



MEETING NOTICE

TO: North East Texas Regional Mobility Authority Board Members
FROM: Linda Thomas, Chair
DATE: Tuesday, March 19, 2019
SUBJECT: **March Board Meeting**

The next meeting of the NET RMA is scheduled as follows:

DATE: Tuesday, March 19, 2019
TIME: 1:30 PM
PLACE: Mineola Civic Center
1150 N. Newsom St.
Mineola, TX 75773
Wood County

Enclosed please find the agenda and other pertinent information for your review prior to the meeting. Should you have any questions, please call Bianca Felux at 903.630.7894.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY (NET RMA)
BOARD OF DIRECTORS REGULAR MEETING
Mineola Civic Center
1150 N. Newsom St.
Mineola, TX 75773
Wood County

1. CALL TO ORDER AND DECLARATION OF QUORUM

Notice of this meeting was posted with the Secretary of State's Office and on the NET RMA website and office on Friday, March 15, 2019.

1:32

2. INVOCATION

Chair notes as part of the invocation.

3. WELCOME & INTRODUCTION OF BOARD MEMBERS

Belinda Andrus, Keith Honey, Mike Thomas, Nate Priefert, Robert Messer, Barham Fulmer, Chris Miller, Linda Thomas, Gary Halbrooks, Larry Morse, Robbie Shoults, Dan Droege, Jason Ray, Dr. James Harris (phone), Andrea Williams-McCoy (phone), Tim McRae (phone), Cory Floyd (phone)

4. OPEN PUBLIC FORUM/COMMENT PERIOD

No comments.

5. DISCUSSION, CONSIDERATION AND APPROVAL OF THE MINUTES FOR THE FEBRUARY 12, 2018 BOARD MEETING. Action Item

Motion to approve: Barham Fulmer; 2nd Dan Droege. Unanimously approved.

6. CHAIR'S REPORT Linda Thomas

Linda Thomas thanked all for coming. Had a moment of silence for the families impacted by the accident on Toll 49

7. COMMITTEE REPORTS

A. Executive Committee Linda Thomas

No report.

B. Personnel Committee Jason Ray

No report.

C. Construction and Maintenance Committee Barham Fulmer

Barham Fulmer stated that there was a conference call on Thursday at 11AM. They went over several agenda items which will be discussed later today.

D. Member Outreach Committee John Cloutier

No report.

E. East Texas Hourglass Committee Dave Spurrier

No report.

F. Investment Committee Robert Messer

No report.

8. PARTNERSHIP UPDATES

A. East Texas Corridor Council Linda Thomas

No report.

B. I-69 Alliance Committee Linda Thomas

No report.

No report.

9. REVIEW AND ACCEPTANCE OF NET RMA FINANCIAL STATEMENTS.

Dianne Johnston provided the presentation. The statement of net position, as of Jan 2019, equals 391M total assets. Total liabilities are 209k. Net assets total 181M. She wanted to point out that the priority projects line item is updated and reflects the 600k that was awarded and the amounts that were awarded in 2018 for a total of about 900k. The statement of revenues and expenses are a year to date presentation. The next reporting cycle should have individual month reporting. Total operating revenue is 4.8M. There was an increase in about 500k compared to last year. Which was expected due to the construction and marketing efforts. The total for operating expenses showed an increase of 8.71% increase. The line items with largest variance are legal fees (decreased), employee salaries and benefits have increased due to additional staff members, and marketing has increased. Total operating expenses look lower compared to 2018; however; there is a credit in the GEC line which reflects a change that happened in 2019 that should have occurred in 2018. Toll processing costs have increased due to the increase in revenue. Toll operating system support has increased about 75.46%. The increase is mainly due to the payments made to Fagan Consulting for the work with Cogensia. Barham Fulmer asked in the marketing section, were the sponsorships taken into account for the grand opening event? Dianne Johnston stated the sponsorships were added onto the "other income" line. Net other income expense has increased compared to 2018. A line item of insurance proceeds for bridge repair with accrued expenses was added to offset the expense in Toll 49 operating expenses. Change in net position is down; however, if you consider the correction that needed to happen in January, it would make the variance positive. Gary Halbrooks asked on the IH-20 bridge repair, is the NET RMA submitting all legal and consulting costs as well as the construction costs for reimbursement? Chris Miller stated yes. Dianne Johnston continued and stated that in budget vs. actual, total revenue is below budget by about 18%. Dianne Johnston stated that they need to wait to see where they end up in February and March before making any kind of amendment. Transactions are increasing. Larry Morse asked if the revenue is actually received or if there is a lag between usage of the road? Chris Miller stated yes there is a lag. It's typical but with the new transition, there is a bit more lag than normal within the first few months. Mike Thomas clarified that these are funds collected, not accrued. Barham Fulmer stated that the budget is a straight-line budget and agreed with waiting to see where the trends fall. Chris Miller said that the assumption they had made was 1.2 average over per month. The budget was meant to give a baseline and giving a few more months would help. Larry Morse asked when they budgeted for Segment 4 opening? Chris Miller stated the 7th of November. Dianne Johnston continued onto year-to-date vs. budget. Marketing is above budget. A revision will likely need to be done. Total operating expenses compared to budget are lower. The line items with greatest variances are GEC, toll way support and roadway maintenance. This is largely due to timing differences. The total other income and expense: Net expense is lower than budgeted but only by 2%. Total net income is under budget but that is largely due to the revenue being under budget.

Motion to approve: Gary Halbrooks, 2nd: Larry Morse. Unanimously approved.

10. REPORT ON TOLL 49 TOLLING TRANSACTIONS AND REVENUE.

Chris Miller stated that February 2019 showed very good numbers especially compared to last year with almost 10k more transactions a day. He hopes to continue see the trends moving towards this. Robert Messer asked if he believed this was due to the opening of Segment 4? Chris Miller stated he believes it is partially due to the opening but also just more people driving down the road due to less construction on the road. There are also opportunities for customers to enter the highway on the North end of 110. They'll continue to monitor things and he can't foresee any dropping events unless there is a bad weather event. Barham Fulmer stated the overlay project may affect the numbers. Larry Morse asked what the T&R projections are for 2019. Everett Owen stated that they are right around 40k a month. They jumped up significantly after the opening. They may also be a bit aggressive. Chris Miller stated that the last board meeting showed the in-depth analysis for transactions. That will be done on a quarterly basis which will help with the studies.

11. PRESENTATION ON COGENSIA MARKETING AND ANALYSIS.

Chris Miller stated this is a marketing analysis that was contracted through Fagan Consulting. The CTRMA did the same thing for their usership. The strategies Cogensia will provide will help show who's riding the road, where they're coming

from etc. It's a treasure trove of information to help approach marketing. Craig Betman with Cogensia provided the presentation. They do a lot of work with tolling agencies. They have worked with NTTA as well. They work to shed light on customer behavior. This meeting will largely be focusing on pay by mail customers to help the NET RMA understand the usage behavior and demographic profile of non-transponder customers with the goal of finding strategies on converting those customers to getting a transponder. He presented a map showcasing the density of customers throughout the region. The majority come from areas closest to the roadway. There is an opportunity to have targeted marketing campaigns which should increase transponder usage by 12 points. The data they are looking at runs through 2014 to almost the end of February 2019. The goal is to increase transponder penetration. Customers were categorized based on where they live: customers within a 5-mile radius to the road, 6-26 miles with in the road, 27-100 miles, and further out. The demographics they pull come from census data that is readily available. What their studies showed: 72% pay immediately. Those that do not pay and are sent a violator notice equal about 8% and pay after just the first notice. 20% do not pay regardless of notices. Age distribution: violators that do not pay tend to be younger than the two other groups but not largely so. Older, more affluent users tend to pay their bills at a more immediate rate. Home ownership and marital status: there is a smooth trend. Transponder owners and prompt payment customers are more likely to be married and own a home. Likely transponder customers have a household income of over 50k. However; over half of the violators that do not pay also own a house. Toll customers typically have low price sensitivity. The violators are a little more price sensitive. Over the last 12 months, there have been 267k customers on Toll 49. About 30% of those have been violators. Customers that live within the Tyler area, they contribute about 30.7% of all PBM. Customers that live 6-26 miles away equal about 34% pay-by-mail. 11% of the violators have household incomes over 100k. Customers that live closer to the toll road ride frequently but they are shorter trips. There is a large opportunity here to convert customers to a transponder. It is a target rich environment as they are on the road frequently. In the next demographic (6-26mi.) 1/3 of all PBM trips come from this area. Another high opportunity with this target rich population. Robert Messer asked if there was analysis on price increase and how that affects customer demographics. Mr. Betman stated that in his experience, moderate yearly increase in toll prices did not greatly affect that. Robert Messer asked if in the areas that are denser in customers, could they raise prices in that area? Mr. Betman stated that would be up to this board but in his experience larger tolling agencies can do fine-tuning largely to alleviate traffic. Based on the data available, there are informed ways to go about evaluating how that would work. Mike Thomas asked what the overall percentage are pay-by-mail customers? Everett Owen stated it was around mid 60%. Mike Thomas asked how much revenue is lost due to pay-by-mail vs transponder? Chris Miller stated that will be discussed in the audit in the next item. Keith Honey asked if the CTRMA has any kind of reinforcement. Chris Miller stated they do have a relationship with Cedar Park that they are possibly working towards. Mr. Betman continued. Customers living in the Dallas area are not considered a large opportunity group. They make up about 10% of customers. The strategy here would be to work with NTTA as it is likely that if they do not have a toll tag, they'll be pay-by-mail on NTTA's roads as well. Mike Thomas asked if there were ways to team up with other toll programs to go after habitual violators? Is there a way to see that? Teresa Phifer stated that when she files on Smith County violators, she can see that some violators are also violators in other agencies. Brian O'Reilly stated that NTTA has an amnesty option for violators that have been filed on where if they sign up for a payment plan and a transponder, all legal fees are waived. Mr. Betman continued his presentation. In South and West Texas, there are 2-1% and are not a target rich environment. In the rest of the North East Texas region (Forth Worth, Waco, Killeen/Fort Hood, etc.) 20% of customers come from here. There are decent opportunities here and it is also a good opportunity to join up with NTTA. Goals are: grow transponder penetration, utilize bill inserts on highly concentrated areas, utilize billboards and so on. For areas in North East Texas that are farther out, bill inserts and email would be recommended. Partnering with other toll entities is encouraged. Consider the possibility of financial incentives within the violator population. Are there ways to waive fees or provide incentives if they sign up for a transponder? Recommended next steps: targeted transponder campaigns, cast a wider net from a data standpoint, track PBM customer adoption of NET RMA's registered plate option. Chris Miller thanked Mr. Betman for his analysis and stated that once they get a marketing firm on board, there will be some great strategies to follow.

**12. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO ACCEPT THE 2018 NET RMA AUDIT REPORT.
(RESOLUTION 19-07)**

Action Item

Walter Wilhelmi provided the presentation. The audit committee met on March 5th. They have provided an unmodified

opinion. There was one audit adjustment related to accounts payable and construction fund where entries were duplicated. It just affected the balance sheet. One of the entries they normally make each year they did not make. Each year, Everett Owen, Chris Miller and Walter Wilhelmi, they did not need to accrue any additional amounts from MSB for video tolls since the transition to a new payment vendor. Historically, the NET RMA has collected about 60% of the pay-by-mail. That data has been difficult to get a hold of historically. They are pleased that with the new vendor, they will be able to get that information more readily. This decision was to encourage being as conservative as can be. He suggests getting more information from Cofiroute. They spent a great amount of time reviewing the variances. Current assets decreased due to the cash out for financing Segment 4. The cash amount however increased over 45M. The changes in net position reflected at 1.7M. Toll operating expenditures showed a cash flow of about 5M. The report on internal controls and compliance matters in accordance with government filings show no issues. The good news with the new Financial Controller for the NET RMA is that she has a lot of experience with government accounting. She speaks the same language and is familiar with auditing herself. In auditing the bond covenants, the NET RMA is in compliance. He commended the audit committee for their hard work. Larry Morse asked who was on the audit committee. Chris Miller stated that Mike Thomas, Barham Fulmer, Andrea Williams-McCoy and Keith Honey are.

Motion to approve: Gary Halbrooks, 2nd: Audit Committee Recommendation. Unanimously approved.

13. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON APPROVAL FOR CAMP AND CASS COUNTIES TO JOIN THE NET RMA.

(RESOLUTION 19-08)

Action Item

Chris Miller stated that all 12 current member NET RMA counties have submitted their resolutions to allow for the joining of Camp and Cass County. The next step is for the board to approve this process. Brian O'Reilly stated that it may go quickly but it all depends on the environment.

Motion to approve: Larry Morse; 2nd: Jason Ray. Unanimously approved.

14. REPORT ON CONSTRUCTION OF SEGMENT 4 OF TOLL 49.

Kate Wilder

Kate Wilder provided the presentation. Final acceptance has been issued. Total construction expenditures \$81.2M for work that has been completed through January. The total contract price is \$81.75M. All work is completed. Total project expenditures is 113.1M. There's still about 13.1M remaining. That includes a 10M contingency as well as about \$1M interest. There is about 600k remaining in the construction budget which will be used to pay Webber for final invoice. GEC support and insight has about 900k that will be used. Miscellaneous costs total about 100k. Remaining contingency totals about 11M. They anticipate only using about 2M. The contractor is working on punch list items and establishing vegetation. Project closeout is mostly all that is left. Larry Morse asked if the warranty period starts on March 8th. Kate Wilder stated yes and some items will be warrantied for 1 year while others are for 2.

15. REPORT ON REPAIRS ON THE IH-20 BRIDGE AT TOLL 49.

Tammy Sims

Tammy Sims provided the presentation. Work began on Feb. 25th. The barricades were set up first and the jacking plans were laid out. She provided pictures of the work done showing the jacks at work. They did not need to shut down the interstate. They were able to work on the bridge by closing just one entrance. There were no traffic back-ups as it happened overnight. They were able to save funds on the rail because a lot of it did not need to be completely replaced. The beam that was directly hit has been completely repaired. Alignment has been re-established. A new joint system was completely replaced and added. The repair of the concrete rip-rap was completed yesterday. They will be demobilizing today and tomorrow. The project came in ahead of schedule and underbudget. Tammy Sims stated they are very happy with the work and the contractor that was very efficient. She also stated she can give a report on the amount reimbursed. She stated they have been keeping track of all soft costs (legal fees, design, etc.) for reimbursement. Larry Morse asked who the contractor was. Tammy Sims stated it was Gibson and Associates.

16. LEGISLATIVE UPDATE

Brian O'Reilly

Brian O'Reilly provided the report. The session is going strong. Transportation is not a high profile issue this session which is different from last year. The focus is on property tax reform and public education funding. Senator Hall is still anti-toll. However, a lot of the anti-toll representatives were not re-elected. There is a movement within the Texas Toll Payer Protection Act which will try to take away the teeth from RMA's by taking away the ability to collect on violators. Senator Hefner submitted part of that bill and it would be detrimental to the RMA so it would be advantageous to speak with Senator Hefner about that. Brian O'Reilly doesn't see this bill moving just yet but it is something to keep an eye on. There hasn't been too much going on yet. Linda Thomas stated that Senator Hefner is a Wood and Titus County representative. Brian O'Reilly stated that it would be worth visiting with him to educate him on how the tolls work.

17. REPORT ON OPTIONAL VEHICLE REGISTRATION FEES.

Brian O'Reilly

Brian O'Reilly stated that this is a form of local funding. In state funding, there is still not a lot and locals are asked to take upon themselves a large part of the cost. The commissioners court would be able to add a \$10 fee to vehicle registration on top of the regular registration fees. That \$10 fee would go towards un-tolled transportation construction projects. The counties that have utilized this have seen a lot of success and as such, there are several other counties that would like to do the same. Everett Owen asked if these funds would be able to be bondable for the RMA. Brian O'Reilly stated that they would be bondable. The RMA would receive the money and that money would go directly back towards construction projects. Mike Thomas asked how it would work if one county agreed and one did not since the NET RMA is a multi-county agency. Brian O'Reilly stated that it would make it a complicated issue. Chris Miller stated that it could be a vehicle for construction for a county. Brian O'Reilly stated that they could have a specific agreement with the NET RMA where the NET RMA holds onto the funds and apply it to a specific project. RMA's have much more flexibility with spending than counties do. This could be an attractive vehicle for some of the outer counties. It would be a good idea to meet with commissioner's courts to see if there is interest. Robert Messer stated it would be a good idea to get together to come up with an action plan but it may be too early for that. Brian O'Reilly stated that it is still only just been proposed. He suggests emphasizing the importance of this. Larry Morse asked if these funds would only be able to go towards new projects? Brian O'Reilly stated it can be applied towards existing roads as well.

18. EXECUTIVE DIRECTOR'S REPORT

Chris Miller

Chris Miller stated he has been working with Commissioner Austin, III to create a letter for Glenn Green with TxDOT for the Pacific ROW. Status of the loan agreement is being worked out for Segment 6 environmental work which will be discussed at the next board meeting. Linda Thomas and Chris Miller were able to meet with Transportation Commissioner New and talk to him about the importance of various projects that are critical to the area. There is also a 2050 plan meeting that TxDOT is working on that was held in Tyler as well. They were able to provide some input. He has also sent out an email to members with new judges and they will work towards scheduling meetings and their corresponding board members soon.

A. Report on Meetings with Toll Agencies in Houston Area

He met with toll agencies and was able to learn more about how they do their business. It's a totally different culture as the customers all have toll tags because you cannot ride the road otherwise. Constables are on patrol and will pull over anyone that rides without it. What he would like to do next is look into an incident management focus. Roadside assistance and violators specifically. It's more about getting onto customers that are habitual violators. It may be some kind of contractual relationship with constables. The city has expressed an interest in working together.

B. Report on Chisholm Trail Parkway

It's about a 28-mile road that extends south towards the Cleburne area. It's a two-lane road and they are part of the NTTA system. It's utilized heavily.

C. Maintenance Cost Savings

A handout was provided that shows the maintenance savings added by having two maintenance staffers. They have provided a great deal of savings due to no longer needing to contract various work out.

D. Update on Cofiroute Customer Service

The transition has had its hiccups. CTRMA has experienced this as well. It's the bumps of a new provider. There will be more effective and detailed information from Cofiroute once things have settled down. There will be a

meeting in the near future with CTRMA, NET RMA and Cofiroute to iron out these issues. In May or June, the MSB relationship will end. Barham Fulmer asked if they would still have access to the backlog of accounts that are left? Chris Miller stated....

E. Other/Miscellaneous

Regarding the accident on the road, what they know so far, the vehicle crossed the lane for an unknown reason. They will not know until more information is received. They will provide that relevant information once they know more.

19. ADJOURNMENT

3:29 meeting adjourned and gone to executive session. No action taken during executive session.

EXECUTIVE SESSION - PURSUANT TO CHAPTER 551, SUBCHAPTER D, TEXAS GOVERNMENT CODE, IF ANY

- **At any time during the meeting of the NET RMA Board of Directors, the Board may meet in executive session for consultation concerning matters under Chapter 551 of the Texas Government Code, including:**
 - A. Section 551.071. Consultation with Attorney—Consultation with and advice from legal counsel concerning pending/contemplated litigation, settlement offers and negotiations, ongoing disputes and potential disputes, and other legal issues.**
 - B. Section 551.072. Deliberation Regarding Real Property—Discussion of real property purchase, exchange, lease, license, gift, donation, and/or negotiated settlement, including property to be acquired for right-of-way.**
 - C. Section 551.074. Personnel Matters—Deliberation concerning the appointment, employment, reassignment, evaluation, duties, discipline, and/or dismissal of personnel.**

Tentatively Scheduled NET RMA Board Meetings:

April 9, 2019 – TBA, Titus County

Non-Scheduled Meetings / Functions - Where a Quorum could be Present, but No RMA Business would be conducted:

April 25, 2019 – Texas Transportation Commission meeting

PARTICIPATION BY TELEPHONE CONFERENCE CALL:

One or more members of the Board may participate in this meeting through a telephone conference call, as authorized by Section 370.262, Texas Transportation Code. Under that law, each part of the telephone conference call meeting that by law must be open to the public shall be audible to the public at the meeting location. During the meeting, the identification of each party shall be clearly stated prior to speaking, and the meeting shall be documented by written minutes. On conclusion of the meeting, the written minutes of the meeting will be made available to the public.

COURTESY RULES

Thank you for your presence. The NET RMA appreciates your interest. If you wish to address the RMA on any agenda item, Public Participation Forms will be available before the meeting. These forms must be filled out and turned in to the RMA Chair or Secretary *prior* to the time the agenda item in question is addressed by the RMA.

You must be recognized by the Chair. (NOTE: Items will not necessarily be presented in the order they are posted.)

OPEN COMMENT PERIOD

At the conclusion of all other agenda items, the Board will allow an open comment period, **not to exceed one hour**, to receive public comment on any other matter that is under the jurisdiction of the Board. Public comment that does not relate to a specific agenda item must be made during the open comment period.

Each speaker will be allowed a **maximum of three (3) minutes**. Speakers must be signed up prior to the beginning of the open comment period. For subjects that are not otherwise part of the agenda for the meeting, Board members may neither comment nor question speakers during the open comment period, but may request the Chair, or a recognized committee, to investigate the subject further. No action will be taken on matters that are not part of the agenda for the meeting.

NOTE

Enumerated agenda items are assigned for ease of reference only, and will not necessarily be considered by the Board in that particular order. The Chair may rearrange the order in which agenda items are considered.

Presenters with audiovisual needs are requested to contact NET RMA at 903.630.7894 at least two working days prior to the meeting.

ACCESSIBILITY STATEMENT FOR DISABLED PERSONS

This meeting site is accessible to disabled persons as follows: wheelchair ramp at the main entrance. If any special assistance or accommodations are needed in order to attend this RMA meeting, please contact NET RMA at 903.630.7894 at least two working days prior to the meeting so that appropriate arrangements can be made.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services, such as interpreters for person who are deaf or hearing impaired, and readers of large print or Braille, are requested to contact NET RMA at 903.630.7894 at least two working days prior to the meeting so that appropriate arrangements can be made.