

Northern Virginia Transportation Authority Financial Working Group
December 6, 2013

Minutes from November 19 meeting were approved unanimously.

Discussion of Bond Validation – Update by Ellen Posner

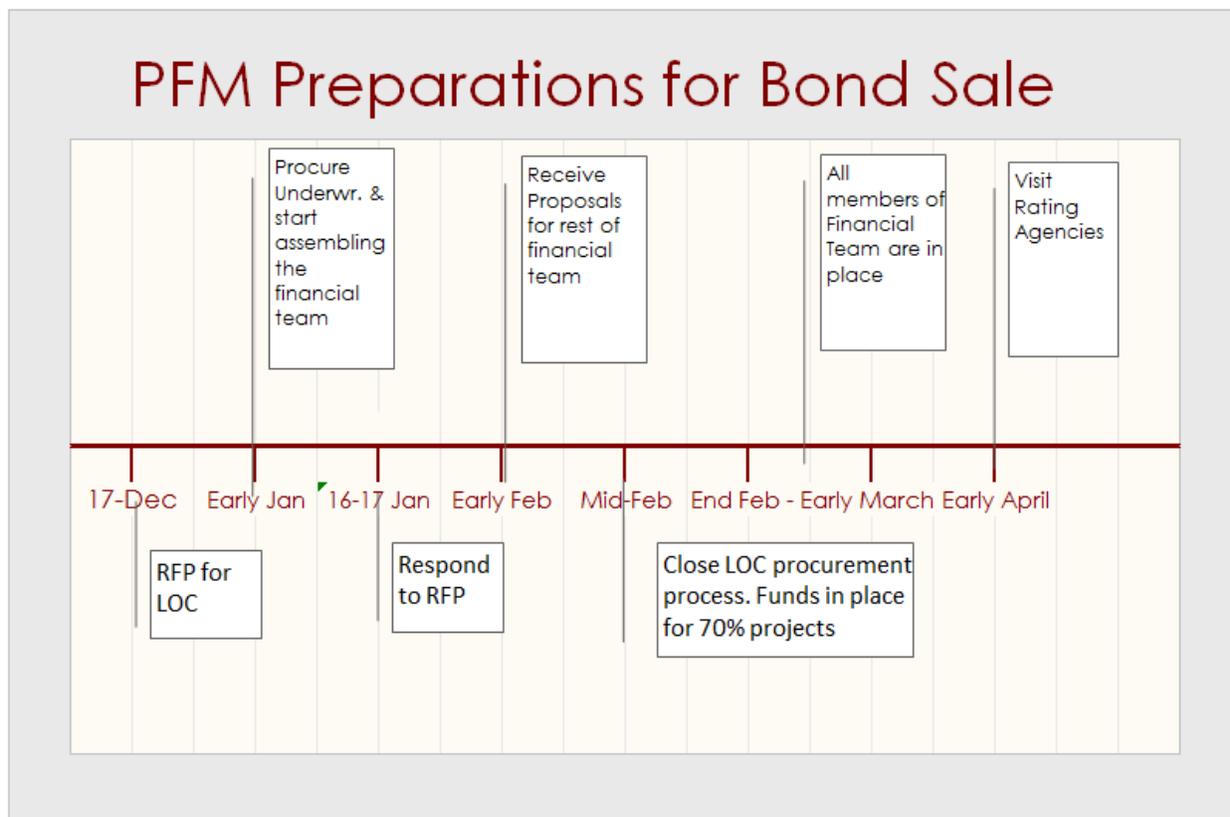
The case is over. There are final reconciliation and cleanup items.

No petition for appeal has been filed in the Virginia Supreme Court. Ellen explained therefore there is no valid appeal. On December 13, the judge will hear NVTA’s motion to strike the appeal. The Treasury Board meets on December 18 and will take up the letter at that time.

Preparation for Sale of Bonds –

Mike Longhi emphasized this is the first bond sale of a premier organization made of up these types of issuers. A Letter of Credit (LOC) will be drawn up, concurrently with revenue bond sale. The LOC will be adjusted based on the revenue bond issuance.

PFM will prepare a Request for Proposals to receive bids for the LOC. JoAnne Carter (PFM) prepared the following draft schedule to this effort:



Ms. Carter will provide a timeline for the above information next FWG meeting.

There was a question as to whether this bond sale is a one-time event or repeated occurrence? Ms. Carter and Mr. Longhi said that per NVTA’s debt policy, NVTA should keep options open. This is part of the rationale behind re-evaluating revenue bond sale.

Mr. Longhi expects to revenue stream will be steady, so jurisdictional project managers will have a reasonable expectation of receiving the funding needed for their projects as planned. The idea being that projects should not be delayed waiting for NVTA to address funding constraints. Tom Biesiadny (Fairfax County) concurred that it is important to move forward with the agreement for the 70% regional funding as there are projects are ready and they has significant public attention. A separate debt sub-committee meeting was schedule for January 7, 10am, 4050 Legato Road, Suite 400, Fairfax, Virginia 22033.

The group also discussed ways to select the underwriter for the debt issuance.

MOAs –

Agreement between NVTA and the Cities/Counties

The MOA subcommittee met on 12/5. The committee went through every comment to reach consensus. The most recent revised copies of MOAs were distributed.

Ellen Posner (Counsel of Councils) lead a revision by revision review of the MOA's, starting with the purple-lined NVTA/County/City MOA and then the red-lined NVTA County / Town MOA. The revised version based on the discussion at this meeting will be sent later today (12/6) and Monday, further changes or consensus of changes to NVTA.

There were some housekeeping changes.

There are some are significant such as

- Starting at the bottom of page 4 regarding administration. The language letting the jurisdiction decide on the how to pay administrative fees was stricken and replaced with two defined options that require election. Also stricken was the language directing that county payment of administrative expenses shall include the town share
- There was also considerable discussion about the trigger / timeline for NVTA to automatically deduct its administrative fees from the distribution of the 30 percent funding. The resulting language is to be included in the next draft (Monday morning).
- Language was strengthened to deal with the event in which the administrative fees are not paid and no election is made. The adjective defining the revenues from NVTA in fund was changed to "local"

There was discussion about denying the admin fee, or otherwise disagreeing with the fee and the process to do so and by what date, and therefore what date funds were withheld. Ms. Posner clarified that until the jurisdiction remitted the fee, NVTA does not have a way to be made whole, unless stronger measures are pursued. The revised draft to be distributed Monday morning will include the results of the discussion.

- Language regarding misappropriation or misuse of funds was added
- Emphasis that if a county/city with a town has distribution withheld, the town will also not have a distribution.
- Another major issue is NVTA's role in assisting to resolve disputes between counties and towns.

First distribution should be in January, assuming approval of the MOA by NVTA and the jurisdictions.

Agreement between Counties and Towns

If a county/city misuses a portion of the 30 percent funding allocated to it, its distribution of 30 percent funding in the subsequent fiscal year will be added to the 70% funding, and distributed to the remaining localities. If there is a town residing in the defaulting jurisdiction, the town would not receive its share either.

Page 14 of redlined: The group discussed whether the counties should reimburse the towns with 20 or 30 days from receipt of the reimbursement request. Language will be inserted saying that the counties will make every effort to reimburse the towns in 20 days.

If county / city does not make full Maintenance of Effort (MOE) requirement, the residing town will also have its share of the 30 % funding reduced.

Regarding accounting and reporting of MOE, and possible 5% variance, it is requested a reconciliation option be considered due to accruals and other required accounting adjustments. The discussion was the idea was that NVTAs should not delay distribution due to accounting presentation of accruals. Language in the agreement will be adjusted. Mike Longhi noted NVTAs does not wish the accounting presentation of cash basis versus accrual basis to trigger a non-distribution.

There will be generic signature blocks where localities can fill in the executors of the agreements.

Mary Touhy (Herndon) thanked the localities for their patience working through the MOA's.

Ms. Posner reminded the group that NVTAs is not the project manager nor performs the role of project maintenance. Localities have to monitor their timeline and distributions and reports regarding their projects. NVTAs's project coordinators will review projects to ensure that they don't exceed the scope approved by NVTAs.

Status of Projected Cash Flow Information – Jason Friess (Arlington) updated the group on the status of the project cashflows. All but \$2M million is accounted for. Mr. Longhi noted that the NVTAs staff will be updating the Board on December 12 as to the status of funding received as well as first snapshot of FY14 administrative expenditures. He is still working on the format of the presentation. It will be included in the NVTAs meeting packet. Mr. Longhi also said that he will request two points of contact from each of the jurisdictions for distribution of revenue information.

Debt Policy – 12/3 draft moves the example of debt coverage to Exhibit 1 and changes the numbers used for the example. The formula and coverage requirements are the same. There was also a discussion about the removal of language regarding the selection of future financial advisor. Mr. Biesiadny noted that this language was an earlier commitment to Loudoun County and should be restored. There was also discussion about how quickly the debt service reserve should be funded.

Procurement Procedures – Mostly Done.

Other Items

- The group discussed the administrative costs that the Department of Taxation is withholding from the distribution of NVTAs funding.
- It was also noted that the FWG needs to prepare revenue estimates for FY 2015 and FY 2016 for the Project Implementation Working Group.

Next Meeting - was tentatively scheduled for December 18 at 9:30am, pending confirmation from Mayor Euille that this day works on his calendar.