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TEXAS TRANSPORTATION COMMISSION
WORKSHOP MEETING

Ric Williamson Hearing Room
Dewitt Greer Building
125 East 11th Street
Austin, Texas
January 27, 2016
2:00 p.m.

COMMISSION MEMBERS:

Tryon D. Lewis, Chair
Jeff Moseley, Vice Chair
Jeff Austin, III
Victor Vandergriff
J. Bruce Bugg, Jr.

STAFF:

James Bass, Executive Director
Jeff Graham, General Counsel
Robin Carter, Commission Chief Clerk

1 CHAIRMAN LEWIS: All right. Thank you. It
2 is 2:02 p.m. I'm going to call to order the January
3 27th, 2016 workshop meeting of the Texas Transportation
4 Commission in Austin, Texas. I'll first of all note for
5 the record that public notice of this meeting containing
6 all items on the agenda was filed with the Secretary of
7 State of Texas office at 3:32 p.m. on January 19th, 2016,
8 which is seven days prior to the meeting, in accordance
9 with the Government Code Section 551.044.

10 At this time I'd like to ask that before we
11 begin today's meeting that each of you place any cell
12 phones or other communication devices you have in the
13 silent or off mode. And I have done so, and please do
14 so.

15 If any of you wish to address the
16 Commission during today's meeting, you certainly may do
17 so. To do so, you'll need to complete a speaker's card
18 at the registration table. The speaker's cards look like
19 these (indicating). If it is an item on the agenda, on
20 the posted agenda, which you have seen, then you'll
21 complete a card that's a yellow card. And on this it has
22 a place for you to identify the agenda item number,
23 whether you're for it, against it or neutral. It has a
24 place for your name, and if you're representing a group,
25 for your title with that group and who you're here

1 representing.

2 So if you wish to address us with regard to
3 an agenda item, you certainly may do so. Fill out that
4 card, I'll hand it to Ms. Carter, our clerk. She will
5 present that to me, as needed. If it's not an agenda
6 item, you still may make your remarks that you wish to
7 make during the open comment session that's at the end of
8 our meeting. If so, the form is similar. It's a blue
9 card, it has similar information on it.

10 I do want to note that if it is an open
11 session and you make a comment that we on the Commission
12 cannot respond to that comment. We can't ask you
13 questions, we can't make comments to you. That's not
14 being rude, it is just -- if it's not an agenda item,
15 we're barred from discussing it by open meetings
16 requirements, so we will not be able to. Whether it's
17 a -- your comments are with regard to the agenda items or
18 regard to open comments, they are restricted to three
19 minutes of comments, so please bear that in mind when you
20 give your comments.

21 Before we begin further, I'm going to turn
22 the microphone over to our new executive director, James
23 Bass. Mr. Bass?

24 MR. BASS: Thank you, Mr. Chairman. At
25 this time I would like to ask Chief of Staff Rich

1 McMonagle to provide a safety briefing.

2 CHAIRMAN LEWIS: You're supposed to say
3 brief safety briefing.

4 MR. BASS: Brief safety briefing.

5 CHAIRMAN LEWIS: Your first one.

6 MR. MCMONAGLE: I don't have a brief one
7 prepared, Chairman. Mine's rather long. Thank you
8 Mr. Bass, Chairman and Commissioners. And to our guests
9 today I will be giving the safety brief. There are three
10 exits to this room. The main exit is the main door here
11 on the west wall. There is also an exit in the northeast
12 corner of the room and at the front by the dais. If
13 there's a need to evacuate the building, you can exit
14 through that door, through the lobby and out the front
15 door to 11th Street, out this door onto Brazos Street or
16 out the front door into the alleyway. We will assemble
17 on the lawn of the Capitol.

18 There are fire alarm pull stations in the
19 lobby of every floor. There are A, B, C type fire
20 extinguishers located on each floor, including on the
21 right side of the dais. In case of tornado or inclement
22 weather, stay inside and move away from the exterior
23 walls and windows. The primary shelter is in the
24 stairwells and the basement.

25 In case of a medical emergency, dial 911

1 from a cell phone or 9-911 from the TxDOT land line. Our
2 address here is 125 East 11th Street. There are
3 automated electronic defibrillators in the hallway by the
4 front station by the guard. There are also first aid
5 kits in the same location. In case of an active shooter
6 or a bomb threat, you will be directed what to do. Are
7 there any questions from anyone in the room? Thank you,
8 Mr. Bass.

9 MR. BASS: Thank you. Mr. Chairman, with
10 the safety briefing completed, I will hand the meeting
11 back over to you.

12 CHAIRMAN LEWIS: Thank you, Director Bass.
13 It is our custom here at the Commission to begin each
14 meeting before we consider the agenda items with the
15 comments of our Commissioners with regard to matters of
16 transportation and other matters, and let's begin that.
17 We'll start with Commissioner Bugg. Do you have anything
18 that you'd like to visit with us about?

19 COMMISSIONER BUGG: I'll defer my comments,
20 Mr. Chairman, right now.

21 CHAIRMAN LEWIS: Mr. Vandergriff?

22 COMMISSIONER VANDERGRIF: I'll defer mine,
23 as well.

24 CHAIRMAN LEWIS: Vice Chair Moseley?

25 COMMISSIONER MOSELEY: Well, I look forward

1 to hearing from my colleagues. What wonderful topics we
2 have today. Congestion, our strategic update on the
3 State Infrastructure Bank, so I'm really pleased,
4 Chairman, that you called this work session so we can
5 have a chance to have a full review. I look forward to
6 the updates.

7 CHAIRMAN LEWIS: Thank you. Commissioner
8 Austin?

9 COMMISSIONER AUSTIN: I'll defer until
10 tomorrow. But the only thing I want to share is that I
11 had the opportunity Friday to hear Commissioner
12 Vandergriff speak, and the thesis was the glass is half
13 full.

14 COMMISSIONER VANDERGRUFF: Make sure you --
15 that's positive.

16 COMMISSIONER AUSTIN: It was good. It was
17 good.

18 CHAIRMAN LEWIS: The only thing that I
19 would share, I was telling Commissioner Austin this
20 earlier, I was reading in a scientific magazine about the
21 origins of time and the theories of time and the latest
22 quantum physics, and the -- and the state of the art
23 foremost scientist of the world with regard to those
24 figures said what you have to do is think of it as a
25 slinky, how a slinky works, and if you stretch it and

1 all. And I thought, you know, I've heard a great mind
2 talk about this before. A world class mind has brought
3 this up before. I didn't need this brought back.

4 So with that thought in mind, I'll turn it
5 back over to James Bass.

6 MR. BASS: Thank you, Mr. Chairman. We
7 will begin today with Agenda Item 2-A. But before we
8 begin, which the discussion will be led by Interim Deputy
9 Executive Director Marc Williams, I would ask
10 Commissioner Bugg, who led this initiative at the
11 Commission level, if he had any opening comments he'd
12 like to make.

13 COMMISSIONER BUGG: Thank you, Mr. Bass.
14 And I do have some comments I'd like to make. In just a
15 moment you're going to hear from Marc Williams, as
16 Mr. Bass just mentioned. But I'd just like to say that I
17 want to thank the many men and women here at TxDOT that
18 have been working on this whole congestion relief
19 initiative.

20 And we have probably had over a dozen
21 meetings of the top executives at TxDOT here in Austin,
22 but also our district engineers. I want to specifically
23 highlight that the district engineers of five major
24 metropolitan areas we'll be talking about today have
25 played an integral part on this. And so -- and I also

1 want to thank -- and I'll also want to thank Stephen
2 Albright and Chewy Gonzales of the governor's staff who
3 traveled with me around the state as we conducted what
4 Marc will describe in just a minute as listening tours in
5 Dallas, Fort Worth, Houston, Austin and San Antonio.

6 And it's just been great to be in the local
7 communities, and I know that the local communities are
8 represented today. And I want to thank each and every
9 one of you for the time that you spent hosting us in your
10 respective communities and what a big impact and big part
11 y'all played in today's presentation.

12 So I'll turn it back to you, Mr. Bass, but
13 I just mainly want to thank everyone for their absolute
14 time, effort and energy to make today possible. Thank
15 you.

16 MR. BASS: Thank you. At this point we'll
17 turn it over to Interim Deputy Executive Director Marc
18 Williams.

19 MR. WILLIAMS: Thank you Director Bass,
20 Commissioners. Again for the record, my name is Marc
21 Williams, Interim Deputy Executive Director. And
22 Commissioner Bugg, thank you for that introduction and
23 for your time and leadership. You've been right there
24 with us throughout the whole effort, and as I think will
25 be apparent through this presentation, it's been an

1 extensive effort, and one that's ongoing. It is the
2 start, not at all the end of where we're going with this
3 congestion initiative.

4 I'm pleased to also be joined here as you
5 introduced by a number of our leaders here within the
6 Department, each of whom will be speaking at some point
7 during this presentation. Jerry Haddican, our Director
8 of Federal Affairs, Bill Hale, our Chief District --
9 Chief Engineer, Russell Zapalac, our Chief Planning and
10 Project Officer and Bob Kaufman, our Chief Information
11 Officer, along with the district engineers that you
12 referred to, as well as their partners in their urban
13 areas, the executive directors of the four metropolitan
14 planing organizations that are involved.

15 And all of those individuals have had an
16 extensive and collective role in this initiative, which
17 was kicked off back in September after Governor Abbott
18 issued a challenge to the Department directing us to
19 create a focused initiative to identify and address the
20 state's most congested choke points and work with
21 transportation planners to get new roads built swiftly
22 and effectively.

23 And then immediately following that
24 directive, Chairman Lewis appointed Commissioner Bugg to
25 lead the Texas Transportation Commission's congestion

1 relief initiative. And as we -- if you recall back
2 around that time period, it was in the October, November
3 Commission meeting, that we presented to the Commission
4 an assessment of where those most congested choke points
5 are. And it really -- if you look at where the
6 congestion is, where the major congestion is, it really
7 leads us to focus on the five urban districts that we're
8 focusing on today. And so those were identified in the
9 November 2015 Commission meeting, that included Austin,
10 Dallas, Fort Worth, Houston and San Antonio.

11 Only metro areas in Texas populations
12 currently over a million represent more than 65 percent
13 of the population, home to 97 of the Texas top 100 most
14 congested roadway segments, and each of them having at
15 least 11 segments in the top 100, at an average of 52.6
16 annual hours of delay per commuter in these areas in
17 2015.

18 And I would say, too, that as you look at
19 just about any congestion measure offered by the Texas
20 A&M Transportation Institute and those other folks that
21 study congestion in these -- in Texas and throughout the
22 United States, these areas really stand head and
23 shoulders above everybody else in all of those congestion
24 measures. We have delay per person, total delay. These
25 four are always at the top of the list.

1 We initiated an internal task force of key
2 TxDOT administration and district personnel who met, as
3 Commissioner Bugg mentioned, over a dozen times. And
4 then we commenced a listening tour, which we'll go
5 through and describe for everyone today really the
6 process that was involved in that.

7 And this is just a picture of one of those
8 internal task force meetings that we met and -- not only
9 with folks that were here from -- in headquarters, but
10 also our district engineers, many of whom are shown in
11 the picture here, took the time to travel to Austin on a
12 regular basis to be part of these initiatives, and
13 then to -- or to join by telephone. But by and large
14 they took the time to be here in person.

15 We mentioned also the listening sessions,
16 and at this point in time I'd like to turn the
17 presentation over to Jerry Haddican, who is our Director
18 of Federal Affairs, and he and his term were really
19 integral to working with myself and Commissioner Bugg and
20 our districts in coordinating these sessions, each of
21 which involve just sort of a minor initiative in and of
22 themselves to get all these people here. So Jerry, turn
23 it over to you.

24 MR. HADDICAN: Good afternoon,
25 Commissioners, James. For the record, my name is Jerry

1 Haddican, Director of the Government Affairs Office of
2 TxDOT. As Commissioner Bugg mentioned and Marc
3 mentioned, there were about a dozen meetings. Six of
4 them were what I call formal meetings in this -- in the
5 delegation room back here. One of the other meetings,
6 for example, was a meeting that Commissioner Bugg led at
7 the forum with the head of the MPO directors, who were
8 all here, to make sure things were going smoothly.

9 What we were -- what -- part of the charge
10 was to develop a highly collaborative approach for
11 expending the funds on congestion that the legislature
12 had provided through the diversions. And what became
13 clear is that those internal meetings were not -- were
14 necessary, but they were not going to be sufficient to
15 accomplish that goal.

16 So Commissioner Bugg took us on the road,
17 started in Austin on December 14th. And you can see --
18 at these meetings, he -- he had two sets of meetings,
19 typically in a metro area, technical meeting in the
20 morning and a centers of influence meetings in the
21 afternoon. And you can see here Senator Watson, Judge
22 Eckardt, Mayor Adler and Commissioner Will Conley
23 attended this Austin meeting, along with Representative
24 Israel Workman. Present there were business leaders in
25 the Austin meeting and also the MPO.

1 The following week, the month -- the Monday
2 before Christmas, Commissioner Bugg opened up the Tobin
3 Endowment Center and held another meeting with elected
4 officials and leaders in San Antonio, including
5 Congressman Castro, Senators Uresti and Campbell, Speaker
6 Strauss attended, Judge Wolf was there, along with others
7 in the business community in the San Antonio Mobility
8 Coalition.

9 Last Tuesday Commissioner Bugg had an
10 afternoon meeting in the Kay Bailey Hutchinson Convention
11 Center, which was very well attended. We had three state
12 senators, the county judges from the three most populace
13 counties in the Dallas district and a variety of mayors
14 and business folks, including the Dallas Citizens
15 Alliance.

16 In Fort Worth it was held at the Tom
17 Vandergriff Civil Courts building, and had another good,
18 robust discussion. We had three representatives. The
19 Tarrant Regional Transportation Coalition was there,
20 along with a variety of representatives from several
21 counties in addition to Tarrant County and several
22 cities.

23 The Commission -- this phase of the
24 listening tour ended. And last week and this week
25 Commissioner Bugg make the point that this was not a

1 surge operation, that this was the beginning of an
2 initial, sustained strategic plan by the Commission to
3 tackle congestion on behalf of the citizens of the state.
4 So the first piece is funded by the ending of diversions,
5 but that there was sustainable funding coming and that
6 this would be brought to bear on behalf of folks who are
7 stuck in congestion.

8 And you can see to the bottom left of the
9 screen, Mayor Turner, who will be here tomorrow, Judge
10 Sebesta and Judge Ed Emmett attended, along with a
11 variety of people who came in the afternoon, including
12 representatives for the port, business associations and
13 other elected officials. I believe five state reps were
14 at that portion of the listening tour.

15 And with that I will turn it over to Bill
16 Hale, our Chief Engineer.

17 MR. HALE: Good morning. I wanted to pull
18 together our districts. They had worked since last
19 summer putting together projects that could be pulled out
20 of here for a congestion operation. There was a thought
21 at times if we got some sustainable dollars, we got some
22 opportunities, we would end up having some projects ready
23 to be put forth, because a lot of the project that had
24 been put in place in these highly congested areas that
25 had some money on it, but not very much money.

1 And we were able to pull together over
2 the last several -- I guess the last several months the
3 ability the leverage this \$1.3 billion operation to pull
4 together about \$2.4 billion worth of projects, and with
5 the construction beginning as early as this -- right now
6 and ending as early as 2018 with cars on the road.

7 This effort will save travelers 2.9 million
8 hours the first year alone, and the inflationary cost of
9 pulling projects as much as eight years forward will save
10 us about \$457 million for these projects by doing them
11 now versus eight years from now. So this is a huge
12 savings. So with that in mind, I'll bring up the first
13 group to talk about it, Terry McCoy and Ashby Johnson
14 right now with the Austin district who have worked hard
15 on several projects.

16 MR. MCCOY: Good afternoon, Commissioners.
17 And we appreciate the opportunity to be here to present
18 four projects to you from the Austin district. Each one
19 of these four projects directly impact the single most
20 congested corridor in the state of Texas, and that's I-35
21 in Austin proper. So just go -- I think go through these
22 one by one.

23 And again, we'll echo the sentiment, we
24 appreciate Commissioner Bugg's leadership on this and
25 appreciate the opportunity to visit with you about these

1 projects. We do have four projects. The first project I
2 want to talk to you about is on I-35 at 51st Street. And
3 these are making improvements to southbound I-35. This
4 is -- will improve a major bottleneck that's experienced
5 every day, almost day along on I-35. In addition to
6 being on the most congested corridor in the state of
7 Texas, this is on the top ten of the National Freight
8 Bottlenecks, as well.

9 So going here, and with this -- with the
10 dollars that you guys are considering, we'll be able to
11 address some of these bottlenecks. Each one of those
12 projects, again, is part of a larger program of projects
13 for I-35, and each one of them work independently and
14 then will work collectively as we're able to do them --
15 do more and more of these individual projects.

16 So this project -- the total project cost
17 of 23.7 million, 11.4 million of these dollars will come
18 from the congestion relief initiative. This one is a
19 good project for us, because the City of Austin is also
20 bringing \$9.2 million to the table to help us fund this
21 project.

22 The second project is our improvements on
23 I-35 at Oltorf. It actually extends from Woodland to
24 Woodward. There we'll reconstruct the Oltorf bridge,
25 reconstruct the main lanes, improve the ramps, improve

1 the frontage roads, improve the intersections. Again,
2 treat I-35 as a system and improve each part of the
3 system in this particular location.

4 Total cost of this project is 66.9. Of
5 that 66.9, 54.5 comes from the congestion relief
6 initiative. The remainder comes from work that we've
7 already accomplished at the district through project
8 development in getting the project ready. This project,
9 it could go to letting as early as summer of 2016 and be
10 completed by fall of 2018.

11 Third project is on I-35 really at U.S.
12 183. It extends from Rundburg Lane on the north end to
13 290 on the south end. It's a very large project for us,
14 248 million total dollars for the price tag, total
15 project cost. The congestion relief funding is 82.7.
16 We've again invested quite a bit of this. This is a
17 project that has a gap -- funding gap left with it of
18 about \$131.3 million, and we'll be working with our local
19 partners to identify those funds and get this project to
20 construction in the summer of 2017.

21 So the final project I'll visit with you
22 about is a traffic management system initiative, bringing
23 \$10 million from the congestion relief initiative, and
24 that again is going to help us manage our traffic. In
25 addition to construction, we'll try to manage the traffic

1 and improve flow, reduce congestion. With that
2 \$10 million, there's a delta of about \$40 million on that
3 project, as well.

4 So again, Commissioners, we appreciate the
5 opportunity. Thank you, especially Commissioner Bugg.

6 CHAIRMAN LEWIS: Before we go any further,
7 Commissioners, are there any questions of these gentlemen
8 with regard to these Austin projects, proposed projects?

9 COMMISSIONER AUSTIN: I just had one for
10 Bill. When you started off the presentation, you talked
11 about the savings that we had. Would you mind repeating
12 that again, that we were able to bring -- because we're
13 able to bring forward the funding.

14 MR. HALE: Yeah. The funding, when you --
15 if you add the cost of inflation and everything to wait
16 seven to eight years to build a project, by moving it
17 forward, you're going to save about \$457 million by
18 pulling those products forward to do it now. It averages
19 about \$173 million a year by doing it now versus waiting
20 until eight years from now to take care of it.

21 COMMISSIONER AUSTIN: And the inflation
22 you're talking about is in construction costs,
23 construction cost index, and that's going up.

24 MR. HALE: It's the highway cost index, and
25 it's gone up by a six percent increase at times.

1 COMMISSIONER AUSTIN: I'd say that's a
2 great number, Bill, looking at having the project. Thank
3 you all. And again, what Commissioner Bugg was saying,
4 having these projects ready to go and having the money to
5 do it will save. And we're trying to get ahead of the
6 curve, not stay behind it. So thank you.

7 MR. WILLIAMS: Commissioners and Bill, it
8 may be helpful, Ashby -- to have Ashby comment just a
9 little bit about the discussion that you've had with your
10 MPO board members, these three projects. While Terry
11 kind of presented them, it's been a collaboration between
12 you and district and the MPO board and may be helpful for
13 the Commission just to kind of hear about the discussions
14 that you all have had.

15 MS. ASHBY: Thank you, Marc. As you say,
16 this has been a collaborative effort from the beginning.
17 CAMPO certainly appreciates the partnership that we have
18 with TxDOT. And before I took this job 18 months ago,
19 Terry was already working on this as Assistant DE and now
20 as DE of the Austin district and was well down the path.
21 But this -- the projects in particular on 35 that you saw
22 listed this afternoon have been priorities for my policy
23 board for some time.

24 If you look back in the fall of -- actually
25 September 2014, you will see that we, as the policy

1 board, as the MPO for Austin, committed our Proposition 1
2 funds to I-35 as a priority. So this has been an ongoing
3 issue for us that we certainly want to address. And the
4 district has certainly -- and the administration has
5 certainly been involved in the MPO all along.

6 CHAIRMAN LEWIS: Thank you very much.

7 MR. HALE: Next I'd like to have Michael
8 Morris come up and Kelly Selman at this time. And
9 Michael will be up here from up above both Dallas and
10 Fort Worth, because he had both of them. And if you
11 would, I'd like to let y'all present your projects.

12 CHAIRMAN LEWIS: Before we again,
13 Commissioner Vandergriff, did you have any comments you
14 wanted to make before we begin? Okay. Thank you. Then
15 we'll go forward. Go ahead, sir.

16 MR. SELMAN: I appreciate the opportunity
17 to be here, and I want to reiterate that thanks to
18 Commissioner Bugg. We had great meetings in Dallas, as
19 well as at the RTC on Wednesday over in Arlington. And
20 we're excited about the projects that we're able to show
21 you from Dallas. Both are on Interstate 35E, the first
22 being what we call Lowest Stemmons. It's the area on 35E
23 on the west side of downtown from roughly Commerce Street
24 up to Oak Lawn, and Interstate 35E, the project we call
25 the Southern Gateway, which goes from about Eighth Street

1 south to the U.S. 67 split, along U.S. 67 down to
2 Interstate 20.

3 The cost of the projects. Lowest Stemmons,
4 about \$100 million, the Southern Gateway, a \$655 million
5 project, of which congestion initiative funding will be
6 \$264 million. That's coupled with about \$153 million of
7 Commission discretionary money that was saved from our
8 interstate bridge 345 bridge repair project, and the
9 remaining balance of that funding comes from MPO dollars.

10 The Lowest Stemmons project is the
11 construction of collector distributor lanes along
12 Interstate 35E. There's a bad leaf (phonetic) northbound
13 from Woodall Rogers Freeway that conflicts with traffic
14 wanting to exit to the Dallas North Tollway. These new
15 lanes will exit the DNT traffic before that entrance ramp
16 from Woodall Rogers, and I have a microsimulation that
17 tells the story very clearly about the improvements that
18 we get.

19 These are systematic improvements. It will
20 also improve Woodall Rogers Freeway, which is currently
21 in the top five statewide as the most congested freeway.
22 There's really nothing we can do to add capacity along
23 Woodall Rogers, but freeing up the lanes on Lowest
24 Stemmons will do that. So at this time I'd like to show
25 you our microsimulation.

1 This first simulation is southbound in the
2 morning peak. The red traffic is traffic along Lowest
3 Stemmons, the green traffic is traffic entering from the
4 Dallas North Tollway. You can see at the bottom is the
5 no build scenario, a huge congestion along Lowest
6 Stemmons. And then the top is the -- with our proposed
7 improvements with the collector distributor roadways.

8 The real improvement comes in the
9 northbound p.m., and this -- this basically is the
10 same in the -- I mean this, is the a.m. northbound. You
11 basically get the same effect in the p.m., also.
12 Southbound is relieved by our horseshoe project, which is
13 currently under construction. But if you look at the
14 bottom you see huge red along -- on the left side.

15 That is the entrance ramp along Woodall
16 Rogers Freeway trying to access northbound Stemmons. The
17 green traffic is traffic that wants to exit to go to the
18 DNT. Not only is there congestion, as I said, along
19 Stemmons, there's huge congestion that backs up Woodall
20 Rogers Freeway, and the effect -- it's only about a two
21 mile roadway, it affects U.S. 75 and Interstate 345 also.

22 At the top you see the addition of these
23 collector distributor roadways frees that up. The
24 average speed actually goes from about 15 miles an hour
25 on Lowest Stemmons to 50 miles an hour after the

1 construction of these collector distributor roads.
2 Although \$100 million is a lot of money in relative terms
3 for a freeway project like this, it's fairly cheap for
4 the gain that we get in the system.

5 Our second project is the Southern Gateway
6 project. It's currently what we call a 4 -- 1R4, which
7 is four general purpose lanes, one HOV lane that's
8 reversible, and then along 67. The proposal is to add
9 another general -- reconstruct 35E adding an additional
10 general purpose lane, which would give us five lanes in
11 each direction, and add an additional HOV lane. There
12 will be no tolling element to this project.

13 Along U.S. 67 from the split south we will
14 salvage the existing roadway and add a third general
15 purpose lane in each direction, along with a one lane
16 reversible HOV. As I said before, it's a total
17 \$665 million project, of which the congestion initiative
18 will bring the \$264 million to close the funding gap.

19 And at that point I'll turn it over to
20 Brian.

21 MR. BARTH: Thanks, Kelly. Brian Barth,
22 Fort Worth District Engineer. The projects in the Fort
23 Worth district that we're able to advance because of this
24 congestion initiative are projects that are essentially
25 completing systems. And we talk a lot about the benefit

1 of systems, and you can really see the impact of not
2 building the complete systems, and these projects kind of
3 demonstrate that.

4 The first one is State Highway 199 up
5 between Azle and Lake Worth. A number of years ago we
6 built frontage road sections throughout the corridor. We
7 built some main lanes and some cross street bridges, but
8 we had a gap that we weren't able to fund until this
9 initiative came about. And the benefit of this project
10 is -- of course it's adding the through capacity on State
11 Highway 199.

12 But in addition to that, it's also
13 adding -- or decreases delay times on traffic approaching
14 the corridor, because we're -- or we're adding three new
15 bridges that cross State Highway 199, so you eliminate a
16 lot of that circuitous movement that people have to take
17 to get to the direction they're going by adding these
18 cross street bridges. This is a \$56.5 million project,
19 and you can see the benefit there at the bottom that we
20 gain by building this project early through this
21 congestion initiative.

22 The second project is a project that was
23 originally part of the DFW connector scope, the way it
24 was procured, that's the interchange of 121 and 360. We
25 had to defer that portion of the work because of

1 available funding at the time. This -- what this project
2 really does is it improves the northbound traffic flow,
3 especially in the a.m. period, because it's -- will
4 separate the traffic that's wanting to go along 114
5 from -- 114 eastbound, it separates that traffic that
6 wants to go to 114 eastbound, eastbound and westbound, so
7 it separates that traffic.

8 The schedule that we have on this project
9 is spring of 2017. We think we can deliver that project
10 earlier by taking advantage of the DFW connector contract
11 that we have in place out there, and we'll try to work to
12 do that. We've actually had some -- we've received a
13 letter from the City of Grapevine, and it actually asked
14 us to do this just that, but the -- because this is a
15 need that needs to be addressed immediately. And it's
16 very apparent once we got the DFW connector built, the
17 part that we did get built, the impact of leaving this
18 section out.

19 And then the third project is a project
20 that was -- components that were deferred out of the
21 North Tarrant Express project. And this is the 820 --
22 the north south section of 820 from 121 or the Northeast
23 Mall area south to Randall Mill, and it's adding
24 additional capacity on 820. We have -- we added the
25 additional capacity on 820 at I-30 when we built the

1 interchange at I-30, and this takes that additional
2 capacity from there north all the way into the North
3 Tarrant Express.

4 The additional thing that we're adding in
5 this project is the direct connectors to State Highway
6 121. And the important part of that is you get
7 additional mobility benefit, but you also get some
8 redundancy in the two corridors between 121 and I-30.
9 Right now if there's traffic backed up on I-30 into
10 downtown Fort Worth, you really don't have any
11 alternative route. If we get these direct connectors
12 built up to 121, that's an alternative route that you can
13 take.

14 This project uses about \$ 46.3 million of
15 the congestion initiative. We also have federal bridge
16 program money in this project for the bridges across the
17 Trinity River south of 121. And then we are taking
18 advantage of some savings that we've recently -- we think
19 we'll incur on the 35W 3-C Segment and moving them to
20 this project to complete this project. Those are the
21 Fort Worth projects. Thank you.

22 COMMISSIONER AUSTIN: Brian, before you
23 step down, I want to go back to Page 24 where you're
24 looking at State Highway 121. Yeah, right there. Last
25 week I had the opportunity to visit with former

1 Commissioner Bill Meadows, and he serves on the Board of
2 the DFW Airport, and he was really thanking the
3 Commission for looking at this, but also for giving it a
4 whole other perspective. In looking at -- DFW is one of
5 the busiest airports in the country, in the world, for
6 that matter. He said over half of the revenues they
7 generate is not just from passengers, but is from
8 freight.

9 And he said given a global perspective from
10 the entire region of the metroplex, look at all of the
11 distributor networks that are coming in and out of the
12 airport to distribute that freight, whether it's the
13 managed lanes, the increased capacity. All the way
14 around it is extremely important, and I -- I really
15 appreciate his perspective on that, that as we go through
16 the rest of these reports and even going forward that we
17 continue to work with not just our airport partners, but
18 ports to redistribute a lot of that freight. But I
19 really appreciated his perspective of that. It was
20 great. Thank you to everybody. And Michael, he said
21 thank you to you, too.

22 MR. BARTH. If I can, I could point out a
23 couple of things about this. You know, we improved the
24 north entrance to the DFW airport with the DFW connector
25 project. We're improving the south entrance with the --

1 entrance with the Midtown Express project. This -- this
2 corridor, you know, that northbound movement in the
3 morning, that's the way a lot of people are getting to
4 the airport. And then on that 820 project, a lot of
5 people from downtown Fort Worth are coming up through
6 that corridor to get up to airport. So we've got two
7 projects that benefit DFW airport.

8 MR. HALE: And I'd like to add -- Michael
9 said a few words -- this district -- both of these
10 districts together have to have about 43 different groups
11 to come together to these projects to work on them. You
12 might want to mention that, as well.

13 MR. MORRIS: Bill, thank you. I really
14 want to thank Commissioner Bugg for spending so much time
15 with us, and obviously the Governor's Office to focus on
16 this, and hopefully with your support in the next few
17 months. All of these projects move from individual
18 projects to systems, so Brian's three projects are all
19 staged constructed projects of subsystems, that because
20 we didn't have enough money, we didn't get the full
21 benefit of those particular projects, 199, the North
22 Tarrant Express and the DFW connector. Now you get the
23 benefit of these project, but you get the benefit of rest
24 of the constructions that's been built in these
25 particular corridors.

1 When it comes to the eastern side, as you
2 can see from the microsimulation that Kelly presented to
3 you, you get the obviously true benefits of the horseshoe
4 project, the \$800 million project of replacing two
5 interstate highway bridges, connected now with Lowest
6 Stemmons and connected now with Southern Gateway. You
7 now have main street Texas continuing to get the
8 attention of this particular Commission, for obviously
9 mobility, reliability, safety and economic development.

10 So thank you for the opportunity for us to
11 be here. And think of these not just as projects, but
12 completing systems of projects to benefit the passenger,
13 as well as the goods movement in our communities. Thank
14 you.

15 MR. HALE: Next I'd like to bring up Quincy
16 Allen and Alan Clark from the Houston District.

17 MR. ALLEN: Good afternoon, Commissioners.
18 And thank you again, Commissioner Bugg, for all your work
19 on this effort. I'd like to thank Alan Clark for coming
20 up here and being such a good partner to the Houston
21 district and your leadership and the MPO.

22 All righty. Okay. Here's our spreadsheet.
23 We have identified three projects for this first wave of
24 Prop 7 money. And I think Mr. Morris makes a good point
25 about a systematic approach, because all three of our

1 projects are going to be able to tie the future projects
2 that will improve our system as we move forward. Let's
3 go look at -- if you'll look at the spreadsheet there,
4 obviously the total cost of our project is about
5 \$447 million.

6 Okay. The first one is the Gulf Freeway
7 from NASA 1 down to FM 518. And we've been able to make
8 this project an earlier reality, and I'd like to thank
9 the MPO for also making this corridor a priority. So as
10 we get this project queued up, I anticipate that we'll
11 have several others coming closely behind them in the
12 next coming of years as the money becomes available.

13 Okay. This is U.S. 59/I-69 at I-10
14 interchange, also a systematic approach. Just north of
15 this project is the second most congested section of
16 roadway in Texas, and we're glad to be second behind our
17 good friend from Austin. Just to the -- just to the east
18 of this project is also the fourth most congested section
19 of roadway in Texas, and a favorite of our county judge.

20 Anyway, we're excited to be able to build
21 this project now that the Prop 7 money has helped make
22 this thing a reality a couple of years sooner than what
23 we had planned. It's a \$287 million project. It
24 completely reconstructs that interchange. We're very
25 close to the Galleria in Houston, if that gives you a

1 frame of reference.

2 As far as the systematic approach, we have
3 other projects planned, particularly on the west loop.
4 We're now exploring the feasibility of express lanes from
5 I-10 to U.S. 59 that will dovetail into this project once
6 they're developed, and also will benefit from future
7 funding of this type.

8 Last but not least is a section of I-10, a
9 widening there out near the western edge of our boarder.
10 It's sort of between Katie and I guess Sealy, if you
11 will. It actually starts in Brookshire and would run to
12 the Brazos River. We're adding a full main lane in each
13 direction, and also developing -- further developing the
14 frontage roads in the area. They're currently two way
15 discontinuous frontage roads. When we get through with
16 this project, there will be two-way -- excuse me, two
17 lane one-way frontage roads.

18 As time progresses, we are going to push
19 this work on I-10 to Sealy, and then I anticipate our
20 brothers in Yoakum will take that on to Columbus. But
21 here the systematic approach allows us to continue to
22 move that way. The total cost of that project is
23 \$242 million. That's the first phase. Okay. Back up.
24 Thank you very much.

25 MR. HALE: Y'all went through a lot of

1 effort. Do you want to say something about what you did.

2 MR. CLARK: Thank you, Commissioners. I do
3 want to appreciate -- express my appreciation for the
4 Houston District and their diligence with these projects.
5 We're here today focused on the issue of traffic
6 congestion, but let me assure you that these projects
7 will advance all of TxDOT's priorities. The intersection
8 with 59 and 610 is one of the highest crash locations in
9 our area, and probably the location where a vehicle crash
10 creates the largest amount of delay we experience on a
11 daily basis.

12 Projects like the I-45 project is going to
13 advance a very significant part of work, which would have
14 lagged potentially other sections which for other reasons
15 were going to be implemented sooner. I don't know about
16 you, but I hate going through the barrels, barrels are
17 gone, back at the barrels again. This will help us
18 advance that work in that part of our region. And I-45
19 is in need of major reconstruction, so it certainly
20 supports our goal of a well supported and a system that's
21 in good condition.

22 And then the I-10 work, although Quincy did
23 not say it, I know you're very aware of the heavy freight
24 activity that we have in the I-10 corridor. This
25 location is part of a choke point as you enter our region

1 and leave our region because of its narrowing. Promoting
2 that further west -- I'd like to go to San Antonio
3 personally at least before we stop, but I will go to
4 Sealy next if that's where we can go.

5 So I do want to assure you that Houston
6 District has done an excellent job of trying to meet all
7 of your key objectives, especially congestion relief with
8 these projects.

9 MR. WILLIAMS: Bill, before we turn it over
10 to San Antonio, one thing I want to kind of correct is
11 that the funding for this was not -- is not tied to Prop
12 7, it is part of the congestion -- it is -- the
13 congestion initiative funding is tied in large part to
14 the additional capacity that was provided through the
15 legislative effort to end diversions. And so the
16 \$1.3 billion is generally equal to about two years of the
17 diversion money that the Department will be receiving.

18 We do hope and we have noted on several of
19 these projects that there is project development funding
20 going toward future projects that may be opportunities
21 for Prop 7 funding in the future, but the money that
22 we're talking about today is part of this congestion
23 initiative is tied to the diversion. The Department has
24 not yet gone through the process of looking at Prop 7.
25 That's an effort underway with HB 20 that will be

1 determined as we go through that particular process.

2 MR. HALE: Thank you, Marc.

3 CHAIRMAN LEWIS: Just a second, gentleman.
4 Vice Chairman Moseley, do you have a thought, a question?

5 COMMISSIONER MOSELEY: Thank you, Chairman.
6 Before Team Houston sits, down, I'm just curious, Marc,
7 what is the definition of a congested roadway? What are
8 we using? And I know at one time Governor Dewhurst had
9 asked us to identify the top 100 congested roadways
10 statewide, and I know we've been looking at refining and
11 fine tuning. And I know the FBI has their top ten most
12 dangerous criminals known to mankind, and I assume we've
13 got a top ten most congested.

14 So I think it would be useful if there was
15 just generally an understanding of what is the definition
16 of congestion. Is it a federal guideline that we're
17 working off of or is it just internally something that we
18 find very useful? How many vehicles per mile, you know,
19 what kind of lanes, what kind of slowdowns.

20 So I'd just be interested to get a sense of
21 what a definition is and what you were using in your town
22 hall meetings to have the ongoing dialogue. And then
23 what are the top ten roadways. And then are these
24 projects that we're looking at, are they addressing the
25 top ten. Because I think that's the spirit of Governor

1 Abbott's charge that we move traffic, reduce congestion,
2 clean up the air. But if we're not focused on the top
3 ten, what are we doing? And I guess that's kind of my
4 question to lead off on, and then I'll get around to
5 Houston.

6 MR. WILLIAMS: Governor Abbott charged us
7 to look at the most congested areas of the state, and
8 those were the four, five urban areas, the five urban
9 areas that we identified here. And I think one of the
10 common themes -- first of all your question about what is
11 congestion. You can go all across the state and get a
12 different definition of congestion, and I think all of
13 those definitions are reasonable. A lot of times it's
14 your perspective.

15 But when you look at measures such as total
16 hours of delay and -- and then just your time delay.
17 Kelly Selman presented when he was talking about the
18 Lowest Stemmons Freeway changing the travel speed,
19 improving the travel speed from an average of 15 miles
20 per hour to 55 miles per hour, that opportunity to
21 increase that travel speed where people are driving it
22 below what is signed, that is an opportunity to address
23 congestion.

24 But in large part we looked at those urban
25 areas, we realized that the areas that we're talking

1 about are a system. And oftentimes you may have
2 identified a top 100 segment, and we come out with a list
3 of the top 100 segments through the Texas A&M
4 Transportation Institute every year, but oftentimes
5 providing relief to those segments can come about from
6 addressing adjacent facilities.

7 And Kelly talked about a good example in
8 Dallas was, again, that Lowest Stemmons, while it's not
9 directly on Woodall Rogers, it's freeing up traffic flow
10 coming off of Woodall Rogers to help not only improve
11 congestion along Lowest Stemmons, but also Woodall
12 Rogers. And so we asked our districts and our MPOs to
13 really focus on those top trouble spots that they have in
14 their area, but also to look around the region looking at
15 projects that can be implemented quickly in a timely
16 manner, and also addressing areas that may not
17 necessarily be directly on the top 100 list, but
18 represent local choke points or local priorities.

19 And that was one of the big objectives of
20 the listening sessions that we had, is we really wanted
21 to -- in setting the objectives in place, we really
22 wanted to in turn turn it over to our district engineers
23 and our MPOs and the local leaders there to work together
24 to identify those projects that best met those overall
25 objectives in being able to deliver projects quickly,

1 address the system and choke points in the area.

2 COMMISSIONER MOSELEY: So the definition of
3 congestion is the MPO, the district engineer agree that
4 generally there is going to be enhanced mobility and it
5 could be on system or off system, but that it will
6 contribute to relieving this delay of drive time. Is
7 that will generally what you I hear you saying?

8 MR. WILLIAMS: Yes.

9 COMMISSIONER MOSELEY: And if that's the
10 case, how does that line up with our top ten?

11 MR. WILLIAMS: Well, we have a top 100 that
12 changes every time. We've addressed several of them that
13 identify -- that have -- that are tied to the top ten
14 within the top 100. Not all of these tie to the top ten
15 for a variety of reasons.

16 COMMISSIONER MOSELEY: Okay.

17 MR. WILLIAMS: It goes back to some of the
18 points that we described earlier, that what we've got are
19 oftentimes system improvements that will help alleviate
20 those indirectly in some cases. In other cases they may
21 be off of the top ten or the top 100, but they are within
22 the region that we're trying to mitigate congestion on,
23 and that's where Governor Abbott charged us is to look at
24 those areas as a whole, holistically and work with the
25 locals to identify projects that could be delivered

1 quickly and represent their local priorities.

2 COMMISSIONER MOSELEY: And I think that
3 probably is the spirit. But my sense, Commissioner Bugg,
4 is you're really looking for a way to move the needle
5 quickly on mobility. Is that correct? I mean, that was
6 one of your guiding lights I'm guessing on this
7 discussion.

8 COMMISSIONER BUGG: Absolutely. And all of
9 these projects for all five metropolitan areas not only
10 directly impact congestion relief, but we also were
11 looking at the matrix of what is in the pipeline that
12 can -- we wanted to take the worse choke points as our
13 criteria, and then look at how far along the pipeline the
14 environmental clearance is, the rights-of-way, do we have
15 all that so that we can deploy these dollars immediately
16 and let the taxpayers in the state of Texas see that
17 those taxpayer dollars are at work.

18 COMMISSIONER MOSELEY: Right. Well, I
19 appreciate so much this effort. My question back to the
20 Houston team now, I guess. The Houston regional
21 population is equal to the Dallas/Fort Worth regional
22 population, and yet we're seven percent lower in our
23 allocation. Is that because we're not shovel ready or
24 environmentally we're not just ready to put the dollars
25 to work? Is that -- would that be the primary reason

1 that we're regionally not equal in our allocation?

2 MR. HALE: I believe when you combine the
3 entire region up there, the Dallas Fort Worth
4 region is -- when you add both Dallas and Fort Worth,
5 it's just slightly larger, and that's where --

6 COMMISSIONER MOSELEY: Is it seven percent
7 larger?

8 MR. HALE: It's roughly in that
9 neighborhood when you add them both together.

10 MR. WILLIAMS: Commissioner, we used a
11 formulate distribution to distribute these funds that
12 accounted for population and the amount of traffic on the
13 roads and the size of the system in those urban areas,
14 and it's a formula that's been adopted by TxDOT and the
15 MPOs. And so when we applied -- to be sure that
16 everybody got an equitable amount, we applied that
17 formula that looked at those factors to these five urban
18 areas to make sure that there was an equitable
19 distribution between those areas.

20 COMMISSIONER MOSELEY: I appreciate that.
21 This is the first time I've seen these numbers, so I
22 wasn't real clear on the formula you were using. And I
23 don't know if you guys want to add anything to that. But
24 it seemed like the numbers that I've seen is that the
25 Houston region was almost -- a little bit smaller than

1 Dallas/Fort Worth, but I don't know that it was seven
2 percent smaller. So I'm interested to know that we've
3 got a formula at work. Thank you.

4 MR. HALE: Next I'd like to bring up our
5 very own Vanna White, Mario Jorge, the district engineer
6 from San Antonio, and Sid Martinez.

7 MR. JORGE: I'm not sure how I can follow
8 that one. Thank you, Bill. Good afternoon
9 Commissioners, Mr. Bass. Glad to be here. First of all
10 I want to thank Commissioner Bugg for hosting us in his
11 office there in San Antonio for the listening tour. I
12 think it was very well received, had a lot of great
13 comments from our folks down there. So I kind of wanted
14 to represent to you the projects that came to light in
15 those sessions for our district. And so if you look at
16 the map right here, this is the -- kind of identifies
17 both projects that were -- that were selected as our
18 highest priority right now with this initiative. We'll
19 talk a little bit about each one of those projects. And
20 I know Sid is going to talk a little bit about the MPO
21 perspective to this process and these projects.

22 The first project that I want to highlight
23 here is kind of on the west side of San Antonio, 410 and
24 U.S. 90. This is the fastest growing population area in
25 our district or in our city. It has good activity to the

1 Lackland Air Force Base, lots of population growing out
2 there. Important to point out that this project actually
3 is -- will be part of a system of projects that the MPO
4 has previously funded with Proposition 1.

5 Just north of this project on 410 and 151,
6 we have an ongoing interchange and expansion to 410
7 that's under construction right now. And just south of
8 it, west of it on 90 we have a project that has also been
9 started recently to expand U.S. 90 portions. So this is
10 sort of the missing piece in the middle for that system.

11 And so what this project will do is it will
12 add some operational improvements and capacity to 410,
13 which is part of our -- one of our most congested
14 corridors from Bandera Road down to 90, and then also it
15 will construct two of the priority direct connectors that
16 will really address the peak hours on 410 southbound
17 going 90 west in the afternoons, and then 90 east going
18 to 410 north in the afternoon. So very important
19 projects, a great benefit.

20 This one is going to be one that's ready to
21 roll this summer. Plans are almost finalized and
22 environmental is clear, so we are looking forward to
23 starting that construction.

24 And to the drivers, to the users this is
25 important, the fact that they are going through a

1 construction zone -- through two construction zones right
2 now on 410 and on 90. This will feel like it's just part
3 of that project and they won't feel like they're getting
4 hit two or three times. So I think that's the key
5 element.

6 The second project I want to highlight to
7 you is really another part of our system. U.S. 281 is
8 our most congested corridor in San Antonio. There is a
9 project from 1604 to Stone Oak Parkway, which is just
10 south of this project that we are working on plans. It
11 is environmentally cleared and construction will begin
12 early next year. So this segment continues that
13 expansion north.

14 The key to this funding for us is that it
15 allows us to begin the right-of-way acquisition for the
16 project, which is significant and it's going to take the
17 better part of two years, so the fact that we can use the
18 congestion initiative to fund those 80 some million
19 dollars for this project to begin acquisition of
20 right-of-way will accelerate the construction of the
21 project ultimately.

22 And it's a project that our MPO has
23 identified as the highest priority project for our
24 region. So those are the two projects that I did want to
25 share with you. And like I said, they're significant

1 projects for our area. And I know Sid has got a little
2 bit to talk about, especially concerning 281 that we've
3 been trying to build for some time.

4 MR. MARTINEZ: Thank you, Mario. Thank you
5 Chairman Lewis and members of the Commission for the
6 opportunity to be here today. We really appreciate the
7 level of collaboration that we've had on this project.
8 And Commissioner Bugg, thank you again for conducting the
9 listening tour and coming to San Antonio and listening to
10 the needs of our community.

11 As Mario stated, the two projects that
12 we're submitting today are important projects for our
13 region. They're projects that have been included in our
14 MPO of long range plan, they've been vetted by the
15 public. U.S. 281 is no stranger to anyone. If you've
16 been around San Antonio for a while, you know, this
17 project has been happening for the last 15 years. It's a
18 project that's on the -- that's been part of the
19 imagination, fascination of our political elected leaders
20 in San Antonio for a long time, and for good reason.

21 I think as part of the bullets here it
22 states that this project is No. 32 on the top congested
23 corridors. But at one time or another it's been in the
24 top ten. At one time I think -- I believe it was the
25 No. 1 congested corridor within the state. We've been

1 able to make some temporary improvements that have helped
2 it, but we have not been able to add the capacity that it
3 needs. And so this money, although won't write the final
4 chapter in this long 15 year saga, it will get us a lot
5 closer to finishing that project.

6 So thank you for the opportunity to move
7 forward with two very strong projects for Bexar County.
8 And we hope that we can continue to work together to make
9 those projects come to fruition.

10 CHAIRMAN LEWIS: Thank you. Commission
11 Austin, do you have any question?

12 COMMISSIONER AUSTIN: Just to comment.
13 Mario, I want to say thank you, because what you did
14 here, I don't know if you know it, you've actually
15 answered Commissioner Moseley's questions in here, where
16 these projects rank in the top 100. You've got one here
17 in San Antonio, No. 32 and No. 57. And I agree with
18 commissioner Moseley. I think it would be nice, Marc,
19 can we come back and reconcile all of these other
20 projects; where are they on the top 100.

21 Because the next question is going to be
22 are we skipping over -- if we're really trying to address
23 them, why don't we address them one, two, three, four,
24 five. And there's different reasons I know we can't,
25 environmental clearance, where are we in the projects

1 ready to do. That is going to be the next question that
2 we're going to ask.

3 MR. WILLIAMS: Absolutely.

4 MR. HALE: Okay. I appreciate all the
5 metropolitan areas that came up here. They did a lot of
6 work since last -- last July when we got started on this
7 thing. At this time I'd like to bring in Russell
8 Zapalac, who worked with the rest of the project.

9 MR. ZAPALAC: Director Bass, Chairman,
10 Commissioners. Russell Zapalac, Chief Planning and
11 Projects Officer. I'd really like to thank Commissioner
12 Bugg. The efforts that have been put forward and the
13 great work that the districts and our partners at the MPO
14 have done to identify the critical choke points and the
15 needs for the citizens of Texas and bringing these
16 projects forward in this congestion initiative.

17 Part of that -- and I think our Chief
18 Engineer, Bill Hale, had indicated this investment of
19 \$1.3 billion actually generates congestion relief that
20 will save millions of hours in delay for the citizens of
21 Texas, as well as leveraging to get us approximately
22 \$2.4 billion of projects delivered. Pretty spectacular
23 initiative.

24 But as we think about that and are excited
25 about that, one of the things that I also wanted to

1 remind the Commission was how the Prop 1 congestion money
2 also complements this effort. If you'll recall in FY '15
3 we awarded 25 projects for about \$405 million that were
4 congestion related. We also in FY '16 and FY '17 are
5 going to award another \$596 million in projects, 34
6 projects at this point in time.

7 So when you look at that, as well as some
8 of the other congestion related projects that are going
9 on around the state, you see that there's a total of
10 about 317 projects that total close to 7.5 billion, or a
11 little over \$7.5 billion of other congestion-related work
12 throughout the state. So it's not just in these
13 metropolitan areas that we're seeing that.

14 And Commissioner Moseley, your question
15 about the definition of congestion, well, I think you'll
16 see, you know, when you look at the districts and some of
17 these -- where some of these other projects are, a lot of
18 that congestion is kind of in the eye of the district,
19 the MPO, and frankly the citizens of Texas who drive
20 those facilities. So I just wanted to point that out how
21 this is -- this congestion initiative is not our -- is
22 not the first step, but a continuing step forward in our
23 battle of congestion for the citizens of Texas.

24 With that, Bob?

25 MR. KAUFMAN: Chairman, Mr. Bass,

1 Commission. Real quickly I'm just going to say a couple
2 of things. What this process really demonstrates is that
3 TxDOT listens and it cares. The amount of work that's
4 gone into listening to what local stakeholders had to say
5 about this congestion plan speaks volumes. And what
6 Commissioner Bugg has led us has been quite a project
7 here, and that will continue.

8 If you look at your slides, we are in the
9 process of building a website, a web page, I should say,
10 that will support this congestion initiative going
11 forward. In coming weeks we'll launch it to share
12 information about the ongoing projects, the top 100 most
13 congested roads. A list will be there, as will the
14 projects themselves if approved by the Commission. And
15 it really will become a one stop shop for all of your
16 congestion information and initiatives around the state
17 that are going on.

18 We're going to encourage a lot of dialogue
19 with the public, and we know congestion is a touchy
20 topic, and we understand that, but we want to be able to
21 have a conversation and talk about why it's so important
22 and what this Department and this Commission plans to do
23 to address it with our local partners going forward. So
24 thank you very much. And I'll turn it back over to Marc.

25 MR. WILLIAMS: Thank you Bob and the rest

1 of the team. That largely kind of wraps things up. We
2 appreciate the Commission and Director Bass, y'all's
3 indulgence through this presentation. I think it was
4 very important for y'all to see everybody that has been
5 involved with this effort. The next steps involve moving
6 forward with a formal presentation. This will be
7 incorporated into the upcoming updated Unified
8 Transportation Program, and you all will receive tomorrow
9 a formal briefing on the UTP.

10 We'll recapture some of these same
11 projects; we will not go into them in the same level of
12 detail that we went in today. We'll certainly invite the
13 public or anybody who's interested to tune into the web
14 broadcast of this presentation if they would like to have
15 more information.

16 But that will lead to the February update
17 of the Unified Transportation Program in which you all
18 will have the opportunity to formally vote on the
19 allocation of the funds for these projects, as well as
20 other initiatives that are part of the UTP. Public
21 involvement process continues for the UTP, and that will
22 continue with a public hearing on February the 11th, and
23 then final public comments I believe are due February the
24 22nd.

25 The listening sessions have been a big part

1 of that public involvement process, and we've gotten a
2 lot of very valuable input through that effort, and I
3 think you all have seen it here today.

4 A couple of comments. Many of these have
5 been reiterated by Commissioner Bugg in his listening
6 sessions. The people of Texas indicated their support
7 for transportation funding with overwhelming support for
8 Proposition 1 and Proposition 7, and the Commission and
9 the Governor wanted to respond to that effort by moving
10 fast to allocate available funds towards projects that
11 can be advanced quickly and with the focus on congestion
12 in addressing our most congested regions of the state.

13 And we appreciate that our -- our public
14 efforts with the public and support that we've received
15 to date and anticipate and reiterate that this is just
16 the latest work in a long-term effort to tackle the
17 important challenge of congestion relief here in the
18 state of Texas.

19 So with that, happy to take any further
20 questions. And again, I want to thank everybody who has
21 been part of this presentation this afternoon.

22 CHAIRMAN LEWIS: Any other -- any other
23 questions? Yes, Commissioner Austin.

24 COMMISSIONER AUSTIN: Marc, great job, and
25 Commissioner, wow, that's drinking water out of a fire

1 hose in the last few months. I can only imagine -- I bet
2 you learned more about roads in some of these areas than
3 we all knew, but thank you.

4 COMMISSIONER BUGG: You can just put a
5 period after I bet you've learned a lot.

6 COMMISSIONER AUSTIN: I bet you've learned
7 a lot. Exclamation point. Just a couple of things that
8 come in mind in looking through this. I want to follow
9 up on Commissioner Moseley's comment. With the top 100 I
10 would like to see let's reconcile where these are on
11 here. And then kind of my next question is what's going
12 to happen to the ones that we didn't do, just kind of
13 what and then why and where do they fit in in the program
14 down the road.

15 We've talked a lot about formulas. I've
16 listed -- put in here, and we get lost in formula for
17 this, formula for that. And I hope I'm not skipping
18 ahead, Commissioner Vandergriff, from your next --
19 looking at processes, how we select projects and, you
20 know, there's formula based and funding. It would be
21 nice to see, let's just kind of do a -- I don't know,
22 time out for a second, not -- not delay anything, but I'd
23 like us all to see a consistent brief list of all the
24 formulas we use for each of the categories, whether it's
25 transit or what have you.

1 Because what I'm looking for are the
2 consistency, you know, if there's objective, there's
3 subjective, what are the list of the criteria and the
4 waiting on each of those. I want to look for
5 consistency. And Commissioner Bugg, you may have already
6 done this in your -- as part of it, and I don't mean to
7 jump ahead. But it would be very helpful so we can
8 understand where we all come from. I know there's a lot
9 of subjectivity in there, as well.

10 The one thing as we look at congestion,
11 let's don't forget about our trunk system. I know we're
12 looking at this in there because, you know, we can spend
13 money on parallel routes or alternate routes to the
14 interstate or congestion choke points to bring
15 alternatives for transportation relief, as well. And I
16 know there's some of those initiatives that we're working
17 on.

18 And while this is focused primarily on the
19 congested metro districts or metro areas, as we keep
20 looking at it, let's don't forget about the rest of the
21 state, because it is important, even though these are the
22 most congested areas, people are moving out, as well.

23 The last thing I kind of want to ask a
24 hypothetical. James, I know you're not the CFO anymore,
25 but I'm going to rely on you. I know Ben is our interim.

1 Interest rates have gone up. They've gone up 25 basis
2 points. And we look at the construction cost index, what
3 is that averaging right now, about four and a half, five?

4 MR. BASS: So the construction cost index,
5 it depends upon what period of time you look at, if you
6 pick and choose. So we tend to look over a longer period
7 of time to try and average that out. And if you look in
8 the 15 to 20 year range, you're probably looking at an
9 average of around four and a half percent for the
10 construction cost index.

11 COMMISSIONER AUSTIN: So that ties kind of
12 back into, Marc, your opening comment. We're able to
13 save right now \$457 million by advancing because we have
14 cash to do these projects, we're able to move back in and
15 do them now. What is our borrowing cost?

16 MR. BASS: Spread across the different
17 borrowing programs, it's in the neighborhood of three and
18 three quarters percent.

19 COMMISSIONER AUSTIN: So 3.75 percent is
20 what we can borrow, and our construction cost index is
21 over four and a half, we're basically in the money. And
22 where I'm leading, I know we have just for consideration
23 unused bonding capacity. If this ties in, Commissioner
24 Bugg, to the future of these major projects, the ones
25 that we're not touching, I think it's something we ought

1 to really think if we could have a major impact in the
2 state to find these major roads that we have -- we need
3 some money for right now, we can save the taxpayers a lot
4 of money by put some additional funds on there if we need
5 to.

6 I'm not suggesting let's run out and go
7 borrow, but I think we need to look and do the math to
8 really -- can we make a difference, because it's been
9 illustrated many ways, many times here, time, money, air
10 quality, a lot of these things. Let's don't forget about
11 the tools that we have. Not that we have to use them,
12 let's don't forget about them, because it makes
13 financial -- it does make financial sense. Just food for
14 thought.

15 CHAIRMAN LEWIS: Commissioners, Vice Chair
16 Moseley?

17 COMMISSIONER MOSELEY: Thank you, Chairman.
18 I appreciate so much all the work that's gone into this
19 report, and I don't want anybody to leave here thinking
20 that my questions in any way lessen my enthusiasm for
21 this project. So again, I appreciate deeply Governor
22 Abbott's commitment to this. It is spot on.
23 Commissioner Bugg, thank you for your willingness to lead
24 us on this journey. And I appreciate the district
25 engineers and MPOs, Marc, thank you for everybody that

1 came to bring this report together.

2 So the questions that are being raised,
3 though, are very, very germane to this discussion, but
4 this is absolutely the right direction we're going. So
5 thank you everyone for what you brought forward today in
6 the presentation.

7 CHAIRMAN LEWIS: Commissioner Vandergriff?

8 COMMISSIONER VANDERGRIFF: Yeah, I'll just
9 make a quick remark that I think everybody knows that my
10 history is that I've always been sort of concerned
11 when -- I mean, commissions always like to hand out
12 money, everybody likes to do that, but this one is
13 different and it's special. And others have said this,
14 but I want to echo it and maybe say it a little more
15 succinctly, that I think it's terrific that the Governor
16 of the State of Texas establishes a priority for this
17 state and a focus for this Commission.

18 Often times that's probably not been there
19 for us quite as succinctly, and so I think that's
20 critical. And I think there's some things that we'll
21 talk about in the next agenda item that focus in that
22 direction, as well.

23 And then the second is that what is so
24 critically different about this and positive, is that
25 it is a -- the Commission or individuals are not picking

1 projects, it was really done in a collaborative effort in
2 requesting support and effort from the MPOs and from the
3 districts, and it was driven by their thoughts, and I
4 appreciate that.

5 And last but not least, I did want to point
6 out, because I'm not sure it was clear in here, and
7 certainly, Marc, you can probably address it, that we
8 really did -- excuse me, the Department is proposing and
9 Commissioner Bugg is proposing that this is not all the
10 money that we have available is -- in the next two years
11 is not being spent just on congestion, it is being spread
12 across other vital corridors of the state. And I know
13 that we're aware of that, but I'm not sure that resonated
14 as much in the room as we talked about that, so we
15 probably should elaborate just slightly on that.

16 MR. WILLIAMS: Yes, sir, I'll be happy
17 to touch on that.

18 COMMISSIONER VANDERGRIFF: The last --
19 you've got to let me -- I really applaud and congratulate
20 Commissioner Bugg for moving this out so quickly. It
21 definitely took your focus and the staff's focus to do
22 this, and it's been extraordinary. Very well.

23 COMMISSIONER BUGG: Thank you.

24 MR. WILLIAMS: Commissioner Vandergriff,
25 you're correct. As part of the UPT update that we'll be

1 presenting tomorrow, in addition to the \$1.3 billion that
2 we have here, there's an additional allocation of about
3 \$400 million for connectivity and safety projects that
4 we'll be outlining, in addition to \$240 million that will
5 be set aside for future maintenance and energy sector
6 related projects, \$60 million for border infrastructure
7 projects and then \$20 million for port projects.

8 Both the border infrastructure and the port
9 projects are tied to specific budget riders that were in
10 our -- the 84th legislative session, the TxDOT budget.
11 And then in addition to that, there's a couple of other
12 fund allocations that the Commission will be making. So
13 it is not just a singular focus just only on congestion,
14 but it is attempting to address all of the needs of the
15 state with this current effort.

16 MR. BASS: And just to emphasize on that
17 about what a great time it is to be involved in
18 transportation, you heard today how the funding as part
19 of the congestion initiative, is primarily based upon the
20 actions of the Texas Legislature and the quote, unquote,
21 ending of diversions. A lot of the items that Marc just
22 mentioned right then are possible because of
23 congressional action recently on providing a set amount
24 of funding not only to us, but to all the states over the
25 next five years, so we're able now to act on that funding

1 with confidence and deliver the needed projects
2 throughout the state.

3 CHAIRMAN LEWIS: Commissioner Bugg?

4 COMMISSIONER BUGG: Thank you, Chairman
5 Lewis. I'd just like to kind of end. Before the
6 presentation by Marc and his team, I thanked everybody at
7 TxDOT. I want to share with my fellow Commissioners -- I
8 wanted to wait until this moment and just share with you
9 that at every listening tour around the state, I
10 said now, keep in mind, I'm just one of five
11 Commissioners.

12 And I have invited the mayor and the county
13 judge of each of the five metropolitan areas, and so
14 tomorrow we're going to have representation from each of
15 the five metropolitan areas.

16 I appreciate Commissioner and Vice Chairman
17 Moseley's help on securing the Mayor of Houston. Mayor
18 Turner changed his plans after Commissioner Moseley
19 called him. But I just want you to know that I told them
20 it was imperative in my mind for them to come to the
21 Commission and speak before each of you because this is
22 going to be a Commission decision. And so I just want to
23 share with you a little highlight of tomorrow that we
24 will have the leaders of the five metropolitan areas
25 speaking to us.

1 And the reason why is that I told them that
2 we're all a team, and they -- you know, they're just
3 talking to one of the five. And so it's very important
4 in my mind that we're all in this thing together. And I
5 appreciate the kind words and support that you've voiced
6 today. Thank you.

7 COMMISSIONER AUSTIN: Good job.

8 CHAIRMAN LEWIS: And I'd like to just
9 reiterate what everyone else has said, Commissioner Bugg,
10 is what a wonderful job that you and the staff members
11 from TxDOT have done on this on working hard and in
12 conjunction with the local people in those communities,
13 and we all appreciate it a great deal. And with that --

14 COMMISSIONER BUGG: Thank you.

15 MR. BASS: Next -- thank you Mr. Williams.
16 Next we have Item 2B, which is an update on the strategic
17 objectives. And before handing it off to our Chief
18 Strategy and Innovation Officer, Darran Anderson, I'll
19 ask Commissioner Vandergriff, as he led this initiative,
20 if he has any opening remarks that he'd like to share.

21 COMMISSIONER VANDERGRIFF: Thank you,
22 James. I appreciate that opportunity. It's my distinct
23 pleasure to be able to bring to my fellow Commissioners
24 and the audience here at long last the first critical
25 building block in moving forward on a number of key

1 initiatives. And most importantly, the next step is
2 performance measures to come that we'll be proposing.
3 But I don't want to steal the thunder or the work of what
4 you're going to see, so I won't go into that.

5 But I do want to make sure I say at the
6 outset that this group of people led by Darran Anderson,
7 facilitated by one of his very capable assistants, Stacy
8 Strickmanner, with ten members of TxDOT that are in the
9 leadership, the young leadership of the agency and
10 representing major disciplines and districts in the
11 state, those ten people spent an enormous amount of time
12 going through the key things that you'll see today, the
13 values, the mission -- excuse me, the vision statement,
14 the mission, goals and objectives of TxDOT, and I think
15 they've got some substantial what I would call evolution
16 to give to you that will be very solidly focused on where
17 this agency is and needs to be headed in the future.

18 And I cannot applaud their efforts enough
19 and the time that they spent on this. This is not the
20 sexy stuff. We just talked about that here in Item
21 No. 1, and it's understandable. But this is the real
22 fundamental building blocks of what an agency stands for,
23 what its people believes.

24 And for me personally, I will tell you that
25 if I had ever any doubt that some of the things that this

1 agency talks about are really believed at the core and
2 soul of these folks here at this agency, then I was
3 disabused of that notion. So I am more energized and
4 committed to TxDOT and its core mission and what we're
5 attempting to do than ever before. So with that, I would
6 love to turn it over to Darran Anderson. And again,
7 thank you, Darran, for being the leader on all of this.

8 MR. ANDERSON: Thank you, Commissioner.
9 Mr. Chairman, Commissioners and Mr. Bass. It is my
10 pleasure to be up here. I am the Chief Strategy
11 Innovation Officer for TxDOT, Darran Anderson. And I
12 want to first thank Commissioner Vandergriff for his
13 leadership in this effort. He has been tirelessly
14 committed to this. I will tell you, I haven't been
15 taking attendance, but I am pretty certain he's been at
16 every meeting, and this has been almost a year in
17 process.

18 I also want to thank Stacy Strickmanner,
19 who has been the lead on this effort and the facilitator.
20 She's right here in the audience. Stand up, Stacy. And
21 we also have a number of core strategy team members.
22 Y'all stand up so they can see who did the work, please.
23 Come on.

24 COMMISSIONER VANDERGRIFF: And if I could,
25 Darran, one quick thing, one common denominator on all of

1 them is they are not shy. Not a single one of them.
2 They are very good about giving their thoughts, which is
3 terrific.

4 MR. ANDERSON: So a little background
5 before we get into the slides themselves and how we got
6 to where we are today. Over the past few years, four to
7 five years, TxDOT has been through a significant amount
8 of change, be it administrative changes, going to
9 regions, going away from regions, employing IT
10 outsourcing, employing an enterprise resource planning
11 system called Peoplesoft, and a number of other ones.

12 In the time when I got here to the agency
13 in the summer of '14, I was told to let that settle down
14 a bit, let the dust settle, as I told folks, and focus
15 less on change in management and more on strategy and
16 innovation at the time.

17 General Weber, the previous Executive
18 Director, told me to start that effort in late 2014 and
19 to include performance matrix. He was very concerned
20 that he wanted to have the strategic level of performance
21 matrix that he could look at on a daily basis and assess
22 how we were doing in the agency.

23 Through all this change, you know, he also
24 noted that in our 100 year history to date that we've
25 been very successful when it comes to preparing,

1 planning, building and maintaining our infrastructure, as
2 well as having a strong positive culture of hard working
3 and dedicated employees. And he wanted that maintained,
4 regardless of how we looked at reviewing our current
5 strategies.

6 So he asked me, and asked me to convey to
7 these folks, that what we do, how is that going to set
8 the conditions for the next 100 years; as we go into our
9 100 year anniversaries, how can we lay a strategy or a
10 direction or a vision that can enable that for the next
11 100 years.

12 As we moved into the legislative session in
13 early 2015, we had a new Chairman on board, and he
14 appointed Commissioner Vandergriff to lead this effort
15 and work with our staff to bring this all together. So
16 we focused on the values, the vision, the mission, the
17 goals and objectives with the in-state goal of having
18 performance matrix that we can not only present regularly
19 to the Commission, but also publicly either in a realtime
20 sense or in an annual report and that we can share that
21 with all of our customers and our stakeholders. So, you
22 know, the session ends, we begin the work -- the earnest
23 work.

24 And we then received House Bill 20, which
25 reiterated some of that guidance from a legislative

1 standpoint, that we needed to look at performance
2 measures and look at how our goals and objectives tie
3 into that. So there were several clear messages coming
4 out during that time frame concerning -- addressing
5 congestion, customer service, stewardship, project
6 management, project selection and delivery, as well as
7 performance.

8 And then especially with the passage of
9 Prop 1 and Prop 7, we knew that we had to be prepared to
10 deliver on those as we moved forward, and all of this
11 came together to help us shape as we developed the goals
12 and objectives. Oops, wrong way. So as I mentioned, we
13 had a core strategy team of ten folks that are from
14 various backgrounds and various specialties across the
15 Department.

16 They all were recommended from their
17 leadership to participate in this. And this was -- this
18 was an additional duty on top of their full-time jobs.
19 And they met almost every other week for the last year,
20 and most of those were full day sessions to work on these
21 efforts.

22 In addition to that, we had five focus
23 groups over the time period, which includes 16 districts
24 out of -- and 25 divisions and offices that participated
25 as well in the initial shaping of this, and we conducted

1 a Department wide survey across all of our employees,
2 again, asking questions regarding all of these factors.

3 The core strategy team also met for about
4 50 hours after all that and reviewed feedback and
5 literally word by word dissected everything we were doing
6 and assessed how we needed to word each and every
7 objective in our mission and so forth, as well as remarks
8 by commissioners as they came in and spoke to us
9 periodically and the administration.

10 None of this has been done for just the
11 sake of making change. It was earnestly discussed as to
12 whether or not anything needed to change, and then
13 what -- what it should be if we were going to change it.
14 So during the focus groups we conducted exercises
15 regarding our values, our vision and our mission. And in
16 our first exercise, we actually -- we worked with them on
17 the values and we provided them this definition of values
18 of being deeply engrained principles that one lives their
19 words by and are never compromised.

20 Commissioner Vandergriff hit on it.
21 Regardless of the specific word chosen, there were
22 definite themes that have continued both from our
23 previous set of values, which are listed here, trust,
24 integrity, responsibility, excellence and service, and
25 then the ones that we will be bringing forward to

1 recommend in the next month, barring any changes.

2 We looked at each and every one of these,
3 and as we got into recommendations and the feedback from
4 the field in a bottom-ups approach from those focus
5 groups, the surveys and then the work of the core
6 strategy team. We used the word accountability instead
7 of responsibility, that there was a deep feeling that
8 accountability was more broad in its intent and spoke to
9 what we felt we owed to the public and to all of our
10 stakeholders.

11 We felt that trust needed to remain the
12 same. It was a deeply ingrained value within the
13 Department, but trust amongst ourselves and trust as we
14 deal with the public, as well as honestly. And we felt
15 that honesty again was a little bit more comprehensive
16 and a little bit more straightforward than using the term
17 integrity.

18 And finally they focused on the word
19 people, and they felt that although it doesn't
20 necessarily sound like the same level of value as the
21 other ones, but in reality, that word was the most all
22 encompassing and the most important word to them, and
23 that it reflected how we support the public, how we take
24 care of our own internal people and that -- you know,
25 putting people first kind of defines why those other

1 three are also important to us.

2 As they continued to discuss it, they
3 actually began to get excited about it and developed some
4 thoughts about how they might even promote the idea and
5 how the Department could memorize the -- the concept of
6 path forward, and they felt that it also would tie into
7 then our 100 year anniversary.

8 So these will be the proposed values. The
9 one that I believe was not covered was excellence, and
10 the reason they left that out is not because we don't
11 believe in excellence, but we feel that we strive for
12 excellence in everything we do already, and then that
13 it's a thing that didn't need to be stated.

14 Questions on the values before I move
15 forward? Okay. We then focused on the vision statement
16 and provided them a definition conveying the
17 organization's hopes for the future, inspiring people to
18 dream about what the Department could and will do. We
19 had a lot of input on this as we got into the last
20 reviews of it with the administration, and this is the
21 recommended vision. There is no current existing vision
22 statement for the Department, but we felt that this would
23 be a value in laying a longer term focus in what we're
24 aspiring to achieve as a whole.

25 So being forward thinking, delivering

1 mobility, enabling economic opportunity across the state
2 and enhancing the quality of life for all Texans. We
3 thought that, you know, saying Texas is important because
4 that's our number one focus, but we do understand that
5 there are other travelers in our state.

6 We felt enabling economic opportunity
7 addressed all the freight concerns and economic vitality
8 of the state and our part in bringing more industry and
9 development to the state, and then finally delivering
10 mobility and enhancing the quality of life both to the
11 people of Texas.

12 For a mission statement we wanted to be a
13 little more close to current time and, you know, really
14 give them what it is our mission is now. Current mission
15 is on the left, work with others to provide safe and
16 reliable transportation solutions for Texas. Although
17 the words are a little more, that inherently stays a part
18 of it. But we wanted to emphasize through collaboration
19 and leadership that we deliver a safe and reliable and
20 integrated transportation system, because we want to make
21 sure that people understand that we're working together
22 as partners with the MPOs, with the RMAs, with all of the
23 folks that develop transportation systems and a system of
24 systems in the state and what our part is of that to help
25 integrate that. That again enables the movement of

1 people and goods.

2 With that I'll stop at values -- or vision
3 and mission and ask if there are questions. All right.

4 CHAIRMAN LEWIS: Any questions? Thank you.
5 Go ahead.

6 MR. ANDERSON: We define goals as general
7 statements of what you want to accomplish and should be
8 integrated with your vision and mission. And this
9 is real -- you know, we never intended, actually, as we
10 started to change the mission statement or the values, it
11 just turned out that way as we had a bottoms-up approach
12 to it.

13 But what we really wanted to get to
14 strategically was, you know, validating the goals,
15 identifying the objectives underneath them and then how
16 could we actually start beginning to measure that
17 performance in relation to those. On the objects we
18 wanted more specific measurable steps that could be taken
19 to achieve those goals.

20 These are current goals and objectives in
21 our strategy, these are not the recommended ones. So
22 maintaining a safe and reliable system, address
23 congestion, connect Texas communities, become a best in
24 class state agency. There are four of these. You will
25 see in the subsequent ones that we'll be recommending

1 seven. However, the themes of these are by and large
2 captured in the seven that we are recommending.

3 One point is that the best in class state
4 agency resoundingly did not resonate with our Department
5 people, in that they felt it was ill defined as a goal.
6 Of course we want to be best in class, but what does that
7 mean and how do we measure that against everything we do.
8 And so they felt it was much better to focus on actually
9 activities of the Department and then let this be an
10 inherent component of the objectives that we pursue.

11 So these are our recommended goals that
12 we'll be bringing to you in the next month. These are
13 not in any specific priority of order. In fact, we will
14 more than likely when we go final represent these in
15 alphabetical order so that everybody understands that
16 everything is in equal priority, and then we will focus
17 on different ones over different periods of time.

18 Focus on the customer loud and clear, that
19 we want to and need to do a better job as a whole in
20 doing that, and that it's not just any one element that
21 it's -- again, it's all stakeholders involved in
22 transportation, it's the public, it's ourselves as users,
23 it's ourselves as the Department and how we interact to
24 each other, as well as all of our other stakeholders in
25 the industry that supports us, and that people are at the

1 center of everything we do.

2 Delivering the right projects. There were
3 a lot of folks that were concerned about the term right,
4 but we felt that it was important that we identify that
5 and that we respect the fact that we're working towards a
6 matrix-based solution in response to House Bill 20, and
7 it was mentioned up here in the previous briefing a
8 number of times, so that was an inherent component of
9 that.

10 And that we want to be able to show that
11 we're not only implementing effective planning and
12 forecasting, but that we get all the way through the
13 entire life cycle of project management and design,
14 develop, deliver, construct, complete and then, you know,
15 maintain over a longer period of time.

16 That moves us into preservation of our
17 assets, and those assets are not only the road
18 infrastructure and the bridge infrastructure, but that's
19 also our facilities, that's our IT infrastructure. It
20 comprises a number of assets across the Department. And
21 we realize that we have to do both preventive maintenance
22 as well as long term care of those investments of the
23 public and maintain them to the level that was expected.

24 Also promoting safety. That continues to
25 be a significant component of everything we do, and we

1 want to continue to champion a culture of safety in the
2 Department, and also with our industry partners.
3 Optimizing the performance of the system that we
4 currently have and recognizing that in some cases as has
5 been said in several forms, that we can't built our way
6 out of every problem, so we have to make sure we maximize
7 the capability of those components that we do have.

8 We want to strongly stress that we value
9 our employees, and that goes from career development to
10 health care, to, you know, addressing the entirety of
11 their needs as they operate within the Department, that
12 everybody wants to and enjoys being a TxDOT employee.
13 And then finally fostering stewardship, that we
14 efficiently use our resources as given, and we know that
15 that is expected of us by the public.

16 Objectives underneath each one of these and
17 focus on the customer. We've identified a number of
18 objectives under each one. I'll speak to a couple of
19 bullets on each. And then knowing that we're already
20 working on draft performance matrix to either
21 specifically measure one objective or to encapsulate all
22 of those objectives into maybe one measure as a whole
23 that more adequately displays a strategic thought to you
24 in a regular review.

25 So right up front be transparent and

1 forthright in our communications both externally and
2 internally, strengthen our partnerships, incorporate
3 customer feedback, and we'll spend a lot of effort on a
4 customer relations effort and how we will actually
5 incorporate this in a number of our activities, and then
6 emphasizing customer service in all TxDOT operations.
7 Any questions on those?

8 COMMISSIONER MOSELEY: Not so much a
9 question, Chairman and members, but just appreciation.
10 I've noticed the word safety is woven throughout this
11 document, and that's wonderful to see that that's very
12 much part of the value system and the culture of the
13 agency, for not only internally but externally for the
14 motoring public. So I appreciate that. Thank you.

15 MR. ANDERSON: Again, then delivering the
16 right projects involves the entire lifecycle of a
17 project. It's scenario-based forecasting. We're going
18 to measure, you know, how we do all that, how we budget,
19 how we do resource management. In relation to those,
20 Bill Hale has spent a great deal of effort in the last
21 year on tightening up the front side of project
22 development and making sure that we've got a nice
23 sequence of delivery, especially now that we have a much
24 more predictable flow of money, it's much easier to do
25 that.

1 Aligning our plans and programs with our
2 strategic goals, such as the congestion initiative.
3 Adhering to our planned budgets and schedules we go
4 through construction. And finally analysis. And this is
5 something that we -- you know, that often gets passed
6 over in not only road projects, but also any type of
7 project is going back after the fact, a number of years
8 later in some cases, and saying did we achieve what we
9 intended to achieve with that given project. And we'll
10 apply that not only to construction, but also IT projects
11 and others.

12 And then preserving our assets. Again, you
13 know, maintaining the system that we've built so far,
14 preserving it to the right level of standards, a state of
15 good repair and looking at asset management as a whole
16 and balancing it so that we get, you know, the best value
17 out of the dollars that we can provide to maintenance.
18 And again, this applies to not only the infrastructure of
19 the road system, but all of the assets in the state that
20 we own.

21 Again, championing a culture of safety.
22 You know, we originally had all of this combined in one
23 objective, but we felt it was better to split the two,
24 one in reducing where we can crashes and fatalities on
25 our system by appropriate guidelines, appropriate

1 measures. I know Commissioner Moseley has been working
2 heavily on what things we can do to improve that, and
3 those will be implemented over time.

4 And then finally also within our own
5 Department we're reducing employee incidents. Optimizing
6 system performance, and that goes the gamut of
7 performance in the system, and again, how we integrate
8 with other systems. So again, mitigating congestion was
9 discussed earlier. Focusing on, again, connectivity and
10 mobility, improving our reliability, reliability in a
11 sense of reliable expectation of rate of movement or time
12 to get from one place to another.

13 Taking a lot of lessons from the freight
14 initiative and how we can incorporate that into our
15 performance improvements. And then finally supporting
16 economic competitiveness is a component of that.

17 And again, each one of these, we'll strive
18 to have a deliberate measure that we can bring into you
19 periodically and show those.

20 Our employees stress heavily, and this is
21 always a challenge in a Department as large as this in an
22 organization, is sharing communications. And so when we
23 emphasize our ability to internally share communications
24 from the top down so that everybody knows exactly what
25 we're working on, and we'll measure that in terms of what

1 our communication strategies are and how well we're
2 conveying that information.

3 Recruitment, training, mentoring programs.
4 Rich McMonagle and H.R. Division has been working heavily
5 on how -- you know, analyzing our work force, the
6 concerns about an aging work force and then how we can
7 address those concerns over time. And then again,
8 wellness programs, work life balance, considerations
9 of -- even up to the relocation of some of our Austin
10 headquarters facilities over time. These kind of
11 thoughts are going into that effort, as well.

12 And finally, I believe fostering
13 stewardship. Again, recognizing that we have to be good
14 stewards with every dollar we're given and with the
15 people that we're given from the state and make sure that
16 we're fiscally responsible, we protect our natural
17 resources and that we look for operational efficiency and
18 risk management in all of our efforts. And that's a
19 significant component of what we've been initiating
20 recently.

21 I believe -- sorry I went so fast. I know
22 there's another one. Are there questions now? And we
23 will be open to come brief at any time over the next
24 month. I believe we'll be bringing these in for approval
25 next Commission meeting -- Commission meeting in February

1 so that we're prepared to do performance matrix the
2 following month in alignment with House Bill 20.

3 CHAIRMAN LEWIS: Commissioner Vandergriff,
4 do you have some questions?

5 COMMISSIONER VANDERGRUFF: Yes. Just a
6 couple of quick things. And I've been a -- in a
7 privilege in both the private sector and the public
8 sector to be able to work on this process at other places
9 to create success based on the people involved in it. I
10 will tell you, and I think I mentioned this before, and
11 I'm not blowing smoke when I say this, this was really
12 the first time it wasn't a remedial education exercise to
13 start out with. I mean, we had very, very good people.
14 And I'll be honest with you, I was surprised at that, I
15 mean pleasantly so, ecstatically so.

16 And this has gone well. It's slugging
17 through very a challenging topic to get it done, but we
18 did. And I would say that this is -- then leads to I
19 think some rather rapid developments with respect to
20 performance measures that will come before this
21 Commission that probably have quite frankly more sex
22 appeal to you and certainly to the industry at large.

23 And we have a planning organizations
24 takeover committee that I think is discussing about how
25 we mirror up with some of these -- with them, and we

1 certainly intend, particularly with the chairman's
2 engagement, to go out to the stakeholder community. I
3 see several of them in the audience, so those performance
4 measures will be coming their way soon enough.

5 And then last but not least I want to thank
6 the Chairman, who has also participated in these
7 discussions. And it's been really critical, because
8 there is -- he's our leader and he set the tone of how
9 important this is going forward. So I want to thank you
10 for that, too, Chairman.

11 CHAIRMAN LEWIS: Thank you. Commissioner
12 Austin?

13 COMMISSIONER AUSTIN: While I know there's
14 been a lot of work in this and to simplify it here it
15 probably doesn't show here all the work and effort that's
16 been put into this. A couple of comments and just
17 questions. I love to see the focus on people in here.
18 Darran or Commissioner Vandergriff and staff, in general,
19 how are we continuing to focus on businesses, or is that
20 included when we talk about people? You don't have to
21 answer them now. Just to make sure that we talk about
22 individuals, that we protect the businesses that are
23 choosing to do business here, as well.

24 COMMISSIONER BUGG: Focus on the customer.

25 COMMISSIONER AUSTIN: On the customer?

1 COMMISSIONER VANDERGRIFF: Your direction
2 has been very clear on that, the governor's direction, in
3 that regard, and it's easy because the agency believes
4 that, so -- at its core level.

5 COMMISSIONER AUSTIN: And I really thank
6 you and the mission to seek a reliable and integrated
7 transportation system, and I think this is -- I guess I
8 didn't finish my story. I listened to Commissioner
9 Vandergriff speak last week. It was at the rail
10 conference, and rail is a very -- all facets are very
11 important to the state in looking down the road of
12 alternatives and how we move freight, people, et cetera,
13 to integrate.

14 Just like I talked about Commissioner
15 Meadows, former Commissioner Meadows' comment about the
16 airport, it's all integrated, and we look at the ports,
17 so I really thank you for having that in there. And do
18 you feel all of these things with the objectives, are
19 they all measurable?

20 COMMISSIONER VANDERGRIFF: Yes.

21 COMMISSIONER AUSTIN: I mean, how you
22 measure and quantify? That's the real --

23 COMMISSIONER VANDERGRIFF: I do, and I
24 think you'll start to see that as we come forward. If I
25 could add one more thing, Chairman, at this point I think

1 it's important, just a brief comment. To go a little bit
2 on the past a bit, I think most people in this room are
3 aware that I was at the Department of Motor Vehicles,
4 which was an offshoot initially from this agency, and we
5 went through this exercise. It was much more challenging
6 to get through this, frankly, than it was here.

7 But that lead to a series of performance
8 measures that the Commission -- or there, excuse me, the
9 board adopted. And that agency today has been delivering
10 consistently over 100 -- amount \$150 million a year in
11 more income into -- or revenue, I should say, into Fund 6
12 for the use by the states. And that used to seem like a
13 lot of monthly, and obviously with the great efforts of
14 the legislature and Governor Abbott, that's a piker
15 (phonetic) total now. But that was a significant
16 achievement for another agency to understand its
17 commitment to this place and to transportation and to
18 improve its performance to such a degree that it did
19 that.

20 I'm not going to sit here and make promises
21 of what I think good perform measures will do for us, but
22 I think you're going to see some measurable differences
23 and quickly. I don't think it will be that long before
24 you'll see improved performance, and certainly we'll have
25 something to hold us all accountable for.

1 COMMISSIONER AUSTIN: And there's a lot of
2 good things. I think I heard you mention that there's a
3 lot of good things we're doing, also --

4 COMMISSIONER VANDERGRIFF: Absolutely.

5 COMMISSIONER AUSTIN: -- that have been
6 highlighted. And the last thing, and you kind of focused
7 on this, picking the right projects, performance matrix.
8 I know in the prior presentation I made a comment,
9 looking at the formulas. Have you had a chance to look
10 through any, some of those formulas, or how would that --

11 COMMISSIONER VANDERGRIFF: We're discussing
12 right now -- certainly there's several members. Most of
13 that front two rows is in the planning organization
14 stakeholder group. They're all shaking their head.
15 We're discussing funding allocations and now to mirror up
16 together, and we're certainly discussing project
17 prioritization and selection. And now that we can move
18 to the next step here of performance measures, I think we
19 can match up pretty quickly.

20 COMMISSIONER AUSTIN: I was at a meeting in
21 Lufkin, a meeting with RPO last week, and something came
22 up looking at some projects that came in from the county.
23 And I'm hoping this, while we have -- it's great to have
24 matrix, but let's don't forget about also Commission
25 discretion, because there were some things in there that

1 there were some new businesses moving to Texas that came
2 through the Governor's Office a couple of years ago that
3 we needed to add turn lanes or some other things in to
4 help attract businesses. And typically those things come
5 out of Commission discretion.

6 And if we get a project, regardless of the
7 size, I think one was Polk County, we've got to be able
8 to move and turn on a dime. And I don't think that was
9 the intent by any means of the legislature to take that
10 away when it's good for the state. But what a great --
11 great project. Thank you.

12 COMMISSIONER MOSELEY: Chairman, only to
13 echo some comments that have already been made by
14 Commissioner Austin. I was invited by Commissioner
15 Vandergriff to come. And what I thought would be about a
16 30 minute discussion on safety -- and you heard
17 Commissioner Vandergriff talk about how engaged his
18 committee was, so it was a pleasure to spend a better
19 part of about two hours I think talking about safety and
20 a real delight to be with Commissioner Vandergriff and
21 his team of professionals. So I have a fuller
22 appreciation for the end product.

23 But it is so critical for our agency to
24 really have an agreed-upon set of not only goals and
25 objectives, but as Commissioner Vandergriff's committee

1 is doing, these performance measures. So I'm so pleased
2 to see this work product. And I know it's not easy to
3 take what might be considered in many cases abstract
4 discussions, honesty, virtue, customer service,
5 Commissioner Bugg, and what you've done is really distill
6 it down and focus it into some crisp, clear language
7 there, and now the performance matrix to go along, so
8 congratulations. Thank you for this hard work.

9 CHAIRMAN LEWIS: Commissioner Bugg.

10 COMMISSIONER BUGG: Yes. I'd just like to
11 say to Commissioner Vandergriff, you had to distill a lot
12 of things down, and it really kind of fits in the
13 wheelhouse that I think all the sharing and the service
14 above self and integrity in everything we do, and you've
15 really kind of taken that concept and imbued that into
16 your work product today. So I congratulate you. Thank
17 you for your work on this.

18 CHAIRMAN LEWIS: I would also say that we
19 have a number of members of the core strategy team that
20 have been introduced, but I would like to give my
21 personal thanks for all the hard work which they have
22 done, of course, under the direction and help of -- and
23 leadership of Commissioner Vandergriff. I have watched
24 them work, I have seen how seriously they have taken
25 their work and to help set a stage for this Department.

1 And I think the Department is just very fortunate to have
2 the kind of people, quality of people and dedication that
3 I've seen in the core strategy team.

4 We're also fortunate I think to have the
5 Commission that we have and the Commissioners that we
6 have. And in the coming month, I hope -- and I know that
7 since we have Commissioners who take their -- their role
8 in this very seriously and have a good view of where this
9 Department should go and in the future that each of our
10 Commissioners will take this that's been laid out, take
11 the vision and mission statements, the goals and
12 objectives, review them, really think about is this where
13 we want to go in this -- this as it's been presented by
14 this wonderful team and give the feedback to you as we go
15 forward, because it's -- it has to certainly be something
16 that we all buy into.

17 And as Commissioner Vandergriff has said
18 many times, it's all of us in this, so please give that
19 feedback to Darran and his team and Commissioner
20 Vandergriff. So any other thoughts? And Commissioner
21 Vandergriff, would you like to sum up anything?

22 COMMISSIONER VANDERGRIFF: You just hit the
23 nail on the head, Chairman. But I want to end it by
24 where it really started, and that's with Darran, Stacy
25 and the ten members of that core strategy team. It's a

1 privilege and pleasure to work with them and continue to
2 work with them as we go forward. But it -- this wouldn't
3 be happening as good as it is without them, and it won't
4 be integrated as well into TxDOT like it will be without
5 their leadership and conviction, so hats off to them.
6 It's been a pleasure.

7 CHAIRMAN LEWIS: Thank you very much, and
8 with that we'll turn the microphone back to Director
9 Bass.

10 MR. BASS: Thank you. The last item we
11 have today is Item 2C, which is a discussion concerning
12 the operations of the State Infrastructure Bank. Our
13 Interim Chief Financial Officer Ben Asher will present.

14 MR. ASHER: Thank you Chairman, James,
15 Commissioners. I want to start off and try to be brief.
16 So Commissioner Austin, if that's an appropriate way to
17 proceed, and then we can get into our discussion. Going
18 to the first slide, as James indicated, we've been asked
19 to take a look at our current practices within the
20 operation of the SIB, to look at possible enhancements.
21 And really the focus is on to make sure that the limited
22 capacity is available to folks who most need it.

23 It's an essential tool that we want to make
24 sure is available to entities throughout the state.
25 Included in those entities are small entities who have

1 needed projects, that they work with us and we want to
2 make sure that we have that available with a goal of
3 obviously to accelerate investment in transportation in
4 Texas.

5 I'll quickly go through just a little
6 history to give you a little point of reference on
7 Page 2. We were selected as one of the pilot states for
8 a Federal State Infrastructure Bank in November of '95.
9 Texas Legislature authorized the SIB in 1997 within the
10 State Highway Fund. And interestingly this is a fairly
11 popular tool throughout the country with 33 other
12 programs.

13 So just to repeat what folks probably
14 already know is that the eligible borrower pool is
15 limited to public and private entities who construct,
16 maintain or finance an eligible transportation project.
17 And these projects are obviously related to the
18 construction and reconstruction of highways. Some of the
19 common eligible uses are listed below on Page -- on this
20 slide and include construction, utility relocation,
21 right-of-way acquisition, among others. And we'll talk a
22 little bit more about the importance of that.

23 The SIB was initially capitalized on the
24 following slide with approximately \$274 million in
25 federal and state funds. The chart here is its current

1 financial position as of the end of last year, so there
2 are a series of sources. And this gets to the uniqueness
3 of the SIB. We were initially capitalized with both
4 federal and state funds, and importantly, we're -- have
5 two interest components.

6 We're earning interest on the core percent,
7 that is money that's in the bank on an ongoing basis, and
8 importantly, we're getting repaid interest by our
9 borrowers. And that's the idea that this is a revolving
10 loan program. Money goes out, interest and principal
11 come back in.

12 And just to give you a little sense of the
13 magnitude, approximately -- that money coming back in is
14 approximately \$10 to \$12 million a year. And again,
15 that's important. We want to preserve and make sure
16 money is coming in at a pace where we can make further --
17 further loans.

18 Within the -- within that \$472 million is
19 really comprised of two pieces. Our outstanding loans,
20 which number 38, approximately 140 million, and then we
21 have a cash balance that would be available of
22 approximately \$332 million. Just very quickly, a little
23 history. We've done 106 approved loans since '98.
24 Sixty-eight have been fully repaid, 21 have been repaid
25 early. We've had no loan defaults at all. And a rough

1 estimate of what this has generated in terms of projects
2 statewide is approximately \$4 billion. That is to say
3 the contributions that the SIB borrower made to a project
4 resulted in \$4 billion over all.

5 The next page is just a little more
6 information by borrower. Again, this is the current
7 snapshot. Obviously cash makes up a fairly large
8 portion. But I wanted to give you a sense of the kind of
9 borrowers that are utilizing the SIB, and I think they're
10 fairly self explanatory.

11 I want to get to the next slide, which I
12 think is important. This is by project. And this really
13 gets to what we're talking about today, and that is to
14 ensure that entities, particularly local entities, can
15 either fulfill their own responsibility to provide
16 funding, whether it's utility relocation or right-of-way
17 location, or they're actual participation in a TxDOT
18 project.

19 And what was interesting is that the
20 portfolio historically, almost 95 loans have been less
21 than \$10 million, the vast majority of our loans. And I
22 think that's important as we jump to some of our
23 recommendations, that the -- the history of the program
24 has been that many small -- many borrowers are making
25 small loans, and many of those borrowers are small

1 themselves. And I think I wanted to just point that out.

2 To get to some of our recommendations, and
3 obviously we've worked with James, the Chairman and
4 Commissioner Austin as well as folks in my group and
5 others to give you a sense of how we want to make sure
6 that we're preserving the capacity going forward for
7 important projects.

8 Our current guidelines on the left-hand
9 side, there are currently no limitations on a borrowing
10 amount by a project or borrower, so theoretically we
11 could examine and have a borrower come in who would meet
12 our credit evaluation criteria, subject to Commission
13 approval. We thought, you know, maybe that that should
14 have a constraint on it. So the initial thought, and we
15 thought about it in two different ways, was to have some
16 limitations in the form of guidelines that no one project
17 could have an outstanding loan balance of greater than
18 ten percent of the SIB, which ten percent of 470 is
19 approximately \$47 million.

20 Additionally we wanted to potentially
21 constrain the ability of a borrower to take up too much
22 of the capacity, and that's the 15 percent of the total
23 SIB amount. And as of today we're not -- you know, the
24 current portfolio would be we would meet that criteria.
25 But again we're trying to just tamp down to a degree the

1 ability of a large borrower to come in and take an
2 inordinate amount of the borrowing capacity.

3 Another component of a potential constraint
4 was focusing on those projects that are secured solely by
5 project revenues. Right now there is no limitation, so
6 an entity could come in, have a viable project in terms
7 of credit, its strength and the contributions, but it
8 would take up too much of our capacity. So the thought
9 here was to limit those projects that are supported
10 solely by project revenues to not 50 percent of the
11 capacity, which represent approximately 236. Again, we
12 are below that, but just trying to create a cap.

13 The meat of our recommendation concerns a
14 proposal how we'd like to go forward in the terms of the
15 receipt of the applications. Currently, as you're aware,
16 applications come into -- come into our office. They are
17 evaluated and managed -- evaluated both by our offices
18 and four other offices to meet certain guidelines. And
19 again, we're trying to see ways to make sure that TxDOT
20 projects -- particularly TxDOT projects, can get
21 available funding if locals are participating.

22 So for -- so a thought here was that for
23 first come first serve, there would be any loan under \$10
24 million for a local TxDOT project would continue to be
25 first come first serve. We would keep a reserve of

1 \$20 million to make sure there was sufficient funds
2 available.

3 The second procedure we're recommending
4 would apply to two kinds of borrowers, those for a
5 nonTxDOT project and for any other loan over \$10 million.
6 And the concept is a program call, and we're -- the
7 initial thought was to do it on a semiannual basis, where
8 there would be notification provided through the
9 district, the Texas Register, our stakeholders, our
10 consultants to make a call for projects. And that's the
11 bifurcation that we are recommending to ensure that the
12 capacity is distributed equitably.

13 Within the program call we obviously want
14 to be thoughtful about it and are going to work to
15 develop these project prioritization based on these
16 criteria, among others. Some of these are familiar and
17 they already exist in our rules, things like rapidity of
18 repayment. That is how quickly the loan is repaid. It's
19 a somewhat newer concept, and again the idea is to focus
20 on getting money out and getting money back in
21 expeditiously.

22 The application contents would also be part
23 of that where we've already asked for detailed
24 information, but we would just expand that a little bit
25 to make sure that we have sufficient information to make

1 a fair decision.

2 The next one tries to address an issue that
3 we've experienced at least since I joined the
4 organization, and try to make sure that when a loan is
5 made, that a borrower is going to use it in a timely
6 fashion. And that's what we're trying to do here in this
7 recommendation where a loan gets approved by the
8 Commission, but there's no deadline in which the loan
9 must be drawn down. And again, it's -- we don't want --
10 if the capacity is not going to be used, we want to take
11 it back and use it for someone who is really going to use
12 it.

13 And the thought here is that a Commission
14 Minute Order would provide these minimums that you would
15 have to get the loan drawn out during this period of
16 time. Obviously it would be the minute order, so there
17 would be circumstances if there were construction delays
18 or storms or something that would not make this possible.
19 But again, the idea is to start from this position of
20 when folks come to us with a plan of finance, that this
21 is in there as a construction draw down.

22 I got a little more quickly than I thought.
23 So I'm -- I think we want to hear -- I know we're going
24 to have some discussion from Commissioner Austin, and
25 then obviously Chairman, and based on that feedback and

1 from the public we would begin a closer examination of
2 what rules would need to be possibly amended to provide
3 for the new procedures and criteria that I outlined. And
4 then flush out the guidelines for determining the
5 capacity for these different types of applicants and then
6 implement the new procedures.

7 And I guess each step of the way the
8 Commission would have a capacity report, so that's going
9 to be formalized. So we come -- for first come first
10 serve, you'll see what the bucket is. For program call,
11 you'll see what the bucket is. And that will be an
12 important part, so you'll always know what the capacity
13 is as you make determinations about project selection.
14 And I think I'll stop there, but you have permission to
15 open up.

16 CHAIRMAN LEWIS: Commissioner Austin, if
17 you wouldn't mind sort leading us off and then wrap up at
18 the end.

19 COMMISSIONER AUSTIN: Sure. Absolutely.

20 CHAIRMAN LEWIS: And then we'll get
21 questions.

22 COMMISSIONER AUSTIN: Ben, James, thank you
23 y'all very much for helping bring some clarity, and I
24 think this what we're trying to do, to how and we're
25 going to utilize the SIB. We had a concern last summer

1 in the spring looking at the projects. Many of y'all
2 heard a lot of our comments that we made collectively.
3 We had a concern that we were oversubscribed, and at one
4 point we were, especially when we looked at the San
5 Antonio project and some others that have either hinted
6 or made application that we're coming in, we need to
7 borrow from the SIB. So we kind of did a whoa, what's
8 going on, what do we do.

9 Now, I think in looking at -- looking back
10 what got us to where we are and how are we going to use
11 the SIB and where are we -- how are we going forward.
12 When this was put in place initially to help cities and
13 counties to have a source to obtain funds that they would
14 repay, not a grant, but that they would repay, to help
15 them expedite the projects. And in many cases there are
16 still communities that were held up for utility
17 readjustments, or they needed construction gap or maybe
18 they needed it for planning, they wanted an advance on
19 their local match. This is what it's intended to do. We
20 didn't have -- and over time since I've been on the
21 Commission, long before, we got into helping do some gap
22 financing for certain RMAs or toll authorities, and
23 we're -- that's where some of the capacity was used up.

24 There have been a lot of repayments, no
25 defaults. It has served a great purpose. It is not free

1 money, there is an interest rate. We are not a lender of
2 last resort, but we are a friendly lender. I heard that
3 back at the bank.

4 This has also helped many counties and
5 cities, as you've heard. And I know some of y'all may
6 have had applications that are in right now or pending
7 and we've kind of said hold off just a little while. I
8 hope we haven't delayed the project, but we wanted to
9 bring some clarity and have a direction of where we're
10 going.

11 While we were oversubscribed, I do want to
12 note, I think the last time we put money into the -- we
13 transferred from the highway fund into the SIB was in
14 2011, and we moved \$60 million in. So we have the
15 ability collectively as a Commission to dedicate funds to
16 the revolving loan fund as we know as the SIB.

17 And I'd like to share just one -- a couple
18 of comments. What does a SIB not do. I know there's
19 been some legislative attempts and discussions to enhance
20 the SIB, but as we look at some of the multimodal
21 projects, we cannot help the ports, you know, for an
22 example, to add dredging or depth. We cannot help the
23 airports and the community of -- we award we're a
24 facilitator of grants, and with these FAA grants, you
25 know, there's a match, local match, and if they need 10

1 percent, 20 percent and the cities or counties don't have
2 that in their fund, they cannot come to us with FAA
3 grants or transit or anything else.

4 So this is here for the road projects. And
5 I think this is -- as we begin to look at how this can be
6 used, one, we're looking at portfolio diversity. I'm
7 speaking like a banker. Commissioner Bugg can second me
8 on this. We're also looking to keep maintaining
9 liquidity and also for emergency situations, should
10 something happen in a city or county or a -- needs some
11 money, we have the ability to do this.

12 Also some of the rules that are in here,
13 we're looking at with the program call is to say we have
14 money, bring these projects that are ready to go. There
15 has been a concern with some projects where we were
16 issued a commitment or looking at their plan of finance,
17 that it would tie up the liquidity that until they needed
18 it, we couldn't put that money back to work or loan it
19 back out to someone else. We -- again, I want to say, we
20 have been ability to recapitalize, meaning add more money
21 to it if we need it.

22 With the projects that Commissioner Bugg
23 was talking about with congestion relief, as we began
24 looking at statewide, whether it's energy sector,
25 maintenance, a lot of these projects that we have coming,

1 that we're beginning -- we're going to be hiring a bunch
2 of engineers in the next couple of years to -- with all
3 the new money to plan these projects. It's been stated
4 clearly through the Governor's Office we want to make
5 sure we deliver and execute the projects.

6 Well, sometimes that's out of our control,
7 and the city -- if they need to acquire the local match
8 for right-of-way or move utilities, this is what the SIB
9 is set up and designed to do is to help those counties
10 and cities to move it out. If they don't have the
11 reserve or the cash on hand to move it, they can pay it
12 out over a couple of years, no prepayment penalty.

13 With that, I know we'd like to just kind of
14 open up the discussions, and hopefully we're setting some
15 guidelines here to bring some clarity. This has helped a
16 lot of communities. We want it to be here, and also with
17 the disadvantaged counties, with the -- we publish a list
18 every year of disadvantaged counties to make sure that
19 they have access to a source of funding, as well.

20 As was said, a friendly lender, believe me,
21 we have a very acute financial team that's looking at
22 these items. We have a lot of processes that we've had
23 before, but what we're trying to get to is before it
24 comes to the Commission, Ben, your team are really going
25 to dive through a lot of these issues that will bring

1 forth so we're ready to go where it's not, oh, we'll
2 consider it and require second reading and go on. We're
3 trying to streamline this much better.

4 So I'll turn this back over to advance the
5 questions. I think we may have had a couple of folks
6 here today that may want to discuss this.

7 CHAIRMAN LEWIS: Vice Chairman Moseley?

8 COMMISSIONER MOSELEY: Thank you, Chairman,
9 thank you Commissioner Austin for working to bring some
10 structure into the State Infrastructure Bank that we
11 operate here. I am very, very bullish on this tool. And
12 I appreciate the -- kind of the tightening up and the
13 better management of it. It's a wonderful tool. I would
14 just ask, it seems like Chairman, to Commissioner
15 Austin's point, that this tool is ideal for communities
16 and counties that might not be as able to step up and
17 embrace programs.

18 I just wonder -- this is counterintuitive
19 to a bank, but for a county that doesn't maybe have a top
20 credit rating, would they perhaps be able to enjoy better
21 terms? Do you see where I'm coming with that? Do you
22 already have that guideline in place?

23 MR. ASHER: We do, Commissioner. And to
24 make it clear, you know, we are -- we focus on folks like
25 that. To be frank, those are not necessarily the easiest

1 loans to come back to you folks with a recommendation,
2 but we work very closely with them to ensure that they
3 are borrowing the appropriate amount of funds and that
4 there is enough security there that will not overburden
5 them, but also at the same time repay us.

6 COMMISSIONER MOSELEY: And what -- and it
7 seems like to me, you know, if -- if an entity comes in
8 and they've got an outstanding ability to repay us, for
9 example, maybe we would recognize that they have a
10 shorter term because we know they have the ability to
11 prepay even. And if they do prepay, could there be a
12 discount to encourage prepayment so that money could go
13 back out to help other communities? So I mean, it is a
14 revolving fund, as Commissioner Austin says. So could
15 there be some mechanisms like that to even encourage
16 prepayments and provide a financial incentive?

17 MR. ASHER: Yeah. So -- and maybe my
18 verbiage wasn't -- so this term, which I use a lot, but
19 it's called the rapidity of repayment and really gets at
20 how quickly are you going to pay us back. Are you going
21 to pay us back sooner? You know, if you want to prepay
22 you know, is an okay term. You know, you get it back to
23 us sooner, then potentially that is going to be one of
24 our criteria as we list it here.

25 COMMISSIONER AUSTIN: And Commissioner, to

1 your point, what item of discussion, and these are kind
2 of elements and some loans that we've considered here
3 recently, if there is a -- if there's project revenue and
4 our source of repayment, being for the SIB loan, it's
5 called a \$15 million loan or \$20 million loan or
6 whatever, is going to be from a refinance, they're going
7 to have to submit in a plan of finance that they'll show
8 how it's going to be repaid and timely. If -- what we're
9 asking now, if that plan of finance does not go through,
10 how are we going to repay?

11 And while we may say initially we are going
12 to plan on 20 and 30 years, we may ask if they have the
13 revenues that we're going to shorten that, that we're
14 putting into our loan agreements that we'll have the
15 ability to enter in that discussion to repay it quicker
16 if that plan of finance did not go through.

17 COMMISSIONER MOSELEY: Well, I appreciate
18 all of this --

19 COMMISSIONER AUSTIN: Did I say that right?

20 COMMISSIONER MOSELEY: -- this thought,
21 because I know in the past we didn't have that, so
22 somebody with an outstanding rating could come in and
23 just, you know, bundle up a lot of our money and sit
24 there. Then a rural county, a county that's less able to
25 take care of itself, didn't have this resource. And so I

1 almost see this as a tool to help rural communities. I
2 mean, it's wonderful for everybody, but especially it
3 seems able to help those rural communities.

4 MR. ASHER: And that's why that statistic
5 about so many folks, less than \$10 million, I think
6 probably by definition there it's a lot of rural, a lot
7 of small cities and towns who, as Commissioner stated,
8 you know, have obligations either to us or want to
9 participate in some way on a project. And while the
10 amount of money isn't big, to them it's big, and that's
11 where we want to try to make sure that we have this tool
12 available to them that has -- has a favorable construct
13 in order to get the money out and get repaid.

14 COMMISSIONER MOSELEY: So I'll just wrap up
15 by saying Chairman and Commissioner Austin and members, I
16 believe strongly in this program. If the winds are
17 blowing to where there is less interest in using a toll
18 as a funding mechanism, then it could be that the bank
19 becomes a more useful tool to help get the projects up
20 and running to Commissioner Austin's point. And I would
21 be open to seeing how we could sweep maybe a lot of
22 monies at the end of the year into this fund account.

23 To me that would be a wonderful place. And
24 at the end of the fiscal year if we have left over
25 dollars and they're projects that we thought were shovel

1 ready and they're not, or for whatever reason there's
2 delays and we can sweep them, this would be a wonderful
3 holding place for those dollars. Thank you.

4 CHAIRMAN LEWIS: Commissioners, any --
5 Commissioner Bugg?

6 COMMISSIONER BUGG: First of all I just
7 want to -- from one banker to another, I want to
8 complement you. I mean, seriously, I did not realize
9 that we didn't have some of the bare bones basic
10 guidelines in place that you and I have in our respective
11 banks, and so I complement you on that. And I want to
12 welcome our fellow Commissioners as bankers, because
13 that's essentially -- essentially what this tells us is
14 that, seriously, the Texas Department of Transportation
15 has a \$472 million total asset bank of which I'm looking
16 at it, it looks like we've got a 30 percent loan to
17 deposit ratio and we've got 70 percent of our assets in
18 cash, and they can be deployed along the lines of what's
19 being discussed here.

20 And I'd like to suggest -- this is so
21 enlightening to me. You know, one thing Commissioner
22 Austin, if we could have like a loan pipeline or
23 committed but unfunded so we kind of have an idea -- and
24 I'm thinking Chairman Lewis, maybe we just we get a
25 report. We don't need to have a special thing, but just

1 like in our banks, we get a monthly financial statement.
2 I think it would be enlightening for all of us and make
3 us more aware of the possible -- the art of the possible
4 of using the SIB loan bank in a responsible manner if we
5 got like a balance sheet and, you know, loan to deposit
6 ratios and all that. So I want to complement you for
7 bringing us into the 21st century here.

8 COMMISSIONER AUSTIN: We have -- we have
9 that sheet. And I think we may have looked at one
10 briefly a couple of months ago. But to have some
11 regular --

12 MR. ASHER: Yeah, I think that's an
13 excellent point, sir. We actually do have those sheets,
14 and I think what we're -- you know, we have -- I use that
15 term capacity but I understand clearly what you're
16 saying. And we do do that. Deborah Flemming in our
17 office, you know, carefully monitors that every month. I
18 think the exchange we're having today is to formalize
19 that so to make sure that you folks on a regular basis
20 and we will ensure that occurs, that you see that sheet
21 and that you also see the forward looking what we're
22 calling the capacity sheet, and that was my comment early
23 on. So we will certainly do that, sir.

24 COMMISSIONER BUGG: And it's been a little
25 opaque, maybe, and really we haven't made all of the

1 Commissioners aware of just kind of the capacity and
2 where we stand, so I would appreciate that.

3 MR. ASHER: Sure. Absolutely, sir.

4 COMMISSIONER MOSELEY: The only other
5 thing, Chairman. I just wonder if Commissioner Austin
6 could maybe bring back a recommendation on some new goals
7 for putting funds into this. You know, this is such a
8 wonderful tool, maybe working with Commissioner Bugg, it
9 could be that there's a recommendation we should take up
10 on bringing in new revenues into this tool, half a
11 billion or a billion or what's -- it would be nice to
12 hear from these gentlemen on what that might look like.

13 COMMISSIONER AUSTIN: Commissioner, I thank
14 you very much. And one thing that would be good, we
15 visited with Trent today, we started looking at
16 legislative possibilities, what's going to happen, what
17 are things that we're concerned with or ideas. This
18 could be one item, James, that maybe we consider the LAR
19 request. Do we -- in looking ahead, might we need
20 another \$200 million or \$250 million to put into here as
21 a special item request. Even though we have the ability
22 to transfer it, it would be good to go back for the
23 purpose intended, to help these cities and counties.

24 But I would say that would probably come
25 after we look ahead for three or four years to see what

1 are the projects that we have, do the cities and counties
2 have the ability to meet that right-of-way or
3 construction costs with their match on time, and if not,
4 then we're here to help them.

5 MR. ASHER: And I think, Commissioner,
6 maybe the program call will be an indicator, give us some
7 of that data to -- so you folks can make more informed
8 decisions.

9 COMMISSIONER AUSTIN: If I may, I'd like to
10 ask -- has anybody signed up? Because if not, I'd like
11 to -- I see Noe Hinojosa of Estrada Hinojosa. I would
12 like to invite Noe to come up. And the reason I ask, a
13 few months ago we approved the first reading of a loan
14 for two folks that you do some work with, San Patricio
15 County and Nueces County on the projects. And if you
16 could describe how the loans will help -- help those
17 projects. And that's for the Harbor Bridge.

18 CHAIRMAN LEWIS: And you'll first state
19 your name and who you're here representing. And then
20 after your remarks, if you will be sure and fill out a
21 card for us.

22 MR. Hinojosa: I will do that,
23 Mr. Chairman. Noe Hinojosa with Estrada Hinojosa &
24 Company. I serve with my partner, Paul Jack,
25 occasionally, you as a financial advisor, too, and many

1 entities across Texas, including San Patricio County and
2 Nueces County. And I can't commend you enough for having
3 such a successful program already. And as you're doing
4 right now, you're trying only to enhance it. And as
5 think I've shared with some of you, this is just one more
6 tool in your toolbox to use. And certainly Texas
7 entities can appreciate enough of your work. I can't
8 thank enough Ben and Deborah and your staff, occasionally
9 Trent, but not that much, because sometimes we get into
10 issues with lawyers.

11 But I think to bring you to where we are
12 with San Patricio and Nueces. And by the way, both
13 judges send regards to all of you. They can't wait to
14 participate with their local share on that Harbor Bridge
15 project. But if you put yourself in their shoes, they
16 can go out to the market on their own. I think Nueces
17 County is a Double A credit, I think San Patricio is in
18 the high A category, and they can access a market going
19 out 20, 30 years, but why not do it better with you as a
20 partner, where you in this particular case can help them
21 with a program that is very client friendly, customer
22 friendly.

23 It is a policy issue. You all are going to
24 have to make guidance I guess as to what would you like
25 to see. I get into a problem with Ben sometimes what I

1 rapidity, his word about paying me faster and I give you
2 more money. But you've got to remember that in Texas, or
3 for that matter all over the country, that user, that
4 taxpayer, wants to pay the lowest he can over a period of
5 time.

6 So I just beg you as you go about
7 contemplating how fast you want the customers to pay you
8 back, don't put too much weight in evaluating that,
9 because I think that the taxpayer out there is wanting to
10 pay less and have the money last a little longer. So
11 that's sort of one of the issues that I have. But other
12 than that, Judge Lloyd Neal has told me, Noe, go get me
13 that money. We need it really fast. So with that I
14 close. Thank you, sir.

15 COMMISSIONER AUSTIN: Thank you. One other
16 person, I know Brian Cassidy, I believe -- I know you
17 worked with a lot of folks who visit. Do you have any
18 comments? And we did share with you in advance some of
19 the information, because you have a lot of clients, as
20 well.

21 MR. CASSIDY: You did, which I appreciate.
22 Thank you, Commissioner Austin, Mr. Chairman,
23 Commissioners. My name is Brian Cassidy. I'm a partner
24 with Locke Lord. And I do, as Commissioner Austin
25 suggested, work with several region mobility authorities

1 and some other folks that are occasional borrowers or
2 potential borrowers from the SIB. I want to make two or
3 three just real quick points.

4 First of all, one technical point -- and
5 James, this will sound like ground hog day. But one of
6 the -- one thing you might want to consider is creating a
7 state only subaccount within the SIB, so that it's funded
8 only -- as Ben mentioned earlier, I think the SIB is
9 funded with state and federal money. If you could set
10 aside a bit of it that's funded only with state money,
11 then you would avoid federalizing projects that might
12 come up that otherwise only had state money in them and
13 you can -- and the environmental process becomes more
14 straightforward. So I don't know if that's feasible from
15 an internal standpoint, but it might be something worth
16 considering as the process goes forward.

17 Secondly, in terms of the kind of the
18 criteria that Ben laid out and that was in the briefing
19 materials that you all were looking at, I think, I guess
20 I would encourage you to retain -- to keep some
21 flexibility in mind. For example, on the amount of time
22 limiting the project size, that's going to be a floating
23 number because of the balance. The way you've got it
24 suggested perhaps because of the floating balance of the
25 SIB, you may have payments that you may -- the date and

1 time in which somebody needs a loan, you may have a small
2 balance, you may be expecting a big repayment within the
3 next six months, should you really be tying that loan to
4 a lesser amount at that point or should you give
5 yourselves the flexibility to kind of make that bigger
6 loan if that's possible.

7 MR. BASS: And I think -- and Ben can
8 correct me. I think the way it was intended to be
9 drafted and discussed is that it is not a percentage of
10 the available cash balance, but a percentage of the
11 overall program. So the cash balance on any one day
12 would not dictate how much could be borrowed, it would be
13 out of the broader program itself.

14 MR. CASSIDY: And that makes perfect sense.

15 COMMISSIONER AUSTIN: While we're doing --
16 may we go back to slide 8?

17 MR. ASHER: Just tell me which -- I'm not
18 sure of the number.

19 COMMISSIONER AUSTIN: No. 8.

20 MR. ASHER: One more?

21 CHAIRMAN LEWIS: SIB capacity is the --

22 MR. ASHER: Sorry. I got it now. Sorry.

23 COMMISSIONER AUSTIN: Right there. This
24 speaks to Brian's point, and this would be something
25 that, follow Commissioners, is starting with a number

1 here, this is something we have -- we need to discuss.
2 Is 10 percent the right number? Should it be 15 to
3 20 percent it does it note that the total loans
4 outstanding; is 15 percent the right number, should or
5 could it be 20 or 25 percent. I think we're trying to
6 open it up.

7 So Brian, your point is well noted, and I
8 think that's something we need to really consider. But
9 as the fund grows through whatever form, recapitalization
10 or repayments or whatever, that will be a floating
11 number.

12 MR. CASSIDY: Right. And that -- which is
13 great. And it really goes to just retaining flexibility
14 in that area than any other criteria that you may lock
15 down. I mean, it's hard to kind of predict with
16 certainty everything that's going to happen going
17 forward. And so much of this can be helpful on a short
18 term basis, on an interim funding basis, so you may not
19 want to lock yourselves into something that would keep
20 you from making a short-term loan, which is exactly what
21 a project needs to get maybe through construction and
22 ramp up. It gets taken out and, you now, you've
23 supported a -- leveraged a big project with a short term
24 loan.

25 The last point is make is really -- and

1 I'll apologize in advance, because maybe it's more
2 philosophy and policy than it is substantive input. But
3 along the lines of keeping it flexible and along the
4 lines of what y'all talked about in terms of customer
5 friendly and being a friendly lender, the -- these
6 projects can be difficult, they can be complex, they can
7 be intermixed with other sources of funding. And they
8 take some flexibility and some consideration in terms of
9 how those might intertwine and how those might mix in
10 with the role of what the friendly lender is going to be
11 in that scenario.

12 And I'll use as a contrast the TIFIA
13 program. TIFIA is a good source of money. It can be.
14 It's extremely difficult, extremely time consuming,
15 extremely costly to get TIFIA funds, to the point where
16 there are people that we represent, that we work with,
17 that it's not worth the effort, it's not worth the time,
18 it's not worth a money to go chase a TIFIA loan. They're
19 a lot less interested in Washington what's happening --
20 in what's happening in Texas. You guys are far more
21 interested in that. The SIB -- I think Ben's numbers
22 earlier showed some leveraging that the SIB has benefited
23 projects over the years.

24 I think keeping that in mind as you
25 implement the program that it's not always about just

1 kind of protecting the Department from risk, Ben, and
2 you've got a great staff administrating this program,
3 Ben, Deborah, the lawyers in OGC, like Jim Bateman,
4 they're perfectly capable of protecting you all. I think
5 the message that they're going to take is from the policy
6 you all indicate, which is if you're going to be a
7 friendly lender, that means sometimes kind of doing
8 things, you know, not just by the book.

9 So I just suggest to you that that's --
10 maximize that program by keeping it flexible and keeping
11 it friendly.

12 COMMISSIONER AUSTIN: If I may comment, I
13 think I know where Brian is coming from on some of --
14 we've had discussions of some loans on whether -- do we
15 have parity or are we subordinating a loan because of
16 some other plan of finance, because of commingled -- I
17 say commingle. Different plans of financing tools that
18 are in there. So those are all things that we'll
19 delegate to the -- internally our team to negotiate and
20 find out what's best to protect. We just don't want to
21 be subordinate 100 percent where there are other plans of
22 finance, and we keep dropping down and we don't have a
23 right to the repayment sources of funds.

24 MR. ASHER: Absolutely. But that's where
25 that balance and that's where some of that flexibility

1 comes in is how that's structured and layers in with
2 different sources of financing.

3 COMMISSIONER AUSTIN: Good point. Really
4 good point. Thank you, Brian.

5 MR. ASHTON: That concludes my
6 presentation. I'm happy to answer more questions,
7 Chairman, James, Commissioners.

8 CHAIRMAN LEWIS: Just a thought, if I
9 might. And thanks to you and Commissioner Austin and
10 whatever happened to the past CFO, I don't know, but he
11 gave some good input, as well. What ever happened to
12 that guy?

13 But I do want to say this. It's as
14 everybody here knows, I don't know much about money, it's
15 not my area, but I was surprised coming here to find out
16 we had a half -- basically a half billion dollar loan
17 program with no rules or guidelines, or almost no rules
18 or guidelines, not many. And so we didn't have a really
19 good idea of what we wanted to accomplish with our
20 program, with what standards we wanted for loans. We
21 look at loan requests in isolation. Every request that's
22 good in isolation, you've got to put it with all the
23 other requests, though, to really get an idea of what --
24 are you accomplishing your goals and what goals you want
25 to accomplish. So I could see the need for it.

1 What I didn't see, not knowing money, is
2 how complex the issues are, how many things have to be
3 considered, and -- to accomplish those goals and to be a
4 service to borrowers and to, you know, accomplish what we
5 want to accomplish. We give them some predictability,
6 people who would borrow, how many considerations there
7 have to be. And so I want to say thank you Commissioner
8 Austin and thank you and thank you, and the others on the
9 staff for all this work.

10 I would have never dreamed how complex
11 these issues are, but they are, and thank you for what
12 y'all have brought to the table. And I've noticed the
13 work is still ongoing, you're making notes on everything
14 that came up here to see let's deal with those. And then
15 I know also as was mentioned here the need for
16 flexibility in the future, because all sorts of
17 circumstances come up, and we want to address them
18 fairly. But in this way, we will have some rules and
19 some guidelines come out of this and it's going to be an
20 ongoing process. But I feel so good that we've got a
21 process. And so thank you, and if you'll --

22 COMMISSIONER AUSTIN: Thank you, Chairman
23 and Ben, James, thank y'all very much for working on
24 this. And I think it's -- listening to keeping
25 flexibility, one size and one loan program does not fit

1 all, and it does come back each one is going to have its
2 own unique characteristics, and we do need to keep that
3 in mind as we go forward. Again, the legislature gave us
4 a great tool in '95, and I think we want to come back and
5 really keep this alive. It is a great tool, because we
6 have new money coming into the system, and we don't
7 want -- we want do our part to advance construction, get
8 these projects out. But if a city, county, municipality,
9 somebody needs help, we want to be here to help find that
10 so we can get it out the door and move forward.

11 If anybody else has any other comments,
12 please, Ben, primarily Ben Asher is here, the Interim
13 CFO, and I'll be happy to help. And thank -- many of
14 y'all have given a lot of comments in to help get us to
15 where we are, and we hope probably within the next month
16 or two months to come back with some final guidelines.

17 MR. ASHER: And Commissioner, with your
18 permission, I just want to thank the folks who really
19 lead the effort here. Deborah Fleming, if you could
20 stand, she actually runs our SIB program, is the
21 essential person in this program, interacting with
22 borrowers, talking with folks, telling them about how
23 these guidelines are currently going to do, letting them
24 know that there are going to be some differences. She
25 works with Dallas Hessengen (phonetic) and Bateman from

1 OGC were critical. I just wanted to recognize their
2 contributions.

3 COMMISSIONER AUSTIN: One last thing. I
4 know there's pending applications and I think we need to
5 probably smooth let those start coming in, even though --
6 start working on these because we want these projects to
7 be alive and we don't want to be -- continue being the
8 holdup. So I think we're ready. We do have money in
9 there and we are open for business.

10 CHAIRMAN LEWIS: Very good point. I have
11 been able -- we have located our prior CFO, and he
12 anticipate some of these things. And Director Bass, do
13 you have anything to contribute?

14 MR. BASS: I just wanted to reiterate
15 something that Ben mentioned early on, that the
16 discussion today was on possible guidelines to not only
17 get input of the Commission, but stakeholders who may be
18 listening. But implementation of many of these
19 guidelines will require amendments to our existing rules,
20 and so at some point in the near future after getting
21 feedback on this discussion, staff will be bringing
22 forward proposed amendments to the existing State
23 Infrastructure Bank rules, and then going out for more
24 formal public comment period.

25 My last comment would be an observation

1 that I think that was the best discussion item by a TxDOT
2 CFO that I ever witnessed.

3 MR. ASHER: You're kind. Thank you.

4 CHAIRMAN LEWIS: Anything further on that
5 on agenda item? That -- let's see. The next item we
6 have is executive session. There's no need. I don't
7 think we have -- no need to go into executive session
8 today, so that will constitute all of the items on
9 today's agenda, that they have been completed.

10 Do we have anyone, Madam Clerk, signed up
11 for open comment today? We have no open comment, no
12 further business to come before the Commission. There
13 being none, I believe that Commissioner Austin moves that
14 we adjourn.

15 COMMISSIONER AUSTIN: So moved.

16 CHAIRMAN LEWIS: Vice Chair Moseley, do you
17 second the motion?

18 COMMISSIONER MOSELEY: Second that.

19 CHAIRMAN LEWIS: We have a motion of
20 second. There being no discussion, all in favor say aye.

21 COMMISSIONERS: Aye.

22 COMMISSIONER MOSELEY: Any opposed, no?
23 Okay. The motion carries. I'll note for the record that
24 it is 4:37 p.m. and the meeting stands adjourned.

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C E R T I F I C A T E

I, Dana Montgomery, CSR, Certified
Shorthand Reporter, in and for the State of Texas do
Hereby certify that the foregoing pages 1 through 136
Constitutes a full, true, and accurate transcript of
Stenographic notes taken by me at the time of the
Proceedings.

IN WITNESS WHEREOF, I have this date subscribed
my name.

Dated: February 12, 2016.



Dana Montgomery, Texas CSR 4768

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