

Webb County - City of Laredo
Regional Mobility Authority (RMA)
Board of Directors Meeting
Monday, December 14, 2015
9:00 AM

Minutes

The Webb County - City of Laredo, Regional Mobility Authority Board of Director convened in a meeting at 9:03 a.m. on Monday, December 14, 2015 at the Texas Department of Transportation (TxDOT) Office in the Laredo District Meeting Room, 1817 Bob Bullock Loop, Laredo, TX.

Minutes are as follows:

Present: Ruben Soto, Jr., Chairman and Presiding Officer, Albert Muller, Sr., Steve LaMantia, Jose Murrillo, Alfonso Mendiola, Paul Saenz, and Oscar Lopez.

Absent: Arturo Dominguez and Board Member for Precinct 1 (Unassigned)

Others: Melisa Montemayor, TxDot District Manager
Raul Leal, TxDOT Public Information Officer
Marissa Montoya, Office Technician, TxDot Laredo District (Note taker)
Araceli Rangel, Staff Assistant, CPA Office of Ruben Soto, Jr. (note taker)
Richard Ridings, HNTB
Stephen Trautmann, Jr., J. Cruz & Associates LLC (Legal Counsel)
Mario Espinoza, Central Texas RMA (Speaker)

1. Open Meeting and Establish Quorum

After establishing a quorum, Presiding Officer, Ruben Soto, Jr., called the meeting to order at 9:03 a.m. He then announced the following Board Members present: Steve LaMantia, Jose Murrillo, Albert Muller, Sr., Oscar Lopez, Paul Saenz, and himself, Ruben Soto, Jr. He notified everyone present that the meeting was posted in accordance with the Texas Open Meetings Act, then asked everyone to stand for the Invocation and Pledge of Allegiance.

2. Welcome and Opening Remarks -Ruben Soto, Jr. (WC-CL RMA Presiding Officer)

Chairman Soto informed all present that the meeting was being recorded and thanked Melisa Montemayor, TxDOT Laredo District Administrator, and Raul Leal, TxDOT Public Information Officer, for accommodating the meeting facilities. Chairman Soto also thanked Marissa Montoya and Araceli Rangel for assisting with the minutes and preparation for the meeting.

3. Action Item: Discussion, Consideration, and Approval of November 16, 2015 WC-CL RMA Regular Board Meeting Minutes

Chairman Soto stated that the Board Members had been provided a copy of the November 16, 2015 meeting minutes for review. He then asked for a motion to approve the minutes for the Webb County-City of Laredo RMA meeting that took place on November 16, 2015, as presented.

Albert Muller, Sr. made a motion, seconded by Alfonso Mendiola to approve the meeting minutes. No discussion was held. Motion passed unanimously.

4. Report: Update on WC-CL RMA Bank Account

Chairman Soto mentioned that arrangements had been made with the Webb County to transfer the county vehicle registration fee funds into the newly opened RMA bank account at Commerce Bank. Future funds will be automatically transferred via ACH on a monthly basis as per the inter-local agreement. Currently there is a fund balance of \$3.4 million.

5. Report: Update on Annual Audit Waiver Request

Chairman Soto went on to report that by law an annual audit report needs to be submitted to both the City of Laredo and Webb County. He has requested from both the Mayor and County Judge that the report be waived for 2015 due to lack of funding. The Webb County Commissioner's Court has posted the waiver request on their agenda for today's meeting. Regarding the City, Brian O'Rielly has contacted the Mayor's office and has been informed that it will be placed on next week's agenda.

6. Report: Discussion with Possible Action on Development of the Loop 20/I69 Project.

Chairman Soto then asked Richard Ridings, Project Manager from HNTB to give the Board an update on the Loop 20/I69 project. Mr. Ridings stated that they are currently working with TxDOT as they complete their financial plan of the project. TxDOT is also reviewing the various funding alternatives which were discussed in the November 2015 board meeting. He expects to have an answer from TxDot in January 2016.

Chairman Soto then mentioned to Mr. Ridings that he had attended an MPO meeting in which amendments to the highway MTP and TIP programs to the Loop 20/I59 from International Blvd. to US I59 for engineering, right of way acquisition and construction were being discussed. Mr. Soto mentioned that the environmental study had not been completed and did not include tolling as an option. He then asked Mr. Ridings, "If they go forward with PS&E on that section without including tolling in environmental study would a new environmental study be required if tolling did become an option?" As per Mr. Ridings, it would require an amendment. It would have to go through the process of public hearings since the public had not been informed of the change and it would need public approval. Making changes to the original project is very common, but with changes, the cost of the project would increase.

Mr. Soto also mentioned that he had recently attended a workshop sponsored by TxDOT regarding the design-build process. It was demonstrated that by using the design-build process, it would speed up the completion of projects, and thus amount to cost savings. Another positive of the design-build process would be that the risk is passed on to the contractor. As per Mr. Ridings, that's true. Their first RMA project that CTRMA completed in the state used the design-build process and the risk does go to the development community.

Mr. Ridings added, to move with a design-build or design-build finance program, you generally provide the bidders or developers with a schematic level design. Then, you complete the schematic and go through a comprehensive development agreement to allow the private sector to come in and propose on the project and do it with the RMA through the design-build process. So you could take your 20% progress and utilize that to seek proposers for a design-build or even a design-build finance project. In projects where you have one or two or three TRZs moving forward, and on top of that you have a design-build, or design-build finance option, you have the opportunity to utilize that as part of your comprehensive development agreement and you will actually have bidders who will come in and bid on the project. The TRZ revenues are part of their package as you enter into an agreement to finance the project over the long term.

So, if you're looking at fast ways to move forward with the project or moving forward with full design at this time or something like that, you probably should make up your mind whether or not you're going to do a TRZ, or whether or not you're going to do a design-build first on the projects. You would also need to figure out how you're going to finance, and how fast you want to get the projects built because you can limit yourself if you move forward with all the final decisions and you go through a standard government produced process where you design the project, get out the environmental study, put it out to bid, take the bids and go through that standard process. This can limit both the amount of input that you may be able to get and the amount of financing you may be able to get from the outside.

Financing ideas should not be limited as you look at the entire book of financing options as you work with your financial team.

7. Report: Presentation by the Texas A&M Transportation Institute on FM 1472 Medium-Range Improvement Strategies with Hachar and Vallecillo Roads

Mr. Edgar Kraus, P.E. from Texas A & M Transportation Institute presented to the Board results of their study on medium-range improvement strategies for the Mines Road Area including Hachar and Vallecillo Roads.

For additional information, please view attached PowerPoint.

8. Report: Update by HNTB on Work Authorization No. 1 on Phase 1 of the Development of the Vallecillo Road Project

Chairman Soto asked Richard Ridings, Project Manager from HNTB, to discuss Work Authorization No. 1 for the Vallecillo Road Project.

Mr. Ridings presented three alternatives for a proposed/suggested Transportation Reinvestment Zone (TRZ) to support the Vallecillo project which included widths of ½ mile and 1 mile. They are unsure about the amount of revenue that will be generated from this project or how fast it will be. It was suggested to include in the TRZ area everything that's shown in red on the first map, going from the intersection at Vallecillo and Mines Road up to IH 35 and south down to Bob Bullock Loop. A lot of that land is undeveloped and they believe it will be developed much faster if the road was put in place now. Once the roadway is put in, all the undeveloped property will be constructed much quicker and also help pay for the interchanges. In the technical memorandum, they suggest in order to expedite development of the project you should enter into an agreement with all parties involved. The primary party is the City to establish a TRZ. The revenues from that TRZ would pay off the construction of the roadway and increase revenues. As an example, "If the taxes are \$1 and it goes up 10 cents, the RMA would get that tax increment in the future". As the properties are developed, the increment gets greater and greater because more tax revenues are coming in. As the property is fully developed, the RMA should use that increment money to pay off the construction of the project within the TRZ. Mrs. Melisa Montemayor stated that it could be a percentage of that increment depending on the agreement. Mr. Ridings stated that HNTB has been involved in about every TRZ in the state and they all differ as to how much of the increment goes to the roadway projects. It is generally based on the estimate or the final construction price of the project.

Mr. Oscar Lopez asked if there was a term associated with that TRZ. "Does it last an "X" amount of years, to be determined later, or is it in place forever?" Mr. Ridings responded that it is usually associated with debt. It stays still the debt is paid off. Mr. Lopez asked about the ongoing maintenance of the infrastructure. Mr. Ridings stated that the maintenance of the infrastructure would be the City's since it will not be a toll facility. The RMA would just help expedite the construction by using these allowable tools. In the technical memorandum's second paragraph, the tax increment would be set up by City Council based on economic analysis, policy consideration and a time duration to pay the project off. A strong consideration for the increment percentage depends on how fast you want to pay the debt off. If all the undeveloped property develops more quickly because the roadway is put in place, and if quickly thereafter direct connector is put in place where Vallecillo comes in to I35 for the north bound traffic, then by having more money available quicker, the RMA would pay the debt off quicker. That would be a discussion to have with the City regarding how much of that increment to place on this project. If the RMA wants to pay it off faster, they would have a larger percentage of the increment. The

percentage is for the City to decide after discussions with the RMA. That would not be decided until the projection financial analysis is completed that would show the probability of how long it would take for the properties to develop.

There are also several options to consider in developing and constructing; the first option would be entering into an agreement with the land owner, who designs and builds the project, if they choose, and get reimbursed for their project cost through the TRZ. HNTB has seen it done before and that was one of the original uses of that method of financing to encourage the developers to accelerate warehousing, trucking, and airport facilities to accelerate job creation. The second option would be for the RMA to issue a design-build finance proposal. The project would be put out to bid for developers, and people who have a financial need to use a tool like this and manage the flow of those funds. They take a financial risk and assume that risk. As independent separate developers, they design, build and finance the project. That would also be an alternative that they could consider for Vallecillo. Turning the whole thing to the private community, including all of the financial risks, means that the project could be completed, financed and repaid through the revenues from the TRZ. The private sector would assume all the risk: construction, completion and the timing of repayment. Should the RMA choose either of these options, they should also consider utilizing some of the RMA money to jumpstart the process. Once that is done, the developers and the builders will expect a quick decision so they can get started. The RMA should discuss it with the City, County, TxDOT and the property owners to talk about the timing. The plan under any of these alternatives is for the project to pay for itself. He then stated that HNTB recommends that the RMA look at using their current revenues to jump start the process. Once they have a TRZ and it gets put in place, it takes time for the money to come in.

Mr. Soto stated that he personally liked the third scenario with the one mile corridor. It captures more of a potential increase in increment that would be available to the RMA.

Mr. Ridings then stated that that is what they have done with the majority of TRZs in the state of Texas. Mr. Oscar Lopez then questioned if it was one half mile out of the center line. Mr. Ridings confirmed. Mr. Soto then asked for a motion to approve one of the proposals. Mr. Oscar Lopez made a motion to approve the third proposal which he stated would develop the TRZ that would extend out half a mile from the proposed Vallecillo Road in each direction and wrap around IH 35 on to Bob Bullock Loop. Albert Muller, Sr. seconded the motion to approve the third proposal. Discussion ensued.

Mr. Alfonso Mendiola asked if the City would be the final word on approving the proposal.

Mr. Lopez stated that the City would make the final decision, but the RMA would suggest the third proposal to them. Mr. Albert Muller, Sr. asked if anything would be under the County, or is it strictly the City. Mr. Soto stated that it was City land. Mr. Muller stated that it was still in the County and the County taxes that are being produced would not be part of it. Mr. Soto stated that the only way the County could participate is if they had a County-wide TRZ. No further discussion was held. Motion passed unanimously.

Mr. Soto then asked Mr. Ridings what is their rough estimate regarding Vallecillo. He stated that his experienced estimate is if they want to do asphalt, then it was going to be around \$20 million. If they wanted to do concrete then it would be \$24 to \$25 million, but those numbers are with everything included. They are going to have inspection, lab, and several other costs. Inflation cost is what would cost them the most. He said that he would suggest working quickly with their partners; the City, County and TxDOT to get everything underway.

Mr. Soto stated that he spoke to financial advisor, Don Gonzalez from Estrada, Hinojosa and Co., and asked him what would be the maximum bonding capacity considering the RMA's limited sources of funds and he stated that it would be \$13 to \$13.5 million depending on interest rates. That is based on a 20 year payout. Since that would be their first time borrowing, a 30 year term might be possible, but not advisable due to a lower rating or higher interest rates, meaning less borrowing capacity. He advised to keep at least \$2 million or higher in the bank account at all times to get a better rating to comply with covenants. Mr. Soto stated that there is a shortfall there and the next step would be to approach their partners; City, County, and the Killam's for their participation in this project. If they rely on state or federal funding that would set them back at a minimum a year or two. The next step is communicating with the leaders and see how they can get this done.

9. Report: Update on the Status of Projects in the TxDOT Laredo District - Melisa D. Montemayor (TxDOT Laredo District Administrator and Staff)

Mr. Soto then asked Mrs. Melisa Montemayor to give the RMA board an update on the local projects.

Mrs. Montemayor stated that the Spur 400/Loop 20 grade separation project is currently under construction. Right now they are working on the installation of the storm sewer, so the impact to the traveling public are the travel lanes headed north, in front of Campos and Ramirez Street, across the street from Conns; those have been narrowed down from 12 ft. lanes to 11 ft. lanes. Speeds are reduced in the construction work zone. They expect for that work to be done in the next few weeks. They are pleased with the work and the speed that SER construction is doing on that project.

For the Kansas City Southern project that's adjacent to the south of Spur 400, the contractor, Oscar Renda, was awarded that project. He is working very closely with TxDOT and SER Construction on the Spur 400 project because it is in such close proximity. They anticipate that he will start construction in February. That is the widening of the Kansas City Southern overpass and the construction of the at-grade overpass alongside that overpass.

The International overpass on the northern part of loop 20, that's south of the McPherson overpass, that one let for bid a couple of weeks ago at \$21.9 million and it has been awarded to Anderson Colombia. That company has worked in Laredo for the past several years. That project,

since it's just been let for bid, work will start three months from now. That project will hopefully be done 20 months after they start. TxDOT will keep everyone up to date. Raul Leal, TxDOT Public Information Officer, will update their twitter account. If you select "TxDOT Laredo District" on twitter, you can see updates to what is going on, traffic wise, on all of those projects.

Mrs. Montemayor encouraged everyone to drive safe, especially during the holiday season.

10. Report: Presentation by Mario Espinoza from Central Texas Regional Mobility Authority

Mr. Soto then introduced Mr. Mario Espinoza, Deputy Director of the Central Texas RMA, and Dee Ann Heath, Director of External Affairs for the Central Texas RMA.

Mr. Espinoza stated that the Central Texas RMA is the oldest RMA in Texas and they have been around for 12 to 13 years. He conveyed greetings from their Chairman, Rey Lopez, and the Board of Central Texas RMA. They are just in Travis County and Williamson County, which are some of the fastest growing counties in the nation which means congestion can be a problem.

They also employ HNTB, Richard Ridings, along with Adkins. They started with the easier projects first, and just recently started on projects that are tougher to build because they are environmentally sensitive, but these are areas in their community that are growing at a high rate. How to find that balance is to get people moving to where they want to go to and at the same time looking at what the economic impacts might be. He also stated that toll road projects were very big in central Texas, and currently it is all electronic or cashless. Their RMA can do anything from airports to roadways to parking garages, but the focus of Central Texas has been toll roads. The same authorities are granted to your RMA under chapter 372 of the Texas Transportation Code. Their first project, 183A, was already cleared by TxDOT and there was no existing roadway but it was a transportation corridor that had been reserved by Williamson County. That roadway opened with cash booths which they were criticized for. The reason they built the cash booths was because they didn't have the confidence or the support of Wall Street. For CTRMA, they don't have the backing of the Cities and the Counties, so basically they are their own governmental entity. The only authority they have to raise money is through user fees or tolls. They can't tax, have property tax authority, or gas tax authority. TxTag, the toll transponder that they use in Austin, took off and people used it. They were losing money collecting tolls through cash booths because of the labor, so they went cashless and started using TxTag or Pay by Mail. He then stated that since the WC-CL RMA is closer to the border, they might have some challenges.

In their Loop 1 North project, they are building express lanes with one additional lane in each direction, where it will be variably tolled, which means the more cars on the lane then the higher the price. Pricing will vary. Most of their projects have toll facilities. Mr. Espinoza then asked Ms. Heath to discuss their public outreach.

For additional information, please view attached Central Texas RMA PowerPoint.

Mr. Alfonso Mendiola asked if Mopac was being done a year from now. Mr. Espinoza confirmed his statement. Then Mr. Mendiola asked what the projected travel time was going to be after that project was completed. Mr. Espinoza stated 15 to 20 minutes during peak rush hour.

Mr. Oscar Lopez then asked since they are going to have a variable toll on that lane, what did he think the peak toll would be on that lane on Mopac. Mr. Espinoza stated that it's estimated to be around \$4 at peak time, but there is no cap, so it could go higher. Buses will go free. Express lanes are not about moving vehicles, but moving people. If anyone uses the Carma app, they can be reimbursed for their tolls. They encourage carpooling.

Mr. Albert Muller, Sr. asked about the toll roads on I30. Mr. Espinoza stated that it was a TxDOT facility. TxDOT facilities are I30, 45 north, and Loop 1 north. They are basically implementing the MPOs long range plan, the Transportation Improvement Program (TIP).

11. Public Comments

No public comments

12. Report: Date/Time/Location of the Next Regular Board Meeting

Chairman Soto stated that the next meeting will be held on Tuesday, January 19, 2015, 9 a.m. Location TBD.

Albert Muller, Sr. asked if they could schedule a workshop at the beginning of the year for the WC-CL RMA board to answer questions on funding and planning. Mr. Soto stated that he would like some comments from the board members on what to discuss so they can structure an outline to touch on all the points they are interested in hearing/discussing. Mr. Muller stated some topics that could be discussed would be the funding from the TRZ, all the way to tolls that would fund the projects. Mr. Soto then asked Mrs. Montemayor on the status of the financial study. She stated that it was still being developed, but in January they might be able to share more information, but all of that will be addressed. Mr. Muller then said that they should discuss projects and which ones they want to handle and prioritize the list. Mr. Soto stated that the MPOs list of prioritized projects is where you need to look at.

13. Adjournment

Albert Muller, Sr. made a motion, seconded by Steve LaMantia to adjourn the Webb County - City of Laredo RMA meeting at 11:22 a.m. Motion passed unanimously and meeting was adjourned.

MINUTES FOR THE WEBB COUNTY - CITY OF LAREDO REGIONAL MOBILITY
AUTHORITY BOARD OF DIRECTORS MEETING HELD ON DECEMBER 14, 2015
WERE APPROVED ON THIS THE 19th DAY OF JANUARY 2016.

Submitted by:

Marissa J. Montoya
Office Technician
TxDOT Laredo Dist.

&

Araceli Rangel
Staff Assistant
Ruben Soto, Jr., CPA