

THE STATE OF TEXAS §

COUNTY OF CAMERON §

BE IT REMEMBERED on the 15th day of May 2008, there was conducted a SPECIAL Meeting of the Cameron County Regional Mobility Authority, at the Brownsville Navigation District, thereof, in the City of Brownsville, Texas, for the purpose of transacting any and all business that may lawfully be brought before the same.

THE BOARD MET AT:

12:00 P.M.

PRESENT:

DAVID E. ALLEX
CHAIRPERSON

RUBEN GALLEGOS, JR.
DIRECTOR

FRANK PARKER, JR.
DIRECTOR

DIRECTOR

MICHAEL SCAIEF
DIRECTOR

DAVID N. GARZA
DIRECTOR

DIRECTOR

Mary Robles
Secretary

VICTOR ALVAREZ

RAY RAMON
ABSENT

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The meeting was called to order by Chairman David A. Allex at 12:00 P.M.

At this time, the Board considered the following matters as posted and filed for Record in the Office of the County Clerk on April 14, 2008, at 10:23 A.M.:

AGENDA
Special Meeting of the Board of Directors
of the
Cameron County Regional Mobility Authority

Levis Building
1390 W. Expressway 77
San Benito, TX 78586

Thursday, May 15, 2008
12:00 Noon

ACCEPTED FOR FILING
CAMERON COUNTY
2008 MAY 12 A 9:27
C. RIVERA
COUNTY CLERK

- I. Public Comments
- II. Approval of Meeting Minutes for April 17, 2008
- III. Approval of GEC report for April 2008
- IV. Approval of expenditure report for April 2008 and review of cash flow statement
- V. Consideration and Approval of Supplemental Work Authorization No. 1 to Work Authorization No. 12
- VI. Consideration and Approval of Termination of Contract between the CCRMA and Rob Almon
- VII. Consideration and Approval of a Resolution in the matter of acquiring land in fee simple title for the West Rail Relocation Project and for the construction of an International Rail Bridge
- VIII. Presentation and Discussion regarding the Market Valuation Process Pursuant to SB 792
- IX. Discussion and Possible Action regarding the issuance of the Request For Statements of Interest (RFI) for CCRMA projects
- X. Executive Session Items
 - A. Deliberation regarding real property concerning acquisition of right of way for the West Rail Project, Pursuant to V.T.C.A. Government Code, Section 551.072
 - B. Consultation with Attorney- Consultation with, and advice from Legal Counsel concerning pending/contemplated litigation, settlement offers and negotiations, market valuation negotiations and related issues regarding the Cameron County Regional Mobility Authority's projects, specifically SH 550 and other legal issues affecting the authority, Pursuant to V.T.C.A. Government Code, Section 551.071
- XI. Action relative to Executive Session
 - A. Possible Action
 - B. Possible Action
- XII. Adjourn

Signed this 12th day of May 2008.


David E. Alex
Chairman

I. PUBLIC COMMENTS

None was presented at this time.

EXECUTIVE SESSION

(X) EXECUTIVE SESSION

Upon motion by Director Scaief, seconded by Director Gallegos and carried unanimously, the Board met in Executive Session at 12:05 P. M. to discuss the following matters:

- A. Deliberation regarding real property concerning acquisition of right of way for the West Rail Project; pursuant to Vernon Texas Code Annotated (V.T.C.A.), Government Code, Section 551.072; and
- B. Consultation with Attorney-Consultation with, and advice from Legal Counsel concerning pending /contemplated litigation, settlement offer and negotiations, market valuation negotiations and related issues regarding the Cameron County Regional Mobility Authority's projects, specifically SH 550 and other legal issues affecting the authority, pursuant to o Vernon Texas Code Annotated (V.T.C.A.), Government Code, Section 551.071.

Upon motion by Director Garza, seconded by Director Parker and carried unanimously, the Board reconvened in Regular Session at 12:48 P. M.

(XI) ACTION RELATIVE TO EXECUTIVE SESSION:

- A. **Deliberation regarding real property concerning acquisition of right of way for the West Rail Project; pursuant to Vernon Texas Code Annotated (V.T.C.A.), Government Code, Section 551.072.**
- C. **Consultation with Attorney-Consultation with, and advice from Legal Counsel concerning pending /contemplated litigation, settlement offer and negotiations, market valuation negotiations and related issues regarding the Cameron County Regional Mobility Authority's projects, specifically SH 550 and other legal issues affecting the authority, pursuant to o Vernon Texas Code Annotated (V.T.C.A.), Government Code, Section 551.071.**

Director Gallegos moved that the reports for Items XI A. and B. be acknowledged.

The motion was seconded by Director Garza and carried unanimously.

**VII. CONSIDERATION AND APPROVAL OF A
RESOLUTION IN THE MATTER OF ACQUIRING
LAND IN FEE SIMPLE TITLE FOR THE WEST
RAIL RELOCATION PROJECT AND FOR THE
CONSTRUCTION OF AN INTERNATIONAL RAIL
BRIDGE**

Upon motion by Director Scaief, seconded by Director Gallegos and carried unanimously, the Resolution in the matter of acquiring land in fee simple title for the West Rail Relocation Project and for the construction of an international rail bridge was approved.

The Resolution is as follows:

**RESOLUTION IN THE MATTER OF ACQUIRING
LAND IN FEE SIMPLE TITLE FOR THE WEST RAIL RELOCATION PROJECT AND
FOR THE CONSTRUCTION OF AN INTERNATIONAL RAIL BRIDGE**

BE IT REMEMBERED, that on the 15th day of May, 2008, there came to be heard and considered by the Cameron County Regional Mobility Authority the matter of acquiring fee simple title for the relocation of the West Rail and for the construction of the West Rail and the construction of a future transportation corridor to be called the Brownsville West Loop in Cameron County, Texas, and the Board having heard and considered the same finds as facts:

I

THAT the Cameron County Regional Mobility Authority (CCRMA) needs fee simple title for purposes specified out of: **Parcel No. 5.**

II

THAT the CCRMA has been unable to procure such fee simple title over said tract of land for the reason that the owners of said land have failed to agree with the CCRMA for the purchase and it has become necessary to condemn such fee simple title in the manner prescribed by law for taking and appropriation of private property necessary for public use.

III

THAT it will be necessary for the CCRMA to acquire such parcel in fee simple title for Cameron County.

IV

THAT the land necessary to be condemned is more particularly described as follows:

SEE ATTACHED FIELD NOTES

Upon motion by RMA Chairman _____ seconded by Director _____ and unanimously carried, **IT IS THEREFORE ORDERED** by the Board of the Cameron County Regional Mobility Authority that the Cameron County Regional Mobility Authority is authorized to condemn such fee simple title for the public uses above stated.

David E. Alex, Chairman, CCRMA

Parcel No. 5

Owners: Ernesto L. De Leon, Nora De Leon, and Rosario L. Carinhas, all Individually and as Trustees of the Testamentary Trust of Amelia V. De Leon

**II. IN THE MATTER REGARDING APPROVAL OF
MEETING MINUTES FOR APRIL 17, 2008
(TABLED)**

Upon motion by Director Gallegos, seconded by Director Parker and carried unanimously, this Item was
TABLED.

III. APPROVAL OF GEC REPORT FOR APRIL 2008

Mr. Bobby Balli, HNTB, presented and highlighted the GEC Report for April 2008. He reported that public meetings were scheduled on May and June for both the Second Causeway Project and the West Loop Project.

Mr. Pete Sepulveda, RMA Coordinator, presented two articles where the West Rail Relocation is mentioned in Mexico. He informed that a Bi-National Meeting would be held on June 2, 2008 in Monterrey.

Mr. Balli reported that the RFI was complete, and that a public meeting would be held for SH 550 on June 12, 2008 at Juliet Garcia Middle School in Brownsville.

Chairman Alex requested a copy of a revised maps and a list of local consultants participating in the projects.

Director Scaief moved that the April 2008 GEC Report be approved.

The motion was seconded by Director Gallegos and carried unanimously.

The Report is as follows:

Pete Sepulveda Jr.
CCRMA Coordinator
Cameron County Regional Mobility Authority
1100 E. Monroe Street
Brownsville, TX 78520

HNTB

May 5, 2008

Dear Mr. Sepulveda,

The following is a summary of our progress on the subject projects for the month of April 2008.

Project Management:

General GEC

- Prepared contract correspondence and monthly GEC progress report.
- Prepared & submitted CCRMA GEC Invoice No. 22 for work performed on Work Authorization Nos. 4, 5, 8, 11 and 12.
- HNTB received approval from CCRMA on revised rate schedule for 2008.
- Updated and submitted March 2008 GEC work authorization status report.

North Rail Relocation Project (Work Authorization No. 4)

North Rail Relocation Project relocates the exiting and operating freight rail lines away from incorporated and unincorporated areas of Cameron County, Texas, in particular in and around Harlingen, Texas. An effective relocation of the existing freight rail facility will not only improve freight rail operations to and from the US/Mexico border, but may aid in the enhancement of air quality for the area, improve the safety of the traveling public with regard to the freight rail/passenger interface, improve the response time of emergency vehicles, minimize if not eliminate the transport of hazardous material via freight rail through towns, improve traffic congestion, and ultimately enhance the economic development of the region.

- HNTB Staff continued discussions with Union Pacific representatives.
- A draft MOU was submitted to CCRMA staff for review and comment.
- At the request of the CCRMA Coordinator, HNTB completed the development of conceptual schematics and associated estimates on a Northern Cameron County Rail Switchyard. These schematics and estimates were submitted to CCRMA staff for review and comment.

FM 509 Project (Work Authorization No. 5)

The FM 509 project is a relief route around the north and east areas of the City of Harlingen that would construct FM 509, in Cameron County, from US 77 to the Intersection with FM 508. The proposed facility would consist of a four-lane roadway with directions of travel separated by a center median. Dependent upon traffic projections, an interim facility with fewer lanes may initially be constructed. Interchanges or grade separations would be constructed at major thoroughfares. As proposed, the right-of-way would be 300-feet (usual) wide and sufficient to accommodate future transportation needs; however, any future improvements would

be subject to environmental review. This could include bicycle and pedestrian facilities, general purpose lanes, truck lanes, or some combination of these modes.

- Project coordination.
- TxDOT ENV determination regarding historic structures is needed to finalize the identification of the preferred alternative prior to engaging special studies for archeology.
- HNTB waiting on comments/approval from TxDOT Pharr District on the resubmitted FM 509 Preliminary Draft EA.

West Loop Project (Work Authorization No. 7):

The proposed West Loop Road is a new location facility and will provide a four-lane controlled access expressway with interchanges and connections at strategic locations and grade separation structures for several crossing streets in Brownsville. The majority of the project alignment falls within or in the vicinity of the existing Union Pacific Railroad right-of-way. Negotiations are underway to relocate the railroad and donate the right-of-way to the county for the project.

- HNTB to revise Project Schedule.
- HNTB is developing correspondence and resource material for the upcoming West Loop Public Meeting.
- HNTB is coordinating approvals on all correspondence and resource material with TxDOT and CCRMA staff.
- HNTB has generated a draft contact list and draft timeline for upcoming small group briefings.
- HNTB has written draft talking points for small group briefings.

West Rail Relocation Project (Work Authorization No. 8):

This Work Authorization provides appropriate subconsultant(s) for staff coordination with the Mexican agencies to monitor and determine project schedules, permit requirements, funding technical agreements and design for the West Rail Relocation around Brownsville, Texas. The project plans will require approval by Secretaría de Comunicaciones y Transportes (SCT), Comisión Internacional de Límites Y Aguas (CILA) and Kansas City Southern Mexico (KCSM).

- Nacional Financiera (NAFINSA) was hired by the government of the State of Tamaulipas for the preparation of the financial package design.
- Arturo de las Fuentes Hernandez attended the 17th Technical Group Meeting for the said project in Brownsville, Texas on April 2, 2008 to discuss confirmation of the crossing point and connection with the US Bridge design, the financial package design, state of the present bridge concession and ROW Acquisition plan.
- Arturo de las Fuentes Hernandez attended a meeting that took place on April 7, 2008 in the offices of the Communications and Transports Secretariat of Nuevo Leon with Engineer Rene David Gonzalez de la Garza, Regional Northeast Coordination Sub Director of Railroad Transport from the Communications and Transports Secretariat of Nuevo Leon, Dr. Vladimir Josue Robles Garza, Institutional Relations Manager of Kansas City Southern Mexico, Lic. Ulysses Flores Rodriguez, Juridical Director from the Employment and Economical Development Secretariat from the government of the State of Tamaulipas, Dr. Samuel Alatorre Cantu, consultant from Felipe Ochoa and Associates and Arturo de las Fuentes regarding the advances of the preliminary plan.
- Arturo de las Fuentes Hernandez attended a reunion that took place on April 9, 2008 with Dr. David Eaton, Institutional Relations Director from Kansas City Southern

Mexico, Engineer Antonio Lozada Bautista, Technical Operative Regulation Director of Railroad Transport from the Communication and Transports Secretariat and Lic. Francisco Quinones Partida, Projects Director of Nacional Financiera, where the Economical Proposal draft number two was presented to Kansas City Southern Mexico.

- Arturo de las Fuentes attended a reunion that took place on April 17, 2008 in the Economical Development Secretariat Municipality with zone leaders to support the land acquisition for Option A and to discuss their value.

East Loop Pass Through Financing (Work Authorization No. 11):

The project, termed as the East Loop, is currently identified as three sections. Section I begins at the intersection of US 77 (North of Brownsville) and FM 511 in Olmito and continues east along FM 511 to SH 48 (near the Port of Brownsville). This section is currently under design through a TxDOT consultant as a four (4) lane divided section that will ultimately be frontage roads to a six (6) lane divided section for truck and passenger traffic. Section II continues from SH 48 at FM 511 east and then south to SH 4 (Boca Chica Boulevard). This section is currently a TxDOT project and is in the Environmental and Preliminary Schematic stage. Section III continues southbound from SH 4 near the southeast corner of Brownsville and ends at the entrance of the Veterans International Bridge on US 77. This section is currently in the Environmental and Preliminary Schematic stage. Sections II and III are currently identified as a four (4) lane divided section.

- HNTB met internally and with TxDOT and CCRMA staff to investigate options for developing this project into a Comprehensive Development Agreement and subsequent toll concession.

South Padre Island Second Access (Work Authorization No. 12):

This work authorization provides engineering and environmental services associated with the development and advancement of the National Environmental Policy Act (NEPA) process for the proposed South Padre Island (SPI) 2nd Access Project. The tasks associated with the project will include the development of the necessary environmental documentation, corridor alternatives assessments and related public involvement activities.

- HNTB submitted agency coordination letters and distribution list for internal review and submitted to TxDOT.
- Submitted NOI to TxDOT.
- HNTB updated project schedule.
- HNTB continued to collect existing environmental data.
- HNTB developed materials for the public meeting on May 22, 2008. Sent materials to Norma Garza for approval.
- HNTB developed presentations and support materials for CSS small group meetings and prepared final presentation materials for the April PI TWG.
- HNTB updated the environmental schedule.
- HNTB edited public meeting notice to reflect new meeting date; translated into Spanish
- HNTB published 30 day notices for public meeting with new date, in both English and Spanish
- HNTB conducted outreach and agency coordination in preparation for the first Agency Coordination meeting on May 22, 2008.
- HNTB prepared for conducted spring time field site visits.
- HNTB developed media database.

- HNTB prepared and dispersed Community Calendar notifications for May 22, 2008 public meeting to local print, radio, TV and internet-based media.
- HNTB prepared and dispersed Community Calendar notifications for May 22, 2008 public meeting to area chambers, economic development groups and neighborhood associations.
- HNTB conducted a PI TWG on April 3, 2008 on South Padre Island.
- HNTB compiled results of comments received at April 3, 2008 PITWG and included with a draft summary report of the event.
- HNTB contracted for new event meeting place for the May 22, 2008 public meeting and developed new meeting layout.
- HNTB developed volunteer guidelines for the upcoming May 22, 2008 public meeting.
- HNTB contracted with a court reporter, security, interpreter for May 22, 2008 public meeting.
- HNTB conducted internal QA/QC of materials for upcoming meetings and work groups.
- Finalized study area and constraints maps for PITWG and future public meetings.
- HNTB developed powerpoint presentation for the Agency Coordination meeting on May 22, 2008.

Request for Statements of Interest (Work Authorization No. 14):

This work authorization provides professional technical services associated with the development of request for statements of interest (RFI) and qualifications from firms to provide strategic partnership/investor opportunities for the proposed CCRMA projects located in Cameron County, Texas; as well as, provide recommendations for the selection of projects that the CCRMA could pursue through a separate CDA procurement process.

- HNTB received approval and Notice to Proceed on April 17, 2008.
- HNTB held internal kickoff meeting on April 18, 2008.
- HNTB submitted RFI system map and document to CCRMA for their review on April 28, 2008.
- HNTB has been facilitating and participating in discussions with TxDOT officials in an effort to coordinate activities of this project and the activities of TxDOT and their associated Concession projects.

SH 550 Re-Evaluation (Work Authorization No. 15):

This work authorization provides professional services and deliverables in support of the CCRMA's development of the SH 550 (Port Spur) toll project from FM 511 at Old Port Isabel Road to State Highway 48 and the proposed entrance to the Port of Brownsville. The focus of the re-evaluation will be on the effects of tolling the project.

- HNTB received approval and Notice to Proceed on April 17, 2008.
- HNTB held internal kickoff meeting on April 24, 2008.
- HNTB submitted Re-Evaluation legal notice to CCRMA for their review on April 29, 2008.
- HNTB has begun public meeting work planning, handout planning, exhibit list, talking points.

Consultant Management:

- Continued ongoing coordination with all subconsultants.

- Provided project information to subconsultants in an effort to educate the firms on the projects to be developed within the next few months (RFI, Re-evaluation, CDA, etc)

Agency Coordination:

- Conducted ongoing discussions with CCRMA staff, TxDOT staff, TTA staff and subconsultants for preparation of 2nd Access, West Loop Project and West Rail Project.
- Conducted ongoing discussions with TxDOT staff and Officials for the preparation of the SH 550 CDA Program

For Discussion:

- Upcoming work authorizations:
 - FM 511 (Spur 550) Comprehensive Development Agreement Program.

Best regards,

Lamberto "Bobby" Balli, P.E.
Associate Vice President

cc: David Garcia
Robert Slimp, P.E.
Richard Ridings, P.E.

**IV. APPROVAL OF EXPENDITURE REPORT FOR
APRIL 2008 AND REVIEW OF CASH FLOW
STATEMENT**

Mr. Sepulveda presented and highlighted the reports and informed that staff was working on a written agreement with HNTB.

Upon motion by Director Scaief, seconded by Director Garza and carried unanimously, the Expenditure Report for April 2008 and review of Cash Flow Statement were approved.

The Reports are as follow:

Cash Disbursement Journal By GL
From 04/01/2008 To 04/30/2008

1006660

<u>Fund Dept</u>	<u>LnItm</u>	<u>PEID</u>	<u>Vendor Name</u>	<u>Check #</u>	<u>Check Date</u>	<u>Post Date</u>	<u>PO #</u>	<u>Invoice #</u>	<u>Fund Total</u>	<u>Amount</u>
REGIONAL MOBILITY AU										
110 110	1166	0000127024	SEPULVEDA,PETE	00199886	04/24/2008	04/24/2008		AUSTIN 4/21-22	455.82	455.82
								Check Total	455.82	
110 110	6014	0000166064	GARCIA,DAVID	00200163	05/01/2008	04/30/2008		Line Item Total	455.82	
								OFFICE SUPPLIES	159.50	159.50
								Check Total	159.50	
110 110	6042	0000160653	HNTB CORP	00199736	04/24/2008	04/23/2008	P118015	Line Item Total	159.50	
								18-40619-PL-010	2,489.03	2,489.03
								Check Total	2,489.03	
110 110	6045			00200192	05/01/2008	04/30/2008	P121070	Line Item Total	2,489.03	
								22-40619-PL-008	11,169.09	11,169.09
								Check Total	11,169.09	
110 110	6050	0000167692	GALLEGOS, MR. RUBEN	00200157	05/01/2008	04/30/2008		Line Item Total	11,169.09	
								AUSTIN 4/21	403.75	403.75
110 110	6050	0000166064	GARCIA,DAVID	00200163	05/01/2008	04/30/2008		Check Total	403.75	
								AUSTIN 4/21	751.00	751.00
110 110	6050	0000127024	SEPULVEDA,PETE	00198874	04/10/2008	04/09/2008		Check Total	751.00	
								AUSTIN 4/3	271.41	271.41
								Check Total	271.41	
110 110	6078	0000167593	TTI-TTF08	00198951	04/14/2008	04/14/2008		Line Item Total	1,426.16	
								REGISTRATIONS	1,200.00	1,200.00
								Check Total	1,200.00	
110 110	6082	0000165669	ALMON,ROBERT	00199579	04/24/2008	04/24/2008		Line Item Total	500.00	
								MAY CONTRACT	500.00	500.00
								Check Total	500.00	
110 110	6082	0000154776	BETANCOURT,BLANCA	00199612	04/24/2008	04/24/2008		Check Total	200.00	
								MAY CONTRACT	200.00	200.00
110 110	6082	0000163539	ROBLES,MARICRUZ	00199860	04/24/2008	04/24/2008		Check Total	416.67	
								MAY CONTRACT	416.67	416.67
110 110	6082	0000166843	SAENZ,PERLA J	00199869	04/24/2008	04/24/2008		Check Total	200.00	
								MAY MOBILE	200.00	200.00
								Check Total	200.00	
								Line Item Total	1,316.67	
								Dept. Total	18,216.27	18,216.27

Cash Disbursement Journal By GL
From 04/01/2008 To 04/30/2008

<u>Fund Dept</u>	<u>LnItem</u>	<u>PEID</u>	<u>Vendor Name</u>	<u>Check #</u>	<u>Check Date</u>	<u>Post Date</u>	<u>PO #</u>	<u>Invoice #</u>	<u>Amount</u>
SP1 Second Causeway Study									
110 1106	6082	0000160653	HNTB CORP	00199736	04/24/2008	04/23/2008	P116569	20-40619-PL-012	16,531.75
								Check Total	16,531.75
110 1106	6082			00200192	05/01/2008	04/30/2008	P116569	21-40619-PL-012	56,234.84
								Check Total	56,234.84
								Line Item Total	72,766.59
								Dept. Total	72,766.59

**V. CONSIDERATION AND APPROVAL OF
SUPPLEMENTAL WORK AUTHORIZATION NO. 1
TO WORK AUTHORIZATION NO. 12**

Mr. Sepulveda stated that the change was to ratify previous action, decreasing the cost from \$349,000 to \$339,000.

Director Parker moved that Supplemental Work Authorization No. 1 to Work Authorization No. 12 be approved.

The motion was seconded by Director Garza and carried unanimously.

The WA is as follows:

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
General Engineering Consultant Services

SUPPLEMENTAL WORK AUTHORIZATION NO. 1
WORK AUTHORIZATION NO. 12
SOUTH PADRE ISLAND 2ND ACCESS STUDY

This Supplemental Work Authorization No. 1 Work Authorization No. 12 is made pursuant to the terms and conditions of the Base Contract, effective February 16, 2006, hereinafter identified as the "Agreement", entered into by and between Cameron County Regional Mobility Authority (the "AUTHORITY"), and HNTB Corporation (the "GEC TEAM").

Part 1. The GEC TEAM will provide the following engineering services:

Perform an Economic Study for the AUTHORITY. The responsibilities of the AUTHORITY, the GEC TEAM and the schedule are further detailed in Exhibits A, B, C and D.

Part 2. Without modification, the maximum amount payable under this Lump Sum Supplemental Work Authorization No. 1 Work Authorization No. 12 is hereby increased by **\$339,518** or from **\$ 1,211,320** to **\$ 1,550,838**. Exhibit D, providing details supporting the increased amount, is attached and hereby made part of Work Authorization No. 12

Part 3. Payment to the GEC TEAM for the services established under this Supplemental Work Authorization No. 1 Work Authorization No. 12 shall be made in accordance with the Agreement.

Part 4. This Supplemental Work Authorization No. 1 Work Authorization No. 12 is effective as of April 8, 2008 and shall terminate January 1, 2009, unless extended by a Supplemental Work Authorization. Exhibit C, providing details supporting the increased time, is attached and hereby made part of Work Authorization No. 12

Part 5. This Work Authorization does not waive the parties' responsibilities and obligations provided under the Agreement.

Supplemental Work Authorization No. 1
Work Authorization No. 12

Part 6. This Supplemental Work Authorization No. 1 Work Authorization No. 12 is hereby accepted and acknowledged below.

GEC TEAM:
HNTB Corporation

AUTHORITY:
Cameron County Regional Mobility Authority

By: _____
Signature

By: _____
Signature

Robert J. Slimp, P.E.

Printed Name

Printed Name

Vice President

Title

Title

Date

Date

LIST OF EXHIBITS

Exhibit A - Services to be Provided by the Authority

Exhibit B - Services to be Provided by the GEC TEAM

Exhibit C - Work Schedule

Exhibit D - Fee Schedule

EXHIBIT A
SERVICES TO BE PROVIDED BY THE AUTHORITY
SOUTH PADRE ISLAND 2nd ACCESS STUDY

County : Cameron
Highway : South Padre Island 2nd Access

In addition to the services listed in the Agreement, the AUTHORITY will provide the following services:

1. The AUTHORITY shall authorize the GEC TEAM in writing to proceed.
2. The AUTHORITY shall advise the GEC TEAM of the identity and scope of services of any independent consultants retained by the AUTHORITY to provide services in regard to the project.
3. The AUTHORITY shall provide timely approvals and responses, enabling the project to move forward smoothly and with minimal delay. When delays in issuing approvals and responses are anticipated by the AUTHORITY, the AUTHORITY shall communicate this to the GEC TEAM and allow project schedule to be adjusted accordingly.

EXHIBIT B
SERVICES TO BE PROVIDED BY THE GEC TEAM
SOUTH PADRE ISLAND 2ND ACCESS STUDY

County : Cameron
Highway : South Padre Island 2nd Access

PROJECT UNDERSTANDING AND GOALS

The purpose of this economic study is to provide the stakeholders (Cameron County, Texas Department of Transportation (TxDOT), developers and comprehensive development agreement (CDA) proposers) the baseline economic projections necessary to gather their support and investment of time and money.

The General Engineering Consultant (GEC) TEAM, under this Supplemental Work Authorization No. 1 Work Authorization No. 12, will provide economic models and analysis and public involvement support associated with the development and advancement of the proposed South Padre Island (SPI) 2nd Access project in Cameron County, Texas. The proposed project will provide important congestion relief for the Queen Isabella Memorial Causeway. The proposed SPI 2nd Access project will also serve as a critical alternative evacuation route from the island in times of disaster, hurricanes, and other emergencies.

Although special emphasis will be placed on the Laguna Madre Area, this analysis will analyze Cameron County key economic drivers (port, border trade and tourism). The findings can be used over the next few years when prioritizing future transportation projects (loop, bridge and port access).

This document will be utilized by the AUTHORITY to provide potential developers the necessary justification for funding the infrastructure improvements and as a catalyst for the investment of this critical project.

The tasks associated with the project will include the development of the initial phase of the economic development study activities. The baseline economic study complements the proposed request for statement of interest (RFI) process. Future economic work tasks will be based on the required analyses to complete traffic and revenue (T&R) studies, as well as the financial models to be used in the CDA process. Additional economic studies will be required for each project as the AUTHORITY develops specific financing plans and as required by CDA teams.

The GEC TEAM will bring these tasks to completion per Exhibit C, Work Schedule and will function as an extension of the AUTHORITY's resources by providing qualified technical and professional personnel, by performing the tasks described herein and by meeting the requirements and responsibilities outlined under these terms of Exhibit B, Scope of Work. The GEC TEAM will minimize the AUTHORITY's need to apply its own resources to assignments authorized to the maximum extent possible.

Supplemental Work Authorization No. 1
Work Authorization No. 12

Services to be provided by the GEC TEAM will be performed under the direction of the AUTHORITY for each task described.

All work is to be done in U.S. Customary Units.

SCOPE OUTLINE:

TASK 110 – ROUTE AND DESIGN STUDIES

TASK 110.00 – NOTICE TO PROCEED

TASK 110.01 – PROJECT ADMINISTRATION, COORDINATION & WORK GROUPS

Subtask 110.01.01 – General Administration

Subtask 110.01.02 – Management and Coordination

TASK 110.10 – ECONOMIC STUDY

Subtask 110.10.01 – Cameron County Baseline Assessment

Subtask 110.10.02 – Cameron County Stakeholder Input

Subtask 110.10.03 – Cameron County Economic and Demographic Forecast

Subtask 110.10.04 – Document Preparation and Presentations

SCOPE DETAILS:

The following Scope of Work describes the task details that are included in the services to be provided by the GEC TEAM on the SPI 2nd Access project.

The GEC TEAM will also perform independent project oversight and coordination duties for each task and subtask. This GEC oversight will be performed by a GEC OVERSIGHT TEAM. The GEC OVERSIGHT TEAM will be comprised of GEC personnel that are not involved, except in an oversight and contract administration role, in project-specific design and development activities. The oversight work will include establishing guidelines, standards, oversight, as well as, providing the systems and procedures to implement the project. The GEC OVERSIGHT TEAM's role will be expanded upon in the project organizational chart and the quality assurance/quality control (QA/QC) project manual.

TASK 110 – ROUTE AND DESIGN STUDIES

TASK 110.00 – NOTICE TO PROCEED

The GEC TEAM will not begin work on Route and Design Studies tasks until the AUTHORITY has granted written "Notice to Proceed."

TASK 110.01 – PROJECT ADMINISTRATION, COORDINATION & WORK GROUPS

Subtask 110.01.01 – General Administration

The GEC TEAM will perform project administrative and coordination duties, including contract administration, project management, meeting minutes of required meetings and telephone conversations and other related administrative tasks (e.g., direct costs) associated with the project, including:

- A) Coordinate, execute and administer work authorization as required with the AUTHORITY and the GEC OVERSIGHT TEAM.
- B) Progress Reports and Invoices – Prepare monthly invoices and progress reports for the work tasks, together with evidence of work accomplished during the time period since the previous report. Prepare a detailed schedule (in a format approved by the AUTHORITY) of anticipated monthly invoice billing linking to the project work authorization tasks. A monthly progress report will be submitted and will include: activities completed, initiated or ongoing, during the reporting period; activities planned for the coming period; problems encountered and actions to remedy them; overall status, including a tabulation of percentage complete by task; updated project schedule; minutes of study meetings and electronic copies of monthly correspondence. The GEC TEAM will also provide a weekly e-mail summary to the GEC OVERSIGHT TEAM that briefly summarizes services performed and activities

that occurred that week, including any required action items or any other pertinent project issues.

- C) Record Keeping and File Management – Maintain all records and files related to the project throughout the duration of the services. Uploading of project files to the ProjectWise website will be coordinated with the GEC OVERSIGHT TEAM. Maintain and update via ProjectWise the deliverables tracking log provided by the GEC OVERSIGHT TEAM and denote specific submittals in the weekly e-mail summary.
- D) Correspondence – Prepare written materials, letters, survey forms, etc. used to solicit information or collect data for the project and submit them to the AUTHORITY for review and approval prior to its use or distribution. Copies of outgoing correspondence and incoming correspondence will be provided to the AUTHORITY on a continuing basis, but not less than once a month.
- E) Schedule – Prepare a detailed, graphic schedule linking work authorization tasks, subtasks, critical dates, milestones, deliverables and AUTHORITY/TxDOT/Federal Highway Administration (FHWA) review requirements. The project schedule will be in a format, which depicts the order and inter-dependence of the various tasks, subtasks, milestones and deliverables for each of the tasks identified therein. Progress will be reviewed periodically for conformance to Exhibit C, Work Schedule and should these reviews indicate a substantial change in progress, a schedule recovery strategy will be developed and implemented and the schedule will be revised accordingly.
- F) Managing Change – Communicate in a timely manner all types of change that may occur in the project including schedule, personnel, scope and work product changes. Proposed changes will be submitted for written approval by the AUTHORITY within one (1) week of the anticipated change. The AUTHORITY approved changes will then be incorporated into the project schedule in a timely fashion to minimize any unnecessary project delays and rework.

Subtask 110.01.02 – Management and Coordination

Due to the size, scope and complexity of the proposed SPI 2nd Access project, a comprehensive and inclusive GEC TEAM structure will be established to facilitate project management and coordination.

- A) Economic Development Technical Work Group (TWG) No. 2 Meeting – The GEC TEAM will assist with the Economic Development TWG Meeting No. 2 (one meeting) for input to identify and resolve issues that could affect the project. The GEC TEAM will prepare meeting minutes and action item lists as appropriate.

- B) QA/QC Audits - The GEC OVERSIGHT TEAM will review the GEC QA/QC manual and will perform audits to make sure the GEC TEAM is adhering to the QA/QC manual.

Deliverables:

- Monthly progress reports that delineate activities performed per function code
- Monthly invoice/billings with list of products delivered per invoice billing cycle
- Hard copy and electronic documentation for administrative record
- Meeting minutes for all meetings attended
- QA/QC checklist for each milestone submittal
- Resource agency coordination letters
- AUTHORITY approved letter distribution list

TASK 110.10 – ECONOMIC STUDY

With Economic Development TWG's cooperation, the GEC TEAM will create a long range twenty (20) year economic and demographic forecast of Cameron County that includes key variables such as population growth, employment growth and distribution by sector, regional income changes, real estate trends and other economic development issues that will influence growth over the coming decades. Special emphasis will be placed on collecting and analyzing SPI, the Laguna Madre area and city specific data for the area within the study area, but the majority of socioeconomic datasets are reported at the county level.

SPI impacts the entire region. SPI workers live throughout Cameron County, suppliers and vendors are located in neighboring cities such as Harlingen and Brownsville and visitors staying on SPI spend money in the larger Rio Grande Valley. Therefore, the forecast scenarios will be focused on overall Cameron County economic activity. Two (2) economic and demographic scenarios will be created: 1) a baseline scenario that assumes no SPI 2nd Access ("no build") and 2) a scenario in which a SPI 2nd Access is developed ("build") with new economic activity on SPI and the mainland within the defined study area. Scenario 2 will include a preliminary economic impact analysis related to new economic activity in the study area (ex. the northern portion of SPI, Port Isabel and Laguna Vista) resulting from the SPI 2nd Access.

As part of this process, the GEC TEAM will review and analyze macroeconomic trends (state and national level) such as inflation pressures, trade deficits and credit market liquidity that ultimately influence local economic activity. Cameron County is not immune to these trends, but the positive and negative effects will vary based on the specific issue. For example, the national housing crisis will put pressure on Cameron County because higher interests rates should slow residential development within the county. Any financing plan that is linked to tax base growth or new residential activity needs to consider these forces and risks. A depreciating dollar can help/hurt international tourism.

At the same time, existing and planned activity in Hidalgo County, the State of

Tamaulipas and elsewhere in Mexico will be factored into this economic equation. Since Mexican citizens own property on SPI and visit the area as tourists, the Cameron County economy fluctuates based on economic growth/decline south of the border. In addition, potential transportation projects in Mexico and the Rio Grande Valley might enhance the ability of tourists to reach SPI or shift tourist activity to other locations.

The findings will serve as inputs into other analyses such as the financial plan and route alternatives analysis that will be required as part of specific project planning and development. This will be an iterative process based on conversations with the AUTHORITY staff, municipalities within Cameron County and other regional stakeholders.

The long range economic and demographic forecast will be divided into four (4) steps as outlined in subtasks 110.10.01 through 110.10.04. As with any complex economic development analysis, assumptions will be challenged and unforeseen issues will emerge. The following work plan provides specific action items as well as expected outcomes.

Subtask 110.10.01 – Cameron County Baseline Assessment

Purpose: To establish a baseline of socioeconomic trends to compare against a “build” scenario.

Expected Results: Because many communities continually update their long range community development and land use plans, a certain level of development is expected. This development has specific characteristics based on existing industry structure, regional income levels and infrastructure. Moreover, government agencies have incorporated this future growth and tax revenue into long term financial plans. Any large infrastructure project that might require county or city financial participation should consider the future resident and business demands on government agencies to provide basic services. This task will help create consensus about what is the likely state of Cameron County under a no build scenario.

Deliverables: A written report that provides a current assessment of Cameron County and the study area as well as a twenty (20) year forecast of key socioeconomic variables.

- A) Collect information related to global and national economic trends that will influence the study area, including patterns of trade, tourism, transportation, energy and labor/migration. Depending on the dataset, ten (10) to twenty (20) years of historical data will be collected. Examples of data sources include the U.S. Census Bureau, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, World Institute for Strategic Economic Research (WISER), Texas Centers for Border Economic and Enterprise Development, Texas State Data Center and the Federal Reserve Bank of Dallas.

- B) Compile economic, demographic, economic base and land use information for SPI, Cameron County and its municipal jurisdictions, including city level data when possible (not all datasets are published for cities). Depending on the dataset, ten (10) to twenty (20) years of historical data will be collected. Examples of data sources include the U.S. Census Bureau, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, Texas Comptroller of Public Accounts, Texas Workforce Commission, Office of the Governor – Economic Development and Tourism, Cameron Appraisal District, the Texas State Data Center and individual city planning/zoning departments.
- C) Perform Cameron County cluster analysis to determine current and potential future areas of economic concentration and competitive advantage. Economic development agencies and chambers of commerce typically create target industry lists for recruitment. Because some industry clusters do not currently exist (the community would like to develop a specific cluster), an assessment of existing data will not yield information about future growth trends in these areas. The GEC TEAM will perform a cluster analysis based on existing trends and combine these results with Cameron County target industry recruitment lists (this information will be obtained as part of discussions with Cameron County area economic development officials).

Industry cluster analysis is a common approach used in economic development to evaluate the economic base of a region, usually at the county or multi-county level. Clusters are highly integrated groups of businesses with strong vertical and horizontal linkages. Not only does industry cluster analysis describe the current state, but this technique is often used to identify areas of recruitment opportunity. Industry cluster analysis, however, is a broad concept rather than a precise term. There is not a unified definition of industry clusters or their subcomponents.

In general, a cluster consists of firms and related economic factors and institutions that draw productive advantage from their mutual proximity and connections. First, linkages are established in which businesses build relationships with existing specialized supplier firms throughout a region. Second, these developing clusters attract additional supplier firms and supporting business from outside of the area. Finally, by creating a critical mass of production, labor, information, related manufacturers and supplier firms are attracted to these developing cluster regions to take advantage of the existing human and physical infrastructure.

To assess the strength of a cluster in a regional economy, the location factors are calculated by comparing the cluster's share of total local employment to the cluster's national share. This quotient will yield a value generally between zero (0) and two (2), where one (1) demonstrates an equal share percentage between the local and national economies. Cluster location factors greater than two (2) indicate a strong cluster agglomeration, while those less than one half (0.5) indicate extremely weak clusters.

- D) Review third party forecasts of relevant variables such as population and employment to help refine baseline forecast. Examples of data sources include Texas State Data Center, Texas Comptroller of Public Account, Texas Workforce Commission, Texas Water Development Board and local government agencies (city planning departments), along with academic and private sector sources such as the University of Texas-Pan American, Texas A&M International, University of Texas at Brownsville and other consulting firms.
- E) Determine how growth and development plans in surrounding counties will influence Cameron County growth patterns. Trends in other communities (Texas and Mexico) will affect Cameron County's economic development plans.
- F) Establish a twenty (20) year baseline forecast of key economic and demographic variables (population, economic activity and employment by major sector, personal income, etc.) for Cameron County and the study area under a no-build scenario.

Subtask 110.10.02 – Cameron County Stakeholder Input

Purpose: To learn how private sector developers and businesses would respond to a SPI 2nd Access and understand how this project would impact Cameron County government agencies.

Expected Results: The private and public sectors will have a large role in determining the success or failure of a SPI 2nd Access. Because this project will impact all of Cameron County, many government agencies and stakeholders will have differing opinions about the infrastructure project. For example, a government agency might say the water/wastewater system is unable to handle a certain level of development. This finding would influence the economic impact analysis because it creates an upper bound on the development potential. Developers might change development plans of existing properties and green field sites based on their perceptions about the project. By the same token, informed local stakeholders are likely to be the best sources of information regarding possible new projects, both in terms of possible range and scope and likelihood of success. The findings of this task will feed into the economic impact analysis and Scenario 2 forecast.

Deliverables: A written report that provides a description of key findings, concerns and potential opportunities.

- A) Hold meetings with local municipality representatives such as city managers, planning and zoning staff, economic development officials and port representatives to understand current development patterns, long-term constraints and economic development target industries.
- B) Interview Cameron County real estate developers and business leaders to discuss the future of the region, upcoming large projects and expansions plans. This task

will inform the inputs to the economic impact analysis related to new developments in the study area (ex. the northern portion of SPI or Port Isabel).

- C) Meet with public and private sectors stakeholders in Hidalgo County and Mexico to discuss economic, trade and socioeconomic trends. The amount of effort put forth on this subtask will be driven by the alternative scenarios analysis of the route. If a larger infrastructure project in Cameron County or the study area is included, the implication for the movement of goods and people will be more important. The direct economic development activity generated by the project will extend beyond the original study area.

Subtask 110.10.03 – Cameron County Economic and Demographic Forecast

Purpose: To create a twenty (20) year economic and demographic forecast based on the “build” scenario including an economic impact analysis new activity within the study area.

Expected Results: An analysis that the Economic Development TWG and other Cameron County stakeholders will use to evaluate the “build” vs. “no build” alternatives. The results of these tasks will provide information for the financing plan that is developed in a later task.

Deliverables: A written report that provides a twenty (20) year forecast of key socioeconomic variables for Cameron County and the study area and an economic impact analysis.

- A) While it is assumed that the majority of development in the study area will be tourism related, the study area might attract other types of businesses and investment that are not closely tied to activity on SPI. This non-tourism potential is linked to the location of the SPI 2nd Access and other related transportation infrastructure within the study area. For example, a land owner might develop a business park focused on logistics and distribution users because travel times have been improved.

The study area and Cameron County development will also be influenced by other AUTHORITY projects not within the study area. For example, better access to and from the Port of Brownsville will impact Cameron County. If required, the GEC TEAM could expand its analysis to include these projects in the forecast analysis.

- B) Perform a preliminary economic impact analysis related to new economic activity in the study area (ex. the northern portion of SPI) resulting from the SPI 2nd Access. Because the potential location of the SPI 2nd Access will likely influence the amount of developable land and land use patterns, this preliminary economic impact analysis will highlight the potential effects of the project. The purpose of this part of the analysis is to translate the potential economic effects of each reasonable alternative on affected communities and economic sectors into their regional

consequences. This data will also be used to help evaluate financing alternatives for the proposed project.

Once the new economic activity is defined, the ripple effects associated with this increase in economic activity (ex. a new hotel) will be modeled using an appropriate input-output model of the regional economy. Because the study area is part of a much larger Cameron County economy, a substantial part of the new economic study will likely occur outside of the study area. However, these benefits are important because this economic activity will generate new tax revenue throughout Cameron County that could be used to finance the project. If required, the GEC TEAM can model the economic impact of the existing business activity at SPI so a baseline impact can be established.

- C) Collect data on tax rates and tax base for all relevant jurisdictions in the study area.
- D) Create a fiscal impact module (uses fiscal impact as a function of economic impact) to analyze the tax impact of direct economic activity within the study area. This subtask will probably focus primarily on development and tourism spending in northern SPI.
- E) Develop a preliminary twenty (20) year alternative scenario of key economic and demographic variables based on a build scenario. This forecast will need to be modified and updated as the alternative routes are considered.

Subtask 110.10.04 – Document Preparation and Presentations

- A) Prepare written standalone document that includes the baseline assessment and forecast scenarios, including illustrative maps.
- B) Prepare powerpoint presentation and handout material for Economic Development TWG meeting.

EXHIBIT C
WORK SCHEDULE
SOUTH PADRE ISLAND 2ND ACCESS STUDY

This Work Authorization shall become effective April 8, 2008 and shall terminate on January 1, 2009, unless extended by a Supplemental Work Authorization.

HNTB
SOUTH PADRE ISLAND 2nd ACCESS PROJECT
Supplemental Work Authorization No. 1
to Work Authorization No. 12,
Exhibit D - Fee Schedule
Basis of Lump Sum Fee

		HNTB	PSI	TxP		Total
TASK 110	TASK 110.01 - PROJECT ADMINISTRATION, COORDINATION & WORK GROUPS	\$ 14,713	\$ 4,046	\$ 4,983		\$ 23,742
	TASK 110.10 - ECONOMIC STUDY	\$ 35,598	\$ 65,062	\$ 184,514		\$ 285,174
	SUBTOTAL	\$ 50,311	\$ 69,108	\$ 189,497		\$ 308,916
	Total Labor	\$ 50,311	\$ 69,108	\$ 189,497		\$ 308,916
	Total Expenses	\$ 7,397	\$ 8,443	\$ 14,762		\$ 30,602
	Total Labor and Expenses	\$ 57,708	\$ 77,551	\$ 204,259		\$ 339,518

HNTB
SOUTH PADRE ISLAND 2nd ACCESS PROJECT
Supplemental Work Authorization No. 1 to Work Authorization No. 12,
Exhibit D - Fee Schedule
Basis of Lump Sum Fee

	Contracted Rates	Senior Technical Advisor	Project Principal	Project Director	Senior Project Manager	Senior Engineer	Engineer	Project Administration	Clerical/Admin.	TOTALS
TASK 110										
ROUTE AND DESIGN STUDIES										
TASK 110.00 - NOTICE TO PROCEED										
TASK 110.01 - PROJECT ADMINISTRATION, COORDINATION & WORK GROUPS										
Subtask 110.01.01 - General Administration										
A) Coordinate, Execute and Administer Work Authorization										
B) Progress Reports and Invoices										
C) Record Keeping and File Management										
D) Correspondence										
E) Schedule										
F) Managing Change										
Subtask 110.01.02 - Management and Coordination										
A) Economic Development TWG Meeting No. 2 (1)										
B) OMGC Audits										
TASK 110.01 SUBTOTAL (GEC TEAM)										
TASK 110.01 SUBTOTAL (GEC OVERSIGHT TEAM COORDINATION)										
TASK 110.01 SUBTOTAL (HNTB)										
TASK 110.10 - ECONOMIC STUDY										
Subtask 110.10.01 - Cameron County Baseline Assessment										
A) Collect Information Related to Global and National Economic Trends										
B) Compile Economic, Demographic, Economic Base and Land Use Information										
C) Perform Cameron County Economic Analysis										
D) Review Third Party Forecasts of Relevant Variables										
E) Determine How Growth and Development Plans Influence Cameron County Growth Patterns										
F) Establish a Twenty Year Baseline Forecast										
Subtask 110.10.02 - Cameron County Stakeholder Input										
A) Hold Meetings with Local Municipality Representatives										
B) Interview Cameron County Real Estate Developers and Business Leaders										
C) Meet with Public and Private Sectors Stakeholders in Hidalgo County and Mexico										
Subtask 110.10.03 - Cameron County Economic and Demographic Forecast										
A) Non-tourism and Other AUTHORITY Project Impacts										
B) Perform a Preliminary Economic Impact Analysis										
C) Collect Data on Tax Rates and Tax Base										
D) Create a Fiscal Impact Module										
E) Develop a Preliminary Twenty Year Alternative Scenario										
Subtask 110.10.04 - Document Preparation and Presentations										
A) Prepare Written Standalone Document										
B) Prepare Presentation Material for Economic Development TWG Meeting										
TASK 110.10 SUBTOTAL (GEC TEAM)										
TASK 110.10 SUBTOTAL (GEC OVERSIGHT TEAM COORDINATION)										
TASK 110.10 SUBTOTAL (HNTB)										
TOTAL HOURS (GEC TEAM)										
TOTAL HOURS (GEC OVERSIGHT COORDINATION)										
TOTAL HOURS (HNTB)										
Contracted Rates										
Total HNTB Labor Cost										
Total HNTB Expenses (see summary)										
Total HNTB Labor Plus Expenses										

HNTB
SOUTH PADRE ISLAND 2nd ACCESS PROJECT
Supplemental Work Authorization No. 1 to Work Authorization No. 12,
Exhibit D - Fee Schedule
Basis of Lump Sum Fee

EXPENSES				
	Unit	Amount	Contract	Cost
			Rate	
Travel				
Airfare (Lowest available coach fare)	ROUNDTRIP	8	\$350.00	\$2,800.00
Automobile Mileage	MILE	480	\$0.505	\$242.00
Lodging "+ tax"	DAY	8	\$85.00	\$680.00
Rental Vehicle "+ tax"	DAY	8	\$50.00	\$400.00
Airport Parking	DAY	8	\$13.00	\$104.00
Per Diem	DAY	8	\$36.00	\$288.00
Subtotal				\$4,514.00
Printing/Reproductions				
B&W Copies 8.5" x 11" (unless already included in overhead)	EA	1,000	\$0.065	\$65.00
Color Copies 8.5" x 11" (unless already included in overhead)	EA	1,000	\$0.75	\$750.00
Color Copies 11" x 17" (unless already included in overhead)	EA	500	\$1.50	\$750.00
Subtotal				\$1,565.00
Delivery				
Courier, Overnight, Deliveries, Postage	EA	1	\$500.00	\$500.00
Subtotal				\$500.00
Technical Work Groups (1)				
Handouts Printing	EA	40	\$0.65	\$26.00
Exhibit Printing	EA	5	\$60.00	\$300.00
Letter Printing (1)	EA	40	\$0.65	\$26.00
Letter Postage	EA	40	\$0.41	\$16.00
Facility, Audio Rental and misc expenses	EA	1	\$300.00	\$300.00
Status Report Printing	EA	10	\$15.00	\$150.00
Subtotal				\$818.00
Total Expenses				\$7,397.00

South Padre Island 2nd Access - Economic Development Study
Prime Strategies, Inc. - Phase I Fee Estimate

	PSI				TxP			
	Principal	Sr. Trans. Planner	Trans. Analyst	Tech.	Admin	Sr. Economist	Economist	Admin
	\$227.64	\$100.63	\$75.12	\$55.94	\$75.58	\$160.68	\$133.90	\$53.56
Subtask 110.01.02								
A) Economic Development TWG Meeting No. 2 (1)	12	4	0	0	0	12	16	5
B) QA/QC Audits	4					4		
Subtotal	16	4	0	0	0	16	16	5
Subtask 110.10.01								
A) Collect Information Related to Global and National Economic Trends								
B) Compile Economic, Demographic, Economic Base and Land Use Information	12	6	3	2	3	40	60	20
C) Perform Cameron County Cluster Analysis	12	6	3	2	3	40	60	20
D) Review Third Party Forecasts of Relevant Variables	8	4	2	2	3	60	40	20
E) Determine How Growth and Development Plans Influence Cameron County Growth Patterns	8	4	2	2	3	60	40	20
F) Establish a Twenty Year Baseline Forecast	8	4	2	2	3	60	40	20
Subtotal	40	20	10	8	12	260	260	20
Subtask 110.10.02								
A) Hold Meetings with Local Municipality Representatives	40	4	3			40	40	25
B) Interview Cameron County Real Estate Developers and Business Leaders	40	4	2			40	40	25
C) Meet with Public and Private Sectors Stakeholders in Hidalgo County and Mexico	20	2				20	20	62
Subtotal	100	10	5	0	0	100	100	25
Subtask 110.10.03								
A) Non-tourism and Other AUTHORITY Project Impacts	5	1				40	40	20
B) Perform a Preliminary Economic Impact Analysis	15	8	4			20	60	107
C) Collect Data on Tax Rates and Tax Base	15	8	4			60	40	5
D) Create a Fiscal Impact Module	15	8	4			80	55	127
E) Develop a Preliminary Twenty Year Alternative Scenario	50	25	12	0	0	200	200	20
Subtotal	50	25	12	0	0	200	200	507
Subtask 110.10.04								
A) Prepare Written Standalone Document	20	15	5			20	30	15
B) Prepare Presentation Material for Economic Development TWG Meeting	20	15	5			20	30	15
Subtotal	40	30	10	0	0	40	60	30
Total Hours	246	89	37	8	12	616	636	100
Direct Labor	\$55,999.44	\$8,973.87	\$2,779.44	\$447.52	\$906.96	\$98,978.88	\$85,160.40	\$5,356.00
								\$258,602.51

Labor (Including Overhead and Profit)

\$258,603

Expenses

\$23,207

TOTAL FEE

\$281,810

PSI Expenses

	Units	Unit Cost	Total
Mileage	500	\$0.505	\$252.50
Travel			\$0.00
5 air trips @ \$350.00 each	5	\$350.00	\$1,750.00
5 rental cars @ \$50.00 each	5	\$50.00	\$250.00
5 parking @ \$15.00 each	5	\$15.00	\$75.00
5 lodging @ \$85.00 each	5	\$85.00	\$425.00
5 meal per diem @ \$36.00	5	\$36.00	\$180.00
Copies			
b/w	9150	\$0.065	\$594.75
color	5875	\$0.750	\$4,406.25
Local Deliveries	10	\$15.00	\$150.00
Overnight Deliveries	10	\$35.00	\$350.00
Faxes	10	\$10.00	\$100.00
Total Expenses			\$8,443.50

TxP Expenses

	Units	Unit Cost	Total
Mileage	500	\$0.505	\$252.50
Travel			\$0.00
12 air trips @ \$350.00 each	12	\$350.00	\$4,200.00
6 rental cars @ \$50.00 each	6	\$50.00	\$300.00
10 parking @ \$15.00 each	10	\$15.00	\$150.00
30 lodging @ \$85.00 each	30	\$85.00	\$2,550.00
50 meal per diem @ \$36.00	50	\$36.00	\$1,800.00
Copies			
b/w	9150	\$0.065	\$594.75
color	5875	\$0.750	\$4,406.25
Local Deliveries	10	\$15.00	\$150.00
Overnight Deliveries	10	\$35.00	\$350.00
Faxes	10	\$10.00	\$100.00
Total Expenses			\$14,763.50

**VI. CONSIDERATION AND APPROVAL OF
TERMINATION OF CONTRACT BETWEEN THE
CCRMA AND ROB ALMON**

Upon motion by Director Scaief, seconded by Director Gallegos and carried unanimously, the termination of contract between the CCRMA and Rob Almon was approved.

**VIII. PRESENTATION AND DISCUSSION REGARDING
THE MARKET VALUATION PROCESS
PURSUANT TO SB 792**

Mr. Richard Riding, HNTB, reported that the studies for SH 550 and East Loop Projects would be preformed by TXDOT. He noted that a meeting would be held June 25, 2008 and that the terms and conditions were yet to be complete.

Director Gallegos moved that the Presentation and discussion regarding the Market Valuation Process Pursuant to SB 792 be acknowledged.

The motion was seconded by Director Garza and carried unanimously.

The Presentation is as follows:



Toll Road Market Valuations: Introduction and Planning

February 2008

DRAFT FOR DISCUSSION

Session Objectives

- ❑ Provide an overview of the market valuation process
- ❑ Establish a common understanding of general terminology and concepts
- ❑ Plan for formal negotiations that will follow this session

General Intent of SB 792

- Provide for greater involvement by local entities and facilitate “primacy”
 - Local tolling entities have the first option on new toll projects
 - TxDOT to provide local toll project entities access to state highway system and ROW
- Establish more transparency in the decision making process
 - In this context, TxDOT’s intent is to facilitate:
 - Additional public involvement for toll projects (website, newspaper, hearings)
 - Additional oversight by other agencies
- Decision-making for project delivery predicated on estimated value of each potential new toll road project
 - The objective of the Market Valuation process is to estimate the overall best value of each potential toll road project
- Moratorium
 - Two year ban on entering into a CDA that permits a private entity to operate or collect revenue from new toll projects, with several exceptions

Role of TxDOT's District Offices

- TxDOT's lead point of contact during the negotiations for projects in each district
 - Negotiations will be open to the public and/or recorded to demonstrate transparency
- Coordinate with local toll road entities and other affected stakeholders
- Negotiate project terms and conditions, as well as agree on market valuation inputs/assumptions, with local toll project entity
- Together with the local toll project entity, mutually agree on the entity to perform market valuation
- Together with the local toll project entity, mutually decide on results of valuation (agree or change)

Market Valuation – Overview

- “Market value” is defined as estimated amount of surplus funds that may be payable to the project sponsor in return for the right to develop, operate and maintain the facility over a fixed period of time
 - Some projects may require a subsidy to be financially viable
 - While informative and useful in regional decision making regarding the allocation of funding for local transportation needs, these projects will be deemed to have a market value of \$0
- According to SB 792, the market valuation must take into account:
 - Mutually established terms and conditions (including initial toll rate and escalation methodology)
 - A traffic and revenue study using agreed-upon assumptions
 - Agreed upon project scope
 - Market research
 - Agreed estimated costs of construction, maintenance, operations and financing
 - Other information deemed appropriate by TxDOT and the local toll project entity
- TxDOT and the local toll project entity can agree to waive the requirement for a market valuation

Market Valuation – Overview (cont'd)

- Market value is derived from a financial model tailored to the project
 - Developed to incorporate anticipated cash flows derived from expected project capital costs, revenues, operating costs and cost of finance
- The market valuation exercise will be used to determine the “project sponsor”
 - Local toll project entity provided first option and afforded six months to decide
 - If the local toll project entity elects to deliver the project, afforded six months to begin environmental review and two years (after environmental is complete with no outstanding legal challenges remaining) to:
 - Enter into a construction contract for the project
 - Provide the value of the project as determined by the market valuation
 - If the local toll project entity does not deliver the project, TxDOT is afforded two months to exercise its option
 - Subject to similar time constraints for delivering on commitment of value

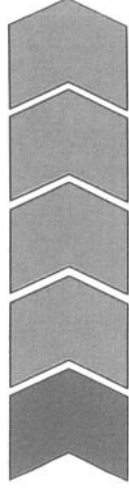
Market Valuation Process



□ Highlights:

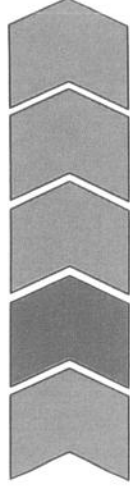
- Key initial step is to define the terms and conditions that will form the basis of value for the project
- Financial model inputs are based upon the best information available at time of valuation
 - Incorporate past experience of those inputs from previous projects to account for most recent and relevant market conditions
- TxDOT and the local toll project entity must mutually agree on the party that will perform the market valuation for each project
- Any changes to the market value must be agreed upon by the local toll project entity and TxDOT within 90 days – otherwise the draft results become final

Step 1: Negotiate Ts and Cs



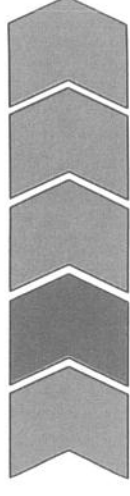
- The major terms and conditions that will be negotiated include:
 - Project scope
 - Project term
 - Toll rates and escalation methodology
 - Rights to toll revenue
 - Revenue share
 - Technical provisions
 - Toll operations
 - Financing
 - Capacity improvements
 - Handback requirements
 - Others
- In some cases, the Ts and Cs as well as input assumptions may vary by delivery model

Step 2: Define Inputs



- ☐ Tolls:
 - Rates and escalation methodology as articulated in the agreed upon terms and conditions
- ☐ Traffic:
 - Where possible, rely on at least a Level II equity T&R study, including project specific studies such as origin and destination surveys
 - Ideally, the T&R study is completed prior to valuation – but predicated on timing, budgetary, and data availability constraints
 - Where a Level II study is not available, TxDOT and the local toll project entity must agree upon underlying assumptions
 - Assess traffic risk with probability curve (or curves)
 - Incorporate capacity triggers as appropriate to account for facility growth constraints
- ☐ Capital cost:
 - In accordance with TxDOT standards, an appropriate cost estimation methodology shall be agreed upon and employed, consistent with the level of detail and availability of data
- ☐ Tolling operating cost:
 - In accordance with TxDOT standards
 - TxDOT, NTTA and HCTRA cost of tolling may also be used as a guide

Step 2: Define Inputs (cont'd)



- Routine maintenance:
 - From project scope, developed in accordance with TxDOT standards
- Capital maintenance:
 - From project scope, developed in accordance with TxDOT standards
 - Incorporate capacity improvement and handback requirements from terms and conditions
- Tax and accounting:
 - Achievable interpretation of generally agreed principles for privately financed projects
- Timing:
 - Anticipated date of financial close – need to inflate or discount all cost and revenue inputs to this date

Step 2: Define Inputs (cont'd)



- Public sector contributions:
 - Reasonable costs already borne by the various public sector stakeholders will be reimbursed and incorporated into the analysis
- Financing:
 - Based on an optimized, deliverable financing package under prevailing market conditions at time of valuation, reflecting risk allocation and scope specified under terms and conditions
- Discount rate:
 - Taking into account inherent risk of cash flows (both costs and revenues)

Step 3: Select a Valuator



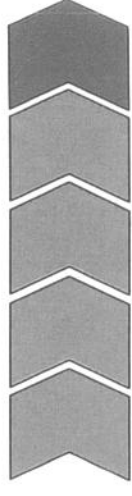
- ❑ Mutually agree on the party to perform market valuation
 - Valuator may not invest money in or be controlled by (or under common control of) a private entity that participates in the financing, development, construction, or operation of a toll project
- ❑ If agreeable to the local toll project entity, TxDOT CDA Program financial advisors may be used to complete the market valuation
 - Can also work jointly with local toll project entity financial advisor
 - The project can not proceed without an agreement on the entity to perform the market valuation
- ❑ Other external advisors may also need to be retained
 - Procurement engineers/consultants to estimate project costs (including capital expenses, operating expenses, lifecycle and ongoing routine maintenance expenses)
 - Traffic and revenue forecasters to estimate project revenue
 - Must coordinate with Comptroller's office

Step 4: Perform Market Valuation



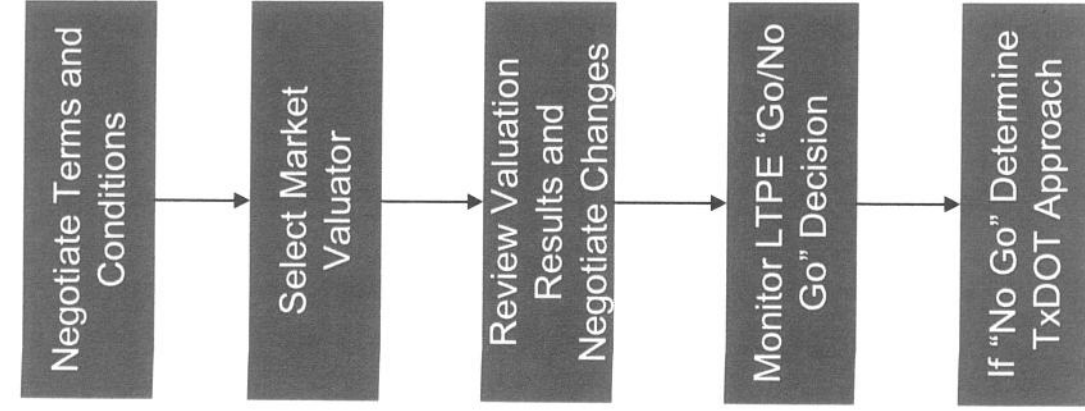
- ❑ The market valuator will use the agreed terms and conditions and model inputs to build a financial model to estimate the potential future cash flows associated with the project
- ❑ The financial model will generate a market value representing the funds that may be payable to the project sponsor in return for the right to develop, operate and maintain the facility over a fixed period of time

Step 5: Adopt Results



- The local toll project entity and TxDOT have 90 days to review and negotiate any desired changes to the results of the market valuation
- In addition to the development of the toll project in question, the results of the market valuation will identify:
 - The magnitude of the payment that the project sponsor will be required to contribute in support of additional infrastructure development in the local community; or
 - The amount of construction that the project sponsor will be required to complete in the region; or
 - For an RMA, the magnitude of surplus revenue payable over time

Summary of Key Activities – By Project



- Start programmatic, but tailor terms to each project
- Involve MPO if appropriate
- Can waive market valuation
- CDA Program financial advisors available to assist
- Consider time required to engage 3rd party
- Conduct due diligence on results
- Parties consider implications associated with commitment
- LTPE has 6 months to decide
- If “Go”, LTPE has 6 months to initiate environmental work
- Determine if funds available
- Initiate procurement
- Without agreement on terms, project cannot be developed
- Target 60 days for completion
- Without agreement on market valuator party, project cannot be developed
- Target 90 days for completion of market valuation
- 90 days to negotiate changes or draft results become final
- Once environmental work is complete, LTPE has 2 years to begin construction and deliver on commitment

Next Steps

- ❑ Identify negotiating team representatives
- ❑ Hold kickoff session for each project
 - Confirm projects to be considered
 - Confirm project scope and timing
 - Confirm delivery model
 - Identify data availability
 - Review alternatives for developing T&R, construction, lifecycle, routine maintenance costs and operating cost forecasts
 - Discuss selection of valuator
- ❑ Conduct subject-specific negotiations on key terms and inputs:
 - Commercial terms
 - Traffic and revenue
 - Capital cost
 - Lifecycle cost
 - Operating cost
 - Routine maintenance cost
 - Financing terms

**IX. DISCUSSION AND POSSIBLE ACTION
REGARDING THE ISSUANCE OF THE REQUEST
FOR STATEMENTS OF INTEREST (RFI) FOR
CCRMA PROJECTS**

Mr. Sepulveda noted that this item would authorize staff to proceed.

Director Gallegos moved that the issuance of the Request for Statements of Interest (RFI) for CCRMA Projects be approved.

The motion was seconded by Director Scaief and carried unanimously.

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- II. There being no further business to come before the Board and upon motion by Director Scaief, seconded by Director Gallegos the meeting was **ADJOURNED** at 1:29 P.M.
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APPROVED this 12th day of **June 2008**.

CHAIRMAN DAVID E. ALLEX

ATTESTED:

SECRETARY MICHAEL SCAIEF