

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY
HELD FEBRUARY 9, 2016**

The regular meeting of the Board of Directors of the Richmond Metropolitan Transportation Authority was held on the 9th day of February, 2016, at the Chesterfield County (Lane B. Ramsey) Administration Building, 5th Floor Conference Room (Room 502), 9901 Lori Road, Chesterfield, Virginia, pursuant to due notice.

The following Directors were present and acting throughout the meeting: Directors Brown, Cannady, Hinson, Holland, Nelson, Tart, Whirley, White, and Woodfin. Directors Homer and Johnson arrived during the course of the meeting, and Directors Hazelett and West were absent. Staff present were Ms. Gray, Ms. Dean, Mr. Doughtie, Ms. Simmons, Mr. Aida, as well as Mr. Ballou.

Mr. Holland served as Chairman of the meeting, with Mr. Ballou serving as Secretary.

The Chairman called the meeting to order at 12:30 p.m., and upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as then being present, the minutes of the Authority's meeting held on January 12, 2016 were approved as previously distributed.

The Chairman and Mr. Cannady, Chairman of the Nomination/Governance Committee, suggested that the report of such committee be deferred to the executive session, inasmuch as it was a personnel matter covered under the closed meeting (personnel matters) section of the Virginia Freedom of Information Act.

In Mr. Johnson's absence, as Chairman of the Operations and Finance Committee, Ms. Gray gave the report of the Operations and Finance Committee, which had met on

January 21, 2016. She began with a developer's unsolicited request to acquire certain property not currently used by the Authority on Douglasdale Avenue near the City Stadium. Following discussion, the Committee determined to defer such request pending further consideration of surplus property matters by the Committee. Of note to the Committee was that the Authority did not have a formal surplus property policy other than the specific provisions in the Authority's Bond Resolution. Mr. Ballou provided background regarding such provisions as well as previous dispositions of property by the Authority.

Mr. Homer joined the meeting in progress.

The Committee next considered amendments to one of the Authority's financial policies, in this case concerning reserve funds, and Ms. Gray asked that Mr. Doughtie explain the resolution approving and amending certain financial policies as contained in the Board's agenda packet. Mr. Doughtie described the proposed changes endorsed by the Committee. In response to a question from Mr. Brown, Mr. Doughtie stated that there were no limits to the maximum aggregate amount of the Authority's reserves. Mr. Ballou added that the Bond Resolution and federal tax law in some cases did provide specific guidance but these did not apply to the principal reserves in the excess balances fund and to a lesser extent the repair and capital outlay fund. Following, upon motion duly made and seconded and approved by all members of the Board noted above as being present, the resolution entitled "*Resolution Approving and Amending Certain Financial Policies*" was approved in the form is attached to these minutes.

The Chairman turned to Ms. Gray for her comments. She began with recognitions of various board member accomplishments: Reverend Nelson as Chairman of the Henrico County Board of Supervisors and, as recently recognized in the *Richmond Times-Dispatch*, Ms. West as 2015 Person of the Year, with Mr. Hazelett and Mr. Kaechele among the first Hall of Fame class.

In passing, she noted that the Henrico County Board of Supervisors appointed Mr. Kaechele to the Authority's Board at its January 12, 2016 meeting, but that Mr. Kaechele had a previously scheduled engagement and could not be at the February Board meeting.

Continuing, she referred to the heavy snowfall experienced by the Richmond region on January 24-25 and reported that during the event all toll plazas were staffed and open for business. All senior toll collectors reported to work on time and Authority maintenance crews kept parking lots, sidewalks and stairwells clear through the entire event. No accidents occurred on Authority property. Richmond Police had, as was often the case, closed the Boulevard Bridge for a period, during which time staff worked at other locations. VDOT had also performed well as to its snow clearing obligations under the maintenance agreement with the Authority. The Chairman suggested that Ms. Gray and Ms. Simmons communicate the Authority's appreciation to the appropriate persons at VDOT and to the Authority's staff.

Continuing, she updated the Board on relevant matters before the General Assembly, beginning with the specific bill pertaining to the Authority (HB 1237, Del. Loupassi). This bill had cleared the House and was awaiting action in the Senate. Responding to a question from Mr. Hinson, Mr. Ballou did note that there was a distinction in the Enabling Act's current language – "sports facilities of any nature" – and the proposed additional language in Del. Loupassi's bill – "coliseums and arenas," in that the latter could be used for more than just sports purposes. Ms. Gray added that the bill did not specify or designate any new or added source of funding.

Mr. Johnson joined the meeting in progress.

Ms. Gray advised that several special conservator of the peace bills were generally technical in nature with little impact on the Authority and also reported as to the introduction and status of various "no toll" or "limited tolling" bills, relating especially to the Northern Virginia

and Tidewater areas, as well as the interstates. In the same vein, Del. Jones and the Administration were proposing several toll bills, HB1069 and HB1070 (along with SB 295). She and Mr. Ballou briefly described the Commonwealth's "toll policy" embodied in such bills, along with the various changes proposed for the various toll violation enforcement provisions in the Virginia Code. Messrs. Whirley and Homer commented on same, especially as to the politicization of the toll/user fee debate.

Continuing, Ms. Gray advised that a bill authorizing free passage on toll roads for motorcycles had not survived in committee. There were also, as usual, several bills relating to changes to the Virginia Freedom of Information Act and the Va. Retirement System.

There were no updates as to City appointments to the Authority's Board.

Ms. Simmons gave the operations report, illustrating enhanced signage on the ramp to the Chippenham Parkway and also reporting on the completion of the AVI tuning for the Authority's toll lanes. She updated the Board on VDOT's proposed replacement schedule for the Trinity guardrails on the Authority's Expressway System. There were nine remaining guardrails to be replaced, with completion scheduled for March, 2017.

Mr. Doughtie gave the financial report. Due to one less commuting day and the snow event, monthly traffic for January, 2016 was down approximately 4%. On a normalized basis, however, monthly traffic growth was approximately 3.5% compared to the prior year. On a year to date basis, fiscal year 2016 gross traffic was approximately 3.8% ahead of the similar period for the preceding year. Fiscal year toll revenue was approximately 3.7% ahead of budget and fiscal year-to-date expenses were within budget.

There was no new business.

The Chairman entertained a motion for the Board to convene in executive session for two separate matters: the first, as permitted by Va. Code § 2.2-3711.A(7) of the Virginia Freedom of Information Act, for consultation with legal counsel (1) pertaining to matters of actual or probable litigation, where such consultation in open meeting would adversely affect the negotiating or litigating posture of the Authority, and (2) specific legal matters requiring the provision of legal advice by such counsel, relating to the conversion of open road tolling on the Powhite Parkway and the Authority's contract for same with The Revenue Markets, Inc. (TRMI), and the second, discussion or consideration of the performance of a specific public officer, namely, the CEO, as permitted by Virginia Code §2.2-3711 (A)(1), and comprising in part the report of the Nominations/Governance Committee. The Board approved the foregoing motion by the unanimous vote of all the Directors noted above as being present and convened in Executive Session for such purposes.

The Board reconvened in Open Session and considered a motion pursuant to Virginia Code Section 2.2 3712(D) that, to the best of each Director's knowledge, (i) only such public business matters lawfully exempted from open meeting requirements, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Authority and that a statement to such effect would appear in the minutes of the meeting. Such motion was duly made, seconded and approved in a roll call vote by all Directors noted above as still being present.

Following, upon motion duly made, seconded and approved by all those Directors noted above as being present, the Board accepted the report of the Nominations/Governance Committee, with appropriate officers of the Authority to meet with Ms. Gray concerning same.

There being no further business to come before the meeting, the same, upon motion duly made, seconded and unanimously carried, was adjourned at 2:30 p.m.

APPROVED:



Chairman
#19005220



Secretary

RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY

**RESOLUTION APPROVING AND AMENDING
CERTAIN FINANCIAL POLICIES**

February 9, 2016

WHEREAS, the Richmond Metropolitan Transportation Authority (the "Authority") desired to adopt a set of financial policies to serve as guidelines for the Authority's financial planning and internal financial management, such policies representing a combination of requirements under its existing revenue bond instruments and recommended best practices of the Government Finance Officers Association (GFOA);

WHEREAS, financial policies in the areas of Financial Planning, Revenue and Expense, Debt Management, and Reserve Funds were approved and adopted by the Board on March 11, 2014 and a financial policy in the area of Accounting and Financial Reporting was approved and adopted by the Board on April 14, 2015;

WHEREAS, the Authority seeks to amend and restate its financial policy in the area of Reserve Funds; and

WHEREAS, the amended and restated financial policy in the area of Reserve Funds is attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY THAT:

1. The attached "Financial Policy" is hereby approved and adopted.
2. This resolution shall take effect immediately.

Reserve Fund (Proposed February 2016)

Adequate reserves are a necessary component of the Authority's overall financial management strategy and ensure sufficient funding is available to meet current and future operating, capital, and debt service obligations. Adequate reserves are a key factor in external agencies' measurement of the Authority's financial strength.

Current bond documents require certain accounts and prioritize their funding. Fund requirements are established, by either the provisions of the bond documents or Board policy, as follows:

1. Operating Fund, Section 504 of Bond Resolution – maintenance of a balance equal to the current and next month's budgeted Expressway System operating expenses; used to pay the operating costs of the Expressway System.
2. Parity Bond Fund, Section 505 of Bond Resolution – monthly transfers of 1/12th of annual principal and 1/6th of semi-annual interest to accumulate a sufficient balance for each debt service payment (January 1 and July 1).
3. Parity Bond Reserve Fund, Section 506 of Bond Resolution – maintenance of a balance equal to the lesser of: (a) 10% of the original sale proceeds on all parity bonds outstanding, (b) maximum annual debt service on all parity bonds outstanding, or (c) 125% of the average annual debt service on all parity bonds outstanding; used to cure shortfalls in debt service payment.
4. Repair & Contingency Fund, Section 509 of Bond Resolution – maintain a balance as of June 30th at least equal to the next fiscal year's capital plan, as certified by the Consulting Engineers in accordance with Section 708 of Bond Resolution; used to pay the capital costs of the Expressway System.
5. Excess Balances Fund, Section 510 of Bond Resolution – no minimum funding level required per bond documents. In order to meet liquidity goals, this Board policy establishes the maintenance of a balance in such fund of between one and two years of the annual Expressway System operating budget. Use of amounts in the Excess Balances Fund is restricted to allowable purposes as defined under the Bond Resolution, including the redemption of outstanding debt and payment for capital costs of the Expressway System. Any amounts drawn from the Excess Balances Fund shall require Board approval.

Reserve Fund (Adopted March 2014)

Adequate reserve levels are a necessary component of the Authority's overall financial management strategy and a key factor in external agencies' measurement of the Authority's financial strength.

Funding priorities will be in the order of:

- A. Operating Fund – maintain a balance of the current and next month's budgeted operating expenses.
- B. Parity Bond Fund – monthly transfer of 1/12th of annual principal and 1/6th of semi-annual interest so that balances will be sufficient to pay debt service on the next succeeding payment date.
- C. Parity Bond Reserve Fund – restore deficiency in required reserves if shortfall.
- D. Repair & Contingency Fund – monthly transfer of remaining revenue until the next fiscal year's capital plan is fully funded.
- E. Excess Balances Fund – fiscal year end transfer of remaining revenue. All expenses drawn from the Excess Balances Fund require Board approval.

Annual capital plan contributions to the Repair & Contingency Fund will be certified by the Consulting Engineers during the budget process for the next three fiscal years. The Authority's goal is to have balances on hand as of June 30th to fully fund the next fiscal year's capital plan.