



North East Texas Regional Mobility Authority

Operating Reserve Policy

Purpose

In Resolution No. 16-32, dated April 12, 2016, the Board of Directors (the “Board”) of the North East Texas Regional Mobility Authority (the “Authority”) approved the establishment of this Operating Reserve Policy (the “Reserve Policy”). This Reserve Policy is intended to ensure that the Authority maintains adequate funds to satisfy its outstanding financial commitments and operational requirements in the event of unforeseen circumstances or events. The Board recognizes that establishment and maintenance of a sufficient operating reserve is of particular importance in light of the Authority’s dependence upon discretionary user fees as its primary revenue stream.

Reserve Requirement

- a) It shall be the goal of the Authority to maintain twelve months of funds sufficient to pay, maintain, or satisfy all required contractual financial commitments and operational requirements (collectively, “Funding Requirements”); provided, however, that during fiscal years ending in 2016, 2017, 2018 and 2019 such reserve requirement will be fifty percent of the of the twelve-month requirement.
- b) Except as provided herein for fiscal years 2016 through 2019, in no event may the reserve requirement be reduced to less than twelve months of funding sufficient to pay, maintain, or satisfy all Funding Requirements without the prior approval of the Board.
- c) The Authority may satisfy the reserve requirement with funds held by or on behalf of the Authority, including any funds held by a trustee for the Authority’s Funding Requirements.
- d) This Reserve Policy is subject in all respects to the terms of any indenture or other agreement or instrument relating to the Authority’s toll system revenue bonds.

**GENERAL MEETING OF THE BOARD OF DIRECTORS
OF THE NORTH EAST TEXAS
REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 16-32

WHEREAS, the North East Texas Regional Mobility Authority (“NET RMA”) was created pursuant to the request of Gregg and Smith Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 43 Tex. Admin. Code § 26.1, *et seq.* (the “RMA Rules”); and

WHEREAS, the Board of Directors of the NET RMA has been constituted in accordance with the Transportation Code and the RMA Rules; and

WHEREAS, subsequent to the initial formation of the NET RMA the Counties of Cherokee, Rusk, Harrison, Upshur, Bowie, Panola, Titus, Van Zandt, Wood, and Kaufman joined the Authority and are represented on the Board of Directors; and

WHEREAS, the Board of Directors desires to maintain adequate funds to satisfy the NET RMA’s outstanding financial commitments and operational requirements in the event of unforeseen circumstances or events; and

WHEREAS, in consultation with the NET RMA’s Financial Advisor, the NET RMA Interim Executive Director has prepared a NET RMA Operating Reserve Policy, a copy of which is attached hereto as Attachment “A”.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the NET RMA hereby approves the adoption of the NET RMA Operating Reserve Policy, attached hereto as Attachment “A”; and

BE IT FURTHER RESOLVED, that the NET RMA Operating Reserve Policy may be further amended from time to time at the discretion of the Board of Directors.

Adopted by the Board of Directors of the North East Texas Regional Mobility Authority on the 12th day of April, 2016.

Submitted and reviewed by:



C. Brian Cassidy
General Counsel for the North East
Texas Regional Mobility Authority

Approved:



Linda Ryan Thomas
Chair, Board of Directors
Resolution Number 16-32
Date Passed 04/12/16