

## AGENDA

### Hampton Roads Transportation Accountability Commission

#### Regular Meeting December 14, 2017

12:30 p.m.

The Regional Board Room

723 Woodlake Drive, Chesapeake, VA 23320

- 1. Call to Order**
- 2. Approval of Agenda**
  - *Recommended Action: Approval*
- 3. Public Comment Period**
  - *Limit 5 minutes per individual*
- 4. Chair's Comments**
- 5. Consent Item**
  - *Recommended Action: Approval*
  - A. Minutes of the September 21, 2017 Special Meeting**
- 6. Action Items**
  - *Recommended Action: Discussion/Endorsement/Recommendation/Direction*
  - A. HRTAC Bond Financing Update – Plan for Initial HRTF Revenue Bond Offering (Including presentation for Action Items 6B, 6C, and 6D)** – Finance Committee Chair Senator Wagner, Executive Director Page, HRTAC Financial Advisor Miller, and HRTAC Bond Counselor White
  - B. HRTAC Bond Underwriter Pool RFP** – (Closed Session, as Needed) – Finance Committee Chair Senator Wagner and Executive Director Page
  - C. HRTAC Bond Trustee RFP** – (Closed Session, as Needed) – Finance Committee Chair Senator Wagner and Executive Director Page
  - D. HRTAC Initial HRTF Revenue Bond Offering – Issuance of Senior Lien Revenue Bonds** – (Closed Session, as Needed) – Finance Committee Chair Senator Wagner and HRTAC Bond Counselor White
  - E. HRTAC Security Custody Services RFP** – (Closed Session, as Needed) – Executive Director Page and HRTAC General Counselor Inglima
  - F. HRTAC Annual Audit** – Executive Director Page and PBMares, LLP
  - G. HRTAC P3 Guidelines** – Finance Committee Chair Senator Wagner, Executive Director Page, and HRTAC General Counselor Merkle

**7. Information Items**

- A. **HRTAC Monthly Financial Report** – Finance Committee Chair Senator Wagner
- B. **VDOT HRTAC Project Update** – VDOT Administrator Utterback

**8. Special Recognition of Certain Commissioners and HRTPO Staff** – Chair Hipple

**9. Next HRTAC Regular Board Meeting – April 19, 2018, 12:30 p.m., Regional Building Board Room**

**10. Adjournment**

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

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

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

**Date: December 14, 2017**

**Re: September 21, 2017 Special Meeting Minutes**

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**Recommendation:**

The Commission is asked to approve the Commission's September 21, 2017 Special Meeting 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 Commission's Special Meeting on September 21, 2017.



**Hampton Roads Transportation  
Accountability Commission (HRTAC)  
Summary Minutes of the September 21, 2017 Special Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Regular Meeting was called to order at 10:30 a.m. in the HRTPO Regional Board Room, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

**HRTAC Members in Attendance:**

Michael Hipple, Chair	John Rowe
Linda T. Johnson, Vice Chair	William D. Sessoms
Kenneth Alexander	Thomas G. Shepperd
Rex Alphin	Christopher Stolle
John Cosgrove	Donnie Tuck
Paul Freiling	Frank Wagner
McKinley Price	J. Randall Wheeler (for Eugene Hunt)
Barry T. Porter	David Yancey
Frank Rabil	

**HRTAC Executive Director**

Kevin Page

**HRTAC Ex-Officio Members in Attendance:**

John Malbon	Jennifer Mitchell
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**Other Participants:**

James Baker	Michael Johnson
Mary Bunting	Randy Keaton
Marvin Collins	Neil Morgan
Jeff Florin	Lydia Pettis Patton
Herbert Green	Cynthia Rohlf
Dave Hansen	Patrick Roberts
Bryan Hill	Doug Smith
Tom Inglima	James Utterback
Grindly Johnson	Rick West

**HRTAC Voting Members Absent:**

Chris Jones	Alan Krasnoff
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**HRTAC Ex-Officio Members Absent:**

Charlie Kilpatrick	John Reinhart
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\* Denotes Late Arrival or Early Departure

### **Others Recorded Attending:**

Dr. Ella P. Ward (CH); Brent Fedors (GL); Brian DeProfio (HA); Britta Ayers, Bryan Stilley, Jerri Wilson (NN); Doug Beaver, Wynter Benda, Thelma Drake, Jeff Raliski (NO); Bob Baldwin, Sherri Neil (PO); Charles M. "Bud" Southall, III (PQ); Randolph Cook (SH); Leroy Bennett (SU); Bob Matthias (VB); John Gergely (Citizens); Bill Cashman (AECOM); Cathy Davison (Albemarle Commission); Jim Caplin, Scott Detar (BofAML); Beth Arnold (CH2M); Donna Sayegh (Citizens for Self-Government); Kevin White (Kaufman & Canoles); Tracy Baynard (McGuire Woods Consulting); Karen McPherson (McPherson Consulting); Donna Lawson, Millan Robinson (NASA Langley); Gary Webb (Parsons Transportation); David Miller, Liang Shan (PFM); Mark Geduldig-Yatrofsky (Portsmouthcitywatch.org); Angie Bezik (Principle Advantage); Ellis W. James (Sierra Club, NEC Observer); Dianna Howard (VBTP, CTAC); Jack Beilhart, Sarah Church, Lana Handal, Paula Miller, Rob Monroe, Dawn Odom, Eric Stringfield, Len Tierney (VDOT); Yamile Canaan, Jordan Collins, Angela Ellis, Scott Forehand, Don Quisenberry (Veteran Reporters); Jordan Pascale (Virginian Pilot); Keith Cannady, Rob Case, Nancy Collins, Greg G., Danetta Jankosky, Mike Long, Matt Smith, , Chris Vaigneur (HRPDC); Jennifer Coleman (HRTAC); Bob Crum, Kathlene Grauberger, Mike Kimbrel, Kendall Miller, Joe P., Camelia Ravanbakht, Dale Stith, Joe Turner (HRTPO)

### **Approval of Agenda**

Mr. John Rowe Moved to remove item 6G from the agenda; Ms. Linda Johnson seconded. The Motion Carried.

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

Ms. Donna Sayegh stated that the citizens are neither being informed nor represented properly.

Mr. Mark Geduldig-Yatrofsky made comments in regards to the growth of electric vehicles, and his displeasure with the method for the additional registration fee associated with those vehicles.

### **Consent Items**

#### **A. Minutes of June 15, 2017 HRTAC Regular Meeting (Attachment 5A)**

Mr. John Rowe Moved to approve the minutes of the June 15, 2017 HRTAC Regular Meeting; seconded by Ms. Linda Johnson. The Motion Carried.

### **Action Items**

#### **A. Proposed HRTAC Debt Management Plan – First Steps**

Senator Frank Wagner, HRTAC Finance Committee Chair, briefed the Commission on the activities of the Finance Committee in regards to preparing for the first issuance of bonds. He outlined various factors indicating bonding sooner would benefit HRTAC. He explained the action being taken was authorizing Executive Director Page to complete pre bonding activities allowing HRTAC to potentially enter the bond market in the first quarter of 2018. Mr. Page explained HRTAC was interested in obtaining a TIFIA Master Credit Agreement, which would allow multiple loans for each project included in the master agreement.

Mr. Frank Wagner Moved that The Commission endorses the HRTAC Debt Management Plan and authorizes the Executive Director to take next steps to implement the Proposed HRTAC Debt Management Plan, including engaging a rating agency or agencies and other necessary additional services and exploration of funding sources like TIFIA; seconded by Mr. Frank Rabil. The Motion Carried.

**B. Fiscal Year 2017 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund**

Senator Wagner reviewed the report was required by the General Assembly. He emphasized the importance of the HRTF fund and the positive effects on regional transportation initiatives.

Mr. Frank Wagner Moved that the Commission authorize the Executive Director to submit to the Joint Commission on Transportation Accountability the Fiscal Year 2017 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund; seconded by Mr. Thomas Shepperd. The Motion Carried.

**C. Amendment to and Termination of Interim Project Agreement for Standard Project Services to Support Hampton Roads Crossing Study SEIS - (UPC 106724)**

Executive Director Page explained the previously allocated \$5 Million was to be returned to the HRTF as qualified Federal funding had been identified to fund the SEIS Study.

Mr. Thomas Shepperd questioned if there was a termination penalty. Mr. Page remarked there would not be a penalty.

Ms. Linda Johnson Moved to authorize the Chair to execute and deliver the Amendment to the Interim Project Agreement for Funding and Administration of the Hampton Roads Third Crossing – Environmental (UPC 106724) that terminates the agreement; and, the Commission de-allocates the \$5 million of Hampton Roads Transportation Funds previously allocated for this project; seconded by Mr. Chris Stolle. The Motion Carried.

**D. HRTAC FY2018 – FY2023 Plan of Finance Update**

Executive Director Page reviewed the updates of the plan and indicated a public hearing was conducted on July 20, 2017 at 1:00 p.m., with no comments received.

Senator John Cosgrove commented he understood the needed revenue stream generated by toll revenues; however, it did not seem right to toll a road that already exists and construction was federally funded.

Mr. Frank Wagner Moved that the Commission adopt the HRTAC FY2018-FY2023 – Six Year Operating and Capital Program of Projects for the Region’s High Priority Projects (With Toll Revenues to HRTAC) as its Plan of Finance Update; seconded by Mr. Chris Stolle. The Motion Carried.

**E. HRTAC 2040 Long Range Plan of Finance Update**

Executive Director Page explained the importance of the 2040 Long Range Plan to the Commission and noted a public hearing was held on July 20, 2017 with no public comments received.

Senator Wagner highlighted the High Rise Bridge project and noted the estimate being lowered from \$600 M to \$409 M.

Mr. Frank Wagner Moved that the Commission adopt the 2040 Long Range Plan of Finance Update (With Toll Revenues to HRTAC) for the HRTAC High Priority Projects and directs the Chair to communicate this action to the Hampton Roads Transportation Planning Organization for its use in updating the Constrained Long Range Transportation Plan; seconded by Mr. Thomas Shepperd. The Motion Carried.

**F. Standard Project Agreement for Standard Project Services to a Support Feasibility Study of the Hampton Roads Crossing Study SEIS Components Not Included in Alternative A**

Executive Director Page explained the study was part of the Alternative A decision made in October 2016 and stated the goal of the study was to determine what projects remained and how to achieve completion.

Ms. Linda Johnson Moved to authorize the Chair to execute, with the Hampton Roads Transportation Planning Organization, the prepared Standard Project Agreement for Standard Project Services to a Support Feasibility Study of the Hampton Roads Crossing Study SEIS Components Not Included in Alternative A; seconded by Mr. Rex Alphin. The Motion Carried.

**H. Official Intent for Allocation of Bond Proceeds to Reimburse HRTAC Expenditures on I-64/I-264 Interchange Improvements Project, phase II**

Executive Director Page noted reimbursement resolutions have been passed on all paygo projects to ensure HRTAC expenditures could be recollected.

Mr. Frank Wagner Moved to adopt HRTAC Resolution 2017-07 “Resolution of Official Intent for Allocation of Bond Proceeds to Reimburse HRTAC Expenditures on I-64/I-264 Interchange Improvements Project, Phase II.”; seconded by Ms. Linda Johnson. The Motion Carried.

**Information Items****A. HRTF Financial Report**

Senator Frank Wagner reviewed the HRTF Financial Report included in the agenda packet.

**B. VDOT HRTAC Project Update**

Mr. James Utterback, VDOT District Administrator, provided an update to the Commission in regards to the status of the Regional Priority Projects.

**Next Meeting**

Mr. John Cosgrove Moved to amend the next HRTAC Regular Meeting to December 14, 2017 at 12:30 p.m.; seconded by Mr. Frank Wagner. The Motion Carried.

**Adjournment**

With no further business to come before the Hampton Roads Transportation Accountability Commission, the meeting adjourned at 11:06 a.m.

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Michael J. Hipple  
HRTAC Chair

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

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

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

**Date: December 14, 2017**

**Re: HRTAC Bond Financing Update -Plan for Initial HRTF Revenue Bond Offering**

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**Recommendation:**

The Finance Committee recommends that the Commission approve the proposed plan for an initial 2018 HRTAC Hampton Roads Transportation Fund (HRTF) Bond Revenue Offering under which up to \$500 million in HRTF Senior Lien Revenue Bonds would be issued, beginning during the first Quarter of Calendar Year (CY) 2018.

**Background:**

At its September 21, 2017 Special Meeting, the Commission endorsed the HRTAC Debt Management Plan and authorized the Executive Director to take next steps to implement it, including engaging a rating agency or agencies and other necessary additional services and exploration of funding sources like TIFIA. Under Commission authorization, rating agencies were engaged, which provided confidential assessment and rating of HRTAC and its initial HRTF revenue backed bond offering, bond engagement documents were prepared, and bond Underwriter and bond Trustee solicitations were made. On December 5, 2017, the Finance Committee was provided a full briefing of progress and next steps. At the December 5, 2017 meeting, the Finance Committee endorsed the HRTAC Initial HRTF Revenue Bond Offering and recommended an issuance of up to \$500 million during the First Quarter of CY2018.

**Fiscal Impact:**

The fiscal impact to the Hampton Roads Transportation Fund in relation to this Action Item will be determined as the plan is advanced and bonding occurs.

**Suggested Motion:**

**Motion:** The Commission approves the plan for an initial 2018 HRTAC Hampton Roads Transportation Fund (HRTF) Bond Revenue Offering under which up to \$500 million in HRTF Senior Lien Revenue Bonds would be issued, beginning during the first Quarter of Calendar Year (CY) 2018, and confirms its preparedness to consider appropriate actions and provide the appropriate authorizations necessary to advance the issuance.



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# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION



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*Economic Vitality and Quality of Life  
Unlocking Hampton Roads*

**Bond Financing Update**

**Kevin Page, HRTAC**

**David Miller, PFM Financial Advisors**

**Kevin White, Kaufman & Canoles**

# Presentation Contents

- I. Review of the September Finance Committee Meeting Action & Direction
- II. Review of Financing Tasks Underway
- III. Analysis of the Impact of Bond Sale Timing
- IV. Proposed Plan of Finance for Initial 2018 HRTF Revenue Bonds
- V. Implementing an Inaugural Bond Financing
- VI. Next Steps and Proposed Financing Schedule
- VII. Appendix A: Negotiated Bond Pricing Process
- VIII. Appendix B: HRTF Credit Rating Considerations
- IX. Appendix C: HRTF Debt Security & Issuance Assumptions
- X. Appendix D: Initial Debt Management Plan Results
- XI. Appendix E: HRTF Evaluation

# I. Review of the September 21, 2017 Commission's Direction

# September Meeting

- On September 21, 2017, the Commission authorized the Executive Directive to take next steps to implement the Plan.
- The Plan recommended preparing for inaugural HRTF Revenue Bonds issuance in CY 2018 based on market conditions and identified the following activities to undertake:
  - Engage rating agencies for preliminary credit assessment
  - Assemble all financial team members
  - Begin drafting all needed bond documents
  - Engage TIFIA in a program overview and lending discussion

# HRTAC Pre-Financing Activities

- Necessary financing steps were identified under the Commission' direction that HRTAC should be prepared for the inaugural sale potentially in early CY 2018 if the market condition is favorable at that time.
- A bond sale schedule was developed that aimed for late January 2018 sale.
- The objective was to substantially complete the tasks and present the results and seek directions in the December Finance Committee meeting followed by approvals in the December Commission meeting.
- The financing team have undertaken various tasks in accordance with the schedule:
  - Develop an underwriter RFP process, evaluate proposals, and recommend selection
  - Develop bond trustee RFP process, evaluate proposals, and recommend selection
  - Draft, review, and comment on preliminary drafts of financing documents
  - Develop credit rating materials and initiate preliminary credit assessments with rating agencies

## II. Review of Financing Tasks Underway

# Underwriter Pool Selection

- An investment banking service RFP was issued on October 24 – circulated to an investment bank distribution list and posted on eVA and at HRTAC
- The RFP was to select an Underwriter Pool from which HRTAC would select a Senior Managing Underwriter and Co-Managers to collectively provide underwriting services on a transaction-by-transaction basis
- The RFP only procured underwriting services for HRTF Revenue Bonds. The services expire on December 31, 2019, with an option to extend for an additional one year period each year for five years, (through December 31, 2024)
- The selection criteria includes but not limited to understanding of the HRTF credit, experiences in VA deals and in deals similar to the HRTF credit, capital and marketing abilities, new credit sale experiences, and pricing
- RFP responses were due on November 13, and twenty (20) responses were received and reviewed
- Interviews were conducted on November 27 and 28 and the Finance Committee was briefed in closed session - later, in open session, endorsed the recommended proposers to perform the requested services

# Trustee Selection

- A trustee service RFP was issued on October 31 – circulated to a trustee distribution list and posted on eVA
- The RFP was to select trustee, registrar and paying agent, escrow agent, and disclosure dissemination agent services for the term of outstanding HRTF Revenue Bonds
- The selection criteria includes but not limited to experiences in bond issues similar to the HRTF credit, reported capital, and ongoing commitment in trustee services, and pricing
- The RFP was due on November 14, and seven (7) responses were received and reviewed
- The Finance Committee was briefed in closed session - later, in open session, endorsed the recommended proposers to perform the requested services

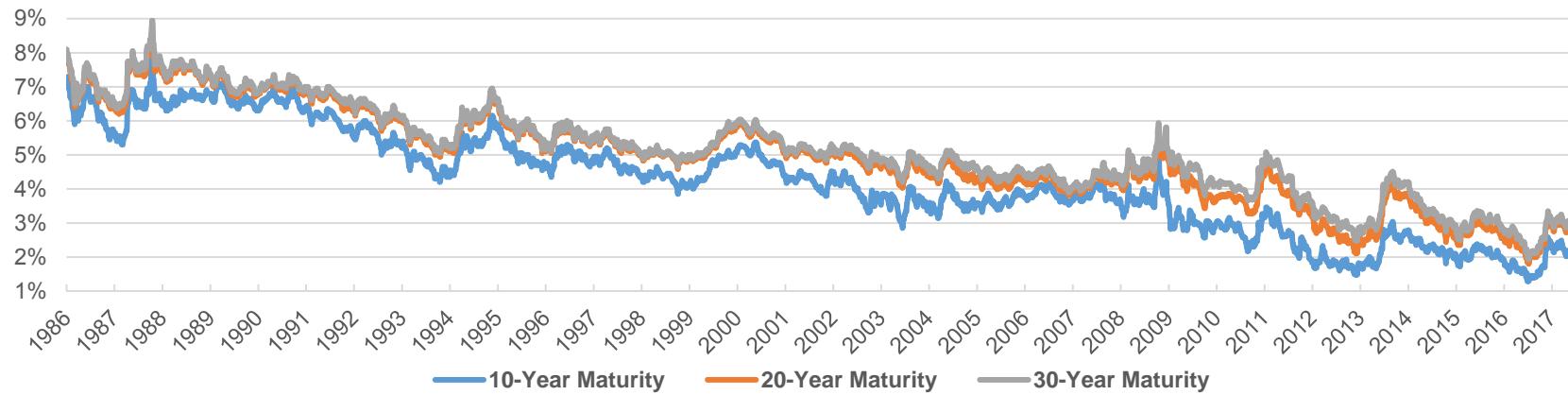
# Indicative Credit Rating Assessment on HRTF Revenue Bonds

- Moody's and Fitch Ratings were engaged. (S&P is in the process of updating a special tax rating criteria published in 2007, thus was not selected for the credit service at this time)
- The assessment was private, point-in-time view on the likely credit rating result for future, hypothetical transactions. HRTRC will apply for final public ratings, a subsequent separate service, prior to the sale
- Relevant data and information were collected and researched in collaboration with other public entities such as HRTPO, Virginia Department of Taxation, and Virginia Department of Motor Vehicles
- Multiple presentation meetings with the rating agencies were conducted
- Multiple financing and legal structures were presented. The exploration of various options was conducive to seeking the rating agencies' feedback and constructing final structures
- Private rating assessment feedback is positive, consistent with PFM's prior assumptions, and at the credit rating levels needed to implement the proposed debt management plan

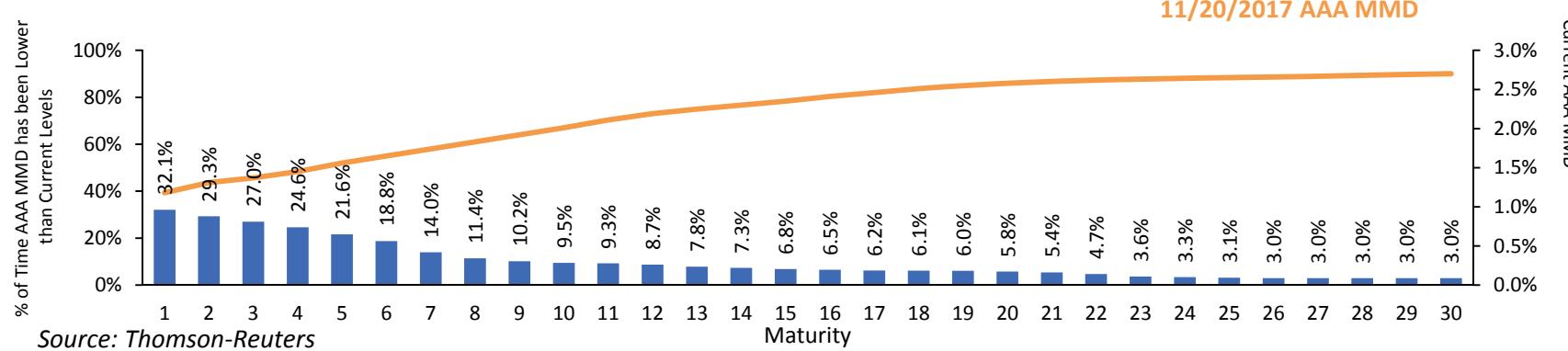
### III. Analysis of the Impact of Bond Sale Timing

# Tax Exempt Interest Rates Remain Historically Low

Selected Maturities' Historical Movements (from 1/1/1986 to 11/20/2017)



% Of Time AAA MMD Has Been Lower Since 1986

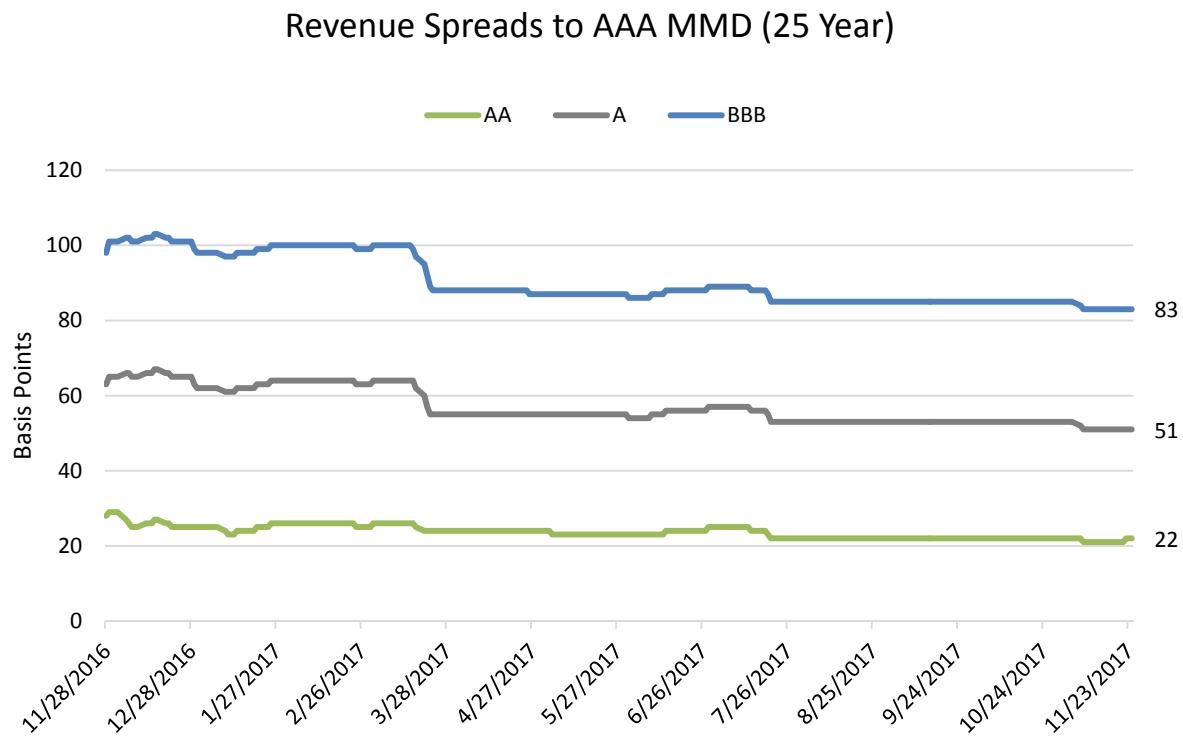


Current AAA MMD

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# Credit Rating Spreads

- MMD reflects the highest credit quality tax exempt municipal bonds
- Most municipal bonds are in the A to AA credit rating range, and that is where we expect the HRTF revenue bonds to be rated
- AA rating adds approximately 22 bps while a single A rating adds about 51 bps



# Issuance Timing

- Longer term interest rates are still very low from a historical perspective. However, there are many potential influences on interest rates that may result in significant changes in the coming year:
  - The Federal Open Market Committee (FOMC) continues to forecast increases to the Fed Funds Target Rate in 2017 and 2018
  - The FOMC has started the process and currently indicates that they will continue the process of reducing their ownership of US Treasury and agency mortgage backed securities
  - The Congressional changes to personal and corporate income taxes will likely have a number of effects on the final markets including supply of municipal securities
- Based on the most recent construction cost schedule and HRTAC's current cash position, all costs in CY 2018 can be paid with pay-go cash, i.e. no bond proceeds needed.
- If interest rates change, debt interest costs and investment earnings will rise or fall and may not move in the same direction.
- An analysis was performed to evaluate interest payment and investment earnings in two scenarios:
  - Issue up to \$250M with first issuance February 2018
  - Issue up to \$250M debt in 2019 with first issuance February 2019

# 2018 First Issuance vs. 2019 First Issuance

- Analysis assumptions for a \$250 million, 30 year bond issuance:
  - Bond proceeds are deposited in the Project Fund in both scenarios on February 1 of each year.
  - The same draw schedule from the Project Fund was used in both scenarios
  - Short term investment rates increase by 25 bps in February 2018 and another 25 bps in July 2018
  - HRTAC Revenue Bond interest rates increase by 18-35 bps between February 2018 and February 2019 depending on maturity (based on PFM's assumptions previously presented)

	Series 2018	Series 2019	Difference
<b>Investment Earning Difference (impact on short investment term: 1 year)</b>			
Project Fund Investment Earnings	\$2,424,634	\$3,130,216	<b>\$705,582</b>
<b>Interest Cost Difference (impact on long debt term: 30 year)</b>			
Debt Payment (gross)	\$365,664,666	\$376,557,800	\$10,893,134
Debt Payment (present value)*	\$236,063,821	\$243,097,942	<b>\$7,034,121</b>

**Net cost of delaying the issuance is estimated as \$6,328,539\***

\*Assume 3% discount rate; \$6,328,539 is debt payment (pv) minus project fund investment earnings

## IV. Proposed Plan of Finance for Initial 2018 HRTF Revenue Bonds

# Key Rationale

- The Six-Year Plan and 2040 LRTP that have been adopted include issuing \$2,956M and \$4,635M of HRTF revenue backed debt, respectively.
- If HRTF debt were not to be issued, HRBT would be significantly delayed as would future projects such as High Rise Bridge Phase II.
- HRTAC and VDOT have multiple Approved Projects under construction (or within weeks), for which the HRTF funding portion is approximately \$1.2 billion, all of which is eligible for tax-exempt bond financing.
- HRTAC has already adopted a master HRTF bond resolution, which has been validated, as well as a resolution to reimburse prior cash construction expenditures.
- Long term tax-exempt interest rates remain at historically low levels but are expected to rise steadily in the future.
- HRTAC has adopted in concept a debt management plan that takes advantage of historically low interest rates to issue debt in an orderly and steady manner as construction progresses.
- Staff recommendation is to consider an initial authorization for an up to \$250 or \$500 million HRTF Senior Lien Revenue Bond issuance in early 2018, based on favorable credit market conditions.

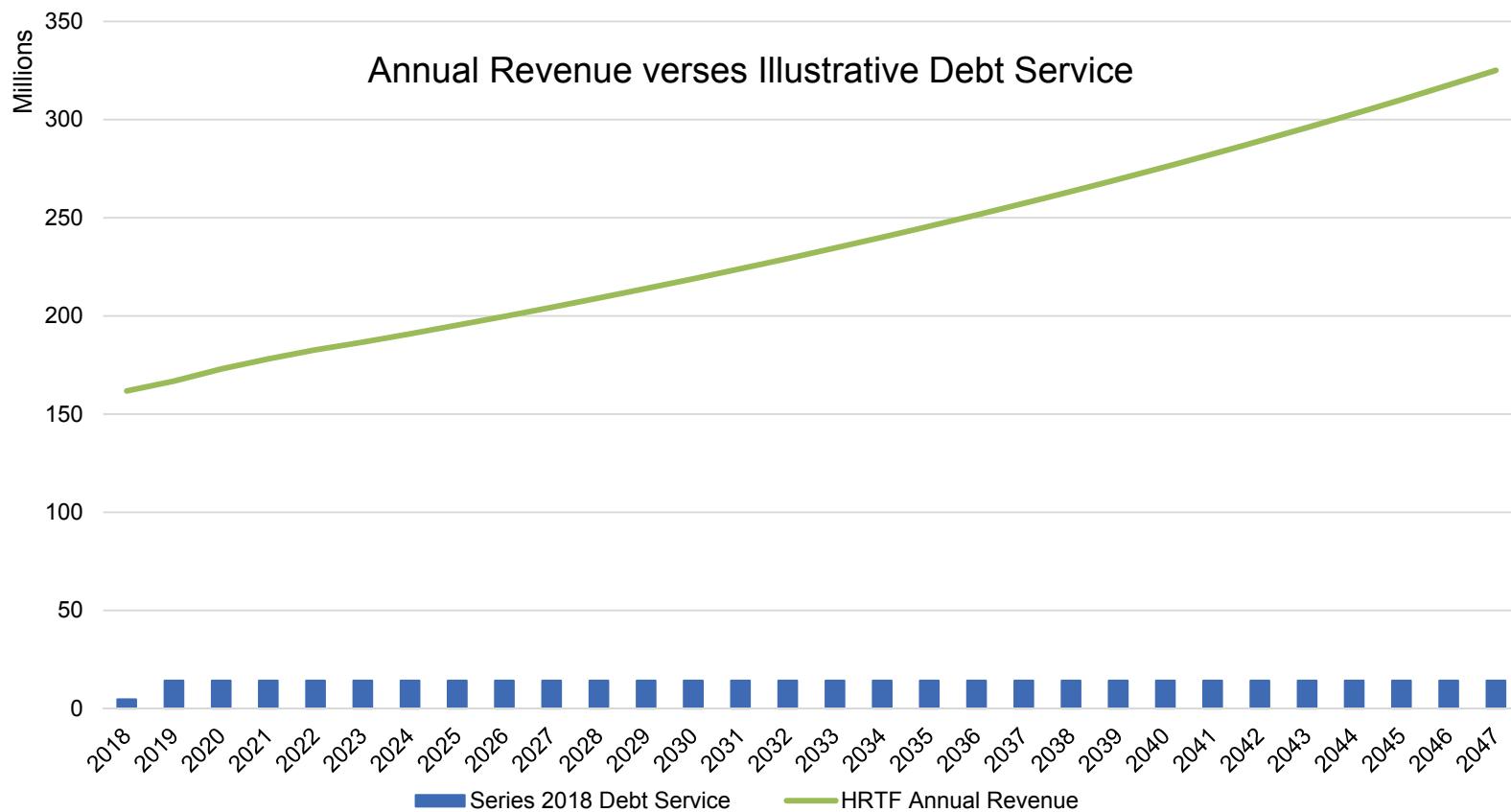
# Sources & Uses of Funds

- Illustrative HRTF Revenue Bonds to provide \$250 million of HRTAC project construction funding.
- Assumes 5% coupon rates that generate a price premium.
- Weighted average true interest cost under 4%.

Series 2018	
Sources	
Par Amount	217,705,000.00
Premium	40,330,797.45
<u>Total Sources</u>	<u>258,035,797.45</u>
Uses	
Project Fund	250,000,000.00
Debt Service Reserve Fund	7,152,750.00
Cost of Issuance	500,000.00
Underwriter's Discount	380,983.75
Additional Proceeds	2,063.70
<u>Total Uses</u>	<u>258,035,797.45</u>

# Annual HRTF Revenue versus 2018 Bonds Debt Service

- Illustrative HRTF Revenue Bonds to provide \$250 million of HRTAC project funding.
- Assumes 30-year level annual debt service.
- Debt structure is subject to change.



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## V. Implementing an Inaugural Bond Financing

# Prior Steps:

- Approval of HRTF Bonds Structure:
  - HRTAC Resolution 2016-08 (06/16/16)
  - Validation by Chesapeake Circuit Court (10/07/16)
- Reimbursement Resolutions:
  - HRTAC Resolution 2015-04 (11/19/15)  
(I-64 Peninsula Widening, Segments I & II) - \$258,000,000
  - HRTAC Resolution 2016-04 (01/21/16)  
(I-64 / I-264 Interchange Improvements, Phase I) - \$137,023,653
  - HRTAC Resolution 2016-12 (09/15/16)  
(I-64 Southside Widening and High Rise Bridge, Phase I) - \$600,000,000
  - HRTAC Resolution 2016-17 (12/16/16)  
(I-64 Peninsula Widening, Segment III) - \$166,376,066
  - HRTAC Resolution 2017-07 (09/21/17)  
(I-264 Interchange Improvements, Phase II) - \$127,749,693

# Next Steps:

- Approval of Series 2018A Bonds:
  - HRTAC Resolution 2017-18 (12/14/17)
- Material Provisions of Bond Resolution:
  - \$500,000,000 Maximum Principal Amount
  - Approval of Forms of Bond Documents, including Master Indenture of Trust, First Supplemental Series Indenture, Bond Purchase Agreement, Preliminary Official Statement, and Continuing Disclosure Agreement
  - Delegates Power to Executive Director to Approve Final Document Terms
  - Delegates Power to Executive Director to Approve Final Bond Terms, subject to parameters, including maximum interest rate and maturity
  - Delegates Power to Executive Director to Engage Master Trustee
  - Engagement of Underwriters for Series 2018A Bonds

# Refresher on Tax-Exempt Bonds

- State & local government bonds for public infrastructure projects qualify to bear interest at low, tax-exempt rates
- **Unlike federal treasury bonds, state & local bonds must be issued for capital projects, not deficit spending**
- Tax-exempt bond proceeds cannot be issued and invested to earn “arbitrage,” but instead are intended to be spent on a qualified purpose within a temporary period of time
- **HRTF Bonds will not include toll revenues**
- **Federal Tax Reform - Quick Overview:** House bill would remove authority for “qualified private activity bonds” (does not affect HRTAC); House and Senate bills would remove authority for governmental “advance refunding” bonds (does affect HRTAC)

# Bond Documents:

- **Master Indenture of Trust**
  - Provides security and payment terms for all series of HRTF Bonds
  - In the nature of an inter-creditor agreement
- Flow of Funds:
  - Bond Proceeds requisitioned to reimburse Pay-Go expenses (per Reimbursement Resolutions) are immediately available for all uses
  - Bond Proceeds for future projects are held in a Project Fund and subject to Arbitrage Regulations (spend-down targets or yield restriction) until requisitioned to pay project costs
  - HRTF Revenues are to be applied first to Debt Service, then to replenishing any Debt Service Reserves, then to Administrative Expenses, and thereafter will be available for any other uses, including further Pay-Go expenditures

# Bond Documents (cont.):

- **First Supplemental Series Indenture of Trust**
  - Sets up debt service and debt service reserve accounts for the Series 2018A Bonds
  - Includes the form of the Series 2018A Bonds as an exhibit
  - Will be finalized to include final sale terms of bonds, including interest rate terms, maturity dates, and optional redemption terms
- **Bond Purchase Agreement**
  - Industry standard form providing for sale of bonds to underwriters for offering to the public
  - Requires compliance with SEC Rule 15c2-12 which governs offerings of municipal securities
  - Requires underwriters to demonstrate compliance with IRS regulations for establishing “issue price” of tax-exempt bonds

# Bond Documents (cont.):

- **Preliminary Official Statement**

- Primary disclosure document required under SEC Rule 15c2-12 which governs offerings of municipal securities
- Contains descriptions of the Commission, the HRTF, the Series 2018A Bonds, Security and Sources of Payment for the Bonds, Flow of Funds, HRTAC Members, HRTAC Funding Plan, Bondholders' Risk Factors, Form of Bond Counsel Opinion (relating to exemption of interest from income under federal tax laws), HRTAC Financial Statements, Hampton Roads Demographic Information, and a description of HRTAC's Continuing Disclosure Undertaking
- Subject to intensive due diligence review by Bond Counsel, Disclosure Counsel, General Counsel, Underwriter's Counsel, Underwriter Personnel, and Commission Personnel

# Bond Documents (cont.):

- Continuing Disclosure Undertaking
  - Continuing disclosure required under SEC Rule 15c2-12; must be filed on MSRB's "EMMA" website (emma.msrb.org)
  - Annual Disclosure:
    - Audited Financial Statements of the Commission
    - Operating Data on HRTF Revenues and Application to Projects
  - Event Disclosure:
    - Major events such as payment delinquencies, defaults, bankruptcy, etc.
    - Adverse tax opinions or determinations with respect to tax treatment of interest
    - Modifications to the rights of bondholders or to collateral package, if material
    - Ratings changes
    - Others (see Appendix F of Preliminary Official Statement)

# Further Deliveries:

- Tax Certificate

- *To be provided.* Will demonstrate compliance with tax-exempt bond regulations as of closing date

- Post-Issuance Compliance Policy

- *To be provided.* Will include “road-map” for compliance with tax-exempt bond regulations after closing, including, among other things:
  - Targets for complying with “temporary periods” for use of project funds without requirement of yield restriction
  - Targets for complying with “arbitrage rebate exceptions” for project funds
  - Use of reimbursement resolutions (not subject to yield restriction or arbitrage rebate requirements)
  - Requirement of review and approval requirements for any arrangement involving private use of bond-financed facilities (such as public-private partnerships)

## VI. Next Steps and Proposed Financing Schedule

# Next Steps

- Engage Commission to approve next steps and set a target for selling bonds
- Seek Commission authorization to proceed with finalizing preparations and go to market. Set authorizations and process to sale/close if prior to April.
- Continue to monitor the market to inform us with respect to timing to sell the initial HRTF Revenue Bonds
- Initial meeting with TIFIA; draft a letter of interest in collaboration with VDOT
- Update the Debt Management Plan and progress in April 2018 for the Finance Committee and the full Commission meetings

## HRTF Revenue Bond Financing Schedule

### **Underwriter & Trustee RFP**

RFP Issue in late October and due in mid November

RFP evaluation & interview in mid-late November

### **Bond Documents (Master Indenture, Series Indenture, POS and Resolution)**

Two-three drafts for each document; review and revision in October and November

### **Credit Rating Assessment**

Assemble all materials in September & October; rating presentations in October

Receive assessment results in mid/late November

### **December Commission Meeting**

Receive approvals on selected Underwriter Pool and Series 2018's senior manager, selected trustee, bond documents, and

### **Series 2018 Marketing and Sale**

Monitor the market and determine the bond amounts and structure in early January, 2018

Receive final public ratings mid January, 2018

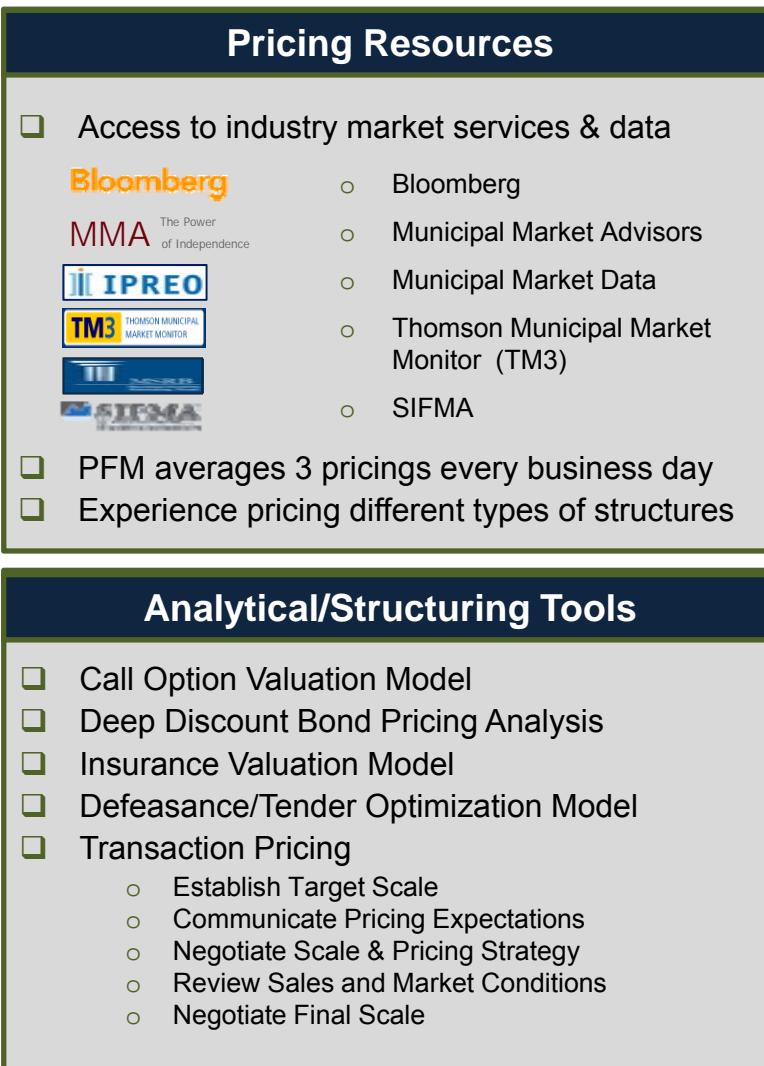
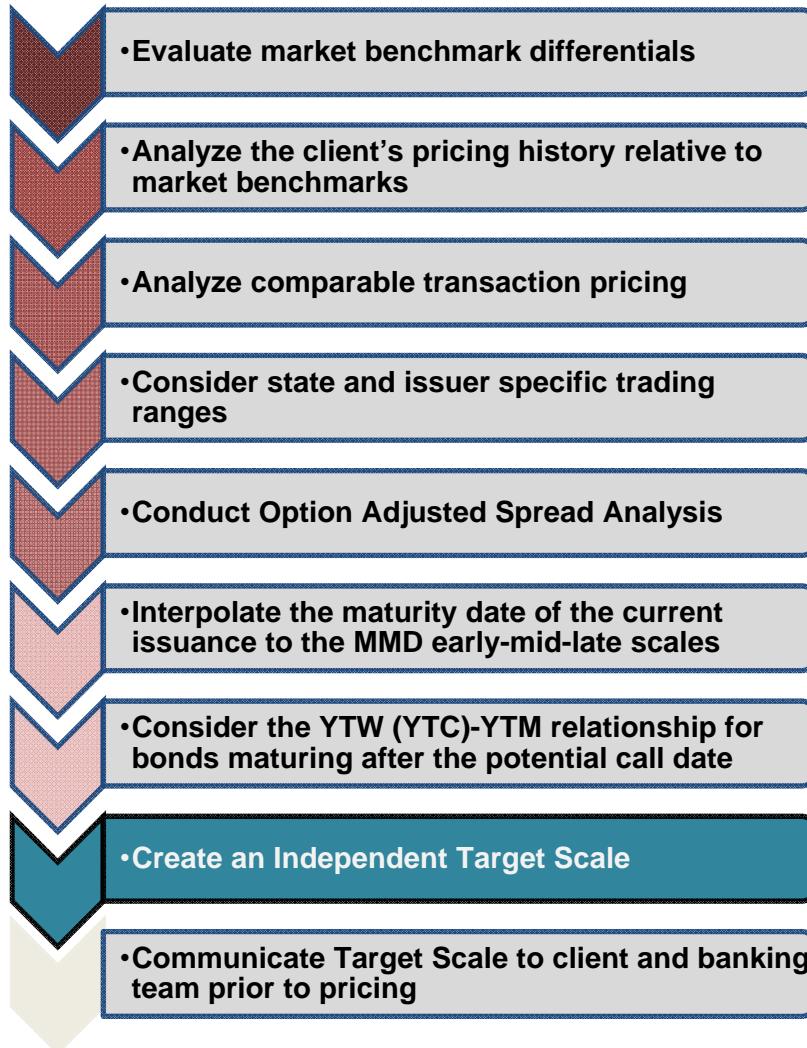
Investor Roadshow in mid January, 2018

Bond sale in late January and closing in early February

## VII. Appendix A: Negotiated Bond Pricing Process

*Background Information*

# Negotiated Bond Pricing Activities & Resources



## VIII. Appendix B: HRTF Credit Rating Considerations

*Background Information*

# HRTF Revenue - Special Tax Revenue Credit

- ◆ HRTF revenues are considered “special tax”:
  - Not a state full faith & credit
  - Subject to appropriation by the General Assembly
  - Revenues are limited, i.e. they can not be raised without legislation, and subject to economic fluctuations
- ◆ Special tax credits are common security for bonds in the US, e.g. Moody's rates over 400 for local governments and over 150 for state governments
- ◆ The rating agencies publish credit rating criteria and methodology for these types of bonds. Most recent criteria are:
  - Moody's: “US Public Finance Special Tax Methodology” (January 2014)
  - S&P: “Public Finance Criteria: Special Tax Bonds” (June 2007)
  - Fitch Ratings: “U.S. Tax-Supported Rating Criteria” (April 2016)

# Credit Rating Criteria Overview

- ◆ Categories of Criteria include:
  - Tax base, economic strength, and nature of fees
  - Legal Structure including additional bonds test (ABT) and debt service reserve fund (DSRF) requirements
  - Financial metrics including projected debt service coverage and revenue trends/volatility
- ◆ Basic legal protections for bondholders assume a lien on a defined revenue(s) stream and defined flow of funds
  - The legislation define revenues/amounts available for debt service but do not create any legal structure
  - HRTAC is best able to control the legal structure
- ◆ The ABT and projected debt service coverage ratio (DSCR) are key criteria (40% of total credit score for Moody's)
  - ABT ranges: 1.76x to 2.99x equates to AA rating while 1.26x to 1.75x equates to A rating
  - DSCR ranges: 2.51x to 4.5x equates to AA rating while 1.51x to 2.5x equates to A rating
- ◆ The DSCR metric is best managed by the available revenue, timing & amount of borrowing needs, and amortization terms
  - Moody's and recently Fitch focus on coverage of maximum annual debt service (MADS), rather than on current coverage levels

# Legal Structure and Financial Metrics Considerations

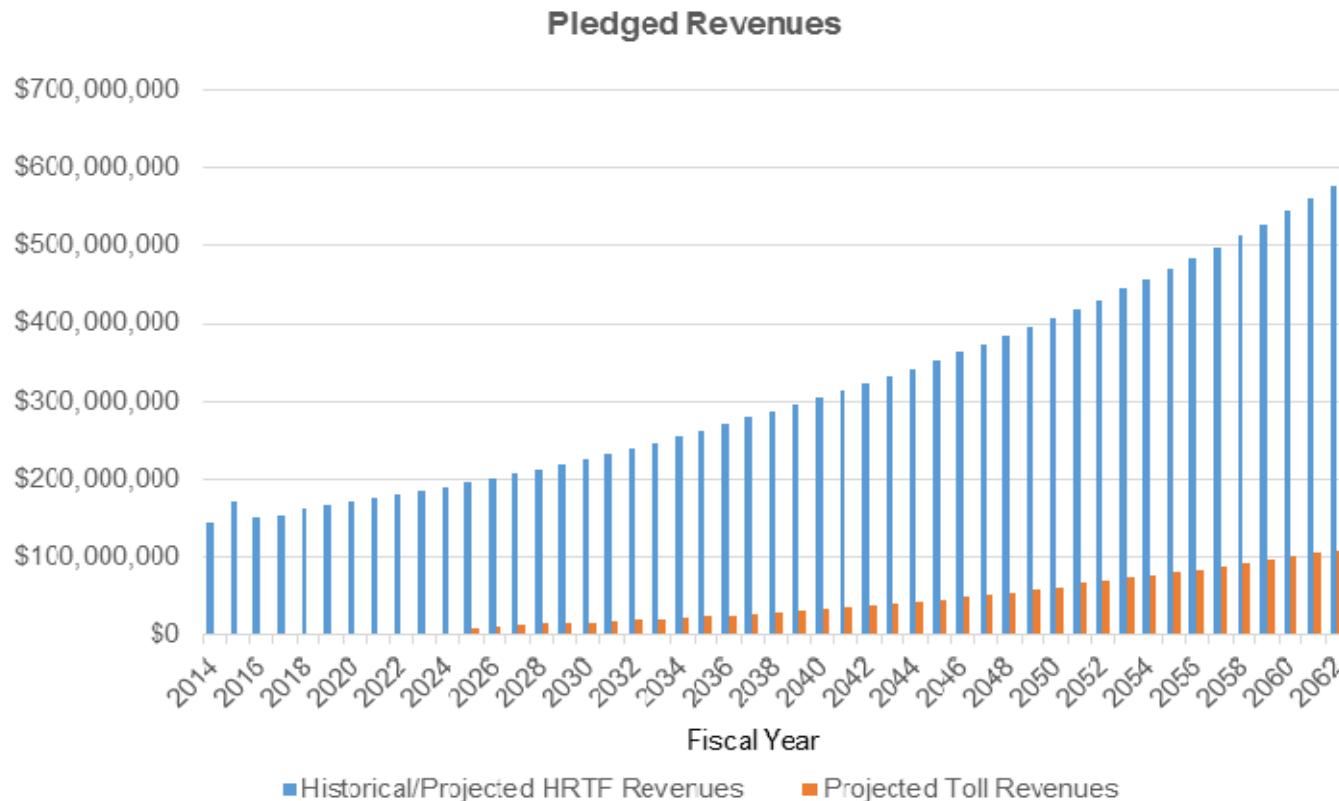
- ◆ Legal structure considerations
  - Lower ABTs & projected DSCRs generate more bonding capacity but could result in lower ratings
  - Lower ratings result in higher interest rates, all else equal
  - Higher interest rates equal higher debt service costs and lower DSCRs, all else equal
  - There can sometimes be a trade-off between more flexibility to access revenue for purposes other than debt service and lower credit ratings, and vice versa
- ◆ Proposed legal structure example
  - Senior lien: 2.0x or higher historical revenue/MADS, DSRF funded at 50% of the 3-prong test
  - Junior lien: 1.35x or higher current year revenue/current year debt service, DSRF funded at the 3-prong test
- ◆ Financial metrics – Debt service coverage ratios are results of financial planning driven by interest rates as well as two main factors: (1) construction cost schedule and issuance size, and (2) bond amortization term and structure. PFM recommends:
  - Issue debt annually based upon construction progress and overall programmatic debt needed, with adjustments as interest rates may merit
  - 30-35 year amortization for senior lien debt and 30-40 year amortization for junior lien debt
  - Overall level debt service on senior lien
  - Overall modestly ascending aggregate debt service

## IX. Appendix C: HRTF Debt Security & Issuance Assumptions

*Background Information*

# Pledged Revenues

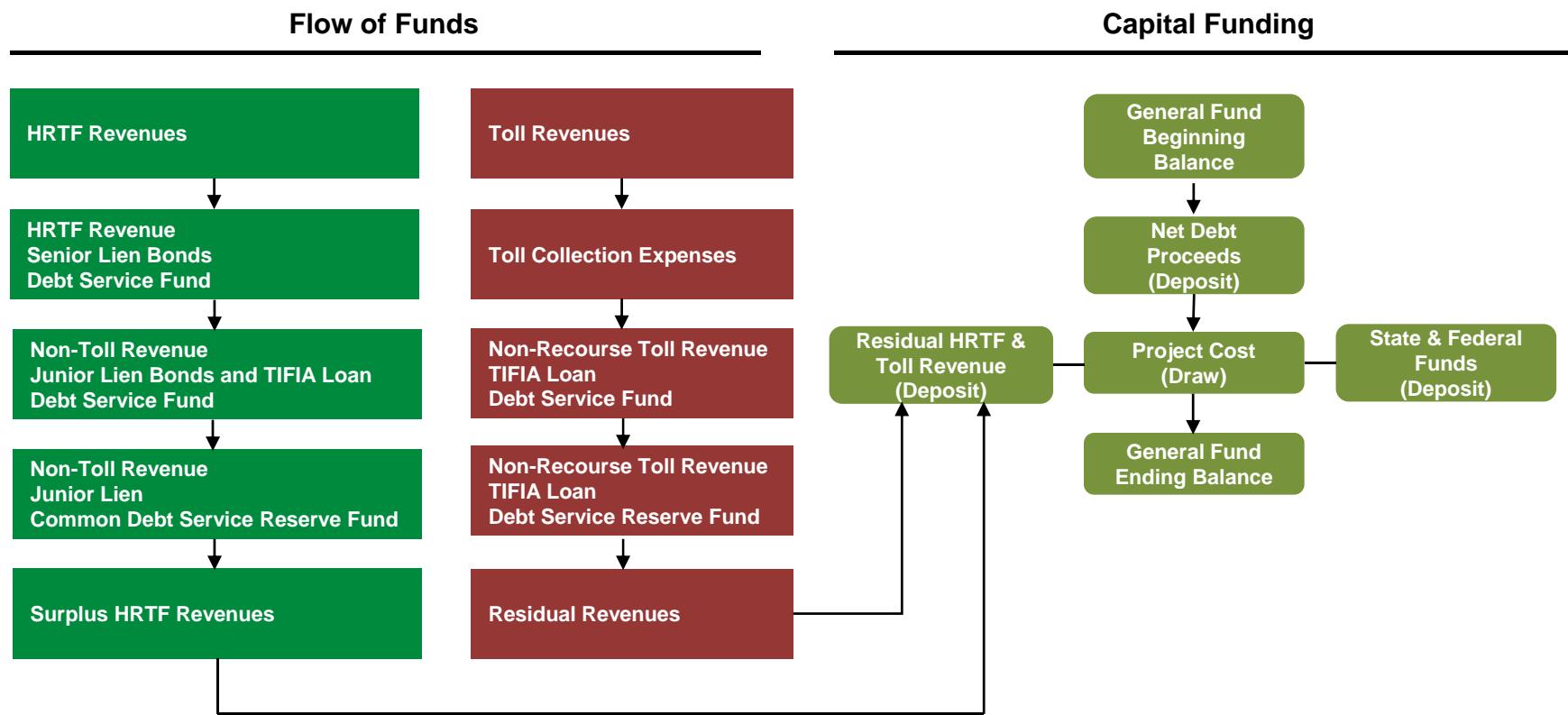
- ◆ HRTF revenues and toll revenues can be utilized to fund construction in two forms:
  - Issue debt upfront: projected future receipts (up to 40 years) to pay debt service
  - Pay-as-you-go during construction through 2024



\* Toll revenues only include HRB I and HRBT – the two toll projects in the funding plan through 2024

# Proposed Flow of Funds and Lien Structure

- ◆ HRTF revenue pledged debt and toll revenue pledged debt do not commingle.
- ◆ HRTF debt has a senior lien and junior lien
  - Senior lien – tax-exempt bonds
  - Junior lien – tax-exempt bonds and TIFIA loan
- ◆ Toll revenue debt – TIFIA loan only



# HRTF Additional Bonds Test

- ◆ Any additional debt issued on parity with existing debt will reduce repayment capacity cushion of the same pledged revenues – more debt has to be repaid.
- ◆ To protect existing debt holders' interest, a covenant test is typically instituted to ensure that upon issuance of the additional bonds, satisfactory repayment capacity cushion still exists.
- ◆ ABT is a ratio of certain form of pledged revenues divided by certain form of debt service. For example, assuming the ABT requirement is 2.0x:
  - if the ratio result is greater than 2.0x, the ABT is passed, and HRTAC is allowed to issue this debt;
  - if lower than 2.0x, the ABT is failed, and HRTAC cannot issue more debt.
- ◆ Assumed HRTF debt ABT:
  - Senior lien - 2.0x historical revenue over MADs
  - Junior lien – 1.35x projected revenue over annual debt service

# Other Financing Assumptions

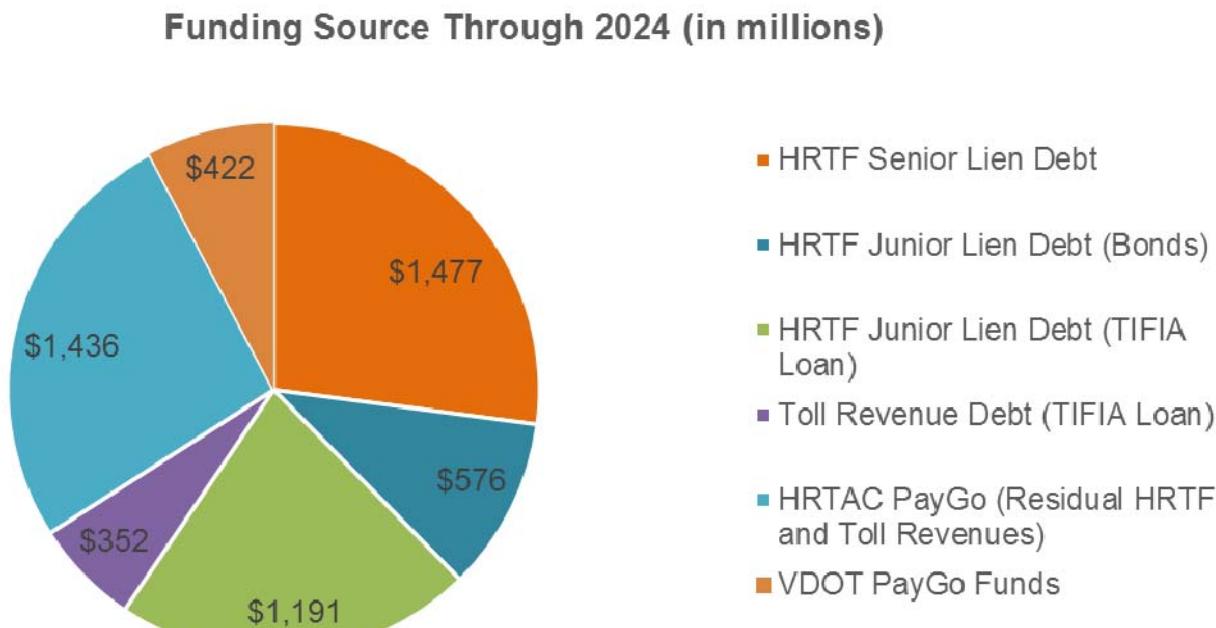
- ◆ Debt Service Reserve Fund
  - Senior lien: funded at 50% of the 3-prong test
  - Junior lien: DSRF funded at the 3-prong test
- ◆ Senior lien HRTF bond profile
  - Up to 35-year term
  - Individual level debt service for the first several issuances, then aggregate level structure with the last issuances
- ◆ Subordinate lien HRTF bond profile
  - Up to 40-year term
  - Individual level debt service for the first several issuances, then aggregate level structure with the last issuances
- ◆ Subordinate lien TIFIA loan profile
  - Final maturity within 35 year post substantial completion
  - Average loan life shorter than 27.5 years
  - Individual level debt service for the first several loans, then overall modestly ascending structure with the last loans
- ◆ 50 bps flat interest rate cushion for all debt issuances across the curve – more conservative than the previous interest rate forecast suggests.

## X. Appendix D: Initial Debt Management Plan Results

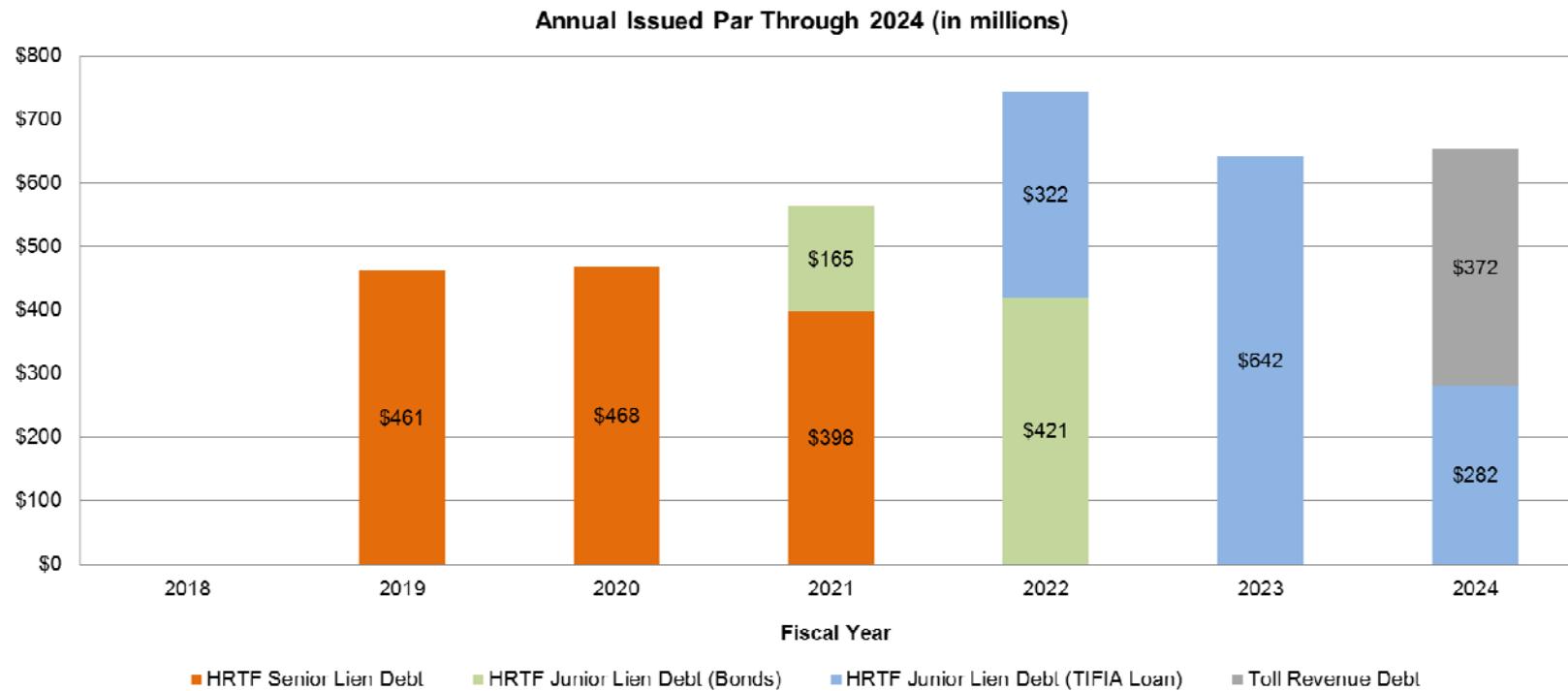
*Background Information*

# 2024 Financial Plan Funding Mix – \$5.5B Total

- Projects through HRBT are fully funded with a well-balanced sources including HRTF Pay-go, HRTF Bonds, VDOT Funds, and TIFIA loans.
- Assumes a HRTF junior lien TIFIA master credit agreement.

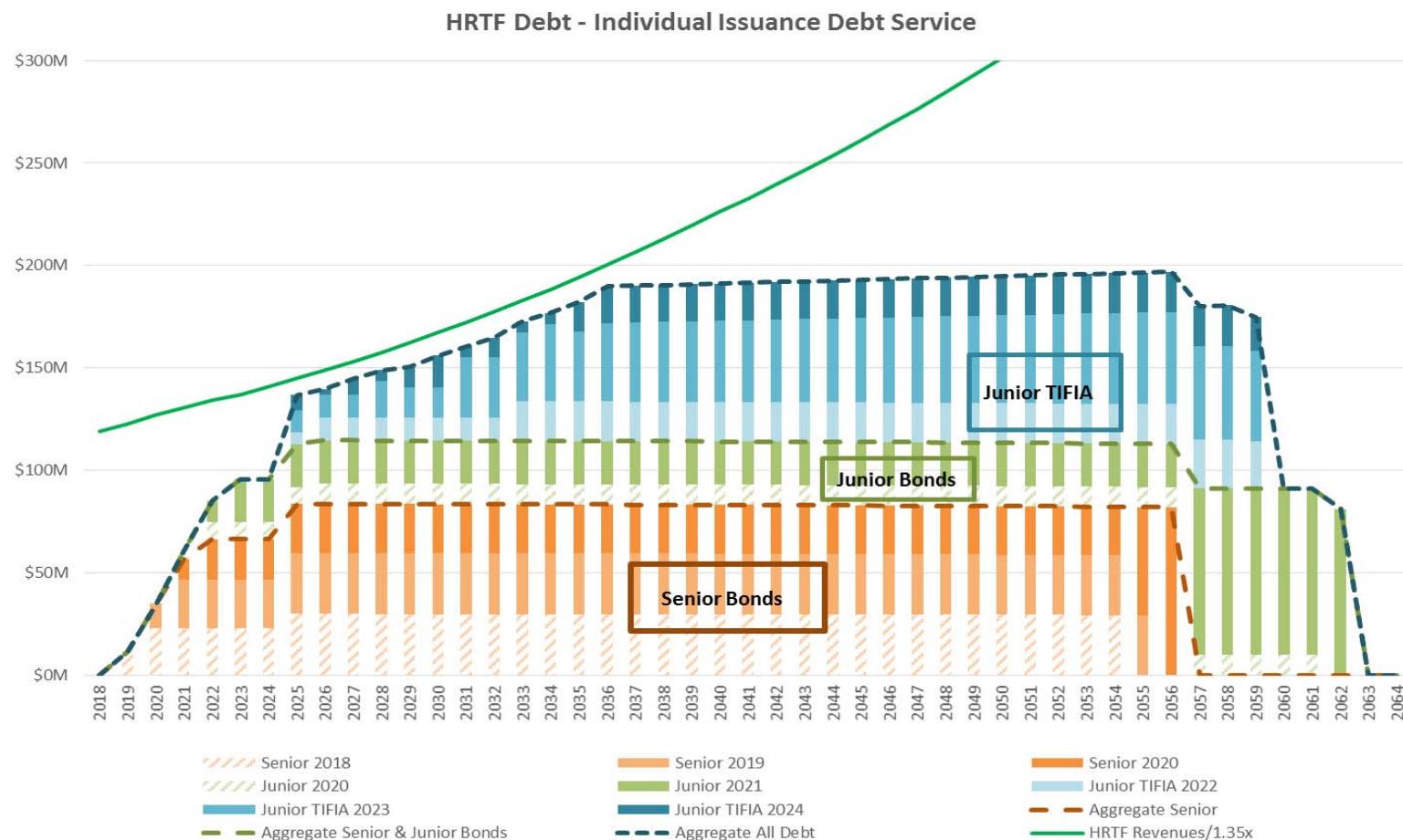


# Debt Issuance – Fund \$3.6B of the \$5.5B



- ◆ HRTF debt is issued at a steady annual pace during project construction
- ◆ Lower cost current interest bonds and TIFIA loans are emphasized

# HRTF Revenue Supported Debt Service Illustration



( 45 )

## XI. Appendix E: HRTF Evaluation

*Background Information*

# Taxable Base and Pledge – Preliminary Evaluation

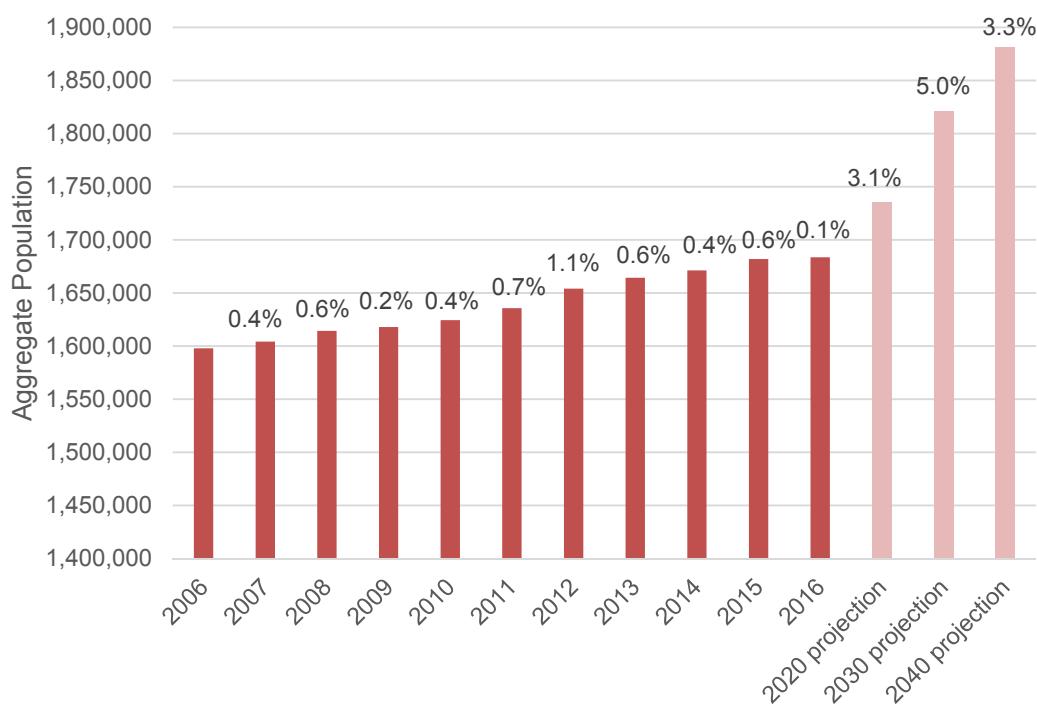
- Among the 14 member jurisdictions, James City, Chesapeake, Hampton, Newport News, Norfolk, Suffolk and Virginia Beach contribute to 87% of FY 2016 revenues.
- These 7 localities' general obligation bonds are highly rated, reflecting a strong, growing, and diversified economic base.
- As a proxy, it is reasonable to expect HRTAC will fall into the Aa category for Taxable Base and Pledge in Moody's scorecard (detailed analyses with economic data for each member will be conducted)

FY 2016 HRTF Collection

Localities	Sales and Use Tax	Fuels Tax	Total	%	Selected Localities Rating
Isle of Wight	1,425,899	794,033	2,219,931	1.4%	
James City	6,446,492	732,061	7,178,553	4.7%	Aaa/AAA/AAA
Southampton	313,684	344,398	658,082	0.4%	
York	5,735,733	1,244,720	6,980,452	4.6%	
Chesapeake	22,892,639	5,128,010	28,020,650	18.3%	Aa1/AAA/AAA
Franklin	953,188	275,363	1,228,551	0.8%	
Hampton	9,060,162	2,169,898	11,230,061	7.3%	Aa1/AA+/AA+
Newport News	13,703,842	2,694,253	16,398,094	10.7%	Aa1/AA+/NR
Norfolk	18,169,641	2,958,125	21,127,765	13.8%	Aa2/AA+/AA+
Poquoson	310,086	76,442	386,529	0.3%	
Portsmouth	4,128,359	1,353,317	5,481,676	3.6%	
Suffolk	5,353,651	1,916,442	7,270,093	4.7%	Aa1/AAA/AAA
Virginia Beach	35,225,995	6,466,139	41,692,134	27.2%	Aaa/AAA/AAA
Williamsburg	2,817,406	501,272	3,318,678	2.2%	
Total	126,536,777	26,654,473	153,191,249	100.0%	

# Taxable Base and Pledge - Population Growth

- Population for the region has been steadily growing for the past 10 years and is projected to continue growing over the next 20 years.

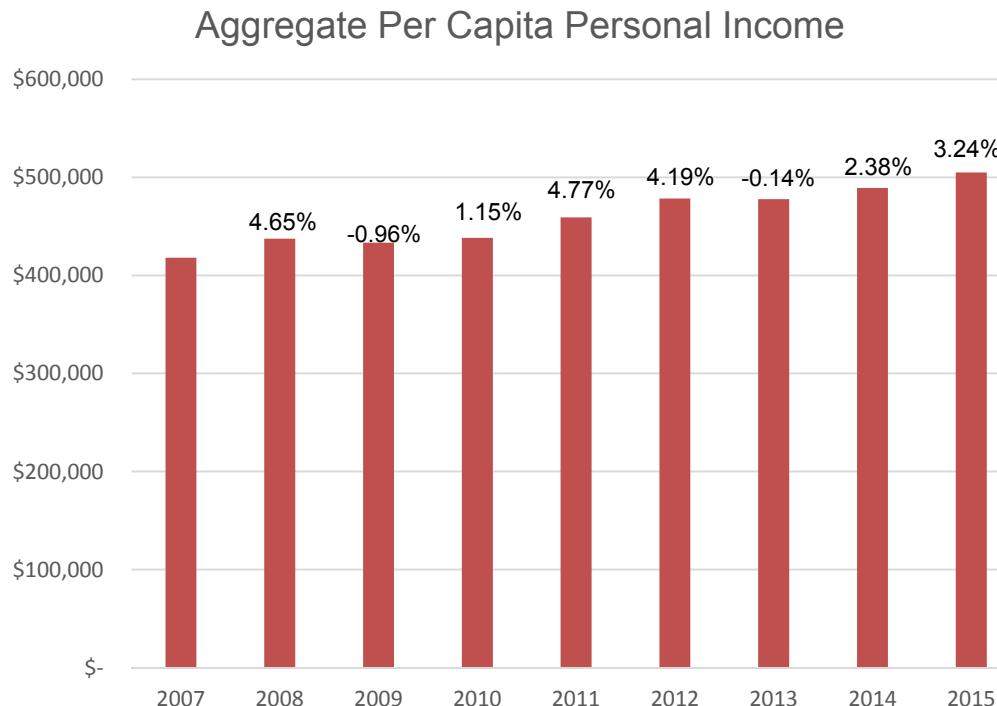


Source: Weldon Cooper Center for Public Service,  
January 2017 (projections as of March 2017)

2016 Population	
Chesapeake City	240,485
Franklin City	8,597
Hampton City	137,492
Isle of Wight County	37,074
James City County	73,615
Newport News City	183,218
Norfolk City	247,087
Poquoson City	12,287
Portsmouth City	96,179
Southampton County	18,242
Suffolk City	91,722
Virginia Beach City	453,628
Williamsburg City	15,429
York County	68,585

# Taxable Base and Pledge - Per Capita Personal Income

- Per capita personal income has grown significantly over time with only 2 years of modest decline.

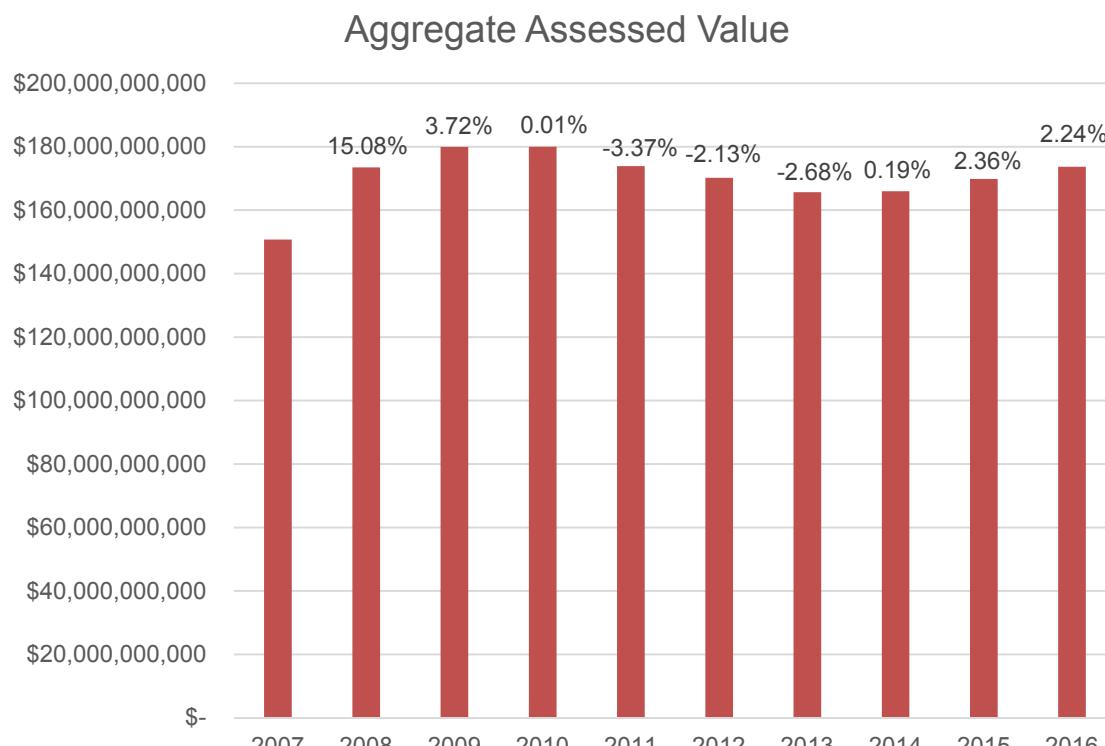


Source: Various 2016 Comprehensive Annual Financial Reports

2015 PCPI		
Chesapeake City	\$	46,769
Franklin City and Southampton County	\$	34,987
Hampton City	\$	40,759
Isle of Wight		50,643
James City County and Williamsburg City	\$	58,504
Newport News City	\$	40,453
Norfolk City	\$	38,676
Poquoson City and York County	\$	55,111
Portsmouth City	\$	39,301
Suffolk City		47,533
Virginia Beach City	\$	52,235

# Taxable Base and Pledge - Total Assessed Value

- Assessed values have remained relatively constant over the last 10 years, showing growth in the past 4 years.

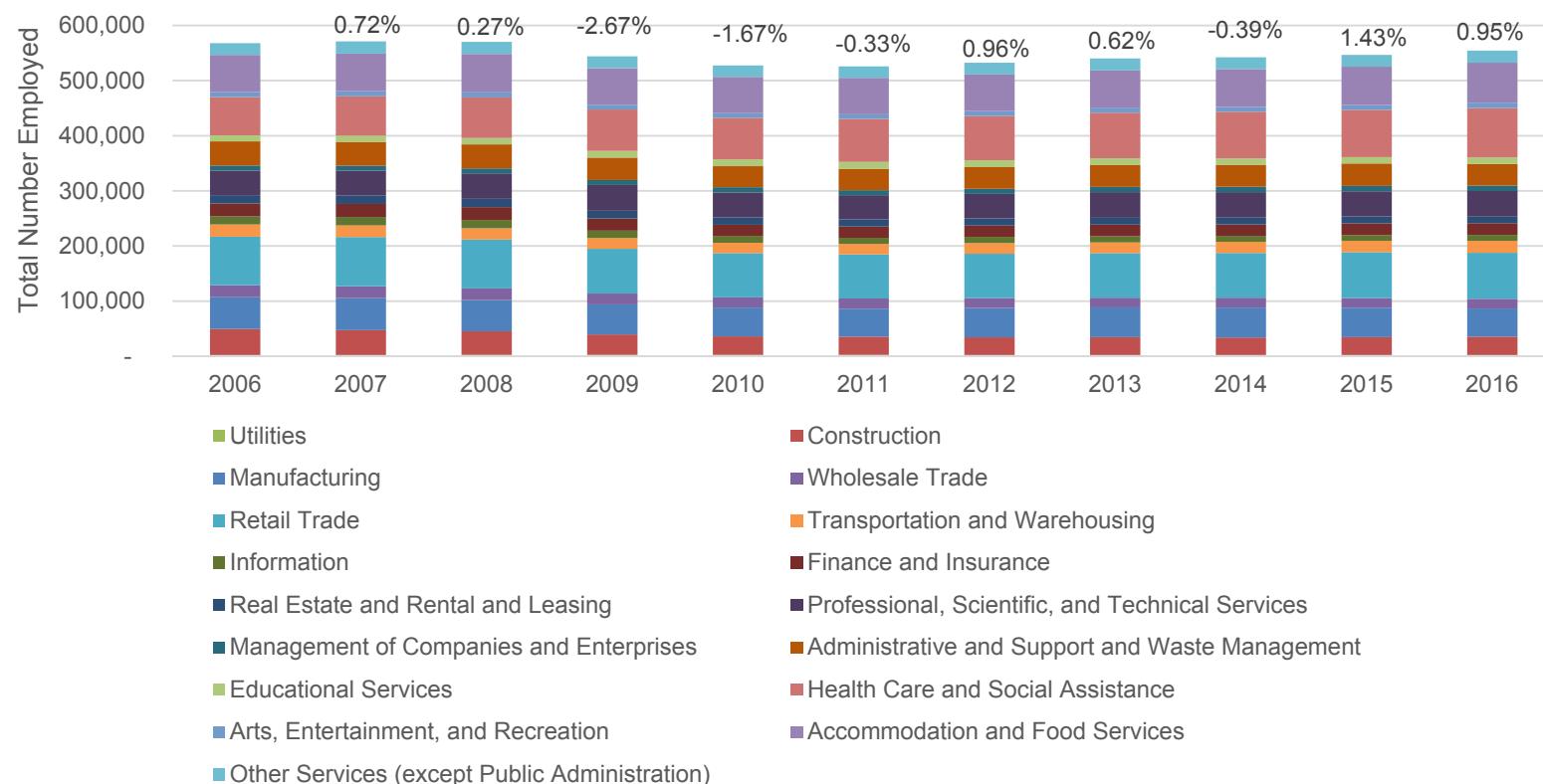


Source: Localities' 2016 Comprehensive Annual Financial Reports

2016 Assessed Value	
Chesapeake City	\$ 26,496,419,433
Franklin City	\$ 619,312,030
Hampton City	\$ 11,476,503,000
Isle of Wight County	\$ 4,579,015,110
James City County	\$ 12,511,337,556
Newport News City	\$ 16,716,737,000
Norfolk City	\$ 21,336,996,000
Poquoson City	\$ 1,540,287,555
Portsmouth City	\$ 7,172,538,000
Southampton County	\$ 1,834,732,674
Virginia Beach City	\$ 57,493,914,067
Williamsburg City	\$ 1,866,959,116
York County	\$ 10,040,644,661

# Taxable Base and Pledge - Labor Force

- The workforce is well diversified and has been making a strong recovery in recent years following a decline from 2009-2011.



Source: Virginia Labor Market Information Quarterly Reports, 2006-2016



HRTAC Unlocking Hampton Roads

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12/14/2017

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

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

**Date: December 14, 2017**

**Re: HRTAC Bond Underwriter RFP**

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**Recommendation:**

The Finance Committee recommends approval of 1) the recommended list of Bond Underwriters to be included in the Underwriter Pool and 2) the Bond Underwriters from the Pool selected to be engaged in the inaugural HRTAC Bond Offering, and recommends the Commission authorize the HRTAC Chair to execute and deliver the necessary Agreement with the selected HRTAC Bond Underwriters to be engaged during the Calendar Year 2018 bond issuance process.

**Background:**

Under the Commission authorization to advance preparations for an initial bond offering, HRTAC issued a Request for Proposal for Bond Underwriting Services (HRTAC 2018-01). To evaluate the Bond Underwriter proposals and make a recommendation to the Commission, an Ad-Hoc Bond Underwriter Pool RFP Evaluation Committee was established. The Bond Underwriter RFP Evaluation Committee received 20 proposals and met on November 27 and 28, 2017 to discuss the proposals received and select a short list of three proposers to advance interviews. The RFP Evaluation Committee finalized its recommendation to the Commission for consideration and approval. At its December 5, 2017 meeting, the Finance Committee endorsed the RFP Evaluation Committee's recommendation of the Bond Underwriters to be included in the Underwriter Pool and also the three Bond Underwriters from the pool to be engaged in the inaugural HRTAC Bond Offering.

**Fiscal Impact:**

There is a fiscal impact in relation to this Action Item that will be further identified during the bond offering process.

**Suggested Motion:**

Motion is the Commission approves 1) the recommended list of Bond Underwriters to be included in the Commission's Pool of potential underwriters and 2) the three Bond Underwriters from the Pool that have been selected to be engaged in the inaugural HRTAC Bond Offering, and the Commission authorizes the HRTAC Chair to execute and deliver the necessary agreement with the selected HRTAC Bond Underwriters to be engaged during the Calendar Year 2018 bond issuance process.



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

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

**Date: December 14, 2017**

**Re: HRTAC Bond Trustee RFP**

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**Recommendation:**

The Finance Committee recommends approval of a Bond Trustee for the first HRTAC Bond issuance and recommends the Commission approve the issuance of an intent to award the contract to the selected trustee and authorize the HRTAC Chair to execute and deliver the necessary agreement with the selected HRTAC Bond Trustee. The recommended Trustee will be announced at the meeting.

**Background:**

Under Commission authorization to advance preparations for an initial bond offering, HRTAC issued a Request for Proposal for Bond Trustee Services (HRTAC 2018-02). To evaluate the Bond Trustee proposals and make recommendation to the Commission, an Ad-Hoc RFP Evaluation Committee was established. The Bond Trustee RFP Evaluation Committee received seven proposals and met on November 28, 2017 to discuss the proposals received and to select a proposer to advance for use in the HRTAC Bond issuances pursuant to the indenture. The RFP Evaluation Committee finalized its recommendation to the Commission for consideration and approval. The selected HRTAC Bond Trustee will be engaged during the bond issuance process. At its December 5, 2017 meeting, the Finance Committee approved the recommendation of a Bond Trustee for the first HRTAC Bond issuance by the Bond Trustee RFP Evaluation Committee and authorized the Finance Committee Chair to communicate the action of the Finance Committee to recommend Commission approval.

**Fiscal Impact:**

There is a fiscal impact in relation to this Action Item that will be further identified during the bond offering process.

**Suggested Motion:**

Motion is the Commission accept the Bond Trustee RFP Evaluation Committee's recommendation to award a contract to the selected firm, approve the issuance of an intent to award the contract to that firm, and authorizes the ultimate execution and delivery by the HRTAC Chair of the necessary agreement with the selected HRTAC Bond Trustee to be engaged for the inaugural HRTAC Bond Offering and any future senior or subordinate lien HRTF Revenue Bonds issued pursuant to the Indenture.



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

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

**Date:** December 14, 2017

**Re:** HRTAC Bond Resolution for Issuance of Series 2018 HRTF Revenue Bonds

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**Recommendation:**

The Finance Committee recommends approval of a resolution authorizing the issuance of tax-exempt Hampton Roads Transportation Fund Senior Lien Revenue Bonds (“HRTF Revenue Bonds”), in a principal amount not to exceed \$500,000,000, to reimburse the Commission for, and provide a source of funds for, the costs of new construction projects on new or existing highways, bridges, and tunnels in Hampton Roads.

**Background:**

On June 16, 2016, under HRTAC Resolution 2016-08, the Commission approved the structure for HRTF Revenue Bonds to finance the Commission’s capital projects. On October 7, 2016, such structure was validated by the state’s Circuit Court of the City of Chesapeake, Virginia. On September 21, 2017, the Commission endorsed a Debt Management Plan and authorized moving forward with further steps necessary to undertake an inaugural issue of HRTF Revenue Bonds. Based on current market conditions, including attractive long term interest rates, the Commission’s Finance Committee recommends moving forward with an inaugural issue of HRTF Revenue Bonds. This HRTAC Resolution 2017-08 would authorize the Commission’s staff, counsel and financial advisor to move forward with such bond issue, and finalize the documents and agreements required for the same, with the assistance of the underwriters selected at this meeting, all subject to parameters in the Resolution, including that the bonds must have a true interest cost, set at the time of the formal award, not exceeding 5.00%, and a final maturity date not later than 40 years from the date of their issuance.

**Fiscal Impact:**

There is a significant fiscal impact in relation to this Action Item that will cause a portion of the Commission’s revenues to be devoted to debt service payments while these HRTF Revenue Bonds, or any bonds that refinance these HRTF Revenue Bonds, remain outstanding.

**Suggested Motion:**

Motion is to approve HRTAC Resolution 2017-08 authorizing the issuance by the Commission of up to \$500,000,000 in HRTF Revenue Bonds.





## **HRTAC RESOLUTION 2017-08**

### **RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$500,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF HAMPTON ROADS TRANSPORTATION FUND SENIOR LIEN REVENUE BONDS**

WHEREAS, the Hampton Roads Transportation Accountability Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) having the powers set forth in Chapter 26, Title 33.2, of the Code of Virginia of 1950, as amended (the “HRTAC Act”);

WHEREAS, on June 16, 2016, the Commission adopted HRTAC Resolution 2016-08 entitled “Resolution Authorizing Hampton Roads Transportation Fund Revenue Bonds” (the “Initial Bond Authorizing Resolution”) which (i) authorized, subject to further approving resolutions of the Commission, the issuance of bonds payable from and secured by the revenues and funds in the Hampton Roads Transportation Fund (as defined in the HRTAC Act) (the “HRTF Bonds”) and the use of the proceeds thereof to finance and refinance the costs of new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23 (“Projects”), and (ii) approved the execution and delivery of a form of Master Indenture of Trust, a form of Supplemental Series Indenture of Trust and other financing documents to effect the issuance of HRTF Bonds, subject to further approving resolutions of the Commission;

WHEREAS, the Executive Director of the Commission (the “Executive Director”), together with PFM Financial Advisors, LLC, as municipal securities financial advisor (the “Financial Advisor”), and Kaufman & Canoles, P.C., as bond counsel (“Bond Counsel”), have provided presentations to the Commission’s Finance Committee and to the Commission describing a plan to issue HRTF Bonds, in one or more series, to finance the cost of certain Projects, including Projects to which the Commission has previously advanced its funds and Projects which are expected to be undertaken, to fund any required reserves for such HRTF Bonds, and to pay certain costs associated with the issuance of such HRTF Bonds;

WHEREAS, in furtherance of the foregoing, the Executive Director and the Finance Committee have recommended that the Commission proceed with the issuance of senior lien HRTF Bonds in an aggregate principal amount not to exceed \$500,000,000, in one or more series (the “Series 2018 Bonds”), and with the execution and delivery of certain financing documents, model forms of which have been presented to the Finance Committee and to the Commission, including the following (collectively, the “Bond Documents”):

- (a) A revised Master Indenture of Trust between the Commission and the indenture trustee appointed by the Commission (the “Master Indenture”);
- (b) A revised Supplemental Series Indenture of Trust between the Commission and the indenture trustee appointed by the Commission (the “Series Supplement”);

(c) A Bond Purchase Agreement between the Commission and the underwriters appointed by the Commission (the “Bond Purchase Agreement”);

(d) A Preliminary Official Statement furnishing information to prospective purchasers of each series of the Series 2018 Bonds regarding the Commission, the Series 2018 Bonds and the security therefor (the “Preliminary Official Statement”); and

(e) A Continuing Disclosure Undertaking of the Commission, in accordance with Securities Exchange Commission Rule 15c2-12, as amended (the “Municipal Securities Rule”), to periodically provide certain updated disclosures to the municipal securities market regarding the Commission, the Series 2018 Bonds and the security therefor; and

WHEREAS, the Commission has determined that it would be in the best interests of the Commission to authorize the Executive Director to finalize the terms of the Series 2018 Bonds and the Bond Documents with the assistance of the Financial Advisor, Bond Counsel and the Commission’s general counsel, subject to the limitations and parameters hereinafter provided in this Resolution.

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

1. The Commission reaffirms its findings, determinations, authorizations and pledge of revenues set forth in the Initial Bond Authorizing Resolution, and authorizes and approves the issuance of the Series 2018 Bonds, in one or more series, under the Master Indenture.

2. The Commission authorizes and directs the Executive Director to develop, negotiate and finalize, with the advice of the Financial Advisor, the structure, terms and conditions of the Series 2018 Bonds, including, without limitation, their series designations, dated dates, principal amounts, interest rates, maturity dates, redemption provisions, sales prices, and principal amounts in each maturity, subject to the following parameters: (i) the Series 2018 Bonds shall be issued in accordance with the form and requirements of the Master Indenture and the Series Supplement (as finalized in accordance with the terms of this Resolution), (ii) the Series 2018 Bonds shall have a true interest cost, set at the time of the formal award, not exceeding 5.00%, and (iii) the Series 2018 Bonds shall have a final maturity date not later than 40 years from the date of their issuance. The Commission further authorizes and directs the Executive Director to execute and deliver a Blanket Letter of Representations, and any required riders thereto, to The Depository Trust Company (“DTC”) to make all of the HRTF Bonds, including, without limitation, the Series 2018 Bonds, eligible for deposit at DTC in accordance with its Book-Entry-Only system and for transfer through DTC’s Fast Automated Securities Transfer program.

3. The Bond Documents are approved. The Chair or Vice Chair of the Commission, either of whom may act (the “HRTAC Representative”), is authorized to execute and deliver the Bond Documents on the Commission’s behalf, with such changes, insertions or omissions (not inconsistent with the parameters in Section 2 above) as may be finalized by the Executive Director in accordance with the terms of this Resolution with the advice of the Financial Advisor, Bond Counsel and the

Commission's general counsel. Such authorization and approval shall be evidenced conclusively by the execution and delivery of the finalized Bond Documents by the HRTAC Representative.

4. The Commission hereby appoints \_\_\_\_\_<sup>1</sup> to serve as the trustee under the Master Indenture and each Series Supplement for the Series 2018 Bonds (the "Trustee").

5. The Commission hereby appoints \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_<sup>2</sup> to serve as the underwriters with respect to the Series 2018 Bonds, with \_\_\_\_\_ serving as the senior managing underwriter for the initial sale of the Series 2018 Bonds and the other two as co-managers, authorizes the sale of each series of the Series 2018 Bonds to any or all of such underwriters by negotiated sale, and authorizes the Executive Director, with the advice of the Financial Advisor and the Finance Committee or its designee, to appoint from the three named underwriters the senior managing underwriter and co-managers for each subsequent offering of the Series 2018 Bonds.

6. The Commission authorizes the distribution of the Preliminary Official Statement for the Series 2018 Bonds, provided that the HRTAC Representative or the Executive Director, either of whom may act, is authorized to "deem final" such Preliminary Official Statement as of the date of its distribution, subject to the omission of final pricing information as permitted by the Municipal Securities Rule. Such officials are each individually further authorized to approve such completions, omissions, insertions and other changes to the Preliminary Official Statement, specifying the terms of the Series 2018 Bonds, together with any other information required by law to reflect the terms of the sale of the Series 2018 Bonds, the details thereof and the security therefor, as may be necessary or appropriate to complete it as a final Official Statement with respect to the Series 2018 Bonds. The HRTAC Representative or the Executive Director, any of whom may act, is authorized to review, and certify as to the accuracy of, the information set forth in the Official Statement describing the Commission, the Series 2018 Bonds or the security therefor. Such officials are each further authorized to execute the final Official Statement and deliver the same to the underwriters, and such execution and delivery shall constitute conclusive evidence that such Official Statement has been deemed a "final official statement" (as defined in the Municipal Securities Rule).

7. After the Series 2018 Bonds are sold, (i) the HRTAC Representative is authorized and directed to take all necessary or proper steps to have the final Series 2018 Bonds prepared in accordance with the terms of the Master Indenture and the Series Supplement and to execute the Series 2018 Bonds by manual or facsimile signature, (ii) the Executive Director is authorized to countersign the Series 2018 Bonds by manual or facsimile signature, and (iii) any such official is authorized to deliver the Series 2018 Bonds to the applicable underwriters upon receipt of the purchase price therefor.

8. The HRTAC Representative and the Executive Director, either of whom may act, is authorized and directed to execute, deliver and file all certificates and documents, and take all further action, as he or she may consider necessary or appropriate in accordance with the terms of this Resolution in connection with the issuance and sale of the Series 2018 Bonds, including,

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<sup>1</sup> To be completed with Trustee approved at Commission meeting.

<sup>2</sup> To be completed with Underwriters approved at Commission meeting.

without limitation, and with the advice of Bond Counsel, (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Series 2018 Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (the “Tax Code”), (b) making any elections that such officials deem desirable regarding any provision requiring rebate to the United States of “arbitrage profits” earned on investment of proceeds of the Series 2018 Bonds, and (c) filing Internal Revenue Service Form 8038-G.

9. To ensure compliance with Tax Code, the Executive Director is authorized and directed to develop, and cause the Commission’s staff to comply with, Post-Issuance Compliance Policies and Procedures, based on a form recommended by Bond Counsel derived from standard forms used in the municipal securities industry, to monitor the use of the proceeds of the HRTF Bonds, including the use of the Projects financed with such proceeds, and to monitor compliance with arbitrage yield restriction and rebate requirements and, in connection with the foregoing, the Executive Director is authorized to utilize any arbitrage rebate compliance services offered by the Financial Advisor, Bond Counsel and/or any third party arbitrage rebate consultant.

10. The Executive Director is authorized to utilize the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) in connection with the investment of proceeds of the Series 2018 Bonds, if the Executive Director determines, with the advice of the PFM Asset Management LLC (the “Investment Advisor”), that the utilization of SNAP is in the best interest of the Commission. The Commission acknowledges that the Treasury Board of the Commonwealth is not, and shall not be, in any way liable to the Commission in connection with SNAP, except as otherwise provided in the standard form SNAP Contract utilized by state and local governmental entities within the Commonwealth.

11. The Executive Director and his staff is further authorized to take such actions as may be necessary or appropriate to provide for the deposit and investment of funds to carry out the Commission’s purposes in accordance with the Commission’s adopted budget, the Master Indenture and the HRTAC Act, both prior to and following the issuance of Series 2018 Bonds, including, without limitation, by the funding of a reserve for administrative operating expenses, the provision for payment of debt service on the Bonds, the establishment and replenishment of reserves, and the deposit and investment of Series 2018 Bond proceeds and Commission revenues in the various funds and accounts established by the Master Indenture and the Series Supplement.

12. Each HRTAC Representative is authorized to execute and deliver on the Commission’s behalf such other instruments, documents or certificates, and to do and perform such further things and acts, as he or she shall deem necessary or appropriate to carry out in accordance with the terms of this Resolution the transactions authorized by this Resolution or contemplated by the Master Indenture or any supplement thereto. Any of the foregoing previously done or performed by any officer or authorized representative of the Commission is in all respects approved, ratified and confirmed.

13. This Resolution shall take effect immediately.

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 December 14, 2017.

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Chair, Hampton Roads Transportation  
Accountability Commission

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Vice Chair, Hampton Roads Transportation  
Accountability Commission

**MASTER INDENTURE OF TRUST**

**between**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

**and**

**[\_\_\_\_\_],  
as Trustee**

**Dated as of February 1, 2018**

**Relating to**

**Hampton Roads Transportation Accountability Commission  
Hampton Roads Transportation Fund Revenue Bonds**

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This **MASTER INDENTURE OF TRUST** (this “Master Indenture”) is made as of February 1, 2018, between the **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**, a political subdivision of the Commonwealth of Virginia (“HRTAC” or the “Commission”), and [\_\_\_\_\_], and its successors (the “Trustee”).

## RECITALS

**WHEREAS**, HRTAC is a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) having the authority under the Code of Virginia of 1950, as amended (the “Virginia Code”), to receive all of the amounts dedicated to the Hampton Roads Transportation Fund (the “HRTF”) from (i) the special sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and (ii) the wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code;

**WHEREAS**, as provided in Chapter 26, Title 33.2, of the Virginia Code (the “HRTAC Act”), the Commission shall use the moneys deposited in the HRTF solely for the purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities (as hereinafter defined), giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities, and (ii) paying the Commission’s administrative and operating expenses as provided in the Annual Budget (as hereinafter defined);

**WHEREAS**, Section 33.2-2606 of the HRTAC Act authorizes and empowers HRTAC to issue bonds and other evidences of debt and provides that the provisions of Article 5 (Section 33.2-1920 et seq.) of Chapter 19 of Title 33.2 of the Virginia Code shall apply, *mutatis mutandis*, to the issuance of such bonds and other evidences of debt (collectively, the “Bonds”) for any of the Commission’s purposes;

**WHEREAS**, Section 33.2-1920 of the Virginia Code permits the Bonds to be payable from and secured by a pledge of all or any part of the revenues, moneys or funds of HRTAC as specified in a resolution adopted or indenture entered into by HRTAC, but that such Bonds shall not constitute debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than HRTAC, and that such Bonds shall not constitute an indebtedness within the meaning of any debt limitation or restriction and only the Commission shall be liable thereon as provided under Section 33.2-1920 of the Virginia Code; and

**WHEREAS**, HRTAC has found and determined that the purposes of HRTAC and the HRTAC Act will be furthered by providing, by the execution and delivery of this Master Indenture, for the financing and refinancing of the costs of Projects (as hereinafter defined) through the issuance from time to time of Bonds payable from and secured by the HRTAC Revenues (as hereinafter defined).

**NOW, THEREFORE**, HRTAC hereby covenants and agrees with the Trustee and with the Owners (as hereinafter defined), from time to time, of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION

**Section 1.1 Definitions.** The following words and terms shall have the following meanings in this Master Indenture unless the context requires otherwise:

**“Account”** means any account established in a Fund with respect to a Related Series of Bonds or otherwise pursuant to the terms of this Master Indenture or any Supplemental Indenture.

**“Accrued Amount”** means with respect to Capital Appreciation Bonds of any Series, the amount set forth in the Related Series Supplement as the amount representing the initial public offering price plus the accrued and compounded interest on such Bonds as of any point in time.

**“Agency Obligations”** means senior debt obligations of U.S. government-sponsored agencies that are not backed by the full faith and credit of the U.S. government, including, but not limited to, Federal Home Loan Mortgage Corporation debt obligations, Farm Credit System consolidated system wide bonds and notes, Federal Home Loan Banks consolidated debt obligations, Federal National Mortgage Association debt obligations, Student Loan Marketing Association debt obligations, Resolution Funding Corporation debt obligations, and U.S. Agency for International Development guaranteed notes.

**“Amortization Requirement”** as applied to any Term Bonds of any maturity for any Bond Year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, the Related Series Supplement for the retirement of such Term Bonds by mandatory purchase or redemption on the Principal Payment Date or Dates established by such Related Series Supplement.

**“Annual Budget”** means the administrative and operating expense budget of HRTAC for any Fiscal Year as adopted by HRTAC in accordance with the HRTAC Act, as such budget may be amended from time to time throughout such Fiscal Year.

**“Bankruptcy Law”** means Title 11 of the United States Code, as it is amended from time to time and any successor to or replacement of such Title and any other applicable federal or state bankruptcy, insolvency or other similar law.

**“Bond” or “Bonds”** means any or all of the bonds that HRTAC may issue under the Virginia Code and pursuant to Article V hereof, including any Senior Bonds or any Subordinate Obligations.

**“Bond Counsel”** means (i) Kaufman & Canoles, a Professional Corporation, or (ii) other counsel selected by HRTAC which is nationally recognized as experienced in matters relating to obligations issued or incurred by states and their political subdivisions.

**“Bond Credit Facility”** means a line of credit, letter of credit, standby bond purchase agreement, municipal bond insurance or similar credit enhancement or liquidity facility

established to provide credit or liquidity support for all or any portion of a Series of Bonds as provided in the Related Series Supplement.

**“Bond Credit Provider”** means, as to all or any portion of a Series of Bonds, the Person providing a Bond Credit Facility, as designated in the Related Series Supplement in respect of such Series of Bonds.

**“Bond Year”** means each twelve month period beginning on each anniversary of the date of issuance of a Series of Bonds, or such other twelve-month period as may be selected by the Commission and approved by Bond Counsel.

**“Business Day”** means any day on which commercial banking institutions generally are open for business in New York and the Commonwealth.

**“Capital Appreciation Bonds”** means a Series of Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in the Related Series Supplement and is payable upon redemption or on the maturity date of such Series of Bonds.

**“Commonwealth”** means the Commonwealth of Virginia.

**“Convertible Capital Appreciation Bonds”** means a Series of Capital Appreciation Bonds having a conversion date after which such Bonds become Current Interest Bonds.

**“Cost of Issuance Fund”** means the Cost of Issuance Fund established with respect to a Series of Bonds as provided in Section 7.1.

**“Current Interest Bonds”** means a Series of Bonds the interest on which is payable currently on the Interest Payment Dates provided therefor in the Related Series Supplement.

**“Custodian”** means a bank or trust company that is (i) organized and existing under the laws of the United States or any of its states and (ii) selected by HRTAC and reasonably acceptable to the Trustee.

**“Debt Service Fund”** means a Senior Debt Service Fund and/or a Subordinate Debt Service Fund established with respect to any Series of Bonds issued hereunder.

**“Debt Service Reserve Fund”** means, as the context requires, a Senior Debt Service Reserve Fund and/or a Subordinate Debt Service Reserve Fund established with respect to any Series of Bonds issued hereunder.

**“Defeasance Obligations”** means noncallable (i) Agency Obligations, (ii) Government Obligations, (iii) Government Certificates, (iv) Defeased Municipal Obligations, and (v) Defeased Municipal Obligation Certificates.

**“Defeased Municipal Obligation Certificates”** means evidence of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a Custodian.

**“Defeased Municipal Obligations”** means obligations of the Commonwealth or any county, city, town, district, authority, agency, political subdivision or other public body of the Commonwealth that are rated in the highest rating category by any Rating Agency and provision for the payment of the principal of and redemption premium, if any, and interest on which has been made by the deposit with a trustee or escrow agent of Government Obligations or Government Certificates, the maturing principal of and interest on which, when due and payable, will along with any cash held by the trustee or escrow agent provide sufficient money to pay the principal of and redemption premium, if any, and interest on such obligations.

**“DSRF Credit Facility”** means a letter of credit, surety bond or similar credit enhancement facility acquired by HRTAC, from a financial institution with a long term credit rating in the second highest rating category by any Rating Agency or better, to substitute for cash or investments required to be held in a Debt Service Reserve Fund for any Series of Bonds pursuant to the Related Series Supplement.

**“DSRF Credit Provider”** means the financial institution providing a DSRF Credit Facility.

**“Escrow Fund”** means an escrow fund relating to a Series of Refunding Bonds that may be established pursuant to the Related Series Supplement and Section 7.2 hereof.

**“Event of Default”** means any of the events enumerated in Section 13.1.

**“Fiscal Year”** means the twelve-month period commencing on July 1 of one year and ending on June 30 of the following year.

**“Fund”** means any fund established pursuant to the terms of this Master Indenture or any Supplemental Indenture.

**“GAAP”** means generally accepted accounting principles, existing from time to time, as applicable to state and local governmental units.

**“General Fund”** means the General Fund established pursuant to Section 7.1(a).

**“Government Certificates”** means certificates representing an ownership interest in United States Treasury bond principal at maturity or interest coupons for accrued periods, which bonds or coupons are held in the capacity of custodian by a Custodian that is independent of the seller of such certificates.

**“Government Obligations”** means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

**“HRTAC”** or **“Commission”** means the Hampton Roads Transportation Accountability Commission, a political subdivision of the Commonwealth.

**“HRTAC Act”** means Chapter 26, Title 33.2 of the Virginia Code, as the same may be amended from time to time, and any successor statutes.

**“HRTAC Representative”** means (i) the Chair or Vice Chair of HRTAC, and (ii) any other commissioner, officer or employee of HRTAC authorized by resolution of HRTAC to perform the act or sign the document in question.

**“HRTAC Revenues”** means, in any period, (i) all of the HRTF Revenues received by HRTAC during such period, and (ii) any and all other revenues available under the HRTAC Act that may be designated as HRTAC Revenues pursuant to a Supplemental Indenture, but shall not include Toll Revenues.

**“HRTF”** means the Hampton Roads Transportation Fund established pursuant to Section 33.2-2600 of the HRTAC Act.

**“HRTF Revenues”** means the revenues dedicated to the HRTF from the special sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code, together with any other funds that may be hereafter appropriated to the HRTF.

**“Initial Resolution”** means the resolution numbered 2016-08 and entitled “Resolution Authorizing Hampton Roads Transportation Fund Revenue Bonds,” adopted by HRTAC on June 16, 2016, as supplemented by the resolution numbered 2017-\_\_ adopted by HRTAC on December 14, 2017.

**“Interest Payment Date”** means any [January 1] or [July 1], as the case may be; provided, however, that “Interest Payment Date” may mean, if so provided in a Series Supplement, such other date or dates provided therein or permitted thereby.

**“Interest Requirement”** for any Interest Payment Date, as applied to all of the Current Interest Bonds or a portion thereof, means the total of the interest regularly scheduled to become due on such Bonds on such Interest Payment Date. Interest expense shall be excluded from the definition of Interest Requirement to the extent that proceeds of any Bonds or other funds (including, without limitation, applicable Debt Service Funds and Debt Service Reserve Funds) are held by the Trustee, or are reasonably expected to be obtained from investment earnings thereon, to pay such interest. Unless HRTAC shall otherwise provide in a Supplemental Indenture, interest expense on Bond Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of an Interest Requirement.

**“Majority Owners”** means the Owners of at least 51% of the aggregate principal amount of the Bonds Outstanding.

**“Master Indenture”** means this Master Indenture of Trust dated as of February 1, 2018, between HRTAC and the Trustee, as the same may be modified, altered, amended and supplemented in accordance with its terms by one or more Series Supplements and other Supplemental Indentures.

**“Member Localities”** means, collectively, each county and city located in Planning District 23, established pursuant to Chapter 42, Title 15.2, of the Virginia Code, currently consisting of 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, and any other localities that may hereafter be added to HRTAC by amendment to the Virginia Code.

**“Officer’s Certificate”** means a certificate signed by an HRTAC Representative and filed with the Trustee.

**“Operating Expenses”** means any expenditure made or to be made by HRTAC that is properly categorized as an “expense” under GAAP, including, without limitation, the administrative expenses of HRTAC, but shall exclude expenses related to the payment of debt service on any Bonds, capital expenditures for Projects, or expenses for the operation and maintenance of any Project.

**“Operating Fund”** means the Operating Fund established pursuant to Section 7.1(a), in which there is established an Operating Account and an Operating Reserve Account.

**“Operating Reserve Requirement”** means an amount not to exceed 110% of the aggregate amount of Operating Expenses provided for in the Annual Budget in effect as of the applicable measurement date.

**“Opinion” or “Opinion of Counsel”** means a written opinion of any attorney or firm of attorneys, who or which may be Bond Counsel or counsel for HRTAC or the Trustee.

**“Optional Tender Bonds”** means any Series of Bonds issued under this Master Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to HRTAC, or to the Trustee, any Paying Agent or other fiduciary for such Owners, or to an agent of any of the foregoing, all or a portion of such Bonds for payment or purchase.

**“Outstanding”** when used in reference to the Bonds and as of a particular date, means all Bonds issued, authenticated and delivered under this Master Indenture except:

(a) Any Bond canceled or required to be canceled by the Trustee at or before such date;

(b) Any Bond in lieu of or in substitution for which another Bond shall have been issued, authenticated and delivered under this Master Indenture;

(c) Any Bond deemed paid under Article XII except that any such Bond shall be considered Outstanding until its maturity or redemption date only for the purpose of actually being paid and for purposes of Articles III and IV and Section 6.1 (or the corresponding provisions of the Related Series Supplement, as the case may be); and

(d) Any Bond not deemed Outstanding under, but only to the extent provided for in, Section 15.2.

**“Owner”** means the registered owner of any Bond.

**“Paying Agent”** means any national banking association, state bank, bank and trust company or trust company appointed by HRTAC to fulfill the duties of a “paying agent” for the Bonds or any portion thereof as commonly understood in the municipal bond market and meeting the qualifications of, and subject to the obligations of, the Trustee in Article XIV. Unless otherwise provided in a Supplemental Indenture, the Trustee shall be the Paying Agent.

**“Payment Date”** means a date that is an Interest Payment Date or a Principal Payment Date or both.

**“Person”** means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

**“Principal”** or **“principal”** means (i) with respect to a Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unpaid interest) except when used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default in which case “principal” means the initial public offering price of the Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) and (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

**“Principal and Interest Requirements”** for any Payment Date or for any period means the sum of the Principal Requirements and the Interest Requirements for such date or such period, respectively.

**“Principal Payment Date”** means any [July 1] upon which the principal amount of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of an Amortization Requirement or such other date or dates as may be provided by the Related Series Supplement.

**“Principal Requirement”** means for any Principal Payment Date, as applied to all Bonds or a portion thereof, the total of the principal regularly scheduled to become due on such Principal Payment Date. Principal payments shall be excluded from the definition of Principal Requirement to the extent that proceeds of any Bonds or other funds are held by the Trustee to pay such Principal.

**“Project”** means any transportation facility or project that HRTAC may finance or refinance pursuant to the Virginia Code.

**“Project Fund”** means the Project Fund to be established with respect to a Series of Bonds as provided in Section 7.1(b).

**“Purchase Price”** means the purchase price established in any Series Supplement for Optional Tender Bonds as the purchase price to be paid for such Bonds upon an optional or mandatory tender of all or a portion of such Bonds.

**“Rating Agency”** means, with respect to any Bonds Outstanding, any nationally recognized credit rating agency if and for so long as such rating agency, at the request of HRTAC, maintains a rating on such Bonds.

**“Rating Confirmation”** means written evidence that no rating that has been requested by HRTAC and is then in effect from a Rating Agency with respect to a Series of Bonds will be withdrawn, reduced, or suspended solely as a result of an action to be taken hereunder.

**“Rebate Amount”** means the liability of HRTAC under Section 148 of the Tax Code (including any “yield reduction payments”) with respect to any Series of Bonds as may be calculated or specified (including with such reserves or error margin as HRTAC may deem appropriate) in accordance with the Related Series Supplement or the Related Tax Regulatory Agreement.

**“Rebate Fund”** means the Rebate Fund to be established with respect to a Series of Bonds as provided in Section 7.1(b).

**“Refunding Bonds”** shall have the meaning set forth in Section 5.3(f).

**“Reimbursement Fund”** means the Reimbursement Fund Related to a Series of Bonds that may be established by the Related Series Supplement and Section 7.2 hereof.

**“Reimbursement Obligations”** means any reimbursement or payment obligations of HRTAC for which moneys in the Reimbursement Fund are pledged or payable pursuant to the provisions of this Master Indenture or any Series Supplement.

**“Related”** means (i) when used with respect to any Fund, Account or Series of Bonds, the Fund, Account or Series of Bonds so authorized, designated and established by this Master Indenture and the Series Supplement authorizing a particular Series of Bonds, (ii) when used with respect to a Series Supplement, Tax Regulatory Agreement or other document contemplated hereunder, such document authorizing or related to a particular Series of Bonds, or Supplemental Indenture related thereto and (iii) when used with respect to a Bond Credit Facility, DSRF Credit Facility or Reimbursement Obligation, the Bond Credit Facility or DSRF Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith.

**“Reserve Determination Date”** means (i) the tenth day after each Interest Payment Date, or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date set forth in a Series Supplement or an Officer’s Certificate for the valuation of a Debt Service Reserve Fund.

**“Reserve Requirement”** means, as the context requires, the Senior Debt Service Reserve Requirement and/or the Subordinate Debt Service Reserve Requirement.

**“Revenue Fund”** means the Revenue Fund established by Section 7.1(a).

**“Senior Bonds”** means any Bonds issued under this Indenture with seniority of payment and security to the Subordinate Obligations.

**“Senior Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Senior Bonds pursuant to Section 7.1(b).

**“Senior Debt Service Reserve Fund”** means a Senior Debt Service Reserve Fund established with respect to one or more Series of Senior Bonds pursuant to Section 7.1(b).

**“Senior Debt Service Reserve Requirement”** shall mean an amount, required to be maintained in a Senior Debt Service Reserve Fund established for any Series of Senior Bonds, which shall be equal to [50% of] the least of (a) the maximum Principal and Interest Requirements on such Senior Bonds in the then-current or any future Fiscal Year, (b) 10% of the original stated principal amount of such Bonds (or 10% of the issue price of such Bonds if required by the Code), or (c) 125% of the average annual Principal and Interest Requirements on such Bonds in the then-current or any future Fiscal Year; provided, however, if any Senior Debt Service Reserve Fund held collectively with respect to multiple Series of Senior Bonds shall be in an amount greater than the amount derived by measuring (a), (b) and (c) separately for each Outstanding Series of Senior Bonds, then such lesser derived amount shall be the Senior Debt Service Reserve Requirement.

**“Serial Bonds”** means the Bonds of a Series that are stated to mature in semiannual or annual installments as designated in the Related Series Supplement.

**“Series”** means all of the Bonds of a particular series issued, authenticated and delivered pursuant to this Master Indenture and the Related Series Supplement and identified as such pursuant to such Series Supplement, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to this Master Indenture and such Series Supplement, regardless of variations in priority of payment, lien status, maturity, interest rate, sinking fund installments or other provisions.

**“Series Supplement”** means a Supplemental Indenture providing for the issuance of a Series of Bonds, as such Series Supplement may be modified, altered, amended and supplemented by a Supplemental Indenture in accordance with the provisions of this Master Indenture.

**“Subordinate Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Subordinate Obligations pursuant to Section 7.1(b).

**“Subordinate Debt Service Reserve Fund”** means a Subordinate Debt Service Reserve Fund established with respect to one or more Series of Subordinate Obligations pursuant to Section 7.1(b).

**“Subordinate Debt Service Reserve Requirement”** shall mean an amount, required to be maintained in a Subordinate Debt Service Reserve Fund established for any Series of Subordinate Obligations, which shall be equal to the least of (a) the maximum Principal and Interest Requirements on such Subordinate Obligations in the then-current or any future Fiscal Year, (b) 10% of the original stated principal amount of such Subordinate Obligations (or 10% of the issue price of such Subordinate Obligations if required by the Code), or (c) 125% of the average annual Principal and Interest Requirements on such Subordinate Obligations in the then-current or any future Fiscal Year; provided, however, if any Subordinate Debt Service Reserve

Fund held collectively with respect to multiple Series of Subordinate Obligations shall be in an amount greater than the amount derived by measuring (a), (b) and (c) separately for each Outstanding Series of Subordinate Obligations, then such lesser derived amount shall be the Subordinate Debt Service Reserve Requirement.

**“Subordinate Obligations”** means any Bonds that are made specifically subordinate as to payment and security to the Senior Bonds.

**“Supplemental Indenture”** means any indenture supplementary to or amendatory of this Master Indenture or any Supplemental Indenture or Series Supplement now or hereafter duly executed and delivered in accordance with the provisions of this Master Indenture, including a Series Supplement.

**“Tax Code”** means the Internal Revenue Code of 1986, as amended, as in effect upon the issuance of and thereafter applicable to any Series of Bonds and the regulations of the U.S. Department of the Treasury promulgated thereunder as in effect upon the issuance of and thereafter applicable to any Series of Bonds.

**“Tax Regulatory Agreement”** means, with respect to any Series of Bonds, the Tax Certificate and Regulatory Agreement, dated the date of the issuance of such Series of Bonds, entered into by HRTAC for the benefit of the Owners of the Bonds of such Series, as the same may be modified, altered, amended or supplemented pursuant to its terms.

**“Term Bonds”** means all or some of the Bonds of a Series, other than Serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Related Series Supplement.

**“Toll Revenues”** means revenues received from tolls established by HRTAC for the use of any new or improved highway, bridge, or tunnel located in one or more of the Member Localities.

**“Trustee”** means [\_\_\_\_\_], and its successors serving in the same capacity under this Master Indenture.

**“Variable Rate Bonds”** means any Series of Bonds the interest rate on which is not established, at the time such Bonds are issued, at a single numerical rate for the entire term of such Bonds.

**“Verification Agent”** means (i) a firm of nationally-recognized independent certified public accountants or (ii) any other qualified firm acceptable to HRTAC and the Trustee.

**“Virginia Code”** means the Code of Virginia of 1950, as amended.

**Section 1.2 Rules of Construction.** The following rules shall apply to the construction of this Master Indenture unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(c) All references in this Master Indenture to particular Articles, Sections or Exhibits are references to Articles, Sections or Exhibits of this Master Indenture unless otherwise indicated.

(d) The headings and table of contents as used in this Master Indenture are solely for convenience of reference and shall not constitute a part of this Master Indenture nor shall they affect its meaning, construction or effect.

(e) Unless specifically provided otherwise in this Master Indenture or a Supplemental Indenture, any requirement that an obligation be or remain in a particular rating category assigned by a Rating Agency shall be applied without regard to any refinement or gradation of the rating category by numerical modifier or otherwise.

(f) Unless otherwise provided in a Supplemental Indenture, where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or for the purpose of any document, affidavit or certificate to be executed and delivered in accordance with or pursuant this Master Indenture or a Supplemental Indenture, the same shall be done in accordance with GAAP; provided, however, that whenever the context makes clear that the requirement is that cash, or its equivalent, be available to pay debt service on any Bonds, computations regarding such requirement shall be computed on a cash basis and not on a GAAP basis.

## ARTICLE II ESTABLISHMENT OF TRUST

**Section 2.1 Security for Bonds.** (a) In order to provide for the payment of the principal of and the premium, if any, and interest on the Bonds issued hereunder, and to secure the performance of all of the obligations of HRTAC with respect to the Bonds, this Master Indenture and the Series Supplements, subject to the terms hereof and thereof, HRTAC pledges and grants to the Trustee:

(1) All of the HRTAC Revenues; and

(2) All other property of any kind mortgaged, pledged or hypothecated to provide for the payment of or to secure the Bonds by HRTAC or by anyone on its behalf and with its written consent at any time as and for additional security under this Master Indenture and the Series Supplements in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of this Master Indenture and the Series Supplements.

(b) In order to provide for the payment of the principal of and the premium, if any, and interest on each Series of Bonds issued hereunder, and to secure the performance of all of the obligations of HRTAC with respect to such Series, this Master Indenture, and the Related Series Supplement, subject to the terms hereof and thereof, HRTAC pledges and grants to the

Trustee with respect to such Series (and to such Series only) the money and investments held in the Related Project Fund (if any), Related Debt Service Fund, and Related Debt Service Reserve Fund (if any).

(c) HRTAC's authority to receive any or all of the HRTAC Revenues is subject to appropriation by the General Assembly of the Commonwealth, and neither the General Assembly nor the Commission can or will pledge, covenant or agree to impose or maintain at any particular rate or level any of the taxes or other revenues dedicated to the HRTF by the Commonwealth.

**Section 2.2 Bond Credit Facility.** Any Bond Credit Facility that is given to secure some, but not all, of the Bonds, together with money drawn or paid under it, shall be held by the Trustee solely as security for the Bonds of the Series to which such Bond Credit Facility is Related. Neither such Bond Credit Facility nor any money drawn or paid under it will secure the payment of any other Series of Bonds. The status of the Bond Credit Facility as a Senior Bond or a Subordinate Obligation or otherwise will be provided for in the Related Series Supplement.

### **ARTICLE III GENERAL TERMS AND CONDITIONS OF BONDS**

**Section 3.1 Authority for Master Indenture.** This Master Indenture has been executed and delivered under the Initial Resolution. HRTAC has ascertained that the execution of and the transactions contemplated by this Master Indenture are in furtherance of both HRTAC's purposes and the exercise of the powers granted to HRTAC by the Virginia Code.

**Section 3.2 Indenture Constitutes Contract.** In consideration of the Owners' purchase and acceptance of the Bonds, the provisions of this Master Indenture and the Supplemental Indentures shall be a part of HRTAC's contract with the Owners and shall be deemed to be and shall constitute a contract among HRTAC, the Trustee and the Owners from time to time of the Bonds.

**Section 3.3 Form and Details of Each Series of Bonds.** The forms, details and terms of each Series of Bonds, the funds and accounts to be established with respect to such Series, and such other matters as HRTAC may deem appropriate shall be set forth in the Related Series Supplement.

**Section 3.4 Obligation of Bonds.** This Master Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of and premium, if any, and interest of each Series of Bonds. The Bonds of each Series are limited obligations of HRTAC payable solely from the revenues, money and other property pledged by this Master Indenture and the Related Series Supplement. Each Bond shall contain on its face a statement to the effect that (i) it shall not be a debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than HRTAC, and (ii) it shall not constitute indebtedness within the meaning of any debt limitation or restriction, and only the Commission shall be liable thereon as provided under Section 33.2-1920 of the Virginia Code. Each Bond shall also provide that HRTAC's authority to receive any or all of the taxes or other revenues pledged to the Trustee for payment of the Bonds pursuant to this Indenture is subject to appropriation by the General

Assembly of the Commonwealth, and neither the General Assembly nor HRTAC can or will pledge, covenant or agree to impose or maintain at any particular rate or level any of such taxes or other revenues.

**Section 3.5 Payment of Bonds.** The principal of and premium, if any, and interest on Bonds of each Series shall be payable in lawful money of the United States of America, but only from the revenues, money or property pledged to such payment pursuant to this Master Indenture and the Related Series Supplement. The principal of and premium, if any, and interest on Bonds of each Series shall be payable at such place or places and in such manner as specified in the Related Series Supplement. Unless otherwise provided in the Related Series Supplement, if a Payment Date for any Bonds of any Series or the date fixed for the redemption of any such Bonds is not a Business Day, then payment of the principal and premium, if any, and interest need not be made on such date, but may be made on the next succeeding date which is a Business Day, and if made on such next succeeding Business Day no additional interest will accrue for the period after such Payment Date or date fixed for redemption.

**Section 3.6 Execution of Bonds.** (a) Except as may be otherwise provided in the Related Series Supplement, all of the Bonds of each Series shall be executed on behalf of HRTAC by, or bear the facsimile signature of, the Chair or Vice Chair of HRTAC, and attested by the manual or facsimile signature of the Executive Director of HRTAC.

(b) If any of the officers who have signed any of the Bonds of a Series or whose facsimile signature is on such Bonds ceases to be an officer of HRTAC before the Bonds so signed have been actually authenticated by the Trustee or delivered by HRTAC, the Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though such officer had not ceased to be an officer of HRTAC. Any Bond of a Series may be signed on behalf of HRTAC by those Persons who, at the actual date of the execution of the Bond, are the proper officers of HRTAC, although at the date of the original issuance of the Bond they were not officers of HRTAC.

**Section 3.7 Authentication of Bonds.** Except as may be otherwise provided in the Related Series Supplement, no Bond of any Series shall be secured by this Master Indenture, entitled to its benefits or be valid for any purpose unless there is endorsed on the Bond the Trustee's certificate of authentication, substantially in the form prescribed by the Related Series Supplement. The Trustee shall authenticate each Bond with the signature of an authorized officer or employee of the Trustee, but it shall not be necessary for the same Person to authenticate all of the Bonds. The Trustee's certificate of authentication on a Bond of any Series issued by HRTAC shall be conclusive evidence that the Bond has been duly authenticated and delivered under this Master Indenture.

**Section 3.8 Registration, Transfer and Exchange.** (a) Except as may be otherwise provided in the Related Series Supplement, HRTAC shall cause books for the registration, and registration for transfer or exchange, of the Bonds of each Series to be kept at the designated corporate trust office of the Trustee. HRTAC appoints the Trustee as its registrar and transfer agent to keep such books and to make registrations and registrations of transfer or exchange under such reasonable regulations as HRTAC or the Trustee may prescribe.

(b) Upon surrender for registration of transfer or exchange of any Bond at the designated corporate trust office of the Trustee, HRTAC shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount which the Owner is entitled to receive, subject in each case to such reasonable regulations as HRTAC or the Trustee may prescribe. All Bonds presented for registration of transfer, exchange, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to HRTAC and the Trustee, duly executed by the Owner or by the Owner's duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

(c) New Bonds of any Series delivered upon any transfer or exchange shall be valid obligations of HRTAC evidencing the same debt as the Bonds surrendered and shall be secured by this Master Indenture and the Related Series Supplement and entitled to their benefits to the same extent as the Bonds surrendered. Registrations of transfers or exchange will be made by the Trustee within such time periods as are customary in the municipal securities industry.

**Section 3.9 Charges for Exchange or Transfer.** Except as provided in Section 3.11, no charge shall be made for any registration of transfer or exchange of Bonds, but HRTAC or the Trustee may require payment by the Owner of the Bonds of a sum sufficient to cover any applicable tax or other governmental charge that may be imposed.

**Section 3.10 Temporary Bonds.** (a) Until Bonds of any Series in definitive form are ready for delivery, HRTAC may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of definitive Bonds and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, in substantially the form set forth in the Related Series Supplement, with appropriate omissions, variations and insertions.

(b) Except as may be otherwise provided in the Related Series Supplement, HRTAC shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and, upon the presentation and surrender of the Bond or Bonds of any Series in temporary form to the Trustee at its designated corporate trust office, the Trustee shall authenticate and deliver in exchange, a Bond or Bonds of the same maturity and Series in definitive form, in the authorized denominations, and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made at HRTAC's expense.

**Section 3.11 Mutilated, Lost, Stolen or Destroyed Bonds.** (a) If any Outstanding Bond is mutilated, lost, stolen or destroyed, HRTAC shall execute, and, upon HRTAC's request in writing, the Trustee shall authenticate and deliver, a new Bond of the same Series, principal amount, interest rate and maturity and of like tenor as the mutilated, lost, stolen or destroyed Bond in exchanged and substitution for a mutilated Bond, or in lieu of and substitution for a lost, stolen or destroyed Bond.

(b) Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds shall be made to the Trustee at its designated corporate trust office and the applicant shall furnish to HRTAC and the Trustee security or indemnification to their

satisfaction. In every case of loss, theft or destruction of a Bond, the applicant shall also furnish to HRTAC and the Trustee evidence to their satisfaction of the loss, theft or destruction and of the identity of the applicant. In every case of mutilation of a Bond, the applicant shall surrender the Bond so mutilated for cancellation.

(c) Notwithstanding the foregoing provisions of this Section, if any Bond has matured and no default has occurred which is then continuing in the payment of the principal of or premium, if any, or interest on the Bond, HRTAC may authorize the payment of the Bond (without surrender except in the case of a mutilated Bond) instead of issuing a substitute Bond, provided security or indemnification is furnished as provided in this Section.

(d) HRTAC and the Trustee may charge the Owner their reasonable fees and expenses in connection with the issuance of any substitute Bond. Every substitute Bond issued pursuant to the provisions of this Section shall constitute a contractual obligation of HRTAC, whether or not the lost, stolen or destroyed Bond is found or delivered at any time, or is enforceable by anyone, and shall be entitled to all of the benefits of this Master Indenture and the Supplemental Indentures equally and proportionally with any and all other Bonds duly issued under this Master Indenture to the same extent as the Bond in substitution for which such Bond was issued.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen, or destroyed Bonds, including those granted by any law or statute now existing or hereafter enacted.

**Section 3.12 Cancellation of Bonds.** Any temporary or mutilated Bond surrendered to the Trustee, or any Bond redeemed or paid at maturity, or any Bond delivered for transfer, exchange or replacement, or purchase pursuant to instructions from HRTAC, shall be canceled or destroyed, and the Trustee shall deliver the canceled Bond or a certificate of destruction of such Bond to HRTAC.

## **ARTICLE IV** **REDEMPTION OF BONDS**

**Section 4.1 Redemption of Bonds.** The Bonds of each Series shall be subject to redemption as specified in the Related Series Supplement.

**Section 4.2 Selection of Bonds for Redemption.** Bonds of any Series to be called for redemption shall be selected as provided in the Related Series Supplement. The Trustee shall treat each Bond of a denomination greater than the minimum denomination authorized in the Related Series Supplement as representing the number of separate Bonds that can be obtained by dividing the Bond's actual principal amount by such minimum denomination.

**Section 4.3 Notice of Redemption.** (a) Except as otherwise provided in the Related Series Supplement, in the case of any redemption of the Bonds of any Series, the Trustee shall give notice in the name of HRTAC, when directed in writing by HRTAC and as provided for in this Section, that Bonds of a particular Series identified by serial or CUSIP numbers have been called for redemption and, in the case of Bonds to be redeemed in part only, the principal amount

of the Bonds that have been called for redemption (or if all the Outstanding Bonds of a Series are to be redeemed, so stating, in which event serial or CUSIP numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying the date) upon surrender of the Bonds at the designated corporate trust office of the Trustee, at the applicable redemption price(specifying the price) together with any accrued interest to such date, and that all interest on the Bonds to be redeemed will cease to accrue on and after such date.

(a) Unless otherwise specified in the Related Series Supplement, such notice shall be mailed by first class mail, postage prepaid, not less than thirty nor more than sixty days before the date fixed for redemption, to the Owners of the Bonds called for redemption, at their respective addresses as they last appear on the registration books maintained by the Trustee; provided, however, that failure to give such notice to any Owner or any defect in such notice shall not affect the validity of the proceedings for the redemption of Bonds of any other Owners to whom notice was properly given. If, at the time of mailing of the notice of any optional redemption, there has not been deposited with the Trustee moneys sufficient to redeem all of the Bonds called for redemption, on written instructions of HRTAC the notice may state that it is conditional on the deposit of redemption moneys with the Trustee not later than the opening of business on the redemption date.

**Section 4.4 Payment of Redeemed Bonds.** (a) Except as otherwise provided in the Related Series Supplement, if notice of redemption has been given as provided in Section 4.3, the Bonds called for redemption shall be due and payable on the date fixed for redemption at a redemption price equal to the principal amount of and premium, if any, on the Bonds, together with accrued interest to the date fixed for redemption. Payment of the redemption price shall be made by the Trustee upon surrender of the Bonds, if funds are on deposit for that purpose. If less than the full principal amount of a Bond is called for redemption, HRTAC shall execute and deliver and the Trustee shall authenticate, upon surrender of the Bond, and without charge to the Owner, Bonds of the same Series for the unredeemed portion of the principal amount of the Bond so surrendered and in any denominations authorized by the Related Series Supplement.

(b) If any Bond has been duly called for redemption, and payment of the principal of and premium, if any, and unpaid interest accrued to the date fixed for redemption on the Bond has been made or provided for, then, notwithstanding that the Bond called for redemption has not been surrendered for cancellation, interest on the Bond shall cease to accrue, the Bond shall no longer be entitled to any lien, benefit or security under this Master Indenture, and its Owner shall have no rights in respect of the Bond except to receive payment of the principal of and premium, if any, and unpaid interest on the Bond accrued to the date fixed for its redemption.

## **ARTICLE V** **ISSUANCE OF BONDS**

**Section 5.1 Issuance of Bonds.** (a) HRTAC may issue Bonds pursuant to Series Supplements as hereinafter provided, subject to the terms and conditions contained in this Master Indenture, for any purpose permitted to be financed from the proceeds of Bonds under the HRTAC Act or other law, including without limitation the construction and acquisition of any Project and the refunding of any Bonds previously issued and Outstanding. Such Bonds may be

issued in any form permitted by law, including, but not limited to, Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, Optional Tender Bonds, Serial Bonds or Term Bonds or any combination thereof.

(b) HRTAC shall not issue or incur any Bonds that will be secured by a pledge of revenues, money or property pledged by this Master Indenture to the payment of any Series of Bonds, except for Senior Bonds and Subordinate Obligations; provided, however, that nothing contained in this Master Indenture shall prevent HRTAC from issuing or incurring Bonds payable out of or secured by a pledge of HRTAC Revenues to be derived on and after the date the pledge and lien of this Master Indenture is discharged and satisfied as provided in Article XII.

(c) Subject to the restrictions set forth in subsection (b) of this Section, HRTAC reserves the right in its sole discretion and without the consent of the Trustee or any Owner of any Bond to issue from time to time Bonds hereunder for any lawful purpose authorized by the HRTAC Act.

**Section 5.2 Parity of Bonds.** This Master Indenture constitutes a continuing irrevocable pledge of the HRTAC Revenues and other revenues, money and property of HRTAC pledged in Section 2.1(a) to secure payment of the principal of and premium, if any, and interest on all Bonds which may, from time to time, be executed, authenticated and delivered under this Master Indenture. Except as otherwise provided in this Master Indenture, all Bonds shall in all respects be equally and ratably secured under this Master Indenture without preference, priority or distinction on account of the time of their authentication, delivery or maturity, so that all Bonds at any time outstanding under this Master Indenture will have the same right, lien and preference under this Master Indenture with respect to the pledge set forth in Section 2.1(a) with like effect as if they had all been executed, authenticated and delivered simultaneously. Nothing in this Master Indenture shall be construed, however, as (i) requiring that any Bonds bear interest at the same rate or in the same manner as any other Bonds, have the same or an earlier or later maturity, have the same Principal or Interest Payment Dates as other Bonds, be subject to mandatory or optional redemption before maturity on the same basis as any other Bonds, or precluding the creation of separate reserve funds or obtaining separate surety bonds, insurance policies or other Credit Facilities for any Series of Bonds or portions thereof, (ii) prohibiting HRTAC from entering into financial arrangements, including any Bond Credit Facility or DSRF Credit Facility, designed to assure that funds will be available for the payment of certain Bonds at their maturity or tender for purchase, or (iii) prohibiting HRTAC from pledging funds or assets of HRTAC other than those pledged under this Master Indenture or any Supplemental Indenture for the benefit of any Bonds. Subordinate Obligations shall in all respects be junior and subordinate to the Senior Bonds.

**Section 5.3 Conditions of Issuing a Series of Bonds.** Before the issuance and authentication of any Series of Bonds by the Trustee, HRTAC shall deliver or cause to be delivered to the Trustee:

(a) In the case of the initial Series of Bonds issued under this Master Indenture only:

(1) An original executed counterpart of this Master Indenture;

(2) A certified copy of the Initial Resolution, which authorized the execution and delivery of this Master Indenture; and

(3) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, to the effect that this Master Indenture has been duly authorized, executed and delivered by HRTAC;

(b) An original executed counterpart of the Related Series Supplement which may include provisions (i) authorizing the issuance, fixing the principal amount and setting forth the details of the Bonds of the Series then to be issued, the interest rate or rates and the manner in which the Bonds are to bear interest, the Principal and Interest Payment Dates of the Bonds, the purposes for which the Bonds are being issued, the date and the manner of numbering the Bonds, the series designation, the denominations, the maturity dates and amounts, the Amortization Requirements or the manner for determining such Amortization Requirements, and any other provisions for redemption before maturity; (ii) for Bond Credit Facilities for the Series and for the Funds to be established with respect to the Series of Bonds as required or authorized under this Master Indenture; (iii) for the application of the proceeds of the Bonds of the Series; (iv) any term or condition necessary or expedient for the issuance of Bonds constituting Variable Rate Bonds or Optional Tender Bonds, including without limitation, tender and remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and changing interest rate modes; (v) for the amount, if any, to be deposited into the Related Debt Service Reserve Fund to cause the amount held therein to equal the applicable Reserve Requirement; and (vi) for such other matters as HRTAC may deem appropriate;

(c) A certified copy of each resolution adopted by HRTAC authorizing the execution and delivery of the Related Series Supplement, any Related Bond Credit Facility and any Related Reimbursement Obligation and the issuance, sale, execution and delivery of the Series of Bonds then to be issued;

(d) Original executed counterparts of the Related Tax Regulatory Agreement, any Related Bond Credit Facility and any Related Reimbursement Obligation;

(e) /Except for the initial Series of Bonds to be issued under this Master Indenture and for any Series of Refunding Bonds, an Officer's Certificate to the effect (i) in connection with the issuance of Senior Bonds, that during any twelve consecutive months of the eighteen months preceding the issuance of the Series of Senior Bonds to be issued the HRTAC Revenues were not less than [2.00] times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year on the Senior Bonds Outstanding plus the Series of Bonds to be issued, and (ii) in connection with the issuance of Subordinate Obligations, that (A) the minimum coverage ratio identified in clause (i) of this paragraph was in effect during any twelve consecutive months of the preceding eighteen months with respect to the Senior Bonds Outstanding, and (B) during any twelve consecutive months of the eighteen month preceding the issuance of the Subordinate Obligations to be issued the HRTAC Revenues were not less than [1.35] times the annual Principal and Interest Requirements during the current

or any future Fiscal Year on the Subordinate Obligations Outstanding plus the Series of Subordinate Obligations to be issued.]

(f) If the Bonds of the Series then to be issued are to be issued to refund Bonds issued and outstanding under this Master Indenture (“Refunding Bonds”) evidence satisfactory to the Trustee that HRTAC has made provision for the payment or redemption of all of the Bonds to be refunded as required by this Master Indenture and the Related Series Supplement and for the payment of the estimated expenses of HRTAC and the Trustee incident to the refunding, including, if applicable, the fees of the Verification Agent and the escrow agent for the Related Escrow Fund;

(g) An opinion of Bond Counsel to the effect that (i) the Bonds of the Series then to be issued have been duly authorized, (ii) all conditions precedent to the issuance of such Bonds have been fulfilled, (iii) the Related Series Supplement has been duly authorized, executed and delivered by HRTAC and complies in all respects with the requirements of this Master Indenture and (iv) Bonds are valid and legally binding limited obligations of HRTAC and are secured by this Master Indenture and the Related Series Supplement to the extent provided herein and therein;

(h) An Officer’s Certificate, dated the date of delivery of the Bonds of the Series then to be issued, to the effect that to the best of the knowledge of the signatory, upon and immediately following such delivery, no Event of Default under this Master Indenture or any Series Supplement with respect to any Series of Bonds Outstanding will have occurred and be continuing;

(i) A written order and authorization to the Trustee on behalf of HRTAC, signed by an HRTAC Representative, to authenticate and deliver the Bonds of the Series then to be issued to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of such Series of Bonds; and

(j) Any additional document or instrument specified in the Related Series Supplement.

**Section 5.4 Modification of Certain Definitions.** (a) In the case of the following described types of Bonds, the definition of the term “Principal and Interest Requirements” for the purposes of preparing and delivering the Officer’s Certificate described in Section 5.3(e) above shall be modified as follows.

(1) Optional Tender Bonds. If any of the Outstanding Bonds or additional Bonds of the Series then to be issued constitute Optional Tender Bonds, then the options of the Owners of such Bonds to tender the same for payment prior to their stated maturity or maturities shall be disregarded, (ii) if such Bonds also constitute Variable Rate Bonds, HRTAC shall also make the adjustments described in subsection (a)(2) below, and (iii) any obligation HRTAC may have, other than its obligation on such additional Bonds (which need not be uniform as to all Owners thereof), to reimburse any Person for its having extended a Bond Credit Facility shall be disregarded.

(2) **Variable Rate Bonds.** If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Variable Rate Bonds, then the interest rate used in the above-described computations shall be the greater of (i) the interest rate on any additional Bonds issued as Variable Rate Bonds for the first period of calculation of such interest and (ii) the weighted average interest rate at which HRTAC could reasonably expect to have borrowed on the date of issuance of such Bonds by issuing such Bonds with a fixed rate or rates of interest. HRTAC's reasonable expectation shall be established by an Officer's Certificate and a letter of a knowledgeable professional, which may be HRTAC's financial advisor, confirming the interest rate expectation as reasonable.

(b) The conversion of Bonds constituting Variable Rate Bonds to bear interest at fixed rate or rates or vice-versa, in accordance with their terms, shall not constitute a new issuance of Bonds under this Master Indenture.

**Section 5.5 Delivery of Bonds.** When the documents mentioned in Section 5.3 shall have been filed with the Trustee and when the Bonds of the Series then to be issued shall have been executed and authenticated as required by this Master Indenture, the Trustee shall deliver such Bonds at one time to or upon the order of the purchasers named in the Related Series Supplement, but only upon payment to or upon the order of HRTAC of the purchase price of such Bonds and the accrued interest, if any, thereon. Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is the Owner of such Bonds, delivery shall be made in accordance with the DTC FAST System.

**Section 5.6 Application of Bond Proceeds.** The Trustee shall apply the proceeds of any Series of Bonds as provided in the Related Series Supplement.

**Section 5.7 Subordinate Obligations.** Nothing in this Master Indenture shall prohibit or prevent HRTAC from authorizing and issuing Subordinate Obligations for any lawful purpose payable from HRTAC Revenues subject and subordinate to the payment of any Senior Bonds and to the deposits required to be made from HRTAC Revenues to the Senior Debt Service Funds, the Debt Service Reserve Funds and the Rebate Funds or any other Fund or Account established to secure any Senior Bonds, or from securing any Subordinate Obligations and their payment by a lien and pledge of HRTAC Revenues junior and inferior to the lien on and pledge thereof for the payment and security of the Senior Bonds.

## **ARTICLE VI GENERAL COVENANTS AND PROVISIONS**

**Section 6.1 Payment of Bonds.** HRTAC shall promptly pay the principal of (whether at maturity, by mandatory sinking fund or optional redemption, or otherwise) and premium, if any, and interest on each Series of the Bonds on the dates and as provided in this Master Indenture, the Related Series Supplement and in such Series of Bonds; provided, however, that such obligations are limited obligations of HRTAC and are payable solely from revenues, moneys and other property pledged by HRTAC to the Trustee under Article II to secure payment of such Series of Bonds or all Series of Bonds issued under this Master Indenture.

**Section 6.2 Covenants and Representations of HRTAC.** HRTAC shall faithfully observe and perform all of its covenants, conditions and agreements contained in this Master Indenture, in every Bond executed, authenticated and delivered under this Master Indenture and in all pertinent proceedings of HRTAC; provided, however, that HRTAC's liability for any breach of or default under any such covenant, condition or agreement shall be limited solely to and satisfied solely from the sources of payment described in Section 6.1.

**Section 6.3 Further Assurances.** Subject to the provisions of Section 6.1, HRTAC shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying and pledging to the Trustee of all the rights assigned by this Master Indenture and revenues, money and other property pledged by this Master Indenture to the payment of the principal of and premium, if any, and interest on the Bonds. HRTAC shall fully cooperate with the Trustee in protecting the Owners' rights and security.

**Section 6.4 Records and Accounts; Inspections and Reports.** HRTAC shall maintain or cause to be maintained proper books of record and account, separate from any of its other records and accounts, showing complete and correct entries of all transactions relating to the Bonds. All books and documents in HRTAC's possession relating to the Bonds shall at all times be open to inspection by such agents as may be designated by the Trustee or the Owners of 25% or more in aggregate Principal amount of Bonds then Outstanding. HRTAC shall have an annual audit made by an accountant or accounting firm within 270 days after the end of each Fiscal Year and shall furnish to the Trustee copies of the audit report as soon as such report is available, which report shall include statements in reasonable detail, certified by the accountant or accounting firm who or which prepared the report. Such audit report shall reflect HRTAC's financial position as of the end of such Fiscal Year and the results of its operations and changes in the financial position of its fund for such Fiscal Year.

**Section 6.5 Reports by Trustee.** The Trustee shall make periodic reports to HRTAC of all money received, invested and expended by it with respect to the Bonds. The Trustee shall furnish to HRTAC upon request (i) a statement of the Principal amount of Bonds Outstanding and unpaid as of the date of such request, (ii) the balance in each of the Funds and Accounts held by it pursuant to this Master Indenture, and (iii) such information as may be necessary to complete the annual audit of HRTAC as required by the HRTAC Act or to make any other report required by any other law now or hereafter in effect.

**Section 6.6 Covenants with Bond Credit Providers and DSRF Credit Providers.** HRTAC may make such covenants as it may in its sole discretion determine to be appropriate with any Bond Credit Provider or DSRF Provider that shall agree to provide for Bonds of any one or more Series a Bond Credit Facility or a DSRF Credit Facility that shall enhance the security or the value of such Bonds and thereby reduce the Principal and Interest Requirements on such Bonds or substitute for amounts in the Related Debt Service Reserve Fund. Such covenants (if any) shall be set forth in the Related Series Supplement or other Supplemental Indenture and, if so included, shall be binding on HRTAC, the Trustee, any Paying Agent and the Owners of the Bonds the same as if such covenants were set forth in full in this Master Indenture.

## ARTICLE VII

### ESTABLISHMENT OF FUNDS AND ACCOUNTS

#### **Section 7.1 Establishment of Funds.**

(a) The Funds listed below are hereby established with respect to all of the Outstanding Bonds issued under or in accordance herewith and HRTAC's operations, and HRTAC shall hold each such Fund without commingling the monies held therein.

(1) Revenue Fund;

(2) Operating Fund, in which there is established an Operating Account and an Operating Reserve Account; and

(3) General Fund.

(b) The Funds listed below are to be established with respect to each separate Series of Bonds in the Related Series Supplement, and the Trustee shall hold such Funds without commingling the monies held therein, except that (i) HRTAC has the option not to establish a Debt Service Reserve Fund securing any one or more Series of Bonds, (ii) HRTAC has the option to establish a Debt Service Reserve fund securing multiple Series of Bonds on a parity basis, and (iii) HRTAC shall hold each Cost of Issuance Fund.

(1) Cost of Issuance Fund;

(2) Project Fund and/or Escrow Fund, as appropriate;

(3) Debt Service Fund;

(4) Debt Service Reserve Fund; and

(5) Rebate Fund.

(c) Without limiting the generality of the foregoing subsection, a Subordinate Debt Service Fund is to be established with respect to each Subordinate Obligation or Series thereof issued by HRTAC, and the Trustee shall hold each such Fund without commingling the monies held therein, and a Subordinate Debt Service Reserve Fund may be established by HRTAC and the Trustee with respect to any one or more Series of Subordinate Obligations.

(d) HRTAC may direct that a Debt Service Fund and/or Debt Service Reserve Fund established for a Series of Bonds shall also provide for the payment of and/or secure any Refunding Bonds issued to refund such Series of Bonds in whole or in part.

**Section 7.2 Establishment and Custody of Certain Special Funds.** (a) HRTAC may establish with the Trustee or an escrow agent satisfactory to the Trustee in connection with the issuance of any Series of Refunding Bonds an Escrow Fund to provide for the application and investment of the portion of the proceeds of such Series to be used to refund the refunded

Bonds. Such Escrow Fund shall be established under or in accordance with the Related Series Supplement.

(b) HRTAC may establish with the Trustee in connection with the incurrence of any Reimbursement Obligation a Reimbursement Fund. Amounts held for the credit of any Reimbursement Fund shall be paid out by the Trustee as necessary to enable HRTAC to meet its obligations constituting Reimbursement Obligations. HRTAC may direct that amounts held for the credit of a Reimbursement Fund shall be pledged to the payment of any Related Reimbursement Obligation incurred by HRTAC.

## **ARTICLE VIII** **OPERATION OF REVENUE FUND, PLEDGED FUNDS AND GENERAL FUND**

**Section 8.1 Revenue Fund.** (a) HRTAC will hold the Revenue Fund as a separate Fund. The Revenue Fund itself is not pledged to secure any of the Bonds or the Subordinate Obligations. HRTAC will deposit into the Revenue Fund all HRTAC Revenues immediately upon receipt.

(b) At least once each month, not later than the last Business Day of each month, HRTAC shall make transfers from the Revenue Fund in the amounts and in the order of priority set forth below:

FIRST: To each Senior Debt Service Fund ratably, the amount, if any, required under the Related Series Supplement so that the balance therein on the next Payment Date shall equal the amount of principal, if any, and interest due on the next Payment Date on the Related Series of Bonds; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

SECOND: To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement (which shall include the reimbursement of any DSRF Credit Provider for any drawings on a DSRF Credit Facility and the payment of any interest, penalties or fees assessed by the DSRF Credit Provider);

THIRD: To each Subordinate Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

FOURTH: To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement (which shall include the reimbursement of any DSRF Credit Provider for any drawings on a DSRF Credit

Facility and the payment of any interest, penalties or fees assessed by the DSRF Credit Provider);

FIFTH: To each Rebate Fund the amounts necessary to provide for the payment of any Rebate Amounts with respect to the Related Series of Bonds as confirmed in an Officer's Certificate;

SIXTH: To the Operating Account of the Operating Fund, the amount of funds necessary to pay Operating Expenses during such period in accordance with the Annual Budget;

SEVENTH: To the Operating Reserve Account of the Operating Fund, the amount, if any, so that the balance in such Account shall be equal to the Operating Reserve Requirement; and

EIGHTH: To the General Fund, the balance remaining in the Revenue Fund.

(c) In the case of Bonds of a Series secured by a Bond Credit Facility, amounts on deposit in the Revenue Fund may be transferred to the Debt Service Fund or as the case may be, the Related Reimbursement Fund or elsewhere as provided in the Related Series Supplement to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such Bonds.

**Section 8.2 Operating Fund.** HRTAC will hold the Operating Fund, and the Accounts therein, as a separate Fund for the purpose of paying Operating Expenses. Neither the Operating Fund nor any amount therein is pledged to secure the Bonds or the Subordinate Obligations. HRTAC shall pay Operating Expenses from the Operating Account as they become due and in accordance with the purposes and amounts provided in the Annual Budget. If at any time there is a deficiency in the Operating Account, HRTAC shall transfer funds from the Operating Reserve Account to cover such deficiency. In determining the balance on deposit in the Operating Account for any purpose of this Master Indenture, there shall be deducted the amount of any pending payments or transfers from the Operating Account. HRTAC may cause amounts in the Operating Fund in excess of those required by the Annual Budget to be transferred to the General Fund.

**Section 8.3 Senior Debt Service Funds.** (a) The Trustee shall promptly deposit the following amounts in each Senior Debt Service Fund:

(1) The amount, if any, of the proceeds of the Related Series of Bonds required by the Related Series Supplement to be deposited in the Senior Debt Service Fund with respect to accrued and/or capitalized interest;

(2) All amounts received from the Revenue Fund pursuant to Section 8.1(b);

(3) Any amounts required to be transferred to the Senior Debt Service Fund from a Debt Service Reserve Fund as provided under this Master Indenture; and

(4) Any other amounts required to be paid to the Senior Debt Service Fund or otherwise made available for deposit therein by HRTAC, including amounts made available pursuant to the Related Series Supplement.

(b) The Trustee shall pay out of each Senior Debt Service Fund ratably to the Trustee or, if applicable, the Paying Agent for the Related Series of Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Bonds then due, (ii) on any redemption date, the amount required for the payment of accrued interest on such Bonds to be redeemed, unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Trustee or the Paying Agent, as applicable, to such payment, and (iii) the accrued interest included in the Purchase Price of any Bonds of the Related Series purchased for retirement pursuant to this Master Indenture.

(c) The Trustee shall pay out of each Senior Debt Service Fund for the Related Series of Bonds on each Principal Payment Date and redemption date for such Bonds, the amounts then required for the payment of such principal or redemption price, and such amounts shall be applied by the Trustee to such payments either itself or through the Paying Agent for such Bonds.

(d) Whenever the amounts in a Debt Service Fund is sufficient to redeem all of the Outstanding Bonds of the Related Series and to pay interest accrued to the redemption date, the Commission will cause the Trustee to redeem all such Related Bonds on the applicable redemption date specified by the Commission. Any amounts remaining in the Related Debt Service Fund after payment in full of the principal or redemption price and interest on the Related Bonds (or provision for payment thereof) and the fees, charges and expenses related to such transaction, shall be transferred to the Revenue Fund.

**Section 8.4 Debt Service Reserve Funds.** (a) Except as specifically provided below, the amount in each Debt Service Reserve Fund shall be used solely to cure deficiencies in the amount on deposit in each Related Debt Service Fund. If there are insufficient funds in the Related Debt Service Fund to pay the principal of and interest on a particular Series of Bonds when due, then the Trustee shall transfer the amount of deficiency from the amount, if any, on deposit in the Related Debt Service Reserve Fund to such Debt Service Fund. The Trustee promptly shall notify HRTAC of the transfer.

(b) On each Reserve Determination Date, the Trustee shall determine if the balance in each of the Debt Service Reserve Funds is at least equal to the Reserve Requirement for the Related Series of Bonds. In making each such determination, investments in each Debt Service Reserve Fund shall be valued as provided in Section 11.3 or as otherwise provided in the Related Series Supplement. If on any Reserve Determination Date the amount in any Debt Service Reserve Fund is less than its Reserve Requirement, the Trustee shall promptly notify HRTAC of such fact and the amount of the deficiency; provided, however, a deficiency shall not be restored except as provided in Section 8.1(b).

(c) Any interest earned from the investment of money in a Debt Service Reserve Fund shall be transferred upon receipt to the Revenue Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the Series Supplements and Tax Regulatory

Agreements (as confirmed in an Officer's Certificate) to the extent that such transfer will not cause the balance in the Debt Service Reserve Fund to be less than its Reserve Requirement. If on any Reserve Determination Date there exists a surplus in a Debt Service Reserve Fund, the Trustee shall transfer such surplus to the Revenue Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the Series Supplements and Tax Regulatory Agreements (as confirmed in an Officer's Certificate); provided, however, that if on any Reserve Determination Date there exists or will exist a surplus in a Debt Service Reserve Fund as the result of the payment at maturity, redemption or defeasance under Article XII of a portion of the Bonds of the Related Series on or as of such Reserve Determination Date, then the Trustee is authorized to transfer the surplus (including to an Escrow Fund for any such Bonds to be redeemed or defeased) as specified in (i) a Series Supplement (as confirmed in an Officer's Certificate) or (ii) an Officer's Certificate.

(d) In lieu of maintaining and depositing money or securities in a Debt Service Reserve Fund, HRTAC may deposit with the Trustee a DSRF Credit Facility in an amount equal to all or a portion of the applicable Reserve Requirement. Any DSRF Credit Facility will permit the Trustee to draw or obtain under it for deposit in the Debt Service Reserve Fund amounts that, when combined with the other amounts in such Fund, are not less than the applicable Reserve Requirement.

(1) The Trustee will make a drawing on or otherwise obtain funds under any DSRF Credit Facility before its expiration or termination (i) whenever money is required for the purposes for which Debt Service Reserve Fund money may be applied and (ii) unless such DSRF Credit Facility has been extended or a qualified replacement for it delivered to the Trustee, in the event HRTAC has not deposited immediately available funds equal to the applicable Reserve Requirement at least two Business Days preceding the expiration or termination of such DSRF Credit Facility.

(2) If HRTAC provides the Trustee with a DSRF Credit Facility as provided in this subsection, the Trustee will transfer the corresponding amount of funds then on deposit in the applicable Debt Service Reserve Fund to HRTAC, provided HRTAC delivers to the Trustee (i) an Opinion of Bond Counsel that such transfer of funds will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on any Bonds the interest on which was excludable on the date of their issuance and (ii) HRTAC covenants to comply with any directions or restrictions contained in such opinion concerning the use of such funds.

**Section 8.5 Subordinate Debt Service Funds.** (a) The Trustee shall promptly deposit the following amounts in each Subordinate Debt Service Fund:

(1) The amount, if any, of the proceeds of the Related Subordinate Obligation, required to be deposited in the Subordinate Debt Service Fund in respect of accrued and/or capitalized interest;

(2) All amounts required to be transferred to the Subordinate Debt Service Fund from the Revenue Fund pursuant to Section 8.1(b); and

(3) Any other amounts required to be paid to the Subordinate Debt Service Fund or otherwise made available for deposit therein by HRTAC.

(b) The Trustee shall pay out of each Subordinate Debt Service Fund (i) on each interest payment date, the amount required for the payment of interest on the Related Subordinate Obligations then due and (ii) on any redemption date, the amount required for the payment of accrued interest on the Related Subordinate Obligations to be redeemed, unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied to such payment. The Trustee shall also pay out of the Subordinate Debt Service Fund the accrued interest included in the Purchase Price of any Subordinate Obligations purchased for retirement pursuant to this Master Indenture.

(c) The Trustee shall pay out of each Subordinate Debt Service Fund on each principal payment date and redemption date for the Related Subordinate Obligations, the amounts then required for the payment of such principal or redemption price, and such amounts shall be applied to such payments.

(d) To the extent there is a deficiency in the Subordinate Debt Service Fund on any payment date with respect to Related Subordinate Obligations, the Trustee shall transfer the amount of such deficiency from the amount, if any, on deposit in the Related Subordinate Debt Service Reserve Fund, if any. The Trustee promptly shall notify HRTAC of any such transfer.

**Section 8.6 General Fund.** (a) HRTAC shall hold the General Fund and, except as otherwise provided below, neither such Fund nor any amount therein is pledged to secure the Bonds or the Subordinate Obligations.

(b) HRTAC shall apply the balance in the General Fund as follows:

**FIRST:** To cure any deficiency in the amount required to be on deposit in any Senior Debt Service Fund, any Senior Debt Service Reserve Fund, any Rebate Fund, any Subordinate Debt Service Fund or any Subordinate Debt Service Reserve Fund, in that order; and

**SECOND:** To any other lawful purpose approved by resolution of HRTAC, including, without limitation, expenditures for capital improvements with respect to any Project or payment of any Operating Expenses.

## **ARTICLE IX** **OPERATION OF CERTAIN SERIES-SPECIFIC FUNDS**

**Section 9.1 Cost of Issuance Funds.** There shall be deposited in each Cost of Issuance Fund the portion of the proceeds of the Related Series of Bonds and such other amounts as may be specified in the Related Series Supplement. HRTAC shall use such amounts to pay costs of issuance incurred in connection with the issuance of the Related Series of Bonds. HRTAC shall transfer any amounts remaining on deposit in such Fund to the Revenue Fund, the Related Project Fund and/or another Fund or Account established hereunder as may be authorized or directed by the Related Series Supplement or Tax Regulatory Agreement and

confirmed in an Officer's Certificate. Investment earnings on any Cost of Issuance Fund may be transferred therefrom periodically as provided in the Related Series Supplement and Tax Regulatory Agreement.

**Section 9.2 Project Funds.** There shall be deposited into each Project Fund such portion of the proceeds of the Related Series of Bonds and other amounts as may be specified in the Related Series Supplement. HRTAC shall use the amounts in each Project Fund in accordance with the requirements of the Related Series Supplement and Tax Regulatory Agreement. Upon the filing with the Trustee of an Officer's Certificate that each Project to be financed from the Related Project Fund is complete, the Trustee shall transfer any amounts remaining on deposit in such Project Fund to the Revenue Fund and/or another Fund or Account established hereunder as may be authorized or directed by the Related Series Supplement or Tax Regulatory Agreement and confirmed in an Officer's Certificate. Investment earnings in a Project Fund may be transferred periodically therefrom as provided in the Related Series Supplement and Tax Regulatory Agreement.

**Section 9.3 Rebate Funds.** There shall be deposited in each Rebate Fund amounts to be used to pay Rebate Amounts with respect to the Related Series of Bonds as may be specified in the Related Series Supplement and the Related Tax Regulatory Agreement and confirmed in an Officer's Certificate. HRTAC shall use the balance in a Rebate Fund to pay the Rebate Amounts and any other obligations under Section 148 of the Tax Code in connection with the Related Series of Bonds. HRTAC may transfer any amounts on deposit in a Rebate Fund that are not needed for such purpose to the Revenue Fund and/or another Fund or Account established hereunder as may be authorized or directed by the Related Series Supplement or Tax Regulatory Agreement and confirmed in an Officer's Certificate.

## **ARTICLE X GENERAL FUND AND ACCOUNT PROVISIONS**

**Section 10.1 Additional Funds and Accounts.** Upon payment of its additional reasonable costs and expenses, if any, the Trustee may create additional Funds and Accounts or subaccounts within any Fund or Account established by this Master Indenture or any Supplemental Indenture if HRTAC so directs in a Supplemental Indenture or the Trustee deems such additional Funds, Accounts or subaccounts to be necessary for the proper administration of the various Funds and Accounts. The Trustee shall make transfers to or from such Funds, Accounts or subaccounts so long as required transfers can be made consistently with the provisions of this Master Indenture or any Supplemental Indenture.

**Section 10.2 Non-Presentment of Bonds.** (a) If any Owner fails to present his or her Bond for payment when its principal becomes due (whether at maturity, by mandatory or optional redemption, or otherwise), all liability of HRTAC to the Owner for the payment of the Bond shall be completely discharged if the Trustee holds for the Owner's benefit money sufficient to pay the principal of and premium, if any, and interest due on such Bond to its maturity or redemption date and thereupon it shall be the Trustee's duty to hold this money, without liability to the Owner for interest on it, for the Owner's benefit, who shall thereafter be restricted exclusively to this money for any claim under this Master Indenture or on the Bond.

(b) Any money which shall have been set aside by the Trustee for the payment of the principal of and premium, if any, and interest on the Bonds and which shall remain unclaimed by the Owners of any of the Bonds for a period of four years and eleven months after the date on which such money shall have become payable, shall, unless otherwise required by law, be paid to HRTAC (along with any investment earnings on such money earned after the respective maturity or redemption date), and thereafter the Trustee shall have no further responsibility with respect to such money.

**Section 10.3 Trustee's Fees, Costs and Expenses.** The Trustee's initial or acceptance fees and expenses for a Series of Bonds shall be paid from the Related Cost of Issuance Fund. HRTAC shall pay or provide for the payment of all other fees and expenses of the Trustee as provided in Section 14.2. The Trustee shall not deposit any such payments it receives in the Funds or Accounts established by this Master Indenture.

**Section 10.4 Purchase of Term Bonds.** (a) Amounts made available by or on behalf of HRTAC for such purpose, if so directed by HRTAC in an Officer's Certificate, shall be applied by the Trustee prior to the 45th day preceding any mandatory sinking fund redemption date for Term Bonds of the Related Series to the purchase of the Term Bonds that are subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the redemption price payable for such Term Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any Term Bond, the Trustee shall then credit an amount equal to the principal of the Bond so purchased toward the next succeeding Amortization Requirement for such Term Bond.

(b) As soon as practicable after the 45th day preceding the date of any mandatory sinking fund redemption for the Term Bonds of the Related Series, the Trustee shall proceed to call for redemption on such redemption date the Term Bonds of the maturity for which sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such sinking fund redemption. The Trustee shall so call such Term Bonds for redemption whether or not it then has moneys in the Related Debt Service Fund, as applicable, sufficient to pay the applicable redemption price thereof and interest thereon to the redemption date. The Trustee shall pay out of each such Fund directly to Owners or to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Related Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

## **ARTICLE XI** **SECURITY FOR DEPOSITS AND PERMITTED INVESTMENTS**

**Section 11.1 Security for Deposits.** All amounts deposited with HRTAC or the Trustee under the Master Indenture in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously held in bank accounts which are secured for the benefit of HRTAC and the Owners of the Bonds in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act, Chapter 44 of Title 2.2 of the Virginia Code or any successor provision of law; provided, however, that it shall not be necessary for the Trustee to give security for the deposit of any amounts with it for the payment of the principal of or premium, if any, or interest on any Bonds issued under the Master

Indenture, or for any Person to give security for any investments described in Section 11.2 below purchased under the provisions of this Article XI as an investment of such amounts.

**Section 11.2 Permitted Investments.** (a) Subject to the provisions of any Supplemental Indenture, any amounts held in any Fund or Account established by this Master Indenture or any Supplemental Indenture may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by an HRTAC Representative, in any investments that are at the time (i) legal investments for public funds of the type to be invested under Virginia law, including without limitation the Investment of Public Funds Act, Chapter 45 of Title 2.2 of the Virginia Code or any successor provision of law, (ii) authorized by HRTAC's Statement of Investment Policy then in effect, and (iii) structured to permit adequate liquidity to permit the purpose of such Fund or Account to be satisfied. Notwithstanding anything to the contrary contained herein, HRTAC may invest the amounts on deposit in the General Fund to the same extent as provided in Section 33.2-1525 of the Virginia Code for excess funds in the Transportation Trust Fund.

(b) Subject to the provision of any Supplemental Indenture, all Investments shall be held by or under the control of the Trustee or HRTAC, as the case may be, and while so held shall be deemed a part of the Fund or Account in which the amounts were originally held. The Trustee, at the direction of HRTAC, shall sell and reduce to cash a sufficient amount of investments whenever the cash balance in any Fund or Account is insufficient for its purposes.

**Section 11.3 Valuation of Investments.** (a) Unless otherwise provided in a Supplemental Indenture, HRTAC or the Trustee shall value the investments in each Fund and Account established under this Master Indenture or any Supplemental Indenture and held by it or at its direction as of the last Business Day of each month; provided that, notwithstanding the foregoing, a Debt Service Reserve Fund shall be valued only on Reserve Determination Dates.

(b) Unless otherwise provided in a Supplemental Indenture, each such investment shall be valued (i) at amortized cost if the weighted average life of all investments held in the same Fund or Account is five years or less or (ii) at its fair market value or the amortized cost thereof, whichever is lower if the weighted average life of all investments held in the same Fund or Account exceeds five years. A DSRF Credit Facility shall be valued at the amount that the Trustee is authorized to draw thereon to pay debt service on the Series of Bonds secured thereby.

**Section 11.4 Investments through Trustee's Bond Department.** Unless otherwise directed by HRTAC, the Trustee may make investments permitted by Section 11.2 through its own trust or bond department.

## **ARTICLE XII** **DISCHARGE AND DEFEASANCE**

**Section 12.1 Discharge.** If the following conditions exist:

(a) the principal of any and all of the Series of Bonds and the interest due or to become due thereon together with any redemption premium required by redemption of any of the Bonds prior to maturity shall be paid, or is caused to be paid, or is provided for under Section

12.2 below, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with this Article, and

(b) all of the covenants, agreements, obligations, terms and conditions of HRTAC under this Master Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof, then the right, title and interest of the Trustee in the trust estate granted pursuant to Article II above shall thereupon cease and the Trustee, on the request of and at the expense of HRTAC, shall release this Master Indenture and the trust estate and shall execute such documents to evidence such release as may be reasonably required by HRTAC and shall turn over to HRTAC, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds and Accounts established hereunder except for amounts required to pay such Bonds.

**Section 12.2 Defeasance.** (a) If HRTAC shall pay or provide for the payment of the entire indebtedness on particular Bonds in any one or more of the following ways:

(1) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable;

(2) by delivering such Bonds to the Trustee for cancellation; or

(3) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue on such Defeasance Obligations (the "Defeasance Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, without consideration of any reinvestment of the Defeasance Amount, as a Verification Agent shall verify to the Trustee's satisfaction;

(4) and if HRTAC shall also pay or provide for the payment of all other sums payable hereunder by HRTAC with respect to such Bonds, and, if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as provided in Article IV of this Master Indenture (or the corresponding provisions of the Related Series Supplements) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture except as provided in subsection (d) below.

(b) HRTAC may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered that HRTAC may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired as provided in this Section.

(c) Upon such defeasance all rights of HRTAC, including its right to provide for optional redemption of Bonds on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Trustee on or prior to the date the Defeasance Amount is deposited with the Trustee or escrow agent.

(d) When a Bond is deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Master Indenture, except for the purposes of any such payment (to the exclusion of all other Owners) from the Defeasance Amount and except for the provisions of this Section, Articles III and IV (and the corresponding sections of the Series Supplements) and Section 6.1 of this Master Indenture.

## **ARTICLE XIII** **DEFAULT PROVISIONS AND REMEDIES OF** **TRUSTEE AND OWNERS**

**Section 13.1 Events of Default.** (a) The occurrence and continuation of one or more of the following events shall constitute an Event of Default with respect to the Bonds:

(1) default in the payment of any installment of interest in respect of any Series of Bonds as the same shall become due and payable; or

(2) default in the payment of the principal of or premium, if any, in respect of any Series of Bonds as the same shall become due and payable either at maturity, upon redemption, or otherwise; or

(3) default in the payment of any Amortization Requirement in respect of any Bond that is a Term Bond as the same shall become due and payable; or

(4) failure on the part of HRTAC duly to observe or perform any other of the covenants or agreements on the part of HRTAC contained in this Master Indenture, a Series Supplement, a Tax Regulatory Agreement or any Bond, subject to the provisions of Section 13.10 below; or

(5) appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the HRTAC Revenues and the other Funds and Accounts pledged pursuant to this Master Indenture, or the filing by HRTAC of any petition for reorganization of HRTAC or rearrangement or readjustment of the obligations of HRTAC under the provisions of any applicable Bankruptcy Law.

(b) Notwithstanding any other provision of this Master Indenture, failure to pay the principal or any Amortization Requirement of or interest on any Subordinate Obligation will not constitute an Event of Default with respect to any of the Senior Bonds.

(c) An Event of Default with respect to one Series of Bonds shall not cause an Event of Default with respect to any other Series of Bonds unless such event or condition independently constitutes an Event of Default with such other Series of Bonds.

(d) HRTAC may, pursuant to a Series Supplement, provide for a particular Series of Bonds different or additional Events of Default and remedies upon the occurrence thereof including, but not limited to, Events of Default upon the occurrence of events specified in any agreement entered into in connection with the delivery of a Bond Credit Facility; provided, however, no such Series Supplement shall provide for any acceleration of the full principal amount of any Bonds.

**Section 13.2 Remedies Upon Default.** (a) If an Event of Default under Section 13.1 above occurs and is continuing, there shall be no right of acceleration with respect to any Bonds but the Trustee may, and upon the written request to the Trustee by the Majority Owners shall, subject to the requirements of Section 14.1(l) below, protect and enforce its rights and the rights of the Owners of such Bonds by such suits, actions or proceedings to enforce payment of and receive any and all amounts due from the Commission hereunder, together with any and all costs and expenses of proceedings and collections, and to collect (but solely from HRTAC Revenues available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

(b) Without limiting the generality of the foregoing, the Commission shall not enter into any agreement, including, without limitation, a Credit Facility, continuing covenants agreement or similar direct purchase agreement, which purports to create any rights of acceleration of any Bonds.

**Section 13.3 Control of Remedies.**

(a) Notwithstanding anything in this Master Indenture or the Supplemental Indentures to the contrary, upon the occurrence and continuation of an Event of Default, the Majority Owners will control and direct all actions of the Trustee in exercising such of the rights and powers conferred by Section 13.2 on the Trustee or the Owners.

(b) So long as any Senior Bonds are Outstanding, no owner or holder of any Subordinate Obligation may exercise any remedy under this Master Indenture or any Supplemental Indenture.

**Section 13.4 Effect of Discontinuance or Abandonment.** If any proceeding taken by the Trustee on account of any default has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, then HRTAC, the Trustee, and the Owners will be restored to their former positions and rights under this Master Indenture and all rights, remedies and powers of the Trustee will continue as though no such proceeding had been taken.

**Section 13.5 Restriction on Owners' Actions.** In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this Article, no Owner will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Master Indenture or any remedy under this Master Indenture or any Supplemental Indenture or the Bonds, unless (i) an Event of Default has occurred and is continuing of which the Trustee has been notified as provided in Section 14.1(h), or of which by such Section it is deemed to have notice; (ii) the Majority Owners of the Bonds have made written request of the Trustee to institute the suit, action, proceeding or other remedy, after the right to exercise the powers or rights of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in this Master Indenture or to institute the action, suit or proceeding in its or their name; (iii) there has been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred as provided in Section 14.1(1); and (iv) the Trustee has not complied with the request within a reasonable time. Such notification, request and offer of indemnity are declared, at the option of the Trustee, to be conditions

precedent to the execution of the trusts of this Master Indenture or for any other remedy under this Master Indenture. It is intended that no one or more Owners will have any right to affect, disturb or prejudice the security of this Master Indenture, or to enforce any right under this Master Indenture or the Bonds, except in the manner provided for in this Master Indenture, and that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in this Master Indenture and for the benefit of all Owners. Nothing in this Master Indenture will affect or impair the right of the Owners generally to enforce payment of the Bonds in accordance with their terms.

**Section 13.6 Power of Trustee to Enforce.** All rights of action under this Master Indenture or under any of the Bonds secured by it that are enforceable by the Trustee may be enforced without the possession of any of the Bonds, or their production at the trial or other related proceedings. Any suit, action or proceedings instituted by the Trustee may be brought in its own name, as trustee, for the equal and ratable benefit of the Owners subject to the provisions of this Master Indenture.

**Section 13.7 Remedies Not Exclusive.** No remedy in this Master Indenture conferred on or reserved to the Trustee, or on or to the Owners, is intended to be exclusive of any other remedy, and each remedy is cumulative, and is in addition to every other remedy given under this Master Indenture or now or hereafter existing at law, in equity or by statute.

**Section 13.8 Waiver of Events of Default; Effect of Waiver.** (a) The Trustee will waive any Event of Default and its consequences at the written request of the Majority Owners. If any Event of Default with respect to the Bonds has been waived as provided in this Master Indenture, the Trustee will promptly give written notice of the waiver to HRTAC and by first class mail, postage prepaid, to all Owners if the Owners had previously been given notice of the Event of Default. No waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under this Master Indenture.

(b) No delay or omission of the Trustee or of any Owner to exercise any right, power or remedy accruing upon any default or Event of Default will impair any such right, power or remedy or will be construed to be a waiver of or acquiescence in any such default or Event of Default. Every right, power and remedy given by this Article to the Trustee and to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 13.9 Application of Money.** (a) Any amounts received by the Trustee pursuant to this Article will, after payment of the costs and expenses of the proceedings resulting in the collection of the money, the expenses, liabilities and advances incurred or made by the Trustee and the fees (whether ordinary or extraordinary) of the Trustee and expenses of HRTAC in carrying out the provisions of this Master Indenture, be deposited in an appropriate Account that the Trustee will establish in the Revenue Fund. The amounts in such Account shall be applied as follows:

FIRST: To the payment of the persons entitled to it of all installments of interest then due on the Bonds, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular

installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege;

SECOND: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Bonds which have become due (other than Bonds matured or called for redemption for the payment of which money is held pursuant to the provisions of this Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Bonds due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege;

THIRD: To the payment of the persons entitled to it of all installments of interest then due on the Subordinate Obligations, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege; and

FOURTH: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Subordinate Obligations that have become due (other than Subordinate Obligations matured or called for redemption for the payment of which money is held pursuant to the provisions of this Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Subordinate Obligations due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege.

(a) Whenever money is to be applied pursuant to the provisions of this Section, it will be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee applies such money, it will fix the date on which payment is to be made, and interest on the amount of principal to be paid on such date will cease to accrue. The Trustee will give, in such form as it may deem appropriate, notice to the Owners of the fixing of such payment date.

#### **Section 13.10 Notice of Certain Defaults; Opportunity to Cure Such Defaults.**

Notwithstanding anything to the contrary in this Master Indenture, no default under Section 13.1(a)(4) will constitute an Event of Default until actual notice of the default is given to HRTAC by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds, and HRTAC has had (i) 30 days after receipt of the notice with respect to any default in the payment of money or (ii) 90 days after receipt of the notice of any other default to correct the default or to cause the default to be corrected; provided, however, that if the default can be corrected, but cannot within the 90-day period, it will not constitute an Event of Default if corrective action is instituted by HRTAC within the 90-day period and diligently pursued (as determined by the Trustee) until the default is corrected.

**Section 13.11 Rights of Bond Credit Provider.** Notwithstanding anything contained in this Master Indenture to the contrary, until HRTAC has reimbursed a Bond Credit Provider for amounts paid under a Bond Credit Facility to pay the interest on or the principal of any Bonds on any Payment Date, (i) such Bonds shall be deemed to be Outstanding and such Bond Credit Provider shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Bond Credit Facility until such amounts have been reimbursed and (ii) upon presentation to the Trustee, such Bond shall be registered in the name of the Bond Credit Provider or its nominee.

## **ARTICLE XIV THE TRUSTEE**

**Section 14.1 Acceptance of Trusts and Obligations.** The Trustee hereby accepts the trusts and obligations imposed upon it by this Master Indenture and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Master Indenture against the Trustee:

(a) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture and as a corporate trustee ordinarily would perform such duties under a corporate indenture. If an Event of Default has occurred (that has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and the Related Series Supplement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers under this Master Indenture and perform any of its duties by or through attorneys, accountants, agents, receivers or employees, but shall be answerable for the conduct of the same in accordance with the standards specified in subsection (a) of this Section. The Trustee also shall be entitled to act on the opinion or advice of its counsel concerning all matters of trust and the duties under this Master Indenture, and may be reimbursed for reasonable compensation to all such attorneys, accountants, agents, receivers and employees as may reasonably be employed in connection with this Master Indenture. The Trustee may act on an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance on such Opinion of Counsel. In addition, the Trustee may condition any permissive action it is authorized (but not required) to take hereunder on the receipt of an approving Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital or representation in this Master Indenture, in any Supplemental Indenture or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the filing or re-filing of any financing or continuation statement or other document or instrument, or for insuring any property of HRTAC or collecting any insurance money, or for the validity of HRTAC's execution of this Master Indenture or of any supplements to it or instruments of further assurance, or for the sufficiency of the security for the Bonds. The Trustee shall not be

responsible or liable for any loss suffered in connection with any investment of money made by it in accordance with Article XI.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered under this Master Indenture. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Owner may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(e) The Trustee shall be protected in acting on any Officer's Certificate, notice, request, consent, certificate, order, direction, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee under this Master Indenture at the request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of any Bond shall be conclusive and binding on all future Owners of the same Bond and on Bonds issued in exchange for it or in place of it.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely on an Officer's Certificate as sufficient evidence of the facts therein contained. Before the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by such subsection it is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept an Officer's Certificate to the effect that an attached resolution has been adopted by HRTAC as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The Trustee's permissive right to do things enumerated in this Master Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default under this Master Indenture, except defaults arising from the failure by HRTAC to make any payments due on the Bonds or the failure by HRTAC to file with the Trustee any document required by this Master Indenture to be so filed, unless the Trustee shall be notified of such default by HRTAC or by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

(i) The Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations under this Master Indenture.

(j) Notwithstanding any other provision of this Master Indenture, the Trustee shall have the right, but shall not be required, to demand, as a condition of (i) any action by the

Trustee in respect of the authentication of any Bonds, (ii) the withdrawal of any cash, (iii) the release of any property or (iv) any action whatsoever within the purview of this Master Indenture, any showings, certificates (including Officer's Certificates), opinions, appraisals or other information or corporate action or evidence thereof reasonably required by the Trustee, in addition to that required by the terms of this Master Indenture.

(k) All money the Trustee receives shall, until used or applied or invested as provided in this Master Indenture, be held in trust for the purposes for which it was received but need not be segregated from other funds except to the extent required by this Master Indenture or by law. The Trustee shall not be under any liability for interest on any money received under this Master Indenture except as may be agreed upon in writing.

(l) Before taking any action under this Master Indenture, the Trustee may require that indemnity to its satisfaction be furnished to it for the reimbursement of all expenses which may be incurred by it and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct.

**Section 14.2 Fees, Charges and Expenses of Trustee.** (a) HRTAC covenants and agrees:

(1) to pay to the Trustee compensation for all services rendered by it hereunder and under the other agreements relating to the Bonds to which the Trustee is a party in accordance with terms agreed to from time to time, and, subsequent to default, in accordance with the Trustee's then-current fee schedule for default administration; and

(2) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Master Indenture, any other agreement relating to the Bonds to which it is a party or in complying with any request by HRTAC or any Rating Agency with respect to the Bonds, including the reasonable compensation, expenses and disbursements of its agents and counsel, except any such expense, disbursement or advance attributable to the Trustee's negligence or bad faith.

(b) If the Trustee incurs expenses or renders services in any proceedings under Bankruptcy Law relating to HRTAC, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under Bankruptcy Law.

(c) The obligations of HRTAC to make the payments described in this Section shall survive discharge of this Master Indenture, the resignation or removal of the Trustee and payment in full of the Bonds.

**Section 14.3 Notice Required of Trustee.** If HRTAC fails to make any payment on a Series of Bonds on the day such payment is due and payable, the Trustee shall give notice thereof by telephone, e-mail or facsimile to HRTAC on the next succeeding Business Day. If (i) any such failure of HRTAC to make a payment on a Series of Bonds continues for thirty days, or (ii) the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding notify the Trustee of any default under this Master Indenture, then the Trustee shall give notice

of such default by registered or certified mail to the Owner of each Bond of such Series then Outstanding. The Trustee's failure to give any notice required by this Section shall not subject the Trustee to any liability to any person, firm, corporation or other entity to make payments under the Bonds and this Master Indenture or waive the Trustee's right to exercise its remedies under this Master Indenture.

**Section 14.4 Intervention by Trustee.** In any judicial proceeding to which HRTAC is a party and that in the Trustee's opinion has a substantial bearing on the Owners' interests, the Trustee may intervene on the Owners' behalf and, subject to Section 14.1(1), shall do so if requested by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding. The Trustee's rights and obligations under this Section are subject to the approval of a court of competent jurisdiction.

**Section 14.5 Merger or Consolidation of Trustee.** Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee under this Master Indenture and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as were vested in its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to this Master Indenture, anything herein to the contrary notwithstanding, if such corporation or association satisfies the requirements of the last sentence of Section 14.8.

**Section 14.6 Resignation by Trustee.** If the Trustee desires to resign at any time from the trusts created by this Master Indenture, it shall give notice to HRTAC and each Owner of Bonds then Outstanding, but shall continue to serve as Trustee until such time as a successor Trustee is appointed. If a successor Trustee has not been appointed within thirty days, the Trustee shall have the right to petition a court of competent jurisdiction for appointment of a successor Trustee and such resignation shall become effective upon designation of such successor Trustee.

**Section 14.7 Removal of Trustee.** The Trustee may be removed at any time (i) by an instrument or concurrent instruments in writing delivered to the Trustee and to HRTAC and signed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding or (ii) by HRTAC by notice in writing given by an HRTAC Representative to the Trustee not less than sixty days before the removal date; provided, however, that HRTAC shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists that with the giving of notice or the passage of time, or both, would be an Event of Default. If applicable, the removed Trustee shall return to HRTAC the amount of the Trustee's annual fee allocable to the portion of the then current year remaining after the removal date. Notwithstanding the foregoing, nothing contained in this Master Indenture shall relieve HRTAC of its obligation to pay the Trustee's fees and expenses incurred to the effective date of such removal.

**Section 14.8 Appointment of Successor Trustee; Temporary Trustee.** If the Trustee shall resign, be removed, be dissolved, be in the course of dissolution or liquidation or otherwise

become incapable of acting hereunder, or if it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, then, unless an Event of Default with respect to any Series of Bonds has occurred and is continuing, a successor may be appointed by HRTAC by an instrument in writing signed by an HRTAC Representative. If an Event of Default has occurred and is continuing, a successor may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Owners. In case of such vacancy, HRTAC, by an instrument signed by an HRTAC Representative, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners as provided above and any such temporary Trustee so appointed by HRTAC shall immediately and without further act be replaced by the Trustee so appointed by such Owners. Any Trustee appointed under this Section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (i) a bank or trust company within or without the Commonwealth of Virginia, in good standing and having a reported capital, surplus and undivided profits of not less than \$100,000,000, or (ii) a subsidiary trust company whose parent bank or bank holding company has undertaken to be fully responsible for the acts and omissions of such subsidiary trust company, and whose capital, surplus and undivided profits, together with that of its parent bank or bank holding company, as the case may be, is not less than \$100,000,000.

**Section 14.9 Concerning any Successor Trustee.** Every successor Trustee appointed under this Master Indenture shall execute, acknowledge and deliver to its predecessor and also to HRTAC an instrument in writing accepting such appointment, and thereafter such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of HRTAC or the Trustee's successor, execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers and trusts of such predecessor under this Master Indenture; and every predecessor Trustee shall deliver all securities and money held by it as Trustee under this Master Indenture to its successor. Should any instrument in writing from HRTAC be required by any successor Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by HRTAC. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Master Indenture may have been filed and/or recorded.

**Section 14.10 Trustee Protected in Relying on Resolutions.** The resolutions, opinions, certificates and other instruments provided for in this Master Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property, the withdrawal of cash hereunder or the taking of any other action by the Trustee as provided under this Master Indenture, unless the Trustee has actual knowledge or notice to the contrary.

## ARTICLE XV SUPPLEMENTAL INDENTURES

**Section 15.1 Supplemental Indentures Not Requiring Consent of Owners.** HRTAC and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of this Master Indenture or any Series Supplement for any one or more of the following purposes:

- (a) To cure or correct any ambiguity, formal defect, omission or inconsistent provision in this Master Indenture or in a Series Supplement.
- (b) To grant to or confer on the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Owners or the Trustee or either of them.
- (c) To permit the appointment of a co-trustee or additional Paying Agents under this Master Indenture;
- (d) To subject to the lien and pledge of this Master Indenture additional revenues, properties or collateral.
- (e) To provide for the issuance of coupon Bonds if authorized under the Related Series Supplement.
- (f) To amend certain provisions of this Master Indenture or any Series Supplement in any manner consistent with Sections 103 and 141 through 150 of the Tax Code (or such other sections of the Tax Code as may be applicable to the Bonds) as in effect at the time of the amendment.
- (g) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Master Indenture or any Series Supplement of the HRTAC Revenues or any other moneys, property or Funds or Accounts.
- (h) To modify, amend or supplement this Master Indenture or any Supplemental Indenture as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and, if HRTAC and the Trustee so determine, to add to this Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute.
- (i) To add to the covenants and agreements of HRTAC contained in this Master Indenture or any Supplemental Indenture other covenants and agreements thereafter to be observed for the Owners' protection, including, but not limited to, additional requirements imposed by virtue of a change of law, or to surrender or to limit any right, power or authority therein reserved to or conferred upon HRTAC.

(j) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds.

(k) In the case of Series Supplements, to provide for the issuance of additional Series of Bonds (including Refunding Bonds) and to provide for such other related matters as may be required or contemplated by or appropriate under this Master Indenture.

(l) To make any changes necessary to comply with the requirements of a Rating Agency, a Bond Credit Provider, or a DSRF Credit Provider that, as expressed in a finding or determination by HRTAC (which is included in the Supplemental Indenture), would not materially adversely affect the security for the Bonds.

(m) To make any other changes that (i) will have no adverse effect upon the ratings currently assigned to the applicable Series of Bonds by any Rating Agency, as expressed in a Rating Confirmation or (ii) shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding, as expressed in a determination or finding by HRTAC (which shall be stated in the Supplemental Indenture, and may be based upon an Opinion of Counsel and/or the opinion of HRTAC's financial advisor).

(n) To restate in one document this Master Indenture and all effective Series Supplements and other Supplemental Indentures, which restatement shall then become this Master Indenture for all purposes, effective as of the date of this Master Indenture with respect to matters set forth therein and as of the date of any Supplemental Indenture included in the restatement as to matters set forth in any such Supplemental Indenture. Series Supplements and the Bonds issued thereunder prior to a restatement shall be deemed to relate to the restated Master Indenture without any further action or amendment.

**Section 15.2 Supplemental Indentures Requiring Consent.** Exclusive of Supplemental Indentures covered by Section 15.1 and subject to the terms and provisions contained in this Section, the Majority Owners shall have the right from time to time, notwithstanding any other provision of this Indenture, to consent to and approve the execution by HRTAC and the Trustee of such other Supplemental Indenture or Supplemental Indentures as HRTAC shall deem necessary or desirable to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Master Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Bonds then Outstanding nothing in this Master Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest on it, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as otherwise provided herein, or (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture.

If at any time HRTAC shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of the Supplemental Indenture to be mailed to each Owner of Bonds then Outstanding by registered or certified mail to the address of each such Owner as it appears on the registration books for the

Bonds; provided, however, that failure to give such notice by mailing, or any defect in it, shall not affect the validity of any proceedings under this Section. Such notice shall briefly state the nature of the proposed Supplemental Indenture and shall state that copies of it are on file at the Trustee's designated corporate trust office for inspection by all Owners. If, within six months or such longer period as shall be prescribed by HRTAC following the giving of such notice, the Majority Owners shall have consented to and approved its execution as provided under this Section, no Owner of any Bond shall have any right to object to any of the terms and provisions contained in it, or its operation, or in any manner to question the propriety of its execution, or to enjoin or restrain the Trustee or HRTAC from executing such Supplemental Indenture or from taking any action under its provisions. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Master Indenture shall be deemed to be modified and amended in accordance therewith.

Bonds owned or held by or for the account of HRTAC or any Person controlling, controlled by or under common control with HRTAC shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds provided for in this Article XV. At the time of any such calculation, HRTAC shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Anything contained in this Master Indenture to the contrary notwithstanding, HRTAC and the Trustee may enter into any Supplemental Indenture upon receipt of the consent of the Owners of all Bonds then Outstanding.

**Section 15.3 Opinion of Counsel Required.** The Trustee shall not execute any Supplemental Indenture unless there shall have been filed with the Trustee an Opinion (or Opinions) of Counsel, subject to customary exceptions and qualifications, stating that (i) such Supplemental Indenture is authorized or permitted by this Master Indenture and (ii) upon execution the Supplemental Indenture will be valid and binding on HRTAC in accordance with its terms.

**Section 15.4 No Unreasonable Refusal.** The Trustee shall not unreasonably refuse to enter into any Supplemental Indenture permitted under this Article; provided, however, that such refusal shall not be deemed unreasonable if the Trustee believes in good faith that such Supplemental Indenture will or may prejudice any right of the Owners of the Bonds then Outstanding or adversely affect the rights and immunities, or increase the duties, of the Trustee.

## **ARTICLE XVI** **MISCELLANEOUS**

**Section 16.1 Consents of Owners.** Any consent, request, direction, approval, objection or other instrument required by this Master Indenture to be signed and executed by the Owners of the Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agents appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agents, if made in the manner stated in the next sentence, shall be sufficient for any of the purposes of this Master Indenture, and shall be conclusive in the Trustee's favor with regard to any action taken under such request or other instrument. The fact and date of the

execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

**Section 16.2 Limitation of Rights.** With the exception of the rights expressly conferred in this Master Indenture, nothing expressed or mentioned or to be implied from this Master Indenture or the Bonds is intended or shall be construed to give to any person or entity other than the parties to this Master Indenture and the Owners any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and agreements contained in it; this Master Indenture and all of the covenants, conditions and agreements in it being intended to be and being for the sole and exclusive benefit of the parties to it and the Owners.

**Section 16.3 Limitation of Liability of Members, Officers, Etc.** No covenant, agreement or obligation contained in this Master Indenture shall be deemed to be a covenant, agreement or obligation of any present or future member, commissioner, officer, employee or agent of HRTAC or the Trustee in his or her individual capacity, and neither the members of HRTAC or the Trustee nor any commissioner, officer, employee or agent thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of their execution or issuance. No member, commissioner, officer, employee, agent or adviser of HRTAC or the Trustee shall incur any personal liability with respect to any action taken by him or her under this Master Indenture or the Act, provided such member, commissioner, officer, employee, agent or adviser acts in good faith.

**Section 16.4 Notices.** Unless otherwise provided in this Master Indenture, all demands, notices, approvals, consents, requests, opinions and other communications under this Master Indenture shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail addressed (i) if to HRTAC, at 723 Woodlake Drive, Chesapeake, Virginia 23220, Attention: Executive Director; or (ii) if to the Trustee, at \_\_\_\_\_, Attention: \_\_\_\_\_. HRTAC and the Trustee may by notice given under this Section, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

**Section 16.5 Successors and Assigns.** This Master Indenture shall be binding on, inure to the benefit of and be enforceable by the parties to it and their respective successors and assigns.

**Section 16.6 Severability.** If any clause, provision or section of this Master Indenture be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections of this Master Indenture, and this Master Indenture shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in it. If any agreement or obligation contained in this Master Indenture be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the parties to this Master Indenture to the full extent permitted by law.

**Section 16.7 Applicable Law.** This Master Indenture shall be governed by the laws of the Commonwealth.

**Section 16.8 Counterparts.** This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

[Signature Page Follows]

**IN WITNESS WHEREOF**, HRTAC and the Trustee have caused this Master Indenture to be executed in their respective corporate names by their duly authorized representatives, all as of the date first above written.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

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

Michael J. Hipple  
Chair

[\_\_\_\_], as Trustee

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

Name:  
Title:

[Signature Page of Master Indenture of Trust]

**FIRST SUPPLEMENTAL SERIES INDENTURE OF TRUST**

**between**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

**and**

[\_\_\_\_\_],  
as Trustee

**Dated as of February 1, 2018**

**Relating to**

\$\_\_\_\_\_

**Hampton Roads Transportation Accountability Commission  
Hampton Roads Transportation Fund  
Senior Lien Revenue Bonds  
Series 2018A**

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## **FIRST SUPPLEMENTAL SERIES INDENTURE OF TRUST**

This **FIRST SUPPLEMENTAL SERIES INDENTURE OF TRUST** (this “Series Supplement”) is made as of February 1, 2018, between the HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION, a political subdivision of the Commonwealth of Virginia (“HRTAC”), and [\_\_\_\_\_], and its successors, as trustee (the “Trustee”).

### **RECITALS**

**WHEREAS**, HRTAC is a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) having the authority under the Code of Virginia of 1950, as amended (the “Virginia Code”), to receive all of the amounts dedicated to the Hampton Roads Transportation Fund (the “HRTF”) from the special sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code;

**WHEREAS**, as provided in Chapter 26, Title 33.2, of the Virginia Code (the “HRTAC Act”), the Commission shall use the moneys deposited in the HRTF solely for the purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities (as hereinafter defined), giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities, and (ii) paying the Commission’s administrative and operating expenses as provided in the Annual Budget;

**WHEREAS**, Section 33.2-2606 of the HRTAC Act authorizes and empowers HRTAC to issue bonds and other evidences of debt and provides that the provisions of Article 5 (Section 33.2-1920 et seq.) of Chapter 19 of Title 33.2 of the Virginia Code shall apply, *mutatis mutandis*, to the issuance of such bonds and other evidences of debt (collectively, the “Bonds”) for any of the Commission’s purposes;

**WHEREAS**, Section 33.2-1920 of the Virginia Code permits the Bonds to be payable from and secured by a pledge of all or any part of the revenues, moneys or funds of HRTAC as specified in a resolution adopted or indenture entered into by HRTAC, but that such Bonds shall not constitute debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than HRTAC, and that such Bonds shall not constitute an indebtedness within the meaning of any debt limitation or restriction except as provided under Section 33.2-1920 of the Virginia Code;

**WHEREAS**, HRTAC has executed and delivered to the Trustee a Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), under which, among other things, HRTAC has provided for the financing and refinancing of the costs of Projects through the issuance from time to time of Bonds, payable from and secured by the HRTAC Revenues;

**WHEREAS**, HRTAC now desires to issue, sell, and deliver a Series of Senior Bonds under the Master Indenture in the original aggregate principal amount of \$\_\_\_\_\_ (the “2018A Bonds”);

**WHEREAS**, HRTAC will use the proceeds of the 2018A Bonds to: (a) pay, or to reimburse itself for, portions of the costs of the construction and acquisition of Projects described in Exhibit A hereto (collectively, the “FY 2018A Bond Projects”), (b) finance any costs of issuance of the 2018A Bonds, and (c) fund the 2018A Debt Service Reserve Fund;

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, HRTAC shall deliver to the Trustee a Series Supplement; and

**WHEREAS**, all things necessary to make the 2018A Bonds valid and binding limited obligations of HRTAC, when authenticated and issued as provided in this Series Supplement, and to constitute this Series Supplement a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the 2018A Bonds, have been done and performed.

**NOW, THEREFORE**, HRTAC hereby covenants and agrees with the Trustee and with the Owners, from time to time, of the 2018A Bonds, as follows:

## **ARTICLE I** **SERIES SUPPLEMENT**

**Section 1.1 Series Supplement** This Series Supplement is authorized and executed by HRTAC and delivered to the Trustee pursuant to and in accordance with Articles V and XV of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the 2018A Bonds, except as otherwise expressly stated in this Series Supplement.

**Section 1.2 Definitions**. All capitalized words and terms used in this Series Supplement, including in the Recitals, shall have the meanings set forth in Article I of the Master Indenture unless the context clearly requires a different or separate meaning. In addition, the following words and terms have the following meanings in this Series Supplement unless the context clearly requires otherwise:

**“2018A Bonds”** means the Series of Senior Bonds authorized to be issued under Section 2.1(a) of this Series Supplement.

**“2018A Bond Debt Service Fund”** means the Bond Debt Service Fund Related to the 2018A Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Series Supplement.

**“2018A Cost of Issuance Fund”** means the Cost of Issuance Fund Related to the 2018A Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Series Supplement.

**“2018A Debt Service Reserve Fund”** means the Debt Service Reserve Fund Related to the 2018A Bonds and any Refunding Bonds issued to refund the 2018A Bonds in part established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Series Supplement.

**“2018A Project Fund”** means the Project Fund Related to the 2018A Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Series Supplement.

**“2018A Rebate Fund”** means the Rebate Fund Related to the 2018A Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.1 of this Series Supplement.

**“2018A Tax Regulatory Agreement”** means the Series 2018A Tax Certificate and Regulatory Agreement dated the Closing Date made by HRTAC for the benefit of the Trustee and the Owners of the 2018A Bonds.

**“Closing Date”** means the date of the issuance, authentication and delivery of the 2018A Bonds.

**“Closing Memorandum”** means the Closing Memorandum for the 2018A Bonds, a copy of which is attached as Exhibit E.

**“Conditional Redemption”** means a redemption in which the Trustee, acting on the written instructions of an HRTAC Representative, has stated in the redemption notice to the Owners that (i) the redemption is conditioned upon deposit of funds or (ii) HRTAC has retained the right to rescind the redemption, as further described in Section 3.4 of this Series Supplement.

**“Dated Date”** means the Closing Date.

**“DTC”** shall have the meaning set forth in Section 2.3 of this Series Supplement.

**“FY 2018A Bond Projects”** means, collectively, the Projects described in Exhibit A hereto.

**“Letter of Representations”** means HRTAC’s Blanket Issuer Letter of Representations to DTC dated \_\_\_\_\_, 20\_\_\_\_.

**“Master Indenture”** means the Master Indenture of Trust dated as of February 1, 2018, between HRTAC and the Trustee, as the same may be modified, altered, amended and supplemented from time to time in accordance with its terms.

**“Member Localities”** means, collectively, each county and city located in Planning District 23, established pursuant to Chapter 42, Title 15.2, of the Virginia Code, currently consisting of 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, and any other localities that may hereafter be added to HRTAC by amendment to the Virginia Code.

**“Partial Refunding Bonds”** means any Bonds issued under the Master Indenture to refund and defease the 2018A Bonds in part (for example, to refund and defease only the callable 2018A Bonds).

**“Rebate Requirement”** means, collectively, the requirements applicable to tax-exempt bonds under Section 148(f)(2) and (3) of the Tax Code.

**“Reserve Requirement”** means, with respect to the 2018A Bonds, an amount calculated as follows: \_\_\_\_\_. The Reserve Requirement on the Closing Date is \$\_\_\_\_\_.

**“Series Supplement”** means this First Supplemental Indenture of Trust dated as of February 1, 2018, between HRTAC and the Trustee, as it may be modified, altered, amended or supplemented from time to time in accordance with the provisions of the Master Indenture.

**Section 1.3 Representations of HRTAC.** HRTAC represents that (i) it is duly authorized under the Constitution and laws of the Commonwealth, including, particularly and without limitation, Section 33.2-2606 of the HRTAC Act, to issue the 2018A Bonds, to execute this Series Supplement, and to pledge and grant the security provided herein subject to the Master Indenture, (ii) all action on its part necessary for the execution and delivery of this Series Supplement has been taken, and (iii) the 2018A Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of HRTAC.

## **ARTICLE II AUTHORIZATION AND DETAILS OF 2018A BONDS**

**Section 2.1 Authorization of 2018A Bonds.** (a) There is authorized to be issued pursuant to the Master Indenture a Series of Senior Bonds in the aggregate principal amount of \$\_\_\_\_\_ to be called the “Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A.”

(b) The proceeds of the 2018A Bonds shall be used for the purposes set forth in the recitals.

**Section 2.2 Details of 2018A Bonds.** (a) The 2018A Bonds shall be dated the Dated Date, shall be issued in denominations of \$5,000 and integral multiples of \$5,000, shall be numbered from R-1 upwards, sequentially, and shall bear interest, payable on each [January 1] and [July 1], commencing on [July 1], 20\_\_, at the rates set forth below and shall mature, subject to prior redemption, on [July 1] in the years and in the amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(a) Each 2018A Bond shall bear interest (i) from the Dated Date, if such 2018A Bond is authenticated before [July 1], 2018, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such 2018A Bond is authenticated;

provided, however, that if at the time of authentication any payment of interest is in default, such 2018A Bond shall bear interest from the date to which interest has been paid. Interest on the 2018A Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months.

(b) Interest on the 2018A Bonds shall be payable by checks or drafts mailed to the Owners thereof at their addresses as they appear on the fifteenth day of the month preceding the Interest Payment Date on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of a 2018A Bond owns at least \$1,000,000 in aggregate principal amount of 2018A Bonds and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Principal of and premium, if any, on the 2018A Bonds shall be payable to the Owners thereof upon the surrender of the 2018A Bonds at the Trustee's corporate trust office in \_\_\_\_\_.

(c) Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is Owner of all of the 2018A Bonds, principal of and premium, if any, and interest on the 2018A Bonds shall be payable as provided in the Letter of Representations.

(d) The principal of and premium, if any, and interest on the 2018A Bonds shall be payable in lawful money of the United States of America.

(e) If the principal of any 2018A Bond is not paid when due (whether at maturity or call for redemption or otherwise), then the overdue principal shall continue to bear interest until paid at the rate set forth in such 2018A Bond.

**Section 2.3 Book Entry Provisions for the 2018A Bonds.** (a) The 2018A Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), and immobilized in DTC's custody. One fully registered Bond for the original principal amount of each maturity of each Series will be registered to Cede & Co. Beneficial owners of the 2018A Bonds will not receive physical delivery of the 2018A Bonds. Individual purchases of the 2018A Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. For as long as the 2018A Bonds are held in book-entry format, payments of principal of and premium, if any, and interest on the 2018A Bonds will be made to DTC or its nominee as the sole Owner on the applicable Payment Date in accordance with the Letter of Representations.

DTC is responsible for the transfer of the payments of the principal of and premium, if any, and interest on the 2018A Bonds to the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (the "Participants"). Transfer of the payments of the principal of and premium, if any, and interest on the 2018A Bonds to the beneficial owners of the 2018A Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of beneficial ownership interests in the 2018A Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2018A Bonds, in accordance with rules specified by DTC and its Participants. Neither HRTAC nor the Trustee makes any

assurances that DTC, its Participants or other nominees of the beneficial owners of the 2018A Bonds will act in accordance with such rules or on a timely basis.

**HRTAC and the Trustee disclaim any responsibility or obligations to the Participants or the beneficial owners with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount due to any beneficial owner in respect of the principal of and premium, if any, and interest on the 2018A Bonds, (iii) the delivery by DTC or any Participant of any notice to any beneficial owner that is required or permitted under the terms of the Master Indenture or this Series Supplement to be given to Owners of the 2018A Bonds, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 2018A Bonds, or (v) any consent given or other action taken by DTC as Owner.**

So long as Cede & Co., as nominee of DTC, is the sole Owner of the 2018A Bonds, references in the Master Indenture or this Series Supplement to the Owners or registered owners of the 2018A Bonds shall mean Cede & Co. and not the beneficial owners of the 2018A Bonds. Any notice to or consent requested of Owners of 2018A Bonds under the Master Indenture or this Series Supplement shall be given to or requested of Cede & Co.

(b) Replacement Bonds (the “Replacement Bonds”) will be registered in the name of and be issued directly to beneficial owners of the 2018A Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the 2018A Bonds; or

(2) The Trustee or HRTAC has advised DTC of HRTAC’s determination that DTC is incapable of discharging its duties or that it is otherwise in the best interests of the beneficial owners of the 2018A Bonds to discontinue the book-entry system of transfer.

(c) Upon the occurrence of an event described in subsection (b)(1) or (2) above (and the Trustee and HRTAC undertake no obligation to make any investigation regarding the matters described in subsection (b)(2) above), HRTAC may attempt to locate another qualified securities depository. If HRTAC fails to locate another qualified securities depository to replace DTC, HRTAC shall execute and the Trustee shall authenticate and deliver to the Participants the Replacement Bonds (substantially in the form set forth in Exhibit B with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture or this Series Supplement) to which the Participants are entitled for delivery to the beneficial owners of the 2018A Bonds. The Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. The Owners of the Replacement Bonds shall be entitled to the lien and benefits of the Master Indenture and this Series Supplement.

**Section 2.4 Form of 2018A Bonds.** Each of the 2018A Bonds shall be substantially in the form attached as Exhibit B to this Series Supplement, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture or this Series

Supplement. There may be endorsed on any of the 2018A Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

**Section 2.5 Authentication of 2018A Bonds.** Each 2018A Bond shall bear a certificate of authentication, substantially as set forth in the form of the 2018A Bond attached as Exhibit B, duly executed by the Trustee. The Trustee shall authenticate each 2018A Bond with the signature of one of its authorized officers or employees, but it shall not be necessary for the same person to authenticate all of the 2018A Bonds. Only such authenticated 2018A Bonds shall be entitled to any right or benefit under the Master Indenture or this Series Supplement, and such certificate on any 2018A Bond shall be conclusive evidence that the 2018A Bond has been duly issued under and is secured by the provisions of the Master Indenture and this Series Supplement.

### **ARTICLE III REDEMPTION OF 2018A BONDS**

**Section 3.1 Optional Redemption.** (a) HRTAC may call the 2018A Bonds for optional redemption only as provided in this section.

(b) The 2018A Bonds maturing on or before [July 1], 20\_\_, shall not be subject to redemption at HRTAC's option before their respective maturity dates.

(c) The 2018A Bonds maturing on or after [July 1], 20\_\_, may be redeemed prior to their respective maturities, at the option of HRTAC, from any moneys that may be made available for such purpose, either in whole or in part (in \$5,000 increments), on any date and in such order as HRTAC may determine on and after [July 1], 20\_\_, at 100% of the principal amount to be redeemed together with the interest accrued thereon to the date fixed for redemption.

(d) Any optional redemption of the 2018A Bonds may be a Conditional Redemption.

**Section 3.2 Mandatory Redemption.** [To be added if applicable]

**Section 3.3 Selection of 2018A Bonds for Redemption.** (a) The maturities of the 2018A Bonds to be redeemed by optional redemption shall be selected by HRTAC and specified for each optional redemption in an Officer's Certificate.

(b) In the case of any partial redemption of a maturity of the 2018A Bonds, the particular 2018A Bonds to be redeemed shall be selected by DTC in accordance with its procedures or, if the book-entry system has been discontinued, by the Trustee by lot in such manner as the Trustee shall determine.

(c) Each increment of \$5,000 of principal amount of 2018A Bonds shall be counted as one 2018A Bond for purposes of selecting 2018A Bonds for a partial redemption.

(d) If a 2018A Bond shall be called for partial redemption, upon its surrender a new 2018A Bond, representing the unredeemed balance of the principal amount of the 2018A Bond, shall be issued to its Owner.

**Section 3.4 Notice of Redemption.** (a) When directed to do so by a HRTAC Representative in writing, the Trustee shall cause notice of the redemption to be mailed by certified or registered mail, not less than thirty (30) nor more than sixty (60) days before the redemption date, to all Owners of 2018A Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee; provided, however, that the failure to give such notice to any Owner or any defect in any such notice shall not affect the validity of the proceedings for the redemption of the 2018A Bonds of any other Owners to whom such notice was properly given.

(b) The Trustee shall give further notice of such redemption not less than one day before the date on which it gives notice of redemption to the Owners by certified or registered mail to (i) all registered national securities depositories then in the business of holding substantial amounts of obligations of types similar to the 2018A Bonds and (ii) to at least one national information service that disseminates notices of redemption of obligations such as the 2018A Bonds. Notwithstanding the foregoing, no defect in such further notice and no failure to give all or any portion of such further notice shall in any manner affect the effectiveness of a call for redemption.

(c) Any Conditional Redemption may be rescinded in whole or in part at any time prior to the date fixed for the optional redemption if HRTAC delivers an Officer's Certificate to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Owners. Any 2018A Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of HRTAC to make funds available in part or in whole on or before the date fixed for redemption shall not constitute an Event of Default.

(d) Any notice of redemption mailed in the manner specified above shall be deemed to have been duly given when mailed by the Trustee.

(e) In preparing any notice of redemption, the Trustee shall take into account, to the extent applicable, the prevailing tax-exempt securities industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over HRTAC or the tax-exempt securities industry, including without limitation, Release No. 34-23856 of the Securities and Exchange Commission, or any subsequent amending or superseding release.

(f) Any notices given to DTC under this Section shall be given at the times and in the manner set forth in the Letter of Representations.

**Section 3.5 Payment of Redemption Price.** (a) On or before the date fixed for redemption, funds shall be deposited with the Trustee to pay the redemption price of the 2018A Bonds called for redemption. Provided funds for their redemption are on deposit at the place of payment on the redemption date and the required notice shall have been given, the 2018A Bonds

called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by the Master Indenture and this Series Supplement and shall not be deemed to be Outstanding under the provisions of the Master Indenture and this Series Supplement.

(b) The Trustee shall ensure that CUSIP number identification accompanies all redemption payments on the 2018A Bonds.

## **ARTICLE IV** **ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF PROCEEDS**

**Section 4.1 Establishment of Funds and Accounts for the 2018A Bonds.** (a) In accordance with Section 7.1 of the Master Indenture, the following Funds are hereby established for the 2018A Bonds: (i) the 2018A Cost of Issuance Fund, (ii) the 2018A Project Fund, (iii) the 2018A Bond Debt Service Fund, (iv) the 2018A Debt Service Reserve Fund, and (v) the 2018A Rebate Fund.

(b) All of the Funds established pursuant to this Section shall be held by the Trustee, except the 2018A Cost of Issuance Fund which shall be held by HRTAC.

(c) As provided in Section 2.1(b) of the Master Indenture, the money and investments held in the 2018A Project Fund, the 2018A Bond Debt Service Fund and the 2018A Debt Service Reserve Fund are pledged to secure the 2018A Bonds.

**Section 4.2 Application of Sale Proceeds of the 2018A Bonds.** (a) As provided in the Closing Memorandum, on the Closing Date, the Trustee shall apply the total amount received from the underwriters for the 2018A Bonds in payment therefor (\$\_\_\_\_\_), as follows:

- (1) \$\_\_\_\_\_ shall be deposited in the 2018A Cost of Issuance Fund;
- (2) \$\_\_\_\_\_ shall be deposited in the 2018A Project Fund; and
- (3) \$\_\_\_\_\_ shall be deposited in the 2018A Debt Service Reserve Fund.

(b) HRTAC represents that the amount deposited into the 2018A Debt Service Reserve Fund is equal to the Reserve Requirement for the 2018A Bonds as of the Closing Date.

## **ARTICLE V** **APPLICATION OF CERTAIN FUNDS**

**Section 5.1 Cost of Issuance Fund.** (a) HRTAC shall apply the amount in the 2018A Cost of Issuance Fund to pay the issuance and financing costs of the 2018A Bonds.

(b) Any amount deposited in the 2018A Cost of Issuance Fund as described in Section 4.2(a)(1) that is not applied in accordance with Section 9.1 of the Master Indenture to

pay the costs of issuance of the 2018A Bonds shall be transferred by HRTAC to the Project Fund and applied as set forth in Section 5.2 below.

**Section 5.2 Project Fund.** (a) The Trustee will apply the amount in the 2018A Project Fund to the payment or reimbursement of the costs of the FY 2018A Bond Projects as directed by HRTAC. Disbursements from the 2018A Project Fund shall be made by the Trustee to HRTAC or as directed by HRTAC upon receipt by the Trustee of a requisition (upon which the Trustee shall be entitled to rely) signed by an HRTAC Representative and containing all information called for by, and otherwise being in the form of, Exhibit C.

(b) If the Trustee receives an Officer's Certificate stating that certain amounts in the 2018A Project Fund will not be necessary to pay the costs of the FY 2018A Bond Projects, the Trustee shall then apply any remaining balance at the direction of an HRTAC Representative in such manner as will not, in the Opinion of Bond Counsel delivered to HRTAC and the Trustee, have an adverse effect on the tax-exempt status of the 2018A Bonds.

**Section 5.3 Bond Debt Service Fund and Debt Service Reserve Fund.** (a) Each monthly transfer into the 2018A Bond Debt Service Fund under Section 8.1(b) of the Master Indenture shall be in an amount not less than the sum of (i) one-sixth of the interest due on the 2018A Bonds on the next ensuing Interest Payment Date, plus (ii) one-twelfth of the principal due on the 2018A Bonds at maturity or upon mandatory redemption on the next ensuing Principal Payment Date, less (iii) accrued interest and any other interest earnings currently on deposit therein.

(b) HRTAC may elect in a future Related Series Supplement to have the 2018A Bond Debt Service Fund or the 2018A Debt Service Reserve Fund, or both, provide for the payment of or secure (or both) a Series of Partial Refunding Bonds, or for the 2018A Debt Service Reserve Fund to be transferred to a Senior Debt Service Reserve Fund that secures the Series 2018A Bonds together with other Senior Bonds on a parity basis.

**Section 5.4 Rebate Fund.** The Trustee shall invest and apply amounts on deposit in the 2018A Rebate Fund as directed by Officer's Certificates provided pursuant to and in accordance with the 2018A Tax Regulatory Agreement.

## **ARTICLE VI SPECIAL COVENANTS**

**Section 6.1 Tax Regulatory Agreement.** (a) HRTAC agrees that it will not take any action, or omit to take any action, if any such action or omission would adversely affect the excludability from gross income of interest on the 2018A Bonds under Section 103 of the Tax Code. HRTAC agrees that it will not directly or indirectly use or permit the use of any proceeds of the 2018A Bonds or any other funds of HRTAC or take or omit to take any action that would cause the 2018A Bonds to be "arbitrage bonds" under Section 148(a) of the Tax Code. To these ends, HRTAC will comply with all requirements of Sections 141 through 150 of the Tax Code, including the Rebate Requirement, to the extent applicable to the 2018A Bonds.

(b) Without limiting the generality of the foregoing, HRTAC agrees that (i) it will not directly or indirectly use or permit the use of the proceeds of the 2018A Bonds except in accordance with the 2018A Tax Regulatory Agreement and (ii) insofar as the 2018A Tax Regulatory Agreement imposes duties and responsibilities on HRTAC, the 2018A Tax Regulatory Agreement is specifically incorporated by reference into this Section.

(c) The Trustee agrees to comply with all written instructions of an HRTAC Representative given in accordance with the 2018A Tax Regulatory Agreement, but the Trustee shall not be required to ascertain whether the instructions comply with the 2018A Tax Regulatory Agreement. The Trustee shall be entitled to receive and may request from time to time from HRTAC written instructions from a nationally-recognized bond counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Tax Code, and the Trustee agrees that it will comply with such directions (upon which the Trustee and HRTAC may conclusively rely) so as to enable HRTAC to perform its covenants under this Section.

(d) Notwithstanding any provisions of this Section, if HRTAC shall provide to the Trustee an opinion of nationally-recognized bond counsel addressed and acceptable to HRTAC and the Trustee to the effect that any action required under this Section by incorporation or otherwise is not required or is no longer required to maintain the excludability from gross income of the interest on the 2018A Bonds under Section 103 of the Tax Code, HRTAC and the Trustee may rely conclusively on such opinion in complying with the provisions of this Section.

## **ARTICLE VII** **CONTINUING DISCLOSURE AGREEMENT**

**Section 7.1 Purpose.** This Article is for the benefit of the Owners of the 2018A Bonds and in order to assist the underwriters of the 2018A Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12, as amended (the “Rule”), promulgated by the Securities and Exchange Commission by providing certain annual financial information and notices of specified events as specified by the Rule (collectively, “Continuing Disclosure”).

**Section 7.2 Annual Disclosure.** (a) HRTAC shall provide or cause to be provided annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as specified in Exhibit D hereto.

(b) HRTAC shall provide or cause to be provided annually the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) on or before each March 31, commencing with the information and operating data for the Fiscal Year ending June 30, 2018, to the Municipal Securities Rating Board (the “MSRB”). If the financial statements filed pursuant to this subsection are not audited, HRTAC shall file such statements as audited when available.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC.

(d) HRTAC shall provide or cause to be provided in a timely manner to the MSRB notice specifying any failure of HRTAC to provide the Annual Disclosure by the date specified.

**Section 7.3 Event Disclosure.** HRTAC shall provide or cause to be provided in a timely manner, not in excess of ten business days from the occurrence of such event, to the MSRB notice of the occurrence of any of the following events with respect to the 2018A Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 - TEB) or other material notices or determinations with respect to the tax status of the 2018A Bonds, or other material events affecting the tax status of the 2018A Bonds;
- (g) modifications to rights of the Owners of 2018A Bonds, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasance of all or any portion of the 2018A Bonds;
- (j) release, substitution, or sale of property securing repayment of the 2018A Bonds;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of HRTAC;
- (m) the consummation of a merger, consolidation, or acquisition involving HRTAC or the sale of all or substantially all of the assets of HRTAC, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

**Section 7.4 Termination.** With respect to any 2018A Bond, the obligations of HRTAC under this Article will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of such 2018A Bonds.

**Section 7.5 Amendment.** HRTAC may modify its obligations under this Article without the consent of the Owners of the 2018A Bonds, provided that this Article as so modified

complies with the Rule as it exists at the time of modification. HRTAC shall within a reasonable time thereafter send to the MSRB a description of such modification(s).

**Section 7.6 Defaults.** (a) If HRTAC fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Article, any holder (within the meaning of the Rule) of Bonds then Outstanding may, by notice to HRTAC, proceed to protect and enforce its rights and the rights of the other holders by an action for specific performance of HRTAC's covenant to provide the Continuing Disclosure. The Trustee shall have no obligation to enforce or attempt to enforce any of the requirements set forth in this Article VII, whether on behalf of any of the Owners of the Bonds or otherwise.

(b) Notwithstanding anything herein to the contrary, any failure of HRTAC to comply with any obligation regarding Continuing Disclosure specified in this Article (i) shall not be deemed to constitute an Event of Default under the 2018A Bonds or the Master Indenture or this Series Supplement and (ii) shall not give rise to any right or remedy other than that described in subsection (a) above.

**Section 7.7 Additional Disclosure.** HRTAC may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, HRTAC shall not incur any obligation to continue to provide, or to update, such additional information or data.

**Section 7.8 Dissemination Agent.** HRTAC may, in its discretion, from time to time appoint or engage an entity to serve as Dissemination Agent to assist HRTAC in providing its Continuing Disclosure under this Article.

**Section 7.9 Form of Disclosure.** When HRTAC, whether or not through a Dissemination Agent, makes disclosures to MSRB, HRTAC shall ensure that the disclosures made to MSRB shall be in the format and contain the identifying information required by MSRB.

## **ARTICLE VIII** **MISCELLANEOUS**

**Section 8.1 Successors and Assigns.** This Series Supplement is binding upon, inures to the benefit of and is enforceable by its parties and their respective successors and assigns.

**Section 8.2 Severability.** If any provision of this Series Supplement is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.

**Section 8.3 Governing Law.** This Series Supplement will be governed by and construed under the applicable laws of the Commonwealth.

**Section 8.4 Counterparts.** This Series Supplement may be executed in several counterparts, each of which will be an original, and the counterparts will together constitute one and the same instrument.

**Section 8.5 Parties Interested.** Nothing in this Series Supplement expressed or implied is intended or will be construed to confer upon any Person, other than HRTAC, the

Trustee and the Owners of the 2018A Bonds, any right, remedy or claim under or by reason of this Series Supplement, this Series Supplement being intended for the sole and exclusive benefit of HRTAC, the Trustee and the Owners of the 2018A Bonds.

[Signature Page Follows]

**IN WITNESS WHEREOF**, HRTAC and the Trustee have caused this Series Supplement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

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

Michael J. Hipple  
Chair

[\_\_\_\_\_] as Trustee

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

Name:  
Title:

[Signature Page of Series Supplement]

**EXHIBIT A**

**DESCRIPTION OF FY 2018A BOND PROJECTS**

**EXHIBIT B**  
**FORM OF 2018A BOND**

<b>REGISTERED</b>		<b>CUSIP</b>
R-_____		_____

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA**

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION  
HAMPTON ROADS TRANSPORTATION FUND  
SENIOR LIEN REVENUE BOND  
SERIES 2018A**

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED DATE</b>
_____ %	[July 1], 20____	February __, 2018

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION, a political subdivision of the Commonwealth of Virginia (“HRTAC”), acknowledges itself indebted and for value received promises to pay upon surrender of this Bond at the corporate trust office of [\_\_\_\_\_], or its successor, as trustee and paying agent (the “Trustee”) under the Indenture (as defined below), to the registered owner of this Bond (the “Owner”), or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, and to pay interest on this Bond semiannually on each [January 1] and [July 1], commencing [July 1], 2018, at the annual rate stated above, solely from the sources pledged for such purpose as described below. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

“Indenture” means the Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), between HRTAC and [\_\_\_\_\_], or its successor, as trustee (the “Trustee”), as supplemented by the First Supplemental Series Indenture of Trust dated as of February 1, 2018 (the “Series Supplement,” and together with the Master Indenture, the “Indenture”), between HRTAC and the Trustee. Unless otherwise defined, each capitalized term used in this Bond has the meaning given it in the Indenture.

Interest is payable (i) from the dated date set forth above (the “Dated Date”), if this Bond is authenticated before [July 1], 2018, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest on this Bond is in default, in which case this Bond shall bear interest from the date to which

interest has been paid). Interest on this Bond is computed on the basis of a year of 360 days and twelve 30-day months.

Interest is payable by check or draft mailed to the holder of this Bond at the address that appears on the fifteenth day of the month preceding each Interest Payment Date on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of this Bond owns at least \$1,000,000 in aggregate principal amount of Bonds (as defined below), and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Notwithstanding anything to the contrary contained in this Bond or in the Indenture, for so long as Cede & Co. or any other nominee of The Depository Trust Company (“DTC”) is the Owner of all of the Bonds, the principal of and premium, if any, and interest on this Bond shall be payable pursuant to the additional requirements provided under the Letter of Representations.

If the date of maturity of the principal of this Bond or the date fixed for the payment of interest on or the redemption of this Bond shall not be a Business Day (as defined in the Indenture), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such date of maturity or date fixed for the payment of interest or redemption.

This Bond and the issue of which it is a part and the premium, if any, and the interest on them are limited obligations of HRTAC and payable solely from the revenues, moneys and other property pledged to the Trustee for such purpose under the Indenture on a parity with the other Bonds issued simultaneously herewith and the other Outstanding Senior Bonds now or hereafter to be issued under the Indenture. **THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER LOCALITY) OTHER THAN HRTAC. THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY DEBT LIMITATION OR RESTRICTION EXCEPT AS PROVIDED UNDER THE APPLICABLE PROVISIONS OF THE VIRGINIA CODE.**

This Bond is one of an issue of \$\_\_\_\_\_ Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A (the “Bonds”), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, authorized and issued by HRTAC pursuant to Chapter 26, Title 33.2, Code of Virginia of 1950, as amended, resolutions adopted by HRTAC on June 16, 2016, and December 14, 2017, and the Indenture, to provide proceeds to be used, along with other available funds, to pay the issuance and financing costs of the Bonds, to fund any required reserves, and to pay the costs of the construction and acquisition of the transportation facilities and projects described in Exhibit A to the Series Supplement. The Bonds are issued as and constitute Senior Bonds within the meaning of such term in the Indenture.

Reference is made to the Indenture and all amendments and supplements to it for a description of the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of HRTAC and the Trustee, the rights of the

Owners of the Bonds and the terms upon which the Bonds are issued and secured. HRTAC's authority to receive any or all of the taxes or other revenues pledged to the Trustee for payment of the Bonds pursuant to the Indenture is subject to appropriation by the General Assembly of the Commonwealth, and neither the General Assembly nor HRTAC can or will pledge, covenant or agree to impose or maintain at any particular rate or level any of such taxes or other revenues.

HRTAC may from time to time hereafter issue additional bonds ranking equally with or subordinate to the Bonds for certain purposes on the terms provided in the Indenture.

The Bonds may not be called for redemption except as provided in the Indenture and as described in the succeeding numbered paragraphs.

(1) The Bonds maturing on or before [July 1], 2027, will not be subject to optional or mandatory redemption.

(2) The Bonds maturing on or after [July 1], 2028, may be redeemed before maturity at the option of HRTAC from any available moneys on and after [July 1], 2028, in whole or in part in \$5,000 increments at any time, at 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the date fixed for redemption.

(3) [Add mandatory redemption terms, if applicable]

The maturities of the Bonds to be redeemed by optional redemption shall be selected by HRTAC. In the case of any partial redemption of a maturity of the Bonds, the particular Bonds to be redeemed shall be selected by DTC in accordance with its procedures or, if the book-entry system has been discontinued, by the Trustee by lot in such manner as the Trustee shall determine. Each increment of \$5,000 principal amount of Bonds shall be counted as one Bond for purposes of selecting Bonds for a partial redemption. If this Bond shall be called for partial redemption, upon its surrender a new Bond representing the unredeemed balance of the principal amount will be issued to the Owner.

If any of the Bonds are called for redemption, the Trustee shall send notice of the call for redemption identifying the Bonds to be redeemed by first class mail not less than thirty nor more than sixty days before the date fixed for redemption to the Owner of each Bond to be redeemed at such Owner's address as it appears on the registration books maintained by the Trustee. Provided funds for their redemption are on deposit at the place of payment on the date fixed for redemption, all Bonds called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The Owner of this Bond shall have no right to enforce the provisions of the Indenture or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect to it, except as provided in the Indenture.

Modifications or alterations of the Indenture, or of any supplement to it, may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds are issuable as registered bonds in denominations of \$5,000 and integral multiples of \$5,000. Upon surrender for transfer or exchange of this Bond at the Trustee's designated corporate trust office, HRTAC shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees or Owner, as applicable, a new Bond or Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount any such transferee or Owner is entitled to receive, subject in each case to such reasonable regulations as HRTAC or the Trustee may prescribe. When presented for transfer, exchange, redemption or payment, this Bond must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to HRTAC and the Trustee, duly executed by the Owner or by his or her duly authorized attorney-in-fact or legal representative. Any such transfer or exchange shall be at HRTAC's expense, except that the Trustee may charge the person requesting such transfer or exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Owner of this Bond shall be treated as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Owner, except that interest payments shall be made to the person registered as Owner on the fifteenth day of the month preceding each Interest Payment Date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

This Bond shall not become obligatory for any purpose, be entitled to any security or benefit under the Indenture or be valid until the Trustee has executed the Certificate of Authentication appearing on this Bond and inserted the date of authentication.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the Hampton Roads Transportation Accountability Commission has caused this Bond to be signed by the manual or facsimile signature of its Chair, to be countersigned by the manual or facsimile signature of its Executive Director and this Bond to be dated the Dated Date.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
Michael J. Hipple  
Chair

ATTEST:

---

Kevin B. Page  
Executive Director

[Signature Page of the Bond]

\* \* \* \* \*

## **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the above-mentioned Indenture.

Authentication Date: February \_\_, 2018

[\_\_\_\_\_],  
as Trustee

By: \_\_\_\_\_  
Authorized Signature

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFeree

---

---

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF  
TRANSFeree)

---

---

this Bond and all rights under it, and irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer this Bond on the books kept for its  
registration, with full power of substitution.

Dated: \_\_\_\_\_

Tax I.D. No. \_\_\_\_\_

Signature Guaranteed:

---

(NOTE: The signature of the registered owner  
or owners must be guaranteed by an Eligible  
Guarantor Institution such as a Commercial  
Bank, Trust Company, Securities  
Broker/Dealer, Credit Union or Savings  
Association which is a member of a medallion  
program approved by The Securities Transfer  
Association, Inc.)

---

Registered Owner

(NOTE: The signature above must correspond  
exactly with must correspond exactly with the  
name of the registered owner as it appears on  
the front of this Bond.)

**EXHIBIT C**  
**2018A PROJECT FUND REQUISITION**

[HRTAC Letterhead]

[\_\_\_\_], as Trustee  
Attn: \_\_\_\_\_

Requisition No. \_\_\_\_\_  
Dated: \_\_\_\_\_

Re: Direction to Make Disbursements from the 2018A Project Fund for the HRTAC Hampton Roads Transportation Fund Senior Revenue Bonds

Pursuant to Section 5.2 of the First Supplemental Series Indenture of Trust dated as of February 1, 2018 (the “Series Supplement”), between the Hampton Roads Transportation Accountability Commission (“HRTAC”), and [\_\_\_\_], as trustee (the “Trustee”), the Trustee is directed to disburse from the 2018A Project Fund the amount indicated below.

Each capitalized terms not otherwise defined herein has the same meaning as used in the Series Supplement.

The undersigned certifies as follows:

1. The name(s) and address(es) of the person(s), firm(s) or corporation(s) to whom the disbursement(s) are due and the amounts to be disbursed are as follows:

<u>Name and Address</u>	<u>Amount</u>
-------------------------	---------------

[Use an additional page if necessary.]

2. The total amount to be disbursed is \$\_\_\_\_\_.

3. The project for which the obligation(s) to be paid was/were incurred:  
\_\_\_\_\_.

4. The undersigned is a “HRTAC Representative” within the meaning of the Series Supplement and the Master Indenture defined therein.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
HRTAC Representative

## **EXHIBIT D**

### **ANNUAL FINANCIAL INFORMATION AND OPERATING DATA**

HRTAC shall provide the following Annual Information:

1. HRTAC's annual Audited Financial and Compliance Report.
2. Updated operating data of the type shown in the Official Statement dated January \_\_, 2018, relating to the 2018A Bonds in the following sections:\_\_\_\_\_.

**EXHIBIT E**

**CLOSING MEMORANDUM**

(See Attached)

\$\_\_\_\_\_

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION  
HAMPTON ROADS TRANSPORTATION FUND  
SENIOR LIEN REVENUE BONDS,  
SERIES 2018A

BOND PURCHASE AGREEMENT

January \_\_\_, 2018

Hampton Roads Transportation Accountability Commission  
Chesapeake, Virginia

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Representative"), acting on behalf of itself and \_\_\_\_\_ (collectively, the "Underwriters") hereby offers to enter into this Bond Purchase Agreement (this "Agreement") with the Hampton Roads Transportation Accountability Commission, a political subdivision of the Commonwealth of Virginia (the "Commission"), for the purchase by the Underwriters and the sale by the Commission of the Bonds referred to in Section 1 hereof. This offer is made subject to acceptance by the Commission of this Agreement, which acceptance shall be evidenced by the execution of this Agreement by a duly authorized officer of the Commission, prior to 5:00 p.m., Eastern Time on the date hereof and, if not so accepted, will be subject to withdrawal by the Representative upon written notice delivered to the Commission at any time prior to the acceptance hereof by the Commission. Upon such acceptance, execution and delivery, this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Commission and the Underwriters.

Section 1. Purchase and Sale of Bonds. (a) Upon the terms and conditions and in reliance on the representations, warranties, and covenants contained in this Agreement, the Underwriters hereby agree to purchase from the Commission, and the Commission hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$\_\_\_\_\_ Hampton Roads Transportation Accountability Commission Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A (the "Bonds"). The purchase price for the Bonds shall be \$\_\_\_\_\_ (representing the sum of the par amount of the Bonds, [plus [net] original issue premium of \$\_\_\_\_\_] [less [net] original issue discount of \$\_\_\_\_\_] less an underwriting discount of \$\_\_\_\_\_]) (the "Purchase Price"). The Purchase Price shall be payable to the Commission on the Closing Date (as defined herein), by wire transfer of Federal Funds as provided in Section 6 below. Capitalized but undefined terms used herein shall have the meanings assigned thereto in the hereinafter described Official Statement and the hereinafter described Trust Agreement, as applicable.

(b) The Bonds shall be as described in, authorized by and issued and secured under the hereinafter described Bond Resolution and the Trust Agreement, shall be dated the date of

delivery, shall bear interest at the rates, mature in principal amounts and be subject to redemption, all as described in the Official Statement and in Schedule A attached hereto.

(c) The Underwriters acknowledge that (i) the principal of, purchase price, premium, if any, and interest on the Bonds shall be payable from and secured by HRTAC Revenues and shall rank on a senior basis as to the pledge of and lien on HRTAC Revenues and (ii) the Bonds are special obligations of the Commission and shall not be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia (the “Commonwealth”) or of any county, city, town or political subdivision thereof, other than the Commission.

(d) The Representative has delivered to the Commission, and the Commission acknowledges receipt of, a wire transfer in the aggregate amount of \$\_\_\_\_\_, representing the good faith deposit of the Underwriters. At the Closing (hereinafter defined in Section 7 below), the good faith deposit, exclusive of any interest earned on such amount which shall accrue to the benefit of the Commission, will be deducted from the amount payable by the Underwriters with respect to the aggregate purchase price of the Bonds (and applied by the Commission as proceeds of the Bonds), and, accordingly, the Underwriters will pay \$\_\_\_\_\_ (representing the \$\_\_\_\_\_ purchase price, less the \$\_\_\_\_\_ good faith deposit). If the Commission fails to deliver the Bonds at the Closing, or if the Commission is unable on or before the Closing to satisfy the conditions to the Underwriters’ obligations contained in this Agreement, or if the obligations of the Underwriters are terminated for any reason permitted by this Agreement, the good faith deposit (with no credit for interest thereon) will be returned to the Representative. If the Underwriters fail (other than for a reason permitted in this Agreement) to accept and pay for the Bonds upon their tender by the Commission as provided in this Agreement, the good faith deposit will be retained by the Commission as full liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and the delivery of the good faith deposit will constitute satisfaction, and will result in full release and discharge of the Underwriters and their affiliates from all claims and damages for such failure and for any and all defaults.

Section 2. Description of Financing. (a) The Bonds are authorized to be issued pursuant to the provisions of Chapter 26 of Title 33.2 of the Code of Virginia of 1965, as amended (the “HRTAC Act”), resolutions adopted by the Commission on June 16, 2016, and December 14, 2017 (collectively, the “Bond Resolution”) and the Master Trust Indenture dated as of February 1, 2018, by and between the Commission and \_\_\_\_\_, as Trustee, as supplemented by the First Supplemental Series Indenture of Trust dated as of February 1, 2018 (collectively, the “Trust Agreement”).

(b) The proceeds from the sale of the Bonds will be used (i) to reimburse the Commission for expenditures made to construct the I-64 Widening Project, Segments I, II and III, the I-64/I-264 Interchange Improvements Project, Phases I and II and the High Rise Bridge Project, Phase I (collectively the “Projects”), (ii) to further fund construction of the Projects, (iii) to fund a debt service reserve fund, and (iv) to pay any costs of issuance related to the Bonds.

Section 3. Delivery of Official Statement - Offering of Bonds. (a) The Commission has heretofore delivered to the Representative the Official Statement of the Commission with respect to the Bonds in preliminary form dated June 16, 2016, and December 14, 2017 (the

“Preliminary Official Statement”) and will deliver an Official Statement in final form dated the date of this Agreement (the “Official Statement”). The Commission consents to the use of the Preliminary Official Statement by the Underwriters prior to the date hereof in connection with the issuance of the Bonds. The Commission hereby authorizes and consents to the use of copies of the Trust Agreement and such other pertinent documents in connection with the offering and sale of the Bonds. The Underwriters hereby agree not to distribute or make use of any official statement or offering memorandum relating to the Bonds unless such official statement or offering memorandum has been reviewed by and contains a cover page that sets forth the names of the Underwriters.

(b) The Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB (hereinafter defined) and as may be agreed by the Commission and the Representative. If the Official Statement is prepared for distribution in electronic form, the Commission hereby confirms that it does not object to distribution of the Official Statement in electronic form.

(c) The Commission agrees that it will cooperate with the Representative in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Representative shall designate; provided, however, the Commission shall not be required to register as a dealer or broker in any such jurisdiction, execute a general or special consent to service of process or qualify to do business in connection with any such qualification of the Bonds in any such jurisdiction, nor incur any costs or fees in connection with such qualification of the Bonds.

(d) To assist the Underwriters in complying with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”), the Commission will execute a Continuing Disclosure Undertaking dated as of the Closing Date (as defined in Section 7 below), for the benefit of the holders of the Bonds (the “Continuing Disclosure Undertaking”). The Commission will agree in the Continuing Disclosure Undertaking to provide annual financial information and operating data and notices of the occurrence of specified events. A description of the Continuing Disclosure Undertaking is set forth in, and a form of such agreement is attached as an Appendix to, the Preliminary Official Statement and the Official Statement. This Agreement, the Trust Agreement and the Continuing Disclosure Undertaking are hereinafter collectively referred to as the “Commission Documents.”

(e) The Preliminary Official Statement has been deemed final by the Commission in accordance with the Rule and remains as such on the date hereof. The Commission agrees to supply, at the Commission’s expense, within seven (7) business days from the date hereof, sufficient quantities of the Official Statement to enable the Underwriters to send copies of the Official Statement to any potential customer upon request in compliance with paragraph (b)(4) of the Rule and the rules and regulations of the Municipal Securities Rulemaking Board (“MSRB”). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by the Rule, the Commission shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The Commission agrees to deliver to the Underwriters not later than two (2) business days prior to Closing an electronic copy of the Official Statement in a word-searchable portable document format that permits the Underwriters to satisfy their

obligations under the rules and regulations of the MSRB and the Securities and Exchange Commission (“SEC”). The Representative agrees to file the Official Statement with the MSRB in compliance with MSRB Rule G-32.

(f) The Commission covenants and agrees to notify the Underwriters if, during the period commencing on the date hereof through the date twenty-five (25) days after the “end of the underwriting period,” as hereinafter defined, any event shall occur including, but not limited to, any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Commission, and of which the Commission has knowledge, that would cause the Official Statement to contain any untrue or incorrect statement of a material fact or to omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and, if in the reasonable opinion of the Representative such event requires any amendment or supplement to the Official Statement, the Commission will at the Commission’s expense promptly amend or supplement the Official Statement in a form and manner jointly approved by the Commission and the Representative. Anything in this Section 3(f) to the contrary notwithstanding, in no event shall the Commission be under any obligation to perform any continuing due diligence or monitoring to determine if any event described in this Section 3(f) has occurred subsequent to the end of the underwriting period. The “end of the underwriting period” means the Closing Date unless the Representative advises the Commission in writing on such Closing Date that as of such date there remains an unsold balance of the Bonds, in which case the “end of the underwriting period” means the date as of which the Representative notifies the Commission that the Underwriters no longer retain an unsold balance of the Bonds for sale to the public; however, in no event shall the “end of the underwriting period” extend beyond the date that is thirty-five (35) days from the Closing Date.

(g) The Underwriters agree to make a bona fide public offering of all of the Bonds of each maturity at a price not in excess of the respective initial offering price set forth in the front portion of the Official Statement, but after such bona fide public offering the Underwriters may change such prices as they may deem necessary or desirable in connection with the offering and sale of the Bonds and to sell the Bonds to dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices higher than the initial offering prices indicated in the Official Statement. As used in this subsection (g) the term “public” means the general public of investors who are purchasing for their own account as ultimate purchasers and does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers, including any of the Underwriters, any affiliates or affiliated accounts of any of the Underwriters, or dealers (including dealer banks and dealers depositing the Bonds into investment trusts). The Underwriters agree that the Bonds will only be offered pursuant to the Official Statement and only in jurisdictions where such offer is legal and that a copy of the final version of the Official Statement will be delivered to each purchaser of the Bonds.

Section 4. Issue Price Certificate. The Representative agrees to provide to Bond Counsel a certificate regarding the “issue price” of the Bonds substantially in the form attached hereto as Exhibit D (the “Issue Price Certificate”). Any changes to such form are subject to the approval of the Commission and Bond Counsel. It is expressly understood that the Representative is responsible for obtaining such information as may be necessary to demonstrate the compliance

of the Underwriters with the Treasury Regulations governing the “issue price” of the Bonds and to make the certifications required in the Issue Price Certificate. It shall be a condition precedent to the Commission’s obligations to deliver the Bonds that the Issue Price Certificate be provided to it and Bond Counsel.

Section 5. Representations, Warranties and Covenants of the Commission. By the Commission’s acceptance hereof, it hereby represents, warrants and covenants to the Underwriters, as of the date of this Agreement (and it shall be a condition of the obligation of the Underwriters to purchase and accept delivery of the Bonds at the Closing that the Commission shall so represent and warrant as of the Closing Date), that:

(a) The Commission is a political subdivision of the Commonwealth duly created and validly existing under the laws of the Commonwealth;

(b) The Commission has complied with all applicable provisions of the Constitution and laws of the Commonwealth, including the HRTAC Act, with respect to the consummation of, and has full power and authority to consummate, all transactions contemplated by this Agreement, the Trust Agreement and the Continuing Disclosure Undertaking and any other agreements relating thereto (collectively, the “Commission Documents”);

(c) The Commission is authorized under the provisions of the HRTAC Act to issue the Bonds for the purposes described in the Trust Agreement and the Official Statement;

(d) The Bond Resolution has duly and validly authorized all necessary action to be taken by the Commission for (i) the issuance, sale, and delivery of the Bonds upon the terms set forth herein, (ii) the execution, delivery, and performance of the Commission Documents, which provide for the issuance and delivery of and security for the Bonds, (iii) the carrying out, giving effect to, and consummation of the transactions contemplated hereby and (iv) to the distribution by the Underwriters of the Preliminary Official Statement and the Official Statement;

(e) The Commission Documents, when executed by the other parties thereto, if any, will have been duly and validly executed and delivered by the Commission and will be in full force and effect as to the Commission, and such Commission Documents constitute legal, valid and binding obligations of the Commission, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights; and the Bonds, when issued, authenticated and delivered to the Underwriters in accordance with the Bond Resolution and the Trust Agreement will constitute legal, valid and binding limited obligations of the Commission enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights;

(f) Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency or public board or body, pending or, to the best knowledge of the Commission, threatened against the Commission (i) which may affect the existence of the Commission or the titles or rights of its officers to their respective offices, (ii) which may affect or which seeks to prohibit, restrain or

enjoin (A) the sale, issuance, authentication or delivery of the Bonds or (B) the collection or payment of HRTAC Revenues or the pledge and assignment thereof by the Commission to make payments on the Bonds, (iii) which in any way contests or affects the validity or enforceability of the Commission Documents, (iv) which contests in any way the completeness or accuracy of the Official Statement, or (v) which contests the powers of the Commission or, to the best knowledge of the Commission, any authority or proceedings for the issuance, authentication, sale or delivery of the Bonds, the Commission Documents or any of them or the transactions contemplated thereby, nor, to the best knowledge of the Commission, is there any basis therefor wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or any of the Commission Documents;

(g) The Commission is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the Commonwealth or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, ordinance, resolution, agreement or other instrument to which the Commission is a party or to which the Commission or any of the property or assets of the Commission are otherwise subject; no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Commission under any such instrument; and the execution and delivery of this Agreement and the other Commission Documents, and the compliance with the provisions thereof, will not conflict with or constitute on the part of the Commission a violation of, breach of, or default under (i) the HRTAC Act, (ii) in any material respect, any indenture, mortgage, lease or note agreement or any other material agreement or instrument to which the Commission is a party or by which the Commission is bound, or (iii) any constitutional provision or statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Commission or any of its activities or properties;

(h) All consents, approvals, authorizations and orders of governmental or regulatory authorities that are required to be obtained by the Commission in connection with the execution and delivery of this Agreement and the other Commission Documents and the consummation of the transactions contemplated thereby to be consummated on or before the Closing Date have been or will be, at Closing, duly obtained and in full force and effect; provided, that no representation or warranty is expressed as to any action required under applicable federal or state securities laws or Blue Sky laws of any jurisdiction in connection with the issuance and sale of the Bonds;

(i) The Bonds conform to the descriptions thereof contained in the Official Statement under the captions "INTRODUCTION," "DESCRIPTION OF THE SERIES 2018A BONDS," and "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS"; the Continuing Disclosure Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE" and in APPENDIX F; and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "INTRODUCTION";

(j) As of the date thereof, the Official Statement did not contain any untrue or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, no representation or warranty is made as to information

in the Official Statement (A) with respect to overallotment and stabilization, (B) under the captions “TAX MATTERS,” “FINANCIAL ADVISOR,” and “UNDERWRITING,” and (C) in Appendices A, E and G;

(k) Except for information which is permitted to be omitted pursuant to the Rule, the Preliminary Official Statement, as of its date and as of the date hereof, was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, no representation or warranty is made as to information in the Official Statement (A) with respect to overallotment and stabilization, (B) under the captions “TAX MATTERS,” “FINANCIAL ADVISOR,” and “UNDERWRITING,” and (C) in Appendices A, E and G;

(l) At the time of the Commission’s acceptance hereof and (unless an event occurs of the nature described in Section 3(f)) at all times subsequent hereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, as defined in Section 3(f), the Official Statement did not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, no representation or warranty is made as to any of the information described in the provisos of paragraph (j) and (k) above;

(m) If the Official Statement is supplemented or amended pursuant to Section 3(f), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, the Official Statement as so supplemented or amended will not contain any untrue or misleading statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, no representation or warranty is made as to any of the information described in the provisos of paragraphs (j) and (k) above;

(n) The financial statements of, and other financial information regarding the Commission in the Preliminary Official Statement and the Official Statement and Appendix A thereof fairly present the financial position and results of the operations of the Commission as of the dates and for the periods therein set forth; and the audited financial statements have been prepared in accordance with U.S. generally accepted accounting principles consistently applied;

(o) The Commission will request the Trustee to authenticate and deliver the Bonds when ready for delivery;

(p) To the best of the Commission’s knowledge, neither the SEC nor any state securities commission has issued or threatened to issue any order preventing or suspending the use of the Preliminary Official Statement, which has been “deemed final” by the Commission under the Rule, or the Official Statement;

(q) No person, whether generally or through an enterprise, fund, or account of such person, other than the Commission, is committed by contract or other arrangement structured to support payment of all, or part, of the obligations on the Bonds for purposes of and within the meaning of the Rule;

(r) Any certificate signed by any of the Commission's authorized officers and delivered to the Representative shall be deemed a representation and warranty by it to the Underwriters as to the statements made therein; and

(s) The Commission acknowledges and agrees that (i) the primary role of the Underwriters, as underwriters, is to purchase the Bonds, for resale to investors, in an arm's-length commercial transaction between the Commission and the Underwriters, (ii) in connection with such transaction, and the discussions, undertakings and procedures leading up to the consummation of the transaction, the Underwriters are and have been acting solely as a principal and not as an agent, financial advisor, municipal advisor (including without limitation a "Municipal Advisor" (as such term is defined in Section 975(e) for the Dodd-Frank Wall Street Reform and Consumer Protection Act)), or a fiduciary of the Commission, (iii) the Underwriters have not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the Commission with respect to the offering of the Bonds or the discussions, undertakings and procedures leading thereto (regardless of whether the Underwriters, or any affiliate of any Underwriters, has provided services, or is currently providing services, to the Commission on other matters) and the Underwriters have no other obligation to the Commission except the obligations expressly set forth in this Agreement, (iv) the Underwriters have financial and other interests that differ from those of the Commission and (v) the Commission has consulted with its own legal, financial, municipal and other advisors to the extent it has deemed appropriate in connection with the offering of the Bonds.

Section 6. Closing. At or before 1:00 p.m., prevailing time, on \_\_\_\_\_, 2018, or at such other time or at such other date as shall have been mutually agreed upon by the Commission and the Representative (the "Closing Date"), (a) the Commission will deliver the Bonds to the Underwriters, in definitive form and duly executed and authenticated, in such authorized denominations and registered in such names as the Underwriters may request through the FAST system of registration with The Depository Trust Company ("DTC"), New York, New York, at the offices of the Trustee, (b) the Commission will deliver to the Representative the closing documents hereinafter mentioned and (c) the Underwriters will accept such delivery and pay the Purchase Price of the Bonds as set forth in Section 1 hereof by wire transfer of Federal Funds to or as directed by the Commission for deposit in the various funds established under the Trust Agreement. Such delivery and such acceptance and payment are herein sometimes called the "Closing." Delivery of the other documents as aforesaid shall be made at the offices of Kaufman & Canoles, P.C., 150 W. Main Street, Suite 2100, Norfolk, Virginia 23510, or at such other location as shall have been mutually agreed upon by the Commission and the Representative. The Bonds shall bear proper CUSIP numbers and shall be in typewritten form, with a single bond for each maturity of the Bonds, each such Bond to be in a principal amount equal to the principal amount of the Bonds maturing on each such date. The Bonds shall be registered in the name of Cede & Co., as nominee of DTC and will be made available for inspection and checking by the Underwriters at the offices of the Trustee in \_\_\_\_\_, not later than the business day prior to the Closing Date. It is anticipated that CUSIP identification

numbers will be printed on each Bond, but neither the failure to print the numbers on any Bond nor any error in the numbers or the printing will constitute cause for a failure or refusal by the Underwriters to accept delivery and pay the Purchase Price.

Section 7. Conditions to Closing. The Underwriters' obligation to purchase and pay for the Bonds shall be subject (a) to the performance by the Commission of its obligations to be performed hereunder at and prior to the Closing or such earlier time as may be specified herein, and (b) to the following conditions, including the delivery by the Commission of such documents as are contemplated hereby in form and substance satisfactory to, and the taking of all such action as shall be necessary and appropriate in connection with the transactions contemplated hereby in the opinion of Kaufman & Canoles, P.C. ("Bond Counsel") and \_\_\_\_\_ ("Underwriters' Counsel"):

(a) At the time of the Closing, the Bond Resolution and the Commission Documents shall be in full force and effect and shall not have been repealed or amended in any material way since the date of this Agreement unless agreed to by the Representative;

(b) At or prior to the Closing, the Representative shall have received each of the following documents:

(i) The final approving opinion of Bond Counsel in substantially the form attached to the Official Statement as "APPENDIX - PROPOSED OPINION OF BOND COUNSEL,"

(ii) The supplemental opinion of Bond Counsel in substantially the form attached hereto as EXHIBIT A;

(iii) The opinion of Underwriters' Counsel in substantially the form attached hereto as EXHIBIT B;

(iv) The opinion of Wilcox & Savage, P.C., counsel to the Commission, in substantially the form attached hereto as EXHIBIT C;

(v) A certificate of the Commission dated the Closing Date signed by its Executive Director and by the Chairman of the Commission (and/or other such proper officer of the Commission) to the effect that:

(A) the representations and warranties of the Commission contained herein and in the Trust Agreement are true and correct in all material respects as of the Closing Date, as if made on the Closing Date;

(B) except as otherwise disclosed in the Official Statement, no litigation or proceeding is pending with respect to which service or notice on the Commission has been perfected or given or, to their knowledge, threatened against the Commission (1) to restrain or enjoin the issuance or delivery of the Bonds and the Commission Documents or the collection of HRTAC Revenues, (2) in any way contesting or affecting any authority for the issuance or the validity of the Bonds, the validity, due authorization and execution of the Commission Documents, or the

Commission's right to use the proceeds of the Bonds for the purposes described in the Bond Resolution, the Official Statement and the Trust Agreement or (3) in any way contesting the corporate existence or powers of the Commission with respect to the transactions contemplated hereby;

(C) none of the proceedings or authority for the issuance and delivery of the Bonds and for the execution and delivery of this Agreement, the Bond Resolution and the Commission Documents have been modified, amended or repealed; and

(D) the audited general purpose financial statements of the Commission examined by \_\_\_\_\_, independent auditors, for the year ended June 30, 2017 (the "Financial Statements"), present fairly the Commission's financial condition as of June 30, 2017, and the results of its operations for such period set forth therein and have been prepared in accordance with generally accepted accounting principles consistently applied; and there has been no material adverse change in the financial affairs of the Commission since June 30, 2017, except as disclosed in the Official Statement.

(vi) A certified copy of the Bond Resolution and a fully executed original of each of the Commission Documents;

(vii) A request and authorization of the Commission signed by its Chairman (or such other proper officer of the Commission) to the Trustee to authenticate and deliver the Bonds to or at the direction of the Underwriters for the account of the Underwriters upon payment to or for the account of the Commission of the Purchase Price;

(viii) Evidence that S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., Fitch, Inc. and Moody's Investors Services have assigned ratings of "\_\_\_\_\_,", "\_\_\_\_\_,", and "\_\_\_\_\_,", respectively, to the Bonds;

(ix) A certificate signed by the Commission's Executive Director setting forth facts, estimates and circumstances (including covenants of the Commission) in existence on the Closing Date sufficient to support the conclusion that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable rules and regulations;

(x) A copy of the Internal Revenue Service Form 8038-G relating to the Bonds and duly signed by an authorized officer of the Commission;

(xi) Evidence that the Commission has satisfied the conditions set forth in the Trust Agreement with respect to the issuance of the Bonds; and

(xii) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably require to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations and warranties contained herein and of the statements and information contained in the Official

Statement and the due performance or satisfaction on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by the Commission.

If the Commission shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Commission shall be under any further obligation hereunder, except that the respective obligations of the Commission and the Underwriters set forth in Section 9 hereof shall continue in full force and effect.

**Section 8. Termination of Agreement.** The Underwriters shall have the right to cancel their obligation to purchase and accept delivery of the Bonds hereunder by written notification by the Representative to the Commission of their election to cancel if at any time subsequent to the date of this Agreement and prior to the Closing Date:

(a) trading in securities generally on the New York Stock Exchange shall have been suspended or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(b) a general banking moratorium shall have been declared by federal, New York or Commonwealth banking authorities and be in force which in the reasonable opinion of the Representative materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Bonds; or

(c) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis (including terrorism), other than those existing on the date hereof, the effect of which on financial markets is such as to make it, in the reasonable opinion of the Representative, impractical or inadvisable to proceed with the offering or delivery of the Bonds as contemplated by the Official Statement; or

(d) legislation shall have been enacted by the Congress of the United States of America or the legislature of the Commonwealth or shall have been reported out of committee of either body or be pending in a committee of either body, or shall have been recommended to the Congress of the United States of America or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by the Tax Court of the United States or any other court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or Commonwealth authority with appropriate jurisdiction, with respect to federal or Commonwealth taxation upon interest received on obligations of the same general character as the Bonds as contemplated hereby which, in the reasonable opinion of the Representative, materially and adversely affects the market price of the Bonds; or

(e) legislation shall have been enacted, or shall be actively considered for enactment with an effective date prior to the Closing Date or legislation shall be favorably reported out of committee to either house of the Congress of the United States or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter herein shall be made, to the effect that the issuance, offering or sale of the Bonds, or of obligations of the same general character as the Bonds as contemplated hereby, or any document relating to the issuance, offering or sale of the Bonds is subject to registration or qualification under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended, or is in violation of any provision of either of such acts or the Securities Exchange Act of 1934, as amended; or

(f) an event or circumstance shall exist which in the reasonable judgment of the Representative (i) makes untrue or incorrect in any material respect, as of the time of such event, any statement of information contained in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading in any material respect; and in either circumstance, the Commission refuses to permit the Official Statement to be supplemented to supply such statement or information, or, in the reasonable opinion of the Representative, the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce confirmations for the purchase of the Bonds; or

(g) the purchase of and payment for the Bonds by the Underwriters, or their resale or reoffering by the Underwriters, on the terms and conditions contemplated by this Agreement and the Official Statement, is prohibited by any applicable law or governmental regulation or by order of any court, governmental body, board, agency, or commission; or

(h) the ratings on the Bonds shall have been withdrawn, downgraded, placed on credit watch with negative outlook or suspended; or

(i) additional material restrictions not in force on the date of this Agreement have been imposed on trading in securities generally by a governmental authority or national association of securities dealers; or

(j) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way protesting or affecting any authority for or the validity of the Bonds, the Trust Agreement, or the existence or powers of the Commission.

Section 9. Expenses. (a) Except as provided in paragraph (b) below, the Commission shall pay any expenses incident to the performance of its obligations hereunder, including but not limited to (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of this Agreement, the Official Statement, the Bond Resolution, the Trust Agreement, the Continuing Disclosure Undertaking and all other agreements and documents required in connection with the consummation of the transactions contemplated hereby, (ii) the cost of the preparation, execution and delivery of the definitive

Bonds, (iii) the cost of preparing and publishing all advertisements relating to the Bonds upon commencement of the offering of the Bonds, (iv) the fees and disbursements of Counsel to the Commission, Bond Counsel, Disclosure Counsel, experts, advisors or consultants retained by the Commission, (v) the initial or acceptance fee, if any, of the Trustee, (vi) any rating fees charged by the rating agencies, requested by the Commission to rate the Bonds and (vii) any expenses incurred by or on behalf of Commission employees that are incidental to implementing this Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of such employees. The Commission also agrees to pay or to reimburse the Underwriters for any expenses incident to the cost of preparing and publishing all advertisements and investor presentations relating to the Bonds upon commencement of the offering of the Bonds. Notwithstanding anything herein to the contrary, the Commission's obligation to pay expenses shall be limited to amounts available to it from the proceeds of the sale of the Bonds unless the Commission otherwise agrees.

(b) The Underwriters shall pay (i) the cost of qualifying the Bonds under state blue sky laws and determining their eligibility for investment under the laws of such jurisdictions as the Representative may designate, including filing fees, (ii) the fees and disbursements of Underwriters' Counsel, (iii) the cost of the transportation and lodging for representatives of the Underwriters to attend meetings and the Closing, (iv) all other expenses incurred by the Underwriters in connection with the public offering and the distribution of the Bonds, (v) any fees of the MSRB in connection with the issuance, offering or sale of the Bonds, and (vi) the cost of obtaining CUSIP number assignments for the Bonds.

Section 10. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Commission and the Underwriters and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and not for the benefit of any other person, firm or corporation. No purchaser of the Bonds from the Underwriters or any other persons or entity shall be deemed to be a successor merely by reason of such purchase.

Section 11. Notices. All notices, demands and formal actions shall be in writing and mailed, faxed, sent by electronic communication (provided that facsimile and electronic communications must be confirmed by the sender) or hand delivered to: (a) the Commission, at 723 Woodlake Drive, Chesapeake, Virginia 23320, Attention: Executive Director, Fax: (757) \_\_\_\_\_, and (b) the Representative, at \_\_\_\_\_, Attention: \_\_\_\_\_, Fax: (\_\_\_\_) \_\_\_\_\_.

Section 12. Miscellaneous. This Agreement may not be amended without the written consent of the Commission and the Representative. None of the officers, directors, employees or agents of the Commission shall be charged personally by the Underwriters with any liability, or be held liable by the Underwriters under any term or provision of this Agreement because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof. The validity, interpretation and performance of this Agreement shall be governed by the laws of the Commonwealth, without regard to conflict of law principles.

Section 13. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provisions had not been contained herein.

Section 14. Execution in Counterparts; Facsimile Signatures. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. The parties hereto may evidence their acceptance, execution and delivery of this Agreement by facsimile signature.

Section 15. Effective Date. This Agreement shall become effective upon acceptance hereof by the Commission.

[SIGNATURE PAGES TO FOLLOW]

SIGNATURE PAGE TO  
BOND PURCHASE AGREEMENT  
HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION  
HAMPTON ROADS TRANSPORTATION FUND  
SENIOR LIEN REVENUE BONDS,  
SERIES 2018A

Very truly yours,

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

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

**SIGNATURE PAGE TO  
BOND PURCHASE AGREEMENT  
HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION  
HAMPTON ROADS TRANSPORTATION FUND  
SENIOR LIEN REVENUE BONDS,  
SERIES 2018A**

Accepted and agreed to as of  
the date first above written.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

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

By: \_\_\_\_\_  
Executive Director

EXHIBIT A

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

February \_\_\_, 2018

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\$\_\_\_\_\_

Hampton Roads Transportation Accountability Commission  
Hampton Roads Transportation Fund  
Senior Lien Revenue Bonds, Series 2018A

Ladies and Gentlemen:

As Bond Counsel to the Hampton Roads Transportation Accountability Commission (the “Commission”), we have delivered to you a copy of our approving opinion dated today relating to the issuance by the Commission of the above-captioned bonds (the “Bonds”). This letter confirms that you may rely on our approving opinion as if it were addressed to you.

At your request, we have also reviewed (a) the Bond Purchase Agreement, dated January \_\_\_, 2018 (the “Bond Purchase Agreement”), between you (the “Underwriters”) and the Commission with respect to the offering and sale of the Bonds; (b) certain sections described below of the Official Statement, dated \_\_\_\_\_, relating to Bonds (the “Official Statement”); (c) the Continuing Disclosure Undertaking dated the date of its execution and delivery, for benefit and the benefit of the holders of the Bonds (the “Continuing Disclosure Undertaking”) and (d) certified copies of proceedings of the Hampton Roads Transportation Accountability Commission with respect to the Bond Purchase Agreement and the Official Statement, as well as such other documents as we deem necessary to render this opinion.

We express no view as to any part of the Official Statement not described below, and no view is expressed as to financial statements and other financial and statistical data included in the Official Statement.

Based on the foregoing, we are of the opinion that:

(1) The Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized, executed and delivered by the Commission and, assuming their due authorization, execution and delivery by the other parties thereto, constitute a valid and binding legal obligation of the Commission, enforceable against the Commission in accordance with their terms. The enforceability of the Bond Purchase Agreement and the Continuing Disclosure Undertaking may be limited by the provisions of bankruptcy, insolvency, reorganization, moratorium, or similar laws, now or hereafter in effect, and by equitable principles which may limit the specific enforcement of certain remedies

(2) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement, as defined in the Bond Purchase Agreement, is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We also advise you that the statements in the Official Statement under "INTRODUCTION," "DESCRIPTION OF THE SERIES 2018A BONDS" (except "Book-Entry Only System") and "SECURITY AND SOURCES OF PAYMENT OF THE BONDS" and the summaries contained in Appendix A fairly and accurately summarize the indicated provisions of the Bonds and the Trust Agreement, and the information in the Official Statement under "Tax Matters," read together with our approving opinion, the form of which appears as Appendix E to the Official Statement, fairly and accurately reflects the matters discussed thereunder.

This letter is furnished by us in our capacity as Bond Counsel to the Commission. No attorney-client relationship has existed or exists between our firm and the addressee hereof in connection with the Bonds, the Official Statement or by virtue of this opinion. This opinion is delivered to, and is solely for the benefit of, the addressee hereof and is not to be used, circulated, quoted or otherwise referred to or relied upon by any person other than you. This opinion is not intended to be relied upon by the Trustee (as described in the Bond Purchase Agreement) or the holders or the beneficial owners of the Bonds.

Very truly yours,

EXHIBIT B

OPINION OF \_\_\_\_\_, UNDERWRITERS' COUNSEL

[To be provided]

EXHIBIT C

OPINION OF WILLCOX & SAVAGE, P.C., COUNSEL FOR THE COMMISSION

[To be provided]

EXHIBIT D

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION  
HAMPTON ROADS TRANSPORTATION FUND  
SENIOR LIEN REVENUE BONDS,  
SERIES 2018A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the “Representative”), on behalf of itself and \_\_\_\_\_ (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”“).

Select appropriate provisions below:

1. [Alternative 1<sup>1</sup> - All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2<sup>2</sup> - Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective prices listed in Schedule A.]

2. Initial Offering Price of the [Bonds][Hold-the- Offering-Price Maturities].

(a) [Alternative 1<sup>3</sup> - All Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.][Alternative 2<sup>4</sup> - Select Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(b) [Alternative 1 - All Maturities use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that,

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<sup>1</sup> If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

<sup>2</sup> If Alternative 2 is used, delete Alternative I of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

<sup>3</sup> If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

<sup>4</sup> Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

(i) for each Maturity of the Bonds, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the- offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule,,), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

### 3. *Defined Terms.*

- (a) [(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]
- (b) [(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]
- (c) [(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date (hereinafter defined) and ending on the earlier of (i) the close of the fifth business day after the Sale Date (January \_\_, 2018), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]
- (d) *Issuer* means the Hampton Roads Transportation Accountability Commission.
- (e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January \_\_, 2018.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in its Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kaufman & Canoles, P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[TITLE OF REPRESENTATIVE]

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

Dated: February \_\_\_, 2018

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

**SCHEDULE B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

(Attached)

## PRELIMINARY OFFICIAL STATEMENT DATED JANUARY [15], 2018

**NEW ISSUE  
BOOK ENTRY ONLY**

**Ratings:** Fitch: "\_\_\_"  
Moody's: "\_\_\_"  
Standard & Poor's: "\_\_\_"  
(See "Ratings" herein)

*In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants and the accuracy of certain representations and certifications made by HRTAC and other persons described herein, interest on the Series 2018A Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed under the Tax Code on individuals and corporations, and (iii) is exempt from income taxation by the Commonwealth of Virginia. See "TAX MATTERS" herein.*

**Hampton Roads Transportation Accountability Commission**

\$ \_\_\_\_\_ \*

**Hampton Roads Transportation Fund  
Senior Lien Revenue Bonds, Series 2018A**

**Dated: Date of Delivery**

**Due: [July 1], as shown on the inside cover**

This Official Statement has been prepared by the Hampton Roads Transportation Accountability Commission ("HRTAC") to provide information on the above-referenced bonds (the "Series 2018A Bonds"). Selected information is presented on this cover page for the convenience of the reader. To make an informed decision regarding the Series 2018A Bonds, a prospective investor should read this Official Statement in its entirety.

**Security/Payment**

The Series 2018A Bonds are limited obligations of HRTAC and payable solely from the revenues and other property pledged by HRTAC for such purpose, on parity with all senior lien revenue bonds issued by HRTAC under the hereinafter described Master Indenture. Substantially all of the pledged revenues are derived from amounts dedicated to the Hampton Roads Transportation Fund (the "HRTF") from the additional sales and use taxes and the wholesale motor vehicle fuels sales taxes levied by the General Assembly of Virginia in HRTAC's Member Localities, all of which are located in Hampton Roads, Virginia. HRTAC's authority to receive such revenues is subject to appropriation by the General Assembly, and the General Assembly may eliminate or change such taxes and fees at any time. HRTAC has no taxing powers. The Series 2018A Bonds are not a debt of the Commonwealth of Virginia or any political subdivision thereof (including any Member Locality of HRTAC) other than HRTAC. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions (including any HRTAC Member Locality) is pledged to the payment of the Series 2018A Bonds. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein.

**Issued Pursuant to**

The Series 2018A Bonds will be issued pursuant to a Master Indenture of Trust dated as of February 1, 2018 (the "Master Indenture"), and a First Supplemental Series Indenture of Trust dated as of February 1, 2018.

**Purpose**

The Bond proceeds, along with other available funds, will be used to finance and refinance the costs of certain transportation projects in the Hampton Roads, Virginia region, to pay costs of issuance of the Series 2018A Bonds, and to fund a Debt Service Reserve Fund for the Series 2018A Bonds. See "INTRODUCTION," "HAMPTON ROADS TRANSPORTATION FUND---Application of HRTF Revenues to Projects" herein.

**Interest Rates/Yields**

See inside cover.

**Interest Payment Dates**

[January 1] and [July 1], commencing [July 1], 2018.

**Record Dates**

[December 15] and [June 15].

**Redemption Terms**

See inside front cover and "DESCRIPTION OF THE SERIES 2018A BONDS."

**Denominations**

\$5,000 or integral multiples thereof.

**Closing/Delivery Date**

On or about February \_\_, 2018.

**Registration**

Full book-entry only; The Depository Trust Company, New York, New York.

\_\_\_\_\_.

**Trustee**

Kaufman & Canoles, P.C., Norfolk, Virginia.

**Bond Counsel**

PFM Financial Advisors, LLC, Orlando, Florida.

**[Lead Underwriter]**

**[Underwriter]**

**[Underwriter]**

**[Underwriter]**

**[Underwriter]**

Official Statement Date: January \_\_, 2018

\* Preliminary, subject to change.

## HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

\$ \_\_\_\_\_ \*  
**HAMPTON ROADS TRANSPORTATION FUND**  
**SENIOR LIEN REVENUE BONDS**  
**SERIES 2018A**

<u>[July 1]</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>†</sup></u>
2019	\$			
2020				
2021				
2022				
2023				
2024				
2025				
2026				
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2028				
2029				
2030				
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2057				

### Optional Redemption

The Series 2018A Bonds maturing on or before [July 1], 2027, will not be subject to optional redemption. The Series 2018A Bonds maturing on and after [July 1], 2028, will be subject to optional redemption, at the sole discretion of HRTAC, on and after [July 1], 2027, in whole or in part (in increments of \$5,000) at any time, at par plus interest accrued thereon to the date fixed for redemption.

### Mandatory Redemption

[To be addressed, if term bonds are included]

\* Preliminary, subject to change.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only, and neither HRTAC nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2018A Bonds.

**[MAP OF MEMBER LOCALITIES]**

[to be inserted]

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

### **VOTING MEMBERS**

Michael J. Hipple, Chair, James City County  
Linda T. Johnson, Vice Chair, City of Suffolk

Kenneth C. Alexander, City of Norfolk  
Rex W. Alphin, Isle of Wight County  
John A. Cosgrove, Virginia Senate  
Paul Freiling, City of Williamsburg  
W. Eugene Hunt Jr., City of Poquoson  
Chris Jones, Virginia House of Delegates  
Richard W. West, City of Chesapeake  
Barry T. Porter, Southampton County  
McKinley Price, City of Newport News

Frank Rabil, City of Franklin  
John Rowe, City of Portsmouth  
William D. Sessoms Jr., City of Virginia Beach  
Thomas G. Shepperd, York County  
Christopher P. Stolle, Virginia House of Delegates  
Donnie Tuck, City of Hampton  
Frank W. Wagner, Virginia Senate  
David E. Yancey, Virginia House of Delegates

### **NON-VOTING MEMBERS**

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

### **HRTAC SENIOR STAFF**

Kevin B. Page, Executive Director  
Nancy K. Collins, Chief Financial Officer

### **GENERAL COUNSEL**

Willcox & Savage, P.C.  
Norfolk, Virginia

### **BOND COUNSEL**

Kaufman & Canoles, P.C.  
Norfolk, Virginia

### **FINANCIAL ADVISOR**

PFM Financial Advisors, LLC  
Orlando, Florida

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The Series 2018A Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the Series 2018A Bonds will also be exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized by HRTAC to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by HRTAC. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2018A Bonds by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between HRTAC and the purchasers or owners of any of the Series 2018A Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of HRTAC or in any other matters described herein since the date hereof or, as in the case of certain information incorporated herein by reference to certain publicly available documents, since the date of such documents.

The information set forth herein has been obtained from HRTAC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by any of such sources as to information provided by any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of HRTAC or in any other matters described herein since the date hereof or, as in the case of certain information incorporated herein by reference to certain publicly available documents, since the date of such documents.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words, "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions identify forward-looking statements. A number of factors affecting HRTAC and its financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of the transactions contemplated by this Official Statement, but the Underwriters do not guarantee the accuracy or completeness of such information.

Third parties may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2018A Bonds, including transactions to (i) overallot in arranging the sales of the Series 2018A Bonds and (ii) make purchases and sales of Series 2018A Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner beyond the control of HRTAC.

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**OFFICIAL STATEMENT****HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

\$ \_\_\_\_\_ \*

**HAMPTON ROADS TRANSPORTATION FUND**  
**SENIOR LIEN REVENUE BONDS**  
**SERIES 2018A**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page and Appendices hereto, is to set forth certain information in connection with the issuance by the Hampton Roads Transportation Accountability Commission (the “Commission” or “HRTAC”), of its \$ \_\_\_\_\_ Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A (the “Series 2018A Bonds”).

This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the Commission. The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices hereto, reference to which is hereby made for all purposes.

Unless otherwise defined in this Official Statement, all capitalized terms shall have the meanings as set forth in Appendix A – “Definitions and Summaries of the Indenture and Other Documents.”

**Hampton Roads Transportation Accountability Commission**

HRTAC is a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) created pursuant to the Code of Virginia of 1950, as amended (the “Virginia Code”), under Title 33.2, Chapter 26, thereof (the “HRTAC Act”). As provided by the HRTAC Act, the Commission embraces 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 (collectively, the “Member Localities”). All of HRTAC’s Member Localities are located in the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area.

The Member Localities consist of all of the cities and counties in Planning District 23, which is an area designated by the Virginia Department of Housing and Community Development under the Regional Cooperation Act, Title 15.2, Chapter 42, of the Virginia Code. Planning districts in Virginia provide a forum for state and local governments to address issues of a regional nature and encourage and facilitate regional cooperation among local governments.

The HRTAC Act provides, among other things, that the Commission shall use the moneys deposited in the Hampton Roads Transportation Fund (the “HRTF”) solely for the purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities, giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities, and (ii) paying the Commission’s administrative and operating expenses as provided in the Commission’s Annual Budget. HRTAC is not authorized to use any HRTF moneys for the operation or maintenance of transportation facilities or the performance of any transportation service.

The HRTF was first established under Chapter 766, 2013 Va. Acts of Assembly (“Chapter 766”), enacted on April 3, 2013. Pursuant to Chapter 766, the General Assembly dedicated to the HRTF all the revenues generated from the following taxes levied within Planning District 23: (i) the special sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code, and (ii) the wholesale motor vehicle fuels sale tax revenues described in Section 58.1-2295.A.2 of the Virginia Code. Funds in the HRTF were originally to be dedicated to the Hampton Roads

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\* Preliminary, subject to change.

Transportation Planning Organization (“HRTPO”). However, the following year HRTAC replaced HRTPO as the recipient of the HRTF funds pursuant to the statutory changes set forth in Chapter 545, 2014 Va. Acts of Assembly (“Chapter 545”), enacted on April 3, 2014.

### **Hampton Roads Transportation Fund Revenue Bonds**

The HRTAC Act provides that HRTAC may issue bonds and pledge the funds deposited in the HRTF as security for such bonds. On June 16, 2016, HRTAC adopted a resolution entitled “Resolution Authorizing Hampton Roads Transportation Fund Revenue Bonds,” and on December 14, 2017, it adopted a resolution entitled “Resolution Authorizing the Issuance of up to \$\_\_\_\_\_ in Aggregate Principal Amount of Hampton Roads Transportation Fund Senior Lien Revenue Bonds” (collectively, the “Authorizing Resolutions”). Pursuant to the Authorizing Resolutions, the Commission approved a Master Indenture of Trust dated as of February 1, 2018 (the “Master Indenture”), and a First Supplemental Series Indenture of Trust dated as of February 1, 2018, with respect to the Series 2018A Bonds (the “First Series Supplement” and collectively, with the Master Indenture, the “Indenture”), each between HRTAC and \_\_\_\_\_, as trustee (the “Trustee”).

The issuance of the Series 2018A Bonds is fully authorized by the provisions of the HRTAC Act, the Authorizing Resolutions, and the Indenture.

The Series 2018A Bonds are the first series of bonds issued by HRTAC under the Master Indenture. The Series 2018A Bonds will be paid and secured on parity with all senior lien revenue bonds issued by HRTAC under the Master Indenture. The Series 2018A Bonds, together with any additional parity bonds and subordinate obligations issued in the future under the Master Indenture, are referred to collectively herein as the “**Bonds**.” See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS—Parity Bonds” and “—Subordinate Obligations,” herein.

### **Purpose of the Series 2018A Bonds**

HRTAC will use the proceeds of the Series 2018A Bonds, along with other available funds, to finance the costs of certain transportation projects in the Hampton Roads, Virginia region, to pay costs of issuance of the Series 2018A Bonds, and to fund a Debt Service Reserve Fund. In particular, HRTAC will use Bond proceeds in furtherance of its “FY2018-2023 Six Year Operating and Capital Plan of Finance Update for the Region’s High Priority Projects,” which was adopted on September 21, 2017, to update and amend the “HRTAC 2016-2022 Funding Plan” (collectively, the “Funding Plan”). The Funding Plan contains a list of projects prioritized in a manner consistent with (i) HRTAC’s 2040 Long Range Plan of Finance, (ii) the regional project sequencing set forth in the 2040 Constrained Long-Range Transportation Plan developed by HRTPO, (iii) the Commonwealth Transportation Board’s prioritization process, and (iv) the goal of providing the greatest impact on reducing congestion for the greatest number of citizens residing in the Member Localities.

HRTAC has begun to implement its Funding Plan by undertaking to contribute HRTF funds, on a pay-as-you-go (“PayGo”) basis to the following projects administered by the Virginia Department of Transportation (“VDOT”): (i) “Interstate 64 Peninsula Widening Project, Segments I, II and III,” (ii) “I-64 / I-264 Interchange Improvements Project, Phases I and II,” and (iii) “I-64 Southside Widening and High Rise Bridge Project, Phase I.” See “HAMPTON ROADS TRANSPORTATION FUND—Application of HRTF Revenues to Projects,” herein. Proceeds of the Series 2018A Bonds will be used to reimburse HRTAC for a portion of such PayGo expenditures.

### **Security and Sources of Payment**

The Series 2018A Bonds are limited obligations of HRTAC and payable solely from the revenues, moneys and other property pledged by the Master Indenture for such purpose, which principally consist of the HRTAC Revenues (as defined below), on parity with all Senior Bonds issued by HRTAC under the Master Indenture. The Series 2018A Bonds are not a debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than HRTAC, and the Series 2018A Bonds do not constitute indebtedness within the meaning of any debt limitation or restriction. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions (including any Member Locality) is pledged to the payment of the Series 2018A Bonds. HRTAC has no taxing powers.

The “HRTAC Revenues” pledged pursuant to the Indenture to payment of the Series 2018A Bonds include (i) all of the revenues dedicated to the HRTF Revenues from the special sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code, and (ii) any and all other revenues available under the HRTAC Act that may be designated as HRTAC Revenues pursuant to a Supplemental Indenture, **but shall not include toll revenues** from any facilities established or maintained by HRTAC.

### **Validation**

On August 15, 2016, the Commission instituted a bond validation proceeding in the Circuit Court for the City of Chesapeake, Virginia (the “Court”). The bond validation was not challenged. On October 7, 2016, the Court entered an Order (the “Order”) by which the Court validated, among other things, the constitutionality and validity of the HRTF, the Indenture, the Funding Plan, the Bonds, and the pledge of the HRTAC Revenues to payment of the Bonds. No appeal was taken within the time prescribed in Section 15.2-2656 of the Virginia Code; therefore, such Order is binding and conclusive as to the validity of the Bonds and the other matters addressed therein.

## **HAMPTON ROADS TRANSPORTATION FUND**

### **General**

The HRTF was first established under Chapter 766 to be held on the books of the Comptroller of Virginia as a special nonreverting fund in the state treasury for Planning District 23. All of the HRTF Revenues are required to be paid into the state treasury and, subject to appropriation, credited to the HRTF on a monthly basis. Interest earned on moneys in the HRTF remains in and is credited to the HRTF. Any moneys remaining in the HRTF, including interest thereon, at the end of each fiscal year of the Commonwealth will not revert to the Commonwealth’s general fund, but shall remain in the HRTF.

Pursuant to Chapter 545, the Commission was established and granted the authority to use the moneys deposited in the HRTF for (i) new construction projects on new or existing highways, bridges, and tunnels in the Member Localities, and (ii) administrative and operating expenses as provided in the Commission’s Annual Budget (which shall not include costs or expenses for the performance of any transportation service).

The Commission is not authorized to use any HRTF moneys for the operation or maintenance of transportation facilities or for the performance of any transportation service (collectively, “O&M”).

### **HRTF Revenues**

The HRTF Revenues are derived from the revenues generated from the following taxes levied within Planning District 23:

(i) Special Sales and Use Tax. Section 58.1-638.H.2 of the Virginia Code provides for deposit in the HRTF of the revenue generated by increases in the state sales and use tax within Member Localities, consisting of an additional retail sale and use tax of **0.70 percent** (which, when combined with the general sale and use tax rate of 5.3% used by the Commonwealth for other purposes, results in a 6.00% sales and use tax on transactions in the Member Localities).

(ii) Wholesale Motor Vehicle Fuels Sales Tax. Section 58.1-2295.A.2 of the Virginia Code provides for the deposit in the HRTF of the revenue generated by a sales tax of **2.10 percent** imposed on every sale of fuel by distributors at wholesale to retail dealers for retail sales in the Member Localities. The tax is based on the sale price charged by the distributor for fuels sold at wholesale to retail dealers. However, in cases in which the distributor and the retail dealer are the same person, the sales price charged by the distributor shall be the cost price to the distributor of the fuels.

The following Table I shows historical and FY 2017 receipts from the two HRTF Revenue sources:

**Table I**  
**Historical and FY 2017 Hampton Roads Transportation Fund Revenues**

<u>Source</u>	<u>FY 2015<sup>(1)</sup></u>	<u>FY 2016</u>	<u>FY 2017</u>
Special Sales and Use Tax	_____	_____	_____
Wholesale Motor Vehicle Fuels Sales Tax	_____	_____	_____
<b>TOTAL:</b>	_____	_____	_____
<hr/>			
Source: _____			
<sup>(1)</sup> The Commission's fiscal year ends on June 30			

### **Application of HRTF Revenues to Projects**

Once received by HRTAC from the HRTF, the application of the HRTF Revenues is no longer subject to appropriation by the General Assembly, but rather is governed by the HRTAC Act and the Indenture. The Indenture requires HRTAC to deposit the HRTF Revenues received from the HRTF immediately upon receipt into the Revenue Fund established under the Indenture. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Flow of Funds," herein.

In accordance with its Funding Plan, HRTAC has previously entered into Standard Project Agreements with VDOT to contribute funds on a Pay-Go basis to the construction of qualifying projects in the Member Localities, including the projects described in Table II below. Upon issuance of the Series 2018A Bonds, HRTAC will continue to contribute HRTF funds to the following projects and others, but such contributions will be made either (i) from proceeds of the Bonds, or (ii) from funds remaining in the General Fund established under the Indenture on a monthly basis after paying (A) ratable monthly portions of the next principal and interest payments upon the Bonds, (B) amounts necessary to replenish the required amount of any Senior Debt Service Reserve Fund, (C) amounts necessary to replenish the required amount of any Subordinate Debt Service Reserve Fund, (D) amounts necessary to pay for any Rebate Amounts to the Internal Revenue Service, (E) amounts necessary to pay administrative and operating expenses of the Commission (provided, however, HRTF moneys may not be used for O&M), and (F) amounts necessary to replenish the required amount of the Operating Reserve Account.

**Table II**  
**Historical and Current Year Application of HRTF Revenues**

<u>Project</u>	<u>Amount Applied</u>			
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018<sup>(1)</sup></u>
Interstate 64 Peninsula Widening Project, Segments I & II	_____	_____	_____	_____
I-64 / I-264 Interchange Improvements Project, Phase I	_____	_____	_____	_____
I-64 Southside Widening & High Rise Bridge Project, Phase I	_____	_____	_____	_____
Interstate 64 Peninsula Widening Project, Segment III	_____	_____	_____	_____
I-64 / I-264 Interchange Improvements Project, Phase II	_____	_____	_____	_____
<b>TOTAL:</b>	_____	_____	_____	_____
<hr/>				

Source: \_\_\_\_\_

<sup>(1)</sup> Partial, through [December \_\_, 2017]

### **DESCRIPTION OF THE SERIES 2018A BONDS**

#### **General**

The Series 2018A Bonds will be issued as fully registered bonds in book-entry form. The Series 2018A Bonds will be dated their date of delivery, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from the dated date thereof, payable semiannually on each [January 1] and [July 1], beginning [July 1], 20\_\_, at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this

Official Statement. Interest on the Series 2018A Bonds will be computed on the basis of a year of 360 days and twelve 30-day months. Interest will be payable to the registered owners of the Series 2018A Bonds at their addresses as they appear on the fifteenth day of the month preceding the interest payment date on the registration books kept by the Trustee. Principal of, premium, if any, and interest on the Series 2018A Bonds will be paid by the Trustee to The Depository Trust Company (“DTC”) for distribution. See “DESCRIPTION OF THE SERIES 2018A BONDS—Book-Entry System” below and Appendix G.

### **Estimated Sources and Uses of Funds**

Set forth below are the expected amounts and components of the proceeds of the sale of the Series 2018A Bonds and the application of the proceeds on the date of delivery of the Series 2018A Bonds:

#### **Sources:**

Principal Amount of Series 2018A Bonds [Net] Original Issue [Premium]	\$ _____ _____
Total Sources:	\$ _____

#### **Uses:**

Deposit to Project Fund	\$ _____
Deposit to Debt Service Reserve Fund	_____
Underwriters' Discount	_____
Deposit to Cost of Issuance Fund	_____
Total Uses:	\$ _____

### **Redemption**

***Optional Redemption.*** The Series 2018A Bonds maturing on or before [July 1], 2027, will not be subject to optional redemption before their respective maturity dates. The Series 2018A Bonds maturing on and after [July 1], 2028, may be redeemed prior to their respective maturities, at the option of the Commission, from any moneys that may be made available for such purpose, either in whole or in part (in \$5,000 increments), on any date and in such order as the Commission shall determine on and after [July 1], 2027, at 100% of the principal amount to be redeemed together with the interest accrued thereon to the date fixed for redemption.

***Mandatory Redemption.*** The Series 2018A Bonds maturing on [July 1], 20\_\_, are subject to mandatory sinking fund redemption prior to maturity in the years and amounts set forth below upon payment of 100% of the principal amount to be redeemed plus interest accrued to the redemption date:

<u>Year</u>	<u>Amount</u>
-------------	---------------

\*final maturity ]

***Selection of Bonds for Redemption.*** If less than all of the Series 2018A Bonds are called for optional redemption, the maturities of the Series 2018A Bonds to be redeemed will be selected by the Commission and specified in an Officer's Certificate.

If less than all of the Series 2018A Bonds of a particular maturity are called for redemption, the Series 2018A Bonds to be redeemed will be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book entry system is discontinued, will be selected by the Registrar by lot in such manner as the Registrar at its discretion may determine.

The portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof. In selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If a portion of a Bond shall be called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

### **Notice of Redemption**

The Commission will direct the Trustee to give notice in the name of the Commission if any Bonds have been called for redemption, and the Trustee shall cause notice of the redemption to be delivered not less than 30 nor more than 60 days prior to the redemption date, to the holders of the Series 2018A Bonds to be redeemed, stating that such Bonds will be due and payable on the date fixed for redemption upon surrender of such Bonds at the designated corporate trust office of the Trustee, stating the applicable redemption price, and stating that all interest on such Bonds will cease to accrue on and after the redemption date.

During the period that DTC or its nominee is the registered holder of the Series 2018A Bonds, the Trustee will not be responsible for mailing notices of redemption to the beneficial owners of the Series 2017A Bonds, but shall send such notice to DTC according to its requirements.

### **Book-Entry System**

DTC will act as securities depository for the Series 2018A Bonds. The Series 2018A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2018A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as Cede & Co. is the registered owner of the Series 2018A Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Series 2018A Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only owner of Bonds for all purposes under the Indenture.

Neither the Commission nor the Trustee has any responsibility or obligation to the Direct or Indirect Participants (as defined in Appendix G) or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, and interest on the Series 2018A Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

## **SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS**

### **Limited Obligations**

**The Bonds are not a debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than the Commission, and the Bonds do not constitute indebtedness within the meaning of any debt limitation or restriction. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions (including any Member Locality) is pledged to the payment of the Bonds. The Commission has no taxing powers.**

The Bonds are limited obligations of the Commission and payable solely from the revenues, moneys and other property pledged by the Indenture for such purpose, which principally consist of the HRTAC Revenues. The pledged HRTAC Revenues consist of the amounts dedicated to the HRTF from the special sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code from the Member Localities, all of which are located in the

Hampton Roads region of Virginia (also comprising Planning District 23). The Commission's authority to receive such revenues is subject to appropriation by the General Assembly, and the General Assembly may eliminate or change such taxes and fees at any time.

The realization of amounts to be derived upon the enforcement of the Series 2018A Bonds will depend upon the exercise of the remedies specified in the Master Indenture. These and other remedies may, in many respects, require judicial action of a nature that is often subject to discretion and delay. Under existing laws, the remedies specified in the Master Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2018A Bonds will be qualified as to the enforceability of various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, fraudulent conveyance, reorganization and other laws affecting the enforcement of creditors' rights generally. See "BONDHOLDERS' RISKS—Limitation on Remedies" herein and "Events of Default and Remedies Upon Default" in Appendix A.

**No Mortgage, Lien or Acceleration.** The Bonds are not secured by any mortgage or lien on any transportation facilities of the Commission, VDOT, the Commonwealth, or any of the Member Localities or by a pledge of the revenues derived from any such facility. In the event of a failure to make any payment on the Bonds when due, neither the Trustee nor the owners of the Bonds shall have any right to take possession of any transportation facilities or to exclude the Commission, VDOT, the Commonwealth, or any of the Member Localities from possession of them, nor shall there be any right to accelerate payment of the Bonds.

**No Toll Revenues.** Other revenues available under the HRTAC Act may be pledged to payment of the Bonds pursuant to any Supplemental Indenture, but the revenues subject to any such pledge shall not include toll revenues from any facilities established or maintained by or for the benefit of the Commission.

## **Parity Bonds**

**Existing Bonds.** The Series 2018A Bonds are the first series of Bonds to be issued under the Indenture.

**Authority to Issue Additional Bonds.** Under the Indenture, the Commission may issue additional Bonds, including Senior Bonds on a parity as to the pledge of the HRTAC Revenues with the Series 2018A Bonds, and Subordinate Obligations that are subordinate in payment and security to the Series 2018A Bonds and such Senior Bonds. All Senior Bonds (including the Series 2018A Bonds) will be equally and ratably secured under the Indenture without preference, priority or distinction on account of the time of their authentication, delivery or maturity. However, different Series may bear interest at different rates, have different maturity dates and payment dates, may be subject to different mandatory or optional redemption or tender terms, and may have the benefit of credit facilities that do not support other Series. See "Parity of Bonds" in Appendix A.

The Indenture requires as a condition to the issuance of any additional Senior Bonds for non-refunding purposes the filing with the Trustee of an Officer's Certificate to the effect that, during any twelve consecutive months of the eighteen months preceding the issuance of the additional Senior Bonds, the HRTAC Revenues were not less than [2.00] times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year on the Senior Bonds Outstanding and the Series of Senior Bonds to be issued. See "Conditions to the Issuance of Additional Series of Bonds" in Appendix A.

## **Subordinate Obligations**

In addition, HRTAC is permitted to issue Subordinate Obligations secured by the HRTAC Revenues, the payment and security of which shall be subordinate to the Senior Bonds and to the Debt Service Fund and Debt Service Reserve Fund deposits required to be made under the Indenture with respect to Senior Bonds. See "Subordinate Obligations" in Appendix A.

[The Indenture requires as a condition to the issuance of any Subordinate Obligations for non-refunding purposes the filing with the Trustee of an Officer's Certificate to the effect that, during any twelve consecutive months of the eighteen months preceding the issuance of the Series of Subordinate Obligations to be issued (i) the HRTAC

Revenues were not less than [2.00] times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year on the Senior Bonds Outstanding, and (ii) the HRTAC Revenues were not less than [1.35] times the annual Principal and Interest Requirements during the current or any future Fiscal Year on the Subordinate Obligations Outstanding plus the Series of Subordinate Obligations to be issued. See “Conditions to the Issuance of Additional Series of Bonds” in Appendix A.]

## **Flow of Funds**

The Indenture establishes a Revenue Fund to which HRTAC will deposit all HRTAC Revenues immediately upon receipt. The Revenue Fund itself is not pledged to secure any Bonds, but will be the source of the following monthly transfers that will benefit the holders of the Bonds on a parity basis:

**FIRST:** To each Senior Debt Service Fund ratably, the amount, if any, required under the Related Series Supplement so that the balance therein on the next Payment Date shall equal the amount of principal, if any, and interest due on the next Payment Date on the Related Series of Bonds; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

**SECOND:** To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement (which shall include the reimbursement of any DSRF Credit Provider for any drawings on a DSRF Credit Facility and the payment of any interest, penalties or fees assessed by the DSRF Credit Provider);

**THIRD:** To each Subordinate Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

**FOURTH:** To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement (which shall include the reimbursement of any DSRF Credit Provider for any drawings on a DSRF Credit Facility and the payment of any interest, penalties or fees assessed by the DSRF Credit Provider);

**FIFTH:** To each Rebate Fund the amounts necessary to provide for the payment of any Rebate Amounts with respect to the Related Series of Bonds as confirmed in an Officer’s Certificate;

**SIXTH:** To the Operating Account of the Operating Fund, the amount of funds necessary to pay Operating Expenses during such period in accordance with the Annual Budget;

**SEVENTH:** To the Operating Reserve Account of the Operating Fund, the amount, if any, so that the balance in such Account shall be equal to the Operating Reserve Requirement; and

**EIGHTH:** To the General Fund, the balance remaining in the Revenue Fund.

In the case of Bonds of a Series secured by a Bond Credit Facility, amounts on deposit in the Revenue Fund may be transferred to the Debt Service Fund or as the case may be, the Related Reimbursement Fund or elsewhere as provided in the Related Series Supplement to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such Bonds. See “Revenue Fund” in Appendix A.

## **Debt Service Reserve Fund**

Except as specified below, the amount in the Debt Service Reserve Fund established for the Series 2018A Bonds will be used solely to cure deficiencies in the amount on deposit in the Related Debt Service Fund. If there are

insufficient funds in the Related Debt Service Fund to pay the principal of and interest on the Series 2018A Bonds when due, then the Trustee shall transfer the amount of deficiency from the amount, if any, on deposit in the Senior Debt Service Reserve Fund to the Senior Debt Service Fund established for the Series 2018A Bonds.

The Reserve Requirement for the Series 2018A Bonds has been set at an amount equal to [the maximum Principal and Interest Requirements on the Series 2018A Bonds in the then-current or any future Fiscal Year]. The amount of the Reserve Requirement on the issue date of the Series 2018A Bonds is \$\_\_\_\_\_ and the Senior Debt Service Reserve Fund for the Series 2018A Bonds will be fully funded on the issue date from the proceeds of the Series 2018A Bonds. In lieu of maintaining and depositing money or securities in a Debt Service Reserve Fund at any time, HRTAC may deposit with the Trustee a DSRF Credit Facility in an amount equal to all or a portion of the Reserve Requirement. See “Debt Service Reserve Funds” in Appendix A.

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

The Commission was created by the Virginia General Assembly in 2014 to be a political subdivision of the Commonwealth with responsibility for approving the funding of projects to be financed with the HRTF Revenues. Such revenues are derived from the special taxes levied pursuant to Chapter 766 within Planning District 23. The Member Localities comprising Planning District 23 currently include 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 is a separate legal entity from these Member Localities within Planning District 23. Pursuant to Chapter 545, the Commission must use the HRTF Revenues for purposes of (i) funding new construction projects on new or existing highways, bridges, and tunnels in the Member Localities, giving priority to projects expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within the Member Localities, and (ii) paying the Commission’s administrative and operating expenses as provided in its Annual Budget (**which may not include O&M**).

### **Hampton Roads Region**

All of the Member Localities are located in the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area, also known as the “Hampton Roads” region. For a description of certain demographic, economic and financial information regarding Planning District 23 and the Hampton Roads Region, see Appendix D.

### **Commission Members**

Pursuant to its enabling legislation, HRTAC has 23 members as follows: the chief elected official of the ten (10) cities embraced by the Commission; 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; three (3) members of the House of Delegates who reside in different counties or cities embraced by the Commission and who are appointed by the Speaker of the House; and two (2) members of the Senate who reside in different counties or cities embraced by the Commission, who are appointed by the Senate Committee on Rules. In addition, the Director of the Virginia Department of Rail and Public Transportation (“VDRPT”), or his/her designee; the Commissioner of Highways, or his/her designee; the Executive Director of the Virginia Port Authority, or his/her designee; and a member of the Commonwealth Transportation Board who resides in a locality embraced by the Commission and who is appointed by the Governor, will serve as non-voting members of HRTAC. The current membership of HRTAC and the related Member Locality or appointing official or body are set forth below:

<b><u>Voting Members</u></b>	<b><u>Title</u></b>	<b><u>Source of Appointment</u></b>
Michael J. Hipple	HRTAC Chair	James City County
Linda T. Johnson	HRTAC Vice Chair	City of Suffolk
Kenneth C. Alexander	Member	City of Norfolk
Rex W. Alphin	Member	Isle of Wight County

John A. Cosgrove	Member	Virginia Senate
Paul Freiling	Member	City of Williamsburg
W. Eugene Hunt Jr.	Member	City of Poquoson
Chris Jones	Member	Virginia House of Delegates
Richard W. West	Member	City of Chesapeake
Barry T. Porter	Member	Southampton County
McKinley Price	Member	City of Newport News
Frank Rabil	Member	City of Franklin
John Rowe	Member	City of Portsmouth
William D. Sessoms Jr.	Member	City of Virginia Beach
Thomas G. Shepperd	Member	York County
Christopher P. Stolle	Member	Virginia House of Delegates
Donnie Tuck	Member	City of Hampton
David E. Yancey	Member	Virginia House of Delegates
Frank W. Wagner	Member	Virginia Senate

**Non-Voting Members:**

Charles Kilpatrick	Commissioner of Highways
Jennifer Mitchell	VDRPT
John F. Malbon	Commonwealth Transportation Board
John F. Reinhart	Virginia Port Authority

**HRTAC Staff**

***Kevin B. Page.*** [Biographical information to be provided]

***Nancy K. Collins.*** [Biographical information to be provided]

**HRTAC Annual Budget**

HRTAC's Fiscal Year 2018 administrative and operating expense budget totals \$2.27 million and is expected to be funded entirely from interest earnings from the HRTF. The largest expenditures in the budget are personnel and professional services costs. The Annual Budget does not include O&M because the Commission is not authorized to use any HRTF moneys for the operation or maintenance of transportation facilities or for the performance of any transportation service. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Flow of Funds," above.

## **HRTAC Financial Statements**

The audited financial statements of HRTAC for Fiscal Year 2017 are included in Appendix B. The Commission's independent auditor, \_\_\_\_\_, has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Official Statement.

## **Capital Expenditure Plans**

HRTAC is required to prepare and update a regional transportation plan for Planning District 23 that includes transportation improvements of regional significance and improvements necessary or incidental thereto. In each year, HRTAC adopts its Funding Plan to provide for the expenditure of funds over a four- to six-year period to align with the regional transportation plan as much as possible. The Funding Plan is intended to be a rolling six-year plan.

In carrying out these responsibilities, HRTAC sets transportation priorities on the basis of a regional consensus whenever possible. However, such priorities must be guided by performance-based criteria such as the ability to improve travel times, reduce delays, connect regional activity centers, improve safety, improve air quality, and move the most people in the most cost-effective manner.

HRTAC's current six-year Funding Plan (for Fiscal Years 2018 through 2023) and its 2040 Long Range Plan of Finance are included in Appendix C. The Funding Plan focuses on the projects to which HRTAC has already contributed funds on a Pay-Go basis, as well as HRTAC's anticipated contribution to the planned "mega-project" whereby VDOT would expand the Hampton Roads Bridge Tunnel which connects the cities of Hampton and Norfolk and was opened in 1960.

## **Debt Management Plan**

On September 21, 2017, HRTAC adopted a written debt management plan to govern the implementation of its debt program. The purpose of the plan is to support the furtherance of HRTAC's construction funding program while achieving the lowest cost of capital on its borrowings. The debt management plan sets forth the following goals:

- (a) Fully fund HRTAC's six-year Funding Plan, including Hampton Roads Bridge Tunnel expansion on the schedule anticipated by VDOT;
- (b) Issue Bonds as construction progresses, starting in calendar year 2018, including Bonds to reimburse Pay-Go expenditures so that Bond sales can be minimized in later years with larger expenditure requirements;
- (c) Focus on the Funding Plan through completion of the Hampton Roads Bridge Tunnel expansion while establishing and maintaining a structure suited for subsequent Bond issuances needed for the 2040 Long Range Plan of Finance; and
- (d) Explore the possibility of TIFIA funding through an HRTF backed Master Credit Agreement.

The HRTAC debt management plan does not establish minimum debt service coverage requirements.

## **BONDHOLDERS' RISKS**

### ***The Series 2018A Bonds are Limited Obligations***

The Series 2018A Bonds are not a debt of the Commonwealth or any political subdivision thereof (including any Member Locality) other than the Commission, and the Series 2018A Bonds do not constitute indebtedness within the meaning of any debt limitation or restriction. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions (including any Member Locality) is pledged to the payment of the Series 2018A Bonds.

### ***Risks of Non-Appropriation and Future Legislative Actions***

*The Availability of HRTF Revenues is Subject to Appropriation.* The General Assembly is responsible for setting the rates of the taxes and fees from which are derived the HRTF Revenues and appropriating such revenues to the HRTF. HRTAC makes no representation that the General Assembly will maintain the rates of the taxes and fees or continue to make transfers to the HRTF or appropriations of amounts to the HRTF. In addition, HRTAC makes no representation that the General Assembly will not repeal or materially modify the legislation creating the HRTF or imposing the taxes and fees. The General Assembly is not legally required to make the aforementioned transfers and appropriations or to refrain from repealing or modifying such legislation.

*Chapter 766 in General.* Chapter 766 is a broad-based transportation initiative that provides not only for the collection and application of HRTF Revenues, but also for generating certain other additional revenues to fund transportation purposes throughout the Commonwealth. Such additional revenues are not credited to the HRTF and do not secure the Bonds, but legislative considerations regarding priorities for the appropriation thereof could materially impact HRTAC's ability to continue receiving the HRTF Revenues.

*Chapter 766's "Sunset Provision."* Enactment Clause 14 of Chapter 766 provides in part that the provisions of Chapter 766 that generate additional revenue through state taxes or fees for transportation throughout the Commonwealth and in Planning District 23 shall expire on December 31 of any year in which the General Assembly appropriates or transfers any of such additional revenues for any non-transportation-related purpose. In other words, the appropriation of revenues generated pursuant to Chapter 766 for a purpose other than that permitted by Chapter 766, even if the particular revenue affected is not payable to the HRTF, could result in expiration of all revenue provisions of Chapter 766 if the General Assembly does not enact any savings clause or otherwise take action to override such sunset provision.

**No assurance can be given that the General Assembly will not activate Chapter 766's sunset provision in future appropriation acts, and no assurance can be given that, if such activation occurs, the General Assembly will enact a savings clause or otherwise take action to override it.**

### ***Economic Conditions Affecting the HRTF***

The availability of HRTF Revenues in the HRTF is dependent on a number of economic factors. The major contributor of such revenues consists of the special retail sales and use taxes described above, which may fluctuate based on economic variables, including, but not limited to, the condition of the economies of the Member Localities, the Commonwealth and the United States, economic growth or recessions, population growth, income and employment levels, levels of tourism, weather conditions, fuel prices, road conditions, and the availability of alternate modes of transportation. There can be no assurance that negative impacts attributable to certain of such factors affecting these revenues will not significantly affect the availability of revenues in the HRTF and the ability of HRTAC to make timely payments on the Bonds. See Appendix D.

### ***Impact of Federal Budget Restraints and Federal Tax Policy***

The Hampton Roads area has been directly affected by federal budget restraints and sequestration, given the large impact of the military and government contracts on the area economy. It is uncertain whether such budget restraints will be reduced or increased, or whether other industries will provide adequate economic growth to make up for any reduction in spending resulting from federal budget restraints. See "Economic Profile" in Appendix D.

Potential restraints under tax reform proposals, such as the proposed elimination of the federal deduction for state and local tax payments, or proposed limitations on the home mortgage interest deduction, could affect consumer behavior and policy priorities at the state and local level, having an effect on HRTF that cannot presently be quantified.

### ***Hurricanes, Flooding and Sea-Level Rise***

Planning District 23 is located in the Mid-Atlantic region of the east coast of the United States. The Mid-Atlantic region is an area that has in the past been periodically susceptible to damaging storms, storm surge, and

flooding. The risk of hurricanes, tropical storms or other major weather events affecting the Member Localities and interrupting commerce within the Hampton Roads region is a material risk that could negatively affect the revenues available through the HRTF to pay debt service on the Bonds. Further, storm and flooding-related risks are likely to intensify over time if scientific projections about climate change and sea-level rise are correct.

#### ***Reduced Fuel Prices and Fuel Usage May Reduce HRTF Revenues***

Improved automobile fuel economy and the increased adoption of electric and hybrid vehicles have had a material adverse effect on fuel tax revenues throughout the United States. In addition, reductions or fluctuations in fuel prices have a significant effect on the level of tax revenues that can be expected in any period from the wholesale motor vehicle fuel sales tax. Moreover, the wholesale motor vehicle fuels sales tax that is contributed to the HRTF is not subject to any price floor, leaving changes in the revenue stream entirely dependent on market fluctuations. Bills that would have imposed such a price floor have been introduced, but not adopted, in the [2015 and] 2016 sessions of the General Assembly.

#### ***Increased E-Commerce Activity May Reduce Retail Sales and Use Tax Revenues***

Internet sales of physical products by businesses located in the Commonwealth, and Internet sales of physical products delivered to the Commonwealth are generally subject to the special retail sales and use taxes imposed by Chapter 766. However, many of these transactions may avoid taxation either through error or deliberate non-reporting and this potentially reduces the amount of special retail sales and use tax revenues. As a result, additional incremental growth in retail sales on the Internet, along with the failure or inability to collect retail sales and use taxes on such Internet purchases, might result in reductions in HRTF Revenues.

#### ***General Assembly May Enact Exemptions to and Holidays from Additional Retail Sales and Use Tax***

The special sales and use taxes imposed by Chapter 766 apply to the same transactions and items subject to the general sales and use tax levied statewide by the Commonwealth, except for food purchased for human consumption. In the past, the General Assembly has made changes to the transactions and items subject to the general retail sales and use tax. For example, in 1990, the General Assembly enacted legislation to exempt from the general retail sales and use tax all nonprescription drugs and proprietary medicines purchased for the cure, mitigation, treatment, or prevention of disease in human beings. There can be no assurance that further exemptions will not be granted.

In addition, the General Assembly has established certain sales tax holidays. A “sales tax holiday” is a temporary period during which purchases of certain items are exempt from the sales and use taxes. Following legislation enacted by the 2007 session of the General Assembly, Virginia now has three annual sales tax holidays. During a seven-day period in May of each year, purchases of items designated by the Virginia Department of Taxation as hurricane preparedness equipment, including portable generators, are exempt from the Virginia sales tax. Portable generators must be priced at \$1,000 or less, and other eligible items must be priced at \$60 or less for each item. During a three-day period in August of each year, purchases of certain school supplies, clothing and footwear are exempt from the Virginia sales tax. Each eligible school supply item must be priced at \$20 or less, and each eligible article of clothing and footwear must be priced at \$100 or less. During a four-day period in October of each year, purchases of products meeting the Energy Star and WaterSense qualifications, such as certain energy-efficient appliances, are exempt from the Virginia sales tax. Eligible products must be priced at \$2,500 or less for each item, and be purchased for noncommercial home or personal use.

Each such exemption and holiday affects the application of the special sales and use tax that benefits the HRTF. In the future, the General Assembly could further change the transactions and items upon which either the general or additional tax is imposed or add or delete sales tax holidays. The sales and use tax revenues available to the HRTF could increase or decrease depending on the nature of the change.

### ***Increases in Retail Sales and Use Tax Rate May Cause Decline in HRTF Revenues***

Any increases in general retail sales and use tax rates may affect consumer spending decisions and as a result adversely impact sales transactions in the Member Localities and, thereby, reduce HRTF Revenues.

### ***No Right to Accelerate Debt Service***

The Indenture does not permit the Trustee or Owners, upon the occurrence of an Event of Default under the Indenture or for any other reason, to accelerate the maturity of any Bonds, including the Series 2018A Bonds, or the payment of principal of and interest due thereon. Owners will be able to collect principal and interest that become due after an Event of Default only from the HRTAC Revenues and any other property pledged under the Indenture and only when such principal and interest are scheduled to be paid.

### ***No Mortgage***

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any of the Projects or any portion thereof or any property within the Member Localities.

### ***Limitation on Remedies***

The remedies available to the Owners upon a default under the Indenture are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the “Federal Bankruptcy Code”). Although political subdivisions of the Commonwealth, including the Commission, are not specifically authorized to seek relief under the provisions of Chapter 9 of the Federal Bankruptcy Code, the various legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits generally, now or hereafter in effect; to usual equity principles which shall limit the specific enforcement under laws of the Commonwealth as to certain remedies; to the exercise by the United States of America of the powers delegated to it by the United States Constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the Commonwealth and its governmental bodies, in the interest of serving an important public purpose.

### ***Loss of Premium Upon Early Redemption***

Purchasers of Bonds at a price in excess of their principal amount should consider the fact that the Series 2018A Bonds are subject to redemption prior to maturity at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See “THE SERIES 2018A BONDS – Redemption Provisions.”

### ***No Redemption of Bonds in the Event of Taxability***

The Series 2018A Bonds are not subject to redemption prior to maturity upon the occurrence of an event which has the effect of rendering interest on the Series 2018A Bonds includable in the gross income of the owners of the Series 2018A Bonds for purposes of federal income taxation. No provision is made in the Indenture for any increase or other adjustment in the rate of interest payable on the Series 2018A Bonds in the event of such an occurrence.

### ***Market for the Series 2018A Bonds***

No assurance can be given that a secondary market for the Series 2018A Bonds will develop following the completion of the offering of the Series 2018A Bonds.

## CERTAIN LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2018A Bonds will be subject to the approving opinion of Kaufman & Canoles, P.C., Norfolk, Virginia, Bond Counsel, which will be furnished at the expense of the Commission upon delivery of the Series 2018A Bonds, in substantially the form set forth as Appendix E (the “Bond Opinion”). The Bond Opinion will be limited to matters relating to authorization and validity of the Series 2018A Bonds and to the tax status of interest thereon as described in the section “TAX MATTERS.” Bond Counsel has not been engaged to investigate the financial resources of the Commission or its ability to provide for payment of principal of, interest, or premium, if any, on the Series 2018A Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Bonds.

Certain legal matters will be passed upon for HRTAC by Willcox & Savage, P.C., Norfolk, Virginia, its general counsel, and Kaufman & Canoles, P.C., Norfolk, Virginia, as disclosure counsel, and for the Underwriters by their counsel, \_\_\_\_\_.

## TAX MATTERS

***Opinion of Bond Counsel.*** In the opinion of Bond Counsel, under current law, interest, including accrued original issue discount (“OID”), on the Series 2018A Bonds (a) is not included in gross income for Federal income tax purposes, and (b) is not an item of tax preference for purposes of the Federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations (as defined for Federal income tax purposes) subject to the alternative minimum income tax, interest on the Series 2018A Bonds is taken into account in determining adjusted current earnings for purposes of computing such tax. Interest on the Series 2018A Bonds is exempt from income taxation by the Commonwealth of Virginia. Except as discussed below regarding OID, no other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Series 2018A Bonds.

Bond Counsel’s opinion will be given in reliance upon certifications by representatives of the Commission as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and applicable regulations thereunder. Bond Counsel’s opinion is subject to the condition that there is compliance subsequent to the issuance of the Series 2018A Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for Federal income tax purposes. The Commission has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2018A Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2018A Bonds. Failure by the Commission to comply with such covenants, among other things, could cause interest on the Series 2018A Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue.

***Original Issue Premium.*** Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder’s basis in such Bonds must be reduced by the amount of premium which accrues while such Bonds is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Series 2018A Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

***Original Issue Discount.*** The initial public offering prices of each maturity of the Series 2018A Bonds maturing in the years \_\_\_\_\_ through \_\_\_\_\_ (the “OID Bonds”) will be less than their stated principal amount. In the opinion of Bond Counsel, under current law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of such Bonds is sold will constitute OID. The offering prices set forth on the inside cover of this Official Statement for the OID Bonds are expected to be the initial offering price to the public at which a substantial amount of each maturity of such Bonds are sold.

Under the Code, for purposes of determining the holder's adjusted basis in an OID Bond, OID treated as having accrued while the holder holds the Series 2018A Bonds will be added to the holder's basis. OID will accrue on a constant yield-to-maturity method. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of the OID Bonds should consult their own tax advisors with respect to the calculation of accrued OID and the state and local tax consequences of owning or disposing of OID Bonds.

**Other Tax Matters.** In addition to the matters addressed above, prospective purchasers of the Series 2018A Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2018A Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors as to the status of interest on the Series 2018A Bonds under the tax laws of any state other than Virginia.

The Internal Revenue Service (the "Service") has a program to audit state and local government obligations to determine, as applicable, whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Series 2018A Bonds, under current Service procedures, the Service will treat the Commission as the taxpayer and the owners of the Series 2018A Bonds will have only limited rights, if any, to participate.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law, but are not a guarantee of results or binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

**Future Events and Legislative and Regulatory Actions.** There are many events that could affect the value and liquidity or marketability of the Series 2018A Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2018A Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes. **For example, the tax reform bill that was passed in the House of Representatives on November 16, 2017 (the Tax Cuts and Jobs Act), would change both corporate and individual tax rates and eliminate the federal tax exemption for interest on private activity bonds and advance refunding bonds.** The Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2018A Bonds, regulatory interpretation of the Code or actions by a court involving either the Series 2018A Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2018A Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2018A Bonds. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such future events or legislative and regulatory actions, and purchasers of the Series 2018A Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

## **LITIGATION**

There is no litigation of any kind now pending or, to the best of its information, knowledge and belief, threatened against the Commission to restrain or enjoin the issuance or delivery of the Series 2018A Bonds or the collection and application of HRTAC Revenues under the Indenture, or in any manner contesting or affecting the validity of the Series 2018A Bonds, any proceeding of HRTAC taken with respect to their issuance, authentication or sale, or any appropriation of funds to pay debt service on the Series 2018A Bonds.

## **RATINGS**

Fitch Ratings, 33 Whitehall Street, New York, New York 10004, Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and S&P Global Ratings, 55 Water Street, New York, New York 10041, have given the Series 2018A Bonds the ratings of “\_\_\_\_,” “\_\_\_\_” and “\_\_\_\_,” respectively. The Commission requested that the Series 2018A Bonds be rated and furnished certain information to Fitch, Moody’s and Standard & Poor’s, including certain information that may not be included in this Official Statement.

Reference should be made to the individual rating agency for a more complete description of the meaning of the rating assigned by such rating agency. These ratings are not a recommendation to buy, sell or hold the Series 2018A Bonds. The ratings are subject to review and change or withdrawal at any time if, in the judgment of the respective rating agency, circumstances so warrant. There is no assurance that any such ratings will continue for any period of time or that any such rating will not be revised or withdrawn. A downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2018A Bonds.

## **FINANCIAL ADVISOR**

The Commission has retained PFM Financial Advisors LLC, Orlando, Florida, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Series 2018A Bonds. Although the Financial Advisor assisted in the review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor is a financial advisory, investment management and consulting organization and is not engaged in the business of underwriting municipal securities.

## **UNDERWRITING**

The Series 2018A Bonds are being purchased by the Underwriters pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”) between HRTAC and \_\_\_\_\_, as representative of the Underwriters. The Bond Purchase Agreement sets forth the obligation of the Underwriters to purchase the Series 2018A Bonds at an aggregate purchase price of \$\_\_\_\_\_ (representing the sum of the \$\_\_\_\_\_ par amount of the Series 2018A Bonds, plus net original issue premium of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_ on such Series 2018A Bonds) and is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2018A Bonds if any are purchased. The Underwriters may offer and sell the Series 2018A Bonds to certain dealers (including dealers depositing the Series 2018A Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. The public offering prices may be changed from time to time at the discretion of the Underwriters.

## **CONTINUING DISCLOSURE**

To assist the underwriters in complying with the provisions of Rule 15c2-12, as amended (the “Rule”), promulgated by the Securities and Exchange Commission, HRTAC will execute a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) at closing pursuant to which the Commission will agree to provide certain annual financial information and material event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System (“EMMA”) maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at [emma.mrsb.org](http://emma.mrsb.org). As described in Appendix F, the Disclosure Undertaking requires the Commission to provide only limited information at specific times, and the information provided may not

be all the information necessary to value the Series 2018A Bonds at any particular time. The Commission may from time to time disclose certain information and data in addition to that required by the Disclosure Undertaking. If the Commission chooses to provide any additional information, the Commission will have no obligation to continue to update such information or to include it in any future disclosure filing.

Failure by the Commission to comply with the Disclosure Undertaking is not an event of default under the Series 2018A Bonds or the Indenture. The sole remedy for a default under the Disclosure Undertaking is to bring an action for specific performance of the Commission's covenants thereunder, and no assurance can be provided as to the outcome of any such proceeding.

#### **APPROVAL OF PRELIMINARY OFFICIAL STATEMENT**

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not representations of fact. No representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Series 2018A Bonds.

The attached Appendices are an integral part of this Official Statement and must be read together with the balance of this Preliminary Official Statement.

The distribution of this Preliminary Official Statement has been duly authorized by the Commission. The Commission has deemed this Preliminary Official Statement final as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted by the Rule.

#### **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
Michael J. Hipple, Chair

## **APPENDIX A**

### **DEFINITIONS AND SUMMARIES OF THE INDENTURE AND SUPPLEMENT**

## **DEFINITIONS**

In addition to the terms previously defined in this Official Statement, the following words used in this Appendix A will have the following meanings unless a different meaning clearly appears from the context:

**“2018A Bonds”** means the Series of Senior Bonds authorized to be issued under the First Series Supplement.

**“Account”** means any account established in a Fund with respect to a Related Series of Bonds or otherwise pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**“Accrued Amount”** means with respect to Capital Appreciation Bonds of any Series, the amount set forth in the Related Series Supplement as the amount representing the initial public offering price plus the accrued and compounded interest on such Bonds as of any point in time.

**“Agency Obligations”** means senior debt obligations of U.S. government-sponsored agencies that are not backed by the full faith and credit of the U.S. government, including, but not limited to, Federal Home Loan Mortgage Corporation debt obligations, Farm Credit System consolidated system wide bonds and notes, Federal Home Loan Banks consolidated debt obligations, Federal National Mortgage Association debt obligations, Student Loan Marketing Association debt obligations, Resolution Funding Corporation debt obligations, and U.S. Agency for International Development guaranteed notes.

**“Amortization Requirement”** as applied to any Term Bonds of any maturity for any Bond Year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, the Related Series Supplement for the retirement of such Term Bonds by mandatory purchase or redemption on the Principal Payment Date or Dates established by such Related Series Supplement.

**“Annual Budget”** means the administrative and operating expense budget of HRTAC for any Fiscal Year as adopted by HRTAC in accordance with the HRTAC Act, as such budget may be amended from time to time throughout such Fiscal Year.

**“Bankruptcy Law”** means Title 11 of the United States Code, as it is amended from time to time and any successor to or replacement of such Title and any other applicable federal or state bankruptcy, insolvency or other similar law.

**“Bond”** or **“Bonds”** means any or all of the bonds that HRTAC may issue under the Virginia Code and pursuant to Article V of the Master Indenture, including any Senior Bonds or any Subordinate Obligations.

**“Bond Counsel”** means (i) Kaufman & Canoles, a Professional Corporation, or (ii) other counsel selected by HRTAC which is nationally recognized as experienced in matters relating to obligations issued or incurred by states and their political subdivisions.

**“Bond Credit Facility”** means a line of credit, letter of credit, standby bond purchase agreement, municipal bond insurance or similar credit enhancement or liquidity facility established to provide credit or liquidity support for all or any portion of a Series of Bonds as provided in the Related Series Supplement.

**“Bond Credit Provider”** means, as to all or any portion of a Series of Bonds, the Person providing a Bond Credit Facility, as designated in the Related Series Supplement in respect of such Series of Bonds.

**“Bond Year”** means each twelve month period beginning on each anniversary date of issuance of a Series of Bonds, or such other twelve-month period as may be selected by HRTAC and approved by Bond Counsel.

**“Business Day”** means any day on which commercial banking institutions generally are open for business in New York and the Commonwealth.

**“Capital Appreciation Bonds”** means a Series of Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in the Related Series Supplement and is payable upon redemption or on the maturity date of such Series of Bonds.

**“Commonwealth”** means the Commonwealth of Virginia.

**“Convertible Capital Appreciation Bonds”** means a Series of Capital Appreciation Bonds having a conversion date after which such Bonds become Current Interest Bonds.

**“Cost of Issuance Fund”** means the Cost of Issuance Fund established with respect to a Series of Bonds as provided in the Master Indenture.

**“Current Interest Bonds”** means a Series of Bonds the interest on which is payable currently on the Interest Payment Dates provided therefor in the Related Series Supplement.

**“Custodian”** means a bank or trust company that is (i) organized and existing under the laws of the United States or any of its states and (ii) selected by HRTAC and reasonably acceptable to the Trustee.

**“Debt Service Fund”** means a Senior Debt Service Fund and/or a Subordinate Debt Service Fund established with respect to any Series of Bonds issued under the Master Indenture.

**“Debt Service Reserve Fund”** means, as the context requires, a Senior Debt Service Reserve Fund and/or a Subordinate Debt Service Reserve Fund established with respect to any Series of Bonds issued under the Master Indenture.

**“Defeasance Obligations”** means noncallable (i) Agency Obligations, (ii) Government Obligations, (iii) Government Certificates, (iv) Defeased Municipal Obligations, and (v) Defeased Municipal Obligation Certificates.

**“Defeased Municipal Obligation Certificates”** means evidence of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a Custodian.

**“Defeased Municipal Obligations”** means obligations of the Commonwealth or any county, city, town, district, authority, agency, political subdivision or other public body of the Commonwealth that are rated in the highest rating category by any Rating Agency and provision for the payment of the principal of and redemption premium, if any, and interest on which has been made by the deposit with a trustee or escrow agent of Government Obligations or Government Certificates, the maturing principal of and interest on which, when due and payable, will along with any cash held by the trustee or escrow agent provide sufficient money to pay the principal of and redemption premium, if any, and interest on such obligations.

**“DSRF Credit Facility”** means a letter of credit, surety bond or similar credit enhancement facility acquired by HRTAC, from a financial institution with a long term credit rating in the second highest rating category by any Rating Agency or better, to substitute for cash or investments required to be held in a Debt Service Reserve Fund for any Series of Bonds pursuant to the Related Series Supplements.

**“DSRF Credit Provider”** means the financial institution providing a DSRF Credit Facility.

**“Escrow Fund”** means an escrow fund relating to a Series of Refunding Bonds that may be established pursuant to the Related Series Supplement and the Master Indenture.

**“Event of Default”** means any of the events enumerated in the subsection “Events of Default and Remedies Upon Default” below.

**“First Series Supplement”** means the First Supplemental Series Indenture of Trust dated as of February 1, 2018, with respect to the Series 2018A Bonds.

**“Fiscal Year”** means the twelve-month period commencing on July 1 of one year and ending on June 30 of the following year.

**“Fund”** means any fund established pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**“GAAP”** means generally accepted accounting principles, existing from time to time, as applicable to state and local governmental units.

**“General Fund”** means the General Fund established pursuant to the Master Indenture.

**“Government Certificates”** means certificates representing an ownership interest in United States Treasury bond principal at maturity or interest coupons for accrued periods, which bonds or coupons are held in the capacity of custodian by a Custodian that is independent of the seller of such certificates.

**“Government Obligations”** means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

**“HRTAC”** or **“Commission”** means the Hampton Roads Transportation Accountability Commission, a political subdivision of the Commonwealth.

**“HRTAC Act”** means Chapter 26, Title 33.2 of the Virginia Code, as the same may be amended from time to time, and any successor statutes.

**“HRTAC Representative”** means (i) the Chair or Vice Chair of HRTAC, and (ii) any other commissioner, officer or employee of HRTAC authorized by resolution of HRTAC to perform the act or sign the document in question.

**“HRTAC Revenues”** means, in any period, (i) all of the HRTF Revenues received by HRTAC during such period, and (ii) any and all other revenues available under the HRTAC Act that may be designated as HRTAC Revenues pursuant to a Supplemental Indenture, but shall not include Toll Revenues.

**“HRTF”** means the Hampton Roads Transportation Fund established pursuant to Section 33.2-2600 of the HRTAC Act.

**“HRTF Revenues”** means the revenues dedicated to the HRTF from the special sales and use tax revenues described in Section 58.1-638.H.2 of the Virginia Code and the wholesale motor vehicle fuels sales tax revenues described in Section 58.1-2295.A.2 of the Virginia Code, together with any other funds that may be hereafter appropriated to the HRTF.

**“Initial Resolution”** means the resolution numbered 2016-08 and entitled “Resolution Authorizing Hampton Roads Transportation Fund Revenue Bonds,” adopted by HRTAC on June 16, 2016, as supplemented by the resolution numbered 2017-\_\_ adopted by HRTAC on December 14, 2017.

**“Interest Payment Date”** means any [January 1] or [July 1], as the case may be; provided, however, that “Interest Payment Date” may mean, if so provided in a Series Supplement, such other date or dates provided therein or permitted thereby.

**“Interest Requirement”** for any Interest Payment Date, as applied to all of the Current Interest Bonds or a portion thereof, means the total of the interest regularly scheduled to become due on such Bonds on such Interest Payment Date. Interest expense shall be excluded from the definition of Interest Requirement to the extent that proceeds of any Bonds or other funds (including, without limitation, applicable Debt Service Funds and Debt Service Reserve Funds) are held by the Trustee, or are reasonably expected to be obtained from investment earnings thereon, to pay such interest. Unless HRTAC shall otherwise provide in a Supplemental Indenture, interest expense on Bond

Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of an Interest Requirement.

**“Majority Owners”** means the Owners of at least 51% of the aggregate principal amount of the Bonds Outstanding.

**“Master Indenture”** means the Master Indenture of Trust dated as of February 1, 2018, between HRTAC and the Trustee, as the same may be modified, altered, amended and supplemented in accordance with its terms by one or more Series Supplements and other Supplemental Indentures.

**“Member Localities”** means, collectively, each county and city located in Planning District 23, established pursuant to Chapter 42, Title 15.2, of the Virginia Code, currently consisting of 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, and any other localities that may hereafter be added to HRTAC by amendment to the Virginia Code.

**“Officer’s Certificate”** means a certificate signed by an HRTAC Representative and filed with the Trustee.

**“Operating Expenses”** means any expenditure made or to be made by HRTAC that is properly categorized as an “expense” under GAAP, including, without limitation, the administrative expenses of HRTAC, but shall include expenses related to the payment of debt service on any Bonds, capital expenditures for Projects, or expenses for the operational and maintenance of any Project.

**“Operating Fund”** means the Operating Fund established pursuant to the Master Indenture, in which there is established an Operating Account and an Operating Reserve Account.

**“Operating Reserve Requirement”** means an amount not to exceed 110% of the aggregate amount of Operating Expense provided for in the Annual Budget in effect as of the applicable measurement date.

**“Opinion”** or **“Opinion of Counsel”** means a written opinion of any attorney or firm of attorneys, who or which may be Bond Counsel or counsel for HRTAC or the Trustee.

**“Optional Tender Bonds”** means any Series of Bonds issued under the Master Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to HRTAC, or to the Trustee, any Paying Agent or other fiduciary for such Owners, or to an agent of any of the foregoing, all or a portion of such Bonds for payment or purchase.

**“Outstanding”** when used in reference to the Bonds and as of a particular date, means all Bonds issued, authenticated and delivered under the Master Indenture except:

(a) Any Bond canceled or required to be canceled by the Trustee at or before such date;

(b) Any Bond in lieu of or in substitution for which another Bond shall have been issued, authenticated and delivered under the Master Indenture;

(c) Any Bond deemed paid under Article XII of the Master Indenture except that any such Bond shall be considered Outstanding until its maturity or redemption date only for the purpose of actually being paid and for purposes of Articles III and IV and Section 6.1 (or the corresponding provisions of the Related Series Supplement, as the case may be); and

(d) Any Bond not deemed Outstanding under, but only to the extent provided for in, Section 15.2 of the Master Indenture.

**“Owner”** means the registered owner of any Bond.

**“Paying Agent”** means any national banking association, state bank, bank and trust company or trust company appointed by HRTAC to fulfill the duties of a “paying agent” for the Bonds or any portion thereof as commonly understood in the municipal bond market and meeting the qualifications of, and subject to the obligations of, the Trustee in the Master Indenture. Unless otherwise provided in a Supplemental Indenture, the Trustee shall be the Paying Agent.

**“Payment Date”** means a date that is an Interest Payment Date or a Principal Payment Date or both.

**“Person”** means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

**“Principal”** or **“principal”** means (i) with respect to a Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unpaid interest) except when used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default in which case “principal” means the initial public offering price of the Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) and (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

**“Principal and Interest Requirements”** for any Payment Date or for any period means the sum of the Principal Requirements and the Interest Requirements for such date or such period, respectively.

**“Principal Payment Date”** means any [July 1] upon which the principal amount of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of an Amortization Requirement or such other date or dates as may be provided by the Related Series Supplement.

**“Principal Requirement”** means for any Principal Payment Date, as applied to all Bonds or a portion thereof, the total of the principal regularly scheduled to become due on such Principal Payment Date. Principal payments shall be excluded from the definition of Principal Requirement to the extent that proceeds of any Bonds or other funds are held by the Trustee to pay such Principal.

**“Project”** means any transportation facility or project that HRTAC may finance or refinance pursuant to the Virginia Code.

**“Project Fund”** means the Project Fund to be established with respect to a Series of Bonds as provided in the Master Indenture.

**“Purchase Price”** means the purchase price established in any Series Supplement for Optional Tender Bonds as the purchase price to be paid for such Bonds upon an optional or mandatory tender of all or a portion of such Bonds.

**“Rating Agency”** means, with respect to any Bonds Outstanding, any nationally recognized credit rating agency if and for so long as such rating agency, at the request of HRTAC, maintains a rating on such Bonds.

**“Rating Confirmation”** means written evidence that no rating that has been requested by HRTAC and is then in effect from a Rating Agency with respect to a Series of Bonds will be withdrawn, reduced, or suspended solely as a result of an action to be taken hereunder.

**“Rebate Amount”** means the liability of HRTAC under Section 148 of the Tax Code (including any “yield reduction payments”) with respect to any Series of Bonds as may be calculated or specified (including with such reserves or error margin as HRTAC may deem appropriate) in accordance with the Related Series Supplement or the Related Tax Regulatory Agreement.

**“Rebate Fund”** means the Rebate Fund to be established with respect to a Series of Bonds as provided in the Master Indenture.

**“Refunding Bonds”** shall have the meaning set forth in the subsection “Issuance of Bonds” below.

**“Reimbursement Fund”** means the Reimbursement Fund Related to a Series of Bonds that may be established by the Related Series Supplement.

**“Reimbursement Obligations”** means any reimbursement or payment obligations of HRTAC for which moneys in the Reimbursement Fund are pledged or payable pursuant to the provisions of the Master Indenture or any Series Supplement.

**“Related”** means (i) when used with respect to any Fund, Account or Series of Bonds, the Fund, Account or Series of Bonds so authorized, designated and established by the Master Indenture and the Series Supplement authorizing a particular Series of Bonds, (ii) when used with respect to a Series Supplement, Tax Regulatory Agreement or other document contemplated hereunder, such document authorizing or related to a particular Series of Bonds, or Supplemental Indenture related thereto and (iii) when used with respect to a Bond Credit Facility, DSRF Credit Facility or Reimbursement Obligation, the Bond Credit Facility or DSRF Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith.

**“Reserve Determination Date”** means (i) the tenth day after each Interest Payment Date, or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date set forth in a Series Supplement or an Officer’s Certificate for the valuation of a Debt Service Reserve Fund.

**“Reserve Requirement”** means, as the context requires, the Senior Debt Service Reserve Requirement and/or the Subordinate Debt Service Reserve Requirement.

**“Revenue Fund”** means the Revenue Fund established pursuant to the Master Indenture.

**“Senior Bonds”** means any Bonds issued under the Master Indenture with seniority of payment and security to the Subordinate Obligations.

**“Senior Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Senior Bonds pursuant to the Master Indenture.

**“Senior Debt Service Reserve Fund”** means a Senior Debt Service Reserve Fund established with respect to one or more Series of Senior Bonds pursuant to the Master Indenture.

**“Senior Debt Service Reserve Requirement”** shall mean an amount, required to be maintained in a Senior Debt Service Reserve Fund established for any Series of Senior Bonds, which shall be equal to [50% of] the least of (a) the maximum Principal and Interest Requirements on such Senior Bonds in the then-current or any future Fiscal Year, (b) 10% of the original stated principal amount of such Bonds (or 10% of the issue price of such Bonds if required by the Code), or (c) 125% of the average annual Principal and Interest Requirements on such Bonds in the then-current or any future Fiscal Year; provided, however, if any Senior Debt Service Reserve Fund held collectively with respect to multiple Series of Senior Bonds shall be in an amount greater than the amount derived by measuring (a), (b) and (c) separately for each Outstanding Series of Senior Bonds, then such lesser derived amount shall be the Senior Debt Service Reserve Requirement.

**“Serial Bonds”** means the Bonds of a Series that are stated to mature in semiannual or annual installments as designated in the Related Series Supplement.

**“Series”** means all of the Bonds of a particular series issued, authenticated and delivered pursuant to the Master Indenture and the Related Series Supplement and identified as such pursuant to such Series Supplement, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master Indenture and such Series Supplement, regardless of variations in priority of payment, lien status, maturity, interest rate, sinking fund installments or other provisions.

**“Series Supplement”** means a Supplemental Indenture providing for the issuance of a Series of Bonds, as such Series Supplement may be modified, altered, amended and supplemented by a Supplemental Indenture in accordance with the provisions of the Master Indenture.

**“Subordinate Debt Service Fund”** means a Debt Service Fund established with respect to a Series of Subordinate Obligations pursuant to the Master Indenture.

**“Subordinate Debt Service Reserve Fund”** means a Subordinate Debt Service Reserve Fund established with respect to one or more Series of Subordinate Obligations pursuant to the Master Indenture.

**“Subordinate Debt Service Reserve Requirement”** shall mean an amount, required to be maintained in a Subordinate Debt Service Reserve Fund established for any Series of Subordinate Obligations, which shall be equal to the least of (a) the maximum Principal and Interest Requirements on such Subordinate Obligations in the then-current or any future Fiscal Year, (b) 10% of the original stated principal amount of such Subordinate Obligations (or 10% of the issue price of such Subordinate Obligations if required by the Code), or (c) 125% of the average annual Principal and Interest Requirements on such Subordinate Obligations in the then-current or any future Fiscal Year; provided, however, if any Subordinate Debt Service Reserve Fund held collectively with respect to multiple Series of Subordinate Obligations shall be in an amount greater than the amount derived by measuring (a), (b) and (c) separately for each Outstanding Series of Subordinate Obligations, then such lesser derived amount shall be the Subordinate Debt Service Reserve Requirement.

**“Subordinate Obligations”** means any Bonds that are made specifically subordinate as to payment and security to the Senior Bonds.

**“Supplemental Indenture”** means any indenture supplementary to or amendatory of the Master Indenture or any Supplemental Indenture or Series Supplement now or hereafter duly executed and delivered in accordance with the provisions of the Master Indenture, including a Series Supplement.

**“Tax Code”** means the Internal Revenue Code of 1986, as amended, as in effect upon the issuance of and thereafter applicable to any Series of Bonds and the regulations of the U.S. Department of the Treasury promulgated thereunder as in effect upon the issuance of and thereafter applicable to any Series of Bonds.

**“Tax Regulatory Agreement”** means, with respect to any Series of Bonds, the Tax Certificate and Regulatory Agreement, dated the date of the issuance of such Series of Bonds, entered into by HRTAC for the benefit of the Owners of the Bonds of such Series, as the same may be modified, altered, amended or supplemented pursuant to its terms.

**“Term Bonds”** means all or some of the Bonds of a Series, other than Serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Related Series Supplement.

**“Toll Revenues”** means revenues received from tolls established by HRTAC for the use of any new or improved highway, bridge, or tunnel located in one or more of the Member Localities.

**“Trustee”** means [\_\_\_\_\_], and its successors serving in the same capacity under the Master Indenture.

**“Variable Rate Bonds”** means any Series of Bonds the interest rate on which is not established, at the time such Bonds are issued, at a single numerical rate for the entire term of such Bonds.

**“Verification Agent”** means (i) a firm of nationally-recognized independent certified public accountants or (ii) any other qualified firm acceptable to HRTAC and the Trustee.

**“Virginia Code”** means the Code of Virginia of 1950, as amended.

## SUMMARY OF THE INDENTURE

The following, in addition to the information presented in the sections “DESCRIPTION OF THE SERIES 2018A BONDS” and “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS,” summarizes certain provisions of the Master Indenture. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Indenture and any additional supplemental agreements in their entireties, copies of which may be obtained at the office of HRTAC.

### **Establishment of Trust**

**Security for Bonds.** In order to provide for the payment of the principal of and the premium, if any, and interest on the Bonds issued under the Master Indenture, and to secure the performance of all of the obligations of HRTAC with respect to the Bonds, the Master Indenture and the Series Supplements, subject to the terms thereof, HRTAC pledges and grants to the Trustee:

(a) All of the HRTAC Revenues; and

(b) All other property of any kind mortgaged, pledged or hypothecated to provide for the payment of or to secure the Bonds by HRTAC or by anyone on its behalf and with its written consent at any time as and for additional security under the Master Indenture and the Series Supplements in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of the Master Indenture and the Series Supplements.

In order to provide for the payment of the principal of and the premium, if any, and interest on each Series of Bonds issued hereunder, and to secure the performance of all of the obligations of HRTAC with respect to such Series, the Master Indenture, and the Related Series Supplement, subject to the terms thereof, HRTAC pledges and grants to the Trustee with respect to such Series (and to such Series only) the money and investments held in the Related Project Fund (if any), Related Debt Service Fund, and Related Debt Service Reserve Fund (if any).

**Bond Credit Facility.** Any Bond Credit Facility that is given to secure some, but not all, of the Bonds, together with money drawn or paid under it, will be held by the Trustee solely as security for such Bonds of the Series to which such Bond Credit Facility is Related. Neither such Bond Credit Facility nor any money drawn or paid under it will secure the payment of any other Series of the Bonds. The status of the Bond Credit Facility as a Senior Bond or a Subordinate Obligation or otherwise will be provided for in the Related Series Supplement.

### **Issuance of Bonds**

**In General.** HRTAC may issue Bonds, subject to the terms and conditions contained in the Master Indenture, for any purpose permitted to be financed from the proceeds of Bonds under the HRTAC Act or other law, including without limitation the construction and acquisition of any Project and the refunding of any Bonds previously issued and Outstanding. Such Bonds may be issued in any form permitted by law, including, but not limited to, Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Optional Tender Bonds, Serial Bonds or Term Bonds or any combination thereof.

HRTAC shall not issue or incur any Bonds that will be secured by a pledge of revenues, money or property pledged by the Master Indenture to the payment of any Series of Bonds, except for Senior Bonds and Subordinate Obligations.

Subject to the restrictions described in the previous paragraph, HRTAC reserves the right in its sole discretion and without the consent of the Trustee or any Owner of any Bond to issue from time to time Bonds for any lawful purpose authorized by the HRTAC Act.

**Parity of Bonds.** The Master Indenture constitutes a continuing irrevocable pledge of the HRTAC Revenues and other revenues, money and property of HRTAC pledged as described in the subsection “Establishment of Trust” above to secure payment of the principal of and premium, if any, and interest on all Bonds which may, from time to

time, be executed, authenticated and delivered under the Master Indenture. Except as otherwise described herein, all Bonds shall in all respects be equally and ratably secured under the Master Indenture without preference, priority or distinction on account of the time of their authentication, delivery or maturity, so that all such Bonds at any time outstanding under the Master Indenture will have the same right, lien and preference under the Master Indenture with respect to the pledge described in the subsection "Establishment of Trust" above with like effect as if they had all been executed, authenticated and delivered simultaneously. Nothing in the Master Indenture will be construed, however, as (i) requiring that any Bonds bear interest at the same rate or in the same manner as any other Bonds, have the same or an earlier or later maturity, have the same Principal or Interest Payment Dates as other Bonds, be subject to mandatory or optional redemption before maturity on the same basis as any other Bonds, or precluding the creation of separate reserve funds or obtaining separate surety bonds, insurance policies or other Credit Facilities for any Series of Bonds or portions thereof, (ii) prohibiting HRTAC from entering into financial arrangements, including any Bond Credit Facility or DSRF Credit Facility, designed to assure that funds will be available for the payment of certain Bonds at their maturity or tender for purchase, or (iii) prohibiting HRTAC from pledging funds or assets of HRTAC other than those pledged under the Master Indenture or any Supplemental Indenture for the benefit of any Bonds. Subordinate Obligations shall in all respects be junior and subordinate to the Senior Bonds.

Conditions to the Issuance of Additional Series of Bonds. Before the issuance and authentication of any Series of Bonds by the Trustee, HRTAC shall deliver or cause to be delivered to the Trustee:

(a) In the case of the initial Series of Bonds issued under the Master Indenture only:

(1) An original executed counterpart of the Master Indenture;

(2) A certified copy of the Initial Resolution, which authorized the execution and delivery of the Master Indenture; and

(3) An Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, to the effect that the Master Indenture has been duly authorized, executed and delivered by HRTAC;

(b) An original executed counterpart of the Related Series Supplement which may include provisions (i) authorizing the issuance, fixing the principal amount and setting forth the details of the Bonds of the Series then to be issued, the interest rate or rates and the manner in which the Bonds are to bear interest, the Principal and Interest Payment Dates of the Bonds, the purposes for which the Bonds are being issued, the date and the manner of numbering the Bonds, the series designation, the denominations, the maturity dates and amounts, the Amortization Requirements or the manner for determining such Amortization Requirements, and any other provisions for redemption before maturity; (ii) for Bond Credit Facilities for the Series and for the Funds to be established with respect to the Series of Bonds as required or authorized under the Master Indenture; (iii) for the application of the proceeds of the Bonds of the Series; (iv) any term or condition necessary or expedient for the issuance of Bonds constituting Variable Rate Bonds or Optional Tender Bonds, including without limitation, tender and remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and changing interest rate modes; (v) for the amount, if any, to be deposited into the Related Debt Service Reserve Fund to cause the amount held therein to equal the applicable Reserve Requirement; and (vi) for such other matters as HRTAC may deem appropriate;

(c) A certified copy of each resolution adopted by HRTAC authorizing the execution and delivery of the Related Series Supplement, any Related Bond Credit Facility and any Related Reimbursement Obligation and the issuance, sale, execution and delivery of the Series of Bonds then to be issued;

(e) Original executed counterparts of the Related Tax Regulatory Agreement, any Related Bond Credit Facility and any Related Reimbursement Obligation;

(f) /Except for the initial Series of Bonds to be issued under the Master Indenture and for any Series of Refunding Bonds, an Officer's Certificate to the effect (i) in connection with the issuance of Senior Bonds, that during any twelve consecutive months of the eighteen months preceding the issuance of the Series of Senior Bonds to be issued, the HRTAC Revenues were not less than [2.00] times the maximum annual Principal and Interest Requirements during the current or any future Fiscal Year on the Senior Bonds Outstanding plus the Series of Bonds

to be issued, and (ii) in connection with the issuance of Subordinate Obligations, that (A) the minimum coverage ratio identified in clause (i) of this paragraph was in effect during any twelve consecutive months of the preceding eighteen months with respect to the Senior Bonds Outstanding, and (B) during any twelve consecutive months of the eighteen months preceding the issuance of the Subordinate Obligations to be issued, the HRTAC Revenues were not less than [1.35] times the annual Principal and Interest Requirements during the current or any future Fiscal Year on the Subordinate Obligations Outstanding plus the Series of Subordinate Obligations to be issued.]

(g) If the Bonds of the Series then to be issued are to be issued to refund Bonds issued and outstanding under the Master Indenture (“Refunding Bonds”) evidence satisfactory to the Trustee that HRTAC has made provision for the payment or redemption of all of the Bonds to be refunded as required by the Master Indenture and the Related Series Supplement and for the payment of the estimated expenses of HRTAC and the Trustee incident to the refunding, including, if applicable, the fees of the Verification Agent and the escrow agent for the Related Escrow Fund;

(h) An opinion of Bond Counsel to the effect that (i) the Bonds of the Series then to be issued have been duly authorized, (ii) all conditions precedent to the issuance of such Bonds have been fulfilled, (iii) the Related Series Supplement has been duly authorized, executed and delivered by HRTAC and complies in all respects with the requirements of the Master Indenture and (iv) Bonds are valid and legally binding limited obligations of HRTAC and are secured by the Master Indenture and the Related Series Supplement to the extent provided herein and therein;

(i) An Officer’s Certificate, dated the date of delivery of the Bonds of the Series then to be issued, to the effect that to the best of the knowledge of the signatory, upon and immediately following such delivery, no Event of Default under the Master Indenture or any Series Supplement with respect to any Series of Bonds Outstanding will have occurred and be continuing;

(j) A written order and authorization to the Trustee on behalf of HRTAC, signed by an HRTAC Representative, to authenticate and deliver the Bonds of the Series then to be issued to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of such Series of Bonds; and

(k) Any additional document or instrument specified in the Related Series Supplement.

**Subordinate Obligations.** Nothing in the Master Indenture shall prohibit or prevent HRTAC from authorizing and issuing Subordinate Obligations for any lawful purpose payable from HRTAC Revenues subject and subordinate to the payment of any Senior Bonds and to the deposits required to be made from HRTAC Revenues to the Senior Debt Service Funds, the Debt Service Reserve Funds and the Rebate Funds or any other Fund or Account established to secure any Senior Bonds, or from securing any Subordinate Obligations and their payment by a lien and pledge of HRTAC Revenues junior and inferior to the lien on and pledge thereof for the payment and security of the Senior Bonds.

**Modification of Certain Definitions.** In the case of the following described types of Bonds, the definition of the term “Principal and Interest Requirements” for the purposes of preparing and delivering the Officer’s Certificate regarding the coverage of HRTAC Revenues described above shall be modified as follows:

**Optional Tender Bonds.** If any of the Outstanding Bonds or additional Bonds of the Series then to be issued constitute Optional Tender Bonds, then the options of the Owners of such Bonds to tender the same for payment prior to their stated maturity or maturities shall be disregarded, (ii) if such Bonds also constitute Variable Rate Bonds, HRTAC shall also make the adjustments described in the next paragraph, and (iii) any obligation HRTAC may have, other than its obligation on such additional Bonds(which need not be uniform as to all Owners thereof), to reimburse any Person for its having extended a Bond Credit Facility shall be disregarded.

**Variable Rate Bonds.** If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Variable Rate Bonds, then the interest rate used in the above-described

computations shall be the greater of (i) the interest rate on any additional Bonds issued as Variable Rate Bonds for the first period of calculation of such interest and (ii) the weighted average interest rate at which HRTAC could reasonably expect to have borrowed on the date of issuance of such Bonds by issuing such Bonds with a fixed rate or rates of interest. HRTAC's reasonable expectation shall be established by an Officer's Certificate and a letter of a knowledgeable professional, which may be HRTAC's financial advisor, confirming the interest rate expectation as reasonable.

The conversion of Bonds constituting Variable Rate Bonds to bear interest at fixed rate or rates or vice-versa, in accordance with their terms, shall not constitute a new issuance of Bonds under the Master Indenture.

### **Establishment of Funds and Accounts**

Permanent Funds. The Funds listed below have been established under the Master Indenture with respect to all of the Outstanding Bonds issued under or in accordance with the Master Indenture and HRTAC's operations, and HRTAC will hold each such Fund without commingling the monies held therein.

(a) Revenue Fund;

(b) Operating Fund, in which there is established an Operating Account and an Operating Reserve Account; and

(c) General Fund.

Series-Specific Funds. The Funds listed below will be established with respect to each separate Series of Bonds in the Related Series Supplement, and the Trustee shall hold such Funds without commingling the monies held therein, except that (i) HRTAC has the option not to establish a Debt Service Reserve Fund for a Series of Bonds, (ii) HRTAC has the option to establish a Debt Service Reserve fund securing multiple Series of Bonds on a parity basis, and (iii) HRTAC shall hold each Cost of Issuance Fund.

(a) Cost of Issuance Fund;

(b) Project Fund and/or Escrow Fund, as appropriate;

(c) Debt Service Fund;

(d) Debt Service Reserve Fund; and

(e) Rebate Fund.

The Master Indenture requires a Subordinate Debt Service Fund to be established with respect to each Subordinate Obligation or Series thereof issued by HRTAC, and the Trustee shall hold each such Fund without commingling the monies held therein, and a Subordinate Debt Service Reserve Fund may be established by HRTAC and the Trustee with respect to any Subordinate Obligation or Series thereof.

HRTAC may direct that a Debt Service Fund and/or Debt Service Reserve Fund established for a Series of Bonds will also provide for the payment of and/or secure any Refunding Bonds issued to refund such Series of Bonds in whole or in part.

Certain Special Funds. The Master Indenture permits HRTAC to establish with the Trustee or an escrow agent satisfactory to the Trustee in connection with the issuance of any Series of Refunding Bonds, an Escrow Fund to provide for the application and investment of the portion of the proceeds of such Series to be used to refund the refunded Bonds. Such Escrow Fund shall be established under or in accordance with the Related Series Supplement.

HRTAC may establish with the Trustee in connection with the incurrence of any Reimbursement Obligation, a Reimbursement Fund. Amounts held for the credit of any Reimbursement Fund shall be paid out by the Trustee as

necessary to enable HRTAC to meet its obligations constituting Reimbursement Obligations. HRTAC may direct that amounts held for the credit of a Reimbursement Fund will be pledged to the payment of any Related Reimbursement Obligation incurred by HRTAC.

### **Revenue Fund and Flow of Funds**

Revenue Fund. HRTAC will hold the Revenue Fund as a separate Fund. The Revenue Fund itself is not pledged to secure any of the Bonds or the Subordinate Obligations. HRTAC will deposit into the Revenue Fund all HRTAC Revenues, including any HRTF Revenues transferred from the HRTF, immediately upon receipt.

At least once each month, not later than the last Business Day of each month, HRTAC shall make transfers from the Revenue Fund in the amounts and in the order of priority set forth below:

**FIRST:** To each Senior Debt Service Fund ratably, the amount, if any, required under the Related Series Supplement so that the balance therein on the next Payment Date shall equal the amount of principal, if any, and interest due on the next Payment Date on the Related Series of Bonds; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Senior Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

**SECOND:** To each Senior Debt Service Reserve Fund, ratably, the amount, if any, required so that the balance in each such Fund shall be equal to the respective Senior Debt Service Reserve Requirement (which shall include the reimbursement of any DSRF Credit Provider for any drawings on a DSRF Credit Facility and the payment of any interest, penalties or fees assessed by the DSRF Credit Provider);

**THIRD:** To each Subordinate Debt Service Fund, ratably, the amount, if any, required so that the balance in each such Fund shall equal the amount of principal, if any, and interest due on the Related Subordinate Obligations on the next ensuing payment date; provided that HRTAC shall receive a credit against such transfer for the amount, if any, held in a Subordinate Debt Service Fund as capitalized interest or otherwise, together with the investment earnings thereon;

**FOURTH:** To each Subordinate Debt Service Reserve Fund, ratably, the amount, if any, so that the balance in such Fund shall be equal to the respective Subordinate Debt Service Reserve Requirement (which shall include the reimbursement of any DSRF Credit Provider for any drawings on a DSRF Credit Facility and the payment of any interest, penalties or fees assessed by the DSRF Credit Provider);

**FIFTH:** To each Rebate Fund the amounts necessary to provide for the payment of any Rebate Amounts with respect to the Related Series of Bonds as confirmed in an Officer's Certificate;

**SIXTH:** To the Operating Account of the Operating Fund, the amount of funds necessary to pay Operating Expenses during such period in accordance with the Annual Budget;

**SEVENTH:** To the Operating Reserve Account of the Operating Fund, the amount, if any, so that the balance in such Account shall be equal to the Operating Reserve Requirement; and

**EIGHTH:** To the General Fund, the balance remaining in the Revenue Fund.

In the case of Bonds of a Series secured by a Bond Credit Facility, amounts on deposit in the Revenue Fund may be transferred to the Debt Service Fund or as the case may be, the Related Reimbursement Fund or elsewhere as provided in the Related Series Supplement to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such Bonds.

Operating Fund. HRTAC will hold the Operating Fund and the Accounts therein, as a separate Fund for the purpose of paying Operating Expenses. Neither the Operating Fund nor any amount therein is pledged to secure the

Bonds or the Subordinate Obligations. HRTAC shall pay Operating Expenses from the Operating Account as they become due and in accordance with the purposes and amounts provided in the Annual Budget. If at any time there is a deficiency in the Operating Account, HRTAC shall transfer funds from the Operating Reserve Account to cover such deficiency. In determining the balance on deposit in the Operating Account for any purpose of the Master Indenture, there shall be deducted the amount of any pending payments or transfers from the Operating Account. HRTAC may cause amounts in the Operating Fund in excess of those required by the Annual Budget to be transferred to the General Fund.

Senior Debt Service Funds. The Trustee shall promptly deposit the following amounts in each Senior Debt Service Fund:

- (a) The amount, if any, of the proceeds of the Related Series of Bonds required by the Related Series Supplement to be deposited in the Senior Debt Service Fund with respect to accrued and/or capitalized interest;
- (b) All amounts received from the Revenue Fund as described above;
- (c) Any amounts required to be transferred to the Senior Debt Service Fund from the Senior Debt Service Reserve Fund as provided under the Master Indenture; and
- (d) Any other amounts required to be paid to the Senior Debt Service Fund or otherwise made available for deposit therein by HRTAC, including amounts made available pursuant to the Related Series Supplement.

The Trustee shall pay out of each Debt Service Fund ratably to the Trustee or, if applicable, the Paying Agent for the Related Series of Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Bonds then due, (ii) on any redemption date, the amount required for the payment of accrued interest on such Bonds to be redeemed, unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Trustee or the Paying Agent, as applicable, to such payment, and (iii) the accrued interest included in the Purchase Price of any such Bonds of the Related Series purchased for retirement pursuant to the Master Indenture.

The Trustee shall pay out of each Debt Service Fund for the Related Series of Bonds on each Principal Payment Date and redemption date for such Bonds, the amounts then required for the payment of such principal or redemption price, and such amounts shall be applied by the Trustee to such payments either itself or through the Paying Agent for such Bonds.

Whenever the amounts in a Debt Service Fund is sufficient to redeem all of the Outstanding Bonds of the Related Series and to pay interest accrued to the redemption date, the Commission will cause the Trustee to redeem all such Related Bonds on the applicable redemption date specified by the Commission. Any amounts remaining in the Related Debt Service Fund after payment in full of the principal or redemption price and interest on the Related Bonds (or provision for payment thereof) and the fees, charges and expenses related to such transaction, shall be transferred to the Revenue Fund.

Debt Service Reserve Funds. Except as specifically described below, the amount in each Debt Service Reserve Fund shall be used solely to cure deficiencies in the amount on deposit in the Related Debt Service Fund and only with respect to the Related Series of Bonds. If there are insufficient funds in the Related Bond Service Fund to pay the principal of and interest on a particular Series of Bonds when due, then the Trustee shall transfer the amount of deficiency from the amount, if any, on deposit in the Related Debt Service Reserve Fund to such Debt Service Fund.

Any interest earned from the investment of money in a Debt Service Reserve Fund shall be transferred upon receipt to the Revenue Fund and/or to the Related Rebate Fund to pay any Rebate Amounts in accordance with the Series Supplements and Tax Regulatory Agreements (as confirmed in an Officer's Certificate) to the extent that such transfer will not cause the balance in the Debt Service Reserve Fund to be less than its Reserve Requirement.

On each Reserve Determination Date, the Trustee shall determine if the balance in each of the Debt Service Reserve Funds is at least equal to the Reserve Requirement for the Related Series of Bonds. In making each such determination, investments in each Debt Service Reserve Fund shall be valued as described in the subsection "Permitted Investments and Valuation of Funds" below or as otherwise provided in the Related Series Supplement. If on any Reserve Determination Date the amount in any Debt Service Reserve Fund is less than its Reserve Requirement, the Trustee shall immediately notify HRTAC of such fact and the amount of the deficiency.

In lieu of maintaining and depositing money or securities in a Debt Service Reserve Fund, HRTAC may deposit with the Trustee a DSRF Credit Facility in an amount equal to all or a portion of the applicable Reserve Requirement. Any DSRF Credit Facility will permit the Trustee to draw or obtain under it for deposit in the Debt Service Reserve Fund amounts that, when combined with the other amounts in such Fund, are not less than the applicable Reserve Requirement.

The Trustee will make a drawing on or otherwise obtain funds under any DSRF Credit Facility before its expiration or termination (i) whenever money is required for the purposes for which Debt Service Reserve Fund money may be applied and (ii) unless such DSRF Credit Facility has been extended or a qualified replacement for it delivered to the Trustee, in the event HRTAC has not deposited immediately available funds equal to the applicable Reserve Requirement at least two Business Days preceding the expiration or termination of such DSRF Credit Facility.

If HRTAC provides the Trustee with a DSRF Credit Facility as provided above, the Trustee will transfer the corresponding amount of funds then on deposit in the applicable Debt Service Reserve Fund to HRTAC, provided HRTAC delivers to the Trustee (i) an Opinion of Bond Counsel that such transfer of funds will not adversely affect the excludability from gross income for purposes of federal income taxation of interest on any Bonds the interest on which was excludable on the date of their issuance and (ii) HRTAC covenants to comply with any directions or restrictions contained in such opinion concerning the use of such funds.

Subordinate Debt Service Funds. The Trustee shall promptly deposit the following amounts in each Subordinate Debt Service Fund:

- (a) The amount, if any, of the proceeds of the Related Series of Bonds required by the Related Series Supplement to be deposited in the Subordinate Debt Service Fund with respect to accrued and/or capitalized interest;
- (b) All amounts required to be transferred to the Subordinate Debt Service Fund from the Revenue Fund as described above;
- (c) Any other amounts required to be paid to the Subordinate Debt Service Fund or otherwise made available for deposit therein by HRTAC

The Trustee shall pay out of each Subordinate Debt Service Fund (i) on each interest payment date, the amount required for the payment of interest on the Related Subordinate Obligations then due and (ii) on any redemption date, the amount required for the payment of accrued interest on the Related Subordinate Obligations to be redeemed, unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied to such payment. The Trustee shall also pay out of the Subordinate Debt Service Fund the accrued interest included in the Purchase Price of any Subordinate Obligations purchased for retirement pursuant to the Master Indenture.

The Trustee shall pay out of each Subordinate Debt Service Fund on each principal payment date and redemption date for the Related Subordinate Obligations, the amounts then required for the payment of such principal or redemption price, and such amounts shall be applied to such payments.

To the extent there is a deficiency in the Subordinate Debt Service Fund on any payment date with respect to Related Subordinate Obligations, the Trustee shall transfer the amount of such deficiency from the amount, if any, on deposit in the Related Subordinate Debt Service Reserve Fund, if any. The Trustee promptly shall notify HRTAC of any such transfer.

General Fund. HRTAC will hold the General Fund and, except as otherwise provided below, neither such Fund nor any moneys or investments therein shall be pledged to secure the Bonds or the Subordinate Obligations.

HRTAC shall apply the balance in the General Fund, first to cure any deficiency in the amount required to be on deposit in any Senior Debt Service Fund, any Senior Debt Service Reserve Fund, any Rebate Fund, any Subordinate Debt Service Fund or any Subordinate Debt Service Reserve Fund, in that order; and then to any lawful purpose approved by resolution of HRTAC, including without limitation, expenditures for capital improvements with respect to any Project or payment of any Operating Expenses.

### **Operation of Certain Series-Specific Funds**

Cost of Issuance Funds. There shall be deposited in each Cost of Issuance Fund the portion of the proceeds of the Related Series of Bonds and such other amounts as may be specified in the Related Series Supplement. HRTAC will use the amounts in each Cost of Issuance Fund to pay costs of issuance incurred in connection with the issuance of the Related Series of Bonds.

Project Funds. There will be deposited into each Project Fund such portion of the proceeds of the Related Series of Bonds and other amounts as may be specified in the Related Series Supplement. HRTAC shall use the amounts in each Project Fund to finance or refinance the Projects in accordance with the requirements of the Related Series Supplement and Tax Regulatory Agreement.

Rebate Funds. HRTAC will deposit in each Rebate Fund amounts to be used to pay Rebate Amounts with respect to the Related Series of Bonds. HRTAC shall use the balance in a Rebate Fund to pay the Rebate Amounts and any other obligations under Section 148 of the Tax Code in connection with the Related Series of Bonds.

### **Permitted Investments and Valuation of Funds**

Permitted Investments. Subject to the provisions of any Supplemental Indenture, any amounts held in any Fund or Account established by the Master Indenture or any Supplemental Indenture be separately invested and reinvested by the Trustee, at the request of and as directed in writing by a HRTAC Representative, in any investments which are at the time legal investments for public funds of the type to be invested under Virginia law, including without limitation the Investment of Public Funds Act, Chapter 45, Title 2.2, Code of Virginia of 1950; as amended, or any successor provision of law. Notwithstanding anything to the contrary described herein, HRTAC may invest the amounts on deposit in the General Fund to the same extent as provided in Section 33.1-23.03:5 of the Virginia Code for excess funds in the Transportation Trust Fund.

Subject to the provision of any Supplemental Indenture, Investments shall be held by or under the control of the Trustee or HRTAC, as the case may be, and while so held shall be deemed a part of the Fund or Account in which the amounts were originally held. The Trustee and HRTAC shall sell and reduce to cash a sufficient amount of investments whenever the case balance in any Fund or Account is insufficient for its purposes.

Valuation of Investments. Unless otherwise provided in a Supplemental Indenture, HRTAC or the Trustee shall value the investments in each Fund and Account established under the Master Indenture or any Supplemental Indenture and held by it or at its direction as of the last Business Day of each month; provided that, notwithstanding the foregoing, a Debt Service Reserve Fund shall be valued only on Reserve Determination Dates.

Unless otherwise provided in a Supplemental Indenture, each such investment shall be valued (i) at amortized cost if the weighted average life of all investments held in the same Fund or Account is five years or less or (ii) at its fair market value or the amortized cost thereof, whichever is lower if the weighted average life of all investments held in the same Fund or Account exceeds five years. A DSRF Credit Facility shall be valued at the amount that the Trustee is authorized to draw thereon to pay debt service on the Series of Bonds secured thereby.

### **Discharge and Defeasance**

Discharge of Indenture. If the following conditions exist:

(a) The principal of any and all of the Series of Bonds and the interest due or to become due thereon together with any redemption premium required by redemption of any of the Bonds prior to maturity shall be paid, or is caused to be paid, or is provided for as described under the heading "Defeasance" below, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with the Indenture, and

(b) All of the covenants, agreements, obligations, terms and conditions of HRTAC under the Master Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions of the Master Indenture,

then the right, title and interest of the Trustee in the trust estate granted pursuant the Master Indenture will thereupon cease and the Trustee, on the request of and at the expense of HRTAC, shall release the Master Indenture and the trust estate and shall execute such documents to evidence such release as may be reasonably required by HRTAC and shall turn over to HRTAC, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds and Accounts established hereunder except for amounts required to pay the Bonds.

Provision for Payment of Particular Bonds. If HRTAC shall pay or provide for the payment of the entire indebtedness on particular Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue on such Defeasance Obligations (the "Defeasance Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, without consideration of any reinvestment of the Defeasance Amount, as a Verification Agent will verify to the Trustee's satisfaction and if HRTAC shall also pay or provide for the payment of all other sums payable hereunder by HRTAC with respect to such Bonds, and, if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as provided in the Master indenture (or the corresponding provisions of the Related Series Supplements) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such Bonds shall cease to be entitled to any lien, benefit or security under the Master Indenture except as described below.

HRTAC may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered that HRTAC may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired as described above.

Upon such defeasance all rights of HRTAC, including its right to provide for optional redemption of such Bonds on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Trustee on or prior to the date the Defeasance Amount is deposited with the Trustee or escrow agent.

When a Transportation Bond is deemed to be paid as described above, it shall no longer be secured by or entitled to the benefits of the Master Indenture, except for the purposes of any such payment (to the exclusion of all other Owners) from the Defeasance Amount and except for the provisions of payment and redemption provisions of the Master Indenture.

## **Events of Default and Remedies Upon Default**

**Events of Default.** The occurrence and continuation of one or more of the following events shall constitute an Event of Default with respect to the Bonds:

- (a) default in the payment of any installment of interest in respect of the any Series of Bonds as the same shall become due and payable; or
- (b) default in the payment of the principal of or premium, if any, in respect of any Series of Bonds as the same shall become due and payable either at maturity, upon redemption, or otherwise; or
- (c) default in the payment of any Amortization Requirement in respect of any Bond that is a Term Bond as the same shall become due and payable; or
- (d) failure on the part of HRTAC duly to observe or perform any other of the covenants or agreements on the part of HRTAC contained in the Master Indenture, a Series Supplement, a Tax Regulatory Agreement or any Bond (a “Covenant Event of Default”), subject to the provisions described in the subsection “Notice of Certain Defaults; Opportunity to Cure Such Defaults” below; or
- (e) appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the HRTAC Revenues and the other Funds and Accounts pledged pursuant to the Master Indenture, or the filing by HRTAC of any petition for reorganization of HRTAC or rearrangement or readjustment of the obligations of HRTAC under the provisions of any applicable Bankruptcy Law.

**Notwithstanding any other provision of the Master Indenture, failure to pay the principal or any Amortization Requirement of or interest on any Subordinate Obligation will not constitute an Event of Default with respect to any of the Senior Bonds.**

An Event of Default with respect to one Series of Bonds shall not cause an Event of Default with respect to any Series of Bonds unless such event or condition independently constitutes an Event of Default with such other Series of Bonds.

HRTAC may, pursuant to a Series Supplement, provide for a particular Series of Bonds different or additional Events of Default and remedies upon the occurrence thereof including, but not limited to, Events of Default upon the occurrence of events specified in any agreement entered into in connection with the delivery of a Bond Credit Facility; provided, however, no such Series Supplement shall provide for any acceleration of the full principal amount of any Bonds.

**Remedies Upon Default.** If an Event of Default occurs and is continuing, there shall be no right of acceleration with respect to any Bonds but the Trustee may, and upon the written request to the Trustee by the Majority Owners shall, subject to the indemnity requirements of the Master Indenture, protect and enforce its rights and the rights of the Owners of such Bonds by such suits, actions or proceedings to enforce payment of and receive any and all amounts due from the Commission hereunder, together with any and all costs and expenses of proceedings and collections, and to collect (but solely from HRTAC Revenues available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

Without limiting the generality of the foregoing, the Commission shall not enter into any agreement, including, without limitation, a Credit Facility, continuing covenants agreement or similar direct purchase agreement, which purports to create any rights of acceleration of any Bonds.

**Control of Remedies.** Notwithstanding anything in the Master Indenture or the Supplemental Indentures to the contrary, upon the occurrence and continuation of an Event of Default, the Majority Owners will control and direct all actions of the Trustee in exercising such of the rights and powers conferred by the Master Indenture on the Trustee or the Owners.

So long as any Senior Bonds are Outstanding, no owner or holder of any Subordinate Obligation may exercise any remedy under the Master Indenture or any Supplemental Indenture.

Restriction on Owners' Actions. No Owner will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Master Indenture or any remedy under the Master Indenture or any Supplemental Indenture or the Bonds, unless (i) an Event of Default has occurred and is continuing of which the Trustee has been notified as provided in the Master Indenture, or of which it is deemed to have notice thereunder; (ii) the Majority Owners have made written request of the Trustee to institute the suit, action, proceeding or other remedy, after the right to exercise the powers or rights of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Master Indenture or to institute the action, suit or proceeding in its or their name; (iii) there has been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred as provided in the Master Indenture; and (iv) the Trustee has not complied with the request within a reasonable time. Such notification, request and offer of indemnity are declared, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Master Indenture or for any other remedy under the Master Indenture. It is intended that no one or more Owners will have any right to affect, disturb or prejudice the security of the Master Indenture, or to enforce any right under the Master Indenture or the Bonds, except in the manner provided for in the Master Indenture, and that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Master Indenture and for the benefit of all Owners. Nothing in the Master Indenture will affect or impair the right of the Owners generally to enforce payment of the Bonds in accordance with their terms.

Power of Trustee to Enforce. All rights of action under the Master Indenture or under any of the Bonds secured by it that are enforceable by the Trustee may be enforced without the possession of any of the Bonds, or their production at the trial or other related proceedings. Any suit, action or proceedings instituted by the Trustee may be brought in its own name, as trustee, for the equal and ratable benefit of the Owners subject to the provisions of the Master Indenture.

Waiver of Events of Default; Effect of Waiver. The Trustee will waive any Event of Default and its consequences at the written request of the Majority Owners. If any Event of Default with respect to the Bonds has been waived as provided in the Master Indenture, the Trustee will promptly give written notice of the waiver to HRTAC and by first class mail, postage prepaid, to all Owners if the Owners had previously been given notice of the Event of Default. No waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under the Master Indenture.

Application of Money. Any amounts received by the Trustee following an Event of Default will, after payment of the costs and expenses of the proceedings resulting in the collection of the money, the expenses, liabilities and advances incurred or made by the Trustee and the fees (whether ordinary or extraordinary) of the Trustee and expenses of HRTAC in carrying out the provisions of the Master Indenture, be deposited in an appropriate Account that the Trustee will establish in the Revenue Fund. The amounts in such Fund shall be applied as follows:

FIRST: To the payment of the persons entitled to it of all installments of interest then due on the Bonds, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege;

SECOND: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of on any of the Bonds which have become due (other than such Bonds matured or called for redemption for the payment of which money is held pursuant to the provisions of the Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Bonds due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege;

THIRD: To the payment of the persons entitled to it of all installments of interest then due on the Subordinate Obligations, in order of the maturity of the installments of such interest and, if the money available is not sufficient to pay in full any particular installment, then ratably, according to the amounts due on such installment, to the persons entitled to it, without any discrimination or privilege; and

FOURTH: To the payment of the persons entitled to it of the unpaid principal or Amortization Requirements of any of the Subordinate Obligations that have become due (other than Subordinate Obligations matured or called for redemption for the payment of which money is held pursuant to the provisions of the Master Indenture), in the order of their due dates and, if the amount available is not sufficient to pay in full such Subordinate Obligations due on any particular date, then ratably, according to the amount of principal due on such date, to the persons entitled to it without any discrimination or privilege.

Whenever money is to be applied as described above, it will be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee applies such money, it will fix the date on which payment is to be made, and interest on the amount of principal to be paid on such date will cease to accrue. The Trustee will give, in such form as it may deem appropriate, notice to the Owners of the fixing of such payment date.

Notice of Certain Defaults; Opportunity to Cure Such Defaults. Notwithstanding anything to the contrary in the Master Indenture, no Covenant Event of Default will occur until actual notice of the default is given to HRTAC by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds, and HRTAC has had (i) 30 days after receipt of the notice with respect to any default in the payment of money or (ii) 90 days after receipt of the notice of any other default to correct the default or to cause the default to be corrected; provided, however, that if the default can be corrected, but cannot within the applicable period, it will not constitute an Event of Default if corrective action is instituted by HRTAC within the applicable period and diligently pursued (as determined by the Trustee) until the default is corrected.

Rights of Bond Credit Provider. Notwithstanding anything contained in the Master Indenture to the contrary, until HRTAC has reimbursed a Bond Credit Provider for amounts paid under a Bond Credit Facility to pay the interest on or the principal of any Bonds on any Payment Date, (i) such Bonds shall be deemed to be Outstanding and such Bond Credit Provider shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Bond Credit Facility until such amounts have been reimbursed and (ii) upon presentation to the Trustee, such Bond shall be registered in the name of the Bond Credit Provider or its nominee.

### **Amendments and Supplemental Indentures**

HRTAC and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Master Indenture or any Supplemental Indenture for any one or more of the following purposes:

- (a) To cure or correct any ambiguity, formal defect, omission or inconsistent provision in the Master Indenture or in a Supplemental Indenture;
- (b) To grant to or confer on the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Owners or the Trustee or either of them;
- (c) To permit the appointment of a co-Trustee or additional Paying Agents under the Master Indenture;
- (d) To subject to the lien and pledge of the Master Indenture additional revenues, properties or collateral;
- (e) To provide for the issuance of coupon Bonds if authorized under the Related Supplemental Indenture;

(f) To amend certain provisions of the Master Indenture or any Supplemental Indenture in any manner consistent with Sections 103 and 141 through 150 of the Tax Code (or such other sections of the Tax Code as may be applicable to the Bonds) as in effect at the time of the amendment;

(g) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Master Indenture or any Supplemental Indenture, of the HRTAC Revenues or any other moneys, property or Funds or Accounts;

(h) To modify, amend or supplement the Master Indenture or any Supplemental Indenture as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and, if HRTAC and the Trustee so determine, to add to the Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute;

(i) To add to the covenants and agreements of HRTAC contained in the Master Indenture or any Supplemental Indenture other covenants and agreements thereafter to be observed for the Owners' protection, including, but not limited to, additional requirements imposed by virtue of a change of law, or to surrender or to limit any right, power or authority therein reserved to or conferred upon HRTAC;

(j) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds;

(k) To provide for the issuance of additional Series of Bonds (including Refunding Bonds) or any Subordinate Obligations, and to provide for such other related matters as may be required or contemplated by or appropriate under the Master Indenture;

(l) To provide for the issuance of additional Bonds that, as expressed in a finding or determination by HRTAC (which shall be stated in the Related Supplemental Indenture, and may be based on an Opinion of Bond Counsel or the written opinion of HRTAC's financial advisor), would not materially affect the security for the Outstanding Bonds adversely;

(m) To make any changes necessary to comply with the requirements of a Rating Agency, a Bond Credit Provider, or an DSRF Credit Provider that, as expressed in a finding or determination by HRTAC (which shall be stated in the Related Supplemental Indenture, and may be based on an Opinion of Bond Counsel or the written opinion of HRTAC's financial advisor), would not materially adversely affect the security for the Bonds;

(n) To make any other changes that (i) will have no adverse effect upon the ratings currently assigned to the Bonds by any Rating Agency, as expressed in a Rating Confirmation or (ii) shall not prejudice in any material respect the rights of the Owners of such Bonds then Outstanding, as expressed in a determination or finding by HRTAC (which shall be stated in the Supplemental Indenture, and may be based upon an Opinion of Bond Counsel or the written opinion of HRTAC's financial advisor); and

(o) To restate in one document the Master Indenture and all Supplemental Indentures, which restatement shall then become the Master Indenture for all purposes, effective as of the date of the Master Indenture with respect to matters set forth therein and as of the date of any Supplemental Indenture included in the restatement as to matters set forth in any such Supplemental Indenture. Supplemental Indentures and the Bonds issued thereunder prior to a restatement shall be deemed to relate to the restated Master Indenture without any further action or amendment.

Exclusive of Supplemental Indentures covered above and subject to the terms and provisions contained above, the Majority Owners shall have the right from time to time, notwithstanding any other provision of the Indenture, to consent to and approve the execution by HRTAC and the Trustee of such other Supplemental Indenture or Supplemental Indentures as HRTAC shall deem necessary or desirable to modify, alter, amend, add to or rescind,

in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Bonds then Outstanding nothing in the Master Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any such Bond, (ii) a reduction in the principal amount of any such Bond or the rate of interest on it, (iii) a privilege or priority of any such Bond or Bonds over any other such Bond or Bonds except as otherwise provided herein, or (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture.

If at any time HRTAC shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of expressed above, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of the Supplemental Indenture to be mailed to each Owner of Bonds then Outstanding by registered or certified mail to the address of each such Owner as it appears on the registration books for such Bonds; provided, however, that failure to give such notice by mailing, or any defect in it, shall not affect the validity of any proceedings regarding such Supplemental Indenture. Such notice shall briefly state the nature of the proposed Supplemental Indenture and shall state that copies of it are on file at the Trustee's designated corporate trust office for inspection by all Owners. If, within six months or such longer period as shall be prescribed by HRTAC following the giving of such notice, the Majority Owners shall have consented to and approved its execution, no Owner of any such Bond shall have any right to object to any of the terms and provisions contained in it, or its operation, or in any manner to question the propriety of its execution, or to enjoin or restrain the Trustee or HRTAC from executing such Supplemental Indenture or from taking any action under its provisions. Upon the execution of any such Supplemental Indenture permitted as described above, the Master Indenture shall be deemed to be modified and amended in accordance therewith.

Bonds owned or held by or for the account of HRTAC or any Person controlling, controlled by or under common control with HRTAC shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds for purposes of entering into Supplemental Indentures. At the time of any such calculation, HRTAC shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all such Bonds so to be excluded.

Anything contained in the Master Indenture to the contrary notwithstanding, HRTAC and the Trustee may enter into any Supplemental Indenture upon receipt of the consent of the Owners of all Bonds then Outstanding.

**APPENDIX B**

**FINANCIAL STATEMENTS OF HRTAC FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

## **APPENDIX C**

### **SIX-YEAR FUNDING PLAN AND 2040 LONG RANGE PLAN OF FINANCE**

**APPENDIX D**

**DEMOGRAPHIC, ECONOMIC AND FINANCIAL INFORMATION  
REGARDING PLANNING DISTRICT 23**

## **DEMOGRAPHIC, ECONOMIC AND FINANCIAL INFORMATION REGARDING PLANNING DISTRICT 23**

### **Member Localities**

The Member Localities of HRTAC and the jurisdictions in Planning District 23 include:

City of Chesapeake	City of Poquoson	Isle of Wight County
City of Franklin	City of Portsmouth	James City County
City of Hampton	City of Suffolk	Southampton County
City of Newport News	City of Virginia Beach	York County
City of Norfolk	City of Williamsburg	

### **Economic Profile**

The Hampton Roads region is a metropolitan area in Southeastern, Virginia, with a growing population of more than 1.7 million people. The economy of Hampton Roads is largely driven by U.S. military employment and federal civilian contracting, as well as industries that are related to the Department of Defense. Healthcare is also a significant area of employment in the region. Other important economic drivers include the tourism industry, retail, shipbuilding, and cargo shipping through the Port of Virginia. (Source: Hampton Roads Regional Benchmarking Study, 12<sup>th</sup> Edition, 2017.)

### **Population**

#### **Population Trend Comparisons 2007 – 2016**

<b>Calendar Year</b>	<b>Hampton Roads MSA<sup>(1)(2)</sup></b>	<b>Percentage Change</b>	<b>U.S.<sup>(3)</sup></b>	<b>Percentage Change</b>
2007	1,621,986		301,231,207	
2008	1,631,967		304,093,966	
2009	1,636,770		306,771,529	
2010	1,641,078		308,745,538	
2011	1,654,311		311,582,564	
2012	1,672,401		313,873,685	
2013	1,682,842		316,128,839	
2014	1,690,090		318,857,056	
2015	1,700,609		321,418,820	
2016	1,727,366		324,707,000	

Sources: U.S. Census Bureau and the Weldon Cooper Center.

- Notes:
- (1) Hampton Roads MSA population estimates are from the Weldon Cooper Center, except for the 2010 population estimates, which are from the U.S. Census Bureau.
  - (2) The Hampton Roads MSA is the Virginia portion only.
  - (3) U.S. population estimates are from the U.S. Census Bureau.

Four of the five most populous cities in Virginia are located in the Hampton Roads region and are Member Jurisdictions of HRTAC.

#### **Five Most Populous Cities in Virginia**

<b>City<sup>(1)</sup></b>	<b>2010 Census Population</b>	<b>2016 Population Estimate</b>
Virginia Beach	437,994	453,628
Norfolk	242,803	247,087
Chesapeake	222,209	240,485
Richmond	204,219	221,679
Newport News	180,719	183,218

Sources: U.S. Census Bureau and the Weldon Cooper Center.

Note: (1) Data does not take into account urban counties such as Fairfax and Arlington.

#### **Population by Member Locality**

<b>Member Locality</b>	<b>2016 Population Estimate</b>	<b>Percentage of Total</b>
City of Chesapeake		
City of Franklin		
City of Hampton		
City of Newport News		
City of Norfolk		
City of Poquoson		
City of Portsmouth		
City of Suffolk		
City of Virginia Beach		
City of Williamsburg		
Isle of Wight County		
James City County		
Southampton County		
York County		

Sources: U.S. Census Bureau and the Weldon Cooper Center.

## Employment Statistics

### Unemployment Rates 2008 – 2017

Calendar Year	Hampton Roads MSA	Virginia	U.S.
2008	4.2%	3.9%	5.8%
2009	6.9	6.7	9.3
2010	7.6	7.1	9.6
2011	7.3	6.6	8.9
2012	6.8	6.0	8.1
2013	6.2	5.7	7.4
2014	5.7	5.2	6.2
2015	4.9	4.4	5.3
2016	4.6	4.0	4.9
2017 <sup>(1)</sup>	4.1	3.7	4.2

Source: U.S. Bureau of Labor Statistics.

Note: (1) Through September 2017.

## Per Capita Personal Income

### Per Capita Personal Income Comparison 2006 – 2015

Calendar Year	Hampton Roads MSA	State	U.S.
2006	\$37,404	\$42,386	\$38,130
2007	39,277	44,422	39,776
2008	40,597	45,618	41,052
2009	40,345	44,458	39,366
2010	41,032	45,412	40,274
2011	42,830	47,689	42,459
2012	44,134	49,320	44,247
2013	44,097	48,956	44,425
2014	45,276	50,345	46,392
2015	46,400	52,052	48,112

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. 2015 data is the most recent data available.

*[Further tables to be completed]:*

**Retail Sales and Use Taxes by Member Locality**  
**Member Localities' Percentage Contribution to HRTAC Revenues**  
**Member Localities' Credit Ratings**  
**[Others]**

**APPENDIX E**

**FORM OF BOND COUNSEL OPINION**

*Set forth below is the proposed form of opinion of  
Kaufman & Canoles, a Professional Corporation, Bond Counsel.  
It is preliminary and subject to change prior to delivery of the Series 2018A Bonds.*

February \_\_, 2018

Hampton Roads Transportation Accountability Commission  
Chesapeake, Virginia

**Hampton Roads Transportation Accountability Commission**  
\$ \_\_\_\_\_ \*  
**Hampton Roads Transportation Fund**  
**Senior Lien Revenue Bonds, Series 2018A**

Ladies and Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance and sale by the Hampton Roads Transportation Accountability Commission (the "City"), of its \$ \_\_\_\_\_ \* Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A (the "Series 208A Bonds"). Reference is made to the form of the Series 2018A Bonds for information concerning their details, including payment and redemption provisions, and the proceedings pursuant to which they are issued, including a Master Indenture of Trust dated as of February 1, 2018 (the "Master Indenture"), as supplemented by a First Supplemental Series Indenture of Trust dated as of February 1, 2018 (the "First Series Supplement" and, collectively, the "Indenture"). All capitalized terms used but not defined herein have the same meaning as defined in the Indenture.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Commission as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Commission has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2018A Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2018A Bonds, all as set forth in the proceedings and documents relating to the issuance of the Series 2018A Bonds (the "Covenants"). In rendering the following opinions, we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals and the conformity to original documents of all documents submitted to us as certified copies.

Based on the foregoing, we are of the opinion that:

1. The Series 2018A Bonds have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitute valid and binding limited obligations of the Commission payable solely from the revenues pledged by the Commission for such purpose under the Indenture. The Series 2018A Bonds and the interest thereon do not constitute a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof, including the Commission or any of its Member Localities.

2. The Indenture has been duly authorized, executed and delivered and constitutes a valid and enforceable obligation of the Commission enforceable in accordance with its terms, and the First Series Supplement complies in all respects with the requirements of the Master Indenture.

3. The rights of the holders of the Series 2018A Bonds and the enforceability of such rights, including the enforcement of the obligations of the Commission under the Indenture, may be limited or otherwise affected by

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\* Preliminary, subject to change.

(a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

4. Under current law, interest, including accrued original issue discount (“OID”), on the Series 2018A Bonds (a) is not included in gross income for Federal income tax purposes, and (b) is not an item of tax preference for purposes of the Federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations (as defined for Federal income tax purposes) subject to the alternative minimum income tax, interest on the Series 2018A Bonds is taken into account in determining adjusted current earnings for purposes of computing such tax. The opinion in the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Series 2018A Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for Federal income tax purposes. Failure by the Commission to comply with the Covenants, among other things, could cause interest, including accrued OID, on the Series 2018A Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue. In the case of Bonds maturing in the years \_\_\_\_ through \_\_\_\_ (the “OID Bonds”), the difference between (i) the stated principal amount of each maturity of OID Bonds and (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such maturities of OID Bonds is sold will constitute OID; OID will accrue for Federal income tax purposes on a constant yield-to-maturity method; and a holder’s basis in such a Bond will be increased by the amount of OID treated for Federal income tax purposes as having accrued on the Bond while the holder holds the Bond. We express no opinion regarding other Federal tax consequences of the ownership of or receipt or accrual of interest on the Series 2018A Bonds.

5. Under current law, interest on the Series 2018A Bonds is exempt from income taxation by the Commonwealth of Virginia.

Our services as bond counsel to the Commission have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Series 2018A Bonds and the tax-exempt status of the interest thereon. We express no opinion herein as to the financial resources of the Commission, its ability to provide for payment of the Series 2018A Bonds or the accuracy or completeness of any information, including the Commission’s Preliminary Official Statement dated January \_\_, 2018, and its Official Statement dated January \_\_, 2018, that may have been relied upon by anyone in making the decision to purchase Bonds.

The opinions expressed herein are for your benefit and the benefit of your successors and assigns and may not, without our prior written consent, be distributed to or relied upon by any other person. Our opinions are expressed as of the date hereof, and we do not assume any obligation to update or supplement our opinions to reflect any fact or circumstance subsequently arising or any change in law subsequently occurring. Our opinions expressed herein are limited to the matters expressly stated, and no opinion is implied or may be inferred beyond such matters.

Very truly yours,

**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated February \_\_, 2018 (the “Disclosure Undertaking”), is executed and delivered by the Hampton Roads Transportation Accountability Commission (the “City”), in connection with the issuance by the Commission of its \_\_\_\_\_\* Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A (the “Series 2018A Bonds”). The Commission hereby covenants and agrees as follows:

**Section 1. Purpose.** This Disclosure Undertaking is being executed and delivered by the Commission for the benefit of the holders of the Series 2018A Bonds and in order to assist the original purchasers of the Series 2018A Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12, as amended (the “Rule”), promulgated by the Securities and Exchange Commission (the “SEC”) by providing certain annual financial information and event notices required by the Rule (collectively, “Continuing Disclosure”).

### **Section 2. Annual Disclosure.**

(a) The Commission shall provide annually certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) the audited financial statements of the Commission; and

(ii) updated operating data of the type described in “Table I: Historical and FY 2017 Hampton Roads Transportation Fund Revenues,” and “Table II: Historical and Current Year Application of HRTF Revenues.”

(b) The Commission shall file annually with the Municipal Securities Rulemaking Board (the “MSRB”) the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) within 180 days after the end of the Commission’s fiscal year, commencing with the Commission’s fiscal year ending June 30, 2018.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Commission shall file with the MSRB in a timely manner notice specifying any failure of the Commission to provide the Annual Disclosure by the date specified.

**Section 3. Event Disclosure.** The Commission shall file with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Series 2018A Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancement reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

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\* Preliminary, subject to change.

determinations with respect to the tax status of the Series 2018A Bonds, or other material events affecting the tax status of the Series 2018A Bonds;

- (g) modifications to rights of Bondholders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasance of all or any portion of the Series 2018A Bonds;
- (j) release, substitution, or sale of property securing repayment of the Series 2018A Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Commission;
- (m) the consummation of a merger, consolidation, or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

**Section 4. Termination.** The obligations of the Commission hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Series 2018A Bonds.

**Section 5. Amendment.** The Commission may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Undertaking as so modified complies with the Rule as it exists at the time of modification. The Commission shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

**Section 6. Defaults.** (a) If the Commission fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Undertaking, any holder (within the meaning of the Rule) or beneficial holder of Bonds then outstanding may, by notice to the Commission, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Commission's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Commission to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Undertaking (i) shall not be deemed to constitute an event of default under the Series 2018A Bonds or the Indenture providing for the issuance of the Series 2018A Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

**Section 7. Filing Method.** Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

**Section 8. Additional Disclosure.** The Commission may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Commission will not incur any obligation to continue to provide, or to update, such additional information or data.

**Section 9. Dissemination Agent.** The Commission may, in its discretion, from time to time appoint or engage an entity to serve as Dissemination Agent to assist the Commission in fulfilling its covenants and obligations regarding this Disclosure Undertaking.

**Section 10. Counterparts.** This Disclosure Undertaking may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11. Governing Law.** This Disclosure Undertaking shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
Michael J. Hipple, Chair

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

**APPENDIX G**

**INFORMATION REGARDING THE DEPOSITORY  
TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM**

## **INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM**

**The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and premium, if any and interest on the Bonds to The Depository Trust Company, New York, New York (“DTC”), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission or the Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Commission or the Registrar subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Commission or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Commission believes to be reliable, but the Commission takes no responsibility for the accuracy thereof.**

**Neither the Commission nor the Registrar has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.**

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Indenture.**

**The Commission may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.**

## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated February \_\_, 2018 (the “Disclosure Undertaking”), is executed and delivered by the Hampton Roads Transportation Accountability Commission (the “City”), in connection with the issuance by the Commission of its \$\_\_\_\_\_ Hampton Roads Transportation Fund Senior Lien Revenue Bonds, Series 2018A (the “Series 2018A Bonds”). The Commission hereby covenants and agrees as follows:

**Section 1. Purpose.** This Disclosure Undertaking is being executed and delivered by the Commission for the benefit of the holders of the Series 2018A Bonds and in order to assist the original purchasers of the Series 2018A Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12, as amended (the “Rule”), promulgated by the Securities and Exchange Commission (the “SEC”) by providing certain annual financial information and event notices required by the Rule (collectively, “Continuing Disclosure”).

**Section 2. Annual Disclosure.**

(a) The Commission shall provide annually certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) the audited financial statements of the Commission; and

(ii) updated operating data of the type described in “Table I: Historical and FY 2017 Hampton Roads Transportation Fund Revenues,” and “Table II: Historical and Current Year Application of HRTF Revenues.”

(b) The Commission shall file annually with the Municipal Securities Rulemaking Board (the “MSRB”) the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) within 180 days after the end of the Commission’s fiscal year, commencing with the Commission’s fiscal year ending June 30, 2018.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Commission shall file with the MSRB in a timely manner notice specifying any failure of the Commission to provide the Annual Disclosure by the date specified.

**Section 3. Event Disclosure.** The Commission shall file with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Series 2018A Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancement reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2018A Bonds, or other material events affecting the tax status of the Series 2018A Bonds;

- (g) modifications to rights of Bondholders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasance of all or any portion of the Series 2018A Bonds;
- (j) release, substitution, or sale of property securing repayment of the Series 2018A Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Commission;
- (m) the consummation of a merger, consolidation, or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

**Section 4. Termination.** The obligations of the Commission hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Series 2018A Bonds.

**Section 5. Amendment.** The Commission may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Undertaking as so modified complies with the Rule as it exists at the time of modification. The Commission shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

**Section 6. Defaults.** (a) If the Commission fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Undertaking, any holder (within the meaning of the Rule) or beneficial holder of Bonds then outstanding may, by notice to the Commission, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Commission's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Commission to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Undertaking (i) shall not be deemed to constitute an event of default under the Series 2018A Bonds or the Indenture providing for the issuance of the Series 2018A Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

**Section 7. Filing Method.** Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

**Section 8. Additional Disclosure.** The Commission may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Commission will not incur any obligation to continue to provide, or to update, such additional information or data.

**Section 9. Dissemination Agent.** The Commission may, in its discretion, from time to time appoint or engage an entity to serve as Dissemination Agent to assist the Commission in fulfilling its covenants and obligations regarding this Disclosure Undertaking.

**Section 10. Counterparts.** This Disclosure Undertaking may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11. Governing Law.** This Disclosure Undertaking shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

**HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION**

By: \_\_\_\_\_  
Michael J. Hipple, Chair

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

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

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

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

**Date: December 14, 2017**

**Re: HRTAC Security Custody Services**

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**Recommendation:**

Security Custody Services RFP Evaluation Committee Spokesperson, Senator Frank Wagner recommends that the Commission approve the recommendation of the Security Custody Services RFP Evaluation Committee and approve the issuance of an intent to award the contract to the selected bank and authorize the HRTAC Chair to execute and deliver the prepared Security Custody Services Agreement with the selected bank, which will be announced at the meeting.

**Background:**

During FY2015, HRTAC engaged banking services for the custody of funds for investment of Hampton Roads Transportation Funds (HRTF). Thereafter, HRTAC issued a Request for Proposal for Security Custody Services (HRTAC 2017-02). To evaluate the proposals and make recommendation to the Board, an Ad-Hoc RFP Evaluation Committee was established. The Security Custody Services RFP Evaluation Committee met on June 5, 2017 to review the five proposals received and select a short list of two proposers to advance interviews. The RFP Evaluation Committee met again on September 6, 2017 to conduct interviews and finalize its recommendation to the Board for consideration and approval. The short listed parties have been engaged in negotiations of a suitable agreement for the Commission to consider. The Finance Committee was fully briefed at its December 5, 2017 meeting on the results of the recommendation of the Security Custody 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 FY2018 Operating Budget.

**Suggested Motion:**

Motion is the Commission accept the recommendation of the Security Custody Services RFP Evaluation Committee to award contract to the selected bank, approve the issuance of an intent to award the contract to that bank, and authorizes the HRTAC Chair to ultimately execute and deliver the prepared Security Custody Services Agreement with that bank.



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

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

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

**Date: December 14, 2017**

**Re: HRTAC Fiscal Year 2017 Audited Financial Statement**

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**Recommendation:**

The Finance Committee Chair recommends that the Commission approve the FY2017 Audited Financial Statement for HRTAC and authorize its distribution

**Background:**

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

**Fiscal Impact:**

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

**Suggested Motion:**

**Motion:** The Commission approves the HRTAC FY2017 Audited Financial and Compliance Report and authorizes the Executive Director to distribute of the report document for public access and viewing.

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

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

**Date: December 14, 2017**

**Re: Draft HRTAC PPTA Guidelines**

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**Recommendation:**

The Finance Committee recommends that the Commission endorse the Draft HRTAC PPTA Guidelines and authorize the Finance Committee Chair to conduct a public hearing to solicit public comments to inform the Commission at its next meeting.

**Background:**

The Public-Private Transportation Act (the “PPTA”), grants responsible public entities the authority to create public-private partnerships for the development of transportation facilities for public use (“qualifying transportation facilities”) if the public entity determines that they serve the public purposes of the PPTA. The PPTA provides a structure for considering both solicited and unsolicited proposals from private entities to develop and/or operate qualifying transportation facilities. The PPTA defines “responsible public entity” to include the Commonwealth of Virginia and any political subdivision thereof that has the power to develop a qualifying transportation facility. The Hampton Roads Transportation Accountability Commission (“HRTAC”) is a political subdivision of the Commonwealth of Virginia with the authority to develop and/or operate qualifying transportation facilities within its authorized jurisdiction, and therefore is a “responsible public entity” as that term is used in the PPTA. The PPTA requires that, as a condition to approving any public-private partnerships, a responsible public entity must first develop and adopt guidelines establishing the process for the acceptance and review of both solicited and unsolicited proposals from private entities.

The Draft HRTAC PPTA Guidelines have been developed in accordance with the PPTA, and include details on the process for acceptance, review, negotiation, acceptance or rejection of any proposal. These Guidelines are not intended to modify or override the requirements of the PPTA, and the PPTA shall govern in the event of any conflicts between the PPTA and these Guidelines. The HRTAC PPTA Guidelines will add to the HRTAC project development and delivery tool kit by providing the conduit for the Commission to engage in a PPTA. As provided in the Draft HRTAC PPTA Guidelines, the conduit may only be accessed by Commission Action to entertain an unsolicited or solicited proposal. The Finance Committee was provided a full briefing at its December 5, 2017 meeting.



Hampton Roads Transportation Accountability Commission

**Fiscal Impact:**

There is no fiscal impact to the Hampton Roads Transportation Fund in relation to this Action Item.

**Suggested Motion:**

**Motion:** The Commission endorses the Draft HRTAC PPTA Guidelines and authorizes the Finance Committee Chair to conduct a public hearing to solicit public comments to inform the Commission at its next meeting.



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# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION



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*Economic Vitality and Quality of Life  
Unlocking Hampton Roads*

**HRTAC P3 Guidelines**

**Dawn Merkle  
Willcox & Savage, P. C.**

# Public-Private Transportation Act of 1995 (PPTA)

- Is one of several potential procurement paths – *one tool in the procurement toolbox*
- A public entity must adopt PPTA Guidelines before it can accept unsolicited proposals or solicit proposals for a P3 project.
- Having Guidelines does not require HRTAC to accept unsolicited proposals nor consider any P3 project
- For any joint project with VDOT, VDOT will be the lead and its Guidelines will be followed rather than HRTAC's Guidelines
- For a joint project with any other public entity, Guidelines of the “coordinating” (lead) public entity would be used.

# Why PPTA?

- Incentivize private entities to identify and investigate the feasibility of new and innovative transportation facilities
- Encourage investment by private entities in transportation facilities when such investment is in the best interest of the public
- Provide the greatest possible flexibility in contracting
- Increase ability to fund needed projects
- Not subject to many of the requirements of the Public Procurement Act
- May be for the development, operation, or both, of a transportation facility

# PPTA Guidelines for HRTAC

- We recommend adoption of guidelines for flexibility in future procurement options
- Required to include processes for:
  - Unsolicited proposals
  - Competitive sealed bidding
  - Competitive negotiation
  - Finding of public interest
  - Public notices as required by PPTA
- Most recent draft of HTRAC PPTA Implementation Guidelines has been updated to reflect 2017 changes in PPTA and conform with HRTAC's processes

# In Sum

- No downside to adopting:
  - Adopting Guidelines does not require HRTAC to consider any P3 Project
  - Joint projects with VDOT will be conducted in accordance with VDOT's guidelines and VDOT will be the "coordinating public entity"
  - Adopting Guidelines allows HRTAC the greatest flexibility in future procurements
- Benefits to adopting:
  - No delay in opportunity to accept unsolicited proposals or consider P3 projects if HRTAC decides to do so
  - Allows HRTAC to obtain benefit of private sector innovation in transportation facilities that it may not have considered



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**Hampton Roads Transportation  
Accountability Commission**

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# **PPTA Implementation Guidelines**

**For the  
Public-Private Transportation Act of 1995,  
as Amended**

**DRAFT**

I-1516718.1

I-1517268.1

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**I. INTRODUCTION****A. Overview of the PPTA**

The Public-Private Transportation Act of 1995, Section 33.2-1800, *et seq.* (the “PPTA”), of the Code of Virginia of 1950, as amended (the “Virginia Code”), grants responsible public entities the authority to create public-private partnerships for the development of transportation facilities for public use (“qualifying transportation facilities” or “P3 project”) if the public entity determines that they serve the public purposes of the PPTA. The PPTA provides a structure for considering both solicited and unsolicited proposals from private entities to develop and/or operate qualifying transportation facilities.

The PPTA defines “responsible public entity” to include the Commonwealth of Virginia and any political subdivision thereof that has the power to develop a qualifying transportation facility. The Hampton Roads Transportation Accountability Commission (“HRTAC”) is a political subdivision of the Commonwealth of Virginia with the authority to develop and/or operate qualifying transportation facilities within its authorized jurisdiction, and therefore is a “responsible public entity” as that term is used in the PPTA.

Under the PPTA, a private entity seeking authorization to develop or operate a transportation facility must obtain approval from the responsible public entity to do. The private responsible public entity may initiate the approval process by submitting an unsolicited proposal or the responsible public entity may request proposals.

Before a responsible public entity can approve a transportation facility under the PPTA, it must determine that the facility is in the best interest of the public. Once such a determination is made, the responsible public entity must engage in a competitive sealed bidding or competitive negotiation process consistent with the processes set out in the Virginia Public Procurement Act (“VPPA”).

**B. Purpose of HRTAC’s PPTA Implementation Guidelines**

The PPTA requires that, as a condition to approving any public-private partnership, a responsible public entity must first develop and adopt guidelines establishing the process for the acceptance and review of both solicited and unsolicited proposals from private entities. These Guidelines are established by HRTAC in accordance with the PPTA, and include details on the process for review, negotiation, acceptance or rejection of any proposal. In the event of any conflicts between the PPTA and these Guidelines, the PPTA shall govern.

Each P3 project is unique and certain sections or element of these Guidelines may not apply in all circumstances or may be subject to change in certain circumstances. HRTAC may modify the procurement and implementation processes set forth herein to address the specific needs of a particular P3 project. Any deviation from the processes set forth in these Guidelines by HRTAC shall not give recourse to any individual or entity for such deviation. The public, private entities submitting proposals, and other stakeholders will be

notified of modifications to procurement and implementation processes by means of a statement outlining and explaining the modifications issued with any solicitation.

**C. Coordination with VDOT**

**Any proposals submitted to both HRTAC and the Virginia Department of Transportation (“VDOT”) will also be subject to VDOT’s comprehensive 2017 PPTA Implementation Manual and Guidelines. For any joint P3 project between HRTAC and VDOT, VDOT’s Manual and Guidelines will govern.**

**D. HRTAC Objectives**

HRTAC was created to approve and fund new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23 (currently 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) (generally described herein as the “Hampton Roads” area or region). HRTAC is required to give priority to those projects that are expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23.

**E. Overview of Process**

The first step in the process for developing transportation facilities under the PPTA is to identify and screen potential P3 projects. Projects are identified in two ways: either HRTAC develops a project concept or a private entity develops a project concept on its own and submits a proposal to HRTAC for consideration.

Once a project is identified, HRTAC must make a determination that developing a facility as a P3 project is in the public interest. If it is in the public interest to procure a project under the PPTA, HRTAC will proceed to the procurement phase.

If HRTAC develops a project concept for a transportation facility that it determines should be developed as a P3 project, it will invite private entities to compete for the right to develop and/or operate the project through response to a solicitation (“Solicited Proposal”). The solicitation may proceed through either an invitation to bid (“ITB”) or request for proposal (“RFP”). During the course of developing a project concept, HRTAC may issue a request for information (“RFI”) or request for qualifications (“RFQ”) prior to the solicitation.

If a private entity develops a project concept and submits a proposal for it (“Unsolicited Proposal”), HRTAC is required to provide notice of the Unsolicited Proposal to the public. HRTAC may discontinue its evaluation of any Unsolicited Proposal at any time prior to the procurement stage. If HRTAC finds a proposed transportation facility in an Unsolicited Proposal is in the public interest and HRTAC approves it as a P3 project, HRTAC will solicit the submission of proposals from other private entities (“Competing Proposals”). If HRTAC determines that a transportation facility submitted for approval

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through an Unsolicited Proposal should not be approved, or if the project is one for which HRTAC intends to issue a request for qualifications (“RFQ”), HRTAC will return the Unsolicited Proposal to the private entity submitting it.

HRTAC will follow the competitive procurement requirements of the PPTA and VPPA for all P3 projects. HRTAC may utilize a two-step process for procurement utilizing a conceptual proposals followed by an invitation for bid or a request for detailed proposals. The term “Proposer” used in these Guidelines refers to a private entity or team of private entities, whether a joint venture, partnership, or any other type of association or legal entity, submitting a Solicited Proposal or an Unsolicited Proposal.

HRTAC may, at its discretion, enter into an Interim Agreement with one or more private entities for the purpose of project planning, design, engineering, environmental analysis and other similar activities. Prior to the development of a transportation facility under the PPTA, HRTAC will enter into a Comprehensive Agreement with the private entity pursuant to the requirements of the PPTA.

## II. SOLICITED PROPOSALS

### A. Identification of Projects and Solicitation of Proposals

HRTAC may identify and screen projects to determine whether a project is a potential candidate for P3 project delivery.

At its discretion, HRTAC may issue a RFI inviting private entities to express an interest in developing one or more qualifying transportation facilities or seeking additional information and comment from interested stakeholders. RFIs may also include public briefings to further discuss elements of the project under consideration, including seeking input which improve or refine the scope, risk allocation and technical requirements of the project being developed.

Once a project is identified as a potential P3 project, HRTAC must determine if it is in the public's interest to use the PPTA rather than other procurement methods to develop and/or operate it. Upon a finding in the public's interest (See Section \_\_\_\_ of these Guidelines), HRTAC may issue an ITB or RFP for the qualifying transportation facility (a bid or proposal submitted in response to an ITB or RFP shall be considered a "Solicited Proposal").

HRTAC shall use competitive sealed bidding procedures consistent with VPPA Section 2.2-4302.1 unless it determines that proceeding through competitive negotiation consistent with VPPA Section 2.2-4302.2 is likely to be advantageous to both HRTAC and the public based upon:

1. the scope, complexity, and urgency of the project,
2. risk sharing including guaranteed cost or completion guarantees, added value, or proposed debt or equity investments; or
3. an increase in funding, dedicated revenue source, or other economic benefit that would not be available if competition negotiation is not used.

If HRTAC proceeds through competitive negotiation, it shall state in writing the reasons for its determination to do so.

### B. Procedures for Solicited Proposals

The procedures, format, and information required to be submitted for any particular Solicited Proposal shall be specified in the ITB or RFP and shall be consistent with the requirements of the VPPA and the PPTA.

The ITB or RFP shall specify any information and documents required by HRTAC and the factors that will be used in evaluating the bids or proposals. At the discretion of HRTAC, the solicitation may be composed of two stages, a conceptual stage and a detailed stage. The requirements of proposals at the conceptual and detailed stage as set forth in the Unsolicited Proposals Section of these Guidelines are a guide for Solicited Proposals but

an ITB or RFP need not include all such requirements (except those required by law) and may include additional or other requirements. Thus, it is important that any private entity submitting a Solicited Proposal carefully review the ITB or RFP. Pre-submission conferences may be held as deemed appropriate by HRTAC.

Prior to soliciting Solicited Proposals, HRTAC may issue a separate RFQ to determine a shortlist of private entities that are qualified to submit a Solicited Proposal. Shortlisted entities will then have an opportunity to submit a Solicited Proposal for that particular P3 Project.

Any proposal submitted for a P3 project that is not received in response to an ITB or RFP shall be an Unsolicited Proposal under these Guidelines, even if HRTAC has encouraged the submission of proposals pursuant to the PPTA that address those needs.

The issuance of a RFI or RFQ does not require HRTAC to issue an ITB or RFP for the project(s).

**C. No Fees for RFIs or Solicited Proposals**

No fees shall be charged for processing, reviewing, or evaluating a response to an RFI.

No fee will be charged to process, review or evaluate any Solicited Proposal.

**III. UNSOLICITED PROPOSALS****A. Overview**

Private entities seeking authorization to develop and/or operate a transportation facility for which HRTAC has not either issued a RFI or initiated the Solicited Proposal process may submit an Unsolicited Proposal to HRTAC. Unsolicited Proposals must adhere to the requirements set forth in this Section. HRTAC may publicize its needs and encourage interested parties to submit Unsolicited Proposals. See Section ---- below for requirements for Unsolicited Proposals.

HRTAC will not accept Unsolicited Proposals for a project that is the subject of some, or all, of an RFI until such time as HRTAC publishes a notice that it will accept Unsolicited Proposals (a notice to accept Unsolicited Proposals may be published solely on HRTAC's website).

The submission of Unsolicited Proposals shall proceed in two stages: the conceptual stage (Unsolicited Conceptual Proposal) and the detailed stage (Unsolicited Detailed Proposal). Private entities seeking authorization for a transportation facility under this Section should submit an Unsolicited Conceptual Proposal in accordance with Section \_\_\_\_ below. Should HRTAC decide to proceed beyond the conceptual stage, it shall request submission of the Unsolicited Detailed Proposal in accordance with Section \_\_\_\_ below. Unless otherwise expressly requested by HRTAC, a Proposer should not submit an Unsolicited Detailed Proposal.

If HRTAC receives an Unsolicited Conceptual Proposal that HRTAC determines, in its sole discretion, to be similar to another Unsolicited Conceptual Proposal it will treat the later received proposal as a Competing Proposal. If the later Unsolicited Conceptual Proposal is similar to an Unsolicited Conceptual Proposal for which Competing Proposals are requested as set forth in Section \_\_\_\_ below, HRTAC will treat that Unsolicited Conceptual Proposal as a Competing Proposal only if it is submitted within the time designated for Competing Proposals. If it is not submitted within the time period for submission of Competing Proposals, it will be considered untimely and returned to the Proposer.

Because of the consequences to a Proposer for untimely submissions, prospective Proposers are strongly urged to monitor HRTAC's website for Notice of Unsolicited Conceptual Proposals (as described in Section \_\_\_\_ below), RFIs, and notices to accept Unsolicited Proposals.

HRTAC may charge reasonable amounts to cover the costs of processing, review, and evaluation of the Unsolicited Proposal. The fees are set forth in Section \_\_\_\_.

**B. Consideration of Unsolicited Proposals****1. Initial Evaluation**

Within 90 calendar days of receiving an Unsolicited Conceptual Proposal and the Initial Evaluation Fee from a Proposer, HRTAC will initiate an initial evaluation of the Unsolicited Conceptual Proposal and its concept and benefits to determine that it is in accordance with the PPTA and these Guidelines, and is consistent with HRTAC's transportation policy goals ("Initial Evaluation").

As part of the Initial Evaluation, HRTAC will review any Unsolicited Conceptual Proposal that includes the imposition of user fees to ensure it demonstrates, in accordance with Virginia Code Section 33.2-2607, that the revenues received will be used solely for programs and projects that are reasonably related to, or benefit the users of, the new or improved highway, bridge or tunnel project that is being proposed.

Based upon the Initial Evaluation, HRTAC may reject an Unsolicited Conceptual Proposal and return it to the private entity submitting it, or HRTAC may decide to continue with consideration of it. HRTAC may require additional fees as set forth in Section \_\_\_ below to continue consideration of the Unsolicited Conceptual Proposal.

## **2. Evaluation of Public Interest and Other Considerations**

If HRTAC decides to continue consideration of the Unsolicited Conceptual Proposal after Initial Evaluation, it shall consider the advantages, disadvantages, and long- and short-term costs of the proposed P3 Project and whether:

- a. it is in the public interest in accordance with the PPTA and as set forth in Section \_\_\_ of these Guidelines.
- b. it is technically and financially feasible;
- c. it will address the needs of HRTAC's transportation plan by improving safety, reducing congestion, increasing capacity, or enhancing economic efficiency;
- d. the estimated cost and environmental impact of the proposed P3 Project are reasonable in relation to alternative facilities; and
- e. the Proposer's plans will result in the timely development and more efficient operation.
- f. It is consistent with federal requirements and potential agreements for federal funding and approval for P3 projects, if federal funding is anticipated.

Only Unsolicited Conceptual Proposals complying with the requirements of these Guidelines, including the submission of required fees, will be considered by HRTAC for further review at the conceptual stage.

### **3. Third Party Analysis**

During the Initial Evaluation or anytime thereafter, HRTAC may engage the services of qualified consultants, which may include attorneys, architects, engineers, certified public accountants, financial advisors or other consultants not otherwise employed by HRTAC, to provide independent analyses of Unsolicited Conceptual Proposals.

### **C. Procurement Stage**

If HRTAC finds a proposed P3 project is in the public interest and HRTAC has received the full proposal fee set forth in Section \_\_\_\_ from the Proposer, it may determine to proceed with procurement of the P3 project. It shall proceed with such procurement through either:

- a. Competitive sealed bidding, as defined in Virginia Code Section 2.2-4302.1, or
- b. Competitive negotiation, if it has determined in writing that proceeding through competitive negotiation consistent with VPPA Section 2.2-4302.2 is likely to be advantageous to both HRTAC and the public based upon the factors listed in Section \_\_\_\_ above.

Prior to the procurement stage, HRTAC may reject any and all Unsolicited Conceptual Proposals at any time by returning the Unsolicited Conceptual Proposal to the private entity submitting it.

#### **1. Public Notice and Receipt of Competing Proposals**

Within ten (10) working days of acceptance of an Unsolicited Conceptual Proposal for procurement pursuant to Section C, above, HRTAC shall post on its website the Unsolicited Conceptual Proposal and a notice ("Notice") stating that HRTAC:

- a. has received an unsolicited proposal under the PPTA;
- b. intends to evaluate the proposal;
- c. will issue an ITB or RFP seeking Competing Proposals specifying a period of time not less than ninety (90) days during which it will receive Competing Proposals (HRTAC may provide for more than ninety (90) days for submission of Competing Proposals in situations where HRTAC deems, in its sole discretion, that scope or complexity of the original proposal warrants additional time for potential competitors to prepare proposals);
- d. will make available for public inspection a copy of the Unsolicited Conceptual Proposal at the HRTAC office during normal business hours; and

- e. will receive public comments for a specified period of time not less than 30 days from date of Notice, explain how comments may be submitted, and may, at HRTAC's sole discretion, provide for a public hearing on the proposed P3 project.

Trade secrets, financial records, or other records of the private entity excluded from disclosure under the provisions of Section 2.2-3705.6(11) shall not be required to be posted or provided for public inspection, except as otherwise agreed to by HRTAC and the private entity. Any inspection of procurement transaction records shall be subject to reasonable restrictions to ensure the security and integrity of the records.

A summary of the Unsolicited Conceptual Proposal and the location where a copy of it is available for public inspection may be published in the newspapers of general circulation in the Hampton Roads area.

If the use of state or federal funds is anticipated in any proposal, HRTAC may require that the Proposer provide additional copies of the proposal to be given to appropriate state or federal agencies.

During the period for receiving Competing Proposals or bids in response to an ITB, HRTAC may continue to evaluate the original Unsolicited Conceptual Proposal.

## **2. Procedure for Submission and Consideration of Competing Proposals**

The Competing Proposals must follow the requirements for Unsolicited Conceptual Proposals set forth in Section \_\_\_\_ of these Guidelines. An Initial Evaluation Fee in the amount set forth in Section \_\_\_\_ below must be submitted along with the Competing Proposals.

Competing Proposals will be subject to an Initial Evaluation as described in Section \_\_\_\_ for Unsolicited Conceptual Evaluations. Only those Competing Proposals meeting the requirements of the Initial Evaluation will be accepted.

During the Initial Evaluation or anytime thereafter, HRTAC may engage the services of qualified consultants, which may include attorneys, architects, engineers, certified public accountants, financial advisors or other consultants not otherwise employed by HRTAC, to provide independent analyses of Unsolicited Conceptual Proposals.

## **3. Substantially Different Competing Proposals**

If HRTAC receives a Competing Proposal which differs in meaningful ways from the Unsolicited Conceptual Proposal, HRTAC may, in its sole discretion, consider that Competing Proposal or any portion of it, as a separate Unsolicited Conceptual Proposal.

In the event HRTAC elects to treat a proposal, or part of a proposal, as a separate Unsolicited Conceptual Proposal, HRTAC will notify the Proposer. The Proposer may elect to have its proposal treated as an Unsolicited Conceptual Proposal under these Guidelines, and HRTAC will follow the procedures outlined in Sections B and C, above.

If the Proposer does not elect to treat the proposal as an Unsolicited Conceptual Proposal, HRTAC will return the proposal.

#### **D. Proposal Review Fees**

A review fee will be charged to a private entity submitting an Unsolicited Conceptual Proposal or a Competing Proposal to cover HRTAC's costs of processing, reviewing, and evaluating any proposal or competing unsolicited proposal. Such costs include but are not limited to HRTAC staff time, the cost of any materials or supplies expended, and the cost of any outside advisors or consultants, including but not limited to attorneys, consultants, financial and technical advisors, used by HRTAC to assist in processing, reviewing, or evaluating the proposal.

Review fees shall be imposed based on the reasonably anticipated costs to HRTAC in accordance with the following schedule:

1. Initial Evaluation Fee. Payment of an Initial Evaluation Fee must accompany the submission of an Unsolicited Conceptual Proposal or Competing Proposal to HRTAC. No Unsolicited Conceptual Proposal or Competing Proposal will be evaluated by HRTAC prior to submission of the requisite fee. The Initial Evaluation Fee shall be \$10,000.
2. Conceptual Phase Review Fees. After the Initial Evaluation of an Unsolicited Conceptual Proposal or Competing Proposal, if HRTAC decides to continue with consideration of the proposal, the Proposer shall pay to HRTAC a Conceptual Phase Review Fee of two and one-half percent (2.5%) of the reasonably anticipated total cost of the implementing the proposal, but no more than \$50,000, regardless of the anticipated total cost. HRTAC shall not proceed with consideration of either an Unsolicited Conceptual Proposal or Competing until the entire Conceptual Phase Review Fee has been paid in full.
3. Additional fees. Additional fees beyond the Initial Evaluation Fee and Conceptual Phase Review Fee may be imposed by HRTAC during any phase of evaluation or consideration of any proposal (other than Solicited Proposals), if HRTAC reasonably anticipates it will incur costs in excess of the Fees paid by the Proposer. HRTAC will notify the Proposer of the amount of such additional fees as and when it anticipates incurring such costs. Prompt payment of such additional fees is required before HRTAC will continue to process, review, and evaluate the proposal.
4. Reimbursement of excess fees paid. In the event the total fees paid by the Proposer exceed HRTAC's total costs incurred in processing, reviewing, and evaluating the proposal, HRTAC shall reimburse the difference. Otherwise, any fees paid to HRTAC are non-refundable.

**IV. FINDING OF PUBLIC INTEREST**

Prior to the initiation of the procurement of a qualifying transportation facility, HRTAC is required by Section 33.2-1803.1 of the PPTA to make a finding of public interest. At a minimum, such finding shall contain the following information:

1. A description of the benefits expected to be realized by the responsible public entity through the development and/or operation of the transportation facility, including person throughput, congestion mitigation, safety, economic development, environmental quality, and land use.
2. A description of the benefits expected to be realized by the responsible public entity through the use of this chapter compared with the development and/or operation of the transportation facility through other options available to the responsible public entity.
3. A statement of the risks, liabilities, and responsibilities to be transferred, assigned, or assumed by the private entity, which shall include the following:
  - a. A discussion of whether revenue risk will be transferred to the private entity and the degree to which any such transfer may be mitigated through other provisions in the interim or comprehensive agreements;
  - b. A description of the risks, liabilities, and responsibilities to be retained by the responsible public entity; and
  - c. Other items determined appropriate by the responsible public entity in the guidelines for this chapter.
4. The determination of whether the project has a high, medium, or low level of project delivery risk and a description of how such determination was made. If the qualifying transportation facility is determined to contain high risk, a description of how the public's interest will be protected through the transfer, assignment, or assumption of risks or responsibilities by the private entity in the event that issues arise with the development and/or operation of the qualifying transportation facility.
5. If the responsible public entity proposes to enter into an interim or comprehensive agreement through competitive negotiation, information and the rationale demonstrating that proceeding in this manner is more beneficial than proceeding pursuant by competitive sealed bidding.

**V. PROPOSAL SUBMISSION PROVISIONS APPLICABLE TO ALL PROPOSALS****A. Generally**

Proposers are encouraged to propose innovative financing methods. Unless stated otherwise in a request for proposal, these financing methods may include the imposition of user fees or service payments as permitted under the provisions of the PPTA and the issuance of debt, equity, or other securities or obligations.

If the Instructions in an ITB or RFP differ from any of the provisions set forth in this Section V, the Instructions govern the submission of the bids or proposals submitted in response to that ITB or RFP.

HRTAC may require that any proposal be clarified. Such clarification may include but is not limited to submission of additional documentation, responses to specific questions, and interviews with potential project participants.

Proposals should be prepared as simply as possible, with straightforward, concise descriptions responsive to each of the requirements below or in the ITB or RFP. Proposers must submit their proposals with the required information in the order listed below.

Proposals must meet standards of professional writing established for the type of report or written material provided, must be thoroughly researched for accuracy of content, must be grammatically correct and not contain spelling errors, and must be submitted in the format outlined herein or in the ITB or RFP.

**B. Submission of Proposals**

One (1) original (marked “ORIGINAL”) **and ten (10) copies**, together with one (1) electronic copy, of the proposal must be submitted to:

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Each copy shall be bound in a single volume where practical, except that information for which a claim of confidential or proprietary information is made should be submitted in a separately bound document or volume for convenience of review by HRTAC. Any such volume containing confidential or proprietary information shall be clearly marked on its cover.

**C. Format and Structure of the Proposal**

- The proposal shall be limited to a page size of 8 ½” x 11”, single space and type size shall not be less than 10 point font for each response item;
- All copies shall be printed on at least thirty percent (30%) recycled-content and/or tree-free paper;

- All copies shall be double-sided;
- Covers or binders shall be recyclable, made from recycled materials, and/or easily removable to allow for recycling of pages (proposals with glued bindings that meet all other requirements are acceptable);
- The use of plastic covers or dividers should be avoided;
- The proposal must contain a table of contents;
- Each proposal shall be structured so that it contains the following individual sections in the following order:
  - INTRODUCTION OF PROPOSER
  - PROJECT CHARACTERISTICS
  - PROJECT BENEFIT AND COMPATIBILITY
  - QUALIFICATIONS AND EXPERIENCE
  - PROJECT FINANCING
  - REFERENCES
  - CONFLICT OF INTEREST STATEMENT

Any proposal submitted for a qualifying transportation facility shall be clearly identified as a “PPTA Proposal.”

#### **D. Affected Jurisdictions**

Any Proposer submitting an Conceptual Proposal or Detailed Proposal to HRTAC must provide all other affected jurisdictions with a copy of the proposal by certified mail, express delivery, or hand delivery within five (5) business days of submission of the proposal to HRTAC. The Proposer is responsible for documenting delivery of the request or proposal. The term “affected jurisdiction” includes any county, city or town in which all or a portion of a qualifying transportation facility is located, and any responsible public entity directly affected by the qualifying transportation facility. If an affected jurisdiction is locality comprising Planning District 23, the Proposer is not required to provide the jurisdiction a copy separate and apart from the copies provided directly to HRTAC.

HRTAC may request comments from the affected jurisdictions, and the affected jurisdictions shall have sixty (60) days from the date of the request to submit written comments to HRTAC and to indicate whether the proposed qualifying transportation facility will address the needs identified in the appropriate state, regional, or local transportation plan by improving safety, reducing congestion, increasing capacity, enhancing economic efficiency, or any combination thereof as set

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forth in PPTA Section 33.2-1805. HRTAC will consider comments received within the 60-day period in evaluating proposals. HRTAC is not obligated to suspend or delay its evaluation of any proposal during the 60-day period for the receipt of comments from affected jurisdictions.

**VI. SPECIAL PROVISIONS FOR UNSOLICITED CONCEPTUAL PROPOSALS AND COMPETING PROPOSALS**

Unsolicited Conceptual Proposals and Competing Proposals at the conceptual stage must contain the following information:

**A. Introduction of Proposer**

- Legal Name of Proposer
- Address
- Tax ID Number (EIN)
- Type of Business Entity (i.e. Corporation, General Partnership, Limited Partnership, Unincorporated Association, Limited Liability Company, Sole Proprietorship).
- Identification number issued to the entity by the Virginia State Corporation Commission.
- Indicate whether or not the Proposer or any of its principals are currently debarred from submitting bids to HRTAC, any state or political subdivision or any Federal Department or Agency.
- Minority/DBE Status.
- Contact Person, and contact information (i.e., telephone number, e-mail address, etc.)
- Major subcontractors (over \$5 million) known to the Proposer.

**B. Project Characteristics**

- A topographic map (1:2,000 or other appropriate scale) indicating the location of the transportation facility or facilities and the communities that may be affected;
- A description of the project, including the conceptual design and all proposed interconnections with other transportation facilities, including a description of any components, planned initially or for the future, that are expected to generate revenue for the project or the Proposer;
- The proposed schedule for the work on the project, including the estimated time for completion of the construction of the transportation facility and the dates for operation of the facility;
- An estimate of the life-cycle cost of the transportation facility as proposed;

- A statement setting forth the method by which the Proposer proposes to secure any property interests required for the transportation facility or facilities, including whether the Proposer intends for HRTAC to acquire any such property interests;
- Information relating to the current transportation plans, if any, of each affected locality or public entity;
- A list of all permits and approvals required for developing and/or operating improvements to the transportation facility or facilities from local, state, or federal agencies and a projected schedule for obtaining such permits and approvals;
- A list of public utility's, locality's, or political subdivision's facilities, if any, that will be crossed by the transportation facility or facilities and a statement of the plans of the private entity to accommodate such crossings;
- A statement setting forth the private entity's general plans for developing and/or operating the transportation facility or facilities, including identification of any revenue, public or private, or proposed debt or equity investment or concession proposed by the private entity;
- Information on how the private entity's proposal will address the needs identified in the appropriate state, regional, or local transportation plan by improving safety, reducing congestion, increasing capacity, enhancing economic efficiency, or any combination thereof;
- A statement of the risks, liabilities, and responsibilities to be transferred, assigned, or assumed by the private entity for the development and/or operation of the transportation facility, including revenue risk and operations and maintenance;
- Identification and description of any work to be performed by HRTAC or any other public entity;
- Any anticipated adverse social, economic and environmental impacts of the project. Specify the strategies or actions to mitigate known impacts of the project. Indicate if environmental assessments have been completed;
- The projected positive social, economic and environmental impacts of the project;
- Assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on HRTAC's use of the project;
- Any other assumptions relied on for the project to be successful; and
- Any contingencies that must occur for the project to be successful.

**C. Project Benefit and Compatibility**

- The anticipated impact of the project on reducing congestion for the greatest number of citizens residing within the Hampton Roads region;
- The compatibility with HRTAC's existing funding plan and with the long-range transportation plan adopted by the Hampton Roads Transportation Planning Organization ("HRTPO");
- Description of how the project will enhance the Hampton Roads regional transportation system.
- Description of how the project will achieve performance, safety, mobility, or transportation demand management.
- Description of any known or anticipated public support or opposition, as well as any known or anticipated government support or opposition, for the project. Support should be demonstrated through resolution of official bodies, minutes or meetings, letters, or other official communications.

**D. Qualification and Experience**

- For the purpose of this Subsection, "major contractor or subcontractor" means any entity with whom the Proposer will contract any part of the development, construction, or operation of the proposed P3 Project with a value equal to or greater than 10% of the contract value, or, for P3 Projects over \$50 million, with a value equal to or greater than \$5 million.
- Identity of the legal structure of the firm or consortium of firms making the proposal. Identify the organizational structure for the project, the management approach and how each partner and major subcontractor in the structure fits into the overall team. All members of the Proposer's team, including major subcontractors known to the Proposer must be identified at the time a proposal is submitted for the Conceptual stage. Identified team members and major contractors or subcontractors may not be substituted or replaced once a project is approved and a Comprehensive Agreement is executed without HRTAC's written approval.
- Description of the experience the Proposer and its key principals involved in the proposed project, including experience with projects of comparable size and complexity. Describe the length of time in business, business experience, public sector experience and other engagements of the firm or consortium of firms. Describe the past safety performance record and current safety capabilities of the firm or consortium of firms. Describe the past technical performance history on recent projects of comparable size and complexity, including disclosure of any legal claims by or against the firm or consortium of firms. Include the identity of any firms that will provide design, construction and completion guarantees and

warranties and a description of such guarantees and warranties. Provide resumes of the key individuals who will be involved in the project.

- For each major contractor or subcontractor that will be utilized in the project, statement listing all of the firm's prior projects and clients for the past three (3) years with contact information for such clients (names/addresses/ telephone numbers/e-mail). If a firm has worked on more than ten (10) projects during this period, it may limit prior project list to 10, but shall first include all projects similar in scope and size to the proposed project, and second, it shall include as many of its most recent projects as possible. Each firm or major subcontractor shall be required to submit all performance evaluation reports or other documents in its possession evaluating the firm's performance during the preceding three (3) years in terms of cost, quality, schedule, safety and other matters relevant to the successful project development, operation, and completion.
- The names, addresses, e-mail, and telephone numbers of the Proposer's employee or agent who will be directly involved in the project and who may be contacted for further information.
- A current or most recently audited financial statement of the Proposer and all entities with an equity interest of twenty percent (20%) or greater in the Proposer. For each, submit the most recent Securities and Exchange Commission 10-K and 10-Q reports if applicable.
- Identity of any persons known to the Proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Title 2.2, Chapter 31 of the Virginia Code (Section 2.2-3100 *et seq.*).
- Acknowledgement of conformance with the Ethics in Public Contracting Act (Sections 2.2-4367 through 2.2-4377 of the Virginia Code).
- Provide a completed qualification statement in a form acceptable to HRTAC that reviews all relevant information regarding technical qualifications and capabilities, firm resources and financial integrity of the Proposer and all major contractors or subcontractors, including but not limited to, bonding capacities, insurance coverage and firm equipment. This statement shall also include a mandatory disclosure by the firm for the past three (3) years, except as indicated, any of the following conduct:
  1. bankruptcy filings
  2. unpaid claims for money damages
  3. fines, assessments, or penalties

4. judgments or awards for money damages
5. contract defaults, contract terminations
6. license revocations, suspensions, other disciplinary actions
7. prior debarments or suspensions by a governmental entity
8. denials of prequalification, findings of non-responsibility
9. maximum five years safety performance data, including fatality incidents
10. “Experience Modification Rating” and issuing insurance company
11. “Recordable Incidence Rates” “Lost Time Incidence Rates”
12. OSHA 200 Summary and OSHA 300A Forms
13. OSHA violations, dates, and disposition
14. violations of any federal, state or local criminal or civil law by the firm or its principals
15. criminal indictments or investigations of the firm or its principals
16. legal claims filed by or against firm

#### **E. Project Financing**

- A preliminary estimate and estimating methodology of the cost of the work by phase, segment, or both. If costs span a period greater than twelve (12) months, they shall be reported in “year of expenditure” dollars.
- A plan for the development, proposed financing and construction of the project showing the anticipated schedule on which funds will be required. Describe the anticipated costs of and proposed sources and uses for such funds, including any anticipated debt service costs. Include any supporting due diligence studies, analyses, or reports.
- A list and discussion of assumptions underlying all major elements of the plan. Assumptions should include all terms, conditions and fees associated with financing given the recommended financing approach. In addition, the complete disclosure of interest rate assumptions should be included and what impact, if any, a change in interest rates would have on the ultimate annual project cost.

- Any proposed user fees and demonstrate that the revenues therefrom will be used solely for programs and projects that are reasonably related to, or benefit the users of, the proposed project.
- Financial information which demonstrates the private entity's financial stability and ability to finance the project.
- A description and analysis (cost/benefit, tax, etc.) to demonstrate the project's financial feasibility.
- The amounts and the terms and conditions for any revenue sources.
- Any aspect of the project that could disqualify the project from obtaining tax-exempt financing.

## VI. REFERENCES

For all projects referenced in your Qualifications and Experience, the address, telephone number, and the name of a specific contact person who have knowledge of the work performed on those projects. These references should include:

- Name and address of project owner/sponsor
- Name, telephone number, fax number, and e-mail address of the owner's project manager
- A summary of the project including budget and final cost
- Project schedule (proposed and actual)

## VII. CONFLICT OF INTEREST STATEMENT

Firms must submit an executed copy of the Conflict of Interest Statement. Exhibit \_\_ to these guidelines.

## F. Format for Submissions of Unsolicited Proposals and Competing Proposals at the Detailed Stage

After review and evaluation of proposals submitted at the conceptual stage, HRTAC shall determine if it will continue with the procurement of the qualifying transportation facility and will select two or more Proposers ("short-list") to submit a detailed proposal. HRTAC may select only one Proposer if only one Proposer is qualified to develop or operate the qualifying transportation facility.

HRTAC will issue a request for detailed proposals to the short-listed Proposers. The request for detailed proposals will set forth the requirements for the detailed proposal, which may include:

- Conceptual (single line) plans and elevations depicting the general scope, appearance and configuration of the project.
- A detailed description of the proposed participation, use and financial involvement of HRTAC in the project. Include the proposed terms and conditions for the project.
- A list of public utility's, locality's or political subdivision's facilities, if any, that will be impacted by the qualifying transportation facility and a statement of the plans of the proposed entity to accommodate such impacts (facilities owned or operated by the local government or political subdivision may include pipes, mains, storm sewers, water lines, sanitary sewers, natural gas facilities, or other structures, equipment, and appliances owned or operated by a locality or political subdivision for the purpose of transmitting or distributing communications, power, electricity, light, heat, gas, oil, crude products, water, steam, sewage or waste, storm water not connected with highway drainage, or any other similar commodity or substance, which facilities directly or indirectly serve the public).
- The names and addresses, if known, of the current owners of the property interests required to be secured and property the private entity intends to request that HRTAC acquire.
- A detailed listing of all firms that will provide specific design, construction and completion guarantees and warranties, a brief description of such guarantees and warranties and a record of any prior defaults in performance.
- An updated, total life-cycle cost including maintenance in “year of expenditure” dollars, specifying methodology and assumptions of the project or projects and its major building systems (e.g. electrical, mechanical, etc.) and the proposed project start date. Include anticipated commitment of all parties; equity, debt, and other financing mechanisms; and a schedule of project revenues and project costs. The life-cycle cost analysis should include, but not be limited to, a detailed analysis of the projected return, rate of return, or both, expected useful life of facility and estimated annual operating expenses.
- A detailed discussion of assumptions about user fees or rates, lease payments and other service payments, and the methodology and circumstances for changes and usage [clarify?] of the project over the useful life of the project.

- Update the identification of any known or anticipated public or government support or opposition for the project, including supporting documentation. Discuss the impact of the support or opposition on the project.
- Demonstration of consistency with appropriate HRTAC and/or affected jurisdiction comprehensive development plans (including related land use, environmental and facility standards ordinances, where applicable), transportation plans, the capital improvement plan and capital budget, or indication of the steps required for acceptance into such plans.
- Explanation of how the proposed project would impact the development plans of HRTAC or any affected jurisdiction.
- Description of an ongoing performance evaluation system or database to track key performance criteria, including but not limited to schedule, cash management, quality, worker safety, change orders, and legal compliance.
- Identification of the executive management and the officers and directors of the firm or consortium of firms making the proposal. In addition, identify any known conflicts of interest or other limitations that may impact HRTAC's consideration of the proposal, including the identification of any persons known to the private entity who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to the Virginia State and Local Government Conflict of Interests Act, Title 2.2, Chapter 31 (Section 2.2-3100 et seq.) of the Virginia Code.
- Include a detailed description of any financing plan proposed for the project, a comparison of that plan with financing alternatives that may be available to HRTAC, and all underlying data supporting any conclusions reached in the analysis or the selection by the private entity of the financing plan proposed for the project.
- Identify the proposed plan for obtaining sufficient numbers of qualified workers in all trades or crafts required for the project.
- Provide information on any training programs, including but not limited to apprenticeship programs registered with the U.S. Department of Labor or a State Apprenticeship Council, in place for employees of the firm and employees of any member of a consortium of firms.
- Information on the level of commitment by the firm to using small, women-owned, or minority businesses in developing and implementing the project.
- For each firm or major subcontractor that will perform construction and/or design activities, a sworn certification by an authorized representative of the

firm attesting to the fact that the firm is not currently debarred or suspended by any federal, state or local government entity.

- Description of worker safety training programs, job-site safety programs, accident prevention programs, written safety and health plans, including incident investigation and reporting procedures.
- All anticipated risk factors and methods for dealing with these factors. Describe the methods and remedies associated with any financial default.
- Any local, state or federal resources that the private entity contemplates requesting for the project. Describe the total commitment, if any, expected from HRTAC or other governmental sources (and identify each such source) and the timing of any anticipated commitment. Such disclosure should include any direct or indirect guarantees or pledges of HRTAC's credit or revenue.
- Any other information HRTAC deems necessary or desirable for evaluation of the detailed proposals.

**VII. PROPOSAL EVALUATION AND SELECTION CRITERIA**

Some or all of the following matters may be considered in the evaluation and selection of PPTA proposals. The specific evaluation criteria to be used for any particular procurement will be provided in the ITB or RFP. HRTAC retains the right at all times to reject any proposal at any time for any reason whatsoever.

**A. Project Characteristics**

Factors considered in evaluating the project characteristics may include, but are not limited to:

1. Project description, location, and design;
2. Proposed project schedule;
3. Operation of the project and interconnections with the transportation facilities;
4. Technical feasibility and state of the art offerings;
5. Conformity to federal, state and local laws, regulations, codes, guidelines and standards;
6. Environmental impacts;
7. Property impacts;
8. Utility, railroad, cable television provider, locality or political subdivision infrastructure facility impacts;
9. Federal, state and local permits;
10. Maintenance of the project; and
11. Ongoing operations.

**B. Project Benefit and Compatibility**

Factors to be considered in evaluating the proposed project's benefit to and compatibility with the appropriate local or regional comprehensive or development plans may include, but are not limited to:

1. Anticipated reduction in congestion;
2. Compatibility with HRTAC's existing funding plan, and with HRTPO's long-range transportation plan;

3. Enhancements to the Hampton Roads regional transportation system;
4. Achievement of performance, safety, mobility, or transportation demand management;
5. Community support or opposition, or both;
6. Public involvement strategy;
7. Compatibility with existing and planned facilities;
8. Compatibility with local, regional, and state economic development efforts; and
9. Compatibility with the land use plans, transportation plans, and capital improvement plans of affected jurisdictions.

**C. Qualifications and Experience**

Factors considered in evaluating the qualifications and experience may include, but are not limited to:

1. Experience, **training and preparation** [?] with similar projects of the Proposer, Proposer members, and major subcontractors; **[ISN'T THIS COVERED BY 1, 3]**
2. Reputation, industry experience;
3. Demonstrated record of successful past performance, including timeliness of project delivery, compliance with plans and specifications, quality of workmanship, cost-control and project safety;
4. Demonstrated conformance with applicable laws, codes, standards, regulations, and agreements on past projects;
5. Leadership structure;
6. Project manager's experience;
7. Management approach;
8. Organizational chart, including project staffing plans, the skill levels of the proposed task leaders, workforce, apprenticeship and other training programs offered for the project for the project;
9. Proposed safety plans;

10. Financial soundness, capability, including the ability to obtain required sureties and insurance coverages;
11. Project ownership; and
12. Ethics and integrity.

**D. Project Financing**

Factors considered in evaluating whether the proposed project financing allows adequate access to the necessary capital to finance the project may include, but are not limited to:

1. Estimated cost of the project, including debt source, operating costs, etc.;
2. Cost and cost benefit to HRTAC;
3. The impact of any proposed financing on HRTAC's debt burden or credit ratings;
4. Ability to obtain tax-exempt financing;
5. Financial plan, including overall feasibility and reliability of the plan; default implications; degree to which private entity has conducted due diligence investigation of proposed financial plan and results of any such inquiries or studies;
6. Private entity's past performance with similar plans and similar projects;
7. Life-cycle cost analysis;
8. The identity, credit history, and past performance of any third party that will provide financing for the project and the nature and timing of their commitment; and
9. User fees and use of revenue that benefits users. Reasonableness of assumptions underlying financing.

HRTAC may elect to accept the private entity's financing proposal or may select its own finance team, source, and financing vehicles.

**E. Other Factors**

Other factors that may be considered in the evaluation and selection of PPTA proposals may include, but are not limited to:

1. The eligibility of the facility for accelerated selection, review, and documentation;

2. Local citizen and government comments;
3. Benefits to the public; including whether the project will lead to productivity or efficiency improvements in HRTAC's processes or delivery of services to the public;
4. The private entity's compliance with HRTAC's **Procurement Policy [PPTA Guidelines?]** and the good faith effort to comply with the goals of such policy;
5. The private entity's plan to employ local contractors and residents;
6. Proposer's plan for utilizing SWAM or DBE business;
7. The safety record of the private entity; and
8. The risks, liabilities, and responsibilities transferred, assigned, or assumed by the private entity provide sufficient benefits to the public to not proceed with the development and/or operation of the transportation facility through other means of procurement available to HRTAC.

#### **F. Timelines**

Guidelines for determining applicable timelines are as follows:

1. For solicited proposals, the timeline for selecting proposals and negotiating an agreement will be consistent with the terms and conditions set forth in the Request for Proposals.
2. For unsolicited proposals, an estimated timeline will be developed and distributed within sixty (60) days of receipt of the proposal. The timeline will be subject to revision(s), as required.
3. Accelerated selection, review, and documentation timelines shall be permitted for proposals involving a qualifying facility that HRTAC deems a priority, such as qualifying transportation facilities that have approved or pending state and federal environmental clearances, secured significant right of way, have previously allocated significant state or federal funding, or exhibit other circumstances that could reasonably reduce the amount of time to develop and/or operate the qualifying transportation facility.

## **VIII. INTERIM AND COMPREHENSIVE AGREEMENTS**

The purpose of an Interim Agreement for P3 projects is to all Proposers to engage and be compensated for certain project planning, design, engineering, environmental analysis or similar activities. HRTAC may, at its discretion, enter into an Interim Agreement with one or more Proposers for activities specified in the Agreement.

A Comprehensive Agreement is required to be entered into between HRTAC and a selected Proposer before the development of a P3 project.

HRTAC does not accept liability for any part or phase of a project prior to entering into a properly executed Interim or Comprehensive Agreement. Any Interim or Comprehensive Agreement executed pursuant to the PPTA and any annulment thereto, requires prior approval by HRTAC's members in accordance with Section 33.2-2604 of the Virginia Code. Any changes in the terms of an executed Interim or Comprehensive Agreement shall be in the form of a written amendment.

### **A. Interim Agreement**

Interim agreements may be used when it is necessary or advisable to segment a project to produce distinct and clear deliverables necessary to keep the project moving towards development of a Comprehensive Agreement. An Interim Agreement may not be used to have HRTAC assume risks that should be assumed by the Proposer or to pay costs attributable to the Proposer's efforts in making the proposal. Interim Agreements require the same level of approval as Comprehensive Agreements.

Development of an Interim Agreement is in HRTAC's sole discretion and in no way limits the rights reserved by HRTAC to terminate the evaluation of any or all proposals at any time.

Such Interim Agreement may:

- a. Permit a private entity to commence activities for which it may be compensated relating to the proposed qualifying transportation facility, including, but not limited to, project planning and development, design and engineering, environmental analysis and mitigation, survey, and ascertaining the availability of financing for the proposed facility or facilities;
- b. Establish the process and timing of the negotiation of the Comprehensive Agreement; and
- c. Contain any other provisions related to any aspect of the development or operation of a qualifying transportation facility that the parties may deem appropriate.

At least thirty (30) days prior to entering into an Interim Agreement, HRTAC shall provide an opportunity for public comment on proposals. HRTAC shall post the major business

points of the agreement, including projected use of public funds, and explain how the public can submit comments. HRTAC shall also present the major points to its Board at a regular scheduled open meeting.

A draft of any Interim Agreement shall be posted and the public shall have an opportunity to comment on it at least thirty (30) days prior to the issuance of a final request for proposals.

**B. Comprehensive Agreement**

Prior to developing or operating any qualifying transportation facility, a selected Proposer must enter into a Comprehensive Agreement with HRTAC as provided by the PPTA. HRTAC may enter into a Comprehensive Agreement with multiple private entities if it determines, in writing, that it is in the public interest.

At least thirty (30) days prior to entering into a Comprehensive Agreement, HRTAC shall provide an opportunity for public comment on proposals. HRTAC shall post the major business points of the agreement, including projected use of public funds, and explain how the public can submit comments. HRTAC shall also present the major points to its Board at a regular scheduled open meeting.

HRTAC shall not enter into a Comprehensive Agreement unless HRTAC's Executive Director certifies in writing to the Governor and the General Assembly that the transfer, assignment, and assumption of risks, liabilities, and permitting responsibilities or the mitigation of revenue risk by the private sector enumerated in the finding of public interest issued pursuant to Section 33.2-1803.1 of the PPTA have not materially changed since the finding was issued and the finding of public interest is still valid. Any change to the project scope that does not materially impact the assignment of risks or liabilities or mitigation of revenue risk shall be presented in a public meeting before the appropriate governing board.

As provided by the PPTA, the terms of the Comprehensive Agreement must include, but not be limited to:

- a. Delivery of maintenance, performance and payment bonds or letters of credit in connection with the design, construction, expenses, equipping, maintenance or operation of the qualifying transportation project, in the forms and amounts satisfactory to HRTAC and in compliance with Virginia Code Section 2.2-4337 for those components of the qualifying transportation project that involves construction;
- b. Review and approval of plans and specifications for the qualifying transportation project by HRTAC;
- c. HRTAC's right to inspect the construction of or improvement to qualifying transportation project to ensure compliance with the Comprehensive Agreement, and standards required by HRTAC;

- d. Maintenance of a policy or policies of public liability insurance or an acceptable program of self-insurance, each in form and amount satisfactory to HRTAC and reasonably sufficient to insure coverage of tort liability to the public and employees and to enable the continued operation of the qualifying transportation facility;
- e. Monitoring of the maintenance practices of the private entity by HRTAC and actions that may be taken by HRTAC to ensure the proper maintenance of the qualifying transportation project;
- f. The terms under which the private entity will reimburse HRTAC for services provided by HRTAC;
- g. The terms under which the private entity will file appropriate financial statements in a form acceptable to HRTAC on a periodic basis;
- h. The terms governing the rights and responsibilities of HRTAC and the private entity in the event that the Comprehensive Agreement is terminated or there is a material default by the private entity, including the conditions governing assumption of the duties and responsibilities of the private entity by HRTAC and the transfer or purchase of property or other interests of the private entity by HRTAC and, in the case of a termination for convenience, compensation or reimbursement for development expenses and fees;
- i. Provisions for such user fees, lease payments, or service payments, if any, as may be established from time to time by agreement of the parties, subject in each case to such limitations as may be required to comply with Federal and state laws, regulations and policies;
- j. Requiring a copy of any service contract to be filed with HRTAC and providing that a schedule of the current user fees or lease payments shall be made available by the private entity to any member of the public upon request;
- k. Guaranteed cost and completion guarantees related to the development and/or operation of the qualified transportation facility and payment of damages for failure to meet the completion guarantee;
- l. The date of termination of the private entity's authority, duties and responsibilities to HRTAC;
- m. The terms and conditions under which HRTAC may contribute financial resources, if any, for the qualifying transportation facility;
- n. The terms and conditions under which HRTAC will be required to pay money to the private entity and the dates and amounts of such payments for the project;

- o. The terms and conditions under which existing site conditions will be assessed and addressed, including the identification of the responsible party for conducting the assessment and taking necessary remedial action;
- p. A provision for the distribution of any earnings in excess of the maximum rate of return negotiating in the Comprehensive Agreement;
- q. Incorporation of the duties of a private entity in the PPTA, the parties, and all terms and conditions required by law;
- r. A provision that all change to the Comprehensive Agreement must be by written amendment; and
- s. A provision requiring funding for adequate staffing by the Virginia State Police for law enforcement services during development and operation of the qualify transportation facility, as determined in consult with the Virginia State Police.

The representations, information and data supplied in support of or in connection with proposals play a critical role in the competitive evaluation process and in the ultimate selection of a proposal by HRTAC. Accordingly, as part of the Comprehensive Agreement, the Proposer shall certify that all material representations, information and data provided in support of, or in connection with, a proposal is true and correct. Such certifications shall be made by authorized individuals who have knowledge of the information provided in the proposal. In the event that material changes occur with respect to any representations, information or data provided for a proposal, the Proposer shall immediately notify HRTAC of such changes in reasonable detail. Any violation of this section of the Comprehensive Agreement shall give HRTAC the right to terminate the Agreement, withhold payment or other consideration due, and seek any other remedy available under the law.

#### **C. Additional Notice and Posting Requirements**

Once an Interim Agreement or a Comprehensive Agreement has been executed, HRTAC shall make procurement records available for public inspection, in accordance with the Virginia Freedom of Information Act (Section 2.2-3700 *et seq.* of the Virginia Code). Such procurement records shall include documents initially protected from disclosure on the basis that the release of such documents would adversely affect HRTAC's financial interest or bargaining position. Such procurement records shall not include (i) trade secrets of the private entity or (ii) financial records, including balance sheets or financial statements of the private entity that are not generally available to the public through regulatory disclosure or otherwise.

#### **D. Reservation of Rights**

## **DRAFT**

## **DRAFT**

In connection with any proposal, HRTAC shall have all rights available to it by law in administering these procedures, including, without limitation, the right in its sole discretion to:

1. Reject any or all proposals at any time, for any reason. Private entities shall have no recourse against HRTAC for such rejection. A private entity will be notified in writing of such rejection in accordance with these procedures.
2. Terminate evaluation of any and all proposals at any time.
3. Suspend, discontinue and/or terminate negotiations on an Interim Agreement or Comprehensive Agreement at any time prior to their execution by all parties. (See Section VII below.)
4. Negotiate with a private entity without being bound by any provision in its proposal.
5. Request or obtain additional information about any proposal.
6. Issue addenda to and/or cancel any RFP.
7. Revise, supplement or withdraw all or any part of these procedures at any time.
8. Modify any standard fee schedule as stated herein for a specific proposal or for all future proposals.
9. Decline to return any and all fees required to be paid by a private entity hereunder, except for that portion of the initial fees paid by Proposers with an unsolicited conceptual proposal that were not expended by HRTAC in evaluating the proposal if HRTAC declines to accept the proposal for consideration.
10. Request revisions to conceptual or detailed proposals.
11. Treat any proposal which may have certain characteristics in common yet differ in meaningful ways from a previously received proposal as either a competing proposal or a noncompeting unsolicited proposal and proceed accordingly.
12. Submit a proposal for review by outside consultants or advisors selected by HRTAC without notice to the Proposer. Such consultants or advisors shall be advised of and contractually required to agree to maintain the confidentiality of information that has been designated as confidential pursuant to an agreement between HRTAC and the Proposer, and to refer all requests for such information to HRTAC.

13. Modify the stated timeline for consideration, review or negotiation of proposals when deemed necessary by HRTAC in its sole discretion. Written notice will be provided to any affected Proposers when such departures from a stated timeline are deemed significant.

Under no circumstances shall HRTAC be liable for, or reimburse, the costs incurred by private entities, whether or not selected for negotiations, in developing proposals or in negotiating agreements.

Any and all information HRTAC makes available to Proposers shall be as a convenience to the Proposer and without representation or warranty of any kind. Proposers may not rely upon any oral responses to inquiries. If a Proposer has a question regarding application of these procedures, the Proposer must submit the question in writing to HRTAC's Executive Director and HRTAC will respond in writing as it determines appropriate.

#### **E. Virginia Freedom of Information Act**

All proposals submitted to HRTAC become the property of HRTAC and are subject to the Virginia Freedom of Information Act ("FOIA") (Section 2.2-3700 *et seq.* of the Virginia Code). Proposers are advised to familiarize themselves with FOIA to ensure that documents identified as confidential or proprietary will not be subject to disclosure under FOIA.

In accordance with Section 2.2-3705.6(11) of FOIA, proposals and records voluntarily submitted to HRTAC under the PPTA are subject to disclosure except to the extent that they relate to (i) confidential proprietary records submitted to HRTAC under a promise of confidentiality, or (ii) memoranda, working papers, or other records related to proposals if making public such records would adversely affect the financial interest of HRTAC or private entity or the bargaining position of either party. Cost estimates relating to proposed procurement transactions prepared by or for HRTAC are not open to public inspection pursuant to PPTA Section 33.2-1820(E).

Section 33.2-1803(H) of the PPTA requires HRTAC to take appropriate action to protect confidential proprietary information submitted by a private entity. In order for confidential proprietary information to be excluded from disclosure under FOIA, the private entity must (i) invoke the exclusion when the data or materials for which protection from disclosure is sought are submitted to HRTAC, (ii) identify the data or other materials for which protection from disclosure is sought, and (iii) state the reasons why exclusion from disclosure is necessary. HRTAC is authorized and obligated to protect only confidential proprietary information, and thus will not protect any portion of a proposal from disclosure if the entire proposal has been designated confidential by the Proposer without reasonably differentiating between proprietary and non-proprietary information contained herein.

Upon timely receipt of a request that designated portions of a proposal be protected from disclosure as confidential and proprietary, HRTAC shall determine whether such protection is appropriate under applicable law and, if appropriate, the scope of such

appropriate protection, and shall communicate its determination to the Proposer. Upon a final determination by HRTAC to accord less protection than requested by the Proposer, the Proposer will be accorded an opportunity to withdraw its proposal. A proposal so withdrawn will be treated in the same manner as a proposal not accepted for publication and conceptual-phase consideration as provided below.

To the extent that access to any procurement record or other document or information is compelled or protected by a court order, then HRTAC must comply with such order.

**F. Use of Public Funds**

Virginia constitutional and statutory requirements regarding appropriation and expenditure of public funds shall apply to any Interim or Comprehensive Agreement entered into under the PPTA. Accordingly, the processes and procedural requirements associated with the expenditure or obligation of public funds shall be incorporated into planning for any PPTA project or projects.

**G. Applicability of Other Laws**

In submitting proposals and in developing, executing or operating facilities under the PPTA, private entities must comply with all applicable federal, state, and local laws.

**IX. INDEPENDENT AUDIT**

For qualifying transportation facility whose construction cost is estimated to exceed \$50 million, a provision requiring the private entity to reimburse HRTAC for the costs of an independent audit as described in Section \_\_ and required by PPTA Section 33.2-1803(F) for P3 projects with construction costs over \$50 million, HRTAC shall engage a consultant of its choosing to perform an independent audit of the traffic cost estimates associated with the Proposer's proposal and all the public costs and other liabilities which may require the expenditure of public funds. Such liabilities include improvements to other transportation facilities required as a result of the proposal, the Proposer's failure to reimburse HRTAC for services rendered, and other risks and liabilities to which taxpayers or HRTAC may be exposed should the Proposer default on the Interim Agreement, the Comprehensive Agreement or bonds issued as part of the financing for the P3 project. The Proposer shall reimburse HRTAC for the costs for the independent audit and the results of the audit must be disclosed in accordance with FOIA.

**X. GOVERNING PROVISIONS**

In the event of any conflict between these guidelines and procedures and the PPTA, the terms of the PPTA shall control.



## HAMPTON ROADS TRANSPORTATION FUND

### FINANCIAL REPORT

FY2014 – FY2018

As of October 31, 2017

VDOT provides the 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 October 2017 financial reports. Based on the financial reports received to date from VDOT, the HRTAC staff has analyzed the data and prepared the attached reports and summaries:

### **Revenues**

Total Gross Revenues (Inception to October 31, 2017): \$ 684,480,309

- State Sales and Use Tax : 535,708,131
- Local Fuels Tax : 139,677,926
- Interest : 2,050,787
- Investment Income: 7,043,465

### **Expenditures**

Total Expenditures (Inception to October 31, 2017): \$134,649,982

- Project Construction: 130,858,103
- Total DMV and Dept. of Tax Administrative Fees: 598,214
- Investment Fees: 732,002
- Operating Expenses: 2,461,663

### **Cash Balance**

Ending Cash Balance: \$549,830,327

### **Encumbered Balance**

Balance of Encumbered (through FY2022): \$1,096,069,992

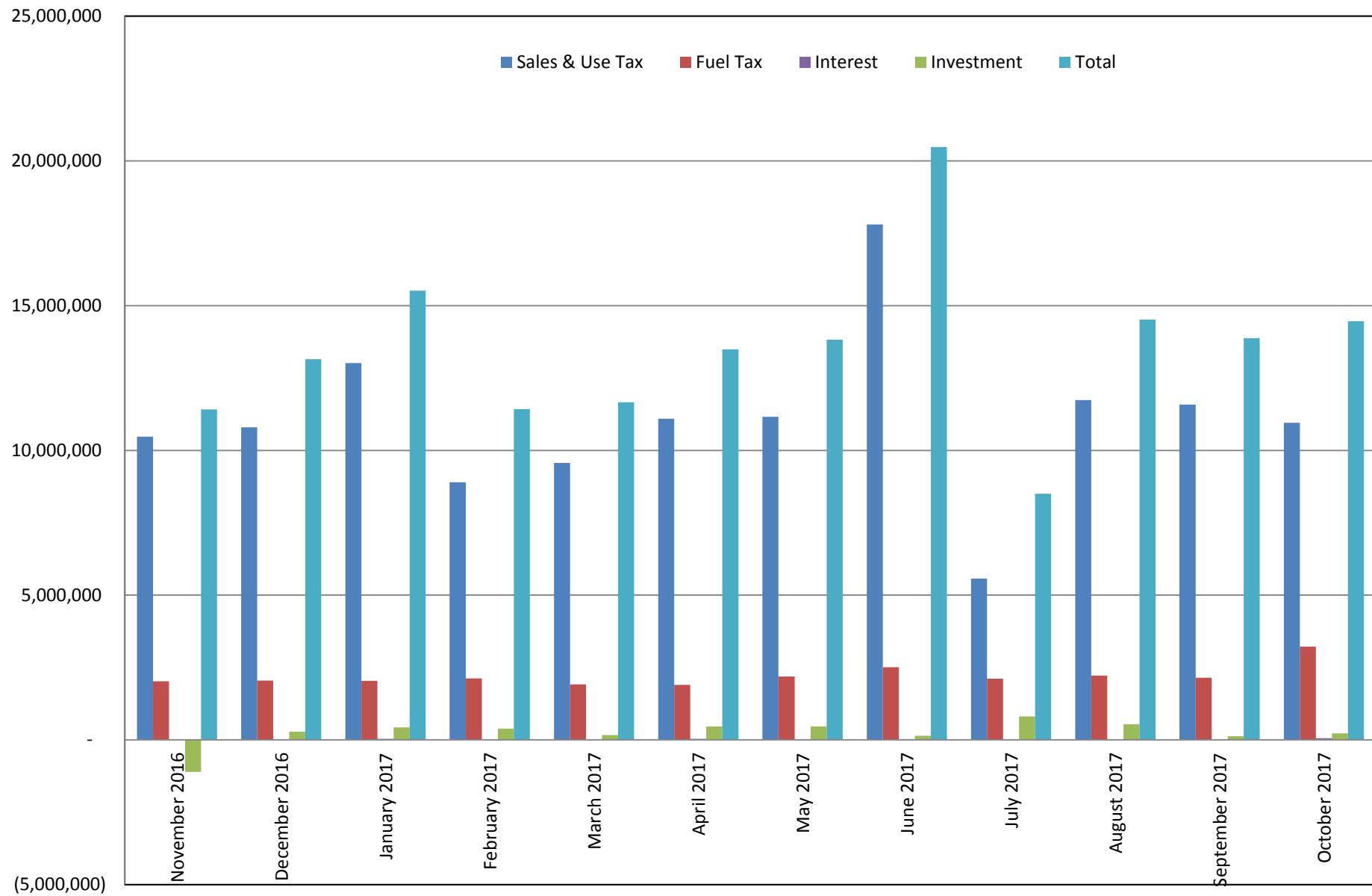
Allocation: \$1,226,928,095

- Less Construction Expenditures: \$130,858,103

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

	Gross Revenue					Expenditures					Cummulative Balance 7/1/13 - 10/31/17
	Sales & Use Tax	Fuel Tax	Interest	Income	Total	Construction	Dept of Tax	Admin Fee	Investment Fees	Operating Expenses	
<i>July 2013 - October 2016</i>	\$ 403,026,338	\$ 113,231,066	\$ 1,787,850	\$ 4,104,028	\$ 522,149,281	\$ 47,327,348	\$ 598,214	\$ 478,735	\$ 1,702,181	\$ 50,106,478	\$ 472,042,803
<i>November 2016</i>	10,474,452	2,020,272	18,410	(1,100,202)	11,412,932	-	-	19,752	126,389	146,141	483,309,594
<i>December 2016</i>	10,797,186	2,049,963	16,692	285,117	13,148,958	5,659,728	-	14,214	31,198	5,705,141	490,753,411
<i>January 2017</i>	13,017,048	2,038,261	35,565	427,888	15,518,761	4,311,834	-	27,141	48,335	4,387,310	501,884,862
<i>February 2017</i>	8,900,116	2,119,282	14,830	391,970	11,426,199	11,818,475	-	17,300	30,755	11,866,531	501,444,531
<i>March 2017</i>	9,571,456	1,914,230	13,639	166,311	11,665,635	9,455,183	-	27,055	58,773	9,541,010	503,569,156
<i>April 2017</i>	11,096,726	1,897,011	34,333	460,440	13,488,510	12,363,557	-	18,411	34,920	12,416,888	504,640,778
<i>May 2017</i>	11,163,834	2,188,487	7,285	467,771	13,827,377	3,394,550	-	19,046	85,117	3,498,714	514,969,441
<i>June 2017</i>	17,803,673	2,508,420	27,208	139,630	20,478,931	16,962,152	-	26,493	69,409	17,058,054	518,390,317
<i>July 2017</i>	5,576,511	2,112,352	9,551	807,469	8,505,882	-	-	19,077	74,772	93,849	526,802,351
<i>August 2017</i>	11,741,262	2,225,581	12,129	541,206	14,520,177	-	-	19,092	41,983	61,075	541,261,453
<i>September 2017</i>	11,584,493	2,149,365	17,494	126,412	13,877,763	4,877,831	-	26,565	110,061	5,014,457	550,124,759
<i>October 2017</i>	10,955,037	3,223,638	55,802	225,426	14,459,903	14,687,445	-	19,120	47,771	14,754,335	549,830,327
<b>Total 12 Months</b>	<b>\$ 132,681,794</b>	<b>\$ 26,446,860</b>	<b>\$ 262,937</b>	<b>\$ 2,939,437</b>	<b>\$ 162,331,028</b>	<b>\$ 83,530,755</b>	<b>\$ -</b>	<b>\$ 253,267</b>	<b>\$ 759,482</b>	<b>\$ 84,543,504</b>	
<b>Grand Totals</b>	<b>535,708,131</b>	<b>139,677,926</b>	<b>2,050,787</b>	<b>7,043,465</b>	<b>684,480,309</b>	<b>130,858,103</b>	<b>598,214</b>	<b>732,002</b>	<b>2,461,663</b>	<b>134,649,982</b>	
<b>Less Balance of Encumbered (through FY2022)</b>											<b>\$ (1,096,069,992)</b>
<b>Total Net Available</b>											<b>(546,239,666)</b>

# HRTF Revenue



**Table 1 - Total HRTF Revenues**

Hampton Roads Transportation Fund (HRTF)

*Total of Sales & Use and Fuels Taxes**Fiscal Year 2018*

Locality	Total FY2014 - FY 2017	Previous FY2018	October 2017	Total YTD FY2018	Total
<i>Chesapeake</i>	114,985,401	6,422,418	2,623,431	9,045,849	124,031,250
<i>Franklin</i>	5,369,194	306,101	232,808	538,909	5,908,104
<i>Hampton</i>	46,180,660	2,488,410	1,203,038	3,691,448	49,872,108
<i>Isle of Wight</i>	9,950,877	515,392	358,395	873,788	10,824,665
<i>James City</i>	28,587,671	1,797,476	639,895	2,437,371	31,025,043
<i>Newport News</i>	66,706,250	3,540,093	1,297,996	4,838,088	71,544,338
<i>Norfolk</i>	86,298,842	4,775,369	1,957,019	6,732,387	93,031,229
<i>Poquoson</i>	1,563,499	67,170	27,435	94,605	1,658,105
<i>Portsmouth</i>	21,954,713	1,139,534	404,013	1,543,547	23,498,261
<i>Southampton</i>	2,953,969	170,348	59,226	229,574	3,183,543
<i>Suffolk</i>	29,658,369	1,616,233	588,363	2,204,597	31,862,965
<i>Virginia Beach</i>	169,080,447	10,103,492	3,680,580	13,784,073	182,864,520
<i>Williamsburg</i>	13,827,614	768,880	488,562	1,257,443	15,085,056
<i>York</i>	28,700,309	1,678,645	617,915	2,296,559	30,996,869
Total	625,817,818	35,389,563	14,178,675	49,568,238	675,386,057
Interest	1,955,812	39,173	55,802	94,974	2,050,787
Investment Income (Sterling&PFMAM/ Union/LGIP)	5,342,953	1,475,087	225,426	1,700,513	7,043,465
Total Revenues	633,116,583	36,903,822	14,459,903	51,363,725	684,480,309
Construction	(111,292,828)	(4,877,831)	(14,687,445)	(19,565,275)	(130,858,103)
DMV and Dept of Tax Admin Fees	(598,214)	-	-	-	(598,214)
Investment Fees (Sterling&PFMAM)	(648,149)	(64,734)	(19,120)	(83,854)	(732,002)
Operating Expense	(2,187,077)	(226,816)	(47,771)	(274,587)	(2,461,663)
Cash Balance	518,390,316	31,734,442	(294,433)	31,440,009	549,830,327
Less Balance of Encumbered					(1,096,069,992)
Net Available Cash					(546,239,666)
Updated Forecast	658,745,037	30,997,099	13,060,861	59,323,895	718,068,932
Total Revenue - Forecast (under)/over	(30,971,407)	4,392,464	1,117,814	(9,755,657)	(40,727,064)

Source: VDOT report "Revenues By Locality"

Prepared by HRTAC on 11/30/2017

**Table 1A - State Sales & Use Tax**

**Hampton Roads Transportation Fund (HRTF)**

***State Sales & Use Tax***

***Fiscal Year 2018***

Locality	Total FY2014 - FY 2017	Previous FY2018	October 2017	Total YTD	FY2018	Total
<i>Chesapeake</i>	\$ 89,270,404	\$ 5,006,834	\$ 1,972,980	\$ 6,979,813	\$ 96,250,217	
<i>Franklin</i>	3,804,591	202,033	78,452	280,485		4,085,076
<i>Hampton</i>	35,655,491	1,839,345	722,360	2,561,706		38,217,197
<i>Isle of Wight</i>	5,731,108	296,341	124,913	421,254		6,152,362
<i>James City</i>	25,149,785	1,596,944	540,911	2,137,854		27,287,639
<i>Newport News</i>	54,119,914	2,980,111	1,184,037	4,164,148		58,284,062
<i>Norfolk</i>	72,166,247	4,128,074	1,638,814	5,766,887		77,933,134
<i>Poquoson</i>	1,178,660	62,709	25,486	88,196		1,266,856
<i>Portsmouth</i>	15,986,660	854,058	329,711	1,183,769		17,170,429
<i>Southampton</i>	1,317,996	89,583	28,630	118,213		1,436,209
<i>Suffolk</i>	20,605,661	1,163,696	464,358	1,628,055		22,233,716
<i>Virginia Beach</i>	137,449,742	8,685,047	3,124,380	11,809,427		149,259,170
<i>Williamsburg</i>	10,990,948	636,686	254,949	891,635		11,882,582
<i>York</i>	22,423,620	1,360,805	465,057	1,825,861		24,249,482
<b>Total</b>	<b>\$ 495,850,828</b>	<b>\$ 28,902,266</b>	<b>\$ 10,955,037</b>	<b>\$ 39,857,303</b>		<b>535,708,131</b>
Updated Forecast	493,271,042	15,265,935	10,863,114	52,269,161		545,540,203
Diff(under)/over	2,579,786	13,636,331	91,923	(12,411,858)		(9,832,072)

**Table 1B - Local Fuels Tax**  
**Hampton Roads Transportation Fund (HRTF)**  
*Local Fuels Tax*  
*Fiscal Year 2018*

Locality	Total FY2014 - FY 2017	Previous FY2018	October 2017	Total YTD FY2018	Total
<i>Chesapeake</i>	\$ 25,714,997	\$ 1,415,585	\$ 650,451	\$ 2,066,036	\$ 27,781,033
<i>Franklin</i>	1,564,603	104,068	154,357	258,424	1,823,028
<i>Hampton</i>	10,525,169	649,065	480,677	1,129,742	11,654,911
<i>Isle of Wight</i>	4,219,769	219,052	233,482	452,534	4,672,303
<i>James City</i>	3,437,887	200,533	98,984	299,517	3,737,404
<i>Newport News</i>	12,586,337	559,982	113,958	673,941	13,260,277
<i>Norfolk</i>	14,132,595	647,295	318,205	965,500	15,098,095
<i>Poquoson</i>	384,838	4,461	1,948	6,409	391,248
<i>Portsmouth</i>	5,968,053	285,476	74,302	359,778	6,327,831
<i>Southampton</i>	1,635,974	80,765	30,596	111,361	1,747,334
<i>Suffolk</i>	9,052,708	452,537	124,005	576,542	9,629,249
<i>Virginia Beach</i>	31,630,704	1,418,445	556,200	1,974,645	33,605,350
<i>Williamsburg</i>	2,836,667	132,194	233,614	365,808	3,202,475
<i>York</i>	6,276,689	317,840	152,858	470,698	6,747,387
<b>Total</b>	<b>129,966,991</b>	<b>\$ 6,487,297</b>	<b>\$ 3,223,638</b>	<b>\$ 9,710,935</b>	<b>\$ 139,677,926</b>
Updated Forecast	164,600,002	4,856,987	2,197,747	7,054,734	171,654,736
Diff(under)/over	(34,633,011)	1,630,310	1,025,891	2,656,201	(31,976,810)

## Table 2 - Allocations

### Hampton Roads Transportation Fund (HRTF)

#### Allocations

#### Fiscal Year 2018

Project	Total FY2014 - FY 2017	Previous FY2018 October 2017	Total YTD FY2018	Total
<i>I-64 Peninsula Widening</i>				
- <i>UPC 104905 (Segment 1) -Construction</i>	\$ 44,000,000	\$ -	\$ -	\$ 44,000,000
- <i>UPC 106665 (Segment 2) - PE &amp; Construction</i>	189,707,675	-	-	189,707,675
- <i>UPC 106689 (Segment 3) - PE</i>	10,000,000	-	-	10,000,000
- <i>UPC 106689 (Segment 3) -ROW &amp; Construction</i>	156,376,066	-	-	156,376,066
<i>I-64/264 Interchange Improvement</i>				
- <i>UPC 17630 - PE/ROW</i>	54,592,576	-	-	54,592,576
- <i>UPC 57048 - PE/ROW</i>	15,071,063	-	-	15,071,063
- <i>UPC 57048 - Construction of Phase 1</i>	137,023,653	-	-	137,023,653
- <i>UPC 17630/108041 - Construction of Phase 2</i>	73,157,062	-	-	73,157,062
- <i>UPC 106693 - PE - Phase 3</i>	10,000,000	-	-	10,000,000
<i>Third Crossing - UPC 106724 - SEIS</i>	5,000,000	-	(5,000,000)	(5,000,000)
<i>Remaining Projects of Third Crossing- UPC 106724 &amp; HRTPO</i>	7,000,000	-	-	7,000,000
<i>HRCS - UPC 110577 - SEIS</i>	25,000,000	-	-	25,000,000
<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>	480,000,000	-	-	480,000,000
<i>Route 460/58/13 Connector - UPC 106694 - PE</i>	5,000,000	-	-	5,000,000
			(5,000,000)	
<b>Total</b>	<b>\$ 1,231,928,095</b>	<b>\$ -</b>	<b>\$ (10,000,000)</b>	<b>\$ (5,000,000)</b>
				<b>\$ 1,226,928,095</b>

**Table 3 - Expenditures**

**Hampton Roads Transportation Fund (HRTF)**  
**Expenditures**  
**Fiscal Year 2018**

Project	Total FY2014 - FY 2017	Previous FY2018	October 2017	Total YTD FY2018	Total
<i>I-64 Peninsula Widening</i>					
- UPC 104905 (Segment 1) -Construction	\$ 1,544,502	\$ -	\$ -	\$ -	\$ 1,544,502
- UPC 106665 (Segment 2) - PE & Construction	49,326,465	3,662,454	8,377,292	12,039,746	61,366,211
- UPC 106689 (Segment 3) - PE	-	-	3,261,946	3,261,946	3,261,946
- UPC 106689 (Segment 3) - ROW & Construction	-	-	-	-	-
<i>I-64/264 Interchange Improvement</i>					
- UPC 17630/108041 - PE/ROW	24,549,786	186,420	300,721	487,141	25,036,928
- UPC 57048 - PE/ROW	8,941,701	50,616	859,863	910,480	9,852,181
- UPC 57048 - Construction of Phase 1	17,353,214	895,965	1,854,768	2,750,733	20,103,947
- UPC 106693 - PE - Phase 3	-	-	-	-	-
<i>Third Crossing - UPC 106724 - SEIS</i>	-	-	-	-	-
<i>Remaining Projects of Third Crossing- UPC 106724 &amp; HRTPO</i>	-	-	-	-	-
<i>HRCS - UPC 110577 - SEIS</i>	-	-	-	-	-
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - PE</i>	9,577,159	82,375	32,854	115,229	9,692,388
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - ROW &amp; Construction</i>	-	-	-	-	-
<b>Total</b>	<b>\$ 111,292,827</b>	<b>\$ 4,877,831</b>	<b>\$ 14,687,445</b>	<b>\$ 19,565,275</b>	<b>\$ 130,858,103</b>

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

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

**Date: December 14, 2017**

**Re: VDOT HRTAC Project Update**

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**Recommendation:**

HRTAC Staff recommends that the Commission be briefed on the HRTAC projects under development and construction as an information item.

**Background:**

VDOT Administrator Utterback will provide a briefing to the Commission on the status of HRTAC's projects under agreement with VDOT.

**Fiscal Impact:**

There is no fiscal impact to the Hampton Roads Transportation Fund in relation to Information Item.



**I-64 Peninsula Widening- Segment I****Project Scope:**

From 0.50 miles east of Yorktown Road/Rte 238 (Exit 247) to 1.55 miles west of Jefferson Ave/Rte 143 (Exit 255) (6.5 miles)

- Additional 12' wide travel lanes and 12' wide shoulder lanes within the existing median space
- Repair and widening of 6 bridges and 2 major culverts
- Strengthened shoulder lane from Ft Eustis Blvd Interchange to Jefferson Avenue Interchange

**Project Financial Summary:**

<u>Project Budget (\$144,000,000):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 4,135,000	\$ 2,670,958	\$ ( 724,824)
○ RW \$ 5,901,490	\$ 32,494	\$ (5,866,490)
○ CN \$ 133,963,510	<u>\$ 85,337,030</u>	<u>\$ (3,648,315)</u>
	\$ 88,040,482	\$ (10,239,629)

**Project Schedule:**

Notice To Proceed (NTP)	March 2015
Project Completion	Dec 2017
Schedule Status	On Schedule

**Project Status:**

- Completed Noise Wall 47/48. Panel installation is nearly complete for Noise Wall 46.
- Bridge construction is complete. Painting of structural steel continues at the Fort Eustis Boulevard Bridges.
- Asphalt surface overlay operations continue.

**Noise Wall 47/48 and I-64 Westbound Asphalt Surface Course**

**I-64 Peninsula Widening- Segment II****Project Scope:**

From MM 241.30, 1.05 miles west of Hummelsine Parkway/Rte 199 (Exit 242) to where the Segment I project ends at MM 248.35, 0.50 miles east of Yorktown Road/Rte 238 (Exit 247) (7.1 miles)

- Additional 12' wide travel lanes and 12' wide shoulder lanes within the existing median space
- Repair and widening of 9 bridges and 6 major culverts
- Reconstruction of existing roadway

**Project Financial Summary:**

• <u>Project Budget (\$213,592,853):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 6,000,000	\$ 2,048,613	\$ 0
○ RW \$ 2,413,318	\$ 412,054	\$ ( 901,770)
○ CN \$ 205,179,535	<u>\$ 79,778,464</u>	<u>\$ (22,983,408)</u>
	\$ 82,239,131	\$ (23,885,178)

**Project Schedule:**

NTP	Feb 2016
Project Completion	May 2019
Schedule Status	On Schedule

**Project Status:**

- Completed production pile driving at all bridges.
- Started girder erection at Yorktown and Ramp Bridges.
- Continued substructure construction at all bridges within the corridor.
- Continued placement of subbase, CCPRM, and surface asphalt courses.
- Continued installation of drainage pipe and structures throughout the median.

**Yorktown Bridge Girder Erection**

### I-64 Peninsula Widening- Segment III

#### Project Scope:

From approximately 1.0 mile West of Rte 199 (Exit 234) to where the Segment II project ends at 1.05 miles west of Hummelsine Parkway/Rte 199 (Exit 242) (8.2 miles)

- Additional 12' wide travel lanes and 12' wide shoulder lanes within the existing median space
- Replacement of the two Queen's Creek bridges, repair and widening of 4 bridges, 3 major culverts
- Reconstruction of existing mainline roadway

#### Project Financial Summary:

<u>Project Budget (\$311,303,819):</u>	<u>Funds Expended (As of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 10,000,000	\$ 3,963,566	\$ 0
○ RW \$ 12,000,000	\$ 0	\$ 0
○ CN \$ 289,303,819	<u>\$ 0</u>	<u>\$ 0</u>
	\$ 3,963,566	

#### Project Schedule:

Request For Proposals (RFP)	June 2017
Projected Award	Dec 2017
Projected Notice to Proceed	Jan 2018
Schedule Status	On Schedule

#### Project Status:

- Price Proposals were received and opened on 11/3/17. All bids received were within the project budget.
- Notice of Intent to Award was issued to Shirley Contracting on 11/8/17 as the highest combined score for technical and price proposals.
- A request for approval to Award will be presented at the December CTB meeting.



**I-64/I-264- Phase I****Project Scope:**

From the I-64 Twin Bridges to the I-264/Newtown Road Interchange

- Widening westbound I-64 by adding a second exit lane from Twin Bridges to the I-64/I-264 interchange
- Introducing a new two lane Collector-Distributor (C-D) roadway from I-64 to the Newtown Road interchange
- Constructing a new two-lane flyover ramp from westbound I-64 tying into the existing eastbound I-264 C-D road

**Project Financial Summary:**

<u>Project Budget (\$158,730,023):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 10,135,307	\$ 10,135,307	\$ 0
○ RW \$ 11,571,063	\$ 10,323,922	\$ 0
○ CN \$ 137,023,653	<u>\$ 39,320,046</u>	\$ 0
	\$ 59,779,275	

**Project Schedule:**

Notice To Proceed (NTP)	Oct 2016
Project Completion	Oct 2019
Schedule Status	On-Schedule

**Project Status:**

- Completed temporary off Ramp I-264 Exit 15A to Newtown Road to facilitate box culvert construction
- Completed Densified Aggregate Piers (DAPS) and Load Transfer Platform for Wall M
- Completed drilled shaft foundations for bridges B-603 and B-605
- Constructing bridge columns and cap beams parallel to relocated tidal channel

**New Temporary Ramp 15A****Column Construction along Tidal Channel**

## I-64/I-264- Phase II

## Project Scope:

From the I-264/Newtown Road Interchange to the I-264/Witchduck Road Interchange

- Extends the new C-D roadway from the Newtown Road interchange to the Witchduck Road interchange
  - Reconfigure the Newtown Road and Witchduck Road interchange ramps south of I-264
  - Constructing a new overpass that connects Greenwich Road south side of I-264 and Cleveland north of I-264

## Project Financial Summary:

<u>Project Budget (\$194,503,887):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
o PE \$ 14,082,810	\$ 13,870,603	\$ 0
o RW \$ 54,392,666	\$ 30,750,669	\$ 0
o CN \$ 126,028,411	\$ _____ 0	\$ 0
	\$ 44,621,272	

## Project Schedule:

Projected Award	Dec 2017
Projected NTP	Jan 2018
Projected Completion	Sept 2021
Schedule Status	On-Schedule

## Project Status:

- Three construction bids received on 11/15/2017
  - Lowest bidder - The Lane Construction Corporation at \$105,399,865
  - RW acquisition completed, two outstanding tenant relocations
  - Utility relocations underway, currently on schedule
    - Phase 1 - 89% completed, due 12/31/2017; Phase 2 - 52% completed, due 7/1/2018.



## I-64 Southside Widening and High Rise Bridge- Phase I

### Project Scope:

From approximately the I-64/464 Interchange in Chesapeake and extending to the I-64/264/664 Interchange at Bowers Hill

- Widening from 4 to 6 lanes
- Constructing a new High Rise Bridge parallel to and to the South of the existing High Rise Bridge
- Addition of Strengthened Shoulder between the Route 17 and I-464 interchanges

### Project Financial Summary:

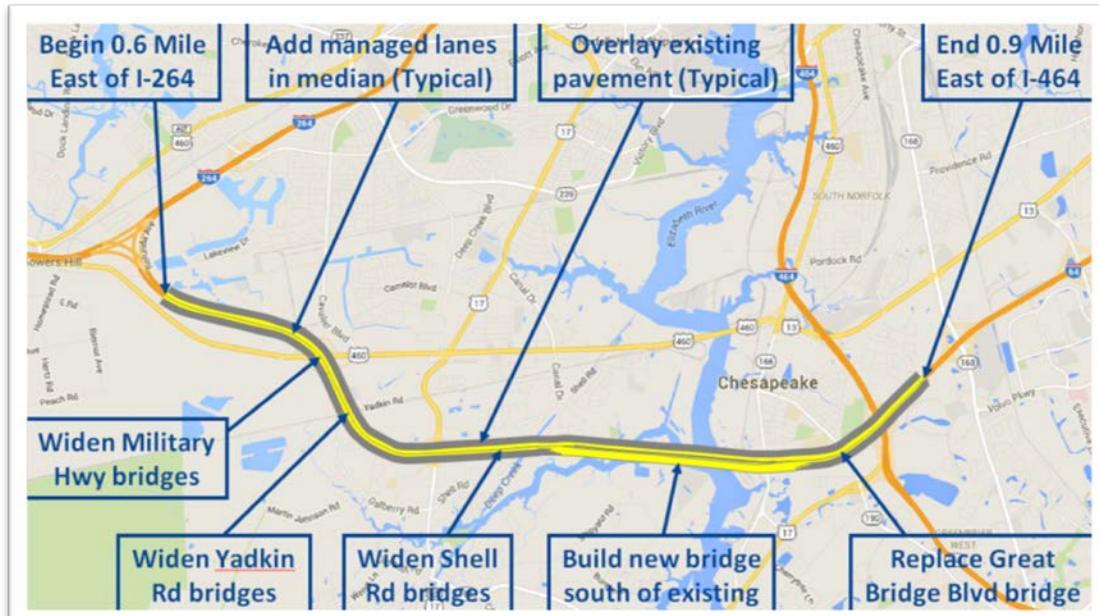
Project Budget (\$600,000,000):	Funds Expended (as of 10/05/17):	Projected Cost Over/(Under):
○ PE \$ 20,000,000	\$ 10,494,543	\$ 0
○ RW \$ 42,000,000	\$ 0	\$ 0
○ CN \$ 538,000,000	\$ 0	\$ 0
	\$ 10,494,543	

### Project Schedule:

Technical Proposals Due	Aug 2017
Projected Award	Oct 2017
Projected Notice to Proceed	Nov 2017
Schedule Status	On-Schedule

### Project Status:

- FHWA has approved all the major projects requirements – Cost Estimate Review, Initial Financial Plan, and Project Management Plan.
- Notice of Intent to Award was issued to the winning offeror – Granite-Parsons-Corman JV (GPC) – on 9/20/17; the CTB approved the award of a \$409.6M contract on 10/23/17; and the contract was executed on 10/30/17.
- Holding coordination meetings with permitting agencies and reviewing some early (non-design-related) submittals.



## I-64 Hampton Roads Bridge-Tunnel Expansion

### Refinement of Preferred Alternative

#### Project Scope:

Preliminary work for the I-64 corridor from I-664 to I-564, including the following activities for refinement of the Preferred Alternative and initial activities to develop the most appropriate procurement approach for expansion of the HRBT:

- Land survey, including photogrammetry, right-of-way verification, planimetric mapping, digital terrain modeling, and initial utility designation
- Wetlands survey/delineation to obtain preliminary Jurisdictional Determination
- Cultural resources/archaeological survey (land and marine)
- Hazardous materials investigations (land and marine)
- Geotechnical investigations (land and marine)
- Environmental permitting and agency coordination, including for in-channel geotechnical sampling
- Evaluation of disposal options for sediment dredge material and excavated boring material
- Procurement preparation, including industry outreach (Request for Information process, industry forum, meetings with potential proposers) and assessment of procurement- and delivery-method alternatives

#### Project Financial Summary:

<u>Project Budget (\$25,000,000):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$25,000,000	\$ 4,209,495	\$ 0
○ RW \$0	\$ 0	\$ 0
○ CN \$0	<u>\$ 0</u>	<u>\$ 0</u>
	<u>\$ 4,209,495</u>	

#### Project Schedule:

Request for Qualifications (RFQ)	Fall 2017
Request for Proposals (RFP)	Summer 2018
Project Award	Spring 2019
Project Completion	2024
Schedule Status	On-Schedule

#### Project Status:

- USACE permit for marine geotechnical investigation finalized in November 2017
- Field work initiated for landside soil survey and pavement evaluation
- Environmental coordination continuing for fish and wildlife requirements
- Integration of prior studies/surveys underway to establish base scope for project
- Initial “Finding of Public Interest” certification in progress to enable advancing procurement

**Route 460/58/13 Connector****Project Scope:**

Study from approximately the I-664/US 58 Interchange and extending to the US 58/Route 460 Interchange

- Improve existing roadway
- Improve accessibility to/from the SPSA Regional Landfill
- Improve accessibility to/from the Hampton Roads Executive Airport

**Project Financial Summary:**

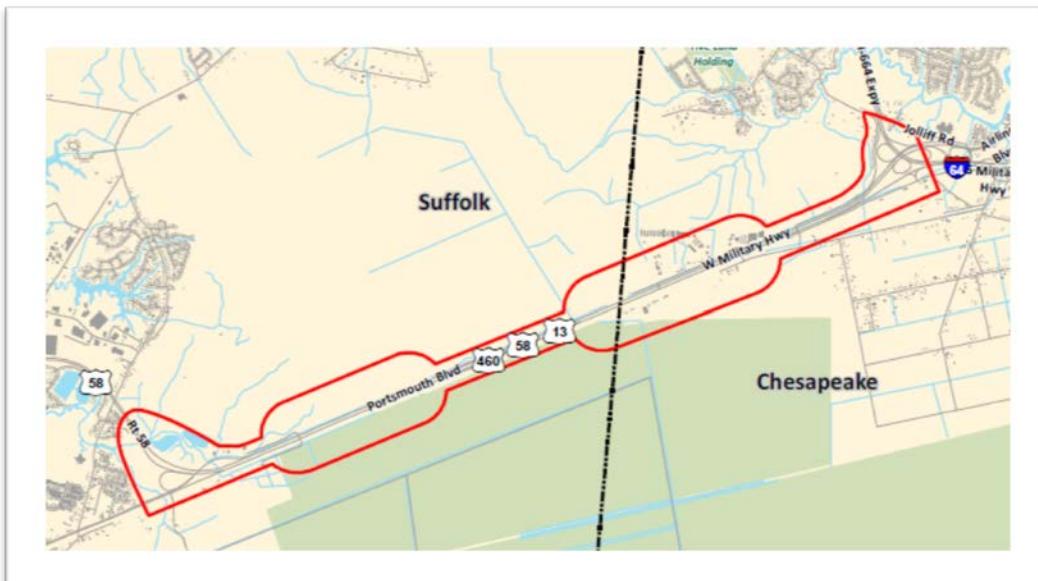
<u>Project Budget (\$5,000,000):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 5,000,000	\$ 176,249	\$ 0
○ RW \$ 0	\$ 0	\$ 0
○ CN \$ 0	<u>\$ 0</u>	<u>\$ 0</u>
	\$ 176,249	

**Project Schedule:**

Begin NEPA Process Jun 2017  
Projected Completion 2020

**Project Status:**

- Based upon the outcome of the 10/11/17 Cooperating and Participating Agencies Meeting, concurrence was received on the Environmental Analysis Methodologies for conducting the study.
- The Purpose and Need Statement is currently under development. Draft Purpose and Need Statement was distributed to Cooperating and Participating Agencies for initial review and discussion at the coordination meeting conducted on 11/8/17. Schedule is targeting agency concurrence of the Purpose and Need Statement by end of January 2018.
- Public outreach survey is targeted for late November – early December 2017. Survey is to solicit input on study issues for consideration. The outcome of the survey will assist in guiding the Purpose and Need Statement.



## I-64/I-264- Phase III

### Project Scope:

Study/design to improve the remaining I-64/I-264 movements

- o Includes I-64 Eastbound (EB) movements to I-264
- o Includes I-264 movements to I-64

### Project Financial Summary:

<u>Project Budget (\$10,000,000):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
o PE \$ 10,000,000	\$ 3,738	\$ 0
o RW \$ 0	\$ 0	\$ 0
o CN \$ 0	\$ 0	\$ 0
	\$ 3,738	

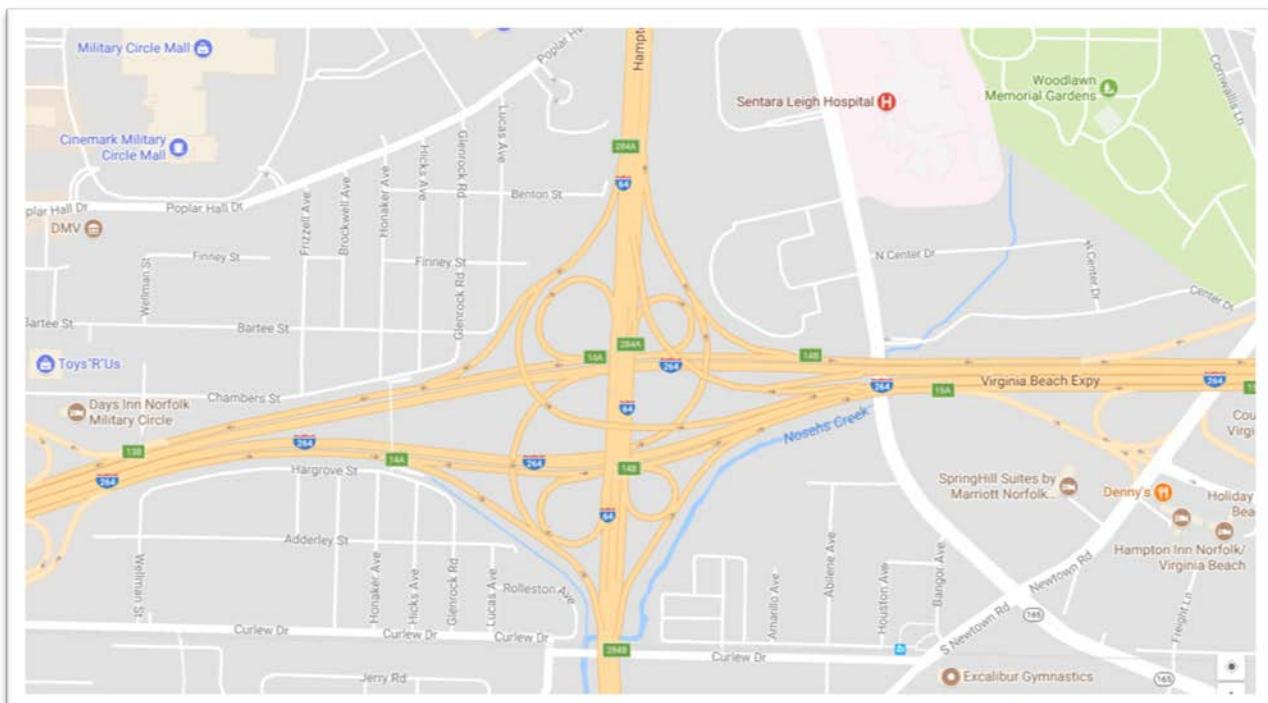
### Project Schedule:

Release of Request for Proposals Sept 2017

Anticipated Consultant Contract Feb 2018

### Project Status:

- o Request for Proposals for Engineering Support Consultant advertised
- o Expressions of Interest received on 10/16/17
- o Consultant Contract projected for February 2018



## Bowers Hill Interchange

## Project Scope:

Develop environmental and feasibility studies for improvements to the I-64/I-264/I-664 Interchange and the Route 58/Route 460 Interchange

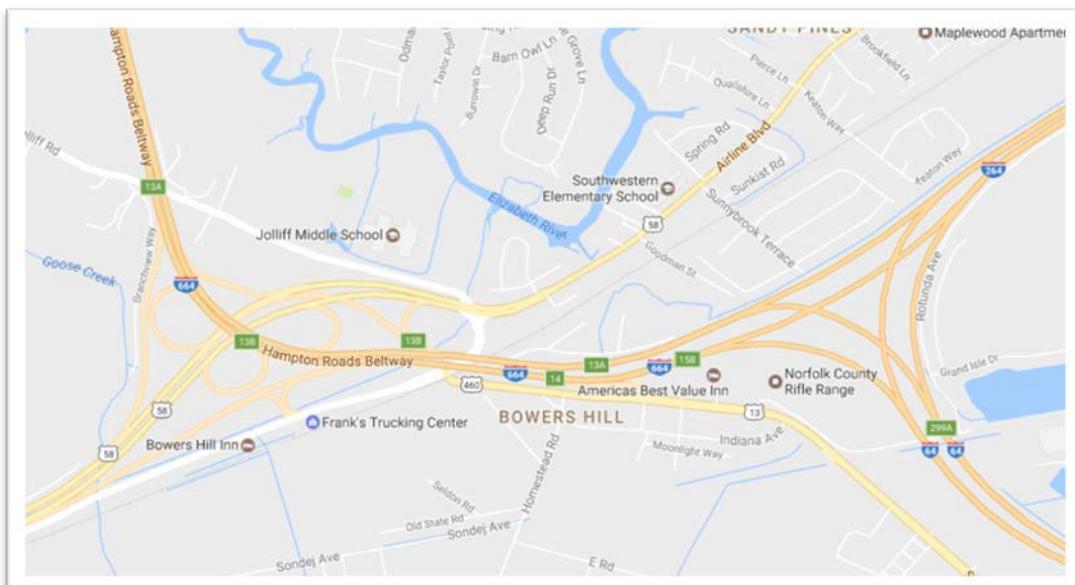
## Project Financial Summary:

<u>Project Budget (\$4,000,000):</u>	<u>Funds Expended (as of 10/05/17):</u>	<u>Projected Cost Over/(Under):</u>
o PE \$4,000,000	\$0	\$ 0
o RW \$0	\$0	\$ 0
o CN \$0	<u>\$0</u>	\$ 0
	\$0	

## Project Schedule:

## Project Status:

- Study kickoff meeting for internal VDOT departments was conducted on 10/20/17.
  - Work scope for consultant support is currently being developed. Target completion for consultant task execution is end of December 2017.
  - An Interchange Modification Report (IMR) will be required as a component of this study.
  - Anticipate initializing public facing activities in February/March 2018.





**HRTAC Program Development  
Monthly Executive Report  
November 2017**

Hampton Roads District  
1700 N. Main Street  
Suffolk

**Ft. Eustis Interchange**

**Project Scope:**

Replace the I-64 Ft Eustis Interchange to mitigate congestion and improve safety.

**Project Financial Summary:** TBD

**Project Schedule:** TBD

**Project Status:** TBD

**I-64 Southside Widening and High Rise Bridge- Phase II**

**Project Scope:**

From approximately the I-64/464 Interchange in Chesapeake extending to the I-64/264/664 Interchange at Bowers Hill

- Widening from 6 to 8 lanes
- Replacing the existing High Rise Bridge
- Rebuilding the four Interchanges

**Project Financial Summary:** TBD

**Project Schedule:** TBD

**Project Status:** TBD