

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Finance Committee
Summary Minutes of the April 3, 2018 Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 10:08 a.m. at 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Finance Committee Members in Attendance:

Frank Wagner, Chair	Delegate Christopher Stolle
Dr. McKinley Price	

HRTAC Executive Director

Kevin Page

Other Participants:

Nelson Bush, PFM	David Miller, PFM
George Consolvo, Kaufman & Canoles	Liang Shan, PFM
Tom Inglima, Willcox & Savage	James Utterback, VDOT

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Jennifer Coleman (HRTAC); Nancy Collins, Mike Kimbrel (HRTPO); Jordan Pascale (Virginian Pilot); Tony Gibson (VDOT); Scott Forehand, (VR); Don Quisenberry (VR)

2. Approval of Agenda

Dr. McKinley Price Moved to approve the agenda; Mr. Chris Stolle seconded. The Motion Carried.

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

No public comments were made.

4. Chair Comments

Chair Frank Wagner informed the Committee the floor on fuels tax legislation passed and outlined HRTAC's potential role in regards to improving Hampton Roads Transit's efficiency.

Consent Items

5A. Minutes of December 5, 2017 HRTAC Finance Committee Meeting

Dr. McKinley Price Moved to approve the minutes of the December 5, 2017 HRTAC Finance Committee Meeting; seconded by Mr. Chris Stolle. The Motion Carried.

Action Items

A. Series 2018 HRTF Revenue Bonds - Post Issuance Bond Compliance Policy

Mr. David Miller, PFM, reviewed the series 2018 Bond Sale and indicated the bond proceeds were going to be used for the projects underway and not the HRBT. He indicated the majority of bonds mature in the 30 to 40 years and all were a strong credit rating. Additionally, he briefed the Committee on the current TIFIA loan HRTAC was applying for.

Mr. Miller highlighted the market reaction was positive and it was mainly oversubscribed, except in the most outlying years, in which HRTAC increased the coupon rate.

Mr. Page reminded the Commission the proceeds of the bond sale could reimburse HRTAC for prior project expenditures due to the Commission passing reimbursement resolutions.

Chair Wagner questioned when HRTAC should conduct another bond sale.

Mr. Miller indicated once a better cost estimate and construction schedule in regards to the HRBT was available.

Mr. James Utterback, stated VDOT would not have a valid estimate until a contract was awarded; however, was certain it was at least \$3 billion.

Mr. Page stated HRTAC staff and Counsel were going to begin work on a Standard Project Agreement with VDOT, which has been done in the past.

Mr. George Consolvo, Kaufman and Canoles, indicated the Committee needed to be cautious in issuing bonds before a valid estimate was known due to the tax complications of an "over issuance".

Mr. Miller clarified the TIFIA loan would be issued closer to construction and the interest rate would be locked in once a loan agreement was executed.

Mr. Consolvo reviewed the Post Issuance Bond Compliance Policy and stated its existence was driven by the Securities and Exchange Commission (SEC) and the Internal Revenue Service (IRS) and it has become industry practice.

Mr. Chris Stolle Moved that the Finance Committee endorses the proposed HRTAC Post Issuance Bond Compliance Policy and authorized the Finance Committee Chair to recommend Commission Approval at its April 19, 2018 meeting. The motion was seconded by Dr. McKinley Price. The Motion Carried.

B. Amendments to Project Agreements with VDOT relating to Bond Trustee and Tax Covenants

Mr. Kevin Page, indicated the amendments to the HRTAC and VDOT contracts were necessary due to bond issuance.

Mr. Thomas Inglima, Willcox and Savage, reviewed the specific items included in the amendments were that Wilmington Trust be named as an additional insured on VDOT construction insurance and that bond proceeds cannot be used for private activity purposes.

Mr. Consolvo explained the amendment does not allow VDOT to enter into contracts with a private business, which may jeopardize the bonds' tax exempt status.

Dr. McKinley Price Moved that the Finance Committee endorses the proposed Project Agreement Amendments relating to Bond Trustee and Tax Covenants and authorizes the Finance Committee Chair to communicate the action of the Finance Committee to the Commission at its April 19, 2018 meeting. The motion was seconded by Mr. Chris Stolle. The Motion Carried.

C. De-Allocation of HRTAC Project Funds Returned by VDOT-HRTAC Adopted FY2016-FY2023 Funding Plan Adjustments

Mr. Kevin Page explained the scope validation process, which entails the project efficiency and allows VDOT to lower the contingency and return funds to HRTAC. He outlined the following projects will have the following amounts of HRTF and Smart Scale monies will be refunded:

I-64 Peninsula Widening Segment I - \$15 M

I-64 Peninsula Widening Segment II – \$13.8 M

I-64 Peninsula Widening Segment III – \$43.5 M, Smart Scale Funds - \$23.8 M

I-64 Southside Widening including the High Rise Bridge-\$68 M, Smart Scale Funds-\$7.3

Mr. Page noted the de allocation of the funds will be applied to another project included in the 2045 Long Range Transportation Plan (LRTP).

Dr. McKinley Price Moved that the Finance Committee endorse and recommend to the Commission to amend its HRTAC 2018-2023 Funding Plan to (i) reduce the HRTAC funds allocated to the I-64 Peninsula Widening Segment I Project (UPC 104905) by \$15 Million, the HRTAC funds allocated to the I-64 Peninsula Widening Segment II Project (UPC 106665) by \$13.8 Million, the HRTAC funds allocated to the I-64 Peninsula Widening Segment III Project (UPC 106689) by \$43.5 Million, and the HRTAC Funds allocated to the I-64 Southside Widening including High Rise Bridge Phase I Project (UPC 106692) by \$68 Million and (ii) reduce the Smart Scale Funds allocated to the I-64 Peninsula Widening Segment III Project by \$23.8 Million and the Smart Scale funds allocated to the I-64 Southside Widening including the High Rise Bridge Phase I project (106692) by \$7.3 Million, and authorize the Chair to communicate the action of the Finance Committee to the Commission at its April 19, 2018 Regular Meeting. The motion was seconded by Mr. Chris Stolle. The Motion Carried.

D. FY2019 HRTAC Administrative Budget and Request for a Public Hearing

Executive Director Page remarked this was the initial step of the budget process and reviewed the budget by line item. He noted the budget was increased from FY2018 due to an increase in bond costs and HRPDC/HRTPO seconded staff charges. He further indicated the budget did include a 2.5% COLA increase for HRTAC staff.

Dr. McKinley Price Moved the Finance Committee endorse the proposed HRTAC FY2019 Administrative Budget and authorizes the Finance Committee Chair to recommend the draft budget to the Commission and request that the Commission authorize the Finance Committee to conduct a public hearing on the Proposed HRTAC FY2019 Administrative Budget. The motion was seconded by Mr. Chris Stolle. The Motion Carried.

E. Proposed HRTAC FY2019-2024 Plan of Finance Update

Executive Director Page explained HRTAC funding plan update was a legislative requirement and is done by fiscal year to align with the Commonwealth Transportation Board. He noted the funding plan assumptions did include toll revenues returning to HRTAC.

Mr. Page indicated there was a potential \$100 million dollar gap, depending on the revenue projection model used, and reiterated no Smart Scale funds and toll revenues being returned to HRTAC were included in the funding plan.

Mr. Miller reviewed the proposed six year plan and indicated the more conservative revenue forecast was used.

Mr. Page clarified that the applicable HRBT project is Alternative A, which was passed in October 2016, not the three additional component pieces of the entire tolling network.

Chair Wagner questioned if the additional lanes would be High Occupancy Tolling lanes (HOT). Mr. Page answered positively.

Mr. Utterback reviewed the progress VDOT has made on the HRBT project, the next steps and the current challenges. He detailed the scope and how the contingency was determined.

Mr. Miller explained VDOT assumes all maintenance costs once the project is complete.

Mr. Chris Stolle Moved that the Finance Committee endorses the proposed HRTAC FY2019-FY2024 Six Year Operating and Capital Program of Projects for the Region's High Priority Projects (with toll revenues to HRTAC) and authorizes the Finance Committee Chair to communicate the action of the Finance Committee and to request the Commission to authorize HRTAC Staff to conduct a public hearing. The motion was seconded by Dr. McKinley Price. The Motion Carried.

F. HRTAC Proposed 2045 Long Range Plan of Finance Update

Mr. David Miller, PFM, reviewed the 2040 Long Range Transportation Plan (LRTP) and indicated funding decisions in regards to the HRBT were made to ensure all projects in the 2040 could be completed as planned.

Mr. Page confirmed the HRBT estimate would be available in December and noted the any price difference might allow other shovel ready projects which meet the congestion relief requirements to be added to the 2045 LRTP.

Mr. Michael Kimbrel, explained the Hampton Roads Transportation Planning Organization (HRTPO) long range transportation planning process and answered questions on the regional connector study.

Mr. Miller briefed the Commission on the assumptions of the 2045 LRTP and its effects on the schedule of the projects included in the plan. Additionally, he identified the de allocation of the funds previously addressed in the meeting.

Delegate Chris Stolle questioned if the revenue projections provided by VDOT were for the State or just the Region.

Mr. Miller answered that the projections were in regards to the Hampton Roads Transportation Fund (HRTF) and were updated two or three times a year.

Dr. Price questioned if maintenance costs were included in the financing plan.

Mr. Chris Stolle Moved the Finance Committee endorses the Proposed 2045 Long Range plan of Finance Update for the HRTAC High Priority Projects to the Commission, and request 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 June 21, 2018 Annual Organizational meeting to communicate the 2045 Long Range Plan of Finance Update for the HRTAC High Priority Projects to the HRTPO. The motion was seconded by Dr. McKinley Price. The Motion Carried.

Information Items

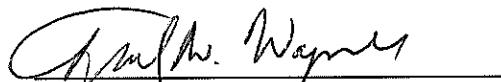
A. HRTAC Financial Report

Mr. Nelson Bush, PFM, noted the positive growth of the USGDP in all areas and is projected to continue to improve. He informed the Committee in regards to inflation rates and inflation rates in the investment market. He reviewed HRTAC investment portfolio and the investment strategies due to the increase in bond funds and forecasted market conditions

Mr. Page reviewed the HRTAC Monthly Finance Report and detailed the amounts of investment income and interest on the investment income. He noted investment changes are made on a daily basis for the highest return.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 11:59 a.m.



Frank W. Wagner
HRTAC Chair