



Finance Committee – Minutes - Approved

Meeting Details

Date: April 20, 2022

Time: 9:30 AM

Location: Webinar & NCTA 6th Floor
Conference Room
1 S. Wilmington St.
Raleigh, NC 27601

Attendance

Members Present In-Person & Virtually

Robert Teer, Jim Walker, John Adcock,
Pamela Senegal

Members Absent

1. Welcome/Introductions, Call to Order & Declaration of Quorum

Robert Teer, Chair

Discussion Summary

Chairman Robert Teer called the April 20, 2022, North Carolina Turnpike Authority Finance Committee meeting to order and welcomed those in attendance. Mr. Teer called roll and declared a quorum present.

Actions Taken

Information only/no action required.

2. Approval of January 26, 2022, Meeting Minutes

Robert Teer, Chair

Discussion Summary

Mr. Robert Teer noted everyone received a copy of the meeting minutes prior to the meeting and announced he would accept a motion to approve the January 26, 2022, meeting minutes as written.

Actions Taken

The January 26, 2022, Finance Committee meeting minutes were unanimously approved upon a motion by Mr. Jim Walker and seconded by Mr. John Adcock.

3. Opening Comments

J.J. Eden, NCTA Executive Director

Discussion Summary

Mr. J.J. Eden started his opening comments by welcoming everyone to the meeting.

Mr. Eden announced that Andy Lelewski, Deputy Chief Engineer of Program Planning, would be leaving NCTA at the end of April to begin a position with the Tampa Hillsborough Expressway Authority in Tampa, FL. Mr. Lelewski has been an asset to the organization and will be greatly missed. Each board member, along with many others expressed kind words and wished Mr. Lelewski well in his new position.

Mr. Eden welcomed one new Turnpike team member: Tiffanie Lee, Administrative Assistant. Ms. Lee is originally from Maryland and relocated to Raleigh in 1995. She has been in the administrative field her whole career and comes to us after several years supporting executives at IBM. Her hobbies include helping with her family's bakery, cooking, and college football.

Mr. Eden mentioned that one of the Turnpike vendors had issued a protest bid and that Turnpike will decide how to proceed within the next couple of days.

Mr. Eden announced that Turnpike vendor TransCore has been acquired by Singapore Technologies Engineering (ST Engineering) for \$2.68 billion. Another vendor, Conduent, is up for sale. There has been increasing turnover in the tolling industry lately due to changing technology. Mr. Eden shared a video collaboration from Sirius XM and Visa regarding mobile payment in vehicles. Mobile payment is the next step in mobile technology and the tolling industry must be ready for the change. All new vehicles are data enabled with tolling, parking, and fast-food industries moving towards this innovative technology. Mr. Eden noted that he had spoken with the Secretary of Transportation about doing a small pilot project using mobile payment in vehicles.

Mr. Jim Walker asked how this would affect older vehicles that are not data enabled. Mr. Eden stated there would be a transition period. Mr. Eden mentioned that last year, Turnpike conducted a small pilot program on data enabled vehicles. Snowflake, the company that developed Fortnite, processed the data.

Mr. Eden summarized the February 2022 Statistics. He stated that Triangle Expressway transactions totaled 4.61 million with \$4.14 million in revenue. Monroe Expressway transactions were at 2.93 million bringing the revenue for that period to \$1.85 million. Over 15,000 transponders were distributed. Turnpike has distributed nearly 1,156,000 transponders to date.

Dr. Pamela Senegal asked how many vehicles would be included in Turnpike's mobile payment pilot. Mr. J.J. Eden responded that it would be about 100.

Actions Taken

Information only/no action required.

4. Complete 540 Construction Update

Alan Shapiro, P.E., Triangle Expressway Roadway Manager

Discussion Summary

Mr. Alan Shapiro provided the committee with an update on Complete 540 construction and public outreach.

This update included a snapshot of the structure construction as of the end of March. The number of structures not yet started has decreased. Only 15% of both bridges and culverts are left to be started. Mr. Shapiro showed pictures of construction sites including the R-2721A and R-2721B projects.

Mr. Shapiro noted that earlier this month, NCTA was involved in an outreach effort with Wake Tech Community College. NCTA partnered with resident engineer, consultant, and design build teams of all three projects to meet with graduating engineers to introduce them to the industry and let them know there are opportunities with these firms coming out of college. The presentation moved on to pictures of the R2828 Project which is further along than the first two discussed.

Mr. Alan Shapiro shared year to date statistics on Complete 540 Outreach efforts. Mr. Shapiro mentioned that the Holly Springs Open House being held at the end of April will be one of their first in-person meetings, since the pandemic. Mr. Shapiro and Mr. Dennis Jernigan, along with members of the design build team, will attend. Mr. Shapiro asked if there were any questions.

Mr. John Adcock asked for information about expansion of utility restructure design. Mr. Shapiro noted that the department does its best to account for future utilities in the design-based planning phase, by partnering with developers, the City of Raleigh, and municipalities. Mr. Adcock asked if boring is allowed after the road is completed. Mr. Shapiro responded yes and described an instance where this has happened in the past. There were no more questions.

Actions Taken

Information only/no action required.

5. Complete 540 Spend Update

Travis Feltes, P.E., Project Engineer

Discussion Summary

Mr. Travis Feltes gave an update on Complete 540 Phase 1. He included Plan of Finance Cost Tracking, Right of Way, and Contingencies information. Today's update provided financial data through end of March. There has been 3-4% spending for each of the three projects over the last three months. That total is about \$41,000,000 since the last update.

Mr. Feltes included a new slide illustrating the Fuel Cost/Hedge as requested from the January 26, 2022, Finance Meeting. Due to rising fuel costs, the fuel hedge is based on estimations. To date we have received four payments from the fuel hedge fund. Mr. Feltes opened the floor for questions. Mr. Jim Walker asked when the fuel hedge expires. Mr. Travis Feltes responded that it would be a year and a half, which means it will expire before completion of the project. He will get the exact date for the committee members. Mr. David Roy noted that the bulk of the fuel hedge will be used this calendar year. The agreement is based on estimates and will not be adjusted based on actual costs.

Actions Taken

Information only/no action required.

6. Monroe Expressway TIFIA Refunding Update

David Roy, Chief Financial Officer

Discussion Summary

Mr. David Roy discussed the Full Board's approval of the refunding of the Monroe Expressway TIFIA Loan at the February 10, 2022, meeting. Mr. Roy shared his thoughts about the Municipal Market Update. The Board approved the transaction to be used at a threshold of minimum 3% net present value savings. Due to the rising rates over the last couple of months, it does not make economic sense to move forward with the transaction. Currently, the process is on hold. The Finance Team, along with PFM, will continue to monitor the market. There were no questions.

Actions Taken

Information only/no action required.

7. NCTA Debt Policy Overview

David Roy, Chief Financial Officer

Discussion Summary

Mr. David Roy presented NCTA's Debt Policy Overview. This is in response to a request from Dr. Pamela Senegal in a previous meeting to introduce the Debt Policy to the new board members. The policy will be reviewed every two years and presented to the Committees and the Full Board on an annual basis. There were no questions regarding the Policy. Mr. David Roy then presented the Debt Status Reports on Triangle Expressway and Monroe Expressway.

Mr. John Adcock asked how often ratings are subject to change. Mr. Roy responded that in a typical cycle they are reviewed annually. If necessary, it can be done more frequently. Mr. Adcock asked if the companies operate together in that regard. Mr. Roy stated that whenever it comes up, yes. Generally, Turnpike has two ratings. If there is a benefit to receiving a third rating, Mr. Roy will pursue it at the recommendation of the underwriters. Mr. John Adcock asked how the debt is affected when the ratings change. Mr. Roy responded that from a Turnpike perspective it doesn't necessarily impact anything outstanding, however, a ratings change would have an impact on the future issues in Complete 540 Phase 2 and future projects. There were no additional questions.

Actions Taken

Information only/no action required.

Adjourn

Robert Teer, Chair

Discussion Summary

Mr. Robert Teer opened the floor for questions or comments. Mr. J.J. Eden discussed the Turnpike Culture Assessment draft report that was conducted by an outside source. Once finalized, the findings will be released to the Committee.

Mr. Eden gave an update on this year's internship program. Mr. John Adcock asked how many interns would be hired. Mr. Eden responded that the organization normally hires two per department. Mr. Travis Feltes responded by adding that three to five interns will be included in this year's program. Mr. Jim Walker asked if NCTA was coordinating with the DOT HBCU Outreach program to get students from North Carolina Central and North Carolina A&T Universities. Mr. Eden noted that they are working with the DOT program and a DOT intern will be starting shortly. The internship program is in its second year and Mr. Eden is open to suggestions on how to improve the program. Dr. Pamela Senegal agreed that reaching out to high school seniors to introduce them to the Tolling Industry is a good idea.

Mr. Robert Teer called for a motion to adjourn the April 20, 2022, North Carolina Turnpike Authority Finance Committee meeting.

Actions Taken

A motion to adjourn the April 20, 2022, Finance Committee meeting was approved upon a call for motion