



Finance Committee – Minutes

Meeting Details

Date: July 19, 2023

Time: 9:30 AM

Location: Webinar &
NCDOT Board Room - 150
1 S. Wilmington St.
Raleigh, NC 27601

Attendance

Members Present In-Person & Virtually

John Adcock, Julie Eiselt, Robert Teer,
Jim Walker

Members Absent

Welcome/Introductions, Call to Order & Declaration of Quorum

Robert Teer, Chair

Discussion Summary

Chairman Robert Teer called the July 19, 2023, North Carolina Turnpike Authority Finance Committee meeting to order and welcomed those in attendance. Mr. Teer invited everyone attending the meeting in person and remotely to introduce themselves. Mr. Teer called roll and declared a quorum present.

Actions Taken

Information only/no action required.

Approval of April 19, 2023, 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 April 19, 2023, meeting minutes as written.

Actions Taken

The April 19, 2023, Finance Committee meeting minutes were unanimously approved upon a motion by Mr. John Adcock.

Opening Comments

J. J. Eden, Executive Director

Discussion Summary

Mr. J. J. Eden started his opening comments by welcoming everyone to the meeting. He noted that it had been busy at Turnpike. Listed below the matters that Mr. Eden spoke about during the Discussion Summary section:

Mr. Eden shared that the NC Turnpike Authority had added several new employees:

- Mr. Scott Hardison - Triangle Expressway Maintenance Supervisor
- Ms. Beth Neely - Program Analyst. She is focused on quality control and is now solely working with NCTA and comes from NCDOT Governance.
- Mr. Dramel Rounds and Mr. Nathan Spicer – Tech I positions at the CSC working with Mr. Jerry Eakes. They work with a new contractor, Apex Systems.
- Mr. Bala (Balamurugan) Vetrivel – Technology, working with Mr. Manish Chourey. He is with Transcore.

Mr. Eden said that the new BOS2 System (Back Office System) was working pretty well. The new NC Quick Pass App was up and running and he encouraged everyone to use it and to give it a good rating. He then said that the P3s (Public-Private-Partnerships) are still being worked on for Cape Fear and 77 South and more will be shared regarding these topics, as things move forward.

Mr. Eden stated that all sections of the department were busy and moving forward. Each Director would be highlighting current project status during today's presentations. Also discussed was the amount of positive and productive support that the staff demonstrated in regard to the Internship Program. He thanked Travis Feltes for his hard work and for all that HNTB contributed to this successful program.

The NCTA was also working with a number of tolling organizations regarding the Digital Payment Gateway. Pennsylvania DOT representatives plan a visit to the NC Tolling Facilities in the near future. There were also ongoing meetings with tolling departments from other States including Tennessee and Ohio.

Mr. Robert Teer asked for all present in the conference room to introduce themselves to the Committee Members.

Actions Taken

Information only/no action required.

IBTTA RUC & Finance Meeting Update

David Roy, Chief Financial Officer

James (Jim) Walker, Vice Chair

Discussion Summary

Mr. David Roy introduced Mr. James Walker. Mr. Walker talked about a recent experience he shared with Mr. Roy as NC Turnpike Authority representatives while attending the IBTTA (International Bridge, Tunnel, and Turnpike Association) meetings in Salt Lake City, Utah. The Road Usage Charging & Finance Summit took place June 4-6, 2023. Mr. Walker shared that David Roy was co-chair of the IBTTA Finance – Investment Subcommittee (as well as a member of the Finance Standing Committee of the Board).

The topics of interest discussed at the Summit included the common problem of non-payment of tolls and best practices, P3 issues (Public Private Partnerships), and bond rater opinions. Mr. Walker explained that there was a sub group that was exploring the linkage between states. IBTTA was allowing NCTA Finance Committee Members to view these recorded meetings. Therefore, appropriate links would be sent out via email. Mr. Walker felt that attending these sessions was time well spent.

Mr. David Roy said that he was pleased that the Committee was able to focus the meetings on the “Finance Side” which included actions being taken by NCTA in 2023. Mr. Roy invited the other Finance Committee Members to plan to attend the 2023 Finance Summit, and thanked Mr. Walker for his support and interest. The preliminary planning for the 2024 location is for Baltimore in late Spring, per Mr. Walker.

Mr. J.J. Eden then remembered to share the good news that David Roy had been appointed to the P3 Board for ARTBA (American Road & Transportation Builders Association). A warm congratulations was offered to Mr. Roy.

Mr. Eden added that IBTTA also had very worthwhile Technical, Engineering, Maintenance, and Communications Committee Meetings. These were in addition to the annual IBTTA Meeting which would be held in Seattle, Washington, this October.

Actions Taken

Information only/no action required.

Chief Engineer Update Complete 540 Phase 1 Update

Dennis Jernigan, P.E., Interim Chief Engineer

Discussion Summary

Mr. Dennis Jernigan reported on recent outreach events, including the NCDOT HBCU Program, Complete 540 Tour, C-540 Phase I photos, videos, Bridge and Culvert Construction data, and a listing of Complete 540 Opening Dates.

Mr. J.J. Eden asked Mr. Jernigan to share scheduling highlights with the Committee. Mr. Jernigan stated that even considering the recent, regular rains that the R-2829B schedule per the contractor (CPM) currently showed mid-April as a realistic completion date. R-2829A was a little bit behind that job, and the team was closely tracking its progress. R-2829A showed a completion estimate date as the first week in July of 2024. The R-2828 project had quite a bit more work to complete, per Mr. Jernigan. Therefore, they were closely tracking the progress and the team was anticipating completion of all three projects by late June or early July 2024.

Actions Taken

Information only/no action required.

Complete 540 Phase 1 Spend Update

Travis Feltes, P.E., Project Engineer

Discussion Summary

Mr. Travis Feltes gave an update on Complete 540 Phase 1. He included updates for the Plan of Finance Cost Tracking (as of the end of June, 2023), Right of Way, Contingencies information, and the Fuel Cost/Hedge status. Mr. Feltes presented the Asphalt Cost Adjustment data as well.

Mr. John Adcock asked a question about Right-of-Way Acquisitions. He queried why the numbers showed a status of 112% overall despite acquisitions and condemned parcels still outstanding for the roadway.

Mr. Feltes said that yes, Mr. Adcock's observation was correct. Mr. Adcock continued to ask how that would work going forward. Mr. Feltes said that the amounts shown were over budget and the recent MAP Act Parcels had been closing close to the original estimated amounts. He added that some of those overages were due to MAP Act costs. Mr. Feltes continued to say that assuming those trends continued, the overall impact of this would be in the range of between 50-100 million dollars. A solution was being worked on by the NCTA and the NCDOT together. Mr. Feltes said that it would take a few years to work

through all of these issues, and that the overall impact of MAP Act on this project would be in the range of \$100 million.

Mr. Adcock asked a different question about why the costs of fuel and asphalt for R-2828 were a little higher than for the rest of the project. He asked for clarification regarding this discrepancy. Mr. Feltes explained some of that was due to the contract prices and the quantities involved. He added that the fuel quantities were based on items such as earth work, asphalt, and concrete paving costs that the contractor had initially submitted. There were formulas utilized for calculations and components dependent on the type of work involved during each project. This process helped to provide information regarding the total gallons estimated. In R-2828 the quantities were larger, per Mr. Feltes. These amounts factored into the unit pricing calculations. This was a component of when the contract was executed and 'inked'. To follow that, the R2828 contract was executed at a time when the price was higher, therefore reflecting different prices for the R-2829 A & B projects.

Actions Taken

Information only/no action required.

Complete 540 Phase 2 Update

Dennis Jernigan, P.E., Interim Chief Engineer

Discussion Summary

Mr. Dennis Jernigan shared the schedule checklists for RFP (Request for Proposal) timelines for R-2829B, R-2829A, and Complete 540 Project Phase 2 Preconstruction Activities.

Actions Taken

Information only/no action required.

Complete 540 Phase 2 Finance Update

David Roy, Chief Financial Officer

Discussion Summary

Mr. David Roy presented an update to the Committee Members regarding the Complete 540 Phase 2 Finance Tentative Schedule. He shared that they had been working through the Let and Financing schedules. This included finishing the due diligence process with TIFIA and working through the legal and financial due diligence steps.

Mr. Robert Teer stated that the Committee Members were proud of Mr. Roy and his staff for the work taking place to assure proper financial management of the project. Mr. Teer then thanked Mr. David Miller

(PFM Financial Advisors, L.L.C.) for his assistance over the years and for the high quality of financial support.

Mr. J.J. Eden commented on how the varying groups within NCTA worked well together to create successful programs, specifically, finance. Mr. Teer closed by adding that in his 20 years with the Turnpike Authority he was proud of the quality and consistency of the department's accomplishments.

Actions Taken

Information only/no action required.

FY 2024 Budget Overview

Kim Medlin, Controller

Discussion Summary

Ms. Kim Medlin shared the Operations and Maintenance Budget Departments structure information with the Committee Members. Included were Finance, Highway Operations, Service & Safety Patrol, Toll Operations, Customer Service, Communications & Marketing, and Administrative costs. Ms. Medlin also showed charts containing the FY 2024 Operations & Maintenance Budgets for Triangle Expressway and Monroe Expressway.

Ms. Julie Eiselt asked Ms. Medlin why the Customer Service costs might go down year to year. Ms. Medlin answered that this was mainly due to updated cost estimates for the Operations Staffing. Mr. David Roy interjected that the department had been overly conservative in the budgeting for customer service costs during the last few years, and this data was more in line with the actual expense of this item in practice. Ms. Eiselt asked if this was a reduction in personnel or service. Mr. Roy stated that it was not.

Ms. Medlin then showed charts which illustrated the Operations & Maintenance Budget Departments as a percentage of the Total Budget. She gave the Committee Members information about Renewal & Replacement Budget Departments, FY2024 Budgets for Triangle Expressway and Monroe Expressway.

Ms. Medlin reported to the Members that The Government Finance Officers Association had presented the Distinguished Budget Presentation Award to the North Carolina Turnpike Authority for the Fiscal Year Beginning July 01, 2022.

Actions Taken

Information only/no action required.

NCTA Continuing Disclosure Policy Update

David Roy, Chief Financial Officer

Discussion Summary

Mr. Roy reminded the Committee Members about the NCTA Continuing Disclosure Policy. He mentioned that he presents this information to the Board Members once a year.

Actions Taken

Information only/no action required.

2023 Intern Presentations

Travis Feltes, P.E., Project Engineer

Discussion Summary

Mr. Travis Feltes introduced the 2023 Summer Interns. He said that 2023 was the third year for NCTA to sponsor an internship program. He noted that the quality of the student experience in addition to the valued participation by each department was of importance. The variety and quality of the projects was improving each year, per Mr. Feltes, and the interns were meeting each challenge. Mr. Feltes introduced three interns who each gave a presentation about his or her own individual internship experience.

Finance Intern: Ms. Emily Brown. Ms. Brown will be a Junior at the University of North Carolina at Chapel Hill. She is a Business Administration Major. Ms. Brown had an interest in learning how financial planning and analysis impacted and was affected by the operations of an organization. She worked on three main projects this summer, including Day-to-Day Activities such as Disclosure Reporting (as in the Monroe Traffic & Operating Report for Fiscal Year 2023-Q3), Complete 540 Phase 2 Financing Due Diligence, and Monthly Cash Flow (for instance Reconciling monthly account balances). In addition, Ms. Brown explained how she did an Office Space Analysis which included Cost-Analysis, Square Foot Comparison, and Floor Plan Comparison. The third section of focus was on Toll Revenue Analysis. She explained that this included toll revenue and operational cost analysis evaluating year-to-year variance of actuals to forecasted amounts. She mentioned that understanding the full impact of the Covid-19 pandemic helped to provide insight to the executive team.

Mr. Robert Teer noted that this must have been an eye-opening experience for Ms. Brown. She said that it was much different than class, especially in regard to Finance. Having the opportunity to sit in on a variety of meetings had been a great experience. Learning the language of the Bond Council and the Financial Advisors, for example, had meant learning about how the decision making happened. Working with real numbers, Ms. Brown shared, was so different from the hypothetical classroom experience of a college student. Mr. Teer said that the numbers considered and discussed were some of the biggest considered by the Department of Transportation. Mr. David Roy added that Ms. Brown had been able to participate at a

time when the NCTA credit rating for S&P had been raised. Mr. Teer asked Ms. Brown if she understood the impact these issues have had on the citizens of North Carolina. She said that she definitely did. Mr. Feltes shared that all of the NCTA Interns for 2023 were born and raised in North Carolina. When asked by Mr. John Adcock, Ms. Brown said that she was from Hickory, N.C.

Communications Intern: Ms. Tracey McClary. Ms. McClary is a rising Senior at the University of Miami. She is majoring in Marketing with a Minor in Graphic Design and Interactive Media. During her Internship with NCTA, Ms. McClary had been involved in a variety of projects, including the Creative and Internal Trainings of Graphic Design, Technical Writing, Presenting, and Workplace Best Practices. Focusing on the upcoming opening of Complete 540, she helped to create a Sizzle Reel for Mr. Dennis Jernigan to present when speaking at public meetings. Working to create and present web content on the NC Quick Pass Social Media Calendar and the NC QuickPass App Ad Campaign proved to be valuable projects for Ms. McClary and for NCTA.

Mr. Teer also asked Ms. McClary if she also found her internship to be enlightening. Did she have any idea what toll operation was about previous to the internship? Ms. McClary answered that the whole experience had been very beneficial.

Construction Intern: Mr. Cal Madden. Mr. Cal Madden will be a Junior at North Carolina State University. He is a Civil Engineering major. Working on the jobsite for C-540, he was focused on Pipe Installation, Erosion Control, and Density Tests & Curves. Mr. Madden showed how his day-to-day interactions with the contractors and their crews were based on following protocols which guided each course of action and protected the ability to produce quality and timely work on behalf of the Turnpike. Mr. Madden outlined the precision practices that contributed to the highest quality of work required. He also discussed how safety was the guiding principle applied in every situation on the jobsite.

Mr. Teer asked Mr. Madden if he had known much about pipe before the work of this internship. Mr. Madden answered that he had not yet been introduced to all of the specifics about civil engineering during his college classes, but that real world experience would go with him back to the classroom. Mr. Teer thanked Mr. Madden for his efforts and Mr. Jim Walker thanked Mr. Madden for his emphasis on safety. Mr. Walker continued by saying that he hoped Mr. Madden would take the focus on safety forward with him during his career. Mr. Travis Feltes told a story about Mr. Madden's internship that elaborated on the proper use of sunscreen on the job site.

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 thanked the Board for its support of the NCTA Internship program. Mr. Eden shared that he had always felt that internships were important for students, but now he saw the importance for the Turnpike Authority. He said he didn't anticipate the benefits received which included a better understanding of the differences between generations ("we are really designing these roads for them") with different perspectives, but projects were being completed that benefitted each department. He stressed that he was always looking to improve the program, so he welcomed suggestions from the Board. There was original concern by staff that there would be an increased workload added by the internship program. However, with the duties that Mr. Feltes has taken on and with the amount of work done by the interns themselves the program has been a big benefit to the whole department. He added that work completed by the interns was work that might not otherwise have been completed. One example shared by Mr. Eden was the Sizzle Reel that the Communications and Marketing interns had produced. It had been on Mr. Dennis Jernigan's 'wish list' for over 18 months. Mr. Eden stated that he was proud of this group of interns, and he said he thought the future was in good hands. He thanked the Board for supporting this program and welcomed any suggestions for the program in the future.

Another issue mentioned by Mr. Eden was IBTTA Conferences for 2024. Mr. Eden shared that NCTA would notify the Board Members about upcoming meetings that they might be interested in attending. He said that if any members were interested in attending, that they should let him know so that the cost could be worked into the budget. The main purpose of this IBTTA reminder was to mention that he was a big proponent of working to have a future conference here in North Carolina. Last year he had worked with the Chamber of Commerce in Raleigh, but the proposal was not accepted. Mr. Eden said he would love to see one of these conferences take place in North Carolina. These conferences usually included between a 200 to 1200 participants. It could mean a lot of international exposure and it would facilitate the progress of the Payment Systems Technology that the department was focusing on. Mr. Eden said he thought it was important for North Carolina to be at the forefront of this cutting-edge technology. He shared that NC had hosted an EZ Pass Meeting in Asheville, and that there had been one IBTTA Meeting (a maintenance meeting) in this area about 15 years ago. He stated that this was something he would be working on going forward. Scheduling such a meeting to align with the opening of the future projects, would be his hope.

Mr. Teer called for a motion to adjourn the July 19, 2023, North Carolina Turnpike Authority Finance Committee meeting.

Actions Taken

A motion to adjourn the July 19, 2023, Finance Committee meeting was approved upon a call for motion from Mr. Jim Walker. Mr. John Adcock and Ms. Julie Eiselt both seconded the motion.