

TEXAS TRANSPORTATION COMMISSION

HIDALGO County

MINUTE ORDER

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PHARR District

The Texas Department of Transportation (department) and the Hidalgo County Regional Mobility Authority (HCRMA) have been proceeding with the development of the SH 365 project in Hidalgo County. The SH 365 project includes three segments of construction of both toll and non-toll improvements. Segments 1 and 2 include the construction of toll road improvements from FM 396 (Anzalduas Highway) eastward to FM 3072, approximately 0.9 miles west of FM 2557, and then southward to US 281 (Military Highway). Segment 3, which constitutes US 281 and the Border Safety Inspection Facility (BSIF) Connector, includes the construction of non-toll highway improvements to US 281 (Military Highway) from 0.45 mile east of Spur 600 (Cage Blvd.) to FM 2557 (Stewart Rd.), and construction of non-toll highway improvements called the BSIF Connector from Spur 29 (S. Veterans Drive) to US 281 (Military Highway) below the San Juan Road overpass.

The department and the HCRMA, pursuant to former Transportation Code §228.0111, agreed on market valuation business terms for the project, and the HCRMA, in Board Resolution No. 2010-38, adopted on July 27, 2010, exercised its option to develop the toll road improvements. In Board Resolution No. 2016-73, adopted on May 17, 2016, the HCRMA exercised its option to develop the toll road improvements comprising Sections 1 and 2 of the SH 365 project pursuant to Texas Transportation Code §373.052, which supersedes the Authority's exercise of its option to develop the project in Resolution 2010-38.

Pursuant to Transportation Code, Chapter 222, Subchapter D, the Texas Transportation Commission (commission) adopted Title 43 Texas Administrative Code §§6.1-6.45 (SIB rules) to prescribe conditions for the commission's financial assistance from the State Infrastructure Bank (SIB).

In accordance with the SIB rules, the HCRMA submitted an application to receive a SIB loan of up to \$42,210,000 to pay for the costs of right-of-way, utility relocation, and construction of Segments 1 and 2 and the BSIF Connector of the SH 365 project.

Section 6.32 of the SIB rules provides for both preliminary and final approval by the commission of any SIB loan in the principal amount of more than \$10 million, unless the commission waives the preliminary approval requirement for that application. The intended use of the financial assistance conforms to the purposes of the SIB. The present and projected financial condition of the SIB is sufficient to cover the requested financial assistance for the project. Pursuant to the SIB rules, the executive director or his designee has determined that the requirement to submit any information or data that was not submitted by HCRMA is waived either because the information or data is not relevant or the department already possesses the information or data.

In Minute Order No. 114397, dated October 29, 2015, the commission granted preliminary approval of HCRMA's application and, in accordance with §6.32(c)(2) of the SIB rules, found that: (1) the project is consistent with the Statewide Long-Range Transportation Plan and the Metropolitan Transportation Plan developed by the applicable metropolitan planning organization; (2) the project is not in a Clean Air Act non-attainment area; (3) the project will improve the efficiency of the state's transportation systems; (4) the project will expand the availability of funding for transportation projects or reduce direct state costs; and (5) the application shows that the project and the HCRMA are likely to have sufficient revenues to assure repayment of the financial assistance.

Pursuant to §6.32 of the SIB rules, a social, economic, and environmental impact study for the project has been completed and the department issued a Finding of No Significant Impact on July 2, 2015.

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Pursuant to §6.31, §6.32 and §6.41 of the SIB rules, the executive director has completed negotiation of the terms of financial assistance necessary to complete an agreement, to comply with the requirements of preliminary approval, to protect the public's safety, and to prudently provide for the protection of public funds while furthering the purposes of the SIB rules, and has prepared findings and recommendations for the commission regarding final approval of HCRMA's application for financial assistance from the SIB. The board of directors of the HCRMA has agreed to the negotiated terms and conditions for the SIB loan pursuant to Resolution No. 2016-56 adopted at its meeting on April 20, 2016.

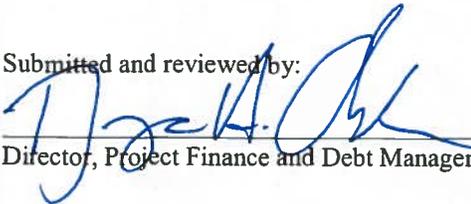
In accordance with 43 TAC §6.32(e), the commission has determined that providing financial assistance for the project will protect the public's safety and prudently provide for the protection of public funds, while furthering the purposes of the SIB, and that the project will provide for all reasonable and feasible measures to avoid, minimize, or mitigate for adverse environmental impacts.

IT IS THEREFORE DETERMINED AND ORDERED that the application for a loan from the SIB submitted by the Hidalgo County Regional Mobility Authority meets the applicable requirements of the SIB rules and, in accordance with those provisions, the commission grants final approval of the application for a SIB loan in an amount not to exceed \$42,210,000 to be evidenced by the issuance by Hidalgo County Regional Mobility Authority of its \$42,210,000 Hidalgo County Regional Mobility Authority Junior Lien Revenue Bonds (SIB Loan/Bonds), to pay for the costs of right-of-way, utility relocation, and construction of Segments 1, 2, and the BSIF Connector (part of Segment 3) of the project.

IT IS FURTHER ORDERED that the executive director or his designee is directed and authorized to finalize negotiation of and enter into financial assistance agreements that comply with the commission's rules and to execute such documents as are necessary to effect the purposes of this minute order.

IT IS FURTHER ORDERED that the \$42,210,000 SIB Loan/Bonds shall reflect the terms as negotiated by the executive director in accordance with the SIB rules and approved by the board of directors of the HCRMA, including a loan term of up to 35 years from the initial disbursement of funds, with a deferral of the initial repayment date of up to five years and interest payable at a rate of 3.50% per annum.

Submitted and reviewed by:


Director, Project Finance and Debt Management Division

Recommended by:


Executive Director

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Minute
Number

Date
Passed