



MEETING MINUTES FINANCE COMMITTEE

DATE: 09/14/2017 TIME: 9:30 AM LOCATION: NCTA Main Conference Room

MEMBERS PRESENT	Robb Teer, Jim Walker, Scott Aman, Perry Safran
MEMBERS PRESENT VIA PHONE	
MEMBERS ABSENT	

AGENDA TOPICS

1. WELCOME/INTRODUCTIONS – ROBB TEER, CHAIR	
DISCUSSION SUMMARY	Chairman Teer thanked all for attending the meeting today and then called roll for all in attendance.
ACTIONS TAKEN	Information only/No action required.

2. CALL TO ORDER AND APPROVAL OF JULY 20, 2017 MEETING MINUTES - ROBB TEER, CHAIR	
DISCUSSION SUMMARY	Chairman Teer called the meeting to order and stated the committee minutes for the July 20, 2017 meeting were distributed prior to the meeting.
ACTIONS TAKEN	Chairman Teer called for a motion to approve the minutes as written. Mr. Perry Safran seconded made a motion to approve the minutes as written. Mr. Scott Aman seconded. Chairman Teer called for a vote. The motion was carried unanimously.

3. OPENING COMMENTS – BEAU MEMORY, EXECUTIVE DIRECTOR	
DISCUSSION SUMMARY	<p>Mr. Memory gave an update to NC Turnpike:</p> <ul style="list-style-type: none"> • Continue to see growth in transactions and revenue on Triangle Expressway <p>Recognized and welcomed Alan Shapiro to NCTA</p>
ACTIONS TAKEN	Information only/No action required.

4. POLICY FOR ADOPTING EXPRESS LANE TOLLING METHODOLOGIES – DAVID ROY

DISCUSSION SUMMARY

Mr. David Roy reminded those present that this is a follow up to what was presented at the August full Board meeting and stated that the policy is located in the back of the board book. Mr. Roy stated that in lieu of I-485 and US 74, it became clear to staff that the toll policy adopted back in 2009 did not anticipate the dynamics that were introduced with express lanes and in preparation staff has been working over the past few months through the Operations Committee to draft a policy for adopting tolling methodologies for express lanes. Mr. Roy continued to explain that this policy is similar to the policy already in place particularly with regard to engaging a traffic and revenue consultant to produce a traffic and revenue estimate and propose a tolling methodology for each facility.

Mr. Roy described how the tolling methodology addresses three major components: financial, operational, and customer service. The financial component looks very similar to the existing policy in regard to forecasted revenues, operational costs, and evaluations of impacts to other express lanes and toll facilities in the area. The operational component will look at things such as the tolling concept, the tolling locations, and introduce items such as the minimum or maximum toll rate, dynamic pricing, and HOV. The last component, customer service, communicating projects benefits, what will cost expectation be given that it will likely not be a fixed rate facility, and then how that will be communicated to the public and signage.

Lastly Mr. Roy stated that very similar to the existing policy, if toll backed financing is used, there are certain steps that would need to be taken to make amendments to the toll rate schedule and tolling methodology once they are in set in place for each project. Mr. Roy stated that this would include a resolution of the Authority and a report from the T&R consultant saying that any change that is made will not have a negative impact to our ability to meet compliance and debt service schedules.

Mr. Jim Walker asked what is the driver for this policy and what are we putting in place going forward? Mr. Beau Memory responded that when we look at US 74 and I-485, projects that have to this point been developed by NCDOT as toll projects, there is no guidance for staff to formally bring to the Board in a way to allow the Board to vote on toll rates as assigned in their duties by the Secretary. Mr. Memory continued to explain that this policy is designed to present clear guidance and expectations for the staff and for the Board as to what the Board needs to see before they are asked to vote on toll rates for an express lanes toll project. Mr. Jim Walker asked if this is sort of the blueprint going forward for express lanes projects? Mr. Memory stated that you will notice that this policy is not project specific and there is flexibility, much like there is in the existing toll policy, because every toll project is a little bit different, every community will need some different aspects to their project and this policy allows some flexibility to do that. Mr. Memory continued to explain that this policy sets some thresholds that have to be met and expectations of what the Board should see.

Mr. Robert Teer stated that this policy has been vetted by the Operations Committee as well. We wanted to hold it off to this month to fully understand the policy. Mr. Wally McBride asked if this policy relates to I-77. Mr. Memory responded that no, it

	<p>will be handled differently because it was developed under the Department and their P3 model and the authority has been given to the concessionaire. Mr. Memory also mentioned that there will need to be a discussion at a later date to implement policies in regard to I-77, but those are separate from this toll rate setting policy.</p> <p>Mr. Walker asked if we adopt this policy at the full board meeting, is it subject to approval by the Joint Legislative Transportation Oversight Committee or the General Assembly? Mr. Memory responded that no sir, the Board will exercise its authority as assigned to it by the Secretary as provided by the General Assembly to the Secretary.</p>
ACTIONS TAKEN	<p>Mr. Teer asked for a motion to move this policy to the Full Board for approval. Mr. Walker made a motion, seconded by Mr. Teer, the motion was carried unanimously.</p>

5. REQUEST FOR QUALIFICATIONS: FINANCIAL ADVISOR – DAVID ROY	
DISCUSSION SUMMARY	<p>Mr. Roy presented an overview of the Request for Qualifications (RFQ) to advertise for a financial advisor. This is currently PFM's role. PFM's current contract is set to expire this year on December 31st. We thought it was an opportune time to re-advertise for these services. This is not by any means a shot at PFM's work or anything similar. It is simply an exercise in due diligence that every so often we do need to re-advertise these contracts. This RFQ was out on the street on September 8th and it is to procure a full service financial advisor. There are certain registrations that need to be met with MSRB, SEC, and CFTC. The criteria that the selection committee will use to evaluate the proposals that are received. Obviously, the experience of the firm and the key staff will be critical. Their experience in advising other government agencies in similar transactions and their thoughts on how they would handle bond sales and analysis that we request of them, and then obviously their knowledge of NCTA, our projects, our specific organizational needs, etc.</p> <p>Mr. Roy presented the schedule. The RFQ was posted on the NCDOT and NCTA website as well as on Bond Buyer. Mr. Roy state that time was allowed for questions and this deadline is tomorrow. We evaluate these questions and issue an addendum to the RFQ by the following week on September 22nd. Then they will have about ten days to respond with their Statements of Qualifications on October 3rd. We will meet to review the proposals received and shortlist on October 6th. The selection Committee is comprised of myself, David Tyeryar, Rodger Rochelle, and potentially NCDOT General Counsel. This procurement is being run by the Professional Services Management Unit. After the shortlist is selected and notified, we will hold interviews on October 13th at which point the Selection Committee will meet again and decide on a final recommendation to the finance Committee at the October 18th meeting for your consideration and an ultimate referral to the Full Board at the November meeting for final approval. Mr. Memory stated that while staff is tasked with the selection process, we bring this forward to the committee both for information and for feedback, but also to invite you to participate in this process as you see fit. Mr. Perry Safran suggested that he thought it would be most appropriate for he Chairman of the Finance Committee to be active at every step of this process</p>

	including the interviews if applicable. Mr. Teer agreed and Mr. Roy stated that he will be sure to provide details as they are available.
ACTIONS TAKEN	Information only/No action required.

6. TOLL RATE SCHEDULE – DAVID ROY	
DISCUSSION SUMMARY	<p>Mr. David Roy presented the annual toll rate schedule for the Triangle Expressway. Mr. Roy also stated that materials are included in the Board books that include the 2018 Toll Rate Schedule and the letter required to be sent to the JLTOC. This schedule will take effect on January 1, 2018. The average toll rate this year will be approximately 3.5% higher and will continue at 3.5% for few years before reducing to lower rates. Mr. Roy stated that this is for information only and no action is needed from the NCTA Board. Mr. Roy also stated that staff would like to take the opportunity to introduce the matrix to better help customers understand the rates they will pay with use of the facility depending on their location.</p> <p>Mr. Memory stated that as the Turnpike Authority learned more about all-electronic tolling, the authority implemented new tolling paradigms. When signage was being planned for Monroe Expressway we decided to display the toll to the next interchange so that customers do not have to calculate their trip cost.</p>
ACTIONS TAKEN	Information only/No action required.

7. MONROE EXPRESSWAY – COST TO COMPLETE UPDATE – DONNA KEENER	
DISCUSSION SUMMARY	<p>Ms. Donna Keener gave an update on the Monroe Expressway cost to complete. Ms. Keener discussed the Design-Build Construction Status as of July 31, 2017. She stated that many items are 100% complete or greater than 50% complete with Pavement Markings shown as 27% complete.</p> <p>Ms. Keener then discussed the Project Budget which is unchanged from the budget at financial close in late January. The budget is 76% complete in regard to the amount of expenditures with most of the expenditures going towards highway construction.</p> <p>The diesel fuel and reserve accounts have remained untouched with credits back each month as a result of low fuel prices for a total of \$2.3 million dollars.</p> <p>Mr. Teer asked about the fuel hedge purchased last year. Mr. Roy responded that the fuel hedge purchased last year was at a strike price of \$2.00 to lock in the maximum price we would pay. If prices were to increase we would be reimbursed by Barclay's for the price over the strike. The price as of September 1st was still under the \$2 strike price. Mr. Teer asked if we purchased something similar for asphalt. Mr. Roy replied that no we did not. Ms. Keener explained how asphalt is handled on a monthly basis.</p>

	<p>Ms. Keener discussed the right of way status of the remaining parcels in condemnation. There are 394 parcels that have been settled with 79 in condemnation remaining.</p> <p>Mr. Perry Safran asked how many unresolved change orders have we been put on notice for. Mrs. Keener replied that she believes this amount is around three to four million dollars. Mr. Safran asked if the Committee could be provided with this information and as it occurs in the future. Mr. Teer asked if there are any claims or issues with the original contract or that NCTA has been put on notice for. Mrs. Keener replied that is not aware of any issues or claims.</p>
ACTIONS TAKEN	Information only/No action required.

8. Public Private Partnership Draft Report Update – Jim Taylor, Mercator Advisors	
Discussion Summary	<p>Mr. Taylor and stated he would be giving an update on the Review of the Comprehensive Agreement for the I-77 Express Lanes Project Draft Report.</p> <p>Mr. Taylor explained that the draft report was released for public comment on August 10, 2017. He stated that he purpose was to come up with policy options for the Secretary to evaluate. The final report would be the draft report with an added addendum.</p>
Actions Taken	No Information only/no action taken

9. ADJOURN	
DISCUSSION SUMMARY	Mr. Teer asked if there were any additional items for the Committee to discuss and consider. Hearing none, Mr. Teer called for a motion to adjourn.
ACTIONS TAKEN	Mr. Aman made a motion. Mr. Walker seconded. Mr. Teer called for a vote. The vote passed unanimously and the Committee Meeting was adjourned.