



ALAMORMA
Alamo Regional Mobility Authority
"Moving people faster"

BOARD MEETING
Thursday, March 24, 2016 3:00 p.m.
San Antonio River Authority, Board Room
100 E. Guenther Street
San Antonio, Texas 78204

Minutes

1. Call meeting to order.

Chairman John Clamp called the meeting to order at 3:03 p.m. Members present: Gavino Ramos, John Clamp, John Montford, Lou Miller, and David Starr. Baltazar Serna and Ramiro Cavazos arrived during the meeting.

2. Swearing-In of James Conrad "Rad" Weaver as the Presiding Officer of the Alamo Regional Mobility Authority.

Chairman Rad Weaver began to preside over the meeting.

3. Approval of minutes from the Regular Board of Directors Meeting of February 24, 2016.

A motion was presented by J. Montford, seconded by G. Ramos, which motion was voted on as follows: D. Starr, L. Miller, G. Ramos, R. Weaver and J. Montford voting "Aye". The motion was approved.

4. Executive Director's Report. David Smith presented.

A. Monthly Status Report on General Engineering Consultant (GEC) Work Authorizations

For the month of February, no work was performed with Pape Dawson Munoz or HNTB.

B. Monthly Update on the Loop 1604 Environmental Assessment

• **Work Authorization No. 5:** Environmental Assessment (EA):

1. Submitted the Biological Assessment on February 12th to TxDOT Environmental Division (ENV)
2. Continued to update reports in coordination with TxDOT ENV
3. Coordinated with TxDOT and the MPO regarding the I-10 Managed Lane project
4. Continued cross-section work for to finalize the schematic
5. Updated the drainage and water pollution abatement plan reports
6. Continued project management, coordination and administration tasks

C. Monthly Financials for February 2016

• Monthly financial statements are attached for February 2016 including the following:

1. Balance Sheets
2. Statement of Revenues, Expenses, and Changes in Net Assets
3. Schedule of Budgetary Compliance and Changes to Net Assets

4. Project Costs (Capitalized and Non-Capitalized)

Ramiro Cavazos joined the meeting at this time.

The report was accepted by the Board of Directors as presented.

5. **Consideration and adoption by the Board of Directors of the Alamo Regional Mobility Authority, a Resolution authorizing the issuance and delivery of Alamo Regional Mobility Authority Senior Lien Vehicle Registration Fee Revenue Bonds, Series 2016 and Alamo Regional Mobility Authority Junior Lien Vehicle Registration Fee Revenue Bonds, Series 2016; Approving the form, and authorizing the execution and delivery of, the Master Trust Indenture, First Supplemental Indenture, and Second Supplemental Indenture; Authorizing the execution and delivery of one or more Purchase Agreements; Approving the preparation of a Preliminary Official Statement and an Official Statement; Authorizing the execution and delivery of other documents and instruments in connection therewith; Appointing a Co-Senior Manager of the Underwriting Syndicate, if any; and enacting other provisions relating thereto.** Seth McCabe presented.

On December 17, 2015, the Board approved an Amended Capital Budget to incorporate fourteen (14) Vehicle Registration Fee Projects for a total amount of \$179,124,541. These projects will be financed through the issuance of Vehicle Registration Fee Revenue Bonds. This order addresses the following regarding the issuance of debt for these projects:

- The issuance of the Alamo RMA Vehicle Registration Fee Revenue Bonds, Series 2016;
- The Master Trust Indenture, First Supplemental Indenture, and the Second Supplemental Indenture for the Series 2016 Bonds;
- The Purchase Agreement(s) providing for the sale of the Series 2016 Bonds; and
- The Preliminary Official Statement for the issuance of the Series 2016 Bonds.

Bond Order Purpose:

- Authorizes the issuance of obligations
- Defines the pledged revenue source
- Outlines the terms of the issuance

Alamo RMA VRF Bonds, Series 2016:

- Parameters:
 - Maximum principal amount - \$110 million
 - Maximum maturity – 40 years
 - Maximum interest rate – 15%
- Executive Director and Alamo RMA Chair of the Board are appointed as Pricing Officer, in that order, for the Series 2016 Bonds.
- Allows for one or both Senior Lien and Junior Lien VRF Revenue Bonds.

Baltazar Serna joined the meeting at this time.

Question by D. Starr: Based on your schedule, there is some overlap. Some of the projects that are listed on the schedule extend past 2017 so at some point you will have to come back prior, to get those projects completed?

Response by R. Green: What we have to do is appropriate all the funding up front before we let the contract.

Response by D. Starr: By limiting to \$110 million, you will have to come back sooner. I'm leaning toward \$142 million to make sure everything gets covered. Take advantage of the lower interest rates now to make sure all our projects get completed. I am trying to save on bond counsel fees, more inducement fees, and more costs of doing a double underwriting.

Response by D. Gonzales from Estrada & Hinojosa: If the board chooses to go with \$142 million that will not present a problem but there are a few factors. One factor is interest rate risk and when you wait to come back to the market for the next financing. The second factor is from a construction perspective, how quickly can they actually get these projects completed given that we have some federal income tax arbitrage rebate issues and being able to spend the money within the time constraints. It is more of the spend down in the time frame, it's not so much that it's going to be an arbitrage rebate issue. It will not affect the credit rating and the rating of the bonds.

Question by J. Montford: Explain to us how are you going to set the interest rate?

Response by S. McCabe: That is driven by the market. Today we are just asking for the maximum amount. We are looking at a May or June pricing.

Response by D. Gonzales from Estrada & Hinojosa: On the day of pricing and a week leading up to it we will be monitoring very closely what is happening in the market.

Response by D. Smith: \$30 million really doesn't change that bottom line analysis so if it is the desire of the board to lock in the interest rates with some risk of IRS issues those are manageable. Another thing we can do is structure the debt service. On the day of pricing if it makes sense of a 20 year range instead of a 30 year range those are some of the decisions we will make as well.

Question by R. Weaver: How is that decision made on the day of pricing?

Response by D. Smith: The parameter order will give permission to me and you to make those decisions on that day before they close the deal with the underwriters.

Question by L. Miller: In the consideration of the underwriting syndicate, does this lock in a Senior Manager as well as who the Co-Senior Managers will be?

Response by S. McCabe: If no further action is taken today it would. Right now you have three Co-Managers and one Senior.

Question by L. Miller: The way this was written, is it possible to address a Co-Senior Manager?

Response by S. McCabe: Yes, there is an item within that caption that asks for a discussion on a Co-Senior.

Question by R. Cavazos: David, did you want to propose a different principal amount?

Response by D. Starr: Yes, I want \$142 million. I feel it is more prudent to have the lower interest rate now.

Response by S. McCabe: We would recommend that you round it up to \$150 million to provide for flexibility and for premium or discount bonds.

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

Response by S. McCabe: We will amend the motion to be the maximum amount of \$150 million. If you would like to discuss a Co-Senior now would be the time.

A motion was presented by L. Miller to add Siebert Brandford Shank & Co. as the Co-Senior, with no second. The motion was not approved.

A motion was presented by D. Starr, seconded by R. Cavazos to leave Morgan Stanley as Senior and the remaining three as Co-Managers, which motion was voted on as follows: D. Starr, R. Cavazos, B. Serna, G. Ramos, R. Weaver, L. Miller and J. Montford voting "Aye". The motion was approved.

6. Discussion and appropriate action regarding the adoption of a Debt Management Policy for the Alamo Regional Mobility Authority. Seth McCabe presented.

The Debt Management Policy is meant to illustrate the Alamo RMA's commitment to prudent debt management. The policy has been developed as part of the Alamo RMA's initiative to establish and later maintain or improve the Alamo RMA's credit rating, while establishing access to capital and minimizing borrowing costs. The purpose of the policy is to provide guidance regarding the issuance, management, continuing evaluation and reporting of all debt obligations issued by the Alamo RMA. The policy outlines the following:

- Roles and responsibilities that establish a baseline for the staff of the Alamo RMA to follow in administering the Alamo RMA's debt program;
- Circumstances in which debt-financing can be utilized;
- Structure and types of debt that may be issued, to include Vehicle Registration Fee Revenue Bonds;
- Lawful expenditure of debt proceeds; and
- Authorized investment of debt proceeds.

The terms of this Debt Management Policy are intended to comply with all applicable federal and state laws.

Response by D. Smith: Rather than have a dedicated bucket committed just to the debt service, this issue already has enough buckets in reserve, what we are recommending is the board establish a general fund reserve that is equal to the maximum annual debt service of all the issued debt. It will give you flexibility for a future emergency to access if you need to.

Response by S. McCabe: It would not be part of the trust estate.

Response by Don Gonzales from Estrada & Hinojosa: One of the things we are discussing with the rating agencies is another factor regarding the general bond and we think that probably weighs heavily in terms of what is in the RMA's best interest.

Question by R. Weaver: Do these bonds typically price with Original Issue Discount (OID)?

Response by Don Gonzales from Estrada & Hinojosa: Right now given the current marketing conditions we are probably looking at a premium as opposed to an initial discount. More than likely we will see on the back end a 5% coupon and we will be pushing for 4% coupons as well. We will be exploring all those avenues with the underwriting syndicate.

A motion was presented by J. Montford, seconded by G. Ramos to adopt the Debt Management Policy, which motion was voted on as follows: D. Starr, R. Cavazos, B. Serna, G. Ramos, R. Weaver, L. Miller and J. Montford voting "Aye". The motion was approved.

7. Discussion and appropriate action regarding the VRF Project Schedule. Renee Green presented.

On October 22, 2015 the Alamo RMA Board approved the list of projects to be funded with the Optional Vehicle Registration Fee (VRF).

VRF Program Summary

- ARMA committed \$179,124,541 to 14 projects (total improvements of \$270,745,016)
- All projects will be delivered traditional design-bid-build
- Six projects to be delivered by ARMA (ARMA Design and Const.):
 - BC04 Watson Road Phase II
 - BC05 West Military Drive
 - BC06 Blanco Road Phase II
 - BC08 Evans Road Phase II
 - BC09 Candlemeadow
 - BC10 Foster Road Phase III
- Four projects to be delivered by ARMA in partnership with BC (BC Design, ARMA Const.):
 - BC01 Fischer Road Phase II
 - BC02 Old FM 471/Talley Road
 - BC03 Talley Road Phase I
 - BC07 Evans Road Phase I
- Four projects to be delivered by TxDOT in partnership with ARMA (TxDOT Design and Const.):
 - TXDOT01 Loop 1604 South
 - TXDOT02 FM 471
 - TXDOT03 FM 1516
 - TXDOT825 Loop 1604 West

GEC Contract Summary

- General Engineering Consultant (GEC) Selection was determined through a competitive Request for Qualifications selection process. The scope of services included:
 - Development Services
 - Schematic Preparation
 - Planning Services
 - Construction Management
 - Design Services
 - Environmental
- The GEC Teams were selected by the Board at the September 18, 2014 Board Meeting. Negotiated and approved Master Agreements were effective January 1, 2015.

HNTB:

- Arias – HUB, DBE
- CDM Smith
- The DeBerry Group – HUB, ESBE, SBE, WBE
- Foster CM Group – HUB, DBE
- Gonzalez DeLaGarza – DBE, HUBE, MBE, SBE, WBE
- Poznecki-Camarillo, Inc. – HUB, HUBE, MBE, SBE
- Prime Strategies
- Sanchez Salazar & Associates – HUB, DBE

Pape Dawson Munoz:

- Adisa Communications – HUB, DBE, MBE
- Arias – HUB, DBE

- AECOM
- Ardaga – HUB, DBE, ESBE, HABE, MBE, SBE
- Foster CM Group – HUB, DBE
- GGC Engineers, Inc. – HABE, MBE, SBE
- OMEGA Engineers, Inc. – HUB, DBE, MBE
- So-Deep, Inc. – SBE

Recommended Project Delivery

- Utilize GECs to expedite design of two projects:
 - HNTB: BC08 Evans Rd Phase II
 - Pape Dawson Munoz: BC10 Foster Road Phase III
- Issue Design Service RFQs for the ARMA projects:
 - BC04 Watson Road Phase II (2nd Quarter FY 2017)
 - BC05 W. Military Drive (1st Quarter FY 2018)
 - BC06 Blanco Road Phase II (4th Quarter FY 2016)
 - BC09 Candlemeadow (2nd Quarter FY 2018)
- As projects move to the construction phase there will be opportunities to utilize the GEC Teams or issue RFQs on up to ten of the projects for:
 - Construction Inspection Services
 - Quality Assurance/Owner Verification Material Testing
- GEC Work Authorizations would be brought back to the Board for approval
- All project information will be posted on ARMA's website including:
 - Project Information Sheets
 - Contracting Opportunities
 - Program Schedule

Requested Board Action

- A motion directing staff to negotiate a Work Authorization with HNTB for design services of BC08 Evans Road Phase II and a Work Authorization with Pape Dawson Munoz for design services of BC10 Foster Road Phase III.

Question by D. Starr: What is the total cost of the projects, each project, I assume they are equivalent in size?

Response by R. Green: Yes sir, we usually try to base everything off of the construction contract. Both projects are about \$7.5 million in construction costs and they are equal sized.

Question by D. Starr: There is a design fee for each one of them, correct?

Response by R. Green: Correct.

Question by D. Starr: My notes say \$2.2 million. Have both of these firms looked at these projects and agree that these projects can be designed within this budget?

Response by R. Green: We will try to negotiate down from that budget. The budget is a very robust dollar amount. If we can't come to what we feel is a fair number then I will come back to this Board and ask to go out and compete these. These guys are good in fee and scope negotiations. They know how much time it takes to do certain activities. The Work Authorizations will come back to you for approval and at that point if you felt they are too high

then we could go back and do a Request For Qualifications and get Statement of Qualifications from different firms.

Question by L. Miller: When we originally selected a GEC did we not have other participants interested in becoming General Contractors? Is there any reason we wouldn't go back and do the same process now that the tolls are dead?

Response by D. Smith: These people have been engaged with the RMA for awhile and can help roll these projects out a little faster than going through a competitive process. That is completely up to the board. We can compete this but it might add a little more time.

Response by L. Miller: Another concern that I have when it comes to competing, the County has the worst record of reporting what our SWMBE participation is. I see a lot of SWMBE's on here but we don't know if they get paid. I hope that we as the RMA would take the lead when it comes to the County's concern in reporting back.

Response by D. Starr: I don't think you were on the board when we approved it. We adopted that at one of our beginning board meetings to get minority participation and accounting of that participation just to make sure they are actually involved in the transaction. We will be able to follow through with this. This will be the first time we are actually spending money.

Question by L. Miller: So the correct contract with the GEC's have the reporting numbers built into them?

Response by D. Smith: Yes, you will be shown the amount before you approve the contract on how much is being allocated to each sub and for what worth.

Response by R. Green: In the monthly Executive Director's Reports we have the Work Authorizations update which shows how much work was done that month by the GEC and their subs so that information will be given to you on a monthly basis.

Question by L. Miller: Renee, are you familiar with the system where the generals can't get paid if the subs don't get paid? There is a system now that is being utilized by the city.

Response by R. Green: Do you know the name of the system?

Response by L. Miller: I will try to remember. There is a system out there for that purpose because what is happening is that the generals are still getting paid but the subs aren't getting their money. Subs are doing the work but not getting paid for their work.

Response by R. Green: I've heard of that occurring in construction contracts. We haven't run across that occurring in the design phase. Every month those GEC's under their Master Agreement and Work Authorizations will have to show us the percentage of work that was done by both themselves and the sub as it relates to their billing. When you bill for professional services you have to track those labor hours and dollar amounts.

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

8. Discussion and appropriate action regarding acceptance of the FY 2015 Annual Financial Statement prepared by Padgett Stratemann. Seth McCabe presented.

This item requests approval of the FY 2015 Audited Financial Statements prepared by the Alamo RMA's outside Auditor, Padgett Stratemann. The opinion on the Financial Statements is "Unmodified", also referred to as a "Clean Opinion", with no findings noted. The opinion on compliance with State Awards is also "Unmodified" with no findings noted.

Padgett Stratemann provided a brief presentation on the Audit to the Board.

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

9. **Discussion and appropriate action regarding approval of the Annual Compliance Report for FY 2015 in accordance with the requirements set forth in 43TAC§26.65(a).** Seth McCabe presented .

This item requests approval of the submission of the Alamo RMA's Compliance Report for fiscal year 2015 to the Texas Department of Transportation (TxDOT). The Compliance Report certifies that the Alamo RMA has completed all necessary reporting requirements under Subchapter G (Reports and Audits) of the Texas Administrative Code.

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

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

Jack M. Finger signed up to speak.

11. **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.

12. **Adjournment.**

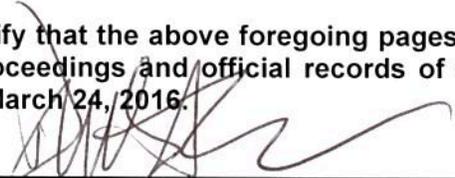
There being no further action for the Board, Chairman Weaver adjourned the meeting at 4:13 p.m.

APPROVED:



RAD WEAVER, CHAIRMAN DATE ADOPTED: APRIL 28, 2016

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 March 24, 2016.

ATTEST: 

DAVID STARR, TREASURER/SECRETARY