

LOUISVILLE AND SOUTHERN INDIANA BRIDGES AUTHORITY

Muhammad Ali Center, Louisville, Kentucky

February 10, 2010

10:00 a.m. EST

1. Call to Order/Roll Call

The meeting of the Louisville and Southern Indiana Bridges Authority (the Authority) was called to order by the Chairman Joe Prather, who stated that notice and agenda for this public meeting had been properly and timely posted. He requested Secretary Pat Byrne to conduct a roll call of the Members to determine the presence of a quorum. The following Members were present: Joe Prather, Charles Buddeke, Pat Byrne, Jamie Fiepke, Jerry Finn, Diane Fischer, Pete King, Lisa Kobe, Charlie Moyer, Joe Reagan, Ben Richmond, Kerry Stemler and David Tharp. Sandra Frazier participated in the meeting via telephone. Chairman Prather declared that a quorum was present for conducting the business of the Authority.

2. Approval of Minutes (February 2, 2010 Meeting)

The minutes of the meeting of the Authority held on February 2, 2010 had been previously distributed to each Member. Upon motion made by Ben Richmond and seconded by Pete King, the minutes were unanimously approved.

3. Executive Director's Report

The next item on the agenda was a report by Steve Schultz, the Executive Director of the Authority. Mr. Schultz noted that the Governors of Kentucky and Indiana at the prior meeting had charged this Authority with a unique public service opportunity whose mission is to develop, finance and construct the Louisville and Southern Indiana Ohio River Bridges Project (the Project). He updated the Authority on the steps he had taken to establish working arrangements with the project teams at the Kentucky Transportation Cabinet and the Indiana Department of Transportation in connection with carrying out the day to day business of the Authority. He discussed the legal nature of the Authority under the Kentucky enabling statute and the related Indiana Executive Order, and he provided an overview of the circumstances under which the Authority might seek to become subject to a bi-state compact requiring congressional approval under the U.S. Constitution. Mr. Schultz then described the key statutory deliverable of a financial plan for the project. He stated that the Authority's work will be to explore innovative sources of funding to develop the financial plan within the legal

parameters of the laws of both states, and he stated that this would be the subject of a presentation later in the meeting by Tom Howard of Kentucky and Jennifer Alvey of Indiana.

4. Old Business (Ethics Rules)

The Co-Business Manager for the Project, Clark Snyder, then briefly reminded the Members about ethical standards in the conduct of the business of the Authority, including the filing of financial disclosure statements, standards of conduct contained in the by-laws and an ethics training course.

5. Public Comments

During the public comment period, the Mayor of the City of Jeffersonville, Tom Galligan, spoke about the importance of this bridges project to regional economic development, the relieving of traffic congestion, the need to expedite action, and the support of the City of Jeffersonville for the efforts of the Authority.

6. a. Amendment of By-Laws

The next order of business was the consideration of an amendment to the by-laws of the Authority. Chairman Prather and Mr. Schultz proposed to amend Article II Section 4 to designate members of the Authority as “public servants” under Kentucky law and “special state appointees” under Indiana law so that all members would be subject to the same rules and procedures. Article IV Section 6 was also proposed to be amended by submitting any recommendation of the Authority with regard to a financial plan for the Project for approval by the Kentucky Public Transportation Infrastructure Authority (KPTIA) pursuant to KRS 175B.030. Following discussion, a motion was made and seconded to adopt these amendments to the by-laws. A roll call vote was taken and the amendments were unanimously approved.

6. b. Project Description

Following a short break in the meeting called by the Chairman, a presentation on the background and overview of the Project was made by Gary Valentine, Project Manager for the Kentucky Transportation Cabinet. Mr. Valentine said that the purpose of the Project is to improve cross river mobility and that the Project will be jointly managed by a bi-state oversight management team with extensive public outreach and involvement by the local community. Following a thorough

environmental investigation and numerous public hearings, the Federal Highway Administration (FHWA) published a Record of Decision officially approving the design and construction of two Ohio River bridges linking Louisville and southern Indiana as well as reconstructing the Kennedy Interchange, where three interstate highways converge near downtown Louisville. Measures were taken to mitigate harm to the environment, preserve historic resources and blend the Project with the urban setting in the downtown area and the rural setting at the east end. A general engineering consultant was retained to oversee the design and construction activities in each of the six sections of the Project. The total Project includes 29 miles of ramps and roadways, 82 bridges and four miles of retaining walls. Members asked and Mr. Valentine responded to questions about various aspects of the project, including the proposed bikeway and pedestrian walkway, the tunnel portion of the Project, and interchange designs. Mr. Valentine described the approach that the teams have taken in connection with the Disadvantaged Business Enterprise (DBE) program for the project.

6. c. Project Impact

Next, Jack Couch, the Executive Director of Kentuckiana Regional Planning and Development Agency (KIPDA), briefly discussed the impact of the Project on the metropolitan transportation plan and economic development. He then introduced David Burton, a Transportation Planner from KIPDA, who discussed the role of the Metropolitan Planning Organization (MPO) in the Project. Mr. Burton explained that urbanized areas in the United States with a population of 50,000 or more are required by federal law to conduct a “continuing, comprehensive and cooperative” transportation planning process with local and state officials. This planning process includes a long-range 20 year plan (MTP) and a short-term four year plan (TIP) for the Louisville and southern Indiana five county MPO. The MTP and TIP must have a “fiscally reasonable” financial plan approved by the state and local transportation committee (TPC) to satisfy federal planning requirements. The MTP and TIP are currently lapsed and must be correctly updated by 12/8/2010. To remain a part of the updated MTP and TIP, a “fiscally reasonable” financial plan for the Project must be developed and submitted by the Authority. This is required by FHWA in order to qualify the Project for federal and state funds. Various timing constraints (involving, for example, the need for sufficient lead time for KIPDA to complete air quality and traffic modeling affected by the plan) will impact the ability of the Authority to meet this objective in time to meet the December 2010 deadline. Following several questions raised by the Members about the impact of the lapse of the plans and a request to federal

transportation officials about a waiver or extension of the deadline for submitting the plans, the meeting was recessed for lunch at 12:10 p.m.

Thereafter, the meeting reconvened at 12:45 p.m. The Secretary noted that Member Jerry Finn had excused himself and did not attend the afternoon session of the meeting. Member Joe Reagan, President of Greater Louisville Incorporated, then spoke to the Authority about the important economic impact of the Project on the surrounding region. He stated that over 56,000 jobs will be created, millions of dollars in additional payroll and tax base will result, traffic congestion will be relieved, mobility will improve and the overall quality of life will be enhanced. Chairman Prather requested Mr. Reagan to prepare talking points on these items for use by the Members at other future public events.

6. d. Project Financing—Overview of Alternatives

Next, Tom Howard, Executive Director of Kentucky Office of Financial Management and Jennifer Alvey, Public Finance Director of the State of Indiana, explained potential financial planning options for the Project to the Authority. Based on current data, the total estimated cost of the Project, to be divided between Kentucky and Indiana on an allocated percentage basis, is \$4.068 billion. Potential funding sources include federal grants and secured loan programs, state contributions and anticipation revenue notes, dedicated revenue bonds, private sector pension fund investment and public-private partnership tolling transactions. Each of these financial planning options, or any combination thereof, will involve a complex analysis by the Authority of the construction, operation and revenue risks for the Project. Proceeding with due haste, suggested next steps for the Authority would be to (1) update construction cost estimates, (2) update the traffic study and tolling options, (3) prepare a legislative strategy and (4) conduct research on the retention of expert advisory services.

Following questions about the financial plan approval process by federal officials, assessment of the financial risks, and the due diligence review process for the financial options, a discussion ensued about authorizing teams of Members of the Authority to evaluate the financial options and undertake the suggested four next steps. A motion to do so was made and subsequently withdrawn after the Chairman and the Executive Director suggested that they first conduct due diligence discussions about the financial plan options and a timeline with Mr. Howard and Mrs. Alvey and gather preliminary, general ideas for financing the Project from firms who have expressed an interest in discussing it. A working group of the Members would be formed at the appropriate time to further evaluate the financial

plan options and recommend a financial plan for consideration by the Authority. The Chairman then asked that the Authority proceed with taking action on the four next steps outlined in the financial plan presentation and, by consensus vote, the motion was approved.

The Chairman informed the Authority that Mark Sullivan, a representative from FHWA, was unable to attend this meeting due to inclement weather conditions and would be rescheduled to present the role of the FHWA in the Project at a future meeting of the Authority. Regarding the Authority's approach to DBE issues, the Chairman invited Members Joe Reagan, Ben Richmond, David Tharp and Diane Fischer to form a working group to review DBE program requirements for the Project and report to the Authority at a future meeting.

7. Discussion of Next Meeting Date

Finally, the Chairman advised that future meetings of the Authority will be scheduled on the first Thursday of each month until further notice. Therefore, the next meeting will be held on March 4, 2010 at 10:00 a.m. at a location to be determined by Co-Chairman Kerry Stemler. Member Richmond asked if the Authority had a budget to cover operating expenses of the Authority. Mr. Prather responded that a budget was under discussion by representatives from KYTC and INDOT and that, until the Authority has funds of its own on which to build a budget, the sharing of expenses was being handled by the two state agencies based on their established past practice.

8. Adjournment

Upon motion, made, seconded and carried, the meeting was then adjourned at 1:50 p.m.

Respectfully submitted,

Clark Snyder
Co-Business Manager