katkus and Mat-Su resident John Klapperich thanked Senator Menard for speaking about the Project to the Wasilla Chamber of Commerce, expressing the power of one-on-one interaction.

Darcie Salmon stated that he remains excited about the bridge. He is taking the information from this meeting to other boards and organizations that he is involved with. Mr. Salmon discussed other related efforts such as the rail-spur, the port expansion, and the Mat-Su ferry stating that this is not a stand-alone project.

Jaime Kenworthy discussed the Mat-Su population studies conducted by the Institute of Social and Economic Research (ISER) and suggested KABATA consider it in conjunction with the bridge traffic forecast.

12. Announcements

The next Board of Director's Meeting will be held in Anchorage, Alaska on November 18, 2010 at 1:30 p.m. at the State (Atwood) Building in Room 1270 with the Audit Committee Meeting preceding at 12:30 p.m.

13. Adjournment: 2:25 p.m.

Minutes Approved: Unanimous Board Approval at November 18, 2010 Annual Board Meeting

Attested to by:

  
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Andrew J. Niemiec, Executive Director

Date: 11-18-10