

Hampton Roads Transportation Accountability Commission

Thursday, May 21, 2015

12:30 PM

The Regional Board Room, 723 Woodlake Drive, Chesapeake, Virginia

Regular Meeting

1. Call to Order
2. Public Comment Period
3. Minutes of the April 16, 2015 HRTAC Regular Meeting (Attachment 3)
Recommended Action: Approval
4. HRTAC 2015-2016 Officer Elections: Nominating Committee
Recommended Action: Chair to appoint a Nominating Committee to submit candidates during the July HRTAC annual organizational meeting for the offices of Chair and Vice-Chair.
5. Update on HRTAC Executive Director Search: Deputy Secretary of Transportation
Recommended Action: For discussion and information
6. Final FY 2016 Budget: Finance Committee Chair (Attachment 6)
Recommended Action: Approval
7. Investment Policy – BB&T: Finance Committee Chair
(Attachment 7)
Recommended Action: Approval
8. Briefing on the House Bill 2 (HB2) Prioritization Process, Schedule, and Application Process:
VDOT Commissioner
Recommended Action: For discussion and information
9. HRTF Financial Report (Attachment 9)
Recommended Action: For Information
10. Items for Next HRTAC Regular Meeting
11. Next HRTAC Regular Meeting – June 18, 2015 – 12:30 p.m.
The Regional Building, 723 Woodlake Drive, Chesapeake, VA 23320
Adjournment

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the April 16, 2015 Regular Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Regular Meeting was called to order at 12:57 p.m. in the Regional Board Room, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Voting Members in Attendance:

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

HRTAC Ex-Officio Members in Attendance:

Charlie Kilpatrick
John Malbon
Andrew Sinclair (Alternate)

HRTPO Interim Executive Director:

Camelia Ravanbakht

Other Participants:

Deputy Secretary Grindly Johnson
Tom Inglima
James Utterback

HRTAC Voting Members Absent:

W. Eugene Hunt, Jr.
Senator Louise Lucas

HRTAC Ex-Officio Members Absent:

Jennifer Mitchell
John Reinhart

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Frank Papcin, Donna Sayegh (Citizens); James Baker, Jan Proctor, Earl Sorey (CH); Randy Martin (FR); Bryan Hill, Mary Jones (JC); Brittany Forman, Joe Howell, Marcus Jones, Jeffrey Raliski, David Ricks, Ron Williams (NO); Bryan Stilley, Jerri Wilson (NN); Robert Baldwin, Brannon Godfrey, Nita Mensia-Joseph, (PO); Randy Wheeler (PQ); Leroy Bennett, Eric Nielsen, Pat Roberts (SU); Jim Spore (VB); Jack Tuttle (WM); J. Mark Carter (YK); Chris Fronheiser (AECOM); Rich Clifton (Allan Myers); James W. Long, III (CBBT); Mark Macintire (CH2M Hill); John Herzke (Clark Nexsen); Jamaal E. O'Neal (Daily Press Media Group); Rob Correll, Don Quisenberry, (eScribeSolutions); Dianna Howard (H RTP, TLP, VBTA); Kathleen McCarthy, (H RTP –Norfolk Chapter, TLP); Bert Ramsay (Lane Construction); Tracy Baynard (McGuire Woods Consulting); Karen McPherson (McPherson Consulting); Neal Crawford (Monarch Bank); Michael King, Rhonda Murray (Navy Region Mid-Atlantic); Ellis W. James (N.E.C., Sierra Club Observer); Deborah Brown (Parsons Brinckerhoff); L. Gail Henderson (Office of Senator L. Louise Lucas); Matt Wood (Suffolk Publications); Robert K. Dean (Tidewater Libertarian Party); Tony Gibson, Janet Hedrick, Salvija Hofheimer, Dusty Holcombe, John Lawson, Paula Miller, Dawn Odom, Rick Walton, (VDOT); Phil Lohr (Whitman, Requardt & Assoc.); Kelli Arledge, Melton Boyer, Nancy Collins, Randy Keaton, Mike Long, Joe Turner, Chris Vaigneur (HRPDC); Robert Case, Kathlene Grauberger, Danetta Jankosky, Mike Kimbrel, Kendall Miller, Keith Nichols, Leonardo Pineda, Dale Stith (HRTPO)

Call to Order

After the Call to Order, Chair Alan Krasnoff stated a voice vote will be used during the meeting unless there is a nay vote or an abstention, in which case the Commission will utilize a roll call vote.

Public Comment Period (limit 5 minutes per individual)

Ms. Dianna Howard spoke on concerns regarding taxes, revenues, and transportation projects, and specifically referenced her concerns with the proposed budget. She referred to the HB2 project selection process and the HB1887 dispersal of transportation dollars. She stated that people are upset over taxes because funds seem to get diverted to other things.

Ms. Donna Sayegh spoke on Principle of Liberty 21: strong local self-government is the keystone for preserving human freedom. She continued with an explanation of the effects of centralization of political power on the citizens, specifically noting the City of Portsmouth. In addition, she shared her concerns over the cost of the HRTAC staff positions of Executive Director, Chief Financial Officer, and Executive Assistant.

Mr. Frank Papcin read the following quotation from Northern Virginia Transportation Authority Chairman Martin Nohe: "Everything we do is designated to get people home to their families faster in a congested region like ours. That's a tall order. So, towards the goal of reducing congestion in the most regionally significant corridors, we have to have cooperation between jurisdictions and across agencies." Mr. Papcin shared his opposition

to funding light rail through Virginia Beach. He contended that light rail would not help with congestion, but rather increase it. He stated that he had tried with no success to get information from VDOT on vehicular usage of I-264, getting off and on I-64 in each direction. Chair Krasnoff asked Dr. Ravanbakht if they could get that information. Mr. Papcin commented that traffic approaches I-264 from a multitude of directions and if light rail were continued through Virginia Beach, people would be traveling to light rail, bringing more congestion. Mr. James Utterback stated that VDOT would supply traffic counts to Mr. Papcin as he requested. Mr. Papcin thanked Mr. Utterback.

Ms. Kathleen McCarthy distributed a packet for each member regarding her concerns and questions. She addressed both the HRTAC Draft Policy for Remote Participation and certain provisions of FOIA. The packet Ms. McCarthy prepared included citations to rules regarding statutory interpretation and construction, along with certain provisions of the FOIA code. Ms. McCarthy's questions addressed circumstances under which HRTAC members may participate in meetings through electronic means and whether HRTAC is a regional body that must be formed by referendum.

Mr. Robert Dean referenced plans to refit the meeting room with a new sound system, and questioned whether the new system would allow Commission members not present to hear proceedings via a telephone hookup or internet connection. He further requested that the same courtesy be extended to general taxpayers who may not be able to attend meetings. Mr. Dean noted the importance of roll call votes for transparency. He concluded with a request that HRTAC ensure that any member of the Commission who has a conflict of interest during the bond issuance process be disqualified and that HRTAC run bond issuances through the state to eliminate conflicts.

Mr. Ellis W. James spoke giving support for two items. First, Mr. James commented that the state should vigorously pursue its funding that was spent on Route 460. Secondly, he indicated the importance of the extension of light rail in the direction of ODU, the medical complex, the Naval Air Station, and the Virginia Beach oceanfront, especially for citizens who otherwise do not have transportation.

Minutes of the March 19, 2015 HRTAC Regular Meeting

Mr. Rex Alphin Moved to approve the minutes of the March 19, 2015 HRTAC Regular Meeting; seconded by Senator Frank Wagner. The Motion Carried unanimously.

Update of HRTAC Executive Director Search

Deputy Secretary of Transportation Grindly Johnson reported that Springsted, Inc. was moving forward in its search for the HRTAC Executive Director. She outlined the timeline as follows:

- March 24 – Candidate Recruitment Began
- April 21 – Candidate Applications Due

- Week of May 4 – Report with Candidates Recommended for Interview Presented to HRTAC Selection Committee
- Week of May 11 – Selection Committee Notifies Springsted of Candidates Selected
- May 25 – First Round Interviews
- Week of June 8 – Second Round Interviews/Negotiations
- Week of June 15 – Executive Director Selected
- July 15/July 30 – Executive Director Begins Employment

Deputy Secretary Johnson noted that the timeline may shift somewhat due to the Selection Committee's schedule, and stated that the Selection Committee had received 10 applications to date and it could continue to receive applications until April 21st. Deputy Secretary Johnson then summarized key criteria to be used when considering applicants.

Delegate Joannou inquired as to the salary of the new Executive Director. Deputy Secretary Johnson replied that salary would be negotiable, anywhere from \$170,000 – \$235,000, based on experience. She stated that Senator Louise Lucas, who has been the Selection Committee Chair, has been instrumental in accomplishing the work to date. She indicated that she will continue to update both the Chair of the Commission and HRTAC members on a weekly basis.

Finance Committee Report - Report on HRTAC Banking

Senator Frank Wagner reported that BB&T and Union Bank and Trust were chosen by HRTAC and that the Finance Committee met and signed documents to establish accounts so that funds held by the State Treasury could be transferred to HRTAC accounts. He explained that the initial transfer would be approximately \$269 million that would be deposited into the BB&T account, and then approximately \$2 million of that would be transferred to the Union Bank and Trust account for operating expenses. The funds placed with BB&T will be in two basic accounts: an interest-bearing account with a limit of \$100 million, and a managed account that can safely invest the balance in anything from one to seven year obligations with \$1 – \$2 million a year anticipated in interest alone. Additionally, in the future, somewhere between \$10 and \$15 million dollars a month will be deposited into the BB&T account. Senator Wagner stated he planned to bring information to the next HRTAC meeting regarding an investment policy for HRTAC approval. In the meantime, certain funds would be invested in safe, short-term securities. He noted that the plan was to get a maximum rate of return while still having money available when needed.

Delegate Joannou asked about costs from each bank. Senator Wagner replied that there were some small banking fees associated with investment policies along with a small fee for the professional manager. He stated that the investment of the funds would follow Code of Virginia guidelines for the investment of government funds. Senator Wagner asked Ms. Nancy Collins about bank fees. Ms. Collins indicated gross revenues of approximately \$2 million were expected with 10%, or approximately \$200,000, in fees. Delegate Joannou asked if Union Bank and Trust charged a fee. Senator Wagner replied that the Commission

approved a structure in which Union Bank and Trust would be the operating account and BB&T would hold the balance, and asked HRTAC Counsel, Mr. Inglima, for clarification. Mr. Inglima agreed with Senator Wagner. Delegate Joannou again asked whether Union Bank and Trust would be paid a fee. Ms. Collins replied affirmatively; however, the fee would be nominal. Senator Wagner pointed out that there is interest return on the account. Delegate Joannou thanked Senator Wagner for the explanations.

Finance Committee Report - Draft FY 2016 Budget

Senator Wagner reported that the proposed budget was included in the agenda packet. Senator Wagner stated the proposed budget did not include any increase from the previous year, and reminded the Commission that VDOT had agreed to cover the Commission's operating expenses for the first year. Senator Wagner requested a motion to present the HRTAC draft budget to the public at a hearing scheduled for May 20, 2015.

Mayor William Sessoms Moved to present the HRTAC Draft FY 2016 Budget at a public hearing on May 20, 2015; seconded by Mayor Linda Johnson. Chair Krasnoff asked if there was further discussion on the motion. Hearing none, he called for a voice vote. The Motion carried unanimously.

Chair Krasnoff asked the time for the public hearing, and Dr. Camelia Ravanbahkt responded that the time will be from 4:30 p.m. – 7:00 p.m. in the Regional Building Boardroom.

In closing, Senator Wagner reminded the Commission and the public that HRTAC is established solely for the single purpose of funding congestion-relieving road projects or bridge and tunnel projects. He indicated the Commission did not have the authority to spend money on any type of mass or public transit projects, including light rail, and the Commission may only fund those projects that have been approved by the HRTPO.

Projects Referred to the HRTAC Technical Advisory Committee

Dr. Ravanbakht outlined the two project requests for the HRTAC Technical Advisory Committee as follows:

- I-64/264 Interchange: Additional environmental and engineering on the remainder of the needed interchange improvements – \$10.0 million;
- Route 460/58/13 Connector (I-64/I-664 at Bowers Hill to Eastern End of Suffolk Bypass, including interchanges at SPSA Facility and Hampton Roads Executive Airport): Environmental and engineering – \$5.0 million.

Chair Krasnoff welcomed Mr. Neil Crawford, Chair of the HRTAC Technical Advisory Committee, and stated that the above items have now been now referred to that Committee.

Arrangements with VDOT and Project Status

Mr. Inglima reminded the Commission that at the January meeting, the Commission approved the Memorandum of Agreement with VDOT and the Chair working with the Vice Chair and counsel to finalize the initial Interim Project Agreements. There are currently four interim project agreements. Two of the agreements relate to the I-64/I-264 interchange and cover preliminary engineering and right of way acquisition; the third relates to the Third Crossing environmental SEIS; and the fourth relates to preliminary engineering on the I-64 Southside High Rise Bridge project. All of those agreements have been finalized and executed, and are now moving onto the next phase.

Delegate Joannou asked the amount of Federal funds put into the I-64/I-264 interchange improvements project. Mr. Utterback replied that the preliminary engineering, which to date has cost approximately \$13 million, has been Federal money, and that the Commission has put \$60 million toward right of way. Delegate Joannou further questioned whether that was a partial project or the full project. Mr. Utterback explained that it was part of the interim agreements to keep the projects moving forward. Delegate Joannou asked if there would be future costs on this project. Mr. Utterback affirmed that there would be additional costs, and that the entire project is estimated to cost \$230 million. Delegate Joannou asked if those estimated costs included only the Witchduck portion of the project. Mr. Utterback reviewed the costs of various portions of the project, and stated that in order to move the project in a more expedient manner, VDOT is breaking the project in half. He described a map of the construction, noting they hope to move the first portion of the project to construction next year, with the remainder of the project going to construction the following year. They estimate the total budget for Phase 1 will total \$110 million.

I-64 Peninsula Widening – Segment II

Mr. Inglima introduced the topic of the Segment II of I-64 Peninsula widening project, and Mr. Utterback proceeded to describe the project. Segment II consists of the first 12 miles up to Rt. 199, Exit 242 on I-64, which joins Segment I currently under contract. He hopes construction on Segment I will begin before Labor Day, 2015. Mr. Utterback pointed out that Segment II is basically the same as Segment I, except the plan to reconstruct the entire roadway. The project will include one 12-foot lane and shoulder in each direction on the median side of the interstate, in addition to widening the shoulders.

Delegate Chris Jones asked if there would be enough shoulder depth to accommodate an additional traffic lane. Mr. Utterback replied that with Segment I, VDOT was looking into strengthening the shoulders, but not for Segment II. Delegate Jones stated it may make sense to do something similar with Segment II. Mr. Utterback pointed out that the environmental documents and traffic show that six lanes are all that is needed on this section. Eight lanes would be utilized up to Lee hall. Delegate Jones clarified it to be Fort Eustis.

Delegate Joannou asked if it would be better to get four-lane right of way for the future, especially considering increasing traffic in the area. Mr. Utterback noted that the environmental documents specify it would be an ultimate eight-lane configuration, but creating eight lanes right now would require significant expenditure in connection with the Fort Eustis exit. The idea is to have six lanes now with the ability to use shoulder lanes for peak traffic. This plan leaves the opportunity to address creating eight lanes in the future.

Senator Wagner added that the Segment I was estimated at \$144 million, with the State agreeing to pay for \$100 million and HRTAC covering \$44 million. He noted that the bids came in below full price, so HRTAC is now only responsible for \$22 million. Senator Wagner recommended expediting Segment II since the money is available. Delegate Yancey confirmed his support of Senator Wagner's comments.

Mr. Utterback offered further information on the budget and timeline. He summarized a record pace, illustrated by the RFQ release in June, technical proposals in September, followed by price proposals and Notice of Award in the fall, CTB approval in December, and finally Notice to Proceed in January of 2016.

Delegate Chris Jones requested that add-ons mentioned by Senator Wagner be included in writing. Chair Krasnoff agreed that would be worthwhile and should be followed up on.

Mr. Inglima referenced the proposed resolution included in the agenda packet, and explained that, regarding the Segment II project, there will be an interim project agreement for the initial preliminary engineering to allow VDOT to continue working. Currently, the PE work being authorized is for \$6 million, with the remainder of work to be authorized at a subsequent meeting at which the Commission can consider financing alternatives. Mr. Inglima noted that the interim project agreement presented at today's meeting is consistent with agreement presented at the Commission's January meeting, and that the costs were part of the funding plan that went through the public hearing process.

Senator Wagner announced that he and Mr. Inglima had gone over the documents carefully, and, referencing Section 7 of the agreement, pointed out that bills would not be paid until costs were incurred.

Delegate Yancey Moved to approve the HRTAC Resolution 2015-01 included in the agenda packet regarding I-64 Peninsula Segment II; seconded by Mr. Michael Hipple.

Hearing no further discussion, Chair Krasnoff called for a roll call vote. A roll call vote was conducted and the results were as follows:

Mayor Alan Krasnoff	Yes
Mayor Raystine Johnson-Ashburn	Yes
Mayor George Wallace	Yes
Mr. Rex Alphin	Yes
Mr. Michael Hipple	Yes

Mayor McKinley Price	Yes
Mayor Paul Fraim	Yes
Mayor W. Eugene Hunt, Jr.	Absent
Mayor Kenneth Wright	Absent
Mr. Dallas Jones	Yes
Mayor Linda Johnson	Yes
Mayor William Sessoms, Jr.	Yes
Mayor Clyde Haulman	Yes
Mr. Tom Shepperd, Jr.	Yes
Senator L. Louise Lucas	Absent
Senator Frank Wagner	Yes
Delegate Johnny Joannou	Yes
Delegate Chris Jones	Yes
Delegate David Yancey	Yes

Regarding the Motion on the Floor, the Motion Carried.

Policy on Remote Participation in HRTAC Meetings by Members

Chair Krasnoff requested to defer this item to allow Mr. Inglima to review the public comments and to conduct further research.

Delegate Jones stated that he had a question from FOIA Counsel, Maria Everett, regarding HRTAC being a regional public body.

Delegate Yancey added that last year there was legislation regarding FOIA and changes to the code.

Mr. Inglima said that he was aware of those changes and thanked Delegate Jones for the additional information.

Chair Krasnoff noted a consensus to defer this item.

HRTF Financial Report

Chair Krasnoff stated the HRTF Financial Report was in the agenda packet and was available for informational purposes.

Next HRTAC Regular Meeting

Mayor Johnson Moved that the next HRTAC Regular Meeting be held at 12:30 p.m. on May 21, 2015 in the Regional Building Boardroom; seconded by Mayor Paul Fraim. Chair Krasnoff called for a voice vote. The Motion Carried unanimously.

With no further business to come before the Hampton Roads Transportation Accountability Commission (HRTAC), the meeting adjourned at 1:56 p.m.

Alan P. Krasnoff
HRTAC Chair



FY2016 Operating Budget

Income:	Income
Income/HRTF Reimbursement	\$ 1,088,232
Total Income	1,088,232
Expenditures:	Expenditures
<u>Personnel Expenditures</u>	
Reimbursement - HRTPO/HRPDC Support Staff	\$ 95,000
HRTAC Staff	520,932
Personnel Subtotal	615,932
<u>Professional Services:</u>	
Audit Services	40,000
Bank Fees	3,500
Legal (non-project services)	180,000
Financial Advisors	179,000
Insurance (Officers & Directors, Liability)	3,000
Executive Director Search Consultant	0
Recruiting	5,000
Professional Subtotal	410,500
<u>Technology/Communication</u>	
Computer hardware and peripherals/maintenance	10,000
Website Consultant (Development & Hosting)	300
Technology/Communication Subtotal	10,300
<u>Administrative Expenses</u>	
Public Notices/Advertising	20,000
Office Space	TBD
Office Supplies	2,000
Furniture	10,000
Printing/Copying	5,000
Dues/Subscriptions	2,000
Travel	5,000
Meeting Expenses	3,500
Postage Delivery	1,000
Professional Development	3,000
Administrative Expenses Subtotal	51,500
Total Expenditures	\$ 1,088,232
Budget Balance	\$ 0

***[Copy of Policy Being Considered at Finance Committee
May 20, 2015 Meeting]***

Investment Policy Agreement

Between: Sterling Capital Management LLC ("Adviser")
and Hampton Roads Transportation Accountability Commission ("Client")

Investment Objectives:

The Adviser shall manage the account of the Client giving priority to the following **primary investment objective**:

- ☐ Capital preservation with limited volatility in the portfolio's market value

Secondary investment objectives in support of the primary investment objective:

- ☐ Liquidity
- ☐ Income maximization

Benchmark:

It has been mutually agreed upon by the Client and the Adviser that the comparative benchmark for performance purposes for this account will be:

- ☐ Custom Index: Combo of 1-3 year Government Bond Index and T-Bill (% allocation of each Benchmark reflective of the cash needs of the Commission)

Portfolio Constraints:

A. Diversification:

- 1) The maximum allocation to any single obligor, at time of purchase, will be limited to 5% of the portfolio's market value.
 - i) Exception: The percentage of assets in the account which are obligations of the United States of America or its Agencies (as determined under Va. Code Section 2.2-4501(A)(2), shall not be limited.

B. Credit Quality:

- ☐ All investments will have a minimum credit quality rating of Aa3 and AA- (long-term) or A-1 and P-1 (short term). One rating by any of the three major rating agencies, (Moody's, S&P, or Fitch) will apply. Also, if split rated, the lower of the split rating will apply. Credit quality requirements for specific types of investments are set forth below.

C. Duration:

- 1) The average duration of the portfolio will range between 80% and 120% of the benchmark's duration.

D. Maturity*:

- ☐ Maturity requirements for certain specific types of investments are set forth below, but in no event shall the maximum effective maturity for any single issue exceed three years from the date of settlement. Client funds shall be invested in a manner that is consistent with the liquidity/cash needs identified by Client from time to time, and Adviser shall maintain a portfolio that is consistent with those needs.

****Note: This restriction only pertains to individual securities, as the overall interest rate sensitivity of the portfolio will be governed by the aforementioned duration limitation.***

Permissible Investments:

The Adviser may invest in the following investments in accordance with applicable Virginia laws.

A. OBLIGATIONS OF THE UNITED STATES

Pursuant to Va. Code Section 2.2-4501, the Client is authorized to invest in obligations issued or guaranteed by the U.S. Government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs). These securities can be held directly, in the form of repurchase agreements collateralized by such debt securities, and in the form of a registered money market or mutual fund provided that the portfolio of the fund is limited to such evidences of indebtedness.

Acceptable Agency and/or GSE instruments must have at least two of the following short term ratings: Moody's P-1, S&P A-1, Fitch F-1, or Duff and Phelps D-1.

B. COMMERCIAL PAPER

Pursuant to Va. Code Section 2.2-4502, the Client is authorized to invest in "prime quality" commercial paper with a maturity of 270 days or less.

"Prime quality" shall be as rated by at least two of the following: Moody's P-1, S & P A-1, Fitch F-1, or Duff and Phelps D-1, or by their corporate successors, provided that at the time of any such investment:

1. The issuing corporation, or its guarantor, has a net worth of at least \$100 million; and
2. The net income of the issuing corporation, or its guarantor, has averaged three million dollars per year for the previous five years; and
3. All existing senior bonded indebtedness of the issuer, or its guarantor, is rated "A" or better or the equivalent rating by at least two of the following: Moody's, S & P, Fitch, or Duff and Phelps.

Commercial paper must be issued by domestic corporations.

Not more than 5% of the total funds available for investment at time of purchase may be invested in any one issuing or guaranteeing corporation.

C. BANKER'S ACCEPTANCES

Pursuant to Va. Code Section 2.2-4504, the Client is authorized to invest in bankers acceptances.

Banker's acceptances must have at least two of the following: Moody's rating of A-1, S & P P-1, Fitch F-1, or Duff and Phelps D-1.

Banker's acceptances must be with major U.S. banks.

The sovereign rating of an issuer's country of domicile must be rated AA+ or better by Moody's, S & P or Fitch.

D. SECURITIES LENDING

Pursuant to Va. Code Section 2.2-4506, the Client is authorized to participate in Securities Lending. However, due to the inherent risk associated with Securities Lending, the Client does not engage in this activity.

E. REPURCHASE AGREEMENTS

Pursuant to Va. Code Section 2.2-4507, the Client is authorized to invest in overnight, term and open repurchase agreements that are collateralized with securities that are approved for direct investment.

All repurchase agreements shall be fully collateralized by U.S. Treasury issues, agencies or U.S. Government Sponsored Enterprises (GSEs) with maturities of less than ten years and executed using the "Master Repurchase Agreement" developed by the Bond Market Association. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of the market value of principal plus accrued interest, and the value shall be adjusted daily.

F. MUTUAL FUNDS

Pursuant to Va. Code Section 2.2-4508, the Client is authorized to invest in mutual funds.

Mutual funds must have a rating of AAA or better by S&P, Moody's or other nationally recognized rating agency, and a weighted average maturity of one year or less.

All mutual fund investments must be in compliance with the Code of Virginia.

Securities held shall be limited to obligations issued or guaranteed by the U.S. Government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs).

G. CORPORATE NOTES

Pursuant to Va. Code Section 2.2-4510, the Client is authorized to invest in corporate notes.

Corporate notes must have a rating of at least Aa by Moody's and AA by S & P. Corporate notes must be issued by a domestic corporation.

H. DEPOSITS

1) Negotiable Certificates of Deposit and Bank Notes

Pursuant to Va. Code Section 2.2-4509, the Client is authorized to invest in negotiable certificates of deposit and negotiable bank deposit notes of domestic banks.

All negotiable certificates of deposit and negotiable bank deposit notes of domestic banks must have a rating of A-1 by S & P, P-1 by Moody's for maturities of one year or less.

Negotiable certificates of deposit with maturities greater than one year and not exceeding five years require at least two of the following ratings: AA by Standard and Poor's, Aa by Moody's, or AA by Fitch.

2) Insured Deposits

Pursuant to Va. Code Section 2.2-4518, the Client is authorized to invest in deposits with the following conditions:

1. The funds are initially invested through any federally insured bank or savings institution that is qualified by the Virginia Treasury Board to accept public deposits;

2. The bank or savings institution arranges for the deposit of the funds in one or more federally insured banks or savings institutions wherever located, for the Client;

3. The full amount of principal and any accrued interest of each such deposit is covered by federal deposit insurance;

4. The bank or savings institution acts as custodian for the Client with respect to each deposit issued for the Client; and

5. At the same time that the Client's funds are deposited and each deposit is issued, the bank or savings institution receives an amount of deposits from customers of other financial institutions wherever located equal to or greater than the amount of funds invested by the County through the selected bank or savings institution.

Deposits made in accordance with the above requirements shall not be subject to the provisions of Chapter 44 (§ 2.2-4400 et seq.), § 2.2- 4515, or any security or collateral requirements that may otherwise be applicable to the investment or deposit of public funds by government investors.

I. UNAUTHORIZED INVESTMENTS

It is the policy of the Client not to invest in Derivatives, a financial contract whose value derives from the value of underlying stocks, bonds, currencies, commodities, etc.

The Client may not borrow funds for the express purpose of reinvesting these funds, otherwise known as leveraging.

Realized Gain/Loss Restrictions:

- ☐ No restriction on realized gains or losses *

Portfolio Valuation:

A. All assets held for the Client in this account will be priced on a market value basis at month end.

Policy Review

A. A review of the sufficiency of this policy will be conducted annually in conjunction with a review of account performance. Any modifications or amendments to this policy must be in written form. The Client has the right to modify this policy at any time upon written notice to the Adviser.

Exceptions to Policy

- A. No intended exceptions to this policy will occur without the Client's prior approval.
- B. In the event that any unintended exceptions to this policy do occur, it will be reported to the client in a timely fashion.

The undersigned do hereby acknowledge and agree to conduct all activities for this account in accordance with this agreement.

Investment Adviser:

Sterling Capital Management LLC

Date: _____

By: _____

Client:

Hampton Roads Transportation Accountability
Commission

Date: _____

By: _____
Alan P. Krasnoff, Chair

HAMPTON ROADS TRANSPORTATION FUND

FINANCIAL REPORT

VDOT provides the HRTPO staff with monthly financial reports relating to the HRTF including the following information:

- Revenue from sources as detailed by the collecting agency
- Interest earnings
- Expenditures reflecting both the program total as well as project totals
- The current cash position/balance in the HRTF as well as forecasted cash position/balance

Attached are the March 2015 financial reports. Based on the financial reports received to date from VDOT, the HRTPO staff has analyzed the data and prepared the attached reports and summaries:

Revenues

Total Gross Revenues (as of March 31, 2015): \$269,019,722

- State Sales and Use Tax : \$198,756,177
- Local Fuels Tax : \$69,223,987
- Interest : \$1,039,558

Expenditures

Total Expenditures: \$2,142,715

- I-64 Peninsula Widening – Segment 1: \$1,544,502
- Total Dept. of Tax Administrative Fees: \$499,518
- Total DMV Administrative Fees: \$98,695

Cash Balance

Ending Cash Balance: \$266,877,007

Encumbered Balance

Balance of Encumbered: \$143,119,137

- Allocation: \$144,663,639
- Less Construction Expenditures: \$1,544,502

Net Available Cash

Ending Available Cash Balance: \$123,757,870

Hampton Roads Transportation Fund (HRTF)
Total of Sales & Use and Fuels Taxes
Summary

	Gross Revenue				Expenditures				Cummulative Balance
	Sales & Use Tax	Fuel Tax	Interest	Total	Construction	Dept of Tax Admin Fee	DMV Admin Fee	Total	7/1/13 - 3/31/15
<i>July 2013 - March 2014</i>	\$ 77,102,802	\$ 25,904,369	\$ 57,889	\$ 103,065,060	\$ 215,225	\$ 393,135	\$ -	\$ 608,360	102,456,700
<i>April 2014</i>	9,799,746	3,360,946	132,803	13,293,495	379,882	23,497	-	403,379	115,346,816
<i>May 2014</i>	10,405,479	3,607,554	-	14,013,033	280,551	25,849	-	306,400	129,053,448
<i>June 2014</i>	10,560,742	4,470,621	-	15,031,363	211,582	1,874	98,695	312,151	143,772,660
<i>July 2014</i>	10,355,831	4,099,779	173,163	14,628,773	168,860	27,596	-	196,456	158,204,977
<i>August 2014</i>	10,701,965	4,372,700	-	15,074,665	73,019	-	-	73,019	173,206,623
<i>September 2014</i>	10,869,389	4,353,336	-	15,222,725	60,089	12,510	-	72,599	188,356,749
<i>October 2014</i>	10,082,755	3,950,834	284,421	14,318,010	91,205	593	-	91,798	202,582,961
<i>November 2014</i>	9,933,770	3,590,415	-	13,524,185	39,547	11,378	-	50,925	216,056,222
<i>December 2014</i>	9,964,325	2,947,347	-	12,911,672	16,049	7,055	-	23,104	228,944,789
<i>January 2015</i>	11,849,200	3,561,879	391,282	15,802,361	23,415	-	-	23,415	244,723,736
<i>February 2015</i>	8,667,143	2,657,036	-	11,324,180	(14,922)	(3,969)	-	(18,891)	256,066,806
<i>March 2015</i>	8,463,030	2,347,171	-	10,810,201	-	-	-	-	266,877,007
Total 12 Months	<u>\$ 121,653,375</u>	<u>\$ 43,319,618</u>	<u>\$ 981,669</u>	<u>\$ 165,954,662</u>	<u>\$ 1,329,277</u>	<u>\$ 106,383</u>	<u>\$ 98,695</u>	<u>\$ 1,534,355</u>	
Grand Totals	<u>\$ 198,756,177</u>	<u>\$ 69,223,987</u>	<u>\$ 1,039,558</u>	<u>\$ 269,019,722</u>	<u>\$ 1,544,502</u>	<u>\$ 499,518</u>	<u>\$ 98,695</u>	<u>\$ 2,142,715</u>	
Less Balance of Encumbered									\$ (143,119,137)
Total Net Available									<u>\$ 123,757,870</u>

HRTF Revenue

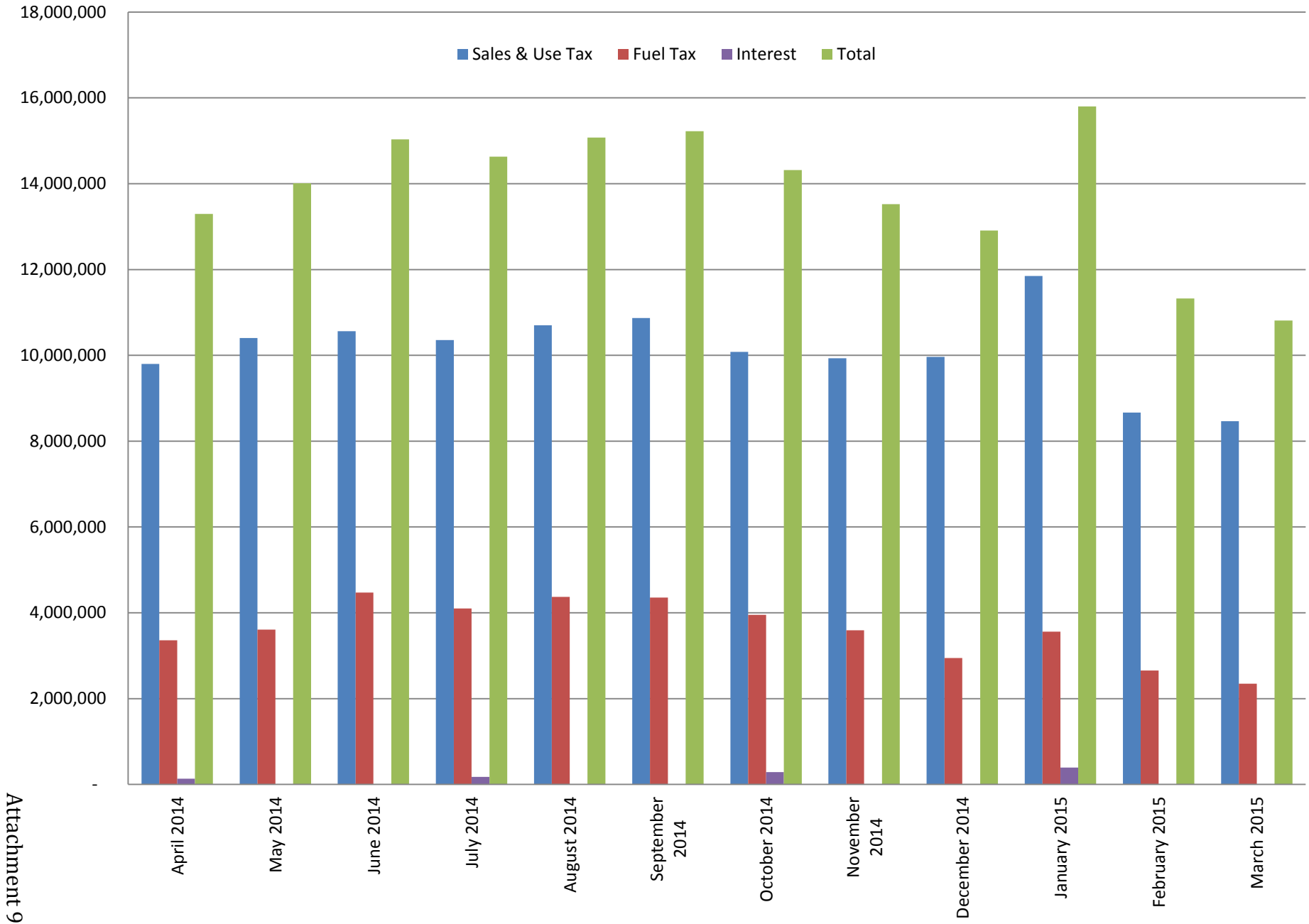


Table 1 - Total HRTF Revenues

Hampton Roads Transportation Fund (HRTF)

Total of Sales & Use and Fuels Taxes

Fiscal Year 2015

Locality	Total YTD FY2014	Previous FY2015	March 2015	Total YTD FY2015	Total
Chesapeake	\$ 26,384,832	\$ 20,364,785	\$ 2,006,319	\$ 22,371,104	\$ 48,755,936
Franklin	1,301,603	1,025,753	108,911	1,134,664	2,436,267
Hampton	10,762,980	8,370,156	825,227	9,195,384	19,958,363
Isle of Wight	2,492,326	1,913,822	168,901	2,082,723	4,575,049
James City	6,470,044	4,902,408	422,576	5,324,985	11,795,029
Newport News	15,547,215	11,663,739	1,214,162	12,877,901	28,425,116
Norfolk	20,325,343	15,239,185	1,577,855	16,817,040	37,142,382
Poquoson	375,230	310,536	27,769	338,305	713,535
Portsmouth	5,194,137	3,954,222	375,806	4,330,028	9,524,165
Southampton	729,265	611,657	53,975	665,632	1,394,897
Suffolk	6,807,264	5,336,156	543,244	5,879,399	12,686,664
Virginia Beach	38,819,376	30,559,398	2,816,239	33,375,637	72,195,013
Williamsburg	3,245,330	2,496,336	194,189	2,690,525	5,935,855
York	6,757,314	5,209,548	475,029	5,684,577	12,441,891
Total	\$ 145,212,261	\$ 111,957,703	10,810,201	\$ 122,767,903	\$ 267,980,164
Interest	363,855	675,703		675,703	1,039,558
Total Revenues	\$ 145,576,116	\$ 112,633,406	10,810,201	\$ 123,443,606	\$ 269,019,722
Construction	(1,087,241)	(457,261)	-	(457,261)	(1,544,502)
Dept of Tax Admin Fees	(444,356)	(55,162)	-	(55,162)	(499,518)
DMV Admin Fees	(98,695)	-	-	-	(98,695)
Cash Balance	\$ 143,945,823	\$ 112,120,983	10,810,201	\$ 122,931,183	\$ 266,877,007
Less Balance of Encumbered					(143,119,137)
Net Available Cash					\$ 123,757,870
Forecast	157,892,682	108,661,249	13,623,202	122,284,451	280,177,133
Total Revenue - Forecast (under)/over	(12,316,566)	3,972,157	(2,813,002)	1,159,155	(11,157,411)

Source: VDOT report "Revenues By Locality"

Prepared by Hampton Roads Transportation Planning Organization on 5/12/2015

Table 1A - State Sales & Use Tax

Hampton Roads Transportation Fund (HRTF)

State Sales & Use Tax

Fiscal Year 2015

Locality	Total YTD FY2014	Previous FY2015	March 2015	Total YTD FY2015	Total
<i>Chesapeake</i>	\$ 19,315,636	\$ 14,653,620	\$ 1,541,530	\$ 16,195,150	\$ 35,510,786
<i>Franklin</i>	846,797	614,758	72,589	687,347	1,534,144
<i>Hampton</i>	7,985,894	6,051,064	654,330	6,705,394	14,691,288
<i>Isle of Wight</i>	1,218,689	914,254	95,139	1,009,393	2,228,081
<i>James City</i>	5,509,551	4,271,260	346,327	4,617,587	10,127,138
<i>Newport News</i>	11,915,523	8,818,185	1,001,496	9,819,681	21,735,204
<i>Norfolk</i>	16,077,088	12,011,973	1,330,112	13,342,085	29,419,172
<i>Poquoson</i>	245,914	197,591	20,051	217,642	463,556
<i>Portsmouth</i>	3,509,158	2,701,109	267,798	2,968,907	6,478,066
<i>Southampton</i>	289,155	217,985	23,056	241,041	530,196
<i>Suffolk</i>	4,215,063	3,287,541	368,702	3,656,243	7,871,306
<i>Virginia Beach</i>	29,412,313	23,016,354	2,227,043	25,243,397	54,655,711
<i>Williamsburg</i>	2,420,298	1,910,521	148,729	2,059,250	4,479,548
<i>York</i>	4,907,692	3,758,162	366,128	4,124,290	9,031,982
Total	<u>107,868,770</u>	<u>\$ 82,424,377</u>	<u>\$ 8,463,030</u>	<u>\$ 90,887,407</u>	<u>\$ 198,756,177</u>
Updated Forecast	<u>108,971,040</u>	<u>80,802,563</u>	<u>10,273,248</u>	<u>91,075,811</u>	<u>200,046,851</u>
Diff(under)/over	(1,102,270)	1,621,814	(1,810,218)	(188,404)	(1,290,674)

Table 1B - Local Fuels Tax

Hampton Roads Transportation Fund (HRTF)

Local Fuels Tax

Fiscal Year 2015

Locality	Total YTD FY2014	Previous FY2015	March 2015	Total YTD FY2015	Total
<i>Chesapeake</i>	\$ 7,069,197	\$ 5,711,166	\$ 464,788	\$ 6,175,954	\$ 13,245,151
<i>Franklin</i>	454,806	410,995	36,322	447,317	902,123
<i>Hampton</i>	2,777,086	2,319,093	170,897	2,489,990	5,267,075
<i>Isle of Wight</i>	1,273,638	999,568	73,762	1,073,331	2,346,968
<i>James City</i>	960,493	631,148	76,250	707,398	1,667,891
<i>Newport News</i>	3,631,692	2,845,554	212,666	3,058,220	6,689,912
<i>Norfolk</i>	4,248,256	3,227,212	247,743	3,474,955	7,723,211
<i>Poquoson</i>	129,316	112,945	7,717	120,662	249,978
<i>Portsmouth</i>	1,684,979	1,253,113	108,008	1,361,121	3,046,099
<i>Southampton</i>	440,110	393,671	30,919	424,591	864,700
<i>Suffolk</i>	2,592,201	2,048,614	174,542	2,223,156	4,815,358
<i>Virginia Beach</i>	9,407,063	7,543,044	589,196	8,132,240	17,539,302
<i>Williamsburg</i>	825,033	585,815	45,460	631,275	1,456,308
<i>York</i>	1,849,622	1,451,386	108,900	1,560,287	3,409,909
Total	<u>37,343,491</u>	<u>\$ 29,533,326</u>	<u>\$ 2,347,171</u>	<u>\$ 31,880,496</u>	<u>\$ 69,223,987</u>
Updated Forecast	<u>48,700,001</u>	<u>27,475,443</u>	<u>3,349,954</u>	<u>30,825,397</u>	<u>79,525,398</u>
Diff(under)/over	(11,356,510)	2,057,883	(1,002,783)	1,055,099	(10,301,411)

Hampton Roads Transportation Fund (HRTF)
Administrative Fee
Fiscal Year 2015

Locality	Total YTD FY2014	Previous FY2015	March 2015	Total YTD FY2015	Total
<i>Chesapeake</i>	79,134	\$ 9,736	\$ -	\$ 9,736	\$ 88,870
<i>Franklin</i>	3,411	406	-	406	3,817
<i>Hampton</i>	32,695	4,016	-	4,016	36,711
<i>Isle of Wight</i>	5,152	577	-	577	5,729
<i>James City</i>	24,315	2,890	-	2,890	27,205
<i>Newport News</i>	48,897	5,751	-	5,751	54,648
<i>Norfolk</i>	66,002	8,052	-	8,052	74,054
<i>Poquoson</i>	989	131	-	131	1,120
<i>Portsmouth</i>	14,012	1,735	-	1,735	15,747
<i>Southampton</i>	1,215	151	-	151	1,366
<i>Suffolk</i>	17,148	2,154	-	2,154	19,302
<i>Virginia Beach</i>	121,231	15,653	-	15,653	136,884
<i>Williamsburg</i>	10,083	1,365	-	1,365	11,448
<i>York</i>	20,071	2,546	-	2,546	22,617
Total	<u>444,356</u>	<u>\$ 55,162</u>	<u>\$ -</u>	<u>\$ 55,162</u>	<u>\$ 499,518</u>
% of Sales & Use Tax Revenue	0.41%	0.07%	0.00%	0.06%	0.25%

1 Correcting error made in December 2014.

Table 2B - DMV Administrative Fee

Hampton Roads Transportation Fund (HRTF)

Administrative Fee

Fiscal Year 2015

Locality	Total YTD FY2014	Previous FY2015	March 2015	Total YTD FY2015	Total
<i>Chesapeake</i>	18,260	\$ -	\$ -	\$ -	\$ 18,260
<i>Franklin</i>	1,255	-	-	-	1,255
<i>Hampton</i>	7,781	-	-	-	7,781
<i>Isle of Wight</i>	3,305	-	-	-	3,305
<i>James City</i>	2,869	-	-	-	2,869
<i>Newport News</i>	9,844	-	-	-	9,844
<i>Norfolk</i>	10,866	-	-	-	10,866
<i>Poquoson</i>	275	-	-	-	275
<i>Portsmouth</i>	4,957	-	-	-	4,957
<i>Southampton</i>	1,212	-	-	-	1,212
<i>Suffolk</i>	7,249	-	-	-	7,249
<i>Virginia Beach</i>	24,312	-	-	-	24,312
<i>Williamsburg</i>	1,616	-	-	-	1,616
<i>York</i>	4,895	-	-	-	4,895
Total	<u>98,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,695</u>
% of Fuel Tax Revenues	0.26%	0.00%	0.00%	0.00%	0.14%

Table 3 - Allocations

Hampton Roads Transportation Fund (HRTF)

Allocations

Fiscal Year 2015

Project	Total YTD FY2014	Previous FY2015	March 2015	Total YTD FY2015	Total
<i>I-64 Peninsula Segment 1</i>	\$ 44,000,000	\$ -	-	-	44,000,000
<i>I-64/264 Interchange Improvements</i>		54,592,576	-	54,592,576	54,592,576
<i>(PE/ROW Acquisition)</i>		15,071,063	-	15,071,063	15,071,063
<i>Third Crossing (Environmental SEIS)</i>		5,000,000	-	5,000,000	5,000,000
<i>I-64 Southside/High-Rise Bridge (PE)</i>		20,000,000	-	20,000,000	20,000,000
Total	<u>\$ 44,000,000</u>	<u>\$ 94,663,639</u>	<u>-</u>	<u>94,663,639</u>	<u>138,663,639</u>

Allocations at April 2015 Meeting

I-64 Capacity Improvements - Segment II

6,000,000

Total of All Allocations

\$ 144,663,639

Table 4 - Expenditures

Hampton Roads Transportation Fund (HRTF)

Expenditures

Fiscal Year 2015

Project	Total YTD FY2014	Previous FY2015	March 2015	Total YTD FY2015	Total
<i>I-64 Peninsula Segment 1</i>	\$ 1,087,241	\$ 457,261	\$ -	\$ 457,261	\$ 1,544,502
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total	<u>\$ 1,087,241</u>	<u>\$ 457,261</u>	<u>\$ -</u>	<u>\$ 457,261</u>	<u>\$ 1,544,502</u>

1 Correcting error made in January 2015.