

## **AGENDA**

### **Hampton Roads Transportation Accountability Commission**

#### **Finance Committee**

**September 12, 2019**

9:00 a.m.

Board Room A

723 Woodlake Drive, Chesapeake, VA 23320

- 1. Call to Order**
- 2. Approval of Agenda**
  - *Recommended Action: Approval*
- 3. Public Comment Period**
  - *Limit 5 minutes per individual*
- 4. Chair Comments**
- 5. Consent Items**
  - *Recommended Action: Approval*
  - A. Minutes of the June 20, 2019 Finance Committee Meeting (Attachment 5A)**
  - B. Amendment to Approved HRTAC FY2020 HRTAC Administrative Budget – Recommendation to the Commission to Conduct a Public Hearing (Attachment 5B) – Executive Director Page**
  - C. Administrative Offices Lease Extension – Recommendation to the Commission to Extend (Attachment 5C) - Executive Director Page**
  - D. Amendment to the HRTAC Accounting Policies and Procedures – Recommendation to the Commission to Adopt the Amendment (Attachment 5D) – Executive Director Page and Sheila Wilson, CFO**
- 6. Action Items**
  - *Recommended Action: Discussion/Endorsement/Recommendation/Direction/Approval*
  - A. Financing for Initial Projects – Recommendation to the Commission to Authorize the Commission Chair and Staff to Complete and Execute the HRTF Backed TIFIA Loan Agreement, Bond Anticipation Note (BAN) Issuance, Supplemental Indenture for TIFIA, and Related Engagement Documents (Attachment 6A) – Executive Director Page, David Miller and Liang Shan PFM Financial Advisors, Bond Counselors Ballou and Gilliland, and General Counselor Inglima**

- B. **Update on HRTAC Financial Year End Documents and VDOT Contract Activities (Attachment 6B)** - Executive Director Page, Commission Finance Staff, and General Counselor Inglima

**7. Information Items**

- A. **HRTAC Financial Report – (Attachment 7A)** – Executive Director Page
- B. **Investment and Market Update – (Attachment 7B)** – Presentation by Nelson Bush, PFM Asset Management

**8. Adjournment**

**Agenda Item 5A**  
**Consent Item**

**To: Chair Hipple and the other members of the Finance Committee**

**From: Kevin B. Page, Executive Director**

**Date: September 12, 2019**

**Re: June 20, 2019 Meeting Minutes**

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**Recommendation:**

The Finance Committee is asked to approve the June 20, 2019 Finance Committee meeting minutes.

**Background:**

The Finance Committee approves meeting minutes for the permanent record of the Finance Committee.

**Fiscal Impact:**

There is no fiscal impact in relation to this Consent Item.

**Suggested Motion:**

Motion is to approve the minutes of the HRTAC Finance Committee meeting on June 20, 2019.

**Hampton Roads Transportation  
Accountability Commission (HRTAC)  
Finance Committee  
Summary Minutes of the June 20, 2019 Meeting**

The meeting of the Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee was held in the HRTAC Conference Room, The Regional Building, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

**HRTAC Finance Committee Members in Attendance:**

Michael Hipple, Chair	Barry Porter
Christopher Stolle	McKinley Price

**HRTAC Executive Director**

Kevin Page

**HRTAC Finance Committee Members Absent:**

Joel Acree

**Other Participants:**

Eric Ballou, Kaufman & Canoles	David Miller, PFM
Nelson Bush, PFM	Liang Shan, PFM
Tom Inglima, Willcox & Savage	

\* Denotes Late Arrival or Early Departure

**Others Recorded Attending:**

Brian Stilley (NN); Matt Bowen, Scott Detar (Bank of America/Merrill Lynch); Kevin Johnson, Kristen Krug (Citi); Mary DiMartino (JP Morgan); Robin Grier (VDOT); Julie Cary (Veterans Reporters); Julie Berger (Wells Fargo); Jennifer Hodnett (HRTAC); Danetta Jankosky, Tiffany Smith, (HRPDC);

**Call to Order**

Chair Michael Hipple called the HRTAC Finance Committee to order at 10:00 a.m.

**Approval of Agenda**

Mr. Christopher Stolle Moved to approve the agenda; Dr. McKinley Price seconded. The Motion Carried.

**Public Comment Period (limit 5 minutes per individual)**

No public comments were made.

**Chair Comments**

Chair Hipple did not have any comments for the HRTAC Finance Committee.

## Consent Items

### 5A. Minutes of the March 7, 2019 Finance Committee Meeting

Mr. Stolle Moved to approve the minutes of the March 7, 2019 Finance Committee Meeting; seconded by Mr. Porter, with Dr. Price abstaining. The Motion Carried.

## Action Items

### 6A. HRTAC FY2020 Administrative and Project Development Budget-Recommendation to the Commission to Finalize

Mr. Kevin B. Page, HRTAC Executive Director, reminded the Committee that the Administrative and Project Development Budget had been presented at the March 7, 2019 Finance Committee meeting and indicated a public hearing was held on April 29, 2019 with no comments received.

Mr. Porter Moved that the Finance Committee recommend that the Commission finalize the Proposed HRTAC FY2020 Administrative and Project Development Budget and Authorizes the Finance Committee Chair to communicate this recommendation to the Commission at its June 20, 2019 Annual Commission Meeting; the motion was seconded by Mr. Stolle. The Motion Carried.

### 6B. I-64 Widening Segment I Project (UPC 104905) - Recommendation to the Commission to Amend the Memorandum of Understanding, and Subject to Execution, De-Allocate the HRTAC Project Funds Returned by VDOT and Authorize Staff to Adjust the HRTAC Adopted FY2016-FY2024 Funding Plan to Reflect the De-Allocation

Mr. Kevin B. Page, HRTAC Executive Director, stated HRTAC along with VDOT strived to achieve economies of scale on the high priority regional projects and to ensure any unused funds were reallocated as quickly as possible. He noted VDOT had determined it did not need \$2,391,615.00 of the HRTAC funds allocated to the I-64 Peninsula Widening Project Segment I and the motion allowed for the FY2016-FY20204 Finance Plan to reflect that deallocated amount.

Mr. Porter Moved that the Finance Committee recommend the Commission amend the Memorandum of Understanding for the I-6 Peninsula Widening Segment I Project (UPC 104905), and, subject to full execution of the amendment, de-allocate the HRTAC project funds returned by VDOT and authorize Staff to adjust the HRTAC Adopted FY2016-FY2024 Funding Pan to reflect the deallocation and further authorizes the Chair to communicate the Finance Committee's endorsement and recommendation to the Commission at the HRTAC Annual Organizational Meeting; Seconded by Mr. Stolle. The Motion Carried.

### 6C. HRTAC FY2020-FY2026 Plan of Finance Update-Endorsement and Recommendation to the Commission to Finalize.

Mr. Kevin B. Page, HRTAC Executive Director, reminded the Committee that the HRTAC FY2020-FY2026 Plan of Finance Update had been presented at the March 7, 2019 Finance Committee Meeting and indicated a public hearing was held on April 29, 2019 with no comments received.

Mr. Stolle Moved that the Finance Committee recommend that the Commission finalize the proposed HRTAC FY2020-FY2026 Plan of Finance Update-Seven Year Operating and Capital Program of Projects for the Region's High Priority Projects (with toll revenues to HRTAC) as an update to the HRTAC adopted FY019-FY2024 Financial Plan, as amended, and authorizes the Finance Committee Chair to communicate this endorsement and recommendation to the Commission at it June 20, 2019 Annual Organizational Meeting; Seconded by Mr. Porter. The Motion Carried.

**6D. HRTAC Proposed 2045 Long Range Plan of Finance Update – Recommendation to the Commission to Adopt**

Mr. Kevin B. Page, HRTAC Executive Director, stated the importance of efficiently allocating projects for the short term, but also staying involved in the future development of projects needed for the region. He reviewed the Regional Connector Study, which is being funded by HRTAC, and the positive long-term effects of obtaining a TIFIA loan for the region.

Mr. Page also indicted that the 460/58/13 project did not meet the congestion relief requirements and has been decommissioned by the Hampton Roads Transportation Planning Organization (HRTPO). Additionally, he noted a public hearing was held on the Long Range Plan Update on April 29, 2019 and no comments were received.

Mr. Stolle Moved that the Finance Committee recommend that the Commission adopt the Proposed HRTAC Proposed 2045 Long Range Plan of Finance Update to include certain modifications for the Region's High Priority Projects and authorizes the Finance Committee Chair to communicate is recommendation to the Commission at its June 20, 2019 Annual Organizational Meeting; Seconded by Dr. Price. The Motion Carried.

**6E. HRTAC Debt Management Plan, TIFIA Financing for Initial Projects-Recommendation to the Commission to Authorize the Commission Chair and Staff to Complete Development of the HRTF-Backed TIFIA Loan Agreement, Bond Anticipation Note (BAN), and Supplemental Indenture for TIFIA**

Mr. Kevin Page, HRTAC Executive Director, summarized the steps HRTAC has already taken to secure TIFIA funding. He stated the current TIFIA funding was for the projects predating the HRBT Project and two additional TIFIA loans relating to the HRBT would be secured at a later date.

Mr. Page indicated that the source of funds to service the loan was going to be the Hampton Roads Transportation Fund (HRTF), and that the HRBT TIFIA loans were going to be backed separately by the HRTF and the toll revenues from the HOT Network.

Mr. David Miller, PFM, reviewed the elements comprised in the HRTAC Debt Management Plan and stated that HRTAC was close to receiving loan documents for the first TIFIA loan. Mr. Miller explained TIFIA Bond Anticipation Notes (BAN) were short term financing solutions as compared to a long term TIFIA Loan. He further indicated interest could be earned on the investment of the BAN's which would allow for HRTAC to apply for a larger TIFIA loan in regards to the HRBT Expansion project.

The Committee was shown by Mr. Miller a graph comparing a TIFIA and TIFIA BAN option and the preliminary results yield a TIFIA BAN option that is slightly lower over time, incurs \$5.4 million in investment earnings over the next two years, and saves \$5 million in 2019 dollars.

Dr. Price questioned which entity would control the bond proceeds. Mr. Miller responded they would be handled by HRTAC in the same way as a public bond sale.

Committee discussion ensued in regards to the rare opportunity to qualify for a TIFIA Loan and definitive agreement and there was consensus that the rigid meeting schedule should not get in the way of any actions needed to progress the application.

Mr. Page reviewed the preliminary schedule with Committee members.

Dr. Price Moved that the Finance Committee recommend that the Commission authorize the Commission Chair and Staff to complete the development, for presentation and future action of the Commission, of the Hampton Roads Transportation Fund (HRTF) backed TIFIA Loan Agreement, related Bond Anticipation Note (BAN), and Supplemental Indenture for TIFIA for the Commission's initial six projects preceding the Hampton Roads Bridge Tunnel Expansion Project, and authorize the Finance Committee Chair to communicate this recommendation to the Commission at its June 20, 2019 Annual Organization Meeting, Seconded by Mr. Stolle. The Motion Carried.

#### **6F. HRTAC Debt Management Plan, Financing for HRBT-Recommendation to the Commission to Develop the TIFIA Letter of Interest relating to the HRBT Project**

Mr. Kevin B. Page, HRTAC Executive Director, indicated that the loan application and all associated fees were going to be included in the FY2020 administrative and project development budget.

Committee members asked if the application process was going to be shorter due to HRTAC previously applying for TIFIA funding. Mr. Miller, PFM, answered positively, citing the first TIFIA loan included HRTAC's credit worthiness, which included the HRBT project. Mr. Page added the Build America Bureau was excited to work with HRTAC and already had background information from the previous application.

Mr. Page explained that HRTAC still needed to execute a master tolling agreement with the Commonwealth of Virginia and the Commonwealth Transportation Board (CTB).

Committee members questioned if two loan applications were needed for the one HRBT project. Mr. Page answered that two applications would be needed, as the applications are being backed by two different sources, the HRTF and the HOT Network tolls. Mr. Page further highlighted, swift action needed to be taken to execute a Master Tolling Agreement, as any uncertainty in a revenue source could hinder TIFIA funding.

Mr. Stolle Moved that the Finance Committee recommend that the Commission authorize the Executive Director to develop and submit the TIFIA Letter of Interest for the

Commission's I-64 Hampton Roads Bridge Tunnel Expansion Project and authorize the Executive Director to work within the Commission's FY2020 Annual Administrative and Project Development Budget, once adopted, to advance payment of the TIFIA Loan Application and pay TIFIA legal counsel and financial advisor fees; Seconded by Dr. Price. The Motion Carried.

**6G. Amendment to the HRTAC Statement of Investment Policy-Recommendation to the Commission to Adopt the Amendment**

Mr. Nelson Bush, PFM, explained the Investment Policy had been updated in December 2018; however; additional revisions to the policy were needed. He noted the Downgrade provisions were amended to reflect long term and short-term investments and the length of time before sell off should an investment drop below a certain credit rating.

Mr. Porter Moved the Finance Committee endorses the proposed amendments to the HRTAC Statement of Investment Policy and authorizes the Finance Committee Chair to communicate the Finance Committee's endorsement and recommendation that the Commission approve the proposed changes at its June 20, 2019 Annual Organizational Meeting; Seconded by Mr. Stolle. The Motion Carried.

**Information Items**

**7A. HRTAC Financial Report**

Mr. Page reviewed the Financial Report and informed Committee Members the cash balance will continue to decrease as HRTAC is starting to accrue HRBT Project costs.

**Adjournment**

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 11:04 a.m.

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Michael J. Hipple  
Finance Committee Chair



**To: Chair Hipple and the other members of the Finance Committee**

**From: Kevin B. Page, Executive Director**

**Date: September 12, 2019**

**Re: FY2020 HRTAC Administrative and Project Development Budget Amendment  
and Request for a Public Hearing**

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**Recommendation:**

The Finance Committee is asked by Staff to recommend that the Commission endorse the Proposed Amendment to the Approved HRTAC FY2020 Administrative and Project Development Budget reflected in the enclosed proposed budget amendment (the “Proposed Amendment – Approved HRTAC FY2020 Administrative and Project Development Budget”) and authorize the Finance Committee to hold a public hearing regarding the proposed budget amendment.

**Background:**

State Code assigns responsibility of compliance of payment of the regional tax on motor fuels in Planning District 23 to the Department of Motor Vehicles (DMV). DMV conducts audits of the distributors required to make returns and pay or collect taxes under the law. Last fiscal year, DMV's External Audit Division expanded to four full-time auditors working on regional fuels tax collections, along with assistance from three other auditors and management oversight. In accordance with §58.1-2299.20, Code of Virginia, the actual costs for DMV's audit program will be paid by the Northern Virginia Transportation Commission (NVTC), the Potomac Rappahannock Transportation Commission (PRTC), and HRTAC. Between the three Commissions, the DMV audit group completed six audits last year and nine more are in process. The total cost for the auditors was \$378,769. The cost for each transportation district is based on their share of the total revenue distributed for the fiscal year. HRTAC's share of auditor costs for FY2019 was 52.8%, or \$199,933.31. For FY19, the completed audits generated over \$11 million in additional revenue for HRTAC. The Commission was notified of the increased audit costs beginning FY2019 invoice received on August 16, 2019. Previous year end audit costs had been significantly lower. To best prepare for this ongoing expense, HRTAC Staff has prepared a budget amendment to cover these costs and is requesting that the Finance Committee recommend that the Commission endorse the Proposed Amendment to the Approved HRTAC FY2020 Administrative and Project Development Budget.



**Fiscal Impact:**

There is a \$220,000 fiscal budget impact of in relation to this Action Item.

**Suggested Motion:**

Motion: The Finance Committee endorses the Proposed Amendment to the HRTAC FY2020 Administrative and Project Development Budget and authorizes the Finance Committee Chair to recommend the proposed amendment to the approved budget to the Commission and request that the Commission authorize the Finance Committee to conduct a public hearing on the Proposed Amendment to the HRTAC FY2020 Administrative and Project Development Budget.



**Proposed Amendment to the  
Adopted FY2020 Administrative and Project Development Budget**

CATEGORY	Approved Budget	Proposed Amendment	Proposed Amended Budget
<b>REVENUES</b>			
HRTF Support *	\$ -	-	-
Interest/Investment Income	5,597,390	-	5,597,390
<b>TOTAL REVENUE</b>	<b>\$ 5,597,390</b>	<b>-</b>	<b>5,597,390</b>
<b>EXPENDITURES</b>			
<b>PERSONNEL**</b>			
HRTAC Staff/Fringes/Leave Reserve	\$ 561,770	-	561,770.49
HRTPO/HRPDC Support Staff**	101,000	-	101,000
<b>SUBTOTAL PERSONNEL</b>	<b>662,770</b>	<b>-</b>	<b>662,770.49</b>
<b>PROFESSIONAL SERVICES</b>			
Audit	24,000	220,000	244,000
Trustee	15,000	-	15,000
Bank Fees & Investment Services	355,000	-	355,000
Legal	927,000	-	927,000
Financial Advisors	795,000	-	795,000
Insurance - D&O/Liability	4,120	-	4,120
Recruiting	2,000	-	2,000
Bond Issuance Expense/TIFIA	2,750,000	-	2,750,000
<b>SUBTOTAL PROFESSIONAL SERVICES</b>	<b>4,872,120</b>	<b>220,000</b>	<b>5,092,120</b>
<b>TECHNOLOGY/COMMUNICATION**</b>			
IT/Communications	5,000	-	5,000
LAN system/ Cloud	10,000	-	10,000
Website Consultant	2,000	-	2,000
<b>SUBTOTAL TECHNOLOGY/COMMUNICATION</b>	<b>17,000</b>	<b>-</b>	<b>17,000</b>
<b>ADMINISTRATIVE **</b>			
Public Notices/Advertising	1,000	-	1,000
Office Space	12,000	-	12,000
Office Supplies**	5,000	-	5,000
Furniture	500	-	500
Printing/Copying**	6,000	-	6,000
Dues/Subscriptions	1,000	-	1,000
Travel	8,000	-	8,000
Meeting Expenses**	5,000	-	5,000
Telephone**	1,500	-	1,500
Postage**	500	-	500
Professional Development	5,000	-	5,000
<b>SUBTOTAL ADMINISTRATIVE</b>	<b>45,500</b>	<b>-</b>	<b>45,500</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,597,390</b>	<b>\$ 220,000</b>	<b>\$ 5,817,390</b>

\* HRTF Support will be used if the Interest/Investment Income is less than budgeted.

\*\*Includes items to be reimbursed to HRPDC/HRTPO

**Agenda Item 5C**  
**Consent Item**

**To: Chair Hipple and the other members of the Finance Committee**

**From: Kevin B. Page, Executive Director**

**Date: September 12, 2019**

**Re: HRTAC Administrative Offices Lease Extension**

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**Recommendation:**

The Finance Committee is being asked to recommend to the Commission that it approve the HRTAC Administrative Offices Lease extension from December 1, 2019 to November 30, 2020 and authorize the Executive Director to execute the lease extension as per the lease agreement.

**Background:**

On November 9, 2015, HRTAC entered into a lease agreement with the Southeastern Public Service Authority (SPSA) to provide office and storage space to house the headquarters of the Commission. The initial term expired on November 30, 2018. In accordance with the lease agreement, two renewal terms of one year each are available. The lease term renewal for the period December 1, 2019 through November 30, 2020 includes a 5 percent increase of monthly rent due SPSA from \$963.20 to \$1,011.36. This lease term renewal is the final renewal period permitted in the lease agreement.

**Fiscal Impact**

In relation to this Consent Action Item, there will be no project impact to the HRTAC budget as this increase was already accounted for in the Approved 2020 HRTAC Administrative Budget.

**Suggested Motion:**

Motion. The Finance Committee endorses the HRTAC Administrative Offices Lease extension from December 1, 2019 to November 30, 2020 and authorizes the Executive Director to execute the lease extension as described in the lease agreement.



**To: Chair Hipple and the other members of the Finance Committee**

**From: Kevin B. Page, Executive Director**

**Date: September 12, 2019**

**Re: Amendment to the HRTAC Accounting Policies and Procedures**

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**Recommendation:**

The HRTAC Staff requests that the Finance Committee recommend to the Commission that it adopt the proposed amendment to Section XIII Financial Reports of the Adopted HRTAC Accounting Policies and Procedures.

**Background:**

On June 20, 2019, the Commission revised its adopted Accounting Policies and Procedures. During the Auditor's field work, it was determined that the Commission should adopt a sixty calendar day policy to establish the length of time following the end day of the closed fiscal year that costs incurred during that fiscal year but invoiced after the closing date would be accrued in the accounting documents to that fiscal year.

The proposed change to Section XIII Financial Reports of the Adopted HRTAC Accounting Policies and Procedures adds the following language to the end of Section XIII:

For purposes of development of the annual financial reports of the Commission, a sixty calendar day period following the closing day of the accounting fiscal year will be utilized as a rule to receive invoices resulting from the closed fiscal year's activities and record them in the previous fiscal year. Special exceptions to this rule may be made and estimated on a case-by-case basis and in coordination with the Commission's auditor.

**Fiscal Impact:**

There is no fiscal impact in relation to this Action Item.

**Suggested Motion:**

Motion: is the Finance Committee endorses the proposed change to Section XIII Financial Reports of the Adopted HRTAC Accounting Policies and Procedures and authorizes the Finance Committee Chair to recommend to the Commission that the proposed change be adopted.





## **ACCOUNTING POLICIES AND PROCEDURES**

**Adopted June 21, 2018**

**Revised December 13, 2018 and June 20, 2019**

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## I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at the Hampton Roads Transportation Accountability Commission (HRTAC) and to ensure that the financial statements conform to generally accepted accounting principles (GAAP); assets are safeguarded; and all finances are managed with accuracy, efficiency, and transparency.

Any HRTAC staff with a role in the management of fiscal and accounting operations is expected to comply with the policies and procedures in this manual.

These policies herein will be reviewed annually and revised as needed by HRTAC staff and approved by the Executive Director and Finance Committee of the Commission.

### Adoption, Revisions, and Incorporations

Description	Activity	Date
Interim Policies for Management of Cash, Bank Accounts, and Credit and Debit Cards	Adoption, Incorporation	October 15, 2015
Procurement of Goods and Services, Including Procedures for Certain Small Purchases	Adoption, Incorporation	October 15, 2015
Statement of Investment Policy	Adoption, Revised Revised Incorporation	June 16, 2016 December 13, 2018 June 20, 2019
Hampton Roads Transportation Fund Revenue Bonds Post-Issuance Bond Compliance Policy	Adoption, Incorporation	April 19, 2018



## **II. Division of Responsibilities**

The following is a list of personnel who have fiscal and accounting responsibilities:

### ***Commission***

1. Reviews and approves annual budget.
2. Reviews annual and periodic financial statements and information.
3. Reviews Executive Director's performance annually and establishes salary.
4. Chair and Co-Chair to be authorized signers on the bank accounts.
5. Reviews and approves all contracts over \$25,000.
6. Reviews and approves all non-budgeted expenditures.

### ***Finance Committee Chair***

1. Reviews and approves wire transfers.

### ***Executive Director***

1. Reviews and approves all financial reports.
2. Develops for approval and executes an approved annual budget.
3. Reviews and approves all issued checks and/or check signing procedures.
4. Reviews and approves all contracts.
5. Approves all bank transfers and wires prior to Finance Committee Chair approval.
6. Is on-site signatory for all bank accounts.
7. Reviews completed monthly bank reconciliations, journal entries and check register.

### ***Chief Financial Officer (CFO)***

1. Approves all bank transfers.
2. Approves all wire transfers.
3. Reviews all financial reports.
4. Is on-site signatory for all bank accounts.
5. Reviews completed monthly bank reconciliations, journal entries and check register.

### ***Accounting Manager***

1. Overall responsibility for data entry into accounting system and integrity of accounting system data.
2. Processes invoices and prepares checks for signature.
3. Makes bank deposits.
4. Processes payroll.
5. Processes all wire transfers.
6. Maintains general ledger.
7. Prepares monthly and year-end financial reports.
8. Reconciles all bank accounts.
9. Mails vendor checks.
10. Manages Accounts Receivable.
11. Assists Executive Director with the development of annual and program budgets.

### **III. Chart of Accounts and General Ledger**

HRTAC has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The general ledger is automated and maintained using accounting software, and should be reviewed periodically by HRTAC staff for any unusual transactions.

### **IV. Cash Receipts**

*Cash receipts generally arise from Sales and Use Tax and Fuels Tax (Note: bond generated reimbursement revenues are covered in the bond revenue section.)*

The principal steps in the cash receipts monthly process are:

1. The HRTAC Staff receives an email from an authorized Virginia Department of Transportation (VDOT) official indicating HRTAC member localities' tax contributions.
2. Simultaneously, VDOT submits a request to Treasury to have the funds transferred to HRTAC.
3. The HRTAC Accounting Manager will receive an email from Virginia Department of Accounts confirming a wire transfer.
4. The HRTAC Accounting Manager reviews the obligation to debt service and follows the steps of the Waterfall detailed in HRTAC's HRTF Series 2018A Master Indenture. (See Section XIII.)
5. The HRTAC Accounting Manager then notifies the HRTAC financial advisor and Executive Director of the remaining balance and any outstanding payments to others and requests to be advised on the best strategy for the deposit of funds into HRTAC's laddered portfolio.
6. The recommendation of the Executive Director is transmitted by the HRTAC Accounting Manager via email to the Chair of the Finance Committee for approval.
7. Upon receipt of approval by the Finance Committee Chair, the funds are deposited into the respective account.

### **V. Bank Account Transfers**

Bank accounts and relationships with investment institutions must be authorized and established pursuant to resolutions adopted from time to time by the Commission.

Fluid cash checking account balances are monitored to assure adequate funds are available to cover the expenses of the Commission. The HRTAC Accounting Manager receives approval of total transfer amount from the Finance Committee chair and recommends to the Executive Director when a transfer should be made. Once all approvals have been obtained a wire transfer sheet is generated and approved by the Executive Director and the CFO. The HRTAC Accounting Manager initiates the electronic bank transfer and it must be approved on line by the CFO. A copy of the approvals and wire transfer is retained in the accounting department.

Electronic funds transfers, using the Automated Clearing House (“ACH”) network, such as direct debit payments, may be made from the Commission’s bank accounts, subject to the following:

1. ACH transfers/direct debit payments shall be used solely for the following:
  - Employee payroll
  - Treasury payments of payroll-related taxes
  - Employee expense reimbursements which have been duly approved
  - Recurring monthly payment obligations of the Commission, such as rent and utilities, that are contemplated by the Commission’s operating budget.
2. For the avoidance of doubt, an ACH transfer/direct debit shall not under any circumstance be used to pay any personal charge of any employee.
3. All ACH transfers/direct debit payments must be implemented/effectuated by the CFO or his or her designee, provided that such person is acting in accordance with written instructions (which may be given electronically) from the Chair (or Vice Chair) of the Finance Committee and the Executive Director.
4. All ACH transfers/direct debit payments will be tracked through the monthly bank statements and reconciled to the accounting system transactions.

## **VI. Cash Disbursements and Expense Allocations**

1. All cash, checks and other payments received by the Commission shall be recorded in the Commission’s books and records and deposited into a Commission bank account, which deposit in the case of cash or checks should be made within 24 business hours of receipt.
2. No cash withdrawals are permitted from any Commission bank account.
3. No Commission check may be made payable to “cash” or “bearer.”
4. Commission checks must be kept in a secure location and executed in accordance with the Commission’s Bylaws and applicable resolutions, which presently require dual signatures. When made, checks shall be copied and recorded in the Commission’s books and records, including its check ledger.

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements

Checks are processed monthly and invoices submitted to the HRTAC Accounting Manager by the first of the third week of the month will be processed and paid by Friday of the same week. The HRTAC Accounting Manager will assign the general ledger account code.

Requests for cash disbursements are submitted to Accounting in two ways:

1. Original invoice
2. Employee expense report or reimbursement request

Every employee reimbursement or purchase request must be documented on the approved form with receipts, and business nature before reimbursement approval. Specific documentation for each category is:

**Lodging** - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

**Meals and Entertainment** - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

**Other Expenditures** - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

All requests for payment will be reviewed by the designated staff for:

1. Expenditure and amount and appropriate allocation information. Once verified, payment will be processed and will be submitted to the Executive Director for approval and signature. All checks require a second signature from an authorized Commission member or staff member.
2. All documentation will be appropriately filed.

## **VII. Procurement of Goods and Services, Including Procedures for Certain Small Purchases (Adopted October 15, 2015)**

### **General**

The Virginia Public Procurement Act (“VPPA”) covers contracts made by the Hampton Roads Transportation Accountability Commission (the “Commission” or “HRTAC”) with nongovernmental contractors for the purchase or lease of goods, or for the purchase of services, insurance, or construction (as those terms are defined in the VPPA). The VPPA seeks, among other things, to enable public bodies in the Commonwealth to obtain high quality goods and services at reasonable costs. This Policy, including its small purchases procedures, is adopted to provide the Commission’s members, officers and employees with direction regarding the VPPA and its implementation.

Under the VPPA, covered contracts must be awarded after competitive sealed bidding, or competitive negotiation, as provided in the VPPA, unless otherwise authorized by law.

### **Exemptions**

Without limiting the exemptions under the VPPA that may be applicable from time to time, neither the competitive sealed bidding nor competitive negotiation procedures apply to: Contracts negotiated and awarded to a source that is determined in writing to be the sole source available for that which is to be procured: in order to use this exemption under Section 2.2-4303(E) of the VPPA, all requirements of the exemption, including the written determination and public notice requirements, must be observed; the written determination may be made by the Commission’s Executive Director if funds for the applicable contract are available under the Commission’s then-applicable operating budget, but copies of such determinations must be given to the Finance Committee within five (5) business days after being made.

Contracts awarded in case of emergency: however, such procurement shall be made with such competition as is practicable under the circumstances. In order to use this exemption under Section 2.2-4303(F) of the VPPA, all requirements of the exemption, including the written determination and public notice requirements must be observed; the written determination may be made by the Commission’s Executive Director if funds for the applicable contract are available under the Commission’s then-applicable operating budget, but copies of such determinations must be given to the Finance Committee within five (5) business days after being made.

Purchases made from another public body’s contract, even if the Commission did not participate in the request for proposal or invitation to bid, if the request for proposal or invitation to bid specified that the procurement was a cooperative procurement being conducted on behalf of other public bodies; however, this exemption under Section 2.2-4304 of the VPPA is subject to the limitations set forth therein.

Single or term contracts for goods and services that fit within the dollar limitations and other parameters set forth in Section 2.2-4303(G) of the VPPA if they are entered into pursuant to small purchases procedures that have been adopted by the Commission in writing; the Commission's small purchases procedures are set forth in the chart below; these procedures may not be used for single or term contracts for transportation-related construction.

<b><u>Estimated Cost of Small Purchase</u></b>	<b><u>Procedure with Small Purchase</u></b>
When the aggregate or the sum of all phases is expected to be <u>less than</u> \$500	Purchase may be made upon receipt of one (1) or more written or telephone quotes. As applicable, complete either (a) a Purchase Approval Form (attached hereto as <u>Exhibit A</u> ) or (b) a Credit Card Form (attached hereto as <u>Exhibit B</u> ), and submit such form to the Executive Director for approval. Once approval is granted, instruct vendor to invoice HRTAC for payment or charge to HRTAC credit card, as applicable.
When the aggregate or the sum of all phases is expected to be <u>between</u> \$500 and \$1,499	Requires at least three (3) attempted telephone, catalog, eVA Quick Quote, or electronic/written quotes to be obtained. Efforts should be made to obtain one or more of those quotes from vendors listed in the Department of Small Business and Supplier Diversity database as being SWaM (Small, Women-owned and Minority-owned Business) certified or DBE (Disadvantaged Business Enterprise) certified. Complete a Purchase Approval Form, attach quotes and submit to the Executive Director for approval. The form will then be submitted to the Chief Financial Officer ("CFO") and Executive Director for budgetary and final approvals respectively. After CFO and Executive Director approvals have been obtained, order and have vendor invoice directly.
When the aggregate or the sum of all phases is expected to be <u>between</u> \$1,500 and \$4,999	Requires at least three (3) attempted written (which may be electronic) quotes, including eVA Quick Quotes, to be obtained. Efforts should be made to obtain one or more of those quotes from vendors listed in the Department of Small Business and Supplier Diversity database as being SWaM certified or DBE certified. Complete a Purchase Approval Form, attach quotes and forward to the Executive Director for approval. It will then be submitted to the CFO and Executive Director for budgetary and final approvals respectively. After CFO and Executive Director approvals have been obtained, order and have vendor invoice directly.

<p>When the aggregate or the sum of all phases is expected to be <u>between</u> \$5,000 and \$25,000</p>	<p>Requires at least four (4) attempted written (which may be electronic) quotes, including eVA Quick Quotes, to be obtained. Efforts should be made to obtain one or more of those quotes from vendors listed in the Department of Small Business and Supplier Diversity database as being SWaM certified or DBE certified.</p> <p>Complete a Purchase Approval Form and a Requisition Form (attached hereto as <u>Exhibit C</u>), attach quotes, and forward to the Executive Director for approval. It will then be submitted [to the Computer Network Manager (if applicable) and on] to the CFO and Executive Director for budgetary and final approvals respectively. After the CFO and Executive Director have approved the Requisition, it and all attachments (quotes, Purchase Approval Form, etc.) will be submitted to the Procurement Officer who will create a Purchase Order ("PO"), submit the PO to the vendor, send a copy of the PO to appropriate employees involved, and establish the PO in the accounting system.</p>
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NOTE: Re-quotes may be required should none of the research produce prices, quality or quantities desired. Should re-quotes be required, approval by the Executive Director must be obtained before contacting vendors. ALL responding vendors must be contacted for the opportunity to re-quote.

## **EXHIBIT A**

### **Purchase Approval Form**



## HRTAC PURCHASE APPROVAL FORM

Date of Request: \_\_\_\_\_

Pursuant to the Small Purchases Procedures included in the HRTAC “Policy Relating to Procurement of Goods and Services, Including Procedures for Certain Small Purchases” (the “Purchasing Policy”) the undersigned purchaser (the “Purchaser”) hereby requests approval to make the following purchase(s):

Description of Item(s)	Proposed Use/ Reason	Expense Code*

\* If applicable.

Below please provide a summary of quotes obtained for the above described item(s), and, if applicable, attach written quotes. ***Please see the Purchasing Policy for the required number and form of quotes.***

	Vendor/Supplier	Summary of Quoted Price (If applicable, please provide price per unit and total price.)	SWaM or DBE	Additional Comments
1				
2				
3				
4				

Based on the information above, Purchaser recommends the following vendor/supplier:

Once approval is granted by the Executive Director and, for purchases over \$500, the Chief Financial Officer, Purchaser may make the purchase described above and should instruct the vendor/supplier to invoice HRTAC. Purchaser is responsible for retaining documentation of the purchase and reconciling it to the applicable invoice.

**Purchaser:**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Date

**Approved by Executive Director:**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Date

**Approved by Chief Financial Officer:**  
*(Required for purchases over \$500)*

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Date

## **EXHIBIT B**

### **Credit Card Form**

**HRTAC**  
**Credit Card Form**  
**(Relating to Purchases Made with Card)**

Date of Request: \_\_\_\_\_

Vendor/Supplier: \_\_\_\_\_

Pursuant to the Small Purchases Procedures included in the HRTAC "Policy Relating to Procurement of Goods and Services, Including Procedures for Certain Small Purchases," the undersigned (the "User") hereby requests approval to use the HRTAC ☐ credit card / ☐ debit card (**check applicable box**) to make the following purchase(s):

Description of Item	Proposed Use/ Reason	Projected Amount	Expense Code**
Total:* \$ _____			

\*Total may not exceed \$500.00. \*\* If applicable.

Once approval is granted by the Executive Director (as indicated by his or her signature below), User may use the HRTAC credit card or debit card (as indicated above) to make the purchase(s) described above. User is responsible for retaining documentation of purchases and reconciling them to the monthly credit/debit card statement.

**By signing below, User agrees to the following:**

*The use of Commission issued debit/credit cards (a "Purchase Card") is an important privilege that is intended to facilitate business by the Commission. Adherence to the Commission's Purchase Card Policy is vital in ensuring not only the continuation of this privilege, but also in ensuring that neither you nor the Commission is subjected to financial hardship or public criticism.*

*I, the undersigned User, have read and understand the Commission's Purchase Card Policy. I agree to abide by all provisions of the Purchase Card Policy, and understand that violations of the Policy could result in legal or disciplinary actions, including termination.*

**User:**

Print Name: \_\_\_\_\_

\_\_\_\_\_ Date

**Approved by Executive Director:**

Print Name: \_\_\_\_\_

\_\_\_\_\_ Date

## **EXHIBIT C**

### **Purchase Requisition Form**



Note: Attach copies of the Purchase Approval Form and the quotes obtained.

Once approval is granted by the Executive Director and the Chief Financial Officer, Requestor may make the purchase described above and should instruct the vendor/supplier to invoice HRTAC. Requestor is responsible for retaining documentation of the purchase and reconciling it to the applicable invoice.

**Requestor**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Date

**Approved by Executive Director:**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Date

**Approved by Chief Financial Officer:**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Date

## **VIII. Credit/Debit Card Policy and Charges**

1. This Policy applies to any and all debit cards and credit cards (each, a "Purchase Card") issued in respect of the Commission or its accounts and is adopted to provide the Commission's members, officers and employees direction regarding the authorized uses of such Purchase Cards and the steps that must be followed to issue and monitor them.
2. The Executive Director shall be authorized to obtain one credit card in the name of the Commission, which credit card shall have an aggregate monthly transaction limit of \$15,000, and a single purchase limit of \$2,000. The purpose of obtaining a credit card is to facilitate transactions effected on behalf of the Commission, not to utilize a line of credit.
3. The Executive Director is also authorized to obtain debit cards, provided that there shall not be more than three debit cards issued and outstanding from time to time and the maximum available funds under each such card shall be \$1,000.
4. Purchase Cards (credit and debit) shall be used by authorized Commission officers or employees solely to pay for small purchases made in accordance with the Commission's small purchases procedures. At no time may any Purchase Card be used for any type of personal charge. See below for illustrative "Authorized Uses" and "Unauthorized Uses."
5. Illustrative authorized uses of Purchase Card(s) include the following:
  - a) Travel costs:
    - Airfare
    - Lodging
    - Shuttle service
    - Rental vehicles
    - Gasoline for rental vehicles
    - Gasoline for personal vehicles when used and documented usage is for official Commission business.
  - b) Purchases:
    - Meals
    - Office supplies
    - Express mail service and freight service
6. Illustrative unauthorized uses of Purchase Card(s) include the following:
  - Personal meals
  - Personal telephone usage and movie rentals included in lodging bills associated with official business purposes
  - Cash advances



- Purchases by persons who are not officers, members or employees of the Commission
- Purchases prohibited by the Virginia Public Procurement Act or applicable Commission policies
- Purchases in which one or more users of a Purchase Card break a purchase of the same or related goods or services into multiple purchases to circumvent the usage limits or other limitations described herein or any other applicable Commission policy

7. All charges will be billed directly to the Commission, reconciled and paid, or disputed, monthly. Purchase logs must be maintained as each purchase is made. A new purchase log must be established at the beginning of each new billing cycle. The cardholder is responsible for retaining documentation of purchases and returns and reconciling them, with the aid of the purchasing log, to the monthly charge card statement. At the end of the billing cycle, the cardholder shall deliver the documentation to the CFO together with a written certification that the goods and services identified therein were purchased in accordance with this policy.
8. Prior to issuance and usage of a Purchase Card, each authorized person shall be required to read and sign the statement below regarding the use of a Purchase Card:

*The use of Commission issued debit/credit cards (a "Purchase Card") is an important privilege that is intended to facilitate business by the Commission. Adherence to the Commission's Purchase Card Policy is vital in ensuring not only the continuation of this privilege, but also in ensuring that neither you nor the Commission is subjected to financial hardship or public criticism.*

*I, (Name of Certifying Person), have read and understand the Commission's Purchase Card Policy. I agree to abide by all provisions of the Purchase Card Policy and understand that violations of the Policy could result in legal or disciplinary actions, including termination.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## **IX. Accruals**

To ensure a timely close of the General Ledger, HRTAC may book accrual entries. Some accruals will be made as recurring entries.

## **X. Bank Account Reconciliations**

1. All bank statements are opened, date stamped and forwarded to the Accounting Manager who prepares the reconciliation and reviews for any unusual activity.
2. A timely reconciliation including: as a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. Statements will be verified that voided checks are appropriately defaced, filed, and any checks that are outstanding over six months will be investigated.
4. The completed bank reconciliation is attached to the applicable bank statement, along with all documentation will be retained for filing purposes. Before filing, the reconciliation package is forwarded to the CFO for review and approval. Once approved, it is returned to the Accounting Manager for filing.
5. An internal circulation reconciliation report will be generated and reviewed by the Executive Director and CFO.

## **XI. Property and Equipment**

Property and equipment includes items such as; but are not limited to:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than five thousand dollars (\$5,000). Items purchased with a value or cost less than five thousand dollars (\$5,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months

Computer Software  
Leasehold improvements

36 months  
Length of lease

1. A Fixed Asset Log is maintained by HRTAC staff including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, and life of asset.
2. The Log will be reviewed and amended by HRTAC staff when appropriate and all changes to the log shall be made in writing by the Accounting Manager.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. Depreciation will be recorded no less than annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

## **XII. Payroll Processing**

1. Timesheets are to be prepared by all staff on the approved form and submitted semi-monthly no later than 3 days before payday. Should the payday fall on a weekend or holiday, the timesheets are to be submitted the 3<sup>rd</sup> day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.
2. Timesheets are to be kept on a daily basis and completed electronically.
3. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable.
4. Timesheets are to be signed and dated by the employee and the employee's supervisor for submission to the designated staff.
5. Payroll will be processed in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
6. Paychecks will be distributed on the 15<sup>th</sup> and last day of the month. If the 15<sup>th</sup> and/or the last day of the month fall on a weekend or holiday the paychecks will be distributed the day before.
7. All employees will be paid by direct deposit.
8. Federal and State taxes will be paid electronically on the date of the payroll.
9. All quarterly federal and state payroll reports will be prepared and filed appropriately.

10. All W-2 statements are issued to employees prior to January 31<sup>st</sup> of the following year for the prior calendar year.

### **XIII. Financial Reports**

The HRTAC Accounting Manager will prepare the monthly Hampton Roads Transportation Fund (HRTF) financial report for review by the Executive Director and CFO. The HRTF Report will be included in the HRTAC agendas and include: Totals Sheet, Sales and Use Tax received, Fuels Tax received, Projects Allocation, Projects Expenditures and a Summary Page.

A Cash Balance report is prepared for the Executive Director and Finance Committee Chair.

Periodic and annual financial reports will be submitted to the Finance Committee and Commission for review and approval.

For purposes of development of the annual financial reports of the Commission, a sixty calendar day period following the closing day of the accounting fiscal year will be utilized as a rule to receive invoices resulting from the closed fiscal year's activities and record them in the previous fiscal year. Special exceptions to this rule may be made and estimated on a case-by-case basis and in coordination with the Commission's auditor.

## **XIV. Bonds and Post Issuance Bond Policy**

### Proceeds from Bond Issuance

Once the proceeds are received from commercial close of the bond sale, the underwriter disburses the monies as follows:

- 1) Pay Cost of Issuance Invoices
- 2) Reimburse HRTAC for money paid on Projects covered under Adopted Reimbursement Resolutions
- 3) Invest remaining bond proceeds in SNAP until HRTAC authorizes payments for eligible projects

### Revenue Distribution Waterfall Post Bond Issuance

When the monthly HRTF revenues transfer/deposit is received (Sales & Use Tax and Fuels Tax), HRTAC will distribute the funds in accordance with the HRTAC HRTF Series 2018A Master Indenture 'Waterfall' as follows:

- 1) Debt Service Funds
- 2) Debt Service Reserve Funds (if any)
- 3) Rebate Fund (if necessary)
- 4) Interest Payment
- 5) Operating Account
- 6) Operating Reserve Account
- 7) General (remainder)

**HAMPTON ROADS TRANSPORTATION FUND REVENUE  
BONDS  
POST-ISSUANCE BOND COMPLIANCE POLICY  
(Adopted April 19, 2018)**

This policy summarizes the federal law regulatory compliance responsibilities of the Hampton Roads Transportation Accountability Commission (the “Commission”) with regard to its tax-exempt bond issues. These responsibilities consist of compliance with (1) federal income tax regulations relating to the use and investment of bond proceeds, and (2) federal securities regulations relating to continuing disclosure to the market.

This policy is formulated to address, in a summary fashion, the assignment of general categories of responsibilities, and to specify the frequency of review and required duration of recordkeeping for each item. A more specific checklist to be used in connection with each individual bond issue is attached as Exhibit A to this document. Any questions that arise as to non-routine matters should be addressed to bond counsel. Each specific category of tasks should be assigned to one responsible department or individual.

Because most bond issues remain outstanding for long periods of time, and the possibility of IRS audit exists throughout the term of each bond issue, each individual or department with responsibilities under this policy should develop a plan detailing the steps that will be taken to transfer responsibilities and accumulated knowledge to successor personnel. Further, Commission record retention policies should be applied to bond-related materials with the recognition that tax regulations require the retention of most records relating to tax-exempt bond issues for the life of the bonds, including the life of any bonds that refund such bonds, plus 3 years. See “Record Retention,” see Section XVI below, for more detail.

## **Allocation of Bond Proceeds**

The Treasury Regulations set forth detailed allocation and accounting rules relating to the allocation of bond proceeds to expenditures. Allocations should reflect, among other things, compliance with the various rules that qualify uses of funds for temporary periods (i.e., periods during which unspent funds are not subject to yield restriction) and other limitations on expenditures.

Responsibility for this category: Executive Director

<b><i>Task</i></b>	<b><i>Responsible Party</i></b>	<b><i>Frequency of Review</i></b>
Prepare and maintain an expenditure summary showing the date, amount and purpose of each expenditure from bond proceeds, and including copies of all requisitions or advance certificates. (Expenditures should reflect compliance with limitations set forth in issue-specific non-arbitrage certificates in bond transcripts.)	_____	Monthly during draw-down periods
Request that bond counsel prepare reimbursement resolutions for projects to be financed with tax-exempt bond proceeds in the near future.	_____	Issue-specific <sup>1</sup>
If a reimbursement resolution has been adopted, bond proceeds can be used to reimburse expenditures made up to 60 days before the resolution date, and the bonds must be issued and proceeds allocated to each expenditure within 18 months after the later of (i) the date of the first expenditure to be reimbursed or (ii) the placed in service date of the project, but in no event later than three years after the expenditure was paid.	_____	Issue-specific
Bond proceeds for capital projects should be spent consistently with the “3-year temporary period” rule, meaning that (i) the project moves forward with diligence after closing, (ii) the Commission incurs within six months after closing a substantial binding obligation to a third party to expend at least 5 percent of the bond proceeds on the project, and (iii) all bond proceeds are expended on the project within 3 years after the date of issuance of the bonds.	_____	Issue-specific

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<sup>1</sup> Also refer to Exhibit A for bond issue-specific items.

## Investment of Bond Proceeds

Bond proceeds that are not immediately spent are regarded as “nonpurpose investments” while held in reserve, or until they are spent and allocated to expenditures in the manner described above. The yield on a nonpurpose investment must be restricted unless the type of investment qualifies for a “temporary period” during which such restriction is not required. In order to prevent artificially depressing yield, nonpurpose investments must be purchased at fair market value. In addition, any arbitrage that the Commission in fact earns, even during a temporary period or in a reasonably required reserve fund, must be rebated to the federal government, unless an exception to rebate applies.

Responsibility for this category:            Executive Director

<i>Task</i>	<i>Responsible Party</i>	<i>Frequency of Review</i>
Avoid the formal or informal creation of funds reasonably expected to be used to pay debt service on bonds without determining in advance whether such funds must be invested at restricted yield. (Such funds may be deemed to be “replacement proceeds” of the bonds, which are subject to yield restriction requirements.)	_____	Semi-annual
Prepare and maintain a summary of investment transactions in order to assist with arbitrage rebate compliance analysis.	_____	Quarterly
Obtain computation of the “yield” of the bonds and establish a procedure to track the return on invested bond proceeds.	_____	Issue-specific
Monitor compliance with “temporary period” expectations for spending bond proceeds ( <u>e.g.</u> , three years for a construction fund)	_____	Issue-specific
When required, provide for yield restriction of investments, or “yield reduction payments” if restrictions cannot be met.	_____	Issue-specific
Monitor compliance with 6-month, 18-month, or 24-month spending exceptions to rebate requirement, including percentage milestones required by the Treasury Regulations.	_____	Issue-specific
Engage an outside arbitrage rebate consultant to prepare computations of rebate liability and, if rebate is payable, timely file Form 8038-T and pay the amount of rebate that is due. (Rebate is ordinarily due at 5-year intervals.)	_____	Issue-specific
Maintain the special records required to establish that certain investments ( <u>e.g.</u> , guaranteed investment contracts, certificates of deposit, defeasance escrows) are purchased at fair market value; this may include the requirement of receiving multiple bids.	_____	Issue-specific



## **Use of Bond Financed Facilities**

Property financed with tax-exempt bond proceeds generally must be used for governmental purposes and not used for, secured or paid by, or leased to any private trade or business. However, a *de minimis* amount of private use (no more than 10%) is allowed in most circumstances, as is use by the general public. In addition, no more than 5% of proceeds of bonds allocated to private use may be used in connection with private business use that is unrelated or disproportionate to the governmental use financed by the issue. Service contracts, management contracts and other arrangements may be maintained with private or federal government entities without implicating private use so long as certain regulatory safe harbors are met or the contract is reviewed and approved by bond counsel.

Responsibility for this category:      Executive Director

<i><b>Task</b></i>	<i><b>Responsible Party</b></i>	<i><b>Frequency of Review</b></i>
Establish internal processes for tracking which outstanding bond issues financed which facilities and in what amounts.	_____	Annual
Make periodic reviews to ensure there is no more than 10% in aggregate amount of bond-financed facilities that can be attributed to private use or special legal entitlements (arrangements comparable to the conveyance of priority rights to use bond-financed facilities) involving private entities or federal government users (other than the <i>de minimis</i> allowable amount).	_____	Annual
Consult with bond counsel in making periodic reviews of service, management, and other contracts to ensure continuing compliance with regulatory safe harbors.	_____	Annual
Ensure that no more than 5% of the proceeds of governmental bonds allocated to private use are used in connection with private business use that is unrelated or disproportionate to the government use financed by the issue.		Annual
Promptly consult with bond counsel as to any possible change of use or private use of bond-financed facilities. "Remedial action" for such "change of use" may require redemption or defeasance of bonds or expenditures for other qualified purposes within specified time periods.	_____	As events arise

## **Changes in Terms**

Proposed changes to the terms of tax-exempt bonds must be carefully scrutinized to determine if the changes cause the bonds to be “reissued” for federal income tax purposes. Avoiding a reissuance is often important in order to avoid the application of subsequent, often more restrictive, changes in law and tax-exempt bond eligibility requirements, and the requirements of filing a new IRS Form 8038-G, obtaining an arbitrage rebate report and in some cases obtaining new public approvals.

Responsibility for this category: Executive Director

<i>Task</i>	<i>Responsible Party</i>	<i>Frequency of Review</i>
Consult with bond counsel before engaging in post-issuance credit enhancement transactions or hedging transactions.	_____	Issue-Specific
Identify any post-issuance changes to the terms of the bonds that could be treated as a tax reissuance, such as changes in yield in an amount greater than 25 basis points, material deferral of scheduled debt service payments, including extensions of maturities, and changes in obligor or security that affect payment expectations.	_____	Issue-Specific

## **Record Retention**

Responsibility for this category: Executive Director

<i>Task</i>	<i>Responsible Party</i>	<i>Frequency of Review</i>
Keep all closing transcripts prepared by bond counsel, including a copy of each filed IRS Form 8038-G; and maintain general records relating to each bond issue for the life of the issue (plus any refunding of the issue) plus three years.	_____	Issue- Specific
Maintain all special records required by the safe harbors for investment contracts or defeasance escrows.	_____	Issue-Specific
Maintain records of identification on the Commission’s books and records of any “qualified hedge” contract.	_____	Issue-Specific

## Continuing Disclosure Requirements

Securities regulations applying to publicly issued bonds, and in many cases loan covenants in private placements, require continuing disclosure obligations.

Responsibility for this category:      Executive Director

<i>Task</i>	<i>Responsible Party</i>	<i>Frequency of Review</i>
<p>Manage preparation and dissemination of required annual disclosures of financial and operational information, including:</p> <ul style="list-style-type: none"> <li>(a) Audited financial statements of the Commission; and</li> <li>(b) Updated operating data of the type described in the Official Statement for the Series 2018A Bonds in (i) Table I: "Historical Hampton Roads Transportation Fund Revenues," (ii) Appendix E, Table 1: "HRTF Revenues Fiscal Year 2014 to Date," (iii) Appendix E, Table 2: "Hampton Roads Transportation Fund (HRTF) Revenues and Expenditures," and (iv) Appendix E, Table 3: "Hampton Roads Transportation Fund (HRTF) Transportation Project Expenditures."</li> </ul>	_____	Annual
<p>Review required event notices list (applicable events must be disclosed on EMMA no more than ten (10) business days after their occurrence):</p> <ul style="list-style-type: none"> <li>(a) Principal and interest payment delinquencies;</li> <li>(b) Non-payment related defaults, if material;</li> <li>(c) Unscheduled draws on any debt service reserves maintained with respect to the bonds, reflecting financial difficulties;</li> <li>(d) Unscheduled draws on any credit enhancement maintained with respect to the bonds, reflecting financial difficulties;</li> <li>(e) Substitution of credit or liquidity providers, or their failure to perform;</li> <li>(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds;</li> <li>(g) Modifications to rights of bondholders, if material;</li> <li>(h) Bond calls, if material, and tender offers;</li> <li>(i) Defeasance of all or any portion of the bonds;</li> <li>(j) Release, substitution, or sale of property securing repayment of the bonds, if material;</li> <li>(k) Rating changes;</li> <li>(l) Bankruptcy, insolvency, receivership or similar event of the issuer;</li> <li>(m) Consummation of a merger, consolidation, or acquisition involving the issuer or the sale of all or substantially all of the assets of the issuer, other than in the ordinary course of business, or the entry into a definitive agreement to undertake such a transaction; and</li> <li>(n) Appointment of a successor or additional bond trustee or the change of name of a trustee, if material.</li> </ul>	_____	As events arise

## **Voluntary Disclosure**

If the Commission chooses to provide information to the market beyond what is specifically required by its continuing disclosure obligations (discussed above), all releases of information which can be expected to reach the bond market must be in compliance with the anti-fraud rules under the Securities Exchange Act ("Rule 10b-5") (i.e., the information that is provided must not be materially inaccurate or misleading in the context in which it is provided). In addition, disparities in disclosure by a municipal bond issuer to various investors should be minimized, as such disparities can negatively impact market perception of an issuer and can lead to Rule 10b-5 claims. The best course of action is to take steps to assure uniform dissemination of information to the maximum extent practicable, such as through posting of disclosures on the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board.

Responsibility for this category:      Executive Director

<b><i>Task</i></b>	<b><i>Responsible Party</i></b>	<b><i>Frequency of Review</i></b>
Designate a municipal bonds investor-relations specialist, responsible for responding to inquiries from market participants.	_____	Annual
Disclosed information should be periodically reviewed to determine whether inconsistent information is being provided through marketing materials, press kits, or Internet sites.	_____	Quarterly
Maintain a record of all contacts with market participants, including contact information and summaries of the questions presented and responses (if any) given. This record should be periodically reviewed and analyzed as to the need to make public releases (EMMA postings) of information to minimize any instances of selective or inconsistent disclosure.	_____	Monthly
All information prepared for public release shall be reviewed by one or more members of the Commission and by counsel.	_____	Issue-Specific

## EXHIBIT A

## TRANSACTION CHECKLIST

KEY PARTICIPANTS		
	Responsible Department or Individual:	Executive Director
	Bond Counsel:	Kaufman & Canoles
	Trustee:	Wilmington Trust
	Paying Agent:	Wilmington Trust
	Rebate Specialist:	
	Dissemination Agent:	
	Other:	
	Other:	

A. TAX LAW REQUIREMENTS	Document Reference	Responsibility
1. <b>General Matters.</b>		
(a) Proof of filing Form 8038-G.		
(b) Any "Significant modification" to bond documents results in reissuance under Treas. Reg. § 1.1001-3 – proof of filing new Form 8038, etc., plus final rebate calculation on pre-modification bonds.		
2. <b>Use of Proceeds</b>		
(a) No private business use arrangement with private entity (includes federal government) beyond permitted <i>de minimis</i> amount, unless cured by remedial action under Treas. Reg. § 1.141-12.		
(i) Sale of facilities.		
(ii) Lease.		
(iii) Nonqualified management contract. Rev. Proc. 97-13.		
(iv) Nonqualified research contract. Rev. Proc. 97-14.		
(v) "Special legal entitlements" (e.g. any other arrangement comparable to the conveyance of priority rights to the use of bond financed facilities)		
(b) Change of use remedial action may consist generally of redemption or defeasance of bonds (with notice of defeasance to IRS). Where disposition is a cash sale, remedial action may be an alternative qualifying use of proceeds. Alternative use must have proof of filing new Form 8038-G, and other "new money" requirements <b>prior to the sale of original facilities.</b>		

<b>3. Arbitrage.</b>		
(a) Rebate. IRC § 148(f).		
(i) First installment of arbitrage rebate (at least 90% of rebate amount) due on fifth anniversary of bond issuance plus 60 days.		
(ii) Succeeding installments (at least 90% of rebate amount) every five years.		
(iii) Final installment (total rebate amount) 60 days after retirement of last bonds of issue.		
(iv) Monitor expenditures prior to semi-annual target dates for six-month, 18-month, or 24-month spending exception to rebate.		
(b) Monitor expenditures generally against date of issuance expectations for three-year temporary period.		
(c) For advance refunding escrows, confirm that any scheduled purchased of State and Local Government Series (SLGs) U.S. Treasury securities are made on the scheduled date.		
<b>4. Record Retention.</b>		
(a) Maintain general records relating to issue for life of issue plus any refunding plus three years.		
(b) Maintain special records required by safe harbor for investment contracts or defeasance escrows. Treas. Reg. § 1.148-5.		
(c) Maintain record of identification on the Commission's books and records of "qualified hedge" contract. Treas. Reg. § 1.148-4(h)(2)(viii), § 1.148-11a(i)(3) and § 1.148-4(h)(4).		
<b>5. Bond Proceeds Used for Reimbursement.</b>  Make any allocations of bond proceeds for reimbursement not later than 18 months after the later of (a) the date the expenditure is paid or (b) the date the Project is placed in service or abandoned, but in no event more than 3 years after the expenditure is paid. Treas. Reg. § 1.150-2.		
<b>B. DISCLOSURE REQUIREMENTS</b>		
<b>1. SEC Rule 15c2-12 Requirements.</b>		
(a) Determine applicability of continuing disclosure undertaking ("CDU").		
(b) Identification of the Commission as "obligated person" for purposes of Rule-15c2-12.		
(c) Name of Dissemination Agent, if applicable.		

(d) Periodically determine that required CDU filings have been prepared, sent to and received by EMMA.		
(e) Any information required to be provided to EMMA:		
(i) Annual Reports.		
(1) Audited financial statements.		
(2) Historical HRTF Revenues, HRTF Revenues Last Five FYs to Date, HRTF Revenues and Expenditures, and HRTF Transportation Project Expenditures		
(ii) Other information.		
(1) Change of fiscal year.		
(2) Other information specified in CDU.		
(f) Event Disclosure.  Notification by the Commission to EMMA, in timely manner, of any following events with respect to bonds, if event is material within the meaning of the federal securities laws:		
(i) Principal and interest payment delinquencies.		
(ii) Non-payment related defaults, if material.		
(iii) Unscheduled draws on any debt service reserves maintained with respect to the bonds, reflecting financial difficulties.		
(iv) Unscheduled draws on any credit enhancement maintained with respect to the bonds, reflecting financial difficulties.		
(v) Substitution of credit or liquidity providers, or their failure to perform.		
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds.		
(vii) Modifications to rights of bondholders, if material.		
(viii) Bond calls, if material, and tender offers.		
(ix) Defeasance of all or any portion of the bonds.		
(x) Release, substitution or sale of property securing repayment of the bonds, if material.		
(xi) Rating changes.		

(xii) Bankruptcy, insolvency, receivership or similar event		
(xiii) Consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material		
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material		
(xv) Failure of the Commission on or before the date required by disclosure agreement to provide annual financial and operating information to the persons and in the manner required by any disclosure agreement		
(g) Failure of the Commission to timely file financial information (including audited financial statements) and operating data with EMMA.		
<b>2. Notification to Underwriters of Bonds.</b>  Determination of whether bond purchase agreement requires the Commission to notify underwriters for a specified period of time of any fact or event that might cause the official statement to contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.		
<b>3. Information Required to be Filed with Other Entities.</b>		
(a) Trustee or Bondholder.		
(b) Rating Agencies.		
(c) Bond Insurer (if any).		
(d) Credit Enhancer (if any).		
(e) Examples:		
(i) Financial records.		
(1) Annual.		
(2) Quarterly.		
(ii) Budgets.		
(iii) Issuance of additional bonds.		
(iv) Events of default.		
(v) Notices of redemption.		
(vi) Amendments to bond documents.		



<p>4. <b>Local Disclosure.</b></p> <p>Any Virginia and/or local requirements.</p>		
<b>C. MISCELLANEOUS REQUIREMENTS</b>		
<p>1. <b>Investments.</b></p> <p>Compliance with permitted investments.</p>		
<p>2. <b>Derivatives.</b></p> <p>Ongoing compliance with derivatives contracts, including any posting of collateral.</p>		

## **XV. Investment Policy**

### **STATEMENT OF INVESTMENT POLICY**

**(Adopted June 16, 2016, Revised December 13, 2018 and June 20, 2019)**

#### **A. INTRODUCTION**

The Hampton Roads Transportation Accountability Commission (“HRTAC” or “Commission”) is a political subdivision of the Commonwealth of Virginia created under §33.2-2601 et seq. of the Code of Virginia. All cash and investment activities shall be conducted in accordance with applicable law, including the Code of Virginia Hampton Roads Transportation Fund (“HRTF”; §33.2-2600 et seq.), Security for Public Deposits Act (“SPDA”; §2.2-4400 et seq.), Investment of Public Funds Act (§2.2-4500 et seq.), and Administration of the Transportation Trust Fund (§33.2-1525), the provisions of any applicable bond resolutions, and this Investment Policy (the “Policy”).

#### **B. SCOPE**

This Policy applies to the deposit and investment activities of all HRTAC funds that are eligible for investment except for any funds set aside for post-employment employee benefits. All financial assets of all funds including Hampton Roads Transportation Fund shall be administered in accordance with the provisions of the Policy. Although these funds may be pooled for investment purposes, they may be segregated as necessary for accounting and budgetary reporting purposes. For the purpose of this Policy, these funds are referred to collectively as the “Investment Portfolio”.

#### **C. OBJECTIVES**

All investments and deposits will be managed to accomplish the following fundamental goals:

- **Safety of Principal** - The single most important objective is the preservation of principal of those funds within the Investment Portfolio.
- **Maintenance of Liquidity** - The Investment Portfolio will be managed at all times with sufficient liquidity to meet all projected disbursement needs as well as to fund capital projects and other operational requirements which may reasonably be anticipated.
- **Maximizing Return** - The Investment Portfolio shall be managed so as to maximize the return on investments within the context and parameters set forth by the safety and liquidity objectives above.

#### **D. STANDARD OF PRUDENCE**

Public funds held and invested by HRTAC shall be held in trust for the citizens of the member jurisdictions and any investment of such funds shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

#### **E. DELEGATION OF AUTHORITY**

The Commission is responsible for the adoption of the Investment Policy, and must approve any revisions or alterations made to it.

HRTAC's Executive Director shall have responsibility for the operation of the cash management and investment program subject to: the Commission's Policies for the Management of Cash, Bank Accounts, and Credit and Debit Cards; the Commission's Policy Relating to Procurement of Goods and Services, Including Procedures for Small Purchases; this Investment Policy; and other policies adopted by the Commission.

Subject to the approval of the Commission, the Executive Director may engage external investment advisors as defined in this Policy, under Section M. Engagement of Investment Managers, to assist in managing HRTAC's Investment Portfolio and to provide advice on the administration of cash and investment activities.

No member of the Commission, or the Executive Director, or any employee of the Commission acting in accordance with Code of Virginia Section §33.2-1525 shall be personally liable for any loss relating to an investment in the absence of negligence, malfeasance, misfeasance, or nonfeasance.

#### **F. ETHICS AND CONFLICTS OF INTEREST**

The Executive Director and any HRTAC staff involved in the cash management and investment processes shall comply with the Code of Virginia Section §2.2-3100 et seq., the State and Local Government Conflict of Interests Act. Specifically, no staff shall:

- a) accept any money, loan, gift, favor, service, or business or professional opportunity that reasonably tends to influence him in the performance of his official duties; or
- b) accept any business or professional opportunity when he knows there is a reasonable likelihood that the opportunity is being afforded to influence him in the performance of his official duties.

The Executive Director and HRTAC staff shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair his ability to make impartial decisions.

## G. AUTHORIZED INVESTMENTS

Subject to applicable state laws, federal laws, bond resolutions, and in the case of the LGIP, VIP and Virginia SNAP funds, adoption by the Commission of necessary Resolutions, HRTAC's Investment Portfolio may be invested in the following Authorized Investments. The Executive Director may, but shall not be obligated to, impose additional requirements and restrictions to ensure that HRTAC's goals are met.

1. **U.S. Treasury Obligations.** Bills, notes and any other obligation or securities issued by or backed by the full faith and credit of the United States Treasury. The final maturity shall not exceed a period of five (5) years from the time of purchase. For all Authorized Investments the "time of purchase" shall be interpreted as the transaction settlement date.
2. **Federal Agency/Government Sponsored Enterprise Obligations.** Bonds, notes and other obligations of the United States, and securities guaranteed by any federal government agency or instrumentality or government sponsored enterprise, with a rating of at least "AA" (or its equivalent) by at least two NRSROs, one of which will be either Moody's Investors Services, Inc. ("Moody's"), or Standard & Poor's, Inc. ("S&P"). The final maturity shall not exceed a period of five (5) years from the time of purchase. Any investment in mortgage backed securities or collateralized mortgage obligations shall have a weighted average life that does not exceed five (5) years from the time of purchase.
3. **Municipal Obligations.** Bonds, notes and other general obligations of the Commonwealth of Virginia and its agencies, authorities, and political subdivisions upon which there is no default, has a rating of at least "AA" by S&P and "Aa" by Moody's, matures within three (3) years of the date of purchase, and otherwise meets the requirements of Code of Virginia §2.2-4501.
4. **Commercial Paper.** "Prime quality" commercial paper, with a maturity of 270 days or less, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of at least two of the following: P-1 by Moody's Investors Service, Inc., A-1 by Standard & Poor's, Inc., F-1 by Fitch Investor's Services, Inc., and D-1, by Duff and Phelps, Inc., and that otherwise meets the requirements of Code of Virginia §2.2-4502.
5. **Bankers' Acceptance.** Issued by domestic banks or a federally chartered office of a foreign bank, which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than "A-1" by S&P and "P-1" by Moody's.
6. **Corporate Notes.** High quality corporate notes with a rating of at least "A" by S&P and "A" by Moody's. For notes with ratings of A by S&P or Moody's the final maturity shall not exceed a period of three (3) years from the time of purchase. For notes with ratings of at least AA by S&P and Aa by Moody's, the final maturity shall not exceed a period of five (5) years from the time of purchase

7. **Negotiable Certificates of Deposit and Bank Deposit Notes.** Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least “A-1” by S&P and “P-1” by Moody’s for maturities of one year or less, and a rating of at least “AA” by S&P and “Aa” by Moody’s, for maturities over one (1) year. The final maturity may not exceed a period of five (5) years from the time of purchase.
8. **Bank Deposits and Non-Negotiable Certificates of Deposit.** Demand deposits, time deposits, and other deposits that comply with all aspects of SPDA or with §2.2-4518 with a final maturity no greater than two (2) years.
9. **Repurchase Agreements.** In overnight repurchase agreements provided that the following conditions are met:
  - a. the contract is fully secured by deliverable U.S. Treasury and Federal Agency/Government Sponsored Enterprise obligations as described in paragraphs 1 and 2 above, including the maximum maturity of three (3) years, having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;
  - b. a Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction;
  - c. the securities are free and clear of any lien and held by an independent third party custodian acting solely as agent for HRTAC, provided such third party is not the seller under the repurchase agreement;
  - d. a perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the City;
  - e. the counterparty is a:
    - i. primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or
    - ii. a bank, savings and loan association, or diversified securities broker-dealer having at least \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and
  - f. the counterparty meets the following criteria:
    - i. a long-term credit rating of at least ‘AA’ or the equivalent from an NRSRO.
    - ii. has been in operation for at least 5 years, and
    - iii. is reputable among market participants.
10. **Money Market Mutual Funds (Open-Ended Investment Funds).** Shares in open-end, no-load investment funds provided such funds are registered under the Investment Company Act of 1940 and provided that the fund is rated at least “AAAm” or the equivalent by an NRSRO. The mutual fund must comply with all requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange Commission, provided the investments by such funds are restricted to investments otherwise permitted by the Code of Virginia for political sub-divisions.

11. **Local Government Investment Pool (LGIP).** A specialized commingled investment program that operates in compliance with Government Accounting Standards Board's Statement 79 ("GASB 79) that was created in the 1980 session of the General Assembly (Code of Virginia §2.2-4700 et seq.) designed to offer a convenient and cost-effective investment vehicle for public funds. The LGIP is administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAm by Standard & Poor's.
12. **Virginia Investment Pool (VIP).** A commingled investment program organized as a local government investment pool with oversight provided by a shareholder elected board of trustees. VIP is designed for the investment of longer-term monies that are not necessary for near term disbursement. VIP has a bond fund rating from Standard and Poor's of AAf/S1.
13. **Virginia State Non-Arbitrage Program's (Virginia SNAP) SNAP Fund.** A specialized commingled investment program that operates in compliance with GASB 79 and that was authorized by the Government Non-Arbitrage Act in 1989 (Code of Virginia §2.2-4700 et seq.). Virginia SNAP and the SNAP Fund are administered by the Treasury Board of the Commonwealth of Virginia. Virginia SNAP offers several investment options, including the SNAP Fund, and arbitrage rebate reporting services that are specifically designed for the investment of tax exempt bond proceeds.

## H. PORTFOLIO DIVERSIFICATION

The Investment Portfolio shall be diversified by security type and institution. The maximum percentage of the portfolio permitted in each eligible security is as follows:

Permitted Investment	Sector Limit	Issuer Limit
U.S. Treasury Obligations	100%	100%
Federal Agency/GSE Obligations	100%	35%
Municipal Obligations	15%	5%
Commercial Paper	35%	5%
Bankers' Acceptances	35%	5%
Corporate Notes	25%	5%
Negotiable Certificates of Deposit and Bank Deposit Notes	25%	5%
Bank Deposits and Non-Negotiable Certificates of Deposit	100%	100%
Repurchase Agreements	25%	25%
Money Market Mutual Funds	25%	25%
LGIP	100%	100%
VIP	25%	25%
Virginia SNAP-SNAP Fund (Proceeds of Tax Exempt Bonds Only)	100%	100%

In addition, HRTAC will hold no more than 10% of the outstanding shares of any comingled investment program including but not limited to money market mutual funds, LGIP, VIP, and/or the SNAP Fund.

#### **I. MAXIMUM MATURITY**

Maintenance of adequate liquidity to meet HRTAC's cash flow needs is essential. Accordingly, to the extent possible, the Investment Portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Whenever practical, selection of investment maturities will be consistent with known cash requirements in order to minimize the potential for a forced sale of securities in order to provide cash for disbursement needs.

To manage market value volatility, the duration and/or weighted average maturity of the total Investment Portfolio shall not exceed two (2) years.

#### **J. SECURITY DOWNGRADES**

In the event that any authorized investment held in the Investment Portfolio is downgraded below the minimum credit rating requirement established in Section G of this policy, the Executive Director shall be notified immediately and the downgraded security shall be liquidated in 30 days unless the Commission authorizes otherwise.

#### **K. INVESTMENT OF BOND PROCEEDS**

HRTAC intends to comply with all applicable sections of the Internal Revenue Code relating to Arbitrage Rebate and the investment of bond proceeds. All investment records will be maintained to ensure compliance with all regulations.

#### **L. SELECTION OF BROKER/DEALERS**

The Executive Director will maintain a list of broker/dealers that are approved for investment purposes. All broker/dealers who desire to provide investment services will be provided with current copies of the HRTAC's Investment Policy. Before an organization can provide investment services to HRTAC, it must confirm in writing that it has reviewed the Investment Policy and will not recommend or sell to HRTAC any security that is in conflict with the Policy.

At the request of the Executive Director, broker/dealers will supply HRTAC with information sufficient to adequately evaluate their financial capacity and creditworthiness. The following information will be provided:

- 1) Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines;
- 2) Proof of Financial Institution Regulatory Authority ("FINRA") certification
- 3) Proof of state registration;
- 4) Certification of having read and understood and agreeing to comply with the HRTAC's investment policy;

- 5) Evidence of adequate insurance coverage;
- 6) A sworn statement by an authorized representative of the broker/dealer pledging to adhere to “Capital Adequacy Standards” established by the Federal Reserve Board and acknowledging the broker/dealer understands that the HRTAC has relied upon this pledge; and
- 7) any additional information requested by the Executive Director in evaluating the creditworthiness of the institution.

Only firms meeting the following requirements will be eligible to serve as broker/dealers for HRTAC:

- 1) “Primary” dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- 2) Capital of at least \$10,000,000;
- 3) Registered as a dealer under the Securities Exchange Act of 1934;
- 4) Member of the Financial Institution Regulatory Authority (“FINRA”);
- 5) Registered to sell securities in the Commonwealth of Virginia; and
- 6) Engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.

If an external third-party Investment Manager is engaged, the Executive Director may designate that Investment Manager to maintain a list of approved broker/dealers.

## **M. ENGAGEMENT OF INVESTMENT MANAGERS**

HRTAC may engage one or more qualified firms to provide investment management services. All investment management firms who desire to provide investment services to HRTAC will be provided with current copies of the Investment Policy. Before an organization can provide investment services to HRTAC, it must confirm in writing that it has reviewed the Investment Policy and will not purchase for HRTAC any security that, at the time of purchase, is in conflict with the Policy.

Only firms meeting the following requirements will be eligible to serve as investment manager for HRTAC:

- 1) Registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940;
- 2) Must provide to HRTAC an annual updated copy of Form ADV, Part II;
- 3) Must be registered to conduct business in the Commonwealth of Virginia; and
- 4) Must have proven experience in providing investment management services under Code of Virginia §2.2-4500 et seq.

Any firm engaged by HRTAC to provide investment services shall:

- 1) Maintain a list of approved security brokers/dealers selected by creditworthiness who are authorized to provide investment services in the Commonwealth of Virginia;
- 2) Provide monthly reports of transactions and holdings to the Executive Director;



- 3) Provide quarterly performance reports that display investment performance in comparison to HRTAC's investment benchmarks;
- 4) Upon request must show that it has solicited at least three bids for any security purchased or sold on behalf of HRTAC; and
- 5) Not collect any soft dollar fees from any broker/dealer or other financial firm in relation to services provided to HRTAC.

## **N. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS**

All securities purchases and sales will be transacted only with designated broker/dealers through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers, taking into consideration current market conditions. Electronic bids will be accepted. HRTAC or its Investment Manager will accept the bid which: (a) offers the highest rate of return within the maturity required and (b) optimizes the investment objective of the overall Investment Portfolio, including diversification requirements. When selling a security, the bid will be selected that generates the highest sale price, consistent with the diversification requirements.

## **O. SAFEKEEPING AND CUSTODY**

All investment securities purchased by or for HRTAC shall be held by a third-party custodial agent that may not otherwise be counterparty to the investment transaction. The custodial agent shall annually provide a copy of its most recent Statement on Standards for Attestation Engagements (SSAE) No. 16 report.

All securities in HRTAC's Investment Portfolio will be held in the name of HRTAC and will be free and clear of any lien. Further, all investment transactions will be conducted on a delivery-vs.-payment basis. On a monthly basis, the custodial agent will provide reports that list details of all securities held for HRTAC including CUSIP, original cost, and market value as of month-end.

Original copies of non-negotiable certificates of deposit and confirming copies of all other investment transactions must be delivered to HRTAC or its custodial agent.

## **P. RECORDS AND REPORTS**

The Executive Director will review an investment performance report on at least a quarterly basis as provided by external investment managers and pooled investment programs. The Executive Director shall report investment performance to the Commission on a quarterly basis.

In addition to quarterly performance reports, monthly reports of balances and holdings shall be provided to the Commission. The reports shall consist of a summary of cash and investments by depository and manager and a listing of all investments.

**Q. PERFORMANCE STANDARDS**

The Investment Portfolio will be designed to obtain at least a market level rate of return, given budgetary and economic cycles, commensurate with HRTAC's risk tolerances and cash flow needs. HRTAC's portfolio management approach will be active, allowing periodic restructuring of the Investment Portfolio to take advantage of current and anticipated interest rate movements.

The returns on the Investment Portfolio will be compared on a quarterly basis to indices of U.S. Treasury securities having similar maturities or to other appropriate benchmarks as selected by the Executive Director. For funds having a weighted average maturity greater than 90 days, performance will be computed on a total return basis.

## **XVI. Fiscal Policy Statements**

1. All cash accounts owned by HRTAC will be held in financial institutions which are insured by the FDIC.
2. All capital expenditures which exceed five thousand dollars (\$5,000) will be capitalized.
3. No salary advances will be made under any circumstances.
4. Reimbursements will be paid upon complete expense reporting and approval using the official HRTAC Reimbursement form. Reimbursements to the Executive Director will be authorized by the Commission Chair.
5. The Executive Director, CFO and two designated Commission members are the signatories on HRTAC's bank accounts. All disbursements require a second signature by an authorized Commission or staff member. Each set of signatures must be either the Executive Director or CFO, AND one of the two Commission members.
6. Bank statements will be reconciled monthly and all statements will be given to the CFO for review.
7. Accounting and personnel records will be kept in locked file cabinets in the finance department or human resources department and only parties with financial and/or HR responsibilities will have access.

## **XVII. Records Retention**

1. **Purpose.** The purpose of this policy is to ensure that the Hampton Roads Transportation Accountability Commission ("HRTAC") is compliant with federal and state requirements for records retention.
2. **General.** The Virginia Public Records Act (Code of Virginia §§ 42.1-76 et seq.) defines public records: "Public record" or "record" means recorded information that documents a transaction or activity by or with any public officer, agency or employee of an agency. Regardless of physical form or characteristic, the recorded information is a public record if it is produced, collected, received or retained in pursuance of law or in connection with the transaction of public business. The medium upon which such information is recorded has no bearing on the determination of whether the recording is a public record.
3. **Specific Requirements of Policy.** HRTAC documents shall be maintained for the periods indicated in the schedules adopted by the Library of Virginia in accordance with the Public Records Act.
4. **Electronic Records.** Electronic records will be handled as if they were paper documents. If there is sufficient reason to keep an email message, the message should be printed in paper copy and kept in the appropriate file or moved to an "archive" computer file folder.
5. **Safekeeping.** The Executive Director shall designate a staff member with responsibility for compliance with this policy. HRTAC documents shall be maintained in a safe, and secure, and accessible manner. Electronic files will be backed up as needed.
6. **Destruction of Documents.** Financial and employee related documents will be destroyed by shredding. Document destruction will be suspended immediately upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

## XVIII. Glossary of Terms

**Bankers' Acceptance:** a draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Benchmark:** a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**Broker:** brings buyers and sellers together for a commission.

**Certificate of Deposit (CD):** a time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

**Collateral:** securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper:** An unsecured promissory note with a fixed maturity no longer than 270 days. Public offerings are exempt from SEC regulation.

**Corporate Notes:** Unsecured promissory notes issued by corporations to raise capital.

**Dealer:** acts as a principal in all transactions, buying and selling for his own account.

**Debenture:** a bond secured only by the general credit of the issuer.

**Delivery versus Payment:** delivery of securities with an exchange of money for the securities. (See also "Delivery versus Receipt")

**Delivery versus Receipt:** delivery of securities with an exchange of a signed receipt for the securities, also known as "free" delivery. (See also "Delivery versus Payment").

**Diversification:** allocation investment funds among a variety of securities offering independent returns.

**Federal Agency:** government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets, also referred to as Government Sponsored Enterprises or GSEs. The largest are Ginnie Mae, Fannie Mae, Freddie Mac, Federal Home Loan Banks, Federal Farm Credit Bank, Tennessee Valley Authority.

**Federal Funds:** funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

**Federal Funds Rate:** the rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open – market operations.

**Liquidity:** the ability of ease with which an asset can be converted into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be transacted at those quotes.

**Market Value:** the price at which a security is trading and could presumably be purchased or sold.

**Master Repurchase Agreement:** a written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

**Maturity:** the date upon which the principal or stated value of an investment becomes due and payable.

**Nationally Recognized Statistical Rating Organization (NRSRO):** A credit rating agency which issues credit ratings that the U.S. Securities and Exchange Commission (the "SEC") permits other financial firms to use for certain regulatory purposes. Several examples include Moody's Investor Service, Standard & Poor's and Fitch Ratings.

**Portfolio:** collection of securities held by an investor.

**Primary Dealer:** a group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**Rate of Return:** the yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**Repurchase Agreement (RP or REPO):** a agreement under which the holder of securities sells these securities to an investor with a commitment to repurchase the securities at a fixed price on a fixed date. The security's "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

**Safekeeping:** a service rendered by banks for a fee whereby securities and valuables of all types and descriptions are held by the bank for protection.

**SEC Rule 15C3-1:** see "Uniform Net Capital Rule".

**Securities and Exchange Commission (“SEC”):** agency created by Congress to protect investors in securities transactions by administering securities legislation.

**Treasury Bills:** a non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**Treasury Bonds:** long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**Treasury Notes:** medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**Yield:** the rate of annual income return on an investment, expressed as a percentage. Income/current yield is obtained by dividing the current dollar income by the current market price for the security. Net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**To: Chair Hipple and the other members of the Finance Committee**

**From: Kevin B. Page, Executive Director**

**Date: September 12, 2019**

**Re: Recommendation to the Commission to Authorize the Commission Chair and Staff to Complete and Execute the HRTF Backed TIFIA Loan Agreement, Bond Anticipation Note (BAN) Issuance, Supplemental Indenture for TIFIA, and Related Engagement Documents**

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**Recommendation:**

HRTAC Staff recommends that the Finance Committee endorse Resolution 2019-03 for the proposed HRTAC Subordinate Lien Revenue Bonds issue for up to \$550 million and Intermediate Lien Bond Anticipation Notes issue for up to \$500 million and authorize the Finance Committee Chair to communicate its endorsement and recommendation to the Commission at its September 19, 2019 meeting and for the Commission to authorize the Commission Chair and Staff to Complete and Execute the HRTF Backed TIFIA Loan Agreement, Bond Anticipation Note (BAN) Issuance, Supplemental Indenture for TIFIA, and Related Engagement Documents.

**Background:**

The Commission has previously reviewed and approved a debt management plan for the financing and refinancing of the costs of Commission-approved new construction projects for congestion relief in the localities comprising Planning District 23. On February 14, 2018, the Commission issued \$500 million of Senior Lien Revenue Bonds, Series 2018A. In response to the Commission's Letter of Interest for financing through the Transportation and Infrastructure Finance and Innovation Act of 1978, the U.S. DOT, acting through the Federal Highway Administrator, has agreed to extend a loan for additional project financing. Furthermore, market conditions may make it fiscally advantageous for the Commission to issue bond anticipation notes and utilize the proceeds to fund certain costs on an interim basis, with TIFIA funding being used to repay the principal amount of the BANs upon project completion. A Senior and two Co-Manager Underwriters were chosen from the underwriter pool. Four firms that each had experience with similar TIFIA BANs and similar short-term debt instruments responded to an HRTAC Request for Information (RFI). Three of the four respondents were chosen, J.P. Morgan as Senior Underwriter with Citi and Wells Fargo as Co-Managers to support J.P. Morgan. Following a full briefing update, the Finance Committee will be asked for action to endorse Resolution 2019-03 for the issuance of a Subordinate Lien Revenue Bonds issue for up to \$550 million and an Intermediate Lien Bond Anticipation Notes issue for up to \$500 million, anticipated to occur during the Fourth Quarter of CY 2019. This HRTAC Resolution 2019-03 would authorize the Commission's staff, counsel and financial advisor to move forward with such financings, and finalize the documents and agreements required for the same, all subject to parameters in the Resolution.



**Fiscal Impact:**

There is a significant fiscal impact in relation to this Action Item as a portion of the Commission's revenues will be devoted to debt service payments while these financings remain outstanding.

**Suggested Motion:**

Motion: The Finance Committee endorses Resolution 2019-03 authorizing the issuance of HRTAC Subordinate Lien Revenue Bonds for up to \$550 million and Intermediate Lien Bond Anticipation Notes for up to \$500 million and authorizes the Finance Committee Chair to communicate its endorsement and recommendation to the Commission at its September 19, 2019 meeting and for the Commission to authorize the Commission Chair and Staff to Complete and Execute the HRTF Backed TIFIA Loan Agreement, Bond Anticipation Note (BAN) Issuance, Supplemental Indenture for TIFIA, and Related Engagement Documents.



## Finance Committee Meeting September 12, 2019

### Regional Priority Project Financing Update

Kevin Page, HRTAC

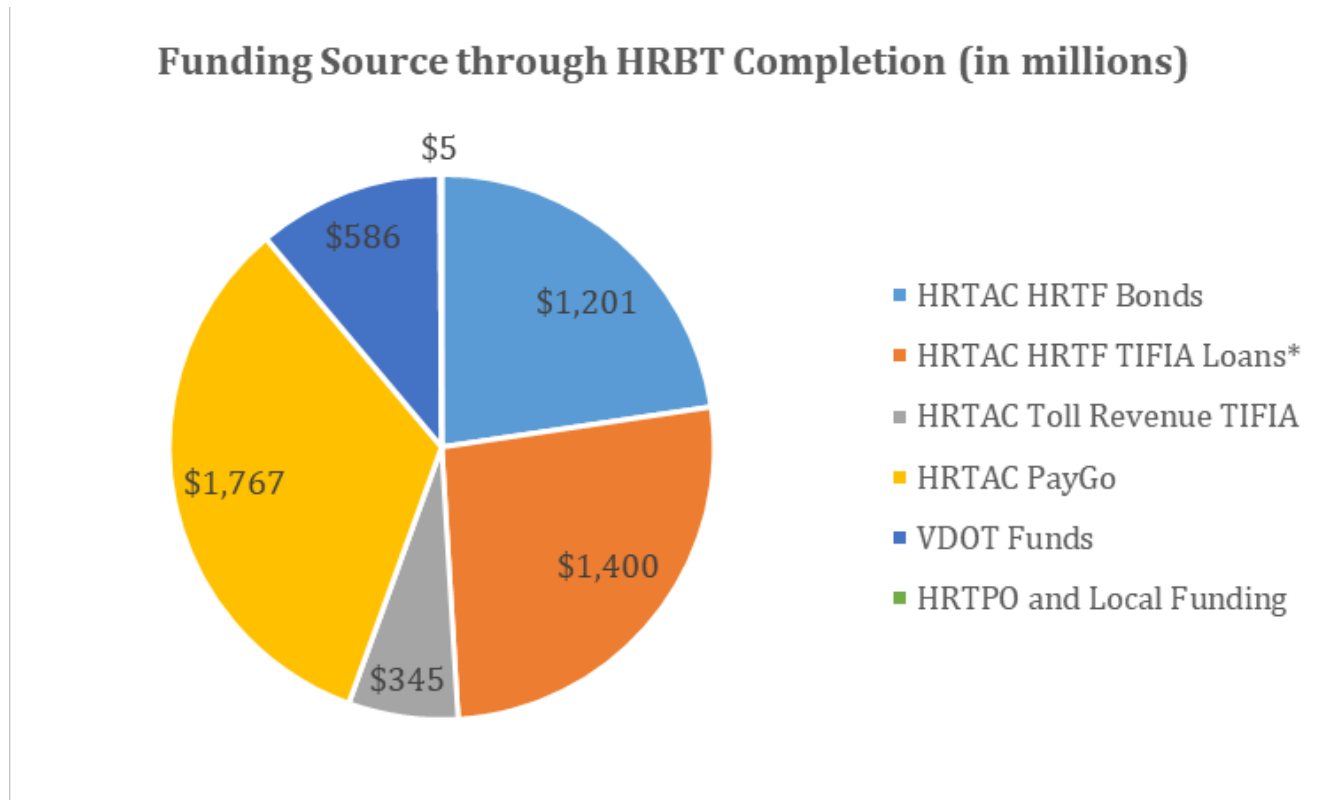
David Miller and Liang Shan, PFM

Eric Ballou and Megan Gilliland, Kaufman & Canoles

# **I. Financing Plan Update**

# FY2020-2026 Financial Plan Funding Mix - \$5.3B

- Projects through HRBT are fully funded with well-balanced sources including HRTF Pay-go, HRTF Bonds, VDOT Funds, and TIFIA loans.



*\*TIFIA Loan may utilize a bridge financing strategy, for example Bond Anticipation Notes (such as the 2019A TIFIA BAN)*

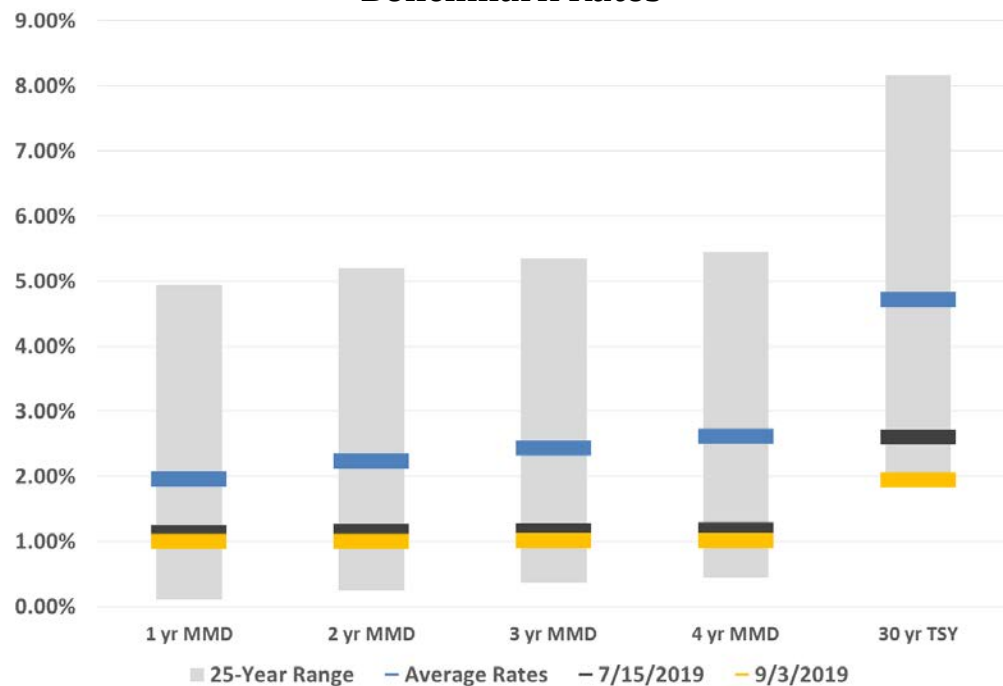
# Six Initial Projects Financing Update

- The six initial projects will be funded by the 2018A Bonds and the 2019A TIFIA BAN.
- 2019 TIFIA Loan status:
  - loan application submitted; currently negotiating the loan agreement
  - anticipated loan closing in mid October
- 2019A TIFIA BAN status:
  - Underwriter RFI issued to four banks in the existing underwriter pool; staff reviewed responses and recommended: JP Morgan (senior manager), Citi Group and Wells Fargo (co-manager)
  - Engaged S&P and Moody's for public rating services
  - Expect to issue the BAN in early October and close the BAN concurrently with the TIFIA Loan in mid October
  - Bond counsel has drafted supplemental indentures and the POS

# Current Market Conditions

- Short-term tax-exempt MMD rates (benchmark for the 2019A BAN) and the long-term taxable treasury rates (benchmark for the 2019 TIFIA Loan) are well below historical averages.
- In recent two months, short-term MMD rates have dropped 15-20 bps and the 30-year treasury rate has dropped 65 bps.

**Benchmark Rates**



**Indicative Rates as of 9/3/2019**

2019A BAN Yield*	1.22%-1.42%
2019 TIFIA Loan Rate	1.95%

*\*Depending on the rating outcome. Assume 5% coupon, non-callable, and 7/1/2022 final maturity*

# BAN vs. No BAN Comparison Update

- PFM has been monitoring market conditions and updating the benefits of utilizing the BAN structure vs. No BAN.
  - Draw schedule provided by VDOT in July shows a shortened timeline which would diminish investment earnings.
- **The BAN strategy continues to generate economic benefits vs. the No BAN scenario.**
  - The benefits without arbitrage earnings have increased since presented last time at the June Finance Committee Meeting.

	June 2019 Finance Committee Mtg Result	Sept. 2019 Finance Committee Mtg Result*
<b>BAN Benefits w/o Arbitrage Earnings</b>	\$5.0M	\$5.4M
<b>BAN Benefits w/ Arbitrage Earnings</b>	\$8.0M	\$7.1M

*\*Assume 1.32% BAN yield*

# 2019A BAN and 2019 TIFIA Loan – Preliminary Sources and Uses

## 2019A TIFIA BAN Sources and Uses

### Sources

BAN Par	440,710,000
BAN OIP	43,040,013
BAN Proceeds	483,750,013
Non-capitalized Interest Paygo Payment	15,669,789
<b>Total Sources</b>	<b>499,419,802</b>

### Uses

Six-Initial Project Costs	438,575,815
Capitalized Interest	44,071,281
<u>Issuance Costs</u>	<u>1,101,775</u>
BAN Proceeds Uses	483,748,871
Non-capitalized Interest Paid by Paygo	15,669,789
Rounding	1,142
<b>Total Uses</b>	<b>499,419,802</b>

## 2019 TIFIA Loan Sources and Uses

### Sources

Loan Amount	502,802,044
<u>Uses</u>	
2019A TIFIA BAN Take Out	440,710,000
Deposit to General Fund*	62,092,044
<b>Total</b>	<b>502,802,044</b>

## 2019 TIFIA Loan Eligible Costs and Loan Amount

Six-Initial Project costs	1,396,262,190
2018A Bonds Interest During Construction**	87,401,137
2018A Bonds Issuance Expenses	1,172,027
2019A TIFIA BAN Interest During Construction**	37,705,429
2019A TIFIA BAN Issuance Expense	1,101,775
<b>Total Eligible Costs</b>	<b>1,523,642,558</b>
<b>Requested Loan (33% of Eligible Costs)</b>	<b>502,802,044</b>

\* Can be used on HRBT

\*\*Through estimated substantial completion in July 2021

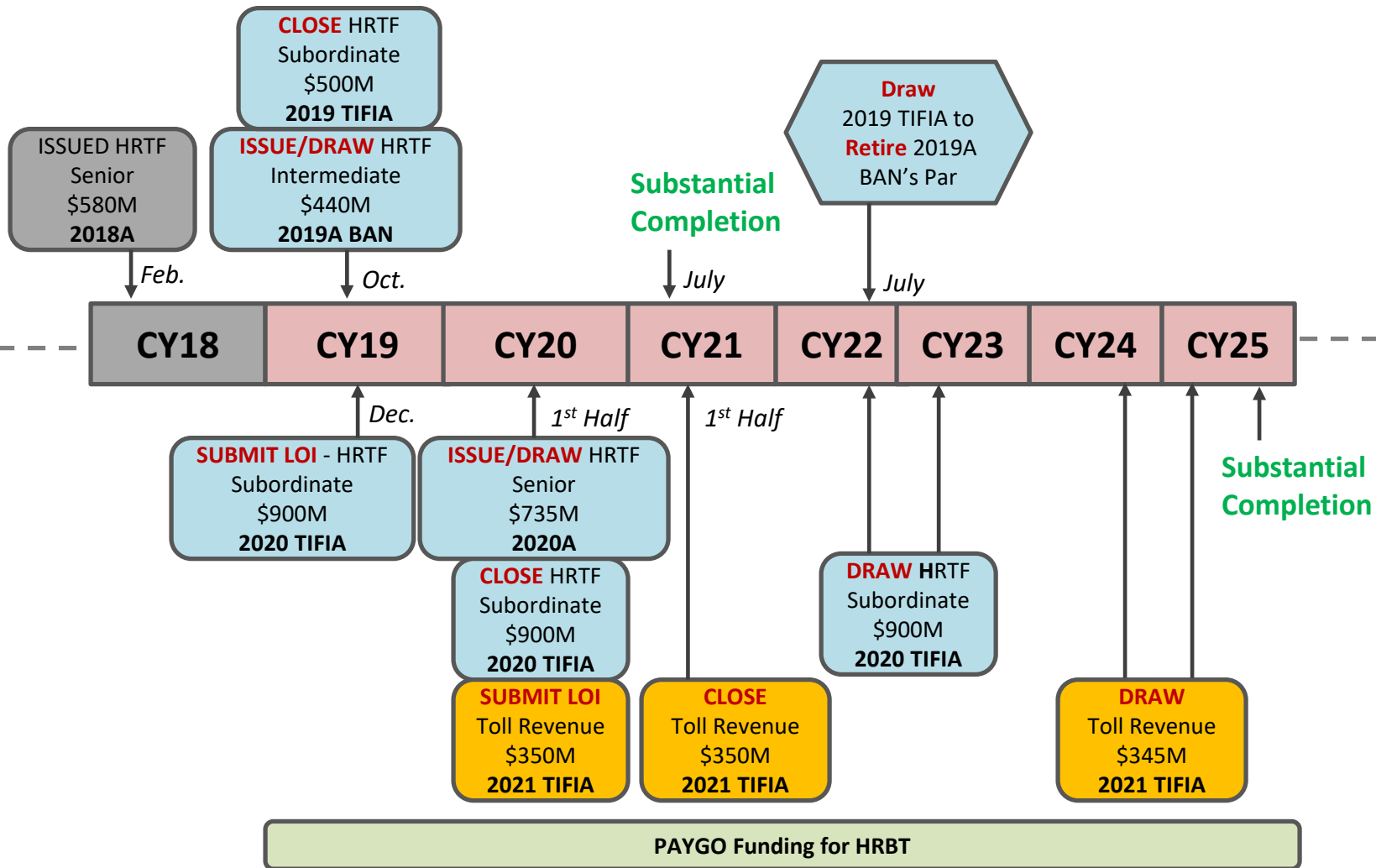


# 2019A BAN and 2019 TIFIA Loan Schedule

Date	2019A BAN	2019 TIFIA Loan
9/12 Th	Finance Committee Mtg: 2019A BAN debt structure 2019A BAN POS, Supplemental Indenture, and Authorizing Resolution 2019 TIFIA Loan Agreement 2019A BAN Underwriter Syndicate	
9/19 Th	Commission Mtg to approve 2019A BAN POS, Supplemental Indenture, and Authorizing Resolution 2019 TLA 2019A BAN Underwriter Syndicate	
9/27 F	Receive Credit Ratings	Receive Credit Ratings TIFIA 3 <sup>rd</sup> Credit Council Mtg NLT 9/27
9/30 M	Post POS and Investor Roadshow	
Wk 9/30	2019A BAN Marketing	
10/8 Tue	Pricing	
10/9 W		Send TIFIA Updated Financial Model re: Eligible Costs
10/11 F		USDOT Secretary Signature NLT 10/11
10/15 Tue	2019A BAN Closing	Lock TIFIA Loan Rate 2019 TIFIA Loan Closing

# Annual Debt Financing Plan

## TOP HALF - Six Initial Projects Pre-HRBT



## BOTTOM HALF - HRBT

# HRBT Financing Considerations

- HRTAC should start the TIFIA approval process ASAP while long term interest rates are low and could be locked in, even if the loan is not drawn until later.
- Timing of additional HRTF Revenue Bonds:
  - HRTAC has cash “in the bank” but interest rates are low now
  - Sell \$735 million all at once or in two tranches?
- Amount of additional HRTF Revenue Bonds:
  - Current plan estimates \$1.767 billion of pay-go cash through HRBT completion
  - Sell more HRTF Revenue Bonds while interest rates are low and preserve cash for the future
- Toll Revenue Funding and Financing
  - \$345 million included in PAFA
  - Toll revenue likely could be leveraged for more than \$345 million
  - Timing of tolling agreement with VDOT / CTB should occur in late 2019
  - Does HRTAC pursue TIFIA for toll financing or does the CTB pursue Commonwealth supported 9(c) or 9(d) toll financing?
  - Impact to timing of any HRTF backed TIFIA loan for HRBT?

## II. Implementing BAN and TIFIA Bond Financings

# Current Action:

- Approval of Bond Anticipation Notes (BANs) and TIFIA Loans:
  - HRTAC Resolution 2019-03
- Material Provisions of Bond Resolution:
  - Approval of Form of BAN Documents, including Supplemental Series Indenture, Preliminary Official Statement, Continuing Disclosure Undertaking, and Bond Purchase Agreement
  - Approval of Form of TIFIA Documents, including Supplemental Series Indenture and Loan Agreement
  - Delegates Power to Executive Director to Approve Final Bond Terms, subject to parameters, including maximum interest rate, maturity and principal amount
  - Engagement of Underwriters for BANs

# Current Action:

- BAN Documents:
  - Supplemental Series Indenture supplementing Master Trust Indenture for issuance of BANs
  - Preliminary Official Statement serves as offering document for public sale of BANs
  - Continuing Disclosure Undertaking provides annual and event based information filings to satisfy SEC requirements
  - Bond Purchase Agreement is the contract between HRTAC and the Underwriters for the purchase and sale of the BANs
- TIFIA Documents:
  - Supplemental Series Indenture supplementing Master Trust Indenture for issuance of TIFIA loan
  - Loan Agreement is the borrowing contract between HRTAC and TIFIA that reflects the various conditions and affirmative/negative covenants for disbursement of loan proceeds

# Current Action:

## Parameters:

- Maximum principal amounts
  - BAN – Not to exceed \$500,000,000
  - TIFIA – Not to exceed \$550,000,000
- Interest rates
  - BAN – fixed interest rate resulting in weighted average yield not greater than 5.00%
  - TIFIA – fixed interest rate calculated by adding 1 basis point (.01%) to similar maturity schedule as published in the U.S. Treasury Bureau of Public Debt's daily rate table for State and Local Government Series so long as rate is not less than yield on 30-year U.S. Treasury securities on such execution date
- Maturity
  - BAN – not later than 5 years from issuance (expected to be a “bullet”)
  - TIFIA – not later than 40 years from issuance (expected to have “ascending” debt service)

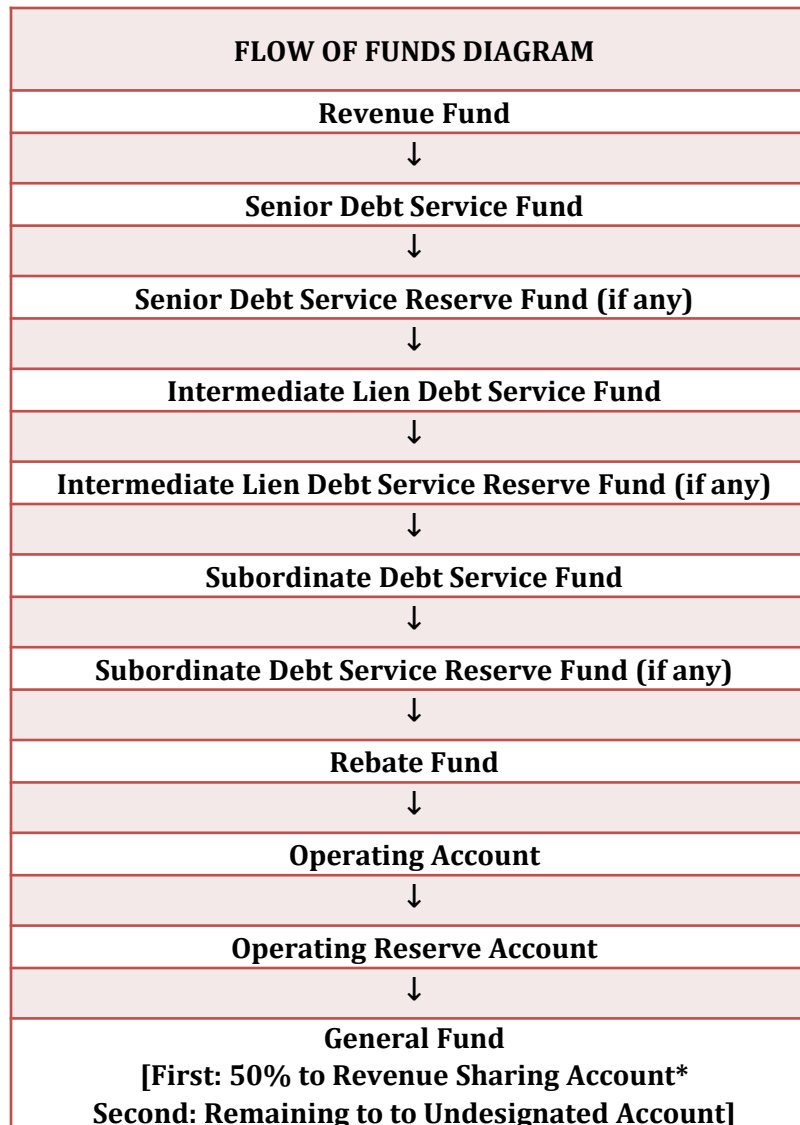
# Current Action:

## Indenture Amendments/Supplements:

- In connection with 2018A Bonds
  - Permit proceeds of 2018A Bonds to also be spent on HRBT for financing flexibility
- In Connection with TIFIA
  - Flow of Funds - 50% of excess revenue goes to mandatory debt prepayment in event HRTAC/VDOT are no longer actively engaged in the development of long range transportation plan capital projects in the region
  - Others – in connection with conforming Indenture provisions to TIFIA loan terms



# Flow of Funds:



*\*To prepay HRTF TIFIA loan(s) only upon the occurrence and continuation of a Revenue Sharing Trigger Event (VDOT is no longer actively engaged in developing HRTPO's adopted LRTP projects.*

# HR TAC

**Hampton Roads Transportation Accountability Commission**



## **HRTAC RESOLUTION 2019-03**

### **RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$550,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF HAMPTON ROADS TRANSPORTATION FUND SUBORDINATE LIEN REVENUE BONDS (TIFIA SERIES 2019) AND UP TO \$500,000,000 OF HAMPTON ROADS TRANSPORTATION FUND INTERMEDIATE LIEN BOND ANTICIPATION NOTES**

**WHEREAS**, the Hampton Roads Transportation Accountability Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) having the powers set forth in Chapter 26, Title 33.2, of the Code of Virginia of 1950, as amended (the “HRTAC Act”);

**WHEREAS**, the Commission has previously reviewed and approved a debt management plan for the financing and refinancing of the costs of Commission-approved new construction projects for congestion relief on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23 (“Projects”), and funding for eligible costs for such Projects includes the 2018A Bonds and “TIFIA” funding described below;

**WHEREAS**, on February 14, 2018, the Commission issued its Senior Lien Revenue Bonds, Series 2018A (the “2018A Bonds”), in the principal amount of \$500,000,000, pursuant to the terms of the HRTAC Act, resolutions approved by the governing body of the Commission on June 16, 2016 and December 14, 2017, and a Master Indenture of Trust (as supplemented and amended from time to time, the “Master Indenture”) as supplemented by a First Supplemental Series Indenture, each between the Commission and Wilmington Trust, National Association (the “Trustee”) and dated as of February 1, 2018;

**WHEREAS**, obligations issued under the Master Indenture are payable from and secured by the revenues and funds in the Hampton Roads Transportation Fund (as defined in the HRTAC Act) (the “HRTF Bonds”) and the proceeds of such HRTF Bonds are to be used to finance and refinance the costs of new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23;

**WHEREAS**, the proceeds of the 2018A Bonds are being used to pay, together with other available funds, the costs of the following projects: Interstate 64 Peninsula Widening (Segments I, II and III), I-64 / I-264 Interchange Improvements (Phase I and II), and I-64 Southside Widening & High Rise Bridge (Phase I) (the “Financed Projects”);

**WHEREAS**, the Commission’s Letter of Interest for a secured loan (the “TIFIA Loan”) under the Transportation Infrastructure Finance and Innovation Act of 1978, as amended (“TIFIA Act”), to further finance a portion of the costs of the Financed Projects has been advanced by the United States Department of Transportation (“U.S. DOT”) through creditworthiness review and into negotiation of business terms;

**WHEREAS**, the Commission has negotiated the terms of the TIFIA Loan, including a form of TIFIA Loan Agreement (the “TIFIA Loan Agreement”) between the Commission and

U.S. DOT, acting by and through the Federal Highway Administrator (the “TIFIA Lender”), pursuant to which the TIFIA Lender will agree to extend a secured loan to the Commission to finance a portion of the costs of the Financed Projects;

**WHEREAS**, to evidence the obligation of the Commission to repay the loan under the TIFIA Loan Agreement, the Commission desires to authorize the issuance of an additional series of obligations under the Master Indenture in an initial principal amount of up to \$550,000,000, to be designated as the “Subordinate Lien Revenue Bond, TIFIA Series 2019 (the “TIFIA Series 2019 Bond”), the proceeds of which would be used to finance in part the costs of the Eligible Project Costs (as defined in the TIFIA Loan Agreement);

**WHEREAS**, market conditions may make it fiscally advantageous for the Commission to issue bond anticipation notes and utilize the proceeds thereof to fund certain construction costs of the Financed Projects on an interim basis before the proceeds of the TIFIA Series 2019 Bond are drawn under the TIFIA Loan Agreement, and for such proceeds to be deferred until they are drawn as one draw under the TIFIA Loan Agreement to reimburse HRTAC for Eligible Project Costs, with a portion of such reimbursed funds being used to repay such bond anticipation notes at maturity;

**WHEREAS**, the Commission therefore desires to authorize the issuance of an additional series of obligations under the Master Indenture in an initial principal amount of up to \$500,000,000, to be designated as Intermediate Lien Bond Anticipation Notes, Series 2019 (the “Series 2019 Notes”), to provide short term funding of the Financed Projects, such Notes to be retired with proceeds of the TIFIA Series 2019 Bond as stated above, or otherwise from available amounts under the Master Indenture, or by issuing bonds for such purpose under the Master Indenture;

**WHEREAS**, in furtherance of the foregoing, the Executive Director and the Finance Committee have recommended that the Commission proceed with the issuance of the obligations described above, and with the authorization, execution and delivery of certain financing documents, drafts of which have been presented by the Commission’s Financial Advisor and Bond Counsel to the Finance Committee and to the Commission, including the following (collectively, the “Bond Documents”):

- (a) A Second Supplemental Series Indenture of Trust between the Commission and the Trustee (the “Second Series Supplement”), relating to the issuance of the TIFIA Series 2019 Bond;
- (b) The TIFIA Loan Agreement, attached as Exhibit A to the Second Series Supplement;
- (c) The form of the TIFIA Series 2019 Bond, attached as Exhibit B to the Second Series Supplement;

(d) A Third Supplemental Series Indenture of Trust between the Commission and the Trustee (the “Third Series Supplement”), relating to the issuance of the Series 2019 Notes;

(e) The form of the Series 2019 Notes, attached as Exhibit A to the Third Series Supplement;

(f) A Bond Purchase Agreement between the Commission and the underwriters appointed by the Commission (the “Bond Purchase Agreement”), relating to the sale of the Series 2019 Notes;

(g) A Preliminary Official Statement furnishing information to prospective purchasers of the Series 2019 Notes regarding the Commission, the Series 2019 Notes and the security therefor (the “Preliminary Official Statement”); and

(h) A Continuing Disclosure Undertaking of the Commission, in accordance with Securities Exchange Commission Rule 15c2-12, as amended (the “Municipal Securities Rule”), to periodically provide certain updated disclosures to the municipal securities market regarding the Commission, the Series 2019 Notes and the security therefor;

and

**WHEREAS**, the Commission has determined that it would be in the best interests of the Commission to authorize the Executive Director to finalize the terms of the TIFIA Series 2019 Bond, the Series 2019 Notes, and the Bond Documents with the assistance of the Financial Advisor, Bond Counsel and the Commission’s general counsel, and to cause the execution and delivery thereof, subject to the limitations and parameters hereinafter provided in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION:**

1. The Commission authorizes and approves the issuance of the TIFIA Series 2019 Bond, in one or more series, and the Series 2019 Notes, in one or more series, under the Master Indenture.

2. The Commission is authorized to enter into the TIFIA Loan Agreement to obtain a secured loan from the TIFIA Lender in the initial principal amount of up to \$550,000,000, which amount may be increased from time to time, to the extent permitted under the TIFIA Loan Agreement, to reflect the amount of interest on the disbursed amount of the loan that is not currently paid by the Commission.

3. The Commission authorizes and directs the Executive Director to develop, negotiate and finalize, with the advice of the Financial Advisor, Bond Counsel and the Commission’s general counsel, the structure, terms and conditions of the TIFIA Series 2019 Bond and the Series 2019 Notes, including, without limitation, their series designations, dated dates,

principal amounts, interest rates, maturity dates, redemption and prepayment provisions (if any), sales prices, and principal amounts in each maturity of each series, subject to the following parameters:

- (i) the TIFIA Series 2019 Bond and the Series 2019 Notes shall be issued in accordance with the form and requirements of the Master Indenture and the applicable Supplemental Indenture (as finalized in accordance with the terms of this Resolution);
- (ii) the original principal amount of the TIFIA Series 2019 Bond shall not exceed \$550,000,000, subject to increase as set forth above;
- (iii) the interest rate on the TIFIA Series 2019 Bond shall be equal to a fixed interest rate calculated by adding one basis point (.01%) to the rate of securities of a similar final maturity as published on the execution date of the TIFIA Loan Agreement in the United States Treasury Bureau of Public Debt's daily rate table for State and Local Government Series (SLGS) securities; provided, that the interest rate on the TIFIA Bonds shall not be less than the yield on 30-year United States Treasury securities as of such date; and provided further, that, upon the occurrence and during the continuance of a payment default, the interest rate with respect to any overdue principal amount shall be the applicable default rate specified in the TIFIA Loan Agreement;
- (iv) the TIFIA Series 2019 Bond shall have a final maturity date not later than 40 years from the date of its issuance;
- (v) the principal amount of the Series 2019 Notes shall not exceed \$500,000,000,
- (vi) the Series 2019 Notes shall have a final maturity date not later than five years from their dated date, and
- (vii) the Series 2019 Notes shall bear interest at the interest rate or rates as shall be approved by the Executive Director, provided that the weighted average yield on the Series 2019 Notes, computed using the stated interest rate or rates and the stated original offering price or prices on the Series 2019 Notes, shall not be greater than 5.00%.

4. The Bond Documents are approved; the Chair or Vice Chair of the Commission, either of whom may act (the "HRTAC Representative"), is authorized to execute and deliver the Bond Documents on the Commission's behalf, with such changes, insertions or omissions (not inconsistent with the parameters in Sections 2 and 3 above) as may be finalized by the Executive Director in accordance with the terms of this Resolution with the advice of the Financial Advisor, Bond Counsel and the Commission's general counsel. Such authorization and approval shall be evidenced conclusively by the execution and delivery of the finalized Bond Documents by the HRTAC Representative. Each HRTAC Representative and the Executive Director are appointed as the "Borrower's Authorized Representative" under the TIFIA Loan Agreement.

5. The Commission hereby appoints J.P. Morgan Securities LLC to serve as the senior managing underwriter for the sale of the Series 2019 Notes, together with any co-managers selected by the Executive Director, and authorizes the sale of the Series 2019 Notes to such underwriters by negotiated sale.

6. The Commission authorizes the distribution of the Preliminary Official Statement for the Series 2019 Notes, provided that the HRTAC Representative or the Executive Director, either of whom may act, is authorized to “deem final” such Preliminary Official Statement as of the date of its distribution, subject to the omission of final pricing information as permitted by the Municipal Securities Rule. Such officials are each individually further authorized to approve such completions, omissions, insertions and other changes to the Preliminary Official Statement, specifying the terms of the Series 2019 Notes, together with any other information required by law to reflect the terms of the sale of the Series 2019 Notes, the details thereof and the security therefor, as may be necessary or appropriate to complete it as a final Official Statement with respect to the Series 2019 Notes. The HRTAC Representative or the Executive Director, any of whom may act, is authorized to review, and certify as to the accuracy of, the information set forth in the Official Statement describing the Commission, the Series 2019 Notes or the security therefor. Such officials are each further authorized to execute the final Official Statement and deliver the same to the underwriters, and such execution and delivery shall constitute conclusive evidence that such Official Statement has been deemed a “final official statement” (as defined in the Municipal Securities Rule).

7. After the TIFIA Series 2019 Bond and the Series 2019 Notes are sold, (i) the HRTAC Representative is authorized and directed to take all necessary or proper steps to have the final such obligations prepared in accordance with the terms of the Master Indenture and the respective Series Supplement and to execute the TIFIA Series 2019 Bond and the Series 2019 Notes by manual or facsimile signature, (ii) the Executive Director is authorized to countersign the TIFIA Series 2019 Bond and the Series 2019 Notes by manual or facsimile signature, and (iii) any such official is authorized to deliver the TIFIA Series 2019 Bond and the Series 2019 Notes to the applicable purchaser or underwriters upon receipt of the purchase price therefor.

8. The HRTAC Representative and the Executive Director, either of whom may act, is authorized and directed to execute, deliver and file all certificates and documents, and take all further action, as he or she may consider necessary or appropriate in accordance with the terms of this Resolution in connection with the issuance and sale of the TIFIA Series 2019 Bond and the Series 2019 Notes, including, without limitation, and with the advice of Bond Counsel, (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Series 2019 Notes to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (the “Tax Code”), (b) making any elections that such officials deem desirable including but not limited to regarding payments of rebates to the United States, and (c) filing Internal Revenue Service Form 8038-G.

9. The Executive Director and the Commission’s staff shall monitor and comply with applicable provisions of the Commission’s Post-Issuance Compliance Policies and Procedures as the same may be amended and supplemented.

10. The Executive Director is authorized to utilize the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) in connection with the investment of proceeds of the TIFIA Series 2019 Bond or the Series 2019 Notes, if the Executive Director determines, with the advice of the PFM Asset Management LLC (the “Investment Advisor”), that the utilization of SNAP is in the best interest of the Commission. The Commission acknowledges that the Treasury Board of the Commonwealth is not, and shall not be, in any way liable to the Commission in connection with SNAP, except as otherwise provided in the standard form SNAP Contract utilized by state and local governmental entities within the Commonwealth.

11. The Executive Director and his staff is further authorized to take such actions as may be necessary or appropriate to provide for the deposit and investment of funds to carry out the Commission’s purposes in accordance with the Commission’s adopted budget, the Master Indenture and the HRTAC Act, both prior to and following the issuance of the TIFIA Series 2019 Bond and the Series 2019 Notes, including, without limitation, by the funding of a reserve for administrative operating expenses, the provision for payment of debt service on the TIFIA Series 2019 Bond and the Series 2019 Notes, the establishment and replenishment of reserves, and the deposit and investment of the proceeds of the TIFIA Series 2019 Bond and Series 2019 Note and Commission revenues in the various funds and accounts established by the Master Indenture and the respective Supplemental Indenture. Any of such Supplemental Indentures may have a different and additional numbered supplemental designation if necessary, desirable or in connection with the issuance of the TIFIA Series 2019 Bond or the Series 2019 Notes.

12. In connection herewith and in order to provide for the timely spending of the proceeds of the 2018A Bonds, the Commission authorizes the expenditure of such 2018A Bond proceeds on the Hampton Roads Bridge Tunnel project, which was previously approved by the Commission on March 21, 2019, including any necessary amendments or supplements to the Master Indenture to provide for same.

13. Each HRTAC Representative and the Executive Director is authorized to execute and deliver on the Commission’s behalf such other instruments, documents or certificates, and to do and perform such further things and acts, as he or she shall deem necessary or appropriate to carry out in accordance with the terms of this Resolution the transactions authorized by this Resolution or contemplated by the Master Indenture or any supplement thereto. Any of the foregoing previously done or performed by any officer or authorized representative of the Commission is in all respects approved, ratified and confirmed.

14. This Resolution shall take effect immediately.



The undersigned hereby certify that this is a true and correct copy of a resolution duly adopted at a meeting of the Hampton Roads Transportation Accountability Commission held on \_\_\_\_\_, 2019.

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Chair, Hampton Roads Transportation  
Accountability Commission

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Vice-Chair, Hampton Roads Transportation  
Accountability Commission

**THIRD SUPPLEMENTAL SERIES INDENTURE OF TRUST**

**between**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

**and**

**WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of \_\_\_\_\_, 2019**

**relating to**

**\$\_\_\_\_\_**

**Hampton Roads Transportation Accountability Commission  
Hampton Roads Transportation Fund**

**Intermediate Lien Bond Anticipation Notes  
Series 2019A**

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### **THIRD SUPPLEMENTAL SERIES INDENTURE OF TRUST**

This **THIRD SUPPLEMENTAL SERIES INDENTURE OF TRUST** (this “Third Series Supplement”) is made as of \_\_\_\_\_, \_\_\_\_\_, between the **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**, a body politic and a political subdivision of the Commonwealth of Virginia (“HRTAC”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association, and its successors, as trustee (the “Trustee”).

### **RECITALS**

**WHEREAS**, HRTAC is a body politic and a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) having the authority under the Code of Virginia of 1950, as amended (the “Virginia Code”), to receive all of the amounts dedicated to the Hampton Roads Transportation Fund (the “HRTF”) from the additional sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the additional wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code;

**WHEREAS**, as provided in Chapter 26, Title 33.2, of the Virginia Code (the “HRTAC Act”), the Commission shall use the moneys deposited in the HRTF solely for the purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities (as hereinafter defined), giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities, and (ii) paying the Commission’s administrative and operating expenses as provided in the Annual Budget;

**WHEREAS**, Section 33.2-2606 of the HRTAC Act authorizes and empowers HRTAC to issue bonds and other evidences of debt and provides that the provisions of Article 5 (Section 33.2-1920 *et seq.*) of Chapter 19 of Title 33.2 of the Virginia Code shall apply, *mutatis mutandis*, to the issuance of such bonds and other evidences of debt (collectively, the “Bonds”) for any of the Commission’s purposes;

**WHEREAS**, Section 33.2-1920 of the Virginia Code permits the Bonds to be payable from and secured by a pledge of all or any part of the revenues, moneys or funds of HRTAC as specified in a resolution adopted or indenture entered into by HRTAC, but that such Bonds shall not constitute debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than HRTAC, and that such Bonds shall not constitute an indebtedness within the meaning of any debt limitation or restriction except as provided under Section 33.2-1920 of the Virginia Code;

**WHEREAS**, HRTAC has executed and delivered to the Trustee a Master Indenture of Trust dated as of February 1, 2018 (as supplemented and amended, the “Master Indenture”), under which, among other things, HRTAC has provided for the financing and refinancing of the costs of Projects through the issuance from time to time of Bonds, payable from and secured by the HRTAC Revenues;

**WHEREAS**, HRTAC now desires to issue, sell, and deliver a Series of Intermediate Lien Obligations under the Master Indenture in the original aggregate principal amount of \$\_\_\_\_\_ (as further described in Section 2.1(a) below, the “2019A Notes”);

**WHEREAS**, HRTAC will use the proceeds of the 2019A Notes to: (a) pay, or to reimburse itself for, portions of the costs of the construction and acquisition of Projects described in Exhibit A hereto (collectively, the “2019A Note Projects”), (b) pay capitalized interest on the 2019A Notes, and (c) finance certain costs of issuance of the 2019A Notes;

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, HRTAC shall deliver to the Trustee a Series Supplement, which shall consist of this Third Series Supplement; and

**WHEREAS**, all things necessary to make the 2019A Notes valid and binding limited obligations of HRTAC, when authenticated and issued as provided in this Third Series Supplement, and to constitute this Third Series Supplement a valid and binding Series Supplement securing the payment of the principal of and premium, if any, and interest on the 2019A Notes, have been done and performed.

**NOW, THEREFORE**, HRTAC hereby covenants and agrees with the Trustee and with the Owners, from time to time, of the 2019A Notes, as follows:

## **ARTICLE I SERIES SUPPLEMENT**

**Section 1.1    Series Supplement** This Third Series Supplement is a Series Supplement that is authorized and executed by HRTAC and delivered to the Trustee pursuant to and in accordance with Articles V and XV of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the 2019A Notes, except as otherwise expressly stated in this Third Series Supplement.

**Section 1.2    Definitions.** All capitalized words and terms used in this Third Series Supplement, including in the Recitals, shall have the meanings set forth in Article I of the Master Indenture unless the context clearly requires a different or separate meaning. In addition, the following words and terms have the following meanings in this Third Series Supplement unless the context clearly requires otherwise:

**“2019A Capitalized Interest Subaccount”** means the subaccount established in the 2019A Note Debt Service Fund pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Third Series Supplement.

**“2019A Notes Principal Payment Date”** means [July 1, \_\_\_\_].

**“2019A Note Projects”** means, collectively, the Projects described in Exhibit A hereto.

**“2019A Notes”** means the Series of Intermediate Lien Obligations authorized to be issued under Section 2.1(a) of this Third Series Supplement.

**“2019A Note Debt Service Fund”** means the Bond Debt Service Fund Related to the 2019A Notes established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Third Series Supplement.

**“2019A Cost of Issuance Fund”** means the Cost of Issuance Fund Related to the 2019A Notes established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Third Series Supplement.

**“2019A Project Fund”** means the Project Fund Related to the 2019A Notes established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Third Series Supplement.

**“2019A Rebate Fund”** means the Rebate Fund Related to the 2019A Notes established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Third Series Supplement.

**“Third Series Supplement”** means this Third Series Supplement of Trust dated as of \_\_\_\_\_, 2019, between HRTAC and the Trustee, being a Series Supplement with respect to the Series 2019A Notes pursuant to the provisions of the Master Indenture.

**“2019A Tax Regulatory Agreement”** means the Tax Certificate and Regulatory Agreement dated the Closing Date made by HRTAC for the benefit of the Trustee and the Owners of the 2019A Notes.

**“Closing Date”** means the date of the issuance, authentication and delivery of the 2019A Notes.

**“Dated Date”** means the Closing Date.

**“DTC”** shall have the meaning set forth in Section 2.3 of this Third Series Supplement.

**“Letter of Representations”** means HRTAC’s Blanket Issuer Letter of Representations to DTC dated January 22, 2018.

**“Master Indenture”** means the Master Indenture of Trust dated as of February 1, 2018, between HRTAC and the Trustee, as the same may be modified, altered, amended and supplemented from time to time in accordance with its terms.

**“Member Localities”** means, collectively, each county and city located in Planning District 23, established pursuant to Chapter 42, Title 15.2, of the Virginia Code, currently consisting of the Counties of Isle of Wight, James City, Southampton and York, and the Cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg, and any other localities that may hereafter be added to HRTAC by amendment to the Virginia Code.

**“Rebate Requirement”** means, collectively, the requirements applicable to tax-exempt bonds under Section 148(f)(2) and (3) of the Tax Code.

**“Second Series Supplement”** means the Second Supplemental Series Indenture of Trust dated as of \_\_\_\_\_, 2019 between the Commission and the Trustee, supplementing and amending the Master Indenture.

**“TIFIA Loan Agreement”** means the TIFIA Loan Agreement, dated as of \_\_\_\_\_ 2019, by and between HRTAC and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau, as amended or supplemented from time to time.

**Section 1.3 Representations of HRTAC.** HRTAC represents that (i) it is duly authorized under the Constitution and laws of the Commonwealth, including, particularly and without limitation, Section 33.2-2606 of the HRTAC Act, to issue the 2019A Notes, to execute this Third Series Supplement, and to pledge and grant the security provided herein subject to the Master Indenture, (ii) all action on its part necessary for the execution and delivery of this Third Series Supplement has been taken, and (iii) the 2019A Notes in the hands of the Owners thereof are and will be valid and enforceable limited obligations of HRTAC.

## **ARTICLE II AUTHORIZATION AND DETAILS OF 2019A NOTES**

**Section 2.1 Authorization of 2019A Notes.** (a) There is authorized to be issued pursuant to the Master Indenture a Series of Intermediate Lien Obligations in the aggregate principal amount of \$\_\_\_\_\_ to be called the “Hampton Roads Transportation Fund Intermediate Lien Bond Anticipation Notes, Series 2019A.”

(b) The proceeds of the 2019A Notes shall be used for the purposes set forth in the recitals.

(c) The 2019A Notes are being issued in anticipation of the proceeds to be received by HRTAC from disbursements requested by HRTAC under and in accordance with the terms of the TIFIA Loan Agreement (which disbursements thereby increase the principal amount of the Bond issued by HRTAC as evidence of its obligation to repay the loan under the TIFIA Loan Agreement).

(d) The 2019A Notes are secured as provided in Article VI of this Third Series Supplement.

(e) Interest on the 2019A Notes through \_\_\_\_\_ shall be payable from amounts on deposit in the 2019A Capitalized Interest Subaccount. Principal due on the 2019A Notes on the 2019A Notes Principal Payment Date shall be payable from amounts available in the Funds and Accounts as described in Article V of this Third Series Supplement, from the proceeds of disbursements under the TIFIA Loan Agreement, and otherwise as provided in Section 6.2 hereof.



**Section 2.2    Details of 2019A Notes.** (a) The 2019A Notes shall be dated the Dated Date, shall be issued in denominations of \$5,000 and integral multiples of \$5,000, shall be numbered from R-1 upwards, sequentially, and shall bear interest, payable on each \_\_\_\_\_ and \_\_\_\_\_, commencing on \_\_\_\_\_, at the rate[s] set forth below and shall mature on the 2019A Notes Principal Payment Date.

(b) Each 2019A Note shall bear interest (i) from the Dated Date, if such 2019A Note is authenticated before \_\_\_\_\_, 2019, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such 2019A Note is authenticated; provided, however, that if at the time of authentication any payment of interest is in default, such 2019A Note shall bear interest from the date to which interest has been paid. Interest on the 2019A Notes shall be computed on the basis of a year of 360 days and twelve 30-day months.

(c) Interest on the 2019A Notes shall be payable by checks or drafts mailed to the Owners thereof at their addresses as they appear on the fifteenth day of the month preceding the Interest Payment Date on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of a 2019A Note owns at least \$1,000,000 in aggregate principal amount of 2019A Notes, and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Principal of and premium, if any, on the 2019A Notes shall be payable to the Owners thereof upon the surrender of the 2019A Notes at the Trustee's corporate trust office in Richmond, Virginia.

(d) Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is Owner of all of the 2019A Notes, principal of and premium, if any, and interest on the 2019A Notes shall be payable as provided in the Letter of Representations.

(e) The principal of and premium, if any, and interest on the 2019A Notes shall be payable in lawful money of the United States of America.

(f) If the principal of any 2019A Note is not paid when due (whether at maturity or otherwise), then the overdue principal shall continue to bear interest until paid at the rate set forth in such 2019A Note.

**Section 2.3    Book Entry Provisions for the 2019A Notes.** (a) The 2019A Notes will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), and immobilized in DTC's custody. One fully registered 2019A Note for the original principal amount of each maturity of the 2019A Notes will be registered to Cede & Co. Beneficial owners of the 2019A Notes will not receive physical delivery of the 2019A Notes. Individual purchases of the 2019A Notes may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. For as long as the 2019A Notes are held in book-entry format, payments of principal of and premium, if any, and interest on the 2019A Notes will be made to DTC or its nominee as the sole Owner on the applicable Payment Date in accordance with the Letter of Representations.

DTC is responsible for the transfer of the payments of the principal of and premium, if any, and interest on the 2019A Notes to the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (the “Participants”). Transfer of the payments of the principal of and premium, if any, and interest on the 2019A Notes to the beneficial owners of the 2019A Notes is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of beneficial ownership interests in the 2019A Notes shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2019A Notes, in accordance with rules specified by DTC and its Participants. Neither HRTAC nor the Trustee makes any assurances that DTC, its Participants or other nominees of the beneficial owners of the 2019A Notes will act in accordance with such rules or on a timely basis.

**HRTAC and the Trustee disclaim any responsibility or obligations to the Participants or the beneficial owners with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount due to any beneficial owner in respect of the principal of and premium, if any, and interest on the 2019A Notes, (iii) the delivery by DTC or any Participant of any notice to any beneficial owner that is required or permitted under the terms of the Master Indenture or this Third Series Supplement to be given to Owners of the 2019A Notes, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 2019A Notes, or (v) any consent given or other action taken by DTC as Owner.**

So long as Cede & Co., as nominee of DTC, is the sole Owner of the 2019A Notes, references in the Master Indenture or this Third Series Supplement to the Owners or registered owners of the 2019A Notes shall mean Cede & Co. and not the beneficial owners of the 2019A Notes. Any notice to or consent requested of Owners of 2019A Notes under the Master Indenture or this Third Series Supplement shall be given to or requested of Cede & Co.

(b) Replacement Notes (the “Replacement Notes”) will be registered in the name of and be issued directly to beneficial owners of the 2019A Notes rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the 2019A Notes; or

(2) The Trustee or HRTAC has advised DTC of HRTAC’s determination that DTC is incapable of discharging its duties or that it is otherwise in the best interests of the beneficial owners of the 2019A Notes to discontinue the book-entry system of transfer.

(c) Upon the occurrence of an event described in subsection (b)(1) or (2) above (but the Trustee and HRTAC have no duty or undertake no obligation to make any investigation regarding the matters described in subsection (b)(2) above), HRTAC may attempt to locate another qualified securities depository. If HRTAC fails to locate another qualified securities depository to replace DTC, HRTAC shall execute and the Trustee shall authenticate and deliver to the Participants the Replacement Notes (substantially in the form set forth in

Exhibit B with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture or this Third Series Supplement) to which the Participants are entitled for delivery to the beneficial owners of the 2019A Notes. The Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Notes. The Owners of the Replacement Notes shall be entitled to the lien and benefits of the Master Indenture and this Third Series Supplement.

**Section 2.4 Form of 2019A Notes.** Each of the 2019A Notes shall be substantially in the form attached as Exhibit B to this Third Series Supplement, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture or this Third Series Supplement. There may be endorsed on any of the 2019A Notes such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

**Section 2.5 Authentication of 2019A Notes.** (a) Each 2019A Note shall bear a certificate of authentication, substantially as set forth in the form of the 2019A Note attached as Exhibit B, duly executed by the Trustee. The Trustee shall authenticate each 2019A Note with the signature of one of its authorized officers or employees, but it shall not be necessary for the same person to authenticate all of the 2019A Notes. Only such authenticated 2019A Notes shall be entitled to any right or benefit under the Master Indenture or this Third Series Supplement, and such certificate on any 2019A Note shall be conclusive evidence that the 2019A Note has been duly issued under and is secured by the provisions of the Master Indenture and this Third Series Supplement.

(b) The Trustee shall authenticate and deliver the 2019A Notes when there have been filed with it the following:

(a) The various documents, certificates and opinions required under Section 5.3 of the Master Indenture; and

(b) An Officer's Certificate showing compliance with the provisions of [Section \_\_\_\_ of the Second Series Supplement and] Section 17 of the TIFIA Loan Agreement, with respect to the issuance of the 2019A Notes as Intermediate Lien Obligations.

(c) Upon the delivery of the 2019A Notes, the proceeds of the Series 2019 Bonds shall be applied as set forth in Section 4.2 below.

### **ARTICLE III [RESERVED]**

**ARTICLE IV**  
**ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF PROCEEDS**

**Section 4.1 Establishment of Funds and Accounts for the 2019A Notes.** (a) In accordance with Section 7.1 of the Master Indenture, the following Funds are hereby established for the 2019A Notes:

(i) the 2019A Cost of Issuance Fund;

(ii) the 2019A Project Fund;

(iii) the 2019A Note Debt Service Fund, and within the 2019A Note Debt Service Fund there is established the 2019A Capitalized Interest Subaccount.; and

(iv) the 2019A Rebate Fund.

(b) All of the Funds established pursuant to this Section shall be held by the Trustee.

(c) The 2019A Notes will not be secured by a debt service reserve account. The owners of the Series 2019A Notes are not entitled to the benefits of any debt service reserve account established for the benefit of any other Series of Bonds.

**Section 4.2 Application of Sale Proceeds of the 2019A Notes.** On the Closing Date, the Trustee shall apply the total amount received from the underwriters of the 2019A Notes in payment therefor (i.e., \$\_\_\_\_\_, which is the principal amount of \$\_\_\_\_\_, [plus] [less] original issue [premium] [discount] of \$\_\_\_\_\_, less underwriting discount of \$\_\_\_\_\_), as follows:

(1) \$\_\_\_\_\_ shall be delivered to the Trustee to be deposited in the 2019A Cost of Issuance Fund;

(2) \$\_\_\_\_\_ shall be delivered to the Trustee to be deposited in the 2019A Project Fund; and

(3) \$\_\_\_\_\_ shall be delivered to the Trustee to be deposited in the 2019A Capitalized Interest Subaccount.

**ARTICLE V**  
**APPLICATION OF CERTAIN FUNDS**

**Section 5.1 Cost of Issuance Fund.** (a) The Trustee shall apply the amounts in the 2019A Cost of Issuance Fund to pay the issuance and financing costs of the 2019A Notes as directed by HRTAC. Disbursements from the 2019A Cost of Issuance Fund shall be made by the Trustee to HRTAC or as directed by HRTAC upon receipt by the Trustee of a requisition

(upon which the Trustee shall be entitled to rely) signed by an HRTAC Representative and containing all information called for by, and otherwise being in the form of, Exhibit C-1.

(b) Any amount deposited in the 2019A Cost of Issuance Fund as described in Section 4.2(a)(1) that is not applied in accordance with Section 9.1 of the Master Indenture to pay the costs of issuance of the 2019A Notes shall be transferred to the Project Fund and applied as set forth in Section 5.2 below.

**Section 5.2 Project Fund.** (a) The Trustee will apply the amounts in the 2019A Project Fund to the payment or reimbursement of the costs of the 2019A Note Projects as directed by HRTAC from time to time. Disbursements from the 2019A Project Fund shall be made by the Trustee to HRTAC or as directed by HRTAC upon receipt by the Trustee of a requisition (upon which the Trustee shall be entitled to rely) signed by an HRTAC Representative and containing all information called for by, and otherwise being in the form of, Exhibit C-2.

(b) If the Trustee receives an Officer's Certificate stating that certain amounts in the 2019A Project Fund will not be necessary to pay the costs of the 2019A Note Projects, the Trustee shall then apply any remaining balance at the direction of an HRTAC Representative in such manner as will not, in the Opinion of Bond Counsel delivered to HRTAC and the Trustee, have an adverse effect on the tax-exempt status of the 2019A Notes.

**Section 5.3 Note Debt Service Fund.** (a) On or before each Interest Payment Date to and including \_\_\_\_\_, the Trustee shall transfer the interest payment due on the 2019A Notes from the 2019A Capitalized Interest Subaccount to the 2019A Note Debt Service Fund. In the event (i) the amounts transferred pursuant to the preceding sentence are insufficient to pay the interest on the 2019A Notes in full on an Interest Payment Date, and (ii) amounts in the 2019A Capitalized Interest Subaccount are exhausted, HRTAC shall deposit HRTAC Revenues into the 2019A Debt Service Fund in accordance with the provisions of Section 8.1(b) of the Master Indenture. Monthly transfers into the 2019A Note Debt Service Fund under Section 8.1(b) of the Master Indenture shall be in an amount not less than one-sixth of the interest due on the 2019A Notes on the next ensuing Interest Payment Date,

If, on the 2019A Notes Principal Payment Date, any moneys remain in the 2019A Capitalized Interest Subaccount after the transfers required by the preceding sentence, the remainder shall be applied to the payment of principal on the 2019A Notes in the event there are insufficient other moneys to make such payment in full, or to pay costs of the 2019A Note Projects.

(b) On or before the 2019A Notes Principal Payment Date, HRTAC shall transfer to the Trustee for deposit into the Series 2019 Principal Account an amount from the proceeds of disbursements under the TIFIA Loan Agreement equal to the principal payment due with respect to the 2019A Notes on such date. In the event the amounts transferred in the preceding sentence are insufficient to pay the principal on the 2019A Notes in full, HRTAC shall deposit HRTAC Revenues into the Series 2019 Principal Account in accordance with the provisions of Section

8.1(b) of the Master Indenture until the 2019A Notes have been paid in full or other funds that are available for such purpose pursuant to Section 6.2.

(c) For purposes of this paragraph, HRTAC shall be entitled to a credit immediately before each Interest Payment Date for interest earned.

**Section 5.4 Rebate Fund.** The Trustee shall invest and apply amounts on deposit in the 2019A Rebate Fund as directed by Officer's Certificates provided pursuant to and in accordance with the Master Indenture.

## **ARTICLE VI SPECIAL COVENANTS**

### **Section 6.1 Security for the 2019A Notes**

(a) The 2019A Notes shall be issued pursuant to the Master Indenture and this Third Series Supplement as Intermediate Lien Obligations and shall be (a) equally and ratably secured with respect to the HRTAC Revenues and certain Funds, Accounts and Subaccounts established under the Master Indenture with any other Series of Intermediate Lien Obligations of HRTAC issued pursuant to Article V of the Master Indenture, without preference, priority or distinction of any Intermediate Lien Obligations over any other Intermediate Lien Obligations, and (b) secured with respect to certain Funds, Accounts and Subaccounts in accordance with the provisions of this Third Series Supplement. Notwithstanding anything in the Indenture to the contrary and as provided in Section 2.1(b) of the Master Indenture, the money and investments held in the 2019A Project Fund and in the 2019A Note Debt Service Fund, including the 2019A Capitalized Interest Subaccount, are pledged to secure the 2019A Notes.

(b) There is hereby created an irrevocable pledge and lien upon the proceeds of disbursements under the TIFIA Loan Agreement solely for the benefit of the Owners of the 2019A Notes authorized herein. The pledge hereby made shall be valid and binding from and after the time of the delivery of the first 2019A Bond Anticipation Note authenticated and delivered under this Supplemental Resolution. Pursuant to Section 33.2-1920 of the Virginia Code and Section 33.2-2606 of the HRTAC Act, the proceeds so pledged and thereafter received by HRTAC shall immediately be subject to the lien of the pledge hereunder without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Commission, irrespective of whether such parties have notice thereof.

(c) The 2019A Notes shall be issued pursuant to the Master Indenture and this Third Series Supplement and shall be (a) equally and ratably secured with respect to the HRTAC Revenues and certain Funds, Accounts and Subaccounts established under the Master Indenture with any other Series of Intermediate Lien Obligations of HRTAC issued pursuant to Article \_\_\_\_ of the Master Indenture, without preference, priority or distinction of any Intermediate Lien Obligations over any other Intermediate Lien Obligations , and (b) secured with respect to certain Funds, Accounts and Subaccounts in accordance with the provisions of this Third Series

Supplement. Notwithstanding anything in the Indenture to the contrary and as provided in Section 2.1(b) of the Master Indenture, the money and investments held in the 2019A Project Fund and in the 2019A Note Debt Service Fund, including the 2019A Capitalized Interest Subaccount, are pledged to secure the 2019A Notes.

**Section 6.2 Covenant to Requisition Under TIFIA Loan Agreement and to Take Further Actions in the Event Such Moneys are Insufficient.**

HRTAC hereby covenants to take all actions necessary to ensure that it will submit a timely requisition by the last business day of the month that precedes the 2019A Notes Principal Payment Date by two months such that sufficient monies under the TIFIA Loan Agreement may be disbursed to pay the 2019A Notes in full on the 2019A Notes Principal Payment Date. In the event the amounts received under the TIFIA Loan Agreement are insufficient to pay the principal on the 2019A Notes in full on the 2019A Notes Principal Payment Date, HRTAC hereby agrees to use its best efforts to find an alternative financing solution, which could include the issuance of rollover bond anticipation notes and/or other Bonds secured by HRTAC Revenues under the Master Indenture.

**Section 6.3 Tax Regulatory Agreement.** (a) HRTAC agrees that it will not take any action, or omit to take any action, if any such action or omission would adversely affect the excludability from gross income of interest on the 2019A Notes under Section 103 of the Tax Code. HRTAC agrees that it will not directly or indirectly use or permit the use of any proceeds of the 2019A Notes or any other funds of HRTAC or take or omit to take any action that would cause the 2019A Notes to be “arbitrage bonds” under Section 148(a) of the Tax Code. To these ends, HRTAC will comply with all requirements of Sections 141 through 150 of the Tax Code, including the Rebate Requirement, to the extent applicable to the 2019A Notes.

(b) Without limiting the generality of the foregoing, HRTAC agrees that (i) it will not directly or indirectly use or permit the use of the proceeds of the 2019A Notes except in accordance with the 2019A Tax Regulatory Agreement and (ii) insofar as the 2019A Tax Regulatory Agreement imposes duties and responsibilities on HRTAC, the 2019A Tax Regulatory Agreement is specifically incorporated by reference into this Section.

(c) The Trustee agrees to comply with all written instructions of an HRTAC Representative given in accordance with the 2019A Tax Regulatory Agreement, but the Trustee shall not be required to ascertain whether the instructions comply with the 2019A Tax Regulatory Agreement. The Trustee shall be entitled to receive and may request from time to time from HRTAC written instructions from a nationally-recognized bond counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Tax Code, and the Trustee agrees that it will comply with such instructions (upon which the Trustee and HRTAC may conclusively rely) so as to enable HRTAC to perform its covenants under this Section.

(b) Notwithstanding any provisions of this Section, if HRTAC shall provide to the Trustee an opinion of nationally-recognized bond counsel addressed and acceptable to HRTAC and the Trustee to the effect that any action required under this Section by incorporation or otherwise is not required or is no longer required to maintain the excludability from gross

income of the interest on the 2019A Notes under Section 103 of the Tax Code, HRTAC and the Trustee may rely conclusively on such opinion in complying with the provisions of this Section.

## **ARTICLE VII MISCELLANEOUS**

**Section 7.1 Successors and Assigns.** This Third Series Supplement is binding upon, inures to the benefit of and is enforceable by its parties and their respective successors and assigns.

**Section 7.2 Severability.** If any provision of this Third Series Supplement is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.

**Section 7.3 Governing Law.** This Third Series Supplement will be governed by and construed under the applicable laws of the Commonwealth.

**Section 7.4 Counterparts.** This Third Series Supplement may be executed in several counterparts, each of which will be an original, and the counterparts will together constitute one and the same instrument.

**Section 7.5 Parties Interested.** Nothing in this Third Series Supplement expressed or implied is intended or will be construed to confer upon any Person, other than HRTAC, the Trustee and the Owners of the 2019A Notes, any right, remedy or claim under or by reason of this Third Series Supplement, this Third Series Supplement being intended for the sole and exclusive benefit of HRTAC, the Trustee and the Owners of the 2019A Notes.

[Signature Page Follows]



**IN WITNESS WHEREOF**, HRTAC and the Trustee have caused this Third Series Supplement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_

\_\_\_\_\_  
Chair

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION**, as Trustee

By: \_\_\_\_\_

Joy Holloway  
Vice President

[Signature Page of Third Series Supplement]

## **EXHIBIT A**

### **DESCRIPTION OF 2019A NOTE PROJECTS**

All or a portion of the following projects:

1. Interstate 64 Peninsula Widening (Segments I, II and III)
2. I-64 / I-264 Interchange Improvements (Phase I and II)
3. I-64 Southside Widening & High Rise Bridge (Phase I)

**EXHIBIT B**  
**FORM OF 2019A NOTE**

**REGISTERED**

R- \_\_\_\_\_

**CUSIP**

\_\_\_\_\_

**UNITED STATES OF AMERICA**  
**COMMONWEALTH OF VIRGINIA**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**  
**HAMPTON ROADS TRANSPORTATION FUND**  
**INTERMEDIATE LIEN BOND ANTICIPATION NOTE**  
**SERIES 2019A**

**INTEREST RATE**

**MATURITY DATE**

**DATED DATE**

\_\_\_\_\_ %

\_\_\_\_\_, 20\_\_

\_\_\_\_\_, 2019

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION, a body politic and a political subdivision of the Commonwealth of Virginia (“HRTAC”), acknowledges itself indebted and for value received promises to pay upon surrender of this Note at the corporate trust office of WILMINGTON TRUST, NATIONAL ASSOCIATION, or its successor, as trustee and paying agent (the “Trustee”) under the Indenture (as defined below), to the registered owner of this Note (the “Owner”), or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, and to pay interest on this Note semiannually on each \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, at the annual rate stated above, solely from the sources pledged for such purpose as described below. The principal of and premium, if any, and interest on this Note are payable in lawful money of the United States of America.

“Indenture” means the Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), between HRTAC and Wilmington Trust, National Association, or its successor, as trustee (the “Trustee”), as supplemented by the First Supplemental Series Indenture of Trust dated as of February 1, 2018 (the “First Supplemental Indenture”), the Second Supplemental Series Indenture of Trust dated as of \_\_\_\_\_, 2019 (the “Second Supplemental Indenture”) and the Third Supplemental Series Indenture of Trust dated as of \_\_\_\_\_, 2019 (the “Third Series Supplement”) and together with the First Supplemental Indenture, the Second Supplemental Indenture, and the Master Indenture, the “Indenture”), between HRTAC and the Trustee. Unless otherwise defined, each capitalized term used in this Note has the meaning given it in the Indenture.

Interest is payable (i) from the dated date set forth above (the “Dated Date”), if this Note is authenticated before \_\_\_\_\_, 2019, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which this Note is authenticated (unless payment of interest on this Note is in default, in which case this Note shall bear interest from the date to which interest has been paid). Interest on this Note is computed on the basis of a year of 360 days and twelve 30-day months.

Interest is payable by check or draft mailed to the holder of this Note at the address that appears on the fifteenth day of the month preceding each Interest Payment Date on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of this Note owns at least \$1,000,000 in aggregate principal amount of Notes (as defined below), and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Notwithstanding anything to the contrary contained in this Note or in the Indenture, for so long as Cede & Co. or any other nominee of The Depository Trust Company (“DTC”) is the Owner of all of the Notes, the principal of and premium, if any, and interest on this Note shall be payable pursuant to the additional requirements provided under the Letter of Representations.

If the date of maturity of the principal of this Note or the date fixed for the payment of interest on this Note shall not be a Business Day (as defined in the Indenture), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such date of maturity or date fixed for the payment of interest.

This Note and the issue of which it is a part and the premium, if any, and the interest on them are limited obligations of HRTAC and payable solely from the revenues, moneys and other property pledged to the Trustee for such purpose under the Indenture on a parity with the other Notes issued simultaneously herewith and the other Outstanding Intermediate Lien Obligations now or hereafter to be issued under the Indenture. THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER LOCALITY) OTHER THAN HRTAC. THIS NOTE SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY DEBT LIMITATION OR RESTRICTION EXCEPT AS PROVIDED UNDER THE APPLICABLE PROVISIONS OF THE VIRGINIA CODE.

This Note is one of an issue of \$\_\_\_\_\_ Hampton Roads Transportation Fund Intermediate Lien Bond Anticipation Notes, Series 2019A (the “Notes”), of like date and tenor, except as to number, denomination, rate of interest, and maturity, authorized and issued by HRTAC pursuant to Chapter 26, Title 33.2, Code of Virginia of 1950, as amended, resolutions adopted by HRTAC on June 16, 2016, December 14, 2017, and \_\_\_\_\_, 2019 and the Indenture, to provide proceeds to be used, along with other available funds, to pay the issuance and financing costs of the Notes, and to pay the costs of the construction and acquisition of the transportation facilities and projects described in Exhibit A to the Third Series Supplement. The Notes are issued as and constitute Intermediate Lien Obligations within the meaning of such term in the Indenture.

Reference is made to the Indenture and all amendments and supplements to it for a description of the provisions, among others, with respect to the nature and extent of the security for the Notes, the rights, duties and obligations of HRTAC and the Trustee, the rights of the Owners of the Notes and the terms upon which the Notes are issued and secured. HRTAC's authority to receive any or all of the taxes or other revenues pledged to the Trustee for payment of the Notes pursuant to the Indenture is subject to appropriation by the General Assembly of the Commonwealth, and neither the General Assembly nor HRTAC can or will pledge, covenant or agree to impose or maintain at any particular rate or level any of such taxes or other revenues.

HRTAC may from time to time hereafter issue additional bonds ranking senior to, equally with or subordinate to the Notes for certain purposes on the terms provided in the Indenture.

The Owner of this Note shall have no right to enforce the provisions of the Indenture or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect to it, except as provided in the Indenture.

Modifications or alterations of the Indenture, or of any supplement to it, may be made only to the extent and in the circumstances permitted by the Indenture.

The Notes are issuable as registered bonds in denominations of \$5,000 and integral multiples of \$5,000. Upon surrender for transfer or exchange of this Note at the Trustee's designated corporate trust office, HRTAC shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees or Owner, as applicable, a new Note or Notes of like date, tenor and of any authorized denomination for the aggregate principal amount any such transferee or Owner is entitled to receive, subject in each case to such reasonable regulations as HRTAC or the Trustee may prescribe. When presented for transfer, exchange, or payment, this Note must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to HRTAC and the Trustee, duly executed by the Owner or by his or her duly authorized attorney-in-fact or legal representative. Any such transfer or exchange shall be at HRTAC's expense, except that the Trustee may charge the person requesting such transfer or exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Owner of this Note shall be treated as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Owner, except that interest payments shall be made to the person registered as Owner on the fifteenth day of the month preceding each Interest Payment Date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Note have happened, exist and have been performed.

This Note shall not become obligatory for any purpose, be entitled to any security or benefit under the Indenture or be valid until the Trustee has executed the Certificate of Authentication appearing on this Note and inserted the date of authentication.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the Hampton Roads Transportation Accountability Commission has caused this Note to be signed by the manual or facsimile signature of its Chair and this Note to be dated the Dated Date.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
\_\_\_\_\_  
Chair

[Signature Page of the Note]

\* \* \* \* \*

**CERTIFICATE OF AUTHENTICATION**

This Note is one of the Notes described in the above-mentioned Indenture.

Authentication Date: \_\_\_\_\_

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Joy Holloway  
Vice President

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

---

---

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF  
TRANSFEREE)

---

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this Note and all rights under it, and irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer this Note on the books kept for its  
registration, with full power of substitution.

Dated: \_\_\_\_\_

Tax I.D. No. \_\_\_\_\_

Signature Guaranteed:

---

(NOTE: The signature of the registered owner or owners must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association which is a member of a medallion program approved by The Securities Transfer Association, Inc.)

---

Registered Owner  
(NOTE: The signature above must correspond exactly with must correspond exactly with the name of the registered owner as it appears on the front of this Note.)



**EXHIBIT C-1**

**FORM OF  
2019A COST OF ISSUANCE FUND REQUISITION**

Wilmington Trust, National Association, as Trustee

Requisition No. \_\_\_\_\_

Dated: \_\_\_\_\_

Attn: \_\_\_\_\_

Re: Direction to Make Disbursements from the 2019A Cost of Issuance Fund for the  
HRTAC Hampton Roads Transportation Fund Intermediate Lien Bond  
Anticipation Notes

Pursuant to Section 5.1 of the Third Supplemental Series Indenture of Trust dated as of  
\_\_\_\_\_, 2019 (the "Third Series Supplement"), between the Hampton Roads  
Transportation Accountability Commission ("HRTAC"), and Wilmington Trust, National  
Association, as trustee (the "Trustee"), the Trustee is directed to disburse from the 2019A Cost  
of Issuance Fund the amount indicated below.

Each capitalized terms not otherwise defined herein has the same meaning as used in the  
Third Series Supplement.

The undersigned certifies as follows:

1. The name(s) and address(es) of the person(s), firm(s) or corporation(s) to whom  
the disbursement(s) are due and the amounts to be disbursed are as follows:

Name and Address

Amount

[Use an additional page if necessary.]

2. The total amount to be disbursed is \$\_\_\_\_\_.

3. The undersigned is a "HRTAC Representative" within the meaning of the Third  
Series Supplement and the Master Indenture defined therein.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
HRTAC Representative

**EXHIBIT C-2**

**FORM OF  
2019A PROJECT FUND REQUISITION**

Wilmington Trust, National Association, as Trustee

Requisition No. \_\_\_\_\_

Attn: \_\_\_\_\_

Dated: \_\_\_\_\_

Re: Direction to Make Disbursements from the 2019A Project Fund for the HRTAC Hampton Roads Transportation Fund Intermediate Lien Bond Anticipation Notes

Pursuant to Section [5.2] of the Third Series Supplement of Trust dated as of \_\_\_\_\_, 2019 (the "Third Series Supplement"), between the Hampton Roads Transportation Accountability Commission ("HRTAC"), and Wilmington Trust, National Association, as trustee (the "Trustee"), the Trustee is directed to disburse from the 2019A Project Fund the amount indicated below.

Each capitalized terms not otherwise defined herein has the same meaning as used in the Third Series Supplement.

The undersigned certifies as follows:

4. The name(s) and address(es) of the person(s), firm(s) or corporation(s) to whom the disbursement(s) are due and the amounts to be disbursed are as follows:

<u>Name and Address</u>	<u>Amount</u>
-------------------------	---------------

[Use an additional page if necessary.]

5. The total amount to be disbursed is \$\_\_\_\_\_.

6. The project for which the obligation(s) to be paid was/were incurred:

\_\_\_\_\_.

7. The undersigned is a "HRTAC Representative" within the meaning of the Third Series Supplement and the Master Indenture defined therein.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
HRTAC Representative



NEW ISSUE  
BOOK ENTRY ONLY

Ratings: Moody's: "[ ]"  
S&P: "[ ]"  
(See "Ratings" herein)

*In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants and the accuracy of certain representations and certifications made by HRTAC, interest on the Series 2019A Notes (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed under the Tax Code, and (iii) is exempt from income taxation by the Commonwealth of Virginia. See "TAX MATTERS."*

## Hampton Roads Transportation Accountability Commission

\$ \_\_\_\_\_ \*



### Hampton Roads Transportation Fund Intermediate Lien Bond Anticipation Notes Series 2019A

#### Dated: Date of Delivery

Due: [July 1], as shown on the inside cover

This Official Statement has been prepared by the Hampton Roads Transportation Accountability Commission ("HRTAC" or the "Commission") to provide information on the above-referenced bonds (the "Series 2019A Notes"). Selected information is presented on this cover page for the convenience of the reader. To make an informed decision regarding the Series 2019A Notes, a prospective investor should read this Official Statement in its entirety.

#### Security/Payment

The Series 2019A Notes are limited obligations of HRTAC that are payable solely from the funds pledged by HRTAC for such purpose under the hereinafter described Master Indenture, subordinate to the pledge of such funds to Senior Bonds, as described in "SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2019A NOTES." The pledged funds consist of amounts credited by the Commonwealth of Virginia (the "Commonwealth") to the Hampton Roads Transportation Fund (the "HRTF"), a nonreverting fund held by the State Treasurer and recorded on the books of the Comptroller of Virginia, and transferred to HRTAC for inclusion in the HRTAC Revenues (defined herein). The HRTF includes revenues generated by (i) an additional 0.7% retail sales and use tax on transactions occurring in HRTAC's Member Localities (defined herein), and (ii) an additional 2.1% wholesale motor vehicle fuels sales tax on transactions occurring in the Member Localities. The Member Localities are located in the Hampton Roads region of southeastern Virginia ("Hampton Roads"). The continued availability of these tax revenues for deposit in the HRTF remains subject to annual appropriation by the General Assembly of the Commonwealth. The General Assembly may eliminate or change the source of funds for the HRTF at any time. HRTAC relies entirely on the Commonwealth to collect and deposit such funds in the HRTF and to transfer them to HRTAC for inclusion in the HRTAC Revenues. HRTAC has no taxing powers. The Series 2019A Notes are not a debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than HRTAC. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions (including any Member Locality) is pledged to the payment of the Series 2019A Notes. In addition, the Series 2019A Notes are payable from the proceeds of disbursements received by HRTAC under the TIFIA Loan Agreement. See "INTRODUCTION—Security and Sources of Payment" and "SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2019A NOTES."

#### Issued Pursuant to

The Series 2019A Notes will be issued pursuant to a Master Indenture of Trust dated as of February 1, 2018 (the "Master Indenture"), and a [Third] Supplemental Series Indenture of Trust dated as of \_\_\_\_\_ 1, 2019 (the "2019A Series Supplement"). The Commission approved the Series 2019A Notes in a resolution dated \_\_\_\_\_, 2019.

#### Purpose

The proceeds of the Series 2019A Notes, along with other available funds, will be used to finance the costs of certain transportation projects in Hampton Roads, in anticipation of draws under the TIFIA Loan (as described herein), to fund a portion of capitalized interest on the Series 2019A Notes to but not including their date of maturity, and to pay costs of issuance of the Series 2019A Notes. See "DESCRIPTION OF THE SERIES 2019A Notes—Estimated Sources and Uses of Funds."

#### Interest Rates/Yields

See inside cover.

#### Interest Payment Dates

[January 1] and [July 1], commencing \_\_\_\_\_ 1, 2020.

#### Redemption Terms

See inside front cover and "DESCRIPTION OF THE SERIES 2019A NOTES."

#### Denominations

\$5,000 or integral multiples thereof.

#### Closing/Delivery Date

\_\_\_\_\_, 2019.

#### Registration

Full book-entry only; The Depository Trust Company, New York, New York.

#### Trustee

Wilmington Trust, National Association.

#### Bond Counsel

Kaufman & Canoles, a Professional Corporation, Richmond, Virginia.

#### Underwriter's Counsel

Butler Snow LLP, Richmond, Virginia.

#### Financial Advisor

PFM Financial Advisors, LLC, Orlando, Florida.

J.P. Morgan

Citigroup

Wells Fargo Securities

Official Statement Date: \_\_\_\_\_, 2019

\* Preliminary, subject to change.

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

\$\_\_\_\_\_\*

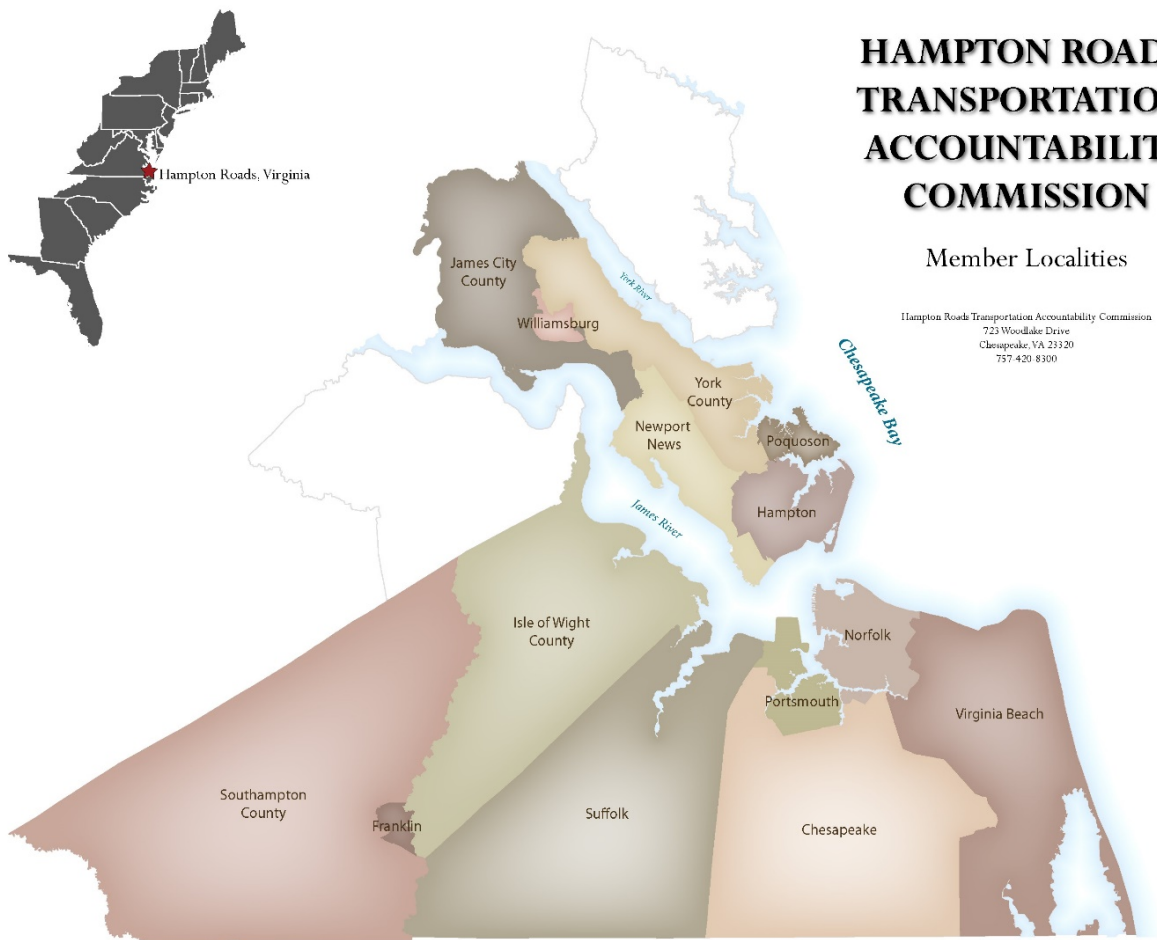
**HAMPTON ROADS TRANSPORTATION FUND  
INTERMEDIATE LIEN BOND ANTICIPATION NOTES  
SERIES 2019A**

<u>[July 1]</u> *	<u>Principal Amount</u> *	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> †
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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of bondholders, and neither HRTAC nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2019A Notes.



# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## Member Localities

Hampton Roads Transportation Accountability Commission  
723 Woodlake Drive  
Chesapeake, VA 23320  
757 420 8300

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

### **VOTING MEMBERS**

Linda T. Johnson, Chair, *City of Suffolk*  
Donnie R. Tuck, Vice-Chair, *City of Hampton*

Joel C. Acree, <i>Isle of Wight County</i>	Barry T. Porter, <i>Southampton County</i>
Kenneth C. Alexander, <i>City of Norfolk</i>	Dr. McKinley Price, <i>City of Newport News</i>
John A. Cosgrove, <i>Virginia Senate</i>	Frank Rabil, <i>City of Franklin</i>
Bobby Dyer, <i>City of Virginia Beach</i>	John Rowe, <i>City of Portsmouth</i>
Paul Freiling, <i>City of Williamsburg</i>	Thomas G. Shepperd, <i>York County</i>
Michael J. Hipple, <i>James City County</i>	Christopher P. Stolle, <i>Virginia House of Delegates</i>
W. Eugene Hunt Jr., <i>City of Poquoson</i>	Richard W. West, <i>City of Chesapeake</i>
Chris Jones, <i>Virginia House of Delegates</i>	David E. Yancey, <i>Virginia House of Delegates</i>
Montgomery "Monty" Mason, <i>Virginia Senate</i>	

### **NON-VOTING MEMBERS**

Stephen Brich, Commissioner of Highways	Virginia Department of Transportation
Jennifer Mitchell, Director	Department of Rail and Public Transportation
John F. Malbon, Member	Commonwealth Transportation Board
John F. Reinhart, Executive Director	Virginia Port Authority

### **HRTAC SENIOR STAFF**

Kevin B. Page, Executive Director

### **GENERAL COUNSEL**

Willcox & Savage, P.C.  
Norfolk, Virginia

### **BOND COUNSEL**

Kaufman & Canoles, a Professional Corporation  
Norfolk, Virginia

### **FINANCIAL ADVISOR**

PFM Financial Advisors, LLC  
Orlando, Florida

The Series 2019A Notes will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth, the Series 2019A Notes will also be exempt from registration under the securities laws of the Commonwealth.

No dealer, broker, salesman or other person has been authorized by HRTAC to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by HRTAC. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019A Notes by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between HRTAC and the purchasers or owners of any of the Series 2019A Notes. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of HRTAC or in any other matters described herein since the date hereof or, as in the case of any information incorporated herein by reference to certain publicly available documents, since the date of such documents.

The information set forth herein has been obtained from HRTAC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by any of such sources as to information provided by any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of HRTAC or in any other matters described herein since the date hereof or, as in the case of any information incorporated herein by reference to certain publicly available documents, since the date of such documents.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words, “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions identify forward-looking statements. A number of factors affecting HRTAC and its financial results could cause actual results to differ materially from those stated in the forward-looking statements.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12, as amended.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Third parties may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2019A Notes, including transactions to (i) over-allot in arranging the sales of the Series 2019A Notes, and (ii) make purchases and sales of Series 2019A Notes, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner beyond the control of HRTAC.

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## OFFICIAL STATEMENT

### HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

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**HAMPTON ROADS TRANSPORTATION FUND  
INTERMEDIATE LIEN BOND ANTICIPATION NOTES  
SERIES 2019A**

### INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices hereto, is to set forth certain information in connection with the issuance by the Hampton Roads Transportation Accountability Commission (“HRTAC” or the “Commission”) of its \$ \_\_\_\_\_\* Hampton Roads Transportation Fund Intermediate Lien Bond Anticipation Notes, Series 2019A (the “Series 2019A Notes”).

This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of HRTAC or of the revenues that will be credited to the Hampton Roads Transportation Fund (the “HRTF”) (as described herein) and transferred to HRTAC. The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices hereto, reference to which is hereby made for all purposes.

Unless otherwise defined in this Official Statement, all capitalized terms shall have the meanings as set forth in Appendix A – “DEFINITIONS AND SUMMARIES OF THE MASTER INDENTURE AND THE 2019A SERIES SUPPLEMENT.”

#### **Hampton Roads Transportation Accountability Commission**

HRTAC is a body politic and a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) created pursuant to the Code of Virginia of 1950, as amended (the “Virginia Code”), under Title 33.2, Chapter 26, thereof (the “HRTAC Act”), and empowered to finance and construct highway, bridge and tunnel projects in Planning District 23 of the Commonwealth. Planning District 23 is an area designated by the Virginia Department of Housing and Community Development (“DHCD”) to provide a forum for addressing regional cooperation among local governments in the Hampton Roads region of southeastern Virginia (“Hampton Roads”). As provided by the HRTAC Act, the Commission embraces all of the cities and counties in Planning District 23, which currently include the Counties of Isle of Wight, James City, Southampton, and York, and the Cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg (collectively, the “Member Localities”). All of the Member Localities other than Southampton County and the City of Franklin are located in the Virginia portion of the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (the “Hampton Roads MSA”). The Counties of Mathews and Gloucester are included in the Hampton Roads MSA but are not Member Localities. Cities and counties in the Commonwealth are independent entities; therefore, the Member Localities do not overlap. Certain local governments, including but not limited to HRTAC’s Member Localities, have agreed to assemble as the Hampton Roads Planning District Commission (“HRPDC”); however, the Member Localities (and sources of taxable transactions generating revenues for the HRTF) are limited to the localities designated by DHCD as constituting Planning District 23 and are not entirely identical to the membership of HRPDC. The membership of

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\* Preliminary, subject to change.

HRTPO is also not exactly the same as the composition of Planning District 23; for example, HRTPO includes Gloucester County which is not a Member Locality.

The HRTF was established as a nonreverting fund in the State Treasury under Chapter 766, 2013 Va. Acts of Assembly (“Chapter 766”), enacted on April 3, 2013. Pursuant to Chapter 766, the General Assembly of the Commonwealth (the “General Assembly”) dedicated to the HRTF all of the revenues generated by (i) an additional 0.7% retail sales and use tax on transactions occurring within the Member Localities, and (ii) an additional 2.1% wholesale motor vehicle fuels sales tax on transactions occurring in the Member Localities, each of which became effective on July 1, 2013. See “HAMPTON ROADS TRANSPORTATION FUND—HRTF Revenues.”

Funds in the HRTF were originally to be directed by the Hampton Roads Transportation Planning Organization (“HRTPO”). However, pursuant to statutory changes set forth in Chapter 545, 2014 Va. Acts of Assembly (“Chapter 545”), enacted on April 3, 2014, HRTAC was created and replaced HRTPO as the entity directing the use of the HRTF funds. HRTAC collaborates with HRTPO to set transportation funding priorities on the basis of a regional consensus developed by HRTPO. HRTAC does not replace the planning function of HRTPO, but serves primarily as a financing vehicle for regional transportation projects. See “HAMPTON ROADS TRANSPORTATION FUND” and “DEVELOPMENT OF CAPITAL EXPENDITURE AND FUNDING PLANS.” Decisions of HRTAC are subject to a supermajority voting test, including an affirmative vote by the present and voting elected officials who represent Member Localities that collectively contain at least two-thirds of the region’s population.

The HRTAC Act provides, among other things, that the Commission shall use the moneys from the HRTF solely for the purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities, giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities and (ii) paying the Commission’s administrative and operating expenses as provided in the Commission’s annual budget. See “HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION—HRTAC Annual Budget” herein, and “Table 5: HRTAC Operating Budget, FY 2020” in [Appendix E](#). Although HRTAC has statutory authority to enter into agreements with public or private entities for the operation and maintenance of bridges, tunnels, transit, rail facilities, and highways, the HRTAC Act does not authorize HRTAC to independently operate and maintain such facilities or to perform any transportation service.

HRTAC and the Virginia Department of Transportation (“VDOT”) entered into a Memorandum of Agreement dated March 30, 2015 (the “HRTAC-VDOT MOA”) to set forth terms under which the two entities would cooperate, along with HRTPO, to ensure the efficient and effective development and construction of projects to be funded with HRTF Revenues received by HRTAC. All of HRTAC’s projects to date have been pursued as part of VDOT’s statewide transportation system. Therefore, consistent with the HRTAC-VDOT MOA, HRTAC and VDOT have entered into Standard Project Agreements to govern their funding and performance obligations on such projects. Under all Standard Project Agreements to date, VDOT has agreed to provide administration of project construction and has assumed responsibility for operation and maintenance of the projects. See “DEVELOPMENT OF CAPITAL EXPENDITURE AND FUNDING PLANS.”

### **Hampton Roads Transportation Fund Revenue Bonds**

The HRTAC Act provides that HRTAC may issue bonds and pledge the funds received from the HRTF as security for such bonds. The Commission has entered into a Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), and a First Supplemental Series Indenture of Trust dated as

of February 1, 2018 (the “2018A Supplement”), each between HRTAC and Wilmington Trust, National Association, as trustee (the “Trustee”) and issued its \$500,000,000 Senior Lien Revenue Bonds, Series 2018A (the “Series 2018A Bonds”) on February 14, 2018.

On \_\_\_\_\_, 2019, the Commission authorized the issuance of the Series 2019A Notes in a principal amount not to exceed \$\_\_\_\_\_ pursuant to the Master Indenture and a [Third] Supplemental Series Indenture of Trust dated as of \_\_\_\_\_, 2019 (the “2019A Series Supplement”). The issuance of the Series 2019A Notes is fully authorized by the provisions of the HRTAC Act, the Master Indenture and the 2019A Series Supplement.

The Series 2019A Notes are the [second] [third] series of bonds issued by HRTAC. The Series 2019A Notes will be paid and secured on parity with all intermediate lien revenue bonds to be issued by HRTAC under the Master Indenture (the “Intermediate Lien Obligations”), and subordinate and junior to the Series 2018A Bonds and all Bonds issued on a parity with the Series 2018A Bonds (the “Senior Bonds”). See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS -- \_\_\_\_\_. The Series 2019A Notes, together with any additional parity bonds, senior lien obligations and subordinate obligations issued in the future as permitted by the Master Indenture, are collectively referred to herein as the “Bonds.” See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Parity Bonds” and “—Subordinate Debt.”

### **Purpose of the Series 2019A Notes**

HRTAC will use the proceeds of the Series 2019A Notes, along with other available funds, to finance the costs of certain transportation projects in Hampton Roads in anticipation of draws under the TIFIA Loan Agreement (as defined below) for such purpose, to fund a portion of capitalized interest on the Series 2019A Notes to, but not including, their maturity date, and to pay costs of issuance of the Series 2019A Notes. In particular, HRTAC will use the Series 2019A Bond proceeds in furtherance of its “FY 2020-2026 Six Year Operating and Capital Plan of Finance Update for the Region’s High Priority Projects,” which was revised and approved on June 20, 2019 to update and amend the “HRTAC FY 2019-2024 Funding Plan (collectively, the “Six-Year Funding Plan”). The HRTAC Act requires HRTAC to develop the Six-Year Funding Plan to provide for the expenditure of funds over a four-to-six year period in a manner that aligns as much as possible with the Statewide Transportation Plan maintained by the Commonwealth Transportation Board (the “CTB”). See “DEVELOPMENT OF CAPITAL EXPENDITURE AND FUNDING PLANS—Statewide Transportation Plan.” HRTAC has included in the Six-Year Funding Plan a list of projects prioritized in a manner consistent with (i) HRTPO’s 2040 Long Range Transportation Plan (described herein), (ii) the prioritization process of the CTB, and (iii) the goal set forth in the HRTAC Act of increasing capacity and addressing congestion within Planning District 23.

HRTAC has been implementing the Six-Year Funding Plan by spending proceeds of the Series 2018A Bonds and by contributing HRTF funds on a pay-as-you-go (“PayGo”) basis to the following projects administered by VDOT: (i) the Interstate 64 Peninsula Widening Project in Newport News, York County and James City County, (ii) the I-64 / I-264 Interchange Improvements Project in Norfolk and Virginia Beach, and (iii) the I-64 Southside Widening and High Rise Bridge Project in Chesapeake. The Six-Year Funding Plan also includes substantial funding for the expansion and widening of the Hampton Roads Bridge-Tunnel connecting Hampton and Norfolk, a portion of the project being outside the six-year timeframe but included in HRTPO’s 2040 Long Range Transportation Plan. [A portion of the proceeds of the Series 2019A Notes will be used to reimburse HRTAC for a portion of such PayGo expenditures.] See the map identifying transportation projects under “DEVELOPMENT OF CAPITAL EXPENDITURE AND FUNDING PLANS.”

## Security and Sources of Payment

The Series 2019A Notes are limited obligations of HRTAC that are payable solely from the funds pledged by the Master Indenture for such purpose, consisting of (i) the HRTAC Revenues (as defined below), (ii) certain amounts on deposit in Funds and Accounts created for the benefit of the Owners of the Series 2019A Notes under the 2019A Series Supplement, including capitalized interest funded from the proceeds of the Series 2019A Notes, and (iii) amounts requisitioned under the TIFIA Loan Agreement (described below) for eligible project costs and to be applied to the payment of principal on the Series 2019A Notes. The Series 2019A Notes are subordinate and junior to the Series 2018A Bonds and any senior debt issued on a parity therewith, but are payable on parity with all other Intermediate Lien Obligations which may hereafter be issued by HRTAC under the Master Indenture. The TIFIA Bond described below is subordinate to the Series 2019A Notes.

**The Series 2019A Notes are not a debt of the Commonwealth or any political subdivision thereof (including any Member Locality or any member of the HRTPO or the HRPDC) other than HRTAC, and the Series 2019A Notes do not constitute indebtedness within the meaning of any debt limitation or restriction. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions (including any Member Locality or any member of the HRTPO or the HRPDC) is pledged to the payment of the Series 2019A Notes. HRTAC has no taxing powers.**

*HRTAC Revenues.* The “HRTAC Revenues” pledged pursuant to the Master Indenture include all of the revenues transferred by the Commonwealth to HRTAC from the additional retail sales and use tax revenues and additional wholesale motor vehicle fuels sales tax revenues in the HRTF. The continued availability of these tax revenues is subject to annual appropriation by the General Assembly of the Commonwealth. Other revenues available under the HRTAC Act may in the future be designated as HRTAC Revenues pursuant to a Supplemental Indenture, but the Master Indenture does not currently permit toll revenues to be pledged to payment of the Bonds issued thereunder (including the Series 2019A Notes). See “HAMPTON ROADS TRANSPORTATION FUND” and amounts on deposit in certain Funds and Accounts created for the benefit of the Owners of the Series 2019A Notes under the 2019A Series Supplement, including capitalized interest funded from the proceeds of the Series 2019A Notes.

*TIFIA Loan Agreement.* The Series 2019A Notes are also payable from the proceeds of disbursements received by HRTAC under the TIFIA Loan Agreement (as next described). *(to be updated)* On \_\_\_\_\_, 2019, HRTAC entered into a TIFIA Loan Agreement, dated as of \_\_\_\_\_, 2019 (the “TIFIA Loan Agreement”), between HRTAC and the United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”). To evidence the loan made under the TIFIA Loan Agreement, HRTAC issued to its [\$\_\_\_\_\_ Subordinate Revenue Bond, TIFIA Series 2019] (the “TIFIA Bond”) to the TIFIA Lender on such date. HRTAC issued the TIFIA Bond as a Subordinate Obligation under the Master Indenture, and such obligation is subordinate to the Senior Bonds and the Series 2019A Notes.

The original principal amount of the TIFIA Bond was \$0, and the principal amount of the TIFIA Bond increases in an amount equal to each disbursement to HRTAC under the TIFIA Loan Agreement, and as capitalized interest thereon is added to the extent permitted by the TIFIA Loan Agreement. As of the date hereof, HRTAC has not made any requisitions under the TIFIA Loan Agreement and no funds have been advanced thereunder. Hence, notwithstanding capitalized interest, the TIFIA Loan Agreement currently permits HRTAC to requisition \$\_\_\_\_\_ additional funds under the TIFIA Loan Agreement, subject to the satisfaction of the conditions precedent to disbursement thereunder. HRTAC expects to make a single requisition under the TIFIA Loan in connection with the maturity of the Series 2019A Notes and apply the

amount requisitioned under the TIFIA Loan Agreement for eligible project costs to the payment of principal on the Series 2019A Notes.

As more particularly described under “TIFIA LOAN AGREEMENT,” there are numerous conditions that must be satisfied by HRTAC in connection with the requisitioning of moneys under the TIFIA Loan Agreement, including certain conditions relating to third parties, such as VDOT, over HRTAC has no control. In addition, the TIFIA Lender may refuse to honor a requisition if, among other things, an event of default under the TIFIA Loan Agreement or certain other material contracts has occurred and is continuing, or if HRTAC or certain other parties are not in compliance with federal law or their obligations under certain material contracts. See \_\_\_\_\_.

HRTAC has agreed in the [Third] Series Supplement to take all actions necessary to ensure that it can requisition sufficient moneys under the TIFIA Loan Agreement to pay the principal of the Series 2019A Notes on their maturity date.

### **Validation**

On August 15, 2016, the Commission instituted a bond validation proceeding in the Circuit Court for the City of Chesapeake, Virginia (the “Court”). The bond validation was not challenged. On October 7, 2016, the Court entered an Order (the “Order”) by which the Court validated, among other things, the constitutionality and validity of the HRTAC Act, the HRTF, the six-year funding plan then in effect, the Series 2018A Bonds, the pledge of the HRTAC Revenues to the payment of Bonds, and the original version of the Master Indenture. No appeal was taken within the time prescribed in Section 15.2-2656 of the Virginia Code.

## **HAMPTON ROADS TRANSPORTATION FUND**

### **General**

The HRTF was established under Chapter 766, enacted on April 3, 2013. Pursuant to Chapter 766, the General Assembly dedicated to the HRTF all of the additional revenues generated by the imposition of an additional retail sales and use tax, and an additional wholesale motor vehicle fuels sales tax, on transactions occurring within the Member Localities. See “HAMPTON ROADS TRANSPORTATION FUND—HRTF Revenues.” As described in the following section, the continued availability of these tax revenues is subject to annual appropriation by the General Assembly of the Commonwealth.

HRTAC was established under Chapter 545, enacted on April 3, 2014, to receive the HRTF funds and apply them to the financing of (i) new construction projects on new or existing highways, bridges, and tunnels in the Member Localities, and (ii) administrative and operating expenses as provided in the Commission’s annual budget (which under the HRTAC Act shall be limited solely to administrative expenses of the Commission and shall not include any funds for construction or acquisition of transportation facilities or the performance of any transportation service). Under HRTAC’s existing Standard Project Agreements with VDOT, project operating and maintenance expenses on projects funded by HRTAC are responsibilities of VDOT. See “DEVELOPMENT OF CAPITAL EXPENDITURE AND FUNDING PLANS.”

The HRTF was created in the State Treasury to be held by the State Treasurer (the head of the Department of the Treasury) and recorded on the books of the Comptroller of Virginia (the head of the Department of Accounts) as a special nonreverting fund for Planning District 23. The tax revenues dedicated to the HRTF are collected and paid into the State Treasury and credited to the HRTF on a monthly basis. Interest earned on moneys in the HRTF remains in and is credited to the HRTF. Any moneys

remaining in the HRTF, including interest thereon, at the end of each fiscal year of the Commonwealth will not revert to the Commonwealth's general fund, but shall remain in the HRTF. Pursuant to Chapter 608, 2016 Va. Acts of Assembly, enacted on April 1, 2016, the amounts held in the HRTF are distributed to the Commission as soon as practicable for use in accordance with the HRTAC Act. If the Commission determines that such moneys distributed to it exceed the amount required to meet the current needs and demands to fund transportation projects pursuant to the HRTAC Act, the Commission may invest such excess funds in accordance with state law.

### **Subject-to-Appropriation**

The continued availability of the above-described tax revenues for deposit in the HRTF remains subject to annual appropriation by the General Assembly of the Commonwealth, and the General Assembly may eliminate or change the source of funds for the HRTF at any time. Funds already transferred to the HRTF, which is a nonreverting fund, are no longer subject to appropriation but HRTAC continues to rely entirely on the Commonwealth to transmit such funds to HRTAC for inclusion in the HRTAC Revenues.

VDOT agreed, under the HRTAC-VDOT MOA, to annually request (in accordance with the schedule of the Virginia Department of Planning and Budget) for the Governor to include the HRTF Revenues in the budget delivered to the General Assembly for the next succeeding Fiscal Year or biennial period, as applicable. VDOT also agreed to promptly notify HRTAC upon becoming aware of any failure by the General Assembly to appropriate tax revenues to the HRTF. As a practical matter there is no effective remedy if the Governor or the General Assembly fail to provide for HRTF funding in the Commonwealth's Budget. Further, the HRTAC-VDOT MOA provides that VDOT shall bear no responsibility for collecting or depositing the tax revenues in the HRTF.

Under the Virginia Constitution, no appropriation is valid for more than two years and six months after the adjournment of the session of the General Assembly at which the appropriation was made. The General Assembly of the Commonwealth is not obligated to make any future appropriations, and the Commission makes no representation that the General Assembly will keep the HRTF in existence or that appropriations to the HRTF will be made by the General Assembly in any future fiscal year of the Commonwealth.

Enactment Clause 14 of Chapter 766 provides that the provisions of Chapter 766 that generate revenue through the additional state taxes for transportation projects in Planning District 23 shall expire on December 31 of any year in which the General Assembly appropriates or transfers any of such revenues for any non-transportation-related purpose. See "INVESTMENT CONSIDERATIONS—Risks of Non-Appropriation and Future Legislative Actions."

### **HRTF Revenues**

This section provides a brief description of the taxes which comprise the HRTF Revenues, and is followed by separate sections describing each tax source in greater detail. The HRTF Revenues are derived from the revenues generated from the following taxes that were imposed starting July 1, 2013 on transactions taking place within Planning District 23:

(i) Additional Retail Sales and Use Tax. Section 58.1-638.H.2 of the Virginia Code provides for the deposit in the HRTF of the revenue generated by an additional retail sales and use tax of 0.70 percent imposed on retail sales transactions within the Member Localities other than food purchased for home consumption (the "Additional Sales and Use Tax").



(ii) Additional Wholesale Motor Vehicle Fuels Sales Tax. Section 58.1-2295.A.2 of the Virginia Code provides for the deposit in the HRTF of the revenue generated by an additional motor vehicle fuels sales tax of 2.10 percent imposed on sales of fuel by distributors at wholesale to retail dealers for retail sales in the Member Localities (the “Additional Motor Vehicle Fuels Tax”).

### **Additional Sales and Use Tax**

The Additional Sales and Use Tax is administered and collected by the State Tax Commissioner, the head of the Virginia Department of Taxation, in the same manner and subject to the same penalties as provided for the statewide retail sales and use tax. The receipts of the Additional Sales and Use Tax are deposited into the State Treasury and then credited by the Comptroller of Virginia to the HRTF. In accordance with the HRTAC-VDOT MOU, VDOT provides monthly notice to HRTAC of the Additional Sales and Use Tax collection amounts. This usually occurs during the third week of the month. The revenues are typically transferred into the HRTF within a week after such notice. HRTAC is entirely dependent on the Virginia Department of Taxation, the Virginia Department of Treasury and the Virginia Department of Accounts to collect and deposit the Additional Sales and Use Tax revenues in the HRTF and to transfer them to HRTAC for inclusion in the HRTAC Revenues.

The Additional Sales and Use Tax is imposed upon transactions in the Member Localities in addition to the statewide retail sales and use tax of 4.3% and the local option retail sales and use tax of 1.0% used by the Commonwealth and its localities for other purposes. Consumers therefore pay a total of 6% in sales and use taxes on retail transactions occurring in the Member Localities. HRTAC does not receive any revenues from the statewide or local option retail sales and use taxes, but only receives the proceeds of the 0.7% Additional Sales and Use Tax.

Under Virginia law, retail sales taxes are imposed on transactions involving (i) the business of selling at retail or distributing tangible personal property; (ii) the leasing or rental of tangible personal property as part of an established business; (iii) the storing for use or consumption in the Commonwealth of any item or article of tangible personal property or leasing or renting such property within the Commonwealth; (iv) the finishing of transient accommodations; or (v) the selling of certain services. The tax on sales is based on the gross sales price of each item or article of tangible personal property. The seller collects the tax from the customer by separately stating the amount of the tax and adding it to the sales price or charge. The tax on accommodations, leases and rentals, which is based upon the lessor’s gross proceeds from the leases and rentals, is collected by the lessor by separately stating the amount of tax and adding it to the charge made to the lessee. The tax on items or articles of tangible personal property stored in the Commonwealth for use or consumption in the Commonwealth is based on the cost price of each item or article. The tax on taxable services is based on the gross sales price of the services.

Under Virginia law, use taxes are imposed on the use or consumption of tangible personal property throughout the Commonwealth, or the storage of such property outside the Commonwealth for use or consumption in the Commonwealth. This tax applies to (i) tangible personal property purchased outside the Commonwealth that would have been subject to sales tax if purchased in the Commonwealth, and (ii) purchases, leases or rentals made in the Commonwealth if the sales tax was not paid at the time of purchase, lease or rental. In general, the use tax is based on the cost price of each item or article of tangible personal property used or consumed in the Commonwealth or the cost price of each item or article of tangible personal property stored outside the Commonwealth for use or consumption in the Commonwealth.

The Commonwealth requires all dealers with nexus to the Commonwealth to collect and remit applicable sales and use tax. In South Dakota v. Wayfair (No. 17-494, June 21, 2018), the U.S. Supreme Court held for the first time that states have the authority to collect sales tax directly from out-of-state sellers

having no physical presence in the taxing state. In 2019, the Virginia General Assembly enacted Chapter 815, Acts of Assembly, which became effective on July 1, 2019 and provides uniform nexus requirements for remote sellers, marketplace facilitators, and marketplace sellers. Dealers with no Virginia physical presence are required to collect and remit sales tax if they have more than \$100,000 in Virginia gross sales or complete greater than 200 separate transactions in Virginia during the current or previous calendar year.

The Virginia Code provides various exclusions and exemptions from the retail sales and the use tax. For example, the sales and use tax is not levied upon medicines, certain purchases by nonprofit entities, certain agricultural supplies and commodities, certain industrial materials and machinery, supplies used to produce publications, and certain commercial computer equipment. Sales and use taxes are not imposed on food for human consumption except under the 1% local option sales tax described above (which is not included in the tax sources for the HRTF).

### **Additional Motor Vehicle Fuels Tax**

The Additional Motor Vehicle Fuels Tax is administered and collected by distributors in each Member Locality and paid to the Commissioner of the Department of Motor Vehicles (the “DMV”) each month. The distributor is required to collect the tax from the retail dealer by separately stating the amount of the tax and adding it to the sales price or charge. Distributors are required to remit the collected amounts to the DMV by midnight of the 20th day of the second month succeeding the month of collection. However, remittance of the tax for the month of May must be received by the DMV no later than the last business day of June. Once received by the DMV, revenues from the Additional Motor Vehicle Fuels Tax are credited by the Comptroller of Virginia to the HRTF on a monthly basis and are thereafter distributed to HRTAC as soon as practicable. HRTAC is entirely dependent on the Virginia Department of Taxation, the DMV and the Virginia Department of Accounts to collect and deposit the Additional Motor Vehicle Fuels Tax revenues in the HRTF and to transfer them to HRTAC for inclusion in the HRTAC Revenues.

The Additional Motor Vehicle Fuels Tax is imposed upon transactions in the Member Localities in addition to the statewide motor vehicle fuels tax, used by the Commonwealth for other purposes, which is established based upon 5.1% of the statewide average wholesale price of a gallon of unleaded regular gasoline for a trailing six-month base period, subject to a designated floor price of \$3.17 per gallon which was the statewide average price on February 20, 2013 [(the average price is currently below the floor, so the floor rate of 16.2 cents per gallon applies)]. Assuming an average wholesale price of approximately \$2.00 per gallon of unleaded regular gasoline, the statewide motor vehicle fuels sales tax would be at the floor rate of 16.2 cents per gallon and the Additional Motor Vehicle Fuels Tax would equal 4.2 cents per gallon. HRTAC does not receive any revenue from the statewide motor vehicle fuels tax, but instead receives the proceeds of the 2.1% Additional Motor Vehicle Fuels Tax. While the original legislation for the Additional Motor Vehicles Fuels Tax did not establish a floor for such regional tax, Chapters 854 and 856 of the 2018 General Assembly established such a wholesale price floor for deriving the Additional Motor Vehicle Fuels Tax, effective as of July 1, 2018.

### **Historical HRTF Revenues**

The following Table I shows historical receipts from the two HRTF Revenue sources. See also “Table 1: HRTF Revenues” in [Appendix E](#).

HRTF Revenues in Fiscal Years 2018 and 2019 were approximately \$169.2 million and \$211.1, respectively, with the Additional Sales and Use Tax constituting approximately 73% of total HRTF Revenues. From July 1, 2019 through [July 31,] 2019 (unaudited), HRTF Revenues were \$10.2 million, compared to approximately \$8.8 million during such period for the previous year.

**Table I**  
**Historical Hampton Roads Transportation Fund Revenues (in Millions)**

<u>Source</u>	<u>FY</u> <u>2014</u> <sup>(1)</sup>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY</u> <u>2019</u> <sup>(2)</sup>	<u>FY</u> <u>2020</u> <sup>(3)</sup>
Additional Sales and Use Tax	\$ 107.9	\$ 130.0	\$ 126.5	\$ 131.5	\$ 136.5	\$ 139.4	\$ 5.7
Additional Motor Vehicle Fuels Tax	<u>37.3</u>	<u>40.9</u>	<u>26.7</u>	<u>25.0</u>	<u>32.7</u>	<u>71.6</u> <sup>(4)</sup>	<u>4.5</u>
<b>TOTAL:</b>	<b><u>\$ 145.2</u></b>	<b><u>\$ 170.9</u></b>	<b><u>\$ 153.2</u></b>	<b><u>\$ 156.5</u></b>	<b><u>\$ 169.2</u></b>	<b><u>\$ 211.1</u></b>	<b><u>\$ 10.2</u></b>

Source: HRTAC.

<sup>(1)</sup> The Commission's fiscal year ends on June 30.

<sup>(2)</sup> Unaudited.

<sup>(3)</sup> Unaudited. HRTF Revenues for the [one-]month period beginning July 1, 2019, and ending [July 31,] 2019.

<sup>(4)</sup> Effective as of July 1, 2018, the General Assembly established a wholesale price floor for deriving the Additional Motor Vehicle Fuels Tax, as described above.

## DESCRIPTION OF THE SERIES 2019A NOTES

### General

The Series 2019A Notes will be issued as fully registered bonds in book-entry form. The Series 2019A Notes will be dated their date of delivery, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from the dated date thereof, payable semiannually on each [January 1] and [July 1], beginning \_\_\_\_\_ 1, 2020, at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Interest on the Series 2019A Notes will be computed on the basis of a year of 360 days and twelve 30-day months. Interest will be payable to the registered owners of the Series 2019A Notes at their addresses as they appear on the fifteenth day of the month preceding the interest payment date on the registration books kept by the Trustee. Principal of, premium, if any, and interest on the Series 2019A Notes will be paid by the Trustee to The Depository Trust Company ("DTC") for distribution to its Direct and Indirect Participants (as defined in Appendix G). See "DESCRIPTION OF THE SERIES 2019A Notes—Book-Entry System" herein, and Appendix G.

### Estimated Sources and Uses of Funds

Set forth below are the expected amounts and components of the proceeds of the sale of the Series 2019A Notes and the application of the proceeds on the date of delivery of the Series 2019A Notes:

**Sources:**

Principal Amount of Series 2019A Notes	\$ _____
[Net] Original Issue [Premium][Discount]	_____
Total Sources:	\$ _____

**Uses:**

Deposit to Project Fund	\$ _____
Deposit to Capitalized Interest Account	
Underwriters' Discount	_____
Deposit to Cost of Issuance Fund	_____
Total Uses:	\$ _____

**Redemption \***

The Series 2019A Notes are not subject to redemption prior to maturity.

**Book-Entry System**

DTC will act as securities depository for the Series 2019A Notes. The Series 2019A Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2019A Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as Cede & Co. is the registered owner of the Series 2019A Notes, as nominee of DTC, references in this Official Statement to the Owners of the Series 2019A Notes shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only owner of Bonds for all purposes under the Master Indenture and the 2019A Series Supplement.

Neither the Commission nor the Trustee has any responsibility or obligation to the Direct or Indirect Participants (as defined in Appendix G) or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, and interest on the Series 2019A Notes; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Master Indenture to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

**ESTIMATED DEBT SERVICE REQUIREMENTS**

The following Table II sets forth for each fiscal year the amounts needed in each annual period for payment of principal and interest on the Series 2019A Notes, as of the date of issuance of the Series 2019A Notes. (*for discussion*).

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\* Preliminary, subject to change.

**Table II**  
**Estimated Debt Service Requirements**

<b>Fiscal Year <u>Ending</u><sup>(1)</sup></b>	<b>Senior Series 2018A Bonds <u>Debt Service</u></b>	<b>Intermediate Lien Series 2019A Notes <u>Principal</u></b>	<b>Intermediate Lien Series 2019A Notes <u>Interest</u></b>	<b>Subordinate TIFIA Series 2019 Debt <u>Service</u><sup>(2)</sup></b>	<b>Total Debt <u>Service</u></b>
06/30/2020	\$	\$	\$		\$
06/30/2021					
06/30/2022					
06/30/2023					
06/30/2024					
06/30/2025					
06/30/2026					
06/30/2027					
06/30/2028					
06/30/2029					
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06/30/2049					
06/30/2050					
06/30/2051					
06/30/2052					
06/30/2053					
06/30/2054					
06/30/2055					
06/30/2056					
06/30/2057					

(1) Amounts due \_\_\_\_\_ 1 shown in prior fiscal year.

(2) [Statement describing TIFIA debt service.]

## **SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2019A NOTES**

The Series 2019A Notes are limited obligations of HRTAC and are payable solely from the funds pledged by the Master Indenture for such purpose, consisting of (i) the HRTAC Revenues, (ii) certain amounts on deposit in Funds and Accounts created for the benefit of the Owners of the Series 2019A Notes under the 2019A Series Supplement, including capitalized interest funded from the proceeds of the Series 2019A Notes, and (iii) amounts requisitioned under the TIFIA Loan Agreement (described below) for eligible project costs and to be applied to the payment of principal on the Series 2019A Notes. The Series 2019A Notes are being issued as Intermediate Lien Obligations under the Master Indenture, and are payable as to principal and interest from, and secured by, a pledge of HRTAC Revenues that is subordinate to the payment of principal of and interest on Senior Bonds, including the Series 2018A Bonds, issued by HRTAC under the Master Indenture and on a parity with all other Intermediate Lien Obligations which may hereafter be issued by HRTAC under the Master Indenture.

A portion of the capitalized interest on the Series 2019A Notes to maturity has been funded from the proceeds of the Series 2019A Notes. It is expected that principal on the Series 2019A Bonds at maturity will be paid from a disbursement made to HRTAC under the TIFIA Loan Agreement, subject to the satisfaction of certain conditions [and including the execution and delivery of same].

### **Limited Obligations**

The Series 2019A Notes are limited obligations of the Commission and payable solely as Intermediate Lien Obligations from the revenues, moneys and other property pledged by the Master Indenture for such purpose, consisting of the HRTAC Revenues. The pledged HRTAC Revenues consist of the amounts credited by the Comptroller of Virginia to the HRTF and transferred to HRTAC, including the Additional Sales and Use Tax revenues and the Additional Motor Vehicle Fuels Tax revenues generated from transactions occurring within the Member Localities, all of which are located in Hampton Roads and comprise Planning District 23 of the Commonwealth. See “HAMPTON ROADS TRANSPORTATION FUND—HRTF Revenues.” The availability of such revenues for deposit into the HRTF is subject to annual appropriation by the General Assembly, and the General Assembly may eliminate or change such taxes and fees at any time. The receipt of such funds is also conditioned upon their use for transportation-related purposes, specifically new construction projects on new or existing highways, bridges or tunnels in the Member Localities. See “HAMPTON ROADS TRANSPORTATION FUND—Subject-to-Appropriation” above.

The realization of amounts to be derived upon the enforcement of the Series 2019A Notes will depend upon the exercise and effectiveness of the remedies specified in the Master Indenture. These and other remedies may, in many respects, require judicial action of a nature that is often subject to discretion and delay. Under existing laws, the remedies specified in the Master Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019A Notes will be qualified as to the enforceability of various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, fraudulent conveyance, reorganization and other laws affecting the enforcement of creditors’ rights generally. See “INVESTMENT CONSIDERATIONS—Limitation on Remedies” herein, and “THE MASTER INDENTURE—Events of Default and Remedies Upon Default” in Appendix A.

**The Series 2019A Notes are not a debt of the Commonwealth or any political subdivision thereof (including any Member Locality or any member of the HRTPO or the HRPDC) other than the Commission, and the Series 2019A Notes do not constitute indebtedness within the meaning of any debt limitation or restriction. Neither the faith and credit nor the taxing power of the**

**Commonwealth or any of its political subdivisions (including any Member Locality or any member of the HRTPO or the HRPDC) is pledged to the payment of the Series 2019A Notes. The Commission has no taxing powers.**

***Pledges Under the Master Indenture; Intermediate Lien Obligations.*** The Series 2019A Notes are being issued as Intermediate Lien Obligations and are the first Series of Intermediate Lien Obligations issued by HRTAC under the Master Indenture. The Series 2019A Notes are payable as to principal and interest from, and secured by, a pledge of HRTAC Revenues that is subordinate to the payment of principal of and interest on the Senior Bonds, including the Series 2018A Bonds, issued by HRTAC under the Master Indenture.

With respect to the Series 2019A Notes, the 2019A Series Supplement establishes solely for the benefit of the Owners of the Series 2019A Notes the Series 2019 Capitalized Interest Account, the Series 2019 Interest Account, the Series 2019 Principal Account, the Series 2019 Costs of Issuance Account and the Series 2019 Project Account, which are pledged exclusively to secure the obligations of HRTAC to the Owners of the Series 2019A Notes. The Series 2019A Rebate Account is created exclusively to make certain payments, if any, to maintain the federal tax-exempt status of the Series 2019A Notes, and is not pledged to the repayment of the Series 2019A Notes.

On the date of issuance of the Series 2019A Notes, \$\_\_\_\_\_ will be deposited into the Series 2019A Capitalized Interest Subaccount to pay interest on the Series 2019A Notes to, but not including, the maturity of the Series 2019A Notes; \$\_\_\_\_\_ will be deposited into the Series 2019 Costs of Issuance Subaccount and \$\_\_\_\_\_ will be deposited into the Series 2019 Project Subaccount.

The 2019A Series Supplement also creates an irrevocable pledge and lien upon the proceeds of disbursements received by the HRTAC from the TIFIA Lender under the TIFIA Loan Agreement solely for the benefit of the Owners of the Series 2019A Notes.

As described herein, the Series 2019A Notes are also payable from, and secured by a pledge of HRTAC Revenues, subject to the prior application of such funds as described below under “\_\_\_ Flow of Funds.” Interest on the Series 2019A Notes is being paid from the proceeds of the Series 2019A Notes to, but not including the maturity of the Series 2019A Notes, and the principal of the Series 2019A Notes is expected to be paid in full from draws under the TIFIA Loan Agreement. In the event that disbursements under the TIFIA Loan Agreement are not available to HRTAC in full at the maturity of the Series 2019A Notes, HRTAC will use its best efforts to find an alternative refinancing solution, which could include moneys available to HRTAC and/or the issuance of rollover bond anticipation notes and/or other obligations secured by HRTAC Revenues under the Master Indenture.

***TIFIA Loan Agreement.*** [On \_\_\_\_\_, 2019,] HRTAC delivered to the TIFIA Lender the TIFIA Bond as a Subordinate Obligation to evidence HRTAC’s obligation to repay the TIFIA Loan. The principal amount of the TIFIA Bond increases in an amount equal to the advances made by the TIFIA Lender to HRTAC under the TIFIA Loan Agreement. HRTAC expects to make a single requisition under the TIFIA Loan in connection with the maturity of the Series 2019A Notes and apply the amount requisitioned under the TIFIA Loan Agreement for eligible project costs to the payment of principal on the Series 2019A Notes.

Subject to the satisfaction of the conditions set forth in the TIFIA Loan Agreement, some of which conditions are summarized under “TIFIA LOAN AGREEMENT – Conditions to Requisition and Disbursement Under TIFIA Loan Agreement,” the TIFIA Loan will be funded in the amount not to exceed \$\_\_\_\_\_, plus capitalized interest on the TIFIA Loan that may accumulate prior to the substantial completion

of the Project. HRTAC has not requisitioned any funds under the TIFIA Loan Agreement as of the date of this Official Statement. HRTAC issued the TIFIA Bond, under the Master Indenture and a Second Supplemental Series Indenture in connection with the issuance of the TIFIA Bond (the “TIFIA Series Supplement”), to the TIFIA Lender to evidence its repayment obligation with respect to the TIFIA Loan. The TIFIA Bond is a Subordinate Lien Obligation under the Master Indenture, subordinate to the lien and pledge securing the Senior Bonds.

As more particularly described under “TIFIA LOAN AGREEMENT,” there are numerous conditions that must be satisfied by HRTAC in connection with the requisitioning of moneys under the TIFIA Loan Agreement, including certain conditions relating to third parties, such as VDOT, over which HRTAC has no control. In addition, the TIFIA Lender may refuse to honor a requisition if, among other things, an event of default under the TIFIA Loan Agreement or certain other material contracts has occurred and is continuing, or if HRTAC or certain other parties are not in compliance with federal law or their obligations under certain material contracts. See \_\_\_\_\_.

HRTAC has agreed in the [Third] Series Supplement to take all actions necessary to ensure that it can requisition sufficient moneys under the TIFIA Loan Agreement to pay the principal of the Series 2019A Notes on their maturity date.

***No Mortgage, Lien or Acceleration.*** The Series 2019A Notes are not secured by any mortgage or lien on any transportation facilities of the Commission, VDOT, the Commonwealth, or any of the Member Localities or by a pledge of the revenues derived from any such facility. In the event of a failure to make any payment on the Series 2019A Notes when due, neither the Trustee nor the owners of the Series 2019A Bonds shall have any right to take possession of any transportation facilities or to exclude the Commission, VDOT, the Commonwealth, or any of the Member Localities from possession of them, nor shall there be any right to accelerate payment of the Series 2019A Notes.

***No Toll Revenues.*** The Series 2019A Notes are not secured by a pledge of any toll revenues. The Master Indenture currently does not permit toll revenues to be pledged to the payment of the Bonds.

## **Outstanding Bonds**

As of the date of this Official Statement, the aggregate outstanding principal amount of the Series 2018A Bonds is \$\_\_\_\_\_, and the aggregate outstanding principal amount of the TIFIA Bond is \$0, subject to increase as disbursements are made under the TIFIA Loan Agreement and as capitalized interest on the TIFIA Bond increases as permitted under the TIFIA Loan Agreement.

## **Additional Bonds**

The Series 2019A Notes are the [third] series of obligations to be issued under the Master Indenture, following the issuance of the Series 2018A Bonds and the TIFIA Bond.

***Authority to Issue Additional Bonds.*** Under the Master Indenture, the Commission may issue additional Bonds, including Senior Bonds that are senior as to the pledge of HRTAC Revenues with the Series 2019A Notes, Intermediate Lien Obligations that are parity as to the pledge of HRTAC Revenues with the Series 2019A Notes and subordinate in payment and security to the Senior Bonds, and Subordinate Obligations that are subordinate in payment and security to both the Intermediate Lien Obligations and the Senior Bonds. All Intermediate Lien Obligations (including the Series 2019A Notes) will be equally and ratably secured under the Master Indenture without preference, priority or distinction on account of the time of their authentication, delivery or maturity. However, different Series of Intermediate Lien Obligations may bear interest at different rates, have different maturity dates and payment dates, may be subject to



different mandatory or optional redemption or tender terms, and may have the benefit of credit facilities that do not support other Series of Intermediate Lien Obligations. See “THE MASTER INDENTURE—Issuance of Bonds—Parity of Bonds” in Appendix A.

*Additional Bonds – Senior Bonds.* The Master Indenture requires as a condition to the issuance of any additional Senior Bonds for non-refunding purposes the filing with the Trustee of an Officer’s Certificate to the effect that, during any twelve consecutive months of the eighteen months preceding the issuance of the additional Senior Bonds, the HRTAC Revenues were not less than 2.00 times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year (defined in the Master Indenture as the twelve-month period commencing on July 1 of one year and ending on June 30 of the following year) on the Senior Bonds Outstanding and the Series of Senior Bonds to be issued. See “THE MASTER INDENTURE—Issuance of Bonds—Conditions to the Issuance of Additional Series of Bonds” in Appendix A.

*Additional Bonds – Intermediate and Subordinate Obligations.* [In addition to Senior Bonds like the Series 2018A Bonds, HRTAC is permitted to issue Intermediate Lien Obligations and Subordinate Obligations secured by the HRTAC Revenues, the payment and security of each which shall be subordinate to the Senior Bonds and to the Senior Debt Service Fund deposits required to be made under the Master Indenture. See “THE MASTER INDENTURE—Issuance of Bonds—Intermediate Lien Obligations” and “—Subordinate Obligations” in Appendix A.]

## **Flow of Funds**

The following summary of the Master Indenture’s flow of funds provisions does not purport to be comprehensive or definitive and is qualified by reference to the entire Master Indenture, as supplemented by the 2019A Series Supplement. The Master Indenture establishes a Revenue Fund to which HRTAC will deposit all HRTAC Revenues immediately upon receipt, [except as provided below as to certain investment earnings]. The Revenue Fund is the source of the following monthly transfers that will benefit the holders of the Bonds on a parity basis: *[subject to change after conclusion of negotiations with TIFIA]*

FIRST: To each Senior Debt Service Fund, ratably, the amount, if any, required under the Related Series Supplement so that the balance therein on the next Payment Date shall equal the amount of principal, if any, and interest due on the next Payment Date on the Related Series of Bonds; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SECOND: To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement;

THIRD: To each Intermediate Lien Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Intermediate Lien Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in an Intermediate Lien Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

FOURTH: To each Intermediate Lien Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in such Fund shall be equal to the respective Intermediate Lien Debt Service Reserve Requirement;

FIFTH: To each Subordinate Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SIXTH: To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement;

SEVENTH: To each Rebate Fund the amounts necessary to provide for the payment of any Rebate Amounts with respect to the Related Series of Bonds as confirmed in an Officer's Certificate;

EIGHTH: To the Operating Account of the Operating Fund, the amount of funds necessary to pay Operating Expenses during such period in accordance with the Annual Budget (as defined in the Master Indenture; see Appendix A);

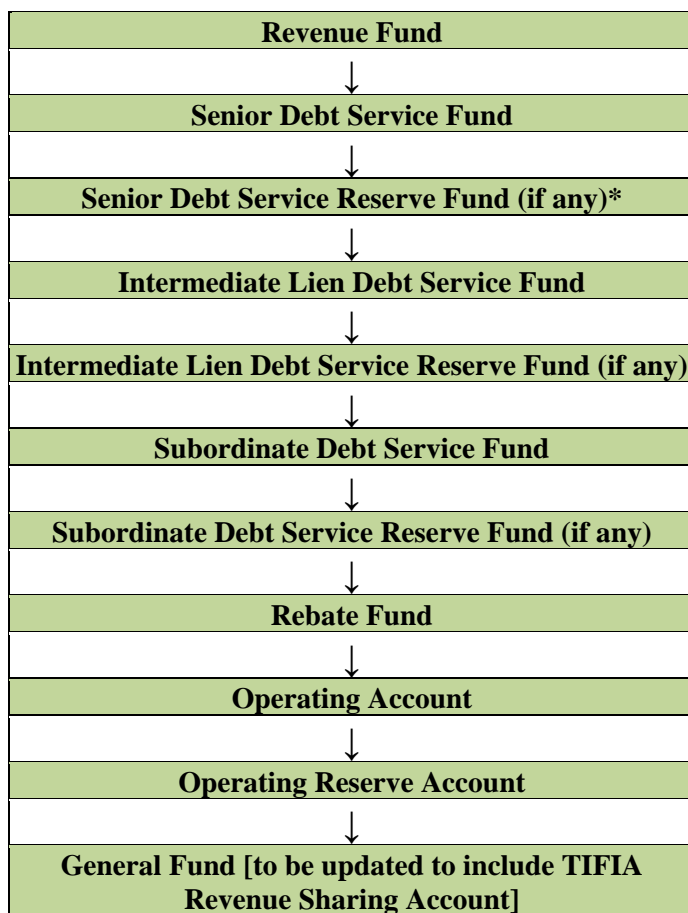
NINTH: To the Operating Reserve Account of the Operating Fund, the amount, if any, so that the balance in such Account shall be equal to the Operating Reserve Requirement; and

TENTH: To the General Fund, the balance remaining in the Revenue Fund [to be updated to include TIFIA Revenue Sharing Account].

Pursuant to the 2019A Series Supplement, each monthly transfer into the 2019A Bond Debt Service Fund under the Master Indenture shall be in an amount not less than the sum of (i) one-sixth of the interest due on the Series 2019A Notes on the next ensuing Interest Payment Date, plus (ii) one-twelfth of the principal due on the Series 2019A Notes at maturity or upon mandatory redemption on the next ensuing Principal Payment Date, less (iii) accrued interest and any other interest earnings currently on deposit therein. See "THE 2019A Series Supplement—Bond Debt Service Fund" in Appendix A.

HRTAC shall apply the balance in the General Fund, including interest earnings, as follows: (i) first to cure any deficiency in the amount required to be on deposit in any Senior Debt Service Fund, any Senior Debt Service Reserve Fund, any Intermediate Lien Debt Service Fund, any Intermediate Lien Debt Service Reserve Fund, any Subordinate Debt Service Fund, any Subordinate Debt Service Reserve Fund, any Rebate Fund, or the Operating Reserve Account, in that order; and (ii) then to any lawful purpose approved by resolution of HRTAC, including without limitation, expenditures for capital improvements or administrative expenses. See "THE MASTER INDENTURE—Revenue Fund and Flow of Funds" in Appendix A.

## FLOW OF FUNDS DIAGRAM



*\* No Debt Service Reserve Fund will be established or maintained for the Series 2019A Notes.*

## TIFIA LOAN AGREEMENT

(to be updated) HRTAC and the TIFIA Lender entered into the TIFIA Loan Agreement effective \_\_\_\_\_, 2019. Pursuant to the TIFIA Loan Agreement, the TIFIA Lender agreed to extend a loan to HRTAC in an aggregate principal amount of \$\_\_\_\_\_ (the “TIFIA Loan”). HRTAC expects to make a single requisition under the TIFIA Loan in connection with the maturity of the Series 2019A Notes and apply the amount requisitioned under the TIFIA Loan Agreement for eligible project costs to the payment of principal on the Series 2019A Notes. The obligations of HRTAC to repay the TIFIA Loan, as well as to pay all other obligations of HRTAC under the TIFIA Loan Agreement, are referred to as the “TIFIA Obligations.” [The proceeds of the TIFIA Loan may be disbursed by HRTAC for reimbursement of certain Project costs,” which are eligible to be financed with the proceeds of the TIFIA Loan pursuant to federal law, provided that total disbursements under the TIFIA Loan cannot exceed 33% of all such eligible Project Costs and total federal assistance (including federal highway reimbursement funds) provided to the [Projects] cannot exceed 80% of all such eligible Project Costs.]

HRTAC issued the TIFIA Bond to the TIFIA Lender to evidence its repayment obligations under the TIFIA Loan. The interest rate on the TIFIA Bond is \_\_%, computed on the basis of a 365- or 366-day

year, as applicable, for the actual number of days elapsed, except that, upon the occurrence and during the continuance of a payment default, the interest rate with respect to any overdue principal amount shall bear interest at the foregoing rate plus 2.00% *per annum*. The TIFIA Loan begins to amortize annually beginning [July 1, 20\_\_], with a final maturity on [July 1, 20\_\_]. A projected amortization of the TIFIA Bond is set forth under the column entitled “TIFIA Series 2019 Debt Service” under Table II – Estimated Debt Service Requirements in “ESTIMATED DEBT SERVICE REQUIREMENTS.”

The TIFIA Bond is issued as a Subordinate Lien Obligation under the Master Indenture.

Certain provisions of the TIFIA Loan Agreement relating to conditions precedent to requisitioning moneys and events of default are summarized below.

### **Disbursement Request**

A request for a disbursement of the TIFIA Loan by HRTAC will be made to the TIFIA Lender by submission of a requisition in the form attached to the TIFIA Loan Agreement, which form contains certain representations to be made by HRTAC.

*(subject to update)* Certain conditions precedent to a disbursement that were satisfied in connection with the execution and delivery of the TIFIA Loan Agreement must continue to remain in place at the time of disbursement. Other than the delivery of customary certificates as to representations and warranties, no defaults and other corporate matters, the following, among others, are additional conditions to the TIFIA Lender’s obligation to fund the requisition request:

- delivery to the TIFIA Lender of updated Financial Plans and amendments and modifications, if any, to certain Project contracts;
- compliance with statutes and regulations relating to projects funded by the TIFIA Lender;
- all applicable insurance policies are in full force and effect and all permits and governmental approvals necessary to complete construction of [the Project] have been obtained;
- no event of default under the TIFIA Loan Agreement, the Master Indenture or other material contracts, or event which with the giving of notice or the passage of time or both under such documents would result in an event of default has occurred and is continuing;
- since the date HRTAC submitted the application for the TIFIA Loan to the TIFIA Lender there shall not have occurred a Material Adverse Effect;
- HRTAC has demonstrated to the TIFIA Lender’s satisfaction that it can complete the Project timely and within budget, as the construction schedule and budget may be revised from time to time with the TIFIA Lender’s consent, and has sufficient funds to complete [the Project] and no facts or circumstances have arisen that would reasonably be likely to cause such amounts not to be available as and when needed to pay such costs; and

The TIFIA Lender shall be entitled to withhold approval of the disbursement of TIFIA Loan proceeds if:

- an event of default or an event that, with the giving of notice of the passage of time or both, would constitute an event of default, under the TIFIA Loan Agreement shall have occurred and be continuing; or
- HRTAC
  - knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable federal or local criminal law, in connection with the transactions contemplated by the TIFIA Loan Agreement; or
  - fails to construct [the Project] in a manner consistent with plans, specifications, engineering reports, permits or facilities plans previously submitted to and approved by the TIFIA Lender, or with good engineering practices, where such failure prevents or materially impairs the Project from fulfilling its intended purpose, or prevents or materially impairs the ability of the TIFIA Lender to monitor compliance by HRTAC with applicable federal or local law pertaining to [the Project], or with the terms and conditions of the TIFIA Loan Agreement; or
  - fails to observe or comply with any applicable federal or local law, or any term or condition of the TIFIA Loan Agreement; or
  - fails to deliver documentation satisfactory to the TIFIA Lender evidencing eligible Project Costs claimed for disbursement at the times and in the manner specified by the TIFIA Loan Agreement; provided, that in such case the TIFIA Lender may, in its sole discretion, partially approve a disbursement request in respect of any amounts for which adequate documentation evidencing eligible Project Costs has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts.

#### **Events of Default Under the TIFIA Loan Agreement [To Come]**

### **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

The Commission was created by the Virginia General Assembly in 2014 to be a body politic and a political subdivision of the Commonwealth with responsibility for approving the funding of projects to be financed with the HRTF Revenues. Such revenues are derived from the additional taxes levied pursuant to Chapter 766 within Planning District 23. The Member Localities comprising Planning District 23 currently include the Counties of Isle of Wight, James City, Southampton, and York, and the Cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The Commission is a separate legal entity from these Member Localities within Planning District 23. Cities and counties in the Commonwealth are independent entities; therefore, the Member Localities do not overlap. Pursuant to Chapter 545, the Commission must use the HRTF Revenues for purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities, giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities, and (ii) paying the Commission's administrative and operating expenses as provided in its annual budget (which under the HRTAC shall be limited solely to administrative expenses of the Commission and shall not include any funds for construction or acquisition of transportation facilities or the performance of any transportation service). See "HAMPTON ROADS TRANSPORTATION FUND—General" herein, and "Table 5: HRTAC Operating Budget" in Appendix E. HRTAC collaborates with HRTPO to set transportation

funding priorities on the basis of a regional consensus developed by HRTPO, but HRTAC serves primarily as a financing vehicle for regional transportation projects rather than as a planning board. To date, all of HRTAC's projects have been part of VDOT's statewide transportation system and HRTAC has entered into Standard Project Agreements with VDOT whereby HRTAC provides funds to such projects. See "DEVELOPMENT OF CAPITAL EXPENDITURE AND FUNDING PLANS."

## **Hampton Roads Region**

With the exception of Southampton County and the City of Franklin, all of the Member Localities are located in the Hampton Roads MSA. For a description of certain demographic, economic and financial information regarding Planning District 23 and Hampton Roads, see [Appendix D](#).

## **Commission Members**

Pursuant to the HRTAC Act, HRTAC has 23 members as follows: the chief elected official of the ten (10) cities embraced by the Commission, which in each such city is a mayor; a current elected official of each of the four (4) counties embraced by the Commission, provided that such official (a) serves on the governing body of the county and (b) has been appointed by resolution of such governing body to serve as the county's member on the Commission; three (3) members of the House of Delegates who reside in different counties or cities embraced by the Commission and who are appointed by the Speaker of the House; and two (2) members of the Senate who reside in different counties or cities embraced by the Commission, who are appointed by the Senate Committee on Rules. In addition, the Director of the Virginia Department of Rail and Public Transportation ("VDRPT"), or his/her designee; the Commissioner of Highways, or his/her designee; the Executive Director of the Virginia Port Authority, or his/her designee; and a member of the CTB who resides in a locality embraced by the Commission and who is appointed by the Governor, serve as non-voting members of HRTAC.

The current membership of HRTAC is listed below, together with the related Member Locality or appointing official or body:

<b><u>Voting Members</u></b>	<b><u>Title</u></b>	<b><u>Source of Appointment</u></b>
Linda T. Johnson	HRTAC Chair	City of Suffolk
Donnie R. Tuck	HRTAC Vice-Chair	City of Hampton
Joel C. Acree	Member	Isle of Wight County
Kenneth C. Alexander	Member	City of Norfolk
John A. Cosgrove	Member	Virginia Senate
Bobby Dyer	Member	City of Virginia Beach
Paul Freiling	Member	City of Williamsburg
Michael J. Hipple	Member	James City County
W. Eugene Hunt Jr.	Member	City of Poquoson
Chris Jones	Member	Virginia House of Delegates
Montgomery "Monty" Mason	Member	Virginia Senate
Barry T. Porter	Member	Southampton County

<b><u>Voting Members</u></b>	<b><u>Title</u></b>	<b><u>Source of Appointment</u></b>
Dr. McKinley Price	Member	City of Newport News
Frank Rabil	Member	City of Franklin
John Rowe	Member	City of Portsmouth
Thomas G. Shepperd	Member	York County
Christopher P. Stolle	Member	Virginia House of Delegates
Richard W. West	Member	City of Chesapeake
David E. Yancey	Member	Virginia House of Delegates

**Non-Voting Members:**

Stephen Brich	Non-Voting Member	Commissioner of Highways, VDOT
Jennifer Mitchell	Non-Voting Member	Director of VDRPT
John F. Malbon	Non-Voting Member	Commonwealth Transportation Board
John F. Reinhart	Non-Voting Member	Executive Director, Virginia Port Authority

**HRTAC Executive Director**

**Kevin B. Page** serves as the Executive Director of HRTAC. He has served the Commission in this role for over 2 years. Mr. Page is responsible for management of the day-to-day administrative affairs of the Commission, which relate principally to the support of more than \$7.9 billion in mega highway transportation projects that are planned for Hampton Roads. Mr. Page is also responsible for coordinating the management and investment of the HRTF funds received by HRTAC. Mr. Page has over 30 years of multimodal leadership experience within the transportation industry and has served in executive roles on major infrastructure funding and construction initiatives and in forging strategic partnerships, including serving on various transportation boards and safety committees. Before joining HRTAC, he spent over 10 years in executive leadership roles over transit and rail funding and program delivery with the Virginia Department of Rail and Public Transportation, 7 years as the Transit Manager of Petersburg, Virginia's separate transit and school bus enterprise operations, and 2 years with the Greater Richmond Transit Company in Richmond, Virginia. He has led the planning, development and implementation of a wide variety of projects including large scale public-private and multistate partnerships, the safety oversight of transportation systems, corridor long environmental studies, short and long-range planning and financing, and was instrumental in the development and delivery of regional Amtrak passenger train service and the expansion of the Virginia Railway Express to serve new markets. Mr. Page earned a B.S. degree in Urban Studies and Planning from Virginia Commonwealth University, is a graduate of the Virginia Executive Institute, and his professional awards of recognition include the VDOT Peer Award, VDOT Commissioner's Award of Excellence, the Virginia Economic Developer's Association Economic Development Ally of the Year Award, HB2 Team Excellence in Teamwork Award, CSX Transportation Partnership Award, the Commonwealth Transportation Safety Board's Award for Rail Safety, and the Amtrak President's State Partner Award.

## **HRTAC Annual Budget**

HRTAC's Fiscal Year 2020 administrative and operating expense budget totals \$5.6 million and is expected to be funded entirely from interest earnings on funds received from the HRTF. The largest expenditures in the budget are personnel and professional services costs. As required by the HRTAC Act, the annual budget is limited solely to the administrative and operating expenses of the Commission and does not include funds for construction or acquisition of transportation facilities or for the performance of any transportation service. See "HAMPTON ROADS TRANSPORTATION FUND—General" and "SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2019A Notes—Flow of Funds" herein, and "Table 5: HRTAC Operating Budget" in [Appendix E](#). The financial activities of the Commission are overseen by the Commission's Finance Committee and are subject to annual audit (as described below) and annual reporting to the Commonwealth's Joint Legislative Commission on Transportation Accountability.

## **HRTAC Financial Statements**

The audited financial statements of HRTAC for the Fiscal Year ending June 30, [2019] are included in [Appendix B](#). The Commission's financial statements are prepared in accordance with generally accepted accounting principles and audited annually in accordance with government auditing standards. The Commission's independent auditor, PB Mares, LLP, has not been engaged to perform and has not performed since the date of its report included in [Appendix B](#) any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Official Statement.

## **DEVELOPMENT OF CAPITAL EXPENDITURE AND FUNDING PLANS**

The primary documents which guide the Commission's transportation funding priorities are the HRTPO 2040 Long-Range Transportation Plan and the Six-Year Funding Plan, both of which are described below.

### **HRTPO's 2040 Long-Range Transportation Plan**

HRTAC sets its long-range transportation funding priorities in coordination with the conceptual, regional consensus developed through meetings of the HRTPO. The HRTPO is a metropolitan planning organization ("MPO") established in accordance with the Federal-Aid Highway Act of 1962, as amended. Federal regulations require that urbanized areas throughout the United States have MPOs to conduct a continuing, cooperative and comprehensive transportation planning process. Urbanized areas are defined as areas with a population of 200,000 or greater, known as Transportation Management Areas ("TMAs"). MPOs participate in a federal certification review of the transportation planning process for their TMAs every four years. MPOs must be certified in order to receive federal funds for transportation projects. The transportation planning process must result in plans and programs that consider all modes of transportation and support metropolitan community development and social goals. These plans and programs must lead to the development and operation of an integrated, intermodal transportation system that facilitates the efficient, economic movement of people and goods.

HRTAC participates in HRTPO's planning process by preparing and updating a fiscally constrained long-range regional transportation project funding plan for Planning District 23 which includes transportation improvements of regional significance and improvements necessary or incidental thereto. It is important to note the "constrained" aspect of HRTAC's plan for regional priority projects, which means



HRTAC has identified only those projects which can be funded from available resources (although the 2040 LRTP includes long-range and “Vision Plan” projects as detailed herein). HRTAC communicates its long-range plan to the HRTPO, and the HRTPO works to incorporate such plan into the constrained section of its broader 2040 Long-Range Transportation Plan (the “2040 LRTP”).

The 2040 LRTP is the official transportation blueprint guiding multimodal transportation investments for Hampton Roads and is used to (i) identify regional priority projects and (ii) help determine project sequencing based on project readiness and available funding. As the guiding regional transportation plan, the 2040 LRTP is designed to be a “living” document, updated through an amendment process. The 2040 LRTP was originally adopted on July 21, 2016, and most recently amended on May 17, 2018, by the HRTPO to conform to updated cost estimates and opening year information for multiple regional priority projects to be supported by HRTAC funds and to reflect updated revenue forecasts used to fiscally-constrain those projects. Total HRTAC project costs included in the 2040 LRTP are approximately \$8.5 billion, expressed in year-of-expenditure dollars to properly reflect inflation. HRTAC’s approach has been to provide funding as the project planning, engineering and readiness process warrants, and in coordination with VDOT.

The fiscally-constrained HRTAC projects in the 2040 LRTP include (i) the I-64 Peninsula Widening Project (Segments I, II and III) in Newport News, York County and James City County, (ii) the I-64/I-264 Interchange Improvements Project (Phases I and II) in Norfolk and Virginia Beach, (iii) the I-64 Southside Widening and High Rise Bridge Project (Phase I) in Chesapeake, and (iv) the expansion and widening of the I-64 Hampton Roads Bridge-Tunnel connecting Hampton and Norfolk (the “HRBT Expansion Project”). The first three projects are expected to be delivered by Fiscal Year 2022, and HRTAC has entered into Standard Project Agreements with VDOT for the construction of those projects. See “Table III: HRTAC Projects under VDOT Standard Project Agreements.” The HRBT Expansion Project is expected to be delivered by Fiscal Year 2026.

As HRTAC allocates funds to projects in the 2040 LRTP, those projects are reflected in HRTPO’s Transportation Improvement Program (“TIP”), which is a four-year program for the implementation of surface transportation projects in Hampton Roads. The TIP includes all funded transportation projects of regional significance.

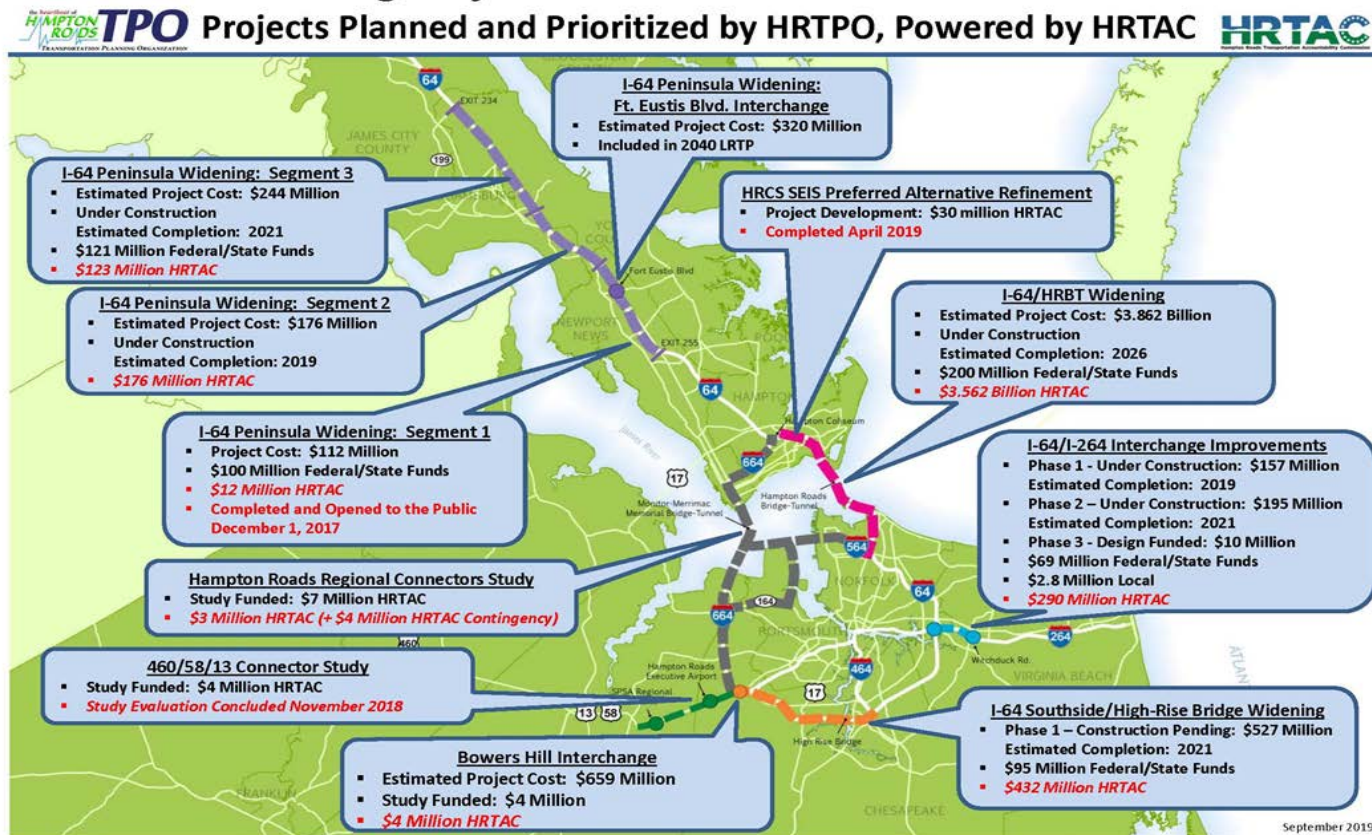
The 2040 LRTP also identifies certain long-range HRTAC projects that are expected to be completed within the 2040 LRTP but whose completion dates and costs are subject to funding availability and other factors. These projects are not expected to be delivered until after Fiscal Year 2024. The long-range HRTAC projects in the 2040 LRTP include I-64 Southside Widening and High Rise Bridge Improvements (Phase II) in Chesapeake, Bowers Hill Interchange Improvements in Suffolk, and I-64/Fort Eustis Boulevard Interchange Improvements in Newport News. See “Table VI: Future HRTAC Projects in the 2040 LRTP.”

Projects not included in the 2040 LRTP, but included within a “Vision Plan” for the region are longer term and will require additional study and evaluation. They will not be completed unless additional resources become available. The projects within the “Vision Plan” include construction of an I-564/I-664 Connector (dubbed “Patriots Crossing”) to connect Norfolk with the existing Monitor Merrimac Memorial Bridge Tunnel, improvements to the I-664 Monitor-Merrimac Memorial Bridge-Tunnel connecting Suffolk with Newport News, improvements to VA 164 in Portsmouth, and construction of a VA I-64 Connector to the Patriots Crossing.

The map on the following page illustrates the regional priority projects included in the 2040 LRTP and the Vision Plan.

# Hampton Roads Regional Transportation Priority Projects

## “Moving Projects Forward – HRTAC Investments”



## **HRTAC Six-Year Funding Plan**

The Commission is required by the HRTAC Act to develop and adopt the Six-Year Funding Plan (which is a rolling six-year plan) to provide for the expenditure of funds over a four- to six-year period for projects that have been planned and also programmed for actual development. The Six-Year Funding Plan is required by the HRTAC Act to align as much as possible with the Statewide Transportation Plan maintained by the CTB and described below.

HRTAC's current Six-Year Funding Plan (for Fiscal Years 2020 through 2026) was adopted in June 2019. Projects approved as part of the Six-Year Funding Plan include the I-64 Peninsula Widening, I-64/I-264 Interchange Improvements (Phases I, II and III), I-64 Southside Widening/High Rise Bridge Phase I, and the HRBT Expansion Project.

The current Six-Year Funding Plan identifies a variety of funding sources that may be utilized by the Commission, including PayGo funds, remaining proceeds of the Series 2018A Bonds, proceeds of the Series 2019A Notes and/or the TIFIA Loan, additional Bonds (including another TIFIA loan), toll revenues (including toll-backed debt), VDOT funding and other public funds. The current Six-Year Funding Plan envisions issuance of Bonds (some of which constitute TIFIA loans) and bond anticipation notes.

The Six-Year Funding Plan is designed to prioritize the funding of projects in a manner consistent with (i) the regional project sequencing set forth in the 2040 LRTP, (ii) the CTB's Statewide Transportation Plan and its prioritization process (described below) and (iii) the goal of providing the greatest impact on reducing congestion for the greatest number of citizens residing in the Member Localities.

## **Statewide Transportation Plan**

Under state law, the CTB's Statewide Transportation Plan must incorporate the measures and goals of the approved long-range plans developed by applicable regional organizations. In addition, consistent with the Statewide Transportation Plan, the CTB is required to develop, in accordance with federal transportation requirements, and in cooperation with MPOs situated within the Commonwealth, a statewide prioritization process for the use of available highway funds in a manner that considers congestion mitigation, economic development, accessibility, safety, environmental quality, and other factors.

The statewide prioritization process for transportation projects financed by the Commonwealth was established under Chapter 726, 2014 Va. Acts of Assembly, enacted on April 6, 2014, and codified in Virginia Code Section 33.2-214.1. This project selection process, known as the SMART SCALE (System for the Management and Allocation of Resources for Transportation) (the "SMART SCALE Program"), is a competitive prioritization process administered by the Commonwealth to advise the CTB in its funding decisions. For each SMART SCALE cycle, the screening and scoring results are presented to the CTB and the public and a Six-Year Improvement Program for the Commonwealth is developed based on CTB direction and the SMART SCALE scoring results. As enacted, the prioritization process utilized by the CTB is designed to be an objective and quantifiable analysis for project selection that considers, at a minimum, congestion mitigation, economic development, accessibility, safety, and environmental quality. When evaluating and scoring projects within the geographical confines of HRTAC, the SMART SCALE Program requires the CTB to weigh congestion mitigation as the most important factor.

To-date, the SMART SCALE Program has provided approximately \$463.7 million toward HRTAC projects including the I-64 Peninsula Widening, the I-64 Southside Widening/High Rise Bridge Phase I, the I-64/I-264 Interchange Improvements (Phase II) and the HRBT Expansion Project.

The Six-Year Funding Plan assumes no additional SMART SCALE funding beyond these amounts. The HRTPO will submit HRTAC project SMART SCALE funding applications for the next allocation cycle. For each SMART SCALE cycle, basic project information must be submitted by June 1st of the calendar year, and final project applications must be submitted by August 1st.

### **VDOT Agreements**

HRTAC has entered into Standard Project Agreements with VDOT for its pre-HRBT projects, and a Project Administration and Funding Agreement with VDOT for the HRBT Expansion Project, both of which relate to HRTAC's funding of approved projects that will be part of VDOT's statewide transportation system. To date, all of HRTAC's projects are included in the statewide transportation system. Under certain Standard Project Agreements, CTB has agreed to also contribute state funds to the construction of HRTAC projects. Under all Standard Project Agreements to date, VDOT has agreed to provide administration of project construction as reimbursed by HRTAC, and VDOT has assumed responsibility for operation and maintenance of the projects at no cost to HRTAC. HRTAC's funding obligation under each of these agreements is limited to the amounts budgeted. If VDOT determines it may incur additional, unbudgeted costs, such as to cover cost overruns, HRTAC has the option to provide additional funding, cancel the project or a portion thereof, or authorize VDOT to make modifications or reductions in scope or design to stay within the initial budget under the applicable Standard Project Agreement.

HRTAC's executed Standard Project Agreements and funding shares to date are described in Table III below. Upon issuance of the Series 2019A Notes, HRTAC will continue to contribute HRTF funds to such projects and others, and such contributions will be made either from Bond proceeds or other available funds. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds."

**Table III**  
**HRTAC Projects under Agreements With VDOT (in Millions)**

	<b>Prior Years</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Total<sup>(1)</sup></b>
<b><u>Interstate 64 Peninsula Widening (Segments 1-3)</u></b>									
HRTAC Funding	\$252	\$52	\$6	\$ -	\$ -	\$ -	\$ -	\$ -	\$310
VDOT Funding	<u>161</u>	<u>26</u>	<u>34</u>						<u>221</u>
Total	<u>413</u>	<u>78</u>	<u>40</u>						<u>531</u>
<b><u>I-64/I-264 Interchange Improvements (Phases I-III)</u></b>									
HRTAC Funding	224	42	24						290
VDOT Funding	57	3							68
HRTPO and Local Funding	<u>5</u>	<u>-</u>	<u>-</u>	<u>8</u>					<u>5</u>
Total	<u>286</u>	<u>45</u>	<u>24</u>	<u>8</u>					<u>363</u>
<b><u>I-64 Southside Widening and High Rise Bridge Project (Phase I)</u></b>									
HRTAC Funding	191	162	79						432
VDOT Funding	<u>60</u>	<u>35</u>	<u>-</u>						<u>95</u>
Total	<u>251</u>	<u>197</u>	<u>79</u>						<u>527</u>
<b><u>(Mega Project) Delivery of HRBT Expansion Project</u></b>									
HRTAC Funding*	76	365	1,129	714	546	531	181	11	3,553
VDOT Funding**	<u>-</u>	<u>1</u>	<u>14</u>	<u>39</u>	<u>39</u>	<u>16</u>	<u>200</u>	<u>-</u>	<u>309</u>
Total	<u>76</u>	<u>366</u>	<u>1,143</u>	<u>753</u>	<u>585</u>	<u>547</u>	<u>381</u>	<u>11</u>	<u>3,862</u>
<b><u>Project Development</u></b>									
HRTAC Funding	38	1							39
VDOT Funding	<u>-</u>	<u>-</u>							
Total	<u>38</u>	<u>1</u>							<u>39</u>
<b><u>Total To-Date Standard Project Funding Agreements or Project Administration and Funding Agreement With VDOT</u></b>									
HRTAC Funding	781	622	1,238	714	546	531	181	11	4,624
VDOT Funding	278	65	48	47	39	16	200	-	693
HRTPO and Local Funding	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total	<u>1,059</u>	<u>687</u>	<u>1,286</u>	<u>761</u>	<u>585</u>	<u>547</u>	<u>381</u>	<u>11</u>	<u>5,322</u>

Source: HRTAC, as of September, 2019.

Notes:

(1) Totals may not add up due to rounding.

\* Includes estimated \$345M in toll revenues.

\*\* Includes \$109M in VDOT Funded HRBT South Trestle Replacement Costs in Project Administration and Funding Agreement but not included in HRTAC Six Year Plan and \$200M in Smart Scale funding.

The longer-range HRTAC projects in the 2040 LRTP that are subject to funding availability or are planned on a vision basis, but not yet programmed for actual development, are shown in Table IV below. HRTAC may receive SMART SCALE and other funding for these projects in the future. The expected completion dates and estimated costs shown below incorporate a number of assumptions and are subject to change.

**Table IV**  
**Future HRTAC Projects in the 2040 LRTP (in Millions)<sup>(1)</sup>**

<b><u>Project</u></b>	<b><u>Expected Completion</u></b>	<b><u>Estimated Cost</u></b>
I-64 Southside Widening/High Rise Bridge Phase II	2037	1,729
Bowers Hill Interchange	2037	659
US Route 460/58/13 Connector	2038	396
I-64/Fort Eustis Blvd Interchange	2038	320

Source: HRTAC, as of \_\_\_\_\_.

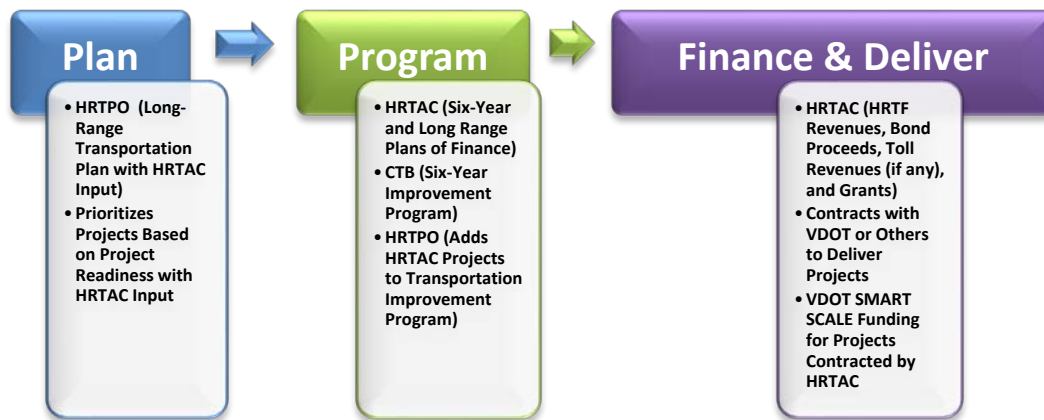
**Notes:**

(1) Identified completion years and estimated costs are subject to funding availability and are subject to change.

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## Collaborative Planning Process

As outlined above, the planning, programming, funding, and delivery of HRTAC projects requires input and collaboration between HRTAC, HRTPO and VDOT. HRTAC also receives administrative and technical support upon request from VDOT and VDRPT. The interplay and cooperation among the various public entities is summarized by the following diagram and bullet points.



- HRTPO's 2040 LRTP identifies priority projects in the constrained plan or vision plan as under study/development/construction.
- HRTAC develops six-year and long range plans of finance to guide in project funding for development and construction; HRTAC's plans feed into the 2040 LRTP and when HRTAC allocates funds to specific projects, they are added to HRTPO's TIP.
- The CTB selects Local Preferred Alternative, maintains Statewide Transportation Plan and the Commonwealth's Six-Year Improvement Program, allocates state funding to projects in the VDOT Six-Year Funding Program, and awards SMART SCALE funding through its competitive statewide prioritization process.
- VDOT assists in project readiness and construction through HRTAC/VDOT Standard Project Agreements.

## HRTAC Debt Management Plan

Established on September 21, 2017 and as amended on March 21, 2019, the Commission's Debt Management Plan guides the implementation of its debt program for the Six-Year Funding Plan through Fiscal Year 2026. The purpose of the plan is to support the furtherance of HRTAC's construction funding program while achieving the lowest cost of capital on its borrowings. The Debt Management Plan sets forth the following goals:

- (a) Fully fund project costs through Fiscal Year 2026 identified in the current Funding Plan including the HRBT Expansion Project through completion in such year.

(b) Issue Bonds as construction progresses, starting in calendar year 2018, including Bonds to reimburse PayGo expenditures so that Bond sales can be minimized in later years with larger expenditure requirements;

(c) Establish and maintain a structure suited for subsequent Bond issuances needed for the HRTAC projects in the 2040 LRTP; and

(d) Explore the possibility of credit assistance under the federal government's Transportation Infrastructure Finance and Innovation Act ("TIFIA") through a series of one or more TIFIA loans backed by HRTAC Revenues under the Master Indenture and/or toll revenue-backed TIFIA loans, and including the use of bond anticipation notes (or "BANs") where appropriate.

During the life of the Six-Year Funding Plan, HRTAC expects to issue approximately \$1.2 billion of Senior Bonds (including the previously-issued Series 2018A Bonds), and approximately \$1.7 billion of Intermediate Lien Obligations and/or Subordinate Obligations, which may include two TIFIA loans that are issued under the Master Indenture and therefore are secured by HRTAC Revenues. Where appropriate, HRTAC may utilize bond anticipation notes in conjunction with TIFIA loans. HRTAC anticipates that any such TIFIA loans will be implemented under the provision of the TIFIA statute that allows for a waiver of TIFIA's non-subordination or "springing lien" requirement.

The Debt Management Plan incorporates a number of assumptions regarding project costs, project timing, inflation rates, interest rates, revenue growth and federal and state funding, among others. Each of these assumptions cannot be predicted and are subject to change. HRTAC's ability to incur indebtedness pursuant to its Debt Management Plan is in all instances subject to the conditions set forth in the Master Indenture and Related Supplemental Indentures, including but not limited to debt service coverage tests. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2019A Notes" above.

The funding components and the debt issuance plan incorporated in the Debt Management Plan are described in Tables V and VI below.

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**Table V**  
**Estimated HRTAC Project Costs by Funding Source (in Millions)<sup>(1)</sup>**  
**(Calendar Years 2018 to 2025)**

<b>Sources</b>	<b>Amounts</b>
HRTF Bonds and TIFIA Loans <sup>(2)</sup>	\$2,601
Toll Revenue Debt <sup>(3)</sup>	\$345
HRTAC PayGo	\$1,767
VDOT Funding	\$586
HRTPO and Local Funding	\$5
<b>Total</b>	<b>\$5,289</b>

Source: HRTAC.

Notes:

<sup>(1)</sup> Preliminary, subject to change.

<sup>(2)</sup> Includes Senior Bonds, and any Intermediate Lien Obligations and/or Subordinate Obligations (which may include one or more TIFIA loans) issued pursuant to the Master Indenture. HRTAC anticipates that any such TIFIA loans will be implemented under the provision of the TIFIA statute that allows for a waiver of TIFIA's non-subordination or "springing lien" requirement.

<sup>(3)</sup> May include one or more TIFIA loans.

**Table VI**  
**HRTAC Debt Issuance Plan in Par Amounts (in Millions)<sup>(1)</sup>**

	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>	<b>CY 2023</b>	<b>CY 2024</b>	<b>CY 2025</b>	<b>Total</b>
<b>HRTF Bonds/TIFIA<sup>(2) (3)</sup></b>	\$500	\$442	\$333	\$335	\$429	\$308	\$157	\$0	\$2,504
<b>Toll Revenue Debt<sup>(4)</sup></b>	\$0	\$0	\$0	\$0	\$0	\$0	\$230	\$115	\$345
<b>Total</b>	<b>\$500</b>	<b>\$442</b>	<b>\$333</b>	<b>\$335</b>	<b>\$429</b>	<b>\$308</b>	<b>\$387</b>	<b>\$115</b>	<b>\$2,734</b>

Source: HRTAC.

Notes:

<sup>(1)</sup> Preliminary, subject to change.

<sup>(2)</sup> Includes Senior Bonds, and any Intermediate Lien Obligations and/or Subordinate Obligations (which may include TIFIA loans) issued pursuant to the Master Indenture. HRTAC anticipates that any such TIFIA loans will be implemented under the provision of the TIFIA statute that allows for a waiver of TIFIA's non-subordination or "springing lien" requirement.

<sup>(3)</sup> The calendar year 2019 issuance amounts is a preliminary planning figure and shall be updated with the Series 2019A Notes.

<sup>(4)</sup> May include one or more TIFIA loans.

## INVESTMENT CONSIDERATIONS

### The Series 2019A Notes are Limited Obligations

The Series 2019A Notes are not a debt of the Commonwealth or any political subdivision thereof (including any Member Locality or any member of the HRTPO or the HRPDC) other than the Commission, and the Series 2019A Notes do not constitute indebtedness within the meaning of any debt limitation or restriction. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions (including any Member Locality or any member of the HRTPO or the HRPDC) is pledged to

the payment of the Series 2019A Notes. The Series 2019A Notes are not secured by a pledge of any toll revenues or any other revenues generated by HRTAC projects.

HRTAC expects to draw the proceeds of the TIFIA Loan to pay the principal amount of the Series 2019A Notes on their maturity date. HRTAC Revenues are pledged to pay the Series 2019A Notes. In the event that disbursements under the TIFIA Loan Agreement are not available to HRTAC in full at the maturity of the Series 2019A Notes, and HRTAC Revenues are not sufficient for such purpose, HRTAC will use its best efforts to find an alternative refinancing solution, which could include moneys available to HRTAC and/or the issuance of rollover bond anticipation notes and/or other obligations secured by HRTAC Revenues under the Master Indenture.

Payment of principal of and interest on the TIFIA Bond is subordinate to the payment of principal of and interest on the Senior Bonds, including the Series 2018A Bonds, and any Intermediate Tier Obligations, including the Series 2019A Notes.

### **Risks of Non-Appropriation and Future Legislative or Administrative Actions**

***The Availability of HRTF Revenues is Subject to Appropriation.*** The General Assembly is responsible for setting the rates of the taxes and fees from which the HRTF Revenues are derived and for appropriating such revenues from the state budget to the HRTF. HRTAC makes no representation that the General Assembly will maintain the rates of the taxes and fees or continue to make appropriations of amounts to the HRTF. In addition, HRTAC makes no representation that the General Assembly will not repeal or materially modify the legislation creating the HRTF or imposing the taxes and fees. The General Assembly is not legally required to make the aforementioned appropriations or to refrain from repealing or modifying such legislation. Legislative considerations regarding the Commonwealth's budget priorities could materially impact HRTAC's ability to continue receiving the HRTF Revenues.

Under the Virginia Constitution, no appropriation is valid for more than two years and six months after the adjournment of the session of the General Assembly at which the appropriation was made. The General Assembly of the Commonwealth is not obligated to make any future appropriations, and the Commission makes no representation that the General Assembly will keep the HRTF in existence or that appropriations to the HRTF will be made by the General Assembly in any future fiscal year of the Commonwealth. As a practical matter there is no effective remedy if the Governor or the General Assembly fail to provide for HRTF funding in the Commonwealth's budget. See "HAMPTON ROADS TRANSPORTATION FUND—Subject-to-Appropriation" above.

***Sunset Provision.*** Chapter 766 is a broad-based transportation initiative that provides not only for the collection and application of HRTF Revenues, but also for generating certain other additional revenues to fund transportation improvements throughout the Commonwealth. However, enactment Clause 14 of Chapter 766 declares that the provisions of Chapter 766 that generate additional revenue through state taxes or fees for transportation throughout the Commonwealth and in Planning District 23 shall expire on December 31 of any year in which the General Assembly appropriates or transfers any of such additional revenues for any non-transportation-related purpose. In other words, the appropriation of revenues generated pursuant to Chapter 766 for a purpose other than that permitted by Chapter 766, even if the particular revenue affected is not payable to the HRTF, could result in expiration of all revenue provisions of Chapter 766 if the General Assembly does not enact any savings clause or otherwise take action to override such sunset provision.

**No assurance can be given that the General Assembly will not take action in the future that could activate Chapter 766's sunset provision, and no assurance can be given that, if such activation**

**occurs, the General Assembly will enact a savings clause or otherwise take action to override such sunset provision.**

***Administrative Actions.*** HRTAC's ability to continue to fund its projects and its ability to receive and effectively utilize HRTF Revenues depends on the continued cooperation of the CTB and VDOT. If CTB does not cause VDOT to satisfy its obligations under its Standard Project Agreements with HRTAC, if HRTAC does not continue to obtain funding under SMART SCALE or any successor statewide prioritization process for transportation projects, or if the CTB and the Commonwealth's Secretary of Transportation cause transportation projects in Hampton Roads to be constructed without HRTAC's involvement and assistance, HRTAC may not continue to effectively function as the recipient of HRTF Revenues and as a key funding source of transportation projects in Hampton Roads. If HRTAC is unable to complete needed projects, it may lose political support and thereafter lose control of HRTF Revenues, impeding HRTAC's ability to make timely payments of debt service on the Series 2019A Notes.

In addition to the foregoing, HRTAC is entirely dependent on the Virginia Department of Taxation and other state agencies to collect and deposit in the HRTF the Additional Sales and Use Tax revenues and the Additional Motor Vehicle Fuels Tax revenues and to timely transfer them to HRTAC. Failure or delay in this regard would also impede HRTAC's ability to make timely payments of debt service on the Series 2019A Notes.

#### **Requisition From TIFIA Lender Under TIFIA Loan Agreement.**

It is expected that the principal of the Series 2019A Notes will be payable at maturity from the proceeds of requisitions received by the District under the TIFIA Loan Agreement. There are numerous preconditions to the receipt of such moneys. See "TIFIA LOAN AGREEMENT." In the event that the preconditions cannot be satisfied on or before the maturity of the Series 2019A Notes, HRTAC will be required to find an alternative method of repaying the Series 2019A Notes at maturity, which could include issuing Additional Bonds under the Master Indenture. No assurance can be given that HRTAC will be able to access the credit markets in the event it cannot requisition moneys under the TIFIA Loan Agreement.

#### **Forward-Looking Statements and Forecasts**

The statements contained in this Official Statement, and in other information provided by HRTAC, that are not purely historical, including statements regarding HRTAC's expectations regarding the collection and timing of future HRTF Revenues as discussed earlier in this Official Statement, are forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to HRTAC as of the date hereof, and HRTAC assumes no obligation to update any such forward-looking statements, other than as set out in the Continuing Disclosure Undertaking, the form of which is attached hereto as Appendix C.

The forward-looking statements herein are based on various assumptions, forecasts and estimates that are inherently subject to numerous risks and uncertainties, including the possible invalidity of underlying assumptions, forecasts and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or not taken by third parties and legislative, judicial and other governmental authorities and officials. In addition, these assumptions, forecasts and estimates involve judgments regarding, among other things, future economic conditions, future actions by third parties and future events and decisions, all of which are difficult, if not impossible, to predict accurately. There can be no assurance that the forward-looking statements in this Official Statement will prove to be accurate.

No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2019A Notes are cautioned not to place undue reliance upon any projections contained in this Official Statement. If actual results are less favorable than the results projected or if the assumptions used in preparing the projections prove to be incorrect, HRTAC's ability to make timely payment of the principal of and interest on the Series 2019A Notes may be materially and adversely affected.

### **Enforceability of Rights and Remedies, including Bankruptcy Ramifications**

***Effects of Bankruptcy on Rights and Remedies.*** The rights and remedies available to the owners of the Series 2019A Notes may be subject to the provisions of the United States Bankruptcy Code (the "Bankruptcy Code"), to other bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor's rights generally and equitable principles that may limit enforcement of such remedies. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Master Indenture may not be readily available or may be limited. No assurances can be given that a court or regulatory agency would enforce the rights or types of remedies available under the Master Indenture, including any rights and remedies with respect to the pledge of HRTF Revenues.

The various legal opinions to be delivered concurrently with the delivery of the Series 2019A Notes, including the opinion of Bond Counsel, will be qualified as to the enforceability of these rights and remedies, for example, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by principles of equity.

***Bankruptcy Filing by HRTAC.*** Under the Bankruptcy Code and current Virginia law, HRTAC may not file for bankruptcy protection under Chapter 9 of the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Code or Virginia law will not be amended in the future to permit HRTAC to file for bankruptcy protection, and such a filing could, under certain circumstances, subject all or a portion of HRTF Revenues to the jurisdiction of the bankruptcy court.

***Judicial Discretion.*** Upon a default under the Master Indenture, the remedies available to the Trustee may depend upon judicial actions that may be subject to substantial discretion and delay. Some of these remedies may in fact turn out not to be enforceable at all. The rights of the owners of the Series 2019A Notes and the enforceability of HRTAC's obligations will be subject to the exercise of judicial discretion under a variety of circumstances. The enforceability of governmental obligations is also subject to constitutional, statutory and public policy limitations and to other considerations that do not limit enforcement of obligations of private parties.

### **Market Liquidity**

The Series 2019A Notes constitute a new issue. Although the Underwriters currently intend to make a market for the Series 2019A Notes, the Underwriters are not obligated to do so, and they may discontinue any such market-making at any time without prior notice. No assurance can be given as to the development or liquidity of any market for the Series 2019A Notes. If an active public market does not develop, the market price and liquidity of the Series 2019A Notes may be adversely affected.

### **Economic Conditions Affecting the HRTF**

The availability of HRTF Revenues from the HRTF is dependent on a number of economic factors. The revenues received from the Additional Sales and Use Tax and the Additional Motor Vehicle Fuels Tax tend to fluctuate significantly based on economic variables, including, but not limited to, the condition of

the economies of the Member Localities in which such taxes are collected, the Commonwealth and the United States, economic growth or recessions, population growth, income and employment levels, levels of tourism, weather conditions, fuel prices, road conditions, and the availability of alternate modes of transportation. There can be no assurance that negative impacts attributable to certain of such factors affecting these revenues will not materially affect the availability of revenues in the HRTF and impede the ability of HRTAC to receive transfers from the HRTF sufficient to make timely payments on the Series 2019A Notes. See [Appendix D](#).

### **Impact of Federal Budget Restraints and Federal Tax Policy**

Hampton Roads has been directly affected by federal budget restraints and sequestration, given the large impact of the military and government contracts on the Hampton Roads economy. It is uncertain whether such budget restraints will be reduced or increased, or whether other industries will provide adequate economic growth to make up for any reduction in spending resulting from federal budget restraints. See “Economic Profile” in [Appendix D](#).

To the extent that federal funds for transportation projects cease to be provided to the Commonwealth or its political subdivisions, or that the federal government reduces funding to, restricts or eliminates the TIFIA credit assistance program, HRTAC will have difficulty carrying out its funding plans. If HRTAC is unable to complete needed projects, it may lose political support and thereafter lose control of HRTF Revenues, impeding HRTAC’s ability to make timely payments of debt service on the Series 2019A Notes.

Restraints under tax reform, such as limitations on the federal deduction for state and local tax payments, or limitations on the home mortgage interest deduction, could affect consumer behavior and policy priorities at the state and local level, having an adverse effect on the HRTF that cannot presently be quantified.

### **Hurricanes, Flooding and Sea-Level Rise**

Planning District 23 is located in the Mid-Atlantic region of the east coast of the United States. The Mid-Atlantic region is an area that has in the past been periodically susceptible to damaging storms, storm surge, and flooding. The risk of hurricanes, tropical storms or other major weather events affecting the Member Localities and interrupting commerce and military activities within Hampton Roads is a material risk that could negatively affect the regional economy and the revenues available through the HRTF to pay debt service on the Series 2019A Notes. Further, storm and flooding-related risks are likely to intensify over time if scientific projections about climate change and sea-level rise are correct.

### **Reduced Fuel Prices and Fuel Usage May Reduce HRTF Revenues**

Improved automobile fuel economy and the increased adoption of electric and hybrid vehicles have had, and are expected to continue to have, a material adverse effect on fuel tax revenues throughout the United States. In addition, reductions or fluctuations in fuel prices have had, and are expected to continue to have, a significant effect on the level of tax revenues that can be expected in any period from the Additional Motor Vehicle Fuels Tax.

### **Increased E-Commerce Activity May Reduce Retail Sales and Use Tax Revenues**

Internet sales of physical products by businesses located in the Commonwealth, and Internet sales of physical products delivered to the Commonwealth are generally subject to the Additional Sales and Use Tax. However, many of these transactions may avoid taxation either through error or deliberate non-

reporting and this potentially reduces the amount of Additional Sales and Use Tax revenues. As a result, additional incremental growth in retail sales on the Internet, along with the failure or inability to collect retail sales and use taxes on such Internet purchases, might result in reductions in HRTF Revenues. It should be noted that in its 2019 session, the Virginia General Assembly enacted Chapter 815, Acts of Assembly, which became effective on July 1, 2019 and provides uniform nexus requirements for remote sellers, marketplace facilitators, and marketplace sellers. Dealers with no Virginia physical presence are required to collect and remit sales tax if they have more than \$100,000 in Virginia gross sales or complete greater than 200 separate transactions in Virginia during the current or previous calendar year.

### **General Assembly May Enact Exemptions to and Holidays from Sales and Use Tax**

The Additional Sales and Use Tax applies to the same transactions and items that are subject to the statewide sales and use tax levied by the Commonwealth. In the past, the General Assembly has made changes to the transactions and items subject to the statewide retail sales and use tax. For example, in 1990, the General Assembly enacted legislation to exempt from the statewide retail sales and use tax all nonprescription drugs and proprietary medicines purchased for the cure, mitigation, treatment, or prevention of disease in human beings. There can be no assurance that further exemptions will not be granted.

In addition, the General Assembly has established certain sales tax holidays. A “sales tax holiday” is a temporary period during which purchases of certain items are exempt from the sales and use taxes. Following legislation enacted by the 2007 session of the General Assembly, the Commonwealth now has three annual sales tax holidays. During a seven-day period in May of each year, purchases of items designated by the Virginia Department of Taxation as hurricane preparedness equipment, including portable generators, are exempt from the statewide sales tax. Portable generators must be priced at \$1,000 or less, and other eligible items must be priced at \$60 or less for each item. During a three-day period in August of each year, purchases of certain school supplies, clothing and footwear are exempt from the statewide sales tax. Each eligible school supply item must be priced at \$20 or less, and each eligible article of clothing and footwear must be priced at \$100 or less. During a four-day period in October of each year, purchases of products meeting the Energy Star and WaterSense qualifications, such as certain energy-efficient appliances, are exempt from the statewide sales tax. Eligible products must be priced at \$2,500 or less for each item, and be purchased for noncommercial home or personal use.

Each such exemption and holiday affects the application of the Additional Sales and Use Tax that benefits the HRTF. In the future, the General Assembly could further change the transactions and items upon which either the general or additional tax is imposed or add or delete sales tax holidays. The sales and use tax revenues available to the HRTF could increase or decrease depending on the nature of the change.

### **Increased Sales and Use Tax Rates May Cause Decline in HRTF Revenues**

The Additional Sales and Use Tax, combined with the statewide retail sales and use tax of 4.3% and the local option retail sales and use tax of 1.0%, results in an aggregate of 6% in sales and use tax burden on consumption in the Member Localities. The Additional Motor Vehicle Fuels Tax, combined with the statewide motor vehicle fuels tax, places a significant burden on gas consumption in the Member Localities that is greater than in many areas of the Commonwealth. As a result, Hampton Roads has a higher tax burden on consumption than any other part of Virginia besides the Washington, D.C. suburbs of Northern Virginia. This tax burden, together with any future increases in tax rates, may affect consumer spending decisions and could adversely impact sales transactions in the Member Localities, thereby reducing HRTAC Revenues.

## **Tax Revenues Could be Eroded by Changes to Planning District 23**

The sources of taxable transactions generating revenues for the HRTF from the Additional Sales and Use Tax and the Additional Motor Vehicle Fuels Tax are limited geographically to Planning District 23. The mix of localities within Planning District 23, which currently include Isle of Wight, James City, Southampton, York, Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg, could be altered by administrative action of DHCD. Any such change could have a material adverse effect on the composition of the tax base for the Additional Sales and Use Tax and the Additional Motor Vehicle Fuels Tax, which could erode the revenues available to pay debt service on the Series 2019A Notes.

## **No Right to Accelerate Debt Service**

The Master Indenture does not permit the Trustee or Owners, upon the occurrence of an Event of Default under the Master Indenture or for any other reason, to accelerate the maturity of any Bonds, including the Series 2019A Notes, or the payment of principal of and interest due thereon. Owners will be able to collect principal and interest that become due after an Event of Default only from the HRTAC Revenues and any other funds pledged under the Master Indenture and only when such principal and interest are scheduled to be paid.

## **No Mortgage**

Payment of the principal of and interest on the Series 2019A Notes is not secured by any deed of trust, mortgage or other lien on any of the Projects or any portion thereof or any property within the Member Localities.

## **Limitation on Remedies**

The remedies available to the Owners upon a default under the Master Indenture are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the Bankruptcy Code. Although political subdivisions of the Commonwealth, including the Commission, are not currently authorized to seek relief under the provisions of Chapter 9 of the Federal Bankruptcy Code, the various legal opinions to be delivered concurrently with delivery of the Series 2019A Notes will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits generally, now or hereafter in effect; to usual equity principles which shall limit the specific enforcement under laws of the Commonwealth as to certain remedies; to the exercise by the United States of America of the powers delegated to it by the United States Constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the Commonwealth and its governmental bodies, in the interest of serving an important public purpose.

## **Loss of Premium Upon Early Redemption**

Purchasers of the Series 2019A Notes at a price in excess of their principal amount should consider the fact that the Series 2019A Notes are subject to redemption prior to maturity at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See “THE SERIES 2019A Notes—Redemption Provisions.”

## **No Redemption of Bonds in the Event of Taxability**

The Series 2019A Notes are not subject to redemption prior to maturity upon the occurrence of an event which has the effect of rendering interest on the Series 2019A Notes includable in the gross income of the owners of the Series 2019A Notes for purposes of federal income taxation. No provision is made in the Master Indenture for any increase or other adjustment in the rate of interest payable on the Series 2019A Notes in the event of such an occurrence.

## **CERTAIN LEGAL MATTERS**

Certain legal matters relating to the authorization and validity of the Series 2019A Notes will be subject to the approving opinion of Kaufman & Canoles, a Professional Corporation, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the Commission upon delivery of the Series 2019A Notes, in substantially the form set forth as Appendix F (the “Bond Opinion”). The Bond Opinion will be limited to matters relating to authorization and validity of the Series 2019A Notes and to the tax status of interest thereon as described in the section “TAX MATTERS.” Bond Counsel has not been engaged to investigate the financial resources of the Commission or its ability to provide for payment of principal of, interest, or premium, if any, on the Series 2019A Notes, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Bonds.

Certain legal matters will be passed upon for HRTAC by Willcox & Savage, P.C., Norfolk, Virginia, its general counsel, and Kaufman & Canoles, a Professional Corporation, Norfolk, Virginia, as disclosure counsel, and for the Underwriters by their counsel, Butler Snow LLP, Richmond, Virginia.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, under current law, interest on the Series 2019A Notes (a) is not included in gross income for Federal income tax purposes, and (b) is not an item of tax preference for purposes of the Federal alternative minimum tax. Interest on the Series 2019A Notes is exempt from income taxation by the Commonwealth. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Series 2019A Notes.

The Bond Opinion will be given in reliance upon certifications by representatives of the Commission as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and applicable regulations thereunder. The Bond Opinion is subject to the condition that there is compliance subsequent to the issuance of the Series 2019A Notes with all requirements of the Tax Code that must be satisfied in order for interest thereon to remain excludable from gross income for Federal income tax purposes. The Commission has covenanted to comply with the current provisions of the Tax Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2019A Notes and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2019A Notes. Failure by the Commission to comply with such covenants, among other things, could cause interest on the Series 2019A Notes to be included in gross income for Federal income tax purposes retroactively to their date of issue.

### **Original Issue Premium**

Series 2019A Notes purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income



tax purposes as having amortizable bond premium. A holder's basis in such a Series 2019A Bond must be reduced by the amount of premium which accrues while such Series 2019A Notes is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Series 2019A Notes while so held. Purchasers of such Series 2019A Notes should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Series 2019A Notes.

### **Original Issue Discount**

The initial public offering prices of each maturity of the Series 2019A Notes will not be less than their stated principal amount. Therefore, interest on the Series 2019A Notes will not include any accrued original issue discount.

### **Other Tax Matters**

In addition to the matters addressed above, prospective purchasers of the Series 2019A Notes should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2019A Notes should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Series 2019A Notes should consult their own tax advisors as to the status of interest on the Series 2019A Notes under the tax laws of any state other than the Commonwealth.

The Internal Revenue Service (the "Service") has a program to audit state and local government obligations to determine, as applicable, whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Series 2019A Notes, under current Service procedures, the Service will treat the Commission as the taxpayer and the owners of the Series 2019A Notes will have only limited rights, if any, to participate.

The Bond Opinion represents Bond Counsel's legal judgment based in part upon the representations and covenants referenced therein and its review of existing law, but are not a guarantee of results or binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

### **Future Events and Legislative and Regulatory Actions**

There are many events that could affect the value and liquidity or marketability of the Series 2019A Notes after their issuance, including but not limited to public knowledge of an audit of the Series 2019A Notes by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes. For example, the tax reform act that was enacted by the U.S. Congress in December, 2017, and signed into law by the President on December 22, 2017, and effective after December 31, 2017, changes both corporate and

individual tax rates and eliminates advance refunding bonds. The U.S. Treasury Department and the IRS are continuously drafting regulations to interpret and apply the provisions of the Tax Code and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2019A Notes, regulatory interpretation of the Tax Code or actions by a court involving either the Series 2019A Notes or other tax-exempt obligations will not have an adverse effect on the Series 2019A Notes' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2019A Notes. Neither the Bond Opinion nor this Official Statement purports to address the likelihood or effect of any such future events or legislative and regulatory actions, and purchasers of the Series 2019A Notes should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2019A Notes.

## **LITIGATION**

There is no litigation of any kind now pending or, to the best of its information, knowledge and belief, threatened against the Commission to restrain or enjoin the issuance or delivery of the Series 2019A Notes or the collection and application of HRTAC Revenues under the Master Indenture, or in any manner contesting or affecting the validity of the Series 2019A Notes, any proceeding of HRTAC taken with respect to their issuance, authentication or sale, or any appropriation of funds to pay debt service on the Series 2019A Notes.

## **RATINGS**

Moody's Investor Service ("Moody's"), \_\_\_\_\_, and S&P Global Ratings ("S&P"), 55 Water Street, New York, New York 10041, have given the Series 2019A Notes the ratings of "\_\_\_\_" and "\_\_\_\_," respectively, both with a stable outlook. The Commission requested that the Series 2019A Notes be rated and furnished certain information to Moody's and S&P, including certain information that may not be included in this Official Statement.

Reference should be made to the individual rating agency for a more complete description of the meaning of the rating assigned by such rating agency. These ratings are not a recommendation to buy, sell or hold the Series 2019A Notes. The ratings are subject to review and change or withdrawal at any time if, in the judgment of the respective rating agency, circumstances so warrant. There is no assurance that any such ratings will continue for any period of time or that any such rating will not be revised or withdrawn. A downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2019A Notes.

## **FINANCIAL ADVISOR**

The Commission has retained PFM Financial Advisors LLC, Orlando, Florida, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2019A Notes. Although the Financial Advisor assisted in the review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor is a financial advisory, investment management and consulting organization and is not engaged in the business of underwriting municipal securities.

## **RELATIONSHIP OF PARTIES**

Kaufman & Canoles, a Professional Corporation, Norfolk, Virginia, Bond Counsel, represents each Underwriter from time to time in unrelated matters.

## UNDERWRITING

The Series 2019A Notes are being purchased by the Underwriters pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”) between HRTAC and J.P. Morgan Securities LLC (“JPMS”), as representative of the Underwriters. The Bond Purchase Agreement sets forth the obligation of the Underwriters to purchase the Series 2019A Notes at an aggregate purchase price of \$\_\_\_\_\_ (representing the sum of the \$\_\_\_\_\_ par amount of the Series 2019A Notes, [plus] [less] original issue [premium] [discount] of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_ on such Series 2019A Notes) and is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2019A Notes if any are purchased. The Underwriters may offer and sell the Series 2019A Notes to certain dealers (including dealers depositing the Series 2019A Notes into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. The public offering prices may be changed from time to time at the discretion of the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Commission (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Commission. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

JPMS, one of the Underwriters of the Series 2019A Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”), and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Series 2019A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2019A Bonds that such firm sells.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2019A Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts with respect to the Series 2019A Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), one of the Underwriters of the Series 2019A Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2019A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2019A Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2019A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

### **CONTINUING DISCLOSURE**

To assist the underwriters in complying with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”), promulgated by the Securities and Exchange Commission, HRTAC will execute a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) at closing pursuant to which the Commission will agree to provide certain annual financial information and material event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System (“EMMA”) maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at [emma.mrsb.org](http://emma.mrsb.org). As described in Appendix C, the Disclosure Undertaking requires the Commission to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Series 2019A Notes at any particular time. The Commission may from time to time disclose certain information and data in addition to that required by the Disclosure Undertaking. If the Commission chooses to provide any additional information, the Commission will have no obligation to continue to update such information or to include it in any future disclosure filing.

Failure by the Commission to comply with the Disclosure Undertaking is not an event of default under the Series 2019A Notes or the Master Indenture. The sole remedy for a default under the Disclosure Undertaking is to bring an action for specific performance of the Commission’s covenants thereunder, and no assurance can be provided as to the outcome of any such proceeding.

*[Subject to update as to compliance.]*

### **APPROVAL OF PRELIMINARY OFFICIAL STATEMENT**

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not representations of fact. No representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Series 2019A Notes.

The attached Appendices are an integral part of this Official Statement and must be read together with the balance of this Preliminary Official Statement.

The distribution of this Preliminary Official Statement has been duly authorized by the Commission. For purposes of compliance with the Rule, this Preliminary Official Statement constitutes an official statement of the Commission that has been deemed final by the Commission as of its date except for the omission of certain pricing and other information as permitted by the Rule.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
Chair

## **APPENDIX A**

### **DEFINITIONS AND SUMMARIES OF THE MASTER INDENTURE AND THE 2019A SERIES SUPPLEMENT**

## **DEFINITIONS AND SUMMARIES OF THE MASTER INDENTURE AND THE 2019A SERIES SUPPLEMENT**

*(to be updated)*

Set forth below are definitions of certain terms contained in the Master Indenture or the 2019A Series Supplement, followed by summaries of certain provisions of the Master Indenture and the 2019A Series Supplement. The descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Master Indenture and the 2019A Series Supplement, copies of which can be obtained from HRTAC or the Trustee. The headings below have been added for ease of reference only.

### **DEFINITIONS OF CERTAIN TERMS**

In addition to the terms previously defined in this Official Statement, the following words used in this Appendix A will have the following meanings unless a different meaning clearly appears from the context:

**“2019A Notes”** means the Series of Senior Bonds authorized to be issued under the 2019A Series Supplement.

**“2019A Bond Debt Service Fund”** means the Bond Debt Service Fund Related to the Series 2019A Notes established pursuant to the Master Indenture and the 2019A Series Supplement.

**“2019A Cost of Issuance Fund”** means the Cost of Issuance Fund Related to the Series 2019A Notes established pursuant to the Master Indenture and the 2019A Series Supplement.

**“2019A Project Fund”** means the Project Fund Related to the Series 2019A Notes established pursuant to the Master Indenture and the 2019A Series Supplement.

**“2019A Rebate Fund”** means the Rebate Fund Related to the Series 2019A Notes established pursuant to the Master Indenture and the 2019A Series Supplement.

**“2019A Series Supplement”** means the [Third] Supplemental Indenture of Trust dated as of \_\_\_\_\_, 2019, between HRTAC and the Trustee, being a Series Supplement with respect to the Series 2019A Notes pursuant to the provisions of the Master Indenture.

**“2019A Tax Regulatory Agreement”** means the Tax Certificate and Regulatory Agreement made by HRTAC for the benefit of the Trustee and the Owners of the Series 2019A Notes.

**“Account”** means any account established in a Fund with respect to a Related Series of Bonds or otherwise pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**“Accreted Amount”** means with respect to Capital Appreciation Bonds of any Series, the amount set forth in the Related Series Supplement as the amount representing the initial public offering price plus the accreted and compounded interest on such Bonds as of any point in time.

**“Agency Obligations”** means senior debt obligations of U.S. government-sponsored agencies, corporations, and enterprises that are not backed by the full faith and credit of the U.S. government, including, but not limited to, Federal Home Loan Mortgage Corporation debt obligations, Farm Credit System consolidated system wide bonds and notes, Federal Home Loan Banks consolidated debt obligations, Federal National Mortgage Association debt obligations, Student Loan Marketing Association debt obligations, Tennessee Valley Authority debt obligations, Resolution Funding Corporation debt obligations (including principal and interest strips), and U.S. Agency for International Development guaranteed notes (including stripped securities).

**“Amortization Requirement”** as applied to any Term Bonds of any maturity for any Bond Year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, the Related Series Supplement for the retirement of such Term Bonds by mandatory purchase or redemption on the Principal Payment Date or Dates established by such Related Series Supplement.

**“Annual Budget”** means the administrative and operating expense budget of HRTAC for any Fiscal Year as adopted by HRTAC in accordance with the HRTAC Act, as such budget may be amended from time to time throughout such Fiscal Year.

**“Assumed Debt Service”** means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Bonds if each Excluded Principal Payment were amortized on a substantially level debt service basis or other amortization schedule provided by HRTAC for a period commencing on the date of calculation of such Assumed Debt Service and ending on the earlier of (i) the date specified by HRTAC or (ii) 30 years from the date of calculation, such Assumed Debt Service to be calculated on a level debt service basis or other amortization schedule provided by HRTAC, based on a fixed interest rate equal to the rate at which HRTAC could borrow for such period, as expressed in an Officer’s Certificate (which shall be based upon the opinion of HRTAC’s financial advisor or of a third party consultant reasonably acceptable to the Trustee).

**“Bankruptcy Law”** means Title 11 of the United States Code, as it is amended from time to time and any successor to or replacement of such Title and any other applicable federal or state bankruptcy, insolvency or other similar law.

**“Bond”** or **“Bonds”** means any or all of the bonds that HRTAC may issue under the Virginia Code and pursuant to Article V of the Master Indenture, including any Senior Bonds, any Intermediate Lien Obligations, or any Subordinate Obligations.

**“Bond Counsel”** means (i) Kaufman & Canoles, a Professional Corporation, or (ii) other counsel selected by HRTAC which is nationally recognized as experienced in matters relating to obligations issued or incurred by states and their political subdivisions.

**“Bond Credit Facility”** means a line of credit, letter of credit, standby bond purchase agreement, municipal bond insurance or similar credit enhancement or liquidity facility established to provide credit or liquidity support for all or any portion of a Series of Bonds as provided in the Related Series Supplement.

**“Bond Credit Provider”** means, as to all or any portion of a Series of Bonds, the Person providing a Bond Credit Facility, as designated in the Related Series Supplement in respect of such Series of Bonds.

**“Bond Year”** means each twelve month period beginning on July 1 and ending on June 30, or such other twelve-month period as may be selected by the Commission and approved by Bond Counsel with respect to any Series of Bonds.

**“Business Day”** means any day on which commercial banking institutions generally are open for business in New York and the Commonwealth.

**“Capital Appreciation Bonds”** means a Series of Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in the Related Series Supplement and is payable upon redemption or on the maturity date of such Series of Bonds.

**“Commonwealth”** means the Commonwealth of Virginia.

**“Convertible Capital Appreciation Bonds”** means a Series of Capital Appreciation Bonds having a conversion date after which such Bonds become Current Interest Bonds.

**“Cost of Issuance Fund”** means the Cost of Issuance Fund established with respect to a Series of Bonds as provided in the Master Indenture.



**“Current Interest Bonds”** means a Series of Bonds the interest on which is payable currently on the Interest Payment Dates provided therefor in the Related Series Supplement.

**“Custodian”** means a bank or trust company that is (i) organized and existing under the laws of the United States or any of its states and (ii) selected by HRTAC and reasonably acceptable to the Trustee.

**“Debt Service Fund”** means a Senior Debt Service Fund, an Intermediate Lien Debt Service Fund, and/or a Subordinate Debt Service Fund established with respect to any Series of Bonds issued under the Master Indenture.

**“Debt Service Reserve Fund”** means, as the context requires, a Senior Debt Service Reserve Fund, an Intermediate Lien Debt Service Reserve Fund, and/or a Subordinate Debt Service Reserve Fund established with respect to any Series of Bonds issued under the Master Indenture.

**“Defeasance Obligations”** means noncallable (i) Agency Obligations, (ii) Government Obligations, (iii) Government Certificates, (iv) Defeased Municipal Obligations, and (v) Defeased Municipal Obligation Certificates.

**“Defeased Municipal Obligation Certificates”** means evidence of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a Custodian.

**“Defeased Municipal Obligations”** means obligations of the Commonwealth or any county, city, town, district, authority, agency, political subdivision or other public body of the Commonwealth that are rated in the highest rating category by any Rating Agency and provision for the payment of the principal of and redemption premium, if any, and interest on which has been made by the deposit with a trustee or escrow agent of Government Obligations or Government Certificates, the maturing principal of and interest on which, when due and payable, will along with any cash held by the trustee or escrow agent provide sufficient money to pay the principal of and redemption premium, if any, and interest on such obligations.

**“DSRF Credit Facility”** means a letter of credit, surety bond or similar credit enhancement facility acquired by HRTAC, from a financial institution (including, without limitation, any bank, trust company, insurance company, or broker-dealer) with a long term credit rating at the time of issuance of such facility in the third highest rating category or higher by any Rating Agency, to substitute for cash or investments required to be held in a Debt Service Reserve Fund for any Series of Bonds pursuant to the Related Series Supplement.

**“DSRF Credit Provider”** means the financial institution providing, and qualified under the definition of, a DSRF Credit Facility.

**“Escrow Fund”** means an escrow fund relating to a Series of Refunding Bonds that may be established pursuant to the Related Series Supplement and the Master Indenture.

**“Event of Default”** means any of the events enumerated in the subsection “Events of Default and Remedies Upon Default” below.

**“Excluded Interest Payment”** means each payment of interest on obligations that HRTAC has specified in a Related Series Supplement or in an Officer’s Certificate to be payable from or secured by funds or revenues that do not constitute HRTAC Revenues, which may include, without limitation, (i) Toll Revenues, (ii) any grants from the Commonwealth or federal government, or any agency or instrumentality thereof, that have not been designated as HRTAC Revenues, or (iii) any other funds that have not been designated as HRTAC Revenues.

**“Excluded Principal Payment”** means each payment of Principal on obligations that HRTAC has specified in a Related Series Supplement or in an Officer’s Certificate to be payable from or secured by funds or revenues that do not constitute HRTAC Revenues, which may include, without limitation, (i) Toll Revenues, (ii) any grants from the Commonwealth or federal government, or any agency or instrumentality thereof, that have not been designated as HRTAC Revenues, (iii) any proceeds of anticipated future borrowings, or (iv) any other funds that have not been designated as HRTAC Revenues.

**“Fiscal Year”** means the twelve-month period commencing on July 1 of one year and ending on June 30 of the following year.

**“Fund”** means any fund established pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**“GAAP”** means generally accepted accounting principles, existing from time to time, as applicable to state and local governmental units.

**“General Fund”** means the General Fund established pursuant to the Master Indenture.

**“Government Certificates”** means certificates representing an ownership interest in United States Treasury bond principal at maturity or interest coupons for accrued periods, which bonds or coupons are held in the capacity of custodian by a Custodian that is independent of the seller of such certificates.

**“Government Obligations”** means direct obligations of, or obligations the payment of the principal of and interest on which is guaranteed by, the United States of America.

**“Hedge Agreement”** means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that HRTAC determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

**“Hedge Payments”** means amounts payable by HRTAC pursuant to any Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

**“Hedge Period”** means the period during which a Hedge Agreement is in effect and has not been terminated.

**“Hedge Receipts”** means amounts payable by any Swap Provider pursuant to a related Hedge Agreement, other than termination payments, fees, expenses, and indemnity payments.

**“HRTAC”** or **“Commission”** means the Hampton Roads Transportation Accountability Commission, a body politic and a political subdivision of the Commonwealth.

**“HRTAC Act”** means Chapter 26, Title 33.2 of the Virginia Code, as the same may be amended from time to time, and any successor statutes.

**“HRTAC Representative”** means (i) the Chair or Vice Chair of HRTAC, and (ii) any other commissioner, officer or employee of HRTAC authorized by resolution of HRTAC to perform the act or sign the document in question.

**“HRTAC Revenues”** means, in any period, (i) all of the HRTF Revenues received by HRTAC during such period, and (ii) any and all other revenues available under the HRTAC Act that have been designated as HRTAC Revenues pursuant to a Supplemental Indenture, but shall not include Toll Revenues.

**“HRTF”** means the Hampton Roads Transportation Fund established pursuant to Section 33.2-2600 of the HRTAC Act.

**“HRTF Revenues”** means the revenues dedicated to the HRTF from the additional sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the additional wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code, together with any other funds that may be hereafter appropriated to the HRTF.

**“Initial Resolution”** means the resolution numbered 2016-08 and entitled “Resolution Authorizing Hampton Roads Transportation Fund Revenue Bonds,” adopted by HRTAC on June 16, 2016, as supplemented by the resolution numbered 2017-08 adopted by HRTAC on December 14, 2017.

**“Interest Payment Date”** means any [January 1] or [July 1], as the case may be, or such other date or dates provided with respect to any Bond as may be designated in a Related Series Supplement.

**“Interest Requirement”** for any Interest Payment Date, as applied to all of the Current Interest Bonds or a portion thereof, means the total of the interest regularly scheduled to become due on such Bonds on such Interest Payment Date, subject to Section 5.4 (Modification of Certain Definitions) of the Master Indenture. Interest expense shall be excluded from the definition of Interest Requirement to the extent that (i) they constitute Excluded Interest Payments, or (ii) proceeds of any Bonds or other funds (including, without limitation, applicable Debt Service Funds and Debt Service Reserve Funds) are held by the Trustee, or are reasonably expected to be obtained from investment earnings thereon, to pay such interest. Unless HRTAC shall otherwise provide in a Supplemental Indenture, interest expense on Bond Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of an Interest Requirement.

**“Intermediate Lien Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Intermediate Lien Obligations pursuant to the Master Indenture.

**“Intermediate Lien Debt Service Reserve Fund”** means a Debt Service Reserve Fund established with respect to one or more Series of Intermediate Lien Obligations pursuant to the Master Indenture.

**“Intermediate Lien Debt Service Reserve Requirement”** means an amount, required to be maintained in an Intermediate Lien Debt Service Reserve Fund established by the Series Supplement for any Intermediate Lien Obligations; provided, however, (1) to the extent specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Intermediate Lien Obligations or any calculation of the Intermediate Lien Debt Service Reserve Requirement, HRTAC may hold any Intermediate Lien Debt Service Reserve Fund collectively with respect to all or multiple Series of Intermediate Lien Obligations; and (2) if any Intermediate Lien Debt Service Reserve Fund held collectively with respect to all or multiple Series of Intermediate Lien Obligations is determined as of the beginning of any Fiscal Year to be in an amount greater than the amount that would be derived by measuring the Intermediate Lien Debt Service Reserve Requirement separately for each Outstanding Series of Intermediate Lien Obligations, then such lesser derived amount shall be the Intermediate Lien Debt Service Reserve Requirement for such Fiscal Year.

**“Intermediate Lien Obligations”** means any Bonds issued under the Master Indenture and designated as being subordinate as to payment and security to the Senior Bonds but senior as to payment and security to the Subordinate Obligations.

**“Majority Owners”** means the Owners of greater than 50% of the aggregate principal amount of the Senior Bonds Outstanding.

**“Master Indenture”** means the Master Indenture of Trust dated as of February 1, 2018, between HRTAC and the Trustee, as the same may be modified, altered, amended and supplemented in accordance with its terms by one or more Series Supplements and other Supplemental Indentures.

**“Member Localities”** means, collectively, each county and city located in Planning District 23, established pursuant to Chapter 42, Title 15.2, of the Virginia Code, currently consisting of the Counties of Isle of Wight, James City, Southampton and York, and the Cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson,

Portsmouth, Suffolk, Virginia Beach and Williamsburg, and any other localities that may hereafter be added to HRTAC by amendment to the Virginia Code.

**“Officer’s Certificate”** means a certificate signed by an HRTAC Representative and filed with the Trustee, upon which the Trustee may conclusively rely.

**“One Month USD LIBOR Rate”** means, on any determination date, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for U.S. Dollars for a period equal in length to the interest period for calculation, as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by HRTAC in its reasonable discretion; in each case the “LIBOR Screen Rate”) at approximately 11:00 a.m., London time, two London Banking Days (defined below) prior to the commencement of such interest period; provided that if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of the Master Indenture; provided further that if the LIBOR Screen Rate shall not be available at such time, or if HRTAC or the Trustee determines that it is unlawful at such time to determine interest by reference to the LIBOR Screen Rate, then the “One Month USD LIBOR Rate” shall be determined by any comparable alternate method designed to measure interest rates in a similar manner as the original One Month USD LIBOR Rate, as selected by HRTAC and expressed in an Officer’s Certificate (which shall be based upon the opinion of HRTAC’s financial advisor or of a third party consultant reasonably acceptable to the Trustee). Any successor rate or alternate methodology must be an interest-based index, variations in the value of which can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in U.S. dollars. In order to account for the relationship of the replacement index to the original One Month USD LIBOR Rate, such alternate method will incorporate any spread to any replacement index or rate as is necessary to ensure that the alternate method will measure interest rates in a manner similar to the original One Month USD LIBOR Rate; provided further that if any rate established pursuant to any of the foregoing clauses is less than zero, such rate shall be deemed to be zero for purposes of the Master Indenture. As used in this definition, **“London Banking Day”** means any day on which commercial banks are open for general business, including dealings in U.S. dollars and foreign exchange and foreign currency, in London, England.

**“Operating Expenses”** means any expenditure made or to be made by HRTAC that is properly categorized as an “expense” under GAAP, including, without limitation, the administrative expenses of HRTAC, but shall exclude expenses related to the payment of debt service on any Bonds, capital expenditures for Projects, or expenses for the operation or maintenance of any Project.

**“Operating Fund”** means the Operating Fund established pursuant to the Master Indenture, in which there is established an Operating Account and an Operating Reserve Account.

**“Operating Reserve Requirement”** means an amount not to exceed 110% of the aggregate amount of Operating Expense provided for in the Annual Budget in effect as of the applicable measurement date.

**“Opinion”** or **“Opinion of Counsel”** means a written opinion of any attorney or firm of attorneys, who or which may be Bond Counsel or counsel for HRTAC or the Trustee.

**“Optional Tender Bonds”** means any Series of Bonds issued under the Master Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to HRTAC, or to the Trustee, any Paying Agent or other fiduciary for such Owners, or to an agent of any of the foregoing, all or a portion of such Bonds for payment or purchase.

**“Outstanding”** when used in reference to the Bonds and as of a particular date, means all Bonds issued, authenticated and delivered under the Master Indenture except:

- (a) Any Bond canceled or required to be canceled by the Trustee at or before such date;

(b) Any Bond in lieu of or in substitution for which another Bond shall have been issued, authenticated and delivered under the Master Indenture;

(c) Any Bond deemed paid under Article XII of the Master Indenture except that any such Bond shall be considered Outstanding until its maturity or redemption date only for the purpose of actually being paid and for purposes of Articles III and IV and Section 6.1 of the Master Indenture (or the corresponding provisions of the Related Series Supplement, as the case may be); and

(d) Any Bond not deemed Outstanding under, but only to the extent provided for in, Section 15.2 of the Master Indenture.

**“Owner”** means the registered owner of any Bond.

**“Paying Agent”** means any national banking association, state bank, bank and trust company or trust company appointed by HRTAC to fulfill the duties of a “paying agent” for the Bonds or any portion thereof as commonly understood in the municipal bond market and meeting the qualifications of, and subject to the obligations of, the Trustee in the Master Indenture. Unless otherwise provided in a Supplemental Indenture, the Trustee shall be the Paying Agent.

**“Payment Date”** means a date that is an Interest Payment Date or a Principal Payment Date or both.

**“Person”** means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

**“Principal”** or **“principal”** means (i) with respect to a Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unpaid interest) except when used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default in which case “principal” means the initial public offering price of the Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) and (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

**“Principal and Interest Requirements”** for any Payment Date or for any period means the sum of the Principal Requirements and the Interest Requirements for such date or such period, respectively.

**“Principal Payment Date”** means any [July 1] upon which the principal amount of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of an Amortization Requirement, or such other date or dates with respect to any Bond as may be provided by a Related Series Supplement.

**“Principal Requirement”** means for any Principal Payment Date, as applied to all Bonds or a portion thereof, the total of the principal regularly scheduled to become due on such Principal Payment Date, subject to Section 5.4 (Modification of Certain Definitions) of the Master Indenture. Principal payments shall be excluded from the definition of Principal Requirement to the extent that (i) they constitute Excluded Principal Payments, or (ii) proceeds of any Bonds or other funds are held by the Trustee to pay such Principal.

**“Project”** means any transportation facility or project that HRTAC may finance or refinance pursuant to the Virginia Code.

**“Project Fund”** means the Project Fund to be established with respect to a Series of Bonds as provided in the Master Indenture.

**“Purchase Price”** means the purchase price established in any Series Supplement for Optional Tender Bonds as the purchase price to be paid for such Bonds upon an optional or mandatory tender of all or a portion of such Bonds.

**“Rating Agency”** means, with respect to any Bonds Outstanding, any nationally recognized credit rating agency if and for so long as such rating agency, at the request of HRTAC, maintains a rating on such Bonds.

**“Rating Confirmation”** means written evidence that no rating that has been requested by HRTAC and is then in effect from a Rating Agency with respect to a Series of Bonds will be withdrawn, reduced, or suspended solely as a result of an action to be taken under the Master Indenture.

**“Rebate Amount”** means the liability of HRTAC under Section 148 of the Tax Code (including any “yield reduction payments”) with respect to any Series of Bonds as may be calculated or specified (including with such reserves or error margin as HRTAC may deem appropriate) in accordance with a Related Series Supplement, a Related Tax Regulatory Agreement, or an Officer’s Certificate.

**“Rebate Fund”** means the Rebate Fund to be established with respect to a Series of Bonds as provided in the Master Indenture.

**“Refunding Bonds”** shall have the meaning set forth in the subsection “Issuance of Bonds” below.

**“Reimbursement Accounts”** means any Reimbursement Account that may be established within a Related Debt Service Fund by a Related Series Supplement and pursuant to Section 7.2 of the Master Indenture.

**“Reimbursement Obligations”** means any reimbursement obligations of HRTAC for principal and interest drawings on any Bond Credit Facility or DSRF Credit Facility with respect to which moneys in a Debt Service Fund, or Reimbursement Account thereof, are pledged or payable pursuant to the provisions of the Master Indenture or any Series Supplement.

**“Related”** means (i) when used with respect to any Fund, Account or Series of Bonds, the Fund, Account or Series of Bonds so authorized, designated and established by the Master Indenture and the Series Supplement authorizing a particular Series of Bonds, (ii) when used with respect to a Series Supplement, Tax Regulatory Agreement or other document contemplated hereunder, such document authorizing or related to a particular Series of Bonds, or Supplemental Indenture related thereto and (iii) when used with respect to a Bond Credit Facility, DSRF Credit Facility or Reimbursement Obligation, the Bond Credit Facility or DSRF Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith.

**“Reserve Determination Date”** means (i) the tenth day after each Interest Payment Date, or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date set forth in a Series Supplement or an Officer’s Certificate for the valuation of a Debt Service Reserve Fund.

**“Reserve Requirement”** means, as the context requires, the Senior Debt Service Reserve Requirement, the Intermediate Lien Debt Service Reserve Requirement, and/or the Subordinate Debt Service Reserve Requirement.

**“Revenue Fund”** means the Revenue Fund established pursuant to the Master Indenture.

**“Senior Bonds”** means any Bonds issued under the Master Indenture with seniority of payment and security to the Intermediate Lien Obligations and the Subordinate Obligations.

**“Senior Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Senior Bonds pursuant to the Master Indenture.

**“Senior Debt Service Reserve Fund”** means a Debt Service Reserve Fund established with respect to one or more Series of Senior Bonds pursuant to the Master Indenture.

**“Senior Debt Service Reserve Requirement”** means an amount, required to be maintained in a Senior Debt Service Reserve Fund established by the Series Supplement for any Series of Senior Bonds; provided, however, (1) to the extent specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Senior Bonds or any calculation of the Senior Debt Service Reserve Requirement, HRTAC

may hold any Senior Debt Service Reserve Fund collectively with respect to all or multiple Series of Senior Bonds; and (2) if any Senior Debt Service Reserve Fund held collectively with respect to all or multiple Series of Senior Bonds is determined as of the beginning of any Fiscal Year to be in an amount greater than the amount that would be derived by measuring the Senior Debt Service Reserve Requirement separately for each Outstanding Series of Senior Bonds, then such lesser derived amount shall be the Senior Debt Service Reserve Requirement for such Fiscal Year.

**“Serial Bonds”** means the Bonds of a Series that are stated to mature in semiannual or annual installments as designated in the Related Series Supplement.

**“Series”** means all of the Bonds of a particular series issued, authenticated and delivered pursuant to the Master Indenture and the Related Series Supplement and identified as such pursuant to such Series Supplement, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master Indenture and such Series Supplement, regardless of variations in priority of payment, lien status, maturity, interest rate, sinking fund installments or other provisions.

**“Series Supplement”** means a Supplemental Indenture providing for the issuance of a Series of Bonds, as such Series Supplement may be modified, altered, amended and supplemented by a Supplemental Indenture in accordance with the provisions of the Master Indenture.

**“SIFMA”** means the Securities Industry and Financial Markets Association and its successors.

**“SIFMA Swap Index”** means, on any determination date, the rate calculated, on the basis of the seven day high grade market index comprised of tax exempt variable rate demand obligation reset rates, by Bloomberg (or successor organizations) and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA as the SIFMA Municipal Swap Index on such date.

**“Subordinate Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Subordinate Obligations pursuant to the Master Indenture.

**“Subordinate Debt Service Reserve Fund”** means a Debt Service Reserve Fund established with respect to one or more Series of Subordinate Obligations pursuant to the Master Indenture.

**“Subordinate Debt Service Reserve Requirement”** means an amount, required to be maintained in a Subordinate Debt Service Reserve Fund established by the Series Supplement for any Subordinate Obligations; provided, however, (1) to the extent specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Subordinate Obligations or any calculation of the Subordinate Debt Service Reserve Requirement, HRTAC may hold any Subordinate Debt Service Reserve Fund collectively with respect to all or multiple Series of Subordinate Obligations; and (2) if any Subordinate Debt Service Reserve Fund held collectively with respect to all or multiple Series of Subordinate Obligations is determined as of the beginning of any Fiscal Year to be in an amount greater than the amount that would be derived by measuring the Subordinate Debt Service Reserve Requirement separately for each Outstanding Series of Subordinate Obligations as of such date, then such lesser derived amount shall be the Subordinate Debt Service Reserve Requirement for such Fiscal Year.

**“Subordinate Obligations”** means any Bonds that are made specifically subordinate as to payment and security to the Senior Bonds and the Intermediate Lien Obligations.

**“Supplemental Indenture”** means any indenture supplementary to or amendatory of the Master Indenture or any Supplemental Indenture or Series Supplement now or hereafter duly executed and delivered in accordance with the provisions of the Master Indenture, including a Series Supplement.

**“Swap Provider”** means, with respect to a Hedge Agreement, the Person that is identified in such agreement as the counterparty to, or contracting party with, HRTAC.

**“Swap Related Bonds”** means all or any portion of Bonds with respect to which HRTAC has entered into a Hedge Agreement identified as relating to such Bonds, whether or not such Hedge Agreement constitutes a “qualified hedge” under the Tax Code.

**“Tax Code”** means the Internal Revenue Code of 1986, as amended, as in effect upon the issuance of and thereafter applicable to any Series of Bonds and the regulations of the U.S. Department of the Treasury promulgated thereunder as in effect upon the issuance of and thereafter applicable to any Series of Bonds.

**“Tax Regulatory Agreement”** means, with respect to any Series of Bonds, the Tax Certificate and Regulatory Agreement, dated the date of the issuance of such Series of Bonds, entered into by HRTAC for the benefit of the Owners of the Bonds of such Series, as the same may be modified, altered, amended or supplemented pursuant to its terms.

**“Term Bonds”** means all or some of the Bonds of a Series, other than Serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Related Series Supplement.

**“Toll Revenues”** means revenues received from tolls established for the use of any transportation facility located in one or more of the Member Localities.

**“Trustee”** means Wilmington Trust, National Association, and its successors serving in the same capacity under the Master Indenture.

**“Variable Rate Bonds”** means any Series of Bonds the interest rate on which is not established, at the time such Bonds are issued, at a single numerical rate for the entire term of such Bonds.

**“Verification Agent”** means (i) a firm of nationally-recognized independent certified public accountants or (ii) any other qualified firm acceptable to HRTAC and the Trustee.

**“Virginia Code”** means the Code of Virginia of 1950, as amended.

## **THE MASTER INDENTURE**

### **Establishment of Trust**

Security for Bonds. In order to provide for the payment of the principal of and the premium, if any, and interest on the Bonds issued under the Master Indenture, and to secure the performance of all of the obligations of HRTAC with respect to the Bonds, the Master Indenture and the Series Supplements, subject to the terms thereof, HRTAC pledges and grants to the Trustee:

- (a) All of the HRTAC Revenues; and
- (b) All other property of any kind mortgaged, pledged or hypothecated to provide for the payment of or to secure the Bonds by HRTAC or by anyone on its behalf and with its written consent at any time as and for additional security under the Master Indenture and the Series Supplements in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of the Master Indenture and the Series Supplements.

In order to provide for the payment of the principal of and the premium, if any, and interest on each Series of Bonds issued hereunder, and to secure the performance of all of the obligations of HRTAC with respect to such Series, the Master Indenture, and the Related Series Supplement, subject to the terms thereof, HRTAC pledges and grants to the Trustee with respect to such Series (and to such Series only) the money and investments held in the Related Project Fund (if any), Related Debt Service Fund, and Related Debt Service Reserve Fund (if any).

Bond Credit Facility. Any Bond Credit Facility that is given to secure some, but not all, of the Bonds, together with money drawn or paid under it, will be held by the Trustee solely as security for such Bonds of the Series to which such Bond Credit Facility is Related. Neither such Bond Credit Facility nor any money drawn or paid under



it will secure the payment of any other Series of the Bonds. The status of the Bond Credit Facility as a Senior Bond, an Intermediate Lien Obligation, a Subordinate Obligation or otherwise will be provided for in the Related Series Supplement.

## **Issuance of Bonds**

In General. HRTAC may issue Bonds, subject to the terms and conditions contained in the Master Indenture, for any purpose permitted to be financed from the proceeds of Bonds under the HRTAC Act or other law, including without limitation the construction and acquisition of any Project and the refunding of any Bonds previously issued and Outstanding. Such Bonds may be issued in any form permitted by law, including, but not limited to, Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Optional Tender Bonds, Serial Bonds or Term Bonds or any combination thereof.

HRTAC shall not issue or incur any Bonds that will be secured by a pledge of revenues, money or property pledged by the Master Indenture to the payment of any Series of Bonds, except for Senior Bonds, Intermediate Lien Obligations and Subordinate Obligations.

Subject to the restrictions described in the previous paragraph, HRTAC reserves the right in its sole discretion and without the consent of the Trustee or any Owner of any Bond to issue from time to time Bonds for any lawful purpose authorized by the HRTAC Act.

Parity of Bonds. The Master Indenture constitutes a continuing irrevocable pledge of the HRTAC Revenues and other revenues, money and property of HRTAC pledged as described in the subsection “Establishment of Trust” above to secure payment of the principal of and premium, if any, and interest on all Bonds which may, from time to time, be executed, authenticated and delivered under the Master Indenture. Except as otherwise described herein, all Bonds shall in all respects be equally and ratably secured under the Master Indenture without preference, priority or distinction on account of the time of their authentication, delivery or maturity, so that all such Bonds at any time outstanding under the Master Indenture will have the same right, lien and preference under the Master Indenture with respect to the pledge described in the subsection “Establishment of Trust” above with like effect as if they had all been executed, authenticated and delivered simultaneously. Nothing in the Master Indenture will be construed, however, as (i) requiring that any Bonds bear interest at the same rate or in the same manner as any other Bonds, have the same or an earlier or later maturity, have the same Principal or Interest Payment Dates as other Bonds, be subject to mandatory or optional redemption before maturity on the same basis as any other Bonds, or precluding the creation of separate reserve funds or obtaining separate surety bonds, insurance policies or other Bond Credit Facilities or DSRF Credit Facilities for any Series of Bonds or portions thereof, (ii) prohibiting HRTAC from entering into financial arrangements, including any Bond Credit Facility or DSRF Credit Facility, designed to assure that funds will be available for the payment of certain Bonds at their maturity or tender for purchase, or (iii) prohibiting HRTAC from pledging funds or assets of HRTAC other than those pledged under the Master Indenture or any Supplemental Indenture for the benefit of any Bonds. Intermediate Lien Obligations shall in all respects be junior and subordinate to the Senior Bonds, but senior to the Subordinate Obligations. Subordinate Obligations shall in all respects be junior and subordinate to the Senior Bonds and the Intermediate Lien Obligations.

Conditions to the Issuance of Additional Series of Bonds. Before the issuance and authentication of any Series of Bonds by the Trustee, HRTAC shall deliver or cause to be delivered to the Trustee:

- (a) In the case of the initial Series of Bonds issued under the Master Indenture only:
  - (1) An original executed counterpart of the Master Indenture;
  - (2) A certified copy of the Initial Resolution, which authorized the execution and delivery of the Master Indenture; and
  - (3) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, to the effect that the Master Indenture has been duly authorized, executed and delivered by HRTAC;

(b) An original executed counterpart of the Related Series Supplement which may include provisions (i) authorizing the issuance, fixing the principal amount and setting forth the details of the Bonds of the Series then to be issued, the interest rate or rates and the manner in which the Bonds are to bear interest, the Principal and Interest Payment Dates of the Bonds, the purposes for which the Bonds are being issued, the date and the manner of numbering the Bonds, the series designation, the denominations, the maturity dates and amounts, the Amortization Requirements or the manner for determining such Amortization Requirements, and any other provisions for redemption before maturity; (ii) for Bond Credit Facilities for the Series and for the Funds to be established with respect to the Series of Bonds as required or authorized under the Master Indenture; (iii) for the application of the proceeds of the Bonds of the Series; (iv) any term or condition necessary or expedient for the issuance of Bonds constituting Variable Rate Bonds or Optional Tender Bonds, including without limitation, tender and remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and changing interest rate modes; (v) for the amount, if any, to be deposited into the Related Debt Service Reserve Fund to cause the amount held therein to equal the applicable Reserve Requirement; and (vi) for such other matters as HRTAC may deem appropriate;

(c) A certified copy of each resolution adopted by HRTAC authorizing the execution and delivery of the Related Series Supplement, any Related Bond Credit Facility and any Related Reimbursement Obligation and the issuance, sale, execution and delivery of the Series of Bonds then to be issued;

(d) Original executed counterparts of the Related Tax Regulatory Agreement, any Related Bond Credit Facility and any Related Reimbursement Obligation;

(e) Except for the initial Series of Bonds to be issued under the Master Indenture and for any Series of Refunding Bonds, an Officer's Certificate (subject to the requirements of Section 5.4 (Modification of Certain Definitions) of the Master Indenture, as applicable) to the effect that during any twelve consecutive months of the eighteen months preceding the issuance of the Series of Bonds to be issued the HRTAC Revenues were not less than 2.00 times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year on the Senior Bonds Outstanding plus the Series of Bonds to be issued; and to the extent that the Series of Bonds to be issued consists of or includes Intermediate Lien Obligations or Subordinate Obligations, HRTAC shall also provide in such Officer's Certificate evidence of compliance with any minimum ratio of HRTAC Revenues to Principal and Interest Requirements on Intermediate Lien Obligations and/or Subordinate Obligations as may be established by any Series Supplement;

(f) If the Bonds of the Series then to be issued are to be issued to refund Bonds issued and outstanding under the Master Indenture ("Refunding Bonds") evidence satisfactory to the Trustee that (i) the refunding produces present value debt service savings, and (ii) HRTAC has made provision for the payment or redemption of all of the Bonds to be refunded as required by the Master Indenture and the Related Series Supplement and for the payment of the estimated expenses of HRTAC and the Trustee incident to the refunding, including, if applicable, the fees of the Verification Agent and the escrow agent for the Related Escrow Fund;

(g) An Opinion of Bond Counsel to the effect that (i) the Bonds of the Series then to be issued have been duly authorized, (ii) all conditions precedent to the issuance of such Bonds have been fulfilled, (iii) the Related Series Supplement has been duly authorized, executed and delivered by HRTAC and complies in all respects with the requirements of the Master Indenture and (iv) Bonds are valid and legally binding limited obligations of HRTAC and are secured by the Master Indenture and the Related Series Supplement to the extent provided herein and therein;

(h) An Officer's Certificate, dated the date of delivery of the Bonds of the Series then to be issued, to the effect that to the best of the knowledge of the signatory, upon and immediately following such delivery, no Event of Default under the Master Indenture or any Series Supplement with respect to any Series of Bonds Outstanding will have occurred and be continuing;

(i) A written order and authorization to the Trustee on behalf of HRTAC, signed by an HRTAC Representative, to authenticate and deliver the Bonds of the Series then to be issued to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of such Series of Bonds; and

- (j) Any additional document or instrument specified in the Related Series Supplement.

Modification of Certain Definitions.

(a) In the case of the following described types of Bonds, the definition of the term “Principal and Interest Requirements” for the purposes of preparing and delivering the Officer’s Certificate regarding the coverage of HRTAC Revenues described above shall be modified as follows:

(1) Optional Tender Bonds. (i) If any of the Outstanding Bonds or additional Bonds of the Series then to be issued constitute Optional Tender Bonds, then the options of the Owners of such Bonds to tender the same for payment prior to their stated maturity or maturities shall be disregarded and Principal and Interest Requirements shall be calculated based on Assumed Debt Service, (ii) if such Bonds also constitute Variable Rate Bonds, HRTAC shall also make the adjustments described in the next paragraph, and (iii) any obligation HRTAC may have, other than its obligation on such additional Bonds (which need not be uniform as to all Owners thereof), to reimburse any Person for its having extended a Bond Credit Facility shall be disregarded and Principal and Interest Requirements shall be calculated based on Assumed Debt Service.

(2) Variable Rate Bonds.

(i) Tax-Exempt. If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Variable Rate Bonds the interest on which is or will be excluded from gross income for federal income tax purposes, then the interest rate used in the above-described computations shall be assumed to equal the average of the SIFMA Swap Index for the five years preceding such date of calculation, or such other rate as shall be specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Bonds or any calculation of the Reserve Requirement.

(ii) Taxable. If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Variable Rate Bonds the interest on which is or will be included in gross income for federal income tax purposes, then the interest rate used in the above-described computations shall be assumed to equal the average of the One Month USD LIBOR Rate for the five years preceding such date of calculation, or such other rate as shall be specified in a Related Series Supplement or in an Officer’s Certificate in connection with the issuance of any additional Series of Bonds or any calculation of the Reserve Requirement.

(3) Swap Related Bonds. If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Swap Related Bonds, then the Interest Requirements on such Swap Related Bonds during any Hedge Period and, for so long as the Swap Provider has not defaulted on its payment obligations under the related Hedge Agreement, shall be calculated by adding (i) the amount of interest payable by HRTAC on such Swap Related Bonds pursuant to their terms, subject to paragraphs (a)(1) and (2) as applicable, and (ii) the amount of Hedge Payments payable by HRTAC pursuant to the Hedge Agreement and subtracting (iii) the amount of Hedge Receipts payable by the Swap Provider to HRTAC pursuant to the Hedge Agreement; provided, however, that if the Swap Provider is in default under the related Hedge Agreement, the Interest Requirements on such Swap Related Bonds shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the “Determination Period”) shall be computed by assuming that the variables comprising the calculation applicable to the Determination Period are equal to the higher of (1) such variables in effect as of the date of calculation and (2) the average of the actual variables that were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period).

(b) The conversion of Bonds constituting Variable Rate Bonds to bear interest at fixed rate or rates or vice-versa, in accordance with their terms, shall not constitute a new issuance of Bonds under the Master Indenture.

(c) With respect to any Bonds bearing interest that is subject to a federal interest subsidy the proceeds of which are not otherwise designated as HRTAC Revenues, the interest rate on such Bonds shall be assumed to be the rate net of such interest subsidy.

Intermediate Lien Obligations. Nothing in the Master Indenture shall prohibit or prevent HRTAC from authorizing and issuing Intermediate Lien Obligations for any lawful purpose payable from HRTAC Revenues subject and subordinate to the payment of any Senior Bonds and to the deposits required to be made from HRTAC Revenues to the Senior Debt Service Funds and the Senior Debt Service Reserve Funds, or any other Fund or Account established to secure any Senior Bonds, or from securing any Intermediate Lien Obligations and their payment by a lien and pledge of HRTAC Revenues junior and inferior to the lien on and pledge thereof for the payment and security of the Senior Bonds.

Subordinate Obligations. Nothing in the Master Indenture shall prohibit or prevent HRTAC from authorizing and issuing Subordinate Obligations for any lawful purpose payable from HRTAC Revenues subject and subordinate to the payment of any Senior Bonds and Intermediate Lien Obligations and to the deposits required to be made from HRTAC Revenues to Senior and Intermediate Lien Debt Service Funds and Senior and Intermediate Lien Debt Service Reserve Funds, or any other Fund or Account established to secure any Senior Bonds or Intermediate Lien Obligations, or from securing any Subordinate Obligations and their payment by a lien and pledge of HRTAC Revenues junior and inferior to the lien on and pledge thereof for the payment and security of the Senior Bonds and the Intermediate Lien Obligations.

#### **Establishment of Funds and Accounts**

Permanent Funds. The Funds listed below have been established under the Master Indenture with respect to all of the Outstanding Bonds issued under or in accordance with the Master Indenture and HRTAC's operations, and HRTAC will hold each such Fund without commingling the monies held therein.

- (a) Revenue Fund;
- (b) Operating Fund, in which there is established an Operating Account and an Operating Reserve Account; and
- (c) General Fund.

Series-Specific Funds. The Funds listed below will be established with respect to each separate Series of Bonds in the Related Series Supplement, and the Trustee shall hold such Funds without commingling the monies held therein, except that (i) HRTAC has the option not to establish a Debt Service Reserve Fund for a Series of Bonds, (ii) HRTAC has the option to establish a Debt Service Reserve Fund securing multiple Series of Bonds on a parity basis, and (iii) HRTAC shall hold each Cost of Issuance Fund.

- (a) Cost of Issuance Fund;
- (b) Project Fund and/or Escrow Fund, as appropriate;
- (c) Debt Service Fund;
- (d) Debt Service Reserve Fund; and
- (e) Rebate Fund.

HRTAC may direct that a Debt Service Fund and/or Debt Service Reserve Fund established for a Series of Bonds will also provide for the payment of and/or secure any Refunding Bonds issued to refund such Series of Bonds in whole or in part.

### Certain Special Funds.

(a) HRTAC may establish with the Trustee or an escrow agent satisfactory to the Trustee in connection with the issuance of any Series of Refunding Bonds, an Escrow Fund to provide for the application and investment of the portion of the proceeds of such Series to be used to refund the refunded Bonds. Such Escrow Fund shall be established under or in accordance with the Related Series Supplement.

(b) HRTAC may establish with the Trustee in connection with the incurrence of any Reimbursement Obligation, a Reimbursement Account in any Related Debt Service Fund. Amounts held for the credit of any such Reimbursement Account shall be paid out by the Trustee as necessary to enable HRTAC to meet its obligations constituting Reimbursement Obligations.

### **Revenue Fund and Flow of Funds**

Revenue Fund. HRTAC will hold the Revenue Fund as a separate Fund. The Revenue Fund itself is not pledged to secure any of the Bonds. HRTAC will deposit into the Revenue Fund all HRTAC Revenues, including any HRTF Revenues transferred from the HRTF, immediately upon receipt.

At least once each month, not later than the last Business Day of each month, HRTAC shall make transfers from the Revenue Fund in the amounts and in the order of priority set forth below:

FIRST: To each Senior Debt Service Fund ratably, the amount, if any, required under the Related Series Supplement so that the balance therein on the next Payment Date shall equal the amount of principal, if any, and interest due on the next Payment Date on the Related Series of Bonds; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SECOND: To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement;

THIRD: To each Intermediate Lien Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Intermediate Lien Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in an Intermediate Lien Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

FOURTH: To each Intermediate Lien Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Intermediate Lien Debt Service Reserve Requirement;

FIFTH: To each Subordinate Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SIXTH: To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement;

SEVENTH: To each Rebate Fund the amounts necessary to provide for the payment of any Rebate Amounts with respect to the Related Series of Bonds as confirmed in an Officer's Certificate;

EIGHTH: To the Operating Account of the Operating Fund, the amount of funds necessary to pay Operating Expenses during such period in accordance with the Annual Budget;

NINTH: To the Operating Reserve Account of the Operating Fund, the amount, if any, so that the balance in such Account shall be equal to the Operating Reserve Requirement; and

TENTH: To the General Fund, the balance remaining in the Revenue Fund.

In the case of Bonds of a Series secured by a Bond Credit Facility, amounts on deposit in the Revenue Fund may be transferred to the Related Debt Service Fund, or the Related Reimbursement Account thereof, or elsewhere as provided in the Related Series Supplement to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such Bonds.

Operating Fund. HRTAC will hold the Operating Fund and the Accounts therein, as a separate Fund for the purpose of paying Operating Expenses. Neither the Operating Fund nor any amount therein is pledged to secure the Bonds. HRTAC shall pay Operating Expenses from the Operating Account as they become due and in accordance with the purposes and amounts provided in the Annual Budget. If at any time there is a deficiency in the Operating Account, HRTAC shall transfer funds from the Operating Reserve Account to cover such deficiency. In determining the balance on deposit in the Operating Account for any purpose of the Master Indenture, there shall be deducted the amount of any pending payments or transfers from the Operating Account. HRTAC may cause amounts in the Operating Fund in excess of those required by the Annual Budget to be transferred to the General Fund.

Debt Service Funds. The Trustee shall promptly deposit the following amounts in each Debt Service Fund:

- (a) The amount, if any, of the proceeds of the Related Series of Bonds required by the Related Series Supplement to be deposited in the Debt Service Fund with respect to accrued and/or capitalized interest;
- (b) All amounts received from the Revenue Fund as described above;
- (c) Any amounts required to be transferred to the Debt Service Fund from a Debt Service Reserve Fund as provided under the Master Indenture; and
- (d) Any other amounts required to be paid to the Debt Service Fund or otherwise made available for deposit therein by HRTAC, including amounts made available pursuant to the Related Series Supplement.

The Trustee shall pay out of each Debt Service Fund ratably to the Trustee or, if applicable, the Paying Agent for the Related Series of Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Bonds then due, (ii) on any redemption date, the amount required for the payment of accrued interest on such Bonds to be redeemed, unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Trustee or the Paying Agent, as applicable, to such payment, and (iii) the accrued interest included in the Purchase Price of any such Bonds of the Related Series purchased for retirement pursuant to the Master Indenture.

The Trustee shall pay out of each Debt Service Fund for the Related Series of Bonds on each Principal Payment Date and redemption date for such Bonds, the amounts then required for the payment of such principal or redemption price, and such amounts shall be applied by the Trustee to such payments either itself or through the Paying Agent for such Bonds.

Whenever the amounts in a Debt Service Fund is sufficient to redeem all of the Outstanding Bonds of the Related Series and to pay interest accrued to the redemption date, the Commission will cause the Trustee to redeem all such Related Bonds on the applicable redemption date specified by the Commission. Any amounts remaining in the Related Debt Service Fund after payment in full of the principal or redemption price and interest on the Related Bonds (or provision for payment thereof) and the fees, charges and expenses related to such transaction, shall be transferred to the Revenue Fund.

Debt Service Reserve Funds. Except as specifically described below, the amount in each Debt Service Reserve Fund shall be used solely to cure deficiencies in the amount on deposit in the Related Debt Service Fund and

only with respect to the Related Series of Bonds. If there are insufficient funds in the Related Bond Service Fund to pay the principal of and interest on a particular Series of Bonds when due, then the Trustee shall transfer the amount of deficiency from the amount, if any, on deposit in the Related Debt Service Reserve Fund to such Debt Service Fund.

Any interest earned from the investment of money in a Debt Service Reserve Fund shall be transferred upon receipt to the Revenue Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the Series Supplements and Tax Regulatory Agreements (as confirmed in an Officer's Certificate) to the extent that such transfer will not cause the balance in the Debt Service Reserve Fund to be less than its Reserve Requirement.

On each Reserve Determination Date, the Trustee shall determine if the balance in each of the Debt Service Reserve Funds is at least equal to the Reserve Requirement for the Related Series of Bonds. In making each such determination, investments in each Debt Service Reserve Fund shall be valued as described in the subsection "Permitted Investments and Valuation of Funds" below or as otherwise provided in the Related Series Supplement. If on any Reserve Determination Date the amount in any Debt Service Reserve Fund is less than its Reserve Requirement, the Trustee shall immediately notify HRTAC of such fact and the amount of the deficiency.

Any interest earned from the investment of money in a Debt Service Reserve Fund shall be transferred upon receipt to the Related Debt Service Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the applicable Series Supplements, Tax Regulatory Agreements and Officer's Certificates to the extent that such transfer will not cause the balance in the Debt Service Reserve Fund to be less than its Reserve Requirement. If on any Reserve Determination Date there exists a surplus in a Debt Service Reserve Fund, the Trustee shall transfer such surplus to the Related Debt Service Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the applicable Series Supplements, Tax Regulatory Agreements and Officer's Certificate; provided, however, that if on any Reserve Determination Date there exists or will exist a surplus in a Debt Service Reserve Fund as the result of the payment at maturity, redemption or defeasance under the Master Indenture of a portion of the Bonds of the Related Series on or as of such Reserve Determination Date, then the Trustee is authorized to transfer the surplus (including to an Escrow Fund for any such Bonds to be redeemed or defeased) as specified in (i) a Series Supplement (as confirmed in an Officer's Certificate) or (ii) an Officer's Certificate.

In lieu of maintaining and depositing money or securities in a Debt Service Reserve Fund, HRTAC may deposit with the Trustee a DSRF Credit Facility in an amount equal to all or a portion of the applicable Reserve Requirement. Any DSRF Credit Facility will permit the Trustee to draw or obtain under it for deposit in the Debt Service Reserve Fund amounts that, when combined with the other amounts in such Fund, are not less than the applicable Reserve Requirement.

The Trustee will make a drawing on or otherwise obtain funds under any DSRF Credit Facility before its expiration or termination (i) whenever money is required for the purposes for which Debt Service Reserve Fund money may be applied and (ii) unless such DSRF Credit Facility has been extended or a qualified replacement for it delivered to the Trustee, in the event HRTAC has not deposited immediately available funds equal to the applicable Reserve Requirement at least two Business Days preceding the expiration or termination of such DSRF Credit Facility.

If HRTAC provides the Trustee with a DSRF Credit Facility as provided above, the Trustee will transfer the corresponding amount of funds then on deposit in the applicable Debt Service Reserve Fund to HRTAC, provided HRTAC delivers to the Trustee (i) an Opinion of Bond Counsel that such transfer of funds will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on any Bonds the interest on which was excludable on the date of their issuance and (ii) HRTAC covenants to comply with any directions or restrictions contained in such opinion concerning the use of such funds.

General Fund. HRTAC will hold the General Fund and, except as otherwise provided below, neither such Fund nor any moneys or investments therein shall be pledged to secure the Bonds.

HRTAC shall apply the balance in the General Fund, including interest earnings, first to cure any deficiency in the amount required to be on deposit in any Senior Debt Service Fund, any Senior Debt Service Reserve Fund, any Intermediate Lien Debt Service Fund, any Intermediate Lien Debt Service Reserve Fund, any Subordinate Debt Service Fund, any Subordinate Debt Service Reserve Fund, any Rebate Fund, or the Operating Reserve Account, in

that order; and then to any lawful purpose approved by resolution of HRTAC, including without limitation, expenditures for capital improvements with respect to any Project or payment of any Operating Expenses.

### **Operation of Certain Series-Specific Funds**

Cost of Issuance Funds. There shall be deposited in each Cost of Issuance Fund the portion of the proceeds of the Related Series of Bonds and such other amounts as may be specified in the Related Series Supplement. HRTAC will use the amounts in each Cost of Issuance Fund to pay costs of issuance incurred in connection with the issuance of the Related Series of Bonds.

Project Funds. There will be deposited into each Project Fund such portion of the proceeds of the Related Series of Bonds and other amounts as may be specified in the Related Series Supplement. HRTAC shall use the amounts in each Project Fund to finance or refinance the Projects in accordance with the requirements of the Related Series Supplement and Tax Regulatory Agreement.

Rebate Funds. There shall be transferred to each Rebate Fund amounts to be used to pay Rebate Amounts with respect to the Related Series of Bonds to the extent, and from the sources, specified in a Related Series Supplement, a Related Tax Regulatory Agreement or an Officer's Certificate. Whenever amounts on deposit in a Rebate Fund shall be required to pay Rebate Amounts and any other obligations under Section 148 of the Tax Code in connection with a Related Series of Bonds, HRTAC shall direct the Trustee to transfer such amounts to or on behalf of HRTAC for such purpose. HRTAC may direct the Trustee to transfer any amounts on deposit in a Rebate Fund that are not needed for such purpose to the Revenue Fund and/or another Fund or Account established hereunder as may be authorized or directed in a Related Series Supplement, a Related Tax Regulatory Agreement or an Officer's Certificate.

### **Permitted Investments and Valuation of Funds**

Permitted Investments. Subject to the provisions of any Supplemental Indenture, any amounts held in any Fund or Account established by the Master Indenture or any Supplemental Indenture may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by an HRTAC Representative, in any investments that are at the time (i) legal investments for public funds of the type to be invested under Virginia law, including without limitation the Investment of Public Funds Act, Chapter 45 of Title 2.2 of the Virginia Code or any successor provision of law and the Government Non-Arbitrage Investment Act, Chapter 47 of Title 2.2 of the Virginia Code or any successor provision of law, (ii) authorized by HRTAC's Statement of Investment Policy then in effect, and (iii) structured to permit adequate liquidity to permit the purpose of such Fund or Account to be satisfied. Notwithstanding anything to the contrary contained herein, HRTAC may invest the amounts on deposit in the General Fund to the same extent as provided in Section 33.2-1525 of the Virginia Code for excess funds in the Transportation Trust Fund.

Subject to the provision of any Supplemental Indenture, all investments shall be held by or under the control of the Trustee or HRTAC, as the case may be, and while so held shall be deemed a part of the Fund or Account in which the amounts were originally held. The Trustee and HRTAC shall sell and reduce to cash a sufficient amount of investments whenever the case balance in any Fund or Account is insufficient for its purposes.

Valuation of Investments. Unless otherwise provided in a Supplemental Indenture, HRTAC or the Trustee shall value the investments in each Fund and Account established under the Master Indenture or any Supplemental Indenture and held by it or at its direction as of the last Business Day of each month; provided that, notwithstanding the foregoing, a Debt Service Reserve Fund shall be valued only on Reserve Determination Dates.

Unless otherwise provided in a Supplemental Indenture, each such investment shall be valued (i) at amortized cost if the weighted average life of all investments held in the same Fund or Account is five years or less or (ii) at its fair market value or the amortized cost thereof, whichever is lower if the weighted average life of all investments held in the same Fund or Account exceeds five years. A DSRF Credit Facility shall be valued at the amount that the Trustee is authorized to draw thereon to pay debt service on the Series of Bonds secured thereby.



## **Discharge and Defeasance**

Discharge. If the following conditions exist:

(a) The principal of any and all of the Series of Bonds and the interest due or to become due thereon together with any redemption premium required by redemption of any of the Bonds prior to maturity shall be paid, or is caused to be paid, or is provided for as described under the heading “Defeasance” below, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with the Master Indenture, and

(b) All of the covenants, agreements, obligations, terms and conditions of HRTAC under the Master Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions of the Master Indenture,

then the right, title and interest of the Trustee in the trust estate granted pursuant the Master Indenture will thereupon cease and the Trustee, on the request of and at the expense of HRTAC, shall release the Master Indenture and the trust estate and shall execute such documents to evidence such release as may be reasonably required by HRTAC and shall turn over to HRTAC, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds and Accounts established hereunder except for amounts required to pay the Bonds.

Provision for Payment of Particular Bonds. If HRTAC shall pay or provide for the payment of all or part of the indebtedness on particular Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue on such Defeasance Obligations (the “Defeasance Amount”), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, without consideration of any reinvestment of the Defeasance Amount, as a Verification Agent will verify to the Trustee’s satisfaction;

and if HRTAC shall also pay or provide for the payment of all other sums payable hereunder by HRTAC with respect to such Bonds, and, if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as provided in the Master indenture (or the corresponding provisions of the Related Series Supplements) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such Bonds shall cease to be entitled to any lien, benefit or security under the Master Indenture except as described below.

HRTAC may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered that HRTAC may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired as described above.

Upon such defeasance all rights of HRTAC, including its right to provide for optional redemption of such Bonds on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Trustee on or prior to the date the Defeasance Amount is deposited with the Trustee or escrow agent.

When a Transportation Bond is deemed to be paid as described above, it shall no longer be secured by or entitled to the benefits of the Master Indenture, except for the purposes of any such payment (to the exclusion of all other Owners) from the Defeasance Amount and except for the provisions of payment and redemption provisions of the Master Indenture.

## Events of Default and Remedies Upon Default

Events of Default. The occurrence and continuation of one or more of the following events shall constitute an Event of Default with respect to the Bonds:

- (a) default in the payment of any installment of interest in respect of the any Series of Bonds as the same shall become due and payable; or
- (b) default in the payment of the principal of or premium, if any, in respect of any Series of Bonds as the same shall become due and payable either at maturity, upon redemption, or otherwise; or
- (c) default in the payment of any Amortization Requirement in respect of any Bond that is a Term Bond as the same shall become due and payable; or
- (d) failure on the part of HRTAC duly to observe or perform any other of the covenants or agreements on the part of HRTAC contained in the Master Indenture, a Series Supplement, a Tax Regulatory Agreement or any Bond (a “Covenant Event of Default”), subject to the provisions described in the subsection “Notice of Certain Defaults; Opportunity to Cure Such Defaults” below; or
- (e) appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the HRTAC Revenues and the other Funds and Accounts pledged pursuant to the Master Indenture, or the filing by HRTAC of any petition for reorganization of HRTAC or rearrangement or readjustment of the obligations of HRTAC under the provisions of any applicable Bankruptcy Law.

**Notwithstanding any other provision of the Master Indenture, failure to pay the principal or any Amortization Requirement of or interest on any Intermediate Lien Obligation or Subordinate Obligation will not constitute an Event of Default with respect to any of the Senior Bonds, and failure to pay the principal or any Amortization Requirement of or interest on any Subordinate Obligation will not constitute an Event of Default with respect to any of the Intermediate Lien Obligations.**

An Event of Default with respect to one Series of Bonds shall not cause an Event of Default with respect to any Series of Bonds unless such event or condition independently constitutes an Event of Default with such other Series of Bonds.

HRTAC may, pursuant to a Series Supplement, provide for a particular Series of Bonds different or additional Events of Default and remedies upon the occurrence thereof including, but not limited to, Events of Default upon the occurrence of events specified in any agreement entered into in connection with the delivery of a Bond Credit Facility; provided, however, no such Series Supplement shall provide for any acceleration of the full principal amount of any Bonds.

Remedies Upon Default. If an Event of Default occurs and is continuing, there shall be no right of acceleration with respect to any Bonds but the Trustee may, and upon the written request to the Trustee by the Majority Owners shall, subject to the indemnity requirements of the Master Indenture, protect and enforce its rights and the rights of the Owners of such Bonds by such suits, actions or proceedings to enforce payment of and receive any and all amounts due from the Commission hereunder, together with any and all costs and expenses of proceedings and collections, and to collect (but solely from HRTAC Revenues available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

Without limiting the generality of the foregoing, the Commission shall not enter into any agreement, including, without limitation, a Credit Facility, continuing covenants agreement or similar direct purchase agreement, which purports to create any rights of acceleration of any Bonds; provided, however, the following shall not be considered acceleration for purposes of this paragraph: (i) termination payments under any Hedge Agreement; and (ii) term-outs of Reimbursement Obligations under Bond Credit Facilities that occur as a result of (A) mandatory tender for purchase of the Bonds or (B) revised amortization requirements and/or increased interest rates following an optional or mandatory tender for purchase of the Bonds.

Control of Remedies. Notwithstanding anything in the Master Indenture or the Supplemental Indentures to the contrary, upon the occurrence and continuation of an Event of Default, the Majority Owners will control and direct all actions of the Trustee in exercising such of the rights and powers conferred by the Master Indenture on the Trustee or the Owners.

So long as any Senior Bonds are Outstanding, no owner or holder of any Intermediate Lien Obligation or any Subordinate Obligation may exercise any remedy under the Master Indenture or any Supplemental Indenture, and so long as any Intermediate Lien Obligations are Outstanding, no owner or holder of any Subordinate Obligation may exercise any remedy under the Master Indenture or any Supplemental Indenture.

Restriction on Owners' Actions. No Owner will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Master Indenture or any remedy under the Master Indenture or any Supplemental Indenture or the Bonds, unless (i) an Event of Default has occurred and is continuing of which the Trustee has been notified as provided in the Master Indenture, or of which it is deemed to have notice thereunder; (ii) the Majority Owners have made written request of the Trustee to institute the suit, action, proceeding or other remedy, after the right to exercise the powers or rights of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Master Indenture or to institute the action, suit or proceeding in its or their name; (iii) there has been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred as provided in the Master Indenture; and (iv) the Trustee has not complied with the request within a reasonable time. Such notification, request and offer of indemnity are declared, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Master Indenture or for any other remedy under the Master Indenture. It is intended that no one or more Owners will have any right to affect, disturb or prejudice the security of the Master Indenture, or to enforce any right under the Master Indenture or the Bonds, except in the manner provided for in the Master Indenture, and that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Master Indenture and for the benefit of all Owners. Nothing in the Master Indenture will affect or impair the right of the Owners generally to enforce payment of the Bonds in accordance with their terms.

Power of Trustee to Enforce. All rights of action under the Master Indenture or under any of the Bonds secured by it that are enforceable by the Trustee may be enforced without the possession of any of the Bonds, or their production at the trial or other related proceedings. Any suit, action or proceedings instituted by the Trustee may be brought in its own name, as trustee, for the equal and ratable benefit of the Owners subject to the provisions of the Master Indenture.

Waiver of Events of Default; Effect of Waiver. The Trustee will waive any Event of Default and its consequences at the written request of the Majority Owners. If any Event of Default with respect to the Bonds has been waived as provided in the Master Indenture, the Trustee will promptly give written notice of the waiver to HRTAC and by first class mail, postage prepaid, to all Owners if the Owners had previously been given notice of the Event of Default. No waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under the Master Indenture.

Application of Money. Any amounts received by the Trustee following an Event of Default will, after payment of the costs and expenses of the proceedings resulting in the collection of the money, the expenses, liabilities and advances incurred or made by the Trustee and the fees (whether ordinary or extraordinary) of the Trustee and expenses of HRTAC in carrying out the provisions of the Master Indenture, be deposited in an appropriate Account established and held by the Trustee and shall be applied as follows:

FIRST: To the payment of the persons entitled to it of all installments of interest then due on the Senior Bonds, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege;

SECOND: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of on any of the Senior Bonds which have become due (other than Senior Bonds matured or called for redemption for the payment of which money is held pursuant to the provisions of the Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such

Senior Bonds due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege;

THIRD: To the payment of the persons entitled to it of all installments of interest then due on the Intermediate Lien Obligations, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege;

FOURTH: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Intermediate Lien Obligations that have become due (other than Intermediate Lien Obligations matured or called for redemption for the payment of which money is held pursuant to the provisions of the Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Intermediate Lien Obligations due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege;

FIFTH: To the payment of the persons entitled to it of all installments of interest then due on the Subordinate Obligations, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege; and

SIXTH: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Subordinate Obligations that have become due (other than Subordinate Obligations matured or called for redemption for the payment of which money is held pursuant to the provisions of the Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Subordinate Obligations due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege.

Whenever money is to be applied as described above, it will be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee applies such money, it will fix the date on which payment is to be made, and interest on the amount of principal to be paid on such date will cease to accrue. The Trustee will give, in such form as it may deem appropriate, notice to the Owners of the fixing of such payment date.

Notice of Certain Defaults; Opportunity to Cure Such Defaults. Notwithstanding anything to the contrary in the Master Indenture, no Covenant Event of Default will occur until actual notice of the default is given to HRTAC by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds, and HRTAC has had (i) 30 days after receipt of the notice with respect to any default in the payment of money or (ii) 90 days after receipt of the notice of any other default to correct the default or to cause the default to be corrected; provided, however, that if the default can be corrected, but cannot within the applicable period, it will not constitute an Event of Default if corrective action is instituted by HRTAC within the applicable period and diligently pursued (as determined by the Trustee) until the default is corrected.

Rights of Bond Credit Provider. Notwithstanding anything contained in the Master Indenture to the contrary, until HRTAC has reimbursed a Bond Credit Provider for amounts paid under a Bond Credit Facility to pay the interest on or the principal of any Bonds on any Payment Date, (i) such Bonds shall be deemed to be Outstanding and such Bond Credit Provider shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Bond Credit Facility until such amounts have been reimbursed and (ii) upon presentation to the Trustee, such Bond shall be registered in the name of the Bond Credit Provider or its nominee.

## **Amendments and Supplemental Indentures**

HRTAC and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Master Indenture or any Supplemental Indenture for any one or more of the following purposes:

(a) To cure or correct any ambiguity, formal defect, omission or inconsistent provision in the Master Indenture or in a Supplemental Indenture;

(b) To grant to or confer on the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Owners or the Trustee;

(c) To permit the appointment of a co-Trustee or additional Paying Agents under the Master Indenture;

(d) To subject to the lien and pledge of the Master Indenture additional revenues, properties or collateral;

(e) To provide for the issuance of coupon Bonds if authorized under the Related Supplemental Indenture;

(f) To amend certain provisions of the Master Indenture or any Supplemental Indenture in any manner consistent with Sections 103 and 141 through 150 of the Tax Code (or such other sections of the Tax Code as may be applicable to the Bonds) as in effect at the time of the amendment;

(g) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Master Indenture or any Supplemental Indenture, of the HRTAC Revenues or any other moneys, property or Funds or Accounts;

(h) To modify, amend or supplement the Master Indenture or any Supplemental Indenture as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and, if HRTAC and the Trustee so determine, to add to the Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute;

(i) To add to the covenants and agreements of HRTAC contained in the Master Indenture or any Supplemental Indenture other covenants and agreements thereafter to be observed for the Owners' protection, including, but not limited to, additional requirements imposed by virtue of a change of law, or to surrender or to limit any right, power or authority therein reserved to or conferred upon HRTAC;

(j) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds;

(k) In the case of Series Supplements, to provide for the issuance of additional Series of Bonds (including Refunding Bonds) and to provide for such other related matters as may be required or contemplated by or appropriate under the Master Indenture;

(l) To make any changes necessary to comply with the requirements of a Rating Agency, a Bond Credit Provider, or an DSRF Credit Provider that, as expressed in a written finding or determination by HRTAC (which shall be stated in the Related Supplemental Indenture, and may be based on an Opinion of Bond Counsel or the written opinion of HRTAC's financial advisor), would not materially adversely affect the security for the Bonds;

(m) To make any other changes that (i) will have no adverse effect upon the ratings currently assigned to the Bonds by any Rating Agency, as expressed in a Rating Confirmation or (ii) shall not prejudice in any

material respect the rights of the Owners of such Bonds then Outstanding, as expressed in a written determination or finding by HRTAC (which shall be stated in the Supplemental Indenture, and may be based upon an Opinion of Bond Counsel or the written opinion of HRTAC's financial advisor); and

(n) To restate in one document the Master Indenture and all Supplemental Indentures, which restatement shall then become the Master Indenture for all purposes, effective as of the date of the Master Indenture with respect to matters set forth therein and as of the date of any Supplemental Indenture included in the restatement as to matters set forth in any such Supplemental Indenture. Supplemental Indentures and the Bonds issued thereunder prior to a restatement shall be deemed to relate to the restated Master Indenture without any further action or amendment.

Exclusive of Supplemental Indentures covered above and subject to the terms and provisions contained above, the Majority Owners shall have the right from time to time, notwithstanding any other provision of the Master Indenture, to consent to and approve the execution by HRTAC and the Trustee of such other Supplemental Indenture or Supplemental Indentures as HRTAC shall deem necessary or desirable to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Senior Bonds, Intermediate Lien Obligations or Subordinate Obligations, as applicable, then Outstanding nothing in the Master Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any such Senior Bond, Intermediate Lien Obligation or Subordinate Obligation, (ii) a reduction in the principal amount of any such Senior Bond, Intermediate Lien Obligation or Subordinate Obligation or the rate of interest on it, (iii) a privilege or priority of any such Senior Bond over any other Senior Bond, any such Intermediate Lien Obligation over any other Intermediate Lien Obligation, or any such Subordinate Obligation over any other Subordinate Obligation, or (iv) a reduction in the aggregate principal amount of Senior Bonds, Intermediate Lien Obligations or Subordinate Obligations required for consent to such Supplemental Indenture.

If at any time HRTAC shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of expressed above, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of the Supplemental Indenture to be mailed to each Owner of Bonds then Outstanding by registered or certified mail to the address of each such Owner as it appears on the registration books for such Bonds; provided, however, that failure to give such notice by mailing, or any defect in it, shall not affect the validity of any proceedings regarding such Supplemental Indenture. Such notice shall briefly state the nature of the proposed Supplemental Indenture and shall state that copies of it are on file at the Trustee's designated corporate trust office for inspection by all Owners. If, within six months or such longer period as shall be prescribed by HRTAC following the giving of such notice, the Majority Owners shall have consented to and approved its execution, no Owner of any such Bond shall have any right to object to any of the terms and provisions contained in it, or its operation, or in any manner to question the propriety of its execution, or to enjoin or restrain the Trustee or HRTAC from executing such Supplemental Indenture or from taking any action under its provisions. Upon the execution of any such Supplemental Indenture permitted as described above, the Master Indenture shall be deemed to be modified and amended in accordance therewith.

Bonds owned or held by or for the account of HRTAC or any Person controlling, controlled by or under common control with HRTAC shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds for purposes of entering into Supplemental Indentures. At the time of any such calculation, HRTAC shall furnish the Trustee an Officer's Certificate describing all such Bonds so to be excluded.

Anything contained in the Master Indenture to the contrary notwithstanding, HRTAC and the Trustee may enter into any Supplemental Indenture upon receipt of the consent of the Owners of all Bonds then Outstanding.

## **THE 2019A Series Supplement**

### **Authorization and Details of 2019A Notes**

The 2019A Series Supplement authorizes the issuance pursuant to the Master Indenture of the Series 2019A Notes. The details as to principal, interest, and redemption terms are set forth in the 2019A Series Supplement and are consistent with the provisions of the Series 2019A Notes as described in the Official Statement.

## **Establishment of Funds**

The 2019A Series Supplement creates the following funds to be held by the Trustee:

1. the 2019A Cost of Issuance Fund;
2. the 2019A Project Fund;
3. the 2019A Bond Debt Service Fund, in which there is established the 2019A Capitalized Interest [Sub]Account; and
4. the 2019A Rebate Fund.

On the date of issuance of the Series 2019A Notes, the Trustee shall apply the amounts received from the underwriters of the Series 2019A Notes in payment therefor to the 2019A Cost of Issuance Fund, the 2019A Capitalized Interest [Sub]Account, and the 2019A Project Fund as provided in the 2019A Series Supplement.

The money and investments held in the 2019A Project Fund and in the 2019A Bond Debt Service Fund are pledged to secure the Series 2019A Notes.

## **Cost of Issuance Fund**

HRTAC shall apply the amounts in the 2019A Cost of Issuance Fund to pay the issuance and financing costs of the Series 2019A Notes. Any amount deposited in the 2019A Cost of Issuance Fund that is not applied in accordance with the Master Indenture to pay the costs of issuance of the Series 2019A Notes shall be transferred by HRTAC to the Project Fund and applied as set forth below.

## **Project Fund**

The Trustee will apply the amounts in the 2019A Project Fund to the payment or reimbursement of the costs of certain projects as directed by HRTAC. Disbursements from the 2019A Project Fund shall be made by the Trustee to HRTAC or as directed by HRTAC upon receipt by the Trustee of a requisition signed by an HRTAC Representative and containing all information called for by the 2019A Series Supplement.

## **Bond Debt Service Fund**

Each monthly transfer into the 2019A Bond Debt Service Fund under the Master Indenture shall be in an amount not less than the sum of (i) one-sixth of the interest due on the Series 2019A Notes on the next ensuing Interest Payment Date, plus (ii) one-twelfth of the principal due on the Series 2019A Notes at maturity or upon mandatory redemption on the next ensuing Principal Payment Date, less (iii) accrued interest and any other interest earnings currently on deposit therein.

## **Rebate Fund**

The Trustee shall invest and apply amounts on deposit in the 2019A Rebate Fund as directed by Officer's Certificates provided pursuant to and in accordance with the Master Indenture.

## **Tax Regulatory Agreement**

HRTAC agrees that it will not directly or indirectly use or permit the use of the proceeds of the Series 2019A Notes except in accordance with the 2019A Tax Regulatory Agreement. HRTAC agrees that it will not take any action, or omit to take any action, if any such action or omission would adversely affect the excludability from gross income of interest on the Series 2019A Notes under Section 103 of the Tax Code. HRTAC agrees that it will not directly or indirectly use or permit the use of any proceeds of the Series 2019A Notes or any other funds of HRTAC or take or omit to take any action that would cause the Series 2019A Notes to be "arbitrage bonds" under Section

148(a) of the Tax Code. To these ends, HRTAC will comply with all requirements of Sections 141 through 150 of the Tax Code, including Section 148(f)(2) and (3) of the Tax Code, to the extent applicable to the Series 2019A Notes.

The Trustee agrees to comply with all written instructions of an HRTAC Representative given in accordance with the 2019A Tax Regulatory Agreement, but the Trustee shall not be required to ascertain whether the instructions comply with the 2019A Tax Regulatory Agreement. The Trustee shall be entitled to receive and may request from time to time from HRTAC written instructions from a nationally-recognized bond counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Tax Code, and the Trustee agrees that it will comply with such instructions (upon which the Trustee and HRTAC may conclusively rely) so as to enable HRTAC to perform its covenants under the Master Indenture and the 2019A Series Supplement.

Notwithstanding any provisions of the 2019A Series Supplement, if HRTAC shall provide to the Trustee an opinion of nationally-recognized bond counsel addressed and acceptable to HRTAC and the Trustee to the effect that any action required under the 2019A Series Supplement by incorporation or otherwise is not required or is no longer required to maintain the excludability from gross income of the interest on the Series 2019A Notes under Section 103 of the Tax Code, HRTAC and the Trustee may rely conclusively on such opinion in complying with the provisions of the Master Indenture and the 2019A Series Supplement.



## **APPENDIX B**

### **FINANCIAL STATEMENTS OF HRTAC FOR THE FISCAL YEAR ENDED JUNE 30, [2019]**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated \_\_\_\_\_, 2019 (the “Disclosure Undertaking”), is executed and delivered by the Hampton Roads Transportation Accountability Commission (the “Commission”), in connection with the issuance by the Commission of its \$\_\_\_\_\_ Hampton Roads Transportation Fund Intermediate Lien Bond Anticipation Notes, Series 2019A (the “Series 2019A Notes”). The Commission hereby covenants and agrees as follows:

**Section 1. Purpose.** This Disclosure Undertaking is being executed and delivered by the Commission for the benefit of the holders of the Series 2019A Notes and in order to assist the original purchasers of the Series 2019A Notes in complying with the provisions of Section (b)(5)(i) of Securities and Exchange Commission (“SEC”) Rule 15c2-12, as amended (the “Rule”), by providing certain annual financial information and event notices required by the Rule (collectively, “Continuing Disclosure”).

### **Section 2. Annual Disclosure.**

(a) The Commission shall provide annually certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) the audited financial statements of the Commission prepared in accordance with accounting principles generally accepted in the United States; and

(ii) updated operating data of the type described in the Official Statement for the Series 2019A Notes in (A) Table I: “Historical Hampton Roads Transportation Fund Revenues,” (B) Appendix E, Table 1: “HRTF Revenues Fiscal Year [2014] to Date,” (C) Appendix E, Table 2: “Hampton Roads Transportation Fund (HRTF) Revenues and Expenditures,” and (D) Appendix E, Table 3: “Hampton Roads Transportation Fund (HRTF) Transportation Project Expenditures.”

(b) The Commission shall file annually with the Municipal Securities Rulemaking Board (the “MSRB”) the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) within 180 days after the end of the Commission’s fiscal year, commencing with the Commission’s fiscal year ending June 30, [2019].

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Commission shall file with the MSRB in a timely manner notice specifying any failure of the Commission to provide the Annual Disclosure by the date specified.

**Section 3. Event Disclosure.** The Commission shall file with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Series 2019A Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019A Notes, or other material events affecting the tax status of the Series 2019A Notes;

(g) modifications to rights of Bondholders, if material;

(h) bond calls, if material, and tender offers;

(i) defeasance of all or any portion of the Series 2019A Notes;

(j) release, substitution, or sale of property securing repayment of the Series 2019A Notes, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Commission;

(m) the consummation of a merger, consolidation, or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(o) incurrence of a “Financial Obligation”<sup>\*</sup> of the Commission, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Commission, any of which affect Bondholders of the Series 2019A Notes, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Commission, any of which reflect financial difficulties.

**Section 4. Termination.** The obligations of the Commission hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Series 2019A Notes.

**Section 5. Amendment.** The Commission may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Undertaking as so modified complies with the Rule as it exists at the time of modification. The Commission shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

**Section 6. Defaults.** (a) If the Commission fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Undertaking, any holder (within the meaning of the Rule) or beneficial holder of Bonds then outstanding may, by notice to the Commission, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Commission’s covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Commission to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Undertaking (i) shall not be deemed to constitute an event of default under the Series 2019A Notes or the Master Indenture of Trust, and any supplement

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<sup>\*</sup> “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

thereto, providing for the issuance of the Series 2019A Notes and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

**Section 7. Filing Method.** Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

**Section 8. Additional Disclosure.** The Commission may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Commission will not incur or be subject to any obligation or duty to continue to provide, or to update, such additional information or data.

**Section 9. Dissemination Agent.** The Commission may, in its discretion, from time to time appoint or engage an entity to serve as Dissemination Agent to assist the Commission in fulfilling its covenants and obligations regarding this Disclosure Undertaking.

**Section 10. Counterparts.** This Disclosure Undertaking may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11. Governing Law.** This Disclosure Undertaking shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
Linda T. Johnson, Chair

By: \_\_\_\_\_  
Kevin B. Page, Executive Director

## **APPENDIX D**

### **DEMOGRAPHIC, ECONOMIC AND FINANCIAL INFORMATION REGARDING PLANNING DISTRICT 23 AND THE HAMPTON ROADS MSA**

## DEMOGRAPHIC, ECONOMIC AND FINANCIAL INFORMATION REGARDING PLANNING DISTRICT 23 AND THE HAMPTON ROADS MSA

### Member Localities

The Member Localities of HRTAC currently include:

City of Chesapeake	City of Poquoson	Isle of Wight County
City of Franklin	City of Portsmouth	James City County
City of Hampton	City of Suffolk	Southampton County
City of Newport News	City of Virginia Beach	York County
City of Norfolk	City of Williamsburg	

Cities and counties in the Commonwealth are independent entities; therefore, the Member Localities do not overlap.

### Economic Profile

Much of the statistical information contained below is provided with respect to the Virginia portion of the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (the “Hampton Roads MSA”), which includes all of HRTAC’s Member Localities other than Southampton County and the City of Franklin. The Counties of Mathews and Gloucester are included in the Hampton Roads MSA but are not Member Localities. The information provided in this Appendix D about the Hampton Roads MSA is taken from a report of the Virginia Employment Commission dated May 18, 2019, entitled “Community Profile – Virginia Beach-Norfolk-Newport News MSA (VA Part)” (the “May 2019 Virginia Employment Commission Report”). Such information is limited to the Virginia portions of the Hampton Roads MSA and omits the portions of northeastern North Carolina that are otherwise included in the Hampton Roads MSA.

The Hampton Roads region is a metropolitan area in Southeastern, Virginia, with a growing population of more than 1.7 million people. The economy of Hampton Roads is largely driven by U.S. military employment and federal civilian contracting, as well as industries such as shipbuilding that are highly dependent on the Department of Defense. Other important economic drivers include the tourism industry, healthcare services, retail, and cargo shipping through the Port of Virginia.

**Military.** The presence of the military in the Hampton Roads MSA has a significant impact on the regional economy. Norfolk is the home of the world’s largest naval complex, with headquarters for the Commander in Chief of U.S. Atlantic Command, NATO’s Supreme Allied Command Atlantic, Commander in Chief U.S. Atlantic Fleet and other major naval commands. Naval Station Norfolk is home to six aircraft carriers. Overall, Hampton Roads is home port to approximately 68 ships and home to 37 aircraft squadrons.

The Hampton Roads MSA is the largest center of Coast Guard units in the world with the Atlantic Area Command and Maritime Defense Zone Atlantic in Portsmouth and its Maintenance & Logistic Command Atlantic headquarters in Norfolk. The Langley Air Base is located in Hampton and the U.S. Army facilities at Fort Eustis are located in Newport News. Norfolk hosts the U.S. Navy’s Norfolk Naval Ship Yard and various military facilities are located in almost every Member Locality, including the Oceana Naval Air Station, Oceana Naval Air Station Dam Neck Annex and Joint Expeditionary Base Little Creek-Fort Story in Virginia Beach, Naval Weapons Center in York County, and Department of Defense and U.S. Navy technology complexes in Suffolk.

The military assigns to and reassigns from its various locations within the region ships, squadrons and personnel on a regular basis. Due to the ongoing military presence, the arrivals and departures from the region do not typically alter the military’s year-to-year economic impact on the region.

According to the most recent data available, the U.S. Navy’s direct economic impact on the region was \$13.4 billion in Fiscal Year 2017, comprised of a total annual payroll of \$11.4 billion and the balance consumed on goods and services and procurement contracts. The region is likely to continue as a center of activity for the U.S. Navy with

current total personnel (military and civilian) of more than 131,000, with an additional 14,201 military contractor personnel.

The shipbuilding and repair industry in the Hampton Roads MSA, though diverse, is highly dependent on military funding for new vessels and vessel repairs, repair cancellations or deferrals, the number of Navy Ships homeported in the region and other factors affecting the predictability and stability of work flows and access to work by smaller firms. Significant layoffs and additional employment demands occur from time to time. Newport News-based Huntington Ingalls is the largest industrial employer in the Commonwealth and the region is home to a number of other industry participants, including General Dynamics – NASSCO, BAE Systems, Norfolk Ship Repair and Colonna’s Shipyard, Inc.

***The Virginia Port Authority.*** The Port of Virginia (the “Port”), one of the world’s largest natural deep-water harbors, is an integral part of the Hampton Roads economy. In 1981, the General Assembly of the Commonwealth passed legislation that unified the ports in the Hampton Roads MSA under a single agency, the Virginia Port Authority, with a single operating company named Virginia International Terminals, Inc. The terminals of the Port are situated in several different locations in Hampton Roads, including Norfolk International Terminal in Norfolk, Newport News Marine Terminal in Newport News, Portsmouth Marine Terminal in Portsmouth, and Virginia International Gateway (“VIG”) in Portsmouth. VIG is the newest and most technologically advanced of the terminals and unlike the other terminals it is leased from a private owner rather than owned by the Virginia Port Authority. The VIG lease extends through December 31, 2065.

The Port has the third highest volume of seaports on the east coast of the United States in terms of total value of port trade, after New York / New Jersey and Savannah, Georgia. In 2018, the Port handled a total of 21,974,863 tons of general cargo, including 21,785,434 tons of containerized cargo, with 189,429 tons of breakbulk making up the remainder.

**Table 1**  
**Virginia Port Authority Terminals**  
**General Cargo Tonnage**  
**Calendar Years 2012 – 2018**

<u>Calendar Year</u>	<u>Total General Cargo Tonnage (in thousands)</u>	<u>Percent Change Over Previous Year</u>
2012	17,528	12.24%
2013	18,840	7.49
2014	19,061	1.17
2015	19,978	4.81
2016	20,869	4.50
2017	21,972	5.30
2018	21,975	0.01

Source: Virginia Port Authority.

The Virginia Port Authority has worked on several initiatives to facilitate further growth. The Heartland Corridor rail transport project has expanded the Port’s rail access to markets in Ohio, Illinois, Michigan and points west. VIG is currently pursuing a 650-berth expansion, together with other improvements. In 2016, the Port received a \$350,000,000 investment from the Commonwealth to expand cargo capacity and increase capacity by 46%, as well as to improve the speed at which the cargo moves through the area. As part of that investment, a 300-acre expansion of Norfolk International Terminal has been announced and is expected to transform Norfolk International Terminal into the largest inter-modal center in the United States. In 2018, the Port received a \$15.5 million federal grant to double its rail capacity at its Virginia Inland Port, to add equipment, and to build a new highway bridge grade separation.



**Tourism.** From Colonial Williamsburg to the Atlantic Ocean at Virginia Beach, Hampton Roads has a wide variety of tourism activities where tourists spend an aggregate of approximately \$4.6 billion per year. Tourist attractions in the northwestern part of Hampton Roads include Colonial Williamsburg which consists of the restored Colonial Capital and Governor’s Mansion with related shops, educational exhibits and presentations; the Jamestown Settlement, including living history exhibits and presentations on the original English settlement in Virginia; the Yorktown Battlefield which was the final battlefield of the American Revolutionary War; and the Colonial Parkway connecting these three locations. The Busch Gardens Williamsburg and Water Country USA theme parks are also in the Williamsburg area.

The oceanfront area in Virginia Beach offers extensive tourist attractions, including the Virginia Beach Aquarium and Virginia Beach Air Museum, and over 7,700 hotel rooms. Virginia Beach also attracts significant convention and conference visits, driving economic activity and tax receipts. Virginia Beach also has two state parks that offer camping and hiking.

Hampton Roads also hosts a large variety of museums including history, art, science, military, nature and children’s museums, particularly including the Virginia War Museum (in Hampton), The Chrysler Museum of Art (in Norfolk), Virginia Air and Space Center (in Hampton), Norfolk Botanical Garden, the Virginia Zoo (in Norfolk), the Children’s Museum of Virginia (in Portsmouth), the Mariner’s Museum (in Newport News) and the Nauticus Naval Museum (in Norfolk) which features the decommissioned U.S. Navy battleship USS Wisconsin.

## Population

The Hampton Roads MSA is the 37th largest metropolitan statistical area in the United States based on population figures from the 2010 U.S. Census. The Weldon Cooper Center for Public Service estimates that the population of the Hampton Roads MSA in 2018 was 1,726,928 and that the region experienced average annual population growth of 3.6% from 2010 through 2018. Hampton Roads localities account for approximately 20% of the Commonwealth’s total population.

**Table 2**  
**Population Trend Comparisons**  
**2007 – 2018**

<b>Calendar Year</b>	<b>Hampton Roads MSA</b>	<b>Percentage Change</b>	<b>U.S.<sup>(1)</sup></b>	<b>Percentage Change</b>
2007	1,621,986	-	301,231,207	-
2008	1,631,967	0.62%	304,093,966	0.95%
2009	1,636,770	0.29%	306,771,529	0.88%
2010	1,641,078	0.26%	309,326,085	0.83%
2011	1,654,311	0.81%	311,580,009	0.72%
2012	1,672,401	1.09%	313,874,218	0.39%
2013	1,682,842	0.62%	316,057,727	0.26%
2014	1,690,090	0.43%	318,386,421	1.01%
2015	1,700,609	0.62%	320,742,673	0.94%
2016	1,702,431	0.11%	323,071,342	0.28%
2017	1,704,710	0.13%	325,147,121	1.13%
2018	1,702,889	-0.11%	327,167,434	1.01%

Sources: U.S. Census Bureau and University of Virginia Weldon Cooper Center for Public Service: Demographic Research Group (hereinafter, the “Weldon Cooper Center”).

Notes: (1) U.S. population estimates are from the U.S. Census Bureau.

Table 3 shows the population distribution by age in the Hampton Roads MSA, as reported by the 2017 U.S. Census Bureau Population Estimates.

**Table 3**  
**Population by Age in Hampton Roads MSA**

	<u>Hampton Roads MSA</u>	<u>Virginia</u>	<u>United States</u>
Under 5 years	107,156	511,674	19,938,860
5 to 9 years	103,396	515,223	20,304,238
10 to 14 years	101,954	524,468	20,778,454
15 to 19 years	107,062	539,939	21,131,660
20 to 24 years	137,666	582,807	22,118,635
25 to 29 years	138,960	600,684	23,370,460
30 to 34 years	125,456	584,586	21,972,212
35 to 39 years	111,562	569,434	21,231,997
40 to 44 years	94,225	524,298	19,643,373
45 to 49 years	99,346	565,582	20,973,858
50 to 54 years	108,593	583,421	21,401,094
55 to 59 years	114,465	582,522	22,007,956
60 to 64 years	98,974	513,954	19,987,702
65 to 69 years	79,536	428,765	16,836,381
70 to 74 years	61,515	330,753	12,847,065
75 to 79 years	41,155	219,406	8,741,261
80 to 84 years	27,996	143,970	5,965,290
85 years and over	<u>28,354</u>	<u>148,534</u>	<u>6,468,682</u>
<b>Total</b>	<b>1,687,371</b>	<b>8,470,020</b>	<b>325,719,178</b>

Source: U.S. Census Bureau and Weldon Cooper Center.

Based on 2017 U.S. Census information, population in the Hampton Roads MSA has been consistently growing. The Virginia Employment Commission projects that the population of the Hampton Roads MSA will continue to grow in the future.

**Table 4**  
**Population Change in Hampton Roads MSA**

<u>Calendar Year</u>	<u>Hampton Roads MSA</u>	<u>(% change)</u>	<u>Virginia</u>	<u>(% change)</u>
2000	1,551,898	-	7,079,030	-
2010	1,641,078	5.75 %	8,001,024	13.02 %
2020	1,753,966	5.98 %	8,744,273	9.29%
2030	1,840,560	4.94%	9,546,958	9.18%
2040	1,900,007	3.23%	10,201,530	6.86%

Sources: U.S. Census Bureau and Virginia Employment Commission Labor Market Information *Virginia Community Profile: Virginia Beach-Norfolk-Newport News MSA* (as of May 18, 2019) (hereinafter, the “Virginia Employment Commission Report”).

**Table 5**  
**Population Projections by Age and Gender in Hampton Roads MSA**

	<b>2020</b>		<b>2030</b>		<b>2040</b>	
	<b><u>Female</u></b>	<b><u>Male</u></b>	<b><u>Female</u></b>	<b><u>Male</u></b>	<b><u>Female</u></b>	<b><u>Male</u></b>
Under 5 years	54,536	56,693	55,771	57,945	55,728	57,868
5 to 9 years	51,916	53,706	54,503	56,369	55,037	56,906
10 to 14 years	53,544	55,794	55,441	57,768	57,465	59,889
15 to 19 years	54,410	57,752	54,559	57,966	57,668	61,323
20 to 24 years	60,966	70,840	62,965	73,082	64,912	75,172
25 to 29 years	66,702	69,607	61,351	63,846	61,684	64,186
30 to 34 years	64,142	63,855	59,274	58,747	61,360	60,737
35 to 39 years	60,791	59,016	66,315	64,092	62,088	59,850
40 to 44 years	52,483	48,968	63,700	59,389	59,753	55,589
45 to 49 years	50,223	46,751	58,780	54,756	64,736	60,626
50 to 54 years	54,342	50,095	51,079	47,066	62,324	57,503
55 to 59 years	63,181	56,861	48,969	44,095	57,565	51,850
60 to 64 years	60,417	52,748	52,803	46,136	49,786	43,503
65 to 69 years	48,021	40,278	58,438	49,080	46,221	38,824
70 to 74 years	38,923	31,401	53,522	43,058	47,294	38,180
75 to 79 years	27,036	19,936	39,169	28,899	47,214	34,791
80 to 84 years	17,612	11,420	27,637	18,028	37,625	24,427
85 years and over	<u>19,651</u>	<u>9,355</u>	<u>24,302</u>	<u>11,649</u>	<u>34,212</u>	<u>16,490</u>
<b>Total by Gender</b>	<b><u>898,896</u></b>	<b><u>855,076</u></b>	<b><u>948,578</u></b>	<b><u>891,971</u></b>	<b><u>982,672</u></b>	<b><u>917,350</u></b>
<b>Total</b>	<b><u>1,753,972</u></b>		<b><u>1,840,549</u></b>		<b><u>1,900,022</u></b>	

Source: Weldon Cooper Center.

Hampton Roads includes three of the ten most populous local jurisdictions in Virginia, including four of the five largest cities. Virginia Beach is the second most populous locality in Virginia besides Fairfax County in Northern Virginia. The populations of certain urban counties in Northern Virginia and the Richmond area exceed populations of Norfolk, Chesapeake, and Newport News.

**Table 6**  
**Five Most Populous Cities in Virginia**

<b><u>City</u><sup>(1)</sup></b>	<b><u>2010 Census Population</u></b>	<b><u>2018 Population Estimate</u></b>
Virginia Beach	437,994	453,410
Norfolk	242,803	245,741
Chesapeake	222,209	243,868
Richmond	204,219	226,919
Newport News	180,719	181,119

Sources: U.S. Census Bureau and the Weldon Cooper Center (as of January 28, 2019).

Note: (1) Data does not take into account urban counties such as Fairfax and Arlington.

The most populous Member Localities are the Cities of Virginia Beach, Norfolk and Chesapeake, which are contiguously located in the southeastern corner of the state, encompassing territory between the Atlantic Ocean, the Chesapeake Bay, and the North Carolina border. These localities, with others, are located to the south of the harbor and the Hampton Roads Bridge-Tunnel (known as the “Southside”). Another large portion of the region’s population is clustered in the Cities of Newport News and Hampton on the Virginia Peninsula, situated between the York River and James River and extending into the Chesapeake Bay north of the Hampton Roads Bridge-Tunnel.

The five most populous Member Localities (the Cities of Virginia Beach, Norfolk, Chesapeake, Newport News and Hampton) account for approximately 75% of the region’s population.

**Table 7**  
**Population by Member Locality**

<b><u>Member Locality</u></b>	<b><u>2018 Population Estimate</u></b>	<b><u>Percentage of Total</u></b>
City of Chesapeake	243,868	14.49%
City of Franklin	8,308	0.49%
City of Hampton	135,629	8.06%
City of Newport News	181,119	10.76%
City of Norfolk	245,741	14.60%
City of Poquoson	12,320	0.73%
City of Portsmouth	94,953	5.64%
City of Suffolk	92,714	5.51%
City of Virginia Beach	453,410	26.94%
City of Williamsburg	15,183	0.90%
Isle of Wight County	37,492	2.23%
James City County	75,837	4.50%
Southampton County	17,851	1.06%
York County	<u>68,725</u>	4.08%
<b>Total</b>	<b><u>1,683,150</u></b>	

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Sources: U.S. Census Bureau and the Weldon Cooper Center (as of January 28, 2019).

Residential concentration largely follows population by jurisdiction; however, the region includes significant affluent suburban communities with strong real estate values.

**Table 8**  
**2016 Assessed Value of Taxable**  
**Real Estate of Member Locality**

<b><u>Member Locality</u></b>	<b><u>Assessed Value</u></b>
City of Chesapeake	\$24,442,000,200
City of Franklin	\$557,833,600
City of Hampton	\$10,546,292,100
City of Newport News	\$14,282,781,200
City of Norfolk	\$18,214,301,000
City of Poquoson	\$1,504,974,300
City of Portsmouth	\$7,041,365,624
City of Suffolk	\$9,591,955,500
City of Virginia Beach	\$52,351,590,900
City of Williamsburg	\$1,786,176,800
Isle of Wight County	\$4,546,558,100
James City County	\$11,744,001,600
Southampton County	\$1,728,821,300
York County	\$9,062,095,941

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Source: Virginia Department of Taxation (May, 2018).

Although Hampton Roads encompasses numerous local jurisdictions and movement within the region often requires water crossings, the economy of the region is well integrated, as demonstrated by the commuting patterns within the area, including significant commuting between the Southside and the Virginia Peninsula, largely by way of the Hampton Roads Bridge-Tunnel. There is also significant commuting into and out of the region.

**Table 9**  
**Commuting Patterns in Hampton Roads MSA**

People who live and work in the area	852,137
In-Commuters	109,117
Out-Commuters	100,659
Net In-Commuters (In-Commuters minus Out-Commuters)	8,458

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Source: Weldon Cooper Center (March, 2018).

**Table 10**  
**Top 10 Places Residents are Commuting To in Hampton Roads MSA**

<u>Area</u>	<u>Workers</u>
Norfolk City	88,740
Virginia Beach City	72,762
Chesapeake City	64,419
Newport News	62,104
Hampton City	34,501
Portsmouth City	22,311
James City County	17,599
Suffolk City	16,445
York County	14,715
Williamsburg City	9,885

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Source: Weldon Cooper Center (March, 2018).

**Table 11**  
**Top 10 Places Residents are Commuting From in Hampton Roads MSA**

<u>Area</u>	<u>Workers</u>
Virginia Beach City	93,432
Chesapeake City	62,860
Norfolk City	48,786
Newport News City	41,330
Hampton City	37,213
Portsmouth City	29,566
Suffolk City	26,606
York County	21,099
James City County	18,294
Isle of Wight County	12,462

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Source: Weldon Cooper Center (March, 2018).

## Employment Statistics

The following table illustrates the unemployment rates for the Hampton Roads MSA, the state and the United States for the years since 2008. Through September 2017, the unemployment rate in the Hampton Roads MSA is 4.1%, which is below the national unemployment rate of 4.2%.

**Table 12**  
**Unemployment Rates**  
**2008 – 2019**

<b>Calendar Year</b>	<b>Hampton Roads MSA</b>	<b>Virginia</b>	<b>U.S.</b>
2008	4.2%	3.9%	5.8%
2009	6.9	6.7	9.3
2010	7.6	7.1	9.6
2011	7.3	6.6	8.9
2012	6.8	6.1	8.1
2013	6.2	5.7	7.4
2014	5.7	5.2	6.2
2015	4.9	4.5	5.3
2016	4.7	4.1	4.9
2017	4.1	3.7	4.4
2018	3.2	3.0	3.9
2019 <sup>(1)</sup>	2.8	2.9	3.6

Source: Virginia Employment Commission Report and U.S. Bureau of Labor Statistics (for 2019 data).

Note: <sup>(1)</sup> Through April 2019.

Although large employers such as the Department of Defense are critical to the Hampton Roads economy, the region's employment is, like much of the United States, largely reliant on the success of small businesses, as demonstrated by Tables 13 and 14 below.

**Table 13**  
**Employers by Size of Establishment in Hampton Roads MSA**

	<b>Hampton Roads MSA</b>	<b>Virginia</b>
0 to 4 employees	22,140	169,709
5 to 9 employees	6,679	38,499
10 to 19 employees	5,491	28,539
20 to 49 employees	4,051	21,247
50 to 99 employees	1,367	7,442
100 to 249 employees	737	3,964
250 to 499 employees	194	1,113
500 to 999 employees	60	380
1,000 and over employees	56	254
<b>Total</b>	<b>40,775</b>	<b>271,147</b>

Source: Virginia Employment Commission Report.

**Table 14**  
**Employment by Size of Establishment in Hampton Roads MSA**

	<b>Hampton Roads MSA</b>	<b>Virginia</b>
0 to 4 employees	34,182	238,671
5 to 9 employees	44,702	256,341
10 to 19 employees	75,135	388,596
20 to 49 employees	122,530	642,029
50 to 99 employees	93,443	509,225
100 to 249 employees	108,879	587,171
250 to 499 employees	66,374	381,863
500 to 999 employees	41,320	258,183
1,000 and over employees	160,655	665,152
<b>Total</b>	<b>747,220</b>	<b>3,927,231</b>

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Source: Virginia Employment Commission Report.

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As noted earlier in this Appendix D, defense, seaport, healthcare and tourism related industries are major drivers of the regional economy, as demonstrated by the 50 largest employers in the Hampton Roads MSA and the industry-sorted statistics in the following tables.

**Table 15**  
**50 Largest Employers in Hampton Roads MSA**

1. U.S. Department of Defense	26. Kroger
2. Huntington Ingalls Industries, Inc.	27. Maryview Hospital
3. Sentara Healthcare	28. Portsmouth City Public Schools
4. City of Virginia Beach Schools	29. Tidewater Community College
5. Wal Mart	30. Ferguson Enterprises, Inc.
6. City of Virginia Beach	31. Suffolk Public Schools
7. Riverside Regional Medical Center	32. Williamsburg James City County School Board
8. Chesapeake City Public School Board	33. U.S. Department of Veteran Affairs
9. Norfolk City School Board	34. Chesapeake General Hospital
10. Food Lion	35. Stihl
11. City of Norfolk	36. Harris Teeter Supermarket
12. Newport News Public Schools	37. U.S. Department of Homeland Defense
13. City of Chesapeake	38. York County School Board
14. City of Newport News	39. Lowes' Home Centers, Inc.
15. Old Dominion University	40. Nat'l Aeronautics & Space Admin.
16. Anthem	41. Norfolk Naval Station
17. Target Corp.	42. City of Portsmouth
18. Hampton City School Board	43. Portfolio Recovery Association
19. U.S. Navy Exchange	44. Norfolk Cent YMCA
20. Children's Daughters of the King's Daughters	45. The Home Depot
21. Busch Entertainment Corp.	46. Virginia International Terminal
22. City of Hampton	47. Cox Communications Hampton
23. Postal Service	48. Eastern Virginia Medical School
24. College of William and Mary	49. QVC Chesapeake
25. Smithfield Fresh Meats Corporation	50. City of Suffolk

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Source: Virginia Employment Commission Report.

**Table 16**  
**Employment by Industry in Hampton Roads MSA**

<b><u>Industry</u></b>	<b><u>Employment</u></b>
Agriculture, Forestry, Fishing and Hunting	836
Mining, Quarrying, and Oil and Gas Extraction	106
Utilities	1,371
Construction	35,874
Manufacturing	56,942
Wholesale Trade	16,686
Retail Trade	85,345
Transportation and Warehousing	23,787
Information	10,091
Finance and Insurance	21,049
Real Estate and Rental and Leasing	12,902
Professional, Scientific, and Technical Service	46,205
Management of Companies and Enterprises	11,523
Administrative and Support and Waste Management	46,477
Educational Services	11,634
Healthcare and Social Assistance	93,678
Arts, Entertainment, and Recreation	11,792
Accommodation and Food Services	77,399
Other Services (except Public Administration)	23,390
Federal Government	58,260
State Government	19,961
Local Government	80,545
Unclassified	1367

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Source: Virginia Employment Commission Report.

**Table 17**  
**Average Weekly Wage by Industry in Hampton Roads MSA**

<b><u>Industry</u></b>	<b><u>Employment</u></b>
Agriculture, Forestry, Fishing and Hunting	\$ 857
Mining, Quarrying, and Oil and Gas Extraction	1,287
Utilities	1,746
Construction	1,128
Manufacturing	1,280
Wholesale Trade	1,272
Retail Trade	517
Transportation and Warehousing	1,107
Information	1,131
Finance and Insurance	1,459
Real Estate and Rental and Leasing	960
Professional, Scientific, and Technical Service	1,556
Management of Companies and Enterprises	1,832
Administrative and Support and Waste Management	714
Educational Services	850
Healthcare and Social Assistance	1,009
Arts, Entertainment, and Recreation	445
Accommodation and Food Services	365
Other Services (except Public Administration)	612
Federal Government	1,594
State Government	900
Local Government	870
Unclassified	<u>635</u>
<b>Total All Industries</b>	<b><u>\$ 968</u></b>

Source: Virginia Employment Commission Report.

**Table 18**  
**Age of Workers by Industry in Hampton Roads MSA**

	<u>14-18</u>	<u>19-21</u>	<u>22-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>	<u>55-64</u>	<u>65+</u>
Agriculture, Forestry, Fishing, Hunting	30	41	56	162	143	179	172	85
Mining/Quarrying/Oil and Gas Extraction	0	6	4	16	19	25	20	10
Utilities	6	44	109	797	817	1,102	929	137
Construction	166	1,003	1,687	7,508	8,002	8,905	6,652	1,864
Manufacturing	116	751	2,064	11,418	10,211	14,114	13,258	2,274
Wholesale Trade	49	298	664	3,911	4,444	5,371	4,034	1,177
Retail Trade	2,953	8,180	8,615	20,085	13,918	15,067	12,528	5,120
Transportation and Warehousing	62	540	1,060	4,760	4,990	5,929	4,447	1,099
Information	303	456	660	2,629	2,994	2,825	1,951	585
Finance and Insurance	52	302	947	5,593	5,614	5,416	3,546	916
Real Estate/Rental and Leasing	48	255	614	2,807	2,574	2,961	2,422	1,007
Professional/Scientific/Technical Serv.	200	722	1,933	10,603	11,074	12,555	9,897	3,378
Management of Companies/Enterprises	123	318	561	2,640	2,485	2,753	2,067	636
Administrative/Support and Waste Mgmt.	225	1,599	2,992	11,196	9,504	9,358	6,786	2,300
Educational Services	273	692	1,939	12,191	15,214	19,576	17,754	6,315
Health Care and Social Assistance	386	2,090	5,031	24,714	22,839	23,649	19,035	5,345
Arts, Entertainment, and Recreation	1,122	1,282	1,338	3,291	2,359	2,683	2,388	1,307
Accommodation and Food Services	7,472	9,961	8,870	19,987	11,620	9,499	6,194	2,364
Other Serv. (except Public Administration)	756	1,444	1,633	5,103	4,176	4,838	4,101	1,826
Public Administration	<u>81</u>	<u>278</u>	<u>714</u>	<u>4,753</u>	<u>5,117</u>	<u>6,588</u>	<u>5,282</u>	<u>1,533</u>
<b>Total, All Industries</b>	14,425	30,263	41,493	154,165	138,115	153,394	123,462	39,280

Source: U.S. Census Bureau and Virginia Employment Commission Report.

## Per Capita Personal Income

Presented below are tables focusing on per capita personal income for the entire Hampton Roads MSA, and thereafter on the Member Localities individually. Per capita income is defined as total personal income divided by the area's residential population. Total personal income is a measurement of income from all sources.

**Table 19**  
**Per Capita Personal Income Comparison**  
**2006 – 2017**

<b><u>Calendar</u></b> <b><u>Year</u></b>	<b><u>Hampton</u></b> <b><u>Roads MSA</u></b>	<b><u>State</u></b>	<b><u>U.S.</u></b>
2006	\$37,404	\$42,386	\$38,130
2007	39,277	44,422	39,776
2008	40,597	45,618	41,052
2009	40,345	44,458	39,366
2010	41,032	45,412	40,274
2011	42,830	47,689	42,459
2012	44,134	49,320	44,247
2013	44,097	48,956	44,425
2014	45,276	50,345	46,392
2015	46,400	52,687	48,940
2016	46,568	53,323	49,831
2017	48,167	55,105	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System (hereinafter, "Bureau of Economic Analysis"). 2017 data is the most recent data available.

**Table 20**  
**Per Capita Income by Member Locality**  
**2017**

<b><u>Member</u></b> <b><u>Locality</u></b>	<b><u>Per Capita</u></b> <b><u>Income</u></b>
City of Chesapeake	\$48,569
City of Franklin/Southampton County	40,917
City of Hampton	42,133
City of Newport News	41,646
City of Norfolk	40,094
City of Poquoson/York County	56,763
City of Portsmouth	40,026
City of Suffolk	49,779
City of Virginia Beach	55,108
James City County/City of Williamsburg	62,350
Isle of Wight County	53,168

Source: Bureau of Economic Analysis (as of 2017).

## Education

Planning District 23 is the home for a number of higher educational institutions: in Williamsburg, The College of William and Mary (8,587 students); in Newport News, Christopher Newport University (5,042 students); in Hampton, Hampton University (4,646 students); in Norfolk, Norfolk State University (5,421 students) and Old Dominion University (24,322 students); in Virginia Beach, Virginia Wesleyan University (1,374 students) and Regent University (8,868 students); and Eastern Virginia Medical School in Norfolk (1,130 students). Tidewater Community College has campuses throughout Planning District 23 with a total enrollment of 22,776.

The Hampton Roads MSA is home to a fairly well-educated population, as shown in Table 21 below.

**Table 21**  
**Educational Attainment in Hampton Roads MSA**

	<b>Hampton Roads</b>	<b>Virginia</b>	<b>United States</b>
	<b><u>MSA</u></b>	<b><u>Virginia</u></b>	<b><u>United States</u></b>
8 <sup>th</sup> Grade or less	33,841	275,329	12,639,425
Some High School	90,116	464,075	20,093,117
High School Grad/GED	343,578	1,633,105	68,044,371
Some College	371,371	1,457,887	57,431,237
Associate's Degree	109,866	440,219	18,586,866
Bachelor's Degree	217,627	1,258,661	42,027,629
Graduate or Professional Degree	<u>124,266</u>	<u>862,686</u>	<u>24,008,551</u>
	<b>1,290,665</b>	<b>6,391,962</b>	<b>242,831,196</b>

Source: U.S. Census Bureau, America Community Survey, 2011-2015; Virginia Employment Commission Report.

## Tax Base Data

The tables presented below summarize ten years of historical taxable retail sales from the Member Jurisdictions. The data is not specific to the tax base for the Additional Sales and Use Tax included within the HRTF, but is based on the tax base for the statewide and local option retail sales and use taxes. The data does not include sales which are exempt from taxation. Also, the figures do not include the significant amount of non-taxable sales on military bases in the region.

**Table 22**  
**PLANNING DISTRICT 23 HISTORICAL TAXABLE RETAIL SALES<sup>(1)</sup>**

	<u><b>2007</b></u>	<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>
Isle of Wight Co.	\$ 201,009,257	\$ 207,539,990	\$ 200,079,929	\$ 193,079,662	\$ 204,651,647
James City County	846,370,461	822,202,251	787,049,384	779,388,132	838,306,392
Southampton Co.	46,496,670	44,136,043	42,834,335	42,714,936	45,345,887
York County	865,798,424	885,429,764	897,426,613	869,224,277	867,742,727
Chesapeake City	3,235,156,674	3,048,122,835	2,897,360,063	2,914,222,025	2,927,041,905
Franklin City	134,330,538	151,754,463	149,254,304	147,977,590	149,028,981
Hampton City	1,273,247,127	1,226,970,534	1,192,612,862	1,313,196,923	1,291,230,845
Norfolk City	2,888,403,405	2,808,257,214	2,597,753,733	2,554,999,044	2,589,607,975
Portsmouth City	590,809,475	582,027,501	626,320,512	559,061,414	583,260,969
Newport News City	2,121,689,632	2,021,413,334	1,933,222,912	1,923,436,250	1,892,223,547
Poquoson City	42,473,671	42,864,844	43,129,623	42,249,817	43,773,528
Suffolk City	645,231,057	652,768,147	632,874,977	642,273,819	671,236,320
Virginia Beach City	4,937,885,412	4,841,022,729	4,638,871,814	4,690,141,163	4,738,333,394
Williamsburg	<u>417,579,293</u>	<u>361,217,983</u>	<u>321,601,815</u>	<u>339,281,019</u>	<u>341,210,119</u>
	\$18,243,481,094	\$17,695,727,632	\$16,960,392,874	\$17,011,246,070	\$17,182,994,237
Increase (Decrease)	4.1%	-3.1%	(4.3)%	0.3%	1.0%

Sources: University of Virginia Weldon Cooper Center for Public Service: Center for Economic Policy Studies, and Virginia Department of Taxation: Taxable Sales Summary Report (Annual Report).

Note: <sup>(1)</sup> Totals may not add up due to rounding.

**Table 22 (Continued)**  
**PLANNING DISTRICT 23 HISTORICAL TAXABLE RETAIL SALES<sup>(1)</sup>**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Isle of Wight Co.	\$ 201,168,634	\$ 202,181,719	\$ 212,836,390	\$ 220,426,281	\$ 224,436,001	\$ 236,926,649
James City County	900,327,488	928,447,217	950,407,956	1,002,337,085	993,784,681	982,030,980
Southampton Co.	45,294,291	45,106,012	46,712,769	45,382,015	44,707,780	43,903,421
York County	878,090,000	882,105,332	889,086,749	922,303,790	939,115,512	949,567,169
Chesapeake City	3,068,371,746	3,156,162,495	3,239,193,243	3,343,105,780	3,425,962,195	3,514,278,566
Franklin City	162,318,801	158,121,626	156,495,518	162,315,899	162,713,731	164,268,775
Hampton City	1,310,456,652	1,341,696,078	1,365,676,976	1,396,275,490	1,369,473,557	1,354,676,659
Norfolk City	2,646,234,819	2,635,223,970	2,621,266,232	2,671,631,730	2,698,815,474	2,800,002,004
Portsmouth City	594,918,146	603,127,114	613,854,126	619,199,126	615,214,858	609,799,751
Newport News City	1,992,553,878	2,061,726,939	2,018,911,218	2,082,466,488	2,137,255,812	2,188,701,991
Poquoson City	47,883,990	50,061,535	50,505,443	52,684,184	53,034,017	52,879,880
Suffolk City	716,383,956	729,619,398	759,946,651	821,340,721	872,967,019	895,475,060
Virginia Beach City	4,946,894,714	5,064,938,738	5,159,858,692	5,374,616,764	5,530,431,346	5,597,203,814
Williamsburg	<u>353,677,177</u>	<u>384,692,454</u>	<u>369,902,748</u>	<u>389,879,512</u>	<u>390,892,339</u>	<u>400,643,947</u>
	\$17,864,574,293	\$18,243,210,624	\$18,454,654,709	\$19,103,964,864	\$19,458,804,321	\$19,790,358,666
Increase (Decrease)	3.8%	2.1%	1.2%	3.4%	1.8%	1.7%

Sources: University of Virginia Weldon Cooper Center for Public Service: Center for Economic Policy Studies, and Virginia Department of Taxation: Taxable Sales Summary Report (Annual Report).

Note: <sup>(1)</sup> Totals may not add up due to rounding.

As demonstrated above, the five most populous Member Localities (the Cities of Virginia Beach, Norfolk, Chesapeake, Newport News and Hampton) account for approximately 78% of the region's 2016 taxable sales. The average annual growth rate of taxable sales in the Member Localities was approximately 2% from 2010 through 2016.

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The Additional Sales and Use Tax was implemented in 2013; therefore, there have only been four full years of actual collections. Using the 1% local option sales and use tax revenues collected in Planning District 23 as a proxy for potential Additional Sales and Use Tax collections, the trends shown in Table 23 may be instructive. The 1% local option sales and use tax has an identical tax base to the Additional Sales and Use Tax except that food for home consumption is included in the local option sales and use tax but not in the Additional Sales and Use Tax. (According to the Virginia Department of Taxation, food for home consumption is estimated to account for roughly 16% of the total local option sales and use tax revenues over the last four years.) The revenues from the 1% local option sales and use tax have increased each year since 2010 and have grown at a compounded annual growth rate of 2.6% since 2002.

**Table 23**  
**Planning District 23 Local Option Sales Tax Revenues**

<u>Fiscal Year</u>	<u>1% Tax Revenues</u>
2002	\$152,629,505
2003	161,696,048
2004	175,056,794
2005	185,741,502
2006	196,366,222
2007	202,948,198
2008	195,139,913
2009	185,481,610
2010	185,342,018
2011	191,150,320
2012	196,379,839
2013	201,459,073
2014	207,293,067
2015	215,249,696
2016	219,147,373
2017	220,387,811

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Source: Virginia Department of Taxation.

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The Additional Motor Vehicle Fuels Tax was also implemented in 2013 and its revenues are a function of fuel volumes and fuel prices in Planning District 23. The following data on historical statewide wholesale gasoline prices and historical statewide gasoline purchases are not limited to the Member Localities and do not indicate the level of revenues generated by the Additional Motor Vehicle Fuels Tax, but they may be instructive to understand historical trends relating to the tax base. As shown in Table 24 below, wholesale fuel prices have fluctuated over the last decade, with current prices below their 12-year average of \$2.15. As shown in Table 25, the volume of fuel sold in the Commonwealth has been stable over the last decade.

**Table 24**  
**Virginia Total Gasoline Wholesale/Resale Price by Refiners (\$/Gallon)<sup>(1)</sup>**

<u>Fiscal Year</u>	<u>Price</u>
2004	\$1.269
2005	1.682
2006	1.987
2007	2.171
2008	2.595
2009	1.771
2010	2.164
2011	2.879
2012	2.923
2013	2.815
2014	2.601
2015	1.665
2016	1.428
2017	1.645
2018	1.909

Source: Energy Information Administration (EIA).

Note: <sup>(1)</sup> Diesel prices are excluded as EIA provides diesel wholesale prices only through 2010.

**Table 25**  
**Virginia Taxable Motor Fuel Gallons**

<u>Fiscal Year</u>	<u>Gasoline</u>	<u>Diesel</u>
2004	3,952,284,520	1,134,398,282
2005	3,946,073,835	1,200,466,856
2006	3,927,188,540	1,159,149,858
2007	4,020,120,878	1,224,509,765
2008	3,968,878,774	1,124,615,086
2009	3,916,370,119	1,003,002,942
2010	3,978,616,962	1,012,483,382
2011	3,928,390,673	1,013,793,874
2012	3,890,356,445	998,298,652
2013	3,783,138,534	1,017,502,734
2014	3,864,046,271	1,029,686,417
2015	3,998,929,677	1,031,677,385
2016	3,996,207,090	998,106,352
2017	4,118,051,968	1,075,350,214

Source: Virginia Department of Motor Vehicles.

## **APPENDIX E**

### **HRTAC REVENUES AND EXPENSES**

**Table 1****HRTF Revenues  
Fiscal Year 2014 to Date**

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018<sup>(1)</sup></u>	<u>Total</u>
Chesapeake	\$ 26,384,832	\$ 31,178,258	\$ 28,020,650	\$ 29,401,662	\$ 11,772,362	\$ 126,757,764
Franklin	1,301,603	1,564,370	1,228,551	1,274,670	653,807	6,023,001
Hampton	10,762,980	12,779,918	11,230,061	11,407,701	4,706,758	50,887,417
Isle of Wight	2,492,326	2,789,926	2,219,931	2,448,695	1,085,409	11,036,288
James City	6,470,044	7,707,919	7,178,553	7,231,155	3,074,382	31,662,054
Newport News	15,547,215	18,000,282	16,398,094	16,760,658	6,336,239	73,042,489
Norfolk	20,325,343	23,497,042	21,127,765	21,348,692	8,703,502	95,002,344
Poquoson	375,230	475,270	386,529	326,471	121,629	1,685,127
Portsmouth	5,194,137	6,041,957	5,481,676	5,236,943	2,013,472	23,968,185
Southampton	729,265	868,306	658,083	698,315	288,955	3,242,923
Suffolk	6,807,264	8,135,329	7,270,093	7,445,683	2,931,691	32,590,060
Virginia Beach	38,819,376	46,214,795	41,692,132	42,354,144	17,270,971	186,351,417
Williamsburg	3,245,330	3,776,886	3,318,678	3,486,719	1,478,222	15,305,835
York	6,757,314	7,879,525	6,980,452	7,083,019	2,977,661	31,677,971
<b>Total<sup>(2)</sup></b>	<b>\$ 145,212,261</b>	<b>\$ 170,909,785</b>	<b>\$ 153,191,246</b>	<b>\$ 156,504,527</b>	<b>\$ 63,415,058</b>	<b>\$ 689,232,877</b>
Interest <sup>(3)</sup>	363,855	1,243,218	272,261	291,738	103,338	2,274,410
Investment Income <sup>(4)</sup>	-	153,050	3,993,773	980,870	1,587,980	6,715,673
<b>Total Revenue</b>	<b>\$ 145,576,116</b>	<b>\$ 172,306,053</b>	<b>\$ 157,457,280</b>	<b>\$ 157,777,136</b>	<b>\$ 65,106,377</b>	<b>\$ 698,222,961</b>

Source: VDOT report "Revenues by Locality"; Interest and Investment Income: HRTAC (January 2018).

Notes: <sup>(1)</sup> Unaudited. HRTF Revenues for the five month period beginning July 1, 2017, and ending November 30, 2017.

<sup>(2)</sup> Totals may not add up due to rounding.

<sup>(3)</sup> Interest income from funds in State Treasury and in bank accounts held by HRTAC.

<sup>(4)</sup> Investment income from local government investment pool managed by PFM Asset Management LLC.

**Table 2**

**Hampton Roads Transportation Fund (HRTF)  
Revenues and Expenditures**

	Revenue					Expenditures					Cumulative Balance
	Sales & Use Tax	Fuels Tax	Interest	Investment Income	Total	Construction	Dept. of Taxation Admin Fee	Investment Fees	Operating Expenses	Total	7/1/13 - 11/30/17
July 2013 – Nov. 2016	\$ 413,500,789	\$ 115,251,338	\$ 1,806,260	\$ 3,003,826	\$ 533,562,213	\$ 47,327,348	\$ 598,214	\$ 498,488	\$ 1,828,570	\$ 50,252,620	\$ 483,309,593
December 2016	10,797,186	2,049,963	16,692	285,117	13,148,959	5,659,728	-	14,214	31,198	5,705,141	490,753,411
January 2017	13,017,048	2,038,261	35,565	427,888	15,518,761	4,311,834	-	27,141	48,335	4,387,310	501,884,862
February 2017	8,900,116	2,119,282	14,830	391,970	11,426,199	11,818,475	-	17,300	30,755	11,866,531	501,444,531
March 2017	9,571,456	1,914,230	13,639	166,311	11,665,635	9,455,183	-	27,055	58,773	9,541,010	503,569,156
April 2017	11,096,726	1,897,011	34,333	460,440	13,488,510	12,363,557	-	18,411	34,920	12,416,888	504,640,778
May 2017	11,163,834	2,188,487	7,285	467,771	13,827,377	3,394,550	-	19,046	85,117	3,498,714	514,969,441
June 2017	17,803,673	2,508,420	27,208	139,630	20,478,931	16,962,152	-	26,493	69,409	17,058,054	518,390,317
July 2017	5,576,511	2,112,352	9,551	807,469	8,505,882	-	-	19,077	74,772	93,849	526,802,351
August 2017	11,741,262	2,225,581	12,129	541,206	14,520,177	-	-	19,092	41,983	61,075	541,261,453
September 2017	11,584,493	2,149,365	17,494	126,412	13,877,763	4,877,831	-	26,565	110,061	5,014,457	550,124,759
October 2017	10,955,037	3,223,638	55,802	225,426	14,459,903	14,687,445	-	19,120	47,771	14,754,335	549,830,327
November 2017	10,978,313	2,868,507	8,364	(112,532)	13,742,652	25,681,280	-	18,516	158,400	25,858,197	537,714,783
<b>Total 12 Months</b>	<u>\$ 133,185,656</u>	<u>\$ 27,295,095</u>	<u>\$ 252,891</u>	<u>\$ 3,927,107</u>	<u><b>\$709,635,893</b></u>	<u>\$109,212,036</u>	<u>\$ -</u>	<u>\$ 252,031</u>	<u>\$ 791,493</u>	<u><b>\$160,654,320</b></u>	<u><b>\$(1,074,388,712)</b></u>  <u><b>\$ (536,673,929)</b></u>
<b>Grand Totals</b>	<u>\$ 546,686,445</u>	<u>\$142,546,433</u>	<u>\$2,059,151</u>	<u>\$6,930,933</u>	<u><b>\$698,222,962</b></u>	<u>\$156,539,383</u>	<u>\$598,214</u>	<u>\$ 750,519</u>	<u>\$2,620,063</u>	<u><b>\$160,508,179</b></u>	
<b>Less Balance of Encumbered Revenues (through FY2022)</b>											
<b>Total Net Available</b>											

Source: HRTAC.

**Table 3**

**Hampton Roads Transportation Fund (HRTF)  
Transportation Project Expenditures**

<b>Project</b>	<b>Total FY 2014 – FY 2017</b>	<b>Total YTD FY 2018<sup>(1)</sup></b>	<b>Total</b>
1-64 Peninsula Widening			
- UPC 104905 (Segment 1) - Construction	\$ 1,544,502	\$ ----	\$ 1,544,502
- UPC 106665 (Segment 2) - PE & Construction	49,326,465	21,016,974	70,343,439
- UPC 106689 (Segment 3) - PE	----	3,792,187	3,792,187
- UPC 106689 (Segment 3) - ROW & Construction	----		
1-64/264 <i>Interchange</i> Improvement			
- UPC 17630/108041 - PE/ROW	\$ 24,549,786	\$ 2,743,587	\$ 27,293,373
- UPC 57048 - PE/ROW	8,941,701	4,811,161	13,752,862
- UPC 57048 - Construction of Phase 1	17,353,214	12,051,015	29,404,229
- UPC 106693 - PE - Phase 3	----		
Third Crossing - UPC 106724 – SEIS	\$ ----	\$ ----	\$ ----
Remaining Projects of Third Crossing - UPC 106724 & HRTPO	----	29,580	29,580
HRCS- UPC 110577 - SEIS	----	----	----
I-64 Southside/High-Rise Bridge - UPC 106692 – PE	\$ 9,577,159	\$ 802,051	\$ 10,379,210
I-64 Southside/High-Rise Bridge - UPC 106692 - ROW & Construction			
<b>Total</b>	<b><u>\$111,292,827</u></b>	<b><u>\$ 45,246,556</u></b>	<b><u>\$156,539,383</u></b>

Source: HRTAC.

Notes: <sup>(1)</sup> Unaudited. For the five-month period July 1 to November 30, 2017.

**Table 4****FY 2017 Hampton Roads Transportation Accountability Commission HRTF Collections**

<b>Member Locality</b>	<b>Sales and Use Tax</b>	<b>Fuels Tax</b>	<b>Total</b>	<b>%</b>	<b>Current Rating<sup>(1)</sup></b>
Chesapeake	\$ 23,775,551	\$ 5,626,111	\$ 29,401,662	18.3%	Aa1/AAA/AAA
Franklin	996,298	278,372	1,274,670	0.8%	A1/AA/NR
Hampton	9,055,575	2,352,126	11,407,701	7.3%	Aa1/AA+/AA+
Isle of Wight	1,641,234	807,462	2,448,696	10.7	Aa2/AA/AA
James City	6,605,127	626,028	7,231,155	18.8%	Aaa/AAA/AAA
Newport News	14,430,815	2,329,844	16,760,659	0.3%	Aa1/AA+/NR
Norfolk	18,874,976	2,473,716	21,348,692	3.6%	Aa2/AA+/AA+
Poquoson	310,571	15,899	326,470	4.7%	Aa2/AAA/NR
Portsmouth	4,064,479	1,172,464	5,236,943	27.2%	Aa2/AA/AA
Southampton	387,061	311,254	698,315	2.2%	NR/A+/NR
Suffolk	5,735,116	1,710,567	7,445,683	1.4%	Aa1/AAA/AAA
Virginia Beach	36,944,301	5,409,843	42,354,144	4.7	Aaa/AAA/AAA
Williamsburg	2,781,920	704,800	3,486,720	0.4%	Aa1/AAA/NR
York	<u>5,869,508</u>	<u>1,213,511</u>	<u>7,083,019</u>	<u>4.6%</u>	Aa1/AAA/NR
Total	\$131,472,532	\$25,031,997	\$156,504,529	100.0%	

Sources: HRTAC; and Rating Agencies (Moody's/S&P/Fitch).

Notes: <sup>(1)</sup> As of January 2018.

**Table 5**  
**HRTAC Operating Budget**



**Adopted FY2020 Administrative and Project Development Budget**

CATEGORY	FY2020
	Proposed Budget
<b>REVENUES</b>	
HRTF Support *	\$ -
Interest/Investment Income	5,597,390
<b>TOTAL REVENUE</b>	<b>\$ 5,597,390</b>
<b>EXPENDITURES</b>	
<b>PERSONNEL**</b>	
HRTAC Staff/Fringes/Leave Reserve	\$ 561,770
HRTPO/HRPDC Support Staff**	101,000
<b>SUBTOTAL PERSONNEL</b>	<b>662,770</b>
<b>PROFESSIONAL SERVICES</b>	
Audit	24,000
Trustee	15,000
Bank Fees & Investment Services	355,000
Legal	927,000
Financial Advisors	795,000
Insurance - D&O/Liability	4,120
Recruiting	2,000
Bond Issuance Expense/TIFIA	2,750,000
<b>SUBTOTAL PROFESSIONAL SERVICES</b>	<b>4,872,120</b>
<b>TECHNOLOGY/COMMUNICATION**</b>	
IT/Communications	5,000
LAN system/ Cloud	10,000
Website Consultant	2,000
<b>SUBTOTAL TECHNOLOGY/COMMUNICATION</b>	<b>17,000</b>
<b>ADMINISTRATIVE **</b>	
Public Notices/Advertising	1,000
Office Space	12,000
Office Supplies**	5,000
Furniture	500
Printing/Copying**	6,000
Dues/Subscriptions	1,000
Travel	8,000
Meeting Expenses**	5,000
Telephone**	1,500
Postage**	500
Professional Development	5,000
<b>SUBTOTAL ADMINISTRATIVE</b>	<b>45,500</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,597,390</b>

\* HRTF Support will be used if the Interest/Investment Income is less than budgeted.

\*\*Includes items to be reimbursed to HRPDC/HRTPO



## **APPENDIX F**

### **FORM OF BOND COUNSEL OPINION**

*Set forth below is the proposed form of opinion of  
Kaufman & Canoles, a Professional Corporation, Bond Counsel.  
It remains in draft form and is subject to change until its delivery at closing.*

*(subject to update and internal review)*

\_\_\_\_\_, 2019

Hampton Roads Transportation Accountability Commission  
Chesapeake, Virginia

**Hampton Roads Transportation Accountability Commission**  
\$\_\_\_\_\_  
**Hampton Roads Transportation Fund**  
\_\_\_\_\_**Lien Bond Anticipation Notes, Series 2019A**

Ladies and Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance and sale by the Hampton Roads Transportation Accountability Commission (the “Commission”), of its \$\_\_\_\_\_ Hampton Roads Transportation Fund \_\_\_\_\_ Lien Bond Anticipation Notes, Series 2019A (the “Series 2019A Notes”). Reference is made to the form of the Series 2019A Notes for information concerning their details, including payment and redemption provisions, and the proceedings pursuant to which they are issued, including a Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), as supplemented by a [Third] Supplemental Series Indenture of Trust dated as of \_\_\_\_\_ 1, 2019 (the “2019A Series Supplement” and, collectively, the “Indenture”). All capitalized terms used but not defined herein have the same meaning as defined in the Indenture.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Commission as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Commission has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2019A Notes and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2019A Notes, all as set forth in the proceedings and documents relating to the issuance of the Series 2019A Notes (the “Covenants”). In rendering the following opinions, we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals and the conformity to original documents of all documents submitted to us as certified copies.

Based on the foregoing, we are of the opinion that:

1. The Series 2019A Notes have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitute valid and binding limited obligations of the Commission payable solely from the revenues pledged by the Commission for such purpose under the Indenture. The Series 2019A Notes and the interest thereon do not constitute a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof, including the Commission or any of its Member Localities.

2. The Indenture has been duly authorized, executed and delivered and constitutes a valid and enforceable obligation of the Commission enforceable in accordance with its terms, and the 2019A Series Supplement complies in all respects with the requirements of the Master Indenture.

3. The rights of the holders of the Series 2019A Notes and the enforceability of such rights, including the enforcement of the obligations of the Commission under the Indenture, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

4. Under current law, interest on the Series 2019A Notes (a) is not included in gross income for Federal income tax purposes, and (b) is not an item of tax preference for purposes of the Federal alternative minimum tax. The opinion in the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Series 2019A Notes with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for Federal income tax purposes. Failure by the Commission to comply with the Covenants, among other things, could cause interest on the Series 2019A Notes to be included in gross income for Federal income tax purposes retroactively to their date of issue. We express no opinion regarding other Federal tax consequences of the ownership of or receipt or accrual of interest on the Series 2019A Notes.

5. Under current law, interest on the Series 2019A Notes is exempt from income taxation by the Commonwealth of Virginia.

Our services as bond counsel to the Commission have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Series 2019A Notes and the tax-exempt status of the interest thereon. We express no opinion herein as to the financial resources of the Commission, its ability to provide for payment of the Series 2019A Notes or the accuracy or completeness of any information, including the Commission's Preliminary Official Statement dated January 18, 2018, and its Official Statement dated January 30, 2018, that may have been relied upon by anyone in making the decision to purchase Bonds.

The opinions expressed herein are for your benefit and the benefit of your successors and assigns and may not, without our prior written consent, be distributed to or relied upon by any other person. Our opinions are expressed as of the date hereof, and we do not assume any obligation to update or supplement our opinions to reflect any fact or circumstance subsequently arising or any change in law subsequently occurring. Our opinions expressed herein are limited to the matters expressly stated, and no opinion is implied or may be inferred beyond such matters.

Very truly yours,

## **APPENDIX G**

### **INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM**

## **INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM**

**The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and premium, if any and interest on the Bonds to The Depository Trust Company, New York, New York (“DTC”), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission or the Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Commission or the Registrar subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Commission or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Commission believes to be reliable, but the Commission takes no responsibility for the accuracy thereof.**

**Neither the Commission nor the Registrar has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Master Indenture to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.**

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Master Indenture.**

**The Commission may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.**

**UNITED STATES  
DEPARTMENT OF TRANSPORTATION**

**TIFIA LOAN AGREEMENT**

**For Up to \$[Maximum Principal Amount of Loan]**

**With**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY  
COMMISSION**

**For the**

**HRTAC PROJECT  
(TIFIA – 2019-\_\_\_\_\_)**

**Dated as of [\_\_\_\_\_] [\_\_\_\_], 2019**

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**EXHIBIT H-2** – Opinions Required from Bond Counsel

**EXHIBIT I** – Forecasting Methodology

**EXHIBIT J** – Form of Certificate of Trustee

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**EXHIBIT M** – TIFIA Loan Reamortization Methodology

**EXHIBIT N** – Certification Regarding Lobbying

## TIFIA LOAN AGREEMENT

**THIS TIFIA LOAN AGREEMENT** (this “**Agreement**”), dated as of the Effective Date, is by and between the **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**, a body politic and a political subdivision created under the laws of the State of Virginia (the “**State**”), with an address of The Regional Building, 723 Woodlake Drive, Chesapeake, Virginia 23320 (the “**Borrower**”), and the **UNITED STATES DEPARTMENT OF TRANSPORTATION**, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau (the “**Executive Director**”), with an address of 1200 New Jersey Avenue, S.E., Washington, D.C. 20590 (the “**TIFIA Lender**”).

### RECITALS:

WHEREAS, the Congress of the United States of America (the “**Congress**”) has found that a well-developed system of transportation infrastructure is critical to the economic well-being, health and welfare of the people of the United States of America and, in furtherance thereof, has enacted the Transportation Infrastructure Finance and Innovation Act of 1998 (“**TIFIA**”), § 1501 *et seq.* of Public Law 105-178 (as amended by Public Law 105-206, Public Law 109-59, Public Law 112-141, and Public Law 114-94) (the “**Act**”), codified as 23 U.S.C. §§ 601-609; and

WHEREAS, § 603 of the Act authorizes the TIFIA Lender to enter into agreements with one or more obligors to make secured loans; and

WHEREAS, the Borrower has requested that the TIFIA Lender make the TIFIA Loan (as defined herein) in a principal amount not to exceed \$[*Insert maximum principal amount of TIFIA loan*]<sup>1</sup> (excluding interest that is capitalized in accordance with the terms hereof) to be used to pay a portion of the Eligible Project Costs (as defined herein) related to the Project (as defined herein) pursuant to the application for TIFIA credit assistance dated [ , 2019] (the “**Application**”); and

WHEREAS, on [\_\_\_\_\_], the Secretary (as defined herein) approved TIFIA credit assistance for the Project in the form of the TIFIA Loan; and

WHEREAS, the Borrower has financed a portion of the Eligible Project Costs related to the Project through the issuance of the Series 2018A Bonds (as defined herein) under the Indenture and the Series 2018A Supplemental Indenture (each as defined herein); and

WHEREAS, pursuant to the Indenture and each Supplemental Indenture (as defined herein), the Borrower has pledged and granted to the Trustee (as defined herein) the hereinafter defined Trust Estate, which secures the repayment of Bonds issued by the Borrower, including the TIFIA Bond (as defined herein), based on their respective lien priority; and

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<sup>1</sup>This amount to be updated at closing to reflect the actual loan amount as per the final financial model and apportionment.

WHEREAS, the TIFIA Lender is prepared to extend credit upon the terms and conditions hereof; and

WHEREAS, the Borrower agrees to repay any amount due pursuant to this Agreement and the TIFIA Bond in accordance with the terms and provisions hereof and thereof; and

WHEREAS, the TIFIA Lender has entered into this Agreement in reliance upon, among other things, the HRTAC Act, the dedication and availability of the HRTF Revenues, and the Base Case Projections (as defined herein) delivered by the Borrower.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the TIFIA Lender as follows:

**Section 1.     Definitions.**

Unless the context otherwise requires, capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 (*Definitions*) or as otherwise defined in this Agreement. Any term used in this Agreement that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect.

**“Acceptable Credit Rating”** means, with respect to any Person, the rating of its unsecured, senior long-term indebtedness (or, if such Person has no such rating, then its issuer rating or corporate credit rating) is no lower than (a) at the time such Person executes, delivers or issues a Qualified Hedge, a Credit Facility, or a repurchase obligation to fund any Reserve Account, “A+”, “A1” or the equivalent rating from at least one (1) Nationally Recognized Rating Agency that provides a rating on such Person’s unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable; and (b) at any time thereafter, “A”, “A2” or the equivalent rating from at least one (1) Nationally Recognized Rating Agency that provides a rating on such Person’s unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable.

**“Acceptable Letter of Credit”** means a letter of credit, in form and substance satisfactory to the TIFIA Lender, issued by a Qualified Issuer, that is non-recourse to the Pledged Revenues.

**“Accreted Value”** means, with respect to any Capital Appreciation Bonds, as of any Valuation Date or for any period, the amount set forth for such date or period as determined in accordance with the Supplemental Indenture authorizing such Capital Appreciation Bonds.

**“Act”** means the Act as defined in the recitals hereto.

**“Additional Obligations”** means any borrowings or indebtedness permitted under Section 17(a) (*Indebtedness*) and under the Indenture, which Additional Obligations are issued or incurred after the Effective Date and shall also satisfy the following requirements, as applicable:

(a) if the proceeds thereof will be used to refinance any Senior Obligations, Intermediate Lien Obligations, or Subordinate Obligations, (i) such Additional Obligations must receive a rating of at least the rating as of the Effective Date or the rating existing immediately prior to the contemplated issuance of such Additional Obligations, (ii) the net proceeds thereof (after deducting any amounts required to be deposited to satisfy the respective Debt Service Reserve Requirement) must not exceed the principal amount of the respective obligations outstanding and being refinanced, (iii) the respective lien level Debt Service, after the incurrence of such Additional Obligations, in each year of the remaining term of the TIFIA Loan, must be projected to be less than the respective lien level Debt Service projected for each such year in the Base Case Projections, and (iv) the stated maturity of such Additional Obligations shall not exceed the stated maturity for the obligations being refinanced with the proceeds of the Additional Obligations; and

(b) if the proceeds thereof will be used for any reason not described in clause (a) above, the Borrower shall provide the TIFIA Lender a certificate of the Borrower’s Authorized Representative, in a form reasonably acceptable to the TIFIA Lender (including the calculations supporting such certificate), certifying that (i) the activity or project to which such Additional Obligation proceeds will be applied could not reasonably be expected to result in a Material Adverse Effect; (ii) the Borrower has satisfied the requirements for issuing the Additional Obligations in accordance with the applicable provisions of the Indenture or Supplemental Indenture existing as of the Effective Date, including, specifically, that during any twelve consecutive months of the eighteen months preceding the issuance of the Additional Obligations, the HRTAC Revenues were not less than 2.00 times the maximum annual Principal and Interest Requirements (as defined in the Indenture) during the current or any future Fiscal Year (as defined in the Indenture) on the Senior Obligations then outstanding plus such Additional Obligations; (iii) during any twelve consecutive months of the eighteen months preceding the issuance of the Additional Obligations, the HRTAC Revenues were not less than 1.50 times the maximum annual Principal and Interest Requirements (as defined in the Indenture) during the current or any future Fiscal Year (as defined in the Indenture) on the Intermediate Lien Obligations then outstanding plus such Additional Obligations; and (iv) the Total Debt Service Coverage Ratio for each Calculation Period is projected to be not less than 1.35 to 1.00 while any Subordinate Obligations issued to the TIFIA Lender remain outstanding;

provided that (x) for each of clauses (a) and (b) above, no Event of Default under any Indenture Document or this Agreement has occurred and is continuing, and (y) for clause (b) above, the Nationally Recognized Rating Agency that provided the most recent public ratings of the TIFIA Loan in accordance with Section 16(i) (*Annual Rating*) shall have provided a confirmation or affirmation (or the equivalent) that the incurrence of such Additional Obligations shall not result in a downgrade of the credit rating of any Subordinate Obligations issued to the TIFIA Lender then outstanding below “A-” or “A3”.

**“Agreement”** has the meaning provided in the preamble hereto.

**“Anticipated TIFIA Loan Disbursement Schedule”** means the schedule set forth in **Exhibit B**, reflecting the anticipated disbursement of proceeds of the TIFIA Loan, as such schedule may be amended from time to time pursuant to Section 4(c) (*Disbursement Conditions*).

**“Anti-Corruption Laws”** means all laws, rules and regulations of any jurisdiction from time to time concerning or relating to bribery or corruption.

**“Anti-Money Laundering Laws”** means all U.S. and other applicable laws, rules and regulations of any jurisdiction from time to time concerning or related to anti-money laundering, including but not limited to those contained in the Bank Secrecy Act and the Patriot Act.

**“Application”** has the meaning provided in the recitals hereto.

**“Appreciated Value”** means, with respect to any Deferred Income Bond as of any Valuation Date or for any period, the amount set forth for such date or period as determined in accordance with the Supplemental Indenture authorizing such Deferred Income Bond.

**“Bank Lending Margin”** means in respect of any Variable Interest Rate Obligations, the **“Applicable Margin”** or comparable interest rate margin as defined in the financing documents related to such Variable Interest Rate Obligations.

**“Bank Secrecy Act”** means the Bank Secrecy Act of 1970 (Titles I and II of Pub. L. No. 91-508, codified as amended in various sections of 12 U.S.C. and 31 U.S.C.), as amended, and the regulations promulgated thereunder.

**“Bankruptcy Related Event”** means, with respect to any Person,

(a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of such Person or any of its debts, or of a substantial part of the assets thereof, under any Insolvency Laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for such Person or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(b) such Person shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) solely with respect to the Borrower, fail to make two (2) consecutive payments of TIFIA Debt Service in accordance with the provisions of Section 9 (*Payment of Principal and Interest*), (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any Insolvency Law, or

file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any Insolvency Law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (vi), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing, including seeking approval or legislative enactment by any Governmental Authority to authorize commencement of a voluntary proceeding under any Insolvency Law;

(c) solely with respect to the Borrower, (i) the Trustee shall commence a process pursuant to which all or a substantial part of the Trust Estate may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the Liens thereon securing the Bonds, or (ii) the Trustee shall commence a process pursuant to which all or a substantial part of the Trust Estate may be sold or otherwise disposed of pursuant to a sale or disposition of such Trust Estate in lieu of foreclosure; or

(d) solely with respect to the Borrower, the Trustee shall transfer, pursuant to directions issued by the Bondholders, funds on deposit in any of the Project Funds upon the occurrence and during the continuation of an Event of Default under the Indenture Documents for application to the prepayment or repayment of any principal amount of the Bonds other than in accordance with the provisions of the Indenture.

**“Base Case Financial Model”** means a financial model prepared by (or on behalf of) the Borrower forecasting the revenues and expenditures of the Borrower for time periods through the Final Maturity Date and based upon assumptions and methodology provided by the Borrower and acceptable to the TIFIA Lender as of the Effective Date, which model shall be provided to the TIFIA Lender as a fully functional Microsoft Excel – based financial model or such other format requested by the TIFIA Lender.

**“Base Case Projections”** means the initial forecast for the Borrower prepared as of the Effective Date using the Base Case Financial Model.

**“Bonds”** means any Senior Obligations, Intermediate Lien Obligations, Subordinate Obligations (including the TIFIA Bond), or any other evidences of indebtedness for borrowed money issued by the Borrower from time to time pursuant to Article V of the Indenture and the terms of any applicable Supplemental Indenture.

**“Bondholder”** means, when used with respect to the TIFIA Bond, the TIFIA Lender and, when used with respect to any other Bond, the registered owner of such Bond.

**“Borrower”** has the meaning provided in the preamble hereto.

**“Borrower Fiscal Year”** means (a) as of the Effective Date, a fiscal year of the Borrower commencing on July 1 of any calendar year and ending on June 30 of the immediately succeeding calendar year or (b) such other fiscal year as the Borrower may hereafter adopt after giving thirty (30) days’ prior written notice to the TIFIA Lender, as provided in Section 17(e) (*Organizational Documents; Fiscal Year*).

**“Borrower Related Party”** means, individually or collectively, the Borrower and VDOT.

**“Borrower’s Authorized Representative”** means any Person who shall be designated as such pursuant to Section 26 (*Borrower’s Authorized Representative*).

**“Business Day”** means any day other than a Saturday, a Sunday or a day on which offices of the Government or the State are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York, or Chesapeake, Virginia.

**“Calculation Date”** means each January 1 and July 1 occurring after the Effective Date.

**“Calculation Period”** means a twelve (12) month period ending on a Calculation Date.

**“Capital Appreciation Bonds”** means any Permitted Debt hereafter incurred as to which interest is payable only at the maturity or prior redemption of such Permitted Debt.

**“Capitalized Interest Period”** means the period from (and including) the Effective Date to (but excluding) the first day of the initial Payment Period.

**“Code”** means the Internal Revenue Code of 1986, as amended from time to time.

**“Congress”** has the meaning provided in the recitals hereto.

**“Construction Contractor”** means, collectively, the design-builder identified in each Project Construction Contract, including all of the contractors, subcontractors, and assigns thereto.

**“Construction Schedule”** means (a) the initial schedule or schedules on which the construction timetables for each respective Project, as set forth in an exhibit to each Standard Project Agreement, as amended, and attached hereto as **Schedule II**, and (b) any updates thereto included in an updated Financial Plan provided pursuant to Section 22(a)(iii)(B) (*Financial Plan*).

**“Control”** means, when used with respect to any particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or partnership or other ownership interests, by contract or otherwise, and the terms **“Controlling”** and **“Controlled by”** have meanings correlative to the foregoing.

**“CPI”** means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted), or its successor, published by the Bureau of Labor Statistics, with, unless otherwise specified herein, January 20[19] as the base period.

**“Credit Facility”** means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement



relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Borrower and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Permitted Debt.

**“Debt Service Fund”** has the meaning provided in the Indenture.

**“Debt Service Reserve Fund”** has the meaning provided in the Indenture.

**“Debt Service Reserve Requirement”** has the meaning provided in the Indenture.

**“Debt Service Payment Commencement Date”** means the earlier of (a) [January 1, 2025] and (b) the 9<sup>th</sup> Semi-Annual Payment Date immediately succeeding the Substantial Completion Date.

**“Default”** means any event or condition that, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

**“Default Rate”** means an interest rate equal to the sum of (a) the TIFIA Interest Rate plus (b) 200 basis points.

**“Deferred Income Bond”** means any Permitted Debt (a) as to which interest accruing thereon prior to the applicable Interest Commencement Date of such Permitted Debt is (i) compounded on each Valuation Date for such Deferred Income Bond and (ii) payable only at the maturity or prior redemption of such Permitted Debt and (b) as to which interest accruing after the applicable Interest Commencement Date is payable on the first interest payment date immediately succeeding the Interest Commencement Date and thereafter on the dates specified in or determined pursuant to the Supplemental Indenture authorizing the Permitted Debt. For the purposes of receiving payment of the redemption price if a Deferred Income Bond is redeemed prior to maturity, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value.

**“Development Default”** means (a) VDOT fails to diligently prosecute the work related to the Project or (b) VDOT fails to complete the Project by the Projected Substantial Completion Date.

**“Effective Date”** means the date of this Agreement.

**“Eligible Project Costs”** means amounts in the Project Budget, substantially all of which are paid by or for the account of the Borrower in connection with the Project, including prior Project expenditures for the 5-year period preceding the date of the Application, all of which shall arise from the following:

- (a) development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;

(b) construction, reconstruction, rehabilitation, replacement and acquisition of real property (including land related to the Project and improvements to land), environmental mitigation, construction contingencies and acquisition of equipment); or

(c) capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction.

**“Environmental Laws”** has the meaning provided in Section 14(s) (*Environmental Matters*).

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and the regulations thereunder, in each case as in effect from time to time.

**“ERISA Affiliate”** means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

**“Event of Default”** has the meaning provided in Section 20(a) (*Events of Default and Remedies*).

**“Excess Revenues”** means, following the occurrence of a Revenue Sharing Trigger Event, an amount in each month equal to 50% of the Pledged Revenues remaining after the transfers described in paragraphs (i) through (x) in Section 8(d) have occurred.

**“Executive Director”** has the meaning provided in the preamble hereto.

**“Existing Indebtedness”** means indebtedness of the Borrower that has been issued or incurred prior to the Effective Date, as listed and described in **Schedule III**.

**“Federal Fiscal Year”** or **“FFY”** means the fiscal year of the Government, which is the twelve (12) month period that ends on September 30 of the specified calendar year and begins on October 1 of the preceding calendar year.

**“FHWA”** means the Federal Highway Administration, an agency of the USDOT.

**“FHWA Division Office”** means the Virginia Division Office of the FHWA.

**“FHWA Project of Division Interest Stewardship & Oversight Plans”** means FHWA’s Project of Division Interest Stewardship & Oversight Plans entered into between the FHWA and VDOT pertaining to each of the Projects.

**“Final Maturity Date”** means the earlier of (a) [July 1, 2055] or (b) the Semi-Annual Payment Date occurring on or immediately preceding the thirty-fifth anniversary of the Substantial Completion Date.

**“Financial Plan”** means (a) the financial plan to be delivered within sixty (60) days after the Effective Date in accordance with Section 22(a) (*Financial Plan*) and (b) any updates thereto required pursuant to Section 22(a) (*Financial Plan*).

**“Financial Statements”** has the meaning provided in Section 14(z) (*Financial Statements*).

**“GASB”** means generally accepted accounting principles for state and local governments, which are the uniform minimum standards of and guidelines for financial accounting and reporting prescribed by the Governmental Accounting Standards Board.

**“General Assembly”** means the State Legislature for the Commonwealth of Virginia.

**“General Fund”** has the meaning provided in the Indenture.

**“Government”** means the United States of America and its departments and agencies.

**“Government Obligations”** means (a) direct obligations of, or obligations on which the timely payment of principal and interest are fully and unconditionally guaranteed by, the Government, (b) bonds, debentures or notes issued by any of the following federal agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States, Government National Mortgage Association or Federal Land Banks, (c) obligations issued or guaranteed by a Person Controlled or supervised by and acting as an instrumentality of the Government pursuant to authority granted by the Congress, and (d) evidences of ownership of proportionate interests in future interest or principal payments on obligations specified in clauses (A), (B) and (c) of this definition held by a bank or trust company as custodian and which underlying obligations are not available to satisfy any claim of the custodian or any Person claiming through the custodian or to whom the custodian may be obligated, in each case.

**“Governmental Approvals”** means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority.

**“Governmental Authority”** means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the United States of America or its territories or possessions, including the State and its counties and municipalities, and their respective courts, agencies, instrumentalities and regulatory bodies, or any entity that acts “on behalf of” any of the foregoing, whether as an agency or authority of such body.

**“Hedging Agreement”** means (a) the ISDA Master Agreement(s) and any related credit support annex, schedules and confirmations, to be entered into by the Borrower and a Hedging Bank, (b) any other agreement entered into, or to be entered into, by the Borrower and a Hedging Bank for a Hedging Transaction, and (c) any other documentation directly relating to the foregoing.

**“Hedging Banks”** means any Qualified Hedge Provider that becomes a party to a Hedging Agreement and its permitted successors (to the extent such successors are also Qualified Hedge Providers).

**“Hedging Obligations”** means, collectively, the payment of (a) all scheduled amounts payable to the Hedging Banks by the Borrower under the Hedging Agreements (including interest accruing after the date of any filing by the Borrower of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the Borrower), net of all scheduled amounts payable to the Borrower by such Hedging Banks, and (b) all other indebtedness, fees, indemnities and other amounts payable by the Borrower to the Hedging Banks under such Hedging Agreements, net of all other indebtedness, fees, indemnities and other amounts payable by the Hedging Banks to the Borrower under such Hedging Agreements; provided that Hedging Obligations shall not include Hedging Termination Obligations. For the avoidance of doubt, all calculations of such amounts payable under the Hedging Agreements shall be made in accordance with the terms of the applicable Hedging Agreements.

**“Hedging Termination Obligations”** means the aggregate amount payable to the Hedging Banks by the Borrower upon the early termination of all or a portion of the Hedging Agreements, net of all amounts payable to the Borrower by such Hedging Banks upon the early unwind of all or a portion of such Hedging Agreements. For the avoidance of doubt, all calculations of such amounts payable under the Hedging Agreements shall be made in accordance with the terms of the applicable Hedging Agreements.

**“Hedging Transaction”** means any interest rate protection agreement, interest rate swap transaction, interest rate “cap” transaction, interest rate future, interest rate option or other similar interest rate hedging arrangement commonly used in loan transactions to hedge against interest rate increases and not for any speculative purpose.

**“HRTAC Act”** means Chapter 26 of Title 33.2 of the Code of Virginia of 1950.

**“HRTAC Revenues”** means, in any period, (a) all of the HRTF Revenues received by the Borrower during such period, and (b) any and all other revenues available under the HRTAC Act that have been designated as HRTAC Revenues pursuant to a Supplemental Indenture, but shall not include toll revenues.<sup>2</sup>

**“HRTF”** means the Hampton Roads Transportation Fund established pursuant to the HRTAC Act.

**“HRTF Revenues”** means the revenues dedicated to the HRTF from the additional sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the additional wholesale motor vehicle sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code, together with any other funds that may be appropriated to the HRTF.

**“Indemnitee”** has the meaning provided in Section 18 (*Indemnification*).

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<sup>2</sup>Subject to change based on Bond Counsel’s revision to the Indenture to add a pledge of the Revenue Fund and investment earnings on the HRTAC Revenues.

**“Indenture”** means that certain Master Indenture of Trust, dated as of February 1, 2018, between the Borrower and the Trustee.

**“Indenture Documents”** means the Indenture, each Supplemental Indenture, each Hedging Agreement, each Credit Facility, and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

**“Insolvency Laws”** means the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership, conservatorship or similar law now or hereafter in effect.

**“Interest Commencement Date”** means, with respect to any particular Deferred Income Bond, the date determined by the Supplemental Indenture for such Deferred Income Bond after which interest accruing on such Deferred Income Bond shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Indenture.

**“Intermediate Lien Debt Service”** means, with respect to the Intermediate Lien Obligations, for any period, as of any date of calculation, an amount equal to the sum of all fees and interest and principal of Intermediate Lien Obligations accruing and payable in respect of such period, as set forth in the most recent Revised Financial Model. In determining the principal amount of Intermediate Lien Obligations due in such period (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization), payment shall be assumed to be made in accordance with any amortization schedule established for such Intermediate Lien Obligations, including any scheduled redemption of Permitted Debt on the basis of Accreted Value or Appreciated Value, as applicable, and for such purpose the redemption payment shall be deemed a principal payment.

In calculating Intermediate Lien Debt Service for any future period (except as otherwise specifically provided herein):

(a) any Permitted Debt bearing interest at a Variable Interest Rate shall be deemed to bear interest at the Bank Lending Margin plus the fixed rate on the applicable Qualified Hedge (which shall reflect any premium or margin payable thereon);

(b) to the extent the requirements of Section 16(l) (*Hedging*) have been waived so that clause (a) of this definition no longer applies, any Variable Interest Rate Bonds for which the interest rate payable thereon has not yet been determined shall be deemed to bear interest at all times prior to the maturity date thereof at a rate which is the highest twelve (12) month rolling average of [one (1) month LIBOR] over the past ten (10) years preceding the date of calculation plus the Bank Lending Margin; provided that if such index is no longer published, the index to be used shall be that index which the TIFIA Lender, in consultation with the Borrower, determines most closely replicates it;

(c) any Put Bonds outstanding during such period which by their terms are not required to be paid by the Borrower upon tender by the holder thereof shall be assumed to mature on the stated maturity date thereof;

(d) any Put Bonds outstanding during such period which by their terms are required to be paid by the Borrower upon tender by the holder thereof shall be assumed to mature on the earliest to occur of (i) the stated maturity date thereof, (ii) the date provided in the applicable Supplemental Indenture, or (iii) if the Credit Facility securing such Put Bonds expires within six (6) months or less of the date of calculation and has not been renewed or replaced, the expiration date of such Credit Facility;

(e) the principal amount of any Put Bonds tendered for payment by the Borrower which are required to be paid by the Borrower which have not yet been purchased in lieu of such payment by the Borrower shall be deemed to mature on the date required to be paid pursuant to such tender; and

(f) the principal and/or interest portion (whether by redemption or otherwise) of Capital Appreciation Bonds and Deferred Income Bonds shall be the Accreted Value and Appreciated Value thereof, respectively, due and payable in respect of such period.

**“Intermediate Lien Debt Service Fund”** means any debt service fund created for the benefit of one or more series of Intermediate Lien Obligations pursuant to the Indenture and any Supplemental Indenture.

**“Intermediate Lien Debt Service Reserve Fund”** means any debt service reserve fund created for the benefit of one or more series of Intermediate Lien Obligations pursuant to the Indenture and any Supplemental Indenture.

**“Intermediate Lien Debt Service Reserve Requirement”** means any debt service reserve requirement relating to the Intermediate Lien Obligations established in accordance with the provisions of the Indenture and any Supplemental Indenture.

**“Intermediate Lien Obligations”** means any Bonds issued under the Indenture and designated as being subordinate as to payment and security to the Senior Obligations but senior as to payment and security to the Subordinate Obligations.

**“Investment Grade Rating”** means a public rating no lower than “BBB-”, “Baa3” or the equivalent public rating from a Nationally Recognized Rating Agency.

**“ISDA Master Agreement”** means a master agreement, entered into by the Borrower and a Hedging Bank, in the form published by the International Swaps and Derivatives Association, Inc.

**“LIBOR”** means, for any day, the [1-month London Interbank Offered Rate] for deposits in the applicable currency as set by the British Banks Association (or the successor thereto if the British Bankers Association is no longer making a London Interbank Offered Rate available) (“BBA”) and published by the BBA at approximately 11:00 a.m. London time on such day. For any day that is not a Business Day, the LIBOR for such day shall be the rate published by the BBA on the immediately preceding Business Day.

**“Lien”** means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest,

or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or any other applicable law.

**“Loan Amortization Schedule”** means the Loan Amortization Schedule reflected in the applicable column of **Exhibit G**, as amended from time to time in accordance with Section 7 (*Outstanding TIFIA Loan Balance; Revisions to Exhibit G and Loan Amortization Schedule*).

**“Material Adverse Effect”** means a material adverse effect on (a) the Project or the Trust Estate, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the Borrower, (c) the legality, validity or enforceability of any material provision of any Indenture Document, TIFIA Loan Document or Principal Project Contract, (d) the ability of the Borrower or any other Principal Project Party to enter into, perform or comply with any of its material obligations under any Indenture Document, TIFIA Loan Document or Principal Project Contract to which it is a party, (e) the validity, enforceability or priority of the Liens provided under the Indenture Documents on the Trust Estate in favor of the Secured Parties or (f) the TIFIA Lender’s rights or remedies available under any TIFIA Loan Document.

**“Maximum Annual Debt Service”** means the highest aggregate amount of TIFIA Debt Service for the present or any succeeding Borrower Fiscal Year.

**“Memorandum of Agreement”** means that certain Memorandum of Agreement between the Borrower and VDOT, dated as of March 30, 2015, which sets forth the terms pursuant to which the Borrower and VDOT will ensure the efficient and effective development and construction of the Projects.

**“Nationally Recognized Rating Agency”** means any nationally recognized statistical rating organization identified as such by the Securities and Exchange Commission.

**“NEPA”** means the National Environmental Policy Act of 1969, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time.

**“NEPA Determination”** means, collectively, the Finding of No Significant Impact for the I-64 Southside Widening and High Rise Bridge Improvements - Phase I issued by FHWA on August 22, 2016, the Finding of No Significant Impact for the I-64 Peninsula Widening-Segment III issued by FHWA on [\_\_\_\_], 2016, the Record of Decision for the I-64 Peninsula Widening- Segment II issued by FHWA on [\_\_\_\_], 2015, the Record of Decision for the I-64 Peninsula Widening- Segment I issued by FHWA on April 21, 2014, and the Categorical Exclusion for the I-64/I-264 Interchange Improvements - Phase I and Phase II issued by FHWA on February 19, 2008, in each case in accordance with NEPA.<sup>3</sup>

**“OFAC”** means the Office of Foreign Assets Control of the United States Department of the Treasury.

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<sup>3</sup>[Borrower to provide.]

**“Operating Account”** has the meaning provided in the Indenture.

**“Operating Expenses”** has the meaning provided in the Indenture.

**“Operating Fund”** has the meaning provided in the Indenture.

**“Operating Reserve Account”** has the meaning provided in the Indenture.

**“Operating Reserve Requirement”** has the meaning provided in the Indenture.

**“Organizational Documents”** means: (a) with respect to any Person that is a Governmental Authority, (i) the constitutional and statutory provisions that are the basis for the existence and authority of such Governmental Authority, including any enabling statutes, ordinances or public charters and any other organic laws establishing such Governmental Authority and (ii) the bylaws, code of regulations, operating procedures or other organizational documents of or adopted by such Governmental Authority by which such Governmental Authority, its powers, operations or procedures or its securities, bonds, notes or other obligations are governed or from which such powers are derived; and (b) with respect to a Person that is not a Governmental Authority, (i) to the extent such Person is a corporation, the certificate or articles of incorporation and the by-laws of such Person, (ii) to the extent such Person is a limited liability company, the certificate of formation or articles of formation or organization and operating or limited liability company agreement of such Person and (iii) to the extent such Person is a partnership, joint venture, trust or other form of business, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization or formation of such Person.

**“Outstanding TIFIA Loan Balance”** means the aggregate principal amount drawn by the Borrower and then outstanding (including capitalized interest) with respect to the TIFIA Loan, as determined in accordance with Section 7 (*Outstanding TIFIA Loan Balance; Revisions to Exhibit G and Loan Amortization Schedule*).

**“Patriot Act”** means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, and all regulations promulgated thereunder.

**“Payment Default”** has the meaning provided in Section 20(a)(i) (*Payment Default*).

**“Payment Period”** means any period of six (6) months from (and including) a Semi-Annual Payment Date to (but excluding) the immediately succeeding Semi-Annual Payment Date, commencing with the six (6) month period ending on the date immediately prior to the Debt Service Payment Commencement Date.

**“Permitted Debt”** means:

- (a) Existing Indebtedness;



(b) the TIFIA Loan; and

(c) Additional Obligations (including other Subordinate Obligations issued to the TIFIA Lender) that satisfy each of the requirements in the definition thereof.

**“Permitted Hedging Termination”** means the early termination, in whole or in part, of any Qualified Hedge (a) at the request of the Borrower as a result of a determination by the Borrower that such (or any part of such) Qualified Hedge is no longer necessary or required under the terms of this Agreement, (b) pursuant to the terms of any Hedging Agreement evidencing such Qualified Hedge that provides for the notional amount of such Qualified Hedge to amortize or otherwise be reduced from time to time or (c) as may be required pursuant to Section 16(l)(vii) (*Hedging*).

**“Permitted Investments”** means (with respect to the investment of the proceeds of the TIFIA Loan or any construction or reserve account established and maintained pursuant to the Indenture):

(a) Government Obligations;

(b) certificates of deposit where the certificates are collaterally secured by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, but this collateral is not required to the extent the certificates of deposit are insured by the Government;

(c) repurchase agreements with counterparties that have an Acceptable Credit Rating, when collateralized by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest;

(d) investment agreements or guaranteed investment contracts rated, or with any financial institution whose senior long-term debt obligations are rated, or guaranteed by a financial institution whose senior long-term debt obligations are rated in one of the two (2) highest Rating Categories for comparable types of obligations by any Nationally Recognized Rating Agency; and

(e) money market funds that invest solely in obligations of the United States of America, its agencies and instrumentalities, and having a rating by a Nationally Recognized Rating Agency equal to the then applicable rating of the United States of America by such Nationally Recognized Rating Agency.

**“Person”** means and includes an individual, a general or limited partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and any Governmental Authority.

**“Pledged Revenues”** means all of the HRTAC Revenues and all other property of any kind mortgaged, pledged or hypothecated to provide for the payment of or to secure the Bonds by Borrower or by anyone on its behalf and with its written consent at any time as and for

additional security under the Indenture and a Supplemental Indenture in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of the Indenture and the Supplemental Indentures.<sup>4</sup>

**“Principal Project Contracts”** means the Memorandum of Agreement, the Standard Project Agreements, and the Project Construction Contracts.

**“Principal Project Party”** means any Person (other than the Borrower) that is a party to a Principal Project Contract.

**“Project”** means, collectively, the projects evidenced in the Project Construction Contracts and the Standard Project Agreements that the Borrower is authorized to finance or refinance pursuant to the HRTAC Act.

**“Project BANs”** means the [*describe the specific Bonds, etc.*] to be issued on or about [●], in the not to exceed par amount of \$[●], the proceeds of which are anticipated to be applied to the payment of Eligible Project Costs.<sup>5</sup>

**“Project Budget”** means, collectively, the budget for the Project in the aggregate amount of [*insert Project budget amount*] attached to this Agreement as **Schedule I** showing a summary of Total Project Costs with a breakdown of all Eligible Project Costs and the estimated sources and uses of funds for the Project, as amended from time to time with the approval of the TIFIA Lender.

**“Project Construction Contracts”** means the following construction contracts entered into between VDOT and each respective Construction Contractor:

1. I-64 Peninsula Widening Segment I (Contract ID. No.: C00104905DB75);
2. I-64 Peninsula Widening Segment II (Contract ID. No.: C00106665DB82);
3. I-64 Peninsula Widening Segment III (Contract ID. No.: C00106689DB97);
4. I-64 / I-264 Interchange Improvements Phase I (Contract ID. No.: C0000057048C08);
5. I-64 / I-264 Interchange Improvements Phase II (Contract ID. No.: C0000017630C01); and
6. I-64 Southside Widening and High Rise Bridge Phase I (Contract ID. No.: C00106692DB93).

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<sup>4</sup>Subject to change based on Bond Counsel’s revision to the Indenture to add a pledge of the Revenue Fund and investment earnings on the HRTAC Revenues.

<sup>5</sup>To discuss with Bond Counsel.

**“Project Fund”** means any project fund created for the benefit of one or more series of Bonds pursuant to the Indenture and any Supplemental Indenture.

**“Projected Substantial Completion Date”** means [June 21, 2021].

**“Put Bonds”** means any bond which by its terms may be tendered by and at the option of the holder thereof for payment prior to the stated maturity or redemption date thereof either (a) by the Borrower and by the Person and/or from the source specified in a Supplemental Indenture or (b) without recourse to the Borrower, by the Person and/or from the source specified in a Supplemental Indenture.

**“Qualified Hedge”** means, to the extent from time-to-time permitted by law, with respect to Permitted Debt any Hedging Transaction entered into with a Qualified Hedge Provider and meeting the requirements of Section 16(l) (*Hedging*).

**“Qualified Hedge Provider”** means any bank or trust company authorized to engage in the banking business that is organized under or licensed as a branch or agency under the laws of the United States of America or any state thereof that has an Acceptable Credit Rating.<sup>6</sup>

**“Qualified Issuer”** means any bank or trust company authorized to engage in the banking business that is organized under or licensed as a branch or agency under the laws of the United States of America or any state thereof that has an Acceptable Credit Rating.

**“Rating Category”** means one of the generic rating categories of a Nationally Recognized Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

**“Rebate Amount”** has the meaning provided in the Indenture.

**“Rebate Fund”** means any rebate fund created for the benefit of one or more series of Bonds pursuant to the Indenture and any Supplemental Indenture.

**“Related Documents”** means the Indenture Documents, the TIFIA Loan Documents, the Hedging Agreements and the Principal Project Contracts.

**“Requisition”** has the meaning provided in Section 4(a) (*Disbursement Conditions*).

**“Reserve Accounts”** means, collectively, each Debt Service Reserve Fund pursuant to the Indenture and the Supplemental Indenture pursuant to which such accounts are created.

**“Revenue Fund”** has the meaning provided in the Indenture.

**“Revenue Sharing Account”** means the special account of the Borrower created under the TIFIA Supplemental Indenture.

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<sup>6</sup>If Senior Obligations consist of commercial bank loans, the TIFIA Lender’s consent will be required for any Qualified Hedge Provider that is not also making loans to the Borrower.

**“Revenue Sharing Trigger Event”** means any date on which Subordinate Obligations issued to the TIFIA Lender are outstanding and VDOT, on behalf of the Borrower, is not actively engaged in the development of capital project programs in the Hampton Roads Transportation Planning Organization’s most recently adopted long-range transportation plan.

**“Revised Financial Model”** means the Base Case Financial Model, as it may be updated from time to time pursuant to Section 22(a)(ii)(C) (*Financial Plan*).

**“Sanctioned Country”** means, at any time, a country or territory which is itself the subject or target of any Sanctions.

**“Sanctioned Person”** means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country, or (c) any Person owned or Controlled by any such Person or Persons.

**“Sanctions”** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the Government, including those administered by OFAC or the U.S. Department of State.

**“Secretary”** means the United States Secretary of Transportation.

**“Secured Obligations”** means the Senior Obligations, the Intermediate Lien Obligations, the Subordinate Obligations (including the obligations of the Borrower under this Agreement and the TIFIA Bond), the Hedging Obligations, and the Hedging Termination Obligations.

**“Secured Parties”** means the Trustee, the TIFIA Lender, any other Bondholders, and the Hedging Banks.

**“Semi-Annual Payment Date”** means each January 1 and July 1.

**“Senior Debt Service”** means, with respect to the Senior Obligations, for any period, as of any date of calculation, an amount equal to the sum of all fees and interest and principal of Senior Obligations accruing and payable in respect of such period, as set forth in the most recent Revised Financial Model. In determining the principal amount of Senior Obligations due in such period (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization), payment shall be assumed to be made in accordance with any amortization schedule established for such Senior Obligations, including any scheduled redemption of Permitted Debt on the basis of Accreted Value or Appreciated Value, as applicable, and for such purpose the redemption payment shall be deemed a principal payment.

In calculating Senior Debt Service for any future period (except as otherwise specifically provided herein):

(a) any Permitted Debt bearing interest at a Variable Interest Rate shall be deemed to bear interest at the Bank Lending Margin plus the fixed rate on the applicable Qualified Hedge (which shall reflect any premium or margin payable thereon);

(b) to the extent the requirements of Section 16(l) (*Hedging*) have been waived so that clause (a) of this definition no longer applies, any Variable Interest Rate Bonds for which the interest rate payable thereon has not yet been determined shall be deemed to bear interest at all times prior to the maturity date thereof at a rate which is the highest twelve (12) month rolling average of [one (1) month LIBOR] over the past ten (10) years preceding the date of calculation plus the Bank Lending Margin; provided that if such index is no longer published, the index to be used shall be that index which the TIFIA Lender, in consultation with the Borrower, determines most closely replicates it;

(c) any Put Bonds outstanding during such period which by their terms are not required to be paid by the Borrower upon tender by the holder thereof shall be assumed to mature on the stated maturity date thereof;

(d) any Put Bonds outstanding during such period which by their terms are required to be paid by the Borrower upon tender by the holder thereof shall be assumed to mature on the earliest to occur of (i) the stated maturity date thereof, (ii) the date provided in the applicable Supplemental Indenture, or (iii) if the Credit Facility securing such Put Bonds expires within six (6) months or less of the date of calculation and has not been renewed or replaced, the expiration date of such Credit Facility;

(e) the principal amount of any Put Bonds tendered for payment by the Borrower which are required to be paid by the Borrower which have not yet been purchased in lieu of such payment by the Borrower shall be deemed to mature on the date required to be paid pursuant to such tender; and

(f) the principal and/or interest portion (whether by redemption or otherwise) of Capital Appreciation Bonds and Deferred Income Bonds shall be the Accreted Value and Appreciated Value thereof, respectively, due and payable in respect of such period.]

**“Senior Debt Service Fund”** means any debt service fund created for the benefit of one or more series of Senior Obligations pursuant to the Indenture and any Supplemental Indenture.

**“Senior Debt Service Reserve Fund”** means any debt service reserve fund created for the benefit of one or more series of Senior Obligations pursuant to the Indenture and any Supplemental Indenture.

**“Senior Debt Service Reserve Requirement”** means any debt service reserve requirement relating to the Senior Obligations established in accordance with the provisions of the Indenture and any Supplemental Indenture.

**“Senior Obligations”** means any Bonds heretofore or hereinafter issued, including the Series 2018A Bonds, under the Indenture and any Supplemental Indenture that are designated as being senior as to payment and security to the Intermediate Lien Obligations and the Subordinate Obligations.

**“Series 2018A Bonds”** means the Hampton Roads Transportation Accountability Commission Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A, dated February 14, 2018, originally issued in the aggregate principal amount of \$500,000,000.

**“Series 2018A Supplemental Indenture”** means that certain First Supplemental Series Indenture of Trust to the Indenture between the Borrower and the Trustee, dated February 1, 2018, relating to the Series 2018A Bonds.

**“Servicer”** means such entity or entities as the TIFIA Lender shall designate from time-to-time to perform, or assist the TIFIA Lender in performing, certain duties hereunder.

**“Standard Project Agreement”** means the following Standard Project Agreements or Memoranda of Agreement entered into between VDOT and the Borrower for the funding and administration of the Projects, as amended from time to time, which govern the responsibilities of the Borrower and VDOT pertaining to the funding, construction, administration, and maintenance of each respective Project:

1. I-64 Peninsula Widening Segment I (UPC #104905);
2. I-64 Peninsula Widening Segment II (UPC #106665);
3. I-64 Peninsula Widening Segment III (UPC #106689/109790);
4. I-64 / I-264 Interchange Improvements Phase I (UPC #108041);
5. I-64 / I-264 Interchange Improvements Phase II (UPC #108042); and
6. I-64 Southside Widening and High Rise Bridge Phase I (UPC #106692).

**“State”** has the meaning provided in the preamble hereto.

**“Subordinated Hedging Termination Obligations”** means Hedging Termination Obligations under any Hedging Agreement other than those arising as a result of a Permitted Hedging Termination or as a result of a tax or illegality event or upon failure of the Borrower to pay any Hedging Obligations when due.

**“Subordinate Debt Service”** means, with respect to the Subordinate Obligations, for any period, as of any date of calculation, an amount equal to the sum of all fees and interest and principal of Subordinate Obligations accruing and payable in respect of such period, as set forth in the most recent Revised Financial Model. In determining the principal amount of Subordinate Obligations due in such period, payment shall be assumed to be made in accordance with any amortization schedule established for such Subordinate Obligations.

**“Subordinate Debt Service Fund”** means any debt service fund, including the TIFIA Debt Service Fund, created for the benefit of one or more series of Subordinate Obligations pursuant to the Indenture and any Supplemental Indenture.

**“Subordinate Debt Service Reserve Fund”** means any debt service reserve fund, including the TIFIA Debt Service Reserve Fund, created for the benefit of one or more series of Subordinate Obligations pursuant to the Indenture and any Supplemental Indenture.

**“Subordinate Debt Service Reserve Requirement”** means any debt service reserve requirement relating to the Subordinate Obligations, including the TIFIA Debt Service Reserve Required Balance, established in accordance with the provisions of the Indenture and any Supplemental Indenture.

**“Subordinate Obligations”** means any Bonds, including the TIFIA Bond, issued under the Indenture and designated as being subordinate as to payment and security to the Senior Obligations and the Intermediate Lien Obligations.

**“Subsequent Qualified Hedge”** has the meaning provided in Section 16(l)(iii) (*Hedging*).

**“Substantial Completion”** means the opening of the Project to vehicular traffic.

**“Substantial Completion Date”** means the date on which Substantial Completion occurs.

**“Supplemental Indenture”** means a Supplemental Indenture to the Indenture relating to a specific issuance of Bonds by the Borrower, including the Series 2018A Supplemental Indenture and the TIFIA Supplemental Indenture.

**“TIFIA”** has the meaning provided in the recitals hereto.

**“TIFIA Bond”** means the Bond delivered by the Borrower in substantially the form of **Exhibit A**.

**“TIFIA Debt Service”** means with respect to any Semi-Annual Payment Date occurring on or after the Debt Service Payment Commencement Date, the principal portion of the Outstanding TIFIA Loan Balance and any interest payable thereon (including interest accruing after the date of any filing by the Borrower of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the Borrower), in each case (a) as set forth on **Exhibit G**, and (b) due and payable on such Semi-Annual Payment Date in accordance with the provisions of Section 9(c) (*Payment of TIFIA Debt Service*).

**“TIFIA Debt Service Fund”** has the meaning provided in the TIFIA Supplemental Indenture.

**“TIFIA Debt Service Reserve Fund”** has the meaning provided in the TIFIA Supplemental Indenture.

**“TIFIA Debt Service Reserve Required Balance”** means on the later of (a) the Substantial Completion Date or (b) the date the final disbursement of the TIFIA Loan and thereafter, the greater of (x) ten percent (10%) of the outstanding TIFIA Loan balance, (y) 1x the Maximum Annual Debt Service, or (z) one hundred and twenty-five percent (125%) of the average annual TIFIA Debt Service through the Final Maturity Date. If there are more than one TIFIA Loan outstanding at any time, then the amounts set forth in clauses (x) through (y) will be calculated using the summation of all TIFIA Loans as if there were one TIFIA Loan.

**“TIFIA Interest Rate”** has the meaning provided in Section 6 (*Interest Rate*).

**“TIFIA Lender”** has the meaning provided in the preamble hereto.

**“TIFIA Lender’s Authorized Representative”** means the Executive Director and any other Person who shall be designated as such pursuant to Section 27 (*TIFIA Lender’s Authorized Representative*).

**“TIFIA Loan”** means the secured loan made by the TIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed [\_\_\_\_\_] (excluding capitalized interest), to be used in respect of Eligible Project Costs paid or incurred by or on behalf of the Borrower.

**“TIFIA Loan Documents”** means this Agreement, the TIFIA Bond, the TIFIA Supplemental Indenture, and the other Indenture Documents.

**“TIFIA Supplemental Indenture”** means that certain [\_\_\_] Supplemental Indenture, dated as of the date hereof, between the Borrower and the Trustee in connection with the issuance of the TIFIA Bond.

**“Total Debt Service Coverage Ratio”** means, for any Calculation Period, the ratio of projected Pledged Revenues for such Calculation Period to the sum of (a) Senior Debt Service for such Calculation Period, (b) Intermediate Lien Debt Service for such Calculation Period, and (c) Subordinate Debt Service for such Calculation Period.

**“Total Project Costs”** means (a) the costs paid or incurred or to be paid or incurred by the Borrower or the Borrower Related Party in connection with or incidental to the acquisition, design, construction and equipping of the Project, including legal, administrative, engineering, planning, design, insurance and costs of insurance; (b) amount, if any, required by the Indenture Documents of the TIFIA Loan Documents to be paid into any fund or account upon the incurrence of the TIFIA Loan or any Additional Obligations; and (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) during the Construction Period in respect to any indebtedness of the Borrower or any Credit Facility maintained by the Borrower, in each case in connection with the Project (other than the TIFIA Loan).

**“Trust Estate”** means the Pledged Revenues plus, with respect to such series (and to such series only) of Bonds, the money and investments held in the applicable (a) Project Fund (if any), (b) Debt Service Fund, and (c) Debt Service Reserve Fund, if any.<sup>7</sup>

**“Trustee”** means Wilmington Trust, National Association.

**“Uncontrollable Force”** means any cause beyond the control of the Borrower, including: (a) a hurricane, tornado, flood or similar occurrence, landslide, earthquake, fire or other casualty, strike or labor disturbance, freight embargo, act of a public enemy, explosion, war, blockade,

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<sup>7</sup>Subject to change based on Bond Counsel’s revision to the Indenture to add a pledge of the Revenue Fund and investment earnings on the HRTAC Revenues.



terrorist act, insurrection, riot, general arrest or restraint of government and people, civil disturbance or similar occurrence, sabotage, or act of God (provided that the Borrower shall not be required to settle any strike or labor disturbance in which it may be involved) or (b) the order or judgment of any federal, state or local court, administrative agency or governmental officer or body, if it is not also the result of willful or negligent action or a lack of reasonable diligence of the Borrower and the Borrower does not control the administrative agency or governmental officer or body; provided that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of the Borrower.

**“Uniform Commercial Code”** or **“UCC”** means the Uniform Commercial Code, as in effect from time to time in the State.

**“USDOT”** means the United States Department of Transportation.

**“Valuation Date”** means (a) with respect to any Capital Appreciation Bonds, the date or dates set forth in the Supplemental Indenture authorizing such Capital Appreciation Bonds on which specific Accreted Values are assigned to the Capital Appreciation Bonds and (b) with respect to any Deferred Income Bonds, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Indenture authorizing such Deferred Income Bonds on which specific Appreciated Values are assigned to the Deferred Income Bonds.

**“Variable Interest Rate”** means a variable interest rate to be borne by any Permitted Debt. The method of computing such variable interest rate shall be specified in the Supplemental Indenture pursuant to which such Permitted Debt is incurred. Such Supplemental Indenture shall also specify either (a) the particular period or periods of time for which each value of such variable interest rate shall remain in effect, or (b) the time or times upon which any change in such variable interest rate shall become effective.

**“Variable Interest Rate Bonds”** means Permitted Debt which bears a Variable Interest Rate but does not include any Permitted Debt for which the interest rate has been fixed during the remainder of the term thereof to maturity; provided, however, that Permitted Debt bearing a Variable Interest Rate shall not be deemed Variable Interest Rate Bonds if the Borrower has entered into a Qualified Hedge with respect to such Permitted Debt during the period for which such Qualified Hedge is in effect; provided, further, that Permitted Debt bearing a fixed rate of interest shall be deemed Variable Interest Rate Bonds to the extent that the Borrower has entered into a Qualified Hedge pursuant to which the Borrower is obligated to pay a floating rate of interest and receives a fixed rate of interest and shall be deemed to bear interest at the lesser of the rate determined pursuant to clause (a) of the definition of the term Senior Debt Service or Intermediate Debt Service (as applicable) or the maximum interest rate, if any, payable pursuant to such Qualified Hedge.

**“Variable Interest Rate Obligations”** means any Senior Obligations or Intermediate Lien Obligations under the Indenture that accrue interest at a Variable Interest Rate.

**“VDOT”** means the Virginia Department of Transportation.

**Section 2. Interpretation.** Unless the context shall otherwise require, the words “hereto”, “herein”, “hereof”, and other words of similar import refer to this Agreement as a whole. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise require. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” Whenever the Borrower’s knowledge is implicated in this Agreement or the phrase “to the Borrower’s knowledge” or a similar phrase is used in this Agreement, the Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of the Borrower’s knowledge after reasonable and diligent inquiry and investigation. Unless the context shall otherwise require, references to any Person shall be deemed to include such Person’s successors and permitted assigns. Unless the context shall otherwise require, references to preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions are to the applicable preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions of this Agreement. The schedules and exhibits to this Agreement, and the appendices and schedules to such exhibits, are hereby incorporated by reference and made an integral part of this Agreement. The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions. Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements to, or modifications or restatements or replacements of, such documents that are approved from time-to-time in accordance with the terms thereof and hereof. Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 37 (*Notices; Payment Instructions*) and signed by a duly authorized representative of such party.

**Section 3. TIFIA Loan Amount.** The principal amount of the TIFIA Loan shall not exceed \$[insert maximum principal amount of TIFIA loan]. TIFIA Loan proceeds shall be disbursed from time-to-time in accordance with Section 4 (*Disbursement Conditions*) and Section 13(b) (*Conditions Precedent to All Disbursements*).

**Section 4. Disbursement Conditions.**

(a) TIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred by or on behalf of the Borrower in connection with the Project. If the Borrower intends to utilize the TIFIA Loan proceeds to make progress payments for the Project construction work performed under any Principal Project Contract, the Borrower shall demonstrate to the satisfaction of the TIFIA Lender that such progress payments are commensurate with the value of the work that has been completed. Each disbursement of the TIFIA Loan shall be made pursuant to a requisition and certification (a “**Requisition**”) in the form set forth in **Appendix One To Exhibit D**, along with all documentation and other information required thereby, submitted by the Borrower to, and approved by, the TIFIA Lender, all in accordance with the procedures of **Exhibit D** and subject to the requirements of this Section 4 (*Disbursement Conditions*) and the conditions set forth in Section 13(b) (*Conditions Precedent to All Disbursements*); provided, however, that no disbursements of TIFIA Loan

proceeds shall be made on or after the date that is one (1) year after the Substantial Completion Date.

(b) The Borrower shall deliver copies of each Requisition to the TIFIA Lender and the Servicer (if any) and the FHWA Division Office on or before the first (1<sup>st</sup>) Business Day of each month for which a disbursement is requested. If the TIFIA Lender shall expressly approve a Requisition or shall not expressly deny a Requisition, disbursements of funds shall be made on the fifteenth (15<sup>th</sup>) day of the month for which a disbursement has been requested, or on the next succeeding Business Day if such fifteenth (15<sup>th</sup>) day is not a Business Day. Express TIFIA Lender approval or denial shall be substantially in the form annexed hereto as **Appendix Two to Exhibit D**. In no event shall disbursements be made more than once each month.

(c) The Borrower may amend the Anticipated TIFIA Loan Disbursement Schedule by submitting a revised version thereof to the TIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions.

(d) The Borrower anticipates that it will draw down all of the proceeds of the TIFIA Loan to reimburse the Borrower for Eligible Project Costs paid by or on behalf of the Borrower prior to such disbursement of TIFIA Loan proceeds, including for the purpose of paying or redeeming the Project BANs. The Borrower shall deliver concurrently to the TIFIA Lender, the FHWA Division Office, and the Servicer (if any) invoices and records evidencing Eligible Project Costs (the “**Eligible Project Costs Documentation**”), irrespective of whether such costs were paid with the proceeds of the Project BANs; provided that the Borrower must deliver all Eligible Project Costs Documentation associated with any Eligible Project Costs included in a Requisition delivered to the TIFIA Lender, the FHWA Division Office, and the Servicer (if any) by the applicable following date: (i) with respect to Eligible Project Costs incurred by or on behalf of the Borrower prior to, and up to one (1) month after, the Effective Date, by the last Business Day of the second (2nd) month immediately following the Effective Date and (ii) with respect to Eligible Project Costs incurred by or on behalf of the Borrower after the one-month period referred to in clause (i) above, by the last Business Day of each month immediately following such second (2nd) month referred to in clause (i) above.

(e) Each time the Borrower delivers Eligible Project Costs Documentation to the TIFIA Lender, the FHWA Division Office, and the Servicer (if any), the Borrower shall also deliver to such entities a certificate, duly executed by the Borrower’s Authorized Representative, certifying as to the following:

(i) the amount of Eligible Project Costs financed from the proceeds of Project BANs for the period of time for which such Eligible Project Costs Documentation is being provided;

(ii) that such proceeds of any Project BANs were expended solely in connection with the payment or reimbursement of Eligible Project Costs;

(iii) the amount of Eligible Project Costs paid by or on behalf of the Borrower from sources other than Project BANs and identifying such sources; and

(iv) that there does not currently exist any Event of Default or an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default (a “prospective Event of Default”) or, if there does currently exist an Event of Default or prospective Event of Default, the certificate shall specify all the actions that the Borrower is taking to remedy such Event of Default or prospective Event of Default.

(f) The Eligible Project Costs Documentation submitted pursuant to Section 4(d) and the certificate delivered pursuant to Section 4(e) must be satisfactory to the TIFIA Lender. The Eligible Project Costs Documentation must provide sufficient detail to enable the TIFIA Lender to verify that such costs are Eligible Project Costs paid by or on behalf of the Borrower. The Eligible Project Costs Documentation and the certificate must provide sufficient detail to enable the TIFIA Lender to verify that proceeds of the Project BANs were expended for Eligible Project Costs for the Project and to audit such other Eligible Project Costs paid by or on behalf of the Borrower. The certificate and the Eligible Project Costs Documentation are intended to document Eligible Project Costs in connection with the reimbursement of such Eligible Project Costs or for the purpose of paying or redeeming, in whole or part, only those Project BANs in respect of which the proceeds were used to pay such documented Eligible Project Costs. The TIFIA Lender shall review each such certificate for compliance with TIFIA disbursement requirements. Within fourteen (14) Business Days following the receipt of the Eligible Project Costs Documentation and the accompanying certificate, the TIFIA Lender shall deliver a notice to the Borrower confirming the Eligible Project Costs set forth in the certificate that have been approved, or notifying the Borrower as to which Eligible Project Costs have not been approved, and confirming the cumulative amount of Eligible Project Costs approved as of the notice date. Such approved amounts of Eligible Project Costs will be disbursed at such time as the Borrower submits a Requisition in respect of such approved amounts in accordance with clauses (a) and (b) above. The Borrower shall not submit a Requisition that seeks reimbursement of any Eligible Project Costs for which the related Eligible Project Costs Documentation was not delivered to the TIFIA Lender and the Servicer (if any) at least one (1) month prior to the date such Requisition is submitted.

(g) Notwithstanding anything to the contrary set forth in this Agreement (including this Section 4, Section 13 (*Conditions Precedent*) or **Exhibit D** (*Requisition Procedures*)), in no event shall the TIFIA Lender have any obligation to make any disbursement of proceeds of the TIFIA Loan to the Borrower if the TIFIA Lender’s ability to make such disbursement is impaired as a result of a partial or total shutdown of the operations of any federal department or agency (including the USDOT or any of its agencies), or any contractor of any such department or agency, due to a lapse in appropriations by Congress.

**Section 5.** Term. The term of the TIFIA Loan shall extend from the Effective Date to the Final Maturity Date or to such earlier date as all amounts due or to become due to the TIFIA Lender hereunder have been irrevocably paid in full in cash.

**Section 6.** Interest Rate. The interest rate with respect to the Outstanding TIFIA Loan Balance (the “**TIFIA Interest Rate**”) shall be [\_\_\_\_] percent ([\_\_\_\_]%) per annum. Interest

will be computed on the Outstanding TIFIA Loan Balance (as well as on any past due interest) from time-to-time on the basis of a 365-day or 366-day year, as appropriate, for the actual number of days elapsed and will be compounded semi-annually; provided, however, in the event of a Payment Default, the Borrower shall pay interest on the Outstanding TIFIA Loan Balance and on any accrued but unpaid interest thereon from (and including) its due date to (but excluding) the date of actual payment at the Default Rate. Upon the occurrence of any other Event of Default, the interest rate on the Outstanding TIFIA Loan Balance and on any accrued but unpaid interest thereon shall be the Default Rate and shall continue to bear interest at such rate until such Event of Default has been cured or the Outstanding TIFIA Loan Balance has been irrevocably paid in full in cash.

**Section 7.**     Outstanding TIFIA Loan Balance; Revisions to Exhibit G and Loan Amortization Schedule.

(a)     The Outstanding TIFIA Loan Balance will be (i) increased on each occasion on which the TIFIA Lender disburses loan proceeds hereunder, by the amount of such disbursement of loan proceeds; (ii) increased on each occasion on which interest on the TIFIA Loan is capitalized pursuant to the provisions of Section 9(b) (*Capitalized Interest Period*), by the amount of interest so capitalized; and (iii) decreased upon each payment or prepayment of the Outstanding TIFIA Loan Balance, by the amount of principal so paid. The TIFIA Lender may in its discretion at any time and from time-to-time, or when so requested by the Borrower, advise the Borrower by written notice of the amount of the Outstanding TIFIA Loan Balance as of the date of such notice, and its determination of such amount in any such notice shall be deemed conclusive absent manifest error.

(b)     The TIFIA Lender is hereby authorized to modify the Loan Amortization Schedule included in **Exhibit G** from time-to-time, in accordance with the principles set forth in **Exhibit M**, to reflect (i) any change to the Outstanding TIFIA Loan Balance, (ii) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower under this Agreement, and (iii) such other information as the TIFIA Lender may determine is necessary for administering the TIFIA Loan and this Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any partial prepayments of the Outstanding TIFIA Loan Balance pursuant to Section 10 (*Prepayment*) shall be applied in accordance with Section 10(c) (*General Prepayment Instructions*). Absent manifest error, the TIFIA Lender's determination of such matters as set forth on **Exhibit G** shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other TIFIA Loan Document. The TIFIA Lender shall provide the Borrower with a copy of **Exhibit G** as revised, but no failure to provide or delay in providing the Borrower with such copy shall affect any of the obligations of the Borrower under this Agreement or the other TIFIA Loan Documents.

**Section 8.**     Security and Priority; Flow of Funds.

(a)     As security for the TIFIA Loan, the Borrower shall pledge, assign and grant, or shall cause to be pledged, assigned and granted, to the Trustee for the benefit of the TIFIA Lender, Liens on the Trust Estate in accordance with the provisions of the Indenture

Documents. The TIFIA Loan shall be secured by the Liens on the Trust Estate and shall be subordinate to the Lien on the Trust Estate pledged to secure the Senior Obligations and the Intermediate Lien Obligations, and shall be *pari passu* to the Lien on the Trust Estate pledged to secure the Subordinate Obligations.

(b) Except to the extent otherwise provided in clause (a) of this Section 8 (*Security and Priority; Flow of Funds*), the Trust Estate will be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge of the Borrower created under the Indenture Documents, and all organizational, regulatory or other necessary action on the part of the Borrower with respect to the foregoing has been duly and validly taken.

(c) The Borrower shall not use Pledged Revenues to make any payments or satisfy any obligations other than in accordance with the provisions of this Section 8 (*Security and Priority; Flow of Funds*) and the Indenture Documents and shall not apply any portion of the Pledged Revenues in contravention of this Agreement or the Indenture Documents.

(d) The Indenture provides that all Pledged Revenues shall be deposited in the Revenue Fund and applied in the following order of priority, as more fully described, and in accordance with the requirements specified in Section 8.1(b) of the Indenture:

(i) *First*, to each Senior Debt Service Fund ratably, the amount, if any, required under the Supplement Indenture pertaining to such Fund so that the balance therein on the next Semi-Annual Payment Date shall equal the amount of principal, if any, and interest due on the next Semi-Annual Payment Date on the applicable series of Bonds; provided that Borrower shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

(ii) *Second*, to each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement;

(iii) *Third*, to each Intermediate Lien Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the related Intermediate Lien Obligations on the next ensuing payment date; provided that Borrower shall receive a credit against such transfer for the amount, if any, held in an Intermediate Lien Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

(iv) *Fourth*, to each Intermediate Lien Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Intermediate Lien Debt Service Reserve Requirement;

(v) *Fifth*, to each Subordinate Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the next ensuing payment date; provided that Borrower shall receive a credit against such transfer for the

amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

(vi) *Sixth*, to each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement;

(vii) *Seventh*, to each Rebate Fund the amounts necessary to provide for the payment of any Rebate Amounts with respect to the related series of Bonds as confirmed in a certificate signed by a Borrower Authorized Representative and filed with the Trustee, upon which the Trustee may conclusively rely;

(viii) *Eighth*, to the Operating Account of the Operating Fund, the amount of funds necessary to pay Operating Expenses during such period in accordance with the Annual Budget (as defined in the Indenture);

(ix) *Ninth*, to the Operating Reserve Account of the Operating Fund, the amount, if any, so that the balance in such Account shall be equal to the Operating Reserve Requirement;

(x) *Tenth*, to fund any Hedging Termination Obligation in connection with a Qualified Hedge;

(xi) *Eleventh*, upon the occurrence and during the continuation of a Revenue Sharing Trigger Event, an amount equal to Excess Revenues for such month, for deposit into the Revenue Sharing Account<sup>8</sup>; and

(xii) *Twelfth*, to the General Fund, the balance remaining in the Revenue Fund.

## **Section 9. Payment of Principal and Interest.**

(a) Payment Dates. The Borrower agrees to pay the principal of and interest on the TIFIA Loan by making payments in accordance with the provisions of this Agreement and the Indenture Documents on each Semi-Annual Payment Date, beginning on the Debt Service Payment Commencement Date, and on each other date on which payment thereof is required to be made hereunder (including the Final Maturity Date and any date on which payment is due by reason of the acceleration of the maturity of the TIFIA Loan or otherwise); provided that if any such date is not a Business Day, payment shall be made on the next Business Day following such date. Any payment of the TIFIA Bond shall be treated as a payment of the TIFIA Loan and any prepayment of principal of the TIFIA Loan shall be treated as redemption of the TIFIA Bond.

(b) Capitalized Interest Period. No payment of the principal of or interest on the TIFIA Loan is required to be made during the Capitalized Interest Period. On each Semi-Annual Payment Date occurring during the Capitalized Interest Period, interest accrued on the

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<sup>8</sup>Transfers required in section (x) and (xi) will have to be incorporated into the Master Indenture.

TIFIA Loan in the six (6) month period ending immediately prior to such date shall be capitalized and added to the Outstanding TIFIA Loan Balance. Within thirty (30) days after the end of the Capitalized Interest Period, the TIFIA Lender shall give written notice to the Borrower stating the Outstanding TIFIA Loan Balance as of the close of business on the last day of the Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; provided, however, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other TIFIA Loan Documents.

(c) Payment of TIFIA Debt Service.

(i) On each Semi-Annual Payment Date occurring on or after the Debt Service Payment Commencement Date, the Borrower shall pay TIFIA Debt Service in the amounts set forth in respect of such Semi-Annual Payment Date on **Exhibit G**, as the same may be revised as provided in Section 7 (*Outstanding TIFIA Loan Balance; Revisions to Exhibit G and Loan Amortization Schedule*), which payments shall be made in accordance with Section 9(d) (*Manner of Payment*).

(d) Manner of Payment. Payments under this Agreement and the TIFIA Bond shall be made by wire transfer on or before each Semi-Annual Payment Date in immediately available funds in accordance with payment instructions provided by the TIFIA Lender pursuant to Section 37 (*Notices; Payment Instructions*), as modified in writing from time-to-time by the TIFIA Lender. The Borrower may make any such payment or portion thereof (or direct the Trustee to make such payment) with funds then on deposit in the TIFIA Debt Service Fund.

(e) Final Maturity Date. Notwithstanding anything herein to the contrary, the Outstanding TIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the Final Maturity Date (or on any earlier date on which the maturity of the TIFIA Loan shall be accelerated pursuant to the provisions of Section 20 (*Events of Default and Remedies*)).

(f) TIFIA Bond; Adjustments to Loan Amortization Schedule. As evidence of the Borrower's obligation to repay the TIFIA Loan, the Borrower shall issue and deliver to the TIFIA Lender, on or prior to the Effective Date, the TIFIA Bond substantially in the form of **Exhibit A**, having a maximum principal amount (excluding capitalized interest) of \$[*insert maximum principal amount of TIFIA loan*] (subject to increase or decrease as herein provided) and bearing interest at the rate set forth in Section 6 (*Interest Rate*).

**Section 10.** Prepayment.

(a) Mandatory Prepayments. The Borrower shall prepay the TIFIA Loan in whole or in part, without penalty or premium:

(i) Following the occurrence of a Revenue Sharing Trigger Event, on each Semi-Annual Payment Date occurring while the Revenue Sharing Trigger Event remains in effect, any amounts on deposit in the Revenue Sharing Account. Prepayment of the TIFIA Loan will be made, on a pro rata basis with any other TIFIA Loans then outstanding, in each case, based on the then outstanding amount of such TIFIA Loans.



(ii) Upon any voluntary prepayment (other than Additional Obligations that comply with the requirements of subsection (a) in the definition thereof issued for the purpose of refinancing any outstanding Bonds) of any Bonds (other than any TIFIA Loan), pro rata with such voluntary prepayment.

The Borrower shall provide written notice to the TIFIA Lender at least two (2) Business Days prior to the date on which it makes any mandatory prepayment; provided that the Borrower's failure to deliver such notice shall not diminish, impair or otherwise affect the Borrower's obligation to make any such mandatory prepayment as and when the circumstances requiring such mandatory prepayment have occurred. Each prepayment pursuant to this Section 10(a) (*Mandatory Prepayments*) shall be effected pursuant to Section [3.2] of the [TIFIA Supplemental] Indenture (as applicable) and accompanied by a certificate signed by the Borrower's Authorized Representative identifying the provision of this Agreement pursuant to which such prepayment is being made and containing a calculation in reasonable detail of the amount of such prepayment.

(b) Optional Prepayments. The Borrower may prepay the TIFIA Loan in whole or in part (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided, however, that such prepayments shall be in principal amounts of \$1,000,000 or any integral multiple of \$1.00 in excess thereof), at any time or from time-to-time, without penalty or premium, by paying to the TIFIA Lender such principal amount of the TIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment. Each prepayment of the TIFIA Loan shall be made on such date and in such principal amount as shall be specified by the Borrower in a written notice delivered to the TIFIA Lender. In the case of any optional prepayment, such written notice shall be delivered to the TIFIA Lender not less than ten (10) days or more than thirty (30) days prior to the date set for prepayment, unless otherwise agreed by the TIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the TIFIA Lender. Anything in this Section 10(b) (*Optional Prepayments*) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement.

(c) General Prepayment Instructions. Upon the TIFIA Lender's receipt of confirmation that payment in full of the entire Outstanding TIFIA Loan Balance and any unpaid interest and fees with respect thereto has occurred as a result of a mandatory or optional prepayment, the TIFIA Lender shall surrender the TIFIA Bond to the Borrower or its representative at the principal office of the TIFIA Lender. If the Borrower prepays only part of the unpaid balance of principal of such TIFIA Bond, the TIFIA Lender may make a notation on **Exhibit G** indicating the amount of principal of and interest on such TIFIA Bond then being prepaid. Absent manifest error, the TIFIA Lender's determination of such matters as set forth on **Exhibit G** shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other TIFIA Loan Document. All such partial prepayments of principal shall be applied to reduce future payments due on the TIFIA Bond in accordance with Section 7(b) (*Outstanding TIFIA Loan Balance; Revisions to Exhibit G and Loan Amortization Schedule*). If said monies shall not have been so paid on the prepayment

date, such principal amount of such TIFIA Bond shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

**Section 11.** [Reserved].

**Section 12.** Compliance with Laws. The Borrower shall, and shall require VDOT, which shall in turn require the Construction Contractors at all tiers for the Project, to comply in all material respects with all applicable federal and state laws. In each Standard Project Agreement, VDOT has represented to the Borrower that VDOT will ensure that all work performed relating to a Project, which is evidenced in the Principal Project Contract between VDOT and the applicable Construction Contractor pertaining to such Project, will be completed in accordance with any and all applicable federal, state, and local laws and regulations. The list of federal laws attached as **Exhibit E** is illustrative of the type of requirements generally applicable to transportation projects and is not intended to be exhaustive. The FHWA Division Office has oversight responsibility for the Project, including ensuring compliance in all material respects with all applicable provisions of federal law. The FHWA Division Office and VDOT may agree that VDOT will be responsible for certain Project oversight activities, as may be evidenced in the FHWA Project of Division Interest Stewardship & Oversight Plans. The Borrower acknowledges receipt of the FHWA Project of Division Interest Stewardship & Oversight Plans and hereby agrees that any costs incurred in connection with the Project prior to receipt of all necessary authorizations from the USDOT in respect of such costs (which may include approvals of prior incurred costs) are incurred solely at the Borrower's risk and expense, will not constitute Eligible Project Costs, and no TIFIA Loan proceeds will be disbursed in respect thereof.

**Section 13.** Conditions Precedent.

(a) Conditions Precedent to Effectiveness. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent shall have been satisfied or waived in writing by the TIFIA Lender:

(i) The Borrower shall have duly executed and delivered to the TIFIA Lender this Agreement and the TIFIA Bond, each in form and substance satisfactory to the TIFIA Lender.

(ii) The Borrower shall have delivered to the TIFIA Lender certified, complete, and fully executed copies of each Indenture Document, together with any amendments, waivers or modifications thereto, in each case that has been entered into on or prior to the Effective Date, and each such agreement shall be in full force and effect and in form and substance satisfactory to the TIFIA Lender, and all conditions contained in such documents to the closing of the transactions contemplated thereby shall have been fulfilled or effectively waived (provided that for purposes of this Section 13(a)(ii) (*Conditions Precedent to Effectiveness*), any such waiver shall be subject to the TIFIA Lender's consent in its sole discretion).

(iii) Counsel to the Borrower shall have rendered to the TIFIA Lender legal opinions satisfactory to the TIFIA Lender in its sole discretion (including those

opinions set forth on **Exhibit H-1**) and bond counsel to the Borrower shall have rendered to the TIFIA Lender legal opinions satisfactory to the TIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-2**).

(iv) The Borrower shall have provided a certificate from the Borrower's Authorized Representative as to the absence of debarment, suspension or voluntary exclusion from participation in Government contracts, procurement and non-procurement matters substantially in the form attached hereto as **Exhibit C** with respect to the Borrower and its principals (as defined in 2 C.F.R. § 180.995).

(v) The Borrower shall have delivered to the TIFIA Lender a certificate from the Borrower's Authorized Representative in the form attached hereto as **Exhibit K** (A) as to the satisfaction of certain conditions precedent set forth in this Section 13(a) (*Conditions Precedent to Effectiveness*) as required by the TIFIA Lender, (B) designating the Borrower's Authorized Representative, and (C) confirming such person's position and incumbency.

(vi) The Borrower shall have complied with the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320 and shall have provided evidence thereof satisfactory to the TIFIA Lender.

(vii) The Borrower shall certify to the TIFIA Lender in the certificate from the Borrower's Authorized Representative that the Borrower and VDOT have complied with their respective obligations under each Standard Project Agreement, including the following:

(1) VDOT has complied with the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320 with respect to the Construction Contractors;

(2) VDOT has complied with 2 C.F.R. § 180.305;

(3) All Governmental Approvals necessary to commence construction of the Project have been obtained and that all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach, or revocation);

(4) With respect to the Project, the Borrower and VDOT, respectively, have each complied with NEPA;

(5) The Borrower and VDOT, respectively, have each complied with all applicable requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601 *et seq.*) and Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*);

(6) VDOT and each applicable Principal Project Party, as and if applicable, have obtained insurance with respect to the Project, which meets the requirements of Section 16(e) (*Compliance with Standard Project Agreement*);

(7) Each performance security instrument delivered to or by VDOT pursuant to any Principal Project Contract as of the Effective Date shall be (A) in compliance with the requirements for such performance security pursuant to the applicable Principal Project Contract, and (B) in full force and effect; and

upon the TIFIA Lender's request, shall provide, or shall use commercially reasonable efforts to cause VDOT to provide, evidence thereof satisfactory to the TIFIA Lender.

(viii) The Borrower shall have provided to the TIFIA Lender satisfactory evidence that the Project has been included in (A) the metropolitan transportation improvement program adopted by the Hampton Roads Transportation Planning Organization, (B) the State transportation plan, and (C) the State transportation improvement program approved by the USDOT or its designated agency, in each case to the extent required by 23 U.S.C. §§ 134 and 135, and 23 U.S.C. § 602(a)(3), as applicable; and the financial plan for each such program or plan shall reflect the costs of, and the sources of funding for, the Project.

(ix) The Borrower shall have provided evidence to the TIFIA Lender's satisfaction, no more than thirty (30), but no less than fourteen (14), days prior to the Effective Date, of the assignment by at least two (2) Nationally Recognized Rating Agencies of public ratings of not less than "A-" or "A3" to the TIFIA Loan and to the Existing Indebtedness, and no such rating has been reduced, withdrawn or suspended as of the Effective Date.

(x) The Borrower shall have demonstrated to the TIFIA Lender's satisfaction that as of the Effective Date the funds shown in the Base Case Financial Model to pay Total Project Costs have been fully and completely committed and allocated to the Borrower by the providers thereof, or, in the case of HRTF Revenues, are reasonably anticipated to be available, and that such funds will be sufficient to pay all Total Project Costs necessary to achieve Substantial Completion as and when needed.

(xi) The Borrower shall have provided to the TIFIA Lender certified, complete, and fully executed copies of each Principal Project Contract, together with any amendments, waivers or modifications thereto, in each case that has been entered into on or prior to the Effective Date and each such agreement shall be in full force and effect and in form and substance satisfactory to the TIFIA Lender.

(xii) The Borrower shall have delivered to the TIFIA Lender a certified Base Case Financial Model on or prior to the Effective Date, which Base Case Financial Model shall (A) demonstrate that projected Pledged Revenues are sufficient to meet the

Loan Amortization Schedule, (B) demonstrate a Total Debt Service Coverage Ratio for each Calculation Period through the Final Maturity Date that is not less than [\_\_\_\_], (C) not reflect the commencement of amortization of the principal amount of any Senior Obligations before the Debt Service Payment Commencement Date, (D) use the methodology in **Exhibit I** hereto for the purpose of forecasting HRTF Revenues, and (E) otherwise be in form and substance acceptable to the TIFIA Lender.

(xiii) The Borrower shall have (A) provided evidence satisfactory to the TIFIA Lender that the Borrower is authorized, pursuant Section 33.2-1920, as amended, Code of Virginia of 1950, to pledge, assign, and grant the Liens on the Trust Estate purported to be pledged, assigned, and granted pursuant to the Indenture Documents, without the need for notice to any Person, physical delivery, recordation, filing or further act, (B) recorded or filed, or caused to be recorded or filed, for record in such manner and in such places as are required all documents and instruments, and taken or caused to be taken all other actions, as are necessary or desirable to establish and enforce the Trustee's Lien on the Trust Estate (for the benefit of the Secured Parties) to the extent contemplated by the Indenture Documents, and (C) paid, or caused to be paid, all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any Indenture Documents or any instruments, certificates or financing statements in connection with the foregoing.

(xiv) The Borrower shall have paid in full all invoices delivered by the TIFIA Lender (or by advisors to the TIFIA Lender that have direct billing arrangements with the Borrower) to the Borrower as of the Effective Date for the reasonable fees and expenses of the TIFIA Lender's counsel and financial advisors and any auditors or other consultants employed by the TIFIA Lender for the purposes hereof (such reasonableness to be determined in accordance with Part 31 of the Federal Acquisition Regulation).

(xv) The TIFIA Lender shall have delivered its initial TIFIA Lender's Authorized Representative certificate.

(xvi) The Borrower shall have (A) obtained a Federal Employer Identification Number, (B) obtained a Data Universal Numbering System number, and (C) registered with, and obtained confirmation of active registration status from, the federal System for Award Management ([www.SAM.gov](http://www.SAM.gov)).<sup>9</sup>

(xvii) The Borrower shall have provided to the TIFIA Lender evidence that the Borrower is duly organized and validly existing under the laws of its jurisdiction of formation, with full power, authority and legal right to own its properties and carry on its business and governmental functions as now conducted, including the following documents, each certified by the Borrower's Authorized Representative: (A) a copy of its Organizational Documents, as in effect on the Effective Date (and certified by the Secretary of State of the State or the state of its formation, to the extent applicable),

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<sup>9</sup>Note to HRTAC: Acquisition of a DUNS number and registration with SAM can have significant lead times (often in excess of thirty (30) days) and are the requirements of the Borrower to pursue and obtain. The USDOT advises applicants to begin this process early to avoid any delays in closing due to failure to obtain active registration status.

which Organizational Documents shall be in full force and effect and shall not have been amended since the date of the last amendment thereto shown on the certificate, (B) a copy of all resolutions authorizing the Borrower to execute and deliver, and to perform its respective obligations under, the TIFIA Loan Documents to which it is a party, and such resolutions have not been subsequently modified, rescinded or amended, are in full force and effect in the form adopted, and are the only resolutions adopted by the Borrower relating to the matters described therein, and (C) a copy of such further instruments and documents as are necessary, appropriate or advisable to effectuate the foregoing resolutions and to consummate and implement the transactions contemplated by such resolutions and the TIFIA Loan Documents.

(xviii) The Borrower shall have provided the TIFIA Lender records of the Eligible Project Costs incurred prior to the Effective Date, in form and substance satisfactory to the TIFIA Lender and in sufficient time prior to the Effective Date to permit the TIFIA Lender and the FHWA Division Office to review such costs.

(xix) The representations and warranties of the Borrower set forth in this Agreement (including Section 14 (*Representations and Warranties of Borrower*)) and in each other Related Document shall be true and correct, as of the Effective Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

(xx) The Borrower shall have provided the TIFIA Lender with evidence satisfactory to the TIFIA Lender that, as of the Effective Date (A) the maximum principal amount of the TIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed thirty-three percent (33%) of reasonably anticipated Eligible Project Costs and (B) as required pursuant to § 603(b)(9) of the Act, the total federal assistance provided to the Project, including the maximum principal amount of the TIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Eligible Project Costs.

(xxi) The Borrower shall have delivered to the TIFIA Lender a duly executed certificate from the Trustee in the form attached hereto as **Exhibit J**.

(xxii) The Borrower shall have provided a certificate from the Borrower's Authorized Representative as to the prohibition on the use of appropriated funds for lobbying substantially in the form attached hereto as **Exhibit N** in accordance with 49 C.F.R. §20.100(b).

(xxiii) The Borrower shall have delivered such other agreements, documents, instruments, opinions and other items required by the TIFIA Lender, all in form and substance satisfactory to the TIFIA Lender, including evidence that all other Project funding requirements have been met (including evidence of other funding sources or funding commitments and evidence of the closing of the Existing Indebtedness).

(b) Conditions Precedent to All Disbursements. Notwithstanding anything in this Agreement to the contrary, the TIFIA Lender shall have no obligation to make any disbursement of loan proceeds to the Borrower (including the initial disbursement hereunder) until each of the following conditions precedent has been satisfied or waived in writing by the TIFIA Lender:

(i) With respect to any disbursement occurring sixty (60) days or more after the Effective Date, the Borrower shall have provided the Financial Plan, or the most recent update thereto, in each case in accordance with Section 22(a) (*Financial Plan*), which Financial Plan (or update thereto) reflects that amortization of the principal amount of any outstanding Bonds does not commence before the Debt Service Payment Commencement Date.

(ii) To the extent not previously delivered to the TIFIA Lender, the Borrower shall have delivered to the TIFIA Lender certified, complete and fully executed copies of any Indenture Documents entered into after the Effective Date.

(iii) To the extent not previously delivered to the TIFIA Lender, the Borrower shall have provided certified copies of all Principal Project Contracts requested by the TIFIA Lender pursuant to Section 16(b) (*Copies of Documents*) (including, in each case, any amendment, modification or supplement thereto) entered into after the Effective Date.

(iv) The Borrower shall have demonstrated to the TIFIA Lender's satisfaction that VDOT has complied with its obligations under each Standard Project Agreement and shall provide, or shall use commercially reasonable efforts to cause VDOT to provide, upon the TIFIA Lender's request evidence thereof satisfactory to the TIFIA Lender, including the following:

(1) All Governmental Approvals necessary as of the time of the applicable disbursement for the development, construction, operation and maintenance of the Project have been issued and are in full force and effect;

(2) Each Construction Contractor has maintained surety bonds and insurance coverage and amounts as required by the applicable Principal Project Contract; and

(3) Each of the insurance policies obtained by any applicable Principal Project Party in satisfaction of the conditions in Section 13(a)(vii)(6) (*Conditions Precedent to Effectiveness*) is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.

(v) At the time of, and immediately after giving effect to, any disbursement of TIFIA Loan proceeds then currently requested, (A) no Default or Event of Default hereunder and no event of default (howsoever described or designated) under any other Related Document (other than an event of default of a Principal Project Party)

shall have occurred and be continuing, (B) no material event of default (howsoever described or designated) of any Principal Project Party under any Principal Project Contract shall have occurred and be continuing, and (C) no event or condition that, with the giving of notice, the passage of time, or both, would constitute an event of default (howsoever described or designated) of the Borrower under any other Related Document, in each case, shall have occurred and be continuing.

(vi) The representations and warranties of the Borrower set forth in this Agreement (including Section 14 (*Representations and Warranties of Borrower*)) and in each other Related Document shall be true, correct, and complete as of each date on which any disbursement of the TIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).

(vii) No Material Adverse Effect, or any event or condition that could reasonably be expected to result in a Material Adverse Effect, shall have occurred and be continuing since the date the Borrower submitted the Application to the TIFIA Lender.

(viii) The Borrower shall have delivered to the TIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions*), and the TIFIA Lender shall have approved (or be deemed to have approved in accordance with Section 4(b) (*Disbursement Conditions*)) such Requisition.

(ix) The Borrower shall have paid in full all invoices received from the TIFIA Lender as of the date of disbursement of the TIFIA Loan, for the reasonable fees and expenses of the TIFIA Lender's counsel and financial advisors and any auditors or other consultants employed by the TIFIA Lender for the purposes hereof (such reasonableness to be determined in accordance with Part 31 of the Federal Acquisition Regulation).

(x) To the extent not previously delivered to the TIFIA Lender, the Borrower shall request and upon receipt provide all certified, completed and fully executed copies of each performance security instrument delivered to or by VDOT pursuant to any Principal Project Contract as of the date of disbursement of the TIFIA Loan, each of which performance security instruments shall be (A) in compliance with the requirements for such performance security pursuant to the applicable Principal Project Contract, and (B) in full force and effect.

**Section 14. Representations and Warranties of Borrower.** The Borrower hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties below other than those contained in Section 14(b) (*Officer's Authorization*) and Section 14(k) (*Credit Ratings*), as of each date on which any disbursement of the TIFIA Loan is requested or made:

(a) Organization; Power and Authority. The Borrower is a body politic and a political subdivision duly organized, validly existing and in good standing under the laws of the State, has full legal right, power and authority to enter into the Related Documents then in



existence, to execute and deliver the TIFIA Bond, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of the Related Documents.

(b) Officers' Authorization. As of the Effective Date, the officers of the Borrower executing (or that previously executed) the Related Documents, and any certifications or instruments related thereto, to which the Borrower is a party are (or were at the time of such execution) duly and properly in office and fully authorized to execute the same.

(c) Due Execution; Enforceability. Each of the Related Documents in effect as of any date on which this representation and warranty is made, and to which the Borrower is a party, has been duly authorized, executed and delivered by the Borrower and constitutes the legal, valid and binding agreement of the Borrower enforceable in accordance with its terms, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and (ii) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law).

(d) Non-Contravention. The execution and delivery of the Related Documents to which the Borrower is a party, the consummation of the transactions contemplated in the Related Documents and the fulfillment of or compliance with the terms and conditions of the Related Documents will not (i) conflict with the Borrower's Organizational Documents, (ii) conflict in any material respect with, or constitute a violation, breach or default (whether immediately or after notice or the passage of time or both) by the Borrower of or under, any applicable law, administrative rule or regulation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties or assets are otherwise subject or bound, or (iii) result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for Liens imposed pursuant to the TIFIA Loan Documents.

(e) Consents and Approvals. No consent or approval of any trustee, holder of any indebtedness of the Borrower or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by the Borrower of the Related Documents, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by the Related Documents or (B) the fulfillment of or compliance by the Borrower with the terms and conditions of the Related Documents, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed.

(f) Litigation. As of the Effective Date, there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting the Project or the ability of the Borrower to execute, deliver and perform its obligations under the Related Documents. As of the Effective Date and as of each other date on

which the representations and warranties herein are made or confirmed, there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation before or by any court or other Governmental Authority pending, or to the knowledge of the Borrower, threatened against or affecting the Project, the Borrower or the assets, properties or operations of the Borrower, that in any case could reasonably be expected to result in a Material Adverse Effect. To the Borrower's knowledge, there are no actions of the type described above pending, threatened against, or affecting any of the Principal Project Parties except for matters arising after the Effective Date that could not reasonably be expected to (i) result in a Material Adverse Effect or (ii) adversely affect the Borrower's ability to receive Pledged Revenues in amounts sufficient to meet the financial projections contained in the Base Case Financial Model (or any Revised Financial Model, to the extent any Revised Financial Model has been approved by the TIFIA Lender). The Borrower is not in default (and no event has occurred and is continuing that, with the giving of notice or the passage of time or both, could constitute a default) with respect to any Governmental Approval, which default could reasonably be expected to result in a Material Adverse Effect.

(g) Security Interests. The Indenture Documents and Section 33.2-1920, as amended, Code of Virginia of 1950, establish, in favor of the Trustee for the benefit of the TIFIA Lender, the valid and binding Liens on the Trust Estate that they purport to create, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. Such Liens are in full force and effect and are not subordinate or junior to any other Liens in respect of the Trust Estate except for the Liens associated with Senior Obligations and Intermediate Lien Obligations, and not *pari passu* with any obligations other than the Subordinate Obligations. The Borrower has duly and lawfully taken all actions required under this Agreement, the Indenture Documents, and applicable laws for the pledge of the Trust Estate pursuant to and in accordance with the Indenture Documents. The Borrower is not in breach of any covenants set forth in Section 16(a) (*Securing Liens*) or in the Indenture Documents with respect to the matters described in such section or documents. As of the Effective Date and as of each other date this representation and warranty is made, (i) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable Lien on the Trust Estate in favor of the Trustee (for the benefit of the Secured Parties) to the extent contemplated by the Indenture Documents, and (ii) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any Indenture Documents or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, perfection, validity, enforceability or priority of the security interest in the Trust Estate granted pursuant to the Indenture Documents is governed by Article 9 of the UCC.

(h) No Debarment. The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters or delinquent on a Government debt as more fully set forth in the certificate delivered pursuant to Section 13(a)(iv) (*Conditions Precedent to Effectiveness*).

(i) Accuracy of Representations and Warranties. The representations, warranties and certifications of the Borrower set forth in this Agreement and the other Related Documents are true, correct, and complete, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true, correct, and complete as of such earlier date).

(j) Transportation Improvement Program. The Project has been included in (i) the metropolitan transportation improvement program adopted by the Hampton Roads Transportation Planning Organization, (ii) the State transportation plan, and (iii) the State transportation improvement program approved by the USDOT or its designated agency, in each case to the extent required by 23 U.S.C. §§ 134 and 135 and 23 U.S.C. § 602(a)(3), as applicable. The financial plan for each such program or plan reflects the amount of the TIFIA Loan and all other federal funds to be used for the Project as sources of funding for the Project.

(k) Credit Ratings. The TIFIA Bond and the Existing Indebtedness outstanding as of the Effective Date have received a public credit rating of not less than “A-” or “A3” (or such equivalents for short-term obligations) from at least two (2) Nationally Recognized Rating Agencies, and written evidence of each such public rating has been provided to the TIFIA Lender prior to the Effective Date, and neither public rating has been reduced, withdrawn or suspended as of the Effective Date.

(l) No Defaults. No Default or Event of Default, and no event of default (howsoever described or designated) of the Borrower under any Related Document has occurred and is continuing.

(m) Governmental Approvals. All Governmental Approvals required as of the Effective Date and any subsequent date on which this representation is made (or deemed made) for the undertaking and completion of the Project, and for the operation and management thereof, have been obtained or effected and are in full force and effect and there is no basis for, nor proceeding that is pending or threatened that could reasonably be expected to result in, the revocation of any such Governmental Approval.

(n) Principal Project Contracts. Each Principal Project Contract in effect as of any date on which this representation and warranty is made is in full force and effect and all conditions precedent to the obligations of the respective parties under each Principal Project Contract have been satisfied. The Borrower has delivered to the TIFIA Lender a fully executed, complete, and correct copy of each such Principal Project Contract required to be delivered to, or requested by, the TIFIA Lender pursuant to Section 16(b) (*Copies of Documents*) (including, in each case, all exhibits, schedules and other attachments) that is in effect, including any amendments or modifications thereto and any related credit support instruments or side letters. No event has occurred that gives the Borrower (as applicable) or, to the Borrower’s knowledge, any Principal Project Party, the right to terminate any Principal Project Contract. The Borrower is not in breach of, or in default under, any Principal Project Contract (as applicable), and, to the knowledge of the Borrower, no Principal Project Party is in breach of, or in default under, any material term of any Principal Project Contract (as applicable).

(o) Information. The information furnished by the Borrower to the TIFIA Lender, when taken as a whole, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein not misleading as of the date made or furnished; provided that no representation or warranty is made with regard to projections or other forward-looking statements provided by or on behalf of the Borrower (including the Base Case Financial Model, any Revised Financial Model, and the assumptions therein) except that the assumptions in the Base Case Financial Model and any Revised Financial Model were reasonable in all material respects when made.

(p) OFAC; Anti-Corruption Laws.

(i) None of the Borrower nor, to the knowledge of the Borrower, any Principal Project Party is a Sanctioned Person.

(ii) None of the Borrower nor, to the knowledge of the Borrower, any Principal Project Party is in violation of or, since the date that is five (5) years prior to the Effective Date, has violated: (A) any applicable Anti-Money Laundering Laws; (B) any applicable Sanctions; (C) any applicable Anti-Corruption Laws; or (D) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal; or

(iii) There are no pending or, to the knowledge of the Borrower, threatened claims or investigations by any Governmental Authority against, or any internal investigations conducted by, the Borrower or any Principal Project Party, with respect to any possible or alleged violations of any Sanctions, Anti-Money Laundering Laws, Anti-Corruption Laws, or any anti-drug trafficking or anti-terrorism laws.

(iv) No use of proceeds of the TIFIA Loan or other transaction contemplated by this Agreement or any other Related Document will violate any applicable Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws, or any applicable anti-drug trafficking or anti-terrorism laws.

(q) Trust Estate. The TIFIA Debt Service payments are limited obligations of the Borrower, payable solely from the Trust Estate held under the Indenture, which is funded solely from the HRTAC Revenues paid by the State to the Borrower pursuant to the HRTAC Act. The obligation of the Borrower to make TIFIA Debt Service payments does not constitute an indebtedness of the State or any political subdivision thereof other than the Borrower within the meaning or application of any constitutional provision or limitation. The obligation of the Borrower to make TIFIA Debt Service payments does not constitute a pledge of the faith, credit or taxing power of the State or any political subdivision thereof within the meaning or application of any constitutional provision or limitation. The Borrower has no taxing power.

(r) Compliance with Law. The Borrower is in compliance in all material respects with, and has conducted (or caused to be conducted) its business and government functions and the business and operations of the Project in compliance in all material respects with, all applicable laws (other than Environmental Laws, which are addressed in Section 14(s) (*Environmental Matters*)), including those set forth on **Exhibit E**, to the extent applicable. To the Borrower's knowledge, each Principal Project Party is, and has caused its respective

contractors and subcontractors to be, in compliance in all material respects with all applicable laws, including those set forth on **Exhibit E**, to the extent applicable. No notices of violation of any applicable law have been issued, entered or received by the Borrower (as applicable) or, to the Borrower's knowledge and solely in respect of the Project or any Principal Project Contract, any Principal Project Party, other than, in each case, notices of violations that are immaterial.

(s) Environmental Matters. To the Borrower's knowledge, each Principal Project Party is in compliance with all laws applicable to the Project relating to (i) air emissions, (ii) discharges to surface water or ground water, (iii) noise emissions, (iv) solid or liquid waste disposal, (v) the use, generation, storage, transportation or disposal of toxic or hazardous substances or wastes, (vi) biological resources (such as threatened and endangered species), and (vii) other environmental, health or safety matters, including all laws applicable to the Project referenced in the notice "Federal Environmental Statutes, Regulations, and Executive Orders Applicable to the Development and Review of Transportation Infrastructure Projects," 79 Fed. Reg. 22756 (April 23, 2014) (or any successor Federal Register notice of similar import), which document is available at <http://www.transportation.gov/policy/transportation-policy/environment/laws> ("**Environmental Laws**"). All Governmental Approvals for the Project relating to Environmental Laws have been, or, when required, will be, obtained and are (or, as applicable, will be) in full force and effect. The Borrower is not aware of any written communication or notice, whether from a Governmental Authority, employee, citizens group, or any other Person, that alleges that a Principal Project Party is not in full compliance with all Environmental Laws and Governmental Approvals relating thereto in connection with the Project and, to the Borrower's knowledge, there are no circumstances that may prevent or interfere with full compliance in the future by a Principal Project Party with any such Environmental Law or Governmental Approval. The Borrower has provided to the TIFIA Lender all material assessments, reports, results of investigations or audits, and other material information in the possession of or reasonably available to the Borrower regarding the Project's compliance with (A) Environmental Laws, and (B) Governmental Approvals relating to Environmental Laws that are required for the Project.

(t) Sufficient Rights and Utilities. As evidenced in each Principal Project Contract, VDOT, as the State entity responsible for building, maintaining, and operating the interstate, primary, and secondary state highway systems in the State, possesses either valid legal and beneficial title to, leasehold title in, or other valid legal rights with respect to the real property relating to the Project, in each case as is necessary and sufficient for the construction, operation, maintenance and repair of the Project. The Principal Project Contracts then in effect and the Governmental Approvals that have been obtained and are then in full force and effect create rights in VDOT sufficient to enable VDOT to own, construct, operate, maintain and repair the Project and to perform its obligations under the Principal Project Contracts to which it is a party. All utility services, means of transportation, facilities and other materials necessary for the construction and operation of the Project (including, as necessary, gas, electrical, water and sewage services and facilities) are, or will be when needed, available to the Project and arrangements in respect thereof have been made on commercially reasonable terms.

(u) Insurance. To the best of Borrower's knowledge and after due inquiry, VDOT is in compliance with all insurance obligations under, and maintains, or causes to be

maintained, at all times and with responsible insurers, all insurance as required by, each of the Principal Project Contracts.

(v) Title. The Borrower has valid legal and beneficial title to, or a valid leasehold interest in, the personal property and other assets and revenues thereof (including the Pledged Revenues and the Trust Estate) on which it purports to grant Liens pursuant to the Indenture Documents, in each case free and clear of any Lien of any kind, except for Liens on the Senior Obligations and Intermediate Lien Obligations.

(w) No Liens. Except for Liens on the Senior Obligations and Intermediate Lien Obligations, the Borrower has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Trust Estate, the Project, the Pledged Revenues, or the properties or assets in relation to the Project.

(x) Intellectual Property. To the Borrower's knowledge, VDOT owns, or has adequate licenses or other valid rights to use, all patents, trademarks, service marks, trade names, copyrights, franchises, formulas, licenses and other rights with respect thereto and has obtained assignment of all licenses and other rights of whatsoever nature, in each case necessary for the Project and the operation of its business. To the Borrower's knowledge, there exists no conflict with the rights or title of any third party with respect to the intellectual property described in the preceding sentence. Excluding the use of commercially available "off-the-shelf" software, to the Borrower's knowledge, no product, process, method, substance, part or other material produced or employed or presently contemplated to be produced by or employed by the Project infringes or will infringe any patent, trademark, service mark, trade name, copyright, franchise, formula, license or other intellectual property right of any third party.

(y) Investment Company Act. The Borrower is not, and after applying the proceeds of the TIFIA Loan will not be, required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and is not "controlled" by a company required to register as an "investment company" under the Investment Company Act of 1940, as amended.

(z) Financial Statements. Each income statement, balance sheet, and statement of operations and cash flows (collectively, "**Financial Statements**") delivered to the TIFIA Lender pursuant to Section 22(c) (*Financial Statements*) has been prepared in accordance with GASB and presents fairly, in all material respects, the financial condition of the Borrower as of the respective dates of the balance sheets included therein and the results of operations of the Borrower for the respective periods covered by the statements of income included therein. Except as reflected in such Financial Statements, there are no liabilities or obligations of the Borrower of any nature whatsoever for the period to which such Financial Statements relate that are required to be disclosed in accordance with GASB.

(aa) Taxes. The Borrower is not required to file tax returns with any Governmental Authority.

(bb) ERISA. Neither the Borrower nor any ERISA Affiliate maintains or otherwise has any liability in respect of any plan or other arrangement that is subject to ERISA or Section 412 of the Code.

(cc) Sufficient Funds. The aggregate of (i) all funds that are undrawn but fully and completely committed under the Indenture Documents and this Agreement and (ii) all funds available under any other unused funding that is committed and available, will be sufficient to pay all Total Project Costs necessary to achieve Substantial Completion.

(dd) Sovereign Immunity. The Borrower either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the Borrower under any of the Related Documents to which it is a party or the transactions contemplated hereby or thereby, including the obligations of the Borrower hereunder and thereunder, or, to the extent that the Borrower has such immunity, the Borrower has waived such immunity pursuant to Section 16(n) (*Immunity*).

(ee) Patriot Act. The Borrower is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act.

(ff) Compliance with Federal Requirements. With respect to the Project, the Borrower has complied and, to the Borrower's knowledge, VDOT has complied with all applicable requirements of NEPA, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601 *et seq.*), and Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*).

**Section 15.** Representations and Warranties of TIFIA Lender. The TIFIA Lender represents and warrants that:

(a) Power and Authority. The TIFIA Lender has all requisite power and authority to make the TIFIA Loan and to perform all transactions contemplated by the Related Documents to which it is a party.

(b) Due Execution; Enforceability. The Related Documents to which it is a party have been duly authorized, executed and delivered by the TIFIA Lender, and are legally valid and binding agreements of the TIFIA Lender, enforceable in accordance with their terms.

(c) Officers' Authorization. The officers of the TIFIA Lender executing each of the Related Documents to which the TIFIA Lender is a party are duly and properly in office and fully authorized to execute the same on behalf of the TIFIA Lender.

**Section 16.** Affirmative Covenants. The Borrower covenants and agrees as follows until the date the TIFIA Bond and the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in cash and the TIFIA Lender no longer has any commitment to make disbursements to the Borrower, unless the TIFIA Lender waives compliance in writing:

(a) Securing Liens. The Borrower shall at any and all times, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such

further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens in and to the Trust Estate (whether now existing or hereafter arising) granted to the Trustee for the benefit of the TIFIA Lender pursuant to the Indenture Documents, or intended so to be granted pursuant to the Indenture Documents, or which the Borrower may become bound to grant, and the Borrower shall at all times maintain the Trust Estate free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto that has priority over, or equal rank with, the Liens created by the Indenture Documents, other than as permitted by this Agreement, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Trust Estate granted pursuant to the Indenture Documents and all the rights of the Trustee for the benefit of the TIFIA Lender under the Indenture Documents against all claims and demands of all Persons whomsoever, subject to the Liens securing the Senior Obligations and Intermediate Lien Obligations.

(b) Copies of Documents. The Borrower shall furnish to the TIFIA Lender a copy of any draft documents and final offering documents (including any Indenture Documents) and cash flow projections prepared in connection with the incurrence of any Permitted Debt (including the Project BANs) or other indebtedness subject to approval by the TIFIA Lender pursuant to Section 17(a) (*Indebtedness*), in each case prior to the incurrence of any such Permitted Debt or such other indebtedness, as well as copies of any continuing disclosure documents, prepared by or on behalf of the Borrower in connection with the incurrence of such Permitted Debt or such other indebtedness, in each case promptly following the preparation or filing thereof. Except as otherwise agreed by the TIFIA Lender in writing, the Borrower will provide to the TIFIA Lender (i) copies of any draft documents relating to the incurrence of Permitted Debt (other than equipment leases and trade accounts included in such definition) at least thirty (30) days prior to the effective date thereof and (ii) copies of fully executed or final versions of such documentation within ten (10) days following execution or completion thereof.

(c) Use of Proceeds. The Borrower shall use the proceeds of the TIFIA Loan for purposes permitted by applicable law and as otherwise permitted under this Agreement and the other Related Documents.

(d) Verification Requirements. The Borrower shall comply with the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320 and the requirements of 2 C.F.R. § 180.305.

(e) Compliance with Standard Project Agreement. The Borrower shall ensure that VDOT has complied with its obligations under each Standard Project Agreement and shall pursue all available remedies pursuant thereto to ensure VDOT's continued compliance therewith, including:

(i) Completion of the Project is in accordance with the respective Construction Schedule;



(ii) VDOT and each Construction Contractor is in compliance with the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320 and the requirements of 2 C.F.R. § 180.305;

(iii) VDOT's operation and maintenance of the Project;

(iv) All Government Approvals necessary for the development, construction, operation, and maintenance of the Project have been issued and are in full force and effect; and

(v) Each Construction Contractor has maintained surety bonds and insurance coverage and amounts as required by the applicable Principal Project Contract.

(f) Notice.

(i) The Borrower shall, within five (5) Business Days after the Borrower learns of the occurrence, give the TIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event:

(A) Substantial Completion: the occurrence of Substantial Completion, such notice to be provided in the form set forth in **Exhibit L**;

(B) Events of Default: any Event of Default or any event that, with the giving of notice or the passage of time or both, would constitute an Event of Default;

(C) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against the Borrower before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, or the receipt by the Borrower in writing of any threat of litigation, suit, action, or proceeding, or of any written claim against the Borrower or VDOT with respect to the Project that, in each case, could reasonably be expected to have a Material Adverse Effect, and any material changes in the status of such litigation, suit, action or claim, [and] (2) any judgments against the Borrower with award amounts in excess of \$[1,000,000], either individually or in the aggregate;

(D) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including the Projected Substantial Completion Date) set forth in the Construction Schedule, together with a written explanation of the reasons for such failure or delay and the Borrower's plans to remedy or mitigate the effects of such failure or delay;

(E) Environmental Notices: any material notice of violation under any Environmental Law related to the Project or any material changes to the NEPA Determination;

(F) Amendments: except as otherwise agreed by the TIFIA Lender in writing, copies of (1) any proposed amendments to any Principal Project Contract or other Related Document at least thirty (30) days prior to the effective date thereof and (2) fully executed amendments within ten (10) days following execution thereof;

(G) Principal Project Contract Defaults: any material breach or default or event of default on the part of the Borrower, VDOT, or any other party under any Principal Project Contract;

(H) Uncontrollable Force: the occurrence of any Uncontrollable Force that could reasonably be expected to result in a Material Adverse Effect;

(I) Project Changes: any (A) change to the Total Project Costs forecasts in excess of [five] percent ([5]%) of total forecasted Total Project Costs] or (B) material change to the Construction Schedule;

(J) Ratings Changes: any change in the rating assigned to any Bonds by any Nationally Recognized Rating Agency that has provided a public rating on such indebtedness, the Borrower, or the Pledged Revenues;

(K) 2 C.F.R. Notices: (1) that any of the information set forth in the certificate provided pursuant to Section 13(a)(iv) (*Conditions Precedent to Effectiveness*) was incorrect at the time the certificate was delivered or there has been a change in status of the Borrower or any of its principals with respect to the criteria set forth in 2 C.F.R. § 180.335; (2) any other notification required pursuant to 2 C.F.R. § 180.350; and (3) any violation of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the TIFIA Loan as described in 2 C.F.R. § 200.113, and the Borrower shall require VDOT, the Construction Contractors, and each of their subcontractors for the Project to provide it notice of any such violation;

(L) Appropriations: if the appropriation of the HTRF Revenues to the HRTF (1) was not included in each biennial budget or any supplemental budget that is presented to the General Assembly, and/or (2) if the General Assembly failed to appropriate for the next State fiscal biennium; and

(M) Other Adverse Events: the occurrence of any other event or condition, including any notice of breach from a contract counterparty, that could reasonably be expected to result in a Material Adverse Effect.

(ii) The Borrower shall provide the TIFIA Lender with any further information reasonably requested by the TIFIA Lender from time to time concerning the matters described in Section 16(f)(i) (*Notice*).

(g) Remedial Action. Within thirty (30) calendar days after the Borrower learns of the occurrence of an event specified in Section 16(f)(i) (*Notice*) (other than in Section 16(f)(i)(A) (*Substantial Completion*), (Section 16(f)(i)(F) (*Amendments*), or Section 16(f)(i)(J) (*Ratings Changes*) (in the case of a ratings upgrade)), the Borrower's Authorized Representative shall provide a statement to the TIFIA Lender setting forth the actions the Borrower proposes to take with respect thereto.

(h) Maintain Legal Structure. The Borrower shall maintain its existence as a body politic and a political subdivision under the laws of the State.

(i) Annual Rating. The Borrower shall, commencing in 2020, no later than the last Business Day of June of each year during the term of the TIFIA Bond, at no cost to the TIFIA Lender, provide to the TIFIA Lender a public rating on the TIFIA Bond and any other Bonds outstanding by a Nationally Recognized Rating Agency, together with the rating report or letter delivered by such Nationally Recognized Rating Agency in connection with each such rating, in each case prepared no earlier than June 1 of such year.

(j) Project Funds; Permitted Investments.

(i) To the extent that a Debt Service Reserve Fund and Debt Service Reserve Requirement is established at any lien level with respect to a Series (as defined in the Indenture) of Bonds, the Borrower shall maintain such Debt Service Reserve Fund in an amount equal to such Debt Service Reserve Requirement in accordance with the provisions of this Agreement and the applicable Indenture Documents. Amounts in the Debt Service Reserve Fund shall be made available to ensure the timely payment of the principal, interest, and premium, if any, on the Bonds to which it relates.

(ii) To the extent not provided in Section 16(j)(i) (*Project Funds; Permitted Investments*), the Borrower shall cause the other Reserve Accounts to be funded in such amounts and under such conditions as are required by this Agreement and the Indenture Documents.

(iii) Amounts on deposit in the Project Funds shall be held uninvested or invested in Permitted Investments. Permitted Investments must mature or be redeemable at the election of the holder as follows: (A) with respect to Permitted Investments maintained in the TIFIA Debt Service Reserve Fund, not later than the next Semi-Annual Payment Date, (B) with respect to Permitted Investments maintained in the TIFIA Debt Service Fund or in any debt service account in respect of Senior Obligations corresponding to amounts needed for the payment of interest, not later than the next Semi-Annual Payment Date, (C) with respect to Permitted Investments maintained in the TIFIA Debt Service Fund or in any debt service account for Senior Obligations corresponding to amounts needed for the repayment of principal, the next Payment Date for repayment of principal in respect of such debt, and (D) with respect to any other

Project Funds, on or prior to the date on which the funds invested in such Permitted Investments are reasonably expected to be needed for any payment from the applicable Project Fund.

(iv) The Borrower may replace all or a portion of the required balance of any Reserve Account, in accordance with the terms of the applicable Indenture Documents, with a Credit Facility provided by a financial institution with an Acceptable Credit Rating. If at any time an issuer of an Acceptable Letter of Credit securing a Reserve Account ceases to be a Qualified Issuer, the Borrower shall cause such letter of credit to be replaced by a new Acceptable Letter of Credit within ten (10) calendar days of the date on which the current issuer ceased to be a Qualified Issuer, or the Trustee shall be permitted to immediately draw the full amount of such letter of credit and deposit the proceeds of such drawing into the applicable Reserve Account. Any new Acceptable Letter of Credit shall have the same terms and conditions (including expiration date and face amount) as the letter of credit being replaced, or such other terms and conditions as may be satisfactory to the TIFIA Lender. If any letter of credit securing a Reserve Account is scheduled to expire prior to the Final Maturity Date, the Borrower shall replace such letter of credit with a new Acceptable Letter of Credit at least ten (10) Business Days prior to the stated expiry date of the existing letter of credit and such new Acceptable Letter of Credit shall be in an amount equal to at least the amount of expiring letter of credit. If the Borrower fails to provide such new Acceptable Letter of Credit by the date required above, the Trustee shall be permitted to immediately draw the full undrawn amount of the existing letter of credit and deposit the proceeds of such drawing into the applicable Reserve Account.

(k) Material Obligations; Liens. The Borrower shall pay its material obligations promptly and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or the Borrower's income or profits or in respect of its property, before the same shall become delinquent or in default; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GASB, applied on a consistent basis.

(l) Hedging.

(i) As a condition to the issuance of any Senior Obligations or Intermediate Lien Obligations that bear interest at a Variable Interest Rate, the Borrower shall enter into a Qualified Hedge with respect to such Senior Obligations or Intermediate Lien Obligations and shall maintain such Qualified Hedge in place until the earlier to occur of (i) the maturity date of any such Senior Obligations or Intermediate Lien Obligations and (ii) the Final Maturity Date. Each Qualified Hedge must have an aggregate stated notional amount of not less than (A) during the Construction Period, at least ninety percent (90%) and not more than one hundred ten percent (110%) of the aggregate principal amount of the Variable Interest Rate Obligations to which such Qualified Hedge applies projected to be outstanding during such time period and (B) at

all other times, at least ninety-eight percent (98%) and not more than one hundred two percent (102%) of the aggregate principal amount of the Variable Interest Rate Obligations to which such Qualified Hedge applies projected to be outstanding until the maturity of such Variable Interest Rate Obligations to which such Qualified Hedge applies. Any such Qualified Hedge shall have a payment profile that is reasonably consistent with the expected draw and repayment schedule of the applicable Variable Interest Rate Obligations subject to such Qualified Hedge. Such Qualified Hedge shall have a stated maturity or termination date not earlier than the earlier to occur of (x) the Final Maturity Date and (y) the final maturity date of the Variable Interest Rate Obligations subject to such Qualified Hedge.

(ii) Each Qualified Hedge shall provide for a fixed interest rate resulting in fixed payment amounts payable by the Borrower to the Qualified Hedge Provider. The Borrower's obligations to pay Hedging Obligations and Hedging Termination Obligations shall be from the sources and in the priority specified in the Indenture Documents.<sup>10</sup> The Borrower shall ensure that, as of the day following the termination date of any Qualified Hedge that for any reason terminates before the final maturity date of the Variable Interest Rate Obligations subject to such Qualified Hedge, (A) a Subsequent Qualified Hedge (as defined below) is in full force and effect or (B) the Variable Interest Rate Obligations have been converted to a fixed rate, in each case in accordance with this Agreement and the Indenture Documents.

(iii) Any Hedging Transaction entered into subsequent hereto (a **"Subsequent Qualified Hedge"**) shall (A) be a Qualified Hedge, (B) commence no later than the termination date of the Qualified Hedge that is terminating and (C) terminate no earlier than the earlier to occur of (1) the Final Maturity Date and (2) the final maturity date of the Variable Interest Rate Obligations subject to such Subsequent Qualified Hedge.

(iv) The Borrower shall not commence seeking any bids from any Qualified Hedge Provider for a Subsequent Qualified Hedge unless, at least thirty (30) days prior thereto, the Borrower has delivered to the TIFIA Lender evidence satisfactory to the TIFIA Lender and certified by the Borrower's Authorized Representative that the process to be utilized by the Borrower for selecting such Subsequent Qualified Hedge is a competitive process designed to obtain a fair market price and to avoid conflicts of interest. At the time the Subsequent Qualified Hedge is priced, the Borrower shall provide to the TIFIA Lender a certificate from a qualified third party acceptable to the TIFIA Lender to the effect that either the underlying LIBOR based fixed rate or the price of acquiring such Subsequent Qualified Hedge is a fair price based on the interest rate market at the time such Qualified Hedge is priced.

(v) The Trustee shall be granted a security interest in each Qualified Hedge and payments due under each Qualified Hedge in order to secure the Borrower's obligations under the TIFIA Loan Documents. The Hedging Agreements shall provide

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<sup>10</sup>To discuss with Bond Counsel.

that all payments due thereunder to the Borrower shall be made directly to the Trustee for deposit and disbursement in accordance with the Indenture Documents.

(vi) The Borrower shall neither terminate (other than Permitted Hedging Terminations), transfer, nor consent to any transfer (other than to a Qualified Hedge Provider) of any existing Qualified Hedge without the TIFIA Lender's prior written consent as long as the Borrower is required to maintain a Qualified Hedge pursuant to this Agreement.

(vii) If at any time a Hedging Bank no longer satisfies the requirements for a Qualified Hedge Provider, the Borrower shall, within thirty (30) days (or such lesser number of days required by the applicable Hedging Agreement, including any credit support annex thereto) of the date on which such Hedging Bank failed to qualify as a Qualified Hedge Provider, either (A) cash collateralize the mark-to-market value of the Hedging Termination Obligations (in accordance with the credit support annex or similar requirements of the applicable Hedging Agreement) or provide a guarantee for such amount from an entity with an Acceptable Credit Rating, or (B) cause such disqualified Hedging Bank to be replaced by a Qualified Hedge Provider, whether by means of a transfer of the disqualified Hedging Bank's Hedging Agreement to a Qualified Hedge Provider or by means of a termination of such disqualified Hedging Bank's Hedging Agreement and replacement thereof by a Hedging Agreement with a Qualified Hedge Provider on terms and conditions that satisfy the requirements of this Section 16(l) (*Hedging*); provided that if the disqualified Hedging Bank's highest credit rating from any Nationally Recognized Rating Agency is less than "A-", "A3" or the equivalent, clause (A) shall not apply and the Borrower shall be required to cause such disqualified Hedging Bank to be replaced by a Qualified Hedge Provider pursuant to clause (B).

(m) SAM Registration. The Borrower shall (i) maintain its active registration status with the federal System for Award Management ([www.SAM.gov](http://www.SAM.gov)) (or any successor system or registry) and (ii) within sixty (60) days prior to each anniversary of the Effective Date, provide to the TIFIA Lender evidence of such active registration status with no active exclusions reflected in such registration, in each case until the Final Maturity Date or to such earlier date as all amounts due or to become due to the TIFIA Lender hereunder have been irrevocably paid in full in cash.

(n) Immunity. To the fullest extent permitted by applicable law, the Borrower agrees that it will not assert any immunity (and hereby waives any such immunity) it may have as a governmental entity from lawsuits, other actions and claims, and any judgments with respect to the enforcement of any of the obligations of the Borrower under this Agreement or any other TIFIA Loan Document.

(o) Patriot Act. If the anti-money laundering compliance program provisions of the Patriot Act become applicable to the Borrower, then the Borrower will provide written

notice to the TIFIA Lender of the same and will promptly establish an anti-money laundering compliance program that complies with all requirements of the Patriot Act.<sup>11</sup>

(p) Cargo Preference Act. Pursuant to 46 C.F.R. Part 381, the Borrower hereby agrees as follows, and shall insert the following clauses in contracts entered into by the Borrower pursuant to which equipment, materials or commodities may be transported by ocean vessel in carrying out the Project:

(i) At least fifty percent (50%) of any equipment, materials or commodities procured, contracted for or otherwise obtained with TIFIA Loan proceeds, and which may be transported by ocean vessel, shall be transported on privately owned United States-flag commercial vessels, if available.

(ii) Within twenty (20) days following the date of loading for shipments originating within the United States or within thirty (30) Business Days following the date of loading for shipments originating outside the United States, a legible copy of a rated, 'on-board' commercial ocean bill-of-lading in English for each shipment of cargo described in paragraph (i) above shall be furnished to both the TIFIA Lender and to the Division of National Cargo, Office of Market Development, Maritime Administration, Washington, DC 20590.

(q) Lobbying. The Borrower shall comply with all applicable certification, declaration and/or disclosure requirements under 49 C.F.R. Part 20.

**Section 17. Negative Covenants.** The Borrower covenants and agrees as follows until the date the TIFIA Bond and the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in cash, unless the TIFIA Lender waives compliance in writing:

(a) Indebtedness.

(i) Except for Additional Obligations, the Borrower shall not, without the prior written consent of the TIFIA Lender, issue or incur indebtedness of any kind; provided that (1) the Borrower shall not incur any indebtedness of any kind payable from, secured or supported by the Trust Estate, including Additional Obligations, following the occurrence, and during the continuation, of an Event of Default, and (2) the Borrower shall not issue any additional Subordinate Obligations without the TIFIA Lender's consent.

(ii) The Borrower shall not issue Subordinate Obligations which bear interest at a Variable Interest Rate.

(iii) Prior to the incurrence of Additional Obligations, the Borrower shall provide to the TIFIA Lender a certificate signed by the Borrower's Authorized Representative, demonstrating to the TIFIA Lender's satisfaction that such proposed indebtedness is authorized pursuant to this Section 17(a) (*Indebtedness*) and satisfies the

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<sup>11</sup>Subject to modification in accordance with the representation in 14(ee) (*Patriot Act*).

applicable requirements under the definitions of “Permitted Debt” and “Additional Obligations,” as applicable.

(iv) To the extent any Variable Interest Rate Obligations consists of Put Bonds, the Borrower must maintain a Credit Facility that will pay any amounts payable by the Borrower in respect of such Put Bonds.

(b) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, without the prior written consent of the TIFIA Lender, either (i) extinguish, impair, or transfer the Liens on the Trust Estate granted pursuant to the Indenture, (ii) amend, modify, replace, or supplement any Related Document in a manner that could adversely affect the TIFIA Lender (in the TIFIA Lender’s determination) in connection with the TIFIA Loan, (iii) waive or permit a waiver of any provision of any Related Document in a manner that could adversely affect the TIFIA Lender (in the TIFIA Lender’s determination) in connection with the TIFIA Loan, or (iv) terminate, assign, amend or modify, or waive timely performance by any party of material covenants under any Principal Project Contract except for termination, assignment, amendment, modification or waiver that could not reasonably be expected to have a Material Adverse Effect (in the TIFIA Lender’s determination). Additionally, the Borrower shall not agree (i) to any amendment to a Standard Project Agreement, including a change to the Construction Schedule attached thereto, or (ii) to the use of the Project by VDOT other than for the purposes described in the Standard Project Agreement. Except as otherwise agreed by the TIFIA Lender in writing, the Borrower will provide to the TIFIA Lender (x) copies of any proposed amendments, modifications, replacements of, or supplements to any Related Document at least thirty (30) days prior to the effective date thereof, and (y) complete, correct and fully executed copies of any amendment, modification or supplement to any Related Document within five (5) Business Days after execution thereof.

(c) No Prohibited Liens. Except as permitted herein, the Borrower shall not create, incur, assume or permit to exist any Lien on the Trust Estate, the Pledged Revenues, or the Borrower’s respective rights therein.

(d) No Prohibited Sale, Lease or Assignment. The Borrower shall not sell, lease, or assign its rights and obligations under any Related Document, unless such sale, lease or assignment (A) could not reasonably be expected to result in a Material Adverse Effect, and (B) is made by the Borrower in the ordinary course of business.

(e) Organizational Documents; Fiscal Year. The Borrower shall not at any time (i) amend or modify its Organizational Documents (other than any amendment or modification that is of a ministerial nature and that is not adverse to the interests of any Secured Party under the Indenture or in the Trust Estate) without the prior written consent of the TIFIA Lender, or (ii) adopt any fiscal year other than the Borrower Fiscal Year, except with thirty (30) days’ prior written notice to the TIFIA Lender.

(f) Transactions with other Governmental Authorities. Except for the transactions expressly contemplated in the TIFIA Loan Documents, the Borrower shall not engage in any other transactions in connection with the Project with any other Governmental Authority (including any other Governmental Authority of or in the State), the terms and



provisions of which are materially adverse to the Borrower or the Project or that could reasonably be expected to result in a Material Adverse Effect.

(g) No Payment with Federal Funds. The Borrower shall not pay any portion of TIFIA Debt Service nor any other amount to the TIFIA Lender or the Government pursuant to the TIFIA Loan Documents with funds received directly or indirectly from the Government.

(h) Change in Legal Structure; Mergers and Acquisitions. The Borrower shall not, and shall not agree to reorganize, consolidate with, or merge into another Person unless (A) such Person is a successor public authority created by State law that succeeds to the assets of the Borrower and assumes the obligations of the Borrower hereunder and under the Related Documents to which the Borrower is a party, including payment of the TIFIA Bond and (B) such merger, consolidation, or reorganization does not adversely affect or impair to any extent or in any manner (1) the Pledged Revenues or other elements of the Trust Estate, or (2) the availability of the Pledged Revenues for the payment and security of the obligations of the Borrower under this Agreement; and (B) the Borrower provides to the TIFIA Lender, no later than sixty (60) days prior to the date of reorganization, consolidation or merger, prior written notice of such reorganization, consolidation or merger and the agreements and documents authorizing the reorganization, consolidation or merger, satisfactory in form and substance to the TIFIA Lender. The documents authorizing any reorganization, consolidation or merger shall contain a provision, satisfactory in form and substance to the TIFIA Lender, that, following such reorganization, consolidation or merger, the successor will assume, by operation of law or otherwise, the due and punctual performance and observance of all of the representations, warranties, covenants, agreements and conditions of this Agreement and the other Related Documents to which the Borrower is a party. In addition, the Borrower shall provide all information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the TIFIA Lender.

(i) No Defeasance of TIFIA Bond. The Borrower shall not defease the TIFIA Bond pursuant to the Indenture and the TIFIA Supplemental Indenture without the prior written consent of the TIFIA Lender.

(j) OFAC Compliance. The Borrower:

(i) shall not violate (A) any applicable Anti-Money Laundering Laws, (B) any applicable Sanctions, (C) Anti-Corruption Laws or (D) any applicable anti-drug trafficking or anti-terrorism laws, civil or criminal;

(ii) shall not use the proceeds of the TIFIA Loan for purposes other than those permitted by applicable law and as otherwise permitted under this Agreement and the other Related Documents;

(iii) shall procure that each of its directors, officers, employees, and agents, shall not, directly or indirectly, use the proceeds of the TIFIA Loan or lend to, make any payment to, contribute or otherwise make available any funds to any Affiliate, joint venture partner or other Person (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any

Person in violation of any applicable Anti-Corruption Laws, (B) in any manner that would result in the violation of any applicable Anti-Money Laundering Laws, (C) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (D) in any other manner that would result in the violation of any Sanctions by any Person (including the Executive Director, the TIFIA Lender or any Principal Project Party); or

(iv) shall not make a payment, directly or indirectly, to any Principal Project Party that has violated any of the laws referenced in Section 17(j)(i) (*OFAC Compliance*) or that is a Sanctioned Person.

(k) Hedging. Other than interest rate hedging transactions expressly permitted hereunder, the Borrower shall not enter into any swap or hedging transaction, including inflation indexed swap transactions, “cap” or “collar” transactions, futures, or any other hedging transaction without the prior written consent of the TIFIA Lender.

**Section 18. Indemnification.** The Borrower shall indemnify the TIFIA Lender and any official, employee, agent, advisor, or representative of the TIFIA Lender (each such Person being herein referred to as an “**Indemnatee**”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnatee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnatee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement or any of the other Related Documents, (b) the TIFIA Loan or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Project; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee. In case any action or proceeding is brought against an Indemnatee by reason of any claim with respect to which such Indemnatee is entitled to indemnification hereunder, the Borrower shall be entitled, at its expense, to participate in the defense thereof; provided that such Indemnatee has the right to retain its own counsel, at the Borrower’s expense, and such participation by the Borrower in the defense thereof shall not release the Borrower of any liability that it may have to such Indemnatee. Any Indemnatee against whom any indemnity claim contemplated in this Section 18 (*Indemnification*) is made shall be entitled, after consultation with the Borrower and upon consultation with legal counsel wherein such Indemnatee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon the Borrower for purposes of this Section 18 (*Indemnification*). Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnatee. To the extent permitted by applicable law, neither the Borrower nor the TIFIA Lender shall assert, and each of the Borrower and the TIFIA Lender hereby waives, any claim against any Indemnatee or the Borrower, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual

damages) arising out of, in connection with, or as a result of, this Agreement, any of the other Related Documents, the other transactions contemplated hereby and thereby, the TIFIA Loan or the use of the proceeds thereof, provided that nothing in this sentence shall limit the Borrower's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 18 (*Indemnification*) shall be payable promptly upon demand therefor. The obligations of the Borrower under this Section 18 (*Indemnification*) shall survive the payment or prepayment in full or transfer of the TIFIA Bond, the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 18 (*Indemnification*)) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower hereunder or thereunder.

**Section 19.** Sale of TIFIA Loan. The TIFIA Lender shall not sell the TIFIA Loan at any time prior to the Substantial Completion Date. After such date, the TIFIA Lender may sell the TIFIA Loan to another entity or reoffer the TIFIA Loan into the capital markets only in accordance with the provisions of this Section 19 (*Sale of TIFIA Loan*). Such sale or reoffering shall be on such terms as the TIFIA Lender shall deem advisable. However, in making such sale or reoffering the TIFIA Lender shall not change the terms and conditions of the TIFIA Loan without the prior written consent of the Borrower in accordance with Section 30 (*Amendments and Waivers*). The TIFIA Lender shall provide, at least sixty (60) days prior to any sale or reoffering of the TIFIA Loan, written notice to the Borrower of the TIFIA Lender's intention to consummate such a sale or reoffering; provided, however, that no such notice shall be required during the continuation of any Event of Default. The provision of any notice pursuant to this Section 19 (*Sale of TIFIA Loan*) shall not (x) obligate the TIFIA Lender to sell nor (y) provide the Borrower with any rights or remedies in the event the TIFIA Lender, for any reason, does not sell the TIFIA Loan.

**Section 20.** Events of Default and Remedies.

(a) An “**Event of Default**” shall exist under this Agreement if any of the following occurs:

(i) Payment Default. The Borrower shall fail to pay any of the principal amount of or interest on the TIFIA Loan (including TIFIA Debt Service required to have been paid pursuant to the provisions of Section 9 (*Payment of Principal and Interest*), and any mandatory prepayment required pursuant to the provisions of Section 10(a) (*Mandatory Prepayments*)), when and as the payment thereof shall be required under this Agreement or the TIFIA Bond or on the Final Maturity Date (each such failure, a “**Payment Default**”).

(ii) Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, the TIFIA Bond or any other TIFIA Loan Document (other than in the case of any Payment Default or any Development Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the Borrower from the TIFIA Lender of written notice thereof, or (B) the Borrower's knowledge of such failure; provided, however, that

if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under this Section 20(a)(ii) (*Covenant Default*), and such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured, and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(iii) Development Default. A Development Default shall occur, in which case the TIFIA Lender may (A) suspend the disbursement of TIFIA Loan proceeds under this Agreement and (B) pursue such other remedies as provided in this Section 20 (*Events of Default and Remedies*). If so requested by the TIFIA Lender in connection with a Development Default, the Borrower shall immediately repay any unexpended TIFIA Loan proceeds previously disbursed to the Borrower.

(iv) Misrepresentation Default. Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to the TIFIA Loan Documents (or in any certificates delivered by the Borrower in connection with the TIFIA Loan Documents) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Event of Default shall be deemed to have occurred under this Section 20(a)(iv) (*Misrepresentation Default*) if and so long as:

(A) such misrepresentation is not intentional;

(B) such misrepresentation is not a misrepresentation in respect of Section 14(h) (*No Debarment*), Section 14(j) (*Transportation Improvement Program*), Section 14(p) (*OFAC; Anti-Corruption Laws*), Section 14(ee) (*Patriot Act*), or Section 14(ff) (*Compliance with Federal Requirements*);

(C) in the reasonable determination of the TIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Material Adverse Effect;

(D) in the reasonable determination of the TIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured;

(E) the underlying issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days from the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation; and

(F) the Borrower diligently pursues such cure during such thirty (30) day period.

(v) Acceleration of Senior Obligations, Intermediate Lien Obligations or Subordinate Obligations. Any acceleration shall occur of the maturity of any Senior Obligations, Intermediate Lien Obligations, or Subordinate Obligations, or any such Senior Obligations, Intermediate Lien Obligations, or Subordinate Obligations shall not be paid in full upon the final maturity thereof.

(vi) Judgments. One or more judgments (A) for the payment of money in an aggregate amount in excess of \$[5,000,000] (inflated annually by CPI) that are payable from Pledged Revenues and are not otherwise fully covered by insurance (for which the insurer has acknowledged and not disputed coverage) or (B) that would reasonably be expected to result in a Material Adverse Effect shall, in either case, be rendered against the Borrower, and the same shall remain undischarged for a period of thirty (30) consecutive days during which time period execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower to enforce any such judgment.

(vii) Failure to Maintain Existence. The Borrower shall fail to maintain its existence as a body politic and a political subdivision created and existing under the laws of the State, unless at or prior to the time the Borrower ceases to exist in such form a successor public agency or governing body has been created by the State pursuant to a valid and unchallenged State law and has succeeded to the assets of the Borrower and has assumed all of the obligations of the Borrower under the TIFIA Loan Documents and the Indenture Documents, including the payment of all Secured Obligations.

(viii) Occurrence of a Bankruptcy Related Event. (A) A Bankruptcy Related Event shall occur with respect to the Borrower or (B) a Bankruptcy Related Event shall occur with respect to any Borrower Related Party (other than the Borrower) or any Principal Project Party provided that (1) prior to Substantial Completion of a Project, a Bankruptcy Related Event in connection with such Principal Project Party shall not constitute an Event of Default under such Project if the Borrower shall have promptly provided evidence satisfactory to the TIFIA Lender demonstrating that the Principal Project Party has been replaced with a substitute Principal Project Party that has sufficient financial resources and operating expertise to complete such Principal Project Contract to which such Principal Project Party was a party in accordance with the applicable Construction Schedule for such Project, and (2) after Substantial Completion of a Project in accordance with its respective Project Construction Contract, the occurrence of a Bankruptcy Related Event in connection with any Principal Project Party related to the Project covered by such Project Construction Contract shall not constitute an Event of Default solely with respect to such Project if at the time of such occurrence, (I) no claim against any warranty under the applicable Principal Project Contract to which such Principal Project Party is a party exists or remains outstanding, or (II) the Borrower promptly provides evidence satisfactory to the TIFIA Lender showing that the Borrower has (x) sufficient moneys to correct any defect or nonconforming work of such Principal Project Party, and (y) a plan to carry out such works referred to in clause (x) hereof.

(ix) Project Abandonment. Any Borrower Related Party shall abandon the Project.

(x) Invalidity of TIFIA Loan Documents. (A) Any TIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or any Borrower Related Party contests in any manner the validity or enforceability of any TIFIA Loan Document to which it is a party or denies it has any further liability under any TIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any TIFIA Loan Document to which it is a party; or (B) any Indenture Document ceases (other than as expressly permitted thereunder) to be effective to grant a valid and binding security interest on any material portion of the Trust Estate other than as a result of actions or a failure to act by, and within the control of, the Trustee or any Secured Party, and with the priority purported to be created thereby.

(xi) Cessation of Operations. Operation of the Project shall cease for a continuous period of not less than one hundred eighty (180) days unless such cessation of operations shall occur by reason of an Uncontrollable Force that is not due to the fault of any Borrower Related Party (and which any Borrower Related Party could not reasonably have avoided or mitigated).

(b) Upon the occurrence of an Event of Default described in Section 20(a)(iii) (*Development Default*), all obligations of the TIFIA Lender hereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall immediately be deemed terminated.

(c) Upon the occurrence of any Bankruptcy Related Event with respect to the Borrower, all obligations of the TIFIA Lender hereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan shall automatically be deemed terminated, and the Outstanding TIFIA Loan Balance, together with all interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the TIFIA Bond or the other TIFIA Loan Documents, shall automatically become immediately due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

(d) Upon the occurrence of any other Event of Default, the TIFIA Lender, by written notice to the Borrower, may (A) suspend or terminate all of its obligations hereunder with respect to the disbursement of any undisbursed amounts of the TIFIA Loan, and (B) declare the unpaid principal amount of the TIFIA Bond to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the TIFIA Bond or the other TIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived.

(e) Whenever any Event of Default hereunder shall have occurred and be continuing, the TIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid hereunder or under

the TIFIA Bond or the other TIFIA Loan Documents, and may prosecute any such judgment or final decree against the Borrower and collect in the manner provided by law out of the property of the Borrower the moneys adjudged or decreed to be payable, and the TIFIA Lender shall have all of the rights and remedies of a creditor, including all rights and remedies of a secured creditor under the Uniform Commercial Code, and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by Borrower under this Agreement, the TIFIA Bond or the other TIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the TIFIA Bond or the other TIFIA Loan Documents.

(f) Whenever any Event of Default hereunder shall have occurred and be continuing, the TIFIA Lender may suspend or debar the Borrower from further participation in any Government program administered by the TIFIA Lender and to notify other departments and agencies of such default.

(g) No action taken pursuant to this Section 20 (*Events of Default and Remedies*) shall relieve Borrower from its obligations pursuant to this Agreement, the TIFIA Bond or the other TIFIA Loan Documents, all of which shall survive any such action.

**Section 21. Accounting and Audit Procedures; Inspections; Reports and Records.**

(a) Accounting and Audit Procedures. The Borrower shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for all HRTF Revenues, so that audits may be performed to ensure compliance with and enforcement of this Agreement. The Borrower shall use accounting, audit and fiscal procedures conforming to GASB, including, with respect to the TIFIA Loan, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts outstanding.

(b) Inspections. So long as the TIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after the TIFIA Loan shall have been paid in full, the TIFIA Lender shall have the right, upon reasonable prior notice, to visit and inspect any of the locations or properties of the Borrower, to examine its books of account and records, to make copies and extracts therefrom at the Borrower's expense, and to discuss the Borrower's affairs, finances and accounts with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the Borrower irrevocably authorizes its independent public accountants to discuss with the TIFIA Lender the affairs, finances and accounts of the Borrower, whether or not any representative of the Borrower is present, it being understood that nothing contained in this Section 21(b) (*Accounting and Audit Procedures; Inspections; Reports and Records*) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the TIFIA Lender may desire. The Borrower agrees to pay all out-of-pocket expenses incurred by the TIFIA Lender in connection with the TIFIA Lender's exercise of its rights under this Section 21(b) (*Accounting and Audit Procedures; Inspections; Reports and Records*) at any time when an Event of Default shall have occurred and be continuing.

(c) Reports and Records. The Borrower shall maintain and retain all files relating to the Project, the Pledged Revenues and the TIFIA Loan until three (3) years after the

later of the date on which (i) all rights and duties hereunder and under the TIFIA Bond (including payments) have been fulfilled and any required audits have been performed and (ii) any litigation relating to the Project, the Pledged Revenues, the TIFIA Loan or this Agreement is finally resolved or, if the TIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the TIFIA Lender and the Borrower. The Borrower shall provide to the TIFIA Lender in a timely manner all records and documentation relating to the Project or the Pledged Revenues that the TIFIA Lender may reasonably request from time to time.

(d) Copies of Debt Related Notices. The Borrower shall provide to the TIFIA Lender, promptly after the sending or receipt thereof, copies of (i) final ratings presentations sent to, and any notices, reports or other written materials (other than those that are ministerial in nature) received from, any Nationally Recognized Rating Agency that has provided, or is being requested to provide, a rating with respect to the Project or any indebtedness of the Borrower that is or will be secured by or paid from the Pledged Revenues, (ii) all notices and other written communications, other than those that are non-substantive or ministerial in nature, received by it from the Trustee or any Bondholder, and (iii) all reports, notices and other written materials, other than those that are non-substantive or ministerial in nature, required to be sent to the Trustee or any Bondholder under the Indenture Documents, including all such notices, other than those that are non-substantive or ministerial in nature, relating to any of the Principal Project Contracts; unless, in each case, the TIFIA Lender notifies the Borrower that any such reports, notices and/or other written materials no longer need to be provided.

(e) Required Audit. The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 in 2019 and annually thereafter, except to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower shall cooperate fully in the conduct of any periodic or compliance audits conducted by the TIFIA Lender, the USDOT, or designees thereof, pursuant to 49 C.F.R. § 80.19, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the Project or the TIFIA Loan, to the Secretary, or the designee thereof, for any such project or programmatic audit.

## **Section 22. Financial Plan, Statements, and Reports.**

(a) Financial Plan. The Borrower shall provide to the TIFIA Lender within sixty (60) days after the Effective Date and annually thereafter not later than ninety (90) days after the beginning of each Borrower Fiscal Year, a Financial Plan. The Financial Plan submitted within sixty (60) days after the Effective Date should be consistent in all respects with the projections, assumptions and other information contained or reflected in the Base Case Financial Model. The Financial Plan shall not reflect amortization of Senior Obligations and Intermediate Lien Obligations until such time as all currently accruing interest on the TIFIA Loan is being paid in full.

(i) The Financial Plan shall be prepared in accordance with recognized financial reporting standards, such as those in the “Guide for Prospective Financial Information” of the American Institute of Certified Public Accountants, shall



meet FHWA's Major Project Financial Plan requirements, as amended from time to time, and shall be in form and substance satisfactory to the TIFIA Lender.

(ii) The Financial Plan shall include: (A) a certificate signed by the Borrower's Authorized Representative to the effect that the Financial Plan, including the assumptions and supporting documentation, is accurate and reasonable to the best of the Borrower's knowledge and belief; (B) a certificate signed by the Borrower's Authorized Representative demonstrating that annual projected Pledged Revenues shall be sufficient to meet the Loan Amortization Schedule; and (C) an electronic copy of a Revised Financial Model for the period from the Effective Date through the Final Maturity Date, in substantially the form of the Base Case Financial Model, based upon assumptions and projections with respect to the Pledged Revenues as of the most recent practicable date prior to the delivery of such Revised Financial Model.

(iii) [For the period through the Substantial Completion Date, the Financial Plan shall:<sup>12</sup>

(A) provide the current estimate of Total Project Costs and the remaining cost to complete the Project, identify any significant cost changes since the previous Financial Plan, discuss reasons for and implications of the cost changes, and include a summary table showing the history of Total Project Costs by major activity or category in comparison to the Base Case Financial Model and the preceding Financial Plan;

(B) provide updates to the Construction Schedule, including an update, if any, to the Projected Substantial Completion Date and an explanation of any such adjustment;

(C) identify major milestones for each phase of the Project and compare current milestone dates with the milestone dates in the Construction Schedule and in the preceding Financial Plan, and discuss reasons for changes in Project milestones;

(D) provide current estimates of sources and uses of funds for the Project, identify any significant funding changes since the preceding Financial Plan, discuss reasons for and implications of the funding changes, and include a summary table showing the history of Project funding in comparison to the Base Case Financial Model and the preceding Financial Plan;

(E) provide an updated cash flow schedule showing annual cash needs versus available revenue and funding to meet those needs and identify any potential revenue and funding shortfalls, and addressing contingency measures that will or may be taken to address any shortfalls;

(F) based on the updated cash flow schedule, provide projected Total Debt Service Coverage Ratios through the Final Maturity Date;

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<sup>12</sup>Currently under review.

(G) provide cost containment strategies and risk mitigation plans that have been or may be implemented to address factors that are affecting or could affect the scheduled completion or financial viability of the Project;

(H) provide the total value of approved changes in Project design or scope, and provide a listing of each individual change valued at \$5,000,000 or more, setting forth the rationale or need for the proposed change and describing the impact of such change on the Project;

(I) to the extent that any Hedging Transactions are then in effect, report on the notional amounts covered by such Hedging Transactions; and

(J) contain, in form and substance satisfactory to the TIFIA Lender, a written narrative executive summary of the topics described in clauses (A) through (I) above since the Effective Date and since the preceding Financial Plan, describing in reasonable detail all material matters that may affect the future performance of the Borrower's obligations under this Agreement, including any adjustment to the Projected Substantial Completion Date, and the causes thereof.]

(iv) For the period following the Substantial Completion Date until repayment of the TIFIA Loan in full, the Financial Plan shall:

(A) provide an updated cash flow schedule showing annual cash inflows (Pledged Revenues, interest and other income) and outflows (Senior Debt Service, Intermediate Lien Debt Service, Subordinate Debt Service (including, TIFIA Debt Service), replenishment of reserves and other uses) with a narrative identifying any potential revenue or funding shortfall and discussing contingency measures that will or may be taken to address any shortfalls;

(B) provide current and estimated amounts of Pledged Revenues received and the amounts deposited into each of the accounts and subaccounts established under the Indenture Documents and the amount disbursed from such funds and accounts and the balance in each of the funds and accounts;

(C) provide an updated schedule of actual and projected Pledged Revenues, showing actual and projected Total Debt Service Coverage Ratios, and report on variances during the prior Borrower Fiscal Year between the Pledged Revenues actually received and the budgeted Pledged Revenues as shown in the Financial Plan for such prior Borrower Fiscal Year, together with a brief narrative explanation of the reasons for any such variance of ten percent (10%) or more;

(D) to the extent that any Hedging Transactions are then in effect, report on the notional amounts and mark to market values under such Hedging Transactions; and

(E) contain, in form and substance satisfactory to the TIFIA Lender, a written narrative executive summary of the topics described in clauses

(A) through (D) above since the Effective Date and since the preceding Financial Plan, including in reasonable detail (i) an explanation of any variances in costs or revenues in comparison to the Base Case Financial Model and the preceding Financial Plan, and (ii) a description of any material matters that may affect the future performance of the Borrower's obligations under this Agreement and the causes thereof.

(b) Modifications to Total Project Costs. For the period through the Substantial Completion Date, the Borrower shall provide written notification to the TIFIA Lender of any notification the Borrower receives from VDOT concerning "Additional Costs" (as defined in the Standard Project Agreement) within ten (10) days of the Borrower's receipt of the same from VDOT. The Borrower shall additionally provide the TIFIA Lender written notification of the Borrower's and VDOT's proposed resolution of such Additional Costs pursuant to the terms of the respective Standard Project Agreement at least [thirty (30)] days prior to instituting any increase or decrease to the aggregate Total Project Costs in an amount equal to or greater than [\_\_\_\_\_]. Such resolution shall set forth the nature of the proposed increase or decrease and an estimate of the impact of such increase or decrease on the capital costs and operating costs of the Project, and the Financial Plan. The Borrower's notice shall demonstrate that the proposed increase or decrease is consistent with the provisions of this Agreement, is necessary or beneficial to the Project, and could not reasonably be expected to result in a Material Adverse Effect.

(c) Financial Statements. The Borrower shall furnish to the TIFIA Lender:

(i) [(A)]<sup>13</sup> as soon as available, but no later than sixty (60) days after the end of the first, second and third quarterly period of each Borrower Fiscal Year, an unaudited income statement and balance sheet of the Borrower as of the end of such period and the related unaudited statements of operations and of cash flow of the Borrower for such period and for the portion of the fiscal year through the end of such period, setting forth in each case in comparative form the figures for the previous period, certified by the chief executive officer or chief financial officer of the Borrower or any Borrower's Authorized Representative fairly stating in all material respects the financial condition of the Borrower as at the end of such period and the results of its operations and its cash flows for such period (subject to normal year-end audit adjustments); and]

(B) as soon as available, but no later than one hundred twenty (120) days after the end of each Borrower Fiscal Year, a copy of the audited income statement and balance sheet of the Borrower as of the end of such fiscal year and the related audited statements of operations and of cash flow of the Borrower for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, certified without a "going concern" or like qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and which is reasonably acceptable to the TIFIA Lender.

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<sup>13</sup>Confirm with HRTAC availability of quarterly financial statements.

(ii) All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GASB (or in the case of non-U.S. Persons, substantially equivalent principles) applied consistently throughout the periods reflected therein (except for changes approved or required by the independent public accountants certifying such statements and disclosed therein).

(d) Officer's Certificate. The Borrower shall furnish to the TIFIA Lender, together with each delivery of annual audited or interim unaudited financial statements of the Borrower pursuant to Section 22(c) (*Financial Statements*), a certificate signed by the chief executive officer or chief financial officer of the Borrower or any Borrower's Authorized Representative, stating whether or not, to the Borrower's knowledge, during the quarterly or annual period (as the case may be) covered by such financial statements, there occurred any Event of Default or event that, with the giving of notice or the passage of time or both, would become an Event of Default, and, if any such Event of Default or other event shall have occurred during such period, the nature of such Event of Default or other event and the actions that the Borrower has taken or intends to take in respect thereof.

### **Section 23. Project Oversight and Monitoring.**

(a) Project Development, Design and Construction. The TIFIA Lender shall have the right in its sole discretion to monitor (or direct its agents to monitor) the development, including environmental compliance, design, right-of-way acquisition, and construction of the Project. The FHWA Division Office has oversight responsibility for the Project, including ensuring compliance in all material respects with all applicable provisions of federal law. The FHWA Division Office and VDOT may agree that VDOT will be responsible for certain Project oversight activities, which agreement may be evidenced in the FHWA Project of Division Interest Stewardship & Oversight Plans. The Borrower agrees to cooperate in good faith with the TIFIA Lender and the FHWA Division Office in the conduct of such monitoring by promptly requesting that VDOT provide the TIFIA Lender and the FHWA Division Office with such reports, documentation or other information as shall be requested by the TIFIA Lender and the FHWA Division Office, or its agents, including any independent engineer reports, documentation or information.

(b) Reporting. The Borrower shall furnish to the TIFIA Lender the documentation described below.

(i) Monthly Construction Progress Report. On or before the last Business Day of any calendar month during the Construction Period, a report executed by a Borrower's Authorized Representative that:

(A) includes a copy of the monthly report that VDOT provides to the Borrower pursuant to each Standard Project Agreement;

(B) specifies the amount of Total Project Costs expended since the Effective Date as well as during the preceding calendar month and the amount of Total Project Costs estimated to be required to complete the Project;

(C) provides an assessment of the overall construction progress of the Project since the date of the last report and since the Effective Date, together with an assessment of how such progress compares to the Construction Schedule;

(D) specifies the most recent projections for the Substantial Completion Date as compared to the Projected Substantial Completion Date specified in the Financial Plan most recently approved by the TIFIA Lender;

(E) provides a detailed description of all material problems (including actual and anticipated cost and/or schedule overruns, if any) encountered or anticipated in connection with the construction of the Project since the date of the last report, together with an assessment of how such problems may impact the Construction Schedule and the meeting of critical dates thereunder and a detailed description of the proposed solutions to any such problems;

(F) specifies the delivery status of major equipment and the effect, if any, that the anticipated delivery dates of such equipment has on the overall Construction Schedule;

(G) specifies any proposed or pending change orders;

(H) specifies any material changes or deviations from the Borrower's land procurement plans or schedule;

(I) includes a copy of each report delivered by a Construction Contractor to VDOT that has not previously been delivered to the TIFIA Lender in a prior report delivered pursuant to this Section 23(b)(i) (*Monthly Construction Progress Report*); and

(J) provides a discussion or analysis of such other matters related to the Project as the TIFIA Lender may reasonably request. The Borrower shall respond, and use commercially reasonable efforts to cause the applicable Principal Project Party to respond, to the TIFIA Lender's inquiries regarding such report, the construction of the Project and any Construction Contractor's performance of its obligations under the Project Construction Contract to which such Construction Contractor is a party.

(ii) Requested Information. The Borrower shall, at any time while the TIFIA Loan remains outstanding, promptly deliver, and shall use commercially reasonable efforts to cause VDOT to promptly deliver, to the TIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or regarding the Project or the Pledged Revenues as the TIFIA Lender may from time to time reasonably request, including copies of agreements related to the acquisition or control of any Project right-of-way.

(c) [Project Operations]. For the period following the Substantial Completion Date, the TIFIA Lender shall have the right, in its sole discretion, to monitor (or direct its agents

to monitor) the Project and, as the TIFIA Lender may request from time to time, to receive reporting on the management of the Project, and copies of any contracts relating to the maintenance and safety services for the Project. The Borrower agrees to cooperate in good faith with the TIFIA Lender in the conduct of such monitoring by promptly providing or causing to be provided to the TIFIA Lender such reports, documentation, or other information requested by the TIFIA Lender. The TIFIA Lender has the right, in its sole discretion, to retain a financial oversight advisor, under a contract with the TIFIA Lender, to carry out the provisions of this Section 23(c) (*Project Operations*), and the full cost of such monitoring shall be borne by the Borrower. Any costs incurred by the TIFIA Lender for such monitoring, including the costs of any financial oversight advisor, shall be promptly reimbursed by the Borrower upon demand therefor in the form of an invoice reasonably acceptable to the Borrower.]<sup>14</sup>

**Section 24. No Personal Recourse.** No official, employee or agent of the TIFIA Lender or the Borrower or any Person executing this Agreement or any of the other TIFIA Loan Documents shall be personally liable on this Agreement or such other TIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

**Section 25. No Third Party Rights.** The parties hereby agree that this Agreement creates no third party rights against the Borrower, the Government, or the TIFIA Lender, solely by virtue of the TIFIA Loan, and the Borrower agrees to indemnify and hold the TIFIA Lender, the Servicer (if any), the Executive Director, and the Government harmless, to the extent permitted by law and in accordance with Section 18 (*Indemnification*), from any lawsuit or claim arising in law or equity solely by reason of the TIFIA Loan, and that no third party creditor or creditors of the Borrower shall have any right against the TIFIA Lender with respect to the TIFIA Loan made pursuant to this Agreement.

**Section 26. Borrower's Authorized Representative.** The Borrower shall at all times have appointed a Borrower's Authorized Representative by designating such Person or Persons from time to time to act on the Borrower's behalf pursuant to a written certificate furnished to the TIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

**Section 27. TIFIA Lender's Authorized Representative.**

(a) The TIFIA Lender shall at all times have appointed the TIFIA Lender's Authorized Representative by designating such Person or Persons from time to time to act on the TIFIA Lender's behalf pursuant to a written certificate furnished to the Borrower and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the TIFIA Lender.

(b) Pursuant to the delegation of authority, dated July 20, 2016, from the Secretary to the Under Secretary of Transportation for Policy, the further delegation of authority, dated July 20, 2016, from the Under Secretary of Transportation for Policy to the Executive Director of the Build America Bureau, the further delegation of authority, dated August 31, 2016 (the "Delegation") by the Executive Director of the Build America Bureau to the Director of the

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<sup>14</sup>Currently under review.

Credit Office of the Build America Bureau, the Director of the Credit Office of the Build America Bureau has been delegated the authority to enter into contracts and sign all contractual and funding documents (with the exception of the term sheets and credit agreements) necessary to implement the Act, including entering into technical amendments to, and restatements of, term sheets and credit agreements that do not materially impair the credit quality of the revenues pledged to repay the TIFIA Lender. Pursuant to the Delegation, the Director of the Credit Office of the Build America Bureau may act and serve as the TIFIA Lender's Authorized Representative under this Agreement, in addition to the Executive Director of the Build America Bureau for the purposes set forth herein.

**Section 28.** Servicer. The TIFIA Lender may from time to time designate an entity or entities to perform, or assist the TIFIA Lender in performing, the duties of the Servicer or specified duties of the TIFIA Lender under this Agreement and the TIFIA Bond. The TIFIA Lender shall give the Borrower written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the TIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the TIFIA Lender shall have delegated to such Servicer. The TIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the TIFIA Bond. The Borrower shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder.

**Section 29.** Fees and Expenses.

(a) Commencing in Federal Fiscal Year ("FFY") 2020 and continuing thereafter each year throughout the term of this Agreement, the Borrower shall pay to the TIFIA Lender a loan servicing fee on or before the fifteenth (15<sup>th</sup>) of November. The TIFIA Lender shall establish the amount of this annual fee, and the TIFIA Lender or the Servicer, if any, shall notify the Borrower of the amount, at least thirty (30) days before payment is due.

(b) In establishing the amount of the fee, the TIFIA Lender will adjust the previous year's base amount in proportion to the percentage change in CPI. For the FFY [2020] calculation, the TIFIA Lender will use the FFY [2019] base amount of \$[13,458.99], which applies to other TIFIA borrowers, as the previous year's base amount. The TIFIA Lender will calculate the percentage change in the CPI, before seasonal adjustment, from August of the previous year to August of the current year and will then adjust the previous year's base amount in proportion to the CPI percentage change. To calculate the amount of the fee, the TIFIA Lender shall round the current year's base amount using increments of \$500. Results with the ending integers between 250-499 or between 750-999 shall be rounded upward, and results with the ending integers between 001-249 or between 501-749 shall be rounded downward. The CPI adjustments in the following years shall begin with the base amount, not the rounded fee.

(c) The Borrower agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the TIFIA Lender on demand from time-to-time, within thirty (30) days after receipt of any invoice from the TIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the reasonable fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors, such

reasonableness determined in accordance with Part 31 of the Federal Acquisition Regulation) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other TIFIA Loan Documents and the transactions hereby and thereby contemplated, including reasonable attorneys', and engineers' fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with:

(i) the enforcement of or attempt to enforce any provision of this Agreement or any of the other TIFIA Loan Documents;

(ii) any amendment, modification, or requested amendment or modification of, waiver, consent, or requested waiver or consent under or with respect to, or the protection or preservation of any right or claim under, this Agreement, any other Related Document, or the Trust Estate, or advice in connection with the administration, preservation in full force and effect, and enforcement of this Agreement or any other Related Document or the rights of the TIFIA Lender thereunder; and

(iii) any work-out, restructuring, or similar arrangement of the obligations of the Borrower under this Agreement or the other TIFIA Loan Documents, including during the pendency of one or more Events of Default.

The obligations of the Borrower under this Section 29 (*Fees and Expenses*) shall survive the payment or prepayment in full or transfer of the TIFIA Bond, the enforcement of any provision of this Agreement or the other TIFIA Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring, or similar arrangement.

**Section 30.** Amendments and Waivers. No amendment, modification, termination, or waiver of any provision of this Agreement shall in any event be effective without the written consent of each of the parties hereto.

**Section 31.** Governing Law. This Agreement shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

**Section 32.** Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

**Section 33.** Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the Borrower's rights or obligations hereunder nor any interest therein may be assigned, delegated, or transferred by the Borrower without the prior written consent of the TIFIA Lender.

**Section 34.** Remedies Not Exclusive. No remedy conferred herein or reserved to the TIFIA Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.



**Section 35. Delay or Omission Not Waiver.** No delay or omission of the TIFIA Lender to exercise any right or remedy provided hereunder upon a default of the Borrower (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this Agreement or by law to the TIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the TIFIA Lender.

**Section 36. Counterparts.** This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 37 (*Notices; Payment Instructions*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

**Section 37. Notices; Payment Instructions.** Notices hereunder shall be (a) in writing, (b) effective as provided below and (c) given by (i) nationally recognized courier service, (ii) hand delivery, or (iii) email, in each case to:

If to TIFIA Lender:

Build America Bureau  
United States Department of  
Transportation  
Room W12-464  
1200 New Jersey Avenue, SE  
Washington, D.C. 20590  
Attention: Director, Office of  
Credit Programs  
Email: BureauOversight@dot.gov

with copies to:

FHWA  
[Address]  
Attention:

If to Borrower:

Hampton Roads Transportation  
Accountability Commission  
The Regional Building  
723 Woodlake Drive  
Chesapeake, Virginia 23320  
Attention: Executive Director  
Email: [\_\_\_\_\_]

If to Servicer:

[Name]

[Address]

Attention: [\_\_\_\_\_]

Email: [\_\_\_\_\_]

With copies to:

[Insert relevant parties]

Unless otherwise instructed by the TIFIA Lender's Authorized Representative, all notices to the TIFIA Lender should be made by email to the email address noted above for the TIFIA Lender. Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time to time by a Borrower's Authorized Representative, with respect to notices to the Borrower, or by the TIFIA Lender's Authorized Representative, with respect to notices to the TIFIA Lender or the Servicer. The Borrower shall make any payments hereunder or under the TIFIA Bond in accordance with Section 9(d) (*Manner of Payment*) and the payment instructions hereafter provided by the TIFIA Lender's Authorized Representative, as modified from time-to-time by the TIFIA Lender. Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 37 (*Notices; Payment Instructions*) (or in accordance with the latest unrevoked written direction from the receiving party) and (y) if given by email, when such email is delivered to the address specified in this Section 37 (*Notices; Payment Instructions*) (or in accordance with the latest unrevoked written direction from the receiving party); provided that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day.

**Section 38.** Effectiveness. This Agreement shall be effective on the Effective Date.

**Section 39.** Termination. This Agreement shall terminate upon the irrevocable payment in full in cash by the Borrower of the Outstanding TIFIA Loan Balance, together with all accrued interest and fees with respect thereto; provided, however, that the indemnification requirements of Section 18 (*Indemnification*), the reporting and record keeping requirements of Section 21(b) (*Inspections*) and Section 21(c) (*Reports and Records*), and the payment requirements of Section 29 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such sections.

**Section 40.** Integration. This Agreement constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

UNITED STATES DEPARTMENT OF  
TRANSPORTATION, acting by and  
through the Executive Director of the Build  
America Bureau

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **SCHEDULE I**

### **PROJECT BUDGET**

[to be provided by HRTAC]

## **SCHEDULE II**

### **CONSTRUCTION SCHEDULE**

[Most recent copies from each SPA to be provided by Borrower]

## **SCHEDULE III**

### **EXISTING INDEBTEDNESS**

[To be provided by Borrower]

1. Hampton Roads Transportation Accountability Commission Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A, dated February 14, 2018 in the original principal amount of \$500,000,000; and
2. [Project BANs].

**SCHEDULE 14(F)**

**LITIGATION**

**EXHIBIT A**

**FORM OF TIFIA BOND**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

**HRTAC PROJECT**

**(TIFIA PROJECT NUMBER)**

**TIFIA BOND**

**Maximum Principal Amount: \$ [Maximum Amount of TIFIA Loan]  
(excluding capitalized interest)**

**Effective Date:** \_\_\_\_\_ **Due:** \_\_\_\_\_

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION, a body politic and political subdivision under the laws of the State of Virginia (the “**Borrower**”), for value received, hereby promises to pay to the order of the **UNITED STATES DEPARTMENT OF TRANSPORTATION**, acting by and through the Executive Director of the Build America Bureau, or its assigns (the “**TIFIA Lender**”), the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all disbursements (the “**Disbursements**”) made by the TIFIA Lender (such lesser amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the TIFIA Loan Agreement (as defined below), being hereinafter referred to as the “**Outstanding Principal Sum**”), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the TIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in the TIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the TIFIA Loan Agreement in accordance with **Exhibit G** to the TIFIA Loan Agreement, as revised from time to time in accordance with the TIFIA Loan Agreement, until paid in full. The TIFIA Lender is hereby authorized to modify the Loan Amortization Schedule included in **Exhibit G** to the TIFIA Loan Agreement from time to time in accordance with the terms of the TIFIA Loan Agreement to reflect the amount of each disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder. Absent manifest error, the TIFIA Lender’s determination of such matters as set forth on **Exhibit G** to the TIFIA Loan Agreement shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower’s obligations hereunder or under any other TIFIA Loan Document.

Payments hereon are to be made in accordance with Section 9(f) (*Manner of Payment*) and Section 37 (*Notices; Payment Instructions*) of the TIFIA Loan Agreement as the same become due. Principal of and interest on this TIFIA Bond shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America that at the date of payment is legal tender for the payment of public and private debts. [If the Final



Maturity Date is amended in connection with an update to the Financial Plan approved by the TIFIA Lender pursuant to Section 22(a)(iii)(B) (*Financial Plan*) of the TIFIA Loan Agreement, the due date of this TIFIA Bond shall be deemed to be amended to change the due date to such revised Final Maturity Date without any further action required on the part of the Borrower or the TIFIA Lender and such amendment shall in no way amend, modify or affect the other provisions of this TIFIA Bond without the prior written agreement of the TIFIA Lender.]<sup>15</sup>

This TIFIA Bond has been executed under and pursuant to that certain TIFIA Loan Agreement, dated as of the date hereof, between the TIFIA Lender and the Borrower (the “**TIFIA Loan Agreement**”) and is issued to evidence the obligation of the Borrower under the TIFIA Loan Agreement to repay the loan made by the TIFIA Lender and any other payments of any kind required to be paid by the Borrower under the TIFIA Loan Agreement or the other TIFIA Loan Documents referred to therein. Reference is made to the TIFIA Loan Agreement for all details relating to the Borrower’s obligations hereunder. All capitalized terms used in this TIFIA Bond and not defined herein shall have the meanings set forth in the TIFIA Loan Agreement.

This TIFIA Bond shall be subject to mandatory prepayment in accordance with the TIFIA Loan Agreement.

This TIFIA Bond may be prepaid at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the TIFIA Loan Agreement; provided, however, such prepayments shall be in principal amounts of at least \$1,000,000 or any integral multiple of \$1.00 in excess thereof), at any time or from time to time, without penalty or premium, by paying to the TIFIA Lender all or part of the principal amount of the TIFIA Bond in accordance with the TIFIA Loan Agreement.

Payment of the obligations of the Borrower under this TIFIA Bond is secured pursuant to the TIFIA Supplemental Indenture referred to in the TIFIA Loan Agreement.

The obligations of the Borrower under this TIFIA Bond, the TIFIA Loan Agreement and the other TIFIA Loan Documents referred to therein are subordinated in right of security to certain indebtedness of the Borrower in the manner and to the extent provided in the Indenture referred to in the TIFIA Loan Agreement.

Any delay on the part of the TIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

All acts, conditions and things required by the Constitution and laws of the State to happen, exist, and be performed precedent to and in the issuance of this TIFIA Bond have happened, exist and have been performed as so required. This TIFIA Bond is issued with the intent that the federal laws of the United States of America shall govern its construction to the

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<sup>15</sup>To be included when the TIFIA Lender has agreed to a Final Maturity Date that is a defined anniversary of the Substantial Completion Date. Pursuant to the Act, the Final Maturity Date cannot be later than the 35<sup>th</sup> anniversary of the Substantial Completion Date. The actual number of years will be determined as part of the TIFIA Lender’s underwriting process.

extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION has caused this TIFIA Bond to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date set forth above.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

(SEAL)

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

## **CERTIFICATE OF AUTHENTICATION**

This TIFIA Bond is the TIFIA Bond described in the within-mentioned Indenture.

WILMINGTON TRUST, NATIONAL  
ASSOCIATION

By: \_\_\_\_\_  
Authorized Signer)

**(FORM OF ASSIGNMENT)**

FOR VALUE RECEIVED, the Undersigned hereby unconditionally sells, assigns and transfers unto

*(Please Insert Social Security or other identifying number of Assignee(s)):*

the within note and all rights thereunder.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

## **EXHIBIT B**

### **ANTICIPATED TIFIA LOAN DISBURSEMENT SCHEDULE**

<u>Borrower Fiscal Year</u>	<u>Amount</u>
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\$

## **EXHIBIT C**

### **CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS— PRIMARY COVERED TRANSACTIONS**

The undersigned, on behalf of HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION, hereby certifies that HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION has fully complied with its verification obligations under 2 C.F.R. § 180.320 and hereby further confirms, based on such verification, that, to its knowledge, the Borrower and its principals (as defined in 2 C.F.R. § 180.995):

Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;

Have not within a three (3) year period preceding the Effective Date been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

Have not within a three (3) year period preceding the Effective Date had one or more public transactions (federal, state or local) terminated for cause or default.

Capitalized terms used in the certificate and not defined shall have the respective meanings ascribed to such terms in the TIFIA Loan Agreement, dated as of [Dated Date], between the TIFIA Lender and the Borrower, as the same may be amended from time to time.

Dated: \_\_\_\_\_

HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT D

### REQUISITION PROCEDURES

This **Exhibit D** sets out the procedures which the Borrower agrees to follow in submitting Requisitions for the disbursement of TIFIA Loan proceeds in respect of the Eligible Project Costs incurred in connection with the Project. Section 1 sets out the manner in which Requisitions are to be submitted and reviewed. Section 2 through Section 4 set out the circumstances in which the TIFIA Lender may reject or correct Requisitions submitted by the Borrower or withhold a disbursement. The Borrower expressly agrees to the terms hereof, and further agrees that (i) the rights of the TIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the TIFIA Lender under the TIFIA Loan Agreement, and (ii) nothing contained herein shall be construed to limit the rights of the TIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower if it fails to carry out its obligations under the TIFIA Loan Agreement during the term thereof.

Section 1. General Requirements. All requests by the Borrower for the disbursement of TIFIA Loan proceeds shall be made by electronic mail or overnight delivery service by submission to the TIFIA Lender, in accordance with Section 37 (Notices; Payment Instructions) of the TIFIA Loan Agreement, of a Requisition, in form and substance satisfactory to the TIFIA Lender and completed and executed by the Borrower's Authorized Representative. The form of Requisition is attached as **Appendix One To Exhibit D**. Supporting documentation should be submitted with the requisition.

All disbursement requests must be received by the TIFIA Lender at or before 5:00 P.M. (EST) on the first (1<sup>st</sup>) Business Day of a calendar month in order to obtain disbursement by the fifteenth (15<sup>th</sup>) day of such calendar month or, if either such day is not a Business Day, the next succeeding Business Day. If a Requisition is approved by the TIFIA Lender, the TIFIA Lender will notify the Borrower of such approval and of the amount so approved.

Section 2. Rejection. A Requisition may be rejected in whole or in part by the TIFIA Lender if it is:

- (a) submitted without signature;
- (b) submitted under signature of a Person other than a Borrower's Authorized Representative;
- (c) submitted after prior disbursement of all proceeds of the TIFIA Loan; or
- (d) submitted without adequate documentation of Eligible Project Costs incurred or paid. Such documentation shall include invoices for costs incurred or paid and the most recent certificate of or report prepared by the Independent Engineer relating to the construction of the Project (to the extent not previously delivered to the TIFIA Lender).



The TIFIA Lender will notify the Borrower of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified in (a), (b) or (d) above must be resubmitted in proper form in order to be considered for approval. If a Requisition exceeds the balance of the TIFIA Loan proceeds remaining to be disbursed, the request will be treated as if submitted in the amount of the balance so remaining, and the TIFIA Lender will so notify the Borrower.

Section 3. Correction. A Requisition containing an apparent mathematical error will be corrected by the TIFIA Lender, after telephonic or email notification to the Borrower, and will thereafter be treated as if submitted in the corrected amount.

Section 4. Withholding. The TIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the disbursement of TIFIA Loan proceeds if:

- (a) an Event of Default or event that, with the giving of notice or the passage of time or both, would constitute an Event of Default under the TIFIA Loan Agreement shall have occurred and be continuing; or
- (b) the Borrower:
  - (i) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable federal or local criminal law, in connection with the transactions contemplated hereby; or
  - (ii) fails to ensure that the Project is constructed in a manner consistent with the Governmental Approvals with respect to the Project, or in accordance with the highest standards of the Borrower's industry, where such failure prevents or materially impairs the Project from fulfilling its intended purpose, or prevents or materially impairs the ability of the TIFIA Lender to monitor compliance by the Borrower and VDOT with applicable federal or local law pertaining to the Project or with the terms and conditions of the TIFIA Loan Agreement; or
  - (iii) fails to observe or comply with any applicable federal or local law, or any term or condition of the TIFIA Loan Agreement; or
  - (iv) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions*) and Section 13(b) (*Conditions Precedent to All Disbursements*) of the TIFIA Loan Agreement; or
  - (v) fails to deliver documentation satisfactory to the TIFIA Lender evidencing Eligible Project Costs claimed for disbursement at the times and in the manner specified by the TIFIA Loan Agreement; provided, that in such case the TIFIA Lender may, in its sole discretion, partially approve a disbursement request in respect of any amounts for which adequate documentation evidencing

Eligible Project Costs has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts.

Section 5. Government Shutdown. Notwithstanding anything to the contrary set forth in this **Exhibit D**, the TIFIA Lender (a) shall be entitled to withhold approval of any pending or subsequent requests for the disbursement of TIFIA Loan proceeds and (b) shall have no obligation to make any disbursement of proceeds of the TIFIA Loan to the Borrower (even if such disbursement has been approved by the TIFIA Lender), in each case if the TIFIA Lender's ability to make the relevant disbursement is impaired as a result of a partial or total shutdown of the operations of any federal department or agency (including USDOT or any of its agencies), or any contractor of any such department or agency, due to a lapse in appropriations by Congress.

## APPENDIX ONE TO EXHIBIT D

### FORM OF REQUISITION

Build America Bureau

United States Department of Transportation  
c/o Director, Office of Credit Programs

Room W12-464  
1200 New Jersey Avenue, SE,  
Washington, D.C. 20590

[Federal Highway Administration  
[State] Division Office  
[Address]  
Attention: Division Administrator]

[Loan Servicer]  
[Address]  
[Attention]

Re: [ ] PROJECT (TIFIA # [ ])

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) of the TIFIA Loan Agreement, dated as of [Dated Date] (the “**TIFIA Loan Agreement**”), by and between HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION (the “**Borrower**”) and the UNITED STATES DEPARTMENT OF TRANSPORTATION, acting by and through the Executive Director of the Build America Bureau (the “**TIFIA Lender**”), we hereby request disbursement in the amount of \$[\_\_\_\_\_] in respect of Eligible Project Costs paid or incurred by or on behalf of the Borrower. Capitalized terms used but not defined herein have the meaning set forth in the TIFIA Loan Agreement. In connection with this Requisition the undersigned does hereby represent and certify the following:

1. This Requisition is Requisition number [\_\_\_\_\_].
2. The requested date of disbursement is [\_\_\_\_\_] 15, 20[\_\_\_] (the “**Disbursement Date**”)[, which is the first Business Day following [\_\_\_\_\_] 15, 20[\_\_\_\_]].
3. The amounts previously disbursed under the TIFIA Loan Agreement equal, in the aggregate, \$[\_\_\_\_\_]. [The amounts previously disbursed and to be disbursed under the Senior Loan Agreements as of the date of the requested disbursement equal, in the aggregate, \$[\_\_\_\_\_].] The amounts previously disbursed and to be disbursed under the [applicable funding document] as of the date of the requested disbursement equal, in the aggregate, \$[\_\_\_\_\_].

4. The amounts hereby requisitioned have been paid or incurred by or on behalf of the Borrower for Eligible Project Costs and have not been paid for or reimbursed by any previous disbursement from TIFIA Loan proceeds.
5. The amount of this Requisition, together with all prior Requisitions, does not exceed the amount of the TIFIA Loan.
6. All documentation evidencing the Eligible Project Costs to be reimbursed by the above-requested disbursement has been delivered by the Borrower at the times and in the manner specified by the TIFIA Loan Agreement.
7. The Borrower has all Governmental Approvals necessary as of the date hereof and as of the Disbursement Date (immediately after giving effect to the above-requested disbursement of TIFIA Loan proceeds), for the development, construction, operation and maintenance of the Project and each such Governmental Approval is in full force and effect (and is not subject to any notice of violation, breach or revocation).
8. Each of the insurance policies obtained by the Borrower in satisfaction of the condition in Section 13(a)(xviii) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.
9. The Project has been, and is being, constructed in a manner consistent with all plans, specifications, engineering reports and facilities plans previously submitted to and approved by the TIFIA Lender and the FHWA Division Office and in accordance with the highest standards of the Borrower's industry.
10. The representations and warranties of the Borrower set forth in the TIFIA Loan Agreement and in each other Related Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).
11. As of the date hereof and on the Disbursement Date (immediately after giving effect to the above-requested disbursement of TIFIA Loan proceeds), (i) no Event of Default or event of default under any other Related Document and (ii) no event that, with the giving of notice or the passage of time or both, would constitute an Event of Default or event of default under any Related Document, in each case, has occurred and is continuing.
12. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred since [\_\_\_\_\_, 20\_\_] and is continuing.<sup>16</sup>
13. A copy of the monthly construction progress report pursuant to Section 23(b)(i) (*Monthly Construction Progress Report*) of the TIFIA Loan Agreement for the month preceding

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<sup>16</sup>Insert the date on which the Borrower submitted the Application to the TIFIA Lender.

the date of the applicable Requisition has been delivered to each of the above named addresses.

14. The undersigned acknowledges that if the Borrower makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on the Borrower the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5323(1)(1), to the extent the Government deems appropriate.
15. A copy of this requisition has been delivered to each of the above named addressees.
16. The undersigned is duly authorized to execute and deliver this requisition on behalf of the Borrower.

[Add wire instructions for Trustee.]

Date: \_\_\_\_\_

HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION

By: \_\_\_\_\_

Name:

Title: \_\_\_\_\_

## APPENDIX TWO TO EXHIBIT D

### [APPROVAL/DISAPPROVAL] OF THE TIFIA LENDER (TO BE DELIVERED TO THE BORROWER)

Requisition Number [●] is [approved in the amount of \$[●]] [approved in part in the amount of \$[●]] [not approved]<sup>17</sup> by the TIFIA Lender (as defined herein) pursuant to Section 4 (*Disbursement Conditions*) of the TIFIA Loan Agreement, dated as of [Dated Date], by and between Hampton Roads Transportation Accountability Commission (the “**Borrower**”) and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “**TIFIA Lender**”).

Any determination, action or failure to act by the TIFIA Lender with respect to the Requisition set forth above, including any withholding of a disbursement, shall be at the TIFIA Lender’s sole discretion, and in no event shall the TIFIA Lender be responsible for or liable to the Borrower for any and/or all consequence(s) which are the result thereof.

**UNITED STATES DEPARTMENT OF  
TRANSPORTATION**, acting by and  
through the Executive Director of the Build  
America Bureau

By: \_\_\_\_\_  
TIFIA Lender’s Authorized Representative  
Name:  
Title:  
Dated:

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<sup>17</sup>Attached hereto as Exhibit A are reasons for any partial or full denial of approval.

**EXHIBIT A TO APPENDIX TWO TO EXHIBIT D**

**[INSERT REASONS FOR ANY PARTIAL OR FULL DENIAL OF APPROVAL.]**



## EXHIBIT E

### COMPLIANCE WITH LAWS

The Borrower shall, and shall require VDOT and its contractors and subcontractors at all tiers for the Project to, comply in all material respects with any and all applicable federal and state laws. The following list of federal laws is illustrative of the type of requirements generally applicable to transportation projects. It is not intended to be exhaustive.

- (i) The Americans With Disabilities Act of 1990 and implementing regulations (42 U.S.C. § 12101 *et seq.*; 28 C.F.R. Part 33; 29 C.F.R. Part 1630);
- (ii) Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000d *et seq.*), and USDOT implementing regulations (49 C.F.R. Part 19);
- (iii) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. § 4601 *et seq.*), with the understanding that the requirements of said Act are not applicable with respect to utility relocations except with respect to acquisitions by the Borrower of easements or other real property rights for the relocated facilities;
- (iv) Equal employment opportunity requirements under Executive Order 11246 dated September 24, 1965 (30 F.R. 12319), any Executive Order amending such order, and implementing regulations (29 C.F.R. §§ 1625-27, 1630; 28 C.F.R. Part 33; 41 C.F.R. Part 60; and 49 C.F.R. Part 25);
- (v) Restrictions governing the use of federal appropriated funds for lobbying (31 U.S.C. § 1352; 49 C.F.R. Part 18);
- (vi) The Clean Air Act, as amended (42 U.S.C. § 7401 *et seq.*);
- (vii) The National Environmental Policy Act of 1969 (42 U.S.C. § 4321 *et seq.*), including the environmental mitigation requirements and commitments made by the Borrower that result in [INSERT APPLICABLE MODE]'s approval of the [NEPA Determination];
- (viii) The Federal Water Pollution Control Act, as amended (33 U.S.C. § 1251 *et seq.*);
- (ix) The Endangered Species Act, 16 U.S.C. § 1531, *et seq.*;
- (x) 23 U.S.C. § 138 and 49 U.S.C. § 303, as applicable;
- (xi) The health and safety requirements set forth in 40 U.S.C. §§ 3701-3702 and implementing regulations (29 C.F.R. Part 1926 and 23 C.F.R. § 635.108, as applicable);
- (xii) The prevailing wage requirements set forth in 40 U.S.C. § 3141 *et seq.*, and implementing regulations (29 C.F.R. Part 5), and, as applicable, 23 U.S.C. § 113 and implementing regulations (23 C.F.R. §§ 635.117(f) and 635.118), and FHWA Form 1273 §§ IV and V for those contracts that involve construction of highway improvements;

- (xiii) The Buy America requirements set forth in 23 U.S.C. § 313 and implementing regulations (23 C.F.R. § 635.410);
- (xiv) The requirements of 23 U.S.C. § 101 *et seq.* and 23 C.F.R.;
- (xv) The Cargo Preference Act of 1954, as amended (46 U.S.C. §1241(b)), and implementing regulations (46 C.F.R. Part 381); and
- (xvi) The applicable requirements of 49 C.F.R. Part 24 relating to the Disadvantaged Business Enterprise program.

## **EXHIBIT F**

### **FHWA PROJECT OF DIVISION INTEREST STEWARDSHIP & OVERSIGHT PLANS**

**EXHIBIT G**  
**TIFIA DEBT SERVICE**

## **EXHIBIT H-1**

### **OPINIONS REQUIRED OF COUNSEL TO BORROWER [AND EACH OTHER BORROWER RELATED PARTY]<sup>18</sup>**

An opinion of the counsel of the Borrower, dated as of the Effective Date, to the effect that: (a) the Borrower is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its organization; (b) the Borrower has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under the Related Documents to which it is a party; (c) the execution and delivery by the Borrower of, and the performance of its respective obligations under, the Related Documents to which it is a party, have been duly authorized by all necessary organizational or regulatory action; (d) the Borrower has duly executed and delivered each Related Document to which it is a party and each such Related Document constitutes the legal, valid and binding obligation of such party; enforceable against such party in accordance with their respective terms; (e) no authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the Borrower for the execution and delivery by such party of, and the performance of such party under, any Related Document to which it is a party other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the Borrower; (f) the execution and delivery by the Borrower of, and compliance with the provisions of, the Related Documents to which it is a party in each case do not (i) violate the Organizational Documents of the Borrower, (ii) violate the law of the United States of America or of the State or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to such counsel to which the Borrower is a party, or to the best of such counsel's knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the Borrower is subject; (g) the Borrower is not an investment company required to register under the Investment Company Act of 1940, as amended; and (h) to our knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the Borrower by or before any court, arbitrator or any other Governmental Authority in connection with the Related Documents or the Project that are pending.<sup>19</sup>

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<sup>18</sup>Certain of the opinions described in this exhibit (e.g., enforceability of the TIFIA Bond, no conflicts with laws) may be addressed in the bond counsel opinion in addition to or in lieu of the opinion of counsel to the Borrower.

<sup>19</sup>Other opinions to be added as appropriate for the specific project or transaction.

## **EXHIBIT H-2**

### **OPINIONS REQUIRED FROM BOND COUNSEL**

An opinion of bond counsel, dated as of the Effective Date, to the effect that: (a) each of the TIFIA Bond, the Indenture, and the TIFIA Supplemental Indenture has been duly authorized, executed, and delivered by the Borrower in accordance with the Organizational Documents of the Borrower and in compliance with all applicable laws;<sup>20</sup> (b) each of the TIFIA Bond, the Indenture, and the TIFIA Supplemental Indenture is in full force and effect and constitutes the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its respective terms and conditions; (c) the TIFIA Bond is secured by the Trust Estate and is a Bond entitled to the benefits of a Bond under the Indenture, enforceable under the laws of the State without any further action by the Borrower or any other Person;<sup>21</sup> (d) the Indenture creates the valid and binding assignment and pledge of the Trust Estate to secure the payment of the principal of, interest on, and other amounts payable in respect of, the TIFIA Bond, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act; (e) all actions by the Borrower that are required for the use of Pledged Revenues as required under the Indenture and under the TIFIA Loan Agreement have been duly and lawfully made; (f) the Borrower has complied with the requirements of State law to lawfully pledge the Trust Estate and use the Pledged Revenues as required by the terms of the Indenture and the TIFIA Loan Agreement; (g) [the Borrower is not eligible to be a debtor in either a voluntary or involuntary case under the United States Bankruptcy Code];<sup>22</sup> and (h) [the Borrower is not entitled to claim governmental immunity in any breach of contract action under the TIFIA Loan Agreement or the TIFIA Bond or by the Trustee under the Indenture Documents].

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<sup>20</sup>Subject to modification if the Indenture is already in place at the time the TIFIA Loan is executed.

<sup>21</sup>The opinions described in clause (c) or (d) may further describe the TIFIA Bond's priority in relation to other Bonds issued under the Indenture.

<sup>22</sup>Subject to modification based on State bankruptcy law and the legal status of the Borrower as an entity.

**EXHIBIT I**  
**METHODOLOGY FOR FORECASTING HRTF REVENUES**

## EXHIBIT J

### FORM OF CERTIFICATE OF TRUSTEE

[BORROWER NAME]

TIFIA BOND,  
[ ] PROJECT  
(TIFIA PROJECT NUMBER)

The undersigned, [ ] (the “*Trustee*”), by its duly appointed, qualified and acting [ ], certifies with respect to the above referenced bond (the “*TIFIA Bond*”) dated as of [ ], 20[ ], as follows (capitalized terms used in this Certificate which are not otherwise defined shall have the meanings given to such terms in the Indenture (as defined below)):

1. That the Trustee is a national association duly organized and validly existing under the laws of the United States of America and is duly licensed and in good standing under the laws of [ ].
2. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the documents pertaining to the issuance of the TIFIA Bond have been obtained and are in full force and effect.
3. That the documents pertaining to the issuance of the TIFIA Bond to which the Trustee is a party were executed and the TIFIA Bond was authenticated on behalf of the Trustee by one or more of the persons whose names and offices appear on Annex One attached hereto and made part hereof, that each person was at the time of the execution of such documents and the authentication of the TIFIA Bond and now is duly appointed, qualified and acting incumbent of his or her respective office, that each such person was authorized to execute such documents and to authenticate the TIFIA Bond, and that the signature appearing after the name of each such person is a true and correct specimen of that person’s genuine signature.
4. That the undersigned is authorized to act as Trustee and accept the trusts conveyed to it under the Indenture (“*Trusts*”), has accepted the Trusts so conveyed and in so accepting the Trusts and so acting is in violation of no provision of its articles of association or bylaws, any law, regulation or court or administrative order or any agreement or other instrument to which it is a party or by which it may be bound.
5. That attached to this Certificate as Annex Two is a full, true and correct copy of excerpts from resolutions of the board of directors of the Trustee and other applicable documents that evidence the Trustee’s trust powers and the authority of the officers referred to above to act on behalf of the Trustee; and that these excerpts and other applicable documents were in effect on the date or dates such officers acted and remain in full force and effect



today, and such excerpts and documents have not been amended since the date of the last amendment thereto shown on any such copy, as applicable.

6. That receipt is acknowledged of all instruments, certifications and other documents or confirmations required to be received by the Trustee pursuant to Section [\_\_\_\_] of that certain Indenture (the “**Indenture**”), dated as of [\_\_\_\_], 20[\_\_\_\_], between [\_\_\_\_] (the “**Borrower**”) and the Trustee.
7. That receipt is also acknowledged of that certain TIFIA Loan Agreement, dated as of [\_\_\_\_], 20[\_\_\_\_] (the “**TIFIA Loan Agreement**”), between the Borrower and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “**TIFIA Bondholder**”).
8. That the Trustee also accepts its appointment and agrees to perform the duties and responsibilities of Trustee [and of Bond Registrar and Paying Agent] for and in respect of the TIFIA Bond as set forth in the Indenture and the TIFIA Loan Agreement, including from time to time redeeming all or a portion of the TIFIA Bond as provided in Section [\_\_\_\_] of the Indenture. In accepting such duties and responsibilities, the Trustee shall be entitled to all of the privileges, immunities, rights and protections set forth in Section [\_\_\_\_] of the Indenture.
9. That all funds and accounts for the payment of the TIFIA Bond pursuant to the Indenture (including, but not limited to, [*insert name of account designated for TIFIA Debt Service*]) have been established as provided in the Indenture.

[SIGNATURE PAGE FOLLOWS]

Dated: [\_\_\_\_], 20[\_\_]

[TRUSTEE]

By: \_\_\_\_\_

Its:

**ANNEX ONE TO EXHIBIT J**

**OFFICERS OF TRUSTEE**

**ANNEX TWO TO EXHIBIT J**

**RESOLUTIONS OF BOARD OF DIRECTORS OF TRUSTEE**

## EXHIBIT K

### FORM OF BORROWER'S OFFICER'S CERTIFICATE

Reference is made to that certain TIFIA Loan Agreement, dated as of [\_\_\_\_], 20[\_\_\_\_] (the "TIFIA Loan Agreement"), by and among [\_\_\_\_] (the "Borrower") and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the "TIFIA Lender"). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the TIFIA Loan Agreement.

The undersigned, [\_\_\_\_], as Borrower's Authorized Representative, does hereby certify on behalf of the Borrower and not in his/her personal capacity, as of the date hereof:

- (a) pursuant to Section 13(a)(ii) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit A** are complete and fully executed copies of each Indenture Document[, together with any amendments, waivers or modifications thereto, in each case that has been entered into on or prior to the Effective Date,] and each such agreement is in full force and effect, and all conditions contained in such documents to the closing of the transactions contemplated thereby have been fulfilled or effectively waived by the TIFIA Lender in its sole discretion;
- (b) pursuant to Section 13(a)(vii) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit B** is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the Related Documents to which the Borrower is or will be a party, and who have been appointed a Borrower's Authorized Representative in accordance with Section 26 (*Borrower's Authorized Representative*) of the TIFIA Loan Agreement;
- (c) [pursuant to Section 13(a)(ix) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit C** is a true, correct and complete copy of the Borrower's Traffic and Revenue Study, accompanied by a letter from the preparer of such study, certifying that the assumptions and projections contained in the Traffic and Revenue Study are reasonable and may be relied upon by the TIFIA Lender;]
- (d) pursuant to Section 13(a)(x) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit D** are true, correct and complete copies of each Principal Project Contract that has been executed on or prior to the Effective Date (as listed below), and each such Principal Project Contract is in full force and effect and has not been amended, amended and restated, modified or supplemented except as listed below and attached hereto as part of **Exhibit D**:
  - 1. [Construction Agreement]; and
  - 2. [Others];
- (e) the Borrower has obtained all Governmental Approvals necessary to commence construction of the Project and each such Governmental Approval is final and non-

appealable and in full force and effect (and is not subject to any notice of violation, breach or revocation);

- (f) pursuant to Section 13(a)(xii) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit E** is the Base Case Financial Model, which Base Case Financial Model (i) demonstrates that projected Project Revenues are sufficient to meet the Loan Amortization Schedule, (ii) demonstrates a Total Debt Service Coverage Ratio for each Calculation Period through the Final Maturity Date that is not less than [\_\_\_\_], [(iii) *other coverage ratios as applicable*], [(i)v] does not reflect (1) the commencement of amortization of the principal amount of any Senior Obligations before the Debt Service Payment Commencement Date, (2) the payment of any interest on any Subordinate Obligations before the Debt Service Payment Commencement Date, or (3) the commencement of amortization of the principal amount of any Subordinate Obligations before the commencement of amortization of the principal amount of the TIFIA Loan;
- (g) pursuant to Section 13(a)(xv) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit F** is a true, correct and complete copy of the final NEPA Determination, which document has not been revoked or amended on or prior to the date hereof;
- (h) pursuant to Section 13(a)(xvii) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, (i) the Borrower's Federal Employer Identification Number is [\_\_\_\_\_] and attached hereto as **Exhibit G-1** is evidence thereof, (ii) the Borrower's Data Universal Numbering System number is [\_\_\_\_], and (iii) the Borrower has registered with, and obtained confirmation of active registration status from, the federal System for Award Management ([www.SAM.gov](http://www.SAM.gov)), and attached hereto as **Exhibit G-2** is evidence of each of (ii) and (iii);
- (i) [pursuant to Section 13(a)(xviii) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit H** are true, correct and complete copies of certificates of insurance that demonstrate satisfaction of the insurance requirements of Section 13(a)(xviii) of the TIFIA Loan Agreement;]<sup>23</sup>
- (j) pursuant to Section 13(a)(xix) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as (i) **Exhibit I-1** is a copy of [the Borrower's] [each Borrower Related Party's] Organizational Documents, as in effect on the Effective Date (and certified by the Secretary of State of the State, to the extent applicable), which Organizational Documents are in full force and effect and have not been amended since the date of the last amendment thereto shown on the [certificate], (ii) **Exhibit I-2** is a copy of all resolutions authorizing [the Borrower] [each Borrower Related Party] to execute and deliver, and to perform its respective obligations under, the TIFIA Loan Documents to which it is a party, and such resolutions have not been subsequently modified, rescinded or amended, are in full force and effect in the form adopted, and are the only resolutions adopted by the Borrower Related Parties relating to the matters

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<sup>23</sup>Subject to modification to the extent that the Borrower utilizes a self-insurance program.

described therein, and (iii) as **Exhibit I-3** is a copy of such further instruments and documents as are necessary, appropriate or advisable to effectuate the foregoing resolutions and to consummate and implement the transactions contemplated by such resolutions and the TIFIA Loan Documents;

- (k) pursuant to Section 13(a)(xxi) (*Conditions Precedent to Effectiveness*) of the TIFIA Loan Agreement, attached hereto as **Exhibit J** are complete and fully executed copies of each performance security instrument delivered to or by the Borrower pursuant to any Principal Project Contract as of the Effective Date, each of which performance security instruments is in compliance with the requirements for such performance security instrument pursuant to the applicable Principal Project Contract and is in full force and effect;
- (l) the representations and warranties of the Borrower set forth in the TIFIA Loan Agreement and in each other Related Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;
- (m) (i) the maximum principal amount of the TIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed thirty-three percent (33%) of reasonably anticipated Eligible Project Costs and (ii) as required pursuant to § 603(b)(9) of the Act, the total federal assistance provided to the Project, including the maximum principal amount of the TIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Eligible Project Costs; and
- (n) [*other attachments and provisions, as may apply to the specific TIFIA Loan Agreement*].

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

[\_\_\_\_\_]

By:\_\_\_\_\_

Name:

Title: Authorized Person



## EXHIBIT B TO EXHIBIT K

### INCUMBENCY CERTIFICATE

The undersigned certifies that he/she is the [Secretary] of [\_\_\_\_], a [\_\_\_\_], (the “Borrower”), and as such he/she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the [TIFIA Loan Documents] and/or the [Indenture Documents] as the Borrower’s Authorized Representative (each as defined in that certain TIFIA Loan Agreement, dated as of the date hereof, between the Borrower and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau):

Name	Title	Signature
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this \_\_\_\_\_ day of [\_\_\_\_], 20[\_\_\_\_].

[\_\_\_\_\_]

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT L

### FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

*[Letterhead of Borrower]*

*[Date]*

Build America Bureau

United States Department of Transportation

Room W12-464

1200 New Jersey Avenue, SE

Washington, D.C. 20590

Attention: Director, Office of Credit Programs

**Project:** [Project Name] [TIFIA Project Reference Number]

Dear Director:

This Notice is provided pursuant to Section 16(f)(i)(A) (*Substantial Completion*) of that certain TIFIA Loan Agreement (the “TIFIA Loan Agreement”), dated as of [Dated Date], by and between [Borrower] (the “**Borrower**”) and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “**TIFIA Lender**”).

Unless otherwise defined herein, all capitalized terms in this Notice have the meanings assigned to those terms in the TIFIA Loan Agreement.

I, the undersigned, in my capacity as the Borrower’s Authorized Representative and not in my individual capacity, do hereby certify to the TIFIA Lender that:

- (a) on [insert date Substantial Completion requirements were satisfied], the Project satisfied each of the requirements for Substantial Completion set forth in the [Insert reference to the concession agreement, design-build or similar agreement for the Project];
- (b) Substantial Completion has been declared under each of the above-referenced agreements and copies of the notices of Substantial Completion under such agreements are attached to this certification; and

(c) Substantial Completion, as defined in the TIFIA Loan Agreement, has been achieved.

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[Borrower's Authorized Representative]

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Name:

Title:

## EXHIBIT M

### TIFIA LOAN REAMORTIZATION METHODOLOGY

The TIFIA loan principal to be paid in each year is calculated by multiplying the percentages (set out in the Table below) by the amount of the Outstanding TIFIA Loan Balance at the start of the Debt Service Commencement Date. Any rounding differences will be applied to the last Principal Payment.

Year	Percentage
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044	
2045	
2046	
2047	
2048	
2049	
2050	
2051	
2052	
2053	
2054	
2055	

## EXHIBIT N

### CERTIFICATION REGARDING THE PROHIBITION ON THE USE OF APPROPRIATED FUNDS FOR LOBBYING

The undersigned, on behalf of [INSERT NAME OF BORROWER], hereby certifies, to the best of his or her knowledge and belief, that:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of the TIFIA Loan.

(b) If any funds other than proceeds of the TIFIA Loan have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the TIFIA Loan, the Borrower shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(c) The Borrower shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when the TIFIA Lender entered into this Agreement. Submission of this certification is a prerequisite to the effectiveness of this Agreement imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Dated: \_\_\_\_\_

**[BORROWER]<sup>24</sup>**

By: \_\_\_\_\_

Name:

Title:

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<sup>24</sup>To be executed by Borrower's Authorized Representative.

**SECOND SUPPLEMENTAL SERIES INDENTURE OF TRUST**

**between**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

**and**

**WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of \_\_\_\_\_, 2019**

**relating to**

**\$\_\_\_\_\_**

**Hampton Roads Transportation Accountability Commission  
Hampton Roads Transportation Fund**

**Subordinate Revenue Bond  
TIFIA Series 2019**

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## SECOND SUPPLEMENTAL SERIES INDENTURE OF TRUST

This **SECOND SUPPLEMENTAL SERIES INDENTURE OF TRUST** (this “Second Series Supplement”) is made as of \_\_\_\_\_, 2019, between the **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**, a body politic and a political subdivision of the Commonwealth of Virginia (“HRTAC” or the “Commission”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association, and its successors, as trustee (the “Trustee”).

### RECITALS:

**WHEREAS**, HRTAC is a body politic and a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) having the authority under the Code of Virginia of 1950, as amended (the “Virginia Code”), to receive all of the amounts dedicated to the Hampton Roads Transportation Fund (the “HRTF”) from the additional sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the additional wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code;

**WHEREAS**, as provided in Chapter 26, Title 33.2, of the Virginia Code (the “HRTAC Act”), the Commission shall use the moneys deposited in the HRTF solely for the purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities (as hereinafter defined), giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities, and (ii) paying the Commission’s administrative and operating expenses as provided in the Annual Budget;

**WHEREAS**, Section 33.2-2606 of the HRTAC Act authorizes and empowers HRTAC to issue bonds and other evidences of debt and provides that the provisions of Article 5 (Section 33.2-1920 *et seq.*) of Chapter 19 of Title 33.2 of the Virginia Code shall apply, *mutatis mutandis*, to the issuance of such bonds and other evidences of debt (collectively, the “Bonds”) for any of the Commission’s purposes;

**WHEREAS**, Section 33.2-1920 of the Virginia Code permits the Bonds to be payable from and secured by a pledge of all or any part of the revenues, moneys or funds of HRTAC as specified in a resolution adopted or indenture entered into by HRTAC, but that such Bonds shall not constitute debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than HRTAC, and that such Bonds shall not constitute an indebtedness within the meaning of any debt limitation or restriction except as provided under Section 33.2-1920 of the Virginia Code;

**WHEREAS**, HRTAC has executed and delivered to the Trustee a Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), under which, among other things, HRTAC has provided for the financing and refinancing of the costs of Projects through the issuance from time to time of Bonds, payable from and secured by the HRTAC Revenues;

**WHEREAS**, HRTAC and the United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”), propose to enter into a TIFIA Loan Agreement, dated as of

\_\_\_\_\_, 2019 (the “2019 TIFIA Loan Agreement”), pursuant to which the TIFIA Lender has agreed to extend a loan to HRTAC to (a) pay, or to reimburse itself for, portions of the costs of the construction and acquisition of the several Projects as further described below (collectively, the “2019 TIFIA Financed Projects”), [(b) fund one or more deposits to the debt service reserve fund for the TIFIA Series 2019 Bond, and (c) finance any costs of issuance of the 2019 TIFIA Loan and the below described TIFIA Series 2019 Bond];

**WHEREAS**, as evidence of the loan extended by the TIFIA Lender under the 2019 TIFIA Loan Agreement, and to provide for the repayment thereof, HRTAC has determined to issue and deliver a Series of Bonds under the Master Indenture, to be issued as a Subordinate Obligation thereunder and designated the Hampton Roads Transportation Accountability Commission Subordinate Revenue Bond, TIFIA Series 2019 (the “TIFIA Series 2019 Bond”) to the TIFIA Lender in the initial aggregate principal amount (excluding any capitalized interest) of up to \$\_\_\_\_\_ to finance certain Eligible Project Costs, as herein defined, with respect to the 2019 TIFIA Financed Projects;

**WHEREAS**, the Master Indenture provides that HRTAC may issue Subordinate Obligations from time to time as authorized by a Series Supplement, which Subordinate Obligations are to be secured by the HRTAC Revenues in accordance with the Master Indenture, and the Master Indenture further provides that, as a condition to the issuance and authentication of any Series of Bonds, HRTAC shall deliver to the Trustee a Series Supplement;

**WHEREAS**, HRTAC and the Trustee desire to enter into this Second Series Supplement to set forth the terms of HRTAC’s obligations to the TIFIA Lender relating to the 2019 TIFIA Loan Agreement, which is being entered into as indebtedness under, pursuant to and in accordance with the HRTAC Act;

**WHEREAS**, all things necessary to make the TIFIA Series 2019 Bond a valid and binding limited obligation of HRTAC, when authenticated and issued as provided in this Second Series Supplement, and to constitute this Second Series Supplement a valid and binding Series Supplement securing the payment of the principal of and premium, if any, and interest on the TIFIA Series 2019 Bond, have been done and performed.

**NOW, THEREFORE**, HRTAC hereby covenants and agrees with the Trustee and with the Owners, from time to time, of the TIFIA Series 2019 Bond, as follows:

## **ARTICLE II SERIES SUPPLEMENT**

**Section 2.1    Series Supplement** This Second Series Supplement is authorized and executed by HRTAC and delivered to the Trustee pursuant to and in accordance with Articles V and XV of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the TIFIA Series 2019 Bond, except as otherwise expressly stated in this Second Series Supplement.

**Section 2.2    Definitions.** All capitalized words and terms used in this Second Series Supplement, including in the Recitals, shall have the meanings set forth in Article I of the Master Indenture unless the context clearly requires a different or separate meaning. In addition, the

following words and terms have the following meanings in this Second Series Supplement unless the context clearly requires otherwise:

**“2019 TIFIA Debt Service”** means, with respect to any Semi-Annual Payment Date occurring on or after the 2019 TIFIA Debt Service Payment Commencement Date, the principal and/or interest required to be paid on the 2019 TIFIA Loan on such Semi-Annual Payment Date as shown on Exhibit B of the 2019 TIFIA Loan Agreement in accordance with the provisions of Section 9 of the 2019 TIFIA Loan Agreement.

**“2019 TIFIA Debt Service Payment Commencement Date”** means the earlier of (a) \_\_\_\_\_, and (b) the 9<sup>th</sup> Semi-Annual Payment Date immediately succeeding the 2019 TIFIA Substantial Completion Date.

**“2019 TIFIA Debt Service Reserve Required Balance”** means on the later of (a) the 2019 TIFIA Substantial Completion Date, or (b) the date the final disbursement of the 2019 TIFIA Loan and thereafter, the greater of (x) ten percent (10%) of the outstanding 2019 TIFIA Loan balance, (y) 1.0X the 2019 TIFIA Maximum Annual Debt Service, or (z) one hundred and twenty-five percent (125%) of the average annual 2019 TIFIA Debt Service through the Final Maturity Date. [If there are more than one TIFIA Loan outstanding at any time, then the amounts set forth in clauses (x) through (z) will be calculated using the summation of all TIFIA Loans as if there were one TIFIA Loan.]

The 2019 TIFIA Debt Service Reserve Required Balance shall constitute the “Subordinate Debt Service Reserve Fund Requirement,” as defined in the Master Indenture, with respect to the TIFIA Series 2019 Bond [and any other bonds or other obligations issued to the TIFIA Lender under the Master Indenture and secured by a pledge of HRTAC Revenues thereunder].

**“2019 TIFIA Financed Projects”** means, collectively, the Projects as defined in the 2019 TIFIA Loan Agreement.

**“2019 TIFIA Interest Rate”** means \_\_\_\_\_% per annum.

**“2019 TIFIA Loan”** shall have the meaning set forth in the 2019 TIFIA Loan Agreement.

**“2019 TIFIA Loan Agreement”** means the 2019 TIFIA Loan Agreement, dated as of \_\_\_\_\_, 2019, between the TIFIA Lender and HRTAC, relating to the 2019 TIFIA Financed Projects, as amended in accordance with its terms. The 2019 TIFIA Loan Agreement is attached hereto as Exhibit A.

**“2019 TIFIA Maximum Annual Debt Service”** means the highest aggregate amount of 2019 TIFIA Debt Service for the present or any succeeding Fiscal Year.”

**“2019 TIFIA Substantial Completion Date”** means the date of substantial completion, which occurs on the date of opening of the 2019 TIFIA Financed Projects to vehicular traffic.

**“Dated Date”** means ” means the date of the issuance, authentication and delivery of the TIFIA Series 2019 Bond and may also be referred to as the “Closing Date.”

**“Default Rate”** means an interest rate of 200 basis points above the 2019 TIFIA Interest Rate.

**“Final Maturity Date”** has the meaning set forth in the 2019 TIFIA Loan Agreement.

**“Government** means the United States of America and its departments and agencies.

**“Master Indenture”** means the Master Indenture of Trust dated as of February 1, 2018, between HRTAC and the Trustee, as the same may be modified, altered, amended and supplemented from time to time in accordance with its terms.

**“Member Localities”** means, collectively, each county and city located in Planning District 23, established pursuant to Chapter 42, Title 15.2, of the Virginia Code, currently consisting of the Counties of Isle of Wight, James City, Southampton and York, and the Cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg, and any other localities that may hereafter be added to HRTAC by amendment to the Virginia Code.

**“Permitted Investments”** as the meaning set forth in the 2019 TIFIA Loan Agreement.

**“Second Series Supplement”** means this Second Series Supplement of Trust dated as of \_\_\_\_\_, 2019, between HRTAC and the Trustee, being a Series Supplement with respect to the TIFIA Series 2019 Bond pursuant to the provisions of the Master Indenture.

**“Semi-Annual Payment Date”** means each January 1 and July 1[, or if such day is not a Business Day, then the Business Day succeeding such June 1 or December 1].

**“TIFIA Lender** means the U.S. Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau, and its successors and assigns.

**“TIFIA Series 2019 Bond”** means the Hampton Roads Transportation Accountability Subordinate Revenue Bond, TIFIA Series 2019, authorized to be issued as a Subordinate Obligation under Section 2.1(a) of this Second Series Supplement.

**“TIFIA Series 2019 Bond Debt Service Fund”** means the Bond Debt Service Fund Related to the TIFIA Series 2019 Bond established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Second Series Supplement.

**“TIFIA Series 2019 Cost of Issuance Fund”** means the Cost of Issuance Fund Related to the TIFIA Series 2019 Bond established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Second Series Supplement.

**“TIFIA Series 2019 Project Fund”** means the Project Fund Related to the TIFIA Series 2019 Bond established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Second Series Supplement.

**Section 2.3 Representations of HRTAC.** HRTAC represents that (i) it is duly authorized under the Constitution and laws of the Commonwealth, including, particularly and without limitation, Section 33.2-2606 of the HRTAC Act, to issue the TIFIA Series 2019 Bond, to execute this Second Series Supplement, and to pledge and grant the security provided herein subject to the Master Indenture, (ii) all action on its part necessary for the execution and delivery of this Second Series Supplement has been taken, and (iii) the TIFIA Series 2019 Bond in the hands of the Owners thereof are and will be valid and enforceable limited obligations of HRTAC.

### **ARTICLE III AMENDMENTS AND SUPPLEMENTS TO THE MASTER INDENTURE**

Each of the provisions in Section [\_\_\_ through \_\_\_] shall amend the original Master Indenture (and supersede the corresponding provisions of the original Master Indenture ) [and shall remain in effect only until the irrevocable payment in full of the TIFIA Series 2019 Bond and the payment to the TIFIA Lender of all amounts due under the 2019 TIFIA Loan Agreement.

#### **Section 3.1 Clarification of Certain Master Indenture Provisions.**

- (a) The definition of “HRTAC Revenues” is amended and restated as follows:

**“HRTAC Revenues”** means, in any period, (i) all of the HRTF Revenues received by HRTAC during such period, (ii) all earnings from the investment of moneys held in any Fund or Account that is pledged to the payment of any Bonds issued under this Master Indenture (other than any Rebate Fund or any Fund or Account that is established to hold the proceeds of a drawing on a Bond Credit Facility), and (iii) any and all other revenues available under the HRTAC Act that have been designated as HRTAC Revenues pursuant to a Supplemental Indenture, but shall not include Toll Revenues.

- (b) Notwithstanding any provision in the Master Indenture to the contrary, any pledge or grant of a security interest in an Account or a Fund shall also include the investment earnings in such Account or Fund, unless specifically stated otherwise.

- (c) [Placeholders for definitional change for “Excluded Interest Payment” or “Excluded Principal Payment” (*under review*)];

#### **Section 3.2 Amendment to Master Indenture to Add Additional Definitions.**

- (b) [For so long as any TIFIA Bond or Loan is Outstanding,] Section 1.02 of the Master Indenture is hereby amended by adding the following definitions:

**“Excess Revenues”** means, following the occurrence of a Revenue Sharing Trigger Event, an amount in each month equal to 50% of the [HRTAC Revenues][Pledged Revenues] remaining after the transfers described in clauses (i) through (x) in Section 8.1(b) have occurred [; provided, however, that no Pledged Revenues shall constitute Excess Revenues if HRTAC shall not have been able to satisfy the conditions under the 2019 TIFIA Loan Agreement or the Master Indenture for the incurrence of an additional one dollar (\$1.00) of Permitted Debt or “Bonds”, respectively, as of any such date.]

**“Hedging Termination Obligations”** means the aggregate amount payable to the Hedging Banks (as defined in the 2019 TIFIA Loan Agreement) by HRTAC upon the early termination of all or a portion of the Hedging Agreements (as defined in the 2019 TIFIA Loan Agreement), net of all amounts payable to HRTAC by such Hedging Banks upon the early unwind of all or a portion of such Hedging Agreements. For the avoidance of doubt, all calculations of such amounts payable under the Hedging Agreements shall be made in accordance with the terms of the applicable Hedging Agreements.

**“Revenue Sharing Trigger Event”** means any date on which Subordinate Obligations issued to the TIFIA Lender are outstanding and neither HRTAC nor VDOT, on behalf of HRTAC, are actively engaged in the development of capital project programs in the Hampton Roads Transportation Planning Organization’s most recently adopted long-range transportation plan

**“TIFIA Revenue Sharing Account”** means the account by that name established in the General Fund with respect to TIFIA Loans of HRTAC secured by HRTAC Revenues as provided in Section 5.1(b) of this Second Series Supplement.

**“Undesignated Account”** means the account by that name established in the General Fund as provided in Section 5.1(b) of this Second Series Supplement.

### **Section 3.3    Amendment to Section 2.1 of Master Indenture.**

(b)    For so long as any TIFIA Bond or Loan is Outstanding, Section 2.1(a) of the Master Indenture is amended and restated as follows:

#### **Section 2.1    Security for Bonds.**

(a)    In order to provide for the payment of the principal of and the premium, if any, and interest on the Bonds issued hereunder, and to secure the performance of all of the obligations of HRTAC with respect to the Bonds, this Master Indenture and the Series Supplements, subject to the terms hereof and thereof, HRTAC pledges and grants to the Trustee:

(1)    All of the HRTAC Revenues; and

(2) The Revenue Fund; and

(3) All other property of any kind mortgaged, pledged or hypothecated to provide for the payment of or to secure the Bonds by HRTAC or by anyone on its behalf and with its written consent at any time as and for additional security under this Master Indenture and the Series Supplements in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of this Master Indenture and the Series Supplements.

**Section 3.4 Amendment to Section 8.1 of Master Indenture.** For so long as any TIFIA Bond or Loan is Outstanding, Section 8.1 of the Master Indenture is amended and restated as follows:

**Section 8.1 Revenue Fund.** (a) HRTAC will hold the Revenue Fund as a separate Fund. HRTAC will deposit into the Revenue Fund all HRTAC Revenues immediately upon receipt.

(b) At least once each month, not later than the last Business Day of each month, HRTAC shall make transfers from the Revenue Fund in the amounts and in the order of priority set forth below:

FIRST: To each Senior Debt Service Fund ratably, the amount, if any, required under the Related Series Supplement so that the balance therein on the next Payment Date shall equal the amount of principal, if any, and interest due on the next Payment Date on the Related Series of Bonds; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SECOND: To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement;

THIRD: To each Intermediate Lien Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Intermediate Lien Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in an Intermediate Lien Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

FOURTH: To each Intermediate Lien Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Intermediate Lien Debt Service Reserve Requirement;

FIFTH: To each Subordinate Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the

next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SIXTH: To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement;

SEVENTH: To each Rebate Fund the amounts necessary to provide for the payment of any Rebate Amounts with respect to the Related Series of Bonds as confirmed in an Officer's Certificate;

EIGHTH: To the Operating Account of the Operating Fund, the amount of funds necessary to pay Operating Expenses during such period in accordance with the Annual Budget;

NINTH: To the Operating Reserve Account of the Operating Fund, the amount, if any, so that the balance in such Account shall be equal to the Operating Reserve Requirement; ~~and~~

TENTH, to fund any Hedging Termination Obligation in connection with a Qualified Hedge;

ELEVENTH, [so long as the TIFIA Bond is outstanding and is owned by the TIFIA Lender or another federal agency and except as otherwise agreed (or waived),] upon the occurrence and continuation of a Revenue Sharing Trigger Event, an amount equal to Excess Revenues for such month, for deposit into the Revenue Sharing Account of the General Fund; and

TWELFTH: To the Undesignated Account in the General Fund, the balance remaining in the Revenue Fund.

**Section 3.5 Amendment to Section 8.5 of the Master Indenture.** For so long as any TIFIA Bond or Loan is Outstanding, Section 8.5 of the Master Indenture is amended and restated as follows:

**Section 8.5 General Fund.** (a) HRTAC shall hold the General Fund and, except as otherwise provided below, neither such Fund nor any amount therein is pledged to secure the Bonds.

(b) HRTAC shall apply the balance in the TIFIA Revenue Sharing Account as provided in the applicable Series Supplement.

(c) HRTAC shall apply the balance in the Undesignated Account in the General Fund, including interest earnings, as follows:



FIRST: To cure any deficiency in the amount required to be on deposit in any Senior Debt Service Fund, any Senior Debt Service Reserve Fund, any Intermediate Lien Debt Service Fund, any Intermediate Lien Debt Service Reserve Fund, any Subordinate Debt Service Fund, any Subordinate Debt Service Reserve Fund, any Rebate Fund, or the Operating Reserve Account, in that order; and

SECOND: To any other lawful purpose approved by resolution of HRTAC, including, without limitation, expenditures for capital improvements with respect to any Project or payment of any Operating Expenses.

**Section 3.6 Prior Consents in connection with Issuance of Subordinate Obligations.**

For so long as any TIFIA Bond or Loan is Outstanding, HRTAC hereby agrees that it will not issue Subordinate Obligations (a) that bear interest at a Variable Interest Rate (as defined in the 2019 TIFIA Loan Agreement), or (b) to any Person other than the TIFIA Lender, without the written consent of the TIFIA.

**Section 3.7 Compliance With Respect to Put Bonds.**

For so long as any TIFIA Bond or Loan is Outstanding, to the extent any “Variable Interest Rate Obligations” consists of “Put Bonds,” HRTAC agrees to provide and maintain a “Credit Facility” (as such terms are defined in the 2019 TIFIA Loan Agreement).

**Section 3.8 Compliance With Respect to Swap-Related Bonds.**

For so long as any TIFIA Bond or Loan is Outstanding, in addition to the provisions of the Master Indenture relating to Swap-Related Bonds in Section 5.4(a)(3) thereof, HRTAC hereby agrees that it will comply with the provisions requiring “Qualified Hedges” (as defined in the 2019 TIFIA Loan Agreement) if it issues any Senior Bonds or Intermediate Obligations bearing interest at a “Variable Interest Rate” (as such terms are defined in the 2019 TIFIA Loan Agreement), as and to the extent provided in Section 16(l) of the 2019 TIFIA Loan Agreement.

**Section 3.9 Issuance of Additional Bonds.**

For so long as any TIFIA Bond or Loan is Outstanding, HRTAC agrees, with respect to and in addition to the provisions of the Master Indenture relating to the issuance of a Series of Bonds, to satisfy the requirements, as applicable of paragraphs (a) and (b) of the definition of “Additional Obligations” in the 2019 TIFIA Loan Agreement. Swap-Related Bonds in Section 5.4(a)(3) thereof, issuance of Additional Section 5.3(e) of the Master Indenture is hereby amended to add a second paragraph as follows:

**Section 3.10 Additional Terms Relating to Credit Facility .**

For so long as any TIFIA Bond or Loan is Outstanding, in addition to the provisions of the Master Indenture relating to a “Bond Credit Facility,” HRTAC hereby agrees that it will comply with the provisions relating to “Credit Facilities” (as defined in the 2019 TIFIA Loan Agreement)

### **Section 3.11 Permitted Investments.**

(a) For so long as any TIFIA Bond or Loan is Outstanding, and notwithstanding the provisions of the Master Indenture, amounts on deposit in any Fund or Account established under Section 5.1 of this Second Series Supplement, other than any amount in the General Fund or Account thereof, must be invested in Permitted Investments (as such term is defined in the 2019 TIFIA Loan Agreement) and amounts on deposit in the TIFIA Series 2019 Interest Account, the TIFIA Series 2019 Principal Account and the TIFIA Series 2019 Redemption Account may only be invested in Permitted Investments that have a maturity that does not extend, respectively, beyond the next applicable Interest Payment Date, Principal Payment Date or redemption date.

(b) Notwithstanding the provisions of Section 418(d) of the Original Bond Resolution, amounts on deposit in the TIFIA Series 2016 Debt Service Reserve Account established under Section 401 of this Second Supplemental Resolution (or its successor Account in the First Tier Debt Service Reserve Fund upon the occurrence of a Bankruptcy Related Event of the District) may only be invested in Permitted Investments that have a maturity that does not extend beyond the next Interest Payment Date.

### **Section 3.12 Events of Default.**

[To come, if needed]

## **ARTICLE IV AUTHORIZATION AND DETAILS OF TIFIA SERIES 2019 BOND**

**Section 4.5 Authorization of TIFIA Series 2019 Bond.** (a) There is authorized to be issued pursuant to the Master Indenture a Series of Subordinate Obligations to be called the “Hampton Roads Transportation Fund Subordinate Revenue Bond, TIFIA Series 2019,” in the initial aggregate principal amount of up to \$\_\_\_\_\_.

(b) The proceeds of the TIFIA Series 2019 Bond shall be used to provide funds to finance or refinance Eligible Project Costs of the 2019 TIFIA Financed Projects.

### **Section 4.6 Terms and Details of TIFIA Series 2019 Bond.**

The TIFIA Series 2019 Bond shall be issued to the TIFIA Lender in certificated form as one typewritten bond registered in the name of the TIFIA Lender as the Owner thereof. The TIFIA Series 2019 Bond shall not be issued as a book-entry-only obligation. Initially, there shall be delivered hereunder one fully registered TIFIA Series 2019 Bond in the full authorized initial aggregate principal amount set forth above, numbered R-1, without interest coupons. Any TIFIA Series 2019 Bond issued in replacement thereof upon transfer or exchange shall be numbered consecutively from R-2 upward, payable to the Owner thereof. The TIFIA Series 2019 Bond shall be payable, executed, authenticated, registrable, exchangeable and secured all as set forth in the Master Indenture, this Second Series Supplement, and the 2019 TIFIA Loan Agreement. In the event the TIFIA Lender sells or otherwise transfers all or a portion of the TIFIA Series 2019 Bond to another Owner, HRTAC shall provide, in writing, subsequent transfer and registration details to the Trustee.

(b) The TIFIA Series 2019 Bond shall be dated the Dated Date. The 2019 TIFIA Loan as evidenced by the TIFIA Series 2019 Bond shall bear interest at the TIFIA Interest Rate or at the 2019 TIFIA Default Rate as further provided in the 2019 TIFIA Loan Agreement. Interest on the TIFIA Series 2019 Bond shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed and shall be compounded semi-annually on each Semi-Annual Payment Date.

(c) The principal amount of the TIFIA Series 2019 Bond will be increased from time to time (a) on each occasion on which the TIFIA Lender shall disburse loan proceeds under and pursuant to the 2019 TIFIA Loan Agreement, by the amount of such disbursement of loan proceeds, and (b) in accordance with Section 9(b) of the 2019 TIFIA Loan Agreement, prior to the Debt Service Payment Commencement Date on each occasion on which any amount representing interest that is not currently paid by HRTAC on the applicable Semi-Annual Payment Date, by the amount of such unpaid interest, which shall be capitalized. Not later than the tenth calendar day before the first Business Day of the month following (x) each disbursement of loan proceeds under the 2019 TIFIA Loan Agreement and (y) each Semi-Annual Payment Date on which interest is capitalized as provided in the preceding sentence, HRTAC shall provide a revised schedule to the Trustee and the TIFIA Lender setting forth each increase in the principal amount of the TIFIA Series 2019 Bond and the revisions to the monthly deposits to the Funds and Accounts required by this Second Series Supplement. HRTAC shall, within a reasonable period of time after each disbursement, notify the Trustee in writing of the date and amount of each such disbursement and increase to the outstanding principal amount of the TIFIA Series 2019 Bond in accordance with Section 9(b) of the 2019 TIFIA Loan Agreement so that the Trustee can keep accurate records of the principal amount Outstanding from time to time of the TIFIA Series 2019 Bond.

(d) The 2019 TIFIA Loan as evidenced by the TIFIA Series 2019 Bond shall mature no later than the Final Maturity Date.

(e) The principal of and premium, if any, and interest on the TIFIA Series 2019 Bond shall be payable in lawful money of the United States of America.

**Section 4.7 Medium and Place of Payment.** Payment of the principal of and/or interest on the TIFIA Series 2019 Bond shall be paid by the Trustee by wire transfer to the TIFIA

Lender (or a successor) in immediately available funds in accordance with the payment instructions provided by the TIFIA Lender on the date of execution and delivery of the TIFIA Series 2019 Bond. Upon receipt by HRTAC of any revision to the payment instructions provided by the TIFIA Lender that is not also simultaneously sent directly to the Trustee and any Paying Agent, HRTAC shall promptly forward such revised payment instructions to the Trustee and any such Paying Agent. The Trustee shall comply with such revised payment instructions if received no later than five (5) Business Days prior to the next payment date.

**Section 4.8 Form of TIFIA Series 2019 Bond; Approval of 2019 TIFIA Loan Agreement.**

(b) The TIFIA Series 2019 Bond and the certificate of authentication shall be substantially in the form attached as Exhibit B to this Second Series Supplement, which form is hereby approved and adopted as the form of the TIFIA Series 2019 Bond and the certificate of authentication, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture, this Second Series Supplement, or the 2019 TIFIA Loan Agreement. There may be endorsed on the TIFIA Series 2019 Bond such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law. The 2019 TIFIA Bond shall be substantially in the form attached hereto as Exhibit B.

(c) The terms and provisions of the 2019 TIFIA Loan Agreement are hereby approved by HRTAC substantially in form and substance as set forth in Exhibit A to this Second Series Supplement.

**Section 4.9 Authentication and Delivery of TIFIA Series 2019 Bond.** (a) The TIFIA Series 2019 Bond shall bear a certificate of authentication, substantially as set forth in the form of the TIFIA Series 2019 Bond attached as Exhibit B, duly executed by the Trustee. The Trustee shall authenticate the TIFIA Series 2019 Bond with the signature of one of its authorized officers or employees. Only such authenticated TIFIA Series 2019 Bond shall be entitled to any right or benefit under the Master Indenture or this Second Series Supplement, and the certificate of authentication on the TIFIA Series 2019 Bond shall be conclusive evidence that the TIFIA Series 2019 Bond has been duly issued under and is secured by the provisions of the Master Indenture and this Second Series Supplement.

(b) The Trustee shall authenticate and deliver the TIFIA Series 2019 Bond to the TIFIA Lender when there have been filed with or delivered to it all items required by Section \_\_\_\_ of the Master Indenture and upon execution and delivery of the 2019 TIFIA Loan Agreement.

**ARTICLE V  
REDEMPTION OF TIFIA SERIES 2019 BOND**

**Section 5.5 Optional Redemption.** The TIFIA Series 2019 Bond is subject to redemption prior to maturity at the option of HRTAC from any available moneys, in whole or in

part at any time (in principal amounts of \$1,000,000 or any integral multiple of \$1 in excess thereof), at 100% of the principal amount of the TIFIA Series 2019 Bond to be redeemed plus interest accrued to the date of redemption. HRTAC shall transfer the amounts necessary to fund the redemption from any available sources to the Trustee for deposit into the TIFIA Series 2019 Redemption Account at least ten (10) days prior, and not more than thirty (30) days prior, to the redemption date.

**Section 5.6 Mandatory Redemption.** The TIFIA Series 2019 Bond is subject to mandatory sinking fund redemption prior to maturity by HRTAC in accordance with the 2019 TIFIA Loan Agreement.

For purposes of clarification, it is the intention of HRTAC and the TIFIA Lender that the mandatory sinking fund redemption shall at all times match the principal amortization schedule set forth in Exhibit G to the 2019 TIFIA Loan Agreement (as it may be modified from time to time in accordance with the 2019 TIFIA Loan Agreement), and any redemption or other action that results in a revision to the principal amortization schedule set forth in Exhibit G to the 2019 TIFIA Loan Agreement will automatically result in a revision to the mandatory sinking fund redemption, and vice versa.

**Section 5.7 Redemption from Excess Revenues.** The TIFIA Series 2019 Bond is subject to redemption prior to maturity, in part and without penalty or premium, on each Semi-Annual Payment Date following the occurrence of a Revenue Sharing Trigger Event (as defined in the 2019 TIFIA Loan Agreement), for so long as the Revenue Sharing Trigger Event remains in effect, from any amounts on deposit in the Revenue Sharing Account, as provided in the form of the TIFIA Series 2019 Bond and Section 10(a) of the 2019 TIFIA Loan Agreement, plus interest accrued to the date of redemption.

HRTAC shall provide written notice to the Trustee and the TIFIA Lender at least two (2) Business Days prior to the date on which it makes any such mandatory redemption with notice of the amount of Excess Revenues, and calculation thereof in reasonable detail, pursuant to Section 10(a)(iii) of the 2019 TIFIA Loan Agreement. HRTAC shall transfer the applicable Excess Revenues to the Trustee for deposit into the TIFIA Series 2019 Redemption Account at least ten (10) days prior to the redemption date; provided that the mandatory redemption pursuant to this Section 3.3 shall not reduce any debt service payment otherwise due on such redemption date. HRTAC's failure to deliver such notice shall not diminish, impair or otherwise affect its obligation to make any such mandatory redemption as and when required the circumstances requiring such mandatory prepayment have occurred.

**Section 5.8 Partial Redemption of the TIFIA Series 2019 Bond.**

Upon any redemption of the TIFIA Series 2019 Bond in part only, HRTAC will provide the Trustee (and any Paying Agent) and the TIFIA Lender with a revised schedule setting forth the revised mandatory sinking fund redemption schedule, any revisions to the monthly deposits to the Funds, Accounts and Subaccounts required by this Second Series Supplement and any revision to the amount of the TIFIA Series 2019 Debt Service Reserve Requirement not later than the tenth calendar day before the first Business Day of the month following the redemption, subject to the concurrence of the TIFIA Lender. Neither failure by HRTAC to make any such

revision, nor any error by HRTAC in such revision shall affect in any manner HRTAC's obligations hereunder or under the 2019 TIFIA Loan Agreement.

## **ARTICLE VI**

### **ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF PROCEEDS**

#### **Section 6.5    Establishment of Funds and Accounts for the TIFIA Series 2019 Bond.**

(b)     In accordance with Section 7.1 of the Master Indenture, the following Funds are hereby established for the TIFIA Series 2019 Bond:

- (i)     the TIFIA Series 2019 Project Fund;
- (ii)    the TIFIA Series 2019 Bond Debt Service Fund, and within such Fund the TIFIA Series 2019 Interest Account, the TIFIA Series 2019 Principal Account, and the [TIFIA Series 2019 Redemption Account];
- (iii)   the TIFIA Series 2019 Bond Debt Service Reserve Fund; and
- [(iv)   the 2019 TIFIA Cost of Issuance Fund.]

(c)     There is hereby established the "Excess Revenues Account" and the "Undesignated Account" as accounts in the General Account.

(d)     The Funds established pursuant to Section 5.1(a) shall be held by the Trustee. The Excess Revenue Account and the Undesignated Account established pursuant to Section 5.1(b) shall be held by HRTAC.

(e)     As provided in Section 2.1(b) of the Master Indenture, the money and investments and earnings thereon held in the TIFIA Series 2019 Project Fund, the TIFIA Series 2019 Bond Debt Service Fund, and the TIFIA Series 2019 Bond Debt Service Reserve Fund are pledged exclusively to secure the TIFIA Series 2019 Bond.

**Section 6.6    Use of Disbursements from TIFIA Loan.** The disbursements received from the TIFIA Lender under the provisions of Section 4 of the 2019 TIFIA Loan Agreement as proceeds of the TIFIA Series 2019 Bond shall, if not applied immediately to reimburse HRTAC for Eligible Project Costs [, provide for the funding of a deposit to the TIFIA Series 2019 Bond Debt Service Reserve Fund, or pay certain costs of issuance], be deposited when received by HRTAC into the TIFIA Series 2019 Project Fund and applied to the payment of Eligible Project Costs as provided in Section 6.3.

## **ARTICLE VII**

### **FLOW OF FUNDS; APPLICATION OF CERTAIN FUNDS**

**Section 7.5    TIFIA Series 2019 Bond Debt Service Fund.** As provided in the fifth clause of Section 8.1(b) of the Master Indenture, with respect to the TIFIA Series 2019 Bond,

beginning not later than the last Business Day in the month of the Semi-Annual Payment Date prior to the Debt Service Payment Commencement Date, and by the last Business Day of each month thereafter, an amount equal to one-sixth (1/6<sup>th</sup>) of the next interest payment due after such date with respect to the TIFIA Series 2019 Bond shall be deposited to the TIFIA Series 2019 Interest Account. Beginning not later than the last Business Day in the month of the second Semi-Annual Payment Date (*i.e.*, twelve months) prior to the payment of the first sinking fund principal payment required in accordance with Section 4.2 hereof, and by the last Business Day of each month thereafter, an amount equal to one-twelfth (1/12<sup>th</sup>) of the next sinking fund principal payment due after such date with respect to the TIFIA Series 2019 Bond shall be deposited to the TIFIA Series 2019 Principal Account; *provided, however*, HRTAC shall be entitled to a credit, as provided in the fifth clause of Section 8.1(b) of the Master Indenture, immediately before each Semi-Annual Payment Date for accrued interest and any other interest earnings currently on deposit therein. In the event [HRTAC Revenues][Pledged Revenues] are insufficient to fund the full amount of monthly deposits to all accounts within the TIFIA Series 2019 Bond Debt Service Fund, the Trustee shall apply such available [HRTAC Revenues][Pledged Revenues] *pro rata* in accordance with the Outstanding principal amount of each such Series of Subordinate Bonds.

**Section 7.6 TIFIA Series 2019 TIFIA Debt Service Reserve Account.** (a) On or prior to the later of the Substantial Completion Date (as defined in the 2019 TIFIA Loan Agreement) or the date of the final disbursement of the TIFIA Series 2019 Bond under the provisions of the 2019 TIFIA Loan Agreement, HRTAC shall cause the deposit of [proceeds of the TIFIA Series 2019 Bond,] [HRTAC Revenues] [Pledged Revenues] available under the sixth clause of Section 8.1(b)(6) and Section 8.5 of the Master Indenture, into the 2019 TIFIA Debt Service Reserve Fund at such times and in amounts that are sufficient to cause the balance therein to equal the 2019 TIFIA Debt Service Reserve Required Balance as of such date. Thereafter, HRTAC shall cause the deposit of [HRTAC Revenues][Pledged Revenues] pursuant to the sixth clause of Section 8.1(b) into the 2019 TIFIA Debt Service Reserve Fund in an amount sufficient to maintain the balance therein to equal the 2019 TIFIA Debt Service Reserve Required Balance. The 2019 TIFIA Debt Service Reserve Fund shall be held solely for the benefit of the Owner of the TIFIA Series 2019 Bond [and other TIFIA Bonds], and shall be used, withdrawn, and replenished as provided herein and in Section 8.4 of the Master Indenture. If, on any date of valuation of Permitted Investments credited to the 2019 TIFIA Debt Service Reserve Fund pursuant to Section 8.4 of the Master Indenture, the amount on deposit in the 2019 TIFIA Debt Service Reserve Fund exceeds the 2019 TIFIA Debt Service Reserve Required Balance as of such date, the Trustee shall transfer such excess amount as provided in Section 8.4 of the Master Indenture.

(b) Notwithstanding any provision in the Master Indenture to the contrary, without the written consent of the TIFIA Lender, HRTAC may not cause to be deposited to the credit of the TIFIA Series 2019 Debt Service Reserve Account any form of Credit Facility in lieu of cash or Permitted Investments.

**Section 7.7 TIFIA Series 2019 Project Fund.** (a) The Trustee will apply the amounts in the TIFIA Series 2019 Project Fund to the payment or reimbursement of Eligible Project Costs as directed by HRTAC. Disbursements from the TIFIA Series 2019 Project Fund shall be made by the Trustee to HRTAC or as directed by HRTAC upon receipt by the Trustee of

a requisition (upon which the Trustee shall be entitled to rely) signed by an HRTAC Representative and containing all information called for by, and otherwise being in the form of, Exhibit C.

(b) If the Trustee receives an Officer's Certificate stating that certain amounts in the TIFIA Series 2019 Project Fund will not be necessary to pay the costs of the TIFIA Series 2019 Bond Financed Projects, the Trustee shall then apply any remaining balance at the direction of an HRTAC Representative with the consent of the TIFIA Lender.

**Section 7.8 [TIFIA Series 2019 Cost of Issuance Fund].** (a) The Trustee shall apply the amounts in the 2019 TIFIA Cost of Issuance Fund to pay the issuance and financing costs of the TIFIA Series 2019 Bond as directed by HRTAC. Disbursements from the 2019 Cost of Issuance Fund shall be made by the Trustee to HRTAC or as directed by HRTAC upon receipt by the Trustee of a requisition (upon which the Trustee shall be entitled to rely) signed by an HRTAC Representative and containing all information called for by, and otherwise being in the form of, Exhibit C. Any amount deposited in the 2019 Cost of Issuance Fund as described in Section 4.2(a)(1) that is not applied in accordance with Section 9.1 of the Master Indenture to pay the costs of issuance of the TIFIA Series 2019 Bond shall be transferred by HRTAC to the TIFIA Series 2019 Project Fund and applied as set forth in Section 6.2.]

**Section 7.9 TIFIA Revenue Sharing Account in the General Fund.**

(b) The TIFIA Revenue Sharing Account will be funded in accordance with clause (xi) of Section 8.1(b). HRTAC will cause amounts in the General Fund, to the extent available, to be deposited into the TIFIA Revenue Sharing Account from time to time as required pursuant to such clause.

(c) On and after the 2019 TIFIA Debt Service Payment Commencement Date, on each Semi-Annual Payment Date with respect to the TIFIA Series 2019 Bond, the amount on deposit the TIFIA Revenue Sharing Account (if any) as of such Semi-Annual Payment Date will be transferred to the TIFIA Series 2019 Bond Redemption Account in the TIFIA Series 2019 Debt Service Fund and used to effect a mandatory redemption of the TIFIA Series 2019 Bond as provided in Section 5.7.

**ARTICLE VIII  
SECURITY FOR THE TIFIA SERIES 2019 BOND**

**Section 8.5 Security for the TIFIA Series 2019 Bonds.** The TIFIA Series 2019 Bond shall be issued pursuant to the Master Indenture, this Second Series Supplement, and the 2019 TIFIA Loan Agreement, and shall be (a) equally and ratably secured with respect to the [HRTAC Revenues][Pledged Revenues] and certain Funds and Accounts established under the Master Indenture with any other Series of Subordinate Obligations (or any related Credit Facility, if any) of HRTAC issued pursuant to Articles II and IX of the Master Indenture, without preference, priority or distinction of any Subordinate Obligations over any other Subordinate Obligations, and (b) secured with respect to certain Funds and Accounts in accordance with the provisions of this Second Series Supplement. Notwithstanding anything in the Master Indenture to the contrary, amounts in the TIFIA Series 2019 Project Subaccount, the TIFIA Series 2019



Interest Account, the TIFIA Series 2019 Principal Account, the TIFIA Series 2019 Redemption Account, and the TIFIA Series 2019 Debt Service Reserve Account are pledged exclusively to secure the obligations of HRTAC to the Owners of the TIFIA Series 2019 Bond.

HRTAC has filed a copy of this Second Series Supplement in the records of HRTAC.

**Section 8.6 Covenant to Requisition Under TIFIA Loan Agreement.** HRTAC agrees to take all actions necessary to ensure that it can requisition sufficient monies under the 2019 TIFIA Loan Agreement to pay the eligible costs of Projects allocated to the 2019 TIFIA Loan.

## **ARTICLE IX [RESERVED]**

[reserved for any further special covenants or other provisions to be added to the Series Supplement]

## **ARTICLE X**

### **MISCELLANEOUS**

**Section 10.5 Tax Status.** HRTAC intends that the TIFIA Series 2019 Bond shall not be an obligation described in Section 103 of the Internal Revenue Code of 1986, as amended, the interest on which is excludable from the gross income of the holders. HRTAC agrees not to file a Form 8038-G or comparable information return relating to tax-exempt obligations with the Internal Revenue Service.

**Section 10.6 Successors and Assigns.** This Second Series Supplement is binding upon, inures to the benefit of and is enforceable by its parties and their respective successors and assigns.

**Section 10.7 Severability.** If any provision of this Second Series Supplement is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.

**Section 10.8 Governing Law.** This Second Series Supplement will be governed by and construed under the applicable laws of the Commonwealth.

**Section 10.9 Counterparts.** This Second Series Supplement may be executed in several counterparts, each of which will be an original, and the counterparts will together constitute one and the same instrument.

**Section 10.10 Binding Effect.** This instrument shall inure to the benefit of and shall be binding upon the Trustee and HRTAC and their respective successors and assigns, subject to the limitations contained herein. [Notwithstanding the foregoing, the amendments to the original

Master Indenture provided for in Article II shall no longer be of any effect upon the irrevocable payment in full of the TIFIA Series 2019 Bond and the irrevocable payment to the TIFIA Lender of all amounts due under the 2019 TIFIA Loan Agreement.]

**Section 10.11 Parties Interested.** Nothing in this Second Series Supplement expressed or implied is intended or will be construed to confer upon any Person, other than HRTAC, the Trustee and the Owner(s) of the TIFIA Series 2019 Bond, any right, remedy or claim under or by reason of this Second Series Supplement, this Second Series Supplement being intended for the sole and exclusive benefit of HRTAC, the Trustee and the Owner(s) of the TIFIA Series 2019 Bond.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, HRTAC and the Trustee have caused this Second Series Supplement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_

\_\_\_\_\_  
Chair

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION**, as Trustee

By: \_\_\_\_\_

Joy Holloway  
Vice President

*[Signature Page of Second Series Supplement]*

**EXHIBIT A**  
**TIFIA LOAN AGREEMENT**

**EXHIBIT B**

**FORM OF TIFIA SERIES 2019 BOND**

**REGISTERED**

R-\_\_

**UNITED STATES OF AMERICA**

**COMMONWEALTH OF VIRGINIA**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION  
HAMPTON ROADS TRANSPORTATION FUND  
SUBORDINATE REVENUE BOND  
TIFIA SERIES 2019**

**MATURITY DATE**

the earlier of (i) the thirty-  
fifth (35<sup>th</sup>) anniversary of  
the 2019 TIFIA Substantial  
Completion Date, and (ii)  
\_\_\_\_\_

**INTEREST RATE**

\_\_\_\_\_ %

**DATED DATE**

\_\_\_\_\_, 2019

**PRINCIPAL AMOUNT:**

1. **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**, a body politic and a political subdivision of the Commonwealth of Virginia (“HRTAC”), for value received, hereby promises to pay, but solely from the sources provided therefor as hereinafter set forth and in the manner hereinafter provided, to the **UNITED STATES DEPARTMENT OF TRANSPORTATION**, acting by and through the Executive Director of the Build America Bureau, or its assigns (the “TIFIA Lender”), on the Maturity Date set forth above (or earlier as hereinafter referred to), the aggregate unpaid principal amount of all disbursements (excluding any capitalized interest) in an amount not to exceed \$\_\_\_\_\_ (the “Disbursements”) made by the TIFIA Lender (together with any interest that is capitalized and added to principal in accordance with the provisions of the 2019 TIFIA Loan Agreement referred to below, being hereinafter referred to as the “Outstanding Principal Sum”), and to pay interest on such Principal Amount (including, if applicable, interest at the Default Rate, as defined in the 2019 TIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in the below-referenced 2019 TIFIA Loan Agreement. Each Disbursement made by the TIFIA Lender to HRTAC pursuant to the 2019 TIFIA Loan Agreement and each prepayment made on account of the Outstanding Principal Sum, shall be recorded by or on behalf of the TIFIA Lender in Exhibit G

to the 2019 TIFIA Loan Agreement in accordance with the terms of the 2019 TIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the 2019 TIFIA Loan Agreement in accordance with Exhibit G to the 2019 TIFIA Loan Agreement, as revised from time to time in accordance with the 2019 TIFIA Loan Agreement, until paid in full. Such Exhibit G may be revised or completed by or on behalf of the TIFIA Lender in accordance with the terms of the 2019 TIFIA Loan Agreement; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner HRTAC's obligations hereunder or under any other TIFIA Loan Document (as defined in the 2019 TIFIA Loan Agreement). Payments hereon are to be made in accordance with Section 9(f) and Section 37 of the 2019 TIFIA Loan Agreement as the same become due. Principal of and interest on this TIFIA Series 2019 Bond shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America which at the date of payment is legal tender for the payment of public and private debts. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Master Indenture (as hereinafter defined) or the 2019 TIFIA Loan Agreement (as hereinafter defined).

2. This TIFIA Series 2019 Bond has been executed under and pursuant to the 2019 TIFIA Loan Agreement, dated as of the date hereof, between the TIFIA Lender and HRTAC (the "TIFIA Loan Agreement") and is issued to evidence the obligation of HRTAC under the 2019 TIFIA Loan Agreement to repay the loan made by the TIFIA Lender and any other payments of any kind required to be paid by HRTAC under the 2019 TIFIA Loan Agreement or the other TIFIA Loan Documents to which HRTAC is a party referred to therein. Reference is made to the 2019 TIFIA Loan Agreement for all details relating to HRTAC's obligations hereunder.

3. **This TIFIA Series 2019 Bond shall not be deemed to constitute a debt of the Commonwealth of Virginia or of any political subdivision thereof or a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof (other than HRTAC). Neither the Commonwealth of Virginia nor HRTAC shall be obligated to pay this TIFIA Series 2019 Bond or the interest hereon except from the sources provided therefor in the Master Indenture, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or of any political subdivision thereof is pledged, or may hereafter be pledged, to the payment of the principal of, premium, if any, or the interest on this TIFIA Series 2019 Bond.**

*HRTAC's authority to receive any or all of the taxes or other revenues pledged to the Trustee for payment of Bonds pursuant to the Master Indenture is subject to appropriation by the General Assembly of the Commonwealth, and neither the General Assembly nor HRTAC can or will pledge, covenant or agree to impose or maintain at any particular rate or level any of such taxes or other revenues.*

4. This TIFIA Series 2019 Bond is one of a duly authorized Series of Subordinate Revenue Bonds of HRTAC aggregating \_\_\_\_\_ Million Dollars (\$\_\_\_\_\_) in principal amount, designated as "Hampton Roads Transportation Accountability Commission Subordinate Revenue Bonds, TIFIA Series 2019" (the "TIFIA Series 2019 Bonds"), dated as set forth above, and issued for the purpose of providing funds, with other available funds, for the purposes of

financing certain Eligible Project Costs relating to the 2019 TIFIA Financed Projects (as defined in the below-referenced Second Series Supplement).

5. This TIFIA Series 2019 Bond is being issued by HRTAC pursuant to Chapter 26, Title 33.2, Code of Virginia of 1950, as amended, a resolution adopted by HRTAC on \_\_\_\_\_, 2019 and under and pursuant to a Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), between HRTAC and Wilmington Trust, National Association, or its successor, as trustee (the “Trustee”), as supplemented and amended by the First Supplemental Series Indenture of Trust dated as of February 1, 2018 (the “First Series Supplement”) and the Second Supplemental Series Indenture of Trust dated as of \_\_\_\_\_, 2019 (the “Second Series Supplement” and together with the First Series Supplement and the Master Indenture, the “Indenture”), between HRTAC and the Trustee, a certified copy of which Resolution is on file at the principal corporate trust office of the Trustee.

Unless otherwise defined, each capitalized term used in this Bond has the meaning given it in the Master Indenture.

6. This TIFIA Series 2019 Bond is issued as and constitutes a Subordinate Obligation within the meaning of such term in the Master Indenture.

7. The Master Indenture provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional Series of Bonds for the purpose of financing Projects, and of refunding outstanding obligations of HRTAC. Such Additional Bonds may be issued as Senior Bonds, Intermediate Term Bonds, or Subordinate Obligations. The TIFIA Series 2019 Bonds, together with all other obligations heretofore or hereafter issued under the provisions of the Master Indenture, are herein collectively referred to as the “Bonds”. Reference is hereby made to the Master Indenture and the 2019 TIFIA Loan Agreement for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Master Indenture, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal and premium, if any, of the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds of each Series are or may be issued, the rights, duties and obligations of HRTAC, the Trustee and any Paying Agent for the Bonds and the rights of the Owners of the Bonds and, by the acceptance of this TIFIA Series 2019 Bond, the Owner hereof assents to all of the provisions of the Master Indenture.

8. This TIFIA Series 2019 Bond is issued, and the Master Indenture was made and entered into, under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 26 of Title 33.2 of the Code of Virginia (the “HRTAC Act”), and under and pursuant to resolutions duly adopted by the Commission.

9. The Master Indenture also provides for the deposit of revenues into the funds, accounts and subaccounts established under the Master Indenture, certain of which funds, accounts and subaccounts secure the payment of the principal of, premium, if any, and the interest on the Bonds to the extent provided in the Master Indenture. Certain of such funds, accounts and subaccounts secure only the Senior Bonds, certain of such funds, accounts and subaccounts secure only the Intermediate Lien Obligations, and certain of such funds, accounts

and subaccounts secure only the Subordinate Obligations, all as more fully described in the Master Indenture.

10. This TIFIA Series 2019 Bond is subject to redemption prior to maturity at the option of HRTAC from any available moneys, in whole or in part at any time (in principal amounts of \$1,000,000 or any integral multiple of \$1 in excess thereof), at one hundred percent (100%) of the principal amount of the TIFIA Series 2019 Bond to be redeemed plus interest accrued to the date of redemption.

11. This TIFIA Series 2019 Bond is subject to mandatory sinking fund redemption prior to maturity by HRTAC, on each \_\_\_\_\_ 1 in the years and in the amounts set forth in Exhibit G to the 2019 TIFIA Loan Agreement, at one hundred percent (100%) of the principal amount of the TIFIA Series 2019 Bond to be redeemed plus interest accrued to the date of redemption.

12. This TIFIA Series 2019 Bond is subject to redemption prior to maturity, in part, on any Semi-Annual Payment Date occurring while a Revenue Sharing Trigger Event remains in effect, from certain Excess Revenues in an amount equal to one hundred percent (100%) of the principal amount of the TIFIA Series 2019 Bond to be redeemed plus interest accrued to the date of redemption.]

13. Concurrently with the optional redemption or mandatory redemption of Senior Bonds or Intermediate Term Bonds under Section 10(a)(ii) of the 2019 TIFIA Loan Agreement, this TIFIA Series 2019 Bond is subject to redemption prior to maturity, in part, in an amount equal to the same percentage of Outstanding TIFIA Series 2019 Bonds that the principal amount of Senior Bonds or Intermediate Lien Obligations being redeemed or prepaid bears to the principal amount of Senior Bonds or Intermediate Lien Obligations outstanding prior to the redemption or prepayment, in an amount equal to one hundred percent (100%) of the principal amount of the TIFIA Series 2019 Bond to be redeemed plus interest accrued to the date of redemption.

14. On each payment due date, payments hereon are to be made in the manner and at the place specified by the TIFIA Lender pursuant to the 2019 TIFIA Loan Agreement.

15. Any delay on the part of the TIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

16. The Owner of this TIFIA Series 2019 Bond shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Indenture, or to institute any suit or other proceeding with respect to the Master Indenture, except as provided in the Master Indenture.

17. Modifications or alterations of the Master Indenture or of any agreement supplemental thereto may be made by HRTAC only to the extent and in the circumstances permitted by the Master Indenture.



18. [This TIFIA Series 2019 Bond is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the Commonwealth of Virginia shall govern its construction to the extent such federal laws are not applicable.]

19. All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and the by-laws of HRTAC to happen, exist and be performed precedent to and in the issuance of this TIFIA Series 2019 Bond and the execution of the Master Indenture have happened, exist and have been performed as so required.

20. This TIFIA Series 2019 Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Master Indenture until the Trustee has executed the Certificate of Authentication appearing on this TIFIA Series 2019 Bond and inserted the date of authentication.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the Hampton Roads Transportation Accountability Commission has caused this Bond to be signed by the manual or facsimile signature of its Chair and this Bond to be dated the Dated Date.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
\_\_\_\_\_  
Chair

[Signature Page of the Note]

\* \* \* \* \*

## **CERTIFICATE OF AUTHENTICATION**

This Bond is the TIFIA Series 2019 Bond of the series designated herein and issued under the provisions of the within-mentioned Indenture.

Authentication Date: \_\_\_\_\_

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Joy Holloway  
Vice President

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

---

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(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF  
TRANSFEREE)

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this Bond and all rights under it, and irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer this Bond on the books kept for its  
registration, with full power of substitution.

Dated: \_\_\_\_\_

Tax I.D. No. \_\_\_\_\_

Signature Guaranteed:

---

(NOTE: The signature of the registered owner or owners must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association which is a member of a medallion program approved by The Securities Transfer Association, Inc.)

---

Registered Owner  
(NOTE: The signature above must correspond exactly with must correspond exactly with the name of the registered owner as it appears on the front of this Bond.)

**EXHIBIT C**  
**FORM OF REQUISITIONS**

*[to come, if applicable]*

**To: Chair Hipple and the other members of the Finance Committee**

**From: Kevin B. Page, Executive Director**

**Date: September 12, 2019**

**Re: Update on HRTAC Financial Year End Documents and VDOT Contract Activities**

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**Recommendation:**

The Executive Director will receive feedback and potential direction from the Finance Committee as the update is provided.

**Background:**

Commission Staff is working with its APA contracted auditor to complete the FY2019 Audited Financial Statements. The financial statements will be ready for the Commission's September 19, 2019 meeting, ahead of the September 30, 2019 deadline. HRTAC is also working to draft the annual legislative report to the Joint Commission on Transportation Accountability. This document will be finalized for the September 19 Commission meeting once the final year end financials are finalized. The briefing will also include an update on items relating to the Commission's contract agreement activities with VDOT.

**Fiscal Impact:**

There is no fiscal impact in relation to this Action Item.

**Suggested Motion:**

Motion: No motion has been prepared; however, the Finance Committee may provide direction to the Executive Director on certain areas of this update.



**HAMPTON ROADS TRANSPORTATION FUND  
FINANCIAL REPORT  
FY2014 – FY2019  
Period Ending May 31, 2019**

The HRTAC staff has prepared the attached May 2019 financial report based on data received to date from the Virginia Department of Transportation.

<b><u>Revenues</u></b>	<b><u>Inception to May 2019</u></b>	<b><u>FY2019 YTD</u></b>	<b><u>May 2019</u></b>
<b>Total Gross Revenues</b>	<b>1,608,652,927</b>	<b>213,872,998</b>	<b>20,566,953</b>
State Sales & Use Tax	752,562,348	120,180,818	12,182,912
Local Fuels Tax <sup>1</sup>	228,521,634	65,881,975	4,898,920
Interest	3,360,217	1,082,906	151,860
Investment Income	40,938,655	26,727,299	3,333,262
Bond Proceeds	583,270,073	-	-

<b><u>Expenditures</u></b>	<b><u>Inception to May 2019</u></b>	<b><u>FY2019 YTD</u></b>	<b><u>May 2019</u></b>
<b>Total Expenditures</b>	<b>461,335,707</b>	<b>178,250,014</b>	<b>55,266,200</b>
Projects	418,860,595	151,734,569	52,724,241
Total DMV & Dept. of Tax Admin. Fees	626,745	-	-
Investment Fees	1,107,695	209,687	19,531
Bond Interest Expenses	34,991,759	23,612,783	2,140,042
Operating Expenses	5,748,913	2,692,975	382,386

**Cash Balance**

**May 31, 2019 Ending Cash Balance** **\$ 1,147,317,220**

**Encumbered Balance**

**Balance of Encumbered (through FY2026)** **\$ 4,215,136,453**

Allocation 4,633,997,048

Less: Project Expenditures 418,860,595

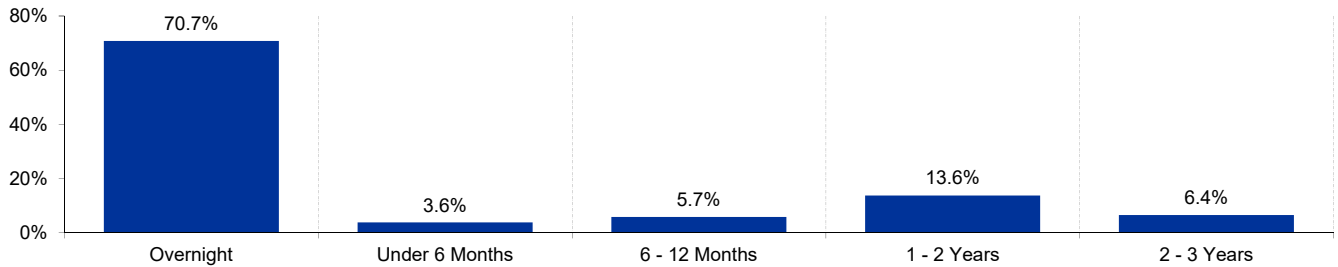
# Hampton Roads Transportation Accountability Commission

## Summary of Cash and Investments

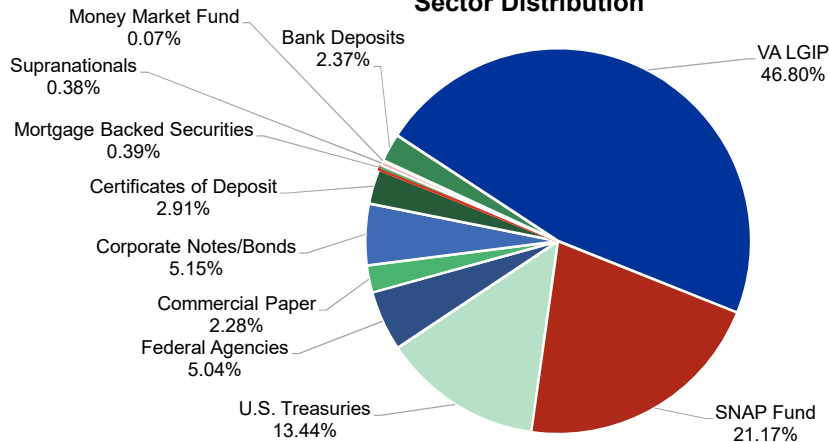
### For May 2019

Portfolio	Yield at Cost	Yield at Market	Balances at Cost	Balances at Market	% of Total
Union Checking	0.00%	0.00%	1,000,000	1,000,000	0.09%
Union Sweep	2.35%	2.35%	4,188,433	4,188,433	0.37%
Union Money Market	2.35%	2.35%	14,145	14,145	0.00%
Union General	2.35%	2.35%	21,643,198	21,643,198	1.91%
VA LGIP	2.54%	2.54%	529,068,257	529,068,257	46.80%
Enhanced Cash Portfolio	2.62%	2.32%	203,303,726	204,335,482	18.07%
Core Portfolio	2.43%	2.14%	129,875,541	131,001,387	11.59%
SNAP Fund	2.53%	2.53%	239,286,555	239,286,555	21.17%
<b>Total</b>			<b>\$ 1,128,379,853</b>	<b>\$ 1,130,537,455</b>	<b>100.00%</b>

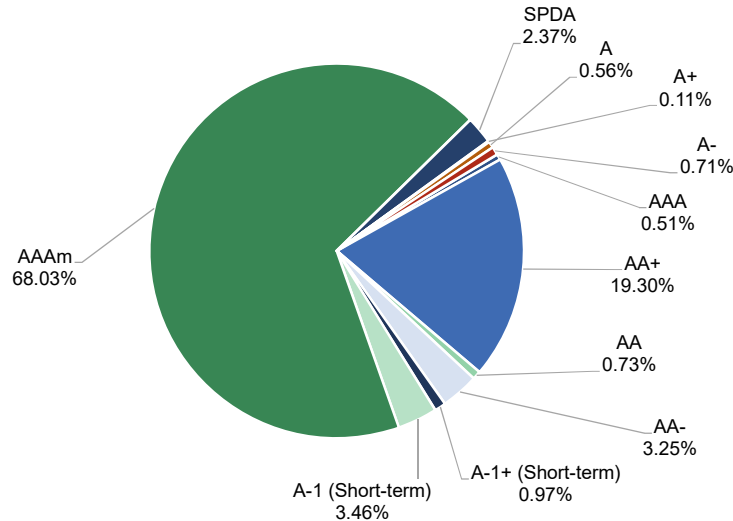
**Total Maturity Distribution**



**Sector Distribution**



**Credit Distribution**



All charts are based on market value as of 5/31/19

This material is for general informational purposes only and is not intended to provide specific advice or a specific recommendation.



Hampton Roads Transportation Accountability Commission  
Interest and Investment Income  
Inception - May 2019

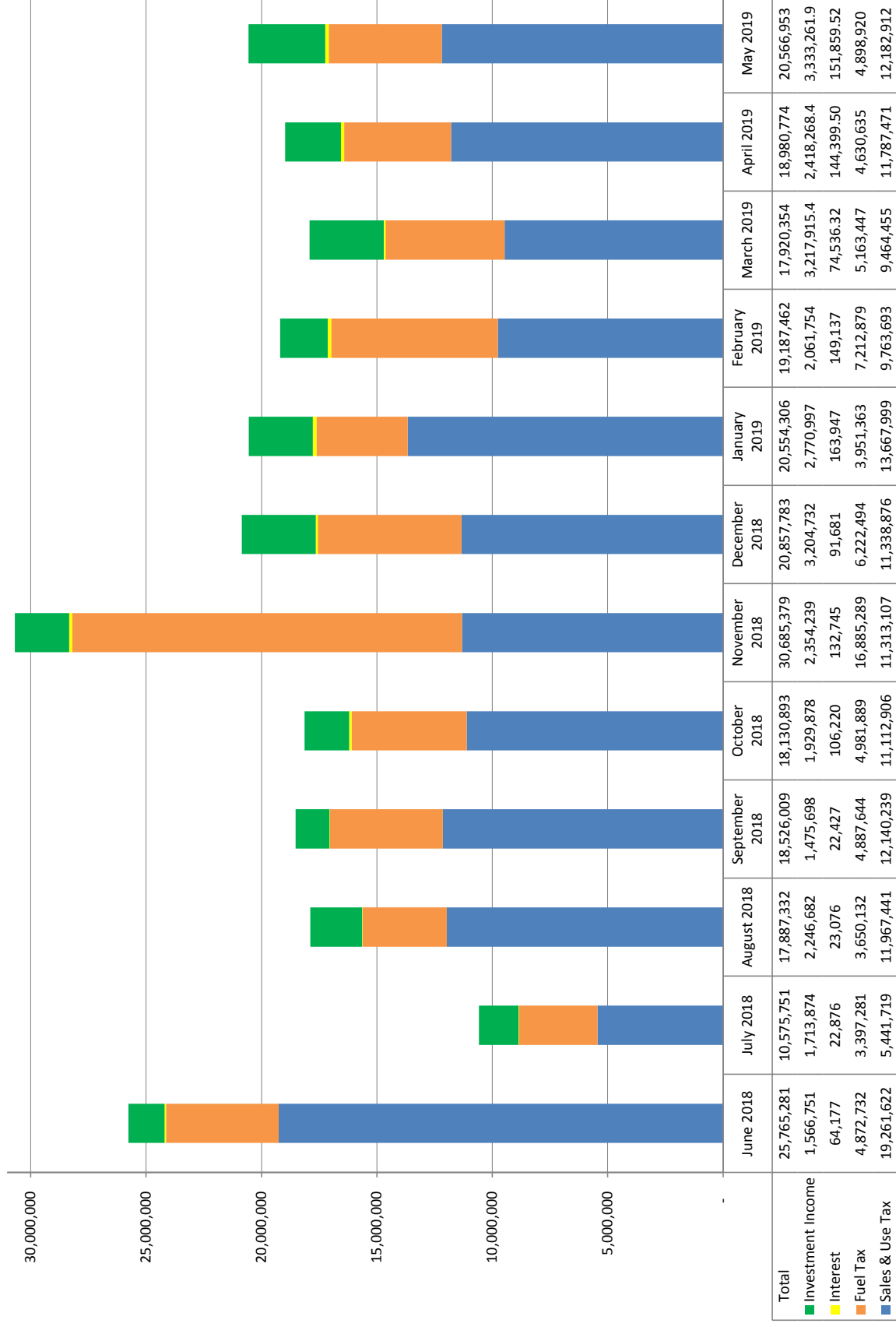
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
HRTF Interest Income	363,855	1,027,959	272,261	291,738	321,499	1,082,906	3,360,217
HRTF Investment Income	<u>-</u>	<u>368,310</u>	<u>3,993,773</u>	<u>980,870</u>	<u>8,868,404</u>	<u>26,727,299</u>	<u>40,938,656</u>
Total	363,855	1,396,269	4,266,033	1,272,608	9,189,903	27,810,205	44,298,873

Notes:

"HRTF Interest Income" includes interest from Union Bank money market, sweep, and general accounts, as well as Regional Tax Interest/Interest Refund Adjustments (Oct-Dec 2018 and Jan-May 2019).

"HRTF Investment Income" in FY2019 includes income from PFMAM (US Bank) core and enhanced cash, LGIP, and SNAP accounts. FY2014-2018 totals also include income from Sterling and Union Bank.

## HRTF Revenue



Notes: November 2018 Wholesale Fuels Tax revenue includes a \$9,865,900 Special Audit Assessment adjustment sourced from vendor audit settlement.

January 2019 Wholesale Fuels Tax revenue includes \$510,330 in adjustments from a Special Audit Assessment and a vendor audit settlement.

February 2019 Wholesale Fuels Tax revenue includes \$806,491 from a vendor audit assessment.

**Hampton Roads Transportation Fund (HRTF)**  
**Total of Sales & Use and Fuels Taxes**  
**Summary**

	Gross Revenue										Expenditures					Cumulative Balance 7/1/13 - 5/31/19			
	Sales & Use Tax					Investment					Dept of Tax		Investment		Bond		Operating		
		Fuels Tax	Interest	Income	Bond Proceeds	Total	Projects	Admin Fee	Fees	Expenses	Expenses	Total							
July 2013 - May 2018	\$ 613,119,909	\$ 157,766,926	\$ 2,213,135	\$12,644,606	\$ 583,270,073	\$ 1,369,014,648	\$ 235,091,446	\$ 598,214	\$ 860,744	\$ 9,411,193	\$ 2,966,538	\$ 248,928,135	1,120,086,513						
June 2018	19,261,622	4,872,732	64,177	1,566,751		25,765,281	32,034,580	28,531	37,264	1,967,782	89,399	34,157,557	1,111,694,237						
July 2018	5,441,719	3,397,281	22,876	1,713,874		10,575,751	-	-	19,272	2,154,506	79,415	2,253,193	1,120,016,795						
August 2018	11,967,441	3,650,132	23,076	2,246,682		17,887,332	-	-	19,294	2,154,506	72,478	2,246,278	1,135,657,849						
September 2018	12,140,239	4,887,644	22,427	1,475,698		18,526,009	7,821,297	-	18,693	2,154,506	408,115	10,402,612	1,143,781,246						
October 2018	11,112,906	4,981,889	106,220	1,929,878		18,130,893	16,378,984	-	19,444	2,154,506	111,549	18,664,483	1,143,247,656						
November 2018	11,313,107	16,885,289	132,745	2,354,239		30,685,379	9,747,362	-	18,741	2,154,506	280,895	12,201,504	1,161,731,532						
December 2018	11,338,876	6,222,494	91,681	3,204,732		20,857,783	-	-	19,391	2,140,042	119,889	2,279,322	1,180,309,993						
January 2019	13,667,999	3,951,363	163,947	2,770,997		20,554,306	36,279,132	-	19,417	2,140,042	157,150	38,595,741	1,162,268,559						
February 2019	9,763,693	7,212,879	149,137	2,061,754		19,187,462	8,154,736	-	17,561	2,140,042	421,193	10,733,531	1,170,722,490						
March 2019	9,464,455	5,163,447	74,536	3,217,915		17,920,354	10,179,001	-	19,473	2,140,042	348,403	12,686,919	1,175,955,926						
April 2019	11,787,471	4,630,635	144,400	2,418,268		18,980,774	10,449,817	-	18,871	2,140,042	311,502	12,920,233	1,182,016,467						
May 2019	12,182,912	4,898,920	151,860	3,333,262		20,566,953	52,724,241	-	19,531	2,140,042	382,386	55,266,200	1,147,317,220						
Total 12 Months	\$ 139,442,439	\$ 70,754,708	\$ 1,147,082	\$28,294,050	\$ -	\$ 239,638,279	183,769,149	\$ 28,531	\$ 246,951	\$ 25,580,565	\$ 2,782,375	\$ 212,407,571							
Grand Totals	752,562,348	228,521,634	3,360,217	40,938,655	583,270,073	1,608,652,927	418,860,595	626,745	1,107,695	34,991,759	5,748,913	461,335,707							
Less Balance of Encumbered (through FY2022)													(4,215,136,453)						
Total Net Available													(3,067,819,233)						

Notes:  
November 2018 Wholesale Fuels Tax revenue includes a \$9,865,900 Special Audit Assessment adjustment sourced from vendor audit settlement.  
January 2019 Wholesale Fuels Tax revenue includes \$510,330 in adjustments from a Special Audit Assessment and a vendor audit settlement.  
February 2019 Wholesale Fuels Tax revenue includes \$806,491 from a vendor audit assessment.

## Table 1 - Total HRTF Revenues

### Hampton Roads Transportation Fund (HRTF)

#### Total of Sales & Use and Fuels Taxes

#### Fiscal Year 2019

Locality	Total FY2014 - FY2018	Previous FY2019	May 2019	Total YTD FY2019	Total
<i>Chesapeake</i>	\$ 147,236,022	\$ 29,621,513	\$ 3,074,450	\$ 32,695,963	\$ 179,931,985
<i>Franklin</i>	6,948,460	3,474,844	143,832	3,618,676	10,567,136
<i>Hampton</i>	58,500,732	11,277,199	1,218,565	12,495,764	70,996,496
<i>Isle of Wight</i>	12,642,687	2,551,519	240,990	2,792,509	15,435,195
<i>James City</i>	36,264,394	7,638,044	805,968	8,444,012	44,708,406
<i>Newport News</i>	84,666,138	18,359,973	1,833,684	20,193,657	104,859,795
<i>Norfolk</i>	110,055,359	24,296,607	2,509,124	26,805,731	136,861,091
<i>Poquoson</i>	1,951,914	579,746	41,932	621,679	2,573,592
<i>Portsmouth</i>	27,556,845	6,093,458	586,778	6,680,236	34,237,081
<i>Southampton</i>	3,884,792	995,253	89,181	1,084,434	4,969,226
<i>Suffolk</i>	38,008,550	9,887,978	953,920	10,841,898	48,850,448
<i>Virginia Beach</i>	213,559,761	43,752,583	4,495,964	48,248,548	261,808,308
<i>Williamsburg</i>	17,504,774	3,032,839	359,561	3,392,400	20,897,175
<i>York</i>	36,240,760	7,419,404	727,882	8,147,286	44,388,046
<b>Total</b>	<b>795,021,189</b>	<b>168,980,961</b>	<b>17,081,832</b>	<b>186,062,793</b>	<b>981,083,982</b>
Interest <sup>a</sup>	2,277,311	931,046	151,860	1,082,906	3,360,217
Investment Income <sup>b</sup>	14,211,356	23,394,037	3,333,262	26,727,299	40,938,655
Bond Proceeds	583,270,073	-	-	-	583,270,073
<b>Total Revenues</b>	<b>1,394,779,929</b>	<b>193,306,044</b>	<b>20,566,953</b>	<b>213,872,998</b>	<b>1,608,652,927</b>
Project Expenses	(267,126,025)	(99,010,328)	(52,724,241)	(151,734,569)	(418,860,595)
DMV and Dept of Tax Admin Fees	(626,745)	-	-	-	(626,745)
Investment Fees (Sterling&PFMAM)	(898,008)	(190,155)	(19,531)	(209,687)	(1,107,695)
Bond Interest Expenses	(11,378,976)	(21,472,741)	(2,140,042)	(23,612,783)	(34,991,759)
Operating Expense	(3,055,937)	(2,310,590)	(382,386)	(2,692,975)	(5,748,913)
<b>Cash Balance</b>	<b>1,111,694,239</b>	<b>70,322,230</b>	<b>(34,699,247)</b>	<b>35,622,983</b>	<b>1,147,317,220</b>
Less Balance of Encumbered					(4,215,136,453)
<b>Net Available Cash</b>					<b>(3,067,819,233)</b>
Updated Forecast	819,145,037	146,965,044	17,759,240	164,724,284	983,869,321
<b>Total Revenue - Forecast</b>	<b>(21,846,537)</b>	<b>22,015,917</b>	<b>(677,408)</b>	<b>21,338,509</b>	<b>(508,028)</b>
(under)/over					

Notes:

<sup>a</sup> Includes interest from Union Bank money market, sweep, and general accounts, as well as Regional Tax Interest/Interest Refund Adjustments (Oct - Dec 2018 and Jan-May 2019).

<sup>b</sup> FY2019 includes income from PFMAM (US Bank), LGIP, and SNAP accounts. FY2014-2018 total also includes income from Sterling and Union Bank.

# Table 1A - State Sales & Use Tax

## Hampton Roads Transportation Fund (HRTF)

### State Sales & Use Tax

#### Fiscal Year 2019

Locality	Total FY2014 - FY2018	Previous FY2019	May 2019	Total YTD FY2019	Total
<i>Chesapeake</i>	\$ 114,271,188	\$ 19,887,724	\$ 2,177,894	\$ 22,065,619	\$ 136,336,806
<i>Franklin</i>	4,859,034	847,717	92,731	940,449	5,799,482
<i>Hampton</i>	44,800,249	7,410,414	811,532	8,221,946	53,022,195
<i>Isle of Wight</i>	7,332,026	1,279,382	135,882	1,415,264	8,747,290
<i>James City</i>	31,834,792	5,158,606	604,645	5,763,251	37,598,043
<i>Newport News</i>	69,331,269	11,983,970	1,339,992	13,323,962	82,655,230
<i>Norfolk</i>	92,225,994	15,554,984	1,852,179	17,407,163	109,633,157
<i>Poquoson</i>	1,515,231	260,801	28,085	288,886	1,804,117
<i>Portsmouth</i>	20,251,519	3,349,563	376,305	3,725,868	23,977,386
<i>Southampton</i>	1,868,430	291,930	28,957	320,887	2,189,317
<i>Suffolk</i>	26,674,643	4,837,031	550,856	5,387,886	32,062,530
<i>Virginia Beach</i>	175,114,509	30,088,890	3,386,369	33,475,259	208,589,768
<i>Williamsburg</i>	13,875,162	2,226,151	279,725	2,505,876	16,381,038
<i>York</i>	28,427,486	4,820,744	517,759	5,338,503	33,765,989
<b>Total</b>	<u>\$ 632,381,530</u>	<u>\$ 107,997,906</u>	<u>\$ 12,182,912</u>	<u>\$ 120,180,818</u>	<u>752,562,348</u>
Updated Forecast	626,271,042	106,295,016	13,443,959	119,738,975	746,010,017
Diff(under)/over	6,110,488	1,702,890	(1,261,047)	441,843	6,552,331

## Table 1B - Local Fuels Tax

### Hampton Roads Transportation Fund (HRTF)

#### Local Fuels Tax

#### Fiscal Year 2019

Locality	Total FY2014 - FY2018	Previous FY2019	May 2019	Total YTD FY2019	Total
<i>Chesapeake</i>	\$ 32,964,834	\$ 9,733,789	\$ 896,556	\$ 10,630,345	\$ 43,595,179
<i>Franklin</i>	2,089,426	2,627,127	51,101	2,678,227	4,767,654
<i>Hampton</i>	13,700,483	3,866,785	407,033	4,273,818	17,974,301
<i>Isle of Wight</i>	5,310,660	1,272,136	105,109	1,377,245	6,687,906
<i>James City</i>	4,429,602	2,479,438	201,323	2,680,761	7,110,363
<i>Newport News</i>	15,334,871	6,376,003	493,692	6,869,695	22,204,566
<i>Norfolk</i>	17,829,365	8,741,623	656,945	9,398,569	27,227,934
<i>Poquoson</i>	436,681	318,946	13,847	332,793	769,474
<i>Portsmouth</i>	7,305,327	2,743,895	210,473	2,954,368	10,259,695
<i>Southampton</i>	2,016,362	703,323	60,223	763,547	2,779,909
<i>Suffolk</i>	11,333,907	5,050,948	403,064	5,454,012	16,787,918
<i>Virginia Beach</i>	38,445,252	13,663,694	1,109,595	14,773,289	53,218,540
<i>Williamsburg</i>	3,629,614	806,688	79,836	886,524	4,516,138
<i>York</i>	7,813,274	2,598,660	210,123	2,808,783	10,622,057
<b>Total</b>	<u>162,639,659</u>	<u>\$ 60,983,055</u>	<u>\$ 4,898,920</u>	<u>\$ 65,881,975</u>	<u>\$ 228,521,634</u>
Updated Forecast	<u>192,000,002</u>	<u>37,386,873</u>	<u>4,315,281</u>	<u>44,985,309</u>	<u>236,985,311</u>
Diff(under)/over	(29,360,344)	23,596,182	583,639	20,896,666	(8,463,677)

## Table 2 - Allocations

### Hampton Roads Transportation Fund (HRTF)

#### Allocations

#### Fiscal Year 2019

Project	Total FY2014 - FY2018	Previous FY2019	May 2019	Total YTD FY2019	Total
<i>I-64 Peninsula Widening</i>					
<i>UPC 104905 - Segment 1 - Construction</i>	\$ 44,000,000	\$ (30,000,000)	\$ -	\$ (30,000,000)	\$ 14,000,000
<i>UPC 106665 - Segment 2 - PE/ROW/Construction</i>	189,707,675	\$ (13,874,778)	-	(13,874,778)	175,832,897
<i>UPC 109790/106689 - Segment 3 - PE</i>	10,000,000	\$ -	-	-	10,000,000
<i>UPC 109790/106689 - Segment 3 - Construction</i>	156,376,066	\$ (43,482,070)	-	(43,482,070)	112,893,996
<i>I-64/264 Interchange Improvement</i>					
<i>UPC 57048/108042 - Phase I - PE/ROW</i>	15,071,063	-	-	-	15,071,063
<i>UPC 57048/108042 - Phase I - Construction</i>	137,023,653	-	-	-	137,023,653
<i>UPC 17630/108041 - Phase II - PE/ROW</i>	54,592,576	-	-	-	54,592,576
<i>UPC 17630/108041 - Phase II - Construction</i>	73,157,062	-	-	-	73,157,062
<i>UPC 106693 - Phase III - PE &amp; ROW</i>	10,000,000	-	-	-	10,000,000
<i>I-64 Southside Widening/High-Rise Bridge</i>					
<i>UPC 106692 - Phase I - PE</i>	20,000,000	(7,800,000)	-	(7,800,000)	12,200,000
<i>UPC 106692/108990 - Phase I - ROW/Construction</i>	480,000,000	(60,243,780)	-	(60,243,780)	419,756,220
<i>I-64 HRBT Expansion Project</i>					
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	-	3,004,569,251	-	3,004,569,251	3,004,569,251
<i>UPC 115009 - I-64 HRBT Expansion Project Owers Oversight</i>	-	548,900,330	-	548,900,330	548,900,330
<i>HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS</i>	25,000,000	5,000,000	-	5,000,000	30,000,000
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	5,000,000	-	-	-	5,000,000
<i>Bowers Hill Interchange Study - UPC 111427</i>	4,000,000	-	-	-	4,000,000
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	7,000,000	-	-	-	7,000,000
			-		
<b>Total</b>	<u>\$ 1,230,928,095</u>	<u>\$ 3,403,068,953</u>	<u>\$ -</u>	<u>\$ 3,403,068,953</u>	<u>\$ 4,633,997,048</u>

### Table 3 - Expenditures

#### Hampton Roads Transportation Fund (HRTF)

#### Expenditures

#### Fiscal Year 2019

Project	Total FY2014 - FY2018	Previous FY2019	May 2019	Total YTD FY2019	Total
<i>I-64 Peninsula Widening</i>					
UPC 104905 - Segment 1 - Construction	\$ 1,544,502	\$ -	\$ -	\$ -	\$ 1,544,502
UPC 106665 - Segment 2 - PE/ROW/Construction	114,353,557	\$ 29,264,220	3,349,757	32,613,977	146,967,534
UPC 109790/106689 - Segment 3 - PE	4,514,165	\$ 244,792	22,309	267,101	4,781,266
UPC 109790/106689 - Segment 3 - Construction	-	\$ -	-	-	-
<i>I-64/264 Interchange Improvement</i>					
UPC 57048/108042 - Phase I - PE/ROW	15,071,063	-	-	-	15,071,063
UPC 57048/108042 - Phase I - Construction	66,399,635	23,131,455	3,147,516	26,278,971	92,678,605
UPC 17630/108041 - Phase II - PE/ROW	35,941,934	4,503,622	426,417	4,930,039	40,871,973
UPC 17630/108041 - Phase II - Construction	-	-	-	-	-
UPC 106693 - Phase III - PE & ROW	57,220	923,525	208,681	1,132,206	1,189,427
<i>I-64 Southside Widening/High-Rise Bridge</i>					
UPC 106692 - Phase I - PE	12,189,098	-	-	-	12,189,098
UPC 106692/108990 - Phase I - ROW/Construction	-	26,285,348	13,388,499	39,673,847	39,673,847
<i>I-64 HRBT Expansion Project</i>					
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	-	4,000,000	29,564,402	33,564,402	33,564,402
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	-	-	-	-	-
<i>HRCS Preferred Alternative Refinement - HRBT</i>					
UPC 110577 - SEIS	15,891,087	9,124,654	2,301,371	11,426,025	27,317,113
<i>460/58/13 Connector Study - UPC 106694 - PE</i>					
	790,111	303,593	-	303,593	1,093,704
<i>Bowers Hill Interchange Study - UPC 111427</i>					
	224,407	834,445	315,289	1,149,734	1,374,141
<i>HR Regional Connector Study - HRTPO</i>					
<i>(Remaining Projects of Third Crossing)</i>	149,245	394,674	-	394,674	543,920
<b>Total</b>	<u>\$ 267,126,025</u>	<u>\$ 99,010,328</u>	<u>\$ 52,724,241</u>	<u>\$ 151,734,569</u>	<u>\$ 418,860,595</u>



## Table 3A - Bond-Reimbursed Expenditures

**Hampton Roads Transportation Fund (HRTF)**  
**Bond Reimbursements**  
**Fiscal Year 2019**

Project	Total FY2014 - FY2018	Previous FY2019	May 2019	Total YTD FY2019	Total
<i>I-64 Peninsula Widening</i>					
<i>UPC 104905 - Segment 1 - Construction</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>UPC 106665 - Segment 2 - PE/ROW/Construction</i>	114,353,557	\$ 29,264,220.16	3,349,757	32,613,977	146,967,534
<i>UPC 109790/106689 - Segment 3 - PE</i>	4,514,165	\$ 244,792	22,309	267,100	4,781,266
<i>UPC 109790/106689 - Segment 3 - Construction</i>	-	\$ -	-	-	-
<i>I-64/264 Interchange Improvement</i>					
<i>UPC 57048/108042 - Phase I - PE/ROW</i>	15,071,063	-	-	-	15,071,063
<i>UPC 57048/108042 - Phase I - Construction</i>	66,399,635	23,131,455	3,147,516	26,278,971	92,678,605
<i>UPC 17630/108041 - Phase II - PE/ROW</i>	35,941,934	4,503,622	426,417	4,930,039	40,871,973
<i>UPC 17630/108041 - Phase II - Construction</i>	-	-	-	-	-
<i>UPC 106693 - Phase III - PE &amp; ROW</i>	-	-	-	-	-
<i>I-64 Southside Widening/High-Rise Bridge</i>					
<i>UPC 106692 - Phase I - PE</i>	12,189,098	-	-	-	12,189,098
<i>UPC 106692/108990 - Phase I - ROW/Construction</i>	-	26,285,348	13,388,499	39,673,847	39,673,847
<i>I-64 HRBT Expansion Project</i>					
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	-	-	-	-	-
<i>UPC 115009 - I-64 HRBT Expansion Project Owners Oversight</i>	-	-	-	-	-
<i>HRCS Preferred Alternative Refinement - HRBT</i>	-	-	-	-	-
<i>UPC 110577 - SEIS</i>	-	-	-	-	-
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	-	-	-	-	-
<i>Bowers Hill Interchange Study - UPC 111427</i>	-	-	-	-	-
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	-	-	-	-	-
<b>Total</b>	<u>\$ 248,469,452</u>	<u>\$ 83,429,437</u>	<u>\$ 20,334,497</u>	<u>\$ 103,763,934</u>	<u>\$ 352,233,386</u>

## Table 3B - Non-Bond Reimbursed Expenditures

### Hampton Roads Transportation Fund (HRTF)

#### *Expenditures Fiscal Year 2019*

Project	Total FY2014 - FY2018	Previous FY2019	May 2019	Total YTD FY2019	Total
<i>I-64 Peninsula Widening</i>					
UPC 104905 - Segment 1 - Construction	\$ 1,544,502	\$ -	\$ -	\$ -	\$ 1,544,502
UPC 106665 - Segment 2 - PE/ROW/Construction	-	-	-	-	-
UPC 109790/106689 - Segment 3 - PE	-	-	-	-	-
UPC 109790/106689 - Segment 3 - Construction	-	-	-	-	-
<i>I-64/264 Interchange Improvement</i>					
UPC 57048/108042 - Phase I - PE/ROW	-	-	-	-	-
UPC 57048/108042 - Phase I - Construction	-	-	-	-	-
UPC 17630/108041 - Phase II - PE/ROW	-	-	-	-	-
UPC 17630/108041 - Phase II - Construction	-	-	-	-	-
UPC 106693 - Phase III - PE & ROW	57,220	923,525	208,681	1,132,206	1,189,427
<i>I-64 Southside Widening/High-Rise Bridge</i>					
UPC 106692 - Phase I - PE	-	-	-	-	-
UPC 106692/108990 - Phase I - ROW/Construction	-	-	-	-	-
<i>I-64 HRBT Expansion Project</i>					
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	-	4,000,000	29,564,402	33,564,402	33,564,402
UPC 115009 - I-64 HRBT Expansion Project Owers Oversight	-	-	-	-	-
<i>HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS</i>	15,891,087	9,124,654	2,301,371	11,426,025	27,317,113
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	790,111	303,593	-	303,593	1,093,704
<i>Bowers Hill Interchange Study - UPC 111427</i>	224,407	834,445	315,289	1,149,734	1,374,141
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	149,245	394,674	-	394,674	543,920
<b>Total</b>	<u>\$ 18,656,573</u>	<u>\$ 15,580,891</u>	<u>\$ 32,389,744</u>	<u>\$ 47,970,635</u>	<u>\$ 66,627,208</u>



# Hampton Roads Transportation Accountability Commission

## Market and Portfolio Update

**Presented By:**

**Nelson Bush, Managing Director**  
**Gray Lepley, Portfolio Strategist**

September 12, 2019

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PFM Asset Management LLC

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# **Agenda**

**ECONOMIC & MARKET UPDATE**

**SUMMARY OF HRTAC'S PORTFOLIOS**

**INVESTMENT PROGRAM ENHANCEMENTS**

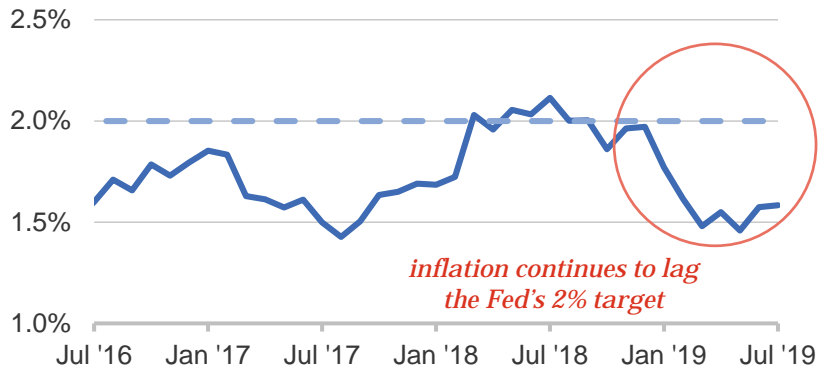


# Economic & Market Update

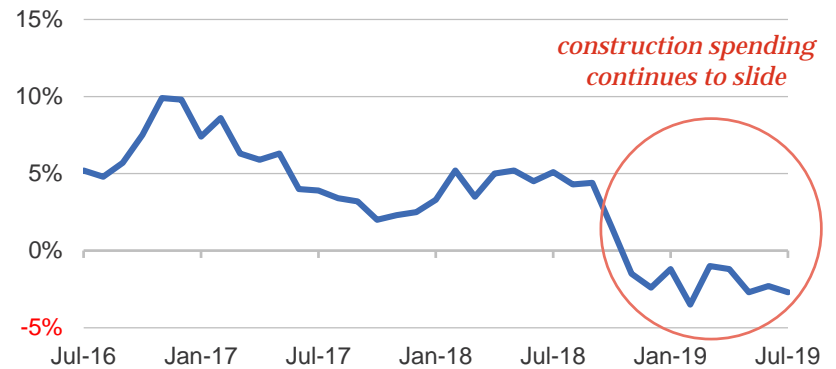


## U.S. Economic Data Shows Some Signs of Weakening

### Inflation (Core PCE YoY)



### Construction Spending (YoY)



### NFIB Small Business Optimism



### ISM Manufacturing

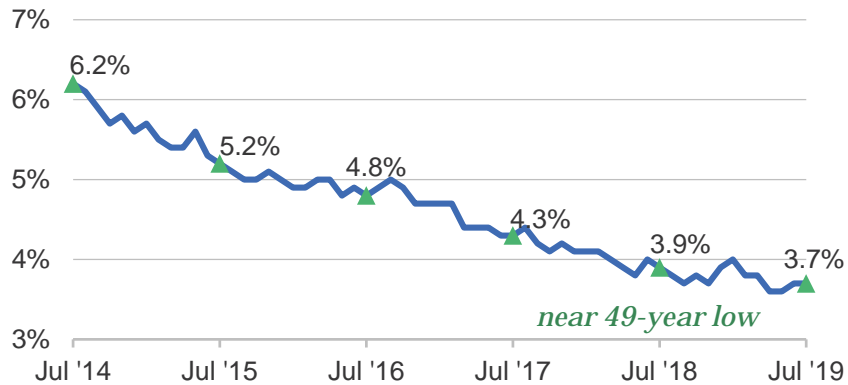


Source: Bloomberg, as of 8/31/2019.

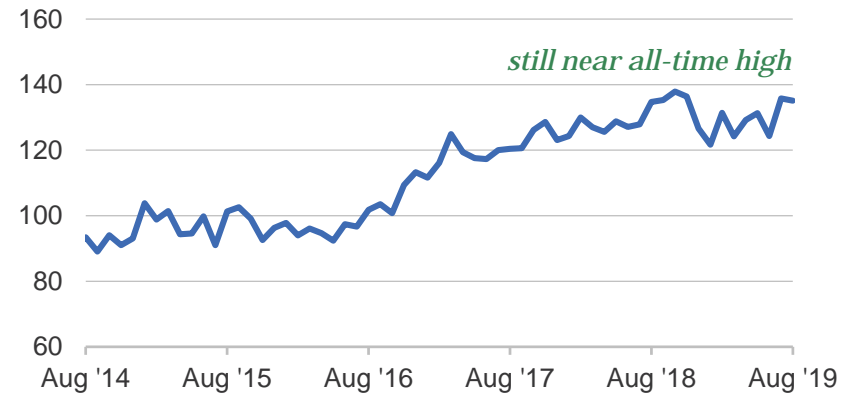


## However, Many Important Broad Market Metrics are Still Strong

### Unemployment Rate



### Consumer Confidence

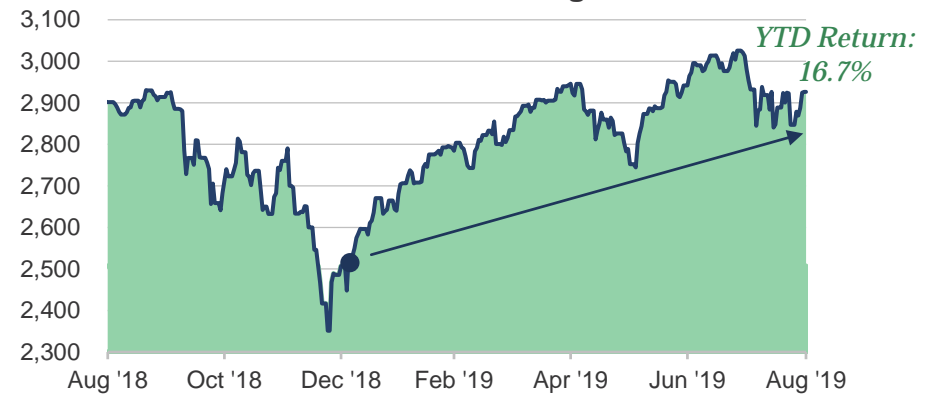


### Corporate Yield Spreads

1-5 Year A-AAA (OAS)



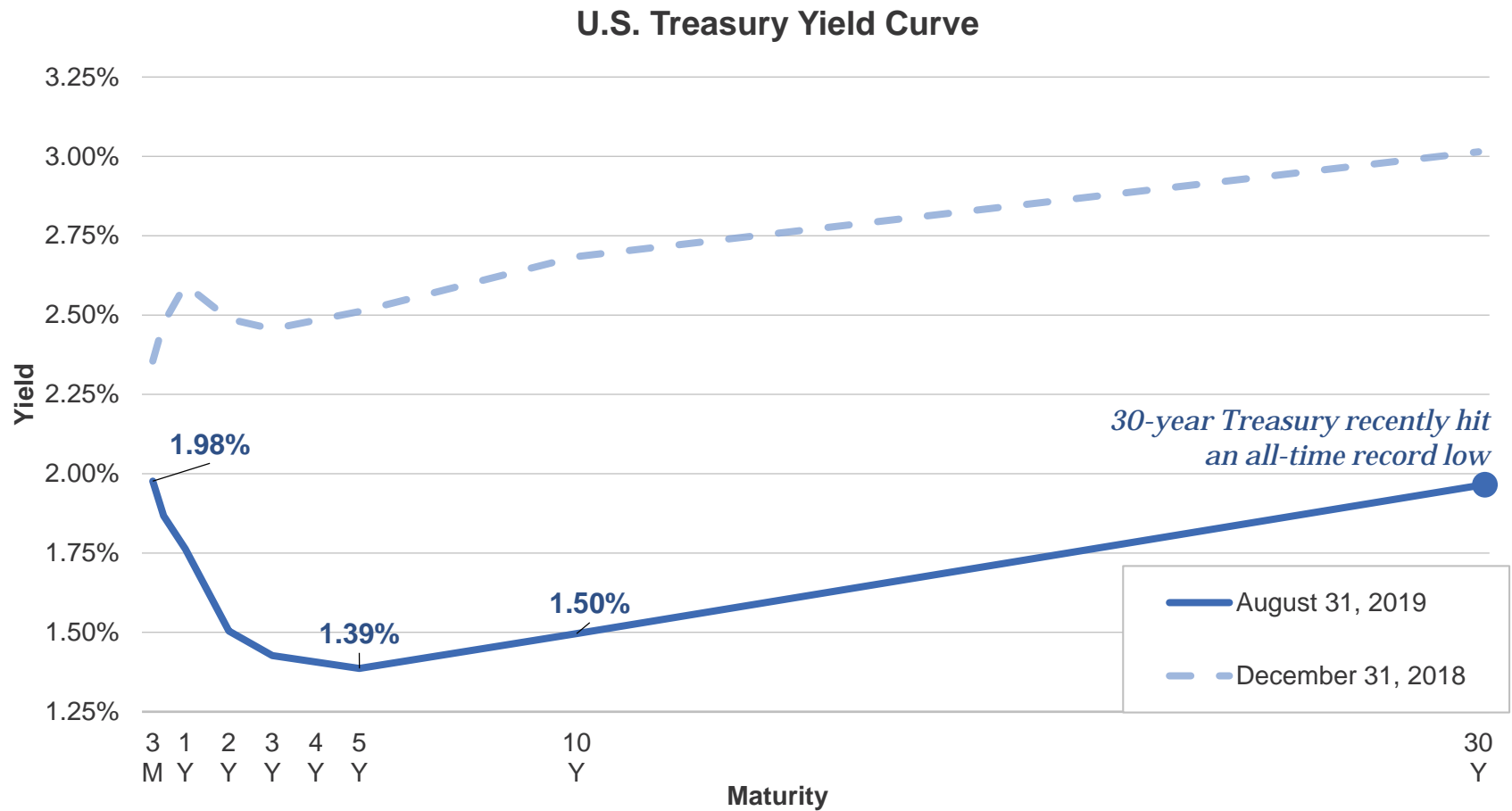
### S&P 500 Price Change



Source: Bloomberg, as of 8/31/2019.



## U.S. Treasury Yield Curve Inverts Further

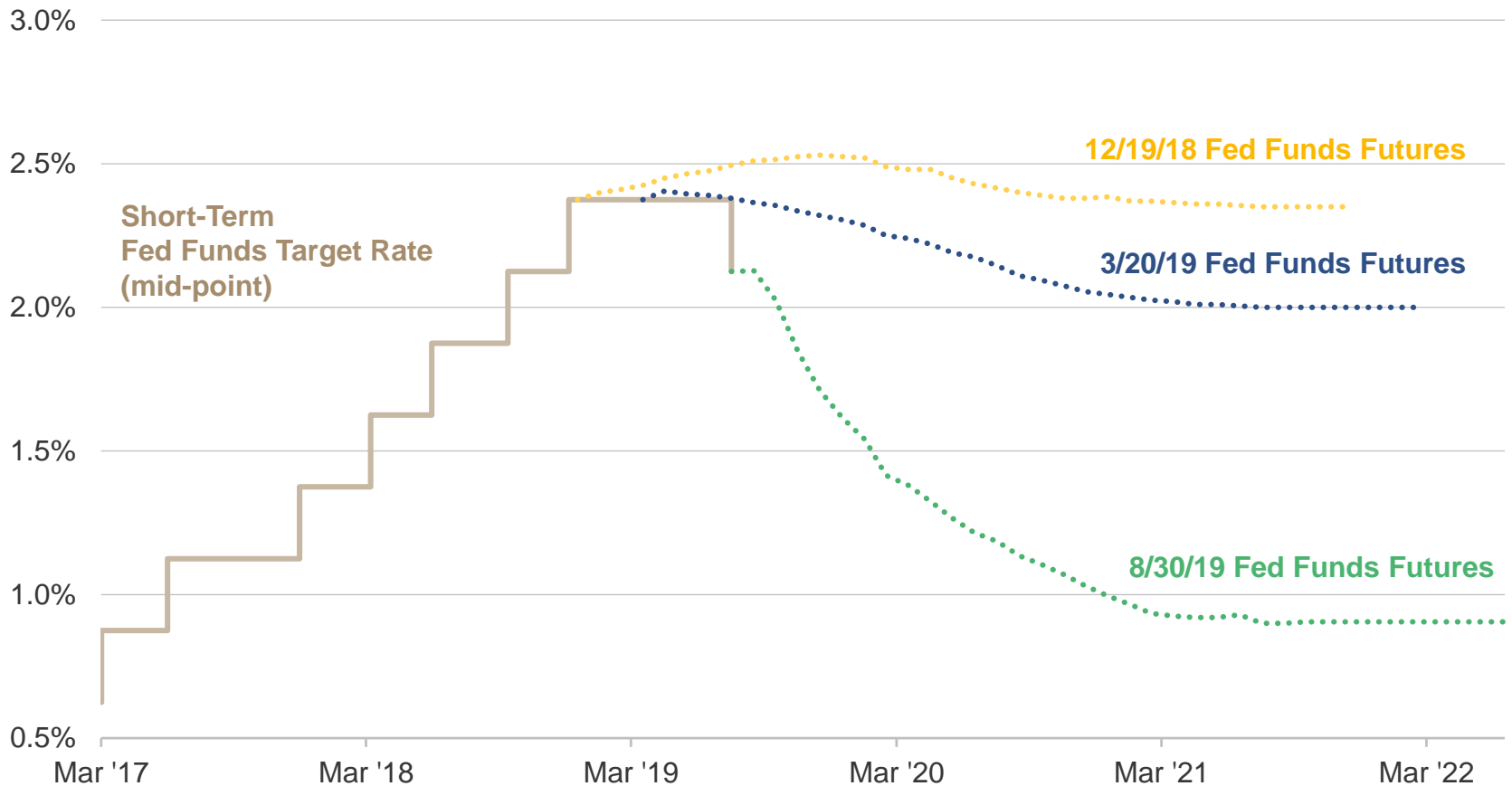


Source: Bloomberg, as of 8/31/2019.





## Market Expects 2-3 More Fed Rate Cuts This Year



Source: Federal Reserve and Bloomberg. Fed funds futures as of Fed meeting dates of 12/19/2018 and 3/20/2019 as well as 8/30/2019.



# HRTAC's Portfolios



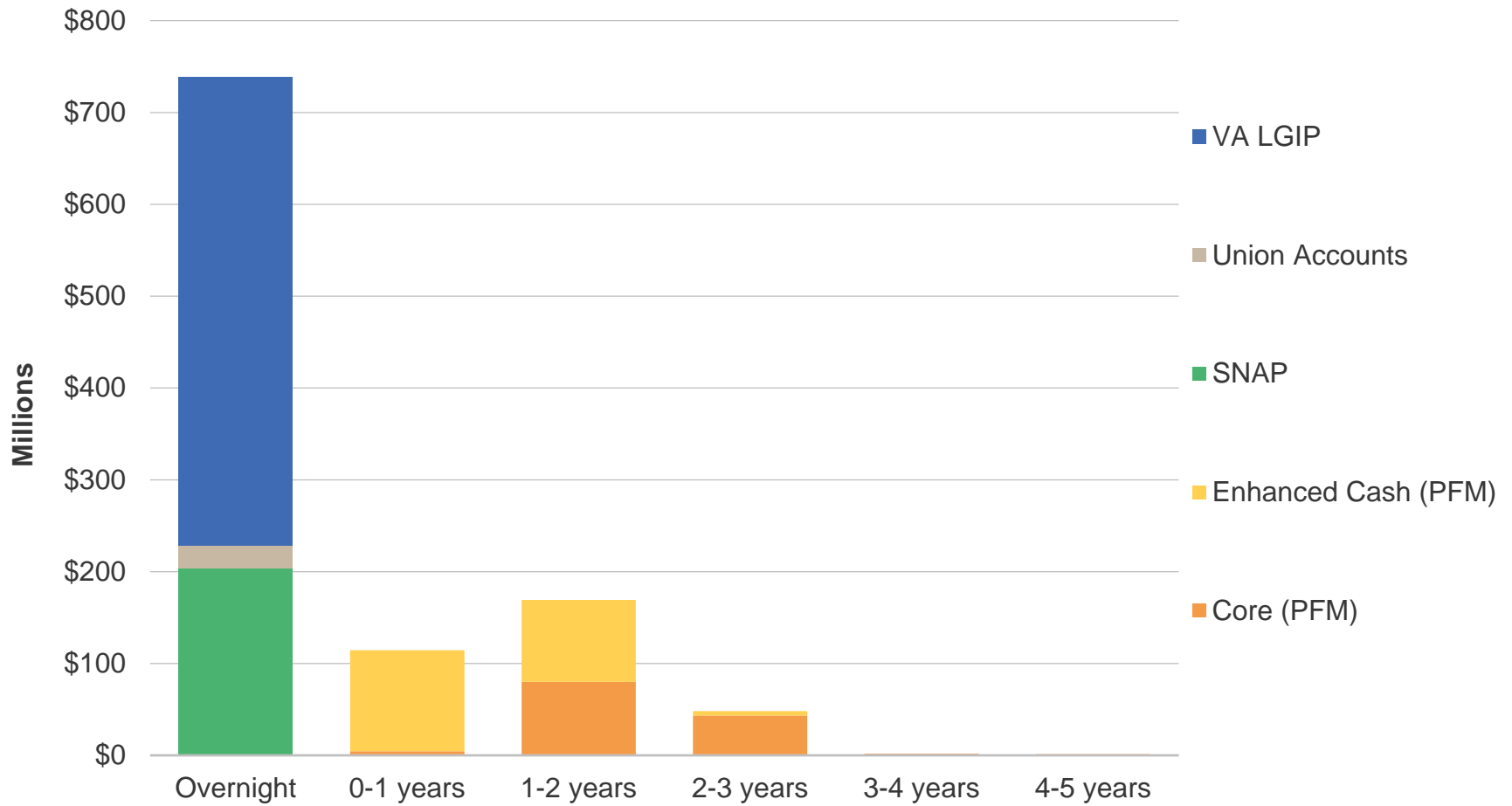
## Summary of HRTAC's Portfolios

Portfolio	Yield at Cost	Market Value	Percent of Total	Purpose/Strategy
Union Checking	0.00%	\$1,000,000	2%	daily cash and liquidity needs
Union Sweep	2.35%	\$5,693,038		
Union Money Market	2.35%	\$9,524		
Union General	2.35%	\$17,370,032		
Virginia LGIP	2.40%	\$509,984,538	47%	operating and construction funds
Enhanced Cash Portfolio	2.58%	\$205,341,120	19%	short-term investments which still provide liquidity, if necessary
Core Portfolio	2.47%	\$131,668,962	12%	intermediate-term (1-5 year) investments to enhance returns
SNAP Fund	2.43%	\$204,020,688	19%	bond proceeds
<b>TOTAL</b>		<b>\$1,075,087,903</b>		

Based on market values as of 7/31/19. Numbers may not add to 100% due to rounding.



## Investment Portfolio Duration Distribution

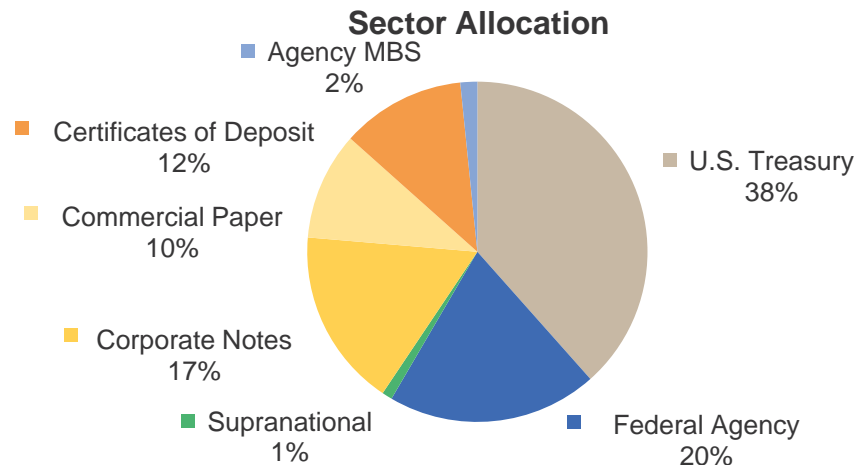


Based on market values as of 7/31/19.

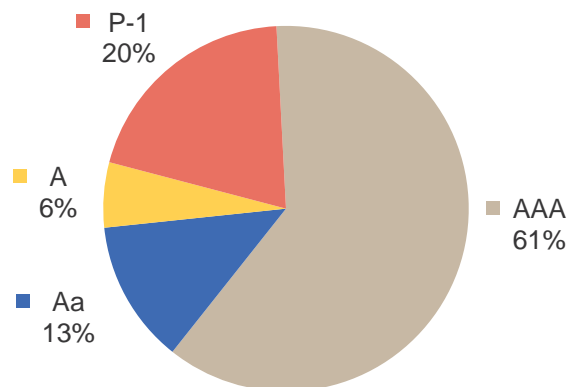


## Enhanced Cash Portfolio Summary (as of August 31, 2019)

Portfolio Statistics	
Market Value	\$204,069,531
Average Duration	0.91 years
Yield to Maturity at Cost	2.54%



### Credit Quality (Moody's Ratings)



Since Inception date is 6/30/17.

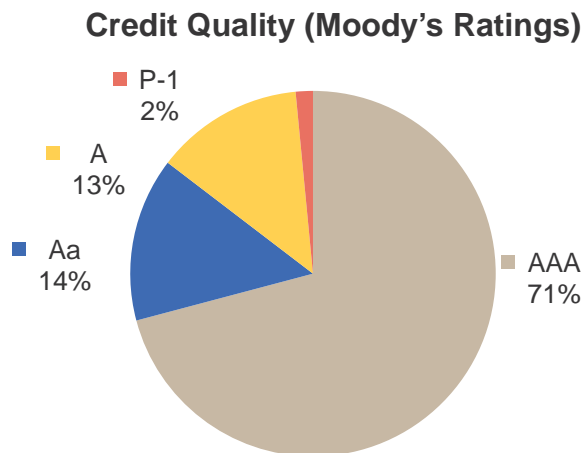
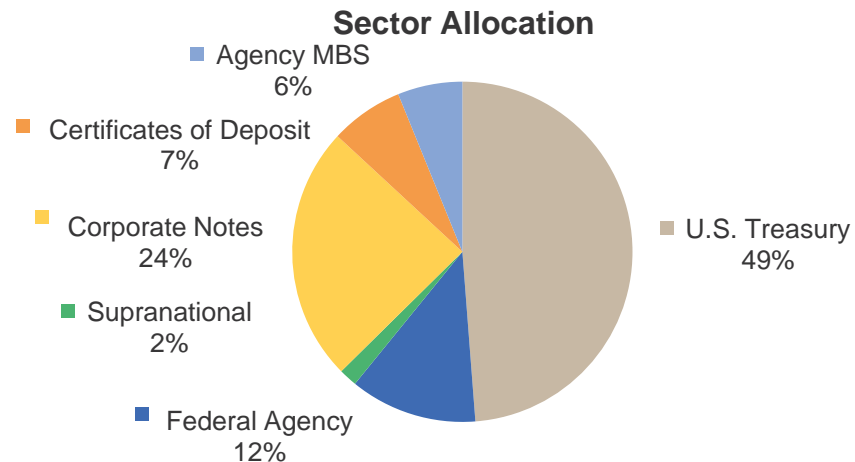
### Performance Summary (through June 30, 2019)

Portfolio/Benchmark	2019 Q2	Trailing 6-months	Trailing 1-year	Since Inception
HRTAC Enhanced Cash	1.00%	1.88%	3.20%	2.13%
ICE BofAML 1-Year U.S. Treasury Index	0.94%	1.76%	2.98%	1.95%
<b>Difference</b>	<b>+0.06%</b>	<b>+0.11%</b>	<b>+0.21%</b>	<b>+0.18%</b>



## Core Portfolio Summary (as of August 31, 2019)

Portfolio Statistics	
Market Value	\$131,885,721
Average Duration	1.84 years
Yield to Maturity at Cost	2.46%



### Performance Summary (through June 30, 2019)

Portfolio/Benchmark	2019 Q2	Trailing 6-months	Trailing 1-year	Since Inception
<b>HRTAC Core</b>	1.46%	2.56%	4.06%	1.89%
ICE BofAML 1-3 Year U.S. Treasury Index	1.44%	2.44%	3.96%	1.78%
<b>Difference</b>	<b>+0.02%</b>	<b>+0.12%</b>	<b>+0.10%</b>	<b>+0.12%</b>

Since Inception date is 12/31/16.



# Investment Program Enhancements



## Investment policy modifications

*complete*

- ◆ **Highlights:** extended maximum maturity for certain investments; allowed greater allocations to certain corporate securities; allowed purchase of A-rated securities
- ◆ **Benefits:** greater portfolio diversification; more access to investment universe; potential for higher incremental returns through time



## Custody account structure

*complete*

- ◆ **Highlights:** opened an additional custody account at US Bank
- ◆ **Benefits:** increased reconciliation and audit efficiency for HRTAC and auditors and increased investment efficiency for PFM



## Investment reallocation

*pending*

- ◆ **Highlights:** reallocate \$200-\$250 million from the LGIP balance into the Enhanced Cash portfolio to allow for potential enhanced returns
- ◆ **Benefits:** greater curve diversification; expectation of short-term rates to fall may disadvantage these monies over time; reflect changes in HRTAC's anticipated cash flows; funds still liquid in case of change to anticipated spending



## Important Disclosures

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