

**Hampton Roads Transportation
Accountability Commission
Summary Minutes of the June 5, 2017 Finance Committee Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 10:00 a.m. in the Regional Building Board Room A/B, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Members in Attendance:

Frank Wagner, Chair	Dr. McKinley Price
Rex Alphin, Vice Chair	Christopher Stolle
Kenneth Alexander	

HRTAC Executive Director

Kevin Page

Other Participants:

Kathleen Bowe	Danetta Jankosky
Nelson Bush	Liang Shan
Nancy Collins	

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Thelma Drake (Norfolk); Tony Gibson, Martha Gross, Jim Utterback (VDOT); Dawn Merkle (Willcox & Savage); Camelia Ravanbakht, Chris Vaigneur (HRPDC); Jennifer Coleman (HRTAC)

Approval of Agenda

Mr. Rex Alphin Moved for approval of the agenda; seconded by Mr. Christopher Stolle. The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

No members of the public addressed the HRTAC Finance Committee.

Chair's Comments

Chair Wagner reviewed the need for a gas tax and indicated the HRTF balance was going to reduce quickly due to the timeline of the projects being completed.

Consent Items

A. Approval of the minutes of the March 9, 2017 HRTAC Finance Committee meeting.

Mr. Rex Alphin Moved to approve the minutes of the March 9, 2017 HRTAC Finance Committee meeting; seconded by Mr. Christopher Stolle. The Motion Carried.

Action Items

A. HRTAC FY2018-2023 Funding Plan

HRTAC Executive Director, Kevin B. Page, informed the Committee HRTAC had a legal requirement to maintain a Six-Year Improvement Plan for the HRTF monies and explained the FY2018-2023 was going to be more closely aligned with the Commonwealth's Six-Year Improvement Plan and funding initiatives.

Committee members asked in regards to the assumption conditions in the plan and the effects of Smart Scale funding on estimated completion dates.

Ms. Liang Shan, PFM, reviewed the project costs, funding sources and projected cash flows with and without toll revenues for FY2018-2023.

Mr. Kenneth Alexander Moved to endorse the proposed HRTAC FY2018-FY2023 Plan of Finance update with toll revenues being returned to HRTAC and requests that the Commission authorize the Finance Committee to hold a public hearing and report back public comments for consideration in the Commission's action at its September 21,2017 meeting; Seconded by Christopher Stolle. The Motion Carried.

B. HRTAC 2040 Plan of Finance Update

Ms. Liang Shan, PFM, explained the updated financial plan was to reassess the financially constrained construction timeline for the HRTAC projects included in the 2040 LRTP. The following areas of reviewed data include:

- Project costs
- VDOT Funding
- HRTF Revenue
- HRBT Traffic and Revenue

Ms. Shan indicated the approved project costs increased to \$1.654 million dollars from \$1.576 million dollars in March and noted HRBT costs were not included. The HRTF revenue forecast was reduced by \$153 Million due to the level of debt HRTAC present on HRTAC accounts.

Ms. Shan reviewed the HRTF debt structure and indicated the toll revenue was aimed to cover as much of the loan payments as possible.

Committee members were shown a graph depicting the HRBT toll revenue based on the May 2017 CDM Smith Traffic and Revenue forecast update for the following scenarios:

- Concurrent HOT Lanes, HOV2 + free
- Concurrent HOT Lanes, HOV3 + free (baseline analysis used in Financial Plan)
- Reversible HOT Lanes, HOV2 + free
- Reversible HOT Lanes, HOV3 + free

Ms. Shan noted the toll revenue debt financing plan had not changed and emphasized the importance of the TIFIA loans for the projects.

Ms. Shan reviewed the annual projected costs of the project and financial plan funding components. Additionally, she stated HRBT construction completion would be from 2024/2025 to 2028 with or without tolls due to:

- \$78 Million increase in approved projects (inflation).
- HRTF revenue forecast decrease.
- Reduction of VDOT funds.
- \$100 Million incremental HRBT cost increase each year the project is delayed.

Committee discussion ensued in regards to the HRBT and focused on potential solutions for completion by 2024.

Ms. Shan noted the following next steps:

- Detailed credit market and interest rate forecasts
- Develop a detailed debt management plan
- Outreach to TIFIA regarding a master credit agreement
- Pursue a non-public credit rating assessment

Mr. Christopher Stolle Moved to endorse the proposed 2040 Long Range Plan of Finance with toll revenues being returned to HRTAC and requests that the Commission authorize the Finance Committee to hold a public hearing and report any comments to the full Commission at the September 21, 2017 meeting; Seconded by Mr. Rex Alphin. The Motion Carried.

Information Item

A. Investment Strategy Discussion

Mr. Nelson Bush, PFM, commented on economy growth however it was slower than expected and the labor market has increased. Unemployment has dropped to 8.6%, a new low since 2007. Additionally, he reviewed the inflation trend and the US Treasury yield curve.

Mr. Bush outlined the investment strategy modifications included:

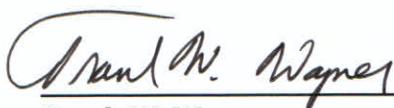
- Changes to better align with HRTAC's projected revenues and capital expenditure forecast
- Creation of two portfolios, enhanced cash and core, each with unique strategies
- Initiating HRTAC RFP 2017 to finalize the creation of two portfolios, laddered and DMBE managed core.

Mr. Bush highlighted the changes to the portfolio diversification and listed examples of value added through changing securities which comprise the portfolios.

Finally, he noted the next steps were:

- Incorporate the HRBT Project into the investment strategy and portfolio structure.
- Assist in reviewing and potential expansion of HRTAC's Investment Policy.

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 11:19 a.m.



Frank W. Wagner
HRTACc Finance Committee Chair