

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the September 21, 2023 Finance Committee
Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 9:05 a.m. with the following in attendance:

HRTAC Members in Attendance:

Supervisor Michael Hipple, JC, Chair
Supervisor William McCarty, IW

Senator Monty Mason, VGA

HRTAC Executive Director

Kevin Page

Other Participants:

Eric Ballou, Kaufman and Canoles
Ben Wills, Kaufman and Canoles
Thomas Capstick, PBMares
Nelson Bush, PFM Investment Advisors

Liang Shan, PFM Financial Advisors
Tom Inglima, Willcox & Savage
Courtney Whelan, Willcox & Savage

HRTAC Voting Members Absent:

Mayor Shannon Glover, PO

Supervisor Thomas Shepperd, YK

Others Recorded Attending:

Sheila Wilson (HRTPO); Lynn Coen, Jennifer Hodnett, Danetta Jankosky (HRTAC); Joshua Edwin Delauter (Veterans Reporters); Henry Powers (Wells Fargo)

Call to Order and Roll Call

HRTAC Finance Committee Chair, Supervisor Michael Hipple, called the meeting to order and a roll call of all Members was taken:

Chair Michael Hipple: Present
Supervisor William McCarty: Present
Mayor Shannon Glover: No Response
Supervisor Thomas Shepperd: No Response
Senator Monty Mason: Present

Approval of Agenda

Supervisor William McCarty Moved to approve the agenda as presented; Seconded by Senator Monty Mason. The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

No one from the public requested to make a public comment.

Consent Item**A. Minutes of the March 16, 2023 Finance Committee Meeting**

Supervisor McCarty Moved to approve the consent agenda item; Seconded by Senator Mason. The Motion Carried.

Action Items**A. Fiscal Year 2023 Audited Financial and Compliance Report**

Mr. Thomas Capstick, PBMares, LLP, explained that in accordance with the HRTAC enabling legislation, the annual audit of HRTAC had been conducted and was currently in draft form awaiting approval from the Auditor of Public Accounts (APA). He indicated that the audit included a review of HRTAC's financial reporting and compliance and that no material weaknesses or deficiencies had been identified. Mr. Capstick noted that the balance for compensated absences of employees was recorded as a long-term liability in the Commission's financial statements this year and suggested that HRTAC develop its own internal personnel policy as a matter of best practice.

Supervisor McCarty Moved that the Finance Committee (i) recommends that the Commission approve the draft FY2023 Audited Financial and Compliance Report for HRTAC and authorize the Executive Director to work with the Auditor of Public Accounts to finalize and provide its distribution; and (ii) authorizes the Finance Committee Chair to communicate said recommendation to the Commission at its next meeting; Seconded by Senator Mason. The Motion Carried.

B. Fiscal Year 2023 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund

HRTAC Executive Director, Kevin Page, reminded the Committee that the Joint Commission on Transportation Accountability required HRTAC to submit the report on an annual basis. He noted that the report, upon approval, would be submitted to the Joint Commission on Transportation Accountability by the end of October 2023.

Supervisor McCarty Moved that the Finance Committee (i) recommends that the Commission authorize the Executive Director to finalize and submit to the Joint Commission on Transportation Accountability the Fiscal Year 2023 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund; and (ii) authorizes the Finance Committee Chair to communicate said recommendation to the Commission at its next meeting, Seconded Senator Mason. The Motion Carried.

C. HRTAC Investment Policy – Update re: Verification of Deposits

Executive Director Page explained that as a result of recent regulatory changes, HRTAC Staff and professional advisors identified a need to amend the HRTAC Investment Policy to address the requirement of public depositors to review and verify on a quarterly basis

information provided by public depositories to the State Treasury Board and to notify the State Treasury Board of any detected discrepancies.

Mr. Nelson Bush, PFM Asset Management, explained that the Commonwealth of Virginia had made modifications to the way that banks are permitted to collateralize public funds in order to safeguard public depositors and to better safeguard banks to participate in the collateral pool from another bank's failure. He stated that the new guidelines would be effective September 30, 2023.

Supervisor McCarty Moved that the Finance Committee: (i) endorses and recommends to the Commission for approval the proposed amendment to the HRTAC Investment Policy; and (ii) authorizes the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its next meeting; Seconded Senator Mason. The Motion Carried.

D. 2023 HRTF Backed TIFIA Loan and Associated Bond Anticipation Notes Authorizations – HRELN Segment 4C – Resolution 2023-02

Executive Director Page reminded the Committee that Segment 4C of the Hampton Roads Express Lane Network (HRELN) was in Hampton and indicated that a Resolution authorizing debt issuance for the development of Segment 4C was included in the agenda.

Ms. Liang Shan, PFM, explained that the debt issuance was for funding a portion of the costs for Segment 4C. She indicated that two transactions would occur upon the Commission's approval of such debt issuance – a TIFIA Loan for long term financing and a Bond Anticipation Note (BAN) for short term financing.

The BANs would be used to finance construction of Segment 4C and the TIFIA Loan would then be used to repay the BANs. She reminded the Committee that this two-pronged financing approach had been used by HRTAC previously, but that it would only be utilized again if an economic benefit was present.

A timeline of the anticipated debt financing plan schedule for the HRELN was presented to the Committee. Ms. Shan noted that in addition to the debt issuance transactions, a direct agreement among the United States Department of Transportation (USDOT), the Virginia Department of Transportation (VDOT) and HRTAC would be required to close on the TIFIA Loan.

Mr. Eric Ballou, Kaufman and Canoles, HRTAC Bond Counsel, explained that because the original six projects were at least 50% complete at the time the Commission sought financing for those projects, a direct agreement was not required for that financing. However, when the Commission obtained financing for the Hampton Roads Bridge-Tunnel (HRBT) Expansion Project in 2021, a direct agreement was required so the lender could better monitor construction through reports and notices submitted by VDOT directly to the lender. The lender would seek a similar direct agreement for the Segment 4C TIFIA Loan.

Ms. Shan reviewed the historical performance of the Hampton Roads Transportation Fund (HRTF) and commented that it has had a strong performance and continued growth.

She noted that 2023 HRTF TIFIA Loan would be consistent with the previous TIFIA loans and that HRTAC could borrow up to 33% of the project costs. Ms. Shan stated that final maturity of the TIFIA Loan is expected in 2061.

Ms. Shan next explained that the BANs will be for approximately \$142M, which is equivalent to the TIFIA Loan amount since the TIFIA Loan proceeds would be used to repay the BANs with a final maturity date of the BANs around November 2027. She explained that after HRTAC sells the BANs and before it uses the proceeds thereof, HRTAC should be able to invest the proceeds at a favorable interest rate.

Mr. Ballou reviewed HRTAC Resolution 2023-02 with the Committee. He explained that the Resolution included three major components: (1) approval and authorization of the borrowing transaction; (2) approval of the documentation associated with the transaction; and (3) delegation of power to the Commission's Chair and Executive Director to finalize the transaction. He stated that the delegation of power specified certain limitations and parameters and that the economic benefit of the transaction had to meet a specified minimum to be consummated.

Supervisor McCarty Moved that the Finance Committee endorses Resolution 2023-02 and authorizes the Finance Committee Chair to communicate the Finance Committee's endorsement to the Commission at its September 21, 2023 meeting; Seconded by Senator Mason. The Motion Carried.

E. I-64/Denbigh Boulevard Interchange Project, Phase 2 Preliminary Engineering and Right of Way (UPC 123656) Standard Project Agreement

Executive Director Page stated that the Standard Project Agreement covered Preliminary Engineering and Right of Way work for the I-64/Denbigh Boulevard Interchange Project.

Senator Mason thanked HRTAC for working to move the project delivery date to sooner than initially expected and highlighted the difference this project would make for the residents of the Peninsula.

Executive Director Page stated that HRTAC was funding two of the four interchange ramps, while VDOT was funding the remaining two.

Senator Mason Moved that the Finance Committee (i) endorses and recommends to the Commission for approval the I-64/Denbigh Boulevard Interchange Project, Phase 2 Preliminary Engineering and Right of Way (UPC 123656) Standard Project Agreement; and (ii) authorizes the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its next meeting; Seconded by Supervisor McCarty. The Motion Carried.

F. I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements, UPCs 120375 and 123322 Standard Project Agreement

Executive Director Page reviewed the project with the Committee and noted its fiscal impact on the Commission.

Supervisor McCarty Moved that the Finance Committee (i) endorses and recommends to the Commission for approval the I-64/I-464 Interchange, Exit 291 Flyover Ramp Improvements, UPCs 120375 and 123322 Standard Project Agreement; and (ii) authorizes the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its next meeting; Seconded Senator Mason. The Motion Carried.

G. Bowers Hill Interchange Study, UPC 111427 Standard Project Agreement - Second Amendment

Executive Director Page stated that this was a second amendment to the Standard Project Agreement for the Bowers Hill Interchange Study to support the environmental (NEPA) and Interchange Access Report (IAR) tasks of the proposed project. He explained that this project has been in development for some time with VDOT and indicated that it had a \$4M fiscal impact to the Commission, which funds are identified in HRTAC's Six Year Funding Plan.

Supervisor McCarty Moved that the Finance Committee (i) endorses and recommends to the Commission for approval the Bowers Hill Interchange Study, UPC 111427 Standard Project Agreement Second Amendment; and (ii) authorizes the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its next meeting; Seconded by Senator Mason. The Motion Carried.

Information Item

A. HRTAC Monthly Financial Report

Executive Director Page reviewed the HRTAC Monthly Financial Report with the Committee.

Executive Director Page recognized HRTAC Accounting staff for the exceptional work performed for the audit and reminded the Committee that the Commission has had 8 years of clean audits.

Adjournment

With no further business to come before the Finance Committee the meeting adjourned at 9:56 a.m.



Michael Hippel,
HRTAC Finance Committee Chair