**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**

**M E M O R A N D U M**

**TO:** Chairman Nohe and Members of the

Northern Virginia Transportation Authority

**FROM:** Michael Longhi, Chief Financial Officer

**SUBJECT:** Investment Management and Monitoring Subscriptions

**DATE:** November 2, 2018  **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) approval of a budget transfer to enable the FY2019 implementation of Investment Management and Monitoring Services. The proposed transfer was reviewed by the NVTA Finance Committee which recommends approval by the Authority.
2. **Suggested Motion:** I move Authority approval of a $35,781.31 transfer from the NVTA Operating Reserve for FY2019 to obtain the Investment Management and Monitoring Services detailed in Table 1 below. And, authorize the Authority’s Chief Financial Officer to sign related subscription service agreements.
3. **Background:**
   1. The NVTA investment portfolio is expected to reach $1 billion in size in the near term.
   2. The size of the portfolio requires an enhanced set of tools to meet the NVTA Investment Policy objectives of Safety, Liquidity, then Yield (SLY).
   3. The NVTA Five Year Strategic Plan in Goal IV calls for; ‘Supporting transportation infrastructure development through excellent stewardship of tax payer dollars, maximizing opportunities from existing sources… ’.
   4. Interest income from the NVTA portfolio is estimated at $10 million/year.
   5. The growing size and complexity of the portfolio was given significant attention during the FY2018 Financial Statement and Compliance Audit. During the audit, NVTA staff were able to demonstrate that research into improving the toolset to meet the Investment Policy (SLY) and Strategic Plan objectives was underway.
   6. The Authority’s external auditor, PBMares LLP, recommended as part of the FY2018 Financial Statement and Compliance Audit that processes be implemented to ensure an ongoing review of the credit ratings of purchased investments.
   7. The subscription tools have an additional benefit of improved pricing for securities leading to greater yield. The greater yield will generate as much as $220,000 in additional interest income for the Regional Revenue Fund (70%).
   8. NVTA staff presented and reviewed three subscription services at the Finance Committee’s September 2018 meeting.
   9. Upon further examination and analysis, NVTA staff recommended the services noted in Table 1 to the Finance Committee with the proposed FY2019 budget transfer to implement the services this fiscal year.

1. **Proposed Transfer:** After trial analysis periods, NVTA staff have determined the best combination of tools is the Bloomberg Anywhere subscription with Real Time Pricing and the Inter Continental Exchange (ICE) Best Ex Vantage subscription.
   1. The transfer noted in Table 1 below, will fund the implementation of the investment tools for the final 7 months of this fiscal year.
   2. The FY2019 cost of the subscriptions and one time implementation costs (to be funded from the Operating Reserve) is $35,781.31.
   3. The Operating Reserve will be replenished as part of the FY2020 Operating Budget.
   4. The ongoing annual costs starting in FY2020 are estimated at $48,210.00

