

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Finance Committee
Summary Minutes of the December 5, 2017 Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 10:06 a.m. at 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Finance Committee Members in Attendance:

Frank Wagner, Chair	Dr. McKinley Price
Rex Alphin, Vice Chair*	

HRTAC Executive Director

Kevin Page

Other Participants:

Kathleen Bowe, PFM	Dawn Merkle, Willcox & Savage
Nelson Bush, PFM	David Miller, PFM*
Nancy Collins, HRTPO	Camelia Ravanbakht, HRTPO
George Consolvo, Kaufman & Canoles	Liang Shan, PFM
Tom Inglima, Willcox & Savage	James Utterback, VDOT
Danetta Jankosky, HRTPO	Kevin White, Kaufman & Canoles

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Scott Forehand, (VR); Don Quisenberry (VR), Jennifer Coleman (HRTAC)

HRTAC Finance Committee Members Absent:

Delegate Christopher P. Stolle

1. Call to Order

Chair Wagner called the meeting to order. While the Committee waited for Mr. Alphin's arrival, the Committee received comments and presentations, beginning with the Public Comment Period.

2. Public Comment Period (limit 5 minutes per individual)

No public comments were made.

3. Chair Comments

Chair Frank Wagner, praised the accomplishments of HRTAC over the past three years and summarized the status of the upcoming projects. He reviewed the bond process and the positive factors for bonding sooner than later.

Mr. David Miller, PFM, provided information on activities regarding the initial bond offering and noted the anticipation of strong ratings by bond rating agencies. He further indicated 2 Request for Proposals (RFP) for Bond Underwriter and Bond Trustee were evaluated. Mr. Miller graphically illustrated tax exempt interest rates and credit spreads.

Committee discussion ensued regarding the cost of delaying bonding and future bond management options available to HRTAC.

Mr. Kevin White, Kaufman and Canoles, summarized legal actions taken to prepare for the upcoming bond issuance, including:

- The Master Indenture
- Taxing Structure
- Arbitrage

He outlined a Resolution that was integral to issuing bonds and noted it would need to be approved by the Commission at its Regular Meeting.

Vice Chair Rex Alphin arrived and the Committee discussed its action items.

4. Approval of Agenda

Mr. Rex Alphin Moved to approve the agenda; Dr. McKinley Price seconded. The Motion Carried.

5. Consent Items

5A. Minutes of September 6, 2017 HRTAC Finance Committee Meeting

Mr. Rex Alphin Moved to approve the minutes of the September 6, 2017 HRTAC Finance Committee Meeting; seconded by Dr. McKinley Price. The Motion Carried.

6. Action Items

A. HRTAC Bond Financing Update – HRTAC Initial HRTF Revenue Bond Offering

The Committee Members resumed discussions re: the bond offering and discussed HRTAC's ability to obtain a higher bond rating if the gas tax was subject to a floor.

Liang Shan, PFM, reviewed the next steps to prepare for the bond issuance were:

- Finalizing and publically publishing credit ratings
- Bond Sale Marketing Program
- Preparing TIFIA Loan Documents

HRTAC Executive Director Page explained the economic benefits of applying for a TIFIA loan and the potential projects which could be financed.

Dr. McKinley Price Moved that the Finance Committee endorse the HRTAC Initial HRTF Revenue Bond Offering of up to \$500 million to occur during the First Quarter of Calendar Year 2018 and related documents and authorize the Finance Committee Chair to communicate the documents with recommendation to the Commission for consideration at its December 14, 2017 Regular Meeting. The motion was seconded by Mr. Rex Alphin. The Motion Carried.

Closed Session

Chair Frank Wagner Moved that the Committee convene a closed session to discuss and consider responsive proposals for three types of services, specifically bond underwriter services, bond trustee services, and security custody services, which closed session will be held in accordance with Virginia Code Section 2.2-3711(A)(29) for the purpose of discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offers, and discussion of the terms and scope of such contract, where discussion in an open session would adversely affect the bargaining decision or negotiating strategy of the Commission. The motion was seconded by Dr. McKinley Price. The Motion Carried.

The Committee entered closed session at 11:27 a.m. and returned to open session at 12:09 p.m.)

Chair Frank Wagner Moved that The Hampton Roads Transportation Accountability Commission Finance Committee certify that, to the best of each member's knowledge: 1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and 2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the closed meeting just concluded. A roll call vote was made with the following results:

Chair Frank Wagner	Yes
Vice Chair Rex Alphin	Yes
Dr. McKinley Price	Yes

The Motion Carried.

B. HRTAC Bond Underwriter Pool RFP

Mr. Rex Alphin Moved that the Finance Committee approves the recommendation of the Bond Underwriter Pool RFP Evaluation Committee and authorizes the Finance Committee Chair to communicate the action of the Finance Committee to recommend Commission approval of 1) the recommended list of Bond Underwriters to be included in the Underwriter Pool and 2) the Bond Underwriters from the Pool selected to be engaged in the inaugural HRTAC Bond Offering. The motion was seconded by Dr. McKinley Price. The Motion Carried.

C. HRTAC Bond Trustee RFP

Dr. McKinley Price Moved that the Finance Committee approves the recommendation of the Bond Trustee RFP Evaluation Committee and authorizes the Finance Committee Chair to communicate the action of the Finance Committee to recommend Commission approval of the HRTAC recommended Trustee to be engaged in the inaugural HRTAC Bond Offering and any future senior or subordinate lien HRTF Revenue Bonds issued pursuant to the Indenture. The motion was seconded by Mr. Rex Alphin. The Motion Carried.

D. HRTAC Security Custody Services RFP

Executive Director Page remarked that the recommendation regarding Security Custody Services was discussed at a prior meeting and required no further discussion at this time.

E. HRTAC Annual Audit

Executive Director Page remarked that clean audit results were obtained for the second consecutive year.

Mr. Rex Alphin Moved that the Finance Committee approve the HRTAC FY2017 Audited Financial and Compliance Report and authorize the Finance Committee Chair Wagner to communicate the Committee's approval and recommendation for Commission approval, with authorization of the Executive Director to distribute of the report document for public access and viewing. The motion was seconded by Dr. McKinley Price. The Motion Carried.

F. HRTAC P3 Guidelines

Ms. Dawn Merkle, Willcox and Savage, provided information regarding the value of adopting P3 guidelines. She noted the guidelines are needed even to entertain an unsolicited proposal and would be a potential tool if needed.

Chair Wagner confirmed that HRTAC did not intend to usurp VDOT by adopting the guidelines. No action was taken.

7. Information Items

A. Congressional Tax Change Implications

Mr. David Miller, PFM, noted that the proposed tax reform bill has created a positive environment for bond sales.

B. HRTAC/HRTF Investment Update

Mr. Nelson Bush, PFM, provided an investment update. He noted:

- US economic growth was higher than expected
- US payrolls are strong
- The unemployment rate of 4.1 percent is the lowest in 16 years
- The Fed Funds target rate will be lower than the original expected 4 percent, and for longer

Ms. Kathleen Bowe added that there are now 2 portfolios managed by PFM. She discussed the differences in sector distribution and interest rate risk.

C. HRTAC Monthly Financial Report

Executive Director Page provided a report for the committee. In summary:

- \$545, 832, 327 ending balance for the October statement
- \$1,200,000 encumbered balance
- \$331,000,000 paid out to VDOT

D. VDOT HRTAC Project Update

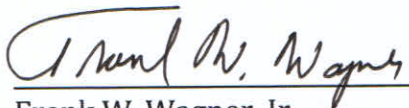
Mr. James Utterback provided an update for the projects as such:

- The High Rise Bridge Project has been awarded boring plans and scope validation has begun.
- The CTB should be awarding I-64 Widening Segment 3 and I-64/I-264 interchange Phase II.
- I-64 Widening Segment 1 is finished and HRTAC will be receiving a \$20 million refund.
- Currently there are 5 major projects underway.

Ms. Martha Gross, VDOT, provided information about the Hampton Roads Bridge Tunnel. She noted VDOT has received the environmental approval for a four-lane tunnel. Additionally, borings have begun and the geotechnical data package will be available in the first and second quarter of 2018. Ms. Gross further reviewed the timeline of the projects and noted VDOT was appreciative of all the feedback received on the project.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 12:49 p.m.



Frank W. Wagner, Jr.
HRTAC Chair