

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TEXAS DEPARTMENT OF TRANSPORTATION
SENATE BILL 1420 COMMITTEE MEETING

TUESDAY, OCTOBER 1, 2013

9:00 AM

North Central Texas Council of Governments
Transportation Council Room
616 Six Flags Drive
Arlington, Texas

BE IT REMEMBERED THAT on Tuesday, the 1st day of
October, 2013, the above entitled came on for public
meeting at the North Central Texas Council of
Governments, Transportation Council Room, 616 Six Flags
Drive, Arlington, Texas, and the following SB 1420
Committee Meeting was had, to wit:

A P P E A R A N C E S

COMMITTEE:

- Michael Morris, Chair, NCTCOG
- Bill Hale, TxDOT District Engineer
- Alberta Blair, Dallas County
- Ramiro Lopez, City of Irving
- Elizabeth Mow, NTTA
- Gary McKamie, City of Euless
- Rick Galceran, City of Dallas

TxDOT STAFF:

- Randy Redmond, John Hudspeth, Brian Barth, Katie Nees,
- Dan Peden, Kim Umanos

1 (October 1st, 2013; 9:00 a.m.)

2 MR. MORRIS: Okay. We are being recorded,
3 so let's make sure we don't speak all at the same time
4 so we have the record for TxDOT. Introductions. I'm
5 Michael Morris, the Director of Transportation here at
6 the Council of Governments. I would like the members,
7 and Ramiro we'll start with you, to introduce themselves
8 to the group again. And I very much appreciate y'all
9 coming back to hear the latest on the very exciting
10 project on State Highway 183. So Ramiro?

11 MR. LOPEZ: Good morning everybody. I'm
12 Ramiro Lopez with the City of Irving, and I'm glad to be
13 here.

14 MS. MOW: I'm Elizabeth Mow, North Texas
15 Tollway Authority.

16 MR. MCKAMIE: Gary McKamie with the City of
17 Euless.

18 MR. GALCERAN: Rick Galceran, City of
19 Dallas.

20 MR. HALE: Bill Hale, TxDOT.

21 MS. BLAIR: Alberta Blair, Dallas County.

22 MR. MORRIS: And again, thank you very much
23 with regard to this. Randy, I'm going to call on you in
24 a second to introduce some of your folks, but you don't
25 have to introduce all 28 of them.

1 MR. REDMOND: Thank you.

2 MR. MORRIS: So I'll call on you in a
3 second to give you that heads-up. Lots of progress is
4 being made on this particular project. Lots of very
5 innovative things have occurred with different
6 approaches recommended by this particular committee. We
7 will hear the latest from TxDOT after having loss of
8 communication with the legislature on how best to move
9 forward with this particular project. So we're anxious
10 to hear what I think is very good news on advancing
11 State Highway 183 from 121 in Tarrant County all the way
12 across; plus some other critical connections.

13 So Randy, we turn it over to you on
14 introductions, then Item Number 2, and then I'll say
15 something on Item Number 3.

16 MR. REDMOND: Thank you, Michael. And it's
17 good to see everybody again, and we appreciate y'all
18 taking the time out of your day to come visit with us
19 and continue your support for this project. My name is
20 Randy Redmond, and I am with the Strategic Projects
21 Division out of Austin, but housed here in the D/FW
22 area. With me is John Hudspeth, the Deputy of the
23 Strategic Project Office. Dan Peden is our State
24 Highway 183 Project Manager. And Katie Nees is the
25 Deputy Director of the Strategic Project Division. Also

1 with us, we have Ben Asher who is our Division Director
2 for Innovative Financing. And we have a large
3 contingent of support as needed today.

4 MR. MORRIS: Did you bring some general
5 counsel folks with you today too?

6 MR. REDMOND: We did. We did. With OTC --

7 MR. MORRIS: Randy, you always have to
8 travel with an attorney, so it's really nice that you
9 brought one with you here today.

10 MR. REDMOND: I actually have probably two
11 or three with me.

12 MR. MORRIS: Well, welcome all. I couldn't
13 be more excited about where we are with regard to this
14 particular initiative. I ask for Item 3 to be put on
15 the agenda to just transition from where we were last
16 time. So if you look at attachment 3.1 in your
17 materials you see the report that was previously
18 submitted. I'm pretty sure we'll see an update of that
19 particular report today. And then if you'll go to the
20 back, I was very proud of all the discussion the
21 Committee Members had with regard to details of lane
22 balancing and other elements. And that is reported on
23 that last page.

24 And I asked Jeff Neal to put this together
25 and other staff members, Sandy and others, to make sure

1 we capture all this. And then justice is nice, the page
2 before that, with all the homework assignments we had,
3 from what Senate Bill 1420 Committee had to do, what the
4 Regional Transportation Council had to do, what had to
5 happen with regard to the environmental process and so
6 on and so forth.

7 So I just wanted to make sure you as
8 Committee Members knew that we had captured that
9 material that wasn't quite as detailed in the report as
10 I would have liked. So hopefully, this information has
11 been transferred to people who are developing innovative
12 proposals on the project and they understand the
13 sensitivities of these lane balancing and other
14 operational connections on the project.

15 So I just wanted to close the loop on what
16 I thought was a good -- a lot of good work by the
17 Committee Members last time for the benefit of the
18 project. Randy, is there anything you want to elaborate
19 on that, Item 3, before we go into approval of the
20 minutes from last meeting?

21 MR. REDMOND: No, sir. It's pretty
22 self-explanatory; where we've been and where we stand
23 right now. And we'll give you kind of a project update.

24 MR. MORRIS: Very good. On Item 4 is an
25 action item on the minutes. I hope the Committee

1 Members have reviewed the minutes. Do I have a Motion
2 to approve the minutes on Item 4.1?

3 MR. McKAMIE: I'll make a Motion.

4 MR. MORRIS: We have a Motion. A second?

5 MS. BLAIR: I'll second.

6 MR. MORRIS: Alberta seconds it. All those
7 in favor indicate by saying Aye.

8 (All respond Aye)

9 MR. MORRIS: All those opposed the same
10 sign. Minutes of Item Number 4 are approved.

11 We turn it over to TxDOT on what has been
12 an awful lot of work on your part, Randy, and the work
13 of the Districts and Headquarters. And why don't you
14 bring us up to speed on where you are?

15 MR. REDMOND: Thank you, Michael. And as
16 you hit on this, this is a cooperative effort, not only
17 by the various members of TxDOT but 1-DOT including the
18 districts and the divisions but also by our great
19 partners and local cities and counties and MPO, Council
20 of Governments. Before I kind of get into these bullets
21 of the overview, I just kind of wanted to hit on a
22 little bit of project history without going into detail,
23 just to make sure the audience recognizes this isn't a
24 project that just started today.

25 Over previous years, there's been a lot of

1 local commitment to bring this project together in
2 phases. Mr. Barth, you're welcome to join us.

3 MR. MORRIS: Mr. Barth, please sit at the
4 table.

5 MR. REDMOND: There's been over \$442
6 million plus-or-minus spent on various phased delivery
7 including improvements to the Diamond Interchange, some
8 frontage roads have been constructed in Dallas County
9 and right-of-way that was bought previously. There's
10 been another \$200 million worth of local commitments
11 towards additional right-of-way. Of that we have
12 recently spent approximately \$34 million, and we're
13 buying right-of-way every day out there on this
14 corridor.

15 MR. MORRIS: Randy, if I could just -- is
16 that 442 plus 200?

17 MR. REDMOND: Yes.

18 MR. MORRIS: So, so far, before this new
19 exciting opportunity, the local government, RTC, TxDOT
20 has kicked in so far \$642 million or so into this
21 project to build noise walls I've seen have gone up,
22 some frontage road sections by the park right-of-way,
23 probably some engineering and so on and so forth.

24 MR. REDMOND: Yes, sir.

25 MR. MORRIS: So a significant commitment to

1 date plus what you're going to tell us about today.

2 MR. REDMOND: Yes, sir.

3 MR. MORRIS: Okay. Very good.

4 MR. REDMOND: Okay. So kind of 2013 in
5 review, of course, our 1420 Committee met in February
6 of 2013 and made a determination and gave us some
7 direction. TxDOT -- based off that direction, TxDOT
8 issued Requests For Qualification to the industry on
9 February 20th. Throughout spring and summer we had
10 discussions with the industry partners, and there
11 continue to be some concerns about competition issues.
12 TxDOT explore --

13 MR. MORRIS: Competition meaning potential
14 lack of competition, not competition?

15 MR. REDMOND: Yes, sir. And that's when we
16 were looking at a concession-type model; transferring
17 all the risk to the private sector. TxDOT explored many
18 scenarios to deliver the project, and one was including
19 retaining the revenue risk. We received qual statements
20 on July 19th and had four proposer teams respond to the
21 RFQ. And TxDOT shortlisted all four of the proposer
22 teams. TxDOT released our Request For Proposals for
23 industry review on September 3rd. Since then, we have
24 continued to have discussions with the industry.

25 And TxDOT, from all our industry comments,

1 TxDOT is seeking the 1420 Committee revised
2 determination that TxDOT is to retain the revenue risk
3 on the project while using private and public funds for
4 construction of the project. And the private funds that
5 we're looking at is kind of interim gap financing for
6 some of the funds that we want -- that we need for the
7 initial project delivery that we want to pay out over a
8 few years.

9 Right now, our target is to release final
10 RFP this month in October. This slide, and I won't
11 repeat everything on here, but this slide is a list of
12 minute orders that the Commission has approved; the
13 final being in August authorizing TxDOT to issue the
14 Requests For Proposal to the shortlisted.

15 MR. MORRIS: There's so many minute orders
16 on this project, it's almost like they sum up to an
17 hour. Our orders.

18 MR. REDMOND: That is a good point.

19 MR. BARTH: Was it? Was it a good point?

20 MR. MORRIS: I would like to make sure you
21 extend our thanks to the Commission who has been heavily
22 involved in this particular project. I know they have a
23 big state to work on so. This is five minute orders to
24 keep imagination and innovation proceeding where there
25 wasn't enough competition to go back and try it again

1 and not give up. So please extend our appreciation to
2 the Commission.

3 MR. REDMOND: We will. And TxDOT extends
4 our appreciation to the locals, the local leadership,
5 for continuing to support the delivery. One minute
6 order that was on the middle of the page was our June
7 minute order that updated the UTP to include \$600
8 million for delivery of State Highway 183.

9 MR. MORRIS: This will be an additional
10 \$600 million above the 442 and the 200?

11 MR. REDMOND: Yes. So we have \$600 million
12 in UTP. We have identified \$850 million available for
13 the project for design and construction. So we have --

14 MR. MORRIS: So this is \$850 million more
15 than the 442 and the 200?

16 MR. REDMOND: Yes.

17 MR. MORRIS: Okay.

18 MR. REDMOND: \$600 million is in the UTP.
19 So the payment approach for the base scope is \$600
20 million available during construction for progress
21 payments, up to \$600 million. As the contractor does
22 work, we pay him for the work done until we hit that
23 \$600 million. And then we have \$250 million additional
24 that will be available post-construction. So the
25 developer as envisioned today, the developer will be

1 fronting, in simple terms, approximately \$250 million
2 worth of construction work that we pay back over
3 subsequent years. Right now, we're looking at five
4 payments at \$50 million each made on the anniversaries
5 of substantial completions. So five years after
6 completion we pay them \$50 million per year.

7 MR. MORRIS: Is this \$250 million
8 additional revenue coming from headquarters, do you
9 think, or are you trying to open up portions of the
10 managed lane that produce revenue, and you're capturing
11 that revenue to continue to build the project?

12 MR. REDMOND: Of course, we will have a
13 revenue stream here. One option for that \$250 million,
14 although the project isn't independent on it, is the
15 potential application for TIFIA loans. So if we
16 received a TIFIA loan, there would need to be a revenue
17 stream to pay that back. One option with that revenue
18 stream is to use revenue off our managed lanes, but
19 Administration has committed to find the \$250 million
20 even without TIFIA. It may be used in the revenue to
21 pay us back for a while, or TxDOT back, but that's still
22 to be determined.

23 MR. MORRIS: So it's a pretty innovative
24 strategy. What you're saying is, we're going to pay
25 600; we have that cash in hand. It's in the Unified

1 Transportation Program. And we think the size of the
2 project is closer to an additional 850. So we're going
3 to commit to that additional 250. We don't know exactly
4 the mechanics. We may or may not be successful on the
5 TIFIA loan. We will certainly try to advance the
6 revenue stream, but if we have to, we'll bring in five
7 \$50 million payments to make sure this --

8 MR. REDMOND: Yeah.

9 MR. MORRIS: -- that's what you're saying.
10 Elizabeth?

11 MS. MOW: Is it your belief that the \$850
12 million will fund the base scope or will fund the base
13 scope plus component 1, 2, 3 and 4?

14 MR. REDMOND: We are confident the 850 will
15 fund the base scope. We are hopeful that competition
16 will get us various components. Ideally we get
17 components 1, 2, 3 and 4, but we want to leave ourselves
18 the flexibility of having a project and not -- so we set
19 up a base project that we were confident that we have
20 the funds available to complete. And the components are
21 various sizes. And so --

22 MS. MOW: How will those components 1, 2, 3
23 and 4 be considered in the procurement? Will it just be
24 best value for base scope and then that's the only thing
25 you'll consider in the procurement, and then you get 1,

1 2, 3 and 4 aside and it's not part of the evaluation?

2 Meaning -- do you understand my question?

3 MR. REDMOND: Yeah and I'll let the team
4 expand on it if I mess it up.

5 MS. MOW: Okay.

6 MR. REDMOND: But I like to consider this
7 more of a form of a maximum scope bid. So if you had
8 four developers --

9 MR. MORRIS: Apparently, the railroads
10 weren't furloughed today. I apologize.

11 MR. REDMOND: So if we had four proposers
12 that submitted proposals, the proposals that delivered
13 the most scope would get the most credit. So if they
14 could deliver the base scope plus component 1, that
15 developers waiting would be a lot greater than the
16 developer that would just deliver the base scope.

17 MS. MOW: Okay.

18 MR. REDMOND: Okay. Project scope.

19 MR. MORRIS: I'm sorry, could you just
20 touch on O&M before you?

21 MR. REDMOND: Yeah, we have another slide
22 that kind of hits on it.

23 MR. MORRIS: Okay, I'll wait.

24 MR. REDMOND: There'll be some components
25 of O&M included with this.

1 MR. MORRIS: So TxDOT will be paying O&M on
2 this particular project as well?

3 MR. REDMOND: Yes.

4 MR. MORRIS: Not out of the Dallas
5 District's budget? Well, maybe? Well, why don't I
6 wait.

7 MR. REDMOND: We're 1 DOT, so how we fund
8 the O&M will still be determined so...

9 UNIDENTIFIED SPEAKER: Hey, hey, how about
10 now-DOT?

11 MR. MORRIS: We're working on another
12 project in the region, and we're toying with this idea.
13 So I'm interested in how you're applying it to one of
14 your own projects.

15 MR. REDMOND: And I'm glad you brought me
16 back to that slide, because this is very important. I
17 hit on it earlier. With this approach the State retains
18 the revenue risk, which means if traffic's less than
19 what we anticipate, then we won't have as big a revenue
20 stream coming in. But as we've all worked together
21 comparing models of the COG's historic models and
22 historic history versus the recent decline of, I guess,
23 the recession we've kind of been in in recent years,
24 economic downturn we've been down and how traffic's
25 going to decrease. And our T&R models have not been as

1 aggressive as any of us had hoped. We believe that the
2 public sector retaining the revenue risk could very well
3 play to our advantage.

4 MR. MORRIS: Yeah, I agree. Our office
5 does a lot of forecast in this corridor. There are
6 people avoiding this corridor now. It has nothing to do
7 with the economy, it has to do with the reliability and
8 the safety. As you know, there's so many accidents we
9 don't permit hazardous material carriers to even travel
10 on this roadway to the region. So I think it's good
11 that the public sector take the risk on this, because we
12 think there's upside gain in Irving on this particular
13 corridor, and you know, the shoulders have been taken
14 some time ago. I think, Mr. Hale, you put those systems
15 back together, I think you'll see the latent demand that
16 wants to travel in this corridor but just can't. So I
17 feel comfortable with that.

18 MR. REDMOND: The word risk by itself has
19 some negative connotations, but in our world risk can be
20 a positive risk, too. So the project scope, very
21 simple. With our base scope on 183 starting over in
22 Euless, State Highway -- near State Highway 121,
23 basically near Industrial where the turn -- NTE segments
24 1 and 2W kind of transition out to --

25 MR. MORRIS: What TxDOT district is that

1 in?

2 MR. REDMOND: That would be the 1-DOT Fort
3 Worth District in Tarrant County.

4 MR. MORRIS: Okay. Thanks for coming.

5 MR. BARTH: Thanks, Mike.

6 MR. REDMOND: We are planning on
7 reconstructing the eastbound and westbound main lanes
8 and constructing a 1+1 managed lane facility from 121 to
9 Euless Main, which is about a mile and a half, two
10 miles. So we'll be picking up the project as kind of
11 has been expanded by the concessionaire up to that
12 point. And one thing we do not have is they have two
13 managed lanes each direction. Our scope tapers that
14 down to one managed lane. We believe that will
15 accommodate the traffic for some time, but we're
16 reconstructing coming through Euless. And I was talking
17 to Gary a little bit earlier about that's how it's
18 scoped today and what we're planning on doing.

19 So from there, from Euless Main to Belt
20 Line, we can taper in and take advantage of a lot of
21 that existing pavement. We have to do some minor
22 widening at places to accommodate a 1+1 managed lane
23 through basically the south end of the airport area.
24 And within our ultimate schematic, it has all kinds of
25 expansions that are very costly to deliver the final

1 ultimate, but we believe this 1+1 in addition to the
2 extra capacity that's kind of out there right now will
3 accommodate our needs for years to come.

4 So we carry that 1+1 up to about Belt Line.
5 Then at Belt Line heading towards 35-E, we reconstruct
6 the westbound 183 main lanes. A lot of that is on new
7 location, so a lot of the existing pavement is still
8 available to use for our managed lanes. So we'll have
9 the westbound reconstruct --

10 MR. MORRIS: And the reason why I had you
11 talk about the earlier revenue is, the earlier revenue
12 created the opportunity to advance this strategy,
13 because if you drive the corridor today, you can see a
14 noise wall in places for where the new facility will be
15 in Irving.

16 MR. REDMOND: Yes, sir.

17 MR. MORRIS: So you're taking advantage of
18 the 442 plus 200 to advance this westbound project.

19 MR. REDMOND: Well, yeah. The locals have
20 been taken bites of the apple as we realize this is the
21 best way to get a project constructed. If you wait
22 until you have all the funds available to build it all
23 at once, we just traditionally don't get there very
24 quick. So the early commitments, early funds, has got
25 us to where we are today.

1 So starting there at Belt Line, we're
2 reconstructing the westbound all the way approximately
3 to 35-E. Also reconstructing portions of the eastbound.
4 Just due to geometric issues, need to reconstruct some
5 of the eastbound to accommodate our westbound
6 reconstruction. And we'll have a 1+1 managed lane
7 facilities through that segment, too.

8 Within the eastbound main lanes, the
9 sections that are not reconstructed with the base
10 scope --

11 MR. MORRIS: So could you just, on that
12 map, tell us before you move into the next, just the
13 colors of the minimum base scope that Elizabeth referred
14 to earlier? Is it by color by any chance?

15 MR. REDMOND: Yes, it is.

16 MR. PEDEN: All of the blue is the base
17 scope, and then it's overlaid with a purple and a green
18 or whatever --

19 MR. MORRIS: So is that blue going up Loop
20 12 to catch the southern terminus of the LBJ Project?

21 MR. PEDEN: Yes.

22 MR. MORRIS: Thank you.

23 MR. REDMOND: And where you see some of the
24 green and the purple overlay in the blue, you can lose
25 it a little bit there from Belt Line to 35-E. So where

1 we're not reconstructing the eastbound lanes, we're
2 going to go in there and do a rehab on it where the
3 pavement's in good condition whenever we get there on
4 the project. Loop 12, as you just mentioned Michael,
5 we're going to provide a 1+1 managed lane facility from
6 183 up to the LBJ connector's direct connects there near
7 35-E.

8 MR. MORRIS: Is there additional value
9 therefore being given to the concessionaire on LBJ
10 because of our doing this project that we may have to
11 capture or have some discussion them with regard to that
12 additional revenue?

13 MR. REDMOND: We will continue -- we will
14 be needing to evaluate that or evaluate our contracts
15 and how it might compliment their project and work with
16 them to see if there's some enhancements.

17 MR. MORRIS: Okay.

18 MR. REDMOND: And then the last component
19 that's always been a -- or most of it's been part of the
20 183 Project is 114 from 183 up to Rochelle. A lot of
21 that existing pavement's in place. There will be some
22 construction to provide a 1+1 managed lane facility for
23 that stub, as some call it, on 114.

24 So the blue's our base scope and the green
25 towards the eastern end and the purplish color in the

1 middle kind of hides some of our blue, but those will be
2 addressed as additional components.

3 MR. MORRIS: You probably want to create a
4 map that, for policy officials and others, shows the
5 blue so they don't think the baseline is shorter than
6 what it is you're indicating.

7 MR. REDMOND: Right, right. So Elizabeth,
8 that's our base scope. Then we start looking at
9 additional components. So we have \$850 million. If the
10 teams can come in and deliver that base scope for less
11 than that, we're asking them to look at these additional
12 scope components in this order.

13 First off, to reconstruct the eastbound
14 main lanes from Belt Line to the Loop 12 area, again, by
15 reconstructing more of the eastbound. There's less of
16 the eastbound that we just have to rehab. So it's a
17 balancing act with our developers, looking at what they
18 can deliver. As they deliver more of the base scope or
19 the components, some of their base scope could come off.

20 MR. MORRIS: Ramiro?

21 MR. LOPEZ: Yes. I've got a question and
22 see if it's doable, because to the residents in Irving
23 looking at a map like this, some of them may not get the
24 whole scope of the base scope and what it entails. Just
25 looking at the drawing, they think it's going to get all

1 done. Could there be another way to show that it's not
2 being completed, both east and -- that it includes the
3 eastbound lanes.

4 MR. MORRIS: Yeah, for example, on the blue
5 maybe you need to indicate something about an arrow
6 heading in the westbound direction, something, because
7 it's hard to -- if you squint hard you can see the blue
8 underneath the purple and the green. So I think you
9 maybe need an arrow or something that indicates west.
10 Pictures are powerful tools. We don't want to mislead
11 anybody.

12 MR. REDMOND: Right. We'll work with some
13 exhibits and our guys have a bunch of exhibits. But
14 we'll refine some that actually show just the base scope
15 where it identifies, and then maybe a phase in the
16 components as they might be brought on.

17 MR. MORRIS: And Randy, you indicated
18 there's some geometric improvements in the base scope
19 that's actually needed in the eastbound direction in
20 addition to the rehabbing the surface. Are those inside
21 this purple Component Number 1?

22 MR. REDMOND: They're inside the purple,
23 and some of them may be within the green also.

24 MR. MORRIS: So another advantage of
25 Component 1 is, you might be able to not only have to

1 rehab the pavement, but the isolated geometric
2 improvements you've described could be integrated into
3 the Component 1 element?

4 MR. REDMOND: Right. You might eliminate
5 some of those temporary transition areas where you're
6 having to reconstruct portions of eastbound and then
7 taper them back into existing and rehab.

8 Component Number 2 picks up there at
9 Loop 12 and carries the reconstruction of eastbound
10 lanes all the way to 35-E. Component 3 picks up on 114
11 at Rochelle and carries a 1+1 managed lane facility
12 right to the inside up to 161. It does not provide
13 direct connects to 161. It gets a managed lane facility
14 and a revenue stream and some additional capacity for
15 that segment.

16 And then additional scope Component Number
17 4 is more of a, as you have put it in the past,
18 operational lane balance and improvement to get a fourth
19 lane which would be a managed lane picked up at 161
20 carrying up the tie to the D/FW Connector there at
21 International Parkway.

22 MR. MORRIS: Any questions for Randy?

23 MR. LOPEZ: Michael, to your statement of
24 pictures are very powerful. And in line with that, is
25 there a possibility that once we work out a good drawing

1 that's real easy to look at and residents can understand
2 that we hold at least one public meeting to share it
3 with residents of Irving, at least just one? One is not
4 a lot.

5 MR. REDMOND: Yes, be happy to.

6 MR. LOPEZ: Thank you.

7 MR. REDMOND: The next slide --

8 MR. MORRIS: You may need to have a meeting
9 over there on the Tarrant County side, too. But once
10 you hear back from your contractors on what is going to
11 happen, then I think you could have some public meetings
12 to just explain how you're moving forward.

13 MR. REDMOND: Exactly, we owe it to the
14 public. I would like to mature our process just a
15 little bit longer.

16 MR. MORRIS: I think we need to know what's
17 going to be built first, but you'll figure that out. I
18 think that's a good suggestion.

19 MR. REDMOND: This slide kind of is what I
20 referenced earlier, talking a little bit about the
21 Operations & Maintenance. We're going to have
22 Operations & Maintenance of some form or fashion
23 included with the contract. The O&M term will be
24 following substantial completion. At the end of the O&M
25 we'll expect a five-year hand-back requirements for

1 payment and half of normal life of all other new
2 elements. So the roadway will, at the end of the
3 Operation & Maintenance, will need to be in good
4 condition.

5 MR. MORRIS: Elizabeth?

6 MS. MOW: What is the length of that
7 maintenance package?

8 MR. REDMOND: Right now, we are targeting
9 25 years?

10 MR. HUDSPETH: Yeah, 25.

11 MR. REDMOND: We're getting industry input
12 on this right now is the reason we didn't go into too
13 much detail. We don't want to hurt ourselves, we don't
14 want to hurt our competition. But we feel it's
15 important that we have a Operations & Maintenance
16 component in this project.

17 MS. MOW: And then my follow-up question
18 is, will the price to operate and maintain be included
19 in the bid?

20 MR. REDMOND: They will submit a price for
21 their Operations & Maintenance with their bid.

22 MS. MOW: And --

23 MR. REDMOND: It doesn't necessarily come
24 out of the 850.

25 MS. MOW: Okay, that's my --

1 MR. MORRIS: Say that again?

2 MR. REDMOND: It doesn't necessarily come
3 out of the 850 million.

4 MR. HALE: This is always a typical
5 question. What was the Operation & Maintenance on the
6 D/FW Connector and the Horseshoe, if you recall?

7 MR. REDMOND: Well, on the Horseshoe and
8 D/FW Connector we did it a little different. We had a
9 Capital Maintenance Agreement, which is an insurance
10 policy on steroids, that says if you have any failures
11 out there, pretty much for the most part the developer's
12 responsible for fixing them over a certain cycle.

13 So on the D/FW Connector we had the option
14 to enter into three five-year Capital Maintenance
15 Agreements. We have exercised the option to enter into
16 the first five-year Capital Maintenance Agreement. And
17 I can't tell you the price on that off the top of my
18 head. I could tell you, but I'm afraid I might mess up.

19 MR. MORRIS: So just for the benefit of our
20 Committee, the \$850 million is for construction costs.
21 You are committing to Operations & Maintenance, and that
22 will come from some other place; some other revenue
23 source?

24 MR. REDMOND: Yes, that is the plan as of
25 today. And when you say construction costs --

1 MR. MORRIS: Just remember that, remember
2 that as we move forward. If you know what I'm saying.

3 MR. REDMOND: Yeah. The 800 --

4 MR. MORRIS: It's a good idea you have
5 here.

6 MR. REDMOND: The \$850 million, as we say
7 construction costs with this project, it includes more
8 than just construction. It's design and --

9 MR. MORRIS: Sorry. The construction,
10 design, maybe whatever right-of-way you have to do or
11 whatever. But the Operations & Maintenance part does
12 not come out of the \$850 million.

13 MR. REDMOND: Correct. That is --

14 MR. MORRIS: Remember that.

15 MR. REDMOND: Yes, sir.

16 MR. MORRIS: Okay.

17 MR. HALE: Thank you, Michael.

18 MR. REDMOND: So the pavement rehab that
19 will be scoped with the base scope will be for a 10-year
20 life cycle. Anything that we'd just ask the developer
21 to rehab we won't expect them to retain the life cycle
22 maintenance on it. If we need them to go back out and
23 rehab it 10 years after they do it the first time, we'll
24 be out the capital maintenance cost on that. But the
25 routine maintenance will be fence to fence, from

1 right-of-way to right-of-way throughout the 183 Project
2 limits, and then the life cycle maintenance on any
3 pavement or structures that the developer builds.

4 MR. MORRIS: Okay. I don't see any other
5 questions.

6 MR. REDMOND: And the last thing on
7 Operations & Maintenance is Loop 12 and 114, since the
8 developer will not be building much, they're just
9 widening a little bit to add managed lanes, we are still
10 in discussions with them whether it makes sense to
11 include those components in Operations & Maintenance.

12 The next line is a project update. We
13 covered most of these. September 2013 Industry Review;
14 it's kind of where we are today. We're having
15 one-on-one meetings with our developer teams.

16 MR. MORRIS: You have four developers
17 you're still working with?

18 MR. REDMOND: Yes, sir.

19 MR. MORRIS: Do you anticipate -- maybe
20 it's an unfair question. Do you anticipate getting four
21 bids or proposals from those four contractors at this
22 point, or does that --

23 MR. REDMOND: Yes. You're right in saying
24 that's an unfair question to ask me.

25 MR. MORRIS: Okay. I'll withdraw that

1 question.

2 MR. REDMOND: We are in conversations with
3 them and we'll provide you updates as we --

4 MR. MORRIS: And the only reason I ask is,
5 this Committee has gotten advice from TxDOT on; we think
6 this is the best strategy because it maximizes
7 competition. And then we'll meet and we'll do the
8 project differently, because this will be the best way
9 to maximize competition.

10 What I don't want to do is take action
11 because we think we're maximizing competition, and then
12 you bring us something that says we're not. And I would
13 think in basically a design-build structure you
14 shouldn't lose very many contractors at this particular
15 point, because we're retaining the risk on the project.

16 MS. NEES: Michael, it's not the scope
17 that's causing angst in the industry right now; it's the
18 scheduling. So that's the feedback we're getting right
19 now. It's a very aggressive schedule that's creating
20 some problems for the industry.

21 MS. MOW: Where is the schedule demands
22 coming from?

23 MS. NEES: You know, I think there's a lot
24 of regional interest in this project, and so we're
25 trying to move this project forward.

1 MS. MOW: Okay.

2 MR. MORRIS: All right. Try to, as best
3 you can, maintain competition with that aggressive
4 schedule so we don't come back again and say, well, what
5 do you want to do now. See what I mean?

6 MR. REDMOND: We have one-on-one -- we have
7 industry meetings this week and next week, and there'll
8 be continuous. And it's important to industry if we are
9 to shift any schedules, we do it early, because shifting
10 schedules late don't help them as much. So our current
11 schedule shows a conditional award in February of 2014,
12 and then with the anticipated notice to proceed to
13 construction late summer 2014.

14 MR. MORRIS: Questions from the Committee?

15 Bill is on the Committee. Brian, you're
16 the interim head in the Fort Worth District; a portion
17 of this is in there. Do you have any questions or
18 comments that we need to be aware of on the part on the
19 western side? I know you're all one TxDOT and
20 everything but...

21 MR. HALE: Well, this is 2-DOT over here.

22 MR. BARTH: Fort Worth is good.

23 MR. MORRIS: Okay. Any other questions in
24 Item 5? All right. Let's move on to Item 6 which is
25 the action item. Randy, are you going to present this?

1 MR. REDMOND: Yes. So I think in all your
2 packets you have a revised Senate Bill 1420 Committee
3 report. The rules require that the 1420 Committee
4 provide a report to the TxDOT Executive Director. The
5 draft revised report determination on SH 183 managed
6 lanes from 121 to 35-E includes the transfer of the
7 revenue risk back to the public sector.

8 MR. MORRIS: So what section -- can you
9 point to the report where you changed the text for that?

10 MR. REDMOND: Number 1 down towards the
11 bottom of your page; distribution of project's financial
12 risk.

13 MR. MORRIS: And we're not taking on much
14 risk because we're basically spending the amount of
15 money we have with the possible exception of five
16 \$50 million payments with or without a TIFIA at some
17 point into the future. And it's a risk that, for this
18 type of project, doesn't seem exorbitant in any way.

19 MR. REDMOND: It's public funds that's
20 going to be building it rather than the concession
21 funded, but the reward, all the revenue comes back to
22 the public sector from the facilities, so it's a
23 trade-off. There's plenty of projects out there around
24 the state, as you hit on earlier. We appreciate the
25 Commission's attention to this project, but there's a

1 lot of needs around the state. So there is some public
2 output to retain that positive revenue risk.

3 MR. MORRIS: This has the opportunity of
4 connecting State Highway 121 and 35-W in Downtown Fort
5 Worth. Up 35-W across 820, cross 183 to 121, stage
6 constructing 121 in the Euless area, across all the way
7 to what will be the eventual integration of the Trinity
8 Parkway, closing the final gap of LBJ up the LBJ
9 corridor all the way to US 75.

10 So you start having, quote, system benefits
11 because you're building this major backbone right
12 through the center of the region of which there'll be
13 revenues that will be gained by the concessionaire on
14 both ends and by the public sector in the middle. And
15 you'll have to have some conversations; is there any
16 ability of us and the public sector gaining some revenue
17 sharing in the system integration of the concession
18 tails. Because you know, they're going to benefit a
19 little from this investment. Depends on what your legal
20 contract has with regard to those projects, but from a
21 government standpoint, closing this gap in the middle of
22 these two components is what I see us doing which seems
23 so critical in the middle of a 6.7-million-person
24 region.

25 MR. REDMOND: You recognize it as well or

1 better than anybody what these improvements can do for
2 the area. And this is the first step as we're aware
3 that the ultimate has additional capacity improvements.

4 MR. MORRIS: So what else are we changing
5 in our recommendation other than Section 1?

6 MR. REDMOND: Okay. The use of public
7 funds for construction, which we hit on, with some
8 private interim gap financing that will be built in.

9 MR. MORRIS: Is there any words in here to
10 that effect? Is that Number 2?

11 MR. REDMOND: Yes. The project will be
12 financed with a combination of private and public funds,
13 which may include proceeds of bonds, loan, or other
14 obligations.

15 MR. MORRIS: And this is not -- it's a
16 legal question. This is not in any way being classified
17 as an availability payment?

18 MR. REDMOND: No.

19 MR. MORRIS: So this is gone through legal
20 to conform to legislative interest with regard to this
21 approach?

22 MR. REDMOND: Yes.

23 MR. MORRIS: So is that yes with a capital
24 Y or?

25 MR. REDMOND: Yes. Because I have Claire

1 McGuinness sitting behind me and she is nodding yes.

2 Believe me, there was plenty of discussions.

3 MR. MORRIS: Okay. So we have a very
4 innovative Number 1 and a legally-approved Number --
5 Section 2. Anything else in this agreement you want to
6 explain for us?

7 MR. REDMOND: No. The other thing which we
8 didn't change is the tolling structure and methodology,
9 which is consistent with the original toll policy. With
10 that, I'll open it up for Committee discussion.

11 MR. MORRIS: So questions or concerns,
12 thoughts, by Committee Members on this action item?
13 Ramiro, you go first and then Bill, you're next.

14 MR. LOPEZ: On Number 2. So the changes
15 you've inserted the word "loan" in Number 2 as opposed
16 to the previous documents. And you've switched private
17 and public. That's what I see the differences is; is
18 that correct?

19 MR. REDMOND: Yes.

20 MR. MORRIS: It appears what they're going
21 to ask the design-build -- well, I shouldn't say that.
22 But they're going to ask the contractors is, we have
23 this money up front, we're going to, through
24 competition, ask you to stretch your abilities to get to
25 these other components. You're going to have to make

1 some payments on your own; I think that's the private
2 sector part. But they're going to be repaid through
3 those private sector commitments with these \$50 million
4 tranche payments that TxDOT's doing. And TxDOT's asking
5 for some flexibility to get out in front of a TIFIA loan
6 that may be a more convenient approach for Texas as part
7 of that particular program.

8 So therefore, the word "private" is
9 inserted since the private construction company is being
10 asked to have some -- cation capital is probably the
11 wrong word -- some ability to carry something, but
12 they're being guaranteed that they're going to be paid
13 back.

14 MR. REDMOND: Yes.

15 MR. MORRIS: And it's not -- it's a
16 guarantee from TxDOT, not necessarily from the revenue
17 on the corridor, which is how you're addressing the
18 availability payment question.

19 MR. LOPEZ: And I do have a couple other
20 things, but I think those I can discuss with staff
21 offline. It's just real specific construction questions
22 we'll do that. Thank you.

23 MR. MORRIS: And then is there -- in this
24 report is there a -- there's no map in this report?

25 MR. REDMOND: No.

1 MR. MORRIS: So our comment in our proposal
2 would be either, included in the action or not, we need
3 to make some ability to improve those maps and to hold
4 those public meetings at the appropriate time. You
5 don't have a problem with doing that, so we can maybe
6 have a cleaner action item by not including those at
7 conditional elements in our -- if you agree that we can
8 clean up our map a little and maybe use arrows or
9 something, so that, so Ramiro can do it as well, once
10 you have a contractor and you know what you're doing,
11 hold some public meetings in the corridor. And we don't
12 need to add those to the action if you're in agreement
13 to do those.

14 MR. REDMOND: Yes.

15 MR. MORRIS: Okay. Mr. Hale.

16 MR. HALE: The question I have is, I know
17 we've done these typical project -- not typical, these
18 are unique projects. 35-E, it had several things in
19 there. Between the shortlisting and the Request For
20 Proposal, do you know roughly what the time frame was
21 for that for those projects?

22 MR. REDMOND: On 35-E, John, do you know,
23 do you remember off the top of your head? Was it six
24 months between shortlist and -- or is it longer?

25 MR. HUDSPETH: Shortlisted was in probably

1 April, end of April. Shortlist, we -- I think we
2 shortlisted it was end of April, draft RFP went out in
3 June, and the final RFP went out in July.

4 MR. HALE: And then was the --

5 MR. HUDSPETH: And then the RFP was due in
6 November of '12.

7 MR. HALE: November '12, okay. And how
8 many -- did they have components on that -- they had
9 components on that project as well, right?

10 MR. HUDSPETH: Yeah. We had essentially
11 packages with options.

12 MR. MORRIS: Okay. So let's go around.
13 Alberta, do you have any?

14 MS. BLAIR: I have no comments, but since
15 I'm not Antoinette Bacchus, of course, that needs to be
16 marked out on the form here.

17 MR. MORRIS: Do you have a cousin named
18 Antoinette?

19 MS. BLAIR: Yeah, I have a cousin named
20 Antoinette Bacchus, yes, but she's not --

21 MR. MORRIS: Did you see that? If you look
22 at it, we have the wrong person for Dallas County.

23 MR. REDMOND: We apologize.

24 MS. BLAIR: That's okay.

25 MR. MORRIS: So I don't know if you want to

1 -- we're going to sign this today hopefully.

2 MR. HUDSPETH: We'll mark through it.

3 MR. MORRIS: Or if you have an electronic
4 version, Sandy can take you upstairs and you can print
5 this page before we leave today. That would make me
6 feel more comfortable than typing in the wrong person's
7 name. Okay, Alberta, thank you.

8 MS. BLAIR: Sure.

9 MR. MORRIS: I appreciate it, Antoinette.
10 Bill, do you have any other final comments?

11 MR. HALE: No, I have none at this time.

12 MR. MORRIS: Rick, any questions or
13 comments at this point?

14 MR. GALCERAN: I don't have any comments.

15 MR. MORRIS: Gary?

16 MR. MCKAMIE: No comments.

17 MR. MORRIS: Elizabeth, any additional
18 questions?

19 MS. MOW: No, sir.

20 MR. MORRIS: Ramiro?

21 MR. LOPEZ: No, sir.

22 MR. MORRIS: All right. Do we have a
23 Motion to approve this report with the correction of our
24 Committee Member?

25 MR. LOPEZ: I so move.

1 MR. MORRIS: Ramiro makes the Motion.

2 MS. BLAIR: Second.

3 MR. MORRIS: Alberta seconds it. All those
4 in favor indicate by saying Aye?

5 (All respond Aye)

6 MR. MORRIS: All those opposed the same
7 sign. Motion carries. Congratulations on, again, some
8 very innovative items. Just a weird thought I have, the
9 minutes of this meeting we may not come back. So do
10 those minutes get recorded as maybe minutes not
11 approved? Because I don't think you'd want us to come
12 back just to approve minutes.

13 MR. HUDSPETH: We will post the transcript
14 until there's an approved minutes, so it's part of the
15 record. It's online.

16 MR. MORRIS: But we may not -- we don't
17 necessarily need to come back to approve the minutes
18 because -- okay.

19 MR. HUDSPETH: No.

20 MR. REDMOND: No, no. We will do our best
21 not to have y'all come back.

22 MR. MORRIS: Congratulations on a very
23 innovative approach. I think you see from the Committee
24 we've tried several options and hopefully this one
25 sticks. I think you'll hear from the community; time to

1 move on. You got 442 plus 200, that's 662 plus 600,
2 plus 250. We're now up to \$1.3-or-4 billion. I think
3 we need to talk about a \$1.3-or-4 billion project so
4 people -- you know, people don't understand that we're
5 talking about Chapter 5, but they need to understand
6 that a whole bunch of money and commitment has already
7 been made on this particular corridor. So as you move
8 forward, I would hope you'd talk about the magnitude of
9 all the commitments that a lot of people have made to
10 move this corridor along. All right, thank you very
11 much. We are adjourned. Wait a minute. Do I have a
12 Motion to adjourn on Item 7?

13 MS. MOW: I'll make that Motion.

14 MR. MORRIS: Elizabeth wants to go home or
15 go back to work.

16 MR. HALE: Second.

17 MR. MORRIS: Bill seconds it. All those in
18 favor indicate by saying Aye.

19 (All respond Aye)

20 MR. MORRIS: All opposed the same sign. We
21 are adjourned. Thank you very much.

22 (Meeting adjourned at 10:01 a.m.)
23
24
25

1 STATE OF TEXAS)
2 COUNTY OF DALLAS)
3

4 I, Carmel Martinez, Certified Shorthand Reporter in
5 and for the State of Texas, do hereby certify that the
6 facts as stated in the caption hereto are true and that
7 the foregoing 40 pages are a full, true, and correct and
8 complete transcript of the Senate Bill 1420 Committee
9 Meeting had on the date and at the place set forth.

10
11 GIVEN UNDER MY HAND AND SEAL of office on this
12 the 7th day of October, 2013.

13
14
15
16
17
18
19
20
21
22
23
24
25

C. Martinez

Carmel Martinez
CSR No. 8128 Expiration: 12/31/14
Steven H. Gentry & Associates, Inc.
Firm Registration No. 195
5115 North Galloway, Suite 202
Mesquite, Texas 75150
214-321-5333

DIGITAL SIGNATURE AUTHENTICATION

This transcript contains an electronic digital signature affixed by the court reporter. This advanced technology has been authorized by the CRCB as compliant under specific reporting guidelines. The process not only acknowledges the authenticity of a printed paper copy of the transcript but also the file in its state of electronic storage.

The technology encompasses transmission integrity, signature security, and record keeping for each individual CSR that affixes the signature. The CSR has sole personal control of affixing a signature certifying its authenticity.

