

LOUISVILLE AND SOUTHERN INDIANA BRIDGES AUTHORITY

Indiana University Southeast Campus
University Center North, Lower Level Hoosier Room
4201 Grant Line Road
New Albany, Indiana
January 6, 2011
10:00 a.m. EST

1. Welcoming Remarks

Vice Chairman Kerry Stemler welcomed everyone to the meeting of the Authority. He thanked Chancellor Sandra Patterson-Randle and Indiana University Southeast for hosting this meeting on the IUS campus. Chancellor Patterson-Randle stated that she was proud to be part of this unique educational institution, which has a growing student population from both Indiana and Kentucky. She expressed hope that the Authority's work on the bridges project will be successful, since the bridges are so important to the local region.

2. Call to Order/ Roll Call

Chairman Charles Buddeke called the meeting to order and 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, Kerry Stemler, Joe Reagan, Pete King, Pat Byrne, Jerry Finn, Ben Richmond, Diane Fischer, David Tharp, Lisa Kobe, Luther Deaton, Jamie Fiepkke and Sandra Frazier. Charles Moyer was absent. Chairman Buddeke declared that a quorum was present for conducting the meeting and stated that notice of the meeting and the agenda had been properly posted in accordance with the open meeting laws.

3. Approval of Minutes

The minutes of the Authority's December 9, 2010 meeting had been previously distributed to each member. Upon motion made by Ben Richmond and seconded by Luther Deaton, the minutes were unanimously approved in the form submitted.

4. Executive Director's Report

Steve Schultz, Executive Director, delivered his report to the Authority. Mr. Schultz briefly reflected on the progress made over the past eleven months since the Authority's initial meeting, noting that we enter the new year with significant

momentum. Mr. Schultz reported that the Update to the Initial Financial Plan had been delivered on schedule to Federal Highways, well before the year-end deadline imposed by the Kentucky budget.

He then shared some perspectives on the announcement by Governor Beshear, Governor Daniels and Mayor Fischer earlier in the week, which had recommended that a number of cost-saving design adjustments for the project be explored. Mr. Schultz observed that this recommendation provides direct guidance on an important issue that is central to the Authority's strategic objective of delivering a financial plan that is fair, sound and doable, noting that cost reductions are a key part of that strategy. He also noted that the announcement included an endorsement of the Authority's targets for keeping tolls as low as possible and meeting a target of August 2012 as the start date for construction, as well as providing clarity on the tolling scenarios that the Authority should consider. Mr. Schultz shared how the potential for a significant reduction in costs tends to create a positive spiraling effect on the Authority's planning efforts: a reduced overall project cost leads to a decreased overall funding need, which in turn translates into a lower amount of toll-based revenue required, which in turn results in lower tolls. He also observed that a lower toll rate on the project bridges lessens the expected impact on traffic diversion to toll-free facilities, which will be a matter for consideration in the additional work that will be required under NEPA, as discussed at previous meetings.

Mr. Schultz shared that the Governors' and the Mayor's announcement was also an important validation of the Authority's efforts with the state sponsors and the Kentucky Public Transportation Infrastructure Authority on the updated financial plan, which brought current the financial picture for the project and, in doing so, highlighted the need to reduce costs and accelerate the construction timetable. He observed that this point leads to the final aspect of their announcement, which involved their request that the Authority and the state sponsors move forward with the idea of hosting an Industry Forum. Mr. Schultz reminded the members that this idea had emerged out of the Finance and Construction Planning Committee in November and had been the topic of some preliminary discussions with the state sponsors since then.

Mr. Schultz provided an update on several other initiatives, walking through each of them in the context of the four strategic objectives. He reported that Angela Nichols had accepted the new executive assistant position and had started work that week.

Mr. Schultz noted that the Authority members had been provided with a copy of the Governors' and the Mayor's announcement, which had recommended the exploration of three cost-saving design adjustments:

- rebuilding the Kennedy Interchange in the existing location rather than moving it to the south of that location;
- reducing the East End bridge, roadway and tunnel from six lanes to four lanes, with the option to add two lanes later if traffic demand warrants;
- removing the proposed pedestrian and bike path from the design of the new downtown I-65 bridge (in light of the progress on the Big Four Bridge pedestrian walkway and bike path project nearby).

Mr. Schultz then invited project managers Gary Valentine and Paul Boone, along with John Sacksteder of Community Transportation Solutions, the project's general engineering consultant, to answer questions from the Authority about the impact of the Governors' and the Mayor's announcement on the project, including the additional work under NEPA that was expected to commence soon.

Sandra Frazier asked how the design adjustments described in the announcement would impact the record of decision (ROD). Mr. Valentine replied that, as has been discussed at previous meetings, a re-evaluation under NEPA was already going to be required to evaluate the impacts of tolling and the passage of time since the ROD was first issued. The cost-saving measures described in the announcement will also be evaluated in this context.

Mr. Fiepke raised a question about whether the expected safety features would be retained in the Kennedy Interchange rebuild and in the proposed reduced width of the East End Bridge. Mr. Valentine and Mr. Sacksteder emphasized that safety would not be compromised due to these measures, explaining that sufficient room for adequate emergency lanes would be still be retained in the East End sections. In the Kennedy Interchange, the ramp weaves will also be addressed with the proposed reconstruction.

In response to a question from Lisa Kobe, Mr. Valentine confirmed that the construction modifications would not be expected to change the project schedule, noting that any cost-saving design changes that would lengthen the NEPA process or the timetable for completion of the project would not be viewed favorably by the project sponsors, given the significant costs associated with the impact of

inflation over time. Pat Byrne wanted to know if the changes would “redefine” the project. Mr. Valentine explained that these adjustments would not be considered to redefine the project, because they would not change the Purpose and Need outlined in the ROD.

In response to a question from Kerry Stemler about coordination with FHWA, Mr. Valentine further explained how the NEPA process, in which the impact of the proposed design adjustments would be considered and evaluated, is fundamentally a FHWA process, involving close cooperation among all members of the bi-state management team.

Mr. Fiepke then asked whether FHWA had responded to the question of which bridges could be tolled. Mr. Schultz stated that no reply had yet been received, although dialogue continues with FHWA on this issue. He also noted that the strong preference expressed by the Governors and Mayor Fischer in their recent announcement had given helpful clarity to this issue from the project team’s perspective.

Mr. Buddeke noted that, in addition to the cost-saving design changes, there is significant opportunity for cost savings through schedule compression. He reminded the Authority of the estimate that potential savings from accelerating the construction schedule could be as much as \$10 million per month, so it was important to move ahead as quickly as possible.

5. New Business

Mr. Stemler then discussed the upcoming Industry Forum, which will be co-hosted by the Authority, KYTC and INDOT at the request of the Governors. Expressing appreciation for the leadership of the Governors and Mayor Fischer, Mr. Stemler noted that their announcement covered six points that tied to the work of the Finance & Construction Planning Committee: (1) support for the target of starting construction in August 2012, (2) support for the effort to minimize tolls by setting a target for frequent user rate in the \$1dollar range, (3) the request to move forward with the Industry Forum, (4) the emphasis on exploring innovative project delivery models, (5) the pursuit of cost savings through value engineering and (6) the emphasis on the critical issue of speed.

Noting the opportunity that the Industry Forum will provide for market outreach, Mr. Richmond reiterated the importance of the Authority’s Policy on Inclusion, which recognizes the potential of the project to create many opportunities for

employment, contracting and workforce development for the diverse populations of both states and the community. He described his expectation to continue working with the state sponsors' DBE coordination teams on exploring innovative ideas and best practices for inclusion, consistent with requirements for federal highway projects. While the KFC Yum Center was not a federal project, Mr. Richmond described the approach taken on that project, which exemplifies the type of creative inclusion initiatives that could be considered.

Next, Mr. Schultz explained that preliminary arrangements had already been made to schedule the Industry Forum on February 16 and 17, 2011 at the Kentucky International Convention Center. He then invited Ed Crooks of KPMG to make a presentation on the Industry Forum based on plans to date.

Mr. Crooks explained that the targeted attendees would include a broad range of participants representing many industry segments, including contractors, investors, engineering and design firms, equipment and material suppliers, operators and technology providers. The event format for the first day would focus on delivering the latest information about the project, including a project display area featuring interaction between project staff members and attendees, welcoming remarks and informational meetings. The second day's format would include sessions with major industry players to explore innovative concepts, networking opportunities, and site visits. A display area would also be made available for participants who wanted to share information about themselves and their services. Logistics would include advance registration arrangements and facilities preparation. There would be no charge for attending the event. The event would be promoted through notices and announcements with local newspapers, national and global publications, KYTC and INDOT contract procurement channels, and outreach through existing relationships with industry contacts. Mr. Crooks noted that, based on informal feedback from the market soundings KPMG has conducted to date, interest in the project appears to be very strong, which provides an indication that the Industry Forum could see a good turnout—even on short notice.

Following a short break, Mr. Richmond inquired about the role of a lead sponsor in construction of the project. Mr. Schultz responded that market feedback strongly suggests the need for a single project sponsor to serve as the contracting vehicle for the project. While the Authority has been proceeding on the assumption, as its strategy suggests, that it will serve that role, this issue hinges on the approval by KPTIA of the Authority's ultimate financial plan, as well as the manner in which the resulting Development Agreement will define the ongoing role of the Authority. That agreement, which is required by the enabling statute, will define

the roles and responsibilities of the various state agencies that need to be involved in the project. Mr. Schultz explained that he will be working with the state sponsors and KPTIA representatives in the coming months to identify the issues to be addressed in the Development Agreement and to clarify those likely roles and responsibilities. In the meantime, the assumption should be that the Authority will have a role in project delivery and oversight even after the approval of the ultimate financial plan.

6. Future Meetings

Mr. Schultz then reminded the Authority of the need to schedule future regular meetings, at least on a quarterly basis in accordance with the bylaws. He recommended extending the current schedule of quarterly meetings to October 2012. In keeping with past practice, those meetings would generally occur on the first Thursday of each calendar quarter, as follows: April 7th, July 7th and October 6th of 2011; and January 5th, April 5th, July 12th and October 4th of 2012. Mr. Buddeke then asked for motion to approve these dates. Mr. Deaton made a motion to approve the meeting dates which was seconded and unanimously approved. Mr. Schultz will work with Pat Byrne on the possibility of having an Oversight Committee meeting at some point prior to the Authority's next quarterly meeting on April 7, 2011, largely to focus on the strategic objective of building the Authority into an effective long-term project sponsor. He will also consult with Sandra Frazier on scheduling the first Outreach Committee meeting—perhaps for the same day as the April 7th meeting. The Finance and Construction Planning Committee meeting will be scheduled for the latter part of March, 2011.

Mr. Stemler encouraged all members to attend the Industry Forum.

Mr. Buddeke noted that the Authority would take official notice, consistent with past practice, of the following: (a) a resolution of the Clark County and Floyd County Convention and Tourism Bureau, which expressed in opposition to bridge tolls, (b) a letter from the Regional Leadership Coalition supporting the need for the bridge project, and (c) a letter from Barry Barker, the executive director of TARC, urging consideration of improved cross-river bus service transportation as an element of the project.

7. Adjournment

Upon motion duly made and seconded, the meeting was adjourned at 11:35 am.

Respectfully submitted,

Sandra Frazier, Secretary