

# **LOUISVILLE AND SOUTHERN INDIANA BRIDGES AUTHORITY**

Greater Clark County Schools Administration Building

2112 Utica-Sellersburg Road

Jeffersonville, Indiana

July 1, 2010

10:00 a.m. EDT

## **1. Welcoming Remarks**

Co-Chairman Kerry Stemler welcomed everyone to the meeting and introduced Dr. Stephen Daeschner, Superintendent of Schools, Greater Clark County Indiana School System. Dr. Daeschner welcomed members of the Authority to Southern Indiana and the Greater Clark County School System Administration Building.

## **2. Call to Order/ Roll Call**

The meeting of the Authority was called to order by Chairman Charles Buddeke, who stated that notice and agenda for this public meeting had been properly and timely posted. He requested that Secretary Sandra Frazier conduct a roll call of the Members to determine the presence of a quorum. The following Members were present: Kerry Stemler, Charles Buddeke, Jamie Fiepke, Sandra Frazier, Joe Reagan, Ben Richmond, Pete King, Lisa Kobe, Dr. Charles Moyer, David Tharp, Pat Byrne, Luther Deaton, and Diane Fischer. Member Jerry Finn was not present. Chairman Buddeke mentioned the project tour conducted the previous month and thanked INDOT, KYTC, and CTS for organizing a very helpful tour. Ben Richmond echoed those thoughts, observing that the tours were a very productive use of time that contributed a great deal to the members' education on the project.

## **3. Approval of Minutes (May 6, 2010 Meeting)**

The minutes of the meeting of the Authority held on May 6, 2010 had been previously distributed to each Member. It was noted that a misspelling was contained in one name included in the first paragraph of the minutes; upon motion made by David Tharp and a second by Lisa Kobe, the minutes, as amended, were unanimously approved.

#### **4. Unfinished Business**

Steve Schultz delivered his Executive Director's Report and covered the Unfinished Business topics on the agenda. Mr. Schultz noted several recent accomplishments:

- a. **KIPDA Long Range Plan Update.** On behalf of the Authority, Mr. Schultz has worked with KYTC, INDOT, FHWA and the KIPDA staff on an approach that will allow the bridges project to remain in KIPDA's Metropolitan Transportation Plan (MTP) update for horizon year 2030 (also known as the long range plan). They have been doing this on a timetable to meet a Dec. 8, 2010 grace period deadline for completing the update. Mr. Schultz provided a recap of the core issue, which involves the need to ensure that a financial component is in place for the bridges project within the long range plan. He noted that this task, which is distinct from developing the ultimate financial plan for the project, involves two primary exercises: (i) demonstrating sources of funds that are reasonably expected to be available when they are needed for the project, and (ii) conducting an air quality analysis of the project to ensure that, together with all the other projects in the long range plan, it will meet required air quality containment standards for the KIPDA region.

Mr. Schultz expressed gratitude to KYTC, INDOT, FHWA and the KIPDA staff for their collaboration to date on this effort, which had recently resulted in a decision by the Transportation Policy Committee (KIPDA's decision-making body) to retain the bridges project in the long range plan. He noted that this action amounted to a significant vote of confidence by this committee that the Authority will ultimately be successful in delivering an actionable financial plan for the project. He also stated that the next step is to deliver the financial demonstration document for inclusion in the MTP update, which is due to the KIPDA staff by July 16<sup>th</sup>. Mr. Schultz expressed a high degree of confidence that this deadline will be met.

Pete King observed that this development represents a significant accomplishment given that the timing issues alone, which had been described at the Authority's second meeting, had at one point appeared insurmountable. Mr. King thanked all those involved,

particularly Chairman Buddeke and Co-Chairman Kerry Stemler for their leadership and Mr. Schultz for his work and persistence in reaching this milestone. Mr. Schultz once again observed that it would not have been possible without the close cooperation among FHWA, INDOT, KYTC and KIPDA. Mr. Buddeke echoed Mr. Schultz' expression of gratitude to these partners. Co-Chairman Stemler noted that this is a perfect example of what the Authority has been established to accomplish. Although the Authority inherited this issue, its value is serving as a common focal point and catalyst for overcoming any obstacles to the project that may arise.

- b. FHWA Office of Innovative Program Delivery. Mr. Schultz described the expression of interest that had been submitted in late May to the tolling and pricing team in this office, which administers Federal Highways programs that provide tools and financing to assist project sponsors in exploring and implementing innovative strategies for delivering large infrastructure projects. Mr. Schultz noted that this expression of interest, which included letters of support from Governor Beshear and Governor Daniels and others, was a necessary step in the process of exploring alternative funding for the project via user fees. The process has helped to establish a very good, ongoing dialogue with Federal Highways headquarters staff—both in the Planning Office and at the Office of Innovative Program Delivery.
  
- c. Strategic Advisor Engagement. Mr. Schultz described the competitive request for proposals process conducted through the Indiana Finance Authority, which resulted in KPMG Infrastructure Advisory's selection as the strategic advisor to the Authority and the project team. Mr. Schultz then introduced KPMG partner Tim Wilschetz. Mr. Wilschetz addressed the Authority, noting that he, like many others in the industry, has followed this project for a number of years. He touched on other projects in which KPMG has been involved that have features and issues similar to those shared by the project, and he described some successes and lessons learned from those projects. He also expressed how excited he and the other members of the KPMG team are to be a part of this project and how much they look forward to the opportunity to assist with the effort to explore options and deliver an actionable financial plan for the project.

- d. Strategic Planning Framework. Steve Schultz recapped the draft mission and vision statements that were shared at the last meeting. He also shared a suggested set of values for the strategic planning framework. These values, which will serve as “guiding principles” to help align Authority decision-making with the mission and the vision, were gleaned from points that had been made over the past few months in conversations with Governor Beshear, Governor Daniels, Mayor Abramson and Authority members. Each represents a principle whose importance has been repeatedly emphasized in these discussions. Collectively, they can be summarized by the concept of building this project in “the best way, the fastest way, and the right way – in a balance.” Individually, they can be identified as five distinct values:
- Superior Value
  - Speed
  - Stakeholder Opportunity
  - Safety
  - Sustainability

Mr. Schultz requested that Authority members reflect on these “five S’s” for consideration at the next meeting.

Upon further discussion of the mission and vision statements, a motion by Pat Byrne and a second by David Tharp, those statements were adopted. Co-Chairman Stemler noted the amount of thought that has gone into developing the framework and thanked Chairman Buddeke and Mr. Schultz for their efforts in this regard. Joe Reagan also added his thanks, observing that the values will reflect the importance of the job opportunities at stake and the regional implications of the project. He also said that “safety” is appropriately featured as a value, since it is of paramount importance in his mind.

Lisa Kobe mentioned that she grew up in southern Indiana and noted how long local residents have struggled with cross-river mobility issues. The river is and always has been the great resource of the area, and the solution that this project promises will allow the river to be valued as an asset, not seen as a restrictive liability. Diane Fischer noted her background and experience with her logistics company in southern Indiana. She highlighted congestion and safety issues,

noting how important delivery times are to business, and questioning how many business enterprises the region is failing to attract because of the current congestion issues.

## **5. New Business**

- a. Financial Plan Development. Mr. Schultz presented an overview of a slide depicting a Preliminary Timetable for Key Initiatives. He introduced Ed Crooks, a partner with KPMG who will lead the advisory team, to walk the Authority through the primary workstreams.

- i. Financial Plan Workstreams – Overview, Objectives and Outlook

Mr. Crooks observed that it appears the project sponsors have a very clear picture of where they want to be at the end of the process and appreciates the Authority's contributions to date to further define this path. Mr. Crooks mentioned the one-on-one interviews he has been conducting with Authority members in an effort to develop a set of objectives for the Authority's work that will be in line with the mission, vision and values statements. As a result of that process (which is a standard practice KPMG follows for new engagements), KPMG will bring back a set of strategic objectives for the Authority's consideration. Bundled with this will be an examination of some of the risks and opportunities within the project as it is currently defined—an important exercise in understanding the potential for transferring risk to the private sector and therefore in selecting the optimal delivery mechanism for the project.

- ii. Federal Funding: TIGER II; Outlook on Reauthorization Bill

Steve Schultz reported that he had been in Washington, DC earlier in the week for several meetings. He observed that, with so much attention being paid to other national issues, including the oil spill in the Gulf of Mexico, the Federal Surface Transportation Reauthorization bill does not appear to be a top priority on Capitol Hill presently. He mentioned, however, that the U.S. Department of Transportation has issued guidance on the TIGER II

discretionary grant program, for which the Authority and the project sponsors will apply on behalf of the project. He described efforts currently underway to complete the application process.

Tamar Henkin (High Street Consulting Group, LLC) then addressed the Authority members to discuss the process of identifying funding sources. She provided additional details on the TIGER II program, observing that it has fewer dollars available than TIGER I, which was part of the Recovery Act (stimulus) and which was geared more to “shovel ready” projects. The project application process will be very competitive, but it does help that this project is a bi-state effort. She said the prerequisites for this discretionary grant program fit well with the bridges project. There was a general consensus that the Authority should move forward with the TIGER II application in conjunction with the state sponsors.

Ed Crooks then talked briefly about the other workstreams. He described the process of refining capital and operating cost assumptions and said KPMG will be working closely with the project engineers as the assumptions are refined. He also mentioned the traffic and revenue analysis and the work that is ongoing by Wilbur Smith. The traffic and revenue analysis to date has been more from a planning perspective, and Mr. Crooks said a more in-depth traffic and revenue analysis will ultimately be required. This, along with the capital and operating cost update, will feed into the development of a financial model that will help produce the financial plan.

iii. Financial Demonstration Document for KIPDA MTP Update

Tamar Henkin then provided additional information on the status of, and next steps for, the KIPDA financial demonstration process. She reiterated the point that this financial demonstration document is not considered the financial plan for the project, but rather, as Mr. Schultz described earlier, is a necessary component of updating the KIPDA long range plan (the MTP). Ms. Henkin described the process for identifying the sources of funds that are reasonably expected to be available for the project and reviewing

cost and construction schedule inputs. She also commented on the helpful close collaboration with FHWA and the state sponsors throughout the process, as well as the coordination with the KIPDA staff, noting that this will be a key contributing factor toward meeting the July 16<sup>th</sup> deadline.

b. Electronic Tolling – Emerging Technology and Trends

Sergio Reis of Wilbur Smith and Associates gave a presentation on electronic tolling technology, implementation, policies and practices. Mr. Reis noted that the benefits of electronic tolling can include reduced implementation costs, reduced operating costs, and the social benefits through time savings of not having to stop and pay a toll. He also observed the importance of having a community outreach program to ensure the success of any electronic tolling project.

Following a five-minute break, during which some technical audio-visual issues were resolved, the Authority viewed a video depicting the application of an electronic tolling program the Florida Turnpike. Several members had questions concerning the system and the implementation and enforcement of the system. Lisa Kobe requested that a future meeting she would like to see additional information on collection rates and demographics of users of electronic tolling facilities around the country.

## **6. Adoption of Regular Meeting Calendar**

Chairman Buddeke stated that the Authority has held three meetings since its ratification in March. He noted that a general practice had been suggested by former Chair Joe Prather—one that was neither formalized nor required by the Authority's Bylaws—of holding monthly meetings. By statute, the Authority is required to establish a schedule of regular meetings, and the Bylaws contemplate holding four quarterly meetings per year. (Additional special meetings can be called and held as necessary.) To address the statutory requirement, Mr. Buddeke then introduced a Resolution to set the required regular quarterly meetings. Based on the resolution, these next four meetings will occur on October 7, 2010; January 6, 2011; April 7, 2011; and, July 7, 2011. Other meetings will occur as necessary and upon being called by the chairs and upon proper notice being given.

With a motion by Lisa Kobe and a second by Ben Richmond, the resolution was unanimously adopted.

Joe Reagan requested that, prior to adjournment, consideration be given to any necessary action related to the KIPDA MTP update. He suggested that, in light of the importance of this work and the Authority's involvement in it, formal action be taken to ratify the actions taken by the Executive Director, staff and advisors to date in connection with the activity of retaining the bridges project in the MTP update, and to authorize them to take all actions necessary to complete this task going forward, including the delivery of the financial demonstration document as discussed at this meeting. Upon the suggestion of Chairman Buddeke, Mr. Reagan made such a motion. The motion was seconded by Pete King and unanimously approved by the Authority.

#### 7. Public Comments

The public comment period was held following adjournment, as noted below.

#### 8. Adjournment

The meeting was adjourned at 11:50 a.m., but Chairman Buddeke noted that all members of the Authority whose schedules allowed would remain to hear public comments. The Authority members heard views expressed about the project from both proponents and opponents of the project alike.

Respectfully submitted,

Sandra Frazier, Secretary