



Chair, LINDA T. JOHNSON • *Vice-Chair*, DONNIE R. TUCK

Executive Director, KEVIN B. PAGE

AGENDA

Hampton Roads Transportation Accountability Commission

Regular Meeting

Meeting by Conference Call*

September 17, 2020

12:30 p.m.

Dial Toll Free Telephone Number to Attend: (855) 735-2639

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

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

2. Approval of Agenda

3. Public Comment Period

- Limit 5 minutes per individual

4. Chair's Comments

5. Consent Items

- Recommended Action: Approval

A. Minutes of the July 16, 2020 Regular Meeting - (Attachment 5A)

B. Minutes of the August 18, 2020 Special Meeting - (Attachment 5B)

C. Amendment to Approved HRTAC FY2021-FY2026 Plan of Finance Update - Remaining Projects of the Third Crossing SEIS - Bowers Hill Environmental Study UPC 111427 - Authorization to Conduct a Public Hearing - (Attachment 5C)

D. Administrative Offices Lease Extension - (Attachment 5D)

E. Fiscal Year 2020 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund - (Attachment 5E)

6. Action Items

- *Recommended Action: Discussion/Endorsement/Recommendation/Direction/Approval*

- A. HRTAC Fiscal Year 2020 Audited Financial and Compliance Report – (Attachment 6A) – Executive Director Page and PBMares, LLP**

7. Information Items

- A. HRTAC Monthly Financial Report – (Attachment 7A) – Finance Committee Chair Hipple**
- B. VDOT Project Updates - (Attachment 7B) – VDOT Hampton Roads Administrator Hall and HRBT Project Director Utterback**
- C. Next HRTAC Regular Meeting – December 10, 2020, 12:30 p.m., (Meeting by Conference Call unless the Governor lifts the State of Emergency)**

8. Adjournment

****Anyone wishing to make a public comment should contact Executive Director Page at kpage@hrtac.org 24 hours in advance of the meeting to register. Please do so by 12:30 p.m. on Wednesday, September 16, 2020.**

Agenda Item 5A
Consent Item

To: Chair Johnson and the other members of HRTAC

From: Kevin B. Page, Executive Director

Date: September 17, 2020

Re: July 16, 2020 Regular Meeting Minutes

Recommendation:

The Commission is asked to approve the Commission's July 16, 2020 Regular 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: The Commission approves and adopts the minutes of the Commission's Regular Meeting on July 16, 2020.

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the July 16, 2020 Regular Commission Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Annual Organizational Meeting was called to order at 9:00 a.m. by conference call due to COVID-19, with the following in attendance by telephone:

HRTAC Members in Attendance:

Linda T. Johnson, Chair
Donnie Tuck, Vice Chair
Rick West, CH
Frank Rabil, FR
William McCarty, IW
Michael Hipple, JC
McKinley Price, NN
Kenneth Alexander, NO
John Rowe, PO

Herbert Green (in for Eugene Hunt), PQ
Christopher Cornwell, SH
Thomas G. Shepperd, YK
Robert Dyer, VB
Delegate Clint Jenkins, VGA
Delegate Joseph Lindsey, VGA
Senator Louise Lucas, VGA
Senator Monty Mason, VGA
Delegate Mike Mullin, VGA

HRTAC Executive Director

Kevin Page

HRTAC Ex-Officio Members in Attendance:

Stephen Brich, VDOT
Jennifer Mitchell, DRPT

Cathie Vick VPA*

Other Participants:

Chris Price, CH
Amanda Jarratt, FR
Mary Bunting, HA
Chip Filer, NO
J. Randall Wheeler, PQ
Michael Johnson, SH

Patrick Roberts, SU
Tom Leahy, VB
Christopher Hall, VDOT
Andrew Trivette, WM
Tom Inglima, Willcox & Savage

HRTAC Ex-Officio Members Absent:

John Malbon, CTB

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Eric Ballou (Kaufman and Canoles); Kathryn Reed (Veteran Reporters); Danetta Jankosky, Tiffany Smith, Sheila Wilson (HRPDC); Lynn Coen, Jennifer Hodnett (HRTAC); Bob Crum, Mike Kimbrel, John Mihaly (HRTPO)

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

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

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

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

Mayor Rick West: Present
Mayor Frank Rabil: Present
Mayor Donnie Tuck: Present
Mr. Michael McCarty: Present
Mr. Michael Hipple: Present
Mayor McKinley Price: Present
Mayor Kenneth Alexander: Present
Mr. Herbert Green: Present
Mayor John Rowe: Present
Mr. Christopher Cornwell: Present
Chair Linda Johnson: Present
Mayor Robert Dyer: Present
Mayor Doug Pons: Present
Mr. Thomas Shepperd: Present
Senator Louise Lucas: Present
Senator Monty Mason: Present
Delegate Clint Jenkins: Present
Delegate Joseph Lindsey: Present
Delegate Mike Mullin: Present
Mr. John Malbon: No Response
Mr. Stephen Brich: Present
Ms. Jennifer Mitchell: Present

The quorum was confirmed by Mr. John Mihaly.

Approval of Agenda

Mayor John Rowe Moved to approve the agenda, Mayor McKinley Price Seconded. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes
Mayor Frank Rabil: Yes
Mayor Donnie Tuck: Yes
Mr. William McCarty: Yes
Mr. Michael Hipple: Yes
Mayor McKinley Price: Yes
Mayor Kenneth Alexander: Yes
Mr. Herbert Green: Yes
Mayor John Rowe: Yes
Mr. Christopher Cornwell: Yes
Chair Linda Johnson: Yes
Mayor Robert Dyer: Yes
Mayor Doug Pons: Yes
Mr. Thomas Shepperd: Yes
Senator Louise Lucas: Yes
Senator Monty Mason: Yes
Delegate Clint Jenkins: Yes
Delegate Joseph Lindsey: Yes
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

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

Chair's Comments

HRTAC Chair, Linda T. Johnson, welcomed new HRTAC Members from the General Assembly and the City of Williamsburg.

Ms. Cathie Vick arrives.

Consent Items

A. Minutes of the June 18, 2020 Annual Organizational Meeting

Mr. Michael Hipple Moved to approve the consent agenda items; Seconded by Mayor Bobby Dyer. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes
Mayor Frank Rabil: Yes
Mayor Donnie Tuck: Yes
Mr. William McCarty: Yes
Mr. Michael Hipple: Yes
Mayor McKinley Price: Yes
Mayor Kenneth Alexander: Yes
Mr. Herbert Green: Yes
Mayor John Rowe: Yes

Mr. Christopher Cornwell: Yes
Chair Linda Johnson: Yes
Mayor Robert Dyer: Yes
Mayor Doug Pons: Yes
Mr. Thomas Shepperd: Yes
Senator Louise Lucas: Yes
Senator Monty Mason: Yes
Delegate Clint Jenkins: Yes
Delegate Joseph Lindsey: Yes
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

Action Item

A. Amended and Restated Bylaws, Second Reading

Mr. Kevin B. Page, HRTAC Executive Director, reminded the Commission that the Third Amended and Restated Bylaws of HRTAC were first read and presented to the Members at the June 18, 2020 Annual Organizational Meeting and stated that no comments had been received by HRTAC Staff.

Mr. Tom Inglima, HRTAC General Counsel, performed a second reading by reviewing the proposed amendments to the Bylaws with the Members.

Mayor John Rowe Moved the Commission adopt the Third Amended and Restated Bylaws; Seconded by Mayor Kenneth Alexander. A roll call vote of the Members was taken:

Mayor Rick West: Yes
Mayor Frank Rabil: Yes
Mayor Donnie Tuck: Yes
Mr. William McCarty: Yes
Mr. Michael Hipple: Yes
Mayor McKinley Price: Yes
Mayor Kenneth Alexander: Yes
Mr. Herbert Green: Yes
Mayor John Rowe: Yes
Mr. Christopher Cornwell: Yes
Chair Linda Johnson: Yes
Mayor Robert Dyer: Yes
Mayor Doug Pons: Yes
Mr. Thomas Shepperd: Yes
Senator Louise Lucas: Yes
Senator Monty Mason: Yes
Delegate Clint Jenkins: Yes
Delegate Joseph Lindsey: Yes
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

B. Master Agreement for Development and Tolling of Hampton Roads Express Lanes Network (a/k/a Master Tolling Agreement) – Resolution Authorizing Finalization, Execution and Delivery

Mr. Kevin B. Page, explained the Master Tolling Agreement was a large undertaking occurring over several months and all teams involved worked in collaboration to come to the final terms of the agreement.

Mr. Tom Inglima, HRTAC General Counsel, reminded the Members of the PowerPoint presentation that he provided to the Members at the June 18 meeting, summarizing the material terms of the Master Tolling Agreement. Mr. Inglima noted that the PowerPoint has since been updated to reflect two open issues that were discussed during the June 18 meeting: (1) the Tolling Policy Committee; and (2) compensation for loss of toll revenue and/or increased tolling costs.

He first reviewed the changes for the Toll Policy Committee. To avoid the prospect of a deadlock, the Committee would serve in a purely advisory role. To ensure the Commissioner of Highways is able to evaluate the policies and their impact on safety and operations, the parties have agreed on a process whereby the Commissioner will be asked to issue either a “No Exception” notice indicating that the Commissioner has no objections, or an “Exception” notice. Importantly, the Commissioner may not take exception unless he or she is able to reasonably demonstrate that the proposed policies without modification are reasonably likely to have a material adverse effect on safety or operations. Specific tests are used to reduce the potential for disputes.

Mr. Inglima next explained the circumstances in which VDOT would compensate HRTAC for loss of toll revenue and/or increased tolling costs. He described the concept of a compensable maintenance event, which, for example, would be triggered if VDOT’s maintenance activities result in an extended closure (i.e., more than 60 consecutive days or more than 1,080 hours in a 180-day period) of HOT lanes or general purposes lanes. Mr. Inglima noted that maintenance caused by negligence, misconduct of a third party, or an act of God would not trigger a compensable maintenance event.

Mr. Inglima summarized the exhibits to the Master Tolling Agreement, highlighting the form Standard Project Agreement, Electronic Toll Collection Agreement and Violation Processing Services Agreement.

The next steps were reviewed with the Members, which included the CTB approval of the Master Tolling Agreement, VDOT’s issuance of a Notice to Proceed on the HRBT Project, and closing on HRTAC’s bond sale.

Discussion ensued whereby the Members commended all parties involved with the Master Tolling Agreement on the positive progress made and highlighted the beneficial impact that the Project will have on the region.

Mr. Thomas Shepperd inquired whether sufficient funds would be available to proceed with the HRBT Project.

Mr. Inglima stated that the answer turned on the execution of the Master Tolling Agreement because at least \$345 million of the funding under the HRBT funding agreement would be supported by toll revenues.

Mr. Inglima also reminded the Members of the bond issuance that HRTAC has programmed and planned for August. He indicated that there are conditions to be fulfilled to sell the bonds: (1) execution of the Master Tolling Agreement; and (2) achievement of Notice to Proceed on the construction of the HRBT Project.

Mayor John Rowe Moved to approve Resolution 2020-02, Master Agreement for Development and Tolling of the Hampton Roads Express Lanes Network, also known as Master Tolling Agreement, approval of and authorization to execute and deliver Master Tolling Agreement for Development and Tolling of the Hampton Roads Express Lanes Network; Seconded by Mayor McKinley Price. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes
Mayor Frank Rabil: Yes
Mayor Donnie Tuck: Yes
Mr. William McCarty: Yes
Mr. Michael Hipple: Yes
Mayor McKinley Price: Yes
Mayor Kenneth Alexander: Yes
Mr. Herbert Green: Yes
Mayor John Rowe: Yes
Mr. Christopher Cornwell: Yes
Chair Linda Johnson: Yes
Mayor Robert Dyer: Yes
Mayor Doug Pons: Yes
Mr. Thomas Shepperd: Yes
Senator Louise Lucas: Yes
Senator Monty Mason: Yes
Delegate Clint Jenkins: Yes
Delegate Joseph Lindsey: Yes
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

C. Hampton Roads Regional Transit Fund Update

Mr. Kevin Page, HRTAC Executive Director, informed the Commission of the new Hampton Roads Regional Transit Program and Funds legislation from the 2020 General Assembly, pursuant to which the funds would be developed, distributed and managed by HRTAC. He

also mentioned the creation of a new HRTAC committee – the Hampton Roads Transit Funding Committee.

Mr. Page indicated that the Hampton Roads Regional Transit Funds (HRRRTF) and the Hampton Roads Transportation Fund (HRTF) would be independent funds; but that the administration and investment of the funds would be the same.

He referenced the future collaboration between HRTAC, the Department of Rail and Public Transportation (DRPT), Hampton Roads Transit (HRT), and the Hampton Roads Transportation Planning Organization (HRTPO).

Mr. Robert Crum, HRTPO Executive Director, explained that the new legislation required the HRTPO to implement a Regional Transit Advisory Panel. He noted the Panel's membership would include all relevant parties for a regionally coordinated transit system. Mr. Crum indicated that the HRTPO Board would be taking action on establishing that Panel at its July 16, 2020 meeting.

Mr. William Harrell, Hampton Roads Transit, briefed the Commission on the Strategic Planning efforts currently underway. He explained that the new legislation allowed HRT to work with partner organizations and cities to allow transit to complement the current investments in bridges, roads and tunnels in the region.

This item was a discussion item for the Commission, no action was taken.

Information Items

A. HRTAC Monthly Financial Report

Chair Johnson highlighted the Monthly Financial Report with the Commission.

B. VDOT/HRTAC Project Updates, HRBT/Other

Mr. Christopher Hall, VDOT District Administrator, indicated positive progress on and highlighted the milestones reached for a series of projects.

Mr. Steve Brich, VDOT Commissioner of Highways, stated significant progress had been made on the HRBT Project and stated that the Notice to Proceed date was going to be sometime in late July or early August. He indicated that the Project is ahead of schedule and VDOT has lessons learned from the Chesapeake Bay Bridge Tunnel Project.

D. Next HRTAC Regular Meeting – September 17, 2020, 12:30 p.m., (Meeting by Conference Call unless the Governor lifts the State of Emergency), if not adjusted by Action Item 6C

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission, the meeting adjourned at 9:58 a.m.

Linda T. Johnson
HRTAC Chair

Agenda Item 5B
Consent Item

To: Chair Johnson and the other members of HRTAC

From: Kevin B. Page, Executive Director

Date: September 17, 2020

Re: August 18, 2020 Special Meeting Minutes

Recommendation:

The Commission is asked to approve the Commission's August 18, 2020 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: The Commission approves and adopts the minutes of the Commission's Special Meeting on August 18, 2020.



**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the August 18, 2020 Special Meeting**

The Hampton Roads Transportation Accountability Commission (“HRTAC” or the “Commission”) Special Meeting was called to order at 10:00 a.m. by conference call due to COVID-19, with the following in attendance by telephone:

HRTAC Members in Attendance:

Linda T. Johnson, Chair
Donnie Tuck, Vice Chair

Rick West, CH
Frank Rabil, FR
William McCarty, IW
Michael Hipple, JC
McKinley Price, NN
Kenneth Alexander, NO

John Rowe, PO
Herbert “Buddy” Green (in for Eugene Hunt), PQ
Christopher Cornwell, SH
Thomas G. Shepperd, YK
Robert Dyer, VB
Senator Monty Mason, VGA
Delegate Mike Mullin, VGA
Doug Pons, WM

HRTAC Executive Director:

Kevin Page

HRTAC Ex-Officio Members in Attendance:

Stephen Brich, VDOT
John Malbon, CTB

Cathie Vick VPA

Other Participants:

Scott Stevens, JC
Chip Filer, NO
Patrick Roberts, SU
Patrick Duhaney, VB

Christopher Hall, VDOT
Andrew Trivette, WM
Tom Inglima, Willcox & Savage

HRTAC Voting Members Absent:

Delegate Clint Jenkins, VGA
Delegate Joseph Lindsey, VGA

Senator Louise Lucas, VGA

HRTAC Ex-Officio Members Absent:

Jennifer Mitchell, DRPT

Others Recorded Attending:

Cheryl Lane (Veteran Reporters); Danetta Jankosky, Tiffany Smith, and Sheila Wilson (HRPDC); Lynn Coen and Jennifer Hodnett (HRTAC); Bob Crum and John Mihaly (HRTPO)

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

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

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

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

Mayor Rick West: Present
Mayor Frank Rabil: Present
Mayor Donnie Tuck: Present
Mr. Michael McCarty: Present
Mr. Michael Hipple: Present
Mayor McKinley Price: Present
Mayor Kenneth Alexander: Present
Mr. Herbert Green: Present
Mayor John Rowe: Present
Mr. Christopher Cornwell: Present
Chair Linda Johnson: Present
Mayor Robert Dyer: Present
Mayor Doug Pons: Present
Mr. Thomas Shepperd: Present
Senator Louise Lucas: No Response
Senator Monty Mason: Present
Delegate Clint Jenkins: No Response
Delegate Joseph Lindsey: No Response
Delegate Mike Mullin: Present
Mr. John Malbon: Present
Mr. Stephen Brich: Present
Ms. Jennifer Mitchell: No Response
Ms. Cathie Vick: Present

The quorum was confirmed by Mr. John Mihaly.

Approval of Agenda

Mayor Bobby Dyer Moved to approve the agenda; Mr. Buddy Green Seconded. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes
Mayor Frank Rabil: Yes
Mayor Donnie Tuck: Yes

Mr. William McCarty: Yes
Mr. Michael Hipple: Yes
Mayor McKinley Price: Yes
Mayor Kenneth Alexander: Yes
Mr. Herbert Green: Yes
Mayor John Rowe: Yes
Mr. Christopher Cornwell: No Response
Chair Linda Johnson: Yes
Mayor Robert Dyer: Yes
Mayor Doug Pons: Yes
Mr. Thomas Shepperd: Yes
Senator Louise Lucas: No Response
Senator Monty Mason: Yes
Delegate Clint Jenkins: No Response
Delegate Joseph Lindsey: No Response
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

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

Chair's Comments

HRTAC Chair, Linda T. Johnson, welcomed the Members to the meeting.

Action Item

A. Master Agreement for Development and Tolling of Hampton Roads Express Lanes Network (a/k/a "Master Tolling Agreement" or the "MTA")

Mr. Kevin B. Page, HRTAC Executive Director, reminded the Members that during the Commission's July 16, 2020 Regular Meeting, HRTAC voted on and approved the MTA and gave the Executive Director and the Chair plenary authority to complete the MTA negotiations and move forward with execution of the finalized MTA. Subsequently, the CTB sought modifications to the MTA requesting that the CTB have a role in reviewing the Commissioner of Highways' assessment with respect to whether a tolling policy material adverse effect would result to ensure that the Commissioner of Highways conducted a complete analysis and that he or she did not render a judgment that was inconsistent. Additionally, the CTB sought revisions to Sections 5.02 and 5.03 of the MTA with respect to the setting of the initial toll policy and elective modifications to that policy.

Mr. Tom Inglima, HRTAC Counsel, noted the principal differences between the July 16 version of the MTA and the most recent version related to how the initial tolling policies and modifications thereto would be addressed. He explained that the proposed changes allowed the CTB to have a greater vetting role in regards to the tolling policies and the assessment of whether modifications would result in a material adverse effect. Mr. Inglima explained that VDOT agreed that if the CTB played a vetting role in the assessment of toll policy modifications, it would be unnecessary to have a Tolling Policy Committee.

Mr. Inglima next discussed HRTAC's willingness to work with VDOT to refine the tolling policy rules and incorporate the CTB into the process, provided that HRTAC's fundamental principles were preserved. Mr. Inglima described the fundamental principles and how they would be preserved.

Mr. Inglima indicated that the HRTAC negotiating team felt the CTB's proposed changes to the MTA did not compromise the fundamental principles achieved in the version of the MTA reviewed on July 16, 2020.

Mr. Michael Hipple Moved the Commission approve Resolution 2020-03 Master Agreement for Development and Tolling of Hampton Roads Express Lanes Network, a/k/a/ Master Tolling Agreement, approval of and authorization to execute and deliver Master Agreement for Development and Tolling of Hampton Roads Express Lanes Network; Seconded by Mr. Buddy Green. A roll call vote of the Members was taken:

Mayor Rick West: Yes
Mayor Frank Rabil: Yes
Mayor Donnie Tuck: Yes
Mr. William McCarty: Yes
Mr. Michael Hipple: Yes
Mayor McKinley Price: Yes
Mayor Kenneth Alexander: Yes
Mr. Herbert Green: Yes
Mayor John Rowe: Yes
Mr. Christopher Cornwell: Yes
Chair Linda Johnson: Yes
Mayor Robert Dyer: Yes
Mayor Doug Pons: No Response
Mr. Thomas Shepperd: Yes
Senator Louise Lucas: No Response
Senator Monty Mason: Yes
Delegate Clint Jenkins: No Response
Delegate Joseph Lindsey: No Response
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

Information Items

A. Next HRTAC Regular Meeting – September 17, 2020, 12:30 p.m., (Meeting by Conference Call unless the Governor lifts the State of Emergency)

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission, the meeting adjourned at 10:18 a.m.

Linda T. Johnson
HRTAC Chair

Agenda Item 5C
Consent Item

To: Chair Johnson and the other members of HRTAC

From: Kevin B. Page, Executive Director

Date: September 17, 2020

**Re: Amendment to Approved HRTAC FY2021-FY2026 Plan of Finance Update –
Remaining Projects of the Third Crossing SEIS - Bowers Hill Environmental
Study UPC 111427 – Authorization to Conduct a Public Hearing**

Recommendation:

The Commission is being asked to i. endorse the Staff recommendation to allocate \$3,904,630 additional funding to the Bowers Hill Environmental Study (UPC 111427); and, ii. authorize the Executive Director to conduct a public hearing regarding amendment to the Commission Approved HRTAC FY2021-FY2026 Plan of Finance Update for the allocation of additional HRTAC funds to support expansion of the Scope of Work to include the segment of I-664 from Bowers Hill to College Drive.

Background:

VDOT and HRTAC entered into agreement to provide \$4.0 million to conduct the Remaining Projects of the Third Crossing SEIS – Bowers Hill Environmental Study. Through extensive study and coordination with the HRTPO and its Bowers Hill Interchange Study Working Group, VDOT, and HRTAC, it has been determined that the Bowers Hill Interchange scope of work needed to be modified to include the segment of I-664 between Bowers Hill Interchange and the College Drive Interchange due to the amount of significant congestion along I-664 that was extending into the Bowers Hill Interchange. At its May 21, 2020 meeting, the HRTPO took action to expand the scope of the study to include a managed express lanes component through the interchange and along the I-664 segment to College Drive. VDOT's correspondence requesting additional funding for the project is attached to this briefing memo for reference. Following the public hearing, the Commission will take action at its next meeting to amend the Approved HRTAC FY2021-FY2026 Plan of Finance Update for the allocation of additional HRTAC funds to support expansion of the Scope of Work to include the segment of I-664 from Bowers Hill to College Drive and authorize the Chair and Executive Director to amend the Standard Project Agreement with VDOT.

Fiscal Impact

On November 19, 2019, the Commission de-obligated \$3,904,632.42 of obligated funding from the 460/58/13 project. There will be an impact to the Hampton Roads Trust Fund in the



amount of \$3,904,630 as redirected from the 460/58/13 project funding de-obligation. In consultation with PFM, the Approved HRTAC FY2021-FY2026 Plan of Finance Update remains constrained with the obligation of \$3,904,630 to the Bowers Hill Study.

Suggested Motion:

Motion. Motion is i. the Commission endorses the Staff recommendation to allocate \$3,904,630 additional funding to the Bowers Hill Environmental Study (UPC 111427); and, ii. authorizes the Executive Director to conduct a public hearing regarding amendment to the Commission Approved HRTAC FY2021-FY2026 Plan of Finance Update for the allocation of additional HRTAC funds to support expansion of the Scope of Work to include the segment of I-664 from Bowers Hill to College Drive.



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
HAMPTON ROADS DISTRICT
7511 Burbage Drive
SUFFOLK, VIRGINIA 23435

Stephen C. Brich, P.E.
Commissioner

June 29, 2020

Mr. Kevin B. Page
Executive Director
Hampton Roads Transportation Accountability Commission
723 Woodlake Drive
Chesapeake, Virginia 23320

RE: Bowers Hill Interchange Improvement Study

Dear Mr. Page:

I am writing to follow up on the request sent to the Hampton Roads Transportation Accountability Commission (HRTAC) on May 4, 2020, for additional funds needed to proceed on the expanded scope, schedule, and termini on the Bowers Hill Interchange Improvements Study, UPC 111427. The expanded study area includes I-664 to the College Drive interchange and system integration of the Regional Express Lanes Network based on the Hampton Roads Transportation Planning Organization (HRTPO) basis of design.

On June 11, 2020, the Bowers Hill Interchange Study Working Group met to discuss various options with moving forward with the Bowers Hill Interchange Study based on recent funding projections accounting for impacts due to the COVID-19 pandemic. Considering the risks and possible delays with each option the Virginia Department of Transportation (VDOT) presented, the Working Group determined the best option would be not to delay the study and to continue on the current path moving forward with the expanded study.

The Virginia Department of Transportation (VDOT) requests an initial investment of \$5 million. VDOT has identified an unexpended balance on the \$4M initially allocated to UPC 111427 of \$1,950,951 available for use on the expanded study. In addition, with the close-out and modified MOA to Terminate the Agreement for UPC 106694 460/58/13 Connector Project dated December 11, 2019, there is an available balance of \$3,904,632.42 that can be redirected.

RECEIVED
JUL 10 2020
HRTAC

With the May 21, 2020 approval of the Resolution to expand the current Bowers Hill Study to incorporate an express lane component and include I-664 to College Drive by the HRTPO, we respectfully request that the HRTAC implement the necessary steps to redirect funds to proceed with this study.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. G. Hall', is positioned above the printed name.

Christopher G. Hall, P.E.
District Engineer



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
HAMPTON ROADS DISTRICT
7511 Burbage Drive
SUFFOLK, VIRGINIA 23435

Stephen C. Brich, P.E.
Commissioner
May 4, 2020

Mr. Kevin B. Page
Executive Director
Hampton Roads Transportation Accountability Commission
The Regional Building
723 Woodlake Drive
Chesapeake, Virginia 23320

Dear Mr. Page:

I am writing to follow up on the request sent to the Hampton Roads Transportation Accountability Commission (HRTAC) on December 10, 2019 for additional funds needed to proceed on the expanded scope, schedule, and termini on the Bowers Hill Interchange Improvements Study UPC 111427. The expanded study area includes I-664 to the College Drive interchange and integration of the Regional Express Lanes Network based on the HRTPO basis of design.

The Virginia Department of Transportation (VDOT) requests an initial investment of \$5 million. VDOT has identified an unexpended balance on the \$4 million initially allocated to UPC 111427 of \$1,996,231 available for use on the expanded study. In addition, with the close-out and modified MOA to Terminate the Agreement for UPC 106694 460/58/13 Connector Project dated December 11, 2019, there is an available balance of \$3,904,632.42 that can be redirected.

Upon approval of a Resolution to expand the current Bowers Hill Study to incorporate an express lane component and include I-664 to College Drive by the Hampton Roads Transportation Planning Organization, we request you implement the necessary steps to redirect funds to proceed on this study.

Thank you for your consideration.

Sincerely,

Christopher G. Hall, P.E.
District Engineer

cc: Mr. Robert A. Crum, Jr.
Mr. Michael Kimbrel

WE KEEP VIRGINIA MOVING



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
HAMPTON ROADS DISTRICT
7511 Surbage Drive
SUFFOLK VIRGINIA 23435

Stephen C. Brich, P.E.
Commissioner

December 10, 2019

Mr. Kevin B. Page
Executive Director
HRTAC
723 Woodlake Drive
Chesapeake VA, 23320

RE: Bowers Hill Interchange Improvements Study UPC 111427

Dear Mr. Page,

I am writing to request an expansion of the scope, schedule, and additional funding for the Bowers Hill Interchange Improvements Study UPC 111427.

Based on the body of work and outcomes of the study's current efforts and the recent HRTPO actions and concerns regarding I-664 congestion, we respectfully request to modify the current study scope to include I-664 to the College Drive interchange and integration of the Regional Express Lanes Network. VDOT will develop a revised Scope of Work and it is anticipated additional funding will be needed to complete the revised project schedule.

The Bowers Hill Interchange Study Working Group was established by the HRTPO Transportation Technical Advisory Committee (TTAC) in June 2019, with membership from the HRTPO, VDOT, and local governments. Following a project briefing and modeling outcomes, the Working Group made a recommendation to the TTAC to redirect the current study and expand the study area to include I-664 to the College Drive interchange and integration of the Regional Express Lanes Network based on the HRTPO basis of design. On October 17, 2019, the HRTPO board approved a resolution of the express lanes network to provide a *consistent express lanes network from I 64 Jefferson Avenue proceeding along I-64 through Bowers Hill in Chesapeake and continues to I-664 to I 64 in the vicinity of Hampton Roads.*

TTAC concurred with the Working Group's recommendation at their November 2019 meeting. The TTAC agenda item is included as an attachment for reference. VDOT is prepared to redirect the current study and requests an initial investment of \$5 million.

Hampton Roads Transportation Technical Advisory Committee
November 6, 2019 Meeting

AGENDA ITEM #18: BOWERS HILL INTERCHANGE STUDY: WORKING GROUP UPDATE
Robert Lewis, Suffolk and HRTPO Staff

At the June 5, 2019 TTAC meeting, members formed a working group to assist VDOT staff in the completion of the Bowers Hill Interchange Improvements Study by providing stakeholder review and guidance. The working group met on August 8, 2019 and September 18, 2019 to discuss the alternatives and to provide a recommendation to the HRTPO Board.

Working group members expressed concern about potential peak period congestion on I-664 impacting the Bowers Hill Interchange Improvements analysis. In addition, the HRTPO Board approved a resolution endorsing the Hampton Roads Regional Express Lanes Network at its October 17, 2019 meeting. This resolution describes "A consistent Express Lanes Network that begins on I-64 at Jefferson Avenue in Newport News, **proceeds along I-64 through Bowers Hill in Chesapeake** and continues along I-664 to I-64 in the vicinity of the Hampton Coliseum".

The Bowers Hill Interchange Study Working Group met on October 25, 2019. Based on the resolution and concerns regarding I-664 congestion, the working group recommended moving forward by redirecting the current study so that the study area is expanded to include I-664 to the College Drive interchange and that the study takes into account the stipulation of the HRTPO resolution on the Regional Express Lanes Network.

Mr. Robert Lewis, TTAC and Bowers Hill Interchange Study Working Group Chair, and HRTPO Staff will brief the TTAC on this item.

RECOMMENDED ACTION:

Approve the recommendations of the Bowers Hill Interchange Study Working Group.

Kevin B. Page, Executive Director
December 10, 2019
Page Two

Of the \$4M initially allocated, a balance of \$2,062,380 is currently available for use on the study. Respectively we request HRTAC to approve the expanded the study and provide funding.

Thank you for consideration of this request to expand the scope of the Bowers Hill study.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Hall", written over a horizontal line.

Christopher G. Hall, P.E.
District Engineer

Agenda Item 5D
Consent Item

To: Chair Johnson and the other members of HRTAC

From: Kevin B. Page, Executive Director

Date: September 17, 2020

Re: HRTAC Administrative Offices Lease Extension

Recommendation:

The Executive Director recommends that the Commission authorize the Executive Director to i. negotiate an HRTAC Administrative Offices Lease extension with renewal process, ii. authorize the Executive Director to engage counsel, and iii. execute the lease extension as per the negotiated lease agreement.

Background:

On November 9, 2015, HRTAC entered into a lease agreement with the Southeastern Public Service Authority (SPSA) to provide office and storage space to house the headquarters of the Commission. The lease term and set renewals expires on November 30, 2020. SPSA and HRTAC have engaged discussions to extend the lease and SPSA is amenable to continuing to provide HRTAC office space through an extended lease agreement that would renew on a year-to-year basis.

Fiscal Impact

In relation to this Consent Action Item, necessary funds are provided for in the Approved 2021 HRTAC Administrative Budget.

Suggested Motion:

Motion: The Commission authorizes the Executive Director to i. negotiate an HRTAC Administrative Offices Lease extension with renewal process, ii. authorizes the Executive Director to engage counsel; and, iii. execute the lease extension as per the negotiated lease agreement.



Agenda Item 5E
Consent Item

To: Chair Johnson and the other members of HRTAC

From: Kevin B. Page, Executive Director

Date: September 17, 2020

**Re: Fiscal Year 2020 Annual Report to the Joint Commission on Transportation
Accountability Relating to the Hampton Roads Transportation Fund**

Recommendation:

The Commission is being asked to authorize the Executive Director to submit the legislatively mandated Fiscal Year 2020 Hampton Roads Transportation Fund (HRTF) Report to the Joint Commission on Transportation Accountability (Attachment 5E).

Background:

Item 1. O. of Chapter 1289 of the 2020 Session included the requirement that the Joint Commission on Transportation Accountability (JCTA) shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of HB 2313 (2013 Session of the General Assembly). To meet this requirement, the Hampton Roads Transportation Accountability Commission (HRTAC) has prepared a report to inform the JCTA on the uses of the HRTF for Fiscal Year 2020.

Fiscal Impact:

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

Suggested Motion:

Motion: The Commission authorizes the Executive Director to submit to the Joint Commission on Transportation Accountability the Fiscal Year 2020 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund.





**DRAFT - Fiscal Year 2020 Annual Report to
the
Joint Commission on Transportation
Accountability Relating to the Hampton
Roads Transportation Fund**

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

Executive Summary

Item 1.o. of Chapter 1289 of the 2020 Session of the General Assembly included the requirement that the Joint Commission on Transportation Accountability shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, The Joint Commission on Transportation Accountability shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, by November 15 the Secretary of Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of the Intercity Passenger Rail Operating and Capital Funds, the Northern Virginia Transportation Authority Fund, and the Hampton Roads Transportation Fund, respectively, each year to be presented to the Joint Commission on Transportation Accountability.

During FY2020

During FY2020, the Hampton Roads Transportation Accountability Commission ('HRTAC') took actions and executed project agreements or project amendments with the Virginia Department of Transportation ('VDOT') to advance project readiness and to provide financing and project delivery. During the fiscal year, HRTAC issued its FY2021 through FY2026 Funding Plan Update and its Long-Range Funding Plan through FY2045 and further advanced project development and construction of over \$5.29 billion total value projects with VDOT. During FY2020, HRTAC closed a federal Transportation Infrastructure Finance and Innovation Act ('TIFIA') loan and issued a Bond Anticipation Note to fully finance its first six congestion relief projects. HRTAC also began the process of applying for a TIFIA loan and prepared for issuing a Hampton Roads Transportation Fund backed bond sale to support funding commitments to the I-64 Hampton Roads Bridge Tunnel Expansion Project with both scheduled to close in FY2021. The major work activity of FY2020 was the negotiation of the Master Tolling Agreement for the Hampton Roads Express Lanes and preparation for the administration of the Hampton Roads Regional Transit Program and Fund. Of the total project costs under agreement, \$4.7 billion is sourced by HRTAC controlled monies. To-date, the SMART SCALE Program has provided approximately \$463.7 million toward HRTAC projects including the I-64 Peninsula Widening, the I-64 Southside Widening/High Rise Bridge Phase I, the I-64/I-264 Interchange Improvements (Phase II), and the HRBT Expansion Project. Figure 1 provides a graphic showing the locations and the activities of the HRTAC funded projects. HRTAC does not allow balances to sit on projects that will not fully utilize the allocated funds in a timely manner. VDOT and HRTAC work together to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance.

Legislative actions in the 2020 session of the General Assembly that impacted HRTAC included HB1726/SB1038 that created the Hampton Roads Regional Transit Program and Fund to develop, maintain, and improve a regional network of transit routes and related infrastructure, rolling stock, and support facilities. The program is funded by an additional (i) regional grantor's tax at a rate of \$0.06 per \$100 of the consideration for the conveyance and (ii) regional transient occupancy tax at a rate of one percent of the charge for the occupancy, both imposed in localities in the Hampton Roads Transportation District. The legislation also dedicated \$20 million of revenues from existing recordation taxes to funding the program. The moneys will be deposited into the Hampton Roads Regional Transit Fund, created by the bill, and will be administered by HRTAC. Use of the funds will require a two-thirds vote of the HRTAC localities in which the new taxes were imposed. HB1438 authorized HRTAC to impose and collect tolls in high-occupancy toll lanes on certain portions of I-64. The area of I-64 in which such tolls may be imposed is the vicinity of the interchange of I-64 and Jefferson Avenue to the interchange of I-64, I-264, and I-664. The bill directed the Commission to enter into an agreement with the Commonwealth Transportation Board and the Department of Transportation regarding the standards for operating the facility and use of toll proceeds. Other legislation involving adjustments to state and regional motor fuels tax revenues included changing the calculation of gasoline tax revenues for HRTAC from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021.

Background

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

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

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

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

During FY2019, the Hampton Roads Transportation Accountability Commission ('HRTAC') took actions and executed project agreements or project amendments with the Virginia Department of Transportation ('VDOT') to advance project readiness and to provide financing and project delivery. During the fiscal year, HRTAC issued its FY2020 through FY2026 Funding Plan Update and its Long-Range Funding Plan through FY2045, and further advanced project development and construction of over \$5.2 billion total value projects with VDOT, including further advancing a \$7.0 million HRTAC funded study agreement to study and to identify new candidate congestion relief projects with the Hampton Roads Transportation Planning Organization ('HRTPO'). During FY2019, HRTAC began the process of applying for a federal Transportation Infrastructure Finance and Innovation Act ('TIFIA') loan and prepared for issuing a Bond Anticipation Note ('BAN') with both scheduled to close in FY2020. These funds would complete the financing of the Commissions first six construction projects and set the pace for securing the necessary pledged funds to support the HRBT Expansion Project. The major work activity of FY2019 was the negotiation and execution of the Project Administration and Funding Agreement ('PAFA') between HRTAC and VDOT for the funding and delivery of the I-64 Hampton Roads Bridge Tunnel Expansion project, the largest single transportation project in the history of VDOT.

Of the total project costs under agreement, \$4.63 billion is sourced by HRTAC controlled monies. To-date, the SMART SCALE Program has provided approximately \$463.7 million toward HRTAC projects including the I-64 Peninsula Widening, the I-64 Southside Widening/High Rise Bridge Phase I, the I-64/I-264 Interchange Improvements (Phase II) and the HRBT Expansion Project. Figure 1 provides a graphic showing the locations and the activities of the HRTAC funded projects. HRTAC does not allow balances to sit on projects that will not fully utilize the allocated funds in a timely manner. VDOT and HRTAC worked together during FY2019 to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance.

Hampton Roads Regional Transportation Priority Projects

“Moving Projects Forward – HRTAC Investments”

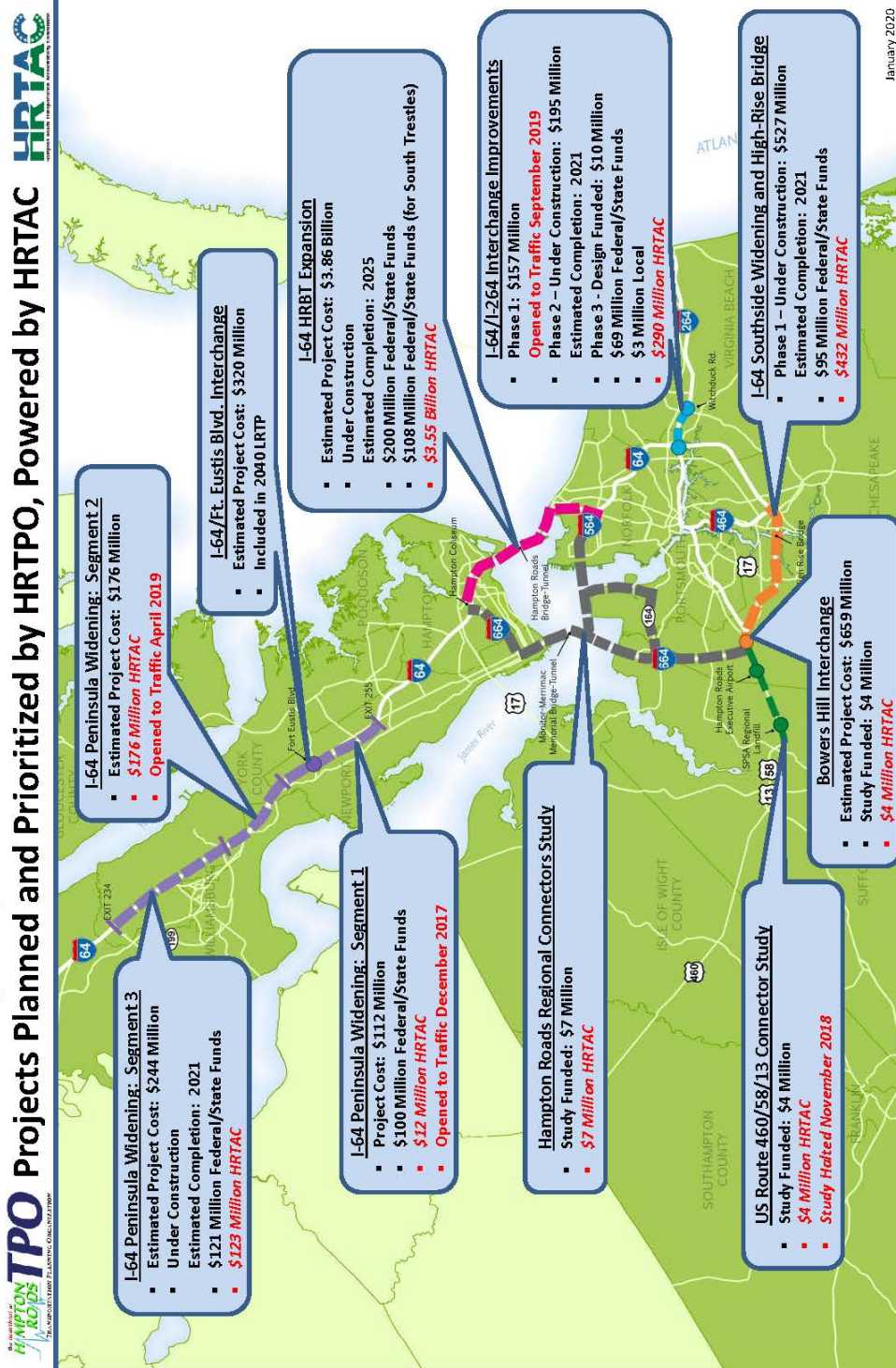


Figure 1 – Activities of HRTAC/HRTF Funded Projects

Revenue Sources and Collections

Retail Sales and Use Tax

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

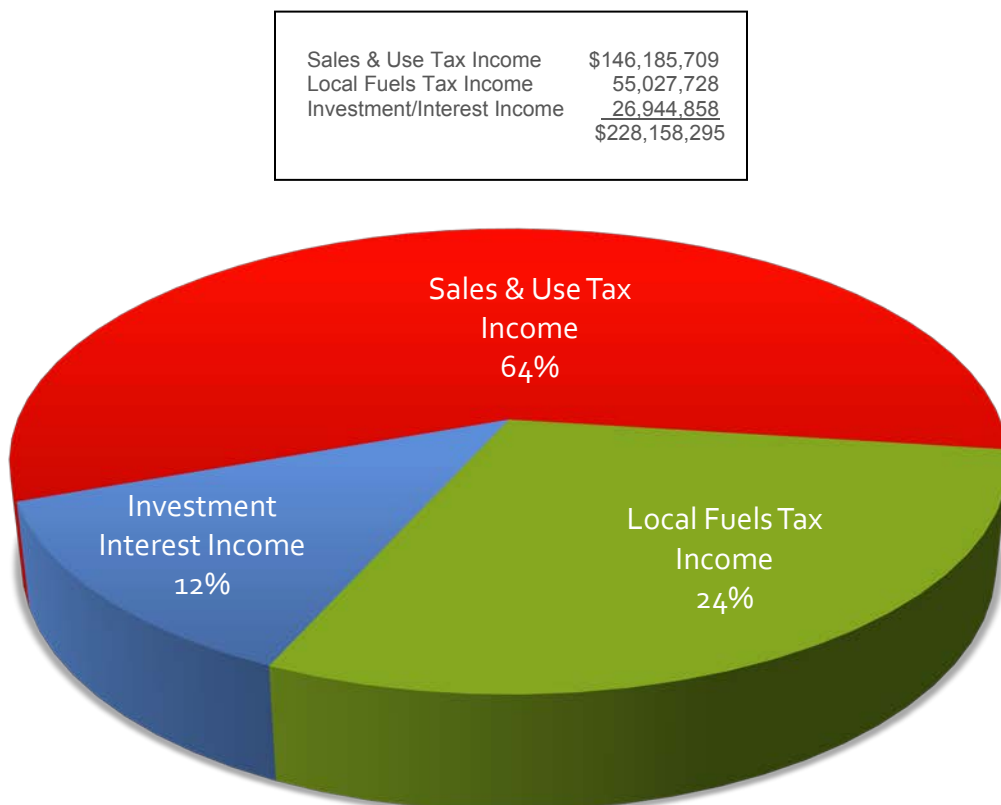
Local Fuels Tax

In Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. These funds were also dedicated to the HRTF. As noted, legislation resulting from the 2020 Session of the General Assembly involving adjustments to state and regional motor fuels tax revenues included changing the calculation of gasoline tax revenues for HRTAC from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021.

Total Collections

Revenue collected from the Region's Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2020 totaled \$228.2 million. Figure 2 provides a detail and graphic of the collections by revenue source and percentage of total collections. Year-end cash balances of the HRTAC totaled \$1.4 billion including bond proceed, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2020



Expenditures

From July 1, 2019 through June 30, 2020, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$ 944,882
Investment Fees	252,909
HRPDC/HRTPO Assistance	120,435
Financial Advisor	568,357
Payroll/Fringes	476,237
Pension Expense	-13,109
Bond Issuance Costs	1,384,279
Interest Expense	27,207,215
DMV Fees	82,785
Operating	96,364
Capital Outlay	0.00
Project Related	312,785,748
Total	\$ 343,906,102

Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2020):

Description	Amount
I-64 Peninsula Widening - Segment 1 Construction	\$ 11,608,384
I-64 Peninsula Widening - Segment 2 PE	2,869,659
I-64 Peninsula Widening - Segment 2 ROW & Construction	152,109,480
I-64 Peninsula Widening - Segment 3 PE	5,468,986
I-64/264 Interchange Improvements – Phase I PE & ROW	15,071,063
I-64/264 Interchange Improvements - Phase I Construction	119,720,152
I-64/264 Interchange Improvements – Phase II PE & ROW	54,592,299
I-64/264 Interchange Improvements – Phase II Construction	16,266,772
I-64/264 Interchange Improvements – Phase III PE & ROW	2,201,527
I-64 Southside Widening/High Rise Bridge – Phase I PE	12,189,098
I-64 Southside Widening/High Rise Bridge – Phase I ROW/Construction	116,813,882
I-64 HRBT Expansion Project Design-Build (D-B) Contract	276,300,147
I-64 HRBT Expansion Project Owners Oversight	25,730,830
HRCS Preferred Alternative Refinement - HRBT	28,800,287
460/58/13 Connector Study	1,095,368
Bowers Hill Interchange Study	2,064,879
HR Regional Connectors Study – HRTPO (Remaining Projects of the Third Crossing)	2,694,412
Total	\$ 845,597,225

Allocations

Project allocations as of June 30, 2020 are provided in detail below.

Hampton Roads Transportation Fund (HRTF)
Total Allocations as of June 30 2020

Project	Total FY2014 - FY 2019	Total FY2020	Total
<i>I-64 Peninsula Widening</i>			
<i>UPC 104905 (Segment 1) –Construction</i>	\$ 14,000,000	\$ (2,391,615)	\$ 11,608,385
<i>UPC 106665 (Segment 2) - PE & Construction</i>	175,832,897	0	175,832,897
<i>UPC 106689 (Segment 3) – PE</i>	10,000,000	0	10,000,000
<i>UPC 106689 (Segment 3) – ROW & Construction</i>	112,893,996	0	112,893,996
<i>I-64/264 Interchange Improvements</i>			
<i>UPC 57048/108042 - Phase I PE/ROW</i>	15,071,063	0	15,071,063
<i>UPC 57048/108042 - Phase I Construction</i>	137,023,653	0	137,023,653
<i>UPC 17630/108041 - Phase II PE/ROW</i>	54,592,576	0	54,592,576
<i>UPC 17630/108041 - Phase II Construction</i>	73,157,062	0	73,157,062
<i>UPC 106693 - Phase III PE</i>	10,000,000	0	10,000,000
<i>I-64 Southside Widening/High Rise Bridge</i>			
<i>UPC 106692/108990 - Phase I PE</i>	12,200,000	0	12,200,000
<i>UPC 106692/108990 - Phase I ROW & Construction</i>	419,756,220	0	419,756,220
<i>I-64 HRBT Expansion Project</i>			
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	3,004,569,251	0	3,004,569,251
<i>UPC 115009 - I-64 HRBT Expansion Project Owners Oversight</i>	548,900,330	0	548,900,330
<i>HRCS Preferred Alternative Refinement - HRBT - UPC 110577 - SEIS</i>	30,000,000	0	30,000,000
<i>460/58/13 Connector Study – UPC 106694 - PE</i>	5,000,000	(3,904,632)	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	4,000,000	0	4,000,000
<i>HR Regional Connector Study – HRTPO (Remaining Projects of the Third Crossing)</i>	7,000,000	0	7,000,000
Total	<u>\$ 4,633,997,048</u>	<u>\$ (6,296,247)</u>	<u>\$ 4,627,700,801</u>

Agenda Item 6A
Action Item

To: Chair Johnson and the other members of HRTAC

From: Kevin B. Page, Executive Director

Date: September 17, 2020

Re: HRTAC Fiscal Year 2020 Audited Financial and Compliance Report

Recommendation:

The Finance Committee Chair recommends that the Commission approve the Draft FY2020 Audited Financial and Compliance Report for HRTAC and authorize the Executive Director to work with the Auditor of Public Accounts to finalize and provide its distribution.

Background:

In accordance with the HRTAC enabling legislation, the Auditor of Public Accounts (APA) must conduct an annual audit of HRTAC. PBMares, LLP was engaged by the APA to conduct the annual audit. The auditor reported that there were no material weaknesses or deficiencies in any of the internal controls or processes of the HRTAC financial activity, and all information was free of any material misstatements. Commissioners should be aware of the restatement presented in the footnotes of the HRTAC FY2020 Audited Financial and Compliance Report. The Commission made a change in its revenue recognition policy to record revenue as it is earned throughout the year and to align with the VDOT's accrual process.

Fiscal Impact:

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

Suggested Motion:

Motion: The Commission approves the HRTAC FY2020 Audited Financial and Compliance Report and authorizes the Executive Director to work with the Auditor of Public Accounts to finalize and provide its distribution of the report document for public access and viewing.



HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION



**A COMPONENT UNIT OF THE
COMMONWEALTH OF VIRGINIA**

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2020

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

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

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INTRODUCTORY SECTION

DRAFT

Voting Members

Linda T. Johnson, Chair, City of Suffolk
Donnie R. Tuck, Vice-Chair, City of Hampton
Kenneth C. Alexander, City of Norfolk
Christopher D. Cornwell, Sr., Southampton County
Robert M. Dyer, City of Virginia Beach
Michael J. Hipple, James City County
W. Eugene Hunt Jr., City of Poquoson
Clinton L. Jenkins, Virginia House of Delegates
Joseph C. Lindsey, Virginia House of Delegates
L. Louise Lucas, Virginia Senate
Montgomery “Monty” Mason, Virginia Senate
William M. McCarty, Isle of Wight County
Michael P. Mullin, Virginia House of Delegates
Douglas G. Pons, City of Williamsburg
Dr. McKinley L. Price, City of Newport News
Frank M. Rabil, City of Franklin
John L. Rowe, Jr., City of Portsmouth
Thomas G. Shepperd, York County
Dr. Richard W. “Rick” West, City of Chesapeake

Non-Voting Members

Stephen Brich, Commissioner of Highways, VDOT
Jennifer Mitchell, Director of VDRPT
John F. Malbon, Commonwealth Transportation Board
John F. Reinhart, Executive Director, Virginia Port Authority

Commission Staff

Kevin B. Page, Executive Director
Jennifer D. Hodnett, Executive Assistant

Support Staff

Sheila Wilson, Chief Financial Officer
Danetta M. Jankosky, Accounting Manager
Tiffany Smith, Accounting Manager
Lynn Coen, Accounting Manager

FINANCIAL SECTION

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members
Hampton Roads Transportation Accountability Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hampton Roads Transportation Accountability Commission (Commission), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatement and Change in Beginning of the Year Equity Balances

As discussed in Note 13 to the financial statements, the Commission restated the beginning fund balance and net position to reflect a change in accounting policy for revenue recognition.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-9 and pages 48-51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

Harrisonburg, Virginia
DATE

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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BASIC FINANCIAL STATEMENTS

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HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

STATEMENT OF NET POSITION June 30, 2020

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	Governmental Activities
ASSETS	
Due from the Commonwealth of Virginia	\$ 37,458,356
Accrued investment income	1,702,001
Prepaid items	4,204
Restricted cash, cash equivalents and investments	1,439,248,027
Capital assets, net	2,680
Net pension asset	22,645
Total assets	1,478,437,913
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	73,369
Total deferred outflows of resources	73,369
LIABILITIES	
Current Liabilities	
Accounts payable	550,852
Accrued liabilities	5,627
Due to the Commonwealth of Virginia	76,218,062
Due to other governments	600,724
Total current liabilities	77,375,265
Long-term Liabilities	
Long-term debt	1,023,333,589
Total long-term liabilities	1,023,333,589
Total liabilities	1,100,708,854
DEFERRED INFLOWS OF RESOURCES	
Pension plan	15,843
Total deferred inflows of resources	15,843
NET POSITION	
Net investment in capital assets	2,680
Restricted	377,841,682
Unrestricted	(57,777)
Total net position	\$ 377,786,585

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

STATEMENT OF ACTIVITIES Year Ended June 30, 2020

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	Expenses	Net (Expense) Revenue and Change in Net Position Governmental Activities
Functions/Programs		
Governmental activities:		
General and administrative	\$ 762,708	\$ (762,708)
Investment fees	821,267	(821,267)
Professional services	944,882	(944,882)
Cost of debt issuance	1,384,280	(1,384,280)
Interest expense	27,207,214	(27,207,214)
Project cost distributions	312,785,751	(312,785,751)
	<u>\$ 343,906,102</u>	<u>(343,906,102)</u>
Total governmental activities		
General revenues:		
Intergovernmental revenue:		
Motor fuel tax		55,027,728
Sales and use tax		146,185,709
Use of money		26,944,858
		<u>228,158,295</u>
Total general revenues		
		(115,747,807)
Change in net position		
Net Position, beginning of year, as restated		<u>493,534,392</u>
Net Position, end of year		<u>\$ 377,786,585</u>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2020

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	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Due from the Commonwealth of Virginia	\$ -	\$ 37,458,356	\$ -	\$ -	\$ 37,458,356
Accrued investment income	-	1,702,001	-	-	1,702,001
Prepaid items	4,204	-	-	-	4,204
Restricted cash, cash equivalents and investments	-	861,636,295	577,611,732	-	1,439,248,027
Total assets	\$ 4,204	\$ 900,796,652	\$ 577,611,732	\$ -	\$ 1,478,412,588
LIABILITIES					
Accounts payable	\$ 10,791	\$ 334,970	\$ 205,091	\$ -	\$ 550,852
Accrued liabilities	5,627	-	-	-	5,627
Due to the Commonwealth of Virginia	-	32,614,705	43,603,357	-	76,218,062
Due to other governments	45,563	555,161	-	-	600,724
Total liabilities	61,981	33,504,836	43,808,448	-	77,375,265
FUND BALANCES					
Nonspendable	4,204	-	-	-	4,204
Restricted	-	867,291,816	533,803,284	-	1,401,095,100
Unassigned	(61,981)	-	-	-	(61,981)
Total fund balances (deficit)	(57,777)	867,291,816	533,803,284	-	1,401,037,323
Total liabilities and fund balances	\$ 4,204	\$ 900,796,652	\$ 577,611,732	\$ -	\$ 1,478,412,588

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION****June 30, 2020**

Governmental Funds

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

Fund balances - governmental funds		\$1,401,037,323
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds until then.		
Pension plan		73,369
Pension asset		22,645
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund.		
Capital assets	\$ 8,773	
Less - accumulated depreciation and amortization	(6,093)	
		2,680
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(914,345,000)	
Bond premiums	(108,988,589)	
		(1,023,333,589)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized in the governmental funds until then.		
Pension plan		(15,843)
Net position of governmental activities		\$ 377,786,585

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

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

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Intergovernmental:					
Motor fuel tax	\$ -	\$ 55,027,728	\$ -	\$ -	\$ 55,027,728
Sales and use tax	-	146,185,709	-	-	146,185,709
Use of money	-	20,521,203	6,309,796	113,859	26,944,858
Total revenues	-	221,734,640	6,309,796	113,859	228,158,295
Expenditures					
Current:					
General and administrative	687,427	82,785	-	-	770,212
Investment fees	-	821,267	-	-	821,267
Professional services	-	944,882	-	-	944,882
Cost of debt issuance	-	-	1,384,280	-	1,384,280
Interest expense	-	-	-	37,018,370	37,018,370
Project cost distributions	-	209,620,716	103,165,035	-	312,785,751
Total expenditures	687,427	211,469,650	104,549,315	37,018,370	353,724,762
Excess (deficiency) of revenues over (under) expenditures	(687,427)	10,264,990	(98,239,519)	(36,904,511)	(125,566,467)
Other Financing Sources (Uses)					
Transfers in	704,971	15,766,005	21,011,118	36,904,511	74,386,605
Transfers out	(8,403)	(33,031,673)	(41,346,529)	-	(74,386,605)
Issuance of debt	-	-	414,345,000	-	414,345,000
Bond premiums	-	-	38,488,507	-	38,488,507
Total other financing sources (uses), net	696,568	(17,265,668)	432,498,096	36,904,511	452,833,507
Net change in fund balances	9,141	(7,000,678)	334,258,577	-	327,267,040
Fund Balances (deficit) , beginning of year, as restated	(66,918)	874,292,494	199,544,707	-	1,073,770,283
Fund Balances (deficit), end of year	\$ (57,777)	\$ 867,291,816	\$ 533,803,284	\$ -	\$ 1,401,037,323

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020**

Governmental Funds

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

Net changes in fund balances - total governmental funds \$ 327,267,040

Deferred outflows of resources:

Pension plan contributions subsequent to measurement date 45,199

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense (32,090)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Depreciation and amortization (5,605)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, does not have any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds on issuance of new debt

\$ (414,345,000)

Bond premium

(38,488,507)

Amortization of bond premiums

9,811,156

(443,022,351)

Change in net position of governmental activities

\$ (115,747,807)

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Commission is an independent political subdivision of the Commonwealth of Virginia, created in 2014 by House Bill 1253 (HB1253) and Senate Bill 513 (SB513). The Commission has sovereign power, and its operations and resources are not subjected to the control, direction or oversight of the Commonwealth. The member jurisdictions of the Commission are embraced by Planning District 23 and are the counties of Isle of Wight, James City, Southampton, York, and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The Commission has 23 members as follows: the chief elected official, or their designee, of the 14 cities and counties that are members of the Commission; three members of the House of Delegates; two members of the Senate; and four non-voting ex-officio members from the Commonwealth Transportation Board, Virginia Department of Transportation, Virginia Department of Rail and Public Transportation, and Virginia Port Authority.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Special Revenue Fund – The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources restricted or committed to expenditures for specified purposes. The Commission has one Special Revenue Fund. The Special Revenue Fund is considered a major fund for financial reporting purposes.

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

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

D. Budgeting

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

E. Other Significant Accounting Policies

1. Cash and Cash Equivalents

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

2. Restricted Cash, Cash Equivalents and Investments

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.

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HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

4. Capital Assets

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

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2020.

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

5. Pensions

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

6. Compensated Absences

The Commission's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the Commission's service up to twice the annual earnings. The liability for such leave is reported as incurred in the government-wide statements. Vacation leave for Commission employees is granted to all full-time employees and is earned based upon the length of employment. The General Fund is responsible for paying the liability for compensated balances for employees. The Commission has elected not to record a liability for compensated balances for fiscal year 2020 due to the amount being immaterial.

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

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HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

7. Long-Term Obligations

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

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

8. Interfund Transactions

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

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

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

9. Fund Equity

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

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

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

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

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HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

9. Fund Equity (Continued)

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

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

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

10. Net Position

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

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

11. Estimates and Assumptions

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

12. Deferred Outflows/Inflows of Resources

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

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION
NOTES TO FINANCIAL STATEMENTS

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Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

12. Deferred Outflows/Inflows of Resources (Continued)

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

13. Subsequent Events

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

Note 2. Deposits and Investments

At June 30, 2020, cash, cash equivalents and investments consisted of the following, at cost, which approximates fair value:

Governmental Activities

Cash	\$ 49,765,443
Local Government Investment Pool (LGIP)	458,699,554
US Bank	347,037,925
State Non-Arbitrage Pool (SNAP)	577,611,729
Union Bank	6,133,376
Total	<u><u>\$1,439,248,027</u></u>

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

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

Investments

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

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

Investment Policy

Investment	Credit Quality
U.S. Treasury Obligations	Bills, notes and any other obligation or securities issued by or backed by the full faith and credit of the United States Treasury. The final maturity shall not exceed a period of three years from the time of purchase.
Federal Agency/ Government Sponsored Enterprise Obligations	Bonds, notes and other obligations of the United States, and securities issued by any federal government agency or instrumentality or government sponsored enterprise except for Collateralized Mortgage Obligations, with a rating of at least “AA” (or its equivalent) by at least two Nationally Recognized Statistical Rating Organizations (NRSROs), one of which will be either Moody’s Investors Services, Inc. (“Moody’s”), or Standard & Poor’s, Inc. (“S&P”). The final maturity shall not exceed a period of three years from the time of purchase.

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HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investment	Credit Quality
Municipal Obligations	Bonds, notes and other general obligations of the Commonwealth of Virginia and its agencies, authorities, and political subdivisions upon which there is no default, has a rating of at least “AA” by S&P and “Aa” by Moody’s, matures within three years of the date of purchase, and otherwise meets the requirements of <i>Code of Virginia</i> §2.2-4501.
Commercial Paper	“Prime quality” commercial paper, with a maturity of 270 days or less, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of at least two of the following: P-1 by Moody’s, A-1 by S&P, F-1 by Fitch Investor’s Services, Inc., and D-1 by Duff and Phelps, Inc., and that otherwise meets the requirements of <i>Code of Virginia</i> §2.2-4502.
Bankers’ Acceptance	Issued by domestic banks or a federally chartered office of a foreign bank, which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than “A-1” by S&P and “P-1” by Moody’s.
Corporate Notes	High quality corporate notes with a rating of at least “AA” by S&P and “Aa” by Moody’s. The final maturity shall not exceed a period of three years from the time of purchase.
Negotiable Certificates of Deposit and Bank Deposit Notes	Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least “A-1” by S&P and “P-1” by Moody’s for maturities of one year or less, and a rating of at least “AA” by S&P and “Aa” by Moody’s, for maturities over one year. The final maturity may not exceed a period of three years from the time of purchase.
Non-Negotiable Certificates of Deposit	Demand deposits, time deposits, and other deposits that comply with all aspects of SPDA or with §2.2-4518 with a final maturity no greater than two years.
Repurchase Agreement	In overnight repurchase agreements provided that the following conditions are met: a. the contract is fully secured by deliverable U.S. Treasury and Federal Agency/Government Sponsored Enterprise obligations as described in paragraphs 1 and 2 above, including the maximum maturity of three years, having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;

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HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investment	Credit Quality
Repurchase Agreement (Continued)	<ul style="list-style-type: none"> b. a Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction; c. the securities are free and clear of any lien and held by an independent third party custodian acting solely as agent for the Commission, provided such third party is not the seller under the repurchase agreement; d. a perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Commission; e. the counterparty is a: <ul style="list-style-type: none"> i. primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or ii. a bank, savings and loan association, or diversified securities broker-dealer having at least \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and f. the counterparty meets the following criteria: <ul style="list-style-type: none"> i. a long-term credit rating of at least “AA” or the equivalent from an NRSRO; ii. has been in operation for at least five years; and iii. is reputable among market participants.
Money Market Mutual Funds (Open-Ended Investment Funds)	Shares in open-end, no-load investment funds provided such funds are registered under the Investment Company Act of 1940 and provided that the fund is rated at least “AAAm” or the equivalent by an NRSRO. The mutual fund must comply with all requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange Commission, provided the investments by such funds are restricted to investments otherwise permitted by the <i>Code of Virginia</i> for political sub-divisions.
Local Government Investment Pool (LGIP)	A specialized commingled investment program that operates in compliance with GASB Statement No. 79 (“GASB 79”) that was created in the 1980 session of the General Assembly (<i>Code of Virginia</i> §2.2-4700 et seq.) designed to offer a convenient and cost-effective investment vehicle for public funds. The LGIP is administered by the Treasury Board of the Commonwealth of Virginia.
Virginia Investment Pool (VIP)	A commingled investment program organized as a local government investment pool with oversight provided by a shareholder elected board of trustees. VIP is designed for the investment of longer-term monies that are not necessary for near term disbursement.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investment	Credit Quality
Virginia State Non-Arbitrage Program's (Virginia SNAP) SNAP Fund	A specialized commingled investment program that operates in compliance with GASB 79 and that was authorized by the Government Non-Arbitrage Act in 1989 (<i>Code of Virginia</i> §2.2-4700 et seq.). Virginia SNAP and the SNAP Fund are administered by the Treasury Board of the Commonwealth of Virginia. Virginia SNAP offers several investment options, including the SNAP Fund, and arbitrage rebate reporting services that are specifically designed for the investment of tax exempt bond proceeds. The Commission's investments in SNAP are stated at amortized cost.

Credit Risk

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

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

The Commission's rated investments as of June 30, 2020 were rated by Standard & Poor's and the ratings are presented below.

	Commission's Rated Debt Investments' Values				
	Fair Quality Ratings				
	AAAm	AAA	AA	A	A-1
Government Agencies	\$ -	\$ -	\$ 82,837,907	\$ -	\$ -
Foreign Government Bonds	-	7,662,034	-	-	-
Commercial Paper	-	-	-	-	38,983,158
Corporate Notes	-	-	17,385,564	52,301,123	-
U.S. Treasury Obligations	-	-	120,775,212	-	-
Certificates of Deposit	-	-	4,106,121	-	21,028,288
Money Market	1,958,518	-	-	-	-
Local Government Investment Pool	458,699,554	-	-	-	-
State Non-Arbitrage Pool (SNAP)	577,611,729	-	-	-	-
	\$ 1,038,269,801	\$ 7,662,034	\$ 225,104,804	\$ 52,301,123	\$ 60,011,446

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

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

The Commission's investment policy provides that securities purchased for the Commission shall be held by the Commission or by the Commission's custodian. If held by a custodian, the securities must be in the Commission's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the Commission. Further, if held by a custodian, the custodian must be a third-party, not a counterparty (buyer or seller) to the transaction. At June 30, 2020, all of the Commission's investments were held in accordance with this policy.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure of the amount and issuer. At June 30, 2020, the Commission's portfolio did not have any investment in a single issuer over 5% that is required to be disclosed.

Interest Rate Risk

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

The limitations provided in the investment policy for maximum maturity and percentage of the portfolio for each category of investment are as follows:

Permitted Investment	Sector Limit	Issuer Limit
U.S. Treasury Obligations	100%	100%
Federal Agency/GSE Obligations	100%	35%
Municipal Obligations	15%	5%
Commercial Paper	35%	5%
Bankers' Acceptances	35%	5%
Corporate Notes	15%	5%
Negotiable Certificates of Deposit and Bank Deposit Notes	15%	5%
Bank Deposits and Non-Negotiable Certificates of Deposit	100%	100%
Repurchase Agreements	25%	25%
Money Market Mutual Funds	25%	25%
LGIP	100%	100%
VIP	25%	25%
Virginia SNAP-SNAP Fund (Proceeds of Tax Exempt Bonds Only)	100%	100%

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 2. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

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

	Fair Value	Investment Maturities (in years)		
		Less Than 1 Year	1 - 5 Years	Over 5 Years
U.S. Treasury Obligations	\$ 120,775,212	\$ 38,901,074	\$ 81,874,138	\$ -
Foreign Government Bonds	7,662,034	-	7,662,034	-
Certificates of Deposit	25,134,409	21,028,288	4,106,121	-
Money Market	1,958,518	1,958,518	-	-
Corporate Notes	69,686,687	15,845,561	53,841,126	-
Commercial Paper	38,983,158	38,983,158	-	-
Government Agencies	82,837,907	19,504,874	53,759,337	9,573,696

As of June 30, 2020, the Commission had investments of \$458,699,554 in the LGIP for governmental activities. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Commission's investments in LGIP are stated at amortized cost and classified as cash and cash equivalents.

Note 3. Fair Value Measurement

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

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

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 3. Fair Value Measurement (Continued)

The following table sets forth by level, within the fair value hierarchy, the Commission's assets at fair value as of June 30, 2020:

	June 30, 2020	Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasury Obligations	\$ 120,775,212	\$ 120,775,212	\$ -	\$ -
Government Agency (State Taxable)	82,837,907	-	82,837,907	-
Foreign Government Bonds	7,662,034	-	7,662,034	-
Corporate Notes	69,686,687	-	69,686,687	-
Commercial Paper	38,983,158	-	38,983,158	-
Certificates of Deposit	25,134,409	-	25,134,409	-
Money Market	1,958,518	1,958,518	-	-

Note 4. Due To/From Other Governments

At June 30, 2020, due from the Commonwealth of Virginia consisted of the following:

	Special Revenue Fund
Sales and Use Tax	\$ 26,429,220
Motor Fuel Tax	11,029,136
Total	\$ 37,458,356

At June 30, 2020, due to other governments and due to the Commonwealth of Virginia consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
Virginia Department of Transportation	\$ -	\$ 32,614,705	\$ 43,603,357
Hampton Roads Planning District	45,563	555,161	-
	\$ 45,563	\$ 33,169,866	\$ 43,603,357

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NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt

Changes in long-term debt consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 500,000,000	\$ 414,345,000	\$ -	\$ 914,345,000	\$ -
Premium on bonds	80,311,238	38,488,507	9,811,156	108,988,589	-
	<u>\$ 580,311,238</u>	<u>\$ 452,833,507</u>	<u>\$ 9,811,156</u>	<u>\$ 1,023,333,589</u>	<u>\$ -</u>

Details of long-term obligations are as follows:

In 2018, the Commission issued \$500,000,000 in senior lien revenue bonds, Series 2018A, due in annual installments of \$4,745,000 to \$37,915,000, plus semi-annual interest at 5.0% to 5.5%. The bonds were issued at a premium of \$83,270,073, which will be amortized over the life of the bonds.

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

Year Ending June 30,	Governmental Activities	
	Senior Lien Revenue Bonds, Series 2018A	
	Principal	Interest
2021	\$ -	\$ 25,854,075
2022	-	25,854,075
2023	-	25,854,075
2024	-	25,854,075
2025	-	25,854,075
2026-2030	26,230,000	126,775,375
2031-2035	33,480,000	119,528,125
2036-2040	42,730,000	110,277,875
2041-2045	54,530,000	98,473,125
2046-2050	88,865,000	82,937,625
2051-2055	146,245,000	53,761,350
2055-2058	107,920,000	12,082,950
	<u>\$ 500,000,000</u>	<u>\$ 733,106,800</u>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 5. Long-Term Debt (Continued)

In 2019, the Commission issued \$414,345,000 in intermediate lien revenue bonds, Series 2019A, due in full on July 1, 2023, plus semi-annual interest at 5.0%. The bonds were issued at a premium of \$34,488,507, which will be amortized over the life of the bonds.

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

Year Ending June 30,	Governmental Activities	
	Intermediate Lien Revenue Bonds, Series 2019A	
	Principal	Interest
2021	\$ -	\$ 21,522,921
2022	-	20,717,250
2023	414,345,000	10,358,625
	<u>\$ 414,345,000</u>	<u>\$ 52,598,796</u>

Note 6. Intergovernmental Revenues, Commonwealth of Virginia

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

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

Note 7. Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of the Commission are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The Commission is a new entity and has not been included in the actuarial calculations with VRS for the current year.

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

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

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Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

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

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component:</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component:</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1. <i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier <i>VRS:</i> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.</p>	<p>Service Retirement Multiplier <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component:</i> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>

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Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security retirement age.	Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least 5 years (60 months) of service credit or when their age plus service credit equals 90.	Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.	Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement <i>Defined Benefit Component:</i> Same as Plan 2. <i>Defined Contribution Component:</i> Not applicable.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><i>Eligibility:</i></p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><i>Eligibility:</i></p> <p>Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><i>Eligibility:</i></p> <p>Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1 and Plan 2.</p>

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Disability Coverage Eligible political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported services. <i>Defined Contribution Component:</i> Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Active Members

2

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION
NOTES TO FINANCIAL STATEMENTS

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Note 7. Pension Plan (Continued)

A. Plan Description (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement.

The Commission's contractually required contribution rate for the year ended June 30, 2020 was 13.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$45,199 and \$35,265 for the years ended June 30, 2020 and 2019, respectively.

B. Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Commission's net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total pension liability for the Commission's retirement plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate or return	6.75 percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Note 7. Pension Plan (Continued)

B. Net Pension Asset (Continued)

Actuarial Assumptions (Continued)

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
Inflation			2.50%
			7.63%

* Expected arithmetic nominal return

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 7. Pension Plan (Continued)

B. Net Pension Asset (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Commission retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2018	\$ 122,224	\$ 134,521	\$ (12,297)
Changes for the year:			
Service cost	44,551	-	44,551
Interest	8,556	-	8,556
Changes of assumptions	5,106	-	5,106
Differences between expected and actual experience	(9,099)	-	(9,099)
Contributions - employer	-	35,265	(35,265)
Contributions - employee	-	12,852	(12,852)
Net investment income	-	11,406	(11,406)
Administrative expense	-	(53)	53
Other changes	-	(8)	8
Net changes	49,114	59,462	(10,348)
Balances at June 30, 2019	\$ 171,338	\$ 193,983	\$ (22,645)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Plan's net pension liability (asset)	\$ 763	\$ (22,645)	\$ (41,400)

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NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Commission recognized pension expense of (\$32,090). At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 45,199	\$ -
Differences between expected and actual experience	23,685	11,658
Changes of assumptions	4,485	3,144
Net difference between projected and actual earnings on plan investments	-	1,041
	<u>\$ 73,369</u>	<u>\$ 15,843</u>

The \$45,199 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2020 will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 2,870
2022	2,819
2023	3,308
2024	3,266
2025	1,732
Therafter	<u>(1,668)</u>
Total	<u><u>\$ 12,327</u></u>

E. Pension Plan Data

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/pdf/publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 8. Operating Leases and Agreements****Governmental Activities**

The Commission leases office space under a 36-month agreement, which commenced on November 9, 2015 and expired November 30, 2018. The lease provides an additional option to renew for two additional terms of one year at which time annual rent will be increased to an amount equal to 105% of the annual rent in effect. The Commission exercised their second option to renew their lease for an additional year which expires on November 30, 2020. The current lease terms call for the Commission to pay \$1,011 monthly (\$12,132 annually). Rent expense for Governmental Activities as reported in the government-wide financial statements totaled \$11,895.

As of June 30, 2020, the future minimum long-term lease commitments were as shown below:

Year Ending June 30,	Amount
2021	\$ 5,057

Note 9. Interfund Transfers

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

Note 10. Risk Management

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

Note 11. Pending GASB Statements

At June 30, 2020, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Commission. The statements which might impact the Commission are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2020.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO FINANCIAL STATEMENTS****Note 11. Pending GASB Statements (Continued)**

GASB Statement No. 87, *Leases*, will increase the usefulness of the Commission's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2020.

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

Note 12. Development and Delivery of Congestion Relief Projects – Project Agreements with VDOT

The Commission has entered into Standard Project Agreements with the Virginia Department of Transportation (VDOT) for its pre-HRBT projects, and a Project Administration and Funding Agreement with VDOT for the HRBT Expansion Project, both of which relate to the Commission's funding of approved projects that will be part of VDOT's statewide transportation system. To date, all of the Commission's projects are included in the statewide transportation system. Under certain Project Agreements, the Commonwealth Transportation Board has agreed to also contribute state funds to the construction of Commission projects. Under all Project Agreements to date, VDOT has agreed to provide administration of project construction as reimbursed by the Commission, and VDOT has assumed responsibility for operation and maintenance of the projects at no cost to the Commission. The Commission's funding obligation under each of these agreements is limited to the amounts budgeted. If VDOT determines it may incur additional, unbudgeted costs, such as to cover cost overruns, the Commission has the option to provide additional funding, cancel the project or a portion thereof, or authorize VDOT to make modifications or reductions in scope or design to stay within the initial budget under the applicable Standard Project Agreement.

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

Commission Projects Under Agreements with VDOT (in Millions)

	Year Ending June 30,						
	2021	2022	2023	2024	2025	2026	Total
Interstate 64 Peninsula Widening (Segments 1-3)	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ -	6
I-64/I-264 Interchange Improvements (Phases I-III)	24	-	-	-	-	-	24
I-64 Southside Widening and High Rise Bridge Project (Phase I)	79	-	-	-	-	-	79
(Mega Project) Delivery of HRBT Expansion Project	1,129	714	546	422	291	11	3,113

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Note 13. Restatement and Change in Beginning of Year Equity Balances

During the year ended June 30, 2020, the Commission made a change in accounting policy for revenue recognition extending their revenue accrual period from 45 days to 75 days after year end. The change in accounting policy resulted in the following increase in beginning fund balance and net position on the Commission's financial statements:

	Special Revenue Fund	Governmental Activities
Opening fund balance and net position	\$ 859,663,315	\$ 478,905,213
Change in accounting policy	14,629,179	14,629,179
Restated fund balance and net position	<u>\$ 874,292,494</u>	<u>\$ 493,534,392</u>

Note 14. Risk and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Commission operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Commission.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year June 30,		
	2018	2019	2020
Total Pension Liability:			
Service cost	\$ 44,473	\$ 43,344	\$ 44,551
Interest	-	5,481	8,556
Differences between expected and actual experience	-	(4,896)	(9,099)
Changes of assumptions	(5,175)	-	5,106
Benefit payments, including refunds of employee contributions	38,997	-	-
Net change in total pension liability	78,295	43,929	49,114
Total pension liability - beginning	-	78,295	122,224
Total pension liability - ending (a)	\$ 78,295	\$ 122,224	\$ 171,338
Plan Fiduciary Net Position:			
Contributions - employer	\$ 39,187	\$ 40,173	\$ 35,265
Contributions - employee	12,231	12,538	12,852
Net investment income	5,504	6,867	11,406
Administrative expense	20	(13)	(53)
Other	(7)	(8)	(8)
Net change in plan fiduciary net position	56,935	59,557	59,462
Plan fiduciary net position - beginning	18,029	74,964	134,521
Plan fiduciary net position - ending (b)	\$ 74,964	\$ 134,521	\$ 193,983
Commission's net pension liability (asset) - ending (a)-(b)	\$ 3,331	\$ (12,297)	\$ (22,645)
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A
Covered payroll	\$ 265,658	\$ 264,821	\$ 366,121
Commission's net pension liability (asset) as a percentage of covered payroll	1.25%	(4.64%)	(6.19%)

Note to Schedule:

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

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

SCHEDULE OF COMMISSION CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

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	Fiscal Year June 30,		
	2018	2019	2020
Contractually required contribution (CRC)	\$ 40,173	\$ 35,265	\$ 45,199
Contributions in relation to the CRC	40,173	35,265	45,199
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	265,658	\$ 264,821	\$ 366,121
Contributions as a percentage of covered payroll	15.12%	13.72%	13.72%

Note to Schedule:

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

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****VIRGINIA RETIREMENT SYSTEM****Year Ended June 30, 2020**

Note 1. Changes of Benefit Terms

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Discount Rate	Decrease 7.00% to 6.75%

Note 3. Contractually Required Contributions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Expenditures				
General and administrative	\$ 1,429,390	\$ 1,649,390	\$ 687,427	\$ (961,963)
Total expenditures	1,429,390	1,649,390	687,427	(961,963)
Deficiency of revenues under expenditures	(1,429,390)	(1,649,390)	(687,427)	961,963
Other Financing Sources (Uses)				
Transfers in	1,429,390	1,649,390	704,971	944,419
Transfers out	-	-	(8,403)	8,403
Total other financing sources, net	1,429,390	1,649,390	696,568	(952,822)
Net change in fund balance	-	-	9,141	9,141
Fund Balance (Deficit), beginning of year	-	-	(66,918)	-
Fund Balance (Deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,777)</u>	<u>\$ 9,141</u>

Note:

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

SUPPLEMENTARY INFORMATION

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HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES
Year Ended June 30, 2020

Expenditures	
Salaries and wages	\$ 366,121
Employee benefits	64,918
VRS contributions	45,199
Support services - HRTPO/HRPDC	120,435
Office rent	11,895
Office supplies	14,993
Professional and legal	28,208
Travel and meeting	17,011
Insurance	4,658
Computer hardware	6,191
Public notice and advertising	965
Other	<u>6,833</u>
Total expenditures	<u><u>\$ 687,427</u></u>

COMPLIANCE SECTION

DRAFT

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

To the Honorable Commission Board Members
Hampton Roads Transportation Accountability Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the Hampton Roads Transportation Accountability Commission (Commission), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Harrisonburg, Virginia

DATE



**HAMPTON ROADS TRANSPORTATION FUND
FINANCIAL REPORT
FY2014 – FY2020
Period Ending June 30, 2020**

The HRTAC staff has prepared the attached June 2020 financial report based on data received to date from the Virginia Department of Transportation.

<u>Revenues</u>	<u>Inception to June 2020</u>	<u>FY2020 YTD</u>	<u>June 2020</u>
Total Gross Revenues¹	2,332,321,333	680,991,802	13,338,997
State Sales & Use Tax ¹	923,179,574	146,185,709	8,632,239
Local Fuels Tax ¹	298,735,450	55,027,728	3,927,379
Interest	3,946,512	669,108	8,754
Investment Income	70,356,217	26,275,750	770,625
Bond Proceeds	1,036,103,580	452,833,507	--

<u>Expenditures</u>	<u>Inception to June 2020</u>	<u>FY2020 YTD</u>	<u>June 2020</u>
Total Expenditures	921,412,581	343,906,100	100,334,294
Projects	845,597,225	312,785,748	105,260,202
Total DMV & Dept. of Tax Admin. Fees	909,463	82,785	82,785
Investment Fees	1,359,823	233,193	19,255
Bond Interest Expenses	64,440,266	27,207,215	(5,930,212)
Operating Expenses	9,105,803	3,597,158	902,264

Cash Balance

June 30, 2020 Ending Cash/Cash Equivalents **\$ 1,410,908,752**

Encumbered Balance

Balance of Encumbered (through FY2026) **\$ 3,782,103,576**

Allocation 4,627,700,801

Less: Project Expenditures 84,597,225

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

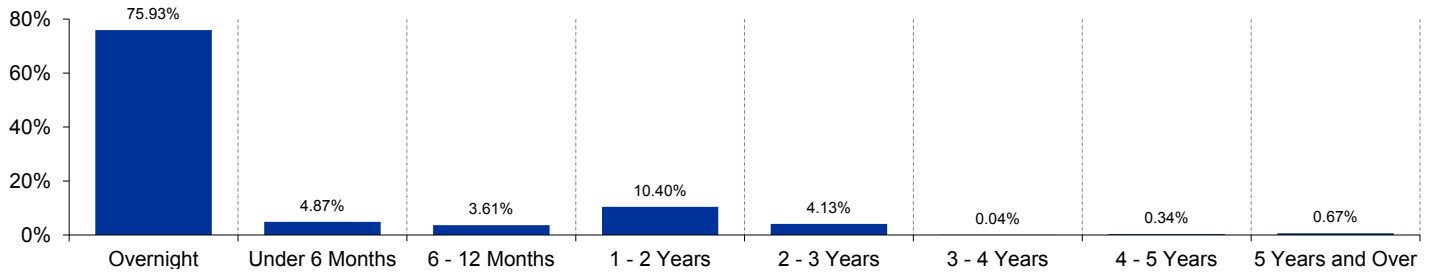
Hampton Roads Transportation Accountability Commission

Summary of Cash and Investments

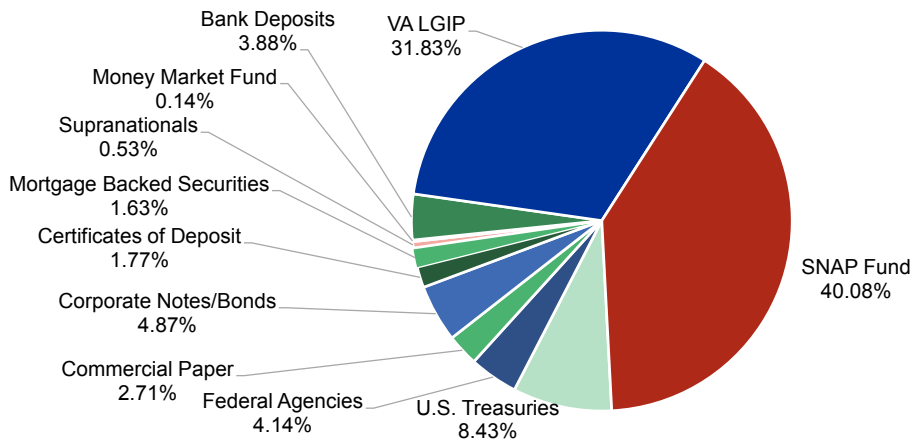
For June 2020

Portfolio	Yield at Cost	Yield at Market	Balances at Cost	Balances at Market	% of Total
Union Checking	0.00%	0.00%	1,000,000	1,000,000	0.07%
Union Sweep	0.50%	0.50%	6,129,467	6,129,467	0.43%
Union Money Market	0.50%	0.50%	3,909	3,909	0.00%
Union General	0.50%	0.50%	48,772,310	48,772,310	3.38%
VA LGIP	0.42%	0.42%	458,699,554	458,699,554	31.83%
Enhanced Cash Portfolio	1.69%	0.36%	209,311,065	211,379,640	14.67%
Core Portfolio	1.96%	0.52%	134,152,266	137,360,286	9.53%
SNAP Fund	0.49%	0.49%	577,578,508	577,578,508	40.08%
Total			\$ 1,435,647,078	\$ 1,440,923,673	100.00%

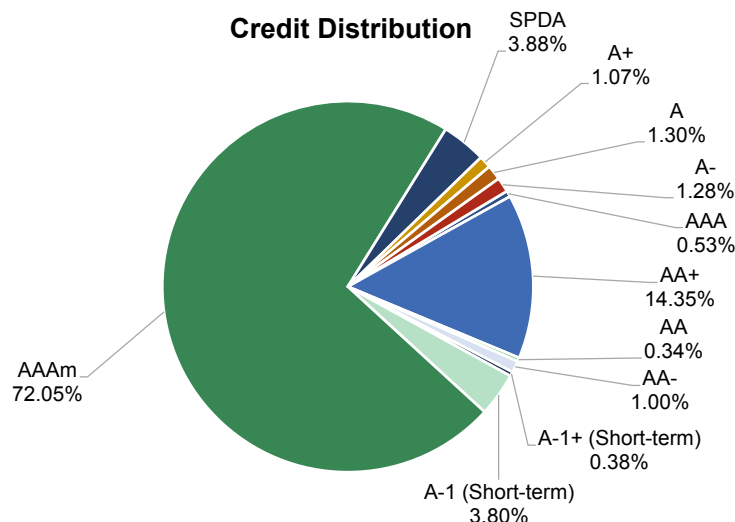
Total Maturity Distribution



Sector Distribution



Credit Distribution



All charts are based on market value as of 6/30/20

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

Hampton Roads Transportation Accountabiliy Commission
Interest and Investment Income
Inception - June 2020

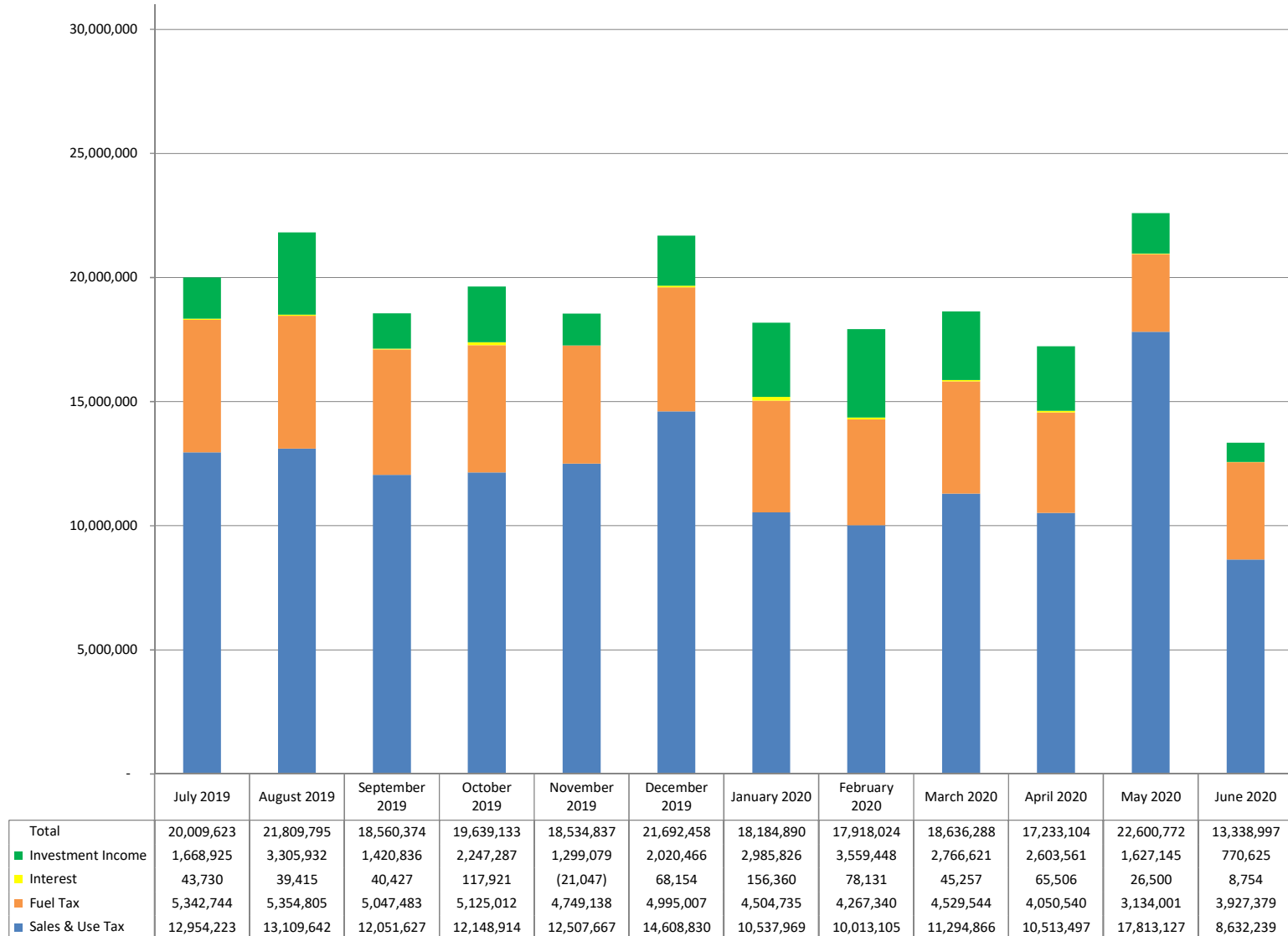
	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
HRTF Interest Income	\$ 363,855	\$ 1,027,959	\$ 272,261	\$ 291,738	\$ 321,499	\$ 1,000,093	\$ 669,108	\$ 3,946,512
HRTF Investment Income	<u>-</u>	<u>368,310</u>	<u>3,993,773</u>	<u>980,870</u>	<u>8,868,404</u>	<u>29,869,111</u>	<u>26,275,750</u>	<u>70,356,217</u>
Total	<u>\$ 363,855</u>	<u>\$ 1,396,269</u>	<u>\$ 4,266,033</u>	<u>\$ 1,272,608</u>	<u>\$ 9,189,903</u>	<u>\$ 30,869,204</u>	<u>\$ 26,944,858</u>	<u>\$ 74,302,730</u>

Notes:

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

"HRTF Investment Income" in FY2019 and FY2020 includes income from PFMAM (US Bank) core and enhanced cash, LGIP, and SNAP accounts. FY2014-2018 totals also include income from Sterling and Union Bank.

HRTF Revenue



Notes: November 2018 Wholesale Fuels Tax revenue includes a \$9,865,900 Special Audit Assessment adjustment sourced from vendor audit settlement.
 January 2019 Wholesale Fuels Tax revenue includes \$510,330 in adjustments from a Special Audit Assessment and a vendor audit settlement.
 February 2019 Wholesale Fuels Tax revenue includes \$806,491 from a vendor audit assessment.
 June 2019 Sales & Use Tax includes \$7,424,592 of FY2019 AST Estimated Sales & Use Tax revenue.

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

	Gross Revenue							Expenditures						Balance
	Investment							Dept of Tax		Bond	Operating		7/1/13 - 6/30/20	
	Sales & Use	Tax	Fuels Tax	Interest	Income	Bond	Proceeds	Total	Projects	Admin Fee	Investment Fees	Expenses		Expenses
July 2013 - June 2019	\$ 776,993,866	\$ 243,707,722	\$ 3,277,405	\$ 44,080,467	\$ 583,270,073	\$ 1,651,329,532	\$ 532,811,477	\$ 826,678	\$ 1,126,630	\$ 37,233,051	\$ 5,508,645	\$ 577,506,481	\$ 1,073,823,050	
July 2019	12,954,223	5,342,744	43,730	1,668,925			20,009,623	-	-	19,598	2,154,506	46,851	2,220,955	1,091,611,718
August 2019	13,109,642	5,354,805	39,415	3,305,932			21,809,795	15,335,134	-	19,552	2,154,506	95,288	17,604,480	1,095,817,033
September 2019	12,051,627	5,047,483	40,427	1,420,836			18,560,374	18,399,487	-	19,029	2,154,506	172,956	20,745,978	1,093,631,429
October 2019	12,148,914	5,125,012	117,921	2,247,287			19,639,133	14,129,508	-	19,696	2,154,506	349,475	16,653,185	1,096,617,377
November 2019	12,507,667	4,749,138	(21,047)	1,299,079			18,534,837	21,970,226	-	19,099	2,154,506	76,246	24,220,076	1,090,932,139
December 2019	14,608,830	4,995,007	68,154	2,020,466	452,833,507		474,525,965	12,188,878	-	19,789	2,960,177	1,059,078	16,227,922	1,549,230,182
January 2020	10,537,969	4,504,735	156,360	2,985,826			18,184,890	19,348,861	-	19,751	3,880,944	171,694	23,421,249	1,543,993,823
February 2020	10,013,105	4,267,340	78,131	3,559,448			17,918,024	32,785,799	-	18,480	3,880,944	171,762	36,856,984	1,525,054,863
March 2020	11,294,866	4,529,544	45,257	2,766,621			18,636,288	44,512,900	-	19,830	3,880,944	239,547	48,653,221	1,495,037,929
April 2020	10,513,497	4,050,540	65,506	2,603,561			17,233,104	12,842,838	-	19,243	3,880,944	149,574	16,892,600	1,495,378,433
May 2020	17,813,127	3,134,001	26,500	1,627,145			22,600,772	16,011,917	-	19,872	3,880,944	162,423	20,075,156	1,497,904,049
June 2020	8,632,239	3,927,379	8,754	770,625			13,338,997	105,260,202	82,785	19,255	(5,930,212)	902,264	100,334,294	1,410,908,752
Total 12 Months	\$ 146,185,709	\$ 55,027,728	\$ 669,108	\$ 26,275,750	\$ 452,833,507	\$ 680,991,802	\$ 312,785,748	\$ 82,785	\$ 233,193	\$ 27,207,215	\$ 3,597,158	\$ 343,906,100		
Grand Totals	\$ 923,179,574	\$ 298,735,450	\$ 3,946,512	\$ 70,356,217	\$ 1,036,103,580	\$ 2,332,321,333	\$ 845,597,225	\$ 909,463	\$ 1,359,823	\$ 64,440,266	\$ 9,105,803	\$ 921,412,581		
Less Balance of Encumbered (through FY2026)														\$ (3,782,103,576)
Total Net Available														\$ (2,371,194,824)

Notes:

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

January 2019 Wholesale Fuels Tax revenue includes \$510,330 in adjustments from a Special Audit Assessment and a vendor audit settlement.

February 2019 Wholesale Fuels Tax revenue includes \$806,491 from a vendor audit assessment.

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

For audit purposes, the January through December 2019 investment income and bond expenses have been updated to reflect the gain on investments (on bond proceeds) held by the trustee and the full bond interest expense.

June 2019 Department of Taxation Administrative Fee is a \$199,993 fee charged by the Department of Motor Vehicles for fuels tax audit costs.

December 2019 Revenues include proceeds from the issuance of Intermediate Lien Bond Anticipation Notes, Series 2019A, dated December 17, 2019.

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

Table 1 - Total HRTF Revenues
Hampton Roads Transportation Fund (HRTF)
Total of Sales & Use and Fuels Taxes
Fiscal Year 2020

Locality	Total FY2014 - FY2019	Previous FY2020	June 2020	Total YTD FY2020	Total
<i>Chesapeake</i>	\$ 186,963,072	\$ 29,949,109	\$ 6,721,335	\$ 36,670,445	\$ 223,633,516
<i>Franklin</i>	11,106,769	1,843,096	438,685	2,281,780	13,388,549
<i>Hampton</i>	73,890,205	12,197,449	2,950,911	15,148,359	89,038,564
<i>Isle of Wight</i>	16,057,610	2,690,796	718,029	3,408,826	19,466,436
<i>James City</i>	46,296,679	6,630,899	1,118,837	7,749,736	54,046,414
<i>Newport News</i>	108,965,712	17,508,837	3,883,713	21,392,550	130,358,262
<i>Norfolk</i>	142,418,501	23,682,055	5,344,296	29,026,351	171,444,852
<i>Poquoson</i>	2,658,219	450,094	124,726	574,820	3,233,039
<i>Portsmouth</i>	35,678,825	5,962,285	1,645,447	7,607,732	43,286,558
<i>Southampton</i>	5,229,189	918,700	279,070	1,197,770	6,426,959
<i>Suffolk</i>	51,137,958	9,155,326	2,363,982	11,519,309	62,657,267
<i>Virginia Beach</i>	272,433,462	42,684,708	9,906,419	52,591,127	325,024,589
<i>Williamsburg</i>	21,744,338	3,112,406	494,006	3,606,413	25,350,751
<i>York</i>	46,121,048	6,870,390	1,567,830	8,438,220	54,559,268
Total ^d	1,020,701,587	163,656,151	37,557,287	201,213,437	1,221,915,024
Interest ^a	3,277,405	660,354	8,754	669,108	3,946,512
Investment Income ^b	44,080,467	25,505,125	770,625	26,275,750	70,356,217
Bond Proceeds	583,270,073	452,833,507	-	452,833,507	1,036,103,580
Total Revenues	1,636,700,355	642,655,137	38,336,665	680,991,802	2,332,321,334
Project Expenses	(532,811,477)	(207,525,546)	(105,260,202)	(312,785,748)	(845,597,225)
DMV & Dept. of Tax Admin Fees	(826,678)	-	(82,785)	(82,785)	(909,463)
Investment Fees (Sterling&PFMAM)	(1,126,630)	(213,938)	(19,255)	(233,193)	(1,359,823)
Bond Interest Expenses ^e	(37,233,051)	(33,137,427)	5,930,212	(27,207,215)	(64,440,266)
Operating Expense	(5,508,645)	(2,694,894)	(902,264)	(3,597,158)	(9,105,803)
Cash Balance	\$ 1,059,193,874	\$ 399,083,331	\$ (61,997,629)	\$ 337,085,702	\$ 1,410,908,752
Less Balance of Encumbered					(3,782,103,576)
Net Available Cash					\$ (2,371,194,824)
Updated forecast ^c	\$ 1,013,671,045	\$ 170,124,237	\$ 31,659,669	\$ 201,783,906	\$ 1,215,454,951
Total Revenue - Forecast (under)/over	\$ 7,030,542	\$ (6,468,086)	\$ 5,897,618	\$ (570,468)	\$ 6,460,073

Notes:

^a Includes interest from Union Bank money market, sweep, and general accounts, as well as Regional Tax Interest/Interest Refund Adjustments.

^b FY2019 and FY2020 include income from PFMAM (US Bank), LGIP, and SNAP accounts. FY2014-2018 includes income from Sterling and Union Bank.

^c The forecasts received from the Virginia Dept. of Transportation from 3/23/2020 to 6/18/2020 included substantial increases in estimated fuels tax revenue. Due to the uncertainty resulting from the COVID-19 situation, HRTAC will continue to use the amounts provided in the forecast received on 2/24/2020.

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

^e June bond interest expense is negative due to a large year-end adjustment to record amortization of bond premium.

Table 1A - State Sales & Use Tax

Hampton Roads Transportation Fund (HRTF)

State Sales & Use Tax

Fiscal Year 2020

Locality	Total FY2014 - FY2019	Previous FY2020	June 2020	Total YTD FY2020	Total
<i>Chesapeake</i>	\$ 140,560,485	\$ 21,930,577	\$ 4,610,926	\$ 26,541,503	\$ 167,101,988
<i>Franklin</i>	5,982,981	896,001	220,192	1,116,194	7,099,174
<i>Hampton</i>	54,686,136	8,352,008	1,973,498	10,325,506	65,011,642
<i>Isle of Wight</i>	8,967,450	1,574,486	416,162	1,990,648	10,958,098
<i>James City</i>	38,695,132	5,264,465	824,857	6,089,321	44,784,453
<i>Newport News</i>	85,325,635	13,273,098	2,849,276	16,122,373	101,448,008
<i>Norfolk</i>	113,294,110	17,788,310	3,871,452	21,659,762	134,953,873
<i>Poquoson</i>	1,845,557	335,317	94,854	430,171	2,275,728
<i>Portsmouth</i>	24,764,342	4,035,610	1,116,633	5,152,243	29,916,585
<i>Southampton</i>	2,260,257	366,560	108,211	474,771	2,735,028
<i>Suffolk</i>	33,156,101	5,676,164	1,470,261	7,146,425	40,302,525
<i>Virginia Beach</i>	215,669,515	32,676,402	7,458,341	40,134,744	255,804,258
<i>Williamsburg</i>	16,921,614	2,404,155	307,330	2,711,485	19,633,099
<i>York</i>	34,864,551	5,167,191	1,123,373	6,290,564	41,155,115
Total ¹	<u>\$ 776,993,866</u>	<u>\$ 119,740,343</u>	<u>\$ 26,445,366</u>	<u>\$ 146,185,709</u>	<u>\$ 923,179,574</u>
Updated Forecast	<u>767,771,042</u>	<u>123,970,034</u>	<u>22,529,966</u>	<u>146,500,000</u>	<u>914,271,042</u>
Diff(under)/over	4,014,647	(4,229,691)	3,915,400	(314,291)	8,908,532

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

Table 1B - Local Fuels Tax

Hampton Roads Transportation Fund (HRTF)

Local Fuels Tax

Fiscal Year 2020

Locality	Total FY2014 - FY2019	Previous FY2020	June 2020	Total YTD FY2020	Total
<i>Chesapeake</i>	46,402,586	\$ 8,018,532	\$ 2,110,409	\$ 10,128,942	\$ 56,531,528
<i>Franklin</i>	5,123,788	947,094	218,492	1,165,587	6,289,375
<i>Hampton</i>	19,204,068	3,845,441	977,413	4,822,854	24,026,922
<i>Isle of Wight</i>	7,090,161	1,116,311	301,867	1,418,178	8,508,339
<i>James City</i>	7,601,547	1,366,434	293,980	1,660,414	9,261,961
<i>Newport News</i>	23,640,077	4,235,739	1,034,437	5,270,176	28,910,253
<i>Norfolk</i>	29,124,391	5,893,745	1,472,844	7,366,589	36,490,980
<i>Poquoson</i>	812,662	114,777	29,872	144,649	957,311
<i>Portsmouth</i>	10,914,483	1,926,676	528,814	2,455,489	13,369,972
<i>Southampton</i>	2,968,932	552,139	170,859	722,999	3,691,931
<i>Suffolk</i>	17,981,857	3,479,163	893,721	4,372,884	22,354,741
<i>Virginia Beach</i>	56,763,948	10,008,306	2,448,077	12,456,383	69,220,331
<i>Williamsburg</i>	4,822,724	708,252	186,676	894,928	5,717,652
<i>York</i>	11,256,497	1,703,200	444,457	2,147,657	13,404,154
Total ¹	<u>\$ 243,707,722</u>	<u>\$ 43,915,808</u>	<u>\$ 11,111,920</u>	<u>\$ 55,027,728</u>	<u>\$ 298,735,450</u>
Updated Forecast	<u>245,900,003</u>	<u>46,154,203</u>	<u>9,129,703</u> *	<u>55,283,906</u>	<u>301,183,909</u> *
Diff(under)/over	(11,613,282)	(2,238,394)	1,982,217	(256,178)	(2,448,459)

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

* The forecasts received from the Virginia Dept. of Transportation on 3/23/2020 through 6/18/2020 included substantial increases in estimated fuels tax revenue. Due to the uncertainty resulting from the COVID-19 situation, HRTAC will continue to use the amounts provided in the forecast received on 2/24/2020.

Table 2 - Allocations

Hampton Roads Transportation Fund (HRTF)

Allocations

Fiscal Year 2020

Project	Total FY2014 - FY2019	Previous FY2020	June 2020	Total YTD FY2020	Total
<i>I-64 Peninsula Widening</i>					
<i>UPC 104905 - Segment 1 - Construction</i>	\$ 14,000,000	\$ (2,391,615)	\$ -	\$ (2,391,615)	\$ 11,608,385
<i>UPC 106665 - Segment 2 - PE/ROW/Construction</i>	175,832,897	-	-	-	175,832,897
<i>UPC 109790/106689 - Segment 3 - PE</i>	10,000,000	-	-	-	10,000,000
<i>UPC 109790/106689 - Segment 3 - Construction</i>	112,893,996	-	-	-	112,893,996
<i>I-64/264 Interchange Improvement</i>					
<i>UPC 57048/108042 - Phase I - PE/ROW</i>	15,071,063	-	-	-	15,071,063
<i>UPC 57048/108042 - Phase I - Construction</i>	137,023,653	-	-	-	137,023,653
<i>UPC 17630/108041 - Phase II - PE/ROW</i>	54,592,576	-	-	-	54,592,576
<i>UPC 17630/108041 - Phase II - Construction</i>	73,157,062	-	-	-	73,157,062
<i>UPC 106693 - Phase III - PE & ROW</i>	10,000,000	-	-	-	10,000,000
<i>I-64 Southside Widening/High-Rise Bridge</i>					
<i>UPC 106692 - Phase I - PE</i>	12,200,000	-	-	-	12,200,000
<i>UPC 106692/108990 - Phase I - ROW/Construction</i>	419,756,220	-	-	-	419,756,220
<i>I-64 HRBT Expansion Project</i>					
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	3,004,569,251	-	-	-	3,004,569,251
<i>UPC 115009 - I-64 HRBT Expansion Project Owners Oversight</i>	548,900,330	-	-	-	548,900,330
<i>HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS</i>	30,000,000	-	-	-	30,000,000
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	5,000,000	(3,904,632) *	-	(3,904,632)	1,095,368 *
<i>Bowers Hill Interchange Study - UPC 111427</i>	4,000,000	-	-	-	4,000,000
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	7,000,000	-	-	-	7,000,000
Total	<u>\$ 4,633,997,048</u>	<u>\$ (6,296,247)</u>	<u>\$ -</u>	<u>\$ (6,296,247)</u>	<u>\$ 4,627,700,801</u>

* Remaining project funds were deallocated based on action Consent Item 5B of the 11/21/2019 HRTAC Regular Meeting. SPA Floatdown agreement with VDOT was executed 12/11/2019.

Table 3 - Expenditures
Hampton Roads Transportation Fund (HRTF)
Expenditures
Fiscal Year 2020

Project	Total FY2014 - FY2019	Previous FY2020	June 2020	Total YTD FY2020	Total
<i>I-64 Peninsula Widening</i>					
<i>UPC 104905/111926 - Segment 1 - PE/Construction</i>	\$ 11,608,384	\$ -	\$ -	\$ -	\$ 11,608,384
<i>UPC 106665 - Segment 2 - PE/ROW/Construction</i>	152,522,993	2,349,684	106,462	2,456,147	154,979,139
<i>UPC 109790/106689 - Segment 3 - PE</i>	5,141,294	169,263	158,428	327,692	5,468,986
<i>UPC 109790/106689 - Segment 3 - Construction</i>	-	-	-	-	-
<i>I-64/264 Interchange Improvement</i>					
<i>UPC 57048/108042 - Phase I - PE/ROW</i>	15,071,063	-	-	-	15,071,063
<i>UPC 57048/108042 - Phase I - Construction</i>	107,384,764	10,046,050	2,289,338	12,335,388	119,720,152
<i>UPC 17630/108041 - Phase II - PE/ROW</i>	47,959,987	5,275,300	1,357,012	6,632,312	54,592,299
<i>UPC 17630/108041 - Phase II - Construction</i>	-	-	16,266,772	16,266,772	16,266,772
<i>UPC 106693 - Phase III - PE & ROW</i>	1,855,504	273,607	72,416	346,023	2,201,527
<i>I-64 Southside Widening/High-Rise Bridge</i>					
<i>UPC 106692 - Phase I - PE</i>	12,189,098	-	-	-	12,189,098
<i>UPC 106692/108990 - Phase I - ROW/Construction</i>	51,667,159	29,548,920	35,597,803	65,146,723	116,813,882
<i>I-64 HRBT Expansion Project</i>					
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	82,836,930	152,130,904	41,332,312	193,463,216	276,300,147
<i>UPC 115009 - I-64 HRBT Expansion Project Owners Oversight</i>	11,570,087	6,728,213	7,432,530	14,160,743	25,730,830
<i>HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS</i>	28,685,064	115,223	-	115,223	28,800,287
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	1,095,368	-	-	-	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	1,756,331	216,582	91,966	308,548	2,064,879
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	1,467,451	671,801	555,161	1,226,962	2,694,413
Total	<u>\$ 532,811,477</u>	<u>\$ 207,525,546</u>	<u>\$ 105,260,202</u>	<u>\$ 312,785,748</u>	<u>\$ 845,597,225</u>

Table 3A - Bond-Reimbursed Expenditures

Hampton Roads Transportation Fund (HRTF)

Bond Reimbursements

Fiscal Year 2020

Project	Total FY2014 - FY2019	Previous FY2020	June 2020	Total YTD FY2020	Total
<i>I-64 Peninsula Widening</i>					
UPC 104905/111926 - Segment 1 - PE/Construction	\$ 10,063,882	\$ -	\$ -	\$ -	\$ 10,063,882
UPC 106665 - Segment 2 - PE/ROW/Construction	152,522,993	2,349,684	106,462	2,456,147	154,979,139
UPC 109790/106689 - Segment 3 - PE	5,141,294	169,263	158,428	327,692	5,468,986
UPC 109790/106689 - Segment 3 - Construction	-	-	-	-	-
<i>I-64/264 Interchange Improvement</i>					
UPC 57048/108042 - Phase I - PE/ROW	15,071,063	-	-	-	15,071,063
UPC 57048/108042 - Phase I - Construction	107,384,764	10,046,050	2,289,338	12,335,388	119,720,152
UPC 17630/108041 - Phase II - PE/ROW	47,959,987	5,275,300	1,357,012	6,632,312	54,592,299
UPC 17630/108041 - Phase II - Construction	-	-	16,266,772	16,266,772	16,266,772
UPC 106693 - Phase III - PE & ROW	-	-	-	-	-
<i>I-64 Southside Widening/High-Rise Bridge</i>					
UPC 106692 - Phase I - PE	12,189,098	-	-	-	12,189,098
UPC 106692/108990 - Phase I - ROW/Construction	51,667,159	29,548,920	35,597,803	65,146,723	116,813,882
<i>I-64 HRBT Expansion Project</i>					
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	-	-	-	-	-
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	-	-	-	-	-
<i>HRCS Preferred Alternative Refinement - HRBT</i>					
UPC 110577 - SEIS	-	-	-	-	-
<i>460/58/13 Connector Study - UPC 106694 - PE</i>					
	-	-	-	-	-
<i>Bowers Hill Interchange Study - UPC 111427</i>					
	-	-	-	-	-
<i>HR Regional Connector Study - HRTPO</i>					
<i>(Remaining Projects of Third Crossing)</i>	-	-	-	-	-
Total	<u>\$ 402,000,240</u>	<u>\$ 47,389,217</u>	<u>\$ 55,775,816</u>	<u>\$ 103,165,033</u>	<u>\$ 505,165,273</u>

Table 3B - Non-Bond Reimbursed Expenditures

Hampton Roads Transportation Fund (HRTF)

Expenditures Fiscal Year 2020

Project	Total FY2014 - FY2019	Previous FY2020	June 2020	Total YTD FY2020	Total
<i>I-64 Peninsula Widening</i>					
UPC 104905/111926 - Segment 1 - PE/Construction	\$ 1,544,502	\$ -	\$ -	\$ -	\$ 1,544,502
UPC 106665 - Segment 2 - PE/ROW/Construction	-	-		-	-
UPC 109790/106689 - Segment 3 - PE	-	-		-	-
UPC 109790/106689 - Segment 3 - Construction	-	-	-	-	-
<i>I-64/264 Interchange Improvement</i>					
UPC 57048/108042 - Phase I - PE/ROW	-	-		-	-
UPC 57048/108042 - Phase I - Construction	-	-		-	-
UPC 17630/108041 - Phase II - PE/ROW	-	-		-	-
UPC 17630/108041 - Phase II - Construction	-	-	-	-	-
UPC 106693 - Phase III - PE & ROW	1,855,504	273,607	72,416	346,023	2,201,527
<i>I-64 Southside Widening/High-Rise Bridge</i>					
UPC 106692 - Phase I - PE	-	-		-	-
UPC 106692/108990 - Phase I - ROW/Construction	-	-		-	-
<i>I-64 HRBT Expansion Project</i>					
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	82,836,930	152,130,904	41,332,312	193,463,216	276,300,147
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	11,570,087	6,728,213	7,432,530	14,160,743	25,730,830
HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS	28,685,064	115,223	-	115,223	28,800,287
460/58/13 Connector Study - UPC 106694 - PE	1,095,368	-	-	-	1,095,368
Bowers Hill Interchange Study - UPC 111427	1,756,331	216,582	91,966	308,548	2,064,879
HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)	1,467,451	671,801	555,161	1,226,962	2,694,413
Total	<u>\$ 130,811,236</u>	<u>\$ 160,136,330</u>	<u>\$ 49,484,386</u>	<u>\$ 209,620,715</u>	<u>\$ 340,431,951</u>

HRTAC Program Development Monthly Executive Report September 2020

Hampton Roads District
7511 Burbage Drive
Suffolk

I-64 Peninsula Widening- Segment II

UPC 106665 (HRTAC)

Project Scope:

From 1.05 miles west of Hummelsine Parkway/Marquis Center Pkwy/Rte 199 (Exit 242) to where the Segment I project ends at 0.54 miles east of Yorktown Road/Rte 238 (Exit 247) (7.1 miles)

- Additional 12' wide travel lanes and 12' wide shoulders within the existing median space
- Repair and widening of 9 bridges and 6 major culverts
- Reconstruction of existing roadway

Project Financial Summary:

Project Budget (\$175,832,897):

- PE \$ 6,000,000
- RW \$ 1,511,548
- CN \$ 168,321,349

Funds Expended (as of 08/30/2020):

\$ 2,869,659
\$ 523,265
\$ 151,590,641
\$ 154,983,565

Projected Cost Over/(Under):

\$ 0
\$ 0
\$ 0

Project Schedule:

Notice To Proceed	February 2016
Project Completion	May 2019
Schedule Status	Completed

Enabling Funding

HRTAC	\$ 175,832,897
State/Federal	\$ _____.
	\$ 175,832,897

Project Status:

- In final contract close out



Project Site (Looking West from the Yorktown Road overpass)

HRTAC Program Development Monthly Executive Report September 2020

I-64 Peninsula Widening- Segment III

UPC 106689 (HRTAC)
UPC 109790 (State / Federal)

Project Scope:

From approximately 1.26 miles West of Rte 199/Lightfoot (Exit 234) to where the Segment II project ends at 1.05 miles west of Hummelsine Parkway/Marquis Center Pkwy /Rte 199 (Exit 242) (8.36 miles)

- Additional 12' wide travel lanes and 12' wide shoulders 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 (\$244,045,973):</u>	<u>Funds Expended (as of 08/30/2020):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 10,000,000	\$ 5,489,073	\$ 0
○ RW \$ 12,000,000	\$ 573,554	\$ 0
○ CN \$ 222,045,973	<u>\$113,146,157</u>	\$ 0
	\$119,208,784	

Project Schedule:

Notice To Proceed	January 2018
Project Completion	December 2021*
Schedule Status	On-Schedule

Enabling Funding

HRTAC	\$ 122,893,996
State/Federal	<u>\$ 121,151,977</u>
	\$ 244,045,973

*The Project Fixed Completion Date was extended from September to December 2021 to accommodate the additional required sound wall installation.

Project Status:

- Eastbound and Westbound traffic continues to be switched from the outside lanes to inside lanes.
- Bridge widening construction underway at the Lakeshead Drive and Colonial Pkwy bridges
- Traffic switch onto newly constructed Westbound Queens Creek Bridge completed in mid-April
- Demolition of the existing Eastbound Queens Creek Bridge is complete and new bridge construction is underway



West side of the new EB I-64 over the Colonial Parkway

HRTAC Program Development Monthly Executive Report September 2020

Hampton Roads District
7511 Burbage Drive
Suffolk

I-64/I-264- Phase I

UPC 108042 (HRTAC)
UPC 57048 (State / Federal)

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:

Project Budget (\$158,730,023):

- PE \$ 10,135,307
- RW \$ 11,571,063
- CN \$ 137,023,653

Funds Expended (as of 08/30/2020):

\$ 10,135,307
\$ 20,444,298
\$ 119,745,185
\$ 150,324,790

Projected Cost Over/(Under):

\$ 0
\$ 8,873,235
\$ 0

Project Schedule:

Notice To Proceed	October 2016
Project Completion	October 2019
Schedule Status	Completed

Enabling Funding

HRTAC	\$ 152,094,716
State/Federal	<u>\$ 6,635,307</u>
	\$ 158,730,023

Project Status:

- In final contract close out



CD Road Bridge, 264 Flyover and Tidal Channel (low tide)

HRTAC Program Development Monthly Executive Report September 2020

Hampton Roads District
7511 Burbage Drive
Suffolk

I-64/I-264- Phase II

UPC 108041 (HRTAC)
UPC 17630 (State / Federal)

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 08/30/2020):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 14,082,810	\$ 14,082,810	\$ 0
○ RW \$ 54,392,666	\$ 54,437,988	\$ 45,322
○ CN \$ 126,028,411	<u>\$ 70,452,490</u>	\$ 0
	\$ 138,973,288	

Project Schedule:

Award	December 2017
Notice to Proceed	February 2018
Projected Completion	September 2021
Schedule Status	On-Schedule

Enabling Funding

HRTAC	\$ 127,749,638
State/Federal	<u>\$ 66,754,249</u>
	\$ 194,503,887

Project Status:

- Pier cap for bridge widening over Newtown Road complete, ground improvements piles east side complete
- Stay in place forms and overhangs in progress for Greenwich Road Flyover (Cleveland Street to Greenwich Road)
- Ground improvements for widening of Bridge B602 underway
- Greenwich Road roundabout curb & gutter in preparation for traffic shift
- Utility and storm sewer work along Greenwich continues



CD Road Looking to Pier Cap for Newtown Bridge Widening



Stay in Place Forms and Overhangs on Flyover Bridge

HRTAC Program Development Monthly Executive Report September 2020

Hampton Roads District
7511 Burbage Drive
Suffolk

I-64 Southside Widening and High Rise Bridge - Phase I

UPC 106692 (HRTAC)
UPC 108990 (State / Federal)

Project Scope:

From approximately the I-64/264/664 Interchange at Bowers Hill and extending to the I-64/464 Interchange in Chesapeake

- Widening from 4 to 6 lanes
- Constructing a new High Rise Bridge parallel to and to the South of the existing High Rise Bridge

Project Financial Summary:

Project Budget (\$524,613,765):

- PE \$ 12,200,000
- RW \$ 18,726,000
- CN \$ 493,687,765

Funds Expended (as of 08/30/2020):

\$ 12,189,098
\$ 10,445,489
\$ 207,071,817
\$ 229,706,404

Projected Cost Over/(Under):

\$ 0
\$ 0
\$ 0

Project Schedule:

Award	October 2017
Notice to Proceed	November 2017
Project Completion	July 2021
Schedule Status	Behind Schedule

Enabling Funding

HRTAC	\$ 431,956,220
State/Federal	<u>\$ 92,657,545</u>
	\$ 524,613,765

Project Status:

- VDOT continues to respond to RFIs, NDCs, NCRs and submittals as needed
- HRB substructure construction (piles, footings, columns, caps) continues. Superstructure beams started in May
- Fender system construction continues and is about 95% complete
- Great Bridge Blvd Bridge substructures and approach fills/MSE walls completed. Beams were erected this month
- Construction of substructures on I-64 Bridge Widening over Military Highway, Yadkin Road, and Shell Road continues
- Clearing and grubbing, earthwork, drainage, roadway widening continues on all five roadway segments
- Construction of pavement on West 1 roadway segment and special wall on West 3 roadway segment continues



HRB – Piers 19-25 (Looking West)

HRTAC Program Development Monthly Executive Report September 2020

Hampton Roads District
7511 Burbage Drive
Suffolk

I-64/I-264- Phase III

UPC 106693 (HRTAC)

Project Scope:

Study/design to improve the remaining I-64/I-264 movements

- Includes I-64 Eastbound (EB) movements to I-264
- Includes I-264 movements to I-64

Project Financial Summary:

Project Budget (\$10,000,000):

- PE \$ 10,000,000
- RW \$ 0
- CN \$ 0

Funds Expended (as 08/30/2020):

\$ 2,241,902
\$ 0
\$ 0
\$ 2,241,902

Projected Cost Over/(Under):

\$ 0
\$ 0
\$ 0

Project Schedule:

IMR Submittal to FHWA
IMR Conditional Approval
Schedule Status

December 2019
Spring 2020
On-Schedule

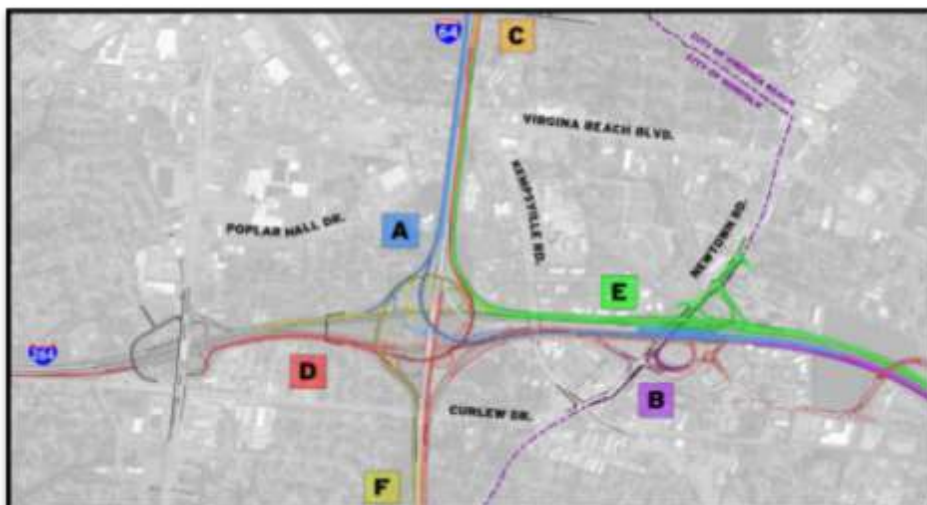
Enabling Funding

HRTAC	\$ 10,000,000
State/Federal	\$ _____
	\$ 10,000,000

Project Status:

- Final signed and sealed IMR submitted to FHWA for approval on May 27, 2020
- In coordination with HRTPO, Subproject I submitted for Round 4 Smart Scale application. Subproject I widens eastbound I-64 to five lanes from the Northampton Boulevard interchange to I-264.

Subproject I (originally part of Subproject A)



Bowers Hill Interchange

UPC 111427 (HRTAC)

Study Scope:

Develop NEPA document and supporting studies for improvements to the I-64/I-264/I-664 Interchange and the Route 58/Route 460 Interchange (Bowers Hill) extending north to approximately the College Drive Interchange. Original scope modified to include extending study to College Drive interchange with 664 and add Managed Lane component through Bowers Hill interchange to College Drive Interchange to reflect HRTPO directed changes.

Study Financial Summary:

<u>Project Budget (\$4,000,000):</u>	<u>Funds Expended (as of 08/30/2020):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$4,000,000	\$ 2,128,668	\$ 0
○ RW \$ 0	\$ 0	\$ 0
○ CN \$ 0	\$ 0	\$ 0
	\$ 2,128,668	

Study Schedule:

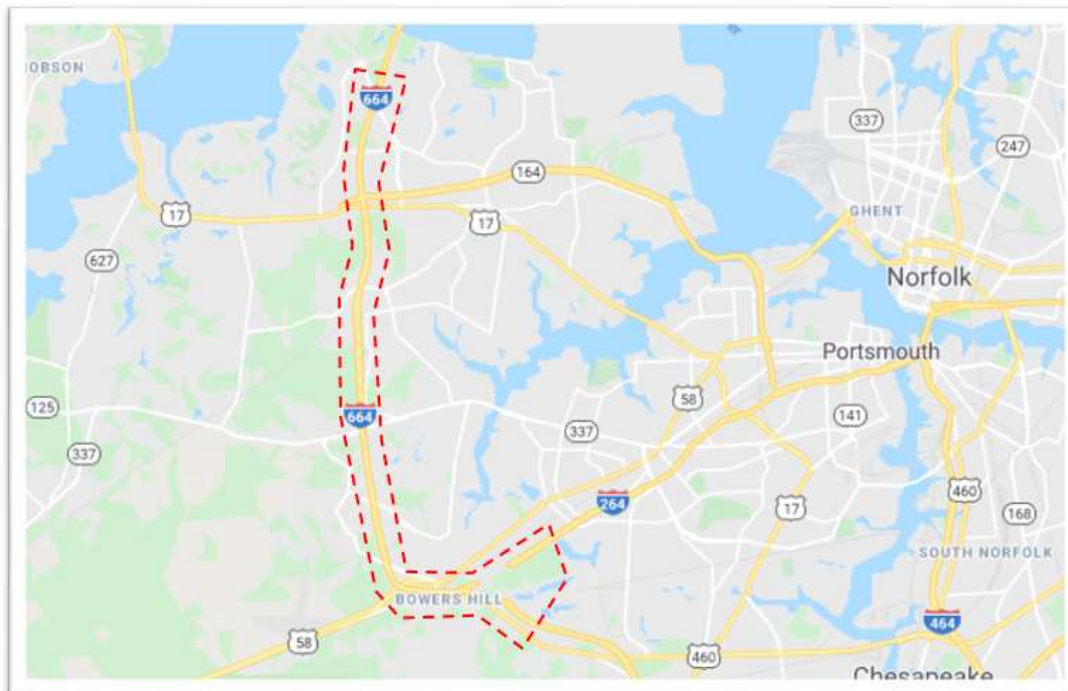
Begin NEPA Process	July 2020
Completion	December 2023
Schedule Status	On-Schedule

Enabling Funding

HRTAC	\$ 4,000,000
State/Federal	\$ _____
	\$ 4,000,000

Study Status:

- Study was introduced to the agencies and HRTPO/HRTAC at VDOT's monthly NEPA agency meeting to kick-off the revised study. VDOT introduced the study at the TTAC working group meeting on August 28
- Field work underway
- The study's first newsletter was sent out on August 21





August 2020
Project Report

I-64 HAMPTON ROADS BRIDGE-TUNNEL EXPANSION

Proj. No. 0064-M06-032
Report #17



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Issue date: September 15, 2020

1. Executive Summary

1.1 Reporting Period

This report, prepared by the Virginia Department of Transportation (the Department), provides an overview of accomplishments and activities for the Hampton Roads Bridge-Tunnel Expansion project (the Project) from July 19, 2020 – August 22, 2020. The Design-Builder for the Project is Hampton Roads Connector Partners (HRCP), a consortium that includes Dragados, Vinci, Flatiron, and Dodin Campenon Bernard.

The current reporting period is aligned with HRCP's fiscal-month structure, on which the Project's design-build schedule updates and invoiced construction progress are based. Reporting periods typically close on the Saturday on or preceding the 24th of each month.

1.2 Project Accomplishments

During this reporting period, the following project accomplishments were recorded:

- HRCP completed access and egress improvements for the South Island construction operations traffic to improve safety.
- Slurry Wall Panel Guide Wall construction in progress.
- HRCP completed relocation of existing utilities on the South Island to support construction operations for the TBM launch pit.
- Construction of the concrete batch plant in Hampton completed.
- HRCP completed restoration of temporarily impacted wetlands due to geotechnical investigation work. Restoration areas were inspected by the U.S. Army Corps of Engineers (USACE) and determined to be acceptable.
- On August 11, 2020, HRCP received the executed Corps permit and the Section 408 Determination Letter.
- HRCP received a permit from Hampton Roads Sanitation District on August 14, 2020.
- HRCP completed the draft Emancipation Oak Assessment and Monitoring Plan as required by the programmatic agreement.
- HRCP purchased subaqueous and oyster mitigation credits from the Living River Restoration Trust (LRRT).

1.3 Priorities

The Department's priorities for the Project are to achieve the following objectives:

- To provide mobility enhancements and travel-time reliability along the Project corridor
- To minimize Project impacts on adjacent communities
- To improve transportation operations and safety throughout the Project corridor
- To develop public infrastructure in a financially responsible manner

1.4 Schedule

Schedule updates for this reporting period include:

- HRCP remains on track to achieve Substantial Completion in advance of the contract milestone of September 1, 2025.
- Final Completion remains as scheduled for November 1, 2025.
- Approximately 22% of the contract time has progressed to date.

1.5 Budget and Cost

The budget and cost updates for this reporting period are as follows:

- Project budget overview (through August 2020 payment application):

Original Total project budget:	\$3,861,997,227
Total charges for efforts to date:	\$274,804,857
Remaining project budget:	\$3,587,192,370

- Design-build contract overview (through August 2020 payment application):

Original Total contract amount:	\$3,299,997,227
Total charges for efforts to date:	\$250,000,000
Total work orders:	(\$4,863,783.01)

- Design-build progress to date (through August 2020 payment application):

Overall:	7.59%
Mobilization:	10.81%
General Requirements (incl. Project Management):	10.67%
Design:	51.35%
Physical Progress:	1.38%

1.6 Environmental Management

During this reporting period, HRCP took the following steps in support of permit acquisition for the project:

- HRCP conducted an inspection of the South Island water treatment plant with Hampton Roads Sanitation Department (HRSD) on August 4, 2020 and August 7, 2020. HRCP received the final permit on August 14, 2020.
- HRCP responded to DEQ comments on the Virginia Pollutant Discharge and Elimination System (VPDES) permit application and provided the final materials to complete the application.
- HRCP submitted responses to the National Oceanic and Atmospheric Administration (NOAA) final comments on the Letter of Authorization (LOA) application. NOAA has begun the rule making process.
- The Corps issued the final Section 404/10 permit and 408 Determination Letter on August 11, 2020.

1.7 Quality

Quality updates for this reporting period include:

- Quarterly updates of the Quality Management Systems Plan (QMSP) and Construction Quality Management Plan (CQMP) and Design Quality Management Plan (DQMP) were completed.
- Other Quality activities included reviews of Material Book Documentation and QA/QC Daily reports, Non-Conformance Report (NCR) resolution coordination with HRCP, attending weekly Quality Status meetings, attending Preparatory Meetings, performing field inspections and coordinating on quality process development.

1.8 Operations

The following operations activities took place during this reporting period:

- Shoulder closures and lane closures were conducted for geotechnical exploration and survey work.
- Willoughby Spit site development activities continued.
- Concrete batch plant in Hampton constructed.
- Utility relocation on South Island completed for the existing low voltage and medium voltage power duct banks.
- Assembly of hydromills that will be used to excavate the slurry wall panels complete.
- Access modifications to allow safer entrance and exit at the South Island completed.

1.9 Safety

Safety procedures and activities during this reporting period include:

- Daily Risk Assessments (DRA's) are completed on site with all field staff groups and are reviewed by HRCP/VDOT staff to ensure compliance.
- Large meetings, including Safety Orientation Training, are being held using audio or video formats. In compliance with Commonwealth of Virginia guidance, office and field personnel are adhering to COVID-19 health and safety measures, including social distancing, thermal screening, and the use of additional equipment as appropriate for the workplace situation.

1.10 DBE & SWaM Business Activities

DBE & SWaM business activities for this reporting period are as follows:

- One-on-One Virtual Meetings with DBE/SWaM Firms
- Virtual Meeting with HRCP & VDOT Civil Rights Compliance Work Group

1.11 Public Outreach and Project Media

Public outreach and project media updates for this reporting period are as follows:

- City of Norfolk and Hampton Progress Meetings
- City of Norfolk and Hampton Small Working Group Meetings
- City of Norfolk and Hampton Maintenance of Traffic Small Working Group Meetings
- Project Updates to the Wards Corner Task Force, Newport News Rotary Club, and Rose and Womble Realty
- Virtual Outreach Meetings for the FBI Citizens Alumni Association and Hampton University Administrators

2. Project Accomplishments

2.1 Overview and Look Ahead

Milestones

The LNTP1 completion milestone was achieved on September 24, 2019. LNTP2 and LNTP3 were issued to HRCP on September 25, 2019.

Geotechnical Investigation

Landside drilling and laboratory testing for soil classification in Norfolk and Hampton is ongoing. Shoulder closures and lane closures are being conducted to support geotechnical exploration and survey work.

Environmental Permitting

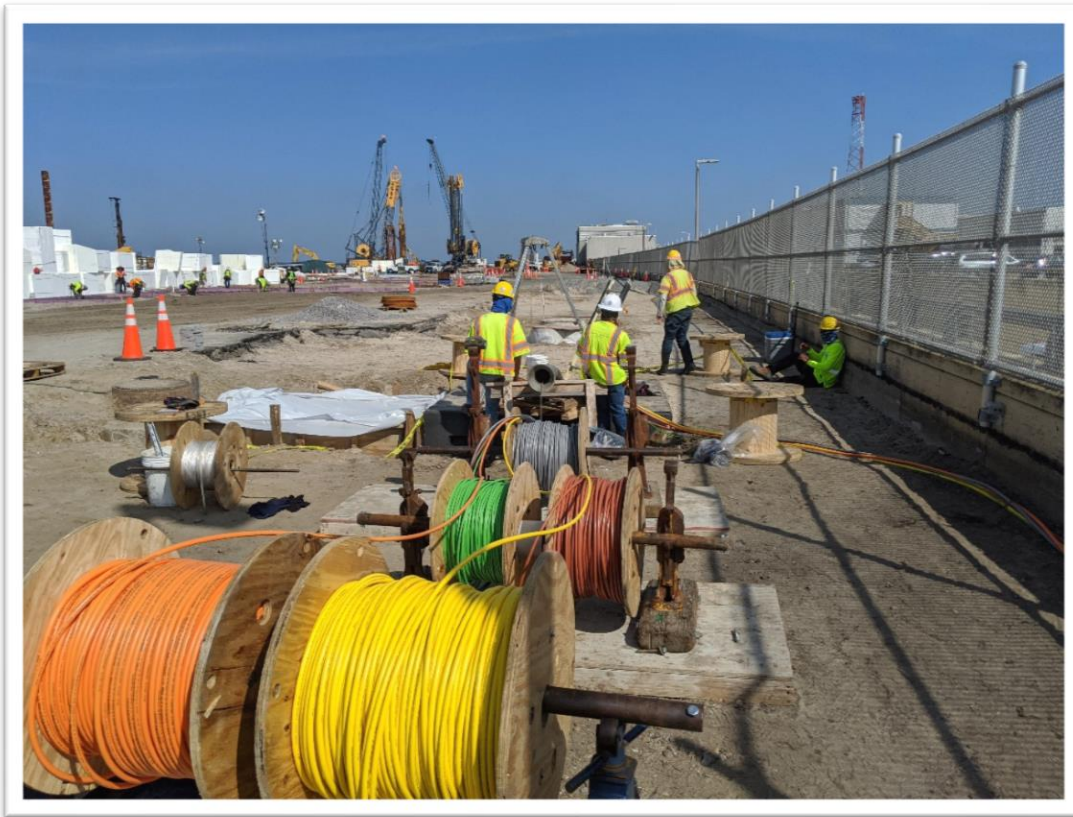
Several key accomplishments occurred during the reporting period. USACE issued the Section 404/10 permit and Section 408 Determination Letter. The final inspection of the South Island water treatment plant was conducted by HRSD, and a permit issued to HRCP.

Additional coordination continues with VMRC and VIMS regarding the fish and submerged aquatic vegetation compensation package. HRCP scheduled and held a pre-construction meeting with the regulatory agencies to satisfy a key permit condition and to review upcoming, in-water work activities.

HRCP responded to final comments on the LOA application, and NOAA has begun the rule making process. Coordination with USACE, VMRC, DEQ, NOAA, FHWA, and USFWS is ongoing and will continue as appropriate through the life of the project.

Construction Operations

During this reporting period final preparations were made to begin the slurry wall construction for the tri-cell TBM launching pit on the South Island. The existing electrical utilities were relocated outside of the shaft's footprint and final electrical switchovers were completed. Construction of the site circulation road began utilizing the expanded island working area provided by the temporary retaining walls along the island's western shoreline. Concrete slabs used to support the slurry wall excavation equipment were completed in the tri-cell area, and the slurry wall equipment's concrete guide walls continued to be constructed.



Pulling Electrical Cable through
Conduits in Preparation of Final
Electrical Switchover on South Island

Third Party Coordination

Post-award coordination with the cities of Norfolk and Hampton, the U.S. Navy, and the Federal Highway Administration (FHWA) started in April 2019 and is ongoing. FHWA participates in weekly coordination meetings with VDOT and HRCP.

3. Project Schedule

3.1 Schedule Status

Baseline Schedule

The Baseline Schedule has been accepted as the Schedule of Record. The current longest path for the project remains through the boring of the two new tunnels beginning with the design, permitting, and construction of the South Island Portal. HRCP is developing a re-baselined schedule as a contractual requirement before Notice to Proceed can be issued.

Permitting Schedule

The Project's USACE, DEQ, and VMRC permits include multiple administrative documents, including the Coastal Zone Management (CZM) consistency determination, the USACE Section 404/10 permit, USACE Section 408 Determination Letter, the DEQ water protection and pollution discharge elimination permits, and the VMRC subaqueous land permit.

The VMRC permit was approved during the May 26, 2020 Commission hearing. The DEQ issued their final permit on June 26, 2020. The USACE issued the Section 404/10 permit and 408 Determination Letter on August 11, 2020. The DEQ Pollution Discharge Elimination System (VPDES) permit application is under review by DEQ. Remaining activities on this permit include receiving a draft permit for review, 30-day public notice, and final permit issuance. This process is projected to conclude by early Fall 2020.

HRCP continues to work with the US Coast Guard (USCG) through the bridge permit approval process. HRCP is anticipating having bridge permits in place by October 2020 for the approach trestles and December 2020 for the Willoughby Bay Bridges.

Key Dates

The following table depicts key milestone dates outlined in the contract requirements. HRCP's current Baseline Schedule reflects the early stages of HRCP's planning sequence and will be substantially refined and further detailed as the design advances. This table will be updated to reflect these dates and used as a benchmark to track milestone achievements.

Key Dates	Contract Requirement	Schedule of Record Dates	August 2020 Update	Actual
LNTP1		April 12, 2019	April 12, 2019	April 12, 2019
LNTP1 Completion Milestone		September 25, 2019	September 24, 2019	September 24, 2019
LNTP2		September 29, 2019	September 25, 2019	September 25, 2019
LNTP3		October 9, 2019	September 25, 2019	September 25, 2019
NTP		October 10, 2020	August 18, 2020	
Substantial Completion	September 1, 2025	July 18, 2025	August 30, 2025	
Final Completion	November 1, 2025	November 1, 2025	November 1, 2025	

3.2 Longest Path

The longest-path activities for the Project schedule goes through the following activities:

Procure:

- South Portal – Slurry Walls – reinforcement supply
- South Portal – Slurry Walls – 1st cage reinforcement prefabrication

Construction:

- Start of South Slurry Walls
- Completion of South Portal Launching Pit
- Assembly of the Tunnel Boring Machine (TBM) in the launching pit
- TBM drive in High Occupancy Toll (HOT) Tunnel, U-turn then drive in General Purpose (GP) Tunnel
- Finishing works and Mechanical, Electrical and Plumbing (MEP) works in the HOT Tunnel

Commissioning and System integration:

- System operation integration of New and Existing systems

3.3 Impact Analysis

Several elements of work are near-critical and could affect schedule performance if they are not addressed diligently. The Department and HRCP are closely monitoring these activities. The following work elements have been identified as near critical, meaning there is less than one month of float in the Baseline Schedule:

- Design of South Island Portals (SIP) Package 3
- Segment 3 – General Design, Geotechnical Reports, and Roadway Design
- Segments 4 and 5 – Miscellaneous Structure and Lighting
- Slurry Wall Procurement
- Ground Improvement Procurement
- Utilities relocation
- Site Installation & Temporary Structures on South Island

Achieving the initial public-notice milestone for the project's Joint Permit Application allowed LNTP2 and LNTP3 to be issued. LNTP2 enables procurement of the TBM, while LNTP3 allows commencement of construction work for the launching pit and ground improvement on South Island. Receipt of the project's USACE, DEQ and VMRC permits, along with other contractual requirements, will allow NTP for the Project to be issued.

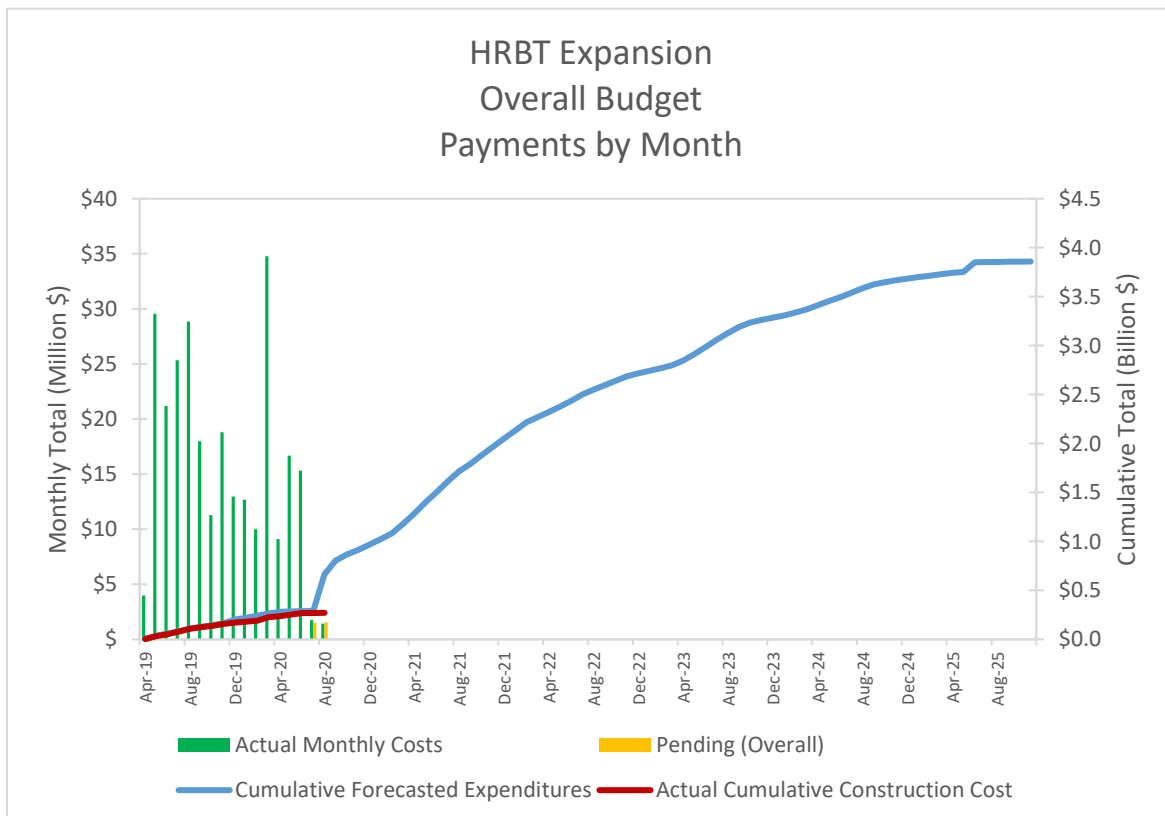
4. Budget and Cost

4.1 Overall Budget

The overall budget outlined in this report is based on the terms and conditions of Article 3 (Project Funding) in the Project Agreement for Funding and Administration (PAFA). The cost curve is based on Exhibit 6 of the Comprehensive Agreement (monthly maximum cumulative compensation amount).

Amounts this period reflects payouts for Construction, Engineering Administration, Right of Way, and Contingency between July 19, 2020 – August 22, 2020.

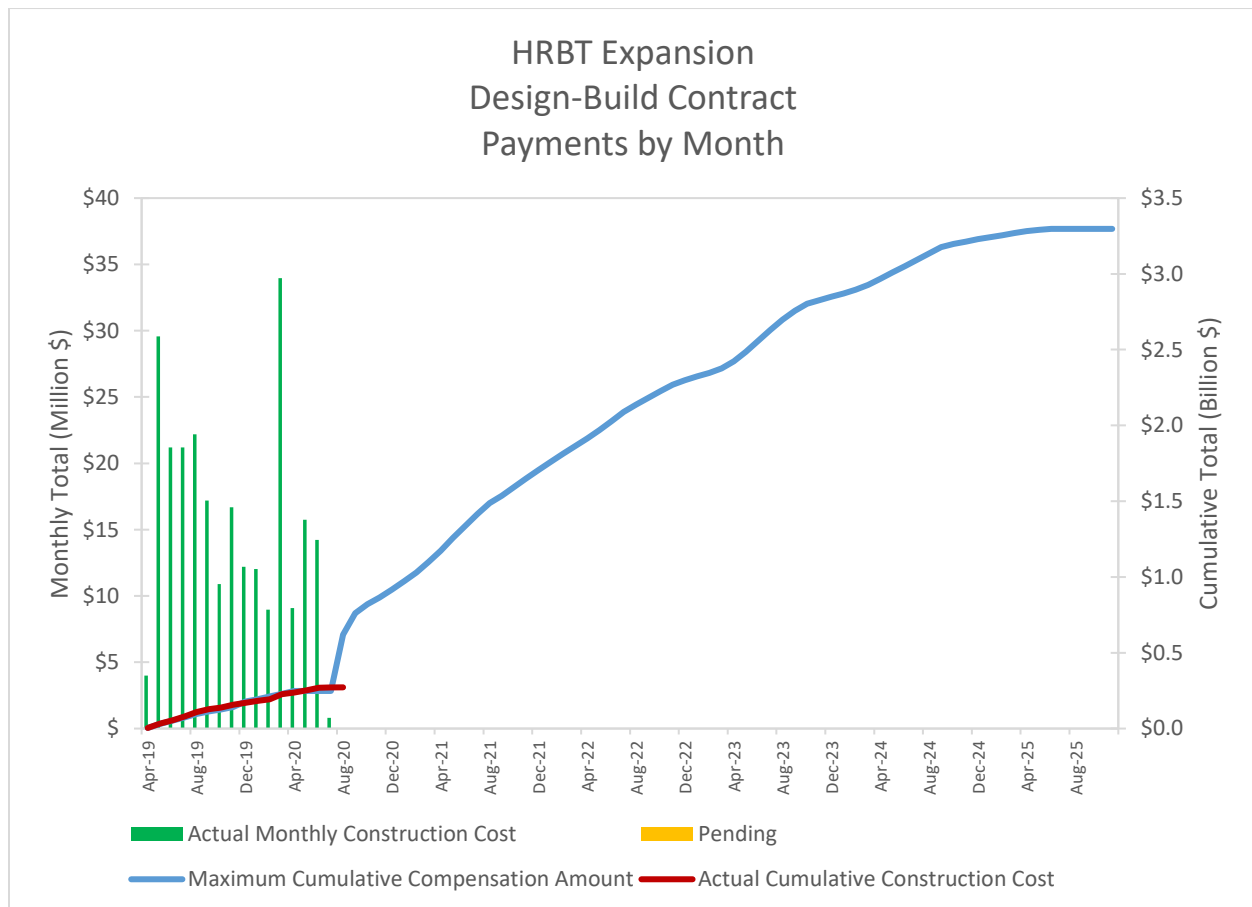
	Amount this period:	Total to Date:	Original Total Budget:	Total Remaining Budget:	Percent Spent To-date:
Comprehensive Agreement					
Construction	\$0.00	\$250,000,000.00	\$3,299,997,227.00	\$3,049,997,227.00	7.58%
Owner Costs					
Administration	\$1,437,921.66	\$11,321,118.28	\$122,000,000.00	\$110,678,881.72	9.28%
Right of Way	\$1,147.06	\$6,449,769.08	\$15,000,000.00	\$8,550,230.92	43.00%
No-Excuses Incentive	\$0.00	\$0.00	\$90,000,000.00	\$90,000,000.00	0.00%
Contingency	\$0.00	\$4,000,000.00	\$335,000,000.00	\$331,000,000.00	1.19%
Total	\$1,439,068.72	\$271,770,887.36	\$3,861,997,227.00	\$3,590,226,339.64	7.04%



4.2 Design-Build Cost Status

The construction budget and planned cost have been established based on the maximum cumulative compensation amount. For this period, the following tasks are associated with the invoiced expenditures (actual construction cost):

- Project management
- Design surveys
- Environmental permitting
- Geotechnical investigation
- Design work
- South Island Early Construction Work



4.3 Budget by Funding Source

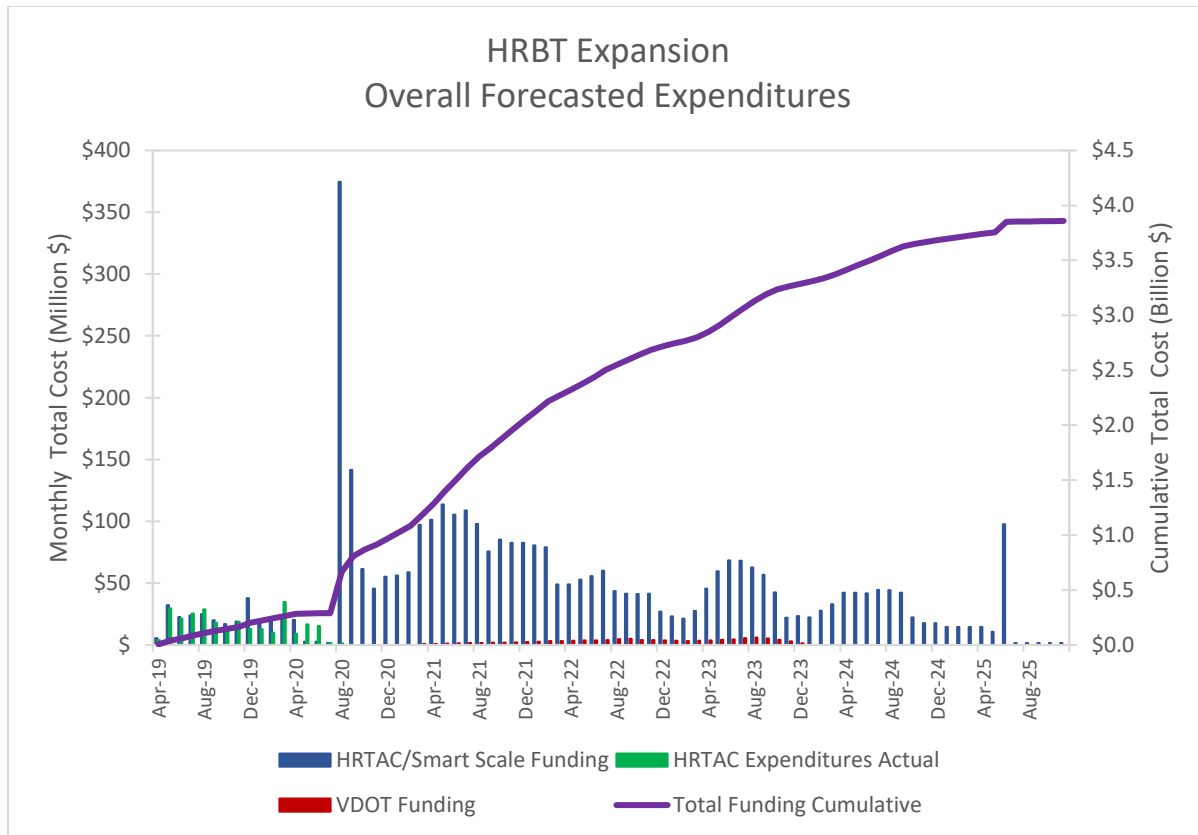
The budget for expenditures by funding source is based on the terms and conditions of Article 3 (Project Funding) and Exhibit 5 of the PAFA. This section outlines planned expenditures by both HRTAC and VDOT. The cost curve has been developed based on the monthly maximum cumulative compensation amount in the Comprehensive Agreement and will be updated as HRCF refines its design, construction means-and-methods, activity sequences, and project resourcing.

4.3.1 HRTAC and Smart Scale

	Amount this period:	Total to Date:	Original Total Budget Including Smart Scale:	Total Remaining Budget:	Percent Spent To-date:
<u>Comprehensive Agreement</u>					
Construction	\$0.00	\$250,000,000.00	\$3,204,569,251.00	\$2,954,569,251.00	7.80%
<u>Owner Costs</u>					
Administration	\$1,437,921.66	\$11,321,118.28	\$118,472,054.00	\$107,150,935.72	9.56%
Right of Way	\$1,147.06	\$6,449,769.08	\$15,000,000.00	\$8,550,230.92	43.00%
No-Excuses Incentive	\$0.00	\$0.00	\$90,000,000.00	\$90,000,000.00	0.00%
Contingency	\$0.00	\$4,000,000.00	\$325,428,276.00	\$321,428,276.00	1.23%
Total	\$1,439,068.72	\$271,770,887.36	\$3,753,469,581.00	\$3,481,698,693.64	7.24%

4.3.2 VDOT

	Amount this period:	Total to Date:	Original Total Budget:	Total Remaining Budget:	Percent Spent To-date:
<u>Comprehensive Agreement</u>					
Construction	\$0.00	\$0.00	\$95,427,976.00	\$95,427,976.00	0.00%
<u>Owner Costs</u>					
Administration	\$9,501.00	\$76,781.00	\$3,527,946.00	\$3,451,165.00	2.18%
Right of Way	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
No-Excuses Incentive	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Contingency	\$0.00	\$0.00	\$9,571,724.00	\$9,571,724.00	0.00%
Total	\$9,501.00	\$76,781.00	\$108,527,646.00	\$108,450,865.00	0.07%



4.4 Contingency

- To date ten (10) Change Orders have been Issued:
 - Change Order #1 (executed February 11, 2020): \$3,000,000 reduction in Contract Price due to Department's acquisition of Willoughby Staging Area.
 - Change Order #2 (executed March 18, 2020): no-cost/no-time corrections to the Technical Requirements.
 - Change Order #3 (executed May 12, 2020): \$200,000 increase in Contract Price to support a Dispute Resolution Board (DRB) Allowance.
 - Change Order #4 (executed April 28, 2020): no-cost/no-time Tunnel Approach Structure Support of Excavation Requirements Refinement.
 - Change Order #5 (executed April 28, 2020): \$2,011,117.50 reduction in Contract Price as a result of the North Island Armor Stone Value Engineering Change Proposal (VECP).
 - Change Order #6 (executed May 29, 2020): \$46,906.29 increase in Contract Price to reimburse HRCP's Incurred Cost for Estimating the potential Change to the Exit Ramp at Bayville Avenue.
 - Change Order #7 (executed July 16, 2020): no-cost/no-time minor revisions to the Technical Requirements.

- Change Order #14 (executed July 29, 2020): \$100,000 reduction in Contract Price due to the Trestle Barrier Form Liner elimination.
- Change Order #19 (executed August 3, 2020): no-cost/no-time GeoPak Version Updates.
- Change Order #23 (executed July 23, 2020): no-cost/no-time revision to the Island and Tunnel Baseline Monitoring requirements.
- \$0 material price adjustments (asphalt, steel, & fuel) to date

5. Environmental Management

During this reporting period, Section 408 review was completed, and final Corps permits were issued on August 11, 2020.

HRCP also received the required local government acknowledgement forms and completed the VPDES application. The DEQ issued the VWP permit on June 26, 2020. HRSD completed the final inspection of the South Island water treatment plant and issued a permit on August 14, 2020. HRCP has provided responses to the final comments on the LOA request to NOAA, and NOAA has begun the rule making process. HRCP coordination with USACE, VMRC, DEQ, and NOAA is ongoing and will continue as appropriate through the life of the project. HRCP continues to coordinate with VDOT regarding proposed improvements at the Willoughby Spit, DEQ discharge permitting for the bridge/tunnel construction, updates to the Stormwater Pollution Prevention Plan (SWPPP), and modifications to the Construction General Permit (VAR10L793).

In addition, HRCP has completed several activities in compliance with the conditions of various permits and National Environmental Policy Act (NEPA) agreements. In compliance with the Nationwide permits utilized for project related geotechnical investigations, HRCP completed restoration of wetlands impacted during sampling activities. The restoration was inspected by USACE on August 13, 2020. In compliance with issued VMRC, DEQ, and USACE permit, HRCP conducted a preconstruction meeting with agency staff on August 11, 2020, to discuss compliance with permit conditions. Also, HRCP received the receipt from the Living River Restoration Trust (LRRT) for subaqueous and oyster mitigation credits. In compliance with the programmatic agreement, HRCP completed the draft Emancipation Oak Assessment and Monitoring Plan.

6. Operations

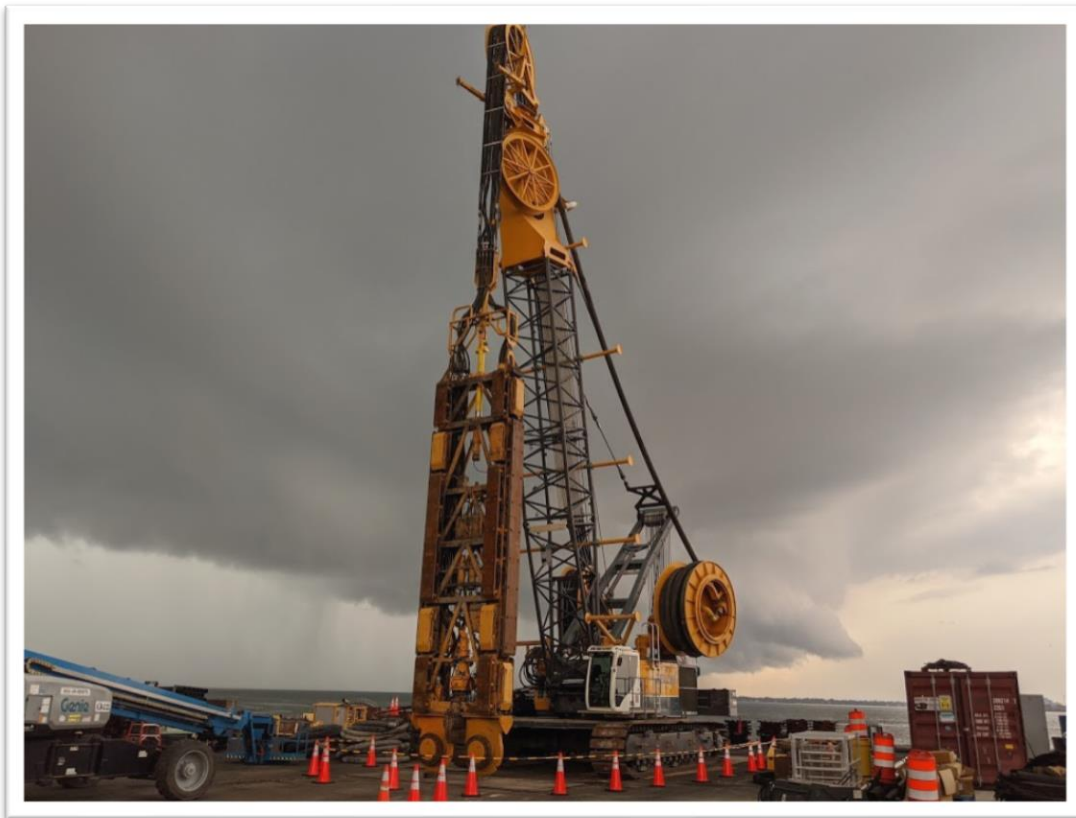
Field investigation activities continued this period to support design efforts. Shoulder closures and lane closures were conducted for geotechnical exploration and survey work.

HRCP has continued Willoughby Spit site development activities which include Erosion & Sedimentation (E&S) controls, demolition of existing concrete features, removal of material stockpiles, installation of temporary electrical service, and rough grading activities for the site.

A concrete batch plant in Hampton has been constructed and is going through the final certifications process in order to be able to produce concrete for the upcoming slurry wall construction on the South Island.

Utility relocation on the South Island of the existing low voltage and medium voltage power duct banks was completed. These relocations required coordinated outages of power to complete the switchovers from existing to new lines. Relocation of existing fiber communication lines is ongoing.

Establishment of support facilities associated with slurry wall production continued on the South Island. This also included the assembly of the hydromills that will be utilized to excavate the slurry wall panels. Slurry wall production is scheduled to begin in the upcoming period.



Fully Assembled Hydromill

Access modifications, including signage and restriping, were completed to allow safer access to and from the South Island for construction vehicles. An acceleration lane was established for vehicles leaving the South Island westbound, and a deceleration lane was established for vehicles entering the South Island eastbound.

In an effort to reduce the number of vehicles on the South Island, HRCP began bussing craft labor from an employee parking lot at the Hampton batch plant. When site improvements are complete at the Willoughby Spit site, parking will be established there and shuttle services to the islands will be provided.

During this period, the project team and HRCP were engaged in activities related to preparedness for the remnants of Hurricane Isaias. Work sites were secured, and erosion and sedimentation controls were verified prior to the arrival of tropical storm force winds. There was no significant damage or interruption to operations associated with this event.

VDOT's project team maintains close coordination with the Hampton Roads Harbor Tunnels (HRHT) facility staff in order to communicate ongoing project work as well as coordinate upcoming planned work at the facility.

VDOT and HRCP continue coordination on Incident Management throughout the corridor in advance of Notice to Proceed (NTP). Meetings were held on the South Island with first responders from Hampton and Norfolk to discuss access in the event of an emergency.

On July 29, 2020, the fourth Fire Life Safety Committee meeting was held with a focus on tunnel drainage.

VDOT and HRCP continued coordinating maintenance needs within the corridor prior to NTP. Following NTP, HRCP will be responsible for routine maintenance within the corridor.

The weekly operations coordination meeting between VDOT and HRCP continues to provide a forecast of upcoming field activities and ensures concurrent activities are properly coordinated. All field work and traffic impacts are being reported through VDOT's Lane Closure Advisory Management System (LCAMS), which enables coordinating traffic operations across the region.

7. DBE & SWaM Business Activities

The Design-Builder awarded a total of 137 subcontracts, subconsultants agreements and purchase orders to DBE/SWaM certified firms for a total of \$47 million during the reporting period. Contract awards include those issued to lowered-tiered subcontractors.

HRCP and its subcontractors are fully committed to meeting and exceeding the 12% DBE and 20% SWaM participation goals. To demonstrate that effort, the Design-Builder submitted its quarterly Good Faith Effort Report to VDOT as required per the contract. Upon its review, an in-compliance determination was rendered based on HRCP's affirmative steps taken towards the achievement of the established goals. The report provides a detailed account of the many initiatives, actions, and events hosted and participated in during the period. HRCP must make good faith efforts (GFE) to meet the DBE contract goals, either by meeting the goal or by documenting GFE to meet the goal.



HRCP is required to submit a quarterly GFE Report to VDOT to demonstrate its sincere and aggressive steps towards achieving the goals.

VDOT and HRCP continued to host one-on-one virtual meetings with DBE/SWaM firms interested in bidding on opportunity packages for the project. Virtual meetings were held with several small business organizations to discuss the needs of the Expansion Project. These collaborative sessions included Old Dominion's Women Business Center, Metropolitan Business League, Hispanic Chamber of Commerce, and the Carolinas-Virginia Minority Supplier Development Council.

HRCP and VDOT Civil Rights Compliance Work Group met virtually on July 21, 2020 to discuss required contract compliance submittals, workforce development initiatives, and proposed speakers for the upcoming Annual DBE/SWaM Conference scheduled for October 1, 2020. Governor Ralph Northam, Secretary of Transportation Shannon Valentine, and VDOT Commissioner Stephen Brich are scheduled to participate in the virtual event.

A few firms are highlighted below to reflect the type of diverse services being provided to the project by DBE/SWaM firms. The 3 firms represent a total contract value of over \$1.5 million.



AEROPHOTO AMERICA - Certified SWaM

Providing two FAA-licensed commercial drone pilots to capture photos and video footage of activity underway on the South Island



TREKNOT ORGANIZATION LLC - Certified DBE

Providing Civil Rights Compliance Consulting to the Design Joint Venture



ENGINEERING & TESTING SERVICES (ETS) - Certified DBE

Providing Geotechnical Engineering and Construction Materials Testing services to the project

8. Public Outreach and Project Media

The Communications Team for the HRBT Expansion project remains committed to virtual outreach during the COVID-19 pandemic. The following public outreach activities took place during the reporting period:

- July 21, 2020 – City of Norfolk Monthly Progress Meeting
- July 21, 2020 – City of Norfolk and City of Hampton Small Working Group Meetings
- July 23, 2020 – City of Hampton Monthly Progress Meeting
- July 27, 2020 – First Responders Tour of the South Island



First Responders Tour of the South Island

- July 28, 2020 – City of Norfolk outreach for Constructability Small Working Group
- August 11, 2020 – City of Norfolk and City of Hampton Maintenance of Traffic Small Working Group Meetings
- August 12, 2020 – VDOT Project Director Jim Utterback provided the City Managers of Norfolk and Hampton with a project update
- August 13, 2020 – Project update provided to the Wards Corner Task Force. Among the participants were Norfolk Vice-Mayor Martin Thomas and Council members Courtney Coyle and Andria McClellan.

- August 17, 2020 – HRBT Communications was on hand for the First Responders training class at the Fire Training Academy in Norfolk.
- August 18, 2020 – HRBT Communications held a virtual outreach meeting for the FBI Citizens Alumni Association. Approximately 30 members attended.
- August 18, 2020 – HRBT Communications Team presented the project to the Newport News Rotary Club
- August 19, 2020 – Virtual public outreach with more than 30 realtors from the Lynnhaven Office of Rose and Womble Realty
- August 21, 2020 – Virtual meeting with Hampton University Administrators



Virtual Public Outreach with Realtors
from Rose and Womble Realty