

WEST HAYMARKET JOINT PUBLIC AGENCY (JPA)
Board Meeting
July 26, 2013

Meeting Began At: 3:03 P.M.

Meeting Ended At: 3:32 P.M.

Members Present: Tim Clare, Chris Beutler, Doug Emery

Item 1 -- Introductions and Notice of Open Meetings Law Posted by Door

Chair Beutler opened the meeting with introduction of the Board members. He advised that the open meetings law posted at the back of the room is in effect.

Item 2 -- Public Comment and Time Limit Notification

Public comment is welcome. Beutler stated that individuals from the audience will be given a total of five minutes to speak on specific items listed on today's agenda. Those testifying should identify themselves for the official record and sign in.

Item 3 -- Approval of the minutes from the JPA meeting held July 12, 2013

Beutler asked for corrections or changes to the minutes of the July 12, 2013 meeting. Being none, Clare moved approval of the minutes. Emery seconded the motion. Motion carried 3-0.

Item 4 -- Approval of June 2013 Payment Registers

Steve Hubka, City Finance Director, presented the payment registers for June 2013. Hubka noted that the total is for \$22.3 million. Of the total, \$7.6 million is interest payments on outstanding bonds, which are due semi-annually. Other large payments include a payment to Hausmann Dunn for Parking Deck 1 and a payment to Mortenson for the arena. Even without the interest payments, there is about \$14.17 million of expenditures. Responding to Clare, Hubka stated they are in good shape budget wise, which he will discuss in more detail in a later item.

Being no public comment, Clare moved approval of the payment registers. Emery seconded the motion. Motion carried 3-0.

Item 5 -- Review of June 2013 Expenditure Reports

Hubka presented the June Job Cost Reports consisting of reports for Phase I, Phase II, and the Operating Budget. He pointed out that there will be some future budget adjustments that will shift monies, but not increase the budget. Emery asked Hubka to elaborate on the budget status. Hubka explained that there is still a good amount of contingency dollars not allocated to specific projects. In addition, as the project gets closer to the end, there are less items needing to be bid allowing for a greater cost certainty. He confirmed that we are at least on budget and definitely not exceeding it.

Beutler asked for public comment. No one came forward.

Item 6 -- WH 13-73 Resolution to approve Amendment No. 1 to the Consultant Agreement between Thornton Tomasetti, Inc. and the West Haymarket Joint Public Agency to expand the scope of structural engineering services with regard to the failure and partial collapse of a concrete bridge girder which supports the pedestrian bridge at the Pinnacle Bank Arena.

Chris Connolly, City Law Department, introduced this resolution. When Thornton Tomasetti was initially hired in April of this year, it was to do failure investigation for the pedestrian bridge girder failure. Originally, hired at a fee not to exceed \$25,000, their fees began to exceed that limit and a new agreement was reached not to exceed \$50,000. Now their fees are exceeding that new limit, but their role has also been expanded.

In addition to doing the failure investigation, we are asking them to do peer reviews of the repair process recommended by other engineers. Hawkins, as the contractor, has their own engineering firm developing a plan to repair the bridge. We asked Tomasetti to review that plan to ensure it will provide a safe bridge. There has not been an economic analysis, but believe that will be picked up by someone else at some point.

There has been a structural analysis, and we have asked Thornton Tomasetti to review that analysis and stay with that process as we go through the steps to repair the bridge. Rather than continuing a series of agreement where it is necessary to come back before the Board to up the cap, a different proposal is before the Board today. This provides the scope of the work and the amount anticipated, as well as the amount spent on each of the categories so far.

There are some optional items within the proposal, such as load testing and construction review, which we are not currently sure if we will need. The rates are the same as initially proposed, but we are asking for additional work and this proposal removes the cap on the fees. As with all expenses associated with the repair of the pedestrian bridge, we will pursue reimbursement from whoever is ultimately found responsible for the failure.

The failure analysis has not been completed. Part of the reason is that the broken girders are still in the air. Thornton Tomasetti needs to look at the girders once they are on the ground in order to finish their work. Those are expected to be down and this part of the investigation completed within a couple of weeks. Thornton Tomasetti will continue to finish the peer review process of the repairs.

Emery asked for confirmation that, even though we have expanded the scope of the work, the work will be considered part of the original failure fix. Connolly affirmed stating that all of these Tomasetti expenditures are related to the pedestrian bridge failure and, therefore, whoever is determined to be responsible for paying all the bills in association with the failure will also be responsible for these costs.

Clare went on to clarify that, by expanding the scope, we are not suggesting there are other issues; but we are giving latitude to go where needed to find the answers. Connolly responded that there has been discussion with Olsson Associates, as the engineer of record, about the process of who will handle the peer review of the engineer for Hawkins. It is not a matter of trust, but a matter of being prudent to understand the process. Tomasetti will not redo all the calculations, but will review the plans for deconstruction and reconstruction and the repair plan to be sure all the steps were followed as part of that process.

As the designers of the bridge, Olsson's feels that is not part of their role in this process and should be done by someone else. We would have been paying Olsson Associates to do the work as well if they would have accepted the responsible for the additional work. The responsibilities for this work are being shifted from Olsson to Thornton Tomasetti.

Clare continued that this agreement is between the JPA and Tomasetti. He questioned whether we are confident that we will be reimbursed once the person at fault is determined, such that no taxpayer money will be used. Connolly responded that there are no expectations whatsoever for additional tax money.

Beutler asked if the proposal reads such that it was safe to assume that the agreement maximum fee range is \$87,500. Connolly clarified that this amount is in addition to what has already been incurred – so with fees of approximately \$84,000 to date and this additional fee to complete their work, the maximum expenditure could be closer to \$170,000.

Beutler asked for public comment. Seeing none Emery moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 7 -- WH 13-74 Resolution authorizing and providing for the issuance, sale and delivery of general obligation promissory notes, in an aggregate principal amount not to exceed \$10,000,000.00, for the purpose of paying the costs of land acquisition and improvements thereon in connection with constructing, equipping and furnishing a new sport/entertainment arena in the West Haymarket Area of the City; prescribing certain terms of the notes and approving certain other documents and actions and related matters.

Hubka explained that with him today is Tim Schlegelmilch from U.S. Bank, Scott Keene from Ameritas Investment Corp., and Mike Rogers from Gilmore and Bell -- who can answer any questions relative to the documents before the Board.

Hubka explained they are trying to put into place a promissory note program, which essentially is a line of credit with U.S. Bank for up to \$10 million that can be drawn upon for any short-term cash flow needs. This results from an analysis a group has been working on for many months. It is based on the work being done by Don Herz, Dan Marvin, and a number of other people.

As we are going through cash at a rapid pace at the end of the project, we need to ensure there is cash in place to pay the bills without interfering with the scheduling of the final long-term debt issuance of \$30 million. We do not want to have to jump into the bond market at an undesirable time. We also want to size our bond issues so we know the exact amount of taxable debt that we have to issue – if any – so we are not issuing more and paying taxable rates for 30 plus years after. We may not need to draw upon this line of credit. The need to draw upon this line of credit diminishes a little due to the bond issuance earlier in the week, which Keene will address shortly. Things determining whether this line of credit will be needed include the timing of the final bills and the amount of contingency dollars remaining.

This is not increasing the budget and it does not change the amount of long-term borrowing needed for the project. It does give us flexibility in the timing of when the bonds are issued and in issuance of the correct amount of taxable versus non-taxable bonds, if taxable bonds are needed. This can be drawn upon in increments of \$100,000. We will pay U.S. Bank for their legal fees and an initiation fee. The interest rate, if drawn upon, is 1-month Libor rate, plus 50 basis points – as of today that would be .69%.

Schlegelmilch explained that as a partner with the City, from a banking perspective, they are providing a need. They provided support on the front end of the project as well, and this is fairly typical on a long-term project to have the flexibility. They are happy to provide that if needed.

Clare asked if there are fees associated if not used. Schlegelmilch stated there was an 'unused' fee. Hubka explained it is 20 basis points, which is .02 of 1% for any undrawn amounts. If it is determined not to be needed, we would terminate at that point.

Clare asked if this was similar to the note initially and whether that note expired such that this is a new note. Hubka confirmed that was correct. Keene explained that the originally note was actually with the City of Lincoln because it was prior to issuance of any debt by the JPA, but that is the only difference.

Keene went on to give a quick update on the \$25 million sale held this week. This bond issuance is related to the voter approval from May of 2010. The proceeds are limited to use for improvements in the arena. These bonds will be repaid from the turnback tax that will be received by the City of Lincoln starting in 2015. The bonds are backed by a pledge of the JPA, as well as the taxing authority of the City of Lincoln. Therefore, we did end up receiving a AAA rating from Moody's and Standard and Poor's for this financing.

Approximately \$24.6 million of the proceeds will be delivered to the JPA to be used in the construction of the project. Approximately \$350,000 will be used to make the first interest payment in January of 2014. The three subsequent interest payments will be paid by the JPA because we will not have received any of the turnback tax yet.

The first opportunity to receive turnback taxes from the State will be in the spring of 2015. Therefore, the JPA will be responsible for those intervening interest payments. Starting in July of 2015, the turnback tax will be expected to cover the debt service payments in full. The competitive sale process was held Tuesday, July 23, with three bidders. The net result was a true interest cost of 3.86%. When combined with the outstanding \$300 million of JPA bonds, the total cost capital for all of the debt is now 3.75% -- still a very favorable rate. The market has been unstable over the last couple of months, so they were happy to get the financing done. He is supporting this resolution before the Board to give maximum flexibility as to when they elect to go into the market with the remaining debt.

Beutler asked for public comment. Seeing none Emery moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 8 -- WH 13-75 Resolution approving an agreement with Lincoln Depot Partnership to acquire a pedestrian access easement; providing to Lincoln Depot Partnership \$50,000 for improvements in the pedestrian access easement area; and authorizing the Chair to execute the agreement and related documents.

Connolly, City Law Department, explained that this agreement has been a year in the making, starting with an agreement last year with Lincoln Depot Station on acquiring some property and a couple of small property swaps. As part of that agreement, JPA agreed to put up \$50,000 to help with improvements on the west side of the Lincoln Depot Station and between the two canopies. The money will be provided and, in exchange, the JPA is getting a permanent pedestrian access easement.

There will be certain opportunities for private parties, weddings, etc. The Farmer's Market will be a permanent fixture there as well. The City will make some improvements, such as putting in a bioswale to allow for drainage, and there will be some plantings and landscaping done in the area. The JPA will be responsible for maintenance on the structural aspects and Arter and his group will do regular maintenance, such as weeding and snow removal. Connolly displayed an image of the track, green space, and plantings between the two canopies. There is approximately 8,000 square feet and this type of arrangement is less expensive than JPA acquiring and owning the space. It also allows a private entity to use the space.

Clare asked if this arrangement was in the budget to which Connolly replied it was in the budget, and this is the same amount originally requested for this particular project. Dan Marvin, Project Manager, explained that when we bought the property north of Lincoln Station, there was a statement within the agreement saying that we would negotiate a \$50,000 easement. That was approximately a year ago so it was discussed publicly and has been in the budget for some time.

Beutler thanked Mr. Arter for his efforts and patience in getting to this point. Mr. Arter explained he is with the Arter Group, general partner for the Lincoln Station. He believes the project has been summarized well and would just add that they are excited that this area be a feature for the public. He believes Public Works has a storm water grant for filtration added since discussion of the purchase agreement and the \$50,000. He understands that they are taking the rainwater runoff from the canopies, doing retention and filtering.

They are designing the surface improvements to fit on top of that water retention project. It will make a nice rain garden area. One of the benefits to the City in having the easement is that it will guarantee that no future owner can build a building on this space. Beutler acknowledged that Mr. Arter was the one who came up with the design for the area. Arter stated it was actually inspired by the High Line Park in New York City, an elevated linear park built as an aerial greenway over abandoned railroad tracks that are integrated into the landscaping. The design is not being copied, but the concept is the basis for their work.

Beutler asked for public comment. Seeing none Emery moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 9 -- Set Next Meeting Date

The next meeting date is set for Thursday, August 8 at 3:00 p.m. in City Council Chambers Room 112.

Item 10 -- Motion to Adjourn

Clare made a motion to adjourn the meeting. Emery seconded the motion. The meeting adjourned at 3:32 p.m.

Prepared by: Pam Gaden, Public Works & Utilities