MEETING SUMMARY

Date: December 15, 2011 **Time:** 1:30 p.m.

Subject: SH 99/Grand Parkway in Harris and Montgomery Counties (Initial Project) SB 1420 Committee Meeting

Location: Houston-Galveston Area Council (H-GAC), 3555 Timmons Lane, Houston Tx 77027

Attendees: See Sign-in Sheet

1. **Committee Introductions**

2. **Approval of November 29th Meeting Minutes – ACTION ITEM**
   - Holzwarth noted that page 4 of 6 of previous meeting minutes needed the addition of two comments he had made.

3. **Discuss and take all appropriate action to approve SB 1420 Committee Report – ACTION ITEM**
   - defer action on committee report

4. **Authorize SB 1420 Committee Chair to submit report to TxDOT Executive Director – ACTION ITEM**
   - Defer action since item 3 was postponed

5. **New business as required -**

a. Chair opened the floor to the rest of committee members.

- Alford had no comments
- Holzwarth requested a detailed delivery schedule to include all financing information.
- Chair introduced Bill Jameson as a non-voting member of the committee.
- Chair stated that a short-list will be determined on 2/17/12 (as per Exhibit 7 of the responses to the committee) and questioned whether the DBB model is off the table. Chair requested that Sanchez get with administration to clarify whether or not DBB is or is not still on the table.
- Chair wanted an explanation of the graph shown on page 5 of exhibit 3. Munoz explained his understanding.
- Holzwarth ask how the revenue was shared. Munoz explained that specific language can be inserted into the contract detailing how revenue will be shared. Holzwarth asked for examples in Texas. Munoz stated there are none were in Texas because there are no CDA projects in the operational phase at this point.
- Chair stated that when a concessionaire put their risk on the table through their analysis, shouldn't that be an indication that TxDOT projections will be achieved? Shouldn't there be a level of comfort on TxDOT's models? Chair further asked that isn't it true that historically the T&R projections are exceeded after project implementation. Munoz stated that is generally true but that it is dependent on the CDA financing structure and associated risk.

- Holzwarth requested that TxDOT analyze the project without equity revenue estimates. Munoz explained that it is not appropriate to model the project without equity revenue estimates because it wouldn't provide our best estimate of the project outcome. The Chair stated that TxDOT needs to have apple-to-apples on the revenue in all delivery modeling.
- Storey stated that Harris County has the right to require review of the project plans in order to issue permits.
- Storey stated that he officially represents Harris County and Key represents HCTRA.
- Chair asked to discuss exhibit 8 of the deliverable for the 11/29 meeting. Munoz stated the exhibit was discussed at an earlier meeting with local representatives to discuss updating the financial models including O&M. Information on exhibit 8 will be updated as a result of the meeting. Muller agreed with Munoz's statement that a consensus view of exhibit 8 would be submitted after the financial subcommittee met to discuss.
- Chair asked Sanchez to inform Mr. Barton and Mr. Wilson that we are being ask to choose a "less than TxDOT design construction" and get $1.2 Billion payment and take the knowledge (not the risk,, but a sure thing) that TxDOT will get an inferior road back…. vs. TxDOT doing a DB or DBB and see a net positive of $26 Billion and have the knowledge that the road would be constructed to the very best engineering standards according to TxDOT.
- Alford asked when the revised O&M values will be made available.
- Chair asked Sanchez to confirm from Phil Wilson and John Barton whether or not the DBB delivery model is still an option. Storey requested that Sanchez obtain clarification on the statement "in order to obtain an agreement with HC we need to discuss their role as equity partner".
- Chair stated that the purpose of the 1420 Committee is to address only the initial project.
- TxDOT team asked to revisit models to ensure expansion triggers are included.
- Munoz explained the contract states how the concessionaire expands the system.
- Sanchez reminded the committee that dual procurement process is moving forward. Chair asked if that includes a DBB. Sanchez responded that as far as TxDOT is concerned DBB is also an option.
- Munoz stated that all current estimates are just that, our best 'estimates'.
- Chair asked if the committee submitted a report recommending that a CDA not be considered, would that stop the dual procurement process? Sanchez stated if the recommendation met legal sufficiency, yes, it would stop the dual procurement process.

6. Set date for next Meeting, as required – ACTION ITEM

- January 17, 2012 at 10:30AM

7. Adjournment – ACTION ITEM

- Adjourned at 3:21pm

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1420 Committee
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Houston, TX 77027

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