

NORTH TEXAS TOLLWAY AUTHORITY
Finance & Audit Committee Meeting Minutes
March 1, 2012

A public notice of this meeting containing all items was filed in the Office of the Secretary of State as required by Chapter 551 of the Texas Government Code, referred to as "The Open Meetings Act."

Minutes of the Finance & Audit Committee meeting held at the North Texas Tollway Authority, 5900 West Plano Parkway, Plano, Texas, on March 1, 2012 at 9:00 a.m.

CALL TO ORDER

Committee Chairman Moore called the meeting to order at 9:02 a.m.

1. ESTABLISHMENT OF QUORUM

Committee Chairman Moore established a quorum by calling the roll. The following committee members were in attendance:

William Moore	Committee Chairman
Matrice Ellis Kirk	Member
Michael Nowels	Member
William D. Elliott	Member

Chairman Barr, Director Willard and Director Quesada were also in attendance.

NTTA employees attending the Committee meeting were: Gerry Carrigan, Interim Executive Director; Ruby Franklin, Secretary; Lorelei Griffith, Assistant Secretary; Janice Davis, Chief Financial Officer/Treasurer; Dana Boone, Director of Cash and Debt Management/Assistant Treasurer; Clayton Howe, Assistant Executive Director of Operations; Kim Tolbert, Assistant Executive Director of Administrative Services; Elizabeth Mow, Interim Assistant Executive Director of Project Delivery; Ray Zies, Controller; Magdalena Kovats, Director of Internal Audit; Eric Hemphill, Interim Director of Maintenance; Kiven Williams, Director of Customer Service Center; Marty Legè, Director of System Incident Management; Anthony Coleman, Director of Business Diversity; Kim Jackson, Director of Communications; Carrie Rogers, Director of Government Affairs; Dave Pounds, Director of Information Technology; Felix Alvarez, Director of Procurement Services.

Also present at the meeting representing the Authority were Frank Stevenson, Locke Lord, Board Counsel; Greg Schaecher, McCall Parkhurst & Horton, Bond Counsel to the Authority; Stephanie Halliday, HNTB, General Engineering Consultant to the Authority; Michael Copeland, Wilbur Smith Associates, Traffic and Revenue Consultant to the Authority; Ron Morrison, RBC Capital Markets, Financial Advisor to the Authority.

2. General public comments not related to specific agenda items

No comments were made under this item.

3. Resolution approving the minutes of the February 2, 2012 Finance and Audit Committee meeting

Director Ellis Kirk made a motion to approve the minutes of the February 2, 2012 Finance and Audit Committee meeting, and Director Nowels seconded the motion. The minutes were approved unanimously. (Resolution No. 12-35)

4. Approval of the Internal Audit Charter and Policy Statement

Magdalena Kovats, Director of Internal Audit, presented another general overview of the Internal Audit Charter and Policy Statement. Syntax changes have been incorporated. She responded to questions regarding the definition and intent of risks as well as management's options related to normal practices. Ms Kovats further indicated that she is not aware of everything but management includes Audit in meetings, Audit gets requests from management, and/or Audit invites themselves to meetings.

Ms Kovats also covered monitoring statuses and added that "Employee Termination Practices #2" was received after the due date but it is now closed.

Director Nowels made a motion to approve the Internal Audit Charter and Policy Statement, and Director Ellis Kirk seconded the motion. This item was approved unanimously. (Resolution No. 12-36)

5. Briefing on the Investment Grade T&R report

Michael Copeland, CDM Smith, presented the NTTA System T&R Study. His presentation included the background and elements of the toll road analysis; an overview of T&R estimates vs. actuals, studies, changes, and models; assumptions & NTTA travel survey; NCTCOG Mobility Plan 2035 (including areas covered, changes, and improvements); demographics related to population and employment forecasts; TollTag usage, share, and recovery; and factors to monitor. Mr. Copeland commented on the 50-yr revenue stream, investment grade study from 2011, facility openings, trip analyses, process for estimating T&R, factors influencing patron behavior, and competing vs complementary routes. He concluded with a recommendation to address the three mile section of 161 (currently TxDOT) as it is a growing problem.

After completing his presentation, Mr. Copeland and Janice Davis addressed questions from Board members. Mr. Copeland explained that the report:

- accommodates decreases in population for Johnson County
- is updated every 2 years so we get ahead of other studies and trends (reacting to unexpected movement)
- is more conservative than the previous model

- does not include fees and fines when forecasting toll revenue
- reveals that the number of TXNs continue to increase but AVI has not increased

Ms. Davis added that we also do massive quarterly, biennial, and annual reporting. In addition to that, Finance receives weekly TXN reports to be apprised of T&R. Committee Chairman Bill Moore asked that we single out points in time and see how they measure up to the projections; list differences.

6. Briefing on Revenue Assurance/ Pursuable Transactions

With additional time allotted for #5 – This topic was not discussed // May cover in Customer Service, Projects and Operations Committee (CSPOC); Same as #6 on the agenda for CSPOC

7. RITE Systems Projects Update

With additional time allotted for #5 – This topic was not discussed // Same as #7 on the agenda for CSPOC

8. Briefing on the 2012 Bond Refunding Options and Finance Plan

With additional time allotted for #5 – Janice Davis, Chief Financial Officer, added that this topic is sensitive to the market but concurred that it could be moved to April's F&A meeting.

9. Briefing on Chase Paymentech credit card processing services - one year contract extension

With additional time allotted for #5 – This topic will be moved to April's F&A meeting

10. Briefing on the 2013 Budget Calendars

With additional time allotted for #5 // Briefing, only – moved to Board

11. Monthly Financial Report for the month of January 2012

Ray Zies, Controller, provided highlights from the MFR (also calling attention to additional pie charts, we owe more than we own in active roadways, inflows and outflows are relatively equal, budget to actuals for AVI and ZC, and information related to when ZC invoices are recognized). Mr. Zies and Janice Davis responded to questions from Board members regarding when ZC drops from TXNs, aging, write-offs, A/R turnover, business rules, tolling industry matrices, invoicing patterns including the influence on financials, and re-invoicing processes. Board Chairman Kenneth Barr asked Finance to dig through the metrics and provide touch-points the Board can track and know how we're doing. Committee Chairman Bill Moore commented we should continue working on the items between meetings and discuss aging in the future.

12. EXECUTIVE SESSION

An Executive Session was not held.

13. CONSIDERATION OF ITEMS FROM EXECUTIVE SESSION

N/A

ADJOURNMENT

The meeting adjourned at 10:37 a.m.

Marked Present for
Bill Moore

William Moore, Committee Chairman
NTTA Finance & Audit Committee

Lorelei Griffith
Lorelei Griffith, Assistant Secretary