

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

MEETING MINUTES #4-10

Regular Board of Directors Meeting, August 26, 2010, City of Kenai Council Chambers, Kenai, Alaska

The meeting was duly noticed on August 17, 2010 in the legal section of the *Peninsula Clarion*, 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 June 18, 2010.

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

Chairman Michael Foster called the meeting to order at 1:31pm.

1. Roll Call

A quorum was established with 5 voting directors in attendance:

Michael Foster, Janet Kincaid, and Frank Richards were physically present and Dave Haugen and Jerry Burnett participated via telephone.

Also present: KABATA Staff Member, Executive Director Andrew Niemiec; KABATA Council, Jim Cantor; and Joan Klapperich of Senator Linda Menard's Office.

Recorder: Corene Alvarado, KABATA Administrative Manager.

There were 4 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 #3-10

There was a

Action #131-4-10

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

Approved unanimously.

4. Chairman's Report

Mr. Foster began by thanking the City of Kenai for providing the use of their Council Chambers and explaining why it is important to hold these meetings at various locations throughout the state. Although the Knik Arm Crossing (KAC) connects Anchorage and the Matanuska-Susitna Borough, it is a state wide project providing infrastructure to move goods and services throughout Alaska. He went on to describe the project as a toll entity set up by the State Legislature as an independent authority of the State.

Revenue from the tolls will be first used for annual costs of operational repair and replacement, and debt service, which is either bonds or through a public/private/partnership (P3), and secondly, to fund future infrastructure projects in Alaska. Deputy Commissioner Frank Richards and others from the Department of Transportation (DOT) support establishing a state wide transportation fund through the Legislature. This is the type of project which will help fuel that fund. The funds can then be used anywhere in the state for various types of transportation projects, from road construction to marine highway services.

The Chairman went on to state that the project is on track and making progress, and foresees construction of the KAC within the next few years. Within this progress was the submittal of the Final Environmental Impact Statement (FEIS) to FHWA on December 20, 2007. It is now nearly 3 years later, which is an important period as there is a 3 year timeout for the approval of the FEIS before KABATA may be required to do a formal reevaluation of the FEIS.

Three weeks ago, Michael Foster, Andrew Niemiec and Frank Richards traveled to Washington DC. During this time, they had meetings with Congressman Don Young, Senator Mark Begich, and Senator Lisa Murkowski's staff. They also met with the National Marine Fisheries Service (NOAA/NMFS), who is the resource agency for the Cook Inlet beluga whale. There was discussion on the timing of their Biological Opinion (BO) before the 3 year time limit of the FEIS. NMFS shared KABATA's concern and offered their full support and commitment to engage with the State of Alaska and FHWA to try to come to a BO which would then allow for a possible issuance of a Record of Decision (ROD).

While in Washington DC, Foster, Niemiec and Richards also met with Administrator Victor Mendez of the U.S. Department of Transportation and later Foster met with the Secretary of Transportation, Ray LaHood, and his staff. LaHood gave his commitment to provide the resources needed to get to the point of a determination before the FEIS timed out. The Secretary assigned his Deputy Administrator, Greg Nadeau, to oversee the progress. Foster then stated to the Board that the Knik Arm Crossing has strong support from Washington.

As a follow up to this trip, a meeting was held August 25, 2010 in Anchorage with attendees representing KABATA, ADOT, NMFS, and FHWA, including Deputy Administrator Greg Nadeau. It began with a tour of the project site and an up-close look at the tidal fluctuations of Cook Inlet, which was followed by a policy discussion. The Biological Assessment (BA) was discussed, which was submitted to NMFS in July and led to formal consultation beginning August 4, 2010. From the BA, NMFS will issue a BO, which would allow for a ROD. If there is a jeopardy determination in regards to the beluga, it would not stop the project, but would require substantial mitigation so that the beluga does not risk falling into further decline.

Chairman Foster then stated that KABATA submitted a draft Letter of Authorization (LOA) application which is under the Marine Mammal Protection Act for the mitigation of beluga take. He expects it to be in the Federal Register in the next few days which would start the 30 day public comment period.

5. Executive Director's Report

a. NEPA Report

Mr. Niemiec addressed the Board stating that the Chairman had covered most of the main points of the NEPA update, reiterating that KABATA is working with FHWA to reach a Record of Decision. There were also two noise studies recently done with a final report to soon follow.

KABATA recently submitted an application for a TIGER II Grant that provides funding for pedestrian and bike facilities, as well as TIFIA credit assistance.

The Section 129 Toll Agreement and the NHS designation for the project are currently under review between ADOT and FHWA.

b. Treasurer's Report

Director Niemiec went over the Treasurer's Report, which was provided to the Board. He pointed out that what is showing as expended through the fiscal year is very similar to the number that was reported at the last meeting due to the state changing the way it keeps track of the payroll burden. This means that the expenditures were actually closer to \$200KK.

There is a total of \$52MM expended on the project to date. KABATA has requested to obligate additional federal funds that will carry through the remainder of the NEPA process and into the permitting phase for the remainder of the fiscal year.

Auditors have visited the KABATA offices and will return in September. He expects the next Comprehensive Annual Financial Report will be available for review by the next board meeting.

c. Travel Report

The only travel that has occurred in the last quarter was to Fairbanks for the board meeting. However, since then there has been travel to Washington DC, as mentioned previously, and an upcoming trip to Vicksburg, Mississippi to work with the U.S. Army Corps of Engineers who has a scale model of the Cook Inlet. There will be 3 days of work with the Corps providing information for KABATA as well as Port MacKenzie and the Port of Anchorage. Also, KABATA's 106 Liaison has been asked to participate in a TRB symposium in September; however, they will be providing all her travel expenses.

6. Legislative Report

Joan Klapperich of Senator Menard's office stated that the Senator is positively looking forward to the continuation of this project and offers her full support.

7. Old Business

None.

8. New Business

None.

9. Other Matters to Properly Come Before the Board

None.

10. Board Members' Remarks

Frank Richards thanked the City of Kenai for hosting the Board in their Council Chambers. He went on to state that the project has reached the point of a FEIS. It is now nearing its 3 year anniversary and to get there it has cost \$52MM. If the ROD is not issued by the December than it may require a supplemental EIS, which could potentially cost millions more dollars. The trip to Washington DC was successful in getting involvement by the Administration including: the Secretary of Transportation, the Secretary of Commerce; and NOAA and NMFS.

This project has statewide significance including transportation infrastructure to access the interior as well as future revenue from tolls. Alaska will have the opportunity to use those funds through Title 23 on future Federal projects.

He went on to state that it is important to ensure this project is environmentally sound so as not to impact all the things that Alaskans hold dear such as fishing, hunting, and enjoying their beautiful outdoors.

Janet Kincaid thanked Kenai for their hospitality and reiterated that it is important to go to communities throughout the state to get the message out that this is a state wide project.

11. Public Comments

Kenai City Mayor Pat Porter spoke on the importance of projects moving forward in a timely manner. She also recognized the importance of protecting the Cook Inlet beluga whale so as not to threaten the important fishing industry of Kenai and Alaska as a whole. The Mayor understands the permitting hurdles regarding the whale that must be overcome to move projects forward.

Nikiski resident JE Graeff would like to see more information regarding population projections.

Kenai Peninsula Borough Mayor Dave Carey addressed the Board. The Mayor believes it is vital to have more infrastructure throughout Alaska and feels this project could also help the Turnagain Arm Crossing project. He went on to discuss the struggles the Borough faces regarding permitting due to the critical habitat listing of the beluga. He is a member of a stakeholders group looking at the Cook Inlet beluga whale and extends any assistance with the sharing of information. He also thanked the Board for coming to Kenai to discuss the KAC project.

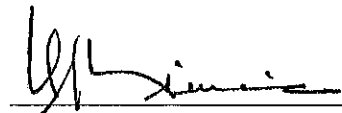
12. Announcements

The next Board of Director's Meeting will be held in Wasilla, Alaska on October 21, 2010 at 1:30 p.m. at the Curtis D. Menard Sports Complex with the Audit Committee Meeting preceding at 12:30p.

13. Adjournment: 2:36 pm.

Minutes Approved: Unanimous Board Approval at October 21, 2010 Board Meeting

Attested to by:



Date: 10-21-10

Andrew J. Niemiec, Executive Director