

G R O W I N G



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SPEED
LIMIT
70

NET RMA★

*North East Texas
Regional Mobility Authority*

2013 ANNUAL REPORT

MESSAGE FROM THE CHAIR



Linda Ryan Thomas
Chair
Gregg County

2013 has been a rewarding year for the North East Texas Regional Mobility Authority, highlighted by the completion of Segment 3B and the opening of Toll 49 to I-20 on March 28. We marked Segment 3B's much-anticipated connection to I-20 with a tremendous community celebration. The transaction numbers have been impressive since tolling began. They are already higher than they were predicted to be in 2020!

With the completion of this phase and the transfer of the Toll 49 system from TxDOT, the NET RMA moved into full toll operations and management of the facility for the first time. Motorists are now able to travel non-stop from SH 110 near Whitehouse to I-20 near Lindale. Use of these new tollway segments results in reduced travel times for motorists, reduced truck traffic on Loop 323, and reduced environmental impacts to the region.

From the construction of the first NET RMA toll road project, feasibility studies for multi-modal facilities, conceptual studies for expansion of Toll 49, and planning of high speed rail, I am more encouraged than ever about the future of transportation in the North East Texas region.

As one phase comes to an end, another begins. Advanced planning for the portion of Toll 49 known as the East Texas Hourglass is now underway. The NET RMA began studies this year to identify potential corridors for the expansion of our Toll 49 system into Gregg, Upshur, and Harrison Counties. The NET RMA will select the most feasible segments and will begin detailed environmental studies to identify a preferred roadway alignment for the expansion.

As a fully operational agency receiving revenue from Toll 49, the NET RMA is indeed GROWING. We will begin paying off loans received for the construction of Segment 3B. In addition, revenue generated will assist in the planning and financing of future projects including Toll 49 Segment 4 west of Lindale, the East Texas Hourglass, or other critical projects throughout the region.

These are exciting times for the NET RMA and I am pleased to have the opportunity to assist in improving transportation throughout North East Texas. Please join me in doing whatever you can to make North East Texas a better place to live.

Linda Ryan Thomas
Chair NET RMA, 2013

OUR MISSION

The NET RMA, in cooperation with its regional partners, will provide solutions to expedite transportation and mobility projects that will improve the quality of life, enhance the regional economy and assure efficient mobility in the North East Texas Region.

BOARD MEMBERS



Gary Halbrooks
Vice Chair
Smith County



Dave Spurrier
Secretary
Gregg County



Andy Vinson
Treasurer
Rusk County



Robert Murray
Bowie County



Jeff Sandford
Bowie County



Jack Traylor
Cherokee County



Keith Honey
Gregg County



Tim Vaughn
Gregg County



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Harrison County



Gaylon White
Harrison County



Walta Cooke
Panola County



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Smith County



Mike Thomas
Smith County



Hudson Old
Titus County



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Upshur County



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Van Zandt County



Celia Boswell
Wood County

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY 2013 ANNUAL REPORT



The North East Texas Regional Mobility Authority (NET RMA) was created by the Texas Transportation Commission in October 2004 based on public support and the benefits the agency could provide for enhanced mobility and safety of the state highway system, beginning with candidate project Loop 49 and extending to additional local projects.

The Texas Department of Transportation (TxDOT) capitalized on new transportation funding options provided by the Texas Legislature's 2003 session to advance the proposed Loop 49 corridor (from I-20 south and east to SH 110) as a toll facility. Members of the NET RMA, in attendance at the TTC meeting when the proposed corridor was approved, have worked hand in hand with TxDOT to deliver the operating segments of the toll facility, now called Toll 49.

Ten area counties have joined the NET RMA's initial member counties, Smith and Gregg, bringing an even more complete regional perspective to the agency.

Toll 49 Segments 1, 2, 3A, 3B, 5

While earlier segments were initiated by TxDOT and then jointly developed by TxDOT and the NET RMA, Toll 49 Segment 3B was the NET RMA's first construction project and the first design-build roadway project in northeast Texas.

The 10-mile segment from SH 31 north to I-20 was constructed in two years. The NET RMA received \$89.2 million in funding for Toll 49 Segment 3B through a State Infrastructure Bank (SIB) Loan and a Toll Equity Loan provided by TxDOT.

The 15.6 miles of Segments 1, 2, 3A, and 5 already constructed or under construction by TxDOT when construction began on Segment 3B opened in 2012. Upon completion of Segment 3B, TxDOT effectively transferred the entire 25.6 mile facility to the NET RMA, making the NET RMA a fully operational, revenue-producing mobility authority.



Toll System

KAUFMAN

Kaufman

Canton

VAN ZANDT

Quitman

WOOD

CHEROKEE

SMITH

Tyler

Mount Pleasant

TITUS

UPSHUR

Gilmer

GREGG

RUSK

Henderson

Rusk

BOWIE

New Boston

Texarkana

HARRISON

Marshall

Henderson

PANOLA

Carthage

Longview

Legend

- NET RMA Member Counties
- MPO Boundary

NEXT STEPS

Toll 49 Segment 4

The next portion of the Toll 49 project to be constructed is Segment 4 (the Lindale Relief Route, I-20 to US-69). The environmental studies are nearing completion and a technically preferred route will be presented at a public hearing in January 2014.

2014 will be a big year for the NET RMA beginning with plans for a bond sale to refinance existing debt to position the agency for development of Segment 4. With the creation of a Transportation Reinvestment Zone (TRZ) under consideration by Smith County and the additional toll revenue, the NET RMA will apply for a new SIB loan to support construction of Segment 4. If the loan is approved, the NET RMA will begin ROW acquisition, utility adjustments, and preparation of final designs and procurement of a contractor for construction which will begin in late 2015 or early 2016.

Toll 49 Segments 6 and 7 (East Texas Hour Glass Study)

A feasibility study completed in July 2013 by the NET RMA considered the feasibility of alternative corridors in Smith, Gregg, and Upshur Counties for Segment 6 (from SH 110 to either US 271 or IH 20) and Segment 7 (from IH 20 to US 259 north of Longview). Based on the study, the corridor for Segment 6 was redefined. The study determined that Segment 7 would have a gap in funding and would require additional revenue to complete.

Initial coordination with Gregg County officials identified alternative 7B (approximately 5 miles from US 80 to FM 1844) for the initial phase as it provides high potential for economic development.

As the next step to advance Segment 7B, the NET RMA will conduct an environmental study to identify alternative routes within the preferred corridor; determine the physical, social and environmental impacts of the alternatives; present and solicit public input on the alternatives; determine a preferred route; and develop a schematic design for the preferred route.

The NET RMA is working with Gregg County to fill the funding gap with options for development and construction of the initial section that will be paid for with a combination of TRZ and toll revenue.

With a plan in place for completing Segment 4 and Segment 7, the NET RMA has re-invigorated the process for looking at priority projects across the 12-county region. The NET RMA's Long Range Planning Committee has begun looking for project development opportunities where the RMA can assist in "filling the project development gap."

Loop 571 Extension

TxDOT entered into an agreement with Rusk County in April 2009 to extend Loop 571 for 3.2 miles from US 79 to US 259. This extension to US 259 on the south side of Henderson will complete an important half-loop around the west side of the city, enabling both vehicular and regional truck traffic to bypass the central business district's numerous traffic signals and congestion. TxDOT will prepare the schematic designs and obtain the environmental permits for the proposed roadway extension. Rusk County will fund 100% of the right-of-way acquisition and utility adjustment costs. In addition, the NET RMA will provide scientific services to delineate wetlands and will perform cultural resource surveys.

The proposed Loop 571 extension concept, presented at a public meeting in June 2010, was met with enthusiasm and virtually no opposition. In 2011 and 2012, TxDOT completed schematic plans and the NET RMA completed assigned scientific studies. Final environmental reports were submitted to FHWA for environmental compliance review, and National Environmental Protection Act (NEPA) clearance was obtained on September 9, 2013.

In the near future, Rusk County will begin right-of-way acquisition. Purchase of several identified parcels will allow the NET RMA to enter those lands for completion of detailed cultural resource surveys at specific sites. Concurrently, detailed roadway construction plans will be prepared. Letting and construction will proceed when construction plans and specifications, right-of-way acquisition, and the final environmental studies are complete.

Just as Rusk County has stepped up to provide funding for advancing the Loop 571 extension, the RMA is looking for other government entities to partner with to provide transportation solutions to northeast Texas.



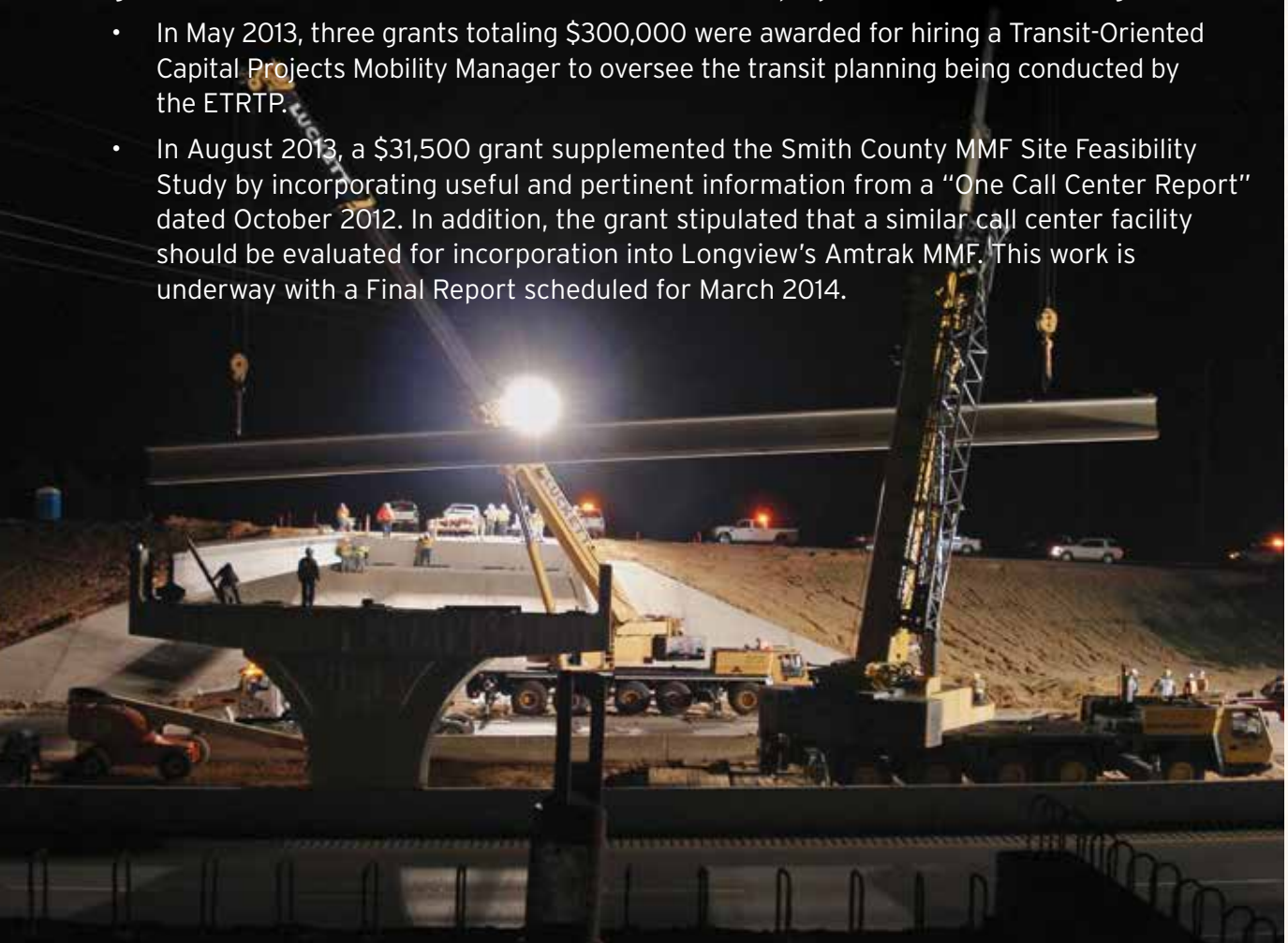
EAST TEXAS REGIONAL TRANSPORTATION PARTNERS

Project Grant Funding

In early 2012, TxDOT granted \$130,000 to conduct a site feasibility study for a Smith County Multi-Modal Facility (MMF). The 10-month study determined the best location for a new MMF to be adjacent to the Smith County Annex building, facing East Ferguson, East Locust, and the Union Pacific Railroad tracks. The final report was submitted to TxDOT in January 2013.

The East Texas Regional Transportation Partners (ET RTP), founded in August 2012, consists of the NET RMA, Gregg County, Smith County, and NDMJ, Ltd. Transportation, a regional taxi and medical transport company. Members of the ET RTP joined to enhance efforts to promote and advance cooperative projects for the benefit of all citizens of the East Texas region. Within the last year, the NET RMA, acting on behalf of the ET RTP, has received over \$330,000 in grants from TxDOT's Public Transit Division for transit projects in the NET RMA region.

- In May 2013, three grants totaling \$300,000 were awarded for hiring a Transit-Oriented Capital Projects Mobility Manager to oversee the transit planning being conducted by the ET RTP.
- In August 2013, a \$31,500 grant supplemented the Smith County MMF Site Feasibility Study by incorporating useful and pertinent information from a "One Call Center Report" dated October 2012. In addition, the grant stipulated that a similar call center facility should be evaluated for incorporation into Longview's Amtrak MMF. This work is underway with a Final Report scheduled for March 2014.



2013 FINANCIAL STATEMENT

The NET RMA's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units on an accrual basis. Some items below have notes associated with them. To view the full, audited Financial Statements and Management Discussion and Analysis, please visit NETRMA.org.

MANAGEMENT'S DISCUSSION OF FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED SEPTEMBER 30, 2013

The following are management's comments regarding various financial matters of the North East Texas Regional Mobility Authority (NET RMA). A more complete summary can be found in the year end audited financial statements.

ASSETS

Current Assets

Cash. The NET RMA ended the year with cash balances totaling \$5,704,496 of which a total of \$4,642,110 was earmarked for the completion of construction of Toll 49 in Smith County and Loop 571 in Rusk County. The balance of \$1,062,386 was available for the operation of Toll 49 and other general purposes.

Accounts Receivable. At September 30, 2013, a total of \$648,062 was receivable from entities which have collected Toll 49 revenue for the NET RMA. Amounts for August were \$277,713 and September totaled \$370,349. Uncollected video tolls have not been reflected in the above amounts.

Capital Assets

Toll 49 Segment 3B. Construction of Toll 49 Segment 3B, which began on March 31, 2011, was accepted as completed by the construction contractor on July 26, 2013. The total cost of Segment 3B at September 30, 2013 was \$85,734,865 plus accrued interest of \$6,859,484 on funds borrowed during the construction phase.

In addition to Segment 3B, the NET RMA incurred costs totaling \$11,074,548 in planning, design, and other works on Segments 1, 2, 3A and 5 which were otherwise totally acquired and constructed by the Texas Department of Transportation (TxDOT). The costs of those segments will be recorded when the State of Texas legally transfers its ownership to the NET RMA.

Other Assets

Deferred loan issuance costs of \$678,454 at September 30, 2013 will be amortized to expense in future years over the life of the loans.

LIABILITIES

Current Liabilities

Accounts Payable. Amounts payable to contractors and vendors for construction work performed on Toll 49 Segment 3B and Loop 571 were \$3,149,920 and \$8,851, respectively, at September 30, 2013. In addition, advances by Rusk County for future work on Loop 571 totaled \$241,903.

Long-Term Liabilities

Amounts due under the Financial Assistance Agreement with TxDOT remain unchanged from the prior years and totaled \$12,250,000.

Funds borrowed for the construction of Toll 49 Segment 3B totaled \$96,092,084 at September 30, 2013. During the year, advances on the loans totaled \$9,143,828 and accrued interest of \$3,816,826 was added to the note balances. At September 30, 2013, an additional amount of accrued interest for the months of August and September of \$669,442 will be added to the note balances on February 1, 2014.

2013 FINANCIAL STATEMENT

OPERATIONS

General. Toll 49 Segments 1, 2, 3A and 5 were open and being operated by TxDOT prior to Segment 3B being opened for traffic on March 28, 2013. Effective April 1, 2013, all operations for the entire length of Toll 49 were transferred to the NET RMA. Thus, for the year ended September 30, 2013, for the first six months, most of the operations were focused on the completion of construction of Segment 3B while the second six-month period was devoted to the winding down of the construction phase and the ramping up of the Toll 49 operations.

Revenues. Toll revenues collected for the period April 1 to September 30, 2013 were \$2,288,336. In addition, bill processing fees and violation fees aggregated \$372,045. The member counties contributed \$34,000 for the NET RMA's annual operations and \$32,000 was donated by various entities toward the costs incurred for the promotion and grand opening of Toll 49.

GENERAL EXPENSES

General expenses can be categorized as follows and include expenses incurred throughout the year ended September 30, 2013 which were not directly related to the actual operations of Toll 49:

General accounting and auditing fees	\$ 51,983
Legal fees	467,849
Adm. & public information expense	79,664
Advertising/grand opening expense	78,831
Construction document closeout	52,663
Other expenses	27,976
Total	\$ 758,966

Toll 49 Operating Expenses

Toll 49 operating expenses are those expenses incurred after the completion of Toll 49 which relate directly to its operations as a toll road. These costs are categorized as follows:

Project director fees	\$ 39,670
General engineering consultants	221,849
Electronic & video processing costs	479,937
Video violation fees	180,703
Toll equipment maintenance	260,959
Roadway maintenance	120,679
Transmission line charges	14,252
Total	\$ 1,318,049

Financing and Other Expenses

Interest expense of \$669,442 was incurred after construction of Toll 49 Section 3B was complete. This amount represents interest expense incurred for the months of August and September, 2013.

Amortization of capitalized loan costs for the year was \$27,138.

Depreciation of Toll 49 Section 3B for the two-month period following the completion of construction totaled \$453,294.

Change in Net Assets

Total revenues less all expenses resulted in a decrease in net assets of \$499,758 for the year ended September 30, 2013.

BUDGET REVENUES AND EXPENSES

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY

CONSOLIDATED SUMMARY OF BUDGETED REVENUES AND EXPENSES

As of September 30, 2012, 2013, 2014

	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2014 Proposed Budget
Operating Revenue			
Toll Revenue	-	\$ 1,656,000	\$ 3,552,000
Video Tolls	-	\$ 634,800	\$ 1,667,000
Collection Fee Revenue	-	-	\$ 2,607,000
Other Revenue			
Interest Income	-	-	\$ 500
Misc Revenue	-	-	-
County Contributions	\$ 36,000	\$ 34,000	\$ 34,000
Other Contributions	-	\$ 32,000	-
TOTAL REVENUE	\$ 36,000	\$ 2,356,800	\$ 7,860,500
Summary of Expenses			
Administration	\$ 222,950	\$ 724,600	\$ 552,000
General Engineering	-	\$ 189,300	\$ 510,000
Public Involvement	\$ 67,000	\$ 60,200	\$ 122,000
Project Financial Support	-	-	\$ 40,000
Project Development Support	-	-	\$ 100,000
Project Design Support	-	-	\$ 100,000
Roadway Maintenance	-	\$ 345,800	\$ 761,000
Toll Collections	-	\$ 236,900	\$ 2,849,000
Toll Maintenance Support	-	\$ 233,600	\$ 497,000
Toll Operations Support	-	\$ 83,600	\$ 156,000
Other Expenses	\$ 25,000	\$ 85,900	-
TOTAL EXPENSES	\$ 314,950	\$ 1,959,900	\$ 5,687,000
NET CASH FLOW - Before Financing Costs	(\$ 278,950)	\$ 396,900	\$ 2,173,500
Financing Costs			
Interest Expense Accruing, not Funded	-	\$ 1,980,920	\$ 4,072,614
Amortization of Capitalized Loan Costs	-	\$ 27,140	\$ 27,140
TOTAL FINANCING COSTS		\$ 2,008,060	\$ 4,099,754



STRATEGIC PLAN HIGHLIGHTS

1. Address and provide direction within the NET RMA.
2. Continue to identify potential transportation projects in the region and their associated costs, to help identify and prioritize those projects that will be overseen by the NET RMA.
3. Explore the best financing options to bring future projects to fruition and completion.
4. Maintain the parameters for which toll facilities under the NET RMA's ownership are operated.
5. Leverage support from regional mobility authorities (RMAs) and industry experts.