



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE AGENDA

Thursday, September 14, 2023

5:30 p.m., EST

3040 Williams Drive, Suite 200

Fairfax, VA 22031

This meeting will be conducted in person and livestreamed via [NVTA's YouTube Channel](#)¹

- 1. Call to Order/Welcome** Mayor Rishell, Chair
- 2. Approval of June 8, 2023, Draft Meeting Summary Minutes** Mayor Rishell, Chair
Recommended Action: Approval of June 8, 2023, Draft Meeting Summary Minutes

ACTION ITEMS

- 3. Out of Cycle Appropriation – City of Fairfax, Government Center Parkway Extension** Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Out of Cycle Appropriation
- 4. Preliminary Deployment Plan for Regional Bus Rapid Transit in Northern Virginia – Contract Recommendation** Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Contract Award
- 5. Investment Policy Update** Mr. Longhi, CFO
Recommended Action: Recommend Authority approval of Policy Change

CLOSED SESSION

- 6. Office Lease Negotiations** Mr. Longhi, CFO

DISCUSSION/INFORMATION ITEMS

- 7. Monthly Investment Portfolio Report** Ms. Sen, Investment & Debt Manager
- 8. Monthly Revenue Report** Mr. Longhi, CFO

¹ *If technical difficulties arise, the meeting may be audio or video recorded. Any recordings will be made available on the [Finance Committee's Meetings](#) webpage.*

9. Monthly Operating Budget Report

Mr. Longhi, CFO

10. NVTA Update (*Verbal Report*)

Ms. Backmon, CEO

11. Adjournment

Mayor Rishell, Chair

NEXT MEETING: October 12, 2023, 6:00, p.m.
NVTA Offices



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, June 8, 2023 – 6:00, p.m., ET
NVAR Fairfax Headquarters - 8407 Pennell St.
Fairfax, VA 22031

This meeting was conducted in person and virtually as well as livestreamed

SUMMARY MINUTES

1. Call to Order

- ✓ Mayor Rishell called the meeting to order at 6:01 p.m.

Roll Call:

- ✓ **Membership Attendees:** Mayor Rishell; Council Member Snyder; Chair Randall; Mayor Wood.
- ✓ **Staff Attendees:** Monica Backmon (Chief Executive Officer); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Adnan Malik (Senior Accountant); Jonathan Davis (Board Secretary).
- ✓ **Council of Counsels:** Daniel Robinson (Fairfax County); Robert Dickerson (Prince William County); Christina Zechman-Brown (City of Alexandria); MinhChau Corr (Arlington County).

Presenters and Members of the Public attended in person and virtually person the meeting was livestreamed via [NVTA's YouTube Channel](#)

2. Approval of March 9, 2023, Draft Meeting Summary Minutes

- ✓ Chair Randall moved approval of the minutes of the March 9, 2023, meeting; seconded by Mayor Wood. Motion carried unanimously.

PRESENTATION

3. NVRC Lease Renewal Presentation Mr. Robert W. Lazaro, Jr, Executive Director, NVRC

- ✓ Mr. Robert W. Lazaro thanked and introduced the Northern Virginia Regional Commission (NVRC) Executive Committee members who were present in person or viewing online and noted the following:
 - NVRC's current Lease expires on July 31, 2025, and is represented by Ben Eldridge of Cambridge, US.
 - Mr. Lazaro presented the new sublease proposal regarding NVTA to the Finance Committee members, and noted the following:
 - NVRC retains right to request the landlord to provide additional office space adjacent to the existing NVTA offices. Currently the space is built out and not permanently occupied.
 - He noted four conference rooms are available on a first-come, first served basis and stated NVRC is committed to working with NVTA to coordinate scheduling.

- He also noted that NVRC has retained legal services from Venable to review the lease and author the sublease agreement. Mr. Lazaro requested NVTA to review and sign the sublease agreement with NVRC.
- ✓ Mayor Rishell inquired about resolving conflicts related to the shared conference room bookings; Mr. Lazaro responded by outlining that both NVRC and NVTA are dedicated to holding regular meetings to promptly address scheduling conflicts and avoid instances of double booking of the conference rooms.
- ✓ Chair Randall expressed appreciation for NVRC and inquired about the lease duration NVTA typically signs with NVRC. Mr. Lazaro responded that the agreement is currently on a year-to-year basis. Chair Randall then asked about the transition from a year-to-year lease to a 10-year agreement and questioned the rationale behind this extended period. Mr. Lazaro explained that such a change would yield substantial savings for both NVTA and NVRC. He added that in the realm of real estate, shorter commercial leases do not result in significant savings. In the same conversation, Chair Randall highlighted NVTA's current growth trajectory and its foreseeable expansion, emphasizing that a 10-year lease might be considered lengthy given the evolving circumstances.
- ✓ Chair Randall inquired about the adjacent office space to NVTA's office, specifically whether it falls under NVRC's current lease and if it is presently in use. Mr. Lazaro stated that the space is not currently leased by NVRC. Chair Randall questioned the reason NVTA would have to approach NVRC if the space is not under their lease. Mr. Lazaro explained that the decision was driven by the desire for consistency, allowing NVTA to remain in the same area while dividing the space, a change set to take place by the end of July 2025.
- ✓ Mr. Longhi noted that two years ago, during FY2022 budget preparations, he discussed lease bifurcation with Mr. Lazaro as a means of exploring potential cost savings that would be advantageous for both organizations.
- ✓ In response to Chair Randall's suggestion, Mr. Longhi acknowledged the possibility of pursuing a conversation through either lease bifurcation or other options.
- ✓ Mr. Longhi noted that verbal guidance provided by the committee, combined with the Committee's next agenda item on Office Space Planning Services, would lead to informed analysis, discussions, and decisions by the Committee.
- ✓ Council Member Snyder emphasized the importance of conducting thorough due diligence, noting that it involves considerations beyond just square footage cost, including programmatic factors. He emphasized the need for a comprehensive comparison and assessment to ensure a favorable deal. He also inquired about the potential for cost savings if the lease were to be split, considering commercial real estate costs for such arrangements.
- ✓ Mayor Rishell emphasized the issue of conflicts in shared conference room reservations, recalling a previous incident during the Northern Virginia Transportation Roundtable that was crucial to NVTA; Mr. Lazaro noted that NVRC would find solutions to address such instances should they arise again.

- ✓ Mayor Wood pointed out that given the increasing number of projects, it is evident that NVTA is experiencing growth. He suggested that this growth presents an excellent opportunity to consider future expansion and development.

ACTION ITEMS

4. Office Space Planning Services

Mr. Longhi, CFO

- ✓ Mr. Longhi highlighted that to obtain professional advice and representation related to future office space decisions, NVTA can quickly obtain experienced professional representation through a shared procurement with the Commonwealth of Virginia. With the services of a real estate professional, a comprehensive examination of various options to include the NVRC lease proposal, other subleases, direct leases and purchase will be assessed. Mr. Longhi recapped the Authority's current lease circumstances as follows.
 - The NVTA currently leases office space through a sublease from NVRC. NVRC leases the property from the owner through a property management company.
 - NVRC has presented NVTA with a 10-year lease renewal representing a minimum \$2.7 million commitment.
 - NVRC is represented in its negotiations with NVTA and the property owner by Cambridge Property Group LLC (Mr. Eldridge) and is receiving legal advice from Venable LLP (Mr. Brandenstein Jr.).
 - The Commonwealth of Virginia, Department of General Services, Division of Real Estate Services (DRES) offers real estate brokerage, leasing representation, transaction management and strategic real estate planning services through a shared procurement.
 - DRES has added NVTA as an Authorized User under contract DGS-131031-Div. with Divaris Real Estate, Inc. (Divaris) a DMBE-certified business.
 - The typical transaction covered under the Divaris contract is commission based with the property owner paying the commission. There is a separate fee schedule for specific services with specified hourly rates.
 - Based on initial discussions with representatives of Divaris, out-of-pocket expenses are not expected to be incurred by NVTA.
- ✓ Mr. Longhi concluded by presenting the representation letter that was included in the staff report.
- ✓ Mayor Rishell emphasized the importance of NVTA making progress on the office space matter. She expressed the belief that involving a real estate professional will be beneficial in addressing this issue effectively and providing valuable insights.
- ✓ Chair Randall inquired if the final decision regarding this matter would be discussed during an Authority meeting. Mr. Longhi affirmed that presentations will first be made to the Committee, which will make recommendations to the full Authority.
- ✓ Mr. Longhi noted that the possibility of lease bifurcation was seen as a valuable approach in guiding informed decision-making for NVTA.
- ✓ Mayor Wood moved the NVTA Finance Committee direct the Chief Financial Officer to

undertake an examination of office space market options, sign a representation letter with Divaris Real Estate Inc. and provide a report to the Committee as soon as practical; seconded by Council Member Snyder. The motion passed unanimously.

Information/Discussion Items

4. Sole Source Procurement Declaration

Mr. Longhi, CFO

- ✓ Mr. Longhi reported a sole source procurement to the Finance Committee noting:
 - NVTA Policy 12 – Procurement, Section VI requires the Committee to be advised if a Sole Source procurement is utilized under Code of Virginia 2.2-4303-E.
 - The City of Fairfax (City) applied for and received funding for project 2018-47-1 Intersection Improvements at Eaton Place/Chain Bridge Road in the FY2018-2023 Six Year Program.
 - As part of NVTA’s funding decision and as required by the Code of Virginia, the project was evaluated using a computer simulated model. Per the City’s application submission, a roundabout at Eaton Place and Chain Bridge Road was evaluated. The NVTA contracted for the computerized model analysis with AECOM.
 - The City wishes to modify the approved scope of the project, removing the roundabout and replacing that feature with two signalized intersections and several access point improvements.
 - Prior to authorizing the change in the project scope, the NVTA is required to rerun the computer simulated model to evaluate if the project’s TransAction ranking and Congestion Reduction Relative to Cost score is equal to or better than the score originally received.
 - Since AECOM did the TransAction work within which this project was originally modeled and ranked, they have the computer model already set up and the associated regional data on hand.
 - To have another firm recreate the TransAction model for this one project would cost more than \$100K and take an extensive amount of time. TransAction contracts stipulate NVTA may come back and task work such as this upon mutual agreement.
 - There is no budget impact for NVTA as the City will pay the AECOM costs associated with the remodeling.
- ✓ Mr. Longhi concluded by noting that a copy of the Memorandum of Agreement with the City is included in the Staff report.
- ✓ Council Member Snyder asked if this was something for Council of Counsels to review. Mr. Longhi noted that NVTA had a task order for a contract with AECOM as a follow-up to the original contract to do the last version of TransAction.
- ✓ Council Member Snyder inquired if the analysis was programmatic in nature. Ms. Backmon clarified that the City intends to modify the project's scope from its original model and funding. They believe the new scope will score higher on the Congestion

Reduction Relative to Cost score. This is where the modeling becomes relevant, as NVTA needs to remodel the project to reflect the updated congestion scenario and integrate a more programmatic approach. According to the City, the belief is that the revised project might be slightly less expensive than the initial program.

- ✓ Ms. Backmon informed the group that this project was approved during the inaugural Six-Year Program (SYP) under the previous TransAction.
- ✓ Council Member Snyder inquired whether this approach qualifies as an appropriate Sole Source contract under the Virginia Procurement Act. Mr. Longhi mentioned that the NVTA Council of Counsels has assessed the Memorandum of Agreement between the NVTA and the City of Fairfax. NVTA will be engaging in further discussions with the Council of Counsels.

5. Monthly Investment Portfolio Report

- ✓ Mr. Longhi reviewed and presented the Monthly Revenue Report as provided in the packet.
- ✓ Council Member Snyder requested a comparison of the Portfolio's performance against other benchmarks. Mr. Longhi noted that the current benchmarks are oriented towards short-term durations, while NVTA's portfolio now has a longer duration. He indicated that staff have been researching and analyzing more relevant benchmarks that are aligned with the portfolio's longer maturity period.

6. Monthly Revenue Report

- ✓ Mr. Longhi reviewed and presented the Monthly Revenue Report as provided in the packet.

7. Monthly Operating Budget Report

- ✓ Mr. Longhi reviewed and presented the Monthly Operating Budget Report as provided in the packet.

8. NVTA Update (Verbal Report)

- ✓ Ms. Backmon noted in the interest of time, she will have comments at the Authority meeting that evening.

9. Adjournment

- ✓ Seeing no further questions, discussion, or order of business, Mayor Rishell adjourned the meeting at 6:43 p.m.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

3.

MEMORANDUM

FOR: Chair Jeanette Rishell and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 7, 2023

SUBJECT: Out of Cycle Appropriation – City of Fairfax, Government Center Parkway Extension

- 1. Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of an out of cycle funding appropriation for the Government Center Parkway Extension project in the City of Fairfax.
- 2. Suggested Motion:** *I move the Finance Committee recommend Authority approval of a FY2024 Regional Revenue Fund appropriation of \$3,540,000 for the Government Center Parkway Extension Project, Project ID 2020-307-1.*
- 3. Background:**
 - a. Regional Revenue Fund project appropriations are presented by the Finance Committee for Authority approval as part of the annual budget adoption process in advance of the start of each fiscal year.
 - b. The City of Fairfax has determined that it can proceed with the Government Center Parkway Extension Project (Project ID 2020-307-1) in FY2024 and is requesting an out of cycle appropriation to advance the project.
 - c. The Authority approved \$3,540,000 in funding for this project as part of the FY2020/25 Six Year Program. This amount was initially planned to be appropriated in FY2025.
 - d. NVTA staff has determined there are sufficient FY2023 excess revenues and investment portfolio earnings to permit this appropriation without any negative fiscal impacts for the Authority.
 - e. NVTA staff recommend the Finance Committee make a recommendation in support of this appropriation at the October Authority meeting.
- 4. Next Steps:** With the Finance Committee approval, this appropriation will be presented to the Authority at the October meeting for consideration.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

4.

MEMORANDUM

FOR: Chair Jeanette Rishell and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 7, 2023

SUBJECT: Preliminary Deployment Plan for a Regional Bus Rapid Transit System in Northern Virginia – Contract Recommendation

- 1. Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of Authority approval of the proposed Preliminary Deployment Plan for a Regional Bus Rapid Transit System in Northern Virginia (PDP-BRT) contract award with Cambridge Systematics, Inc.
- 2. Suggested Motion:** *I move the Finance Committee recommend Authority approval of the proposed Preliminary Deployment Plan for a Regional Bus Rapid Transit System in Northern Virginia contract award to Cambridge Systematics Inc.*
- 3. Background:**
 - a.** A consultant Open House was conducted on March 30, 2023, to allow potential contractors and subcontractors to discuss the upcoming procurement in an open and transparent environment for all potential competitors.
 - b.** A Request for Proposals (RFP) was issued on April 6, 2023, with proposals due on May 11, 2023.
 - c.** Notice of this open procurement was placed on the NVTA website and with the Commonwealth's eVA procurement notice system.
 - d.** Two firms submitted responsive and responsible Technical and Price Proposals eligible for consideration by the RFP Selection Panel.
 - e.** The RFP Selection Panel consisted of four jurisdiction members and three NVTA staff members, for a total of seven voting members. The Virginia Department of Transportation and the Department of Rail and Public Transportation shared staff technical BRT expertise on a non-voting basis, along with NVTA's Planning Analytics Manager.
 - f.** The two respondent proposals were initially scored solely on their technical proposals and were interviewed on June 12, 2023. Cost proposals were then released for best value evaluation. The Selection Panel's initial scores were six to one in favor of the proposed consultant.
 - g.** When the cost proposals were evaluated, and with further discussion of the technical proposals, the rankings by the Selection Panel became unanimous.



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

DRAFT, 2023

Mr. Thomas Harrington, Principal
Cambridge Systematics, Inc.
3 Bethesda Metro Center, Suite 1200
Bethesda, MD 20814

Dear Mr. Harrington:

The Northern Virginia Transportation Authority (NVTA) has acted to authorize the award of a contract to Cambridge Systematics Inc. (CS) to perform the work requested in the Authority's RFP No. 2023-01 and described in your Technical Proposal and separate Price Proposal dated May 11, 2023.

There were no clarifications or modifications required for the Request for Proposal (RFP). Therefore, this letter, together with NVTA RFP 2023-01 and the Cambridge Systematics Technical Proposal and Price Proposals dated May 11, 2023, with the Cambridge Systematics Best and Final Offer (inclusive of technical and cost amendments) dated August 8, 2023 provides the agreement to conduct the project under the terms and conditions specified in the RFP. This letter also constitutes your notice to proceed unless advised otherwise in writing by NVTA on or prior to October 26, 2023.

If you concur, please sign both originals and return one copy to Michael Longhi, NVTA CFO. Please contact Mr. Longhi with any questions.

Sincerely,

Monica Backmon
Chief Executive Officer

Mr. Thomas Harrington
Principal
Cambridge Systematics

Date

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

5.

MEMORANDUM

FOR: Chair Jeanette Rishell and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 7, 2023

SUBJECT: Investment Policy Update

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVRTA) Finance Committee recommendation of Authority approval of the proposed Investment Policy updates as described below and detailed on the attached draft.
2. **Suggested Motion:** *I move the Finance Committee recommend Authority approval of the proposed Investment Policy updates as detailed on the attached draft.*
3. **Background:** Two updates to the Investment Policy are proposed. The first update is the deletion of Overnight Repurchase Agreements from the list of permitted instruments. The second update involves modification of performance benchmarks.
4. **Deletion of Overnight Repurchase Agreements (REPOs) from the Investment Policy**
 - a. The submission of the Authority's Investment Policy for national and international certification has been discussed at prior Finance Committee meetings.
 - b. In preparing to submit the Investment Policy for certification, a review of certification requirements was undertaken.
 - c. That review indicates that for certain certifications, if REPOs are included in a policy an underlying REPO contract must be submitted as part of the certification submission.
 - d. REPOs are instruments which are typically used to maximize the use of idle overnight funds. Those idle funds are generated when an organization has large operational expenses and payrolls. Idle overnight funds in the range of \$50 to \$100 million or more per night are typically suitable for REPO consideration.
 - e. Due to very small operating expenses and payroll, the Authority typically has less than \$1 million in idle overnight funds. This situation is not expected to materially change in the foreseeable future.
 - f. REPO contracts are complex documents that need constant monitoring. Unless REPOs are beneficially utilized, maintaining a REPO contract is a diversion of resources away from more productive activities.
 - g. Deletion of REPOs from the list of allowable investment will not have a negative impact on the Authority's portfolio management or fiscal results but will improve the prospect of receiving certification.
5. **Adoption of new portfolio performance benchmarks.**
 - a. The Investment Policy currently names the three-month (90 day) Treasury bill auction, the Fed Funds Rate, the Local Government Investment Pool (LGIP) and the Virginia Non-Arbitrage Program (SNAP) as performance benchmarks.

- b. The benchmarks noted above are basically daily liquidity benchmarks, meaning the funds are available in whole every day (Fed Funds, LGIP and SNAP) to 90-day maturity (Treasury 90-day T Bill). Current benchmarks with proposed (highlighted) replacements are shown below.

NVTA Investment Benchmarks	Jul-23 Month End
Fed Funds Rate	5.33%
Treasury 90 Day T Bill	5.55%
Local Government Investment Pool	5.45%
Virginia Non-Arbitrage Program	5.37%
ICE BofA 1-3 Year (18-Months Avg)*	3.77%
LGIP Extended Maturity Pool*	3.94%
NVTA Performance	3.17%

Source: Bloomberg/NVTA Statements

*New Benchmarks

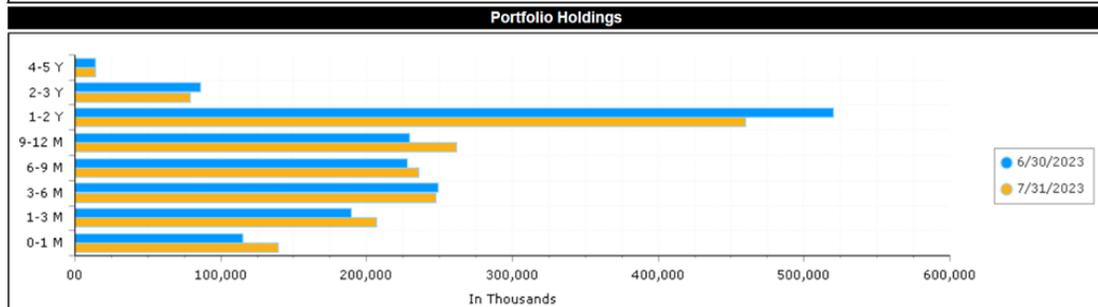
- c. Since the policy adoption in 2014, and with the implementation of dedicated portfolio management activities in 2018, the portfolio has grown to over \$1.6 billion.
- d. The Investment Policy objectives in priority order are safety, liquidity, and yield as noted on page 1 of the policy.
- e. Without a sacrifice in safety, and while ensuring the liquidity demands for project reimbursements are met, the portfolio has increased its duration (maturity) to obtain market yield.
- f. Of the \$1.643 billion portfolio, \$1,048 billion is invested in instruments with a 6 month to 5-year maturity as reflected in the table and chart below.



**Northern Virginia Transportation Authority
Distribution by Maturity Range - Book Value
Report Group: Regional Revenue**

Begin Date: 6/30/2023, End Date: 7/31/2023

Maturity Range	Maturity Range Allocation			
	Book Value 6/30/2023	% of Portfolio 6/30/2023	Book Value 7/31/2023	% of Portfolio 7/31/2023
0-1 Month	115,317,785.14	7.07	139,035,981.13	8.46
1-3 Months	189,679,040.49	11.63	206,694,920.19	12.58
3-6 Months	249,330,242.16	15.28	247,903,565.88	15.09
6-9 Months	227,766,128.99	13.96	235,614,612.21	14.34
9-12 Months	229,122,509.11	14.04	261,891,786.81	15.94
1-2 Years	520,165,108.35	31.88	459,433,673.44	27.96
2-3 Years	86,306,030.84	5.29	78,851,133.34	4.80
4-5 Years	13,736,093.60	0.84	13,741,255.17	0.84
Total / Average	1,631,422,938.68	100.00	1,643,166,928.17	100.00



- g. The Federal Reserve has increased the Fed Funds rate from near zero in March 2022 to 5.50% in July 2023. Longer maturities safely maximize portfolio earnings in the near and long term.

- h. The current cycle of rising rates is the first the portfolio has experienced since its effective start in 2018.
 - i. The portfolio is currently impeded by sub 1% instruments, which will mature out of the portfolio by November 2025.
 - j. Had the sub 1% securities matured prior to July 2023 the portfolio yield to maturity would have increased from 3.17% to 4.05%.
 - k. Liquidity is managed by the laddering of maturities such that the portfolio is targeted at \$60 million to \$100 million in maturities each month. Additionally, NVTA is achieving \$20 million a month in positive cash flow. This results in \$80 million to \$120 million available for project reimbursements each month. Highest peak to date in annual project reimbursements was \$147.8 million in FY2020.
 - l. It is important to note that 93% of the \$1.643 billion portfolio is dedicated to transportation projects previously approved by the Authority. The remaining 7% of the portfolio represents policy required reserves.
 - m. After consulting member jurisdiction practices, conducting thorough benchmark research and considering NVTA's concentrated portfolio in the six-month to five-year maturity range, Staff is recommending the use of the 18-month average of the InterContinental Exchange, Bank of America 1-3 Year Benchmark (ICE BofA 1-3 Year) and LGIP Extended Maturity Pool yields as our policy prescribed performance benchmarks.
- 6. Next Steps:** With the Finance Committee recommendation and feedback the policy updates will be submitted for Authority consideration at the October 2023 meeting.

Attachment: Draft Investment Policy (with change tracking)



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Northern Virginia Transportation Authority

Investment Policy

DRAFT

Adopted: December 11, 2014

Revised: April 11, 2019

Revised: October 10, 2019

Revised: October 8, 2020

Revised: March 10, 2022

Revised: 2023

|

This Investment Policy has been established by the Northern Virginia Transportation Authority (Authority) to ensure effective management of the day-to-day investment activity, and is designed to increase non-tax revenues by investing funds when not needed for current obligations. The objective is to obtain, while protecting principal, the highest possible yield on available financial assets, consistent with constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that govern the placement of public funds. The general custody of all funds requires the investment of those funds within the confines of the Code of Virginia and a comprehensive Investment Policy developed and maintained by the Authority.

DRAFT

Investment Policy

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INVESTMENT POLICY

PURPOSE AND SCOPE

The purpose of this statement of investment policy is to establish guidelines for the safeguarding and efficient management of Authority funds and for the purchase, sale and custody of investment instruments. The goal is to minimize risk and to ensure the availability of cash to meet Authority expenditures, while generating revenue from the use of funds, which might otherwise remain idle.

Unless otherwise noted, all citations in this policy refer to the Code of Virginia (1950), as amended.

OBJECTIVES

The primary objectives of the Authority's investment activities, in priority order, are: safety, liquidity, and yield (SLY).

Safety of principal is the foremost objective in the investment of public funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles. This objective shall take into account constraints as to acceptable risk, the characteristics of the Authority's cash flows and the funding expectations of approved projects.

ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) is charged with collecting, safeguarding and disbursing Authority funds. The CFO serves as the investment officer for the Authority with authority for investment decisions to include managing the day-to-day operations of the portfolio, placing purchase orders and sell orders with dealers and financial institutions, procuring banking and financial services and preparing reports as required.

The CFO shall invest all available cash (with the exception of 30% funds) into a common investment portfolio. The CFO and Investment and Debt Manager will file an annual Statement of Economic Interest and make any and all other disclosures or recusals in compliance with NVTA Policy 2 – Conflict of Interest. In no event shall any employee involved in the investment process also be involved in personal business activity that could conflict with proper execution of the investment program.

In the event a security(s) held in the portfolio is downgraded, below the approved purchase level, the CFO will advise the Finance Committee at their next meeting, of actions taken or strategies planned in response to the downgrade. Actions and strategies will consider the reason for the downgrade, financial condition of the issuer, maturity dates, market value and market conditions.

The CFO shall continue to monitor the statutes and regulations and modify investment procedures accordingly to ensure compliance.

The CFO as well as staff assigned to investment and accounting functions; shall individually and as a group stay current on new regulations and market trends in investments, technology enhancements and new banking as well as financial services. Individual readings, research, subscriptions to news services, attending training and informational symposiums on these topics is encouraged and supported.

ROLE OF THE INVESTMENT MONITOR

The Investment Monitor is designated by the CFO to review the balances and activity in the Authority's investment portfolio. The Investment Monitor shall be thoroughly familiar with this Investment Policy and the Code of Virginia regarding allowable investments. The Investment Monitor will not be actively involved in investment activity other than to monitor transactions for compliance with this policy and the Code of Virginia. The Investment Monitor shall have read-only access to the portfolio tracking system, as well as a Bloomberg Audit Terminal to review Direct (electronic) Purchases made on the Bloomberg Terminal, to confirm all investment balances, purchases, maturities, sales and trades.

ROLE OF THE FINANCE COMMITTEE

The Finance Committee is established in the Authority to review the CFO's actions regarding the disposition of Authority funds. The Finance Committee meets at regular intervals with the CFO to review the GASB 40 Statement and monthly portfolio recap. The makeup of the Finance Committee is specified in the Bylaws.

ETHICS AND CONFLICT OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Authority.

INTERNAL CONTROLS

The CFO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met, to the extent possible with staff resources.

- Prevention of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping using a delivery versus payment basis
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian.

EXTERNAL PORTFOLIO MANAGEMENT

In order to better manage yield in changing interest rate environments, the CFO may decide to contract for external portfolio management. This portion of the investment portfolio may be invested for periods greater than two (2) years but not more than five (5) years. Since these funds have been set aside, they are not currently required to meet the near-term liquidity needs of the Authority. These funds may not exceed 25% of the net balance of the Authority's 70% Regional Fund pooled cash and investments. The external portfolio manager must comply with all the requirements of the Code of Virginia with respect to the investment of local funds.

COMMUNITY BANK PROGRAM

In order to enable community based financial institutions to compete against regional and national institutions for Authority funds the CFO may set aside a portion of Authority funds upon which only local community-based institutions may bid. In order to qualify for the Community Bank Program, an institution must be headquartered locally or maintain a significant portion of its branches within the Authority membership jurisdictional boundaries. Any banks which show significant community reinvestment activities beyond the minimums required in the Community Reinvestment Act will receive consideration. Newly chartered banks, meeting the above criterion, will qualify after being closely reviewed for solvency, stability and quality as well as experience of executive management.

The aggregate investments held for any qualifying institution is not to exceed five (5) percent of the institution's total assets as reported on their most recent audited financial statements or Quarterly Call Report. The CFO may require such bids to include a premium over the market rate to compensate for the increased administrative costs and reduction of liquidity which this program may entail. Such premiums shall be determined by the CFO periodically based on prevailing market conditions.

The investments under the Community Bank Program are subject to the same restrictions and the same collateralization requirements as all other investments. The CFO reserves the right to reject bids that are not suitable or otherwise not in the best interest of the Authority.

INVESTMENT OF BOND PROCEEDS

The Tax Reform Act of 1986 restricts the interest which may be earned on the unexpended proceeds of tax-exempt bonds issued after 1986. The average yield of investments purchased with bond proceeds may not exceed the yield on the bonds. Any excess earnings are considered arbitrage earnings and must be remitted to the U.S. Treasury. In order to avoid the difficulties associated with arbitrage, all unexpended bond proceeds shall be invested separately in the State Non-Arbitrage Pool, or its equivalent.

Notwithstanding the general policy that the CFO shall refrain from specific fund investments, interest earned on these investments shall be allocated to the funds for which the bonds were issued.

ARBITRAGE MANAGEMENT PROGRAM

The arbitrage management program seeks to promptly reimburse pooled cash for expenses related to bond projects and to manage the Authority relationship with the State Non-Arbitrage Program (SNAP). Through the prompt replenishment of eligible capital expenses, the Arbitrage Management Program seeks to maximize the Authority's liquidity and investment earnings. The main points of the program are:

1. Make cash draws from the appropriate SNAP account based on the Authority general ledger activity.
2. Establish and manage arbitrage rebate accounts to cover projected IRS rebate liability.
3. Provide the most accurate information to the Arbitrage Rebate Calculation Agent based on the Authority general ledger activity.
4. Return any erroneously drawn funds to the appropriate SNAP account within five (5) months, if the underlying expense is retracted by a member jurisdiction.
5. Rely on the appropriate member jurisdictions to maintain the detailed documents to support their transactions related to expenses eligible for cash draws.

PAYMENT OF BANKING SERVICE AND INVESTMENT FEES

The CFO determines whether paying for banking, financial services and financial products directly or through compensating balances is in the best interest of the Authority. The method of payment chosen will, for the most part, be based on the current rate of return on the portfolio versus the compensating balance rate offered by individual institutions.

Payment methods may change on a month to month and institution by institution basis depending upon which arrangement produces the best overall return, cost constraint and operational efficiency. Investment proceeds and/or compensating balance arrangements can be used for banking and financial services only within the fund which holds the balance. Examples would be investment fees stay within the 70% Regional Revenue funds. Operational banking fees remain within the Operating Fund.

AUTHORIZED DEPOSITORY AND FEE SERVICE BANKS

The CFO shall maintain a list of financial institutions authorized to provide depository and/or investment services. In order to ensure orderly and fair competition, the CFO will routinely bid new fee services on an individual basis, when such service is not functionally linked to an existing banking process. Priority will be given to making certain that opportunities are presented to participants in a fair and orderly process.

1. Banks must be “qualified public depositories” as defined in the *Code of Virginia* §2.2-4401 Security for Public Deposits Act.
2. All commercial banks wishing to be authorized to provide services must report a minimum of 4% or greater in the Tier 1 (Core) capital rating in their Quarterly Call Report filed with the FDIC. If any bank were to report a rating of less than 4% the deposit and fee relationship will be considered in jeopardy and the CFO will take appropriate and prudent action.
3. The CFO will conduct a bi-annual review of the condition of each authorized financial institution. The CFO will undertake interim reviews as conditions dictate.

AUTHORIZED INVESTMENT BROKER/DEALERS

The CFO shall maintain a list of financial institutions authorized to provide depository (Certificates of Deposit, Negotiated Order of Withdrawal and Money Market accounts) and/or investment broker services by voice or Direct (electronic) Purchases through means such as Bloomberg Terminal.

In order to ensure orderly and fair competition, the CFO shall limit the number of broker/dealers on the authorized list. For the broker/dealers on the list, priority will be given to making certain that opportunities are presented to participants in a fair and orderly process.

Furthermore, in order to protect NVTB from counterparty risk, only quotes by authorized brokers and financial institutions, or thoroughly vetted counterparts, will be considered for voice or Direct (electronic) Purchases of investments through the Bloomberg Terminal.

Further, authorized financial institutions will:

1. Maintain compliance with FINRA Net Capital Requirements for Brokers or Dealers - SEC Rule 15c3-1.
2. Any broker must maintain an active registration in good standing with FINRA.
3. Achieve a successful review, by the Authority, of individual broker records as posted by FINRA.
4. All Broker/Dealers are required to sign an acknowledgement as to receiving, understanding and agreeing to abide by this investment policy prior to the start of any activity. Broker/Dealers which repeatedly propose non-allowable or noncompetitive investments will be removed from the approved list.
5. Broker/Dealers will be automatically removed from the authorized list if no instruments have been purchased from their firm for 16 consecutive months.

BENCHMARKS

The portfolio performance benchmarks will be the 18 month average of the InterContinental Bank of America 1-3 Year (ICE BoA 1-3 Year) and the both the Fed Funds Rate and the Treasury 90 Day T-Bill rate. Comparisons to the Virginia State Non-Arbitrage Program (SNAP) and the Virginia Local Government Investment Pool (LGIP) Extended Maturity Pool will be maintained as they are reflect the portfolio duration range and both both highly liquid investment pools operated in compliance with the Code of Virginia.

PURCHASE OF INVESTMENTS

GENERAL

Generally, investment offers must be considered in a competitive environment. Investments in excess of five (5) million dollars must be selected on a competitive basis. Offers must be solicited/received from a minimum of two dealers or financial institutions. Similarly, Direct (electronic) Purchases of investments through the Bloomberg Terminal must also be selected on a competitive basis – there must be a minimum of two dealers or financial institutions showing active quotations or offers. The CFO may use discretion in selecting the bidders, taking into consideration an institution's reputation, past success rate, timeliness in providing bids and any other factors which the CFO believes have bearing.

In general, the highest yielding instrument offered with an appropriate maturity to match with projected liquidity needs will be the investment selected. The CFO may reject an investment, even if it yields the highest rate, if he feels it carries an element of risk which may not be reflected in the published credit rating or if it is not in the Authority's interest to hold such an investment in its portfolio.

Banks and broker/dealers shall be required to provide trade confirmations or similar documentation and monthly statements to the Authority electronically or in hard copy. A copy of all confirms and statements will be provided to the Authority's Assistant Finance Officer for entry into the accounting system and record retention.

In accord with primary objectives, in priority order of safety, liquidity, and yield (SLY), investments shall be made with the judgment and care which persons of discretion, prudence and intelligence exercise in the management of their own affairs, not for speculation, but for the protection of principal. Consideration for the safety of capital shall be paramount over the probable income to be derived. Individuals responsible for investing Authority funds shall in no way benefit personally as a result of investment decisions.

INVESTMENT POLICIES AND STANDARDS

There are certain standards of "adequacy" and "appropriateness" set by the Authority, in addition to the creditworthiness of an institution, against which offers shall be measured when purchasing investments. For example, diversification reduces overall portfolio risks while attaining market average rates of return. The policies and standards which regulate specific investments and the composition of the investment portfolio shall include, but not be limited to, the following:

1. No investment shall be purchased if the yield is less than that of the most recently auctioned issue of the United States Treasury of a similar term.
 - a. No investment shall be purchased if two of three or more enhanced ratings from nationally recognized ratings firms are not at or above the minimum required in the Code of Virginia. Due to the use of credit qualifiers by the rating agencies to signify rating reviews in the financial market turmoil starting in calendar year 2009, negative rating qualifications (such as AA- or A1-) will not exclude the instrument.
 - b. The status of any credit enhancement firm will be examined when considering the purchase of an instrument. The CFO will keep a list of unacceptable credit enhancement firms. Any instrument with a credit enhancement by a firm on this list will be considered based on its underlying credit rating not the enhanced rating.
2. At no time, shall more than thirty-five percent of the portfolio be invested in

- commercial paper.
3. No more than five (5) percent of the portfolio shall be invested in the commercial paper of a single entity.
 4. The CFO will determine/reaffirm on a weekly basis the target balance for the portion of the portfolio invested with maturities greater than 24 months.
 5. At no time shall the remaining maturity of an investment exceed 60 months, unless such investment has a PUT option as described in the Diversity & Maturity Section.
 6. The CFO shall endeavor to maintain an appropriate diversification in the portfolio. The CFO will diversify instruments and institutions in order to reduce overall portfolio risk while attaining market rates of return.
 7. The CFO shall use ~~the a 18 month~~ average of the Inter-Continental Exchange, Bank of America 1-3 Year Index (ICE BofA 1-3 Year) and Virginia Local Government Investment Pool (LGIP) Extended Maturity Pool~~three-month Treasury bill auctions for a quarter~~ as ~~a~~ benchmarks for the return on the investment portfolio.
 8. All investments with the sole exception of bank depository instruments, will be purchased on a delivery versus payment basis through a trust and custody agent under contract with the Authority.

The Finance Committee may add, delete or modify standards of investment at its discretion in response to changing economic, national or international conditions. Such additions, deletions or modifications shall be reported to the Authority at the next meeting of that body.

All institutions solicited for offers shall be advised of the allowable investments and any restrictions upon investments. Only investments which meet the criteria enumerated above may be considered. The CFO may consider barring institutions from consideration should they repeatedly offer disallowed investments.

ALLOWABLE INVESTMENTS

The Authority must limit investments to those allowed by the Code of Virginia. The Authority, however, may restrict investments beyond the limits imposed by the Code if such restrictions serve the purpose of further safeguarding Authority funds or are in the best interests of the Authority.

The allowable types of investments under the Code of Virginia for non-sinking funds are as follows (§ 2.2-4501):

1. Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia, and other evidences of indebtedness unconditionally guaranteed as to payment of principal and interest by the Commonwealth of Virginia.
2. Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any agency thereof. The evidences of indebtedness enumerated by this subdivision may be held directly, or in the form of repurchase agreements collateralized by such debt securities, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to such evidences of indebtedness, or repurchase agreements collateralized by such debt securities, or securities of other such investment companies or investment trusts whose portfolios are so restricted.

3. Stocks, bonds, notes and other evidences of indebtedness of any state of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that within the twenty fiscal years next preceding the making of such investment, such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt authorized by the legislature of such state to be contracted.
4. Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body in the Commonwealth upon which there is no default; provided, that if the principal and interest be payable from revenues or tolls and the project has not been completed, or if completed, has not established an operating record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, the standards of judgment and care required in Article 9 (§ 64.2-780 et seq.) of Chapter 7 of Title 64.2, without reference to this section, shall apply.

In any case in which an authority, having an established record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, issues additional evidences of indebtedness for the purposes of acquiring or constructing additional facilities of the same general character that it is then operating, such additional evidences of indebtedness shall be governed by the provisions of this section without limitation. Securities must be rated by at least two of the three following rating agencies with ratings of at least; Aa or higher for Moody's, AA or higher for Standard and Poor's, AA or higher for Fitch.

5. Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that (i) within the twenty fiscal years next preceding the making of such investment, such city, county, town or district has not been in default for more than ninety days in the payment of any part of principal or interest of any stock, bond, note or other evidence of indebtedness issued by it; (ii) such city, county, town or district shall have been in continuous existence for at least twenty years; (iii) such city, county, town or district has a population, as shown by the federal census next preceding the making of such investment, of not less than 25,000 inhabitants; (iv) the stocks, bonds, notes or other evidences of indebtedness in which such investment is made are the direct legal obligations of the city, county, town or district issuing the same; (v) the city, county, town or district has power to levy taxes on the taxable real property therein for the payment of such obligations without limitation of rate or amount; and (vi) the net indebtedness of such city, county, town or district (including the issue in which such investment is made), after deducting the amount of its bonds issued for self-sustaining public utilities, does not exceed ten (10) percent of the value of the taxable property in such city, county, town or district, to be ascertained by the valuation of such property therein for the assessment of taxes next preceding the making of such investment; and (vii) where the rating by two of the three following rating agencies is: Moody's Aa or higher, Standard and Poor's AA or higher and Fitch AA or higher.
6. Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, by the Asian Development Bank or by the African Development Bank, issued by the World Bank under United States of America regulations, typically issued in New York (NY).

7. Savings accounts or time deposits in any bank or savings and loan association within the Commonwealth of Virginia, providing such bank or savings and loan association is a “qualified public depository”. Such savings accounts or time deposits must meet the collateralization requirements as set forth in the Virginia Security for Public Deposits Act and the regulations of the State Treasury Board. The collateral must be a security or securities allowable as a direct investment with a market value of not less than fifty percent of the deposit amount where the depository is a commercial bank and not less than one hundred percent of the deposit amount where the depository is a savings and loan or savings bank. This collateral must be pledged to the Treasury Board and held by the Board in its designated trust depository or another depository approved by the Board (§2.2-4400).
- ~~8. Repurchase agreements which are collateralized with securities that are approved for direct investment. The CFO may require that physical possession of the collateral be taken (§2.2-4507). Physical possession must be taken when the term of the repurchase agreement exceeds ten (10) days. The CFO shall execute a master repurchase agreement with the bank or broker/dealer, which is the counterparty to the repurchase transaction prior to entering into any repurchase transaction.~~
- ~~9.8.~~ Banker’s acceptances from “prime quality” institutions. Prime quality shall be as determined by one or more nationally recognized rating agencies (§2.2-4504).
- ~~10.9.~~ “Prime quality” commercial paper (§2.2-4502). "Prime quality" shall be as rated by at least two (2) of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of P1, by Standard & Poor's, Inc., within its rating of A-1, at least F1 by Fitch Ratings Inc.
- ~~11.10.~~ “High quality” corporate notes (§2.2-4510). High quality shall be defined as a rating of at least AA by Standard and Poor’s, at least Aa by Moody’s, at least AA by Fitch Ratings and a maturity of no more than five (5) years. All investments should be rated by at least two rating agencies.
- ~~12.11.~~ The Local Government Investment Pool (LGIP). Investments in this pool are subject to the rules and regulations as set forth by the Virginia Department of the Treasury which manages the pool (§2.2-4602). The CFO shall, on a continual basis, monitor the management and operations of the LGIP.
- ~~13.12.~~ The State Non-Arbitrage Pool (SNAP). Investments in this pool are limited to unexpended proceeds from the issuance of bonds, the interest on which is subject to rebate under the provisions of the Tax Reform Act of 1986 (§2.2-4700), and reserve accounts directly related to the issuance of debt or other credit agreement.
- ~~14.13.~~ Open-end mutual funds, provided the funds are registered under the Security Act of Virginia (§ 13.1-501 et seq.) or the Federal Investment Act of 1940 and that the investments by such Funds are restricted to the same securities as approved for direct investments (§2.2-4508).
- ~~15.14.~~ Negotiable certifications of deposit and negotiable bank deposit notes of domestic

banks and domestic offices of foreign banks that have received at least two of the following ratings: A-1 by Standard & Poor's, P-1 by Moody's Investor Service, Inc., F1 by Fitch Ratings., for maturities of one year or less, and a rating of at least AA by Standard & Poor's, Aa by Moody's Investor Service, Inc. and AA by Fitch Ratings, for maturities over one year and not exceeding five years (§2.2-4509).

~~16.15.~~ Non-negotiable certificates of deposit of banks certified as qualified to hold Virginia Public Deposits.

DIVERSIFICATION & MATURITIES

The CFO will diversify holdings of the investment instruments to avoid incurring unreasonable risk inherent in over-investing in any specific instruments or class of instruments, individual financial institution or maturity schedule; while attaining market average rates of return.

Length and allowable percentage of instruments maturity scheduling shall be timed according to anticipated need. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenues.

If a legally authorized stock, bond, note or other evidence of indebtedness of any city, county, town or district situated in any one of the states of the United States has a PUT option which requires the issuer of the instrument to return all principal, and accrued interest within 30 days of the exercise of the PUT option, than the maturity of that instrument will be considered the PUT option not the stated maturity of the instrument.

The table below shows the maximum length and maximum portfolio composition of each investment class:

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia	60 months or less	30%
Stocks, bonds, notes and other evidences of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	60 months or less	30%
Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States.	60 months or less	30%

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
Savings accounts, Money Market Accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Repurchase Agreements	12 months or less	20%
Banker's Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	48 months or less	50%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit (YCD) and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee
Bonds and other obligations issued, guaranteed or assumed by the International Bank of Reconstruction and Development, the Asian Development Bank, or by the African Development Bank. (§2.2-4501)	60 months or less	50%

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DELIVERY REQUIREMENTS

Collateral for savings and time deposits shall be pledged according to the provisions of the Security for Public Deposits Act and the requirements of the State Treasury Board regulations.

All securities will be purchased on a delivery versus payment basis.

The Authority must designate one or more institutions to act as custodian for all non-depository investments. Such institutions must be qualified to do business in the State of Virginia as banks or trust companies. Delivery to the designated trustee, in lieu of physical possession, meets these delivery requirements.

DRAFT

REPORTS OF INVESTMENT ACTIVITY

REPORTS TO THE FINANCE COMMITTEE

The CFO shall report to the Finance Committee on a regular basis, as determined by the Committee, such information as the Committee requires in order to fulfill its function. At its discretion the Committee may require additional information or clarification from the CFO either orally or in writing.

The reports to the Finance Committee shall consist of a summary of cash and investments which are the assets of the Authority. This report, will list each depository, investment firm or custodian with balances. A listing of all investments, a detailed report of the investments held and the annual return being realized by each will be provided. A separate report shall be prepared for each calendar month as of the last day of that month.

FINANCIAL STATEMENT BASIS

Financial statement presentation of investments, accrual of interest, amortization of premiums and accretion of discounts shall be according to generally accepted accounting principles as applied to municipalities.

Those principals shall be as determined by the Commonwealth of Virginia Auditor of Public Accounts, the American Institute of Certified Public Accountants and its designated units, the Financial Accounting Standards Board and the Governmental Accounting Standards Board.

Reporting components will include:

- Listing of individual securities held at the end of the reporting period.
- Mark to market valuation on a monthly basis.
- Average weighted yield to maturity of portfolio.
- Listing of investments by maturity date.
- Percentage of the total portfolio which each type of investment represents.

COMPLIANCE WITH THE CODE OF VIRGINIA

This policy seeks to restrict and define investment actions at a more detailed level than presented in the Code of Virginia.

In the absence of any issue or situation not specifically addressed by this policy; any action undertaken by the CFO or his staff will at all times be in compliance with the Code of Virginia.

ATTACHMENTS

GLOSSARY – Attachment 1

Accrual Basis

Basis of accounting under which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received.

Accrued Interest

The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency Security

A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization

The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Arbitrage

A technique employed to take advantage of price differences in separate markets. This may be accomplished by purchasing a security in one market and immediately selling in another market at a better price. As used in the context of investing public funds, arbitrage means borrowing at low tax-exempt rates and investing in taxable instruments. The arbitrage rebate provisions of the 1986 tax reform act govern this type of activity.

Average Life

The average length of time that issues of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers Acceptance

Negotiable time drafts drawn on commercial banks to finance import, export, shipment and storage of goods. Banker's acceptances are backed by the credit of the bank, which assumes primary liability. The acceptance is further collateralized by the goods in shipment or storage. Possession of a banker's acceptance requires taking delivery of a physical instrument.

Basis Point (bps)

A basis point refers to the measure of the yield to maturity of an investments calculated to four decimal places. For example, one quarter of one percent would be expressed as "twenty-five basis points".

Bid

The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value

The value at which a security is carried on the inventory lists or other financial records

of an investor. The book value may differ significantly from the security's current value in the market.

Bond

A written, interest bearing certificate of debt with a promise to pay on a specific date and with a set annual rate of interest.

Broker

A person or firm acting as an agent for buyers and sellers.

Callable Bond

A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price

The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk

The risk to a bondholder that a bond may be redeemed prior to maturity.

Capital Reserve Fund

That portion of the County's investment portfolio which the Treasurer may designate for longer term investment. These funds are not currently required to meet the County's working capital needs and can be invested on a longer term basis.

Cash Equivalents

Instruments or investments of such high liquidity and safety that they are virtually as good as cash. Examples are a money market fund and a treasury bill.

Cash Sale/Purchase

A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Certificate of Deposit

A bank deposit evidenced by a negotiable or non-negotiable instrument which provides on its face that the amount of such deposit is payable to the bearer or a specified person on a certain date or upon notice in writing. Negotiable CD's may be sold on the secondary market, thus providing liquidity. Liquidation of non-negotiable CD's generally involves penalties.

Collateralization

Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Collusion

Collusion is a situation where two or more individuals are working in conjunction to commit fraud.

Commercial Paper

Business promissory notes, with a stated date of payment, which are usually sold at a discount and are backed by the general credit of the company. The credit of commercial paper may be enhanced by letters of credit from one or more banks.

Commercial paper is generally for terms of less than 270 days, longer corporate obligations are referred to as notes or bonds and are subject to a greater degree of regulation.

Compensating Balance

A minimum level of deposits maintained in one or more non-interest bearing accounts at a bank to defray the costs of banking services.

Coupon Rate

The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the “interest rate.”

Credit Quality

The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return)

A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Custodial Safekeeping

Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

Demand Deposit

A depository account from which withdrawals may be made as desired, e.g. a checking account.

Derivative Security

Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Discount

The amount or percentage at which a security sells below par value. For example, if a bond with a \$1,000 par value sells for \$900 the discount is \$100 or 10%.

D.K.

“Don’t know”. If the delivery of a security fails because the trustee was not informed to take delivery or because the security is delivered for a different amount than agreed upon, the trade is “DK’ed”, meaning refused.

D.T.C.

The Depository Trust Company (DTC) of New York acts as the repository for all securities which are electronic, as opposed to physical, delivery. These include all U.S. Treasury and agency issues and certain issues of commercial paper.

D.V.P.

Delivery Verses Payment. Delivering securities “DVP” means that funds are not released by the trustee until the security is delivered either in physical form or through DTC.

Duration

A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

Fair Value

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FDIC

Federal Deposit Insurance Corporation

Federal Funds (Fed Funds)

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate

Interest rate charged by one institution lending federal funds to the other.

Federal Reserve System

System established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (the Fed) is comprised of 12 regional Federal Reserve Banks, their 24 branches, and all national and state banks that are part of the system. National banks are stockholders of the Federal Reserve Bank in their regions. The Fed’s main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for the transfer of funds throughout the banking system and examine member banks to make sure they meet various Federal Reserve regulations.

FINRA

Financial Industry Regulatory Authority is the largest non-governmental regulator for all securities firms doing business with the United States public.

Fiscal Year

A twelve-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operation.

Governmental Accounting Standards Board (GASB)

A nationally recognized board consisting of five members, appointed by and operating

under the Financial Accounting Foundation. The GASB is the highest source of reporting and accounting guidance for state and local governments.

Government Securities

An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market.

Interest Rate

See Coupon Rate.

Interest Rate Risk

The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls

Internal controls are procedures designed to protect the assets of the entity from loss, theft, or misuse.

Inverted Yield Curve

A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment

The use of capital to create more money, either through income producing vehicles or through more risk-oriented ventures designed to result in capital gains. Investment connotes the idea that safety of principal is important. Speculation, on the other hand, is far riskier.

Investment Company Act of 1940

Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy

A concise and clear statement of the objectives and guidelines formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations

An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Jumbo CD

A certificate of deposit of at least one hundred thousand dollars.

Liquidity

A measure of the ability to convert a security into cash with a minimum risk of loss of principal or accrued interest. The easier the ability to convert the more liquid the security.

Local Government Investment Pool (LGIP)

An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market

The process whereby the book value or collateral value of a Security is adjusted to reflect its current market value.

Market Risk

The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value

Current market price of a security.

Maturity

The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.

Money Market Mutual Fund

Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Municipal Obligation

A security issued by a state or local government, authority or similar entity. These obligations are generally exempt from federal income tax. Taxable municipal obligations are issued by localities or authorities for non-purpose projects.

Mutual Fund

An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the Securities and Exchange Commission (SEC) disclosure guidelines.

Mutual Fund Statistical Services

Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

National Association of Securities Dealers (NASD)

A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Net Asset Value

The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. $[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$.

No Load Fund

A mutual fund which does not levy a sales charge on the purchase of its shares.

Nominal Yield

The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the “coupon,” “coupon rate,” or “interest rate.”

Offer

An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the “Ask price.”

Opportunity Cost

The highest price or rate of return an alternative course of actions would provide. In securities investments, the cost of forgoing a safe return on an investment in hopes of making a larger profit. For instance, an investor might buy a stock that shows great promise but yields on 4%, even though a higher safe return is available in a money market fund yielding 10%. The 6% yield difference is called the opportunity cost.

Par Value

The value of a security as expressed on its face without any consideration of any premium, discount or accrued interest. Par value is also known as “face amount” or “face value”.

Positive Yield Curve

A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium

The amount by which the price paid for a security exceeds the par value. For example, if a bond with a \$1,000 par value sells for \$1,100 the premium is \$100 or 10%.

Primary Dealer

A securities dealer that buys government securities directly from the Federal Reserve Bank (the Fed) and that has met certain minimum financial criteria set by the Markets Reports Division of the Federal Reserve Bank of New York. The Fed requires primary dealers to maintain a minimum capital adequacy ratio of liquid capital to measured risk that meets or exceeds 125 percent.

Prime Rate

A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

Principal

The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus

A legal document that must be provided to any prospective purchaser of new securities offerings registered with the SEC. This can include information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements.

Prudent Person Rule

An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Repurchase Agreement (“Repo”)

A short term investment wherein an investor purchases a security (i.e. a Treasury Bond) in return for the seller’s agreement to buy the security back on a specified date for a specified amount greater than the amount the investor paid. The principal is guaranteed and the return fixed under such an agreement.

Rule 2a-7 of the Investment Company Act

Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

Safekeeping

Holding of assets (e.g., securities) by a financial institution.

SEA

Securities Exchange Act

Serial Bond

A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

Sinking Fund

Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SLY

Safety, Liquidity and Yield

SNAP (State Non-Arbitrage Program)

An investment program established by the State Treasurer, as authorized under Section 2.1-234.9, to assist local bond issuers in the management, investment and accounting of bond proceeds in compliance with certain provisions of the federal Tax Reform Act of 1986. The purpose of this arrangement is to centralize the administrative and legal requirements of compliance with complex IRS provisions regarding municipal bond Arbitrage.

Swap

Trading one asset for another.

Term Bond

Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Time Deposit

A bank deposit drawing interest at intervals and having a restrictive level of withdrawals, e.g. a savings account.

Total Return

The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills

Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Bonds

Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Treasury Notes

Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Obligations

Securities representing obligations backed by the full faith and credit of the United States. Treasury bills are short term obligations (3 and 6 month), treasury notes are medium term obligations (1 to 7 years) and treasury bonds are long term obligations (over 7 years).

U.S. Agency Securities

Obligations issued by agencies established by the United States but not backed by the full faith and credit of the government. These obligations are regarded as almost as risk free as direct treasury issues as the federal government supervises and regulates the issuers and is regarded as having a moral obligation to ensure repayment.

Volatility

A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM)

The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds thirteen months.

When Issued (WI)

A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

Yield

The current rate of return on an investment security generally expressed as a percentage of the security’s current price.

Yield-to-call (YTC)

The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve

A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity

The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero Balance Account

A disbursing account in which no cash is maintained. As checks drawn on the account are presented the funds necessary to pay them are withdrawn from a master account at the same bank. Zero balance accounts are used to control float or provide account separation for specialized purposes.

Zero-coupon Securities

Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security.

Broker/Dealer Investment Policy Confirmation
The Investment Policy for the Northern Virginia Transportation Authority
(Revised June 13, 2022)

Name of Firm/Bank/Broker/Dealer:

I acknowledge that I have received and reviewed the Investment Policy of the Northern Virginia Transportation Authority (NVTA). I have read and understand the policy and am aware of the Code of Virginia with respect to municipal investment statutes, as included as an appendix to the Investment Policy. Further, I have ensured that other personnel, who may conduct business with the Authority from time to time, are aware of the Policy and its provisions. In my dealings with the Authority, I will, at all times, follow the guidelines as presented in the Investment Policy.

NVTA is a Qualified Institutional Buyer per rule 144A of the Securities Act of 1933, as amended.

I certify that I am authorized to represent and commit my firm to this acknowledgement.

Printed Name: _____

Signature: _____

Title: _____

Date: _____

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

7.

MEMORANDUM

FOR: Chair Jeanette Rishell and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Dev Priya Sen, Investment & Debt Manager

DATE: September 7, 2023

SUBJECT: Investment Portfolio Report

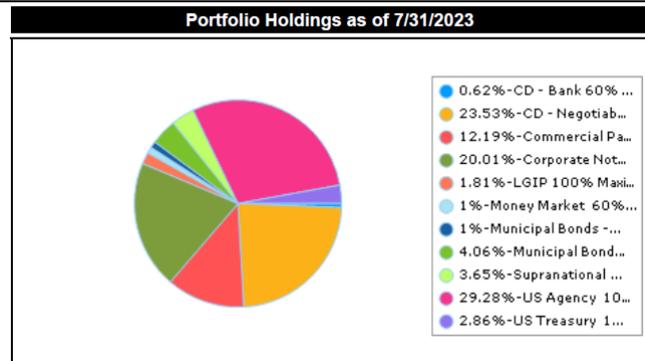
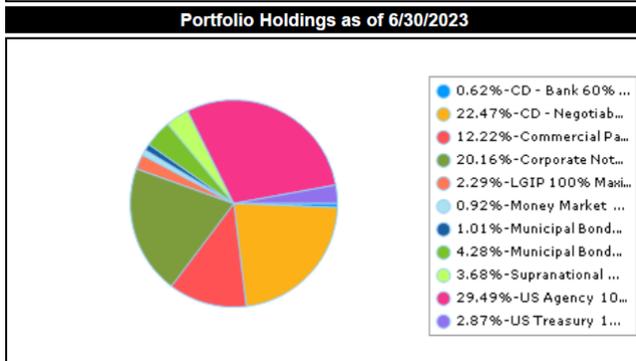
1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTa) Finance Committee with required reports on investment activities and portfolio performance through July 31, 2023.
2. **Background:** This report is on investment activity through July 2023 and affirms the portfolio’s investments were acquired based on safety, liquidity, and then yield. This report summarizes the portfolio structure and adherence to the NVTa Investment Policy.
3. **Current Period Reports:**
 - a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown below.



Northern Virginia Transportation Authority Distribution by Asset Category - Book Value Report Group: Regional Revenue

Begin Date: 6/30/2023, End Date: 7/31/2023

Asset Category Allocation				
Asset Category	Book Value 6/30/2023	% of Portfolio 6/30/2023	Book Value 7/31/2023	% of Portfolio 7/31/2023
CD - Bank 60% Maximum	10,107,629.95	0.62	10,107,629.95	0.62
CD - Negotiable 25% Maximum	366,573,259.28	22.47	386,564,500.29	23.53
Commercial Paper 35% / 5% Maximum	199,292,980.42	12.22	200,222,205.45	12.19
Corporate Notes 50% Maximum	328,905,034.15	20.16	328,868,445.07	20.01
LGIP 100% Maximum	37,353,021.98	2.29	29,671,016.44	1.81
Money Market 60% Maximum	14,962,304.15	0.92	16,486,968.38	1.00
Municipal Bonds - US 30% Maximum	16,460,249.51	1.01	16,447,661.91	1.00
Municipal Bonds - Virginia 30% Maximum	69,787,743.07	4.28	66,779,468.24	4.06
Supranational 50% Maximum	60,004,203.08	3.68	60,003,316.72	3.65
US Agency 100% Maximum	481,073,456.75	29.49	481,074,876.40	29.28
US Treasury 100% Maximum	46,903,056.34	2.87	46,940,839.32	2.86
Total / Average	1,631,422,938.68	100.00	1,643,166,928.17	100.00



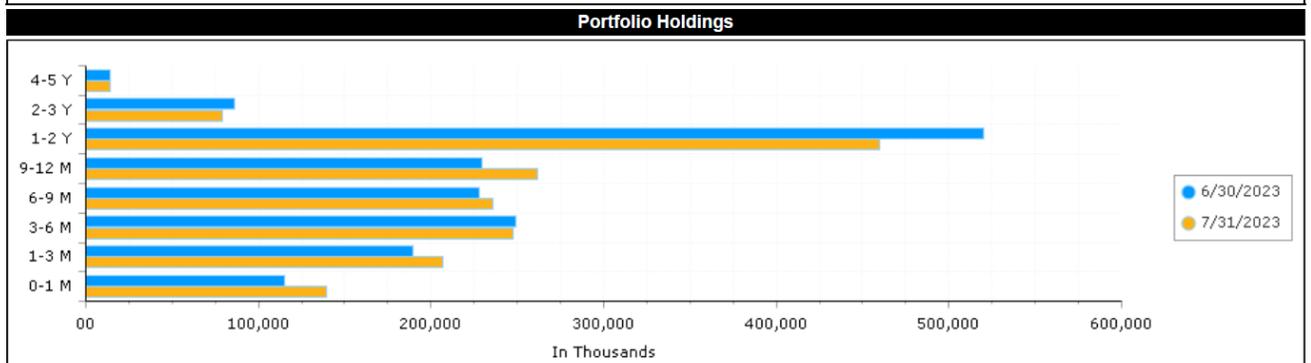
- b. The liquidity of the portfolio is reflected in the portfolio's duration as 0.88 (1.0 = 1 year) and the maturity schedule is shown below.



**Northern Virginia Transportation Authority
Distribution by Maturity Range - Book Value
Report Group: Regional Revenue**

Begin Date: 6/30/2023, End Date: 7/31/2023

Maturity Range Allocation				
Maturity Range	Book Value 6/30/2023	% of Portfolio 6/30/2023	Book Value 7/31/2023	% of Portfolio 7/31/2023
0-1 Month	115,317,785.14	7.07	139,035,981.13	8.46
1-3 Months	189,679,040.49	11.63	206,694,920.19	12.58
3-6 Months	249,330,242.16	15.28	247,903,565.88	15.09
6-9 Months	227,766,128.99	13.96	235,614,612.21	14.34
9-12 Months	229,122,509.11	14.04	261,891,786.81	15.94
1-2 Years	520,165,108.35	31.88	459,433,673.44	27.96
2-3 Years	86,306,030.84	5.29	78,851,133.34	4.80
4-5 Years	13,736,093.60	0.84	13,741,255.17	0.84
Total / Average	1,631,422,938.68	100.00	1,643,166,928.17	100.00



- c. The yield on the portfolio at the end of July 2023 was 3.17%. The NVTA's Investment Policy specifies the Treasury 90-day T Bill, other benchmarks shown below for yield performance comparison.

NVTA Investment Benchmarks	Jul-23 Month End
Fed Funds Rate	5.33%
Treasury 90 Day T Bill	5.55%
Local Government Investment Pool	5.45%
Virginia Non-Arbitrage Program	5.37%
ICE BofA 1-3 Year (18-Months Avg)*	3.77%
LGIP Extended Maturity Pool*	3.94%
NVTA Performance	3.17%

Source: Bloomberg/NVTA Statements

*New Benchmarks

4. Portfolio Analysis & Statistics Overview:

a. Safety: The portfolio is invested primarily in:

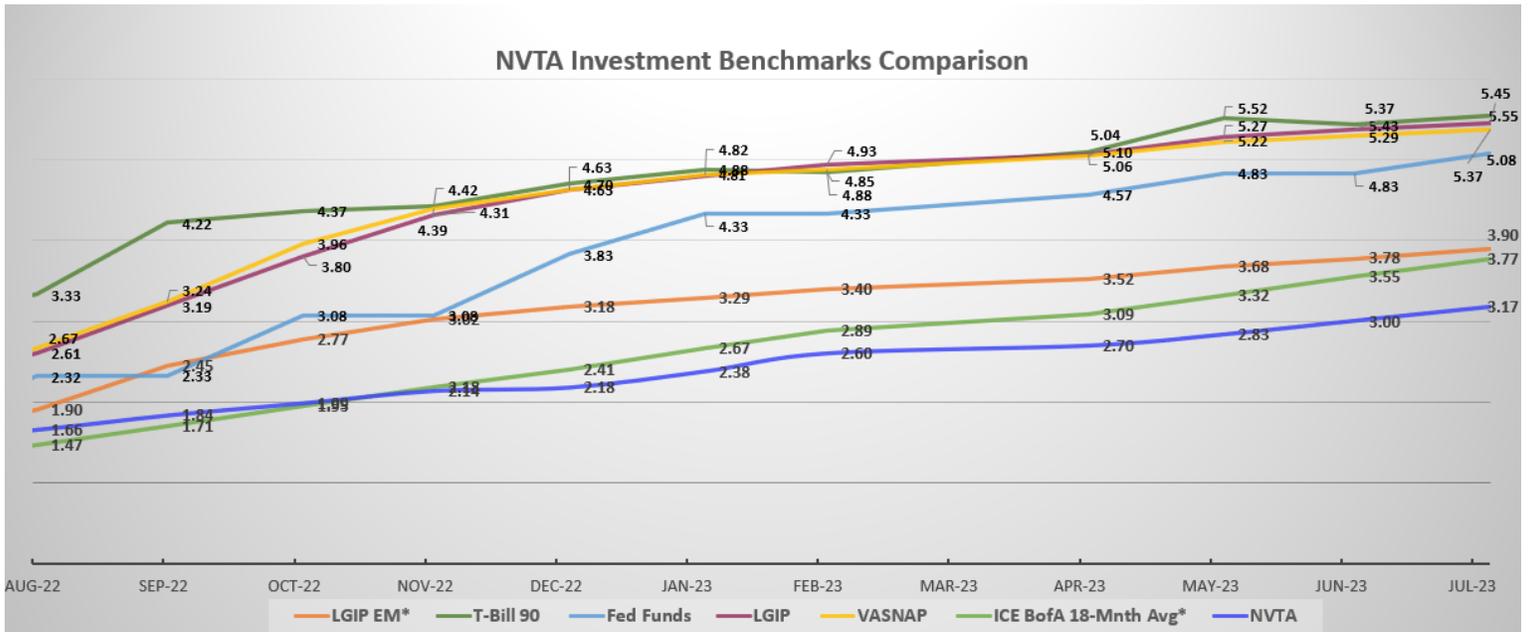
- Local Government Investment Pools (2.29% to 1.81%)
- Collateralized bank money market accounts (1.54% to 1.62%)
- Commercial Paper (12.22% to 12.19%)
- Negotiable CD's (22.47% to 23.53%)
- AAA/AA rated investment grade corporate bonds (20.16% to 20.01%)
- Supranational Securities (3.68% to 3.65%)
- Treasuries and Agencies (32.36% to 32.14%)
- VA & US Municipals (5.29% to 5.06%)

b. Liquidity: The NVT A Portfolio duration is 0.88 in July 2023 (1.0 = 1 year). The Fed raised interest rates by a quarter of a percentage point in July 2023, citing still elevated inflation as a rationale. The monthly maturities are laddering from \$80-\$100 million in securities which was previously at \$40-\$60 million.

c. Yield: The Fed updated dot plot released in June showed one rate hike by December 2023 before embarking on an easing cycle.

- Staff continues with the strategy of re-investing maturities and monthly revenue in a two-to-three-year maturity profile to lock higher rate duration before the Fed begins lowering interest rates.
- After consulting member jurisdictions and conducting thorough benchmark research, considering NVT A's concentrated portfolio in the six months to five-year maturity range, Staff are recommending the use of the ICE BofA 1-3 Year (18-Months Avg) and LGIP Extended Maturity Pool NAV Yield as primary performance benchmarks.
- As a precaution, Staff regularly monitors NVT A's community banks position through quarterly Bank Call Report published by Federal Deposit Insurance Corporation (FDIC) for deposit program stability.
- Staff conducted a weighted average yield analysis on securities that are yielding below 1%, these securities were acquired during historically low interest rates. Looking at the portfolio without these legacy instruments (sub 1%) results in a yield to maturity of 4.05%.
- Investment Earnings for Fiscal Year 2023 were estimated at \$20 million. Actual earnings were \$32.9 million. However, after recording an unrealized loss of \$3.4 million for changes in market value, net booked revenue is projected to be \$29.5 million. The unrealized loss represents a paper loss subject to market fluctuations and is not realized unless an instrument is sold before maturity.
- Unrealized gains or losses arise from market price changes. The unrealized gain or loss would only become realized (actual) if the instrument was sold prior to maturity. A central tenant in the management of the NVT A portfolio is a hold to maturity philosophy. Meaning instruments are seldom sold prior to maturity.

- Staff continually monitors market trends, economic indicators, and central bank policies to make informed decisions. This proactive approach helps us position the portfolio to capitalize on potential market shifts.



- 5. Custodian Certification:** Truist Bank is the custodian of all NVTA’s investment purchases and is where all NVTA’s non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.
- 6. Policy Required Reports:** The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. This report is fundamental for the Authority’s Annual Financial Statements and annual audit. The attached report documents:
 - **Compliance – Investment Policy, Summary:** The report shows the percentage of the portfolio by each type of investment.
 - **Investment Portfolio – By Maturity Range:** The report shows the yield to maturity and percentage of the portfolio which each type of investment represents.
 - **Portfolio Holdings by Custodian:** This report shows each depository, investment firm, or custodian holding NVTA securities or cash.

Attachment: Compliance - GASB 40 Report



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Attachment

Portfolio Holdings Compliance - GASB 40 Report - As of 7/31/2023

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
CD - Bank 60% Maximum													
John Marshall Bank 5.01 1/15/2024	JMBCD01152024	10,107,629.95	10,107,629.95	10,107,629.95	None	None	0.61	168	168	1/15/2024		5.010	0.46
Sub Total / Average CD - Bank 60% Maximum		10,107,629.95	10,107,629.95	10,107,629.95			0.61	168	168			5.010	0.46
CD - Negotiable 25% Maximum													
Bayerische Landesbank 3.88 6/27/2024	0727MCE2	20,000,000.00	20,014,119.54	19,722,800.00	Fitch-F1	Moodys-P1	1.21	332	332	6/27/2024		3.816	0.88
Bayerische Landesbank 3.88 7/26/2024	0727MCA0	30,000,000.00	30,022,949.38	29,535,600.00	Fitch-F1	Moodys-P1	1.82	361	361	7/26/2024		3.799	0.98
Canadian Imperial Bank NY 5.91 5/23/2024	13606KYM2	25,000,000.00	25,000,000.00	25,005,500.00	S&P-A1	Moodys-P1	1.52	297	297	5/23/2024		5.910	0.83
Credit Suisse 0.68 10/10/2023	22552G4R8	15,000,000.00	15,001,753.47	14,868,150.00	S&P-A1	Moodys-P1	0.91	71	71	10/10/2023		0.619	0.20
Credit Suisse 0.75 1/10/2024	22552G4T4	15,000,000.00	15,003,314.74	14,698,200.00	S&P-A1	Moodys-P1	0.91	163	163	1/10/2024		0.700	0.45
HSBC Bank 5.58 4/19/2024	40435RQV6	25,000,000.00	25,000,000.00	24,927,250.00	S&P-A1	Moodys-P1	1.52	263	263	4/19/2024		5.580	0.72
Natixis 4.86 9/22/2023	63873QWS9	21,000,000.00	21,000,000.00	20,977,740.00	S&P-A1	Moodys-P1	1.27	53	53	9/22/2023		4.860	0.15
Natixis 5.56 10/24/2023	63873QXG4	25,000,000.00	25,000,000.00	24,985,500.00	S&P-A1	Moodys-P1	1.52	85	85	10/24/2023		5.560	0.24
Nordea Bank 2.6 12/20/2023	65558USB9	25,000,000.00	25,005,605.26	24,731,250.00	S&P-A1+	Moodys-P1	1.52	142	142	12/20/2023		2.540	0.39
Rabobank 3.57 8/2/2024	21684XYT7	18,500,000.00	18,500,000.00	18,119,270.00	S&P-A1	Moodys-P1	1.12	368	368	8/2/2024		3.570	0.98
Royal Bank of Canada 4.27 10/13/2023	78015JD61	25,000,000.00	25,003,418.99	24,923,750.00	S&P-A1	Moodys-P1	1.52	74	74	10/13/2023		4.199	0.21
Standard Chartered Bank 5.8 1/16/2024	85325VGH7	30,000,000.00	30,000,000.00	29,995,200.00	S&P-A1	Moodys-P1	1.82	169	169	1/16/2024		5.800	0.47
Standard Chartered Bank 6.01 7/22/2024	85325VGM6	20,000,000.00	20,000,000.00	19,990,400.00	S&P-A1	Moodys-P1	1.21	357	357	7/22/2024		6.010	0.99
Swedbank 0.95 10/22/2024	87019V4A2	22,000,000.00	22,013,338.91	20,758,980.00	S&P-A1	Moodys-P1	1.33	449	449	10/22/2024		0.899	1.25
Swedbank 5.36 11/17/2023	87019WEX9	25,000,000.00	25,000,000.00	24,966,500.00	S&P-A1	Moodys-P1	1.52	109	109	11/17/2023		5.360	0.30
Swedbank 5.88 7/19/2024	87019WNP6	30,000,000.00	30,000,000.00	29,976,600.00	S&P-A1	Moodys-P1	1.82	354	354	7/19/2024		5.880	0.98
TD Bank 4.02 8/16/2023	89115BHE3	15,000,000.00	15,000,000.00	14,990,250.00	S&P-A1+	Moodys-P1	0.91	16	16	8/16/2023		4.020	0.04
Sub Total / Average CD - Negotiable 25% Maximum		386,500,000.00	386,564,500.29	383,172,940.00			23.44	223	223			4.289	0.61
Commercial Paper 35% / 5% Maximum													
Barclays Capital 0 1/12/2024	06744G4W9	25,000,000.00	24,392,708.38	24,344,000.00	S&P-A1	Moodys-P1	1.52	165	165	1/12/2024		5.517	0.45
Barclays Capital 0 12/14/2023	06744G5M0	20,000,000.00	19,610,888.81	19,568,000.00	S&P-A1	Moodys-P1	1.21	136	136	12/14/2023		5.326	0.37
Barclays Capital 0 8/23/2023	06743VVP2	23,000,000.00	22,925,793.04	22,924,560.00	S&P-A1	Fitch-F1	1.40	23	23	8/23/2023		5.203	0.06
Kookmin Bank 0 8/18/2023	50050FVJ6	10,000,000.00	9,973,150.00	9,974,600.00	S&P-A1	Moodys-P1	0.61	18	18	8/18/2023		5.594	0.05
Lloyds Bank 0 11/21/2023	53948BYM5	30,000,000.00	29,480,200.00	29,474,400.00	S&P-A1	Moodys-P1	1.82	113	113	11/21/2023		5.647	0.31
Lloyds Bank 0 2/16/2024	53948BG5	26,000,000.00	25,234,444.45	25,172,160.00	S&P-A1	Moodys-P1	1.58	200	200	2/16/2024		5.519	0.55
MUFG Bank 0 3/22/2024	62479LCN3	30,000,000.00	28,909,208.27	28,876,800.00	S&P-A1	Moodys-P1	1.82	235	235	3/22/2024		5.812	0.64
Natixis 0 10/20/2023	63873KXL6	25,000,000.00	24,719,875.00	24,691,750.00	S&P-A1	Moodys-P1	1.52	81	81	10/20/2023		5.167	0.22
Standard Chartered Bank 0.01 8/11/2023	85324UVB6	15,000,000.00	14,975,937.50	14,977,950.00	S&P-A1	Moodys-P1	0.91	11	11	8/11/2023		5.535	0.03
Sub Total / Average Commercial Paper 35% / 5% Maximum		204,000,000.00	200,222,205.45	200,004,220.00			12.37	124	124			5.488	0.34
Corporate Notes 50% Maximum													
Apple 2.85 5/11/2024-24	037833CU2	2,135,000.00	2,174,109.65	2,093,346.15	S&P-AA+	Moodys-Aaa	0.13	285	224	5/11/2024	3/11/2024	0.484	0.77
Apple 2.85 5/11/2024-24	037833CU2	10,000,000.00	10,186,632.91	9,804,900.00	S&P-AA+	Moodys-Aaa	0.61	285	224	5/11/2024	3/11/2024	0.442	0.77
Apple 3.45 5/6/2024	037833AS9	10,000,000.00	10,239,693.36	9,865,700.00	S&P-AA+	Moodys-Aaa	0.61	280	280	5/6/2024		0.310	0.76
Exxon Mobil 2.019 8/16/2024-24	30231GBCS	10,000,000.00	10,136,054.80	9,654,900.00	S&P-AA-	Moodys-Aa1	0.61	382	351	8/16/2024	7/16/2024	0.699	1.03
Exxon Mobil 2.709 3/6/2025-24	30231GAF9	9,500,000.00	9,369,090.93	9,142,515.00	S&P-AA-	Moodys-Aa2	0.58	584	494	3/6/2025	12/6/2024	3.619	1.56
Exxon Mobil 2.992 3/19/2025	30231GBH4	20,000,000.00	19,963,009.41	19,303,000.00	S&P-AA-	Moodys-Aa2	1.21	597	597	3/19/2025		3.110	1.59
Guardian Life 1.1 6/23/2025	40139LAG8	13,000,000.00	12,483,767.45	11,881,480.00	S&P-AA+	Moodys-Aa2	0.79	693	693	6/23/2025		3.320	1.88
Guardian Life 1.1 6/23/2025	40139LAG8	9,456,000.00	8,997,529.70	8,642,405.76	S&P-AA+	Moodys-Aa2	0.57	693	693	6/23/2025		3.829	1.88
JP Morgan Chase Bank 5.1 5/30/2025-24	46632FSW6	21,000,000.00	21,000,000.00	20,799,660.00	Fitch-AA	Moodys-Aa2	1.27	669	304	5/30/2025	5/30/2024	5.100	1.76
Mass Mutual Global Funding 0.48 8/28/2023	57629WCV0	15,000,000.00	15,001,557.05	14,944,500.00	S&P-AA+	Moodys-Aa3	0.91	28	28	8/28/2023		0.344	0.08
Mass Mutual Global Funding 0.48 8/28/2023	57629WCV0	15,000,000.00	15,001,558.72	14,944,500.00	S&P-AA+	Moodys-Aa3	0.91	28	28	8/28/2023		0.344	0.08
Mass Mutual Global Funding 2.75 6/22/2024	57629WCE8	5,000,000.00	5,090,722.56	4,870,200.00	S&P-AA+	Moodys-Aa3	0.30	327	327	6/22/2024		0.701	0.88
Mass Mutual Global Funding 3.6 4/9/2024	57629WBV1	7,210,000.00	7,368,844.03	7,099,326.50	S&P-AA+	Moodys-Aa3	0.44	253	253	4/9/2024		0.400	0.68
MetLife 0.45 9/1/2023	59217GEK1	20,000,000.00	20,002,039.48	19,914,800.00	S&P-AA-	Moodys-Aa3	1.21	32	32	9/1/2023		0.333	0.08

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
MetLife 0.45 9/1/2023	59217GEK1	10,000,000.00	10,001,304.72	9,957,400.00	S&P-AA-	Moody's-Aa3	0.61	32	32	9/1/2023		0.301	0.08
MetLife 0.45 9/1/2023	59217GEK1	13,920,000.00	13,921,822.91	13,860,700.80	S&P-AA-	Moody's-Aa3	0.84	32	32	9/1/2023		0.300	0.08
MetLife 2.8 3/21/2025	59217GEW5	17,500,000.00	17,331,420.78	16,689,050.00	S&P-AA-	Moody's-Aa3	1.06	599	599	3/21/2025		3.420	1.60
Microsoft Corp 3.625 12/15/2023-23	594918AW4	13,000,000.00	13,149,645.31	12,911,990.00	S&P-AA-	Moody's-Aaa	0.79	137	107	12/15/2023	11/15/2023	0.530	0.37
Nestle 3.35 9/24/2023-23	641062AD6	15,665,000.00	15,733,258.79	15,610,955.75	S&P-AA-	Moody's-Aa3	0.95	55	24	9/24/2023	8/24/2023	0.437	0.15
New York Life 0.4 10/21/2023	64952WDT7	20,000,000.00	20,004,027.96	19,748,600.00	S&P-AA+	Moody's-Aaa	1.21	82	82	10/21/2023		0.310	0.22
New York Life 0.9 10/29/2024	64952WEJ8	7,500,000.00	7,494,363.87	7,074,825.00	S&P-AA+	Moody's-Aaa	0.45	456	456	10/29/2024		0.961	1.24
New York Life 2.875 4/10/2024	64952WDG5	4,525,000.00	4,603,137.98	4,437,803.25	S&P-AA+	Moody's-Aaa	0.27	254	254	4/10/2024		0.378	0.68
Pacific Life 1.2 6/24/2025	6944PL2B4	5,000,000.00	4,747,157.86	4,602,750.00	S&P-AA-	Moody's-Aa3	0.30	694	694	6/24/2025		4.050	1.88
PEFCO 0.55 7/30/2024	74274TAG5	10,000,000.00	9,581,526.02	9,477,300.00	Moody's-Aaa	Fitch-AA+	0.61	365	365	7/30/2024		4.960	1.00
Pricoa Global Funding 2.4 9/23/2024	74153WCL1	9,000,000.00	9,173,735.70	8,654,940.00	S&P-AA-	Moody's-Aa3	0.55	420	420	9/23/2024		0.700	1.13
Pricoa Global Funding 2.4 9/23/2024	74153WCL1	10,000,000.00	9,664,508.16	9,616,600.00	S&P-AA-	Moody's-Aa3	0.61	420	420	9/23/2024		5.510	1.13
Southern California Gas Co. 3.2 6/15/2025-25	842434CP5	17,000,000.00	16,485,201.06	16,357,910.00	Fitch-AA-	Moody's-Aa3	1.03	685	593	6/15/2025	3/15/2025	4.919	1.82
USAA Capital 3.375 5/1/2025	90327QD89	10,000,000.00	9,962,723.90	9,667,600.00	S&P-AA-	Moody's-Aa1	0.61	640	640	5/1/2025		3.600	1.70
Sub Total / Average Corporate Notes 50% Maximum		330,411,000.00	328,868,445.07	321,629,658.21			20.04	349	313			2.024	0.93
LGIP 100% Maximum													
Commonwealth of Virginia LGIP	LGIP0825	12,574.70	12,574.70	12,574.70	S&P-AAA	NR	0.00	1	1	N/A	N/A	5.451	0.00
Commonwealth of Virginia LGIP	LGIP0549	29,658,441.74	29,658,441.74	29,658,441.74	S&P-AAA	NR	1.80	1	1	N/A	N/A	5.451	0.00
Sub Total / Average LGIP 100% Maximum		29,671,016.44	29,671,016.44	29,671,016.44			1.80	1	1			5.451	0.00
Money Market 60% Maximum													
Freedom Bank ICS MM	MM2554	5,102,733.17	5,102,733.17	5,102,733.17	NR	NR	0.31	1	1	N/A	N/A	5.340	0.00
John Marshall Bank ICS MM	MM60000	6,209,753.80	6,209,753.80	6,209,753.80	NR	NR	0.38	1	1	N/A	N/A	5.390	0.00
Truist MM	MM1006	1,719,598.49	1,719,598.49	1,719,598.49	NR	NR	0.10	1	1	N/A	N/A	4.996	0.00
United Bank Ck MM	MM0667	9,211.00	9,211.00	9,211.00	NR	NR	0.00	1	1	N/A	N/A	0.000	0.00
United Bank MM	MM3272	3,445,671.92	3,445,671.92	3,445,671.92	NR	NR	0.21	1	1	N/A	N/A	5.280	0.00
Sub Total / Average Money Market 60% Maximum		16,486,968.38	16,486,968.38	16,486,968.38			1.00	1	1			5.307	0.00
Municipal Bonds - US 30% Maximum													
Calvert County MD 2 5/1/2024	131537T51	2,330,000.00	2,356,077.97	2,271,796.60	S&P-AAA	Fitch-AAA	0.14	275	275	5/1/2024		0.500	0.74
Calvert County MD 2 5/1/2025	131537T69	2,620,000.00	2,681,032.24	2,482,685.80	S&P-AAA	Fitch-AAA	0.16	640	640	5/1/2025		0.650	1.72
Carroll CNTY MD 2 11/1/2024	144880CK5	2,385,000.00	2,431,898.85	2,289,504.60	S&P-AAA	Moody's-Aaa	0.14	459	459	11/1/2024		0.420	1.23
Carroll CNTY MD 2 11/1/2025	144880CL3	1,890,000.00	1,950,028.68	1,769,909.40	S&P-AAA	Moody's-Aaa	0.11	824	824	11/1/2025		0.570	2.20
Florida State Revenue Bonds 1.258 7/1/2025	341271AD6	7,000,000.00	7,028,624.17	6,481,930.00	S&P-AA	Fitch-AA	0.42	701	701	7/1/2025		1.039	1.90
Sub Total / Average Municipal Bonds - US 30% Maximum		16,225,000.00	16,447,661.91	15,295,826.40			0.98	609	609			0.753	1.64
Municipal Bonds - Virginia 30% Maximum													
Arlington County 0.79 8/1/2025	041431VG9	7,000,000.00	7,026,231.06	6,442,450.00	S&P-AAA	Moody's-Aaa	0.42	732	732	8/1/2025		0.600	1.98
City Richmond GO 2 7/15/2024	76541VWU7	3,000,000.00	3,042,703.73	2,902,530.00	S&P-AA+	Moody's-Aa1	0.18	350	350	7/15/2024		0.500	0.95
City Richmond GO 2 7/15/2025	76541VWV5	410,000.00	421,072.61	385,670.60	S&P-AA+	Moody's-Aa1	0.02	715	715	7/15/2025		0.600	1.92
FFX CNTY VA GO 0.645 10/1/2025	30382AKC5	5,000,000.00	5,018,737.37	4,541,700.00	S&P-AAA	Moody's-Aaa	0.30	793	793	10/1/2025		0.470	2.15
Loudoun County Economic Development 0.35 12/1/2023	54602QAY7	1,930,000.00	1,930,256.71	1,895,761.80	S&P-AA+	Moody's-Aa1	0.12	123	123	12/1/2023		0.310	0.33
Loudoun County Economic Development 3.75 6/1/2026	545895DQ4	1,500,000.00	1,610,512.75	1,442,355.00	Fitch-AA+	Moody's-Aa1	0.09	1,036	1,036	6/1/2026		1.080	2.70
VA Resources Auth Infrastructure Rev 0.436 11/1/20	92818NVA3	720,000.00	720,000.00	711,108.00	S&P-AAA	Moody's-Aaa	0.04	93	93	11/1/2023		0.436	0.25
VA Resources Auth Infrastructure Rev 0.636 11/1/20	92818NVB1	1,000,000.00	1,000,000.00	943,280.00	S&P-AAA	Moody's-Aaa	0.06	459	459	11/1/2024		0.636	1.25
VA Resources Auth Infrastructure Rev 0.736 11/1/20	92818NVC9	1,180,000.00	1,180,000.00	1,073,021.20	S&P-AAA	Moody's-Aaa	0.07	824	824	11/1/2025		0.736	2.23
VA Resources Auth Infrastructure Rev 0.75 11/1/202	92818NUA4	1,300,000.00	1,300,479.34	1,226,602.00	S&P-AA	Moody's-Aa1	0.08	459	459	11/1/2024		0.720	1.24
VA St Housing Authority 2.15 8/1/2024	92812VWH5	665,000.00	657,167.69	641,126.50	S&P-AA+	Moody's-Aa1	0.04	367	367	8/1/2024		3.375	0.98
VA St Resources Authority 2.45 11/1/2027	92818NHN1	4,000,000.00	3,741,255.17	3,661,120.00	S&P-AAA	Moody's-Aaa	0.24	1,554	1,554	11/1/2027		4.131	4.03
VA State College Building Auth 0.48 9/1/2024	92778WKQ8	22,820,000.00	22,823,632.94	21,600,042.80	S&P-AA+	Moody's-Aa1	1.38	398	398	9/1/2024		0.465	1.08
VA State College Building Auth 0.5 9/1/2023	92778WKP0	16,305,000.00	16,307,418.87	16,238,475.60	S&P-AA+	Moody's-Aa1	0.99	32	32	9/1/2023		0.330	0.08
Sub Total / Average Municipal Bonds - Virginia 30% Maximum		66,830,000.00	66,779,468.24	63,705,243.50			4.05	455	455			0.719	1.22
Supranational 50% Maximum													
IBRD 0.25 11/24/2023	459058JM6	25,000,000.00	25,003,316.72	24,593,000.00	S&P-AAA	Moody's-Aaa	1.52	116	116	11/24/2023		0.208	0.31
IBRD 5.75 6/15/2026-23	45906M4C2	25,000,000.00	25,000,000.00	24,801,250.00	S&P-AAA	Moody's-Aaa	1.52	1,050	46	6/15/2026	9/15/2023	5.750	2.67
International Finance Corp 5 11/15/2027-24	45950VRK4	10,000,000.00	10,000,000.00	10,011,200.00	S&P-AAA	Moody's-Aaa	0.61	1,568	473	11/15/2027	11/15/2024	5.000	3.87
Sub Total / Average Supranational 50% Maximum		60,000,000.00	60,003,316.72	59,405,450.00			3.64	747	146			3.316	1.89

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
US Agency100% Maximum													
FFCB 0.6 11/24/2025-21	3133EMHF2	19,100,000.00	19,095,567.75	17,360,181.00	S&P-AA+	Moody's-Aaa	1.16	847	847	11/24/2025		0.610	2.30
FFCB 4.5 3/28/2025	3133EPLF0	25,000,000.00	25,000,000.00	24,850,500.00	S&P-AA+	Moody's-Aaa	1.52	606	606	3/28/2025		4.500	1.60
FHLB 0.27 3/28/2024-21	3130AKKF2	15,000,000.00	14,999,688.90	14,487,000.00	S&P-AA+	Moody's-Aaa	0.91	241	241	3/28/2024		0.273	0.66
FHLB 1.11/15/2024-22	3130APRF4	22,500,000.00	22,508,314.45	21,224,475.00	Moody's-Aaa	S&P-AA+	1.36	473	473	11/15/2024		0.971	1.28
FHLB 1.2 7/2024-22	3130AQLR2	5,000,000.00	4,999,344.09	4,878,600.00	S&P-AA+	Moody's-Aaa	0.30	191	191	2/7/2024		1.025	0.51
FHLB 1.04 7/11/2024-22	3130AQL27	25,000,000.00	25,000,000.00	23,942,500.00	S&P-AA+	Moody's-Aaa	1.52	346	72	7/11/2024	10/11/2023	1.040	0.94
FHLB 1.1 1/13/2025-23	3130AQGT4	20,000,000.00	19,975,729.93	18,778,000.00	S&P-AA+	Moody's-Aaa	1.21	532	166	1/13/2025	1/13/2024	1.185	1.44
FHLB 1.125 12/17/2024-22	3130AQ2U6	20,000,000.00	20,000,000.00	18,835,600.00	S&P-AA+	Moody's-Aaa	1.21	505	505	12/17/2024		1.125	1.37
FHLB 1.2 6/21/2024-22	3130AQP56	26,500,000.00	26,500,000.00	25,478,425.00	S&P-AAA	Moody's-Aaa	1.61	326	82	6/21/2024	10/21/2023	1.200	0.89
FHLB 1.28 6/11/2025-22	3130AQKY8	20,000,000.00	20,000,000.00	18,594,000.00	S&P-AA+	Moody's-Aaa	1.21	681	72	6/11/2025	10/11/2023	1.280	1.84
FHLB 1.3 12/15/2025-22	3130AQ5U3	25,000,000.00	24,996,286.79	23,021,750.00	S&P-AA+	Moody's-Aaa	1.52	868	868	12/15/2025		1.306	2.34
FHLB 1.4 2/18/2025-22	3130AQX4	25,000,000.00	25,000,000.00	23,498,250.00	S&P-AA+	Moody's-Aaa	1.52	568	568	2/18/2025		1.400	1.53
FHLB 1.67 3/1/2024-22	3130AR6G1	26,000,000.00	26,000,000.00	25,394,980.00	S&P-AA+	Moody's-Aaa	1.58	214	214	3/1/2024		1.670	0.58
FHLB 1.78 4/8/2024-22	3130AR6H9	18,500,000.00	18,500,000.00	18,009,195.00	S&P-AA+	Moody's-Aaa	1.12	252	252	4/8/2024		1.780	0.68
FHLB 2.5 2/28/2024-22	3130ARQX2	25,000,000.00	25,000,000.00	24,532,500.00	S&P-AA+	Moody's-Aaa	1.52	212	212	2/28/2024		2.500	0.57
FHLB 2.64 8/28/2024-22	3130ARKP5	30,000,000.00	30,000,000.00	29,061,900.00	S&P-AA+	Moody's-Aaa	1.82	394	394	8/28/2024		2.640	1.06
FHLB 5.125 2/23/2024	3130AV3G5	20,000,000.00	19,996,177.59	19,964,600.00	Moody's-Aaa	None	1.21	207	207	2/23/2024		5.160	0.55
FHLB 5.25 3/1/2024-23	3130AV3S9	20,000,000.00	20,000,000.00	19,925,200.00	S&P-AA+	Moody's-Aaa	1.21	214	123	3/1/2024	12/1/2023	5.250	0.57
FHLB 5.45 6/7/2024-23	3130AV5F5	15,000,000.00	15,000,000.00	14,942,550.00	S&P-AA+	Moody's-Aaa	0.91	312	38	6/7/2024	9/7/2023	5.450	0.82
FHLMC 0.375 4/8/2024-21	3134GWYD2	15,000,000.00	15,003,766.90	14,462,250.00	Fitch-AAA	Moody's-Aaa	0.91	252	252	4/8/2024		0.338	0.69
FHLMC 2.57 1/22/2024-22	3134GXRZ9	28,500,000.00	28,500,000.00	28,075,350.00	S&P-AA+	Moody's-Aaa	1.73	175	175	1/22/2024		2.570	0.48
FHLMC 3.75 8/28/2024-22	3134GXP40	10,000,000.00	10,000,000.00	9,799,900.00	S&P-AA+	Moody's-Aaa	0.61	394	394	8/28/2024		3.750	1.05
FHLMC 4.03 5/28/2025-22	3134GXT95	25,000,000.00	25,000,000.00	24,399,750.00	S&P-AA+	Moody's-Aaa	1.52	667	667	5/28/2025		4.030	1.77
Sub Total / Average US Agency100% Maximum		481,100,000.00	481,074,876.40	463,517,456.00			29.18	424	343			2.239	1.14
US Treasury100% Maximum													
T-Bill 0 5/16/2024	912797FH5	840,000.00	807,181.66	805,459.20	S&P-AAA	Moody's-Aaa	0.05	290	290	5/16/2024		5.166	0.79
T-Bill 0 5/16/2024	912797FH5	6,500,000.00	6,248,666.67	6,232,720.00	S&P-AAA	Moody's-Aaa	0.39	290	290	5/16/2024		5.110	0.79
T-Note 2.5 4/30/2024	91282CEK3	20,000,000.00	19,970,235.67	19,571,800.00	Moody's-Aaa	None	1.21	274	274	4/30/2024		2.705	0.74
T-Note 2.75 5/15/2025	91282CEQ0	20,000,000.00	19,914,755.32	19,231,200.00	Moody's-Aaa	None	1.21	654	654	5/15/2025		3.000	1.75
Sub Total / Average US Treasury100% Maximum		47,340,000.00	46,940,839.32	45,841,179.20			2.87	437	437			3.203	1.18
Total / Average		1,648,671,614.77	1,643,166,928.17	1,608,837,588.08			100	326	274			3.174	0.88

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

8.

FOR: Chair Jeanette Rishell and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 7, 2023

SUBJECT: Monthly Revenue Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTVA) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.
2. **Background:** The attached reports reflect funding received and distributed through Fiscal Year-end June 30, 2023. Please note these reports, while for the end of the fiscal year, are unaudited. The FY2023 Financial Statement audit is ongoing at this time.
3. **Comments:**
 - a. **FY2023 Revenues (Attachment A)**
 - i. The Authority has received approximately \$421 million through the fiscal year-end June 30, 2023, transfers from the Commonwealth (inclusive of accounting accruals).
 1. \$20 million of the annual Northern Virginia District Transfer.
 2. \$33.6 million in Regional Congestion Relief Fees.
 3. \$348.9 million in Regional Sales Tax.
 4. \$18.5 million from the Interstate Operation and Enhancement Program
 - ii. August 2023 includes the twelfth month of accrued sales tax receipts for FY2023. Attachment A shows a 11.3% positive variance between the budgeted sales tax receipts compared to the annualized actual sales tax receipts.
 - iii. During February 2023, the Authority received the annual Interstate Operation Enhancement Program (IOEP) transfer in the amount of \$18.5 million. The transfer was 8.7% lower than the Virginia Department of Transportation (VDOT) estimate of \$20.26 million.
 - iv. As of the FYE, the FY2023 Regional Congestion Relief Fees (Grantor's Tax) reflect a negative variance of 22.5% when compared to the FY2023 budget projections. Mortgage rates have increased to their highest levels in decades, causing housing inventories to be tighter. The forecast expects existing housing inventory shortages to increase as current homeowners are less likely to move if they are locked into lower mortgage rates. There are also still market dynamics that indicate the Northern Virginia market has a way to go before returning to historic norms. Despite the decrease in sales activity, home prices in Northern Virginia have remained remarkably steady.
 - b. **Year to Year Revenue Comparison.** This monthly report focuses on budget to actual information. However, a year-to-year revenue comparison is informative as we close out FY2023.

- i. While FY2023 revenue exceeded projections by \$23.9 million, total FY2023 revenue was less than FY2022 as shown below.

	FY2023	FY2022	Y2Y Change
Sales Tax	348,907,106	332,596,472	16,310,634
Grantor's Tax	33,617,348	51,159,261	(17,541,913)
NVTD Transfer	20,000,000	20,000,000	-
IOEP Transfer	18,501,502	20,935,532	(2,434,030)
	\$ 421,025,956	\$ 424,691,265	\$ (3,665,309)

- ii. With investment portfolio earnings, that are projected to exceed estimates by \$9.5 million, combined with the \$23.9 million positive FY2023 budget variance, provides substantial revenue protections for already adopted projects. However, the Grantor's and IOEP (estimated by VDOT) will weigh negatively on future revenue projections.
- iii. The relationship of actual revenue to estimated revenue for FY2022/23 is shown in the table below.

	FY2023	FY2022
Actual	\$ 421,025,956	\$ 424,691,265
Estimate	\$ 397,033,068	\$ 383,460,564
Difference	\$ 23,992,888	\$ 41,230,701

c. FY2023 Distribution to localities (Attachment B)

- i. All member jurisdictions have completed the required *Code of Virginia* Section 33.2-2510 annual certification to receive FY2023 Local Distribution Funds (30%).
- ii. As of August 2023, \$126.6 million has been distributed in FY2023 Local Distribution funds to member jurisdictions.

d. FY2015 to FY2023 Year over Year Revenue Comparison (Attachment C).

- i. This chart reflects a month-to-month comparison of sales tax and grantors tax revenue and a year-to-year comparison of fiscal year to date sales tax revenues received as of August 2023 for FY2023.

Attachments:

- A. FY2023 Revenues Received by Tax Type Compared to NVTA Estimates, Through August 2023
- B. FY2023 30% Distribution by Jurisdiction, as of August 2023
- C. Month to Month Comparison of Sales Tax Revenue and Fiscal Year to Date Receipts for August FY2015 to FY2023

Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
SALES TAX REVENUES RECEIVED BY JURISDICTION, COMPARED TO NVTA ESTIMATES
 Based on: Revenue Data Through August 2023
 FYE June 30, 2023

		Received	Annualized Revenue based	FY2023	Annualized	
	Transaction Months	To Date	on YTD Receipts	Budget	Actual To Budget	
Regional Sales Tax						
	12					
Total Sales Tax Revenue		\$ 348,907,106	\$ 348,907,106	\$ 313,399,565	\$ 35,507,541	11.3%
Interstate Operation Enhance Program						
	1					
Interstate Operation Enhance Program		\$ 18,501,502	\$ 18,501,502	\$ 20,261,936	\$ (1,760,434)	-8.7%
Regional Congestion Relief Fee						
	12					
Total Regional Congestion Relief Fee		\$ 33,617,348	\$ 33,617,348	\$ 43,371,567	(9,754,219)	-22.5%
NVTD Transfer from COVA						
	4					
Total NVTD Transfer from COVA		\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ -	0.0%
Total Revenue Received		\$ 421,025,956	\$ 421,025,956	\$ 397,033,068	\$ 23,992,888	6.04%

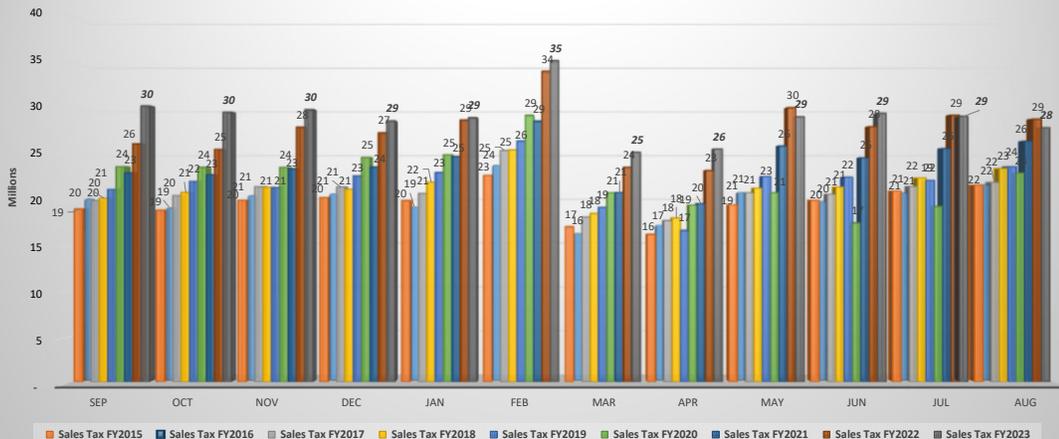
Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
FY2023 30% DISTRIBUTION BY JURISDICTION

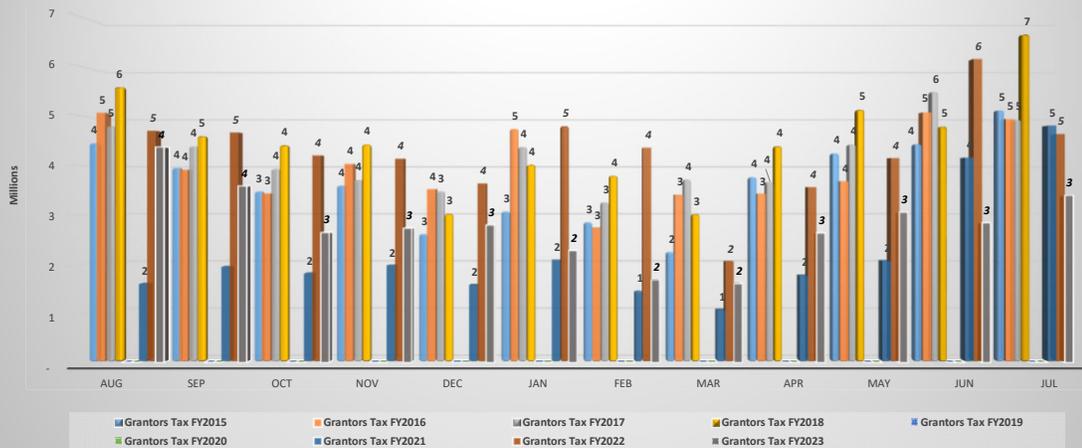
Based on: Revenue Data Through August 2023

Jurisdiction	Interstate Operat Enhance Program	Regional Sales Tax	Regional Congestion Relief Fee	NVTD Transfer From COVA	CoVa NVTA Interest	Cumulative Total	30% Funds	As of 6/30/2023	7/31/2023	Current Month Distribution	Total Funds Transferred
								Accrued Interest (1)	Prior Distributions		
								(+)			
City of Alexandria	\$ 1,213,197.29	\$ 23,486,351.83	\$ 2,347,083.80	\$ 1,322,032	\$ 34,682.26	\$ 28,403,347.61	\$ 8,521,004.28	\$ 9,975.54	\$ 7,942,257.51	\$ 588,722.31	\$ 8,530,979.82
Arlington County	\$ 1,659,620.68	\$ 33,078,397.88	\$ 3,129,326.20	\$ 1,783,848	\$ 48,586.44	\$ 39,699,779.00	\$ 11,909,933.70	\$ 12,825.70	\$ 11,061,439.03	\$ 861,320.37	\$ 11,922,759.40
City of Fairfax	\$ 435,597.11	\$ 8,067,113.85	\$ 505,276.50	\$ 479,987	\$ 11,490.91	\$ 9,499,465.82	\$ 2,849,839.75	\$ 2,850.16	\$ 2,660,639.82	\$ 192,050.09	\$ 2,852,689.91
Fairfax County	\$ 7,738,129.90	\$ 144,892,762.84	\$ 14,663,253.19	\$ 8,371,413	\$ 213,218.50	\$ 175,878,777.88	\$ 52,763,633.36	\$ 58,428.33	\$ 49,285,964.86	\$ 3,536,096.83	\$ 52,822,061.69
City of Falls Church	\$ 156,435.42	\$ 3,511,614.45	\$ 193,992.70	\$ 177,033	\$ 5,045.98	\$ 4,044,121.22	\$ 1,213,236.37	\$ 1,425.08	\$ 1,114,473.81	\$ 100,187.64	\$ 1,214,661.45
Loudoun County	\$ 3,886,606.52	\$ 71,528,336.50	\$ 7,124,157.69	\$ 4,150,689	\$ 105,961.58	\$ 86,795,750.79	\$ 26,038,725.24	\$ 29,926.63	\$ 24,578,215.37	\$ 1,490,436.50	\$ 26,068,651.87
City of Manassas	\$ 422,571.33	\$ 7,811,182.14	\$ 333,219.50	\$ 461,333	\$ 10,966.62	\$ 9,039,272.17	\$ 2,711,781.65	\$ 2,850.16	\$ 2,515,018.68	\$ 199,613.13	\$ 2,714,631.81
City of Manassas Park	\$ 114,920.60	\$ 2,003,654.44	\$ 132,548.10	\$ 127,078	\$ 2,828.44	\$ 2,381,029.75	\$ 714,308.92	\$ 1,425.08	\$ 670,876.05	\$ 44,857.95	\$ 715,734.00
Prince William County	\$ 2,874,423.14	\$ 54,527,691.81	\$ 5,188,490.30	\$ 3,126,587	\$ 79,118.39	\$ 65,796,310.59	\$ 19,738,893.18	\$ 22,801.24	\$ 18,409,122.34	\$ 1,352,572.08	\$ 19,761,694.42
Total Revenue	\$ 18,501,501.99	\$ 348,907,105.73	\$ 33,617,347.98	\$ 20,000,000.00	\$ 511,899.12	\$ 421,537,854.82	\$ 126,461,356.45	\$ 142,507.92	\$ 118,238,007.47	\$ 8,365,856.90	\$ 126,603,864.37
Interest FTD FY023						\$ 421,025,955.70	\$ 126,461,356.45			\$ 8,365,856.74	\$ 126,603,864.37

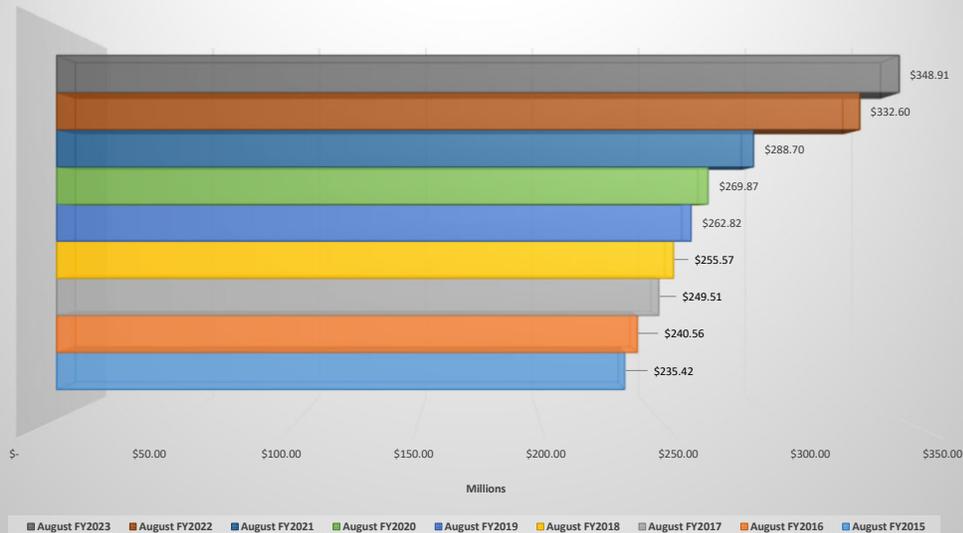
Sales Tax (month received)



Regional Congestion Relief Fee (month received)



YTD Sales Tax Receipt Comparison August FY2015 to FY2023



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

9.

MEMORANDUM

FOR: Chair Jeanette Rishell and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 7, 2023

SUBJECT: Monthly Operating Budget Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTa) Finance Committee on the Authority's Operating Budget for FY2023.
2. **Background:** The Authority elected to fund the Operating Budget for FY2023 through transfers from the Regional Revenue Fund.
3. **Monthly Operating Budget Report:** Through June 30, 2023, the FY2023 Operating Budget has produced the following:
 - a. The Operating Budget was funded through quarterly transfers of \$886,850 from the Regional Revenue Fund.
 - b. As of FYE June 30, 2023, the attached Income Statement reflects the Authority utilized 88% of its FY2023 expenditure budget or was \$487,197 positive (underspent). This amount contains certain large expenses such as the Web Site development project (\$125,000) that did not incur any costs during the fiscal year. The budget for the web site development has been carried over to FY2024. The Request for Proposal for the Website redesign is expected to be issued in early fall.
 - c. As of June 30, 2023, all expense categories remained within budget.
 - d. The attached statement shows the total Operating Budget income and expenditure activity for FYE June 30, 2023 (unaudited).

Attachment: FY2023 Monthly Operating Budget through FYE June 30, 2023

Attachment

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	4,560.00	2,002,970.91	2,102,061.00	99,090.09	95
130	Health & Dental Benefits		211,432.93	375,414.00	163,981.07	56
131	Payroll Taxes	861.38	139,714.00	169,702.00	29,988.00	82
132	Retirement VRS		161,226.37	177,451.00	16,224.63	91
133	Life Insurance		25,835.68	28,168.00	2,332.32	92
134	Flex Spending/Dependent Care		553.71	1,165.00	611.29	48
135	Workers Comp		1,513.00	2,312.00	799.00	65
137	Disability Insurance		18,419.85	30,619.00	12,199.15	60
	Total Account	5,421.38	2,561,666.45	2,886,892.00	325,225.55	89
420000	Professional Services					
210	Audit & Accounting Services		36,320.00	68,500.00	32,180.00	53
220	Bank Service		-178.13	750.00	928.13	-24
230	Insurance		11,207.00	9,240.00	-1,967.00	121
240	Payroll Services		4,853.91	3,283.00	-1,570.91	148
260	Public Outreach & Regional Event Support		59,321.72	63,425.00	4,103.28	94
261	Legal/Bond Counsel Services			10,000.00	10,000.00	
262	Financial Advisory Services		35,900.00	36,955.00	1,055.00	97
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
264	Legislative Services		78,932.13	80,420.00	1,487.87	98
265	Investment Custody Svc		20,140.00	25,000.00	4,860.00	81
	Total Account		249,184.13	300,273.00	51,088.87	83
430000	Technology/Communication					
310	Acctg & Financial Report Systems		101,922.95	88,245.00	-13,677.95	115
320	HW SW & Peripheral Purchase			620.00	620.00	
330	IT Support Svc Incl Hosting		37,745.15	46,220.00	8,474.85	82
335	GIS/Project Mgt/Modeling		33,805.76	88,800.00	54,994.24	38
340	Phone Service & Web Ex Chgs		15,456.81	16,872.00	1,415.19	92
350	Web Develop & Hosting		7,836.69	135,805.00	127,968.31	6
940	Computer HW SW & Peripheral		15,158.37	10,000.00	-5,158.37	152
	Total Account		211,925.73	386,562.00	174,636.27	55
440000	Administrative Expenses					
410	Advertisement		2,848.89	4,000.00	1,151.11	71
411	Dues & Subscriptions		19,568.37	15,992.00	-3,576.37	122
412	Duplication & Printing	-3,499.92	2,693.56	13,610.00	10,916.44	20
414	Hosted Meeting Expenses		5,503.60	5,000.00	-503.60	110
415	Mileage/Transportation		3,348.74	11,000.00	7,651.26	30
417	Office Lease	-228,406.71	1,242.69	236,696.00	235,453.31	1
418	Office Supplies	-125.00	10,144.69	7,475.00	-2,669.69	136
419	Postage & Delivery		30.49	700.00	669.51	4
420	Professional Develop & Training		16,404.41	23,000.00	6,595.59	71
945	Office Furniture & Fixtures	125.00	16,421.24	21,800.00	5,378.76	75
	Total Account	-231,906.63	78,206.68	339,273.00	261,066.32	23
490600	Lease Pymnts					

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
655	Lease Principal	216,545.97	216,545.97		-216,545.97	
660	Lease Interest	15,360.66	15,360.66		-15,360.66	
	Total Account	231,906.63	231,906.63		-231,906.63	
510300	Capital Outlay - Lease Agreements					
930	Office Lease Agreements	92,913.86	92,913.86		-92,913.86	
	Total Account	92,913.86	92,913.86		-92,913.86	
	Total Expenses	98,335.24	3,425,803.48	3,913,000.00	487,196.52	88
	Net Income from Operations	-98,335.24	-3,425,803.48			
	Other Revenue					
381050	Issuance of Leases	92,913.86	92,913.86		92,913.86	100
383000	Transfer Operating Budget from Regional Revenue		3,547,397.00	3,547,397.00		103
	Total Other Revenue	92,913.86	3,640,310.86	3,547,397.00	92,913.86	103
	Other Expenses					
521000	Transfers					
820	Transfer to Operating Reserve			768,600.00	768,600.00	
825	Transf to Equip Reserve			50,000.00	50,000.00	
	Total Account			818,600.00	818,600.00	
	Total Other Expenses	0.00	0.00	818,600.00	818,600.00	
	Net Income	-5,421.38	214,507.38			