

Meeting Minutes
Board of Directors
Central Texas Regional Mobility Authority (CTRMA)

Wednesday, December 17, 2003

The meeting was called to order at approximately 9:06 a.m. by CTRMA Board Chairman Bob Tesch, who stated that meeting notice was posted with the Texas Secretary of State on December 12, 2003. Chairman Tesch, Vice-Chairman Lebermann, Bob Bennett, Henry Gilmore, Jim Mills, and Johanna Zmud were present. Also present on behalf of CTRMA were CTRMA Executive Director Mike Heiligenstein, and CTRMA General Counsel Brian Cassidy.

I. Welcome and Opening Remarks.

Chairman Tesch welcomed members of the general public and recognized elected officials in attendance, including Cedar Park Mayor Pro Tem Phil Duprey, Travis County Commissioner Karen Sonleitner, and Amy Jeter and Annette Graves with Texas State Senator Steve Ogden's office. The Chairman said this was the last meeting of 2003 for the CTRMA Board, and recognized CTRMA Board Member Mike Robinson, seated in the audience.

Mr. Robinson addressed the Board and announced his resignation from the CTRMA Board, effective December 16, 2003. His reason for resigning was to seek election to the Williamson County Commissioners' Court. He truly enjoyed being involved with the CTRMA. Although not required by law to resign his position he was doing so to avoid any appearance of potential conflict. He complimented all Board members for being dedicated and hard working, and lauded the accomplishments of Board members and staff. Various Board members thanked Mr. Robinson for his hard work, wished him well in future endeavors.

A. Introduction of Executive Director

Chairman Tesch said a critical task the CTRMA needed to accomplish during 2003 was to hire a permanent Executive Director. The Board conducted an extensive candidate search, and decided that the best-qualified candidate was former Williamson County Commissioner Mike Heiligenstein. The Chairman stated that Mr. Heiligenstein has an extensive record of public service and a wonderful reputation within both Travis and Williamson Counties that will greatly enhance his abilities as CTRMA Executive Director. Mr. Heiligenstein said he was tremendously excited to join the CTRMA staff and looked forward to working with a dynamic and involved Board.

B. Resolutions of Appreciation

Chairman Tesch said the CTRMA had accomplished a tremendous amount during the first year. He cited the CTRMA's involvement in the passage and implementation of H.B. 3588, enactment of CTRMA bylaws, procurement policies, environmental review policies, DBE/SBE policies, and conflict of interest policies for key personnel and key financial team members. The CTRMA has followed its procurement procedures to secure the services of core team members, including the general engineering consultant, a

financial advisor, general counsel, accounting firm, lead underwriter and the investment syndicate for the U.S. 183-A project. In addition, the Board is in the final stages of hiring bond counsel. The CTRMA also secured the first and only toll equity grant from TxDOT, and has made significant progress on development of the U.S. 183-A project. Finally, CTRMA is the model for other areas of the state considering formation of RMAs.

Chairman Tesch said there were many people instrumental to CTRMA efforts deserving of special recognition. The Chairman recognized outgoing Board member Robinson as one of those people. Chairman Tesch read the CTRMA Board of Directors' Honorary Resolution expressing gratitude and appreciation to Mr. Robinson for his accomplishments and contributions to the CTRMA Board.

The Chairman said the Board had a similar Honorary Resolution for Mike Weaver that would be presented at a later date due to Mr. Weaver's schedule conflict.

II. Approval of Minutes of November 5, 2003, CTRMA Board Meeting; Approval of Minutes of September 15, 2003, and December 5, 2003, Special Meetings.

The Chairman laid out meeting minutes for the September 15, 2003, CTRMA Special Meeting. Mr. Mills moved approval of the meeting minutes as drafted, and Mr. Lebermann seconded. The motion carried unanimously, and the meeting minutes as drafted were adopted.

Chairman Tesch then laid out the meeting minutes for the November 5, 2003, CTRMA Board Meeting. Mr. Lebermann moved approval of the minutes as drafted, and Ms. Zmud seconded. The motion carried unanimously, and the minutes as drafted were adopted.

The Chairman finally laid out the meeting minutes for the December 5, 2003, CTRMA Special Meeting. Mr. Mills moved approval of the minutes as drafted, and Mr. Gilmore seconded. The motion carried unanimously, and the minutes as drafted were adopted.

III. U.S. 183-A Progress Report.

A. Update on GEC Activities

Chairman Tesch recognized Richard Ridings with HNTB for an update on GEC activities. Mr. Ridings said the Board members should all have copies of the GEC summary report highlighting key activities since the last Board meeting. The update focused on GEC and project management activities, technical design and development and the public involvement program for U.S. 183-A.

GEC activities centered on getting the Project Office up and running. The GEC is currently interviewing and filling additional staff positions. In addition, the GEC has been meeting and coordinating with Vollmer and Associates regarding the financial traffic and revenue study, and a preliminary report should be completed by May 2004. This time frame dovetails with the U.S. 183-A procurement process and will allow CTRMA to move forward with project financing in a timely fashion.

B. Update on CDA Process

GEC staff worked with Mr. Cassidy in developing the CDA process. The Request for Competing Qualifications (RFCQ) was prepared and will be advertised beginning December 19, 2003. While the Board and GEC await responses, GEC and staff are moving forward to define various CDA options. GEC staff met with the CTRMA Planning Committee to discuss five schematic alternatives. The GEC has completed preliminary estimates for the 5 alternatives, and will have refined estimates by the end of December. With refined estimates, GEC can discuss pros and cons of each alternative, allowing the Board to move forward with key policy decisions regarding number of lanes, toll booth collection methodology and overall analysis of project funding.

Regarding technical design and development, the key issues the GEC is currently working on are aerial and ground control surveys and coordination with Charlie Crossfield with Williamson County on right-of-way identification issues. The goal is to have right-of-way and utility relocation and agreements substantially completed by the time the CTRMA Board makes its project contractor decision. Cobb Finely is the GEC sub-consultant creating the utility relocation agreements. The GEC has prepared a right-of-entry letter, also reviewed by Sheets & Crossfield and Mr. Cassidy, and those letters will be mailed out the week of December 15, 2003, to all affected property owners along the length of the U.S. 183-A project. The CTRMA will undoubtedly receive calls related to these mailings and its property investigation activities (*e.g.* geological, archeological, and historical investigations).

The GEC completed a work timeline for conducting archeological surveys of U.S. 183-A, and has also completed a State of Texas antiquities permit and scope-of-work delivered to TxDOT. A review of the Golden-cheeked Warbler habitat and related mitigation described in the Environmental Impact Statement and biological opinion was completed. The GEC conducted additional revisions to project design geometric criteria based on TxDOT's revised design standards.

Approximately 70% of the property from Hwy. 1431 south to F.M. 620 has been acquired, but utility relocation and property owner outreach has not yet commenced. The GEC completed a design workshop with subconsultants, and prepared the toll plaza and toll collection layout system. The GEC will present the Board with descriptions of various toll collection methodology, signs, buildings, and preliminary requirements for contractor bidding.

Mr. Ridings thanked CTRMA Board members for participation in public involvement meetings for U.S. 183-A. Meetings were held with the Cities of Cedar Park, Leander, Liberty Hill and Lago Vista. Completed maps are available at the CTRMA website and include the U.S. 183-A project map and the Capital Area Metropolitan Planning Organization's (CAMPO) overall map. All toll roads currently being considered by TxDOT and other entities are also on the map. CTRMA letterhead, business cards, brochures and handout material have been drafted. Key points in the brochure include the fact that TxDOT only has 30% of the money required to build improvements in this area, and that the time horizon for project completion is 5-7 years under the CTRMA, versus 20 years or more under traditional funding. Another key point is the electronic toll

collection process as opposed to traditional toll booths. The GEC met with Mr. Heiligenstein to develop the remainder of the public involvement program over the next several months. Mr. Ridings again thanked the Board for their public outreach participation, but cautioned that such activities will continue to accelerate in the near future.

Chairman Tesch asked Mr. Ridings how the CTRMA was performing with regard to communication and getting communities to work together for mobility improvements. Mr. Ridings responded that the time spent with community leaders thus far has been extremely productive, and working with communities gives insight to identifying and working with their long-term development plans, access plans, and highlights the importance of toll roads for economic development. Working with counties and utility suppliers is also important in terms of anticipating future infrastructure needs. Overall, Mr. Ridings concluded, while a high level of outreach and dialogue with communities is desired, there is only time for a limited amount of dialogue given the rapid movement forward on the project.

Chairman Tesch thanked Mr. Ridings, and said to City of Cedar Park Mayor Pro Tem Phil Duprey and City of Leander Mayor John Lowman that CTRMA places high priority on working closely with cities and communities to address to both mobility and economic development. Mr. Ridings added that CTRMA is working closely with Greg Boatright and Williamson County regarding the right-of-way acquisition for U.S. 183-A, and the Authority will work closely with both Travis and Williamson Counties to identify future projects contemplated under the CTRMA Strategic Plan.

The Chairman recognized Mr. Cassidy for comments regarding the CDA process. Mr. Cassidy said issuance of the RFCQ that Mr. Ridings mentioned will initiate the first phase of the CDA process. The Board authorized preparation of the RFCQ at the November 5, 2003, meeting. The RFCQ will be available Friday, December 19, 2003, and notice will be published that same day in the *Texas Register*. The RFCQ will be available upon request from the CTRMA, and on the CTRMA web site, www.ctrma.org. The Board authorized a 45-day response period, making responses due by February 2, 2004. Mr. Cassidy said staff anticipates holding a pre-proposal conference for potential respondents in early January, with the date specified in the RFCQ document. Mr. Cassidy added copies of the CTRMA conflict of interest policies for key personnel and key financial team members are available through the CTRMA web site, and CDA submissions must comply with those policies. Chairman Tesch thanked Mr. Cassidy for his update and laid out the next agenda item.

IV. Discussion and Possible Action on CTRMA Bylaw Amendments.

Chairman Tesch said when the CTRMA first adopted its bylaws, H.B. 3588 had not yet been enacted, and due to its passage, CTRMA must make a number of conforming amendments to its bylaws. The Chairman recognized Mr. Cassidy for on the proposed changes.

Mr. Cassidy directed the Board's attention to Attachment "A" of Board Resolution No. 03-62, and said most of the proposed changes were non-substantive, such as correcting statutory references to correspond with the new Texas Transportation Code provisions governing RMAs.

The most substantive section that is of particular interest to the Board is member terms. Originally, each member served for a two-year term; now, new Chapter 370 provides for six-year terms for directors. Changes to the bylaws address the transition period as set forth by statute. The original two-year Board terms will expire when either Travis or Williamson Counties reappoints a Board member, or chooses to appoint a new Board member. Upon either the reappointment, or new appointment, each county must designate whether the term of that member will be for 2, 4 or 6 years. This will transition the CTRMA Board into 6-year terms that are staggered because, under the Texas Constitution, no more than one-third of the Board can come up for appointment for reappointment at one time. The transition period will be a little awkward, but proposed changes to Section 5 of the CTRMA bylaws will implement the new term requirements.

Section 13 contains additional changes to implement more detailed procedures for Board meetings by telephone. Telephone meetings will be a valuable planning tool for the CTRMA Board moving forward, particularly regarding time-sensitive issues. The final substantive change Mr. Cassidy highlighted related to the bylaw amendment process itself. He proposed changing the 10-day advance notice of bylaw amendments to 3 days because Board packets are typically transmitted three days prior to Board meetings.

Chairman Tesch entertained a motion regarding CTRMA Board Resolution No. 03-62 setting forth the proposed bylaw amendments. Mr. Lebermann moved approval of the resolution as drafted, and Ms. Zmud seconded. The resolution carried unanimously and was adopted. The Chairman laid out the next agenda item.

V. Discussion and Possible Action On 2004 CTRMA Meeting Dates and Locations.

Chairman Tesch directed the Board's attention to CTRMA Board Resolution No. 03-63 setting forth proposed 2004 CTRMA regular Board meeting dates. Mr. Heiligenstein said the upcoming year provided an opportunity to broaden the approach to monthly meetings. He and other Board members visited with Joe Beal of the Lower Colorado River Authority (LCRA), and the LCRA offered use of LCRA meeting facilities. Mr. Heiligenstein proposed a plan whereby, starting with the January meeting, the CTRMA Board will alternate monthly meeting locations between the LCRA and the Round Rock City Council Chambers. Chairman Tesch commented that once approved, the meeting schedule would be placed on the CTRMA web site. Mr. Cassidy added that any posted schedule is tentative and subject to change, particularly around the holidays.

Chairman Tesch entertained a motion regarding the resolution setting forth the proposed 2004 CTRMA Board meeting dates, Mr. Heiligenstein's "alternating location" amendment. Mr. Bennett moved for approval of the resolution as amended, and Ms. Zmud. The resolution as amended was adopted. The Chairman laid out the next agenda item.

VI. Discussion of Pending Texas Transportation Commission Action on TxDOT RMA Rules, Toll Conversion Rules, and Toll Policy.

Chairman Tesch said several items of interest were pending before the Texas Transportation Commission, and he recognized Mr. Cassidy for comments on those items. Mr. Cassidy said the comment period for the TxDOT proposed RMA and toll conversion rules ended December 15, and public hearings on both sets of rules were held. The rules would most likely be adopted by

the Commission at its February meeting. Mr. Cassidy directed the Board's attention to a copy of Chairman Tesch's letter to TxDOT regarding the RMA's position on the proposed rules.

Chairman Tesch participated in numerous advisory committee meetings regarding the RMA rules, and the advisory committee was pleased with the end result of the proposed rules. The letter expresses support for the RMA rules as proposed. Regarding toll conversion, the rules themselves do not address the issue of whether conversion is a good idea in and of itself, or whether it is an effective means by which to fund transportation projects. Rather, the rules merely implement the procedural steps and processes that must be followed, and they appear to comport with the statutory intent.

On December 18, 2003, the Commission would meet regarding the Commission's toll policy. The Commission was poised to adopt a policy, or at least a draft rule, that would evaluate every transportation project not yet open to traffic for potential toll feasibility. This issue is related to the toll conversion issue, and is further reflection of the funding crisis that the Commission is facing. Revenue-base projects appear to be the only feasible means of funding future mobility improvement projects.

The Commission would shortly be approving Bexar County's request to form an RMA. In addition, under H.B. 3588, the Texas Transportation Commission has been expanded from three to five members, and Governor Perry has made his two additional appointments. One is Hope Andrade, a former member of the Texas Turnpike Authority Board of Directors, and the other is Ted Houghton, a businessman from El Paso. Chairman Tesch thanked Mr. Cassidy for his report and laid out the next agenda item.

VII. Discussion and Possible Action on Operational and Financial Issues.

A. Financial

1. Financial Report

The Chairman recognized Mike Swayze, of Peña Swayze & Co., accountants for the CTRMA, for the financial report. Mr. Swayze directed the Board's attention to the financial report in the Board packet, stating the report contained all CTRMA financial activities that have or will occur. The CTRMA has net assets of \$156,000, including the \$150,000 received from Travis County. In addition, there is almost \$600,000 of construction work in progress. The revenue and expenses report chronicled all activity from the beginning of the CTRMA fiscal year in July through November. In addition, the report contained a listing of accounts payable and additional information about invoices, including payment invoices currently being submitted for approval.

The invoices submitted for approval were approved by the invoice review committee, and fall into four categories: invoices to be submitted to TxDOT for reimbursement; invoices for general expenses; invoices held for further review; and invoices previously approved but awaiting TxDOT funding. Invoices held for further review are those that should go through an internal review process with Executive Director Heiligenstein. Mr. Swayze asked the Board to approve

(1) invoices yet to be submitted to TxDOT for reimbursement (\$35,000), and (2) general expenses of \$79,000.

Mr. Bennett thanked Mr. Swayze for his data organization. Mr. Swayze said the volume of information was growing, and that perhaps the Board could decide the level of detail they would like to see included in the financial reports. Mr. Lebermann commented that if the press or general public desired to inquire about the review and payment process of a particular bill or invoice, they would merely need to consult Mr. Swayze's financial report to the Board to receive a detailed explanation. Mr. Swayze agreed with Mr. Lebermann, saying that the reports met the CTRMA goal of full disclosure. Chairman Tesch commented that Mr. Heiligenstein will also begin playing an important role as "gatekeeper" regarding data he deems most important to transmit to the Board (*e.g.* creating financial information summaries, etc.).

Chairman Tesch entertained a motion regarding CTRMA Resolution No. 03-64 authorizing the disbursements as listed on Attachment "A" of the resolution. Mr. Bennett moved adoption of the resolution, and Mr. Mills seconded. The motion carried unanimously, and the resolution as drafted was adopted.

Mr. Heiligenstein added that for vendors and other individuals with invoices in the "on hold" category, he would initiate a peer review process, particularly regarding engineering issues very quickly for to ensure that such bills were both timely processed and fully vetted. Mr. Swayze added that Travis County has submitted money, and that money from both Capital Metro and Williamson County should be forthcoming shortly, and the Board's decision regarding the bank account location will speed up the wiring process. Mr. Cassidy clarified that the "Capital Metro Money" was a part of Travis County funds originating with Capital Metro, and that Capital Metro staff has asked for additional information that Mr. Heiligenstein is gathering for them.

2. Report From Interim Budget Committee and Approval of Disbursement Reports

See discussion of Agenda Item VII. A. 1. above.

3. Discussion and Possible Action on Banking Arrangements

Mr. Swayze said the Board has a temporary bank account with Liberty Bank. In light of expanding operations, Mr. Swayze recommended that CTRMA open up additional bank accounts with JP Morgan Chase Bank. He recommended opening 3 accounts: a standard operating account, a second money market account into which all incoming funds would be deposited, and, thirdly, a separate, additional money market account that will act as a payroll account for the terms of the Williamson County interlocal agreement whereby Williamson County will draft the CTRMA account to generate CTRMA payroll.

Mr. Lebermann asked whether the primary account would still be at Liberty Bank. Mr. Swayze replied no, that all three bank accounts would be with JP

Morgan Chase Bank. Mr. Lebermann said he believed using Liberty Bank, a local bank in Travis County, was preferable. Mr. Lebermann and Mr. Swayze then engaged in a brief discussion regarding the benefits and drawbacks of using Liberty Bank versus JP Morgan Chase Bank. Chairman Tesch asked whether future CTRMA accounts could be established with Travis County banks, and Mr. Swayze replied he believed they could, particularly once toll collection starts given that all public money must have adequate collateral behind it.

Mr. Cassidy stated that banking arrangements will expand considerably once specific funds are established (*e.g.* project construction funds), particularly those that must be maintained through a trustee or by some similar oversight mechanism. Mr. Cassidy added that CTRMA Board Resolution 03-65 authorizing the securing of additional bank accounts was not drafted to be entity-specific, and that Mr. Swayze could explore alternative, local banks if those were available to meet CTRMA needs. Chairman Tesch, Mr. Cassidy and Mr. Swayze then engaged in a brief discussion regarding the mechanics of opening the bank accounts, and Mr. Swayze said if the Board approve the resolution as drafted, he would ask for necessary signatures for the bank signature cards, including Treasurer Bennett and Mr. Heiligenstein, following conclusion of the meeting.

Mr. Cassidy added the resolution would give the Executive Director and Mr. Swayze the ability to explore banking alternatives, though they would still need appropriate Board signatures and approval to open any accounts. Chairman Tesch urged the Board to pass the resolution and allow Mr. Swayze to carry out his proposed three-account structure.

Mr. Lebermann moved to amend the resolution as drafted to include the “dual signature” recommendation of having both Treasurer Bennett and Mr. Heiligenstein listed on the account signature cards. Mr. Lebermann then moved adoption of CTRMA Board Resolution No. 03-65 as amended, and Mr. Mills seconded. The motion carried unanimously, and the resolution as amended was adopted.

B. Operational

1. Discussion and Action on Selection of Bond Counsel

Chairman Tesch said the Board previously issued a Request For Qualifications (“RFQ”) for bond counsel services, and recognized to Mr. Heiligenstein a report. Mr. Heiligenstein said CTRMA received five responses to the RFQ, and four firms were short-listed and interviewed by members of the CTRMA Executive Committee (Chairman Tesch, Mr. Bennett and Mr. Lebermann). While all of the firms performed well during the response and interview process, the Executive Committee recommended the law firm of Vinson & Elkins to serve as lead bond counsel for the U.S. 183-A project. He added that this selection does not preclude any other respondents for competing on future projects.

Chairman Tesch entertained a motion regarding CTRMA Board Resolution No. 03-66 appointing Vinson & Elkins as lead bond counsel for the U.S. 183-A project. Mr. Gilmore moved adoption of the resolution as drafted, and Mr. Mills seconded. The motion carried unanimously and was adopted. Chairman Tesch the decision was a very close call, and he congratulated Vinson & Elkins and looked forward to working with them on U.S. 183-A.

2. Update on D&O Insurance Coverage and Surety Bonds

Chairman Tesch recognized Mr. Cassidy for an update regarding directors' and officers' "errors and omissions" coverage, and surety bond coverage, for the CTRMA Board members and key CTRMA staff. Mr. Cassidy reported both types of coverage were in effect, and made reference to a separate Board member packet containing detailed policy and coverage information. The directors' and officers' insurance coverage provided retroactive coverage back to the creation date of the CTRMA. Mr. Cassidy suggested that the Board may want to reassess policy coverage and amounts in the future, particularly regarding coverage for specific construction projects.

XI. Executive Session.

There were no items for the Board to consider in Executive Session.

XIII. Open Comment Period.

No speakers appeared to address the Board during the open comment period.

XIV. Adjourn Meeting.

Mr. Heiligenstein asked the Board to review the proposed CTRMA letterhead and business cards for final approval. Due to input received during public outreach activities, and discussion among staff and Board members, the proposed new tagline for the CTRMA is "Improving Mobility and Opportunity in Central Texas."

Chairman Tesch entertained a motion to adjourn the meeting. Adjournment was moved and seconded, and the meeting was adjourned at approximately 10:13 a.m.