



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

Under Secretary for Policy

October 29, 2007

1200 New Jersey Avenue SE  
Washington, DC 20590

## **PROVISIONAL BOND ALLOCATION APPROVAL LETTER**

Mr. Andrew J. Niemiec  
Knik Arm Bridge and Toll Authority  
550 West 7<sup>th</sup> Avenue, Suite 1850  
Anchorage, Alaska 99501

Re: Issuer – Knik Arm Bridge and Toll Authority

Maximum Principal Amount: Up to \$600 million of Private Activity Bonds for the Knik Arm Crossing Project

Dear Mr. Niemiec:

In accordance with Section 11143 of Title XI of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU, Public Law 100-59), which amends Section 142(m) of the Internal Revenue Code, the Knik Arm Bridge and Toll Authority (the Issuer) has requested an allocation of private activity bonds available for qualified highway facilities for the Knik Arm Crossing Project (the Project). In support of this request, the U.S. Department of Transportation (DOT) has been presented with the resolution duly adopted by the Issuer with respect to the above-captioned bonds.

DOT has reviewed the Issuer's application and applicable statutory and regulatory requirements and hereby provisionally allocates up to \$600 million of the \$15 billion national limitation on the aggregate amount of private activity bonds for qualified highway or surface freight transfer facilities to the Issuer for the Project with the following conditions:

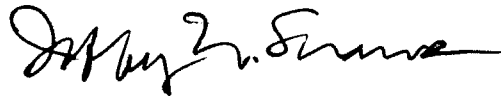
- (1) A public-private partnership contract with a private partner consortium must be executed.
- (2) A final record of decision under NEPA designating the Project as the preferred alternative must be issued by the Federal Highway Administration.
- (3) A final bond counsel tax and validity opinion must be issued at the time of the closing of the bond issue in substantially the form of the draft bond counsel tax and validity opinion provided with the Issuer's application.

- (4) The above captioned bonds must be issued within two and a half months of the execution of the public-private partnership contract. The execution of the public-private partnership contract is expected to occur by October 15, 2008. Therefore, the bonds must be issued by December 31, 2008. If the above captioned bonds have not been issued within two and a half months of the execution of the public-private partnership contract, this provisional allocation automatically expires and is available for reallocation. In the event that this provisional allocation expires, an application may be resubmitted, and it will be reviewed without preference or priority being given as a result of its prior submission for the Project.
- (5) Any amount of unused bond allocation (the difference between the amount of bond allocation and the amount of bonds sold before the allocation expires) will automatically be returned to DOT's remaining aggregate amount available for private activity bonds for qualified highway or surface freight transfer facilities and will thus be available for other applicants.

This provisional allocation of private activity bond authority to this Issuer for this Project will have no impact on any future DOT decision on an application for DOT credit assistance for this Project under DOT credit programs. Any application for DOT credit assistance for this Project will be evaluated under the governing statutes and regulations of that DOT credit program.

For additional information or questions, please contact Jack Bennett in the Office of Economic and Strategic Analysis at (202) 366-6222.

Sincerely,



Jeffrey N. Shane

cc: Assistant Secretary for Transportation Policy  
Assistant Secretary for Budget & Programs, Office of the Secretary  
General Counsel, Office of the Secretary  
Administrator, Federal Highway Administration