



STATE OF NORTH CAROLINA
TURNPIKE AUTHORITY

BEVERLY E. PERDUE
GOVERNOR

1578 MAIL SERVICE CENTER, RALEIGH, N.C. 27699-1578

DAVID W. JOYNER
EXECUTIVE DIRECTOR

**BOARD OF DIRECTORS MEETING
MINUTES (including Committee minutes)**

Wednesday, January 21, 2009
Board Room, NCTA Offices

Members present: Lanny Wilson, Acting Chairman
Gene Conti
Bill Lackey
Perry Safran
Bob Spencer
Robb Teer

Members present via phone: David Redwine

Members absent: Sang Hamilton
Anthony Fox

Also present: David Joyner, Executive Director

Acting Chairman Lanny Wilson called the meeting to order at 1:02 pm. He declared that a quorum was present and read the Ethics Act statement.

David Joyner presented Lyndo Tippet with a Resolution of Appreciation. Mr. Joyner thanked Mr. Tippet for his service, dedication, and leadership to the North Carolina Turnpike Authority as the former chairman of the Board. Mr. Tippet thanked the NCTA and all Board members for their continued service. Lanny Wilson and Robb Teer expressed their gratitude for his service.

Lanny Wilson introduced the new Secretary of Transportation, Gene Conti. Mr. Conti expressed his excitement and stated that he looks forward to working closely with the Authority. Mr. Conti then stated that he would officially abstain from any issues or decisions regarding his former employer PBS&J to avoid any appearance of conflict.

Operations and Personnel Committee: Mr. Robb Teer opened the Committee meeting. A quorum was present and the December 2008 Committee minutes were approved.

Chief Operating Officer Participation in RFP Activities: Mr. Teer moved for the Operations Committee to recommend approval for the Chief Operating Officer to participate as a voting member in RFP activities related to the operation and maintenance of the Authority's toll roads. The motion was seconded by Bill Lackey, and it was approved unanimously.

The Operations and Personnel Committee adjourned at 1:19 p.m.

Plans & Programs Committee: Robb Teer called the meeting to order at 1:21 pm. A quorum was present. Mr. Teer moved for approval of the December 2008 minutes. Perry Safran seconded the motion, and the minutes were approved as presented.

Mid-Currituck Pre-Development Partner Selection: David Joyner discussed the process for selecting a team for the Mid-Currituck Bridge Project Pre- Development phase. The selection committee consisted of five staff members and four advisors.

- Robb Teer moved that the Plans and Programs Committee recommend that the Board approve the staff recommendation of the Currituck Development Group as the top ranked proposer for the Mid-Currituck Bridge Project Pre-Development phase and authorize the staff to begin Pre-Development Agreement negotiations with the Currituck Development Group, subject to the Board's approval of such agreement prior to execution. Bob Spencer seconded the motion, and it was approved unanimously.

Policy for Participation in General Procurement Services: David Joyner presented a new policy to outline the process for board members to participate in the RFP processes. He presented a calendar with RFP status updates and asked that the Board consider the policy for a vote at the next meeting. (See attached.)

The meeting was adjourned at 1:29 pm.

Finance Committee: Bob Spencer called the meeting to order at 1:30 pm and declared there was a quorum present. Perry Safran moved approval of the December 2008 minutes. Bill Lackey seconded the motion, and the minutes were approved as presented.

Annual Plan of Work: Grady Rankin reported on the Annual Plan of Work (APW) FY2010. He presented the updated APW numbers based on suggestions from board members. Mr. Rankin discussed changes from the previous APW draft. He explained the process of review with NCDOT.

- Perry Safran moved to recommend board approval of the Draft Annual Plan of Work FY2010 to be submitted to NCDOT for review and approval. The motion was seconded by Bill Lackey, and it was approved unanimously.

Parsons Brinckeroff: Robert Weisenberger reviewed the Parsons Brinckeroff supplement in the amount of \$1,200,000.

- Perry Safran moved to recommend Board approval of the execution of a supplemental agreement between the NCTA and Parson Brinckeroff Environmental Engineering to undertake additional environmental and engineering studies as anticipated in the NCTA 2009 Annual Plan of Work. The supplemental amount shall not exceed \$1,200,000. The motion was seconded by Bill Lackey, and it was approved unanimously.

Policies and Procedures for the Procurement of Commodities and Services: Mr. Rankin discussed the Policies and Procedures for the Procurement of Commodities and Services. He stated that it was presented for approval in September 2008. The Board had requested that the policy be used for the three RFPs that were to be approved in November 2008 but that the Board have additional time to review and provide comments.

Mr. Rankin stated that approval will be sought for the revised procurement policy at the February 2009 Board meeting.

The Finance Committee adjourned at 1:39 pm.

NCTA Board: Perry Safran moved approval of the December 2008 minutes. Bob Spencer seconded the motion, and the minutes were approved as presented.

Triangle Expressway Credit Structure: David Joyner gave a presentation on the Triangle Expressway credit structure. He discussed the current bond market situation and the financing issues. Mr. Joyner discussed a possible strategy in obtaining a moral obligation pledge (MOP). Mr. Joyner also discussed the possibility of the Triangle Expressway credit rating increasing from a BBB to an AA rating with the MOP. (See attached presentation.)

Tom Lee, WCSR, explained how the proposed legislation would work as far as the debt service reserve fund. Jim Calpin, Merrill Lynch, gave a market update and explained the fear in the market. Mr. Calpin stated that the markets are in crisis especially for the BBB rating. He discussed examples from other states that used the MOP. (See attached presentation.)

Perry Safran asked if any of the MOP case studies failed. Jim Calpin responded and stated that he would follow up with additional information on successful and failed case studies. Mr. Safran also asked where the appropriation would come from. David Joyner stated that the appropriation would come from the General Assembly. Grady Rankin added that the NCTA would be using capital funds for the next 3 years and there would be \$63 million in debt service reserve fund. Therefore there is a substantial cushion in debt service.

Bob Spencer asked if the state would be committed to replenish the reserve. Tom Lee responded that the state of North Carolina would not be committed legally but "morally obligated.". The state cannot legally commit to future payments without a bond referendum.

Gene Conti asked about the timing of the project if the MOP is approved. David Joyner stated that there is 60-90 day window to get project out the door once the legislation is in place.

David Redwine asked about the \$63 - \$250 million spread between AA rated bond and BBB rated bond and how much liability the state would face if the toll revenue fell short. Grady Rankin stated that the NCTA would not sell bonds if we were short. Based on our preliminary analysis, the project would need to be more than 50% short on toll revenues before the state would face any risk. Tom Lee added that this only applies to the senior bonds. David Joyner stated that the staff would like to come back to the Board in February for approval with more information and report on the reaction from the General Assembly, Treasurer, and rating agencies. Mr. Joyner stated that the winning bidders have agreed to extend their bids for another 30 days and have also discussed extending this to June 1st. Lanny Wilson asked that the Board be kept informed of all reactions and views of the

Treasurer and General Assembly. Secretary Conti also stated the NCDOT is willing to lend their support to the Moral Obligation Pledge.

Action item: Mr. Teer made the following motions for the Operations and Personnel Committee:

- We recommend that the Board approve the Chief Operating Officer to participate as a voting member in RFP activities related to the operation and maintenance of the Authority's toll roads. Secretary Gene Conti seconded the motion, and it was approved unanimously.

Action item: Mr. Teer made the following motions for the Plans & Programs Committee:

- We recommend that the Board approve the selection of the Currituck Development Group as the top ranked proposer for the Mid-Currituck Bridge Project Pre-Development Phase. Board approval will provide staff authority to begin negotiations with the Currituck Development Group. Upon successful negotiations, staff will seek authority from the Board prior to execution of the Pre-Development Agreement.

Secretary Gene Conti abstained from voting to avoid any appearance of conflict. Perry Safran moved to approve the abstention. Bill Lackey seconded, and it was approved unanimously.

Bob Spencer seconded the motion to approve the selection of the Currituck Development Group, and it was approved unanimously.

Action item: Mr. Spencer made the following motions for the Finance Committee:

- We recommend that the Board approve the Draft Annual Plan of Work FY2010 to be submitted to NCDOT for review and approval. Bill Lackey seconded the motion, and it was approved unanimously.
- We recommend that the Board approve the execution of a supplemental agreement between the NCTA and Parson Brinckerhoff Environmental Engineering to undertake additional environmental and engineering studies as anticipated in the NCTA 2009 Annual Plan of Work. The supplemental amount shall not exceed \$1,200,000. Perry Safran seconded the motion, and it was approved unanimously.

Lanny Wilson reported that the audit committee met Friday, January 16, 2009. Robert Weisenberger reported that three proposals were received:

- Cherry Bekaert & Holland, L.L.P.
- Bernard Robinson & Company, L.L.P.
- Clifton Gunderson

Mr. Weisenberger also stated that it is anticipated the contract will be awarded in February 2009.

Public Input Session: No members of the public requested to address the board.

Lanny Wilson and Secretary Gene Conti again thanked Lyndo Tippet for his outstanding support and service to the NCTA.

The meeting was adjourned at 2:47 pm.

Minutes prepared by Jillian Bliss, J.R. Fenske, and Pat Puryear.