

**Hampton Roads Transportation  
Accountability Commission (HRTAC)  
Finance Committee  
Summary Minutes of the June 20, 2019 Meeting**

The meeting of the Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee was held in the HRTAC Conference Room, The Regional Building, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

**HRTAC Finance Committee Members in Attendance:**

Michael Hipple, Chair	Barry Porter
Christopher Stolle	McKinley Price

**HRTAC Executive Director**

Kevin Page

**HRTAC Finance Committee Members Absent:**

Joel Acree

**Other Participants:**

Eric Ballou, Kaufman & Canoles	David Miller, PFM
Nelson Bush, PFM	Liang Shan, PFM
Tom Inglima, Willcox & Savage	

\* Denotes Late Arrival or Early Departure

**Others Recorded Attending:**

Brian Stilley (NN); Matt Bowen, Scott Detar (Bank of America/Merrill Lynch); Kevin Johnson, Kristen Krug (Citi); Mary DiMartino (JP Morgan); Robin Grier (VDOT); Julie Cary (Veterans Reporters); Julie Berger (Wells Fargo); Jennifer Hodnett (HRTAC); Danetta Jankosky, Tiffany Smith, (HRPDC);

**Call to Order**

Chair Michael Hipple called the HRTAC Finance Committee to order at 10:00 a.m.

**Approval of Agenda**

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

**Public Comment Period (limit 5 minutes per individual)**

No public comments were made.

**Chair Comments**

Chair Hipple did not have any comments for the HRTAC Finance Committee.

## **Consent Items**

### **5A. Minutes of the March 7, 2019 Finance Committee Meeting**

Mr. Stolle Moved to approve the minutes of the March 7, 2019 Finance Committee Meeting; seconded by Mr. Porter, with Dr. Price abstaining. The Motion Carried.

## **Action Items**

### **6A. HRTAC FY2020 Administrative and Project Development Budget-Recommendation to the Commission to Finalize**

Mr. Kevin B. Page, HRTAC Executive Director, reminded the Committee that the Administrative and Project Development Budget had been presented at the March 7, 2019 Finance Committee meeting and indicated a public hearing was held on April 29, 2019 with no comments received.

Mr. Porter Moved that the Finance Committee recommend that the Commission finalize the Proposed HRTAC FY2020 Administrative and Project Development Budget and Authorizes the Finance Committee Chair to communicate this recommendation to the Commission at its June 20, 2019 Annual Commission Meeting; the motion was seconded by Mr. Stolle. The Motion Carried.

### **6B. I-64 Widening Segment I Project (UPC 104905) - Recommendation to the Commission to Amend the Memorandum of Understanding, and Subject to Execution, De-Allocate the HRTAC Project Funds Returned by VDOT and Authorize Staff to Adjust the HRTAC Adopted FY2016-FY2024 Funding Plan to Reflect the De-Allocation**

Mr. Kevin B. Page, HRTAC Executive Director, stated HRTAC along with VDOT strived to achieve economies of scale on the high priority regional projects and to ensure any unused funds were reallocated as quickly as possible. He noted VDOT had determined it did not need \$2,391,615.00 of the HRTAC funds allocated to the I-64 Peninsula Widening Project Segment I and the motion allowed for the FY2016-FY20204 Finance Plan to reflect that deallocated amount.

Mr. Porter Moved that the Finance Committee recommend the Commission amend the Memorandum of Understanding for the I-6 Peninsula Widening Segment I Project (UPC 104905), and, subject to full execution of the amendment, de-allocate the HRTAC project funds returned by VDOT and authorize Staff to adjust the HRTAC Adopted FY2016-FY2024 Funding Pan to reflect the deallocation and further authorizes the Chair to communicate the Finance Committee's endorsement and recommendation to the Commission at the HRTAC Annual Organizational Meeting; Seconded by Mr. Stolle. The Motion Carried.

### **6C. HRTAC FY2020-FY2026 Plan of Finance Update-Endorsement and Recommendation to the Commission to Finalize.**

Mr. Kevin B. Page, HRTAC Executive Director, reminded the Committee that the HRTAC FY2020-FY2026 Plan of Finance Update had been presented at the March 7, 2019 Finance Committee Meeting and indicated a public hearing was held on April 29, 2019 with no comments received.

Mr. Stolle Moved that the Finance Committee recommend that the Commission finalize the proposed HRTAC FY2020-FY2026 Plan of Finance Update-Seven Year Operating and Capital Program of Projects for the Region's High Priority Projects (with toll revenues to HRTAC) as an update to the HRTAC adopted FY019-FY2024 Financial Plan, as amended, and authorizes the Finance Committee Chair to communicate this endorsement and recommendation to the Commission at its June 20, 2019 Annual Organizational Meeting; Seconded by Mr. Porter. The Motion Carried.

#### **6D. HRTAC Proposed 2045 Long Range Plan of Finance Update – Recommendation to the Commission to Adopt**

Mr. Kevin B. Page, HRTAC Executive Director, stated the importance of efficiently allocating projects for the short term, but also staying involved in the future development of projects needed for the region. He reviewed the Regional Connector Study, which is being funded by HRTAC, and the positive long-term effects of obtaining a TIFIA loan for the region.

Mr. Page also indicated that the 460/58/13 project did not meet the congestion relief requirements and has been decommissioned by the Hampton Roads Transportation Planning Organization (HRTPO). Additionally, he noted a public hearing was held on the Long Range Plan Update on April 29, 2019 and no comments were received.

Mr. Stolle Moved that the Finance Committee recommend that the Commission adopt the Proposed HRTAC Proposed 2045 Long Range Plan of Finance Update to include certain modifications for the Region's High Priority Projects and authorizes the Finance Committee Chair to communicate its recommendation to the Commission at its June 20, 2019 Annual Organizational Meeting; Seconded by Dr. Price. The Motion Carried.

#### **6E. HRTAC Debt Management Plan, TIFIA Financing for Initial Projects-Recommendation to the Commission to Authorize the Commission Chair and Staff to Complete Development of the HRTF-Backed TIFIA Loan Agreement, Bond Anticipation Note (BAN), and Supplemental Indenture for TIFIA**

Mr. Kevin Page, HRTAC Executive Director, summarized the steps HRTAC has already taken to secure TIFIA funding. He stated the current TIFIA funding was for the projects predating the HRBT Project and two additional TIFIA loans relating to the HRBT would be secured at a later date.

Mr. Page indicated that the source of funds to service the loan was going to be the Hampton Roads Transportation Fund (HRTF), and that the HRBT TIFIA loans were going to be backed separately by the HRTF and the toll revenues from the HOT Network.

Mr. David Miller, PFM, reviewed the elements comprised in the HRTAC Debt Management Plan and stated that HRTAC was close to receiving loan documents for the first TIFIA loan. Mr. Miller explained TIFIA Bond Anticipation Notes (BAN) were short term financing solutions as compared to a long term TIFIA Loan. He further indicated interest could be earned on the investment of the BAN's which would allow for HRTAC to apply for a larger TIFIA loan in regards to the HRBT Expansion project.

The Committee was shown by Mr. Miller a graph comparing a TIFIA and TIFIA BAN option and the preliminary results yield a TIFIA BAN option that is slightly lower over time, incurs \$5.4 million in investment earnings over the next two years, and saves \$5 million in 2019 dollars.

Dr. Price questioned which entity would control the bond proceeds. Mr. Miller responded they would be handled by HRTAC in the same way as a public bond sale.

Committee discussion ensued in regards to the rare opportunity to qualify for a TIFIA Loan and definitive agreement and there was consensus that the rigid meeting schedule should not get in the way of any actions needed to progress the application.

Mr. Page reviewed the preliminary schedule with Committee members.

Dr. Price Moved that the Finance Committee recommend that the Commission authorize the Commission Chair and Staff to complete the development, for presentation and future action of the Commission, of the Hampton Roads Transportation Fund (HRTF) backed TIFIA Loan Agreement, related Bond Anticipation Note (BAN), and Supplemental Indenture for TIFIA for the Commission's initial six projects preceding the Hampton Roads Bridge Tunnel Expansion Project, and authorize the Finance Committee Chair to communicate this recommendation to the Commission at its June 20, 2019 Annual Organization Meeting, Seconded by Mr. Stolle. The Motion Carried.

#### **6F. HRTAC Debt Management Plan, Financing for HRBT-Recommendation to the Commission to Develop the TIFIA Letter of Interest relating to the HRBT Project**

Mr. Kevin B. Page, HRTAC Executive Director, indicated that the loan application and all associated fees were going to be included in the FY2020 administrative and project development budget.

Committee members asked if the application process was going to be shorter due to HRTAC previously applying for TIFIA funding. Mr. Miller, PFM, answered positively, citing the first TIFIA loan included HRTAC's credit worthiness, which included the HRBT project. Mr. Page added the Build America Bureau was excited to work with HRTAC and already had background information from the previous application.

Mr. Page explained that HRTAC still needed to execute a master tolling agreement with the Commonwealth of Virginia and the Commonwealth Transportation Board (CTB).

Committee members questioned if two loan applications were needed for the one HRBT project. Mr. Page answered that two applications would be needed, as the applications are being backed by two different sources, the HRTF and the HOT Network tolls. Mr. Page further highlighted, swift action needed to be taken to execute a Master Tolling Agreement, as any uncertainty in a revenue source could hinder TIFIA funding.

Mr. Stolle Moved that the Finance Committee recommend that the Commission authorize the Executive Director to develop and submit the TIFIA Letter of Interest for the

Commission's I-64 Hampton Roads Bridge Tunnel Expansion Project and authorize the Executive Director to work within the Commission's FY2020 Annual Administrative and Project Development Budget, once adopted, to advance payment of the TIFIA Loan Application and pay TIFIA legal counsel and financial advisor fees; Seconded by Dr. Price. The Motion Carried.

**6G. Amendment to the HRTAC Statement of Investment Policy-Recommendation to the Commission to Adopt the Amendment**

Mr. Nelson Bush, PFM, explained the Investment Policy had been updated in December 2018; however; additional revisions to the policy were needed. He noted the Downgrade provisions were amended to reflect long term and short-term investments and the length of time before sell off should an investment drop below a certain credit rating.

Mr. Porter Moved the Finance Committee endorses the proposed amendments to the HRTAC Statement of Investment Policy and authorizes the Finance Committee Chair to communicate the Finance Committee's endorsement and recommendation that the Commission approve the proposed changes at its June 20, 2019 Annual Organizational Meeting; Seconded by Mr. Stolle. The Motion Carried.

**Information Items**

**7A. HRTAC Financial Report**

Mr. Page reviewed the Financial Report and informed Committee Members the cash balance will continue to decrease as HRTAC is starting to accrue HRBT Project costs.

**Adjournment**

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 11:04 a.m.



Michael J. Hipple  
Finance Committee Chair