

2005 Design/ Build / Finance Services



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City of Addison  
Attn.: Public Works Director Jim Pierce  
[jpierce@ci.addison.us](mailto:jpierce@ci.addison.us)

Monday, February 07, 2005

Re.: Design/ Build/Finance Services  
Related to Governmental  
Improvement Projects/Master Plans

Dear Mr. Pierce:

As per our recent telephone conversation, please find enclosed information concerning the reference subject.

In the mid 1980's, the Texas Legislature created a House Bill establishing authority for municipalities and other governmental entities to secure Public Financing participation concerning certain improvement projects. Public of Financing is being defined as Financial Participation by Banks and other financial institutions. This method eliminates the need of financial funding mechanisms such as Bond Issues and Certificates of Obligation.

In 1983, our partners assisted the City of Cleveland, Texas in establishing a "Development" of a Wastewater Treatment Facility utilizing the Design/build/Financing method for obtaining their needed improvements.

The Design/Build/Financing (D/B/F) concept provided for Government entity improvement needs is somewhat new to Texas. School Districts have been using this method of Financing of obtaining a "Turn-Key" approach related to development of real property improvements for the past few years, projects such as buildings, stadiums, etc...

It has been stated by the Texas Department of Transportation that the D/B/F method, based on a lease-purchase contract, is the most feasible method of achieving improvements related to real property development (District Office Facilities, Regional Office Facilities, Weight Check Stations, Road-Side Rest Areas, Pump Stations, etc...). TEXDOT's first such project is the Development of the Houston District Office/Warehouse Facilities estimated at a total value of approximately 40 Million Dollars.

Utilizing this approach eliminates:

- Bond Voting Costs
- Bond Issue/Sale Costs
- Reduction between 10 to 15% in Design Costs
- Reduction between 10 to 15% in Construction Costs
- Reduction in Overall Related Time and Schedules (estimated as much as 120 days in some cases)

This approach "Stream Lines" time and costs related the entities improvement needs. In addition, all accounting and funds related to the project from beginning to final construction is the soul responsibility of the Bexar Group and the financier. Design Build sometimes known as "Value Engineering" is a proven method of saving time and money.



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The Bexar Group will work with your staff to develop a program to serve your needs. Our personnel consist of seasoned professional Architects, Engineers, Designers, and Construction Managers well versed and experienced in relation to governmental projects including Master Plans and Development Plans.

The Bexar Group will secure and contract the design team, construction team, and financial services as a total "Turn-Key" contract providing Development and total Design and Construction Project Management. Our program assures the client that each team member will have valuable expertise related to your Specific Project Development needs.

We appreciate your interest in our firms' Design/Build/Finance Development and Management Services. We are attaching more information for your review and we look forward to further discussions.

Sincerely:

Edward O. Harvey  
Development Manager  
(281) 586-9495  
Attachment

Richard G. Marenco, P.E.  
Design/Construction Manager  
(210) 731-8373



### ***WHO IS BEXAR?***

Bexar, a Texas corporation, specializes in the structuring, documentation, funding and administration of tax-exempt financed projects for public agencies and non-profit institutions. Bexar offers public agencies a simple and cost-effective alternative to the issuance of bonds or certificates of participation. Bexar works with financial institutions, architects, engineering firms, general contractors, in providing "turnkey" design/build/finance solutions for public agencies. Bexar can structure transactions in several different ways, depending on the needs of the agency.

Bexar's staff and counsel handle all aspects of the transaction including:

- Structuring
- Documentation
- Underwriting/Funding
- Progress Payment Administration
- Ongoing Lease Administration

Lease-purchase financing is becoming an increasingly important element in the financial management strategies of local governments. Nationwide, the annual dollar volume of lease-purchase obligations has grown from \$700 million in 1980 to an estimated \$8 billion in 2000. As it has grown, the lease-purchase market has also evolved to address a variety of funding needs and institutional constraints.



## INTRODUCTION

The private sector is playing an increasingly crucial role in the financing and provision of services that were traditionally the domain of the public sector. The reasons for this are multifarious. One of the key reasons is that governments are unable to cope with the ever-increasing demands on their budgets. Most infrastructure expenditures in growing municipalities have been funded directly from fiscal budgets but several factors such as macroeconomic instability and growing investment requirements, have shown that public financing is volatile and rarely meets crucial infrastructure expenditure requirements in a timely and adequate manner. Furthermore, there are efficiency gains arising from innovation, management and marketing skills offered by the private sector and greater incentives for the control of construction, operating and maintenance costs; the provision of additional finance for infrastructure projects, enabling economically justifiable projects to be freed from public-expenditure constraints and brought forward in time, thus generating earlier economic benefits.

According to Brian McCabe, Partner with Cantey & Hanger, LLP

"We are at a critical period in our nation's and state's economic situation increasing emphasis exists that we must make do with less taxes, less government services, and more reliance on localities and individuals to provide for the necessary services and amenities to maintain our living standards and provide for the financial well being of our clients (and thus, for ourselves) and our communities.

In 2003, the Texas Legislature passed House Bill 3588, the "master-plan" building, financing, and maintaining our continuing need for highways, road, and other transportation facilities. A very essential piece of this legislation provides the use of public-private partnerships. The emphasis of the legislation encourages and in certain instances, mandates the Regional Transportation Authorities created under the Act to seek out and establish partnerships with the private sector provide for the almost overwhelming needs of the state for improving its infrastructure. Some of the more innovative techniques involve the increased use of design/build/financing, a reliance on the private sector's extensive knowledge to assist the state in identifying the needs, designing solutions, and financing the repairs to the existing system, building new transportation systems, and maintaining all of our transportation infrastructure. This massive undertaking remains vital to ensure our economy continues to grow. The prevailing wisdom is that the private sector can do a better, more economical, and timely job than the government can."

Using private sector construction companies, states, counties, cities, and municipal districts can begin to meet their infrastructure needs by incorporating alternative financial arrangements other than issuing bonds. Texas is a leader in the privatization trend and public-private partnerships. The goal of privatization is to save the taxpayer money and allow the government to get back to policy-making. The goal of privatization also increases competition, which results in better-qualified contracting companies. Advantages to public-private partnerships include flexibility, speed, access to expertise, innovation, and efficiency.