

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the June 20, 2024 Finance Committee Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 8:58 a.m. with the following in attendance:

HRTAC Members in Attendance:

Supervisor Michael Hipple, JC, Chair

Mayor Donnie Tuck, HA

Vice Mayor Lisa Lucas-Burke (designee for
Mayor Shannon Glover), PO
Supervisor Thomas Shepperd, YK

HRTAC Executive Director

Kevin Page

Other Participants:

Eric Ballou, Kaufman and Canoles
Ben Wills, Kaufman and Canoles
Liang Shan, PFM Financial Advisors

Tom Inglema, Willcox & Savage
Courtney Whelan, Willcox & Savage

HRTAC Voting Members Absent:

Supervisor William McCarty, IW

Others Recorded Attending:

Lynn Coen, Jennifer Hodnett, Danetta Jankosky (HRTAC); D'Nashia Lynn Dewer (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:

Vice Mayor Lisa Lucas-Burke: Present

Chair Michael Hipple: Present

Supervisor William McCarty: No Response

Supervisor Thomas Shepperd: Present

Mayor Donnie Tuck: Present

Mr. Tom Inglema, Willcox & Savage, HRTAC General Counsel, confirmed the meeting quorum.

Approval of Agenda

Supervisor Thomas Shepperd Moved to approve the agenda as presented; Seconded by Mayor Donnie Tuck. The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

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

Chair Comments

Chair Hipple welcomed Mayor Donnie Tuck to the Finance Committee and welcomed Vice Mayor Lisa Lucas-Burke to the Finance Committee meeting.

Executive Director Page discussed with the Committee the staffing of the HRTAC finance and accounting department. He noted that with the upcoming retirement of Ms. Sheila Wilson, who has been serving as HRTAC's Chief Financial Officer (CFO) pursuant to a Memorandum of Understanding (MOU) between HRTAC and the Hampton Roads Planning District Commission (HRPDC)/the Hampton Roads Transportation Planning Organization (HRTPO), Ms. Lynn Coen will be assuming CFO duties and Ms. Danetta Jankosky will be assuming controller duties effective October 1, 2024. As a result of shifting the duties of Ms. Coen and Ms. Jankosky, HRTAC would look to fill a Senior Accounting Manager position.

Committee discussion ensued regarding shared personnel duties among HRTAC and HRPDC/HRTPO. Executive Director Page indicated that the MOU with HRTPO/HRPDC is still in place but that the upcoming staffing changes would allow for more accounting functions to be moved in house with HRTAC, as opposed to being shared services among the organizations.

Committee Members inquired about the timeline for hiring a Deputy Executive Director. Executive Director Page stated that HRTAC remained on track to fill the position in the upcoming fiscal year.

Committee Members emphasized the institutional knowledge and experience that Executive Director Page brings to HRTAC and the importance of conducting a timely search for a Deputy Executive Director of HRTAC.

Consent Item

- A. Minutes of the April 18, 2024 Finance Committee Meeting

Supervisor Shepperd Moved to approve the consent agenda item; Seconded by Vice Mayor Lisa Lucas-Burke, with Mayor Tuck Abstaining. The Motion Carried.

Action Items

- A. **FY2025-FY2030 Plan of Finance Update - Six Year Operating and Capital Program of Projects - Highway Regional High Priority Projects - with Adjusted Revenue Estimate**

Executive Director Page informed the Committee that the Virginia Department of Transportation (VDOT) the Virginia Department of Taxation had made a calculation error in HRTAC's revenue projections. He explained that the estimate had been based on the Governor's budget proposal that included an increase in the sales and use tax. He

highlighted that although the revised revenue projection is lower, it still is enough to sustain HRTAC's approved six year program.

Mr. Inglima explained to the Committee that the information in the presentation was substantially the same information as presented at the April 18, 2024 meeting but adjusted to reflect the revised revenue projections that had already gone through the public hearing process.

Ms. Liang Shan, PFM Financial Advisors, reviewed the Year to Date Fiscal Year 2024 Hampton Roads Transportation Fund (HRTF) revenue performance, noting that it was 2.6% higher than in Fiscal Year 2023. She also reviewed the Fiscal Year 2024-Fiscal Year 2030 revenue projections which took into account the adjusted projections provided by the Virginia Department of Taxation and VDOT.

She noted a \$97.6 Million aggregate reduction in HRTAC's revenue through 2030 and a \$434 Million and \$735 Million aggregate reduction through 2040 and 2045, respectively.

Committee Members discussed the projects included in HRTAC's plan of finance. Executive Director Page stated that the HRTPO 2045 Long Range Plan included projects that HRTAC was able to fiscally constrain through 2045. He further indicated that the HRTPO is currently developing the 2050 Long Range Plan.

Mr. Eric Ballou, Kaufman and Canoles, HRTAC Bond Counsel, reminded the Committee that the revenue projections not only included project costs, but that they also included debt service. He indicated that debt service was a factor in HRTAC's project selection for the long term projections.

Committee Members discussed HRTAC's review of project readiness and financing capabilities.

Executive Director Page reminded the Committee that HRTAC is bound by the Virginia Department of Taxation's revenue estimates; however, the actual fiscal year revenues are taken into account when adjustments are made.

Committee discussion ensued regarding the primary and secondary road fund.

Committee Members inquired about the steps that would be taken to avoid incorrect revenue estimates in the future. Executive Director Page stated he had numerous conversations with VDOT's Chief Financial Officer who assured him that VDOT was taking steps to avoid this in the future.

Ms. Shan highlighted that HRTAC's six year plan projects remain on time, on budget in the funding plan and additional debt issuances are not anticipated for those projects. She noted that in order to counterbalance the corrected revenue projections in HRTAC's 2045 long range plan of projects, that plan would require \$410 Million in additional debt issuances but the delivery timing and scope of the projects would remain unchanged.

The Committee was provided HRTF cash flow tables reflecting the revenue projection adjustment.

Executive Director Page stressed the importance of HRTAC's cash liquidity as large construction projects, such as the Hampton Roads Bridge-Tunnel, can have unexpected costs.

Ms. Shan explained that there had been no impact on the toll revenue cash flow, and the Committee was provided a table for reference.

Mayor Tuck Moved that the Finance Committee endorses, and recommends that the Commission approve, the FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects, incorporating the updated revenue estimate, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational Meeting; Seconded by Supervisor Shepperd The Motion Carried.

B. 2045 Long Range Plan of Finance Update for the Region's High Priority Highway Projects – with Adjusted Revenue Estimate

The Committee was provided a table outlining the 2045 projects with assumptive costs and completed construction dates.

Ms. Shan reiterated that there were no changes to the projects, the cost or the construction schedule but that the revenue projection adjustment prompted the need to budget an additional \$410 Million in debt issuances in the Long Range Plan of Finance.

Vice Mayor Lucas-Burke Moved that the Finance Committee endorses, and recommends that the Commission approve, the 2045 Long Range Plan of Finance Update for the Region's High Priority Highway Projects, incorporating the updated revenue estimate, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational Meeting; Seconded by Mayor Tuck. The Motion Carried.

C. Recommendation to Issue Up to \$173,000,000 in Aggregate Principal Amount of Hampton Roads Transportation Fund Senior Lien Revenue Bonds Series 2024A – Resolution 2024-01

Ms. Shan explained that the proposed bond issuance would provide funding towards the remaining segments of the Hampton Roads Express Lanes Network (HRELN) and that the debt management plan for the Six Initial Projects and the HRBT Project remain unchanged.

She reviewed the HRELN Segments and HRTAC's funding obligations. She stated that the expected net proceeds from the debt issuance would be approximately \$164 Million.

Executive Director Page described the HRELN Segment 1B project and the importance of that Segment in the HRELN in carrying motorists from Bland Boulevard all the way to Bowers Hill.

Ms. Shan next outlined for the Committee the 2025 Toll TIFIA loan activities.

Mr. Ballou reminded the Committee of the information presented to the Committee at its April meeting and explained the nature of the 2024A bonds. He stated that the bonds are HRTF-backed, but that the 2025 TIFIA loan would be a toll-backed issuance.

Committee Members discussed the supplemental indenture that would be put in place for the issuance of the 2024A bonds.

Mr. Ballou reminded the Committee that the Commission had entered into a master indenture in 2018, which governs the receipt and application of HRTF dollars. He explained that the master indenture provides for the issuance of additional bonds through supplemental indentures. Mr. Ballou also explained the role of the bond trustee under the master indenture.

Committee Members inquired about the determination of the bond proceeds amount.

Mr. Ballou explained that the entire principal amount of the bonds is held by the bond trustee to be used only to pay costs of the HRELN project. HRTAC then submits requisitions to draw on those funds to apply to payment to VDOT or other parties for the construction of the applicable project. Mr. Ballou further explained that the amount to be applied to each project was determined based on the project needs, revenue estimates and the Commission's debt management plan.

Ms. Shan noted that a critical factor in determining the bond proceeds amount is the Commission's cash liquidity needs.

Mr. Ben Wills, Kaufman and Canoles, reviewed Resolution 2024-01 with the Committee. He noted that the Resolution references several documents to accomplish the financing, including the eleventh supplemental indenture, the preliminary official statement and a continuing disclosure undertaking, which is an agreement whereby the Commission will provide to the bond market various financial information and operational data. He highlighted the parameters of the debt issuance contained in the Resolution, including the delegation of authority to HRTAC's Executive Director, and its Chair and Vice Chair to finalize the financing documents and execute them, as appropriate.

Committee Members discussed the parameters outlined in the Resolution.

Mr. Wills explained that the parameters protect the Commission, including by way of limiting the discount at which the bonds could be sold.

Mayor Tuck Moved that the Finance Committee endorses, and recommends that the Commission approve, Resolution 2024-01, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational meeting; Seconded by Vice Mayor Lucas-Burke. The Motion Carried.

D. HRTAC Title VI Policy

Executive Director Page summarized the requirements under Title VI of the Civil Rights Act of 1964 for recipients of federal financial assistance. He explained that as a recipient of certain federal financial assistance, HRTAC is required to comply with Title VI.

Executive Director Page explained that HRTAC worked with the VDOT Office of Civil Rights and the Federal Highway Administration (FHWA) and the Title VI Liaison with the HRTPO to create the HRTAC Title VI Policy.

Executive Director Page also thanked HRTAC General Counsel for their input on the HRTAC Title VI Policy.

He described HRTAC's Title VI implementation plan and the structure of the program that the Commission will follow to ensure that HRTAC' programs and activities that receive federal financial assistance are accessible to all residents, regardless of their race, color or national origin.

Mayor Tuck Moved that the Finance Committee endorses and recommends that the Commission authorize a public comment period for the proposed HRTAC Title VI Policy and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational Meeting; Seconded by Vice Mayor Lucas-Burke. The Motion Carried.

E. HRTAC Office Lease

Executive Director Page reminded the Committee that HRTAC had been renting office space from the Southeastern Public Service Authority (SPSA) since September 2015 and explained that due to the growing number of HRTAC staff, additional office space was needed.

He stated that the new lease agreement between SPSA and HRTAC was being reviewed by Kaufman and Canoles because of Willcox & Savage's conflict.

Mr. Ballou summarized the terms of the new lease, which included extensions to the initial term of the lease, a new rental rate, and a buildout to provide for additional space.

Mayor Tuck Moved that the Finance Committee recommends to the Commission to authorize the Executive Director to i. negotiate a Successor Lease Agreement in form similar to the Commission's Existing Lease Agreement and having an initial term through June 30, 2029 and two one (1) year extension terms, ii. authorize the Executive Director to engage counsel with respect to same, iii. execute Successor Lease Agreement, subject to the

foregoing provisions as to its form and its term, and authorizes the Finance Committee Chair to communicate the action of the Finance Committee at the Commission's June 20, 2024 Annual Organizational meeting; Seconded by Vice Mayor Lucas-Burke. The Motion Carried.

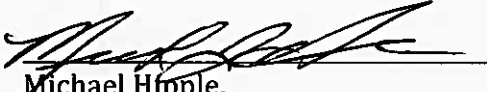
Information Item

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 10:22 a.m.



Michael Hipple,
HRTAC Finance Committee Chair