

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the January 19, 2021 Finance Committee Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 1 p.m. by conference call due to COVID-19, with the following in attendance by telephone:

Committee Members in Attendance:

Donnie Tuck, HA
Michael Hipple, JC

Thomas G. Shepperd, YK

HRTAC Executive Director:

Kevin Page

Other Participants:

Eric Ballou, Kaufman and Canoles
David Miller, PFM

Tom Inghima, Willcox & Savage

Committee Members Absent:

Senator Monty Mason, VGA

Others Recorded Attending:

Danetta Jankosky, Tiffany Smith, Sheila Wilson (HRPDC); Lynn Coen, Jennifer Hodnett (HRTAC)

Declaration re: Purpose of Meeting, Call to Order and Roll Call

Mr. Thomas Inghima, 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 Committee to assemble in a single location, so the meeting will be held electronically, by telephone, pursuant to the 2020 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 Committee and the discharge of their 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 the timeframes established in Sections 2.2-3707 and 2.2-3707.1 of the Code of Virginia.

A roll call vote of all Committee Members was taken in order to confirm a quorum:

Mayor Donnie Tuck: Present
Supervisor Michael Hipple: Present
Supervisor Thomas Shepperd: Present
Senator Monty Mason: No Response

The quorum was confirmed by Mr. Tom Inglima.

Approval of Agenda

Mayor Donnie Tuck Moved to approve the agenda with the addition of Item 5D: Review of the Executive Director's Compensation (with a Closed Session, if necessary); Seconded by Supervisor Thomas Shepperd. A roll call vote of the Committee Members was taken:

Mayor Donnie Tuck: Yes
Supervisor Michael Hipple: Yes
Supervisor Thomas Shepperd: Yes
Senator Monty Mason: No response

Mr. Tom Inglima confirmed 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 8, 2020 Finance Committee Meeting

Supervisor Thomas Shepperd Moved to approve the consent agenda item; Seconded by Mayor Donnie Tuck. A roll call vote of the Committee Members was taken:

Mayor Donnie Tuck: Yes
Supervisor Michael Hipple: Yes
Supervisor Thomas Shepperd: Yes
Senator Monty Mason: No response

Mr. Tom Inglima confirmed The Motion Carried.

Discussion Item

- A. **Briefing re: Hampton Roads Bridge Tunnel Project Financing and HRTAC Hampton Roads Express Lanes Network Funding Plan Update**

Mr. Kevin Page, HRTAC Executive Director, reminded the Committee of the segments in each construction phase of the Hampton Roads Express Lanes Network (HRELN).

Mr. David Miller, PFM, updated the Committee Members on the Hampton Roads Bridge Tunnel (HRBT) project financing. He stated that the approvals requested were for financing documents that keep the process moving forward as HRTAC continues to move forward with rating agencies and the TIFIA loans. The approvals today would not authorize any debt issuance.

He reviewed the ongoing dialog between HRTAC and the rating agencies. He noted that HRTAC had already received an indicative rating and was expecting another rating in January 2021. Mr. Miller stated the TIFIA loan process was still on track to close by July 2021.

Mr. Miller stated that PFM would only recommend the TIFIA Bond Anticipation Notes if it was economically beneficial, which at this time, he felt it would be. Additionally, he reviewed the budget and funding sources for the HRBT project with the Committee. He noted the only change from the previous meeting in December was the increased amount from \$4M to \$10M in the Toll Revenue Stabilization Fund. This was for credit enhancement and Mr. Miller did not anticipate any of these monies to be expended.

Mr. Miller discussed the preliminary toll revenue projections and budgets in regards to the tollway expenses, toll collection costs, toll system maintenance and rehabilitation costs. He provided an overview of the HRELN Phase II and Phase III projects and the preliminary funding plan for those projects.

Mr. Miller stated that the HRELN Phase II and Phase III projects were expected to be operational when the HRBT project is complete in 2025. He indicated that the funding plan was a mix of Hampton Roads Transportation Fund (HRTF) paygo, HRTF backed revenue bonds and toll backed debt. Mr. Miller also explained that HRELN Phase I project would not be complete by 2025. The current numbers indicate that if the Commission wanted to complete the part time shoulder lanes contemplated by the Phase I project by 2025, the funding would be short by \$93M. However, interest rates continue to be monitored in addition to the peak weekend and summer weekend traffic and revenue analysis, which may show enhanced toll revenues and borrowing capacity.

Mr. Page emphasized the progress that had already been made with the completed projects and contracted projects and indicated the General Assembly could assist HRTAC and VDOT in overcoming the monies shortage to complete the full build out of the HRELN.

This was a discussion item only with no action recommended or taken.

Action Items

B. Hampton Roads Express Lanes Network Initial Tolling Policy

Mr. Kevin Page, HRTAC Executive Director, reminded the Committee that the General Assembly enabled HRTAC to toll the improved facilities in the 2020 enabling legislation and that the Master Tolling Agreement for Development and Tolling Hampton Roads Express Lanes Network further directs HRTAC to toll the HRELN.

The Initial Tolling Policy presented to the Committee was created with VDOT input and incorporates the findings of the traffic grade revenue study conducted by CDM Smith.

Mr. Tom Inglima, HRTAC Counsel, indicated that HRTAC Resolution 2021-02 would authorize and approve the Initial Tolling Policies for the HRELN. He noted the recitals of the Resolution provided the background and framework for HRTAC's tolling authority. In

addition, the assumptions of CDM Smith would be integrated into the Tolling Policies, which included, but were not limited to:

Hours of Operation;
Toll Collection Methods;
Rates and Pricing; and
Permitted Vehicles and Exemptions.

Mr. Inglima reminded the Committee that the Tolling Policies would have to be reviewed by the Commissioner of Highways to ensure the policies did not create a safety or operational hazard.

The Committee questioned the process of the dynamic tolling.

Mr. Page explained that when demand for use of the managed lanes increases, evidenced by the speed of traffic slowing and volume of traffic increasing, a tolling algorithm increases the tolling rates based on the traffic patterns. When demand decreases, the tolling rates also decrease.

Mayor Donnie Tuck Moved that the Committee: (1) endorse the Resolution authorizing the Initial Tolling Policies of the Hampton Roads Express Lanes Network Resolution 2021-02; and (2) authorize the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its January 21, 2021 Special Meeting; Seconded by Supervisor Thomas Shepperd. A roll call vote was taken:

Mayor Donnie Tuck: Yes
Supervisor Michael Hipple: Yes
Supervisor Thomas Shepperd: Yes
Senator Monty Mason: No response

Mr. Tom Inglima confirmed The Motion Carried.

C. HRTAC Toll Revenue Bond Resolution – Toll Revenue Bond Indenture and Financing Structure

Mr. Kevin Page, HRTAC Executive Director, reminded the Committee that HRTAC had been through this financing process previously when the 2018A Series debt was issued.

Mr. Eric Ballou, Kaufman and Canoles, explained that the bond validation process reduces later challenges that could potentially be made to the debt and security structures, thus eliminating costly future court challenges.

He reiterated that the two resolutions for action today only advance HRTAC's procedural position of issuing debt and do not authorize the actual issuance of debt, for which a separate approval would be requested.

Mr. Ballou explained the benefit of having a master indenture for future debt issuances and stated it provided for the requirements for issuing debt and various related covenants.

Mr. Tom Inglima reviewed HRTAC Resolution 2021-03, Resolution Authorizing Indenture for Toll Roads System Revenue Bonds and Resolution 2021-04, Resolution Authorizing Certain Legal Proceedings to Establish the Validity of Toll Roads System Revenue Bonds with the Committee.

Supervisor Thomas Shepperd Moved that the Finance Committee: (1) endorse the prepared Resolution 2021-03 for authorizing the Indenture for Toll Road System Revenue Bonds; (2) endorse the prepared Resolution 2021-04 for Authorizing Certain Legal Proceedings to Establish the Validity of Toll Road System Revenue Bonds; and (3) authorize the Finance Committee Chair to communicate the Committee's recommendation to the Commission at its January 21, 2021 Special Meeting; Seconded by Mayor Donnie Tuck. A roll call vote was taken:

Mayor Donnie Tuck: Yes
Supervisor Michael Hipple: Yes
Supervisor Thomas Shepperd: Yes
Senator Monty Mason: No response

Mr. Tom Inglima confirmed The Motion Carried.

D. Review of the Executive Director's Compensation; Closed Session as needed

Supervisor Thomas Shepperd Moved that a closed session be held for discussions regarding the performance and salary of the Executive Director of the Commission and potential modifications to the Commission's employment agreement with the Executive Director in accordance with Virginia Code Section 2.2-3711(a)(1) for purpose of discussion and consideration of the assignment, appointment, performance, promotion, demotion, salary, discipline, or resignation of specific employees of the Commission and in accordance with Virginia Code Section 2.2-3711(a)(29) for the purpose of discussion of the award or modification of a public contract involving the public, involving the expenditure of the public funds and a discussion of the terms and scope of such contract where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Commission; Seconded by Supervisor Michael Hipple. A roll call vote was taken:

Mayor Donnie Tuck: Yes
Supervisor Michael Hipple: Yes
Supervisor Thomas Shepperd: Yes
Senator Monty Mason: No response

The Closed Session began at 1:54 p.m. and concluded at 2:22 p.m.

Mr. Inglima read the following certification:

The Finance Committee of the Hampton Roads Transportation Accountability Commission hereby certifies that to the best of each member's knowledge (1) only public business matters lawfully exempted from the open meeting requirements under the Virginia Freedom of Information Act, and (2) 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:

Mayor Donnie Tuck: Yes

Supervisor Michael Hipple: Yes

Supervisor Thomas Shepperd: Yes

Information Item

A. HRTAC Monthly Financial Report

Mr. Kevin Page, HRTAC Executive Director, reviewed the HRTAC Monthly Financial Report with the Committee and highlighted the new format to align with collection dates of sales and use tax and fuels tax revenue.

Adjournment

With no further business to come before the Finance Committee the meeting adjourned at 2:28 p.m.

Michael Hipple
Finance Committee Chair