

Staff Report

On May 15, 2007 a letter was sent from Virginia's Division of Risk Management Director Don LeMond to members of the VRE Operations Board. The attached response was sent on behalf of the Operations Board from VRE's CEO, Dale Zehner on May 30, 2007. As can be seen, Mr. LeMond expresses concern about the need for more funds in VRE's insurance trust, while the VRE Operations Board points out that a substantial contribution is budgeted for July 1st and a plan exists to provide more contributions in the future.

This resolution authorizes VRE's Chief Executive Officer to earmark \$3 million of a \$5 million reserve fund for immediate use by the Virginia Division of Risk Management (DRM) to restore VRE's Insurance Trust Fund to a level approaching \$10 million if DRM ultimately determines that course of action to be necessary. The reason for this action is explained in Mr. Zehner's attached response to DRM.

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

RESOLUTION NO. 07-06-___

SECOND: _____

OFFICIAL COMMISSION MEETING

JUNE 7, 2007

RE: VRE INSURANCE TRUST FUND EARMARK

WHEREAS, Virginia's Division of Risk Management (DRM) has written to VRE's Operations Board members requesting by June 30, 2007 a deposit of \$8.9 million to restore VRE's Insurance Trust Fund to a \$10 million amount; and

WHEREAS, VRE has budgeted a deposit of \$4.9 million on or about July 1, 2007 and has a plan in place to continue to build up the Insurance Trust Fund balance; and

WHEREAS, VRE has responded to DRM with several proposals to satisfy DRM's concerns, including earmarking up to \$3 million of a \$5 million VRE reserve; and

WHEREAS, the VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize VRE's CEO to earmark up to \$3 million of VRE's \$5 million operating reserve for immediate use by the Virginia Division of Risk Management to restore VRE's Insurance Trust Fund to a level approaching \$10 million, if DRM ultimately determines that course of action to be necessary.