

STATE OF TEXAS

COLLIN COUNTY TOLL ROAD AUTHORITY
MEETING MINUTES

COUNTY OF COLLIN

APRIL 19, 2010

On Monday, April 19, 2010, the Collin County Toll Road Authority Board of Directors met in Regular Session in the Commissioners Courtroom, Jack Hatchell Collin County Administration Building, 4th Floor, 2300 Bloomdale Road, City of McKinney, with the following members present, and participating, to wit:

Present:

President Keith Self

Precinct 1 Director Matt Shaheen

Precinct 2 Director Jerry Hoagland

Precinct 3 Director Joe Jaynes

Precinct 4 Director Kathy Ward

1. President Self called to order the meeting of the Collin County Toll Road Authority at 2:00 p.m.

2. **Consent agenda to approve:** President Self asked for comments on the consent agenda. There being no comments a motion was made to approve the consent agenda. (Time: 2:04 p.m.)

Motion by: Director Joe Jaynes

Second by: Director Matt Shaheen

Vote: 5-0 Passed

a. AI-31695 Filing of the March 29, 2010, Minutes, County Clerk.

CCTRA RESOLUTION NO. 2010-3015-04-19

GENERAL DISCUSSION

3. AI-31567 Collin County Outer Loop, history of cost and options for moving forward, Engineering.

President Self opened the discussion saying all of the items on General Discussion were interconnected and would be discussed together throughout the session.

Bill Bilyeu, County Administrator, introduced a power point presentation on the history of cost and options for moving on the Outer Loop project. Mr. Bilyeu presented a slide of the five topics that would be discussed.

1. Environmental Clearance course of action
2. Traffic and Revenue Study Direction
3. Segment 1 Road Construction
4. P3 Workshop
5. Tomlin Proposal for Segment 3

Ruben Delgado, Engineering, approached with the current status on the Outer Loop project. The status included the right-of-way (ROW) needed and obtained as well as expenditures to date. The total ROW needed is 3,201.32 acres with 297.52 obtained. Construction time spans 2010 to 2030 with a total cost of \$3.984 billion dollars. The briefing included slides breaking down information for each individual segment of the project. Funding approved by the Board to date is under \$14 million dollars. Director Shaheen asked about the next step in talking to landowners. Mr. Delgado replied the County tries to meet with each landowner individually; however, this is not always possible so there have been public meetings. Additional public meetings will be held in McKinney and Weston. The Board will hold a Public Hearing to adopt an alignment.

Sandy Wesch, North Central Texas Council of Governments (NCTCOG), addressed the Board regarding the environmental status. Ms. Wesch gave an update on the scope of work which was approved on November 9, 2009. The Local Environment Document is 90% complete and a draft was sent to Collin County staff for review on February 1, 2010. Ms. Wesch also presented a list of outstanding items.

Director Hoagland wanted to know if service roads were not included would the document have to be redone. Ms. Wesch replied yes. Director Jaynes asked why they were looking at a two lane service road and not three lanes. Ruben Delgado, Engineering, approached to explain two lanes had been approved so that is what they moved forward on. Director Jaynes felt three lanes are essential. Director Hoagland expressed his opposition to any service roads. Ms. Wesch explained that when creating an environmental document, it not only included the natural environment, but social and economic impact as well. The County is in good shape with Segment 1 and if it went to three lanes, she did not consider it to be a big change. The environmental document has not been started on Segment 3 because they are still awaiting determination of alignment. Ms. Wesch explained the differences between the National Environmental Policy Act (NEPA) and Local (NEPA like) Environmental Assessment. Advantages and disadvantages were shown for both. Ms. Wesch informed the Board that even though they have obtained ROW, when a new location is considered they must have two build alternatives and complete an Environmental Impact Statement (EIS).

President Self asked if it made a difference if you have a fully operating road when you go back for the full EIS. Ms. Wesch replied in her professional opinion if you had an established corridor and went back to expand it, you could do an Environmental Assessment (EA) rather than an EIS. Additional engineering would be required to get federal approval at an estimated cost \$1.5 to \$2 million dollars for Segment 1 and \$5 to \$6 million dollars for Segment 3. Timeline comparisons were given with the note that the six year plan was very aggressive. If the County did a Local EA they could have the road open to traffic within two years. Discussion regarding the timeline comparisons followed. A road could be built if they had indirect connections. An indirect connection would be service road to service road rather than main lane to main lane. Connecting a County road to a US highway directly would raise federal interest, which would require an EIS.

Tom Burke, CH2MHill, approached with additional information saying it is their belief that if the County created an indirect connection between the main roads they would not have to go through federal approval. Mr. Burke continued with his portion of the presentation by updating the Board on the P3 (Public/Private Partnership) workshop, which was held in December of 2009. The presentation included a list of attendees, a summary of developer perspectives, critical issues and the advantages and disadvantages of a P3. All information presented was also given to the Board members as a booklet. Participating developers included Fluor-Balfour Beatty, Cintra, and Zachary-Hastings Alliance. The developers believe 2030 traffic, based on a study performed in 2007, supports P3 development. A sketch level traffic and revenue study is needed to see if there would be positive cash flow in 10 years. All of the developers agreed that financing is available. The developers will do their own traffic and revenue studies to draw their conclusions. The County will need to get confirmation that an indirect connection from toll main lanes to US 75 will not require a full NEPA review. Mr. Burke explained the difference between a direct and an indirect connection. President Self stated the County has an indirect connection now between Sam Rayburn and the Dallas North Tollway. It is perfectly acceptable to have indirect connections to get the build.

Director Shaheen commented that there would have to be a connection between the Outer Loop and Interstate 30 and Interstate 35, and questioned the feasibility of a P3 investment. Mr. Burke responded saying an indirect connection could be made that would handle the traffic for 10 to 15 years. This could be done on concession with Segment 1 and Segment 3, which looks like it has the strongest heavy traffic potential. A traffic and revenue study would verify this. Developers would bring equity of 25 to 30 percent of the project cost, and debt would finance the rest. A high return on investment is expected. Director Hoagland questioned financing with debt and asked what interest rates would be charged. Seventy five percent of the cost would be at a rate of five to six percent. The 25 to 30 percent would be at a much higher rate because it is high risk.

Director Hoagland asked for more information regarding the expected return on investment. Mr. Bilyeu approached to explain the funding. Director Hoagland asked for a calculation of \$1 billion over 50 years at 18 percent and a rate of 4 or 5 percent over 50 years and the difference between the two. The difference is what the traveling public will have to pay.

Mr. Burke continued his presentation while waiting for the calculation. Information on bonds and stipends would be discussed if a P3 was chosen. Advantages of a P3 development include greater time and budgetary certainty, lower life cycle costs, risk transfers from public to private sector, access to new pools of capital and ability to raise larger sums of money. Disadvantages include loss of revenue to private developers, loss of some project control, public concerns regarding private ownership of transportation assets and complex procurement and contract management. Director Shaheen asked about toll rates. Mr. Burke recommended the County stay in charge of setting the rates.

David Medanich and Ron Davis, First Southwest Corporation addressed Director Hoagland's request for a calculation on an interest comparison. Regarding the sum of the 18 percent return on investment, it can only be financed over 40 years, which is approximately \$180 million versus a seven percent taxable rate, that would be approximately \$75 million over 40 years. Director Hoagland commented the difference is \$105 million per year over 40 years, which would be \$4.2 billion. Mr. Davis explained what has to be evaluated, is what the weighted average cost to the County that the P3 would have to borrow against versus the cost the County would have to borrow against. That number will determine the toll rates to support the equity financing. Director Hoagland wanted to know the incremental amount of what the County can borrow versus a P3 scenario and what it would cost the traveling public. Director Hoagland directed Mr. Medanich to come back to the Board with a calculation on that cost. Mr. Medanich clarified information being requested. Mr. Davis stated the benefit of a P3 is taking risk off the County and shifting costs to the private sector.

Director Hoagland updated the Board on discussions regarding a connection from the Outer Loop and Interstate 30 in Rockwall County and Interstate 35 in Denton County. Both counties have indicated an interest in a tri-county agreement under which they would join work on the project. Discussion with Board members regarding the plausibility of a tri-county agreement with Denton and Rockwall counties followed. President Self had reservations because Collin County is so far ahead on the project the other counties may not be able catch up in a reasonable amount of time, and with each new factor that is added time can become an issue.

Jim Shepherd, CCTRA Legal Counsel, gave a briefing to update the Board on legislative issues and items that the County should watch. Mr. Shepherd offered his opinion on complying with NEPA and shared his thoughts on entering into a P3.

Mr. Shepherd began his presentation on the legislative issues that may come up in the next session. He remarked that the County needed to take a defensive position regarding Transportation Code 284 which governs the ability to build a toll road. The ability to enter into a Comprehensive Development Agreement (CDA) with a private party is governed almost solely by Chapter 366. The briefing included the requirements for entering into a CDA and how it is to be presented for review to the Attorney General. Mr. Shepherd explained the options available to the Board. President Self interjected saying it needed to be clarified that the presentation included things that might have happened in the last legislation; however, these did not happen. These are things that may need to be watched in the next legislation. Dallas County now has a Toll Road Authority and the City of Irving is looking to revive their Toll Road Authority. There is the possibility of having three Toll Road Authorities within the North Texas Toll Authority's service area. Reservations of Authority that need to be watched were also included as well as a review of Primacy.

President Self recessed the meeting at 3:22 p.m. and reconvened at 3:30 p.m. The Board continued the discussion with item number six.

NO ACTION TAKEN

04/19/2010 04:08 PM

4. **AI-31740** Collin County Outer Loop Environmental Processes, Engineering.

NO ACTION TAKEN

5. **AI-31365** P3 Vendor Findings, Engineering.

NO ACTION TAKEN

6. **AI-31741** Tomlin's unsolicited proposal to construct various segments of the Outer Loop, Engineering.

President Self opened the discussion item with comments on where the County stands with outside funding. Less than 10% of the State budget goes to transportation and federal funding is not likely. It is wise to be holding these very complex discussions because Collin County will have to continue taking care of itself.

Dan Tomlin, Tomlin Infrastructure Group, addressed the Board with an unsolicited concession proposal to design, construct, operate and maintain Segment 3 of the Outer Loop project. The project would be funded privately with no debt and no funding from the County required. The estimated cost for the project is \$1.1 billion.

Design/build processes will be used to expedite road construction. Mr. Tomlin estimates the first phase of Segment 3 to be open for traffic between U.S. Highway 75 and Dallas North Toll Road Extension in 24 to 30 months.

The project would be broken into sections with multiple contractors. Director Jaynes questioned the time estimate because of the environmental approval process. Mr.

Tomlin replied saying a general environmental could be approved by the County rather than go through a NEPA study. In 30 months they plan to have three main lanes from U.S. 75 to the DNT. There is no risk and no involvement by the County. The right-of-way would be donated to the County and condemnations would be purchased with the private funding. President Self clarified land acquisition by condemnation would be turned over to the CCTRA. President Self recommended the County walk carefully through the legal requirements. Turning this over to the private sector would still require some oversight from the County. TxDot and the Attorney General will want to see what the cost will be to the citizens. President Self asked Sandy Wesch, NCTCOG, to approach. Director Jaynes remarked the County would have to have a CDA with the firm. Ms. Wesch stated that the only time a NEPA is required is if the road tied into a main lane or if you were seeking federal or state funding. President Self stated TxDot has to be involved because it is a CDA. The CCTRA needs to develop criteria for a RFP.

Bill Bilyeu, County Administrator, explained the process for a RFP. It would take approximately 90 days to solicit and then 6 to 9 months for evaluation. Discussion with Board members regarding the process for moving forward followed. Director Hoagland asked for a legal opinion. Jim Shepherd, CCTRA Legal Council approached saying the State Auditor requires a traffic and revenue study. President Self remarked that this is different from a typical CDA because the County is not required to put up any funds. Mr. Shepherd suggested the County immediately put together standards for soliciting the project. He also recommended the County not advocate all the power, control and responsibility to another for a 50 year span. President Self responded saying the time-frame may not be 50 years because this is a different agreement and there is no advance funding from the County. Mr. Shepherd will work with Mr. Bilyeu on putting together the requirements and advertisement as well as consult with Ms. Wesch. Director Jaynes wants to see what kind of feedback the County would get from those that have to approve the agreement before putting in too much time. Mr. Shepherd added that in Texas, it is legal to ask the unsolicited proposer to donate to the cost of evaluating the proposal.

Tom Burke, CH2MHill, offered his opinion on how to proceed. He prepared a draft RFP but, because it was based on a different approach to the project it would have to be modified. He gave the Board two options to consider, go straight to an RFP or do a two step process which would be an RFQ, then short list and go to an RFP. President Self asked how many responses with no equity and no debt the County could expect to receive. Mr. Burke estimated two or three. Discussion on options and processes followed.

Mr. Bilyeu re-approached with the action items that needed to be addressed. Mr. Bilyeu informed the Board that the County was limited on what items could be approved due to

lack of funding. There was extensive discussion on how to proceed. No action was taken on items 4, 5 and 8.

Motion to move forward on Tomlin proposal, and start investing legal and staff time to develop requirements for a RFP on Segment 3. (Time: 4:11 p.m.)

Motion by: President Keith Self
Second by: Director Matt Shaheen
Vote: 5 - 0 Passed

CCTRA RESOLUTION NO. 2010-3016-04-19

7. AI-31742 Construction of Segment 1, Engineering.

President Self proposed the Board move forward with Segment 1. Director Hoagland suggested the funds be used to purchase right-of-way instead of building service roads. Director Jaynes suggested a three lane toll road with cameras at each end. The difference is 20% more for design cost which is approximately \$3.5 million for design and construction. Two entries would be approximately \$600 thousand. The County is looking at approximately \$5 million in additional funds and 6 to 9 months in additional time. Director Jaynes made a motion to proceed with a two lane service road as designed. Director Hoagland voted against the motion because he feels it is a waste of time. (Time: 4:10 p.m.)

Motion by: Director Joe Jaynes
Second by: Director Kathy Ward
Vote: 4 - 1 Passed
Nay: Director Jerry Hoagland

CCTRA RESOLUTION NO. 2010-3017-04-19

8. AI-31353 Engineering Services Agreement with Brown and Gay Engineers, Inc. for the Collin County Outer Loop Traffic and Revenue Study, budget amendment in the amount of \$221,197 and further authorize the Board President to finalize and execute same, Engineering.

NO ACTION TAKEN

EXECUTIVE SESSION

The Board of Directors did not recess into Executive Session. There being no further business of the Board of Directors, President Self adjourned the meeting at 4:12 p.m.



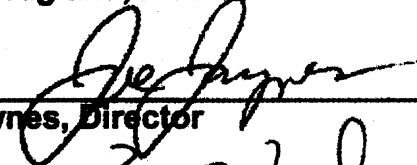
Keith Self, President



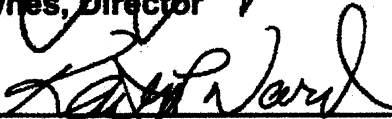
Matt Shaheen, Director



Jerry Hoagland, Director



Joe Jaynes, Director



Kathy Ward, Director