

**KNIK ARM BRIDGE AND TOLL AUTHORITY**  
**BOARD of DIRECTORS**  
**MEETING MINUTES #3-07**

Board of Directors' Meeting, May 24, 2007 at the Atwood Building Conference Room #1860, Anchorage, Alaska.

The meeting was duly noticed on May 8, 2007 in the legal section of the "Frontiersman" and on May 15 in the "Anchorage Daily News" as public meeting notices, and also listed on the KABATA website and on the State Online Public Notice system.

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

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

1. Roll Call by Chairman Wuerch

A quorum was established with all voting directors in attendance:

George Wuerch, Darcie Salmon, Dave Haugen, Gordon Keith, and Brian Andrews.

Also present were KABATA Board Member Representative Bill Stoltze; KABATA Staff Members Executive Director Henry Springer, Deputy Executive Director Darryl Jordan, CFO Kevin Hemenway and Chief Engineer Verne Geidl, and Financial Manager Andrew Niemiec; also Project Counsels Chief Assistant Attorney General Jim Cantor and William Greene.

Recorder: Betty Fauber, KABATA Administrative Director

There were 9 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 #2-07

With no additions or corrections noted, there was a

Action #90-2-07

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

Approved by unanimous vote.

4. Chairman's Report

Wuerch welcomed visitors and introduced Julie Pierce, State Comptroller, who will become active on the Board's Audit Committee, and thanked her for her service. He stated that reports of activities accomplished since the last Board Meeting will be covered in detail under the agenda topics.

5. Executive Director's Report

Springer recapped activities that transpired since the last board meeting; detailed status reports had been transmitted regularly via email to the board members.

He stated, in response to a question regarding liability insurance, that board members are covered under the state policy.

He reported that results of salary survey he had completed regarding labor market changes will be released at next board meeting. He stated that due to budget constraints the contract for the Professional Media and Public Relations Services RFP will not be issued.

Springer stated that the project's web site will be re-categorized after the FEIS is received.

6. Old Business

a. Financial Status/Cash Flow Forecast

Using a PowerPoint, Hemenway reviewed the "Forecast Expenditures and Available Funding Authorization," which he said is being monitored diligently and that the project remains within budget. Wuerch stated that the budget needs a twenty percent contingency; Hemenway stated that currently there is three percent contingency due to funding limitations. Springer stated that due to a tight budget contractor tasks are being reviewed to determine necessity and timing; some tasks may be held. Salmon stated that the project should continue to move forward albeit conservatively.

Wuerch stated the timing P3 RFP will be adversely affected since FHWA cannot predict when the FEIS will be issued; the RFP cannot be issued without the ROD.

b. FEIS Update

Springer reported that he, Paulson, and Niemiec recently meet with FHWA in Juneau. FHWA indicated that Legal Sufficiency and Headquarter Consistency Reviews continue and they were unable to forecast a date as to when the FEIS will be released.

7. New Business

a. P3 One-on-One Meeting Progress

Springer stated that the Initial Industry One-on-One meetings with the two SOQ respondents that were held May 1 and 2, 2007 went good and set the basic framework for future meetings. Discussed were items such as risk assessment and assignment, procurement, delivery, management, and financial viability and agreements were reached to compile additional necessary data.

Springer outlined the roles of the KABATA entities; the board provides policy directives, the staff executes policy, and the consultants advise. He stated that the KABATA consultants have the P3 experience necessary to aide in the development of the RFP and PPA.

Wuerch stated that the board is confident that staff will act in the project's best interest, present best alternative, and negotiate what is possible. Springer said there are no funding guarantees and that the strategy is to keep both responders engaged. Keith agreed stating that competition would be best.

Springer reported that the next set of meetings will be held in mid-July.

b. LTRP/STIP/AMATS Update

Springer reported that on April 12 the AMATS Policy Committee voted to include the KAC project into Anchorage's LRTP, which is a necessary part of the federal-aid procedure. Steps will now be taken to include the project in the TIP; Keith stated that this would be a major amendment.

Springer reported that air quality determination is final adoptive process, which involves local government.

Wuerch thanked Keith for his work as chairman of the AMATS Policy Committee.

c. NOAA/NMFS Action on Cook Inlet Belugas

Springer reported that Cook Inlet Beluga whales are under consideration for listing as "endangered" under the Endangered Species Act (ESA). This will include determination of "critical habitat" and economic considerations: the process will take over one year and is surely to end up in court.

Springer stated that because of the major economic and schedule impacts on the project, KABATA continues to monitor this process closely and be involved in the public process through many channels; RDC, Anchorage Chamber, and by contributing information to the Governor's Office.

A compass piece was published in the ADN and two papers as the ADOT&PF transmitted to ADFG. The excellent data compiled from KABATA's research is being used to defend opposition to the listing.

This issue also affects the project's P3 process; a major risk assessment will be done.

Representative Stoltze inquired about the positions of the Municipality of Anchorage and of the Mat-Su and Kenai Peninsula Boroughs; Wuerch stated that they have engaged legal counsel to aggressively oppose the listing because of the economic impacts.

d. SEP-15/TIFIA/PABs Status

Using a PowerPoint presentation Jordan reported on funding options recommended by P3 Advisor contractor CitiGroup; he explained the advantages, disadvantages and requirements of each option.

Wuerch asked if SEP-15 acceptance letter had been received from FHWA; to Jordan's answer to the negative.

Wuerch introduced **Resolution # 17-07** which would authorize an application for TIFIA financial assistance.

MOTION by Andrews, second by Haugen, to move. After board deliberation about the timing of the submission of the application, there was a

MOTION by Haugen to amend wording to authorize only preparation of the application; no second.

After reconsideration and more discussion, the MOTION to pass and approve as presented was

Approved by unanimous vote.

**Resolution #16-07** titled *Inducement Resolution and Declaration of Intent* was introduced by Jordan. He explained that a change to Resolution #14-07, which authorized the submission of an application for federal tax exempt private activity bonds, was necessary to declare official intent to issue tax-exempt revenue bonds.

MOTION by Haugen, second by Salmon, to adopt. After a brief discussion to substantiate the principal issuance amount of the bond, it was

Approved by unanimous vote.

e. FHWA/ADOT&PF/KABATA Working Agreement

Springer reported that he recently met in Juneau with ADOT& PF Deputy Commissioner MacKinnon, who has been designated as KABATA's official contact, and FHWA Administrator Dave Miller to continue dialog on resolving issues on the ADOT&PF/FHWA Agreement: progress was made and the agreement will be resubmitted in the near future.

f. Workplan Priorities

Springer stated priority items continue to be conclusion of the NEPA process with the signing of the FEIS, acquiring a ROD, advancement of P3 procurement process, initiating ROW process with Mat-Su Borough, the Cook Inlet Beluga whale issue, Government Hill, Moose Federation, and website update.

g. Unsolicited Proposals Policy

**Resolution #18-07** was introduced by Springer to establish a policy to uniformly handle unsolicited proposals and offers received by KABATA during the formal procurement process for a private partner. This policy is necessary to comply with statutory obligations and procurement regulations, both state and federal. The policy would direct simultaneous forwarding of unsolicited proposals to the two qualified proposers for their review and consideration.

Resolution #18-07

MOTION was made by Haugen, second by Andrews to adopt.

Questions and discussion were solicited, after hearing none, it was

Approved by unanimous vote.

h. Organization and Staffing

Wuerch stated that past accomplishments have lead to future endeavors that require commencement of a new strategy; he asked Springer to provide details. Springer stated that the shift from the NEPA process to a process to develop and deliver funding from a private partner requires temporary change to staff functions until private partner is secured. Pertinent information was included in the board packet.

**Resolution #19-07** was introduced by Springer, which would establish a Public-Private Partnership (P3) Task Force.

Wuerch outlined the three issues of the resolution:

1. Establish the Task Force to focus on P3;
2. Hire Henry Springer as Director of P3 Process; and
3. Hire Andrew Niemiec as new Executive Director.

He asked if there were any questions or discussion relating to the formation of a P3 Task Force, after hearing none, a

MOTION was made by Haugen, second by Salmon to establish the P3 Task Force effective May 25, 2007.

Approved by unanimous vote.

Wuerch asked if there were any questions or discussion relating to hiring Henry Springer as Director of P3 Process, after hearing none, a

MOTION was made by Salmon, second by Haugen to establish hire Henry Springer as Director of P3 Process effective May 25, 2007.

Approved by unanimous vote.

Wuerch stated that there was now an Executive Director vacancy; he reviewed Niemiec's government and industry group experience; Keith highly recommended Niemiec. Wuerch asked if there were any questions or discussion relating to hiring of Andrew Niemiec as Executive Director, after hearing none, a

MOTION was made by Salmon, second by Haugen to establish hire Andrew Niemiec as Executive Director effective May 25, 2007.

Representative Stoltze inquired about Niemiec's financial experience; Springer advised that budget and finance are the responsibility of KABATA's CFO and Keith stated that Niemiec successfully managed all aspects, including a large operating budget, of ADOT&PF's Northern Region while director.

Wuerch asked Niemiec if he would accept the position if offered; Niemiec said yes. Wuerch requested a vote, which was

Approved by unanimous vote.

Springer stated Niemiec was an excellent choice; he expressed his appreciation and thanks to the board. Wuerch thanked Springer for his service as Executive Director.

Wuerch distributed P3 Evaluation Confidentiality and Disclosure Agreements to the board member asking that they complete the document and return it to him.

8. Board Members' Remarks

Salmon stated that complex issues need staff's full attention and he appreciates communications and is optimistic about P3 and positive steps taken. He looks forward to working with Niemiec.

Haugen advised staff to strive for best communication in the uncharted P3 territory; to keep moving forward expediently. He congratulated Niemiec.

Keith thanked Springer for serving as Executive Director since KABATA's inception and welcomed Niemiec.

Deputy Commissioner Andrews congratulated Niemiec. He stated he was encouraged by CitiGroup's assessment that the project can be financed.

Representative Stoltze stated that recent legislative activities involving the Mat-Su Valley amplify need for the bridge. He welcomed Niemiec.

Cantor thanked Springer for his successful tenure as Executive Director and welcomed Niemiec.

9. Public Comments

Mr. Bill Samples provided the board with an unsolicited idea titled *The Crossing; a concept from Samples & Associates*; Springer will forward it to the two P3 respondents.

10. Announcements

Wuerch announced that the next Board Meeting will be held in Anchorage suggesting the Wednesday, July 25 or Thursday, July 26, 2007. Board Members will be contacted to check their availability and then the public will be notified of the details.

11. Adjournment: 4:20pm.

Minutes Approved: Unanimous Board approval at July 26, 2007 Board Meeting.

Attest:  Date: 7-26-07  
Andrew J. Niemiec, Executive Director