



MINUTES
NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY (NET RMA)
BOARD OF DIRECTORS REGULAR MEETING
1:30 P.M., WEDNESDAY, OCTOBER 20, 2010
VAN ZANDT COUNTY FAIRGROUNDS
24742 HIGHWAY 64
CANTON, TEXAS 75103
PRESIDING: Tab Beall, NET RMA Treasurer

1. CALL TO ORDER AND DECLARATION OF QUORUM

Notice of this meeting was posted with the Secretary of State's Office, with the County Clerks in Smith and Van Zandt Counties, on the NET RMA website, and in the offices of PBS&J on October 15, 2010.

Board members present: Tab Beall, Gary Halbrooks, Keith Honey, David Stevenson, Bill Rowton, Celia Boswell, Hudson Old, Ed Smith and Bill Runnels. Andy Vinson attended by phone.

Board members absent: Jeff Austin III, Linda Thomas, Dave Spurrier, Robert Murray, Barry Hughes, Walta Cooke, Rodney Gilstrap and Mike Thomas.

Chairman Austin was not present at this meeting. Board Member and NET RMA Treasurer Tab Beall served as "Acting Chairman" during the meeting. Tab Beall called the meeting to order at approximately 1:45 pm. A quorum was declared present.

2. INVOCATION

Tab Beall asked Gary Halbrooks to give the Invocation.

3. WELCOME & INTRODUCTION OF BOARD MEMBERS

Tab Beall welcomed everyone to the Board Meeting. Each Board Member present made brief opening remarks. Mr. Bill Rowton, Board Member – Van Zandt County, welcomed everyone to the City of Canton and Van Zandt County.

4. REMARKS BY PUBLIC OFFICIALS

There were no public officials present to provide remarks

5. OPEN PUBLIC FORUM / COMMENT PERIOD

No one signed in to speak during the open public forum. There were no comments from the audience.

6. APPROVAL OF MINUTES

Tab Beall entertained a motion to approve the Minutes from the NET RMA Regular Board Meeting held on August 18, 2010.

Board Member Gary Halbrooks moved approval; Board Member Celia Boswell seconded the motion. The motion carried and the minutes from the August 18, 2010 NET RMA Board Meeting were approved.

7. CHAIRMAN'S REPORT

Chairman Jeff Austin, III was out of state, thus there was no formal Chairman's Report available for presentation. Tab Beall noted that he attended a meeting of Team Texas in San Antonio on October 14 and 15, 2010. Mr. Beall, who is Chairman for Team Texas this year, stated that they had an informative meeting. Regular scheduled meetings of the Engineering, Marketing and PIO, Legislative, Interoperability and Finance Committees were held on Thursday, and special presentations for "Innovative Financing" and "Streamlining the Environmental Process" were made on Friday. Mr. Beall stated that one of the interesting items was the fact that the new Texas Department of Motor Vehicles (TxDMV) has begun to issue 7-digit license plates in Texas. These new license plates basically contain numbers and letters that are "crammed together" to get 7 digits in the same space as used previously for 6 digits. This causes some of the letters and numbers, such as 7's and T's, and 8's and B's, to look quite a lot alike, resulting in much confusion with the automatic video tolling systems in use around the state. The optical character recognition electronic equipment used with the video systems can't easily read the video (photographic) image captured from the new 7-digit vehicle license plates. Members and consultants within the tolling industry are working with the TxDMV staff to correct this problem.

A. Meetings of Interest

- Texas Transportation Commission Meetings; October 28, 2010 in Austin and November 18, 2010 (see http://www.txdot.gov/about_us/commission/meetings.htm).

At the October 28th meeting of the TTC, the second reading of the NET RMA's application of a \$39.2M State Infrastructure Bank (SIB) loan will be considered. It is anticipated that the SIB Loan application should be approved at this meeting. In addition, the first reading of a NET RMA Toll Equity Loan application for up to \$90M should be considered.

At the November 18th meeting of the TTC, the second reading of the NET RMA's Toll Equity Loan application should be considered. It is anticipated that approval for the Toll Equity Loan would be given at this meeting. This would allocate up to \$90M in funding for the NET RMA, which is enough to provide 100% funding for the NET RMA's Toll 49 Segment 3B project (for Toll 49 from SH 31 to I-20). If the Segment 3B project receives 100% funding from TxDOT, then the NET RMA will not have to get a revenue bond from Wall Street.

B. November Board Meeting Date

A definitive date for a November NET RMA Board Meeting was not set; however, it was noted that if a meeting is needed in November, then it would likely be held on Wednesday, November 17th, which is the week before Thanksgiving.

8. TREASURER'S REPORT

NET RMA Treasurer Mr. Tab Beall presented the Treasurer's Report.

Mr. Beall noted that NET RMA Member Counties pay \$2000 per year for each member on the Board. In past years, Board Members were asked to carry letters of explanation and invoices to their respective County Judges, requesting payment of the annual fees. However, sometimes unforeseen circumstances resulted in board members not being able to submit the statements in a timely manner. So Mr. Beall reported that this year, letters of explanation and invoices were mailed directly to the respective County Judges. Mr. Beall asked the various Board Members to contact their respective County Judges at their earliest convenience to be sure that the NET RMA invoices are paid.

Mr. Beall reminded the Board Members that the NET RMA receives an Annual Audit. The audit for years FY2008 and FY 2009 was prepared by the firm of Prothro-Whilelmi and was received on January 13, 2010. Mr. Beall noted that a contract for preparation of the NET RMA FY 2010 Audit was signed once again with the firm of Prothro-Whilelmi. Their Independent Auditors Report is again anticipated for delivery to the NET RMA Board in late December 2010 or early January 2011.

Mr. Beall then went through the financial statements for the NET RMA dated August 31, 2010. The financial statements were prepared by the NET RMA's new CPA, Tom J. Fitzgerald. The financial statements contained a Statement of Net Assets, which showed a total of Assets and Liabilities of \$11,228,227. On the statement of liabilities, Mr. Beall noted the item for "Rusk County Funds" of \$324,680. He reminded the Board that these funds are provided by Rusk County for ROW and Environmental Studies on the Loop 571 Project in Rusk County. The NET RMA simply acts as a trustee for these funds for use in paying the GEC (PBS&J) for their services to Rusk County. The money is owned by Rusk County, and the NET RMA simply acts like a "pass-through" agency for handling the funds. The Rusk County funds are not available for paying NET RMA expenses.

Mr. Beall then discussed the "Statement of Revenues, Expenses, and Change in Net Assets", the "Construction Budgets to Actual Comparison" and the Change in Net Assets – Budget to Actual Comparison" prepared by the CPA, Mr. Fitzgerald. Mr. Beall noted that a request for a "Cash Flow Statement" had been made by a Board Member; however, a Cash Flow Statement is a term of art for accounting purposes and preparation of a formal cash flow statement requires much more time and effort for the CPA, and more expense to the NET RMA, than is allotted or desirable. Mr. Beall noted that the information prepared by Mr. Fitzgerald accomplished the same purpose as a formal Cash Flow Statement, but the information was in a much more user-friendly format. Mr. Beall pointed out that the NET RMA was scheduled to spend \$449,810 through August 31, 2010, but had actually spent only \$326,085. This savings of \$123,725 was due to efficiencies and cost saving measures implemented by the NET RMA's consultants. In addition, the financial statements contained copies of the NET RMA's bank statements and cancelled checks from Texas Bank and Trust for the months of August and September, 2010.

Mr. Beall stated that, in his opinion, there were no unusual or extraneous items listed on the financial statements.

Board Member Hudson Old asked if anyone had submitted travel expense statements to the NET RMA? Mr. Beall replied that the only person who had submitted travel expenses for reimbursement was Chairman Jeff Austin, III, who had submitted the cost of airline travel tickets to New York for reimbursement. Chairman Austin had traveled to New York to meet with possible Bond Agencies.

Board Member Beall then entertained a motion to approve the Treasurer's Report. Board Member Keith Honey moved approval; Board Member Gary Halbrooks seconded the motion. The motion carried and the Treasurer's Report was approved.

9. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON NET RMA FY2011 BUDGET (RESOLUTION 10-11)

Board Member Tab Beall next discussed the proposed NET RMA Budget for FY 2011. He noted that the first page of the proposed budget gave a status of the Financial Assistance Agreement (FAA) funds. It was estimated that there were \$761,544 remaining out of the original \$12.25M loaned to the NET RMA by TxDOT.

The second page of the budget contained the NET RMA's Administrative Budget for FY 2011. This budget amount was set at \$59,580 as compared to last year's budget amount of \$51,225. The increased amount was primarily for budget increases in line items for CPA fees, preparation and printing of the Annual Report, audit services and for Board Member travel. It was noted that, out of the \$59,580 administrative budget, approximately \$3,250 will likely be paid for directly out of NET RMA funds, \$29,500 will likely be paid by remaining FAA funds, and \$6,000 will likely be paid from additional loans anticipated from TxDOT. In addition, it was noted that \$20,830 in expenses are included in the GEC budget as services provided by the GEC.

The third page of the budget contained the NET RMA's budget for Work Authorizations and Consultant Fees for FY 2011. The total budget for these items in FY 2011 was proposed at \$1,366,570 as compared to \$3,346,982 for FY 2010. The main reason for this decrease is that work is winding down on design and support Work Authorizations required for completion of the Toll 49 Project. Of the \$1,366,570, it is anticipated that \$770,044 will be paid from remaining FAA funds, and \$596,526 will come from additional loans anticipated from TxDOT.

The fourth page of the budget contained a summary of the available FAA funding and a list of other NET RMA priority projects that could be considered. It is virtually certain that all of the remaining funds from the original \$12.25M FAA Loan will be expended sometime during FY 2011. To complete all projected activities on Toll 49 in FY 2011, approximately \$602,526 will be spent from additional funding anticipated from TxDOT. Funding for completion of other NET RMA Priority Projects will likely not be available in FY 2011.

During discussions of the budget, Mr. Everett Owen, P.E., NET RMA Project Director, mentioned that the proposed budget is very lean. The proposed budget does not provide funding for any other projects, just Toll 49 (including some East Texas Hour Glass studies).

Brian Cassidy, NET RMA Legal Counsel, noted that the proposed budget included a column heading titled "Allocated to Bond". This column referred to expenses anticipated to be paid out of a Bond Fund after the sale of Toll Revenue Bonds. Since the NET RMA is now planning to receive 100% financing from TxDOT, there will be no Bond funds. Mr. Cassidy said that this column could just be renamed "Finance Package Allocation", and the Board could go ahead and pass the budget with that notation. Mr. Cassidy also noted that the final NET RMA Budget for FY 2011 would not be issued until after TxDOT financing is secured.

In addition, Mr. Mike Battles, GEC Project Manager, noted that Tom Fitzgerald, NET RMA CPA, had restructured and approved the budget format as presented. This format will match well with the new format Mr. Fitzgerald will be using for the Treasurer's Reports.

Following these explanations, Mr. Tab Beall entertained a motion to approve the NET RMA Budget for FY 2011. Board Member Gary Halbrooks moved approval; Board Member Bill Runnels seconded the motion. The motion carried and the FY 2011 NET RMA Budget was approved.

10. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON FINAL APPROVAL OF COMPREHENSIVE DEVELOPMENT AGREEMENT WITH CH2M HILL CONSTRUCTORS, INC. Action Item
(RESOLUTION 10-12)

Discussions regarding this Agenda Item were initiated by Mr. Everett Owen, P.E., NET RMA Project Director.

Mr. Owen stated that virtually all contract issues regarding the Comprehensive Development Agreement have been discussed and agreed upon with CH2MHill. Final CDA documents will be prepared within the next two weeks and all approved CDA documents will be submitted to the Texas Attorney General for a 60-day review. The final contract(s) and CDA Document(s) will be signed after the 60-day review (late December, 2010).

A final Public Hearing regarding the CDA process will be held at the next Board Meeting (likely to be in early December, due to the scheduled TTC meeting on Nov 18th and the subsequent Thanksgiving Holiday).

Mr. Owen stressed that, during the next two weeks, negotiations with CH2MHill will continue on ways to reduce project costs. Implementation of several cost-reduction measures could save as much as \$3.8M. All discussions should be complete and all CDA documents should be ready to go to the AG by Oct 27th +/-.

Mr. Brian Cassidy noted that it will still be about 2 months before the final price and final CDA / PDA are approved. During this time of final discussion, the NET RMA will still not be financially liable for anything. This is just continuing the process.

Mr. Owen also noted that the TxDOT District and Administration have also reviewed all of the CDA documents. Upon their initial review, TxDOT Administration had listed 5 items that they thought might result in as much as \$5M in construction savings. The GEC agreed with the TxDOT cost saving concepts and came up with modified savings quotes based on current construction quantities and unit prices. The GEC, on behalf of the NET RMA, then went back to TxDOT and agreed on possible savings amount in the range of \$3.5M to \$3.8M.

CH2MHill has now agreed to these cost saving concepts in principle, and are now preparing their final cost-saving numbers. Final cost negotiations with CH2MHill should occur also within the next two weeks.

Mr. Owen further stated that, following receipt of the AG approval, a Notice to Proceed will be issued to CH2MHill (anticipated for early January, 2011). The Contractor will likely start moving dirt within 3-4 weeks following receipt of the NTP.

Following these discussions, Mr. Owen recommended approval of the CDA.

Tab Beall entertained a motion to approve the CDA Agreement . Board Member Ed Smith moved approval; Board Member Celia Boswell seconded the motion. The motion carried and was approved.

11. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON APPROVAL OF OFFERS TO LANDOWNERS IN CONNECTION WITH ACQUISITION OF SOME OR ALL OF THE FOLLOWING PARCELS OF REAL PROPERTY IN SMITH COUNTY FOR TOLL 49, SEGMENT 3B (EXTENDING 9.96 MILES FROM APPROXIMATELY I-20 AT FM 849 TO SH 31, 2 MILES EAST OF FM 2661): **Action Item**
(RESOLUTION 10-13)

- A. Parcel 109, Part 1, a 14.577 acre parcel of real estate owned by John Kinsey Wilder and Parcel 109, Part 2, a 1.483 acre parcel of real estate owned by John Kinsey Wilder.
- B. Parcel 116, a 23.405 acre parcel of real estate owned by David Rae Blair and Cynthia Ann (Blair) Kiblinger.
- C. Parcel 121, a 72.425 acre parcel of real estate owned by Glenda Bracken Williams.
- D. Parcel 143, a 41.429 acre parcel of real estate owned by William Frazier Carter.
- E. Parcel 163, a 4.671 acre parcel of real estate owned by Jim T. Meredith.
- F. Parcel 164, a 2.027 acre parcel of real estate owned by James W. Fair.

This item was postponed until the end of the meeting. The NET RMA Board went into Executive Session to discuss this item at 3:27 p.m. They returned from Executive Session at 3:48 p.m.

Tab Beall entertained a motion to approve making offers for the required ROW on Segment 3B. Board Member Ed Smith moved approval; Board Member Bill Rowton seconded the motion. The motion carried and was approved. Gary Halbrooks abstained due to having financial interest on Parcel 164.

12. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON A REQUEST TO TXDOT FOR FINANCIAL ASSISTANCE FOR TOLL 49, SEGMENT 3B (RESOLUTION 10-14)

This Agenda Item was addressed by Mr. Everett Owen, P.E.

Mr. Owen began his discussion by reminding everyone that the NET RMA had been planning for months on getting a Toll Equity Loan to finance the design and construction of Toll 49 Segment 3B. He then explained that, during recent discussions with TxDOT, mention was made of having TxDOT fully finance the construction of Segment 3B through use of a combination of SIB Loans and Toll Equity Loans.

At this point, Ms. Celia Boswell, Board Member from Wood County, asked for a definition of a Toll Equity Loan.

Mr. Owen explained that there are basically three ways an entity can borrow money from TxDOT. These are:
(1) by applying for a State Infrastructure Bank (SIB) Loan;

(2) by applying for Pass-Through financing; or

(3) by applying for a Toll Equity Loan.

Mr. Owen reminded the Board Members that the NET RMA had applied previously for Pass-Through financing from TxDOT for Toll 49, but that application was denied.

He then explained that a Toll Equity Loan involves borrowing money from TxDOT, and then paying back as much of it as is possible, including interest. TxDOT then takes an equity interest in the roadway in an amount equal to the amount not paid back. He said, for example, that if the NET RMA received a \$90M Toll Equity

Loan, and paid back \$50M, then TxDOT would retain an equity share of \$40M in the roadway (including receiving 4/9 of the toll revenue collected on the roadway). He explained that this is a rather "safe" type of loan in that the NET RMA would have some flexibility on how much of the loan they actually paid back.

Mr. Owen further explained that, in late August and early September, the TxDOT Administration had suggested that the NET RMA borrow 100% financing for Seg 3B from TxDOT by applying for a SIB Loan plus a Toll Equity Loan, rather than getting a Toll Revenue Bond. The interest rate would be lower, and there would be substantial cost savings since Bond Issuance fees would not be incurred.

Mr. Owen then referred both the Board Members and the audience to a "Toll 49 Segment 3B Funding Scenarios" slide that was projected in the room. *[a copy of the slide is included at the end of these minutes]*.

The first column in the slide indicated that, by using a Toll Revenue Bond from Wall Street, the total cost of the Segment 3B project would be \$113M. This would include costs for design, construction, support fees, interest during construction, debt service, working capital and financing costs.

The second column indicated the cost of a Toll Revenue Bond for a reduced cost project. Mr. Owen explained that, during negotiations with TxDOT, suggestions had been made on how to reduce pavement width, pavement thickness, bridge railing styles, and other items that could reduce the cost of the project yet still have a viable toll road designed and constructed. The estimated construction cost was reduced from the original \$73.5M to \$68.8M (as estimated by the GEC). With similar reductions in other fees, the total cost of the second scenario was \$103M.

The third column was similar to the second, but listed anticipated total project cost with 100% TxDOT financing. By not having to include any interest during construction or debt service, the total cost of the third scenario was reduced to \$89.8M.

The fourth column was similar to column 3, but included a definitive cost from CH2MHill for construction. The cost saving concepts were discussed with CH2MHill, and even though they were not willing to reduce their price to the \$68.8M figure estimated by the GEC, they were willing to drop their price from \$73.5M to \$69.9M, still a significant savings. At the same time, Mr. Owen was able to further negotiate with the GEC and Financial Teams, reducing their costs as well. So the final estimated cost for the complete Toll 49 Seg 3B project was set at \$89.5M.

Subsequent discussions with the TxDOT Administration resulted in their suggesting that the NET RMA apply for a SIB Loan for \$39.2M plus a Toll Equity Loan in an amount up to \$90M. Loan applications for these type and amount of loans were therefore prepared and submitted on behalf of the NET RMA. The Texas Transportation Commission approved the first reading for the SIB Loan in September, and final approval was anticipated at the second reading scheduled for the TTC October meeting on Oct. 28th. In addition, approval of the first reading of the Toll Equity Loan was anticipated at the Oct 28th meeting, with the second reading and final approval anticipated at the TTC's Nov. 18th scheduled meeting.

The SIB Loan is expected to be at an interest rate of 4.2%, with an 8-year payback period. No payments will be required for the first five (5) years, giving traffic and tolls time to build up on Segment 3B as well as the rest of Toll 49. In years 6 and 7, only interest payments will be required. Then, in the 8th year, the \$39.2M SIB Loan will need to be paid in full. This will give the NET RMA time to establish a track record of actual roadway toll collections. Based on the toll revenue collected, the NET RMA will be able to go to Wall Street in year 2018 to get a Toll Revenue Bond, which will be used to pay off the SIB Loan plus make any partial or total payments possible on the Toll Equity Loan. If the Toll Equity Loan cannot be paid in full, then TxDOT will simply retain an equity portion (i.e., will retain partial ownership) of Segment 3B. Either way, all excess revenues from collection of tolls on Seg 3B will remain in the NE Texas region.

In addition to Segment 3B, Mr. Owen stated that it might be possible to get a Toll Revenue Bond in 2018 that would be large enough to also pay for the design and construction of Toll 49 Segment 4, the proposed segment

that would go from I-20 north to US 69 north of Lindale (e.g., the "Lindale Relief Route"). This concept will be dependent on actual traffic volumes and corresponding tolls that are generated by Toll 49.

Board Member Hudson Old commented that it was disturbing that, two or three months ago, TxDOT said they did not have any money with which to assist the NET RMA, and now they do. Mr. Owen explained that this was because money comes from different "pots" at TxDOT. TxDOT a few months ago was not able to offer any assistance because they did not have any money in their General Fund (pot). However, TxDOT was recently authorized to begin issuing money from the State Infrastructure Bank (a different pot), so that money was now available from this source.

Mr. Mike Battles, GEC Project Manager, noted that there were approximately seven (7) letters written in support of Toll 49 Segment 3B that had been submitted to TxDOT by local, County and State officials, agencies, and organizations. He believed that these letters had also been looked upon favorably by the TxDOT Administration.

Following these discussions, Mr. Tab Beall entertained a motion to approve the Request for Financial Assistance. Board Member Ed Smith moved approval; Board Member Bill Runnels seconded the motion. The motion carried and was approved. Board Member Hudson Olds abstained.

**13. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON SELECTION OF AN INSTITUTION TO PROVIDE BOND TRUSTEE SERVICES
(RESOLUTION 10-15)**

Mr. Everett Owen, P.E., NET RMA Project Director, requested that this item be tabled. The NET RMA no longer intends to get a Toll Revenue Bond to finance construction of Segment 3B. Therefore, a Bond Trustee is no longer required. Item 13 was tabled as requested.

**14. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON ADOPTION OF TXDOT'S DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
(RESOLUTION 10-16)**

This Agenda Item was discussed by Mr. Brian Cassidy, Legal Counsel for the NET RMA.

Mr. Cassidy explained that the NET RMA is a sub-recipient of Federal Money, since the NET RMA receives Grants and / or Loans from TxDOT as well as potentially from the Tyler Metropolitan Planning Organization as well as other MPOs. Since TxDOT and the MPOs receive Federal money from the Federal Highway Administration (FHWA), then the NET RMA indirectly does also. By adopting the same DBE program as is used by TxDOT, this will keep the NET RMA eligible to continue receiving Federal funds.

Mr. Tab Beall entertained a motion to approve adoption of TxDOT's DBE Enterprise Program. Board Member Keith Honey moved approval; Board Member Bill Rowton seconded the motion. The motion carried and was approved.

**15. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON APPROVAL OF RMA LEGISLATIVE AGENDA FOR THE 82ND LEGISLATIVE SESSION
(RESOLUTION 10-17)** Action Item

This Agenda Item was discussed by Mr. Brian Cassidy, NET RMA Legal Counsel.

Mr. Cassidy said that the new Legislative will begin in January 2011. He said he is recommending using basically the same Legislative Agenda as was prepared two (2) years ago, because the legislature didn't do much during the last session regarding updating transportation funding and / or programs. He believes this will still be a good legislative agenda that will be useful to the legislature. The agenda included:

- (1) Primacy – this would give Toll Authorities such as the NET RMA first choice on developing toll roads in their region.
- (2) Extension of CDA Authority – Concessions were used to construct several toll roads in recent years, but these agreements basically gave developers the right to design, construct, maintain and collect revenues from toll roads for a period of up to 52 years. The authority for RMAs to grant concessions expired in August 2009. CDA design/build agreements provide more flexibility to RMAs, but CDA authority is expiring in August 2011. This item would extend both CDA and Concession authority to RMAs, and would possibly remove the expiration of this authority.
- (3) RMA Clean-up Bill – this item would allow RMAs to do more types of projects, such as parking garages, as well as give RMAs better toll collection and enforcement authority on toll roads.
- (4) Transportation Reinvestment Zones – this item would allow RMAs to establish Transportation Reinvestment Zones (TRZs) for all projects, and not just pass-through projects.
- (5) Environmental Review Process – this item would allow RMAs to help fund or assist with environmental reviews of projects at the State and Federal levels, in order to help expedite environmental reviews of transportation projects. This could eliminate costly project delays.
- (6) Other – the legislative package would also include other items, such as implementing license plate fees and other fees, in order to help finance transportation projects.

Mr. Cassidy noted that all of these items would be applicable to all toll agencies state-wide, and not just to the NET RMA or any other individual RMA. He also mentioned that very little of his work is for Lobbying, and that his efforts mainly just involved appearing before the legislature when requested by a specific RMA. Mr. Cassidy also commented that, with respect to the NET RMA, the Mr. Dale Booth, TxDOT Advance Planning Engineer for the TxDOT Tyler District, had done a very good job of breaking out lobbying fees and not paying for those fees with allocated Financial Assistance Agreement (FAA) funds.

Board Member Hudson Old commented that he had seen articles regarding other State agencies getting out of hand with respect to trying to influence legislators during the legislative session. He said that he is very proud of the work that the NET RMA does.

Following these discussions, Mr. Tab Beall entertained a motion to approve the proposed Legislative Agenda Board Member Bill Rowton moved approval; Board Member Ed Smith seconded the motion. The motion carried and was approved.

16. RAIL REPORT

A. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON INTERLOCAL AGREEMENT WITH DART (DALLAS AREA RAPID TRANSIT) (RESOLUTION 10-18)

This Agenda Item was discussed by Board Member and NET RMA Rail Committee Chairperson Celia Boswell.

Ms. Boswell briefly stated that this item is for approval of an Interlocal Agreement (ILA) with the Dallas Area Rapid Transit (DART) to promote the idea of commuter rail from Dallas to Shreveport, including service lines into Tyler, Longview and other outlying areas.

Board Member Celia Boswell moved approval; Board Member David Stevenson seconded the motion. The motion carried and was approved.

17. PROJECT DIRECTOR'S REPORT (Toll 49)

This Agenda Item was discussed by Mr. Everett Owen, P.E., NET RMA Project Director.

Mr. Owen stated that during the last two months (since the last meeting) work efforts had primarily centered on getting the financing package complete for Toll 49 Seg 3B. Mr. Owen said the discussion of the status of the \$39.2M SIB Loan Application and the \$90M Toll Equity Loan Applications had been covered thoroughly in Agenda Item 12, and did not need to be repeated.

Mr. Owen also reminded the Board that previously an application for a Federal TIFIA loan had been submitted. Mr. Owen stated that the NET RMA had received a notice from FHWA stating the TIFIA Loan Application was denied, and that no direct FHWA funding would be provided.

18. REPORT CONCERNING STATUS OF GEC WORK AUTHORIZATIONS

This Agenda Item was discussed by Mr. Mike Battles, GEC Program Manager.

Mr. Battles said that work for the last two months had primarily centered on Work Authorization #9 - Toll 49 Seg 3B Design/Build Procurement, as previously mentioned by Mr. Owen, and on providing general GEC support to the NET RMA Board.

Mr. Battles mentioned that Mr. Randy Harris, P.E., a Senior Engineer with PBS&J, was in the audience. Randy is the Project Manager for Work Authorization #10 - the Loop 571 project in Rusk County. For this project, PBS&J has completed all wetland and endangered species-related tasks, and is continuing work on the archeology tasks. TxDOT has submitted all draft Environmental Documents to TxDOT ENV Division, and is waiting on approval of the final schematics. TxDOT will likely sponsor a Public Hearing on Loop 571 in January 2011. Once this is completed, PBS&J will be released to conduct their ROW work tasks.

Mr. Battles also reported that the GEC (PBS&J) has advertised for a new Public Information Officer to replace Ms. Colleen Colby. The GEC expects to have a new PIO on staff by the end of December 2010 if not earlier.

Board Member Tab Beall commented that it is important to have good public relations on all projects.

19. NET RMA COUNTY PROJECT REPORTS AND UPDATES

A. Smith County Regional Multi Modal Facility

Board Member David Stevenson led the discussions on this Agenda Item. He asked Jamal Moharer, former NET RMA Board Member and current Smith County Transit Committee Chairman, to speak about the Smith County multi-modal projects.

Mr. Moharer said that Smith County basically has two multi-modal projects in the works – (1) one project is the general development and enhancement of multi-modal transportation in Smith County, with an emphasis on getting new rail service into Smith County; and (2) the second project is the specific design and construction of a multi-modal transportation terminal in or near downtown Tyler.

With respect to the first project, Smith County is assisting the NET RMA with promoting the purchase of the abandoned UP railroad ROW from Whitehouse to Troup. Mr. Moharer said it is very important to preserve

this ROW and not allow it to revert back to the adjacent landowners; however, TxDOT has no money to purchase this ROW. Smith County is interested in obtaining the ROW. Smith County recently submitted a TIGER II Grant Application for multi modal improvements in Smith County, including funding for the ROW.

The second project, the specific Multi-Modal Facility (building), will be a passenger terminal that will contain staff offices, a passenger waiting lounge, and possibly a central dispatch center serving commuter rail, taxi, greyhound bus, Tyler Transit (bus) and other transportation services. Smith County will cooperate with ETCOG to develop and maintain a system for getting rural families to the new Multi-Modal Facility.

Mr. Moharer said that a lot of work and support for the multi-modal projects had been provided by the local Metropolitan Planning Organization (MPO), and he thanked Barbara Holley, Director of the Tyler Area MPO, for all of her support. He also mentioned that the TIGER II Grant Application presents a good description of the proposed facility and the costs. The new TIGER II Grant Application will be submitted by the deadline, which is January 5th, 2011. In addition, Mr. Moharer said that Smith County, the City of Tyler and the NET RMA are all asking their Federal Legislators to consider ear-marked funds for multi-modal projects in Smith County.

Following Mr. Moharer's presentation, Brian Cassidy, NET RMA Legal Counsel, noted that the NET RMA has a Memorandum of Understanding (MOU) with Smith County regarding the development and support of transportation projects. Because of new funding programs that are available, Mr. Cassidy mentioned that perhaps the NET RMA might want to re-authorize the agreement in early 2011 in order to include recent programs and funding sources.

Board Member Tab Beall requested that the GEC place the topic of getting an updated MOU on the next Board Meeting agenda.

20. TxDOT DISTRICT REPORTS

A. Atlanta District TxDOT Atlanta Representative
There was no one present from TxDOT - Atlanta District to give a report.

B. Tyler District TxDOT Tyler Representative

Glenn Green, Assistant District Engineer for TxDOT – Tyler District, said that Toll 49 Segment 3B is a joint effort, and that work has been great and cooperation has been wonderful between TxDOT and the NET RMA. Glenn noted that, 3-yrs ago, Toll 49 Segments 3A and 5 weren't funded. With Prop 12 and ARRA funds suddenly becoming available for construction of Segment 3A and 5, significant funds were released and thus TxDOT is now able to fund Toll 49 Segment 3B.

Mr. Green reported that construction on Segment 3A is slightly ahead of schedule and about 41% complete. Segment 5 construction is on schedule and about 19% complete.

Following Mr. Green's report, Board Member Tab Beall thanked TxDOT for all of their support.

21. METROPOLITAN PLANNING ORGANIZATION REPORTS

A. Longview Karen Owen
There was no one present from the Longview MPO to give a report.

B. Texarkana

Brad McCaleb

There was no one present from the Texarkana MPO to give a report.

C. Tyler

Barbara Holly

Ms. Barbara Holly, Director of the Tyler Area Metropolitan Planning Organization (MPO) gave a report. She said Tyler is in the process of developing a detailed pedestrian access and trails plan. This plan involved a very detailed inventory of all sidewalks and trails in the Tyler area, noted areas where sidewalks to churches, schools, shopping areas and public facilities were not adequate, and listed where improvement should be made. This plan was prepared entirely by MPO local staff. Ms. Holly believes the new pedestrian access plan will provide the City with a great blueprint on where pedestrian facilities need to be developed.

Ms. Holly said that the MPO has also been working with Smith County to make Transit more effective in Tyler. She said the new Smith County Multi-Modal Facility will be added to the MPO Long-Range Plan.

22. FINANCE COMMITTEE REPORT

Board Member Gary Halbrooks, NET RMA Finance Committee Chairman, presented the Finance Committee Report. He said that all topics of interest had been covered in other previous reports.

23. COMPLIANCE & OVERSIGHT COMMITTEE REPORT

Board Member Keith honey presented the updated reports to the Board.

- A. Open Records spreadsheet – all updates complete.
- B. Surety Bond spreadsheet – new members signed Surety Bond applications prior to the meeting, thus all Surety Bonds are up to date.
- C. Conflict of Interest spreadsheet – all required training is up to date.
- D. Term Expiration spreadsheet – all updates complete.

Mr. Honey noted that all of the updated reports are contained in the Board Books.

24. NEW BUSINESS FOR FUTURE MEETING AGENDA

Board Member Tab Beall reminded the GEC that an update to the NET RMA – Smith County MOU should be placed on next month's agenda.

25. ADJOURNMENT

There being no further business, Board Member Tab Beall adjourned the meeting at approximately 4:08 p.m.

**EXECUTIVE SESSION PURSUANT TO GOVERNMENT CODE,
CHAPTER 551, IF ANY**

At 3:27 p.m., the NET RMA Board of Directors convened in an executive session pursuant to Section 551.072 of the Texas Government Code for the purpose of deliberating matters related to real property.

AT 3:48 p.m., the NET RMA Board of Directors reconvened its open meeting following deliberations in executive session pursuant to Section 551.072 of the Texas Government Code. The board consulted with legal counsel and deliberated concerning legal matters related to real property issues related to Toll 49, Segment 3B. The board took no action. At this time, the Board returned to Agenda Item 11.



Tab Beall, Treasurer and Acting Chairman



Dave Spurrier, Secretary



James C. Varnell, P.E.