NORTH TEXAS TOLLWAY AUTHORITY
Finance & Audit Committee Meeting Minutes
October 4, 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 October 4, 2012 at 10:30 a.m.

CALL TO ORDER

Committee Chairman Nowels called the meeting to order at 10:45 a.m.

1. ESTABLISHMENT OF QUORUM

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

William Moore	Committee Chairman
Michael Nowels	Member
Bill Elliott	Member
Matrice Ellis-Kirk	Member

Chairman Barr and Director Quesada were also in attendance.

NTTA employees attending the Committee meeting were: Gerry Carrigan, Executive Director; Tom Bamonte, General Counsel; 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; Ray Zies, Controller; Magdalena Kovats, Director of Internal Audit; Eric Hemphill, 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 and Nina Arias, Director of Human Resources.

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; Bill Mahomes, Mahomes Bolden, PC, 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

2. General public comments not related to specific agenda items

No comments were made under this item.

3. Approval of the minutes of the September 6, 2012, Finance and Audit Committee meeting

Director Ellis-Kirk made a motion to approve the minutes of the September 6, 2012 Finance and Audit Committee meeting, and Director Nowels seconded the motion. The minutes were approved unanimously. (Resolution No. 12-147)

4. Internal Audit FY 2013 proposed work plan

Magdalena Kovats, Director of Internal Audit, discussed the focus of the Internal Audit Department and presented Internal Audit's FY2013 proposed work plan. The proposed work plan included assurance projects, management requests, monitoring, and the county review. She concluded with a briefing on closed audits and stated the department is currently tracking four audits. Ms. Kovats responded to questions from the Committee.

5. Monthly Financial Report August 2012

Ray Zies, Controller, presented the MFR highlighting revenue and receivables activity, cumulative cash flow, AVI-ZC split (75/25), increase in Allowance for Doubtful Accounts, toll receivable analysis (invoices are aging), Accounts Receivable turnover, and AVI percentage. Clayton Howe, Assistant Executive Director of Operations, explained the increase in transactions invoiced and Mr. Zies responded to questions from the Committee.

6. Preliminary Budget Review

Armando Garza, Budget and Compliance Manager, presented the FY2013 Budget. He discussed the correlation between toll transactions, invoices, collections, estimated toll revenues, and the Operating budget. Mr. Garza presented a comparison of the 2012 Budget and 2013 Preliminary Budget highlighting increases, decreases, debt service coverage, deltas, major changes (and explanations for such), and potential Rainy Day Fund transfers. He gave an overview of preliminary FY2013 departmental budgets/funds and responded to questions from the Committee. Clayton Howe, Assistant Executive Director of Operations, also responded to questions from the Committee. Janice Davis, Chief Financial Officer, reiterated the relationship between the preliminary budget and Trust Agreement. Director Ellis-Kirk suggested implementation of a budget workshop.

7. Debt Policy and the Swap Management Plan

Ms. Dana Gibson-Boone, Director of Cash & Debt Management, presented an overview of the recommended changes in Debt Policy. She discussed the difference between the goal (1.50X) and requirement (1.35X) for First Tier Debt as well as SPS TIFIA Loan

requirements. Her discussion included credit objectives, permissible types of debt, allowable debt structures, responsibilities, and the additional annual review provision.

She also presented the Swap Management Plan highlighting benefits, risk analyses and disclosures, and recommended changes. Ms. Gibson-Boone and Ron Davis, First Southwest Company, responded to questions from the Committee. The Committee requested additional review before moving the Debt Policy & Swap Management Plan to the Board.

8. EXECUTIVE SESSION

An Executive Session was not held.

ADJOURNMENT

The meeting adjourned at 1:08 p.m.

William Moore, Committee Chairman
NTTA Finance & Audit Committee

Lorelei Griffith, Assistant Secretary