



MEETING NOTICE

TO: North East Texas Regional Mobility Authority Board Members
FROM: Linda Thomas, Chair
DATE: Tuesday, April 10, 2018
SUBJECT: **April Board Meeting Minutes**

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

DATE: Tuesday, April 10, 2018
TIME: 1:30 PM
PLACE: Panola College
1109 W. Panola Street
Carthage, TX 75633
Panola 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 Blattman at 903.630.7894.

NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY (NET RMA)
BOARD OF DIRECTORS REGULAR MEETING
Tuesday, April 10, 2018, 1:30 PM
Panola College
1109 W. Panola Street
Carthage, TX 75633
Panola 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, April 6, 2018.

1:37 meeting was called to order.

2. INVOCATION

Dan Droege provided the invocation.

3. WELCOME & INTRODUCTION OF BOARD MEMBERS

Linda Thomas welcomed the board members: Belinda Andrus, Dan Droege, Dave Spurrier, Nate Priefert, Robert Messer, Barham Fulmer, Chris Miller, Linda Thomas, Gary Halbrooks, Jason Ray, James Harris, Larry Morse, Keith Honey, Bob Moore, Cory Floyd and Tim McCrae.

4. REMARKS BY PANOLA COUNTY JUDGE LEEANN JONES

Judge Jones welcomed the NET RMA to Panola County and thanked them for their service. She said all of East Texas is a great place to work and live but she has an affinity for Panola County. She thanked everyone for traveling to Panola County for this meeting.

5. SWEARING IN OF NEW AND REAPPOINTED BOARD MEMBERS

Judge Jones swore in Belinda Andrus and Tim McCrae.

6. OPEN PUBLIC FORUM/COMMENT PERIOD

DISCUSSION, CONSIDERATION AND APPROVAL OF THE MINUTES FOR THE March 20, 2018 BOARD MEETING

Motion: Gary Halbrooks, 2nd: Larry Morse; unanimously approved

7. CHAIR'S REPORT

Linda Thomas

Linda Thomas welcomed all to the meeting and thanked Panola County for hosting us. She advised it takes a special person to be on the NET RMA board and we are thrilled to have two more board members joining the agency. The Chair announced that a \$400K check was given to Gregg County since the last board meeting for their priority project. Linda advised the Long-Range planning committee will be meeting soon to award this year's priority projects.

8. COMMITTEE REPORTS

A. Executive Committee/Audit Committee

Linda Thomas

B. Personnel Committee

Jason Ray

C. Project Development & Implementation Committee

Barham Fulmer

Barham Fulmer stated there are no change orders. There is an issue for 3B, however, that will be addressed in Executive Session.

D. Long-Range Planning Committee

John Cloutier

John Cloutier stated there will be a long-range planning committee meeting on the 24th. We will send out the projects for the committee to review as soon as the deadline passes.

E. East Texas Hourglass Committee

Dave Spurrier

Dave Spurrier stated we had a good meeting since the last board meeting. We've been talking about the \$10M loan we've been pursuing and possibly funding with TxDOT. We don't even know if we'd be happy with the terms and conditions that TxDOT would require of us if we even were offered that route. We've met with a couple lenders to see if there is interest and

the viability of that option. Chris and Michelle will also be revisiting our 5-year cash flow. And Everett is going to prepare a cash-flow time line to see what we need each year. \$1M in year one. \$1.5M in year two. And \$4M the following year. We are coordinating a meeting on May 23 at 10AM for recommendation as to which course to follow. And we will come back to the board with a recommendation.

Barham asked there were board members that would fundraise in Tyler.

Dave said I think that should be explored. We talked about that. Once we find out about the main funding, we should go to our counterparts as to augment the main funding. Third part or self-funding will speed the project up. It would be 3 years of work once we get started. Dave advised he'd like to start working on it this summer.

Barham asked if the plan and design go on while the environmental is occurring or not?

Everett said the plan and design must happen after the environmental. You must get to the point of a preferred alternative. At some point, you can start ROW purchase, that is about a year, then you can start construction after you get enough right of way purchased. The work you do to build the road is exactly the same if you work with the local process (main difference is we review the main documents in lieu of TxDOT or FHWA doing it). Historically, that is where a considerable amount of time is given if you use TxDOT or FHWA. The time savings on this could be as short as 24 to 30 months for the local process. It would be 36 months if you utilize the federal process. He continued it shouldn't be any difference in timing of design or construction. But any time you deal with TxDOT or FHWA, things don't go as you would expect. The only thing you could count on is a delay with TxDOT.

Dave said we didn't determine any significant upside of using TxDOT versus moving forward without them. Everett said there is one potential question at some point for the construction. If we want to use a TIFIA loan, we wouldn't be eligible for a TIFIA loan (a vehicle of financing where we could save some money). We hope to have more answers to those questions in May.

F. Investment Committee

Robert Messer

We had a meeting this AM. We are looking at the several financial vehicles being at maturity in December.

G. Facilities Committee

Gary Halbrooks

H. Marketing/Community Relations Committee

Andrea Williams-McCoy

9. PARTNERSHIP UPDATES

A. East Texas Corridor Council

Bob Moore

B. I-69 Alliance Committee

Linda Thomas

C. East Texas Council of Governments

Linda Thomas

10. REVIEW AND ACCEPTANCE OF NET RMA FINANCIAL STATEMENTS

Michelle Colburn

Michelle said this month we are looking at the January financials. They are from Oct 31 to Jan 31. The agency had a \$1M of revenue in January. Revenue is down. We are attributing the revenue being down due to weather and construction. CDM Smith did a review of the same periods (Oct – Jan). It has been a seasonal event as transactions have been down during the same time periods in previous years. There is a \$110K difference in operating expenses due to auditing expenses, legal fees, salaries and expenses are up (there are more employees this year than we had last year). Toll 49 Operating expenses are under budget this year as compared to last year. Actual year to date versus budgeted year to date the revenues are down due to seasonality, construction and weather. Operating expenses vs. budget year to date, \$53K over budget from the audit and legal fees. We had a 10K risk management auditing expense among other things. Operating expenses YTD vs Budget YTD we are under \$57K. On the cash flow we are behind \$476K. Other expenses we are ahead of the plan. Assets (balance sheet) our archaeological site has been stagnant. \$396M on statement of Assets.

Motion: Larry Morse, 2nd: Dr. Harris; unanimously approved

11. REPORT ON TOLL 49 TOLLING TRANSACTIONS AND REVENUE

Chris Miller

Chris Miller presented our daily average transactions. Good Friday there was a good spike of traffic. The numbers are normalizing a bit. We are still lower than previous years. January and February were severely down. My position on it, there are three contributors, the construction with 3B, seasonality and the opening of Cumberland road. We had a conversation with our analysts

on the phone today, you will start to see the drop off last summer due to the pilot car supporting the construction. The second reason is seasonality, its winter and the numbers drop off. The third thing is the opening of Cumberland road. It is a nicely flowing road from Broadway to Old Jacksonville (it is an east-west road), that competes with the toll road. It is a reality that we have to deal with. A fourth reason is when 829 was under construction near I-20, people might have chosen other routes to get to Tyler and Lindale. We have been monitoring things.

12. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO ACCEPT AN AMENDMENT TO THE 2016 NET RMA AUDIT REPORT.

(RESOLUTION 18-20)

Action Item

Chris advised this was as a result of the change to the audit, as presented at the last board meeting.

Motion: Barham Fulmer, 2nd: Robert Messer; unanimously approved

13. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE ISSUANCE OF A REQUEST FOR QUALIFICATIONS FOR FINANCIAL AUDITING SERVICES.

(RESOLUTION 18-21)

Action Item

Chris said we had talked about the need for going out for financial services about 18 months ago. The committee is recommending that we go out for bid for auditing service. We could go back with Wilhelmi, or not. It is part of the normal course of business to go out for procurement.

Brian Cassidy advised it is good business practice to go out for procurement for our auditing services at this point.

Motion: Larry Morse, 2nd: Dan Droege; unanimously approved

14. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION TO APPROVE THE NET RMA ANNUAL COMPLIANCE REPORT. (RESOLUTION 18-22)

Action Item

This is a requirement from TxDOT. We just need acceptance of the report.

Motion: Dan Droege, 2nd: Keith Honey; unanimously approved

15. REPORT ON TOLL 49 IMPROVEMENT PROJECT.

Kate Wilder

- Kate advised this was a \$8.2M project at its inception. We have had \$658,000 worth of change orders to date. And this brings the total budget for the project to \$8.9M. To date we have paid the contractor \$5.7M. We are just under half way complete with the overlay. And we are 100 percent complete with the pavement. We issued notice to proceed in May of 2017. January of 2018, we suspended overlay activities. We anticipate the contractor will come back in the spring of 2018 to complete the work. While overlay activities have been on hold, we are putting in reflective markers at 3B and roadside sign installation continues.

16. REPORT ON CHANGE ORDERS APPROVED BY THE EXECUTIVE DIRECTOR SINCE PREVIOUS BOARD MEETING. Chris Miller

There were none.

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

Kate Wilder

Kate said the project started in June of 2016.

- Barham asked when does traffic get on the road? Kate said at substantial completion, which is scheduled for February 2019. Rip rap is going in at Stevenson Branch. Pavement and asphalt placement is going on south of Stevenson branch. Top soil piles are beginning to be built, so drainage work can continue. The Contractor completed grading and has placed the flex base for the FM 849 tie ins. Once the prime coat and asphalt is placed, they can make the traffic switch to the final pavement. With major drainage structures complete, drainage activities include construction of concrete rip rap for ditches, rock rip rap at outfalls, and general ditch grading. Concrete flume construction in March included work at CD-16 and CD-17 (south side of the project between FM 849 and IH20) and near Stevenson Branch (north side of the project just south of CR 431). Cement treatment of subgrade: this is now complete everywhere except for:
 - 700 feet section at the former arch site where they are finishing embankment work.
 - The NB ramp south of IH 20 where they are finishing the embankment work
 - A short section at existing 849 that will be completed following the completion of the detour pavement and the excavation of old 849.
- Flex base: placed nearly everywhere we have already treated the subgrade. Places where the subgrade has already been treated that still need flex base:

- A half mile section between CR 4118 and CR 431.
- The SH 110 ramps (the first course is down, but they lack the second)

Major Asphalt work was done in March

- 4" of asphalt was placed from the Davis Branch Tributary bridge all the way to CD-8 (Note: CD-8 is essentially the mid point between FM 16 and CR 431; this means that they placed 4" of asphalt for approximately 2 miles of main lanes last month).
- For ramps, they placed the first 2" of asphalt for 3 of the 4 FM 16 ramps (lack the NB exit ramp).
- Note: This means that the mainlanes have the 4" asphalt base everywhere except
 - From CR 4118 down to CD-8, which is about a mile and a quarter.
 - And at Existing FM 849 that they cannot excavate until they make the traffic switch

The contractor is working to maintain existing erosion controls, repair damaged erosion controls, and trying to get slopes seeded to establish vegetation. Upcoming activities include SH 110 ramps and FM 849 tie-ins, luminaire work at I-20, embankment at former archeological site and south of I-20, concrete rip rap for drainage, subbase and pavement work between FM 16 and CR 4118 and erosion control/permanent seeding project wide.

18. DISCUSSION OF BACK OFFICE OPERATION AND PAY-BY-MAIL TRANSACTION PROCESSING. Chris Miller

Chris said Andrea has concerns about the back-office contract and why there is a relationship with CTRMA. An additional concern is why we continue to work with them. Chris advised the plan is to have a draft local agreement at the next board meeting if we decide to go with CTRMA. Everett said it really starts with the relationship with CTRMA. They have learned their 'lessons learned' with the other RMA's and all three of us participated in that first endeavor. MSB has been there for approximately 10 years. They've done a pretty good job. Before the road opened, there was a shift to go to all electronic tolling. There was an edict from TxDOT to go to all electronic tolling. The pay by mail option didn't even exist. It has been an evolving industry. When they started out they were a collection company that had a fairly good process in the tolling industry. MSB isn't perfect, Dave has experienced firsthand challenges with their system. An invoice is prepared, it is an account. The next 15 days you go through a toll, there is another new account. Then you go through again, and another new account is created. Customers had no idea they had multiple accounts. This made it hard for the customers to understand how much they owed all at once. Now, you have a license plate account. Your account is tied to the license plate. Everything is now associated to your plate. And we think this will greatly simplify things for customers and what they owe and how they owe it. One of the requirements was that all the vendors would initiate and give the option of a pre or post-paid account to associate with your license plate. CTRMA wasn't displeased with MSB. All vendors that responded needed improvements. 60% of the score was technical and 40% of the score was about the actual bid. The technical score was about their processes they were going to use. MSB had a very good understanding of what we were looking for. MSB's technical score was the highest. The cost of implementing their system was also the highest cost out of all of the bids. Everett said Cofiroute submitted the lowest and MSB was the highest. MSB ended up last in the scoring due to their costs. If we had a comparison between all of them, it was disappointing that MSB was scored lowest due to their very high pricing point. They would charge more than they are charging today. In our dealings with MSB, they dealt with us as if we were a direct customer. Cofiroute has expressed that they will treat us the same way that MSB has treated us. We won't be in the same position as CTRMA if we were to get into a legal battle, however, we benefit greatly from the relationship with them. We will bring back a new interlocal agreement that will describe the relationship between us and CTRMA and us and Cofiroute. Brian said right now we have an interlocal agreement with CTRMA regarding MSB. Our new contract would specifically mention NET RMA, it provides that Cofiroute will apply all services to CTRMA the same as NET RMA. We do have an acknowledgement in the contract that the services they will provide will be in partnership with CTRMA. But CTRMA has been very responsive when we have had any issues. In the early days, it was Everett, even the financials were provided by CTRMA. At this point, it still seems, from an economic perspective, a good stance or a good way to be at this juncture in time. Ron said one of the things that we are working on with Cofiroute are the fees. This will apply to the fees that are charged to the customers. On an unpaid bill that is a \$60 fee. \$5 of that comes to the RMA. What we've asked the new people to do, the contractor, was reward more if the customer didn't wait to pay the entire fee. We are doing an analysis to determine what the fee revenue should look like so that we have a similar fee structure. Brian said the Legislature has a capped \$45 total fee rule. CTRMA has advised that the legislature will also have a lowered cap for the RMAs as well. The RMAs would lose about 75% of their fee revenue if they went with the TxDOT fee restrictions. Once that is determined by CTRMA, NET RMA can charge a different fee structure if we choose. Dan asked how long it takes to get a bill. Ron said it is every 15 days. To get to collections, it takes 160 days. We give you a 30, 30, 30 days. Collections is a 90-day process. It might be lessened to a 45-day process. Everett said every 15 days they get a bill. There have been screw ups in the system that have caused bills to be delayed. Dave said service needs to be improved. Additionally, we don't want our fees to get reduced dramatically if CTRMA did something

crazy. There should be an incentive for these bills to get paid. Ron said there is something called a prefunded account. A customer doesn't have to sign up for the tag, you go through the road, get a bill, then you pay (and no sign up is required). Or you can pre-pay with a \$50 then it would bill you. Dave asked what percentage of our revenue is the pay by mail. Everett said the fees are there to help offset the people that don't pay. Dave asked have we analyzed what we are getting today? And how much that will decline if we get a more efficient system? Everett said I have two other points. One why aren't we party to the Cofiroute contract? It was just too unimaginable to do two different contracts under one procurement. So, we ended up having CTRMA do the contract and NET RMA will address it with the ILA. Keith asked why don't we go do our own thing. Everett advised it comes down to the cost of establishing the back office. Our understanding is the cost to establish the back office is multiple millions of dollars. That cost is in addition to the fees and so on that would cost several millions more. The other side of that is we would have to manage that contract ourselves. CTRMA has 7 or 8 people that manage that contract. I would estimate that we would need to hire or contract 3 more people out to do this ourselves. Barham asked do we get a volume discount? Everett said very much so, versus if we were trying to do this ourselves. Ron said we are in the planning process right now. NET RMA is even participating in the training. Dave asked when will we have the interlocal agreement ready to go?

19. EXECUTIVE DIRECTOR'S REPORT

Chris Miller

A. Community Outreach Meetings

Chris said one is scheduled with the city of Tyler tomorrow. We have the City of Henderson. Chris also said we were unable to meet with Cherokee County Commissioner's court. We are also trying to meet with the City as well.

B. NET RMA Newsletter

Chris said Please take a peek at our newsletter. It is filled with transportation information, take a look at if you've not already.

C. Kapsch TrafficCom Transportation NA, Inc. Agreement and Change Orders

Chris advised there was a big discussion about change order 12.1 at the last meeting. The question was brought up - was this work ever tied to 3B work on the outset? The answer is no. The second question was why was this not included in the work? The KAPSCH contract has nothing to do with the road-way work. It was never intended to be part of the process. Obviously, had we involved KAPSCH or asked IOC to be involved with this it would have been marked up significantly and you'd have had a higher rate. It never should have been part of the IOC work. This shouldn't be on the back of IOC. We have plenty of other issues to talk to them about. The issue became when the staff began to look at the work done by KAPSCH. There wasn't going to be any impact to the pavement. The 3B work was initially going to be a change order with R&K. Then this work that was going on was going on simultaneously, then the word came back that we need to do the same thing with Segment 4. CAPSCH and IOC aren't the same and I don't think we would have wanted to go back and change that in any way.

D. New Board Member and New County Information

Chris said please take a look at the packet that John Cloutier has put together for new board members and new counties. We hope to have this ready by the next board meeting.

Dave said we originally started out trying to recreate the wheel. This would be something every year when you went to visit judges you would give this to them. It is only a few pages, a condensed annual report. We need to word smith page 7 – so you can explain why you would want to serve on the NET RMA. In addition, we recommend staff takes this with the new board member stuff. We want the marketing committee to make a recommendation. This is short and sweet.

E. Department Reports

1. Maintenance Department
2. Finance Department
3. Marketing/Public Relations/Human Resources Department
4. Toll Operations/Customer Service Department

It was noted that board member's personal financial statements need to be filed at the end of the month.

Linda advised it is 3:17. We are going to recess for 5 minutes then come back for executive session. Executive Session adjourned at 4:10. Reconvened the open session at 4:12.

4:15 adjourned.

ADJOURNMENT

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:

May 8, 2018 – Henderson, TX

June 12, 2018 – Terrell, TX

July 10, 2018 – Jacksonville, TX

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

April 26, 2018 – Texas Transportation Commission

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.