



2015 ANNUAL REPORT





BOARD CHAIR REMARKS



Linda Thomas

Chair
Gregg County

I am honored and very excited to be serving the NET RMA as Chair. The NET RMA has accomplished many things during its first eight years of existence. The list of project accomplishments that the NET RMA has achieved just during the last three years is outstanding. But that is only the beginning. The NET RMA is poised to accomplish many more positive projects that will help our economy, provide jobs to our region, and enhance our

way of life in North East Texas.

I have been on the NET RMA Board of Directors since the Agency's inception. In our early years, we spent a lot of time getting organized, passing policies and resolutions, setting up committees, resolving procedural issues, and just growing into a functioning agency. We dreamed a lot and talked a lot, but it was difficult to see the progress we were making.

Now, we have Toll 49, a wonderful road that all citizens can view and admire. Due to our efforts, as well as to those of our stakeholders, motorists are able to travel non-stop from SH 110 near Whitehouse all

the way around to I-20 near Lindale. Use of these new tollway segments have resulted in reduced travel times and reduced truck traffic on Loop 323, resulting in improved safety for East Texas travelers and reduced environmental impacts to the region. The revenue that has been generated is helping us further plan and finance the Toll 49 Lindale Relief Route with construction scheduled to begin in 2016.

We hope to be able to provide political and technical support, and potentially some matching funds to member counties who allocate revenue for their priority projects in the near future. We expect the Toll 49 project revenue to help fuel many additional transportation projects in the years ahead. These are exciting times, and I am pleased to have the opportunity to play a part in improving transportation throughout North East Texas. Please join me by doing whatever you can to make North East Texas a better place to live.

Sincerely,

A handwritten signature in blue ink that reads 'Linda R. Thomas'.

Linda Ryan Thomas
Chair, NET RMA 2015





Everett Owen
Interim Executive Director

It has been an honor and a pleasure to serve as the Interim Executive Director of the North East Texas Regional Mobility Authority (NET RMA). Since its inception in 2004, followed by the first meeting in 2005, the NET RMA has grown to include 12 counties representing the common purpose of the northeast Texas region.

I am proud of the accomplishments of the NET

RMA member counties, our partners, and our communities, yet there is still much more to be achieved. The NET RMA will continue to make solid progress on roadway, rail, transit, and other transportation projects that will enhance mobility and boost economic development throughout our 12-county region.

Some of the NET RMA's major accomplishments that I'm most proud of include:

- » The NET RMA continuing the planning for the Toll 49 East Texas Hour Glass extension through Smith, Gregg, Upshur, and Harrison Counties.

- » Toll 49 is open as a non-stop option to travel from SH 110 to I-20.
- » The NET RMA was awarded a grant by TxDOT for the continued planning and development of a Smith County Multi Modal Facility.
- » The NET RMA entered formal discussions with the Union Pacific Railroad regarding purchase of their abandoned ROW between Whitehouse and Troup.
- » The NET RMA began work with Rusk County on the Loop 571 extension near Henderson.
- » Construction is planned to begin on Toll 49, Segment 4 in 2016. This will connect I-20 to SH 69 north of Lindale.

I hope you learn more about this agency and these exciting projects as you read this Annual Report. The NET RMA is definitely improving transportation in all of North East Texas, making this a better place to live.

Sincerely,

Everett Owen
Interim Executive Director, NET RMA 2015





BOARD OF DIRECTORS



Gary Halbrooks
Vice Chair
Smith County



Dr. James Harris
Secretary
Harrison County



Robert Messer
Treasurer
Kaufman County

Mission

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



Jim Bunch
Bowie County



Robert Murray
Bowie County



Jack Traylor
Cherokee County



Keith Honey
Gregg County



Dave Spurrier
Gregg County



Pat McGill
Harrison County



Walta Cooke
Panola County



John Cloutier
Rusk County



Barham Fulmer
Smith County



Mike Thomas
Smith County



Hudson Old
Titus County



Larry Morse
Upshur County



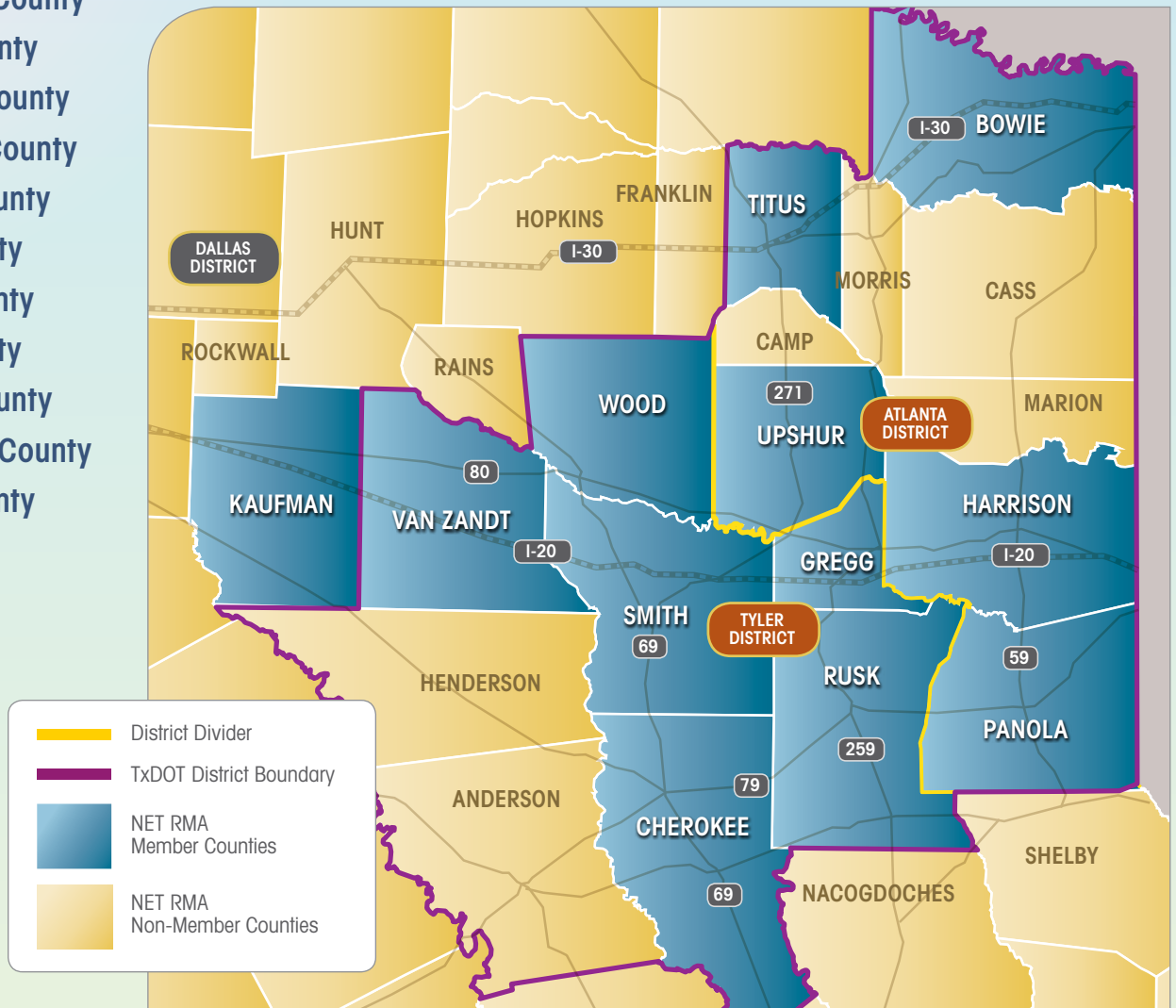
Bob Moore
Van Zandt County



Jason Ray
Wood County



Bowie County
 Cherokee County
 Gregg County
 Harrison County
 Kaufman County
 Panola County
 Rusk County
 Smith County
 Titus County
 Upshur County
 Van Zandt County
 Wood County





TOLL 49 GROWING

Lindale Relief Route (Segment 4)

Proposed delivery: Design-bid-build

Length: 6.7 miles

From: I-20

To: US 69 North of Lindale

Type: 2-lane undivided toll

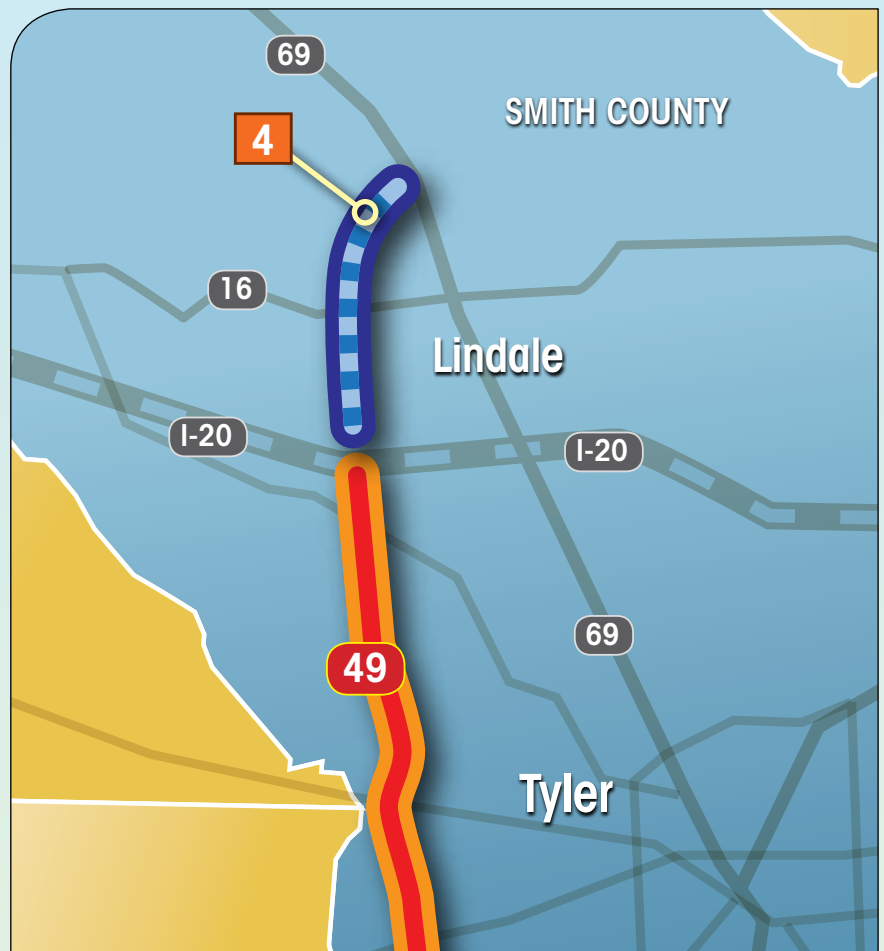
Timeline

Bid Opening: Q1 2016

Bond Sale: Q2 2016

Construction Start: Q2 2016

Construction End: Q2 2018





North East Texas Regional Mobility Authority

Segment 4 financing scenario, rates (as of 9/14/2015) plus 50bps senior lien \$8 million Interim financing takeout & \$45,854 million SIB takeout

Segment 4 Sources and Uses

SOURCES:

	SENIOR CAPITAL MARKETS	TOTAL	
Par Amount	\$ 214,524,142	\$ 214,524,142	104%
Premium/Discount	(7,755,926)	(7,755,926)	-4%
Total Sources	\$ 206,768,216	\$ 206,768,216	

USES:

SIB Loan Take-Out	\$ 45,854,604	\$ 45,854,604	22%
Segment 4 Project Costs	115,858,000	115,858,000	56%
\$5mm Interim Financing Take-Out	5,000,000	5,000,000	2%
Debt Service Reserve Fund	20,183,469	20,183,469	10%
Capitalized Interest Fund	15,580,297	15,580,297	8%
Financing Costs	4,291,847	4,291,847	2%
Total Uses	\$ 206,768,216	\$ 206,768,216	

Segment 4 Takeout Financing Statistics

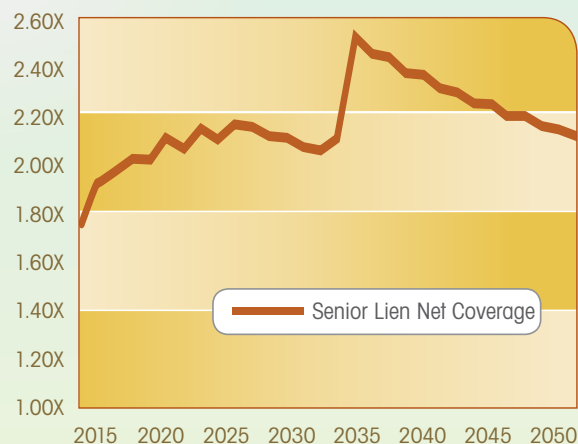
BOND STATS:

Dated/Delivery	4/1/2016
All-In TIC	5.35%
Average Life	23.95 years
Min Senior Lien Net Coverage	1.98x

BOND COMPOSITION:

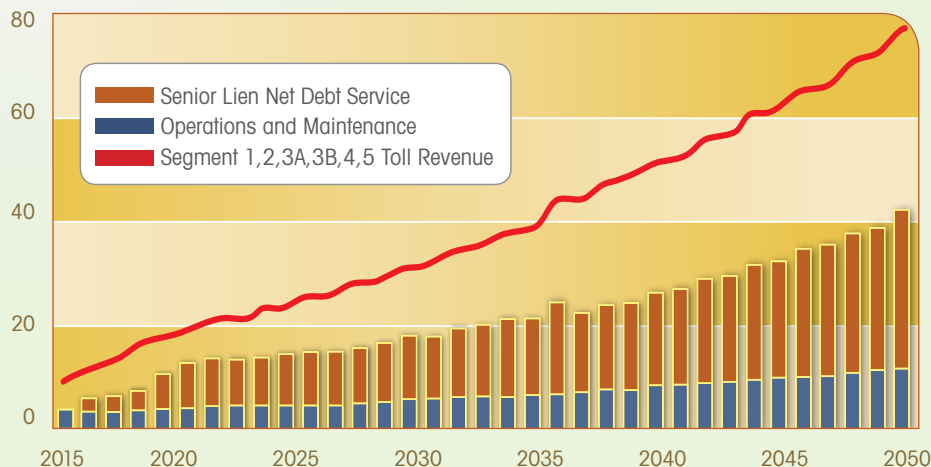
Current Interest Bonds	\$174,325,000	81%
Capital Appreciation Bonds	40,199,142	19%
	\$ 214,524,142	

System Coverage



System Cash Flow

\$ MILLIONS



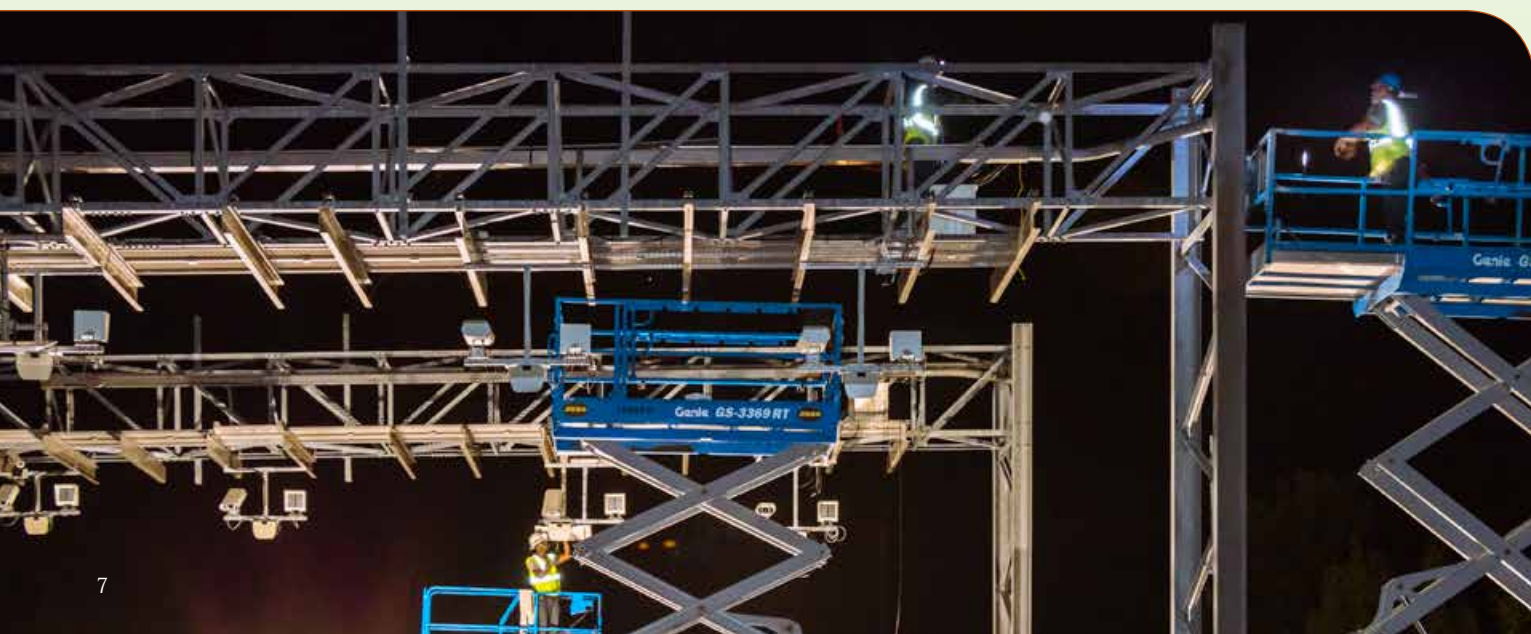
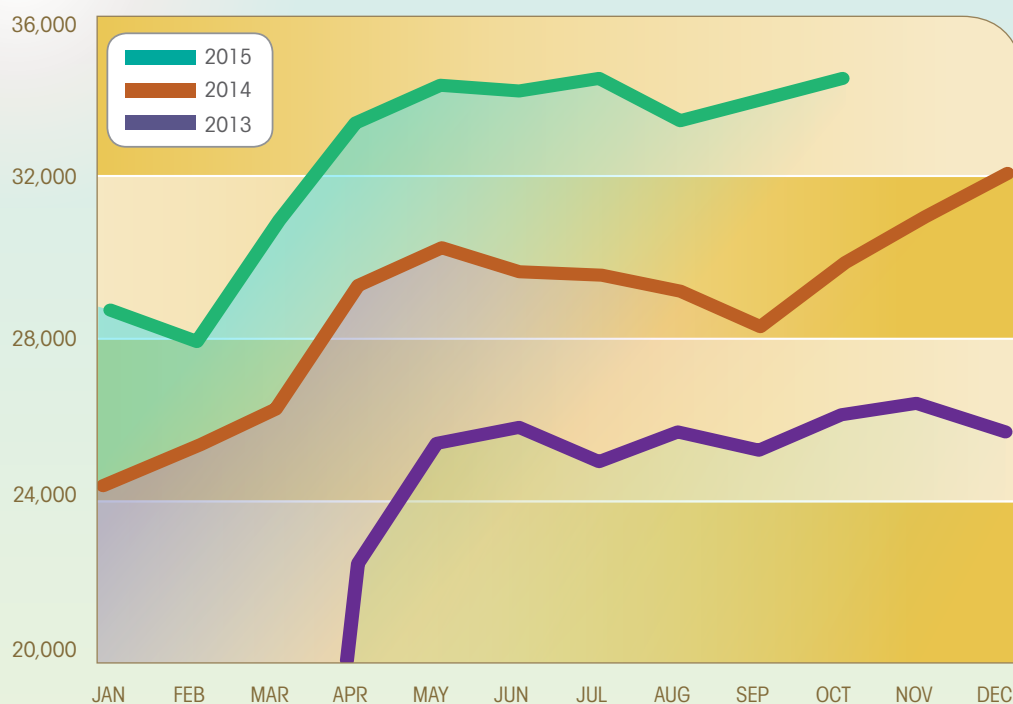


TOLL 49 USAGE

Usage

Toll 49 road utilization continues to increase overall. Dips in utilization correlate with weather, vacation, back to school, number of work days in a month, and other normal commuter traffic patterns, etc.

Average Daily Transactions



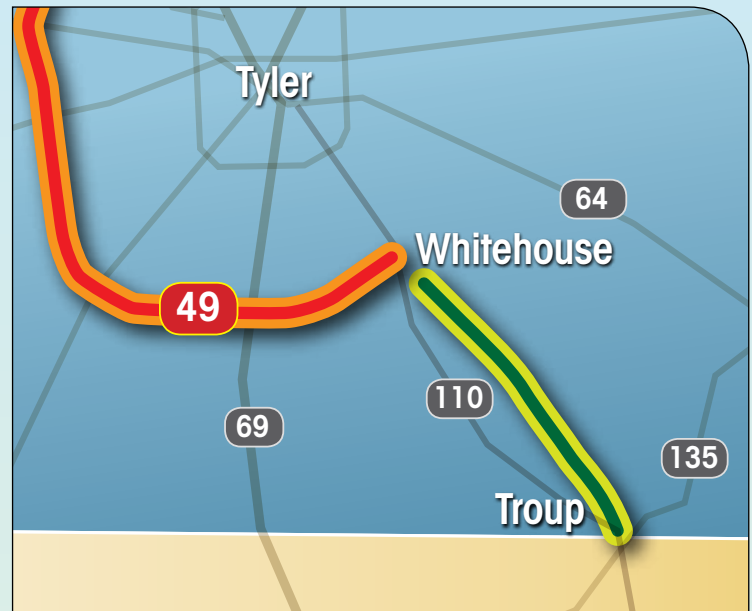
Union Pacific Abandoned Right of Way

Status: Interlocal Agreement Signed

Location: From Whitehouse to Troup

Funding: Regional partnership between: Troup, Tyler, Smith County, Tyler Economic Development Corporation and TxDOT.

Next Steps: Close on the deal, followed by feasibility studies.



Smith County MMF

Status: Software compatibility between transportation agencies has been negotiated

Funding: \$277K received to create software to enable transit carriers to 'talk' to each other

Partners: Tyler, Longview, ETCOG, & NDMJ

Next Steps: Develop compatibility software

Anticipated completion date: May 2016





LOOKING FORWARD

Long Range Planning (LRP) Committee

What happens when 12-counties unite and support prioritized projects, together? Toll 49 occurs! The proposed corridor will connect Lindale, Tyler, Longview and Marshall. Parts of the project have already been executed in phases. Today, more than 26 miles of toll road exist around the south and west sides of Tyler, Texas (Segment 1, 2, 3A, 3B, 5) and the Lindale Relief Route (Segment 4 – 6.7 miles) is scheduled to be under construction in 2016. “This agency is building a transportation platform for generations to come,” stated Texas Transportation Commissioner, Jeff Austin, III recently.

Wanting to do more than just to plan and build Toll 49, the NET RMA Board of Directors aspired to make a difference in each member county and thus the LRP Committee of the NET RMA was formed.

In mid-2015, the NET RMA Board took actions to further their support of each of the member counties by writing each County Judge and asking for their feedback and input. Specifically, feedback was requested by asking each County to provide the NET RMA with a list of the County’s top transportation projects, so the organization can help move the projects along with political and technical support and potentially revenues that were set aside to support the counties.

“The NET RMA set aside money in 2015 for the Counties to help fund county projects,” said Interim Executive Director Everett Owen. The Board wanted to see county funding grow so additional monies were set aside in 2016. “As the program reaches maturity in future years, additional money will be added to support the needed projects,” he continued.

“The long range Planning Committee is tasked with the exciting job of reaching out to the counties for the utilization of discretionary funds and resources.”

– Linda Thomas
Chair, NET RMA 2015
January 2015 Board Meeting



RMA Priority Projects

Priority Projects include any transportation or statutorily acceptable project as selected by a NET RMA member county, to be rated and prioritized by the LRP Committee. It is then slotted for political and technical support. Additionally some funding may be granted by the full board of the NET RMA. Such Projects should be generated by the Member counties by an authorization of the Commissioner's Court in each County. Selected Projects will be reviewed and ranked every year by the LRP Committee and a new ranking will be assigned and voted on by the full board. The NET RMA will provide an application form to county representatives, and each representative will be responsible for the communication and individual county project application and its timely submission to the LRP Committee.





“We expect with the projected increase in revenues, in addition to political and technical support year after year, that the NET RMA will be able to increase the amount of funding that it makes available to member counties to utilize for transportation projects. It is a very exciting time to be in this business in East Texas.”

– Everett Owen
Interim Executive Director,
NET RMA

Long Range Planning Committee Benefits

“This is an exciting benefit of forming an RMA,” said current NET RMA Chair Linda Thomas, “revenues from Toll 49 stay local, so we can reinvest in East Texas, in our own back yard.”

How does a member County tap into this exciting, growing revenue stream? The LRP Committee is working on creating a simple form and an evaluation strategy, all of which will be signed off on by the Board as a whole.

Member counties will use this form to apply for those monies that have been set aside,” said Board Member John Cloutier, Committee Chair. “This is where the fun begins,” he continued, “being able to generate an income stream and turning the organization into a revenue-positive enterprise is rewarding, because now we are able to take some of those funds and give back to those (Counties) that supported us.” Toll 49 has provided a secondary benefit to the area and that is in the form of economic development. (See Tom Mullins quote on the next page.) In the October board meeting, the NET RMA reported the agency’s actual revenues exceeded the year to date budget by almost \$3.5M. Additionally, in the Toll 49 Traffic and Revenue report, data indicates that in several years there will be significant amounts of money in annual revenues. There should be an increase in available funds for priority projects.





“Connecting Toll 49 to Interstate 20 was a key consideration for the developer of the new Village at Cumberland Park shopping center to start construction of their 700,000 square foot shopping center.”

– Tom Mullins
President/CEO,
Tyler Economic Development Council

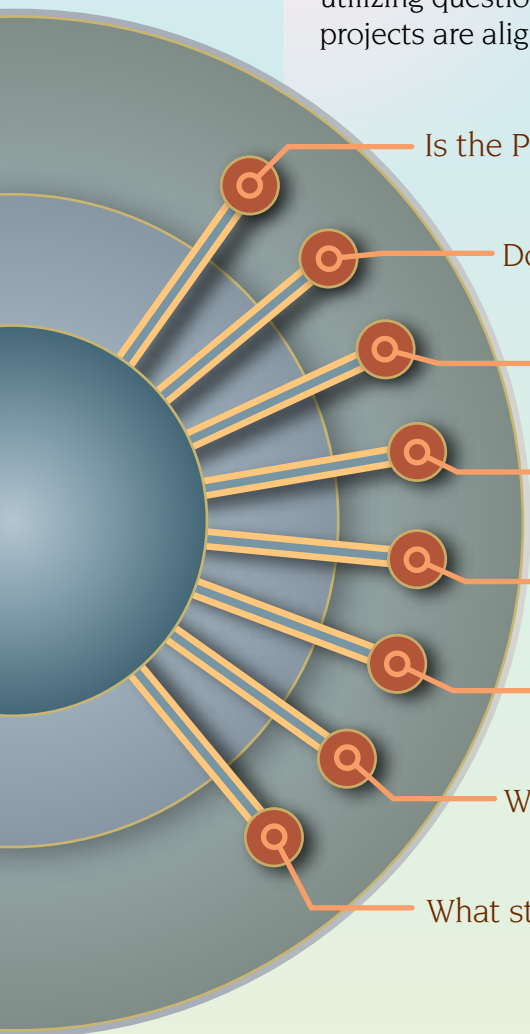




NET RMA PROPOSED PRIORITY PROJECT PROCESS

Proposed Priority Project Evaluation Matrix

Projects that are approved by the County Commissioners Court will be evaluated utilizing questions similar to the following. This will help ensure transportation projects are aligned with the NET RMA's mission and are reviewed appropriately.



Is the Project a transportation project?

Does the Project have regional significance?

Does the Project have local political support?

Does the Project have local financial support?

Will the Project likely get State or Federal financial support?

Will the Project provide economic development?

Will the Project produce revenue?

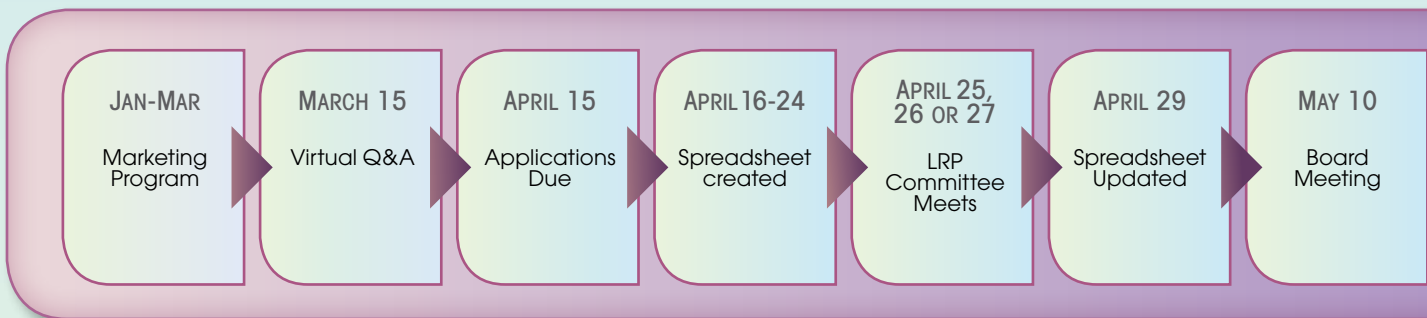
What stage of development is the project in?





Proposed Priority Project Timeline

There is a specific process that the NET RMA is utilizing to determine which county will receive funds and the amount of funds. Applications are due to the NET RMA by April 15th. Monies will be awarded between the May Board meeting and the end of the NET RMA's fiscal year, September 30. Counties that are awarded monies will be responsible for sending paperwork to the RMA when monies are spent and will make reports to the board as directed. The process is simple and rewarding. (See proposed process timeline below.)



“The NET RMA Board has worked hard to create a process which will allow them to prioritize and distribute funds to the member counties in a meaningful way,” Linda Thomas said. She continued, “We are thrilled to be at the point where we can give back to the very counties that have supported the Agency over the years.”

– Linda Thomas
Chair, NET RMA 2015





NET RMA PROPOSED STRATEGIC PLAN 2016

Proposed Strategic Plan Goals

The proposed goals for the strategic plan are below. The NET RMA is tasked with creating and evaluating the plan in even-numbered years.

Goal #1:	Goal #2:	Goal #3:	Goal #4:	Goal #5:
<p>Address & Provide direction within the NET RMA</p> <p>Actions:</p> <ul style="list-style-type: none"> ⦿ Strategic Plan ⦿ By-Laws update ⦿ Board Committees ⦿ Audit Finances ⦿ Reporting 	<p>Continue to advance Toll 49, including the ETX Hour Glass, as well as other projects</p> <p>Actions:</p> <ul style="list-style-type: none"> ⦿ ID funding sources for Segment 4 ⦿ Secure funding ⦿ Support other agencies (Rusk, Kauffman counties, and acquisition of abandoned Union Pacific ROW between Whitehouse and Troup) 	<p>Continue to ID transportation projects in the region that NET RMA can support through partnerships</p> <p>Actions:</p> <ul style="list-style-type: none"> ⦿ Rely on TxDOT, Rural Planning Organizations & Metropolitan Planning Organizations to establish long range projects ⦿ Request county priority projects ⦿ Provide recommendations to board of type of support NET RMA can provide 	<p>Maintain parameter for toll facilities under NET RMA's ownership are operated</p> <p>Actions:</p> <ul style="list-style-type: none"> ⦿ Oversee operations and delivery methods of toll operations ⦿ Market toll tag products ⦿ Maintain procedures for operations of roadway and providers of services ⦿ Develop maintenance strategies that continue to protect initial investment 	<p>Leverage Support from other Regional Mobility Authorities, Tolling Agencies and industry experts</p> <p>Actions:</p> <ul style="list-style-type: none"> ⦿ Review best practices of existing RMA's statewide ⦿ Toll System Development and Implementation (Toll System Integrator) ⦿ Develop marketing plan to direct customers for toll tag purchase and account maintenance







2015 FINANCIAL REPORT

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

Management's Discussion Of Financial Highlights For The Year Ended September 30, 2015

Assets

CURRENT ASSETS

Cash – The NET RMA ended the year with cash balances of \$8,339,599 of which \$696,074 was earmarked for capital projects. The balance was available for the operation of Toll 49 and other general purposes.

Toll Revenues and Fees Receivable – A total of \$3,627,727 was receivable from entities which collect the revenue from Toll 49 operations for the NET RMA.

CAPITAL ASSETS

Toll 49 right of way, bridges, and highway costs totaled \$230,943,515 at September 30, 2015. Gantries and other assets totaled \$12,074,529 and included \$3,545,010 of new tolling equipment for Segments 1, 2, 3A and 5. Construction in progress and website and office equipment were \$3,615,829 and \$61,986, respectively. Accumulated depreciation of \$10,673,209 has been taken on the above assets through September 30, 2015.

Liabilities

Current Liabilities – Amounts payable to contractors and vendors for operating expenses and construction work performed through September 30, 2015 totaled \$ 1,467,400. In addition, there was a \$239,369 advance by Rusk County for future work on Loop 571.

Long-Term Liabilities – Amounts due of \$12,250,000 under the Financial Assistance Agreement with TxDOT remain unchanged from prior years. The loan balance for the construction of Segment 3B totaled \$45,854,604 at September 30, 2015. During the year, accrued interest of \$1,858,265 was added to the note balance. The accrued interest of \$319,454 at September 30, 2015 will be added to the note balance on February 1, 2016.

Results of Operations

REVENUES

For the year ended September 30, 2015 Toll tag revenues increased to \$7,016,986 and were 46% greater than the prior year. Video toll revenue and violation fees increased to \$4,679,448 and were 16% greater than the prior year. Member counties contributed \$36,000 for the NET RMA's annual operating need and grants totaled \$56,623.



North East Texas Regional Mobility Authority

Actual and Budgeted Revenues and Expenses for the Fiscal Year Ended September 30, 2015 and Budgeted Revenues and Expenses for the Fiscal Year Ending September, 30, 2016.

	FY 2015 ADOPTED BUDGET *	FY 2015 ACTUAL	FY 2016 ADOPTED BUDGET
REVENUE:			
Toll revenue - electronic	4,017,080	7,016,986	6,510,000
Toll revenue - video	2,908,920	4,679,448	3,990,000
County contributions	36,000	36,000	36,000
Interest Income	-	663	-
Total Revenue	6,962,000	11,733,097	10,536,000
EXPENSES:			
Administration	892,914	951,122	966,039
General engineering	377,200	378,898	404,000
Public involvement	32,000	-	7,000
Project development support	310,000	-	400,000
Roadway maintenance	975,796	1,475,609	1,760,000
Toll collections	698,122	908,695	691,381
Toll maintenance support	318,000	168,543	318,000
Toll operations support	188,289	772,134	344,500
Other expenses	-	28,988	-
Total	\$ 3,792,321	\$ 4,683,989	\$ 4,890,920
NET BEFORE FINANCING COSTS	\$ 3,169,679	\$ 7,049,108	\$ 5,645,080
FINANCING COSTS:			
Interest expense on interim loan	450,000	-	250,000
Interest on SIB loan	-	-	1,304,521
NET AFTER FINANCING COSTS	2,719,679	7,049,108	4,090,559
OTHER NON-CASH EXPENSES			
Interest expense accruing not funded	1,871,211	1,877,486	638,907
Depreciation expense	6,039,885	6,086,701	6,651,665
TOTAL NON-CASH EXPENSES	\$ 7,911,096	\$ 7,964,187	\$ 7,290,572
CHANGE IN NET ASSETS	\$ (5,191,417)	\$ (915,079)	\$ (3,200,013)



North East Texas
Regional Mobility Authority

909 East Southeast Loop 323
Suite 520
Tyler, TX 75701
903.594.4834
NETRMA.org

