

**MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF THE
RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY
HELD MAY 14, 2024**

A meeting of the Board of Directors was held on the 14th of May 2024, at the RMTA Main Office, 901 East Byrd Street, Suite 1120, Richmond, VA, pursuant to due notice and via electronic communication as noted below.

The following Directors were present and acting throughout the meeting in person unless otherwise noted: Chairman Tart and Directors Clarke, Dabney, duFrane, Fountain (entered 12:09), Hardiman, Hawthorne, Lynch, Mulroy, Nelson, Ramsey, Story, West, and Williams. The following Board members were absent: Davis and Millikan.

Authority staff present were Ms. Dean, Ms. M. Johnson, Ms. S. Johnson, Ms. Murphy, Mr. Owen, Ms. Simmons, Ms. Watson, and Ms. White. Also present were Belinda Jones of Christian and Barton; Dan Papiernik and Cherie Gibson (via electronic communication) of HNTB; Rosa Rountree (via electronic communication), Wayne Reed, and Robert LaGatta of Atkins Realis; Heidi Abbott of Hunton Andrews Kurth; Ty Wellford of Davenport & Company, and Phil Eshelman of Stantec (via electronic communication).

Chairman Tart presided over the meeting with Ms. Jones acting as Secretary. There was a quorum throughout the meeting.

Chairman Tart called the meeting to order at 12:05 p.m.

Chairman Tart turned to the agenda item of the previous board minutes. Upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Board members

present, the Board minutes of the Authority's meeting held on March 12, 2024, were approved, as previously distributed.

Chairman Tart called on Director Williams to report on the Compensation and Benefits Committee. Mr. Williams reported that before the Board is a Resolution Approving Compensation Plan for Fiscal Year 2025. Mr. Williams explained that the Compensation and Benefits Committee met in April and projected pay increases of 3.5% for all employees in order to ensure competitiveness in the marketplace. Mr. Williams reported that the Compensation and Benefits Committee further recommends an additional .5% increase for merit increases as applicable. Upon the motion being made, based upon the recommendation of the Compensation and Benefits Committee, the Resolution Approving Compensation Plan for the Fiscal Year 2025, was approved and unanimously carried by the affirmative votes of all the Board members present by roll call vote by Ms. Jones. Director Mulroy asked whether this increase in essence caught up the Authority or whether another increase would occur next year. Director Williams responded that because the Authority, like many of its counterparts, finds itself with the same challenges in the competitive market, increases likely will be revisited annually.

Chairman Tart next asked Director Hawthorne to report on the Operations and Finance Committee. Director Hawthorne reported that the Operations and Finance Committee met twice in the last 30 days on April 11, 2024 and May 2, 2024 for budget workshops with a great deal of participation from Committee members. Mr. Hawthorne recognized the efforts of staff in conducting these budget workshops. Mr. Hawthorne then turned to Mr. Owen to report on the 2025 Fiscal Year Budget. Mr. Owen reported the total revenue for FY24 currently is forecasted at \$49.9 million, which is 11.4% over the original FY24 forecast of \$44.8 million. Operating expenses are forecasted to increase by 2.2% from \$17.5 million to \$17.9 million, which includes the budget

adjustment previously presented. The cost of toll collection will still be greater than anticipated and slightly over the adjusted budget. Net revenue is a 17.3 % change from the original forecast of \$27.3 to \$31.9 million. Debt service is down as result of satisfaction of bond obligations and the debt service ratio is 3.28 as compared to the original forecast of 2.80, well above the Authority's bond indentures and policies.

Comparing the FY24 Budget to the FY25 Budget: toll revenue increases from \$44.8 million to \$52.0 million (16.4%); operating expenses increase from \$17.5 million to \$19.4 million (11.0%), as a result of toll collection costs, maintenance, and snow removal expenses; net revenue increases from \$27.3 million to \$32.7 million (19.8%); debt service remains at \$9.8 million; funds available for capital increase by 30.8%; and capital expenditures represent a 3.8% change. This results in a healthy 3.3 debt service coverage ratio, again well above bond indentures and Authority policies. Mr. Owen then recapped major expense changes from the FY24 Budget and invited any questions. Director duFrane inquired as to how many open employment positions exist currently, to which Ms. S. Johnson responded five full-time positions are open.

Next, Ms. Simmons discussed the Executive Summary of the FY25 Capital Improvement Plan, noting that the FY25 Budget request is \$20,202,576 for capital improvement. Ms. Simmons noted that the FY24 Budget anticipated a request for roughly \$25.9 million for FY25, although timing changes related to AET and other tolling work expenses have been allocated to FY26 and FY27 to more appropriately align with progress of those projects. Ms. Simmons pointed to the Maintenance & Repair budget increase. Ms. Simmons represented that the MR24 Budget was intentionally reduced due to the toll system updates and now is funded for FY24 and FY25, as planned. Ms. Simmons also reported that in the Toll System Technology header, under the "Misc" section, there is an expenditure of a little over \$750,000 for the CCTV system, as mentioned in the

prior Board Meeting, to get the camera systems operational on the roadway in FY25. There is a downward adjustment for the AET conversion civil work, which will occur more so in FY26, and slight additions in GEC work for AET project planning and due diligence. Ms. Simmons invited any questions.

Mr. Owen then invited Phil Eshelman to review the RMTA FY25 and Long-Term Transaction and Revenue Forecast. Mr. Eshelman described Stantec's role at RMTA including its role to certify that the projected revenues under existing or proposed toll schedules will cover debt service and satisfy rate covenants. Mr. Eshelman then described Stantec's approach to T&R forecasting, including the collection of data from the toll system and the development of assumptions such as toll schedule, traffic routing, and growth. From that data, Stantec then develops appropriate models and estimates traffic and revenue from those models. Mr. Eshelman then compared FY19'(pre-Covid) to FY24 and reported traffic is close to equaling FY19 levels. Revenue exceeds FY19 as a result of the recent toll adjustment. The RMTA System performance shows strong growth from FY23 to FY24. Results show roughly a 10% gain in both transactions and revenue, as compared to the budget. Mr. Eshelman then reported on monthly forecasts for budgeting purposes, which ultimately represent the \$49.3 in revenue reported by Mr. Owen previously. Stantec certifies that net revenue will cover debt service. In terms of the Long-Term Forecast, assuming the current toll schedule and AET implementation, Stantec expects continued steady growth into the future.

Mr. Owen then invited Ty Wellford to report on the Long-Term Financial Plan. Mr. Wellford stated his intent is to provide the Board a snapshot as to traffic and revenue, as well as expenses, to determine compliance with financial planning targets. From a guiding principles standpoint, Mr. Wellford explained the need for a balanced budget to conduct operations and the

funding of capital with cash and debt at the appropriate balance. From a debt standpoint, the standard is maintenance of adequate debt service. The Authority is well above debt service coverage policies. As to cash and reserves, there are layers of reserves including a pledged debt service reserve of one year, R&C reserve to meet the upcoming year's capital plan, and an excess balance fund consisting of one to two years' worth of operational expenses. Mr. Wellford stated the goals and objectives of the long-term financial plan and importance of revenue and how sensitive the Authority's financial position is to certain stressors, for example, unexpected capital costs or a decline in traffic. Mr. Wellford reported on historical and projected key financial indicators including traffic volume, toll revenue, operational expenses/debt service, and capital activity showing net revenue to cover that capital activity. Mr. Wellford presented a base case summary of the financial forecast and directed the Board to the net cash flow metric, which measures the amount of funds left over each year until 2031.

Mr. Wellford then presented hypothetical stress scenarios including a 10% increase in capital costs starting in FY25 or a 10% decrease in traffic starting in FY26. In the first scenario, the debt service ratio remains constant but logically the days cash on hand metric decreases and the cumulative cash flow changes to a more break-even level. In the second scenario, with a 10% decrease in traffic in FY26 and 1% growth thereafter, loss revenue impacts days cash on hand to below target in 2029. Director duFrane questioned whether the stress scenarios were based on the base case summary or an altered metric. Mr. Wellford responded that only in the first scenario, increase of 10% of capital, the base case summary was adjusted to show that increase. Director West questioned what metric Davenport used to predict traffic to which Mr. Wellford responded the base case summary utilizes data from Stantec. Mr. Eshelman stated that the forecasts are based on employment and population growth and any changes in traffic patterns. Director West inquired

as to whether potentially positive impacts have been reviewed. Ms. Dean stated that with the proposed development downtown, such as the amphitheater, an uptick could be expected. Mr. Wellford lastly reported a summary of outstanding bonds and previewed guidance to be presented at a later time.

Director Hawthorne then called for a motion to approve the FY25 Budget. Upon the motion being duly made and seconded, the FY25 Budget was approved and unanimously carried by the affirmative votes of all the Board members present by roll call vote by Ms. Jones.

Chairman Tart then called on Director Dabney to report on the Nominations and Governance Committee. Director Dabney reported that the Committee met that morning and recommended a slate to be considered for the June Board Meeting, consisting of Director Lynch as Chair, Director Dabney as Vice-Chair and Leslie Mehta as Secretary.

Chairman Tart then turned to Ms. Dean for her CEO comments. Ms. Dean thanked the executive team for all of their work on the FY25 Budget. She reported the All Electronic Tolling (“AET”) update, specifically the upcoming gantry workshops and information gathering on violation processing. She then reported on the toll industry text messaging scam and outreach efforts of the Authority and the industry. Ms. Dean notified the Board of the accident on the roadway the day before and the repair measures taken by the Authority. Ms. Dean then timely introduced that the Authority was currently participating in the IBTTA Safety Campaign. Directors discussed safety marketing measures.

Chairman Tart then turned to Ms. Simmons for her Operations Report. Ms. Simmons referred Board Members to the written report in the agenda packet, further explained the repairs as a result of the accident, and invited any question.

Next, Mr. Owen provided his traffic and revenue report – referring Board Members to the written report in the agenda packet. Regarding traffic highlights, year-to-date FY2024 traffic volumes system wide are 7.4% over the previous fiscal year YTD totals at the end of March. Year-to-date revenue is 79.1% of the annual projected budget at the end of March. Fiscal year 2024 toll revenue of \$34.8 million is just over 9.3% of the projected year-to-date toll revenue. Fiscal year-to-date expenses are slightly over budget expectations. Fiscal year 2024 revenue and expense amounts demonstrate compliance with debt coverage ratios. Cumulative YTD, through March, E-ZPass usage decreased from 77.2% in FY2023 to 76.4% in FY2024.

At that time and at the request of Chairman Tart, the Board considered a motion to convene in executive session pursuant to Virginia Code §2.2-3711.A(1) of the Virginia Freedom of Information Act as it relates to personnel. Such motion was duly moved, seconded and approved by all Board members noted above as being present. Ms. Jones conducted a roll call to determine each member's agreement with the motion. All Board members present affirmatively agreed with the motion.

The Board reconvened in open session and considered a motion pursuant to Virginia Code §2.2-3712(D) that, to the best knowledge of each Board member present, (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 Board and that a statement to such effect would appear in the minutes of the meeting. Such motion was duly made, seconded and approved by all Board members present. Ms. Jones conducted a roll call to determine each member's agreement with the motion. All Board members present affirmatively agreed with the motion.

Having no further business, the board meeting was adjourned at 1:34 p.m.

UBM-

Secretary

APPROVED:

M. R. [Signature]

Chairman