

LOUISVILLE AND SOUTHERN INDIANA BRIDGES AUTHORITY

Kye's Building II
500 Missouri Avenue
Jeffersonville, Indiana 47130
September 2, 2010
9:00 a.m. EDT

1. Convening of Open Meeting and Welcoming Remarks

Co-Chairman Kerry Stemler convened the meeting at 9:00 a.m. and noted that he would have to leave for another commitment at 10:00 a.m. He then introduced the Honorable Thomas Galligan, Mayor of Jeffersonville, Indiana. Mayor Galligan thanked everyone for attending, observed that the bridges were necessary for the community and reminded the Authority members to stay focused on achieving their mission.

2. Call to Order/ Roll Call/ Executive Session

The meeting of the Authority was called to order by Chairman Buddeke, who stated that notice and agenda for this public meeting had been properly and timely posted. He then stated that there would be a change in the meeting agenda. Because of a question about the form of the notice for the executive session of the Authority, and to remain clear and transparent in the conduct of the Authority's business, the previously-scheduled executive session would be rescheduled for a subsequent date unless the members had an objection. Hearing none, Chairman Buddeke noted that the executive session of the Authority was cancelled. Chairman Buddeke said he would start the open public meeting of the Authority, then take a recess for media interviews, and reconvene again at 10:00 a.m. Steve Schultz, Executive Director of the Authority, indicated that the subject matter that had been intended for the executive session related to the pending litigation involving the Ohio River Bridges Project under the National Environmental Policy Act. Co-Chairman Stemler thanked the officers and other members of the Authority for their participation in the recent public involvement process related to the update of the Metropolitan Transportation Plan by the Kentucky Indiana Planning and Development Agency (KIPDA). He noted that the Authority had been well-represented at each of KIPDA's public meetings held for the purpose of describing the long-range plan process. Following Co-Chairman Stemler's comments, the meeting was recessed at 9:15 a.m.

Chairman Buddeke reconvened the public meeting at 10:00 a.m. 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: Charles Buddeke, Jamie Fiepke, Joe Reagan, Pete King, Lisa Kobe, Dr. Charles Moyer, Pat Byrne, Diane Fischer, Luther Deaton, Jerry Finn, David Tharp and Sandra Frazier. Kerry Stemler and Ben Richmond were absent. Chairman Buddeke declared that a quorum was present for conducting the meeting.

3. Approval of Minutes (August 19, 2010 Meeting)

The minutes of the meeting of the Authority held on August 19, 2010 had been previously distributed to each Member. Upon motion made by Jerry Finn and seconded by Diane Fischer, the minutes were unanimously approved in the form submitted.

4. Unfinished Business

a. *TIGER II Application Update.* Mr. Schultz informed the Authority that the an application for funding a portion of the project costs through the TIGER II federal grant program for infrastructure improvements, in the form of "TIGER II TIFIA Payments," was filed with the Department of Transportation (DOT) on schedule on August 23, 2010. He believes that the project matches up well with the program's eligibility criteria, but the program is oversubscribed, competition from other applicants will be strong and no timeline for funding decisions has yet been announced by DOT.

b. *Strategy Planning Framework.* Mr. Schultz then outlined the strategic planning framework that had been developed and discussed with members of the Authority during the past several meetings. He recited that the Authority's mission, already adopted, is to finance, construct, and oversee the Ohio River Bridges Project. The vision of the Authority, also adopted at a prior meeting, is "Two Bridges, One Project: Two states, One Team." Finally, he reviewed the "five S's" Value statements that were unanimously approved by the Authority at the August meeting. They are Superior Value, Speed, Stakeholder Opportunity, Safety and Sustainability.

Mr. Schultz then invited Joe Reagan and other members of the strategic planning work group to explain the "Strategic Objectives" that they had recently developed in concert with strategic advisor KPMG. These

objectives will serve as the central focus of the strategic planning framework and will help guide the Authority in making future decisions in alignment with its mission. The first strategic objective involves building the Authority into an effective long-term project sponsor by partnering with the state sponsors, assembling a strong advisory team of experts and communicating proactively. The second strategic objective is to execute a financial plan that is fair, sound and doable. Initiatives supporting this objective involve securing as much upfront funding as possible, reducing project costs where possible, considering a tolling plan to fill any funding gap, and securing an optimal mix of bankable financing elements. The third strategic objective is to manage risk to realize long-term project benefits by organizing and driving toward project implementation, optimizing risk management, seeking to minimize cost to taxpayers, and exploring a wide array of project delivery and financing options. Finally, the fourth strategic objective is to deliver on all expected project benefits, such as reduced congestion, increased safety, economic growth and livability. A key initiative supporting this objective is to deliver the project as fast as planning and regulatory processes will allow. The members of the work group—Pete King, Lisa Kobe, Charles Moyer and Joe Reagan—walked the Authority through particular aspects of each of the strategic objectives, and Mr. Schultz described various initiatives supporting each one.

The Chairman then opened up the strategic planning framework and proposed strategic objectives for discussion by the Authority members. Joe Reagan asked for clarification of a comment Sandra Frazier had raised at the last meeting, which involved the idea of addressing the claims made by some commentators in previous public comment periods that the Mississippi River Bridge precedent could be followed to “divide” the project. After getting clarification from Ms. Frazier of her intent in making this comment, Mr. Reagan asked Mr. Schultz if he could provide any insights based on his research into this matter. Mr. Schultz responded that there is an exception within Federal Highway’s guidance that could allow, under some circumstances, the scope of work described in a Record of Decision (ROD) for a Major Project to be divided into multiple projects that correspond to “operationally independent” phases of work and that are to be built “non-concurrently.” Mr. Schultz stated that, while it was worthwhile to investigate this issue, he had researched the matter and had concluded that taking such an approach in the Ohio River Bridges project would appear to be unwarranted, based both on this project’s particular circumstances—which

make it distinguishable in several key ways from the New Mississippi River Bridge precedent—and on some adverse consequences that could result if such a route were pursued. Among other things, he pointed out that, in the case of the New Mississippi River Bridge project, a determination had been made that sufficient funding was not available to cover the full NEPA-defined scope of work. In contrast, in the case of this project, a financial demonstration has recently been delivered to KIPDA indicating funding sources and levels that can be reasonably expected to be available to cover the entire project when they are needed. In addition, unlike the New Mississippi River Bridge experience, which resulted from a compromise between the two state sponsors who could not reach agreement on a mutually-acceptable approach, there is an unprecedented level of cooperation between the state sponsors in support of this project, of which the creation of the Authority is but one example. There are also significant issues around whether a case can even be made that the different components of the Ohio River Bridges project fit within the intent of the FHWA guidance in terms of being “operationally independent phases” that can be built “non-concurrently.” In addition, there are impractical consequences for dividing this project because, among other things, building only a portion of it would not fulfill many aspects of the purpose and need outlined in the Record of Decision, such as safety, congestion relief, and enhanced cross-river mobility needs centered on the downtown Louisville portions of the project. There could also be the potential for adverse financial consequences to the states if they were required to repay federal funds that had been expended on any uncompleted portions of the project.

Mr. Reagan reminded the members that dividing the scope of the project would be counter to the mandate given to the Authority by the Governors of Indiana and Kentucky to build the project, while the adoption of the strategic objectives by the Authority would meet that mandate. David Tharp then made a motion that the strategic objectives be approved, which was seconded by Jerry Finn, and the strategic objectives were thereupon unanimously adopted by vote of the Authority.

5. New Business

a. *Adoption of Authority Committee Structure.* Mr. Schultz then informed the members that the By-Laws of the Authority provide for the

formation of committees for the efficient conduct of its business, which includes the implementation of the strategic objectives approved at this meeting. For those reasons, he recommended, following consultations with the Chair—the creation of three committees—an Oversight Committee chaired by Pat Byrne, an Outreach Committee chaired by Sandra Frazier, and a Finance and Construction Planning Committee chaired by Kerry Stemler. Authority members would be contacted by the committee chairmen in the coming week to serve on a committee, meetings of which will be held in compliance the open door laws as required by the By-Laws and applicable state law.

Chairman Buddeke directed the members to a resolution that had been prepared for the purpose of creating the committees and provided in the meeting materials. Following a brief discussion and upon motion duly made and seconded, the resolution to create the three committees was unanimously adopted. A copy of that resolution is attached to these minutes as Exhibit A.

b. *All Electronic Tolling - Collection and Enforcement.* Next, Mr. Ed Crooks of KPMG was invited to make a presentation on electronic tolling collection (ETC). Mr. Crooks explained that ETC was first introduced in Norway about twenty years ago and is now in use today on approximately ninety-four interstate and bridge systems in the United States. Typical collection systems involve electronic tags, transponders and cameras (video image capture). Expected benefits from ETC are increased throughput, improved convenience, less congestion, enhanced safety and reduced emissions.

There are a number of ETC challenges, however. One set of such challenges includes operational issues such the need to manage and maintain hardware/software equipment through all types of weather conditions, requiring additional investment over time. Another set of challenges involves special enforcement efforts, such as data sharing of vehicle identification information across jurisdictions. One industry survey indicates that rates that measure unpaid tolls arising from unbilled tolls or toll evaders who avoid payment—sometimes referred to as “leakage rates” – range from 1% to 8%. Historical data indicates, however, that leakage rates tend to decrease over time as the traveling public becomes more familiar with ETC systems, as transponder usage increases and technology improves,

as enforcement provisions take hold, and as management of tolling collection and enforcement gains more experience.

6. Upcoming Meeting Dates

Chairman Buddeke stated that the next meeting of the Authority will be held on Thursday October 7, 2010 and will be scheduled in the evening to accommodate members of the public who cannot attend a meeting during the workday. It will be a business meeting open to the public; however, public comments will not be part of the agenda for this meeting. The public will have an opportunity to share comments at future information sessions to be held later in the year. The location and details of these meetings have not yet been determined but will be announced at a later time.

7. Public Comments

The members of the Authority then heard comments from the public who expressed views both in favor of and opposed to the bridges project. Secretary Sandra Frazier invited those speakers who had signed up to make their public comments. David Wilmuth, Mayor of Elizabethtown, Kentucky, noted that alternative funding sources should be considered for the bridges project, which should be built now. Pete Curvis was not convinced the project should be built all at once. Stewart Noland said divide the project because the public does not support tolling. John Hartman supported mass transit because of environmental concerns. Paul Fetter supported the bridge project but not tolling. Chuck Moore favored the bridges project because of safety concerns and economic development. Roger Baylor opposed the project and tolling. Jackie Green believed that congestion relief and economic development can be achieved by regional public transit without new bridges. Jeff Gillenwater said the East End bridge is needed but he is against the rest of the project. Matt Nash said the City of New Albany passed a resolution opposing tolls on the bridges. Martina Kalicky supported mass transit for the community instead of the bridge project. Curt Morrison was against tolls but favored an affordable project. Alan DeLisle supported a review of all financial options for both bridges, which would strengthen the downtown economy.

8. Adjournment

Upon motion duly made and seconded, the meeting was then adjourned at 12:10 p.m.

Respectfully submitted,

Sandra Frazier, Secretary

**RESOLUTION OF
THE LOUISVILLE AND SOUTHERN INDIANA BRIDGES AUTHORITY**

September 2, 2010

WHEREAS, the members of the Louisville and Southern Indiana Bridges Authority (the "Authority") deem it to be in the best interests of the Authority and consistent with its mission and purpose to create three committees of the Authority from among its membership, each charged with facilitating the efficient and expedient conduct of the Authority's business:

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Article III, Section 4 of the Bylaws of the Authority, three committees of the Authority are hereby established, as follows:

- Oversight Committee, which shall be responsible for supporting the initiatives, programs, processes and projects related to the Authority's objective of building itself into an effective, long-term project sponsor for the Louisville-Southern Indiana Ohio River Bridges Project (the "Project"), and for conducting such other activities as may be directed from time to time by the Chair in consultation with the Co-Chair.
- Outreach Committee, which shall be responsible for supporting the initiatives, programs, processes and projects related to the Authority's objective of delivering the expected benefits of the Project, including through the development and implementation of effective communication and outreach efforts to share information about those benefits with stakeholders and the public, and for conducting such other activities as may be directed from time to time by the Chair in consultation with the Co-Chair.
- Finance and Construction Planning Committee, which shall be responsible for supporting the initiatives, programs, processes and projects related to the Authority's objectives of (i) executing a financial plan for the Project that is fair, sound and doable and (ii) managing risks to realize long-term Project benefits, and for conducting such other activities as may be directed from time to time by the Chair in consultation with the Co-Chair.

BE IT FURTHER RESOLVED, that Pat Byrne, Sandra Frazier and Kerry Stemler shall serve as the chairs of the Oversight, Outreach, and Finance and Construction Planning Committees, respectively, until, in each case, his or her successor is duly appointed by the Chair of the Authority and qualified; and

BE IT FURTHER RESOLVED, that each Committee shall be composed of no less than three and not more than six members, with the remaining members of each Committee being appointed by the Chair of the Authority in consultation with the Co-Chair; and

BE IT FURTHER RESOLVED, that the members of each Committee shall serve on such Committee at the discretion of the Chair and the Co-Chair for the duration of his or her service on the Authority (or until appointed to another Committee of the Authority or until his or her successor is duly appointed and qualified); and

BE IT FURTHER RESOLVED, that the Chair and the Executive Director of the Authority or their respective designees shall be *ex officio*, non-voting members of each Committee; and

BE IT FURTHER RESOLVED, that all meetings of each Committee shall be subject to the requirements of applicable open meetings laws, as set forth in Article III, Section 5 of the Authority's Bylaws, with each such meeting being called by the Committee chair and taking place at a place and time set forth in the notice of the meeting; and

BE IT FURTHER RESOLVED, that a majority of the members of each Committee shall comprise a quorum; and

BE IT FURTHER RESOLVED, that each Committee shall have the authority to make and alter rules for its own governance and procedures, with general oversight by the Authority for consistency and compliance with applicable requirements of law and the Bylaws.