

KNIK ARM BRIDGE AND TOLL AUTHORITY
BOARD of DIRECTORS
MEETING MINUTES #3-08

Board of Directors' Meeting, April 24, 2008 in the State Office (Atwood) Building, Conference Room 1860, Anchorage, Alaska.

The meeting was duly noticed on April 15, 2008 in the legal section of the "Frontiersman," and in the "Anchorage Daily News" as public meeting notices, and also listed on the KABATA Web site and on the State Online Public Notice system.

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

1. Roll Call by Chairman Wuerch

A quorum was established with five voting directors in attendance:

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

Also present were KABATA Board Members Representative Bill Stoltze, Senator Charlie Huggins (via telephone), and DOT Deputy Commissioner Frank T. Richards; KABATA Staff Members Executive Director Andrew Niemiec, 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 Director

There were 15 members of the public in attendance.

2. Approval of Agenda

Agenda was unanimously approved as presented.

3. Approval of Minutes from Meetings #1-08 and #2-08

There was a

Action #103-3-08

MOTION by Haugen, second by Salmon, to approve Minutes of Meeting #1-08.

Approved by unanimous vote.

There was a

Action #104-3-08

MOTION by Haugen, second by Keith, to approve Minutes of Meeting #2-08.

Approved by unanimous vote.

4. Chairman's Report

Wuerch requested a change the order of business to extend an invitation to Representative Gara to address the board, which was approved. Gara spoke to the points made in his letter to Wuerch and Niemiec dated April 24, 2008; copies of which were distributed to the Board. Senator Huggins asked Gara if a comfort level was reached on the issues would he be supportive of additional state funding; he replied affirmatively if the cost estimate was verified and the approach road would avoid Government Hill.

Wuerch stated that the Anchorage Daily News report on the results of an Alaska Transportation Priorities Project opinion poll on the project contained misleading negative statements and survey results that were positive to the project were not accurately covered.

5. Executive Director's Report

Niemiec reported that the Mat-Su Borough accepted a bid for reconstruction and paving of the Pt. MacKenzie Road, which is Section 1 of the Knik Arm Crossing project. Regarding the Cook Inlet Beluga Whale ESA, he stated that NOAA published a notice in the Federal Register on April 22, 2008 extending the date by which the final determination will be made to no later than October 20, 2008.

He stated that the Anchorage Soil and Water Conservation District is sponsoring a poster contest open to all students; the theme is "What I think the Knik Arm Bridge Would Look Like."

Niemiec reported that Wuerch, Salmon and he testified at the Senate Transportation Committee's Hearing on the now-expired SB 268 (HB 365), which would have amended the statute that established KABATA; additional information requested by the legislators was provided.

He stated that the staff's focus has shifted to complete the NEPA process, to answer concerns raised by the state and the two qualified consortiums, and to acquire a clear statement of support from the executive-level state departmental personnel and FHWA.

6. Old Business

a. FEIS/ROD

Niemiec said that the FEIS was published in January 2008. He reported that the FHWA's issuance of a Record of Decision (ROD) is pending a Section 106 mitigation plan, on which the FHWA is working with State Historic Preservation Office. The ROD is expected to be completed later this summer.

b. P3 RFP Update

Niemiec reported that the P3 team has met several times to discuss financial modeling, TIFIA application, and debt market changes. He stated that the two qualified consortiums are still interested and both are aware that issuance of the RFP is pending the governor's approval of the document.

Hemenway added that Citi, a KABATA P3 technical financial advisor subcontractor, stated that despite the recent changes in the debt market the project can still get financing. Reporting on the TIFIA application, he reported that the Credit Council

said no risk assessment is needed for approval and process is positioned to be complete for hand-off to developer teams by the time the RFP is issued.

Niemiec stated that comments received from ADOT on the draft PPA and TA were appreciated and constructive. Comments received from the administration, the public, and ADOT regarding risk and expenditures are shared concerns and will be addressed and when an RFP is finalized, it will be available to the public for review.

c. Contractor Utilization Trends

Hemenway reported that contactors' expenditures have been lower over the past months' due to the slow down on NEPA process and P3 RFP development. He added that expenditures will increase slightly in the next quarter due to heightened focus on completion of the NEPA process.

d. Public Outreach Activities

Niemiec asked Geidl to report; Geidl stated that the focus is on Section 106 stakeholders, such as SHPO, Advisory Council of Historic Preservation in WDC, state agencies, and FHWA, to provide transparency and a clear understanding of the issues and work toward resolution.

7. New Business

a. Treasurer's Report

Niemiec asked Hemenway to report: Using PowerPoint along with a hand-out of the presentation to board members, Hemenway gave a Financial/Budget Update stating that year-to-date expenditures are \$2.1 million below budget.

b. Work Plans for FY08 and FY09

Niemiec asked Hemenway to report: Continuing with the PowerPoint, Hemenway detailed the fourth quarter FY08 workplan, expenditure trends and forecast, and provided details about contractors.

Richards asked what type of preliminary permit application work was being done; Geidl replied that work was being done with the U.S. Army Corps of Engineers to address their concerns on several issues, to keep the lines of communications open to be ready to submit the applications when ROD was received.

Wuerch asked about Wilbur Smith Associates (WSA) tasks; Hemenway said WSA's tasks were the bankable traffic and revenue studies, P3 technical support, and working with their subcontractor, Citi, on P3 financial structure.

Stoltze asked if the traffic and revenue studies were available to be projected again to consider the raising fuel costs. Hemenway said that the savings to the public presently estimated at \$78 million annually would increase and that the traffic would increase. He stated he would ask WSA about the time and expense of rerunning the models.

Niemiec stated that the main objective of the 4Q FY08 workplan was to complete NEPA through the ROD, continue the public outreach program, validating the economic value and risk assessment, and to finalize the procurement process and project development delivery methods.

Regarding the FY09 workplan and proposed budget, Hemenway reported that since activities drive costs an aggressive forecast was assumed. The workplan includes completion of the NEPA process, continuation of work on permit applications and public outreach, reconciliation of P3 issues; post ROD would commence ROW acquisition and issuance of formal P3 RFP. He stated that sufficient appropriations are available to fund the \$14.1 proposed budget.

Niemiec requested that the board take action on the FY09 budget recommendation. Wuerch asked the board to review the recommendation and be ready to discuss at the next meeting.

c. Quarterly Travel Report (1Q08)

Niemiec stated that the Board & Staff Travel Reports for the first quarter of 2008 was provided in packet for the board's information. Wuerch asked if there were any travel plans before the next meeting; Niemiec said he anticipated a few trips to Juneau.

Wuerch stated that the 2008 board meetings were pre-scheduled to encourage the attendance of the whole KABATA team.

8. Other Matters

a. Legislative Session

Senator Huggins stated he enjoyed the productive 90-day session. He said it appears to be unrealistic to have someone else build the bridge, advised getting project support and get on with it.

Representative Stoltze said he also liked the 90-day session and having the 5-day notice public process in place when dealing with complex issues was a good idea. He said that he appreciated Gara's letter because it reminded him how others feel, stating that ADOT can help with projects such as the Glenn, Wasilla and the Alaska Railroad. He stated that this project is not a commuter issue, it's an economic diversification and development project needed by the Mat-Su Borough and the State.

Wuerch thanked the Legislators and the Board for serving on this public project.

b. Audit Committee

Andrews reported that KABATA recently received a Certificate of Achievement of Excellence in Financial Reporting from the Government Finance Officers Association for the FY07 Comprehensive Annual Financial Report (CAFR) for the second year in a row.

He stated that in June a meeting will be held with KPMG, KABATA's Independent Financial Audit Services contractor, regarding pre-scoping the FY08 audit, and that the new accounting system will be in place.

Salmon stated that the request Representative Gara made in his letter for an accounting of expenditures are available in line-item detail in the CAFR, which just received the highest governmental accounting award. Andrews stated that a criterion to receive the award is a high degree of readability and adherence to standards. Wuerch said the CAFRs are available for public review in the Annual Reports and on the KABATA Web site.

Wuerch asked the board if a press release should be sent out regarding the award; receiving affirmation, Wuerch requested Hemenway to initiate.

c. **KABATA Staffing**

Wuerch introduced a resolution to record that the responsibility of the board had been fulfilled in regards to KABATA employees as required in Article III, Section 1 of the By-Laws. A

Resolution #1-08

MOTION was made by Haugen, second by Salmon to open discussion. Haugen asked if the positions on the organizational chart all had been established according to the state's personnel staffing function; Keith confirmed they were. After a brief discussion, the Resolution was

Approved by unanimous vote.

9. **Board Members' Remarks**

Salmon echoed Representative Stoltze in his certainty that the project will serve the Valley's future transportation needs providing shortened travel distance to quality State jobs that will be available at the new prison and at both Ports. He reported on the meeting he attended this week with Mayor Wuerch to provide Mat-Su Borough Mayor Menard and Deputy Mayor Woods with a project update stating that the Borough is very involved in the development of the Valley's Triangle—the area between Port MacKenzie, Wasilla, and Willow, and they share the vision of the bridge being an asset to Alaska.

Keith stated he was dismayed about the Section 106 issue as it affects the ROD and progress need to be made before next board meeting.

Richards said this was his first meeting and he appreciates being able to take in all the information.

Haugen congratulated Hemenway on the GFOA Award and encouraged the staff to continue the forward momentum.

Senator Huggins said the state can't afford not to build the crossing, that there is no alternative that is less expensive; to move on and get it done.

10. **Public Comments**

Paul Laverty asked that hand-outs be made available to the public and was provide same. He asked if any new state funds were included the FY09 budget; Wuerch said no, confirmed by Deputy Commissioner Richards and Representative Stoltze.

Representative Gara said he appreciated the information and invitation to speak. He stated that the cost of the project including the approach roads needs to be known before the public can evaluate the project and that ROW acquisition before then is premature. He asked the board to reconsider its decision on the approach to Government Hill to other options such as through the business area or military land. Keith stated that the FHWA chose the route using the NEPA process, not KABATA.

11. Announcements

Wuerch announced that the next regular Board meeting be held on June 19, 2008 in Anchorage; Board Members and the public will be notified of the details.

Executive Session

Wuerch stated that the board would go into Executive Session to discuss one personnel matter.

The Board went into Executive Session at 2:54pm.

The Board returned to Open Session at 2:58pm.

Wuerch stated that the information discussed and any notes taken during the Executive Session remain confidential.

12. Adjournment: 2:59pm.

Minutes Approved: Unanimous Board approval at June 19, 2008 Board Meeting.

Attest:



Andrew J. Niemiec, Executive Director

Date: 6-19-08