

TEXAS DEPARTMENT OF TRANSPORTATION

COMMISSION MEETING

Room 1A.1  
200 East Riverside Drive  
Austin, Texas

Thursday, January 26, 2012

COMMISSION MEMBERS:

Ted Houghton, Chair  
Jeff Austin III  
Ned S. Holmes  
William Meadows  
Fred Underwood

STAFF:

Phil Wilson, Executive Director  
John A. Barton, Interim Deputy Executive Director  
Bob Jackson, General Counsel  
Rose Walker, Chief Clerk  
JoLynne Williams, Chief Minute Order Clerk

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
<b>CONVENE MEETING</b>	9
1. <b>Approval of Minutes</b> of the December 15, 2011 meeting of the Texas Transportation Commission	19
2. <b>Public Hearing Project Selection Process</b>	26
3. <b>Aviation Various Counties</b> - Award federal grant funding for airport improvement projects at various locations (MO)	27
4. <b>Public Transportation</b>	
a. <b>Various Counties</b> - Approve changes to public transit projects previously approved for funding from Texas' portion of the American Recovery and Reinvestment Act (ARRA) (MO)	27
b. <b>Various Counties</b> - Award Federal 5316, Job Access Reverse Commute (JARC) grant program funds to Golden Crescent Regional Planning Commission and Ark-Tex Council of Governments (MO)	29
c. <b>Various Counties</b> - Award transportation development credits to various transit providers (MO)	30
5. <b>Promulgation of Administrative Rules</b> Under Title 43, Texas Administrative Code, and the Administrative Procedure Act, Government Code, Chapter 2001:	
a. <b>Final Adoption</b>	31
<b>Chapter 3 - Public Information (MO)</b> Repeal of §3.20, Purpose, and New §3.20, Purpose; Amendments to §3.21, Applicability, §3.22, Definitions, §3.23, Filing a Complaint, and §3.24, Notice to Consumers and Service Recipients; Repeal of §3.25, Complaint Resolution; New §3.25, Complaint Resolution, and §3.26, Complaint Data Collection, Analysis, and Reporting (Complaint Resolution)	
b. <b>Proposed Adoption</b>	
(1) <b>Chapter 1 - Management (MO)</b> Amendments to §1.4, Public Access to Commission Meetings, and §1.5, Public	36

	Hearings (Public Meetings and Hearings)	
(2)	<b>Chapter 10 - Ethical Conduct by Entities Doing Business with the Department</b>	37
	Amendments to §10.6, Conflict of Interest (General Provisions), and §10.102, Grounds for Sanctions (Required Conduct by Entities Doing Business with the Department)	
c.	<b>Rule Review</b>	38
	In accordance with Government Code, §2001.039, Readoption of 43 Texas Administrative Code Chapter 28, Oversize and Overweight Vehicles and Loads, Subchapter F, Highway Crossings by Oversize and Overweight Vehicles and Loads, Subchapter G, Port of Brownsville Port Authority Permits, and Subchapter H, Chambers County Permits (MO)	
6.	<b>Internal Compliance Program (ICP) Report</b>	39
7.	<b>Rail Transportation</b>	41
	Appoint a public member to the board of directors of the Lone Star Rail District (MO)	
8.	<b>Pass-Through Toll Program</b>	
a.	<b>El Paso County</b> - Authorize the Camino Real Regional Mobility Authority (CRRMA) to participate in the funding of improvements to the state highway system in connection with department construction of direct connectors to the Loop 375 intersection at FM 659, rescind Minute Order 112346 that authorized a project development agreement for the CRRMA to develop the project, rescind Minute Order 112635 that authorized a pass-through toll agreement for the department to develop the project with partial CRRMA funding, and authorize the executive director to establish the funding and development responsibilities (MO)	19
b.	<b>El Paso County</b> - Authorize the Camino Real Regional Mobility Authority (CRRMA) to participate in the funding of improvements to the state highway system in connection with department construction of Loop 375 mainlanes from approximately one mile west of US 54 to Business US 54 in far northeast El Paso County, rescind Minute Order 112636that authorized a	21

- pass-through toll agreement for the department to develop the project with partial CRRMA funding, and authorize the executive director to enter into a project development agreement with the CRRMA to establish the funding and development responsibilities (MO)
- c. **El Paso County** - Consider approving an amendment to a project development agreement for development of four direct connectors to the I-10/Loop 375 intersection (Americas Interchange) between the Camino Real Regional Mobility Authority (CRRMA) and the department dated November 19, 2009, approved in Minute Order 111818, to permit: the addition of the City of El Paso as a party to the agreement with joint responsibility for development of the project; termination of a pass-through toll agreement between the CRRMA and the department dated July 22, 2010 approved in Minute Order 112045, that provided one of the financing methods for the project; and the addition of another direct connector to the Americas Interchange that will be designed by the CRRMA and constructed by the department (MO) 23
9. **Toll Operations**
- a. **Various Counties** - Approve the selection of the best value proposal to provide statewide toll system integration and maintenance for current and future toll facilities, and authorize the executive director to negotiate and execute an agreement (MO) 42
- b. Establish fees to be charged for administering electronic toll collection customer accounts (MO) 43
10. **Comprehensive Development Agreements** 46  
 Consider the approval of the payment of compensation to ZAI/ACS 69 Partners, Inc., in connection with a claim for reimbursement of costs incurred during the procurement of the I-69 comprehensive development agreement (MO)
11. **Unified Transportation Program (UTP)** 47  
 Approve preliminary funding levels for the UTP for fiscal years 2013 through 2022 (MO)

12. **Debt & Portfolio Management**
- a. Approve the resolution authorizing the issuance of the unissued remainder of the \$5 billion in highway improvement general obligation (HIGO)\_bonds authorized by the constitutional provision and enabled under Transportation Code, §222.004; approve the preliminary official statement and other documents relating to the issuance of the bonds and authorize designated department officials to take all actions necessary to deliver one or more series of bonds; approve an application to the Bond Review Board for authority to issue additional bonds and state volume cap related to private use (MO) 58
- b. Approve the replacement of the liquidity provider for the Texas Transportation Commission State of Texas General Obligation Mobility Fund Bonds, Series 2005-B; approve the substantially final form and distribution of a remarketing memorandum for the remarketing of the Series 2005-B Bonds with the new liquidity facility; authorize an amendment to the remarketing agreement with Jefferies and Company, Inc.; take all other actions necessary, including the approval of a liquidity facility agreement and any other agreements relating to the replacement of the liquidity provider (MO) 59
13. **Transportation Planning**
- a. **Various Counties** - Concurrence with the Regional Transportation Council (RTC) of the North Central Texas Council of Governments' funding of construction and other project development costs of projects to be advanced through the use of payments received from the North Texas Tollway Authority for the right to develop, finance, design, construct, operate and maintain the SH 121 toll project from Business SH 121 in Denton County to US 75 in Collin County (MO) 61
- b. **Various Counties** - Concurrence with the Regional Transportation Council (RTC) of the North Central Texas Council of Governments' funding of construction and other project development costs of projects to be advanced through the use of payments received from the North Texas Tollway 62

Authority for the right to develop, finance, design, construct, operate and maintain the SH 161 toll project from I-20 to SH 183 in Dallas County (MO)

14. **Obligation Limit and Fund 6 Cash Reports**
- a. Quarterly status report on the FY 2012 Obligation Limit, the actual obligations utilized, proposed remaining highway maintenance and construction contract letting for the fiscal year and an update on motor fuel tax receipts 62
- b. Quarterly report on FY 2012 State Highway Fund 6 cash status 63
15. **Contracts**
- Award or reject contracts for maintenance, highway and building construction
- a. **Highway Maintenance and Department Building Contracts** 65  
(see attached itemized list) (MO)
- b. **Highway and Transportation Enhancement Building Construction** 66  
(see attached itemized list) (MO)
16. **Eminent Domain Proceedings** 67
- Various Counties** - Authorize the filing of condemnation proceedings to acquire real property by eminent domain for non-controlled and controlled access highways (see attached list) (MO)
17. **Routine Minute Orders** 68
- a. **Donations to the Department**
- (1) **Traffic Operations Division** - Consider a donation from the American Traffic Safety Services Association (ATSSA) for a department employee's travel expenses to attend the 42nd Annual Convention and Traffic Expo meeting in Tampa, Florida from February 12-16, 2012 (MO)
- (2) **Brownwood District** - Consider a donation from Vulcan Corporation Materials, LP., to fund the engineering design work and infrastructure improvements for four railroad crossings, including CR 546, north of I-20; the north and south frontage roads and two underpasses on I-20; and FM 570, south of I-20 (MO)

- (3) **Bryan District** - Consider a donation from Med Place 1, LTD., for the costs associated with the construction of a deceleration lane on the west frontage road of US 20 in Brenham at the entrance to St. Joseph's Hospital Clinic and for the state's direct and indirect costs to add this work to a current highway improvement project by change order and to inspect the construction (MO)
  - (4) **Bryan District** - Consider a donation from Walker County Proud Communities for wildflower seeds to be planted within the state's right of way (MO)
  - (5) **Texas Turnpike Authority Division** - Consider a donation from SH 130 Concession Company for one half of the estimated costs of constructing offsite SH 130- traffic signs and the full costs of signing schematics as well as construction plans, specifications and estimates for those signs (MO)
- b. **Right of Way Dispositions and Donations**
- (1) **El Paso County** - I-10 at T.& N.O. Railroad in El Paso - Consider the exchange of drainage easements (MO)
  - (2) **Grayson County** - SH 11 between Lackey Street and Eubank Street in Tom Bean - Consider the quitclaim of surplus right of way to the county (MO)
  - (3) **Lubbock County** - US 82 at Toledo Avenue in Lubbock - Consider the sale of surplus right of way to the successful bidder (MO)
  - (4) **McLennan County** - BU 77-L at FM 434 in Waco - Consider the sale of surplus right of way to the abutting landowner (MO)
  - (5) **McLennan County** - US 81 at SH 31 in Waco - Consider the sale of a surplus right of way easement to the city (MO)
  - (6) **Potter County** - I-40 at Tee Anchor Boulevard in Amarillo - Consider the sale of surplus right of way to the abutting landowner (MO)
  - (7) **Shelby County** - Sl 500 north of Center - Consider the sale of surplus right of way to the abutting landowner and waiver of the service fee (MO)

- c. **Finance**
    - (1) **Accept the Quarterly Investment Report** (MO)
    - (2) **Travis and Williamson Counties** -  
Accept the audited financial statements of the Central Texas Turnpike System (CTTS), as required by the CTTS Indenture of Trust (MO)
  - d. **Speed Zones**  
**Various Counties** - Establish or alter regulatory and construction speed zones on various sections of highways in the state (MO)
18. **Executive Session** (not required)
- OPEN COMMENT PERIOD** (no commenters) 68
- ADJOURN** 69

P R O C E E D I N G S

1  
2 MR. HOUGHTON: Good morning. It is now 9:01  
3 a.m. on the 26th of January 2012, the meeting of the Texas  
4 Transportation Commission. Note for the record that  
5 public notice of this meeting, containing all items of the  
6 agenda, was filed with the Secretary of State at 2:32 p.m.  
7 on January 18, 2012.

8 I ask before we begin, as customary, put your  
9 communication devices in the silent or vibrate mode.

10 And if you wish to address the commission  
11 today, there are two cards, a yellow and a blue card, and  
12 those need to be filled out in the back. Please complete  
13 those cards. If you want to speak on an agenda item, it's  
14 yellow; open session, it is blue. Regardless of the  
15 color, we need to have those cards filled out.

16 Now, normally we start with comments from each  
17 of the commissioners. This month I would like to take  
18 time to identify a couple of people that have gone above  
19 and beyond, one above and beyond the call of duty and one  
20 that has reached a milestone, and I want to wait for her  
21 to come to the mike.

22 Where is Carolyn? Here she comes. Carolyn has  
23 been the administrative assistant to the commission since  
24 September 1, 2005.

1                   When did you come on the commission,  
2 Commissioner Meadows, about the same time?

3                   MR. MEADOWS: No. I think it was '08.

4                   MR. HOUGHTON: Was it '08, about then.

5                   And she first came to TxDOT in November of  
6 1986, and for those of you who do not have a calculator,  
7 she's been with us now 25 years. I didn't say your birth.

8                   Now, before working for the commission, she was  
9 in government affairs, planning and policy, general  
10 services, and it is my honor today to present her with her  
11 25-year service award, and her continued commitment to  
12 helping my fellow commissioners in our jobs. And at this  
13 time, fellow commissioners, please help me honor Carolyn  
14 Icard for 25 years of service.

15                   (Applause.)

16                   MR. HOUGHTON: As customary, we're going to do  
17 the picture and the service pin, and it's solid gold, I am  
18 told.

19                   MR. HOLMES: Could we say something?

20                   MR. HOUGHTON: Yes, you may. I know that some  
21 people would like to say something.

22                   MR. AUSTIN: I would just like to say, Carolyn,  
23 since my arrival here, we had some opportunities to act  
24 beforehand, but I want to say behind this beautiful smile

1 there's a tenacious, thrifty individual.

2 And where's Mr. Bass? You've got a run for  
3 your money because I can promise when we're looking at our  
4 rooms to stay, there's nobody that is a better steward of  
5 state funds, and I want to be real honest, she's such a  
6 great example for a lot of people and does it with a  
7 smile. And thank you very much for your years of service  
8 and for what you do for everybody.

9 MR. MEADOWS: Carolyn, I think Commissioner  
10 Austin said it very well, and I congratulate you and thank  
11 you for your service to the state.

12 MR. UNDERWOOD: I concur with my colleagues.  
13 Also for those out in the audience who don't realize it,  
14 Carolyn is my second mother, and she's actually done a  
15 better job than my first mother, but don't pass that on.  
16 I've got to go home and face that one.

17 But Carolyn, I didn't realize you started work  
18 at twelve, but I'm glad to know that. But anyway, thank  
19 you very much, and I concur, you really have been an asset  
20 to all of the commission and also to TxDOT in your  
21 dedication. And yes, you do have the prettiest smile, so  
22 thank you.

23 MR. HOLMES: Carolyn, I appreciate you looking  
24 after me for the last five years. I'd probably be a

1       vagrant if you weren't taking care of my hotel  
2       accommodations. But I really appreciate you looking after  
3       Meadows because I know that's a much harder task.

4               MR. MEADOWS: I agree with you.

5               (General laughter.)

6               MS. ICARD: (Did not have microphone on.)

7               MR. HOUGHTON: Thank you, Carolyn, for your  
8       service. Let's take a picture.

9               (Pause for photos.)

10              MR. HOUGHTON: Now I have one more item and  
11       this is more of something that has to do with San Antonio  
12       and El Paso. Where is Julie Brown? Julie, come on up  
13       here.

14              On deck, Representative Chairman Pickett, so be  
15       prepared.

16              You didn't know about this, did you?

17              For those of you who don't know, Julie has been  
18       pulling triple and double duty. She's been the acting  
19       district engineer in El Paso, Texas, since Chuck Berry  
20       retired in -- was it August that he retired? And she has  
21       been accumulating a lot of Southwest Airline miles between  
22       San Antonio and El Paso and pulling yeoman's work, being  
23       apart from her family, living in our fair city.

24              And I want to personally thank you for what you

1 have done for my city and stepping in to fill the position  
2 on an interim basis in El Paso, but if you're willing to  
3 sign up for the long haul, Julie, we're here to negotiate  
4 right now if you'd like to do that. But I want to thank  
5 you very much, personally thank you, and let everyone in  
6 this room know how our employees and what they do to serve  
7 the State of Texas and the citizens of the State of Texas,  
8 and I want to thank you very much.

9 And before you say anything, the chairman of  
10 the MPO, Representative Pickett is back there and he's  
11 going to have a few words to say also. So Julie, go right  
12 ahead. You're first and then the chairman will follow.

13 MS. BROWN: Well, I'm totally surprised and  
14 extremely flattered. Thank you so much for your kind  
15 words.

16 I absolutely have fallen in love with El Paso.  
17 I'm very passionate about the work there and it's been an  
18 easy transition for me, and I love working with you,  
19 Chairman, and I love working with Chairman Pickett from  
20 the MPO, Representative Pickett from this fair state. So  
21 I would love to continue doing the work for the department  
22 in any way I can, and we'll give it one more month.

23 MR. HOUGHTON: Did you say one more?

24 MR. HOLMES: I'm on her side.

1 (General laughter.)

2 MR. HOUGHTON: Thank you, Julie, thank you very  
3 much.

4 MS. BROWN: Thank you very much. Appreciate  
5 it.

6 MR. HOUGHTON: Chairman Pickett, come on up  
7 since you're here. We'd love to have you, talk to you and  
8 hear what you have to say. You've worked with Julie a lot  
9 more closely than I have as the chairman of the MPO.

10 MR. PICKETT: Good morning. What she meant by  
11 the one month, Julie had put everyone on notice that her  
12 last day was July 31, and some of you know that I do math  
13 fairly well, and I figured the math and I called one of  
14 her supervisors and I said, I don't believe that that  
15 equates to six months. And I made a comment to Julie, and  
16 I feel kind of bad, it's my fault, then she got a call a  
17 couple of hours later and the party that they were  
18 throwing for her in the district office has been canceled  
19 and she's been extended another month is what she's  
20 talking about.

21 She came to El Paso even knowing that she'd  
22 have to work with me, so that's probably a real big  
23 feather in her cap. She heard all these terrible things  
24 about me and she found that 90 percent of them are true.

1 So I do appreciate the fact that you do have someone that  
2 you could send out there, and I know it's an issue across  
3 the State of Texas that you're going to hear about and I'm  
4 hearing about, Mr. Chairman, and there's going to be maybe  
5 some different suggestions coming in the future and I'll  
6 support those on a case-by-case basis, as you and I talked  
7 about.

8 But again I want to thank you. I didn't mean  
9 to speak. We have a lot of items on the agenda, as you  
10 know, everybody was on the plane last night. So I just  
11 came here to show my support and thank you for what you're  
12 doing.

13 MR. HOUGHTON: Thanks, Chairman.

14 All right, onward.

15 (Applause.)

16 MR. HOUGHTON: With all that, commissioners, do  
17 you still want to stand with tradition and have opening  
18 comments? Please, go right ahead.

19 MR. AUSTIN: I want to start just briefly and  
20 say welcome to everyone. I continue to be amazed  
21 listening to some of the good things that are beginning to  
22 happen, and most importantly, from the team across the  
23 state. I hope to continue to see a lot of these  
24 initiatives sustained.

1           But I do have one question, does Spam go well  
2 with water? I don't know where this came from. For those  
3 of you can't see, we have a little can of Spam up here, so  
4 we'll see. They're mints.

5           But welcome to everyone.

6           MR. MEADOWS: Well, good morning to everyone.  
7 You know, I'm sure that everyone here today is aware that  
8 recently Time Magazine took an unusual step, it really was  
9 an unusual step, by naming the protester as their  
10 trademark man of the year in celebration, I guess, of the  
11 Arab spring. But what you probably haven't heard, unless  
12 you'd been up late last night, that Time Magazine took a  
13 truly unprecedented step by naming a second man of the  
14 year with the cover coming out today. It's my  
15 understanding that their decision was related to word  
16 coming out of El Paso, Texas, about a man who some say is  
17 the most interesting man in the world, a man who's just  
18 been recognized as the El Pasoan of the Year.

19           Now, thanks to the great work, as always, of  
20 Texas Department of Transportation covert ops, who may or  
21 may not have had something to do with events in Somalia  
22 yesterday -- I'm not at liberty to discuss that -- I was  
23 able to obtain a copy of the soon to be released cover of  
24 the Time Magazine featuring our own Ted Houghton.

1 (Applause, general talking and laughter.)

2 MR. HOUGHTON: I thought I would escape.

3 MR. MEADOWS: I think that's enough.

4 MR. UNDERWOOD: Again, on a serious note,  
5 congratulations for being Man of the Year for El Paso.  
6 That's fantastic, Ted. We probably all need to get your  
7 autograph now. That's good.

8 On a more serious note, I want to thank the  
9 Amarillo District for their hard work during Christmas.  
10 The TxDOT family in Amarillo filled a truck Feed A Family  
11 Food Drive, they lined up several trucks filled with food,  
12 weighed it all and shipped it off to the High Plains Food  
13 Bank. The food will go to help replenish food shelves  
14 after Christmas and eventually go to needy families in the  
15 Panhandle. The goal was to collect 1,000 pounds, but the  
16 men and women of TxDOT collected 1,500 pounds of food. So  
17 from the commission, thank you for what you do.

18 On a sad note, I want to say condolences to the  
19 family of Francisco Aguilar who passed away. He was with  
20 the Tahoka maintenance section; he passed away after heart  
21 surgery.

22 On a more positive note, Maribel Chavez, I'd  
23 like to congratulate her on being Newsmaker of the Year in  
24 Fort Worth. And also our TxDOT Childress design team for

1 the AGC award they just received. So congratulations to  
2 everyone.

3 One other thing, I don't know if you realize --  
4 I'm sure you understand now we have a new chair, and being  
5 the chair of Transportation Commission is tough enough as  
6 it is, but whether you realize it or not, the five of  
7 us -- actually the four of us now, I won't count the  
8 chair -- we're CEOs of our own businesses, we're used to  
9 having the final say and all of a sudden you throw us in a  
10 room and we've got to agree to something. And my hat's  
11 off to our new chair and whatnot, he's done an excellent  
12 job of it, but I felt like he needed something to help him  
13 because we are a little bit strong-minded group. So  
14 Chair, I thought you could use a gavel.

15 (General laughter.)

16 MR. HOUGHTON: Does this go with the helmet?

17 MR. UNDERWOOD: Yes, it does go with the helmet  
18 I gave you a couple of years ago.

19 MR. HOUGHTON: Anyway, in seriousness, though,  
20 I'm excited working with you, appreciate all your effort,  
21 and use that hammer judiciously.

22 MR. HOLMES: I see, Ted, with this hammer I'm  
23 sitting next to you and Fred is one over.

24 Congratulations on Man of the Year, that's a

1 great honor.

2 And welcome to all you folks from El Paso today  
3 to hear about the projects, and the rest we have a nice, I  
4 think, short meeting in store. Welcome.

5 MR. HOUGHTON: Well, my thank you to my fellow  
6 commissioners. Very, very much thank you. I thought I  
7 was going to escape; I knew better.

8 And I welcome everybody here today.

9 Chairman Pickett, you're here for the El Paso  
10 items, item 8 on the agenda. We'll just move those up.  
11 Let's move those up on the agenda and take the El Paso  
12 items up for the chair.

13 MR. WILSON: So we'll have Ed Pensock, interim  
14 director of the Turnpike Division, presenting items 8a, 8b  
15 and 8c relating to the Pass-Through Toll Program in El  
16 Paso County.

17 MR. HOUGHTON: I'm sorry. Pardon me. My  
18 parliamentarian has told me I need to approve the minutes.

19 MR. HOLMES: So moved.

20 MR. UNDERWOOD: Second.

21 MR. HOUGHTON: Thank you. All in favor?

22 (A chorus of ayes.)

23 MR. WILSON: Ed.

24 MR. PENSOCK: Good morning. For the record, Ed

1 Pensock, interim chair of the Turnpike Division of TxDOT.  
2 Welcome, Chair, Commissioners, Phil.

3 Item 8a authorizes the Camino Real Regional  
4 Mobility Authority to develop and construct direct  
5 connectors at the intersection of Loop 375 and Farm to  
6 Market Road 659 in El Paso, and authorizes the executive  
7 director to execute a project development agreement with  
8 the RMA for the work.

9 Item 8a also rescinds Minute Order 112635 that  
10 authorized the Pass-Through Toll Agreement for the  
11 department to develop the project with partial RMA funding  
12 and authorizes the executive director to enter into the  
13 project development agreement with the RMA to establish  
14 funding and development responsibilities.

15 The commission previously authorized the  
16 department to develop the intersection of Loop 375 with  
17 the RMA using the pass-through toll financing method to  
18 provide partial funding. House Bill 563, enacted by the  
19 82nd Texas Legislature, implemented statutory changes to  
20 allow the transportation reinvestment zone, TRZ, to be  
21 established for a project independent of the existence of  
22 pass-through toll financing. The RMA is requesting the  
23 removal of the pass-through toll financing in order to use  
24 the City of El Paso's TRZ without the constraints and

1 additional expenses of a pass-through toll financing  
2 method.

3           The total project cost is approximately \$32  
4 million. Department funding of the project includes  
5 Category 2, Metro Mobility, to be used in direct  
6 development of the construction of the project. The 2010  
7 UTP currently allocates approximately \$12 million in  
8 Category 2 funds for the project. The RMA will provide  
9 the remaining funding for the project by using revenue  
10 from the transportation reinvestment zones to finance  
11 costs through the combination of bonds and loans,  
12 including the previously approved State Infrastructure  
13 Bank loan.

14           The RMA's improvement of the state highway  
15 system will provide for the expeditious completion of a  
16 critically needed project within the Loop 375 and FM 659  
17 corridors that will relieve traffic congestion on the  
18 existing state highway system and improve mobility in El  
19 Paso County.

20           Staff recommends approval of this minute order,  
21 and I stand ready to answer any questions?

22           MR. HOUGHTON: Questions? Anybody want to  
23 speak to this?

24           MR. HOLMES: So moved.

1 MR. UNDERWOOD: Second.

2 MR. HOUGHTON: All in favor?

3 (A chorus of ayes.)

4 MR. HOUGHTON: Passes.

5 MR. WILSON: Item 8b, Ed.

6 MR. PENSOCK: Again for the record, Ed Pensock,  
7 TTA Division.

8 Item 8b authorizes the Camino Real Regional  
9 Mobility Authority to participate in the funding of  
10 improvements to the state highway system in connection  
11 with the department construction of Loop 375 mainlanes  
12 from approximately one mile west of US 54 to Business US  
13 54 in northeast El Paso County.

14 Item 8b also rescinds Minute Order 112636 that  
15 authorized the pass-through agreement for the department  
16 to develop the project with partial RMA funding, and  
17 authorizes the executive director to enter into a project  
18 development agreement with the RMA establishing the  
19 funding and development responsibilities.

20 The commission previously authorized the  
21 department to develop Loop 375 mainlanes with the RMA  
22 using pass-through toll financing methods to provide  
23 partial funding. House Bill 563, again enacted by the  
24 82nd Legislature, implemented statutory changes allowing

1 transportation reinvestment zones to be used independent  
2 of pass-through financing. The RMA is requesting removal  
3 of the pass-through financing in order to use the City of  
4 El Paso's transportation reinvestment zones without the  
5 constraints and additional expense of the pass-through  
6 financing method.

7           The total project cost is approximately \$60  
8 million. Funding sources include Category 2 Metro and  
9 Urban Corridor project allocations. The RMA will also  
10 make \$6 million available by means of a previously  
11 approved State Infrastructure Bank loan. The RMA's  
12 participation in the funding of improvements to the state  
13 highway system will provide for the expeditious completion  
14 of this critically needed project within the Loop 375  
15 corridor. This will relieve traffic congestion on the  
16 existing state highway system and improve mobility in El  
17 Paso County.

18           Staff recommends your approval of this minute  
19 order, and I stand ready to answer any questions.

20           MR. HOUGHTON: Question? Motion?

21           MR. UNDERWOOD: So moved.

22           MR. HOLMES: Second.

23           MR. HOUGHTON: All in favor?

24           (A chorus of ayes.)

1 MR. WILSON: And lastly, item 8c, Ed.

2 MR. PENSOCK: Finally, 8c. Ed Pensock again.

3 Item 8c approves an amendment to the project  
4 development agreement for four direct connectors on the  
5 I-10/Loop 375 intersection, the Americas Interchange. The  
6 agreement between the regional mobility authority and the  
7 department will add the City of El Paso as a party with  
8 joint responsibility for project development.

9 Item 8c also approves the termination of a  
10 pass-through toll agreement between the RMA and the  
11 department and the addition of another direct connector to  
12 the Americas Interchange.

13 The commission previously approved the regional  
14 mobility authority development of the Avenue of the  
15 Americas interchange project using the project development  
16 agreement with multiple financing methods including pass-  
17 through. Again, the 82nd Legislature enacted statutory  
18 changes allowing transportation reinvestment zones to go  
19 forward without pass-through financing, and the RMA is  
20 requesting removal of the pass-through financing in order  
21 to use the TRZs. This will require the city to become a  
22 party to the existing project development agreement.

23 The parties also want to take advantage of  
24 possible underruns from the original project and

1 Proposition 12 bond funds to potentially add another  
2 direct connector to the project.

3 The total project cost of additional work is  
4 estimated at approximately \$23 million. The department  
5 will provide funding for its portion of the project,  
6 including Proposition 12 bond funds and Category 2 Metro  
7 and Urban Corridor projects.

8 The termination of the pass-through agreement  
9 and amendment to the project development agreement to add  
10 the city as a party to develop the additional direct  
11 connectors to the project will provide for the expeditious  
12 completion of this critically needed project and relieve  
13 traffic congestion on the existing state highway system  
14 and in the Loop 375 corridor.

15 Again, staff recommends your approval of this  
16 minute order, and I stand ready to answer any questions.

17 MR. HOUGHTON: Questions? Motion?

18 MR. HOLMES: I just have one comment. Who all  
19 is here from the El Paso area? Just raise your hand. I  
20 want to congratulate you for really looking at and  
21 modifying and moving forward with using the transportation  
22 reinvestment zone. We get a lot of questions, we hear  
23 this. This is one of the greatest tools that the  
24 legislature has given local areas, and I would encourage

1 those that are watching or listening or following up to  
2 really look at this option to help move forward and  
3 leverage funds to bring projects sooner rather than later.  
4 So I really applaud you for what you're doing.

5 MR. PENSOCK: Yes, sir, Commissioner, a very  
6 good, innovative finance tool that the El Paso region is  
7 using very aggressively to try to make needed  
8 transportation projects completed sooner.

9 MR. HOUGHTON: Questions? Motion?

10 MR. HOLMES: Motion.

11 MR. UNDERWOOD: Second.

12 MR. HOUGHTON: All in favor?

13 (A chorus of ayes.)

14 MR. HOUGHTON: Thanks, Ed. Thank you, El Paso.

15 MR. WILSON: Item 2, our Finance Division  
16 director, Brian Ragland, will present information on our  
17 project selection process. Brian.

## 1 PUBLIC HEARING

## 2 PROJECT SELECTION PROCESS

3 MR. RAGLAND: Good morning. For the record,  
4 I'm Brian Ragland, director of the Finance Division.

5 Item 2 is the public hearing on the  
6 commission's project selection process. We do this  
7 annually in accordance with statute and also the Texas  
8 Administrative Code. Specifically, the Transportation  
9 Code directs the commission to describe the project  
10 selection process, including the relative importance of  
11 criteria it uses for decisions.

12 The brochure which is attached as an exhibit  
13 and which you have, and it's also available out in the  
14 lobby at the sign-in table, includes a description of the  
15 major steps taken to select projects. It also contains a  
16 chart listing our 12 categories of projects which end up  
17 in the UTP, the project selection process for each of  
18 those categories, and how each of those are typically  
19 funded.

20 Notice of this hearing was published in the  
21 Texas Register on January 6, and comments, which we  
22 welcome and encourage, will be received until February 6.

23 There's no commission action on this item. In  
24 February we will bring you an item which will approve this

1 project selection process. And that's all I have.

2 MR. WILSON: Item 3 is awarding of aviation  
3 grants. Aviation Division Director Dave Fulton will  
4 present this minute order.

5 MR. FULTON: Thank you, Phil.

6 For the record, commissioners, my name is Dave  
7 Fulton, director of TxDOT Aviation Division.

8 This minute order contains a request for grant  
9 funding approval for five airport improvement projects.  
10 The total estimated cost of all requests, as shown in  
11 Exhibit A, is approximately \$6.7 million: approximately  
12 \$6 million in federal funding and \$700,000 in local  
13 funding.

14 A public hearing was held on December 8. No  
15 comments were received. We would recommend approval of  
16 this minute order.

17 MR. HOUGHTON: Questions? Motion?

18 MR. HOLMES: So moved.

19 MR. UNDERWOOD: Second.

20 MR. HOUGHTON: All in favor?

21 (A chorus of ayes.)

22 MR. HOUGHTON: Thank you, Dave.

23 MR. FULTON: Thank you.

24 MR. WILSON: Item 4a is the first of three

1 items presented by Eric Gleason, director of the Public  
2 Transportation Division.

3 MR. GLEASON: Good morning. For the record,  
4 I'm TxDOT director of Public Transportation, Eric Gleason.

5 Agenda item 4a revises previous Federal Transit  
6 Administration Non-Urban or Rural Area Program Recovery  
7 Act award amounts and purpose for selected sub-recipients.  
8 There's no net change in total funding award amount  
9 because of this.

10 The department continues to make adjustments  
11 within the Rural Recovery Act Program as some projects are  
12 completed with remaining balances and as other projects  
13 become clearer with respect to anticipated costs and  
14 purposes. In this instance an adjustment is made to a  
15 previous award amount among different expenditure  
16 categories for the East Texas Council of Governments.

17 Texas continues to expend its Rural Transit  
18 Recovery Act funds at a rate greater than the transit  
19 industry as a whole. As of yesterday we have spent  
20 approximately 94 percent of our Recovery Act Program funds  
21 for the non-urban areas in Texas, whereas, nationally the  
22 most recent data available on FTA's website indicates an  
23 overall expenditure rate for their rural transit programs  
24 of approximately 70 percent.

1                   Staff recommends your approval of this minute  
2 order.

3                   MR. HOUGHTON: Questions? Motion?

4                   MR. UNDERWOOD: So moved.

5                   MR. HOLMES: Second.

6                   MR. HOUGHTON: All in favor?

7                   (A chorus of ayes.)

8                   MR. WILSON: Item 4b, Eric.

9                   MR. GLEASON: Agenda item 4b awards \$97,000 in  
10 Federal Transit Administration Job Access Reverse Commute  
11 Program funds to the Golden Crescent Regional Planning  
12 Commission, and \$44,389 of JARC funds to the Ark-Tex  
13 Council of Governments to assist in the continuation of  
14 services for low income individuals to commute to work,  
15 job training and other employment services.

16                   Funds available for this award are unexpended  
17 balances from completed projects included in the original  
18 previous commission action. These funds will be used to  
19 purchase replacement vehicles needed to continue Golden  
20 Crescent Regional Planning Commission and Ark-Tex Council  
21 of Governments JARC services.

22                   Staff recommends your approval of this minute  
23 order.

24                   MR. HOUGHTON: Questions? Motion?

1 MR. UNDERWOOD: So moved.

2 MR. HOLMES: Second.

3 MR. HOUGHTON: All in favor?

4 (A chorus of ayes.)

5 MR. WILSON: Item 4c, Eric.

6 MR. GLEASON: Item 4c awards approximately \$2.7  
7 million in transportation development credits as match for  
8 fiscal year 2011 Bus Livability, State of Good Repair and  
9 Clean Fuels Federal Discretionary Program awards to the  
10 Texas transit providers listed in Exhibit A.

11 These development credits will be used to draw  
12 down over \$13 million in federal funds to be used to  
13 replace aging fleet, construct facility and shelter and  
14 access improvements to service and to support planning  
15 efforts on multimodal transportation projects. Each  
16 project has been reviewed and determined to be eligible  
17 and supportive of the goals of the department.

18 We recommend your approval of this minute  
19 order.

20 MR. HOUGHTON: Questions?

21 MR. HOLMES: Yes. Eric, three of these are for  
22 vehicles. Are those some type of energy efficient or  
23 clean fuel vehicles?

24 MR. GLEASON: There's a combination. The award

1 to the Texoma Area Paratransit System for vehicles is  
2 actually a State of Good Repair award, so that's to  
3 replace aging fleet, and the same is true with the Capital  
4 Metro award. The award to the City of Lubbock is, in  
5 fact, going to be buying some clean fuel hybrid electric  
6 buses. So there's a combination of federal programs at  
7 work here, and that's under the Clean Fuels Program that  
8 that award was from.

9 MR. HOLMES: Thanks.

10 MR. HOUGHTON: Any other questions? Motion?

11 MR. HOLMES: Motion.

12 MR. AUSTIN: Second.

13 MR. HOUGHTON: All in favor?

14 (A chorus of ayes.)

15 MR. HOUGHTON: Thanks, Eric.

16 MR. GLEASON: Thank you.

17 MR. WILSON: Next is Coby Chase, interim  
18 director of Government Relations, to present item 5a,  
19 final adoption of administrative rules relating to  
20 Complaint Resolution. Coby.

21 MR. CHASE: Good morning. For the record, I'm  
22 Coby Chase, director of Federal Relations for TxDOT.

23 Over the past few months we have completed the  
24 required process to amend the Complaint Resolution rules

1 which are found in Part 1, Chapter 3, of the  
2 Transportation Code. The new rules were proposed, as  
3 required, at the October 2011 commission meeting.

4 The amendments, repeals and new sections of  
5 these rules incorporate the statutory changes from the  
6 82nd Session of the Texas Legislature. As directed by the  
7 legislature, the new rules standardize the complaint  
8 process across the agency, they allow for submission of  
9 written complaints through email and the web. The new  
10 rules also require us to collect data, analyze trends and  
11 provide regular reports to the commission and  
12 administration. The new tracking system tells us what our  
13 complaints are about, how they came into the agency, and  
14 how long it takes us to respond to the customer.  
15 Ultimately, we can use this data to inform our decision or  
16 shape our decision-making and clarify what our customers  
17 are concerned about.

18 The official comment period for the rules ended  
19 last month and we received no public comment, so no  
20 complaints about the complaint process. I believe the new  
21 rules fully satisfy the legislature's expectations, and I  
22 recommend adoption at this time.

23 I'd like to add one final note that our  
24 executive director asked Louis Carr, our chief information

1 officer, and others to look at a successor to the current  
2 CRAFT system that we're using, something that's a more  
3 powerful analytical tool, more portable, something we can  
4 use from the field. So what we have now is kind of  
5 meeting very minimal service levels and we're looking to  
6 build on that.

7 MR. HOUGHTON: Questions?

8 MR. HOLMES: So moved.

9 MR. UNDERWOOD: Second.

10 MR. HOUGHTON: All in favor?

11 (A chorus of ayes.)

12 MR. HOUGHTON: Before you leave, Coby, I missed  
13 my required job to promote your forum. Do you want to  
14 talk about your forum? It's a good idea, it's next month,  
15 in a couple of weeks.

16 MR. CHASE: Thank you, Chairman Thor.

17 (General laughter.)

18 MR. HOUGHTON: Couldn't help yourself, could  
19 you.

20 MR. CHASE: I couldn't. I saw the hammer. I  
21 do five career-limiting things a day, this one I just did  
22 on the web.

23 MR. HOUGHTON: Talk about some of the speakers,  
24 the notable personalities, other than Commissioner Holmes,

1 who will be there.

2 MR. CHASE: We have quite a lineup. Governor  
3 Rendell asked to come back, and basically his presentation  
4 is: So what happened since I was here last. And he was  
5 very excited about the opportunity to come speak, so he'll  
6 be joining us at the forum this year.

7 Phil Wilson will be introducing himself  
8 formally, I would say. He's introduced himself all over  
9 the state, but to 1,200 of our closest friends and family,  
10 our stakeholders who will be at the forum, showing changes  
11 at the agency.

12 We're taking a different approach on what's  
13 happening in Washington, D.C. We've invited in people who  
14 cover it for a living, reporters from Politico, the Hill  
15 and possibly Congressional Quarterly.

16 We have a great panel on freight and freight  
17 movement starting with the Panama Canal and what that's  
18 going to mean to Texas, and then some of the people who  
19 are heavy users of the system. We're going to make an  
20 announcement about a new airport association in Texas.  
21 We'll have an opening night session with Speaker Strauss  
22 and Secretary Andrade. And I'm missing about ten other  
23 really great things we'll be doing.

24 Oh, Senator Cornyn will be there. People need

1 to fully understand Senator Cornyn's role in  
2 reauthorization. We are starting to see the House bill  
3 take shape and will go public this week or very early next  
4 week, and the role Senator Cornyn serves is people can  
5 write any legislation they want, Senator Cornyn and the  
6 Finance Committee have to pay for it, and that is about to  
7 make a lot of headlines, and he has thought long and hard  
8 about innovative ways to fund the next bill. The debate  
9 right now in the Senate is over what Senator Baucus will  
10 find to fill their two-year gap, but Senator Cornyn has  
11 been a leader on the discussion on innovative means to get  
12 us there. And a lot of attention goes to the authors like  
13 Senator Boxer and Senator Inhofe which, of course, are  
14 very important, but at the end of the day, people like  
15 Senator Cornyn have to pay for it. So they can dream,  
16 Senator Cornyn anchors us in reality.

17 And we're going to have a disaster panel. I  
18 won't just leave that at that. That will be moderated by  
19 Fred Underwood. But it's a look at major disasters --  
20 this is getting funnier the more I talk about it -- major  
21 disasters and how it's affected major transportation  
22 systems and how they recover. And that's going to be  
23 fascinating as well too.

24 Thank you so much for the opportunity, Mr.

1 Chairman.

2 MR. HOUGHTON: Thank you, Coby.

3 Did we vote? Motion?

4 MR. HOLMES: Motion

5 MR. UNDERWOOD: Second.

6 MR. HOUGHTON: All in favor?

7 (A chorus of ayes.)

8 MR. CHASE: Thank you.

9 MR. WILSON: The next three items will be  
10 presented by Bob Jackson, our general counsel. Item 5b(1)  
11 is the proposed adoption of amendments to Chapter 3 of the  
12 Administrative Code relating to Public Access to  
13 Commission Meetings.

14 MR. JACKSON: Bob Jackson, general counsel.

15 The department's Sunset Bill from last session  
16 amended state law to require the commission to adopt and  
17 implement policies that provide the public with a  
18 reasonable opportunity to appear before the commission and  
19 speak on any issue under the jurisdiction of the  
20 department. Previous said under the jurisdiction of the  
21 commission. We have rules governing access to the  
22 commission, we merely need to change one in a few places  
23 from "commission" to "department." That's what this  
24 proposed rule does.

1 Recommend adoption of the minute order.

2 MR. HOUGHTON: Motion?

3 MR. UNDERWOOD: So moved.

4 MR. HOLMES: Second.

5 MR. HOUGHTON: All in favor?

6 (A chorus of ayes.)

7 MR. HOUGHTON: Somebody missed a word in your  
8 department?

9 MR. JACKSON: No, no. The legislature changed  
10 a word, we need to change the rules to be consistent with  
11 state law.

12 MR. HOUGHTON: I was going to say not our  
13 general counsel.

14 MR. JACKSON: No way.

15 MR. HOUGHTON: The repentant Bob Jackson.

16 MR. WILSON: Item 5b is proposed adoption of  
17 amendments to Chapter 10 regarding Conflict of Interest  
18 through revolving door restrictions. Bob.

19 MR. JACKSON: In order to heighten the  
20 department's standards of fairness and ethics and improve  
21 the integrity of our contracting system, the department  
22 staff proposes to add new revolving door restrictions to  
23 its rules governing the ethical conduct of entities that  
24 do business with the department and provide the department

1 with appropriate remedies for violations. The new rules  
2 expand the definition of conflict of interest to include  
3 revolving door restrictions for certain former upper level  
4 employees and add additional consequences to the current  
5 sanction provisions for violating the new prohibitions.

6 More specifically, I want to highlight a couple  
7 of things. The rules propose prohibiting former members  
8 of administration from influencing the department for a  
9 two-year period after they leave the department. The  
10 rules also propose a similar prohibition for division  
11 directors, officer directors, region directors and  
12 district engineers for a one-year period. The rules  
13 incorporate the Government Code prohibition regarding the  
14 revolving door for a particular matter that's a permanent  
15 ban, really referring to current law, and we will follow  
16 the opinions of the Ethics Commission in interpreting that  
17 law.

18 The rules will provide sanctions, same  
19 sanctions that are under our current rules for department  
20 contractors, and we also add the ability to disqualify a  
21 proposer who violates as an employee that violates our  
22 revolving door provisions.

23 Recommend adoption of the minute order.

24 MR. HOUGHTON: Is there any comments or

1 questions from the commission?

2 MR. HOLMES: So moved.

3 MR. UNDERWOOD: Second.

4 MR. HOUGHTON: All in favor?

5 (A chorus of ayes.)

6 MR. WILSON: Item 5c is the agency's rule  
7 review. Bob.

8 MR. JACKSON: This minute order readopts the  
9 commission's rules concerning crossings of overweight  
10 vehicles and loads and permits regarding the Port of  
11 Brownsville Port Authority and regarding Chambers County  
12 permits.

13 State law requires agencies to readopt their  
14 rules at least every four years, but prior to readopting  
15 we go out for public comment, see if the public has  
16 concerns with the commission readopting its rules. The  
17 department received no public comments.

18 Staff recommends adoption of this minute order  
19 that will readopt these rules.

20 MR. HOUGHTON: Questions? Motion?

21 MR. HOLMES: So moved.

22 MR. UNDERWOOD: Second.

23 MR. HOUGHTON: All in favor?

24 (A chorus of ayes.)

1 MR. WILSON: Item 6 will be presented by  
2 Suzanne Mann, director of the Office of Compliance and  
3 Ethics. She will make her monthly report on the  
4 department's ICP.

5 MS. MANN: Good morning. It is my sincere  
6 pleasure to be the director of Compliance and Ethics and  
7 to be able to present to you as not an interim and not an  
8 attorney with OGC but actually the director of this  
9 office. For the record, I am Suzanne Mann, director of  
10 the Office of Compliance and Ethics. It was formerly  
11 known as the Internal Compliance Office for the Texas  
12 Department of Transportation.

13 The purpose of this report is to provide a  
14 summary of information related to complaints and  
15 investigations for the month of December 2011.  
16 Transportation Code Section 201.452 provides that the  
17 Compliance Office has primary jurisdiction for the  
18 oversight and coordination of all investigations occurring  
19 on department property or involving department employees.  
20 Transportation Code Section 201.454 requires the director  
21 of the Compliance Office to provide a monthly report to  
22 the commission regarding investigation and a summary of  
23 information relating to trends and recommendations.

24 OCE -- that's our new name -- directly received

1 ten complaint reports during the month of December,  
2 primarily through TxDOT Watch. A total of 22 complaint  
3 reports received by OCE were closed during the month. The  
4 allegations in six of those were substantiated and  
5 appropriate action was taken.

6 Since September 1, this report was divided into  
7 two primary sections with those complaints received by OCE  
8 and those complaints received through Audit and HR. Soon,  
9 in accordance with our modernization plan, we're going to  
10 combine all of those into one report so there won't be two  
11 sections, and all the allegations regarding fraud, waste,  
12 abuse or violations of department policy will come to OCE  
13 for investigation assignment as necessary.

14 The Audit Office and Human Resources Office,  
15 over this past month they had a total of five  
16 investigations were initiated during the month of December  
17 by Audit, and four by EEOC. No investigations were  
18 reported to OCE as closed during the month of December.

19 No action is needed. This is just a report  
20 that you're going to get monthly and you've already been  
21 getting it monthly.

22 MR. HOUGHTON: Questions of Suzanne?

23 (No response.)

24 MR. HOUGHTON: Thank you.

1 MR. HOLMES: Thank you.

2 MR. WILSON: Bill Glavin, director of the Rail  
3 Division, will present item 7 regarding an appointment to  
4 the Lone Star Rail District.

5 MR. GLAVIN: Good morning. Thank you. For the  
6 record, I'm Bill Glavin, the director of the Rail Division  
7 for the Texas Department of Transportation.

8 This minute order reappoints Tullos Wells as a  
9 public member to the Lone Star Rail District.

10 Article 6550(c)-1 of Vernon's Texas Civil  
11 Statutes allows the establishment of an intermunicipal  
12 commuter rail district and grants the powers necessary to  
13 provide commuter rail services between Austin and San  
14 Antonio areas. This statute provides that the Texas  
15 Transportation Commission appoint two public members to  
16 the district's board of directors. One of these  
17 appointments expires at the end of this month. The other  
18 board members are appointed by member cities, counties,  
19 transit organizations and metropolitan planning  
20 organizations. Currently the board has 20 members.

21 Due to his exemplary service, staff recommends  
22 Mr. Wells be reappointed for a sixth term which will  
23 expire in January 2014. It also recommends the approval  
24 of this minute order.

1 MR. HOUGHTON: Questions? Motion?

2 MR. HOLMES: Motion.

3 MR. UNDERWOOD: Second.

4 MR. HOUGHTON: All in favor?

5 (A chorus of ayes.)

6 MR. HOUGHTON: Thanks, Bill.

7 MR. WILSON: Moving to item 9a, our chief  
8 financial officer, James Bass, will present. James.

9 MR. BASS: Good morning. For the record, I'm  
10 James Bass, chief financial officer at TxDOT.

11 This minute order would direct the department  
12 to enter into negotiations and to finalize a contract with  
13 Transcor for statewide toll system maintenance and  
14 integration since Transcor was determined to have  
15 submitted the best value proposal in response to a recent  
16 RFP.

17 The contract with Transcor would replace two  
18 existing contracts and provide a savings from current  
19 rates. The annual savings for the toll system maintenance  
20 portion of the contract would be over \$2-1/2 million per  
21 year, with around \$1.7 million of that savings being  
22 associated with the Central Texas Turnpike System.

23 I would be happy to answer any questions you  
24 might have, and staff recommends your approval.

1 MR. HOUGHTON: Questions of James?

2 MR. HOLMES: So moved.

3 MR. UNDERWOOD: Second.

4 MR. HOUGHTON: All in favor?

5 (A chorus of ayes.)

6 MR. WILSON: James, please proceed with toll-  
7 related item 9b.

8 MR. BASS: Yes. This particular minute order  
9 would establish certain customer account fees for toll  
10 operations, as reflected in the minute order. I would be  
11 happy to provide further details on any of those items or  
12 answer any questions the commissioners may have. If not,  
13 staff recommends your approval.

14 MR. MEADOWS: Just a quick comment, James, and  
15 that is that I think we need to acknowledge the fact that  
16 staff really is focused on several things with regard to  
17 the toll operations and the financial performance of that,  
18 just as we've focused on the revenue, on the top line.  
19 These are examples of how we really are looking at  
20 realizing some savings in terms of just saving expense,  
21 and that's just good work.

22 MR. BASS: Thank you. And there have been a  
23 number of initiatives led by Mr. Woodall that recently the  
24 operations and maintenance costs kind of highlight what

1 you're talking about. The operations and maintenance  
2 budget for CTTS I believe has been in the neighborhood of  
3 \$40- to \$42 million. As a lot of these savings  
4 initiatives get implemented over the next 12 to 18 months,  
5 we anticipate that budget item going down to around \$32  
6 million in 2013, and then down to \$29 million in 2014  
7 through a variety of initiatives that have been  
8 implemented.

9 MR. UNDERWOOD: One thing I want to make clear  
10 also, James, that on the cost of the standard tags, the  
11 \$13.85, that's only if they do not use a credit card. If  
12 they put a credit card on record, then there's no cost to  
13 the consumer, is that correct, to the driving public?

14 MR. BASS: Yes, sir. And so what we would  
15 anticipate is that very few individuals would actually pay  
16 the \$13.85 because they would opt to set up an auto-  
17 replenishing account and be able to avoid that \$13.85.

18 MR. UNDERWOOD: Right. Just want to make sure  
19 on that. Thank you.

20 MR. HOUGHTON: James, just for information  
21 purposes, how many tags have we issued to date? Oh, you  
22 have to look to the back of the room.

23 MR. BASS: How about a lot.

24 MR. UNDERWOOD: Were you counting the room back

1       there, James?

2                   MR. BASS:    I think it's about 985,000.

3                   MR. AUSTIN:   That was a really good lifeline.

4                   MR. BASS:    Can I phone a friend?

5                   (General laughter.)

6                   MR. HOUGHTON:  Stay there, Woodall, stay right  
7 there.  My question is of the 985,000, give or take, how  
8 many have issued without a credit card?

9                   MR. BASS:    It's 4 percent of that number, so  
10 less than 40,000 of those.

11                   MR. HOUGHTON:  Thank you, Mr. Woodall, for your  
12 help.

13                   MR. HOUGHTON:  Do we need a motion on this?

14                   MR. MEADOWS:  Move approval if you do.

15                   MR. HOUGHTON:  Yes, move to approve.

16                   MR. AUSTIN:   Second.

17                   MR. HOUGHTON:  All in favor?

18                   (A chorus of ayes.)

19                   MR. BASS:    Thank you.

20                   MR. WILSON:   Item 10 will be presented by the  
21 interim director of the Texas Turnpike Authority Division,  
22 Ed Pensock, who will explain this minute order.

23                   MR. PENSOCK:  For the record, Ed Pensock,  
24 Turnpike Division of TxDOT.

1           Item 10 authorizes TxDOT to make payment to  
2 Zachry American Infrastructure/ACS in settlement and in  
3 full satisfaction of ZAI/ACS's claim for the I-69 CDA  
4 procurement termination costs.

5           In Minute Order 110698, dated September 28,  
6 2006, the commission authorized and directed the  
7 department to issue a request for proposals for the  
8 development of the I-69 Corridor from northeast Texas to  
9 Mexico and other potential facilities to the extent  
10 necessary for connectivity, mobility, safety and  
11 financing. In Minute Order 111409, dated June 26, 2008,  
12 the commission conditionally awarded the CDA to ZAI/ACS 69  
13 Partners, Inc.

14           Following negotiation of the final terms and  
15 review by the Legislative Budget Board, the CDA was  
16 submitted in November 2009 to the Office of Attorney  
17 General for legal sufficiency review, as required by  
18 statute. During the 2-1/2 years after the conditional  
19 award, ZAI/ACS extended its proposal validity period 14  
20 times at TxDOT's request. The proposal ultimately expired  
21 in November of 2010 without a final award of the CDA.

22           On November 15, 2010, ZAI/ACS submitted an  
23 invoice to TxDOT for approximately \$3.4 million for  
24 reimbursement of I-69 CDA procurement termination costs.

1 After review and analysis and further discussions with  
2 ZAI/ACS, department staff recommends that the developer be  
3 reimbursed the amount of \$1,095,275.44 based on  
4 mobilization of contract staff, work performed by ZAI/ACS  
5 in anticipation of execution of the CDA that the  
6 department can use in the development of the I-69  
7 Corridor. Payment is conditioned on ZAI/ACS waiving or  
8 withdrawing any further claims connected to the I-69  
9 project and procurement for releasing the commission and  
10 department from any further claims in connection with the  
11 69 procurement.

12 I stand ready to answer any questions.

13 MR. HOUGHTON: Questions? Motion?

14 MR. UNDERWOOD: So moved.

15 MR. HOLMES: Second.

16 MR. HOUGHTON: All in favor?

17 (A chorus of ayes.)

18 MR. HOUGHTON: Thank you, Ed.

19 MR. WILSON: James Bass, chief financial  
20 officer, will present item 11 related to the UTP. James.

21 MR. BASS: Thank you.

22 This particular minute order item is to kick  
23 off the development cycle for the 2013 UTP, and if the  
24 commission today approves the preliminary target

1 allocations, staff would then hold a series of public  
2 meetings and a public hearing throughout the state and  
3 come back before you in March and propose a full-blown UTP  
4 for 2013 through 2022.

5 Just as a reminder of the process, as we all  
6 know, the UTP is a plan based upon a forecast based upon a  
7 number of assumptions. The crowd could say it for me. A  
8 couple of the major assumptions within that are that the  
9 debt service coming out of the State Highway Fund will  
10 support \$6 billion of Proposition 14 and no more. The \$6  
11 billion is the current limit. Obviously, if that limit is  
12 adjusted through the legislature, then one of our  
13 assumptions would need to change to address that.

14 Another major assumption we have in there is  
15 that at some point Congress would move forward and adopt a  
16 multi-year transportation bill, and our assumption has  
17 been that since they've been unable to completely fund the  
18 SAFETEA-LU levels out of the Federal Highway Trust Fund,  
19 that the future levels would be lower and the future  
20 levels would equal the revenues going into the Federal  
21 Highway Trust Fund would equal those that are allocated  
22 out to the state.

23 If that changes, if Congress takes a different  
24 tack and decides to continue funding at SAFETEA-LU levels

1 or something different, that will also have an effect in  
2 our planning documents. So right now on the federal funds  
3 we've taken a very conservative assumption and approach to  
4 those funding levels, we believe.

5 So just as a reminder, from the traditional  
6 funding sources, Fund 6, pay as you go program and the  
7 federal funds, for the ten-year period of '12 through '21  
8 we had letting in the neighborhood of \$24 billion. The  
9 way we arrived at those figures is we looked at our  
10 forecast and our projections on revenues going into the  
11 State Highway Fund, and the major ones, of course, are the  
12 state motor fuel tax, the vehicle registration fees, and  
13 reimbursements from the Federal Highway Administration and  
14 other federal partners. That totaled just under \$70  
15 billion.

16 When we then look at the various demands on the  
17 State Highway Fund outside of the UTP, within the  
18 department, within some of our sister agencies, Department  
19 of Public Safety, Department of Motor Vehicles, on the  
20 right-hand side of this presentation you see the projected  
21 expenditures in those areas, and I can provide more detail  
22 if you would like. That totaled, after we subtracted all  
23 of that from the projected revenue, there was \$24.6  
24 billion available for contractor payments.

1           As we've talked about before, the UTP is  
2 focused on year of award contract amount, what goes into  
3 the state budget and our forecast as those cash flow  
4 payments over time, there's a variation between those two,  
5 so the thought and what our model produced was that \$24.6  
6 billion in cash would support about \$24 billion of  
7 letting.

8           Well, now we're a year past when we developed  
9 the 2012 UTP so hopefully we're at least a little bit  
10 smarter and our model is a little bit more refined than it  
11 was before. So what this page does is it looks at those  
12 revenue forecasts that we had a year ago for the 2012 UTP  
13 and compares those to what our forecast would be today for  
14 that same time period, and you can see the differences.  
15 One primarily for the state motor fuels tax is we saw  
16 actual collections in 2011 higher than what we had  
17 anticipated. That raised the baseline, if you will, and  
18 we've recently seen growth a little bit higher than what  
19 we had built into that forecast. So we're projecting, if  
20 we were today, another \$500 million over that ten-year  
21 period in state motor fuels tax.

22           We've actually seen a recent decline in the  
23 growth rate, if you will, of state registration fees.  
24 They're still going up but not as much as they had been in

1 recent years. Speculation on our part is that may just  
2 revolve around the overall economic conditions and as  
3 people are making choices as to which bills to pay and  
4 which bills to push off for a little bit, one of them that  
5 may getting pushed off is the state registration for  
6 vehicles.

7           You'll notice that our reimbursement projection  
8 from Federal Highways is higher than it was a little over  
9 a year ago. One reason for that is, as you see on the top  
10 line, the state motor fuels tax we project to be higher,  
11 that simply equates to we estimate more gallons of fuel  
12 are going to be sold in the State of Texas. Well, that  
13 goes into the federal program and generates more money.

14           Another key, going back to one of our  
15 underlying assumptions, is that Congress would revert to a  
16 fiscally constrained transportation bill. Money into the  
17 Federal Highway Trust Fund would equal money coming out of  
18 it. And although SAFETEA-LU ended at the end of 2009,  
19 Congress, through continuing resolutions, has elected to  
20 continue to fund at SAFETEA-LU levels. Those higher  
21 obligation amounts equal higher reimbursements over time,  
22 and you see that reflected on this line. So all told, the  
23 revenue estimate today for that same time period would be  
24 roughly \$2-1/2 billion more than it was when the 2012 UTP

1 was developed.

2 MR. AUSTIN: James, before you go on to the  
3 next slide, under the federal motor fuels, how much are we  
4 receiving back right now?

5 MR. BASS: On the rate of return, Texas is and  
6 always has been considered what they call a donor state,  
7 and we receive about 70 cents back for highways for every  
8 dollar that goes in. The state also receives some for  
9 transit in the neighborhood of another 8 to 9 cents, but  
10 some of that transit money flows through the department  
11 and some of the transit money goes directly to the larger  
12 MTA operators in the state.

13 That's one case where the State of Texas is  
14 number one and we'd be happy for somebody else to take  
15 away our spot as the number one donor state.

16 We then go through a similar exercise for the  
17 non-UTP expenditures, just updating what had been done  
18 from the development of the 2012 UTP, and on the top line,  
19 one of the most significant ones, between when we updated  
20 the 2012 UTP and today we've gone through the  
21 appropriation process and we've been able to update our  
22 forecast based upon that activity. And what we saw is  
23 that some of the other agencies and employee benefits for  
24 TxDOT were slightly higher than what we had originally

1 forecast, and you see that adjustment on the top line.

2 On some of the others, in particular the pass-  
3 through tolls and the toll equity, it's really just a  
4 timing issue that either payments have been accelerated on  
5 the front-end of this window or pushed outside of this  
6 ten-year window, so it's really a timing difference, but  
7 as we're just looking at this ten-year window, we have  
8 noticed some variances on those.

9 So when we then combine those two together,  
10 today we think the revenue is roughly \$2-1/2 billion more  
11 over the ten-year period, but expenditures would be up  
12 \$1.4-, so just over an additional \$1 billion available in  
13 cash to support contractor payments. Again, because of  
14 that difference between contract amount and payout over  
15 time, we believe that that would support an additional  
16 \$1.4 billion in letting. So the 2012 UTP, rather than  
17 being \$24 billion would have been in the neighborhood, if  
18 we were preparing that today, of around \$25.4-.

19 Well, that's an update on the 2012 UTP, but as  
20 I mentioned, we're talking about the 2013 through 2022.  
21 So if we take that updated baseline of 2012 to 2021 of  
22 \$25.4- and we remove the letting that's actual and then  
23 forecast for the remainder of 2012, remove that out of the  
24 document of \$2.57-, and add projected letting for the year

1 2022, it's almost the same number of \$2.56-, so we end up  
2 with a projected letting in the UTP from the traditional  
3 sources of \$25.39 billion.

4           There are other methods to deliver projects in  
5 the State of Texas that have been termed non-traditional  
6 delivery methods, so in addition to the \$25.39-, we're  
7 able to add those into our planning document, and you see  
8 those detailed out here. The State Highway 122 proceeds  
9 that are available in the Dallas-Fort Worth area, and  
10 those projects have been identified and selected, they  
11 just won't be awarded until 2013 or after, and that's why  
12 they appear in this planning document. Same thing with  
13 Proposition 12 funds, Proposition 14, pass-through  
14 agreements, we're waiting for those to be awarded in the  
15 future.

16           There's a little bit remaining of Texas  
17 Mobility Fund that's related to, I think, a DART project  
18 in the Dallas-Fort Worth area dealing with light rail that  
19 in 2013 or 2014 is scheduled to be awarded that will  
20 utilize that \$80 million. And then a very large number  
21 from local funds of \$7.75 billion. That is primarily made  
22 up of local tolling entities moving forward and having  
23 plans to deliver additional projects throughout the state  
24 highway system. One of the things you'll see on the next

1 slide I'll highlight that a little bit further.

2           So all told from traditional sources \$25.39-,  
3 we add in the non-traditional sources, it gets up to a  
4 grand total of just over \$36 billion. That \$36 billion  
5 then lays out into the twelve categories within the UTP.  
6 You'll see that some of those categories are shaded. The  
7 first one I'll talk about is Category 3 there in the light  
8 blue, and the reason it's shaded is because it's coming  
9 from local funds. I just wanted to highlight that it's  
10 not really within the commission's purview to direct staff  
11 to say, Well, we'd like to reduce that \$10.65 billion and  
12 move it into one of the other categories. Because these  
13 are local funds that are committed for specific projects  
14 and moving towards there, or at least \$7.75 billion of  
15 that number is, there's not a whole lot of flexibility  
16 within that number.

17           The other thing I would point out, again to re-  
18 emphasize the planning aspect of this document, \$7-3/4  
19 billion of that number is based upon local entities being  
20 able to go through whatever process to issue bonds or to  
21 gather local funds to deliver projects. If for whatever  
22 reason those efforts are not successful, those projects  
23 will fall out of the plan. There is not a commitment by  
24 the commission to fund those projects going forward. This

1 is just a plan that the department has to work with our  
2 local partners in efforts to deliver those projects.

3 The Categories 5 through 11 which are shaded in  
4 gray is because those have different requirements to that  
5 that, in effect, establish minimum levels that must go  
6 into those categories. Category 5 through 9 are related  
7 to the federal programs and there are minimum amounts  
8 through the federal allocation formulas that those  
9 categories should be funded at, and that's what you see on  
10 the chart before you. Category 10 is a variety of  
11 programs and congressional earmarks, so again, it's at a  
12 minimum level. Category 11, district discretionary,  
13 there's a minimum level set in a rider in the  
14 Appropriations Act, and if you just do the math over ten  
15 years, it comes up to the figure on here as a minimum  
16 level.

17 So that leaves \$11.3 billion in Category 1 and  
18 all that happened on that particular category was 2012  
19 dropped off out of the project and 2022 got added at the  
20 same level for maintenance. Category 2, 2012 dropped off,  
21 nothing was added in 2022. There's one project that's  
22 remaining in Category 4. I think State Loop 79 is the one  
23 project that's in there over the next ten years currently.

24 And then the remainder, just about \$2-1/4 billion is in

1 Category 12. Some of that money that's reflected in  
2 Category 12 is already allocated to identified projects,  
3 and then there's another amount in there that is yet to be  
4 allocated or directed by the commission. So those 12  
5 categories with the distribution add up to the same \$36  
6 billion.

7 Again, the purpose of this is to ask the  
8 commission to approve these category fundings on this  
9 sheet as preliminary funding targets so staff can then go  
10 out and hold our public hearings and public meetings to  
11 receive comment on this and then to come back to you at  
12 your March commission meeting with a proposed 2013 UTP.

13 I would be happy to answer any questions that  
14 you may have at this time.

15 MR. AUSTIN: Would you go back to page 8,  
16 please, sir? My question up there under the actual and  
17 forecast for fiscal year 2012, the \$2.57 billion, is that  
18 amount in 2012 dollars?

19 MR. BASS: Yes. It has not been adjusted for  
20 inflation, so although those numbers appear to be almost  
21 the same, I think everyone's estimate would be in 2022  
22 that \$2.56 billion is going to deliver a lot less than the  
23 \$2.57- in 2012.

24 MR. AUSTIN: Thank you.

1 MR. HOUGHTON: Any other questions of James?  
2 Is there a motion?

3 MR. HOLMES: So moved.

4 MR. UNDERWOOD: Second.

5 MR. HOUGHTON: All in favor?

6 (A chorus of ayes.)

7 MR. HOUGHTON: Thank you, James.

8 MR. BASS: Thank you.

9 MR. HOUGHTON: You've got something else coming  
10 up.

11 MR. WILSON: James will also present items 12a  
12 and 12b. Item 12a relates to the issuance of highway  
13 general obligation bonds. James.

14 MR. BASS: Item 12a deals with the Proposition  
15 12, or HIGO, highway improvement general obligation bond  
16 program. It was authorized in the constitution as a \$5  
17 billion program, we've issued \$1 billion to date. Within  
18 the coming months we anticipate issuing the second billion  
19 of that \$5 billion program. This would give us the  
20 approval to move forward with that issuance, approval of  
21 the documents allowing the department representative to  
22 make any adjustments as may be needed.

23 In addition, this minute order would give  
24 approval and direction to staff that as the timing

1 dictates and we need to issue the third, fourth and fifth  
2 billion, the commission is giving us the authority to go  
3 forward to the Bond Review Board and receive their  
4 approval for those additional issuances of bonds.

5 Having said that, I'd be happy to answer any  
6 questions you might have, and if not, staff would  
7 recommend your approval.

8 MR. HOUGHTON: Questions? Motion?

9 MR. AUSTIN: So moved.

10 MR. UNDERWOOD: Second.

11 MR. HOUGHTON: All in favor?

12 (A chorus of ayes.)

13 MR. WILSON: Item 12b relates to Series 2005-B  
14 Mobility Fund bonds. James.

15 MR. BASS: The Series 2005-B of the Texas  
16 Mobility Fund bonds are variable rate bonds, and  
17 associated with that we have a liquidity provider. That  
18 contract with the liquidity provider is set to expire in  
19 April. We've selected or recommend that RBC be the  
20 replacement liquidity provider, and in order to move  
21 forward with that, the department would issue what's  
22 referred to as a remarketing memorandum to replace that  
23 liquidity provider.

24 And again, staff would recommend your approval.

1 MR. HOUGHTON: Motion? Or question? I'm  
2 sorry.

3 MR. AUSTIN: I had one quick question. Just  
4 looking at replacing these, what type of savings are you  
5 recognizing right now?

6 MR. BASS: One of the things, we had entered  
7 into this original contract -- the existing liquidity  
8 provider is DEPFA Bank, not to pick on them -- the  
9 facility, back when we initially entered into it prior to  
10 2008, was very cheap, about eight basis points. The  
11 replacement with RBC is 30 basis points, so you might  
12 think that's more expensive, and if you just look at that  
13 aspect, it certainly would be. What we're seeing in the  
14 marketplace right now, though, is because DEPFA is a  
15 European bank, there's a negative perception with that,  
16 and so the normal trade and spread that we see to the  
17 SIFMA, the municipal index, is greater on these bonds  
18 because of the presence of that liquidity provider. And  
19 so by moving to RBC, not only is the contract with DEPFA  
20 terminating, but by doing this, that spread will come back  
21 to more of a norm, and we would anticipate a savings when  
22 we look at that spread diminishing.

23 MR. AUSTIN: Well, I appreciate you doing this,  
24 and I think there may be other opportunities as we look at

1 the entire debt portfolio to refund, refinance or save  
2 some money, just take advantage of these rates while  
3 they're low.

4 MR. BASS: Yes, sir.

5 MR. AUSTIN: Thank you. That's all.

6 MR. HOUGHTON: Now a motion.

7 MR. HOLMES: So moved.

8 MR. AUSTIN: Second.

9 MR. HOUGHTON: All in favor?

10 (A chorus of ayes.)

11 MR. BASS: Thank you.

12 MR. WILSON: Items 13a and 13b will be  
13 presented by Brian Ragland, Finance Division director.  
14 Brian, item 13a.

15 MR. RAGLAND: Thank you. For the record, Brian  
16 Ragland, director of the Finance Division.

17 Item 13a is a minute order that we bring to you  
18 periodically for your approval of projects programmed  
19 under the State Highway 121 account. Approximately \$4.9  
20 million in new projects are being added, per Exhibit A, in  
21 Dallas, Denton and Tarrant counties. These are funded  
22 with additional interest earned on the account and cost  
23 savings on previously approved projects. Exhibit B  
24 contains some adjustments to previously approved projects,

1 and Exhibit C is a financial summary of the account by  
2 county and shows the plan as being financially  
3 constrained.

4 And unless you have questions, staff recommends  
5 your approval.

6 MR. HOUGHTON: Motion?

7 MR. HOLMES: So moved.

8 MR. UNDERWOOD: Second.

9 MR. HOUGHTON: All in favor?

10 (A chorus of ayes.)

11 MR. WILSON: Next item 13b.

12 MR. RAGLAND: Very similar to the previous  
13 item, item 13b is a minute order that we also bring  
14 periodically to seek approval of projects programmed under  
15 the State Highway 161 account. This minute order adds a  
16 \$2-1/2 million project in Dallas County, as shown on  
17 Exhibit A. Exhibit B contains some changes to previously  
18 approved projects, and like the previous item, Exhibit C  
19 provides a financial summary of the account by county, and  
20 also shows it as being financially constrained.

21 And staff recommends your approval.

22 MR. HOUGHTON: Motion?

23 MR. HOLMES: So moved.

24 MR. UNDERWOOD: Second.

1 MR. HOUGHTON: All in favor?

2 (A chorus of ayes.)

3 MR. WILSON: Items 14a and 14b will provide for  
4 the quarterly status reports on the FY 2012 Obligation  
5 Limit and Fund 6. Brian, 14a.

6 MR. RAGLAND: 14a is the report that I  
7 previously brought to you on a monthly basis. This is the  
8 first quarterly report on the 2012 Obligation Limit status  
9 and also an update on motor fuel tax receipts through the  
10 first quarter.

11 Through the end of November, amounts counting  
12 against the total letting cap of \$2.8 billion was \$687  
13 million, or right at 25 percent which would be in line  
14 with our goal of level lettings. Another \$1.56 billion  
15 was in the proposed schedule, and another \$532 million is  
16 remaining to be programmed as of November 30.

17 If there's no questions on the letting caps,  
18 I'll move on to motor fuel taxes. Through November, total  
19 motor fuel taxes were up almost 1 percent when compared to  
20 this same first quarter of fiscal year 2011. That is  
21 right in line with our forecast, which if that trend  
22 continued would result in around another \$23 million more  
23 to the fund year over year. The split for the first  
24 quarter was diesel being up about 3.65 percent, and

1 gasoline being flat compared to those same three months of  
2 2011.

3 And that's all I have on this report. Happy to  
4 answer any questions, and there's no action required.

5 MR. HOUGHTON: Any questions of Brian?

6 (No response.)

7 MR. WILSON: 14b.

8 MR. RAGLAND: 14b is the quarterly report on  
9 the cash status or the cash activity of Fund 6 for fiscal  
10 year 2012.

11 Just as reminder, these amounts shown in this  
12 report exclude funds which are technically inside of Fund  
13 6 but out of which we don't fund day-to-day traditional  
14 operations. Examples of that would be the State  
15 Infrastructure Bank balance, Prop 14 proceeds, and the 121  
16 and 161 accounts that I just discussed.

17 The first page of this report details actual  
18 cash activity for the first three months ending November  
19 30. As summarized at the top, we started with about \$471  
20 million, took in about \$1.62 billion over that period,  
21 spent about \$1.69 billion, which left us with around \$402  
22 million and very close to what we had projected the  
23 balance to be at that point in time. The actual revenues  
24 and expenditures are broken out into broad categories in

1 the bottom half of that first page.

2 The second and final page of the report details  
3 the variances between what we projected the activity to be  
4 and what actually occurred. At the top you'll see where  
5 we're off about \$115 million, or 6.6 percent, on cash  
6 revenues, and \$134 million, or 7.4 percent, on cash  
7 expenditures. These variances are then broken down by the  
8 same broad categories as on the first page.

9 We try not to get too caught up in some of the  
10 variances that are occurring in the short-term. Many of  
11 these are projected to smooth out as the year progresses.  
12 We would be happy to look into any of those, but again, we  
13 think as the year goes on that we'll see some normalizing  
14 of those amounts.

15 And that's all I have on this item. Happy to  
16 answer any questions, and again, there's no action  
17 required on your part.

18 MR. HOUGHTON: Questions of Brian?

19 (No response.)

20 MR. RAGLAND: Thank you.

21 MR. HOUGHTON: Thank you, Brian.

22 MR. WILSON: The next items are the award of  
23 contracts for maintenance and department building  
24 construction and highway construction contracts. The

1 Construction Division director, John Obr, will present  
2 these minute orders. Item 15a.

3 MR. OBR: Thank you, Phil.

4 Good morning, Commission. For the record, I am  
5 John Obr, director of the Construction Division.

6 Item 15a is for consideration of the award or  
7 rejection of Highway Maintenance and Department Building  
8 Construction contracts let on January 4 and 5 of this  
9 year. We present 33 projects today. The average number  
10 of bidders was 4.45, the low bid value was \$28,847,933.59,  
11 and we had an overall underrun of 12.44 percent.

12 Staff recommends award of all maintenance  
13 projects.

14 MR. HOUGHTON: Questions of John?

15 MR. UNDERWOOD: Did you say an underrun of 12?

16 MR. OBR: Yes, sir, and that was predominantly  
17 on one project.

18 MR. UNDERWOOD: Okay. Thank you.

19 MR. HOUGHTON: Questions? Motion?

20 MR. AUSTIN: So moved.

21 MR. UNDERWOOD: Second.

22 MR. HOUGHTON: All in favor?

23 (A chorus of ayes.)

24 MR. WILSON: John please proceed with item 15b,

1 construction contracts.

2 MR. OBR: Item 15b is for consideration of the  
3 award or rejection of Highway and Transportation  
4 Enhancement Building Construction contracts let on January  
5 4 and 5 of 2012. We present 51 projects today. The  
6 average number of bidders was 4.78; the low bid value was  
7 \$187,171,229.63. The awards are split as \$54,838,364, or  
8 four projects, in mobility, and \$132,332,865.64, or 47  
9 projects, in preservation. We had an overall underrun of  
10 0.96 percent.

11 Staff recommends award of all construction  
12 projects.

13 MR. HOUGHTON: Questions of John? Motion?

14 MR. HOLMES: Motion.

15 MR. UNDERWOOD: Second.

16 MR. HOUGHTON: All in favor?

17 (A chorus of ayes.)

18 MR. HOUGHTON: Thanks, John.

19 MR. OBR: Thank you.

20 MR. WILSON: That brings us to item 16, the  
21 eminent domain proceedings. John Campbell, director of  
22 the Right of Way Division, will present this minute order.

23 MR. CAMPBELL: Good morning. For the record,  
24 my name is John Campbell, director of the Right of Way

1 Division.

2 I'd like to present for your consideration item  
3 number 16 which authorizes the filing of condemnation  
4 proceedings necessary to progress the acquisition of ten  
5 non-controlled and 15 controlled access parcels by the  
6 exercise of eminent domain for a total of 25 parcels.

7 Staff recommends your approval of the minute  
8 order.

9 MR. HOUGHTON: Who gets the honor?

10 MR. AUSTIN: I would be happy to make that  
11 motion, Mr. Chairman.

12 I move that the Texas Transportation Commission  
13 authorize the Texas Department of Transportation to use  
14 the power of eminent domain to acquire the properties  
15 described in the minute order set forth in the agenda for  
16 the current month for construction, reconstruction,  
17 maintenance, widening, straightening or extending the  
18 highway facilities listed in the minute order as a part of  
19 the state highway system, and that the first record vote  
20 applies to all units of property to be condemned.

21 MR. HOLMES: Second.

22 MR. HOUGHTON: All in favor?

23 (A chorus of ayes.)

24 MR. HOUGHTON: Thank you.

1 MR. CAMPBELL: Thank you.

2 MR. WILSON: Item 17 contains the routine  
3 minute orders, including donations, Right of Way  
4 dispositions and donations, financial reports, the  
5 establishment of speed zones. Department staff recommends  
6 the adoption of all these items and would be happy to  
7 explain any of these individual items as needed.

8 MR. HOLMES: So moved.

9 MR. HOUGHTON: Is there a second?

10 MR. AUSTIN: Second.

11 MR. HOUGHTON: All in favor?

12 (A chorus of ayes.)

13 MR. WILSON: This concludes the action items on  
14 today's agenda, Mr. Chairman. I will hand the meeting  
15 back to you.

16 MR. HOUGHTON: Are there any signed up for  
17 open?

18 (No response.)

19 MR. HOUGHTON: No one. This completes all  
20 action items on the agenda. Is there any other business  
21 before this commission?

22 (No response.)

23 MR. HOUGHTON: Seeing none, I will entertain a  
24 motion to adjourn.

1 MR. HOLMES: So moved.

2 MR. AUSTIN: Second.

3 MR. HOUGHTON: All in favor?

4 (A chorus of ayes.)

5 MR. HOUGHTON: We are so adjourned at 10:19

6 a.m.

7 (Whereupon, at 10:19 a.m., the meeting was

8 concluded.)