

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Finance Committee
Summary Minutes of the December 4, 2019 Meeting**

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

HRTAC Finance Committee Members in Attendance:

Michael Hipple, Chair	Christopher Stolle
Monty Mason	Barry Porter

HRTAC Executive Director

Kevin Page

HRTAC Finance Committee Members Absent:

Joel Acree

Other Participants:

Linda T. Johnson, HRTAC Chair	Tom Inglima, Willcox and Savage
Eric Ballou, Kaufman & Canoles	Stephen Brich, VDOT
Nelson Bush, PFM	Laura Farmer, VDOT
David Miller, PFM	Faizan Habib, VDOT

Others Recorded Attending:

Camryn Jordan (Veterans Reporters); Lynn Coen, Jennifer Hodnett (HRTAC); Tiffany Smith (HRPDC)

Call to Order

Chair Michael Hipple called the HRTAC Finance Committee to order at 9:00 a.m.

Mr. Page notified the Committee that Mr. David Miller would be presenting by telephone.

Approval of Agenda

A motion was made and seconded to approve the agenda. The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

No public comments were made.

Chair Comments

Chair Hipple welcomed HRTAC Chair Linda T. Johnson and VDOT representatives.

Consent Items

5A. Minutes of the September 12, 2019 Finance Committee Meeting

Mr. Barry Porter Moved to approve the HRTAC consent agenda items; seconded by Mr. Christopher Stolle. The Motion Carried.

Action Items

6A. I-64 Express Lanes Network Project: Review Funding Requirements, Financing Alternatives, and Compatibility with HRTAC's Plan of Finance and the Proposed Master Tolling Agreement (Closed Session as Needed)

Mr. Kevin B. Page, HRTAC Executive Director, reminded the Committee of the presentations given at the concurrent HRTAC and HRTPO meeting held on November 19, 2019 and stated that the full Commission requested that HRTAC staff research the viability of integrating the funding of the entire Regional Express Lanes Network into the HRTAC finance plan. He further explained that the research included an analysis of the repayment of the \$59M of pre-investments for the Network and the effect of including or excluding the \$142M in funding from the I-64 truck fees.

Mr. David Miller, PFM, reiterated that today's presentation was the result of a request at the November 19, 2019 concurrent HRTAC and HRTPO meeting. He reviewed the quantitative analyses and qualitative considerations of the HRTAC finance plan and reminded the Committee that the main funding source for the Hampton Roads Bridge Tunnel (HRBT), the potential regional HOT Network, and the 2045 future projects was the Hampton Roads Transportation Fund (HRTF).

Mr. Miller stated that PFM was focused on the long term HRTAC plan and is not just concerned with immediate financing.

He compared the HRTAC debt contemplated by HRTAC's finance plan versus the 9(c) debt proposed by VDOT and noted the similarities and differences between the two plans.

Committee members questioned how a lower debt coverage ratio would result in less future toll revenue.

Mr. Miller explained that a lower debt coverage ratio allows more money to be borrowed now, which leaves less revenue for future costs.

Mr. Page reminded the Committee of HRTAC's ability to reallocate available monies into the next project, develop financing, and then use the principal to reimburse the project costs.

Committee members questioned if maintenance costs were included in the HRTAC debt analysis.

Mr. Page reminded members that physical road, bridge and tunnel maintenance remain VDOT responsibilities, however, for purposes of the toll financing plan "maintenance" refers to the toll collection equipment and system.

Mr. Stephen Brich, VDOT Commissioner of Highways, stated that VDOT presented scenarios with debt coverage ratios closer to HRTAC's rate at the November 19, 2019 concurrent meeting and stated that the benefits of larger upfront proceeds allow projects to be developed without the cost of inflation. Finally, he voiced his opinion that the assumptions of the respective finance plans of VDOT and HRTAC were not equal. He suggested that the financial advisors from the two agencies needed to address the outstanding issues.

Mr. Miller reviewed the debt capacity and funding analyses of the HRTAC debt and the Commonwealth's 9(c) debt and highlighted that both plans included the use of TIFIA funds. He explained that the timeline for completing the projects would be a strong factor in determining whether the additional proceeds gained by the 9(c) debt would be of value; however, either scenario allowed the HRBT and Regional Express Lanes Network to be completed by 2025.

The Committee Members were given a table detailing post-HRBT projects and accelerated timelines due to the additional capacity on the current High Rise Bridge Project, smart scale funds, and I-64 truck fees. Mr. Miller noted that the HOT Network could be completed without utilizing the I-64 truck fees.

Mr. Page thanked VDOT for working with the High Rise Bridge Project Design-Build team and reminded the Committee that a recommendation would be made to the full Commission and a public hearing would be held regarding the adjustments to the High Rise Bridge Project and the inclusion of the HOT Network in the HRTAC funding plan.

Committee members questioned where the additional proceeds would be applied and whether the section of I-64 between James City County and Richmond could be a candidate project.

Mr. Page responded that although a few miles of this section of I-64 were in HRTAC's jurisdiction, the HRTF monies can only be used if a project provides congestion relief.

Mr. Brich stated that the \$80M was an estimate for altering the High Rise Bridge Project and the final amount would be determined in the beginning of 2020. Additionally, he stated I-64 was a priority for the Administration and they were actively analyzing a range of solutions.

Mr. Brich explained to the Committee members that a potential project for the upfront proceeds of the 9(c) debt was the I-64/I-464 Interchange. He noted that VDOT identified the intersection as the final congestion point in the regional network.

Mr. Page reminded Committee members of the actions needed to complete a project and that the timeline for those actions was about six months to a year.

Mr. Eric Ballou, Kaufman and Canoles, explained to the Committee the different categories of State-authorized debt and explained the differences from a toll revenue indenture.

At 10:09 a.m., Mr. Christopher Stolle Moved that a closed session be held for discussions regarding the proposed toll-backed debt financing models and the related Master Tolling

Agreement terms, 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 Mr. Barry Porter. The Motion Carried.

A closed session, limited to Committee members, Commission staff and the Commission's advisors, was convened.

At 11:26 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: one, only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and two, 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 certification:

Mr. Michael Hipple: Yes
Mr. Barry Porter: Yes
Senator Monty Mason: Yes
Delegate Christopher Stolle: Yes

Mr. Stolle Moved that the Finance Committee endorse HRTAC's funding plan for the I-64 Express Lanes Network; the motion was seconded by Mr. Porter. The Motion Carried.

Information Items

7A. HRTAC Monthly Financial Report

Mr. Page reviewed the Financial Report with the Committee members.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 11:29 a.m.



Michael J. Hipple
Finance Committee Chair