

KNIK ARM BRIDGE AND TOLL AUTHORITY
ANNUAL BOARD of DIRECTORS
MEETING MINUTES #5-08

Annual Board of Directors' Meeting, November 20, 2008 at the State Office (Atwood) Building, Conference Room 1860, Anchorage, Alaska.

The meeting was duly noticed on November 11, 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.

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

Acting Chairman Darcie Salmon called the meeting to order at 1:30pm.

1. Roll Call

A quorum was established with three voting directors in attendance:
Darcie Salmon, Dave Haugen, and Gordon Keith.

Also present was KABATA Board Member Representative Bill Stoltze; DOR Commissioner Galvin's delegate Michelle Prebula; KABATA Staff Members present were Executive Director Andrew Niemiec, CFO Kevin Hemenway, and Chief Engineer Verne Geidl; also Project Counsel Jim Cantor. Attending via telephone was Jody Simpson, staff member to Senator Charlie Huggins.

Recorder: Betty Fauber, KABATA Administrative Director

There were 3 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 #4-08

There was a

Action #107-5-08

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

Approved by unanimous vote.

4. Chairman's Report

Salmon stated that he is awaiting new board appointments from the Governor so there is no lag in the project's forward momentum. He recapped the statewide election results and

congratulated Representative Stoltze on his new assignment as co-chairman of the House Finance committee. Michele Prebula was welcomed as the board delegate from the Department of Revenue.

He advised that the AMATS Technical Advisory Committee was meeting this afternoon with an agenda item to discuss the project. KABATA will be represented at the meeting to assure that information used in the discussion is accurate.

5. Executive Director's Report

Niemiec reported on activities that took place since the last meeting. He stated that the staff has been fully engaged in assisting the FHWA complete the NEPA process by issuing their ROD. He reported that AMATS Policy Committee passed a motion directing the removal of our project from the LRTP and TIP and that process has begun. Staff disagrees with this action and has objected to the effort. DOT and FHWA's position is not clear.

He stated that at the recent Alaska State Chamber of Commerce Legislative Tie-In Meeting the Chamber's board members set their 2009 priorities and passed a strong statement in support of our project.

Niemiec said that project delays have kept staff levels at a minimum and there has been a significant reduction in the use of contractors' services.

6. Legislative Reports

Representative Stoltze reported on the reorganization of the House since the election. He stated that he will be Co-Chairman of the House Finance Committee and that his workload is to be determined thus his future service to the KABATA Board of Directors is not certain.

Simpson thanked the board for the opportunity to participate via the telephone. She said that Senator Huggins sends his greetings and apologies; he is attending the RDC Conference. She reported that the Senator is chair-elect of the Senate Rules Committee during the upcoming session. Salmon asked if the Senator had indicated to her if he expects to continue his service to the board; she said he had not. Salmon asked that she relay his wish to the Senator that he will be able to continue to serve on the KABATA board.

7. Old Business

a. NEPA Process Update: Status of ROD

Niemiec recapped the timetable of NEPA process stating that the Draft EIS was issued in September 2006 and the Final EIS issued in December 2007. There are two issues that have delayed the issuance of the ROD; signing of the Programmatic Agreement for Section 106, which sets the framework for preservation of historic properties, and the additional Cost Estimate being performed by DOT, which began in July and negotiations with the preferred bidder recently began. Both activities are completely in the control of the State.

He reported that the Cook Inlet Beluga Whales were listed under the ESA in October and a formal consultation process is required; it has yet to be determined if the ROD

can be issued during this consultation period. Haugen asked the purpose of the consultation; Kevin Doyle from HDR, a KABATA contractor, stated that Section 7 of the ESA will start the process to consider any impacts the project may have so those impacts can be avoided or minimized through mitigation and/or application of construction techniques. He said FHWA will make those decisions.

Haugen asked Doyle if the ROD could get issued during the consultation period; Doyle said contingencies can be made and that the key is to not have so many constrictions for P3. Keith indicated that the FHWA says it has to be done before the ROD is issued. Concerned with the timing, Haugen asked if the process had started yet; Niemiec said meetings are in process but a final decision hasn't been made to start the process. Salmon asked that the Board be kept informed.

b. Public Outreach Activities

Niemiec reported that dozens of meetings have been held on the 106 process and meetings continue. Also, that fourteen project presentations have been made since August including Chambers of Commerce, professional societies and interested groups.

Salmon stated that he attended a Wasilla Chamber of Commerce meeting recently where it was reported that a grassroots organization has asked that the Mat-Su Borough receive a National Heritage Area designation. If that designation is received, which is focused on the Knik/Port MacKenzie area, it would affect industry and economic development. Simpson advised that there has been a Port MacKenzie Area Which Merits Special Attention (AMSA) Plan in place for ten years that may segregate that area out of the designation.

c. P3 Process Update

Niemiec stated that the P3 process and our procurement continue to be on hold and the qualified developers remain interested. He said discussions with the administration, mainly with DOT, continue relating to project delivery and risk assignments and that the Department of Revenue can provide significant input.

8. New Business

a. Election of Vice Chairman

Salmon stated that Bylaws require that a Vice Chairman be elected at the Annual Meeting. Being the current Vice Chairman, he said he would be willing to continue serve. There was a

Action # 108-5-08

MOTION by Haugen second by Keith to retain Salmon as Vice Chairman.

Salmon was elected by unanimous vote.

Salmon thanked the Board for their trust and support.

b. Treasurer's Report

Niemiec stated that staff has been diligent controlling expenditures. He asked Hemenway to report. Hemenway reviewed the Financial/Budget Update, which was included in the packet, stating that year to date expenditures through October 31, 2008 are \$300,000 below the FY08 budget.

c. FY09 Budget

Niemiec asked Hemenway to report. Hemenway reviewed the budget using the Financial/Budget Update, which was included in the packet.

d. Audit Committee Report

Prebula reported that the Audit Committee had met earlier today and it was determined that all Charter requirements had been achieved. She reported that KPMG, KABATA's independent financial auditors, had completed their audit of the Basic Financial Statements for Fiscal Year 2008 and had issued an unqualified opinion, which is the highest that can be received from an Accounting firm. They found no material weaknesses in internal controls

She stated that KABATA's FY08 Comprehensive Annual Financial Report (CAFR) is near completion and will be submitted to the Department of Administration to become part of the State's CAFR. She stated that an application will be submitted to GFOA for their consideration for a Certificate of Achievement for Excellence in Financial Reporting for the CAFR.

Stating that best practice prescribes that Audit Committee members be reconfirmed by the full board annually, she advised that the current members, Haugen, Salmon and she, are willing to continue to serve.

e. Quarterly Travel Report

Niemiec advised that the Board & Staff Travel Report for the second and third quarters of 2008 was provided in packet for the board's information. Salmon stated expenditures were very modest and relevant.

f. 2009 Board Meetings

Salmon advised that a tentative 2009 board meeting schedule was included in the packet; he asked that members save the dates on their schedules. He noted that the next meeting will be held in Juneau on February 12 and that appointments will be requested with legislators to provide a project update.

9. Other Matters

Salmon advised that there were two resolutions for consideration in the packet.

Resolution #3-08 was introduced by Salmon directing publication of final P3 RFP for public review and comment, which is being considered based on public concern. A

MOTION was made by Haugen, second by Keith to open for discussion.

Keith asked Niemiec for assurance that it would be the finalized RFP, which is yet to be drafted, that would be released for public review; Niemiec affirmed. With no objections, the resolution was

Approved by unanimous vote.

Resolution #4-08 was introduced by Salmon in appreciation for Brian Andrews' public service to the Knik Arm Bridge and Toll Authority. With great sadness, a

MOTION was made by Haugen, second by Keith, to approve; it was Approved by unanimous vote.

The resolution will be framed and sent to the family; Prebula advised that there will be a memorial and celebration service in remembrance of Brian and his son on November 28, 2008 in Juneau.

10. Board Members' Remarks

Haugen conveyed his deep personal sadness in the loss of colleague Brian Andrews through an unfortunate, tragic situation stating he will be greatly missed.

Keith expressed his condolences on the passing of Brian Andrews stating that he got to know him as a friend as well as a valuable member of this team. He stated that there was new information regarding the KABATA chairmanship noting that the governor's chief of staff said that emphasis is being placed on appointments. Regarding ADOT&PF's Cost Estimate RFP, he reported that negotiations are underway and that the deadline for the estimate will be the end of January so it can be reviewed by the committee on February 3, 2009. In reference to AMATS' issue to remove the project from the LRTP and TIP, he stated that the Policy Committee has asked the Technical Advisory Committee to map out a plan to begin the lengthy process, which including the public meetings will take eight to nine months.

Simpson thanked the board for the opportunity to call in.

Representative Stoltze stated he is focused on the project as being a part of a statewide vision to build needed infrastructure and that it is his responsibility to support its merits. He thanked the board and staff for their hard work.

Salmon affirmed that this is an Alaskan project and that public outreach must continue to reinforce the fact that the bridge has an overall state benefit.

11. Public Comments

Massey extended his condolences to the Andrews family. Regarding the resolution that was passed today directing publication of the final P3 RFP for public review, he asked for clarification that the public review would be prior to formal issuance to the qualified proposers. (After the meeting, Cantor provided Massey with the full text of the resolution; after reading the resolution Massey emailed Cantor and asked that Cantor communicate to the Board that the information provided took care of his concerns, which Cantor did.)

12. Announcements
None.

13. Adjournment: 2:30pm.

Minutes Approved: Unanimous Board approval at February 26, 2009 Board Meeting.

Attest:  _____ Date: 2-26-09
Andrew J. Niemiec, Executive Director