

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the April 18, 2024 Finance Committee Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 9:00 a.m. with the following in attendance:

HRTAC Members in Attendance:

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

Mayor Shannon Glover, PO
Supervisor Thomas Shepperd, YK*

HRTAC Executive Director

Kevin Page

Other Participants:

Eric Ballou, Kaufman and Canoles
Nelson Bush, PFM Asset Management
David Miller, PFM Financial Advisors

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

*Denotes late arrival or early departure

Others Recorded Attending:

Sheila Wilson (HRTPO); Lynn Coen, Jennifer Hodnett, Danetta Jankosky (HRTAC); Colleen Gregory-Gettel (Veterans Reporters);

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: Present
Supervisor Thomas Shepperd: No Response

The quorum was confirmed by Mr. Inglima.

Approval of Agenda

Mayor Shannon Glover Moved to approve the agenda as presented; Seconded by Supervisor William McCarty. 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 December 14, 2023 Finance Committee Meeting

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

Action Items

A. Executive Director Annual Evaluation – Closed Session

Supervisor William McCarty Moved that a closed session be held to discuss and consider the performance of the Executive Director of the Commission, which closed session will be held in accordance with Virginia Code Section 2.2-3711(a) (1), for the purpose of discussion and consideration of the assignment, employment, performance, promotion, demotion, salary, disciplining, or resignation of specific employees of the Commission; Seconded by Mayor Glover. The Motion Carried.

Closed Session began at 9:02 a.m.

Supervisor Thomas Shepperd arrives.

Closed Session ended at 9:26 a.m. and Mr. Tom Inglima, HRTAC General Counsel, read the following certification statement: The Finance Committee hereby certifies to the best of each member's knowledge, one, only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and, two, only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the closed meeting just concluded.

A roll call vote was taken:

Finance Chair Michael Hipple: Yes

Supervisor William McCarty: Yes

Mayor Shannon Glover: Yes

Supervisor Thomas Shepperd: Yes

Supervisor McCarty Moved that the Finance Committee determine that the Executive Director has exceeded expectations for the review period; Seconded by Mayor Glover. The Motion Carried.

Finance Committee Members thanked Executive Director Page for all his hard work and dedication to the Commission. They expressed appreciation for his extensive knowledge and his willingness to always help Commission Members whenever needed.

Executive Director Page was appreciative of the positive feedback and indicated he was always willing to assist.

B. I-64/I-464 Interchange, Exit 291 Flyover Ramp Improvements, UPCs 120375 and 123322 Standard Project Agreement Amendment for Project Budget, Plan of Finance Allocation Float Down

HRTAC Executive Director, Kevin Page, reminded the Committee of the development of the plan of finance for HRTAC projects and thanked HRTAC's financial consultants and staff for their hard work.

Executive Director Page indicated that the amount budgeted for the I-64/I-464 Interchange, Exit 291 Flyover Ramp Improvement Project was higher than the actual bids that the Virginia Department of Transportation (VDOT) had received. The agenda included the correspondence from VDOT requesting the deallocation of initially budgeted funds that were in excess of the selected bid.

Committee discussion ensued regarding the bidding process and allocation of funds.

Executive Director Page explained that bidding had become more competitive due to the large amount of project opportunities in the region and that companies are keeping assets in the region which allows for cost savings. Executive Director Page added that the Commonwealth was also allocating funds to the project.

Supervisor McCarty Moved that the Finance Committee recommends that the Commission (a) approve the I-64/I-464 Interchange, Exit 291 Flyover Ramp Improvements, UPCs 120375 and 123322 Standard Project Agreement Amendment; (b) deallocate \$25,428,549.00 from the amount budgeted to the project in the Approved HRTAC FY2024-FY2030 Six Year Plan of Finance, I-64/I-464 Interchange, Exit 291 Flyover Ramp Improvements; and (c) provide authorization to the Chair to execute the Standard Project Agreement Amendment, Seconded by Supervisor Shepperd. The Motion Carried.

C. Hampton Roads Express Lanes Network Segment 4A/4B Project Agreement Amendment for Project Construction and Project Budget, Plan of Finance Allocation Float Down

Executive Director Page explained that the bids VDOT had received for construction for Segment 4A/4B of the Hampton Roads Express Lanes Network (HRELN) were lower than the amount that was budgeted by HRTAC in its HRTF FY2024-FY2030 Six Year Plan of Finance. He indicated that the amount to be deallocated from the project would be reallocated into another project.

Supervisor McCarty Moved that the Finance Committee recommends that the Commission (a) approve the Second Amendment to the Hampton Roads Express Lanes Network Segment 4A/4B Project Agreement; (b) deallocate \$8,692,265.00 from the amount budgeted to the project in the Approved HRTAC HRTF FY2024-FY2030 Six Year Plan of Finance; and (c) provide authorization to execute the Standard Project Agreement Amendment, and further authorizes the Finance Committee Chair to communicate this

recommendation to the Commission at its next meeting; Seconded by Mayor Glover. The Motion Carried.

D. FY2025 Administrative and Project Development Budget

Executive Director Page reviewed the FY2025 HRTAC Administrative and Project Development Budget with Committee Members and highlighted the decrease in the budget as compared to the FY2024 Administrative and Project Development Budget.

Committee Members discussed the funding for HRTAC personnel in the Budget.

Executive Director Page noted the Memorandum of Understanding between HRTAC and the HRPDC/HRTPO regarding shared personnel duties.

Supervisor McCarty Moved that the Finance Committee endorses the Proposed HRTAC FY2025 Administrative and Project Development Budget and authorizes the Finance Committee Chair to recommend the proposed budget to the Commission and request that the Commission authorize the Executive Director to conduct a public hearing on the proposed HRTAC FY2025 Administrative and Project Development Budget, Seconded by Mayor Glover. The Motion Carried.

E. HRTAC Debt Management Plan, Update on Financing Activities, and Next Steps for HRELN Financing

Mr. David Miller, PFM Financial Advisors, reviewed the HRTF revenue forecast with the Committee and stated that although the new forecast provided by the Virginia Department of Taxation in December of 2023 was lower than the forecast from the previous year; HRTAC's current Debt Management Plan is conservative to account for such fluctuations.

The Committee was briefed on an updated traffic and revenue study of the HRELN that was conducted by CDM Smith. Mr. Miller stated that the findings revealed additional revenue derived from summer weekend traffic but also took into consideration reduced traffic patterns in the post-COVID era. Mr. Miller indicated that the updated study reflected less projected revenue than the initial study in 2021, which could result in slightly less future toll revenue borrowing capacity than previously anticipated but did not affect debt currently issued by HRTAC. Mr. Miller explained that considering the faster growth of the HRTF than initially anticipated and the interest cost savings achieved in 2021, the lower toll revenue projections had a smaller impact on the HRTAC Debt Management Plan.

Committee Members discussed the toll revenue projections.

Mr. Miller also reviewed the updated tolling operations and maintenance costs with the Committee.

The Committee was given a summary of the funding status of the Six Initial Projects and the HRBT Project.

Mr. Miller reviewed the cost estimates for the HRELN segments and HRTAC's funding commitments with respect thereto and explained HRTAC's debt financing plan to the Committee. He reminded the Members that HRTAC had issued debt in 2023 for HRELN Segment 4C and proposed a debt issuance of approximately \$165 million of HRTF Senior Lien Bonds in the fall of 2024 and a \$238 million toll backed TIFIA loan.

Mr. Eric Ballou, Kaufman and Canoles, HRTAC Bond Counsel, stated that the Committee was not being asked to act on debt authorization at today's meeting but that it would be an agenda item for the June meeting. He summarized the schedule of the activities of the debt issuance and indicated that the bond documents would be presented at the June meeting.

Committee discussion ensued regarding the status of tolling operations.

Mr. Ballou indicated that the Master Agreement for Development and Tolling (MTA) between HRTAC and VDOT governed tolling operations for the HRELN.

Executive Director Page summarized the TIFIA loan process and reminded the Committee that HRTAC has used this form of financing in the past.

Mr. Miller explained the factors considered in determining the TIFIA loan amount. He stated that the amount of collection costs and toll equipment replacement costs were factors in addition to the debt ratings provided by various rating agencies.

Supervisor McCarty Moved that the Finance Committee recommends that the Commission approve and/or authorize, as appropriate: (i) the Debt Management Plan Update; (ii) the development by the Commission Chair and Staff of an HRTF-Backed Senior Debt Issuance, provided that the consummation of the issuance would be subject to Commission approval at a future meeting; and (iii) the development by the Commission Chair and Staff of a Toll-Backed TIFIA Letter of Interest and the execution and delivery of such Letter of Interest by the Commission Chair and/or Executive Director to the Build America Bureau (TIFIA), provided that the consummation of the transactions contemplated by the Letter of Interest would be subject to Commission approval at a future meeting; Seconded by Mayor Glover. The Motion Carried.

F. FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects, and Related FY2025 Schedule of Debt Service

Ms. Liang Shan, PFM Financial Advisors, reviewed the Six Year Operating and Capital Program of Projects for the Highway Regional Priority Projects with the Committee. She indicated that there was little change from the update that was provided in June 2023 and noted that because the I-264/Independence Boulevard Interchange and I-64/Denbigh Boulevard Interchange projects weren't anticipated to be completed until 2033 and 2034, respectively, about \$200 million of costs were not within the scope of the FY2025-FY2030 Plan of Finance Update.

Ms. Shan summarized the cash flow for HRTAC's funding obligations.

Supervisor McCarty Moved that the Finance Committee endorses the Proposed FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects as an update to the HRTAC-adopted 2024-2030 Financial Plan and authorizes the Finance Committee Chair to communicate the action of the Finance Committee and to request the Commission authorize the Executive Director to conduct a public hearing and report back public comments for consideration in the Commission's action which action is expected to be taken no later than at its June 20, 2024 Annual Organizational meeting; Seconded by Supervisor Shepperd. The Motion Carried.

G. FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Transit Regional High Priority Projects

Ms. Shan stated that the Hampton Roads Regional Transit Fund (HRRTF) projections were steady and allowed for continued funding of operating costs and capital costs. She noted that as a result of a \$16 million decrease in the operating budget, there was a \$16 million deallocation reflected in the Six Year Improvement Plan.

Supervisor McCarty Moved that the Finance Committee endorses the Proposed FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Transit Regional High Priority Projects as an update to the HRTAC-adopted 2024-2030 Financial Plan and authorizes the Finance Committee Chair to communicate the action of the Finance Committee and to request the Commission to authorize the Executive Director to conduct a public hearing and report back public comments for consideration in the Commission's action, which is expected to be taken not later than at its June 20, 2024 Annual Organizational Meeting, Seconded by Mayor Glover. The Motion Carried.

H. 2045 Long Range Plan of Finance Update for the Region's High Priority Highway Projects and the Hampton Roads Regional Transit Fund

Ms. Shan reviewed the projects that would be included in the Long Range Plan for 2030-2045.

Committee Members discussed the projects included in the 2045 Long Range Plan of Finance Update.

Executive Director Page stated that the Hampton Roads Transportation Planning Organization (HRTPO) was currently working on a project list for the 2050 Long Range Transportation Plan, which would potentially identify new projects.

Supervisor McCarty Moved that the Finance Committee endorses the HRTAC 2045 Long Range Plan of Finance Update for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund and authorizes the Finance Committee Chair to recommend the proposed 2045 Long Range Plan Update to the Commission and request that the Commission authorize the Executive Director to conduct a public hearing on the proposed

HRTAC 2045 Long Range Plan of Finance Update and report back public comments for consideration in the Commission's action, which is expected to be taken not later than at its June 20, 2024 Annual Organizational Meeting; Seconded by Mayor Glover. The Motion Carried.

I. HRTAC Personnel Manual

Executive Director Page explained that during its most recent audit PBMares had suggested that HRTAC adopt its own personnel manual considering HRTAC's leave compensation liabilities and growing staff.

He noted that the HRTAC Personnel Manual shared many components with the personnel manuals of HRTPO and HRPDC, which had been utilized by HRTAC in prior years. Executive Director Page thanked Executive Director Crum of HRTPO and HRTAC's general counsel for their input.

Supervisor McCarty Moved that the Finance Committee endorses the proposed HRTAC Personnel Manual and recommends that the Commission approve the proposed HRTAC Personnel Manual at its April 18, 2024 Regular Meeting and authorizes the Finance Committee Chair to communicate the action of the Finance Committee to the Commission at its April 18, 2024 Regular Meeting, Seconded by Mayor Glover. The Motion Carried.

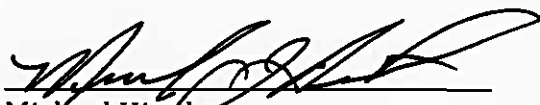
Information Item

A. HRTAC Monthly Financial Report

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

Adjournment

With no further business to come before the Finance Committee the meeting adjourned at 10:25 a.m.



Michael Hipple,
HRTAC Finance Committee Chair