

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the October 15, 2015 Regular Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Regular Meeting was called to order at 12:33 p.m. in the Regional Board Room, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Voting Members in Attendance:

William Sessoms, Jr., Chair	Delegate Chris Jones
Clyde Haulman, Vice Chair	Alan Krasnoff
Senator Kenneth Alexander	McKinley Price
Rex Alphin	Tom Shepperd, Jr.
Paul Fraim	Senator Frank Wagner
Michael Hipple	George Wallace
Delegate Johnny Joannou	Kenneth Wright
Linda Johnson	Delegate David Yancey
Raystine Johnson-Ashburn	

HRTAC Non-Voting Members in Attendance:

Charlie Kilpatrick	John Malbon
--------------------	-------------

HRTAC Executive Director:

Kevin Page

Other Participants:

Tom Inglima	James Utterback
Dep. Sec. Grindley Johnson	

HRTAC Voting Members Absent:

W. Eugene Hunt, Jr.	Dallas Jones
---------------------	--------------

HRTAC Non-Voting Members Absent:

Jennifer Mitchell	John Reinhart
-------------------	---------------

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Jack Blake, Beatrice Browder, George Consolvo, Robert K. Dean, Phil Lohr, Ellis W. James (Citizens); Wanda Barnard-Bailey, Kelly Lackey (CH); Randy Martin (FR); Brian DeProfio (HA); Anne Seward (IW); Thelma Drake, Marcus Jones, Bryan Pennington, Jeffrey Raliski (NO); Britta Ayers, Bryan Stilley, Jerri Wilson (NN); Sherri Neil, Lydia Pettis Patton (PO); Patrick Roberts (SU); Angela Bezik, Bob Matthias (VB); Marvin Collins (WM); Randy Wheeler (YK); Bill Cashman, Chris Fronheiser (AECOM); Chuck T. Clark, Jr. (BB&T); Frank Papcin (Citizens Advisory Committee); John Herzke (Clarke Nexsen); Rob Correll, Scott Forehand, Greg Neal, Don Quisenberry (eScribeSolutions); Neal Crawford (HRTAC Funding Strategies Advisory Committee); Bert Ramsay (Lane Construction); Karen McPherson (McPherson Consulting); Chuck Eastman (Michael Baker International); Mark Geduldig-Yatrofsky (Portsmouthcitywatch.org); Dennis Heuer (RK&K Engineers); Mindy Hughes (Seventh Point Transportation PR); Dianna Howard (TLP, VBTA, VBTP); Tony Gibson (VDOT); Amber Randolph (Willcox & Savage); Nancy Collins, Andrea Gayer, Danetta Jankosky, Randy Keaton, Mike Long, Chris Vaigneur (HRPDC); Jennifer Collins, Robert Crumb, Kathlene Grauberger, Mike Kimbrel, Keith Nichols, Camelia Ravanbakht, Joe Turner (HRTPO)

Call to Order

Chair William Sessoms called the meeting to order at 12:33 p.m.

Approval of Agenda

Ms. Linda Johnson Moved to approve the agenda; seconded by Mr. Kenneth Wright. Mr. Johnny Joannou asked if it included recommendations made for a regional finance plan. Chair Sessoms stated that it did not. The Motion carried.

Public Comment Period (limit 5 minutes per individual)

Mr. Frank Papcin spoke on a purpose of tolling—to control the route people use to go to work. He noted what he deemed to be unintended consequences affecting citizens who are not affluent. He blamed State officials for congestion and road neglect and resulting negative impacts on citizens.

Mr. Ellis James referred to information from the recent HRTPO meeting regarding the difference between how city and county representatives are selected. He urged HRTAC to familiarize itself with the information.

Ms. Dianna Howard stated that the apparent reason for the existence of HRTAC is to follow the direction of the HRTPO. She questioned information from the Finance Committee regarding the \$4,000 single purchase limit for HRTAC staff and why such a high limit was necessary. In addition, she asked about information from the Technical Advisory Committee, specifically the number of suggested tolls and a regional toll system.

Consent Item

Ms. Linda Johnson Moved to approve the minutes of the September 17, 2015 HRTAC Regular meeting; seconded by Mr. Michael Hipple. The Motion carried.

Action Items

A. Reading of the Amended and Restated Bylaws

Counsel Tom Inglima reviewed certain amendments to the Bylaws, including:

- Gender neutrality;
- Term limitation of Chair and Vice Chair to two consecutive one-year terms;
- Regular meetings to be held not less frequently than once per quarter;
- Establish the third Thursday of the scheduled month as the standing day for regular meetings;
- Organizational meeting changed from July to June;
- Chair may call special meetings;
- Seven voting members may join together to call a special meeting, provided the meeting date cannot be earlier than the third business day after the Chair receives the request;
- Special meetings to be announced 48 hours in advance, or 24 hours if exigent circumstances;
- Chair to endeavor to distribute the agenda for regular meetings at least 7 days in advance;
- Financial policies recommended by Finance Committee may involve policies relating to debit/credit cards and small purchases;
- Change the name of the Technical Advisory Committee to the Funding Strategies Advisory Committee; no employee of an HRTAC jurisdiction may serve on the committee (except for employees who are also members of HRTAC);
- Chairs of Finance Committee and Funding Strategies Advisory Committee may request support from HRTAC, VDOT, or other jurisdictional or agency staff;
- Include in the list of exemplary ad-hoc committees a "Personnel Committee"; if no Personnel Committee is appointed, the Finance Committee will be responsible for the Executive Director's annual review and review of general employee compensation; and
- Executive Director to administer budget and make intra-budget line item transfers.

Delegate Chris Jones asked if there was a provision for notification to the Commission when the Executive Director makes intra-budget transfers.

Counsel Inglima stated that language to that effect could be added. Chair Sessoms asked if Bylaws Committee Chair Fraim shared that view, to which Mr. Fraim responded in the affirmative, adding that they should have put that in initially.

Mr. Johnny Joannou asked what would happen if Commission members objected to the transfer of monies by the Executive Director. Counsel Inglima noted that currently there is no remedy. Mr. Joannou further questioned the value of notification of transfer. Counsel Inglima suggested that if HRTAC desired, the language could be amended to read that the Executive Director would be required to seek the advice and consent of the chair of the Finance Committee.

Mr. Joannou Moved to add language that would direct the Executive Director to seek the advice and consent of the chair of the Finance Committee prior to making an intra-budget line item transfer; Mr. Fraim Moved to approve and adopt the Amended and Restated Bylaws of HRTAC with the additional language suggested by Mr. Joannou; seconded by Mr. Hipple. The Motion carried unanimously.

B. FY2015 Budget Amendment

Finance Committee Chair Frank Wagner pointed out that the budget amendment had been discussed in a previous HRTAC meeting, noting that it was merely an administrative function, and did not involve any additional money.

Mr. Wagner Moved to approve the budget, as suggested in the applicable agenda item; seconded by Ms. Johnson. The Motion carried unanimously.

C. Policy Relating to Procurement of Goods and Services Including Procedures for Certain Small Purchases

Executive Director Kevin Page explained that in an effort to establish policies and procedures for HRTAC in alignment with the Virginia Public Policy Procurement Act, he along with Counsel and the Finance Committee examined policies of other entities. The policy proposal covers purchases in a matrix from \$1 to \$25,000 with tiers at:

- \$1 to \$499;
- \$500 to \$1,499;
- \$1,500 to \$4,999; and
- \$5,000 to \$25,000.

Counsel Inglima added that this is a small purchases procedure and recommended delegating authority to the chair of the Finance Committee to create and finalize the attached forms.

Mr. Paul Fraim Moved to adopt the circulated policy and delegate the authority as suggested by Counsel Inglima; seconded by Mr. Michael Hipple. The Motion carried unanimously.

D. Interim Policies for Management of Cash, ATMs, Credit and Debit Cards

Counsel Inglima explained portions of the policy document, which establishes procedure for staff to follow, including:

- No cash withdrawals;
- Dual signatures required on checks;
- Procedures for electronic fund transfers, which includes prior notice to the Executive Director and chair of the Finance Committee;
- Purchase card (only one issued) with a monthly cap of \$15,000, with a \$4,000 per transaction limit;
- Purchase card to be used only for small purchases; and
- Authorized users must sign a certification of proper use acknowledging that improper use may result in termination.

Mr. Joannou asked about criminal prosecution in case of improper use. Counsel Inglima pointed to the statement at the end of the policy, which notes that actions could result in legal or disciplinary proceedings, adding that HRTAC could refer to a prosecutor if they felt a crime had been committed.

Mr. Paul Fraim Moved to accept the policy; seconded by Mr. McKinley Price. The Motion carried unanimously.

E. Engagement of Bond Counsel

Mr. Wagner stated that after the issuance of the RFP for bond counsel, four firms submitted bids. He explained the interview process used and noted that all firms presented detailed proposals. Consensus was built, and the recommendation of Kaufman & Canoles was determined for the following reasons:

- It is the only proposing firm that is headquartered in Hampton Roads;
- The team leader, George Consolvo, has 41 years experience in public finance;
- The firm has a number of similar engagements, including work relating to the Chesapeake Bay Bridge Tunnel Authority, Chesapeake Expressway, and Northern Virginia Transportation Authority; and
- The firm offered a capped fixed price proposal.

Mr. Joannou asked about the hourly rate, and Mr. Inglima explained that it is \$550 an hour for the lead attorney and \$400 for the second chair partner, accruing until the maximum is reached.

Mr. Kenneth Wright asked if Counsel had checked on any conflict of interest in the firms or in committee members who made the decision. Counsel Inglima responded yes, and Mr. Wagner noted that the proposing firms were asked to disclose conflicts.

Mr. Wagner presented the information on the fixed prices.

Counsel Inglima reviewed the process timeline being considered by the Funding Strategies Advisory Committee, including:

- Preparatory documents;
- Validation process;
- Inaugural bond issuance; and
- Follow-up on inaugural bond issuance.

Mr. George Wallace requested an explanation of "validation." Counsel Inglima explained that a bond validation proceeding is a declaratory judgment action before a circuit court and provides assurance to the bondholders that the bonds were validly issued and secured.

Mr. Joannou requested additional explanation regarding when bond counsel fees are earned, and how to determine if activities of bond counsel were being charged to HRTAC twice. Counsel Inglima explained that differences in funding sources for bonds may create additional bond proceedings, and therefore additional effort by bond counsel.

Mr. David Yancey requested clarification of how the numbers for a bond package work. Counsel Inglima provided clarity for Mr. Yancey.

Mr. Chris Jones asked if a bond were supported by tolls and HRTAC revenues, would the cap be \$36,000. Counsel Inglima indicated in the affirmative, provided validation of both issues was sought simultaneously. In addition, he questioned whether HRTAC could be billed for additional hours. Counsel Inglima responded that the engagement letter states that if the firm performs work outside of one of the cap segments, it must seek prior approval. Mr. Jones asked if there is a third party or arbitration indicated, and Counsel Inglima replied that the expectation is that the Executive Director will be immersed in the planning.

Mr. Frank Wagner Moved that HRTAC authorize Executive Director Page to engage Kaufman & Canoles as bond counsel pursuant to the Engagement Agreement in substantially the same form as presented today; seconded by Mr. Paul Fraim. The Motion carried unanimously.

Mr. Rex Alphin requested a prospective timeline, and Director Page noted a timeline had been provided previously in one of his weekly reports, and that he would send it out with his next weekly report.

Information Items

A. HRTF Financial Report

Director Page reviewed the report, pointing out:

- Gross revenues total currently around \$337 plus million;
- \$83 million local fuels tax and interest of 1.5%;
- State sales and use tax of \$253 million;
- Expenditures are just over \$2 million, mostly on the Peninsula widening;
- Cash balance of \$335,599,279;
- Encumbered balance of \$350 million; and
- If they had to cash out today, they would be \$15,112,711 over-extended.

Director Page also announced that he is working with HRTPO staff to develop a more illustrative monthly report and with the Finance Committee to prepare a program-projects-type billing process.

B. Technical Advisory Committee

Mr. Neal Crawford presented information from the Technical Advisory Committee, now known as the Funding Strategies Advisory Committee. He explained that they had been working diligently on several components needed to facilitate a formal recommendation to the Commission. He explained that they expected to make a formal recommendation in 30 to 60 days. He also complimented the diligence and work ethic demonstrated by Director Page.

Mr. Joannou asked about the report from HRTAC recommending tolls and when the topic would be addressed. Chair Sessoms stated that the next 90 days appear to be critical to determine the Plan of Finance for the projects. Information on tolling will be forthcoming for members to take to cities and counties for discussion and public hearings.

Mr. Joannou noted the urgency to vote on the plans so projects can move forward; he questioned whether tolls are planned for all around Hampton Roads and when the vote would be held.

Director Page offered that the Funding Strategies Advisory Committee is responsible for reviewing the six scenarios presented by PFM, the firm hired to evaluate the scenarios. The committee will come to HRTAC with the report and a recommendation by the end of this calendar year. He added that he will suggest a "decision tree" to assist with project development and financing.

Mr. Wallace asked if the decision had been made that tolls will be part of the financing mechanism for the Peninsula Segments 1, 2, 3 Widening projects. Director Page and Chair Sessoms responded that no decision had been made.

Mr. Wallace expressed confusion regarding the cost of bond issuance. Mr. Fraim added that the point Delegate Jones made regarding one bond validation or two validations due to two separate funding sources was a prudent and needed discussion. Chair Sessoms noted that Counsel Inglima and Director Page had been working with HRTPO staff on a legislative package. Senator Wagner explained that the answer wasn't known yet, and that was the reason certain language in the Engagement Letter was adopted, specifically to leave options open.

Mr. Kenneth Alexander remarked that for the General Assembly, it would be helpful to know if additional revenue is needed from the State and suggested considering an additional regional taxing authority or additional regional taxes.

Mr. Chris Jones indicated that a fixed toll would not be received favorably in the region and added that he anticipated legislation to be filed that would prevent fixed tolling on all structures.

C. HRTPO Report

Mr. Bob Crum, HRTPO Executive Director, stressed the continuation of a close working relationship with Executive Director Page. He added that the staff provides support in management of payroll and HRTF, personnel policies, and maintenance of the HRTAC website. More information on collaboration will be provided in the coming weeks. He specifically noted the successful submission of the HB2 applications.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission, the meeting adjourned at 1:30 p.m.

William D. Sessoms, Jr.

HRTAC Chair