

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 20 – Regional Funds 70% Funds

I. Purpose. *Code of Virginia* §33.2-2509 directs the Northern Virginia Transportation Authority (NVTA or the “Authority”) to use 70 percent of the revenue collected (the “Regional Revenue Funds”) from the three Northern Virginia taxes and fees plus the NVTA bond proceeds for (i) transportation projects selected by the Authority that are contained in Transaction 2040 and its updates or (ii) mass transit capital projects that increase capacity benefitting those counties and cities embraced by the NVTA. The Standard Project Agreement for Funding (SPA) is the mechanism NVTA shall use to govern the distribution and use of Regional Revenue Funds and for the NVTA to ensure that such funds are spent in accordance with the Virginia Code and Authority policies.

II. General.

A. Regional Funds will be distributed as follows:

1. To pay debt service on bonds issued by the Authority and secured by a pledge of such monies.
2. To fund a Working Capital Reserve and/or Debt Service Reserve equal to at least six (6) months of the budgeted, annual Regional NVTA Funds.
3. To fund cost of issuance and other debt related fees and services.
4. For “pay-as-you-go” (PayGo) projects approved by the Authority.
5. Each project financed by Regional Funds must meet the following criteria as well as be approved by NVTA and subject to all applicable laws:
 - a. Project must be in the regional transportation plan, the TransAction 2040 plan and its updates, and be rated in accordance with *Code of Virginia* § 33.2-257 (“VDOT Rating”) if required, or a mass transit capital project that increases capacity.
 - b. Must reflect the Authority's priority for selecting projects that are expected to provide the greatest congestion reduction relative to the cost of the project.
 - c. Must be located only in localities embraced by the Authority or in adjacent localities but only to the extent that such extension is an insubstantial part of the project and is essential to the viability of the project within the localities embraced by the Authority.
 - d. Must result in each locality's total long-term benefit being approximately equal to the proportion of the total of the fees and taxes received by the Authority that are generated by or attributable to the locality.

B. The Regional Funds must be distributed in the following order of priority:

1. To fund all senior debt service requirements.

2. To fund all debt service reserve requirements (if due).
3. To fund subordinate debt service requirements (if due).
4. To fund all rebate fund requirements (if due).

C. The SPA is the guiding document regarding the responsibilities of each party in reference to project funding using Regional Funds.

III. Responsibilities.

A. Executive Director.

1. Is responsible to assign a project coordinator to monitor each project to ensure compliance with the SPA.
2. The Executive Director will make guidelines available to the recipient as necessary to assist with compliance of the SPA.
3. Written requests for supplemental project funding shall be submitted to the Executive Director for review. The Executive Director will present a recommendation to the Finance Committee for consideration. The Finance Committee may make a recommendation on any such request to the Authority for final determination.
4. The Executive Director will review written requests from recipients to advance a project to a future phase. The requests will be shared with the Finance Committee for consideration. The Finance Committee may make a recommendation on any such request to the Authority for final determination. The SPA doesn't prevent a recipient from self-funding a future phase of an approved project and seeking reimbursement from the Authority based on the original or modified cash flow projections.
5. The Executive Director will advise the recipient in writing of questionable uses of any funding which comes to the Authority's attention. The Executive Director will provide a report of the incident and make recommendations for resolution to the Finance Committee. The Finance Committee will forward the issue and possible resolution to the Authority. Additional funding will be withheld until final resolution of the matter.

B. Chief Financial Officer (CFO) Reporting to Executive Director.

1. The CFO has primary responsibility to ensure Regional funds are properly safeguarded and disbursed.
2. The CFO will be responsible for ensuring recipient project cash flow requirements are periodically updated to properly manage the project needs of the recipient.

3. The CFO will manage the requisition process, as outlined in the SPA, for cash flow purposes to facilitate reimbursement to the recipient within 20 days of receiving a completed and approved requisition request.
4. The CFO will manage the Authority's cash position to ensure availability of funds to meet programmed reimbursement requests.

C. Program Coordinator.

1. The NVTA's program coordinator will be responsible for monitoring projects on behalf of the NVTA so as to ensure compliance with this Agreement and all statutes required under the Code of Virginia.
2. The assigned program coordinator is charged with overseeing, managing, reviewing and processing, in consultation with the NVTA's Executive Director and its CFO, all payment requisitions submitted by recipients for projects. He/she will also notify the recipient of the reasons why a payment requisition has been declined.
3. The assigned program coordinator will have no independent authority to direct changes or make additions, modifications, or revisions to the Project Scope of Work as set forth in Appendix A or to the Project Budget and Cash Flow as set forth in Appendix B.
4. In consultation with the Executive Director, program coordinators will conduct periodic reviews to ensure that the project remains in compliance with the agreed upon project scope.
5. The program coordinator will ensure that written certification is received for matching project funds and for compliance with VDOT requirements, if the project is to be accepted into the VDOT system for maintenance.

D. Recipients.

1. Each recipient is responsible to ensure work is performed in accordance with all applicable federal, state and local laws and regulations, and the SPA.
2. Each recipient must perform or have performed all environmental work, right-of-way acquisition, construction, contract administration, testing services, inspection services, or capital asset acquisition necessary to complete the project.
3. A recipient must acknowledge the requirements of the NVTA's Resolution 14-08 NORTHERN VIRGINIA TRANSPORTATION AUTHORITY ('NVTA') POLICY FOR USE OF 70% FUNDS UNDER 2013 VA. ACTS CH. 766 REGARDING FUNDING OF PROJECTS UNDERTAKEN BY NVTA OR ON ITS BEHALF WITH THE DISTRICT OF COLUMBIA, VIRGINIA, ANY OTHER STATE OR A

POLITICAL SUBDIVISION THEREOF, OR THE UNITED STATES OF AMERICA, if applicable.

4. A recipient must name the Authority and its bond trustee as additional insureds on insurance policies associated with the project.
5. A recipient must certify that it will use the project for its intended purpose for the duration of its useful life.
6. A recipient must acknowledge that the Authority will not be responsible for operating or maintaining the project upon completion.
7. A recipient must comply with will federal and state requirements for other funding sources which may be used to fund the project and certify that it has adhered to all applicable laws and regulations, as well as the requirements of the agreement.

Approved by the Finance Committee: December 5, 2014

Approved by Northern Virginia Transportation Authority: December 11, 2014