



Austin-San Antonio Intermunicipal Commuter Rail District

Board Meeting

Friday, March 6, 2009

10:00 a.m.

San Marcos Activity Center

501 E. Hopkins

San Marcos, Texas

1. Call to Order

Notice was duly posted and a meeting of the Austin-San Antonio Rail District was held on Friday, March 6, 2009. Chairman Sid Covington called the meeting to order at 10:08 a.m.

Participants:

Sid Covington, Chair

Tommy Adkisson

Gloria Arriaga

Hal Baldwin

Mary Briseño

Mariano Camarillo

Sheryl Cole

Patty Eason

Dan A. Gattis

Karen Huber

Debbie Ingalsbe

John Thomaides

Pat Wiggins

Other participants included Ross Milloy, Bill Bingham, Alison Schulze, Mike Marler, Don Karban, and Scott Polikov.

2. Chairman and Member Comments

Chairman Covington welcomed new Board members Judge Dan A. Gattis, representing Williamson County, and Commissioner Karen Huber, representing Travis County. Chairman Covington announced he and Vice Chair Tullos Wells would be meeting with Union Pacific officials in San Antonio later that morning and he would turn the gavel over to Mariano Camarillo to chair the meeting in his absence.

Since Chairman Covington would leave the meeting early, he stated his support of the amended reimbursement policy between the Austin-San Antonio Corridor Council and the Rail District, which the Board would act on under agenda item 8. He briefed the Board on the purpose of amending the policy and praised Donna Hurta for her thorough research of Corridor Council expenditures on behalf of the Rail District.

Mariano Camarillo noted that he attended the Central Texas/Transatlantic Rail Workshop and appreciated hearing first hand about the European rail experience and associated economic benefits. He also noted that he had been interviewed by TateAustinHahn as part of the branding process and looked forward to hearing the results of the process.

3. Consider Approval of December 5, 2008 Board Meeting Minutes

Upon a motion by Gloria Arriaga and second by Councilmember Pat Wiggins, the Board unanimously approved the December 5 meeting minutes.

4. Consider and Take Appropriate Action on Status of Appointments to Board, and Administration of Oath of Office to Newly Appointed Board Members

Bill Bingham, Rail District General Counsel, noted that all Board members present had taken the oath of office. Two reappointments have not yet been completed, but the Board members continue to serve until they or their successors are appointed.

Chairman Covington turned the gavel over to Mariano Camarillo to chair the rest of the meeting.

5. Consider and Take Appropriate Action on Election of Board Officers

Alison Schulze directed the Board's attention to the memo and resolution in the agenda packet. She noted that in February of odd-numbered years, Board members elect a Board Chairman, Vice Chairman and Secretary. The positions are currently held by Sid Covington, Tullos Wells, and Councilmember John Thomaides, respectively. Only the office of Board Chair has a term limit—in accordance with the bylaws, a member may only be elected to two successive terms as Board Chair unless the term limit is waived by a resolution passed by two-thirds (14 members) of the Board. Staff recommended that the Board waive the term limit in order to allow Sid Covington to remain as Chairman due to his significant involvement in legislation for the Texas Rail Relocation Fund, Union Pacific discussions, TxDOT freight studies, and the operations and financial management of the Rail District. Board discussion followed. The consensus of the Board was to keep Mr. Covington as Board Chair given his involvement in very important, on-going activities. Since two-thirds of the Board was not present, the item was postponed until the next Board meeting.

6. Consider and Take Appropriate Action on Appointment of Executive Committee

Alison Schulze directed the Board's attention to the list of proposed committee assignments in the agenda packet. In accordance with the bylaws, the Board appoints the Executive Committee, which must include the Chairman, Vice Chairman, and must reflect geographic diversity with at least two members from the northern part of the Rail District and two members from the southern part. Chairman Covington's recommendation for the Executive Committee is Chairman Covington, Vice Chairman Wells, Board Secretary Thomaides, Mary Briseño, Mariano Camarillo, Councilmember Patty Eason, and Carroll Schubert, with Commissioner Jeff Barton and Senator Jeff Wentworth serving as alternates. Upon a motion by Gloria Arriaga and second by Commissioner Debbie Ingalsbe, the Board unanimously approved the Chairman's recommendation for the Executive Committee.

Alison Schulze noted that the bylaws state the Board Chairman appoints all members of the Rail District's standing committees. The current committees are Program Management Oversight, Public Information, Rules and Procedures, and Finance. Chairman Covington disbanded the Freight Rail Relations Committee until the service of that committee is needed. Each committee includes nine members, and some prior committee assignments have been changed to keep the committees balanced in terms of geography and jurisdictions represented.

7. Committee Report

A. Finance Committee Meeting February 9, 2009

Alison Schulze reported on the February 9 Committee meeting due to Committee Chairman Clamp's absence. She directed the Board's attention to the summary of the February 9 meeting included in the agenda packet, and summarized the Committee's action on three items:

- Reimbursement policy between the Austin-San Antonio Corridor Council and the Rail District: The Committee voted unanimously to recommend the Board amend the reimbursement policy to correct inadequate payments to the Corridor Council. Discussion and Board action on the proposed policy will occur under agenda item 8.
- Contract for general representation legal services: The Rail District has a contract with McGinnis Lochridge & Kilgore for Bill Bingham's services as legal counsel. A supplemental agreement dated February 9, 2009, documents billing rates and a process for adjusting hourly rates. There is no change in rates associated with the supplemental agreement. The Committee voted unanimously to approve the supplemental agreement and to report its action to the full Board.
- Amendments to the FY09 budget: The Committee voted unanimously to recommend the Board amend the FY09 budget to reflect the amended reimbursement policy between the Austin-San Antonio Corridor Council and the Rail District. Discussion and Board action on the proposed budget amendments will take place under agenda item 9.

8. Consider and Take Appropriate Action on Reimbursement Policy between Austin-San Antonio Corridor Council and Austin-San Antonio Rail District

Ross Milloy reported that audits done for both organizations indicated the Rail District's reimbursement policy for Corridor Council staff time spent on behalf of Rail District business was inadequate. The amended policy increases the reimbursement for salaries, payroll taxes and benefits for the Interim Executive Director from 30% to 50% and for the bookkeeper from 50% to 60%. On February 9, the Finance Committee unanimously recommended the Board amend the policy and apply the policy retroactively to FY08. The amended reimbursement policy as approved by the Finance Committee is included in the agenda packet.

Board discussion followed. Mr. Milloy reported that the Finance Committee also directed staff to analyze the reimbursement agreement on an annual basis in conjunction with preparation of the budget and to present the reimbursement policy with the budget for Board approval each year. Upon a motion by Gloria Arriaga and second by Councilmember Patty Eason, the Board voted unanimously to approve the amended reimbursement policy and to apply the policy retroactively to FY08.

9. Consider and Take Appropriate Action on Amending FY09 Budget

Alison Schulze directed the Board's attention to the amended FY09 budget as recommended for approval by the Finance Committee on February 9, and summarized the two budget amendments:

- Amend the line item on payments from local governments: The approved FY09 budget incorrectly showed the amount received from local dues as \$544,500. The actual amount is \$594,000.

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- Amend line items to reflect the revised reimbursement policy between the Corridor Council and the Rail District: The amended line items under locally funded expenses include salaries and benefits, payroll taxes, reserve for future local expenses, and minor adjustments to miscellaneous line items under direct expenses to balance the budget.

Ms. Schulze reported the amended FY09 budget remains balanced, and the unanimous recommendation of the Finance Committee is to adopt the amended FY09 budget. Upon a motion by Gloria Arriaga and second by Commissioner Huber, the Board voted unanimously to approve the amended FY09 budget.

10. Presentation on City of San Antonio's Verano Tax Increment Reinvestment Zone

Scott Polikov, principal with Gateway Planning Group, briefed the Board on the 2000-acre Verano development located in the heart of San Antonio's City South. Verano is the result of a successful public-private partnership between the City of San Antonio, Bexar County, Alamo Community College District, San Antonio River Authority, and the developers. Located adjacent to a new Texas A&M campus in City South, Verano is a mixed-use development that includes 7,000 residential units (single-family homes, town homes, lofts, apartments) and nearly 6 million square feet of non-residential use (office, retail/restaurants, industrial). Verano's street system is designed to accommodate all transportation modes—cars, buses, bus rapid transit, light rail, bicycles, pedestrians—and to interface with a planned intercity rail station in its town center. Mr. Polikov asked the Board to consider extending the adopted Austin-San Antonio regional passenger rail route, which currently terminates at Port San Antonio, to San Antonio's City South, Verano, and the new Texas A&M campus. Verano's tax base is projected to be \$2 billion, which will support the \$265 million tax increment reinvestment zone (TIRZ). Part of the TIRZ revenue could be used to extend the Austin-San Antonio intercity rail route to Verano's town center. A question-and-answer session followed.

11. Financial Report

Ross Milloy directed the Board's attention to the financial statement included in the agenda packet. The statement shows cash inflow, cash outflow, and expenses for the first quarter of FY09. Mr. Milloy stated that expenditures are on schedule for the year.

12. Legislative Update

Ross Milloy directed the Board's attention to two items in the agenda packet: Recommendations to the Mayor and County Judge of the San Antonio/Bexar County Transportation Task Force, and a March 5 webcast on Understanding the Federal Programming Rules.

Bill Bingham briefed the Board on the history of the project, rail terminology, the locally preferred alternative (LPA), and potential funding sources. The LPA runs in the existing Union Pacific right-of-way from south San Antonio to Round Rock and in the abandoned MKT right-of-way from Round Rock to Georgetown. UP owns the line from San Antonio to Round Rock, but the Rail District believes UP is interested in moving its through freight to a new corridor in order to achieve higher speeds, more capacity and better freight service. UP needs assurance that the State has the funds to pay the public share of freight relocation. The funds to pay the public share could come from either the Rail Relocation Fund or a combination of federal, state, and local sources. One federal source is

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the federal stimulus program, which includes \$13 billion for rail projects. The Rail District has expressed its interest to federal and state leaders to receive a portion of the federal stimulus program funds. In addition, Congress recently redefined high-speed rail as 25% faster than Amtrak, so the Austin-San Antonio passenger rail project may be eligible for high-speed rail funding as well.

Ross Milloy provided an update on the current state legislative session. The legislature is urging TxDOT to take a more active role in rail transportation development. Mr. Milloy outlined guiding principles and action steps to develop rail service in the Austin-San Antonio corridor. He also described legislative initiatives for rail relocation funding and changes to the Rail District's statute. Mr. Milloy encouraged Board members to contact key legislators and urge action on the Rail Relocation and Improvement Fund, and to spread the Rail District's message that Texas can't solve its transportation problems without incorporating rail—passenger rail and freight rail—as a part of the solution.

13. Other Business

Councilmember John Thomaides reported that he recently rode the Rail Runner passenger rail system in Albuquerque, New Mexico. The trains were overflowing with riders.

14. Public Comment

There were no public comments.

15. Adjourn

There being no further items, Chairman Camarillo adjourned the meeting at 11:25 a.m.