

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Finance Committee
Summary Minutes of the March 7, 2019 Meeting**

The concurrent meeting of the Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee and the HRBT Funding Agreement Advisory Committee was held in the Regional Building Conference Rooms D/E, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Finance Committee Members in Attendance:

Frank Wagner, Chair	Barry Porter
Joel Acree	Delegate Christopher Stolle*

HRTAC Executive Director

Kevin Page

HRTAC Finance Committee Members Absent:

McKinley Price

Other Participants:

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

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Scott Detar (Bank of America. Merrill Lynch); Julie Cary, Allison Gray, Shane Royer (Veteran Reporters); Jennifer Hodnett (HRTAC); Danetta Jankosky, Tiffany Smith, Sheila Wilson (HRPDC); Rob Case, Mike Kimbrel (HRTPO)

Call to Order

Chair Frank Wagner called the HRTAC Finance Committee to order at 12:08 p.m.

Approval of Agenda

Mr. Joel Acree Moved to approve the agenda; Mr. Barry Porter seconded. The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

No public comments were made.

Chair Comments

Chair Wagner updated the Committee on the recent actions in regard to the Hampton Roads Bridge Tunnel project and emphasized the actions taken today would have long term implications, and that the funding agreement with VDOT relating to the project needed to maximize benefits to the Region's citizens. Additionally, he noted the Monitor Merrimack Bridge Tunnel should be considered as the next regionally significant project.

Consent Items

5A. Minutes of the December 10, 2018 Finance Committee Meeting

Mr. Barry Porter Moved to approve the minutes of the December 10, 2018 Finance Committee Meeting; seconded by Mr. Joel Acree. The Motion Carried.

Action Items

6A. HRTAC FY2020 Administrative and Project Development Budget and Request for a Public Hearing

HRTAC Executive Director, Kevin Page, indicated he strived to develop a draft budget that was supported by funding from investment income to ensure the region continued to have maximum benefit from the Hampton Roads Transportation Fund (HRTF). He acknowledged the increase from the FY19 budget was \$1,149,878. He noted the additional funds were needed to move the TIFIA Loan process forward, onboarding costs for a new employee, and cost of living adjustments. He further reviewed line item changes and stated the draft budget for the Commission was \$5,597,390.

Delegate Christopher Stolle arrives.

Senator Wagner asked the probability of the Commission receiving any TIFIA Loan monies.

Mr. Page indicated the Commission was far in the process and additional incurred costs were needed. Also, he reviewed the TIFIA loan process and explained the loan rate was locked even if funds were not accessed for years.

Committee members questioned if it was prudent to create a nexus between the investment interest and the funding needed for the HRTAC Budget.

Mr. Page indicated the current strategy was HRTAC's historical approach and the current budget was going to be less than the total amount of investment income. He assured the Committee members this was not targeting a number, however, efficiently maximizing the funds needed to operate HRTAC.

Mr. Barry Porter Moved that the Finance Committee endorse the Proposed HRTAC FY2020 Administrative and Project Development Budget and authorize the Finance Committee Chair to recommend the draft budget to the Commission and request that the Commission authorize the Finance Committee to conduct a public hearing on the Proposed HRTAC FY2020 Administrative and Project Development Budget; The motion was seconded by Delegate Christopher Stolle. The Motion Carried.

6B. HRTAC FY2020-FY2026 Plan of Finance Update

HRTAC Executive Director, Kevin Page, reviewed the project costs and expenses, revenue sources and cash flow for FY2020-FY2026. He outlined the progress of the HRBT project and reviewed the line items for the total project amount of \$3.862 M. He indicated the south trestles replacement was included in the total cost and was going to be financed by VDOT.

Committee members thanked HRTAC Staff and legal counsel for their work to make VDOT responsible for the south trestles and for pushing to properly treat that replacement work as a maintenance cost. Additionally, members questioned if VDOT had an accurate estimate for the south trestle replacement.

Mr. Page noted the toll revenues from the facility were expected to be \$345M and were included in the funding plan. He further noted that if any non HRTF funding was received, there would be a dollar for dollar reduction in the HRTF funding commitment, but that HRTAC had agreed not to de-obligate those funds until the project was completed.

Committee members questioned the creation of the unobligated project reserve account. Mr. Page answered it was necessary to ensure all monetary obligations could be met and was similar to an insurance policy.

Mr. Joel Acree Moved that the Finance Committee endorse 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 2016-2024 Financial Plan and authorize the Finance Committee Chair to communicate the action of the Finance Committee and to request the Commission to authorize HRTAC staff to conduct a public hearing and report back public comments for consideration in the Commission's action at its June 20, 2019 Annual Organizational meeting; Seconded by Mr. Barry Porter. The Motion Carried.

6C. HRTAC Proposed 2045 Long Range Plan of Finance Update

Mr. Page reviewed the suite of projects included in the HRTAC 2045 Long Range Funding Plan and noted modifications were made due to various float downs, an updated HRBT cost projection, and the elimination of the 460/58/13 project.

Commission members questioned if there was flexibility for projects to be moved around in the plan.

Mr. Page indicated that HRTAC was waiting for the operational analysis relating to the second phase of the High Rise Bridge project, and that if that project was deferred to a later completion date, smaller projects would be moved forward.

Delegate Christopher Stolle Moved that the Finance Committee endorse the Proposed 2045 Long Range Plan of Finance Update for the HRTAC High Priority Projects to the Commission, and request that the Commission authorize the Finance Committee to hold a public hearing and report back public comments for consideration in the Commission's action at its June 20, 2019 Annual Organizational meeting to communicate the 2045 Long Range Plan of Finance Update for the HRTAC High Priority Projects to the HRTPO; Seconded by Mr. Joel Acree. The Motion Carried.

6D. HRTAC Debt Management Plan Update

Mr. David Miller, PFM, briefed the Committee on HRTAC's actions relating to finalizing its debt management plan.

Mr. Miller stated HRTAC is anticipated to close on the first TIFIA loan in summer 2019. The funds obtained would be to finance projects already under construction, and staff has already begun discussions with TIFIA relating to a second loan to assist in financing the HRBT project. Additionally, he explained the need for HRTAC to obtain credit ratings to secure current and future TIFIA loans.

Mr. Miller outlined the capital needs and debt issuance timing for FY2020-2026 and explained future debt considerations for:

- Completing funding for the existing projects (non-HRBT)
- Funding the HRBT
- Consideration of TIFIA Bond Anticipation Notes (BANs)

The Committee was shown a graph depicting the financial plan funding mix and the HRTF revenue supported debt service coverage.

Delegate Christopher Stolle Moved that the Finance Committee endorse the HRTAC Debt Management Plan Update and authorize the Finance Committee Chair to communicate the plan to the Commission for consideration at its March 21, 2019 Regular meeting; Seconded by Mr. Barry Porter. The Motion Carried.

Due to the meeting format being concurrent with the HRTAC HRBT Funding Agreement Advisory Committee, the HRTAC Finance Committee stood at ease from 1:20 p.m. to 1:22 p.m., while the HRBT Funding Agreement Advisory Committee addressed matters on its agenda.

6E. Briefing to the HRBT Funding Agreement Advisory Committee and the Finance Committee on P3 for the HRBT Expansion Project and related project work streams and action items for HRTAC in respect of the P3, including the prospective HRBT Funding Agreement, and the prospective Regional Tolling Agreement and the financing activities relating thereto – Closed Session as needed

At 1:25 p.m., Mr. Barry Porter Moved that a closed session be held for discussions regarding the agreements being developed to fund and construct the Hampton Roads Bridge Tunnel project, in accordance with Virginia Code Section 2.2-3711(A)(8) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel; Seconded by Delegate Christopher Stolle. The Motion Carried.

The HRBT Funding Agreement Advisory Committee also adopted a motion to move into the Closed Session.

A Closed Session, limited to Committee members (of each committee), staff and the Commission's advisors, was convened.

At 2:48 p.m., the Closed Session concluded. Counselor Inglima proceeded to read the following certification: The Finance Committee of the Hampton Roads Transportation Accountability Commission hereby certifies that, to the best of each member's knowledge: (i) only public business matters lawfully exempted from the open meeting requirements under the Virginia Freedom of Information Act, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened, were heard, discussed or considered in the closed meeting just concluded.

A roll call vote was taken for the certification:

Mr. Barry Porter: Yes
Mr. Joel Acree: Yes
Senator Frank Wagner: Yes

The HRBT Funding Agreement Advisory Committee adopted a similar certification.

Information Items

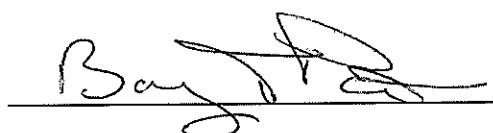
7A. HRTAC Financial Report

Mr. Nelson Bush, PFM, briefed the Committee on the positive effects of the recently adopted modified investment policy in December 2018 for corporate notes, and indicated that further Committee action would be needed if a stricter policy was desired.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 2:55 p.m.

By:



Finance Committee Member