



**TAPS PUBLIC TRANSIT  
BOARD OF DIRECTORS  
REGULAR MEETING  
November 13, 2015**

**MEMBERS PRESENT:** Chuck Branch, Ken Brawley, Spanky Carter, H. L. Compton, Chris Hill, Leon Klement, Rick Lewis, Kenneth Liggett, Bill Magers, Randy Pogue, Terrence Steele and Steve Terrell.

**MEMBERS ABSENT:** J. D. Clark and Joan Schaffner

**STAFF PRESENT:** Tim Patton, Lori Cannon, Jeannie Slape, Clara Box, Shellie Cherry, Jennifer Lovett, Josh Cunningham, Misty Walker, Josh Walker, Troy Price, Leah Campbell, Mark Ewig, Russell Alford, Todd Rumsey, Darlene Smith, Jeff Davis, Bill Fox, Michele Daniel and Cathy Perkins.

**GUESTS PRESENT:** Ben Herr, Byron Hardin, Nancy Ward, Tammie Mayberry, Alma Bazemore, Jesse Scally, Kyle Roberts, Brandon Shelby, Richard Hose, Michael Hutchins, Lisa Miller, Joshua Shelton, Janet Fuller, Sunil John, Daniel King, Clara Bagley, Chip Adami, Sarah Dillenbough, Ricardo Cervantes, Rita Cervantes, Allen Leaird, Alex Housden, Scott Martin, Valerie Wigglesworth, Sarah Chadderdon, Art LaBoan, Justin Mann, Thomas Mann, Karl Wetzenbach, Barry Medina, Mike Littrell, Judy Baker, Debby West, Nancy Knapp, Mike Posey, Daniel Key, Greg Van Wilkie, Paul Knippel, Charles Christian.

The TAPS Board of Directors met at Workforce Solutions, 5904 Texoma Parkway, Sherman, TX 75090 for a regular board meeting.

I. **CALL TO ORDER:** Chairman Chris Hill welcomed guests and declared a quorum, calling the meeting to order at 1:10 pm. He began the meeting with an invocation.

II. **PUBLIC COMMENTS:**

Justin Mann, a TAPS Collin County rider, thanked the TAPS drivers and applauded their hard work and dedication through this time of many hurdles with the business.

Mr. Keaver discussed the recent hardship being placed on riders, which include himself, with the company's current situation. He expressed a plea for solutions as quickly as possible.



**TAPS PUBLIC TRANSIT  
BOARD OF DIRECTORS  
REGULAR MEETING  
November 13, 2015**

Mr. Joshua Shelton, an employment recruiter for Dialogue Direct addressed the Board and encouraged them to advise any displaced employees to seek employment with Dialogue Direct in Denison.

- III. **CONSENT AGENDA - APPROVAL OF MINUTES:** The minutes from the October 7, 2015 and October 21, 2015 Board meetings were presented for review and approval. Approval of the minutes was postponed until the end of the meeting.
- IV. **IRS LIABILITY:** Chip Adami, a local accountant working with TAPS reported new developments with the IRS. He stated there is a potential for an installment agreement. With new financials, the IRS is willing to accept the corrected financials with a payment. Board Member Randy Pogue questioned the initial payment required. Mr. Adami stated TAPS must submit a \$10,000 payment within the first 90 days following the execution of the agreement. Board Member Chuck Branch questioned how the remaining balance would be paid. Mr. Adami explained the options and stated he is working to have the penalties removed. Board Member Bill Magers and the Board as a whole, thanked Mr. Adami for his hard work with the IRS situation.
- V. **SERVICE LEVEL REDUCTIONS:** Chairman Chris Hill noted the HHSC contract ended yesterday, noting confirmation has been received that an ongoing investigation is underway of the former Executive Director. He stated initial reports were that our funding partner, TXDOT would withhold and suspend all payments. However, this was revised today and TXDOT has stated they will continue to process our reimbursements with great scrutiny.

Board Member Bill Magers stated with what occurred yesterday, we may want to forego the discussing the initial plans to cut services. He noted with positive IRS report and TXDOT and TCOG payments continuing, the Board must decide if we cut or close operations. Chairman Chris Hill agreed. Board Member Chuck Branch noted it is important to determine the funds available and when we can anticipate receipt.



**TAPS PUBLIC TRANSIT  
BOARD OF DIRECTORS  
REGULAR MEETING  
November 13, 2015**

Interim CEO, Tim Patton agreed, stating we must identify what monies are available. He discussed funding partners, including TXDOT, FTA, NCTCOG and local dollars. He noted with an agreement in place between TAPS and the IRS, we can continue to receive State and Federal funds. However, due to HHSC changes, this will drastically affect our model. We will have to work with a minimized model and a new plan going forward. He stated the NCTCOG team is due in house beginning Monday.

Board Member Chuck Branch inquired what Payables and Payroll are due now. Mr. Patton stated one of the larger payables is owed to our Management company, First Transit. He explained that with First Transit, we may potentially be able to enter a Promissory note, but this will require Board approval. With regards to Payroll, TMS is owed half a payroll for drivers and call center agents and those employees have been notified there are no funds available at this time. He noted there have been conversations with Eric Gleason of TXDOT and the procedures will take longer due to the scrutiny of our submissions. Mr. Patton stated we could potentially receive funds as early as next week. Sunil John with TXDOT confirmed they are currently reviewing two billings pending for Rural and Elderly & Disabled, but has no sense of a time frame.

Mr. Patton continued to update the Board with regards to Payroll, noting \$134,000 is owed to TAPS employees, \$57,000 is currently owed to TMS, but as of next Friday, \$110,000 will be owed to TMS drivers and call center agents.

Mr. Patton and the Board also discussed monies owed to TML Insurance for vehicle insurance, as well as employee health premiums.

Mr. Patton explained a final HHSC payment of \$443,000 was received electronically this morning following the removal of the HHSC contract yesterday. However, the bank immediately seized the money for advances they have made to TAPS to cover expenses over the past months and with current outstanding checks, the bank balance is negative \$25,000. The Board continued with lengthy discussion regarding the seizure of HHSC money, noting the various daily operational costs.



**TAPS PUBLIC TRANSIT  
BOARD OF DIRECTORS  
REGULAR MEETING  
November 13, 2015**

Chairman Chris Hill stated after the first payroll was missed on Friday, he was impressed to hear on the following Monday that our drivers were still there and working. Board Member Chuck Branch agreed and stated leaving here today as "status quo" would be an injustice to everyone.

Chairman Hill stated the two options that must be discussed and considered today are to (1) suspend service and cease operation or (2) operate a baseline service only, including the reduction of Administrative staff.

Mr. Patton stated he feels TAPS should enter an agreement with the IRS and reduce to bare minimal to continue to operations, noting he feels this will result in a quicker recovery. Board Member Bill Magers agreed, stating the only way for employees to get paid is to keep TAPS operational at some level.

Chairman Chris Hill recapped from bank balance to outstanding debts and noted the Board would return to the Service Level discussion later in the meeting.

**VI. POTENTIAL LIABILITIES FOR TAPS MEMBER ENTITIES AND DISCUSSION OF POSSIBLE STRATEGIES AND REMEDIES:**

Board Member Bill Magers stated after review, it has been determined there is no liability to the Cities and Counties of those Board Members serving on the TAPS Board of Directors. He introduced Brandon Shelby, the City Attorney for the City of Sherman. Mr. Shelby addressed the Board, discussing the exit liability of municipalities. He stated, as a member of this Board, he suggest each City and County look into what happened since 2012 taking TAPS from a solvent entity to this point.

Discussion resumed regarding the seizure of the HHSC deposit. Board Member Bill Magers reminded the Board that he has had a signed \$250,000 back stop loan from NCTCOG since October, but this would require goodwill of the lender and the recipient. He reported banks have declined to loan with the NCTCOG back stop. Chairman Chris Hill noted there are no additional avenues for funding at this time. Board Member Chuck Branch inquired if the Line of Credit was still open, to which Mr. Patton responded he was not sure. Board Member Bill Magers discussed



**TAPS PUBLIC TRANSIT  
BOARD OF DIRECTORS  
REGULAR MEETING  
November 13, 2015**

downsizing the operations to bare bones. Board Member Leon Klement inquired what happens with the IRS obligation if TAPS closes. The City Attorney, Brandon Shelby, stated there is no liability. Board Member Spanky Carter inquired when the IRS agreement would be complete and Mr. Patton stated it is uncertain at this time. Board Member Bill Magers noted it is at Senator Cornyn's level at this time.

Board Member Bill Magers made a motion to reduce services to medical customers only throughout the market and talk to bank about future seizures. Board Member Spanky Carter seconded the motion. Lengthy discussion pursued with Board Member Randy Pogue stating the staff should be responsible for providing the Board information. Board Member Bill Magers noted some negotiations will be on a political level. Board Member Leon Klement agreed the staff should be responsible, but he feels when dealing with the bank, the Board Chairman, Vice Chairman and Secretary should be involved. Board Member Klement then inquired what the Bylaws empower the Officers to do. Chairman Chris Hill stated the Bylaws do not include Collin County.

Board Member Rick Lewis stated he feels the Board should accept the Motion on the table, to move operations to bare bones, meet with the bank on Monday, compute information on Tuesday and make a decision next Wednesday. Chairman Chris Hill noted this motion for advocacy is not needed. Board Member Lewis stated he would withdraw his comments. Board Member Kenneth Liggitt called the question, Board Member Rick Lewis seconded and the comment was withdrawn.

Chairman Chris Hill clarified that we have a member, the City of Allen, that pays as a customer. He stated those that pay their full amount, should receive services in full. He noted, if we pass the motion without amendment, we will probably see them stop their funding. Mr. Patton discussed UZA and JARC monies. It was recommended the motion on the table to reduce services to bare bones should exclude those entities that are paying in full for services.

Board Member Bill Magers restated the motion. Motion was made to reduce services to medical customers only throughout the market, excluding entities that are paying cash flow neutral policies for services, (ie. Wylie, Allen, Frisco, My Possibilities). Board Member Spanky Carter seconded the motion. Motion carried, however Board Member Randy Pogue and Board Member Chris Hill voiced opposition.



**TAPS PUBLIC TRANSIT  
BOARD OF DIRECTORS  
REGULAR MEETING  
November 13, 2015**

The meeting recessed at 3:21 pm for a break and returned from recess at 3:41 pm.

- VII. HEALTH AND HUMAN SERVICES 2<sup>ND</sup> QUARTER AUDIT REPORT: Chairman Chris Hill stated this report (Exhibit 3) was presented as informational only to the Board members. No action was taken.
- VIII. ADOPTION OF INTERLOCAL AGREEMENT WITH CITY OF FRISCO FOR TRANSIT SERVICES: Chairman Chris Hill stated this agenda item was placed on hold.
- IX. RELATIONSHIP WITH TRANSLOGISTICS SOLUTIONS: Chair Chris Hill stated this agenda item was removed due to the cancellation of HHSC contract.
- X. AMENDMENT OF CONTRACT WITH ROLLING PLAINS/SHARP LINES: Chairman Chris Hill noted this agenda item was also removed due to the cancellation of HHSC contract.
- XI. NCTCOG OFFER OF LOAN GUARANTEE: Chairman Chris Hill noted his signature was needed in between meetings with regards to the NCTCOG back stop loan offer. Board Member Bill Magers made a motion to ratify Chairman Hill's authorization of NCTCOG agreement. Board Member Kenneth Liggitt seconded the motion. Motion carried unanimously.
- XII. CONSENT AGENDA: Chairman Chris Hill presented the minutes from the October 7, 2015 and October 21, 2015 Board meetings for approval. Board Member Kenneth Liggitt made a motion to approve the minutes as presented. Board Member Leon Klement seconded the motion. Motion carried unanimously.
- XIII. EXECUTIVE SESSION:  
At 3:44pm, the TAPS Board convened in Executive Session to obtain legal advice from its attorney on any posted agenda item as permitted by law or to discuss the following:



**TAPS PUBLIC TRANSIT  
BOARD OF DIRECTORS  
REGULAR MEETING  
November 13, 2015**

- (1) Discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee, Section 551.074
- (2) Consult with attorney about pending or contemplated litigation or contemplated settlement of the same. Section 551.
  - a. Confer with attorney regarding UFCW settlement.
  - b. Confer with attorney regarding Form 2848 (Power of Attorney and Declaration of Representative.

It was noted at 4:20pm, Board Member Bill Magers left the meeting from the Executive Session.

At 4:40pm the Board reconvened in regular session. No actions were taken.

XIV. ADJOURNMENT: The meeting was adjourned at 4:40 p.m.

Passed, Approved and Adopted 5/23/16.

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Chairman, TAPS Board of Directors

or   
Secretary, TAPS Board of Directors