

## AGENDA

### Hampton Roads Transportation Accountability Commission

#### Regular Meeting September 15, 2016

12:30 p.m.

The Regional Board Room  
723 Woodlake Drive, Chesapeake, VA 23320

1. **Call to Order**
2. **Approval of Agenda**
3. **Public Comment Period (5 Minute Limit)**
4. **Chair's Comments**
5. **Consent Items**
  - Recommended Action: Approval
- A. **Minutes of June 16, 2016 HRTAC Annual Organizational Board Meeting (Attachment 5A)**
6. **Action Items**
  - A. **Hampton Roads Crossing Study SEIS – Proposed Plan of Finance Scenarios for the SEIS Alternatives (Attachment 6A) - Presentation by FSAC Chair Crawford and David Miller, PFM** - Recommended Action: Discussion/Approval for general public and HRTPO distribution
  - B. **FY2016 Financial Statement Audit (Attachment 6B) – Finance Committee Chair, Senator Wagner and PBMares** – Recommended Action : Discussion/Approval distribution to the general public and member localities
  - C. **Fiscal Year 2016 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund (Attachment 6C) – Executive Director Page** - Recommended Action: Discussion/Endorsement

- D. **Standard Project Agreement for Standard Project Services to Support Right of Way and Construction Phase for I-64 Southside Widening and High Rise Bridge, Phase I - (UPC 106692) (Attachment 6D) – Executive Director Page and HRTAC Counselor Inglima** - Recommended Action: Discussion/Closed Session as Needed/Approval
  - E. **Official Intent for Allocation of Bond Proceeds to Reimburse HRTAC Expenditures on I-64 Southside Widening and High Rise Bridge Project (Attachment 6E) – Executive Director Page** Recommended Action: Discussion/Approval
  - F. **Standard Project Agreement for Standard Project Services to Support Route 460/58/13 Connector Improvements, Preliminary Engineering Phase (UPC 106694) Project Agreement (Attachment 6F) – Executive Director Page** Recommended Action: Discussion/Approval
  - G. **Investment Management Services Contract Award (Attachment 6G) – Investment Management Services RFP Evaluation Committee Chair, Senator Wagner** - Recommended Action: Discussion/Approval
  - H. **Amended and Restated Bylaws, Second Reading (Attachment 6H) – Counselor Inglima** - Recommended Action: Discussion/Approval
  - I. **Authorization of Public Hearing on the Proposed Amendment to the Approved HRTAC 2016-2022 Funding Plan - I-64/I-264 Interchange-Phase III, Standard Project Services to Support Preliminary Engineering Phase (UPC 106693) - (Attachment 6I) – Executive Director Page** - Recommended Action: Discussion/Approval
- 7. Information Items**
- A. **HRTF Financial Report (Attachment 7A) – Finance Chair, Senator Wagner**
- 8. Next HRTAC Regular Meeting – October 20, 2015, 12:30 p.m., Regional Building Board Room**
- 9. Adjournment**

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

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: June 16, 2016 Meeting's Minutes**

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**Recommendation:**

The Commission is asked to approve the June 16, 2016 Annual Organizational Board Meeting's minutes.

**Background:**

The Commission approves meeting minutes for the permanent record of the Commission.

**Fiscal Impact:**

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

**Suggested Motion:**

Motion is to approve the minutes of the Annual Organizational Board Meeting on June 16, 2016.

**Attachment 5A**  
**Hampton Roads Transportation**  
**Accountability Commission (HRTAC)**  
**Summary Minutes of the June 16, 2016 Annual Organizational Board**  
**Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Regular Meeting was called to order at 12:22 p.m. in the HRTPO Regional Board Room, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

**HRTAC Members in Attendance:**

William Sessoms, Chair	Alan Krasnoff
Clyde Haulman, Vice Chair	McKinley Price
Kenneth Alexander	Christopher Stolle
Michael Hipple	Frank Wagner
Linda Johnson	George Wallace
Chris Jones	Jeffrey Wassmer
Dallas Jones	David Yancey

**HRTAC Executive Director**

Kevin Page

**HRTAC Non-Voting Members in Attendance:**

Charlie Kilpatrick  
Jeff Florin (alternate)

**Other Participants:**

Tom Inglima	Secretary Aubrey Layne
Grindly Johnson	James Utterback

**HRTAC Voting Members Absent:**

Rex Alphin	Raystine Johnson-Ashburn
Paul Fraim	Kenneth Wright
Eugene Hunt	

**HRTAC Non-Voting Members Absent:**

John Malbon	John Reinhart
Jennifer Mitchell	

\* Denotes Late Arrival or Early Departure

**Others Recorded Attending:**

James Baker, Earl Sorey (CH); Randy Martin (FR); Lynn Allsbrook, Donnie Tuck (HA); Sanford B. Wanner (IW); Jason Purse (JC); Spencer Norman, Brian Stilley, Jerri Wilson (NN); Thelma Drake, Jeff Raliski (NO); Sherri Neil, Lydia Pettis Patton (PO); Kyle Cherry, Dannan O'Connell, J. Randall Wheeler (PQ); Patrick Roberts (SU); Dave Hansen, Bob

Matthias (VB); Cheryle Mack (BB&T); Beth Arnold (CH2M); Frank Papcin (CTAC); Theresa Clift (Daily Press); Don Quisenberry, Malcom Wise (eScribe Solutions and Veteran Reporters); Mark Osenbaugh (EV Williams); Anil Sharma (HNTB); Ross Grogg (Kemper Consulting); Jim Long (RK&K); Bert Ramsay (Lane Construction); Tony Guagenti (Mayor Sessoms); Karen McPherson (McPherson Consulting); Gary Webb (Parsons Transportation); Mark Geduldig-Yatrofsky (Portsmouthcitywatch.org); Ellis W. James (Sierra Club and NEC Observer); Michael King (US Navy); Angel Deem, Tony Gibson, Paula Miller; Dawn Odom, Scott Smizik (VDOT); Tyson Rosser (VHB); Jordan Pascale (Virginian Pilot); Nancy Collins, Bob Crum, Randy Keaton, Mike Long, Joe Turner, Chris Vaigneur (HRPDC); Jennifer Coleman (HRTAC); Rob Case, Michael Kimbrel, Camelia Ravanbakht (HRTPO)

### **Call to Order**

Chair William Sessoms welcomed Virginia Secretary of Transportation, Aubrey Layne.

Secretary Layne, reviewed the benefits of the Smart Scale program to the region and stated Hampton Roads had received \$330 Million in allocations from the program. The Secretary indicated another opportunity for projects to receive Smart Scale monies will be September 30, 2016.

He identified the Port of Virginia's vital role in the region's economy indicating that the \$700 million investment is the largest investment in the Commonwealth's history. Additionally, he summarized the progress on the U.S. Route 460 project and briefed the Commission on Fast Lane Grants, a new federal grant program.

### **Approval of Agenda**

Commissioner McKinley Price Moved for approval of the agenda; seconded by Commissioner Michael Hipple. The Motion Carried.

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

Mr. Frank Papcin, Virginia Beach resident, noted the difference between the salaries of Northern Virginia and Hampton Roads residents in regards to the affordability of tolls, and stated the region is making progress in addressing transportation issues, but still has room for improvement.

Mr. Mark Geduldig-Yatrofsky, Portsmouth resident, voiced his opinion on the pricing structure of the Midtown and Downtown tunnels and requested HRTAC acquire these projects.

### **Chair's Comments**

Chair Sessoms reminded Commission members that effective July 1, 2016, HB 1111 altered HRTAC enabling legislation, now requiring counties to appoint their members. Additionally, he indicated Senator Frank Wagner will continue as Finance Committee Chair and Mr. Rex Alphin as Vice Chair and appointed the following members to the Finance Committee:

- Mayor Kenny Alexander, Norfolk;
- Mayor McKinley Price, Newport News; and;

- Delegate Chris Stolle, Virginia General Assembly.

Chair Sessoms recognized the newly hired Executive Assistant, Ms. Jennifer Coleman and stated she will be HRTAC's designated Freedom of Information Act (FOIA) Officer, as required by new legislation effective July 1, 2016.

### **Consent Items**

#### **A. Minutes of May 19, 2016 HRTAC Regular Meeting**

Commissioner McKinley Price Moved for approval of the minutes of the May 19, 2016 HRTAC Regular Meeting; seconded by Commissioner Michael J. Hipple. The Motion Carried.

#### **B. Legal Structure for Future HRTF Revenue Bonds and FY 2017 HRTAC Meeting Schedule**

Commissioner McKinley Price Moved for approval of the Legal Structure for Future HRTF Revenue Bonds and the FY 2017 HRTAC Meeting Schedule; seconded by Commissioner Michael J. Hipple. The Motion carried.

### **Action Items**

#### **A. Election of FY 2017 Officers of the Commission**

Vice Chair Clyde Haulman announced Commissioner McKinley Price would present the Nominating Committee recommendations, due to the absence of Commissioner Kenneth Wright.

Commissioner McKinley Price Moved to reappoint Chair William Sessoms for an additional one (1) year term; seconded by Commissioner Michael J. Hipple. The Motion Carried.

Commissioner McKinley Price Moved to appoint Commissioner Michael J. Hipple for Vice Chair; seconded by Commissioner Alan Krasnoff. The Motion Carried.

#### **B. HRTAC Investment Policy**

Senator Frank Wagner, Finance Committee Chair, briefed the Commission on the updated HRTAC Investment Policy. He indicated the Finance Committee reviewed the document and it has been modified in a conservative nature to ensure taxpayer's monies are protected while maximizing returns.

Commissioner Linda Johnson Moved to approve the HRTAC Investment Policy; seconded by Vice Chair Clyde Haulman. The Motion carried.

#### **C. Amendment to the HRTAC Approved FY 2016-2017 Funding Plan, Route 460/58/13 Connector Improvements, Standard Project Services to Support Preliminary Engineering Phase**

Mr. Kevin Page, HRTAC Executive Director, explained the Commission is being requested to approve allocations of \$5 million for advancing the preliminary engineering phase for the 460/58/13 Connector Improvements project.

He stated the project monies will be allocated over the next five years and the motion includes, authorization for the Chair to move forward with counsel, staff, and VDOT to finalize and execute the agreement.

Commissioner George Wallace Moved for approval of the Amendment to the HRTAC Approved FY 2016-2017 Funding Plan, Route 460/58/13 Connector Improvements, Standard Project Services to Support Preliminary Engineering Phase; seconded by Commissioner Frank Wagner. The Motion carried.

**D. Amended and Restated Bylaws, First Reading**

Chair Sessoms noted the item did not require action currently, but HRTAC staff will be requesting Commission approval of the amended & restated bylaws at the September meeting.

Mr. Thomas Inglima, Willcox and Savage, reviewed the changes to the bylaws, which are required as a result of legislation passed in the 2016 Session which amends HRTAC's legislation. He reiterated Chair Sessoms' comments that this item was for informational purposes only, and action on this item will be taken at the September HRTAC meeting.

**E. High Rise Bridge Construction Project: Approval of Allocation of Funds for Standard Project Services to Support Right of Way and Construction Phase for I-64 Southside Widening and High Rise Bridge-Phase I, and Authorization to Prepare and Finalize Project Agreement**

Mr. Kevin Page, HRTAC Executive Director, acknowledged VDOT's efforts and thanked them for allowing the project to be broken into phases, which has allowed HRTAC to accomplish other projects simultaneously. Mr. Page projected having a final project agreement with VDOT in September.

Delegate Chris Jones commented the agreement needs to be in place by September 30, 2016 so the project can qualify for Smart Scale funds.

Commissioner Krasnoff Moved to approve the High Rise Bridge Construction Project: Approval of Allocation of Funds for Standard Project Services to Support Right of Way and Construction Phase for I-64 Southside Widening and High Rise Bridge-Phase I, and Authorization to Prepare and Finalize Project Agreement; seconded by Commissioner Linda Johnson. The Motion carried.

Secretary Layne reminded the Commission any smart scale monies spent on projects will be reimbursed and praised HRTAC for moving projects forward.

**F. Resolutions of Appreciation of Outgoing Members**

Chair Sessoms thanked the following members and acknowledged their contributions:

- Mayor Paul Fraim, Norfolk;
- Board of Supervisors Chair Dallas O. Jones, Southampton;
- Mayor Raystine Johnson-Ashburn, Franklin;
- Mayor Clyde Haulman, Williamsburg; and

- Mayor George Wallace, Hampton.

## **7. Information Items**

### **A. HRTF Financial Report**

Senator Wagner reported a balance of \$438,531,419.

### **B. Next HRTAC Regular Meeting September 15, 2016.**

## **Adjournment**

With no further business to come before the Hampton Roads Transportation Accountability Commission, the meeting adjourned at 1:02 p.m.

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William D. Sessoms, Jr.  
HRTAC Chair



**Agenda Item 6A**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Hampton Roads Crossing Study SEIS - HRTAC Potential Plan of Finance Scenarios**

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**Recommendation:**

The Funding Strategies Advisory Committee (FSAC) recommends that the Commission approve general public web posting and delivery to the Hampton Roads Transportation Planning Organization (HRTPO) the HRTAC Plan of Finance Scenarios for the Hampton Roads Crossing Study SEIS Alternatives as detailed as a part of this Agenda Item's presentation.

**Background:**

At its February 17, 2016 meeting, the Commission adopted the Draft HRTAC 2016-2022 Funding Plan for the Region's High Priority Projects. In the development of the Funding Plan, FSAC developed a long range vision plan of finance for all potential HRTAC funded projects and provided it to the HRTPO for use as a guide in the development of its 2040 Constrained Long Range Transportation Plan. Concurrently, the Hampton Roads Crossing Study SEIS was underway and no preferred alternative or construction sequencing of projects had been set. The draft SEIS has now been published by VDOT and four project alternatives have been proposed for evaluation and comment. To advise the HRTPO and the public in the potential financing and delivery of the projects within each of the four alternatives, FSAC has developed Potential Plan of Finance Scenarios for each of the Draft Hampton Roads Crossing Study SEIS Alternatives that incorporates HRTAC projects underway or committed. FSAC held two workshop meetings to advance the development of the funding scenarios. Upon completion of the Regular Meeting presentation and associated dialogue, the Commission will be asked to approve general public web posting and delivery to the Hampton Roads Transportation Planning Organization (HRTPO) the HRTAC Plan of Finance Scenarios for the Hampton Roads Crossing Study SEIS Alternatives as detailed as a part of this Agenda Item's presentation.

**Fiscal Impact:**

In the immediate future, there will be no impact to the Hampton Roads Trust Fund.



**Suggested Motion:**

Motion: The Commission approves the general public web posting and delivery to the Hampton Roads Transportation Planning Organization (HRTPO) the HRTAC Plan of Finance Scenarios for the Hampton Roads Crossing Study SEIS Alternatives as detailed as a part of this Agenda Item's presentation.

**Agenda Item 6B**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: HRTAC Fiscal Year 2016 Audited Financial Statement**

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**Recommendation:**

The Finance Committee Chair recommends that the Commission approve the FY2016 Audited Financial Statement for HRTAC and authorize its distribution (Attachment 6B).

**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 Garber, Partner of PBMares, LLP, will provide an overview of the HRTAC audit engagement and results. Both Mr. Garber and Ms. Nancy Collins will be available to address any questions that the Commission may have.

**Fiscal Impact:**

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

**Suggested Motion:**

Motion: The Commission approves the HRTAC FY2016 Audited Financial and Compliance Report and authorizes the Executive Director to distribution of the report document to member localities and posting of the report for public access and viewing.





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

In connection with our audit of the financial statements of the Hampton Roads Transportation Accountability Commission (the Commission) for the year ended June 30, 2016, we have the following suggestions and information for your consideration.

***Accounting System and Review of Financial Transactions***

During the course of our audit, it was noted the Commission currently uses QuickBooks for its accounting system related to financial reporting. QuickBooks provides for minimal control within the system related to the approval of financial transactions. While we did not encounter any instances during our audit that would indicate any abuse or circumvention of controls related to the approval process of financial transactions, we recommend the Commission implement additional review procedures to ensure all financial transactions have been properly reflected within QuickBooks. We recommend the Commission staff provide to its Executive Director as part of its monthly reporting package, a listing of all journal entries, checks and wires issued during the period. This will provide the Executive Director a listing of all transactions recorded within QuickBooks. By implementing this process, it will serve as an additional layer of review and control to ensure all financial transactions have been properly approved and reviewed.

***Accounting Policy and Procedures Manual***

It was noted the Commission is currently in the process of updating its current accounting policy and procedures manual. We recommend management continue to update its accounting policy and procedures manual related to financial reporting to align with the roles and responsibilities of those individuals performing specific tasks related to financial reporting and processing of financial transactions.

\* \* \* \* \*

This report is intended solely for the information and use of management, the Commission, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning this report, or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2016 and express our appreciation to everyone for their cooperation during this engagement.

***PBMares, LLP***

Harrisonburg, Virginia  
September 7, 2016

# **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**



## **FINANCIAL AND COMPLIANCE REPORTS**

**JUNE 30, 2016**



ASSURANCE, TAX & ADVISORY SERVICES

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

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# **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

## **DIRECTORY OF PRINCIPAL OFFICIALS**

### ***Voting Members***

William D. Sessoms, Jr., Chair, City of Virginia Beach  
Michael J. Hipple, Vice-Chair, James City County  
Alan P. Krasnoff, City of Chesapeake  
Frank Rabil, City of Franklin  
Donnie Tuck, City of Hampton  
Rex W. Alphin, Isle of Wight County  
McKinley Price, City of Newport News  
Kenneth C. Alexander, City of Norfolk  
W. Eugene Hunt, Jr., City of Poquoson  
Kenneth I. Wright, City of Portsmouth  
Barry T. Porter, Southampton County  
Linda T. Johnson, City of Suffolk  
Paul Freiling, City of Williamsburg  
Thomas G. Shepperd, York County  
Senator John A. Cosgrove, Virginia General Assembly  
Senator Frank W. Wagner, Virginia General Assembly  
Delegate Chris Jones, Virginia General Assembly  
Delegate Christopher P. Stolle, Virginia General Assembly  
Delegate David E. Yancey, Virginia General Assembly

### ***Ex-Officio Members***

Charles Kilpatrick, Virginia Department of Transportation  
John F. Malbon, Commonwealth Transportation Board  
Jennifer Mitchell, Virginia Department of Rail and Public Transportation  
John F. Reinhart, Virginia Port Authority

### ***Commission Staff***

Kevin B. Page, Executive Director  
Jennifer C. Coleman, Executive Assistant

### ***Support Staff***

Nancy K. Collins, Chief Financial Officer  
Danetta M. Jankosky, Accounting Manager

## **FINANCIAL SECTION**





## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Commission Board Members  
Hampton Roads Transportation Accountability Commission  
Chesapeake, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hampton Roads Transportation Accountability Commission (Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the 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, 2016, and the respective changes in financial position, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 4-9 and page 41, respectively, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

### *Other 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 accompanying schedules listed in the table of contents as supplementary information and introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2016 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 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 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.

*PBMares, LLP*

Harrisonburg, Virginia  
September 7, 2016

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2016.

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 Motor Fuels Tax monies will be invested in new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23. This function includes an improvement program development with 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 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, or their designee, of the 14 cities and counties that are members of the Commission; five members of the General Assembly (two senators and three delegates). In addition, 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.

- Assets and deferred outflows of resources of the Commission exceeded its liabilities for the year ended June 30, 2016 by \$438,700,940 (net position).
- For the fiscal year ended June 30, 2016, regional tax revenues for the Commission's governmental activities totaled \$153.2 million. Expenses totaled \$34.1 million; \$33.3 million represents project funding in accordance with HB2313 and \$.8 million represents reimbursement of authorized administrative costs.

#### **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 Special Revenue Fund, established in the prior fiscal year, reported an increase in fund balance of \$123,410,286 for a fund balance totaling \$438,685,240 as of June 30, 2016.

## **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 required supplementary information and supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The financial statements presented include all of 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 and deferred outflows and liabilities and deferred inflows 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.

Revenue is classified as General or Special revenues. General revenue consists of transfers of investment earnings used to cover the Commission's administrative expenses. Special revenues include the two intergovernmental revenues: sales and use tax, and motor fuels tax collected on behalf of the Commission and remitted from the Commonwealth of Virginia. These tax receipts commenced July 1, 2013.

### **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 divided into two funds: General Fund and Special Revenue 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.

The Commission maintains two governmental funds: the General Fund and Special Revenue Fund. 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 two member staff. The Special Revenue Fund reports 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.

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 COMMISSION REPORTING ENTITY AS A WHOLE**

### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the Commission as of June 30, 2016.

#### **Summary of Net Position June 30, 2016**

	<u>Governmental Activities</u>
Assets:	
Current and other assets	\$ 471,696,669
Deferred outflows of resources	15,700
<b>Total assets and deferred outflows of resources</b>	<u>471,712,369</u>
Liabilities:	
Current and other liabilities	33,011,429
<b>Total liabilities</b>	<u>33,011,429</u>
Net position:	
Restricted	438,685,240
Unrestricted	15,700
<b>Total net position</b>	<u>\$ 438,700,940</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Commission, assets and deferred outflows of resources exceeded liabilities by \$438,700,940 at June 30, 2016.

\$438.7 million 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, 2016, approximately \$19.1 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.

## 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, 2016.

Summary of Changes in Net Position Year Ended June 30, 2016		Governmental Activities
Revenues		
General revenue:		
Intergovernmental		\$ 153,191,248
Use of money		4,266,033
<b>Total revenues</b>		<b>157,457,281</b>
Expenses		
General and administrative		725,416
Investment fees		578,230
Project cost distributions		32,727,649
<b>Total expenses</b>		<b>34,031,295</b>
<b>Change in net position</b>		<b>123,425,986</b>
Net Position, beginning		315,274,954
Net Position, ending		<b>\$ 438,700,940</b>

For the fiscal year ended June 30, 2016, revenues totaled approximately \$157.5 million. Expenses totaled approximately \$34 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 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 with any additional costs covered from the Special Revenue fund per legislative action HB1111. Any investment income not required for General Fund use is retained in the Special Revenue fund.

**Special Revenue Fund.** The Commission established a special revenue fund during fiscal year 2016 which is categorized as a major fund in the governmental fund statements. This fund is used to report the intergovernmental revenue received from the Commonwealth of Virginia.



## **Economic Factors and the Fiscal Year 2017 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 2017 budget is based on an analysis of trending revenues.
- The Commission's General Fund operating budget will decrease from \$2,966,732 in fiscal year 2016 to \$2,400,000 in fiscal year 2017. This decrease is a result of efficiencies in operations after the initial start-up year.

## **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](mailto:kpage@hrtac.org).

## ***FINANCIAL STATEMENTS***

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 943,350
Due from the Commonwealth of Virginia	19,103,444
Prepaid items	4,776
Restricted cash, cash equivalents and investments	<u>451,645,099</u>
<b>Total assets</b>	<u>471,696,669</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	<u>15,700</u>
<b>Total deferred outflows of resources</b>	<u>15,700</u>
<b>LIABILITIES</b>	
Accounts payable	104,337
Accrued liabilities	178
Due to other governments	<u>32,906,914</u>
<b>Total liabilities</b>	<u>33,011,429</u>
<b>NET POSITION</b>	
Restricted	438,685,240
Unrestricted	<u>15,700</u>
<b>Total net position</b>	<u><u>\$ 438,700,940</u></u>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

		Net (Expense) Revenue and Change in Net Position
	Expenses	Governmental Activities
Functions/Programs		
Governmental activities:		
General and administrative	\$ 725,416	\$ (725,416)
Investment fees	578,230	(578,230)
Project cost distributions	32,727,649	(32,727,649)
<b>Total governmental activities</b>	<b>\$ 34,031,295</b>	<b>(34,031,295)</b>
General revenues		
Intergovernmental revenue:		
Motor fuels tax		26,654,473
Sales and use tax		126,536,775
Use of money		4,266,033
<b>Total general revenues</b>		<b>157,457,281</b>
<b>Change in net position</b>		<b>123,425,986</b>
Net Position, beginning of year		315,274,954
Net Position, end of year		<b>\$ 438,700,940</b>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## BALANCE SHEET – GOVERNMENTAL FUNDS AND RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 943,350	\$ 943,350
Due from the Commonwealth of Virginia	-	19,103,444	19,103,444
Prepaid items	4,776	-	4,776
Due from Special Revenue Fund	68,344	-	68,344
Restricted cash, cash equivalents and investments	-	451,645,099	451,645,099
<b>Total assets</b>	<b>\$ 73,120</b>	<b>\$ 471,691,893</b>	<b>\$ 471,765,013</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 46,397	\$ 57,940	\$ 104,337
Accrued liabilities	178	-	178
Due to General Fund	-	68,344	68,344
Due to other governments	26,545	32,880,369	32,906,914
<b>Total liabilities</b>	<b>73,120</b>	<b>33,006,653</b>	<b>33,079,773</b>
<b>FUND BALANCES</b>			
Nonspendable	4,776	-	4,776
Restricted	-	438,685,240	438,685,240
Unassigned	(4,776)	-	(4,776)
<b>Total fund balances</b>	<b>-</b>	<b>438,685,240</b>	<b>438,685,240</b>
<b>Total liabilities and fund balances</b>	<b>\$ 73,120</b>	<b>\$ 471,691,893</b>	<b>\$ 471,765,013</b>

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

Fund balance - governmental funds \$ 438,685,240

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.

15,700

Net position - governmental activities

\$ 438,700,940

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS AND RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Motor fuels tax	\$ -	\$ 26,654,473	\$ 26,654,473
Sales and use tax	-	126,536,775	126,536,775
Use of money	-	4,266,033	4,266,033
<b>Total revenues</b>	-	157,457,281	157,457,281
Expenditures			
Current:			
General and administrative	741,116	-	741,116
Investment fees	-	578,230	578,230
Project cost distributions	-	32,727,649	32,727,649
<b>Total expenditures</b>	741,116	33,305,879	34,046,995
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(741,116)	124,151,402	123,410,286
Other Financing Sources (Uses)			
Transfers	741,116	(741,116)	-
<b>Total other financing sources (uses)</b>	741,116	(741,116)	-
<b>Net change in fund balances</b>	-	123,410,286	123,410,286
Fund Balances, beginning of year	-	315,274,954	315,274,954
Fund Balances, end of year	\$ -	\$ 438,685,240	\$ 438,685,240

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - governmental funds \$ 123,410,286

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.

15,700

**Change in net position of governmental activities** \$ 123,425,986

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

The Commission is a political subdivision of the Commonwealth of Virginia, created in 2014 by House Bill 1253 (HB1253) and Senate Bill 513 (SB513). The Commission’s primary function is determining how the Hampton Roads Transportation Fund (HB2313 of the 2013 Acts of Assembly) regional sales tax and use tax and motor fuels tax monies will be invested in new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23. This function includes an improvement program development with 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 and funding for regional transportation purposes in the Hampton Roads region.

The member jurisdictions of the Commission are the counties of Isle of Wight, James City, Southampton, 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, or their designee, of the 14 cities and counties that are members of the Commission; three members of the House of Delegates; two members of the Senate; and four non-voting ex-officio members from the Commonwealth Transportation Board, Virginia Department of Transportation, Virginia Department of Rail and Public Transportation, and Virginia Port Authority.

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

#### **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.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### **B. Government-wide and Fund Financial Statements (Continued)**

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 adjustment 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 made available.

**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 45 days after year end. Expenditures are recorded when a liability is incurred under the full accrual method of accounting. The individual Government 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 Fund. The General Fund is considered a major fund for financial reporting purposes.

**Special Revenue Fund** – The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes. The Commission has one Special Revenue Fund. The Special Revenue 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 transfer required from the Special Revenue Fund 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.



# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### 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 are comprised of intergovernmental deposits 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 expenses in the financial statements using the consumption method.

##### 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

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, 2016.

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

For purposes of measuring the net pension liability, 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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies (Continued)

##### 6. 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. The Commission has elected not to record an adjustment for compensated balances for fiscal year 2016.

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.

##### 7. Inter-fund Transactions

Transactions among Commission funds would be treated as revenues and expenditures or expenses if they involved organizations external to the Commission government are accounted for as revenues and expenditures or expenses in the funds involved.

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.

##### 8. 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).

*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.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies (Continued)

##### 8. Fund Equity (Continued)

*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.

##### 9. Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. 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.

##### 10. Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

##### 11. 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 one item that qualifies for reporting in this category.

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 no items which arise under the modified accrual basis of accounting, that qualify for reporting in this category.

##### 12. Subsequent Events

Subsequent events have been evaluated through September 7, 2016, which was the date the financial statements were available to be issued.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments

At June 30, 2016, cash, cash equivalents, and investments consisted of the following, at cost, which approximates fair value:

#### Governmental Activities

Cash	\$ 943,350
Restricted	
LGIP	47,987,627
Sterling Capital Management	322,873,251
BB&T Bank	9,208,848
Union Bank – Sweep Account	71,575,373
Total restricted	451,645,099
Total	\$ 452,588,449

#### 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, Section 2.2-4400 et. Seq. of the *Code of Virginia*. Under the Act, 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.

#### 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.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### 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 three years from the time of purchase.
Federal Agency/Government Sponsored Enterprise Obligations	Bonds, notes and other obligations of the United States, and securities issued by any federal government agency or instrumentality or government sponsored enterprise except for Collateralized Mortgage Obligations, with a rating of at least "AA" (or its equivalent) by at least two NRSROs, one of which will be either Moody's Investors Services, Inc. ("Moody's"), or Standard & Poor's, Inc. ("S&P"). The final maturity shall not exceed a period of three 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, has a rating of at least "AA" by S&P and "Aa" by Moody's, 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, 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, F-1 by Fitch Investor's Services, Inc., and D-1 by Duff and Phelps, Inc., and that otherwise meets the requirements of <i>Code of Virginia</i> §2.2-4502.
Bankers' Acceptance	Issued by domestic banks or a federally chartered office of a foreign bank, which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than "A-1" by S&P and "P-1" by Moody's.
Corporate Notes	High quality corporate notes with a rating of at least "AA" by S&P and "Aa" by Moody's. The final maturity shall not exceed a period of three years from the time of purchase.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Investment Policy (Continued)

Investment	Credit Quality
Negotiable Certificates of Deposit and Bank Deposit Notes	Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least “A-1” by S&P and “P-1” by Moody’s for maturities of one year or less, and a rating of at least “AA” by S&P and “Aa” by Moody’s, for maturities over one year. The final maturity may not exceed a period of three years from the time of purchase.
Non-Negotiable Certificates of Deposit	Demand deposits, time deposits, and other deposits that comply with all aspects of SPDA or with §2.2-4518 with a final maturity no greater than two years.
Repurchase Agreement	<p>In overnight repurchase agreements provided that the following conditions are met:</p> <ol style="list-style-type: none"><li>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 years, having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;</li><li>a Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction;</li><li>the securities are free and clear of any lien and held by an independent third party custodian acting solely as agent for the Commission, provided such third party is not the seller under the repurchase agreement;</li><li>a perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Commission;</li><li>the counterparty is a:<ol style="list-style-type: none"><li>primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or</li><li>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</li></ol></li><li>the counterparty meets the following criteria:<ol style="list-style-type: none"><li>a long-term credit rating of at least ‘AA’ or the equivalent from an NRSRO.</li><li>has been in operation for at least 5 years, and</li><li>is reputable among market participants.</li></ol></li></ol>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Investment Policy (Continued)

Investment	Credit Quality
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 Governmental Accounting Standards Board’s Statement 79 (“GASB 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 Investment Pool (VIP)	A commingled investment program organized as a local government investment pool with oversight provided by a shareholder elected board of trustees. VIP is designed for the investment of longer-term monies that are not necessary for near term disbursement. VIP has a bond fund rating from S&P of AAF/S1.
Virginia State Non-Arbitrage Program’s (Virginia SNAP) SNAP Fund	A specialized commingled investment program that operates in compliance with GASB 79 and that was authorized by the Government Non-Arbitrage Act in 1989 ( <i>Code of Virginia</i> §2.2-4700 et seq.). Virginia SNAP and the SNAP Fund are administered by the Treasury Board of the Commonwealth of Virginia. Virginia SNAP offers several investment options, including the SNAP Fund, and arbitrage rebate reporting services that are specifically designed for the investment of tax exempt bond proceeds.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### 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 Investors Service, Standard & Poor’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 Standard & Poor’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.

As of June 30, 2016, 97% of the portfolio was invested in “AA+” U. S. Agency Securities, 2% was invested in “AAA” U. S. Agency Securities, and 1% was invested in “AA” U. S. Agency Securities. All credit ratings presented in this paragraph are S&P ratings.

#### Custodial Credit Risk

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 cash of the Commission is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

#### 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, 2016, the portion of the Commission’s portfolio, excluding the LGIP and money market mutual funds, that exceed 5% of the total portfolio are as follows:

United States Treasury Note	48%
Federal National Mortgage Association	27%
Federal Home Loan Mortgage Corp	6%
Federal Home Loan Bank	9%
Corporate Bonds	5%



# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Deposits and Investments (Continued)

#### 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	15%	5%
Negotiable Certificates of Deposit and Bank Deposit Notes	15%	5%
Bank Deposits and Non-Negotiable Certificates of Deposit	100%	100%
Repurchase Agreements	25%	25%
Money Market Mutual Funds	25%	25%
LGIP	100%	100%
VIP	25%	25%
Virginia SNAP-SNAP Fund (Proceeds of Tax Exempt Bonds Only)	100%	100%

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 shall not exceed two years.

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1-5 Years
United States Treasury Notes	\$ 153,205,334	\$ 10,042,197	\$ 143,163,137
Union Bank – Sweep Account	71,575,373	71,575,373	-
Government Agency (State Taxable)	106,814,397	-	106,814,397
Government Agency (State Exempt)	45,130,729	18,775,864	26,354,865
Corporate Bonds	17,662,729	-	17,662,729
LGIP	47,987,627	47,987,627	-
Money Market	60,062	60,062	-

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Interest Rate Risk (Continued)

As of June 30, 2016, the Commission had investments of \$47,987,627 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 Section 2.2-4605 *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 fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. Interest rate risk does not apply to the LGIP pool since it is a 2a7-like pool.

### Note 3. Fair Value Measurement

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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.

<b>Level 1</b>	Valuation based on quoted prices in active markets for identical assets or liabilities.		
<b>Level 2</b>	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.		
<b>Level 3</b>	Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.		

	June 30, 2016	Level 1	Level 2	Level 3
Investments by Fair Value Level				
United States Treasury Note	\$ 153,205,334	\$ 153,205,334	\$ -	\$ -
Government Agency (State				
Taxable)	106,814,397	106,814,397	-	-
Government Agency (State				
Exempt)	45,130,729	45,130,729	-	-
Corporate Bonds	17,662,729	17,662,729	-	-
LGIP	47,987,627	47,987,627	-	-
Union Bank – Sweep Account	71,575,373	-	71,575,373	-
Money Market	60,062	60,062	-	-

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Due To/From Other Governments

At June 30, 2016, due from the Commonwealth of Virginia consisted of the following:

	Special Revenue Fund
Sales and Use Tax	\$ 17,000,734
Motor Fuels Tax	2,086,824
Interest	15,886
Total	<u>\$ 19,103,444</u>

Due to Other Governments	General Fund	Special Revenue Fund	Total
Virginia Department of Transportation	\$ -	\$ 32,727,649	\$ 32,727,649
Virginia Department of the Treasury	-	152,720	152,720
Hampton Roads Planning District Commission	26,545	-	26,545
Total	<u>\$ 26,545</u>	<u>\$ 32,880,369</u>	<u>\$ 32,906,914</u>

### Note 5. 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:

An additional Retail Sales Tax of .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 Fuels 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.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. 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 Commission is a new entity and has not been included in the actuarial calculations with VRS for the current year.

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:

Plan 1	Plan 2	Hybrid Retirement Plan
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b> Plan 2 is a defined plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010 or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li></ul>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Eligible Members</b> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<b>Eligible Members</b> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<b>About the Hybrid Retirement Plan (Continued)</b> <ul style="list-style-type: none"><li>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>
<b>Hybrid Opt-In Election</b> <p>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<b>Hybrid Opt-In Election</b> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<b>Eligible Members</b> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"><li>Political subdivision employees.*</li><li>Members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1 – April 30, 2014; in the plan's effective date for opt-in members was July 1, 2014.</li></ul> <p><b>* Non-Eligible Members</b></p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"><li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li></ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Retirement Contributions</b> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<b>Retirement Contributions</b> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.</p>	<b>Retirement Contributions</b> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<b>Creditable Service</b> <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<b>Creditable Service</b> <p>Same as Plan 1.</p>	<b>Creditable Service</b> <p><b><u>Defined Benefit Component</u></b><p>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p><b><u>Defined Contribution Component</u></b><p>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p></p>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component</u></b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contribution Component</u></b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		<b>Vesting (Continued)</b>
		<b><u>Defined Contribution Component</u> (Continued)</b>
		<ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul>
		Distribution is not required by law until age 70 1/2.
<b>Calculating the Benefit</b>	<b>Calculating the Benefit</b>	<b>Calculating the Benefit</b>
The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	See definition under Plan 1.	<b><u>Defined Benefit Component</u></b> See definition under Plan 1.
		<b><u>Defined Contribution Component</u></b>
		The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b>	<b>Average Final Compensation</b>	<b>Average Final Compensation</b>
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.



# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.	<b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	<b>Service Retirement Multiplier</b> The retirement multiplier for the defined benefit component is 1.0%.  For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
<b>Normal Retirement Age</b>  Age 65.	<b>Normal Retirement Age</b>  Normal Social Security retirement age.	<b>Normal Retirement Age</b>  <u><b>Defined Benefit Component</b></u> Same as Plan 2.  <u><b>Defined Contribution Component</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced Retirement Eligibility</b>  Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	<b>Earliest Unreduced Retirement Eligibility</b>  Normal Social Security retirement age with at least 5 years (60 months) of creditable service or when their age and service equal 90.	<b>Earliest Unreduced Retirement Eligibility</b>  <u><b>Defined Benefit Component</b></u> Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.  <u><b>Defined Contribution Component</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

# **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 6. Pension Plan (Continued)**

#### **A. Plan Description (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Earliest Reduced Retirement Eligibility</b></p> <p>Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p>Age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><b><u>Defined Benefit Component</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><b><u>Defined Benefit Component</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1		Plan 2		Hybrid Retirement Plan	
Cost-of-Living (COLA) in (Continued)	Adjustment in Retirement	Cost-of-Living (COLA) in (Continued)	Adjustment in Retirement	Cost-of-Living (COLA) in (Continued)	Adjustment in Retirement
<u>Exceptions to COLA Effective Dates:</u>		<u>Exceptions to COLA Effective Dates:</u>		<u>Exceptions to COLA Effective Dates:</u>	
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:		Same as Plan 1.		Same as Plan 1 and Plan 2.	
<ul style="list-style-type: none"> <li>The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>The member retires on disability.</li> <li>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>					

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b></p> <p>Eligible political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p><b>Purchase of Prior Service</b></p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b></p> <p>Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b></p> <p><b><u>Defined Benefit Component</u></b></p> <p>Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported services.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component</u></b></p> <p>Not applicable.</p>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

VRS issues a publicly available CAFR that includes financial statements and required supplementary information for the plans which it administers. A copy of that report may be obtained by writing to Virginia Retirement System, P.O. Box 2500, Richmond, Virginia 23218-2500, or from their website at [www.varetire.org](http://www.varetire.org).

#### B. Employees Covered by Benefit Terms

As of June 30, 2016, the following employees were covered by the benefit terms of the pension plan:

Active Members	<u>2</u>
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#### C. 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% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5% member contribution may have been assumed by the employer. From the commencement of the Commission's plan in August 2015, employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Commission's contractually required contribution rate for the year ended June 30, 2016 was 16.02% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$15,700 for the year ended June 30, 2016.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Pension Plan (Continued)

#### D. Actuarial Assumptions

The total pension liability for the Commission's retirement plan was based on an actuarial valuation 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, 2014.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate or return	7.0 percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related.

#### Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back two years.

#### Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward one year.

#### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back three years and no provision for future mortality improvement.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### E. 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)	Target Allocation	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	1.26%
Developed Non-U.S. Equity	16.50%	1.04%
Emerging Market Equity	6.00%	0.60%
Fixed Income	15.00%	0.01%
Emerging Debt	3.00%	0.11%
Rate Sensitive Credit	4.50%	0.16%
Non-Rate Sensitive Credit	4.50%	0.23%
Convertibles	3.00%	0.14%
Public Real Estate	2.25%	0.14%
Private Real Estate	12.75%	0.91%
Private Equity	12.00%	1.25%
Cash	1.00%	-0.02%
Total	100.00%	5.83%
	Inflation	2.50%
	* Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Pension Plan (Continued)

#### F. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Commission retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 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.

#### G. Deferred Outflows of Resources

At June 30, 2016, the Commission reported deferred outflows of resources related to pensions from the following source:

	<u>Deferred Outflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ <u>15,700</u>

### Note 7. Operating Leases and Agreements

#### Governmental Activities

The Commission leases office space under a 36-month agreement which commenced on November 9, 2015 and expires November 30, 2018. The lease provides an option to renew for two additional terms of one year at which time annual rent will be increased to an amount equal to 105% of the annual rent in effect. The current lease terms call for the Commission to pay \$917 monthly (\$11,008 annually). Rent expense for Governmental Activities as reported in the government-wide financial statements totaled \$7,094.

As of June 30, 2016, the minimum long-term lease commitments were as shown below:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 11,008
2018	11,008
2019	<u>4,585</u>
Total	<u>\$ 26,601</u>



## HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 8. Interfund Transfers**

Transfers from the Special Revenue Fund to the General Fund are for general administration.

#### **Note 9. Pending GASB Statements**

At June 30, 2016, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Commission. The statements which might impact the Commission are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, will improve the accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Statement No. 79 will be effective for fiscal years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 82, *Pension Issues- an Amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 will be effective for reporting periods beginning after June 15, 2016 except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Management has not yet determined the effect these statements will have on its financial statements.

***REQUIRED SUPPLEMENTARY INFORMATION***

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Expenditures				
General and administrative	\$ 1,088,232	\$ 2,966,732	\$ 741,116	\$ (2,225,616)
<b>Total expenditures</b>	<u>1,088,232</u>	<u>2,966,732</u>	<u>741,116</u>	<u>(2,225,616)</u>
Other Financing Sources				
Transfers	1,088,232	2,966,732	741,116	(2,225,616)
<b>Total other financing sources</b>	<u>1,088,232</u>	<u>2,966,732</u>	<u>741,116</u>	<u>(2,225,616)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### 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 transfer required from the Special Revenue Fund 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.

## ***SUPPLEMENTARY INFORMATION***

## HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

### SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES Year Ended June 30, 2016

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Expenditures	
Salaries and wages	\$ 192,661
Employee benefits	18,180
VRS Contributions	15,700
Support services - HRTPO/HRPDC	94,956
Office rent	7,094
Office furniture and equipment	15,864
Professional and legal	353,307
Travel and meeting	21,005
Insurance	2,813
Computer hardware	9,308
Public notice and advertising	9,344
Other	884
	<hr/>
<b>Total expenditures</b>	<b>\$ 741,116</b>
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## **COMPLIANCE SECTION**



**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  
Chesapeake, Virginia

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; 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 Hampton Roads Transportation Accountability Commission (Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated September 7, 2016.

**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) to determine the 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are 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.

*PBMares, LLP*

Harrisonburg, Virginia  
September 7, 2016



# **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

## **REPORT TO THE HONORABLE BOARD OF COMMISSIONERS**

**September 15, 2016**



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ASSURANCE, TAX & ADVISORY SERVICES



To the Honorable Board of Commissioners  
Hampton Roads Transportation Accountability Commission  
Chesapeake, Virginia

We are pleased to present this report related to our audit of the basic financial statements and compliance of the Hampton Roads Transportation Accountability Commission (Commission) for the year ended June 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Commission's financial and compliance reporting process.

This report is intended solely for the information and use of the Commission Board Members and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Commission.

*PBMares, LLP*

Harrisonburg, Virginia  
September 15, 2016

# **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

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Required Communications	1 – 2
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Exhibit A - Significant Written Communications Between Management and Our Firm
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Arrangement Letter
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Representation Letter
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# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## Required Communications Year Ended June 30, 2016

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statements audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statements and Compliance Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America; <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States and <i>Specifications for Audits of Authorities, Boards and Commissions</i> provided by the Auditor of Public Accounts of the Commonwealth of Virginia have been described to you in our arrangement letter dated July 14, 2016. Our audit of the financial statements does not relieve management or those charged with governance of that responsibility, which is also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statements and Compliance Audit</b>	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<b>Preferability of Accounting Policies and Practices</b>  Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.  <b>Adoption of, or Change in, Accounting Policies</b>  Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Commission. The Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 72, <i>Fair Value Measurement and Application</i> , and Statement No. 73, <i>Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement No. 68</i> , <i>Amendments of Certain Provisions of GASB Statements No. 67 and 68</i> , in the current year.

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

### **Required Communications Year Ended June 30, 2016**

<b>Area</b>	<b>Comments</b>
<b>Accounting Policies and Practices (Continued)</b>	<b>Significant or Unusual Transactions</b>  We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.  <b>Management's Judgments and Accounting Estimates</b>  We are not aware of any significant accounting estimates made by management.
<b>Audit Adjustments</b>	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.
<b>Significant Written Communications Between Management and Our Firm</b>	Copies of significant written communications between our firm and management of the Commission, including the representation letter provided to us by management, are attached.

**Exhibit A – Significant Written Communications Between Management and  
Our Firm**

## **ARRANGEMENT LETTER**



July 14, 2016

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

Attention: Mr. Kevin B. Page, Executive Director

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested we audit the Hampton Roads Transportation Accountability Commission's (Commission) governmental activities and each major fund as of and for the year ended June 30, 2016, which collectively comprise the basic financial statements. Also, the required supplementary information presented in relation to the financial statements taken as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS) and the *Specifications for Audits of Authorities, Boards, and Commissions*, provided by the Auditor of Public Accounts for the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.



We will also communicate to the Board of Commissioners (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

No component units are to be included in the Commission's basic financial statements.

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and specifications identified above. Our report on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and specifications identified above.

#### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. 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;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan, and (c) report distribution, including submitting the reporting package; and

6. To provide us with:

- a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
- b. Additional information we may request from management for the purpose of the audit;
- c. Unrestricted access to persons within the Commission from whom we determine it necessary to obtain audit evidence;
- d. When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
- e. If applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items, that:

1. Management has fulfilled its responsibilities as set out in the terms of this letter; and
2. It believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring the Commission complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the Commission involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the Commission received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the required supplementary information (RSI) presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI in any document that contains the RSI and indicates the auditor has reported on such RSI. Management also agrees to present the RSI with the audited financial statements or, if the RSI will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the RSI no later than the date of issuance of the RSI and the auditor's report thereon.

The Board of Commissioners is responsible for informing us of its views about the risks of fraud or abuse within the Commission, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the Commission.

## **Limitations**

The Board of Supervisors agrees it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Commission agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Commission agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Commission seeks such consent, we will be under no obligation to grant such consent or approval.

## **Records and Assistance**

If circumstances arise relating to the condition of the Commission's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Commission's books and records. The Commission will determine all such data, if necessary, will be so reflected. Accordingly, the Commission will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Commission personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Kevin Page, Executive Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including drafting the financial statements. The GAS independence standards require the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Commission, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is considerations of management's ability to effectively oversee the non-audit services to be performed. The Commission has agreed Kevin Page, Executive Director, possesses suitable skill, knowledge and experience and he understands the services to be performed sufficiently to oversee them. Accordingly, the management of the Commission agrees to the following:

1. The Commission has designated Kevin Page, Executive Director, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Kevin Page, Executive Director, will assume all management responsibilities for subject matter and scope of the non-audit services;
3. The Commission will evaluate the adequacy and results of the services performed; and
4. The Commission accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the Commission's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Commission's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

#### **Other Relevant Information**

PBMares, LLP may mention the Commission's name and provide a general description of the engagement in PBMares, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

While there is an attorney-client privilege, there is no accountant-client privilege. Accordingly, any information you provide to us is subject to discovery. Unless prohibited by law, we will notify you if we receive any subpoena, IRS summons, or other third party request for our information and/or records concerning you. If you direct us to disclose the requested information, we will comply with the subpoena or IRS summons and, in the case of a third party request, we will need you to sign a form authorizing the disclosure. If you do not direct us to disclose the requested information, we may engage counsel to protect your interest in non-disclosure. In either event, we will bill you for all of our costs associated with complying with your directions. Our bill will include, in addition to our then standard fees and charges and, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, penalties, and fines imposed because of our nondisclosure.

In accordance with GAS, a copy of our most recent peer review report can be located on our website at [www.pbmares.com](http://www.pbmares.com).

#### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Commission personnel.
2. Timely responses to our inquiries.
3. Timely completion and delivery of client assistance requests.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Our fee for the services described in this letter will not exceed \$18,000 unless the scope of the engagement is changed, the assistance which the Commission has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

Our professional standards require we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Commission agrees it will compensate PBMAres, LLP for any additional costs incurred as a result of the Commission's employment of a partner or professional employee of PBMAres, LLP.

In the event we are requested or authorized by the Commission or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Commission, the Commission will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of PBMAres, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of PBMAres, LLP audit personnel and at a location designated by our firm.

### **Dispute Resolution**

The Commission and PBMAres, LLP agree no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by PBMAres, LLP or the date of this arrangement letter if no report has been issued. The Commission waives any claim for punitive damages. PBMAres, LLP's liability for all claims, damages and costs of the Commission arising from this engagement is limited to the amount of fees paid by the Commission to PBMAres, LLP for the services rendered under this arrangement letter.

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes. We will agree on a mediator but, if we cannot, you consent to personal jurisdiction of the Richmond Circuit Court and either of us may apply to such court for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In the event of litigation, you consent to personal jurisdiction in the Richmond Circuit Court. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law.

Hampton Roads Transportation Accountability Commission

July 14, 2016

Page 8 of 8

This letter constitutes the complete and exclusive statement of agreement between PBMares, LLP and the Commission, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

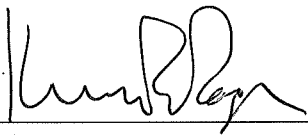
PBMares, LLP



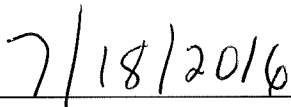
Michael A. Garber, Partner

MAG/sae

Confirmed on behalf of the Commission:



Signature



Date

## **REPRESENTATION LETTER**

September 7, 2016

PBMares, LLP  
P. O. Box 1226  
Harrisonburg, VA 22803

RE: HRTAC FY16 Audit Representation Letter

This representation letter is provided in connection with your audit of the basic financial statements of Hampton Roads Transportation Accountability Commission (Commission) as of and for the year ended June 30, 2016 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of September 7, 2016, the following representations made to you during your audit:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 14, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. We have disclosed all interfund transactions, including interfund transfers, which have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment have been disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.



8. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Net position and fund balance classifications.
  - b. The fair value of investments.
  - c. Leases and material amounts of rental obligations under long-term leases.
  - d. The effect on the financial statements of GASB Statement No. 72, *Fair Value Measurement and Application*, which has been issued and adopted for the year ended June 30, 2016.
  - e. Deposits and investment securities categories of risk.
  - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The Commission has no significant amounts of idle property and equipment.
  - b. The Commission has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts, if necessary.
11. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.

- c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the *Contingencies* topic of the Financial Accounting Standards Board Accounting Standards Codification.
- d. Guarantees, whether written or oral, under which the Commission is contingently liable.
- e. Agreements to repurchase assets previously sold.
- f. Security agreements in effect under the Uniform Commercial Code.
- g. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
- h. Liabilities which are subordinated in any way to any other actual or possible liabilities.
- i. Significant estimates and material concentrations known to management which are required to be disclosed.
- j. Risk financing activities.
- k. Derivative financial instruments.
- l. Special or extraordinary items.
- m. Arbitrage rebate liabilities.
- n. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2016 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2016.
- o. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
- p. Material losses to be sustained as a result of purchase commitments.
- q. Environmental cleanup obligations.
- r. Contractual obligations for construction and purchase of real property or equipment.



12. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
13. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.
16. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
17. Revenues are appropriately classified in the Statement of Activities.
18. We have no knowledge of any uncorrected misstatements in the financial statements.

*Compliance Considerations*

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm management:

19. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
20. Is responsible for compliance with the laws, regulations, and provisions of contracts applicable to the auditee.
21. Has not identified any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
22. Has not identified any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

23. Has not identified any instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
24. Is responsible 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.
25. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
26. Has a process to track the status of audit findings and recommendations.
27. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
28. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

*Information Provided*

29. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit
  - c. Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing body and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
30. All transactions have been recorded in the accounting records and are reflected in the financial statements.
31. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

32. We have no knowledge of allegations of fraud or suspected fraud, affecting the Commission's financial statements involving:
- a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
33. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements received in communications from employees, former employees, analysts, regulators, or others.
34. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing the financial statements.
35. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
36. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Commission's ability to record, process, summarize, and report financial data.
37. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
38. We are responsible for determining that significant events or transactions that have occurred since the statement of net position date and through September 7, 2016 have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of net position date and through September 7, 2016 that would require recognition or disclosure in the financial statements. We further represent that as of September 7, 2016, the financial statements were complete in a form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
39. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Supplementary Information*

40. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.



- b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
41. With respect to the Required Supplementary Information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.


HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

  
\_\_\_\_\_  
Kevin B. Page, Executive Director

9/7/2016  
\_\_\_\_\_  
Date Signed

  
\_\_\_\_\_  
Nancy K. Collins, Chief Financial Officer

9/7/16  
\_\_\_\_\_  
Date Signed

  
\_\_\_\_\_  
Danetta M. Jankosky, Accounting Manager

9/7/16  
\_\_\_\_\_  
Date Signed

**Agenda Item 6C**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Joint Commission on Transportation Accountability Report Submission**

---

**Recommendation:**

The Finance Committee Chair recommends that the Commission authorize the Executive Director to submit the legislatively mandated FY2016 Hampton Roads Transportation Fund (HRTF) Report to the Joint Commission on Transportation Accountability (Attachment 6C).

**Background:**

Item 1 of Chapter 780 of the 2016 Session included the requirement that the Joint Commission on Transportation Accountability (JCTA) shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of HB 2313 (2013 Session of the General Assembly). To meet this requirement, the Hampton Roads Transportation Accountability Commission (HRTAC) has prepared a report to inform the JCTA on the uses of the HRTF for Fiscal Year 2016.

**Fiscal Impact:**

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

**Suggested Motion:**

Motion: The Commission authorizes the Executive Director to submit to the Joint Commission on Transportation Accountability the Fiscal Year 2016 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund.





# **Fiscal Year 2016 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund**

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Hampton Roads Transportation Accountability Commission  
723 Woodlake Drive  
Chesapeake, Virginia 23320  
[www.hrtac.org](http://www.hrtac.org)



## Executive Summary

Item 1 of Chapter 780 of the 2016 Session 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 Secretary of Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of the Intercity Passenger Rail Operating and Capital Funds, 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.

## Background

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 use of funds in the HRTF.

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. 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 FY2016, HRTAC hired its first Executive Director and marshalled staff to advance project readiness, financing, and program delivery. On September 8, 2015, Virginia Governor McAuliffe and the Cabinet Secretary of Transportation joined HRTAC, local elected leaders, and VDOT to break ground on the I-64 Peninsula Widening project, HRTAC's first construction project with VDOT. By the end of fiscal year 2016, HRTAC had updated its Funding Plan through 2022 and advanced programming of construction of nearly \$1.2 billion of construction projects with VDOT. Included in HRTAC's Funding Plan was the \$145 million Smart Scale project award funding from the Commonwealth Transportation Board to complete the final phase of HRTAC's 21 mile long I-64 Peninsula Widening Project. Figure 1 provides a graphic showing the locations and the activities of the HRTAC funded projects.

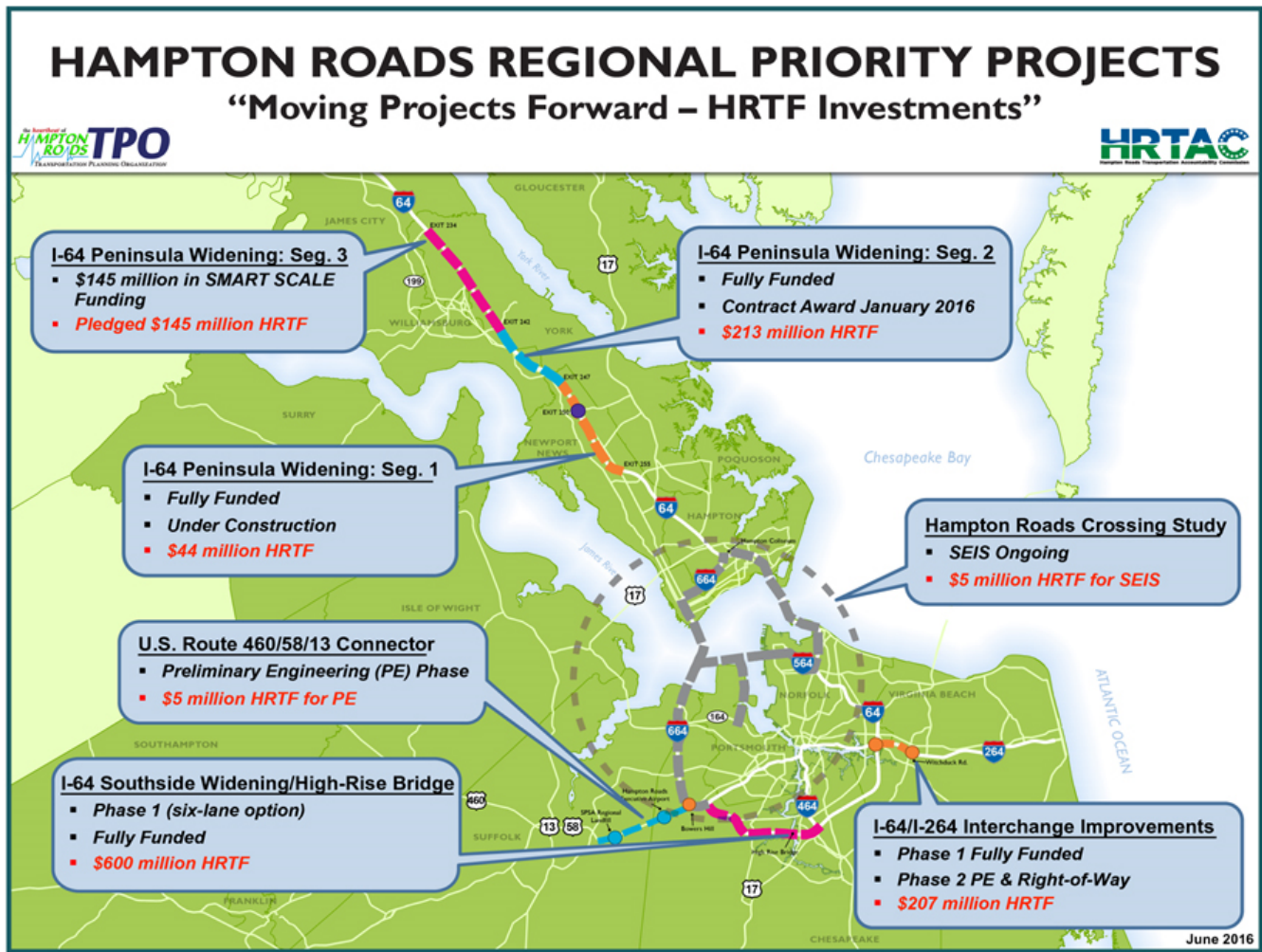


Figure 1 – Activities of HRTAC/HRTF Funded Projects

## Revenue Collections

### Sources

#### 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

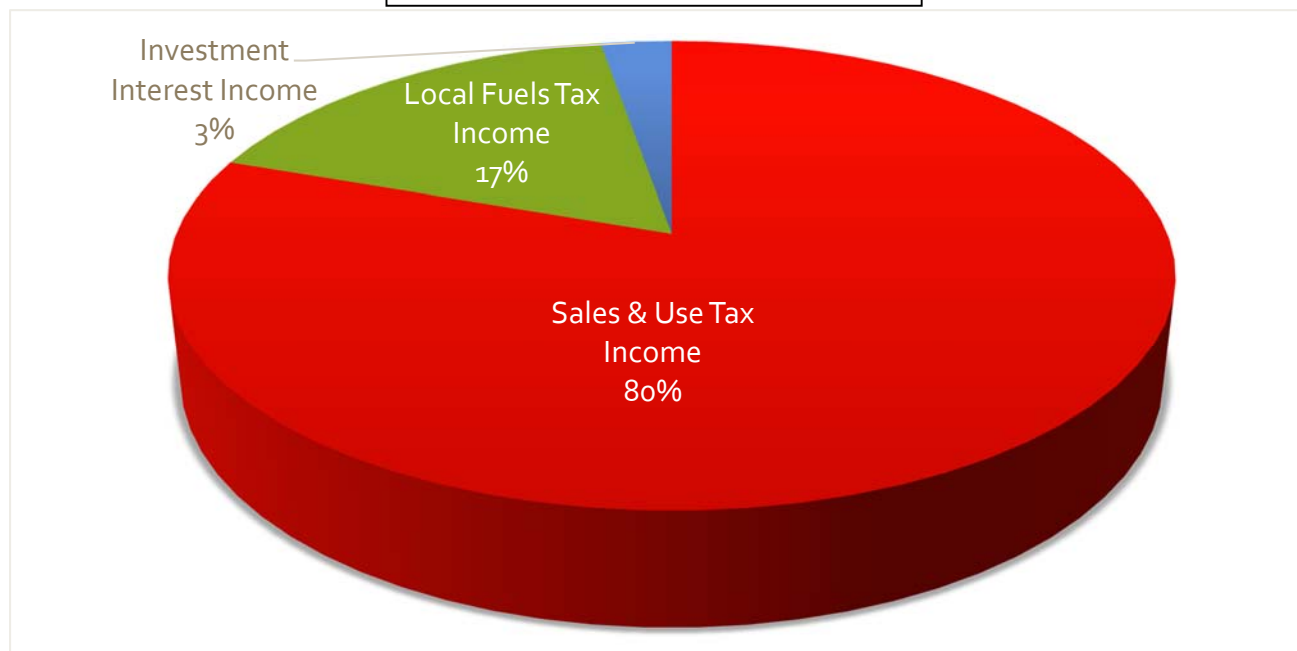
In Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. These funds were also dedicated to the HRTF.

#### Total Collections

Revenue collected from the Region's Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2016 totaled \$157.5 million. Figure 2 provides a detail and graphic of the collections by revenue source and percentage of total collections.

Figure 2 - HRTAC Revenue Collections FY2016

Sales & Use Tax Income	\$ 126,536,775
Local Fuels Tax Income	26,654,473
Investment/ Interest Income	4,266,033
	<u>\$ 157,457,281</u>



## Expenditures

Through June 30, 2016, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$353,283
Investment Fees	344,072
HRPDC/HRTPO Assistance	94,956
Financial Advisor	234,157
Payroll	226,542
Operating	66,337
Project Related	32,727,649
<b>Total</b>	<b>\$34,046,995</b>

HRTAC Project Related expenditures detail through June 30, 2016:

Description	Amount
I-64 Peninsula Segment 1	\$1,544,502
I-64 Peninsula Segment 2	\$7,701,121
I-64/264 Interchange Improvement Phase 1	14,029,051
i-64/264 Interchange Improvements Phase 2	7,635,322
I-64 Southside High Rise Bridge Phase 1	3,362,155
<b>Total</b>	<b>\$34,272,151</b>

Year-end cash balances of the HRTAC totaled \$452.6 million in both operating and investment accounts. Beginning in June 2015, monthly revenue collections from the previous accounting period are transferred to HRTAC by VDOT.

## Allocations

For the period July 1, 2015 through June 30, 2016, HRTAC approved an allocation of \$934.6 million from the HRTF to advance project readiness through construction phases of the Region's high priority projects as identified and prioritized by the HRTPO. Project allocations through June 30, 2016 are provided in detailed below.

**Hampton Roads Transportation Fund (HRTF)**  
**Total Allocations as of June 30 2016**

Project	Total FY2014 & FY 2015	Total FY2016	Total
<i>I-64 Peninsula Widening</i>			
- UPC 104905 (Segment 1) - Construction	\$ 44,000,000	\$ -	\$ 44,000,000
- UPC 106665 (Segment 2) - PE & Construction	6,000,000	207,592,853	213,592,853
- UPC 106689 (Segment 3) - PE	-	10,000,000	10,000,000
<i>I-64/264 Interchange Improvement</i>			
- UPC 17630 - PE/ROW	54,592,576	-	54,592,576
- UPC 57048 - PE/ROW	15,071,063	-	15,071,063
- UPC 57048 - Construction of Phase 1	-	137,023,653	137,023,653
<i>Third Crossing - UPC 106724 - SEIS</i>	5,000,000	-	5,000,000
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - PE</i>	20,000,000	-	20,000,000
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - ROW &amp; Construction</i>	-	580,000,000	580,000,000
<b>Total</b>	<u>\$ 144,663,639</u>	<u>\$ 934,616,506</u>	<u>\$ 1,079,280,145</u>

**Agenda Item 6D**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Authorization to Execute and Deliver the Agreement for Standard Project Services to Support Right of Way and Construction Phase for I-64 Southside Widening and High Rise Bridge - Phase I Project Agreement (UPC 106692)**

---

**Recommendation:**

The Commission is being asked to authorize the Chair to execute and deliver the Agreement for Standard Project Services to Support Right of Way and Construction Phase for I-64 Southside Widening and High Rise Bridge - Phase I Project Agreement (UPC 106692) (Attachment 6D).

**Background:**

At its June 16, 2016 Annual Organizational Board Meeting, HRTAC approved the allocation of \$580,000,000 in HRTF funding for Standard Project Services to Support Right of Way and Construction Phase for I-64 Southside Widening and High Rise Bridge - Phase I (UPC 106692). The project agreement has been negotiated by VDOT and HRTAC and is ready for review and approval by the Board.

**Fiscal Impact**

There will be an impact to the Hampton Roads Transportation Fund in the amount of \$580,000,000 in relation to this Action Item as the allocation of funds will be committed by contract execution.

**Suggested Motion:**

Motion. Motion is to approve and authorize the Chair to execute and deliver the Agreement for Standard Project Services to Support Right of Way and Construction Phase for I-64 Southside Widening and High Rise Bridge - Phase I Project Agreement (UPC 106692).



**Agenda Item 6E**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Resolution to Preserve Flexibility to Reimburse Expenditures on I-64  
Southside Widening and High Rise Bridge Project, Phase I, with Proceeds of  
a Bond Issue**

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**Recommendation:**

The Commission is asked to adopt a “Resolution of Official Intent for Allocation of Bond Proceeds to Reimburse HRTAC Expenditures on I-64 Southside Widening and High Rise Bridge Project, Phase I,” which is attached hereto as Attachment 6E, in order to preserve the option to reimburse itself for the costs of such project from proceeds of a future bond issue.

**Background:**

The Commission may adopt a written “official intent” to preserve its flexibility under bond regulations to advance funds for current project expenses and later reimburse those advances out of proceeds of a tax-exempt bond issue. An “official intent” resolution must set forth a general description of the applicable projects and the maximum principal amount of bonds expected to be applied to reimburse project costs. Because it will take months for a Commission bond issue to be structured, validated, offered and sold, the Commission should adopt an “official intent” resolution as it begins incurring expenses on the first phase of the I-64 Southside Widening and High Rise Bridge Project. By adopting such resolution at this time, the Commission will preserve the option to allocate bond proceeds to expenditures made on the project, if they were spent no earlier than 60 days before the date of the resolution, and if the Bonds are issued no later than 3 years after the first expenditure being reimbursed. Adopting the “official intent” resolution does not obligate the Commission to use bonds instead of pay-go for the project.

**Fiscal Impact:**

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

**Suggested Motion:**

Motion is to adopt the “Resolution of Official Intent for Allocation of Bond Proceeds to Reimburse HRTAC Expenditures on I-64 Southside Widening and High Rise Bridge Project, Phase I.”



## **HRTAC RESOLUTION 2016-12**

### **RESOLUTION OF OFFICIAL INTENT FOR ALLOCATION OF BOND PROCEEDS TO REIMBURSE HRTAC EXPENDITURES ON I-64 SOUTHSIDE WIDENING AND HIGH RISE BRIDGE PROJECT, PHASE I**

WHEREAS, in accordance with its statutory powers and purposes, the Hampton Roads Transportation Accountability Commission (the “Commission”) has resolved and agreed to pay portions of the costs incurred by the Virginia Department of Transportation (“VDOT”) in the acquisition, construction and completion of the first phase of VDOT’s I-64 Southside Widening and High Rise Bridge Project, including the addition of two lanes of capacity in each direction on Interstate 64, and the construction of a new additional four lane bridge segment at the High Rise Bridge (collectively, the “Project”); and

WHEREAS, plans for the Project have proceeded and it is expected that the Commission will cause funds under its control to be advanced to pay expenditures related to the Project (each, an “Expenditure” and, collectively, the “Expenditures”) prior to such time as the Commission may be prepared to issue one or more series of tax-exempt bonds (“Bonds”) to finance transportation projects within Planning District 23 generally; and

WHEREAS, the Commission intends for a portion of the proceeds of a future issue of Bonds to be available to reimburse the Commission for the payment of Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations, promulgated under the Internal Revenue Code of 1986, as amended (the “Code”), provides that to allocate proceeds of Bonds to reimbursement of Expenditures paid in advance of an issue of Bonds, the Commission must declare its official intent to allocate proceeds of Bonds to reimbursement of the Expenditures;

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

1. The Commission intends to issue Bonds in a future period and allocate a portion of the proceeds thereof, in a maximum principal amount of \$600,000,000, to the reimbursement of the Expenditures.
2. Each Expenditure to be reimbursed with Bond proceeds was or shall be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of such Expenditure), or (b) a cost of issuance with respect to the Bonds.
3. The Commission intends to make a reimbursement allocation, which is a written allocation by the Commission that evidences the Commission’s use of proceeds of the Bonds to reimburse Expenditures, no later than 18 months after the later of (a) the date on which the first Expenditure for the Project was paid or (b) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the date on which the first Expenditure was paid with respect to the Project.



4. The Commission intends that the adoption of this resolution shall confirm the “official intent” of the Commission within the meaning of Treasury Regulations Section 1.150-2 to reimburse Expenditures paid not earlier than sixty (60) days prior to the date of adoption of this resolution and not later than the date of the final allocation described in paragraph 3 above.

5. This resolution shall take effect immediately upon its adoption.

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The undersigned hereby certify that this is a true and correct copy of a resolution duly adopted at a meeting of the Hampton Roads Transportation Accountability Commission held on September 15, 2016.

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William D. Sessoms, Jr., Chair  
Hampton Roads Transportation Accountability  
Commission

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Michael J. Hipple, Vice Chair  
Hampton Roads Transportation Accountability  
Commission

**Agenda Item 6F**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Authorization to Execute and Deliver the Standard Project Agreement for  
Standard Project Services to Support Route 460/58/13 Connector  
Improvements, Preliminary Engineering Phase (UPC 106694)**

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**Recommendation:**

The Commission is being asked to authorize the Chair to execute and deliver the Standard Project Agreement for Standard Project Services to Support Route 460/58/13 Connector Improvements, Preliminary Engineering Phase (UPC 106694).

**Background:**

At its June 16, 2016 Annual Organizational Meeting, HRTAC allocated \$5,000,000 to conduct the Route 460/58/13 Connector, Standard Project Services to Support Preliminary Engineering Phase (UPC 106694). The project agreement has been negotiated by VDOT and HRTAC and is ready for review and approval by the Board.

**Fiscal Impact**

There will be an impact to the Hampton Roads Transportation Fund in the amount of \$5,000,000 in relation to this Action Item as the allocation of funds will be committed by contract execution.

**Suggested Motion:**

Motion. Motion is to approve and authorize the Chair to execute and deliver the Standard Project Agreement for Standard Project Services to Support Route 460/58/13 Connector Improvements, Preliminary Engineering Phase (UPC 106694).



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

HRTAC Project Title: Route 460/58/13 Connector

HRTAC Project Number: UPC 106694

This Standard Project Agreement for Funding and Administration (the "Agreement") is made and executed in duplicate on this \_\_\_\_ day of \_\_\_\_\_, 2016, as 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, Section 33.2-2611 of the Code of Virginia requires HRTAC to use all moneys it receives (the "HRTAC-Controlled Moneys"), which include, without limitation, moneys from the HRTF as well as any bond proceeds and collections from any tolls imposed by HRTAC, solely for the benefit of those counties and cities that are embraced by HRTAC, and in a manner that is consistent with the purposes of the HRTAC Act;

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 (the "MOA");

WHEREAS, the MOA contemplates that HRTAC may from time to time enter into 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"), and 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 and baseline schedule set forth and described on Appendix B to this Agreement (the "Project Budget, Baseline Schedule and Cash Flow") (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; and

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; and

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 budget reflected in Appendix B, which budget (A) VDOT represents has 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 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 budget allocated to work covered by the contract by more than 20 percent or (y) the entire budget 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 (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).
- (b) In the event that any federal or state funding not previously available for the Project becomes available for a portion of the 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).

2. Without limiting the foregoing,
  - (a) VDOT shall 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) VDOT shall 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 budget reflected in Appendix B that is allocated to the work covered by that contract or (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 budget reflected 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.
3. Perform or have performed 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.
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 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 remedy in respect of Additional Costs that is more favorable to the contractor than the 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 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 or breach of contract, HRTAC shall not be responsible for such additional costs.
- 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, 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.

13. Acknowledge that VDOT is 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 that VDOT requires under its Road and Bridge Specifications for all work to be performed for the Project, and name HRTAC (and, if applicable, any HRTAC bond trustee) as an additional insured 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.
15. Subject to and consistent with the requirements of Section F 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). The provisions in this Section A.15 will survive the completion of the Project under this Agreement and/or the termination of this Agreement.
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.

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 Cash Flow 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 review of VDOT's financial records for the Project and on-Project site inspections.
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.

C. Term

1. This Agreement shall be effective upon adoption and execution by both parties.
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. HRTAC will provide VDOT with sixty (60) days written notice that HRTAC is exercising its rights to terminate this Agreement and the reasons for

termination. 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 where VDOT has either misused or misapplied HRTAC funds in contravention of this Agreement or applicable law.

4. Upon termination and 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 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.

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 and 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 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). 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. 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

H. Assignment

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

I. 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) If HRTAC proposes to issue bonds, 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 the bond offering, including, without limitation, tax covenants of the type made by VDOT under its Project Agreements with the Northern Virginia Transportation Authority.

J. 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.

K. 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.

L. Sovereign Immunity

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

M. 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.



N. 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.

O. Governing Law

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

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed as of the day, month, and year first herein written by their duly authorized representatives.

Hampton Roads Transportation Accountability Commission

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

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

Title:\_\_\_\_\_

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

Virginia Department of Transportation

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

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

Title:\_\_\_\_\_

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

## **APPENDIX A**

### **PROJECT**

#### **Appendix A –Narrative Description of Standard Project Services**

HRTAC Project Title: Route 460/58/13 Connector (UPC 106694)

Recipient Entity: Virginia Department of Transportation

VDOT Program Manager Contact Information: Tony Gibson (757) 925-2274

HRTAC Executive Director: Kevin Page (757) 420-8300

<b>Project Scope</b>
<p>The Standard Project Services are intended to provide preliminary engineering work for the overall project and are set forth in more detail below in the Detailed Scope of Services. The project entails improving the section of roadway from I-664/US 58 Interchange to the US 58/Route 460 Interchange. This section of roadway will be improved and will also improve accessibility to/from the SPSA Regional Landfill and also the Hampton Roads Executive Airport.</p>

<b>Detailed Scope of Services</b>
<p>The detailed scope of the Standard Project Services addressed by this Agreement (and to which the funding provided thereunder relates) consists of Preliminary Engineering (PE) for the Project with the purpose of initiating the NEPA process.</p> <p>The cost estimate provided in Appendix B was developed using VDOT's Project Cost Estimating System and was current as of the date the Appendix B was executed. Any additional costs for the PE Phase will be subject to and addressed in accord with the terms of this Standard Project Agreement.</p>

## APPENDIX B

### PROJECT BUDGET, BASELINE SCHEDULE AND CASH FLOW

HRTAC Project Title: Route 460/58/13 Connector (UPC 106694)  
 Scope of Project Services: Standard Project Services to Support PE Phase for Route 460/58/13 Connector (UPC 106694)  
 Recipient Entity: Virginia Department of Transportation  
 VDOT Project Contact: Tony Gibson (757) 556-7885  
 Baseline Schedule: PE  
 (RW/CN will be added at a later date) PE: Start October 2016

#### 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						
Environmental Work	\$ 5,000,000.00	\$ 5,000,000.00				
Right-of-Way Acquisition						
Construction						
Contract Administration						
Testing Services						
Inspection Services						
Capital Asset Acquisitions						
Other						
<b>Total Estimated Cost</b>	<b>\$ 5,000,000.00</b>	<b>\$ 5,000,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

#### FISCAL YEAR ANNUAL PROJECT CASH FLOW

Project Phase	Total Fiscal Year 2017		Total Fiscal Year 2018		Total Fiscal Year 2019		Total Fiscal Year 2020	
	PayGo	Financed	PayGo	Financed	PayGo	Financed	PayGo	Financed
Design Work								
Engineering								
Environmental Work	944,000.00		1,680,000.00		1,680,000.00		696,000.00	
Right-of-Way Acquisition								
Construction								
Contract Administration								
Testing Services								
Inspection Services								
Capital Asset Acquisitions								
Other								
<b>Total Estimated Cost</b>	<b>\$ 944,000.00</b>	<b>\$ -</b>	<b>\$ 1,680,000.00</b>	<b>\$ -</b>	<b>\$ 1,680,000.00</b>	<b>\$ -</b>	<b>\$ 696,000.00</b>	<b>\$ -</b>

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

#### FISCAL YEAR ESTIMATED PROJECT CASH FLOW

	FY 17 Mthly Cash Flow		FY 18 Mthly Cash Flow		FY 19 Qtrly Cash Flow		FY 20 Qtrly Cash Flow	
	PayGo	Financed	PayGo	Financed	PayGo	Financed	PayGo	Financed
July			\$ 140,000.00		\$ 140,000.00		\$ 140,000.00	
August			\$ 140,000.00		\$ 140,000.00		\$ 140,000.00	
September			\$ 140,000.00		\$ 140,000.00		\$ 140,000.00	
October			\$ 140,000.00		\$ 140,000.00		\$ 138,000.00	
November			\$ 140,000.00		\$ 140,000.00		\$ 138,000.00	
December	\$ 110,000.00		\$ 140,000.00		\$ 140,000.00			
January	\$ 138,000.00		\$ 140,000.00		\$ 140,000.00			
February	\$ 139,000.00		\$ 140,000.00		\$ 140,000.00			
March	\$ 139,000.00		\$ 140,000.00		\$ 140,000.00			
April	\$ 139,000.00		\$ 140,000.00		\$ 140,000.00			
May	\$ 139,000.00		\$ 140,000.00		\$ 140,000.00			
June	\$ 140,000.00		\$ 140,000.00		\$ 140,000.00			
<b>Total per Fiscal Year</b>	<b>\$ 944,000.00</b>	<b>\$ -</b>	<b>\$ 1,680,000.00</b>	<b>\$ -</b>	<b>\$ 1,680,000.00</b>	<b>\$ -</b>	<b>\$ 696,000.00</b>	<b>\$ -</b>

*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 Chairman  
 Title

\_\_\_\_\_  
 Date  
 Charles A. Kipatrik, P.E.  
 Print name of person signing

\_\_\_\_\_  
 Date  
 William D. Sessoms, Jr  
 Print name of person signing

## APPENDIX C

### FORM OF PAYMENT REQUISITION

HRTAC Project Title and Number: \_\_\_\_\_

Project Scope/Services Description: [From Appendix B] \_\_\_\_\_

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: \_\_\_\_\_ Request Date: \_\_\_\_\_  
HRTAC Project Number: \_\_\_\_\_ Project Title: \_\_\_\_\_

Cost Category	HRTAC Approved Project Costs	Total PayGo Requests Previously Received	PayGo Requisition Amount this Period	Remaining PAYGO Project Budget (Calculation)
<b>Project Starting Balance</b>	\$ -			\$ -
Design Work	\$ -	\$ -	\$ -	\$ -
Engineering	-	-	-	\$ -
Environmental Work	-	-	-	\$ -
Right-of-Way Acquisition	-	-	-	\$ -
Construction	-	-	-	\$ -
Contract Administration	-	-	-	\$ -
Testing Services	-	-	-	\$ -
Inspection Services	-	-	-	\$ -
Capital Asset Acquisitions	-	-	-	\$ -
<b>Other (please explain)</b>	-	-	-	\$ -
<b>TOTALS</b>	\$ -	\$ -	\$ -	\$ -

## 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			-
<b>Requisition Amount</b>				\$ -

### 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**

**Agenda Item 6G**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Investment Management Services**

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**Recommendation:**

Investment Management Services RFP Evaluation Committee Spokesperson, Senator Wagner recommends that the Commission authorize the Chair to execute the prepared Investment Management Services Agreement that will be distributed to the Commission following the September 15, 2016 Investment Management Services RFP Evaluation Committee meeting.

**Background:**

During FY2015, HRTAC employed investment and banking services for the investment of Hampton Roads Transportation Funds (HRTF). Since this engagement, HRTAC adopted its Statement of Investment Policy at its June 16, 2016 Annual Organizational Meeting. Using the new Investment Policy as a guide, HRTAC issued a Request for Proposal for Investment Management Services. To evaluate the proposals and make recommendation to the Board, Chair Sessoms established an Ad-Hoc RFP Evaluation Committee. The Investment Management Services RFP Evaluation Committee met on August 25, 2016 to review the nine proposals received and select a short listed proposer to advance negotiations. The RFP Evaluation Committee met again on September 15, 2016 to finalize its recommendation to the Board for consideration and approval. The Commission will be fully briefed at the meeting on the results of the recommendation of the Management Services RFP Evaluation Committee.

**Fiscal Impact:**

There is a fiscal impact in relation to this Action Item that is already included in the Commission's Approved FY2017 Operating Budget.

**Suggested Motion:**

Motion is the Commission approves the Investment Management Services RFP Evaluation Committee's recommendation of award and authorizes the Chair to Execute the Investment Management Services Agreement distributed at the Commission's September 15, 2016 Regular Meeting.





**Agenda Item 6H**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Amended and Restated Bylaws, Second Reading**

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**Recommendation:**

The Executive Director requests that the Commission adopt the proposed Second Amended and Restated Bylaws.

**Background:**

During the 2016 Acts of Assembly, the legislature passed House Bill 1111 that included changes to the Commission structure regarding HRTAC Board member appointments by the four county member jurisdictions, and the legislation added the flexibility for a member serving and city or county to, subject to certain conditions, appoint a temporary replacement for a meeting in the event the member is unable to attend that one meeting. These changes became effective on July 1, 2016. The changes should be reflected in an amended and restated version of the Commission's Bylaws. At the June 16, 2016 Annual Organizational Board meeting, HRTAC Counsel presented proposed amendments to the Bylaws. There were no public comments to the proposed changes received.

**Fiscal Impact:**

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

**Suggested Action:**

Motion: Motion is the Commission adopts the Second Amended and Restated Bylaws.



SECOND AMENDED AND RESTATED BYLAWS

OF

HAMPTON ROADS

TRANSPORTATION ACCOUNTABILITY COMMISSION

Approved: ~~October 15, 2015~~, 2016

ARTICLE I

POWERS AND DUTIES

The Hampton Roads Transportation Accountability Commission (the "Commission") shall have all of the rights, powers and duties, and shall be subject to the limitations and restrictions, set forth in Chapter 26 of Title 33.2 of the Code of Virginia of 1950, as amended (the "Virginia Code"), as such may be amended from time to time (the "Act").

ARTICLE II

MEMBERSHIP

**A. Commission Members.** The Commission consists of twenty-three (23) members ("Members" or "Member") as follows:

1. The chief elected officer of the governing body of each of the ~~14 counties and ten~~ (10) cities embraced by the Commission.
2. A current elected official of each of the four (4) counties embraced by the Commission, provided that such official (a) serves on the governing body of the county and (b) has been appointed by resolution of such governing body to serve as the county's member on the Commission.
3. ~~2.~~ Three members of the House of Delegates who reside in different counties or cities embraced by the Commission. The House members shall be appointed to the Commission by the Speaker of the House.
4. ~~3.~~ Two members of the Senate who reside in different counties or cities embraced by the Commission. The Senate members shall be appointed to the Commission by the Senate Committee on Rules.

5. ~~4.~~ A member of the Commonwealth Transportation Board who resides in a locality embraced by the Commission and appointed by the Governor, who shall serve as a nonvoting ex officio member of the Commission.
6. ~~5.~~ The Director of the Virginia Department of Rail and Public Transportation, or his or her designee, who shall serve as a nonvoting ex officio member of the Commission.
7. ~~6.~~ The Commonwealth Transportation Commissioner of Highways, or his or her designee, who shall be a nonvoting ex officio member of the Commission.
8. ~~7.~~ The Executive Director of the Virginia Port Authority, or his or her designee, who shall serve as a nonvoting ex officio member of the Commission.

**B. Designees. If a Member of the Commission described in Article II, section A, subsection (1) or (2) is unable to attend a meeting of the Commission, the Member may designate another current elected official of such governing body to attend the meeting of the Commission. Such designation shall be for the purposes of the one meeting that the Member will be unable to attend and shall be submitted in writing or electronically to the Chair of the Commission at least forty-eight (48) hours prior to the affected meeting.**

### ARTICLE III

#### OFFICERS AND DUTIES

**A. Officers.** The Commission shall annually elect from its voting Members a Chair and a Vice-Chair. The Commission may further elect such other subordinate officers from among its Members as it may from time to time deem appropriate. The election of officers shall be conducted in accordance with the voting procedures set forth in Article IV, section K.

**B. Terms of Office.** Officers of the Commission shall be elected at the annual organizational meeting of the Commission, to serve for a term of one (1) year or until a successor is elected, unless sooner removed by the Commission or the person ceases to be a Member of the Commission. All officers shall be eligible for reelection; provided, however, no officer may serve more than two (2) consecutive one (1) year terms in succession. Any officer who serves a partial term shall not be considered as serving a full term for purposes of this limitation. Any vacancy occurring in an office will be filled for the unexpired term by the Commission at the next regular meeting (or at an earlier special meeting called for that purpose) following the occurrence of such vacancy.

**C. Appointment.** At a regular meeting held preceding the annual organizational meeting at which the election of officers will be held, the Chair shall appoint a nominating committee. At the annual organizational meeting, the nominating committee shall submit the name or names of one or more persons for each office to be filled. Further nominations may be made by any Member at the annual meeting.

**D. Chair.** The Chair shall preside over all meetings of the Commission at which he or she is present, and shall vote as any other Member. The Chair shall be responsible for the

implementation of the actions taken and policies established by the Commission, shall have all of the powers and duties customarily pertaining to the office of Chair, and shall perform such other duties as may from time to time be established by the Commission.

**E. Vice Chair.** In the event of the absence of the Chair, or the inability of the Chair to perform any of the duties of the office or to exercise any of the powers thereof, the Vice Chair shall perform such duties and possess such powers as are conferred on the Chair, and shall perform such other duties as may from time to time be assigned to the Vice Chair by the Chair or be established by the Commission.

## **ARTICLE IV**

### **MEETINGS**

**A. Annual Organizational Meeting.** The annual organizational meeting of the Commission shall be held by the Commission in the month of June for the purpose of electing officers and transacting such other business as may come before the meeting.

**B. Regular Meetings.** Regular meetings of the Commission shall be held on a periodic basis as determined by resolution of the Commission, but not less frequently than once per quarter, on the third Thursday of the scheduled month at a place to be determined by the Chair, or at such time and place as the Commission may determine. If no meeting is held in January, February or March of a year, then, for purposes of the quarterly meeting requirement in the preceding sentence, a meeting held in April of that year shall be deemed held during the first quarter. The regular meeting for the month of June shall serve as the annual organizational meeting.

**C. Special Meetings.** Special meetings may be called by the Chair, in his or her discretion, or by request in writing of at least seven voting Members. Any request in writing by seven or more voting ~~members~~**Members** shall be addressed to the Chair and shall specify the time and place of meeting and the matters to be considered at the meeting, which time shall not be earlier than the third business day after the day that the Chair receives the request. If the Chair elects to call a special meeting or receives a request in writing from the requisite number of Members, the Chair shall take appropriate action to coordinate the meeting site and time and shall cause notice to be provided to each Member of the Commission to attend the special meeting at the applicable time and place. Such notice shall specify the matters to be considered at the meeting, and shall be sent by electronic (e.g. email) or telephonic means at least forty-eight [48] hours (twenty-four [24] hours if the meeting is called by the Chair in exigent circumstances) in advance of the date of the meeting. Formal notice to any person is not required provided all Members are present or those not present have waived notice in writing, filed with the records of the meeting, either before or after the meeting.

**D. Adjourned Meetings.** Any regular or special meeting may be adjourned to a date and time certain.

**E. Public Notice.** All meetings of the Commission shall be preceded by public notice given in accordance with the provisions of Section 2.2-3707 of the Virginia Code. Notice of all

meetings shall be published on the Commission's website and available in the offices of the Commission.

**F. Public Hearing.** Public hearings may be held at the direction of the Commission and shall, unless otherwise specified by the Commission or these Bylaws, be upon notice published on the Commission's website and in a newspaper or newspapers having general circulation in the geographic area encompassed by the Commission.

**G. Open Meetings.** All Commission meetings shall be open to the public in accordance with the Virginia Freedom of Information Act (Virginia Code §2.2-3700 et seq.), provided that the Commission may meet in closed session for those purposes authorized by, and held in accordance with the requirements of the Virginia Freedom of Information Act, to include requirements for public notice.

**H. Quorum.** A majority of the Commission (both voting and nonvoting), which shall include at least a majority of the total of chief elected officers ~~of~~ and elected officials who represent the counties and cities embraced by the Commission, or their designees pursuant to Article II, section B, shall constitute a quorum.

**I. Temporary Absence.** No action shall be voted upon by the Commission unless a quorum is present; provided, however, that the temporary absence from the meeting room of Members (or designees attending pursuant to Article II, section B) required to constitute a quorum shall not be deemed to prevent presentations or deliberations regarding any matter that may be submitted to a vote. The Chair or any other Member may note the absence of a quorum during presentations or deliberations, but a failure to note the absence of a quorum during that period shall not affect the requirement that a quorum exist when any vote is taken.

**J. Decisions of the Commission.** The Commission shall act in one of the following ways:

1. Resolution – The Commission may act upon adoption of a resolution. Resolutions shall be in writing and a copy of any proposed resolution shall be provided to all Members of the Commission before the resolution is proposed for adoption. To the extent possible, such copy shall be provided twenty-four (24) hours in advance.
2. Motion – The Commission may act on oral motion made by a voting Member of the Commission (or a designee attending pursuant to Article II, section B).

**K. Voting.**

1. Votes – Votes shall be taken only upon motions made and seconded. Each voting Member of the Commission (or if a Member has a designee attending pursuant to Article II, section B, then that Member's designee) shall be entitled to one (1) vote in all matters requiring action by the Commission. Decisions of the Commission shall require the affirmative vote of two-thirds of the voting Members, or their designees attending pursuant to Article II, section B, present and voting, and two-thirds of the total of chief elected ~~Officers~~

~~of officers and elected officials who represent~~ the counties and cities embraced by Planning District ~~23~~<sup>23</sup>, or their designees pursuant to Article II, section B, who are present and voting and whose counties and cities include at least two-thirds of the population embraced by the Commission. However, no vote to fund a specific facility or service shall fail because of the aforesaid population criterion if such facility or service is not located or to be located, or provided or to be provided, within the county or city whose representative's (or its respective designee attending pursuant to Article II, section B) cast the sole negative vote that caused the facility or service to fail to meet the population criterion. For purposes of the foregoing, the population of the counties and cities embraced by the Commission shall be determined in accordance with the Act.

2. Methods of Voting – All voting shall be taken by voice or by roll call if requested by any voting Member (or any designee attending pursuant to Article II, section B).
3. Restating the Question – The Chair shall restate the question prior to the taking of a vote, provided, however, that at the request of the Chair, a Member (or a designee attending pursuant to Article II, section B) may restate the question if it is the opinion of the Chair that such procedure will expedite the decision of the question.
4. Reconsideration – Action on a resolution or motion that has been approved may be reconsidered only upon motion of a Member (or a designee attending pursuant to Article II, section B) voting with the prevailing side on the original vote, which motion must be made at the same regular meeting. A motion to reconsider may be seconded by any Member (or a designee attending pursuant to Article II, section B). Any resolution or motion that failed as a result of a tie vote may be reconsidered upon motion by any Member (or a designee attending pursuant to Article II, section B) who voted against it, which motion must be made at the same meeting or the next regularly scheduled meeting.

**L. Commencement of Meetings.** At the times specified for the commencement of regular meetings, and at the hour specified for adjourned or special meetings, the Chair shall call the meeting to order, and shall ensure that the presence ~~or absence~~ of Members (or their designees) or absence is noted. A quorum shall be required for the commencement of any meeting.

**M. Agenda.** The Chair shall prepare an agenda for each meeting. Any Member having matters to be considered by the Commission shall submit them to the Chair for inclusion on an appropriate agenda. The agenda for an upcoming meeting shall be sent to the Members prior to the meeting date (for regular meetings, the Chair should endeavor to provide the agenda at least seven (7) days in advance).

**N. Minutes.** Minutes of the meetings of the Commission, except closed sessions, shall be kept and be a public record. Copies of the minutes shall be provided to each Member prior to the meeting at which the minutes are to be presented for approval by the Commission.

**O. Closed Sessions.** If a closed session is required at a meeting, consistent with purposes permitted by Virginia law, the agenda shall specify a time or position on the agenda, generally after all public business has concluded, for such a closed session properly called and conducted in accordance with Virginia law. When so requested, the Chair may permit a closed session at any other time prior to consideration of any agenda item provided that the purpose of the closed session and the procedure used to go into closed session are in accordance with Virginia law.

**P. Order in Conduct of Business.**

1. Persons Addressing the Commission – Prior to public comment and public hearings, the Commission will provide guidelines for length of presentation by individuals and group representatives. Persons speaking at a meeting or public hearing shall confine their remarks to the subject of the meeting or public hearing. At the discretion of the Chair, the conduct of business by the Commission may be reordered to allow earlier consideration of matters about which a substantial number of persons desire to address the Commission. Persons addressing the Commission may furnish the Chair and Members with a written copy of their remarks, at or before the meeting.
2. Recognition – Recognition shall be given only by the Chair. No person shall address the Commission without first having been recognized.
3. Questions – Questions by Members (or their designees) shall be reserved insofar as possible for the end of a presentation to avoid interrupting the speaker, disrupting the time-keeping process, and duplicating ground the speaker may cover.
4. Commission Discussion – Discussion and debate by the Commission shall be conducted following the presentation of the item of business pending. ~~Members~~ No Member (or designee) shall ~~not~~ speak to the item until recognized by the Chair.

**Q. Decorum.**

1. Commission Members – Decorum of Members (and designees) shall be maintained in order to expedite disposition of the business before the Commission. Questions and remarks shall be limited to those relevant to the pending business. Members (and designees) shall address all remarks to the Chair.
2. Others – Decorum of persons other than Members shall be maintained by the Chair, who may request such assistance as may appear necessary. Persons addressing the Commission shall first be recognized by the Chair and shall audibly state their name and address, and, if applicable, who they represent. Speakers shall limit their remarks to those relevant to the pending items and to answering questions. They shall address the Commission as a whole unless answering a question of an individual Member ~~s questions (or designee)~~. Persons



whose allotted time to speak has expired shall be warned by the Chair to conclude after which such person shall leave, unless he or she is asked to remain to answer questions from the Commission. The Chair shall call the speaker to order if out-of-order remarks are made or other indecorous conduct occurs. If such persists, the Chair shall rule the speaker out-of-order and direct the speaker to leave. Groups or a person in the audience creating an atmosphere detrimental or disturbing to the conduct of the meeting will be asked to leave by the Chair.

## **ARTICLE V**

### **COMMITTEES**

**A. Open Meeting Requirement.** Commission appointed committees and subcommittees shall comply with the open meeting requirements of the Virginia Freedom of Information Act.

**B. Finance Committee.**

1. Charge. This committee shall be responsible for advising the Commission on all financial matters and overseeing financial activities undertaken by the Commission, including:
  - a. Reviewing, commenting on, and recommending the annual budget and adjustments to the budget,
  - b. Recommending the Commission's financial policies (e.g., bond, investment, procurement, risk management, debit and credit card, direct debit, and small purchases) and making recommendations,
  - c. Monitoring the Commission's compliance with policies and procedures,
  - d. Reviewing financial statements, and
  - e. Working with the Auditor of Public Accounts in performing the annual audit.
2. Membership. The Committee shall consist of five (5) Members of the Commission appointed by the Chair for staggered two year terms.
3. Chair. The chair and the vice chair of the Committee shall be appointed by the Chair of the Commission.
4. Staff Support. Staff support may be requested by the committee chair from HRTAC personnel or VDOT, HRTPO, jurisdictional or other agency staff.
5. Quorum and Voting. A quorum shall consist of a majority (3) of the committee members. Approval of recommendations shall require an affirmative vote of a majority of the members present.



**C. Funding Strategies Advisory Committee.**

1. Charge. This committee of individuals shall be responsible for recommending funding strategies to build a program of projects identified by the HRTPO and the Commission.
2. Membership. The Committee shall consist of nine (9) individuals. The Chair shall appoint six (6) members who reside or are employed in counties and cities embraced by the Commission and who have experience in transportation planning, finance, engineering, construction, or management. Initially, half the members appointed by the Chair will serve a one year term. The other half will serve two year terms. Subsequently, members will serve three year terms. The Chair of the Commonwealth Transportation Board will appoint three (3) members of the funding strategies advisory committee and each of them will serve a three year term. Committee members appointed by the Chair may be removed by the Chair if the member fails to attend three consecutive meetings or no longer resides or is employed in a jurisdiction embraced by the Commission, or if the Chair receives a request for removal from the chief elected officer of the jurisdiction embraced by the Commission in which the member resides or is employed. Except for an employee who is also a Member of the Commission, no employee of any county or city embraced by the Commission shall be eligible to serve on this Committee.
3. Chair. The chair and the vice chair of the Committee shall be appointed by the Chair of the Commission.
4. Staff Support. Staff support may be requested by the committee chair from HRTAC personnel or VDOT, HRTPO, jurisdictional or other agency staff.
5. Quorum and Voting. A quorum shall consist of a majority (5) of the committee members. Approval of recommendations or actions shall require an affirmative vote of a majority of the members present, which shall include at least three of the members appointed by the Chair.

**D. Additional Committees.** The Commission may, in its discretion, form such additional advisory committees as it may deem appropriate.

**E. Ad Hoc Committees.** As needed, the Chair of the Commission may appoint ad hoc committees to pursue specific tasks (e.g., nominating committee; personnel committee). In the absence of an appointed personnel committee, the Finance Committee shall be responsible for conducting the Executive Director's annual review, reviewing employee compensation and recommending adjustments thereto.

## ARTICLE VI

### ADMINISTRATION

**A. Executive Director.** The Commission shall employ or contract with an Executive Director who shall have direct authority for the employment, retention, and supervision of all of the other employees of the Commission. The Executive Director shall have direct control, subject to the oversight and authority of the Commission, of the management of the day-to-day administrative affairs of the Commission. The Executive Director shall propose activities to the Commission and shall carry out policies, programs and projects approved by the Commission, and shall be responsible for preparing and presenting the annual budget. The Executive Director may not contemporaneously serve as a member of the Commission.

**B. Staff.** The Commission may employ or contract for such staff of qualified professional and other persons as the Commission determines to be necessary to carry out its duties and responsibilities. Staff of the Commission may not contemporaneously serve as a member of the Commission.

**C. Execution of Instruments.** The Executive Director, on specific authorization by the Commission, shall have the power to sign or countersign in its behalf any agreement or other instrument to be executed by the Commission including checks and vouchers in payment of obligations of the Commission.

## ARTICLE VII

### FINANCES

**A. Finances and Payments.** The monies of the Commission shall be deposited in a separate bank account or accounts in such banks or trust companies as the Commission designates, and all payments (with the exception of those from petty cash) shall be made in the most practicable manner as determined by the Commission. Checks and drafts shall be signed and countersigned by the Chair (or, in the Chair's absence, the Vice Chair), and the Executive Director (or, in the Executive Director's absence, those authorized from time to time by vote of the Commission or, where the Vice Chair is acting solely as a countersigning party, the Vice Chair).

**B. Audits.** At least once each year, the Commission shall work with the Auditor of Public Accounts (APA) to have an audit to be made by an independent certified public accountant or by APA of all funds of the Commission.

**C. Budget and Fiscal Year.** After a duly convened public hearing held in accordance with the requirements of Virginia Code § 33.1-470(A), the Commission shall adopt an annual budget for each fiscal year which budget shall provide for all of the revenues and the operating, capital, and administrative expenses of the Commission for the fiscal year. The fiscal year of the Commission will commence on July 1st each year and will terminate on the following June 30th. The annual budget for a fiscal year shall, except in the case of the Commission's first fiscal year, be adopted before such fiscal year begins. The Executive Director is authorized to administer the administrative budget approved by the Commission and may in the exercise of that authority, but

subject to the advice and consent of the chair of the Finance Committee, implement adjustments to the amounts allocated to line items within the administrative budget, provided that, after giving effect to those adjustments, the aggregate amount of the administrative budget is equal to or less than the then applicable Commission-approved administrative budget.

**D. Per Diem Payments.** The Commission may pay its Members for their services to the Commission a per diem in either: (1) the amount provided in the general appropriations act for members of the General Assembly engaged in legislative business between sessions, or (2) a lesser amount determined by the Commission.

**E. Bond of Officers and Others.** The officers of the Commission and such employees as the Commission so designates, may, prior to taking office or starting contract or employment, respectively, be required by the Commission to give bond payable to the Commission conditioned upon the faithful discharge of that officer, contract employee or employee's duties, in such amount as the Commission may require. The premium for each such bond shall be paid by the Commission and the bond(s) shall be filed with the Commission.

## **ARTICLE VIII**

### **AMENDMENTS**

Any proposed amendment, repeal or alteration, in whole or in part, of these Bylaws shall be presented in writing and read for a first time at a regular meeting of the Commission. Such proposal may be considered and amended at such meeting, but shall not be acted on by the Commission until a subsequent regular meeting or a special meeting called for the purpose. At such subsequent meeting, such proposal shall be read a second time, shall be subject to further consideration and amendment germane to the section or sections affected by such proposal, and shall thereafter be acted on in accordance with the voting requirements of these Bylaws.

## **ARTICLE IX**

### **PROCEDURES**

**Parliamentary Procedure.** In all matters of parliamentary procedure not specifically governed by these Bylaws or otherwise required by law, the current edition of *Robert's Rules of Order, newly revised*, shall apply.

Document comparison by Workshare Compare on Wednesday, June 08, 2016  
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Description	#1413645v2<I> - Second Amended and Restated HRTAC Bylaws
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Padding cell	

Statistics:	
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Insertions	36
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Moved to	0
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Format changed	0
Total changes	56

**Agenda Item 6I**  
**Action Item**

**To: Chair Sessoms and the other members of HRTAC**

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

**Date: September 15, 2016**

**Re: Authorization of Public Hearing on the proposed Update to the Plan of Finance  
- I-64/I-264 Interchange-Phase III, Standard Project Services to Support  
Preliminary Engineering Phase (UPC 106693)**

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**Recommendation:**

The Commission is being asked to authorize the Funding Strategies Advisory Committee to conduct a public hearing to amend the HRTAC 2016-2022 Funding Plan Approved March 17, 2016 to add \$10,000,000 in HRTF funding for part of the Preliminary Engineering Phase of the I-64/I-264 Interchange-Phase III (UPC 106693) project.

**Background:**

VDOT has requested HRTAC allocation of \$10,000,000 to conduct the I-64/I-264 Interchange-Phase III, Standard Project Services to Support Preliminary Engineering Phase (UPC 106693). The I-64/I-264 Interchange-Phase III project is identified in the HRTAC-adopted Funding Plan with incremental funding to be allocated as determined. This project component involves the Preliminary Engineering remaining movements of the I-64/I-264 Interchange. The project will improve traffic flow, connectivity, and congestion.

HRTAC will need to amend its HRTAC 2016-2022 Funding Plan Approved March 17, 2016 to provide \$10,000,000 in HRTF funding. The updated financial information proposed for the I-64/I-264 Interchange-Phase III project to be included in the HRTAC 2016-2022 Funding Plan amendment is as follows:

I-64/I-264 Interchange-Phase III, Standard Project Services to Support Preliminary Engineering Phase (UPC 106693).

- Add FY2017 of \$1,100,000 Hampton Roads Transportation Fund (HRTF)
- Add FY2018 of \$3,750,000 HRTF
- Add FY2019 of \$3,750,000 HRTF
- Add FY2020 of \$1,400,000 HRTF
- Total allocated HRTF funds for Preliminary Engineering - \$10,000,000



The Funding Strategies Advisory Committee will need to conduct a Commission authorized public hearing to receive public input.

**Fiscal Impact:**

There is no financial impact in relation to this Action Item authorizing a public hearing.

**Suggested Motion:**

Motion. Motion is to authorize the Funding Strategies Advisory Committee to conduct a public hearing to amend the HRTAC 2016-2022 Funding Plan Approved March 17, 2016 to add \$10,000,000 in HRTF funding for part of the Preliminary Engineering Phase of the I-64/I-264 Interchange – Phase III (UPC 106693) project.

# HAMPTON ROADS TRANSPORTATION FUND

## FINANCIAL REPORT

### FY2014 – FY2017

VDOT provides the HRTPO and HRTAC staff with monthly financial reports relating to the HRTF including the following information:

- Revenue from sources as detailed by the collecting agency
- Interest earnings
- Expenditures reflecting both the program total as well as project totals
- The current cash position/balance in the HRTF as well as forecasted cash position/balance

Attached are the July 2016 financial reports. Based on the financial reports received to date from VDOT, the HRTPO staff has analyzed the data and prepared the attached reports and summaries:

### **Revenues**

Total Gross Revenues (as of July 31, 2016): \$482,544,235

- State Sales and Use Tax : 369,687,599
- Local Fuels Tax : 106,975,673
- Interest : 1,695,596
- Investment Income: 4,185,367

### **Expenditures**

Total Expenditures: \$40,805,752

- Project Construction: 38,360,934
- Total Dept. of Tax Administrative Fees: 499,518
- Total DMV Administrative Fees: 98,695
- Investment Fees: 397,880
- Operating Expenses: 1,448,725

### **Cash Balance**

Ending Cash Balance: \$441,738,483

### **Encumbered Balance**

Balance of Encumbered (through FY2020): \$1,040,919,211

Allocation: \$1,079,280,145

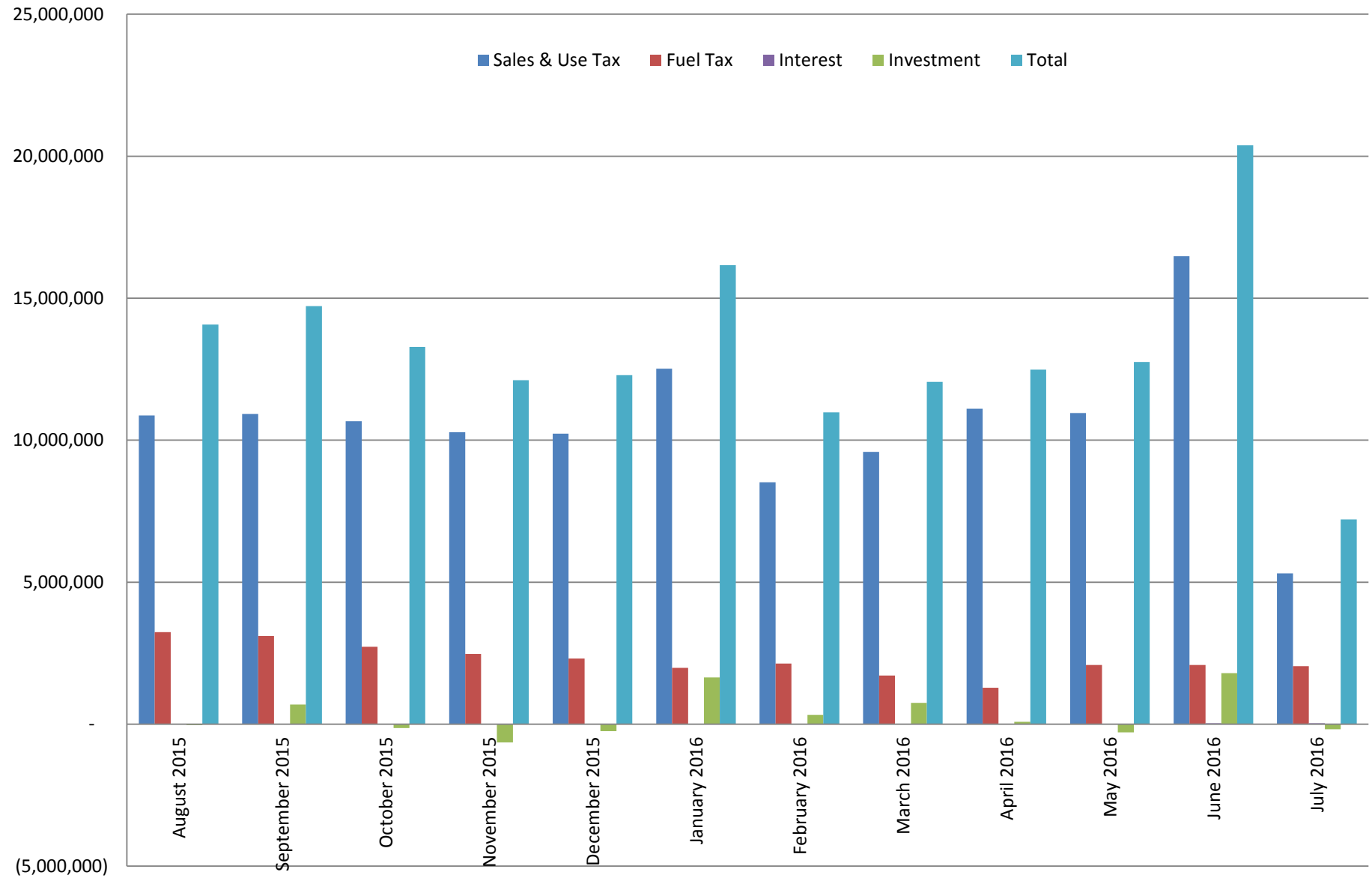
- Less Construction Expenditures: \$38,360,934

**Hampton Roads Transportation Fund (HRTF)**  
**Total of Sales & Use and Fuels Taxes**  
**Summary**

	Gross Revenue					Expenditures						Cummulative Balance
	Sales & Use Tax	Fuel Tax	Interest	Investment Income	Total	Construction	Dept of Tax Admin Fee	DMV Admin Fee	Investment Fees	Operating Expenses	Total	7/1/13 - 7/31/16
<i>July 2013 - July 2015</i>	\$ 242,254,425	\$ 79,794,010	\$ 1,582,315	\$ 399,644	\$ 324,030,394	1,544,502.42	\$ 499,518	\$ 98,695	\$ 46,819	\$ 489,536	\$ 2,679,071	\$ 321,351,323
<i>August 2015</i>	10,870,438	3,240,804	-	(36,201)	14,075,041	-	-	-	24,212	45,748	69,961	335,356,403
<i>September 2015</i>	10,921,675	3,103,960	-	693,355	14,718,990	-	-	-	136	135,430	135,566	349,939,827
<i>October 2015</i>	10,667,491	2,730,430	20,956	(135,702)	13,283,175	-	-	-	5,835	50,205	56,040	363,166,962
<i>November 2015</i>	10,278,741	2,476,244	-	(641,787)	12,113,199	-	-	-	52,597	35,761	88,358	375,191,803
<i>December 2015</i>	10,227,086	2,309,950	-	(243,682)	12,293,354	-	-	-	23,888	228,745	252,633	387,232,524
<i>January 2016</i>	12,517,610	1,982,010	15,257	1,647,705	16,162,582	-	-	-	34,984	42,542	77,527	403,317,580
<i>February 2016</i>	8,517,528	2,135,239		331,223	10,983,989	-	-	-	29,424	51,529	80,953	414,220,616
<i>March 2016</i>	9,586,789	1,714,858	-	750,130	12,051,777	-	-	-	28,370	108,236	136,606	426,135,787
<i>April 2016</i>	11,106,409	1,278,871	14,767	86,070	12,486,116	-	-	-	39,416	51,089	90,505	438,531,397
<i>May 2016</i>	10,954,209	2,081,793	-	(283,883)	12,752,118	-	-	-	55,869	46,199	102,068	451,181,447
<i>June 2016</i>	16,475,897	2,086,824	30,779	1,795,212	20,388,713	32,727,649	-	-	23,712	133,538	32,884,898	438,685,262
<i>July 2016</i>	5,309,301	2,040,681	31,522	(176,716)	7,204,788	4,088,783	-	-	32,618	30,167	4,151,567	441,738,483
Total 12 Months	\$ 127,433,174	\$ 27,181,664	\$ 113,281	\$ 3,785,723	\$ 158,513,841	36,816,432	\$ -	\$ -	\$ 351,061	\$ 959,188	\$ 38,126,680	
Grand Totals	\$ 369,687,599	\$ 106,975,673	\$ 1,695,596	\$ 4,185,367	\$ 482,544,235	38,360,934	\$ 499,518	\$ 98,695	\$ 397,880	\$ 1,448,725	\$ 40,805,752	
Less Balance of Encumbered												\$ (1,040,919,211)
Total Net Available												(599,180,728)



# HRTF Revenue



# Table 1 - Total HRTF Revenues

## Hampton Roads Transportation Fund (HRTF)

### Total of Sales & Use and Fuels Taxes

Fiscal Year 2017

Locality	Total FY2014 - FY 2016	Previous FY2017	July 2016	Total YTD FY2017	Total
Chesapeake	\$ 85,583,739	\$ -	\$ 1,398,785	\$ 1,398,785	\$ 86,982,524
Franklin	4,094,524	-	53,279	53,279	4,147,803
Hampton	34,772,960	-	522,733	522,733	35,295,693
Isle of Wight	7,502,182	-	106,327	106,327	7,608,510
James City	21,356,516	-	325,571	325,571	21,682,087
Newport News	49,945,592	-	723,514	723,514	50,669,106
Norfolk	64,950,150	-	902,343	902,343	65,852,493
Poquoson	1,237,029	-	10,902	10,902	1,247,931
Portsmouth	16,717,771	-	242,753	242,753	16,960,523
Southampton	2,255,654	-	26,720	26,720	2,282,374
Suffolk	22,212,686	-	318,760	318,760	22,531,446
Virginia Beach	126,726,303	-	2,024,362	2,024,362	128,750,665
Williamsburg	10,340,895	-	342,287	342,287	10,683,182
York	21,617,290	-	351,645	351,645	21,968,936
Total	\$ 469,313,290	\$ -	\$ 7,349,982	\$ 7,349,982	\$ 476,663,272
Interest	1,664,074	-	31,522	31,522	1,695,596
Investment Income (Sterling/ Union/LGIP)	4,362,082	-	(176,716)	(176,716)	4,185,367
Total Revenues	\$ 475,339,447	\$ -	\$ 7,204,788	\$ 7,204,788	\$ 482,544,235
Construction	(34,272,151)	-	(4,088,783)	(4,088,783)	(38,360,934)
Dept of Tax Admin Fees	(499,518)	-	-	-	(499,518)
DMV Admin Fees	(98,695)	-	-	-	(98,695)
Investment Fees (Sterling)	(365,262)	-	(32,618)	(32,618)	(397,880)
Operating Expense	(1,418,558)	-	(30,167)	(30,167)	(1,448,725)
Cash Balance	\$ 438,685,263	\$ -	\$ 3,053,220	\$ 3,053,220	\$ 441,738,483
Less Balance of Encumbered					(1,040,919,211)
Net Available Cash					\$ (599,180,729)
Forecast	503,745,037	-	6,271,395	6,271,395	510,016,432
Total Revenue - Forecast (under)/over	(28,405,590)	-	933,393	933,393	(27,472,197)

## Table 1A - State Sales & Use Tax

Hampton Roads Transportation Fund (HRTF)

*State Sales & Use Tax*

*Fiscal Year 2017*

Locality	Total FY2014 - FY 2016	Previous FY2017	July 2016	Total YTD FY2017	Total
<i>Chesapeake</i>	\$ 65,494,853	\$ -	\$ 957,928	\$ 957,928	\$ 66,452,781
<i>Franklin</i>	2,808,293	-	39,769	39,769	2,848,062
<i>Hampton</i>	26,599,916	-	351,721	351,721	26,951,638
<i>Isle of Wight</i>	4,089,875	-	56,132	56,132	4,146,007
<i>James City</i>	18,544,657	-	288,820	288,820	18,833,478
<i>Newport News</i>	39,689,099	-	543,518	543,518	40,232,617
<i>Norfolk</i>	53,291,271	-	704,138	704,138	53,995,409
<i>Poquoson</i>	868,089	-	9,344	9,344	877,434
<i>Portsmouth</i>	11,922,181	-	149,402	149,402	12,071,584
<i>Southampton</i>	930,935	-	11,535	11,535	942,470
<i>Suffolk</i>	14,870,545	-	217,853	217,853	15,088,398
<i>Virginia Beach</i>	100,505,441	-	1,599,977	1,599,977	102,105,419
<i>Williamsburg</i>	8,209,028	-	117,933	117,933	8,326,961
<i>York</i>	16,554,113	-	261,230	261,230	16,815,343
<b>Total</b>	<u>\$ 364,378,298</u>	<u>\$ -</u>	<u>\$ 5,309,301</u>	<u>\$ 5,309,301</u>	<u>369,687,599</u>
Updated Forecast	<u>363,171,042</u>	-	5,893,027	5,893,027	<u>369,064,069</u>
Diff(under)/over	1,207,256	-	(583,726)	(583,726)	623,530

## Table 1B - Local Fuels Tax

### Hampton Roads Transportation Fund (HRTF)

#### *Local Fuels Tax*

*Fiscal Year 2017*

Locality	Total FY2014 - FY 2016	Previous FY2017	July 2016	Total YTD FY2017	Total
<i>Chesapeake</i>	\$ 20,088,886	\$ -	\$ 440,857	\$ 440,857	\$ 20,529,743
<i>Franklin</i>	1,286,231	-	13,510	13,510	1,299,741
<i>Hampton</i>	8,173,043	-	171,012	171,012	8,344,055
<i>Isle of Wight</i>	3,412,308	-	50,195	50,195	3,462,503
<i>James City</i>	2,811,859	-	36,750	36,750	2,848,609
<i>Newport News</i>	10,256,493	-	179,996	179,996	10,436,489
<i>Norfolk</i>	11,658,879	-	198,205	198,205	11,857,084
<i>Poquoson</i>	368,939	-	1,558	1,558	370,497
<i>Portsmouth</i>	4,795,589	-	93,351	93,351	4,888,940
<i>Southampton</i>	1,324,719	-	15,185	15,185	1,339,904
<i>Suffolk</i>	7,342,141	-	100,907	100,907	7,443,048
<i>Virginia Beach</i>	26,220,861	-	424,385	424,385	26,645,246
<i>Williamsburg</i>	2,131,867	-	224,354	224,354	2,356,221
<i>York</i>	5,063,178	-	90,415	90,415	5,153,593
<b>Total</b>	<u>104,934,993</u>	<u>\$ -</u>	<u>\$ 2,040,681</u>	<u>\$ 2,040,681</u>	<u>\$ 106,975,673</u>
Updated Forecast	<u>139,700,002</u>	<u>-</u>	<u>378,368</u>	<u>378,368</u>	<u>140,078,370</u>
Diff(under)/over	(34,765,009)	-	1,662,313	1,662,313	(33,102,697)

## Table 2 - Allocations

### Hampton Roads Transportation Fund (HRTF)

#### Allocations

*Fiscal Year 2017*

Project	Total FY2014 - FY 2016	Previous FY2017 July 2016	Total YTD FY2017	Total
<i>I-64 Peninsula Widening</i>				
- UPC 104905 (Segment 1) -Construction	\$ 44,000,000	\$ - \$ - \$ -	\$ -	\$ 44,000,000
- UPC 106665 (Segment 2) - PE & Construction	213,592,853	- -	-	213,592,853
- UPC 106689 (Segment 3) - PE	10,000,000	- -	-	10,000,000
<i>I-64/264 Interchange Improvement</i>				
- UPC 17630 - PE/ROW	54,592,576	- -	-	54,592,576
- UPC 57048 - PE/ROW	15,071,063	- -	-	15,071,063
- UPC 57048 - Construction of Phase 1	137,023,653	- -	-	137,023,653
<i>Third Crossing - UPC 106724 - SEIS</i>	5,000,000	- -	-	5,000,000
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - PE</i>	20,000,000	- -	-	20,000,000
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - ROW &amp; Construction</i>	580,000,000	- -	-	580,000,000
<b>Total</b>	<u>\$ 1,079,280,145</u>	<u>\$ - \$ - \$ -</u>	<u>\$ -</u>	<u>\$ 1,079,280,145</u>

## Table 3 - Expenditures

### Hampton Roads Transportation Fund (HRTF)

#### *Expenditures*

***Fiscal Year 2017***

Project	Total FY2014 - FY 2016	Previous FY2017	July 2016	Total YTD FY2017	Total
<i>I-64 Peninsula Widening</i>					
- UPC 104905 (Segment 1) -Construction	\$ 1,544,502	\$ -	\$ -	\$ -	\$ 1,544,502
- UPC 106665 (Segment 2) - PE & Construction	7,701,121	-	3,302,314	3,302,314	11,003,435
- UPC 106689 (Segment 3) - PE		-	-	-	-
<i>I-64/264 Interchange Improvement</i>					
- UPC 17630 - PE/ROW	14,029,051	-	474,906	474,906	14,503,958
- UPC 57048 - PE/ROW	7,635,322	-	103,782	103,782	7,739,104
- UPC 57048 - Construction of Phase 1			-	-	-
<i>Third Crossing - UPC 106724 - SEIS</i>		-	-	-	-
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - PE</i>	3,362,155	-	207,780	207,780	3,569,935
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - ROW &amp; Construction</i>	-	-		-	-
<b>Total</b>	<u><u>\$ 34,272,151</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,088,783</u></u>	<u><u>\$ 4,088,783</u></u>	<u><u>\$ 38,360,934</u></u>