



MINUTES
NORTH EAST TEXAS REGIONAL MOBILITY AUTHORITY (NET RMA)
BOARD OF DIRECTORS REGULAR MEETING
1:00 P.M., WEDNESDAY, AUGUST 18, 2010
HENDERSON CIVIC CENTER
1005 STATE HIGHWAY 64 W
HENDERSON, TEXAS 75652
PRESIDING: JEFF AUSTIN, III, CHAIRMAN

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 Rusk Counties, on the NET RMA website, and in the offices of PBS&J on August 13, 2010.

Board members present: Jeff Austin III, Linda Thomas, Tab Beall, Gary Halbrooks, Bill Rowton, Barry Hughes, Walta Cooke, Celia Boswell, Hudson Old, Andy Vinson and Mike Thomas.

Board members absent: Dave Spurrier, Keith Honey, David Stevenson, Robert Murray, Rodney Gilstrap, Ed Smith and Bill Runnels.

Chairman Austin called the meeting to order at approximately 1:10 pm.

2. INVOCATION

Chairman Austin asked Board Member Mike Thomas to give the Invocation.

3. WELCOME & INTRODUCTION OF BOARD MEMBERS

Chairman Austin welcomed everyone.

4. REMARKS BY PUBLIC OFFICIALS

Board Member Andy Vinson welcomed everyone to Rusk County. Board Member Vinson introduced City of Henderson Mayor - J.W. "Buzz" Fullen, Henderson City Manager - Mike Barrow, Henderson Area Chamber of Commerce President - Rick Hanning, Rusk County Judge Elect - Joel Hale and State Representative Chuck Hopson. Mayor Fullen also welcomed everyone to Henderson. Rep. Hopson stated that the Loop 571 project was one of the projects that he has focused on. Chairman Austin asked Mr. Mike Battles to provide a Loop 571 update.

Mr. Battles advised that through the NET RMA agreement with Rusk County, PBSJ has completed the wetland determinations and they are in the field doing archeology studies and standing structure surveys. TxDOT has completed the schematics and are in the process of completing the environmental study. The next step will be to receive Federal Highway Administration (FHWA) approval for the project. Mr. Dale Booth, TxDOT-Tyler District Advance Project Development Engineer, stated that the draft environmental assessment is currently undergoing review at the Tyler District. Mr. Vernon Webb, TxDOT-Tyler District Transportation Planning and Development Engineer, stated that the Loop 571 project does not have a target letting date established. However, he noted that State Rep. Chuck Hopson has helped tremendously in soliciting further funding for the

project. TxDOT is looking for opportunities to advance the project as much as possible. Mr. Webb stated that once environmental review is complete, the next step will be to complete the detailed design for the roadway.

5. OPEN PUBLIC FORUM / COMMENT PERIOD

Chairman Austin welcomed Judge-Elect Joel Hale and invited him to ask questions at any point. Board Member Andy Vinson asked for TxDOT's support for the widening of SH 64 near the railroad crossing to be expanded to a five lane roadway. Mr. Webb stated that TxDOT did have this expansion on their letting plan and was slated for a FY 2014 letting. This is important to the community as this will be an access point to the hospital.

The Chairman asked if this project was on the NET RMA priority list. Mr. Battles stated that this project was one of the first projects listed in Rusk County and is the second priority for this area.

Chairman Austin thanked everyone for being at the meeting. All board members introduced themselves.

Board Member Barry Hughes advised that the Lake Columbia project in Cherokee County is being held up by the EPA but it is well positioned to move forward. He reminded everyone that Lake Columbia will be economically advantageous to Rusk County, also.

Board Member Mike Thomas wanted to publicly say "Happy Birthday" to Chairman Austin.

6. APPROVAL OF MINUTES

Chairman Austin entertained a motion to approve the Minutes for the NET RMA Regular Board Meeting on June 23, 2010 and the NET RMA Special Board Meeting on June 29, 2010.

Board Member Gary Halbrooks moved approval; Board Member Walta Cooke seconded the motion. The motion carried and the minutes from the June 23, 2010 and June 29, 2010 were approved.

7. CHAIRMAN'S REPORT

A. Meetings of Interest

- Texas Transportation Commission (TTC) Meetings: August 26, 2010; September 30, 2010 and October 28, 2010 in Austin (see http://www.txdot.gov/about_us/commission/meetings.htm).

The Sep 30th TTC Meeting is when the NET RMA's SIB loan application will most likely be presented. This will be the first reading of the loan. The second reading will be in October. Chairman Austin asked board members to attend these meetings, since it would be helpful to have a great showing from the NET RMA as the meeting will have a large impact on the funding of Toll 49 Segment 3B (I-20 to SH 31).

B. Toll Operations Consolidation Meeting

Chairman Austin went to Austin to attend a meeting held by TxDOT to discuss tolling in the state. Other agencies in attendance were; the North Texas Tollway Authority (NTTA); the Fort Bend County Tollway Authority; the Harris County Toll Road Authority (HCTRA); Grayson County RMA; Cameron County RMA; Hidalgo County RMA; Camino Real RMA and the Central Texas RMA (CTRMA). TxDOT promoted the concept of having one toll collection system hub in the state that would process transactions data and collect revenues from all toll roads in the state. Then the single State hub would distribute the net revenue to the various toll agencies throughout the state. Currently, TxDOT, NTTA and HCTRA all have separate toll collection systems, and CTRMA only uses part of the TxDOT system. Chairman Austin thought having one agency take care of the tolling system statewide could be cost effective. Unfortunately, the TxDOT, NTTA, and HCTRA toll collection systems work differently right now. So the question is how realistic is the

concept of having a single toll collection point. Another major issue is TxDOT's TxTag doesn't work at the Dallas-Ft. Worth airport. A lot of additional discussion and coordination will be needed regarding this topic.

C. Public Information Act Issues with emails

Chairman Austin advised that the NET RMA needs to be very careful in how the Board asks for information. The NET RMA doesn't want to burden our legal counsel and engineering support with additional details that also costs the Authority additional expenses.

Mr. Brian Cassidy advised that, as emails are sent by Board Members asking for information, anything put into an e-mail is considered public record. Caution should be exercised when utilizing this as a form of communication. Mr. Cassidy also advised the board that phone records along with e-mails, regardless of which computer the e-mails are sent from, are subject to open records. Board Member Hudson Old asked if there were any additional e-mails sent out recently from other Board Members besides himself. Chairman Austin replied "yes, several Board Members send out routine e-mails" and stated that this was a general reminder for all Board Members.

D. October Board Meeting Date

Chairman Austin stated that the normal October meeting date of October 20th may not work for that month's meeting. He asked that the board look at their calendars for what dates would be open for a meeting. The October meeting may center on the events of the October 28th TTC meeting.

8. TREASURER'S REPORT

A. Discussion Consideration and Possible Action on the Treasurer's Report

Board Member Tab Beall announced that the Board's new CPA is Tom Fitzgerald of Tyler.

Board Member Beall also advised that the current Treasurer's Report shows a large cash amount as TxDOT made a deposit into the account. At the time of the report, the RMA owes money and that had not been dispersed.

Rusk County is paying the RMA to manage and conduct ROW and Environmental Permitting work on Loop 571 in Henderson. The RMA is doing this work through the RMA's GEC at the request of Rusk County. The \$347,000 for Loop 571, as shown in the Treasurer's Report, is Rusk County's money technically. This is designated for legal, environmental and engineering studies involved in the Loop 571 project.

Board Member Beall stated that Tom Fitzgerald would add a "cash flow" report to the monthly Treasurer's Report. Board Member Mike Thomas advised that the Treasurer's Report may need to be revised to make the reporting to the Board easier. Cash flow statements are standardized by the industry, the information must be presented in a certain way for audit purposes. Cash flow statements are harder to read for the layman. The same information can be provided in the normal report format and not included a cash flow statement. It is also harder to explain to the county courts. Board Member Beall said he would work with Board Member Thomas and Tom Fitzgerald to see if they can develop a more meaningful Treasurer's Report format for the Board. Board Member Beall stated that he would like a format that closely follows the Board's Annual Budget line items.

Board Member Andy Vinson advised that he makes a customized report for Rusk County about the financials and goes on of the NET RMA.

Board Member Beall stated that the bulk of the Financial Assistance Agreement (FAA) funding has been used for consultant and legal expenses, with some very minor Board travel expenses. The FAA was for \$12.25M, and approximately \$10.3M has been spent to date.

Board Member Thomas commented that the Board should keep all financial records for 3-5 years. Tab Beall replied that he has copies of all invoices submitted to and paid since the NET RMA's inception. Mr.

Mr. Mike Battles of PBS&J also noted that, as GEC, PBS&J has a complete copy of all NET RMA records electronically backed up off-site.

B. Discussion of TxDOT's Request for Information about Direct and Indirect NET RMA Expenses

Board Member Tab Beall reiterated that the NET RMA policy provides for board members travel. The NET RMA does not allow for reimbursement of tips or alcohol, or a spouses' travel, food or room. If Board Members want reimbursement, they must provide an itemized receipt showing all items purchased, and not just a credit card charge receipt. Board Members are requested to submit the original itemized receipt when providing documentation for travel expenses.

C. NET RMA Reimbursement and Travel Policy

Board Member Hudson Old asked for clarification concerning monies spent for travel expenses. Board Member Old asked who else is submitting travel expenses. The only one showing up was Chairman Austin? Chairman Austin stated that the travel shown was for going to New York to meet with the rating agencies for the bond sale.

Board Member Beall advised that the NET RMA's policy allows for reimbursement to Board Members for travel to Board Meetings, conventions, etc., but Board Members rarely submit travel forms and receipts for reimbursement of expenses related to meeting travel. Mr. Beall requested that Board Members submit their original receipts for travel expenses if they desire reimbursement.

Chairman Austin advised there should be a NET RMA "identification card" that Board Members can use to receive the appropriate rates for rooms when traveling. The GEC was asked to poll the Board and provide new cards for those needing them.

Board Member Old asked for clarification about reimbursement for mileage. Board Member Beall replied that the reimbursement rate is to be the IRS rate that can be found on the IRS webpage. This is typically the State rate but there may be some delay in updating the State rate when the Federal rate has changed.

Chairman Austin advised that Board Member Beall has an expense form the Board can use to request a reimbursement.

Board Member Beall advised that the NET RMA Travel Reimbursement Form can be used for parking, meals, hotels, airfare, mileage and miscellaneous expenses. Board Members should submit the completed form(s) to the Treasurer. The document should be signed. If the reimbursement is for travel to a meeting the meeting agenda should be attached.

Chairman Austin entertained a motion to approve the Treasurer's Report.

Board Member Barry Hughes moved approval; Board Member Linda Thomas 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 10-09)

Project Director Everett Owen provided an overview of the proposed budget. Mr. Owen stated that the budget provided was a draft estimate of FY 2011 expenses. The FY 2011 budget presentation matched the format that has been used in the past. As the RMA will be selling bonds in the next fiscal year, it was noted that a budget format that is more relative to a financial budget might be desirable. Mr. Owen said he would try to provide the FY 2011 budget in an improved format for the September meeting.

Board Member Hudson Old asked if the Authority expects to know if the RMA will have the bond by the September meeting. Mr. Owen stated that by the time of the September meeting, the RMA will know if the SIB

loan application is on the agenda for the Texas Transportation Commission. If it is on the agenda, the RMA will have a good indication about where the loan application is in the approval process.

Chairman Austin and Mr. Owen advised that the RMA will not know the actual, final numbers for the FY 2011 budget until after the bond is approved. The budget could change after those are known; however, the current budget has been prepared with the best available information. The budget would need to be revised after the first of the year to reflect the final SIB Loan and Bond financing numbers.

Mr. Owen stated that the FY 2010 budget showed that the Financial Assistance Agreement (FAA) Loan from TxDOT would be spent by the end of calendar year 2010. He advised that the NET RMA has slowed down on completing the documents for the bond sale and therefore, the current funding is lasting longer. The NET RMA will have FAA money left over from last year and, as the RMA enters FY 2011, the FAA funds should last until the bond gets approved early next year.

It was noted that the NET RMA's Bond amount will pay for construction of Segment 3B, and in addition may fund the planning of additional segments of Toll 49.

Mr. Owen advised that the NET RMA is required to repay TxDOT on an annual basis up to 10% of the net revenue remaining from operation of Toll 49, once the bills are paid, that the NET RMA has at the end of any one fiscal year.

Board Member Andy Vinson asked a question about what the line number 20 amount was for (Locke Liddell expenses to-date)? Mr. Owen advised that lines 20 and 21 were for his salary and the NET RMA's legal and administrative expenses. He noted that the GEC expenses to-date were shown in line 19.

Board Member Old asked, what are the administrative expenses planned for FY 2011? What are the legal expenses?

Mr. Brian Cassidy commented that for most contracts, the legal expenses have been minimal to this point.

Mr. Owen advised that the legal expenses are designated for potential issues that may arise during the execution of the work.

Mr. Cassidy stated that from a budgeting standpoint, it is easier to budget for an issue and not use it rather than need it and not have it.

Chairman Austin advised that just because the NET RMA budgets for anticipated tasks, it doesn't mean the NET RMA is obligated to spend the money. He said the NET RMA has nothing to hide when it comes to their planned and actual expenses.

Mr. Owen stated that once the bonds are sold, the RMA will need to have a person, either part-time or full-time, to do a review of expenses and how they are spent. TxDOT currently does a very thorough review of all of our expenses. The RMA will soon need an investment policy and Mr. Owen suggested that the RMA look at either some part-time or full-time bookkeeping help in the financial activities of the NET RMA soon.

Board Member Vinson asked at the conclusion of the Loop 571 project, then what will happen to any monies left in the account. Chairman Austin advised that any leftover monies will be returned to Rusk County.

Board Member Gary Halbrooks wanted to know if right-of-way monies were included in the budget for Loop 571. Mr. Battles advised there are monies designated for limited work to update the parcel maps for those tracts that were impacted by the right-of-way requirements of TxDOT's revised schematic. NET RMA Work Authorization #10 for Loop 571 includes funds for negotiating ROW purchases and preparing ROW plans, but not for actual purchase of the ROW.

Board Member Beall advised there were items in the budget which stated that they will be paid for with other funds or work authorizations. Board Member Beall stated that the budget would be updated to provide numbers in these items.

Mr. Owen advised there are funds included for the CDA contract and the review. In an upcoming meeting, the RMA will have to authorize the signing of the CDA by resolution.

Mr. Owen advised that the RMA should meet every month for a while. The NET RMA may even have the need to hold a special meeting by phone.

Following the discussions, Board Member Beall suggested that this item be tabled until next month to give him and the new bookkeeper (Tom Fitzgerald) time to restructure the budget format. This item was deferred until the September meeting.

10. DISCUSSION, CONSIDERATION AND POSSIBLE ACTION ON AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR BOND TRUSTEE SERVICES (RESOLUTION 10-10)

Chairman Austin entertained a motion to approve the Authorization to Issue a Request for Proposals for Bond Trustee Services.

Mr. Cassidy advised the Board that the functions of the trustees will be to receive requests for the withdrawal of bond funds and that they will manage the documents and the disbursements.

Mr. Troy Madres, First Southwest, advised that the interaction between the board and the disbursements will be carried out with the bond holders and the trustees of the account.

Board Member Hudson Old asked how much money of the bond are you planning on issuing?

Mr. Madres answered that there would be about \$130 million of primary debt (\$60M plus in senior bonds and up to \$65M in the SIB loan). The total bond amount will need to include approximately 20% more revenue than is required to cover the debt.

Mr. Owen reminded the board that the RMA has not done anything to approve the deal. The Authority is taking small steps to move it forward. The Board's consultants cannot move forward with the proposed Bond sale without the board's support.

Chairman Austin asked when Mr. Owen thought the selection of a bond trustee would be complete.

Mr. Owen stated that it would not be within the next month. The board will be asked to approve a selected firm at a future meeting (probably November).

Board Member Tab Beall asked about the fee required for a bond trustee. Mr. Madres stated that there is typically a fixed fee for the initial bond deal, and then there is also a \$2,000 - \$3,000 annual fee for the administration of the funds. The fees are usually very slim.

Board Member Tab Beall moved approval; Board Member Mike Thomas seconded the motion. The motion carried and Resolution 10-10 was approved.

Chairman Austin requested a chart be provided illustrating the bond process since some of the Board Members are new to the financial bond process. He also requested a list of the bond team be provided for the board when available.

11. PROJECT DIRECTOR'S REPORT (Toll 49)

A. Discussion/update on Timeline for Toll 49 Segment 3B

Mr. Everett Owen advised that there are many activities happening between the NET RMA's staff and consultants and the chosen CDA Design-Build Developer, CH2MHill. Mr. Owen asked the CH2MHill Project Manager, Forrest Fisher, to introduce his Team. Mr. Fisher introduced Robert Patcheck as the Field Construction Superintendent and Brent Bergin as the project engineer. Mr. Owen advised the NET RMA is getting prepared for the next steps with 3B. Everything is leaning towards a bond sale in early

December. There should be a notice to proceed to the Developer at the same time. It should be ready to go before the first of the year.

B. Discussion/update on Toll 49 Segment 3B CDA Contract Status

Mr. Owen advised that the CDA Design-Build Development Agreement must be reviewed by the Texas Attorney General, and that review takes about 60 days. The AG approval is expected in November 2010. Once that approval is obtained, then everything will be in place for a bond sale in December 2010.

C. Discussion/update on Toll 49 Segment 3B Financing, including:

(i) Discussion/update of SIB Loan

Mr. Troy Madres stated that they have developed a finance schedule for the sale of the bond. They are working to get the lowest rate possible. They are also working to take advantage of new stimulus funds that may be available in January 2011. We are working with TxDOT closely. TxDOT will have to approve the proposed SIB Loan twice (first and second readings) in the September and October Texas Transportation Commission (TTC) meetings. He is working to put together bond documents that protect both the bond holders and the NET RMA. He will be able to leverage this on past work accomplished. All bond documents will be sent to the rating agencies in early November. There will be a rating agency site visit to Tyler in November, they will talk to the developer, the project director, Mr. Owen and will really get to know the project. By Thanksgiving we will have a rating on the project. Once there is a rating, we will be able to shop the project around to the big investment firms in the country. We will market it for 2 weeks. The underwriting team may travel around the county. We will have pricing in early December 2010. The attorney general will approve the deal and it should close late December. The time frame is very tight to make this work. The financial team is sticking to the schedule and will make sure everything is being done as quickly as possible.

Board Member Hudson Old asked. "what are the critical dates for the project"?

Mr. Owen stated that there are 2 critical dates for the bond sale and the CDA Agreement. The first is Jan 1, 2011 so the Developer is held to his quoted Greatest Maximum Price. If the agreement is signed after Jan 1st then the Developer can change their pricing strategies. Also the Build America Bonds Program, which the NET RMA would like to take advantage of, that program expires the first of the year. The NET RMA would like to have the Segment 3B project included in that program.

Chairman Austin stated that there are also critical dates for the reading of the SIB loan that we must be aware of. The TTC readings of the SIB Loan at their September 30th and October 28th meetings are critical to getting the SIB Loan and being able to get a bond. Chairman Austin encouraged the Board Members to be present at these TTC meetings in Austin.

Board Member Old asked if the Board Members could get a copy of the SIB loan application. Chairman Austin instructed the GEC to send copies of the SIB Loan Application (without graphics to make the file smaller for e-mail purposes) to all Board Members. Mr. Battles said he can send the 15 pages without the maps to the Board.

Mr. Madres with First Southwest said that the rating agencies had already been notified that this project was coming. He said it was great that this idea was introduced in New York because it gave the agencies time to research the project. He noted that the rating agencies had already seen many of the project documents that are available. Mr. Owen noted that the rating agency will be here to make a field visit in Tyler, so we

will have to conduct extensive planning for that visit. In addition, there may be a need to have another “road show” in New York to insure that all players have a good understanding of the proposed project.

Chairman Austin commented that the NET RMA can't just assume they know about us. The NET RMA must promote the project in every way possible. He further stated that this is important because past funding sources are no longer available. The Feds were initially open for business grants (ARRA and TIFIA) and now they aren't. The Feds approval calendar on current Tiger 2 grants also doesn't meet our timeline. The FAA \$12,25M loan from TxDOT was great, but that is just not going to happen again. Then there was the application for a TxDOT Pass Through Loan – an application was submitted but the NET RMA wasn't selected. The NET RMA was not turned down (no negative connotation there), but they still weren't selected. So the next path for the NET RMA is a SIB loan. We now have to use a debt instrument where we have to pay them for the monies we need up front, since grants are no longer available.

Board Member Hudson Old asked, if the NET RMA has looked at having the City of Tyler or Whitehouse contributing funds? Chairman Austin replied “absolutely, we have looked at that”. He noted that both Tyler and Whitehouse contributed money for the purchase of ROW on Segment 5. However, due to the current economy, additional funds from those cities simply aren't available. Since the project is now a Toll Road, money must be obtained through toll-revenue bonds.

Board Member Old asked, “how long will it take to finish the entire hourglass as shown on the map”? Chairman Austin replied that funds in the bond have been allocated to begin engineering and environmental studies on the rest of the Toll 49 East Texas Hour Glass project. The timeline for the rest of the Toll 49 ETHG project will depend on the results of the engineering and environmental studies.

(ii) Discussion of TxDOT Action on Pass-Through Financing Application

Mr. Everett Owen noted that there is no further action needed regarding the TxDOT Pass Through Application, since TxDOT did not select the Toll 49 Project for funding. He noted that a copy of the letter that the NET RMA received from TxDOT is included in the board book.

(iii) Discussion of Other Potential Project Funding Sources

Mr. Everett Owen noted that, due to previous Board Member questions and other discussions, that most of the information regarding SIB Loans, TIFIA loans, TIGER2 grants, ARRA stimulus funds, pass-through financing, and other financial programs had been covered. He recommended proceeding to the next item.

(iv) Review of Traffic and Revenue Engineering Study and Finalization

Mr. Owen stated that the NET RMA will authorize TxDOT, through their traffic consultant WSA, to finalize the Traffic and Revenue (T&R) study in September. Previous studies were basically final, but one last T&R study must be made so that information in the Bond Documents is not over 90-days old. In addition, the final GEC Report will have final costs of facilities construction and operation for the investors so they can see what the expenses are and what the revenue is.

Chairman Austin commented that TxDOT had also requested the latest updates to all project costs as well as T&R information, to be reviewed by TxDOT's financial consultants. Chairman Austin thought that this might be a good indication that TxDOT is planning some type of funding for Toll 49.

D. Presentation on Changes in Cost and Revenue Analyses

Because there was a misunderstanding between Wilbur Smith Associates, TxDOT and the NET RMA, WSA included the revenue for Segment 4 in the concepts that we evaluating not building or delaying Segment 4. They redid the numbers and the revenue was 30 to 40 percent less without the Segment 4 revenue included. This was very discouraging. So Mr. Owen went back and looked at how the project has changed over the years.

The report illustrating the amount of change in the project was placed in the board book. The project staff had gone through various numbers of scenarios for the project costs. In 2008 they were up to scenario 16. There were a lot of costs that were assumed that TxDOT was going to cover because that is the way they had done it for the other segments. As it turns out there is \$6M in right of way costs that the NET RMA has to include in the bond sale because TxDOT can't cover that. Initially, construction inspection and engineering testing was a TxDOT responsibility. TxDOT can't perform those now and also can't pay for the tolling equipment on Segment 3B. Based on their financial condition they can't support us now. Contingency items they normally take care of reduce construction risks; since the NET RMA must now conduct those tasks we must have a fund to cover change order(s) during the construction of the project. This line item alone is \$7M. In total, the project went from \$68M in 2009 to \$97M now.

Chairman Austin noted that the toll road is not worth much if it is not completed all the way to I-20. With only two segments open, TxDOT currently has a negative asset on their books as it will not be able to pay for itself if the road is not built up to I-20. This is a fact that the NET RMA has shared with TxDOT. However, Mr. Owen noted that there never was a commitment by TxDOT to pay all of these items. We made an assumption they would pay all of these things based on how Segments 5 and 3A were performed. Based on the financial information regarding TxDOT's budgets during 2008 and 2009, there was a reasonable assumption made that they would continue to support the NET RMA and the Toll 49 Project in the same way that they had in the past.

Board Member Hudson Old asked "was there no contract with those guys"?

Mr. Everett Owen replied that WSA was contracted with the TxDOT TTA Division, but working on a NET RMA project. So in their haste they included the traffic and revenue on Segment 4. They didn't understand that the NET RMA was not building that segment right now.

Chairman Austin commented that, in all fairness to Wilbur Smith, some of the many financial scenarios evaluated did include construction of Segment 4. Mr. Owen agreed that the NET RMA is looking to build Seg 4 at some time, so the staff needed to make it clear to WSA that the revenue for Seg 4 needed to be broken out and identified separately.

Board Member Old said he was confused and again asked "who made the contract with Wilbur Smith?" Mr. Owen replied that WSA was contracted with and working through TxDOT's Texas Turnpike Authority, or TTA Division. It is different than the TxDOT – Tyler District office. All participants in the T&R study sat in a meeting together and it all went fine, but it just didn't translate to WSA that the Authority needed to see a breakdown of Segment 4. Mr. Owen continued by explaining that the final column of the chart is what the final revenue numbers should be like. The numbers are very similar in early years when you compare the revenue streams with and without Segment 4; so that fact that Seg 4 revenue was included did not stand out until detailed review of the study was made. The challenge was not having nearly the revenue we thought we would have in mid and later years. This led to some amount of frustration. Once the revenue projections were corrected, it ultimately decreased the amount of senior bond debt we could sell. Chairman Austin further clarified that it did not change the time to issue bonds; it simply increased the amount of the SIB Loan that is needed.

Board Member Old then asked "will it take longer to pay back the larger SIB Loan will take a little longer to pay back?"

Mr. Troy Madres responded that it will take 40 years to pay back the Bond. Any excess revenue will be used to pay back the SIB Loan. Chairman Austin explained that excess cash flow will be left over after senior debt (bonds) and the SIB Loan payments are made, which will be used to expand this project to the other segments we have identified. Once all loans are paid, then all toll revenue will be available for other projects. The NET RMA has no other debt right now.

Board Member Gary Halbrooks asked "what are the current toll rates, and can they be raised?" Mr. Owen responded that the current rate is based on 10 cents a mile in 2010. The going rate on other similar toll roads in Texas is 15 cents a mile. The T&R study assumes that we will escalate the rate a penny a year so in 2015 we will be at 15 cents a mile. There is a cost of living escalation of 2.5 percent per year.

Chairman Austin added that this is all market valuation. It is modeling to ensure we are charging the right rates at the right times.

12. REPORT CONCERNING STATUS OF GEC WORK AUTHORIZATIONS

A. Discussion on PBS&J Merger with WS Atkins, plc

Mr. Mike Bierma, PBS&J Principal in Charge of the NET RMA master GEC contract and all work authorizations, made an announcement that PBS&J was being purchased by WS Atkins, plc, an English consulting firm based in Epsom (London), United Kingdom. They are the 11th largest design firm in the world. Once the purchase of PBS&J is complete, WS Atkins will be the 8th largest design firm in the world, and #1 in transportation in the world. This merger will help them greatly expand their work in the US (they only have 17 offices in the US, whereas PBS&J has 80), and will help PBS&J (as a wholly owned subsidiary) expand into the International markets. There is no change expected in the leadership or daily operation of PBS&J's business.

Following Mr. Bierma, Mr. Mike Battles announced that Colleen Colby, PBS&J Public Information Specialist employed in the Tyler office, was leaving to become the Executive Director of Leadership Tyler. Mr. Battles expressed his sadness at losing Colleen, but praised her for taking a giant step forward in her career. Mr. Battles said that he is taking resumes to fill the Public Information position, so if any NET RMA Board Member knows of someone who is interested, please feel free to let us know.

B. Lake Columbia Update

Mr. Battles stated that the environmental impact statement prepared by the Angelina-Neches River Authority was not adequate to show what could potentially happen if the Lake Columbia project was constructed, thus they did not receive a USCOE construction permit as ANRA had hoped. ANRA's EIS listed over 5700 acres that would be impacted. We are hoping ANRA does not need to start their environmental documentation all over again from the beginning. PBS&J and the NET RMA will continue to monitor this project.

13. NET RMA COUNTY PROJECT REPORTS AND UPDATES

A. Smith County Multi-Modal Facility

Smith County Transportation Committee Chair Jamal Moharer said the Smith County Multi-modal facility has been kept on the front burner. A pre-application was made for a TIGER II grant. Gary Traylor is working on putting together this application that is due on Monday. The facility itself will serve as a hub and spoke center, rail and automotive could both be located in this center. This proposed project can service all of Smith County. A joint invitation was extended to William E. Glavin, PE, Director of the TxDOT Rail Division, by the NET RMA, City of Tyler and Smith County to partake in a site visit. We are waiting to hear back from Mr. Glavin on this invite.

As a side note, please let us know additional things that may be available so we can help. The NET RMA and DART has many projects that are federally funded and we would like to get involved.

B. Bike Trail Request – Toll 49

Chairman Austin asked “could the bike trail part of Toll 49 be eligible for the funding?” Mr. Mike Battles responded that the City of Tyler does have a plan for hike and bike trails that includes trails along Segment 1 and 2 of Toll 49. In addition, the inclusion of bike trails in the project was discussed in the environmental impact studies for Toll 49, so they have already been cleared from the environmental standpoint. Mr. Battles suggested that it would be good for the bike trail concept to be shovel ready so it could be eligible for TIGER funding in the future.

Board Member Hudson Old asked “what is the funding required for bike trails?” Mr. Battles said the costs would likely range from \$5M to \$8M, depending on the types and lengths of bridges used, amount of lighting provided, and other similar issues. This would be for approximately 8 miles of hike and bike trail along Segments 1 and 2. Board Member Old commented that it would be great if the NET RMA could put some sort of recreational component to the toll road. Chairman Austin agreed it would be great. He stated these are the types of projects we are interested in. Excess revenue could be used for that, it does take money. Working with the MPO plan, it is in there. It has a better possibility of being funded since there are multiple entities supporting it.

C. General Discussion of Future Projects

Chairman Austin then asked the Board if there was anything else that the Authority should be focused on for the good of the group?

Board Member Gary Halbrooks asked if the purchase of the Whitehouse -Troup abandoned rail line could be funded via an interlocal agreement? This could get the affected cities involved. Chairman Austin stated that potentially there is approximately 20 out of the total 140 acres that may be an issue. The NET RMA has asked for an appraisal of the linear property. Union Pacific sent an information package with copies of all the deeds out to the NET RMA this week. When purchased, a rail project along this corridor could tie into Jamal’s multi-modal project and ultimately be extended to tie into the Dallas – Shreveport line in Mineola.

14. TxDOT DISTRICT REPORTS

A. Atlanta District TxDOT Atlanta Representative
There was no one from the TxDOT Atlanta District available to present a report.

B. Tyler District TxDOT Tyler Representative

Dale Booth, Advance Planning Engineer for the Tyler District reported that construction of Toll 49 – Segments 3A and 5 is moving along quite nicely. He also reported that the preliminary design for Loop 571 in Rusk County is moving along nicely.

Mr. Booth mentioned that there is a 25-year rail plan presentation scheduled at the TxDOT Tyler District office tomorrow (Thur, Aug 19th) from 6:00 – 8:00 pm. He also noted that Tim Vaughn and Karen Owen have been appointed to the statewide rail committee.

Chairman Austin noted that the NET RMA has adopted a rail plan for the entire region. The NET RMA would like rail spurs to each of the airports. The NET RMA needs to provide a copy of the official Rail Plan back to TxDOT for the meeting. Mr. Battles said this would be done.

15. METROPOLITAN PLANNING ORGANIZATION REPORTS

A. Longview Karen Owen
There was no one from the Longview MPO available to make a presentation.

B. Texarkana Brad McCaleb
There was no one from the Texarkana MPO available to make a presentation.

C. Tyler Barbara Holly
Ms. Barbara Holly reported that the City of Tyler is conducting a transportation route study for buses and taxis in Tyler. They are trying to ensure that public transportation reaches all parts of Tyler in an efficient and cost effective manner. In addition, the Tyler MPO has identified all of the sidewalks in the city of Tyler to ensure there are sidewalks in areas with high traffic density so that pedestrians are able to get where they need to go (particularly to medical centers, schools, shopping and public service locations).

16. FINANCE COMMITTEE REPORT

Board Member Gary Halbrooks stated that with the previously presented information, the Finance Committee Report had been presented.

17. RAIL COMMITTEE REPORT

Board Member Celia Boswell presented the Rail Committee Report.

- A. Longview Train Depot – Longview has been talking about this for a long time. So congrats to Longview for finally getting this approved. Longview is updating its Train Depot.
- B. Update on Status of Whitehouse-Troup Rail Corridor Purchase from Union Pacific – The NET RMA is continuing to pursue the purchase of the abandoned rail corridor.
- C. NET RMA – DART Discussions

The NET RMA is working with DART to ensure the common development of passenger rail service occurs smoothly throughout the region. DART and the NET RMA have signed an Interlocal Agreement for cooperation in project planning and development.

Chairman Austin commented that once again there is movement to connect passenger rail from Dallas to Shreveport. Amtrak is there but not with reliable service. The NET RMA wants a passenger commuter rail. We could do a hub and spoke concept. We could have an alternative mode of transportation instead of just driving on I-20. We would like to be included in a 25 year plan. Is there enough support in our regions and counties to support this? If, so, how can we go about moving these plans forward?

Chairman Austin further commented that these agenda items allow us to talk about this in the open – “is there funding, is there passenger traffic, how can we make this happen?” This is a visionary long-range project that we can all get behind.

18. COMPLIANCE & OVERSIGHT COMMITTEE REPORT

Board Member Keith Honey was not present, but the following reports were included in the monthly board books.

- A. Open Records spreadsheet
- B. Surety Bond spreadsheet
- C. Conflict of Interest spreadsheet
- D. Term Expiration spreadsheet

19. NEW BUSINESS FOR FUTURE MEETING AGENDA


Chairman Austin asked the Board if anyone had items for a future agenda. There were no comments made. Chairman Austin then asked everyone to think of good meeting dates for the December, January, and February meetings.

20. ADJOURNMENT

There being no further business, Chairman Austin adjourned the meeting at approximately 4:01 p.m.

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


There was no Executive Session at this time.



Jeff Austin, III, Chairman



Dave Spurrier, Secretary



for James V. Vanell
Colleen Colby