

LOUISVILLE AND SOUTHERN INDIANA BRIDGES AUTHORITY

Kentucky International Convention Center, Room 112
4th and Market Streets
Louisville, Kentucky 40202 (Location A)
and
Louisville Waterfront Park (Location B)

April 7, 2011, 10:00 a.m.

1. Welcoming Remarks

Authority Chair Charles Buddeke welcomed everyone to the meeting. He then introduced Mike Kimmel, Vice President of Louisville Waterfront Park. Mr. Kimmel began by welcoming everyone to the meeting. He spoke briefly about the benefits of the Bridges Project, referring to it as a win-win situation for the states and an opportunity of great promise for the area. Mr. Kimmel also provided advance directions to the Lincoln Parking Lot at the Waterfront Park for those who planned to attend the second portion of the meeting at that location.

2. Call to Order / Roll Call

Mr. Buddeke proceeded to call the meeting to order, noting that the meeting had been called and was being held in accordance with open meeting laws, with due notice given and posted. Mr. Buddeke then 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, Pat Byrne, Luther Deaton, Jamie Fiepke, Jerry Finn, Lisa Kobe, Charles Moyer, Ben Richmond, Kerry Stemler and Sandra Frazier. Diane Fischer, Pete King, Joe Reagan and David Tharp* were absent. Mr. Buddeke declared that a quorum was present for conducting the meeting. (*As noted below, David Tharp was initially counted as absent but later joined the meeting while it was in progress.)

3. Approval of Minutes

The minutes of both the Authority's December 16, 2010 and January 6, 2011 meetings had been previously distributed to each member. Upon motion made and seconded, the minutes for both meetings were unanimously approved in the forms submitted.

4. Executive Director's Report

Steve Schultz, Executive Director, delivered his report to the Authority. Mr. Schultz noted that the Authority has continued to make good progress on each of the four strategic objectives. In the interest of time, Mr. Schultz focused his update on activities under objectives #1 (building the Authority into an effective long-term project sponsor) and #4 (delivering on the expected project benefits).

Mr. Schultz has been discussing with the state sponsors and Federal Highways the circumstances under which a project authority may become eligible to receive and expend federal funds in its own right. Since "direct recipient" status is typically reserved for state transportation agencies, the more common approach for a project-specific authority is to become a "sub-recipient" of federal funds. In such a case, federal funding flows through the state agency, but is then made available for the project authority's use in its capacity as an eligible "sub-recipient." This is a common practice, for example, in the case of municipalities (often referred to as "local public agencies" in this context) that are using federal funds to help pay for local transportation projects.

Mr. Schultz noted that he would be developing a plan for sub-recipient status in consultation with Pat Byrne, the Authority's treasurer and the chair of its Oversight Committee. He noted that the INDOT and FHWA staffs have been helpful in framing out the steps that the Authority would need to take in order to become an eligible sub-recipient. Mr. Schultz then provided a brief overview of what would be required in that process, including the necessary documentation to establish agreed-upon funding processes, as well as a demonstration of: (i) adequate staffing to deliver the project; (ii) sufficient financial controls to manage, track, and account for federal funds; and (iii) a clear statement of work and a project-specific objective. He noted that the "adequate staffing" criterion could be met through staff support provided by the state sponsors or via direct hires, with the alternatives ultimately being dependent upon the type of delivery model that is selected for the project. Additional federal requirements that may apply to the Authority as a sub-recipient are still being evaluated. As the Authority draws closer to the selection of a delivery models, a business case will be submitted to the state sponsors for their consideration that sets forth the Authority's proposed approach to sub-recipient status.

Mr. Schultz then provided an update on strategic objective #4. He noted that a key to the objective of delivering the project's expected benefits, as is the case with all strategic objectives, is data gathering. He observed that the benefits of the project have been identified since well before the Authority's creation, so there is already a general awareness of the benefits the project is expected to deliver. In fact, this awareness is what informed the articulation of this objective #4 during the strategy development process. A concerted data gathering effort on the expected benefits would help the Authority create and advance initiatives designed to help achieve those benefits and measure progress toward realizing them. A better understanding of the project's economic impact on the region would be one area of particular focus.

Mr. Schultz then requested the concurrence of the Authority with a recommendation that Sandra Frazier, as chair of the Outreach Committee, lead the effort to identify and assess (i) what information may eventually be needed to examine the economic effects of the project, (ii) what specific project activities may be involved in generating this information, and (iii) what study methodologies might be followed in order to meet those needs. He also noted that it would be helpful in this process to identify any resources that the Authority might be able to bring to bear to meet the needs, both in terms of expertise and funding. He noted that this kind of an exercise would not only benefit the Authority in defining the project benefits, but it also may eventually be required to comply with certain statutory requirements related to project development or procurement. For example, if a public-private partnership were ultimately to be selected as the project delivery model, Indiana law would require the completion of an economic impact study. The idea now is to begin to scope out and align the needs, the resources and the potential process requirements, so that the approach to any resulting study could be taken in the most efficient way. He stated that he and Sandra would discuss a possible methodology for this process, in consultation with the state sponsors, and bring a report back to the Authority.

Mr. Buddeke asked if there were any questions. Authority Co-Chair Kerry Stemler shared his belief that this was an excellent idea and one that would be important to pursue. He asked if this process would look at both the short- and long-term project benefits. Mr. Schultz responded in the affirmative, noting that such an approach would be consistent with the Authority's commitment to fact-based

decision-making. He noted that care would be taken to ensure that any study would have independence. In addition, depending on the parameters of a given study requirement, it would consider both positive and potentially negative impacts. With the concurrence of the Authority, Mr. Schultz and Ms. Frazier will move forward with the data gathering assessment.

Mr. Schultz concluded by observing that the Authority is currently on track with regard to various work streams identified at previous meetings.

Chairman Buddeke then asked if anyone had any further questions or comments on the Executive Officer's report. Hearing none, he requested that the minutes reflect that Authority member David Tharp had arrived and was joining the meeting in progress.

5. Finance & Construction Planning Committee Chair's Report

Charles Buddeke then asked Kerry Stemler to provide the Finance and Construction Planning Committee Chair's report. Mr. Stemler thanked the members of the Committee and other members of the Authority who had attended the Committee's meeting the previous week. Mr. Stemler observed that the Authority has continued to reach each milestone that has been set before it, and it is the objective of the Finance and Construction Planning Committee to ensure the Authority stays on track.

Mr. Stemler then recounted the highlights of the Committee meeting, beginning with a summary of his report on the Industry Forum held in mid-February. Mr. Stemler observed that the Forum had been very successful on many fronts. He noted that the opening comments from Governor Daniels, Governor Beshear and Mayor Fischer set the perfect tone for the focus on partnership, teamwork and innovation that the Forum was intended to promote. Based on consistent feedback expressed by many conference participants, this tone was clearly felt by those who were in attendance. The presence and remarks of these leaders clearly evidenced the strong commitment and spirit of cooperation that exists among the states and Metro Louisville in working toward the delivery of this hallmark project. Approximately 900 individuals had pre-registered for the event, which clearly served its purpose of both delivering the latest information on the project and providing opportunities for interaction with the private sector.

Mr. Stemler noted that several major contractors, developers and investors were among those in attendance, including 6 of the top 10 U.S. contractors (based on 2010 Engineering News-Record rankings). He described the one-on-one meetings that had been held with 8 large developer/concession/construction groups for the purpose of sharing ideas about approaches to project delivery, noting that additional meetings (requests for which were over-subscribed at the time of the Forum) were scheduled to be held over the next two days. Among the key takeaways from these meetings have been (1) consistent industry observations about the need for a single project owner, fully empowered by both states to deliver the project, (2) the ability of the private sector to move much more quickly and compress the schedule under an innovative delivery model (compared to the traditional design-bid-build approach that has been used for planning purposes to date), (3) a heavy preference by industry for responding to performance targets rather than detailed design specifications, thus affording greater opportunities for innovation, and, finally (4) the existence of tremendous market capacity and appetite for this project at present. Mr. Stemler also relayed the need—consistently reiterated by the large developers—for strong engagement from local businesses and the construction community, as well as the significant need for local talent and resources to complete a project of this magnitude. It is clear that even under an innovative approach, local, regional and DBE businesses will play a key role in project delivery.

Mr. Stemler then briefly summarized other agenda items covered at the Finance and Construction Planning Committee meeting, including the continued work by the project team on exploring the cost-saving design adjustments, the submission, consistent with past practice, of a TIFIA Letter of Interest for fiscal year 2011, and an update by Tamar Henkin on the current federal funding landscape. Mr. Stemler then turned to Mr. Schultz to summarize the balance of the items covered at the Committee meeting.

First, however, Mr. Buddeke asked the Authority for questions on the material Mr. Stemler had just summarized. He also reiterated a point that Mr. Stemler had referred to in his summary, stating that it is important to bear in mind that the TIFIA program only provides a *financing* mechanism and does not provide an additional stand-alone source of funding for the project.

Mr. Schultz next covered the remaining highlights of the Committee meeting, first describing an update on the time-of-day travel demand model. He shared that the model, which had been completed on schedule, is operational and is currently dedicated to generating inputs for the SEIS process. Eventually it will be a very useful tool for revenue forecasting, conducting a value-for-money analysis of possible delivery options, building a financial model, and developing a tolling policy. Mr. Schultz noted that Tim Wilschetz and Ed Crooks of KPMG had provided the Committee with an overview of the value-for-money analysis and other modeling considerations that will be involved in the evaluation of potential options for project delivery. More information on this analysis of options will be provided at the next meeting.

Finally, Mr. Schultz summarized the presentation he had given to the Committee on public-private partnership (P3) considerations, framing his discussion around a description of what P3's are, what they are not, why they are done, and how they are done. He then briefly revisited the nature and purpose of a value-for-money analysis, which he reminded the Authority had been introduced as a concept at the October 2010 meeting. Mr. Schultz explained that this analysis essentially involves a comparative process that evaluates the potential relative value afforded by given alternative delivery models (entailing varying degrees of private sector risk transfer), as compared to the fully risk-adjusted lifecycle cost estimate for a project under a traditional design-bid-build approach. In this exercise, the latter is used as a common baseline and is frequently referred to as the "public sector comparator."

6. NEPA Overview

Mr. Schultz then provided an overview on the current status of the Supplemental Environmental Impact Statement (SEIS) process. He observed that this overview is a summary of the progress report provided the previous week to the Finance and Construction Planning Committee by Gary Valentine and Tim Hagerty, neither of whom could attend this meeting. (He shared that Gary Valentine, project manager for KYTC, has been tasked with serving as NEPA coordinator for the Bi-State Management Team, while Tim Hagerty serves as NEPA counsel for KYTC.) Mr. Schultz noted that the SEIS process continues to be characterized by close collaboration among the states and FHWA. He also relayed Mr. Valentine's

observation that the process is currently on track and is moving forward at a good pace.

Mr. Schultz relayed to the Authority what Tim Hagerty had referred to at the previous week's Committee meeting as "NEPA 101." Mr. Schultz reminded the Authority that NEPA stands for the National Environmental Policy Act. As Mr. Hagerty had explained to the Committee, NEPA is a statute designed to promote good decision-making, and it can be referred to a "stop, look and listen" statute for federal agencies as they consider funding and policy decisions. It is a procedural statute, rather than a substantive one. That is, it does not dictate any particular results, but rather requires a process of evaluating multiple alternatives so that decision-makers can understand the consequences of their decisions, and so that the public is given an opportunity to understand them, as well.

Mr. Schultz stated that the SEIS process had been kicked off by FHWA's filing of a Notice of Intent in February 2011. The Notice of Intent identified several key factors for evaluation in the SEIS process: the proposed cost-saving design modifications announced by the Governors and the Mayor in January, the introduction of tolling to the project, and any impacts associated with the passage of time since the original Record of Decision.

Mr. Schultz then recapped the milestones that would be met in the SEIS process, including the identification and screening of alternatives to be evaluated, the preparation of a draft SEIS, the issuance of a final SEIS, and, eventually, an amended Record of Decision. Mr. Schultz also relayed Mr. Hagerty's description of the public and agency involvement activities that would be a key feature of the SEIS process.

Mr. Schultz noted that the opportunity for public involvement is one of the hallmarks of the NEPA process. He pointed out that the public meetings involved in the process would be held in numerous locations and at various times of day, including evenings. Although the Bi-State Management team is coordinating the SEIS process with FHWA, the Authority is encouraged to follow the SEIS activities and participate in a supporting role, including by attending these meetings. He called the Authority's attention to a copy of the press release that had just been issued by the project team announcing the commencement of the

public involvement process, with meetings to take place in the month of June. He concluded by sharing Mr. Hagerty's description of other components that will be addressed as part of the NEPA process, including Section 106 historic consultations, KIPDA planning processes, air quality issues, and permitting requirements.

Mr. Buddeke thanked Mr. Schultz for the overview and reiterated the commitment of the Authority and the state sponsors to following all applicable laws and regulations governing the NEPA process.

7. Future Meetings

Mr. Buddeke announced that the next Authority meeting would be the regular quarterly meeting scheduled for July 7th.

Mr. Buddeke next called for a motion to recess, which was made, seconded and carried. The Authority was then asked to reconvene at Waterfront Park, the second location for today's meeting, in order to receive an overview and update on plans for the Big Four bridge pedestrian pathway project.

8. Big Four Bridge Project—Overview and Update

Following a brief recess that enabled members and the public to gather at the Waterfront Park location, Chairman Buddeke reconvened the meeting. He expressed thanks to those who had been involved in and who had supported the development of the Waterfront Park, noting its tremendous value as an asset to the community. He then invited project managers John Sacksteder (CTS), Paul Boone (INDOT) and Andy Barber (KYTC) to discuss the plans to complete the Big Four Bridge improvements.

Mr. Sacksteder and Mr. Boone explained that KYTC and INDOT have committed \$8 million to finish construction of a pedestrian and bike path on the Big Four Bridge during the 2012-2013 timeframe. The pedestrian and bike functionality that will be afforded by the Big Four Bridge project supports the rationale behind one of the cost-saving design adjustments recommended by the Governors and the Mayor in January for the Ohio River Bridges Project— namely, the removal of the pedway feature from the new downtown bridge. Mr. Sacksteder noted, as Mr. Schultz had shared during the first part of today's meeting, that public comment on

this and the other proposed design changes will occur during public meetings to be held later in the year. Andy Barber noted that KYTC had already contributed \$12 million to improvements made on the Kentucky side of the bridge.

Next, David Karem, the Executive Director of Waterfront Park, addressed the gathering and described the Waterfront Park's perspective on the Big Four Bridge project. Among other things, he described the repairs that will be made to the bridge deck during 2011-2012.

Upon the conclusion of the Big Four Bridge presentations, Mr. Buddeke thanked everyone in attendance for taking the time to attend this portion of the meeting, noting that the setting and the weather conditions had served the occasion perfectly.

9. Adjournment

Upon motion duly made, seconded, and carried, the meeting was adjourned at the Waterfront Park location at approximately 11:30 a.m.

Respectfully submitted,

Sandra Frazier, Secretary