



# ALAMO RMA

Alamo Regional Mobility Authority

"Moving people faster"

**BOARD MEETING**  
**Thursday, October 22, 2015 3:00 p.m.**  
**San Antonio River Authority, Board Room**  
**100 E. Guenther Street**  
**San Antonio, Texas 78204**

## Minutes

1. **Call meeting to order.** Chairman Clamp called the meeting to order at 3:05 p.m. Members present: John Clamp, Gavino Ramos, Ramiro Cavazos, John Montford, and David Starr. Members absent: Lou Miller.
2. **Approval of minutes from the Regular Board of Directors Meeting of September 24, 2015.** D. Starr made motion to approve the minutes as presented to the Board of Directors. R. Cavazos seconded the motion. All voted in favor.
3. **Executive Director's Report.** David Smith presented

### **A. Monthly Status Report on General Engineering Consultant (GEC) Work Authorizations**

For the month of September, work was performed on Work Authorization (WA) Number 1 with Pape Dawson Munoz.

- **Work Authorization No. 1:** Parking Feasibility Study:
  1. Continued revisions to complete the report and prepared the final report submittal
  2. Performed QA/QC for the final report

For the month of September, work was performed on Work Authorization (WA) Number 2 with HNTB.

- **Work Authorization No. 2:** Public Involvement Support:
  1. Updated the US 281 North Improvement Project Fact sheet with the non-tolled configuration

### **B. Monthly Update on Loop 1604 Environmental Assessment**

- **Work Authorization No. 5:** Environmental Assessment (EA):
  1. Responded to TxDOT Environmental comments and revised the EA and Technical Reports
  2. Coordinated the venue for the January Public Hearing
  3. Continued to address comments for the Interstate Access Justification Report
  4. Continued project management, coordination and administration tasks

### **C. Monthly Financials for September 2015**

- Monthly financial statements are attached for September, including the following:
  1. Balance Sheets
  2. Statement of Revenues, Expenses, and Changes in Net Assets
  3. Schedule of Budgetary Compliance and Changes to Net Assets
  4. Project Costs (Capitalized and Non-Capitalized)

Question by J. Clamp: Seth, are we doing any kind of CD's or keeping it all in the checking account?

Response by S. McCabe: That is something we are currently looking at to see if that's something we want to do.

Response by J. Clamp: Let's look at that and work with David and see if we can stagger out.

Response by S. McCabe: I wanted to see what your appetite was on the projects and talk about the financing and after that we will have a better idea on how we can stagger out the cash that's currently in the bank account and do some scheduled draws on that.

Response by J. Clamp: I would say if the 6-month CD is better than .35%.

Response by D. Smith: Be sure and look at collateralization.

Response by S. McCabe: Will do.

**The report was accepted by the Board of Directors as presented.**

**4. Discussion and appropriate action regarding the November and December 2015 Board Meeting dates.** Renee Green presented

Due to the Thanksgiving and Christmas holidays Alamo RMA staff requested that the regularly scheduled Board Meetings for November and December 2015 be held as one combined meeting in early December 2015.

**The Board of Directors accepted December 17<sup>th</sup> as one combined meeting and December 10<sup>th</sup> as back-up.**

**5. Discussion and appropriate action regarding approval of the Vehicle Registration Fee Projects.** Renee Green presented.

On August 29, 2013, the Bexar County Commissioners Court adopted an Optional Vehicle Registration Fee of \$10.00 per vehicle.

On April 29, 2014 Commissioners Court approved an Interlocal Funding Agreement with the Alamo Regional Mobility Authority in connection with the Optional Vehicle Registration Fee to fund long-term transportation projects.

\$70 million is committed to Loop 1604 (FM 1957 to US 90), all future expenditures to be approved by Commissioners Court.

- \$93,801,000 Total Project Cost
- \$70,000,000 ARMA Contribution

The RMA may issue obligations to obtain funding and/or resources necessary to support one or more Projects that will benefit the County through improved mobility, increased safety, enhanced economic development, and expansion of the tax base.

*"The Authority shall not spend any of the Optional Vehicle Registration Fee revenues in connection with a particular Project for work other than preliminary project analysis unless and until it has obtained the County's Commissioners Court approval in connection with such Project."* – Article 2, Section C. of the April 29, 2014 Interlocal Funding Agreement between Bexar County and the Alamo Regional Mobility Authority.

TxDOT will match RMA contribution dollar for dollar and TxDOT will cover all project development costs. RMA funds will be used for construction costs only. The proposed Projects are of regional importance and satisfy the Texas Transportation Code requirement that the funds be used for long term transportation projects. The list of projects includes four projects in partnership with TxDOT and ten proposed Bexar County Transportation Projects:

| Project ID No. | Project Name   | Pct | Notes                                 |
|----------------|--|-----|---------------------------------------|
| BC – 1         | Fischer Rd Phase II (IH 35 – Somerset Rd)                    | 1   | Expand from 2 to 4 lanes              |
| BC – 2         | Old FM 471/Talley Rd   | 1   | Expand from 2 to 3 lanes              |
| BC – 3         | Talley Rd Phase I (From FM 1957 "Potranco Rd" – Wiseman Blv) | 1   | Expand from 2 to 4 lanes              |
| BC – 4         | Watson Rd Phase II (SWISD – Bend)                            | 1   | Widen existing 2 lanes to 12' lanes   |
| BC – 5         | W Military Drive (Westcreek Oaks – Bridge)                   | 1   | Reconstruct street with curb/sidewalk |
| BC – 6         | Blanco Rd Phase II (West Oak Estates – Borgfeld Rd)          | 3   | Expand from 2 to 4 lanes              |
| BC – 7         | Evans Rd Phase I (Bulverde Rd to TPC Pkwy)                   | 3   | Expand from 2 to 4 lanes              |
| BC – 8         | Evans Rd Phase II (TPC Pkwy – Hanging Oak)                   | 3   | Expand from 2 to 4 lanes              |
| BC – 9         | Candlemeadow (Binz-Engleman – Foster Rd)                     | 4   | Improved connectivity                 |
| BC – 10        | Foster Rd Phase III (IH 10 – FM 1346 "E Houston St")         | 4   | Expand from 2 to 4 lanes              |
| TxDOT 1        | Loop 1604 (From US 281 to FM 1303)                           | 1   | Expand from 2 to 4 lanes              |
| TxDOT 2        | FM 471 (From Old FM 471 to East to SH 211)                   | 2   | Expand from 2 to 4 lanes              |
| TxDOT 3        | FM 1516 (From FM 78 to IH 10)                                | 4   | Expand from 2 to 4 lanes              |
| TxDOT 825      | Loop 1604 (From Potranco Rd to US 90)                        | 1   | Expand from 2 to 4 lanes              |

|  | Total Cost           | ARMA Contribution    |
|--|----------------------|----------------------|
| <b>TxDOT / 825 Plan Project</b>              | \$93,801,000         | \$70,000,000         |
| <b>TxDOT &amp; ARMA Partnership Projects</b> | \$83,850,000         | \$32,250,000         |
| <b>Bexar County &amp; ARMA Projects</b>      | \$93,094,016         | \$76,874,541         |
| <b>Grand Total</b>                           | <b>\$270,745,016</b> | <b>\$179,124,541</b> |

Question by J. Montford: These two stretches of 1604, would they complete a divided 1604?

Response by R. Green: 1604 with the \$70 million dollars is part of the 825 Plan, Potranco down to 90 would turn into a freeway section.

Question by J. Montford: Let's assume both projects are done would you be able to traverse the whole loop without a stoplight?

Response by R. Green: No, sir. Even with the 1604 projects we looked at you will not get a full freeway section in the southern part of 1604, the best you can get is an expanded roadway from two lanes to four lanes and you are still going to have uncontrolled access, meaning driveways and stoplights. You are many years away from turning that section of 1604 into a freeway section.

Response by J. Montford: San Antonio has been short changed with 1604 for many years and I think someone needs to make some noise.

Response by R. Green: Prop 7 is one of those funding source and the best use for that. Those meetings continue every three to four weeks, TxDOT, City of San Antonio, Bexar County, Chris is there to represent the RMA, and VIA putting together that list of projects for Prop 7. What you just described is an excellent use of that type of funding to convert a two lane state highway uncontrolled access into a controlled access freeway.

Question by D. Smith: Did TxDOT tell you why not all the southern section of 1604?

Response by R. Green: The growth isn't there to support. The three sections we brought back to you are really the only growth areas where the expansion is needed right now.

Response by J. Montford: Seems to me that judgement is misplaced.

Response by J. Clamp: It's also not solely our responsibility. We need to work with the County, the City and TxDOT Commission and all those to make that priority.

Response by R. Green: We can ask TxDOT for the January meeting to come and show the overall plan and justification for that if you'd like.

Response by J. Montford: Let's put some pressure on our elected officials to complete the entire Loop 1604.

Response by R. Green: The funding sources available to 1604 are much more vast than just Vehicle Registration Fees. They will have access to Prop 1 and 7; money that some of these projects won't have access to. That's all we are trying to do is address some of the local needs that are regional but we can certainly bring TxDOT in to ask.

Question by J. Clamp: Can you outline the Regional Guidelines for the Board to follow because we are going to get requests from everybody to do projects?

Response by R. Green: I think that is an excellent point, being on the MPO Policy Board whenever there is a call for projects or whenever there is money you tend to get from a lot of the smaller areas what I call rehab Projects, when they can't keep up with the maintenance, you're not adding capacity, you are not improving mobility, you are not alleviating congestion, you are just fixing a road that hasn't been maintained. When we looked at these projects we looked at what's available. Bexar County has those kinds of projects on its list too. We looked at those projects that basically would satisfy mobility needs and adding capacity. We have gaps in between connections because we are dealing with developers that didn't necessarily complete roads and we know there is growth in these anticipated areas. We looked at the anticipated growth, not just population growth but industrial and commercial growth.

Response by R. Green: At the next December meeting we will bring a budget amendment to you to add these as capital projects and bring the policy guidelines as well. Those guidelines are yours and at a later date it's always your power to change those. I now need to go back to Commissioner's Court, early November, for approval on the list of projects to satisfy the Interlocal Agreement.

**D. Starr made the motion to approve the Vehicle Registration Fee Projects as presented to the Board of Directors. J. Montford seconded the motion. All voted in favor.**

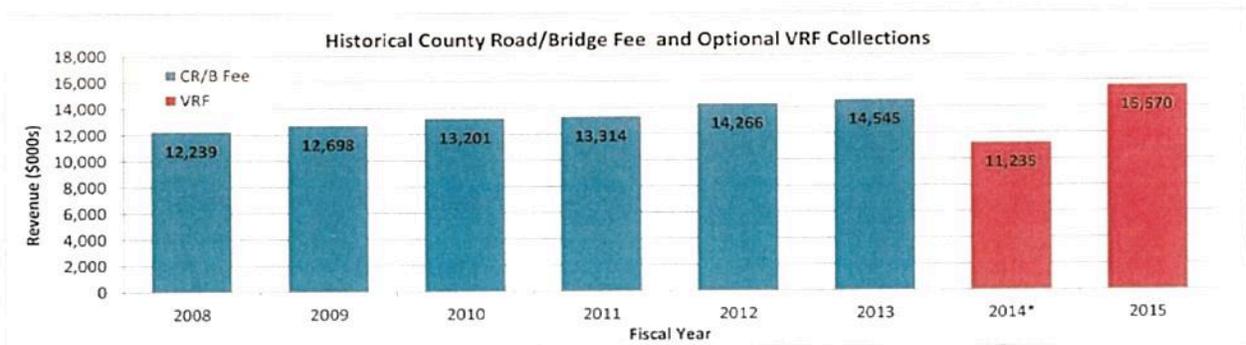
**6. Discussion regarding the debt capacity of the collected Vehicle Registration Fee.**

Seth McCabe presented

The Vehicle Registration Fee Debt Capacity Analysis was presented and discussed by the Alamo RMA's Financial Advisor, Estrada Hinojosa. An initial funding strategy for projects to be financed and supported by current and future Vehicle Registration Fee collections was also presented and discussed.

## Historical Bexar County Vehicle Registrations and Vehicle Registration Fees

- From 2004-2012, County Vehicle Registrations grew by an average of 2.5%
- The County has collected a \$10 County Road/Bridge fee for many years (shown in blue). The historical collection of this fee serves as a proxy for the new Vehicle Registration Fee ("VRF")
- The \$10 VRF has been collected since January 2014 (shown in red). The County received \$11.2mm in VRF revenue in FY 2014 and \$15.6 in FY 2015.
- For the debt capacity analysis, the base case historical year of revenue will be the VRF collection for FY 2015 of \$15.6 mm



## VRF Project Draw Schedule and Financings



| Borrowing Method | Fixed Rate Bonds   |
|------------------|--|
| Benefits         | <ul style="list-style-type: none"> <li>• Straightforward, simple strategy</li> <li>• Establish credit ("AA" category)</li> <li>• Level debt service</li> <li>• Debt structured above 1.50x ABT</li> <li>• Ample room for future bond issues</li> <li>• Alternative financing structures may be considered</li> </ul> |

## Vehicle Registration Fee Financing Assumptions

Interest Rates: as of Current + 50bps = 4.37% Estimated as of 10-20-15

Term: 30 years

Base Case year VRF collections: \$15,570,313

Financing Costs:

- Costs of Issuance: \$500,000
- Underwriting Fees and Expenses: \$5.60/bond

Additional Bonds Test of 1.50x

Bond Rating :

- Presumes target rating of "AA-"

Structure

- Level (Approach employed by other RMAs)

VRF Growth

- Assumes VRF grows 2.5% annually

### VRF Bond Issue Summary

| Issue Date     | March 2016      | October 2017     | October 2018     | October 2019     |
|----------------|-----------------|------------------|------------------|------------------|
| Project Fund   | \$70mm          | \$36.2mm         | \$36.4mm         | \$36.6mm         |
| Interest Rates | Current + 50bps | Current + 100bps | Current + 100bps | Current + 100bps |
| Par Amount     | \$65.5mm        | \$35.4mm         | \$35.6mm         | \$35.8mm         |
| Bond Term      | 30 years        | 30 years         | 30 years         | 30 years         |
| Structure      | Level D/S       | Level D/S        | Level D/S        | Level D/S        |
| TIC            | 4.37%           | 4.70%            | 4.70%            | 4.70%            |
| Avg. Ann. D/S  | \$4.27mm        | \$2.29mm         | \$2.30mm         | \$2.32mm         |
| VRF Revenue    | \$15.6mm        | \$16.0mm         | \$16.4mm         | \$16.7mm         |
| Minimum DSCR   | 3.62x           | 2.43x            | 1.85x            | 1.51x            |

Question by D. Starr: So you said it leaves us ample ability for future bond structures, based on what? We have to collect \$15 million dollars a year to be able to pay this back for the debt service coverage that you have, even though you might have money left over. Have you run any proforma so we will know how much we will have in cash after we pay the debt service in these bonds?

Response by Troy Madres from Estrada & Hinojosa: With the 1.5 times coverage it will leave you a lot of money after you pay for your bonds, yes that is part of the analysis.

Question by D. Starr: You are going to do four separate bond closings, correct? That is going to cost us a lot of money. Isn't there a way of combining those to maybe make two of them? My concern is paying bond counsel and underwritings fees. Has that been taken into consideration? Is there a better way of saving some money?

Response by Troy Madres from Estrada & Hinojosa: For purposes of this exercise we wanted to keep it simple but there are ways to optimize it and that's our next step, but it is correct if you minimize the amount of bond issues the amount of fixed costs go down. That is a very good point and one we are definitely thinking about but for a later part of the analysis.

Response by Don Gonzales from Estrada & Hinojosa: Troy is absolutely correct, all the things that we can do to extract more free cashflow as well as reduce bond issuance cost so when we get closer to getting projects defined and the timing of those if it's possible to exceleerate those at the Board's direction we can certainly do that.

Question by D. Starr: With the money that's leftover would we be able to do another project?

Response by Don Gonzales from Estrada & Hinojosa: Yes, we could but more than likely if you are locking in at very low interest rates you may want to put it towards the project. You might dip in to what you have accumulated to cover additional costs as we have typically seen. You

get a bid, the project comes in then you need to make some unforeseen changes, like utility realignments, or something else comes up you have additional free cashflow to finish up those projects.

Question by J. Clamp: At a base level of \$15 million dollars, what is our capacity to do projects, how much can we borrow of cashflow?

Response by Don Gonzales from Estrada & Hinojosa: Using the analysis we set up we can fund the \$179 million dollars that is part of this plan but because of the additional cashflow after the bonds are paid there is still additional capacity of \$20-45 million dollars.

Response by D. Smith: So basically your capacity is \$200-225 million dollars, with Don's \$180 million. But if you try to borrow all of that tomorrow might be \$180 million. We are asking for this spread out over five years.

Response by J. Clamp: What's going to happen is we are going to start borrowing and our utilization is going to rip away at our capacity so we are not going to be able to do 10 more projects, it will be more like one or two. The only thing I am really concerned about is that we don't utilize the entire \$15 million dollar base, we have that extra cashflow. A good policy for the Board to keep in mind as we move forward is that we don't get over leveraged, we stay fiscally sound and conservative on what we do. So out of the \$15 million are we utilizing \$12 million on the \$180?

Response by D. Smith: By the time we issue the debt service according to these assumptions, it will be \$11.5 million.

Question by J. Clamp: That is a decent number for me, what is that percent?

Response by R. Green: 77%

Response by J. Clamp: If the Board agrees to look at that as a policy to keep our debt at 75% of our Vehicle Registration Fee.

Response by D. Smith: We will put that in our policies as for your consideration. I will also point out that every year there is going to be additional cash accumulated, in addition to the \$15 million you have already, and we have to discuss with you how to fund reserves that will be required but it doesn't necessarily have to be with cash on hand, and so if you are comfortable issuing more debt to fund those reserves that will become available once the debt is paid off, there is pros and cons.

Response by R. Green: We will bring you back in December the amended budget, the policy on criteria for selecting those projects as well as some policy guidance for the financial aspects of financing of those projects.

Question by D. Smith: Do we have procurement policies in place?

Response by C. Trevino: We may need to re-visit it for specifically this type of project but there is an existing procurement policy we can bring forward and amend it if necessary.

Response by R. Green: In January, we will ask TxDOT to comeback and start the 1604 discussion.

Response by D. Smith: TxDOT is doing 1604 West and typically wants their money all at once. I believe they are asking for it in March so we will probably have to do some financial work. Don, since this is our first issuance how long do you think we are going to need to put cash in the bank?

Response by Don Gonzales from Estrada & Hinojosa: My suggestion would be to come back in December with an authorization to issue the debt. Since this is our first issuance, a lot more documentation will need to be assembled.

## **7. Citizens' Communications. (Citizens must sign the register to speak)**

No citizens signed up to speak.

## **8. Executive Session - Pursuant to Chapter 551, Subchapter D, Texas Government Code.**

Alamo RMA Board of Directors did not meet in Executive Session and no action was taken.

**9. Adjournment.**

There being no further action for the Board, Chairman Clamp adjourned the meeting at 4:04 p.m.

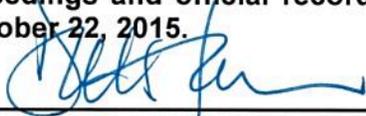
APPROVED:

  
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JOHN CLAMP, CHAIRMAN

DATE ADOPTED: 12/17/2015

I hereby certify that the above foregoing pages constitute the full, true, and correct minutes of all the proceedings and official records of the Alamo Regional Mobility Authority at its meeting on October 22, 2015.

ATTEST:

  
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DAVID STARR, TREASURER/SECRETARY