



ALAMORMA
Alamo Regional Mobility Authority
"Moving people faster"

BOARD MEETING
Wednesday, February 24, 2016 11:30 a.m.
Paul Elizondo Tower – 10th Floor
101 West Nueva Street
San Antonio, Texas 78205

Minutes

1. Call meeting to order.

Vice Chairman Gavino Ramos called the meeting to order at 11:44 a.m. Members present: Gavino Ramos, Baltazar Serna, John Montford, Ramiro Cavazos, David Starr, and John Clamp who arrived during the meeting. Members absent: Lou Miller.

2. Approval of minutes from the Regular Board of Directors Meeting of January 28, 2016.

A motion was presented by D. Starr, seconded by R. Cavazos, which motion was voted on as follows: D. Starr, R. Cavazos, G. Ramos, B. Serna, Jr., and J. Montford voting "Aye". The motion was approved.

Gavino Ramos requested to suspend regular order of business and consider agenda item 6 at this time.

6. Discussion and appropriate action regarding the selection of Senior Manager(s) for the issuance of Vehicle Registration Fee Revenue Bonds, Series 2016.

At the January 28, 2016 Board meeting, the Board members approved the members of the Underwriting Syndicate as follows:

- Citigroup Global Markets
- Bank of America Merrill Lynch
- Morgan Stanley & Co.
- Siebert Brandford Shank & Co.

The four members of the Underwriting Syndicate for the Vehicle Registration Fee Revenue Bonds, Series 2016, in the order above provided presentations outlining their respective qualifications to serve as Senior Manager(s) for the issuance of the Bonds.

Response by D. Smith: Today's briefing on the potential structure and size of the deal is informational. You will make decisions after the underwriters are on board and able to fully engage. You won't be deciding how much to issue yet nor will you be deciding junior lien or senior lien but the financial advisors will give you a briefing on what the issues are so that when we next meet you will be able to make those kind of decisions.

Chairman John Clamp arrived and began to preside over the meeting.

Question by J. Montford: Is there any cost factor to us as having two Co-Senior Managers?

Response by Don Gonzales (Estrada & Hinojosa): No sir, the way it will work is the one Senior Manager will be the book runner for the transaction and the Co-Senior will serve in more of the Senior role than the Co-Managers. If there is 100% to allocate between the four firms you could

say the Senior will get not less than 40% and no more than 60%, for example they get 50%, the Co-Senior gets 25% and the balance of the 25% will be split between the other two firms.

Question by J. Montford: What is the best practice? It looks like you should have one chief.

Response by Don Gonzales (Estrada & Hinojosa): The value of having a Co-Senior is that they will play a greater role than if they were a Co-Manager in terms of their participation and involvement as we develop the transaction. Right now we anticipate going into the market in May so between March and April if they were a Co-Manager more than likely they would probably have a limited involvement.

Question by J. Montford: Does the decision of having the subordinate class have to be made now or can it be made later on?

Response by Don Gonzales (Estrada & Hinojosa): It can be made later.

Question by J. Clamp: Who decides the percent of Co-Senior? Is it 50/50%? Is it a later decision? I want that to be very clear for the board.

Response by Don. Gonzales (Estrada & Hinojosa): It's typically a decision that is reached probably about a week or two before we actually go into the market. It gives you a chance to observe how much work they continue to put into it. If you tell them right now what it is some may already make a pre-determined decision as to how much effort they will put in between now and the time we go into the market. Typically you might be in the neighborhood of 45-50% for the Senior, 30% for the Co-Senior and split for the two Co-Managers or you can get to 70% and split 15/15% for each of the Co-Managers.

Question by R. Green: So the actual participation would be something we would need to agendize for board action say the month before?

Response by S. McCabe: At the next meeting in March part of that is bringing to the board a parameter order. The decision on allocation doesn't have to be made today or necessarily have to be a board decision. How we've historically done it at the County is in the parameter order we have delegated authority to David as the County Manager. That is something the board can do or they can agendize it.

Response by R. Cavazos: I think all four firms can do the job but what I like about Siebert is they have 20 years of experience, they are local, minority and women-owned. Since we are using Vehicle Registration Fees from Bexar County and they are the only local firm that's why I'd like for Siebert to be Co-Senior, Morgan Stanley as Senior Manager, Bank of America and Citigroup as Co-Managers.

A motion was presented by R. Cavazos, seconded by B. Serna, Jr, which motion was voted on as follows: R. Cavazos, B. Serna, Jr., and G. Ramos voting "Aye". D. Starr, J. Montford, and J. Clamp voting "Nay". The motion was not approved.

Question by B. Serna: Morgan Stanley had the best presentation and truly is the leader of this syndicate. I like their analysis but the reason I seconded Ramiro's motion for Siebert as Co-Senior Manager is I like the local and minority but I also like the Bexar County transaction. This is our first transaction but ever since RMA got folded into Bexar County this is a Bexar County transaction. I know that Siebert has a long history with Bexar County. I believe what Don said if we have a Co-Senior it adds more the competition which may yield a better price for us and our rate is important with the first issuance. David Smith, do you have any recommendations for this board?

Response by D. Smith: I have worked with all four of the firms and all have done good jobs for Bexar County so I don't think you could make a bad mistake but from a staff perspective I like to reward firms that do put work in at risks. My recommendation would be Morgan Stanley as at least one of the Seniors.

Response by D. Starr: All did a great job, but I don't like the flexibility that Siebert brought to the table, the subordinate bonds, the limitation on \$70 million, and they didn't have answers on the surety and it just didn't seem they were well prepared. I would like Morgan Stanley as Senior Manager, Citigroup as Co-Senior, Bank of America and Siebert as Co-Managers.

A motion was presented by D. Starr, seconded by J. Montford, which motion was voted on as follows: D. Starr, J. Montford, and J. Clamp voting "Aye". R. Cavazos, B. Serna, Jr., and G. Ramos voting "Nay". The motion was not approved.

Response by Brian Cassidy (Legal Counsel/Locke Lord): Suggests making a motion for Senior Manager only and revisit Co-Senior and Co-Managers the next meeting.

Response by D. Starr: I Motion to make Morgan Stanley Senior Manager and the rest Co-Managers.

Response by J. Clamp: Let us select a Senior Manager first.

A motion was presented by J. Montford to approve Morgan Stanley as Senior Manager, seconded by R. Cavazos, which motion was voted on as follows: D. Starr, J. Montford, J. Clamp, R. Cavazos, B. Serna, Jr., and G. Ramos voting "Aye". The motion was approved.

Response by J. Clamp: I will entertain a motion for Co-Senior next or a motion for everybody else to be Co-Managers.

A motion was presented by D. Starr to make the remaining three firms Co-Managers, seconded by J. Montford, which was voted on as follows: D. Starr, J. Montford, and J. Clamp voting "Aye". R. Cavazos, B. Serna, Jr., and G. Ramos voting "Nay". The motion was not approved.

A motion was presented by R. Cavazos for Siebert as Co-Senior Manager, seconded by B. Serna, Jr, which was voted on as follows: R. Cavazos, B. Serna, Jr., and G. Ramos voting "Aye". D. Starr, J. Clamp, and J. Montford voting "Nay". The motion was not approved.

Response by Brian Cassidy (Legal Counsel/Locke Lord): You can go forward with the Senior Manager and come back and revisit the issue of Co-Managers or Co-Seniors at the next meeting.

Response by D. Starr: I will switch my vote to Siebert as Co-Senior Manager if they can evidence that they will have local staff on a full time basis here in San Antonio.

Response by J. Montford: I would agree with that position but I would like some evidence.

Response by J. Clamp: We can hold that vote for another day. Today we have selection of our Senior Manager and we will agendize a vote next meeting for a Co-Senior and Co-Managers.

Response by J. Montford: I think in fairness we should hear from all three remaining firms about their local presence.

Response by J. Clamp: I'm ok with bringing them all back if they want to come back.

John Clamp requested to suspend regular order of business and consider agenda item 5 at this time.

5. Presentation and discussion regarding the proposed issuance of Vehicle Registration Fee Revenue Bonds, Series 2016.

The Alamo RMA's Financial Advisor (Estrada Hinojosa) and Bond Counsel (Bracewell & Giuliani) presented to the Board the proposed issuance of Vehicle Registration Fee Revenue Bonds, Series 2016. The presentation included for discussion information regarding:

- Information that will be provided to credit rating agencies in anticipation of the Series 2016 Bonds.

- Proposed lien structure of the Vehicle Registration Fee Revenue Bonds.
- Proposed Flow of Funds for the Vehicle Registration Fee Revenue Bonds.

Question by J. Clamp: What is our capacity?

Response by Don Gonzales (Estrada & Hinojosa): If we do just this depending on interest rate assumptions, structure and growth in the VRF probably anywhere from about \$200-230 million.

Question by J. Clamp: So we are about 30-40% of our capacity?

Response by Don Gonzales (Estrada & Hinojosa): Correct.

Response by D. Smith: Just to refresh, I know you all know this, you have \$280 million roughly of identified group projects. The first \$70 is money TxDOT needs to keep work on Loop 1604 going. That is the first money out the door. The analysis we will now be working with Morgan Stanley, Don and my staff is to bring you back options. If we issue more now, even though it is in advance of when we might actually need to write checks on, how much interest rate risk are we taking compared to waiting, issuing the money and not paying the debt service too early. It all ends up affecting future capacity. That's the type of analysis we'd be talking to you about in March.

3. Executive Director's Report.

This item was deferred.

4. Discussion regarding the new electronic filing requirement for submitting a Personal Financial Statement to the Texas Ethics Commission.

This item was deferred.

7. Citizens' Communications. (Citizens must sign the register to speak)

No citizens signed up to speak.

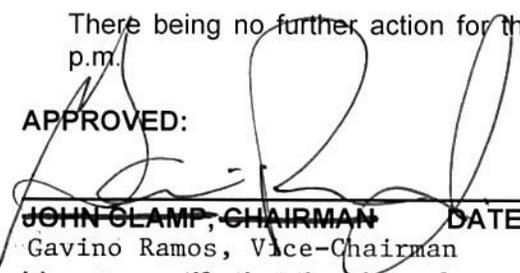
8. Executive Session - Pursuant to Chapter 551, Subchapter D, Texas Government Code.

Alamo RMA Board of Directors did not meet in Executive Session and no action was taken.

9. Adjournment.

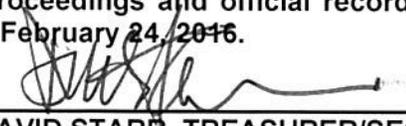
There being no further action for the Board, Chairman Clamp adjourned the meeting at 2:18 p.m.

APPROVED:



JOHN CLAMP, CHAIRMAN DATE ADOPTED: March 24, 2016
 Gavino Ramos, Vice-Chairman

I hereby certify that the above foregoing pages constitute the full, true, and correct minutes of all the proceedings and official records of the Alamo Regional Mobility Authority at its meeting on February 24, 2016.

ATTEST: 

DAVID STARR, TREASURER/SECRETARY