

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the March 16, 2021 Finance Committee Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 2 p.m. by conference call due to COVID-19, with the following in attendance by telephone:

HRTAC Members in Attendance:

Chair, Supervisor Michael Hipple, JC
Supervisor William McCarty, IW
Mayor McKinley Price, NN

Supervisor Thomas G. Shepperd, YK
Senator Monty Mason, VGA

HRTAC Executive Director:

Kevin Page

Other Participants:

Mayor Donnie Tuck, HA
Eric Ballou, Kaufman and Canoles
Nelson Bush, PFM

David Miller, PFM
Liang Shan, PFM
Tom Inglima, Willcox & Savage

Others Recorded Attending:

Matthew Bowen, Jim Calpin, Scott Detar (Bank of America/Merrill Lynch); Scott Allaire (CDM Smith); Kristen Krug, Sabaa Modi (Citi); Tiffany Smith (HRPDC); Todd Halacy (VDOT); Lynn Coen, Jennifer Hodnett (HRTAC)

Declaration re: Purpose of Meeting, Call to Order and Roll Call

Mr. Thomas Inglima, HRTAC General Counsel, proceeded to read the following declaration for the Members:

In light of the Governor's Declared State of Emergency due to COVID-19, it is impracticable and unsafe for the Committee to assemble in a single location, so the meeting will be held electronically, by telephone, pursuant to the 2020 or 2021 Appropriation Act as applicable. The purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the Commission and the Committee and the discharge of their lawful purposes, duties, and responsibilities. The public is welcome to use the number provided to attend the meeting electronically. The Commission will make available a recording or transcript of the meeting on its website in accordance with the timeframes established in Sections 2.2-3707 and 2.2-3707.1 of the Code of Virginia.

A roll call vote of all Members was taken in order to confirm a quorum:

Chair Michael Hipple: Present
Supervisor William McCarty: Present
Mayor McKinley Price: Present
Supervisor Thomas Shepperd: Present

Senator Monty Mason: Present

The quorum was confirmed by Mr. Tom Inglima.

Approval of Agenda

Supervisor Thomas Shepperd Moved to approve the agenda; Seconded by Supervisor William McCarty. A roll call vote of the voting Members was taken:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Yes
Senator Monty Mason: Yes

Mr. Tom Inglima confirmed The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

No one from the public requested to make a public comment.

Chair Comments

Chair Hipple welcomed the newly appointed Members of the Finance Committee, Supervisor McCarty and Mayor Price, and thanked them for their willingness to serve on the Committee.

Consent Item

A. Minutes of the January 19, 2021 Finance Committee Meeting

Supervisor Thomas Shepperd Moved to approve the consent agenda item; Seconded by Supervisor William McCarty. A roll call vote of the voting Members was taken:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Abstain
Senator Monty Mason: Abstain

Mr. Tom Inglima confirmed The Motion Carried.

Action Items

A. Executive Director Employment – Closed Session as needed

Supervisor William McCarty Moved that a closed session be held for discussions regarding the performance and salary of the Executive Director of the Commission and potential modifications to the Commission's employment agreement with the Executive Director in accordance with Virginia Code Section 2.2-3711.A.1 for purpose of discussion and

consideration of the assignment, appointment, performance, promotion, demotion, salaries, disciplining, or resignation of specific employees of the Commission and in accordance with Virginia Code Section 2.2-3711.A.29 for the purpose of discussion of the award or modification of a public contract involving the expenditure of public funds and the discussion of the terms or scope of such contract where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Commission; Seconded by Mayor McKinley Price. A roll call vote was taken:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Yes
Senator Monty Mason: Yes

The Closed Session began at 2:08 p.m. and ended at 2:48 p.m. Mayor Tuck was invited to attend.

Mr. Inglima 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, (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (2) 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:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Yes
Senator Monty Mason: Yes

Supervisor William McCarty Moved (1) that the Executive Director's salary be increased effective July 1, 2021 to \$260,000 per annum, (2) that the term of his employment agreement be extended to December 31, 2027 under the same terms as presently exist under his current employment agreement, and (3) subject to confirmation that it is permitted under the laws applicable to the HRTAC benefit plan, that the Executive Director and his spouse are eligible to receive the same health retirement benefit that is provided to the TPO executive director; Seconded by Supervisor Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Yes
Senator Monty Mason: Yes

Mr. Tom Inglima confirmed The Motion Carried.

B. HRTAC FY2022 Administrative and Project Development Budget

Mr. Kevin Page, HRTAC Executive Director, reminded the Committee that the proposed action with respect to Item 6.B was to hold a public hearing regarding the proposed budget. He explained that HRTAC Staff prepares an administrative and project development budget each fiscal year. He indicated that the proposed FY2022 HRTAC Administrative and Project Development Budget takes into account prior year expenditure levels and anticipated debt financing expenses. Mr. Page highlighted the addition of the Hampton Roads Regional Transit Fund (HRRTF) to the Budget and stated that pursuant to Section 33.2-2605 of the Code of Virginia, the administrative expenses for managing the HRRTF would be shared on a pro rata basis with the Hampton Roads Transit Fund (HRTF). Mr. Page explained that the Budget was broken out into direct administrative expenses, general administrative expenses and specific program and project development expenses for each of the HRRTF and the HRTF.

Mr. Page thanked PB Mares, HRTAC's auditor, for working with HRTAC Staff to develop an allocation plan. Mr. Page stated that he had shared the FY2022 HRTAC Administrative and Project Development Budget with Mr. William Harrell and the Hampton Roads Transit team and had received positive feedback from them with respect to the allocation of expenses between the HRRTF and the HRTF. Mr. Page then clarified that because the proposed action currently in front of the Committee was only to hold a public hearing, there would not be a fiscal impact related to this Action Item 6.B but that upon the Commission's approval of the Budget, the fiscal impact would be \$6,702,873.

Discussion ensued regarding the allocation of the items outlined in the proposed FY2022 HRTAC Administrative and Project Development Budget between the HRRTF and the HRTF.

Supervisor William McCarty Moved that the Finance Committee endorses the proposed HRTAC FY2022 Administrative and Project Development Budget, as adjusted to reflect the Committee's recommendation regarding the Executive Director's adjusted compensation, and authorizes the Finance Committee Chair to recommend the proposed Budget to the Commission and request that the Commission authorize the Executive Director to conduct a public hearing on the proposed HRTAC FY2022 Administrative and Project Development Budget; Seconded by Supervisor Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Yes
Senator Monty Mason: Yes

Mr. Tom Inglima confirmed The Motion Carried.

C. HRTAC FY2022-FY2027 Plan of Finance Update – Six Year Operating and Capital Program of Projects for the Region’s High Priority Projects

Mr. Kevin Page, HRTAC Executive Director, stated that the proposed FY2022-FY2027 Plan of Finance – Six Year Operating and Capital Program of Projects for the Region’s High Priority Projects was updated to provide current direction on project financing, revenue assumptions, and timing that would be used as the Commission’s current financial plan. He explained that the proposed HRTAC FY2022-FY2027 Plan of Finance Update provided additional clarity on the I-64 HRBT Expansion Project financing and included full funding of the Hampton Roads Express Lanes Network (HRELN) and programs funding for the HRRTF. The Committee was shown a graph detailing the regional priority project programs costs, expenses and sources for FY2022-FY2027. Mr. Page highlighted that the cost estimates for the HRELN were less than initially projected.

Mr. Page thanked the General Assembly for the additional \$93.1M allocation for the HRELN. He noted that if the additional \$93.1M in funds are not completely expended, they would be reallocated in the Region for the widening of I-64 between Exit 205 and Exit 234.

The Transit Regional Priority Projects were highlighted for the Committee. Mr. Page stated the first application was submitted by HRT in December 2020. A Six year plan was being developed by HRT, including the assumption of a \$100M reserve.

Mr. Page stated the FY2022-FY2027 Plan of Finance would assist the Hampton Roads Transportation Planning Organization (HRTPO) to fiscally constrain the 2045 Long Range Transportation Plan (LRTP), which would be necessary to continue to receive federal and state funding for transportation initiatives in the Region.

Mr. David Miller, PFM, explained the various HRTF revenues and the HRTF cash flows to the Committee, which correspond with the six-year project funding outlined by Mr. Page. He indicated that the HRTF cash flow was based on projected revenues of the Commonwealth and did not include any debt assumptions.

Mr. Miller noted that the line item for debt payments simply combined all debt service payments for the debt issuances in 2018, 2019 and 2020 and the TIFIA loans that are funding all of the projects. Mr. Miller then explained that not everything would be debt financed and directed the Committee to a graph detailing the toll revenue cash flows for FY2025-FY2027. He noted that debt service payments would not begin until FY2028.

Supervisor William McCarty Moved that the Finance Committee endorses the proposed FY2022-FY2027 Plan of Finance Update – Six Year Operating and Capital Program of Projects for the Region’s High Priority Projects and the Hampton Roads Regional Transit Fund as an update to the HRTAC-adopted 2021-2026 Financial Plan and authorizes the Finance Committee Chair to communicate the action of the Finance Committee and to request the Commission to authorize the Executive Director to conduct a public hearing and report back public comments for consideration in the Commission’s action by no later

than its June 17, 2021 Annual Organizational Meeting; Seconded by Mayor McKinley Price. A roll call vote was taken:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Yes
Senator Monty Mason: Yes

Mr. Tom Inglima confirmed The Motion Carried.

D. HRTAC Proposed 2045 Long Range Plan of Finance Update

Mr. Kevin Page, HRTAC Executive Director, reiterated the importance of the HRTAC Proposed Long Range Plan being incorporated into the HRTPO's Long Range Plan to continue the flow of federal dollars to the region.

Mr. David Miller, PFM, stated the presentation before the Committee included the peninsula widening at the 64/264 Interchange and what has been referred to as the initial six projects, which were expected to be completed next year. He indicated that projects beyond FY2026 completion dates were estimated with the assistance of the Virginia Department of Transportation (VDOT) with a completion cost that included inflation; however, debt financing assumptions were not included. He noted that the implementation of the Hampton Roads Bridge Tunnel (HRBT) Tolls would be a helpful indicator of how debt proceeds could be applied to other projects and that the proposed HRTAC 2045 Long Range Plan of Finance Update included \$552M in Transit Projects.

Supervisor William McCarty Moved that the Finance Committee endorses the proposed HRTAC 2045 Long Range Plan of Finance Update for the HRTAC High Priority Projects to the Commission, and requests that the Commission authorize the Executive Director to hold a public hearing and report back public comments for consideration in the Commission's action at a future meeting to communicate the 2045 Long Range Plan of Finance Update for the HRTAC High Priority Projects to the HRTPO; Seconded by Senator Monty Mason. A roll call vote was taken:

Chair Michael Hipple: Yes
Supervisor William McCarty: Yes
Supervisor Thomas Shepperd: Yes
Mayor McKinley Price: Yes
Senator Monty Mason: Yes

Mr. Tom Inglima confirmed The Motion Carried.

Discussion Item

E. Briefing re: Hampton Roads Bridge Tunnel Project Financing and HRTAC Hampton Roads Express Lanes Network Funding Plan Update

Mr. David Miller, PFM, reminded the Committee of the construction budget for the HRBT project and indicated that bond financing documents would be presented to the Commission in the spring to continue the financing. He stated that the investment plans had been accepted by the rating agencies in regards to indicative credit ratings.

Mr. Miller reminded the Committee of the phases of the HRELN project and reviewed the actions taken to further the project. He noted that the \$93.1 million in additional funding allocated by the General Assembly would allow Phases II and III of the HRELN project to be completed sooner than initially anticipated.

Mr. Miller stated that the business terms for the TIFIA loans continue to be developed, and that the Commission may issue a Request for Proposals to select a trustee for the HRTF debt services. Mr. Miller reminded the Committee of the 2019 issuance of bond anticipation notes (BANs) for interim construction funding, noting that the interest rate on the BANs is much lower than the interest rate on the TIFIA loan. He stated that PFM continues to monitor the interest rates for BANs as possible interim funding for the HRTF TIFIA loan currently being pursued.

Mr. Eric Ballou, Kaufman and Canoles, summarized the next steps in preparation for the issuance of the debt for the projects. He reminded the Committee of the Commission's approval in January of the basic finance documentation and the form of the Toll Revenue Master Trust Indenture. Mr. Ballou noted the two basic financing streams at play, which are the HRTF and the toll revenue financing in connection with the HRELN.

This item was for discussion only, and no action was taken.

Information Item

A. HRTAC Monthly Financial Report

Mr. Kevin Page, HRTAC Executive Director, reviewed the HRTAC Monthly Financial Report with the Committee and highlighted the new format due to the tracking of the two funds, the HRTF and HRRTF.

Adjournment

With no further business to come before the Finance Committee the meeting adjourned at 3:51 p.m.

Michael Hipple
HRTAC Finance Committee Chair