

# BRACEWELL

## MEMORANDUM

To: Pilar Rodriguez, Executive Director

From: Blakely L. Fernandez

Date: December 1, 2021

Subject: Transportation Project and Pledge Agreement

On July 9, 2013, Hidalgo County (the “County”) approved the Transportation Project and Pledge Agreement (the “Agreement”) with the Hidalgo County Regional Mobility Authority (the “Authority”). The Agreement recognizes the County’s adoption of the Optional Vehicle Registration Fee (the “VRF”) and authorizes the pledge of the VRF revenue for Authority debt issued in support of long term transportation projects.

In two different sections, the Agreement reflects a limitation that is outlined in Section 370.111(a)(3), Texas Transportation Code, which states that bonds issued by a regional mobility authority shall not mature later than 40 years from their date of issuance. In restating this limitation contractually, the Agreement fails to provide for the refinancing of outstanding bonds and the issuance of additional bonds, both of which are permitted under state law.

The Authority is currently undertaking a new bond issuance to finance and refinance certain costs of constructing the 365 Tollway Project. To complete this bond issuance, a pledge of the VRF revenue is required. The final maturity date of this new bond issuance will extend beyond the 40 year deadline established by the Agreement in 2013.

We propose that the Authority and the County amend the Agreement to remove the time limitation. State law will continue to govern Authority debt; and, no bonds will exceed the 40 year maturity requirement. Removing the language will permit lawful refinancings and additional bonds necessary to deliver new projects in the County.

BLF

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