

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
RICHMOND METROPOLITAN AUTHORITY
HELD APRIL 8, 2014**

The regular meeting of the Board of Directors of the Richmond Metropolitan Authority was held on the 8th day of April, 2014, at the Bull and Bear Club, One James Center, 901 East Cary Street, 21st Floor, pursuant to due notice.

The following Directors were present and acting during the meeting: Directors Brown, Cannady, Cole, Hazelett, Homer, Johnson, Jolly, Schewel, West and White. Director Brat was absent. Also present were Ms. Gray, Ms. Simmons, Mr. Doughtie, Ms. Corbett, Ms. Ryan from the Richmond Regional Planning District Commission, and Mr. Ballou.

Mr. Brown served as Chairman of the meeting, and Mr. Ballou as Secretary.

The Chairman called the meeting to order at 12:30 p.m.

With respect to the draft minutes for the March, 2014 meeting of the Board, Mr. Cannady confirmed that he was not in attendance at the March Board meeting. Mr. Schewel commented that the minutes should reflect the Board's consensus that the Governance Committee bring a report to the Board for consideration regarding the Authority's implementation of the General Assembly's 2014 legislation pertaining to the Authority.

Following these comments, upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as being present, the minutes of the Authority's regular meeting held on March 11, 2014 were approved as supplemented.

Ms. Simmons gave the Operations Report. In addition to the matters set forth in her written report distributed with the Board's agenda packet, she noted the receipt of bids on March 13, 2014 related to the rehabilitation of the northbound Powhite Parkway bridge deck. Three

bids were received, all of which were below the engineer's estimate (\$3.9 million) and the approved budget (\$3.5 million) for this project. Following the process set forth in the bid documents, the lowest responsible and responsive bid by Swank Construction, New Kensington, PA, was accepted. Construction is anticipated to begin at the end of April and conclude in early July, most of which is to be undertaken during off-peak hours. The new surface has an anticipated useful life of fifteen years.

The Board discussed the procurement process, including activities that the Authority was undertaking with respect to minority business enterprise activities. These included wider advertising of projects and of subcontracting potentials, as well as the unbundling of large projects into multiple procurements. Mr. Brown and Ms. West commented that this had been the subject of a past Operations Committee meeting, but had not been discussed at the committee in recent months. Staff noted that, following discussion with the Operations Committee last year, procurement solicitations are now advertised in the Richmond Times-Dispatch, the Richmond Free Press, on RMA's website, the State's procurement website (eVA), the DMBE website (Department of Minority Business Enterprise), and posted at the John Marshall Courthouse. Ms. Simmons stated that the unbundling of the Authority's most recent maintenance and repair procurement had not resulted in an increase in minority contracting but had resulted in bid submissions increasing costs over RMA's original estimates. Mr. Homer noted the potential availability of VDOT's minority contracting office as a resource.

Mr. Doughtie gave the Finance Report, prefacing his remarks with the observation that total commuting days were similar for the prior year period, but winter weather in 2014 affected March, 2014 traffic volume more than March, 2013. The net reduction was approximately 43,000 vehicles. Adjusting traffic volume for weather events, monthly traffic increased

approximately 1.5% over the prior year (compared to a 2.2% increase in February over the prior year). Monthly toll revenue was 0.6% under the preceding year and was 2.2% under budget projections primarily due to weather events. Cumulative toll revenue was 2.4% ahead of budget for the year to date, which continued to position the Authority well to achieve fiscal year targets. Monthly expenses of \$1.1 million were within budget, with cumulative expenses 3.2% ahead of the prior year but at 93% of budget. The Authority was in compliance with its necessary debt coverage ratios.

Ms. Gray gave the General Manager's report, first advising the Board that the Governor had signed House Bill 597 (Delegate Loupassai's bill). She then noted action the previous day by which Fitch Investors Service, one of the rating agencies for the Authority's outstanding bonds, had upgraded its rating of the Authority's bonds from "A-" to "A." Mr. Ballou distributed a copy of Fitch's press release describing the ratings upgrade and commented briefly on the factors that Fitch highlighted in the report.

Ms. Gray then turned to fiscal year 2014 budget adjustments. She and Mr. Doughtie reviewed the proposed 2014 budget adjustments, the resolution describing them having been distributed to the Board in its agenda packet. Mr. Doughtie explained that Board approval was needed to increase total budget expense per fund or to transfer budget authorization between expense categories of personnel, operating and capital. He and Ms. Gray answered questions relating to same, including the nature of the budget adjustments. Following a brief discussion and upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as being present, the resolution entitled "*Resolution Approving Budget Adjustments for Fiscal Year 2014*" was approved in the form attached to these minutes.

Continuing, Ms. Gray and Ms. West advised the Board that the Compensation and Benefits Committee had met prior to the Board meeting. They reviewed the proposed action of the Committee, which recommended up to a 3% merit increase for all non-probationary employees, together with a 1.5% one-time lump sum payment for employees who exceeded performance expectations during fiscal year 2014 and who had reached the top of the scale for their job classification. The budgetary impact of the recommendation was approximately \$157,000.

The Board discussed the Committee's recommendation, with Mr. Schewel commenting that the total impact approached 3% of the Authority's proposed operating budget. Ms. Gray described the evaluation procedure she had implemented in the past year. In response to a question from Mr. Schewel, she stated that under past practices the majority of Authority employees received the full merit increase, as performance evaluations were not provided consistently throughout the organization. Following a brief discussion and upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as being present, the resolution entitled "*Resolution Approving Compensation Adjustments for Fiscal Year 2015*" was approved in the form attached to these minutes.

The Chairman entertained a motion that the Board convene in Executive Session pursuant to Va. Code § 2.2-3711.A(1) and (7) of the Virginia Freedom of Information Act, pertaining to personnel issues, for the purpose of discussing the assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of a specific Authority employee(s), and for consultation with legal counsel 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 to specific legal matters requiring the provision of legal advice by

such counsel. The Board approved the foregoing motion by the unanimous vote of all the Directors noted above as being present and, joined by Mr. Harless, convened in Executive Session for such purpose.

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 being present.

The Authority then considered a resolution with regard to certain contracts with current and/or past employees:

That the Authority authorize the entry into contracts to settle three employment disputes, and that such contracts be held as confidential personnel records under applicable law, in accordance with the confidential terms and conditions outlined by the Authority's General Counsel in Executive Session, and that the Authority's Chairman, Vice Chairman and General Counsel be authorized to execute such contracts and other documents as are deemed necessary to effectuate such settlements.

Upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as being present, such resolution was approved.

Mr. Brown departed the meeting with Mr. Cole serving as Chairman for the remainder of the meeting.

Ms. Gray, Ms. Simmons and Mr. Doughtie presented a summary of the proposed fiscal year 2015 budget, the draft of which had been in the Board's agenda packet.

Mr. Doughtie began by noting that the overall operations budget of \$14.8 million represented a \$188,000 increase (or 1.3%) over fiscal year 2014. Broken down by category, the proposed operations budget represented \$7.6 million in salaries and benefits and \$7.1 million for operations. The salaries and benefits figure reflected the previous approval by the Board earlier in the meeting. Salaries and benefits were proposed to increase by approximately \$103,000 or 1.4% for fiscal year 2014, with health care costs rising by \$70,000. The final health insurance increase was approximately 7.5%, while the OPEB contribution decreased by \$40,000 (12.8%), primarily due to a higher than expected market return. The estimated costs of implementing the 2014 legislation were in the Expressway and Central Administration budgets, consisting of approximately \$100,000 for changing the name and the logo and a further \$12,000 for the expansion in the Board. Mr. White asked as to the size of the OPEB trust fund, to which Messrs. Cannady and Doughtie responded that it was approximately \$1.9 million or 54% funded. Mr. Schewel noted the increase in overall employee costs, although the headcount appeared to be seven less. Mr. Doughtie further detailed the Expressway System's operating budget for the Expressway with a proposed fiscal year 2015 budget of \$5.2 million. Significant line items, comprising 75% of the budget, included \$2.3 million for VDOT E-ZPass fees, \$888,000 for toll system maintenance, \$360,000 for VDOT road maintenance, \$350,000 for insurance and \$280,000 for coin counting/armored transport. He noted in connection with the E-ZPass fee that VDOT had requested more time in connection with its establishment of the E-ZPass processing fee in order to deal with the General Assembly's direction to eliminate the E-ZPass account fee for E-ZPass users. In response to a question from Mr. Schewel, he detailed the composition of the Authority's financial reserves, consisting primarily of the excess balances fund and the debt service reserve fund.

Due to the ongoing length of the Board meeting, Mr. Doughtie briefly highlighted the various operations fund breakdowns for the central administrative, Main Street Station and The Diamond funds. Mr. White questioned the timing of The Diamond conveyance, as to which it was responded it was likely to occur during calendar year 2014.

Ms. Simmons presented the capital budget for fiscal year 2015, aggregating approximately \$6.659 million, with principal elements consisting of a latex overlay for the westbound I-95 ramps (\$2.14 million), maintenance and repair (\$1.87 million), administration (\$0.52 million), Chippenham Parkway ramp paving (\$0.48 million), protective coatings (\$0.48 million), engineering services (\$0.38 million), inspections of facility conditions (\$0.31 million) and Powhite Bridge overlay for the northbound lanes (\$0.25 million). She commented that the Authority evaluated the capital budget twice a year in order to identify if any adjustments in scope and timing were appropriate and also presented information on the condition of the Authority's bridges and the various capital and maintenance reserve projects in upcoming years. In response to Board members, she answered questions regarding the nature and timing of projects and the biennial inspection process.

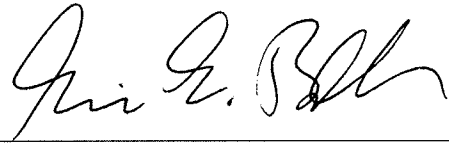
Mr. Homer noted the large role that HNTB played and suggested that other firms might be able to handle some of this work. He also suggested that the application of new technologies and techniques might decrease the estimated capital costs in later years. Mr. Hazelett commented on the importance of reserve funds in order to protect against potential, albeit unlikely, catastrophic damage or loss to a core component of the Expressway System. The Board also discussed the ongoing nature of long-range planning of the capital needs of the Expressway System.

Following the budget presentation, it was noted that the budget would be acted upon at the May meeting of the Board of Directors and that the Authority's Staff was available throughout the intervening period to answer any questions that Board members might have. Members of the Board complimented Ms. Gray, Ms. Simmons and Mr. Doughtie for the informative and detailed nature of the presentation, the budget and related background materials, as well as their responses to the Board's questions.

Ms. Gray next brought to the Board's attention discussions with the developer of the "Parkway Crossings" project, in conjunction with the City's economic development department, for ramp ingress/egress to and from the Authority's Expressway System in the area of the Powhite Parkway Toll Plaza, primarily for the purpose of serving a proposed mixed use development north of the Powhite Parkway and bounded on the west by Chippenham Parkway and on the north by Forest Hill Avenue. This matter had been brought to the Authority's Staff in the 2006 time frame but had apparently been deferred due to ongoing work on the express lanes, and then due to lackluster economic conditions. She briefly noted the nature of the legislation relating to "no free passage" as well as safety and operational impacts of the proposed break in the limited access highway. There might also be impacts on the Authority's construction yard and constraints on the long-term growth of the transportation corridor. The Board discussed the foregoing, with several Board members noting that breaking a limited access highway in order to serve a new development could create a difficult precedent and questioning whether this was an appropriate use of the Expressway System, which was originally built to connect the jurisdictions. The potential role of the Commonwealth Transportation Board in such matters was also noted. It was the consensus of the Board that this matter be addressed by Staff in a deliberate fashion with the City and the developer.

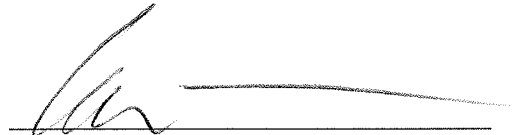
Ms. Jolly advised the Board that the Governance Committee was scheduled to meet on April 22, 2014.

There being no further business to come before the meeting, the same, upon motion duly made, seconded and unanimously carried, was adjourned at 2:45 p.m.



Secretary

APPROVED:



Chairman

#1571712

RICHMOND METROPOLITAN AUTHORITY

**RESOLUTION APPROVING BUDGET
ADJUSTMENTS FOR FISCAL YEAR 2014**

(April 8, 2014)

WHEREAS, the Richmond Metropolitan Authority (the “Authority”) desires to adjust its adopted budget for fiscal year 2014;

WHEREAS, the Authority’s adopted financial policies require the approval of the Board of Directors to increase the total budgeted expense per fund or transfer budget authorization between the expense categories of salaries and benefits, operating, and capital; and

WHEREAS, the budget adjustments proposed by Staff that require Board approval are:

- Transfer budget authorization of approximately \$115,000 from personnel to operating for the Central Administration fund, with no net overall impact, to provide for increased contracted services for human resources and public relations after internal position vacancies.
- Increase budget authorization of approximately \$73,383 for the Central Administration fund to provide for increased consulting and outside costs with respect to Central Administration be funded from administrative charges cost allocations.
- Increase budget authorization of approximately \$15,000 for The Diamond fund to provide for anticipated legal services (\$15,000) related to facility transfer, to be funded from existing revenue.
- Increase budget authorization of approximately \$8,130 for The Diamond fund to provide for contractual services (\$8,130) related to parking costs from the Redskins training camp in August 2013, to be funded from related parking revenue.

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

1. The foregoing budget adjustments are approved and adopted.
2. Staff shall include such adjustments in the Authority’s fiscal year 2014 adjusted budget.
3. This resolution shall take effect immediately.

RICHMOND METROPOLITAN AUTHORITY

**RESOLUTION APPROVING COMPENSATION
ADJUSTMENTS FOR FISCAL YEAR 2015**

(April 8, 2014)

WHEREAS, the Richmond Metropolitan Authority (the “Authority”) desires to establish employee compensation levels for fiscal year 2015, to be included in the Authority’s annual budget for such period;

WHEREAS, the Authority’s Compensation and Benefits Committee met on April 8, 2014, and recommended performance based merit increases of up to 3% for all non-probationary Authority employees, with an implementation date of July 3, 2014; and

WHEREAS, the Compensation and Benefits Committee further recommended a one-time lump sum merit payment of the greater of 1.5% or \$500, with an implementation date of July 3, 2014 for employees who exceeded performance expectations in FY14 and have reached the top of the pay scale for their classification.

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

1. The compensation adjustments set forth above are hereby approved, and the General Manager is authorized to implement same.
2. Staff and the Finance Committee shall include such adjustments in the development of the Authority’s fiscal year 2015 budget.
3. This resolution shall take effect immediately.