

## AGENDA

### Hampton Roads Transportation Accountability Commission

#### Regular Meeting

***This Meeting Will be Held in Person***

**December 16, 2021**  
**12:30 p.m.**

- 1. Call to Order and Roll Call**
- 2. Approval of Agenda**
- 3. Public Comment Period**  
- *Limit 5 minutes per individual*
- 4. Chair's Comments**
  - A. Welcome new members**
- 5. Consent Items**  
- *Recommended Action: Approval/Ratification*
  - A. Minutes of the June 17, 2021 Annual Organizational Meeting (Attachment 5A)**
  - B. Fiscal Year 2021 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund (Attachment 5B)**
  - C. Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project (Attachment 5C)**
  - D. Investment Advisory Services Agreement (Attachment 5D)**

- 6. Action Items**  
- *Recommended Action: Discussion/Endorsement/Recommendation/Direction*
  - A. FY2021 Audit (Attachment 6A)** – Executive Director Page and Michael Garber PBMares LLC **Recommended Action: Adoption**
  - B. Hampton Roads Express Lanes Network – Segments 1, 4A/4B, and 4C Preliminary Engineering and Right of Way for Construction Project Agreements (Attachment 6B)** Executive Director Page and Counselor Inglima - **Recommended Action: Approval**
  - C. Briefing re: HRTAC Project Financing Activities Update (Attachment 6C)** Executive Director Page and Liang Shan PFM Financial Advisors- **Recommended Action: Discussion**

**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
- C. **HRTAC Regular Meeting – April 21, 2022, 12:30 p.m.**

**8. Adjournment**

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

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

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

**Date: December 16, 2021**

**Re: June 17, 2021 Annual Organizational Meeting Minutes**

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**Recommendation:**

The Commission is asked to approve the Commission's June 17, 2021 Annual Organizational 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 Annual Organizational Meeting on June 17, 2021.



**Hampton Roads Transportation  
Accountability Commission (HRTAC)  
Summary Minutes of the June 17, 2021 Annual Organizational Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Annual Organization Meeting was called to order at 12:30 p.m. by conference call due to COVID-19, with the following in attendance by telephone:

**HRTAC Members in Attendance:**

Mayor Donnie Tuck, Chair	Mayor Gordon Helsel, PQ
Mayor Rick West, CH	Mayor Michael Duman, SU
Mayor Frank Rabil, FR	Supervisor Thomas G. Shepperd, YK
Supervisor Michael Hipple, JC	Mayor Robert Dyer, VB
Councilman David Jenkins (in for Mayor McKinley Price), NN	Delegate Clint Jenkins, VGA
Mayor Kenneth Alexander, NO	Delegate Mike Mullen, VGA
Mayor Shannon Glover, PO*	

**HRTAC Executive Director:**

Kevin Page

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

Commissioner Stephen Brich, VDOT	Officer Cathie Vick, VPA (in for Director Stephen Edwards)
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**Other Participants:**

Randy Keaton, IW	Patrick Duhaney, VB
Chip Filer, NO	District Engineer Christopher Hall, VDOT
J. Randall Wheeler, PQ	Vice Mayor Pat Dent, Williamsburg
Al Moor, SU	Tom Inglima, Willcox & Savage

**HRTAC Voting Members Absent:**

Supervisor William McCarty, IW	Senator Louise Lucas, VGA
Supervisor Christopher Cornwell, SH	Mayor Doug Pons, WM
Senator Monty Mason, VGA	

**HRTAC Ex-Officio Members Absent:**

Director Jennifer Mitchell, DRPT	Board Member John Malbon, CTB
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\* Denotes Late Arrival or Early Departure

**Others Recorded Attending:**

Matt Bernstein, Kirsten Krug, Sabaa Modi (Citi); Eric Ballou (Kaufman and Canoles); David Miller (PFM); Mark Geldig-Yatrosky (Public); Danetta Jankosky, Tiffany Smith, Sheila Wilson (HRPDC); Lynn Coen, Jennifer Hodnett (HRTAC); Bob Crum, John Mihaly (HRTPO)

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

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

In light of the Governor's Declared State of Emergency due to COVID-19, it is impracticable and unsafe for the Commission to assemble in a single location, so the meeting will be held electronically, by telephone, pursuant to the 2021 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  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Present  
Councilman David Jenkins: Present  
Mayor Kenneth Alexander: Present  
Mayor Gordon Helsel: Present  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Present  
Mayor Robert Dyer: Present  
Mayor Doug Pons: No Response  
Supervisor Thomas Shepperd: Present  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Present  
Delegate Mike Mullin: No Response  
Board Member John Malbon: No Response  
Commissioner Stephen Brich: Present  
Director Jennifer Mitchell: No Response  
Officer Cathie Vick: Present

The quorum was confirmed by Mr. John Mihaly.

## **Approval of Agenda**

Mayor Bobby Dyer Moved to approve the agenda, Seconded by Mayor Rick West. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes  
Mayor Frank Rabil: Yes  
Mayor Donnie Tuck: Yes  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Mayor Doug Pons: No Response  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: 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, Mayor Donnie Tuck, did not have any comments.

### **Consent Items**

- A. Minutes of the March 18, 2021 Regular Meeting
- B. HRTAC Federal Programs Procedures and HRTAC Accounting Manual Updates
- C. HRTAC FY2022 Administrative and Project Development Budget
- D. HRTAC FY2022-FY2027 Plan of Finance Update – Six Year Operating and Capital Program of Projects for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund
- E. HRTAC 2045 Long Range Plan of Finance Update for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund
- F. HRBT Project Acquisition of Additional Right of Way, Temporary Construction Easement
- G. FY2022 HRTAC Meeting Schedule

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

Mayor Rick West: Yes  
Mayor Frank Rabil: Yes  
Mayor Donnie Tuck: Yes  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Yes  
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

### **Action Items**

#### **A. Election of FY2022 Officers of the Commission**

Mr. Tom Inglima, HRTAC Counsel, reminded the Commission of the election procedures required by the Commission's Bylaws in regard to filling the Chair and Vice Chair positions.

Mayor Frank Rabil, HRTAC Nominating Committee Chair, stated the Nominating Committee recommended that the acting Chair, Mayor Donnie Tuck, and acting Vice Chair, Mayor Rick West, continue to serve as Chair and Vice Chair, respectively, of the Commission.

Mayor Bobby Dyer Moved the Commission approve the recommended FY2022 Slate of Officers for Chair and Vice Chair; Seconded by Mayor Mike Duman. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes  
Mayor Frank Rabil: Yes  
Mayor Donnie Tuck: Yes  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: No Response  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response

Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Yes  
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

## **B. HRBT and HRELN Funding Plan of Finance and Debt Management Plan Update**

Mr. David Miller, PFM, noted that today's review of the Debt Management Plan was substantially similar to the Debt Management Plan review at the March 18, 2021 Regular Meeting. Mr. Miller explained that the Debt Management Plan had undergone some changes since last spring and summer when the Commission formally endorsed the Debt Management Plan and that the purpose of today's review was to seek the Commission's formal endorsement of the Debt Management Plan, updated to reflect current Hampton Roads Transportation Fund (HRTF) revenue projections and project cost estimates.

He reviewed HRTAC's current debt financings for the Six Initial Projects, the Hampton Roads Bridge Tunnel (HRBT) and the Hampton Roads Express Lanes Network (HRELN) and the status of each financing. He highlighted the three debt financings on today's agenda for approval by the Commission were the refinancing of the HRTF Subordinate Lien 2019 TIFIA Loan, the HRTF Subordinate Lien 2021 TIFIA Loan, and the Toll Revenue Senior Lien 2021 TIFIA Loan. Mr. Miller also indicated that additional HRTF funds and additional toll revenue TIFIA loans to help complete phases two and three of the HRELN were anticipated in 2022 and 2023 and reviewed the benefits of the TIFIA program with the Commission.

Mr. Miller next reviewed the HRBT construction funding plan with the Commissioners and highlighted that the revenue stabilization fund supported by the HRTF was previously budgeted for \$10 million. Given the movement in interest rates, the budget would be increased to \$15 million per year, giving the Commission additional flexibility if interest rates increase and extra credit support is needed.

Mr. Miller summarized the HRELN funding plan for phases two and three, which included HRTF debt, toll revenue debt that would be obtained through the TIFIA program, a \$93 million appropriation from the General Assembly, and \$127 million in tax revenue and pay-go funds, and stated that this plan had been presented to the Commissioners at the last meeting. He explained that the HRTF revenue projections reflected the updated forecast from the Department of Taxation estimates, which took into consideration COVID-19 impact and recovery. He highlighted that the current HRTF revenue projections were outperforming the 2019, 2020 and 2021 projections, showing the resilience and economic strength of the Region.

Mr. Miller displayed a series of graphs showing the HRTF revenue supported debt service and the toll revenue supported debt service.

Supervisor Michael Hipple, HRTAC Finance Committee Chair, stated that the Finance Committee had been briefed by Mr. Miller at the June 10, 2021 Finance Committee Meeting and that the Finance Committee recommended approval of the proposed updated Debt Management Plan.

Mayor Bobby Dyer Moved that the Commission approves the Proposed HRTAC Hampton Roads Bridge Tunnel and Hampton Roads Express Lanes Network Plan of Finance and Debt Management Plan Update; Seconded by Delegate Mike Mullin. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes  
Mayor Frank Rabil: Yes  
Mayor Donnie Tuck: Yes  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Yes  
Delegate Mike Mullin: Yes

Mr. John Mihaly confirmed The Motion Carried.

### **C. Trustee Services for Toll Roads System Revenue Bonds**

Mr. Kevin Page, HRTAC Executive Director, summarized the actions taken with respect to the selection of a trustee in connection with the Toll Roads System Revenue Bonds since the Commission's approval of issuing the March 29, 2021 Request for Proposal for Trustee Services for Toll Roads System Revenue Bonds. He noted that an Ad-Hoc RFP Evaluation Committee was established and received and reviewed five proposals for trustee services. The RFP Evaluation Committee had recommended U.S. Bank National Association.

Supervisor Michael Hipple, HRTAC Finance Committee Chair, indicated that the Finance Committee discussed the Evaluation Committee's recommendation for trustee services at the June 10, 2021 Finance Committee Meeting and authorized the Finance Committee Chair to communicate the Evaluation Committee's recommendation to award U.S. Bank National

Association a contract to serve as Trustee for the Toll Roads System Revenue Bonds and to recommend Commission approval of U.S. Bank National Association as Trustee.

Delegate Mike Mullins Moved the Commission: (i) approves a Toll Roads System Revenue Bonds Trustee award of contract to U.S. Bank National Association for the first HRTAC toll backed bond; and (ii) authorizes the HRTAC Chair to execute the necessary Agreement with U.S. Bank National Association that will be engaged during the toll bond issuance process; Seconded by Supervisor Thomas Shepperd. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes

Mayor Frank Rabil: Yes

Mayor Donnie Tuck: Yes

Supervisor William McCarty: No Response

Supervisor Michael Hipple: Yes

Councilman David Jenkins: Yes

Mayor Kenneth Alexander: Yes

Mayor Gordon Helsel: Yes

Mayor Shannon Glover: No Response

Supervisor Christopher Cornwell: No Response

Mayor Michael Duman: Yes

Mayor Robert Dyer: Yes

Supervisor Thomas Shepperd: Yes

Senator Louise Lucas: No Response

Senator Monty Mason: No Response

Delegate Clint Jenkins: Yes

Delegate Mike Mullins: Yes

Mr. John Mihaly confirmed The Motion Carried.

**D. 2021 HRTF Backed TIFIA Loan and Associated Bond Anticipation Note Authorization – Resolution 2021-05**

Mr. Eric Ballou, Kaufman and Canoles, reminded the Commission of the two principal financial streams supporting the ongoing construction project costs of the Commission for congestion relief in the localities comprising Planning District 23. The first is the HRTF comprised of regional taxes, fuels and sales taxes, and the second is the toll road financing derived from the HRELN. He reviewed the funding previously secured by the Commission for these projects and indicated that that the financings before the Commission today were the remaining financings for the HRTBT Expansion Project, which would be implemented through an HRTF TIFIA/BAN structure, similar to that which was employed in 2019, along with an associated toll road financing. Mr. Ballou indicated that the financings were expected to close at the end of August or in September and that Bond Anticipation Notes (BANs) would be issued in conjunction with the TIFIA loan to provided short term construction financing. The TIFIA loan would provide the long term, low rate, taxable interest rate financing.

Mr. Ballou next provided an overview of the 2021 HRTF TIFIA Loan Agreement. He indicated that the 2021 TIFIA Loan was similar to the 2019 financing for the Six Initial Projects because both were associated with the HRTF indenture that was approved by the Commission in 2018.

Mr. David Miller, PFM, explained the strategy for utilizing BANs. He noted the economic benefits that were expected to be available if HRTAC should decide to use the BANs as a revenue source in the future. He explained that the BANs are a low cost intermediate construction financing and can create cost savings.

Mr. Miller highlighted the cost savings for the 2021 HRTF TIFIA BANs could amount to almost \$4 million of reduced TIFIA loan debt service payments over the thirty-five year amortization period, with an overall net present value savings of \$36 million.

Supervisor Michael Hipple, HRTAC Finance Committee Chair, stated that the Finance Committee discussed this item at the June 10, 2021 Finance Committee Meeting and approved the proposed financing for recommendation to the full Commission.

Mayor Rick West Moved that the Commission approves Resolution 2021-05; 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  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Yes  
Delegate Mike Mullins: Yes

Mr. John Mihaly confirmed The Motion Carried.

#### **E. 2021 Toll Backed TIFIA Loan Authorization – Resolution 2021-06**

Mr. Eric Ballou, Kaufman and Canoles, reviewed the 2021 Toll TIFIA Loan Agreement with the Commission. He stated that it would be secured by and payable from the toll revenues

of the HRELN and was in the amount of \$345 million, which was consistent with the Project Funding and Administration Agreement (PAFA) relating to the HRBT expansion.

The Commission was shown a toll revenue flow of funds, and Mr. Ballou explained the restricted payment conditions applicable to the toll revenue flow of funds and noted the general reserve unrestricted account.

Mayor Bobby Dyer Moved that the Commission approves Resolution 2021-06; Seconded by Supervisor Thomas Shepperd. A roll call vote of the voting Members was taken:

Mayor Rick West: Yes

Mayor Frank Rabil: Yes

Mayor Donnie Tuck: Yes

Supervisor William McCarty: No Response

Supervisor Michael Hipple: Yes

Councilman David Jenkins: Yes

Mayor Kenneth Alexander: Yes

Mayor Gordon Helsel: Yes

Mayor Shannon Glover: No Response

Supervisor Christopher Cornwell: No Response

Mayor Michael Duman: Yes

Mayor Robert Dyer: Yes

Supervisor Thomas Shepperd: Yes

Senator Louise Lucas: No Response

Senator Monty Mason: No Response

Delegate Clint Jenkins: Yes

Delegate Mike Mullins: Yes

Mr. John Mihaly confirmed The Motion Carried.

#### **F. Amendment to Project Agreement for Funding and Administration for the Hampton Roads Bridge Tunnel Project**

Mr. Kevin Page, HRTAC Executive Director, explained that the proposed Amendment to the Project Agreement for Funding and Administration between HRTAC and the Virginia Department of Transportation (VDOT) would address the use of a portion of the contingency funds included in the HRBT Expansion Project budget toward a portion of costs of the tolling infrastructure construction.

Mr. Tom Inglima, HRTAC Counsel, stated that the Segment 3 tolling infrastructure costs would be funded by the contingency funds from the PAFA. He reiterated that the action on this agenda item was to amend the PAFA to reallocate the contingency funds for use in connection with the construction of the HRELN Segment 3 Tolling Infrastructure Standard Project Agreement.

Supervisor Thomas Shepperd Moved that the Commission (i) approves the Amendment to the Project Agreement for Funding and Administration for the Hampton Roads Bridge Tunnel Project; and (ii) Authorizes the Chair to execute and deliver the Amendment to the Virginia Department of Transportation with such changes, insertions or omissions as may be finalized by the Chair, with the advice of the Executive Director and the Commission's general counsel; 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  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Yes  
Delegate Mike Mullins: Yes

Mr. John Mihaly confirmed The Motion Carried.

#### **G. HRELN Segment 3 (Tolling Infrastructure) Standard Project Agreement**

Mr. Kevin Page, HRTAC Executive Director, explained that the HRELN Segment 3 Tolling Infrastructure Standard Project Agreement was developed with VDOT in connection with the Master Agreement for Development and Tolling of the Hampton Roads Express Lanes Network (MTA), which identifies projects and establishes a pathway for project financing, development, construction and operation through the use of standard project agreements. He noted that the HRELN Segment 3 Tolling Infrastructure Standard Project Agreement will provide for the construction of physical tolling infrastructure of Segment 3 of the HRELN.

Mr. Tom Inglima, HRTAC General Counsel, noted that the Standard Project Agreement provided for a total allocation of \$18,789,474 for construction purposes.

Mayor Rick West Moved that the Commission (i) approves the HRELN Segment 3 (Tolling Infrastructure) Standard Project Agreement (UPC 118376); and (ii) authorizes the Chair to execute and deliver such Agreement to the Virginia Department of Transportation with such changes, insertions or omissions as may be finalized by the Chair, with the advice of

the Executive Director and the Commission's general counsel; 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  
Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Yes  
Delegate Mike Mullins: Yes

Mr. John Mihaly confirmed The Motion Carried.

#### **H. 2019A TIFIA Loan Refinancing Authorization – Resolution 2021-07**

Mr. Kevin Page, HRTAC Executive Director, highlighted that HRTAC Staff is consistently working to find cost savings and maximize interest rate savings for the financing and refinancing of the costs of Commission-approved new construction projects, when available. He noted that by refinancing the Commission's previously obtained 2019A TIFIA Loan, the Commission could realize savings on the 2019A TIFIA Loan rate between five to fifteen basis points, which was expected to amount to total gross savings ranging between \$6.2 million and \$18.7 million.

Mr. Eric Ballou briefly explained the parameters of HRTAC Resolution 2021-07 to the Commission. He summarized the proposed refinancing that was expected to result in a new and lower interest rate on the 2019A TIFIA Loan.

Commission members requested that they be notified when the 2019A TIFIA Loan has been refinanced.

Mayor Mike Duman Moved that the Commission approves Resolution 2021-07; Seconded by Mayor Rick West. A roll call vote of the voting Members was taken:

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

Supervisor William McCarty: No Response  
Supervisor Michael Hipple: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Gordon Helsel: Yes  
Mayor Shannon Glover: No Response  
Supervisor Christopher Cornwell: No Response  
Mayor Michael Duman: Yes  
Mayor Robert Dyer: Yes  
Supervisor Thomas Shepperd: Yes  
Senator Louise Lucas: No Response  
Senator Monty Mason: No Response  
Delegate Clint Jenkins: Yes  
Delegate Mike Mullins: Yes

Mr. John Mihaly confirmed The Motion Carried.

## **I. HRTAC/HRT MOU**

Mr. Kevin Page, HRTAC Executive Director, reminded the Commission that Agenda Item 6I was for consideration and approval by the Member Jurisdictions of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth and Virginia Beach, also known as the Six Cities of Hampton Roads Transit (HRT). He indicated that both HRTAC and HRT had worked very closely since December 2020 to create a Memorandum of Understanding (MOU) between the two parties. He stated that the MOU automatically renews after five years, unless either party elects to terminate it.

*Mayor Shannon Glover arrives*

Mr. Page outlined the parameters of the MOU for the Commission, including the procedures the parties will use for HRT to inform HRTAC of HRT's strategic plan and annual updates to that strategic plan moving forward as well as HRT's submission of periodic funding applications to be processed by HRTAC.

Mayor Bobby Dyer Moved that the Commissioners of the Member Jurisdictions of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach (i) approve the Hampton Roads Regional Transit Fund Memorandum of Understanding between the Hampton Roads Accountability Commission and the Transportation District Commission of Hampton Roads; and (ii) authorize and direct the Chair of the Commission to execute and deliver such agreement to HRT with such changes, insertions or omissions as may be finalized by the HRTAC Regional Transit Committee Chair, with the advice of the Executive Director and the Commission's general counsel; Seconded by Mayor Kenneth Alexander. A roll call vote of the Member Jurisdictions was taken:

Mayor Rick West: Yes  
Mayor Donnie Tuck: Yes

Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Shannon Glover: Yes  
Mayor Robert Dyer: Yes

Mr. John Mihaly confirmed The Motion Carried.

**J. Hampton Roads Regional Transit Fund – Transportation District Commission of Hampton Roads FY2022 Application for Funding**

Mr. Kevin Page, HRTAC Executive Director, noted that Agenda Item 6J was for consideration and approval by the Six Cities of HRT and that the motion was for an approval of disbursement of funds in the amount of \$23,429,096 pursuant to an application submitted by HRT for FY2022.

Mayor Bobby Dyer Moved that the Commissioners of the Member Jurisdictions of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach (the “Six Cities of HRT”) (i) approve the Transportation District Commission of Hampton Roads FY2022 Application for Funding from the Hampton Roads Regional Transit Fund; (ii) allocate \$23,429,096.00 of Hampton Roads Regional Transit Fund to support disbursements to the Transportation District Commission of Hampton Roads in respect of such application; (iii) authorize the HRTAC Regional Transit Committee Chair to supervise the finalization of the project funding agreement between HRTAC and the Transportation District Commission of Hampton Roads with respect to such application; and (iv) authorize the Executive Director of HRTAC to make disbursements from the Hampton Roads Regional Transit Fund in fulfillment of the foregoing; Seconded by Mayor Kenneth Alexander. A roll call vote of the Member Jurisdictions was taken:

Mayor Rick West: Yes  
Mayor Donnie Tuck: Yes  
Councilman David Jenkins: Yes  
Mayor Kenneth Alexander: Yes  
Mayor Shannon Glover: Yes  
Mayor Robert Dyer: Yes

Mr. John Mihaly confirmed The Motion Carried.

**Information Items**

**A. HRTAC Monthly Financial Report**

Mr. Kevin Page, HRTAC Executive Director, highlighted the Monthly Financial Report with the Commission.

**B. VDOT Project Updates**

Mr. Kevin Page, HRTAC Executive Director, indicated that the VDOT/HRTAC Monthly Project Reports were included in the agenda packet.

**C. HRTAC Regular Meeting - September 16, 2021**

**Adjournment**

With no further business to come before the Hampton Roads Transportation Accountability Commission, the meeting adjourned at 1:45 p.m.

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Donnie Tuck  
HRTAC Chair

**Agenda Item 5B**  
**Consent Item**

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

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

**Date: December 16, 2021**

**Re: Fiscal Year 2021 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund**

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**Recommendation:**

The Commission is being asked to approve the Fiscal Year 2021 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund and to acknowledge the Executive Director's submission of the legislatively mandated report to the Joint Commission on Transportation Accountability (JCTA) (Attachment 5B).

**Background:**

Item 1.O. of Chapter 552 of the 2021 Reconvened Special Session 1 of the General Assembly included the requirement that the Joint Commission on Transportation Accountability shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To meet this requirement, the Hampton Roads Transportation Accountability Commission (HRTAC) staff prepared the attached report titled, "Fiscal Year 2021 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund"; and, on November 12, 2021, the Executive Director submitted the report to the JCTA for the Commission.

**Fiscal Impact:**

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

**Suggested Motion:**

**Motion:** The Commission: i. Approves the Fiscal Year 2021 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund; and, ii. Acknowledges the Executive Director's submission of the legislatively mandated report to the Joint Commission on Transportation Accountability.



November 12, 2021

The Honorable Delores L. McQuinn  
Chair, Joint Commission on Transportation Accountability  
P.O. Box 406  
Richmond, VA 23218

Dear Chair McQuinn:

Item 1.O. of Chapter 552 of the 2021 Reconvened Special Session 1 of the General Assembly included the requirement that the Joint Commission on Transportation Accountability shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To meet this requirement, the Hampton Roads Transportation Accountability Commission (HRTAC) has prepared the attached report to inform the JCTA on the uses of the Hampton Roads Transportation Fund ('HRTF') for Fiscal Year 2021.

If you have any questions or need additional information, please feel free to contact me.

Sincerely,



Kevin B. Page  
Executive Director

Attachment

Cc: HRTAC Chair Donnie Tuck



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# Fiscal Year 2021 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund

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

## Executive Summary

Item 1.o. of Chapter 552 of the 2021 Reconvened Special Session 1 of the General Assembly included the requirement that the Joint Commission on Transportation Accountability shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, The Joint Commission on Transportation Accountability shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, by November 15 the Director of Rail and Public Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of Commonwealth Rail Fund, the Northern Virginia Transportation Authority Fund, and the Hampton Roads Transportation Fund, respectively, each year to be presented to the Joint Commission on Transportation Accountability.

During FY2021, 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, further advanced project development and construction with VDOT of over \$5.5 billion total value projects supported by the Hampton Roads Transportation Fund ('HRTF') and advanced project agreements with the Transportation District Commission of Hampton Roads (Hampton Roads Transit) supported by the Hampton Roads Regional Transit Fund ('HRRTF'). During FY2021, HRTAC issued a HRTF backed bond sale and continued negotiations with the United States Department of Transportation ('USDOT') Build America Bureau for two federal Transportation Infrastructure Finance and Innovation Act ('TIFIA') loans to support funding commitments to the I-64 Hampton Roads Bridge Tunnel Expansion Project. HRTAC continued negotiations with the USDOT Build America Bureau to refinance the 2019 TIFIA loan to a lower interest rate. The major work activity of FY2021 was relating to the continued execution of the Commission's debt financing and funding plan for HRTF supported projects, administration of the Master Tolling Agreement for the Hampton Roads Express Lanes Network ('HRELN'), development and adoption of the HRELN Initial Tolling Policy, and the administration of the first funding year of the Hampton Roads Regional Transit Fund and Program. Of the total HRTF and toll revenue supported project costs under agreement, \$4.7 billion is sourced by HRTAC controlled monies. The Commonwealth of Virginia's SMART SCALE Program has provided approximately \$463.8 million toward HRTAC projects including the I-64 Peninsula Widening, the I-64 Southside Widening/High Rise Bridge Phase I, the I-64/I-264 Interchange Improvements (Phase II) and the HRBT Expansion Project. Figure 1 provides a graphic showing the locations and the activities of the HRTAC HRTF and toll revenue funded projects. HRTAC does not allow balances to sit on projects that will not fully utilize the allocated funds in a timely manner. VDOT and HRTAC work together to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance.

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

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

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

## Background

### Prior Legislative Actions

On April 3, 2013, the Governor's substitute for House Bill 2313 (HB 2313) was adopted by the Virginia General Assembly. Based on criteria set forth in HB 2313, several new taxes dedicated to transportation were imposed in Planning District 23, (located in Hampton Roads), thereby providing permanent, annual sources of revenue dedicated to transportation projects to reduce congestion in the region. These new revenue sources became effective on July 1, 2013 (FY 2014), with the new taxes being imposed in the localities comprising Planning District 23: the counties of Isle of Wight, James City, Southampton, and York and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The legislation established the Hampton Roads Transportation Fund ('HRTF') which is funded with the new taxes imposed in Planning District 23. Pursuant to HB 2313, the Hampton Roads Transportation Planning Organization ('HRTPO') was given authority over 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 the 2020 General Assembly Session, HB1726/SB1038 created the Hampton Roads Regional Transit Program and Fund to develop, maintain, and improve a regional network of transit routes and related infrastructure, rolling stock, and support facilities. The program is funded by an additional (i) regional grantor's tax at a rate of \$0.06 per \$100 of the consideration for the conveyance and (ii) regional transient occupancy tax at a rate of one percent of the charge for the occupancy, both imposed in localities in the Hampton Roads Transportation District. The legislation also dedicated \$20 million of revenues from existing recordation taxes to funding the program. The moneys will be deposited into the Hampton Roads Regional Transit Fund, created by the bill, and will be administered by HRTAC. Use of the funds would require a two-thirds vote of the HRTAC localities in which the new taxes were imposed. HB1438 authorized the Hampton Roads Transportation Accountability Commission to impose and collect tolls in high-occupancy toll lanes on certain portions of Interstate 64. The area of Interstate 64 in which such tolls may be imposed is the vicinity of the interchange of Interstate 64 and Jefferson Avenue to the interchange of Interstate 64, Interstate 264, and Interstate 664. The bill directs the Commission to enter into an agreement with the Commonwealth Transportation Board and the Department of Transportation regarding the standards for operating the facility and use of toll proceeds. Other legislation involving adjustments to state and regional motor fuels tax revenues included for HRTAC the conversion of the calculation of gasoline tax revenue from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021.

# Hampton Roads Regional Transportation Priority Projects \$5.5 Billion Total Value, \$4.7 Billion HRTAC Funded

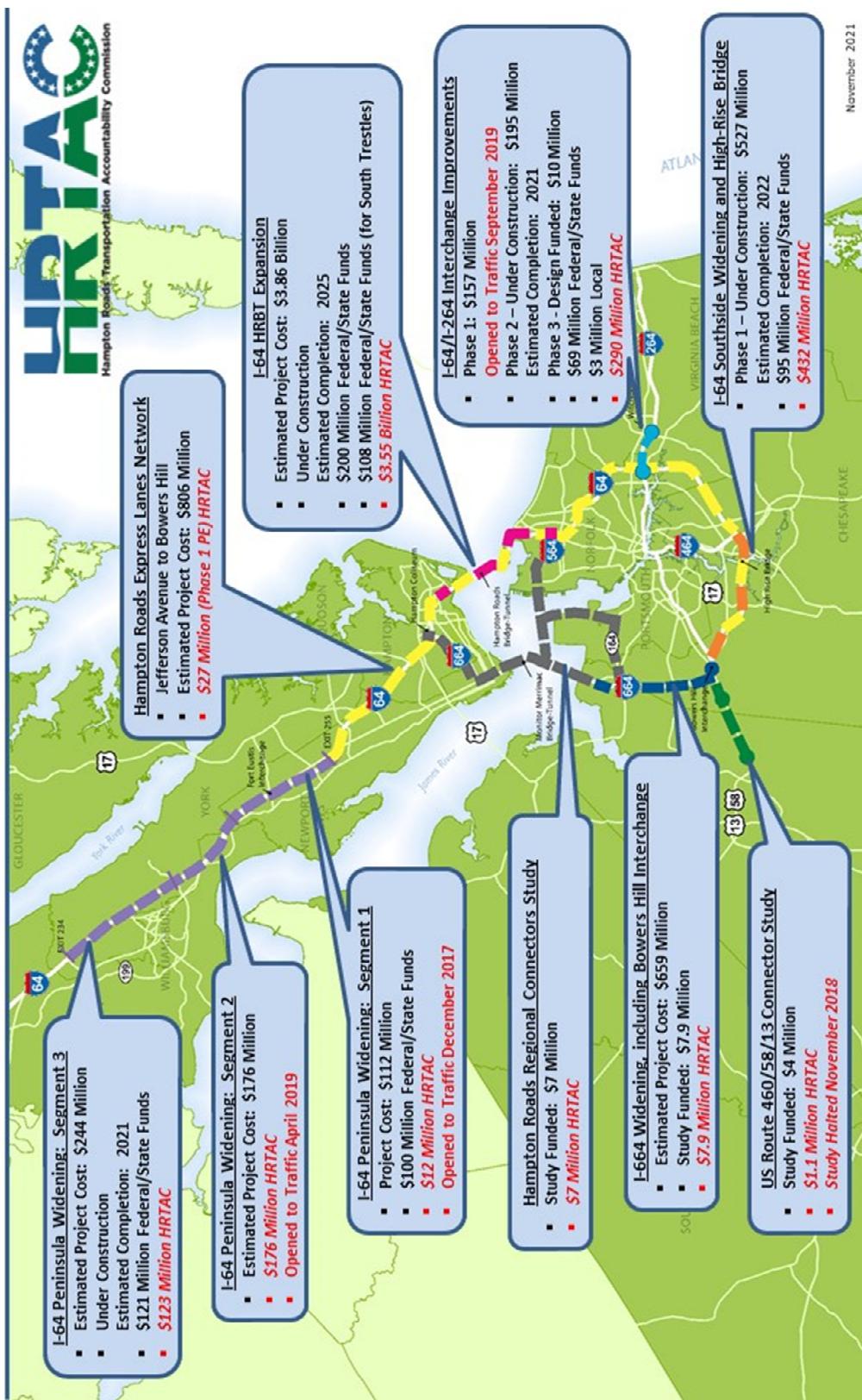


Figure 1 – Activities of HRTAC/HRTF Funded Projects

## 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).

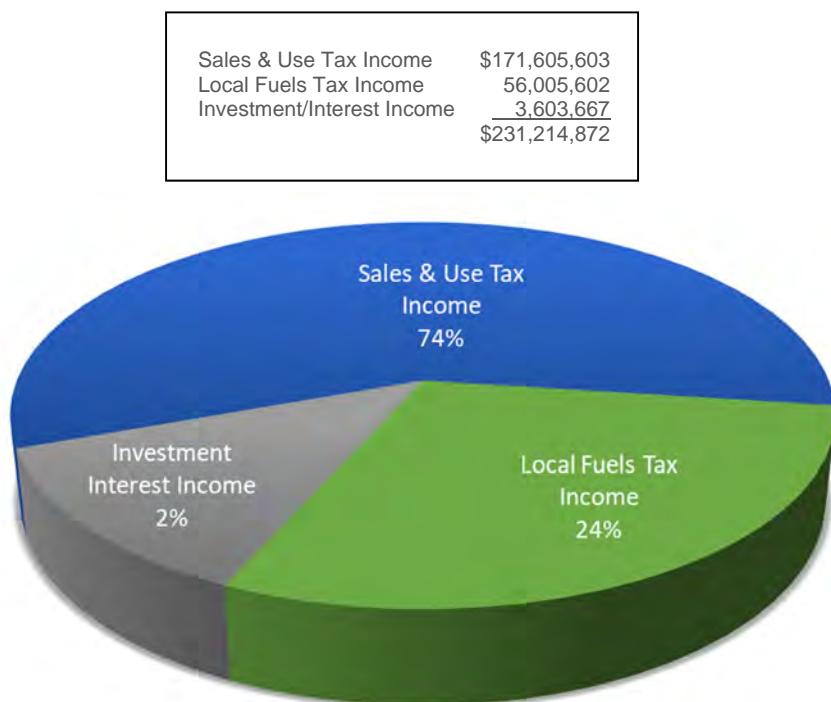
### Local Fuels Tax

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

### Total Collections

Revenue collected from the Region's Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2021 totaled \$231.2 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 \$1.6 billion including bond proceeds, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2021



## Expenditures

From July 1, 2020 through June 30, 2021, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$ 1,175,790
Investment Fees	249,038
HRPDC/HRTPO Assistance	152,739
Financial Advisor	10,125
Payroll/Fringes	390,723
Pension Expense	30,372
Bond Issuance Costs	2,606,899
Interest Expense	66,096,176
DMV Fees	67,191
Operating	97,772
Capital Outlay	0.00
Project Related	867,475,942
<b>Total</b>	<b>\$938,352,767</b>

## Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2021):

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	152,384,427
I-64 Peninsula Widening - Segment 3 PE	5,611,689
I-64 Peninsula Widening - Segment 3 Construction	57,467,586
I-64/264 Interchange Improvements – Phase I PE & ROW	15,071,063
I-64/264 Interchange Improvements - Phase I Construction	121,035,247
I-64/264 Interchange Improvements – Phase II PE & ROW	54,592,299
I-64/264 Interchange Improvements – Phase II Construction	49,616,676
I-64/264 Interchange Improvements – Phase III PE & ROW	2,317,884
I-64 Southside Widening/High Rise Bridge – Phase I PE	12,384,497
I-64 Southside Widening/High Rise Bridge – Phase I ROW/Construction	199,906,667
I-64 HRBT Expansion Project Design-Build (D-B) Contract	935,503,634
I-64 HRBT Expansion Project Owners Oversight	44,264,042
HRELN Segment 1 Phase 1 – PE	4,133,745
HRELN Segment 4A/4B Phase 1 – PE	3,714,819
HRELN Segment 4C Phase 1 – PE	3,207,672
HRCS Preferred Alternative Refinement - HRBT	28,800,287
460/58/13 Connector Study	1,095,368
Bowers Hill Interchange Study	3,776,804
HR Regional Connectors Study – HRTPO (Remaining Projects of the Third Crossing)	3,710,718
<b>Total</b>	<b>\$ 1,713,073,168</b>

## Allocations

Project allocations as of June 30, 2021 are provided in detail below.

**Hampton Roads Transportation Fund (HRTF)**  
***Total Allocations as of June 30 2021***

Project	Total FY2014 - FY 2020	Total FY2021	Total
<i>I-64 Peninsula Widening</i>			
<i>UPC 104905 (Segment 1) – Construction</i>	\$ 11,608,385	\$ 0	\$ 11,608,385
<i>UPC 106665 (Segment 2) - PE &amp; 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 &amp; 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 &amp; 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>HRELN Phase 1</i>			
<i>HRELN Segment 1 Phase 1 – PE</i>	0	5,621,500	5,621,500
<i>HRELN Segment 4A/4B Phase 1 – PE</i>	0	5,916,425	5,916,425
<i>HRELN Segment 4C Phase 1 – PE</i>	0	15,421,200	15,421,200
<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>	1,095,368	0	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	4,000,000	3,904,630	7,904,630
<i>HR Regional Connector Study – HRTPO (Remaining Projects of the Third Crossing)</i>	7,000,000	0	7,000,000
<b>Total</b>	<b>\$ 4,627,700,801</b>	<b>\$ 30,863,755</b>	<b>\$ 4,658,564,556</b>

**Agenda Item 5C**  
**Consent Item**

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

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

**Date: December 16, 2021**

**Re: Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project**

---

**Recommendation:**

The Commission is being asked to ratify and approve the Amended and Restated Project Agreement for Funding and Administration for the Hampton Roads Bridge Tunnel Project.

**Background:**

During the Commission's June 17, 2021 Annual Organizational Meeting, the Commission approved item 6F to amend the HRBT Project Agreement for Funding and Administration ("PAFA") that the Commission and VDOT entered into on April 2, 2019. The June 17, 2021 action authorized the Chair to work with the Executive Director and the Commission's general counsel to finalize the first amendment to the PAFA. At the June meeting, the Commission further authorized the negotiation and finalization of the 2021 TIFIA loans and, in connection therewith, the loan agreements and the exhibits thereto, including a Direct Agreement among the U.S.DOT, VDOT and the Commission, which, among other things, clarified certain terms of the PAFA, resulting in a second amendment to the PAFA. The Commission Staff and Counsel have worked with VDOT to develop a version of the PAFA that integrates the terms of the two separate amendments into a single, amended and restated version of the PAFA, which is included as an attachment to this Consent Item. Notably, none of the amendments has increased the Commission's maximum financial commitment to the HRBT project.

**Fiscal Impact:**

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

**Suggested Motion:**

**Motion:** The Commission: i. Ratifies and approves the Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project; and, ii. Authorizes the Chair to execute and deliver the Amended and Restated Project Agreement for the I-64 Hampton Roads Bridge-Tunnel Expansion Project to the Virginia Department of Transportation with such changes, insertions or omissions as may be finalized by the Chair, with the advice of the Executive Director and the Commission's general counsel.



AMENDED AND RESTATED

PROJECT AGREEMENT FOR FUNDING AND ADMINISTRATION

for the

I-64 HAMPTON ROADS BRIDGE-TUNNEL EXPANSION PROJECT

Dated November [\_\_], 2021

between

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION,  
as Commission

and

VIRGINIA DEPARTMENT OF TRANSPORTATION,  
as Department

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**AMENDED AND RESTATED  
PROJECT AGREEMENT FOR FUNDING AND ADMINISTRATION**

This AMENDED AND RESTATED PROJECT AGREEMENT FOR FUNDING AND ADMINISTRATION for the I-64 Hampton Roads Bridge-Tunnel Expansion Project (this “Agreement”) is made and entered into as of November [\_\_], 2021, and its terms are effective as of the dates set forth in Section 1.02 (Interpretation; Effective Dates), by and between the HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION (the “Commission”), a body politic and a political subdivision of the Commonwealth of Virginia; and the VIRGINIA DEPARTMENT OF TRANSPORTATION (the “Department”), an agency of the Commonwealth of Virginia, (each a “Party” and, together, the “Parties”).

**RECITALS**

**WHEREAS**, Va. Code §§ 33.2-2600 *et seq.* (the “HRTAC Act”) established the Hampton Roads Transportation Fund (the “HRTF”), and provides that moneys deposited in the HRTF are to be used solely for new construction projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23;

**WHEREAS**, the HRTAC Act created the Commission as a political subdivision of the Commonwealth of Virginia, and moved the responsibility for approving the projects that will be funded by the HRTF from the Hampton Roads Transportation Planning Organization, the metropolitan planning organization for Planning District 23 (the “H RTPQ”), to the Commission;

**WHEREAS**, the HRTAC Act authorizes the Commission to issue bonds and other evidences of debt, and to impose and collect certain tolls;

**WHEREAS**, the Commission is required to use all moneys that it receives (the “Commission-Controlled Moneys”), including, without limitation, moneys from the HRTF as well as any bond proceeds and collections from any tolls imposed by the Commission, solely for the benefit of those counties and cities that are embraced by the Commission, and in a manner that is consistent with the purposes of the HRTAC Act;

**WHEREAS**, the Department is the agency of the Commonwealth responsible for building, maintaining and operating the interstate, primary, and secondary state highway systems (the “Department Highways”);

**WHEREAS**, in light of the Department’s responsibilities with respect to the Department Highways, and the Commission’s responsibilities with respect to the application of Commission-Controlled Moneys, the Department and the Commission entered into a Memorandum of Agreement dated March 30, 2015 (the “MOA”);

**WHEREAS**, the MOA contemplates that the Commission may from time to time enter into agreements for funding and administration of projects that the Commission selects and the Commission requests the Department to administer and/or develop with Commission-Controlled Moneys;

**WHEREAS**, on October 20, 2016, the HRTPO selected the Hampton Roads Crossing Study SEIS Preferred Alternative - A, known today as the I-64 Hampton Roads Bridge-Tunnel Expansion Project (the “Project”), as further described in Exhibit 2 (Project Scope) hereto, and recommended that the Commission take action to implement the Project as part of the prioritized congestion relief projects for the Hampton Roads region;

**WHEREAS**, in accordance with the HRTAC Act, the Commission has approved the Project;

**WHEREAS**, the Commission has further developed and approved a funding plan for the Project and a related debt management plan;

**WHEREAS**, the Department desires, and agrees to, procure, develop, and construct the Project in accordance with the budget (the “Project Budget”), as further described in Exhibit 3 (Project Budget) and Exhibit 5, (Estimated Costs and Payout Schedule), hereto;

**WHEREAS**, in order to advance development of the Project, the Department issued the Request for Proposals (the “RFP”) dated as of September 27, 2018, as amended, pursuant to which the Department requested the submittal of proposals for the design and construction of the Project from offerors (each such entity, as “Offeror”) determined to be qualified following the submission of Statements of Qualification pursuant to the Department’s Request for Qualifications dated as of December 15, 2017, as amended;

**WHEREAS**, the purpose of the RFP was to determine the Offeror to be awarded a comprehensive agreement for the Project (the “Comprehensive Agreement”) pursuant to the Public-Private Transportation Act of 1995, as amended (Va. Code §§ 33.2-1800 *et seq.*) (the “PPTA”), and the Department’s 2017 PPTA Implementation Manual and Guidelines (the “Guidelines”);

**WHEREAS**, the Department evaluated the proposals submitted by each Offeror in accordance with the terms of the RFP, and selected Hampton Roads Connector Partners as the Offeror whose proposal offers the best overall value (such Offeror, the “Successful Offeror”), as further described in the RFP;

**WHEREAS**, the Department expressed its desire to enter into the Comprehensive Agreement with the Successful Offeror, whereupon the Successful Offeror would become the design-build contractor (the “Design-Builder”) responsible for the design and construction of the Project pursuant to the terms of the Comprehensive Agreement;

**WHEREAS**, the Commission expressed its desire to provide the primary portion of the funding for the procurement, development, and construction of the Project using Commission-Controlled Moneys, subject to the terms, conditions and limitations set forth herein;

**WHEREAS**, Commissioner Stephen C. Brich, P.E. of the Department sent a letter to Commission Chairman Hipple dated January 22, 2019 (the “January 22, 2019 Letter”) committing to working with the Commission and the HRTPO to find, relative to tolling in the Hampton Roads region, the best operational solutions, define the appropriate tolling policies, and investigate the financial mechanisms available to the Commonwealth Transportation Board (the “CTB”) and the

Commission to best address the Parties' collective objectives, priorities, and policies through an agreement among the Commission, the CTB, and the Department on these matters (the "Master Tolling Agreement");

**WHEREAS**, as of April 2, 2019, the Department and the Commission entered into a Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project (the "Original PAFA");

**WHEREAS**, after the date of the Original PAFA, the Parties entered into (i) that certain Amendment to Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project dated as of September 1, 2021 ("PAFA Amendment No. 1"), and (ii) a Direct Agreement with the United States Department of Transportation ("USDOT") dated September 21, 2021 (the "Direct Agreement"), in conjunction with USDOT granting to the Commission two loans under the Transportation Infrastructure Finance and Innovation Act Program for the purpose of financing certain costs in connection with the construction and development of the Project, which sets forth certain additional amendments and clarifications to the Original PAFA;

**WHEREAS**, as contemplated by the terms of PAFA Amendment No. 1, the Parties desire to amend and restate the Original PAFA, upon the terms set forth herein, to integrate into a single instrument all amendments and clarifications made through PAFA Amendment No. 1 and the Direct Agreement; and

**WHEREAS**, Exhibit 4 (Official Authorizing Documents) attached hereto includes copies of the documents evidencing the approval of the Original PAFA (and such amendments) by the CTB and the Commission.

**NOW, THEREFORE**, in consideration of the covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

## **ARTICLE 1.**

### **DEFINITIONS, INTERPRETATION, AND PRECEDENCE; REPRESENTATIONS AND WARRANTIES**

#### **Section 1.01 Definitions**

Unless the context otherwise requires, all capitalized terms and acronyms used in this Agreement have the meanings given in Exhibit 1 (Definitions).

#### **Section 1.02 Interpretation; Effective Dates**

(a) In this Agreement:

(i) headings are for convenience only and do not affect interpretation;

(ii) unless otherwise stated, a reference to any agreement, instrument, or other document is to such agreement, instrument, or other document as amended or supplemented from time to time in accordance with its terms;

(iii) a reference to this Agreement or any other agreement includes all exhibits, schedules, forms, appendices, addenda, attachments, or other documents attached to or otherwise expressly incorporated in this Agreement or any such other agreement (as applicable);

(iv) subject to Section 1.02(a)(v) (Interpretation), a reference to an Article, Section, subsection, clause, Exhibit, schedule, form, or appendix is to the Article, Section, subsection, clause, Exhibit, schedule, form, or appendix in or attached to this Agreement, unless expressly provided otherwise;

(v) a reference in the main body of this Agreement, or in an Exhibit, to an Article, Section, subsection, or clause is to the Article, Section, subsection, or clause of the main body of this Agreement, or of that Exhibit (as applicable);

(vi) a reference to a person includes such person's permitted successors and assigns;

(vii) a reference to a singular word includes the plural and vice versa (as the context may require);

(viii) the words "including", "includes", and "include" mean "including, without limitation", "includes, without limitation" and "include, without limitation", respectively;

(ix) an obligation to do something "promptly" means an obligation to do so as soon as the circumstances permit, avoiding any delay; and

(x) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" mean "to and including".

(b) This Agreement is not to be interpreted or construed against the interests of a Party merely because that Party proposed this Agreement or some provision of it, or because that Party relies on a provision of this Agreement to protect itself.

(c) The Parties acknowledge and agree that this Agreement has been prepared jointly by the Parties and has been the subject of arm's length and careful negotiation, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret and agree to the particular language of the provisions of this Agreement. Accordingly, in the event of any ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement will not be interpreted or construed against the Party preparing it simply as a consequence of preparing it, and instead the other applicable rules of interpretation and construction set out herein shall be used.

(d) This Agreement became effective initially as of the date set forth in Section 7.01 (Term; Termination); provided, however, that the amendments effected through (i) PAFA Amendment No. 1 (to, specifically, Section 3.08(f)), and (ii) the Direct Agreement (to, specifically, Sections 4.08(c), 4.12, 7.01(c), Exhibit 1 and Exhibit 13), became effective as of September 1, 2021, and September 21, 2021, respectively.

### **Section 1.03 Order of Precedence**

(a) Except as otherwise expressly provided in this Section 1.03 (Order of Precedence), if there is any conflict between the provisions of this Agreement (including all Exhibits), the order of precedence will be as follows, from highest to lowest:

- (i) amendments to the provisions of the main body of this Agreement;
- (ii) the provisions of the main body of this Agreement and Exhibit 1 (Definitions); and
- (iii) the provisions of the Exhibits to this Agreement, as amended, other than Exhibit 1 (Definitions).

(b) Additional or supplemental details or requirements in a provision of this Agreement with lower priority will be given effect, except to the extent that they irreconcilably conflict with any provisions of this Agreement with higher priority.

### **Section 1.04 Representations and Warranties of the Department**

The Department hereby represents and warrants to the Commission as of each effective date determined in accordance with Section 1.02 (Interpretation; Effective Dates), as follows:

(a) the Department is an agency of the Commonwealth, and has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement and the Comprehensive Agreement;

(b) each person executing this Agreement and the Comprehensive Agreement on behalf of the Department has been duly authorized to execute and deliver each such document on behalf of the Department;

(c) the execution and delivery by the Department of this Agreement and the Comprehensive Agreement, and the performance of its obligations hereunder and thereunder, do not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any Legal Requirement, where such violation will have a material adverse effect on the ability of the Department to perform its obligations under this Agreement;

(d) this Agreement has been duly authorized, executed, and delivered by the Department and constitutes a valid and legally binding obligation of the Department, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency,

and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity;

(e) there is no action, suit, proceeding, investigation, or litigation pending and served on the Department which challenges the Department's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement and the Comprehensive Agreement, or which challenges the authority of the Department official executing this Agreement or the Comprehensive Agreement, and the Department has disclosed to the Commission any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which the Department is aware;

(f) the Department has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement and the Comprehensive Agreement and is otherwise in material compliance with the Legal Requirements applicable to the Department's procurement of the Comprehensive Agreement and the terms of the RFP; and

(g) the Department has developed Parts 2 and 5 of the RFP and the Project Budget, including, without limitation, the contingency reserves, with requisite diligence and otherwise in a manner consistent with the Department's standard policies, procedures, and protocols applicable to its development of technical requirements, specifications and budgets for (x) large-scale design-build projects and (y) major highway, bridge and tunnel projects where the Commonwealth or the Department bears the cost of the project.

## **Section 1.05 Representations and Warranties of the Commission**

The Commission hereby represents and warrants to the Department as of each effective date determined in accordance with Section 1.02 (Interpretation; Effective Dates), as follows:

(a) the Commission is a body politic and a political subdivision of the Commonwealth, and has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;

(b) each person executing this Agreement on behalf of the Commission has been duly authorized to execute and deliver this Agreement on behalf of the Commission;

(c) the execution and delivery by the Commission of this Agreement, and the performance of its obligations hereunder, do not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any Legal Requirement, where such violation will have a material adverse effect on the ability of the Commission to perform its obligations under this Agreement;

(d) this Agreement has been duly authorized, executed, and delivered by the Commission and constitutes a valid and legally binding obligation of the Commission, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency, and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity;

(e) there is no action, suit, proceeding, investigation, or litigation pending and served on the Commission which challenges the Commission's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the Commission official executing this Agreement, and the Commission has disclosed to the Department any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which the Commission is aware; and

(f) the Commission has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under this Agreement, and is otherwise in material compliance with all Legal Requirements applicable to the Commission or its activities in connection with this Agreement.

## **ARTICLE 2.**

### **PROCUREMENT OF THE PROJECT**

#### **Section 2.01 General Obligations of the Department (Procurement)**

(a) The Department shall procure all work necessary to design and construct the Project, which is generally described in Exhibit 2 (Project Scope), in accordance with (i) any and all applicable federal, state, and local laws and regulations (including, without limitation, the PPTA) and (ii) all terms and conditions of this Agreement, including, without limitation, the Project Budget, which Project Budget may be amended from time to time by (and only by) mutual written agreement of the Parties.

(b) The Department shall select contractors and contract with contractors in a manner that is consistent in all material respects with the policies, procedures and practices that the Department uses where the Commonwealth or the Department bears the cost of a project. For example, the Department shall use its customary policies, procedures and practices relating to requesting bids/proposals, negotiating/finalizing terms and conditions of contracts (using, where applicable, standard terms/forms).

#### **Section 2.02 Commission Involvement in Procurement Activities**

The Department has, and shall continue to, involve the Commission in the procurement of the Project, including by:

(a) providing updates on at least a weekly basis to the Executive Director regarding the status of the procurement process;

(b) providing briefings to the Commission, as requested; *provided* that the Department may conduct such briefings after briefing CTB on the same topics if the Department determines it must make such a briefing to CTB before making the requested briefing to the Commission;

(c) providing the Commission an opportunity to participate in proprietary meetings with each Offeror to discuss commercial terms, technical requirements, alternative technical concepts, or other matters relating to the development of proposals by the Offerors;

(d) providing the Commission an opportunity to provide feedback on the terms of the RFP prior to the deadline set forth in the RFP for the Department to issue addenda or supplements to the RFP;

(e) providing the Commission an opportunity to review proposals, provide input to the Department's evaluation team, and observe the scoring of proposals (on a non-voting basis); and

(f) providing the Commission with the final, complete form of the Comprehensive Agreement (including all exhibits, appendices and attachments thereto) in accordance with Section 4.01 (General Obligations of the Department (Delivery)) below.

### **Section 2.03 Cancellation of the Procurement**

Pursuant to the terms of the RFP, the Department reserves the right to, among other things, cancel or withdraw the RFP at any time. The Department acknowledges and agrees that, should the Department determine that cancelling or withdrawing the RFP is in its best interests, the Department shall consult with the Commission regarding such determination. If the Commission disagrees with the Department's determination to cancel or withdraw the RFP, the Department and the Commission will resolve the disagreement in accordance with dispute resolution procedures set forth in Article 6 (Dispute Resolution). If the Commission agrees with the Department's determination to cancel or withdraw the RFP or the Department's action is authorized pursuant to the dispute resolution procedures, then the Department may proceed to cancel or withdraw the RFP after giving prior notice to the Commission.

## **ARTICLE 3.**

### **PROJECT FUNDING**

#### **Section 3.01 General Rights and Obligations of the Commission**

(a) Subject to Section 3.01(b) (General Rights and Obligations of the Commission), the limitations as to amounts set forth in Section 3.03 (Maximum Commission Financial Commitment) and Section 3.04 (Maximum Cumulative Compensation Amount Under Comprehensive Agreement), and the limitations set forth in Section 7.02 (Appropriations Requirements), the Commission shall:

(i) Subject to Section 5.02 (Payment Requisitions), reimburse the Department for the payments made by the Department to the Design-Builder under the Comprehensive Agreement in respect of:

- (A) Commission-Funded Design-Build Costs;
- (B) Authorized Commission-Funded Work Order Costs;
- (C) Authorized Commission-Funded Claims Costs;
- (D) No Excuses Incentive Payment; and

(E) Commission-Funded ROW Costs.

(ii) Subject to Section 3.07 (Administration Costs), satisfy the Commission-Funded Administration Costs; and

(iii) Reimburse the Department for the Unsuccessful Offeror Proposal Payment (which payment shall be paid from the Commission-Supported Contingency Reserve).

(b) Notwithstanding anything to the contrary set forth in this Agreement, the Commission shall not have any obligation to pay or reimburse the Department for any of the following:

(i) any cost or expense, whether budgeted or not, arising from or relating to the South Island Trestle Bridge Replacement Work or Deferred/Preventive Maintenance Work, including, without limitation, (A) compensation payable to the Design-Builder under the Comprehensive Agreement for the performance of such work, (B) amounts payable pursuant to Work Orders or claims arising from or relating to such work under the Comprehensive Agreement, or (C) the Department-Funded Administration Costs;

(ii) any amounts due to the Design-Builder under the Comprehensive Agreement to the extent the payment of such amounts, when combined with any other amounts paid by the Commission under this Agreement (including Administration Costs), would cause the aggregate amount of all the Commission's payments in relation to the Project to exceed the Maximum Commission Financial Commitment, unless and then solely to the extent the Commission expressly agrees under Section 3.09 (Additional Costs; Claims) to pay such amounts;

(iii) any cost or expense arising from or relating to the Early Work in excess of the limitations set forth in Section 3.12 (Early Work Funding);

(iv) any cost or expense arising from or relating to the I-564 Direct Connections unless and then solely to the extent the Commission expressly agrees (A) to the addition of the I-564 Direct Connections to the Design-Builder's scope of work under the Comprehensive Agreement in accordance with Section 4.09 (Optional Work: I-564 Direct Connections; Bridge Repair Option Work) and (B) to fund such cost or expense;

(v) the payment of the No Excuses Incentive Payment unless the Department is in compliance with its obligations set forth in Section 4.07 (No Excuses Incentive Payment);

(vi) any cost or expense arising from or relating to any Work Order or resolution of any claim that was required to be approved by the Commission pursuant to the terms of this Agreement but for which the Department did not receive the Commission's approval prior to the Department's execution of such Work Order; or

(vii) any cost or expense (including, without limitation, any compensation to the Design-Builder) arising out of or resulting from the Department's negligence, willful misconduct, violation of law, or breach of the Comprehensive Agreement or this

Agreement (any such negligence, willful misconduct, violation, or breach constituting “Department Fault”).

(c) The Commission shall be the sole determinant of the source of the Commission-Controlled Moneys to be provided and allocated to the Project and the amounts of any Commission-Controlled Moneys, if any, to be provided in excess of the Maximum Commission Financial Commitment.

(d) If funding from an additional federal or Commonwealth source is rescinded or otherwise becomes unavailable, the Commission (i) shall not be responsible for any amount in excess of the Maximum Commission Financial Commitment and (ii) may, at its option and in its sole discretion, (A) replace said reduced funding with Commission Controlled-Moneys or (B) request the Department to immediately suspend all work relating to the Project, whereupon the Parties will collaborate and consider the solutions (in order of priority) identified in clauses (i) through (iv) of Section 3.09 (Additional Costs; Claims); *provided* that, if (x) the Commission requests suspension, (y) the funding was not scheduled to be applied to a Department-Funded Design-Build Cost, and (z) the unavailability of the funding does not arise out of or result from Department Fault, the Commission shall be responsible for the costs reasonably incurred in connection with such suspension. If the reduced funding was scheduled to be applied to a Department-Funded Design-Build Cost, the Department will use its best efforts to replace the reduced funding. If the Commission or the Department does not replace the reduced funding or the Commission does not request the Department to suspend or discontinue work, the Department may reduce the Project scope or take any other actions needed to reduce Project costs.

(e) The Commission-Funded Budget assumes the inclusion of \$345,000,000 of toll-backed debt, and otherwise has been prepared without applying any Applicable Additional Funds. As soon as practicable after any Applicable Additional Funds are made available to the Project, Exhibit 3 (Project Budget) shall be updated by the Parties in a mutually acceptable manner to apply the Applicable Additional Funds to the Commission-Funded Budget by reducing the amount of Commission-Controlled Moneys assumed in the Commission-Funded Budget by an amount equal to the Applicable Additional Funds. The Parties shall undertake such update in good faith with the goal of producing a schedule that fairly accounts for when the Applicable Additional Funds will be available and will reduce the amounts that would otherwise be due from the Commission.

### **Section 3.02 General Obligations of the Department (Funding)**

(a) The Department shall not use any funds provided by the Commission, including the funds specified in Exhibit 3 (Project Budget), to pay any Project cost if (i) the HRTAC Act does not permit such Project cost to be paid with Commission-Controlled Moneys or (ii) such application of funds is not authorized by the terms of this Agreement.

(b) The Department (i) acknowledges that federal and Commonwealth funds and loans are being solicited or applied for by the Commission and/or the HRTPO for the Project, (ii) agrees to provide the Commission and the HRTPO with such support as may reasonably be requested in connection therewith, and (iii) agrees that if federal and/or Commonwealth funds are or have been awarded or committed to the Project (in addition to Commission Controlled-Moneys), the Department shall (A) take any and all necessary actions to satisfy any conditions to such additional

federal and/or Commonwealth funding (provided that such actions are within the control of the Department) and to enforce any commitments made in connection therewith and (B) comply with all applicable federal and Commonwealth funding requirements within the control or purview of the Department.

(c) No later than ninety (90) days after the date on which the Department makes final payment to the Design-Builder, and all claims relating to the Project have been resolved or are barred, in accordance with the Comprehensive Agreement, (i) the Department shall release or return to the Commission any unexpended funds that were to be supplied, or have been supplied, by the Commission, and (ii) the Commission shall not have any further obligations under this Agreement.

(d) The Department shall reimburse the Commission (or, at the direction of the Commission, such other entity as may have provided funds) for all funds provided by the Commission (or on behalf of the Commission) and, to the extent applicable and permitted by law, with interest for the period between the advancement date and the reimbursement date, calculated using the Applicable Rate, that (i) the Department misapplied, used or requisitioned in contravention of the HRTAC Act or any other applicable law, any term or condition of this Agreement, or any term or condition of the Comprehensive Agreement, or (ii) the Department paid to the Design-Builder or other third party and subsequently recouped.

(e) No later than ninety (90) days following the date on which the Department makes final payment to the Design-Builder pursuant to the Comprehensive Agreement, the Department shall certify to the Commission that that the Department has adhered to all applicable laws and regulations and all requirements of this Agreement.

### **Section 3.03 Maximum Commission Financial Commitment**

(a) Notwithstanding anything to the contrary set forth in this Agreement, the Commission's maximum financial commitment to the Project pursuant to this Agreement (which is subject to Section 7.02 (Appropriations Requirements)), shall not exceed an amount equal to the difference of (i) (A) three billion two-hundred seventeen million dollars (\$3,217,000,000) (as determined in year-of-expenditure dollars) *plus* (B) if the three hundred forty-five million dollars (\$345,000,000) in toll-backed financing contemplated by the Commission's funding plan is received by the Commission, three hundred forty-five million dollars (\$345,000,000), *minus* (ii) the Applicable Award Funds and Excess CTB-Sourced Toll Funds (the difference of (i) and (ii), the "Maximum Commission Financial Commitment"). (For example, (x) if the Commission does not receive the \$345,000,000 in toll-backed financing and does not receive any Applicable Award Funds, the Maximum Commission Financial Commitment would be \$3,217,000,000, (y) if the Commission receives the \$345,000,000 in toll-backed financing, but does not receive any Applicable Award Funds, the Maximum Commission Financial Commitment would be \$3,562,000,000, and (z) if the Commission receives the \$345,000,000 in toll-backed financing and Applicable Award Funds of \$100,000,000 are allocated to the Project, the Maximum Commission Financial Commitment would be \$3,462,000,000.)

(b) Subject to the terms and conditions otherwise set forth in this Agreement, the Maximum Commission Financial Commitment shall be available for the following (and solely the following) purposes (all dollar amounts are year-of-expenditures):

- (i) amounts to pay in accordance with Section 3.01(a) (General Rights and Obligations of the Commission) the costs of designing and constructing the Base Scope, other than (A) the South Island Trestle Bridge Replacement Work and (B) Deferred/Preventive Maintenance Work;
- (ii) Commission-Funded ROW Costs;
- (iii) the No Excuses Incentive Payment, if any, earned by the Design-Builder pursuant to the Comprehensive Agreement, in an amount not to exceed ninety million dollars (\$90,000,000);
- (iv) the Commission's *pro rata* share of the Administration Costs;
- (v) the Commission-Supported Contingency Reserve, as further described in Section 3.08(b) (Availability of Contingency Reserves; Tracking); and
- (vi) the Proposal Payment (as defined in the RFP), if any, to be made to the unsuccessful Offeror pursuant to the RFP, in an amount not to exceed four million dollars (\$4,000,000) (the "Unsuccessful Offeror Proposal Payment").

### **Section 3.04 Maximum Cumulative Compensation Amount Under Comprehensive Agreement**

(a) The Parties acknowledge and agree that the Comprehensive Agreement will set forth a maximum cumulative compensation amount (the "Maximum Cumulative Compensation Amount") for each month of construction of the Project and that, in any given month, the Design-Builder shall not be entitled to receive payments from the Department in excess of the Maximum Cumulative Compensation Amount for such month, unless otherwise agreed by the Parties.

(b) The Parties further acknowledge and agree that the Maximum Cumulative Compensation Amounts will be aligned with Exhibit 3 (Project Budget) and Exhibit 5, (Estimated Costs and Payout Schedule) to ensure that the Commission will have sufficient cash flows to pay for work performed in a given month up to the difference of (i) the Maximum Cumulative Compensation Amount for such month minus (ii) any Accelerated Payment (defined below) not previously deducted through application of this clause (ii).

(c) In any circumstance where the Department seeks to advance the funding schedule for the Project by exceeding the Maximum Cumulative Compensation Amount in one or more months, the Department shall submit a written request to the Executive Director explaining the Department's reasons why the acceleration of the funding schedule is in the best interests of the Project. Within seven (7) days of such written request, the Commission will evaluate the request and determine whether to provide any of the accelerated funding (the Commission's decision will be made by the Chair and Executive Director, if the amount to be provided is less than twenty

million dollars (\$20,000,000)). Any funding provided on an accelerated basis shall be an “Accelerated Payment.”

(d) The foregoing shall not prohibit the Department from providing its own funds to pay the costs of work for which the Commission is responsible under this Agreement in excess of the applicable Maximum Cumulative Compensation Amount(s) and from requesting reimbursement from the Commission of the funds advanced (without interest). The Department recognizes that the Commission’s reimbursement to the Department for having advanced any such funds will be dependent upon (i) the Commission’s cash flow position at the time such a request for reimbursement is submitted and (ii) the extent to which the reimbursement of any such advanced funding is otherwise consistent with the terms of this Agreement, including Exhibit 3 (Project Budget) and Exhibit 5 (Estimated Costs and Payout Schedule).

### **Section 3.05 Commission Cash Flow Estimates; Reporting; Cash Flow Reserve**

(a) The Department shall assist the Commission to periodically update its cash flow estimates for the Project, with the objective of keeping such estimates accurate throughout the performance of the Project; *provided* that any such updates shall not reduce the Maximum Cumulative Compensation Amounts for any month as set forth in the Comprehensive Agreement. The Department shall provide all available information reasonably required by the Commission so as to ensure and facilitate accurate cash flow estimates and accurate updates to those cash flow estimates throughout the construction of the Project; without limiting the foregoing, the Department shall provide the Commission in a timely manner the reports set forth on Exhibit 6 (Reports to be Provided by the Department).

(b) Beginning with the first month following the Department’s issuance of LNTP1 and continuing each month thereafter until the Final Completion Date, the Department shall provide the Executive Director with a monthly report that includes the information described in Exhibit 6 (Reports to be Provided by the Department).

### **Section 3.06 Development and Procurement Costs**

The Department and the Commission have entered into a Standard Project Agreement for the Funding and Administration for the HRCS Preferred Alternative Refinement (UPC 110577) dated March 16, 2017, as amended on December 13, 2018, pursuant to which the Commission agreed to reimburse the Department for up to thirty million dollars (\$30,000,000) in costs incurred with respect to the development and procurement of the Project. Such commitment has been separately fulfilled and does not have any effect on the Maximum Commission Financial Commitment under this Agreement.

### **Section 3.07 Administration Costs**

(a) The Parties shall be responsible for the Administration Costs *pro rata*. For purposes of this Agreement, “Administration Costs” means those costs incurred by the Department following the execution of the Comprehensive Agreement that relate to the administration of the Comprehensive Agreement (other than any compensation or other payments to the Design-Builder pursuant to the Comprehensive Agreement) and are of the type customarily incurred by public owners to administer projects of similar size and scope to the Project, such as, without limitation,

the costs described on Exhibit 7 (Examples of Administration Costs). The Department will use best efforts to keep Administration Costs below one hundred twenty-two million dollars (\$122,000,000) in the aggregate (for the avoidance of doubt, costs below such threshold shall be borne ratably). If aggregated Administration Costs exceed one hundred twenty-two million dollars (\$122,000,000), but are less than one hundred thirty-six million dollars (\$136,000,000), the Department will provide written notice and justification to the Commission for the additional Administration Costs (which shall be borne ratably), and such additional Administration Costs shall be paid from the Commission-Supported Contingency Reserve and the Department-Supported Contingency Reserve, as applicable. If Administration Costs exceed one hundred thirty-six million dollars (\$136,000,000) in the aggregate (the “Admin Cost Subcap”), then the Department will be financially responsible for all Administration Costs above the Admin Cost Subcap, *provided that*, the Department may seek, and will be entitled to receive, reimbursement from the Commission for the Commission’s ratable share of Administration Costs above the Admin Cost Subcap when the Project has achieved Final Completion and all claims relating to the Project have been resolved or are barred, but only to the extent there is a remaining balance in the Commission-Supported Contingency Reserve. Notwithstanding any other provision of this Agreement, the Administration Costs shall not exceed one hundred fifty million dollars (\$150,000,000) in the aggregate (the “Admin Cost Cap”).

(b) Notwithstanding anything to the contrary in Section 3.07(a) (Administrative Costs), the Admin Cost Subcap shall be subject to reduction (and not increase) as follows: if the incurrence by the Department of Administration Costs in excess of one hundred twenty-two million dollars (\$122,000,000) in the aggregate would, after apportioning a ratable share to the Commission, cause the remaining balance of the Commission-Supported Contingency Reserve to fall below the then-applicable Minimum Commission-Supported Contingency Amount, then, for purposes of Section 3.07(a) (Administrative Costs), the ratable share of Administrative Costs in excess of the one hundred twenty-two million dollars (\$122,000,000) threshold that are reimbursable by the Commission shall be limited to those excess costs (the “Covered Excess Costs”) that would not cause the remaining balance of the Commission-Supported Contingency Reserve to fall below the then-applicable Minimum Commission Supported Contingency Amount, and the Admin Cost Subcap will be reduced to an amount equal to the sum of (i) one hundred twenty-two million dollars (\$122,000,000), plus (ii) the quotient determined by dividing (A) the Covered Excess Costs, by (B) the Commission’s *pro rata* share.

### **Section 3.08 Availability of Contingency Reserves; Tracking**

(a) As part of its allocations to the Project for the South Island Trestle Bridge Replacement Work, the Department shall allocate, as a contingency reserve, an amount equal to nine million five hundred seventy-one thousand seven hundred twenty-three dollars (\$9,571,723) (the “Department-Supported Contingency Reserve”), to preserve funding capacity if the costs relating to the South Island Trestle Bridge Replacement Work exceed the costs for that work identified in the Department-Funded Budget.

(b) (i) As part of its allocations to the Project (and a component part of the Maximum Commission Financial Commitment), the Commission shall allocate, as a contingency reserve, an amount equal to three hundred twenty-five million four hundred twenty-eight thousand two hundred seventy-seven dollars (\$325,428,277) (the “Commission-Supported Contingency

Reserve”), to preserve funding capacity if the Project costs for which the Commission is responsible under this Agreement (the payment of which is subject to Section 3.01 (General Rights and Obligations of the Commission) and the limitations referenced therein), exceed the costs for that work identified in the Commission-Funded Budget. The Commission-Supported Contingency Reserve shall be allocated initially as follows: (A) one hundred twenty-five million four hundred twenty-eight thousand two hundred seventy-seven dollars (\$125,428,277) from Commission-Controlled Moneys made available by the Commission and (B) two hundred million dollars (\$200,000,000) made available by the Department, pursuant to action by the CTB on March 21, 2019 of its intent to award, on or before July 1, 2019, a SMART SCALE award to the Project in the amount of two hundred million dollars (\$200,000,000) (the “SMART SCALE Funds”) anticipated by Exhibit 3 (Project Budget). Following final action by the CTB to award the SMART SCALE Funds to the Project, the Parties shall allocate the SMART SCALE Funds to the payment of Commission-Funded Design-Build Costs, and the Commission-Controlled Moneys displaced by such allocation will continue to be available as part of the Maximum Commission Financial Commitment, but through the Commission-Supported Contingency Reserve.

(ii) If SMART SCALE Funds are not awarded or the amount awarded is less than the full two hundred million dollars (\$200,000,000), the Department shall make available funds, as and when needed, to replace the SMART SCALE Funds not received (i.e., the difference), from such other funds lawfully available to the Department for such purpose; the Parties will allocate the replacement funds to the payment of Commission-Funded Design-Build Costs and the Commission-Controlled Moneys displaced by such allocation will continue to be available as part of the Maximum Commission Financial Commitment, but through the Commission-Supported Contingency Reserve.

(c) For the avoidance of doubt, the Department-Supported Contingency Reserve and the Commission-Supported Contingency Reserve are separate, independent reserves and each reserve is available only for the purposes specified in this Agreement for that reserve (and may not be used for any purpose for which the other reserve has been established).

(d) At regular intervals during construction of the Project, including at the expiration of the Scope Validation Period, the Department will reassess in good faith and in consultation with the Commission, taking into account all material information (including, without limitation, any net savings), whether the contingency reserve amounts established pursuant to this Section 3.08 (Availability of Contingency Reserves; Tracking) may be reduced. Within ninety (90) days of determining that the Commission-Supported Contingency Reserve may be reduced, the Department will notify the Commission and the Commission will be entitled to the benefit of the entire reduction in the Commission-Supported Contingency Reserve to the extent permitted by applicable law.

(e) The Department shall maintain an account ledger for each of the Department-Supported Contingency Reserve and the Commission-Supported Contingency Reserve. The beginning balance in each reserve shall be the full amount established under this Agreement. The Department shall reduce the balance maintained with respect to a reserve to account for each payment made out of that reserve under the terms of this Agreement. The Department shall provide the Commission with a monthly report (in such format as the Parties may reasonably agree) identifying, for that month and cumulatively, the adjustments to the balance.

(f) Notwithstanding any other provision of this Agreement that may appear or be construed to the contrary, the Department shall reduce the available balance of the Commission-Supported Contingency Reserve, dollar-for-dollar, by each dollar for which the Commission reimburses the Department under the Standard Project Agreement for the Segment 3 (Capital Improvements) Project - UPC 118376 (also referred to as the Segment 3 Tolling Infrastructure SPA), just as if each such dollar had been expended for a cost of the Project under this Agreement. If Additional Costs are identified in accordance with Section 3.09 (and not otherwise excluded under clause (d) of Section 3.09) and the Commission has funded the entire Commission-Funded Budget, then before the Parties collaborate to consider the solutions enumerated in Section 3.09 (Additional Costs; Claims), the Commission shall make available up to \$8,530,419 to fund such Additional Costs until the Commission has met its Maximum Commission Financial Commitment.

### **Section 3.09 Additional Costs; Claims**

(a) On a quarterly basis, or monthly, if the remaining balance of the Commission-Supported Contingency Reserve is less than the Minimum Commission-Supported Contingency Amount then-required, the Department shall evaluate whether the costs to complete the Project (that are subject to payment by the Commission), when combined with payments that have been made or that are then pending, could reasonably be expected to exceed the Commission-Funded Budget (such that the Commission will have funded its entire Maximum Commission Financial Commitment). Following completion of this analysis, the Department shall promptly notify the Executive Director of the results of its analysis, and if the Department determines that additional unbudgeted costs may be incurred to complete the Project ("Additional Costs"), the notice shall include (w) a description and itemization of the Additional Costs, (x) an explanation of how the Additional Costs arose and the assumptions in the Commission-Funded Budget and Department-Funded Budget, as applicable, regarding such costs, (y) an itemized estimate of the Additional Costs, and (z) if applicable, the certification required by clause (e) below. If the Department notifies the Commission that Additional Costs may be incurred, then, subject to clause (d) below, the Parties will collaborate and consider the following solutions (in order of priority):

- (i) reducing the Project scope, re-engineering, and/or considering value engineering options;
- (ii) re-applying to the Project any Commission-Controlled Moneys that have been supplanted in the Commission-Funded Budget by any Applicable Award Funds;
- (iii) identifying other funding sources; and
- (iv) terminating the Comprehensive Agreement.

(b) The Parties will implement any mutually-agreed solution. If the respective obligations of the Department and the Commission are modified by the mutually-agreed solution, then such modifications shall be set forth in a mutually acceptable amendment to this Agreement. If the Additional Costs can be offset dollar-for-dollar within the Commission-Funded Budget by effecting adjustments to the scope or design of the Project (and the Commission agrees to the option set forth in clause (i) of Section 3.09(a) (Additional Costs; Claims)), then, subject to the

other terms and limitations in this Agreement, such Additional Costs shall be paid from Commission-Controlled Moneys.

(c) The Parties acknowledge and agree that Additional Costs could result from one or more claims made by the Design-Builder pursuant to the Comprehensive Agreement. The Department shall promptly notify the Commission if any such claims are made or the Department receives a notice of intent to file a claim or other written communication from the Design-Builder relating to a claim or contractual dispute that could result in increased contract costs, and whether in each such case the claimed amount is expected to become, or result in, Additional Costs (and the estimate thereof) or is expected to have a material adverse effect on the Commission-Supported Contingency Reserve or the Department-Supported Contingency Reserve (and the estimated effect thereon). The Department shall be responsible to handle all such claims and notices of intent, but the Department may not settle any claim or notice of intent to file a claim and thereafter submit it as an Additional Cost pursuant to Section 3.09(a) (Additional Costs; Claims) unless the settlement has been approved by the Commission.

(d) Notwithstanding anything to the contrary set forth herein, if any Additional Cost (including, without limitation, any Additional Cost relating to a Design-Builder claim described in Section 3.09(c) (Additional Costs; Claims) or other third party claim) either (i) arises out of or relates to the South Island Trestle Bridge Replacement Work or the Deferred/Preventive Maintenance Work, or both; or (ii) arises out of or results from Department Fault, the Department, not the Commission, shall be responsible for such costs.

(e) To the extent that neither item (i) nor item (ii) of Section 3.09(d) (Additional Costs; Claims) applies to any Additional Cost, then the notice required by Section 3.09(a) (Additional Costs; Claims) with respect to such Additional Cost shall be accompanied by a certification from the Department that it has determined in good faith that such Additional Cost neither (i) arises out of or relates to the South Island Trestle Bridge Replacement Work or the Deferred/Preventive Maintenance Work, or both, nor (ii) arises out of or results from Department Fault.

### **Section 3.10 SMART SCALE and other Award Funding**

(a) Upon the award of the SMART SCALE Funds referenced in Section 3.08(b) (Availability of Contingency Reserves; Tracking) and anticipated by Exhibit 3 (Project Budget) (and for which the CTB has evidenced its intent to award), the SMART SCALE Funds will be allocated to the Commission-Funded Design-Build Costs, but the SMART SCALE Funds will not be factored into the calculation of the Maximum Commission Financial Commitment, nor will payments in respect of such award be counted as funds provided by the Commission against the Maximum Commission Financial Commitment.

(b) If the Project receives any funding in addition to the SMART SCALE award of two hundred million dollars (\$200,000,000) anticipated by Exhibit 3 (Project Budget) from sources not already identified in Exhibit 3 (Project Budget) (e.g., INFRA), such award will reduce on a dollar-for-dollar basis the Commission-Controlled Moneys allocated to the Project or required to be funded by the Commission against the Maximum Commission Financial Commitment, except to the extent the Parties agree the basis or the lawful use of such award is to support or replace funding for any Project cost that is not the Commission's responsibility (such as the South Island

Trestle Bridge Replacement Work) or to fund Additional Costs, in which case the Department and the Commission shall work together in good faith to determine how such additional funding should be applied to the Project, taking into consideration the reasons why such additional funding became available, and determine if and to what extent such additional funding should replace funding previously committed to the Project by the Commission and/or the Department pursuant to this Agreement.

### **Section 3.11 Funding the South Island Trestle Bridge Replacement Work**

(a) The Department shall be responsible to (i) pay the costs of designing and constructing the South Island Trestle Bridge Replacement Work, (ii) pay its *pro rata* share of the Administration Costs, and (iii) allocate the Department-Supported Contingency Reserve (such costs, which are set forth on Exhibit 3 (Project Budget) collectively, the “South Island Trestle Bridge Replacement Costs”).

(b) The Department shall be solely responsible for paying the South Island Trestle Bridge Replacement Costs. For the avoidance of doubt, the South Island Trestle Bridge Replacement Costs will not be supported by the Commission or the HRTF, or by any toll revenues collected with respect to any facility constructed or improved with funding provided by or from the Commission or the HRTF, including, without limitation, the Project.

(c) The Comprehensive Agreement includes a provision that gives the Department the right, exercisable at any time within one hundred eighty (180) days following execution of the Comprehensive Agreement and without additional consideration, to remove the South Island Trestle Bridge Replacement Work from the Project scope (the “Opt-Out Right”).

(d) The Department has identified a funding source for the South Island Trestle Bridge Replacement Work, other than Commission-Controlled Moneys, toll backed financing, or the anticipated SMART SCALE award, and agrees not to exercise the Opt-Out Right.

### **Section 3.12 Early Work Funding**

(a) The Department acknowledges and agrees that, in no event shall the total aggregate amount of compensation paid by the Commission in respect of Early Work exceed two hundred fifty million dollars (\$250,000,000), unless each of the conditions for the additional Early Work funding set forth in Section 5.1.1.4 of the Comprehensive Agreement are satisfied, in which case the total amount of compensation paid by the Commission in respect of Early Work shall be increased by an additional aggregate amount up to but not in excess of seventy-five million dollars (\$75,000,000) (such amount, the “Additional Early Work Funding”). (For the avoidance of doubt, any Additional Early Work Funding provided by the Commission shall reduce dollar-for-dollar the Commission-Funded Design-Build Costs that would otherwise be payable after NTP.)

(b) In the event the Department terminates the Comprehensive Agreement the Department will refund any Additional Early Work Funding actually paid by the Commission toward the Project if (i) the termination occurred prior to the issuance of NTP or (ii) the termination occurred within ninety (90) days of issuing NTP and, at the time NTP was issued, the Department had actual knowledge of the event or circumstance that was the primary reason for termination.

### **Section 3.13 Proportionality**

(a) Whenever this Agreement requires costs, savings, or payments to be shared by the Parties *pro rata*, the portion of such costs, savings, or payments, as applicable, shared by each Party shall be calculated as follows:

(i) the Department's share will be measured by applying the Department Sharing Percentage; and

(ii) the Commission's share will be measured by applying a percentage equal to one hundred percent (100%) minus the Department Sharing Percentage.

### **Section 3.14 Department's Covenants for Bond-Related Projects**

The Department shall comply in all material respects with the Tax Covenants for Bond-Funded Projects set forth in Exhibit 14 (Tax Covenants for Bond-Funded Projects).

## **ARTICLE 4.**

### **DELIVERY OF THE PROJECT**

#### **Section 4.01 General Obligations of the Department (Delivery)**

(a) The Department shall perform or shall cause to be performed in accordance with the Department's standards for highways, bridges and tunnels (and all applicable federal, state, and local laws and regulations) all design and engineering, all environmental work, and all permitting, right of way acquisition, construction, contract administration, testing services, inspection services, or capital asset acquisitions that may be necessary for completion of the Project.

(b) The Department acknowledges and agrees that it is solely responsible for the development, design, construction, and administration of the Project and all engagements, commitments and agreements with the Design-Builder. All such engagements, commitments and agreements with the Design-Builder shall be integrated into and evidenced by the Comprehensive Agreement. The Department shall enter into the Comprehensive Agreement with the Design-Builder on or before May 15, 2019. The final, complete form of the Comprehensive Agreement (including all exhibits, appendices and attachments thereto) shall reflect a fixed price for the Base Scope (Contract Price) of three billion two hundred ninety-nine million nine hundred ninety-seven thousand two hundred twenty-seven dollars (\$3,299,997,227) and shall be in substantially the form attached hereto as Exhibit 8 (Form of Comprehensive Agreement). Before executing and delivering the Comprehensive Agreement, the Department shall provide the Commission with the final, complete form of the Comprehensive Agreement (including all exhibits, appendices and attachments thereto) and shall identify all modifications to the form attached as Exhibit 8 (Form of Comprehensive Agreement). The Department shall not incorporate any material modification into the final, complete form of the Comprehensive Agreement, or thereafter make any material amendment to the Comprehensive Agreement, except for any Work Order permitted under Section 4.03 (Work Orders Increasing the Contract Price; Claims).

(c) The Department shall perform its responsibilities in accordance with the terms of the Comprehensive Agreement, applicable law, and in a manner that is consistent in all material respects with the policies, procedures and practices that the Department uses where the Commonwealth or Department bears the cost of a project. Without limiting the foregoing, the Department shall (i) administer and enforce all contracts with contractors, including, without limitation, the Comprehensive Agreement, and (ii) ensure that the Design-Builder maintains the payment and performance security and insurance in the amounts and with the terms and coverages required by the Comprehensive Agreement. Without limiting the foregoing, the Department shall ensure that the Design-Builder names the Commission, its members, officers, employees, agents and the Commission's bond trustee, Wilmington Trust National Association (or its successor as Commission shall identify in writing to the Department) as additional insureds under all insurance policies.

(d) If the Department determines that a delay will more likely than not prevent the timely completion of a material phase of the Project (e.g., preliminary engineering or right-of-way acquisition), or achievement of Substantial Completion by the Substantial Completion Deadline or achievement of Final Completion by the Final Completion Deadline, the Department shall notify the Commission in writing and provide the Commission with such information as the Commission may reasonably request, including information pertaining to potential corrective measures and remedies against the Design-Builder. If the Department and the Commission mutually develop a model notice for such purposes, the Department's notice will follow the format of the model.

(e) The Department acknowledges and agrees that the Department is solely responsible to obtain or cause its contractors to obtain, and shall obtain, all permits, permissions and approvals necessary to design, construct and operate the Project, whether before, upon or following Final Completion, including, but not limited to, all those required by the Department and all local land use permits, zoning approvals, environmental permits, and regulatory approvals.

(f) With respect to the management of the Comprehensive Agreement, the Department acknowledges and agrees that it shall:

(i) refrain from taking any of the actions set forth in Section 1 of Exhibit 13 (Limitations on Actions under Comprehensive Agreement) without the prior written consent of the Commission, which consent shall not be unreasonably withheld;

(ii) refrain from taking any of the actions set forth in Section 2 of Exhibit 13 (Limitations on Actions under Comprehensive Agreement) without first consulting the Commission and permitting the Commission a reasonable opportunity to provide input on the advisability of the proposed action, the potential ramifications thereof, and any viable alternatives to the proposed action; and

(iii) either take or refrain from taking, as applicable, any of the actions set forth Section 3 of Exhibit 13 (Limitations on Actions under Comprehensive Agreement) upon its receipt of written request from the Commission;

*provided that, with respect to any action that is subject to the requirements of this Section 4.01(f) (General Obligations of the Department (Delivery)), the Commission, acting through the Executive Director, shall have the right to discuss such action directly with the Commissioner.*

## **Section 4.02 Ownership and Use of the Project Following Final Completion**

(a) Subject to and consistent with the requirements of Section 7.02 (Appropriations Requirements), upon final payment to the Design-Builder, the Department will own and use the Project for its intended purposes for the duration of the Project's useful life.

(b) Following Final Completion, the Department shall be responsible to operate and maintain the Project at its own cost and expense and without the use of any toll revenues generated by the Project; *provided that under, and subject to the terms of, the Master Tolling Agreement, the Department may be entitled to use any such toll revenues to pay (i) the costs of collecting and enforcing tolls on the Project (including related back office costs) and (ii) for the installation, operation, and maintenance of the Project's toll collections operating system and equipment.*

(c) For the avoidance of doubt, the Commission shall not, under any circumstance, have any responsibility or obligation to operate or maintain the Project, whether before, upon or following Final Completion, to provide funding for roadway operations or maintenance, or to provide funding to correct any defects.

## **Section 4.03 Work Orders Increasing the Contract Price; Claims**

Subject to Section 4.03(f) (Work Orders Increasing the Contract Price; Claims), prior to issuing to the Design-Builder any Work Order increasing the Contract Price, the Department shall coordinate with the Commission and, if required under this Section 4.03 (Work Orders Increasing the Contract Price; Claims), secure the Commission's approval in accordance with the protocols set forth in this Section 4.03 (Work Orders Increasing the Contract Price; Claims). Similarly, subject to Section 4.03(i) (Work Orders Increasing the Contract Price; Claims), prior to resolving any claim, the Department shall coordinate with the Commission and, if required under this Section 4.03 (Work Orders Increasing the Contract Price; Claims), secure the Commission's approval in accordance with the protocols set forth in this Section 4.03 (Work Orders Increasing the Contract Price; Claims).

(a) With respect to proposed Work Orders arising from any Differing Roadway and Bridge Improvements Scope Issues identified by Design-Builder during the Scope Validation Period, the Department shall have sole authority to execute any such proposed Work Orders up to a total aggregate value of twenty percent (20%) of the Commission-Supported Contingency Reserve; *provided that, prior to executing a proposed Work Order with a value exceeding twenty million dollars (\$20,000,000) (net increase), the Department shall (x) provide to the Chair and the Executive Director a written briefing report regarding the nature of such proposed Work Order and the basis for the Department's desire to execute it, (y) timely respond to any reasonable requests by the Commission for additional information, and (z) allow the Chair and/or Executive Director (along with the Commission's advisors) a reasonable opportunity to provide input on the proposed Work Order. Should the value of any Work Order arising from any Differing Roadway and Bridge Improvements Scope Issues identified during the Scope Validation Period, when taken*

together with all other Work Orders arising from issues encountered during the Scope Validation Period, cause the total aggregate value to exceed twenty percent (20%) of the Commission-Supported Contingency Reserve Amount, the Department shall obtain the written approval of Commission in accordance with clause (e) below prior to executing any additional Work Orders arising from any Differing Roadway and Bridge Improvements Scope Issues identified by the Design-Builder during the Scope Validation Period.

(b) With respect to proposed Work Orders arising either (i) from issues other than Differing Roadway and Bridge Improvements Scope Issues identified by the Design-Builder during the Scope Validation Period or (ii) after the Scope Validation Period, the Department shall have sole authority to execute such Work Orders up to a value of twenty million dollars (\$20,000,000) (net increase) per Work Order; *provided* that, prior to executing a proposed Work Order with a value exceeding five million dollars (\$5,000,000) (net increase), the Department shall (x) provide to the Chair and/or the Executive Director a written briefing report regarding the nature of such proposed Work Order and the basis for the Department's desire to execute it, (y) timely respond to any reasonable requests by the Commission for additional information, and (z) allow the Chair and/or Executive Director (along with the Commission's advisors) a reasonable opportunity to provide input on the proposed Work Order. Should the value of any proposed Work Order exceed twenty million dollars (\$20,000,000), the Department shall obtain the written approval of the Commission in accordance with clause (e) below prior to executing such proposed Work Order.

(c) In addition to the requirements of clause (a) and clause (b) above, if the execution of any proposed Work Order would cause the remaining balance of the Commission-Supported Contingency Reserve to fall below the then-applicable Minimum Commission-Supported Contingency Amount (as defined in clause (d) below), then the Department shall obtain the written approval of the Commission in accordance with clause (e) below prior to executing such proposed Work Order.

(d) The "Minimum Commission-Supported Contingency Amount" shall be determined as follows:

(i) for the period between the date on which the Department issues LNTP1 and the date that is ninety (90) days following the expiration of the Scope Validation Period, the Minimum Commission-Supported Contingency Amount shall be equal to eighty percent (80%) of the Commission-Supported Contingency Reserve;

(ii) for the period between the ninety-first (91st) day following the expiration of the Scope Validation Period and the date on which the Department issues NTP, the Minimum Commission-Supported Contingency Amount shall be equal to sixty percent (60%) of the Commission-Supported Contingency Reserve;

(iii) for the period between the Department's issuance of NTP and the date on which the Design-Builder completes tunnel excavation work the Minimum Commission-Supported Contingency Amount shall be equal to fifteen percent (15%) of the Commission-Supported Contingency Reserve;

(iv) for the period between the Design-Builder's completion of the tunnel excavation work and the Final Completion Date, the Minimum Commission-Supported Contingency Amount shall be equal to seven percent (7%) of the Commission-Supported Contingency Reserve; and

(v) for the period between the Final Completion Date and the date on which all claims relating to the Project are resolved, the Minimum Commission-Supported Contingency Amount shall be equal to zero percent (0%) of the Commission-Supported Contingency Reserve.

(e) Whenever written approval from the Commission is required pursuant to this Section 4.03 (Work Orders Increasing the Contract Price; Claims) prior to the Department's execution of a proposed Work Order, the Department's request for such approval will be processed by the Commission in accordance with the following procedures.

(i) Written approval of the Chair and the Executive Director, delivered after obtaining specific authorization from the Commission's governing body, shall be required with respect to any proposed Work Order that either (x) exceeds twenty million dollars (\$20,000,000) or (y) would surpass the aggregate limit set forth in clause (ii) below. The Commission's governing body will meet to consider on the Department's request for approval for any such Work Order within fifteen (15) calendar days of the Department's written request to the Commission for approval.

(ii) Written approval of the Chair and the Executive Director (without the necessity of specific authorization from the Commission's governing body) shall be required with respect to any proposed Work Order with a value equal to or less than twenty million dollars (\$20,000,000) (up to an aggregate limit of fifty million dollars (\$50,000,000) per project year for all such Work Orders, subject only to adjustments as set forth in Section 4.03(e)(iii) (Work Orders Increasing the Contract Price; Claims)). The Chair and the Executive Director will act on the Department's request for approval of any such Work Order within seven (7) calendar days of Department's written request to Commission for approval.

(iii) With respect to any proposed Work Order requiring the prior approval of Commission's full governing body, if a meeting of the Commission governing body is called within fifteen (15) calendar days of the Department's written request to the Commission for approval but the Commission's governing body is unable to consider the proposed Work Order at the meeting because a quorum is not present or the members present do not have the requisite voting power to act, then, within an additional fifteen (15) days, the Commission's governing body shall call another meeting to consider such proposed Work Order. If the Commission still is unable to consider the proposed Work Order at the meeting within such additional fifteen (15) days, then for that Work Order, the aggregate annual limit of fifty million dollars (\$50,000,000) under Section 4.03(e)(ii) (Work Orders Increasing the Contract Price; Claims) with respect to decisions by the Chair and the Executive Director shall be deemed to have been increased by an additional fifty million dollars (\$50,000,000) (to an aggregate of one hundred million dollars (\$100,000,000)) and such proposed Work Order shall then be treated as a Work Order that

is subject to review and approval by the Chair and the Executive Director under Section 4.03(e)(ii) (Work Orders Increasing the Contract Price; Claims) provided the value of such proposed Work Order is within the new aggregate limit established pursuant to this Section 4.03(e)(iii) (Work Orders Increasing the Contract Price; Claims).

(iv) With respect to any proposed Work Order requiring the prior approval of the Chair and the Executive Director, if the Chair and the Executive Director do not provide the Department with an approval or rejection of the proposed Work Order within seven (7) calendar days of the Department's request to the Commission for approval, the proposed Work Order will be deemed approved by the Commission.

(v) For any proposed Work Order requiring prior written approval of the Commission, the Department shall (x) provide to the Commission a written briefing report regarding the nature of such proposed Work Order and the basis for the Department's desire to execute it and (y) timely respond to any reasonable requests by the Commission for additional information.

(f) Except as provided in Section 4.03(g) (Work Orders Increasing the Contract Price; Claims), the requirements of this Section 4.03 (Work Orders Increasing the Contract Price; Claims) shall not apply with respect to any Work Order either (i) arising out of or relating to the South Island Trestle Bridge Replacement Work or the Deferred/Preventive Maintenance Work, or both, or (ii) arising out of or resulting from Department Fault. For those Work Orders, however, the Department shall keep the Commission informed in a timely manner when such a Work Order is being considered and of its ultimate disposition, and shall provide the Commission such information concerning such Work Orders as the Commission may reasonably request, including, without limitation: work description; cost and delay implications of the Work Order; and effect on Administration Costs and reserves.

(g) To the extent that Section 4.03(f) (Work Orders Increasing the Contract Price; Claims) does not apply to a Work Order, then, for each such Work Order, the Department shall provide to the Commission a certification that the Department has determined in good faith that the Work Order neither (i) arises out of or relates to the South Island Trestle Bridge Replacement Work or the Deferred/Preventive Maintenance Work, or both, nor (ii) arises out of or results from Department Fault.

(h) The Department shall promptly notify the Commission if any claim is made or the Department receives a notice of intent to file a claim or other written communication from the Design-Builder relating to a claim or contractual dispute (whether during or after the Scope Validation Period) that could result in increased contract costs, and whether in each such case the claimed amount is expected to have a material adverse effect on the Commission-Supported Contingency Reserve or the Department-Supported Contingency Reserve (and the estimated effect thereon). Any resolution of such claim proposed by the Department shall be subject to clause (a), clause (b) and clause (c) above as if the amount to be paid under the proposed resolution was a proposed Work Order in an equivalent amount.

(i) Except as provided in Section 4.03(j) (Work Orders Increasing the Contract Price; Claims), the requirements of this Section 4.03 (Work Orders Increasing the Contract Price; Claims),

Claims) shall not apply with respect to any claim either (i) arising out of or relating to the South Island Trestle Bridge Replacement Work or the Deferred/Preventive Maintenance Work, or both, or (ii) arising out of or resulting from Department Fault. For those claims, however, the Department shall keep the Commission informed in a timely manner when such a claim is being considered and of its ultimate disposition, and shall provide the Commission such information concerning such claims as the Commission may reasonably request.

(j) To the extent that Section 4.03(i) (Work Orders Increasing the Contract Price; Claims) does not apply to a claim, then, for each such claim, the Department shall provide to the Commission a certification that the Department has determined in good faith that the claim neither (i) arises out of or relates to the South Island Trestle Bridge Replacement Work or the Deferred/Preventive Maintenance Work, or both, nor (ii) arises out of or results from Department Fault.

#### **Section 4.04 [Intentionally Omitted.]**

#### **Section 4.05 Contract Price Increases from Unit Price Work or Commodities Adjustments**

The Comprehensive Agreement contains certain items, which are summarized on Exhibit 9 (Unit Price Work and Commodity Adjustment Items), for which actual corresponding compensation under the Comprehensive Agreement will fluctuate, without a corresponding Work Order, based on, as applicable (and as described on Exhibit 9 (Unit Price Work and Commodity Adjustment Items)), the actual units of work undertaken by the Design-Builder or the pricing of the applicable commodity. For such items, to the extent the cost of such items exceeds the amount estimated in the Design-Builder's price proposal, such excess will be paid out of the Commission-Supported Contingency Reserve or the Department-Supported Contingency Reserve, as applicable. In order to properly account for the effect of such excess costs, with each payment requisition under Section 5.02 (Payment Requisitions), the Department shall provide reasonable detail regarding increases resulting from unit pricing or commodities adjustments, including with respect thereto an identification of the aggregate amount invoiced that is payable out of the Commission-Supported Contingency Reserve or the Department-Supported Contingency Reserve. Solely for purposes of this Section 4.05 (Contract Price Increases from Unit Price Work or Commodities Adjustments), the Bridge Repair Option Work shall not be treated as unit price work and the payment of the cost of such work shall be in accordance with Section 4.09 (Optional Work: I-564 Direct Connections; Bridge Repair Option Work).

#### **Section 4.06 Changes to Comprehensive Agreement that Reduce Contract Price**

(a) With respect to modifications to the Comprehensive Agreement that reduce the Contract Price, (i) the Department will be entitled to any savings arising from reductions in costs relating to the South Island Trestle Bridge Replacement Work and (ii) the Commission will be entitled to any savings arising from reductions in costs relating to work other than the South Island Trestle Bridge Replacement Work. For modifications to the Comprehensive Agreement that reduce the Contract Price, the Parties will meet and confer to arrive at an equitable allocation in accordance with (i) and (ii) above, and if the Parties determine the savings are not reasonably divisible between (i) and (ii) above, the Parties will share such savings *pro rata* unless otherwise

mutually agreed. If such a modification results in savings to the Commission, the Commission-Funded Design-Build Costs shall be reduced by the amount thereof (the “Commission-Cost Reduction Amount”).

(b) The Commission-Cost Reduction Amount shall be available to pay the cost of the Required Work, if any, in accordance with Section 4.09(b) (Optional Work: I-564 Direct Connections; Bridge Repair Option Work). If all or any portion of the Commission-Cost Reduction Amount remains following the use of such funds to pay the cost of Required Work the Commission-Supported Contingency Reserve will be increased by the amount of any remaining Commission-Cost Reduction Amount. For the avoidance of doubt, neither (i) the use of the Commission-Cost Reduction Amount to pay the cost of Required Work nor (ii) any increase to the Commission-Supported Contingency Reserve funded using the Commission-Cost Reduction Amount shall result in an increase to the Maximum Commission Financial Commitment.

#### **Section 4.07 No Excuses Incentive Payment**

(a) The Department shall include in the Comprehensive Agreement a mechanism by which the Design-Builder may earn a no excuses incentive payment for the early achievement of Substantial Completion (the “No Excuses Incentive Payment”) in an amount not to exceed ninety million dollars (\$90,000,000). The amount of the No Excuses Incentive Payment shall decline, progressively to zero dollars (\$0) over a five-month period during which the Design-Builder may achieve Substantial Completion, with no incentive payable if Substantial Completion is achieved on or after September 1, 2025.

(b) Notwithstanding any potential adjustments to the Contract Times under the Comprehensive Agreement to which the Design-Builder may be entitled, the deadlines relating to the calculation and payment of the No Excuses Incentive Payment shall not be adjusted for any cause, reason, or circumstance whatsoever, except upon the mutual agreement of the Department and the Commission. The Department shall not pay the No Excuses Incentive Payment (and the Commission shall not be liable therefor under Section 3.01(a) (General Rights and Obligations of the Commission)) unless all applicable conditions under the Comprehensive Agreement, including, without limitation, the Design-Builder’s release of all claims relating to the Project in accordance with the terms thereof, have been satisfied in full.

#### **Section 4.08 Delay Liquidated Damages and Other Damages and Recoveries**

(a) The Department shall include in the Comprehensive Agreement a liquidated damages regime whereby the Design-Builder is assessed liquidated damages if (i) Substantial Completion is not achieved by the Substantial Completion Deadline or (ii) Final Completion is not achieved by the Final Completion Deadline (such liquidated damages, the “Delay Liquidated Damages”).

(b) In the administration or enforcement of the Comprehensive Agreement, the Department may also receive certain other damages payments, insurance proceeds or recoveries from third parties, including, without limitation, payments from guarantors, sureties or insurers (collectively, “Other Damages and Recoveries”).

(c) Unless otherwise agreed by the Parties, the Delay Liquidated Damages paid by the Design-Builder to the Department and any Other Damages and Recoveries received by the Department (including any payments received under any guarantee, letter of credit, surety bond or other performance security instrument in respect of such Delay Liquidated Damages or Other Damages and Recoveries) will be shared by the Parties *pro rata*.

#### **Section 4.09 Optional Work: I-564 Direct Connections; Bridge Repair Option Work**

(a) Pursuant to the RFP, the Department has solicited pricing for the design and construction of the I-564 Direct Connections, as further described in Exhibit 2 (Project Scope), as a discrete line item in the price proposals submitted by the Offerors. Under the Comprehensive Agreement, the I-564 Direct Connections work shall be an option and shall not be added to the scope of work to be performed by the Design-Builder unless mutually-agreed by the Parties (and subject to the identification of a funding mechanism for the I-564 Direct Connections).

(b) Under the Comprehensive Agreement, the Bridge Repair Option Work shall be an option and shall not be added to the scope of work to be performed by the Design-Builder unless and until that work is addressed in the manner described in this Section 4.09(b) (Optional Work: I-564 Direct Connections; Bridge Repair Option Work).

(i) The Department shall give the Commission not less than thirty (30) days' notice of the Department's intent to exercise the option. Promptly following the Commission's receipt of such notice, the parties shall meet to review the scope of the Bridge Repair Option Work and to mutually determine, acting reasonably, which components, if any, of the Bridge Repair Option Work constitute Deferred/Preventive Maintenance Work and which components, if any, of the Bridge Repair Option Work constitute work that is required to be completed in order to achieve Final Completion in accordance with the standards and specifications applicable to the Project and is not otherwise Deferred/Preventive Maintenance Work (such work required to achieve Final Completion, the "Required Work").

(ii) The Department shall be entitled to add to the scope of work to be performed by the Design-Builder, via Work Order, the Bridge Repair Option Work that the parties determine constitutes Required Work and the cost of such work shall be funded in accordance with clause (iii) below. The Department shall be entitled to add to the scope of work to be performed by the Design-Builder, via Work Order, the Bridge Repair Option Work that the parties determine constitutes Deferred/Preventive Maintenance Work if and only to the extent the Department assumes responsibility to pay the costs of such work from funds other than Commission-Controlled Moneys. For the avoidance of doubt, the Commission shall not be responsible in any manner for any costs associated with any Deferred/Preventive Maintenance Work; instead, all such costs shall be the sole responsibility of the Department.

(iii) The cost of the Required Work shall be funded as follows:

- (A) *first*, from the savings, if any, to the Department arising from reductions in costs relating to the South Island Trestle Bridge Replacement Work pursuant to Section 4.06(a) (Changes to Comprehensive Agreement that Reduce Contract Price);
- (B) *second*, to the extent the funds described in clause (A) above are not sufficient to pay the cost of the Required Work, from the savings, if any, to the Commission arising from reductions in costs relating to work other than South Island Trestle Bridge Replacement Work pursuant to Section 4.06(a) (Changes to Comprehensive Agreement that Reduce Contract Price); and
- (C) *third*, to the extent the funds described in clause (A) and clause (B) are not sufficient to pay the cost of the Required Work, by the Department; *provided*, that upon Final Completion, the Department shall be entitled to request reimbursement of such costs in accordance with clause (iv) below.

(iv) If (x) the Project achieves Final Completion, (y) all claims relating to the Project have been resolved or are barred, and (z) the Commission has satisfied all of its payment obligations under this Agreement, expressly including all of its obligations under Section 3.01(a) (General Rights and Obligations of the Commission) and Section 3.07 (Administration Costs), there is still a remaining balance in the Commission-Supported Contingency Reserve, the Department may request reimbursement from the Commission of the amounts paid by the Department to the Design-Builder for the Required Work in accordance with Section 4.09(b)(iii)(C) (Optional Work: I-564 Direct Connections; Bridge Repair Option Work), not to exceed the remaining balance in the Commission-Supported Contingency Reserve. Upon receipt of such request, the parties will meet and confer in good faith to confirm that the Department is entitled to request reimbursement pursuant to the preceding sentence. In connection therewith, the Department shall deliver such certifications as the Commission may reasonably request. If (and to the extent) the Commission determines, in its reasonable discretion, that the reimbursement request has been properly made (and, for the avoidance of doubt, does not exceed the remaining balance in the Commission-Supported Contingency Reserve), the Commission will reimburse the Department the amount properly requested.

#### **Section 4.10 Books and Records**

- (a) The Department shall maintain all original conceptual drawings and renderings, architectural and engineering plans, site plans, inspection records, testing records, and as-built drawings for the Project for the time periods required by the Virginia Public Records Act and any other applicable records retention laws or regulations.
- (b) The Department shall maintain complete and accurate financial records relating to the Project for all time periods as may be required by the Virginia Public Records Act and by all other applicable Commonwealth or federal records retention laws or regulations.
- (c) The Department shall provide the Commission with electronic copies of (i) all monthly reports prepared by Design-Builder and submitted to the Department pursuant to the

Comprehensive Agreement and (ii) upon the request of the Commission, copies of any investigation or inspection reports that the Department may have produced in connection with a review of the Design-Builder's books and records.

(d) The Department acknowledges and agrees that the Commission shall, upon reasonable notice, be afforded access to the Design-Builder's Books and Records in accordance with Section 7.5 (*Record Maintenance and Retention of Records*) of the Comprehensive Agreement.

(e) The Commission shall, upon making final payment to the Department for the Project, retain copies of all contracts, financial records, design, construction, and as-built Project drawings and plans, if any, developed pursuant to or in association with the Project for the time periods required by the Virginia Public Records Act and as may be required by other applicable records retention laws and regulations.

#### **Section 4.11 Commission Interest in Project Assets**

(a) The Department agrees to use the real property and appurtenances and fixtures thereto, capital assets, equipment and all other transportation facilities that are part of the Project and funded by the Commission under this Agreement ("Assets") for the designated transportation purposes of the Project and in accordance with applicable law throughout the useful life of each such Asset. If the Department intends to sell, convey, or dispose any Asset funded with the Commission funds or intends to use any Asset for a purpose inconsistent with this Agreement, the Department shall notify the Executive Director in writing of any such intent before further action is taken by the Department in furtherance thereof. Upon receiving notification from the Department, the Executive Director shall notify the Commission's governing body of the Department's intended action(s). The Parties shall, thereafter, meet and confer to discuss what measures need to be taken regarding the Department's proposed sale, conveyance, disposition, or use of any such Asset(s) so as to ensure compliance with all applicable requirements of the HRTAC Act (without limiting the foregoing, the Department acknowledges that under the HRTAC Act and applicable law, the Commission is vested with the right to impose and collect tolls on facilities constructed by the Commission). All recommendations, proposed remedial actions developed by the Parties' designated representatives, and/or any proposed sale, conveyance or disposal of any Asset agreed upon during the meet and confer process shall be formally presented to the Commission and the Commissioner for their respective approval. Notwithstanding anything to the contrary in this Agreement, the Department acknowledges and agrees that (i) any concession agreement or similar arrangement related to or impacting the Project (or any part thereof) in any manner will be implemented only upon the parties' mutual agreement and (ii) the Commission shall be entitled to withhold its approval for such a concession agreement or similar arrangement, whether initiated or to be implemented in accordance with the PPTA or otherwise, for any reason whatsoever as may be determined in the Commission's sole discretion, including but not limited to any other arrangement that would reasonably be expected to cause any of the Commission's outstanding bonds to be treated as taxable bonds or private activity bonds.

(b) If the Willoughby Spit Staging Area is acquired for the Project, then, promptly following the achievement of Final Completion, the Department shall ensure that all equipment is removed from the Willoughby Spit Staging Area (and that any other effects of the use are

eliminated) and shall convey such property to the Commission at no further cost and expense to the Commission, unless the Commission otherwise directs.

#### **Section 4.12 Early Termination of Comprehensive Agreement**

(a) If the Department determines that termination of the Comprehensive Agreement is in the best interests of the Department and the Commission, the Department shall consult with the Commission regarding such determination. If the Commission disagrees with the Department's determination, the Parties shall resolve such disagreement in accordance with the dispute resolution procedures set forth in Article 6 (Dispute Resolution). If the Commission agrees with the Department's determination or the Department's termination of the Comprehensive Agreement is otherwise authorized through the dispute resolution procedures, then the Department may proceed to terminate the Comprehensive Agreement.

(b) The Department shall not finalize any settlement with the Design-Builder relating to a termination of the Comprehensive Agreement for the Department's convenience without the Commission's prior approval of any such settlement. Unless the Parties otherwise agree, each Party shall be responsible for paying its share of any such settlement on a *pro rata* basis.

(c) The Department shall terminate the Comprehensive Agreement upon the written request of the Commission if such request is due to any of the following circumstances:

(i) The Department has the right to terminate the Comprehensive Agreement for cause pursuant to Section 11.2 of Exhibit 1 to the Comprehensive Agreement (*General Conditions of Contract Between Department and Design-Builder*) but the Department has failed to exercise such right, and such failure is reasonably expected to have a material adverse effect on the Commission, following consultation between the Commission and the Department regarding the reasons, if any, for the Department's failure to exercise such right.

(ii) The Commission determines in good faith that (A) either (1) the Commission has suffered a material adverse change in its ability to satisfy its obligations under this Agreement or (2) the Commission's funding plan for the Project is unsustainable, and (B) it is in the bests interests of the Commission that the Department terminate the Comprehensive Agreement for convenience pursuant to Article 8 of the Comprehensive Agreement; *provided* the Department shall have no obligation to terminate the Comprehensive Agreement pursuant to this Section 4.12(c)(ii) Early Termination of Comprehensive Agreement) if and only if the Department assumes responsibility to pay the cost of the Project using funding sources other than Commission-Controlled Moneys.

(iii) (A) The Department fails or refuses either to (1) enforce any of its material rights under the Comprehensive Agreement or (2) require compliance by the Successful Offeror of any of its material obligations thereunder, in either case, despite repeated Commission requests to the Department that it do so; (B) such failure or refusal of the Department is reasonably expected to have a material adverse effect on the Commission; and (C) the Commission determines in good faith that it is in the Commission's best interests that the Department terminate the Comprehensive Agreement for convenience

pursuant to Article 8 of the Comprehensive Agreement. The Department shall have sixty (60) days following the written request of the Commission to terminate the Comprehensive Agreement to remedy such failure before the Department's duty to terminate the Comprehensive Agreement is effective.

(iv) The Commission determines, following the parties inability to reach agreement on the Master Tolling Agreement (i) on or before the later of (a) October 31, 2019, or (b) the Design-Builder's achievement of the LNTP1 Completion Milestone under the Comprehensive Agreement, or (ii) by April 30, 2020 without regard to the Design-Builder's achievement of the LNTP1 Completion Milestone under the Comprehensive Agreement, that it is in its interest to terminate the Comprehensive Agreement; *provided* that the Commission shall be responsible for all Project costs through the date of termination and all reasonable costs incurred by the Department pursuant to the terms of the Comprehensive Agreement to terminate the Comprehensive Agreement.

(d) If, upon terminating the Comprehensive Agreement, the Department takes possession of any materials, equipment (including, for the avoidance of doubt, the tunnel boring machine), scaffolds, tools, appliance, or other assets, the Department shall hold such assets in trust for the benefit of the Commission and the Department will liquidate such assets in such manner as the Parties may reasonably agree.

(e) Following the termination of the Comprehensive Agreement, if the Department negotiates a new comprehensive agreement, the Department shall obtain the prior written consent of the Commission before entering into such new comprehensive agreement if (i) the commercial terms and conditions of the new comprehensive agreement differ in an adverse way in any material respect (to the Department or the Commission) from those of the Comprehensive Agreement, (ii) the performance security requirements under the new comprehensive agreement differ from those under the Comprehensive Agreement in a way that is adverse in any material respect to the Department or the Commission and/or (iii) the replacement design-builder does not have substantially the same financial capacity and technical capability as the Design-Builder.

## **ARTICLE 5.**

### **ADMINISTRATION OF THE AGREEMENT**

#### **Section 5.01 Program Coordinators**

Each Party shall assign a person to serve as its program coordinator (the “Program Coordinator”) for the Project, who will be responsible for review of the Project on behalf of it for purposes of ensuring the Project is being undertaken in compliance with this Agreement. Unless a different person is assigned, the Department’s Senior Representative shall serve as its Program Coordinator, and the Commission’s Executive Director shall serve as its Program Coordinator. The Commission’s Program Coordinator will be responsible for overseeing, managing, reviewing, and processing, in consultation with the Executive Director and the CFO (assuming other persons are serving in those capacities), all payment requisitions submitted by the Department for the Project. The Commission’s Program Coordinator will have no independent authority to direct

changes or make additions, modifications, or revisions to the scope of the Project or the Exhibit 3 (Project Budget).

## Section 5.02 Payment Requisitions

Subject to Section 3.03 (Maximum Commission Financial Commitment) and Section 3.04 (Maximum Cumulative Compensation Amount Under Comprehensive Agreement):

### (a) Design-Build Requisitions

(i) Upon the Department's receipt of each request for payment from the Design-Builder (each a "DB Payment Request"), the Department shall provide to the Executive Director such DB Payment Request along with a request for payment in the form set forth in Exhibit 10 (Form of Payment Requisition – Design-Build) (each, a "Department DB Payment Request"). The Department DB Payment Request will request the entire amount shown in the DB Payment Request for which the Commission may be responsible under this Agreement (the "Initial DB Commission Payment Amount"), and set forth the date by which the Department will make payment to the Design-Builder, which date shall be no earlier than five (5) Business Days following the Executive Director's receipt of the Department DB Payment Request. On or before the date that is three (3) Business Days prior to the date on which the Department will make payment to the Design-Builder, the Commission shall pay to the Department the Initial DB Commission Payment Amount.

(ii) Prior to and after its receipt of the Initial DB Commission Payment Amount, the Department shall review in detail the DB Payment Request consistent with its standard practices, procedures, and protocols for review of a request for payment. After review, the Department will pay to the Design-Builder any compensation due to the Design-Builder under the terms of the Comprehensive Agreement, consistent with the Department's detailed review of the corresponding DB Payment Request. Thereafter, the Department shall provide to the Commission for each payment made by the Department to the Design-Builder (i) detailed summaries of actual project costs incurred with supporting documentation as determined by the Commission and (ii) a certification in the form of Exhibit 11 (Form of Payment Certification – Design-Build).

(iii) If the Initial DB Commission Payment Amount is greater than the amount actually forwarded by the Department to the Design-Builder covering costs for which the Commission is responsible under this Agreement for any given Department DB Payment Request, the Department shall notify the Commission in writing and such additional amount shall be credited to the Commission for the purposes of the next-occurring Department DB Payment Request (and may be used by the Commission to offset its payment of the Initial DB Commission Payment Amount corresponding to such next-occurring Department DB Payment Request) or refunded to the Commission if there is no such next-occurring Department DB Payment Request.

### (b) Administration Cost Requisitions

(i) The Department shall provide to the Executive Director requests for payment of Administration Costs in the form set forth in Exhibit 12 (Form of Payment

*Requisition – Administration Costs*) (each, a “Department Admin Payment Request”) that include (i) the Commission’s standard payment requisition(s), containing detailed summaries of actual Administration Costs incurred with supporting documentation as determined by the Commission and (ii) certifications that all Administration Costs were incurred in the performance of work for the Project as authorized by this Agreement.

(ii) The Commission shall route to the Program Coordinator all Department Admin Payment Requests and the summaries of actual costs submitted to the Commission for the Project. After submission to the Commission, the Program Coordinator will conduct an initial review of all payment requisitions and supporting documentation for the Project in order to determine the submission’s compliance with the terms of this Agreement. The Program Coordinator will then make a recommendation to the CFO, if different than the Executive Director, and the Executive Director whether to authorize payment, refuse payment, or seek additional information from the Department. If the payment requisition is sufficient as submitted, the undisputed portion of the payment will be made within fifteen (15) days of receipt. If the payment requisition is, in the Commission’s reasonable judgment, deemed insufficient or is otherwise disputed, within ten (10) days of receipt, the Program Coordinator will notify the Department in writing and set forth the reasons why the payment requisition was declined or why and what specific additional information is needed in order to authorize the payment request. The Commission will make payment of all undisputed amounts within fifteen (15) days of the date on which the Commission determines that the Department has corrected all deficiencies or inaccuracies to the Commission’s reasonable satisfaction.

(c) The Commission shall not, under any circumstances, be required to authorize payment for any work performed by or on behalf of the Department, including any Administrative Costs, that are not in conformity with the requirements of the HRTAC Act or this Agreement.

(d) The Commission shall route all of the Department’s accelerated or supplemental requests for funding from the Commission under Section 3.04 (Maximum Cumulative Compensation Amount Under Comprehensive Agreement) and Section 3.09 (Additional Costs; Claims) to the Executive Director.

(e) The Commission acknowledges and agrees that if, as a result of either the Commission’s review of any payment requisition or any Commission compliance review, the Commission staff determines that the Department is required under Section 3.02(d) (General Obligations of the Department (Funding)) to reimburse funds to the Commission, the Commission staff will promptly advise the Executive Director, who in turn will advise the Department in writing. The Department will thereafter have thirty (30) days to respond in writing to the Commission’s initial findings. If the Commission makes a final determination that the Department is required under Section 3.02(d) (General Obligations of the Department (Funding)) to reimburse funds to the Commission, the Parties shall engage in dispute resolution as provided in Article 6 (Dispute Resolution). Pending final resolution of the matter, the Commission will withhold further funding on the Project. Nothing herein shall, however, be construed as denying, restricting or limiting the pursuit of either Party’s legal rights or available legal remedies.

## **Section 5.03 Periodic Compliance Reviews**

Upon advance notice to the Department, the Commission shall have the right to conduct periodic compliance reviews of the Project so as to assess whether the work being performed likely remains within the scope of this Agreement, the HRTAC Act, and other applicable law. Such compliance reviews may include review of the Department's financial records for the Project and on-Project site inspections. The Department shall provide such assistance with on-Project site inspections as the Commission may reasonably request.

## **ARTICLE 6.**

### **DISPUTE RESOLUTION**

#### **Section 6.01 Disputes under the Agreement**

(a) The Parties agree to use reasonable efforts to promptly resolve any dispute under this Agreement pursuant to this Section 6.01 (Disputes under the Agreement).

(b) If any dispute arises in relation to any aspect of this Agreement, the Parties shall consult in good faith in an attempt to come to an agreement. If the dispute cannot be resolved through such consultation, then, upon the request of either Party, the Chair and the Commissioner shall meet as soon as possible, but in no event later than sixty (60) days after such request is made, to attempt to resolve such dispute. Prior to any meeting(s) between the Chair and the Commissioner, the Parties will exchange relevant information that will assist the Parties in resolving the dispute or disagreement. If the Chair and the Commissioner determine that the dispute cannot be resolved to the mutual satisfaction of both Parties within sixty (60) days after their consultation and attempt to come to an agreement (or such other period as they may mutually agree), despite their good faith efforts, then either Party may file a legal action pursuant to Section 6.01(c) (Disputes under the Agreement) below.

(c) All litigation between the Parties arising out of or pertaining to this Agreement shall be filed, heard, and decided in either the Circuit Court for the City of Richmond, Virginia, Division I or the Circuit Court for the City of Chesapeake, Virginia, which courts will have exclusive jurisdiction and venue. Satisfaction of the procedures set forth in this Section 6.01 (Disputes under the Agreement) shall be a condition precedent to instituting a legal action in court except with respect to legal action seeking injunctive or equitable relief on an emergency basis.

(d) Pending final resolution of any dispute (except with respect to disputes regarding the cause for terminating this Agreement or arising under Section 3.02(d) (General Obligations of the Department (Funding))), the Parties will continue to fulfill their respective obligations under this Agreement.

(e) Neither Party will seek or accept an award of attorneys' fees or costs incurred in connection with the resolution of a dispute pursuant to the provisions of this Section 6.01 (Disputes under the Agreement).

(f) THE PARTIES HEREBY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THAT ANY MAY HAVE TO A TRIAL BY

JURY WITH RESPECT TO ANY ACTION, PROCEEDING, COUNTERCLAIM OR DEFENSE BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN ANY CONNECTION WITH THIS AGREEMENT, OR WITH RESPECT TO ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO RELATING TO THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR ALL PARTIES ENTERING INTO THIS AGREEMENT. THIS PROVISION APPLIES ONLY TO SUITS BETWEEN THE PARTIES ARISING OUT OF OR RELATED TO THE AGREEMENT AND DOES NOT APPLY TO THIRD-PARTY CLAIMS OR SUITS. Each of the Parties (i) certifies that no representative, agent, attorney or any other Person has represented, expressly or otherwise, that such other Person would not, in the event of any suit, action or proceedings relating to this Agreement, seek to enforce the foregoing waiver and (ii) acknowledges that it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 6.01(f) Disputes under the Agreement).

## **Section 6.02 Disputes under the Comprehensive Agreement**

If, under the Comprehensive Agreement, the Department and Design-Builder engage in dispute resolution, (a) any and all terms of any settlement of that dispute (whether arising prior to or after the initiation of litigation) shall be subject to Commission approval if any such terms (i) would result in any Additional Cost, in which case the procedures in Section 3.09(c) (Additional Costs; Claims) shall apply, or (ii) would require Commission approval under Section 4.03 (Work Orders Increasing the Contract Price; Claims), if treated as a Work Order or claim, as applicable, under Section 4.03 (Work Orders Increasing the Contract Price; Claims) those Sections, and (b) responsibility for the Department's financial obligations pursuant to such settlement shall be apportioned between the Commission and the Department in a manner consistent with how the responsibility for such costs is determined pursuant to Section 3.09(c) (Additional Costs; Claims), or Section 4.03 (Work Orders Increasing the Contract Price; Claims), as applicable. If, under the Comprehensive Agreement, any dispute between the Department and the Design-Builder proceeds to litigation, the Department shall provide the Commission with regular updates regarding such litigation. The Commission shall abide by any non-appealable, final judgment rendered as a result of any such litigation and be responsible for any amounts awarded to the Design-Builder pursuant to such non-appealable, final judgment to the extent consistent with the Commission's responsibilities to pay Project costs in accordance with this Agreement. Notwithstanding anything in this Section 6.02 (Disputes under the Comprehensive Agreement) to the contrary, under no circumstances shall the Commission be responsible for any damages awarded to the Design-Builder or any other party if such damages arise out of or result from the Department's negligence, willful misconduct, violation of law, or breach of contract.

## **ARTICLE 7.**

### **MISCELLANEOUS**

#### **Section 7.01 Term; Termination**

(a) This Agreement shall be effective initially upon: (i) the adoption, execution and delivery of this Agreement by both Parties and (ii) the execution and delivery of the

Comprehensive Agreement by the Department and the Design-Builder and the satisfaction of any conditions to the effectiveness of the Comprehensive Agreement. This Agreement shall expire ninety (90) days after the date on which the Department makes final payment to the Design-Builder and all claims relating to the Project have been resolved or are barred in accordance with the Comprehensive Agreement if this Agreement is not terminated earlier in accordance with its terms.

(b) The Department may terminate this Agreement, for cause, in the event of a material breach by the Commission of this Agreement. If so terminated, the Commission shall pay for all Project costs incurred in accordance with the terms of this Agreement through the date of termination and all reasonable costs incurred by the Department pursuant to the terms of the Comprehensive Agreement to terminate the Comprehensive Agreement. The Virginia General Assembly's failure to appropriate funds to the Commission as described in Section 7.02 (Appropriations Requirements) of this Agreement and/or repeal or amendment of the legislation establishing the HRTF or the Commission's powers shall not be considered material breaches of this Agreement by the Commission if such failure to appropriate or such repeal or amendment eliminates funds that under the Commission's funding plan were scheduled to be used for the Project or renders the Commission without legal authority to provide any of that funding for the Project. Before initiating any proceedings to terminate under this Section 7.01 (Term; Termination), the Department shall give the Commission sixty (60) days' written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing the Commission an opportunity to investigate and a reasonable opportunity to cure (within such 60-day period or within a reasonable time thereafter) any such alleged breach.

(c) The Commission may terminate this Agreement, for cause, resulting from the Department's material breach of this Agreement. For purposes of this Section 7.01(c) and without limiting matters that may constitute a material breach, the termination of the Comprehensive Agreement by the Design-Builder pursuant to Section 11.4.1.1 (except with respect to delays due to court orders that are not attributable to any fault by the Department), Section 11.4.1.2 or Section 11.4.1.3 of Exhibit 1 to the Comprehensive Agreement shall be considered a material breach by the Department. If so terminated, the Department shall refund to the Commission all funds the Commission provided to the Department for the Project and, to the extent permitted by law, with interest at the Applicable Rate. The Commission will provide the Department with sixty (60) days' written notice that the Commission is exercising its rights to terminate this Agreement and the reasons for termination. Prior to termination, if the Department has substantially completed the Project or a portion that is severable (meaning it is subject to independent use), the Department may request that the Commission excuse the Department from refunding funds paid in respect of the substantially completed Project or portion, and the Commission may, in its sole discretion, excuse the Department from refunding all or a portion of the funds the Commission provided to the Department for the substantially completed Project or portion thereof. No such request to be excused from refunding will be allowed where the Department is liable for negligence, willful misconduct, violation of law, or breach of the Comprehensive Agreement or this Agreement.

(d) Upon termination, the Department will release or return to the Commission all unexpended Commission funds and, to the extent permitted by law, with interest at the Applicable Rate, no later than sixty (60) days after the date of termination.

(e) The following provisions shall survive the expiration or early termination of this Agreement: (i) Section 3.02(a) (General Obligations of the Department (Funding)); (ii) Section 3.02(c) (General Obligations of the Department (Funding)); (iii) Section 3.02(d) (General Obligations of the Department (Funding)); (iv) Section 3.02(e)(iii) (General Obligations of the Department (Funding)); (v) Section 4.01(e) (General Obligations of the Department (Delivery)); (vi) Section 4.02 (Ownership and Use of the Project Following Final Completion); (vii) Section 4.10 (Books and Records); (viii) Section 4.11 (Commission Interest in Project Assets); (ix) Section 4.12(d) (Early Termination of Comprehensive Agreement); (x) Section 5.02(e) (Payment Requisitions); (xi) Section 5.03 (Periodic Compliance Reviews); (xii) Article 6 (Dispute Resolution); and (xiii) Article 7 (Miscellaneous) (with the exception of Section 7.08 (Engagement of Counsel)).

## **Section 7.02 Appropriations Requirements**

(a) Nothing herein shall require or obligate the Commission to commit or obligate funds to the Project beyond those funds that have been duly authorized and appropriated by its governing body for the Project.

(b) The Parties acknowledge that all funding provided by the Commission pursuant to the HRTAC Act is subject to appropriation by the Virginia General Assembly. The Parties further acknowledge that: (i) the moneys allocated to the HRTF pursuant to applicable provisions of the Code of Virginia and any other moneys that the General Assembly appropriates for deposit into the HRTF are subject to appropriation by the General Assembly and (ii) the Commission's obligations under this Agreement are subject to such moneys being appropriated to the HRTF by the General Assembly.

(c) The Parties agree that the Department's obligations under this Agreement are subject to funds being appropriated by the General Assembly and allocated by the CTB and otherwise legally available to the Department for the Project.

(d) Should the Department be required to provide additional funds in order to proceed or complete the funding necessary for the Project, the Department shall certify to the Commission that such additional funds have been allocated and authorized by the CTB and/or appropriated by the Virginia General Assembly as may be applicable or have been obtained through another independent, lawful source.

## **Section 7.03 Commitments Relating to Master Tolling Agreement**

The Department hereby reaffirms its commitments made in the January 22, 2019 Letter, and further commits to work in good faith with the Commission to finalize the Master Tolling Agreement. The parties will use their best efforts and use all reasonable means to reach agreement on the Master Tolling Agreement on or before October 31, 2019.

## **Section 7.04 Federal Credit Assistance for Project**

The Department shall provide reasonable assistance to the Commission in the Commission's pursuit of federal credit assistance for the Project from the United States Department of Transportation.

## **Section 7.05 Assignment**

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

## **Section 7.06 Notices**

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

If to the Commission:

Hampton Roads Transportation Accountability Commission  
723 Woodlake Drive  
Chesapeake, Virginia 23320  
Attention: Executive Director and Chairman

*With copies to (which shall not constitute notice):*

The office of record of the Commission's general counsel

If to the Department:

Virginia Department of Transportation  
1401 East Broad Street  
Richmond, Virginia 23219  
Attention: Commissioner of Highways

*With copies to (which shall not constitute notice):*

Office of the Attorney General  
202 North 9<sup>th</sup> Street  
Richmond, Virginia 23219  
Attention: Transportation Section Chief

## **Section 7.07 Modification or Amendment**

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

(b) The Department acknowledges that the Commission's funding plan is supported by bond financing. The Department and the Commission will work in good faith to adopt such amendments to this Agreement as may be necessary and desirable in connection with any bond offering. The Department further acknowledges that implementing such amendments, when applicable, will be a condition precedent to the Commission's consummation of any such bond financing.

### **Section 7.08 Engagement of Counsel**

If, in connection with the work, the Department engages outside legal counsel approved by the Office of the Attorney General (as opposed to utilizing the services of the Office of the Attorney General), the Department will give the Commission notice of the engagement so as to ensure that no conflict of interest may arise from any such representation.

### **Section 7.09 No Personal Liability or Creation of Third Party Rights**

This Agreement shall not be construed as creating any personal liability on the part of any officer, member, employee, or agent of either of the Parties. No provision of this Agreement shall inure to the benefit of, or be enforceable by, any third party, including any creditor of either Party.

### **Section 7.10 No Agency**

- (a) The Department represents that it is not acting as a partner or agent of Commission.
- (b) Nothing in this Agreement shall be construed as making any Party a partner or agent of any other Party.

### **Section 7.11 Governing Law**

This Agreement is governed by the laws of the Commonwealth of Virginia, without regard to conflict of law principles.

### **Section 7.12 Sovereign Immunity**

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

### **Section 7.13 Counterparts**

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

*[SIGNATURE PAGE(S) TO FOLLOW]*

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have executed this Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project as of the date first written above.

**HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION,**  
a body politic and a political subdivision of the Commonwealth of Virginia

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**VIRGINIA DEPARTMENT OF TRANSPORTATION,**  
an agency of the Commonwealth of Virginia

By: \_\_\_\_\_  
Stephen C. Brich, P.E.  
Commissioner of Highways

*[Signature Page to Amended and Restated Project Agreement for Funding and Administration]*

## EXHIBIT 1

### DEFINITIONS

All capitalized terms used herein but not otherwise defined herein shall have the respective meanings given to such terms in that certain Comprehensive Agreement Relating to the I-64 Hampton Roads Bridge-Tunnel Expansion Project dated as of April 2, 2019, by and between the Department and the Design-Builder, as amended. In addition, the following terms used in this Agreement shall have the following meanings:

**“Accelerated Payment”** is defined in Section 3.04(c) (Maximum Cumulative Compensation Amount Under Comprehensive Agreement).

**“Additional Costs”** is defined in Section 3.09(a) (Additional Costs; Claims).

**“Additional Early Work Funding”** is defined in Section 3.12(a) (Early Work Funding).

**“Admin Cost Cap”** is defined in Section 3.07(a) (Administration Costs).

**“Admin Cost Subcap”** is defined in Section 3.07(a) (Administration Costs).

**“Administration Costs”** is defined in Section 3.07(a) (Administration Costs).

**“Agreement”** means this Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project, dated as of November [\_\_\_\_], 2021, and all exhibits and schedules thereto, as supplemented or further amended from time to time.

**“Applicable Additional Funds”** means, collectively, Applicable Award Funds and CTB- Sourced Toll Funds.

**“Applicable Award Funds”** means funding for the Project from sources not already identified in the “Sources” table in Exhibit 3 (Project Budget), except to the extent the Parties agree the basis or the lawful use of such award is to support or replace funding for any Project cost that is not the Commission’s responsibility (such as the South Island Trestle Bridge Replacement Work or the Deferred/Preventive Maintenance Work) or to fund Additional Costs.

**“Applicable Rate”** means, with respect to an applicable measurement period, the interest rate that would have been earned by the Commission on the subject funds during such period if they had been invested in the Virginia Local Government Investment Pool.

**“Assets”** is defined in Section 4.11 (Commission Interest in Project Assets).

**“Authorized Commission-Funded Work Order Costs”** means costs covered by a Work Order to the Comprehensive Agreement that increases the Contract Price, provided that such Work Order (i) is not the Department’s responsibility under Section 4.03(f) (Work Orders Increasing the

Contract Price; Claims), and (ii) is authorized by the Department in accordance with, and subject to, the provisions of Section 4.03 (Work Orders Increasing the Contract Price), or is approved by the Commission in accordance with the provisions of such Sections.

**“Authorized Commission-Funded Claims Costs”** means those costs covered by a settlement of a claim under the Comprehensive Agreement that increases the Contract Price (and is not otherwise covered by a Work Order); *provided* that such settlement (i) is not the Department’s responsibility under Section 4.03(f)(Work Orders Increasing the Contract Price), and (ii) is approved by the Commission in accordance with Section 4.03(h)(Work Orders Increasing the Contract Price; Claims) (and clauses (a), (b) and (c), of Section 4.03 (Work Orders Increasing the Contract Price; Claims)), as applicable.

**“Base Scope”** is defined in Exhibit 2 (Project Scope).

**“Bridge Repair Option Work”** means the work referred to as Bridge Repair Work in the Comprehensive Agreement and shown in Exhibit 18 (*Bridge Repair Work Quantities and Unit Costs*) thereto.

**“Chair”** means the chair of the Commission.

**“Chief Financial Officer”** or **“CFO”** means the chief financial officer of the Commission, if different than the Executive Director.

**“Commission”** means the Hampton Roads Transportation Accountability Commission.

**“Commission-Controlled Moneys”** has the meaning given in the fourth recital.

**“Commission-Cost Reduction Amount”** is defined in Section 4.06(a) (Changes to Comprehensive Agreement that Reduce Contract Price).

**“Commission-Funded Administration Costs”** means the Commission’s *pro rata* share of the Administration Costs.

**“Commission-Funded Budget”** means the three billion five hundred fifty-three million four hundred sixty-nine thousand five hundred eighty-one dollars (\$3,553,469,581) shown in Exhibit 3 (Project Budget), which estimates those costs for which the Commission is responsible under this Agreement, and which the Parties anticipate may be reduced in accordance with Section 3.01(e) (General Rights and Obligations of the Commission). (For the avoidance of doubt, the figure above assumes three hundred forty-five million dollars (\$345,000,000) in toll-backed financing contemplated by the Commission’s funding plan is received by the Commission; if such amount is not received by the Commission, the inclusion of such amount in the Commission-Funded Budget shall not be deemed or construed to increase the Maximum Commission Financial Commitment.)

**“Commission-Funded Design-Build Costs”** means the costs scheduled to be paid to the Design-Builder under the Comprehensive Agreement in respect of the Contract Price, excluding the South

Island Trestle Bridge Replacement Costs. For the avoidance of doubt, the Commission-Funded Design-Build Costs budgeted in Exhibit 3 (Project Budget), before giving effect to any adjustments required pursuant to Section 3.10 (SMART SCALE and other Award Funding), total three billion two hundred four million five hundred sixty-nine thousand two hundred fifty-one dollars (\$3,204,569,251).

**“Commission-Funded ROW Costs”** means up to fifteen million dollars (\$15,000,000) of Right-of-Way Costs. For the avoidance of doubt, any such costs in excess of fifteen million dollars (\$15,000,000) shall be treated as Additional Costs.

**“Commission-Supported Contingency Reserve”** is defined in Section 3.08(b)(ii) (Availability of Contingency Reserves; Tracking).

**“Commissioner”** means the Commissioner of Highways for the Commonwealth.

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

**“Commonwealth Transportation Board”** or **“CTB”** means a board of the Commonwealth affiliated with the Department.

**“Comprehensive Agreement”** means that certain Comprehensive Agreement Relating to the I-64 Hampton Roads Bridge-Tunnel Expansion Project dated as of April 3, 2019, by and between the Department and the Design-Builder, as amended consistent with its terms and the terms of this Agreement.

**“Contract Price”** is defined in Section 4.01(b) (General Obligations of the Department (Delivery)).

**“Covered Excess Costs”** is defined in Section 3.07(b) (Administration Costs).

**“CTB-Sourced Toll Funds”** means, if the CTB, Treasury Board or other Commonwealth issuer is the agreed issuer of any toll-backed financing under the terms of the Master Tolling Agreement, the proceeds of such financing that, under the terms of the Master Tolling Agreement, are to be applied to pay costs under the Project Budget (which costs, for the avoidance of doubt, exclude costs that are the responsibility of the Department).

**“DB Payment Request”** is defined in Section 5.02(a)(i) (Payment Requisitions).

**“Deferred/Preventive Maintenance Work”** means any of the Bridge Repair Option Work performed by the Design-Builder under the Comprehensive Agreement that is performed for purposes other than those necessary to achieve Final Completion in accordance with any Legal Requirement applicable to the Project but otherwise inapplicable to existing structures which make up the I-64 Hampton Roads Bridge-Tunnel facility as it exists as of the date of this Agreement (each such Legal Requirement an **“Increased Capacity Standard”**). Deferred/Preventive Maintenance Work shall include, by way of example and not limitation, Bridge Repair Option Work that is performed for the purpose of (i) rehabilitating or repairing an existing structure that

has become deficient or in need of improvement and, absent the Project, such rehabilitation or repair would be the responsibility of the Department through its State of Good Repair or other programs, or (ii) minimizing or reducing future maintenance costs and efforts relating to such structure. A Legal Requirement shall be considered an Increased Capacity Standard if it is a Legal Requirement that must be complied with by the Design-Builder in constructing or improving a structure necessary to support increased capacity.

**“Delay Liquidated Damages”** is defined in Section 4.08 (Delay Liquidated Damages and Other Damages and Recoveries).

**“Department”** means the Virginia Department of Transportation.

**“Department Admin Payment Requests”** is defined in Section 5.02 (Payment Requisitions).

**“Department DB Payment Requests”** is defined in Section 5.02(a)(i) (Payment Requisitions).

**“Department Fault”** is defined in Section 3.01(b)(vii) (General Rights and Obligations of the Commission).

**“Department-Funded Administration Costs”** means the Department’s *pro rata* share of the Administration Costs.

**“Department-Funded Budget”** the one hundred eight million five hundred twenty-seven thousand six hundred forty-six dollars (\$108,527,646) shown in Exhibit 3 (Project Budget), which estimates those costs (excluding costs relating to the exercise of any option) for which the Department is responsible under this Agreement in respect of the South Island Trestle Bridge Replacement Work.

**“Department-Funded Design-Build Cost”** means the costs scheduled to be paid to the Design-Builder under the Comprehensive Agreement in respect of the South Island Trestle Bridge Replacement Costs. For the avoidance of doubt, the Department-Funded Design-Build Costs budgeted in Exhibit 3 (Project Budget) total ninety-five million four hundred twenty-seven thousand nine hundred seventy-six dollars (\$95,427,976).

**“Department Highways”** has the meaning given in the fifth recital.

**“Department Sharing Percentage”** means 2.89%, which percentage will be reestablished by mutual agreement of the Parties to reflect the addition or deduction of work under the Comprehensive Agreement.

**“Department-Supported Contingency Reserve”** is defined in Section 3.08(a) (Availability of Contingency Reserves; Tracking).

**“Department’s Senior Representative”** means the person identified as such under Section 9.1.1 of the Comprehensive Agreement.

**“Design-Builder”** means the Department’s counterparty to the Comprehensive Agreement.

**“Direct Agreement”** means that certain Direct Agreement dated as of September 21, 2021, by and among the Department, the Commission, and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau, as it may be modified or amended from time to time in accordance with its terms.

**“Early Work”** has the meaning given in the Comprehensive Agreement.

**“Excess CTB-Sourced Toll Funds”** the CTB-Sourced Toll Funds, but only to the extent they exceed the three hundred forty-five million dollars (\$345,000,000).

**“Executive Director”** means the executive director of the Commission.

**“Guidelines”** means the Department’s 2017 PPTA Implementation Manual and Guidelines.

**“HRTAC Act”** means Va. Code §§ 33.2-2600 *et seq.*

**“HRTPO”** means the Hampton Roads Transportation Planning Organization.

**“Hampton Roads Transportation Fund”** or **“HRTF”** has the meaning given in the first recital.

**“I-564 Direct Connections”** is defined in Exhibit 2 (Project Scope).

**“Initial DB Commission Payment Amount”** is defined in Section 5.02(a)(i) (Payment Requisitions).

**“January 22, 2019 Letter”** has the meaning given in the seventeenth recital.

**“Legal Requirements”** has the meaning given in the Comprehensive Agreement.

**“Master Tolling Agreement”** has the meaning given in the seventeenth recital.

**“Maximum Commission Financial Commitment”** is defined in Section 3.03(a) (Maximum Commission Financial Commitment).

**“Maximum Cumulative Compensation Amount”** is defined in Section 3.04(a) (Maximum Cumulative Compensation Amount Under Comprehensive Agreement).

**“Memorandum of Agreement”** or **“MOA”** has the meaning given in the sixth recital.

**“Minimum Commission-Supported Contingency Amount”** means, at any given time during the term of this Agreement, the amount calculated in accordance with Section 4.03(d) (Work Orders Increasing Contract Price; Claims).

**“No Excuses Incentive Payment”** is defined in Section 4.07(a) (No Excuses Incentive Payment).

“Offeror” has the meaning given in the twelfth recital.

“Opt-Out Right” is defined in Section 3.11(c) (Funding for the South Island Trestle Bridge Replacement Work).

“Original PAFA” has the meaning given in the eighteenth recital.

“Other Damages and Recoveries” is defined in Section 4.08(b) (Delay Liquidated Damages and Other Damages and Recoveries).

“PAFA Amendment No. 1” has the meaning given in the nineteenth recital.

“Party” or “Parties” has the meaning given in the Preamble.

“PPTA” means the Public-Private Transportation Act of 1995, as amended (Va. Code §§ 33.2-1800 *et seq.*).

“Program Coordinator” is defined in Section 5.01 (Program Coordinators).

“Project” has the meaning given in the eighth recital.

“Project Budget” means the sum of the (i) Commission-Funded Budget, and (ii) the SMART SCALE Funds or other funds under Section 3.08(b)(ii) (Availability of Contingency Reserves; Tracking), and (iii) Department-Funded Budget, reflected in Exhibit 3 (Project Budget), and as may be amended from time to time in accordance with Section 2.01 (General Obligations of the Department (Procurement)).

“Request for Proposals” or “RFP” means that certain Request for Proposals for the Project issued by the Department dated as of September 27, 2018, as amended by Addendum No. 1 dated November 28, 2018, Addendum No. 2 dated December 14, 2018, Addendum No. 3 dated December 19, 2018, the Statement of Clarification Relating to Final RFP Addendum No. 3 dated January 8, 2019, and Statement of Clarification Relating to Final RFP Addendum No. 3 dated January 10, 2019.

“Required Work” is defined in Section 4.09 (Optional Work: I-564 Direct Connections; Bridge Repair Option Work).

“Right-of-Way Costs” means amounts paid or payable to a property owner for the acquisition of real property and real property rights (including any and all easements) needed for facets of the Project that are Commission-Funded Design-Build Costs, (including fees and the Department’s reasonable and documented internal and external costs associated with such acquisition).

“Segment 2 Toll System Contract” has the meaning given in the Direct Agreement.

**“SMART SCALE”** means the statewide prioritization process developed pursuant to Va. Code § 33.2-214.1 for the use of funds with respect to projects funded by the CTB.

**“SMART SCALE Funds”** is defined in Section 3.08(b)(i) (Availability of Contingency Reserves; Tracking).

**“South Island Trestle Bridge Replacement Costs”** is defined in Section 3.11(a) (Funding the South Island Trestle Bridge Replacement Work).

**“South Island Trestle Bridge Replacement Work”** is defined in Exhibit 2 (Project Scope).

**“Successful Offeror”** has the meaning given in the fourteenth recital.

**“Unsuccessful Offeror Proposal Payment”** is defined in Section 3.03(b)(vi) (Maximum Commission Financial Commitment).

**“USDOT”** means the United States Department of Transportation.

**“VDOT Agreement”** has the meaning given in the Direct Agreement.

## **EXHIBIT 2**

### **PROJECT SCOPE**

#### **1. Base Scope**

The base scope (“Base Scope”) of the Project consists of the design and construction of the following improvements on I-64 beginning west of Settlers Landing Road in Hampton (Exit 267) and ending at I-564 in Norfolk (Exit 276) pursuant to the terms of the Comprehensive Agreement:

- (a) across the water, a new bridge-tunnel crossing approximately 3.5 miles long and generally parallel to the existing Hampton Roads Bridge-Tunnel, which new bridge-tunnel will have two new tunnels that provide four lanes of capacity for eastbound traffic and allow four lanes of capacity to be dedicated to westbound traffic (the new bridge-tunnel crossing described above excludes the South Island Trestle Bridge Replacement Work described below);
- (b) the construction of new marine approach bridges to carry westbound I-64 across the water between Norfolk and the south island of the Hampton Roads Bridge-Tunnel, including the demolition (with removal and disposal) of the existing marine approach bridges between Norfolk and such south island (the “South Island Trestle Bridge Replacement Work”); and
- (c) on land, a new third lane to I-64 in each direction, with a roadway section sufficient to accommodate a part-time median shoulder lane.

When completed, the Project corridor will include one or more lanes designated as high-occupancy toll lanes.

#### **2. Scope Options**

As part of the RFP, the Department will require that each Offeror shall develop as part of its Proposal a technical solution to provide direct connections (eastbound and westbound) from the new high-occupancy toll lanes to be developed as part of the Base Scope to I-564 in order to promote efficient traffic flow at interfaces with adjoining regional transportation network elements (the “I-564 Direct Connections”).

The I-564 Direct Connections are not part of the Base Scope but may be added to the scope of the scope of the Project following execution of the Comprehensive Agreement pursuant to the terms of this Agreement.

In addition, the Bridge Repair Option Work is not in the Base Scope but may be added to the scope of the Project following execution of the Comprehensive Agreement pursuant to the terms of this Agreement.

**EXHIBIT 3**

**PROJECT BUDGET**

*[To be attached]*

**EXHIBIT 4**

**OFFICIAL AUTHORIZING DOCUMENTS**

*[To be attached]*

**EXHIBIT 5**

**ESTIMATED COSTS AND PAYOUT SCHEDULE**

**EXHIBIT 6**

**REPORTS TO BE PROVIDED BY THE DEPARTMENT**

**1. Monthly Project Expenditure Report**

The monthly project expenditure report will list, by category of expense (*e.g.*, engineering, right-of-way acquisition, utility relocations, construction): (i) information regarding expenditures to date against the Project Budget, both monthly and for the life of the project, and a statement of the percent completed and (ii) such other information as the Department customarily provides with monthly expenditure reports

**2. Monthly Project Report**

The monthly project report will include: (i) an overview of progress on major project tasks; (b) information regarding the Project Budget (such as, the baseline planned forecast, any approved changes thereto, the monthly expenditures, the cumulative expenditures, and the cumulative forecasted expenditures); (c) future key tasks; and (d) significant issues.

## **EXHIBIT 7**

### **EXAMPLES OF ADMINISTRATION COSTS**

1. preliminary engineering costs (to the extent necessary following selection of a Successful Offeror)
2. construction engineering and inspection costs

**EXHIBIT 8**

**FORM OF COMPREHENSIVE AGREEMENT**

*[To be attached]*

## **EXHIBIT 9**

### **UNIT PRICE WORK AND COMMODITY ADJUSTMENT ITEMS**

#### **Section 1. Unit Price Work**

- A. The installation of sound barrier walls as further described in Section 5.3.9 (*Noise Mitigation*) of Exhibit 2 (*Technical Requirements*) to the Comprehensive Agreement
- B. The Bridge Repair Option Work; *provided*, that if the Bridge Repair Option Work is added to the scope of work to be performed by the Design-Builder, the cost of such work will be paid in accordance with Section 4.09 (*Optional Work: I-564 Direct Connections; Bridge Repair Option Work*) of this Agreement

#### **Section 2. Commodity Adjustment Items**

- A. Asphalt, as further described in Exhibit 9 (*Price Adjustment for Asphalt*) to the Comprehensive Agreement
- B. Fuel, as further described in Exhibit 10 (*Price Adjustment for Fuel*) to the Comprehensive Agreement
- C. Steel, as further described in Exhibit 11 (*Price Adjustment for Steel*) to the Comprehensive Agreement

## EXHIBIT 10

### FORM OF PAYMENT REQUISITION – DESIGN-BUILD

I-64 Hampton Roads Bridge Tunnel Expansion Project

Commission Project Number: \_\_\_\_\_

Draw Request Number: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

Hampton Roads Transportation Accountability Commission

723 Woodlake Drive

Chesapeake, VA 23320

Attention \_\_\_\_\_, Program Coordinator:

This requisition is submitted in connection with the Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge Tunnel Expansion Project dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") between the Hampton Roads Transportation Accountability Commission (the "Commission") and the Virginia Department of Transportation (the "Department"). The Department hereby requests \$\_\_\_\_\_ of Commission funds, as the Initial DB Commission Payment Amount, payable not later than [\_\_\_\_], 20[\_\_\_\_] in accordance with Section 5.02 (Payment Requisitions) of the Agreement.

#### VIRGINIA DEPARTMENT OF TRANSPORTATION

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

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

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

#### Recommended For Payment

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

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

Title: HRTAC Program Coordinator

## DETAILED PAYGO REQUEST

Draw Request Number: \_\_\_\_\_

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

HRTAC Project Number: \_\_\_\_\_

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

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

### LISTING OF ATTACHED INVOICES

Column A - Vendor/Contractor Name	Column B- Item Number	Column C - Invoice Number	Column D - Cost Category	Column E - Amount
	1			\$ -
	2			-
	3			-
	4			-
	5			-
	6			-
	7			-
	8			-
	9			-
	10			-
	11			-
	12			-

Exhibit 10-2

<b>Requisition Amount</b>		\$	-
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**Instructions**

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

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

1. Column A- Please list the name as it appears on the Invoice
2. Column B- Please manually number the invoices attached with the corresponding Item number in this schedule.
3. Column C- Please list the invoice number as it appears on the Invoice
4. Column D- Please list the appropriate Cost Category based on the Project Category breakout above
5. Column E- Please enter the dollar amount listed on the invoice.
6. The calculated Requisition Amount should equal the total in Column E in the Schedule above.

## EXHIBIT 11

### FORM OF PAYMENT CERTIFICATION – DESIGN-BUILD

I-64 Hampton Roads Bridge Tunnel Expansion Project

Commission Project Number: \_\_\_\_\_

Draw Request Number: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

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

Attention \_\_\_\_\_, Program Coordinator:

This certification is submitted in connection with the Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge Tunnel Expansion Project dated \_\_\_\_\_, 20\_\_\_\_ (the “Agreement”) between the Hampton Roads Transportation Accountability Commission (the “Commission”) and the Virginia Department of Transportation (the “Department”). Capitalized terms used in this certification and not otherwise defined herein have the meanings set forth in the Agreement.

On [●], 20[●], the Commission paid \$[●] as the as the Initial Commission Payment Amount relating to invoice number [●], in accordance with Section 5.02 (Payment Requisitions) of the Agreement. After a detailed review, the Department has determined that \$[●] was properly payable by the Commission under the terms of the Agreement in respect of invoice number [●], and forwarded such payment to the Design-Builder under the terms of the Comprehensive Agreement. Accordingly, \$[●] shall be credited to the Commission for the purposes of the next-occurring Department DB Payment Request.

The undersigned certifies (i) the amounts forwarded by the Department to the Design-Builder relating to invoice number [●] were applied solely and exclusively for the payment or the reimbursement of the Department’s costs of the project services described and set forth in Exhibits 2 and 3 of the Agreement, (ii) the Department is responsible for payment to vendors/contractors, (iii) the Department is not in breach or default with respect to any of its obligations under the Agreement, (iv) the representations and warranties made by the Department in the Agreement are true and correct as of the date of this certification, and (v) to the knowledge of the Department, no condition exists under the Agreement that would allow the Commission to withhold the amounts forwarded. Also included are copies of each invoice relating to the items which this certification covers.

#### VIRGINIA DEPARTMENT OF TRANSPORTATION

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

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

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

## EXHIBIT 12

### FORM OF PAYMENT REQUISITION – ADMINISTRATION COSTS

I-64 Hampton Roads Bridge Tunnel Expansion Project

Commission Project Number: \_\_\_\_\_

Draw Request Number: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

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

Attention \_\_\_\_\_, Program Coordinator:

This requisition is submitted in connection with the Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge Tunnel Expansion Project dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") between the Hampton Roads Transportation Accountability Commission (the "Commission") and the Virginia Department of Transportation (the "Department"). The Department hereby requests \$\_\_\_\_\_ of Commission funds, to pay the costs of the Administration Costs in accordance with the Agreement. Also included are copies of each invoice relating to the items for which this requisition is requested.

The undersigned certifies (i) the amounts included within this requisition will be applied solely and exclusively for the payment or the reimbursement of the Department's costs of Administration Costs that were incurred in the performance of work for the Project as authorized by the Agreement, (ii) the Department is responsible for payment to vendors/contractors, (iii) the Department is not in breach or default with respect to any of its obligations under the Agreement, (iv) the representations and warranties made by the Department in the Agreement are true and correct as of the date of this requisition, and (v) to the knowledge of the Department, no condition exists under the Agreement that would allow the Commission to withhold the requested advance.

#### VIRGINIA DEPARTMENT OF TRANSPORTATION

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

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

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

#### Recommended For Payment

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

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

Title: HRTAC Program Coordinator

## DETAILED PAYGO REQUEST

Draw Request Number: \_\_\_\_\_

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

HRTAC Project Number: \_\_\_\_\_

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

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

### LISTING OF ATTACHED INVOICES

Column A - Vendor/Contractor Name	Column B- Item Number	Column C - Invoice Number	Column D - Cost Category	Column E - Amount
	1			\$ -
	2			-
	3			-
	4			-
	5			-
	6			-
	7			-
	8			-
	9			-
	10			-
	11			-
	12			-

Exhibit 12-2

<b>Requisition Amount</b>		\$ -
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**Instructions**

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

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

1. Column A- Please list the name as it appears on the Invoice
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3. Column C- Please list the invoice number as it appears on the Invoice
4. Column D- Please list the appropriate Cost Category based on the Project Category breakout above
5. Column E- Please enter the dollar amount listed on the invoice.
6. The calculated Requisition Amount should equal the total in Column E in the Schedule above.

## EXHIBIT 13

### LIMITATION ON ACTIONS UNDER COMPREHENSIVE AGREEMENT

#### Section 1. Actions Requiring Prior Written Consent of Commission

- A. The Department's approval of the Design-Builder's acquisition of Additional Right-of-Way pursuant to Section 2.1.6 (*General*) of Exhibit 1 (*General Conditions of Contract*) to the Comprehensive Agreement
- B. The Department's termination, release, waiver or amendment of any guarantee, letter of credit, surety bond or other performance security instrument issued or provided by or on behalf of either the Design-Builder pursuant to the Comprehensive Agreement or the Toll System Contractor pursuant to any Toll System Contract; *provided*, that any step-down in the value of any performance security instrument in accordance with the terms of the applicable VDOT Agreement shall not be subject to Commission consent
- C. The Department's decision to waive or otherwise determine or agree not to demand, enforce, collect and/or receive any Delay Liquidated Damages or Other Damages and Recoveries or other amounts or recoveries to which the Department is contractually or otherwise entitled to receive from the Design-Builder in connection with any dispute under or with respect to the Comprehensive Agreement, whether in the context of any settlement discussions or any demands, claims or counter-claims related to the adjudication or arbitration of any such dispute

#### Section 2. Actions Requiring Consultation with the Commission

- A. The Department's waiver of any conditions to the issuance of NTP pursuant to Section 5.1.2 (Notice to Proceed) of the Comprehensive Agreement
- B. With respect to Section 5.1.3.2 (Delays to Notice to Proceed) of the Comprehensive Agreement, the Department's: (i) determination not to issue NTP on or before the Extended NTP Delay Date; (ii) agreement on a revised Contract Price, Substantial Completion Deadline, or Final Completion Deadline; or (iii) delivery of an Extended NTP Delay Termination notice pursuant to subdivision (c) thereof
- C. The Department's waiver of any conditions to Substantial Completion pursuant to Section 6.7.7 (Substantial Completion) of the Comprehensive Agreement
- D. The Department's exercise of discretion in relation to minor deliverables and retained amounts pursuant to Section 6.8.5 (Final Completion) of the Comprehensive Agreement
- E. The Department's exercise of discretion to make partial payments pursuant to Section 8.8 (Termination for Convenience) of the Comprehensive Agreement
- F. [Reserved]

- G. With respect to Exhibit 5 (Early Work Scope Document) to the Comprehensive Agreement, the Department's exercise of discretion pursuant to (i) the second paragraph of Section 2 and (iii) subsection 3(C) thereof
- H. With respect to Exhibit 9 (Price Adjustment for Asphalt), the Department's exercise of discretion pursuant to the last sentence of the second paragraph thereof
- I. With respect to Exhibit 17 (Dispute Resolution Board), the Department's appointment of members of the DRB or execution of the DRB Agreement pursuant to Section 2.2 thereof
- J. With respect to any Guarantee, the Department's discretion pursuant to Section 1.3.15 thereof
- K. With respect to any Guarantee, the Department's exercise of rights pursuant to Section 1.4.3

**Section 3. *Actions Department is to Take or Refrain from Taking Upon Request of Commission***

- A. The Department's enforcement of the Commission's right to access the Design-Builder's books and records pursuant to Section 7.5 (*Record Maintenance and Retention of Records*) of the Comprehensive Agreement

**EXHIBIT 14**

**TAX COVENANTS FOR BOND-FUNDED PROJECTS**

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

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

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

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

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

Commission with any further information reasonably requested by the Commission from time to time concerning the matters described in this Exhibit 14.

5. The following terms have the meanings assigned to them below whenever they are used in this Exhibit 14.

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

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

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

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

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

November 19, 2021

**Via E-Mail**

Build America Bureau  
United States Department of Transportation  
Room W12-464  
1200 New Jersey Avenue, SE  
Washington, D.C. 20590  
Attention: Director, Office of Credit Programs  
E-Mail: BureauOversight@dot.gov

Re: United States Department of Transportation TIFIA Loan Agreement (Toll Revenues) for up to \$345,000,000 with Hampton Roads Transportation Accountability Commission for the I-64 Hampton Roads Bridge-Tunnel Connection Hampton and Norfolk Project (TIFIA – 20211009A) dated September 21, 2021 (the “Toll TIFIA Loan Agreement”)

United States Department of Transportation TIFIA Loan Agreement (HRTF Revenues) for up to \$817,990,000 with Hampton Roads Transportation Accountability Commission for the I-64 Hampton Roads Bridge-Tunnel Connecting Hampton and Norfolk Project (TIFIA – 20211008A) dated September 21, 2021 (the “HRTF TIFIA Loan Agreement”)

Direct Agreement dated September 21, 2021 (the “Direct Agreement”)

Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project

Dear Director:

We write to (i) notify you, to the extent required by Section 15(f)(i)(F) of each of the Toll TIFIA Loan Agreement and the HRTF TIFIA Loan Agreement and by Section 5.1(g)(i)(E) of the Direct Agreement, that the Hampton Roads Transportation Accountability Commission (“HRTAC”) and the Virginia Department of Transportation (“VDOT”) intend to enter into an amendment and restatement of the Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project dated April 2, 2019, by and between HRTAC and VDOT (the “Original PAFA”), and (ii) provide you a copy of the proposed amendment and restatement, titled Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project (the “A&R PAFA”).

The A&R PAFA merely integrates into one master agreement the terms of the Original PAFA and the amendments effected through (a) the Amendment to Project Agreement for Funding and

Administration for the I-64 Hampton Roads Bridge-Tunnel Expansion Project dated September 1, 2021, by and between HRTAC and VDOT, and (b) the Direct Agreement, all of which were provided before, or made in connection with, the captioned loans.

HRTAC and VDOT plan to execute the A&R PAFA thirty (30) days after the date of this notice (or earlier if you waive the passage of the notice period). Please feel free to contact us should you have any further questions.

Sincerely,



Kevin B. Page  
Executive Director, HRTAC



Stephen C. Brich, P.E.  
Commissioner of Highways, VDOT

Enclosure

cc:     Federal Highway Administration  
          Virginia Division Office  
          400 North 8th Street, Suite 750  
          Richmond, Virginia 23219-4825  
          Attention: Division Administrator

Mr. S. Michael Westermann, Esq.

Mr. Ryan Pedraza, Esq.

Mr. Thomas C. Inglima, Esq.

**Agenda Item 5D**  
**Consent Item**

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

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

**Date: December 16, 2021**

**Re: Investment Advisory Services Agreement**

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**Recommendation:**

The Commission is being asked to approve the Investment Advisory Agreement for investment advisory services to be provided by PFM Asset Management LLC.

**Background:**

On October 3, 2016, HRTAC and PFM Asset Management LLC entered into an Investment Advisory Agreement for an initial term with renewals and extensions that expired on October 2, 2021. HRTAC staff was pleased with the performance and services of PFM Asset Management LLC and, in light of that performance and in the interest of continuity with respect to ongoing projects, desired to continue to procure investment advisory services from PFM. Staff reviewed public procurements for investment advisory services and found that the City of Norfolk, Virginia issued a Request for Proposal for Investment Advisor Services, RFP 6367-0-2019/MF, on September 5, 2018. In accordance with Virginia Code Section 2.2-4304, the City of Norfolk RFP included a clause that authorizes other public agencies or bodies in the Commonwealth of Virginia to procure investment advisor services from the Advisor and to deal directly with the Advisor in obtaining such investment advisor services (the "Cooperative Procurement Clause"). HRTAC's Executive Director, Financial Staff, and General Counsel to the Commission worked with PFM Asset Management under the Cooperative Procurement Clause of the RFP to develop the attached agreement that became effective October 3, 2021, but makes the obligations of the Commission under this Agreement expressly conditioned upon and subject to the Commission's ratification of the Investment Advisory Agreement at its next regularly scheduled meeting.

**Fiscal Impact:**

The fiscal impact in relation to this Action Item is included in the approved HRTAC annual administrative budget.

**Suggested Motion:**

**Motion:** The Commission: i. Ratifies the Investment Advisory Agreement for investment advisory services to be provided by PFM Asset Management LLC; and, ii. Authorizes the Chair to finalize and execute the Investment Advisory Agreement with PFM Asset Management LLC, with the advice of the Executive Director and the Commission's general counsel.



## **INVESTMENT ADVISORY AGREEMENT**

THIS AGREEMENT, effective as of the 3rd day of October 2021, by and between HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION, a political subdivision of the Commonwealth of Virginia (hereinafter the “Client”), and PFM ASSET MANAGEMENT LLC, a Delaware limited liability company with an office in Arlington, Virginia (hereinafter the “Advisor”).

### **W I T N E S S E T H**

WHEREAS, the Client and the Advisor previously entered into an Investment Advisory Agreement (the “Initial Agreement”), dated as of October 3, 2016; and

WHEREAS, the term of the Initial Agreement, as renewed and extended from time to time, expires on October 2, 2021; and

WHEREAS, the Client desires to continue to procure investment advisory services from the Advisor; and

WHEREAS, the City of Norfolk, Virginia issued a Request for Proposal for Investment Advisor Services, RFP 6367-0-2019/MF, on September 5, 2018 (the “RFP”); and

WHEREAS, in accordance with Virginia Code Section 2.2-4304, the RFP includes a clause that authorizes other public agencies or bodies in the Commonwealth of Virginia to procure investment advisor services from the Advisor and to deal directly with the Advisor in obtaining such investment advisor services (the “Cooperative Procurement Clause”); and

WHEREAS, the Client has, and will continue to have, funds available for investment purposes (the “Managed Funds”) for which the Client intends to conduct an investment program; and

WHEREAS, the Advisor, under the Initial Agreement, has provided investment advisor services for the Managed Funds assigned to the Advisor by the Client and is willing to provide

such services with respect to such additional funds as Client may assign to the Advisor in the future from time to time; and

WHEREAS, the Client desires to avail itself of the experience, sources of information, advice, assistance and facilities available to the Advisor; to have the Advisor undertake certain duties and responsibilities; and to perform certain services as investment advisor on behalf of the Client, as provided herein; and

WHEREAS, the Advisor is willing to provide such services on the terms and conditions hereinafter set forth; and

WHEREAS, the Client and the Advisor, acting under the Cooperative Procurement Clause of the RFP, desire to enter into this Agreement for the procurement by the Client of investment advisor services from the Advisor on and subject to the terms and conditions set forth herein; and

WHEREAS, the Advisor acknowledges and agrees that this Agreement and the obligations of the Client under this Agreement are expressly conditioned upon and subject to the ratification of this Agreement by the Client's governing body at its next regularly scheduled meeting.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto, intending to be legally bound, agreed as follows:

**1. SERVICES OF ADVISOR.**

(a) The Client hereby engages the Advisor to serve as investment advisor under the terms of this Agreement with respect to the Managed Funds, and the Advisor accepts such engagement and agrees to perform all services required under the RFP, including, without limitation, those attached as **ANNEX A**. In connection therewith, the Advisor will act as a fiduciary in accordance with applicable law with respect to the Managed Funds with

discretionary investment authority and will provide investment research and supervision of the Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the Managed Funds assets. The Advisor shall continuously monitor investment opportunities and evaluate investments of the Managed Funds. The Advisor shall furnish the Client with statistical information and reports with respect to investments of the Managed Funds. The Advisor shall place all orders for the purchase, sale, loan or exchange of portfolio securities for the Client's account with brokers or dealers recommended by the Advisor and/or the Client, and to that end the Advisor is authorized as agent of the Client to give instructions to the custodian designated by the Client (the "Custodian") as to deliveries of securities and payments of cash for the account of the Client. In connection with the selection of such brokers and dealers and the placing of such orders, the Advisor is directed to seek for the Client the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to the Advisor by such brokers and dealers. The Custodian shall have custody of cash, securities and other assets of the Client delivered to the Custodian for safekeeping (at all times, the Client shall be the owner of such assets). All transactions shall be conducted on a "delivery versus payment" basis and the Advisor will provide the Custodian with such information as is necessary to settle each transaction. The Advisor shall not take possession of or act as custodian for the cash, securities or other assets of the Client and shall have no responsibility for any acts or omissions of the Custodian. Authorized investments shall include only those investments that are authorized at the applicable time by the applicable state law, the Investment Policy (defined below), applicable covenants made by the Client (including, without limitation, bond covenants) and any

supplemental written instructions provided by the Client to the Advisor from time to time. The Advisor shall be entitled to rely upon the Client's written advice with respect to anticipated drawdowns of Managed Funds, which drawdowns the Client may make at any time in its sole discretion. The Advisor will observe the instructions of the Client with respect to broker/dealers who are approved to execute transactions involving the Managed Funds and in the absence of such instructions will engage broker/dealers which the Advisor reasonably believes to be reputable, qualified and financially sound.

(b) The Advisor acknowledges that it has read a copy of the Client's Investment Policy effective initially as of July 1, 2016 and amended to date (such policy as it may be amended by the Client from time to time is the "Investment Policy"). The Advisor represents and warrants that it meets the eligibility requirements for investment managers set forth in the Investment Policy. The Advisor agrees, at all times, to act in accordance with all applicable laws and the terms of the Investment Policy and, without limiting the foregoing, to not purchase any security that, at the time of purchase, is in conflict with applicable law or the Investment Policy. The Client covenants to provide, as soon as practicable, to the Advisor in writing any changes to, modifications of or amendments to the Investment Policy.

(c) The Advisor has identified on **ANNEX B** the team of professionals (the "Key Professionals") that the Advisor has assigned to perform investment advisor services for the Client. The Client has the right to request, for any reason, the replacement of any Key Professional. The Advisor shall notify the Client as soon as practicable if any Key Professional ceases to be employed by the Advisor or the Advisor has determined to reassign such person. The Advisor shall further notify the Client promptly if the Advisor becomes aware that any fact represented in this Agreement ceases to be true and correct in any material respect.

(d) The Advisor shall not subcontract or delegate any of its duties or obligations under this Agreement without the Client's prior written consent, which consent may be withheld in the Client's sole discretion.

## **2. COMPENSATION.**

(a) As an all-inclusive fee for services provided by the Advisor pursuant to this Agreement, the Client shall pay the Advisor an annual fee, in monthly installments, based on the average of daily net assets under management according to the schedule below:

Average Daily Assets Under Management	Fees
First \$25 million	11 basis points (0.11%)
Next \$25 million	8 basis points (0.08%)
Next \$50 million	7 basis points (0.07%)
Assets in excess of \$100 million	6 basis points (0.06%)

“Daily net assets” for a given day is determined based upon the total balance of the portfolio of assets under management for that day taking into account the amortized value of the principal of securities under management (determined in accordance with customary industry practices to amortize any applicable premium or discount), associated accrued interest and cash under management at the end of such day.

The “daily net assets” figure calculated for each day in the billing cycle is totaled and then divided by the total number of days in the billing cycle. Then, the average balance is multiplied by the applicable rate per the fee schedule set forth above. The product is then divided by the number of days in the year (365 or 366). The result is then multiplied by the number of days in the billing period. An example of the “daily net assets” billing cycle calculation is attached hereto as **EXHIBIT I.**

$$(((A / D) x I) / P) x D$$

Where:

A = the sum of the daily balances in the billing period

D = number of days in the billing period

I = annual fee schedule

P = number of days in the year

The value of securities shall be determined by the Advisor daily using industry-recognized reporting services reasonably acceptable to the Client and verified at month end against the Custodian's determination (in the event of any discrepancy, the value shall be reconciled by the parties in consultation with the Custodian).

The minimum annual fee is \$25,000, to be applied in equal monthly installments of \$2,083.33 in any month where the fee calculated under the formula above is less than \$2,083.33.

(b) The Advisor will bill the Client monthly in arrears for service performed under this Agreement, said bill to include a statement indicating the basis upon which the fee was calculated. A sample of the bill and the statement are attached hereto as **EXHIBIT II** and **EXHIBIT III**, respectively. The Client shall pay to the Advisor the amount payable pursuant to this Agreement (which excludes any amount subject to a good faith dispute) not later than on the 15th day of the month following the month during which the Advisor's statement was received.

(c) Assets invested by the Advisor under the terms of this Agreement may from time to time be invested in (i) a money market mutual fund managed by the Advisor or (ii) a local government investment pool managed by the Advisor (each of (i) and (ii), a "Pool"), or in individual securities. Average daily net assets subject to the fees described in this section shall not take into account any funds invested in any Pool. Expenses of the Pool, including compensation for the Advisor and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.

(d) If and to the extent that the Client shall request the Advisor to render services other than those to be rendered by the Advisor hereunder, such additional services shall be compensated separately on terms to be agreed upon between the Advisor and the Client.

### **3. EXPENSES.**

(a) The Advisor shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, investment advisory facilities, and executive and supervisory personnel for managing the Managed Funds.

(b) Except as expressly provided otherwise herein, the Client shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the Client's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, and fees and expenses of the Custodian.

### **4. REGISTERED ADVISOR; DUTY OF CARE.**

The Advisor hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940, as amended. The Advisor shall immediately notify the Client if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The Advisor agrees to perform its duties and responsibilities under this Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the Client may have under any federal securities laws. The Client hereby authorizes the Advisor to sign I.R.S. Form W-9 on behalf of the Client and to

deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

## **5. INDEMNIFICATION; INSURANCE**

(a) The Advisor shall indemnify, defend and hold the Client, its members, officers, employees and staff harmless from and against any and all damages, claims, losses, liabilities, actions, suits, costs, charges, expenses (including, without limitation, reasonable attorneys' fees), judgments, fines and penalties to the extent arising out of or resulting from the wrongful acts or omissions, whether negligent or intentional, of the Advisor or any of its employees or agents (including, without limitation, any subcontractor) or any breach by the Advisor of its duties or obligations under this Agreement. This indemnification shall survive any termination of this Agreement.

(b) Without limiting the foregoing indemnification obligations, the Advisor shall provide and maintain, at its own expense, the insurance required under the RFP and such additional coverage as may be described in **ANNEX C**.

## **6. NON-EXCLUSIVITY.**

(a) The Client understands that the Advisor performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The Client agrees that the Advisor, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Managed Funds. The Advisor shall not have any obligation to purchase, sell or exchange any security for the Managed Funds solely by reason of the fact that the Advisor, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.

(b) The Advisor acknowledges that it is being appointed on a non-exclusive basis and the Client reserves the right to engage an additional investment manager (or investment managers) to manage other assets of the Client.

## **7. TERM; TERMINATION.**

(a) Subject to the provisions of Section 7(b), below, the term of this Agreement shall be for an initial period of twelve (12) months beginning on the Effective Date. The Client has the option to renew the Agreement for up to four (4) successive one (1)-year renewal periods by giving the Advisor written notice of renewal at least sixty (60) days prior to the expiration of the then-applicable contract period. In the event the Client fails to give timely notice of renewal or Client otherwise needs a transition period at the end of the last renewal period, the Client may request a transition extension of at least 120 days.

(b) The Advisor acknowledges and agrees that this Agreement is subject to ratification by the Board of Commissioners of the Client at its next meeting. If the Board of Commissioners does not ratify this Agreement, the Client shall have the option to immediately terminate this Agreement and pay the Advisor for services rendered under this Agreement through the date of termination in accordance with the provisions of Section 2 and Section 3.

(c) This Agreement may be terminated by the Client for convenience at any time on not less than thirty (30) days' written notice to the Advisor.

(d) If a party hereto materially breaches any of its respective material obligations under this Agreement, the non-breaching party may terminate this Agreement if the breaching party does not cure such default (if capable of being cured) within twenty (20) days after receiving written notice thereof from the non-breaching party.

(e) The Advisor expressly acknowledges and agrees that the Advisor shall not have any termination rights other than those set forth above.

## **8. FORCE MAJEURE.**

The Advisor shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its reasonable control, including interruption of the business activities of the Advisor or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

## **9. DISCIPLINARY ACTIONS.**

The Advisor shall promptly give notice to the Client if the Advisor, any Approved Subcontractor (to the best of the Advisor's knowledge) or any Key Professional shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission ("SEC") or any other agency or department of the United States, any registered securities exchange, the Financial Industry Regulatory Authority, or any regulatory authority of any State based upon the performance of services as an investment advisor.

## **10. INDEPENDENT CONTRACTOR.**

The Advisor, its employees, officers and representatives shall not be deemed to be employees, agents (except as to the purchase or sale of securities described in Section 1), partners, servants, and/or joint ventures of the Client by virtue of this Agreement or any actions or services rendered under this Agreement.

## **11. BOOKS.**

The Advisor shall maintain records of all transactions in the Managed Funds. The Advisor shall provide the Client with a monthly statement showing deposits, withdrawals,

purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by the Advisor and the Client.

**12. THE ADVISOR'S BROCHURE AND BROCHURE SUPPLEMENT.**

The Advisor warrants that it has delivered to the Client prior to the execution of this Agreement the Advisor's current SEC Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The Client acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.

**13. ENTIRE AGREEMENT; MODIFICATION.**

(a) This Agreement, together with the annexes and exhibits hereto, constitutes the entire agreement of the parties and there are no other representations, warranties, promises, agreements or understandings, oral, written or implied between the parties, except to the extent expressly referenced herein. In the event of any conflict between the documents forming a part of this Agreement, the conflict shall be resolved by giving precedence to the terms of the documents in the following order of priority: first, this Agreement; and second, the Investment Policy.

(b) This Agreement shall not be changed, modified, terminated or discharged in whole or in part, except or by an instrument in writing signed by both parties hereto, or their respective successors or assigns.

**14. SUCCESSORS AND ASSIGNS.**

The provisions of this Agreement shall be binding on the Advisor and its successors and assigns, provided, however, that the rights and obligations of the Advisor may not be assigned, subcontracted or delegated by the Advisor without the prior written consent of the Client.

## **15. NOTICE.**

Written notices required under this Agreement shall be sent by regular mail, certified mail, overnight delivery or courier, and shall be deemed given when received at the parties' respective addresses shown below. Either party must notify the other party in writing of a change in address.

Client's Address:

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

Advisor's Address:

PFM Asset Management LLC  
Nelson L. Bush, Managing Director  
213 Market Street  
Harrisburg, PA 17101

With copy to:

PFM Asset Management LLC  
1735 Market Street, 43<sup>rd</sup> Floor  
Philadelphia, PA 19103  
Attention: Controller

## **16. APPLICABLE LAW.**

This Agreement shall be construed, enforced, and administered according to the laws of the Commonwealth of Virginia. The Advisor and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to filing a lawsuit.

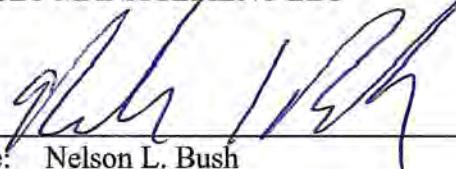
## **17. EXECUTION AND SEVERABILITY.**

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date set forth in the first paragraph of this Agreement.

PFM ASSET MANAGEMENT LLC

By: 

Name: Nelson L. Bush  
Title: Managing Director

HAMPTON ROADS TRANSPORTATION  
ACCOUNTABILITY COMMISSION

By: 

Name: Kevin Page  
Title: Executive Director

## ANNEX A

### Scope of Services

Services to be provided include, but may not be limited to, the following:

1. Initial Overview:

- a. Perform a formal review of the HRTAC's investment policies, guidelines and liquidity needs;
- b. Perform a formal review of current investments and overall investment strategy;
- c. Make recommendations to update the HRTAC INVESTMENT GUIDELINES AND POLICIES;
- d. Assist in custodial bank searches, if requested.

2. Portfolio Planning:

- a. Perform a cash flow analysis to identify the portion of the portfolio needed for liquidity purposes and the "core" that could be invested for a longer-term;
- b. Assist HRTAC in establishing an appropriate investment strategy which meets the goals of the investment policy, while adhering to its constraints;
- c. Assist HRTAC in selecting appropriate benchmark(s) that reflect the level of risk and cash flow requirements in a managed portfolio.

3. Active Management:

- a. Monitor HRTAC's portfolio daily and execute trades competitively on a discretionary basis **WITHIN EXISTING FORMAL POLICIES AND GUIDELINES**;
- b. Place all orders for the purchase, sale, loan or exchange of portfolio securities with brokers or dealers, and coordinate security delivery with the custodian institution;
- c. Monitor cash flow needs;
- d. Monitor the credit worthiness of all investments, and provide the HRTAC with detailed evaluations of significant changes in credit quality.

4. On-Going Services:

- a. Provide monthly statements, detailing holdings and transactions on both a cash and accrual basis. In addition, a rate of return of the portfolio should be provided

on a cost and market basis. Ending balances should be reported at cost and market basis with maturity dates including the average maturity for the portfolio;

- b. Provide quarterly performance reporting and analysis, including comparison to mutually agreed upon national and regional benchmarks, along with documentation that at least three bids have been solicited for any security purchased or sold on behalf of HRTAC;
- c. Review performance via quarterly meetings (or as needed);
- d. Perform on-going monitoring of portfolio investments and overall strategies;
- e. Periodically review investment policy and make recommendations for changes, as deemed appropriate;
- f. Periodically perform cash flow analysis to re-evaluate appropriate allocation to core and liquidity portfolios;
- g. Re-balance assets as needed;
- h. Provide on-going education services and investment research for the HRTAC;
- i. Provide annual reporting in accordance with GASB requirements for inclusion in the HRTAC's Comprehensive Annual Financial Report (CAFR);
- j. All reports should be provided electronically, via email or a secure web-based portal hosted by the Offeror.
- k. Offerors should maintain a list of approved security brokers/dealers, selected by credit worthiness, which are authorized to provide investment services in the Commonwealth of Virginia.
- l. Offerors should not collect any soft dollar fees from any broker/dealer or other financial firm in relation to services provided to HRTAC.

## ANNEX B

### Advisor's Key Personnel

Team Member/Title	Brief Resume
<b>Engagement Management</b>	
<b>Nelson L. Bush</b> <i>Managing Director</i> <b>Education:</b> B.S. in Accounting, <i>York College of Pennsylvania</i> <b>Professional Designations or Licenses:</b> FINRA Series 6, 52, and 63	<b>28 Years with PFMAM   28 Years of Experience</b> <p>Nelson is a managing director and joined PFMAM in 1993. He focuses on providing investment advisory services to public entities and non-profit organizations in PFMAM's South region. Nelson helps with the design and adoption of investment policies, benchmarking investment performance, development and implementation of investment strategies, discretionary management of public funds and benefit plans, and the management of bond proceeds in compliance with arbitrage rebate regulations.</p> <p>He is the program administrator for the Virginia State Non-Arbitrage Program, the Texas Range Local Government Investment Program, and the North Carolina Investment Pool. As a member of and frequent instructor for several statewide professional associations in Virginia, Texas, and North Carolina, he regularly teaches classes on cash and investment management policies and best practices.</p>
<b>David Calvert, CFA</b> <i>Director</i> <b>Education:</b> M.S. in Finance, <i>Boston College</i> B.S. in Business Administration with a concentration in Finance and Accounting, <i>Bloomsburg University</i> <b>Professional Designations or Licenses:</b> FINRA Series 6 and 63	<b>21 Years with PFMAM   21 Years of Experience</b> <p>David Calvert is a Director and provides a broad range of investment advisory and consulting services for clients located primarily in PFMAM's South and East regions. These services include developing portfolio strategies, modeling cash flows, reviewing portfolio performance, and updating investment policies.</p> <p>He has been a guest speaker at multiple conferences and training sessions for the Virginia Government Finance Officers' Association, Treasurers' Association of Virginia, North Carolina Local Government Investment Association, Southern Association of College and University Business Officers, Texas Association of Counties, Texas Association of Community College Business Officers, and the Western Association of College and University Business Officers.</p>
<b>Gray Lepley</b> <i>Portfolio Strategist</i> <b>Education:</b> B.A. in Hispanic Studies, <i>Hamilton College</i>	<b>6 Years with PFMAM   6 Years of Experience</b> <p>Gray joined PFMAM in 2015 and is currently a member of the Portfolio Strategies Group. In this role, Gray provides support for client engagements across the country, regularly presenting market and strategy updates. She also speaks at industry conferences and client seminars, presenting strategy and investment considerations for fixed-income portfolios. In addition, she provides technical and analytical support including performance analysis and economic research.</p> <p>Gray originally started at PFMAM as an analyst in the Structured Products Group. In this capacity, she provided technical and quantitative support for various clients, as well as services such as</p>

Team Member/Title	Brief Resume
	investment analysis, strategy development and implementation of bond proceeds portfolios, such as project funds, debt service funds, debt service reserve funds and surplus funds.
<b>Portfolio Management</b>	
<b>Brian Raubenstine, CFA</b> <i>Senior Portfolio Manager</i> <b>Education:</b> B.S. in Finance, <i>The Pennsylvania State University</i>	<b>13 Years with PFMAM   14 Years of Experience</b> Brian joined PFMAM in 2008 and is a member of the Fixed-Income Portfolio Management Team. In his capacity as a senior portfolio manager, he is directly responsible for the daily management of a significant number of client portfolios. His responsibilities include the development and execution of investment strategies for portfolios, generally from a total return perspective. Brian specializes in the municipal securities market and credit for the trading desk. Brian is a member of the firm's Fixed Income Credit Committee, which is responsible for PFM's independent credit research for both local government investment pools ("LGIPs") and separately managed accounts.
<b>Bob Cheddar, CFA</b> <i>Back-up Portfolio Manager</i> <b>Education:</b> MBA, Pennsylvania State University B.S. in Business Administration, Susquehanna University	<b>17 Years with PFM   23 Years of Experience</b> Bob joined PFMAM in 2004 as a Senior Portfolio Manager and was promoted to Managing Director in 2011. Bob serves as Chief Credit Officer and chair of the Fixed-Income Credit Committee, leading a team responsible for independent credit research and strategy. This team conducts all internal credit research for both local government investment pools and separately managed accounts and is responsible for the analysis and oversight of all PFMAM's asset management clients' credit exposure. He also manages client accounts across the country. He is responsible for the management of client assets in separate portfolios for cities, counties, insurance and self-insurance organizations, school districts, state and local government agencies, public finance authorities, and universities.
<b>Analytical Support</b>	
<b>George Beistline</b> <i>Senior Managing Consultant</i> <b>Education:</b> B.S. in Finance, <i>The Pennsylvania State University</i> <b>Professional Designations or Licenses:</b> FINRA Series 6 and 63 Licenses	<b>8 Years with PFMAM   8 Years of Experience</b> George is a Senior Managing Consultant in PFMAM's Harrisburg office. He is the team lead for PFMAM's East/South Analyst Pool that services all clients in PFMAM's South region. As team lead, George is responsible for managing the creation and distribution of a variety of work products and reports in support of relationship managers, with respect to their ongoing client service and business development needs. In addition to his management responsibilities, George also serves as a technical and analytical resource for clients related to customized investment reporting, cash flow modeling, portfolio analysis and investment policy best practices. Prior to leading the analyst pool program, George worked as an analyst within the East region. His responsibilities included preparing customized investment performance reports, cash flow

Team Member/Title	Brief Resume
	modeling, portfolio structuring and restructuring, reviewing investment policies and practices for compliance with state statutes, and creating client presentations and responses to Requests for Proposals.

## **ANNEX C**

### **Minimum Insurance Coverages**

From time to time the limits and related terms for the Professional Liability Insurance stated in the RFP/Agreement shall be compared with the limits of coverage and related terms that the Advisor has committed to maintain for other Virginia governmental clients/political subdivisions, and if the Advisor has committed to maintain more protective terms for the benefit of such other clients, upon the Client's request, the Advisor will amend the Agreement to reflect its commitment to also maintain such terms for the benefit of the Client.

See attached insurance certificates.



## Insurance Statement

PFM Asset Management LLC ("PFM") has a complete insurance program, including property, casualty, general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$40 million and \$25 million single loss/ \$50 million aggregate, respectively. PFM also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a "claims made" policy and our General Liability policy claims would be made by occurrence.

### Deductibles/SIR:

Automobile \$250 comprehensive & \$250 collision  
Cyber Liability \$25,000  
General Liability \$0  
Professional Liability (E&O) \$1,000,000  
Financial Institution Bond \$75,000

### Insurance Company & AM Best Rating

Professional Liability (E&O) .....	Endurance American Insurance Company; (A+; XV)
.....	Argonaut Insurance Company; (A-; XIV)
.....	Everest National Insurance Company; (A+; XV)
.....	XL Specialty Insurance Company; (A+; XV)
.....	Starr Indemnity & Liability Company; (A; XV)
.....	QBE Insurance Corporation; (A; XV)
.....	ACE American Insurance Company; (A++; XV)
Financial Institution Bond. ....	Federal Insurance Company; (A++; XV)
.....	Great American Insurance Company; (A+; XV)
.....	U.S. Fire Insurance Company; (A; XV)
Cyber Liability. ....	Greenwich Insurance Company (A+; XV)
.....	Arch Insurance Company; (A+; XV)
General Liability. ....	Great Northern Insurance Company; (A++; XV)
Automobile Liability.....	Great Northern Insurance Company; (A++; XV)
Excess /Umbrella Liability.....	Federal Insurance Company; (A++; XV)
Workers Compensation. ....	Vigilant Insurance Company; (A++; XV)
& Employers Liability	

ACORD™

## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
11/16/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERNS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER		CONTACT NAME: PHONE (A/C, No, Ext): 877 861-3220	FAX (A/C, No):
Conner Strong & Buckelew PO Box 99106 Camden, NJ 08101		E-MAIL ADDRESS:	
INSURED		INSURER(S) AFFORDING COVERAGE	NAIC #
PFM Asset Management LLC 1735 Market Street 43rd Floor Philadelphia, PA 19103-2770		INSURER A: Great Northern Insurance Company	20303
		INSURER B: Federal Insurance Company	20281
		INSURER C: Vigilant Insurance Company	20397
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES		CERTIFICATE NUMBER:		REVISION NUMBER:				
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.								
INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	COMMERCIAL GENERAL LIABILITY  CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/>			35363950  COMBINED TOTAL AGGREGATE \$10M	11/30/2020	11/30/2021	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$1,000,000 \$1,000,000 \$10,000 \$1,000,000 \$2,000,000 \$INCL IN \$GENERAL AGGR.
A	AUTOMOBILE LIABILITY  ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY	<input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		73248555	11/30/2020	11/30/2021	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$1,000,000 \$ \$ \$ \$
B	UMBRELLA LIAB  EXCESS LIAB	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE		79774080	11/30/2020	11/30/2021	EACH OCCURRENCE AGGREGATE	\$10,000,000 \$10,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY  ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y / N <input checked="" type="checkbox"/> N	N / A	71739979	01/01/2021	01/01/2022	X PER STATUTE E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	OTH- ER \$1,000,000 \$1,000,000 \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

EVIDENCE OF COVERAGE		SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
		AUTHORIZED REPRESENTATIVE  <i>W. Michael Tugman</i>

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# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/23/2020

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PRODUCER New York-Crystal 32 Old Slip New York NY 10005	CONTACT NAME: Brian Rozynski	FAX (A/C, No): 212-504-1899	
	PHONE (A/C, No, Ext): 212-504-1882		
INSURED PFM Asset Management LLC 1735 Market Street 43rd Floor Philadelphia PA 19103	E-MAIL ADDRESS: brian.rozynski@alliant.com	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Endurance American Insurance C	10641	
	INSURER B: Various		
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY  CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>					EACH OCCURRENCE \$	
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO- JECT <input type="checkbox"/> LOC					DAMAGE TO RENTED PREMISES (Ea occurrence) \$	
	OTHER:					MED EXP (Any one person) \$	
	AUTOMOBILE LIABILITY  ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					PERSONAL & ADV INJURY \$	
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE					GENERAL AGGREGATE \$	
	DED <input type="checkbox"/> RETENTION \$					PRODUCTS - COMP/OP AGG \$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A				COMBINED SINGLE LIMIT (Ea accident) \$	
A B	Professional Liability		MAN30000866502 Various	11/30/2020 11/30/2020	11/30/2021 11/30/2021	PER STATUTE \$	OTHER \$
						E.L. EACH ACCIDENT \$	
						E.L. DISEASE - EA EMPLOYEE \$	
						E.L. DISEASE - POLICY LIMIT \$	
						Limit of Liability: \$40,000,000 Aggregate Limit	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
Evidence of Coverage only.

THE PROFESSIONAL LIABILITY POLICY IS NON-CANCELABLE BY THE INSURER EXCEPT FOR NON-PAYMENT OF PREMIUM.

## CERTIFICATE HOLDER

## CANCELLATION

EVIDENCE OF COVERAGE	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/23/2020

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PRODUCER New York-Crystal 32 Old Slip 29th Fl New York NY 10005		CONTACT NAME: Brian Rozynski PHONE (A/C, No, Ext): 212-504-1882 E-MAIL: brian.rozynski@alliant.com	FAX (A/C, No): 212-504-1899
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A: Federal Insurance Company	20281
INSURED PFM Asset Management LLC 1735 Market Street 43rd Floor Philadelphia PA 19103		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	
		INSURER F:	
LICENSE#:		BR-800584	PUBLFIN-01

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY  CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>					EACH OCCURRENCE \$	
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO- JECT <input type="checkbox"/> LOC					DAMAGE TO RENTED PREMISES (Ea occurrence) \$	
	OTHER:					MED EXP (Any one person) \$	
	AUTOMOBILE LIABILITY  ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					PERSONAL & ADV INJURY \$	
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE					GENERAL AGGREGATE \$	
	DED <input type="checkbox"/> RETENTION \$					PRODUCTS - COMP/OP AGG \$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A				COMBINED SINGLE LIMIT (Ea accident) \$	
A	Financial Institution Bond		81470605	11/30/2020	11/30/2021	BODILY INJURY (Per person) \$	
						BODILY INJURY (Per accident) \$	
						PROPERTY DAMAGE (Per accident) \$	
							\$
						EACH OCCURRENCE \$	
						AGGREGATE \$	
							\$
						PER STATUTE \$	OTHR-ER \$
						E.L. EACH ACCIDENT \$	
						E.L. DISEASE - EA EMPLOYEE \$	
						E.L. DISEASE - POLICY LIMIT \$	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence of coverage only.

## CERTIFICATE HOLDER

## CANCELLATION

To Whom It May Concern

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

**EXHIBIT I**  
**“Daily Net Assets” Billing Cycle Calculation**

*See Attached.*

Sample Monthly Invocie Calculation  
City of Norfolk IA Fees applied to Historical HRTAC Assets

Date	Core Portfolio	Enhanced Cash Portfolio	Combined Assets	11bp on first \$25mm	8bp on next \$25mm	7bp on next \$50mm	6bp on assets in excess of \$100mm
6/1/2016	137,028,574.25	211,424,827.33	348,453,401.58	75.34	54.79	95.89	408.42
6/2/2016	137,034,169.58	211,428,795.67	348,462,965.25	75.34	54.79	95.89	408.43
6/3/2016	137,039,764.92	207,067,172.63	344,106,937.55	75.34	54.79	95.89	401.27
6/4/2016	137,045,360.25	207,071,140.98	344,116,501.23	75.34	54.79	95.89	401.29
6/5/2016	137,050,955.58	207,075,109.33	344,126,064.91	75.34	54.79	95.89	401.30
6/6/2016	137,056,550.91	207,079,077.67	344,135,628.58	75.34	54.79	95.89	401.32
6/7/2016	137,062,146.24	211,544,984.74	348,607,130.98	75.34	54.79	95.89	408.67
6/8/2016	137,067,741.58	211,547,231.84	348,614,973.42	75.34	54.79	95.89	408.68
6/9/2016	137,073,336.91	211,551,200.18	348,624,537.09	75.34	54.79	95.89	408.70
6/10/2016	137,078,932.24	211,555,168.53	348,634,100.77	75.34	54.79	95.89	408.71
6/11/2016	137,084,527.57	210,669,233.05	347,753,760.62	75.34	54.79	95.89	407.27
6/12/2016	137,090,122.90	210,673,201.39	347,763,324.29	75.34	54.79	95.89	407.28
6/13/2016	137,095,718.25	210,677,169.74	347,772,887.99	75.34	54.79	95.89	407.30
6/14/2016	137,101,313.57	211,681,138.09	348,782,451.66	75.34	54.79	95.89	408.96
6/15/2016	137,106,908.90	211,672,768.94	348,779,677.84	75.34	54.79	95.89	408.95
6/16/2016	137,112,504.23	211,676,737.28	348,789,241.51	75.34	54.79	95.89	408.97
6/17/2016	137,118,099.59	211,680,705.63	348,798,805.22	75.34	54.79	95.89	408.98
6/18/2016	137,123,694.90	211,684,673.98	348,808,368.88	75.34	54.79	95.89	409.00
6/19/2016	137,129,290.23	209,610,454.82	346,739,745.05	75.34	54.79	95.89	405.60
6/20/2016	137,134,885.56	209,598,173.17	346,733,058.73	75.34	54.79	95.89	405.59
6/21/2016	137,140,480.89	207,449,395.25	344,589,876.14	75.34	54.79	95.89	402.07
6/22/2016	137,146,076.22	207,453,363.59	344,599,439.81	75.34	54.79	95.89	402.08
6/23/2016	137,151,671.56	207,457,331.94	344,609,003.50	75.34	54.79	95.89	402.10
6/24/2016	137,157,266.89	211,711,323.85	348,868,590.74	75.34	54.79	95.89	409.10
6/25/2016	137,162,862.22	211,042,159.75	348,205,021.97	75.34	54.79	95.89	408.01
6/26/2016	137,168,457.55	211,046,128.09	348,214,585.64	75.34	54.79	95.89	408.02
6/27/2016	137,174,052.88	211,050,096.44	348,224,149.32	75.34	54.79	95.89	408.04
6/28/2016	137,179,648.22	211,054,064.79	348,233,713.01	75.34	54.79	95.89	408.06
6/29/2016	137,185,243.55	211,058,033.13	348,243,276.68	75.34	54.79	95.89	408.07
6/30/2016	137,190,838.90	211,047,454.60	348,238,293.50	75.34	54.79	95.89	408.06
				2,260.27	1,643.84	2,876.71	12,198.30
Average	137,109,706.57	210,244,610.55	347,354,317.12				
% of Total	0.394725788	0.605274212				\$ 18,979.12	

Core @ .390084648	\$ 7,491.55
Enhanced Cash @ .609915352	\$ 11,487.57
Total	<u><u>\$ 18,979.12</u></u>

**EXHIBIT II**

**Sample Bill**

**Invoice for Investment Advisory Services**

*See Attached.*



PFM Asset Management LLC  
1735 Market Street, 43rd Floor  
Philadelphia, PA 19103-7502

215-567-6100 phone  
215-567-4180 fax  
www.pfm.com

## HAMPTON ROADS TRANS ACCOUNTABILITY COMM

KEVIN PAGE  
723 WOODLAKE DRIVE  
CHESAPEAKE, VA 23320

For Period June 1, 2021 to June 30, 2021

Invoice # : SMA-M0621-24773

Client # : CC-05.03095.004

### INVOICE FOR INVESTMENT ADVISORY SERVICES

Portfolio	Days		Average Assets
37760200	30	HRTAC CORE	\$ 137,109,706.57 \$ 7,734.90
37760400	30	HRTAC ENHANCED CASH	\$ 210,244,610.55 \$ 11,860.66
<u>Fee Structure:</u> 8bp on first \$100mm, 7bp up to \$200mm, 6bp up to \$400mm, 5bp over; \$60k annual minimum fee			<u>Amount Due :</u> \$ 19,595.56

For questions or additional information, please contact your Client Manager:

Nelson L. Bush; Phone (703) 741-0175, e-mail:bushn@pfm.com

Please Include With Payment :

Amount Enclosed  
Invoice # SMA-M0621-24773  
Client # CC-05.03095.004

**Via ACH (preferred):**  
PFM Asset Management LLC  
Bank Name: M&T Bank  
ACH# (ACH): 031302955  
Account #: 9863040128

**Via Wire:**  
Bank Name: M&T Bank  
ABA# (Wire): 022000046  
Account #: 9863040128

**Via Mail:**  
PFM Asset Management LLC  
P.O. Box 62923  
Baltimore, MD 21264-2923

**TERMS : DUE UPON RECEIPT**



PFM Asset Management LLC  
1735 Market Street, 43rd Floor  
Philadelphia, PA 19103-7502

215-567-6100 phone  
215-567-4180 fax  
www.pfm.com

## Daily Assets for June, 2021

Account Total	<u>37760200</u>	<u>37760400</u>
Day Assets	Day Assets	Day Assets
01 - 348,453,401.58	01 - 137,028,574.25	01 - 211,424,827.33
02 - 348,462,965.26	02 - 137,034,169.58	02 - 211,428,795.67
03 - 344,106,937.55	03 - 137,039,764.92	03 - 207,067,172.63
04 - 344,116,501.23	04 - 137,045,360.25	04 - 207,071,140.98
05 - 344,126,064.91	05 - 137,050,955.58	05 - 207,075,109.33
06 - 344,135,628.58	06 - 137,056,550.91	06 - 207,079,077.67
07 - 348,607,130.98	07 - 137,062,146.24	07 - 211,544,984.74
08 - 348,614,973.41	08 - 137,067,741.58	08 - 211,547,231.84
09 - 348,624,537.09	09 - 137,073,336.91	09 - 211,551,200.18
10 - 348,634,100.77	10 - 137,078,932.24	10 - 211,555,168.53
11 - 347,753,760.62	11 - 137,084,527.57	11 - 210,669,233.05
12 - 347,763,324.30	12 - 137,090,122.90	12 - 210,673,201.39
13 - 347,772,887.98	13 - 137,095,718.24	13 - 210,677,169.74
14 - 348,782,451.66	14 - 137,101,313.57	14 - 211,681,138.09
15 - 348,779,677.84	15 - 137,106,908.90	15 - 211,672,768.94
16 - 348,789,241.51	16 - 137,112,504.23	16 - 211,676,737.28
17 - 348,798,805.19	17 - 137,118,099.56	17 - 211,680,705.63
18 - 348,808,368.87	18 - 137,123,694.90	18 - 211,684,673.98
19 - 346,739,745.05	19 - 137,129,290.23	19 - 209,610,454.82
20 - 346,733,058.73	20 - 137,134,885.56	20 - 209,598,173.17
21 - 344,589,876.14	21 - 137,140,480.89	21 - 207,449,395.25
22 - 344,599,439.82	22 - 137,146,076.22	22 - 207,453,363.59
23 - 344,609,003.50	23 - 137,151,671.56	23 - 207,457,331.94
24 - 348,868,590.74	24 - 137,157,266.89	24 - 211,711,323.85
25 - 348,205,021.97	25 - 137,162,862.22	25 - 211,042,159.75
26 - 348,214,585.64	26 - 137,168,457.55	26 - 211,046,128.09
27 - 348,224,149.32	27 - 137,174,052.88	27 - 211,050,096.44
28 - 348,233,713.00	28 - 137,179,648.22	28 - 211,054,064.79
29 - 348,243,276.68	29 - 137,185,243.55	29 - 211,058,033.13
30 - 348,238,293.50	30 - 137,190,838.90	30 - 211,047,454.60

**EXHIBIT III**

**Sample Statement**

**Average Daily Assets Calculation**

*See Attached.*

Sample Monthly Invocie Calculation  
City of Norfolk IA Fees applied to Historical HRTAC Assets

Date	Core Portfolio	Enhanced Cash Portfolio	Combined Assets	11bp on first \$25mm	8bp on next \$25mm	7bp on next \$50mm	6bp on assets in excess of \$100mm
6/1/2016	137,028,574.25	211,424,827.33	348,453,401.58	75.34	54.79	95.89	408.42
6/2/2016	137,034,169.58	211,428,795.67	348,462,965.25	75.34	54.79	95.89	408.43
6/3/2016	137,039,764.92	207,067,172.63	344,106,937.55	75.34	54.79	95.89	401.27
6/4/2016	137,045,360.25	207,071,140.98	344,116,501.23	75.34	54.79	95.89	401.29
6/5/2016	137,050,955.58	207,075,109.33	344,126,064.91	75.34	54.79	95.89	401.30
6/6/2016	137,056,550.91	207,079,077.67	344,135,628.58	75.34	54.79	95.89	401.32
6/7/2016	137,062,146.24	211,544,984.74	348,607,130.98	75.34	54.79	95.89	408.67
6/8/2016	137,067,741.58	211,547,231.84	348,614,973.42	75.34	54.79	95.89	408.68
6/9/2016	137,073,336.91	211,551,200.18	348,624,537.09	75.34	54.79	95.89	408.70
6/10/2016	137,078,932.24	211,555,168.53	348,634,100.77	75.34	54.79	95.89	408.71
6/11/2016	137,084,527.57	210,669,233.05	347,753,760.62	75.34	54.79	95.89	407.27
6/12/2016	137,090,122.90	210,673,201.39	347,763,324.29	75.34	54.79	95.89	407.28
6/13/2016	137,095,718.25	210,677,169.74	347,772,887.99	75.34	54.79	95.89	407.30
6/14/2016	137,101,313.57	211,681,138.09	348,782,451.66	75.34	54.79	95.89	408.96
6/15/2016	137,106,908.90	211,672,768.94	348,779,677.84	75.34	54.79	95.89	408.95
6/16/2016	137,112,504.23	211,676,737.28	348,789,241.51	75.34	54.79	95.89	408.97
6/17/2016	137,118,099.59	211,680,705.63	348,798,805.22	75.34	54.79	95.89	408.98
6/18/2016	137,123,694.90	211,684,673.98	348,808,368.88	75.34	54.79	95.89	409.00
6/19/2016	137,129,290.23	209,610,454.82	346,739,745.05	75.34	54.79	95.89	405.60
6/20/2016	137,134,885.56	209,598,173.17	346,733,058.73	75.34	54.79	95.89	405.59
6/21/2016	137,140,480.89	207,449,395.25	344,589,876.14	75.34	54.79	95.89	402.07
6/22/2016	137,146,076.22	207,453,363.59	344,599,439.81	75.34	54.79	95.89	402.08
6/23/2016	137,151,671.56	207,457,331.94	344,609,003.50	75.34	54.79	95.89	402.10
6/24/2016	137,157,266.89	211,711,323.85	348,868,590.74	75.34	54.79	95.89	409.10
6/25/2016	137,162,862.22	211,042,159.75	348,205,021.97	75.34	54.79	95.89	408.01
6/26/2016	137,168,457.55	211,046,128.09	348,214,585.64	75.34	54.79	95.89	408.02
6/27/2016	137,174,052.88	211,050,096.44	348,224,149.32	75.34	54.79	95.89	408.04
6/28/2016	137,179,648.22	211,054,064.79	348,233,713.01	75.34	54.79	95.89	408.06
6/29/2016	137,185,243.55	211,058,033.13	348,243,276.68	75.34	54.79	95.89	408.07
6/30/2016	137,190,838.90	211,047,454.60	348,238,293.50	75.34	54.79	95.89	408.06
				2,260.27	1,643.84	2,876.71	12,198.30
Average	137,109,706.57	210,244,610.55	347,354,317.12				
% of Total	0.394725788	0.605274212				\$ 18,979.12	

Core @ .390084648	\$ 7,491.55
Enhanced Cash @ .609915352	\$ 11,487.57
Total	<u><u>\$ 18,979.12</u></u>

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

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

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

**Date: December 16, 2021**

**Re: HRTAC Fiscal Year 2021 Audited Financial and Compliance Report**

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**Recommendation:**

The Commission is asked to adopt the FY2021 Audited Financial and Compliance Report for HRTAC provided by the Auditor of Public Accounts.

**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. As a result of the review of the Commission's finances, 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. PBMares, LLP published the FY2021 Audited Financial and Compliance Report for HRTAC on September 20, 2021, and communicated the financial report to the APA on September 21, 2021. Mr. Michael A Garber, Partner of PBMares, LLP will provide the Commission an over view of the annual audit. Both the FY2021 Audited Financial and Compliance Report for HRTAC and the Auditor's Statement on Auditing Standards are attached to this briefing.

**Fiscal Impact:**

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

**Suggested Motion:**

**Motion:** The Commission approves the HRTAC FY2021 Audited Financial and Compliance Report and authorizes the Executive Director to distribute 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, 2021**



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ASSURANCE, TAX & ADVISORY SERVICES

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

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## **INTRODUCTORY SECTION**

# **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

## **DIRECTORY OF PRINCIPAL OFFICIALS**

### ***Voting Members***

Donnie R. Tuck, Chair, City of Hampton

Dr. Richard W. "Rick" West, Vice Chair, City of Chesapeake

Kenneth C. Alexander, City of Norfolk

Christopher D. Cornwell, Sr., Southampton County

Robert M. Dyer, City of Virginia Beach

Michael J. Hippel, James City County

Gordon C. Helsel, City of Poquoson

Clinton L. Jenkins, Virginia House of Delegates

Alex Q. Askew, 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

Shannon E. Glover, City of Portsmouth

Thomas G. Shepperd, York County

Michael D. Duman, City of Suffolk

### ***Non-Voting Members***

Stephen Brich, Commissioner of Highways, VDOT

Jennifer Mitchell, Director of VDRPT

Frederick T. Stant, III, Member, Commonwealth Transportation Board

Stephen A. Edwards, Executive Director, Virginia Port Authority

### ***Commission Staff***

Kevin B. Page, Executive Director

Jennifer D. Hodnett, Executive Assistant

Lynn Coen, Accounting Manager

### ***Support Staff***

Sheila Wilson, Chief Financial Officer

Danetta M. Jankosky, Senior Accounting Manager

Tiffany Smith, Accounting Manager

## **FINANCIAL SECTION**



## 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, 2021, 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, 2021, 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.

## **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 September 20, 2021 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.

*PBMares, LLP*

Harrisonburg, Virginia  
September 20, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

This discussion and analysis of Hampton Roads Transportation Accountability Commission's (the Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2021.

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

The Commission member jurisdictions are the counties of Isle of Wight, James City, Southampton, and York and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The Commission has 23 members as follows: the chief elected official of each of the ten cities and a current elected official of each of the four counties that are members of the Commission; and, five members of the General Assembly (two senators and three delegates). The counties embraced by the Commission must appoint by resolution a current member from its governing body to serve as its member on the Commission. In addition, there are four non-voting ex-officio members, one each from the Virginia Department of Rail and Public Transportation, the Commonwealth Transportation Board, the Virginia Department of Transportation, and the Virginia Port Authority.

### **FINANCIAL HIGHLIGHTS**

#### **Highlights for Government-wide Financial Statements**

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

- Liabilities and deferred inflows of resources of the Commission exceeded its assets and deferred outflows of resources for the year ended June 30, 2021 by a deficit of **\$281,346,522** (net position).
- For the fiscal year ended June 30, 2021, regional tax revenues for the Commission's governmental activities totaled **\$256.6** million with an additional **\$3.7** million in investment income. Expenses totaled **\$919.4** million; **\$867.5** million represents project funding in accordance with HB2313, **\$.6** million represents transit project funding in accordance with HB1726, and **\$51.4** million represents reimbursement of authorized administrative costs, most of which was interest expense on bond proceeds (**\$46.4** million).

## **Highlights for Fund Financial Statements**

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

- The Commission's Capital Project Fund, established in the fiscal year 2018, reported a decrease in fund balance of **\$195,157,531** for a fund balance of **\$338,645,753** as of June 30, 2021.
- The Commission's Special Revenue Fund (HRTF), established in fiscal year 2016, reported an increase in fund balance of **\$232,596,651** for a fund balance of **\$1,099,888,467** as of June 30, 2021.
- The Commission's Special Revenue Fund (HRRTF), established in fiscal year 2021, had a fund balance of \$28,324,212 as of June 30, 2021.
- The Commission's Debt Service Fund, established in fiscal year 2019, has a fund balance of **\$2,374** due to interest earned during the last six months of the fiscal year.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The financial statements presented include all of the activities which are part of the Commission reporting entity using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB). The government-wide financial statements present the financial picture of the Commission's governmental activities from the economic resources measurement focus using the accrual basis of accounting.

The fund financial statements include a separate column for each of the major governmental funds. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

### **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

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

As mentioned above, the Commission maintains four governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the Commission's operating activities including the cost of the Commission's three member staff. The Special Revenue Funds report revenue received by the Commission and used to fund prioritized projects on new or existing highways, bridges and tunnels in the localities comprising Planning District 23 (HRTF) as well as revenues used to fund the improvement of transit routes, supporting facilities, and bus service (HRRTF). The Capital Project Fund reports interest earned on unexpended bond proceeds, cost of bond issuance, and project cost distributions. The Debt Service Fund reports interest earned on funds set aside to pay bond interest, and interest expense, which is paid December 31 and June 30 of each fiscal year.

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

## **Notes to the Basic Financial Statements**

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS**

### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the Commission as of June 30, 2021. Data for June 30, 2020 has been included for comparison purposes.

Summary of Net Position June 30, 2021 and 2020		
	Governmental Activities	
	2021	2020
<b>Assets and Deferred Outflows of Resources:</b>		
Current and other assets	<b>\$ 1,635,264,779</b>	\$ 1,478,437,913
Deferred outflows of resources	<b>65,310</b>	73,369
<b>Total assets and deferred outflows of resources</b>	<b>1,635,330,089</b>	1,478,511,282
 <b>Liabilities:</b>		
Current and other liabilities	<b>1,916,659,413</b>	1,100,708,854
Deferred inflows of resources	<b>17,198</b>	15,843
<b>Total liabilities</b>	<b>1,916,676,611</b>	1,100,724,697
 <b>Net Position:</b>		
Net investment in capital assets	-	2,680
Restricted	<b>(281,367,948)</b>	377,841,682
Unrestricted	<b>21,426</b>	(57,777)
<b>Total net position</b>	<b>\$ (281,346,522)</b>	\$ 377,786,585

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Commission, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$281,346,522 at June 30, 2021 and mostly represents resources subject to external restriction.

Current assets consist primarily of amounts due from the Commonwealth of Virginia, cash and cash equivalents, and restricted cash and cash equivalents. As of June 30, 2021, approximately \$50.7 million was due from the Commonwealth of Virginia, which is restricted for prioritized projects on new or existing highways, bridges, and tunnels in the localities comprising Planning District 23, as well as transit projects in a transportation district in Hampton roads.

## Statement of Activities

The following table presents the revenues, expenses and change in net position of the Commission for the fiscal year ended June 30, 2021. Data for June 30, 2020 has been included for comparison purposes.

Summary of Changes in Net Position  
Years Ended June 30, 2021 and 2020

	Governmental Activities	
	<b>2021</b>	2020
Revenues:		
General revenue:		
Intergovernmental	<b>\$ 256,638,358</b>	\$ 201,213,437
Use of money	<b>3,660,711</b>	26,944,858
<b>Total revenues</b>	<b>260,299,069</b>	228,158,295
Expenses:		
General and administrative	911,959	762,708
Investment fees	249,038	821,267
Professional services	1,185,916	944,882
Cost of issuance	2,606,899	1,384,280
Interest expense	46,402,891	27,207,214
Project cost distributions	868,075,473	312,785,751
<b>Total expenses</b>	<b>919,432,176</b>	343,906,102
Change in net position	<b>(659,133,107)</b>	(115,747,807)
Net Position, beginning, as restated	<b>377,786,585</b>	493,534,392
Net Position, ending	<b>\$ (281,346,522)</b>	\$ 377,786,585

For the fiscal year ended June 30, 2021, revenues totaled approximately \$260.3 million. Expenses totaled approximately \$919.4 million. A discussion of the key components of the revenue and expense is included in the funds analysis.

## FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

### Governmental Funds

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

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

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

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

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

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

## **ECONOMIC FACTORS AND THE FISCAL YEAR 2022 BUDGET**

- Hampton Roads is both a nationally and globally significant region. It is categorized as having a broad, diverse and stable regional economy. The region is the driver of economic activity for the Commonwealth of Virginia.
- The fiscal year 2022 budget is based on an analysis of trending revenues.
- The Commission's General Fund, Special Revenue Fund, and Capital Project Fund operating budget will decrease from the amended budget of \$7,973,201 in fiscal year 2021 to \$6,746,539 in fiscal year 2022. This decrease of \$1,226,662 is due to bond issuance expenses and related financial advisor fees having been expensed in fiscal year 2021 for the upcoming issuance of additional debt.
- During fiscal year 2022, the Commission will continue to meet one of its principal statutory missions of providing congestion relief to its member localities. Its principal means of doing this will be carrying out its contractual commitments with respect to the Hampton Roads Bridge Tunnel project, a VDOT project development principally supported by the Commission (Commission project financing through HRTF Pay-Go and HRTF backed debt and HRTF backed loans, and a toll backed loan) in accordance with the Project Agreement for the Funding and Administration signed by VDOT and HRTAC on April 2, 2019 (the PAFA). This project will bring widespread reductions in congestion for citizens of the Hampton Roads region. Under the PAFA, the Commission is to provide \$3.553 billion in total financial commitments over fiscal years 2019 – 2026 for the HRBT project. The Commission has developed an approved financial plan that includes the sale of a Bond Anticipation Note backed by an HRTF supported TIFIA loan and a toll supported TIFIA loan during fiscal year 2022. Ongoing financial commitments by fiscal year are found in the notes to financial statements.

## **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## STATEMENT OF NET POSITION June 30, 2021

	Governmental Activities
<b>ASSETS</b>	
Due from the Commonwealth of Virginia	\$ 50,683,540
Accrued investment income	765,810
Prepaid items	652,706
Restricted cash, cash equivalents and investments	1,583,134,770
Net pension asset	<u>27,953</u>
<b>Total assets</b>	<u>1,635,264,779</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	<u>65,310</u>
<b>Total deferred outflows of resources</b>	<u>65,310</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	750,532
Accrued interest payable	37,399,906
Accrued liabilities	4,851
Due to the Commonwealth of Virginia	<u>130,275,370</u>
<b>Total current liabilities</b>	<u>168,430,659</u>
Long-term Liabilities	
Long-term debt	<u>1,748,228,754</u>
<b>Total long-term liabilities</b>	<u>1,748,228,754</u>
<b>Total liabilities</b>	<u>1,916,659,413</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension plan	<u>17,198</u>
<b>Total deferred inflows of resources</b>	<u>17,198</u>
<b>NET POSITION</b>	
Restricted	(281,367,948)
Unrestricted	<u>21,426</u>
<b>Total net position</b>	<u>\$ (281,346,522)</u>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Expenses	Net (Expense) Revenue and Change in Net Position Governmental Activities
<b>Functions/Programs</b>		
Governmental activities:		
General and administrative	\$ 911,959	\$ (911,959)
Investment fees	249,038	(249,038)
Professional services	1,185,916	(1,185,916)
Cost of debt issuance	2,606,899	(2,606,899)
Interest expense	46,402,891	(46,402,891)
Project cost distributions	<u>868,075,473</u>	<u>(868,075,473)</u>
<b>Total governmental activities</b>	<u><u>\$ 919,432,176</u></u>	<u><u>(919,432,176)</u></u>
 General revenues:		
Intergovernmental revenue:		
Motor fuel tax	56,005,602	
Sales and use tax	171,605,603	
Regional transit improvement fees	7,555,462	
Transient occupancy tax	1,471,691	
State recordation tax	20,000,000	
Use of money	<u>3,660,711</u>	
<b>Total general revenues</b>	<u><u>260,299,069</u></u>	
<b>Change in net position</b>		(659,133,107)
Net Position, beginning of year		<u>377,786,585</u>
Net Position, end of year	<u><u>\$ (281,346,522)</u></u>	

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## BALANCE SHEET – GOVERNMENTAL FUNDS

**June 30, 2021**

	General Fund	Special Revenue HRTF	Special Revenue HRRTF	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>						
Due from the Commonwealth of Virginia	\$ -	\$ 48,412,410	\$ 2,271,130	\$ -	\$ -	\$ 50,683,540
Due from other funds	21,673	3,729	-	-	-	25,402
Accrued investment income	-	765,810	-	-	-	765,810
Prepaid items	10,237	-	642,469	-	-	652,706
Restricted cash, cash equivalents, and investments	36	1,123,120,401	25,438,865	434,573,094	2,374	1,583,134,770
<b>Total assets</b>	<b>\$ 31,946</b>	<b>\$ 1,172,302,350</b>	<b>\$ 28,352,464</b>	<b>\$ 434,573,094</b>	<b>\$ 2,374</b>	<b>\$ 1,635,262,228</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 81,734	\$ 633,223	\$ 2,850	\$ 32,725	\$ -	\$ 750,532
Accrued interest payable	-	-	-	37,399,906	-	37,399,906
Accrued liabilities	4,851	-	-	-	-	4,851
Due to the Commonwealth of Virginia	-	71,780,660	-	58,494,710	-	130,275,370
Due to other funds	-	-	25,402	-	-	25,402
<b>Total liabilities</b>	<b>86,585</b>	<b>72,413,883</b>	<b>28,252</b>	<b>95,927,341</b>	<b>-</b>	<b>168,456,061</b>
<b>FUND BALANCES</b>						
Nonspendable	10,237	-	-	-	-	10,237
Restricted	-	1,099,888,467	28,324,212	338,645,753	2,374	1,466,860,806
Unassigned	(64,876)	-	-	-	-	(64,876)
<b>Total fund balances (deficit)</b>	<b>(54,639)</b>	<b>1,099,888,467</b>	<b>28,324,212</b>	<b>338,645,753</b>	<b>2,374</b>	<b>1,466,806,167</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,946</b>	<b>\$ 1,172,302,350</b>	<b>\$ 28,352,464</b>	<b>\$ 434,573,094</b>	<b>\$ 2,374</b>	<b>\$ 1,635,262,228</b>

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2021

### 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	\$ 1,466,806,167
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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	65,310
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Pension asset	27,953
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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	<u>(8,773)</u>

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	(1,528,960,000)
Bond premiums	<u>(219,268,754)</u>
	(1,748,228,754)

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	<u>(17,198)</u>
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<b>Net position of governmental activities</b>	<b><u>\$ (281,346,522)</u></b>
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# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

### IN FUND BALANCES – GOVERNMENTAL FUNDS

**Year Ended June 30, 2021**

	General Fund	Special Revenue HRTF	Special Revenue HRRTF	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>						
Intergovernmental:						
Motor fuel tax	\$ -	\$ 56,005,602	\$ -	\$ -	\$ -	\$ 56,005,602
Sales and use tax	- -	171,605,603	- -	- -	- -	171,605,603
Regional transit improvement fees	- -	7,555,462	- -	- -	- -	7,555,462
Transient occupancy tax	- -	1,471,691	- -	- -	- -	1,471,691
State recordation tax	- -	20,000,000	- -	- -	- -	20,000,000
Use of money	- -	2,567,144	57,044	1,024,636	11,887	3,660,711
<b>Total revenues</b>	<b>- -</b>	<b>230,178,349</b>	<b>29,084,197</b>	<b>1,024,636</b>	<b>11,887</b>	<b>260,299,069</b>
<b>Expenditures</b>						
Current:						
General and administrative	671,605	67,191	166,377	- -	- -	905,173
Investment fees	- -	249,038	- -	- -	- -	249,038
Professional services	- -	1,185,916	- -	- -	- -	1,185,916
Cost of debt issuance	- -	- -	- 2,606,899	- -	- -	2,606,899
Interest expense	- -	- -	- -	- 66,096,176	- -	66,096,176
Project cost distributions	- -	249,234,875	599,531	618,241,067	- -	868,075,473
<b>Total expenditures</b>	<b>671,605</b>	<b>250,737,020</b>	<b>765,908</b>	<b>620,847,966</b>	<b>66,096,176</b>	<b>939,118,675</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(671,605)</b>	<b>(20,558,671)</b>	<b>28,318,289</b>	<b>(619,823,330)</b>	<b>(66,084,289)</b>	<b>(678,819,606)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	725,753	303,320,168	344,795	7,288,439	66,086,663	377,765,818
Transfers out	(51,010)	(50,164,846)	(338,872)	(327,211,090)	- -	(377,765,818)
Issuance of debt	- -	- -	- 614,615,000	- -	- -	614,615,000
Bond premiums	- -	- -	- 129,973,450	- -	- -	129,973,450
<b>Total other financing sources (uses), net</b>	<b>674,743</b>	<b>253,155,322</b>	<b>5,923</b>	<b>424,665,799</b>	<b>66,086,663</b>	<b>744,588,450</b>
<b>Net change in fund balances</b>	<b>3,138</b>	<b>232,596,651</b>	<b>28,324,212</b>	<b>(195,157,531)</b>	<b>2,374</b>	<b>65,768,844</b>
Fund Balances (deficit), beginning of year	(57,777)	867,291,816	- -	533,803,284	- -	1,401,037,323
Fund Balances (deficit), end of year	<b>\$ (54,639)</b>	<b>\$ 1,099,888,467</b>	<b>\$ 28,324,212</b>	<b>\$ 338,645,753</b>	<b>\$ 2,374</b>	<b>\$ 1,466,806,167</b>

## **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, 2021**

<hr/> <b>Governmental Funds</b> <hr/>	
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ 65,768,844
Deferred outflows of resources:	
Pension plan contributions subsequent to measurement date	34,596
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	(38,702)
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.	
Depreciation and amortization	(2,680)
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	(614,615,000)
Bond premium	(129,973,450)
Amortization of bond premiums	<u>19,693,285</u> <u>(724,895,165)</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (659,133,107)</u></u>

# **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 Commission member jurisdictions are the counties of Isle of Wight, James City, Southampton, and York and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The Commission has 23 members as follows: the chief elected official of each of the ten cities and a current elected official of each of the four counties that are members of the Commission; and, five members of the General Assembly (two senators and three delegates). The counties embraced by the Commission must appoint by resolution a current member from its governing body to serve as its member on the Commission. In addition, there are four non-voting ex-officio members, one each from the Virginia Department of Rail and Public Transportation, the Commonwealth Transportation Board, the Virginia Department of Transportation, and the Virginia Port Authority.

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

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

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

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## **NOTES TO FINANCIAL STATEMENTS**

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### **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 Funds. The General Fund is considered a major fund for financial reporting purposes.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **C. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

#### **D. Budgeting**

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

#### **E. Other Significant Accounting Policies**

##### **1. Cash and Cash Equivalents**

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

##### **2. Restricted Cash, Cash Equivalents and Investments**

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

##### **3. Prepaid Items**

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

# 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)

##### 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:

Asset Category	Useful Life (years)
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, 2021.

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

##### 5. Pensions

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

##### 6. 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 2021 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.

# 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)**

##### **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.

# 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)**

##### **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 September 20, 2021, which was the date the financial statements were available to be issued.

### **Note 2. Deposits and Investments**

At June 30, 2021, cash, cash equivalents and investments consisted of the following, at cost, which approximates fair value:

#### **Governmental Activities**

Cash	\$ 224,173,477
Local Government Investment Pool (LGIP)	566,423,909
US Bank	349,285,220
State Non-Arbitrage Pool (SNAP)	434,573,094
Union Bank	8,679,070
<b>Total</b>	<b><u>\$ 1,583,134,770</u></b>

#### **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.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **Investments**

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

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

#### **Investment Policy**

Investment	Credit Quality
U.S. Treasury Obligations	Bills, notes and any other obligation or securities issued by or backed by the full faith and credit of the United States Treasury. The final maturity shall not exceed a period of five years from the time of purchase.
Federal Agency/ Government Sponsored Enterprise Obligations	Bonds, notes and other obligations of the United States, and securities guaranteed by any federal government agency or instrumentality or government sponsored enterprise, with a rating of at least “AA” (or its equivalent) by at least two of the following Nationally Recognized Statistical Rating Organizations (NRSROs): Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s (“S&P”), or Fitch Ratings, Inc. (“Fitch”). The final maturity shall not exceed a period of five years from the time of purchase. Any investment in mortgage backed securities or collateralized mortgage obligations shall have a weighted average life that does not exceed five years from the time of purchase.
Municipal Obligations	Bonds, notes and other general obligations of the Commonwealth of Virginia and its agencies, authorities, and political subdivisions upon which there is no default, with a rating of at least AA (or its equivalent) by at least two of the following NRSROs: S&P, Moody’s, or Fitch, matures within three years of the date of purchase, and otherwise meets the requirements of <i>Code of Virginia</i> §2.2-4501.
Commercial Paper	“Prime quality” commercial paper, with a maturity of 270 days or less from the date of purchase, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of at least two of the following: P-1 by Moody’s, A-1 by S&P, or F1 by Fitch, and that otherwise meets the requirements of <i>Code of Virginia</i> §2.2-4502.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **Investment Policy (Continued)**

Investment	Credit Quality
Bankers' Acceptance	Issued by domestic banks or a federally chartered office of a foreign bank, which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating from at least two of the following: P-1 by Moody's, A-1 by S&P, or F1 by Fitch.
Corporate Notes	High quality corporate notes with a final maturity from the time of purchase of five years or less and that meet the following requirements: a. notes with maturities of no more than three years from the time of purchase shall have received at least two of the following ratings: A by S&P, A by Moody's, or A by Fitch; b. notes with maturities no more than five years from the time of purchase shall have received at least two of the following ratings: AA by S&P, Aa by Moody's, or AA by Fitch.
Negotiable Certificates of Deposit and Bank Deposit Notes	Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks that meet the following requirements: a. notes with maturities or no more than one year from the time of purchase shall have received at least two of the following ratings: A-1 by S&P, P-1 by Moody's, or F1 by Fitch; b. Notes with maturities exceeding one year and not exceeding five years from the time of purchase shall have received at least two of the following ratings: AA by S&P, Aa by Moody's, or AA by Fitch.
Bank Deposits and Non-Negotiable Certificates of Deposit	Demand deposits, time deposits, and other deposits that comply with all aspects of SPDA or with §2.2-4518 with a final maturity no more than two years.
Repurchase Agreement	In overnight repurchase agreements provided that the following conditions are met: a. the contract is fully secured by deliverable U.S. Treasury and Federal Agency/Government Sponsored Enterprise obligations as described in paragraphs 1 and 2 above, including the maximum maturity of three (3) years, having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract; b. a Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction; c. the securities are free and clear of any lien and held by an independent third party custodian acting solely as an agent for the Commission, provided such third party is not the seller under the repurchase agreement;

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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

#### Investment Policy (Continued)

Investment	Credit Quality
Repurchase Agreement (Continued)	<p>d. a perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities are created for the benefit of the Commission;</p> <p>e. the counterparty is a:</p> <ul style="list-style-type: none"><li>i. primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or</li><li>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</li></ul> <p>f. the counterparty meets the following criteria:</p> <ul style="list-style-type: none"><li>i. a long-term credit rating of at least "AA" or the equivalent from an NRSRO;</li><li>ii. has been in operation for at least five years; and</li><li>iii. is reputable among market participants.</li></ul>
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 Code of Virginia 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 and is rated AAAm by S&P.
Virginia State Non-Arbitrage Program's (Virginia SNAP) SNAP Fund	As of June 30, 2020, the Authority had investments of \$434,573,094 in the Commonwealth of Virginia State Non-Arbitrage Program ("SNAP"). SNAP has been established by the Treasury Board of the Commonwealth of Virginia pursuant to the SNAP Act (Chapter 47, Title 2.2, <i>Code of Virginia</i> 1950, as amended) to provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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

#### Credit Risk

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

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

The Commission's rated investments as of June 30, 2021 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	\$ -	\$ -	\$ 71,130,517	\$ -	\$ -	-
Foreign Government Bonds	-	-	\$ 14,294,411	-	-	-
Commercial Paper	-	-	-	-	-	49,109,256
Corporate Notes	-	696,306	\$ 15,081,955	\$ 41,759,123	\$ 2,751,320	
U.S. Treasury Obligations	-	-	\$ 102,895,171	-	-	-
Certificates of Deposit	-	-	\$ 4,059,257	-	\$ 46,411,170	
Money Market	1,096,734	-	-	-	-	-
Local Government Investment Pool	566,423,909	-	-	-	-	-
State Non-Arbitrage Pool (SNAP)	434,573,094	-	-	-	-	-
	\$ 1,002,093,737	\$ 696,306	\$ 207,461,311	\$ 41,759,123	\$ 98,271,746	

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## **NOTES TO FINANCIAL STATEMENTS**

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### **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, 2021, 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, 2021, the Commission's portfolio did not have any investment in a single issuer over 5% that is required to be disclosed.

#### **Interest Rate Risk**

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

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

Permitted Investment	Sector Limit	Issuer Limit
U.S. Treasury Obligations	100%	100%
Federal Agency/GSE Obligations	100%	35%
Municipal Obligations	15%	5%
Commercial Paper	35%	5%
Bankers' Acceptances	35%	5%
Corporate Notes	25%	5%
Negotiable Certificates of Deposit and Bank Deposit Notes	25%	5%
Bank Deposits and Non-Negotiable Certificates of Deposit	100%	100%
Repurchase Agreements	25%	25%
Money Market Mutual Funds	25%	25%
LGIP	100%	100%
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	\$ 102,895,171	\$ 37,328,831	\$ 65,566,340	\$ -
Foreign Government Bonds	14,294,411	4,039,812	10,254,599	-
Certificates of Deposit	50,470,427	46,411,170	4,059,257	-
Money Market	1,096,734	1,096,734	-	-
Corporate Notes	60,288,704	19,759,512	40,529,192	-
Commercial Paper	49,109,256	49,109,256	-	-
Government Agencies	71,130,517	18,061,017	45,840,166	7,229,334

As of June 30, 2021, the Commission had investments of \$566,423,909 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 and the maturity is less than one year.

### **Note 3. Fair Value Measurement**

The Commission categorizes its fair value measurements within the fair value hierarchy established by 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, 2021:

	June 30, 2021	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
U.S. Treasury Obligations	\$ 102,895,171	\$ 102,895,171	\$ -	\$ -
Government Agency (State Taxable)	71,130,517	-	71,130,517	-
Foreign Government Bonds	14,294,411	-	14,294,411	-
Corporate Notes	60,288,704	-	60,288,704	-
Commercial Paper	49,109,256	-	49,109,256	-
Certificates of Deposit	50,470,427	-	50,470,427	-
Money Market	1,096,734	1,096,734	-	-

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

At June 30, 2021, due from the Commonwealth of Virginia consisted of the following:

	Special Revenue HRTF	Special Revenue HRRTF	Total
Sales and Use Tax	\$ 33,894,584	\$ -	\$ 33,894,584
Motor Fuel Tax	14,509,649	-	14,509,649
Transient Occupancy Tax	-	1,471,691	1,471,691
Regional Transit Improvement Fees	-	799,011	799,011
Interest	8,177	428	8,605
<b>Total</b>	<b>\$ 48,412,410</b>	<b>\$ 2,271,130</b>	<b>\$ 50,683,540</b>

At June 30, 2021, amounts due to the Commonwealth of Virginia consisted of amounts due to the Virginia Department of Transportation.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 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	\$ 914,345,000	\$ 614,615,000	\$ -	\$ 1,528,960,000	\$ -
Premium on bonds	108,988,589	129,973,450	19,693,285	219,268,754	-
	<u>\$ 1,023,333,589</u>	<u>\$ 744,588,450</u>	<u>\$ 19,693,285</u>	<u>\$ 1,748,228,754</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
2022	\$ -	\$ 25,854,075
2023	-	25,854,075
2024	-	25,854,075
2025	-	25,854,075
2026	4,745,000	25,854,075
2027-2031	27,545,000	125,463,875
2032-2036	35,155,000	117,854,125
2037-2041	44,865,000	108,141,375
2042-2046	57,255,000	95,746,625
2047-2051	102,710,000	78,494,375
2052-2056	153,870,000	46,134,625
2057-2058	73,855,000	6,147,350
	<u>\$ 500,000,000</u>	<u>\$ 707,252,725</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
2022	\$ -	\$ 20,717,250
2023	414,345,000	10,358,625
	<u>\$ 414,345,000</u>	<u>\$ 31,075,875</u>

In 2020, the Commission issued \$614,615,000 in senior lien revenue bonds, Series 2020A, due in annual installments of \$8,185,000 to \$63,965,000, plus semi-annual interest at 4.5% to 5.8%. The bonds were issued at a premium of \$129,973,450, which will be amortized over the life of the bonds.

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

Year Ending June 30,	Governmental Activities	
	Senior Lien Revenue Bonds, Series 2020A	
	Principal	Interest
2022	\$ -	\$ 28,228,700
2023	-	28,228,700
2024	-	28,228,700
2025	-	28,228,700
2026	-	28,228,700
2027-2031	35,280,000	137,723,000
2032-2036	54,975,000	125,719,375
2037-2041	69,340,000	111,210,700
2042-2046	86,020,000	94,156,300
2047-2051	77,555,000	74,556,875
2052-2056	74,085,000	59,510,000
2057-2061	217,360,000	32,533,550
	<u>\$ 614,615,000</u>	<u>\$ 776,553,300</u>

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 6. Intergovernmental Revenues, Commonwealth of Virginia**

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

##### Special Revenue HRTF:

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

##### Special Revenue HRRTF:

- An additional Distribution of recordation tax to cities and counties annual allocation of \$20 million into the HRRTF established pursuant to § 33.2-2600.1.
- A Regional Transportation Improvement Fee imposed on each deed, instrument, or writing by which lands, tenements, or other realty located in a county or city located in a transportation district in Hampton Roads (Currently the Cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach) created pursuant to § 33.2-1903 is sold and is granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser or any other person, by such purchaser's direction. The rate of the fee, when the consideration or value of the interest, whichever is greater, equals or exceeds \$100, shall be \$0.06 for each \$100 or fraction thereof, exclusive of the value of any lien or encumbrance remaining thereon at the time of the sale, whether such lien is assumed or the realty is sold subject to such lien or encumbrance.
- A Transportation District Transient Occupancy Tax, an additional transient occupancy tax at the rate of one percent of the amount of the charge for the occupancy of any room or space occupied in any county or city located in a transportation district in Hampton Roads (Currently the Cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach.) created pursuant to § 33.2-1903. *Delayed enactment date of May 1, 2021.*

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Pension Plan

#### A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

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

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

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

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Retirement Contributions</b>  Members 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.	<b>Retirement Contributions</b>  Same as Plan 1.	<b>Retirement Contributions</b>  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.
<b>Service Credit</b>  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.	<b>Service Credit</b>  Same as Plan 1.	<b>Service Credit</b>  <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.  <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.

# 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
<b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of 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.	<b>Vesting</b> Same as Plan 1.	<b>Vesting</b> <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.
Members are always 100% vested in the contributions they make.		<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.
		Members are always 100% vested in the contributions they make.
		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. <ul style="list-style-type: none"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li><li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li><li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li></ul>
		Distributions not required, except as governed by law.

# 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
<b>Calculating the Benefit</b> 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.	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <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.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> <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%.	<b>Service Retirement Multiplier</b> <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.	<b>Service Retirement Multiplier</b> <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.

# 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
<b>Normal Retirement Age</b> <i>VRS:</i> Age 65.	<b>Normal Retirement Age</b> <i>VRS:</i> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> <i>VRS:</i> Same as Plan 2.
<b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<b>Earliest Unreduced Retirement Eligibility</b> <i>VRS:</i> Normal Social Security retirement age with at least 5 years (60 months) of service credit or when their age plus service credit equals 90.	<b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <i>VRS:</i> 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.
<b>Earliest Reduced Retirement Eligibility</b> <i>VRS:</i> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.
<b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> <i>Defined Benefit Component:</i> Same as Plan 2.
		<i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

# 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
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></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"><li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li><li>• The member retires on disability.</li><li>• The member retires directly from short-term or long-term disability.</li><li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li><li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li><li>• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li></ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></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><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></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
<b>Disability Coverage</b> For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service regardless of when it was earned, purchased or granted.	<b>Disability Coverage</b> For 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.	<b>Disability Coverage</b> 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.
<b>Purchase of Prior Service</b> 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.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"><li>• Hybrid Retirement Plan members are ineligible for ported services.</li></ul> <i>Defined Contribution Component:</i> Not applicable.
<b>Employees Covered by Benefit Terms</b>		

As of the June 30, 2019 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, 2021 was 13.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$34,596 and \$45,199 for the years ended June 30, 2021 and 2020, 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, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

##### **Actuarial Assumptions**

The total pension liability for the Commission's retirement plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50 percent
Salary increases, including inflation	3.50 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.

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2019 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

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### 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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
	Inflation		<b>2.50%</b>
	* Expected arithmetic nominal return		<b>7.14%</b>

\* The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

# 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 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, 2019	\$ 171,338	\$ 193,983	\$ (22,645)
Changes for the year:			
Service cost	54,309	-	54,309
Interest	11,565	-	11,565
Differences between expected and actual experience	(5,528)	-	(5,528)
Contributions - employer	-	45,199	(45,199)
Contributions - employee	-	16,437	(16,437)
Net investment income	-	4,103	(4,103)
Administrative expense	-	(79)	79
Other changes	-	(6)	6
<b>Net changes</b>	<b>60,346</b>	<b>65,654</b>	<b>(5,308)</b>
Balances at June 30, 2020	\$ 231,684	\$ 259,637	\$ (27,953)

##### 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 6.75%	1% Increase 7.75%
Plan's net pension liability (asset)	\$ 2,280	\$ (27,953)	\$ (53,170)

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2021, the Commission recognized pension expense of (\$38,702). At June 30, 2021, 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	\$ 34,596	\$ -
Differences between expected and actual experience	18,581	14,731
Changes of assumptions	3,864	2,467
Net difference between projected and actual earnings on plan investments	<u>8,269</u>	<u>-</u>
	<u>\$ 65,310</u>	<u>\$ 17,198</u>

The \$34,596 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, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2021 will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 4,300
2023	4,789
2024	4,747
2025	3,211
2026	(1,810)
Thereafter	<u>(1,721)</u>
<b>Total</b>	<b><u>\$ 13,516</u></b>

#### E. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2020-annual-report.pdf](http://varetire.org/pdf/publications/2020-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**

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### **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. During the year ended June 30, 2021, the Commission amended the lease agreement to extend the lease term for an additional year, which expired on November 30, 2021. The current lease terms call for the Commission to pay \$1,292 monthly (\$15,504 annually). Rent expense for Governmental Activities as reported in the government-wide financial statements totaled \$14,101.

As of June 30, 2021, the future minimum long-term lease commitments were as shown below:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 6,460

### **Note 9. Interfund Transfers**

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

### **Note 10. Risk Management**

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

### **Note 11. Pending GASB Statement**

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued a statement not yet implemented by the Commission. The statement which might impact the Commission is as follows:

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 June 15, 2021.

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

# HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### **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. Based on the projects the Commission is presently funding, all capital assets constructed are reported as Commonwealth assets by the VDOT.

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)**

	2022	2023	2024	2025	2026	Total
(Mega Project) Delivery of HRBT Expansion Project	\$ 714	\$ 546	\$ 421	\$ 291	\$ 11	\$ 1,983

### **Note 13. 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**

## 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	2021
<b>Total Pension Liability:</b>				
Service cost	\$ 44,473	\$ 43,344	\$ 44,551	\$ 54,309
Interest	-	5,481	8,556	11,565
Differences between expected and actual experience	-	(4,896)	(9,099)	(5,528)
Changes of assumptions	(5,175)	-	5,106	-
Benefit payments, including refunds of employee contributions	38,997	-	-	-
<b>Net change in total pension liability</b>	<b>78,295</b>	<b>43,929</b>	<b>49,114</b>	<b>60,346</b>
Total pension liability - beginning	-	78,295	122,224	<b>171,338</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 78,295</b>	<b>\$ 122,224</b>	<b>\$ 171,338</b>	<b>\$ 231,684</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 39,187	\$ 40,173	\$ 35,265	\$ 45,199
Contributions - employee	12,231	12,538	12,852	16,437
Net investment income	5,504	6,867	11,406	4,103
Administrative expense	20	(13)	(53)	(79)
Other	(7)	(8)	(8)	(6)
<b>Net change in plan fiduciary net position</b>	<b>56,935</b>	<b>59,557</b>	<b>59,462</b>	<b>65,654</b>
Plan fiduciary net position - beginning	18,029	74,964	134,521	<b>193,983</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 74,964</b>	<b>\$ 134,521</b>	<b>\$ 193,983</b>	<b>\$ 259,637</b>
<b>Commission's net pension liability (asset) - ending (a)-(b)</b>	<b>\$ 3,331</b>	<b>\$ (12,297)</b>	<b>\$ (22,645)</b>	<b>\$ (27,953)</b>
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A
Covered payroll	\$ 265,658	\$ 264,821	\$ 366,121	\$ 318,014
Commission's net pension liability (asset) as a percentage of covered payroll	1.25%	(4.64%)	(6.19%)	(8.79%)

**Note to Schedule:**

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

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

### **SCHEDULE OF COMMISSION CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,			
	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 40,173	\$ 35,265	\$ 45,199	<b>\$ 34,596</b>
Contributions in relation to the CRC	<u>40,173</u>	<u>35,265</u>	<u>45,199</u>	<u><b>34,596</b></u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 265,658	\$ 264,821	\$ 366,121	<b>\$ 318,014</b>
Contributions as a percentage of covered payroll	15.12%	13.72%	13.72%	<b>10.69%</b>

#### **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, 2021**

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### **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, 2019 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	Decreased 7.00% to 6.75%

## HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

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

**Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Expenditures				
General and administrative	\$ 1,850,701	\$ 1,850,701	\$ 671,605	\$ (1,179,096)
<b>Total expenditures</b>	<b>1,850,701</b>	<b>1,850,701</b>	<b>671,605</b>	<b>(1,179,096)</b>
<b>Deficiency of revenues under     expenditures</b>	<b>(1,850,701)</b>	<b>(1,850,701)</b>	<b>(671,605)</b>	<b>1,179,096</b>
Other Financing Sources (Uses)				
Transfers in	1,850,701	1,850,701	725,753	(1,124,948)
Transfers out	-	-	(51,010)	(51,010)
<b>Total other financing sources, net</b>	<b>1,850,701</b>	<b>1,850,701</b>	<b>674,743</b>	<b>(1,175,958)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>3,138</b>	<b>3,138</b>
Fund Balance (Deficit), beginning of year	-	-	(57,777)	-
Fund Balance (Deficit), end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (54,639)</b>	<b>\$ 3,138</b>

**Note:**

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

## **SUPPLEMENTARY INFORMATION**

## **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

### **SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES**

**Year Ended June 30, 2021**

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Expenditures	
Salaries and wages	\$ 318,014
Employee benefits	72,709
VRS contributions	30,372
Support services - HRTPO/HRPDC	152,738
Office rent	12,379
Office supplies	5,923
Professional and legal	23,879
Travel and meeting	16,906
Insurance	4,653
Computer hardware	5,998
Public notice and advertising	19,571
Other	8,463
<b>Total expenditures</b>	<b>\$ 671,605</b>

## **COMPLIANCE SECTION**



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

To the Honorable Commission Board Members  
Hampton Roads Transportation Accountability Commission

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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated September 20, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
September 20, 2021

# **HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION**

**REPORT TO THE HONORABLE  
BOARD OF COMMISSIONERS**

**OCTOBER 18, 2021**



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ASSURANCE, TAX & ADVISORY SERVICES



October 18, 2021

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

We are pleased to present this report related to our audit of the basic financial statements and compliance of Hampton Roads Transportation Accountability Commission (the Commission) as of and for the year ended June 30, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Commission's financial and compliance reporting process

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

*PBMares, LLP*

PBMares, LLP

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## REQUIRED COMMUNICATIONS

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

### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States and *Specifications for Audits of Authorities, Boards and Commissions* provided by the Auditor of Public Accounts of the Commonwealth of Virginia have been described to you in our arrangement letter dated May 17, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication dated May 17, 2021 regarding the planned scope and timing of our audit and have discussed with you our identification of significant risks.

### **Accounting Policies and Practices**

#### **Preferability of Accounting Policies and Practices**

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

#### **Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Commission. The Commission did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Commission. The statement which might impact the Commission for future fiscal years beginning after June 15, 2021 is included in the attached Exhibit A.

#### **Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### **Management's Judgments and Accounting Estimates**

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

## **Audit Adjustments and Uncorrected Misstatements**

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

## **Observations About the Audit Process**

### **Disagreements With Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

### **Consultations With Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### **Significant Issues Discussed With Management**

No significant issues arising from the audit were discussed or the subject of correspondence with management.

### **Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

## **Significant Written Communications Between Management and Our Firm**

Copies of material written communications between our firm and the management of the Commission, including the representation letter provided to us by management, are attached as Exhibit B.

## SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Commission's June 30, 2021 financial statements.

### Valuation of Investments

#### Accounting policy

Investments are reported at fair value. Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### Management's estimation process

Management's estimate of the valuation of investments is based on an evaluation of the investment portfolio, information obtained from investment advisors and others, and current and subsequent market conditions.

#### Basis for our conclusion on the reasonableness of the estimate

We evaluated the key factors and assumptions used to develop the estimates made in valuing investments in determining that they are reasonable in relation to the financial statements taken as a whole.

## **EXHIBIT A**

### **New Governmental Accounting Standards Board Pronouncement**

## RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncement has been issued as of October 18, 2021 but is not yet effective and may affect future financial reporting by the Commission.

Pronouncement	Summary
Statement No. 87, <i>Leases</i>	<p>The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.</p> <p>The requirements of Statement No. 87 are effective for financial statements for fiscal years beginning after June 15, 2021.</p>

## **EXHIBIT B**

### **Significant Written Communications Between Management and Our Firm**

## Arrangement Letter



May 17, 2021

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

Attention: Mr. Kevin B. Page, Executive Director

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

You have requested that we audit Hampton Roads Transportation Accountability Commission's (the Commission) governmental activities and each major fund as of and for the year ending June 30, 2021, which collectively comprise the basic financial statements. In addition, the required supplementary information presented in relation to the financial statements taken as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

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

**The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); and the *Specifications for Audits of Authorities, Boards and Commissions*, provided by the Auditor of Public Accounts for the Commonwealth of Virginia. Those standards, and specifications require 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In making our risk assessments, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

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

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

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

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

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

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and

Mr. Kevin B. Page, Executive Director  
Hampton Roads Transportation Accountability Commission  
May 17, 2021  
Page 3

6. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the Commission from whom we determine it necessary to obtain audit evidence.

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

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

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

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

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

The Commission agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Commission agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The Commission agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Commission seeks such consent, we will be under no obligation to grant such consent or approval.

### **Records and Assistance**

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

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

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

### **Nonaudit Services**

In connection with our audit, you have requested us to perform certain nonaudit services :

1. Drafting the financial statements.

The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Commission, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The Commission has agreed that Sheila Wilson, CFO, possesses suitable skill, knowledge or experience and that the individual understands the non-audit services to be performed sufficiently to oversee them. Accordingly, the management of the Commission agrees to the following:

1. The Commission has designated Sheila Wilson, CFO, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Sheila Wilson, CFO, will assume all management responsibilities for subject matter and scope of the non-audit services;

Mr. Kevin B. Page, Executive Director  
Hampton Roads Transportation Accountability Commission  
May 17, 2021  
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3. The Commission will evaluate the adequacy and results of the services performed; and
4. The Commission accepts responsibility for the results and ultimate use of the services.

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

#### **Other Relevant Information**

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

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

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

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

#### **Parties' Understandings Concerning Situation Around COVID-19**

PBMares, LLP and the Commission acknowledge that, at the time of the execution of this arrangement letter, federal, state and local governments, both domestic and foreign, have restricted travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the United States and around the globe, PBMares, LLP has restricted its employees from travel and onsite work, whether at a client facility or PBMares, LLP facility, to protect the health of both PBMares, LLP's and its clients' employees. Accordingly, to the extent that any of the services described in this arrangement letter requires or relies on PBMares, LLP or Commission personnel to travel and/or perform work onsite, either at the Commission's or PBMares, LLP's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, PBMares, LLP and the Commission acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either PBMares, LLP's or the Commission's sole discretion. PBMares, LLP and the Commission agree to provide the other with prompt written notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. PBMares, LLP and the Commission also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. PBMares, LLP will obtain the Commission's prior written approval (email will be sufficient) for any increase in the cost of PBMares, LLP services that may result from the situation surrounding COVID-19.

Mr. Kevin B. Page, Executive Director  
Hampton Roads Transportation Accountability Commission  
May 17, 2021  
Page 6

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

Our fees for the audit and accounting services described above are not expected to exceed \$49,000. Our fee estimate and completion of our work are based upon the following criteria:

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

If any of the aforementioned criteria are not met, then fees may increase. Fees may also increase based on the extent of accounting services and other assistance required to render a complete set of financial statements. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

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

The audit documentation for this engagement is the property of PBMares, LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

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

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

### **Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this arrangement letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you or PBMares, LLP terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this arrangement letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this arrangement letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this arrangement letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this arrangement letter. Accordingly, the scope, timing and fee arrangement discussed in this arrangement letter will no longer apply. In order for us to recommence work, the execution of a new arrangement letter will be required.

We may terminate this arrangement letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

### **Other Terms**

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

We reserve the right to withdraw from this engagement without completing our services for any reason, including, but not limited to, your failure to comply with the terms of this arrangement letter, or as we determine professional standards require.

Mr. Kevin B. Page, Executive Director  
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### **Dispute Resolution**

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. You and we consent to personal jurisdiction, both for mediation and/or litigation, of the Federal District Court, Eastern District of Virginia, sitting in Richmond, Virginia, or the Richmond Circuit Court. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

The parties hereto both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Richmond, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, and instead we are accepting the use of arbitration for resolution.

### **Information Security – Miscellaneous Terms**

PBMares, LLP is committed to the safe and confidential treatment of the Commission's proprietary information. PBMares, LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Commission agrees that it will not provide PBMares, LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Commission information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

### **Reporting**

We will issue a written report upon completion of our audit of the Commission's financial statements. Our report will be addressed to the Honorable Commission Board Members. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the Commission's financial statements, we will also issue the following types of reports:

1. Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the results of our tests of internal control;
2. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements; and

Mr. Kevin B. Page, Executive Director  
Hampton Roads Transportation Accountability Commission  
May 17, 2021  
Page 9

3. An accompanying schedule of findings and responses.

### **Electronic Signatures and Counterparts**

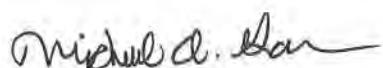
Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts" of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

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

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

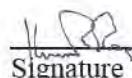
Sincerely,

PBMares, LLP



Michael A. Garber, Partner

Confirmed on behalf of the Hampton Roads Transportation Accountability Commission:

  
Signature

08/24/2021  
Date

## **Representation Letter**

September 20, 2021

PBMares, LLP  
558 South Main Street  
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the basic financial statements of Hampton Roads Transportation Accountability Commission (Commission) as of and for the year ended June 30, 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of September 20, 2021:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 17, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the Commission include:
  - a. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment have been disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Net position and fund balance classifications.
  - b. The fair value of investments.
  - c. Leases and material amounts of rental obligations under long-term leases.
  - d. Deposits and investment securities categories of risk.
  - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - f. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - g. Contractual obligations for construction and purchase of real property or equipment.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The Commission has no significant amounts of idle property and equipment.
  - b. The Commission has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
11. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts, if necessary.
12. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.

- c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the *Contingencies* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.
- d. Guarantees, whether written or oral, under which the Commission is contingently liable.
- e. Agreements to repurchase assets previously sold.
- f. Security agreements in effect under the Uniform Commercial Code.
- g. Liabilities which are subordinated in any way to any other actual or possible liabilities.
- h. Significant estimates and material concentrations known to management which are required to be disclosed.
- i. Risk financing activities.
- j. Derivative financial instruments.
- k. Special or extraordinary items.
- l. Arbitrage rebate liabilities.
- m. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2021 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2021.
- n. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
- o. Material losses to be sustained as a result of purchase commitments.
- p. Environmental cleanup obligations.

13. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Statement No. 5 and/or Government Accounting Standards Board (GASB) Statement No. 10.

14. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders.

15. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

16. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.
17. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
18. Revenues are appropriately classified in the Statement of Activities.
19. We have no knowledge of any uncorrected misstatements in the financial statements.

*Information Provided*

20. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing body and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
21. All transactions have been recorded in the accounting records and are reflected in the financial statements.
22. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
23. We have no knowledge of allegations of fraud or suspected fraud, affecting the Commission's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
24. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements received in communications from employees, former employees, analysts, regulators, or others.
25. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
26. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
27. We have disclosed to you the identity of the Commission's related parties and all the related-party relationships and transactions of which we are aware.

28. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Commission's ability to record, process, summarize, and report financial data.
29. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
30. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Supplementary Information*

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

*Compliance Considerations*

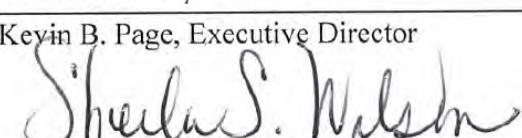
In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm management:

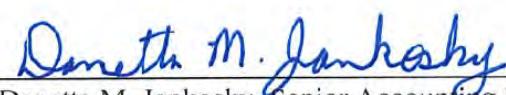
33. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
34. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
35. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

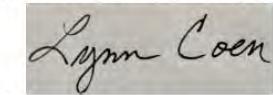
36. Is not aware of any programs and related activities subject to the compliance audit.
37. Has identified and disclosed to the auditor all laws, regulations, rules and provisions of contracts or grant agreements that have a direct and material effect on other financial data significant to audit objectives.
38. Is not aware of any violations (and possible violations) of laws, regulations, rules and provisions of contracts or grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
39. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
40. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
41. Has a process to track the status of audit findings and recommendations.
42. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
43. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
44. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
45. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION

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

  
\_\_\_\_\_  
Sheila S. Wilson, Chief Financial Officer

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

  
\_\_\_\_\_  
Lynn Coen, Accounting Manager

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

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

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

**Date: December 16, 2021**

**RE: Hampton Roads Express Lanes Network – Segments 1, 4A/4B, and 4C Preliminary Engineering and Right-of-Way for Construction Project Agreements**

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**Recommendation:**

The Commission is being asked to approve the Hampton Roads Express Lanes Network – Segments 1, 4A/4B, and 4C Preliminary Engineering and Right-of-Way for Construction Project Agreements.

**Background:**

The Master Agreement for Development and Tolling of the Hampton Roads Express Lanes Network (a.k.a the ‘Master Tolling Agreement’) executed by and among VDOT, the Commonwealth Transportation Board, and HRTAC provides for the development of segments of the Hampton Roads Express Lanes Network (‘HRELN’). The HRELN is included in the Approved FY2022-FY2027 HRTAC Six Year Improvement Plan allowing for project specific elements to be added over time. Working with VDOT, the early phases of the development of HRELN project segment readiness was matured through the Commission’s funding of pre-preliminary engineering (“Phase 1 Preliminary Engineering”). Phase 1 Preliminary Engineering has provided for a more defined project scope and cost estimate for the project segments warranting advancing the next step of project construction development that includes advancing Preliminary Engineering and Right-of-Way. The next step of Preliminary Engineering and Right-of-Way for construction will be conducted for the full scope of the project that will be Segments 4A (Jefferson to the I-664 interchange), 4B (Mercury Boulevard to LaSalle), 4C (LaSalle to Settlers Landing), and Segment 1 (I-564 Interchange to the I-264 Interchange). The agreements providing for Preliminary Engineering and Right-of-Way for construction of Segments 4A, 4B, and 4C will be conditioned to provide initial funding for VDOT to conduct first the necessary work to confirm that the implementation will comply with all applicable federal and state law, including VDOT confirming FHWA’s approval of the conversion of one of the existing general-purpose travel lanes in the corridor between LaSalle and Settlers Landing interchanges (in each direction) to HOV/HOT use. Once VDOT and HRTAC are satisfied that the necessary confirmations have been obtained, the Preliminary Engineering and Right-of-Way project scopes of work may advance to complete the tasks identified in the agreements.



**Fiscal Impact:**

There is a combined fiscal impact to the Hampton Roads Transportation Fund of \$45,750,145.00 associated with this Action Item (assuming all work is carried out). VDOT proposes accomplishing Preliminary Engineering and right-of-way for construction through three project agreements:

Segment 1 – UPC 119637 - \$19,124,792.00

Segment 4A/4B – UPC 119824 - \$12,421,553.00

Segment 4C – UPC 119638 - \$14,203,800.00

**Suggested Motion:**

Motion is that the Commission: i. Approves the Standard Project Agreements for Funding and Administration with respect to the Hampton Roads Express Lanes Network – Segments 1, 4A/4B, and 4C Preliminary Engineering and Right-of-Way for Construction work; and, ii. Authorizes the Chair to execute and deliver such agreements with such changes, insertions or omissions as may be finalized by the Chair, with the advice of the Executive Director and the Commission's general counsel.



**Standard Project Agreement for Funding and Administration  
between  
Hampton Roads Transportation Accountability Commission  
and  
Virginia Department of Transportation  
(Hampton Roads Express Lanes Network Project Elements)**

HRTAC Project Title: Segment 1 (Full Build Potential Scope) Project

HRTAC Project Number: UPC 119637 (Advanced Activity UPC 117840 linked)

This Standard Project Agreement for Funding and Administration (the "Agreement") is made and executed in duplicate on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, as between the Hampton Roads Transportation Accountability Commission ("HRTAC") and the Virginia Department of Transportation ("VDOT").

**WITNESSETH**

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

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

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

WHEREAS, under Chapter 703 of the 2020 Acts of Assembly (H1438)(the "HREL Tolling Legislation"), HRTAC is also authorized to impose and collect tolls in designated high-occupancy toll lanes on certain portions of Interstate 64;

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

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

WHEREAS, in light of (i) VDOT's responsibilities with respect to VDOT Highways and HRTAC's responsibilities with respect to the application of the HRTAC-Controlled Moneys, and (ii) the determinations of VDOT and HRTAC to coordinate their efforts with respect to, among other things, the development, tolling, financing, procurement and delivery of the Hampton Roads Express Lanes Network Project (the "HREL Project"), VDOT and HRTAC entered into a Master Agreement for Development and Tolling of Hampton Roads Express Lanes Network dated August 18, 2020 (such agreement as thereafter amended and modified from time to time, the "Master Agreement");

WHEREAS, the Master Agreement contemplates that HRTAC may from time to time enter into Standard Project Agreements for Funding and Administration pursuant to which VDOT will procure all goods and services necessary to design and construct elements of the HREL Project;

WHEREAS, pursuant to the Master Agreement, the parties are prepared to have VDOT proceed with the services described on Appendix A in respect of the project set forth and described on Appendix A to this Agreement (the "Project");

WHEREAS, notwithstanding the sequence of events as set forth in Section 3.01 (c) of the Master Agreement, which contemplates a SPA for preliminary engineering and a separate SPA for project delivery, the Parties intend, subject to the terms set forth in Appendix B, to address the Preliminary Engineering, Right of Way and construction phases of the Project in this single SPA;

WHEREAS, HRTAC has determined that the Project would benefit the cities and counties that are embraced by HRTAC, it otherwise satisfies the requirements of the HRTAC Act, and it is consistent with the HREL Tolling Legislation;

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

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

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

WHEREAS, the CTB, by resolution passed on January 14, 2015, resolved that any agreement between VDOT and HRTAC for project services shall provide that

overruns or other additional project costs shall be prorated between HRTAC and VDOT so that each party bears a proportionate share of the additional costs based on each party's percentage responsibility of the project budget;

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

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

A. VDOT's Obligations

VDOT shall:

1. Complete or perform or cause to be completed or performed all work relating to the Project, as described in Appendix A, advancing such work diligently and ensuring that all work is completed in accordance with (i) any and all applicable federal, state, and local laws and regulations, and (ii) all terms and conditions of the Master Agreement and this Agreement, including, without limitation, the Project Budget and Project Schedule reflected in Appendix B, which Project Budget and Project Schedule (A) VDOT represents have been prepared in good faith, in accordance with the practices and procedures that VDOT uses for projects where the state or VDOT bears the cost of the project (including, without limitation, the practices used to price and budget services that may be internally sourced, such as Construction Engineering Inspection/CEI), and (B) the parties acknowledge may be amended pursuant to Section A.8 below or as follows:
  - (a) In the event that VDOT determines, after receipt of proposals or bids for any work related to the Project, that the cost of the contract for said work will result in a significant reduction in costs associated with a portion of the Project Budget reflected in Appendix B that is allocated to work covered by the contract, then VDOT shall notify HRTAC's Executive Director of the significant reduction in costs. For purposes of this Section A.1(a), HRTAC and VDOT agree that a "significant reduction in costs" shall mean a reduction in costs that has the effect of reducing, in Appendix B, (x) the costs for the particular portion of the Project Budget allocated to work covered by the contract by more than 20 percent or (y) the entire Project Budget either by more than 10 percent or \$10,000,000, whichever applies. In the event there is a significant reduction in costs, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to fairly reflect the effect of the reduction (by way of

example, if the Appendix B costs are to be paid initially from both HRTAC-Controlled Moneys and state or federal contributions, then the commitment of each funding source would be reduced by its proportionate share of the reduction in costs, which proportionate share will be based on the funding source's proportionate responsibility for the total budgeted costs before the reduction was realized) (for the avoidance of doubt, the amount by which a commitment is reduced shall be considered deobligated from the Project).

- (b) In the event that any federal or state funding not previously available for the Project becomes available for any portion of the Project Budget reflected in Appendix B, then VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to fairly reflect the benefit of the additional funding (by way of example, if the Appendix B costs are to be paid initially from both HRTAC-Controlled Moneys and state contributions, but federal funding subsequently becomes available, then the respective commitments of HRTAC and the state would be reduced by each party's proportionate share of the additional funds, which proportionate share will be based on the party's proportionate responsibility for the total budgeted cost before the additional funding became available).
- (c) In the event that application is made for federal or state funding or loans not previously available for the Project, then VDOT will, to the extent within its reasonable control, provide reasonable support to such application and, if any such funding or loans are awarded or otherwise become available, take action to satisfy conditions and comply with requirements of such funding or loans, in each case as may be reasonably requested by HRTAC.

2. Without limiting the foregoing, VDOT shall:

- (a) Select contractors, contract with contractors, and administer and enforce contracts all in a manner that is consistent in all material respects with the policies, procedures and practices that VDOT uses where the state or VDOT bears the cost of a project; for example, VDOT shall use its customary policies, procedures and practices relating to requesting bids/proposals, negotiating/finalizing terms and conditions of contracts (using, where applicable, standard terms/forms), and monitoring and enforcing performance of contracts;
- (b) Not enter into any contract to perform the work related to the Project if (i) the cost of that contract would exceed the portion of the Project Budget reflected in Appendix B that is allocated to the work

covered by that contract, (ii) the cost of that contract, when aggregated with the cost of all other contracts relating to the Project that have been, or are expected to be, entered into would exceed the Project Budget reflected in Appendix B, or (iii) the schedule in the contract for performing and paying for the work related to the Project would be materially different (whether accelerated or delayed) from the Project Schedule set forth in Appendix B; in addition, if the bids or proposals received for any portion of the Project are not qualitatively consistent with VDOT's standards for that work or quantitatively within VDOT's projections for that work, each as determined by VDOT in its good faith judgment, VDOT shall (i) undertake a new procurement, or (ii) recommend alternative measures to HRTAC, and seek HRTAC's advice and consent regarding pursuit of those alternative measures. If HRTAC grants its written consent to a modification to the Project Budget and/or Project Schedule in order to permit VDOT to enter into a contract to perform the work, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to reflect the modified Project Budget and Project Schedule.

- (c) Involve HRTAC in any procurement consistent with the terms of the Master Agreement.
3. Perform or have performed in accordance with VDOT's standards for highways, bridges and tunnels (or that otherwise are applicable to the work under the Project) all design and engineering, all environmental work, and all right-of-way acquisition, construction, contract administration, testing services, inspection services, or capital asset acquisitions, as is required by this Agreement or that may be necessary for completion of the Project pursuant to the terms of this Agreement. If VDOT determines that a delay will more likely than not prevent the completion of a material phase of the Project (e.g., PE or ROW acquisition), or the entire Project, in accordance with the Project Schedule, VDOT shall notify HRTAC in writing and provide HRTAC with such information as HRTAC may reasonably request, including information pertaining to potential corrective measures and remedies against the contractor (if VDOT and HRTAC mutually develop a model notice for such purposes, VDOT's notice will follow the format of the model).
4. Not use any funds provided by HRTAC, including the funds specified on Appendix B, to pay any Project cost if, as applicable, the HRTAC Act or HREL Tolling Legislation does not permit such Project cost to be paid with HRTAC funds.
5. Recognize that, if the Project contains "multiple funding phases" (as such "multiple funding phases" are set out for the Project on Appendix A), for which HRTAC will provide funding for such multiple funding phases (as

scheduled on Appendix B), HRTAC may not have sufficient cash flows to permit accelerated funding to VDOT and to advance the funding schedule for the Project. In any circumstance where VDOT seeks to advance the funding schedule for the Project, VDOT shall submit a written request to HRTAC's Executive Director explaining VDOT's reasons why HRTAC should authorize acceleration to the next funding phase. (As used in this Agreement, "Executive Director" shall mean HRTAC's Chairman if at any applicable time, HRTAC has not engaged a dedicated, full-time Executive Director.) HRTAC's Executive Director will thereafter review the circumstances underlying the request in conjunction with Appendix B and HRTAC's current and projected cash flow position and make a recommendation to HRTAC whether to authorize VDOT's requested accelerated funding. The foregoing shall not prohibit VDOT from providing its own funds to advance a future funding phase of the Project and from requesting reimbursement from HRTAC for having advance funded a future phase of the Project; however, VDOT further recognizes that HRTAC's reimbursement to VDOT for having advance funded a phase of the Project will be dependent upon HRTAC's cash flow position at the time such a request for reimbursement is submitted and may be dependent upon the extent to which the reimbursement of any such advanced funding is otherwise consistent with the terms of this Agreement, including Appendix B.

6.
  - (a) Permit (and assist) HRTAC's Executive Director to periodically update HRTAC's cash flow estimates for the Project with the objective toward keeping those estimates accurate throughout the performance of the Project. VDOT shall provide all available information reasonably required by HRTAC so as to ensure and facilitate accurate cash flow estimates and accurate updates to those cash flow estimates throughout the performance of the Project as described in Appendix B.
  - (b) Provide HRTAC's Executive Director with the monthly reports described on Appendix D.
7. Provide to HRTAC's Executive Director requests for payment consistent with Appendix C (and the most recently approved HRTAC cash flow estimates) that include (a) HRTAC's standard payment requisition(s), containing detailed summaries of actual project costs incurred with supporting documentation as determined by HRTAC, and (b) certifications that all such costs were incurred in the performance of work for the Project as authorized by this Agreement. Each payment requisition shall be in substantially the same form as set forth in Appendix C of this Agreement. If approved by HRTAC, VDOT can expect to receive payment within twenty (20) days upon receipt by HRTAC. Approved payments may be made by means of electronic transfer of funds from HRTAC to or for the account of VDOT.

8. (a) Promptly notify HRTAC's Executive Director if VDOT determines that any additional, unbudgeted costs may be incurred to perform and complete the Project ("Additional Costs"), which notice shall include a description of the Additional Costs, an explanation of how they arose and the assumptions in the initial budget regarding those costs, and a detailed estimate of the Additional Costs. VDOT shall make recommendations regarding any curative actions that may be available relating to such Additional Costs, including any potential modification or reduction that may be made to the Project scope or design, or any other action, in order to stay within the initial budget for the Project. If the Additional Costs can be absorbed in the Project Budget by modifying or reducing the scope or design of the Project (or avoided by cancelling the Project or any portion thereof), HRTAC may, in its sole discretion, elect to (i) authorize VDOT to proceed with such modifications or reductions, (ii) authorize the Additional Costs (or if a combination of (i) and (ii) is feasible, HRTAC may elect such combination), or (iii) elect to cancel the Project or a portion thereof; provided, however, in any case, the respective obligations of VDOT and HRTAC, as modified by the elected alternative, shall be set forth in an amendment to this Agreement (VDOT and HRTAC shall work in good faith to finalize and execute such amendment). If the Additional Costs cannot be absorbed in the initial budget by modifying or reducing the scope or design of the Project (and HRTAC elects option (ii) above), then, subject to Section F below, such Additional Costs shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget. In the event that HRTAC elects to cancel the Project (or any portion thereof) pursuant to this Section A.8(a)(iii), (A) all compensation due and owing to any and all contractors for work on the Project that has been completed at the time of cancellation, shall be paid in accord with Appendix B, and (B) subject to Section F, all reasonable costs associated with the cancellation due and owing to said contractors pursuant to the terms of the contracts with the contractors, which terms shall be consistent with VDOT's standard contract terms relating to contract cancellation and termination, (the "Breakage Compensation"), shall be paid with HRTAC-Controlled Moneys, unless VDOT and HRTAC mutually determine that cancellation of the Project is necessary or warranted, in which case, the Breakage Compensation shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget.  
(b) VDOT shall not include in any contract with a contractor working on the Project any term, condition or remedy in respect of Additional

Costs that is more favorable to the contractor than the terms, conditions or remedies VDOT includes in standard contracts where the state or VDOT bears the cost of the project.

- (c) The Additional Costs may include costs incurred by VDOT as a result of contractor claims relating to the Project made pursuant to the VDOT Roads and Bridge Specifications and §§ 33.2-1101 through 33.2-1105 of the Code, as amended. VDOT shall promptly notify HRTAC if any such claims are made or VDOT receives a notice of intent to file a claim or other written communication from a contractor relating to a claim or contractual dispute that could result in increased contract costs, and whether in each such case the claimed amount is expected to become, or result in, Additional Costs (and the estimate thereof) or is expected to have a material adverse effect on the contingency reserves established as part of the Project Budget (and the estimated effect thereon). VDOT shall be responsible to handle all such claims and notices of intent, but VDOT may not settle any claim or notice of intent to file a claim and thereafter submit it as an Additional Cost pursuant to Section A.8(a) unless the settlement has been approved by HRTAC. Funding for the settlement will be prorated based on the respective proportionate share of the HRTAC-Controlled Moneys and state and federal funds in the Project Budget. Should the claim not be settled, any final judgment from a court of competent jurisdiction shall be paid in accordance with the proration rule set forth in the preceding sentence.
- (d) Notwithstanding anything to the contrary set forth herein, if any additional cost (including, without limitation, any additional cost relating to a contractor claim described in Section A.8(c) above) arises out of or results from VDOT's negligence, breach of contract, willful misconduct or violation of law ("VDOT Fault"), HRTAC shall not be responsible for such additional costs. Any notice provided by VDOT to HRTAC pursuant to Section A.8(c) above shall be accompanied by a certification from VDOT that it has determined in good faith that any Additional Costs do not arise out of or result from VDOT Fault.

9. Release or return any unexpended funds to HRTAC no later than 90 days after final payment has been made in respect of the Project.
10. Maintain complete and accurate financial records relative to the Project for all time periods as may be required by the Virginia Public Records Act and by all other applicable state or federal records retention laws or regulations.

11. Maintain all original conceptual drawings and renderings, architectural and engineering plans, site plans, inspection records, testing records, and as built drawings for the Project for the time periods required by the Virginia Public Records Act and any other applicable records retention laws or regulations.
12. Reimburse HRTAC (or such other entity as may have provided funds) for all funds provided by HRTAC (or on behalf of HRTAC) and, to the extent applicable and permitted by law, with interest earned at the rate earned by HRTAC, (a) that VDOT misapplied, used or requisitioned in contravention of the HRTAC Act or any other applicable law, or any term or condition of this Agreement or (b) the expenditure of which arose out of VDOT Fault.
13. Be solely responsible for the administration and/or development of the Project and all engagements, commitments and agreements with contractors (and, without limiting the foregoing, shall ensure that such engagements, commitments and agreements contain all terms that, pursuant to the Master Agreement or this Agreement, are required to be included therein). VDOT shall ensure that VDOT's contractors maintain surety bonds and insurance in amounts and with coverages that VDOT requires under its Road and Bridge Specifications for all work to be performed for the Project, and name HRTAC and its members, officers, employees and, if applicable, any HRTAC lender and any bond trustee, as additional insureds on any such insurance policy, and present HRTAC with satisfactory evidence thereof before any work on the Project commences.
14. If in connection with the work VDOT engages outside legal counsel approved by the Attorney General (as opposed to utilizing the services of the Office of the Attorney General), VDOT will give HRTAC notice of the engagement so as to ensure that no conflict of interest may arise from any such representation (VDOT also shall ensure that such engagements are consistent with the practices and terms that VDOT uses where it is solely responsible for project costs).
15. Subject to and consistent with the requirements of Section E of this Agreement, upon final payment to all contractors for the Project, if the Project is or is part of a VDOT Highway, VDOT will use the Project (a) for its intended purposes for the duration of the Project's useful life, and (b) in accordance with, and subject to, the terms of the Master Agreement (including, without limitation, the license granted to HRTAC pursuant to Section 3.08(b) thereof). If the Project is or is part of a VDOT Highway, VDOT shall be responsible to operate and/or maintain the Project (which duty and obligation excludes the Tolling O&M Duties, as defined in the Master Agreement, except as otherwise provided in the Master Agreement or in any other contract between VDOT and HRTAC under which VDOT is responsible to perform such duties as a contractor to HRTAC) after its completion (including responsibility to correct any defects or to cause any

defects to be corrected)(and, without limiting the foregoing, shall perform its operations and maintenance obligations in accordance with the terms of the Master Agreement), and, except as and to the extent provided under the Master Agreement (with respect to Tolling O&M Duties), under no circumstances will HRTAC have any responsibility or obligation to operate and/or maintain the Project (or correct defects with respect to the Project).

16. Comply with all applicable federal, state and local laws and regulations, including without limitation requirements of the Virginia Public Procurement Act.
17. Recognize that VDOT or its contractors are solely responsible for obtaining, and shall obtain, all permits, permissions and approvals necessary to construct and/or operate the Project, including, but not limited to, obtaining all required VDOT and local land use permits, zoning approvals, environmental permits, and regulatory approvals.
18. Recognize that if the Project is being funded, in whole or in part, with federal and/or state funds (in addition to HRTAC-Controlled Moneys), that VDOT shall (a) take any and all necessary actions to satisfy any conditions to such additional federal and/or state funding (provided that such actions are within the control of VDOT) and to enforce any commitments made in connection therewith, (b) comply with all applicable federal and Commonwealth funding requirements within the control or purview of VDOT, and (c) include in its contracts with contractors provisions that permit such contracts to be terminated, without penalty, if the funding is rescinded or otherwise becomes unavailable (for clarification, a provision shall not be deemed to include a penalty solely as a result of terms that require payment of compensation due and owing at the time of cancellation and reasonable costs associated with cancellation provided that such costs are consistent with costs paid pursuant to VDOT's standard contract terms relating to contract cancellation and termination). VDOT acknowledges and agrees that if funding from such an additional federal or state source is rescinded or otherwise becomes unavailable HRTAC (i) shall not be responsible for any amount in excess of its commitment set forth on Appendix B, and (ii) may (A) replace said reduced funding with HRTAC Controlled-Moneys or (B) may request VDOT to immediately suspend or discontinue all work relating to the Project, provided if HRTAC requests suspension HRTAC shall be responsible for the costs reasonably incurred in connection with such suspension. Should HRTAC not replace the reduced funding or request VDOT to suspend or discontinue work, VDOT may reduce the Project scope or take any other actions needed to reduce the Project costs to the Project Budget.

19. Provide a certification to HRTAC no later than 90 days after final payment for the Project that VDOT adhered to all applicable laws and regulations and all requirements of this Agreement.
20. Notify HRTAC if VDOT determines that a delay will more likely than not prevent the timely completion of a material phase of the Project, including information regarding potential corrective measures and remedies against the contractor.
21. With respect to modifications to any agreement with a contractor, concede to HRTAC any resulting savings, if HRTAC-Controlled Moneys are funding 100% of the applicable work, or if the cost savings relate to work funded with HRTAC-Controlled Moneys and state and/or federal funds, concede such savings to such parties *pro rata*, based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget for such work.
22. Include in any agreement with a contractor an assessment of liquidated damages in accordance with the Master Agreement if either substantial completion or final acceptance is not achieved by the applicable deadline. Unless otherwise agreed by the parties acting reasonably, any liquidated damages (as well as other damages paid by a contractor, insurance proceeds, or recoveries from third parties) received by VDOT in respect of the Project shall be administered in accordance with the terms of the Master Agreement.
23. Terminate any agreement with a contractor upon the written request of HRTAC if (a) VDOT has failed to exercise the right to terminate such agreement for cause, but only (i) if such failure is reasonably expected to have a material adverse effect on HRTAC and (ii) following consultation between HRTAC and VDOT regarding the reasons, if any, for VDOT's failure to exercise such right; or (b) HRTAC determines in good faith that HRTAC has suffered a material adverse change in its ability to satisfy its obligations under this Agreement and it is in HRTAC's best interests for VDOT to terminate the contractor's agreement for convenience.

B. HRTAC's Obligations

HRTAC shall:

1. Subject to the limitations as to amounts set forth in Appendix B (and subject to Section F of this Agreement), provide to VDOT the funding authorized by HRTAC for the Project, on a reimbursement basis as set forth in this Agreement and as specified in Appendix B to this Agreement or the most updated amendment thereto, as approved by HRTAC.
2. Assign a person to serve as a Program Coordinator for the Project, who will be responsible for review of the Project on behalf of HRTAC for

purposes of ensuring it is being completed in compliance with this Agreement and all HRTAC requirements. (In the absence of an assigned person, HRTAC's Executive Director shall serve as the Program Coordinator.) HRTAC's Program Coordinator will be responsible for overseeing, managing, reviewing, and processing, in consultation with HRTAC's Executive Director and its Chief Financial Officer ("CFO"), all payment requisitions submitted by VDOT for the Project. HRTAC's Program Coordinator will have no independent authority to direct changes or make additions, modifications, or revisions to the scope of the Project as set forth on Appendix A or to the Project Budget and Project Schedule as set forth on Appendix B.

3. Route to HRTAC's assigned Program Coordinator all VDOT payment requisitions and the summaries of actual costs submitted to HRTAC for the Project. After submission to HRTAC, HRTAC's Program Coordinator will conduct an initial review of all payment requisitions and supporting documentation for the Project in order to determine the submission's legal and documentary sufficiency. HRTAC's Program Coordinator will then make a recommendation to the HRTAC's CFO and Executive Director whether to authorize payment, refuse payment, or seek additional information from VDOT. If the payment requisition is sufficient as submitted, payment will be made within twenty (20) days from receipt. If the payment requisition is, in HRTAC's reasonable judgment, deemed insufficient, within twenty (20) days from receipt, HRTAC's Program Coordinator will notify VDOT in writing and set forth the reasons why the payment requisition was declined or why and what specific additional information is needed in order to authorize the payment request. Payment will be withheld until all deficiencies identified by HRTAC have been corrected to HRTAC's reasonable satisfaction. Under no circumstances will HRTAC authorize payment for any work performed by or on behalf of VDOT that is not in conformity with the requirements of the HRTAC Act or this Agreement.
4. Route all of VDOT's accelerated or supplemental requests for funding from HRTAC under Sections A.5 and A.8, respectively, of this Agreement to HRTAC's Executive Director. HRTAC's Executive Director will initially review those requests and all supporting documentation with HRTAC's CFO. After such initial review, HRTAC's Executive Director will make a recommendation to HRTAC's Finance Committee for its independent consideration and review. HRTAC's Finance Committee will thereafter make a recommendation on any such request to HRTAC for final determination by HRTAC.
5. Conduct periodic compliance reviews scheduled in advance for the Project so as to determine whether the work being performed remains within the scope of this Agreement, the HRTAC Act and other applicable law. Such compliance reviews may entail (i) review of VDOT's financial records for

the Project, (ii) on-Project site inspections and (iii) review of a contractor's books and records in relation to the Project to the extent VDOT has access thereto.

6. Acknowledge that if, as a result of HRTAC's review of any payment requisition or of any HRTAC compliance review, HRTAC staff determines that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, HRTAC staff will promptly advise HRTAC's Executive Director and will advise VDOT's designated representative in writing. VDOT will thereafter have thirty (30) days to respond in writing to HRTAC's initial findings. HRTAC's staff will review VDOT's response and make a recommendation to HRTAC's Finance Committee. HRTAC's Finance Committee will thereafter conduct its own review of all submissions and make a recommendation to HRTAC. If HRTAC makes a final determination that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, the parties should engage in dispute resolution as provided in Section D of this Agreement. Pending final resolution of the matter, HRTAC will withhold further funding on the Project. Nothing herein shall, however, be construed as denying, restricting or limiting the pursuit of either party's legal rights or available legal remedies.
7. Upon making final payment to VDOT for the Project, retain copies of all contracts, financial records, design, construction, and as-built project drawings and plans, if any, developed pursuant to or in association with the Project for the time periods required by the Virginia Public Records Act and as may be required by other applicable records retention laws and regulations.
8. Be the sole determinant of the amount and source of HRTAC funds to be provided and allocated to the Project and the amounts of any HRTAC funds to be provided in excess of the amounts specified in Appendix B.
9. Have no obligation to pay or reimburse VDOT for any cost (including, without limitation, compensation paid or payable to any contractor) arising out of VDOT Fault.

C. Term

1. This Agreement shall (i) be effective upon adoption and execution by both parties and (ii) unless terminated earlier in accordance with its terms, expire ninety (90) days after the date on which VDOT makes final payment to Project contractor(s) and all contractor claims have been resolved or are barred.
2. VDOT may terminate this Agreement, for cause, in the event of a material breach by HRTAC of this Agreement. If so terminated, HRTAC shall pay

for all Project costs incurred in accordance with the terms of this Agreement through the date of termination and all reasonable costs incurred by VDOT to terminate all Project-related contracts. The Virginia General Assembly's failure to appropriate funds to HRTAC as described in Section F of this Agreement and/or repeal or amendment of the legislation establishing the HRTF or HRTAC's powers shall not be considered material breaches of this Agreement by HRTAC if such failure to appropriate or such repeal or amendment eliminates funds in the HRTF to be used for the Project or renders HRTAC without legal authority to provide funding for the Project. Before initiating any proceedings to terminate under this Section, VDOT shall give HRTAC sixty (60) days written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing HRTAC an opportunity to investigate and cure any such alleged breach.

3. HRTAC may terminate this Agreement, for cause, resulting from VDOT's material breach of this Agreement. If so terminated, VDOT shall refund to HRTAC all funds HRTAC provided to VDOT for the Project and, to the extent permitted by law, with interest earned at the rate earned by HRTAC. Before initiating any proceedings to terminate under this Section, HRTAC shall give VDOT sixty (60) days' written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing VDOT an opportunity to investigate and cure any such alleged breach. Prior to termination, if VDOT has substantially completed the Project or a portion that is severable (meaning it is subject to independent use), VDOT may request that HRTAC excuse VDOT from refunding funds paid in respect of the substantially completed Project or portion, and HRTAC may, in its sole discretion, excuse VDOT from refunding all or a portion of the funds HRTAC provided to VDOT for the substantially completed Project or portion thereof. No such request to be excused from refunding will be allowed (a) where VDOT has either misused or misapplied HRTAC funds in contravention of this Agreement or applicable law, or (b) without the prior written consent of any lender to HRTAC, if the terms of HRTAC's loan agreement with such lender require such consent.
4. Upon (a) expiration or earlier termination of this Agreement and (b) payment of all eligible expenses as set forth in Section C.3 above, VDOT will release or return to HRTAC all unexpended HRTAC funds and, to the extent permitted by law, with interest earned at the rate earned by HRTAC, no later than sixty (60) days after the date of such expiration or earlier termination.

D. Dispute

In the event of a dispute under this Agreement, the parties agree to meet and confer promptly in order to ascertain if the dispute can be resolved informally without the need of a third party or judicial intervention. HRTAC's Executive

Director and the Commissioner shall be authorized to conduct negotiations on behalf of their respective entities. If a resolution of the dispute is reached via a meet and confer dispute resolution method, it shall be presented to HRTAC and to the Commissioner for formal confirmation and approval. If no satisfactory resolution can be reached via the meet and confer method, either party is free to pursue whatever remedies it may have at law or in equity, including all judicial remedies. The foregoing dispute resolution method shall not bar either party's right to seek equitable relief on an emergency basis. Neither party will seek or accept an award of attorneys' fees or costs incurred in connection with resolution of a dispute.

**E. HRTAC's Interest in Project Assets**

VDOT agrees to use the real property and appurtenances and fixtures thereto, capital assets, equipment and all other transportation facilities that are part of the Project and funded by HRTAC under this Agreement ("Assets") for the designated transportation purposes of the Project, in accordance with applicable law throughout the useful life of each such Asset, and in accordance with, and subject to, the terms of the Master Agreement (including, without limitation, the license granted to HRTAC pursuant to Section 3.08(b) thereof). If VDOT intends to sell, convey, or dispose any Asset funded with HRTAC funds or intends to use any Asset for a purpose inconsistent with this Agreement or the Master Agreement, VDOT shall notify HRTAC's Executive Director in writing of any such intent before further action is taken by VDOT in furtherance thereof. Upon receiving notification from VDOT, HRTAC's Executive Director shall notify HRTAC of VDOT's intended action(s). The parties shall, thereafter, meet and confer to discuss what measures need to be taken regarding VDOT's proposed sale, conveyance, disposition, or use of any such Asset(s) so as to ensure compliance with all applicable requirements and terms of the HRTAC Act and the Master Agreement (without limiting the foregoing, VDOT acknowledges that (i) under the HRTAC Act and applicable law, HRTAC is vested with the right to impose and collect tolls on facilities constructed by the Commission and holds a license to, among other things, use the tolling infrastructure and system, and (ii) under the HREL Tolling Legislation, HRTAC is vested with the right to impose and collect tolls on the portion of the HREL Project facility that has been designated by the CTB for use as high-occupancy toll lanes). All recommendations and/or proposed remedial actions developed by the parties' designated representatives during the meet and confer process shall be formally presented to HRTAC and the Commissioner for their respective approval.

**F. Appropriations Requirements**

1. Nothing herein shall require or obligate HRTAC to commit or obligate funds to the Project beyond those funds that have been duly authorized and appropriated by its governing body for the Project.

2. The parties acknowledge that all funding provided by HRTAC pursuant to the HRTAC Act is subject to appropriation by the Virginia General Assembly. The parties further acknowledge that: (i) the moneys allocated to the HRTF pursuant to applicable provisions of the Code of Virginia and any other moneys that the General Assembly appropriates for deposit into the HRTF are subject to appropriation by the General Assembly and (ii) HRTAC's obligations under this Agreement are subject to such moneys being appropriated to the HRTF by the General Assembly.
3. The parties agree that VDOT's obligations under this Agreement are subject to funds being appropriated by the General Assembly and allocated by the Commonwealth Transportation Board and otherwise legally available to VDOT for HRTAC projects.
4. Should VDOT be required to provide additional funds in order to proceed or complete the funding necessary for the Project, VDOT shall certify to HRTAC that such additional funds have been allocated and authorized by the CTB and/or appropriated by the Virginia General Assembly as may be applicable or have been obtained through another independent, lawful source.

**G. Representations and Warranties**

1. VDOT hereby represents and warrants to HRTAC as of the date of this Agreement as follows:
  - (a) VDOT is an agency of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
  - (b) VDOT has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this Agreement on behalf of VDOT has been duly authorized to execute and deliver it on behalf of VDOT;
  - (c) the execution and delivery by VDOT of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of VDOT to perform its obligations under this Agreement;
  - (d) this Agreement has been duly authorized, executed, and delivered by VDOT and constitutes a valid and legally binding obligation of VDOT, enforceable against it in accordance with the terms hereof,

subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia; *provided, however,* that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and

- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on VDOT which challenges VDOT's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the VDOT official executing this Agreement, and VDOT has disclosed to HRTAC any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which VDOT is aware.

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

- (a) HRTAC is a body politic and a political subdivision of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
- (b) HRTAC has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this Agreement on behalf of HRTAC has been duly authorized to execute and deliver it on behalf of HRTAC;
- (c) the execution and delivery by HRTAC of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of HRTAC to perform its obligations under this Agreement;
- (d) this Agreement has been duly authorized, executed, and delivered by HRTAC and constitutes a valid and legally binding obligation of HRTAC, enforceable against it in accordance with the terms hereof, subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia;

*provided, however, that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and*

- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on HRTAC which challenges HRTAC's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the HRTAC official executing this Agreement, and HRTAC has disclosed to VDOT any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which HRTAC is aware.

**H. Tax Covenants for Bond-Funded Projects**

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

**I. Notices**

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

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

**J. Assignment**

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

**K. Modification or Amendment**

- (a) This Agreement may not be modified or amended, except pursuant a written agreement that is duly authorized, executed and delivered by both parties.
- (b) If HRTAC is able to obtain a source of funding for the Project that would reduce or replace the amount of HRTAC-Controlled Moneys expended on the Project, VDOT and HRTAC will work in good faith to amend this Agreement so it takes into account that other funding.

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

L. No Personal Liability or Creation of Third Party Rights

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

M. No Agency

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

N. Sovereign Immunity

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

O. Incorporation of Recitals and Appendices

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

P. Mutual Preparation and Fair Meaning

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

Q. Governing Law

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

R. Survival

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

*[Signature page follows]*

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

Hampton Roads Transportation Accountability Commission

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

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

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

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

Virginia Department of Transportation

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

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

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

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

**APPENDIX A****HAMPTON ROADS EXPRESS LANES NETWORK PROJECT ELEMENTS****SEGMENT 1 (FULL BUILD POTENTIAL SCOPE) PROJECT – UPC 119637**

**Scope:** The work associated with this Standard Project Agreement for the Segment 1 (Full Build Potential Scope) project is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117840) and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 1 of the Hampton Roads Express Lane Network and is anticipated to eventually encompass, pursuant to an amendment, construction of the Segment. The Segment 1 project, which is approximately 9 miles in length, is located on I-64 in the City of Norfolk from approximately 1800' east of Patrol Road bridge (end WB full roadway section for HRBT Widening project) to approximately 3900' east of Curlew Drive bridge (western end of Twin Bridges carrying I-64 over the Eastern Branch Elizabeth River). The purpose is to convert the inside shoulder along I-64 to a part time high occupancy toll (HOT) managed lane. The existing EB and WB general purpose lanes will remain as is with three lanes in each direction. There will be widening in spot locations to maintain a minimum shoulder width in both directions. The EB and WB Tidewater Drive bridges will be rehabilitated and widened and the EB and WB Chesapeake Boulevard bridges will be replaced. Additional right of way will be required in spot locations (approximately 7 parcels). This project will have minimal utility relocations. The interstate in this corridor currently has 3 general purpose lanes in each direction. The proposed design includes three general purpose lanes and one part time HOT shoulder that would be open in the opposite direction of the reversible HOT lanes in this corridor. Professional engineering contractor(s) engaged by VDOT and/or their sub-contractors will provide design and engineering support services required to award the project to a design build team.

## APPENDIX B

### HAMPTON ROADS EXPRESS LANES NETWORK ELEMENTS

#### SEGMENT 1 (FULL BUILD POTENTIAL SCOPE) PROJECT – UPC 119637

#### PROJECT BUDGET AND PROJECT SCHEDULE

***Project Budget: SEGMENT 1 (FULL BUILD POTENTIAL SCOPE) PROJECT:***

*Preliminary Engineering	\$9,464,037
Right of Way (RW)	\$9,660,775
**Construction (CN)	\$0
<b>Total Cost</b>	<b>\$19,124,792</b>

\*An additional \$5,621,500 was previously approved for preliminary engineering under a separate advanced activity SPA executed on April 1<sup>st</sup>, 2021 (UPC 117840) and the sums set forth herein will be available for the Segment 1 (Full Build Potential Scope) Project.

\*\*Notwithstanding the sequence of events as set forth in Section 3.01 (c) of the Master Agreement, which contemplates a SPA for preliminary engineering and a separate SPA for project delivery, the Parties agree that this SPA addressing Preliminary Engineering and Right of Way phases of this Project will have to be amended to add Construction and additional project delivery details as needed, as well as funding, if (and before) any award at a later date as shown in the schedule below is made. Nothing herein shall be deemed or construed to commit either party to adopt any such amendment, and the terms of each amendment must be acceptable to each party acting in its sole discretion.

The work associated with this Standard Project Agreement for the Segment 1 is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117840), develop the RFQ and RFP plans, conduct the virtual and in-person public hearings, and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 1 of the Hampton Roads Express Lane Network.

These tasks include but are not limited to the following:

NEPA Categorical Exclusion investigation and documentation, cost estimate & schedule refinements, HREL Network communication plan, public information meetings with localities and others as requested, finalize RFP plans and contract requirements, acquire RW, obtain permits, RFQ level plan development and advertisement RFP level plan development, complete two phase best value Design-Build contractor procurement processes necessary to award construction and public hearing.

***Project Schedule: Segment 1 (FULL BUILD POTENTIAL SCOPE) Project (all dates are estimates):***

- **Preliminary Engineering (PE):**
  - PE Start (Adv Act): September 22, 2020 (Advanced Activity UPC 117840)
  - PE Start (Full Build Potential Scope): October 21, 2021
  - PE End: August 4, 2022
- **Right of Way (RW):**
  - RW Start: August 4, 2022
  - RW End: August 5, 2022
- **Construction (CN):**
  - CN Start: August 5, 2022
  - CN End: December 19, 2025

## **APPENDIX C**

### **FORM OF PAYMENT REQUISITION**

HRTAC Project Title and Number: Hampton Roads Express Lanes Network Elements, Segment 1 (FULL BUILD POTENTIAL SCOPE) Project - UPC 119637

Project Scope/Services Description: The work associated with this Standard Project Agreement for the Segment 1 is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117840) and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 1 of the Hampton Roads Express Lane Network.

Draw Request Number: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

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

Attention \_\_\_\_\_, Program Coordinator:

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

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

#### **VIRGINIA DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

#### **Recommended For Payment**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: HRTAC Program Coordinator

## DETAILED PAYGO REQUEST

Draw Request Number: \_\_\_\_\_  
HRTAC Project Number: UPC 119637Request Date: \_\_\_\_\_  
Project Title: HRELN Segment 1

Cost Category	HRTAC Approved Project Costs	Total PayGo Requests Previously Received	PayGo Requisition Amount this Period	Remaining PAYGO Project Budget (Calculation)
<b>Project Starting Balance</b>	\$9,464,037			\$ -
Design Work/ Engineering	\$9,464,037	\$ -	\$ -	\$ -
Engineering	-	-	-	\$ -
Environmental Work	-	-	-	\$ -
Right-of-Way Work	\$9,660,755	-	-	\$ -
Construction	\$0	-	-	\$ -
Contract Administration	-	-	-	\$ -
Testing Services	-	-	-	\$ -
Inspection Services	-	-	-	\$ -
Capital Asset Acquisitions	-	-	-	\$ -
<b>Other (please explain)</b>	-	-	-	\$ -
<b>TOTALS</b>	\$19,124,792	\$ -	\$ -	\$ -

**LISTING OF ATTACHED INVOICES**

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

**Instructions**

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

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

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

5. Column E- Please enter the dollar amount listed on the invoice.
6. The calculated Requisition Amount should equal the total in Column D in the Schedule above.

## APPENDIX D

### REPORTS TO BE PROVIDED BY VDOT

- 1) Monthly Project Expenditure Report which lists, by category of expense (e.g., engineering, ROW, utility relocations, construction), (a) information regarding expenditures to date against the budget, both monthly and for the life of the project, and a statement of the percent completed; and (b) such other information as VDOT customarily provides with monthly expenditure reports.
- 2) Monthly Project Report which provides (a) an overview of progress on major project tasks; (b) information regarding the budget (such as, the baseline planned forecast, any approved changes thereto, the monthly expenditures, the cumulative expenditures, and the cumulative forecasted expenditures); (c) future key tasks; and (d) significant issues.

**APPENDIX E**

**OFFICIAL AUTHORIZING DOCUMENTS**

## APPENDIX F

### TAX COVENANTS FOR BOND-FUNDED PROJECTS

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

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

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

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

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

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

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

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

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

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

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

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

**Standard Project Agreement for Funding and Administration  
between  
Hampton Roads Transportation Accountability Commission  
and  
Virginia Department of Transportation  
(Hampton Roads Express Lanes Network Project Elements)**

HRTAC Project Title: Segment 4A/4B (Full Build Potential Scope) Project

HRTAC Project Number: UPC 119824 (Advanced Activity UPC 117839 linked)

This Standard Project Agreement for Funding and Administration (the "Agreement") is made and executed in duplicate on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, as between the Hampton Roads Transportation Accountability Commission ("HRTAC") and the Virginia Department of Transportation ("VDOT").

**WITNESSETH**

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

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

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

WHEREAS, under Chapter 703 of the 2020 Acts of Assembly (H1438)(the "HREL Tolling Legislation"), HRTAC is also authorized to impose and collect tolls in designated high-occupancy toll lanes on certain portions of Interstate 64;

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

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

WHEREAS, in light of (i) VDOT's responsibilities with respect to VDOT Highways and HRTAC's responsibilities with respect to the application of the HRTAC-Controlled Moneys, and (ii) the determinations of VDOT and HRTAC to coordinate their efforts with respect to, among other things, the development, tolling, financing, procurement and delivery of the Hampton Roads Express Lanes Network Project (the "HREL Project"), VDOT and HRTAC entered into a Master Agreement for Development and Tolling of Hampton Roads Express Lanes Network dated August 18, 2020 (such agreement as thereafter amended and modified from time to time, the "Master Agreement");

WHEREAS, the Master Agreement contemplates that HRTAC may from time to time enter into Standard Project Agreements for Funding and Administration pursuant to which VDOT will procure all goods and services necessary to design and construct elements of the HREL Project;

WHEREAS, pursuant to the Master Agreement, the parties are prepared to have VDOT proceed with the services described on Appendix A in respect of the project set forth and described on Appendix A to this Agreement (the "Project");

WHEREAS, notwithstanding the sequence of events as set forth in Section 3.01 (c) of the Master Agreement, which contemplates a SPA for preliminary engineering and a separate SPA for project delivery, the Parties intend, subject to the terms set forth in Appendices A and B, to address the Preliminary Engineering, Right of Way and construction phases of the Project in this single SPA;

WHEREAS, HRTAC has determined that the Project would benefit the cities and counties that are embraced by HRTAC, it otherwise satisfies the requirements of the HRTAC Act, and it is consistent with the HREL Tolling Legislation;

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

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

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

WHEREAS, the CTB, by resolution passed on January 14, 2015, resolved that any agreement between VDOT and HRTAC for project services shall provide that

overruns or other additional project costs shall be prorated between HRTAC and VDOT so that each party bears a proportionate share of the additional costs based on each party's percentage responsibility of the project budget;

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

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

A. VDOT's Obligations

VDOT shall:

1. Complete or perform or cause to be completed or performed all work relating to the Project, as described in Appendix A, advancing such work diligently and ensuring that all work is completed in accordance with (i) any and all applicable federal, state, and local laws and regulations, and (ii) all terms and conditions of the Master Agreement and this Agreement, including, without limitation, the Project Budget and Project Schedule reflected in Appendix B, which Project Budget and Project Schedule (A) VDOT represents have been prepared in good faith, in accordance with the practices and procedures that VDOT uses for projects where the state or VDOT bears the cost of the project (including, without limitation, the practices used to price and budget services that may be internally sourced, such as Construction Engineering Inspection/CEI), and (B) the parties acknowledge may be amended pursuant to Section A.8 below or as follows:
  - (a) In the event that VDOT determines, after receipt of proposals or bids for any work related to the Project, that the cost of the contract for said work will result in a significant reduction in costs associated with a portion of the Project Budget reflected in Appendix B that is allocated to work covered by the contract, then VDOT shall notify HRTAC's Executive Director of the significant reduction in costs. For purposes of this Section A.1(a), HRTAC and VDOT agree that a "significant reduction in costs" shall mean a reduction in costs that has the effect of reducing, in Appendix B, (x) the costs for the particular portion of the Project Budget allocated to work covered by the contract by more than 20 percent or (y) the entire Project Budget either by more than 10 percent or \$10,000,000, whichever applies. In the event there is a significant reduction in costs, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to fairly reflect the effect of the reduction (by way of

example, if the Appendix B costs are to be paid initially from both HRTAC-Controlled Moneys and state or federal contributions, then the commitment of each funding source would be reduced by its proportionate share of the reduction in costs, which proportionate share will be based on the funding source's proportionate responsibility for the total budgeted costs before the reduction was realized) (for the avoidance of doubt, the amount by which a commitment is reduced shall be considered deobligated from the Project).

- (b) In the event that any federal or state funding not previously available for the Project becomes available for any portion of the Project Budget reflected in Appendix B, then VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to fairly reflect the benefit of the additional funding (by way of example, if the Appendix B costs are to be paid initially from both HRTAC-Controlled Moneys and state contributions, but federal funding subsequently becomes available, then the respective commitments of HRTAC and the state would be reduced by each party's proportionate share of the additional funds, which proportionate share will be based on the party's proportionate responsibility for the total budgeted cost before the additional funding became available).
- (c) In the event that application is made for federal or state funding or loans not previously available for the Project, then VDOT will, to the extent within its reasonable control, provide reasonable support to such application and, if any such funding or loans are awarded or otherwise become available, take action to satisfy conditions and comply with requirements of such funding or loans, in each case as may be reasonably requested by HRTAC.

2. Without limiting the foregoing, VDOT shall:

- (a) Select contractors, contract with contractors, and administer and enforce contracts all in a manner that is consistent in all material respects with the policies, procedures and practices that VDOT uses where the state or VDOT bears the cost of a project; for example, VDOT shall use its customary policies, procedures and practices relating to requesting bids/proposals, negotiating/finalizing terms and conditions of contracts (using, where applicable, standard terms/forms), and monitoring and enforcing performance of contracts;
- (b) Not enter into any contract to perform the work related to the Project if (i) the cost of that contract would exceed the portion of the Project Budget reflected in Appendix B that is allocated to the work

covered by that contract, (ii) the cost of that contract, when aggregated with the cost of all other contracts relating to the Project that have been, or are expected to be, entered into would exceed the Project Budget reflected in Appendix B, or (iii) the schedule in the contract for performing and paying for the work related to the Project would be materially different (whether accelerated or delayed) from the Project Schedule set forth in Appendix B; in addition, if the bids or proposals received for any portion of the Project are not qualitatively consistent with VDOT's standards for that work or quantitatively within VDOT's projections for that work, each as determined by VDOT in its good faith judgment, VDOT shall (i) undertake a new procurement, or (ii) recommend alternative measures to HRTAC, and seek HRTAC's advice and consent regarding pursuit of those alternative measures. If HRTAC grants its written consent to a modification to the Project Budget and/or Project Schedule in order to permit VDOT to enter into a contract to perform the work, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to reflect the modified Project Budget and Project Schedule.

- (c) Involve HRTAC in any procurement consistent with the terms of the Master Agreement.
3. Perform or have performed in accordance with VDOT's standards for highways, bridges and tunnels (or that otherwise are applicable to the work under the Project) all design and engineering, all environmental work, and all right-of-way acquisition, construction, contract administration, testing services, inspection services, or capital asset acquisitions, as is required by this Agreement or that may be necessary for completion of the Project pursuant to the terms of this Agreement. If VDOT determines that a delay will more likely than not prevent the completion of a material phase of the Project (e.g., PE or ROW acquisition), or the entire Project, in accordance with the Project Schedule, VDOT shall notify HRTAC in writing and provide HRTAC with such information as HRTAC may reasonably request, including information pertaining to potential corrective measures and remedies against the contractor (if VDOT and HRTAC mutually develop a model notice for such purposes, VDOT's notice will follow the format of the model).
4. Not use any funds provided by HRTAC, including the funds specified on Appendix B, to pay any Project cost if, as applicable, the HRTAC Act or HREL Tolling Legislation does not permit such Project cost to be paid with HRTAC funds.
5. Recognize that, if the Project contains "multiple funding phases" (as such "multiple funding phases" are set out for the Project on Appendix A), for which HRTAC will provide funding for such multiple funding phases (as

scheduled on Appendix B), HRTAC may not have sufficient cash flows to permit accelerated funding to VDOT and to advance the funding schedule for the Project. In any circumstance where VDOT seeks to advance the funding schedule for the Project, VDOT shall submit a written request to HRTAC's Executive Director explaining VDOT's reasons why HRTAC should authorize acceleration to the next funding phase. (As used in this Agreement, "Executive Director" shall mean HRTAC's Chairman if at any applicable time, HRTAC has not engaged a dedicated, full-time Executive Director.) HRTAC's Executive Director will thereafter review the circumstances underlying the request in conjunction with Appendix B and HRTAC's current and projected cash flow position and make a recommendation to HRTAC whether to authorize VDOT's requested accelerated funding. The foregoing shall not prohibit VDOT from providing its own funds to advance a future funding phase of the Project and from requesting reimbursement from HRTAC for having advance funded a future phase of the Project; however, VDOT further recognizes that HRTAC's reimbursement to VDOT for having advance funded a phase of the Project will be dependent upon HRTAC's cash flow position at the time such a request for reimbursement is submitted and may be dependent upon the extent to which the reimbursement of any such advanced funding is otherwise consistent with the terms of this Agreement, including Appendix B.

6.
  - (a) Permit (and assist) HRTAC's Executive Director to periodically update HRTAC's cash flow estimates for the Project with the objective toward keeping those estimates accurate throughout the performance of the Project. VDOT shall provide all available information reasonably required by HRTAC so as to ensure and facilitate accurate cash flow estimates and accurate updates to those cash flow estimates throughout the performance of the Project as described in Appendix B.
  - (b) Provide HRTAC's Executive Director with the monthly reports described on Appendix D.
7. Provide to HRTAC's Executive Director requests for payment consistent with Appendix C (and the most recently approved HRTAC cash flow estimates) that include (a) HRTAC's standard payment requisition(s), containing detailed summaries of actual project costs incurred with supporting documentation as determined by HRTAC, and (b) certifications that all such costs were incurred in the performance of work for the Project as authorized by this Agreement. Each payment requisition shall be in substantially the same form as set forth in Appendix C of this Agreement. If approved by HRTAC, VDOT can expect to receive payment within twenty (20) days upon receipt by HRTAC. Approved payments may be made by means of electronic transfer of funds from HRTAC to or for the account of VDOT.

8. (a) Promptly notify HRTAC's Executive Director if VDOT determines that any additional, unbudgeted costs may be incurred to perform and complete the Project ("Additional Costs"), which notice shall include a description of the Additional Costs, an explanation of how they arose and the assumptions in the initial budget regarding those costs, and a detailed estimate of the Additional Costs. VDOT shall make recommendations regarding any curative actions that may be available relating to such Additional Costs, including any potential modification or reduction that may be made to the Project scope or design, or any other action, in order to stay within the initial budget for the Project. If the Additional Costs can be absorbed in the Project Budget by modifying or reducing the scope or design of the Project (or avoided by cancelling the Project or any portion thereof), HRTAC may, in its sole discretion, elect to (i) authorize VDOT to proceed with such modifications or reductions, (ii) authorize the Additional Costs (or if a combination of (i) and (ii) is feasible, HRTAC may elect such combination), or (iii) elect to cancel the Project or a portion thereof; provided, however, in any case, the respective obligations of VDOT and HRTAC, as modified by the elected alternative, shall be set forth in an amendment to this Agreement (VDOT and HRTAC shall work in good faith to finalize and execute such amendment). If the Additional Costs cannot be absorbed in the initial budget by modifying or reducing the scope or design of the Project (and HRTAC elects option (ii) above), then, subject to Section F below, such Additional Costs shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget. In the event that HRTAC elects to cancel the Project (or any portion thereof) pursuant to this Section A.8(a)(iii), (A) all compensation due and owing to any and all contractors for work on the Project that has been completed at the time of cancellation, shall be paid in accord with Appendix B, and (B) subject to Section F, all reasonable costs associated with the cancellation due and owing to said contractors pursuant to the terms of the contracts with the contractors, which terms shall be consistent with VDOT's standard contract terms relating to contract cancellation and termination, (the "Breakage Compensation"), shall be paid with HRTAC-Controlled Moneys, unless VDOT and HRTAC mutually determine that cancellation of the Project is necessary or warranted, in which case, the Breakage Compensation shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget.  
(b) VDOT shall not include in any contract with a contractor working on the Project any term, condition or remedy in respect of Additional

Costs that is more favorable to the contractor than the terms, conditions or remedies VDOT includes in standard contracts where the state or VDOT bears the cost of the project.

- (c) The Additional Costs may include costs incurred by VDOT as a result of contractor claims relating to the Project made pursuant to the VDOT Roads and Bridge Specifications and §§ 33.2-1101 through 33.2-1105 of the Code, as amended. VDOT shall promptly notify HRTAC if any such claims are made or VDOT receives a notice of intent to file a claim or other written communication from a contractor relating to a claim or contractual dispute that could result in increased contract costs, and whether in each such case the claimed amount is expected to become, or result in, Additional Costs (and the estimate thereof) or is expected to have a material adverse effect on the contingency reserves established as part of the Project Budget (and the estimated effect thereon). VDOT shall be responsible to handle all such claims and notices of intent, but VDOT may not settle any claim or notice of intent to file a claim and thereafter submit it as an Additional Cost pursuant to Section A.8(a) unless the settlement has been approved by HRTAC. Funding for the settlement will be prorated based on the respective proportionate share of the HRTAC-Controlled Moneys and state and federal funds in the Project Budget. Should the claim not be settled, any final judgment from a court of competent jurisdiction shall be paid in accordance with the proration rule set forth in the preceding sentence.
- (d) Notwithstanding anything to the contrary set forth herein, if any additional cost (including, without limitation, any additional cost relating to a contractor claim described in Section A.8(c) above) arises out of or results from VDOT's negligence, breach of contract, willful misconduct or violation of law ("VDOT Fault"), HRTAC shall not be responsible for such additional costs. Any notice provided by VDOT to HRTAC pursuant to Section A.8(c) above shall be accompanied by a certification from VDOT that it has determined in good faith that any Additional Costs do not arise out of or result from VDOT Fault.

9. Release or return any unexpended funds to HRTAC no later than 90 days after final payment has been made in respect of the Project.
10. Maintain complete and accurate financial records relative to the Project for all time periods as may be required by the Virginia Public Records Act and by all other applicable state or federal records retention laws or regulations.

11. Maintain all original conceptual drawings and renderings, architectural and engineering plans, site plans, inspection records, testing records, and as built drawings for the Project for the time periods required by the Virginia Public Records Act and any other applicable records retention laws or regulations.
12. Reimburse HRTAC (or such other entity as may have provided funds) for all funds provided by HRTAC (or on behalf of HRTAC) and, to the extent applicable and permitted by law, with interest earned at the rate earned by HRTAC, (a) that VDOT misapplied, used or requisitioned in contravention of the HRTAC Act or any other applicable law, or any term or condition of this Agreement or (b) the expenditure of which arose out of VDOT Fault.
13. Be solely responsible for the administration and/or development of the Project and all engagements, commitments and agreements with contractors (and, without limiting the foregoing, shall ensure that such engagements, commitments and agreements contain all terms that, pursuant to the Master Agreement or this Agreement, are required to be included therein). VDOT shall ensure that VDOT's contractors maintain surety bonds and insurance in amounts and with coverages that VDOT requires under its Road and Bridge Specifications for all work to be performed for the Project, and name HRTAC and its members, officers, employees and, if applicable, any HRTAC lender and any bond trustee, as additional insureds on any such insurance policy, and present HRTAC with satisfactory evidence thereof before any work on the Project commences.
14. If in connection with the work VDOT engages outside legal counsel approved by the Attorney General (as opposed to utilizing the services of the Office of the Attorney General), VDOT will give HRTAC notice of the engagement so as to ensure that no conflict of interest may arise from any such representation (VDOT also shall ensure that such engagements are consistent with the practices and terms that VDOT uses where it is solely responsible for project costs).
15. Subject to and consistent with the requirements of Section E of this Agreement, upon final payment to all contractors for the Project, if the Project is or is part of a VDOT Highway, VDOT will use the Project (a) for its intended purposes for the duration of the Project's useful life, and (b) in accordance with, and subject to, the terms of the Master Agreement (including, without limitation, the license granted to HRTAC pursuant to Section 3.08(b) thereof). If the Project is or is part of a VDOT Highway, VDOT shall be responsible to operate and/or maintain the Project (which duty and obligation excludes the Tolling O&M Duties, as defined in the Master Agreement, except as otherwise provided in the Master Agreement or in any other contract between VDOT and HRTAC under which VDOT is responsible to perform such duties as a contractor to HRTAC) after its completion (including responsibility to correct any defects or to cause any

defects to be corrected)(and, without limiting the foregoing, shall perform its operations and maintenance obligations in accordance with the terms of the Master Agreement), and, except as and to the extent provided under the Master Agreement (with respect to Tolling O&M Duties), under no circumstances will HRTAC have any responsibility or obligation to operate and/or maintain the Project (or correct defects with respect to the Project).

16. Comply with all applicable federal, state and local laws and regulations, including without limitation requirements of the Virginia Public Procurement Act.
17. Recognize that VDOT or its contractors are solely responsible for obtaining, and shall obtain, all permits, permissions and approvals necessary to construct and/or operate the Project, including, but not limited to, obtaining all required VDOT and local land use permits, zoning approvals, environmental permits, and regulatory approvals.
18. Recognize that if the Project is being funded, in whole or in part, with federal and/or state funds (in addition to HRTAC-Controlled Moneys), that VDOT shall (a) take any and all necessary actions to satisfy any conditions to such additional federal and/or state funding (provided that such actions are within the control of VDOT) and to enforce any commitments made in connection therewith, (b) comply with all applicable federal and Commonwealth funding requirements within the control or purview of VDOT, and (c) include in its contracts with contractors provisions that permit such contracts to be terminated, without penalty, if the funding is rescinded or otherwise becomes unavailable (for clarification, a provision shall not be deemed to include a penalty solely as a result of terms that require payment of compensation due and owing at the time of cancellation and reasonable costs associated with cancellation provided that such costs are consistent with costs paid pursuant to VDOT's standard contract terms relating to contract cancellation and termination). VDOT acknowledges and agrees that if funding from such an additional federal or state source is rescinded or otherwise becomes unavailable HRTAC (i) shall not be responsible for any amount in excess of its commitment set forth on Appendix B, and (ii) may (A) replace said reduced funding with HRTAC Controlled-Moneys or (B) may request VDOT to immediately suspend or discontinue all work relating to the Project, provided if HRTAC requests suspension HRTAC shall be responsible for the costs reasonably incurred in connection with such suspension. Should HRTAC not replace the reduced funding or request VDOT to suspend or discontinue work, VDOT may reduce the Project scope or take any other actions needed to reduce the Project costs to the Project Budget.

19. Provide a certification to HRTAC no later than 90 days after final payment for the Project that VDOT adhered to all applicable laws and regulations and all requirements of this Agreement.
20. Notify HRTAC if VDOT determines that a delay will more likely than not prevent the timely completion of a material phase of the Project, including information regarding potential corrective measures and remedies against the contractor.
21. With respect to modifications to any agreement with a contractor, concede to HRTAC any resulting savings, if HRTAC-Controlled Moneys are funding 100% of the applicable work, or if the cost savings relate to work funded with HRTAC-Controlled Moneys and state and/or federal funds, concede such savings to such parties *pro rata*, based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget for such work.
22. Include in any agreement with a contractor an assessment of liquidated damages in accordance with the Master Agreement if either substantial completion or final acceptance is not achieved by the applicable deadline. Unless otherwise agreed by the parties acting reasonably, any liquidated damages (as well as other damages paid by a contractor, insurance proceeds, or recoveries from third parties) received by VDOT in respect of the Project shall be administered in accordance with the terms of the Master Agreement.
23. Terminate any agreement with a contractor upon the written request of HRTAC if (a) VDOT has failed to exercise the right to terminate such agreement for cause, but only (i) if such failure is reasonably expected to have a material adverse effect on HRTAC and (ii) following consultation between HRTAC and VDOT regarding the reasons, if any, for VDOT's failure to exercise such right; or (b) HRTAC determines in good faith that HRTAC has suffered a material adverse change in its ability to satisfy its obligations under this Agreement and it is in HRTAC's best interests for VDOT to terminate the contractor's agreement for convenience.

B. HRTAC's Obligations

HRTAC shall:

1. Subject to the limitations as to amounts set forth in Appendix B (and subject to Section F of this Agreement), provide to VDOT the funding authorized by HRTAC for the Project, on a reimbursement basis as set forth in this Agreement and as specified in Appendix B to this Agreement or the most updated amendment thereto, as approved by HRTAC.
2. Assign a person to serve as a Program Coordinator for the Project, who will be responsible for review of the Project on behalf of HRTAC for

purposes of ensuring it is being completed in compliance with this Agreement and all HRTAC requirements. (In the absence of an assigned person, HRTAC's Executive Director shall serve as the Program Coordinator.) HRTAC's Program Coordinator will be responsible for overseeing, managing, reviewing, and processing, in consultation with HRTAC's Executive Director and its Chief Financial Officer ("CFO"), all payment requisitions submitted by VDOT for the Project. HRTAC's Program Coordinator will have no independent authority to direct changes or make additions, modifications, or revisions to the scope of the Project as set forth on Appendix A or to the Project Budget and Project Schedule as set forth on Appendix B.

3. Route to HRTAC's assigned Program Coordinator all VDOT payment requisitions and the summaries of actual costs submitted to HRTAC for the Project. After submission to HRTAC, HRTAC's Program Coordinator will conduct an initial review of all payment requisitions and supporting documentation for the Project in order to determine the submission's legal and documentary sufficiency. HRTAC's Program Coordinator will then make a recommendation to the HRTAC's CFO and Executive Director whether to authorize payment, refuse payment, or seek additional information from VDOT. If the payment requisition is sufficient as submitted, payment will be made within twenty (20) days from receipt. If the payment requisition is, in HRTAC's reasonable judgment, deemed insufficient, within twenty (20) days from receipt, HRTAC's Program Coordinator will notify VDOT in writing and set forth the reasons why the payment requisition was declined or why and what specific additional information is needed in order to authorize the payment request. Payment will be withheld until all deficiencies identified by HRTAC have been corrected to HRTAC's reasonable satisfaction. Under no circumstances will HRTAC authorize payment for any work performed by or on behalf of VDOT that is not in conformity with the requirements of the HRTAC Act or this Agreement.
4. Route all of VDOT's accelerated or supplemental requests for funding from HRTAC under Sections A.5 and A.8, respectively, of this Agreement to HRTAC's Executive Director. HRTAC's Executive Director will initially review those requests and all supporting documentation with HRTAC's CFO. After such initial review, HRTAC's Executive Director will make a recommendation to HRTAC's Finance Committee for its independent consideration and review. HRTAC's Finance Committee will thereafter make a recommendation on any such request to HRTAC for final determination by HRTAC.
5. Conduct periodic compliance reviews scheduled in advance for the Project so as to determine whether the work being performed remains within the scope of this Agreement, the HRTAC Act and other applicable law. Such compliance reviews may entail (i) review of VDOT's financial records for

the Project, (ii) on-Project site inspections and (iii) review of a contractor's books and records in relation to the Project to the extent VDOT has access thereto.

6. Acknowledge that if, as a result of HRTAC's review of any payment requisition or of any HRTAC compliance review, HRTAC staff determines that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, HRTAC staff will promptly advise HRTAC's Executive Director and will advise VDOT's designated representative in writing. VDOT will thereafter have thirty (30) days to respond in writing to HRTAC's initial findings. HRTAC's staff will review VDOT's response and make a recommendation to HRTAC's Finance Committee. HRTAC's Finance Committee will thereafter conduct its own review of all submissions and make a recommendation to HRTAC. If HRTAC makes a final determination that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, the parties should engage in dispute resolution as provided in Section D of this Agreement. Pending final resolution of the matter, HRTAC will withhold further funding on the Project. Nothing herein shall, however, be construed as denying, restricting or limiting the pursuit of either party's legal rights or available legal remedies.
7. Upon making final payment to VDOT for the Project, retain copies of all contracts, financial records, design, construction, and as-built project drawings and plans, if any, developed pursuant to or in association with the Project for the time periods required by the Virginia Public Records Act and as may be required by other applicable records retention laws and regulations.
8. Be the sole determinant of the amount and source of HRTAC funds to be provided and allocated to the Project and the amounts of any HRTAC funds to be provided in excess of the amounts specified in Appendix B.
9. Have no obligation to pay or reimburse VDOT for any cost (including, without limitation, compensation paid or payable to any contractor) arising out of VDOT Fault.

C. Term

1. This Agreement shall (i) be effective upon adoption and execution by both parties and (ii) unless terminated earlier in accordance with its terms, expire ninety (90) days after the date on which VDOT makes final payment to Project contractor(s) and all contractor claims have been resolved or are barred.
2. VDOT may terminate this Agreement, for cause, in the event of a material breach by HRTAC of this Agreement. If so terminated, HRTAC shall pay

for all Project costs incurred in accordance with the terms of this Agreement through the date of termination and all reasonable costs incurred by VDOT to terminate all Project-related contracts. The Virginia General Assembly's failure to appropriate funds to HRTAC as described in Section F of this Agreement and/or repeal or amendment of the legislation establishing the HRTF or HRTAC's powers shall not be considered material breaches of this Agreement by HRTAC if such failure to appropriate or such repeal or amendment eliminates funds in the HRTF to be used for the Project or renders HRTAC without legal authority to provide funding for the Project. Before initiating any proceedings to terminate under this Section, VDOT shall give HRTAC sixty (60) days written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing HRTAC an opportunity to investigate and cure any such alleged breach.

3. HRTAC may terminate this Agreement, for cause, resulting from VDOT's material breach of this Agreement. If so terminated, VDOT shall refund to HRTAC all funds HRTAC provided to VDOT for the Project and, to the extent permitted by law, with interest earned at the rate earned by HRTAC. Before initiating any proceedings to terminate under this Section, HRTAC shall give VDOT sixty (60) days' written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing VDOT an opportunity to investigate and cure any such alleged breach. Prior to termination, if VDOT has substantially completed the Project or a portion that is severable (meaning it is subject to independent use), VDOT may request that HRTAC excuse VDOT from refunding funds paid in respect of the substantially completed Project or portion, and HRTAC may, in its sole discretion, excuse VDOT from refunding all or a portion of the funds HRTAC provided to VDOT for the substantially completed Project or portion thereof. No such request to be excused from refunding will be allowed (a) where VDOT has either misused or misapplied HRTAC funds in contravention of this Agreement or applicable law, or (b) without the prior written consent of any lender to HRTAC, if the terms of HRTAC's loan agreement with such lender require such consent.
4. Upon (a) expiration or earlier termination of this Agreement and (b) payment of all eligible expenses as set forth in Section C.3 above, VDOT will release or return to HRTAC all unexpended HRTAC funds and, to the extent permitted by law, with interest earned at the rate earned by HRTAC, no later than sixty (60) days after the date of such expiration or earlier termination.

D. Dispute

In the event of a dispute under this Agreement, the parties agree to meet and confer promptly in order to ascertain if the dispute can be resolved informally without the need of a third party or judicial intervention. HRTAC's Executive

Director and the Commissioner shall be authorized to conduct negotiations on behalf of their respective entities. If a resolution of the dispute is reached via a meet and confer dispute resolution method, it shall be presented to HRTAC and to the Commissioner for formal confirmation and approval. If no satisfactory resolution can be reached via the meet and confer method, either party is free to pursue whatever remedies it may have at law or in equity, including all judicial remedies. The foregoing dispute resolution method shall not bar either party's right to seek equitable relief on an emergency basis. Neither party will seek or accept an award of attorneys' fees or costs incurred in connection with resolution of a dispute.

**E. HRTAC's Interest in Project Assets**

VDOT agrees to use the real property and appurtenances and fixtures thereto, capital assets, equipment and all other transportation facilities that are part of the Project and funded by HRTAC under this Agreement ("Assets") for the designated transportation purposes of the Project, in accordance with applicable law throughout the useful life of each such Asset, and in accordance with, and subject to, the terms of the Master Agreement (including, without limitation, the license granted to HRTAC pursuant to Section 3.08(b) thereof). If VDOT intends to sell, convey, or dispose any Asset funded with HRTAC funds or intends to use any Asset for a purpose inconsistent with this Agreement or the Master Agreement, VDOT shall notify HRTAC's Executive Director in writing of any such intent before further action is taken by VDOT in furtherance thereof. Upon receiving notification from VDOT, HRTAC's Executive Director shall notify HRTAC of VDOT's intended action(s). The parties shall, thereafter, meet and confer to discuss what measures need to be taken regarding VDOT's proposed sale, conveyance, disposition, or use of any such Asset(s) so as to ensure compliance with all applicable requirements and terms of the HRTAC Act and the Master Agreement (without limiting the foregoing, VDOT acknowledges that (i) under the HRTAC Act and applicable law, HRTAC is vested with the right to impose and collect tolls on facilities constructed by the Commission and holds a license to, among other things, use the tolling infrastructure and system, and (ii) under the HREL Tolling Legislation, HRTAC is vested with the right to impose and collect tolls on the portion of the HREL Project facility that has been designated by the CTB for use as high-occupancy toll lanes). All recommendations and/or proposed remedial actions developed by the parties' designated representatives during the meet and confer process shall be formally presented to HRTAC and the Commissioner for their respective approval.

**F. Appropriations Requirements**

1. Nothing herein shall require or obligate HRTAC to commit or obligate funds to the Project beyond those funds that have been duly authorized and appropriated by its governing body for the Project.

2. The parties acknowledge that all funding provided by HRTAC pursuant to the HRTAC Act is subject to appropriation by the Virginia General Assembly. The parties further acknowledge that: (i) the moneys allocated to the HRTF pursuant to applicable provisions of the Code of Virginia and any other moneys that the General Assembly appropriates for deposit into the HRTF are subject to appropriation by the General Assembly and (ii) HRTAC's obligations under this Agreement are subject to such moneys being appropriated to the HRTF by the General Assembly.
3. The parties agree that VDOT's obligations under this Agreement are subject to funds being appropriated by the General Assembly and allocated by the Commonwealth Transportation Board and otherwise legally available to VDOT for HRTAC projects.
4. Should VDOT be required to provide additional funds in order to proceed or complete the funding necessary for the Project, VDOT shall certify to HRTAC that such additional funds have been allocated and authorized by the CTB and/or appropriated by the Virginia General Assembly as may be applicable or have been obtained through another independent, lawful source.

**G. Representations and Warranties**

1. VDOT hereby represents and warrants to HRTAC as of the date of this Agreement as follows:
  - (a) VDOT is an agency of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
  - (b) VDOT has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this Agreement on behalf of VDOT has been duly authorized to execute and deliver it on behalf of VDOT;
  - (c) the execution and delivery by VDOT of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of VDOT to perform its obligations under this Agreement;
  - (d) this Agreement has been duly authorized, executed, and delivered by VDOT and constitutes a valid and legally binding obligation of VDOT, enforceable against it in accordance with the terms hereof,

subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia; *provided, however,* that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and

- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on VDOT which challenges VDOT's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the VDOT official executing this Agreement, and VDOT has disclosed to HRTAC any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which VDOT is aware.

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

- (a) HRTAC is a body politic and a political subdivision of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
- (b) HRTAC has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this Agreement on behalf of HRTAC has been duly authorized to execute and deliver it on behalf of HRTAC;
- (c) the execution and delivery by HRTAC of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of HRTAC to perform its obligations under this Agreement;
- (d) this Agreement has been duly authorized, executed, and delivered by HRTAC and constitutes a valid and legally binding obligation of HRTAC, enforceable against it in accordance with the terms hereof, subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia;

*provided, however, that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and*

- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on HRTAC which challenges HRTAC's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the HRTAC official executing this Agreement, and HRTAC has disclosed to VDOT any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which HRTAC is aware.

**H. Tax Covenants for Bond-Funded Projects**

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

**I. Notices**

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

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

**J. Assignment**

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

**K. Modification or Amendment**

- (a) This Agreement may not be modified or amended, except pursuant a written agreement that is duly authorized, executed and delivered by both parties.
- (b) If HRTAC is able to obtain a source of funding for the Project that would reduce or replace the amount of HRTAC-Controlled Moneys expended on the Project, VDOT and HRTAC will work in good faith to amend this Agreement so it takes into account that other funding.

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

L. No Personal Liability or Creation of Third Party Rights

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

M. No Agency

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

N. Sovereign Immunity

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

O. Incorporation of Recitals and Appendices

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

P. Mutual Preparation and Fair Meaning

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

Q. Governing Law

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

R. Survival

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

*[Signature page follows]*

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

Hampton Roads Transportation Accountability Commission

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

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

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

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

Virginia Department of Transportation

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

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

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

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

## APPENDIX A

## HAMPTON ROADS EXPRESS LANES NETWORK PROJECT ELEMENTS

## SEGMENT 4A/4B (FULL BUILD POTENTIAL SCOPE) PROJECT – UPC 119824

**Scope:** The work associated with this Standard Project Agreement for the Segment 4A/4B (Full Build Potential Scope) project is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117839) and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 4A/4B of the Hampton Roads Express Lane Network and is anticipated to eventually encompass, pursuant to an amendment, construction of the Segment. The Segment 4A/4B project is located on I-64 EB and WB in the Cities of Newport News and Hampton starting 1.20 miles west of Denbigh Boulevard to 0.139 miles east of LaSalle Avenue for a project length of approximately 13.5 miles. The purpose is to convert the existing high occupancy vehicle (HOV) lane into an Express lane for the portion of the segment where these lanes are located. For the last mile of the segment, a general purpose (GP) lane will be converted to an Express lane and the EB lanes will be widened to add a buffer between the proposed Express lane and GP lane. The widening will maintain minimum shoulder width in both directions. The proposed improvements include the replacement of I-64 Bridge EB and WB over LaSalle Avenue. Interstate ramps will be realigned as needed. It is anticipated that one parcel will have right of way impacts (to be verified at a later date). VDOT will provide a set of plans and specifications for advertisement utilizing its design and engineering support services contractor(s) and/or their subcontractors. The parties acknowledge and agree that the proper operation of the Express Lanes described above within the Initial Interstate 64 Express Lanes Network (as defined in the Master Agreement) is predicated upon the implementation described above complying with all applicable federal and state laws, such that HRTAC may exercise its power to impose and collect tolls throughout the Express Lanes; as such (and consistent with Section 3.07 of the Master Agreement), before advancing the work described above beyond Foundational PE (defined below), the parties shall take such actions (with VDOT taking the lead) as may be reasonably necessary to confirm that the implementation does so comply and that HRTAC's imposition and collection of tolls is not subject to any further federal or state approvals, authorizations or permissions (without limiting the foregoing, VDOT shall obtain from the Federal Highway Administration any approvals, authorizations or permissions required under or contemplated by any of 23 U.S.C. § 166(b), 23 U.S.C. § 129, 23 C.F.R. 810.108(b) or 23 C.F.R. 810.102). If and when each party (acting in its sole discretion) is satisfied that such confirmation has been obtained, the parties shall memorialize in writing that the foregoing condition precedent (to the continuation of the work) has been satisfied. As used herein, "Foundational PE" means the Preliminary Engineering activities, but only to the extent reasonably necessary to obtain the confirmation described above.

## APPENDIX B

### HAMPTON ROADS EXPRESS LANES NETWORK ELEMENTS

#### SEGMENT 4A/4B (FULL BUILD POTENTIAL SCOPE) PROJECT – UPC 119824

#### PROJECT BUDGET AND PROJECT SCHEDULE

##### ***Project Budget: SEGMENT 4A/4B (FULL BUILD POTENTIAL SCOPE) PROJECT:***

*Preliminary Engineering	\$10,052,520
Right of Way (RW)	\$2,369,034
**Construction (CN)	\$0
<b>Total Cost</b>	<b>\$12,421,553</b>

\*An additional sum of \$5,916,426 was previously approved for preliminary engineering under a separate advanced activity SPA executed on April 1<sup>st</sup>, 2021 (UPC 117839) and the sums set forth herein will be made available for the Segment 4C (Full Build Potential Scope) Project.

\*\* Notwithstanding the sequence of events as set forth in Section 3.01 (c) of the Master Agreement, which contemplates a SPA for preliminary engineering and a separate SPA for project delivery, the Parties agree that this SPA addressing Preliminary Engineering and Right of Way phases of this Project will have to be amended to add Construction and additional project delivery details as needed, as well as funding, if (and before) any award at a later date as shown in the schedule below is made. Nothing herein shall be deemed or construed to commit either party to adopt any such amendment, and the terms of each amendment must be acceptable to each party acting in its sole discretion.

The work associated with this Standard Project Agreement for the Segment 4A/4B is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117839) and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 4A/4B of the Hampton Roads Express Lane Network.

These tasks include but are not limited to the following:

NEPA Categorical Exclusion investigation and documentation, cost estimate & schedule refinements, HREL Network communication plan, public information meetings, other information meetings with localities and others as requested, finalize plans, acquire RW, obtain permits, prepare documentation for construction advertisement.

***Project Schedule: Segment 4A/4B (FULL BUILD POTENTIAL SCOPE) Project (all dates are estimates):***

- **Preliminary Engineering (PE):**
  - PE Start (Adv Act): July 1, 2020 (Advanced Activity UPC 117839)
  - PE Start (Full Build Potential Scope): October 21, 2021
  - PE End: January 11, 2022
- **Right of Way (RW):**
  - RW Start: January 11, 2022
  - RW End: May 9, 2023
- **Construction (CN):**
  - CN Start: May 9, 2023
  - CN End: December 26, 2025

## **APPENDIX C**

### **FORM OF PAYMENT REQUISITION**

HRTAC Project Title and Number: Hampton Roads Express Lanes Network Elements, Segment 4A/4B  
(FULL BUILD POTENTIAL SCOPE) Project - UPC 119824

Project Scope/Services Description: The work associated with this Standard Project Agreement for the Segment 4A/4B is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117839) and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 4A/4B of the Hampton Roads Express Lane Network.

Draw Request Number: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

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

Attention \_\_\_\_\_, Program Coordinator:

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

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

#### **VIRGINIA DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

#### **Recommended For Payment**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: HRTAC Program Coordinator

## DETAILED PAYGO REQUEST

Draw Request Number: \_\_\_\_\_  
HRTAC Project Number: UPC 119824Request Date: \_\_\_\_\_  
Project Title: HRELN Segment 4A/4B

Cost Category	HRTAC Approved Project Costs	Total PayGo Requests Previously Received	PayGo Requisition Amount this Period	Remaining PAYGO Project Budget (Calculation)
Project Starting Balance	\$10,052,519			\$ -
Design Work/ Engineering	\$10,052,519	\$ -	\$ -	\$ -
Engineering	-	-	-	\$ -
Environmental Work	-	-	-	\$ -
Right-of-Way Work	\$2,369,034	-	-	\$ -
Construction	\$0	-	-	\$ -
Contract Administration	-	-	-	\$ -
Testing Services	-	-	-	\$ -
Inspection Services	-	-	-	\$ -
Capital Asset Acquisitions	-	-	-	\$ -
Other (please explain)	-	-	-	\$ -
<b>TOTALS</b>	<b>\$12,421,553</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**LISTING OF ATTACHED INVOICES**

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

**Instructions**

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

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

1. Column A- Please list the name as it appears on the Invoice
2. Column B- Please manually number the invoices attached with the corresponding Item number in this schedule.

3. Column C- Please list the invoice number as it appears on the Invoice
4. Column D- Please list the appropriate Cost Category based on the Project Category breakout above
5. Column E- Please enter the dollar amount listed on the invoice.
6. The calculated Requisition Amount should equal the total in Column D in the Schedule above.

## **APPENDIX D**

### **REPORTS TO BE PROVIDED BY VDOT**

- 1) Monthly Project Expenditure Report which lists, by category of expense (*e.g.*, engineering, ROW, utility relocations, construction), (a) information regarding expenditures to date against the budget, both monthly and for the life of the project, and a statement of the percent completed; and (b) such other information as VDOT customarily provides with monthly expenditure reports.
  
- 2) Monthly Project Report which provides (a) an overview of progress on major project tasks; (b) information regarding the budget (such as, the baseline planned forecast, any approved changes thereto, the monthly expenditures, the cumulative expenditures, and the cumulative forecasted expenditures); (c) future key tasks; and (d) significant issues.

**APPENDIX E**

**OFFICIAL AUTHORIZING DOCUMENTS**

## APPENDIX F

### TAX COVENANTS FOR BOND-FUNDED PROJECTS

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

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

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

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

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

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

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

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

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

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

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

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

**Standard Project Agreement for Funding and Administration  
between  
Hampton Roads Transportation Accountability Commission  
and  
Virginia Department of Transportation  
(Hampton Roads Express Lanes Network Project Elements)**

HRTAC Project Title: Segment 4C (Full Build Potential Scope) Project

HRTAC Project Number: UPC 119638 (Advanced Activity UPC 117841 linked)

This Standard Project Agreement for Funding and Administration (the "Agreement") is made and executed in duplicate on this \_\_\_\_ day of \_\_\_\_\_, 2021, as between the Hampton Roads Transportation Accountability Commission ("HRTAC") and the Virginia Department of Transportation ("VDOT").

**WITNESSETH**

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

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

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

WHEREAS, under Chapter 703 of the 2020 Acts of Assembly (H1438)(the "HREL Tolling Legislation"), HRTAC is also authorized to impose and collect tolls in designated high-occupancy toll lanes on certain portions of Interstate 64;

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

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

WHEREAS, in light of (i) VDOT's responsibilities with respect to VDOT Highways and HRTAC's responsibilities with respect to the application of the HRTAC-Controlled Moneys, and (ii) the determinations of VDOT and HRTAC to coordinate their efforts with respect to, among other things, the development, tolling, financing, procurement and delivery of the Hampton Roads Express Lanes Network Project (the "HREL Project"), VDOT and HRTAC entered into a Master Agreement for Development and Tolling of Hampton Roads Express Lanes Network dated August 18, 2020 (such agreement as thereafter amended and modified from time to time, the "Master Agreement");

WHEREAS, the Master Agreement contemplates that HRTAC may from time to time enter into Standard Project Agreements for Funding and Administration pursuant to which VDOT will procure all goods and services necessary to design and construct elements of the HREL Project;

WHEREAS, pursuant to the Master Agreement, the parties are prepared to have VDOT proceed with the services described on Appendix A in respect of the project set forth and described on Appendix A to this Agreement (the "Project");

WHEREAS, notwithstanding the sequence of events as set forth in Section 3.01 (c) of the Master Agreement, which contemplates a SPA for preliminary engineering and a separate SPA for project delivery, the Parties intend, subject to the terms set forth in Appendices A and B, to address the Preliminary Engineering, Right of Way and construction phases of the Project in this single SPA;

WHEREAS, HRTAC has determined that the Project would benefit the cities and counties that are embraced by HRTAC, it otherwise satisfies the requirements of the HRTAC Act, and it is consistent with the HREL Tolling Legislation;

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

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

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

WHEREAS, the CTB, by resolution passed on January 14, 2015, resolved that any agreement between VDOT and HRTAC for project services shall provide that overruns or other additional project costs shall be prorated between HRTAC and VDOT so

that each party bears a proportionate share of the additional costs based on each party's percentage responsibility of the project budget;

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

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

A. VDOT's Obligations

VDOT shall:

1. Complete or perform or cause to be completed or performed all work relating to the Project, as described in Appendix A, advancing such work diligently and ensuring that all work is completed in accordance with (i) any and all applicable federal, state, and local laws and regulations, and (ii) all terms and conditions of the Master Agreement and this Agreement, including, without limitation, the Project Budget and Project Schedule reflected in Appendix B, which Project Budget and Project Schedule (A) VDOT represents have been prepared in good faith, in accordance with the practices and procedures that VDOT uses for projects where the state or VDOT bears the cost of the project (including, without limitation, the practices used to price and budget services that may be internally sourced, such as Construction Engineering Inspection/CEI), and (B) the parties acknowledge may be amended pursuant to Section A.8 below or as follows:

- (a) In the event that VDOT determines, after receipt of proposals or bids for any work related to the Project, that the cost of the contract for said work will result in a significant reduction in costs associated with a portion of the Project Budget reflected in Appendix B that is allocated to work covered by the contract, then VDOT shall notify HRTAC's Executive Director of the significant reduction in costs. For purposes of this Section A.1(a), HRTAC and VDOT agree that a "significant reduction in costs" shall mean a reduction in costs that has the effect of reducing, in Appendix B, (x) the costs for the particular portion of the Project Budget allocated to work covered by the contract by more than 20 percent or (y) the entire Project Budget either by more than 10 percent or \$10,000,000, whichever applies. In the event there is a significant reduction in costs, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to fairly reflect the effect of the reduction (by way of example, if the Appendix B costs are to be paid initially from both

HRTAC-Controlled Moneys and state or federal contributions, then the commitment of each funding source would be reduced by its proportionate share of the reduction in costs, which proportionate share will be based on the funding source's proportionate responsibility for the total budgeted costs before the reduction was realized) (for the avoidance of doubt, the amount by which a commitment is reduced shall be considered deobligated from the Project).

- (b) In the event that any federal or state funding not previously available for the Project becomes available for any portion of the Project Budget reflected in Appendix B, then VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to fairly reflect the benefit of the additional funding (by way of example, if the Appendix B costs are to be paid initially from both HRTAC-Controlled Moneys and state contributions, but federal funding subsequently becomes available, then the respective commitments of HRTAC and the state would be reduced by each party's proportionate share of the additional funds, which proportionate share will be based on the party's proportionate responsibility for the total budgeted cost before the additional funding became available).
- (c) In the event that application is made for federal or state funding or loans not previously available for the Project, then VDOT will, to the extent within its reasonable control, provide reasonable support to such application and, if any such funding or loans are awarded or otherwise become available, take action to satisfy conditions and comply with requirements of such funding or loans, in each case as may be reasonably requested by HRTAC.

2. Without limiting the foregoing, VDOT shall:

- (a) Select contractors, contract with contractors, and administer and enforce contracts all in a manner that is consistent in all material respects with the policies, procedures and practices that VDOT uses where the state or VDOT bears the cost of a project; for example, VDOT shall use its customary policies, procedures and practices relating to requesting bids/proposals, negotiating/finalizing terms and conditions of contracts (using, where applicable, standard terms/forms), and monitoring and enforcing performance of contracts;
- (b) Not enter into any contract to perform the work related to the Project if (i) the cost of that contract would exceed the portion of the Project Budget reflected in Appendix B that is allocated to the work covered by that contract, (ii) the cost of that contract, when

aggregated with the cost of all other contracts relating to the Project that have been, or are expected to be, entered into would exceed the Project Budget reflected in Appendix B, or (iii) the schedule in the contract for performing and paying for the work related to the Project would be materially different (whether accelerated or delayed) from the Project Schedule set forth in Appendix B; in addition, if the bids or proposals received for any portion of the Project are not qualitatively consistent with VDOT's standards for that work or quantitatively within VDOT's projections for that work, each as determined by VDOT in its good faith judgment, VDOT shall (i) undertake a new procurement, or (ii) recommend alternative measures to HRTAC, and seek HRTAC's advice and consent regarding pursuit of those alternative measures. If HRTAC grants its written consent to a modification to the Project Budget and/or Project Schedule in order to permit VDOT to enter into a contract to perform the work, VDOT and HRTAC will work reasonably and in good faith to amend Appendix B to reflect the modified Project Budget and Project Schedule.

- (c) Involve HRTAC in any procurement consistent with the terms of the Master Agreement.
3. Perform or have performed in accordance with VDOT's standards for highways, bridges and tunnels (or that otherwise are applicable to the work under the Project) all design and engineering, all environmental work, and all right-of-way acquisition, construction, contract administration, testing services, inspection services, or capital asset acquisitions, as is required by this Agreement or that may be necessary for completion of the Project pursuant to the terms of this Agreement. If VDOT determines that a delay will more likely than not prevent the completion of a material phase of the Project (e.g., PE or ROW acquisition), or the entire Project, in accordance with the Project Schedule, VDOT shall notify HRTAC in writing and provide HRTAC with such information as HRTAC may reasonably request, including information pertaining to potential corrective measures and remedies against the contractor (if VDOT and HRTAC mutually develop a model notice for such purposes, VDOT's notice will follow the format of the model).
4. Not use any funds provided by HRTAC, including the funds specified on Appendix B, to pay any Project cost if, as applicable, the HRTAC Act or HREL Tolling Legislation does not permit such Project cost to be paid with HRTAC funds.
5. Recognize that, if the Project contains "multiple funding phases" (as such "multiple funding phases" are set out for the Project on Appendix A), for which HRTAC will provide funding for such multiple funding phases (as scheduled on Appendix B), HRTAC may not have sufficient cash flows to

permit accelerated funding to VDOT and to advance the funding schedule for the Project. In any circumstance where VDOT seeks to advance the funding schedule for the Project, VDOT shall submit a written request to HRTAC's Executive Director explaining VDOT's reasons why HRTAC should authorize acceleration to the next funding phase. (As used in this Agreement, "Executive Director" shall mean HRTAC's Chairman if at any applicable time, HRTAC has not engaged a dedicated, full-time Executive Director.) HRTAC's Executive Director will thereafter review the circumstances underlying the request in conjunction with Appendix B and HRTAC's current and projected cash flow position and make a recommendation to HRTAC whether to authorize VDOT's requested accelerated funding. The foregoing shall not prohibit VDOT from providing its own funds to advance a future funding phase of the Project and from requesting reimbursement from HRTAC for having advance funded a future phase of the Project; however, VDOT further recognizes that HRTAC's reimbursement to VDOT for having advance funded a phase of the Project will be dependent upon HRTAC's cash flow position at the time such a request for reimbursement is submitted and may be dependent upon the extent to which the reimbursement of any such advanced funding is otherwise consistent with the terms of this Agreement, including Appendix B.

6.
  - (a) Permit (and assist) HRTAC's Executive Director to periodically update HRTAC's cash flow estimates for the Project with the objective toward keeping those estimates accurate throughout the performance of the Project. VDOT shall provide all available information reasonably required by HRTAC so as to ensure and facilitate accurate cash flow estimates and accurate updates to those cash flow estimates throughout the performance of the Project as described in Appendix B.
  - (b) Provide HRTAC's Executive Director with the monthly reports described on Appendix D.
7. Provide to HRTAC's Executive Director requests for payment consistent with Appendix C (and the most recently approved HRTAC cash flow estimates) that include (a) HRTAC's standard payment requisition(s), containing detailed summaries of actual project costs incurred with supporting documentation as determined by HRTAC, and (b) certifications that all such costs were incurred in the performance of work for the Project as authorized by this Agreement. Each payment requisition shall be in substantially the same form as set forth in Appendix C of this Agreement. If approved by HRTAC, VDOT can expect to receive payment within twenty (20) days upon receipt by HRTAC. Approved payments may be made by means of electronic transfer of funds from HRTAC to or for the account of VDOT.

8. (a) Promptly notify HRTAC's Executive Director if VDOT determines that any additional, unbudgeted costs may be incurred to perform and complete the Project ("Additional Costs"), which notice shall include a description of the Additional Costs, an explanation of how they arose and the assumptions in the initial budget regarding those costs, and a detailed estimate of the Additional Costs. VDOT shall make recommendations regarding any curative actions that may be available relating to such Additional Costs, including any potential modification or reduction that may be made to the Project scope or design, or any other action, in order to stay within the initial budget for the Project. If the Additional Costs can be absorbed in the Project Budget by modifying or reducing the scope or design of the Project (or avoided by cancelling the Project or any portion thereof), HRTAC may, in its sole discretion, elect to (i) authorize VDOT to proceed with such modifications or reductions, (ii) authorize the Additional Costs (or if a combination of (i) and (ii) is feasible, HRTAC may elect such combination), or (iii) elect to cancel the Project or a portion thereof; provided, however, in any case, the respective obligations of VDOT and HRTAC, as modified by the elected alternative, shall be set forth in an amendment to this Agreement (VDOT and HRTAC shall work in good faith to finalize and execute such amendment). If the Additional Costs cannot be absorbed in the initial budget by modifying or reducing the scope or design of the Project (and HRTAC elects option (ii) above), then, subject to Section F below, such Additional Costs shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget. In the event that HRTAC elects to cancel the Project (or any portion thereof) pursuant to this Section A.8(a)(iii), (A) all compensation due and owing to any and all contractors for work on the Project that has been completed at the time of cancellation, shall be paid in accord with Appendix B, and (B) subject to Section F, all reasonable costs associated with the cancellation due and owing to said contractors pursuant to the terms of the contracts with the contractors, which terms shall be consistent with VDOT's standard contract terms relating to contract cancellation and termination, (the "Breakage Compensation"), shall be paid with HRTAC-Controlled Moneys, unless VDOT and HRTAC mutually determine that cancellation of the Project is necessary or warranted, in which case, the Breakage Compensation shall be paid from HRTAC-Controlled Moneys and state and federal funds prorated based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget.  
(b) VDOT shall not include in any contract with a contractor working on the Project any term, condition or remedy in respect of Additional

Costs that is more favorable to the contractor than the terms, conditions or remedies VDOT includes in standard contracts where the state or VDOT bears the cost of the project.

- (c) The Additional Costs may include costs incurred by VDOT as a result of contractor claims relating to the Project made pursuant to the VDOT Roads and Bridge Specifications and §§ 33.2-1101 through 33.2-1105 of the Code, as amended. VDOT shall promptly notify HRTAC if any such claims are made or VDOT receives a notice of intent to file a claim or other written communication from a contractor relating to a claim or contractual dispute that could result in increased contract costs, and whether in each such case the claimed amount is expected to become, or result in, Additional Costs (and the estimate thereof) or is expected to have a material adverse effect on the contingency reserves established as part of the Project Budget (and the estimated effect thereon). VDOT shall be responsible to handle all such claims and notices of intent, but VDOT may not settle any claim or notice of intent to file a claim and thereafter submit it as an Additional Cost pursuant to Section A.8(a) unless the settlement has been approved by HRTAC. Funding for the settlement will be prorated based on the respective proportionate share of the HRTAC-Controlled Moneys and state and federal funds in the Project Budget. Should the claim not be settled, any final judgment from a court of competent jurisdiction shall be paid in accordance with the proration rule set forth in the preceding sentence.
- (d) Notwithstanding anything to the contrary set forth herein, if any additional cost (including, without limitation, any additional cost relating to a contractor claim described in Section A.8(c) above) arises out of or results from VDOT's negligence, breach of contract, willful misconduct or violation of law ("VDOT Fault"), HRTAC shall not be responsible for such additional costs. Any notice provided by VDOT to HRTAC pursuant to Section A.8(c) above shall be accompanied by a certification from VDOT that it has determined in good faith that any Additional Costs do not arise out of or result from VDOT Fault.

9. Release or return any unexpended funds to HRTAC no later than 90 days after final payment has been made in respect of the Project.
10. Maintain complete and accurate financial records relative to the Project for all time periods as may be required by the Virginia Public Records Act and by all other applicable state or federal records retention laws or regulations.

11. Maintain all original conceptual drawings and renderings, architectural and engineering plans, site plans, inspection records, testing records, and as built drawings for the Project for the time periods required by the Virginia Public Records Act and any other applicable records retention laws or regulations.
12. Reimburse HRTAC (or such other entity as may have provided funds) for all funds provided by HRTAC (or on behalf of HRTAC) and, to the extent applicable and permitted by law, with interest earned at the rate earned by HRTAC, (a) that VDOT misapplied, used or requisitioned in contravention of the HRTAC Act or any other applicable law, or any term or condition of this Agreement or (b) the expenditure of which arose out of VDOT Fault.
13. Be solely responsible for the administration and/or development of the Project and all engagements, commitments and agreements with contractors (and, without limiting the foregoing, shall ensure that such engagements, commitments and agreements contain all terms that, pursuant to the Master Agreement or this Agreement, are required to be included therein). VDOT shall ensure that VDOT's contractors maintain surety bonds and insurance in amounts and with coverages that VDOT requires under its Road and Bridge Specifications for all work to be performed for the Project, and name HRTAC and its members, officers, employees and, if applicable, any HRTAC lender and any bond trustee, as additional insureds on any such insurance policy, and present HRTAC with satisfactory evidence thereof before any work on the Project commences.
14. If in connection with the work VDOT engages outside legal counsel approved by the Attorney General (as opposed to utilizing the services of the Office of the Attorney General), VDOT will give HRTAC notice of the engagement so as to ensure that no conflict of interest may arise from any such representation (VDOT also shall ensure that such engagements are consistent with the practices and terms that VDOT uses where it is solely responsible for project costs).
15. Subject to and consistent with the requirements of Section E of this Agreement, upon final payment to all contractors for the Project, if the Project is or is part of a VDOT Highway, VDOT will use the Project (a) for its intended purposes for the duration of the Project's useful life, and (b) in accordance with, and subject to, the terms of the Master Agreement (including, without limitation, the license granted to HRTAC pursuant to Section 3.08(b) thereof). If the Project is or is part of a VDOT Highway, VDOT shall be responsible to operate and/or maintain the Project (which duty and obligation excludes the Tolling O&M Duties, as defined in the Master Agreement, except as otherwise provided in the Master Agreement or in any other contract between VDOT and HRTAC under which VDOT is responsible to perform such duties as a contractor to HRTAC) after its completion (including responsibility to correct any defects or to cause any

defects to be corrected)(and, without limiting the foregoing, shall perform its operations and maintenance obligations in accordance with the terms of the Master Agreement), and, except as and to the extent provided under the Master Agreement (with respect to Tolling O&M Duties), under no circumstances will HRTAC have any responsibility or obligation to operate and/or maintain the Project (or correct defects with respect to the Project).

16. Comply with all applicable federal, state and local laws and regulations, including without limitation requirements of the Virginia Public Procurement Act.
17. Recognize that VDOT or its contractors are solely responsible for obtaining, and shall obtain, all permits, permissions and approvals necessary to construct and/or operate the Project, including, but not limited to, obtaining all required VDOT and local land use permits, zoning approvals, environmental permits, and regulatory approvals.
18. Recognize that if the Project is being funded, in whole or in part, with federal and/or state funds (in addition to HRTAC-Controlled Moneys), that VDOT shall (a) take any and all necessary actions to satisfy any conditions to such additional federal and/or state funding (provided that such actions are within the control of VDOT) and to enforce any commitments made in connection therewith, (b) comply with all applicable federal and Commonwealth funding requirements within the control or purview of VDOT, and (c) include in its contracts with contractors provisions that permit such contracts to be terminated, without penalty, if the funding is rescinded or otherwise becomes unavailable (for clarification, a provision shall not be deemed to include a penalty solely as a result of terms that require payment of compensation due and owing at the time of cancellation and reasonable costs associated with cancellation provided that such costs are consistent with costs paid pursuant to VDOT's standard contract terms relating to contract cancellation and termination). VDOT acknowledges and agrees that if funding from such an additional federal or state source is rescinded or otherwise becomes unavailable HRTAC (i) shall not be responsible for any amount in excess of its commitment set forth on Appendix B, and (ii) may (A) replace said reduced funding with HRTAC Controlled-Moneys or (B) may request VDOT to immediately suspend or discontinue all work relating to the Project, provided if HRTAC requests suspension HRTAC shall be responsible for the costs reasonably incurred in connection with such suspension. Should HRTAC not replace the reduced funding or request VDOT to suspend or discontinue work, VDOT may reduce the Project scope or take any other actions needed to reduce the Project costs to the Project Budget.

19. Provide a certification to HRTAC no later than 90 days after final payment for the Project that VDOT adhered to all applicable laws and regulations and all requirements of this Agreement.
20. Notify HRTAC if VDOT determines that a delay will more likely than not prevent the timely completion of a material phase of the Project, including information regarding potential corrective measures and remedies against the contractor.
21. With respect to modifications to any agreement with a contractor, concede to HRTAC any resulting savings, if HRTAC-Controlled Moneys are funding 100% of the applicable work, or if the cost savings relate to work funded with HRTAC-Controlled Moneys and state and/or federal funds, concede such savings to such parties *pro rata*, based on the respective proportionate share of HRTAC-Controlled Moneys and state and federal funds in the Project Budget for such work.
22. Include in any agreement with a contractor an assessment of liquidated damages in accordance with the Master Agreement if either substantial completion or final acceptance is not achieved by the applicable deadline. Unless otherwise agreed by the parties acting reasonably, any liquidated damages (as well as other damages paid by a contractor, insurance proceeds, or recoveries from third parties) received by VDOT in respect of the Project shall be administered in accordance with the terms of the Master Agreement.
23. Terminate any agreement with a contractor upon the written request of HRTAC if (a) VDOT has failed to exercise the right to terminate such agreement for cause, but only (i) if such failure is reasonably expected to have a material adverse effect on HRTAC and (ii) following consultation between HRTAC and VDOT regarding the reasons, if any, for VDOT's failure to exercise such right; or (b) HRTAC determines in good faith that HRTAC has suffered a material adverse change in its ability to satisfy its obligations under this Agreement and it is in HRTAC's best interests for VDOT to terminate the contractor's agreement for convenience.

B. HRTAC's Obligations

HRTAC shall:

1. Subject to the limitations as to amounts set forth in Appendix B (and subject to Section F of this Agreement), provide to VDOT the funding authorized by HRTAC for the Project, on a reimbursement basis as set forth in this Agreement and as specified in Appendix B to this Agreement or the most updated amendment thereto, as approved by HRTAC.
2. Assign a person to serve as a Program Coordinator for the Project, who will be responsible for review of the Project on behalf of HRTAC for

purposes of ensuring it is being completed in compliance with this Agreement and all HRTAC requirements. (In the absence of an assigned person, HRTAC's Executive Director shall serve as the Program Coordinator.) HRTAC's Program Coordinator will be responsible for overseeing, managing, reviewing, and processing, in consultation with HRTAC's Executive Director and its Chief Financial Officer ("CFO"), all payment requisitions submitted by VDOT for the Project. HRTAC's Program Coordinator will have no independent authority to direct changes or make additions, modifications, or revisions to the scope of the Project as set forth on Appendix A or to the Project Budget and Project Schedule as set forth on Appendix B.

3. Route to HRTAC's assigned Program Coordinator all VDOT payment requisitions and the summaries of actual costs submitted to HRTAC for the Project. After submission to HRTAC, HRTAC's Program Coordinator will conduct an initial review of all payment requisitions and supporting documentation for the Project in order to determine the submission's legal and documentary sufficiency. HRTAC's Program Coordinator will then make a recommendation to the HRTAC's CFO and Executive Director whether to authorize payment, refuse payment, or seek additional information from VDOT. If the payment requisition is sufficient as submitted, payment will be made within twenty (20) days from receipt. If the payment requisition is, in HRTAC's reasonable judgment, deemed insufficient, within twenty (20) days from receipt, HRTAC's Program Coordinator will notify VDOT in writing and set forth the reasons why the payment requisition was declined or why and what specific additional information is needed in order to authorize the payment request. Payment will be withheld until all deficiencies identified by HRTAC have been corrected to HRTAC's reasonable satisfaction. Under no circumstances will HRTAC authorize payment for any work performed by or on behalf of VDOT that is not in conformity with the requirements of the HRTAC Act or this Agreement.
4. Route all of VDOT's accelerated or supplemental requests for funding from HRTAC under Sections A.5 and A.8, respectively, of this Agreement to HRTAC's Executive Director. HRTAC's Executive Director will initially review those requests and all supporting documentation with HRTAC's CFO. After such initial review, HRTAC's Executive Director will make a recommendation to HRTAC's Finance Committee for its independent consideration and review. HRTAC's Finance Committee will thereafter make a recommendation on any such request to HRTAC for final determination by HRTAC.
5. Conduct periodic compliance reviews scheduled in advance for the Project so as to determine whether the work being performed remains within the scope of this Agreement, the HRTAC Act and other applicable law. Such compliance reviews may entail (i) review of VDOT's financial records for

the Project, (ii) on-Project site inspections and (iii) review of a contractor's books and records in relation to the Project to the extent VDOT has access thereto.

6. Acknowledge that if, as a result of HRTAC's review of any payment requisition or of any HRTAC compliance review, HRTAC staff determines that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, HRTAC staff will promptly advise HRTAC's Executive Director and will advise VDOT's designated representative in writing. VDOT will thereafter have thirty (30) days to respond in writing to HRTAC's initial findings. HRTAC's staff will review VDOT's response and make a recommendation to HRTAC's Finance Committee. HRTAC's Finance Committee will thereafter conduct its own review of all submissions and make a recommendation to HRTAC. If HRTAC makes a final determination that VDOT is required under Section A.12 of this Agreement to reimburse funds to HRTAC, the parties should engage in dispute resolution as provided in Section D of this Agreement. Pending final resolution of the matter, HRTAC will withhold further funding on the Project. Nothing herein shall, however, be construed as denying, restricting or limiting the pursuit of either party's legal rights or available legal remedies.
7. Upon making final payment to VDOT for the Project, retain copies of all contracts, financial records, design, construction, and as-built project drawings and plans, if any, developed pursuant to or in association with the Project for the time periods required by the Virginia Public Records Act and as may be required by other applicable records retention laws and regulations.
8. Be the sole determinant of the amount and source of HRTAC funds to be provided and allocated to the Project and the amounts of any HRTAC funds to be provided in excess of the amounts specified in Appendix B.
9. Have no obligation to pay or reimburse VDOT for any cost (including, without limitation, compensation paid or payable to any contractor) arising out of VDOT Fault.

C. Term

1. This Agreement shall (i) be effective upon adoption and execution by both parties and (ii) unless terminated earlier in accordance with its terms, expire ninety (90) days after the date on which VDOT makes final payment to Project contractor(s) and all contractor claims have been resolved or are barred.
2. VDOT may terminate this Agreement, for cause, in the event of a material breach by HRTAC of this Agreement. If so terminated, HRTAC shall pay

for all Project costs incurred in accordance with the terms of this Agreement through the date of termination and all reasonable costs incurred by VDOT to terminate all Project-related contracts. The Virginia General Assembly's failure to appropriate funds to HRTAC as described in Section F of this Agreement and/or repeal or amendment of the legislation establishing the HRTF or HRTAC's powers shall not be considered material breaches of this Agreement by HRTAC if such failure to appropriate or such repeal or amendment eliminates funds in the HRTF to be used for the Project or renders HRTAC without legal authority to provide funding for the Project. Before initiating any proceedings to terminate under this Section, VDOT shall give HRTAC sixty (60) days written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing HRTAC an opportunity to investigate and cure any such alleged breach.

3. HRTAC may terminate this Agreement, for cause, resulting from VDOT's material breach of this Agreement. If so terminated, VDOT shall refund to HRTAC all funds HRTAC provided to VDOT for the Project and, to the extent permitted by law, with interest earned at the rate earned by HRTAC. Before initiating any proceedings to terminate under this Section, HRTAC shall give VDOT sixty (60) days' written notice of any claimed material breach of this Agreement and the reasons for termination; thereby allowing VDOT an opportunity to investigate and cure any such alleged breach. Prior to termination, if VDOT has substantially completed the Project or a portion that is severable (meaning it is subject to independent use), VDOT may request that HRTAC excuse VDOT from refunding funds paid in respect of the substantially completed Project or portion, and HRTAC may, in its sole discretion, excuse VDOT from refunding all or a portion of the funds HRTAC provided to VDOT for the substantially completed Project or portion thereof. No such request to be excused from refunding will be allowed (a) where VDOT has either misused or misapplied HRTAC funds in contravention of this Agreement or applicable law, or (b) without the prior written consent of any lender to HRTAC, if the terms of HRTAC's loan agreement with such lender require such consent.
4. Upon (a) expiration or earlier termination of this Agreement and (b) payment of all eligible expenses as set forth in Section C.3 above, VDOT will release or return to HRTAC all unexpended HRTAC funds and, to the extent permitted by law, with interest earned at the rate earned by HRTAC, no later than sixty (60) days after the date of such expiration or earlier termination.

D. Dispute

In the event of a dispute under this Agreement, the parties agree to meet and confer promptly in order to ascertain if the dispute can be resolved informally without the need of a third party or judicial intervention. HRTAC's Executive

Director and the Commissioner shall be authorized to conduct negotiations on behalf of their respective entities. If a resolution of the dispute is reached via a meet and confer dispute resolution method, it shall be presented to HRTAC and to the Commissioner for formal confirmation and approval. If no satisfactory resolution can be reached via the meet and confer method, either party is free to pursue whatever remedies it may have at law or in equity, including all judicial remedies. The foregoing dispute resolution method shall not bar either party's right to seek equitable relief on an emergency basis. Neither party will seek or accept an award of attorneys' fees or costs incurred in connection with resolution of a dispute.

**E. HRTAC's Interest in Project Assets**

VDOT agrees to use the real property and appurtenances and fixtures thereto, capital assets, equipment and all other transportation facilities that are part of the Project and funded by HRTAC under this Agreement ("Assets") for the designated transportation purposes of the Project, in accordance with applicable law throughout the useful life of each such Asset, and in accordance with, and subject to, the terms of the Master Agreement (including, without limitation, the license granted to HRTAC pursuant to Section 3.08(b) thereof). If VDOT intends to sell, convey, or dispose any Asset funded with HRTAC funds or intends to use any Asset for a purpose inconsistent with this Agreement or the Master Agreement, VDOT shall notify HRTAC's Executive Director in writing of any such intent before further action is taken by VDOT in furtherance thereof. Upon receiving notification from VDOT, HRTAC's Executive Director shall notify HRTAC of VDOT's intended action(s). The parties shall, thereafter, meet and confer to discuss what measures need to be taken regarding VDOT's proposed sale, conveyance, disposition, or use of any such Asset(s) so as to ensure compliance with all applicable requirements and terms of the HRTAC Act and the Master Agreement (without limiting the foregoing, VDOT acknowledges that (i) under the HRTAC Act and applicable law, HRTAC is vested with the right to impose and collect tolls on facilities constructed by the Commission and holds a license to, among other things, use the tolling infrastructure and system, and (ii) under the HREL Tolling Legislation, HRTAC is vested with the right to impose and collect tolls on the portion of the HREL Project facility that has been designated by the CTB for use as high-occupancy toll lanes). All recommendations and/or proposed remedial actions developed by the parties' designated representatives during the meet and confer process shall be formally presented to HRTAC and the Commissioner for their respective approval.

**F. Appropriations Requirements**

1. Nothing herein shall require or obligate HRTAC to commit or obligate funds to the Project beyond those funds that have been duly authorized and appropriated by its governing body for the Project.

2. The parties acknowledge that all funding provided by HRTAC pursuant to the HRTAC Act is subject to appropriation by the Virginia General Assembly. The parties further acknowledge that: (i) the moneys allocated to the HRTF pursuant to applicable provisions of the Code of Virginia and any other moneys that the General Assembly appropriates for deposit into the HRTF are subject to appropriation by the General Assembly and (ii) HRTAC's obligations under this Agreement are subject to such moneys being appropriated to the HRTF by the General Assembly.
3. The parties agree that VDOT's obligations under this Agreement are subject to funds being appropriated by the General Assembly and allocated by the Commonwealth Transportation Board and otherwise legally available to VDOT for HRTAC projects.
4. Should VDOT be required to provide additional funds in order to proceed or complete the funding necessary for the Project, VDOT shall certify to HRTAC that such additional funds have been allocated and authorized by the CTB and/or appropriated by the Virginia General Assembly as may be applicable or have been obtained through another independent, lawful source.

**G. Representations and Warranties**

1. VDOT hereby represents and warrants to HRTAC as of the date of this Agreement as follows:
  - (a) VDOT is an agency of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
  - (b) VDOT has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this Agreement on behalf of VDOT has been duly authorized to execute and deliver it on behalf of VDOT;
  - (c) the execution and delivery by VDOT of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of VDOT to perform its obligations under this Agreement;
  - (d) this Agreement has been duly authorized, executed, and delivered by VDOT and constitutes a valid and legally binding obligation of VDOT, enforceable against it in accordance with the terms hereof,

subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia; *provided, however,* that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and

- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on VDOT which challenges VDOT's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the VDOT official executing this Agreement, and VDOT has disclosed to HRTAC any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which VDOT is aware.

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

- (a) HRTAC is a body politic and a political subdivision of the Commonwealth of Virginia, and it has full power, right, and authority to execute, deliver, and perform its obligations under, in accordance with, and subject to the terms and conditions of this Agreement;
- (b) HRTAC has taken or caused to be taken all requisite action to authorize the execution and delivery of, and the performance of its obligations under, this Agreement, and each person executing this Agreement on behalf of HRTAC has been duly authorized to execute and deliver it on behalf of HRTAC;
- (c) the execution and delivery by HRTAC of this Agreement, and the performance of its obligations hereunder, will not conflict with, and will not result, at the time of execution, in a default under or violation of, (i) any other agreements or instruments to which it is a party or by which it is bound or (ii) to its knowledge, any law, where such violation will have a material adverse effect on the ability of HRTAC to perform its obligations under this Agreement;
- (d) this Agreement has been duly authorized, executed, and delivered by HRTAC and constitutes a valid and legally binding obligation of HRTAC, enforceable against it in accordance with the terms hereof, subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, and (iii) sovereign immunity under the law of the Commonwealth of Virginia;

*provided, however, that, for the avoidance of doubt, sovereign immunity shall not bar an action to enforce a claim based on a breach of this Agreement presented in accordance with the law of the Commonwealth of Virginia; and*

- (e) there is no action, suit, proceeding, investigation, or litigation pending and served on HRTAC which challenges HRTAC's authority to execute, deliver or perform, or the validity or enforceability of, this Agreement, or which challenges the authority of the HRTAC official executing this Agreement, and HRTAC has disclosed to VDOT any pending and unserved or threatened action, suit, proceeding, investigation, or litigation with respect to such matters of which HRTAC is aware.

**H. Tax Covenants for Bond-Funded Projects**

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

**I. Notices**

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

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

**J. Assignment**

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

**K. Modification or Amendment**

- (a) This Agreement may not be modified or amended, except pursuant a written agreement that is duly authorized, executed and delivered by both parties.
- (b) If HRTAC is able to obtain a source of funding for the Project that would reduce or replace the amount of HRTAC-Controlled Moneys expended on the Project, VDOT and HRTAC will work in good faith to amend this Agreement so it takes into account that other funding.

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

L. No Personal Liability or Creation of Third Party Rights

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

M. No Agency

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

N. Sovereign Immunity

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

O. Incorporation of Recitals and Appendices

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

P. Mutual Preparation and Fair Meaning

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

Q. Governing Law

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

R. Survival

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

*[Signature page follows]*

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

Hampton Roads Transportation Accountability Commission

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

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

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

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

Virginia Department of Transportation

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

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

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

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

## APPENDIX A

## HAMPTON ROADS EXPRESS LANES NETWORK PROJECT ELEMENTS

## SEGMENT 4C (FULL BUILD POTENTIAL SCOPE) PROJECT – UPC 119638

**Scope:** The work associated with this Standard Project Agreement for the Segment 4C (Full Build Potential Scope) project is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117841) and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 4C of the Hampton Roads Express Lane Network and is anticipated to eventually encompass, pursuant to an amendment, construction of the Segment. The Segment 4C project is located in the City of Hampton. The purpose is to widen EB and WB I-64 from 0.139 miles East of LaSalle Avenue to 0.379 miles East of Settlers Landing Road. The 3 existing EB and WB general purpose lanes in each direction will be converted into 2 Express lanes, and 2 general purpose (GP) lanes in each direction. This will extend the full roadway section of the HRBT Expansion project to the west for 2.4 miles. The western end of the project will connect to a typical section with 1 Express and 2 general purpose lanes. The proposed improvements include rehabilitation of the existing lanes and an additional 12' wide travel lane in each direction. This section of interstate includes 6 mainline bridges, 1 pedestrian underpass and 1 triple 48" RCP section carrying Brights Creek beneath I-64. It is anticipated that the EB Hampton River bridges will be replaced and the WB Hampton River Bridge will be widened and rehabilitated. It is anticipated that the EB and WB portions of the bridge over King Street will be widened and rehabilitated. It is anticipated that the WB portion of the bridge over Settlers Landing will be widened and rehabilitated with the EB portion rehabilitated with no widening. It is anticipated that the bridge over Rip Rap Road will be rehabilitated with no widening. The widening is expected to occur mostly in the median of the existing interstate. This limits the amount of right of way required to construct the project and avoids impacts to existing interchanges. Interstate ramps will be realigned as needed. Work includes construction of an auxiliary lane connecting the acceleration lane for the I-64 EB On-Ramp from LaSalle Avenue to the deceleration lane for the I-64 Exit Ramp to Rip Rap Road. It is anticipated that right of way and/or easements will be acquired along the EB and WB directions with approximately 54 parcels impacted. The number of impacted parcels is an estimate and will ultimately depend on design of drainage ditches, roadway embankments, retaining walls, noise barrier wall, and potential utility relocations. The parties acknowledge and agree that the proper operation of the Express Lanes described above within the Initial Interstate 64 Express Lanes Network (as defined in the Master Agreement) is predicated upon the implementation described above complying with all applicable federal and state laws, such that HRTAC may exercise its power to impose and collect tolls throughout the Express Lanes; as such (and consistent with Section 3.07 of the Master Agreement), before advancing the work described above beyond Foundational PE (defined below), the parties shall take such actions (with VDOT taking the lead) as may be reasonably necessary to confirm that the

implementation does so comply and that HRTAC's imposition and collection of tolls is not subject to any further federal or state approvals, authorizations or permissions (without limiting the foregoing, VDOT shall obtain from the Federal Highway Administration any approvals, authorizations or permissions required under or contemplated by any of 23 U.S.C. § 166(b), 23 U.S.C. § 129, 23 C.F.R. 810.108(b) or 23 C.F.R. 810.102). If and when each party (acting in its sole discretion) is satisfied that such confirmation has been obtained, the parties shall memorialize in writing that the foregoing condition precedent (to the continuation of the work) has been satisfied. As used herein, "Foundational PE" means the Preliminary Engineering activities, but only to the extent reasonably necessary to obtain the confirmation described above.

## APPENDIX B

### HAMPTON ROADS EXPRESS LANES NETWORK ELEMENTS

#### SEGMENT 4C FULL BUILD POTENTIAL SCOPE PROJECT - UPC 119638

#### PROJECT BUDGET AND PROJECT SCHEDULE

***Project Budget: SEGMENT 4C (FULL BUILD POTENTIAL SCOPE) PROJECT:***

*Preliminary Engineering	\$4,578,800
Right of Way (RW)	\$9,625,000
**Construction (CN)	\$0
<hr/> Total Cost	\$14,203,800

\*An additional sum of \$15,421,200 was previously approved for preliminary engineering under a separate advanced activity SPA executed on April 1<sup>st</sup>, 2021 (UPC 117841) and the sums set forth herein will be made available for the Segment 4C (Full Build Potential Scope) Project.

\*\*Notwithstanding the sequence of events as set forth in Section 3.01 (c) of the Master Agreement, which contemplates a SPA for preliminary engineering and a separate SPA for project delivery, the Parties agree that this SPA addressing Preliminary Engineering and Right of Way phases of this Project will have to be amended to add Construction and additional project delivery details as needed, as well as funding, if (and before) any award at a later date as shown in the schedule below is made. Nothing herein shall be deemed or construed to commit either party to adopt any such amendment, and the terms of each amendment must be acceptable to each party acting in its sole discretion.

The work associated with this Standard Project Agreement for the Segment 4C is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117841), including development of the RFP plans, and to complete the services required to complete the currently anticipated Right of Way (RW) activities including the early acquisition of parcels 036 and 037 located at 538 River Street, Hampton, Virginia, in accordance with the Early Acquisition Statute of 23 CFR 710.50 in support of the construction of Segment 4C of the Hampton Roads Express Lane Network.

These tasks include but are not limited to the following:

NEPA Categorical Exclusion investigation and documentation, cost estimate & schedule refinements, HREL Network communication plan, public information meetings with localities and others as requested, finalize RFP plans and contract requirements, acquire RW, obtain permits, complete two phase best value Design-Build contractor procurement processes necessary to award for construction, scheduled for June 2022.

***Project Schedule: Segment 4C (FULL BUILD POTENTIAL SCOPE) Project (all dates are estimates):***

- **Preliminary Engineering (PE):**
  - PE Start (Adv Act): September 22, 2020 (Advanced Activity UPC 117841)
  - PE Start (Full Build Potential Scope): October 21, 2021
  - PE End: July 1, 2022
- **Right of Way (RW):**
  - RW Early Acquisition Start (Parcels 036, 037): November 23, 2021
  - RW Start: July 1, 2022
  - RW End: July 2, 2022
- **Construction (CN):**
  - CN Start: July 2, 2022
  - CN End: December 19, 2025

## **APPENDIX C**

### **FORM OF PAYMENT REQUISITION**

HRTAC Project Title and Number: Hampton Roads Express Lanes Network Elements, Segment 4C  
(FULL BUILD POTENTIAL SCOPE) Project - UPC 119638

Project Scope/Services Description: The work associated with this Standard Project Agreement for the Segment 4C is to continue and complete the Preliminary Engineering activities that were started under the Phase 1 PE agreement (UPC 117841) and to complete the services required to complete the currently anticipated Right of Way (RW) activities in support of the construction of Segment 4C of the Hampton Roads Express Lane Network.

Draw Request Number: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

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

Attention \_\_\_\_\_, Program Coordinator:

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

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

#### **VIRGINIA DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

#### **Recommended For Payment**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: HRTAC Program Coordinator

## DETAILED PAYGO REQUEST

Draw Request Number: \_\_\_\_\_  
HRTAC Project Number: UPC 119638Request Date: \_\_\_\_\_  
Project Title: HRELN Segment 4C

Cost Category	HRTAC Approved Project Costs	Total PayGo Requests Previously Received	PayGo Requisition Amount this Period	Remaining PAYGO Project Budget (Calculation)
<b>Project Starting Balance</b>	\$4,578,800			\$ -
Design Work/ Engineering	\$4,578,800	\$ -	\$ -	\$ -
Engineering	-	-	-	\$ -
Environmental Work	-	-	-	\$ -
Right-of-Way Work	\$9,625,000	-	-	\$ -
Construction	\$0	-	-	\$ -
Contract Administration	-	-	-	\$ -
Testing Services	-	-	-	\$ -
Inspection Services	-	-	-	\$ -
Capital Asset Acquisitions	-	-	-	\$ -
<b>Other (please explain)</b>	-	-	-	\$ -
<b>TOTALS</b>	\$14,203,800	\$ -	\$ -	\$ -

LISTING OF ATTACHED INVOICES

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

**Instructions**

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

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

1. Column A- Please list the name as it appears on the Invoice
2. Column B- Please manually number the invoices attached with the corresponding Item number in this schedule.
3. Column C- Please list the invoice number as it appears on the Invoice
4. Column D- Please list the appropriate Cost Category based on the Project Category breakout above
5. Column E- Please enter the dollar amount listed on the invoice.
6. The calculated Requisition Amount should equal the total in Column D in the Schedule above.

## **APPENDIX D**

### **REPORTS TO BE PROVIDED BY VDOT**

- 1) Monthly Project Expenditure Report which lists, by category of expense (e.g., engineering, ROW, utility relocations, construction), (a) information regarding expenditures to date against the budget, both monthly and for the life of the project, and a statement of the percent completed; and (b) such other information as VDOT customarily provides with monthly expenditure reports.
  
- 2) Monthly Project Report which provides (a) an overview of progress on major project tasks; (b) information regarding the budget (such as, the baseline planned forecast, any approved changes thereto, the monthly expenditures, the cumulative expenditures, and the cumulative forecasted expenditures); (c) future key tasks; and (d) significant issues.

**APPENDIX E**

**OFFICIAL AUTHORIZING DOCUMENTS**

## APPENDIX F

### TAX COVENANTS FOR BOND-FUNDED PROJECTS

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

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

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

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

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

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

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

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

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

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

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

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

**Agenda Item 6C**  
**Discussion Item**

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

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

**Date: December 16, 2021**

**RE: Briefing re: HRTAC Project Financing Activities Update**

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**Recommendation:**

The Executive Director recommends that the Commission hear the presentation by Commission staff and advisors regarding, and engage in discussion of, the HRTAC Financing activities that have occurred since the June 17, 2021 Annual Organizational Meeting for the Hampton Roads Bridge Tunnel and Commission's first six construction projects.

**Background:**

HRTAC Staff, legal team, and professional advisors continue to implement the Approved HRTAC Plan of Finance and Debt Management Plan. Since the Commission's June 17, 2021 Annual Organizational Meeting, significant progress has been made in project finance. The HRTAC Executive Director and financing team will provide a presentation update the Commission on financing activities and progress that primarily occurred in September, 2021, regarding the Hampton Roads Bridge Tunnel and the Commission's first six construction projects. The presentation is attached to this briefing memo.

**Fiscal Impact**

There is no specific fiscal impact to this discussion item.

**Suggested Motion:**

Not applicable.





## Commission Meeting Agenda Item 6C

December 16, 2021

## Agenda Item 6C:

2021 Financing - Recap

2022 Debt Management – Planned Activities

# HRTAC's Debt Financings

HRTAC Project	HRTAC Debt Funding	Completed 2021 Financing Notes:
<b>Six Initial Projects</b>	<p>HRTF Senior Lien 2018A Bonds</p> <p><i>Draw TIFIA to pay off the BANs</i> </p> <p>HRTF Intermediate Lien 2019A Notes (2019A BANS)</p> <p>HRTF Subordinate Lien 2021 Successor TIFIA Loan ("2021 Successor HRTF Loan")</p>	Refunding: replaced the 2019 HRTF TIFIA Loan <i>Closed on Sept 21, 2021</i>
<b>HRBT</b>	<p>HRTF Senior Lien 2020A Bonds</p> <p><i>Draw TIFIA to pay off the BANs</i> </p> <p>HRTF Senior Lien 2021A Notes ("2021A BANS")</p> <p>HRTF Subordinate Lien 2021 TIFIA Loan ("2021 HRTF Loan")</p> <p>Toll Revenue Senior Lien 2021 TIFIA Loan ("2021 Toll Loan")</p>	<p>New Money (interim/short-term debt) <i>Priced on Sept 9, 2021 and Closed on Sept 23, 2021</i></p> <p>New Money <i>Closed on Sept 21, 2021</i></p> <p>New Money <i>Closed on Sept 21, 2021</i></p>
<b>HRELN</b>	<p>Additional HRTF Bonds</p> <p>Additional Toll Revenue TIFIA Loan</p>	

## Legends:

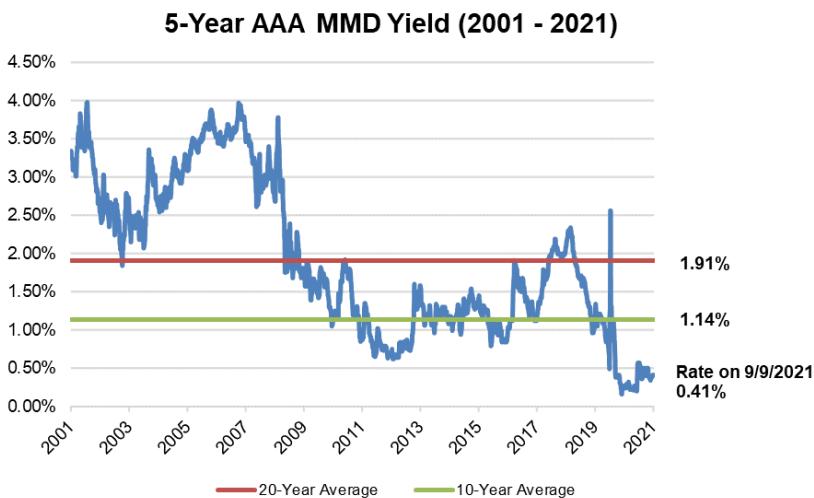
Prior transactions

Completed 2021 Financing

Future Financings

# Interest Rate Levels in 2021

- Tax exempt and taxable borrowing rates in 2021 remain historically low.
- The benchmark rates in September when HRTAC executed the financings, are lower 95.9% and 95.3% of the time from 2001 through November 30, 2021, for the short-term AAA MMD and 30-Year US Treasury rates respectively\*.
- The executed interest rates are also significantly lower than the assumptions in the last Debt Management Plan presented to the Commission in June 2021 – 0.4% and 0.6% lower for the AAA MMD and the 30-Yr US Treasury rates respectively.



\*Benchmark rates for the 2021A BANs and the TIFIA Loans, respectively.

# Six Initial Projects – 2021 HRTF TIFIA Refinancing

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- Debt Summary:
  - \$500,789,463 2021 Successor HRTF Loan
- During the TIFIA process for the HRBT financing, an opportunity of refinancing the 2019 HRTF Loan with a lower rate was identified, without significant additional expenses to HRTAC.
- The 2019 HRTF Loan with a 2.25% loan rate was replaced with the 2021 Successor HRTF Loan with a 1.86% loan rate.
  - Loan rate is reduced by 0.39% on the \$500.8M loan which produced \$37M present value savings\*.
- The 2021 HRTF Successor Loan has substantially same terms as the first 2019 HRTF Loan.

# HRBT – 2021 HRTF TIFIA and BANs Financing

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- Debt Summary:
  - \$817,990,000 2021A BANs, maturing on 7/1/2026, and 0.56% interest rate<sup>1</sup>
  - \$817,990,000 2021 HRTF Loan, maturing from 7/1/2027 to 7/1/2060, and 1.84% interest rate<sup>2</sup>
- The 2021A BANs were utilized as a short-term debt vehicle to achieve savings. The 2021A BANs will be retired by the 2021 HRTF Loan on July 1, 2026. By utilizing the 2021A BANs, HRTAC achieved approximately \$33M present value interest savings<sup>3</sup>.

Scenario	Interest Incurred	Investment Earnings
With 2021 BANs	0.56% on \$817.99M from 9/23/2021 to 7/1/2026 1.84% on \$817.99M from 7/2/2026 to 7/1/2026	\$2.4M <sup>4</sup>
Without 2021 BANs	1.84% on the increasing loan balance starting first draw in October 2021	none

- The 2021 HRTF Loan has substantially same terms as the 2019 HRTF Loan.

## Notes:

1. 0.56% yield and 5% coupon
2. The 2021 HRTF Loan is divided in tranches with different interest rates: \$478M - 1.86%, \$170M - 1.85%, \$133M - 1.75%, and \$36M - 1.37%; the average rate of the entire loan is 1.84%
3. Assume 1.84% discount rate
4. Assume 0.25% investment earning rate on the 2021A BANs proceeds.

# HRBT – 2021 Toll Revenue TIFIA Financing

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- Debt Summary:
  - \$345,000,000 2021 Toll Loan, maturing from 1/1/2028 to 7/1/2060, and 1.86% interest rate
- The Master Indenture and the 2021 Toll Loan were established with anticipation of future projects and future TIFIA toll revenue secured loans.
- The 2021 Toll Loan's amount was maximized with projected toll revenues from the existing segments and segments under construction of the HRELN.
- The TIFIA borrowing is significantly more economical than bonds issued in the public capital market for this financing . Interest costs are estimated to be \$156M<sup>1</sup> lower using TIFIA than they would have been for a public sale of toll revenue bonds.
- The use of BANs for interim financing will be examined prior to the 2021 Toll Loan is drawn.

# 2022 Debt Management – Planned Activities

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- HRELN Financial Plan Update
  - Virginia Department of Taxation will provide updated HRTF revenue projections.
  - CDM Smith is expected to complete the summer weekend T&R Study in January 2022.
  - HRELN's financial plan will be thoroughly updated with new T&R inputs as well as updated project capital cost and construction schedules in January 2022.
- Potential 2022A Rollover HRTF BANs
  - The 2019A HRTF BANs, which fund the Six Initial Projects, mature on 7/1/2022.
  - The Six Initial Projects' new projected completion date is December 2022.
  - The 2019A HRTF BANs could be “rolled over”, i.e. replaced by new BANs that have a new, later maturity tied to the completion date (approximately one year after completion).
  - Rolling over the BANs is to produce interest savings. Current issuance timing would be April-May 2022 if the transaction continues to show economic benefits to HRTAC.
- HRELN Debt Financing
  - Based on the updated financial plan and the updated construction schedules, determine the timing for the next HRTF revenue bonds debt issuance and the timing for preparing the second Toll TIFIA Loan letter of interest





**HAMPTON ROADS TRANSPORTATION FUND and  
HAMPTON ROADS REGIONAL TRANSIT FUND  
FINANCIAL REPORTS  
FY2014 – FY2021  
Period Ending July 31, 2021**

The HRTAC staff has prepared the attached 2021 financial report based on data received to date from the Virginia Department of Transportation.

<u>Revenues</u>	<u>Inception to July 2021</u>	<u>FY2021 YTD</u>	<u>July 2021</u>
<b>Total Gross Revenues<sup>1</sup></b>	3,358,896,841	21,687,688	21,687,688
State Sales & Use Tax	1,108,515,277	13,730,101	13,730,101
Local Fuels Tax <sup>1e</sup>	359,978,379	5,237,330	5,237,330
Regional Transportation Fees	8,332,843	777,381	777,381
Transient Occupancy Tax	2,669,978	1,198,287	1,198,287
Annual Recordation Tax Distribution	20,000,000	--	--
Interest	4,393,532	26,315	26,315
Investment Income	74,314,801	718,274	718,274
Bond Proceeds	1,780,692,030	--	--
<u>Expenditures</u>	<u>Inception to June 2021</u>	<u>June 2021</u>	<u>June 2021</u>
<b>Total Expenditures</b>	1,845,433,579	4,589,149	4,589,149
Projects	1,713,672,699	--	--
DMV & DOT Admin. Fees	976,653	--	--
Investment Fees	1,611,325	20,216	20,216
Bond Interest Expenses	115,344,367	4,501,211	4,501,211
Operating Expenses	13,828,533	67,723	67,723
<u>Cash Balance</u>			
July 31, 2021 Ending Cash/Cash Equivalents			<b>1,513,463,260</b>
<u>Encumbered Balance</u>			
Balance of Encumbered (through FY2027)			<b>2,958,604,857</b>
Allocation			4,672,277,556
Less: Project Expenditures			1,713,672,699

<sup>1</sup> 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.

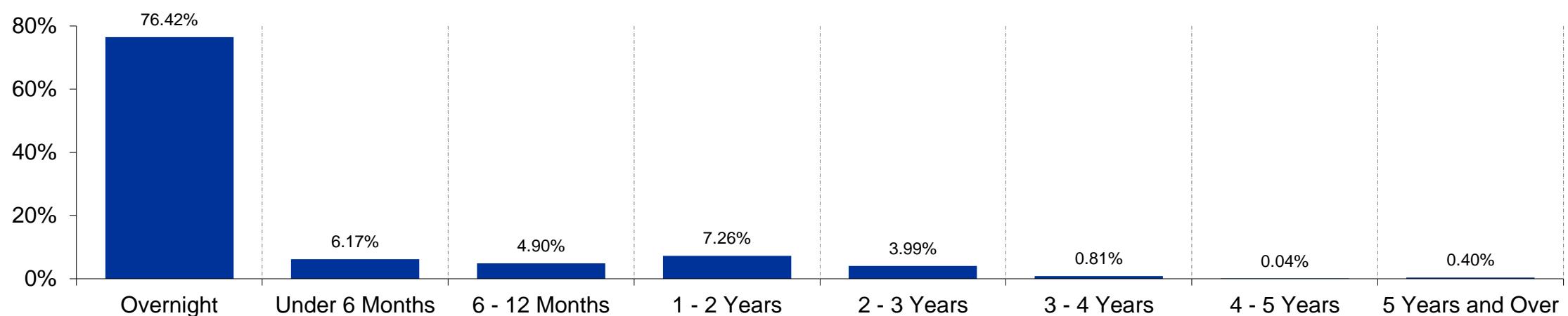
# Hampton Roads Transportation Accountability Commission

## Summary of Cash and Investments

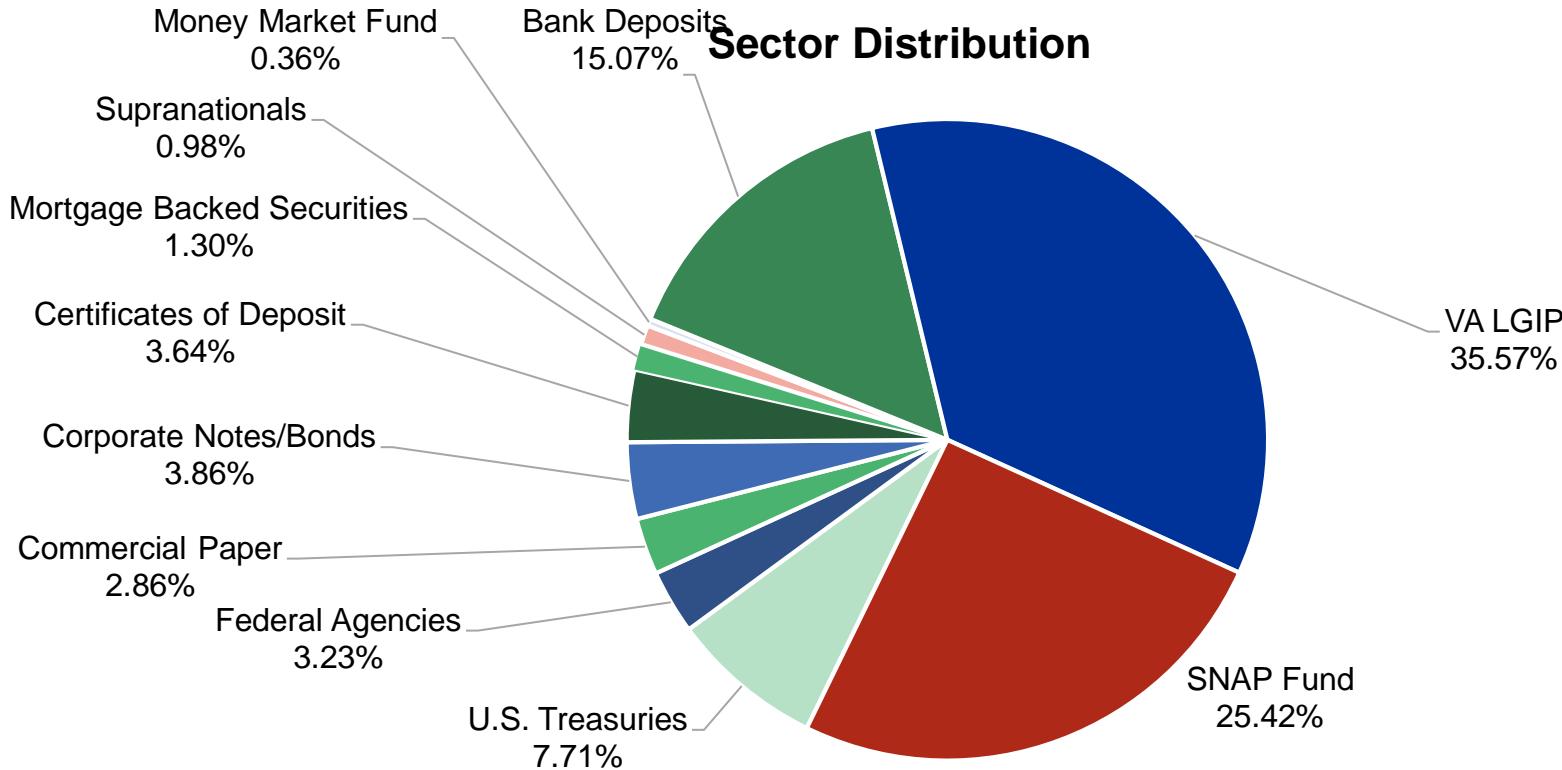
### For July 2021

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	0.13%	0.13%	6,954,993	6,954,993	0.47%
Union Money Market	0.13%	0.13%	3,158	3,158	0.00%
Union General	0.13%	0.13%	212,873,133	212,873,133	14.53%
VA LGIP	0.06%	0.06%	521,271,493	521,271,493	35.57%
Enhanced Cash Portfolio	0.66%	0.28%	212,374,519	212,223,484	14.48%
Core Portfolio	0.79%	0.38%	137,768,178	138,494,238	9.45%
SNAP Fund	0.07%	0.07%	372,560,878	372,560,878	25.42%
<b>Total</b>			<b>\$ 1,464,806,351</b>	<b>\$ 1,465,381,376</b>	<b>100.00%</b>

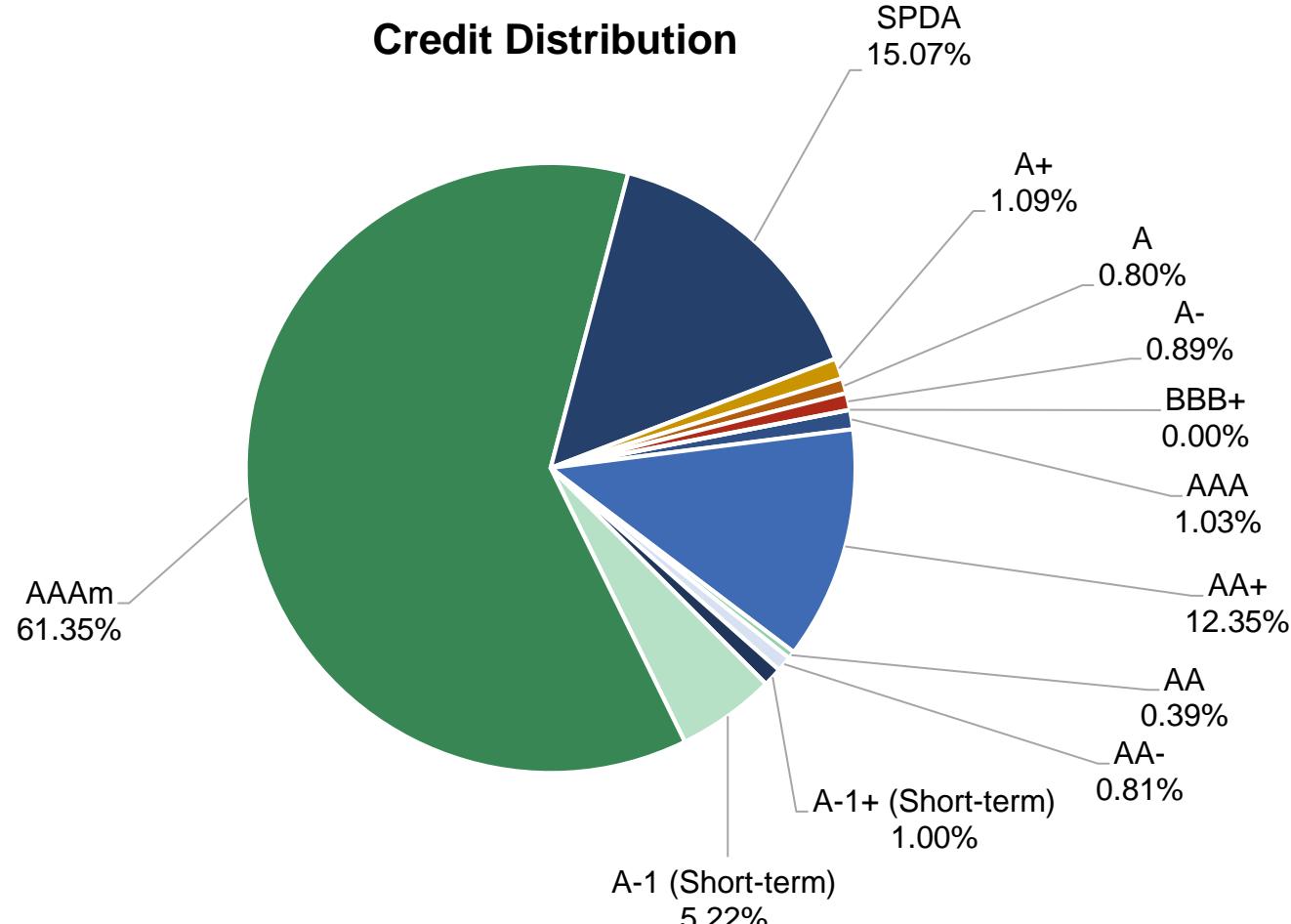
#### Total Maturity Distribution



#### Sector Distribution

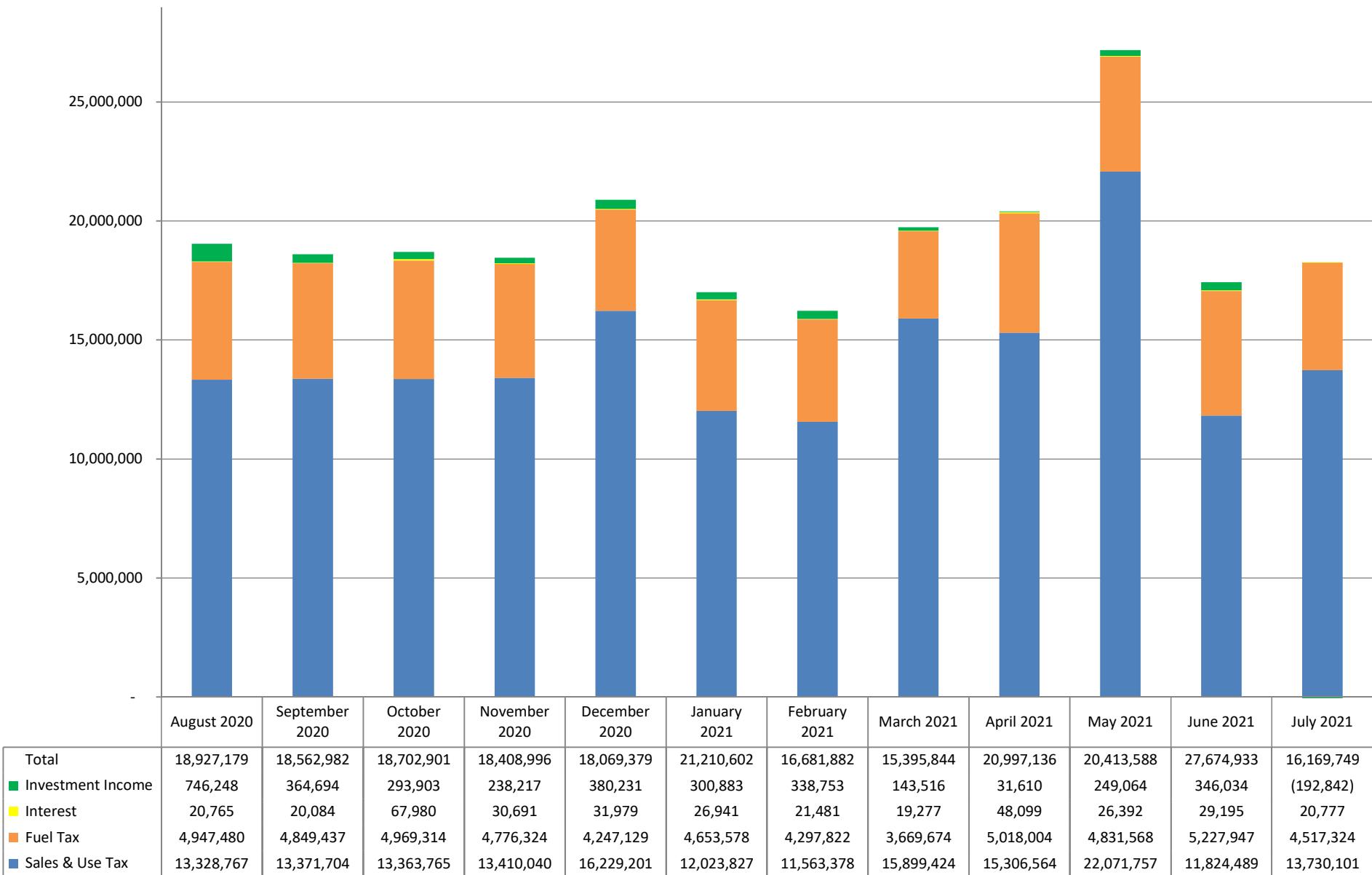


#### Credit Distribution



All charts are based on market value as of 7/31/21

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



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

	Gross Revenue						Expenditures						Cumulative Balance 7/1/13 - 7/31/21	
	Sales & Use			Investment			Bond			Operating				
	Tax	Fuels Tax	Interest	Income	Proceeds	Total	Projects	Dept of Tax	Investment	Bond	Expenses	Total		
<b>July 2013 - July 2020</b>	\$ 936,392,260	\$ 303,682,929	\$ 3,967,278	\$ 71,102,465	\$ 1,036,103,580	\$ 2,351,248,512	\$ 845,597,225	\$ 909,464	\$ 1,379,671	\$ 68,321,210	\$ 9,273,267	\$ 925,480,837	1,425,767,676	
<b>August 2020</b>	13,328,767	4,849,437	20,084	364,694	-	18,562,982	2,089,463	-	19,905	3,880,944	268,006	6,258,318	1,438,072,340	
<b>September 2020</b>	13,371,704	4,969,314	67,980	293,903	-	18,702,901	11,457,285	-	19,009	3,880,944	299,762	15,657,000	1,441,118,241	
<b>October 2020</b>	13,363,765	4,776,324	30,691	238,217	744,588,450	762,997,445	206,912,728	-	18,108	5,684,444	1,781,241	214,396,521	1,989,719,165	
<b>November 2020</b>	13,410,040	4,247,129	31,979	380,231	-	18,069,379	126,180,247	-	18,302	5,684,444	124,612	132,007,605	1,875,780,940	
<b>December 2020</b>	16,229,201	4,653,578	26,941	300,883	-	21,210,602	40,094,296	-	19,419	(3,616,091)	318,348	36,815,972	1,860,175,569	
<b>January 2021</b>	12,023,827	4,297,822	21,481	338,753	-	16,681,882	28,145,029	-	19,643	6,233,335	225,223	34,623,231	1,842,234,221	
<b>February 2021</b>	11,563,378	3,669,674	19,277	143,516	-	15,395,844	94,312,591	-	17,812	6,233,335	155,574	100,719,313	1,756,910,753	
<b>March 2021</b>	15,899,424	5,018,004	48,099	31,610	-	20,997,136	63,185,283	-	19,931	6,233,335	111,006	69,549,556	1,708,358,333	
<b>April 2021</b>	15,306,564	4,831,568	26,392	249,064	-	20,413,588	58,742,722	-	19,468	6,233,335	210,561	65,206,087	1,663,565,834	
<b>May 2021</b>	22,071,757	5,227,947	29,195	346,034	-	27,674,933	56,889,549	-	20,245	6,233,335	101,938	63,245,068	1,627,995,700	
<b>June 2021</b>	11,824,489	4,517,324	20,777	(192,842)	-	16,169,749	179,466,747	67,190	19,596	(4,159,414)	724,897	176,119,017	1,468,046,432	
<b>July 2021</b>	13,730,101	5,237,330	23,605	718,274	-	19,709,309	-	-	20,216	4,501,211	65,198	4,586,624	1,483,169,117	
<b>Total 12 Months</b>	\$ 172,123,017	\$ 56,295,450	\$ 366,500	\$ 3,212,336	\$ 744,588,450	\$ 976,585,752	\$ 867,475,943	\$ 67,190	\$ 231,654	\$ 47,023,158	\$ 4,386,366	\$ 919,184,311		
<b>Grand Totals</b>	\$ 1,108,515,277	\$ 359,978,379	\$ 4,333,777	\$ 74,314,801	\$ 1,780,692,030	\$ 3,327,834,265	\$ 1,713,073,168	\$ 976,653	\$ 1,611,326	\$ 115,344,367	\$ 13,659,633	\$ 1,844,665,148		
<b>Less Balance of Encumbered (through FY2027)</b>													\$ (2,945,491,388)	
<b>Total Net Available</b>													\$ (1,462,322,271)	

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.

**Hampton Roads Transportation Fund (HRTF)**  
**Interest and Investment Income**  
**Inception - July 2021**

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>Total</u>
HRTF Interest Income	\$ 363,854	\$ 1,027,959	\$ 272,261	\$ 291,738	\$ 321,499	\$ 1,000,093	\$ 669,108	\$ 363,660	\$ 23,605	\$ 4,333,777
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>3,240,310</u>	<u>718,274</u>	<u>74,314,801</u>
<b>Total</b>	<b>\$ 363,854</b>	<b>\$ 1,396,269</b>	<b>\$ 4,266,033</b>	<b>\$ 1,272,608</b>	<b>\$ 9,189,903</b>	<b>\$ 30,869,204</b>	<b>\$ 26,944,858</b>	<b>\$ 3,603,970</b>	<b>\$ 741,879</b>	<b>\$ 78,648,578</b>

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.

**Table 1 - Total HRTF Revenues**

Hampton Roads Transportation Fund (HRTF)

*Total of Sales & Use Taxes and Fuels Taxes**Fiscal Year 2022*

Locality	Total FY2014 - FY2021	Total YTD FY2022		Total
		July 2021		
Chesapeake	\$ 266,103,968	\$ 3,289,040	\$ 3,289,040	\$ 269,393,008
Franklin	15,887,289	200,496	200,496	16,087,785
Hampton	105,769,245	1,370,337	1,370,337	107,139,582
Isle of Wight	23,105,977	253,250	253,250	23,359,227
James City	62,885,144	837,788	837,788	63,722,932
Newport News	154,446,946	1,959,768	1,959,768	156,406,713
Norfolk	203,710,857	2,466,531	2,466,531	206,177,388
Poquoson	3,888,635	53,620	53,620	3,942,255
Portsmouth	51,763,311	664,973	664,973	52,428,284
Southampton	7,632,617	88,629	88,629	7,721,246
Suffolk	76,263,338	1,003,652	1,003,652	77,266,990
Virginia Beach	385,270,813	5,618,605	5,618,605	390,889,418
Williamsburg	28,954,564	226,897	226,897	29,181,460
York	63,843,522	933,845	933,845	64,777,368
Total <sup>d</sup>	1,449,526,226	18,967,431	18,967,431	1,468,493,656
Interest <sup>a</sup>	4,310,173	23,605	23,605	4,333,777
Investment Income <sup>b</sup>	73,596,527	718,274	718,274	74,314,801
Bond Proceeds	1,780,692,030	-	-	1,780,692,030
Total Revenues	3,308,124,956	19,709,309	19,709,309	3,327,834,265
Project Expenses	(1,713,073,167)	-	-	(1,713,073,167)
DMV & Dept. of Tax Admin Fees	(976,653)	-	-	(976,652)
Investment Fees (PFMAM)	(1,591,109)	(20,216)	(20,216)	(1,611,326)
Bond Interest Expenses <sup>e</sup>	(110,843,157)	(4,501,211)	(4,501,211)	(115,344,367)
Operating Expense	(13,594,435)	(65,198)	(65,198)	(13,659,633)
Cash Balance	\$ 1,468,046,432	\$ 15,122,685	\$ 15,122,685	\$ 1,483,169,117
Less Balance of Encumbered	(2,945,491,388)			(2,945,491,388)
Net Available Cash	\$ (1,477,444,956)			\$ (1,462,322,271)
Updated forecast <sup>c</sup>	1,399,854,685	\$ 16,956,093	16,956,093	1,416,810,778
Total Revenue - Forecast (under)/over	\$ 49,671,541	\$ 2,011,338	\$ 2,011,338	\$ 51,682,878

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**Notes:**<sup>a</sup> Includes interest from Union Bank money market, sweep, and general accounts, as well as Regional Tax Interest/Interest Refund Adjustments.<sup>b</sup> FY2019 and FY2020 include income from PFMAM (US Bank), LGIP, and SNAP accounts. FY2014-2018 includes income from Sterling and Union Bank.<sup>c</sup> 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 1A - State Sales & Use Tax**

**Hampton Roads Transportation Fund (HRTF)**

***State Sales & Use Tax***

***Fiscal Year 2022***

Locality	Total FY2014 - FY2021	July 2021	Total YTD FY2022	Total
<i>Chesapeake</i>	\$ 199,026,505	\$ 2,296,584	\$ 2,296,584	\$ 201,323,089
<i>Franklin</i>	8,305,493	96,550	96,550	8,402,043
<i>Hampton</i>	77,006,417	905,438	905,438	77,911,856
<i>Isle of Wight</i>	13,314,438	157,068	157,068	13,471,506
<i>James City</i>	51,818,316	677,567	677,567	52,495,883
<i>Newport News</i>	120,158,841	1,411,977	1,411,977	121,570,818
<i>Norfolk</i>	159,545,962	1,869,562	1,869,562	161,415,525
<i>Poquoson</i>	2,785,976	40,665	40,665	2,826,641
<i>Portsmouth</i>	35,946,617	452,200	452,200	36,398,817
<i>Southampton</i>	3,268,679	30,848	30,848	3,299,528
<i>Suffolk</i>	49,410,649	588,606	588,606	49,999,255
<i>Virginia Beach</i>	303,628,218	4,375,378	4,375,378	308,003,596
<i>Williamsburg</i>	22,410,873	138,982	138,982	22,549,855
<i>York</i>	48,158,193	688,675	688,675	48,846,867
<b>Total<sup>1</sup></b>	<b>\$ 1,094,785,176</b>	<b>\$ 13,730,101</b>	<b>\$ 13,730,101</b>	<b>\$ 1,108,515,277</b>
Updated Forecast	1,043,862,676	12,362,753	12,362,753	1,056,225,429
Diff(under)/over	50,922,500	1,367,348	1,367,348	52,289,848

<sup>1</sup> 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 2022*

Locality	Total FY2014 - FY2021	July 2021	Total YTD FY2022	Total
<i>Chesapeake</i>	\$ 67,077,466	\$ 992,456	\$ 992,456	\$ 68,069,922
<i>Franklin</i>	7,581,798	103,945	103,945	7,685,743
<i>Hampton</i>	28,762,830	464,899	464,899	29,227,728
<i>Isle of Wight</i>	9,791,540	96,182	96,182	9,887,722
<i>James City</i>	11,066,824	160,221	160,221	11,227,045
<i>Newport News</i>	34,288,108	547,791	547,791	34,835,899
<i>Norfolk</i>	44,164,893	596,969	596,969	44,761,862
<i>Poquoson</i>	1,102,659	12,955	12,955	1,115,613
<i>Portsmouth</i>	15,816,700	212,773	212,773	16,029,473
<i>Southampton</i>	4,363,938	57,781	57,781	4,421,719
<i>Suffolk</i>	26,852,698	415,046	415,046	27,267,744
<i>Virginia Beach</i>	81,642,586	1,243,227	1,243,227	82,885,813
<i>Williamsburg</i>	6,543,686	87,914	87,914	6,631,600
<i>York</i>	15,685,325	245,171	245,171	15,930,496
<b>Total<sup>1</sup></b>	<b>\$ 354,741,050</b>	<b>\$ 5,237,330</b>	<b>\$ 5,237,330</b>	<b>\$ 359,978,379</b>
Updated Forecast	355,992,009	4,593,340	4,593,340	360,585,349
Diff(under)/over	(1,250,959)	643,990	643,990	(606,970)

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

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

**Table 2 - Allocations**  
**Hampton Roads Transportation Fund (HRTF)**  
*Allocations*  
*Fiscal Year 2022*

Project	Total FY2014 - FY2021	July 2021	Total YTD FY2022	Total
<i>I-64 Peninsula Widening</i>				
<i>UPC 104905 - Segment 1 - Construction</i>	\$ 11,608,385	\$ -	\$ -	\$ 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 &amp; 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>HRELN Segment 1 Phase 1 PE - UPC</i>				
<i>UPC 117840 - Segment 1 Phase 1 - PE</i>	5,621,500		-	5,621,500
<i>UPC 117839 - Segment 4A/4B Phase 1 - PE</i>	5,916,425		-	5,916,425
<i>UPC 117841 - Segment 4C Phase 1 - PE</i>	15,421,200		-	15,421,200
<i>HRCS Preferred Alternative Refinement - HRBT</i>				
<i>UPC 110577 - SEIS</i>	30,000,000	-	-	30,000,000
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	1,095,368	-	-	1,095,368 *
<i>Bowers Hill Interchange Study - UPC 111427</i>	7,904,630	-	-	7,904,630
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	7,000,000	-	-	7,000,000
<b>Total</b>	<b>\$ 4,658,564,556</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,658,564,556</b>

\* 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 2022**

Project	Total FY2014 - FY2021	July 2021	Total YTD FY2022	Total
<i>I-64 Peninsula Widening</i>				
UPC 104905/111926 - Segment 1 - PE/Construction	\$ 11,608,384	\$ -	\$ -	\$ 11,608,384
UPC 106665 - Segment 2 - PE/ROW/Construction	155,254,086	-	-	155,254,086
UPC 109790/106689 - Segment 3 - PE	5,611,689	-	-	5,611,689
UPC 109790/106689 - Segment 3 - Construction	57,467,586	-	-	57,467,586
<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	121,035,247	-	-	121,035,247
UPC 17630/108041 - Phase II - PE/ROW	54,592,299	-	-	54,592,299
UPC 17630/108041 - Phase II - Construction	49,616,676	-	-	49,616,676
UPC 106693 - Phase III - PE & ROW	2,317,884	-	-	2,317,884
<i>I-64 Southside Widening/High-Rise Bridge</i>				
UPC 106692 - Phase I - PE	12,384,497	-	-	12,384,497
UPC 106692/108990 - Phase I - ROW/Construction	199,906,667	-	-	199,906,667
<i>I-64 HRBT Expansion Project</i>				
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	935,503,634	-	-	935,503,634
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	44,264,041	-	-	44,264,041
<i>HRELN Segment 1 Phase 1 PE - UPC</i>				
UPC 117840 - Segment 1 Phase 1 - PE	4,133,745	-	-	4,133,745
UPC 117839 - Segment 4A/4B Phase 1 - PE	3,714,819	-	-	3,714,819
UPC 117841 - Segment 4C Phase 1 - PE	3,207,672	-	-	3,207,672
<i>HRCS Preferred Alternative Refinement - HRBT</i>				
UPC 110577 - SEIS	28,800,287	-	-	28,800,287
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	1,095,368	-	-	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	3,776,804	-	-	3,776,804
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	3,710,718	-	-	3,710,718
<b>Total</b>	<b>\$ 1,713,073,167</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,713,073,167</b>

**Table 3A - Bond-Reimbursed Expenditures**

Hampton Roads Transportation Fund (HRTF)

*Bond Reimbursements*

*Fiscal Year 2022*

Project	Total FY2014 - FY2021	July 2021	Total YTD FY2022	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	155,254,086	-	-	155,254,086
UPC 109790/106689 - Segment 3 - PE	5,611,689	-	-	5,611,689
UPC 109790/106689 - Segment 3 - Construction	57,467,586	-	-	57,467,586
<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	121,035,247	-	-	121,035,247
UPC 17630/108041 - Phase II - PE/ROW	54,592,299	-	-	54,592,299
UPC 17630/108041 - Phase II - Construction	49,616,675	-	-	49,616,675
UPC 106693 - Phase III - PE & ROW	-	-	-	-
<i>I-64 Southside Widening/High-Rise Bridge</i>				
UPC 106692 - Phase I - PE	12,384,497	-	-	12,384,497
UPC 106692/108990 - Phase I - ROW/Construction	199,906,667	-	-	199,906,667
<i>I-64 HRBT Expansion Project</i>				
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	436,991,392	-	-	436,991,392
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	5,411,257	-	-	5,411,257
<i>HRELN Segment 1 Phase 1 PE - UPC</i>				
UPC 117840 - Segment 1 Phase 1 - PE	-	-	-	-
UPC 117839 - Segment 4A/4B Phase 1 - PE	-	-	-	-
UPC 117841 - Segment 4C Phase 1 - PE	-	-	-	-
<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 (Remaining Projects of Third Crossing)</i>	-	-	-	-
<b>Total</b>	<b>\$ 1,123,406,341</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,123,406,341</b>

**Table 3B - Non-Bond Reimbursed Expenditures**

Hampton Roads Transportation Fund (HRTF)

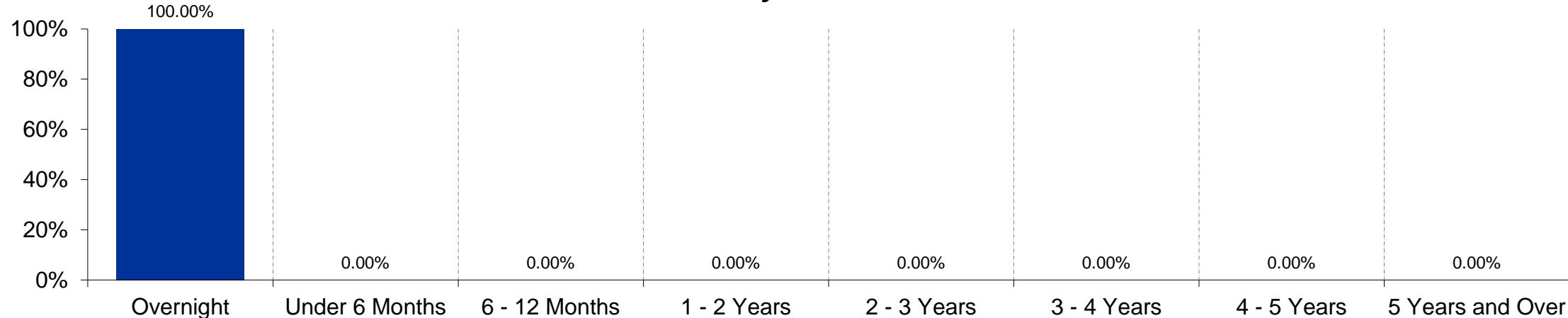
*Expenditures  
Fiscal Year 2022*

Project	Total FY2014 - FY2021	July 2021	Total YTD FY2022	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	2,317,884	-	-	2,317,884
<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	498,512,242	-	-	498,512,242
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	38,852,784	-	-	38,852,784
<i>HRELN Segment 1 Phase 1 PE</i>				
UPC 117840 - Segment 1 Phase 1 - PE	4,133,745	-	-	4,133,745
UPC 117839 - Segment 4A/4B Phase 1 - PE	3,714,819	-	-	3,714,819
UPC 117841 - Segment 4C Phase 1 - PE	3,207,672	-	-	3,207,672
<i>HRCS Preferred Alternative Refinement - HRBT</i>	<i>UPC</i>			
110577 - SEIS	28,800,287	-	-	28,800,287
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	1,095,368	-	-	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	3,776,804	-	-	3,776,804
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	3,710,718	-	-	3,710,718
<b>Total</b>	<b>\$ 589,666,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 589,666,826</b>

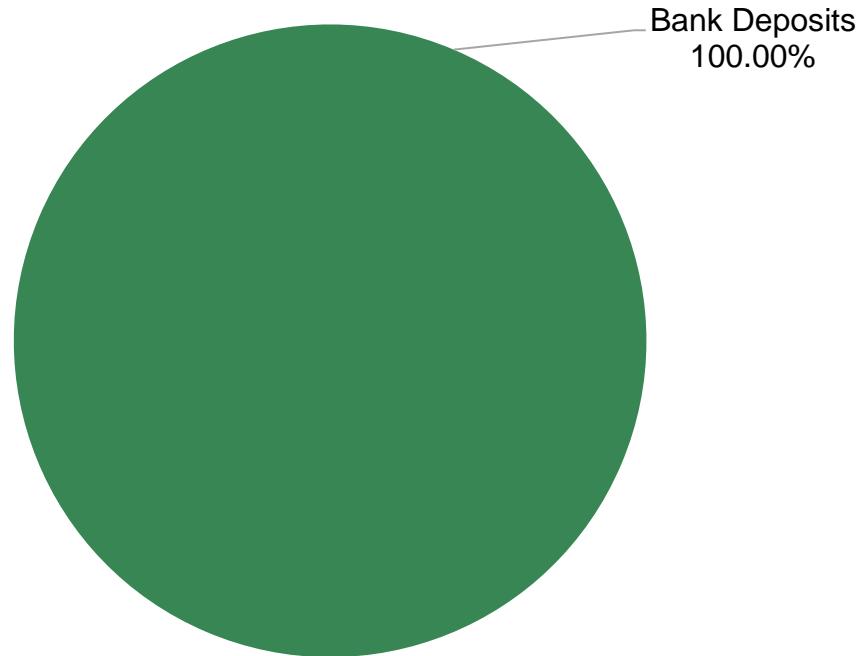
**Hampton Roads Regional Transit Fund**  
**Summary of Cash and Investments**  
**For July 2021**

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	3.74%
Union Sweep	0.13%	0.13%	25,706,301	25,706,301	96.26%
<b>Total</b>			<b>\$ 26,706,301</b>	<b>\$ 26,706,301</b>	<b>100.00%</b>

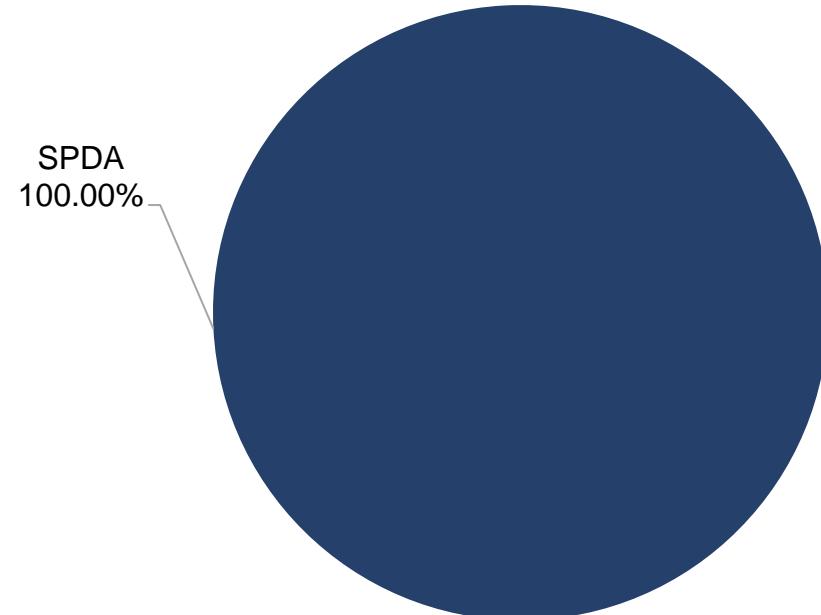
**Total Maturity Distribution**



**Sector Distribution**



**Credit Distribution**



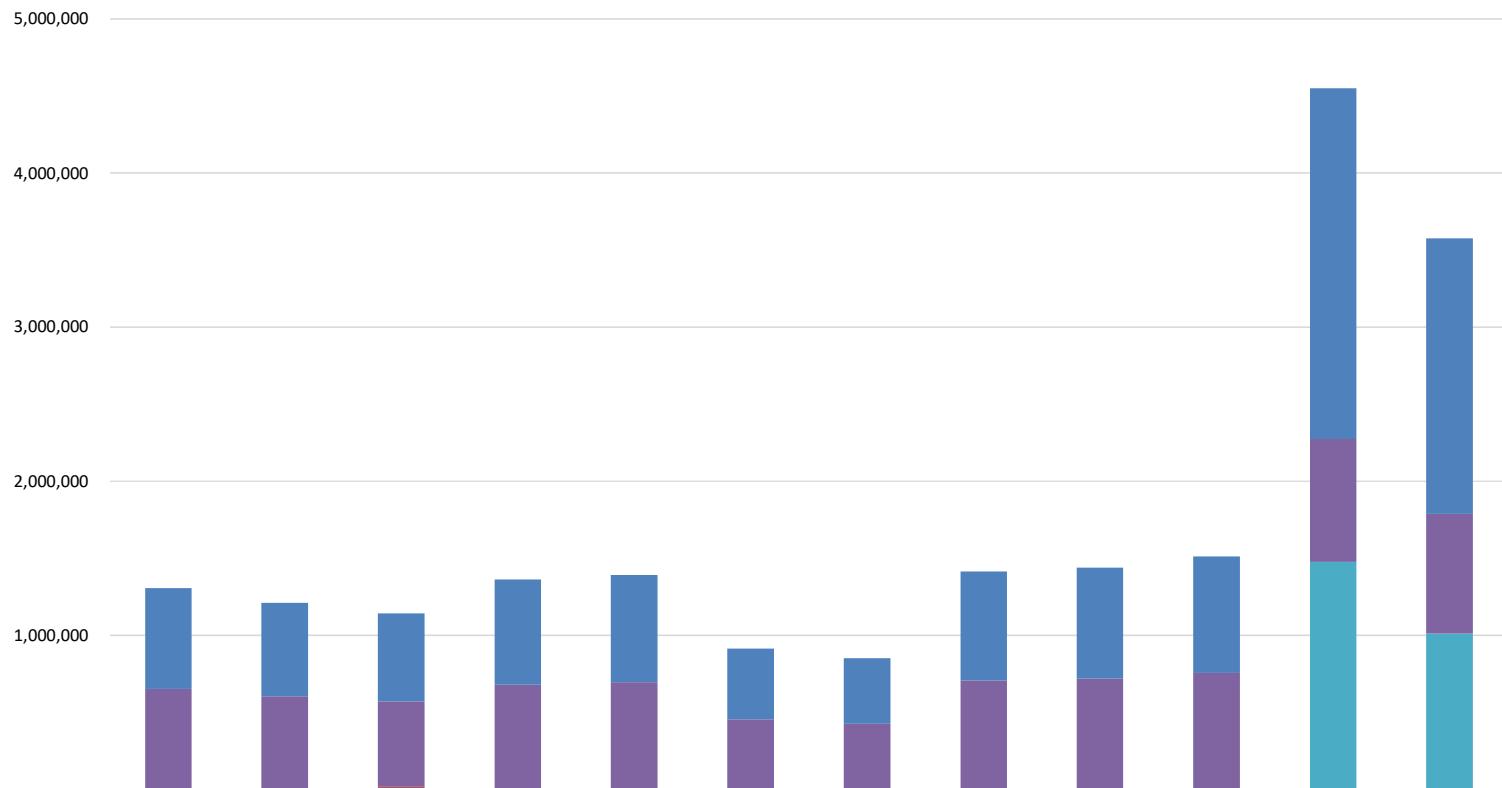
All charts are based on market value as of 7/31/21

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

Hampton Roads Regional Transit Fund  
Interest and Investment Income  
Inception - July 2021

	<u>FY2021</u>	<u>FY2022</u>	<u>Total</u>
Interest Income	\$ 57,044	\$ 2,710	\$ 59,754
Investment Income	—	—	—
Total	<u>\$ 57,044</u>	<u>\$ 2,710</u>	<u>\$ 59,754</u>

## HRRTF REVENUE



	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021
■ Total	654,135	605,415	571,231	680,916	696,611	457,124	426,377	707,281	719,474	756,415	2,274,770	1,788,686
■ Transportation Fees	654,135	600,495	553,885	674,882	690,167	451,666	422,886	703,712	716,006	753,840	799,339	777,381
■ Transient Occupancy Tax	-	-	-	-	-	-	-	-	-	-	1,471,692	1,008,594
■ Annual Revenue	-	-	-	-	-	-	-	-	-	-	-	-
■ Interest	-	4,920	17,346	6,034	6,444	5,458	3,491	3,569	3,467	2,575	3,740	2,710

**Hampton Roads Regional Transit Fund**  
**Revenue and Expenditures**  
**Summary**

	Gross Revenue					Expenditures			Cumulative Balance
	Regional Transportation Improvement					Project Expenses	Operating Expenses	Total	7/1/20 - 7/31/2021
	Transient Fees	Occupancy Tax	Recordation Tax Distribution	Interest	Total Revenue				
July 2020	\$ 534,447	\$ -	\$ 20,000,000	\$ -	\$ 20,534,447	\$ -	\$ -	\$ -	20,534,447
August 2020	654,135	-	-	-	654,135	-	2,286	2,286	\$ 21,186,296
September 2020	600,495	-	-	4,920	605,415	-	15,067	15,067	21,776,644
October 2020	553,885	-	-	17,346	571,231	-	7,349	7,349	22,340,525
November 2020	674,882	-	-	6,034	680,916	-	1,417	1,417	23,020,025
December 2020	690,167	-	-	6,444	696,611	-	20,417	20,417	23,696,219
January 2021	451,666	-	-	5,458	457,124	-	6,528	6,528	24,146,816
February 2021	422,886	-	-	3,491	426,377	-	248	248	24,572,944
March 2021	703,712	-	-	3,569	707,281	-	78,025	78,025	25,202,200
April 2021	716,006	-	-	3,467	719,474	-	3,492	3,492	25,918,183
May 2021	753,840	-	-	2,575	756,415	-	921	921	26,673,677
June 2021	799,339	1,471,692	-	3,740	2,274,770	599,531	30,625	630,157	28,318,290
July 2021	777,381	1,198,287	-	2,710	1,978,379	-	2,525	2,525	30,294,143
Total 12 months	\$ 7,798,397	\$ 2,669,978	\$ -	\$ 59,754	\$ 10,528,129	\$ 599,531	\$ 168,901	\$ 768,432	
Total	\$ 8,332,843	\$ 2,669,978	\$ 20,000,000	\$ 59,754	\$ 31,062,576	\$ 599,531	\$ 168,901	\$ 768,432	
Less Balance of Encumbered (through FY2027)									\$ (13,113,469)
Total Net Available									\$ 17,180,675

**Table 1 - Revenues**  
**Hampton Roads Regional Transit Fund (HRRTF)**  
*Fiscal Year 2022*

Locality	FY 2021	July 2021	Total YTD FY2022	Total
<b>Regional Taxes and Fees</b>				
<i>Chesapeake</i>	\$ 1,751,607	\$ 334,350	\$ 334,350	\$ 2,085,957
<i>Hampton</i>	788,625	80,965	80,965	869,590
<i>Newport News</i>	855,312	82,861	82,861	938,173
<i>Norfolk</i>	1,134,671	322,731	322,731	1,457,402
<i>Portsmouth</i>	470,791	48,108	48,108	518,899
<i>Virginia Beach</i>	<u>4,026,147</u>	<u>1,106,654</u>	<u>1,106,654</u>	<u>5,132,801</u>
<b>Total Regional Taxes and Fees</b>	<u>9,027,154</u>	<u>1,975,668</u>	<u>1,975,668</u>	<u>11,002,822</u>
<b>Annual Recordation Tax Distribution</b>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>
<b>Total Tax and Fees Revenue</b>	<u>29,027,154</u>	<u>1,975,668</u>	<u>1,975,668</u>	<u>31,002,822</u>
<b>Interest<sup>a</sup></b>	<u>57,044</u>	<u>2,710</u>	<u>2,710</u>	<u>59,754</u>
<b>Total Revenues</b>	<u>29,084,198</u>	<u>1,978,379</u>	<u>1,978,379</u>	<u>31,062,576</u>
<b>Project Expenses</b>	<u>(599,531)</u>	<u>-</u>	<u>-</u>	<u>(599,531)</u>
<b>Operating Expense</b>	<u>(166,376)</u>	<u>(2,525)</u>	<u>(2,525)</u>	<u>(168,901)</u>
<b>Cash Balance</b>	<u>\$ 28,318,291</u>	<u>\$ 1,975,853</u>	<u>\$ 1,975,853</u>	<u>\$ 30,294,143</u>
<b>Less Balance of Encumbered</b>	<u>(13,113,469)</u>			<u>(13,113,469)</u>
<b>Net Available Cash</b>	<u>\$ 15,204,822</u>	<u>\$ 1,975,853</u>	<u>\$ 1,975,853</u>	<u>\$ 17,180,676</u>
<b>Updated forecast</b>	<u>26,100,000</u>	<u>616,667</u>	<u>616,667</u>	<u>26,716,667</u>
<b>Total Revenue - Forecast (under)/over</b>	<u>\$ 2,927,154</u>	<u>\$ 1,359,002</u>	<u>\$ 1,359,002</u>	<u>\$ 4,286,155</u>

**Table 1A - Regional Transit Improvement Fees****Hampton Roads Regional Transit Fund (HRRTF)*****Fiscal Year 2022***

Locality	FY 2021	July 2021	Total YTD FY2022	Total
Regional Transit Improvement Fees				
<i>Chesapeake</i>	\$ 1,751,607	\$ 169,836	\$ 169,836	\$ 1,921,444
<i>Hampton</i>	650,700	60,057	60,057	710,757.56
<i>Newport News</i>	709,171	53,486	53,486	762,656.88
<i>Norfolk</i>	1,127,962	121,863	121,863	1,249,825.02
<i>Portsmouth</i>	443,948	42,372	42,372	486,320.34
<i>Virginia Beach</i>	<u>2,872,074</u>	<u>329,766</u>	<u>329,766</u>	<u>3,201,839.86</u>
<b>Total RTI Fees</b>	<b>\$ 7,555,462</b>	<b>\$ 777,381</b>	<b>\$ 777,381</b>	<b>\$ 8,332,843</b>
Forecast	<u>26,100,000</u>	<u>616,667</u>	<u>616,667</u>	<u>26,716,667</u>
Total Revenue - Forecast (under)/over	<u>\$ 18,544,538</u>	<u>\$ 160,715</u>	<u>\$ 160,715</u>	<u>\$ 18,705,253</u>

## Table 1B - Transient Occupancy Tax

Hampton Roads Regional Transit Fund (HRRTF)

*Fiscal Year 2022*

Locality	FY 2021	July 2021	Total YTD FY2022	Total
Transient Occupancy Tax				
Chesapeake	\$ -	\$ 164,514	\$ 164,514	\$ 164,514
Hampton	137,925	20,908	20,908	158,832
Newport News	146,141	29,375	29,375	175,516
Norfolk	6,710	200,867	200,867	207,577
Portsmouth	26,843	5,736	5,736	32,579
Virginia Beach	1,154,073	776,888	776,888	1,930,961
<b>Total Transient Occupancy Tax</b>	<b>\$ 1,471,692</b>	<b>\$ 1,198,287</b>	<b>\$ 1,198,287</b>	<b>\$ 2,669,978</b>
Forecast	408,333	408,333	408,333	408,333
Total Revenue - Forecast (under)/over	\$ (1,063,358)	\$ (789,953)	\$ (789,953)	\$ (2,261,645)

## Table 2 - Allocations under Signed Contract

Hampton Roads Regional Transit Fund (HRRTF)

*Allocations*

*Fiscal Year 2022*

Project	FY 2021	July 2021	Total YTD FY2022	Total
<i>Regional Transit System - 757 Express</i>				
<i>Transit Bus Expansion (Group A) - 202101A</i>	\$ 9,306,000	\$ -	\$ -	\$ 9,306,000
<i>Bus Stop Amenity Program - 202101B</i>	3,265,000.00	-	-	3,265,000
<i>Regional Transit System Technology - 202101C</i>	80,000.00	-	-	80,000
<i>Net Center Replacement - 202101D</i>	62,000.00	-	-	62,000
<i>New Bus Operating Division - Southside - 202101E</i>	1,000,000	-	-	1,000,000
<b>Total</b>	<b>\$ 13,713,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,713,000</b>

**Table 3 - Expenditures**  
**Hampton Roads Regional Transit Fund (HRRTF)**  
*Expenditures*  
*Fiscal Year 2022*

Project	FY 2021	July 2021	Total YTD FY2022	Total
<i>Regional Transit System - 757 Express</i>				
Bus Stop Amenity Program - 202101B	\$ 399,516	\$ -	\$ -	\$ 399,516
Regional Transit System Technology - 202101C	-			-
Net Center Replacement - 202101D	14,056	-	-	14,056.14
New Bus Operating Division - Southside - 202101E	185,959	-	-	185,959.07
<b>Total</b>	<b>\$ 599,531</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 599,531</b>



## **MAJOR PROJECTS IN CONSTRUCTION**

<b>I-64 Peninsula Widening- Segment I</b>	<b>Construction Completed</b>
<b>I-64 Peninsula Widening- Segment II</b>	<b>Construction Completed</b>
<b>I-64 Peninsula Widening- Segment III</b>	<b>Under Construction</b>
<b>I-64/I-264- Phase I</b>	<b>Construction Completed</b>
<b>I-64/I-264- Phase II</b>	<b>Under Construction</b>
<b>I-64 Southside Widening and High Rise Bridge Phase I</b>	<b>Under Construction</b>
<b>HREL Segment 2B (Chesapeake)</b>	<b>Under Construction</b>

**I-64 Peninsula Widening- Segment I****UPC 104905 (HRTAC)**  
**UPC 111926 (State / Federal)****Project Scope:**

From 0.52 miles east of Yorktown Road/Rte 238 (Exit 247) to 1.55 miles west of Jetterson Ave/Rte 143 (Exit 255) (6.1 miles)

- Additional 12' wide travel lanes and 12' wide shoulders within the existing median space
- Replacement of the Industrial Park Drive bridges, and repair and widening of 4 bridges and 2 major culverts
- Strengthened shoulder lane from Ft Eustis Blvd Interchange to Jefferson Avenue Interchange

**Project Financial Summary:**

<u>Project Budget (\$114,000,000):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 2,738,567	\$ 2,738,567	\$ 0
○ RW \$ 32,494	\$ 32,494	\$ 0
○ CN \$ 111,228,939	<u>\$ 108,837,323</u>	\$ 0
	\$ 111,608,384	

**Project Schedule:**

Notice To Proceed (NTP)	March 2015
Project Completion	December 2017
Schedule Status	Completed

**Enabling Funding**

HRTAC	\$ 11,608,384
State/Federal	<u>\$ 100,000,000</u>
	\$ 111,608,384

**Project Status:**

- Completion achieved on December 1, 2017

**Project Site (Looking West from Denbigh)**

**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:**

<u>Project Budget (\$175,832,897):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 6,000,000	\$ 2,869,659	\$ 0
○ RW \$ 1,511,548	\$ 530,032	\$ 0
○ CN \$ 168,321,349	<u>\$ 156,155,136</u>	\$ 0
	\$ 159,554,827	

**Project Schedule:**

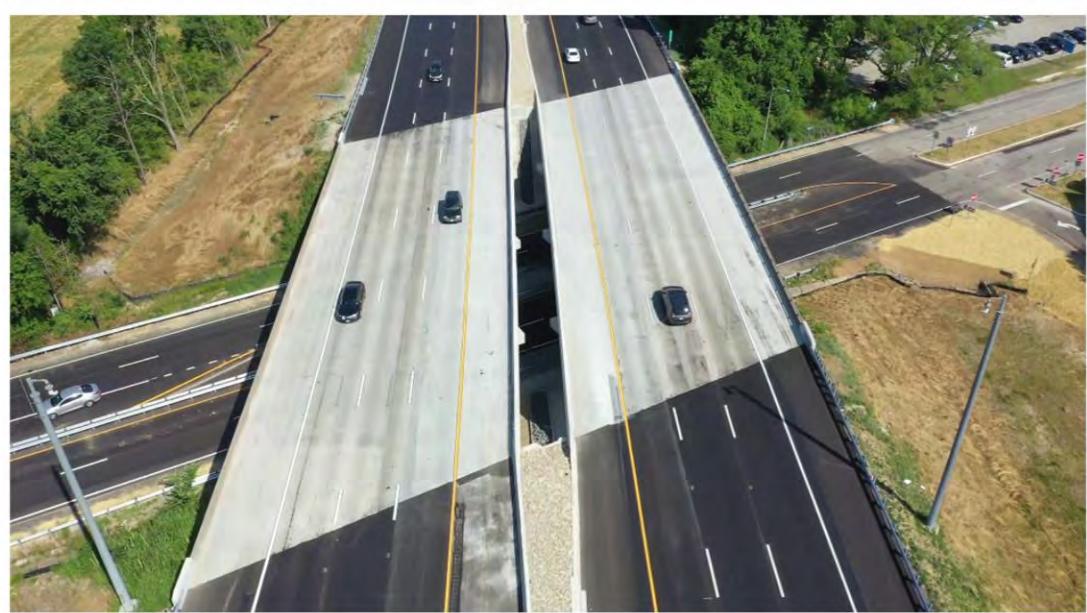
Notice To Proceed	February 2016
Project Completion	May 2019
Schedule Status	Completed

**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)**

**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 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>	
○ PE \$ 10,000,000	\$ 5,664,211	\$ 0	
○ RW \$ 12,000,000	\$ 892,497	\$ 0	
○ CN \$ 222,045,973	<u>\$183,145,478</u>	<u>\$ 0</u>	
	\$189,702,186	<u>Enabling Funding</u>	

**Project Schedule:**

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

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:**

- Bridge construction work has been completed at the Lakeshead & Colonial Parkway bridges
- Concrete deck replacement at the Westbound Queens Creek Bridge is complete
- Final surface paving is underway
- Eastbound and Westbound noisewalls are complete.



Eastbound I-64 traffic at the Rt.143 bridge (looking east)

**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:**

<u>Project Budget (\$158,730,023):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 10,135,307	\$ 10,135,307	\$ 0
○ RW \$ 11,571,063	\$ 20,454,171	\$ 8,883,108
○ CN \$ 137,023,653	<u>\$ 121,128,987</u>	\$ 0
	\$ 151,718,465	

**Project Schedule:**

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

<u>Enabling Funding</u>	
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)**

**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 43
- Reconfigure the Newtown Road and Witchduck Road interchange ramps south of I-264
- Constructing a new overpass that connects Greenwich Road south side of I-264 and Cleveland north of I-264

**Project Financial Summary:**

<u>Project Budget (\$194,503,887):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 14,082,810	\$ 14,082,810	\$ 0
○ RW \$ 54,392,666	\$ 55,782,475	\$1,389,809
○ CN \$ 126,028,411	<u>\$ 108,401,878</u>	<u>\$ 0</u>
	\$ 178,267,163	

**Project Schedule:**

Award	December 2017
Notice to Proceed	February 2018
Projected Completion	September 2021
Schedule Status	Full project open to Traffic December 2021

**Enabling Funding**

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

**Project Status:**

- B601 (Newtown Bridge), Parapets and deck grooving complete.
- New 264 EB Witchduck on and off ramp open to traffic 11/01/2021.
- B603 Greenwich Flyover) Girder painting 70%. Decorative panels and aesthetic lighting 25%.
- Substructure B602 (Bridge west of Witchduck) complete. Steel girder installation upcoming.
- Greenwich Road widening (south side), final asphalt 80%, Cleveland Street final asphalt complete.

**Decorative Panels on Flyover Bridge****Intersection of New Off-Ramp and Witchduck Road**

**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

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

**Project Financial Summary:**

<u>Project Budget (\$524,613,765):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
o PE \$ 12,200,000	\$ 12,189,268	\$ 0
o RW \$ 18,726,000	\$ 10,926,994	\$ 0
o CN \$ 493,687,765	<u>\$ 308,238,150</u>	<u>\$ 0</u>
	\$ 331,354,412	

**Project Schedule:**

Award	October 2017
Notice to Proceed	November 2017
Project Completion	December 2022 *
Schedule Status	On Schedule

**Enabling Funding**

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

\* The Project Fixed Completion Date was extended to December 2022 to add roadway/drainage infrastructure for future Part-Time Shoulder Express Lanes.

**Project Status:**

- o HRB Substructure – piles and footings are completed; columns, caps continue. HRB Superstructure – beam erection, deck forming, deck pours continue. Approach fills/MSE walls continue
- o Great Bridge Blvd Bridge – Bridge construction completed. Approach roadway, MSE wall copings/moment slabs continue
- o I-64 Bridge Widenings over Military Highway, Yadkin Road, and Shell Road – substructures completed. The superstructures (beam erection, deck construction) are underway at Military and Yadkin, completed at Shell
- o Earthwork, drainage/stormwater, roadway fill, pavement, retaining walls, noise barriers, ITS, signing, median barriers, guardrail continue on all five roadway segments

**Completed Decks on High Rise Bridge Spans 21-26 (Looking Northwest)**

### **HREL Segment 2B (Chesapeake)**

**UPC 112923**

#### Project Scope:

From the I-64/464 interchange to the I-64/264 interchange, 7.65 miles of an existing HOV lane is being converted into an Express Lane in each direction

- Includes concrete barriers and minor drainage improvement
- Includes tolling gantries, tolling equipment, signing, and overhead signage

#### Project Financial Summary:

<u>Project Budget (\$25,000,000):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 2,538,000	\$ 2,543,662	\$ 0
○ RW \$ 0	\$ 0	\$ 0
○ CN \$ 22,462,000	<u>\$ 11,678,599</u>	<u>\$ 0</u>
	\$ 14,222,261	

#### Project Schedule:

Award	September 20, 2020
Notice to Proceed	October 30, 2020
Project Completion	September 22, 2022
Schedule Status	On Schedule

#### Enabling Funding

TIFRA	\$ 25,000,000
State/Federal	\$ _____
	\$ 25,000,000

#### Project Status:

- Contractor crews have installed several overhead structures, constructed generator sites and access roads along with the installation of new concrete barriers and guardrails. This work is continuing throughout the corridor



**Gantry equipment installation near Indian River Road (exit 286) on I-64**

## HREL PROJECTS UNDER DESIGN

### HREL Segment 1 (Norfolk)

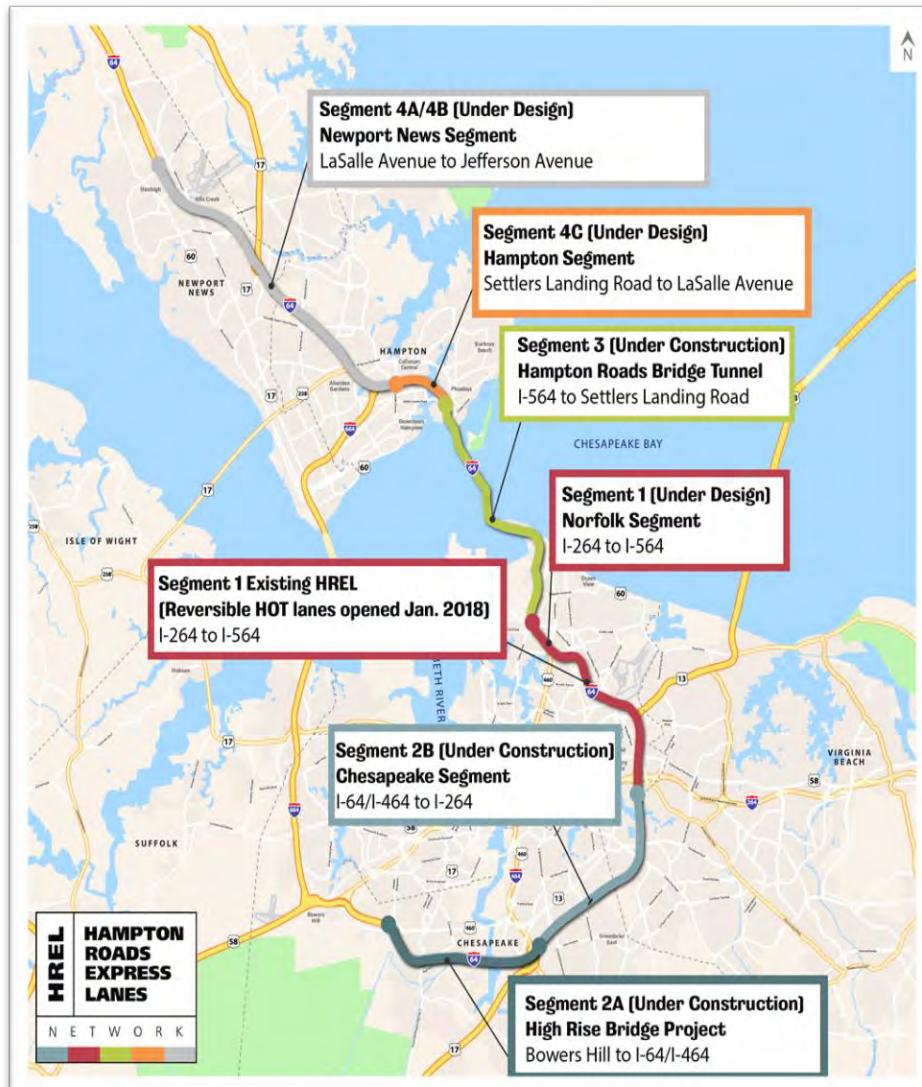
**In Design**

### HREL Segment 4A/4B (Newport News)

**In Design**

### HREL Segment 4C (Hampton)

**In Design**



### HREL Segment 1 (Norfolk)

UPC 117840 (HRTAC) Phase 1-PE

#### Project Scope:

From I-264 to I-564, an existing General Purpose shoulder will be converted into a Part Time Shoulder Express Lane in each direction for nine miles

- Replacing two bridges (EB/WB Chesapeake Boulevard) and widening two bridges (EB/EB Tidewater Drive)
- Rehabilitating/strengthening nine miles of shoulder in each direction
- Widening roadway in spot locations to maintain minimum shoulder width
- Includes noise walls, tolling gantries, and overhead signing

#### Project Financial Summary:

<u>Project Budget (\$5,621,500):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 5,621,500	\$ 5,100,796	\$ 0
○ RW \$ 0	\$ 0	\$ 0
○ CN \$ 0	\$ 0	\$ 0
	\$ 5,100,796	

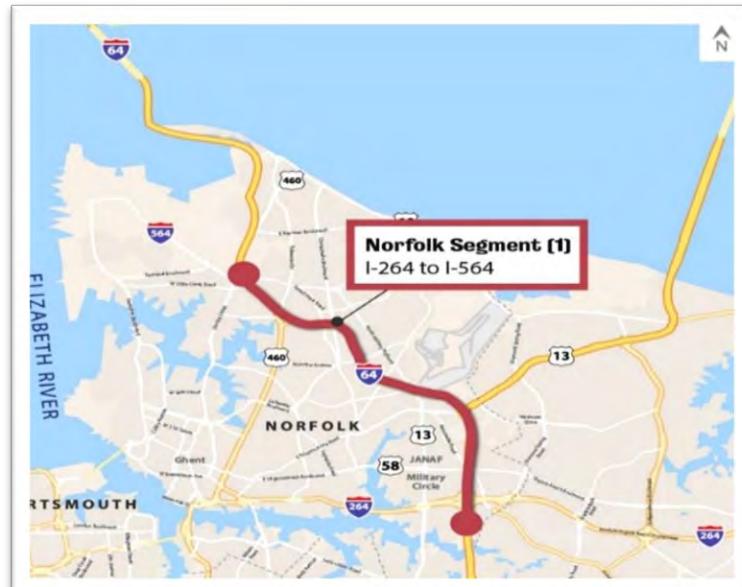
#### Project Schedule:

Request for Qualifications	Fall 2021
Public Hearing	December 1 & 2, 2021
Request for Proposals	Winter 2022
Notice to Proceed	Summer 2022
Fixed Completion Date	Winter 2025

Enabling Funding	
HRTAC	\$ 5,621,500
State/Federal	\$ _____
	\$ 5,621,500

#### Project Status:

- Virtual public hearing will be held on December 1, 2021. In person public hearing will be held on December 2, 2021
- Draft CE will be completed by November 2021
- Preliminary Design is continuing towards the RFP Release
- Expected to award by Fall 2022



**HREL Segment 4A/4B (Newport News)****UPC 117839 (HRTAC) Phase 1- PE**  
**UPC 119638****Project Scope:**

From Jefferson Avenue in Newport News to Mercury Boulevard in Hampton, an existing HOV lane will be converted into an Express Lane in both directions. From Mercury Boulevard to LaSalle Avenue in Hampton, one Express Lane will be constructed in each direction. The total length of the project is 13.5 miles

- Replacing two bridges (EB/WB LaSalle Avenue)
- Rehabilitating one bridge (EB/WB Armistead Avenue)
- Includes tolling gantries, and overhead signage

**Project Financial Summary:**

<u>Project Budget (\$5,916,425):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 5,916,425	\$ 4,772,344	\$ 0
○ RW \$ 0	\$ 0	\$ 0
○ CN \$ 0	\$ 0	\$ 0
	\$ 4,772,344	

**Project Schedule:**

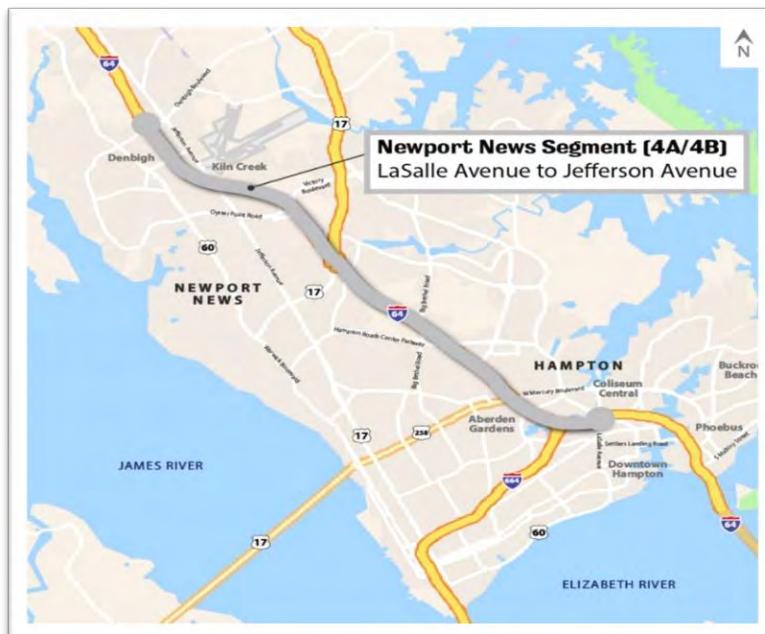
Public Hearing	September 29 & 30, 2021
Advertisement	Summer 2023
Notice to Proceed	Summer 2022
Fixed Completion Date	Winter 2025

**Enabling Funding**

HRTAC	\$ 5,916,425
State/Federal	\$ _____
	\$ 5,916,425

**Project Status:**

- Draft CE document was prepared and posted for public viewing during Public Hearing comment period.
- Final CE will be posted for 10 day comment period after FHWA approval. Expected to be posted in December 2021
- Hybrid (virtual and in-person) public hearing on proposed design were held on September 29 and 30, 2021
- Technical design and plan production continues to progress



### HREL Segment 4C (Hampton)

UPC 117841 (HRTAC) Phase 1- PE

#### Project Scope:

From LaSalle Avenue to Settlers Landing Road, one Express Lane will be constructed, and one general purpose lane will be converted into an Express Lane in each direction for 2.5 miles

- Replacing two bridges (EB Hampton River) and rehabilitating one bridge (Rip Rap Road)
- Rehabilitating/widening three bridges (WB Hampton River, EB/WB King Street, EB/WB Settlers Landing Road)
- Widening 2.5 miles of EB and WB roadway
- Includes noise walls, tolling gantries, and overhead signage

#### Project Financial Summary:

Project Budget (\$429,754,878):	Funds Expended (as of 10/31/2021):	Projected Cost Over/(Under):
○ PE \$ 20,000,000	\$ 4,015,041	\$ 0
○ RW \$ 8,000,000	\$ 0	\$ 0
○ CN \$ 401,754,878	<u>\$ 0</u>	<u>\$ 0</u>
	\$ 4,015,041	

#### Project Schedule:

Request for Qualifications	April 9, 2021
Public Hearing	September 23, 2021
Request for Proposals	Fall 2021
Notice to Proceed	Summer 2022
Fixed Completion Date	Winter 2025

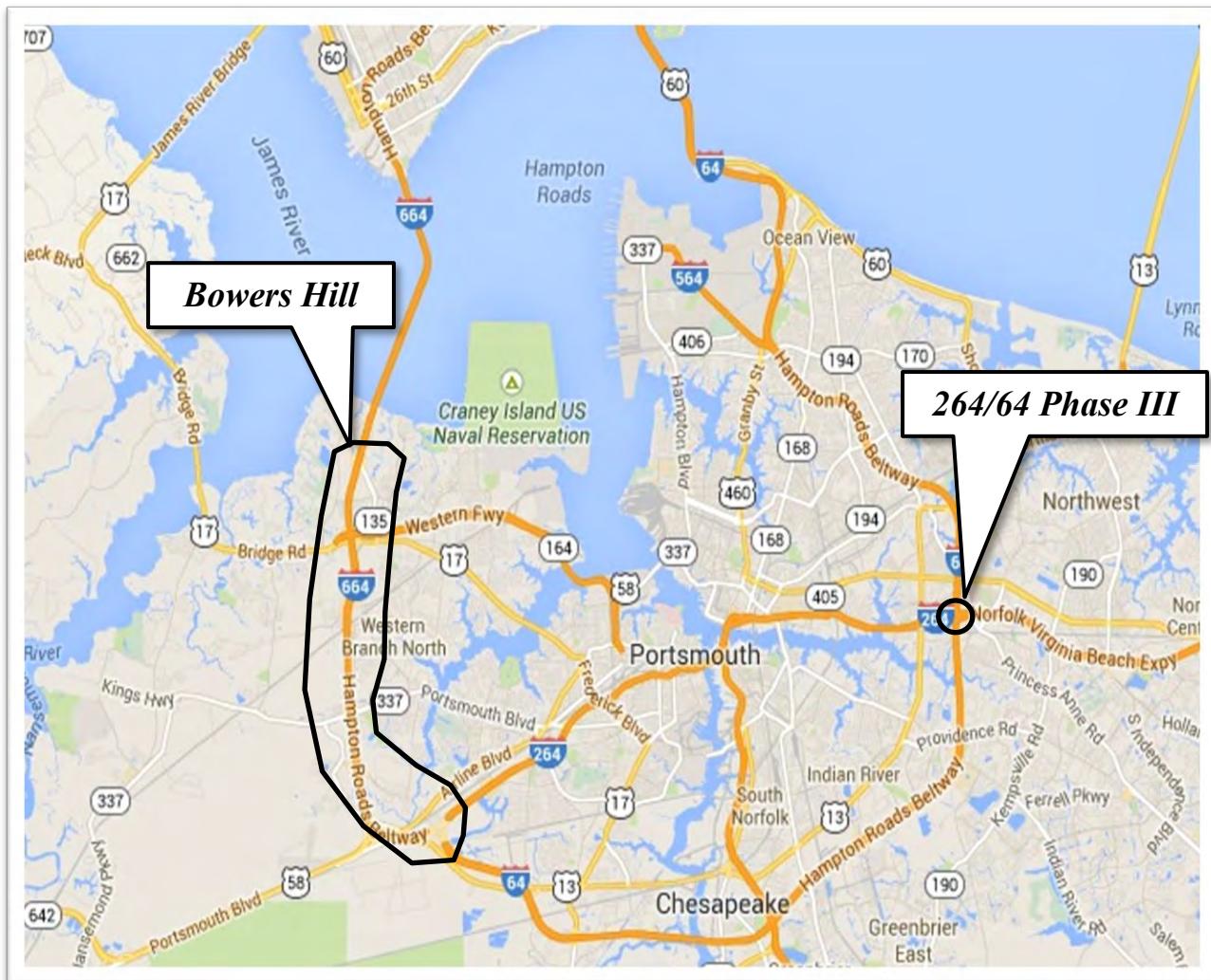
<u>Enabling Funding</u>	
HRTAC	\$ 429,754,878
State/Federal	\$ _____
	\$ 429,754,878

#### Project Status:

- Virtual and in person Public Hearings held on September 23, 2021
- Advertisement for CE Notice of Availability posting 10-day comment period November 8, 2021 to November 22, 2021
- NEPA clearance expected on November 23, 2021
- CTB Award scheduled for June 15, 2022



## MAJOR PROJECT STUDIES



### I-64/I-264- Phase III

UPC 106693 (HRTAC)

#### Project Scope:

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

- Includes study and IMR of entire interchange
- Includes preliminary design of Subproject III-A – Ramp from I-64 EB to I-264 EB

#### Project Financial Summary:

<u>Project Budget (\$10,000,000):</u>	<u>Funds Expended (as 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
○ PE \$ 10,000,000	\$ 2,359,884	\$ 0
○ RW \$ 0	\$ 0	\$ 0
○ CN \$ 0	\$ 0	\$ 0
	\$ 2,359,884	

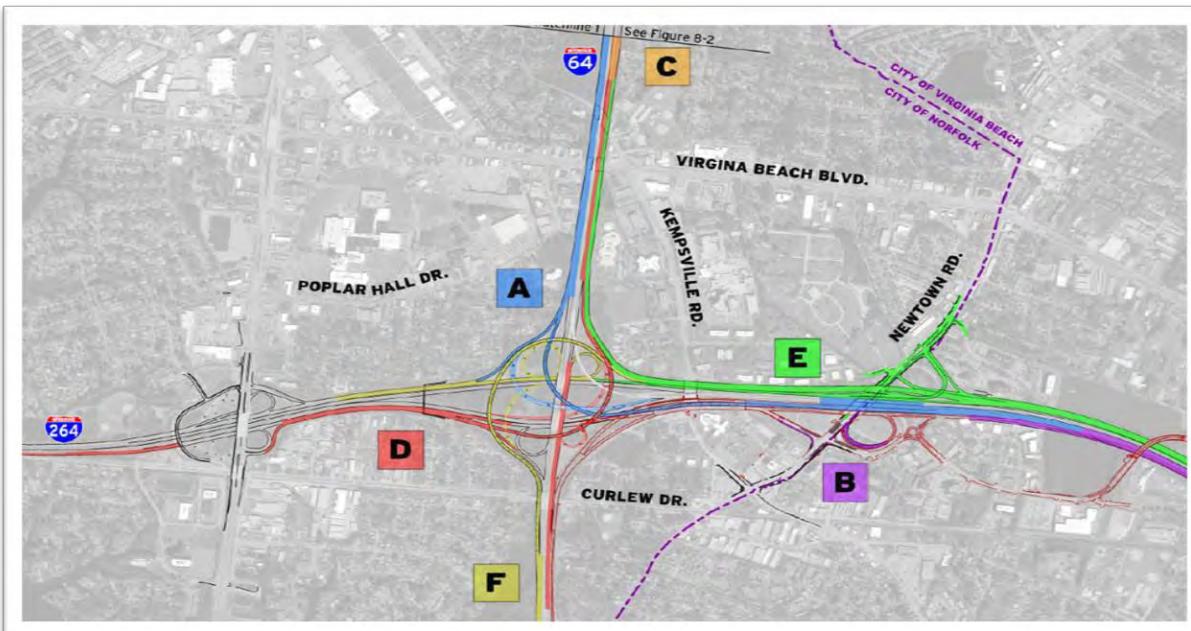
#### Project Schedule:

IMR Submittal to FHWA	December 2019
IMR Conditional Approval	Spring 2020
IMR Final Approval	October 2020
Subproject III-A – Consultant NTP	November 2021
Subproject III-A PD – Completion	January 2023
Schedule Status	On Schedule

<u>Enabling Funding</u>	
HRTAC	\$ 10,000,000
State/Federal	\$ _____.
	\$ 10,000,000

#### Project Status:

- IMR is complete
- Advancing the preliminary design phase of Subproject III-A that will include the NEPA study, PFI-level design, and updated project cost estimate
- Developing a supplemental agreement with consultant for the Subproject III-A preliminary design engineering services. Survey and Geotechnical Investigations are scheduled to begin in November 2021.



Proposed I-64/I-264 Interchange Improvements from IMR (Subproject III-A shown in Blue)

**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 (\$7,904,630):</u>	<u>Funds Expended (as of 10/31/2021):</u>	<u>Projected Cost Over/(Under):</u>
o PE \$ 7,904,630	\$ 4,127,381	\$ 0
o RW \$ 0	\$ 0	\$ 0
o CN \$ 0	\$ 0	\$ 0
	<u>\$ 4,127,381</u>	

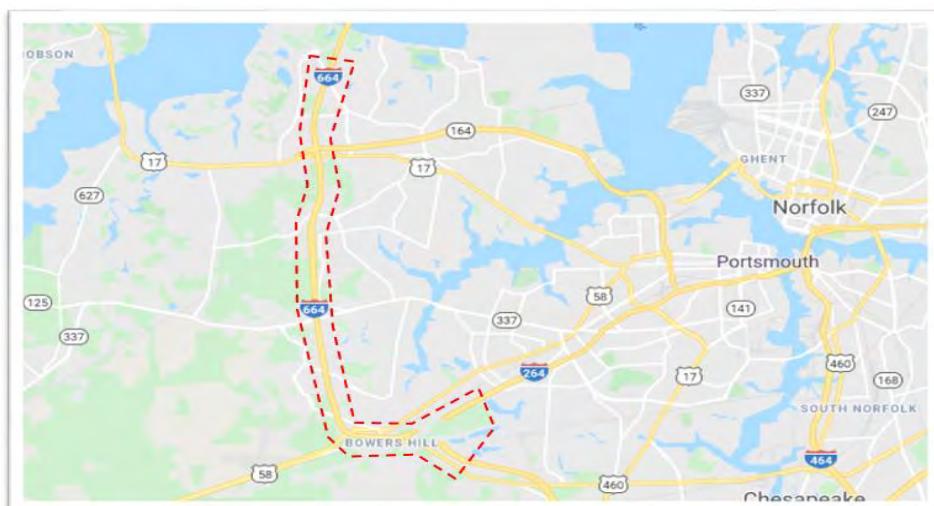
**Study Schedule:**

Begin NEPA Process	July 2020
Preferred Alternative Recommendation	February 2022
Completion	December 2023
Schedule Status	On-Schedule

<u>Enabling Funding</u>	
HRTAC	\$ 7,904,630
State/Federal	\$ _____.
	\$ 7,904,630

**Study Status:**

- o FHWA Notice of Intent anticipated in November and will be accompanied by VDOT public outreach
- o Hybrid (virtual and in-person) public hearing on preferred alternative to be held January 26-27, 2022.
- o Began discussion of preferred alternative with agencies in November
- o Briefed HRTPO TTAC on November 3 and will brief HRTPO Policy Board on November 18 regarding the preferred alternative.
- o Technical studies and traffic analyses continue to progress
- o FHWA has also stated that an Interchange Access Report (IAR) will not be required during NEPA. This work has paused and is no longer coupled with the NEPA process. The IAR can take up to 2 years to complete but may be initiated after the preferred alternative is determined.





## November 2021 Monthly Project Report

### I-64 HAMPTON ROADS BRIDGE-TUNNEL EXPANSION

**Report No. 32**  
Project No. 0064-M06-032



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Issue Date: December 9, 2021

Prepared by:

Virginia Department of Transportation

[www.hrbtexpansion.org](http://www.hrbtexpansion.org)

## 1. Executive Summary

### 1.1 Overview

This report provides an overview of accomplishments and activities for the Hampton Roads Bridge-Tunnel Expansion Project from October 24, 2021 – November 20, 2021. The Design-Builder for the project is Hampton Roads Connector Partners (HRCP), a consortium that includes lead contractors Dragados, Vinci, Flatiron, and Dodin Campenon Bernard, with lead designers HDR and Mott MacDonald.

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.

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

- The design of the project continues to progress, with 92% of the project construction plans approved as Released for Construction (RFC).
- South Island Progress:
  - Excavation and demolition of slurry walls in preparation for TBM slab placement.
  - Achieved 76% of capping beam concrete placement in the TBM Launching Pit.
- North Island Progress:
  - Slurry wall operations mobilization for the TBM Receiving Pit.
  - Guide walls installation in preparation for slurry walls.
- North Island Expansion Progress:
  - Placement of fill material from elevations +5.0' to +10.0'.
- Two of the three ships carrying TBM components arrived at the Port of Virginia.
- Mobilized an additional crane in preparation for pile driving at the North Westbound Trestle and drove the first production pile.
- Began demolition of sound wall along I-64 Eastbound in Norfolk.
- Exceeded contract goals for minority and women employment on the project to date.

### 1.2 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.

### 1.3 Key Updates

#### Project Schedule

HRCP is currently in the process of developing a Revised Baseline schedule which is expected to be submitted and approved no later than April 1, 2022. The last approved schedule for the project is Update 26 (Data date: September 19, 2021), and the schedule information in this report reflects this update.

- HRCP is reporting Substantial Completion in accordance with the contract milestone of September 1, 2025.
- HRCP is reporting Final Completion in accordance with the contract milestone of November 1, 2025.
- Approximately 37% of the scheduled time has elapsed to date.

#### Project Budget

The project budget summary below updates include the preliminary November 2021 payment application. Figures are subjected to change pending the Department's review of the official submission of the final payment application by HRCP.

- Project budget overview:

Current total project budget:	\$ 3,935,451,641
Total expenditures to date:	\$ 1,189,953,112
Remaining project budget:	\$ 2,745,498,528

- Design-build contract overview:

Design-build contract original amount:	\$ 3,299,997,227
Net change orders:	\$ 18,744,947
Exercised options:	\$ 73,454,414
Design-build contract sum to date:	\$ 3,392,196,588
Expenditures to date:	\$ 1,125,925,931
Remaining design-build contract amount:	\$ 2,266,270,657

- Design-build progress to date:

Overall:	33.17%
Project Management:	34.63%
Design:	82.63%
Physical Construction Progress:	17.96%

## Environmental

During this reporting period, HRCP took the following steps in support of environmental management:

- To address a Warning Letter from the Department of Environment Quality (DEQ) regarding water quality permitted exceedances at the South Island treatment plant, HRCP received input from DEQ on the mixing study and has initiated the modeling effort.
- HRCP received concurrence from all agencies regarding the changes to the acoustic monitoring study.
- HRCP held a meeting with the Virginia Marine Resources Commission on November 10, 2021 to initiate discussions on the placement of demolished bridge materials at sanctioned artificial reef sites.
- HRCP provided additional information to the DEQ regarding the air permit applications for the North Island and South Island.
- HRCP uncovered a WWII helmet liner on the South Island and the Virginia Department of Historic Resources determined it not to be historically significant.

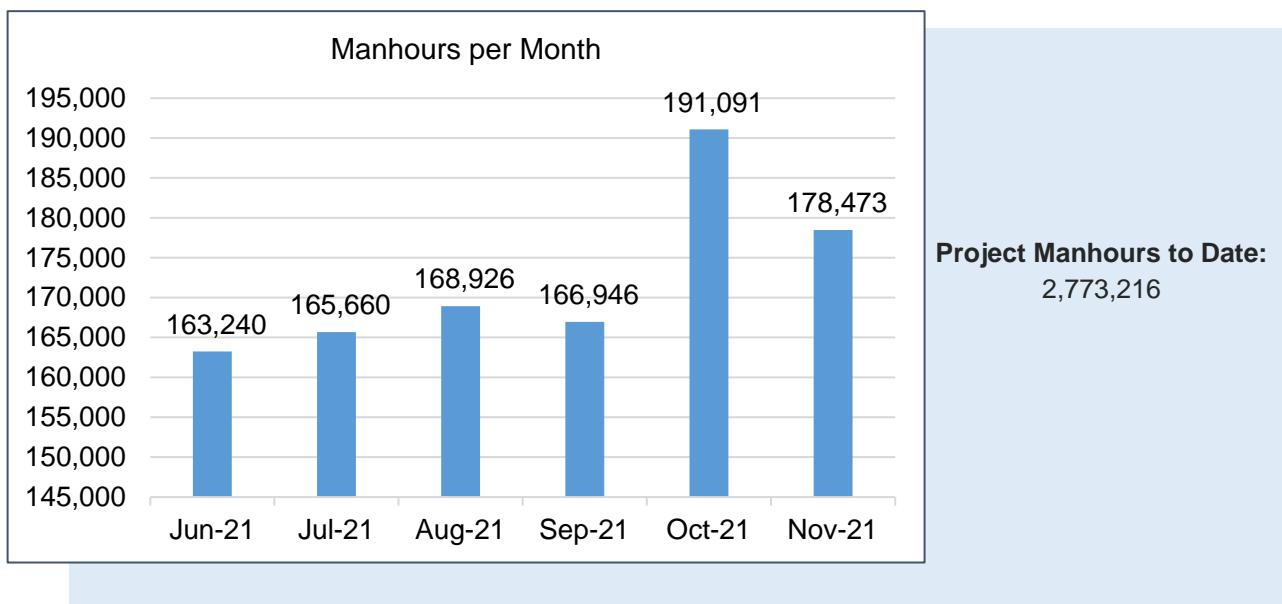
## Construction

Progress updates for this reporting period include:

- Hampton Landside
  - Continued demolition of the Mallory St Bridge.
  - Began temporary drainage installation along the I-64 Eastbound in Hampton.
- Marine Works
  - Continued removing the sunken vessel obstructing work at the South Temporary Construction Trestle.
  - Continued permanent pile driving operations for the North Eastbound Trestle and South Trestle.
  - Mobilized an additional crane in preparation for pile driving at the North Westbound Trestle and drove the first production pile.
  - Completed 7 out of 8 sections of fill material placement and compaction for the North Island Expansion.
- Tunnels and Islands
  - Continued construction of the conveyor system and TBM Quay at the South Island.
  - Continued ground improvement with deep soil mixing and jet grouting operations on the South Island. Completed the field trial program for the approach jet grout plug.
  - Continued placing capping beam at the South Island Launching Pit.
  - Continued excavation and demolition of slurry walls in preparation of TBM slab placement.
  - Continued slurry wall mobilization operations at the North Island.

- Continued installing guide walls at the North Island.
- Completed construction of the temporary MSE wall at the North Island circulation road.
- Norfolk Landside
  - Continued Bay Avenue Bridge widening at abutments.
  - Began demolition of sound wall along I-64 Eastbound.
  - Continued construction of the Willoughby Bay Bridge, Oastes Creek Bridge, and Evans St Bridge for Eastbound widening.

The number of construction manhours worked each month is provided by HRCP and is current as of November 30, 2021:



## Operations

The following operations activities took place during this reporting period:

- Implemented short-term lane closures along I-64 EB and I-64 WB in Hampton as well as on the Willoughby Eastbound Bridge and North Eastbound Trestle.
- Continued long-term detour at West Evans St.
- Continued long-term lane closures at Bay Avenue, Bayview Blvd, and Mallory St.
- Held the Quarterly Concept of Operations meeting between HRCP and VDOT on November 1, 2021.

## Quality

Quality updates for this reporting period include:

- VDOT reviewed the quarterly updates of the Quality Management System Plan, the Design Quality Management Plan, and the Construction Quality Management Plan.

- VDOT continues to track Owner's Independent Assurance (OIA) and Owner's Verification Sampling and Testing (OVST) requirements and conducts testing as needed.
- VDOT continues to monitor and audit HRCP's material book records for compliance.

## Safety

Safety procedures and activities during this reporting period include:

- VDOT conducts routine safety site visits to promote safe work zones and oversight of HRCP's Safety Program.
- The following safety performance indicator information is provided by HRCP and is current as of November 30, 2021:
  - Total Recordable Incidence Rate: 1.59 (National Average: 2.5)
  - Lost Time Incidence Rate: 0.14 (National Average: 1.6)

## Civil Rights & DBE/SWaM Business Opportunities

To date, HRCP has awarded **276** subcontracts, subconsultant agreements, and purchase orders. Contract awards represent a total of **\$379.6 million** to active DBE/SWaM firms on the project.

- HRCP continues to make progress towards its 80-participant On-the-Job Training goal.
- HRCP held the Virtual DBE/SWaM Opportunity Conference on October 27, 2021.
- VDOT continued to conduct routine compliance reviews on civil rights activities.
- The HRBT Expansion Project Team attended several workforce development and business development activities this period.

## Public Outreach & Media

Public outreach and project media updates provided by VDOT and HRCP for this reporting period:

- Presentations to the Exchange Club of Poquoson, Downtown Norfolk Council, Hampton Roads Utility and Heavy Contractors Association, and Old Dominion University civil engineering class.
- Media articles published in WAVY-TV 10 and the Daily Press/Virginian-Pilot regarding the Mallory St Bridge demolition and recovered Civil War era cannonballs.

## 2. Project Schedule

### 2.1 Schedule Status

The following table depicts key milestone dates outlined in the contract requirements. This table will be used as a benchmark to track milestone achievements and has been updated as of the current approved schedule. HRCP is currently in the process of developing a Revised Baseline schedule which is expected to be submitted and approved no later than April 1, 2022. The last approved schedule for the project is Update 26 (Data date: September 19, 2021), and the schedule information in this report reflects this update.

	Contract Requirement	Schedule of Record Dates	September 2021 (Update 26)	Actual
NTP		Sep 9, 2020	Sep 11, 2020	Sep 11, 2020
Substantial Completion	Sep 1, 2025	Aug 27, 2025	Sep 1, 2025	
Final Completion	Nov 1, 2025	Nov 1, 2025	Nov 1, 2025	

### 2.2 Longest Path

The longest path to achieve the completion date of the Project Schedule Update 26 is driven by the following activities:

- South Portal Launching Pit Capping Beam Cell 1,2,3
- South Portal Launching Pit Excavation Part 2,3,4
- South Portal Cell 1 Place Lean Concrete
- South Portal Temporary Headwall Cell 1
- Assembly of the Tunnel Boring Machine (TBM) in the launching pit
- TBM drive in High Occupancy Toll (HOT) Tunnel
- TBM U-Turn
- TBM drive in General Purpose (GP) Tunnel
- TBM Disassembly in south pit
- South Portal Cut & Cover Structures Phase 4 Cell 1
- South Portal Mechanical, Electrical, and Plumbing (MEP)
- GP Tunnel Site Integration Acceptance
- Tunnel Systems Integration-ITS
- Commissioning and Testing of all Systems (Roadway, Bridges, Structures, Tunnels)
- Substantial Completion

## 2.3 Impact Analysis

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Several elements of work are near-critical and could affect schedule performance if they are not addressed diligently. VDOT and HRCP are closely monitoring these activities. The following work elements have been identified as critical or near critical, meaning there is less than one month of float in the Schedule Update 26:

### Design

- Design Segment 3 Roadway

### Procurement

- North EB MOT Trestle procurement
- South WB MOT Trestle procurement

### Construction

#### South Portal

- Dewatering-Testing & Commissioning
- Launch Pit Excavation Part 1
- Launch Pit Temporary Headwall-Partial Excavation
- Launch Pit Demolish abandoned Slurry Wall
- Launch Pit Stiffening Columns & Struts
- Base Slab Concrete works Phase 1
- Rectilinear section on-shore U-Wall
- Jet Grout Break-in/out Phase 2

#### North Portal

- Receiving Pit Slurry Walls
- North Ground Improvement-Bore Proximity slurry walls

#### North Trestle

- EB Zone 1 (Pier Caps, Beams Deck)
- EB Zone 2 (Pier Caps)
- EB Zone 3 (Piles, Pier Caps, Abutment)
- EB MOT Zone 5 (Piles)
- WB Zone 6 (Piles)

#### South Trestle

- EB MOT Zone 3 (Piles, Pier Caps, Beams, Deck, Abutment, Finishes)
- WB MOT Zone 4 (Piles, Pier Caps, Beams)

#### Roadway

- Segment 3 Roadway from South Trestle to Mason Creek Rd

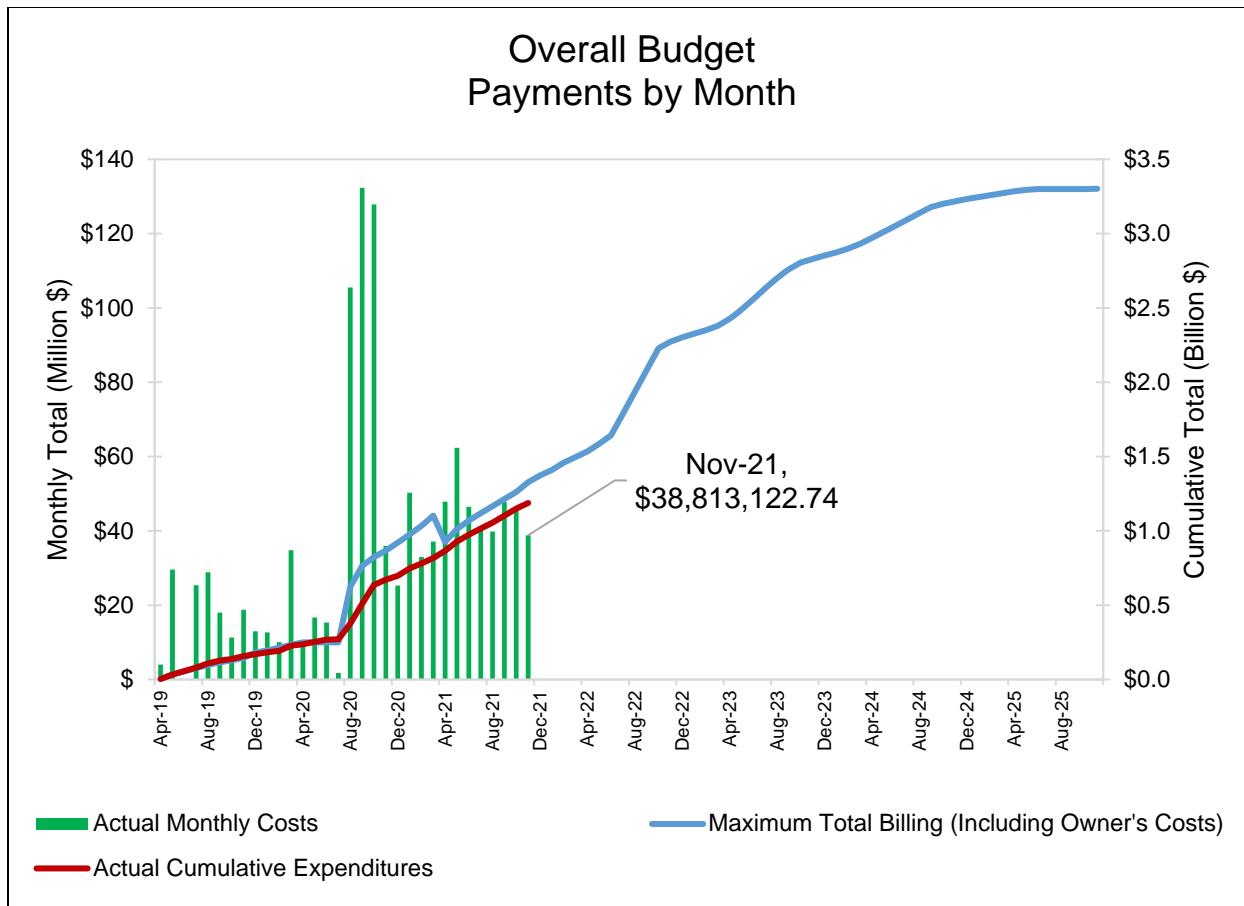
### 3. Project Budget

#### 3.1 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).

*\*Note - The project budget summary below updates include the preliminary November 2021 payment application. Figures are subjected to change pending the Department's review of the official submission of the final payment application by HRCP.*

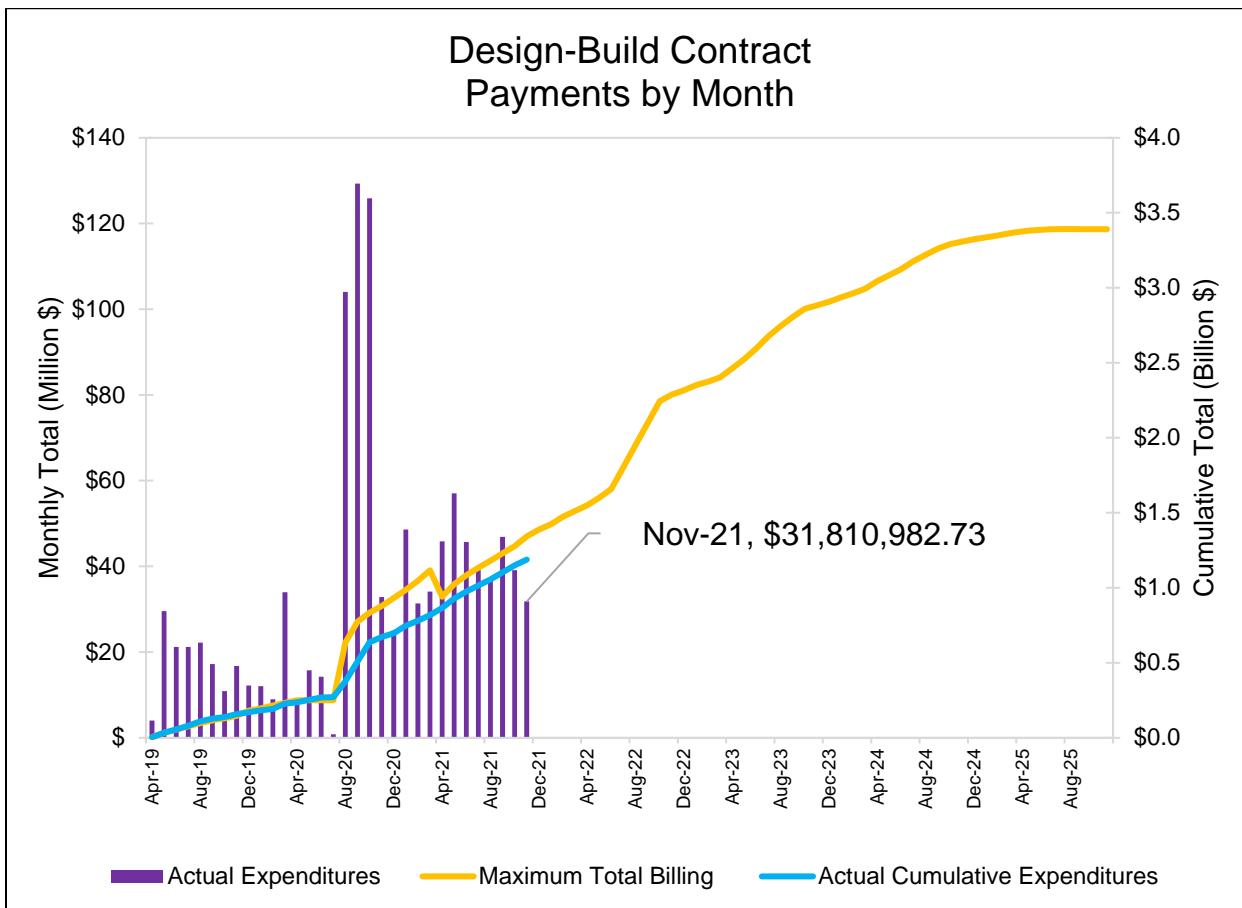
	Amount this Period:	Total to Date:	Original Total Budget:	Total Remaining Budget:	Percent To-date:
<b><u>Comprehensive Agreement</u></b>					
*Construction	\$31,810,982.73	\$1,125,925,931.07	\$3,299,997,227.00	\$2,174,071,295.93	34.12%
<b><u>Owner Costs</u></b>					
Administration	\$3,265,372.53	\$41,940,209.00	\$122,000,000.00	\$80,059,791.00	34.38%
Right of Way	\$55,354.44	\$8,362,008.36	\$15,000,000.00	\$6,637,991.64	55.75%
No-Excuses Incentive	\$0.00	\$0.00	\$90,000,000.00	\$90,000,000.00	0.00%
*Contingency	\$3,681,413.04	\$13,724,964.30	\$335,000,000.00	\$321,275,035.70	4.10%
*Bridge Repair Work Option	\$0.00	\$0.00	\$73,454,413.96	\$73,454,413.96	0.00%
<b>Total</b>	<b>\$38,813,122.74</b>	<b>\$1,189,953,112.73</b>	<b>\$3,935,451,640.96</b>	<b>\$2,745,498,528.23</b>	<b>30.24%</b>



\*The Maximum Total Billing (Including Owner's Costs) is now showing an adjustment in May 2021 due to the executed Change Order #40 - Update Maximum Cumulative Cost Curve.

### 3.2 Design-Build Contract Cost Status

The budget and planned cost have been established based on the maximum cumulative compensation amount. For this period, the invoiced expenditures cover the activities noted in this report.



*\*The Maximum Total Billing (Including Owner's Costs) is now showing an adjustment in May 2021 due to the executed Change Order #40 - Update Maximum Cumulative Cost Curve.*

### 3.3 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 of both HRTAC and VDOT funds. The cost curve has been developed based on the monthly maximum cumulative compensation amount in the Comprehensive Agreement and will be updated as HRCP refines its design, construction means-and-methods, activity sequences, and project resourcing. Amounts this period reflect amounts paid for Construction, Engineering, Administration, Right of Way, and Contingency between October 24, 2021 – November 20, 2021.

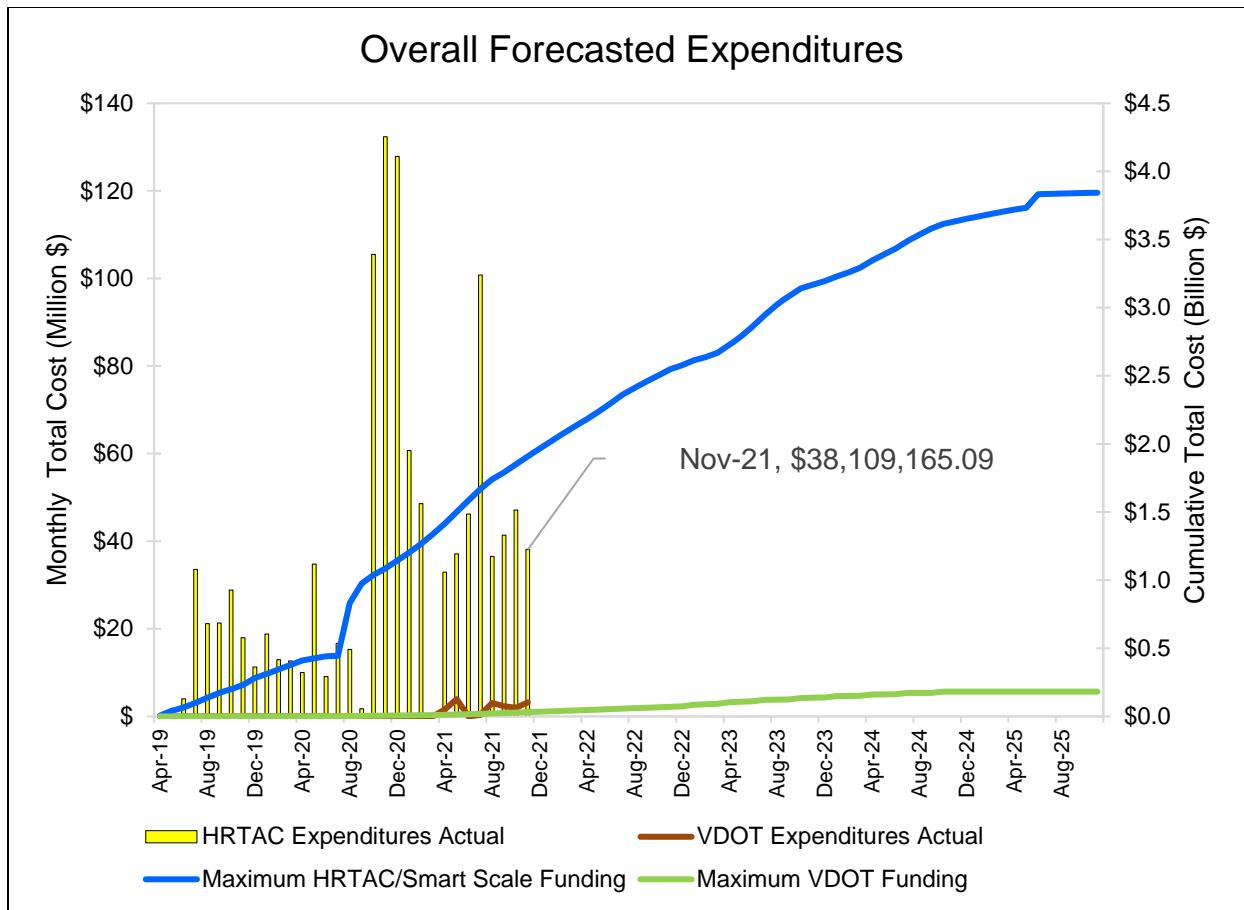
*\*Payment received on November 24, 2021.*

#### 3.3.1 HRTAC and Smart Scale

	Amount Spent this Period:	Total Spent to Date:	Original Total Budget Including Smart Scale:	Total Remaining Budget:	Percent Spent To-date:
<b>Comprehensive Agreement</b>					
<i>*Construction</i>	\$35,923,150.66	\$1,080,330,133.71	\$3,204,569,251.00	\$2,124,239,117.29	33.71%
<b>Owner Costs</b>					
<i>Administration</i>	\$2,163,788.25	\$33,953,939.09	\$118,472,054.00	\$84,518,114.91	28.66%
<i>Right of Way</i>	\$22,226.18	\$6,526,482.15	\$15,000,000.00	\$8,473,517.85	43.51%
<i>No-Excuses Incentive</i>	\$0.00	\$0.00	\$90,000,000.00	\$90,000,000.00	0.00%
<i>Contingency</i>	\$0.00	\$4,143,414.76	\$325,428,277.00	\$321,284,862.24	1.27%
<b>Total</b>	<b>\$38,109,165.09</b>	<b>\$1,124,953,969.71</b>	<b>\$3,753,469,582.00</b>	<b>\$2,628,515,612.29</b>	<b>29.97%</b>

#### 3.3.2 VDOT

	Amount Spent this Period:	Total Spent to Date:	Original Total Budget:	Total Remaining Budget:	Percent Spent To-date:
<b>Comprehensive Agreement</b>					
<i>Construction</i>	\$3,174,360.00	\$13,844,056.26	\$95,427,976.00	\$81,583,919.74	14.51%
<b>Owner Costs</b>					
<i>Administration</i>	\$532.47	\$805,740.00	\$3,527,946.00	\$2,722,206.00	22.84%
<i>Right of Way</i>	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<i>No-Excuses Incentive</i>	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<i>Contingency</i>	\$43,350.00	\$530,365.64	\$9,571,724.00	\$9,041,358.36	5.54%
<i>Bridge Repair Work Option</i>	\$0.00	\$0.00	\$73,454,413.96	\$73,454,413.96	0.00%
<b>Total</b>	<b>\$3,218,242.47</b>	<b>\$15,180,161.90</b>	<b>\$181,982,059.96</b>	<b>\$166,801,898.06</b>	<b>8.34%</b>



### 3.4 Contingency

#### Contract Changes

	Description	Date	Value	Time
CO-1	Department's Acquisition of Willoughby Staging Area	2/11/2020	\$ (3,000,000.00)	0 days
CO-2	Minor Revisions to Technical Requirements	3/18/2020	\$ -	0 days
CO-3	Tunnel Approach Structure Support of Excavation Requirements Refinement	4/28/2020	\$ -	0 days
CO-4	Dispute Resolution Board (DRB) Allowance	5/12/2020	\$ 200,000.00	0 days
CO-5	North Island Armor Stone Value Engineering Change Proposal (VECP)	4/28/2020	\$ (2,011,117.50)	0 days
CO-6	Exit Ramp at Bayville Avenue	5/29/2020	\$ 46,906.29	0 days
CO-7	Minor revisions to the Technical Requirements	7/16/2020	\$ -	0 days
CO-8	Zero Spread Drainage	9/16/2020	\$ 3,239,212.24	0 days
CO-9	Roadway and Bridge Scope Validation Issues	9/4/2020	\$ 15,516,248.00	0 days
CO-10	Slurry Walls as Permanent Structures	8/28/2020	\$ -	0 days
CO-12	Road and Bridge Lighting Requirements	8/27/2020	\$ 2,495,000.00	0 days

CO-13	Bridge Repair Work-Exercise Option*	10/9/2020	\$ 73,454,313.00	0 days
CO-14	Trestle Barrier Form Liner elimination	7/29/2020	\$ (99,571.80)	0 days
CO-15	South Island Ground Improvement Value Engineering Change Proposal (VECP)	9/17/2020	\$ (5,338,000.00)	0 days
CO-16	Navy Security Fencing Design	7/15/2021	\$ 150,000.00	0 days
CO-17	Westbound ITT Reduced Instrumentation	10/30/2020	\$ (184,277.50)	0 days
CO-18	Willoughby Bay Bridge Barriers	9/10/2020	\$ -	0 days
CO-19	GeoPak Version Software Updates	8/3/2020	\$ -	0 days
CO-21	Material Price Adjustment for Asphalt Materials	2/26/2021	\$ -	0 days
CO-22	South Island Asbestos Conduits	9/16/2020	\$ 81,973.93	0 days
CO-23	Island & Tunnel Baseline Monitoring Requirements	7/22/2020	\$ -	0 days
CO-24	Construction Water Supply	9/10/2020	\$ (609,157.27)	0 days
CO-25	Solids Handling Pumps Requirements	11/12/2020	\$ -	0 days
CO-26	Mass Notification Independent System Requirements	11/12/2020	\$ -	0 days
CO-27	Fixed Fire Fighting System Requirements	11/16/2020	\$ -	0 days
CO-28	Hot Lane Shoulder Width	3/29/2021	\$ 2,950,000.00	0 days
CO-30	Willoughby Bay Bridges Fender & Lighting Replacement	2/12/2021	\$ 1,495,000.00	0 days
CO-31	Builder's Risk Insurance	10/21/2021	\$ 1,500,000.00	0 days
CO-32	VCU Fisheries and SAV Mitigation Plan	4/16/2021	\$ (1,042,144.00)	0 days
CO-33	Tunnel Finishes Height	12/18/2020	\$ -	0 days
CO-38	H-Piles in Aggressive Soils	12/18/2020	\$ (47,541.00)	0 days
CO-39	Re-use of existing drainage pipes	4/20/2021	\$ (100,984.25)	0 days
CO-40	Update Maximum Cumulative Cost Curve	7/15/2021	\$ -	0 days
CO-41	Wetland Mitigation Costs	4/26/2021	\$ 3,503,400.00	0 days
CO-43	Hybrid Trestle Beam Design	7/2/2021	\$ -	0 days
CO-44	SCADA Control of Deluge Valves	7/27/2021	\$ -	0 days
CO-45	HRCP Project Executive/Representative Change	5/24/2021	\$ -	0 days
CO-46	Tunnel Sprinkler Heads Material Change	7/28/2021	\$ -	0 days
CO-49	HRCP Senior Representative Change	7/2/2021	\$ -	0 days
		<b>TOTAL</b>	\$ 92,199,260.10	0 days

\*The total change order dollar amount figure has been updated to include the Bridge Repair Work-Exercise Option amount.

### Material Price Adjustments

- No new activities.

## 4. Environmental

HRCP has completed or is performing several compliance tasks included in permit conditions:

**Permits** - HRCP received a Warning Letter from DEQ on September 20, 2021 due to water quality levels that exceed the allowable levels in the DEQ permit at the South Island treatment plant. HRCP continued efforts to bring the permit into compliance by developing a mixing model that is being coordinated with DEQ.

Modifications to the acoustic monitoring plan associated with the driving of hollow steel piles were approved by all of the agencies.

HRCP met with representatives from the Virginia Marine Resources Commission (VMRC) to review the proposed plan to deposit bridge demolition material at approved artificial reefs sites maintained by VMRC.

HRCP continues to coordinate with DEQ with regards to air permits for the temporary generators located on the North and South Islands. Additional information was provided by HRCP to DEQ on the generators in use.

**Marine Mammal Protection** - All remaining pile driving activities are being covered by the Letter of Authorization (LOA), which is valid through April 1, 2026.

**Bird Mitigation** - Bird nesting season officially ended on September 1, 2021. HRCP suspended using the dogs and will not resume until the 2022 season begins.

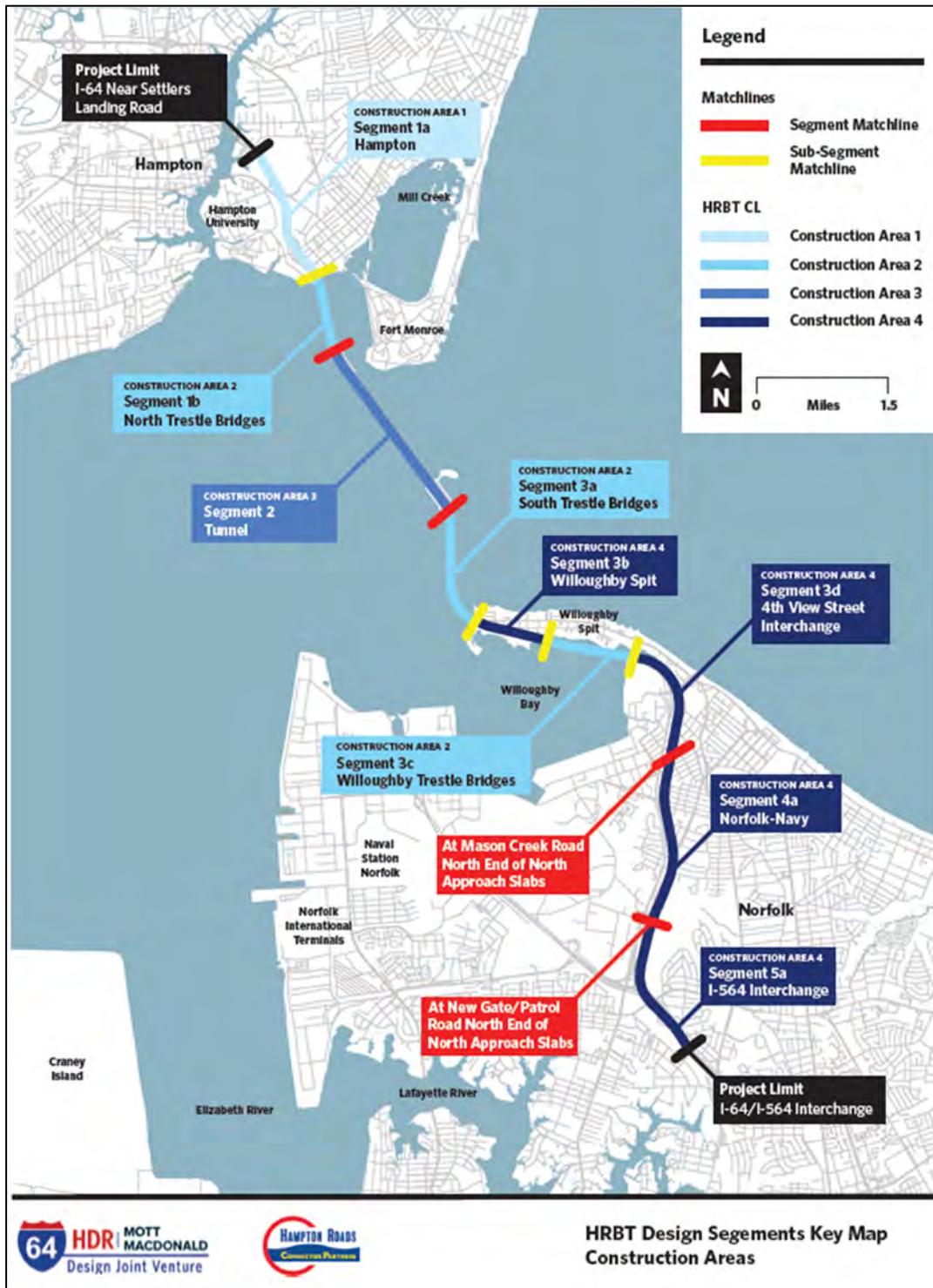
**Programmatic Agreement** - No updates this period.

**Threatened & Endangered Species** - HRCP's marine mammal observers have reported numerous sightings of dolphins within the project area with only a few sightings close enough to require short work stoppages.

**Archeological Discoveries** - HRCP discovered a WWII helmet liner on the South Island on November 4, 2021 and it was determined not to be historically significant. VDOT and the William and Mary Center for Archaeological Resources continue to assess the timbers and stones found near the North Island Expansion to address Virginia Department of Historic Resources comments. A portion of the timbers have been taken to a laboratory in North Carolina for more detailed analysis.

## 5. Construction

The figure below illustrates the project limits and the four construction areas throughout the project identified by HRCP.



## 5.1 Construction Area 1: Hampton Landside

During the reporting period, HRCP performed the following work:

- Mallory St - Continued drainage and temporary signal work.
- Mallory St Bridge - Continued demolition of the Mallory St Bridge.
- I-64 Eastbound - Began temporary drainage installation along the North Shore.
- I-64 Westbound - Continued median drainage installation.



► **Mallory St Bridge**  
Demolition of existing bridge for future widening.

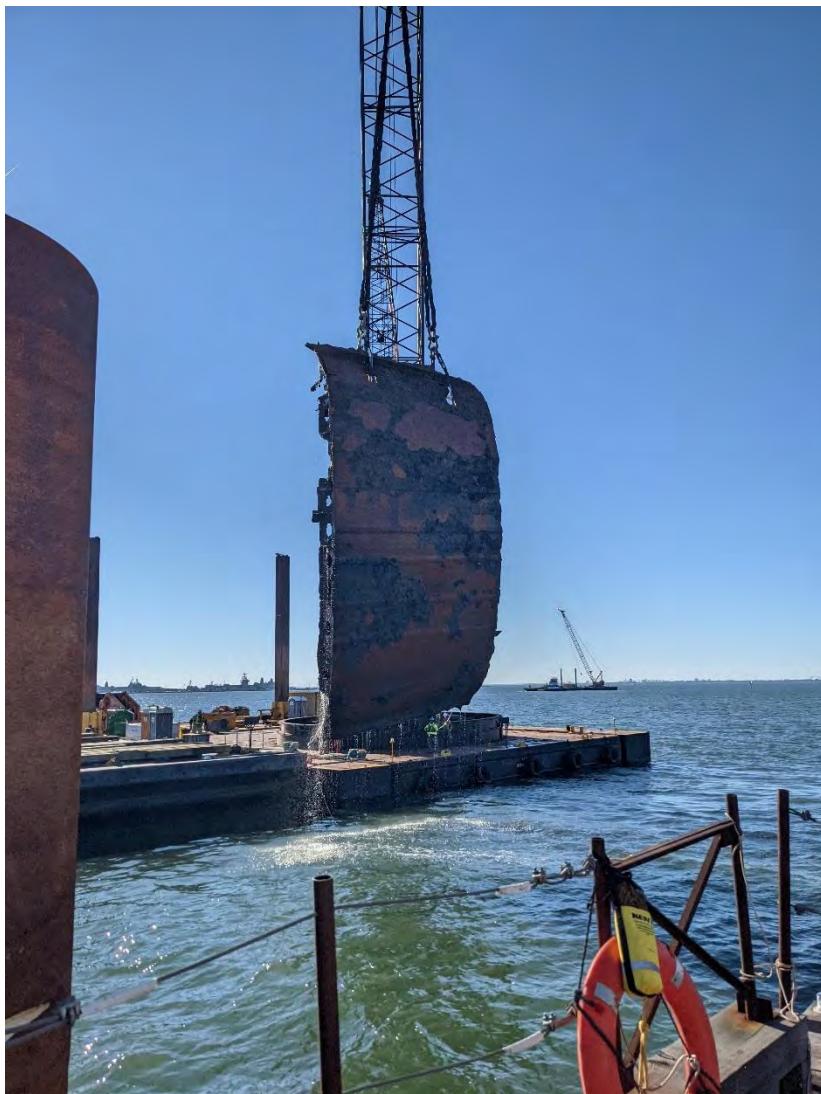
## 5.2 Construction Area 2: Marine Work

During the reporting period, HRCP performed the following work:

- Permanent North Eastbound Trestle - Continued driving piles and installing precast caps.
- Permanent North Westbound Trestle - Mobilized a crane onto barges, set the pile template and began driving production piles.
- South 1 Temporary Construction Trestle - Continued removing the sunken vessel obstructing work at this location.
- South MOT Trestles - Completed Bent 3, installed Span 3 jump grillage, and drove pile for Bent 4.
- Permanent South Trestle - Continued driving piles and installing precast caps.
- North Island Expansion Work - Achieved 7 out of 8 sections of fill material placement and compaction to final elevation.



► **South Trestle**  
Precast pile setting.



► **South 1 Temporary Construction Trestle**  
Removal of sunken vessel.

### 5.3 Construction Area 3: Tunnels and Islands

**During the reporting period, HRCP performed the following work at the South Island:**

- Conveyor & TBM Quay Installation - Continued constructing the superstructure for the conveyor for the removal of excavated materials and TBM spoils. Continued driving the remaining piles for the TBM quay at the interface between the onshore and offshore piles and continued installing the pile caps for the future quay dock. Began work on abutment for structure.
- Ground Improvement Operations - Continued deep soil mixing and jet grouting for the TBM break in/break out block. Completed the field trial program for the approach jet grout plug.
- Capping Beams - Continued removal of slurry wall panel tops and rebar installation for capping beams at the TBM Launch Pit. Capping beam concrete placement for the tri-cell shaft continued and is 76% complete.
- Dewatering Wells - Continued installation of pumps, connections, and piping for dewatering wells in the South Portal in advance of mass excavation. Began testing dewatering system prior to tricell excavation.
- TBM Assembly Slab - Continued excavation and demolition of slurry walls in preparation for TBM slab placement. Placed foundation stone and mud mat.
- Tower Crane - Completed the assembly of a tower crane to service the launching pit.

**During the reporting period, HRCP performed the following work at the North Island:**

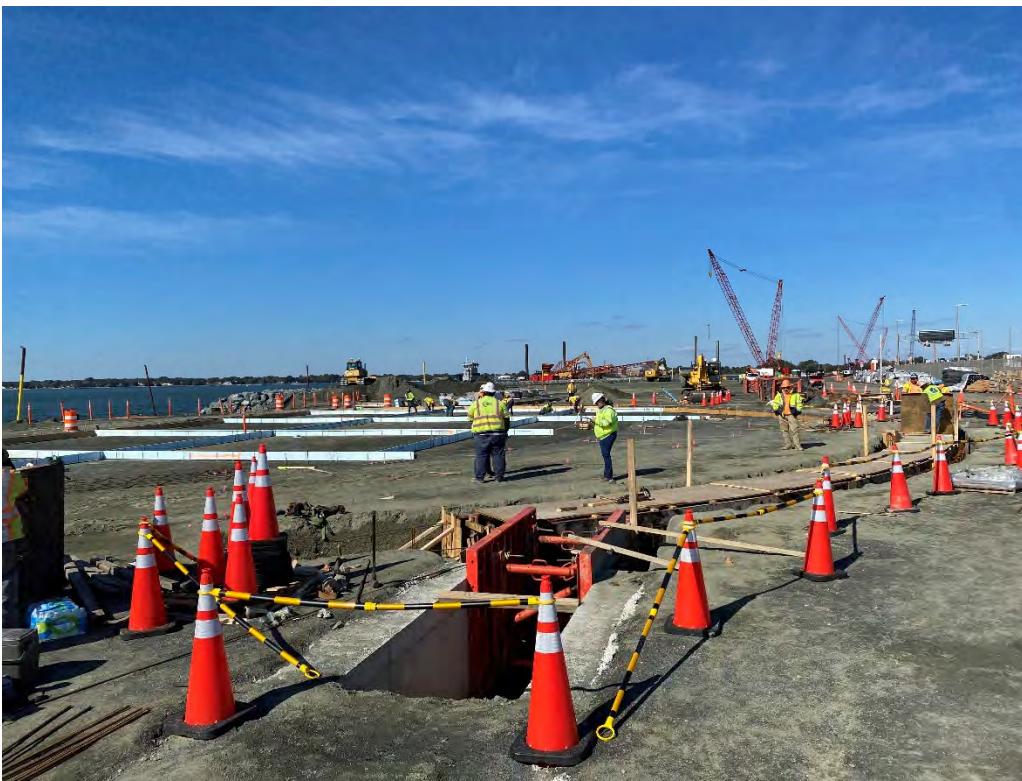
- Hydromill Concrete Slab - Began temporary concrete slab construction for the slurry wall operation near the Receiving Pit.
- Slurry Walls - Continued installing guide walls at the North Island in preparation for slurry wall construction at the TBM Receiving Pit.
- Temporary Mechanically Stabilized Earth (MSE) Wall - Completed construction of the temporary MSE wall at the North Island circulation road.

**During the reporting period, HRCP performed the following work for the tunnel:**

- Tunnel Boring Machine (TBM) - Three ships carrying TBM components departed from Europe in route to the Port of Virginia. The *Freedom* arrived at Norfolk International Terminals on November 14, the *Atlantic Sail* arrived on November 19, and the *Atlantic Star* remained in transit at the end of this reporting period.

**► South Island**

Rebar cages for quay abutment and cell 1 capping beam.

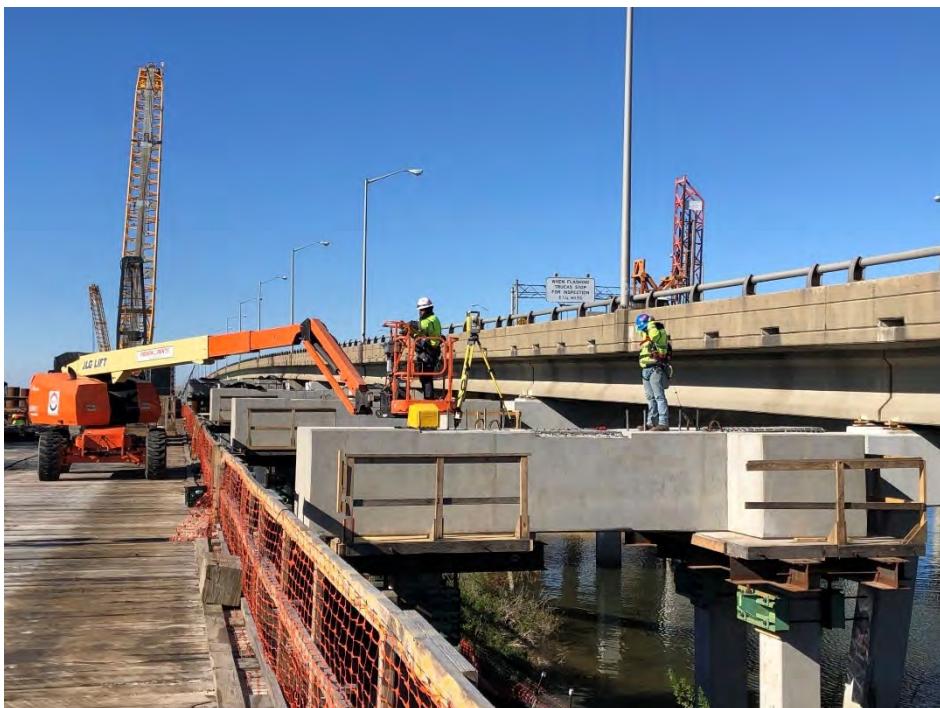
**► North Island**

Guide wall and hydromill slab.

## 5.4 Construction Area 4: Norfolk Landside

During the reporting period, HRCP performed the following work:

- Bay Avenue Bridge - Continued widening at abutments.
- I-64 Eastbound - Began demolition of sound wall along I-64 Eastbound exterior between Bay Avenue and Evans St.
- Evans St Bridge - Continued pile driving for Westbound interior bridge widening.
- Oastes Creek Bridge - Began abutment work and continued the installation of precast caps.
- Willoughby Bay Bridge - Continued pile driving for Eastbound trestle widening and installation of precast caps.



► Willoughby Bay Bridge  
Precast cap placement and  
survey.

## 6. Operations

Operations activities include shoulder and lane closures, creation and maintenance of Intelligent Transportation System (ITS) architecture, other maintenance within the corridor, coordination with existing VDOT Operations, and communication with the Hampton Roads Harbor Tunnels (HRHT) facility staff. The following operations activities occurred during this reporting period:

**Short-Term Lane Closure** - Implemented nightly short-term lane closures along I-64 EB and WB under the Mallory St Bridge to allow for demolition and widening work. HRCP also implemented short-term lane closures on the Willoughby EB Bridge and the North EB Trestle to facilitate concrete pile placement. Installation of temporary lighting along mainline I-64 near Bay Avenue in Norfolk continued, with intermittent short-term lane closures.

**Long-Term Lane Closures** - HRCP continued a lane closure at Bay Avenue in Norfolk to facilitate access to a staging area for the widening of the Oastes Creek Bridge. Lane closures also continued at Bayview Blvd and Mallory St to facilitate bridge widening.

**Hampton Lane Shifts** - No new activities this period for I-64 EB/WB.

**Norfolk Lane Shifts** - Completed lane shifts on I-64 EB and WB in Segment 5 (see diagram on page 15 for identification of segment locations).

**Detours** - HRCP continued a long-term detour at West Evans St. to facilitate bridge widening. Also continued nightly temporary detours on the West Bay Ave on-ramps for bridge widening work. HRCP completed nightly temporary detours on the West Bay Ave off-ramp for bridge widening work.

**Meetings** - Quarterly Concept of Operations meeting was held between HRCP and VDOT on November 1, 2021. Main discussion points included the tunnel ventilation, lighting control, fire management, operational modes, and flood gate control systems.

**Routine Maintenance** - HRCP performed routine incident management and maintenance operations within the corridor. VDOT continues to monitor HRCP's performance with respect to the approved maintenance management plan.

## 7. Quality

Quality updates for this reporting period include:

**Construction Quality Management Plan (CQMP) Updates** - VDOT reviews these updates as part of final “Released for Construction” (RFC) design packages and “Notice of Design Change” (NDC) packages. There were ten (10) updates reviewed this period, including the CQMP Updates for NDC packages received. These updates included specific testing and inspection plans for the work shown in the corresponding RFC plans and a staffing matrix showing quality assurance and quality control staffing for the work.

**Independent Assurance (IA) Testing Activities** - VDOT continues to monitor HRCP’s QA and QC material testing. VDOT has also performed Independent Testing and Verification Testing on materials in accordance with Department requirements and coordinates with VDOT Materials Department for shop inspections as required. This testing includes oversight of the HRCP Precast Yard in Chesapeake.

**Quality Management System Plan (QMSP)** - VDOT continues to engage HRCP in discussions on HRCP’s implementation of their QMSP and the effectiveness of the plan. HRCP submitted version 12 of the QMSP to VDOT for review.

**Quarterly Updates of Quality Plans** - HRCP submitted the quarterly updates of the Quality Management System Plan, Construction Management Quality Plan, and the Design Quality Management Plan for the third quarter of 2021. VDOT completed the reviews of these documents and returned them to HRCP.

**Tunnel Quality Plan (TQP)** - HCRP continues to update their Tunnel Quality Plan and address VDOT’s comments. The current focus of the plan is the quality procedures needed to begin precast production of the tunnel lining segments. This production is scheduled to begin in November 2021. The TQP Rev 2 was reviewed last period and all comments have been addressed allowing the tunnel lining segment production to begin.

**Material Book Records** - VDOT completed and closed audits of four material book record volumes. HRCP continues to submit records for subsequent volumes of material books according to the established audit schedule. VDOT also conducted a monthly review of the current records. HRCP is responding to audit comments provided by VDOT.

**Routine Quality Activities** - VDOT conducted reviews of deficiencies and nonconformance reports (NCRs) and coordinated with the resident engineers for acceptance of root cause analyses and dispositions of deficiencies. VDOT also conducted reviews of QA and QC records for accuracy and quality issues and coordinated documentation reviews through VDOT’s Material Department.

## 8. Safety

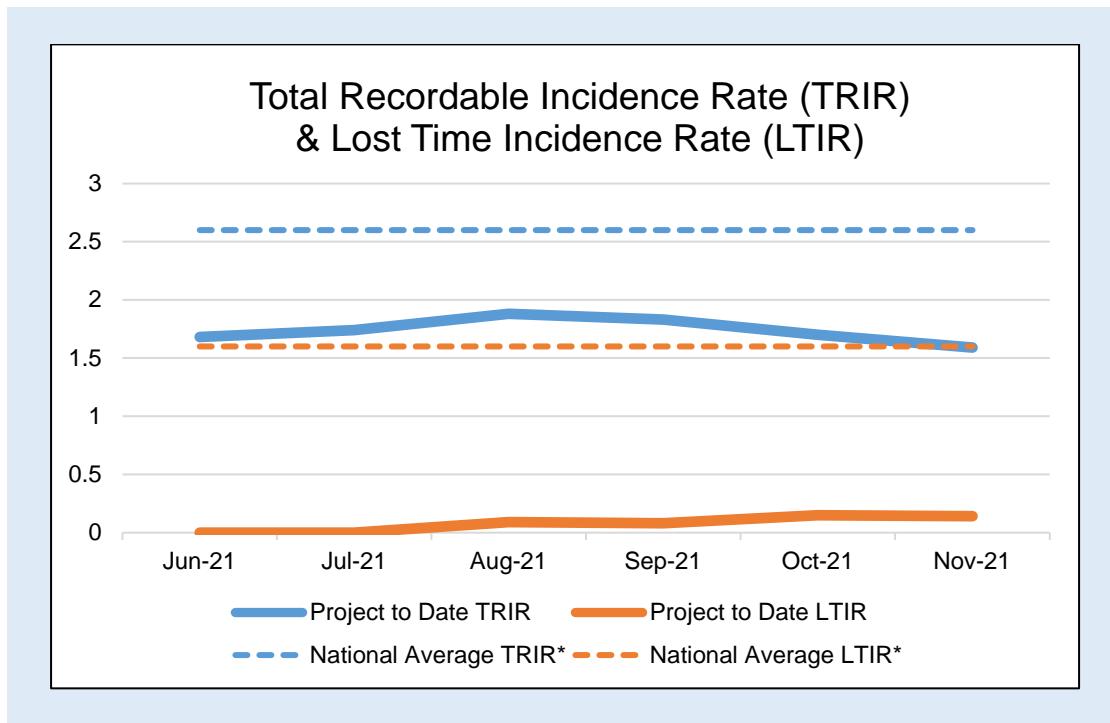
Safety procedures and activities during this reporting period include:

**COVID-19 Policies** - VDOT and HRCP are continuing to monitor and implement COVID-19 recommendations for project personnel.

**VDOT Team Safety Plan** - A comprehensive update to the Owner's Team Safety Oversight Plan has been finalized. Core components consist of policies and guidance documents for the Owner's Team safety and procedures for monitoring HRCP conformance with their Health, Safety, and Welfare (HSW) Plan.

**Safety Site Visits** - VDOT continued to conduct routine site visits to promote safe work zones.

**Safety Performance Indicators** - The following safety performance indicator information is provided by HRCP and is current as of November 30, 2021.



*\*National averages are from the Bureau of Labor Statistics, US Department of Labor – 2020 Data for Construction Industry, Published November 3, 2021.*

## 9. Civil Rights & DBE/SWaM Business Opportunities

To date, HRCP has awarded **276** subcontracts, subconsultant agreements and purchase orders. No additional agreements were awarded during this period for certified DBE/SWaM certified firms. There was a slight increase in contract awards for a total of **\$379.6 million** due to change orders issued to active DBE/SWaM firms on the project.

### Compliance Activities:

- VDOT and HRBT Civil Rights Compliance Team met on November 16<sup>th</sup> to discuss civil rights compliance matters on the project. Discussions included compliance document tracking, certified payroll fringe verification, Title VI Evaluation approval process, vendor payments, and DBE/SWaM website development.
- Civil Rights Team members participated in Department of Labor Office of Federal Contract Compliance Program (OFCCP) training on November 10<sup>th</sup> as a refresher for construction compliance on federal projects subject to regulations specific to construction work.

### Workforce Development Activities:

- HRCP continued to make progress towards the 80-participant On-the-Job Training (OJT) contract goal. To date, five (5) enrollees graduated with ten (10) currently active in the program. Since the last report, three (3) participants are no longer in the program.
- Project employment statistics: 49% minority and 11% women representation to date, exceeding contract goals of 27.1% minority and 6.9% female participation.
- HRCP is promoting hundreds of job openings for more than 50 different types of trades to include but not limited to crane and heavy equipment operators, electricians, laborers, and mechanics. On-the-job training opportunities for persons with limited construction work experience are also available. HRCP is also offering sign-on and retention bonuses through the end of December. Job openings can be found at [www.hrcpjobs.com](http://www.hrcpjobs.com).
- During this period, the HRBT Expansion Team participated in the following employment outreach events:
  - November 7, 2021 - Virginia Employment Commission, Virtual Hiring Event
  - November 17, 2021 - Virginia Employment Commission, Workforce Wednesday Virtual Job Event
  - November 18, 2021 - The STOP Organization LIVE Show
  - ABC 13 News Fall Recruitment Campaign – ongoing

### Business Development Activities:

- November 4, 2021 - City of Virginia Beach Minority Business Council, Fall Conference & Expo
- November 8, 2021 - Conference of Minority Transportation Officials (COMTO) Hampton Roads Membership Meeting
- November 9, 2021 - Virginia Minority Business Development Agency Center Launch
- November 12-14, 2021 - Black Brand Diamond Weekend

- HRCP and VDOT hosted the Virtual DBE/SWaM Opportunity Conference on October 27, 2021. This year's featured speakers included: Governor Ralph Northam, Secretary of Transportation Shannon Valentine, FHWA Virginia Division Administrator Thomas Nelson, VDOT Commissioner Stephen Brich, Civil Rights Division Administrator Sandra Norman, and HRCP Executive Juan Miguel Perez. Over 392 persons viewed the virtual event.



**Above:** A special panel of business resource experts from the Cities of Norfolk and Hampton, USDOT Small Business Resource Center, VDOT's BOWD Center, and the Department of Small Business Supplier Diversity was moderated by VDOT's District Civil Rights Manager during the event.



**Above:** Cover of the Program Book for the HRBT Expansion Project DBE/SWaM Opportunity Conference held on October 27, 2021.

## 10. Public Outreach & Media

The following public outreach and project media activities occurred in this period:

### Public Outreach

- October 27, 2021 - HRBT Expansion Project Team presented to the Exchange Club of Poquoson
- November 3, 2021 - HRBT Expansion Project Team presented to Downtown Norfolk Council
- November 16, 2021 - HRBT Expansion Project Director presented to the Hampton Roads Utility and Heavy Contractors Association (HRUHCA)
- November 19, 2021 - HRBT Expansion Project Team presented to an Old Dominion University engineering senior seminar



**Above:** Project Director, James Utterback, presenting to HRUHCA

## Media

- October 27, 2021 - WAVY-TV 10 - story titled "[VDOT will demolish Mallory Street Bridge with single-lane closures on I-64](#)"

**Visit our website to view more information:**  
[www.hrbtexpansion.org](http://www.hrbtexpansion.org)