



Approved September 18, 2015

Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Friday, June 19, 2015 1:30PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

Summary Minutes

I. Call to Order/Welcome

Chairman York

- Chairman York called the meeting to order at 1:30pm.
- Attendees:
 - ✓ Members: Chairman York; Chairman Bulova; Council Member Rishell.
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Camela Speer (Clerk).
 - ✓ Council of Counsels: Ellen Posner (Fairfax County); Rob Dickerson (Prince William County).
 - ✓ Other Attendees: Noelle Dominguez (Fairfax County); Dan Csizmar (Loudoun County); Carl Hampton (Prince William County); JoAnne Carter (PFM); Kristy Choi (PFM).

II. Summary Minutes of the April 17, 2015 Meeting

- Chairman Bulova moved approval of the minutes of April 17, 2015; seconded by Council Member Rishell. Motion carried unanimously.

Action Items

III. Financial Advisor Agreement

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the procurement of Public Financial Management, Inc. (PFM) as the Authority's Financial Advisor. He highlighted:
 - ✓ Through a cooperative procurement with Prince William County the Authority entered into an agreement with PFM on June 20, 2013.
 - ✓ PFM served as financial advisor for the Authority's inaugural bond sale and rating agency presentations.
 - ✓ The current financial advisor service agreement needs to be revised to reflect the transition from startup activities to ongoing advisory services with the expectation of future bond issuance and the development of a long term plan of finance consistent with a six year transportation plan.
 - ✓ An updated procurement rider was provided from Prince William County.

- ✓ Based on the rider and the future needs of the Authority, a new scope of work was developed with PFM.
- ✓ Scope covers a three year period through May 31, 2018.
- Chairman Bulova moved the Finance Committee recommend to the Authority, approval of the proposed Financial Advisor Agreement with Public Financial Management, Inc. and authorize the Chief Financial Officer to sign the agreement; seconded by Council Member Rishell. Motion carried unanimously.
- It was suggested that for the report to the Authority the term of the agreement be added to the motion, to make it "...approval of the proposed three year Financial Advisory Agreement...". There was consent to do this.

IV. Debt Policy Update

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the update of the Authority's Debt Policy. He noted that this is an update to clarify the policy in regard to changes that have happened since policy was developed. He highlighted:
 - ✓ Debt Policy was established by the Authority on December 12, 2013.
 - ✓ Two additional debt related policies (Continuing Disclosure and Post Issuance, as well as Post Issuance and Tax Compliance Policy and Procedure) were established on December 11, 2014.
 - ✓ Events related to the inaugural bond issuance, receipt of rating agency opinions and recodification of the State Code make it prudent to review the policy for updates and clarifications.
- Mr. Longhi summarized the updates.
 - ✓ Clarifying and unifying language and terms.
 - ✓ Updating references to Virginia Code sections related to recodification.
 - ✓ Shifting the policy perspective from prospective ratings to maintaining the credit ratings achieved.
 - ✓ Recognition of the new polices established by the Authority.
 - ✓ Reducing the next required policy review from five to three years.
- Mr. Longhi added that there are no recommended changes to the capital reserve, which will be fully funded in FY2016.
- Mr. Longhi concluded that the proposed changes have been reviewed by the Authority's Debt Advisory Group and coordinated with the Authority's Council of Counsels, Bond Council and Financial Advisor.
- Chairman Bulova moved the Finance Committee recommend to the Authority approval of the proposed Debt Policy updates, to include an amendment to remove the title of the Authority's long range plan; seconded by Council Member Rishell.
- It was determined that the title of the Authority's long range plan was not necessary when referencing the plan in the draft policy. It was requested that the draft policy be edited to remove the title of the Authority's long range plan.

- Motion carried unanimously.

V. Employee Disability Insurance

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the search for an Employee Disability Insurance Program. He noted that:
 - ✓ It had been anticipated that disability insurance would be acquired as part of the VRS retirement program. However, it was discovered during that process that the program was longer offered for Plan 1 & Plan 2 participants. The Authority has staff members in all three plans.
 - ✓ Disability insurance is difficult to obtain for less than ten employees.
 - ✓ Three employees have existing coverage through Plan 3 of the VRS program, creating a co-insurance challenge.
 - ✓ Authority staff is made up of mostly senior professional level staff.
 - ✓ It is difficult to find a good return for investment when comparing costs of coverage to benefits.
 - ✓ Coverage costs exceeded budget for plans reviewed.
 - ✓ Discussed options for a pool or consortium approach, as well as a cooperative procurement approach with jurisdictions and agencies. While there was support for this effort, the legal and transactional barriers were insurmountable.
- Mr. Longhi stated NVTA staff approached the existing VRS contractor, UNUM, directly and explained the situation. UNUM was able to provide a solution for coverage within the original budget estimate by effectively agreeing not to charge double for the Plan 3 employees' coverage already provided through VRS. If approved, coverage will become effective on July 1, 2015, with the FY2016 budget.
- Chairman Bulova moved the Finance Committee recommend to the Authority approval of the proposed Employee Disability Insurance Policy and authorize the Chief Financial Officer and/or Executive Director to sign policy documents and applications; seconded by Council Member Rishell. Motion carried unanimously.

Information/Discussion Items

VI. NVTA Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the current actual to estimate comparisons of revenue through March.
 - ✓ 11.69% positive variance in Grantor's Tax receipts
 - ✓ 1.12% positive variance in Sales Tax receipts
 - ✓ 2.2% negative variance in Transient Occupancy Tax receipts
 - ✓ Noted that Transient Occupancy Tax receipts will continue to fluctuate, based on the timing of the collection of this tax, but are anticipated to balance over time.
- It was noted that although the Transient Occupancy Tax receipts show a negative variance, the total tax receipts have a positive variance.

- It was added that the International Police and Fireman Games coming to Fairfax County this month will hopefully boost these numbers.

VII. NVTA Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the Operating Budget. He noted that:
 - ✓ Operating revenue is at over 100% of estimate.
 - ✓ Through May, we are at 90% of the fiscal year and have utilized 80% of the expenditure budget.
 - ✓ No changes are expected to the Operating Budget.

VIII. Financial Activities Update – (no written report)

Mr. Longhi, CFO

- Mr. Longhi updated that Committee on the procurement of the TransAction update. He highlighted:
 - ✓ The selection team has dedicated a great amount of time and the process has been very effective and collaborative.
 - ✓ Negotiations are taking place with two firms and are within budget.
 - ✓ Anticipate that the contract will come to the Committee as an advisory item at the June meeting and to the Authority for approval at their July meeting.
- It was asked how the proposals compare with respect to the budget. Mr. Longhi responded that there is a good cushion between the budget and the proposed cost estimates.
- Mr. Longhi noted that the FY2015 pre-audit work will begin at the end of June.
- Mr. Longhi stated that member localities had been invited to attend a 30% workshop to provide feedback for a revision of 30% documentation and forms. This process starts in July to collect annual certifications. He added that there will be a similar process to review the 70% documentation and forms, but not the agreement itself. These changes will be implemented for the FY2017 Call for Projects.

Adjournment

IX. Adjournment

- Meeting adjourned at 1:49pm.
- Ms. Backmon reminded the Committee of the PRTC Western Bus Maintenance and Storage Facility Groundbreaking on July 14, 2015. She noted this facility will increase capacity for PRTC.
- Ms. Backmon stated that the next meeting of the Project Implementation Working Group will be in July.
- It was noted that there are no Authority or Committee meetings in August.