

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

MEETING MINUTES #3-10

Regular Board of Directors' Meeting, June 17, 2010, Office of Governor Parnell, Fairbanks, Alaska.

The meeting was duly noticed on June 8, 2010 in the legal section of the *Fairbanks Daily News Miner*, *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.

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

Chairman Michael Foster called the meeting to order at 1:38pm.

1. Roll Call

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

Also present: KABATA ex-officio Board Members Senator Linda Menard and Representative Mark Neuman; and KABATA Staff Members Executive Director Andrew Niemiec and Chief Financial Officer Kevin Hemenway.

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 #2-10

There was a

Action #128-3-10

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

Approved unanimously.

4. Chairman's Report

Mr. Foster began by welcoming Senator Menard to the Board as well as recognizing past Board Member Senator Huggins's service, which will be formally recognized at the October 21 Board meeting in Wasilla. He also acknowledged and thanked Representative Ramras's staff for attending.

In regards to a conference call on June 14 with Deputy Chief of Staff Randy Ruaro with the Governor's Office, Foster explained that he went over the project and discussed the following: Biological Assessment; FHWA; and the State of Alaska lawsuit over the Beluga listing as an endangered species. He stated that the Governor continues to support the Knik Arm Crossing (KAC) and that KABATA is also receiving support from the Governor's Office in Washington DC, where they will assist with several meetings with the Federal Government that have been scheduled for late July.

The Chairman went on to recap the latest project developments beginning with the submittal of the draft Biological Assessment (BA) to the lead agency, FHWA, explaining that he's been through the NEPA process many times in his career, and in his opinion there's been too many drafts. KABATA has had difficulty getting FHWA to submit the BA to the resource agencies as a document and not a draft. Without the BA submitted by FHWA, the Biological Opinion, which is the outcome of the BA, cannot start the 135 day review period. As long as it is in draft form, it cannot be submitted, so KABATA continues to be in a do loop.

Three weeks ago, Foster and KABATA staff members had a conference call with Dave Miller of FHWA. It was a poignant discussion about why a Record of Decision (ROD) is not being issued. Foster informed Mr. Miller that he had contact with the Governor's Office and Miller requested that KABATA not blame FHWA for the delay. Foster stated that the ROD is being delayed and we don't know how to address it.

Let the record show that Janet Kincaid, voting Board member, has joined the meeting.

Chairman Foster continued his discussion regarding the conference with FHWA saying they suggested KABATA go to Washington DC to meet with the resource agency and the Director of Federal Highways. This prompted a trip to DC where a KABATA team will meet with NMFS, FHWA, the Governor's Office, and the Alaska Congressional Delegation to get some direction as to the beluga issues. FHWA has indicated that if they don't issue a ROD by the end of 2010, a reevaluation of the FEIS will need to be done.

Representative Neuman added that the Magnuson Stevens Fishery Conservation and Management Act is currently under review which will mandate further restrictions, so it will be important to expedite this process.

Mr. Foster went on to discuss the State of Alaska's lawsuit with NMFS over the listing of the beluga whale as an endangered species. The state is hoping the decision is thrown out; however, KABATA must continue as if the belugas are listed.

5. Executive Director's Report

Andrew Niemiec summarized the project development activities that relate to NEPA explaining that KABATA is working with FHWA and the DOT with the Section 129 Toll Agreement, which is an agreement for future excess toll revenues. It states that they may use any excess toll revenue for any project that is currently eligible for Federal Highway funds. He went on to say there is a planned meeting with one of the developers scheduled for next week, and that both developers remain very interested in the project.

Further updating the project, Niemiec discussed noise studies that have been done in Cook Inlet, relaying that it is a very noisy environment. Noise is one of the major sensitivities of the beluga according to NMFS and it has been found that Cook Inlet, due to aircraft, operations at the port, dredging that the US Army Corps of Engineers does for the port, and even the natural tide and ice flows, is already over the threshold for what would be considered harassment of the beluga under current guidelines. KABATA will be completing a noise study in July and has invited FHWA and NMFS to attend, with the intent to get the threshold level changed.

Mr. Niemiec requested the Board review the AASHTO Survey prepared by Alaska DOT, which is included in the provided document packets, explaining that it favorably highlights the KAC project. He also addressed the proposal for the KAC to connect to the National Highway System, and KABATA is currently working with FHWA through ADOT to receive this formal designation. Mr. Niemiec reiterated that KABATA's primary goal in the NEPA process is to get a ROD.

He went on to address the Treasurer's Report for FY2010, which was included in the Board meeting packet. KABATA has spent a little over \$5MM for fiscal 2010 and the total amount from inception to date is just under \$52MM. CFO Kevin Hemenway added that KABATA has \$2.4MM remaining federal obligated funds and about \$72MM of appropriated but not obligated funds. He stated that we do have funding available to carry us forward.

6. Legislative Report

Representative Neuman began by highlighting several related events in the Matanuska-Susitna Borough. Recently there was a large freighter that docked at Port MacKenzie which went very well. He discussed how many Mat-Su communities are now going through their comprehensive planning stages and it's important to make sure KABATA's interests are known in the Susitna Area Management Plan, where they designate mining, forestry, and recreational land uses. The legislators from this area are going to be requesting funding next year to do a comprehensive study to help develop road infrastructure plans in assisting these communities in their development plans.

The new Goose Creek Correctional Facility is underway and will be opening soon and will bring 340 new full time jobs as well as many other peripheral support jobs. He also reported that between miles 44 and 52 of the Parks Highway, which is the area between Wasilla and Big Lake, there will be funded \$13M for repairs and upgrades.

Senator Menard stated that she has been billing the KAC as a state wide legacy project, not just a Mat-Su/Anchorage project, and there has been increased support from the Fairbanks area, which is very much appreciated. She went on to encourage KABATA to continue good communication with the incoming Mat-Su Borough Manager.

7. Old Business

None.

8. New Business

a. FY2011 Operating Budget

Jerry Burnett moved to adopt the proposed operating budget as presented in the Board documents, second by Dave Haugen to open for discussion.

Hemenway provided information regarding the proposed FY2011 Operating Budget beginning July 1, 2010 which consists of payroll and benefits, board expenses, office rent, travel, and other related overhead expenses. The proposed budget was discussed by the Audit Committee. Chairman Foster asked for discussion. Hearing none a vote was taken.

Action #129-03-10

The FY2011 Operating Budget of \$1,735,057 was

Approved unanimously.

b. Organizational Chart

Resolution #2-10

For the Board's consideration Niemiec presented a Resolution relating to staff positions and an updated organizational chart. He explained that it accomplishes two things. The first is to establish a correct organizational chart for KABATA staff. During the State budget process 2 positions were eliminated. The new organizational chart would reflect this change as well as show a previously Board approved position of *Liaison Officer for Public & Government Relations*.

The second thing it would accomplish is the adoption of the automated payroll system and compensation plan to include COLA that other entities are using in the state. The Department of Administration (DOA) suggested that we adopt the current plan that is being used by other exempt and partially exempt entities, or KABATA may create their own plan. Niemiec's recommendation is that of the DOA's to adopt the plan that is already approved.

Action #130-03-10

Resolution #2-10 was

Approved unanimously.

9. Other Matters to Properly Come Before the Board

None.

10. Board Members' Remarks

Representative Neuman asked if KABATA could get an MOU from the Administration. Foster replied that the Authority continues to engage the Governor and did receive a letter of support from him which was published in the Annual Report. Any help from the Legislature on this matter would be greatly appreciated.

Janet Kincaid spoke about a KABATA presentation that was given at a joint Houston/Wasilla/Palmer/Big Lake Chambers of Commerce meeting and said that it was very well received.

11. Public Comments

Mr. R.L. "OD" Odzather addressed the Board regarding a letter of support for KAC that he had written. He believes that the project will provide an opportunity to open Western Alaska. He stated, "It's now time!"

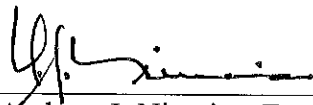
12. Announcements

The next Board of Director's Meeting will be held in Kenai on August 26, 2010 at 1:30 p.m. at the City of Kenai's Council Chambers.

13. Adjournment: 3:02 pm.

Minutes Approved: Unanimous Board Approval at August 26, 2010 Board Meeting.

Attested to by:



Andrew J. Niemiec, Executive Director

Date: 8-26-10

