

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Finance Committee
Summary Minutes of the May 14, 2020 Meeting**

The meeting of the Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee was called to order at 10:03 a.m. and held by conference call due to COVID-19, with the following in attendance:

HRTAC Finance Committee Members in Attendance:

Michael Hipple, Chair	Monty Mason*
Thomas Shepperd	Donnie Tuck

HRTAC Executive Director

Kevin Page

HRTAC Finance Committee Members Absent:

Joel Acree

Other Participants:

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

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Jim Calpin, Scott Detar (Bank of America Securities); Kevin Johnson, Kristin Krug (Citi); Mary DiMartino (JP Morgan); Julie Berger (Wells Fargo); Camryn Jordan (Veterans Reporters); Delegate Joseph Lindsey (Virginia General Assembly); Stephen Brich, Laura Farmer, Chris Hall (VDOT); Lynn Coen, Jennifer Hodnett (HRTAC); Danetta Jankosky, Tiffany Smith, Sheila Wilson (HRPDC);

Declaration re: Purpose of Meeting and Call to Order

Mr. Tom Inglima, HRTAC General Counsel, proceeded to read the following declaration for the members:

In light of the Governor's Declared State of Emergency due to COVID-19, it is impracticable and unsafe for the Commission to assemble in a single location, so the meeting will be held electronically, by telephone, pursuant to the 2020 Amendments to the 2019 Appropriation Act. The purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the Commission and the discharge of its lawful purposes, duties, and responsibilities. The public is welcome to use the number to attend the meeting electronically. The Commission will make available a recording or transcript of the meeting on its website in accordance with timeframes established in Sections 2.2-3707 and 2.2-3707.1 of the Code of Virginia.

A roll call vote was taken in order to confirm a quorum:

Chair Michael Hipple: Present
Mayor Donnie Tuck: Present
Mr. Thomas Shepperd: Present

Mr. Inglima confirmed the quorum.

Approval of Agenda

Mr. Donnie Tuck Moved to approve the agenda; Seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes

Mr. Inglima confirmed The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

No public comments were made.

Senator Monty Mason arrives.

Chair Comments

Chair Hipple refrained from comments to allow the meeting to be conducted in a timely manner.

Consent Items

5A. Minutes of the March 12, 2020 Finance Committee Meeting

Mayor Donnie Tuck Moved to approve the minutes of the March 12, 2020 Finance Committee meeting; seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes
Senator Monty Mason: Yes

Mr. Inglima confirmed The Motion Carried.

Action Items

6A. HRTAC Current Approved Debt Management Plan – COVID-19 Potential Impact Review – Recommendation to Endorse Continuation of Current Approved Debt Management Plan with Stress Test Adjustments

Mr. Kevin Page, HRTAC Executive Director, explained to the Committee the activities of the Commission continued to move forward as projected, however; in abundance of caution wanted to apply national best practices and apply stress test measures to ensure Committee Members HRTAC was being financially prudent.

Mr. David Miller, PFM, reiterated the actions taken at the March 12, 2020 Finance Committee Meeting and indicated the stress test to the HRTAC approved Debt Management plan was to evaluate the viability of plan in respect to the Hampton Roads Bridge Tunnel (HRBT) Project, Hampton Roads Express Lane Network (HRELN) and Bowers Hill and Fort Eustis Interchange Project. He provided the Committee Members the funding mix for the 6 initial projects and the HRBT with the stress test applied. Mr. Miller stated there was little change for the six initial projects as funding had been secured and noted the issuance plan for the HRBT could change due to various factors.

Mr. Miller presented the Committee with the HRTF revenue supported debt service and HRTF debt service coverage ratio with the stress test applied and illustrated the sharp downturn at the beginning of the pandemic; however, noted the legal limit coverages were still going to be met.

With the addition of the future projects of the HRELN, Bowers Hill and Fort Eustis Interchange, the annual debt issuance plan changed the delivery date and cost of Bowers Hill and Fort Eustis projects due to the reduction of funds available upon the application of the stress test.

Mr. Miller reviewed the HRTF revenue supported debt service and HRTF debt service coverage ratio with the inclusion of the future projects and reiterated the minimum coverage requirements were still being met, however; there was a smaller cushion.

The stress test methodology was explained to the Committee. Mr. Miller outlined the assumptions used and disclosed that PFM was not a forecasting firm but only advising HRTAC on the potential impacts based on the results of the stress test. He provided the rating agency responses and highlighted the agencies commonly used by the State and localities, Fitch and Moodys.

Mr. Miller detailed the steps for the HRTF Revenue Methodology for the stress test and provided a graph for the HRTF revenue original projections compared to the stress test assumptions for FY2020 through FY2065.

Mayor Donnie Tuck Moved in the absence of updated revenue projections from the Commonwealth, the Finance Committee (I) endorse the continuation of the HRTAC Current Approved Debt Management Plan for HRTAC's approved projects (including the I-64 Hampton Roads Bridge Tunnel Expansion Project) with stress test adjustments based on the COVID-19 potential impact review, and (ii) authorize that the Finance Committee Chair communicate the HRTAC current Approved debt Management Plan with such stress test adjustments based on COVID-19 potential impact review, to the Commission, with a recommendation that the Commission approve the application of the stress test adjustments based on the COVID-19 Potential impact review, Seconded by Mr. Thomas Shepperd.

A roll call vote was taken:

Chair Michael Hipple: Yes
Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes
Senator Monty Mason: Yes

Mr. Inglima confirmed The Motion Carried.

6B. HRTAC Current Approved FY2020-FY2026 Plan of Finance Update – COVID-19 Potential Impact Review

Mr. David Miller, PFM, presented the current FY2020-FY2026 Plan of Finance project costs and expenses, project cash flow with existing VDOT/TAX Revenue Projects, and projected cash flow with the revenue stress test applied to the Committee. It was noted the HRELN project was not included.

Mr. Page reminded the Committee the information presented was to provide confidence that HRTAC could still meet its construction obligations during the pandemic.

Committee Members asked Mr. Miller if he felt any weaknesses existed in the HRTAC Plan of Finance. Mr. Miller answered it was a solid plan.

Mayor Donnie Tuck Moved in the absence of updated revenue projections from the Commonwealth, the Finance Committee (I) endorse the continuation of the HRTAC Current Approved FY2020-FY2026 Plan of Finance for HRTAC's approved projects (including the I-64 Hampton Roads Bridge-Tunnel Expansion Project) with stress test adjustments based on a COVID-19 Potential Impact Review and (ii) authorized the Finance Committee Chair to communicate the HRTAC Current Approved FY2020-FY2026 Plan of Finance Update with such stress test adjustments based on the COVID-19 Potential Impact Review to the Commission with a recommendation that the Commission approve the application of the stress test adjustments based on the COVID-19 Potential Impact Review; Seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes
Senator Monty Mason: Yes

Mr. Inglima confirmed The Motion Carried.

6C. HRTAC Bond Resolution – HRTF Bond Financings

Mr. David Miller, PFM, informed the Committee the rating agencies had been reviewing all municipal securities and the transportation sector had been put on a negative watch due to the pandemic. He noted that some bond ratings might be reduced, but does not feel any action will be taken against the HRTF.

He reviewed general bond pricing and market access considerations with the Committee, and opined, COVID has not impaired debt market accessibilities for HRTAC's future debt.

Mr. Miller reviewed the bond parameters, underwriter selection and proceeds investment included in the HRTAC Bond Resolution.

Mr. Eric Ballou, Kaufman and Canoles, explained the terms included in the Resolution, which included, term limit, different lien structure and explained the bond documents needed.

Mr. Ballou explained the different lien structures and any effect it would have on HRTAC financing structure.

Committee discussion ensued in regards to the amount of debt HRTAC wanted to incur, if the market would absorb one or two bond offerings and the effect of potential economic recovery in regards to HRTAC.

Mayor Donnie Tuck Moved the Finance Committee to endorse the Resolution 2020-01, which authorizes the issuance of HRTF Revenue Bonds for up to \$800 million, and authorized the Finance Committee Chair to communicate the endorsement to the Commission at its May or June, 2020 meeting; Seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes

Mayor Donnie Tuck: Yes

Mr. Thomas Shepperd: Yes

Senator Monty Mason: Yes

Mr. Inglis confirmed The Motion Carried.

6D. HRTAC Proposed Debt Management Plan to Include Hampton Roads Express Lanes Network – COVID-19 Potential Impact Review

Mr. David Miller, PFM, indicated the Committee had been briefed earlier in the meeting on the proposed debt management plan with the results of the stress test applied. He provided the HRTAC funded costs for each segment and reiterated the reduced available funds due to the stress test application.

Mayor Donnie Tuck Moved in the absence of updated revenue projections from the Commonwealth, the Finance Committee (i) endorsed the HRTAC Proposed Debt Management Plan, which will add the Hampton Roads Express Lanes Network and apply stress test adjustments based on a COVID-19 Potential Impact Review, and (ii) authorized the Finance Committee Chair to communicate the HRTAC Proposed Debt Management Plan with a request that the Commission authorize the Finance Committee Chair to conduct a public hearing; seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes

Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes
Senator Monty Mason: Yes

Mr. Inglima confirmed The Motion Carried.

6E. HRTAC Proposed FY2021-2026 Plan of Finance Update

Mr. David Miller, PFM, reviewed the Proposed FY2021-FY2026 Funding project costs and expenses, funding sources, and the projected cash flow with the stress test application with the Committee.

He reiterated the limited amount of funds available due after the HRELN due to the legal coverage limits required by HRTAC policy, however; he indicated his confidence including it in the plan. He noted the HRELN was broken down into segments which would ease financing obligations for HRTAC.

Mayor Donnie Tuck Moved in the absence of updated revenue projections from the Commonwealth, The Finance Committee (I) endorses the HRTAC Proposed FY2021-FY2026 Plan of Finance Update – Six Year Operating and Capital Program of Projects for the Region’s High Priority Projects (with toll revenues to HRTAC), which will add the Hampton Roads Express Lanes Network and apply stress test adjustments based on a COVID-19 Potential Impact Review, and (ii) authorizes the Finance Committee Chair to communicate the HRTAC Proposed FY2021-FY2026 Plan of Finance Update - Six Year Operating and Capital Program of Projects for the Region’s High Priority Projects (with toll revenues to HRTAC) with a request that the Commission authorize the Finance Committee Chair to conduct a public hearing; Seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes
Senator Monty Mason: Yes

Mr. Tom Inglima confirmed The Motion Carried.

6F. HRTAC Proposed 2045 Long Range Plan of Finance Update – COVID-19 Potential Impact Review

Mr. David Miller, PFM, reiterated to Committee Members, due to the stress test adjustments and the inclusion of the HRELN, Bowers Hill and the Fort Eustis Interchanges projects were pushed back in the 2045 Long Range Plan of Finance. He explained the associated cost of these projects increased as well due to inflation.

Committee Members questioned why the Fort Eustis project was so expensive.

Mr. Page indicated the upgrades to the interchange involved upgrading six miles of I-64 from six to eight travel lanes. He further explained FHWA could possibly collaborate with HRTAC to make it a more realistic project in regards to the scope.

Mayor Donnie Tuck Moved the Finance Committee (I) endorse the HRTAC proposed 2045 Long Range Plan of Finance Update for the HRTAC High Priority Projects with stress test adjustments based on a COVID-19 Potential Impact Review and (II) authorized the Finance Committee Chair to communicate the HRTAC proposed 2045 Long Range Plan of Finance Update for the HRTAC High Priority Projects with such stress test adjustments based on a COVID-19 Potential Impact Review to the Commission with a request that the Commission authorize the Finance Committee Chair to conduct a public hearing before the Commission takes further action on the plan at a future meeting; Seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes
Senator Monty Mason: Yes

Mr. Inglima confirmed the Motion Carried.

6G. HRTAC Proposed FY2021 Administrative and Project Development Budget – COVID-19 Potential Impact Review, Removal of Proposed Cost of Living Adjustment and Addition of the HRTF and HRRTF Cost Sharing

Mr. Kevin B. Page, HRTAC Executive Director, reviewed the proposed administrative budget and project development budget originally presented to the Committee in March. He stated due to the pandemic it would be fiscally responsible to remove the Cost of Living Adjustment (COLA) and the Hampton Roads Regional Transit Fund (HRRTF) revenues needed to be included.

Mayor Donnie Tuck Moved the Finance Committee (I) endorse the proposed HRTAC FY2021 Administrative and Project Development Budget, which removes the proposed cost of living adjustment and adds the Hampton Roads Regional Transit Fund (the HRRTF) to the sources of revenues supporting the administrative expenses of the Commission, such expenses to be borne by the HRRTF and the HRTF on an approximately pro rata basis of the programs supported, and (II) Authorizes the Finance Committee Chair to recommend the proposed budget to the Commission and request that the Commission authorize the Finance Committee Chair to conduct a public hearing on the Proposed HRTAC FY2021 Administrative and Project Development Budget; Seconded by Mr. Thomas Shepperd. A roll call vote was taken:

Chair Michael Hipple: Yes
Mayor Donnie Tuck: Yes
Mr. Thomas Shepperd: Yes
Senator Monty Mason: Yes

Mr. Inglima confirmed The Motion Carried.

Information Items

7A. HRTAC Financial Report

Mr. Kevin Page, HRTAC Executive Director, highlighted the HRTAC Financial Report for Committee Members.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 11:40 a.m.

Michael J. Hipple
Finance Committee Chair