



Approved November 10, 2016

Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Thursday, October 13, 2016
7:00pm
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING MINUTES

I. Call to Order Chairman Nohe

- Chairman Nohe called the meeting to order at 7:14pm.

II. Roll Call Ms. Speer, Clerk

- Voting Members: Chairman Nohe; Chairman Bulova; Chair Randall; Mayor Silberberg; Board Member Fisette; Mayor Parrish; Mayor Stombres; Council Member Snyder; Council Member Rishell; Senator Black; Delegate Minchew; Ms. Hynes; Mr. Kolb.
- Non-Voting Members: Mayor Foreman; Ms. Cuervo; Mr. Horsley.
- Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Keith Jasper (Principal, Transportation Planning and Programming); Sree Nampoothiri (Transportation Planner); Harun Rashid (Transportation Planner); Carl Hampton (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Camela Speer (Clerk); various jurisdictional staff.

III. Minutes of the September 8, 2016 Meeting

- Mayor Parrish moved approval of the September 8, 2016 minutes; seconded by Ms. Hynes. Motion carried with ten (10) yeas and three (3) abstentions [with Board Member Fisette, Mayor Parrish and Senator Black abstaining as they were not at the September 8, 2016 meeting].

Presentation

IV. FY2016 Audit Presentation Mr. Michael Garber, PBMares, LLP

- Mayor Parrish thanked the NVTA staff, noting that the recent Finance Committee meeting had a great deal of information, issues, details and work conducted by NVTA staff and that the meeting was relatively short because the Committee had done their homework. He thanked the Committee members for this, adding that this made the Committee meeting work.
- Mayor Parrish stated that the audit was discussed at the Finance Committee meeting and that staff had indicated it was a clean audit.

- Mr. Garber, representing PB Mares, LLP, the Authority’s auditing firm, addressed the Authority and stated that he has been doing the audit work for the NVT A for the last three years, as well as some years in the past. He stated that the Authority had received a clean, or unmodified opinion, on its financial statements. Mr. Garber also stated that the Authority’s compliance and internal controls had received a clean, or unmodified opinion. He noted that also included in the audit report were the management discussion and analysis, financial statements, balance sheets, income statements, etc. Mr. Garber stated that the Authority knows how its funds are being accumulated and that it is working hard to use those funds. He added that the audit firm reviews the 70% and 30% funds noting that the firm looks to ensure that the 30% funds are being dispersed correctly to the localities. He stated that the firm is comfortable that these funds are being handled correctly. Mr. Garber noted that there is only one debt issuance and that there are no changes with this, just normal payments. Mr. Garber concluded that there is an additional document that is a report to the Authority members outlining the audit report in general, and the guidelines followed by PBMares. He noted that this report would contain any audit entries, past adjustments or issues with management or gathering information, however, there were none of these issues to report.

Consent Agenda

- V. Acceptance of the FY2016 Audited Financial Statements**
- VI. Approval of Budget Adjustment – Exchange of Funding Source on FY2014 Projects**
- VII. Approval of Budget Adjustment – FY2017 Revenue and Working Capital Reserve**
- VIII. Approval of Fairfax County RSTP Reallocation Request**
 - Chairman Bulova moved approval of the consent agenda to include the specific motions in items V – VIII; seconded by Mayor Parrish. Motion carried unanimously.

Action

- IX. Adoption of Transportation Projects Reserve Policy**

Mayor Parrish, Chair, Finance Committee

 - Mayor Parrish reported that the Finance Committee had requested that staff research and report on the establishment of two reserve funds, the Contingency Reserve and the Transportation Projects Reserve. He invited Mr. Biesiadny to brief the Authority on these reserves.

- Mr. Biesiadny stated that based on the Finance Committee’s request to research and report on the establishment of these two reserve funds, Ms. Backmon formed an Advisory Panel that included transportation and financial professionals from any of the member jurisdictions who wanted to participate. He noted that there were a number of financial professionals and transportation planners from numerous jurisdictions participating on the Panel and in the discussions.
- Mr. Biesiadny stated that the Transportation Projects Reserve was suggested by the Finance Committee to allow some funding to be set aside in the event there was a very large project that the Authority wanted to fund. He noted that this was prior to the I-66/Route 28 Interchange Project discussion. He added that the intent of this fund was that the Authority would not allocate all available funds in each funding cycle, but would set aside some of the revenues to be available to fund major projects in the future. Mr. Biesiadny stated that originally the reserve was discussed to be established with \$100 million in Pay-Go funds. He noted that the Advisory Panel discussed this and reviewed the information provided by the NVTAs financial advisor, PFM, regarding the Authority’s long term bonding capacity, which is currently about \$1.8 billion.
- Mr. Biesiadny stated that the Advisory Panel recommended reserving a portion of the NVTAs bonding capacity, as opposed to setting aside Pay-Go funds, for the Transportation Projects Reserve. He noted that this allows the Authority to spend the available cash on projects now, without setting aside a cash balance for future projects, while reserving resources to address future large projects.
- Mayor Parrish moved approval of the draft Transportation Projects Reserve Policy, in a form approved by the Council of Counsels; seconded by Chairman Bulova.
- Senator Black requested clarification as to what portion of the debt capacity will be reserved for the Transportation Reserve Policy. Mr. Biesiadny responded that the recommendation was to reserve \$100 million of the \$1.8 billion debt capacity. He added that this would mean not issuing debt up to the full \$1.8 billion, but reserving \$100 million for future projects.
- Senator Black suggested that now we are talking about allocating all Pay-Go funds, and then \$1.7 billion in bond funding, before we reach our reserve. He stated that at this point, we are nearing the limits of our debt capacity. He suggested the Authority consider a reserve of \$250 million. Chairman Bulova stated that we would not need to use all of the debt capacity before using debt capacity to fund future projects, but that this reserve would ensure resources are available in case the rest of the capacity was used.
- Senator Black stated that we are talking about a reserve policy, not a financial funding decision. He suggested that when talking about our policy, it might be more appropriate to reserve a larger amount. Council Member Rishell pointed out that the policy states “at least a \$100 million”. Mr. Longhi responded that the policy and the reserve level would be reexamined each year. He added that

currently \$200 million in debt capacity is committed for the FY2017 Program, but it will take the Authority several years to get to a point where the reserve level is even in range of being used. He noted that NVTAs staff is working on Principals of Sound Financial Policies and that these will likely call for the reserve to increase as more of the debt capacity is used. He added that inflation and other factors will need to be taken into account as well.

- Chairman Nohe stated that we would have to spend billions of dollars for this policy to become relevant. He added that there are enough projects to spend billions of dollars, but not enough construction capacity to do this. Chairman Nohe stated that by the time we get to the place where the reserve becomes relevant, we will have re-evaluated this policy several times. He concluded that right now it is more about establishing that we have a policy, than how we will implement the policy.
- Mr. Biesiadny stated that the policy is also to establish that the reserve will be in the debt capacity, as opposed to Pay-Go funds. He added that the alternate is to reserve \$100 million cash and this policy states that we will not do that, but will use debt to protect future large project.
- Chairman Nohe stated that he did not like the idea of a cash reserve because taxpayers expect their taxes to turn into projects, not sit in reserve.
- Delegate Minchew asked if there is a need to get a conditional, anticipatory opinion on the policy from bond counsel prior to adoption. Mr. Longhi responded that this policy is secondary to the Authority's debt policy, therefore, prior to invoking this policy, all of the covenants within the debt policy will be met.
- Delegate Minchew asked for clarification that this could not be read as disparaging to the current bond adventures. Mr. Longhi responded that it would not.
- Mayor Parrish stated that he could understand Senator Black's concerns, based on the recent Authority approval of a \$300 million project. He added that it will be many years before we get close to our debt capacity limit. He stated that setting the policy, as written, sets a good balance for an amount and creates a policy that can be reviewed.
- Chairman Bulova added that it seems like there would not be problem with reserving a higher level of debt capacity. She suggested that the Finance Committee could consider what a higher amount for the reserve could be. She also suggested the Authority adopt the policy this evening and revisit the reserve amount in the future.
- Senator Black stated that he agrees with using debt capacity, not Pay-Go funds for this reserve. However, he recommends setting aside a larger amount of debt capacity for the reserve.
- Mayor Parrish stated that the Finance Committee would discuss the reserve amount and urged the passage of the policy this evening.
- Motion carried unanimously.

X. Approval of Recommendation to Eliminate Contingency Reserve

Mayor Parrish, Chair, Finance Committee

- Mr. Biesiadny stated that the second reserve that the Advisory Panel reviewed was the Contingency Reserve. He noted that the purpose of the Contingency Reserve was to allow for projects funded by the Authority to have a contingency in place due to unexpected circumstances. For example, if a funded project experienced unexpected cost overruns, there would be money set aside that the Authority could use to complete the project. Mr. Biesiadny added that this reserve was discussed at great length and that concerns were raised. He stated one concern was that project sponsors are responsible to ensure that there are adequate reserves included in the project budget when submitting the project to the Authority for consideration. He added that by the Authority establishing a Contingency Reserve, the risk could be shifted from the project sponsors to the Authority, suggesting that the Authority will take care of the project if the project sponsors do not budget correctly. Mr. Biesiadny acknowledged that while unexpected circumstances can arise, there is already an NVTa policy (per the Standard Project Agreement) that allows project sponsors to contact the Executive Director to request additional funding for a project. He added these considerations do go through the project evaluation process, the same as other funding requests. He noted that since one of the evaluation parameters is congestion reduction relative to cost, the Panel recommended against providing an incentive for project sponsors to underestimate their project costs to receive a better score. Mr. Biesiadny concluded that for these reasons, the Advisory Panel does not recommend establishing the Contingency Reserve. He noted that ultimately it is the responsibility of the project sponsor to request the correct amount of funds, adding that the jurisdictions also have 30% funds that can be used for budget overruns. He also noted that project sponsors can also come back to the Authority to ask for additional funds and go through the project evaluation process during the next funding cycle.
- Mayor Parrish moved approval of the elimination of the Contingency Reserve in the Regional Revenue Fund, as recommended by the NVTa Advisory Panel and reviewed by the NVTa Finance Committee; seconded by Senator Black. Motion carried unanimously.

XI. Approval of Legislative Services Contract

Mayor Parrish, Chair, Finance Committee

- Chairman Nohe deferred this item to the next Authority meeting.

XII. Adoption of Resolution 17-01 Smart Scale Project Endorsements

Ms. Backmon, Executive Director

- Ms. Backmon stated that the Authority has received 16 project requests from the localities and agencies regarding endorsements for the Smart Scale evaluation process. She noted that the Authority, as a regional entity, can submit projects for evaluation in the Smart Scale process. She added that projects in Northern Virginia that are in Corridors of Statewide Significance (CoSS) must have a resolution of support from the Authority, as the regional entity for Northern Virginia, to be considered for the Smart Scale prioritization process. Ms. Backmon stated that public transit agencies are required to have a resolution of support from the Authority or a local government for the projects located in the Regional Network, to be eligible for Smart Scale evaluation. She added that the deadline for the applications had past, but the deadline for submission of the resolutions is December 1, 2016. She noted that the draft resolution is inclusive of all the project requests received to date.
- Council Member Snyder asked if additional Smart Scale projects that need NVTA endorsement can be added later. Ms. Backmon responded that this item is being considered in October to allow time for additional projects to be added for Authority consideration in November, if necessary.
- Ms. Hynes moved adoption of Resolution 17-01, A Resolution for the Support of Northern Virginia Projects to the Commonwealth of Virginia’s Smart Scale Prioritization Process, in a form approved by the Council of Counsels; seconded by Delegate Minchew.
- Council Member Snyder asked for confirmation that Fairfax County is working closely with Falls Church on a projects for submission. Chairman Bulova responded affirmatively.
- Motion carried unanimously.

XIII. Appointment of Vice-Chairman

Nominating Committee

- Mayor Parrish thanked the Authority members for last month’s discussion regarding the nomination of the Vice-Chairman. He stated that the Nominating Committee has had further discussion and nominates Loudoun County Chair Phyllis Randall as NVTA Vice-Chairman.
- Mayor Parrish moved the election of Phyllis Randall as Vice-Chairman of the NVTA for the remainder of calendar year 2016; seconded by Mayor Silberberg. Motion carried unanimously.

Discussion/Information

XIV. TransAction Fall Public Engagement Activities

Ms. Backmon, Executive Director

- Ms. Backmon informed the Authority members of the fall public engagement activities for TransAction. She noted that our first round of public engagement was this past spring and was comprised of workshops and pop-up events throughout the region. She stated that the fall public engagement is geared toward gathering and understanding citizen input regarding the project prioritization process, and will include an on-line survey and focus groups. She added that a workshop with members of the business community and other stakeholders will also be held on October 25, 2016. Ms. Backmon stated that last fall a benchmark survey was conducted to gauge the Authority's presence in the region and that there will be a follow up survey this fall to determine the effectiveness of our public engagement campaigns in raising awareness of the Authority and to gauge public perceptions about transportation in the region. Ms. Backmon concluded that the Authority will continue to receive updates on TransAction, which is scheduled for adoption next fall.

XV. FY2017 Program Plan of Finance Mayor Parrish, Chairman

- Mayor Parrish stated that the Finance Committee had discussed the Plan of Finance for the FY2017 Program. He asked Mr. Longhi to review the plan.
- Mr. Longhi reviewed the projections for NVTA revenue, project expenditures and cumulative cash balances for FY2014-2021. He stated that based on these projections, the Authority does not need to issue bonds until the later part of FY2018. He added that the best way to save money on a debt issuance is not to issue debt. He stated that by using cash reserves we can save approximately \$14.7 million a year. Mr. Longhi added that it is anticipated that if these projections change, they will most likely shift the bond issuance to a later date. He noted this will allow us more time to meet the IRS spend down regulations. Mr. Longhi concluded that there will likely be an update on the Plan of Finance at the January Finance Committee meeting, once the Standard Projects Agreements for the FY2017 Program are received.

XVI. Finance Committee Report Mayor Parrish, Chairman

- Mayor Parrish reported that, in addition to items previously mentioned, the Finance Committee had discussed an investment program that will be discussed in more detail at future meetings. Mayor Parrish stated that upcoming Finance Committee items include the review of the FY2018-2024 revenue estimates, the initial presentation of the FY2018 budgets and draft financial principles.

XVII. Planning and Programming Committee Report Chairman Nohe, Chair

- Chairman Nohe stated that the Planning and Programming Committee had discussed the TransAction update, the project schedule and the timeline for the next year.

XVIII. Planning Coordination Advisory Committee Report

Mayor Foreman, Chairman

- Mayor Foreman thanked the NVTA for giving the Planning Coordination Advisory Committee (PCAC) some substantive discussion items. He stated that the Committee had received a briefing on the candidate performance measures to be used in the evaluation of projects for TransAction. He noted that the Committee will discuss this topic in more detail and take action to provide recommendations at its October meeting. He thanked Mr. Jasper and Ms. Backmon for preparing an outstanding September meeting and noted that members left with homework. He requested that Authority members encourage their PCAC members to attend the October meeting.

XIX. Technical Advisory Committee Report

Mr. Boice, Chairman

- No verbal report.

XX. Monthly Revenue Report

Mr. Longhi, CFO

- No verbal report.

XXI. Operating Budget Report

Mr. Longhi, CFO

- No verbal report.

XXII. Executive Director's Report

Ms. Backmon, Executive Director

A. Approval of City of Alexandria and Town of Dumfries CMAQ/RSTP Reallocation Requests

- Ms. Backmon stated that the Authority will be presenting to the Joint Commission on Transportation Accountability (JCTA) on Wednesday, October 19, 2016. She noted that the Authority is required to report to this Committee annually regarding how NVTA revenues are expended. She added that the Authority is also hosting a break out session titled "Northern Virginia Transportation Authority: Investing Wisely – Delivering Results" at the Governor's Transportation Conference. She invited members attending the conference to stop by the session.

XXIII. Chairman's Comments

- Chairman Nohe noted that the next Authority meeting is scheduled for November 10, 2016, and asked members if anyone anticipated having a conflict with this date due to the proximity to the elections. There was consensus to hold the meeting on its regularly scheduled date.

- Mayor Parrish stated that the next Finance Committee meeting will be October 27, 2016 at 2pm.

XXIV. Adjournment

- Meeting adjourned at 7:54pm.