



MEETING NOTICE

TO: North East Texas Regional Mobility Authority Board Members
FROM: Linda Thomas, Chair
DATE: Tuesday, February 12, 2019
SUBJECT: **February Board Meeting**

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

DATE: Tuesday, February 12, 2019
TIME: 1:30 PM
PLACE: Texarkana Convention Center
2910 S. Cowhorn Creek Loop
Texarkana, TX 75503
Bowie 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
Texarkana Convention Center
2910 S. Cowhorn Creek Loop
Texarkana, TX 75503
Bowie 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, February 8, 2019.

1:30 PM.

2. INVOCATION

Cory Floyd provided the invocation.

3. WELCOME & INTRODUCTION OF BOARD MEMBERS

Judge Carlow welcomed all to Bowie County. He stated that Bowie County is grateful for the priority project awarding in the past and looks forward to future partnerships with the NET RMA.

In attendance: Cory Floyd, Jason Ray, Larry Morse, Chet Clayton, Linda Thomas, Chris Miller, Barham Fulmer, Robert Messer, Keith Honey, Dan Droege, James Harris (by phone), John Cloutier (by phone), Nate Priefert, Belinda Andrus, Mike Thomas (by phone)

4. OPEN PUBLIC FORUM/COMMENT PERIOD

No comments.

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

Motion to approve Keith Honey. 2nd: Larry Morse. Unanimously approved.

6. CHAIR'S REPORT Linda Thomas

Linda Thomas thanked all for making the drive to Bowie County and thanked the county for being great hosts. She then stated that a record-breaking number of transactions occurred in January-approximately 34,000. The success is attributed to a lot of things including, the advertising and maintenance team.

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 they met Feb. 7th and went over many things on the agenda including the status of Segment 4 construction. They also celebrated the closeout of Segment 3B. There will be updates on maintenance activities as well.

D. Member Outreach Committee John Cloutier

John Cloutier stated that priority project applications are now being taken. They have reached out to the Union Pacific representatives and they have revived interest in the rail line.

E. East Texas Hourglass Committee Dave Spurrier

Chris Miller stated that the ETHG and Construction and Maintenance committee met through a joint meeting. Many of the issues discussed will be discussed later in the agenda.

F. Investment Committee

Robert Messer

Robert Messer stated that there needs to be more collaboration on what to do with any excess funds available from previous projects. When the cash flow analysis is in, they'll have a better idea.

8. PARTNERSHIP UPDATES

A. East Texas Corridor Council

Linda Thomas

No report.

B. I-69 Alliance Committee

Linda Thomas

Cory Floyd stated that he had attended I-69 Day in Austin for the 86th legislative session. They had discussions with a number of state senators and representatives. They are asking to extend the sunset provision in Proposition 1. Proposition 1 allows for excess funding to be used in transportation projects. They also honored TxDOT Commissioner Austin, III as his term ended. They also attended a TxDOT commissioner meeting to speak more on the I-69 corridor.

C. East Texas Council of Governments

Linda Thomas

No report.

9. REVIEW AND ACCEPTANCE OF NET RMA FINANCIAL STATEMENTS.

Chris Miller introduced Dianne Johnston, the new Financial Controller for the NET RMA as of March 1st. She has worked closely with the NET RMA in the past with the previous Financial Controller, Michelle Colburn. Chris Miller stated that for the October financials, there were some questions related to how some of the numbers were exact and stated that there is a period of about 2 weeks where the HUB does not have accurate numbers, so those revenue numbers were more of an estimate and analysis based on previous months. They were then corrected in the next month when the official numbers were reported. He also stated that there was a question regarding the double rent paid. It was not in error. There was a payment made in early October as well as payment for November that was made at the end of the month. It was just how those bills fell. Dianne Johnston provided the presentation. She stated that she was very excited to join the team and looking forward to devoting her effort to the NET RMA accounting. She then stated that the first statement she would cover was the December statement of net position. Total assets were \$394 M. The liabilities for current and long term were \$213M. Equity amounts to \$181M. She then stated that there was correction to be made under the board restricted for priority projects. She stated that she did not know that priority project funds crossed years and that there are still expenditures to be made from the prior years. The number needs to be revisited. For the statement of revenue and expenses, it is a year-to-date comparison. The statement of revenue and expenses: for 2018, revenues were higher which was to be expected with the opening of Segment 4 and the finishing of construction. Salaries and benefits have increased due to the addition of a NET RMA staff member. Marketing expenses are up by design. In 2018, the GEC expenses were lower related to 2017. Toll Maintenance support shows 2 invoices that total about 150k; however, those invoices need to be moved to capital assets. There were also two invoices that came in for KAPSCH that will need to be put into that line item that will also need to be added retroactively. The toll operating system report shows an increase in 2018 compared to 2017. In other income and expense, 2018 shows an increase largely due to priority projects that were paid out in 2018. Overall, revenue is up but has been offset by an increase in expenditures. She believed that over time as trends become more apparent, she plans to more accurately reflect what is happening within the budget. Barham Fulmer asked how much lag time are they looking at with the revenue? Everett Owen stated that there is no lag time for electric transactions. For video, the lag can be anywhere between 30-90 days. Barham Fulmer stated that he is concerned that they are behind in their revenue. Everett Owen stated that there are several possibilities. The revenue they are receiving now is from November. Additionally, with the transition from Cofiroute to MSB, they have seen a decrease in effort by MSB to collect overdue funds. He also stated that they may be seeing some slack for Cofiroute in getting invoices out. All of those things add together to the lagging revenue. Barham Fulmer stated that as they look forward into the future, they need to be looking at actual transactions when budgeting. Everett Owen stated that with MSB's system, it was almost virtually impossible to tell what invoices the revenue was coming from. With the Cofiroute system, it will be much more transparent. They will know all of the revenue and transactions that take place in a month and they will have a much

better idea of how much they collect per month. The hope is to get another collection agency to collect the remaining funds that MSB failed to collect. Dianne Johnston continued to total operating expenses which shows to be right in line with the budget. The legal fees and NET RMA expenses were the only lines that had more variance. Toll 49 Operating expenses showed only a 2% difference. Toll processing costs are decreased. Toll maintenance support will be under budget once adjustments have been made.

Motion to approve: Cory Floyd. 2nd: Dan Droege. Unanimously approved.

10. REPORT ON TOLL 49 TOLLING TRANSACTIONS AND REVENUE.

A. Comprehensive Transaction Report by CDM Smith

Christopher Mwalwanda with CDM Smith provided the presentation. He stated that the slides show a summary of the improvements that have been happening along the system. There has been a lot of construction activity and the overlay over the years. 2016 set the bar for transactions. In 2017 there was a downward trend. 2018 continued that trend. In 2019, with the opening of the new segment, the trend began to grow. There is a 30% jump from last year's numbers. The trend has also overtaken 2016 transaction trends. The system seems to be rebounding. Growth seems to be happening on the North-South Prairie Creek Mainline vicinity. Truck growth has been flat and stayed within a narrow window. There is not as significant growth. Most recent, even with small dips here and there, the January numbers have increased significantly. There is an overall expectation of continual growth. Weekday traffic has shown a very strong growth on week nights. There is a very positive, continuing increase. Cory Floyd asked what significance there is between weekend vs weekday transactions. Christopher Mwalwanda stated it's for revenue generation purposes. Strong performance on weekdays and weekends means there's a much more extensive capture of revenue throughout the year. Cory Floyd then asked if overperforming on weekends means under performance on weekdays. Christopher stated no. Typically in their forecasts, they discount weekends but, in this case, the positive trend has lead them to correct and increase their forecasts. Cory Floyd asked if they could use that as an indicator to predict that weekday will increase. Christopher stated that they anticipate an increase with commuters as development continues to grow. Barham Fulmer stated that studies have shown that Friday is the heaviest traffic day. The summary is that even though they are on the lower end of revenue, they are still showing growth. All indicators for regions are encouraging. Robert Messer asked for a copy of the reports.

11. FIVE YEAR CASH FLOW ANALYSIS.

Chris Miller

Everett Owen stated that the cash flow analysis was moved forward two years to cover up to 2024. They looked into what impact the revenue trends would have on the general fund position. The best case is based on the current trend line of transactions for this fiscal year. They took the number of transactions from the first quarter and then also utilized the transactions the T&R study predicted as a starting point. Expenditures for Segment 6 were added and the renew and replacement fund was adjusted to reflect accurate numbers. Additionally, the estimated costs of the T&R study for Segment 6 was added as well. In the beginning of 2018, the general fund balance was right at \$4M. That does not necessarily reflect all of the cash available because there is cash in other accounts some of which are restricted. They expect end balance of 17.6M by the end of 2019. There is an expected drop of \$6M in 2020 largely due to Segment 4 bond principle payments. Then in 2021, funds will bounce back into the positive. In 2024, the general fund balance should be around \$34M. This is the best-case scenario using the T&R studies which the NET RMA has been significantly behind. However, starting with the beginning of this fiscal year (in November and December) they were over the T&R projections which is largely due to the opening of Segment 4. Overall, the trend line continues to fall under the T&R studies which is significant. The worst-case scenario is more reflective of where the NET RMA is now. With the current trends, the final revenue amount would land at about \$31M. January 2018 was significantly lower than the T&R studies predicted. November and December 2018 showed an increase that lead to them being above T&R studies. There was a large dip in January due to weather issues, most likely. The purpose is to find what impact the transactions have on revenue and the financial health down the road. Larry Morse asked what the average transactions are according to the 2019 T&R study. Everett Owen stated it would likely be under 40 or in the low 40s. Robert Messer asked how confident Everett is on the budget. Everett Owen stated that 17.5 would have been more realistic. He stated it all comes back to the customers that were lost during the construction and it appears that they have not returned after the construction process. Robert Messer asked that looking into the future, when stress starts

to build on revenue, is any part of the money going to be discretionary? Everett Owen stated that the only way to have that happen would be to stop the study. Everett Owen stated that the projections showed that they are not in any danger where expenses lie; however, it does restrict movement and freedom. Chris Miller stated that something they may want to think about is a mid-year adjustment to the budget. Robert Messer stated that he wanted the NET RMA to be prepared in case the cash flow continues to remain the same. Everett Owen stated that there is significant flexibility with these projections to continue to go forward with the environmental with Segment 6. Keith Honey asked if there were cash reserves and what the policy is on them. Everett Owen stated yes. The policy is that through 2019, the NET RMA needs to maintain a cash balance of half of the total operating expenses not including debt service which is in the \$3M range. In 2020, it jumps to 1005. The long-term issue is that if things go on fairly well, the next step would be to buy the ROW, doing design, etc. Those are big numbers and can't be funded out of cash. The NET RMA will need to borrow money at some point. Robert Messer asked how long do they have to act on the environmental studies once complete? Everett Owen stated he believed it was 2 or 3 years. There has to be continuous activity. It doesn't go away, but if nothing was done within the 3 year period, a re-evaluation needs to be done.

12. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO ADD SEGMENTS 6 AND 7 TO THE TOLL 49 SYSTEM.

(RESOLUTION 19-01)

Action Item

Chris Miller stated that this is a recommendation that the ETHG and Construction and Maintenance committee recommend. It is to confirm to add Segments 6 and 7 to the Toll 49 system. Brian Cassidy stated that it is a legal process that is necessary for additional funding to be received.

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

13. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO AUTHORIZE THE NEGOTIATION OF A LOAN AGREEMENT WITH REGIONS BANK TO FINANCE DEVELOPMENT AND CONSTRUCTION COSTS OF SEGMENTS 6 AND 7 OF TOLL 49.

(RESOLUTION 19-02)

Action Item

Chris Miller stated that this is a resolution to authorize the negotiations. Richard Ramirez, the financial advisor, has been leading this. Regions Capital came forward with an offer of a \$10M loan to cover the cost of environmental. The first maturity is January 1, 2023. The final maturity is January of 2024. Interest rate is 3.43. Barham Fulmer stated that what he came to understand was that if you spend money that is unanticipated and cash flow goes down, it could affect bond rate seriously whereas borrowing money would not affect bond rate. It protects the NET RMA in a way by adding \$10M to the cash flow. Dan Droege asked what the pre-payment penalty is. Barham Fulmer stated that it means the payment will not go over/above the allotted amount.

Motion to approve: Barham Fulmer. 2nd: Robert Messer. Unanimously approved.

14. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO ADOPT THE NET RMA ACCESS MANAGEMENT POLICY.

(RESOLUTION 19-03)

Action Item

Chris Miller stated that currently there is no access management policy. They will mostly be following the state access policy but there will also be an avenue for appeal that will get to the board. Linda Thomas clarified that it was for access to Toll 49.

Motion to approve: Larry Morse, 2nd: Dan Droege. Unanimously approved.

15. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO APPROVE AN INTERLOCAL AGREEMENT WITH SMITH COUNTY FOR HABITUAL VIOLATOR ENFORCEMENT.

(RESOLUTION 19-04)

Action Item

Chris Miller stated that this has been a long ongoing discussion regarding the collection of habitual toll violators. There is a state statute toward habitual violators but what the NET RMA needed was an ILA with Smith County. The goal is to be able to put a hold on vehicle registrations. Brian Cassidy stated that once someone has been declared a habitual

violator, one of the most effective enforcement mechanisms is the withholding of registration. A habitual violator is deemed so after receiving 100 toll violations within a 12-month period. There are over 860 habitual violators in Smith County, which is significant. The agreement is that the NET RMA will pay the county \$5 for that blocked vehicle registration and if the county doesn't honor the agreement, they'll need to repay the NET RMA for it. Barham Fulmer emphasized that this would specifically apply only to those that are clearly trying to abuse the system.

Motion: Barham Fulmer, 2nd: Dan Droege. Unanimously approved.

16. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO APPROVE ISSUANCE OF A REQUEST FOR PROPOSALS FOR MARKETING CONSULTING SERVICES. (RESOLUTION 19-05)

Action Item

Chris Miller stated this is for the ability to request for a proposal for a marketing consultant. It has been discussed a number of times that this needs to happen. The goal is to help see the demographic of customers and develop a strategic plan. Robert Messer asked what kind of expense they may expect. Chris Miller stated that they will open the proposals to as many as they can to get the most cost-effective amount. Keith Honey asked for a ball park number amount. Colleen Colby responded that it's dependent on the market they get them from. Barham Fulmer stated they have a marketing budget this year. Chris Miller stated that once they get the RFPs, they will get the marketing committee together to discuss what option would be best.

Motion to approve: Robert Messer, 2nd: Chet Clayton. Unanimously approved.

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

Kate Wilder

Kate Wilder provided the presentation. The project is nearing its end so the focus will be on expenditures. Construction expenditures to date: \$78.4M paid to date which reflects work performed through November 30, 2018. That does not reflect the \$2.9M in retainage withheld. The total contract amount equals \$81.7M which includes approved change orders 1-39. Total expenditures equal \$109.6M with 16.6M remaining in the original budget, which was 126.2M. This also includes \$10.1M in unallocated contingency funds. There is an expected 5.5M estimated remaining costs for construction, utility reimbursements, GEC support, toll integration and oversight, and other miscellaneous operating costs. It is expected that \$12.1M will remain of the budget after the completion. Barham Fulmer stated that it looks like the sod has been holding out throughout the rain lately. Kate Wilder agreed.

18. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE ISSUANCE OF AN INVITATION TO BID FOR THE TOLL 49 SEAL COAT PROJECT. (RESOLUTION 19-06)

Action Item

Tammy Sims stated that the areas targeted were not originally addressed in the previous improvement project. The board approved, for FY 2019, a renew and replacement budget in the amount of \$1.58M. Atkins have been designing the seal coat treatment. The preliminary contract cost is \$1.28M. Construction is expected to take place in spring or summer of 2019.

Motion to approve: Dan Droege, 2nd: Larry Morse. Unanimously approved.

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

Tammy Sims

Tammy Sims provided the presentation. The project was awarded to Gibson and associates. It is a 30 day contract but they believe they can get it complete in 3 weeks. Barham Fulmer asked if it was a night time operation. Tammy Sims stated that it was. Barham Fulmer reminded all that they will be reimbursed for all expenses related to this repair.

20. LEGISLATIVE SESSION UPDATE

C. Brian Cassidy

Brian Cassidy provided the update. He stated that the legislature was now in full swing. There have been a lot of changes since the last session. 10 of the 13 committee members are new. Cole Hefner is the only representative in the NET RMAs area. On the senate side, Senator McNichols was reappointed. Senator Bob Ball was not reappointed. Not many bills have been filed of great consequence. There has been talk of an optional vehicle registration fee. It was to add an additional \$10 fee which would then go to the RMA. The counties that have adopted it already have been able

to utilize those funds towards transportation projects. Brian Cassidy stated it would be passed via the local county commissioners court. There is process to how it can be spent. Chris Miller stated that this opportunity could be one way to accelerate transportation projects in each county. Robert Messer asked if it would be possible to get a fact sheet regarding this as well as what the other counties have done. Brian Cassidy stated yes.

21. EXECUTIVE DIRECTOR'S REPORT

Chris Miller

Chris Miller thanked Bowie County for providing the resolution for the induction of Camp and Cass County. In March, they will bring a resolution to the board for approval. After that, the state will need to approve. He also stated that he will be meeting with HCTRA and Fort Bend toll authority to get an idea of their operations. Chris Miller also stated that a strategic session needs to be scheduled to develop a strategic plan, especially with construction winding down. It is time to investigate what other services the NET RMA can get involved with.

A. Update on Cofiroute Transition

Chris Miller stated that there have been difficulties with the customer service process; however, overall Cofiroute has been doing a fairly good job. Everett Owen and Ron Fagan have been monitoring it closely. Within the next few months, they expect some of the wrinkles to be ironed out.

B. Priority Project Letters

The packets have been mailed and emailed out.

C. IOC, IIPL Buyout Update

He stated that he does not believe it will impact the maintenance contract with them. Barham Fulmer asked if IOC's work was complete. Chris Miller stated yes.

D. Financial Controller Update

By March 1st, Dianne Johnston will be officially on board with the NET RMA.

E. Cogensia Study Report

Cogensia is a marketing analysis firm that will look at the pay by mail numbers. They will be at the March meeting to present their findings. The goal is to eventually have it so that customers have a toll tag.

22. ADJOURNMENT

3:35 PM

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, including pending litigation related to Cause No. 18-0744-B.
 - 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:

March 19, 2019 – Mineola Civic Center, Wood County

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

February 28, 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.