

AGENDA

Hampton Roads Transportation Accountability Commission

Finance Committee Meeting *In Person Meeting*

**September 19, 2024
9:00 a.m.**

- 1. Call to Order and Roll Call**
- 2. Approval of Agenda**
- 3. Public Comment Period**
 - *Limit 5 minutes per individual*
- 4. Consent Items**
 - *Recommended Action: Approval*
 - A. Minutes of the June 20, 2024 Finance Committee Meeting (Attachment 4A)**
- 5. Action Items**
 - *Recommended Action: Discussion/Endorsement/Recommendation*
 - A. Fiscal Year 2024 Audited Financial and Compliance Report (Attachment 5A) – Executive Director Page and Michael Garber PBMares LLC - Recommended Action: Endorsement and Recommendation to the Commission for Approval**
 - B. Fiscal Year 2024 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund (Attachment 5B) – Executive Director Page Recommended Action: Endorsement and Recommendation to the Commission for Approval**
 - C. I-64/I-264 Interchange Phase IIIA Preliminary Engineering and Right of Way (UPC 125602) Standard Project Agreement (Attachment 5C) – Executive Director Page and General Counselor Inglima – Recommended Action: Endorsement and Recommendation to the Commission for Approval**
- 6. Information Items**
 - A. HRTAC Monthly Financial Report – (Attachment 6A) – Executive Director Page**
- 7. Adjournment**

4. A. Minutes of the June 20, 2024 Finance Committee Meeting

Agenda Item 4A
Consent Item

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

From: Kevin B. Page, Executive Director

Date: September 19, 2024

Re: June 20, 2024 Meeting Minutes

Recommendation:

The Finance Committee is asked to approve the June 20, 2024 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, 2024.



**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the June 20, 2024 Finance Committee Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 8:58 a.m. with the following in attendance:

HRTAC Members in Attendance:

Supervisor Michael Hipple, JC, Chair

Vice Mayor Lisa Lucas-Burke (designee for Mayor Shannon Glover), PO

Mayor Donnie Tuck, HA

Supervisor Thomas Shepperd, YK

HRTAC Executive Director

Kevin Page

Other Participants:

Eric Ballou, Kaufman and Canoles

Tom Inglima, Willcox & Savage

Ben Wills, Kaufman and Canoles

Courtney Whelan, Willcox & Savage

Liang Shan, PFM Financial Advisors

HRTAC Voting Members Absent:

Supervisor William McCarty, IW

Others Recorded Attending:

Lynn Coen, Jennifer Hodnett, Danetta Jankosky (HRTAC); D’Nashia Lynn Dewer (Veterans Reporters)

Call to Order and Roll Call

HRTAC Finance Committee Chair, Supervisor Michael Hipple, called the meeting to order and a roll call of all Members was taken:

Vice Mayor Lisa Lucas-Burke: Present

Chair Michael Hipple: Present

Supervisor William McCarty: No Response

Supervisor Thomas Shepperd: Present

Mayor Donnie Tuck: Present

Mr. Tom Inglima, Willcox & Savage, HRTAC General Counsel, confirmed the meeting quorum.

Approval of Agenda

Supervisor Thomas Shepperd Moved to approve the agenda as presented; Seconded by Mayor Donnie Tuck. 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 Mayor Donnie Tuck to the Finance Committee and welcomed Vice Mayor Lisa Lucas-Burke to the Finance Committee meeting.

Executive Director Page discussed with the Committee the staffing of the HRTAC finance and accounting department. He noted that with the upcoming retirement of Ms. Sheila Wilson, who has been serving as HRTAC's Chief Financial Officer (CFO) pursuant to a Memorandum of Understanding (MOU) between HRTAC and the Hampton Roads Planning District Commission (HRPDC)/the Hampton Roads Transportation Planning Organization (HRTPO), Ms. Lynn Coen will be assuming CFO duties and Ms. Danetta Jankosky will be assuming controller duties effective October 1, 2024. As a result of shifting the duties of Ms. Coen and Ms. Jankosky, HRTAC would look to fill a Senior Accounting Manager position.

Committee discussion ensued regarding shared personnel duties among HRTAC and HRPDC/HRTPO. Executive Director Page indicated that the MOU with HRTPO/HRPDC is still in place but that the upcoming staffing changes would allow for more accounting functions to be moved in house with HRTAC, as opposed to being shared services among the organizations.

Committee Members inquired about the timeline for hiring a Deputy Executive Director. Executive Director Page stated that HRTAC remained on track to fill the position in the upcoming fiscal year.

Committee Members emphasized the institutional knowledge and experience that Executive Director Page brings to HRTAC and the importance of conducting a timely search for a Deputy Executive Director of HRTAC.

Consent Item

- A. Minutes of the April 18, 2024 Finance Committee Meeting

Supervisor Shepperd Moved to approve the consent agenda item; Seconded by Vice Mayor Lisa Lucas-Burke, with Mayor Tuck Abstaining. The Motion Carried.

Action Items

- A. **FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects – with Adjusted Revenue Estimate**

Executive Director Page informed the Committee that the Virginia Department of Transportation (VDOT) the Virginia Department of Taxation had made a calculation error in HRTAC's revenue projections. He explained that the estimate had been based on the Governor's budget proposal that included an increase in the sales and use tax. He

highlighted that although the revised revenue projection is lower, it still is enough to sustain HRTAC's approved six year program.

Mr. Inglima explained to the Committee that the information in the presentation was substantially the same information as presented at the April 18, 2024 meeting but adjusted to reflect the revised revenue projections that had already gone through the public hearing process.

Ms. Liang Shan, PFM Financial Advisors, reviewed the Year to Date Fiscal Year 2024 Hampton Roads Transportation Fund (HRTF) revenue performance, noting that it was 2.6% higher than in Fiscal Year 2023. She also reviewed the Fiscal Year 2024-Fiscal Year 2030 revenue projections which took into account the adjusted projections provided by the Virginia Department of Taxation and VDOT.

She noted a \$97.6 Million aggregate reduction in HRTAC's revenue through 2030 and a \$434 Million and \$735 Million aggregate reduction through 2040 and 2045, respectively.

Committee Members discussed the projects included in HRTAC's plan of finance. Executive Director Page stated that the HRTPO 2045 Long Range Plan included projects that HRTAC was able to fiscally constrain through 2045. He further indicated that the HRTPO is currently developing the 2050 Long Range Plan.

Mr. Eric Ballou, Kaufman and Canoles, HRTAC Bond Counsel, reminded the Committee that the revenue projections not only included project costs, but that they also included debt service. He indicated that debt service was a factor in HRTAC's project selection for the long term projections.

Committee Members discussed HRTAC's review of project readiness and financing capabilities.

Executive Director Page reminded the Committee that HRTAC is bound by the Virginia Department of Taxation's revenue estimates; however, the actual fiscal year revenues are taken into account when adjustments are made.

Committee discussion ensued regarding the primary and secondary road fund.

Committee Members inquired about the steps that would be taken to avoid incorrect revenue estimates in the future. Executive Director Page stated he had numerous conversations with VDOT's Chief Financial Officer who assured him that VDOT was taking steps to avoid this in the future.

Ms. Shan highlighted that HRTAC's six year plan projects remain on time, on budget in the funding plan and additional debt issuances are not anticipated for those projects. She noted that in order to counterbalance the corrected revenue projections in HRTAC's 2045 long range plan of projects, that plan would require \$410 Million in additional debt issuances but the delivery timing and scope of the projects would remain unchanged.

The Committee was provided HRTF cash flow tables reflecting the revenue projection adjustment.

Executive Director Page stressed the importance of HRTAC's cash liquidity as large construction projects, such as the Hampton Roads Bridge-Tunnel, can have unexpected costs.

Ms. Shan explained that there had been no impact on the toll revenue cash flow, and the Committee was provided a table for reference.

Mayor Tuck Moved that the Finance Committee endorses, and recommends that the Commission approve, the FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects, incorporating the updated revenue estimate, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational Meeting; Seconded by Supervisor Shepperd The Motion Carried.

B. 2045 Long Range Plan of Finance Update for the Region's High Priority Highway Projects – with Adjusted Revenue Estimate

The Committee was provided a table outlining the 2045 projects with assumptive costs and completed construction dates.

Ms. Shan reiterated that there were no changes to the projects, the cost or the construction schedule but that the revenue projection adjustment prompted the need to budget an additional \$410 Million in debt issuances in the Long Range Plan of Finance.

Vice Mayor Lucas-Burke Moved that the Finance Committee endorses, and recommends that the Commission approve, the 2045 Long Range Plan of Finance Update for the Region's High Priority Highway Projects, incorporating the updated revenue estimate, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational Meeting; Seconded by Mayor Tuck. The Motion Carried.

C. Recommendation to Issue Up to \$173,000,000 in Aggregate Principal Amount of Hampton Roads Transportation Fund Senior Lien Revenue Bonds Series 2024A – Resolution 2024-01

Ms. Shan explained that the proposed bond issuance would provide funding towards the remaining segments of the Hampton Roads Express Lanes Network (HRELN) and that the debt management plan for the Six Initial Projects and the HRBT Project remain unchanged.

She reviewed the HRELN Segments and HRTAC's funding obligations. She stated that the expected net proceeds from the debt issuance would be approximately \$164 Million.

Executive Director Page described the HRELN Segment 1B project and the importance of that Segment in the HRELN in carrying motorists from Bland Boulevard all the way to Bowers Hill.

Ms. Shan next outlined for the Committee the 2025 Toll TIFIA loan activities.

Mr. Ballou reminded the Committee of the information presented to the Committee at its April meeting and explained the nature of the 2024A bonds. He stated that the bonds are HRTF-backed, but that the 2025 TIFIA loan would be a toll-backed issuance.

Committee Members discussed the supplemental indenture that would be put in place for the issuance of the 2024A bonds.

Mr. Ballou reminded the Committee that the Commission had entered into a master indenture in 2018, which governs the receipt and application of HRTF dollars. He explained that the master indenture provides for the issuance of additional bonds through supplemental indentures. Mr. Ballou also explained the role of the bond trustee under the master indenture.

Committee Members inquired about the determination of the bond proceeds amount.

Mr. Ballou explained that the entire principal amount of the bonds is held by the bond trustee to be used only to pay costs of the HRELN project. HRTAC then submits requisitions to draw on those funds to apply to payment to VDOT or other parties for the construction of the applicable project. Mr. Ballou further explained that the amount to be applied to each project was determined based on the project needs, revenue estimates and the Commission's debt management plan.

Ms. Shan noted that a critical factor in determining the bond proceeds amount is the Commission's cash liquidity needs.

Mr. Ben Wills, Kaufman and Canoles, reviewed Resolution 2024-01 with the Committee. He noted that the Resolution references several documents to accomplish the financing, including the eleventh supplemental indenture, the preliminary official statement and a continuing disclosure undertaking, which is an agreement whereby the Commission will provide to the bond market various financial information and operational data. He highlighted the parameters of the debt issuance contained in the Resolution, including the delegation of authority to HRTAC's Executive Director, and its Chair and Vice Chair to finalize the financing documents and execute them, as appropriate.

Committee Members discussed the parameters outlined in the Resolution.

Mr. Wills explained that the parameters protect the Commission, including by way of limiting the discount at which the bonds could be sold.

Mayor Tuck Moved that the Finance Committee endorses, and recommends that the Commission approve, Resolution 2024-01, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational meeting; Seconded by Vice Mayor Lucas-Burke. The Motion Carried.

D. HRTAC Title VI Policy

Executive Director Page summarized the requirements under Title VI of the Civil Rights Act of 1964 for recipients of federal financial assistance. He explained that as a recipient of certain federal financial assistance, HRTAC is required to comply with Title VI.

Executive Director Page explained that HRTAC worked with the VDOT Office of Civil Rights and the Federal Highway Administration (FHWA) and the Title VI Liaison with the HRTPO to create the HRTAC Title VI Policy.

Executive Director Page also thanked HRTAC General Counsel for their input on the HRTAC Title VI Policy.

He described HRTAC's Title VI implementation plan and the structure of the program that the Commission will follow to ensure that HRTAC' programs and activities that receive federal financial assistance are accessible to all residents, regardless of their race, color or national origin.

Mayor Tuck Moved that the Finance Committee endorses and recommends that the Commission authorize a public comment period for the proposed HRTAC Title VI Policy and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational Meeting; Seconded by Vice Mayor Lucas-Burke. The Motion Carried.

E. HRTAC Office Lease

Executive Director Page reminded the Committee that HRTAC had been renting office space from the Southeastern Public Service Authority (SPSA) since September 2015 and explained that due to the growing number of HRTAC staff, additional office space was needed.

He stated that the new lease agreement between SPSA and HRTAC was being reviewed by Kaufman and Canoles because of Willcox & Savage's conflict.

Mr. Ballou summarized the terms of the new lease, which included extensions to the initial term of the lease, a new rental rate, and a buildout to provide for additional space.

Mayor Tuck Moved that the Finance Committee recommends to the Commission to authorize the Executive Director to i. negotiate a Successor Lease Agreement in form similar to the Commission's Existing Lease Agreement and having an initial term through June 30, 2029 and two one (1) year extension terms, ii. authorize the Executive Director to engage counsel with respect to same, iii. execute Successor Lease Agreement, subject to the

foregoing provisions as to its form and its term, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational meeting; Seconded by Vice Mayor Lucas-Burke. The Motion Carried.

Information Item

A. HRTAC Monthly Financial Report

Executive Director Page highlighted the HRTAC Monthly Financial Report with the Committee.

Adjournment

With no further business to come before the Finance Committee the meeting adjourned at 10:22 a.m.

Michael Hipple,
HRTAC Finance Committee Chair

5. A. Fiscal Year 2024 Audited Financial and Compliance Report

Agenda Item 5A
Action Item

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

From: Kevin B. Page, Executive Director

Date: September 19, 2024

Re: HRTAC Fiscal Year 2024 Audited Financial and Compliance Report

Recommendation:

HRTAC Staff recommends that the Finance Committee recommend to the Commission to approve the Draft FY2024 Audited Financial and Compliance Report for HRTAC and authorize the Executive Director to work with the Auditor of Public Accounts to finalize and provide its distribution.

Background:

In accordance with the HRTAC enabling legislation, the Auditor of Public Accounts (APA) must conduct an annual audit of HRTAC. PBMares, LLP was engaged by the APA to conduct the annual audit. The auditor reported that there were no material weaknesses or deficiencies in any of the internal controls or processes of the HRTAC financial activity, and all information was free of any material misstatements. Mr. Michael A. Garber, Partner of PBMares, LLP will provide the Finance Committee an overview of the annual audit.

Fiscal Impact:

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

Suggested Motion:

Motion: The Finance Committee: i. recommends to the Commission that it approve the Draft FY2024 Audited Financial and Compliance Report for HRTAC and authorize the Executive Director to work with the Auditor of Public Accounts to finalize and provide its distribution; and ii, authorizes the Finance Committee Chair to communicate said recommendation to the Commission at its next meeting.



PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION



A COMPONENT UNIT OF THE
COMMONWEALTH OF VIRGINIA

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2024

PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

TABLE OF CONTENTS

INTRODUCTORY SECTION

Directory of Principal Officials	i
----------------------------------	---

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	1 – 3
Management’s Discussion and Analysis	4 – 10
<i>Basic Financial Statements</i>	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	16
Notes to Financial Statements	17 – 46
<i>Required Supplementary Information</i>	
Schedule of Changes in the Commission’s Net Pension Liability (Asset) and Related Ratios – Virginia Retirement System	47
Schedule of Commission Contributions – Virginia Retirement System	48
Notes to Required Supplementary Information – Virginia Retirement System	49
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	50
<i>Supplementary Information</i>	
Schedule of General and Administrative Expenditures	51

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

TABLE OF CONTENTS

COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	52
Notes to Schedule of Expenditures of Federal Awards	53 – 54
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	55 – 56
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	57 – 59
Schedule of Findings and Questioned Costs	60
Summary Schedule of Prior Audit Findings	61

DRAFT

INTRODUCTORY SECTION

DRAFT

Voting Members

Dr. Richard W. “Rick” West, Chair, City of Chesapeake
Douglas G. Pons, Vice Chair, City of Williamsburg

Kenneth C. Alexander, City of Norfolk
Christopher D. Cornwell, Sr., Southampton County
Robert M. Dyer, City of Virginia Beach
Michael J. Hipple, James City County
Gordon C. Helsel, City of Poquoson
L. Louise Lucas, Virginia Senate
Mamie Locke, Virginia Senate
William M. McCarty, Isle of Wight County
Bonita Anthony, Virginia House of Delegates
Phillip Jones, City of Newport News
Robert “Bobby” Cutchins, City of Franklin
Shannon E. Glover, City of Portsmouth
Thomas G. Shepperd, York County
Michael D. Duman, City of Suffolk
Donnie R. Tuck, City of Hampton
Jackie H. Glass, Virginia House of Delegates
Anne Ferrell H. Tata, Virginia House of Delegates

Non-Voting Members

Stephen Brich, Commissioner of Highways, VDOT
Zach Togden, Acting Director of DRPT
Frederick T. Stant, III, Member, Commonwealth Transportation Board
Stephen A. Edwards, Executive Director, Virginia Port Authority

Commission Staff

Kevin B. Page, Executive Director
Jennifer D. Hodnett, Executive Assistant
Lynn Coen, Senior Accounting Manager
Danetta M. Jankosky, Senior Accounting Manager

Support Staff

Sheila Wilson, Chief Financial Officer
Jaquil Tatum, Senior Accounting Manager
Quanda Tynes, Accounting Manager II
Otesa Mitchell, Accounting Manager

PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

FINANCIAL SECTION

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members
Hampton Roads Transportation Accountability Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Hampton Roads Transportation Accountability Commission (Commission), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 4-10 and 47-50, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of general and administrative expenditures and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of general and administrative expenditures and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE, 2024** on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Harrisonburg, Virginia
Date, 2024

PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

This discussion and analysis of Hampton Roads Transportation Accountability Commission’s (the Commission) financial performance provides an overview of the Commission’s financial activities for the fiscal year ended June 30, 2024.

The Commission is a political subdivision of the Commonwealth of Virginia, created April 3, 2014 by the Hampton Roads Transportation Accountability Commission Act, Title 15.2, of the *Code of Virginia* (HB1253 & SB513) and became effective July 1, 2014. The Commission’s primary function is determining how the Hampton Roads Transportation Fund (HRTF) (HB2313 of the 2013 Acts of Assembly) regional Sales and Use Tax and Fuel Tax monies will be invested in new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23. The Hampton Roads Regional Transit Fund (HRRTF) (HB 1726 and SB 1038 of the 2020 Acts of Assembly) Regional Transportation District Transient Occupancy Tax, Regional Transportation Improvement Fee (Grantors Tax), and \$20 million of Statewide Recordation Tax Revenues will be invested in a core connected transit network. The HRTF function includes an improvement program development, required by the *Virginia Code* to give priority to those projects that are expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23. The HRRTF function includes the supporting member jurisdictions (currently the cities of Virginia Beach, Chesapeake, Norfolk, Portsmouth, Newport News, and Hampton) subject to the taxes imposed pursuant to Section 58.1-802.4 of the *Virginia Code* and Section 58.1-1743 of the *Virginia Code* approving projects to the development, maintenance, improvement, and operation of a core and connected regional network of transit routes and related infrastructure, rolling stock, and support facilities, to include the operation of a regional system of interjurisdictional, high-frequency bus service, in a transportation district in Hampton Roads created pursuant to § 33.2-1903 as included in the strategic plans and regional transit planning process developed pursuant to § 33.2-286.

In furtherance of its statutory purposes, especially congestion relief, many of the projects the Commission funds are located on major interstate highways owned by the Virginia Department of Transportation (VDOT), and the Commission enters into various agreements with VDOT for the funding of such projects. The Commission’s role is principally as a funding source, including with monies generated from the issuance of Commission debt, and the Commission does not own such projects or the assets that it funds, nor does it participate in their construction or operation. Neither VDOT nor the Commonwealth is obligated to pay the Commission’s debt, nor is any of such debt guaranteed or backed by the Commonwealth’s full faith and credit.

The Commission member jurisdictions are 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 has 23 members as follows: the chief elected official of each of the ten cities and a current elected official of each of the four counties that are members of the Commission; and five members of the General Assembly (two senators and three delegates). The counties embraced by the Commission must appoint by resolution a current member from its governing body to serve as its member on the Commission. In addition, there are four non-voting ex-officio members, one each from the Virginia Department of Rail and Public Transportation, the Commonwealth Transportation Board, the Virginia Department of Transportation, and the Virginia Port Authority.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the Commission's reporting entity as a whole using the economic resources measurement focus and accrual basis of accounting.

The government-wide financial statements report information on all activities of the Commission as a whole, using the economic resources measurement focus and accrual basis of accounting.

- Liabilities and deferred inflows of resources of the Commission exceeded its assets and deferred outflows of resources for the year ended June 30, 2024 by \$1,085,322,372. This is an increase in the Commission's negative net position of \$232,256,635. The increase is due mainly to the use of cash for the payment of project costs, debt service, and operating expenses which exceeded the revenue received during the year.
- For the fiscal year ended June 30, 2024, regional tax revenues for the Commission's governmental activities totaled **\$298.9** million in addition to **\$92.7** million in investment income and \$50,000 in other income. Expenses totaled \$623.9 million; **\$570.8** million represents project funding in accordance with HB2313 (HRTF) and HB1726 (HRRTF), and **\$53.1** million represents reimbursement of authorized administrative costs, most of which was interest expense on bond proceeds (**\$48.3**million).

Highlights for Fund Financial Statements

The fund financial statements provide detailed information about the Commission's funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The Commission's Capital Project Fund, established in the fiscal year 2018, reported a decrease in fund balance of **\$287,564,304** for a fund balance of **\$86,611,561** as of June 30, 2024. This decrease is the net effect of draws on two TIFIA loans, the defeasance of a BAN, and Project cost distributions (VDOT construction invoices). Once these projects are completed, they are a VDOT capital asset.
- The Commission's Special Revenue Fund (HRTF), established in fiscal year 2016, reported an increase in fund balance of **\$245,956,807** for a fund balance of **\$1,587,084,473** as of June 30, 2024. This increase is due to Project cost distributions (VDOT construction invoices) being lower than all revenues.
- The Commission's Special Revenue Fund (HRRTF), established in fiscal year 2021, reported an increase in fund balance of \$20,229,605 for a fund balance of **\$92,613,351** as of June 30, 2024. This increase is due to tax revenue being higher than Project cost distributions (HRT project invoices).
- The Commission's Debt Service Fund, established in fiscal year 2019, has a fund balance of \$687,976 due to interest earned during the last six months of the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The financial statements presented include all the activities which are part of the Commission reporting entity using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB). The government-wide financial statements present the financial picture of the Commission's governmental activities from the economic resources' measurement focus using the accrual basis of accounting. The fund financial statements include a separate column for each of the major governmental funds. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities, with the governmental activities combined. The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Commission with the difference reported as net position. The Statement of Activities shows in broad terms changes to net position during the fiscal year.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or declining. Net position is one way to measure financial position but the reader should also consider other indicators, such as general economic conditions.

The Statement of Activities presents information indicating how the Commission's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods.

General revenue consists of investment earnings and losses used to cover the Commission's administrative expenses, and Special revenues include the following intergovernmental revenues: sales and use tax and fuel tax collected on behalf of the HRTF, and regional transient occupancy tax, regional grantors tax, and statewide recordation tax collected on behalf of the HRRTF and remitted from the Commonwealth of Virginia. These tax receipts commenced July 1, 2013 (HRTF) and July 1, 2020 (HRRTF).

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission only reports governmental funds. The Commission does not operate proprietary funds nor does it maintain fiduciary funds at this time. The governmental funds of the Commission are presented using four fund types: General Fund, Special Revenue Funds, Capital Project Fund, and Debt Service Fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

As mentioned above, the Commission maintains four types of governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the Commission's operating activities including the cost of the Commission's four-member staff.

The Special Revenue Funds report revenue received by the Commission and used to fund prioritized projects on new or existing highways, bridges and tunnels in the localities comprising Planning District 23 (HRTF) as well as revenues used to fund the improvement of transit routes, supporting facilities, and bus service (HRRTF). The Capital Project Fund reports interest earned on unexpended bond proceeds, cost of bond issuance, and project cost distributions. The Debt Service Fund reports interest earned on funds set aside for the payment of principal and interest. Interest is paid January 1 and July 1 of each fiscal year.

The Commission adopts an annual appropriated budget for its General Fund. An internal budgetary comparison statement is maintained for the General Fund to demonstrate compliance with this budget.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The Required Supplementary Information provides additional information that is required by accounting principles generally accepted in the United States to be presented as a supplement to the basic financial statements.

Supplementary Information

Additional information is presented as a supplement to the basic financial statements. Although not required to be presented and not part of the basic financial statements, the schedules are included to provide additional information of interest to certain financial statement users.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the Commission as of June 30, 2024. Data for June 30, 2023 has been included for comparison purposes.

Summary of Net Position
June 30, 2024 and 2023

	Governmental Activities			%
	2024	2023	Change	
Assets and Deferred Outflows of Resources:				
Current and other assets	\$ 1,853,183,943	\$ 1,924,597,502	\$ (71,413,559)	-3.7%
Deferred outflows of resources	72,034	63,697	8,337	13.1%
Total assets and deferred outflows of resources	1,853,255,977	1,924,661,199	(71,405,222)	
Liabilities:				
Current and other liabilities	2,886,406,475	2,699,494,373	186,912,102	6.9%
Deferred inflows of resources	52,171,874	78,232,563	(26,060,689)	-33.3%
Total liabilities	2,938,578,349	2,777,726,936	160,851,413	
Net Position:				
Net investment in capital assets	12,953	4,372	8,581	196.3%
Restricted	(1,242,383,458)	(853,060,887)	(389,322,571)	-45.6%
Unrestricted	157,048,133	(9,222)	157,057,355	1703072.6%
Total net position	\$ (1,085,322,372)	\$ (853,065,737)	\$ (232,256,635)	

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Commission, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$1,085,322,372 at June 30, 2024 and mostly represents resources subject to external restriction.

Current assets consist primarily of amounts due from the Commonwealth of Virginia, cash and cash equivalents, and restricted cash and cash equivalents. As of June 30, 2024, approximately \$59.0 million was due from the Commonwealth of Virginia, which is restricted for prioritized projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23, as well as transit projects in a transportation district in Hampton Roads.

On April 18, 2024, the Commission approved a new medical insurance retirement benefit for long-term employees. To conform with GASB Statements No. 68 and 75, as mandated by Government Accounting Standards, the Commission must record all total unfunded liabilities. These liabilities are primarily long-term liabilities, based on actuarial studies of the activity in the Virginia Retirement System. Therefore, actual results could differ substantially. The current liability of \$189,073 will be funded in the next fiscal year.

Statement of Activities

The following table presents the revenues, expenses and change in net position of the Commission for the fiscal year ended June 30, 2024. Data for June 30, 2023 has been included for comparison purposes.

Summary of Changes in Net Position Years Ended June 30, 2024 and 2023

	Governmental Activities			%
	2024	2023	Change	
Revenues:				
General revenue:				
Intergovernmental	\$ 298,925,351	\$ 289,157,143	\$ 9,768,208	3.4%
Use of money	92,661,336	70,708,328	21,953,008	31.0%
Loss on investments	-	(3,751,208)	3,751,208	-100.0%
Other income	50,000	-	50,000	-
Total revenues	391,636,687	356,114,263	35,522,424	
Expenses:				
General and administrative	1,445,173	1,268,298	176,875	13.9%
Investment fees	427,781	397,818	29,963	7.5%
Professional services	2,036,006	408,417	1,627,589	398.5%
Cost of issuance	882,190	1,001,805	(119,615)	-11.9%
Interest expense	48,277,225	47,849,506	427,719	0.9%
Project cost distributions	570,824,947	455,016,656	115,808,291	25.5%
Total expenses	623,893,322	505,942,500	117,950,822	
Change in net position	(232,256,635)	(149,828,237)	(82,428,398)	55.0%
Net Position, beginning	(853,065,737)	(703,237,500)	(149,828,237)	21.3%
Net Position, ending	\$ (1,085,322,372)	\$ (853,065,737)	\$ (232,256,635)	27.2%

For the fiscal year ending June 30, 2024, revenues totaled approximately \$391.6 million. Expenses totaled approximately \$623.9 million. A discussion of the key components of the revenue and expense is included in the funds' analysis.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the needs of the Commission's financing requirements.

General Fund. The General Fund is the operating fund of the Commission. It is currently funded by transfers of investment earnings, if available, with any additional costs covered from the Special Revenue fund per legislative action HB1111 of the 2016 Acts of Assembly and shared pro rata with revenues of the HRRTF per legislative action HB 1726 and SB 1038 of the 2020 Acts of Assembly. Any investment income not required for General Fund use is retained in the Special Revenue funds.

Special Revenue Funds. The Commission established special revenue funds which are categorized as major funds in the governmental fund statements. These funds are used to report the intergovernmental revenue received from the Commonwealth of Virginia.

Capital Project Fund. The Commission established a capital project fund during fiscal year 2018 which is categorized as a major fund in the governmental fund statements. This fund is used to report bond issuance expense, bond issuance premium and project cost distributions.

Debt Service Fund. The Commission established a debt service fund during fiscal year 2019 which is categorized as a major fund in the governmental fund statements. This fund is used to report investment earnings and bond interest expense.

Economic Factors and the Fiscal Year 2025 Budget

- Hampton Roads is both a nationally and globally significant region. It is categorized as having a broad, diverse, and stable regional economy. The region is the driver of economic activity for the Commonwealth of Virginia.
- The fiscal year 2025 budget is based on an analysis of trending revenues.

The Commission's General Fund, Special Revenue Fund, and Capital Project Fund operating budgets decreased from \$8,368,402 in fiscal year 2024 to \$6,962,793 in fiscal year 2025. This decrease of \$1,405,609 is due mainly to a reduction in debt issuance costs and related professional studies.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those interested. If you have any questions about this report or need additional financial information, contact Kevin Page, Executive Director, Hampton Roads Transportation Accountability Commission, 723 Woodlake Drive, Chesapeake, Virginia, 23320, or by e-mail to kpage@hrtac.org.

PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

BASIC FINANCIAL STATEMENTS

DRAFT

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**STATEMENT OF NET POSITION****June 30, 2024**

	Governmental Activities
ASSETS	
Due from the Commonwealth of Virginia	\$ 58,971,878
Accrued investment income	3,686,049
Prepaid items	157,145,334
Restricted cash, cash equivalents and investments	1,633,253,946
Net pension asset	113,783
Capital assets, net	12,953
Total assets	<u>1,853,183,943</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	72,034
Total deferred outflows of resources	<u>72,034</u>
LIABILITIES	
Current liabilities	
Accounts payable	260,405
Accrued interest payable	29,645,050
Accrued liabilities	8,827
Due to other governments	3,630,771
Due to Virginia Department of Transportation	52,571,876
Total current liabilities	<u>86,116,929</u>
Long-term liabilities	
Compensated absences	160,673
Other post-employment benefits	189,073
Long-term debt	2,799,939,800
Total long-term liabilities	<u>2,800,289,546</u>
Total liabilities	<u>2,886,406,475</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on defeasance	52,114,764
Pension plan	57,110
Total deferred inflows of resources	<u>52,171,874</u>
NET POSITION	
Net investment in capital assets	12,953
Restricted	(1,242,383,458)
Unrestricted	157,048,133
Total net position	<u>\$ (1,085,322,372)</u>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Expenses	Net (Expense) Revenue and Change in Net Position Governmental Activities
Functions/Programs		
Governmental activities:		
General and administrative	\$ 1,445,173	\$ (1,445,173)
Investment fees	427,781	(427,781)
Professional services	2,036,006	(2,036,006)
Cost of debt issuance	882,190	(882,190)
Interest expense	48,277,225	(48,277,225)
Project cost distributions	570,824,947	(570,824,947)
	<u>570,824,947</u>	<u>(570,824,947)</u>
Total governmental activities	\$ 623,893,322	(623,893,322)
General revenues:		
Intergovernmental revenue:		
Motor fuel tax		67,080,824
Sales and use tax		196,531,605
Regional transit improvement fees		5,590,076
Transient occupancy tax		9,722,846
State recordation tax		20,000,000
Use of money		92,661,336
Other income		50,000
		<u>391,636,687</u>
Total general revenues		391,636,687
Change in net position		(232,256,635)
Net Position, beginning of year		<u>(853,065,737)</u>
Net Position, end of year		<u><u>\$ (1,085,322,372)</u></u>

BALANCE SHEET – GOVERNMENTAL FUNDS**June 30, 2024**

	General Fund	Special Revenue HRTF	Special Revenue HRRTF	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Due from the Commonwealth of Virginia	\$ -	\$ 56,266,620	\$ 2,705,258	\$ -	\$ -	\$ 58,971,878
Due from other funds	46,085	26,664	-	-	-	72,749
Accrued investment income	-	3,686,049	-	-	-	3,686,049
Prepaid items	8,152	156,178,035	942,064	17,083	-	157,145,334
Restricted cash, cash equivalents, and investments	8,827	1,411,296,659	91,664,372	129,596,112	687,976	1,633,253,946
Total assets	\$ 63,064	\$ 1,627,454,027	\$ 95,311,694	\$ 129,613,195	\$ 687,976	\$ 1,853,129,956
LIABILITIES						
Accounts payable	\$ 24,227	\$ 89,335	\$ 5,188	\$ 141,655	\$ -	\$ 260,405
Accrued interest payable	-	-	-	29,645,050	-	29,645,050
Accrued liabilities	8,827	-	-	-	-	8,827
Due to other governments	87,093	923,272	2,620,406	-	-	3,630,771
Due to Virginia Department of Transportation	-	39,356,947	-	13,214,929	-	52,571,876
Due to other funds	-	-	72,749	-	-	72,749
Total liabilities	120,147	40,369,554	2,698,343	43,001,634	-	86,189,678
FUND BALANCES						
Nonspendable	8,152	156,178,035	942,064	17,083	-	157,145,334
Restricted	-	1,430,906,438	91,671,287	86,594,478	687,976	1,609,860,179
Unassigned	(65,235)	-	-	-	-	(65,235)
Total fund balances	(57,083)	1,587,084,473	92,613,351	86,611,561	687,976	1,766,940,278
Total liabilities and fund balances	\$ 63,064	\$ 1,627,454,027	\$ 95,311,694	\$ 129,613,195	\$ 687,976	\$ 1,853,129,956

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION****June 30, 2024**

Governmental Funds

Reconciliation of fund balances on the Balance Sheet for the governmental funds
to the net position of the governmental activities on the Statement of Net Position:

Fund balances - governmental funds		\$ 1,766,940,278
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds until then.		
Pension plan		72,034
Pension asset		113,783
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund.		
Capital assets	\$ 14,573	
Less - accumulated depreciation and amortization	<u>(1,620)</u>	
		12,953
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	(160,673)	
Other post-employment benefits	(189,073)	
Bonds and TIFIA loan payable	(2,651,497,637)	
Bond premiums	<u>(148,442,163)</u>	
		(2,800,289,546)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized in the governmental funds until then.		
Deferred gain on defeasance	(52,114,764)	
Pension plan	<u>(57,110)</u>	
		<u>(52,171,874)</u>
Net position of governmental activities		<u><u>\$ (1,085,322,372)</u></u>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	General Fund	Special Revenue HRTF	Special Revenue HRRTF	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Revenues						
Intergovernmental:						
Motor fuel tax	\$ -	\$ 67,080,824	\$ -	\$ -	\$ -	\$ 67,080,824
Sales and use tax	-	196,531,605	-	-	-	196,531,605
Regional transit improvement fees	-	-	5,590,076	-	-	5,590,076
Transient occupancy tax	-	-	9,722,846	-	-	9,722,846
State recordation tax	-	-	20,000,000	-	-	20,000,000
Use of money	-	77,617,281	4,732,369	9,318,544	993,142	92,661,336
Other Income	50,000	-	-	-	-	50,000
Total revenues	50,000	341,229,710	40,045,291	9,318,544	993,142	391,636,687
Expenditures						
Current:						
General and administrative	1,001,070	38,215	235,927	-	-	1,275,212
Investment fees	-	427,781	-	-	-	427,781
Professional services	-	198,059	-	1,837,947	-	2,036,006
Cost of debt issuance	-	2,440	-	879,750	-	882,190
Interest expense	-	-	-	-	79,975,619	79,975,619
Project cost distributions	-	248,308,015	19,541,203	302,975,729	-	570,824,947
Total expenditures	1,001,070	248,974,510	19,777,130	305,693,426	79,975,619	655,421,755
Excess (deficiency) of revenues over (under) expenditures	(951,070)	92,255,200	20,268,161	(296,374,882)	(78,982,477)	(263,785,068)
Other Financing Sources (Uses)						
Transfers in	1,076,412	207,914,517	179,021	150,236,363	79,384,328	438,790,641
Transfers out	(188,950)	(54,212,910)	(217,577)	(384,171,204)	-	(438,790,641)
Issuance of debt	-	-	-	235,118,729	-	235,118,729
Bond premiums	-	-	-	7,626,690	-	7,626,690
Total other financing sources (uses), net	887,462	153,701,607	(38,556)	8,810,578	79,384,328	242,745,419
Net change in fund balances	(63,608)	245,956,807	20,229,605	(287,564,304)	401,851	(21,039,649)
Fund Balances, beginning of year	6,525	1,341,127,666	72,383,746	374,175,865	286,125	1,787,979,927
Fund Balances (Deficit), end of year	\$ (57,083)	\$ 1,587,084,473	\$ 92,613,351	\$ 86,611,561	\$ 687,976	\$ 1,766,940,278

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ (21,039,649)
Deferred outflows of resources:	
Pension plan contributions subsequent to measurement date	66,764
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension items	(41,523)
Other post-employment benefits	(189,073)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Capital outlay	\$ 10,201
Depreciation and amortization	(1,620)
	8,581
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, does not have any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of new debt	(235,118,729)
Bond premium	(7,626,690)
Amortization of bond premiums	5,641,006
Amortization of gain on defeasance	26,057,388
Compensated absences	(14,710)
	<u>(211,061,735)</u>
Change in net position of governmental activities	<u>\$ (232,256,635)</u>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Hampton Roads Transportation Accountability Commission (Commission) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations).

A. Reporting Entity

The Commission is an independent political subdivision of the Commonwealth of Virginia (Commonwealth), created in 2014 by House Bill 1253 (HB1253) and Senate Bill 513 (SB513). The Commission has sovereign power, and its operations and resources are not subjected to the control, direction or oversight of the Commonwealth. The Commission member jurisdictions are 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 has 23 members as follows: the chief elected official of each of the ten cities and a current elected official of each of the four counties that are members of the Commission; and, five members of the General Assembly (two senators and three delegates). The counties embraced by the Commission must appoint by resolution a current member from its governing body to serve as its member on the Commission. In addition, there are four non-voting ex-officio members, one each from the Virginia Department of Rail and Public Transportation, the Commonwealth Transportation Board, the Virginia Department of Transportation, and the Virginia Port Authority.

Currently, the Commission's primary undertaking is to provide funding for regional transportation purposes in the Hampton Roads region. A significant part of this activity presently consists of allocating and leveraging funding from the Hampton Roads Transportation Fund (established by HB2313 of the 2013 Acts of Assembly and containing regional sales tax and use tax and motor fuel tax monies) to new construction projects on new or existing highways, bridges, and tunnels in member localities, with priority given to those projects that are expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23.

All moneys received by the Commission are required to be used solely for transportation purposes benefiting the member jurisdictions, as outlined above.

Although the Commission's economic resources are not for the direct benefit of the Commonwealth and the Commonwealth is not obligated by the debt of the Commission, the Comptroller has determined that, based on the projects that the Commission is presently funding and its current relationship with the Virginia Department of Transportation relating to the delivery of those projects, it would be misleading to exclude the Commission from the Commonwealth's audited financial statements. Thus, solely for financial reporting purposes, the Commonwealth has decided to include the Commission as a component unit of the Commonwealth. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities determined to meet the component unit definition. Based on the Comptroller's decision to treat the Commission as a blended component unit, the Commission is an integral part of the reporting entity of the Commonwealth of Virginia; accordingly, all funds of the Commission are included in the financial statements of the Commonwealth as part of the reporting entity.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies (Continued)**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information of the governmental activities supported by intergovernmental revenues.

The government-wide Statement of Net Position reports net position as restricted when externally imposed constraints are in effect. Internally imposed designations of resources are not presented as restricted net position.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include contributions that are restricted to meet the operational requirements of a particular function.

Separate fund financial statements are provided for each of the governmental funds. In the fund financial statements, financial transactions and accounts of the Commission are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements – Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting of taxes from the Commonwealth of Virginia, are recognized in the period the funding is collected at the point of sale.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The Commission considers revenues to be available if they are collected within 75 days after year end. Expenditures are recorded when a liability is incurred under the full accrual method of accounting. The individual governmental funds are:

General Fund – The General Fund is the primary operating fund of the Commission and is used to account for and report all revenues and expenditures applicable to the general operations of the Commission which are not accounted for in other funds. Revenues are derived primarily from transfers from the Special Revenue Funds. The General Fund is considered a major fund for financial reporting purposes.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies (Continued)**C. Measurement Focus and Basis of Accounting (Continued)**

Special Revenue Funds – The Commission has two Special Revenue Funds. The Special Revenue Hampton Roads Transportation Fund (HRTF) and Special Revenue Hampton Roads Regional Transit Fund (HRRTF) account for and report the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes. The Special Revenue Funds are considered major funds for financial reporting purposes.

Capital Projects Fund – The Capital Projects Fund accounts for and reports the proceeds from the Commission's debt issuances and the expenditures associated with these financial instruments. The Capital Projects Fund transfers money to the Special Revenue Funds to cover costs incurred within the Special Revenue Funds that are approved to be paid from the debt proceeds and not local revenue sources. The Commission has one Capital Projects Fund. The Capital Projects Fund is considered a major fund for financial reporting purposes.

Debt Service Fund – The Debt Service Fund accounts for and reports the financial resources that are restricted or committed for expenditures related to principal and interest obligations. The Debt Service Fund is considered a major fund for financial reporting purposes.

D. Budgeting

The Commission adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables the Commission to determine the annual transfers required from the Special Revenue Funds to fund its general and administrative activities. Accumulated fund balances in excess of anticipated minimum operating cash requirements are used as a revenue source in subsequent budgets.

E. Other Significant Accounting Policies**1. Cash and Cash Equivalents**

Cash equivalents include all highly liquid investments with maturities of three months or less.

2. Restricted Cash, Cash Equivalents and Investments

Restricted cash, cash equivalents and investments as reported in the Statement of Net Position and Balance Sheets are comprised of intergovernmental deposits and unspent bond proceeds that shall be used solely for regional highways, bridges and tunnel transportation projects benefiting the member jurisdictions.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements using the consumption method. See Note 13 for more information.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 1. Summary of Significant Accounting Policies (Continued)****E. Other Significant Accounting Policies (Continued)****4. Capital Assets**

Capital assets include property and equipment and computer hardware with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Repairs and maintenance are charged to operations as incurred. Additions and betterments are capitalized. The cost of assets retired and accumulated depreciation are removed from the accounts.

Depreciation and amortization of all exhaustible equipment, leasehold improvements and intangibles is charged as an expense against operations using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life (years)</u>
Office Furniture and Equipment	5
Automobiles	5
Software	5

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2024.

Funding of transportation capital projects: For projects approved and funded by the Commission, the Commission does not take ownership of such projects. Therefore, these projects are not reflected on the Commission's financial statements.

5. Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Commission's retirement plan) is a multi-employer, agent plan. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's retirement plan and the additions to/deductions from the Commission's retirement plan's fiduciary net position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Other Post-employment Benefits

The Commission administers a single-employer defined post-employment health care benefit plan (the Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, an actuarial valuation was performed as of June 30, 2023, using updated actuarial assumptions. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies (Continued)**E. Other Significant Accounting Policies (Continued)**7. Compensated Absences

The Commission's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the Commission's service up to twice the annual earnings. The liability for such leave is reported as incurred in the government-wide statements. Vacation leave for Commission employees is granted to all full-time employees and is earned based upon the length of employment. The General Fund is responsible for paying the liability for compensated balances for employees.

Accumulated sick leave accrues until employees leave the Commission and will be paid out at 25% of the balance, up to limits established by policy, reflective of years employed.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains on defeasance of debt are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize gain on defeasance of debt, bond premiums, bond discounts, and bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances and deferred gains on defeasance of debt are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Interfund Transactions

Transactions among Commission funds are treated as revenues and expenditures or expenses within the funds involved if the transaction involved organizations external to the Commission government.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

10. Fund Equity

The Commission reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance classification includes amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact (corpus of a permanent fund).

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies (Continued)**E. Other Significant Accounting Policies (Continued)****10. Fund Equity (Continued)**

The Commission reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance classification includes amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact (corpus of a permanent fund).

Restricted fund balance classification includes amounts constrained to specific purposes by their providers (higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance classification includes amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance classification includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official body to which the governing body delegates the authority.

Unassigned fund balance classification includes the residual balance of the General Fund that has not been restricted, committed or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, the Commission will consider the use of restricted, committed or assigned funds prior to the use of unassigned fund balance as they are needed.

11. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Commission first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

12. Estimates and Assumptions

The preparation of financial statements in conformity with U.S GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 1. Summary of Significant Accounting Policies (Continued)****E. Other Significant Accounting Policies (Continued)****13. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Commission currently has items that qualify for reporting in this category and are described in detail in Note 7.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission currently has items which arise under the accrual basis of accounting, that qualify for reporting in this category, and are described in detail in Note 7.

14. Subsequent Events

Subsequent events have been evaluated through **DATE, 2024**, which was the date the financial statements were available to be issued.

Note 2. Deposits and Investments

At June 30, 2024, cash, cash equivalents and investments consisted of the following, at cost, which approximates fair value:

Governmental Activities

Cash	\$ 37,889,568
Local Government Investment Pool (LGIP)	966,192,186
TD Bank	489,301,171
State Non-Arbitrage Pool (SNAP)	54,118,554
Wilmington Trust	76,165,534
Atlantic Union Bank	9,586,933
Total restricted	<u>1,633,253,946</u>
Total	<u><u>\$ 1,633,253,946</u></u>

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (SPDA), § 2.2-4400 et seq. of the *Code of Virginia*. Under the SPDA, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and, depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 2. Deposits and Investments (Continued)****Investments**

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes; bankers’ acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

The Commission has adopted a formal investment policy. The goal of the policy is to minimize risk and to ensure the availability of cash to meet Commission expenditures, while generating revenue from the use of funds which might otherwise remain idle. The primary objectives of the Commission’s investment activities in priority order are: safety, liquidity and yield. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities.

Investment Policy

Investment	Credit Quality
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 years from the time of purchase.
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 of the following Nationally Recognized Statistical Rating Organizations (NRSROs): Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s (“S&P”), or Fitch Ratings, Inc. (“Fitch”). The final maturity shall not exceed a period of five 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 years from the time of purchase.
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, with a rating of at least AA (or its equivalent) by at least two of the following NRSROs: S&P, Moody’s, or Fitch, matures within three years of the date of purchase, and otherwise meets the requirements of <i>Code of Virginia</i> §2.2-4501.
Commercial Paper	“Prime quality” commercial paper, with a maturity of 270 days or less from the date of purchase, 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, A-1 by S&P, or F1 by Fitch, and that otherwise meets the requirements of <i>Code of Virginia</i> §2.2-4502.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 2. Deposits and Investments (Continued)****Investment Policy (Continued)**

Investment	Credit Quality
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 from at least two of the following: P-1 by Moody's, A-1 by S&P, or F1 by Fitch.
Corporate Notes	High quality corporate notes with a final maturity from the time of purchase of five years or less and that meet the following requirements: <ol style="list-style-type: none"> a. notes with maturities of no more than three years from the time of purchase shall have received at least two of the following ratings: A by S&P, A by Moody's, or A by Fitch; b. notes with maturities no more than five years from the time of purchase shall have received at least two of the following ratings: AA by S&P, Aa by Moody's, or AA by Fitch.
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 that meet the following requirements: <ol style="list-style-type: none"> a. notes with maturities or no more than one year from the time of purchase shall have received at least two of the following ratings: A-1 by S&P, P-1 by Moody's, or F1 by Fitch; b. Notes with maturities exceeding one year and not exceeding five years from the time of purchase shall have received at least two of the following ratings: AA by S&P, Aa by Moody's, or AA by Fitch.
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 more than two years.
Repurchase Agreement	In overnight repurchase agreements provided that the following conditions are met: <ol style="list-style-type: none"> 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 an agent for the Commission, provided such third party is not the seller under the repurchase agreement;

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investment	Credit Quality
Repurchase Agreement (Continued)	<p>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 are created for the benefit of the Commission;</p> <p>e. the counterparty is a:</p> <ul style="list-style-type: none"> 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 <p>f. the counterparty meets the following criteria:</p> <ul style="list-style-type: none"> i. a long-term credit rating of at least “AA” or the equivalent from an NRSRO; ii. has been in operation for at least five years; and iii. is reputable among market participants.
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 <i>Code of Virginia</i> for political sub-divisions.
Local Government Investment Pool (LGIP)	A specialized commingled investment program that operates in compliance with GASB Statement No. 79 that was created in the 1980 session of the General Assembly (<i>Code of Virginia</i> §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 S&P.
Virginia State Non-Arbitrage Program’s (Virginia SNAP) SNAP Fund	As of June 30, 2024, the Commission had investments of \$54,118,554 in the Commonwealth of Virginia State Non-Arbitrage Program (“SNAP”). SNAP has been established by the Treasury Board of the Commonwealth of Virginia pursuant to the SNAP Act (Chapter 47, Title 2.2, <i>Code of Virginia</i> 1950, as amended) to provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 2. Deposits and Investments (Continued)****Investment Policy (Continued)**

Investment	Credit Quality
Virginia State Non-Arbitrage Program's (Virginia SNAP) SNAP Fund (Continued)	The SNAP Fund is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value per share of \$1. The SNAP Fund invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions, and is rated "AAAm" by S&P. SNAP is managed in accordance with GASB Statement No. 79. The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance. Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

Credit Risk

The investment policy specifies credit quality for certain types of investments, as described below, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services. In addition, the Executive Director must conduct a review of the condition of each authorized financial institution and broker/dealer.

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's, S&P's and Fitch Investor's Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by S&P's and "P-1" by Moody's. Notes having a maturity of greater than one year must be rated "AA" by S&P or "Aa" by Moody's.

The Commission's rated investments as of June 30, 2024 were rated by Standard & Poor's and the ratings are presented below.

	Commission's Rated Debt Investments' Values					
	Fair Quality Ratings					
	AAAm	AAA	AA	A	A-1	BBB
Government Agencies	\$ -	\$ -	\$ 26,532,235	\$ -	\$ -	\$ -
Foreign Government Bonds	-	1,957,357	-	-	-	-
Commercial Paper	-	-	-	-	102,875,879	-
Corporate Notes	-	-	9,337,121	38,428,596	-	2,044,822
U.S. Treasury Obligations	-	-	108,881,460	-	78,538,005	-
Agency Unsecured Bonds and Notes	-	-	11,963,488	-	-	-
Certificates of Deposit	-	-	1,325,315	2,394,409	49,053,693	-
Money Market	55,968,791	-	-	-	-	-
Local Government Investment Pool	966,192,186	-	-	-	-	-
State Non-Arbitrage Pool (SNAP)	54,118,554	-	-	-	-	-
	<u>\$ 1,076,279,531</u>	<u>\$ 1,957,357</u>	<u>\$ 158,039,619</u>	<u>\$ 40,823,005</u>	<u>\$ 230,467,577</u>	<u>\$ 2,044,822</u>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 2. Deposits and Investments (Continued)****Custodial Credit Risk (Deposits)**

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, deposits may not be recovered. All of the Commission's deposits are maintained in accounts collateralized in accordance with the SPDA.

The Commission's investment policy provides that securities purchased for the Commission shall be held by the Commission or by the Commission's custodian. If held by a custodian, the securities must be in the Commission's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the Commission. Further, if held by a custodian, the custodian must be a third-party, not a counterparty (buyer or seller) to the transaction. At June 30, 2024, all of the Commission's investments were held in accordance with this policy.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure of the amount and issuer. At June 30, 2024, the Commission's portfolio did not have any investment in a single issuer over 5% that is required to be disclosed.

Interest Rate Risk

In accordance with its investment policy, the Commission manages its exposure to declines in fair values by limiting the maturity of various investment vehicles, as indicated in the chart below.

The limitations provided in the investment policy for maximum maturity and percentage of the portfolio for each category of investment are 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%
Local Government Investment Pool (LGIP)	100%	100%
Virginia SNAP-SNAP Fund (Proceeds of Tax Exempt Bonds Only)	100%	100%

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 2. Deposits and Investments (Continued)****Interest Rate Risk (Continued)**

As a means of limiting exposure to fair value losses arising from interest rates, the Commission's policy limits investments to investments with a duration and/or weighted average maturity of the total investment portfolio not to exceed two years.

	Fair Value	Investment Maturities (in years)		
		Less Than 1 Year	1 - 5 Years	Over 5 Years
U.S. Treasury Obligations	\$ 187,419,465	\$ 119,909,552	\$ 67,509,913	\$ -
Agency Unsecured Bonds and Notes	11,963,488	11,963,488	-	-
Foreign Government Bonds	1,957,357	-	1,957,357	-
Certificates of Deposit	52,773,417	49,053,693	3,719,724	-
Money Market	55,968,791	55,968,791	-	-
Corporate Notes	49,810,539	17,220,754	32,589,785	-
Commercial Paper	102,875,879	102,875,879	-	-
Government Agencies	26,532,235	1,974,454	23,697,683	860,098

As of June 30, 2024, the Commission had investments of \$966,192,186 in the LGIP for governmental activities. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to § 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Commission's investments in LGIP are stated at amortized cost and classified as cash and cash equivalents and the maturity is less than one year.

Note 3. Fair Value Measurement

The Commission categorizes its fair value measurements within the fair value hierarchy established by U.S GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

- Level 1** Valuation based on quoted prices in active markets for identical assets or liabilities.
- Level 2** Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.
- Level 3** Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 3. Fair Value Measurement (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Commission's assets at fair value as of June 30, 2024:

	June 30, 2024	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasury Obligations	\$ 187,419,465	\$ 187,419,465	\$ -	\$ -
Agency Unsecured Bonds and Notes	11,963,488	11,963,488	-	-
Government Agency (State Taxable)	26,532,235	-	26,532,235	-
Foreign Government Bonds	1,957,357	-	1,957,357	-
Corporate Notes	49,810,539	-	49,810,539	-
Commercial Paper	102,875,879	-	102,875,879	-
Certificates of Deposit	52,773,417	-	52,773,417	-
Money Market	55,968,791	-	-	55,968,791

Note 4. Due To/From Other Governments

At June 30, 2024, due from the Commonwealth of Virginia consisted of the following:

	Special Revenue HRTF	Special Revenue HRRTF	Total
Sales and Use Tax	\$ 38,839,796	\$ -	\$ 38,839,796
Motor Fuel Tax	17,426,824	-	17,426,824
Transient Occupancy Tax	-	2,156,591	2,156,591
Regional Transit Improvement Fees	-	548,667	548,667
Total	\$ 56,266,620	\$ 2,705,258	\$ 58,971,878

At June 30, 2024, amounts due to other governments consisted of \$1,010,365 due to Hampton Roads Planning District and \$2,620,406 due to Hampton Roads Transit.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 5. Long-Term Liabilities**

Changes in long-term liabilities consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 1,158,415,000	\$ 141,000,000	\$ -	\$ 1,299,415,000	\$ -
Premium on bonds	146,456,479	7,626,690	5,641,006	148,442,163	-
TIFIA loan	1,257,963,907	94,118,730	-	1,352,082,637	-
Compensated absences	145,963	14,710	-	160,673	-
	<u>\$ 2,562,981,349</u>	<u>\$ 242,760,130</u>	<u>\$ 5,641,006</u>	<u>\$ 2,800,100,473</u>	<u>\$ -</u>

Details of long-term obligations are as follows:

In 2018, the Commission issued \$500,000,000 in senior lien revenue bonds, Series 2018A, due in annual installments ranging from \$4,745,000 to \$37,915,000, plus semi-annual interest at 5.0% to 5.5%. The bonds were issued at a premium of \$83,270,073, which will be amortized over the life of the bonds. In 2022, the Commission did an in-substance defeasance of \$364,075,000 of the bonds, along with \$53,447,361 of the unamortized bond premium. The Commission used current resources for the defeasance and no new debt was issued. The remaining balance due is \$135,925,000 with an associated premium of \$22,636,969, which will be amortized over the life of the bonds.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year(s) Ending June 30,	Governmental Activities	
	Senior Lien Revenue Bonds, Series 2018A	
	Principal	Interest
2025	\$ -	\$ 6,796,250
2026	4,745,000	6,677,625
2027	4,985,000	6,434,375
2028	5,235,000	6,178,875
2029	5,495,000	5,910,625
2030-2034	11,830,000	26,507,500
2035-2039	-	25,908,750
2040-2044	51,935,000	19,669,875
2045-2049	51,700,000	5,327,500
	<u>\$ 135,925,000</u>	<u>\$ 109,411,375</u>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 5. Long-Term Liabilities (Continued)**

In 2020, the Commission issued \$614,615,000 in senior lien revenue bonds, Series 2020A, due in annual installments ranging from \$8,185,000 to \$63,965,000, plus semi-annual interest at 4.5% to 5.3%. The bonds were issued at a premium of \$129,973,450, which will be amortized over the life of the bonds.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year(s) Ending June 30,	Governmental Activities	
	Senior Lien Revenue Bonds, Series 2020A	
	Principal	Interest
2025	\$ -	\$ 28,228,700
2026	-	28,228,700
2027	-	28,228,700
2028	8,185,000	28,024,075
2029	8,595,000	27,604,575
2030-2034	49,865,000	130,958,375
2035-2039	63,390,000	117,236,350
2040-2044	78,925,000	101,389,950
2045-2049	88,615,000	82,072,500
2050-2054	68,295,000	65,346,225
2055-2059	123,730,000	48,512,988
2060-2061	125,015,000	6,036,062
	<u>\$ 614,615,000</u>	<u>\$ 691,867,200</u>

In 2021, the Commission issued \$817,990,000 in senior lien bond anticipation notes, Series 2021A, due in full in July 2026, with semi-annual interest payments at 5.0% in the amount of \$20,449,750. The notes were issued at a premium of \$170,779,952, which will be amortized over the life of the bonds. In 2023, the Commission did an in-substance defeasance of the entire amount of the notes, along with \$50,934,372 of the unamortized premium. The Commission issued new debt in the form of a TIFIA loan for the majority of the defeasance, along with current resources. Funds were placed in escrow to pay the bonds as they mature and the balance of the defeased bonds is \$817,990,000 at June 30, 2024.

In 2022, the Commission issued \$407,875,000 in senior lien revenue bonds, Series 2022A, due in annual installments ranging from \$1,065,000 to \$36,905,000, plus semi-annual interest at 5.0%. The bonds were issued at a premium of \$6,175,604, which will be amortized over the life of the bonds.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 5. Long-Term Liabilities (Continued)**

Annual requirements to amortize long-term obligations and related interest are as follows:

Year(s) Ending June 30,	Governmental Activities	
	Senior Lien Revenue Bonds, Series 2022A	
	Principal	Interest
2025	\$ -	\$ 17,215,150
2026	-	17,215,150
2027	-	17,215,150
2028	1,065,000	17,188,525
2029	1,115,000	17,134,025
2030-2034	25,720,000	83,340,500
2035-2039	47,305,000	73,418,125
2040-2044	10,550,000	66,007,000
2045-2049	36,475,000	62,572,950
2050-2054	146,260,000	42,654,364
2055-2059	139,385,000	11,317,337
	<u>\$ 407,875,000</u>	<u>\$ 425,278,276</u>

In 2023, the Commission issued \$141,000,000 in senior lien revenue bonds, Series 2023A, due in full on July 1, 2027, with semi-annual interest at 5.0%. The bonds were issued at a premium of \$7,626,690, which will be amortized over the life of the bonds.

Year Ending June 30,	Governmental Activities	
	Senior Lien Revenue Bonds, Series 2023A	
	Principal	Interest
2025	\$ -	\$ 7,050,000
2026	-	7,050,000
2027	-	7,050,000
2028	141,000,000	3,525,000
	<u>\$ 141,000,000</u>	<u>\$ 24,675,000</u>

In 2021, the Commission entered into a TIFIA loan agreement, TIFIA 20211010A, for up to \$500,789,463 at 1.86% interest. In 2022, the Commission made an initial withdrawal of \$100,000,000. In October 2022 and February 2023, the Commission made additional withdrawals totaling \$330,000,000. Then in May 2024, the Commission made an additional withdrawal of \$70,789,463. Payments are due in annual installments ranging from \$2,369,779 to \$39,175,242, beginning in July 2025. Capitalized interest was \$14,379,866 at June 30, 2024.

Beginning in June 2024, the Commission began making monthly sinking fund payments of principal in accordance with the Seventh Supplemental Series Indenture of Trust. The first payment of principal to TIFIA will be made on July 1, 2025. The Seventh Supplemental Indenture also required for the Commission to issue a bond to TIFIA for the maximum principal amount of \$500,789,463.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 5. Long-Term Liabilities (Continued)**

Annual requirements to amortize long-term obligations and related interest are as follows:

Year(s) Ending June 30,	Governmental Activities	
	TIFIA 20211010A Loan	
	Principal	Interest
2025	\$ -	\$ 4,830,453
2026	2,369,779	9,559,929
2027	2,922,957	9,510,665
2028	3,467,161	9,438,221
2029	4,101,916	9,393,728
2030-2034	30,720,997	45,418,111
2035-2039	51,379,212	41,638,834
2040-2044	77,978,282	35,660,234
2045-2049	111,681,662	26,916,501
2050-2054	154,434,593	14,602,689
2055-2059	76,112,770	1,430,690
	<u>\$ 515,169,329</u>	<u>\$ 208,400,057</u>

In 2021, the Commission entered into a TIFIA loan agreement, TIFIA 20211008A, for up to \$817,990,000 at 1.86% interest. In 2023, the Commission withdrew the full amount of the loan. Loan Proceeds were used in the defeasance of Series 2021A bond anticipation notes. Principal payments are due in installments ranging from \$3,078,921 to \$45,184,815, beginning in July 2027. Capitalized interest was \$18,923,308 at June 30, 2024.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year(s) Ending June 30,	Governmental Activities	
	TIFIA 20211008A Loan	
	Principal	Interest
2027	\$ -	\$ 7,954,994
2028	3,078,921	15,737,346
2029	3,164,471	15,737,928
2030-2034	49,997,578	77,186,896
2035-2039	100,698,583	70,418,056
2040-2044	120,149,825	60,568,748
2045-2049	141,957,826	48,493,930
2050-2054	166,575,540	34,166,403
2055-2059	194,468,454	17,399,967
2060-2061	87,675,877	1,649,121
	<u>\$ 867,767,075</u>	<u>\$ 349,313,389</u>

The amortization table above includes future capitalized interest of \$30,853,767 through June 30, 2025.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 5. Long-Term Liabilities (Continued)

In 2021, the Commission entered into an additional TIFIA loan agreement, TIFIA 20211009A, for up to \$345,000,000. As of June 30, 2024, the unused line of credit was \$345,000,000.

Note 6. Intergovernmental Revenues, Commonwealth of Virginia

Intergovernmental revenues from the Commonwealth of Virginia include additional fees or taxes imposed in each of the Member Jurisdictions as follows:

Special Revenue HRTF:

- An additional Retail Sales Tax of 0.7% is added to the standard rate of retail sales tax imposed by the Virginia Code. The additional tax is not levied upon food purchased for human consumption.
- An additional Motor Fuel Tax at a rate of 2.1% on retail sales of motor vehicle fuel levied by the Commonwealth of Virginia through its Department of Motor Vehicles.

Special Revenue HRRTF:

- An additional distribution of recordation tax to cities and counties annual allocation of \$20 million into the HRRTF established pursuant to § 33.2-2600.1.
- A Regional Transportation Improvement Fee imposed on each deed, instrument, or writing by which lands, tenements, or other realty located in a county or city located in a transportation district in Hampton Roads (Currently the Cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach) created pursuant to § 33.2-1903 is sold and is granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser or any other person, by such purchaser's direction. The rate of the fee, when the consideration or value of the interest, whichever is greater, equals or exceeds \$100, shall be \$0.06 for each \$100 or fraction thereof, exclusive of the value of any lien or encumbrance remaining thereon at the time of the sale, whether such lien is assumed or the realty is sold subject to such lien or encumbrance.
- A Transportation District Transient Occupancy Tax, an additional transient occupancy tax at the rate of one percent of the amount of the charge for the occupancy of any room or space occupied in any county or city located in a transportation district in Hampton Roads (Currently the Cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach.) created pursuant to § 33.2-1903.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 7. Pension Plan**A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of the Commission are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Active Members

3

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)**A. Plan Description (Continued)*****Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Commission's contractually required contribution rates for the year ended June 30, 2024 were 11.87% and 8.62% (Hybrid) of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$66,764 and \$52,703 for the years ended June 30, 2024 and 2023, respectively.

B. Net Pension Liability (Asset)

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Commission's net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension asset for the Commission's retirement plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate or return	6.75%, net of pension plan investment expense, including inflation

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 7. Pension Plan (Continued)****B. Net Pension Liability (Asset) (Continued)*****Actuarial Assumptions (Continued)***

Mortality Rates:	15% of deaths are assumed to be service-related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

B. Net Pension Liability (Asset) (Continued)*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation is best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	Expected arithmetic nominal return*		8.25%

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 7. Pension Plan (Continued)****B. Net Pension Liability (Asset) (Continued)*****Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2022	\$ 346,265	\$ 446,444	\$ (100,179)
Changes for the year:			
Service cost	77,921	-	77,921
Interest	28,633	-	28,633
Differences between expected and actual experience	(12,570)	-	(12,570)
Contributions - employer	-	52,703	(52,703)
Contributions - employee	-	22,602	(22,602)
Net investment income	-	32,517	(32,517)
Administrative expense	-	(248)	248
Other changes	-	14	(14)
Net changes	93,984	107,588	(13,604)
Balances at June 30, 2023	\$ 440,249	\$ 554,032	\$ (113,783)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following represents the net pension asset calculated using the stated discount rate, as well as what the net pension asset would be if it were calculated using a stated discount rate that is one-percentage point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Plan's net pension asset	\$ (54,540)	\$ (113,783)	\$ (161,849)

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 7. Pension Plan (Continued)****D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2024, the Commission recognized pension expense of \$(41,523). At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 66,764	\$ -
Differences between expected and actual experience	3,269	(51,927)
Changes of assumptions	2,001	(2,016)
Net difference between projected and actual earnings on plan investments	-	(3,167)
	<u>\$ 72,034</u>	<u>\$ (57,110)</u>

The \$66,764 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a decrease to the net pension asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2024 will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (11,530)
2026	(16,552)
2027	(4,111)
2028	(9,458)
2029	(6,512)
Thereafter	<u>(3,677)</u>
Total	<u><u>\$ (51,840)</u></u>

E. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Post-employment Benefits

A. Plan Description

The Commission provides post-retirement health benefits to retirees who were hired prior to 7/1/2010 and were vested at 1/1/2013 and are age 50 or older with 10 years of service or age 55 or older with 5 years of service. All others are eligible at age 60 with 5 years of service or reach the Rule of 90. These benefits are provided for in a single-employer defined benefit healthcare plan administered by the Commission. None of the assets in the Plan are accumulated in a trust and therefore do not meet trust accounting requirements per paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the OPEB plan:

Active eligible employees	4
Total	4

B. Net OPEB Liability (Asset)

Actuarial Assumptions

The total OPEB liability for the Commission’s retirement plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Plan type	Single Employer
Discount Rate	3.86%
Long-term investment return assumption	N/A
Inflation rate	2.5%
Mortality	
Healthy mortality	Pub-2010 Amount Weighted General Employee Rates projected generationally with generational mortality improvement using 75% of scale MP-2020, and other adjustments.
Disabled mortality	Pub-2010 Amount Weighted General Disabled Rates projected generationally with generational mortality improvement using 75% of scale MP-2020, and other adjustments.
Healthcare cost trend rate	
Medical, not Medicare eligible	7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.
Medical, Medicare eligible	5.1% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 8. Other Post-employment Benefits (Continued)****C. Changes in the Net OPEB Liability (Asset)**

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ -
Changes for the year:	
Changes of benefit terms	<u>189,073</u>
Net changes	<u>189,073</u>
Balance at June 30, 2024	<u>\$ 189,073</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following represents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB liability would be if it were calculated using a stated discount rate that is one-percentage point lower (2.86%) or one-percentage-point higher (4.86%) than the current rate:

	<u>1% Decrease (2.86%)</u>	<u>Discount Rate (3.86%)</u>	<u>1% Increase (4.86%)</u>
Total OPEB liability	<u>\$ 220,207</u>	<u>\$ 189,073</u>	<u>\$ 164,530</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following represents the net OPEB liability calculated using the current healthcare trend rates, as well as what the net OPEB liability would be if it were calculated using a stated discount rate that is one-percentage point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 160,188</u>	<u>\$ 189,073</u>	<u>\$ 226,146</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Commission recognized OPEB expense of \$189,073. At June 30, 2024, the Commission reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS**

Note 9. Interfund Transfers

Transfers from the Special Revenue Funds to the General Fund are for general administration. Transfers from the Capital Projects Fund to the Special Revenue Funds were made to cover the costs of capital projects incurred by the Special Revenue Funds. Transfers from the Special Revenue Funds to the Debt Service Fund were made to cover debt service requirements and the defeasance of bonds.

Note 10. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from Virginia Risk Sharing Association Insurance Programs, a group insurance pool in the Commonwealth of Virginia. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded insurance coverage for the past three years.

Note 11. Development and Delivery of Congestion Relief Projects – Project Agreements with VDOT

The Commission has entered into Standard Project Agreements with the Virginia Department of Transportation (VDOT) for its pre-HRBT projects, Project Administration and Funding Agreement with VDOT for the HRBT Expansion Project, and Master Agreement for Development and Tolling of the Hampton Roads Express Lanes Network (MTA), all of which relate to the Commission's funding of approved projects that will be part of VDOT's statewide transportation system. The MTA includes the establishment of the relationship between the state and Commission as to how the Commission will fund, develop, and control tolling operations and toll rates of the Hampton Roads Express Lanes Network. To date, all of the Commission's projects are included in the statewide transportation system. Under certain Project Agreements, the Commonwealth Transportation Board has agreed to also contribute state funds to the construction of Commission projects. Under all Project Agreements to date, VDOT has agreed to provide administration of project construction as reimbursed by the Commission, and VDOT has assumed responsibility for operation and maintenance of the projects at no cost to the Commission. Following the first day of collection of tolls of the HRBT project, the Commission will be responsible for the operation and maintenance of the toll collection facilities associated with the Hampton Roads Express Lanes Network. The Commission'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, the Commission 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. Based on the projects the Commission is presently funding, all capital assets constructed are reported as Commonwealth assets by the VDOT.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 11. Development and Delivery of Congestion Relief Projects – Project Agreements with VDOT (Continued)**

The Commission's executed Standard Project Agreements, PAFA for HRBT, MTA and funding shares looking forward are described below. In the administration of its financing plan, the Commission will continue to allocate funds to such projects and others, and such contributions will be made either from Bond proceeds or other available funds.

Commission Projects Under Agreements with VDOT (in Millions)

	Year Ending June 30,				Total
	2025	2026	2027	2028	
HRBT Expansion Project	\$ 291	\$ 11	\$ -	\$ -	\$ 302
HRELN - Segment 1A, 4A/4B, 4C, I-464 Interchange, TMP, Tolling Integration and PE Costs	197	181	97	4	479
I-264/I-64 Phase III-A	1	-	-	-	1

Note 12. ContingencyFederal Programs

The Commission has received proceeds from federal grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

Note 13. Prepaid Items

At June 30, 2024, Prepaid expenses and advances consisted of the following:

Annual fees paid to ratings agencies	\$ 17,083
Rent and operating expenses	8,152
Project costs advanced to the Commonwealth of Virginia	156,178,035
Project costs advanced to other agencies	942,064
	<u>\$ 157,145,334</u>

Advances of project costs to the Commonwealth of Virginia began in 2024, and are being made as part of a comprehensive funding agreement between the commission, the VDOT, and the Design-Builder of a large transportation project. Under this agreement the Design-Builder may receive disbursements from HRTAC which are held and administered by VDOT. The funding advances are calculated based on a rolling three-month "covered period" of target earnings, and are increased or decreased by factors including the performance of the Design-Builder. The advances do not increase the contract price, and the total of outstanding advances may not exceed \$250 million.

NOTES TO FINANCIAL STATEMENTS

Note 14. Subsequent Events

On June 20, 2024, the Commission authorized the Executive Director to issue up to \$173,000,000 in Senior Lien Revenue Bonds Series 2024A.

On September 11, 2024, the Commission posted a voluntary notice to the Municipal Securities Rulemaking Board of its plan for the proposed sale of \$165,000,000 in HRTF Senior Lien Revenue Bonds, Series 2024A, on or about October 8, 2024.

DRAFT

PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,						
	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability:							
Service cost	\$ 44,473	\$ 43,344	\$ 44,551	\$ 54,309	\$ 55,203	\$ 72,602	\$ 77,921
Interest	-	5,481	8,556	11,565	15,639	23,893	28,633
Differences between expected and actual experience	-	(4,896)	(9,099)	(5,528)	(18,447)	(31,592)	(12,570)
Changes of assumptions	(5,175)	-	5,106	-	(2,717)	-	-
Benefit payments, including refunds of employee contributions	38,997	-	-	-	-	-	-
Net change in total pension liability	78,295	43,929	49,114	60,346	49,678	64,903	93,984
Total pension liability - beginning	-	78,295	122,224	171,338	231,684	281,362	346,265
Total pension liability - ending (a)	\$ 78,295	\$ 122,224	\$ 171,338	\$ 231,684	\$ 281,362	\$ 346,265	\$ 440,249
Plan Fiduciary Net Position:							
Contributions - employer	\$ 39,187	\$ 40,173	\$ 35,265	\$ 45,199	\$ 34,596	\$ 40,244	\$ 52,703
Contributions - employee	12,231	12,538	12,852	16,437	16,602	19,262	22,602
Net investment income (loss)	5,504	6,867	11,406	4,103	78,504	(2,066)	32,517
Administrative expense	20	(13)	(53)	(79)	(140)	(214)	(248)
Other	(7)	(8)	(8)	(6)	8	11	14
Net change in plan fiduciary net position	56,935	59,557	59,462	65,654	129,570	57,237	107,588
Plan fiduciary net position - beginning	18,029	74,964	134,521	193,983	259,637	389,207	446,444
Plan fiduciary net position - ending (b)	\$ 74,964	\$ 134,521	\$ 193,983	\$ 259,637	\$ 389,207	\$ 446,444	\$ 554,032
Commission's net pension liability (asset) - ending (a)-(b)	\$ 3,331	\$ (12,297)	\$ (22,645)	\$ (27,953)	\$ (107,845)	\$ (100,179)	\$ (113,783)
Plan fiduciary net position as a percentage of the total pension liability	96%	110%	113%	112%	138%	129%	126%
Covered payroll	\$ 265,658	\$ 264,821	\$ 366,121	\$ 318,014	\$ 357,815	\$ 400,437	\$ 540,484
Commission's net pension liability (asset) as a percentage of covered payroll	1.25%	(4.64%)	(6.19%)	(8.79%)	(30.14%)	(25.02%)	(21.05%)

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years which information is available.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**SCHEDULE OF COMMISSION CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,						
	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 40,173	\$ 35,265	\$ 45,199	\$ 34,596	\$ 40,244	\$ 52,703	\$ 66,764
Contributions in relation to the CRC	40,173	35,265	45,199	34,596	40,244	52,703	66,764
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 265,658	\$ 264,821	\$ 366,121	\$ 318,014	\$ 357,815	\$ 400,437	\$ 540,484
Contributions as a percentage of covered payroll	15.12%	13.32%	12.35%	10.88%	11.25%	13.16%	12.35%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****VIRGINIA RETIREMENT SYSTEM****Year Ended June 30, 2024****Note 1. Changes of Benefit Terms**

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues				
Other Income	\$ -	\$ -	\$ 50,000	\$ 50,000
Total revenues	-	-	50,000	50,000
Expenditures				
General and administrative	2,022,806	2,022,806	1,001,070	(1,021,736)
Total expenditures	2,022,806	2,022,806	1,001,070	(1,021,736)
Deficiency of revenues under expenditures	(2,022,806)	(2,022,806)	(951,070)	1,071,736
Other Financing Sources (Uses)				
Transfers in	2,022,806	2,022,806	1,076,412	(946,394)
Transfers out	-	-	(188,950)	(188,950)
Total other financing sources, net	2,022,806	2,022,806	887,462	(1,135,344)
Net change in fund balance	-	-	(63,608)	(63,608)
Fund Balance, beginning of year	-	-	6,525	6,525
Fund Balance (Deficit), end of year	\$ -	\$ -	\$ (57,083)	\$ (57,083)

Note:

The Commission adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables the Commission to determine the annual transfers required from the Special Revenue Funds to fund its general and administrative activities. Accumulated fund balances in excess of anticipated minimum operating cash requirements are used as a revenue source in subsequent budgets.

PRELIMINARY DRAFT
For Review and Discussion Purposes Only
Subject to Change
Not to be Reproduced

SUPPLEMENTARY INFORMATION

DRAFT

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES
Year Ended June 30, 2024**

Expenditures	
Salaries and wages	\$ 540,484
Employee benefits	116,598
VRS contributions	55,956
Support services - HRTPO/HRPDC	124,803
Office rent	15,449
Office supplies	21,409
Professional and legal	59,854
Travel and meeting	14,145
Insurance	6,181
Computer hardware	28,846
Public notice and advertising	1,244
Capital outlay	10,201
Other	5,900
	<hr/>
Total expenditures	\$ 1,001,070
	<hr/> <hr/>

DRAFT

COMPLIANCE SECTION

DRAFT

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Granting Agency/ Grant Program	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (DOT)				
Direct payments:				
Build America Bureau:				
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	N/A	\$ -	\$ 70,789,463
Total Department of Transportation			<u>-</u>	<u>70,789,463</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 70,789,463</u>

DRAFT

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Hampton Roads Transportation Accountability Commission (Commission) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Major Programs – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. The major program for the Commission was determined using a risk-based approach in accordance with Uniform Guidance.

Federal Assistance Listing – The Federal Assistance Listing is a government-wide compendium of individual federal programs. Each program included in the listing is assigned a five-digit program identification number, which is reflected in the Schedule.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The Commission has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Note 4. TIFIA Loan Program

The Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Program balance and transactions relating to this program are included in the basic financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at June 30, 2024 is \$1,352,082,637.

DRAFT

**INDEPENDENT AUDITOR’S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Commission Board Members
Hampton Roads Transportation Accountability Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the Hampton Roads Transportation Accountability Commission (Commission), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated **DATE, 2024**.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Commission’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrisonburg, Virginia

Date, 2024

DRAFT

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Commission Board Members
Hampton Roads Transportation Accountability Commission

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Hampton Roads Transportation Accountability Commission’s (Commission) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Commission’s major federal program for the year ended June 30, 2024. The Commission’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harrisonburg, Virginia
DATE, 2024

DRAFT

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2024**

Section I. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency(ies) identified?	Yes	<input checked="" type="checkbox"/>	None Reported
Noncompliance material to financial statements noted?	Yes	<input checked="" type="checkbox"/>	No

Federal Awards

Internal control over the major federal program:

Material weakness(es) identified?	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency(ies) identified?	Yes	<input checked="" type="checkbox"/>	None Reported

Type of auditor’s report issued on compliance for the major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of the major federal program:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program</u>
20.223	Transportation Infrastructure Finance and Innovation Act (TIFIA) Program

Dollar threshold used to distinguish between type A and type B programs: \$2,123,684

Auditee qualified as low-risk auditee? Yes No

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.



HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

**SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2024**

There were no matters reported during the fiscal year ended June 30, 2023.

DRAFT

**5. B. Fiscal Year 2024 Annual Report to the Joint Commission on
Transportation Accountability Relating to the Hampton Roads
Transportation Fund**

Agenda Item 5B
Action Item

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

From: Kevin B. Page, Executive Director

Date: September 19, 2024

**Re: Fiscal Year 2024 Annual Report to the Joint Commission on Transportation
Accountability Relating to the Hampton Roads Transportation Fund**

Recommendation:

HRTAC Staff recommends that the Finance Committee recommend to the Commission to authorize the Executive Director to finalize and submit the legislatively mandated Fiscal Year 2024 Hampton Roads Transportation Fund (HRTF) Report to the Joint Commission on Transportation Accountability (Attachment 5B).

Background:

Item 1. I. of Chapter 2 of the 2024 Special Session I included the requirement for the Joint Commission on Transportation Accountability to regularly review and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, by November 15 the Director of the Department of Rail and Public Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of the Commonwealth Rail Fund, the Northern Virginia Transportation Authority Fund, and the Hampton Roads Transportation Fund, respectively, each year to be presented to the Joint Commission on Transportation Accountability. To meet this requirement, HRTAC Staff has prepared the draft Fiscal Year 2024 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund.

Fiscal Impact:

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

Suggested Motion:

Motion: The Finance Committee: i. recommends to the Commission that it authorize the Executive Director to finalize and submit to the Joint Commission on Transportation Accountability the Fiscal Year 2024 Annual Report to the Joint Commission on



Transportation Accountability Relating to the Hampton Roads Transportation Fund; and ii, authorizes the Finance Committee Chair to communicate said recommendation to the Commission at its next meeting.





DRAFT

**Fiscal Year 2024 Annual Report to the
Joint Commission on Transportation
Accountability Relating to the Hampton
Roads Transportation Fund**

Hampton Roads Transportation Accountability Commission
723 Woodlake Drive
Chesapeake, Virginia 23320
www.hrtac.org

Executive Summary

Item 1.I. of Chapter 2 of the Acts of Assembly of the 2024 Special Session 1 of the General Assembly included the requirement that the Joint Commission on Transportation Accountability shall regularly review and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, by November 15 the Director of the Department of Rail and Public Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of the Commonwealth Rail Fund, the Northern Virginia Transportation Authority Fund, and the Hampton Roads Transportation Fund, respectively, each year to be presented to the Joint Commission on Transportation Accountability.

During FY2024, the Hampton Roads Transportation Accountability Commission ('HRTAC') took actions and executed project agreements or project amendments with the Virginia Department of Transportation ('VDOT') to advance project readiness and to provide financing and project delivery. During the fiscal year, HRTAC issued its \$7.261 billion FY2024 through FY2030 Funding Plan Update and its \$11.57 billion Long-Range Funding Plan Update through FY2045; further advanced project development and construction with VDOT supported by the Hampton Roads Transportation Fund ('HRTF'). HRTAC also advanced project agreements with the Transportation District Commission of Hampton Roads (Hampton Roads Transit) supported by the Hampton Roads Regional Transit Fund ('HRRTF'). The major work activity of FY2024 was relating to the continued execution of the Commission's debt financing and funding plan for HRTF supported projects, administration of the Master Tolling Agreement for the Hampton Roads Express Lanes Network ('HRELN'), and the administration of the third funding year of the Hampton Roads Regional Transit Fund and Program. Of the total HRTF and toll revenue supported project costs under agreement, \$5.3 billion is sourced by HRTAC controlled monies. The Commonwealth of Virginia's SMART SCALE Program has provided approximately \$463.8 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. Figure 1 provides a graphic showing the locations and the activities of the HRTAC HRTF and toll revenue funded projects. HRTAC does not allow balances to sit on projects that will not fully utilize the allocated funds in a timely manner. VDOT and HRTAC work together to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance.

Background

Prior Legislative Actions

On April 3, 2013, the Governor's substitute for House Bill 2313 (HB 2313) was adopted by the Virginia General Assembly. Based on criteria set forth in HB 2313, several new taxes dedicated to transportation were imposed in Planning District 23, (located in Hampton Roads), thereby providing permanent, annual sources of revenue dedicated to transportation projects to reduce congestion in the region. These new revenue sources became effective on July 1, 2013 (FY 2014), with the new taxes being imposed in the localities comprising Planning District 23: 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 legislation established the Hampton Roads Transportation Fund ('HRTF') which is funded with the new taxes imposed in Planning District 23. Pursuant to HB 2313, the Hampton Roads Transportation Planning Organization ('HRTPO') was given authority over the use of funds in the HRTF. Beginning in June 2015, monthly revenue collections from the previous accounting period were transferred to HRTAC by VDOT.

During the 2014 General Assembly Session, the Hampton Roads Transportation Accountability Commission (HRTAC) was created to administer the funding in the HRTF. House Bill 1253 and Senate Bill 513, (Chapters 678 and 545 respectively), created HRTAC as a political subdivision of the Commonwealth to procure, finance, build, and operate critical projects in the region. The Commission has 23 Members, consisting of the Chief Elected Officers of the governing bodies of the 14 localities in Planning District 23, two members of the Virginia Senate, three members of the House of Delegates, and four nonvoting ex officio members (Commissioner of Highways, Director of Rail and Public Transportation, Executive Director of the Virginia Port Authority, and a member of the Commonwealth Transportation Board). HRTAC was authorized to issue bonds and use the revenue generated by HB2313 in Planning District 23 to, among other things, support the debt service. HRTAC would not replace the planning functions that are provided by the HRTPO. However, the Commission will utilize the HRTPO prioritized projects as its program of projects. The authority of the funding for the HRTF transitioned on July 1, 2014 to the HRTAC from the HRTPO.

During the 2016 General Assembly Session, changes were made to HRTAC's enabling legislation to improve the business operations of HRTAC. House Bill 1111 (Chapter 603) allows for HRTAC to invest the Hampton Roads Transportation Fund (HRTF) revenues and provides liability protections to HRTAC while investing the funds. The enacted legislation also allows counties to designate a representative to the Board in lieu of the Chief Elected Official, and allows all localities to have representation at the meetings if Chief Elected Officer or County Designee is unable to attend. HB1111 also provided that administrative and operating expenses shall be paid by HRTAC Revenues.

During the 2018 General Assembly Session, changes were made to the regional motor fuels tax that will stabilize the revenues, assist in bonding, and generate near \$20M in additional annual revenues for the Hampton Roads Transportation Fund. Senate Bill 896 (Chapter 797) established a floor on the 2.1 percent sales tax imposed on motor vehicle fuels sold in Northern Virginia and Hampton Roads by requiring that the average distributor price upon which the tax is based be no less than what the statewide average distributor price would have been on February 20, 2013. Also during the 2018 Session, the General Assembly included State Budget language (Chapter 2, Item 442 R.) authorizing the Commissioner of DMV to share tax collection data with HRTAC's Executive Director and included language (Chapter 2, Item 452 B.) that expressed the intent of the General Assembly that the toll revenues, and any bond proceeds or concession payments backed by such toll revenues, derived from the express lanes on Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564 be used to reduce the necessary contribution from the Hampton Roads Transportation Accountability Commission established pursuant Chapter 26 of Title 33.2, Code of Virginia, for a project to expand the capacity of Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564.

During the 2020 General Assembly Session, HB1726/SB1038 created the Hampton Roads Regional Transit Program and Fund to develop, maintain, and improve a regional network of transit routes and related infrastructure, rolling stock, and support facilities. The program is funded by an additional (i) regional grantor's tax at a rate of \$0.06 per \$100 of the consideration for the conveyance and (ii) regional transient occupancy tax at a rate of one percent of the charge for the occupancy, both imposed in localities in the Hampton Roads Transportation District. The legislation also dedicated \$20 million of revenues from existing recordation taxes to funding the program. The moneys will be deposited into the Hampton Roads Regional Transit Fund, created by the bill, and will be administered by HRTAC. Use of the funds would require a two-thirds vote of the HRTAC localities in which the new taxes were imposed. HB1438 authorized the Hampton Roads Transportation Accountability Commission to impose and collect tolls in high-occupancy toll lanes on certain portions of Interstate 64. The area of Interstate 64 in which such tolls may be imposed is the vicinity of the interchange of Interstate 64 and Jefferson Avenue to the interchange of Interstate 64, Interstate 264, and Interstate 664. The bill directs the Commission to enter into an agreement with the Commonwealth Transportation Board and the Department of Transportation regarding the standards for operating the facility and use of toll proceeds. Other legislation involving adjustments to state and regional motor fuels tax revenues included for HRTAC the conversion of the calculation of

gasoline tax revenue from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021.

During the 2021 General Assembly Session, legislative actions that impacted HRTAC included the following state budget language (HB 1800, Chapter 552, Item 447.1, B. 3 and HB 1800, Chapter 552, Item 447.1, F.):

B. 3. Up to \$93,100,000 shall be transferred to Item 447 for improvements to the Interstate 64 Corridor as follows: (i) to provide any amounts necessary to complete the funding plan for the Hampton Roads Express Lanes as identified in the Master Agreement for Development and Tolling of the Hampton Roads Express Lanes Network executed pursuant to Chapter 703 of the 2020 Acts of Assembly, and (ii) any remaining amounts to improve Interstate 64 between exit 205 and exit 234 as determined by the Commonwealth Transportation Board.

F. For amounts available pursuant to subsection B.3. of this item, the Board shall not distribute any funds for the Hampton Roads Express Lanes Network until updated traffic and revenue modeling considering summer weekend traffic volumes is completed and the amount necessary to complete the funding plan, if any, is determined by the Hampton Roads Transportation Accountability Commission in coordination with the Board. In the event that funds are available to improve the Interstate 64 corridor between exit 205 and exit 234, the Board shall coordinate with the Central Virginia Transportation Authority to determine whether there is an opportunity to partner with the Authority on such improvements.

During the 2022 General Assembly Session, legislative actions that impacted HRTAC included the following state budget language (HB 29, Chapter 1, Item 447.1, F. of Special Session 1):

F. For amounts available pursuant to subsection B.3. of this item, the Board shall not distribute any funds for the Hampton Roads Express Lanes Network until updated traffic and revenue modeling considering summer weekend traffic volumes is completed and the amount necessary to complete the funding plan, if any, is determined by the Hampton Roads Transportation Accountability Commission in coordination with the Board. In the event that funds are available to improve the Interstate 64 corridor between exit 205 and exit 234, the Board shall coordinate with the Central Virginia Transportation Authority to determine whether there is an opportunity to partner with the Authority on such improvements.

Revenue Sources and Collections

Retail Sales and Use Tax

In 2013, an additional state Retail Sales and Use Tax was imposed in Planning District 23 at the rate of 0.7 percent and dedicated to the HRTF. Accordingly, the total rate of the state and local Retail Sales and Use Tax became 6 percent in localities that fall within the District (4.3 percent state, 0.7 percent regional, and 1 percent local).

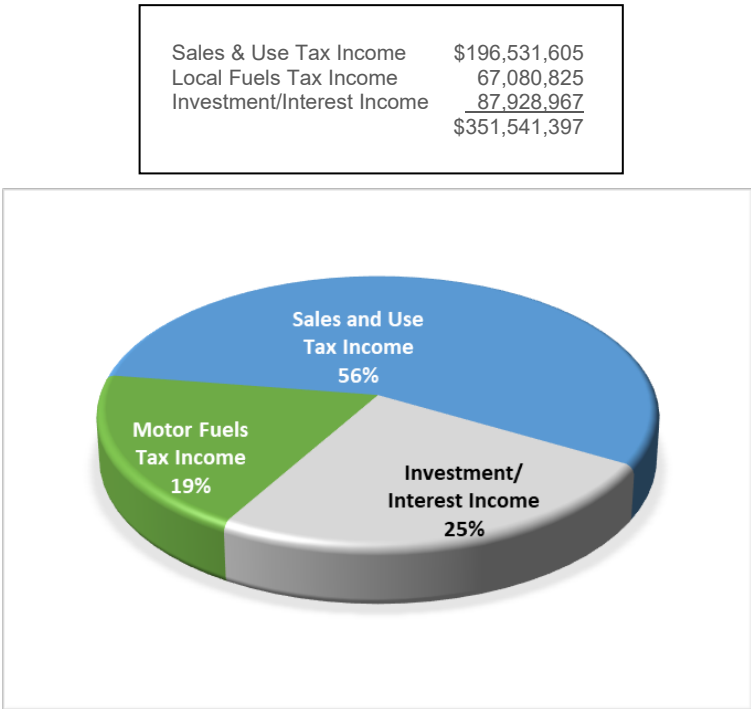
Local Fuels Tax

In 2013, Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. During the 2020 Acts of Assembly, legislative action involving adjustments to state and regional motor fuels tax revenues included for HRTAC the conversion of the calculation of gasoline tax revenue from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021. On July 1, 2023, through June 30, 2024, the regional tax per gallon of gasoline and gasohol was 8.7 cents (and 8.8 cents per gallon of diesel). These funds were also dedicated to the HRTF.

Total Collections

Revenue collected from the Region’s Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2024 totaled \$351.5 million. Figure 2 provides a detail and graphic of the collections by revenue source and percentage of total collections. Year-end cash balances of the HRTAC totaled \$1.6 billion including bond proceeds, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2024



Expenditures

From July 1, 2023 through June 30, 2024, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$ 945,029
Investment Fees	427,792
HRPDC/HRTPO Assistance	124,803
Financial Advisor	124,302
Payroll/Fringes	727,747
Pension Expense	(25,241)
Bond Issuance Costs	882,192
Interest Expense	48,277,224
DMV Fees	38,222
Operating	1,300,184
Capital Outlay	10,201
Project Related	551,283,744
Total	\$ 604,116,199

Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2024):

Hampton Roads Transportation Fund (HRTF)
Total Project-Related Expenditures as of June 30, 2024

Project	Total
I-64 Peninsula Widening	
UPC 104905/111926 - Segment 1 - PE/Construction	\$ 11,608,384
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703
UPC 109790/106689 - Segment 3 - PE	5,755,293
UPC 109790/106689 - Segment 3 - Construction	91,887,022
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound - Design/ROW	495,618
I-64/264 Interchange Improvement	
UPC 57048/108042 - Phase I- PE/ROW	15,071,063
UPC 57048/108042 - Phase I- Construction	124,332,863
UPC 17630/108041 - Phase II- PE/ROW	54,592,576
UPC 17630/108041 - Phase II- Construction	73,157,062
UPC 106693 - Phase III- PE&ROW	6,390,765
I-64 Southside Widening/High-Rise Bridge	
UPC 106692 - Phase I- PE	12,189,098
UPC 106692/108990 - Phase I- ROW/Construction	376,982,616
I-64 HRBT Expansion Project	
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	1,985,096,067
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	227,755,669
HRELN Segment 1 Phase 1 PE- UPC	
UPC 117840 - Segment 1 Phase 1 - PE	5,621,500
UPC 117839 - Segment 4A/4B Phase 1 - PE	5,916,425
UPC 117841 - Segment 4C Phase 1 - PE	6,062,743
UPC 119637 - Segment 1A- PE/ROW/Construction	2,706,362
UPC 120863 - Segment 1B- PE/ROW/Construction	2,272,899
UPC 119824 - Segment 4A/4B- PE/ROW/Construction	3,388,247
UPC 119638 - Segment 4C - PE/ROW/Construction	106,984,319
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	739,593
HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS	28,800,287
460/58/13 Connector Study- UPC 106694 - PE	1,095,368
Bowers Hill Interchange Study- UPC 111427	6,476,195
UPC 122761 - I-264 Independence Blvd Interchange IAR	286,879
HR Regional Connector Study- HRTIPO (Remaining Projects of Third Crossing)	7,000,000
Accrual to be Allocated to Non-HRELN projects	8,222,164
Total	\$ 3,330,446,780

Allocations

Project allocations as of June 30, 2024 are provided in detail below (inception through June 30, 2024):

Hampton Roads Transportation Fund (HRTF)
Total Allocations as of June 30, 2024

Project	Total FY2014 - FY2023	FY2024 YTD	Total
I-64 Peninsula Widening			
UPC 104905 - Segment 1 - Construction	\$ 11,608,385	\$ -	\$ 11,608,385
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703	-	159,559,703
UPC 109790/106689 - Segment 3 - PE	10,000,000	-	10,000,000
UPC 109790/106689 - Segment 3 - Construction	112,893,996	-	112,893,996
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound	-	26,643,026	26,643,026
I-64/264 Interchange Improvement			
UPC 57048/108042 - Phase I- PE/ROW	15,071,063	-	15,071,063
UPC 57048/108042 - Phase I- Construction	137,023,653	-	137,023,653
UPC 17630/108041 - Phase II- PE/ROW	54,592,576	-	54,592,576
UPC 17630/108041 - Phase II- Construction	73,157,062	-	73,157,062
UPC 106693 - Phase III- PE&ROW	7,500,000	-	7,500,000
I-64 Southside Widening/High-Rise Bridge			
UPC 106692 - Phase I- PE	12,200,000	-	12,200,000
UPC 106692/108990 - Phase I- ROW/Construction	419,756,220	-	419,756,220
I-64 HRBTExpansion Project			
UPC 115008 - I-64 HRBTExpansion Project D-BContract	3,004,569,251	-	3,004,569,251
UPC 115009 - I-64 HRBTExpansion Project Owners Oversight	548,900,330	-	548,900,330
Hampton Roads Express Lanes Network (HRELN)			
UPC 117840 - Segment 1 Phase 1 - PE	5,621,500	-	5,621,500
UPC 117839 - Segment 4A/4BPhase 1 - PE	5,916,425	-	5,916,425
UPC 117841 - Segment 4C Phase 1 - PE	6,062,743	-	6,062,743
UPC 119637 - Segment 1A- PE/ROW/Construction	92,079,565	-	92,079,565
UPC 120863 - Segment 1B- PE/ROW/Construction	5,860,180	-	5,860,180
UPC 119824 -Segment 4A/4B- PE/ROW/Construction	6,074,638	130,536,856	136,611,494
UPC 119638 - Segment 4C- PE/ROW/Construction	399,153,311	-	399,153,311
UPC 122999 - Transportation Management Plan	8,000,000	-	8,000,000
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	2,500,000	-	2,500,000
UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements	-	15,380,374	15,380,374
UPC 110577 - SEIS - HRCS Preferred Alternative Refinement - HRBT	30,000,000	-	30,000,000
UPC 106694 - 460/58/13 Connector Study- PE	1,095,368	-	1,095,368
UPC 111427 - Bowers Hill Interchange Study	7,904,630	4,000,000	11,904,630
UPC 122761 - I-264 Independence Blvd Interchange IAR	1,250,000	-	1,250,000
HRRegional Connector Study- HRIPO (Remaining Projects of Third Crossing)	7,000,000	-	7,000,000
Total	\$ 5,145,350,599	\$ 176,560,256	\$ 5,321,910,855

**5. C. I-64/I-264 Interchange Phase IIIA Preliminary Engineering
and Right of Way (UPC 125602) Standard Project Agreement**

Agenda Item 5C
Action Item

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

From: Kevin B. Page, Executive Director

Date: September 19, 2024

**Re: I-64/I-264 Interchange Phase IIIA Preliminary Engineering and Right of Way
(UPC 125602) Standard Project Agreement**

Recommendation:

The Finance Committee is asked to: i. Endorse and recommend to the Commission for approval the I-64/I-264 Interchange Phase IIIA Preliminary Engineering and Right of Way (UPC 125602) Standard Project Agreement; and ii. Authorize the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its next meeting.

Background:

The Commission Staff and Counsel have developed with VDOT the I-64/I-264 Interchange Phase IIIA Preliminary Engineering and Right of Way (UPC 125602) Standard Project Agreement (SPA) to support the Preliminary Engineering (PE) and Right of Way of the proposed project and are presenting it to the Finance Committee for its review and recommendation to the Commission at its next meeting.

Fiscal Impact:

There is a fiscal impact in relation to this Action Item as the \$9,917,000 of HRTF funds provided for this project (UPC 125602) are identified in the Approved HRTAC FY2024-FY2030 Six Year Funding Plan. Of this amount, \$1.88 Million is the estimated amount needed to complete the PE for this Phase IIIA Project for improvements to the Interchange and supplements the prior funding in the amount of \$7.5 Million that was allocated by HRTAC pursuant to a separate SPA (UPC 106693) dated December 19, 2016 for the I-64/I-264 Interchange Phase III project, as amended on October 4, 2022.

Suggested Motion:

Motion: The Finance Committee: i. Endorses and recommends to the Commission for approval the I-64/I-264 Interchange Phase IIIA Preliminary Engineering and Right of Way (UPC 125602) Standard Project Agreement; and ii. Authorizes the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its next meeting.



**Standard Project Agreement for Funding and Administration
between
Hampton Roads Transportation Accountability Commission
and
Virginia Department of Transportation**

HRTAC Project Title: I-64/I-264 Interchange Phase IIIA Improvements Project

HRTAC Project Number: UPC 125602

This Standard Project Agreement for Funding and Administration (the "Agreement") is made and effective as of the date of last execution below, between the Hampton Roads Transportation Accountability Commission ("HRTAC") and the Virginia Department of Transportation ("VDOT").

WITNESSETH

WHEREAS, Chapter 766 of the 2013 Acts of Assembly established the Hampton Roads Transportation Fund (the "HRTF"), and provides that moneys deposited in the HRTF are to be used solely for new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23;

WHEREAS, Chapter 678 of the 2014 Acts of Assembly (now codified in Section 33.2-2600 *et seq.* of the Code of Virginia, as amended) (the "HRTAC Act") created HRTAC as a political subdivision of the Commonwealth of Virginia, and moved the responsibility to determine the projects that will be funded by the HRTF from the Hampton Roads Transportation Planning Organization to HRTAC;

WHEREAS, under Sections 33.2-2606 and 33.2-2607 of the Code of Virginia, HRTAC is also authorized to issue bonds and other evidences of debt, and to impose and collect certain tolls;

WHEREAS, HRTAC is required to use all moneys that it receives, whether from the HRTF, bond proceeds, collections from any tolls imposed by HRTAC or otherwise (collectively, "HRTAC-Controlled Moneys"), for the benefit of those counties and cities that are embraced by HRTAC and in accordance with applicable law;

WHEREAS, VDOT is the Virginia state agency responsible for building, maintaining and operating the interstate, primary, and secondary state highway systems ("VDOT Highways");

WHEREAS, in light of VDOT's responsibilities with respect to VDOT Highways and HRTAC's responsibilities with respect to the application of the HRTAC-Controlled Moneys, VDOT and HRTAC entered into a Memorandum of Agreement dated March

30, 2015 (such agreement as thereafter amended and modified from time to time, the "MOA");

WHEREAS, the MOA contemplates that HRTAC may from time to time enter into Standard Project Agreements for Funding and Administration of projects that HRTAC selects and HRTAC requests VDOT to administer and/or develop with HRTAC Controlled Moneys;

WHEREAS, HRTAC has determined that it desires to proceed with the services described on Appendix A in respect of the project set forth and described on Appendix A to this Agreement (the "Project");

WHEREAS, HRTAC has determined that the Project would benefit the cities and counties that are embraced by HRTAC and it otherwise satisfies the requirements of the HRTAC Act;

WHEREAS, VDOT agrees to administer and/or develop the Project in accordance with the budget (the "Project Budget") and cashflow and construction schedule (the "Project Schedule") set forth and described on Appendix B to this Agreement (this Agreement and its appendices may be amended from time to time by mutual agreement of the parties to address mutually agreed changes relating to, among other things, Project scope, design, funding and regulatory approvals);

WHEREAS, HRTAC desires to provide funding for the administration and/or development of the Project out of HRTAC-Controlled Moneys, subject to the terms, conditions and limitations set forth herein;

WHEREAS, the Commonwealth Transportation Board ("CTB") has the authority, pursuant to Section 33.2-214 of the Code of Virginia, to cause VDOT to enter into this Agreement and has authorized the Commissioner of Highways to enter into agreements with HRTAC for project administration and development purposes, and Section 33.2-2608 of the Code of Virginia authorizes HRTAC to enter into this Agreement;

WHEREAS, the CTB, by resolution passed on January 14, 2015, resolved that any agreement between VDOT and HRTAC for project services shall provide that overruns or other additional project costs shall be prorated between HRTAC and VDOT so that each party bears a proportionate share of the additional costs based on each party's percentage responsibility of the project budget;

WHEREAS, HRTAC's governing body and the CTB have each authorized that their respective designee(s) execute this Agreement on their respective behalf(s) as evidenced by copies of each such entity's clerk's minutes or such other official authorizing documents which are appended hereto as Appendix E.

NOW THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants, and agreements contained herein, the parties hereto agree as follows:

A. VDOT's Obligations

VDOT shall:

1. Complete or perform or cause to be completed or performed all work relating to the Project, as described in Appendix A, advancing such work diligently and ensuring that all work is completed in accordance with (i) any and all applicable federal, state, and local laws and regulations, and (ii) all terms and conditions of this Agreement, including, without limitation, the Project Budget and Project Schedule reflected in Appendix B, which Project Budget and Project Schedule (A) VDOT represents have been prepared in good faith, in accordance with the practices and procedures that VDOT uses for projects where the state or VDOT bears the cost of the project (including, without limitation, the practices used to price and budget services that may be internally sourced, such as Construction Engineering Inspection/CEI), and (B) the parties acknowledge may be amended pursuant to Section A.8 below or as follows:
 - (a) In the event that VDOT determines, after receipt of proposals or bids for any work related to the Project, that the cost of the contract for said work will result in a significant reduction in costs associated with a portion of the Project Budget reflected in Appendix B that is allocated to work covered by the contract, then VDOT shall notify HRTAC's Executive Director of the significant reduction in costs. For purposes of this Section A.1(a), HRTAC and VDOT agree that a "significant reduction in costs" shall mean a reduction in costs that has the effect of reducing, in Appendix B, (x) the costs for the particular portion of the Project Budget allocated to work covered by the contract by more than 20 percent or (y) the entire Project Budget either by more than 10 percent or \$10,000,000, whichever applies. In the event there is a significant reduction in costs, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to fairly reflect the effect of the reduction on the commitments of the funding sources (by way of example, if the Appendix B costs are to be paid initially from both HRTAC-Controlled Moneys and state or federal contributions, then the commitment of each funding source would be reduced by its proportionate share of the reduction in costs, which proportionate share will be based on the funding source's proportionate responsibility for the total budgeted costs before the reduction was realized) (for the avoidance of doubt, the amount by which a commitment is reduced shall be considered deobligated from the Project).
 - (b) In the event that any federal or state funding not previously available for the Project becomes available for any portion of the Project Budget reflected in Appendix B, then VDOT and HRTAC will

work reasonably and in good faith to amend Appendix B to fairly reflect the benefit of the additional funding (by way of example, if the Appendix B costs are to be paid initially from both HRTAC-Controlled Moneys and state contributions, but federal funding subsequently becomes available, then the respective commitments of HRTAC and the state would be reduced by each party's proportionate share of the additional funds, which proportionate share will be based on the party's proportionate responsibility for the total budgeted cost before the additional funding became available).

- (c) In the event that application is made for federal or state funding or loans not previously available for the Project, then VDOT will, to the extent within its reasonable control, provide reasonable support to such application and, if any such funding or loans are awarded or otherwise become available, take action to satisfy conditions and comply with requirements of such funding or loans, in each case as may be reasonably requested by HRTAC.

2. Without limiting the foregoing, VDOT shall:

- (a) Select contractors, contract with contractors, and administer and enforce contracts all in a manner that is consistent in all material respects with the policies, procedures and practices that VDOT uses where the state or VDOT bears the cost of a project; for example, VDOT shall use its customary policies, procedures and practices relating to requesting bids/proposals, negotiating/finalizing terms and conditions of contracts (using, where applicable, standard terms/forms), and monitoring and enforcing performance of contracts;
- (b) Not enter into any contract to perform the work related to the Project if (i) the cost of that contract would exceed the portion of the Project Budget reflected in Appendix B that is allocated to the work covered by that contract, (ii) the cost of that contract, when aggregated with the cost of all other contracts relating to the Project that have been, or are expected to be, entered into would exceed the Project Budget reflected in Appendix B, or (iii) the schedule in the contract for performing and paying for the work related to the Project would be materially different (whether accelerated or delayed) from the Project Schedule set forth in Appendix B; in addition, if the bids or proposals received for any portion of the Project are not qualitatively consistent with VDOT's standards for that work or quantitatively within VDOT's projections for that work, each as determined by VDOT in its good faith judgment, VDOT shall (i) undertake a new procurement, or (ii) recommend alternative measures to HRTAC, and seek HRTAC's advice and

consent regarding pursuit of those alternative measures. If HRTAC grants its written consent to a modification to the Project Budget and/or Project Schedule in order to permit VDOT to enter into a contract to perform the work, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to reflect the modified Project Budget and Project Schedule.

- (c) Involve HRTAC in any procurement consistent with customary practices between VDOT and HRTAC.
3. Perform or have performed in accordance with VDOT's standards for highways, bridges and tunnels (or that otherwise are applicable to the work under the Project) all design and engineering, all environmental work, and all right-of-way acquisition, construction, contract administration, testing services, inspection services, or capital asset acquisitions, as is required by this Agreement or that may be necessary for completion of the Project pursuant to the terms of this Agreement. If VDOT determines that a delay will more likely than not prevent the completion of a material phase of the Project (e.g., PE or ROW acquisition), or the entire Project, in accordance with the Project Schedule, VDOT shall notify HRTAC in writing and provide HRTAC with such information as HRTAC may reasonably request, including information pertaining to potential corrective measures and remedies against the contractor (if VDOT and HRTAC mutually develop a model notice for such purposes, VDOT's notice will follow the format of the model).
4. Not use any funds provided by HRTAC, including the funds specified on Appendix B, to pay any Project cost if the HRTAC Act does not permit such Project cost to be paid with HRTAC funds.
5. Recognize that, if the Project contains "multiple funding phases" (as such "multiple funding phases" are set out for the Project on Appendix A), for which HRTAC will provide funding for such multiple funding phases (as scheduled on Appendix B), HRTAC may not have sufficient cash flows to permit accelerated funding to VDOT and to advance the funding schedule for the Project. In any circumstance where VDOT seeks to advance the funding schedule for the Project, VDOT shall submit a written request to HRTAC's Executive Director explaining VDOT's reasons why HRTAC should authorize acceleration to the next funding phase. (As used in this Agreement, "Executive Director" shall mean HRTAC's Chairman if at any applicable time, HRTAC has not engaged a dedicated, full-time Executive Director.) HRTAC's Executive Director will thereafter review the circumstances underlying the request in conjunction with Appendix B and HRTAC's current and projected cash flow position and make a recommendation to HRTAC whether to authorize VDOT's requested accelerated funding. The foregoing shall not prohibit VDOT from providing its own funds to advance a future funding phase of the Project and from

requesting reimbursement from HRTAC for having advance funded a future phase of the Project; however, VDOT further recognizes that HRTAC's reimbursement to VDOT for having advance funded a phase of the Project will be dependent upon HRTAC's cash flow position at the time such a request for reimbursement is submitted and may be dependent upon the extent to which the reimbursement of any such advanced funding is otherwise consistent with the terms of this Agreement, including Appendix B.

6. (a) Permit (and assist) HRTAC's Executive Director to periodically update HRTAC's cash flow estimates for the Project with the objective toward keeping those estimates accurate throughout the performance of the Project. VDOT shall provide all available information reasonably required by HRTAC so as to ensure and facilitate accurate cash flow estimates and accurate updates to those cash flow estimates throughout the performance of the Project as described in Appendix B.
- (b) Provide HRTAC's Executive Director with the monthly reports described on Appendix D.
7. Provide to HRTAC's Executive Director requests for payment consistent with Appendix C (and the most recently approved HRTAC cash flow estimates) that include (a) HRTAC's standard payment requisition(s), containing detailed summaries of actual project costs incurred with supporting documentation as determined by HRTAC, and (b) certifications that all such costs were incurred in the performance of work for the Project as authorized by this Agreement. Each payment requisition shall be in substantially the same form as set forth in Appendix C of this Agreement. If approved by HRTAC, VDOT can expect to receive payment within twenty (20) days upon receipt by HRTAC. Approved payments may be made by means of electronic transfer of funds from HRTAC to or for the account of VDOT.
8. (a) Promptly notify HRTAC's Executive Director if VDOT determines that any additional, unbudgeted costs may be incurred to perform and complete the Project ("Additional Costs"), which notice shall include a description of the Additional Costs, an explanation of how they arose and the assumptions in the initial budget regarding those costs, and a detailed estimate of the Additional Costs. VDOT shall make recommendations regarding any curative actions that may be available relating to such Additional Costs, including any potential modification or reduction that may be made to the Project scope or design, or any other action, in order to stay within the initial budget for the Project. If the Additional Costs can be absorbed in the Project Budget by modifying or reducing the scope or design of the Project (or avoided by cancelling the Project or any

portion thereof), HRTAC may, in its sole discretion, elect to (i) authorize VDOT to proceed with such modifications or reductions, (ii) authorize the Additional Costs (or if a combination of (i) and (ii) is feasible, HRTAC may elect such combination), or (iii) elect to cancel the Project or a portion thereof; provided, however, in any case, the respective obligations of VDOT and HRTAC, as modified by the elected alternative, shall be set forth in an amendment to this Agreement (VDOT and HRTAC shall work in good faith to finalize and execute such amendment). If the Additional Costs cannot be absorbed in the initial budget by modifying or reducing the scope or design of the Project (and HRTAC elects option (ii) above), then, subject to Section F below, such Additional Costs shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget. In the event that HRTAC elects to cancel the Project (or any portion thereof) pursuant to this Section A.8(a)(iii), (A) all compensation due and owing to any and all contractors for work on the Project that has been completed at the time of cancellation, shall be paid in accord with Appendix B, and (B) subject to Section F, all reasonable costs associated with the cancellation due and owing to said contractors pursuant to the terms of the contracts with the contractors, which terms shall be consistent with VDOT's standard contract terms relating to contract cancellation and termination, (the "Breakage Compensation"), shall be paid with HRTAC-Controlled Moneys, unless VDOT and HRTAC mutually determine that cancellation of the Project is necessary or warranted, in which case, the Breakage Compensation shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget.

- (b) VDOT shall not include in any contract with a contractor working on the Project any term, condition or remedy in respect of Additional Costs that is more favorable to the contractor than the terms, conditions or remedies VDOT includes in standard contracts where the state or VDOT bears the cost of the project.
- (c) The Additional Costs may include costs incurred by VDOT as a result of contractor claims relating to the Project made pursuant to the VDOT Roads and Bridge Specifications and §§ 33.2-1101 through 33.2-1105 of the Code, as amended. VDOT shall promptly notify HRTAC if any such claims are made or VDOT receives a notice of intent to file a claim or other written communication from a contractor relating to a claim or contractual dispute that could result in increased contract costs, and whether in each such case the claimed amount is expected to become, or result in, Additional

Costs (and the estimate thereof) or is expected to have a material adverse effect on the contingency reserves established as part of the Project Budget (and the estimated effect thereon). VDOT shall be responsible to handle all such claims and notices of intent, but VDOT may not settle any claim or notice of intent to file a claim and thereafter submit it as an Additional Cost pursuant to Section A.8(a) unless the settlement has been approved by HRTAC. Funding for the settlement will be prorated based on the respective proportionate share of the HRTAC-Controlled Moneys and state and federal funds in the Project Budget. Should the claim not be settled, any final judgment from a court of competent jurisdiction shall be paid in accordance with the proration rule set forth in the preceding sentence.

(d) Notwithstanding anything to the contrary set forth herein, if any additional cost (including, without limitation, any additional cost relating to a contractor claim described in Section A.8(c) above) arises out of or results from VDOT's negligence, breach of contract, willful misconduct or violation of law ("VDOT Fault"), HRTAC shall not be responsible for such additional costs. Any notice provided by VDOT to HRTAC pursuant to Section A.8(c) above shall be accompanied by a certification from VDOT that it has determined in good faith that any Additional Costs do not arise out of or result from VDOT Fault.

9. Release or return any unexpended funds to HRTAC no later than 90 days after final payment has been made in respect of the Project.
10. Maintain complete and accurate financial records relative to the Project for all time periods as may be required by the Virginia Public Records Act and by all other applicable state or federal records retention laws or regulations.
11. Maintain all original conceptual drawings and renderings, architectural and engineering plans, site plans, inspection records, testing records, and as built drawings for the Project for the time periods required by the Virginia Public Records Act and any other applicable records retention laws or regulations.
12. Reimburse HRTAC (or such other entity as may have provided funds) for all funds provided by HRTAC (or on behalf of HRTAC) and, to the extent applicable and permitted by law, with interest earned at the rate earned by HRTAC, (a) that VDOT misapplied, used or requisitioned in contravention of the HRTAC Act or any other applicable law, or any term or condition of this Agreement or (b) the expenditure of which arose out of VDOT Fault.

13. Be solely responsible for the administration and/or development of the Project and all engagements, commitments and agreements with contractors. VDOT shall ensure that VDOT's contractors maintain surety bonds and insurance in amounts and with coverages that VDOT requires under its Road and Bridge Specifications for all work to be performed for the Project, and name HRTAC and its members, officers, employees and, if applicable, any HRTAC lender and any bond trustee, as additional insureds on any such insurance policy, and present HRTAC with satisfactory evidence thereof before any work on the Project commences.
14. If in connection with the work VDOT engages outside legal counsel approved by the Attorney General (as opposed to utilizing the services of the Office of the Attorney General), VDOT will give HRTAC notice of the engagement so as to ensure that no conflict of interest may arise from any such representation (VDOT also shall ensure that such engagements are consistent with the practices and terms that VDOT uses where it is solely responsible for project costs).
15. Subject to and consistent with the requirements of Section E of this Agreement, upon final payment to all contractors for the Project, if the Project is or is part of a VDOT Highway, VDOT will use the Project for its intended purposes for the duration of the Project's useful life. If the Project is or is part of a VDOT Highway, VDOT shall be responsible to operate and/or maintain the Project after its completion (including responsibility to correct any defects or to cause any defects to be corrected), and under no circumstances will HRTAC have any responsibility or obligation to operate and/or maintain the Project (or correct defects with respect to the Project).
16. Comply with all applicable federal, state and local laws and regulations, including without limitation requirements of the Virginia Public Procurement Act.
17. Recognize that VDOT or its contractors are solely responsible for obtaining, and shall obtain, all permits, permissions and approvals necessary to construct and/or operate the Project, including, but not limited to, obtaining all required VDOT and local land use permits, zoning approvals, environmental permits, and regulatory approvals.
18. Recognize that if the Project is being funded, in whole or in part, with federal and/or state funds (in addition to HRTAC-Controlled Moneys), that VDOT shall (a) take any and all necessary actions to satisfy any conditions to such additional federal and/or state funding (provided that such actions are within the control of VDOT) and to enforce any commitments made in connection therewith, (b) comply with all applicable federal and Commonwealth funding requirements within the control or purview of VDOT, and (c) include in its contracts with contractors

provisions that permit such contracts to be terminated, without penalty, if the funding is rescinded or otherwise becomes unavailable (for clarification, a provision shall not be deemed to include a penalty solely as a result of terms that require payment of compensation due and owing at the time of cancellation and reasonable costs associated with cancellation provided that such costs are consistent with costs paid pursuant to VDOT's standard contract terms relating to contract cancellation and termination). VDOT acknowledges and agrees that if funding from such an additional federal or state source is rescinded or otherwise becomes unavailable HRTAC (i) shall not be responsible for any amount in excess of its commitment set forth on Appendix B, and (ii) may (A) replace said reduced funding with HRTAC Controlled-Moneys or (B) may request VDOT to immediately suspend or discontinue all work relating to the Project, provided if HRTAC requests suspension HRTAC shall be responsible for the costs reasonably incurred in connection with such suspension. Should HRTAC not replace the reduced funding or request VDOT to suspend or discontinue work, VDOT may reduce the Project scope or take any other actions needed to reduce the Project costs to the Project Budget.

19. Provide a certification to HRTAC no later than 90 days after final payment for the Project that VDOT adhered to all applicable laws and regulations and all requirements of this Agreement.
20. Notify HRTAC if VDOT determines that a delay will more likely than not prevent the timely completion of a material phase of the Project, including information regarding potential corrective measures and remedies against the contractor.
21. With respect to modifications to any agreement with a contractor, concede to HRTAC any resulting savings, if HRTAC-Controlled Moneys are funding 100% of the applicable work, or if the cost savings relate to work funded with HRTAC-Controlled Moneys and state and/or federal funds, concede such savings to such parties *pro rata*, based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget for such work.
22. Include in any agreement with a contractor an assessment of liquidated damages if either substantial completion or final acceptance is not achieved by the applicable deadline. Unless otherwise agreed by the parties acting reasonably, any liquidated damages (as well as other damages paid by a contractor, insurance proceeds, or recoveries from third parties) received by VDOT in respect of the Project shall be for the benefit of HRTAC.
23. Terminate any agreement with a contractor upon the written request of HRTAC if (a) VDOT has failed to exercise the right to terminate such

agreement for cause, but only (i) if such failure is reasonably expected to have a material adverse effect on HRTAC and (ii) following consultation between HRTAC and VDOT regarding the reasons, if any, for VDOT's failure to exercise such right; or (b) HRTAC determines in good faith that HRTAC has suffered a material adverse change in its ability to satisfy its obligations under this Agreement and it is in HRTAC's best interests for VDOT to terminate the contractor's agreement for convenience.

B. HRTAC's Obligations

HRTAC shall:

1. Subject to the limitations as to amounts set forth in Appendix B (and subject to Section F of this Agreement), provide to VDOT the funding authorized by HRTAC for the Project, on a reimbursement basis as set forth in this Agreement and as specified in Appendix B to this Agreement or the most updated amendment thereto, as approved by HRTAC.
2. Assign a person to serve as a Program Coordinator for the Project, who will be responsible for review of the Project on behalf of HRTAC for purposes of ensuring it is being completed in compliance with this Agreement and all HRTAC requirements. (In the absence of an assigned person, HRTAC's Executive Director shall serve as the Program Coordinator.) HRTAC's Program Coordinator will be responsible for overseeing, managing, reviewing, and processing, in consultation with HRTAC's Executive Director and its Chief Financial Officer ("CFO"), all payment requisitions submitted by VDOT for the Project. HRTAC's Program Coordinator will have no independent authority to direct changes or make additions, modifications, or revisions to the scope of the Project as set forth on Appendix A or to the Project Budget and Project Schedule as set forth on Appendix B.
3. Route to HRTAC's assigned Program Coordinator all VDOT payment requisitions and the summaries of actual costs submitted to HRTAC for the Project. After submission to HRTAC, HRTAC's Program Coordinator will conduct an initial review of all payment requisitions and supporting documentation for the Project in order to determine the submission's legal and documentary sufficiency. HRTAC's Program Coordinator will then make a recommendation to the HRTAC's CFO and Executive Director whether to authorize payment, refuse payment, or seek additional information from VDOT. If the payment requisition is sufficient as submitted, payment will be made within twenty (20) days from receipt. If the payment requisition is, in HRTAC's reasonable judgment, deemed insufficient, within twenty (20) days from receipt, HRTAC's Program Coordinator will notify VDOT in writing and set forth the reasons why the payment requisition was declined or why and what specific additional information is needed in order to authorize the payment request. Payment

will be withheld until all deficiencies identified by HRTAC have been corrected to HRTAC's reasonable satisfaction. Under no circumstances will HRTAC authorize payment for any work performed by or on behalf of VDOT that is not in conformity with the requirements of the HRTAC Act or this Agreement.

4. Route all of VDOT's accelerated or supplemental requests for funding from HRTAC under Sections A.5 and A.8, respectively, of this Agreement to HRTAC's Executive Director. HRTAC's Executive Director will initially review those requests and all supporting documentation with HRTAC's CFO. After such initial review, HRTAC's Executive Director will make a recommendation to HRTAC's Finance Committee for its independent consideration and review. HRTAC's Finance Committee will thereafter make a recommendation on any such request to HRTAC for final determination by HRTAC.
5. Conduct periodic compliance reviews scheduled in advance for the Project so as to determine whether the work being performed remains within the scope of this Agreement, the HRTAC Act and other applicable law. Such compliance reviews may entail (i) review of VDOT's financial records for the Project, (ii) on-Project site inspections and (iii) review of a contractor's books and records in relation to the Project to the extent VDOT has access thereto.
6. Acknowledge that if, as a result of HRTAC's review of any payment requisition or of any HRTAC compliance review, HRTAC staff determines that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, HRTAC staff will promptly advise HRTAC's Executive Director and will advise VDOT's designated representative in writing. VDOT will thereafter have thirty (30) days to respond in writing to HRTAC's initial findings. HRTAC's staff will review VDOT's response and make a recommendation to HRTAC's Finance Committee. HRTAC's Finance Committee will thereafter conduct its own review of all submissions and make a recommendation to HRTAC. If HRTAC makes a final determination that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, the parties should engage in dispute resolution as provided in Section D of this Agreement. Pending final resolution of the matter, HRTAC will withhold further funding on the Project. Nothing herein shall, however, be construed as denying, restricting or limiting the pursuit of either party's legal rights or available legal remedies.
7. Upon making final payment to VDOT for the Project, retain copies of all contracts, financial records, design, construction, and as-built project drawings and plans, if any, developed pursuant to or in association with the Project for the time periods required by the Virginia Public Records Act

and as may be required by other applicable records retention laws and regulations.

8. Be the sole determinant of the amount and source of HRTAC funds to be provided and allocated to the Project and the amounts of any HRTAC funds to be provided in excess of the amounts specified in Appendix B.
9. Have no obligation to pay or reimburse VDOT for any cost (including, without limitation, compensation paid or payable to any contractor) arising out of VDOT Fault.

C. Term

1. This Agreement shall (i) be effective upon adoption and execution by both parties and (ii) unless terminated earlier in accordance with its terms, expire ninety (90) days after the date on which VDOT makes final payment to Project contractor(s) and all contractor claims have been resolved or are barred.
2. VDOT may terminate this Agreement, for cause, in the event of a material breach by HRTAC of this Agreement. If so terminated, HRTAC shall pay for all Project costs incurred in accordance with the terms of this Agreement through the date of termination and all reasonable costs incurred by VDOT to terminate all Project-related contracts. The Virginia General Assembly's failure to appropriate funds to HRTAC as described in Section F of this Agreement and/or repeal or amendment of the legislation establishing the HRTF or HRTAC's powers shall not be considered material breaches of this Agreement by HRTAC if such failure to appropriate or such repeal or amendment eliminates funds in the HRTF to be used for the Project or renders HRTAC without legal authority to provide funding for the Project. Before initiating any proceedings to terminate under this Section, VDOT shall give HRTAC sixty (60) days written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing HRTAC an opportunity to investigate and cure any such alleged breach.
3. HRTAC may terminate this Agreement, for cause, resulting from VDOT's material breach of this Agreement. If so terminated, VDOT shall refund to HRTAC all funds HRTAC provided to VDOT for the Project and, to the extent permitted by law, with interest earned at the rate earned by HRTAC. Before initiating any proceedings to terminate under this Section, HRTAC shall give VDOT sixty (60) days' written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing VDOT an opportunity to investigate and cure any such alleged breach. Prior to termination, if VDOT has substantially completed the Project or a portion that is severable (meaning it is subject to independent use), VDOT may request that HRTAC excuse VDOT from refunding funds

paid in respect of the substantially completed Project or portion, and HRTAC may, in its sole discretion, excuse VDOT from refunding all or a portion of the funds HRTAC provided to VDOT for the substantially completed Project or portion thereof. No such request to be excused from refunding will be allowed (a) where VDOT has either misused or misapplied HRTAC funds in contravention of this Agreement or applicable law, or (b) without the prior written consent of any lender to HRTAC, if the terms of HRTAC's loan agreement with such lender require such consent.

4. Upon (a) expiration or earlier termination of this Agreement and (b) payment of all eligible expenses as set forth in Section C.3 above, VDOT will release or return to HRTAC all unexpended HRTAC funds and, to the extent permitted by law, with interest earned at the rate earned by HRTAC, no later than sixty (60) days after the date of such expiration or earlier termination.

D. Dispute

In the event of a dispute under this Agreement, the parties agree to meet and confer promptly in order to ascertain if the dispute can be resolved informally without the need of a third party or judicial intervention. HRTAC's Executive Director and the Commissioner shall be authorized to conduct negotiations on behalf of their respective entities. If a resolution of the dispute is reached via a meet and confer dispute resolution method, it shall be presented to HRTAC and to the Commissioner for formal confirmation and approval. If no satisfactory resolution can be reached via the meet and confer method, either party is free to pursue whatever remedies it may have at law or in equity, including all judicial remedies. The foregoing dispute resolution method shall not bar either party's right to seek equitable relief on an emergency basis. Neither party will seek or accept an award of attorneys' fees or costs incurred in connection with resolution of a dispute.

E. HRTAC's Interest in Project Assets

VDOT agrees to use the real property and appurtenances and fixtures thereto, capital assets, equipment and all other transportation facilities that are part of the Project and funded by HRTAC under this Agreement ("Assets") for the designated transportation purposes of the Project, in accordance with applicable law throughout the useful life of each such Asset. If VDOT intends to sell, convey, or dispose any Asset funded with HRTAC funds or intends to use any Asset for a purpose inconsistent with this Agreement, VDOT shall notify HRTAC's Executive Director in writing of any such intent before further action is taken by VDOT in furtherance thereof. Upon receiving notification from VDOT, HRTAC's Executive Director shall notify HRTAC of VDOT's intended action(s). The parties shall, thereafter, meet and confer to discuss what measures need to be taken regarding VDOT's proposed sale, conveyance, disposition, or use of any such Asset(s) so as to ensure compliance with all applicable requirements

and terms of the HRTAC Act (without limiting the foregoing, VDOT acknowledges that under the HRTAC Act and applicable law, HRTAC is vested with the right to impose and collect tolls on facilities constructed by the Commission and holds a license to, among other things, use the tolling infrastructure and system). All recommendations and/or proposed remedial actions developed by the parties' designated representatives during the meet and confer process shall be formally presented to HRTAC and the Commissioner for their respective approval.

F. Appropriations Requirements

1. Nothing herein shall require or obligate HRTAC to commit or obligate funds to the Project beyond those funds that have been duly authorized and appropriated by its governing body for the Project.
2. The parties acknowledge that all funding provided by HRTAC pursuant to the HRTAC Act is subject to appropriation by the Virginia General Assembly. The parties further acknowledge that: (i) the moneys allocated to the HRTF pursuant to applicable provisions of the Code of Virginia and any other moneys that the General Assembly appropriates for deposit into the HRTF are subject to appropriation by the General Assembly and (ii) HRTAC's obligations under this Agreement are subject to such moneys being appropriated to the HRTF by the General Assembly.
3. The parties agree that VDOT's obligations under this Agreement are subject to funds being appropriated by the General Assembly and allocated by the Commonwealth Transportation Board and otherwise legally available to VDOT for HRTAC projects.
4. Should VDOT be required to provide additional funds in order to proceed or complete the funding necessary for the Project, VDOT shall certify to HRTAC that such additional funds have been allocated and authorized by the CTB and/or appropriated by the Virginia General Assembly as may be applicable or have been obtained through another independent, lawful source.

G. Representations and Warranties

1. VDOT hereby represents and warrants to HRTAC as of the date of this Agreement as follows:
 - (a) VDOT is an agency of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
 - (b) VDOT has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this

Agreement on behalf of VDOT has been duly authorized to execute and deliver it on behalf of VDOT;

- (c) the execution and delivery by VDOT of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of VDOT to perform its obligations under this Agreement;
- (d) this Agreement has been duly authorized, executed, and delivered by VDOT and constitutes a valid and legally binding obligation of VDOT, enforceable against it in accordance with the terms hereof, subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia; *provided, however,* that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and
- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on VDOT which challenges VDOT's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the VDOT official executing this Agreement, and VDOT has disclosed to HRTAC any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which VDOT is aware.

2. HRTAC hereby represents and warrants to VDOT as of the date of this Agreement as follows:

- (a) HRTAC is a body politic and a political subdivision of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
- (b) HRTAC has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this Agreement on behalf of HRTAC has been duly authorized to execute and deliver it on behalf of HRTAC;

- (c) the execution and delivery by HRTAC of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of HRTAC to perform its obligations under this Agreement;
- (d) this Agreement has been duly authorized, executed, and delivered by HRTAC and constitutes a valid and legally binding obligation of HRTAC, enforceable against it in accordance with the terms hereof, subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia; *provided, however,* that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and
- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on HRTAC which challenges HRTAC's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the HRTAC official executing this Agreement, and HRTAC has disclosed to VDOT any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which HRTAC is aware.

H. Tax Covenants for Bond-Funded Projects

VDOT shall comply in all material respects with the Tax Covenants for Bond-Funded Projects set forth in Appendix F (*Tax Covenants for Bond-Funded Projects*).

I. Notices

All notices under this Agreement to either party shall be in writing and forwarded to the other party by U.S. mail, care of the following authorized representatives:

- 1) to: HRTAC, to the attention of its Executive Director and Chairman;
723 Woodlake Drive
Chesapeake, VA 23320
- 2) to: VDOT, to the attention of:
Commissioner, Virginia Department of Transportation
1401 East Broad Street
Richmond, VA 23219

J. Assignment

This Agreement shall not be assigned by either party unless express written consent is given by the other party.

K. Modification or Amendment

(a) This Agreement may not be modified or amended, except pursuant a written agreement that is duly authorized, executed and delivered by both parties.

(b) If HRTAC is able to obtain a source of funding for the Project that would reduce or replace the amount of HRTAC-Controlled Moneys expended on the Project, VDOT and HRTAC will work in good faith to amend this Agreement so it takes into account that other funding.

(c) VDOT and HRTAC will work in good faith to adopt such amendments to this Agreement as VDOT and HRTAC may mutually agree are necessary and desirable in connection with any bond financing.

L. No Personal Liability or Creation of Third Party Rights

This Agreement shall not be construed as creating any personal liability on the part of any officer, member, employee, or agent of the parties; nor shall it be construed as giving any rights or benefits to anyone other than the parties hereto.

M. No Agency

VDOT represents that it is not acting as a partner or agent of HRTAC; and nothing in this Agreement shall be construed as making any party a partner or agent with any other party.

N. Sovereign Immunity

This Agreement shall not be construed as a waiver of either party's sovereign immunity rights.

O. Incorporation of Recitals and Appendices

The recitals and Appendices to this Agreement are hereby incorporated into this Agreement and are expressly made a part hereof. The parties to this Agreement acknowledge and agree that the recitals are true and correct.

P. Mutual Preparation and Fair Meaning

The parties acknowledge that this Agreement has been prepared on behalf of all parties thereto and shall be construed in accordance with its fair meaning and not strictly construed for or against either party.

Q. Governing Law

This Agreement is governed by the laws of the Commonwealth of Virginia.

R. Survival

The following provisions shall survive the expiration or earlier termination of this Agreement: Sections A.4, A.9, A.12, A.15, A.17, A.19, A.22, B.5 and B.7, and Sections C through R.

[Signature page follows]

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed by their duly authorized representatives, intending it to be effective on the date of last execution.

Hampton Roads Transportation Accountability Commission

By: _____

Name: Richard W. West

Title: Chair, HRTAC

Date: _____

Virginia Department of Transportation

By: _____

Name: Stephen C. Brich, P.E.

Title: Commissioner of Highways

Date: _____

APPENDIX A

I-64/I-264 INTERCHANGE PHASE IIIA IMPROVEMENTS PROJECT – UPC 125602

Scope: The work associated with this Standard Project Agreement (SPA) for the I-64/I-264 Interchange Phase IIIA Improvements project is to fund the design, right of way acquisition and eventually (and when amended) construction activities for installing roadway and bridge improvements along I-64 EB and I-264 EB respectively to reduce congestion, improve safety, and improve traffic operations. The project is located in the City of Norfolk and the City of Virginia Beach along I-64 from 0.081 miles South of Northampton Boulevard to 1.04 miles East of I-264, and along I-264 from the I-64/I-264 interchange to 0.643 miles East of Newtown Road. This project will address the needs identified in the Interchange Modification Report (IMR) approved by FHWA on October 30, 2020 for Phase III of the I-64/I-264 Interchange Improvements, and continue the implementation of interchange improvements started by the Phase I and Phase II projects (completed). This project will also serve as a connector for the Hampton Roads Express Lane (HREL) network for traffic in the I-64 EB direction.

The project scope includes the following improvements: new 2-lane flyover ramp from I-64 EB to I-264 EB to replace the existing single-lane ramp, widening of I-64 EB from the Northampton Boulevard interchange to the I-264 ramps along with the addition of the part time managed shoulder lane from the Northampton Boulevard interchange to the terminus of the reversible lanes at the bridges over the eastern branch of the Elizabeth River (Twin Bridges), realignment of a portion of the I-64 EB off-ramp to I-264 WB, and widening of existing I-64 EB bridges over Kempsville Road and Virginia Beach Boulevard and the existing I-264 EB bridge over Newtown Road.

APPENDIX B

I-64/I-264 INTERCHANGE PHASE IIIA IMPROVEMENTS PROJECT – UPC 125602

PROJECT BUDGET AND PROJECT SCHEDULE

Project Budget: I-64/I-264 INTERCHANGE PHASE IIIA IMPROVEMENTS PROJECT:

HRTAC Costs (UPC 125602):

*Preliminary Engineering (PE)	\$1,880,000
Right of Way (RW)	\$8,037,000
**Construction (CN)	\$0
<hr/>	
Total Cost	\$9,917,000

*The Parties agree that the \$1.88 Million in funding set out in this SPA for PE is the estimated amount needed to complete the PE for this Phase IIIA Project for improvements to the Interchange and supplements the prior funding in the amount of \$7.5 Million that was allocated by HRTAC pursuant to a separate SPA (UPC 106693) dated December 19, 2016 for the I-64/I-264 Interchange Phase III project, as amended on October 4, 2022.

**The Parties agree that this SPA currently addresses the Preliminary Engineering and Right of Way phases of this Project and will require amendment to add Construction and additional project delivery details as needed, as well as funding, if (and before) any award for Construction is made at a later date as shown in the schedule below. Nothing herein shall be deemed or construed to commit either party to adopt any such amendment, and the terms of each amendment must be acceptable to each party acting in its sole discretion.

The Scope of Work for and activities associated with this SPA for the I-64/I-264 Interchange Phase IIIA Improvements Project are set out in Appendix A.

The parties agree that funding shall be made available by HRTAC under this SPA for the I-64/I-264 Interchange Phase IIIA Improvements Project, whether such work is undertaken before or subsequent to execution of this SPA.

The tasks contemplated under this Agreement include but are not limited to the following:

The work associated with this Agreement for the I-264/I-64 Interchange Phase IIIA Improvements Project includes the design, right of way activities and eventually (and when amended) construction of a new 2-lane flyover ramp from I-64 EB to I-264 EB to replace the existing single-lane ramp, widening of I-64 EB from the Northampton Boulevard interchange to the I-264 ramps along with the addition of the part time managed shoulder lane from the Northampton Boulevard interchange to the terminus of the reversible lanes at the bridges over the eastern branch of the Elizabeth River (Twin Bridges), realignment

of a portion of the I-64 EB off-ramp to I-264 WB, widening of the existing I-64 EB bridges over Kempsville Road and Virginia Beach Boulevard, and the existing I-264 EB bridge over Newtown Road. The work also includes public information meetings with localities and others as requested, finalize RFP plans and contract requirements, acquire RW, obtain permits, RFQ level plan development and advertisement RFP level plan development, complete two-phase best value Design-Build contractor procurement processes necessary to award construction, cost estimate & schedule refinements, and design support for this project as defined in the Appendix A

Project Schedule: I-64/I-264 Interchange Phase IIIA Improvements Project (all dates are estimates):

- **Preliminary Engineering (PE):**
 - PE Start: 10/2024
 - PE End: 04/2026
- **Right of Way (RW):**
 - RW Start: 11/2026
 - RW End: 10/2027
- **Construction (CN):**
 - CN Start: 05/2026
 - CN End: 05/2030

Project Cash Flow Schedule: See Annex I to this Appendix B (which is incorporated herein by this reference as if set out in full).

Annex I to the Appendix B

ANNEX I TO APPENDIX B -PROJECT BUDGET & CASH FLOW

PROJECT IDENTIFICATION AND PROPOSED FUNDING

HRTAC Project Title: I-64/I-264 Interchange Phase IIIA Improvements Project
 Scope of Project Services: Standard Project Services to Support the Phase IIIA Project (UPC 125602)
 Recipient Entity: Virginia Department of Transportation
 VDOT Project Contact: Todd Halacy (757) 956-3010

Baseline Schedule:	PE: Start October 2024, End April 2026
	RW: Start November 2026, End October 2027
	CN: N/A

PROJECT COSTS & FUNDING SOURCE

Project Cost Category	Total Project Costs	HRTAC PayGo Funds	HRTAC Financed Funds	Description Other Sources of Funds	Amount Other Sources of Funds	Recipient Entity Funds
Design Work	\$ -	\$ -	\$ -		\$ -	\$ -
Engineering	\$ 1,880,000	\$ 1,880,000				
Environmental Work						
Right-of-Way Acquisition	\$ 8,037,000	\$ 8,037,000				
Construction	\$ -	\$ -				
Contract Administration						
Testing Services						
Inspection Services						
Capital Asset Acquisitions						
Other						
Total Estimated Cost	\$ 9,917,000	\$ 9,917,000	\$ -	\$ -	\$ -	\$ -

FISCAL YEAR ANNUAL PROJECT CASH FLOW

Project Phase	Total Fiscal Year 2025		Total Fiscal Year 2026		Total Fiscal Year 2027		Total Fiscal Year 2028	
	PayGo	Financed	PayGo	Financed	PayGo	Financed	PayGo	Financed
Design Work	\$ -						\$ -	
Engineering	\$ 890,523		\$ 989,477		\$ -		\$ -	
Environmental Work								
Right-of-Way Acquisition			\$ -		\$ 5,358,000		\$ 2,679,000	
Construction	\$ -		\$ -		\$ -		\$ -	
Contract Administration								
Testing Services								
Inspection Services								
Capital Asset Acquisitions								
Other								
Total Estimated Cost	\$ 890,523	\$ -	\$ 989,477	\$ -	\$ 5,358,000	\$ -	\$ 2,679,000	\$ -

Please Note: If additional years are needed, please submit a separate form with additional columns

FISCAL YEAR ESTIMATED PROJECT CASH FLOW

	FY 25 Mthly Cash Flow		FY 26 Mthly Cash Flow		FY 27 Qtrly Cash Flow		FY 28 Mthly Cash Flow	
	PayGo	Financed	PayGo	Financed	PayGo	Financed	PayGo	Financed
July	\$ -		\$ 98,947		\$ -		\$ 669,750	
August	\$ -		\$ 98,947		\$ -		\$ 669,750	
September	\$ -		\$ 98,947		\$ -		\$ 669,750	
October	\$ 98,947		\$ 98,947		\$ -		\$ 669,750	
November	\$ 98,947		\$ 98,947		\$ 669,750		\$ -	
December	\$ 98,947		\$ 98,947		\$ 669,750		\$ -	
January	\$ 98,947		\$ 98,947		\$ 669,750		\$ -	
February	\$ 98,947		\$ 98,947		\$ 669,750		\$ -	
March	\$ 98,947		\$ 98,947		\$ 669,750		\$ -	
April	\$ 98,947		\$ 98,954		\$ 669,750		\$ -	
May	\$ 98,947		\$ -		\$ 669,750		\$ -	
June	\$ 98,947		\$ -		\$ 669,750		\$ -	
Total per Fiscal Year	\$ 890,523	\$ -	\$ 989,477	\$ -	\$ 5,358,000	\$ -	\$ 2,679,000	\$ -

Please Note: If additional years are needed, please submit a separate form with additional columns

This attachment is certified and made an official attachment to the Standard Project Agreement document by the parties of this agreement.

Virginia Department of Transportation

Hampton Roads Transportation Accountability Commission

Signature

Commissioner

Title

Signature

HRTAC Chair

Title

Date
Stephen C. Brich, P.E.

Print name of person signing

Date
Richard W. West

Print name of person signing

**APPENDIX C
FORM OF PAYMENT REQUISITION**

HRTAC Project Title and Number: I-64/I-264 Interchange Phase IIIA Improvements Project – UPC 125602

Project Scope/Services Description: The work associated with this Standard Project Agreement for the I-64/I-264 Interchange Phase IIIA Improvements Project is to perform the development and delivery of the I-64/I-264 Interchange Phase IIIA Improvements Project.

Draw Request Number: _____

Date: _____, 20__

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

Attention _____, Program Coordinator:

This requisition is submitted in connection with the Standard Project Agreement for Funding and Administration for the project services noted above and dated _____, 20__ (the "Agreement") between the Hampton Roads Transportation Accountability Commission ("HRTAC") and the Virginia Department of Transportation ("VDOT"). VDOT hereby requests \$_____ of HRTAC funds, to pay the costs of the project services described and set forth in Appendices A and B of the Agreement ("Project Services") and in accordance with the Agreement. Also included are copies of each invoice relating to the items for which this requisition is requested.

The undersigned certifies (i) the amounts included within this requisition will be applied solely and exclusively for the payment or the reimbursement of VDOT's costs of the Project Services, (ii) VDOT is responsible for payment to vendors/contractors, (iii) VDOT is not in breach or default with respect to any of its obligations under the Agreement, including without limitation (but only if applicable) the tax covenants set forth in another Appendix to the Agreement, (iv) the representations and warranties made by VDOT in the Agreement are true and correct as of the date of this Requisition and (v) to the knowledge of VDOT, no condition exists under the Agreement that would allow HRTAC to withhold the requested advance.

VIRGINIA DEPARTMENT OF TRANSPORTATION

By: _____
Name: _____
Title: _____

Recommended For Payment

By: _____
Name: _____
Title: HRTAC Program Coordinator

DETAILED PAYGO REQUEST

Draw Request Number: _____
 HRTAC Project Number: UPC 125602

Request Date: _____
 Project Title: I-264/I-64, Phase IIIA

Cost Category	HRTAC Approved Project Costs	Total PayGo Requests Previously	PayGo Requisition Amount this Period	Remaining PAYGO Project Budget (Calculation)
Project Starting Balance	\$0			\$ -
Design Work/ Engineering	\$1,880,000	\$ -	\$ -	\$ -
Engineering	\$0	-	-	\$ -
Environmental Work	-	-	-	\$ -
Right-of-Way Work	\$8,037,000	-	-	\$ -
Construction	\$0	-	-	\$ -
Contract Administration	-	-	-	\$ -
Testing Services	-	-	-	\$ -
Inspection Services	-	-	-	\$ -
Capital Asset Acquisitions	-	-	-	\$ -
Other (please explain)	-	-	-	\$ -
TOTALS	\$9,917,000	\$ -	\$ -	\$ -

LISTING OF ATTACHED INVOICES

Vendor/Contractor Name	Item Number	Invoice Number	Cost Category	Amount
	1			\$ -
	2			-
	3			-
	4			-
	5			-
	6			-
	7			-
	8			-
	9			-
	10			-
	11			-
	12			-
Requisition Amount				\$ -

Instructions

1. Column B-Please list approved PayGo Project Cost per category.
2. Column C-Please list Total PayGo Amounts per Category Previously Reimbursed by HRTAC
3. Column D- Please list invoice amounts summarized by Category from the Listing of Attached Invoices
4. Column E - Is a calculation of the Remaining PAYGO Budget per Category

Instructions-Listing of Attached Invoices: (please list each invoice separately)

1. Column A- Please list the name as it appears on the Invoice
2. Column B- Please manually number the invoices attached with the corresponding Item number in this schedule.
3. Column C- Please list the invoice number as it appears on the Invoice
4. Column D- Please list the appropriate Cost Category based on the Project Category breakout above

5. Column E- Please enter the dollar amount listed on the invoice.

6. The calculated Requisition Amount should equal the total in Column D in the Schedule above.

APPENDIX D

REPORTS TO BE PROVIDED BY VDOT

1) Monthly Project Expenditure Report which lists, by category of expense (*e.g.*, engineering, ROW, utility relocations, construction), (a) information regarding expenditures to date against the budget, both monthly and for the life of the project, and a statement of the percent completed; and (b) such other information as VDOT customarily provides with monthly expenditure reports.

2) Monthly Project Report which provides (a) an overview of progress on major project tasks; (b) information regarding the budget (such as, the baseline planned forecast, any approved changes thereto, the monthly expenditures, the cumulative expenditures, and the cumulative forecasted expenditures); (c) future key tasks; and (d) significant issues.

APPENDIX E

OFFICIAL AUTHORIZING DOCUMENTS

APPENDIX F

TAX COVENANTS FOR BOND-FUNDED PROJECTS

1. (A) VDOT (the Department) shall not permit the "Proceeds" of any "Commission Bonds" or any "Financed Property" to be used in any manner that would result in either: (1) 5% or more of such proceeds being considered as having been used in any trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the "Code;" (2) 5% or more of such Proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4) of the Code; (3) 5% or more of such Proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit, as provided in Section 141(c) of the Code; or (4) more than an aggregate of \$15,000,000 of Proceeds of any single Commission Bond issue being considered as having been used in any trade or business, any output facility or to make or finance loans as described in (1), (2) or (3) above; **provided, however**, that if HRTAC (the Commission) and the Department receive an opinion of nationally recognized bond counsel concluding that such use or action will not affect the exclusion of interest on the Commission Bonds from gross income of the holders thereof for federal tax purposes under existing law, the Department need not comply with such restrictions.

(B) Notwithstanding the foregoing, the Department and the Commission agree that the provisions herein shall not apply to Proceeds of Commission Bonds derived from "qualified bonds" (as defined in Section 141(e) of the Code (or any successor provisions thereto or regulations thereunder)) the Commission may from time to time issue. In the event any such "qualified bonds" are issued by the Commission, the Department agrees that it will not permit Proceeds of Commission Bond derived from such "qualified bonds" to be used in a manner that fails to comply with the provisions of Section 141(e) and 142(a) of the Code (or any successor provisions thereto or regulations thereunder). The provisions of this subparagraph (B) shall not negate any provision in the Agreement or other agreement between the Commission and the Department that requires mutual consent of the parties or Commission approval of a concession arrangement in respect of the Project.

2. the Department agrees not to requisition or spend the proceeds of any the Commission Bond for any cost of the Project not constituting a "Capital Expenditure."

3. Except as may be described in writing to the Commission, the Department neither has on the date of this Agreement nor expects to have after this date any funds that are restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, for the purposes for which the Department is receiving or may receive Proceeds of Commission Bonds.

4. The Department acknowledges that it may have to provide detailed information about the investment of the amount of any requisition unless (i) payments are remitted directly by the Commission to the contractors/vendors, or (ii) the Department remits payment to the contractors/vendors within five banking days after the date on which the Commission advances the amount of the requisition. The Commission may request the detailed information in order to compute the rebate liability to the U.S. Treasury on the Commission's bonds or other debt financing pursuant to Section 148 of the Code. In addition, the Department shall provide the Commission with any further

information reasonably requested by the Commission from time to time concerning the matters described in this Appendix F.

5. The following terms have the meanings assigned to them below whenever they are used in this Appendix F.

“Capital Expenditure” means any cost of a type that is properly chargeable to capital account (or would be so chargeable with (or but for) a proper election or the application of the definition of “placed in service” under Treas. Reg. § 1.150-2(c)) under general federal income tax principles, determined at the time the expenditure is paid.

“Code” means the Internal Revenue Code of 1986, as amended.

“Financed Property” means any property financed in whole or in part by any allocation of Commission Bond Proceeds.

“Commission Bond” means any Commission bond or other debt instrument that is a “tax-exempt bond” or a “tax-advantaged bond” (as defined in Treasury Regulations Section 1.150-1(a)).

“Proceeds” means the sale proceeds of any Commission Bond, together with the investment earnings on such proceeds, to the extent allocated to the Project.

6. A. HRTAC Monthly Financial Report



**HAMPTON ROADS TRANSPORTATION FUND and
 HAMPTON ROADS REGIONAL TRANSIT FUND
 FINANCIAL REPORTS
 FY2014 – FY2024
 Period Ending May 31, 2024**

The HRTAC staff has prepared the attached May 2024 financial report based on data received to date from the Virginia Department of Transportation.

<u>Revenues</u>	<u>Inception to May 2024</u>	<u>FY2024 YTD</u>	<u>May 2024</u>
Total Gross Revenues¹	\$ 5,513,217,213	\$ 574,981,531	\$ 103,751,570
HRTF - State Sales Tax & Local Fuels Tax	2,182,985,264	237,208,593	23,810,734
HRRTF – Fees, Taxes & other Revenue	136,825,110	33,491,740	1,429,890
Interest and Investment Income	226,760,237	84,840,045	7,721,483
Other Income	784,274	25,000	-
Bond and Debt Net Proceeds	2,965,862,328	219,416,153	70,789,463
 <u>Expenditures</u>			
Total Expenditures	\$ 3,535,916,261	\$ 491,061,026	\$ 82,715,362
Projects	3,256,178,534	443,991,350	78,402,515
Operating Expenses & Investment Fees	28,579,117	3,131,410	142,974
Bond Interest Expenses	251,158,610	43,938,266	4,169,873
 Modified Cash Position at May 31, 2024	 \$ 1,977,300,952		
 <u>Items not using or providing cash since inception:</u>			
Amortization - Bond Premium and Gain on Defeasance	(143,652,360)		
Purchase of Capital Assets	(14,573)		
Gain not affecting cash	(759,274)		
Capitalized interest added to long-term debt	31,205,753		
Assets not requiring current use of cash	(203,593,270)		
Liabilities not requiring current sources of cash	(1,317,442)		
 <u>Actual cash and investments at May 31, 2024</u>	 <u>\$ 1,659,169,786</u>		

1 Beginning in June 2020, State Sales Tax and Local Fuels Tax are recorded either one month (sales tax) or two months (fuels tax) earlier than in previous periods, due to additional information received from the Commonwealth of Virginia on the timing of the source transactions for tax revenues.

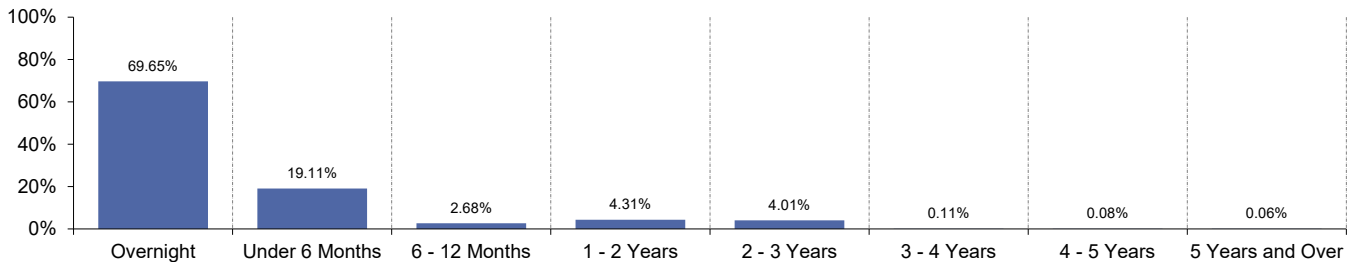
Hampton Roads Transportation Fund

Summary of Cash and Investments

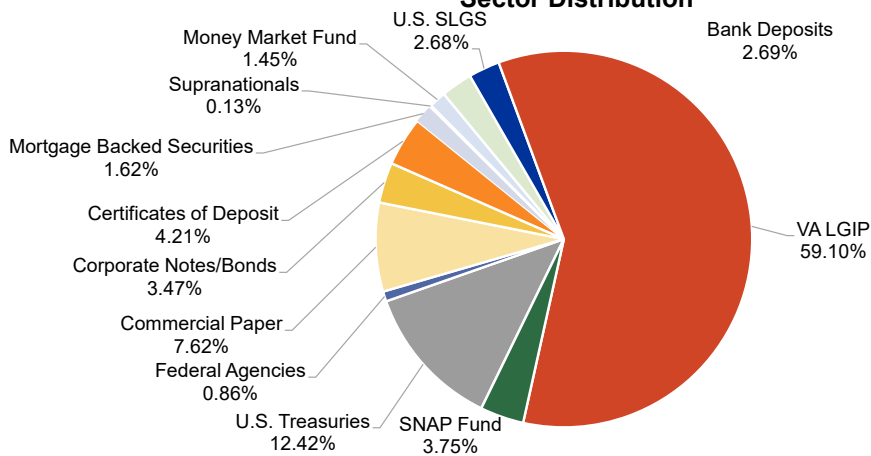
For May 2024

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	0.06%
Union Sweep	5.00%	5.00%	9,473,910	9,473,910	0.61%
Union Money Market	5.12%	5.12%	27,520	27,520	0.00%
Union General	5.12%	5.12%	30,933,504	30,933,504	2.01%
Wilmington Trust	Variable	Variable	41,333,981	41,333,981	2.68%
VA LGIP	5.42%	5.42%	910,536,626	910,536,626	59.08%
Enhanced Cash Portfolio	5.23%	5.26%	346,598,338	349,408,003	22.67%
Core Portfolio	4.38%	5.03%	141,131,287	140,700,326	9.13%
SNAP Fund	5.48%	5.48%	57,730,653	57,730,653	3.75%
Total			\$ 1,538,765,819	\$ 1,541,144,523	100.00%

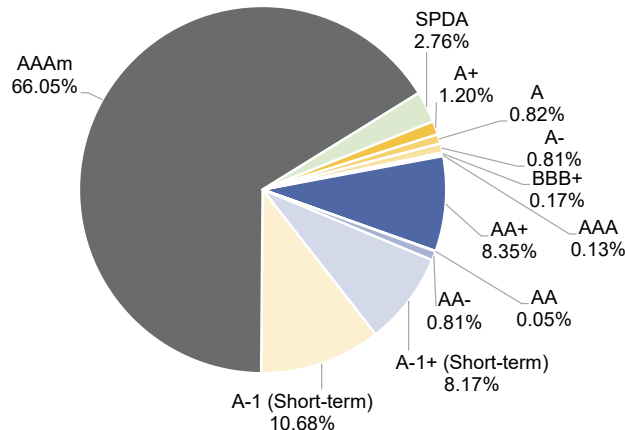
Total Maturity Distribution



Sector Distribution



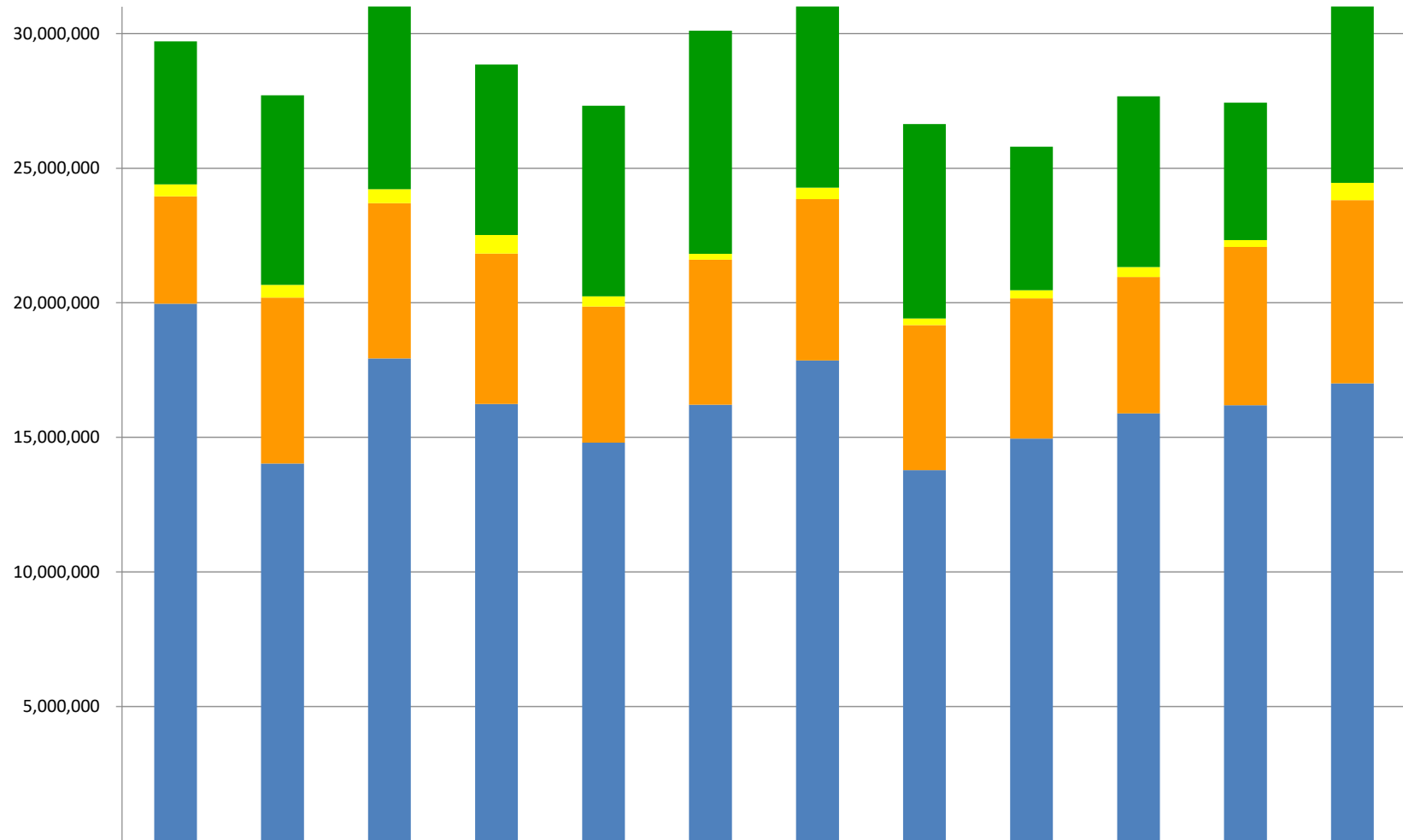
Credit Distribution



All charts are based on market value as of May 31, 2024

This material is for general informational purposes only and is not intended to provide specific advice or a specific recommendation.

HRTF Revenue



	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024
Total	29,712,046	27,712,934	31,194,257	28,851,893	27,319,041	30,108,385	33,865,646	26,639,699	25,799,175	27,674,234	27,437,341	31,123,357
Investment Income	5,315,886	7,047,675	6,975,624	6,329,061	7,080,626	8,288,937	9,584,551	7,218,770	5,335,396	6,343,418	5,111,120	6,664,848
Interest	437,481	477,335	522,816	695,023	376,020	219,906	425,653	250,532	303,560	370,343	248,380	647,775
Fuel Tax	3,997,619	6,156,518	5,764,717	5,587,353	5,063,758	5,384,752	5,994,188	5,390,553	5,204,299	5,069,732	5,885,237	6,809,278
Sales & Use Tax	19,961,061	14,031,406	17,931,101	16,240,455	14,798,638	16,214,789	17,861,253	13,779,845	14,955,920	15,890,741	16,192,604	17,001,456

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.
 June 2019 Sales & Use Tax includes \$7,424,592 of FY2019 AST Estimated Sales & Use Tax revenue.

Hampton Roads Transportation Fund (HRTF)
Interest and Investment Income
Inception - May 2024

	FY2014 - FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Total
HRTF Interest Income	\$ 2,277,312	\$ 1,000,093	\$ 669,108	\$ 363,661	\$ 296,307	\$ 3,273,956	\$ 4,537,343	\$ 12,417,779
HRTF Investment Income	<u>14,211,356</u>	<u>29,869,111</u>	<u>26,275,750</u>	<u>3,240,310</u>	<u>(3,394,409)</u>	<u>61,182,839</u>	<u>75,980,027</u>	<u>207,364,983</u>
Total	<u>\$ 16,488,667</u>	<u>\$ 30,869,204</u>	<u>\$ 26,944,858</u>	<u>\$ 3,603,971</u>	<u>\$ (3,098,103)</u>	<u>\$ 64,456,795</u>	<u>\$ 80,517,370</u>	<u>\$ 219,782,762</u>

Notes:

"HRTF Interest Income" includes interest from Union Bank money market, sweep, and general accounts, as well as Regional Tax Interest/Interest Refund Adjustments.

"HRTF Investment Income" in FY2019 includes income from PFMAM (US Bank & TD Wealth) core and enhanced cash, LGIP, and SNAP accounts. FY2014-2018 totals also include income from Sterling and Union Bank.

Hampton Roads Transportation Fund (HRTF)
Total of HRTF Revenue and Expenditures Activities
Summary

	Revenue							Expenditures						Cumulative Balance
	Sales & Use Tax	Fuels Tax	Interest	Investment Income	Other Income	Bond Proceeds	Total	Projects	Dept of Tax Admin Fee	Investment Fees	Bond Expenses	Operating Expenses	Total	7/1/13 - 5/31/24
<i>July 2013 - May 2023</i>	\$ 1,451,615,422	\$ 470,202,569	\$ 7,442,955	\$ 126,069,071	\$ 759,274	\$ 2,746,446,175	\$ 4,802,535,466	\$ 2,613,679,945	\$ 1,042,620	\$ 2,108,898	\$ 203,493,768	\$ 21,117,376	\$ 2,841,442,606	\$ 1,961,092,859
<i>June 2023</i>	19,961,061	3,997,619	437,481	5,315,886	-	-	29,712,046	165,483,093	71,429	70,158	3,726,576	417,448	169,768,703	1,821,036,203
<i>July 2023</i>	14,031,406	6,156,518	477,335	7,047,675	-	-	27,712,934	-	-	35,848	3,759,051	117,299	3,912,198	1,844,836,938
<i>August 2023</i>	17,931,101	5,764,717	522,816	6,975,624	-	-	31,194,257	-	93	35,947	3,759,051	114,753	3,909,844	1,872,121,351
<i>September 2023</i>	16,240,455	5,587,353	695,023	6,329,061	-	-	28,851,893	23,725,295	-	34,839	3,759,051	226,681	27,745,866	1,873,227,378
<i>October 2023</i>	14,798,638	5,063,758	376,020	7,080,626	-	-	27,319,041	40,333,110	-	35,039	3,759,051	260,825	44,388,026	1,856,158,394
<i>November 2023</i>	16,214,789	5,384,752	219,906	8,288,937	-	148,626,690	178,735,075	44,242,019	-	35,573	4,026,342	561,906	48,865,840	1,986,027,629
<i>December 2023</i>	17,861,253	5,994,188	425,653	9,584,551	12,500	-	33,878,146	47,358,761	-	36,246	4,026,390	555,963	51,977,360	1,967,928,415
<i>January 2024</i>	13,779,845	5,390,553	250,532	7,218,770	-	-	26,639,699	44,932,375	-	-	4,169,864	214,936	49,317,175	1,945,250,939
<i>February 2024</i>	14,955,920	5,204,299	303,560	5,335,396	-	-	25,799,175	95,617,686	-	36,317	4,169,858	129,188	99,953,048	1,871,097,066
<i>March 2024</i>	15,890,741	5,069,732	370,343	6,343,418	12,500	-	27,686,734	56,520,259	-	32,770	4,169,864	149,405	60,872,298	1,837,911,502
<i>April 2024</i>	16,192,604	5,885,237	248,380	5,111,120	-	-	27,437,341	353,382	-	33,766	4,169,873	181,587	4,738,607	1,860,610,237
<i>May 2024</i>	17,001,456	6,809,278	647,775	6,664,848	-	70,789,463	101,912,820	74,507,253	38,129	-	4,169,873	99,409	78,814,663	1,883,708,393
Total 12 Months	\$ 194,859,269	\$ 66,308,004	\$ 4,974,824	\$ 81,295,912	\$ 25,000	\$ 219,416,153	\$ 566,879,162	\$ 593,073,232	\$ 109,651	\$ 386,503	\$ 47,664,842	\$ 3,029,400	\$ 644,263,629	
Grand Totals	\$ 1,646,474,691	\$ 536,510,573	\$ 12,417,779	\$ 207,364,983	\$ 784,274	\$ 2,965,862,328	\$ 5,369,414,628	\$ 3,206,753,177	\$ 1,152,271	\$ 2,495,401	\$ 251,158,610	\$ 24,146,775	\$ 3,485,706,235	
Less Balance of Encumbered (through FY2030)														(2,115,157,678)
Total Net Available *														\$ (231,449,285)

Notes:
* Total Net Available does not include TIFIA loans not drawn on or HRTF future revenues through FY2028.

Table 1 - Total HRTF Revenues

Hampton Roads Transportation Fund (HRTF)

Total of Sales & Use Taxes and Fuels Taxes

Fiscal Year 2024

Locality	Total FY2014 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Chesapeake</i>	\$ 356,494,992	\$ 37,924,012	\$ 4,345,238	\$ 42,269,251	\$ 398,764,243
<i>Franklin</i>	21,122,685	2,377,169	271,116	2,648,286	23,770,971
<i>Hampton</i>	141,771,513	15,762,150	1,775,568	17,537,718	159,309,231
<i>Isle of Wight</i>	30,993,193	3,799,212	380,037	4,179,250	35,172,443
<i>James City</i>	85,305,886	9,755,268	1,029,575	10,784,843	96,090,729
<i>Newport News</i>	206,892,137	22,194,575	2,407,741	24,602,317	231,494,454
<i>Norfolk</i>	272,988,241	29,973,952	3,420,001	33,393,953	306,382,194
<i>Poquoson</i>	5,324,878	631,551	70,694	702,245	6,027,123
<i>Portsmouth</i>	70,140,988	8,095,712	833,924	8,929,636	79,070,624
<i>Southampton</i>	10,198,426	1,195,342	119,093	1,314,435	11,512,861
<i>Suffolk</i>	104,904,026	12,682,741	1,430,069	14,112,810	119,016,836
<i>Virginia Beach</i>	517,936,416	56,525,179	6,450,035	62,975,214	580,911,630
<i>Williamsburg</i>	36,424,494	3,361,202	359,973	3,721,175	40,145,669
<i>York</i>	85,278,796	9,119,793	917,667	10,037,460	95,316,256
Total ^d	<u>\$ 1,945,776,671</u>	<u>\$ 213,397,858</u>	<u>\$ 23,810,734</u>	<u>\$ 237,208,593</u>	<u>\$ 2,182,985,264</u>
Interest ^a	7,880,436	3,889,568	647,775	4,537,343	12,417,779
Investment Income(Loss) ^b	131,384,956	69,315,179	6,664,848	75,980,027	207,364,983
Other Income	759,274	25,000	-	25,000	784,274
Bond & TIFIA Proceeds	2,746,446,175	148,626,690	70,789,463	219,416,153	2,965,862,328
Total Revenues	<u>\$ 4,832,247,512</u>	<u>\$ 435,254,295</u>	<u>\$ 101,912,820</u>	<u>\$ 537,167,116</u>	<u>\$ 5,369,414,628</u>
Project Expenses	(2,779,163,037)	(353,082,887)	(74,507,253)	(427,590,140)	(3,206,753,177)
DMV & Dept. of Tax Admin Fees	(1,114,049)	(93)	(38,129)	(38,222)	(1,152,271)
Investment Fees (Sterling&PFMAM)	(2,179,055)	(316,346)	-	(316,346)	(2,495,401)
Bond Interest Expenses	(207,220,344)	(39,768,394)	(4,169,873)	(43,938,266)	(251,158,610)
Operating Expense	(21,534,823)	(2,512,544)	(99,409)	(2,611,952)	(24,146,775)
Modified Cash Position	<u>\$ 1,821,036,204</u>	<u>\$ 39,574,031</u>	<u>\$ 23,098,157</u>	<u>\$ 62,672,188</u>	<u>\$ 1,883,708,393</u>
Less Balance of Encumbered	(2,364,937,561)				(2,115,157,678)
Net Modified Cash Position	<u>\$ (543,901,357)</u>				<u>\$ (231,449,285)</u>
Updated Forecast	1,855,838,517	221,470,440	22,102,574	243,573,014	2,099,411,531
Total Revenue - Forecast (under)/over	89,938,154	(8,072,582)	1,708,160	(6,364,421)	83,573,733

Table 1A - State Sales & Use Tax

Hampton Roads Transportation Fund (HRTF)

Fiscal Year 2024

Locality	Total FY2014 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Chesapeake</i>	\$ 267,781,778	\$ 28,220,586	\$ 3,010,615	\$ 31,231,201	\$ 299,012,979
<i>Franklin</i>	10,866,067	1,102,242	115,399	1,217,640	12,083,707
<i>Hampton</i>	102,816,728	10,992,512	1,195,149	12,187,662	115,004,390
<i>Isle of Wight</i>	18,692,766	2,276,129	246,726	2,522,855	21,215,621
<i>James City</i>	69,377,167	7,272,474	794,245	8,066,719	77,443,886
<i>Newport News</i>	160,209,027	16,610,478	1,728,345	18,338,823	178,547,850
<i>Norfolk</i>	213,349,044	22,678,726	2,423,707	25,102,433	238,451,477
<i>Poquoson</i>	3,943,361	515,412	55,605	571,017	4,514,378
<i>Portsmouth</i>	49,300,279	5,823,989	622,945	6,446,933	55,747,212
<i>Southampton</i>	4,473,134	514,771	55,464	570,235	5,043,369
<i>Suffolk</i>	68,748,894	8,254,892	841,165	9,096,057	77,844,951
<i>Virginia Beach</i>	409,027,186	43,985,155	4,892,142	48,877,298	457,904,484
<i>Williamsburg</i>	28,657,707	2,947,066	315,895	3,262,960	31,920,667
<i>York</i>	64,333,345	6,702,319	704,055	7,406,374	71,739,719
Total ¹	<u>\$ 1,471,576,483</u>	<u>\$ 157,896,752</u>	<u>17,001,456</u>	<u>\$ 174,898,208</u>	<u>\$ 1,646,474,691</u>
Updated Forecast	1,378,144,223	165,197,316	16,730,221	181,927,537	1,560,071,760
Diff(under)/over	93,432,260	(7,300,564)	271,235	(7,029,329)	86,402,931

Table 1B - Local Fuels Tax
Hampton Roads Transportation Fund (HRTF)
Fiscal Year 2024

Locality	Total FY2014 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Chesapeake</i>	\$ 88,713,218	\$ 9,703,426	\$ 1,334,623	\$ 11,038,049	\$ 99,751,267
<i>Franklin</i>	10,256,619	1,274,928	155,718	1,430,645	11,687,264
<i>Hampton</i>	38,954,787	4,769,638	580,418	5,350,056	44,304,843
<i>Isle of Wight</i>	12,300,427	1,523,083	133,312	1,656,395	13,956,822
<i>James City</i>	15,928,715	2,482,794	235,330	2,718,124	18,646,839
<i>Newport News</i>	46,683,113	5,584,097	679,397	6,263,494	52,946,607
<i>Norfolk</i>	59,639,196	7,295,226	996,294	8,291,520	67,930,716
<i>Poquoson</i>	1,381,517	116,138	15,090	131,228	1,512,745
<i>Portsmouth</i>	20,840,714	2,271,723	210,980	2,482,703	23,323,417
<i>Southampton</i>	5,725,293	680,571	63,629	744,200	6,469,493
<i>Suffolk</i>	36,155,142	4,427,849	588,904	5,016,753	41,171,895
<i>Virginia Beach</i>	108,909,220	12,540,024	1,557,893	14,097,917	123,007,137
<i>Williamsburg</i>	7,766,782	414,136	44,078	458,214	8,224,996
<i>York</i>	20,945,445	2,417,474	213,612	2,631,086	23,576,531
Total¹	<u>\$ 474,200,188</u>	<u>\$ 55,501,107</u>	<u>\$ 6,809,278</u>	<u>\$ 62,310,385</u>	<u>\$ 536,510,573</u>
Updated Forecast	477,694,293	56,273,124	5,372,353	61,645,477	539,339,770
Diff(under)/over	(3,494,105)	(772,017)	1,436,925	664,908	(2,829,197)

Note: November 2018 Wholesale Fuels Tax revenue included a \$9,865,900 Special Audit Assessment adjustment sourced from vendor audit settlement.

1 Beginning in June 2020, State Sales Tax and Local Fuels Tax are recorded either one month (sales tax) or two months (fuels tax) earlier than in prior accounting periods, due to additional information received from the Commonwealth of Virginia on the timing of the source transactions for tax revenues. The change is retroactive and the prior year amounts have been restated.

Table 2 - Allocations

Hampton Roads Transportation Fund (HRTF)

Fiscal Year 2024

Project	Total FY2014 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
I-64 Peninsula Widening					
UPC 104905 - Segment 1 - Construction	\$ 11,608,385	\$ -	\$ -	\$ -	\$ 11,608,385
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703	-	-	-	159,559,703
UPC 109790/106689 - Segment 3 - PE	10,000,000	-	-	-	10,000,000
UPC 109790/106689 - Segment 3 - Construction	112,893,996	-	-	-	112,893,996
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound	-	26,643,026	-	26,643,026	26,643,026
I-64/264 Interchange Improvement					
UPC 57048/108042 - Phase I - PE/ROW	15,071,063	-	-	-	15,071,063
UPC 57048/108042 - Phase I - Construction	137,023,653	-	-	-	137,023,653
UPC 17630/108041 - Phase II - PE/ROW	54,592,576	-	-	-	54,592,576
UPC 17630/108041 - Phase II - Construction	73,157,062	-	-	-	73,157,062
UPC 106693 - Phase III - PE & ROW	7,500,000	-	-	-	7,500,000
I-64 Southside Widening/High-Rise Bridge					
UPC 106692 - Phase I - PE	12,200,000	-	-	-	12,200,000
UPC 106692/108990 - Phase I - ROW/Construction	419,756,220	-	-	-	419,756,220
I-64 HRBT Expansion Project					
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	3,004,569,251	-	-	-	3,004,569,251
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	548,900,330	-	-	-	548,900,330
Hampton Roads Express Lanes Network (HRELN)					
UPC 117840 - Segment 1 Phase 1 - PE	5,621,500	-	-	-	5,621,500
UPC 117839 - Segment 4A/4B Phase 1 - PE	5,916,425	-	-	-	5,916,425
UPC 117841 - Segment 4C Phase 1 - PE	6,062,743	-	-	-	6,062,743
UPC 119637 - Segment 1A - PE/ROW/Construction	92,079,565	-	-	-	92,079,565
UPC 120863 - Segment 1B - PE/ROW/Construction	5,860,180	-	-	-	5,860,180
UPC 119824 - Segment 4A/4B - PE/ROW/Construction	6,074,638	130,536,856	-	130,536,856	136,611,494
UPC 119638 - Segment 4C - PE/ROW/Construction	399,153,311	-	-	-	399,153,311
UPC 122999 - Transportation Management Plan	8,000,000	-	-	-	8,000,000
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	2,500,000	-	-	-	2,500,000
UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements	-	15,380,374	-	15,380,374	15,380,374
UPC 110577 - SEIS - HRCS Preferred Alternative Refinement - HRBT	30,000,000	-	-	-	30,000,000
UPC 106694 - 460/58/13 Connector Study - PE	1,095,368	-	-	-	1,095,368
UPC 111427 - Bowers Hill Interchange Study	7,904,630	4,000,000	-	4,000,000	11,904,630
UPC 122761 - I-264 Independence Blvd Interchange IAR	1,250,000	-	-	-	1,250,000
HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)	7,000,000	-	-	-	7,000,000
Total	\$ 5,145,350,599	\$ 176,560,256	\$ -	\$ 176,560,256	\$ 5,321,910,855

Table 3 - Expenditures
Hampton Roads Transportation Fund (HRTF)
Fiscal Year 2024

Project	Total FY2014 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>I-64 Peninsula Widening</i>					
<i>UPC 104905/111926 - Segment 1 - PE/Construction</i>	\$ 11,608,384	\$ -		\$ -	\$ 11,608,384
<i>UPC 106665 - Segment 2 - PE/ROW/Construction</i>	159,559,703	-		-	159,559,703
<i>UPC 109790/106689 - Segment 3 - PE</i>	5,754,521	(5,240)	6,013	773	5,755,293
<i>UPC 109790/106689 - Segment 3 - Construction</i>	91,846,979	40,526	(5,436)	35,090	91,882,069
<i>UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound - Design/ROW</i>	-	197,690	190,064	387,753	387,753
<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>	122,235,275	1,158,674	639,378	1,798,052	124,033,327
<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 & ROW</i>	6,119,431	66,870	74,083	140,953	6,260,384
<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>	360,673,832	1,871,881	2,610,000	4,481,881	365,155,713
<i>I-64 HRBT Expansion Project</i>					
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	1,627,306,147	255,440,681	53,094,712	308,535,393	1,935,841,540
<i>UPC 115009 - I-64 HRBT Expansion Project Owners Oversight</i>	116,275,040	65,760,499	7,254,524	73,015,024	189,290,064
<i>HRELN Segment 1 Phase 1 PE - UPC</i>					
<i>UPC 117840 - Segment 1 Phase 1 - PE</i>	5,621,500	-		-	5,621,500
<i>UPC 117839 - Segment 4A/4B Phase 1 - PE</i>	5,916,425	-		-	5,916,425
<i>UPC 117841 - Segment 4C Phase 1 - PE</i>	6,062,743	-		-	6,062,743
<i>UPC 119637 - Segment 1A - PE/ROW/Construction</i>	2,671,455	11,122	13,694	24,816	2,696,271
<i>UPC 120863 - Segment 1B - PE/ROW/Construction</i>	1,636,100	506,976	96,632	603,607	2,239,707
<i>UPC 119824 - Segment 4A/4B - PE/ROW/Construction</i>	1,827,276	1,429,382	60,650	1,490,032	3,317,308
<i>UPC 119638 - Segment 4C - PE/ROW/Construction</i>	57,817,978	25,700,403	9,806,048	35,506,451	93,324,429
<i>UPC 122999 - Transportation Management Plan</i>	-	2,230	(2,230)	-	-
<i>UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project</i>	-	119,782	558,119	677,901	677,901
<i>UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements</i>	-	-		-	-
<i>HRCS Preferred Alternative Refinement - HRBT</i>	28,800,287	-		-	28,800,287
<i>UPC 110577 - SEIS</i>					
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	1,095,368	-		-	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	5,905,879	390,481	111,003	501,485	6,407,364
<i>UPC 122761 - I-264 Independence Blvd Interchange IAR</i>	-	-		-	-
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	5,418,917	390,929		390,929	5,809,846
Total	\$ 2,779,163,037	\$ 353,082,887	\$ 74,507,253	\$ 427,590,140	\$ 3,206,753,177

Table 3A - Bond-Reimbursed Expenditures

Hampton Roads Transportation Fund (HRTF)

Fiscal Year 2024

Project	Total FY2014 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
I-64 Peninsula Widening					
UPC 104905/111926 - Segment 1 - PE/Construction	\$ 10,063,882	\$ -	\$ -	\$ -	\$ 10,063,882
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703	-	-	-	159,559,703
UPC 109790/106689 - Segment 3 - PE	5,693,804	-	-	-	5,693,804
UPC 109790/106689 - Segment 3 - Construction	87,210,472	-	-	-	87,210,472
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound	-	-	-	-	-
I-64/264 Interchange Improvement					
UPC 57048/108042 - Phase I - PE/ROW	15,071,063	-	-	-	15,071,063
UPC 57048/108042 - Phase I - Construction	121,364,711	-	-	-	121,364,711
UPC 17630/108041 - Phase II - PE/ROW	54,592,576	-	-	-	54,592,576
UPC 17630/108041 - Phase II - Construction	65,786,903	-	-	-	65,786,903
UPC 106693 - Phase III - PE & ROW	-	-	-	-	-
I-64 Southside Widening/High-Rise Bridge					
UPC 106692 - Phase I - PE	12,189,098	-	-	-	12,189,098
UPC 106692/108990 - Phase I - ROW/Construction	257,901,644	-	-	-	257,901,644
I-64 HRBT Expansion Project					
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	1,098,111,167	218,713,495	-	218,713,495	1,316,824,662
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	72,990,559	19,035,770	7,254,524	26,290,295	99,280,854
HRELN Segment 1 Phase 1 PE - UPC					
UPC 117840 - Segment 1 Phase 1 - PE	-	-	-	-	-
UPC 117839 - Segment 4A/4B Phase 1 - PE	-	-	-	-	-
UPC 117841 - Segment 4C Phase 1 - PE	-	-	-	-	-
UPC 119637 - Segment 1A - PE/ROW/Construction	-	-	-	-	-
UPC 120863 - Segment 1B - PE/ROW/Construction	-	-	-	-	-
UPC 119824 - Segment 4A/4B - PE/ROW/Construction	-	-	-	-	-
UPC 119638 - Segment 4C - PE/ROW/Construction	-	34,515,338	9,898,408	44,413,746	44,413,746
UPC 122999 - Transportation Management Plan	-	-	-	-	-
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	-	-	-	-	-
UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements	-	-	-	-	-
HRCS Preferred Alternative Refinement - HRBT					
UPC 110577 - SEIS	-	-	-	-	-
460/58/13 Connector Study - UPC 106694 - PE					
	-	-	-	-	-
Bowers Hill Interchange Study - UPC 111427					
	-	-	-	-	-
UPC 122761 - I-264 Independence Blvd Interchange IAR					
	-	-	-	-	-
HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)					
	-	-	-	-	-
Total	\$ 1,960,535,583	\$ 272,264,604	\$ 17,152,932	\$ 289,417,536	\$ 2,249,953,119

Table 3B - Non-Bond Reimbursed Expenditures

Hampton Roads Transportation Fund (HRTF)

Fiscal Year 2024

Project	Total FY2014 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>I-64 Peninsula Widening</i>					
<i>UPC 104905/111926 - Segment 1 - PE/Construction</i>	\$ 1,544,502	\$ -	\$ -	\$ -	\$ 1,544,502
<i>UPC 106665 - Segment 2 - PE/ROW/Construction</i>	-	-	-	-	-
<i>UPC 109790/106689 - Segment 3 - PE</i>	60,716	(5,240)	6,013	773	61,489
<i>UPC 109790/106689 - Segment 3 - Construction</i>	4,636,506	40,526	(5,436)	35,090	4,671,596
<i>UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound</i>	-	197,690	190,064	387,753	387,753
<i>I-64/264 Interchange Improvement</i>					
<i>UPC 57048/108042 - Phase I - PE/ROW</i>	-	-	-	-	-
<i>UPC 57048/108042 - Phase I - Construction</i>	870,564	1,158,674	639,378	1,798,052	2,668,616
<i>UPC 17630/108041 - Phase II - PE/ROW</i>	-	-	-	-	-
<i>UPC 17630/108041 - Phase II - Construction</i>	7,370,159	-	-	-	7,370,159
<i>UPC 106693 - Phase III - PE & ROW</i>	6,119,431	66,870	74,083	140,953	6,260,384
<i>I-64 Southside Widening/High-Rise Bridge</i>					
<i>UPC 106692 - Phase I - PE</i>	-	-	-	-	-
<i>UPC 106692/108990 - Phase I - ROW/Construction</i>	102,772,188	1,871,881	2,610,000	4,481,881	107,254,069
<i>I-64 HRBT Expansion Project</i>					
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	529,194,979	36,727,186	53,094,712	89,821,898	619,016,878
<i>UPC 115009 - I-64 HRBT Expansion Project Owners Oversight</i>	43,284,482	46,724,729	-	46,724,729	90,009,211
<i>HRELN Segment 1 Phase 1 PE - UPC</i>					
<i>UPC 117840 - Segment 1 Phase 1 - PE</i>	5,621,500	-	-	-	5,621,500
<i>UPC 117839 - Segment 4A/4B Phase 1 - PE</i>	5,916,425	-	-	-	5,916,425
<i>UPC 117841 - Segment 4C Phase 1 - PE</i>	6,062,743	-	-	-	6,062,743
<i>UPC 119637 - Segment 1A - PE/ROW/Construction</i>	2,671,455	11,122	13,694	24,816	2,696,271
<i>UPC 120863 - Segment 1B - PE/ROW/Construction</i>	1,636,100	506,976	96,632	603,607	2,239,707
<i>UPC 119824 - Segment 4A/4B - PE/ROW/Construction</i>	1,827,276	1,429,382	60,650	1,490,032	3,317,308
<i>UPC 119638 - Segment 4C - PE/ROW/Construction</i>	57,817,978	(8,814,935)	(92,360)	(8,907,295)	48,910,682
<i>UPC 122999 - Transportation Management Plan</i>	-	2,230	(2,230)	-	-
<i>UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project</i>	-	119,782	558,119	677,901	677,901
<i>UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements</i>	-	-	-	-	-
<i>HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS</i>	28,800,287	-	-	-	28,800,287
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	1,095,368	-	-	-	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	5,905,879	390,481	111,003	501,485	6,407,364
<i>UPC 122761 - I-264 Independence Blvd Interchange IAR</i>	-	-	-	-	-
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	5,418,917	390,929	-	390,929	5,809,846
Total	<u>\$ 818,627,454</u>	<u>\$ 80,818,282</u>	<u>\$ 57,354,320</u>	<u>\$ 138,172,603</u>	<u>\$ 956,800,057</u>

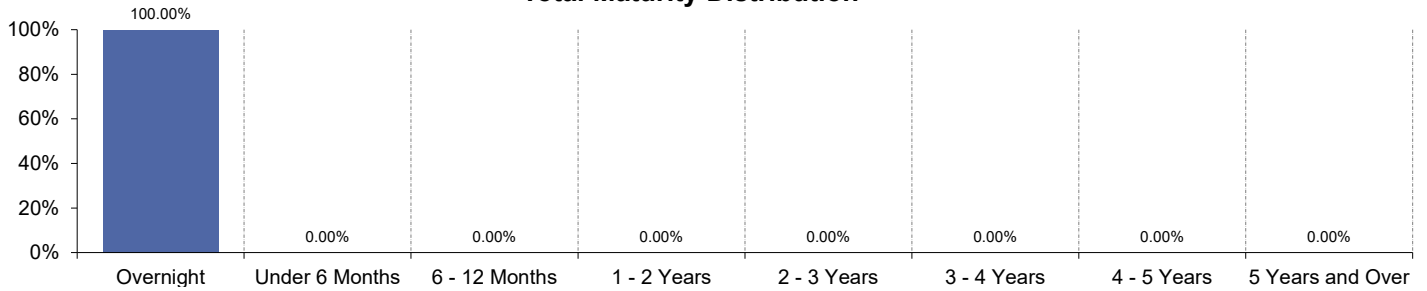
Hampton Roads Regional Transit Fund

Summary of Cash and Investments

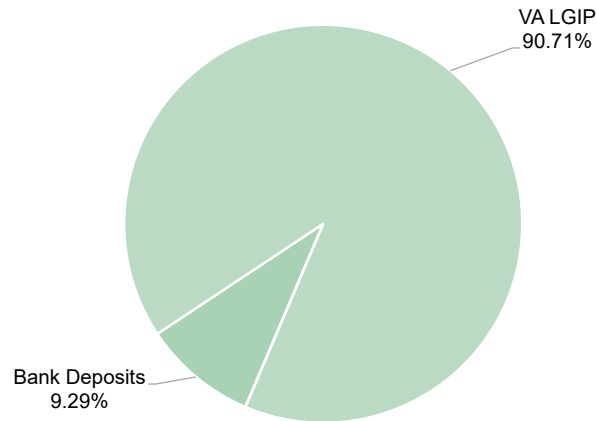
For May 2024

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	1.11%
Union Sweep	5.00%	5.00%	7,363,194	7,363,194	8.18%
VA LGIP	5.42%	5.42%	81,656,993	81,656,993	90.71%
Total			\$ 90,020,187	\$ 90,020,187	100.00%

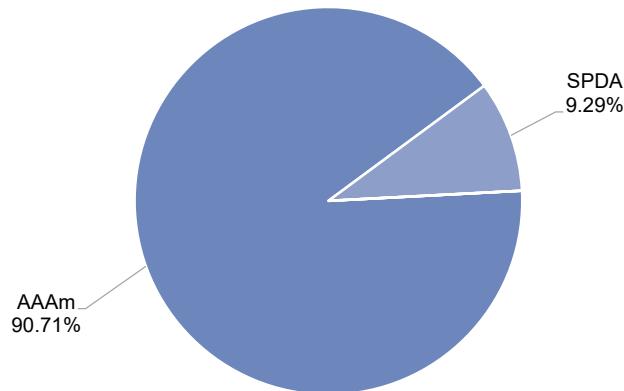
Total Maturity Distribution



Sector Distribution



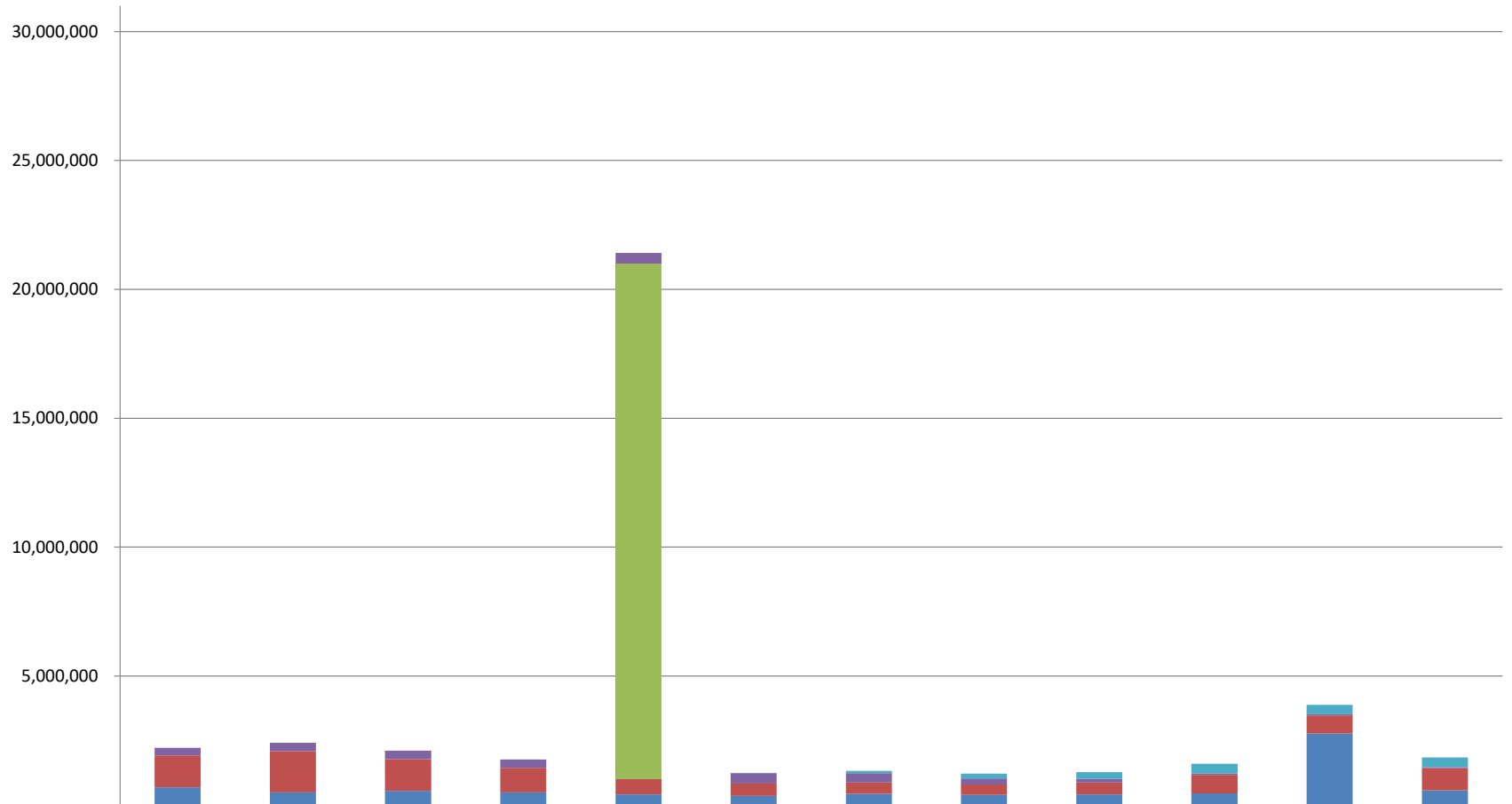
Credit Distribution



All charts are based on market value as of May 31, 2024.

This material is for general informational purposes only and is not intended to provide specific advice or a specific recommendation.

HRRTF Revenue



	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024
Investments	-	-	-	-	-	3,069	94,014	187,857	262,823	373,631	361,523	374,076
Interest	294,644	323,638	326,309	324,664	412,384	401,806	359,477	232,799	142,860	53,550	53,412	34,784
Annual Recordation Tax Distribution	-	-	-	-	20,000,000	-	-	-	-	-	-	-
Transient Occupancy Tax	1,233,033	1,593,616	1,232,573	949,529	599,093	485,483	439,656	407,660	457,693	722,609	691,577	870,840
Regional Transportation Improv. Fees	683,392	486,850	541,894	482,483	402,475	344,508	428,997	384,305	409,458	441,926	2,772,488	559,049

Hampton Roads Regional Transit Fund
Interest and Investment Income
Inception - May 2024

	FY2021	FY2022	FY2023	FY2024	Total
HRRTF Interest Income	\$ 57,044	\$ 97,432	\$ 2,500,324	\$ 2,665,682	\$ 5,320,482
HRRTF Investment Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,656,993</u>	<u>1,656,993</u>
Total	<u>\$ 57,044</u>	<u>\$ 97,432</u>	<u>\$ 2,500,324</u>	<u>\$ 4,322,675</u>	<u>\$ 6,977,475</u>

Hampton Roads Regional Transit Fund (HRRTF)
Revenue and Expenditures
Summary

	Gross Revenue						Expenditures			Cumulative Balance
	Regional		Annual				Project Expenses	Operating		7/1/20 - 5/31/24
	Transportation Improv. Fees	Transient Occupancy Tax	Recordation Tax Distribution	Interest	Investments	Total Revenue		Expenses	Total	
<i>July 2020 - May 2023</i>	\$ 23,123,328	\$ 18,293,618	\$ 60,000,000	\$ 2,360,156	\$ -	\$ 103,777,102	\$ 21,248,936	\$ 525,838	\$ 21,774,774	\$ 82,002,328
<i>June 2023</i>	683,392	1,233,033	-	294,644	-	2,211,069	11,775,210	93,942	11,869,152	72,344,245
<i>July 2023</i>	486,850	1,593,616	-	323,638	-	2,404,104	-	1,620	1,620	74,746,729
<i>August 2023</i>	541,894	1,232,573	-	326,309	-	2,100,776	-	3,214	3,214	76,844,291
<i>September 2023</i>	482,483	949,529	-	324,664	-	1,756,676	-	36,574	36,574	78,564,393
<i>October 2023</i>	402,475	599,093	20,000,000	412,384	-	21,413,952	-	3,353	3,353	99,974,992
<i>November 2023</i>	344,508	485,483	-	401,806	3,069	1,234,865	1,874,305	1,839	1,876,144	99,333,713
<i>December 2023</i>	428,997	439,656	-	359,477	94,014	1,322,144	3,064,799	45,641	3,110,440	97,545,418
<i>January 2024</i>	384,305	407,660	-	232,799	187,857	1,212,621	-	9,045	9,045	98,748,994
<i>February 2024</i>	409,458	457,693	-	142,860	262,823	1,272,834	-	1,482	1,482	100,020,346
<i>March 2024</i>	441,926	722,609	-	53,550	373,631	1,591,716	7,566,843	43,732	7,610,575	94,001,487
<i>April 2024</i>	559,464	691,577	-	53,412	361,523	1,665,976	-	12,954	12,954	95,654,509
<i>May 2024</i>	559,049	870,840	-	34,784	374,076	1,838,749	3,895,262	5,436	3,900,698	93,592,560
Total 12 Months	<u>5,724,802</u>	<u>9,683,362</u>	<u>20,000,000</u>	<u>2,960,326</u>	<u>1,656,993</u>	<u>40,025,483</u>	<u>28,176,420</u>	<u>258,831</u>	<u>28,435,250</u>	
Total	<u>\$ 28,848,130</u>	<u>\$ 27,976,980</u>	<u>\$ 80,000,000</u>	<u>\$ 5,320,482</u>	<u>\$ 1,656,993</u>	<u>\$ 143,802,585</u>	<u>\$ 49,425,356</u>	<u>\$ 784,669</u>	<u>\$ 50,210,025</u>	
Less Balance of Encumbered (through FY2028)										<u>(36,525,137)</u>
Total Net Available										<u>\$ 57,067,422</u>

Table 1 - Revenues

Hampton Roads Regional Transit Fund (HRRTF)

Fiscal Year 2024

Locality	Total FY2020 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Regional Taxes and Fees</i>					
<i>Chesapeake</i>	\$ 7,116,831	\$ 1,797,684	\$ 195,850	\$ 1,993,534	\$ 9,110,365
<i>Hampton</i>	3,482,206	909,748	110,864	1,020,612	4,502,818
<i>Newport News</i>	3,653,408	929,701	120,890	1,050,591	4,703,999
<i>Norfolk</i>	6,515,772	2,057,495	248,393	2,305,888	8,821,660
<i>Portsmouth</i>	1,715,091	472,680	51,503	524,183	2,239,274
<i>Virginia Beach</i>	<u>20,850,062</u>	<u>5,894,541</u>	<u>702,389</u>	<u>6,596,930</u>	<u>27,446,991</u>
Total	<u>\$ 43,333,370</u>	<u>12,061,850</u>	<u>1,429,890</u>	<u>13,491,740</u>	<u>\$ 56,825,110</u>
Annual Recordation Tax Distribution	<u>60,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>80,000,000</u>
Total Tax and Fees Revenue	<u>\$ 103,333,370</u>	<u>\$ 32,061,850</u>	<u>\$ 1,429,890</u>	<u>\$ 33,491,740</u>	<u>\$ 136,825,110</u>
Interest	2,654,800	2,630,898	34,784	2,665,682	5,320,482
Investments	-	1,282,917	374,076	1,656,993	1,656,993
Total Revenue	<u>\$ 105,988,170</u>	<u>35,975,665</u>	<u>1,838,750</u>	<u>37,814,415</u>	<u>\$ 143,802,585</u>
Project Expenses	(33,024,146)	(12,505,948)	(3,895,262)	(16,401,210)	\$ (49,425,356)
Operating Expense	(619,780)	(159,453)	(5,436)	(164,889)	\$ (784,669)
Modified Cash Position	<u>\$ 72,344,244</u>	<u>\$ 23,310,265</u>	<u>\$ (2,061,948)</u>	<u>\$ 21,248,317</u>	<u>\$ 93,592,560</u>
Less Balance of Encumbered	(29,180,479)				(36,525,137)
Net Modified Cash Position	<u>\$ 43,163,765</u>				<u>\$ 57,067,422</u>
Forecast	<u>99,155,259</u>	<u>33,841,098</u>	<u>1,564,808</u>	<u>35,405,906</u>	<u>134,561,165</u>
Total Revenue - Forecast (under)/over	4,178,111	(1,779,248)	(134,918)	(1,914,166)	2,263,945

Table 1A - Regional Transportation Improvement Fees
Hampton Roads Regional Transit Fund (HRRTF)
Fiscal Year 2024

Locality	Total FY2020 FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Regional Transit Improvement Fees</i>					
<i>Chesapeake</i>	\$ 5,224,050	\$ 1,013,343	\$ 109,168	\$ 1,122,511	\$ 6,346,561
<i>Hampton</i>	2,191,369	342,007	38,275	380,282	2,571,651
<i>Newport News</i>	2,376,102	457,582	61,130	518,712	2,894,814
<i>Norfolk</i>	3,735,275	794,276	91,800	886,076	4,621,351
<i>Portsmouth</i>	1,449,630	328,724	35,187	363,911	1,813,541
<i>Virginia Beach</i>	8,830,294	1,546,428	223,489	1,769,917	10,600,211
Total	<u>\$ 23,806,720</u>	<u>\$ 4,482,360</u>	<u>\$ 559,049</u>	<u>\$ 5,041,410</u>	<u>\$ 28,848,130</u>
<i>Forecast</i>	<u>21,700,002</u>	<u>5,152,786</u>	<u>516,710</u>	<u>5,669,496</u>	<u>27,369,498</u>
Total Revenue - Forecast (under)/over	2,106,718	(670,426)	42,339	(628,087)	1,478,632

Table 1B - Transient Occupancy Tax
Hampton Roads Regional Transit Fund (HRRTF)
Fiscal Year 2024

Locality	Total FY2020 FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Transient Occupancy Tax</i>					
<i>Chesapeake</i>	\$ 1,892,781	\$ 784,341	\$ 86,682	\$ 871,023	\$ 2,763,804
<i>Hampton</i>	1,290,837	567,741	72,589	640,330	1,931,167
<i>Newport News</i>	1,277,306	472,119	59,760	531,879	1,809,185
<i>Norfolk</i>	2,780,497	1,263,219	156,593	1,419,812	4,200,309
<i>Portsmouth</i>	265,461	143,956	16,316	160,272	425,733
<i>Virginia Beach</i>	<u>12,019,769</u>	<u>4,348,113</u>	<u>478,900</u>	<u>4,827,013</u>	<u>16,846,782</u>
Total	<u>\$ 19,526,651</u>	<u>\$ 7,579,489</u>	<u>\$ 870,840</u>	<u>\$ 8,450,329</u>	<u>\$ 27,976,980</u>
<i>Forecast</i>	<u>17,455,256</u>	<u>8,688,312</u>	<u>1,048,098</u>	<u>9,736,410</u>	<u>27,191,666</u>
Total Revenue - Forecast (under)/over	2,071,395	(1,108,823)	(177,258)	(1,286,081)	785,314

Table 2 - Allocations
Hampton Roads Regional Transit Fund (HRRTF)
Fiscal Year 2024

Project	Total FY2020 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Regional Transit System - 757 Express</i>					
Transit Bus Expansion (Group A) - Project 202101A	\$ 9,306,000	\$ -	\$ -	\$ -	\$ 9,306,000
Transit Bus Expansion (Group B) - Project 202301H	4,380,520	769,142	-	769,142	5,149,662
<i>Bus Stop Amenity Program</i>					
- Project 202101B	3,265,000	-	-	-	3,265,000
- Project 202201F	5,326,000	-	-	-	5,326,000
- Project 202401F	-	1,065,000	-	1,065,000	1,065,000
<i>Regional Transit System Technology</i>					
- Project 202101C	80,000	-	-	-	80,000
- Project 202201G	518,000	-	-	-	518,000
<i>Regional Transit Services</i>					
Operations & Maintenance RTS - Project 202201C	5,730,123	(2,206,901)	-	(2,206,901)	3,523,222
Development & Support Services RTS - Project 202201D	4,946,973	(3,023,531)	-	(3,023,531)	1,923,442
Operations & Maintenance RTS - Project 202301C	18,669,009	(10,675,504)	-	(10,675,504)	7,993,505
Operations & Maintenance RTS - Project 202401C	-	25,975,300	-	25,975,300	25,975,300
<i>Net Center Replacement</i>					
- Project 202101D	62,000	-	-	-	62,000
Robert Hall Blvd (Chesapeake) - Project 202201A	100,000	-	-	-	100,000
Evelyn T. Butts (Norfolk) - Project 202201B	100,000	-	-	-	100,000
<i>New Bus Operating Division - Southside</i>					
- Project 202101E	1,000,000	-	-	-	1,000,000
- Project 202201E	6,708,000	-	-	-	6,708,000
- Project 202301E	597,000	-	-	-	597,000
- Project 202401E	-	11,514,000	-	11,514,000	11,514,000
<i>Non-Revenue Fleet</i>					
- Project 202301J	951,000	292,421	-	292,421	1,243,421
- Project 202401J	-	35,941	-	35,941	35,941
<i>Paratransit Fleet</i>					
- Project 202301I	465,000	-	-	-	465,000
Total Allocations	\$ 62,204,625	\$ 23,745,868	\$ -	\$ 23,745,868	\$ 85,950,493

Table 3 - Expenditures
Hampton Roads Regional Transit Fund (HRRTF)
Fiscal Year 2024

Project	Total FY2020 - FY2023	Previous FY2024	May 2024	FY 2024 YTD	Total
<i>Regional Transit System - 757 Express</i>					
<i>Transit Bus Expansion (Group A) - Project 202101A</i>	\$ 9,099,298	\$ -	\$ -	\$ -	9,099,298
<i>Transit Bus Expansion (Group B) - Project 202301H</i>	1,406	3,661,452	825,035	4,486,487	4,487,893
<i>Bus Stop Amenity Program</i>					
<i>- Project 202101B</i>	4,495,188	(1,230,188)	-	(1,230,188)	3,265,000
<i>- Project 202201F</i>	609,778	1,643,240	911,600	2,554,840	3,164,618
<i>- Project 202401F</i>	-	-	-	-	-
<i>Regional Transit System Technology</i>					
<i>- Project 202101C</i>	143,884	(82,587)		(82,587)	61,297
<i>- Project 202201G</i>	296,664	(85,299)	140,000	54,701	351,365
<i>Regional Transit Services</i>					
<i>Operations & Maintenance RTS - Project 202201C</i>	3,523,222	-		-	3,523,222
<i>Development & Support Services RTS - Project 202201D</i>	1,923,442	-		-	1,923,442
<i>Operations & Maintenance RTS - Project 202301C</i>	7,385,807	607,698		607,698	7,993,505
<i>Operations & Maintenance RTS - Project 202401C</i>	-	8,717,772	1,643,364	10,361,136	10,361,136
<i>Net Center Replacement</i>					
<i>- Project 202101D</i>	61,869	-		-	61,869
<i>Robert Hall Blvd (Chesapeake) - Project 202201A</i>	1,226,271	(1,226,271)		(1,226,271)	-
<i>Evelyn T. Butts (Norfolk) - Project 202201B</i>	-	-	26,508	26,508	26,508
<i>New Bus Operating Division - Southside</i>					
<i>- Project 202101E</i>	1,436,087	(436,087)		(436,087)	1,000,000
<i>- Project 202201E</i>	2,390,426	625,741		625,741	3,016,167
<i>- Project 202301E</i>	-	-		-	-
<i>- Project 202401E</i>	-	-		-	-
<i>Non-Revenue Fleet</i>					
<i>- Project 202301J</i>	-	310,476	345,545	656,021	656,021
<i>- Project 202401J</i>	-	-		-	-
<i>Paratransit Fleet</i>					
<i>- Project 202301I</i>	430,804	-	3,210	3,210	434,014
Total Expenditures	\$ 33,024,146	\$ 12,505,948	\$ 3,895,262	\$ 16,401,210	49,425,355