

SH 99 Organizational Meeting Minutes for January 4, 2008

Mr. Trietsch – Welcome to this organizational meeting for SH 99 the Grand Parkway. I don't know whether to call this a process or a SB 792 process, but I guess will just be blunt and call it a negotiations and I'll get into that in more detail later. Some housekeeping things, our restrooms are behind locked doors but well get you through; somebody will escort you to the restrooms. We are audio and video recording this today as we will all of the meetings. Just for the record those of you that don't know me, my name is Gary Trietsch I am the Houston District Engineer and beside me is John Barton the Beaumont District Engineer, and for the record today is January 4, 2008, and the time is 9:05 am.

Judge Emmett – Gary I hate to interrupt, but it might be appropriate, could we start with a moment of silence for Chairman Williamson.

Mr. Trietsch – Yes that would be more than appropriate.

Silence

Judge Emmett – Thank You.

Mr. Trietsch - The purpose of this meeting is to set an organizational plan in order to proceed with the market valuation process for SH 99, the Grand Parkway. Today is truly just an organization meeting to figure out who will be the negotiators and who will be sitting at the tables. If Chambers, Liberty and Galveston County's are in the process of create a Tolling Authority let me know and I will move you up to the table. We have invited all of the counties that the Grand Parkway goes through, and per SB 792 the local toll entity, or in our case toll entities and TxDOT have to agree to the Terms and Conditions for the Market Valuation. Briefly I would like to give a really brief overview. Our goal is to construct SH 99 as a toll project and provide a hurricane evacuation route, which will reduce congestion, enhance safety, expand opportunity, improve air quality and increase the value of our transportation assets. SH 99 is composed of eleven segments (A, B, C, D, E, F1, F2, G, H, I1 and I2). The total project length for SH 99 is 185 miles. When all segments are complete for SH 99, it will cover seven counties, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty and Montgomery. The Major Milestones of SH 99 are 1) Project Development, 2) Scope of Project, 3) Estimated total cost. Major Milestones of SH 99

1) Project Development

- a) Environmental studies are in progress
- b) On going public involvement
- c) Schematic design is also on – going

2) Scope of Project

- a) Divided 4-lane toll road
- b) Limited frontage roads at interchanges only
- c) Direct connectors at major interchanges (as demand arises)

3) Estimated total cost of all SH 99 Segments including some (approx. half) direct connectors and interchanges is \$5.3 billion. This estimate includes engineering, utilities, right of way, and construction.

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Just a little bit about SB 792, State Highway 99 is excluded from the Moratorium, but a Market Valuation is required and the Terms and Conditions must be approved by the Metropolitan Planning Organization (MPO).

The basics of Senate Bill 792 are:

1. Identify the project as a toll project.
2. Establish and adopt Terms and Conditions
3. Select entity to perform the Market Valuation
4. Adopt a market valuation
5. Develop the toll project.

The SB 792 process is on a flow chart that is up in the front of the room. And this is my interpretation of it, if anybody wants to help me out I am not an attorney and I'm sure I will be, as we go through this process instructed about some of the finer points as we get to it. But from TxDOT perspective it's our intent to achieve the best and highest value for this project based on the agreed Terms and Conditions, and until we all agree to the Terms and Conditions we can't set a value or determine a value for the project. If the market value of the project exceeds the value of its inherent costs, then additional needed transportation projects will be built in accordance with the Regional Transportation Plan. TxDOT's approach is for each segment to have its own environmental documentation through the record of decision as approved by FHWA. The SH 99 toll project will be developed as a single project, it will be designed, right of way acquired, constructed, operated, maintained and financed by a single entity/developer.

I called this meeting to kind of get it started, I feel I've been doing all the talking, don't fill that I am in charge as a matter of fact if anybody wants to do the rest of these meetings I'll be happy to turn it over to them, but bottom line is all of us have to agree to the Terms and Conditions. And even those sitting at this table, once we agree then HGAC has to agree also, then we can do a Market Valuation. There are several steps and processes we are going to have to go through. One of the things I want you to understand is that one of the things I found out by watching others, in this case others means Dallas. There are a lot of Terms and Conditions and assumptions that has to go into this. I guess my hope is that we would have a couple of meetings and we could all agree and start the Market Valuation process. I'm not sure how many meetings Dallas and NTTA had but it was many, we will go through that process and it's important from a continuity standpoint that you have someone available to attend most or all of these meetings. If you can't attend, and I'm just going to tell you that Delvin is my backup if something happens I'm sick, I can't be there, then Delvin will fill in for me, because we need to develop a schedule that we can kind of adhere to and go through this process and keep it moving, because my intent is to rap this up as quickly as possible because environmental segments will be cleared starting in 2008, so far nothing has really been delayed because of the environmental process and once that's done we can start acquiring ROW and start letting contracts, so we are going to be the hold up if we don't get through in a timely manner. I have given you kind of a handout that goes through all these steps of SB 792, I don't think I'm going to read all of that. I like to go through to kind of define who the negotiators are, I hate using that word negotiator, I'll think of a better word by next time. Who are going to be the representatives, I have invited certain people, and I don't know if I have invited the right people, but I'm not asking for a decision today. I'm going to jump to the end of our agenda today, my recommendation is that we meet back in two weeks to start going through this process and maybe setup a two week schedule. It may become more

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often as we get to the end. What we agree to will be binding for this project, and under any circumstance of the different scenarios that go forward, for example, lets use HCTRA since their the biggest Tolling Authority around here. If they don't want to exercise their option and no body else does, then it goes basically back to TxDOT. We can do a CDA and put it out to the private sector, but what ever Term and Conditions we agree to here will be the same ones that we would put out to the private sector. So were kind of setting the frame work for this project and so that why these things are very important. Those of us sitting at the table today, one assignment that I would ask, I meant to do this before let me just stop here. I introduced myself and John, but why don't we go around the table and introduce ourselves.

Ed Chance – Montgomery County Toll Road Authority.

Alan Sandler – Montgomery County Judge, chairman Montgomery County Toll Road Authority

Tom Stansel – Secretary of Treasurer, Brazoria County Toll Road Authority.

Gerald Roberts – Brazoria County Engineering, work with Brazoria County Tolling Authority.

Bill Jameson – Fort Bend County Toll Road Authority.

Jim Condrey – Chairman, Fort Bend County toll Road Authority.

Art Story – Public Infrastructure Director, Harris County.

Ed Emmett – Harris County Judge.

John Bottom – CRA International

Alan Clark - Director, Metropolitan Planning Organization (MPO).

Don Brandon – Chambers County Engineer

Phil Fitzgerald – Liberty County Judge.

Rod Shaut – Galveston County Engineering.

Mr. Trietsch – I apologize for not doing that at the beginning. I would like to recognize a couple people in the audience today, David Gornett – Grand Parkway Association and Commissioner Ned Holmes with Transportation Commission.

Mr. Trietsch - I would propose that we meet here two weeks from now, does anybody find that a problem.

Mr. Storey – When you talk about negotiator or whatever we call it, and you look at Harris County, I would maybe suggest we call it Responsible Representative. I can commit that Stobb and I will attend every meeting for continuity, but I am sitting here by my County Judge and he can negotiate to what ever extent he wants to. We have our general counsel in the audience that has been designated by Commissioners Court as somebody that we want to have deeply involved. This is a complicated thing, its more profound to say that we all have to agree, then it is to say we need to designate some one person that can speak for a complicated entity like a county. I don't know what all that means, but I'll be the responsible representative and be backed up by Gary Stobb my Toll Road Director, but I can't negotiate in a binding way for Harris County. I think the judge has some comments about that too.

Judge Emmett – Gary first in terms of meetings, if we could move this to Thursdays instead of Fridays starting on the seventeenth that would be a lot easier for me.

Judge Sandler - I agree.

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Judge Emmett – So if we could do the seventeenth and every two weeks after that. Thursday morning, is that OK.

Mr. Trietsch – That's fine with me.

Judge Emmett – The seventeenth will be the next meeting.

Mr. Trietsch – Yes.

Judge Emmett – I would like to ask a few general questions now. I don't know how many representatives of the public we have, but the public is going to be very interested in what we do here, and were all going to get to here about that a lot. Someone that was involved in SB 792, in a way that's a disqualifier, because it means I'm more confused than people that were not involved, because there were so many negotiations going on during that process. But the time table is such that we have some significance progress done before the Legislature meets.

Mr. Trietsch – I agree.

Judge Emmett – Otherwise they take it all back. I think that needs to be understood. Secondly you mentioned that the entire Grand Parkway will be one project. Is that just a TxDOT unilateral decision?

Mr. Trietsch – Yes.

Judge Emmett – OK, that was not a negotiated decision.

Mr. Trietsch – No.

Judge Emmett – So some people around this table may disagree with that, and that's fair game. Could make a mess of things, but its still fair game. If its all one project that makes it interesting as to who is the local tolling entity, because your sitting here with four local tolling entities that are all involved. Would we then have to, in your mind I hate having to put you on the spot, would we have to create some super tolling entity among the four of us, or would one of us take the lead and sub out to the others? How does that work in your mind?

Mr. Trietsch – I don't mind being put on the spot, let me back up and tell you what my general counsel said, SB 792 says the local tolling entities, so that means sorry Trietsch you got four of them, five of them, six of them its what ever it is, and they all have to be at the table. I don't know about creating a separate organization, but I would believe that during this process the counties would probably need to get together and decide on some of the points. John and I can probably agree pretty easily, but there maybe something that's a sticking point for one, two or more of you. I don't think it would be productive to try to handle all of that here, my suggestion would be, if there are points like that you all meet some other time to try to work those things out. When it comes to the end and we get a Market Valuation, basically what were going to ask is, any one of the Toll Authorities can take this on, but were only going to sign a contract with

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one entity just like we do a construction contract. We don't really care how the project is delivered after it's committed on being delivered.

Judge Emmett – OK, two more questions, you mentioned the whole thing will be tolled. What about existing parts that are already on the ground?

Mr. Trietsch – I'm not planning on it.

Judge Emmett – I can tell you that going back and tolling lanes that are currently free, there will be people with ropes lining up to discuss it with these various county officials sitting around here. Actually I guess it's only me because we are the only ones that have the free ones. So that will be an issue that will need to be addressed, and finally what is the role of the Grand Parkway Association anymore? Do they even have a role?

Mr. Trietsch – Well yes, because they are still in development of the environmental documents and everything, their basically our agent to get all of this work done. Now where it ends up in a couple of years from now, and kind of depending on what happens, and I'll be real honest I haven't thought this through, when everything is cleared environmentally and we have turned it over to somebody else. Their role maybe very minimal at that point and time, but I haven't thought that through at this point. I have been concentrating on getting environmental clearance.

Judge Emmett – The reason I ask that is I have had some conversations with certain State Representatives, who shall we say are not entirely predisposed to seeing this project being completed through their area. I had to go back and explain that when the Grand Parkway Association was created, I was one of the authors that created that legislation; the idea then was the Association was to accept donations of Right of Way and then give that Right of Way over to the State at some point. That role has obviously changed over the years, and now there is a great deal of confusion of what is the role of the Grand Parkway Association. So I think that might need to be something we need to look at during this process. If not for completion of this process, certainly for going back to the Legislator and saying do we need the Grand Parkway Association, I'm not trying to put David out of a job back there, but clearly the role has changed since we created it in 1984. Those are just some of my questions.

Judge Sandler – First I'd like to establish a goal to complete our work by September 1, 2008. I think that gives us time, and I agree Judge Emmett, we need to have our work complete, politics finished, goals itemized to give the Legislature here's what we want to do, and here's how we want to do it. I think the idea of a super Toll Road Authority, looking at it from a business standpoint is probably the way to go. Name it what ever you want to name it, the Grand Parkway Inc with share holder ownership, with Montgomery County having, I'm not sure nineteen or twenty five percent ownership. Same as Brazoria County having fifteen percent or whatever, Harris County maybe having the lion share of that ownership. Maybe it's not the lion share maybe it's forty two percent, I think that way we can go forward, it will be cleaner, and we probably ought to meld the Grand Parkway Association into this new super entity with stock ownership. Again I think we ought to establish our goals, timeline and politics or will be sitting here years from now. What do you think about that Gary?

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Mr. Trietsch – I definitely agree, I like the September first kind of self imposed deadline, because I agree with Judge Emmett if we were not through with this process and kind of figure out what were going to do by the end of the year, somebody will figure it out for us.

Judge Sandler – Exactly.

Mr. Trietsch – I would much rather, and understand were I come from I just want the road built. How it's done, who does it, I really don't care, that's why I called this meeting this is the process we got to follow. My goal is to get this done, as a matter of fact, to get you all thinking about what's been brought up, what are we going to do in the future, and I think as a region we need to think that through. The elected officials in this area are going to have to make those decisions. I know are State Representatives and Senators from this area represent our area, but likewise I think when the gavel struck at the end of the last Legislative session everybody knew this process of figuring out what we were going to do was not complete. I think the Legislature would be more than happy if we had it figured out and this didn't become a big issue. Anybody else?

Judge Sandler – Also I think we need to create a chairman of this organization, somebody to lead these meetings, somebody to create the agenda. Maybe that you Gary? But we need to get on track with an agenda, timeline, ownership, all this has to be done or will be sitting here, we'll be talking the same discussion two months from now, unless we get this on track.

Mr. Jameson – Gary I agree with what's been said, I think there is a few issues here that we are going to need to address early on, because it will affect everything in the valuation and that's how this project get's done. I know that we had a meeting several months ago talking about this, and I know TxDOT's position on one project, but when you say one project, we need to define what that is. The valuation study is on the entire Grand Parkway that one thing, if it's look at from a valuation standpoint on different segments that's totally another. Everybody sitting here understands there are certain segments of this project that don't make any sense as a toll road today. We need to deal with this issue early maybe during our first meeting, because it will drive it seems to me the whole valuation study process and it seems we need to have some kind of understanding of what that means and how were going to do that. This one project is a 185 mile long project. I know TxDOT's position on it, I'm not necessarily sure that's everybody's else's position.

Mr. Trietsch – I would agree probably the broad issues, there's not any point going into the details if we haven't decided on three or four key issues.

Mr. Stansel - I can certainly understand TxDOT wanting to work with one entity on this, because it simplifies things and in a lot of ways it simplifies things for the other entities. But I'm struggling a little bit of how that will work, how that commitment will work and the potential for dragging the whole concept down, because one entity doesn't agree with valuation or whatever. I guess I don't know why we can't come up with the same Terms and Conditions across, but still work as individual entities. Is there something in the Legislation that won't allow that, us working as individual entities, but have agreements that we are going to work by the same Terms and Conditions and thing of that nature to help simplify things to help TxDOT?

Mr. Trietsch - The short answer is no, there's nothing in the legislation. But I think it was said there are segments that are not toll viable at this point and time and there are others that are very toll viable, and from TxDOT's perspective when we say one project...you know some segments will have to pay for other segments just to be very blunt about it. Most of the toll viable projects are in Harris County, wherever the population is today, this is going to be a long term agreement and that's another thing we got to figure out, fifty years or in that neighborhood. If you look at the Dallas area it got very contentious about moving money from one area to the other, so I think from TxDOT's perspective to try to avoid those sort of issues, number one when this all gets put together how ever you figure it's going to be some segments are paying for some other segments, or helping fund some others. That money is going to have to flow across county lines, it can be very contentious, and the way TxDOT kind of looks at this is we are dealing with one entity kind of like a contractor; there maybe many subs, but we don't have a contract with each and every sub, like our construction contracts. Who ever develops this can work out separate deals, there just agreeing to develop the project. From TxDOT perspective I'm not sure we know how to handle chopping this thing up in bits and pieces, the other part of it is we want the whole project built. There maybe two or three segments nobody's interested in building, there just left out in the cold, and one of our key things on this is as an evacuation route and to have a gap in the thing... Personally I don't know what the numbers and traffic projections will all show, but I'm convinced some place 30, 40, 50 years every segment will be toll viable it just may not pay for itself 5 years from today or whenever. So somebody's that going to be responsible for building the entire Grand Parkway and committed to that, that's where we are coming from. I'm not sure I answered your question.

Mr. Stansel - I think you did its going to get very complex. There's going to be a lot of perspectives on this. The Legislation says the local entities have to agree, now does that mean each individual local entity has to agree, or does the majority of the group have to agree. There's lots of twists and turns in this thing that can really complicate things, and I think your going to have several different perspectives from the different counties as how to look at this.

Judge Sandler - I think Gary's answer supports what I talked about earlier, TxDOT wants this as one project, I don't have a problem with that. I just want my 9 percent ownership. I think Montgomery County is toll viable, but if it is or isn't I will take my 9 percent ownership. I think we really need to get our politics straight and make some fundamental decisions. Montgomery County is ready to be a player, and were ready to go. Commissioner Chance and I will be representing Montgomery County and were here ready to make some decisions.

Judge Emmett - Gary, I have had some conversations with other TxDOT folks and I understand the need to have it as one project. I think the real politics of it and this may have to be a meeting between the various toll authorities. The political reality is the toll viable sections are going to pay for the non toll viable sections, and if you have one county paying to build a road in another county that's not a real good political situation to be in. So were going to have to have numbers, where's Allen, I think this is were the MPO is going to become critical in terms of running the numbers, were going to have to have a pretty accurate feel for what's really happening here. Even though it can be one project, that doesn't mean that is has to be built all at one time, it just has to be one group that agrees to take on the project, and it maybe after discussing we need to

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have some pieces of it done before other pieces. This is going to be a real political football, we may as well understand that and when ever you start talking about taking toll dollars from one county and building roads in another county, that raises some real issues. It's going to take a lot of discussion among the various Toll Authorities and those that want to be Toll Authorities or however they want to structure it.

Judge Fitzgerald - It seems like we really have two sets of Terms and Conditions, we have one set with TxDOT and another set with all the various Toll Authorities. I'm realistic; Liberty County has the least to loose and the most to gain, but were going to be part of the process too.

Mr. Trietsch - And Judge I think you probably described it very well there's two sets of Terms and Conditions. Art let me ask you a question about what you said earlier and for the others too. Let's say all of us sitting around the table agree to something what ever it may be. I think we can all admit were just representatives of a bigger body. We agree to something, does this have to go back to Commissioner's Court for approval, its not that I'm concerned about that I'm just trying to figure out the steps and the timeline. I can tell you what I'm going to do when I leave here is pick September one and start backing things in to how long I think there going to take. Does each county have to go back to Commissioner Court?

Judge Emmett – It's a pretty simple answer, I've only been on this job since March, but if Art and I were to sit up here and negotiate something on behalf of Harris County and not go back to Commissioner Court, we might as well not go back to the Commissioner's Court ever again.

BCTRA – Agree
MCTRA – Agree
FBCTRA – Agree

Mr. Trietsch – Just to ask a procedural question when we sit down here and start talking, as for the physical arrangement of this we all have advisors that know more about a particular point. One of the things I was proposing to do is having two chairs for each entity at the table, and my plan next time is to set a row of chairs behind you for somebody that needs to whisper in your ear or tap you on your shoulder. I am going to have two or three chairs for each county behind us, they won't be speakers per say, but can advise us on certain points.

Mr. Chance – Gary I think one of the biggest impacts to MCTRA got to deal with, and I think we probably got to have a meeting among the entities here before are next meeting to make the determination of the financial impact that it will have on Montgomery County and the ability to build other bonding issues that we got coming up. We recognized a large dollar amount that we got to build that does not include the Grand Parkway. Judge and I and our Toll Road Authority which is comprised of other members of our court, certainly want this project and want to be a key player in it. My personal feeling is it isn't one that we can probably finance, so we want to look to some other super entity as the Judge pointed out, and in my mind HCTRA is probably the one that has the financial capabilities of building this, again we still want to be a part of it though, but I think it's important that we make that determination before our next meeting. I like the idea of a super entity or whoever has the financial capabilities of building it, but we know we have around 500 million dollars worth of work that we need to look at doing over the next 6 to 8

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years that does not include the Grand Parkway and the financing of it. Our Toll Road Authority is new and with no revenues doesn't have the capabilities of bonding it at rates that would make it attractive without using Montgomery County's tax base to do so.

Mr. Trietsch - Just to move on I'm going to pass out, and again this is Gary Trietsch's And this is homework for you all and I don't intend for you to go through all of this today, but this is a format for Term and Conditions and I tried to list all of the things I could think about. I'm going to be real honest with you I'm not all that smart I've copied what Dallas did on SH 161 and as soon as I can find out their document is open to the public I will sent you that just for informational material. This is to get you thinking, one is the assumptions and this is basically defining the scope of the project the cost of the project and stuff that has to be filled in. The other part is the Terms and Conditions and I've taken a stab at some of them, don't get to upset if you disagree with any of them, somebody had to put something down. I have taken those that were fairly easy, description of projects and things like that, maintenance and concrete stuff that I know about. But there maybe other things and one of the key things, let me just use Harris County as an example, Art one of the things is toll rate and escalation, I think Harris County you all just voted on one about 6 months ago, for talking purposes if you can fill that in. That's what Harris County's got, can we agree with that, or do we want to tweak it, that's something that we can talk about.

-----Break----- Change tape.

Mr. Trietsch – If you all will make sure I got your email addresses, so know later than the next meeting I can have the SH 161 sent to you. I don't know how much value it will be, but it's the first one done. They just finished December 21.

Mr. Dennis – Make sure if you have not signed in please do before you leave.

Mr. Jameson – Gary, before we break up I would hope that we could get an entity amongst the toll road authorities to kind of take the lead to set up a meeting among the groups at the table, because I think that Judge Sandler mentioned that it's very important for us to meet once at least before we have our first meeting. I don't want to put Art on the spot but maybe Harris County can take the lead on pulling everybody together, you're the big horse in the race here. Art do you want to undertake that and pull everybody together?

Mr. Storey – Yes will do that, there's three or four comments I wanted to make, but I don't want to say anything until my County Judge is back in the room. I will commit to do that.

Mr. Trietsch – I wanted to make another comment, in your notebook is a glossary of terms, again these are our definitions as we go through this thing I'm going to tell you there are a whole lot of terms I have never even heard about before. So whether there right or wrong or you got a different definition, just so when we get into some of these minuet details at least we think were talking about the same thing. Again everything you see here is Draft, like I said I've just put something together for you to think about. One of the things, I'm just going to volunteer at least for the next meeting I will host that, but if the county's get together and decide you would rather

have Alan host it or somebody else, I promise you it won't hurt my feelings, my goal right now is to keep things moving.

Mr. Storey – Judge while you were out of the room I did agree that we would try to coordinate a in the next two week period a meeting of the other Toll Road Authorities, so we can have the meeting that everyone believes we need to have. We will probably make our general comments in two pieces but what occurs to me after listening today are just a few things, some of it will come out in the wash but some of it should be said the first time we sit down together. I was impressed by Judge Sandler's comment about getting our politics straight is probably an initial challenge that will make the rest of it very hard or very easy and I applaud Montgomery County it sounds like you have your politics straight. I will admit that my Commissioner's Court hasn't quite told me yet if they have the politics straight on all these complicated issues, I need to learn what they are, but that was a very profound statement. Another one was, Commissioner Chance's said something I thought was profound about affordability, everyone is assuming that Harris County can afford to do a 5.4 billion dollar project, we can't, why can't we, because we have the same priorities you have we have some things within our own county that we propose to do with our mobility capabilities. They would stretch into, but not totally around a 5.4 billion dollar project so I'm intrigued by what part of it is ours, I would say that SB 792 whoever reads it because it was put in there on purpose and the words were used to paraphrase it, the full toolbox is available to us if we can't afford it as a group. There's ways to involve public/private partnerships, I don't know if Commissioner Holmes is still in the room, but he would probably be astounded if he heard me say that, but there are appropriate places for public/private partnerships and it maybe that all of us put together children, grandchildren and all the money we can borough can't stretch around 5.4 billion dollars. So were going to have to look at that as we go forward, one reason I bring all that up is that if anyone in the room thinks that Harris County Toll Road Authority can sign on and then seek partnerships among the public entities to do 5.5 billion dollars. I don't know how we would do it, because were already committed to do something's in Harris County plus the six project enumerated that are already underway some of which are growing in scope, as the scope increases the prices go up so I just wanted to say that. The last thing is with all respect to Gary he knows I think this, it's a TxDOT tendency that one size has got to fit all, I really don't care what they did in Dallas, I really care about what Judge Sandler said lets decide what we want to do and tell the Legislature that's what it is and if you don't like it, tell us...you go to the Legislature and change it. I'll look at it but I don't care a lot what they agreed to do in Dallas or Austin, because were different were organized differently we have different financial capabilities, different politics to get straight.

Judge Emmett – I agree with that and speaking of the Legislature the only thing I might suggest is that the Legislature created a SB 792 interim study committee, three appointees by the Speaker, three by the Lieutenant Governor, and three by the Governor. Since one each of those appointees one by the Speaker, one by the Lieutenant Governor, and one by the Governor happen to be in our area we probably ought to invite them or their staff to come to these meetings.

Mr. Trietsch – Good idea.

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Judge Emmett – I don't know what they may be coming up with, because at the end of the day those folks are going to have a lot to say about what we can and cannot do down here. So we may as well coordinate as we go along rather than get to the end and do something and they say that's not what we decided. I did check they do get to write the law.

Mr. Trietsch – Anybody else have any comments?

Judge Sandler – Art do you have a proposed date for our meeting? I can meet next week.

Judge Emmett – I assume, I know were the only one's with the Toll Road Authorities, but the other counties probably ought to be sitting in that also.

Mr. Storey – Sure.

Various conversations between Toll Authorities - Meeting set for Tuesday afternoon.

Mr. Stansel – I guess I have a question on Market Valuation, under the recommended objectives, it's saying it's done by estimating the upfront payment of private transportation concession developer would offer. Are we saying we are just going to use that to see if the project is viable or is TxDOT assuming that if this group or whatever were going to be called that's put together is going to make some large lump sum payment to TxDOT like a private concession would do?

Mr. Trietsch – Yes.

Mr. Stansel – OK, so in addition to the construction costs, you're saying that we will also have to come up with the funds to purchase this opportunity.

Mr. Storey – Your getting my drift on we may not be able to do that as a group.

Mr. Stansel – I guess, I assume that is TxDOT's position, again I don't think I saw anything in the Legislation that said it would have to be done that way.

Mr. Trietsch – Actually, now you're getting me to quote the law, but there is another way, what I remember, either an upfront payment or a commitment to projects of an equal value at an agreed upon time. Lets just say 500 million, you can either write a check for 500 million or you fund 500 million of other projects which maybe SH 36, US 59, basically project that are in the Regional Transportation Plan. It doesn't have to be an upfront payment, but there is some kind of payment. How that payment is done is subject to negotiations.

Judge Emmett – Just so were clear, this is whole reason why were here, the Market Valuation there are several different ways of determining how much that payment is. Certain people think that the way you do that is you go to the private sector and say how much are you willing to give us for this, and then they come back... TxDOT would do that, then they would come back to us and say well a firm from lower Slavonia is willing to pay us a gazillion dollars, therefore you have to pay us a gazillion dollars. I can tell you personally that I disagree with that approach to Market Valuation for a toll project. I think that's what this whole process is designed to deal

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with, and at the end of it, if we agree and we can't make that amount of payment then were in one position. But if we can never come to an agreement on how that Market Valuation is done then were right back in the Legislator and we all take our chances, and I'm not sure that's a great thing either because we don't know what they might do either.

Mr. Stansel – Now that gets us back to the twist of one area says, hey I got the money I'm willing to do my section and nobody else is willing to do it, are you saying the whole project goes down the tube?

Mr, Trietsch – I agree with Art, I don't really care what Dallas does, but it's the only one that's been done, so I'm really scrambling for anything. What Judge Emmett said, the final sticking point was, and I wasn't there so I maybe telling you things that are not quite accurate, but my understanding of the final sticking point on the Terms and Conditions were....you may say you compute it like a CDA, but were it really boils down to as I understand is how aggressive on the traffic model you use. I think they ended up, TxDOT wanted up here and NTTA wanted down here and they finally agreed on something in the middle. So what model that really is I'm not sure what you call it, maybe it's a hybrid, when you get through all the other things that's going to be the real sticking point. I will tell you just to be open with you all, we've done a few level one traffic and revenue studies on different segments, the Turnpike Division in Austin is fixing to start one for the whole Grand Parkway, just so we know what were talking about. You individually or as a group may do a different one, but that's going to be one of the things that's going to be key, who's traffic model we use and what level do we agree to use it at.

Judge Sandler – I'd like to make one final comment, first I totally agree with TxDOT's position that this should be one project, and I think your comments about the viability, feasibility etc. on a per segment basis is right on. I think its going to be impossible to evaluate, finance or own four miles of the Grand Parkway. You got to look at it in the totality of the project, financing, valuation and project letting. That's were I go back to my first premises, when I first walked in here, we ought to have one super entity with stock ownership....and move on, so I think your comments were right on. I think that's the reason we got to look at this as one project. I look forward to our meeting.

Mr. Trietsch – Anybody else. Alright I thank you all and will conclude this at 10:18 am.